

# GLOBAL TIMBER INDEX GTI REPORT MONTHLY

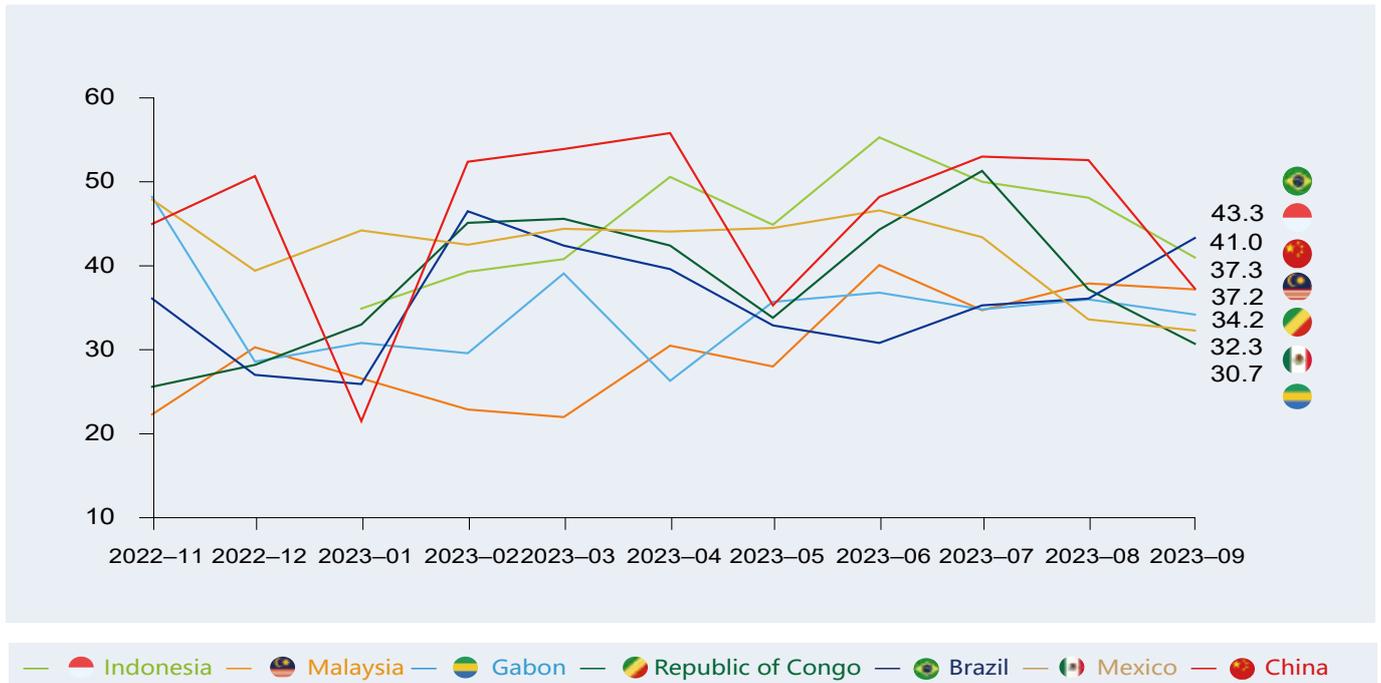
GGSC-No. 9/2023

This report was prepared by GGSC, with support of ITTO and IPIM, and Focal Points of Indonesia, Malaysia, Gabon, Republic of Congo, Brazil, Mexico, and China.



# Overview of the GTI Index

## Timber-producing countries eager to exploit markets amid still sluggish overseas demand



The Global Timber Index (GTI) Report in September 2023 showed that the downward trend of some supply and demand indicators of GTI-Brazil eased (e.g., domestic orders, export orders, and production indexes), and the GTI-Brazil Index in September increased by 7.2 percentage points compared to the previous month, recording 43.3%. In Indonesia, the decline in new domestic orders slowed down, however on the other hand, the plywood demand from major export destinations (especially Japan) was not strong, and both export orders and production quantity of enterprises decreased compared with last month.

Affected by the long-term contraction of international market demand, the GTI indexes of Malaysia, Gabon, ROC, Mexico and China all fell slightly from the previous month, registering 37.2%, 30.7%, 34.2%, 32.3% and 37.3% respectively. In all of the five countries, the number of GTI enterprises' new orders was less than that of last month, especially in Gabon and ROC, where the export orders of the enterprises decreased significantly.

This month, enterprises in the six GTI pilot countries, except for China, had proposed relevant suggestions to stimulate exports and boost the domestic market. For example, Malaysian enterprises suggested the government may increase spending on the construction of public building to stimulate demand for building materials and residential/office furniture. Indonesian enterprises suggested providing incentives for processed wood products sourced from sustainably managed and/or legal forests. ROC enterprises hoped that the country could control the import of plywood and relax restrictions on export commodities. Mexican enterprises wanted the government to impose restrictions on the entry of imported wood (e.g., charge tariffs) and encourage consumers to give preference to domestic products. Overall, the enterprises hoped that in the face of sluggish international markets, the governments could take corresponding intervention measures, so as to regulate the timber market and support it.

**Thanks to the focal points from Indonesia, Malaysia, Gabon, Republic of the Congo, Brazil, Mexico, and China for their support and contribution to GTI.**

**Focal Points:****Indonesia:**

- Sustainable Forest Management of the Ministry of Environment and Forestry

**Malaysia:**

- Malaysian Timber Council (MTC)
- Special thanks to Ministry of Plantation Industries & Commodities (MPIC) and Sarawak Timber Association (STA)

**Gabon:**

- Ministry of Water and Forests, Sea and Environment, Responsible for the Climate Plan and Land Use

**Republic of the Congo:**

- Ministère de l' Economie Forestière

**Brazil:**

- STCP Engenharia de Projetos Ltda

**Mexico:**

- National Forestry Commission of Mexico/Comisión Nacional Forestal (CONAFOR)

**China:**

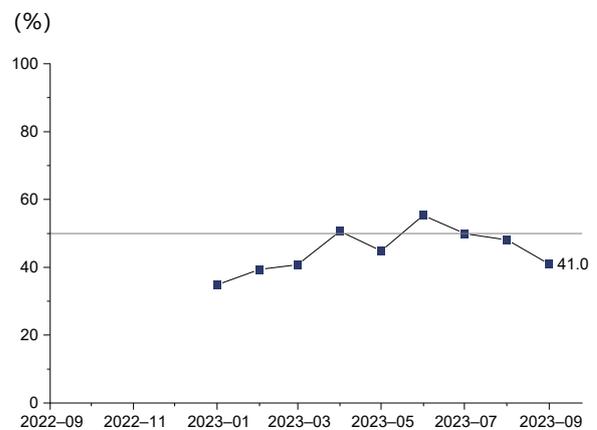
- The Secretariat of the Global Green Supply Chains Initiative (GGSC)

# GTI-Indonesia Index in September 2023

After a decline in June, Indonesia's exports of wood products rebounded in July 2023 to US\$1.23 billion with an export volume of 1.4 million tons. From January to July 2023, Indonesia's exports of wood products totaled US\$7.7 billion, with the largest exports being paper, pulp and plywood, of which plywood exports accounted for 16% of total exports over the same period. The main export destination of Indonesian wood products was the Asian market, which accounted for 67% of total exports, followed by North America and the European Union, accounting for 14% and 11% respectively. Recently, the Department of Agricultural Industries under the Ministry of Industry of Indonesia said that in the future, it would focus on developing downstream forest related industries, and increase the added value of products to create more employment opportunities, increase export revenue, generate foreign exchange earnings and boost economic growth.

In September this year, the overall operating conditions of the Indonesian wood industry declined, and enterprises reported the problem of insufficient orders in overseas markets was

**GTI-Indonesia Index**



prominent, and hoped the government would roll out policies to encourage and promote the export of wood products, stabilize timber prices in the domestic market, and exploit demand for domestic timber. This month, the GTI-Indonesia index registered 41.0%, a decrease of 7.1 percentage points from the previous month, was below the critical value (50%) for 2 consecutive months, indicating that the business prosperity of the superior timber enterprises represented by the GTI-Indonesia index shrank from last month.

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## Main Challenges Reported by GTI-Indonesia Enterprises

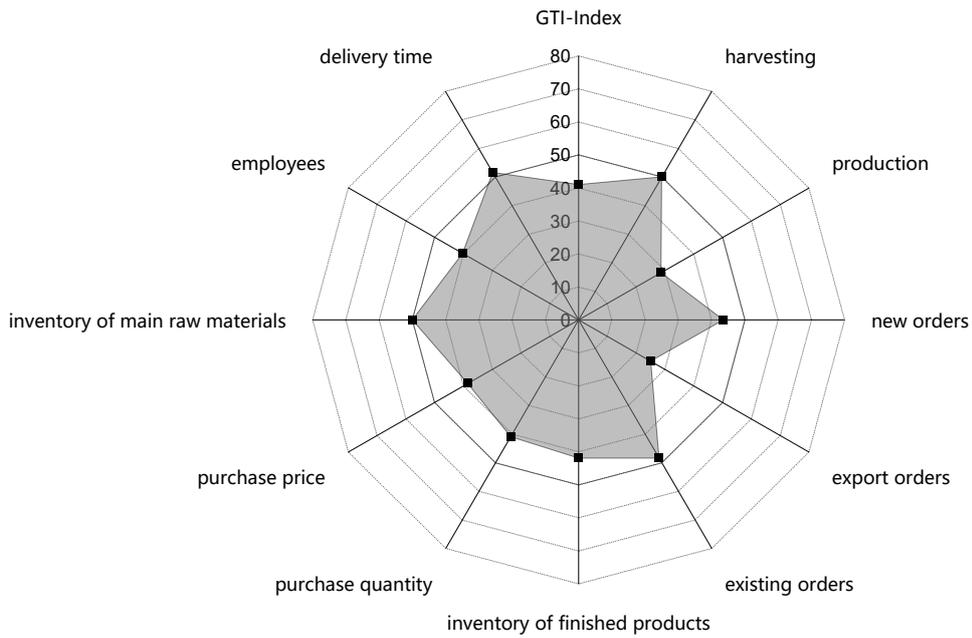
- As the number of new orders from overseas for processed wood products decreased, some enterprises mainly relied on orders from domestic customers, which directly affected the enterprises' performance.
- The plywood markets in several countries (especially Japan) as the main export destinations were sluggish, leading to a significant decrease in log orders from the plywood industry.
- Buyers only bought certain types of timber that were sold, and Meranti was less desirable in the market and its prices had fallen quite sharply.
- The increase in fuel oil prices led to a roughly 30%-40% increase in production costs of logs. And the heavy equipment used for operational activities in the field was not new and tended to be rather wasteful in using fuel oil which added to the burden of production costs.
- For some natural forest concessionaires, fewer orders were coming, log prices were still low in the domestic market, even below production costs.

## Main Suggestions from GTI-Indonesia Enterprises

- In order to meet the requirements of Japanese buyers for wood pellet products, the company may focus on the process of implementing the certification. The company may also prepare and expand its infrastructure, including the installation of new machines to replace less efficient older machines and the construction of dedicated export terminals.
- The company may continue to monitor developments in the global wood products market and continues to communicate with several overseas buyers. The company may also continue to diversify its products by using raw materials such as mixed Meranti and others species in accordance with orders from domestic buyers.
- Government intervention and policies that encourage and facilitate the export of processed wood products and the development of domestic markets, especially for SFM and or legality certified products, are needed.
- In order for production activities to run normally, the plantation concession company should make efforts to improve its forest management system and prepare the necessary infrastructure.
- There needs to be a policy from the government to improve the supply chain and develop the domestic market. Efforts to adjust the price of fuel oil, are also needed.
- To overcome the low prices of logs in the domestic market, it can be done by maintaining the balance of supply and demand for logs by carrying out production activities that are adjusted to the demand from buyers, in addition to proposing a basic reference price for logs in the domestic market so that log prices do not fall too much and undervalue. Providing incentives for processed wood products sourced from sustainably managed and/or legal forests will also help solve the current problems.

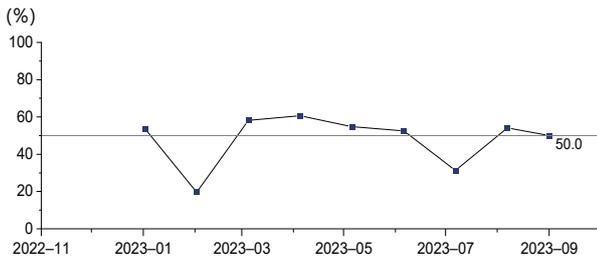
## GTI-Indonesia sub-index

As for the GTI-Indonesia sub-index, in September 2023, the delivery time index was above the critical value, the harvesting index and the inventory index of main raw materials were equal to the critical value, while the remaining 8 sub-indexes were below the critical value.

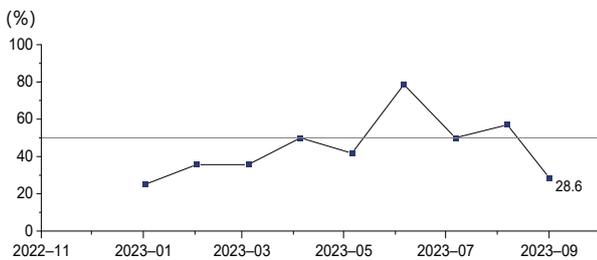


GTI-Indonesia sub-index

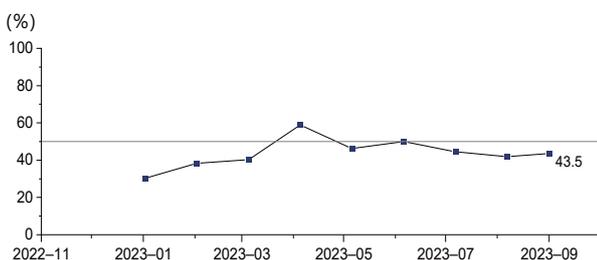
The harvesting index registered 50.0%, a decrease of 4.2 percentage points from the previous month, fell to the critical value after 1 month, indicating that the harvesting volume of the superior timber enterprises represented by the GTI-Indonesia was the same with that of last month.



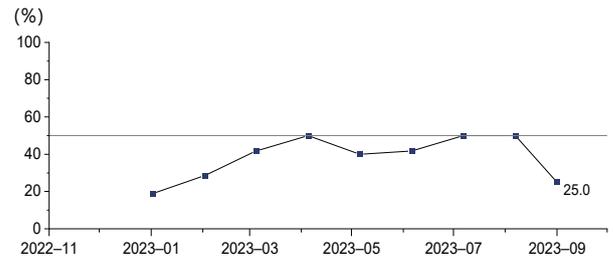
The production index registered 28.6%, a decrease of 28.5 percentage points from the previous month, fell below the critical value after 1 month, indicating that the production volume of the superior timber enterprises represented by the GTI-Indonesia was less than that of last month.



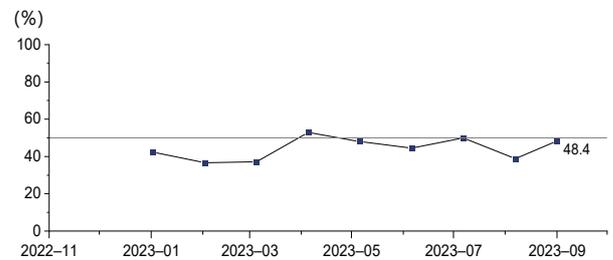
The new orders index registered 43.5%, an increase of 1.6 percentage points from the previous month, was below the critical value for 3 consecutive months, indicating that the number of new orders of the superior timber enterprises represented by the GTI-Indonesia was less than that of last month.



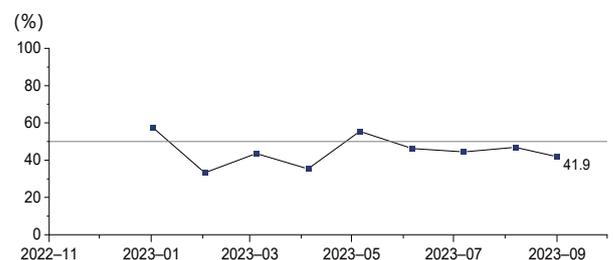
The export orders index registered 25.0%, a decrease of 25.0 percentage points from the previous month, fell below the critical value after 2 months, indicating that the number of export orders of the superior timber enterprises represented by the GTI-Indonesia was less than that of last month.



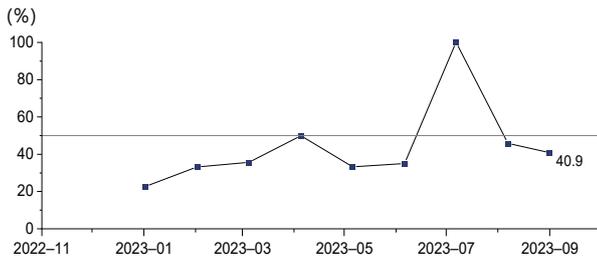
The existing orders index registered 48.4%, an increase of 9.7 percentage points from the previous month, was below the critical value for 2 consecutive months, indicating that the number of existing orders of the superior timber enterprises represented by the GTI-Indonesia was less than that of last month.



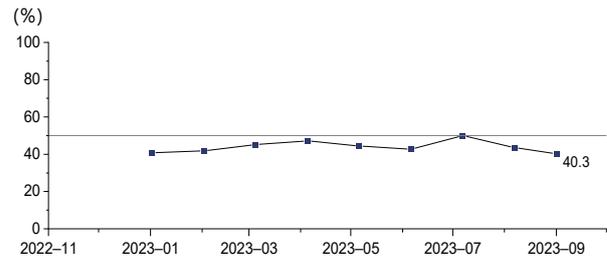
The inventory index of finished products registered 41.9%, a decrease of 4.9 percentage points from the previous month, was below the critical value for 4 consecutive months, indicating that the inventory of finished products of the superior timber enterprises represented by the GTI-Indonesia was less than that of last month.



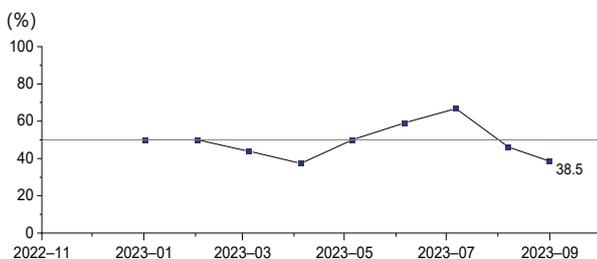
The purchase quantity index registered 40.9%, a decrease of 4.9 percentage points from the previous month, was below the critical value for 2 consecutive months, indicating that the purchase quantity of the superior timber enterprises represented by the GTI-Indonesia was less than that of last month.



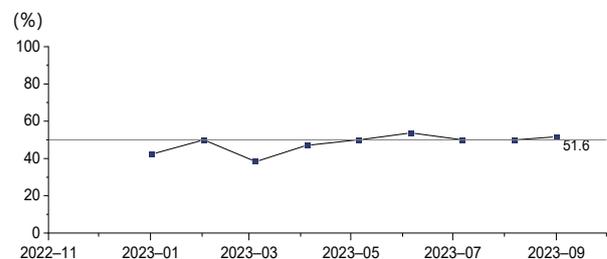
The production and management employees index registered 40.3%, a decrease of 3.2 percentage points from the previous month, was below the critical value for 2 consecutive months, indicating that the number of employees in the superior timber enterprises represented by the GTI-Indonesia was less than that of last month.



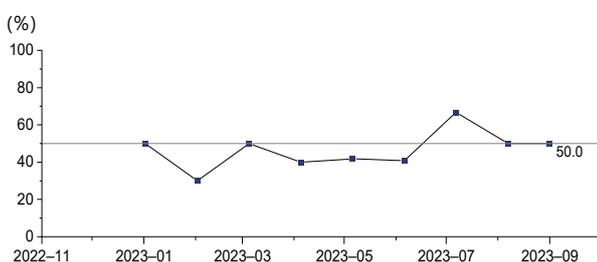
The purchase price index registered 38.5%, a decrease of 7.7 percentage points from the previous month, was below the critical value for 2 consecutive months, indicating that the purchase price of the superior timber enterprises represented by the GTI-Indonesia was lower than that of last month.



The delivery time index registered 51.6%, an increase of 1.6 percentage points from the previous month, rose above the critical value, indicating that the delivery time from the supplier to the superior timber enterprises represented by the GTI-Indonesia was longer than that of last month.



The inventory index of main raw materials registered 50.0%, same with the previous month, was equal to the critical value for 2 consecutive months, indicating that the inventory of main raw materials of the superior timber enterprises represented by the GTI-Indonesia was the same with that of last month.

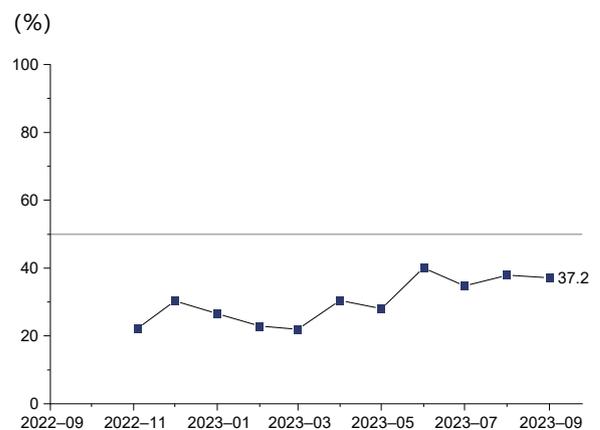


# GTI-Malaysia Index in September 2023

Data released by Department of Statistics Malaysia on September 19th showed that due to a slowdown in global market demand and the downturn in commodity prices, the country's exports in August amounted to MYR 115.2 billion, marking an 18.6% year-on-year decline. Imports in the same period totaled MYR 97.9 billion, down 21.2% year on year. Consequently, the total foreign trade volume saw a year-on-year drop of 19.8%, the steepest decline seen this year. In the first half of the year, Malaysia approved a total of MYR 132.6 billion in new domestic and foreign direct investments, achieving 60% of its annual investment target. These investments were primarily concentrated in the manufacturing, services, and primary sectors. The Malaysian government recently unveiled more details of the New Industrial Master Plan 2030 (NIMP 2030), which will cost approximately MYR 95 billion in total investment over the next seven years. The Plan is expected to provide employment for about 3 million people through the creation of high-skilled jobs as the country advances towards higher value-added activities and improvement in automation as well as technological advancements.

In September 2023, the timber industry in Malaysia was still relatively sluggish. The GTI-Malaysia enterprises reported a decline in timber exports

**GTI-Malaysia Index**



and continued sluggish demand in the domestic building materials market, which led to lower timber prices. The enterprises had a strong demand for opening up international markets and increasing overseas orders, while also proposing measures such as controlling costs. This month, the GTI-Malaysia index registered 37.2%, a decrease of 0.7 percentage point from the previous month, was below the critical value (50%) for 11 consecutive months, indicating that the business prosperity of the superior timber enterprises represented by the GTI-Malaysia index shrank from last month, and the contraction expanded a little.

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### **Main Challenges Reported by GTI-Malaysia Enterprises**

- Shortage of labor and a decrease in orders.
- High cost of raw materials.
- Slow market growth.
- Low timber prices due to low demand for building materials.
- Reduced timber exports and falling prices.

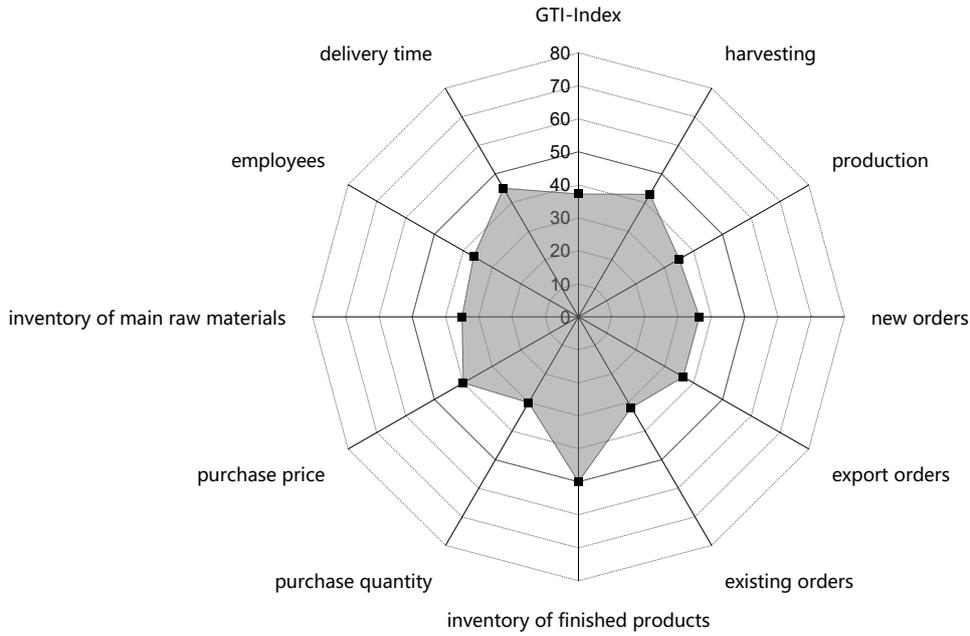
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### **Main Suggestions from GTI-Malaysia Enterprises**

- Expand markets and seek labor force.
- Strictly control production costs.
- Government is suggested to increase spending on the construction of public building to increase demand for building materials and residential/office furniture.
- Work closely with customers to develop market for acacia sawn timber.

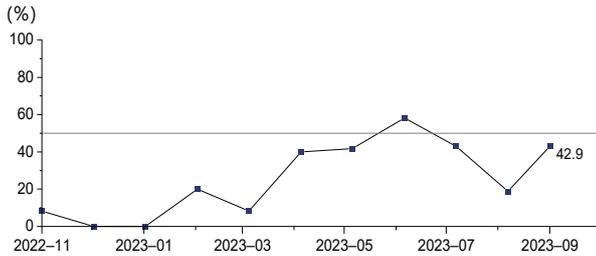
## GTI-Malaysia sub-index

As for the GTI-Malaysia sub-index, in September 2023, only the inventory index of finished products was equal to the critical value, while the remaining 10 sub-indexes were all below the critical value.

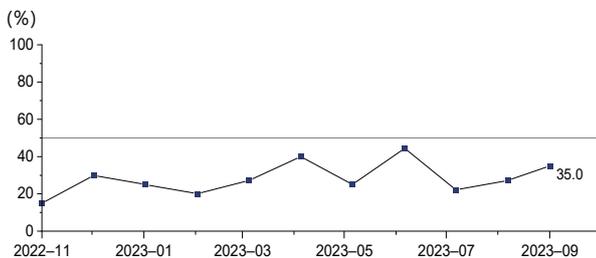


GTI-Malaysia sub-index

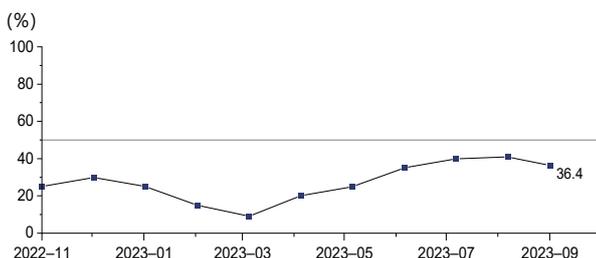
The harvesting index registered 42.9%, an increase of 24.1 percentage points from the previous month, was below the critical value for 3 consecutive months, indicating that the harvesting volume of the superior timber enterprises represented by the GTI-Malaysia was less than that of last month.



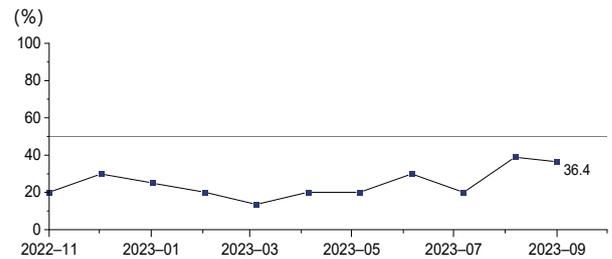
The production index registered 35.0%, an increase of 7.7 percentage points from the previous month, was below the critical value for 11 consecutive months, indicating that the production volume of the superior timber enterprises represented by the GTI-Malaysia was less than that of last month.



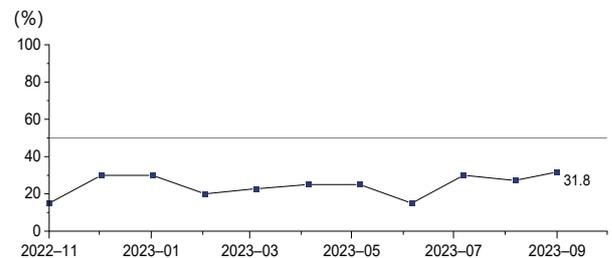
The new orders index registered 36.4%, a decrease of 4.5 percentage points from the previous month, was below the critical value for 11 consecutive months, indicating that the number of new orders of the superior timber enterprises represented by the GTI-Malaysia was less than that of last month.



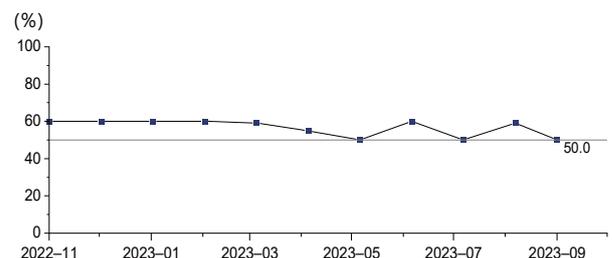
The export orders index registered 36.4%, a decrease of 2.5 percentage points from the previous month, was below the critical value for 11 consecutive months, indicating that the number of export orders of the superior timber enterprises represented by the GTI-Malaysia was less than that of last month.



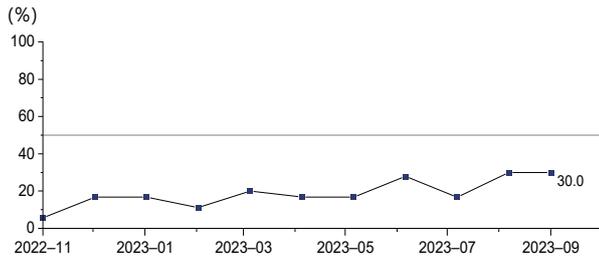
The existing orders index registered 31.8%, an increase of 4.5 percentage points from the previous month, was below the critical value for 11 consecutive months, indicating that the number of existing orders of the superior timber enterprises represented by the GTI-Malaysia was less than that of last month.



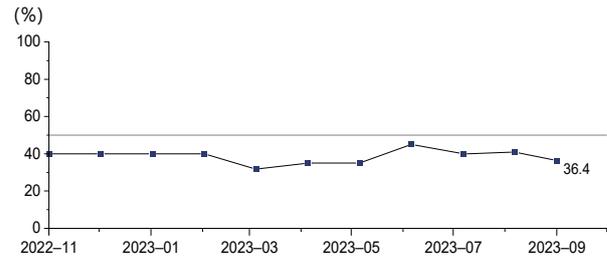
The inventory index of finished products registered 50.0%, a decrease of 9.1 percentage points from the previous month, fell to the critical value after 1 month, indicating that the inventory of finished products of the superior timber enterprises represented by the GTI-Malaysia was the same with that of last month.



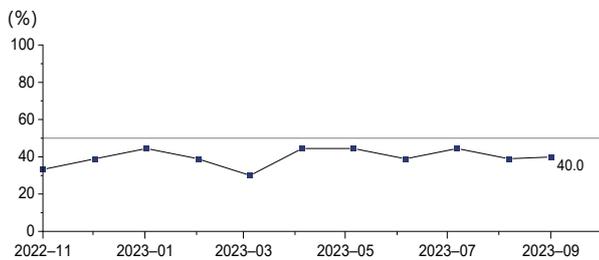
The purchase quantity index registered 30.0%, same with the previous month, was below the critical value for 11 consecutive months, indicating that the purchase quantity of the superior timber enterprises represented by the GTI-Malaysia was less than that of last month.



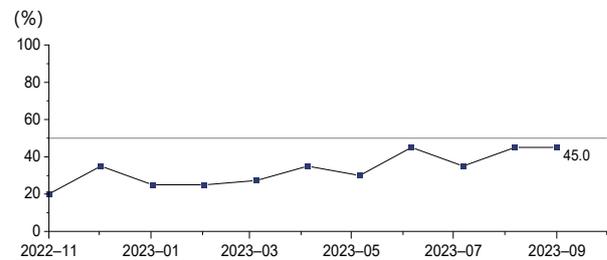
The production and management employees index registered 36.4%, a decrease of 4.5 percentage points from the previous month, was below the critical value for 11 consecutive months, indicating that the number of employees in the superior timber enterprises represented by the GTI-Malaysia was less than that of last month.



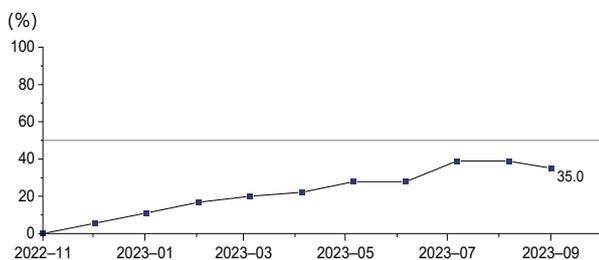
The purchase price index registered 40.0%, an increase of 1.1 percentage points from the previous month, was below the critical value for 11 consecutive months, indicating that the purchase price of the superior timber enterprises represented by the GTI-Malaysia was lower than that of last month.



The delivery time index registered 45.0%, same with the previous month, was below the critical value for 11 consecutive months, indicating that the delivery time from the supplier to the superior timber enterprises represented by the GTI-Malaysia was shorter than that of last month.



The inventory index of main raw materials registered 35.0%, a decrease of 3.9 percentage points from the previous month, was below the critical value for 11 consecutive months, indicating that the inventory of main raw materials of the superior timber enterprises represented by the GTI-Malaysia was less than that of last month.

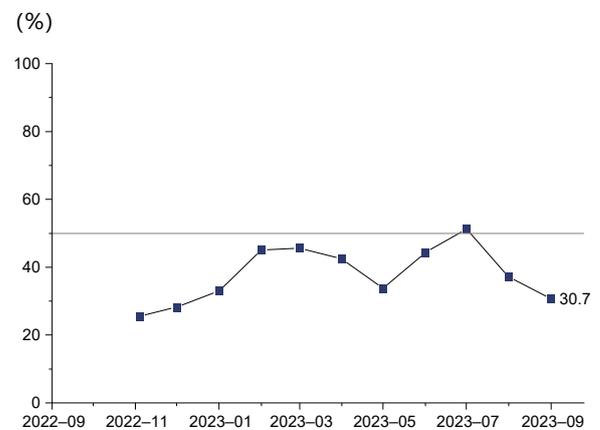


# GTI-Gabon Index in September 2023

On September 13th, Gabon's Committee for the Transition and Restoration of Institutions (CTRI) announced the relaunch of a special task force for debt, aiming to review public infrastructure contracts signed by the previous government. The domestic media in Gabon reported that Colonel Maurice Tosuet had been appointed as the Minister of Water, Forests, the Sea and Environment of Gabon under the transitional government. In an effort to boost local residents' income and promote local economic development, Gabon's Ministry of Mines issued a statement on September 20th, lifting the suspension of gold mining activities immediately, and supporting local artisanal gold miners to extract gold and its derivatives in a manageable and responsible way while complying with environmental requirements and government regulations.

Since September, several regions in Africa have entered or will enter the rainy season, posing significant challenges to the timber industry. In the coming months, challenges such as reduced harvesting operations and delayed transportation may arise. In September, the rainy season had

**GTI-Gabon Index**



already restricted the production activities of enterprises, while the presidential elections had also affected production and sales, and domestic fuel prices soared. This month, the GTI-Gabon index registered 30.7%, a decrease of 6.5 percentage points from the previous month, was below the critical value for 2 consecutive months, indicating that the business prosperity of the superior timber enterprises represented by the GTI-Gabon index shrank from last month, and the contraction expanded.

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### **Main Challenges Reported by GTI-Gabon Enterprises**

- Presidential elections delayed some production activities.
- The sale of logs and plywood become challenging since the presidential elections.
- Poor conditions of roads and railways restricted production activities.
- The costs of fuel rose sharply, which was unaffordable for the enterprises.
- Labor shortages and difficulties in sourcing raw materials.
- Decline in export markets.

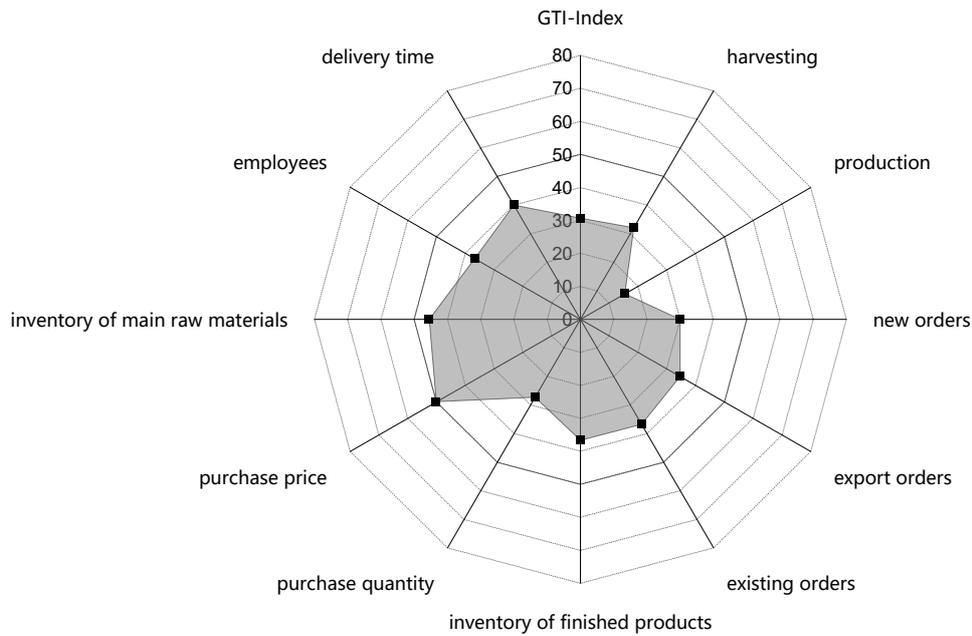
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### **Main Suggestions from GTI-Gabon Enterprises**

- Reduce fuel costs.
- Improve transportation infrastructure and national supporting policies.
- Increase staff and procure materials at lower costs.
- Enhance international flow of products to revive sales of domestic products.
- Re-evaluate existing policies.

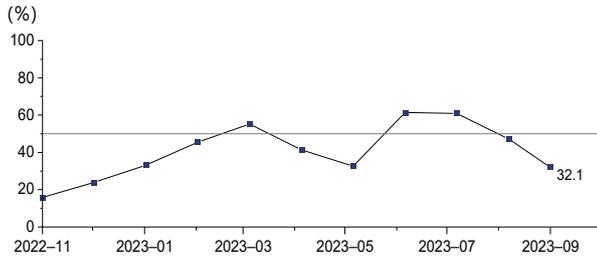
## GTI-Gabon sub-index

As for the GTI-Gabon sub-index, in September 2023, only the purchase price index was equal to the critical value, while the remaining 10 sub-indices were all below the critical value.

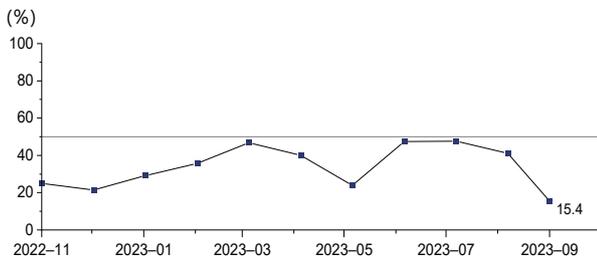


GTI-Gabon sub-index

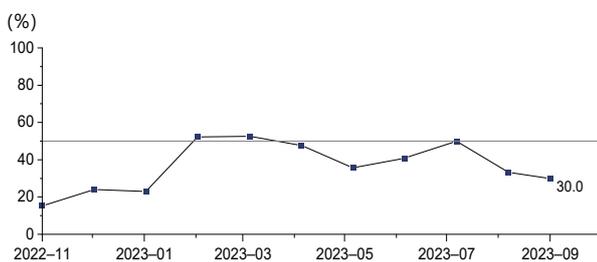
The harvesting index registered 32.1%, a decrease of 15.1 percentage points from the previous month, was below the critical value for 2 consecutive months, indicating that the harvesting volume of the superior timber enterprises represented by the GTI-Gabon was less than that of last month.



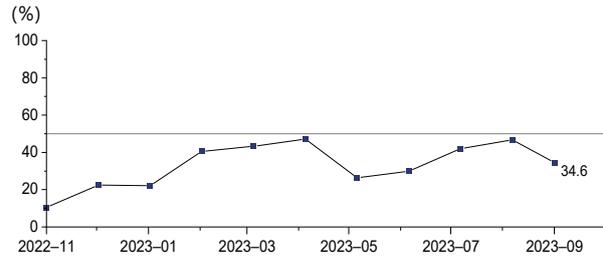
The production index registered 15.4%, a decrease of 25.8 percentage points from the previous month, was below the critical value for 11 consecutive months, indicating that the production volume of the superior timber enterprises represented by the GTI-Gabon was much less than that of last month.



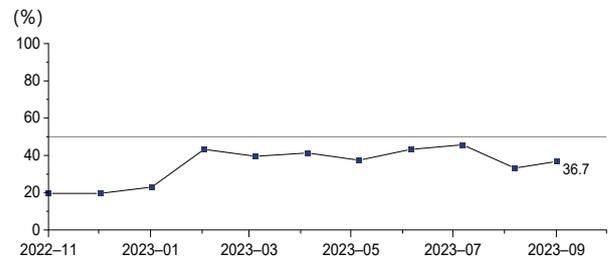
The new orders index registered 30.0%, a decrease of 3.3 percentage points from the previous month, was below the critical value for 2 consecutive months, indicating that the number of new orders of the superior timber enterprises represented by the GTI-Gabon was less than that of last month.



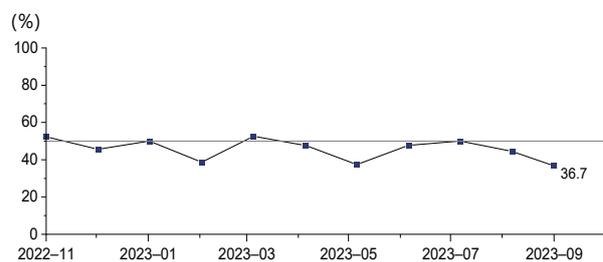
The export orders index registered 34.6%, a decrease of 12.1 percentage points from the previous month, was below the critical value for 11 consecutive months, indicating that the number of export orders of the superior timber enterprises represented by the GTI-Gabon was less than that of last month.



The existing orders index registered 36.7%, an increase of 3.4 percentage points from the previous month, was below the critical value for 11 consecutive months, indicating that the number of existing orders of the superior timber enterprises represented by the GTI-Gabon was less than that of last month.

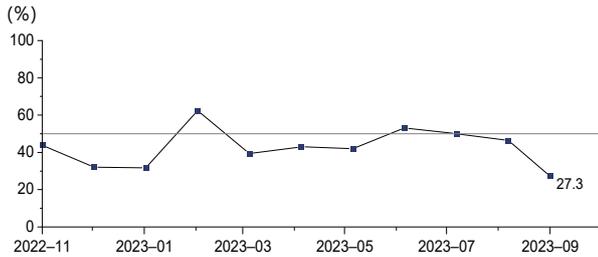


The inventory index of finished products registered 36.7%, a decrease of 7.7 percentage points from the previous month, was below the critical value for 2 consecutive months, indicating that the inventory of finished products of the superior timber enterprises represented by the GTI-Gabon was less than that of last month.

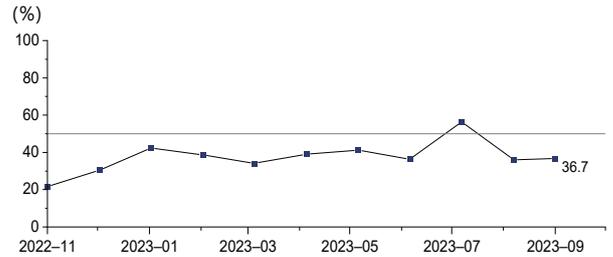




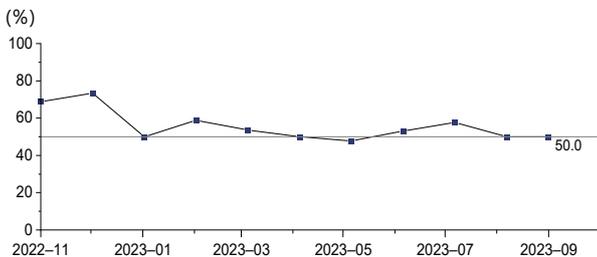
The purchase quantity index registered 27.3%, a decrease of 19.1 percentage points from the previous month, was below the critical value for 2 consecutive months, indicating that the purchase quantity of the superior timber enterprises represented by the GTI-Gabon was less than that of last month.



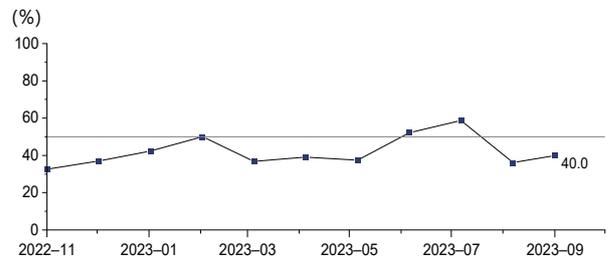
The production and management employees index registered 36.7%, an increase of 0.6 percentage point from the previous month, was below the critical value for 2 consecutive months, indicating that the number of employees in the superior timber enterprises represented by the GTI-Gabon was less than that of last month.



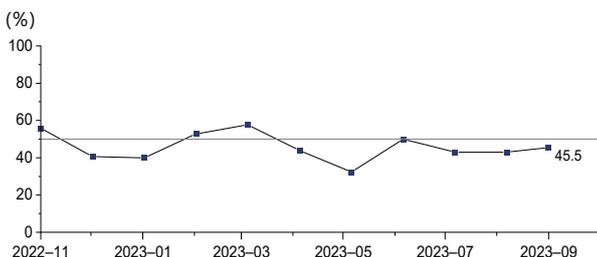
The purchase price index registered 50.0%, same with the previous month, was equal to the critical value for 2 consecutive months, indicating that the purchase price of the superior timber enterprises represented by the GTI-Gabon was the same with that of last month.



The delivery time index registered 40.0%, an increase of 3.9 percentage points from the previous month, was below the critical value for 2 consecutive months, indicating that the delivery time from the supplier to the superior timber enterprises represented by the GTI-Gabon was shorter than that of last month.



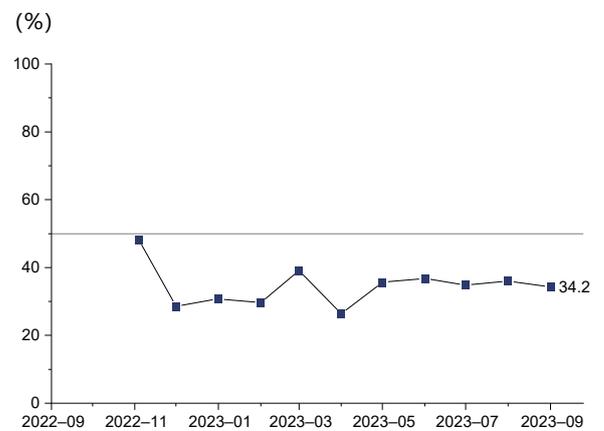
The inventory index of main raw materials registered 45.5%, an increase of 2.6 percentage points from the previous month, was below the critical value for 3 consecutive months, indicating that the inventory of main raw materials of the superior timber enterprises represented by the GTI-Gabon was less than that of last month.



# GTI-ROC Index in September 2023

On September 13th, the first day after the new Senate of ROC took office, a special committee was established to revise the Senate's constitution, particularly its internal and financial regulations. The committee, led by Senator Théophile Adoua, includes a vice-chair, a rapporteur, a secretary, and over 20 other members. On September 21st, the Ministry of Forest Economy of ROC held a high-level seminar in Brazzaville with the theme "The Republic of Congo and the Timber Industry: Shaping the Future of Forests Together". The event aimed to share key issues related to a log production bill, and the bill will be submitted to the National Assembly and the Senate for approval, ultimately forming the country's legislation that bans the export of logs. In September, the timber industry in ROC had been grappling with weather-related challenges. Heavy rainfall in the southern regions had caused delays in timber production. In the northern regions bordering Cameroon, extremely heavy rains had further disrupted harvesting activities. The GTI-ROC enterprises reported that the export ban

**GTI-ROC Index**



on logs had a great impact on production enterprises, and the production volume had decreased. This month, the GTI-ROC index registered 34.2%, a decrease of 1.8 percentage points from the previous month, was below the critical value (50%) for 11 consecutive months, indicating that the business prosperity of the superior timber enterprises represented by the GTI-ROC index shrank from last month, and the contraction expanded.

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## Main Challenges Reported by GTI-ROC Enterprises

- Poor road conditions, leading to difficulties in transporting logs and timber products.
- Frequent rainfall during the rainy season, forcing a reduction of field operations.
- Insufficient local fuel supply, leading to high prices.
- The production volume of logs decreased due to the export ban.
- Inadequate administrative procedures in the forestry sector.

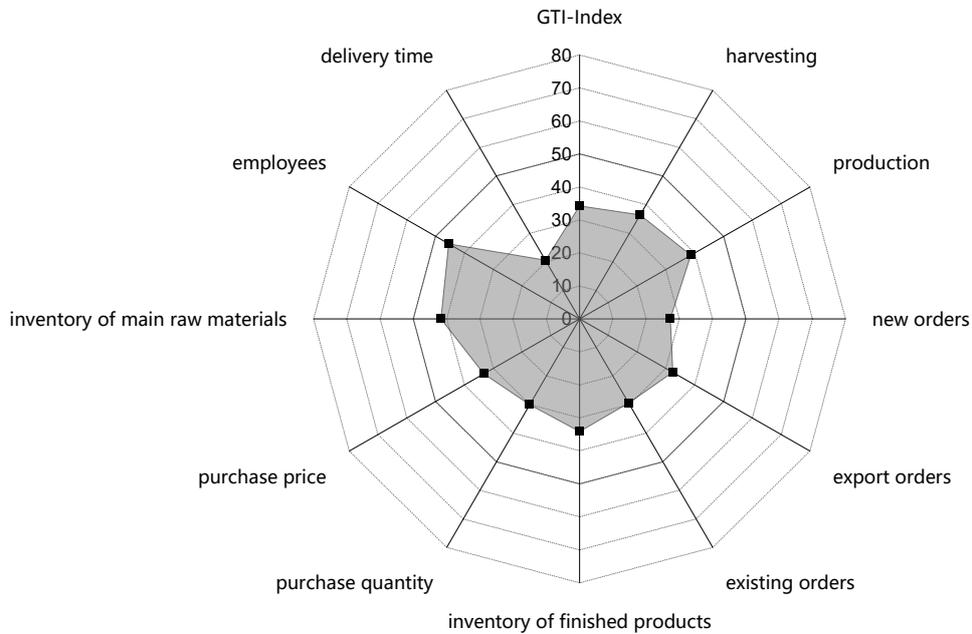
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## Main Suggestions from GTI-ROC Enterprises

- The government may step up road maintenance (especially for public roads), and build bridges where appropriate.
- The government offers support to enterprises in the form of partial tax exemptions.
- The country may increase fuel supply at the provincial level and control fuel prices.
- Control the import of plywood and relax restrictions on export commodities.
- Promote the development of the timber market across the Congo Basin.

## GTI-ROC sub-index

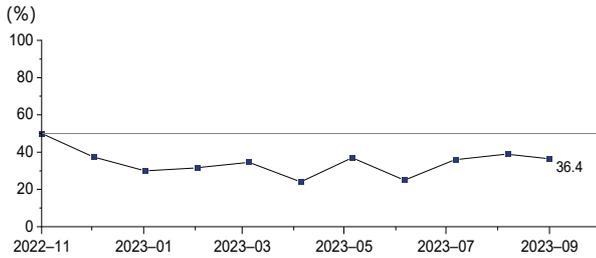
As for the GTI-ROC sub-index, in September 2023, the 11 sub-indexes were all below the critical value.



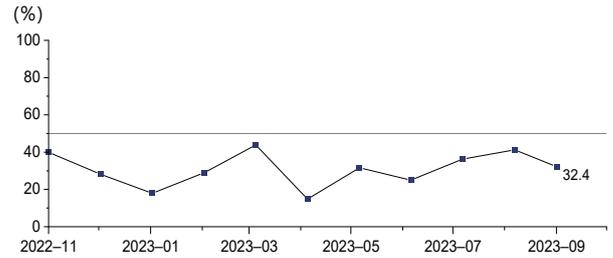
GTI-ROC sub-index



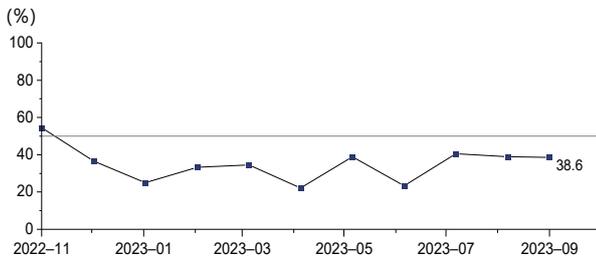
The harvesting index registered 36.4%, a decrease of 2.5 percentage points from the previous month, was below the critical value for 10 consecutive months, indicating that the harvesting volume of the superior timber enterprises represented by the GTI-ROC was less than that of last month.



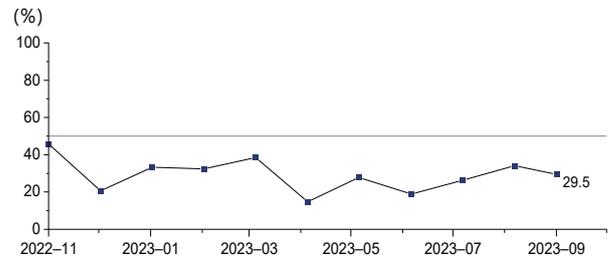
The export orders index registered 32.4%, a decrease of 8.8 percentage points from the previous month, was below the critical value for 11 consecutive months, indicating that the number of export orders of the superior timber enterprises represented by the GTI-ROC was less than that of last month.



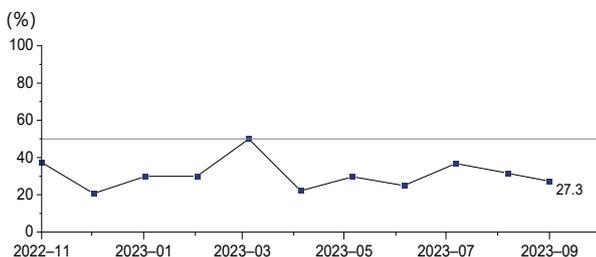
The production index registered 38.6%, a decrease of 0.3 percentage point from the previous month, was below the critical value for 10 consecutive months, indicating that the production volume of the superior timber enterprises represented by the GTI-ROC was less than that of last month.



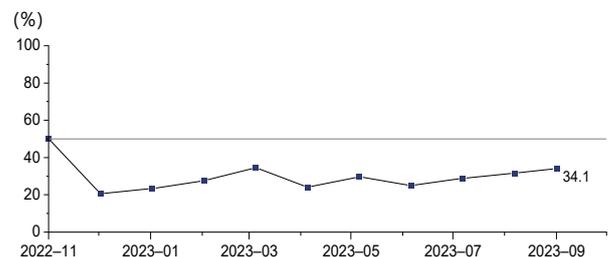
The existing orders index registered 29.5%, a decrease of 4.7 percentage points from the previous month, was below the critical value for 11 consecutive months, indicating that the number of existing orders of the superior timber enterprises represented by the GTI-ROC was less than that of last month.



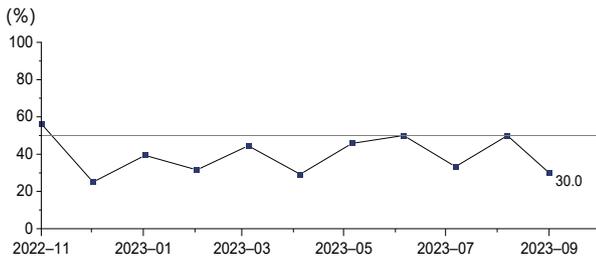
The new orders index registered 27.3%, a decrease of 4.3 percentage points from the previous month, was below the critical value for 6 consecutive months, indicating that the number of new orders of the superior timber enterprises represented by the GTI-ROC was less than that of last month.



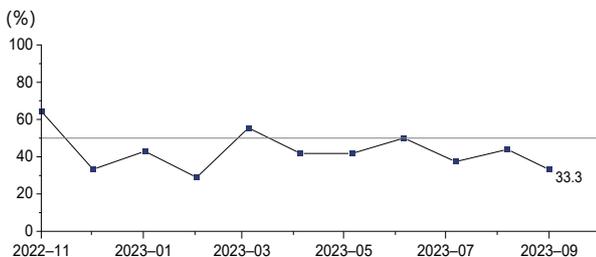
The inventory index of finished products registered 34.1%, an increase of 2.5 percentage points from the previous month, was below the critical value for 10 consecutive months, indicating that the inventory of finished products of the superior timber enterprises represented by the GTI-ROC was less than that of last month.



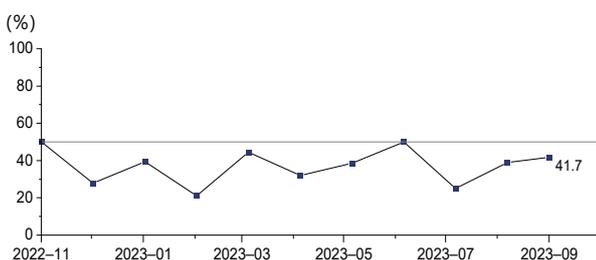
The purchase quantity index registered 30.0%, a decrease of 20.0 percentage points from the previous month, fell below the critical value, indicating that the purchase quantity of the superior timber enterprises represented by the GTI-ROC was less than that of last month.



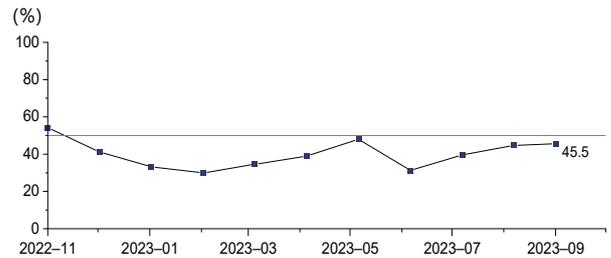
The purchase price index registered 33.3%, a decrease of 10.5 percentage points from the previous month, was below the critical value for 3 consecutive months, indicating that the purchase price of the superior timber enterprises represented by the GTI-ROC was lower than that of last month.



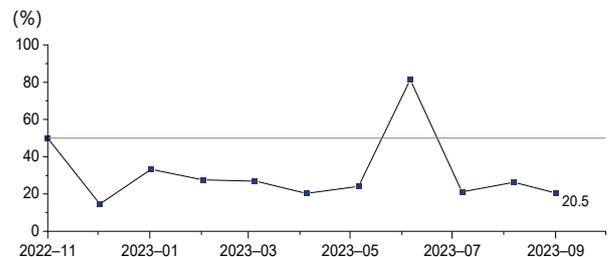
The inventory index of main raw materials registered 41.7%, an increase of 2.8 percentage points from the previous month, was below the critical value for 3 consecutive months, indicating that the inventory of main raw materials of the superior timber enterprises represented by the GTI-ROC was less than that of last month.



The production and management employees index registered 45.5%, an increase of 0.8 percentage point from the previous month, was below the critical value for 10 consecutive months, indicating that the number of employees in the superior timber enterprises represented by the GTI-ROC was less than that of last month.



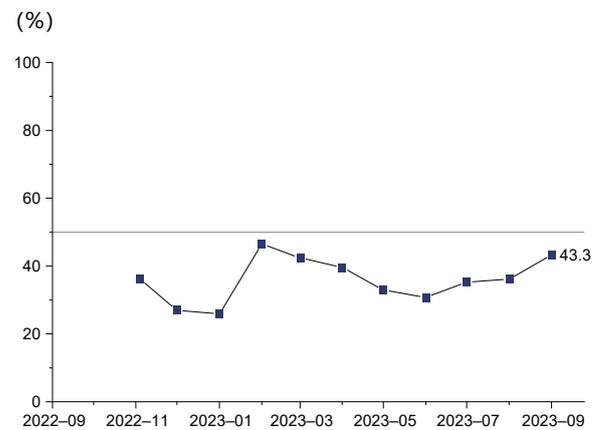
The delivery time index registered 20.5%, a decrease of 5.8 percentage points from the previous month, was below the critical value for 3 consecutive months, indicating that the delivery time from the supplier to the superior timber enterprises represented by the GTI-ROC was much shorter than that of last month.



# GTI-Brazil Index in September 2023

On September 18th, the Brazilian federal government launched a new version of the Growth Acceleration Program (Novo Pac), which includes nine core tasks: Sustainable Transportation Systems, Resilient Cities, Healthcare, Energy Security and Transformation, Education and Technology, Water Supply Projects, Digital Inclusive Development and Connectivity, Social Infrastructure, and Defense Industry Innovation, with a total estimated investment of US\$347 billion. During the Amazon Summit, the member countries of the Amazon Cooperation Treaty Organization (ACTO) – Bolivia, Brazil, Colombia, Ecuador, Guyana, Peru, Suriname, and Venezuela – agreed to jointly protect the Amazon rainforest, which houses 10% of the world's known biodiversity. The participants stressed the importance of combating deforestation, preserving biodiversity, and ensuring sustainable forest development. In the first half of 2023, Brazil's furniture exports amounted to US\$349.2 million, down 16% compared to the same period in 2022. Currently, the Brazilian Association of Furniture Industry (ABIMÓVEL) and the Brazilian Trade and Investment Promotion Agency (ApexBrasil) are working with public institutions and companies in the industry to

**GTI- Brazil Index**



devise measures to increase the export of Brazilian furniture.

In September this year, the export situation of Brazilian timber products remained unfavorable, while in the domestic market, the procurement cost of raw materials remained high, resulting in product backlog and falling prices. This month, the GTI-Brazil index registered 43.3%, an increase of 7.2 percentage points from the previous month, was below the critical value (50%) for 11 consecutive months, indicating that the business prosperity of the superior timber enterprises represented by the GTI-Brazil index shrank from last month, however, the contraction eased.

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## Main Challenges Reported by GTI-Brazil Enterprises

- A slowdown in the US and European markets due to economic downturn, coupled with rising interest rates.
- A slowdown in the domestic market, high stocks and low prices.
- Due to the high cost of raw materials in Brazil, Brazilian wood products are no longer competitive in the Asian market. At present, wood products in the Asian market are mainly imported from European countries, and the product prices are more competitive than those in Brazil.
- Lots of rain, affecting field operations in the forest.
- Low market recognition of new hardwood species such as Australian cedar (*Toona Ciliata*) and African mahogany (*Khaya Grandifoliola*).

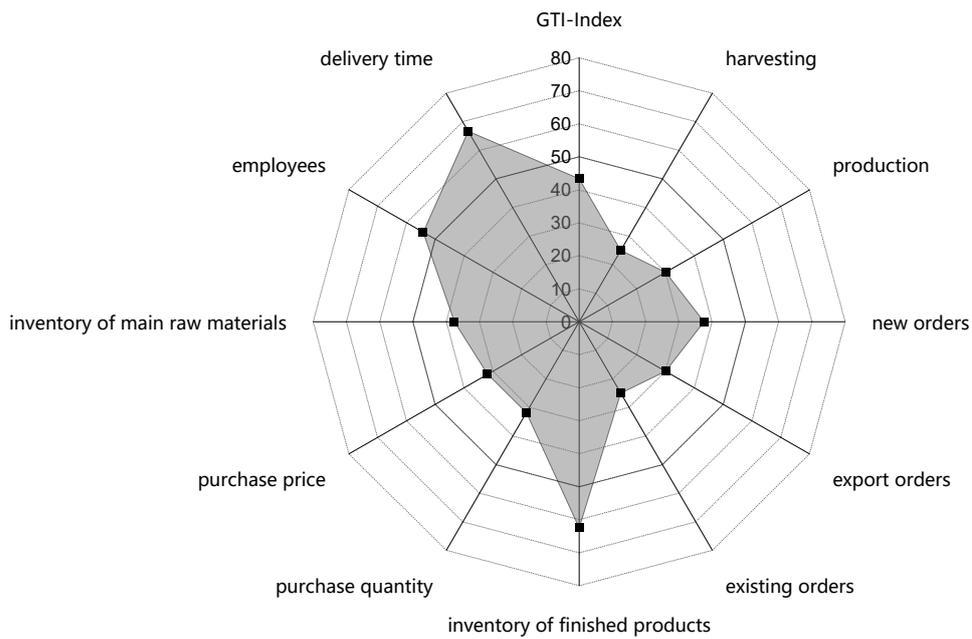
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## Main Suggestions from GTI-Brazil Enterprises

- Optimize machinery settings to improve production.
- Purchase cheaper raw materials to enhance competitiveness in international and domestic markets.
- Brazil needs to balance the supply and demand of logs and lower the prices of raw materials. The whole world has already returned to pre-pandemic levels in terms of the prices, but Brazil is out of the curve.
- Set operational schedule according to the seasonal climate.
- Increase market recognition of new hardwood species such as Australian cedar (*Toona Ciliata*) and African mahogany (*Khaya Grandifoliola*).

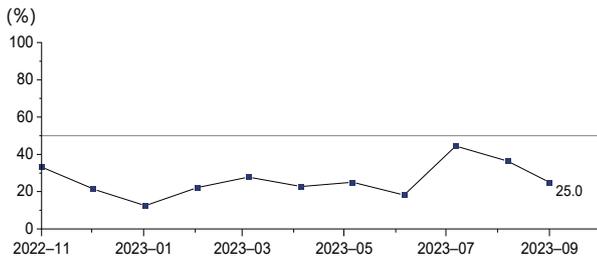
## GTI-Brazil sub-index

As for the GTI-Brazil sub-index, in September 2023, three indexes – inventory of finished products, production and management employees, and delivery time – were above the critical value, while the remaining 8 sub-indexes were all below the critical value.

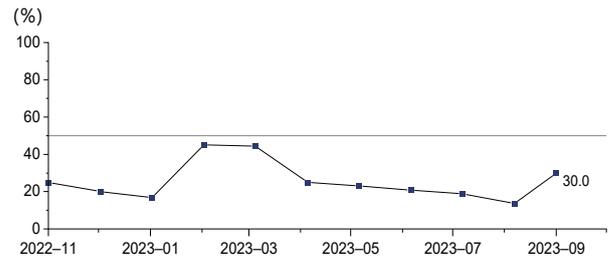


GTI-Brazil sub-index

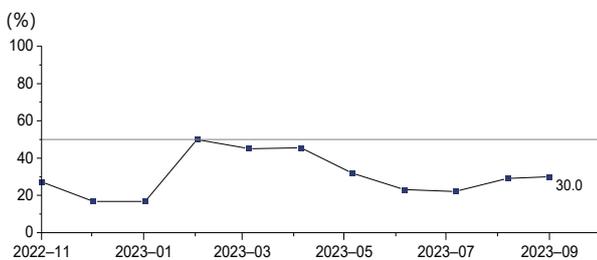
The harvesting index registered 25.0%, a decrease of 11.4 percentage points from the previous month, was below the critical value for 11 consecutive months, indicating that the harvesting volume of the superior timber enterprises represented by the GTI-Brazil was less than that of last month.



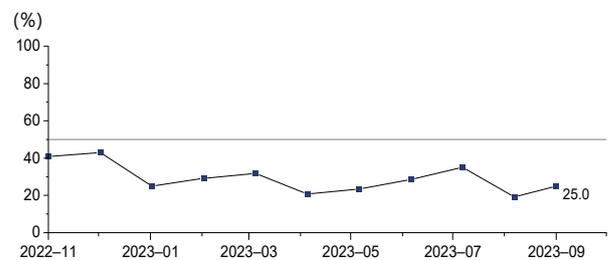
The export orders index registered 30.0%, an increase of 16.4 percentage points from the previous month, was below the critical value for 11 consecutive months, indicating that the number of export orders of the superior timber enterprises represented by the GTI-Brazil was less than that of last month.



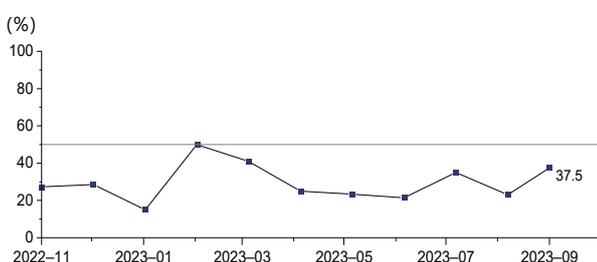
The production index registered 30.0%, an increase of 0.8 percentage point from the previous month, was below the critical value for 7 consecutive months, indicating that the production volume of the superior timber enterprises represented by the GTI-Brazil was less than that of last month.



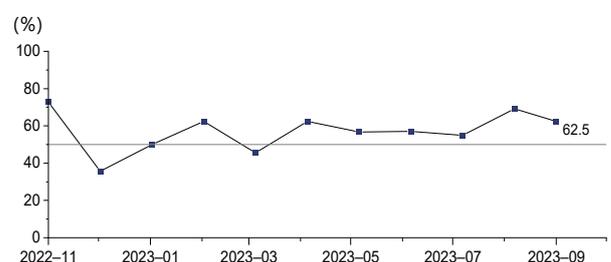
The existing orders index registered 25.0%, an increase of 5.8 percentage points from the previous month, was below the critical value for 11 consecutive months, indicating that the number of existing orders of the superior timber enterprises represented by the GTI-Brazil was less than that of last month.



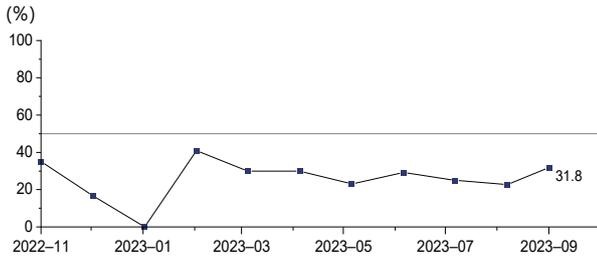
The new orders index registered 37.5%, an increase of 14.4 percentage points from the previous month, was below the critical value for 7 consecutive months, indicating that the number of new orders of the superior timber enterprises represented by the GTI-Brazil was less than that of last month.



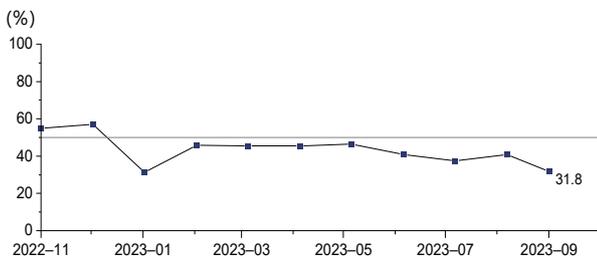
The inventory index of finished products registered 62.5%, a decrease of 6.7 percentage points from the previous month, was above the critical value for 6 consecutive months, indicating that the inventory of finished products of the superior timber enterprises represented by the GTI-Brazil was more than that of last month.



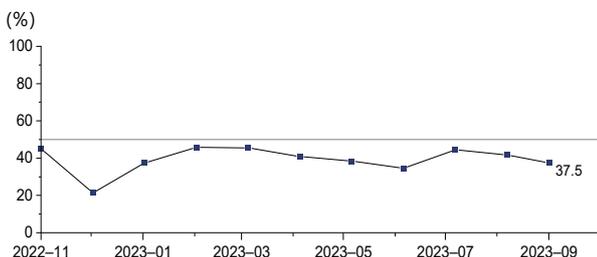
The purchase quantity index registered 31.8%, an increase of 9.1 percentage points from the previous month, was below the critical value for 11 consecutive months, indicating that the purchase quantity of the superior timber enterprises represented by the GTI-Brazil was less than that of last month.



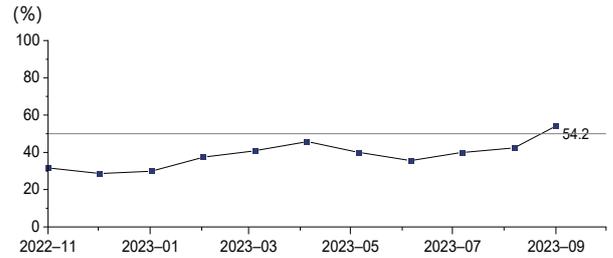
The purchase price index registered 31.8%, a decrease of 9.1 percentage points from the previous month, was below the critical value for 9 consecutive months, indicating that the purchase price of the superior timber enterprises represented by the GTI-Brazil was lower than that of last month.



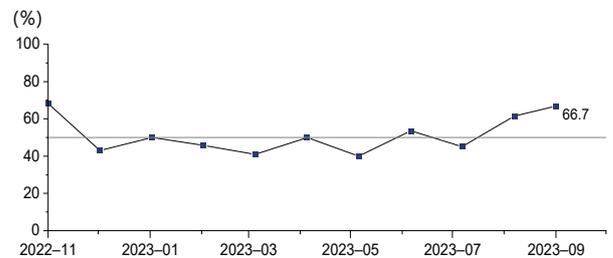
The inventory index of main raw materials registered 37.5%, a decrease of 4.2 percentage points from the previous month, was below the critical value for 11 consecutive months, indicating that the inventory of main raw materials of the superior timber enterprises represented by the GTI-Brazil was less than that of last month.



The production and management employees index registered 54.2%, an increase of 11.9 percentage points from the previous month, rose above the critical value after 10 months, indicating that the number of employees in the superior timber enterprises represented by the GTI-Brazil was more than that of last month.



The delivery time index registered 66.7%, an increase of 5.2 percentage points from the previous month, was above the critical value for 2 consecutive months, indicating that the delivery time from the supplier to the superior timber enterprises represented by the GTI-Brazil was longer than that of last month.



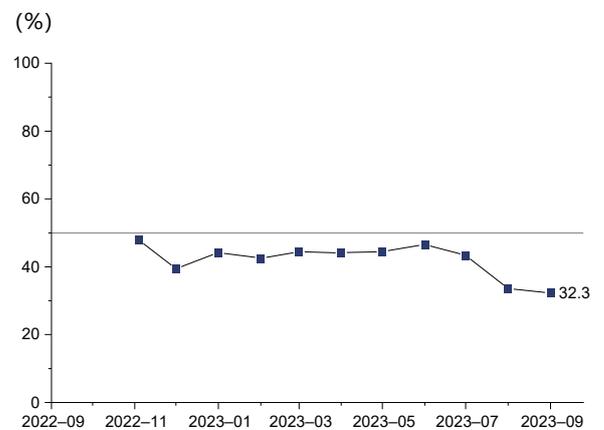


# GTI-Mexico Index in September 2023

In August this year, Mexico raised tariffs on a variety of industrial products, which would impact countries and regions that had not signed free trade agreements with Mexico, and the production costs of downstream enterprises would increase. In the first half of this year, with the growth of Mexico's automobile production and the transfer of supply chains by some American companies to closer locations, Mexico surpassed Canada and China to become the largest merchandise trading partner of the United States, with a total trade volume of 396.6 billion US dollars. Recently, the Mexican architecture studio Dellekamp Schleich built the country's largest and tallest mass-timber structure in Mexico City. Almost entirely made of engineered timber derived from oak trees in northern Mexico, this building set an example for innovative construction methods in the country.

In September, GTI-Mexico enterprises reported that they were impacted by the import of low-priced timber products, and their domestic timber products were at a disadvantage in price competition. At the same time, the company believed that Mexico did not encourage the

GTI- Mexico Index



development of the construction industry, resulting in insufficient market demand, and problems such as rainfall and insufficient production equipment also limited the company's production. This month, the GTI-Mexico index registered 32.3%, a decrease of 1.3 percentage points from the previous month, was below the critical value (50%) for 11 consecutive months, indicating that the business prosperity of the superior timber enterprises represented by the GTI-Mexico index shrank from last month, and the contraction expanded.

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## Main Challenges Reported by GTI-Mexico Enterprises

- The contraction of the timber market in Mexico.
- Unfair competition with the entry of foreign forest products at a very low price and low quality.
- Market saturated by entry of wood products from other countries.
- Construction industry was not encouraged in Mexico, leading to insufficient market demand. The enterprises were also affected by the rise in exchange rate against the dollar.
- Wood supply was affected by the lack of available machinery.
- The rainy season decreased the effectiveness of field operations.
- The low price of imported roundwood and sawnwood.
- High commodity prices, low demand for sawmill products, and a slow cash flow return.

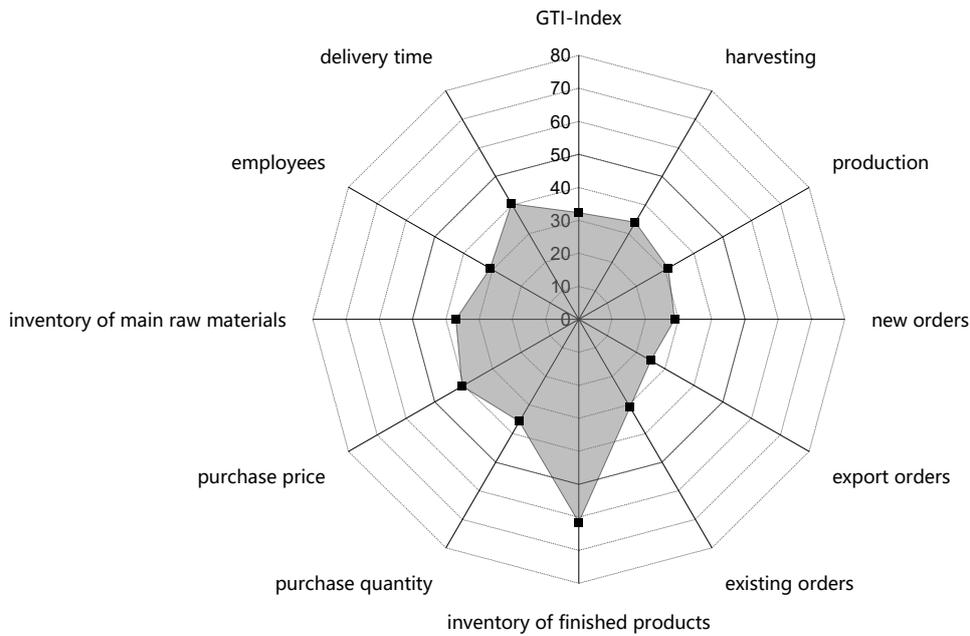
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## Main Suggestions from GTI-Mexico Enterprises

- The government charges tariffs on the entry of imported wood and encourages consumers to give preference to domestic products.
- Regulate the import of timber and timber products.
- The government encourages the development of construction industry.
- Increase processing capacity in the field to mitigate the effects of rain.
- Search for new customers.
- The enterprises lower prices of log to be more competitive in prices and the government minimizes large entries of imported products.
- Request support to acquire new forestry supply and processing machinery.

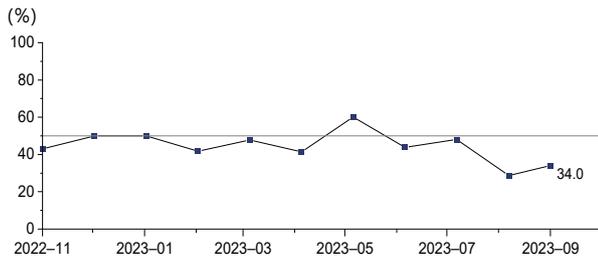
## GTI-Mexico sub-index

As for the GTI-Mexico sub-index, in September 2023, only the inventory index of finished products was above the critical value, while the remaining 10 sub-indices were all below the critical value.

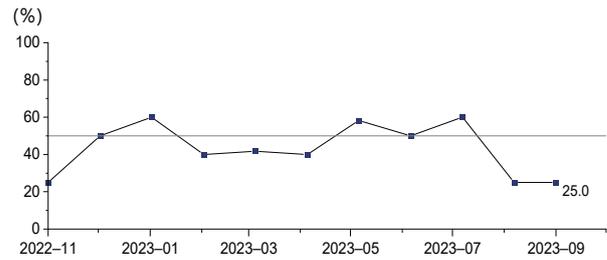


GTI-Mexico sub-index

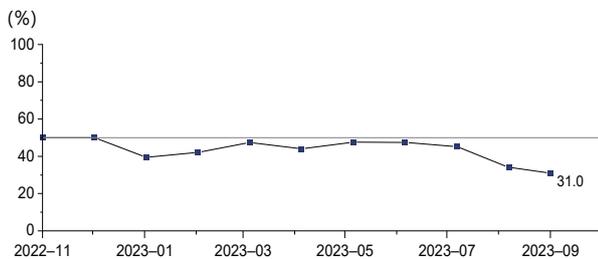
The harvesting index registered 34.0%, an increase of 5.2 percentage points from the previous month, was below the critical value for 4 consecutive months, indicating that the harvesting volume of the superior timber enterprises represented by the GTI-Mexico was less than that of last month.



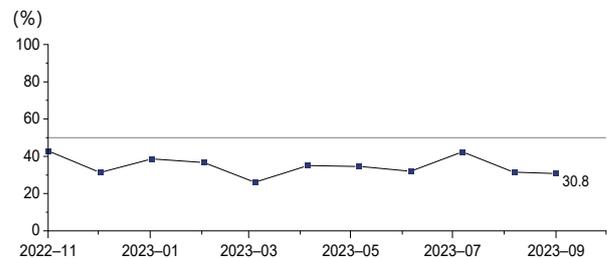
The export orders index registered 25.0%, same with the previous month, was below the critical value for 2 consecutive months, indicating that the number of export orders of the superior timber enterprises represented by the GTI-Mexico was less than that of last month.



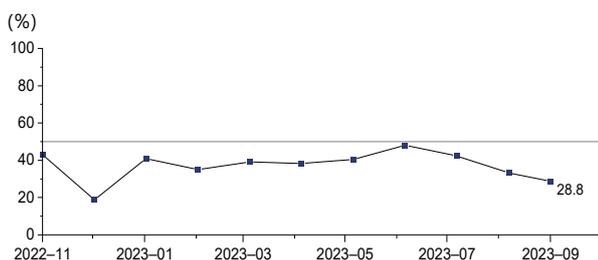
The production index registered 31.0%, a decrease of 3.1 percentage points from the previous month, was below the critical value for 9 consecutive months, indicating that the production volume of the superior timber enterprises represented by the GTI-Mexico was less than that of last month.



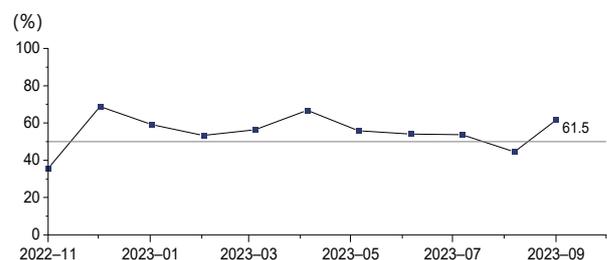
The existing orders index registered 30.8%, a decrease of 0.7 percentage point from the previous month, was below the critical value for 11 consecutive months, indicating that the number of existing orders of the superior timber enterprises represented by the GTI-Mexico was less than that of last month.



The new orders index registered 28.8%, a decrease of 4.5 percentage points from the previous month, was below the critical value for 11 consecutive months, indicating that the number of new orders of the superior timber enterprises represented by the GTI-Mexico was less than that of last month.

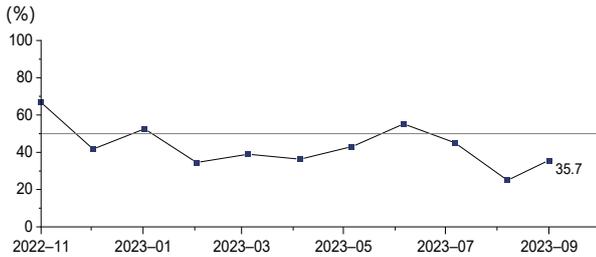


The inventory index of finished products registered 61.5%, an increase of 17.1 percentage points from the previous month, rose above the critical value after 1 month, indicating that the inventory of finished products of the superior timber enterprises represented by the GTI-Mexico was more than that of last month.

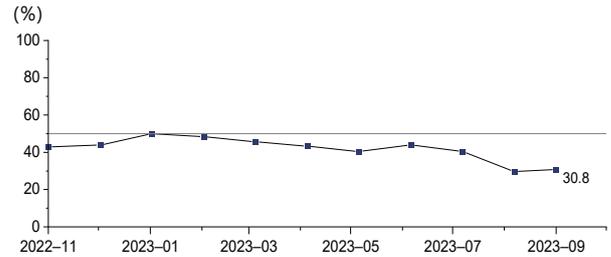




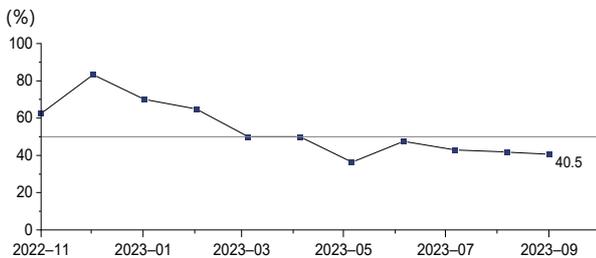
The purchase quantity index registered 35.7%, an increase of 10.7 percentage points from the previous month, was below the critical value for 3 consecutive months, indicating that the purchase quantity of the superior timber enterprises represented by the GTI-Mexico was less than that of last month.



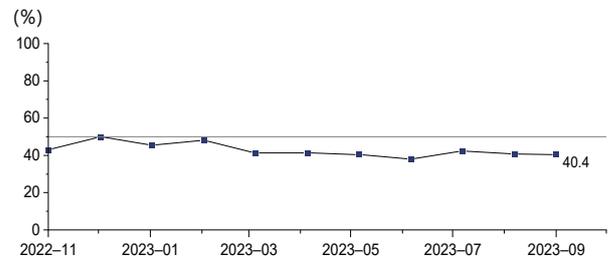
The production and management employees index registered 30.8%, an increase of 1.2 percentage points from the previous month, was below the critical value for 8 consecutive months, indicating that the number of employees in the superior timber enterprises represented by the GTI-Mexico was less than that of last month.



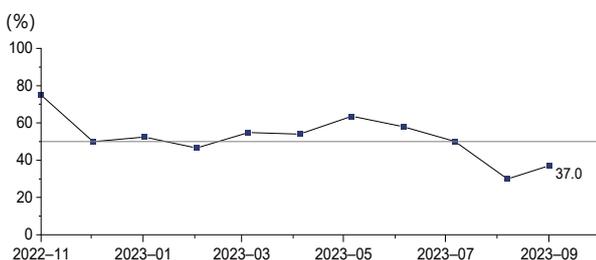
The purchase price index registered 40.5%, a decrease of 1.2 percentage points from the previous month, was below the critical value for 5 consecutive months, indicating that the purchase price of the superior timber enterprises represented by the GTI-Mexico was lower than that of last month.



The delivery time index registered 40.4%, a decrease of 0.3 percentage point from the previous month, was below the critical value for 9 consecutive months, indicating that the delivery time from the supplier to the superior timber enterprises represented by the GTI-Mexico was shorter than that of last month.



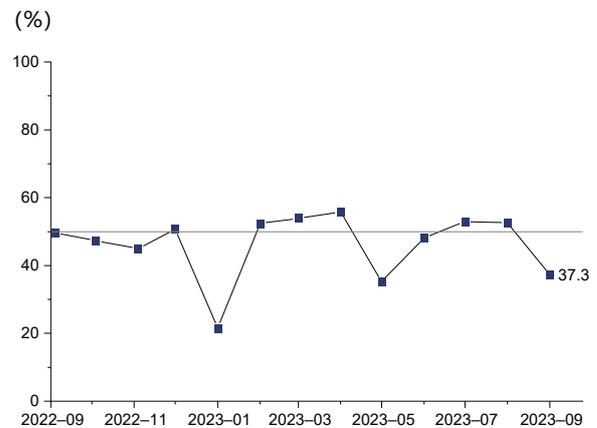
The inventory index of main raw materials registered 37.0%, an increase of 7.0 percentage points from the previous month, was below the critical value for 2 consecutive months, indicating that the inventory of main raw materials of the superior timber enterprises represented by the GTI-Mexico was less than that of last month.



# GTI-China Index in September 2023

On September 15th, National Bureau of Statistics of China released the macroeconomic data for August. In terms of trade, China's export volume in August was 2.0384 trillion yuan, down 3.2%. The import volume was 1.5504 trillion yuan, down 1.6%, and the trade surplus was 488 billion yuan.. In the industrial sector, profits of industrial enterprises above designated size in August grew by 17.2% year-on-year, and the profit of industrial enterprises achieved positive growth for the first time since the second half of last year. On September 25th, the General Office of the CPC Central Committee and the General Office of the State Council jointly issued "Plan on Deepening the Reform of the Collective Forest Right System", which outlines multiple tasks, for instance, to support eligible forestry carbon sink projects to be developed as voluntary greenhouse gas emission reduction projects and participate in market transactions, establish a sound ecological compensation mechanism that can reflect the value of carbon sink, etc. It also encourages to implement the forestry carbon voucher system, release the measures for the management of forestry carbon sinks, and encourage enterprises, large event organizers, and the public to fulfill their social responsibilities by purchasing forestry carbon sinks.

GTI- China Index



This year, the 8-day "small and long holiday" of China's Mid-Autumn Festival and National Day officially began on September 28. Because the holiday time was ahead of schedule, some factories and workers had a holiday in advance, the timber and timber products market data fed back by enterprises showed a shrinking trend. This month, the GTI-China index registered 37.3%, a decrease of 15.3 percentage points compared to that of the previous month, fell below the critical value (50%) after 2 months, indicating that the business prosperity of the superior timber enterprises represented by the GTI-China index shrank from last month.



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### Products in Short Supply

Raw materials for production.

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### Commodities with Price Decrease in this Period

Eucalyptus, Oak, Pine Log, Mixed Wood, Multilayer Board.

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### Commodities with Price Increase in this Period

Urea, Phenol, Melamine, Formaldehyde, Formaldehyde-Free Adhesive, Paraffin, Waterproofing Agent.

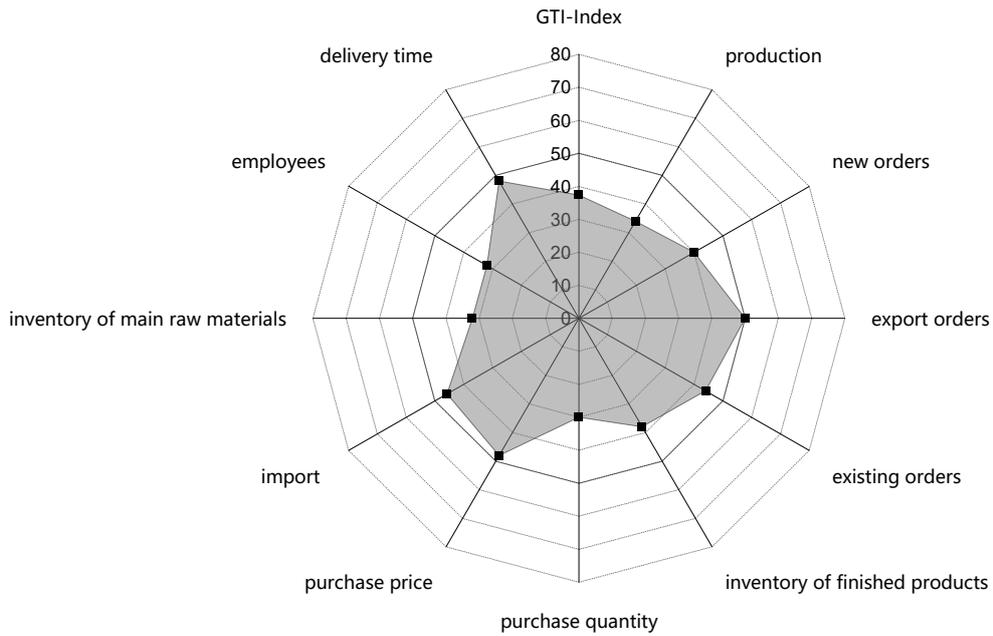
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### Main Challenges Reported by GTI-China Enterprises

- Unbalance between supply and demand.
- In the off-season of timber acquisition, the acquisition volume was low, the price rose, and the production cost of enterprises increased.

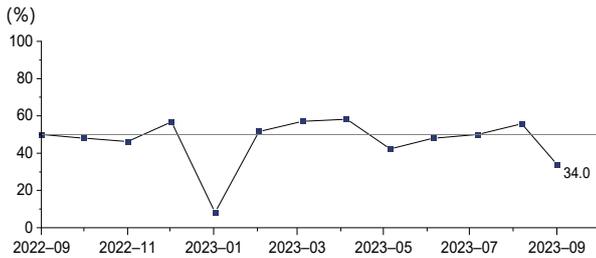
## GTI-China sub-index

As for the GTI-China sub-index, in September 2023, only the export orders index was equal to the critical value, while the remaining 10 sub-indexes were all below the critical value.

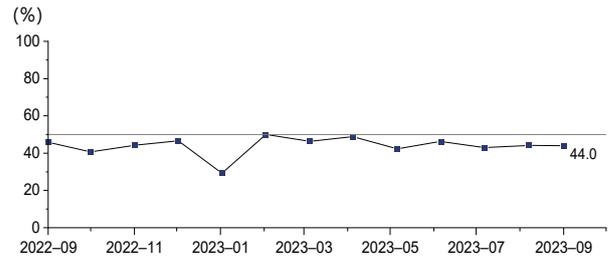


GTI-China sub-index

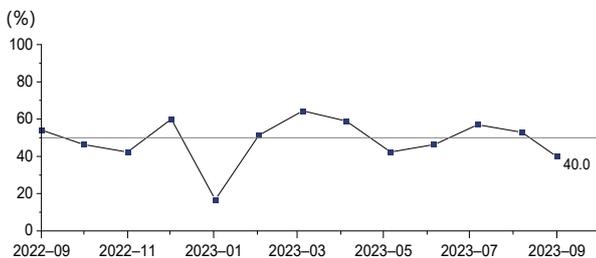
The production index registered 34.0%, a decrease of 21.9 percentage points from the previous month, fell below the critical value after 2 months, indicating that the production volume of the superior timber enterprises represented by the GTI-China was less than that of last month.



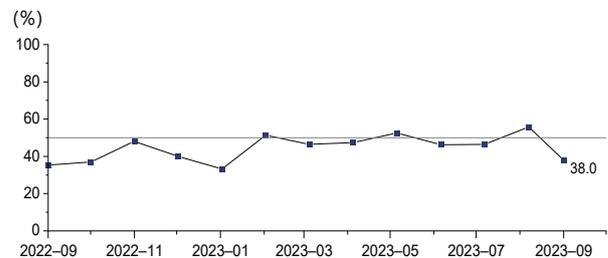
The existing orders index registered 44.0%, a decrease of 0.1 percentage point from the previous month, was below the critical value for 7 consecutive months, indicating that the number of existing orders of the superior timber enterprises represented by the GTI-China was less than that of last month.



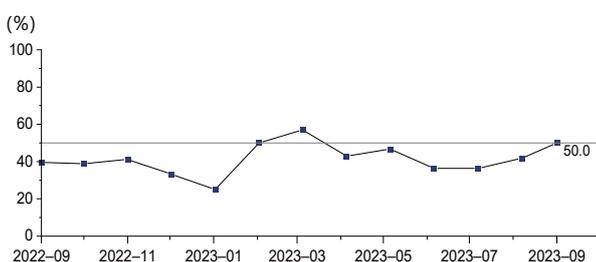
The new orders index registered 40.0%, a decrease of 12.9 percentage points from the previous month, fell below the critical value after 2 months, indicating that the number of new orders of the superior timber enterprises represented by the GTI-China was less than that of last month.



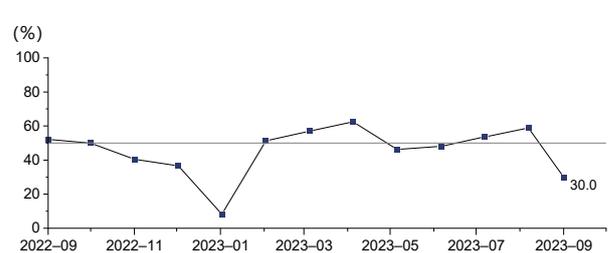
The inventory index of finished products registered 38.0%, a decrease of 17.9 percentage points from the previous month, fell below the critical value, indicating that the inventory of finished products of the superior timber enterprises represented by the GTI-China was less than that of last month.



The export orders index registered 50.0%, an increase of 8.3 percentage points from the previous month, rose to the critical value after 5 months, indicating that the number of export orders of the superior timber enterprises represented by the GTI-China was the same with that of last month.

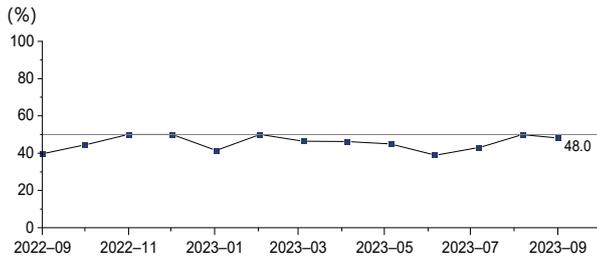


The purchase quantity index registered 30.0%, a decrease of 28.8 percentage points from the previous month, fell below the critical value after 2 months, indicating that the purchase quantity of the superior timber enterprises represented by the GTI-China was less than that of last month.

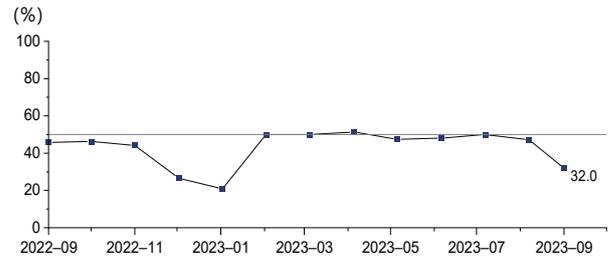




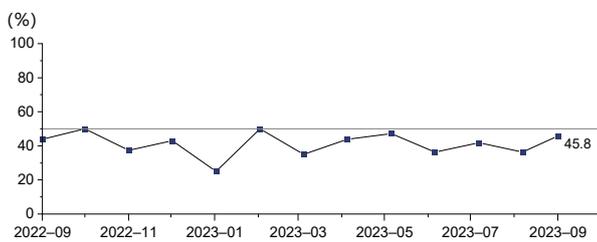
The purchase price index registered 48.0%, a decrease of 2.0 percentage points from the previous month, fell below the critical value, indicating that the purchase price of the superior timber enterprises represented by the GTI-China was lower than that of last month.



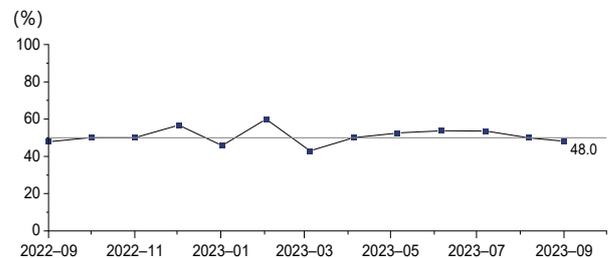
The production and management employees index registered 32.0%, a decrease of 15.1 percentage points from the previous month, was below the critical value for 2 consecutive months, indicating that the number of employees in the superior timber enterprises represented by the GTI-China was less than that of last month.



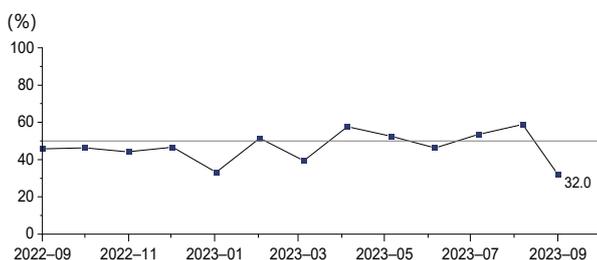
The import index registered 45.8%, an increase of 9.4 percentage points from the previous month, was below the critical value for 7 consecutive months, indicating that the import volume of the superior timber enterprises represented by the GTI-China was less than that of last month.



The delivery time index registered 48.0%, a decrease of 2.0 percentage points from the previous month, fell below the critical value, indicating that the delivery time from the supplier to the superior timber enterprises represented by the GTI-China was shorter than that of last month.



The inventory index of main raw materials registered 32.0%, a decrease of 26.8 percentage points from the previous month, fell below the critical value after 2 months, indicating that the inventory of main raw materials of the superior timber enterprises represented by the GTI-China was less than that of last month.



## Survey Methodology

The Global Timber Index (hereinafter referred to as GTI) is compiled based on the survey of leading timber enterprises from the main timber producing and consuming countries. The questionnaire is disseminated to the timber enterprises monthly and the Secretariat of Global Green Supply Chains Initiative (hereinafter referred to as GGSC) organizes the experts to calculate and compile the GTI report, based on statistical analysis of the collected data and information.

With the support of the International Tropical Timber Organization (hereinafter referred to as ITTO), GGSC has set up focal points in the pilot countries from the timber producing and consuming countries. In the initial phase (2022), the GTI platform covered seven pilot countries: Indonesia, Malaysia, Gabon, Republic of Congo, Brazil, Mexico, and China. The questionnaires will be completed and collected by these focal points from 25th to 30th every month. The GTI reports will be regularly released to stakeholders of global forest products industry.

Based on the characteristics of the timber and timber products industry in different countries, the current GTI questionnaire is divided into two categories: the timber producer and the timber manufacturer. For the timber producing countries, the focus is the investigation on the development trend of local timber harvesting and supply, covering logs, sawn timber, plywood, etc. For the timber consuming countries (such as China), the focus is the investigation on the prosperity and development trend of local timber processing and manufacturing industry, covering wooden floor, doors and furniture, etc.

## Data and Interpretation

GTI index contains diffusion index and comprehensive index.

(1)

The calculation of GTI diffusion index. GTI has 11 diffusion index (or called sub-indices) based on the data from 11 objective questions which covers production (or harvesting), new orders, new export orders, existing orders, inventory of products, purchasing quantity or import, purchasing prices of main raw materials, inventory of raw material, employees, and delivery time. The diffusion index is calculated by adding the percentage of enterprises with positive answers to half of the percentage with unchanged answers.

(2)

The calculation of GTI comprehensive index. GTI comprehensive index (GTI index for short) is calculated based on the diffusion indexes of five of the indexes with different weights: production, new orders, inventory of raw material, employees, delivery time. The five diffusion indexes and their weights are determined according to their leading influence on the industrial economy.

The value of the index is between 0-100%, and 50% is the critical value of the index. A GTI index reading above 50 percent indicates that the industry prosperity is generally expanding; below 50 percent indicates that it is generally declining.



### Declaration

GTI report is compiled based on the data provided by the timber enterprises in the pilot countries. The data can not be used in investment decision-making, but can help to understand the timber industry trend.

The data and intellectual property in the reports are owned by ITTO and GGSC jointly. Without the permission from ITTO and GGSC , you shall not copy, download, stream, capture, reproduce, duplicate, archive, upload, modify, translate, publish, broadcast, transmit, retransmit, distribute, perform, display, sell, or otherwise use any content of the GTI report .

### About ITTO

The International Tropical Timber Organization, ITTO for short, is an intergovernmental organization promoting the sustainable management and conservation of tropical forests and the expansion and diversification of international trade in tropical timber from sustainably managed and legally harvested forests. It’ s located in Yokohama, Japan. At present, there are 75 ITTO members. ITTO’ s membership represents about 90% of the global tropical timber trade and more than 80% of the world’ s tropical forests.

### About GGSC

Global Green Supply Chains Initiative (GGSC), supported by International Tropical Timber Organization (ITTO), is a global service platform voluntarily established by enterprises, research institutes, industry associations, international organizations and other stakeholders involved in forest products R&D, design, manufacturing, distributing, consuming and recycling, to implement “the Initiative to build a collaboration network of global green supply chain of forest products” jointly launched by industry sectors, associations, international organizations and research institutions all over the world who were participants of the International Forum on “Together Towards Global Green Supply Chains – A Forest Products Industry Initiative” .

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#### Vision

Connect foresters, live in natural and harmony.

#### Mission

Build a sustainable development ecology of the global timber industry, promote the transformation of corporate social and environmental responsibilities into competitive advantages, and serve the better life of mankind.

#### Values

Openness, Share, Greenness, Collaboration.

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# GTI REPORT

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