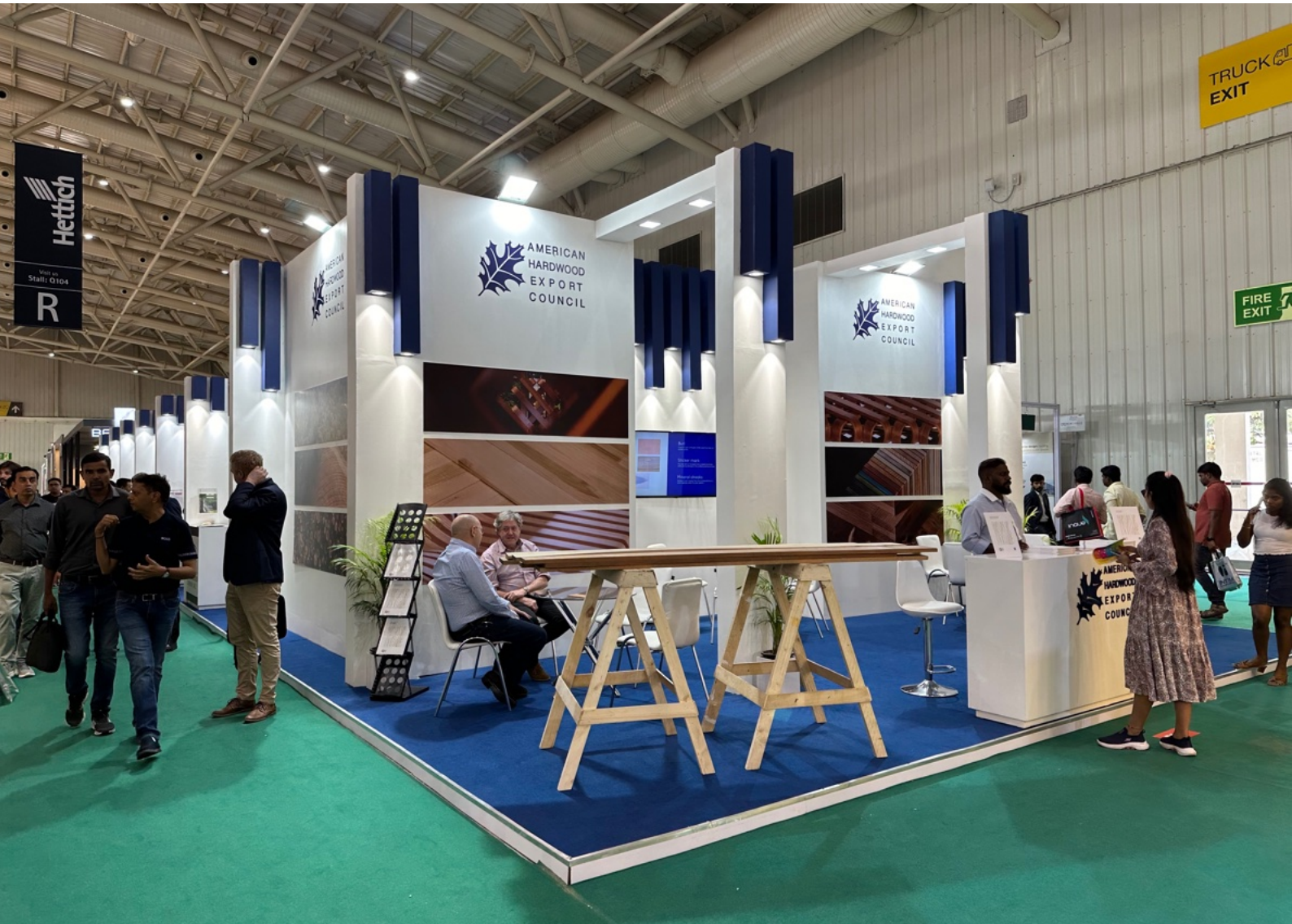


January - March 2024

MARKET REPORT

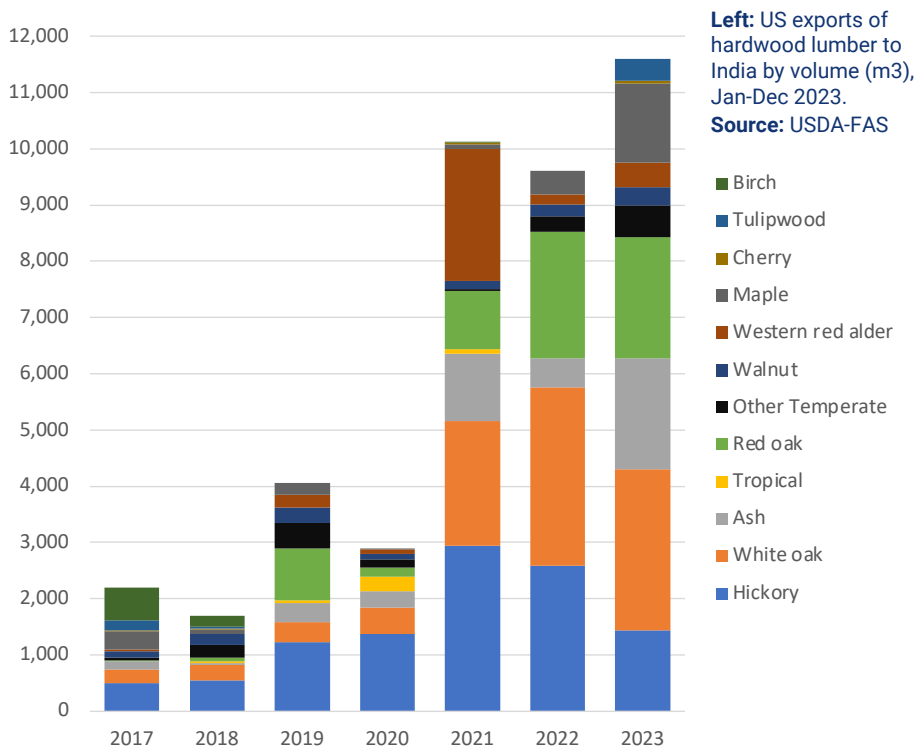
Africa | Middle East | India | Oceania



Above: The American Hardwood Pavilion at Indiawood 2024 in Bangalore played host to fourteen AHEC member companies.

www.americanhardwood.org

INDIA



ANOTHER RECORD YEAR FOR US HARDWOOD LUMBER EXPORTS

The numbers may still be relatively small, but the past three years have shown that India's appetite for American hardwoods is growing quickly. In 2023, India imported some 11,604 cubic metres of hardwood lumber from the United

States, with a total value of USD 7.02 million. This marks a 21 per cent and 3 per cent increase respectively over 2022.

White oak, red oak and ash were the main species imported for the furniture industry, along with an increasing volume of maple. Hickory has been in demand in India for many

years, as tool handle manufacturers need it for their products going back to Europe.

US MARKET SHARE IS GROWING

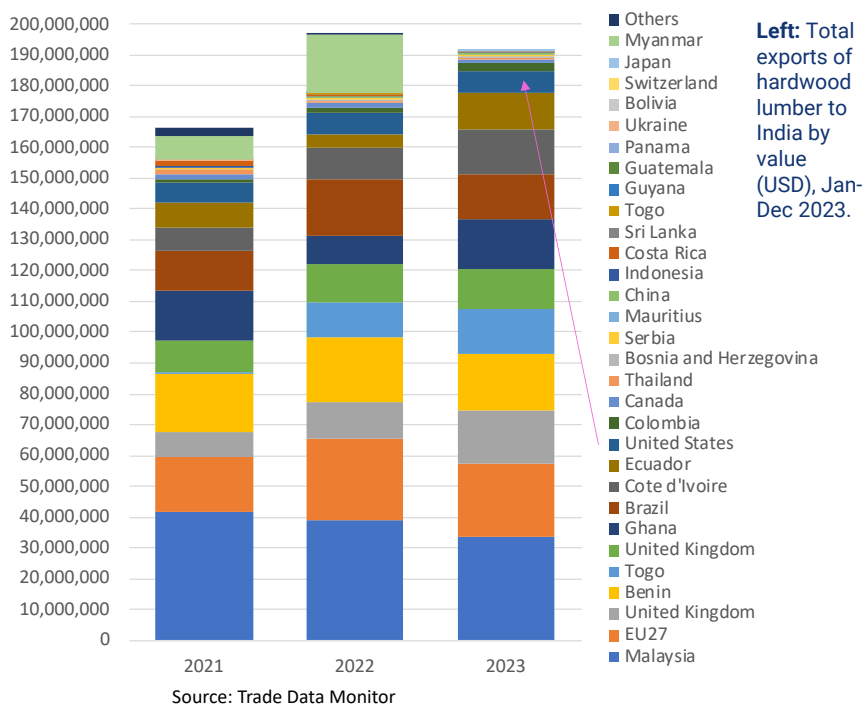
According to Trade Data Monitor, India imported some USD 192 million worth of hardwood lumber in 2023. This came from many different supplying countries, with much of it coming from SE Asia, Africa and Latin America and much of that was accounted for by plantation teak. In terms of temperate hardwoods, the biggest supplier was the European Union, which shipped around USD 24 million to India. Most of this was accounted for by France and Germany (live sawn oak, beech, ash and European maple). The UK's sizeable exports of hardwood lumber to India are entirely accounted for by willow for cricket bats.

The United States accounted for about 5% of the total market last year (in value) and this marks a significant increase from three years ago. There is a much room for growth and the longterm trend is for India's imports of hardwood lumber to continue to grow over the coming years, while log imports will continue to decline.

LACK OF DISTRIBUTION IS A CHALLENGE

Despite increasing demand for American hardwood lumber, there are very few importer/distributors who maintain regular stocks on the ground. This means that, while some larger manufacturers can import containers directly, the smaller ones (of which there are hundreds, if not thousands), are restricted to buying from very limited and geographically-spread out imported stocks.

Recent visits to a number of smaller furniture manufacturers in Mysore



and Bangalore confirmed that access to American hardwood lumber is not always easy. When asked if they had ever used red oak or cherry, a few of them responded by saying that they had been wanting

to use it for some time, but were not able to find it in the local market. By contrast, when asked why they were using European oak and ash, they said that they could always get hold of it, unlike their American equivalents.

This situation is slowly changing, however and some of the furniture manufacturers have spotted this gap in the market and are planning to take advantage of this opportunity to import and supply others.

INDIAWOOD & EVENTS IN MYSORE & JAIPUR

Late February saw AHEC participate, once again, in the biennial IndiaWood show in Bangalore. This time, the American Hardwood Pavilion accommodated individual booths for fourteen US hardwood exporting companies.

By all accounts, the show was extremely well-attended and the quality of visitors to the AHEC pavilion had significantly improved from previous years, both in terms of knowledge levels and readiness to purchase American hardwoods.

IndiaWood offered the fourteen participating companies - some of whom had not been to India before - a targeted opportunity for exposure to a very large number of importers and manufacturers, as well as some designers and architects from all over India.

A poll of the participating US companies showed that a significant number of orders for American hardwood logs, lumber and veneer

were confirmed at the show.

During the last day of the show, the AHEC team travelled to Mysore and presented an American Hardwood Masterclass to the soon-to-be-opened Woodcrafting School. This venture, established by a group of companies in Mysore aims to provide hands-on woodworking training to both novices and skilled craftspeople from April this year onwards. AHEC is planning to support the school with technical knowledge and American hardwood lumber over the coming years.

Presentations were made by AHEC Technical Consultant, Neil Summers and also AHEC European Director, David Venables. These were followed by a session on the REIMAGINE project, presented by Bram Rouws, who manufactured the swing seats in 2022 and by Adam Markowitz, who worked on the project as design mentor.

After IndiaWood, the AHEC team and a group of seven US hardwood

exporters travelled to Jaipur in Rajasthan. Over two days, visits were made to a number of wood 'handicraft' factories of various sizes.

On 28 March AHEC, together with the Federation of Rajasthan Handicraft Exporters (FORHEX), hosted a seminar and networking event. This was well-attended by handicraft manufacturers from in and around Jaipur and a number of presentations were made, including an update on EUDR and AHEC's strategy. This is very relevant to a large number of Indian companies, as the EU is an important destination for Indian-made wooden furniture and handicrafts.

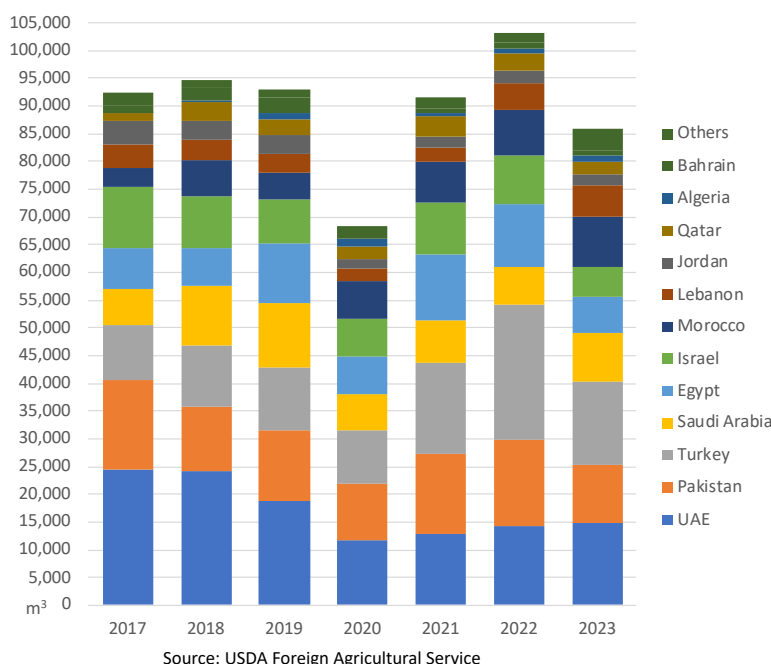
Below Left to Right: AHEC's pavilion at IndiaWood; Adam Markowitz trying out Sanjay Puri's swing seat in American cherry for the first time in Mysore; the group of US hardwood exporters inspecting mango lumber air-drying in Jaipur; David Venables presenting AHEC's strategy to address the forthcoming EU Deforestation Regulation to manufacturers and exporters in Jaipur.



MIDDLE EAST

2023 was a year of mixed fortunes for American hardwood lumber exports to the Middle East. Overall, shipments were down year-on-year by 18% in both volume and value to 85,035 cubic metres and USD 67.66 million respectively. While liquidity problems continued to temper market activity in Egypt and Pakistan and high inflation slowed the Turkish economy, there were also some rising stars.

Exports of American hardwood lumber to the UAE showed an increase for the fourth year in a row, reaching 14,960 cubic metres and USD 12.73 million. At the same time, shipments to Saudi Arabia grew by 24% in volume as compared to 2022. This trend is in line with expectations, as the Saudi construction sector is currently experiencing an unprecedented boom, which should continue for many years to come. Outside the Arabian Gulf, Morocco also showed



strong demand for US hardwood lumber last year, with shipments to that market growing by 6% year-on-year.

Above: US exports of hardwood lumber to MENA & Pakistan by volume (m³), Jan-Dec 2023.

BUSTLING DUBAI WOODSHOW INDICATOR OF BRISK MARKET ACTIVITY

The 20th edition of the Dubai Woodshow took place from 5 to 7 March, with AHEC as a major exhibitor for the 20th time, having supported this important event since its inception. It is the region's most-focused exhibition for the wood and woodworking sector and, once again, provided AHEC with an excellent opportunity to bring a group of US hardwood exporters



together in an American Hardwood Pavilion. AHEC had a custom-designed and purpose-built 162 square metre stand at the show, with individual booths for sixteen US hardwood exporting companies. Alongside AHEC's Regional Director, Rod Wiles, Ellen Powley from AHEC's European office was on hand to offer support and to answer questions about the EU Deforestation Regulation (EUDR).

The show was very busy and, as always, attracted visitors from all over the world. It provided the US hardwood exporters present with the perfect venue to meet their existing customers from around the Middle East and North Africa, as well as

Left: AHEC's pavilion at the Dubai Woodshow drew visitors from all over the Middle East region and from far beyond as well.

Pakistan, Turkey and India.

According to the companies who participated, the show was one of the best they had attended anywhere in the world for a number of years.

While much of the rest of the world is currently experiencing an economic slowdown, the Arabian Gulf is profiting from high oil prices. This is leading to substantial inward investment in Saudi Arabia, in particular, while the UAE is benefiting from an influx of people and funds from many less stable countries, including Russia and Ukraine. Construction activity in the region is extremely buoyant and this is expected to continue for many years to come, leading to high demand for materials, including American hardwoods.

AUSTRALIA & NEW ZEALAND

The volume of American hardwood lumber exported to Australia in 2023 reached 26,619 cubic metres and was just shy of reaching the record set in 2021. The total value of shipments last year reached USD 21.11 million, which is a new record for the market. This increase was mainly accounted for by Australia's post-Covid recovery.

The big change however, as compared to previous years, was the volume of red oak that went to the market, which grew by 190% year-on-year to 8,724 cubic metres.

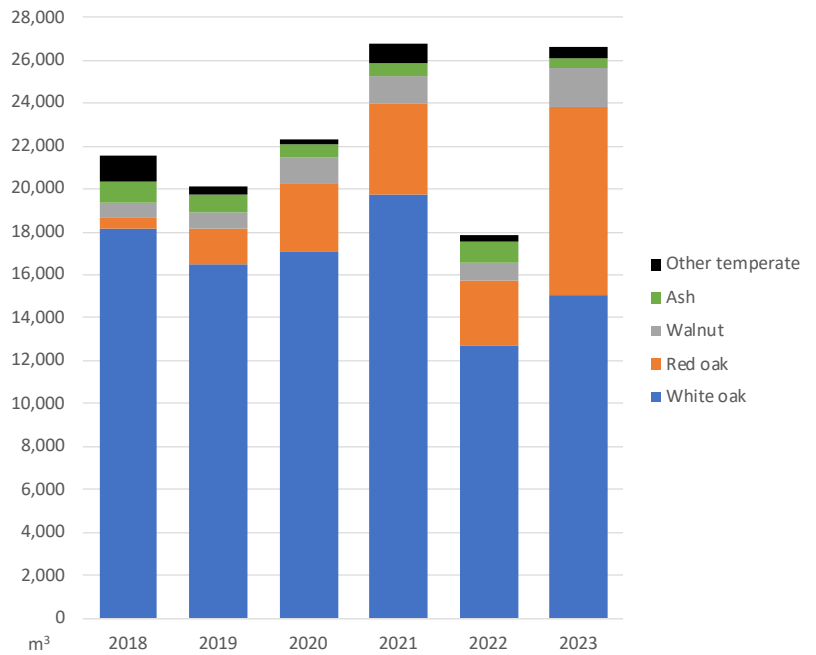
Anecdotal evidence suggests that, although some of this may have replaced white oak in applications (for reasons of cost), the vast majority was imported as a substitute for Victorian ash.

Australia has been steadily shutting down native forest logging for the past few years, resulting in gaps in the supply of native hardwoods. The latest shutdown on 1 January 2024 (6 years earlier than originally planned) was in the State of Victoria,

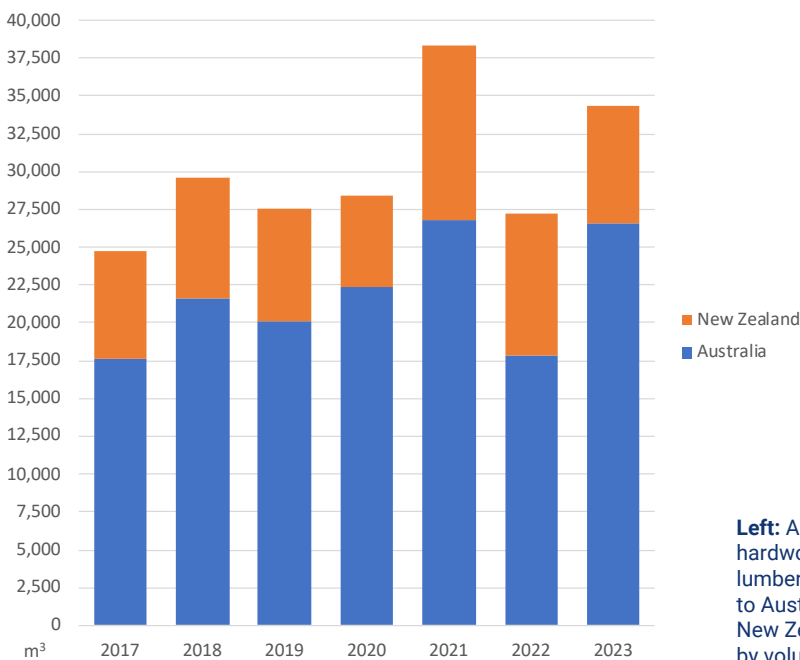
which is the main source of Victorian ash (*Eucalyptus delegatensis* and *Eucalyptus regnans*). This hardwood species is primarily and widely used for interior applications, such as flooring, panelling, mouldings and staircases etc. As it becomes less

Above: American hardwood lumber exports to Australia by species and by volume, 2023.

and less readily-available over the coming few years, there will be a growing need to replace it with imported species.



Source: USDA Foreign Agricultural Service



Source: USDA Foreign Agricultural Service

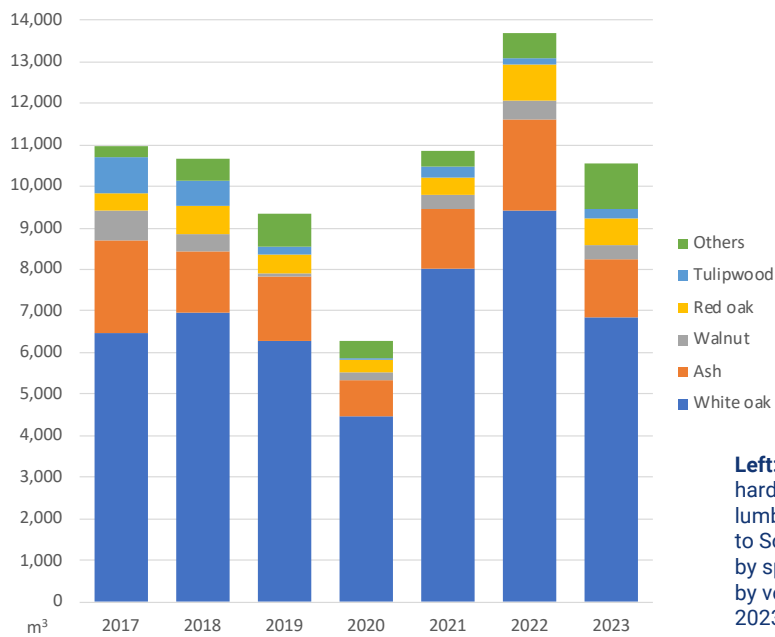
Left: American hardwood lumber exports to Australia and New Zealand by volume, 2023.

American hardwood lumber exports to New Zealand last year reached 7,722 cubic metres and USD 4.93 million, down by 18% in both volume and value as compared to 2022.

Ash dominated shipments to the market at 3,449 cubic metres, growing by 6% over the previous year, while white oak shipments fell by 50% to 2,894 cubic metres.

At the same time there was a 61% increase in red oak lumber shipments to 384 cubic metres, suggesting that it may be gaining acceptance in this white oak-dominated market as well. 2023 was a tough year for the New Zealand economy, with recession being officially acknowledged at the end of the year. 2024 is expected to show a slight improvement.

SOUTH AFRICA



Source: USDA Foreign Agricultural Service

Left: American hardwood lumber exports to South Africa by species and by volume, 2023.

29 May this year and there is some hope that this will start to turn things around. Nonetheless and despite the country's problems, there is a small but expanding minority of very wealthy individuals who create demand for high end interiors and furniture.

South Africa is also extremely well-positioned to develop in to a manufacturing hub for export, owing to the weakness of the rand, very low labour costs and its geographical location. Demand for furniture and interiors is increasing in sub-Saharan Africa and South Africa is ideally poised to feed in to these markets. It can also benefit from being within the African Continental Free Trade Area (AfCFTA).

At the same time, shipping from South Africa to Europe or the United States does not necessitate going through the Suez Canal, which means avoiding the Red Sea and potential attacks.

The 2022 post-Covid recovery seen in South Africa (and the rest of the world) came to an end last year and imports of hardwood lumber from the United States fell back in line with pre-Covid levels. 2023 shipments to the market reached 10,665 cubic metres and USD 8.34 million, marking decreases of 21% and 22%, respectively over the

previous year.

White oak continued to dominate exports to the market, accounting for over 64% of the total volume shipped at 6,848 cubic metres.

South Africa is economically and politically fairly unstable with many social and infrastructure problems. A general election is due to be held on

AHEC LAUNCHES FUTURE HEIRLOOMS 2024

13th March saw the launch of the second edition of Future Heirlooms South Africa in Johannesburg. The 2024 edition engages participants from cross-disciplinary backgrounds with a focus on the South African interior design and architecture communities. The designers are invited to design an object for domestic use. The final designs will be made from American red oak in Johannesburg.

The Future Heirlooms project invites the designers to conceive a piece that lasts for generations to come and be of a quality that makes it

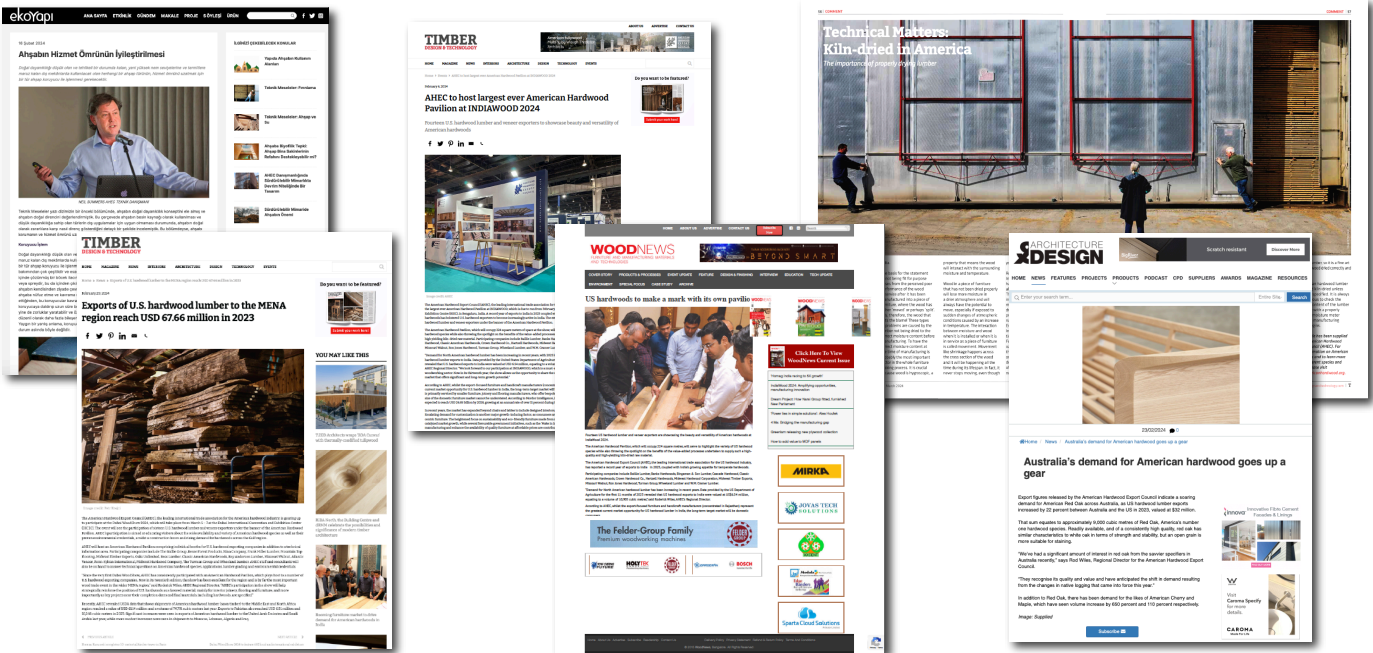
worth keeping and of collectible value. The finished pieces will first be seen as part of Sustainable Design Week

Africa at the V&A Waterfront in Cape Town in mid-September 2024.

Right: AHEC Regional Director, Rod Wiles, alongside the Future Heirlooms 2024 participants at the Houtlander furniture factory in Johannesburg.



PR SNAPSHOT



EXCHANGE RATES

USD 1.00 =	31 Dec 2023	31 Mar 2024
Euro (EUR)	0.91	0.93
Algerian Dinar (DZD)	133.82	133.95
Bahraini Dinar (BHD)*	0.37	0.38
Egyptian Pound (EGP)	30.90	47.33
Israeli New Shekel (ILS)	3.60	3.68
Jordanian Dinar (JOD)*	0.71	0.71
Kuwaiti Dinar (KWD)	0.31	0.31
Lebanese Pound (LBP)*	15,000.00	89,500.00
Moroccan Dirham (MAD)	9.70	10.06
Omani Rial (OMR)*	0.38	0.38
Pakistani Rupee (PKR)	278.92	277.73
Qatari Rial (QAR)*	3.62	3.61
Saudi Riyal (SAR)*	3.75	3.75
Turkish Lira (TRY)	29.38	32.08
UAE Dirham (AED)*	3.67	3.67
South African Rand (ZAR)	18.28	18.84
Bangladeshi Taka (BDT)	108.56	108.54
Indian Rupee (INR)	83.04	83.34
Sri Lanka Rupee (LKR)	322.29	298.77
Australian Dollar (AUD)	1.47	1.53
New Zealand Dollar (NZD)	1.58	1.67

Source: OANDA FX Converter
*denotes currency pegged to USD

REGIONAL EVENTS

***Bold** denotes AHEC event or planned AHEC participation

2024

12-14 May	Saudi Woodshow	Riyadh, Saudi Arabia
15-23 May	Discovered exhibition (working jointly with AHEC SE Asia office)	Singapore
23 May-2 Jun	Melbourne Design Week	Melbourne, Australia
3-6 Aug	100% Design SA	Johannesburg, South Africa
2-4 Sep	Saudi Wood Expo	Riyadh, Saudi Arabia
9-14 Sep	Sustainable Design Week Africa	Cape Town, South Africa
12-15 Sep	Intermob	Istanbul, Turkey
27-29 Sep	Mumbaiwood	Mumbai, India
3-6 Oct	NHLA Convention	St Louis, MO
17 Oct	Seminar at Indian Handicrafts & Gifts Fair	Greater Noida, India
6-9 Nov	Dubai Design Week	Dubai, UAE
1-15 Dec	Unboxing Bangalore	Bangalore, India



Africa
Middle East
India
Oceania

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