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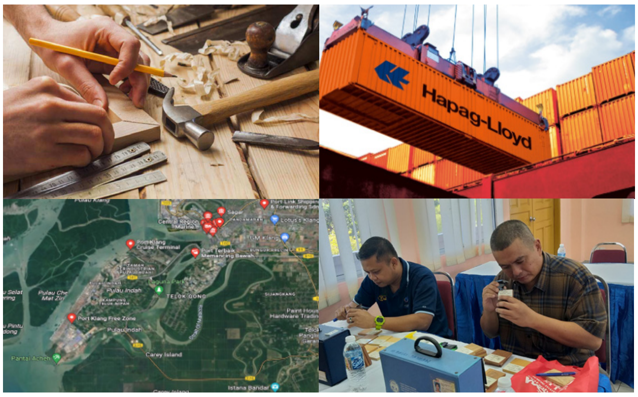

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WORKING VISIT YB DATUK LARRY SNG WEI SHIEN, CHAIRMAN OF MTIB TO WISDEC AND FIDEC

YB Datuk Larry Sng Wei Shien, Chairman of MTIB, held a working visit to WISDEC and FIDEC on 30 May 2023 to better understand the functions and roles of these two centres. YBrs. Dr. Mohd Nor Zamri Mat Amin, Director General of MTIB, was also present during the visit.

The visit started with a briefing conducted by Ts. Farydatul Nazly Mohd. Zin, the Director of WISDEC, to provide information on the roles, functions, and responsibilities of WISDEC as an industry-oriented skills training center for the timber industry. The Chairman had the opportunity to witness the pre-qualifying competition for the ongoing WorldSkills Malaysia Belia (WSMB) competition in the cabinet-making category, which took place at the WISDEC 2 workshop. He also visited the mini-exhibition at the WISDEC lobby.

The group then visited FIDEC, where Puan Nor Liza Mat Yasok, Director of FIDEC, gave a briefing on the functions, roles, and services offered by FIDEC as a research and development (R&D) centre for the fibre and biocomposite industry. The Chairman was then shown FIDEC R&D products at the exhibition area. He then visited the testing laboratory facilities and wood product processing workshops in FIDEC 3.

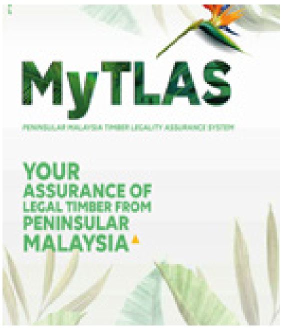
The Chairman showed a keen interest in exploring alternative raw materials in the wood industry. The Chairman was particularly intrigued by the potential of wood plastic composite (WPC), oil palm trunk (OPT), bamboo and kenaf that can be transformed into various value-added wood products.

The Chairman expressed his interest in working together with MTIB in particular with WISDEC and FIDEC to not only enhance local workforce skill level but also to explore the potential of alternative raw materials through research and to reduce dependency on traditional timber sources while simultaneously providing economic benefits to the country.

MyTLAS PROMOTION FOR TIMBER INDUSTRY

The Malaysia Timber Legality Assurance System for Peninsular (MyTLAS) was one of the earliest timber legality verification system developed by Malaysia. The TLAS initiative began in 2013 to ensure the legality of the timber and timber products exported to the EU. MyTLAS has also put in place comprehensive control procedures to ensure the exclusion of unverified timber. MyTLAS complies with the principles and criteria set, which refer to the 24 criteria, also known as the MyTLAS Schedule. The laws are clustered under six (6) principles (P) as follows:

P1: Right to Harvest
P2: Forest Operations
P3: Statutory Charges
P4: Other Users' Rights
P5: Mill Operations
P6: Trade and Customs



Participants comprising representatives of ministries, implementing agencies and exporting companies

Legal timber trade is of paramount importance in the international market. As such Malaysia is committed to ensuring that the production of timber products is carried out through sustainable forest management and is in compliance with the laws along the production chain.

MTIB organised a MyTLAS promotion programme for the Central Region involving Selangor, Negeri Sembilan, and Melaka on 31 May 2023, at Glenmarie Hotel & Golf Resort, Shah Alam. The programme aimed to promote the timber legality system of timber and served as a platform for the sharing of bilateral information between the government (MTIB and MyTLAS implementing agencies) and the timber industry. In addition, the programme brought together the government and private sectors, associations, and all parties in the timber industries involved in strengthening MyTLAS. The objectives of this MyTLAS promotion programme were:

a. To explain the status and implementation of MyTLAS
b. To inform the industry of its role in the implementation of MyTLAS
c. To obtain industry feedback on MyTLAS.

YBrs. Dr. Mohd Nor Zamri bin Mat Amin, Director General of MTIB, officiating the programme

The programme was attended by 120 people, comprising representatives of ministries and the implementing agencies, as well as 90 exporting companies that had not applied for a MyTLAS certificate. The programme was officiated by YBrs. Dr. Mohd Nor Zamri bin Mat Amin, Director General of MTIB. Also present were Encik Saiful Bahri bin Salleh, Deputy Director General (Management & Operations), and Encik Mazree bin Iman, Director of Licensing and Inspectorate Division.

Speakers Puan Sunita binti Muhamad (above) and Puan Aimie Aiza binti Mohd Tusin (below)

The speakers during the event were Puan Sunita Muhamad, Deputy Director of Licensing, who spoke on the roles of the agencies and companies in the implementation of MyTLAS and Puan Aimie Aiza binti Mohd Tusin, Assistant Director of Licensing who gave an introduction to MyTLAS and spoke on its current status. Following that, the sharing of experience by three (3) companies that actively use MyTLAS certificates in their exports, further enhanced awareness of MyTLAS benefits.

QA session with Director of Licencing and Inspectorate Division, En. Mazree Iman

The sharing session from companies that are actively using MyTLAS

APRIL 2023

The total export of Malaysian timber and timber products in April 2023 decreased by 15% in value totalled at RM1.4 billion from RM1.7 billion in the previous month. Likewise, cumulative exports for the period of January - April 2023 decreased by 30% valued at RM6.4 billion over RM9.1 billion in the previous corresponding period. The outlook for the Malaysian furniture market remains bleak as the sector's largest export destination, the US, continues to experience housing issues. Hong Leong Investment Bank (HLIB) Research reported that US home prices remained elevated despite falling demand and a shortage of supply while high mortgage payments made housing unaffordable for prospective homebuyers. Apart from the negative impact from the US housing markets, stagnating productivity and intensified competition from emerging furniture markets in neighbouring producing countries such as China, Indonesia and Viet Nam also contributed to the lowered demand of Malaysian furniture. According to CSIL, Malaysia has faced significant challenges, including logistic constraints and labour-related issues, with a more pronounced impact compared to the rest of the Asia-Pacific region. Consequently, these challenges have translated into substantial price increases across the industry.

Sawntimber

Total export of sawntimber in April 2023 decreased by 46% in volume and 40% in value to 63,694 m³ totalling at RM144.7 million as compared to the previous month. Similarly, cumulative exports for the period of April 2023 decreased by 25% in volume and 26% in value to 313,294 m³ totalling at RM694.3 million over the previous corresponding period.

In Europe, exports to the UK decreased by 30% to 670 m³ from 955 m³ in the previous month In the EU, for the month, imports were recorded at 4,517 m³, a decrease of 28% as compared to the previous month. The Netherlands as the main buyer decreased purchases by 24% to 1,578 m³ from 2,080 m³ in the previous month. Similarly, imports from Belgium also decreased by 51% to 762 m³ from 1,544 m³ whilst Germany increased buying by 27% to 674 m³ from 531 m³ recorded in the previous month.

Total export to the South Asia region also decreased by 39% to 6,836 m³ from 11,225 m³ recorded in the previous month. India as the main buyer from South Asia reduced buying by 34% to 4,537 m³ followed by Maldives with decrease of 24% to 1,351 m³ and Sri Lanka with a decrease of 71% to 510 m³ for the month.

Moving to the West Asia region, the total export to the region recorded a decrease of 57% to 14,887 m³ from 34,549 m³ in the previous month. UAE as the largest buyer in the region showed a decrease of 57% to 5,108 m3 from 11,887 m³ in the previous month followed by Yemen with a decrease of 77% to 3,749 m³. Similarly, exports to Oman also decreased by 27% to 1,963 m³ from 2,683 m³ in the previous month.

Elsewhere, shipments to East Asia also decreased by 48% to 16,162 m³ from 30,896 m³ in March 2023. China as the main buyer decreased purchases by 30% to 10,679 m³ from 15,333 m³ in the previous month followed by Japan with a decrease of 25% to 2,315 m³. Exports to Taiwan also decreased by 81% to 2,002 m³ compared to10,322 m³ the previous month.

At the same time, imports from ASEAN also decreased by 43% to 16,531 m³ from 28,977 m³ as registered in the previous month. Thailand as the main buyer in ASEAN decreased purchases slightly to 6,756 m³ from 6,785 m³ as recorded in the previous month. Similarly, exports of sawntimber to Singapore also decreased by 32% to 4,882 m³ followed by the Philippines with a decrease of 71% to 4,073 m³ from 14,244 m³ in the previous month.

Moving to the Africa region, exports increased by 8% to 1,996 m³ from 1,851 m³ in the previous month. Similarly, demand from South Africa increased by 41% to 1,615 m³ from 1,143 m³ as recorded last month. Mauritius increased its purchases to 328 m³ followed by Seychelles with an increase of 93% to 53 m³ from 28 m³ in the previous month.

Export to the North America region decreased by 42% to 1,262 per m³ from 2,189 per m³ in the previous month. The USA as a major buyer from North America decreased its intake by 37% to 1,262 m³ from 2,012 m³ whilst Canada didn't make any purchase for the month. In the Oceania/Pacific region, export to Australia also decreased by 17% to 740 m³ from 889 m³ in the previous month.

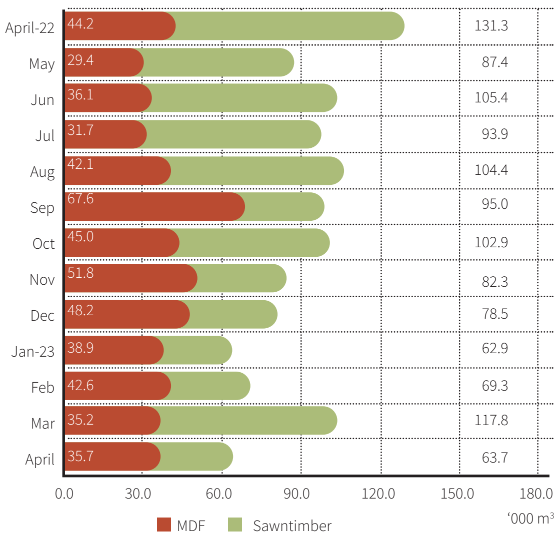
The average FOB price of sawntimber increased by 11% to 2,271 per m³ from 2,054 per m³ in the previous month. Meanwhile, the price of Dark Red Meranti to the Netherlands decreased by 0.7% to 4,205 per m³ from 4,236 per m³ previously. Keruing was traded at 4,812 per m³, an increase of 6% from 4,525 per m³ in the previous month.

The import value of tropical wood and wooden furniture into the UK in the first four months of this year was USD314 million, 45% less than during the same period last year. In quantity terms, the UK imported 132,000 tonnes of tropical wood and wood furniture in the January to April period, 26% less than the same period last year. The sharp decline was expected as trade in the opening months of last year was at the highest level (in dollar terms) since before the 2008 financial crises and had already slowed markedly since summer 2022. Considering the quarterly trend, the UK imported 98,000 tonnes of tropical wood and wooden furniture in the first quarter of 2023. Although a 10% gain compared to the previous quarter, it was the third lowest quarterly import quantity since before the 2008 financial crisis. In the last decade, trade has only once dipped below the current level - in the second quarter of 2020 during the first COVID lockdown.

The dip in UK imports of tropical wood and wood furniture products since the middle of last year is part of a wider fall in trade. The total value of UK imports of all wood and wood furniture products from all regions was USD3.34 billion in the first four months of 2023, 29% less than the same period in 2022.

Malaysia: Export of Sawntimber and MDF

April 2022 - April 2023 (RM million)



Medium Density Fiberboard (MDF)

Exports of MDF in April 2023 recorded a 1% increase in volume at 35,697 m³ and 12% in value at RM61.6 million compared to the previous month. Cumulative exports for the period of April 2023 recorded a decrease in volume of 7% to 152,455 m³ and in value of 17% totalling at RM263.2 million as compared to the corresponding period in 2022.

Exports to ASEAN increased by 78% from 2,367 m³ to 4,207 m³ in the previous month. The Philippines and Thailand improved their imports by 162% and 965% to 2,356 m³ and 650 m³ respectively. Meanwhile, Viet Nam recorded a decrease in MDF import by 17% to 729 m³ from 873 m³.

Elsewhere, East Asia also decreased MDF purchases by 16% from 13,497 m³ to 11,299 m³ in the previous month. Japan increased buying by 29% to 10,341 m³. However, Taiwan and South Korea reduced their buying by 85% and 21% to 760 m³ and 128 m³ respectively. Moving to the South Asia market, exports also decreased by 35% to 4,023 m³ from 6,182 m³. Export performance to India and Pakistan dropped by 29% to 2,750 m³ and 49% to 987 m³ each.

Exports to the West Asia region increased by 70% from 6,064 m³ to 10,318 m³ compared to the previous month. The UAE and Kuwait added up their sales performance by 102% and 31% to 6,274 m³ and 1,318 m³ respectively. This is followed by Oman with an increase of 34% to 1,159 m³.

In the United Kingdom, exports decreased by 63% to 106 m³ from 286 m³. Export to the Oceania/Pacific region also decreased by 22% to 1,759 m³ with purchases being from Australia.

Meanwhile, MDF imports in North America increased by 71% from 1,690 m³ to 2,888 m³. The USA and Canada increased purchases by 67% and 325% to 2,084 m³ and 455 m³ respectively, followed by Mexico with an increase of 3% to 349 m³. Chile and Guatemala resumed imports with 52 m³ and 22 m³ each.

The Africa region showed a decrease of MDF imports by 64% from 2,852 m³ to 1,021 m³. Sudan and South Africa reduced their purchases by 56% and 19% to 773 m³ and 247 m³ respectively.

The FOB price of MDF increased by 10% to RM1,726 per m³ from RM1,566 per m³ in the previous month.

The UAE's construction sector remained "firmly positive" going into 2023, which will continue throughout the year, according to the Royal Institution of Chartered Surveyors' (RICS) Global Construction Monitor Q1 2023 Report. Like the global construction sector, some of the prominent factors holding back activity are material costs, skills shortages and general financial constraints. Comments from professionals in the UAE indicate concerns about the overall resources demands of the region, with large infrastructure projects in neighbouring states enticing workers out of the country.

Veneer

Export of veneer for April 2023 decreased in volume by 15% to 2,699 m³ and 14% in value worth RM5.2 million as compared to the previous month. The cumulative exports for April 2023 showed a decrease in volume by 9% to 11,996 m³ and 20% in value to RM21.8 million over the previous corresponding period.

ASEAN increased veneer imports by 88% from 679 m³ to 1,273 m³. The Philippines increased imports by 90% to 1,267 m³ while Singapore decreased buying by 51% to 6 m³. In East Asia, exports dropped by 55% from 1,980 m³ to 895 m³. Japan recorded a reduction of 6% to 227 m³ while China increased imports by 73% to 668 m³. Meanwhile in South Asia, exports fell by 26% to 281 m³. India and Bangladesh both reduced their buying by 24% and 31% to 223 m³ and 58 m³ each.

Moving to North America, veneer purchase increased by 153% from 91 m³ to 229 m³. The USA improved buying by 662% to 229 m³ while Canada did not make any purchase for the month. On the other hand, the Oceania/Pacific region reduced their purchases by 56% to 21 m³ with the purchases being from Australia.

The average FOB price for veneer increased by 1% from RM1,910 per m³ to RM1,931 per m³ as compared to previous month.

After a booming year in 2021, production and consumption of wood flooring in Europe was more resilient than expected in 2022 but declined sharply in the opening months of this year in the face of increasing costs and higher interest rates. According to the European Parquet Federation (FEP), as expected, the boost coming from renovation has reached an end while the decrease in new building construction, reflecting increasing costs and interest rates, has started to have tangible and negative effects. FEP estimated that wood flooring consumption in Europe will be down 20% to 30% compared to the same period last year.

Plywood

Export of plywood in April 2023 recorded a decrease by 13% in volume at 60,143 m³ and 17% in value at RM135.4 million as compared to the previous month. Similarly, cumulative exports for the period of April 2023 decreased by 44% in volume and 48% in value to 267,886

m³ totalling at RM646.1 million over the previous corresponding period.

The EU region recorded an increase for plywood export by 158% from 239 m³ to 615 m³. Ireland and the Netherlands have increased purchases by 250% and 103% to 300 m³ and 148 m³ respectively. Meanwhile, Belgium has resumed its purchase to 88 m³. In other parts of Europe, exports decreased by 8% from 5,300 m³ to 4,899 m³. The UK reduced its buying by 34% to 3,233 m³ while Turkey increased import by 333% to 1,666 m³.

Moving to the East Asia market, volume reduced by 32% to 29,871 m³ from 43,708 m³. Japan as the largest importer decreased buying by 33% to 18,763 m³ from 27,850 m³. Likewise, Taiwan and South Korea cut down their sales by 25% and 29% to 6,299 m³ and 4,518 m³ respectively. In the ASEAN region, imports decreased by 31% from 4,121 m³ to 2,842 m³. Plywood exports to Singapore, Thailand and Brunei declined by 26%, 13% and 51% to 1,291 m³, 1,170 m³ and 247 m³ respectively.

In the South Asia region, plywood purchase rose by 14% from 1,262 m³ to 1,434 m³. India and Maldives added up their imports by 11% and 35% to 1,235 m³ and 199 m³ respectively. The West Asia region also recorded an increase of 112% to 11,606 m³ from 5,467 m³ in the previous month. Import performance in Yemen and Saudi Arabia surged by 226% and 15% to 9,475 m³ and 552 m³ each. This is followed by Jordan with an additional purchase of 87% to 493 m³.

In the Africa region, there was a tremendous increase of 923% from 44 m³ to 453 m³ as compared to the previous month. Morocco and South Africa resumed their intakes with 308 m³ and 145 m³ each. On the other hand, North America reduced imports by 10% from 7,037 m³ to 6,348 m³. USA as the main buyer increased buying by 15% to 5,196 m³ while Mexico decreased buying by 57% to 1,082 m³. Canada resumed its purchase with 39 m³. For the Oceania/Pacific region, plywood exports to the region decreased by 3% to 2,074 m³ from 2,139 m³. Australia reduced buying by 7% to 1,990 m³ while New Zealand and Tonga have resumed their purchases with 41 m³ and 21 m³ respectively.

The FOB price of plywood for April 2023 was at RM2,251 per m³, a decrease of 4% from RM2,351 per m³ from the previous month.

The Western plywood commodity market bottomed out in April 2023 has since regained some lost ground on prices. A combination of factors likely brought the turnaround, namely low prices and low inventories across the country. Meanwhile, the US construction spending surged in April, boosted by investment in non-residential structures, but higher mortgage rates continued to depress single-family homebuilding. The Commerce Department said that construction spending jumped 1.2% after rising 0.3% in March 2023. The Economist poll by Reuters had forecast construction spending climbing 0.2%. Construction spending shot up 7.2% on a year-on-year basis in April.

Mouldings

Exports of mouldings for the month decreased by 25% in volume and 27% in value to 15,239 m^3 totalling at RM55.9 million. However, cumulative exports for the period of April 2023 decreased by 1% in volume and 14% in value to 69,024 m^3 worth RM274.2 million as compared to the previous corresponding period in 2022.

Exports to the EU for the month were recorded at 6,773 m^3, decreased by 20% as compared to the previous month. The Netherlands and Belgium decreased their purchases by 24% and 12% to 4,673 m^3 and 789 m^3 while France increase its intakes by 3% to 1,085 m^3 respectively. Meanwhile, in other parts of Europe, the UK also recorded a decrease of 77% to 159 m^3 compared to the previous month whilst Turkey resumed its purchases to 77 m^3 for the month.

In Asia, Viet Nam and Singapore decreased its purchases by 59% and 47% to 70 m^3 and 722 m^3 for the month. Hong Kong, Japan and Korea decreased their intakes by 23%, 16% and 0.3% to 172 m^3 1,055 m3 and 861 m^3 respectively. Meanwhile, India also decreases its purchases by 25% to 150 m^3 for the month.

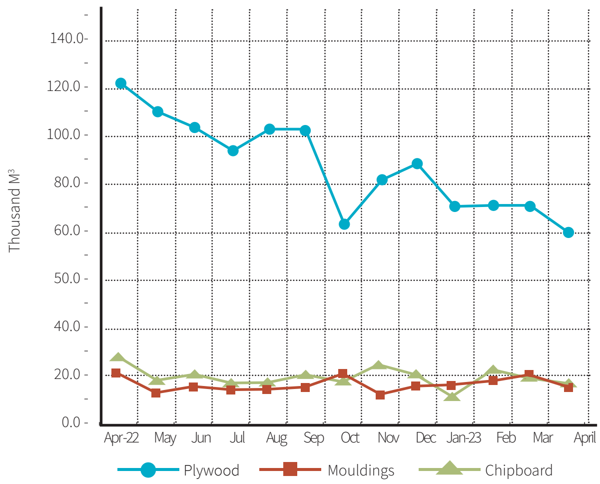
Meanwhile, in the Oceania/Pacific region, export to Australia decrease by 29% to 1,526 m^3 for the month. Similarly, in the North America region, exports to Canada and the US also decreased by 65% and 6% to 43 m^3 and 3,388 m^3 respectively.

Elsewhere, export to the Africa region, Mauritius and South Africa decrease their purchases by 66% and 61% to 88 m^3 and 28 m^3 respectively.

Average FOB unit value for mouldings decreased marginally to RM3,669 per m^3 compared to RM3,772 per m^3 in the previous month.

The global construction industry's growth is forecast to remain sluggish in 2023, expanding by just 0.8%. Excluding China, the industry will contract by 0.1%, due to the weak economic backdrop and additional challenges specific to the global construction industry, notably high construction material costs and labour shortages. However, the industry is expected to regain some growth momentum from 2024, assuming an improvement in global economic stability, with output expanding by 3.0% in 2024 and recording an annual average of 4.2% during 2025–2027.

Malaysia: Export of Plywood, Mouldings and Chipboard
April 2022 - April 2023



Builders Joinery And Carpentry (BJC)

Export of BJC for April 2023 recorded a decrease of 17% in volume and 16% in value to 9,223,890 kg worth RM90.5 million from last month. Total BJC cumulative exports for the same corresponding period last year decreased by 16% to RM386.3 million as compared to RM459.2 million last month.

Exports to the EU increased by 21% to RM87.8 million compared with RM72.8 million in the previous corresponding period. Exports to Sweden, Belgium and Germany increased by 153%, 64% and 13% to RM23.5 million, RM25.5 million and RM10.5 million respectively.

Meanwhile, export to Norway and Turkey decreased by 91% and 57% to RM1.6 million and RM463,589 while outside the EU, the UK also decreased its intakes by 20% to RM37.0 million for the month.

In Asia, exports to Singapore recorded an increase of 80% to RM41.2 million while Viet Nam and Thailand decreased their intakes by 74% and 25% to RM2.4 million and RM3.4 million respectively. Exports to China, Taiwan and Japan decreased by 87%, 52% and 1% to RM1.2 million, RM1.3 million and RM18.7 million respectively. Nevertheless, export to Maldives and Bangladesh, recorded an increase of 406% and 39% to RM2.8 million and RM1.2 million while India decreased buying by 43% to RM7.5 million respectively. Meanwhile, the UAE increased buying by 168% to RM1.5 million whilst Saudi Arabia reduced it by 3% to RM218,319 for the month.

In the Oceania/Pacific region, export to New Zealand and Australia decreased by 17% and 11% to RM6.8 million and RM71.2 million while Western Samoa improved its purchases by 506% to RM807,261 million. However, in the Americas region, Uruguay and Mexico increased their purchases by 135% and 47% to RM660,616 and RM81.3 million while Canada and the US reduced their intakes by 51% and 38% to RM365,290 and RM81.3 respectively. Elsewhere, in the Africa region, South Africa reduced its intakes by 43% to RM1.7 million while Seychelles increase its intakes by 276% to RM981,105. Libya resumed its purchases with RM830,633 for the month.

The global construction industry is clouded by high levels of uncertainty. With a looming economic recession in major markets due to soaring energy prices and high interest rates, prospects for growth will be muted in 2023. The deceleration reflects the challenging conditions in most markets around the world in the form of high inflation and a tightening in monetary policies that have dampened investment. The sharp drop in the US construction activity in real terms was a key factor in the weak global outturn last year, along with a slowdown in Europe, where major markets have been grappling with an energy crisis.

Furniture

Exports of both wooden and rattan furniture for the month of April 2023 decreased by 15% to RM585.5 million and by 28% to RM4.8 million, respectively from the previous month, Mac 2023. Meanwhile, the export of wooden furniture for the cumulative period of January to April 2023 recorded an export value worth RM2.6 billion, a decrease of 40% from RM4.2 billion in its corresponding period in 2022. Similarly, demand for rattan furniture plummeted by 44% year-on-year to RM21.0 million from RM37.6 million over its corresponding period in 2022.

Exports of wooden furniture to ASEAN expanded by 21% worth RM410.7 million from RM339.42 million in its corresponding period in 2022. Exports to Singapore increased by 33% to RM247.5 million. Similarly, exports to Indonesia rose by 67% to RM43.1 million, but exports to the Philippines declined slightly by 1% to RM66.7 million for the stated period.

Moving to the East Asian region, export was down by 38% to RM190.2 million from RM308.1 million year-on-year in 2022. Japan remained the highest buyer with export valued at RM145.6 million despite a reduction in its buying by 35%. Exports both to China and Taiwan reduced by 21% to RM17.1 million and by 61% to RM12.0 million, respectively over its corresponding period in 2022.

Exports to West Asia decreased by 9% to RM126.9 million from RM139.1 million in its corresponding period in 2022. Exports to the UAE, the largest buyer in the region, improved by 10% to RM59.6 million. However, exports to Saudi Arabia and Kuwait reduced by 5% to RM48.4 million and by 60% to RM7.0 million, respectively.

Moving to the South Asia region, there was a decrease of wooden furniture intake by 49% to RM35.3 million for the month. Amongst South Asian countries, India recorded the highest intake with export valued at RM31.9 million despite a decrease in intake by 52%. However, exports to Maldives and Bangladesh improved by 16% to RM2.8 million and 12% to RM316,761 respectively.

Despite exports to the Central Asia region having improved by 49% to RM1.8 million, intake from Kazakhstan reduced by 6% worth RM1.1 million. Meanwhile, Uzbekistan and Armenia resumed its intake with RM261,243 and RM515,706 respectively.

Exports to the European Union recorded a decrease by 38% to RM101.0 million from RM164.0 million over its corresponding period in 2022. Belgium as the highest buyer in the bloc reduced its buying by 26% to RM13.8 million, followed by Germany with exports down by 56% to RM12.9 million. Similarly, exports to France also lowered by 22% to RM12.0 million.

In other parts of Europe, exports declined by 21% to RM134.7 million. Export to the United Kingdom was down by 24% to RM122.4 million. However, exports to Turkey and Georgia increased by 163% to RM5.7 million and by 225% to RM3.7 million respectively.

Export to the Oceania/Pacific region decreased by

28% to RM144.7 million from RM199.5 million over its corresponding period in 2022. Australia remained the top buyer in the archipelago region with export valued at RM131.0 million despite a loss of 25%. Similarly, both exports to New Zealand and Papua New Guinea declined by 38% to RM9.2 million and by 36% to RM2.3 million respectively.
Moving to the Central America region, export of wooden furniture reduced by 40% to RM6.3 million over its corresponding period in 2022. Guatemala recorded the highest intake of wooden furniture for the cumulative period despite a decrease of sales by 16% to RM1.8 million. Likewise, exports to El Salvador and Panama also decreased by 50% to RM1.4 million and by 49% to RM1.4 million respectively.

Meanwhile, export to the North America region dropped by 51% to RM1.3 billion with highest buying being from the USA as Malaysia's largest wooden furniture buyer. The USA recorded exports valued at RM1.2 billion although there was a reduction in intake by 51% from RM2.5 billion in its corresponding period in 2022. Similarly, exports to Canada and Puerto Rico decreased by 35% to RM69.6 million and 55% to RM17.2 million respectively.

Export of wooden furniture to the South America region recorded a decrease of sales by 55% worth RM19.5 million from RM43.0 million in its corresponding year in 2022. Export to Chile decreased by 68% to RM11.6 million from RM36.4 million in its corresponding period in 2022. However, exports to both Peru and Columbia increased by 68% to RM4.3 million and by 7% to RM1.1 million respectively.

Export to the Africa region recorded an increase of 44% to RM39.4 million with South Africa garnering the largest market share with RM8.5 million. It was a decrease of 59% from its corresponding period in 2022. This is followed by Kenya, with recorded sales of RM7.0 million, a reduction of 16%. Similarly, export to Reunion Islands also dropped by 28% to RM4.3 million for the period January – April 2023.

Rattan furniture shipments for April 2023 recorded a decrease of 28% valued at RM4.8 million from RM6.6 million in the previous month. However, export of rattan furniture for the cumulative period January – April 2023 recorded a decrease of 44% to RM21.0 million from RM37.6 million in the corresponding period in 2022.

Exports to ASEAN member countries were recorded at RM1.8 million, an increase of 25% for the cumulative period of January – April 2023. The highest buyer was the Philippines with recorded sales of RM955,138 an increase by 91%. Similarly, exports to Singapore grew by 36% to RM566,915. However, exports to Thailand were down by 58% to RM183,753.

Export to the East Asia region was worth RM2.3 million, a reduction of 16% from RM2.8 million over its corresponding period. China reduced its intake by 5% to RM1.4 million, followed by South Korea with imports reduced by 18% to RM135,443. Japan increased its buying by 8% to RM646,332.

However, exports to India, the largest buyer in the South Asia region reduced by 16% to RM1.1 million, while Bangladesh resumed its buying with RM2,456.

Export to the West Asia region improved by 453% to RM1.2 million from RM223,163 over its corresponding period in 2022. The largest buying nation of rattan furniture in the West Asian countries, Saudi Arabia, resumed its intake with RM621,068 and similarly with Kuwait, the country resumed its intake with RM73,251. Meanwhile, exports to the UAE improved by 115% to RM480,655.

Moving to European Union bloc, exports were down by 48% to RM2.6 million with France being the largest buyer amongst EU countries. Export to France grew by 48% to RM750,474. However, exports to Ireland and Spain were down by 67% to RM353,454 and by 6% to RM353,420 respectively. Moving to other parts of Europe, demand from the group declined by 5% to RM3.2 million with the UK being the largest buyer in the region. The UK increased its buying by 27% to RM2.7 million. However, Russia reduced its buying by 51% to RM485,002.

Shipments to the Oceania/Pacific archipelago region dropped by 20% to RM2.4 million from RM3.0 million over the same period in 2022. Australia recorded a decline in intake by 27% to RM2.0 million. However, export to New Zealand increased by 4% to RM213,061. Meanwhile, Fiji resumed its buying with RM103,863.

Export to the North America region decreased by 68%

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Boosting Pakistan's TImber Industry

Background

Pakistan emerged on the world map as an independent sovereign state in August 1947, as a result of the division of the British Indian Empire located in South Asia. It is the world's fifth-most populous country, with a population of over 249.5 million people, and has the world's largest Muslim population as of year 2023. Islamabad is the nation's capital, while Karachi is its largest city and financial centre, followed by Lahore and Faisalabad. Pakistan is the 33rd-largest country in the world by area, spanning 881,913 square kilometres (340,509 square miles). It has a 1,046-kilometre (650-mile) coastline along the Arabian Sea and Gulf of Oman in the south, and is bordered by India to the east, Afghanistan to the west, Iran to the southwest, and China to the northeast. It is separated narrowly from Tajikistan by Afghanistan's Wakhan Corridor in the north, and also shares a maritime border with Oman. Pakistan elected a civilian government in 2008, and in 2010 adopted a parliamentary system with periodic elections.

Pakistan is the 23rd-largest in the world in terms of purchasing power parity (PPP), and 42nd-largest in terms of nominal gross domestic product. Pakistan is considered a developing country and is one of the Next Eleven, a group of eleven countries that, along with the BRICs, have a high potential to become the world's largest economies in the 21st century. Pakistan is one of the largest producers of natural commodities and its labour market is the 10th largest on the world. A large portion of the country's manufactured exports is dependent on raw materials such as cotton and hides that are part of the agriculture sector, while supply shortages and market disruptions in farm products do push up inflationary pressures.

Pakistan's economy is expected to grow by only 0.4% in the current fiscal year according to The World Bank outlook. The slower growth reflected subdued private sector activity amid deteriorating confidence, import controls, belated fiscal tightening and the impacts of the unprecedented floods of summer 2022. Over 2023, Pakistan faced devastating floods and increasing global commodity process following Russia's invasion of Ukraine. An inconsistent policy response, involving monetary tightening and new subsidies saw the depletion of foreign exchange reserves and undermined progress with planned fiscal consolidation.

Forest Resources

According to the Food and Agriculture Organization of the United Nation (UN FAO), 2.2% or about 1,687,000 ha of Pakistan is forested. Pakistan had 340,000 ha of planted forest. Between 1990 and 2010, Pakistan lost an average of 42,000 ha or 1.66% per year. In total, between 1990 and 2010, Pakistan lost 33.2% of its forest cover or around 840,000 ha. Pakistan's forests contain 213 million metric tons of carbon in living forest biomass. Pakistan has some 1,027 known species of amphibians, birds, mammals and reptiles according to figures from the World Conservation Monitoring Centre. Of these, 3.5% are endemic, meaning they exist in no other country, and 5.5% are threatened. Pakistan is home to at least 4,950 species of vascular plants, of which 7.5% are endemic. 4.0% of Pakistan forest is protected under The International Union for Conservation of Nature (IUCN) categories I-V.

The forestry sector of Pakistan is a main source of lumber, paper, fuelwood and latex. Other minor products include resin (a fluid in the tissue of Chir pine plants that becomes solid on exposure to the air) and 'mazri' (used for making baskets). The forests also provide for ecotourism and wildlife conservation purposes. The major types of forests across Pakistan are littoral and swamp forests, tropical dry deciduous forests, subtropical broad-leaf evergreen forests, subtropical pine forest, Himalayan moist temperate forest and Alpine forests.

Production

According to the FAO forest statistics, Pakistan produced around 3.7 million cubic meters of major timber products in 2021. The top 3 timber production in year 2021 were sawlogs and veneer logs at around 1.5 million cubic metres, followed by wood fuel, 1.1 million cubic metres and sawnwood, 462,000 cubic metres. Details of production are as below:

Pakistan: Production of Timber Products, 2017-2021

Volume: m^3

Product	2017	2018	2019	2020	2021
Sawlogs and veneer logs, coniferous	1,460,000	1,460,000	1,460,000	1,460,000	1,460,000
Wood fuel, coniferous	1,133,349	1,133,349	1,133,349	1,133,349	1,133,349
Sawnwood, coniferous	462,000	462,000	462,000	462,000	462,000
Veneer sheets	217,000	217,000	217,000	217,000	217,000
Plywood	174,000	174,000	175,000	178,000	178,000
Other industrial roundwood, coniferous (production)	82,000	82,000	82,000	82,000	82,000
Particle board	76,000	76,000	76,000	76,000	76,000
MDF/HDF	67,000	67,000	67,000	67,000	67,000

*FAO Estimate
Source: FAO Stats

Pakistan's Export of Timber and Timber Products

Pakistan does not export much of its timber because of its shortage in the country. However, Pakistan encourages the export of finished products such as furniture, wooden frames and fibreboards to earn much needed foreign exchange. In 2022, Pakistan's export of timber and timber products increased by 19% to USD46.1 million over the previous corresponding period. Pakistan exported mainly fibreboard, furniture and plywood totalled at USD23.0 million, USD13.3 million and USD2.4 million respectively in 2022. The top export destinations for Pakistan timber and timber products (HS44) were Afghanistan (USD27.0 million), Egypt (USD1.0 million) and Djibouti (USD864 thousands). Meanwhile, Malaysia was at 14th place as an export destination with import valued at USD64 thousand.

Pakistan: Export of Timber & Timber Productions and Furniture, 2018-2022

USD '000

Products	2018	2019	2020	2021	2022
Fibreboard	31,363	31,852	29,502	23,610	22,994
Furniture	4,125	3,718	4,783	8,232	13,325
Plywood	2,036	2,195	2,496	1,774	2,449
Particle board	718	1,310	1,147	2,211	2,131
Wooden frames	478	435	553	501	597
Mouldings	112	57	163	217	129
Builders' joinery and carpentry	47	46	31	51	32
Logs	0	0	0	0	25
Veneer	18	16	2	4	6
Sawntimber	0	0	0	0	0
Others	1,650	2,164	2,130	2,083	4,409
TOTAL	**40,547**	**41,793**	**40,807**	**38,683**	**46,097**

Source: ITC Stats

Pakistan: Major Export Destinations for Timber & Timber Product (HS 44), 2018-2022

USD '000

No.	Importers	2018	2019	2020	2021	2022
	World	**36,422**	**38,074**	**36,024**	**30,452**	**32,772**
1	Afghanistan	34,003	35,443	32,865	26,995	27,020
2	Egypt	1	0	0	2	1,014
3	Djibouti	0	6	0	38	864
4	Kenya	0	2	0	8	845

5	United Arab Emirates	309	370	624	1,005	816
6	Australia	448	389	549	437	567
7	Saudi Arabia	403	498	488	221	333
8	United States of America	284	323	319	462	283
9	United Kingdom	66	107	156	228	184
10	Tajikistan	0	0	0	0	129
14	**Malaysia**	**41**	**154**	**90**	**101**	**64**

Source: ITC Stats

Pakistan's Import of Timber and Timber Products

Pakistan's import of timber and timber products in 2022 increased by 36% to USD245.1 million over the previous corresponding period. Pakistan imported mainly sawntimber, furniture and fibreboard totalled at USD137.8 million, USD47.5 million and USD23.8 million, respectively. Germany was the biggest supplier country for timber and timber products (HS44) with exports valued at USD36.5 million, followed by the US (USD35.5 million) and China (USD26.7 million). Meanwhile, Malaysia placed fourth as a major exporter to Pakistan with exports valued at USD20.7 million, an increase of 5% from USD19.7 million in 2021.

Pakistan: Import of Timber & Timber Productions and Furniture, 2018-2022

USD '000

Products	2018	2019	2020	2021	2022
Sawntimber	105,210	114,570	101,022	109,558	137,804
Furniture	25,523	12,235	6,706	9,115	47,491
Fibreboard	42,008	37,535	25,938	25,324	23,815
Logs	39,450	14,553	13,332	10,186	9,575
Veneer	4,220	4,211	3,132	3,986	6,897
Plywood	6,841	3,185	2,532	3,556	5,018
Builders' joinery and carpentry	8,151	6,445	5,455	6,771	2,635
Particle board	1,554	1,205	902	1,347	2,257
Mouldings	82	538	610	605	278
Wooden frames	125	56	53	96	105
Others	9,572	9,336	8,263	9,469	9,249
TOTAL	**242,736**	**203,869**	**167,945**	**180,013**	**245,124**

Source: ITC Stats

Pakistan: Major Supplier Countries for Timber & Timber Product (HS 44), 2018-2022

USD '000

No.	Exporters	2018	2019	2020	2021	2022
1	Germany	35,203	25,553	19,415	39,140	36,507
2	United States of America	56,728	53,359	37,461	55,274	35,509
3	China	41,918	28,343	23,181	33,259	26,696
4	**MALAYSIA**	**27,123**	**23,008**	**18,066**	**19,679**	**20,715**
5	Sweden	6,743	3,957	3,891	14,807	20,525
6	Canada	30,702	21,906	17,943	19,742	13,223
7	Austria	8,767	4,056	7,191	13,931	9,605
8	Romania	13,589	9,758	6,682	13,664	8,197
9	Czech Republic	8,232	3,967	6,074	11,023	6,215

10	Latvia	3,151	3,490	2,575	3,567	2,773
	TOTAL	**272,197**	**214,058**	**175,996**	**273,254**	**197,726**

Source: ITC Stats

Malaysia's Export of Timber and Timber Products to Pakistan

Pakistan has always been a significant timber trade partner for Malaysia. Exports of Malaysian timber and timber products to Pakistan registered an increase of 19% to RM97.7 million from RM82.3 million in 2021. Pakistan was ranked 23rd with 0.4% of Malaysia's total market share. Fibreboard was the main product exported with a total value of RM58.2 million, followed by sawntimber at RM29.1 million and BJC at RM2.6 million respectively.

Malaysia: Export of Timber & Timber Products to Pakistan, 2018-2022

FOB Value RM

Products	2018	2019	2020	2021	2022
Fibreboard	75,175,261	63,608,969	50,486,538	50,383,838	58,213,820
Sawntimber	28,415,498	26,749,084	22,183,512	27,597,909	29,144,553
Builders Joinery & Carpentry	3,876,626	2,520,531	1,675,464	2,234,708	2,613,003
Plywood	287,690	302,739	344,843	385,990	665,670
Chipboard/Particleboard	1,115,304	989,706	845,070	456,528	280,295
Logs	93,944	66,558	45,639	220,256	105,973
Wooden Furniture	2,247,195	1,111,058	228,639	116,881	0
Veneer	0	0	0	0	0
Others	932,721	1,927,376	1,216,148	880,673	6,685,111
TOTAL	**112,144,239**	**97,276,021**	**77,025,853**	**82,276,783**	**97,708,425**

Source: MTIB/DOSM

Malaysia's Import of Timber and Timber Products from Pakistan

In 2022, imports of Malaysian timber and timber products into Pakistan were relatively small. However there was an increase of 61% to RM269,767 from RM167,920 in 2021. The main products imported into Pakistan were wooden furniture worth RM210,964.

Malaysia: Import of Timber & Timber Products from Pakistan, 2018-2022

FOB Value RM

Products	2018	2019	2020	2021	2022
Wooden Furniture	213,813	286,053	103,442	41,303	210,964
Others	125,631	120,191	74,312	126,617	58,803
TOTAL	**339,444**	**406,244**	**177,754**	**167,920**	**269,767**

Source: MTIB/DOSM

Import Tariffs

Malaysia and Pakistan established the Malaysia-Pakistan Closer Economic Partnership Agreement (MPCEPA) on 8 November 2007. MPCEPA came into force on 1 January 2008. Pakistan's import duties on timber and timber products under Most Favourite Nation (MFN) rate and MPCEPA are as follows:

Pakistan: Tariff Duty

HS Code	Product	MFN (%)	CPTPP (%)
4403	Logs	3	0
4407	Sawntimber	3	0
4408	Veneer	11	0
4409	Mouldings	16	0
4410	Particleboard/Chipboard	16	0

4411	Fibreboard	16	0
4412	Plywood	20	0
4414	Wooden Frames	20	0
4418	BJC	20	0
9401	Seats & Parts There of	3-35	0-20
9403	Furniture	20	0

Source: World Trade Organisation (WTO)

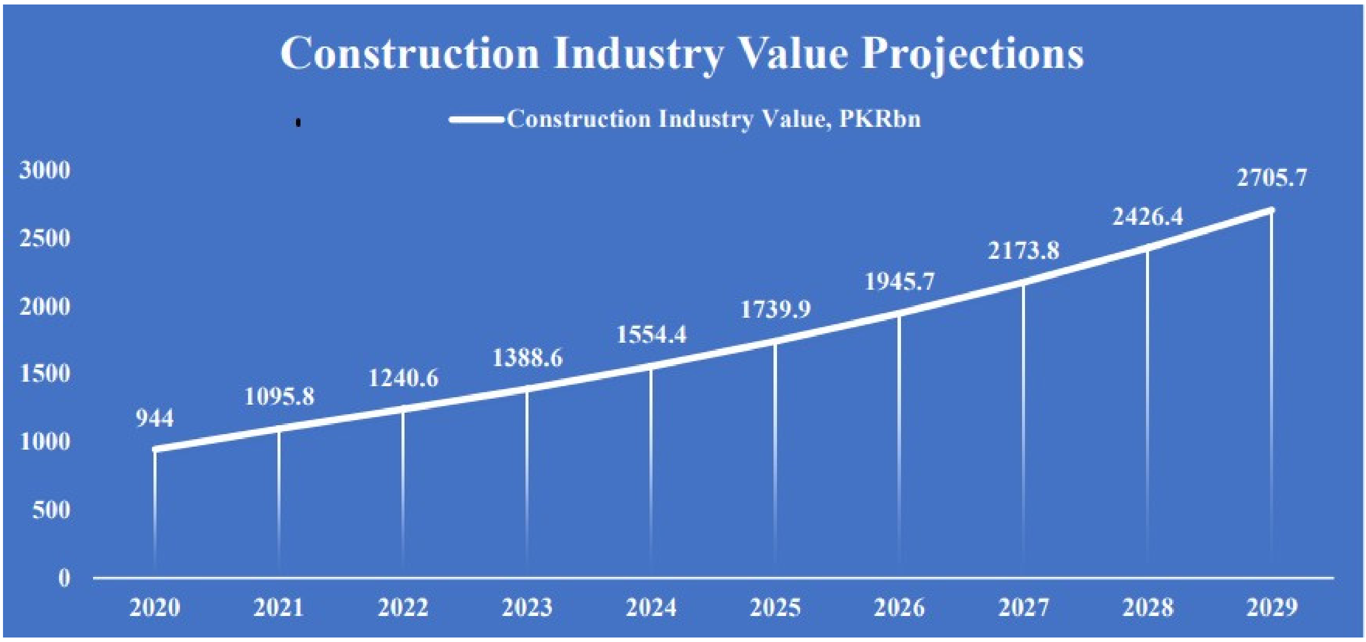
Prospect

Pakistan encountered unprecedented challenges during the current fiscal year 2022-2023 due to poor demand-driven policies of the previous government, devastating floods and political uncertainties. Additionally, the Russia-Ukraine war significantly disrupted the global demand-supply balance which led to a commodity super-cycle resulting in a slow-down of the global economic growth to 2.8% in the current year from 6.2% in 2021.

Apart from external shocks, Pakistan's economy also confronted multiple domestic shocks. Flood damages resulted in losses for the cotton industry which constitutes half of the industry's required cotton input. However, furniture products recorded the highest growth with 48.3%, followed by wearing apparels (31.7%), footballs (34.8%) and leather products (2.5%). The furniture market in Pakistan is expected to grow annually by 3.8% from 2023 – 2028. The home décor segment will be the market's largest segment with a market value of USD 211.6 million in 2023. This shows that the wooden furniture sector has the potential to be developed and further explored in Pakistan as one of the contributors to the country's economic growth. Pakistan has significantly developed its furniture industry that has deep traditional roots spread across the country. The creativity and expertise of the traditional woodworkers and craftsmen has great potential for export products as it can cater not only to the regular furniture market but also to the wealthy looking for unique furniture items. Some 95% of the furniture made in Pakistan is made from wood. The country has more than 700 furniture manufacturing workshops producing export quality furniture that are divided into home use; contract markets, supplying to hotels and restaurants; furniture for offices; and for public spaces. Although Pakistan is famous for heavy and bulky wooden furniture, the latest trend showcases a minimalist concept which reflects the choice of young people who now own homes especially in big cities. Thus, Malaysian furniture might be able to penetrate the Pakistani market to meet current demands and to cater to a larger market. Exporters and designers need to widely identify the target market and be involved in expos organised in the region to introduce and promote Malaysian furniture widely.

Traditional Pakistani wooden furniture

Pakistan's construction industry accounts for 2.5% of GDP according to a Pakistan economic survey. The sector employs 7.6% of the Pakistani labour force. The construction sector has been declared an industry. With this it brings tax relief to firms in the industry through the amendments to the tax ordinance. Reforms to tax policies have provided numerous incentives to builders and developers as well as contractors. These include lower tax rates and the removal of numerous taxes previously hampering the ease of doing business in the sector. The China Pakistan Economic Corridor (CPEC) has given a boost to the construction sector through the influx of infrastructural projects including highways, power plants and dams.



Construction Industry Value Projections

With many construction projects happening in Pakistan, the opportunity for Malaysian timber and timber product exporters to increase export value is wide open especially for value-added products such as BJC, moulding, veneer and panel boards. It is advantageous to export goods at a reduced tariff since Malaysia and Pakistan have the Malaysia-Pakistan Closer Economic Partnership Agreement (MPCEPA). Additionally, the existence of associations dedicated to the promotion of the timber industry such as All Pakistan Timber Trade Association (APTTA) and the Karachi Timber Merchants Group (KTMG), is particularly beneficial.

In addition, Malaysian timber exporters can seize the opportunity to strengthen their market presence in Pakistan by taking part in international furniture exhibits and fairs, to network and seek new businesses, or form strategic partnerships with local businesses.

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VIET NAM
Wood and Wood Product Exports to the US Market Fall Sharply

The Viet Namese Department of Customs has reported that wood and wood product (W&WP) exports to the US market in April 2023 were valued at USD 584 million, down 38% compared to April 2022. In the first 4 months of 2023, W&WP exports to the US market were estimated at USD 1.97 billion, down 41% over the same period in 2022. W&WP exports to Canada in April 2023 were recorded at USD 16.3 million, down 32% compared to April 2022.

In the first four months of 2023, W&WP exports to the Canadian market were estimated at USD 57.6 million, down 35.7% over the same period in 2022. Exports of bedroom and dining room furniture in April 2023 were estimated at USD 184.1 million, down 39% compared to April 2022. In the first four months of 2023, exports of bedroom and dining room furniture amounted to USD 623 million, down 44% over the same period in 2022.

Viet Nam's imports of oak wood in April 2023 were estimated at 27,300 cubic metres, worth USD 14.8 million, up 3.2% in volume and 3.1% in value compared to March 2023.

Compared to April 2022, imports increased by 18% in volume and 15% in value. In the first four months of 2023, oak imports were estimated at 79,100 cubic metres, worth USD 43.8 million, up 6.4% in volume but down 0.6% in value over the same period in 2022.

Imports of logs and sawnwood (raw wood) from the EU to Viet Nam in April 2023 showed a third consecutive month of increase, reaching 58,000 cubic metres at a value of USD 18.0 million, up 11% in volume and 13% in value compared to March 2023, but down 14% in volume and 20% in value compared to April 2022. In the first four months of 2023, imports of raw wood from the EU were recorded at 192,310 cubic metres at a value of USD 58.82 million, down 17% in volume and 20% in value over the same period in 2022.

www.itto.int, 01 May 2023

CHINA
Ends Import Ban on Australia

China has lifted an import ban on Australian timber, restoring warming relations between the two countries. Timber was among a slew of Australian commodities hit with import bans and restrictions as diplomatic relations between Beijing and Canberra soured during the height of the pandemic.

Xiao Qian told reporters in Canberra that China would immediately resume imports of Australian timber, which were stopped in 2020.

"The Chinese Customs has formally notified the Australian Minister of Agriculture, China will resume import of Australian timber," Xiao said at a press conference.

The resumption of the timber trade, worth about USD 400 million a year according to government data, came as relations improved, he added.

"There are also other issues on the table that allow me to say that the momentum is positive."

Last week, the two countries' trade ministers met face-to-face for the first time since 2019, as the centre-left Australian government aimed to repair a relationship that had grown tense under the previous administration. China, Australia's largest trading partner, blocked the import of its timber in 2020, citing the discovery of pests on shipments of wood.

www.ewn.co.za, 18 May 2023

INDIA
Wood Import Market Thrives

India's remarkable recovery from the COVID-19 pandemic has brought about a resurgence in various industries, with the wood import sector experiencing significant growth.

The demand for furniture components has soared as numerous direct-to-consumer (D2C) brands have emerged, setting up large factories across the country. Notably, the industry has not only returned to pre-pandemic levels but has even surpassed them in terms of volume.

One of the key drivers behind the wood industry's expansion is the escalating demand for both hardwood and softwood logs. Teakwood, primarily sourced from South America and Africa, has witnessed a substantial surge in demand. Similarly, European hardwood has also experienced significant growth, with some buyers eagerly awaiting further reductions in prices.

The lumber market has been particularly buoyant, with a soaring demand for softwoods like pine and spruce. The packaging industry, fuelled by increased exports, requires more pallets and boxes, leading to a heightened demand for these materials. Moreover, the growing construction of housing, particularly villas, has resulted in an increased need for wood products such as doors, windows, and panel products for interior applications.

An emerging trend in the Indian market is the construction of wooden housing, particularly in tourist destinations such as hotels and cottages. This trend not only boosts the demand for wood products but also presents new opportunities for the construction industry and local artisans.

However, the plywood sector faces its own set of challenges. Plywood factories are grappling with a shortage of core veneer and are actively seeking new suppliers of eucalyptus core veneer. Despite this hurdle, the overall growth in the industry remains strong, particularly for American hardwood, which has seen remarkable expansion in the current year.

In terms of pricing, green sawn timber prices in Gandhidham have remained steady over the past three weeks. South American pine green sawn timber is selling for 501 INR per cubic foot, while Australian radiata green pine is priced at 561 INR per cubic foot. European kiln-dried sawn timber commands a price of 621 INR per cubic foot.

However, it is worth noting that the demand for construction materials, including wood, is currently low. This is likely due to various factors such as the economic slowdown and uncertainties in the real estate sector. Despite this temporary setback, the overall outlook for the furniture and wood industry in India remains optimistic, given the steady recovery and ongoing developments in the sector.

Running a business in India has become increasingly expensive, mainly due to the disparity in interest rates between home loans and business loans. Banks tend to favour lower-risk home loans, resulting in home loan interest rates of around 10%. In contrast, interest rates on business loans range between 10% and 25%. This discrepancy puts additional pressure on entrepreneurs and business owners, making it challenging to secure affordable financing for business expansion and operations.

In conclusion, the Indian wood industry has experienced remarkable growth as the country rebounds from the effects of the COVID-19 pandemic. With the establishment of D2C brands and the increasing demand for furniture components, the sector has surpassed pre-pandemic levels. However, challenges in the plywood sector and the current low demand for construction materials pose temporary obstacles. Nonetheless, the overall trajectory of the industry remains positive, and ongoing efforts to address financing disparities for businesses in India will contribute to sustained growth and prosperity in the sector.

www.globalwoodmarketsinfo.com, 29 May 2023

ESTONIA
Wood Industry Grows

Despite the difficult times, the Estonian wood industry showed a strong economic result in the first quarter of 2023. In the first three months of 2023, the total turnover of the wood industry, which includes both primary and secondary processors of wood, reached 865 million euros. Compared to the same period last year, the turnover of the wood industry has increased by 14.1%, which is mainly due to the increase in the turnover of solid fuel wholesalers and manufacturers of wooden consumer and decorative items. If we compare the sales revenue of the last 12 months as of the end of the first quarter of 2023 with the previous 12-month period, the total turnover has increased by 15.9%. The increase in turnover in the last year is largely due to the increase in prices, which is due to, among other things, the increase in wood prices, labour costs and other input prices.

Despite the strong economic performance, employment in the wood industry has fallen and several companies in the sector have had to lay off workers. While in the first quarter of 2022 there were 11,100 employees in the field, by the first quarter of 2023 the number of employees had dropped to 10,500. At the same time, salaries in the wood industry have increased by nearly 12% compared to the same period last year, the average salary in the sector was 1,809 euros in the first quarter of 2023 (1,621 euros in the first quarter of 2022).

According to representatives of the sector, the Estonian wood industry faces low employment and an aging workforce. Due to the low population growth rate, the decrease in the number of people of working age in the near future and the lack of interest in the profession among young people, the problem may worsen in the following years, and therefore it can be assumed that wage growth in the sector will continue in the future.
The efficiency indicators of the wood industry are stable compared to the end of 2022. Compared to the same period last year, the turnover of wood industry companies per employee has increased by 21.1% due to both the increase in prices and the decrease in the number of employees. As Estonia's annual inflation level as of the quarter of 2023 was 17.1%, the annual real increase in the efficiency of the sector remained at around 4%.

The following year promises to be difficult for the Estonian wood sector, as the exports of the Estonian wood industry are mainly to Scandinavian countries, where the growth of the construction and real estate sectors has been replaced by a decline. This is especially the case in Sweden, where the number of building permits issued has fallen sharply compared to previous years. In addition, consumer confidence has fallen in all important export markets of the wood sector, and the industry's customers have large inventories that take longer than usual to sell.

The coalition agreement published in April revealed that the new government does not intend to increase felling volumes in the coming years, which, according to the Estonian Forestry and Wood Industry Association, will directly affect employment in forestry and related sectors. At the same time, the government has set a goal to increase the value of wood locally in Estonia. According to representatives of the sector, wood chemistry is an innovative field that would help to extend the supply chain of local wood and create a new circular bioeconomy link in Estonia.

Although the near future promises to be difficult for the wood sector, the past has shown that the Estonian wood industry adapts quickly and has been able to increase both turnover and profit even in the most severe crisis years. Due to the high investments of the previous years, Estonian wood industry companies are well automated, digitized and have above average productivity. In addition, we can also expect a partial downward correction of wood prices due to the moderation of energy prices in Europe.

www.timberindustrynews.com, 19 May 2023

FINLAND
Softwood and Pine Logs Increased

In March, 6.5 million cubic meters of wood were harvested for the forest industry, according to the Finnish Natural Resources Center (Luke). The felling volume was 3% less than a year ago. 5.6 million cubic meters of wood were harvested from private forests.

In January to March, a total of 18.5 million cubic meters of wood have been cut, which is 1% more than in the same period last year.

A total of 7.6 million cubic meters of logs were harvested, which is 1% less than a year ago. Cuttings of pine wood increased, but fir and birch wood also decreased. Almost 11 million cubic meters of softwood were cut, which is 3% more than last year. Harvesting of pine fiber increased by 7% and spruce fiber by 6%. Leaf fiber, on the other hand, fell by 5%. 1.4 million cubic meters of energy wood were harvested. There was a decrease of 6% compared to the previous year.

www.fordaq.com, 04 May 2023

ITALY
Orders for Wood and Furniture Equipment Down Sharply

The first quarter of 2023 confirmed a slowdown of orders for Italian woodworking and furniture technology. The quarterly survey by the Studies Office of Acimall (Association of Italian Woodworking Technology Manufacturers) shows a negative trend for the fourth quarter in a row.

In the first quarter of 2023, orders recorded a 25.7% reduction compared to the same period of the previous year, due to decreasing demand from international markets (down by 20.6%) and the significant shrinkage of the domestic market (- 38.9%).

It should also be noticed that the period of comparison, January to March 2022, was still an expansion phase, with significant growth rates in Italy and abroad, supported by public subsidies in many countries that, on one hand, really helped many industries overcome the consequences of the global sanitary emergency, but on the other, altered the normal evolution of the market.

The reduction of orders is reflected onto the months of ensured production, dropping from an average of 6.1 months in October to December 2022 to 5.2 months in January to March 2023.

The inflation trend – which in 2022 was in line with the economy in general – seems to be braking in the first months of 2023, the increase of sales prices for Italian wood and furniture technology was limited to 0.6%.

The opinions collected by the quality survey for the quarter under scrutiny reveal that the interviewed companies expect substantial stability of production (71%), while 24% indicates a growing trend and 5% a decrease. Employment is increasing according to 14% of the sample, stationary for 81%, decreasing for 5%. Available stocks are stable for 62% of the interviewees, while the remaining 38% is equally divided between those who indicate an increase (19%) and a reduction (19%).

The forecast survey gives an overview of the scenarios that might emerge in the short term, 38% of the samples expect a substantial stability of orders from the foreign markets, such orders will decrease according to 38% and further increase according to 24%. Looking at the Italian market, 57% of the interviewees predict substantial stability, 19% increasing orders and 24% decreasing orders.

www.lesprom.com, 13 May 2023

CANADA
Housing Starts Jump 22% in April

The annual pace of housing starts in Canada jumped by 22% in April compared with the previous month, the national housing agency has revealed.

Canada Mortgage and Housing Corporation (CMHC) said that last month saw an annual rate of 261,559 units, an increase from 213,780 in March, with a surge in multi-unit urban home starts helping account for that rise.

The annual pace of urban starts was 26% higher than last month, rising to 241,585 units, and the annual rate of multi-unit urban starts posted a 33% increase, jumping to 201,621 units. Single-detached urban starts, meanwhile, saw a slowdown of 2%, coming in at a pace of 39,964 units. For rural starts, the annual rate was estimated to be 19,974 units.

The latest figures mark a noted shift from last month, with the annual pace of national housing starts having plunged by 11% in March. In February, a 13% uptick helped cancel out a slowdown by the same percentage at the beginning of the year.

Toronto recorded a particularly noteworthy acceleration in April housing starts, which were higher in the city by 54% on a monthly basis, with Vancouver seeing a 36%

increase and Montreal's starts rising by 43%.

www.halifax.citynews.ca, 15 May 2023

US
Housing Starts Unexpectedly Rebound

New residential construction in the U.S. unexpectedly saw a significant rebound in the month of April, according to a report released by the Commerce Department on Wednesday.

The report said housing starts jumped by 2.2% to an annual rate of 1.401 million in April after plunging by 4.5% to a revised rate of 1.371 million in March.

Economists had expected housing starts to drop to an annual rate of 1.405 million from the 1.420 million originally reported for the previous month.

Single-family housing starts shot up by 1.6% to a rate of 846,000, while multi-family housing starts surged by 3.3% to a rate of 555,000.

Meanwhile, the Commerce Department said building permits slumped by 1.5% to an annual rate of 1.416 million in April after tumbling by 3.0% to a revised rate of 1.437 million in March.

Building permits, an indicator of future housing demand, were expected to climb to a rate of 1.430 million from the 1.413 million originally reported for the previous month. The continued decrease came as multi-family permits plunged by 7.7% to a rate of 561,000, more than offsetting a 3.1% spike in single-family permits to a rate of 855,000.

www.nasdaq.com, 17 May 2023

BRAZIL
Furniture Sector Alerted on EUDR

The Brazilian furniture sector has been alerted to the risks to businesses from the recent European Union regulation that prohibits its member countries importing wood products unless it can be shown that the raw material used in manufacture did not come from forests that were deforested or degraded.

When the regulation is implemented exporters need to present certificates proving the origin of the raw material including GPS coordinates and the guarantees of respect for human rights, especially those of indigenous people. Against this background ABIMÓVEL (Brazilian Association of Furniture Industries) stressed the need for certification of raw materials and production processes in the Brazilian furniture industry.

The adoption of certified wood from sustainable forest management is already an obligation within the sector. With more than 20,000 native timber species in natural forests Brazilian tropical timber has an important place in the furniture sector.

www.fordaq.com, 24 May 2023

GLOBAL
Nordic Remains Strong, Germany, Russia and China Face Challenge

In 2022, the Nordic countries remained major producers and exporters of softwood lumber, with Sweden being the largest exporter in Europe, while Finland ranked third. However, the German softwood lumber market saw a decline in demand, and Russian sawmills faced significant losses due to the closing of ports following the country's invasion of Ukraine. China also experienced a decrease in softwood lumber imports, with supply sources shifting towards European suppliers.

The Nordic countries produced a record-high amount of softwood lumber in 2021. In the following years, production fell slightly at about 2% due to weakening European wood markets in the second half of 2021.

Production levels were close to all-time highs in Finland, Norway, and Sweden in 2022, with the Norwegian sawmill sector having grown the most in the past decade. Swedish production accounted for 56% of the total volume in the region, followed by Finland (34%), Norway (9%), and Denmark (1%). These shares have remained mostly unchanged over the past decade.

About 38% of European softwood lumber exports are from sawmills in the Nordic countries, down from a peak of 45% in 2016. In 2022, the total volume from the sub-region reached increased 5% from the previous year.

Sweden is the largest softwood lumber exporter in Europe. In 2020, a record amount of lumber was shipped from the country. However, volumes fell over 10% the following year as European demand weakened.

In 2022, the export markets were mixed, with strengthening demand for Swedish lumber in the US (+84% year-over-year), China (+83%), and the Middle East and North Africa region (+34%). This occurred even while sales to Europe were down approximately 5%.

Finland ranked third of the lumber-export countries in Europe and was the only country in northern Europe that reduced shipments in 2022. Export volumes were down 2.2% year-over-year, but the amount was higher than its 10-year average.

Demand for lumber fell in Germany in 2022, resulting in a 34% year-over-year decline in softwood lumber imports. This is the lowest level in over ten years. All supplying countries shipped less lumber to Germany in 2022. But sawmills in the Nordic and the Baltic regions gained relative market shares. Furthermore, suppliers in Central Europe, Russia, Belarus, and Ukraine lost shares.

Germany continued as a net exporter of lumber shipping a record amount in 2022. The country has expanded and modernized its sawmill sector over the past few years and has become more competitive in global markets. Over the past five years, lumber production has increased by 6%. Net exports have increased significantly with a 125% rise in output in 2022 compared to 2018 data.

The most significant changes in lumber sales to the top 15 markets since 2018 were in the following areas: China (+329%), Taiwan (+219%), United States (+186%), dan Poland (+129%).

Over the same period, there have been smaller declines in shipments to neighbouring countries. This includes the Czech Republic, the Netherlands, the United Kingdom, France, and Austria.

In response to Russia's invasion of Ukraine, many European and Asian markets closed their ports to Russian sawmills. This caused softwood lumber exports to fall by almost 21% year-over-year from 2021 to 2022. The estimated lost value for the reduction in exports was about USD 1 billion. In the second half of 2022, there were no shipments to Europe. Volumes also declined compared to the first half of 2022 to Japan and South Korea.

As a result, Russian lumber producers had to redirect sales to the domestic market and lower-priced markets in the following areas, like Northern Africa, Middle East, CIS Countries, and Turkey.

Shipments were down to most countries in 2022, with the most significant declines to countries on Russia's "Unfriendly Countries List." Countries that increased their share of Russia's total exports included Uzbekistan, Egypt, Kazakhstan, Tajikistan, Turkey, Singapore, UAE, and Iran.

China's softwood lumber imports in 2022 fell to their lowest level in 12 years as the country was locked down in response to the COVID epidemic. Import volumes were down from their 2019 peak – the year before the COVID-19 outbreak.

Supply sources for lumber to China have shifted over the past decade. The most significant changes have been a substantial decline in shipments from North America and increases from European suppliers. This, accordingly, increased their market shares substantially.
Russia has also increased its share to become the largest supplier to China. They account for almost two-thirds of the import volume in 2022.

In the second half of 2022, there were significant shifts in China's lumber imports. The Russian share fell from 73% of total imports in the third quarter of 2022 to 57% in the fourth quarter.

On the other hand, European lumber producers shipped more volume. Their market share grew from 14% in the third quarter of 2022 to an all-time high of 27% in the last quarter of 2022. The predominant European suppliers are (in descending order) Finland, Sweden, Belarus, and Germany.

Lumber import prices fell about 7% during 2022. The most significant declines were for lumber shipped from Finland, Sweden, and Canada.

www.globalwoodmarketsinfo.com, 03 May 2023

APRIL 2023

LOGS

The overall analysis discovered that 60% or 12 of the 20 timber price reference species, reported no change in their average price for April 2023. However, a total of 35% or 7 timber species, reported a price decline ranging from 1.1% to 4.6%, while the remaining one species reported a 4% price increase compared to the previous month.

The log species reported to have decreased in price, such as Mix Heavy Hardwood, Kempas, Tualang, Dark Red Meranti, Red Meranti, Mersawa, and Nyatoh are on the market at an average price of around RM1,220, RM2,020, RM1,250, RM2,160, RM2,175, RM1,740, and RM1,310 per tonne. In comparison, in the previous month, these species were traded at average prices of RM1,260, RM2,050, RM1,280, RM2,210, RM2,280, RM1,760, and RM1,330 per tonne. Yellow Meranti was the only species that reported a price increase in April 2023. The price increase of around RM70 per tonne caused the species to be traded at an average price of about RM1,830 compared to RM1,760 per tonne in the previous month, with the current reported month's higher price of approximately RM1,900 per tonne.

According to industry feedback, the current market trend of declining timber products has resulted in a decrease in demand for timber supply, and this situation has indirectly begun to affect log trade prices. This is evident when most of the reported species have not seen any price increase in the last few months, while the number of species experiencing price declines is reported to be greater than the number of species experiencing price increases.

SAWNTIMBER

At least 70% or 14 of the 20 species, were reported unchanged across the three sawn timber product production classes, namely General Market Specification (GMS), STRIPS, and Scantling.

A total of 14 species, or 70% under GMS reported no price change, with only five species (25%) reporting price decreases of between 1.2 and 2.9%, or around RM25–RM50 per tonne, and the remaining one species reporting a price increase of up to 10.3%, or RM168 per tonne. Kempas, Kapur, Red Meranti, Mersawa, and Mix Light Hardwood were among the five species that saw price drops. All these species were traded at RM2,380, RM1,684, RM2,027, RM1,836 and RM1,352 per m^3. Yellow Meranti became the only GMS species to see an increase in price, with a market price of RM1,854 per m^3. Under STRIPS, approximately 80% of the species, or 16 species, have maintained their previous month's average prices. However, no species were reported to have increased prices in April 2023, while only 20% or four species, namely Kapur, Dark Red Meranti, Red Meranti, and Light Hardwood Mix, were reported to have decreased prices. The four species were marketed at RM1,186, RM1,977, RM2,076 and RM1,201 per m^3 after the price reduction.

Similarly to GMS, 70% or 14 of the 20 species traded, maintained their average price from the previous month, while the remaining six species showed two of them experiencing price increases and the remaining four species declined. Balau and Meranti Merah both reported increases of 14.7 and 8.5% or between RM180 - 490 per m^3, and both were traded at RM3,856 and RM2,299 per m^3, respectively. Species with price decreases of 1.0–2.3% such as Kapur, Mengkulang, Dark Red Meranti and Mersawa, were marketed at RM1,808, RM2,013, RM3,390 and RM2,154 per m^3.

PLYWOOD

Plywood products with thicknesses of 4mm, 6mm, 9mm, and 12mm are reportedly still trading at the same average trading price as in April 2023. Without any change in the reported average price, plywood of the specified thickness was traded at RM19.40, RM24.50, RM39.75, and RM48.35 per piece, respectively. Meanwhile, the highest prices recorded in relation to the main thickness size of the plywood traded were RM19.40, RM25.00, RM41.00, and RM48.70.

MEDIUM DENSITY FIBREBOARD (MDF)

In April 2023, the average price retention was reported for MDF products when the reported trading price did not show any increase or decrease in any major size of MDF traded. MDF with thicknesses of 4mm, 6mm, 9mm, and 12mm were still selling at RM12.90, RM22.50, RM29.70, and RM35.20 per piece, with no price change reported. According to the findings of the price information received, the highest reported prices for all four MDF sizes mentioned above in April 2023 were RM12.90, RM26.00, RM37.00, and RM42.00 per piece.

INTRA-MALAYSIA TRADE* - April 2023

In April, two of the four main timber products traded from Sabah to the peninsula, namely timber and veneer, was not recorded, while only trade in sawntimber and plywood products were reported. The total volume and trade value of sawntimber products fell by 89% and 60% respectively, in April. Using a percentage of the reported travesty, the resulting trade value was RM480,000, generated by 190 m^3 of sawntimber. In terms of plywood products, its trading volume increased by 45% in volume and 25% in trade value. As a result of the increase, the total volume of plywood traded in the current month under review increased from 2,402 m^3 to 3,493 m^3, resulting in a trade value of RM5.42 million, up from RM4.35 million in the previous month.

Sarawak, like Sabah, recorded only two timber products, namely sawntimber and plywood, being traded between Sarawak and Peninsular Malaysia in April 2023, while other products such as logs and veneer were reported to have had no transactions. Although the reported trade value of the sawntimber products increased by approximately 11%, or RM753,000, the volume traded decreased by 23%, from 435 m^3 to 335 m^3. However, trading performance for plywood products recorded an increase in volume and trade value of more than 100%, increasing by 111 and 206%, respectively, from 1,654 m^3 to 3,493 m^3 and RM1.77 million to RM5.42 million.

*Source: Malaysian Timber Industry Board (MTIB) and Department of Statistics Malaysia

Continuation from page 11

to RM6.0 million from RM18.6 million over the same period in 2022. The USA being the largest buyer for rattan furniture recorded a decline in intake by 66% to RM5.7 million, followed by Canada with exports down by 79% to RM283,678 million. Meanwhile, amongst South American countries, Uruguay resumed its intake with RM35,624.

Intake of rattan furniture in the African region also declined by 88% to RM183,169. Cote d'Ivoire and Seychelles resumed their buying with RM64,535 and RM31,940 respectively. Meanwhile, export to South Africa reduced by 75% to RM47,334.

The contract furniture production in Europe currently amounts to around EUR14 billion, of which the largest part is destined for projects within Europe, while less than 20% is addressed outside, towards North America, the Middle East, and Asia-Pacific. According to CSIL's report 2023 'The contract furniture and furnishings market in Europe', the major manufacturing countries in this segment are Italy, Germany, the United Kingdom, Poland, and Sweden, representing together over 60% of the total European contract furniture production. The project sector has been severely hit by the pandemic and following a significant drop in 2020 it has returned to grow over the last two years. With the uncertainties emerging in the international socioeconomic scenario, the outlook for the near future is nonetheless positive. A full recovery of the market values is expected within 2024. The share of traded products tends to be higher depending on the kind and dimension of the single project. Generally speaking, for the interior fit-out companies with internal production (I.e. Ovebury, ISG, Input Interior) that manage large turn-key projects, traded products have a relevant incidence on the turnover, while for the 'traditional' furniture manufacturers (Molteni, Lago, Pedrali, Arper, Fermob, EMU, etc.) the own portfolio, although customized, represent 90% or more of the business. About 40% of the revenues are represented by projects managed through general contractors, a 36% is managed through dealers active in contract and turn-key projects and only 24% of sample turnover is represented by direct sales to final clients (i.e. hotel chains). The market approach highly depends on the destination segment. In the Education business, especially for kindergarten and K-12, direct sales to municipalities and institutions is by far the preferred option as compared to healthcare, museums, theatres and other public facilities.

*AVERAGE DOMESTIC PRICES OF LOGS, SAWN TIMBER, PLYWOOD AND MDF IN PENINSULAR MALAYSIA, APRIL 2023 (RINGGIT MALAYSIA)				
SPECIES	**LOGS/ton**	**SAWN TIMBER/m³**		
	18" UP	**GMS**	**STRIPS**	**SCANTLINGS**
HEAVY HARDWOOD				
Chengal	5,000	7,415	4,237	10,946
Balau	3,045	3,291	1,822	3,856
Red Balau	2,810	2,754	2,472	2,419
Merbau	3,220	3,754	3,072	3,725
Mixed Heavy Hardwood	1,220	1,186	1,137	1,282
MEDIUM HARDWOOD				
Keruing	2,430	2,948	2,807	2,027
Kempas	2,020	2,380	2,112	2,701
Kapur	1,740	1,684	1,186	1,808
Mengkulang	1,870	1,377	1,571	2,013
Tualang	1,250	2,013	2,002	2,062
LIGHT HARDWOOD				
Dark Red Meranti	2,160	2,454	1,977	3,390
Red Meranti	2,175	2,027	2,076	2,299
Yellow Meranti	1,830	1,854	1,554	1,977
White Meranti	1,500	2,507	1,801	1,977
Mersawa	1,740	1,836	1,730	2,154
Nyatoh	1,310	1,610	1,476	1,412
Sepetir	1,430	1,822	1,436	1,780
Jelutong	1,150	1,836	1,589	1,819
Mixed Light Hardwood	1,190	1,352	1,201	1,201

MALAYSIAN RUBBERWOOD *Hevea brasiliensis*	**LOGS/ton**	**SAWNTIMBER/m³**			
		1" X 1"	**2" X 2"**	**3" X 3"**	**4" X 4"**
	184	1,140	1,300	1,370	1,530

PLYWOOD 4' X 8' (RM per piece)	**4mm**	**6mm**	**9mm**	**12mm**
	19.40	24.50	39.75	48.35
MDF 4' X 8' (RM per piece)	**4mm**	**6mm**	**9mm**	**12mm**
	12.90	22.50	29.70	35.20

Note: Log prices ex-batau. Sawn timber, plywood, MDF and Malaysian Rubberwood (Hevea brasiliensis) prices ex-mill
**Prices are only indicative*

INTRA-MALAYSIA TRADE - APRIL 2023						
	Mar-23		April-23		% change in volume	% change in value
	Vol (m³)	Val ('000 RM)	Vol (m³)	Val ('000 RM)	MAR/APR 23	MAR/APR 23
SABAH						
Logs	0	0	0	0	0	0
Sawn Timber	1,673	1,213	190	484	-89	-60
Plywood	2,402	4,346	3,493	5,420	45	25
Veneer	69	196	0	0	-100	-100
SARAWAK						
Logs	0	0	0	0	0	0
Sawn Timber	435	678	335	753	-23	11
Plywood	1,654	1,773	3,493	5,420	111	206
Veneer	0	0	0	0	0	0

Source: Department of Statistics Malaysia
Tabulated: Malaysian Timber Industry Board

Hapag-Lloyd: Higher Costs Will Inevitably Push Up Shipping Rates

Germany's Hapag-Lloyd, the world's fifth-largest shipping line, posted better-than-expected results for the first quarter of 2023, with freight rates averaging $3,998 per forty-foot equivalent unit, 85% above pre-COVID levels.

"Volumes remained subdued as the inventory correction starting in the second half of last year continued, but the numbers started to look a little better toward the end of the quarter," said CEO Rolf Habben Jansen on Thursday's conference call. "We think it's going to remain subdued [in the second quarter] but I do believe the second quarter will be better than the first. I don't think that means we're now going to see a very quick recovery, but I do think it underlines the point that destocking is slowly but steadily coming to an end, and at some point in time, we will quite likely see a bit of a pickup in demand."

Cargo volumes dropped sharply in the second half of last year. Habben Jansen predicted that "at some point, probably in Q3, [volume] will cross into year-on-year growth," with full-year totals coming in close to or slightly above 2022 levels despite low first-half demand.

'We are still wrapping up negotiations'

Spot rates have been below breakeven for carriers in the trans-Pacific and Asia-Europe trades, he said.

"Right now, we see spot rates being very, very low in a number of the headhauls. If we see a bit of an uptick in seasonal demand going into peak season, I expect to see a bit of a recovery in those spot rates, for a number of months, probably starting toward the end of Q2 [and lasting] at least until Golden Week [the first week of October]."

Average rates — including both contract and spot — are set to fall further starting in the second quarter due to renewals of annual trans-Pacific contracts at much lower levels than last year. Trans-Pacific contracts generally run from May 1 to April 30, but Hapag-Lloyd has yet to finish talks. "We are still wrapping up negotiations as we speak," said Habben Jansen. "Negotiations on the trans-Pacific have not been easy this year."

He confirmed that contracts that have been signed are at rates above loss-making spot levels. "Some of the spot rates have gone to levels that do not make sense, because you simply lose too much money. We do not close contracts for 12-month durations if we know up front that we are going to lose a significant amount of money. So yes, most of the contract rates have been closed at levels that are definitely above spot levels."

Why rates could increase despite capacity deluge

In the medium and longer term, the big challenge for shipping lines is the orderbook. An unprecedented amount of new capacity is being delivered starting this year and continuing through 2025. "It is a very significant orderbook. There are quite a lot of ships in the pipeline," said Habben Jansen. Although deliveries started ramping up in March and are now in full swing, he believes capacity pressure won't peak until next year.

"For 2023, I think the effect is still manageable because quite a lot of new ships won't come until the second half. But certainly for the next two years, it will put pressure on the market. When we look to 2024 and 2025, the likelihood that supply growth will outpace demand growth is high." Despite these supply pressures, he argued that market forces will push freight rates up to levels that cover higher carrier costs.

"When you look at rates falling back to pre-COVID levels, those rates are not sustainable in the long run because costs have come up. The reality today is that everybody faces costs that are 25-30% higher than before the pandemic."

"If you look back in history, there have only been short periods of time when rates were really far below costs. That is because 65% of the costs of every voyage are variable costs. As soon as the market drops too much, carriers will start taking out costs [by cancelling sailings]. Over time, that helps rates go back to a level that is at least at or hopefully slightly better than costs. "So, your long-term outlook on rates should be that they will remain 25-30% above what we saw in 2018-19 simply because if they don't, we would end up with a lot of cash-negative shipments. And with 65% of the costs being variable, we would have to take action to mitigate costs."

Why rates could stay low for longer

At least, that's Habben Jansen's theory. The counter argument is that the liner industry did indeed suffer extended losses in the decades prior to the COVID boom. Carriers were able to survive years in the red, in some cases due to government support. And this time around, carriers are flush with billions in windfall cash from the boom, so they can more easily sustain prolonged losses. As Sea-Intelligence CEO Alan Murphy told Splash, "The only thing that scares me more than shipping lines without money is shipping lines with money."

Regarding losses in earlier eras, former APL CEO Ron Widdows said during a Marine Money conference in 2014: "With the structure of the companies — some of these are state-backed, some quasi-state-backed — the operating philosophies and how they price and how they view returns are different. McKinsey & Co. estimated in a report published in February 2018 that ocean carriers "destroyed over $100 billion in shareholder value over the last 20 years."

The consultancy noted that the liner industry's profitability "was particularly poor between 2011 and 2016, when the industry average return on invested capital was consistently lower than the weighted average cost of capital." "Those with state backing don't necessarily have to generate the kind of returns a stand-alone company or a publicly listed one has to generate," said Widdows. "The container sector hasn't made its cost of capital during the past decade, or for any decade you want to look at," he said of pre-2014 returns (referring to a period when the industry was much less consolidated than it is today).

Q1 results far surpassed pre-COVID results

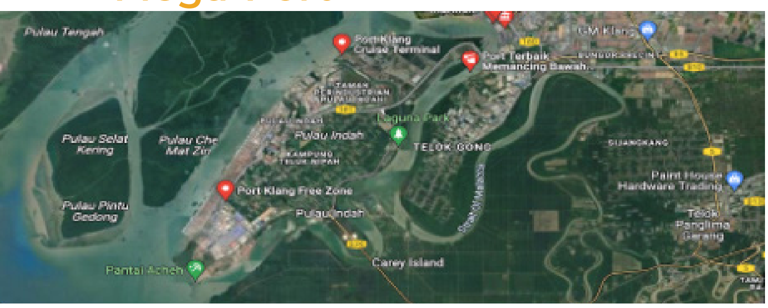
Hapag-Lloyd reported net income of $2.03 billion for Q1 2023, down 57% year on year. Earnings before interest, taxes, depreciation and amortization came in at $2.38 billion, above analysts' forecast for $2.1 billion. Earnings before interest and taxes totalled $1.87 billion, topping the forecast for $1.6 billion. Results for Q1 2023 were "a solid beat of 12% at the EBITDA level and 19% at the EBIT level," said Deutsche Bank analyst Andy Chu.

According to Habben Jansen, "The financials are quite exceptional if you look at them in a historical context." Comparing Q1 2023 to Q1 2019, pre-COVID, net income was 19 times higher in the latest period, driven by the 85% improvement in average rates. Hapag-Lloyd's EBIT margin (operating profit as a percentage of revenue) was 7% in Q1 2019. In the latest quarter, it was more than quadruple that: 31.1%.

In early March, Hapag-Lloyd introduced its full-year 2023 guidance for EBITDA of $4.3 billion to $6.5 billion and EBIT of $2.1 billion to $4.3 billion. It made no changes to that guidance on Thursday. Given that Hapag-Lloyd earned 44% of the full-year EBITDA range midpoint and 58% of the EBIT midpoint in the first quarter alone, the maintained guidance implies a steep earnings decline ahead. Even so, if the carrier does hit its target, 2023 would be the third-best year in the company's history.

Source: *freightwaves.com; May 11, 2023*

Malaysia Moving Ahead With 'Game Changer' Carey Island Mega-Port



The Malaysian government is pressing ahead with plans for a massive greenfield terminal on Carey Island in Port Klang, the world's 12th largest container port. Plans for a fourth terminal at Port Klang on Carey Island date back to 2017 and are now moving ahead following a feasibility study.

The planned port project was flagged up by Malaysian Transport Minister YB Loke Siew Fook at the opening ceremony and reception of the Langkawi International Maritime & Aerospace 2023 exhibition (LIMA 2023). "One of the mega projects in the maritime sector is the proposed development of the Carey Island Port which could strengthen Port Klang's status as the main marine hub for Southeast Asia," the Minister said.

The RM28bn Carey Island port project would comprise both container and conventional berths capable of handling 30 million teu and 20 million tonnes of conventional cargo once fully developed. Speaking to Seatrade Maritime News on the sidelines of the International Maritime Conference at LIMA 2023 Capt. K Subramaniam, General Manager of Port Klang Authority (PKA), said, "It's going to be a game changer". "We are looking at 15 km of berths, that is the whole of Port Klang today, that is the whole of Northport, Westport, and Southport is going to be translated into Carey."

Port Klang currently comprises Westport and Northport, which are its main international terminals, and the smaller Southport dedicated to regional trade. Unlike the linear berth structure of the existing terminals Subramanian said that Carey island's terminals would be developed in a basin lay out. The vision would also be for it to be a "truly smart, digital, and green port".

The greenfield port plan is not dissimilar to Tuas Port under development in rival Singapore, although unlike Tuas Port the Carey Island project is not designed to replace existing terminals. There are three major container hubs serving the Southeast Asia in the Singapore and Malacca Straits – Port Klang, Port of Tanjung Pelepas, and Singapore – respectively the world's 12th, 15th and second largest container ports.

PKA has completed a feasibility study on behalf of the government as to whether it can go ahead with developing Carey Island Port and Subramanian said it ticked about "90% of the boxes, and that looks good". There are though issues with weather and wave heights as the new port is further offshore than existing terminals and he said they may have to look at building breakwaters. At present around 90% of Carey Island is palm oil plantation owned by Malaysian company Sime Darby, and is also home to the indigenous Mah Mari tribe, a sensitive issue which the authority is keenly aware of. Subramaniam said, "We are not going to displace them, that is the last thing we are going to do."

The development of Carey Island Port is a long-term plan and Subramaniam said works were planned to start in 2025 with development taking place in phases all the way through to 2055. In terms of the need for the new port he said, "Whatever we have developed has always been in line with the industry, this is going to be done in consultation with the industry."

As to whether international terminal operators could be involved in Carey Island Port's development the Malaysian government has currently indicated a preference towards domestic operators such as MMC and Westports. Subramaniam said this does not discount holding discussions with international terminal operators. "I think today is all about international collaboration."

Source: *seatrade-maritime.com; May 25, 2023*

Global Freight Cycle May Have Reached Lowest Point

Global freight volumes show signs of having bottomed out in the first quarter, signalling the industrial cycle may be near its trough, which could provide some support to oil prices later in 2023. Global freight volumes fell 1.1% during the first three months of 2023 compared with a year earlier, according to the Netherlands Bureau of Economic Policy Analysis ("World trade monitor", CPB, May 25).

But volumes were up by 0.2% in March compared with the prior year, after declining 2.5% in February and 1.2% in January, providing tentative signs the cyclical trough may have been reached. Singapore's maritime container throughput climbed to a record 3.26 million twenty-foot equivalent units (TEUs) in April and was 7% higher than a year ago.

At London's Heathrow airport, cargo was still down 7% in the three months from February to April compared with a year earlier, but that was a much smaller decline than the 14% in October to December.

At Narita in Japan, air freight was down 22% in the three months from January to March, but that was a smaller decline than the 26% between November and January. In the United States, there were fewer signs the manufacturing and freight cycle was nearing its trough, which given the size and centrality of the country in the world economy makes the outlook less clear.

U.S. railroads hauled 3.1 million shipping containers in the first three months of 2023 compared with 3.4 million in the same period in 2022. U.S. trucking firms reported activity levels were down by less than 1% in the first three months of 2023 but there was a noticeably weak end to the quarter with a decline of 5% in March. At the nine largest U.S. container ports, the number of shipping containers handled was down 16% in April and 17% for the first four months of 2023 compared with the prior year. Reflecting steadier demand, the cost of containerised ocean shipping has been stable since the middle of March after declining almost continuously for a year, according to the Freightos Baltic Exchange global container index.

REACHING THE TROUGH?

Over the last year, global freight has been hit by excess inventories held all along the supply chain as consumer and business spending has reverted from merchandise to services after the pandemic. Persistent inflation, rising interest rates and increased fears about an impending recession have also encouraged households and firms to be more cautious about spending.

The most recent data, albeit covering a small number of transport hubs, shows freight volumes may have stabilised or improved at the very end of the first quarter and into the start of the second. A trough in manufacturing and freight activity would in turn help stabilise consumption of diesel and other distillate fuel oils across the major economies, providing some support to oil prices. Lower prices for crude, gas and electricity compared with the middle of 2022 should ease some pressure on consumers' spending power and business investment, supporting a gradual recovery.

But the rebound in China after the coronavirus pandemic has been more muted than expected at the start of 2023, which has sapped some of the momentum from the global economy. Business inventories remain high across North America and Europe and the delayed impact of interest rate rises, tighter credit conditions and rising unemployment will continue to squeeze households and firms for at least the next six months. If this is to be a turning point for freight markets, inflation must subside soon to avert pressure for much higher interest rates and another downward lurch in industrial demand.
Source: Reuters (Editing by Mark Potter)

Source: *reuters.com; May 26, 2023*

NCB: Empowering Global Cargo Safety Through Digital Innovation and Compliance Solutions

In a significant move to strengthen their commitment to safety and compliance in cargo transportation, National Cargo Bureau (NCB) and Exis Technologies have unified under the brand, NCB. This newly combined global organisation aims to leverage more than a century of collective expertise, experience, and technological innovation to enhance safety of life and cargo at sea.

The decision to rebrand globally represents a strategic alignment of the not-for-profit organization, National Cargo Bureau, with Exis Technologies, a leading provider of software solutions for dangerous goods management. The unified organisation signifies a shared commitment to innovation and technological advancement. By consolidating their strengths, NCB is better positioned to offer industry wide solutions and achieve its mission of promoting safety and compliance in cargo transportation on a global scale.

Ian Lennard, President of NCB said: "This is an exciting time for the organisation, NCB is the perfect combination of expertise and trailblazing technology to further our not-for-profit mission, Safety of Life and Cargo at Sea." Hazcheck, NCB's flagship suite of software products, has long been recognized as an industry leader for dangerous goods management. Hazcheck Detect, powered by AI, recently earned a prestigious Business IQ award for innovation as well as the Logistics UK award, acknowledging NCB's commitment to providing state-of-the-art safety solutions. By leveraging complex algorithms and machine learning capabilities, Hazcheck Detect analyses vast amounts of data and identifies potential mis-declared or undeclared dangerous cargos, further advancing safety standards in cargo transportation.

NCB also recognizes the importance of container inspections in ensuring cargo safety. In addition to its physical inspections, through the utilization of cutting-edge technology, NCB has augmented its capacity to inspect containers and dangerous cargo remotely, allowing for more efficient and comprehensive assessments on a global scale. This innovative approach coupled with Hazcheck, enables NCB to deliver comprehensive safety solutions to a broad range of clients, regardless of geographical limitations, while maintaining stringent quality standards.

With the rebranding of National Cargo Bureau and Exis Technologies as NCB, the industry can expect a new era of digital innovation in cargo safety and compliance. NCB's rich history, combined expertise, and technological advancements position them as leaders in the field, capable of meeting the ongoing and evolving need for global container safety initiatives. The integration of AI and expansion of remote inspection capability exemplify the organization's dedication to safety of life and cargo at sea. As NCB continues to drive forward, its focus on innovation and commitment to excellence will undoubtedly help shape the future of cargo transportation safety.

Source: *hellenicshippingnews.com ; May 31, 2023*

SHIPMENT OF TIMBER AND TIMBER PRODUCTS THROUGH PORTS IN PENINSULAR MALAYSIA, APRIL 2023

Products	Port Klang		Kuantan		Pasir Gudang		Tanjung Pelepas		Penang		Total all ports (m^3)	% change Mar'23/ Apr'23
	m^3	% change	m^3	% change	m^3	% change	m^3	% change	m^3	% change		
Sawntimber	29,486	-19	1,700	-88	586	20	264	-39	2,834	-32	34,870	87
MDF	12,953	-5	0	-100	398	-77	1,575	11	7,079	1,035	22,006	65
Mouldings	7,305	-31	3	-92	1,062	19	1,201	4	503	-23	10,073	-15
Plywood	1,781	-62	0	0	0	-100	384	-4	6,202	-4	8,367	1,980
Veneer	201	-50	0	0	0	100	43	100	311	-4	243	-99
Particleboard	8,984	-10	0	0	567	-43	0	0	10,890	14	20,441	-83
TOTAL	**60,710**	**-20**	**1,703**	**-88**	**2,612**	**-39**	**3,467**	**2**	**27,820**	**28**	**96,312**	**-19**

Note: Indicates % change over previous month
Source: MTIB

Xylarium: A Scientific Wood Collection

Xylarium is a repository of a vast collection of wood specimens, which are systematically organised and cataloged for easy reference and study. It serves as a resource for education, preservation, documentation, and study of wood samples from various wood or timber species. It is valuable to the members of the scientific community, such as the specialists in forestry, botany, conservation, forensics and art restoration.

Wood specimens in a xylarium act as reference materials for comparing and identifying unknown wood samples. Valuable information about species, properties, strength, and durability can be obtained by examining the structure of wood. This helps in determining the optimal use and suitability of a particular wood sample for different applications. It also helps in detecting illegal logging and the trade of protected or endangered species, thus supporting conservation efforts and Sustainable Forest Management (SFM).

The primary objectives of a xylarium include:

i. Taxonomy and Identification: Xylariums contribute to the field of taxonomy by providing reference materials for identifying and classifying plant species. The anatomical characteristics of wood, such as cell types, vessel arrangement, and growth patterns, can provide valuable information for taxonomists and botanists to differentiate between species.

ii. Biodiversity Conservation: Xylariums play a crucial role in the conservation of plant biodiversity. They preserve wood samples from a wide range of plant species, including endangered and rare species, contributing to the documentation and understanding of plant diversity. This information can be used to develop conservation strategies and promote the importance of plant conservation.

Xylarium specimens are obtained from different types of trees, shrubs, and woody plants and are commonly found in the form of book-shaped volumes. All of the specimens are in simple form, like blocks or plaques with information pasted on their surfaces. Xylariums can be found in universities, botanical gardens, research institutions, and museums. Many countries have at least one xylarium with native wood species and also species from other parts of the world.

MTIB through Fibre and Biocomposite Centre (FIDEC) started to establish a xylarium in 2013. Among the activities being carried out is acquiring more wood specimens to increase the collection, to study the anatomical properties of the species collected as well as to further develope information related to the species for reference purposes.

Currently, the wood collection in the FIDEC xylarium is about 1,367 specimens and it includes 107 families, 257 genera. About 43 families and 97 genera belong to local species from Malaysia while the rest of the genera and families belong to imported species (including endangered and lesser-known species). The specimens were collected through field expeditions at sawmills in Peninsular Malaysia and Sabah with the cooperation of MTIB staff especially those in the regional offices. The collection method was then further expanded by carrying out collaborations and mutual exchanges with researchers in local and international agencies or institutions. There have also been contributions from individuals and loggers. Collecting and exchanging wood samples activities are still continuing to the present day. Wood specimens in the FIDEC xylarium will be meticulously documented once obtained. Relevant information about the specimen is recorded, including the family name, species name, collection date and location, collector's name, and any other available data for future reference and research. In order to maintain the data collection information, FIDEC started digitizing information/database of wood specimens. This is to allow easy retrieval and dissemination of specimen data and to allow the responsible persons to locate specific wood samples, access relevant information, and contribute to the overall knowledge base in various scientific disciplines.

Cross-sectional images of wood specimens are then prepared using a microscope to provide a comprehensive supporting reference. Cross-section images are a significant way to visually explore and study the intricate details of wood anatomy, contributing to scientific understanding, education, and a variety of practical applications.

Microscopic slides of wood specimens are also prepared to gain detailed information about the wood specimens and to unlock the secrets hidden within the structure of the wood specimens. A single preparation contains three thin sections of each specimen, namely transverse, radial, and tangential sections. A microscope will then be used to examine the cellular structures, vessel patterns, and other anatomical features.

The wood specimen will then undergo a preparation process that involves surface sanding, cutting thin sections, and treating to ensure their long-term preservation. Preservative techniques such as drying, and chemical treatment are also implemented to prevent decay and insect damage. The prepared wood specimens will then be stored in appropriate storage systems. Cabinets with controlled environmental conditions, such as temperature and humidity, are used to maintain the specimens. These conditions help to prevent deterioration and ensure the long-term preservation of the wood samples.

Since a xylarium serves as a curated collection of authenticated wood specimens. This makes them invaluable references for comparing and identifying unknown wood samples. Therefore, FIDEC offers Wood Identification Services to individuals and organisations who need to identify woods commonly found in the region or those that are commercially significant. Proper wood identification does not only help to enforce regulations and prosecute illegal logging/activities as mentioned earlier. It helps in selecting the right species for specific applications. It also determines the best techniques for woodworking, and the authenticity and market value of the particular wood.

Apart from this, FIDEC also offers a range of testing services and processing facilities, including technical consultancy. For a comprehensive list of available testing services, processing facilities, and respective fees, please visit www.mtib.gov.my.


15-17 May 2023 - "Kursus Berjadual Pengecaman Spesies-Spesies Kayu Malaysia" at WISDEC Sabah


15-19 May 2023 - Wardrobe Making and Fitting Course (Kiosk Mudah Alih) for Jabatan Penjara Malaysia at WISDEC Selangor


20-26 May 2023 - "Program Minggu Perpaduan 2023" at Kuching Waterfront, Sarawak


23-27 May 2023 - Scheduled Course - Application of Epoxy in Furniture Manufacturing at WISDEC Sabah

25 May 2023 - Courtesy visit from Koperasi Gaharu Kafoura Berhad (KGKB)