

# GLOBAL TIMBER INDEX GTI REPORT MONTHLY

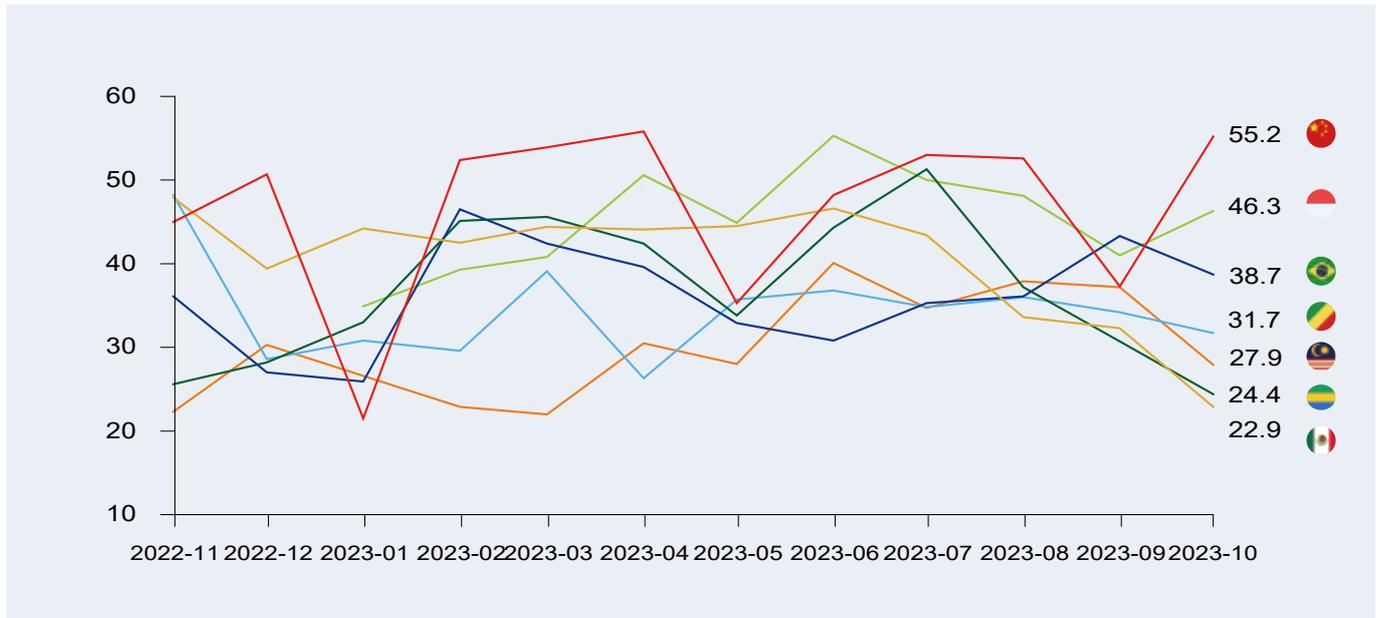
GGSC-No. 10/2023

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

## China's timber market picks up with growth in both supply and demand



— Indonesia — Malaysia — Gabon — Republic of Congo — Brazil — Mexico — China

The Global Timber Index (GTI) Report in October 2023 shows that since the beginning of this year, the Chinese government has rolled out a series of policies to support the development of real estate and household furnishing industries, such as the “Notice on Several Measures to Promote Household Furnishing Consumption” and the “Circular on Optimizing the Criteria for the Recognition of Housing Units in Personal Housing Mortgage”. Recently, bonus from the above-mentioned policies began to be released, driving the development of the timber market in China. This month, China's superior timber enterprises saw an increase in both orders and production volume, with GTI-China index registering 55.2%, an increase of 17.9 percentage points from the previous month.

The GTI-Brazil index of new export orders increased by 15.8 percentage points from the previous month, and the values of harvesting, production, and orders showed signs of stopping decline. The GTI-ROC harvesting index increased by 6.5 percentage points from the previous month, indicating there was some improvement on the wood supply side. Indonesia's new orders index increased by 14.8 percentage points from the previous month, suggesting significant improvement on the timber demand side. The GTI indexes of Gabon, Malaysia and Mexico were still at the contraction range below 50%, the sales of logs, plywood, wood products and some other products didn't go well, and the market prices were declining.

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This month, enterprises of the GTI pilot countries put forward some new views and suggestions on promoting the development of the timber industry. For instance, Mexican enterprises wished to have regular training from government agencies regarding changes to regulations, and suggested the trade links between industrialists and suppliers of raw materials should be strengthened. Brazilian enterprises recommended an analysis on internal storage of finished products in order to minimize costs at the port. Malaysian enterprises wanted to search for new markets of plantation-based sawn timber.

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**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)

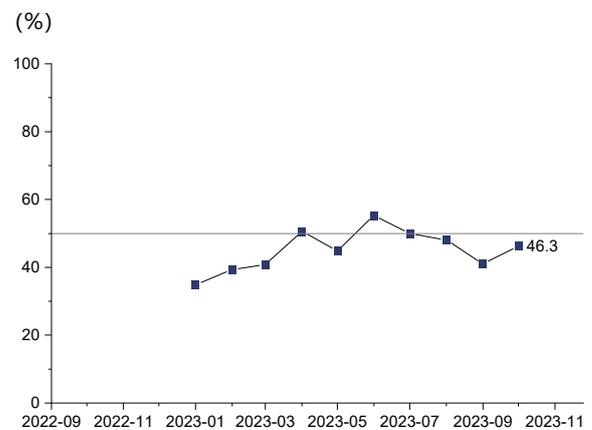
**China:**

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

# GTI-Indonesia Index in October 2023

Data released by Statistics Indonesia showed that in the first half of this year, the export volume of furniture from Indonesia totaled 253,500 tons, down 26% from the first half of last year; and the export value were \$1.07 billion, down 31%. During the Indonesia Furniture and Design Expo 2023 in Banten, the Indonesian President urged Indonesian furniture makers to look for foreign partners as an effort to diversify their participation in international trade. He also said that the government would continue to encourage the development of the furniture industry, including supporting internet marketing, to make it more competitive in the domestic market while facing the imported products. For the purpose of increasing enterprises' production efficiency and processing precision, Association of Indonesian Furniture and Handicraft Industries (HIMKI) recently announced that it would cooperate with China National Forestry Machinery Association (CNFMA) to promote appropriate wood processing technologies for the furniture industry.

## GTI-Indonesia Index



In October this year, the overall operating conditions of Indonesia's timber industry declined, however, the decline eased. The enterprises reported that this year's extreme dry season had led to lower river levels and made transportation more difficult. At the same time, fuel prices had risen sharply, resulting in higher production costs for enterprises. This month, the GTI-Indonesia index registered 46.3%, an increase of 5.3 percentage points from the previous month, was below the critical value (50%) for 3 consecutive months, indicating that the business prosperity of the superior timber enterprises represented by the GTI-Indonesia index shrank from last month, however, the contraction eased.

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## Main Challenges Reported by GTI-Indonesia Enterprises

- The lowering of river water levels due to the extreme dry season posed a problem because it made difficult to transport logs when some enterprises mainly relied on water transportation.
- Fuel prices for the industry rose, which led to a 20-30% increase in production costs that further increased the burden on enterprises.
- Overseas orders for processed wood products decreased, and some enterprises mainly relied on orders from domestic customers.
- The heavy equipment used for harvesting activities could not be fully operational, as many were in the process of maintenance and parts replacement. This condition resulted in a decrease in log production.
- 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.
- Weakening exports had led to lower wood demand from industry as well as decreased log production.

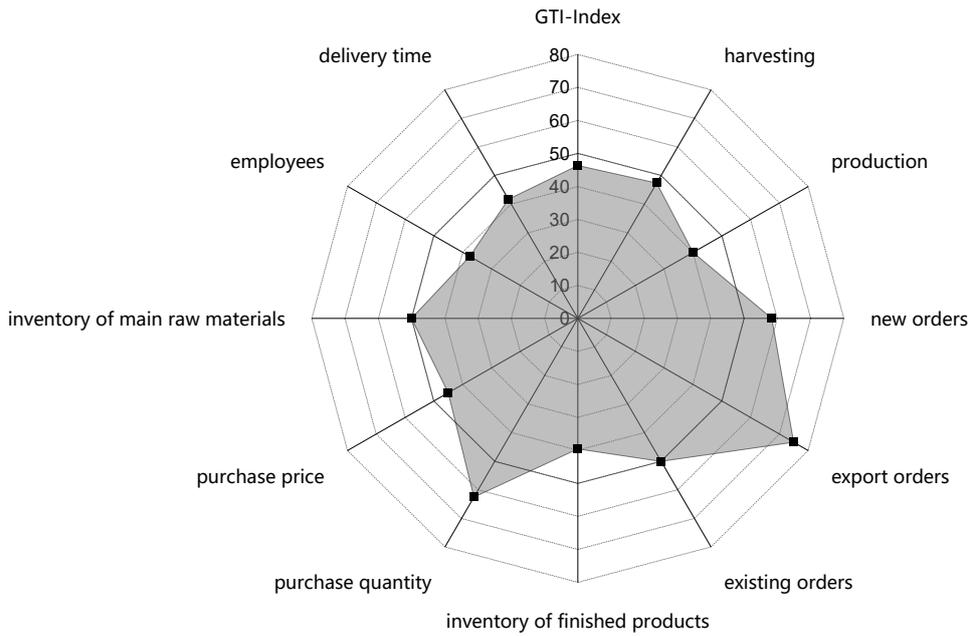
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## Main Suggestions from GTI-Indonesia Enterprises

- To address the receding river level for log transportation activities, the enterprises could adjust the schedule of production and transportation.
- Enterprises should carry out third-party certification as required by the buyer, and at the same time prepare complete infrastructure to support full operational activities.
- To address the increasingly expensive fuel prices, enterprises should make efficient use of heavy equipment that is strictly adjusted to the amount of production.
- To cope with the problem of excessively low prices of logs in the domestic market, the government may establish reference prices for logs in the domestic market, so as to stabilize log prices, and it could also provide incentives for processed wood products sourced from sustainably managed and/or legal forests.
- The enterprises should adjust production according to buyers' needs to maintain the balance between supply and demand.
- The enterprises should monitor developments in the global wood products market and continue to communicate with overseas buyers.
- Promote the absorption of natural forest raw materials through facilitating sales of downstream processed products.

## GTI-Indonesia sub-index

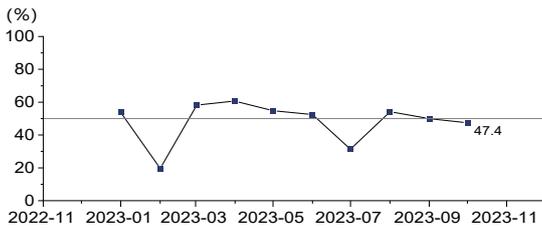
As for the GTI-Indonesia sub-index, in October 2023, new orders, export orders and purchase quantity indexes were above the critical value, indexes of existing orders and raw materials inventory were equal to the critical value, while the remaining 6 sub-indexes were below the critical value.



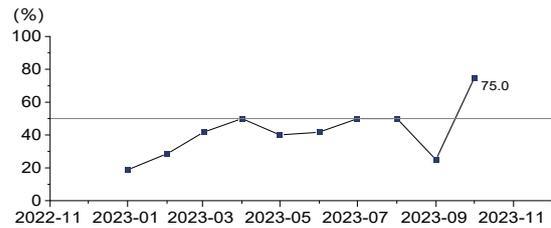
GTI-Indonesia sub-index



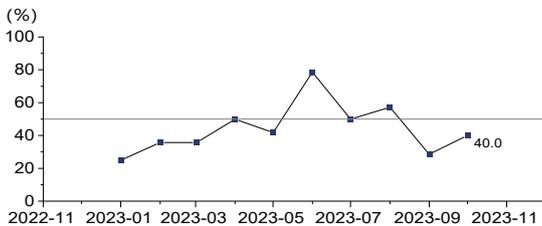
The harvesting index registered 47.4%, a decrease of 2.6 percentage points from the previous month, fell below the critical value after one month, indicating that the harvesting volume of the superior timber enterprises represented by the GTI-Indonesia was less than that of last month.



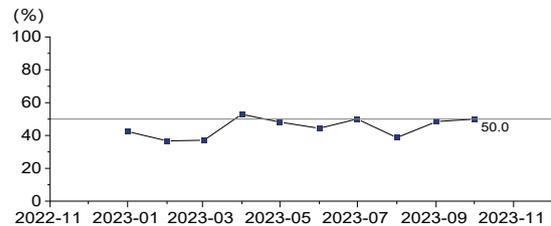
The export orders index registered 75.0%, an increase of 50.0 percentage points from the previous month, rose above the critical value after one month, indicating that the number of export orders of the superior timber enterprises represented by the GTI-Indonesia was much more than that of last month.



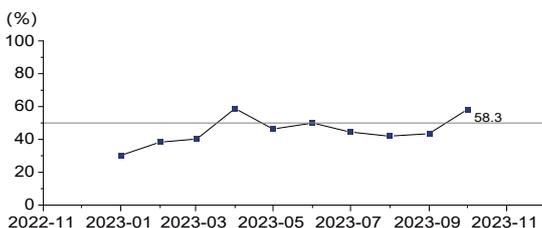
The production index registered 40.0%, an increase of 11.4 percentage points from the previous month, was below the critical value for 2 consecutive months, indicating that the production volume of the superior timber enterprises represented by the GTI-Indonesia was less than that of last month.



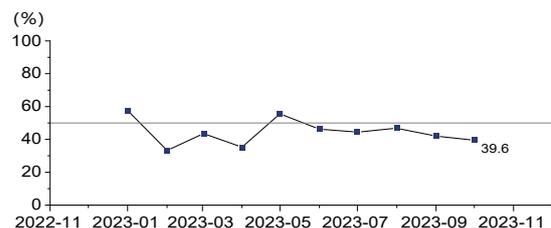
The existing orders index registered 50.0%, an increase of 1.6 percentage points from the previous month, rose to the critical value after 2 months, indicating that the number of existing orders of the superior timber enterprises represented by the GTI-Indonesia was the same with that of last month.



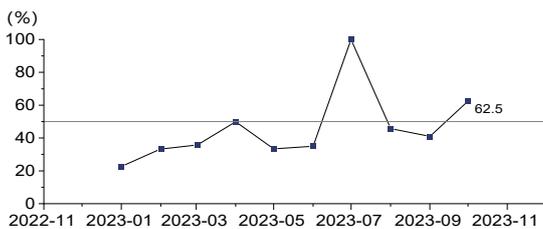
The new orders index registered 58.3%, an increase of 14.8 percentage points from the previous month, rose above the critical value after 3 months, indicating that the number of new orders of the superior timber enterprises represented by the GTI-Indonesia was more than that of last month.



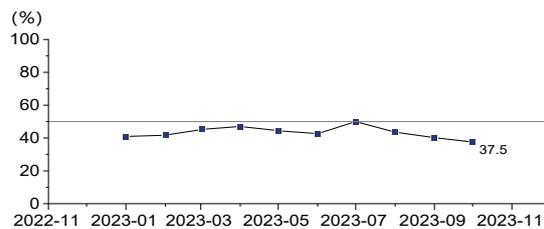
The inventory index of finished products registered 39.6%, a decrease of 2.3 percentage points from the previous month, was below the critical value for 5 consecutive months, indicating that the inventory of finished products of the superior timber enterprises represented by the GTI-Indonesia was less than that of last month.



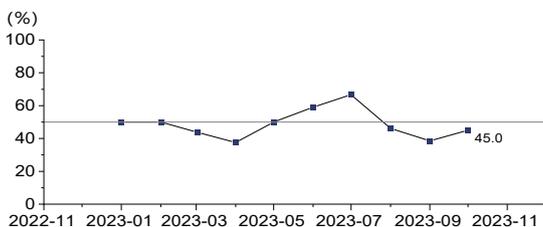
The purchase quantity index registered 62.5%, an increase of 21.6 percentage points from the previous month, rose above the critical value after 2 months, indicating that the purchase quantity of the superior timber enterprises represented by the GTI-Indonesia was more than that of last month.



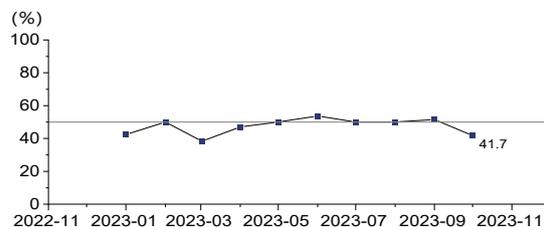
The production and management employees index registered 37.5%, a decrease of 2.8 percentage points from the previous month, was below the critical value for 3 consecutive months, indicating that the number of employees in the superior timber enterprises represented by the GTI-Indonesia was less than that of last month.



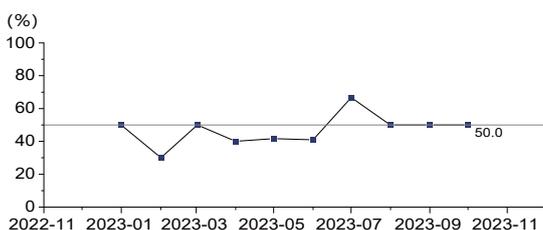
The purchase price index registered 45.0%, an increase of 6.5 percentage points from the previous month, was below the critical value for 3 consecutive months, indicating that the purchase price of the superior timber enterprises represented by the GTI-Indonesia was lower than that of last month.



The delivery time index registered 41.7%, a decrease of 9.9 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-Indonesia was shorter than that of last month.



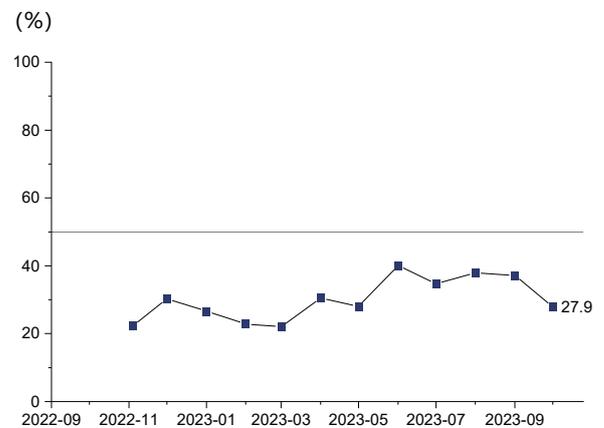
The inventory index of main raw materials registered 50.0%, same with the previous month, was equal to the critical value for 3 consecutive months, indicating that the inventory of main raw materials of the superior timber enterprises represented by the GTI-Indonesia was the same with that of last month.



# GTI-Malaysia Index in October 2023

In September 2023, Malaysia's exports reached MYR 124.475 billion and imports hit MYR 99.952 billion, with a trade surplus of MYR 24.522 billion. Currently, Malaysia is actively expanding the use of ringgit in trade, and now about 28% of trade with China is settled in ringgit. In response to current depreciation of the ringgit, Central Bank of Malaysia is expected to continue to roll out policies (including expanding local-currency settlement) to ensure the normal functioning of the market. In the timber industry, Malaysia Timber Council, Malaysian Wood Moulding & Joinery Council, Malaysian Furniture Council and Malaysian Institute of Interior Designers have developed a programme called "TIMB3R DIP 3.0" to encourage the production of high value-added wood and furniture products with creative and unique designs. In September, the Board of Directors of Malaysian Timber Certification Council (MTCC) adopted "Guidelines on the Application of Requirements for the Certification of Non-Timber Forest Products in MTCS ST 1002: 2021 Malaysian Criteria and Indicators for Sustainable Forest Management", which included non-timber forest products (NTFP) into the scope of certification. In October this year, the timber market in Malaysia saw a decline in prosperity, and GTI-Malaysia enterprises reported that the building materials

**GTI-Malaysia Index**



market was sluggish, which led to lower demand for timber products and a continuous decline in selling prices, and meanwhile, exports of the products were slow. The enterprises had a strong demand for developing new markets and increasing sales, and suggested strict control over costs. This month, the GTI-Malaysia index registered 27.9%, a decrease of 9.3 percentage points from the previous month, was below the critical value (50%) for 12 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**

- Not enough labor & orders.
- Slow export shipments.
- Reduced market demand.
- A decline in the market price of wood products, due to insufficient demand for building materials.
- Relatively low prices of sawn timber compared to the costs.
- Shortage of raw materials.
- Uncertain global economy caused by war.

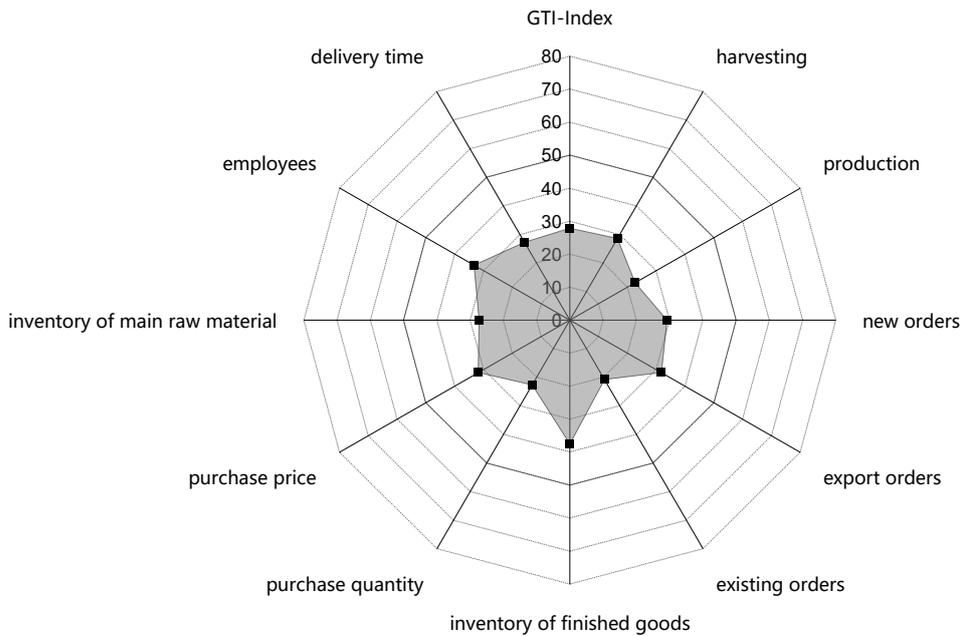
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### **Main Suggestions from GTI-Malaysia Enterprises**

- Expand markets and seek labor force.
- Increase the shipment volume of export.
- Strictly control production costs.
- Look for new alternative markets and products to replace some of the traditional markets.
- Search for new markets of plantation-based sawn timber.

## GTI-Malaysia sub-index

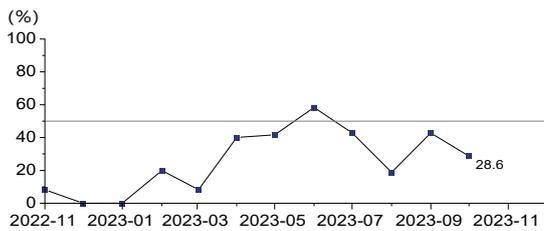
As for the GTI-Malaysia sub-index, in October 2023, the 11 sub-indexes were all below the critical value.



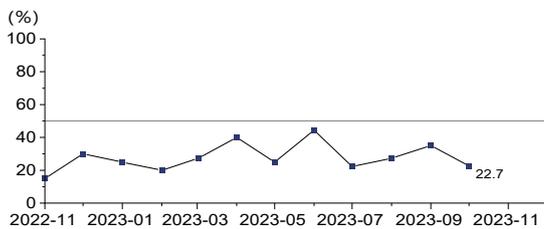
GTI-Malaysia sub-index



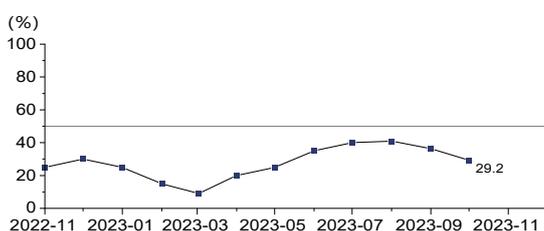
The harvesting index registered 28.6%, a decrease of 14.3 percentage points from the previous month, was below the critical value for 4 consecutive months, indicating that the harvesting volume of the superior timber enterprises represented by the GTI-Malaysia was less than that of last month.



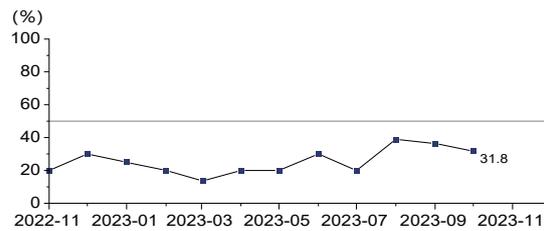
The production index registered 22.7%, a decrease of 12.3 percentage points from the previous month, was below the critical value for 12 consecutive months, indicating that the production volume of the superior timber enterprises represented by the GTI-Malaysia was much less than that of last month.



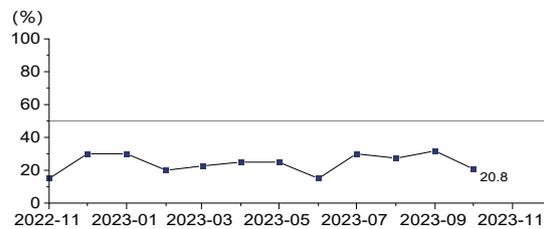
The new orders index registered 29.2%, a decrease of 7.2 percentage point from the previous month, was below the critical value for 12 consecutive months, indicating that the number of new orders of the superior timber enterprises represented by the GTI-Malaysia was less than that of last month.



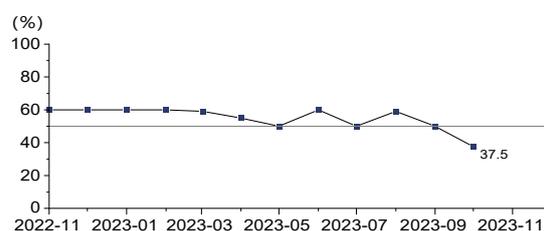
The export orders index registered 31.8%, a decrease of 4.6 percentage points from the previous month, was below the critical value for 12 consecutive months, indicating that the number of export orders of the superior timber enterprises represented by the GTI-Malaysia was less than that of last month.



The existing orders index registered 20.8%, a decrease of 11.0 percentage points from the previous month, was below the critical value for 12 consecutive months, indicating that the number of existing orders of the superior timber enterprises represented by the GTI-Malaysia was much less than that of last month.

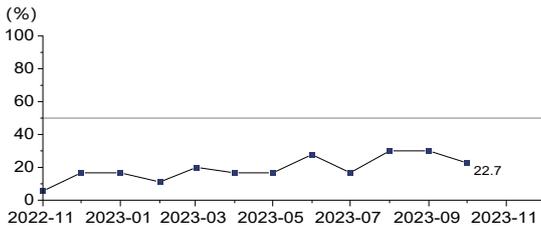


The inventory index of finished products registered 37.5%, a decrease of 12.5 percentage points from the previous month, fell below the critical value, indicating that the inventory of finished products of the superior timber enterprises represented by the GTI-Malaysia was less than that of last month.

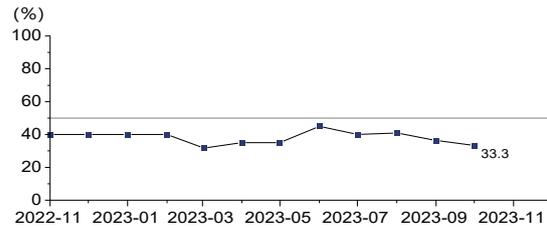




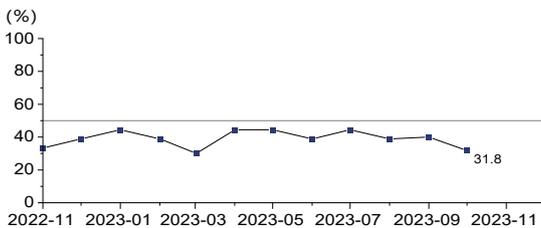
The purchase quantity index registered 22.7%, a decrease of 7.3 percentage points from the previous month, was below the critical value for 12 consecutive months, indicating that the purchase quantity of the superior timber enterprises represented by the GTI-Malaysia was much less than that of last month.



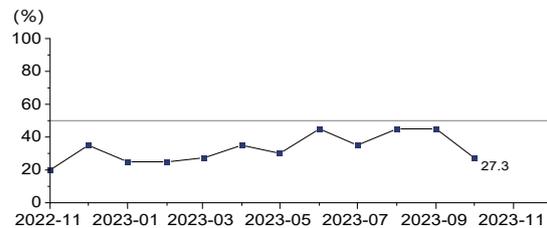
The production and management employees index registered 33.3%, a decrease of 3.1 percentage points from the previous month, was below the critical value for 12 consecutive months, indicating that the number of employees in the superior timber enterprises represented by the GTI-Malaysia was less than that of last month.



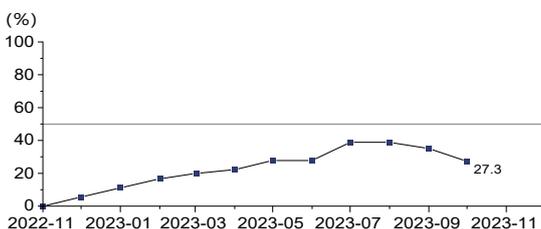
The purchase price index registered 31.8%, a decrease of 8.2 percentage points from the previous month, was below the critical value for 12 consecutive months, indicating that the purchase price of the superior timber enterprises represented by the GTI-Malaysia was lower than that of last month.



The delivery time index registered 27.3%, a decrease of 17.7 percentage points from the previous month, was below the critical value for 12 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 27.3%, a decrease of 7.7 percentage points from the previous month, was below the critical value for 12 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.

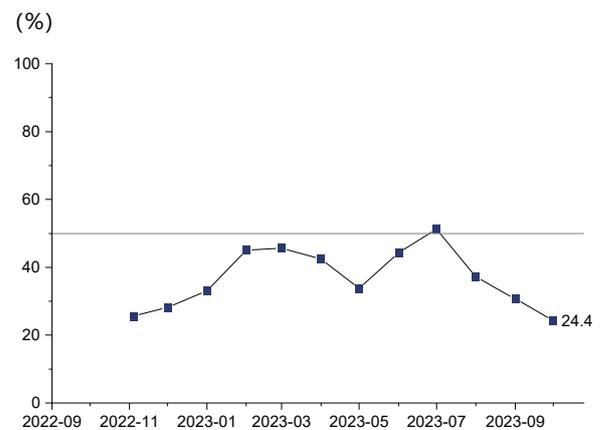


# GTI-Gabon Index in October 2023

In recent years, timber products have overtaken manganese ore as Gabon’s second largest export product after oil. Gabon has become Africa’s second largest producer of sawn timber (10th in the world) and the largest producer of veneer (2nd in the world). Recently, logistics-related problems, especially frequent accidents and poor road conditions during the rainy season, have adversely affected the supply of timber to plants, especially those located in the Gabon Special Economic Zone NKOK. According to the latest economic report released by the Ministry of Economy, by the end of the second quarter of 2023, the production volume of the timber industry dropped by 29% compared to the same period in 2022, down from 1.3 million cubic meters at the end of June 2022 to 0.982 cubic meters at the end of June 2023. The growth speed of timber demand from Asia and the Middle East had slowed down, which also imposed a negative impact on the export of timber from Gabon.

In October, GTI-Gabon enterprises reported that the timber market in Gabon continued to slow down, and the sales of logs and plywood declined significantly. Besides, the slow issuance of documents by the administrative department restricted the export by enterprises. On the other hand, after

**GTI-Gabon Index**



the country entered the rainy season, the raw materials for enterprises' production were in short supply, and the prices of fuel remained high. The enterprises hoped that the transitional government would be concerned more about the timber market and roll out policies to ease the pressure on enterprises. This month, the GTI-Gabon index registered 24.4%, a decrease of 6.3 percentage points from the previous month, was below the critical value (50%) for 3 consecutive months, indicating that the business prosperity of the superior timber enterprises represented by the GTI-Gabon index shrank significantly from last month.

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## Main Challenges Reported by GTI-Gabon Enterprises

- The transportation speed of raw materials was affected by heavy rain.
- Rising fuel prices led to an increase in production costs.
- Sales of logs and plywood become difficult.
- Besides the lack of railway transportation vehicles, the overall condition of the roads was poor, and the export of goods was difficult.
- The Asian and European markets slowed down, resulting in a decrease in export orders, and a significant decrease in the number of orders from Chinese market.
- In the past four months, the slow issuance of administrative documents by the forestry authority had significantly slowed down export business.

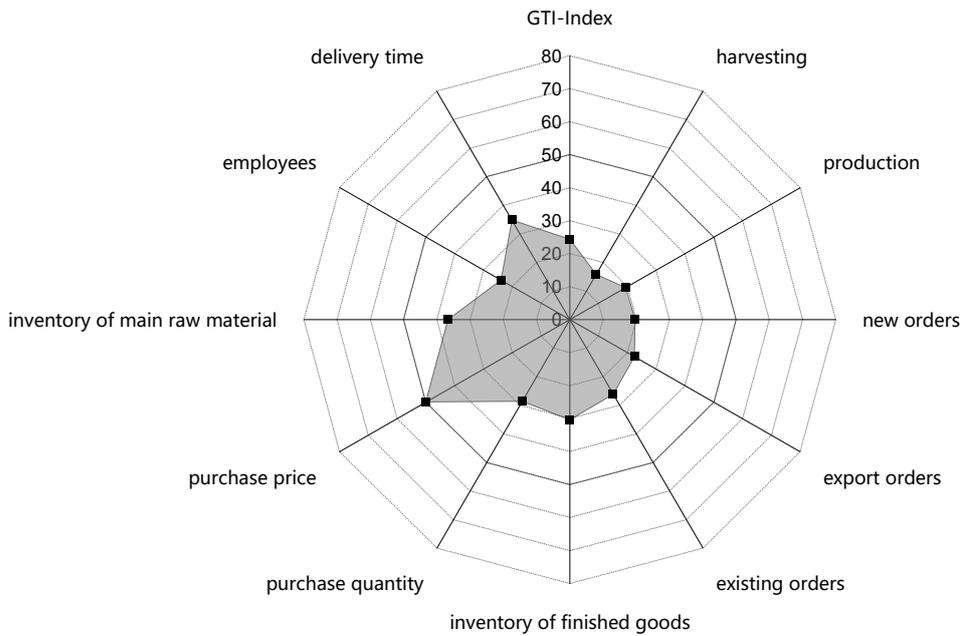
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## Main Suggestions from GTI-Gabon Enterprises

- The country may roll out relevant supporting policies to reduce the burden of enterprises.
- Enterprises may increase communication with foreign customers.
- The transitional government should be concerned more about the timber market and improve transport facilities for enterprises.
- Optimize administrative procedures and speed up the approval and issuance of administrative documents.
- Expand the scope of product certification to increase orders.

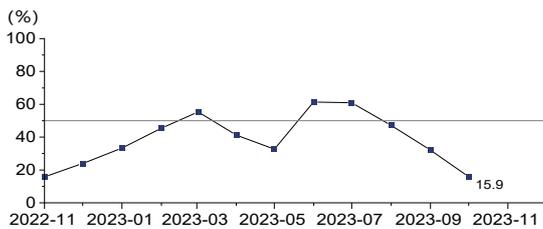
## GTI-Gabon sub-index

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

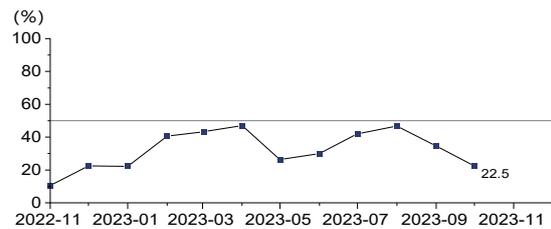


GTI-Gabon sub-index

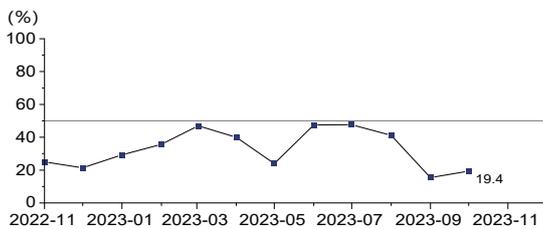
The harvesting index registered 15.9%, a decrease of 16.2 percentage points from the previous month, was below the critical value for 3 consecutive months, indicating that the harvesting volume of the superior timber enterprises represented by the GTI-Gabon was much less than that of last month.



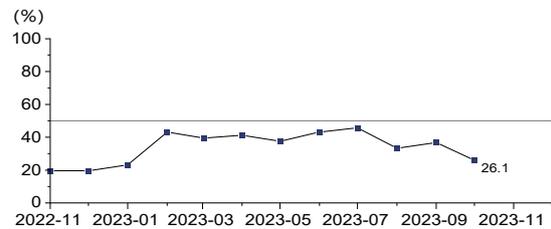
The export orders index registered 22.5%, a decrease of 12.1 percentage points from the previous month, was below the critical value for 12 consecutive months, indicating that the number of export orders of the superior timber enterprises represented by the GTI-Gabon was much less than that of last month.



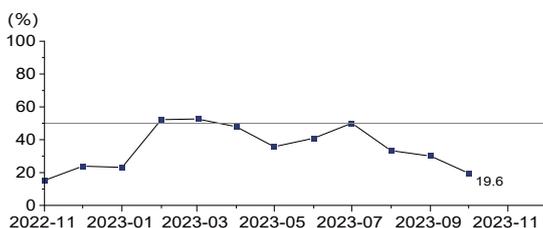
The production index registered 19.4%, an increase of 4.0 percentage points from the previous month, was below the critical value for 12 consecutive months, indicating that the production volume of the superior timber enterprises represented by the GTI-Gabon was much less than that of last month.



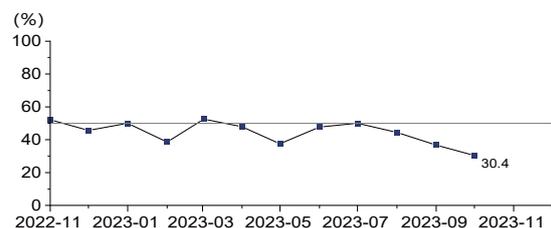
The existing orders index registered 26.1%, a decrease of 10.6 percentage points from the previous month, was below the critical value for 12 consecutive months, indicating that the number of existing orders of the superior timber enterprises represented by the GTI-Gabon was less than that of last month.



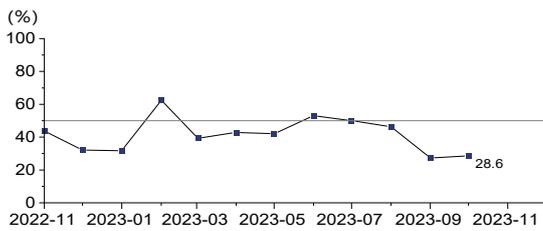
The new orders index registered 19.6%, a decrease of 10.4 percentage points from the previous month, was below the critical value for 3 consecutive months, indicating that the number of new orders of the superior timber enterprises represented by the GTI-Gabon was much less than that of last month.



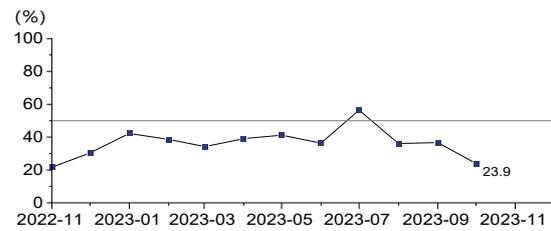
The inventory index of finished products registered 30.4%, a decrease of 6.3 percentage points from the previous month, was below the critical value for 3 consecutive months, indicating that the inventory of finished products of the superior timber enterprises represented by the GTI-Gabon was less than that of last month.



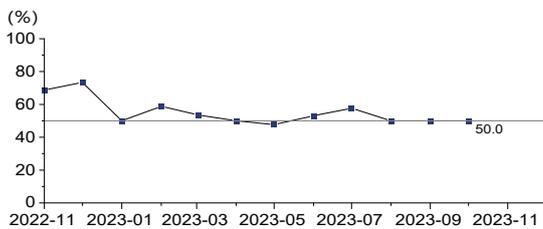
The purchase quantity index registered 28.6%, an increase of 1.3 percentage points from the previous month, was below the critical value for 3 consecutive months, indicating that the purchase quantity of the superior timber enterprises represented by the GTI-Gabon was less than that of last month.



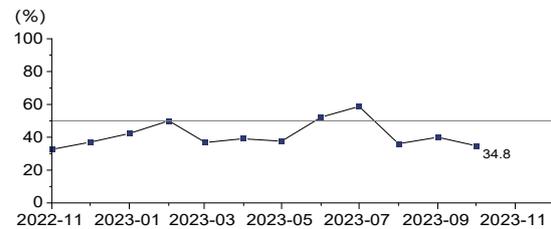
The production and management employees index registered 23.9%, a decrease of 12.8 percentage points from the previous month, was below the critical value for 3 consecutive months, indicating that the number of employees in the superior timber enterprises represented by the GTI-Gabon was much less than that of last month.



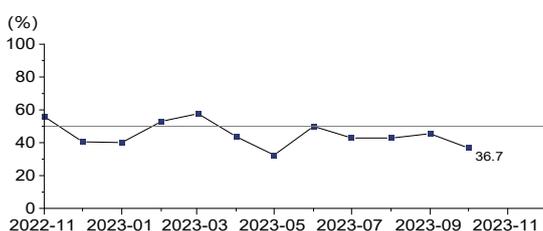
The purchase price index registered 50.0%, same with the previous month, was equal to the critical value for 3 consecutive months, indicating that the purchase price of the superior timber enterprises represented by the GTI-Gabon was the same with that of last month.



The delivery time index registered 34.8%, a decrease of 5.2 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-Gabon was shorter than that of last month.



The inventory index of main raw materials registered 36.7%, a decrease of 8.8 percentage points from the previous month, was below the critical value for 4 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.

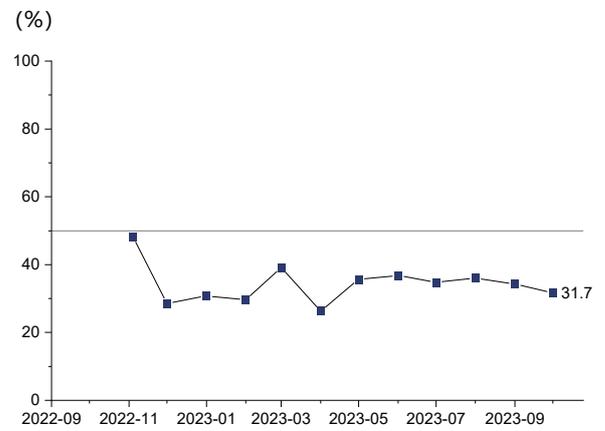


# GTI-ROC Index in October 2023

Data released by the World Bank showed that driven by the oil and other industrial sectors, the economy of the Republic of Congo (ROC) continues to recover in 2023. It's expected that the GDP growth rate in 2023 will be 3.2%, following a growth rate of 1.5% in 2022, and the average growth rate from 2024 to 2025 may reach 3.5%. However, there are downside risks to this expectation under the influence of unfavorable factors such as fluctuations in international oil prices, unstable oil production, intensifying international conflicts, and further tightening of international markets. On October 23, the inauguration ceremony of the Brazzaville Business Center project undertaken by Chinese enterprises was held in capital Brazzaville, President Sassou cut the ribbon during the event. After being put into use, the business center is expected to provide a large number of job opportunities and contribute positively to the development of local economy.

In October 2023, the downturn in the country's timber production volume and export volume eased, however, there were less orders for enterprises and the inventory of raw materials showed an increasing trend. GTI-ROC enterprises reported that the local fuel supply was insufficient,

**GTI-ROC Index**



the roads were in poor condition, and there was a lack of transportation facilities. Some enterprises also reported complicated approval process for administrative documents and a lack of skilled workers. ROC enterprises continued to call on government departments to increase road maintenance, ensure fuel supply, and provide more support to enterprises in terms of administrative approval. This month, the GTI-ROC index registered 31.7%, a decrease of 2.5 percentage points from the previous month, was below the critical value (50%) for 12 consecutive months, indicating that the business prosperity of the superior timber enterprises represented by the GTI-ROC index shrank from last month.

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## Main Challenges Reported by GTI-ROC Enterprises

- Complicated approval process for administrative documents.
- Lack of skilled labor.
- Sluggish international timber market and insufficient orders.
- Insufficient fuel supply and rising prices.
- Poor road conditions, lack of transportation facilities, and slow logistics.
- Decreased production volume of logs, due to the export ban.
- Reduced outdoor working hours and production volume, due to the heavy rain.

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## Main Suggestions from GTI-ROC Enterprises

- The forestry authority may provide more support for enterprises.
- Ensure fuel supply.
- Waive some taxes for the purpose of compensation.
- The government may provide support for road maintenance and bridge building, so as to ensure smooth logistics.
- The forestry authority should voice more concern about the suggestions of enterprises, so as to promote the development of tropical timber market in the Congo Basin.

## GTI-ROC sub-index

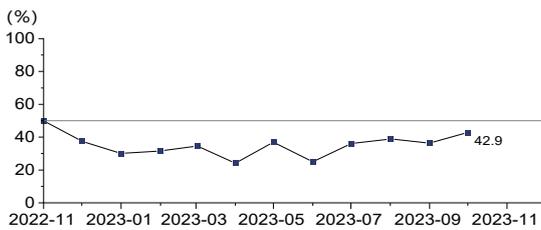
As for the GTI-ROC sub-index, in October 2023, the inventory index of main raw materials was above the critical value, the purchase price index was equal to the critical value, while the remaining 9 sub-indices were below the critical value.



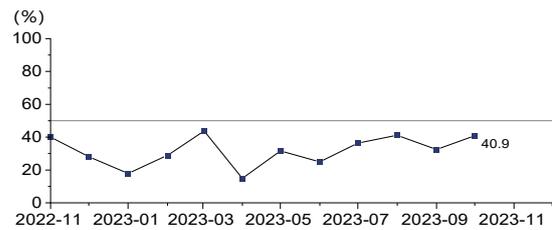
GTI-ROC sub-index



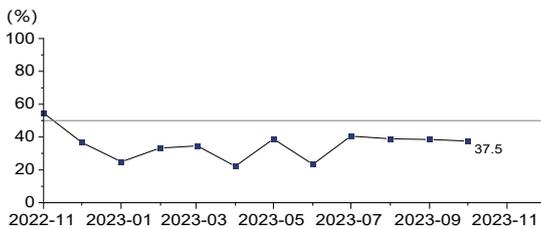
The harvesting index registered 42.9%, an increase of 6.5 percentage points from the previous month, was below the critical value for 11 consecutive months, indicating that the harvesting volume of the superior timber enterprises represented by the GTI-ROC was less than that of last month.



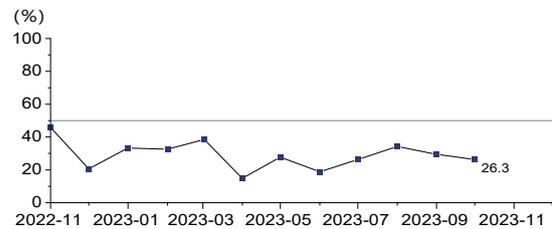
The export orders index registered 40.9%, an increase of 8.5 percentage points from the previous month, was below the critical value for 12 consecutive months, indicating that the number of export orders of the superior timber enterprises represented by the GTI-ROC was less than that of last month.



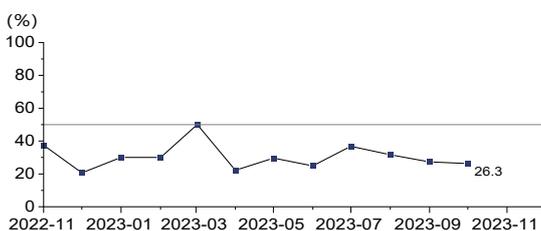
The production index registered 37.5%, a decrease of 1.1 percentage points from the previous month, was below the critical value for 11 consecutive months, indicating that the production volume of the superior timber enterprises represented by the GTI-ROC was less than that of last month.



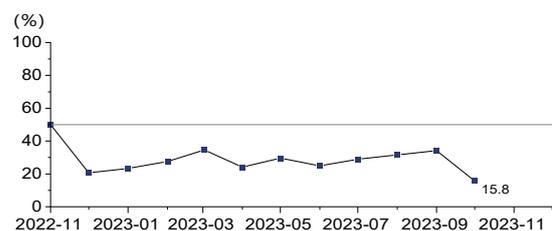
The existing orders index registered 26.3%, a decrease of 3.2 percentage points from the previous month, was below the critical value for 12 consecutive months, indicating that the number of existing orders of the superior timber enterprises represented by the GTI-ROC was less than that of last month.



The new orders index registered 26.3%, a decrease of 1.0 percentage point 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-ROC was less than that of last month.

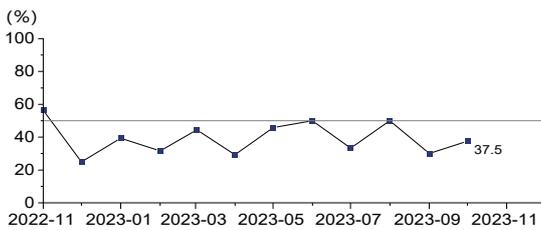


The inventory index of finished products registered 15.8%, a decrease of 18.3 percentage points from the previous month, was below the critical value for 11 consecutive months, indicating that the inventory of finished products of the superior timber enterprises represented by the GTI-ROC was much less than that of last month.

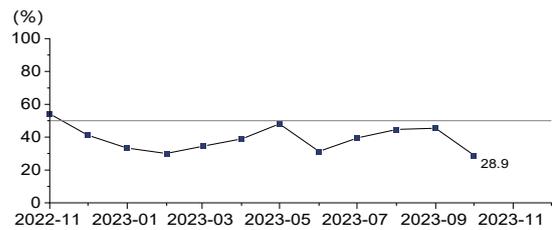




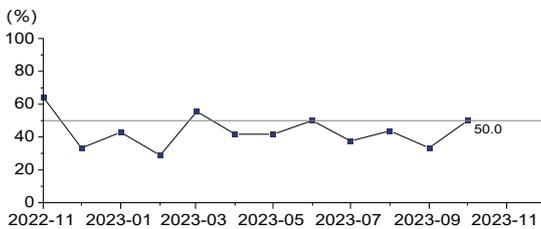
The purchase quantity index registered 37.5%, an increase of 7.5 percentage points from the previous month, was below the critical value for 2 consecutive months, indicating that the purchase quantity of the superior timber enterprises represented by the GTI-ROC was less than that of last month.



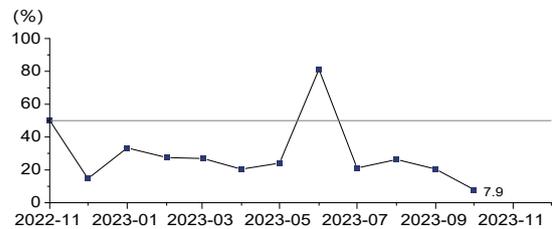
The production and management employees index registered 28.9%, a decrease of 16.6 percentage points from the previous month, was below the critical value for 11 consecutive months, indicating that the number of employees in the superior timber enterprises represented by the GTI-ROC was less than that of last month.



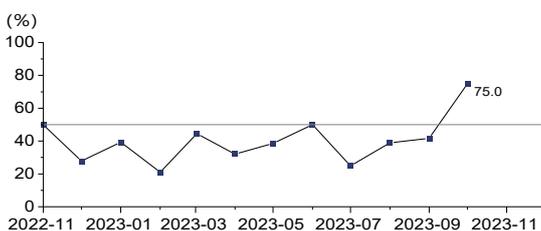
The purchase price index registered 50.0%, an increase of 16.7 percentage points from the previous month, rose to the critical value after 3 months, indicating that the purchase price of the superior timber enterprises represented by the GTI-ROC was the same with that of last month.



The delivery time index registered 7.9%, a decrease of 12.6 percentage points from the previous month, was below the critical value for 4 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.



The inventory index of main raw materials registered 75.0%, an increase of 33.3 percentage points from the previous month, rose above the critical value after 3 months, indicating that the inventory of main raw materials of the superior timber enterprises represented by the GTI-ROC was more than that of last month.

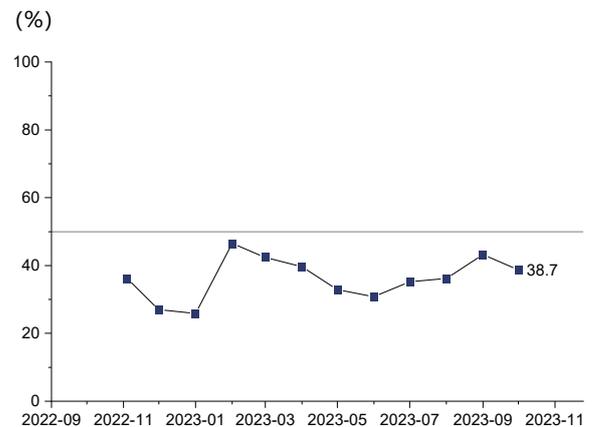


# GTI-Brazil Index in October 2023

Brazil is expected to return to the ranking of the world's top ten largest economies in 2023 as it may overtake Canada as the ninth-largest economy, according to estimates from the latest World Economic Outlook released by the International Monetary Fund (IMF). Meanwhile, the IMF raised its growth projection for Brazil's economy from 2.1% to 3.1% in 2023. Data from Brazil's Secretariat of Foreign Trade (Secex) showed that in October this year, Brazil's exports hit US\$29.484 billion and imports reached US\$20.525 billion, with a trade surplus of US\$8.958 billion.

In the forest sector, data from the association Brazilian Tree Industry (Ibá) showed that consumption of wood-based panels in Brazil fell by 1.4% in the second quarter of 2023 compared to the same period last year, down from 1.74 million cubic meters to 1.72 million cubic meters, due to lower demand in the international timber market. In the first half of this year, Latin American countries remained the main export destinations for wood-based panels from Brazil, with an export value of US\$80.4 million, down 36% from US\$126 million in 2022; This was followed by the North American market, with exports of \$33.5 million, down 69% compared to \$107.1 million in 2022. Another news is that State Secretariat of Environment of Mato Grosso in Brazil recently issued a new regulation on timber harvesting that would improve harvesting processes and reduce

**GTI- Brazil Index**



the possibility of fraud, according to the report of Official Gazette.

In October this year, the overall performance of GTI-Brazil enterprises were still declining, while orders from international markets were insufficient, and heavy rains delayed enterprises' field operations and product transportation. At the same time, due to the sharp increase in Brazil's agricultural exports, freight costs had risen, further compressing the export profit margins of timber enterprises. This month, the GTI-Brazil index registered 38.7%, a decrease of 4.6 percentage points from the previous month, was below the critical value (50%) for 12 consecutive months, indicating that the business prosperity of the superior timber enterprises represented by the GTI-Brazil index shrank from last month, and the contraction expanded.

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## Main Challenges Reported by GTI-Brazil Enterprises

- Low demand in foreign markets, especially in Europe.
- The high tax burden, making it difficult to compete.
- Heavy rains, which impacted on field operations and logistics speed.
- Competition with agricultural commodities (cotton in particular) for limited containers made freight more expensive.
- Low market recognition of new hardwood species such as Australian cedar (*Toona Ciliata*) and African mahogany (*Khaya Grandifoliola*).

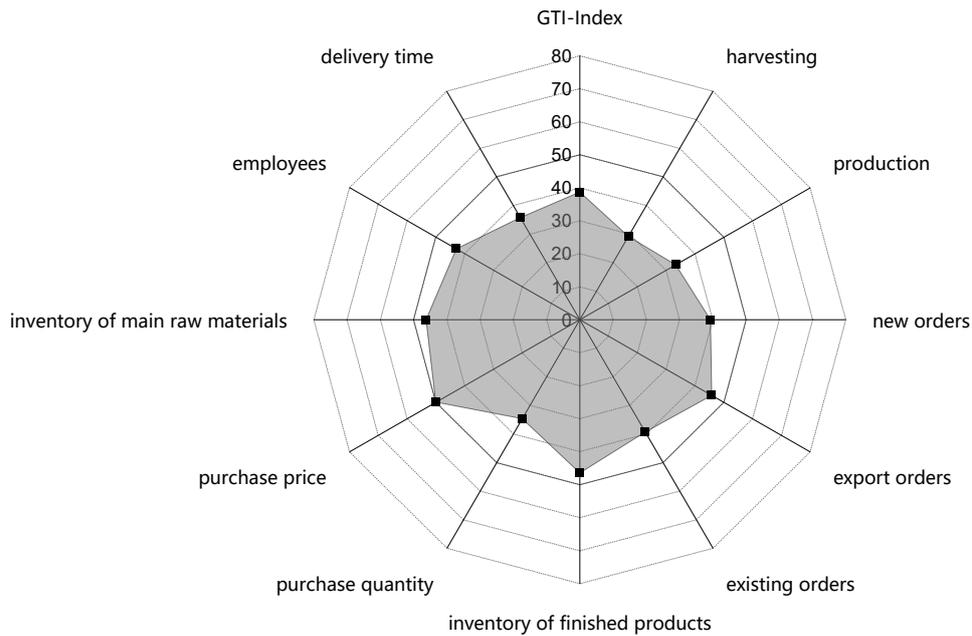
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## Main Suggestions from GTI-Brazil Enterprises

- Plan field operations according to the climatic seasonality.
- Wait for the market to heat up and look for cheaper raw materials.
- Look for new markets and sell cheaper timber species.
- Make analysis on internal storage of finished products in order to minimize costs at the port.
- Increase market recognition of new hardwood species such as Australian cedar (*Toona Ciliata*) and African mahogany (*Khaya Grandifoliola*).
- Reduce tax burden on enterprises and boost the development of timber industry through tax incentives (suggestion to the forestry authorities).

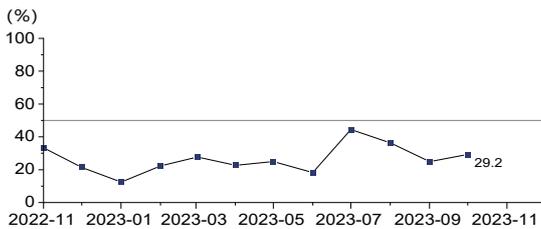
## GTI-Brazil sub-index

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

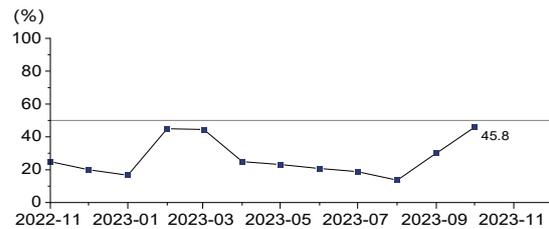


GTI-Brazil sub-index

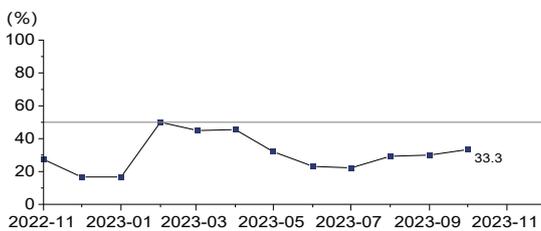
The harvesting index registered 29.2%, an increase of 4.2 percentage points from the previous month, was below the critical value for 12 consecutive months, indicating that the harvesting volume of the superior timber enterprises represented by the GTI-Brazil was less than that of last month.



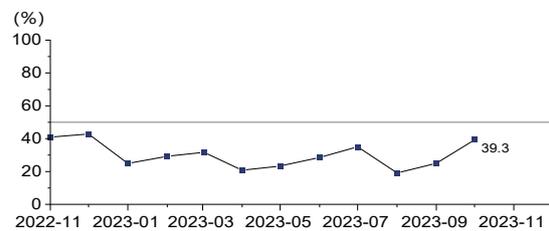
The export orders index registered 45.8%, an increase of 15.8 percentage points from the previous month, was below the critical value for 12 consecutive months, indicating that the number of export orders of the superior timber enterprises represented by the GTI-Brazil was less than that of last month.



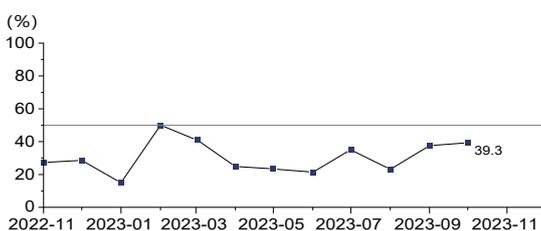
The production index registered 33.3%, an increase of 3.3 percentage points from the previous month, was below the critical value for 8 consecutive months, indicating that the production volume of the superior timber enterprises represented by the GTI-Brazil was less than that of last month.



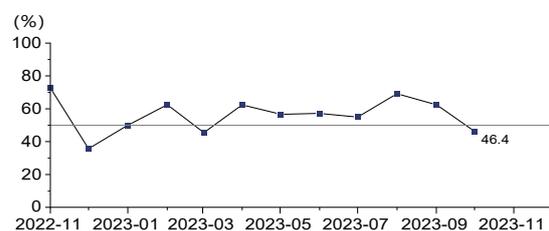
The existing orders index registered 39.3%, an increase of 14.3 percentage points from the previous month, was below the critical value for 12 consecutive months, indicating that the number of existing orders of the superior timber enterprises represented by the GTI-Brazil was less than that of last month.



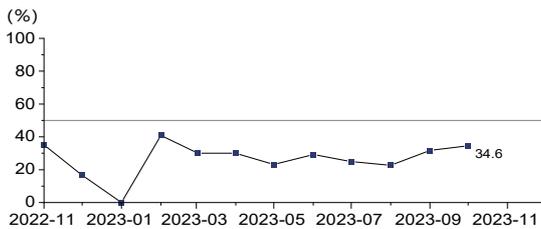
The new orders index registered 39.3%, an increase of 1.8 percentage points from the previous month, was below the critical value for 8 consecutive months, indicating that the number of new orders of the superior timber enterprises represented by the GTI-Brazil was less than that of last month.



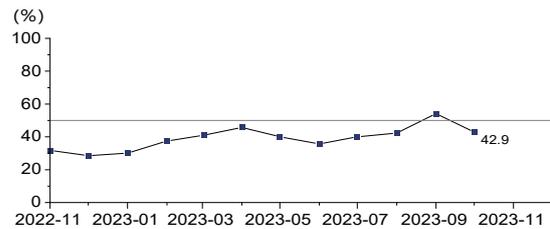
The inventory index of finished products registered 46.4%, a decrease of 16.1 percentage points from the previous month, fell below the critical value after 6 months, indicating that the inventory of finished products of the superior timber enterprises represented by the GTI-Brazil was less than that of last month.



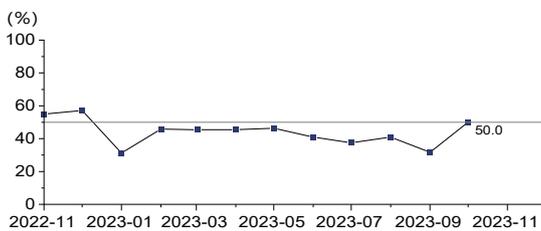
The purchase quantity index registered 34.6%, an increase of 2.8 percentage points from the previous month, was below the critical value for 12 consecutive months, indicating that the purchase quantity of the superior timber enterprises represented by the GTI-Brazil was less than that of last month.



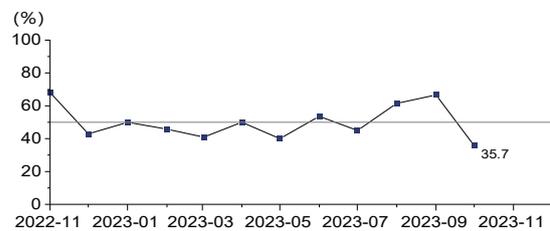
The production and management employees index registered 42.9%, a decrease of 11.3 percentage points from the previous month, fell below the critical value after one month, indicating that the number of employees in the superior timber enterprises represented by the GTI-Brazil was less than that of last month.



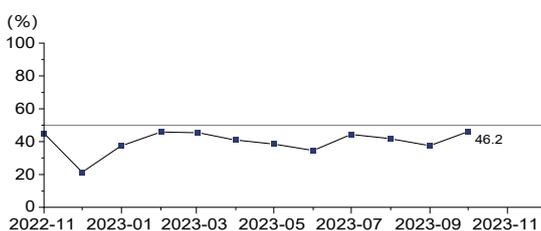
The purchase price index registered 50.0%, an increase of 18.2 percentage points from the previous month, rose to the critical value after 9 months, indicating that the purchase price of the superior timber enterprises represented by the GTI-Brazil was the same with that of last month.



The delivery time index registered 35.7%, a decrease of 31.0 percentage points from the previous month, fell below the critical value after 2 months, indicating that the delivery time from the supplier to the superior timber enterprises represented by the GTI-Brazil was shorter than that of last month.



The inventory index of main raw materials registered 46.2%, an increase of 8.7 percentage points from the previous month, was below the critical value for 12 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.

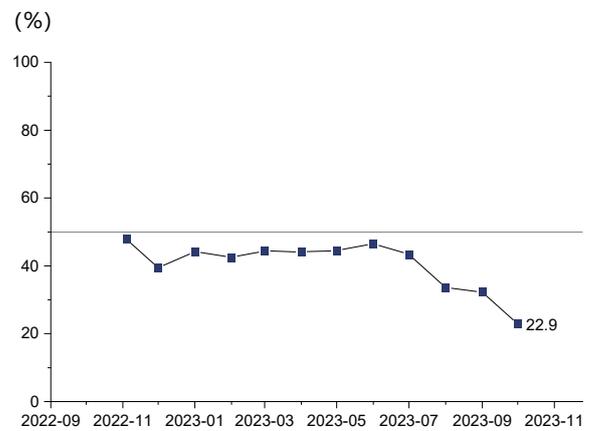


# GTI-Mexico Index in October 2023

Preliminary estimates by Mexico's National Institute of Statistics and Geography (INEGI) suggest the country's economy grew for the eighth consecutive quarter, driven by both domestic consumption and industrial activities. In the third quarter of 2023, this second-largest economy in Latin America saw a 0.9 percent increase in gross domestic product (GDP) compared to the previous three months, which mainly benefited from a 3.2 percent growth in the primary sector and 1.4 percent growth in the secondary sector. For the purpose of encouraging investment and near-shore outsourcing, Mexico's Ministry of Finance issued a new decree on October 11, which stipulated: (1) increase the rate of investment deduction from 56% in 2023 to 89% in 2024 in the next two years; (2) in the field of human resources investment, additional tax cuts within the range of 25% may be provided for costs of talent training. The decree came into effect on October 13 and applies to more than 10 export-oriented industries such as automobiles, batteries, and electronic equipment.

In October this year, GTI- Mexico enterprises reported that domestic wood products were at a disadvantage in competition with low-priced

**GTI- Mexico Index**



products from abroad, and there was great pressure on business operations against the backdrop of downturn in the international timber market. At the same time, problems related to rainfall, power supply, administrative approvals and some other issues had also restricted enterprises' production and operations. This month, the GTI-Mexico index registered 22.9%, a decrease of 9.4 percentage points from the previous month, was below the critical value (50%) for 12 consecutive months, indicating that the business prosperity of the superior timber enterprises represented by the GTI-Mexico index shrank significantly from last month, and the contraction expanded.

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## Main Challenges Reported by GTI-Mexico Enterprises

- Insufficient power supply for enterprises.
- Reduced outdoor working hours due to the rain.
- Low-priced forest products from Asia and South America, impacting on the domestic market.
- Insufficient workers at enterprises.
- Authorities' long response time and slow approval of timber documents.
- Low demand for sawn timber and a drop in the prices.
- Lower demand for timber products, as a result of a downturn in the construction sector of Mexico.

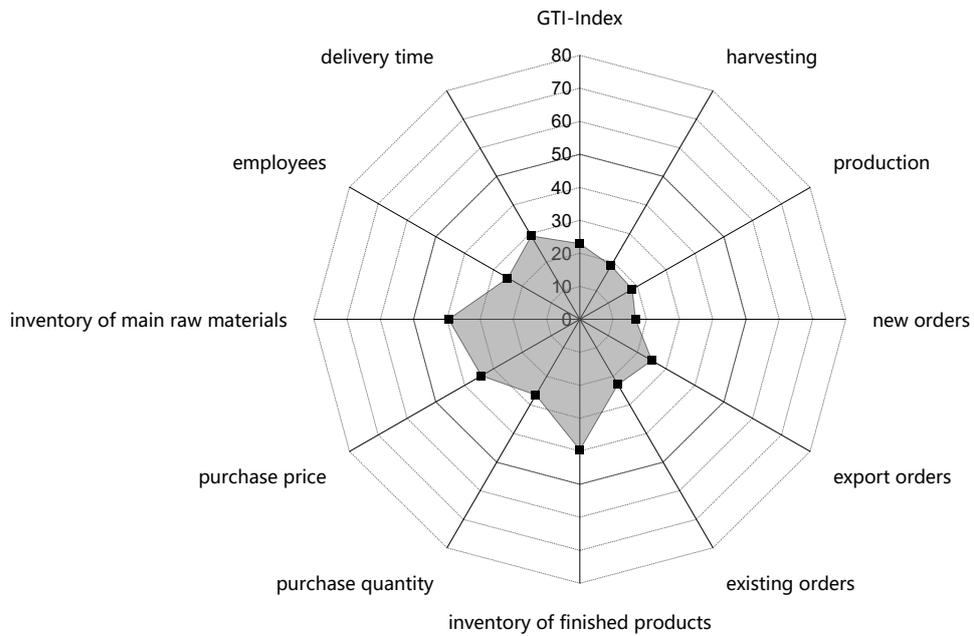
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## Main Suggestions from GTI-Mexico Enterprises

- Enterprises should enhance dialogue with the Federal Electricity Commission.
- Reduce log prices and limit the import of products.
- Increase promotion for domestic wood products.
- Increase training for young staff.
- Impose tariffs on imported timber and ensure market space of domestic products.
- Have regular training from government agencies regarding changes to regulations. Strengthen trade links between industrialists and suppliers of raw materials to adjust prices in line with the trade balance of timber products.
- Look for new markets, and diversify products.
- Increase investment in new projects such as schools, hospitals, ports, roads and railways, to stimulate the development of the construction sector.
- The government may provide policy support for the timber market.
- Streamline administrative approval procedures.

## GTI-Mexico sub-index

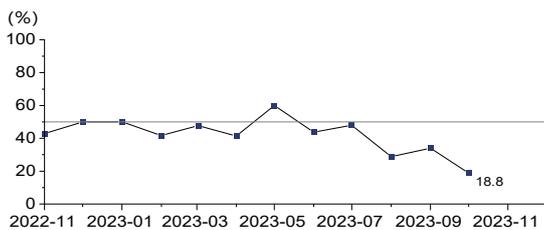
As for the GTI-Mexico sub-index, in October 2023, the 11 sub-indexes were all below the critical value.



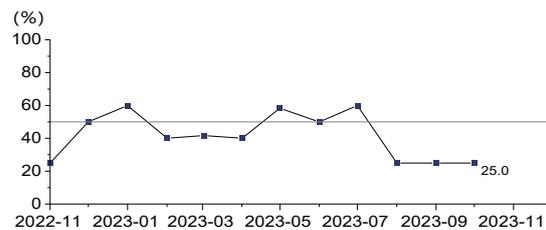
GTI-Mexico sub-index



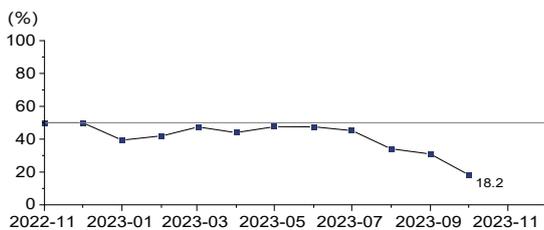
The harvesting index registered 18.8%, a decrease of 15.2 percentage points from the previous month, was below the critical value for 5 consecutive months, indicating that the harvesting volume of the superior timber enterprises represented by the GTI-Mexico was much less than that of last month.



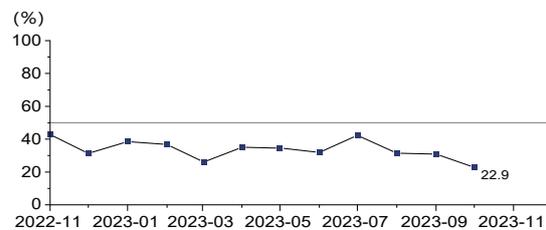
The export orders index registered 25.0%, same with the previous month, was below the critical value for 3 consecutive months, indicating that the number of export orders of the superior timber enterprises represented by the GTI-Mexico was less than that of last month.



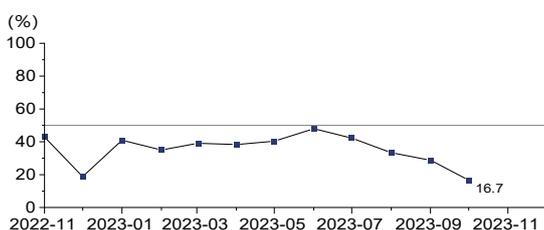
The production index registered 18.2%, a decrease of 12.8 percentage points from the previous month, was below the critical value for 10 consecutive months, indicating that the production volume of the superior timber enterprises represented by the GTI-Mexico was much less than that of last month.



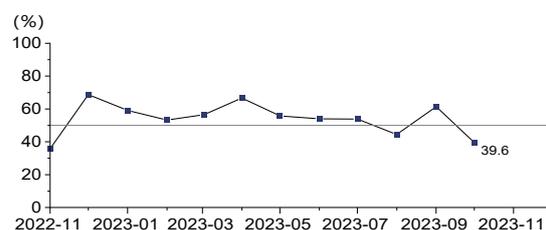
The existing orders index registered 22.9%, a decrease of 7.9 percentage points from the previous month, was below the critical value for 12 consecutive months, indicating that the number of existing orders of the superior timber enterprises represented by the GTI-Mexico was less than that of last month.



The new orders index registered 16.7%, a decrease of 12.1 percentage points from the previous month, was below the critical value for 12 consecutive months, indicating that the number of new orders of the superior timber enterprises represented by the GTI-Mexico was much less than that of last month.

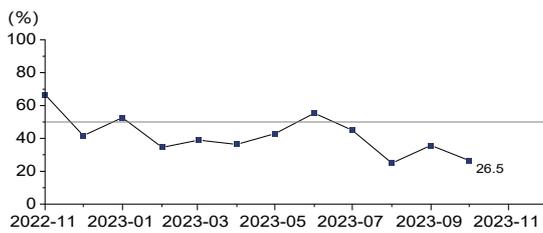


The inventory index of finished products registered 39.6%, a decrease of 21.9 percentage points from the previous month, fell below the critical value after 1 month, indicating that the inventory of finished products of the superior timber enterprises represented by the GTI-Mexico was less than that of last month.

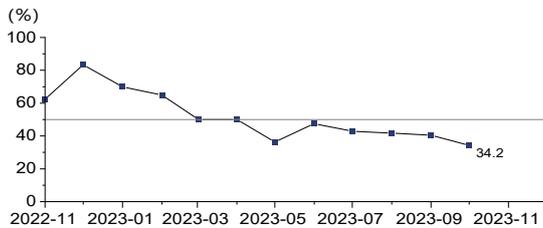




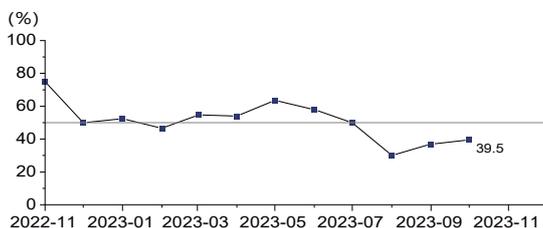
The purchase quantity index registered 26.5%, a decrease of 9.2 percentage points from the previous month, was below the critical value for 4 consecutive months, indicating that the purchase quantity of the superior timber enterprises represented by the GTI-Mexico was less than that of last month.



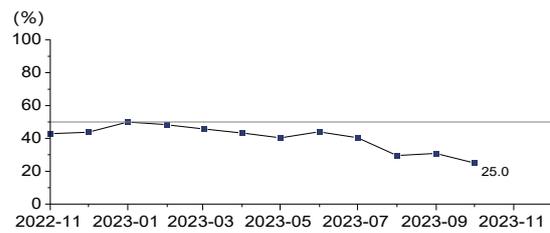
The purchase price index registered 34.2%, a decrease of 6.3 percentage points from the previous month, was below the critical value for 6 consecutive months, indicating that the purchase price of the superior timber enterprises represented by the GTI-Mexico was lower than that of last month.



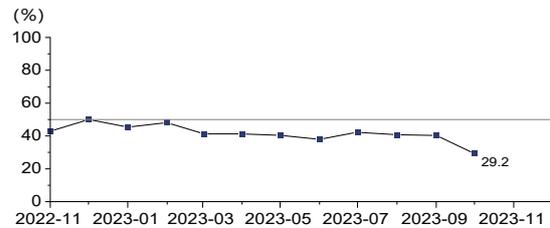
The inventory index of main raw materials registered 39.5%, an increase of 2.5 percentage points from the previous month, was below the critical value for 3 consecutive months, indicating that the inventory of main raw materials of the superior timber enterprises represented by the GTI-Mexico was less than that of last month.



The production and management employees index registered 25.0%, a decrease of 5.8 percentage points from the previous month, was below the critical value for 9 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 delivery time index registered 29.2%, a decrease of 11.2 percentage points from the previous month, was below the critical value for 10 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.

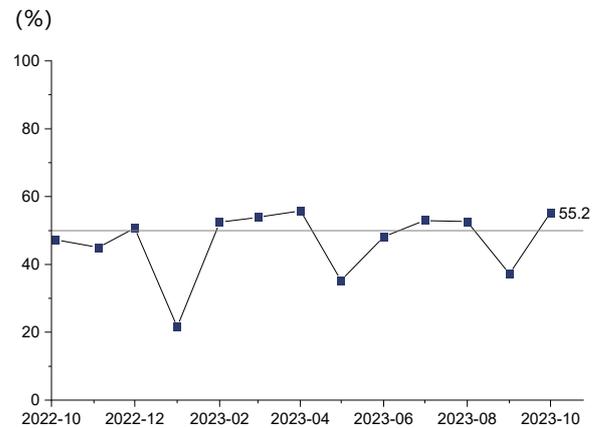


# GTI-China Index in October 2023

Data released by China's National Bureau of Statistics showed in the first three quarters of this year, China's gross domestic product (GDP) reached 9.13 billion yuan, a year-on-year increase of 5.2%. Among them, the contribution of consumption to economic growth continued to increase. Final consumption expenditure contributed to 94.8% percent of economic growth, driving GDP growth by 4.6 percentage points; the total retail sales of consumer goods reached 34.2 trillion yuan, a year-on-year increase of 6.8%; besides, the value created by the service sector increased by 6.0 percent year-on-year, and the per capita service consumption expenditure of residents grew by 14.2 percent year-on-year, indicating the pace of the recovery exceeded expectations. On November 2, the National Development and Reform Commission and other government agencies issued a three-year action plan to speed up substituting plastic with bamboo, encouraging public agencies to actively purchase relevant bamboo products that replace plastic, and in the fields of daily necessities, culture and tourism, encouraging the use of shopping bags and stationery made from bamboo instead of plastic. The three-year action plan also points out that the overall added value of the main products substituting plastic with bamboo shall increase by at least 20% by 2025.

In October this year, China's timber industry

**GTI- China Index**



showed stable and sound development momentum, driven by a series of policies for stimulating the real estate market and encouraging infrastructure investment in China. GTI-China enterprises reported that both production volume and domestic orders increased compared with the previous month, the import of raw materials such as wood was more active, and the prices of timber stopped falling and stabilized. However, on the other hand, the international demand was still relatively sluggish, and orders from overseas decreased compared with the previous month. This month, the GTI-China index recorded 55.2%, an increase of 17.9 percentage points compared to that of the previous month, rose above the critical value (50%) after one month, indicating that the business prosperity of the superior timber enterprises represented by the GTI-China index expanded from last month.



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## Products in Short Supply

Eucalyptus, Oak (Grade A), Wood Blank, Hardware Accessories.

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## Commodities with Price Decrease in this Period

Oak, Cumaru, Red Incienso, Urea, Methanol, Melamine, Waterproofing Agent.

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## Commodities with Price Increase in this Period (The underline represents an increase in some markets, but not in all markets)

Okan, Taun, Poplar, Wood Based Panel, Veneer, Wooden Materials, Wood-Based Composite Materials, Wood Blank, Brush Wood, Formaldehyde-Free Adhesive, Melamine, Urea, Formaldehyde, Leather, Sponge.

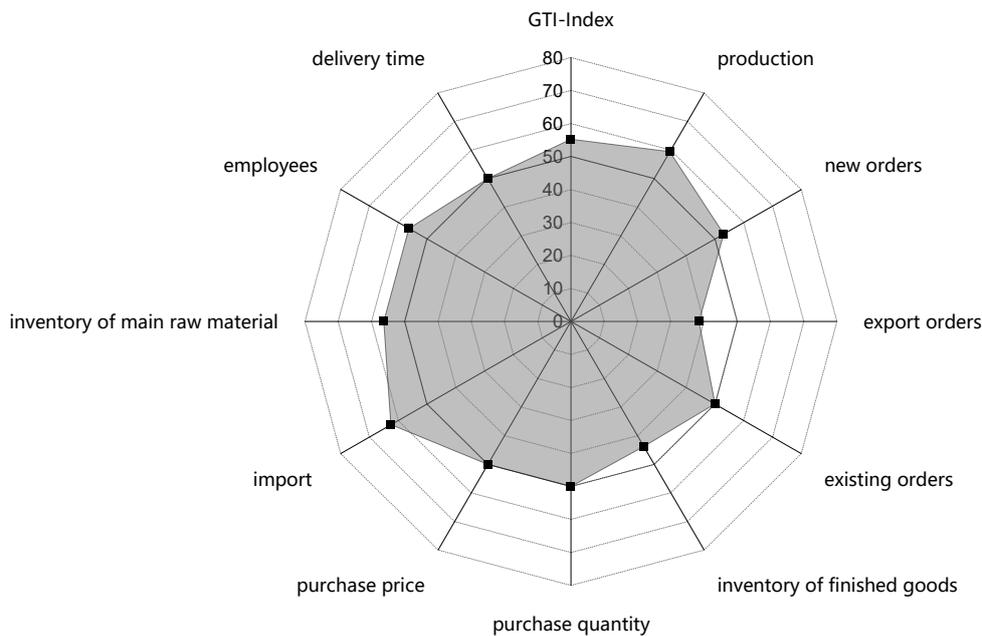
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## Main Challenges Reported by GTI-China Enterprises

- The prices of wood increased, resulting in higher costs for enterprises.
- The whole market was in a downturn.
- The delivery took too much time.

## GTI-China sub-index

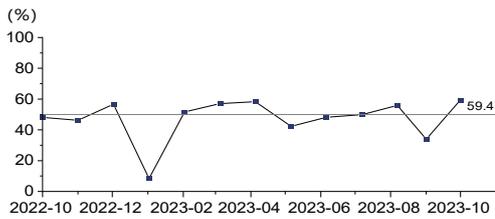
As for the GTI-China sub-index, in October 2023, five indexes were above the critical value, including production, new orders, import, inventory of main raw materials, and production and management employees; four indexes were equal to the critical value, including existing orders, purchase quantity, purchase price and delivery time, while the remaining 2 sub-indexes were below the critical value.



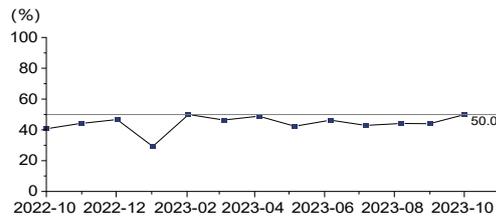
GTI-China sub-index



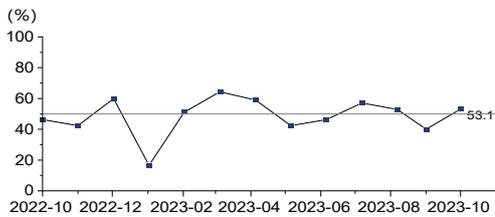
The production index registered 59.4%, an increase of 25.4 percentage points from the previous month, rose above the critical value after one month, indicating that the production volume of the superior timber enterprises represented by the GTI-China was more than that of last month.



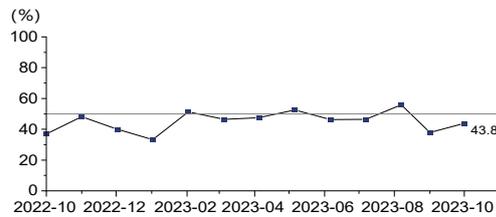
The existing orders index registered 50.0%, an increase of 6.0 percentage points from the previous month, rose to the critical value after 7 months, indicating that the number of existing orders of the superior timber enterprises represented by the GTI-China was the same with that of last month.



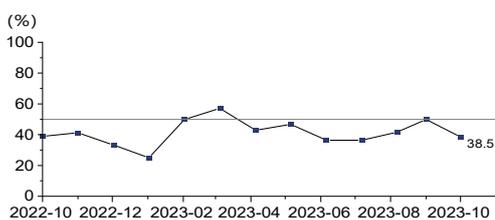
The new orders index registered 53.1%, an increase of 13.1 percentage points from the previous month, rose above the critical value after one month, indicating that the number of new orders of the superior timber enterprises represented by the GTI-China was more than that of last month.



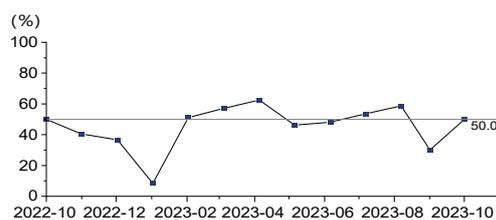
The inventory index of finished products registered 43.8%, an increase of 5.8 percentage points from the previous month, was below the critical value for 2 consecutive months, indicating that the inventory of finished products of the superior timber enterprises represented by the GTI-China was less than that of last month.



The export orders index registered 38.5%, a decrease of 11.5 percentage points from the previous month, fell below the critical value after one month, indicating that the number of export orders of the superior timber enterprises represented by the GTI-China was less than that of last month.

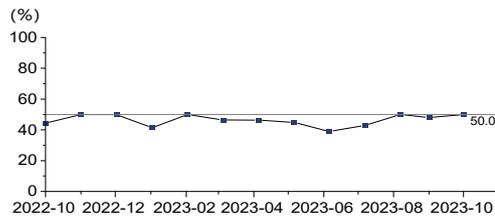


The purchase quantity index registered 50.0%, an increase of 20.0 percentage points from the previous month, rose to the critical value after one month, indicating that the purchase quantity of the superior timber enterprises represented by the GTI-China was the same with that of last month.

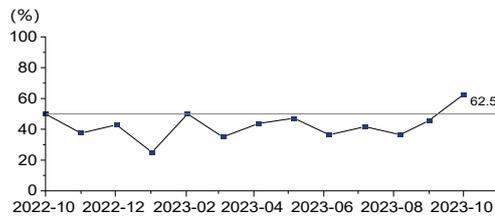




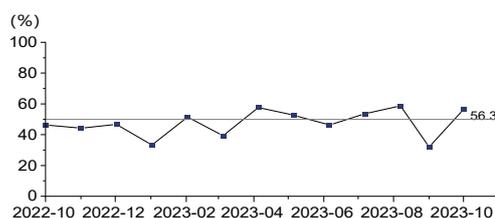
The purchase price index registered 50.0%, an increase of 2.0 percentage points from the previous month, rose to the critical value after one month, indicating that the purchase price of the superior timber enterprises represented by the GTI-China was the same with that of last month.



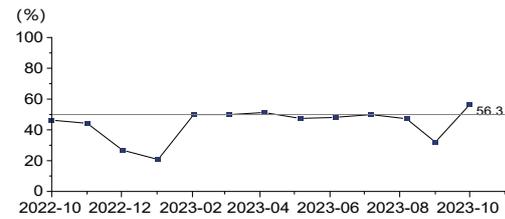
The import index registered 62.5%, an increase of 16.7 percentage points from the previous month, rose above the critical value after 7 months, indicating that the import volume of the superior timber enterprises represented by the GTI-China was more than that of last month.



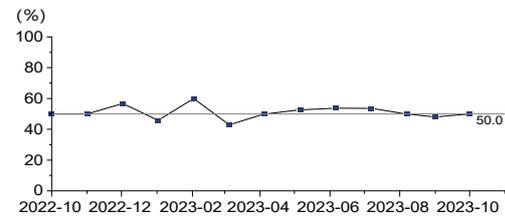
The inventory index of main raw materials registered 56.3%, an increase of 24.3 percentage points from the previous month, rose above the critical value after one month, indicating that the inventory of main raw materials of the superior timber enterprises represented by the GTI-China was more than that of last month.



The production and management employees index registered 56.3%, an increase of 24.3 percentage points from the previous month, rose above the critical value after 2 months, indicating that the number of employees in the superior timber enterprises represented by the GTI-China was more than that of last month.



The delivery time index registered 50.0%, an increase of 2.0 percentage points from the previous month, rose to the critical value after one month, indicating that the delivery time from the supplier to the superior timber enterprises represented by the GTI-China was the same with that of last month.



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## 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.

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## 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

## JOIN US

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