

# GLOBAL TIMBER INDEX GTI REPORT MONTHLY

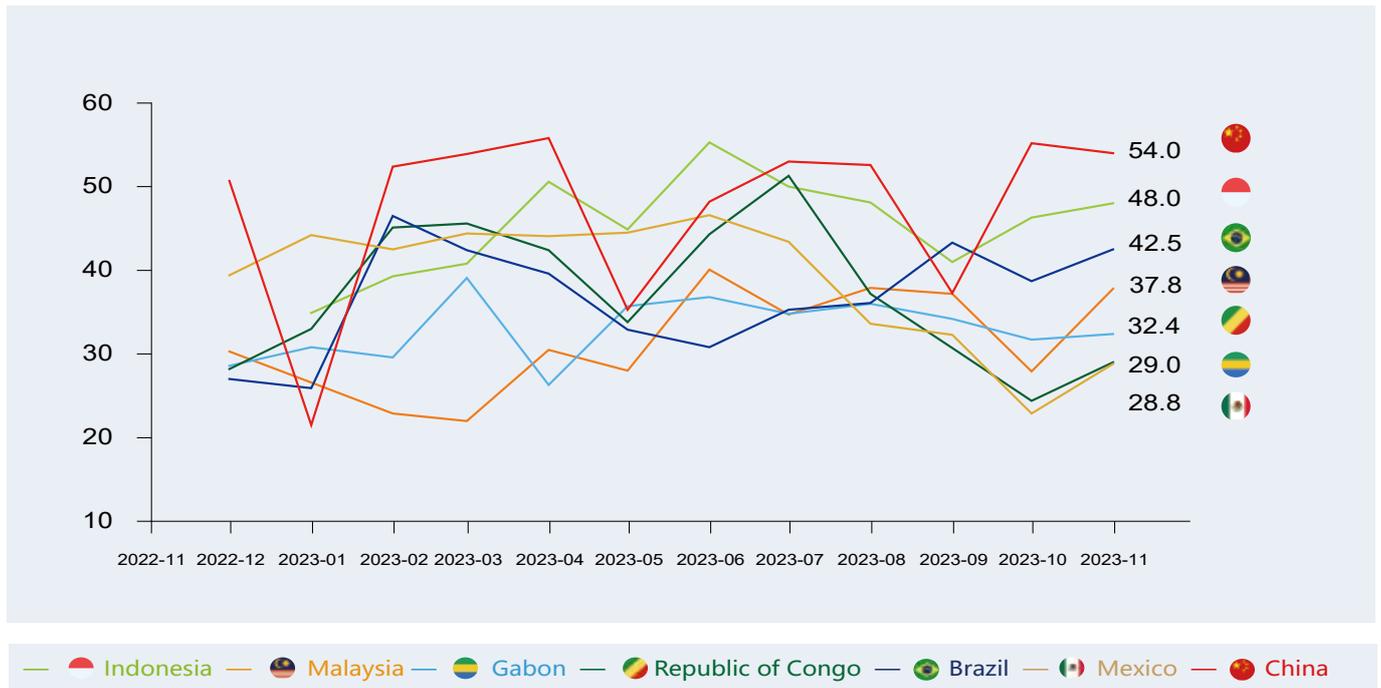
GGSC-No. 11/2023

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 industry downturn eases in GTI producing countries



The Global Timber Index (GTI) report in November 2023 revealed that the downturn in business prosperity had eased in some timber-producing countries (including Indonesia, Malaysia, Gabon, Republic of the Congo, Brazil and Mexico), as the GTI index values of the six countries had increased compared with the previous month, though still below the critical value (50%). Among them, Malaysia saw an increase of 9.9 percentage points, followed by Mexico (5.9 percentage points) and Gabon (4.6 percentage points), ranking among the top three GTI pilot countries in terms of growth rate.

As November is the traditional peak season for China's timber market, the market in this month stayed vibrant all along, with both market demand and supply increasing compared with the previous month. On November 21-22, the Global Legal & Sustainable Timber Forum (GLSTF) 2023 was held in Macao SAR, China. With the theme of "Connect, Cooperate and Share to Promote the Recovery of the Global Tropical Timber Market", the Forum had provided an important platform for not only promoting legal and sustainable timber trade, but also strengthening international cooperation and exchanges. For more information about the Forum, please visit the GLSTF website at [https://www.glstf.net/index\\_en.html](https://www.glstf.net/index_en.html).

This month, GTI pilot countries and sample enterprises had also shared updates on the timber market. For example, Brazilian enterprises reported large amounts of rain had greatly affected the speed of water and land transportation, and for some enterprises, this had resulted in a failure to make on-time delivery to customers; on the other hand, the reduced supply of logs caused by the rain had led to a more active demand for logs at this time of year, however, this did not indicate increased prosperity in wood production and manufacturing. Gabonese and Indonesian enterprises mentioned that the high prices of fuel oil (e.g., diesel) used by the industry had caused the production costs to increase. As for enterprises in Mexico, some of them reported stagnant production due to insufficient transportation capacity and the slow transport of logs from the forest to the sawmill. Indonesian enterprises noted that despite the current low log prices, the buyer's requirements for the products were still strict (super quality and FSC certified), and some enterprises called for incentives for wood and wood products sourced from sustainably managed and/or legal forests.

**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)

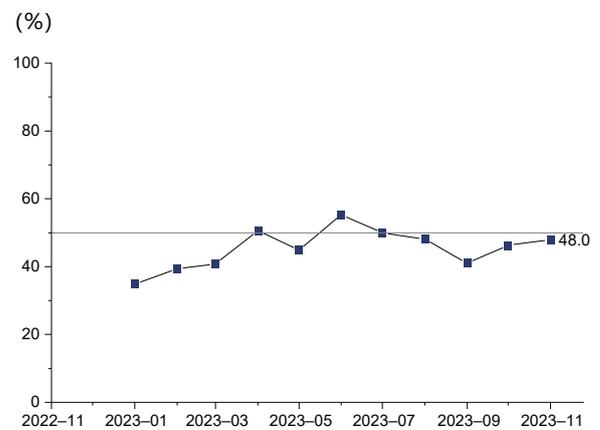
**China:**

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

# GTI-Indonesia Index in November 2023

Data from Statistics Indonesia showed that Indonesia's GDP grew by 4.94 percent year-on-year in the third quarter this year, lower than 5 percent for the first time in nearly nine quarters, which is caused by global economic slowdown and a decline in Indonesia's primary commodity exports. According to data released by Indonesia's Ministry of Environment and Forestry (KLHK), the country had recognized 244,195 hectares of customary forests as of October 2023. Most of the recognized customary forests are on the island of Kalimantan, with the largest in Central Kalimantan covering an area of 62,426 hectares, followed by West Kalimantan (50,711 hectares) and East Kalimantan (7,771 hectares). The identification of customary forests is an important step in ensuring the living space for forest communities, preserving ecosystems, and protecting local wisdom and traditional knowledge, and will also facilitate resolving conflicts related to communities in and around forest areas. Another news is that the head of the Indonesian Sawmill and Woodworking Association (ISWA) said the member enterprises' export value of wood products and sawn timber reached US\$2.4 billion in 2022, but in 2023 (until November) there was a 13 percent decrease. In anticipation of a further decline in demand from European and American markets, the Indonesian timber industry was ready to intensifying its marketing in Asian countries.

GTI-Indonesia Index



In November this year, the timber industry in Indonesia was still relatively sluggish. The insufficient demand in both domestic and international markets had a great impact on the business of enterprises, while the sustained high prices of industrial fuel had resulted in high production costs and increased business pressure. Under such circumstances, the enterprises hoped the government would roll out policies to stimulate market growth and relax restrictions on timber exports. This month, the GTI-Indonesia index registered 48.0%, an increase of 1.7 percentage points from the previous month, was below the critical value (50%) for 4 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

- Some concession companies lacked log orders and the prices of logs were low. On the other hand, the high prices of fuel oil used by the industry had caused the production cost of logs to increase.
- Buyers preferred certain types of timber (e.g., Keruing), while there were not many buyers for Meranti and Mixed Forest species.
- Heavy equipment used for harvesting activities still could not operate fully, as some equipment was still in the process of maintenance and replacement of spare parts. Moreover, it began to rain frequently at the location of concession operations since November 2023, which had hampered timber hauling activities there (transportation of logs from felling plots to log yards).
- The prices of logs had fallen, while the buyer's requirements for the products were still strict (super quality and FSC certified).
- The plywood market remained sluggish, especially in Japan.

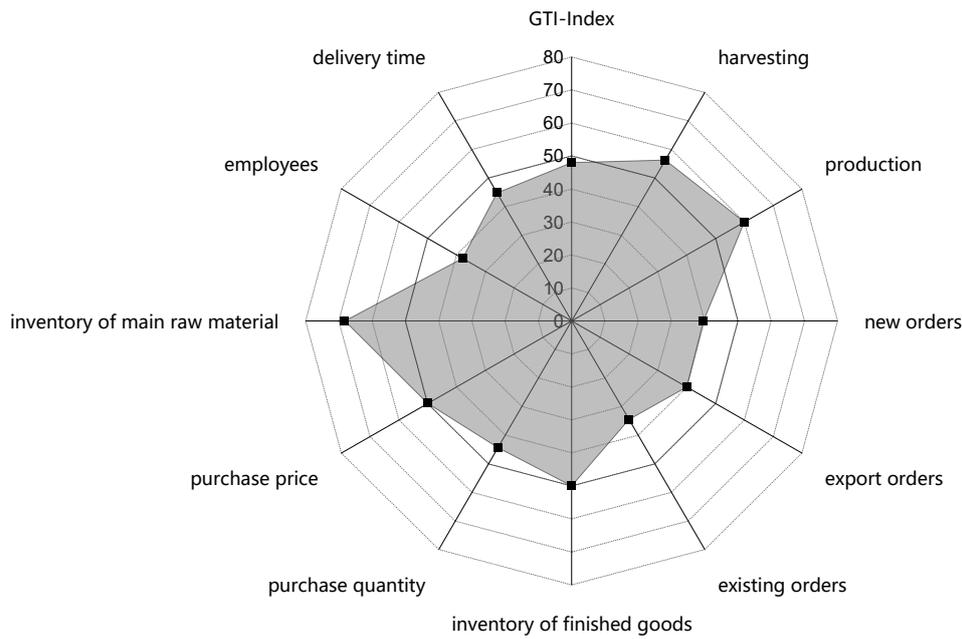
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## Main Suggestions from GTI-Indonesia Enterprises

- Reduce production activities in response to reduced orders and low log prices.
- Strengthen communication with existing and potential buyers, and seek alternative timber markets.
- Government policies are needed to improve the supply chain, develop the domestic market, and adjust the prices of fuel oil.
- Obtain FSC certification as required by the buyer and prepare necessary infrastructure to support full field operations.
- Repair heavy equipment and replace spare parts in order for log production to return to normal levels.
- Provide incentives for processed wood products sourced from sustainably managed and/or legal forests.

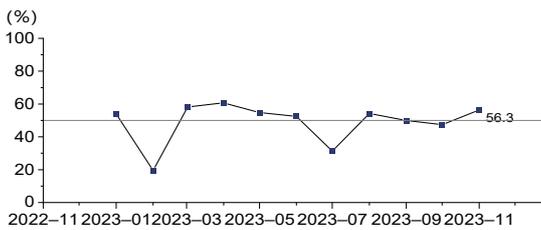
## GTI-Indonesia sub-index

As for the GTI-Indonesia sub-index, in November 2023, 3 sub-indexes — harvesting, production, and inventory of main raw materials — were above the critical value, inventory index of finished products and purchase price index were equal to the critical value, while the remaining 6 sub-indexes were below the critical value.

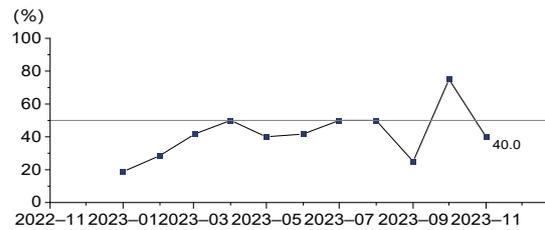


GTI-Indonesia sub-index

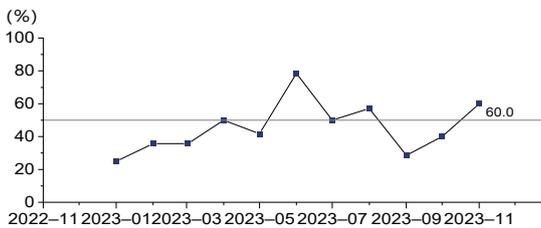
The harvesting index registered 56.3%, an increase of 8.9 percentage points from the previous month, rose above the critical value after one month, indicating that the harvesting volume of the superior timber enterprises represented by the GTI-Indonesia was more than that of last month.



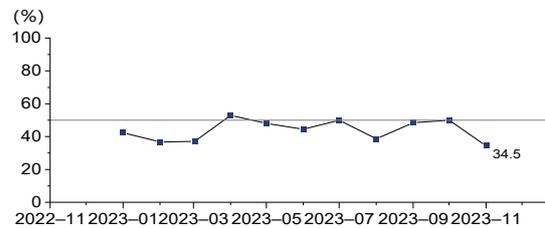
The export orders index registered 40.0%, a decrease of 35.0 percentage points from the previous month, fell below the critical value after one month, indicating that the number of export orders of the superior timber enterprises represented by the GTI-Indonesia was less than that of last month.



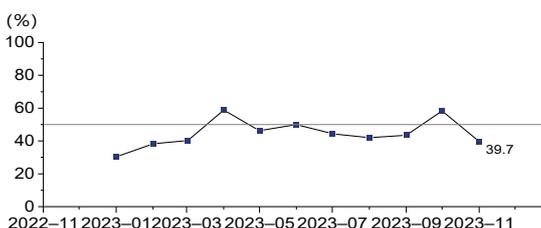
The production index registered 60.0%, an increase of 20.0 percentage points from the previous month, rose above the critical value after 2 months, indicating that the production volume of the superior timber enterprises represented by the GTI-Indonesia was more than that of last month.



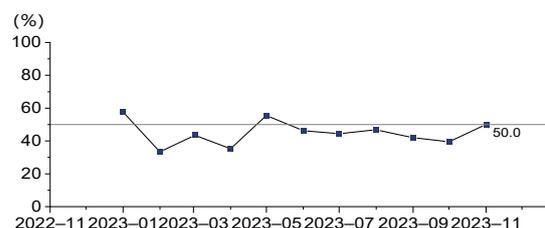
The existing orders index registered 34.5%, a decrease of 15.5 percentage points from the previous month, fell below the critical value after one month, indicating that the number of existing orders of the superior timber enterprises represented by the GTI-Indonesia was less than that of last month.



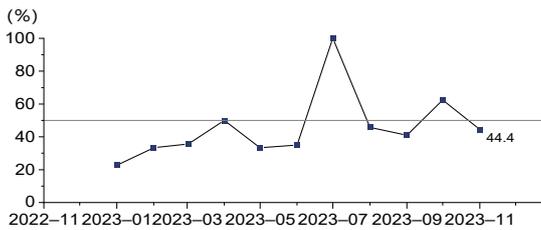
The new orders index registered 39.7%, a decrease of 18.6 percentage points from the previous month, fell below the critical value after one month, indicating that the number of new orders of the superior timber enterprises represented by the GTI-Indonesia was less than that of last month.



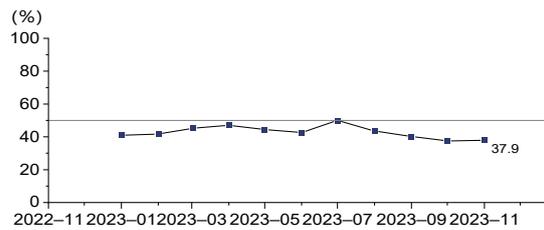
The inventory index of finished products registered 50.0%, an increase of 10.4 percentage points from the previous month, rose to the critical value after 5 months, indicating that the inventory of finished products of the superior timber enterprises represented by the GTI-Indonesia was the same with that of last month.



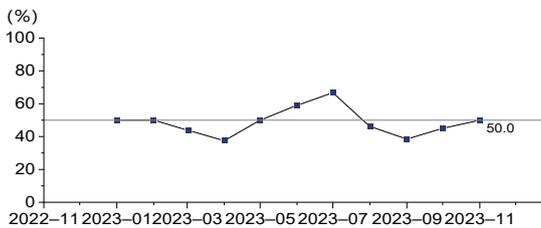
The purchase quantity index registered 44.4%, a decrease of 18.1 percentage points from the previous month, fell below the critical value after one month, indicating that the purchase quantity of the superior timber enterprises represented by the GTI-Indonesia was less than that of last month.



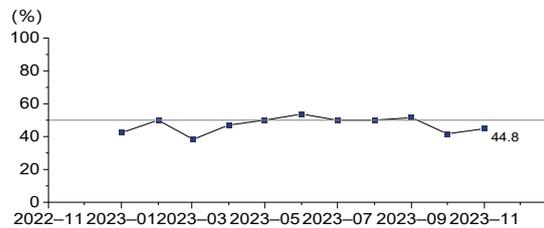
The production and management employees index registered 37.9%, an increase of 0.4 percentage point from the previous month, was below the critical value for 4 consecutive months, indicating that the number of employees in the superior timber enterprises represented by the GTI-Indonesia was less than that of last month.



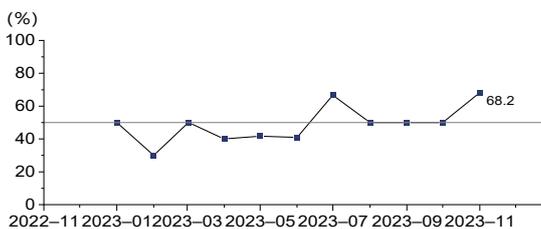
The purchase price index registered 50.0%, an increase of 5.0 percentage points from the previous month, rose to the critical value after 3 months, indicating that the purchase price of the superior timber enterprises represented by the GTI-Indonesia was the same with that of last month.



The delivery time index registered 44.8%, an increase of 3.1 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-Indonesia was shorter than that of last month.



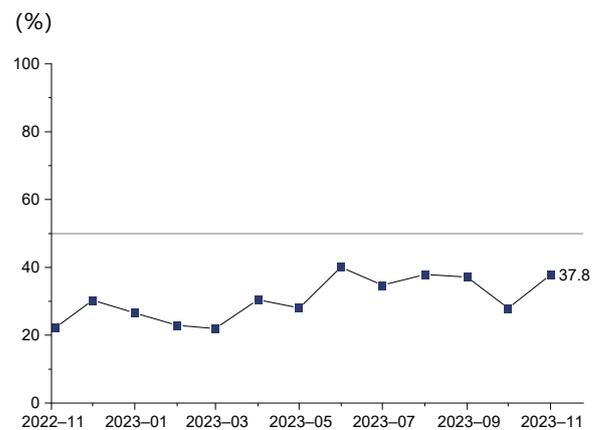
The inventory index of main raw materials registered 68.2%, an increase of 18.2 percentage points from the previous month, rose above the critical value, indicating that the inventory of main raw materials of the superior timber enterprises represented by the GTI-Indonesia was more than that of last month.



# GTI-Malaysia Index in November 2023

Malaysian Prime Minister Anwar Ibrahim announced on November 26 that the country would grant 30-day visa-free entry for travelers from China and another country starting December 1, as an effort to further accelerate the recovery of tourism. The policy would also inject new impetus into people-to-people exchanges between China and Malaysia; Due to weakening global demand, the country's export value of wood products decreased by 19% to RM14.0 billion in the January-August period this year, compared to RM17.3 billion in the same period last year. However, the industry is expected to reach the export target of RM28 billion and the domestic market value of RM20 billion by 2025, supported by the National Agricommodity Policy 2021-2030 and the National Timber Industry Strategic Plan 2021-2025; Against the backdrop of the downturn in the international timber market, the Malaysian Timber Industry Board advocated broadening the use of local timber products by making its versatility significantly spans from construction to furniture and decorative items, so as to promote the development of the industry and increase the competitiveness of the local products. On November 21-22, more than 20 representatives from Malaysia participated in the Global Legal & Sustainable Timber Forum (GLSTF) 2023, and the participating agencies included Malaysia Timber Council (MTC), Malaysia's Ministry of Plantation Industries and Commodities (MPIC), Sabah Timber Industries Association (STIA), and Sarawak Timber Association (STA). During the Forum, Ms. Noraihan

## GTI-Malaysia Index



Abdul Rahman of the Malaysia Timber Council delivered a keynote address titled "Timber industry and Sustainable Development".

In November this year, the GTI-Malaysia enterprises reported prices of products were falling while operating costs and purchase prices were rising, which had imposed great pressure on the business of enterprises. They also reported other challenges such as sluggish international plywood market and insufficient domestic demand for building materials, and hoped to look for new alternative markets and products to replace some of the traditional markets. This month, the GTI-Malaysia index registered 37.8%, an increase of 9.9 percentage points from the previous month, was below the critical value (50%) for 13 consecutive months, indicating that the business prosperity of the superior timber enterprises represented by the GTI-Malaysia index shrank from last month, however, the contraction eased.

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

- Not enough labor and orders.
- Increased operating costs and raw material prices, along with lower selling prices of products.
- Insufficient export volume and decreased selling prices of plywood due to low demand from Japan and Taiwan.
- Uncertain global economy caused by the war.
- Strong currency exchange.
- Reduced market demand.
- A decline in the market prices of timber products, due to low demand for building materials.
- Low prices of sawn timber compared to the costs.

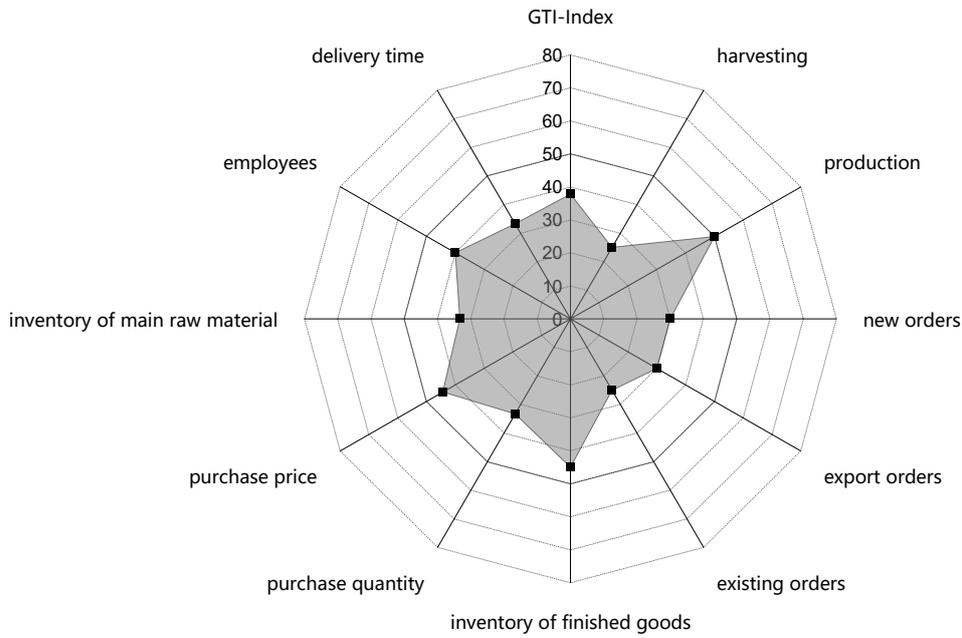
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### **Main Suggestions from GTI-Malaysia Enterprises**

- Expand markets and seek labor force.
- 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.

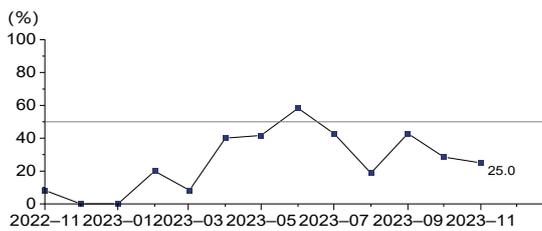
## GTI-Malaysia sub-index

As for the GTI-Malaysia sub-index, in November 2023, the production index was equal to the critical value, while the remaining 10 sub-indexes were all below the critical value.

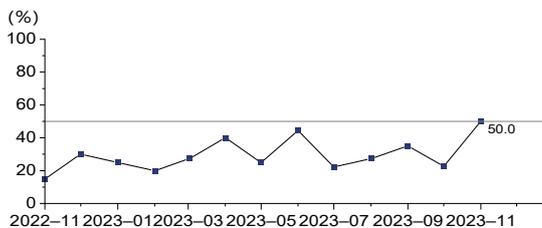


GTI-Malaysia sub-index

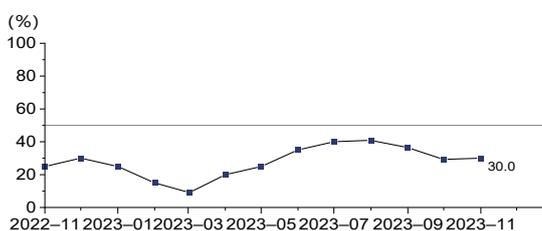
The harvesting index registered 25.0%, a decrease of 3.6 percentage points from the previous month, was below the critical value for 5 consecutive months, indicating that the harvesting volume of the superior timber enterprises represented by the GTI-Malaysia was less than that of last month.



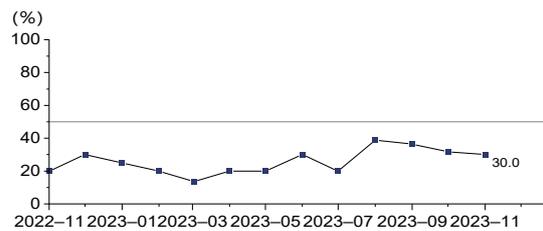
The production index registered 50.0%, an increase of 27.3 percentage points from the previous month, rose to the critical value after 12 months, indicating that the production volume of the superior timber enterprises represented by the GTI-Malaysia was the same with that of last month.



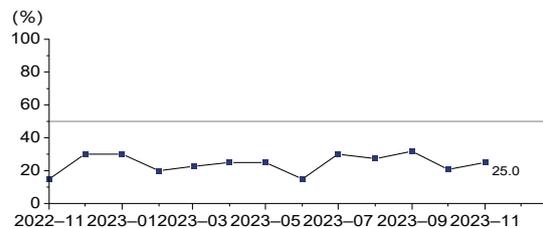
The new orders index registered 30.0%, an increase of 0.8 percentage point from the previous month, was below the critical value for 13 consecutive months, indicating that the number of new orders of the superior timber enterprises represented by the GTI-Malaysia was less than that of last month.



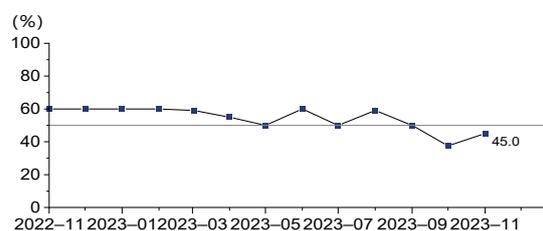
The export orders index registered 30.0%, a decrease of 1.8 percentage points from the previous month, was below the critical value for 13 consecutive months, indicating that the number of export orders of the superior timber enterprises represented by the GTI-Malaysia was less than that of last month.



The existing orders index registered 25.0%, an increase of 4.2 percentage points from the previous month, was below the critical value for 13 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.

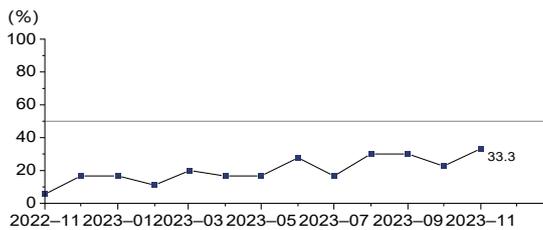


The inventory index of finished products registered 45.0%, an increase of 7.5 percentage points from the previous month, was below the critical value for 2 consecutive months, indicating that the inventory of finished products of the superior timber enterprises represented by the GTI-Malaysia was less than that of last month.

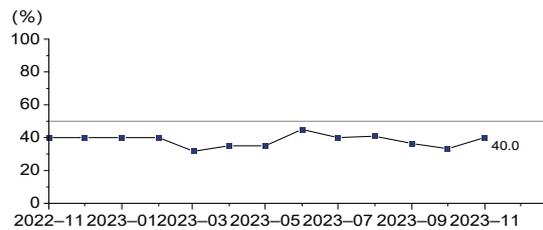




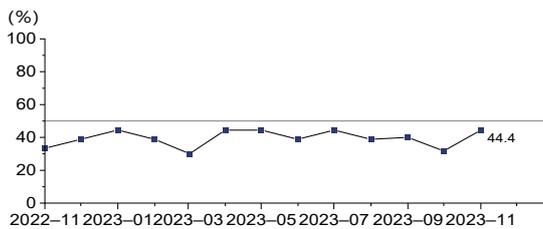
The purchase quantity index registered 33.3%, an increase of 10.6 percentage points from the previous month, was below the critical value for 13 consecutive months, indicating that the purchase quantity of the superior timber enterprises represented by the GTI-Malaysia was less than that of last month.



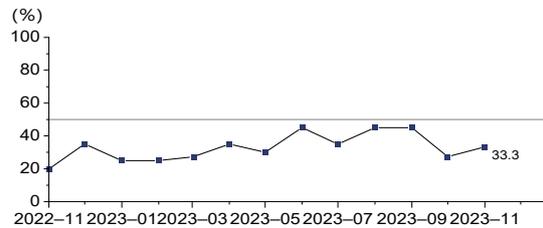
The production and management employees index registered 40.0%, an increase of 6.7 percentage points from the previous month, was below the critical value for 13 consecutive months, indicating that the number of employees in the superior timber enterprises represented by the GTI-Malaysia was less than that of last month.



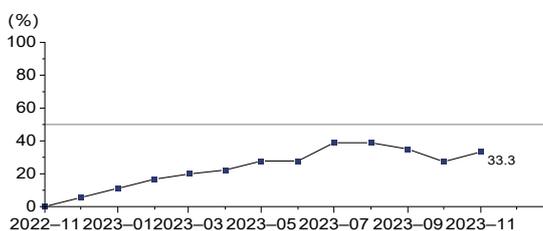
The purchase price index registered 44.4%, an increase of 12.6 percentage points from the previous month, was below the critical value for 13 consecutive months, indicating that the purchase price of the superior timber enterprises represented by the GTI-Malaysia was lower than that of last month.



The delivery time index registered 33.3%, an increase of 6.0 percentage points from the previous month, was below the critical value for 13 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 33.3%, an increase of 6.0 percentage points from the previous month, was below the critical value for 13 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.

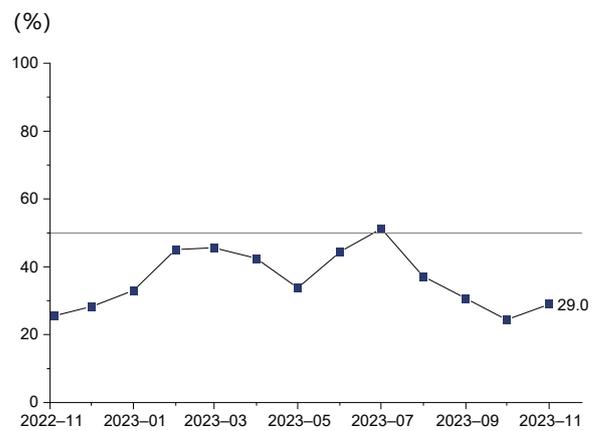


# GTI-Gabon Index in November 2023

Data released by Gabon’s Ministry of Economy and State-owned Equity under the transitional government showed by the end of September, the country’s customs revenue reached a record XAF35.11 billion, significantly higher than the projected revenue of XAF27.91 billion. As for public debt, a total of XAF1,010.8 billion was repaid in the first three quarters, of which XAF319 billion was paid off in September, contributing 31.6% of the total. Due to heavy rains in northern Gabon and train derailments, the recent supply of logs to the NKOK area decreased by nearly 50%. Meanwhile, some enterprises faced a notable shortage of technicians and heavy machinery mechanics as they had reduced the number of foreign workers to meet policy requirements, prompting them to consider proper cuts of production. The production volume of the country’s timber industry totaled 0.982 million cubic meters at the end of June 2023, a decrease of 29% from 1.3 million cubic meters at the end of June 2022. The decline could be attributed to logistical problems faced by the industry in recent months, particularly recurring incidents on the railway and the poor state of the road network during the rainy season. These challenges had a negative impact on the supply to mills, especially to those located at the Special Economic Zone NKOK.

In November this year, GTI-Gabon enterprises

**GTI-Gabon Index**



reported a sustained slowdown in demand from the international timber market, coupled with a significant decrease in timber sales. They also said the poor road conditions caused by the rainy season had resulted in slow logistics and restricted production, while high fuel prices increased the operating pressure on them. Under such circumstances, the enterprises hoped the government would strengthen infrastructure construction and roll out preferential policies to alleviate their operating pressure. This month, the GTI-Gabon index registered 29.0% an increase of 4.6 percentage points from the previous month, was below the critical value (50%) for 4 consecutive months, indicating that the business prosperity of the superior timber enterprises represented by the GTI-Gabon index shrank from last month.

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

- Heavy rains restricted field operations.
- High land tax and rising fuel prices, leading to increased production costs.
- Still high diesel prices and poor conditions of the Ovan-Makokou highway.
- Slow logistics, and insufficient supply of raw materials.
- Sluggish international timber market and a decline in sales.
- A downturn in the domestic timber market, and slow approval of documents by the forestry authority.

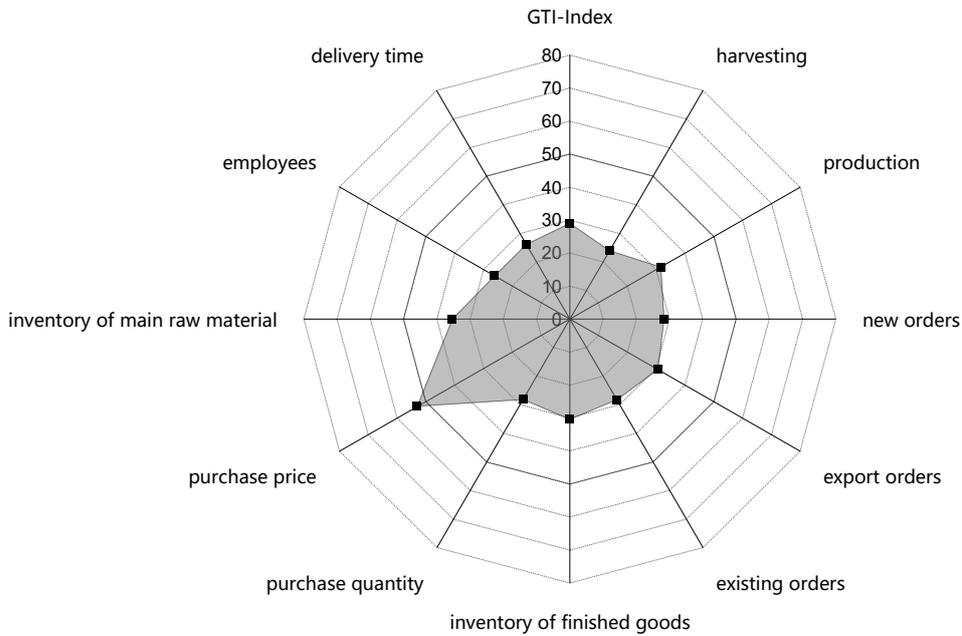
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### **Main Suggestions from GTI-Gabon Enterprises**

- Adjust the prices of industrial diesel.
- Control operating costs and look for overseas buyers.
- Improve transportation infrastructure and reduce land taxes.
- Exploit the existing tree species to develop more products.
- Optimize administrative procedures and speed up the approval and issuance of administrative documents.
- The transitional government (CTRI) should be concerned more about the timber market in Gabon.

## GTI-Gabon sub-index

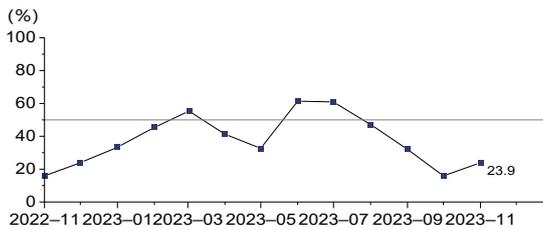
As for the GTI-Gabon sub-index, in November 2023, only the purchase price index was above the critical value, while the remaining 10 sub-indexes were all below the critical value.



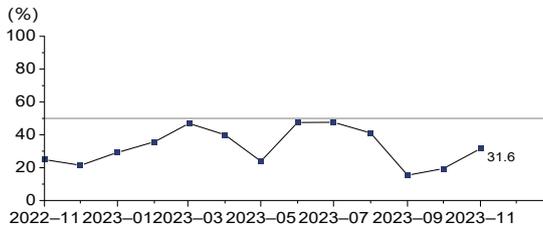
GTI-Gabon sub-index



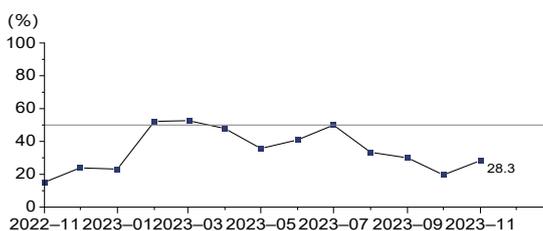
The harvesting index registered 23.9%, an increase of 8.0 percentage points from the previous month, was below the critical value for 4 consecutive months, indicating that the harvesting volume of the superior timber enterprises represented by the GTI-Gabon was much less than that of last month.



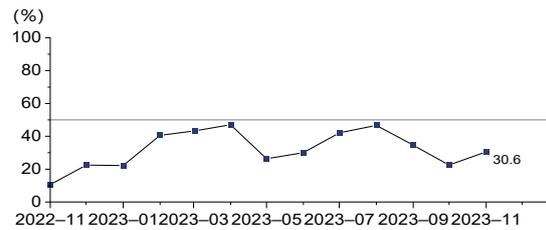
The production index registered 31.6%, an increase of 12.2 percentage points from the previous month, was below the critical value for 13 consecutive months, indicating that the production volume of the superior timber enterprises represented by the GTI-Gabon was less than that of last month.



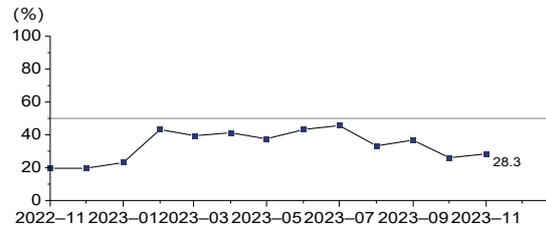
The new orders index registered 28.3%, an increase of 8.7 percentage points from the previous month, was below the critical value for 4 consecutive months, indicating that the number of new orders of the superior timber enterprises represented by the GTI-Gabon was less than that of last month.



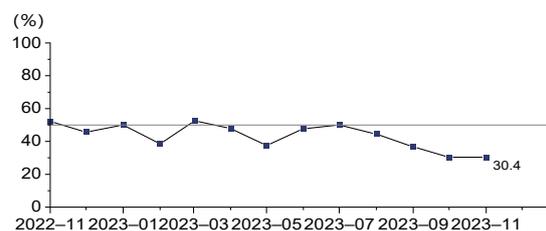
The export orders index registered 30.6%, an increase of 8.1 percentage points from the previous month, was below the critical value for 13 consecutive months, indicating that the number of export orders of the superior timber enterprises represented by the GTI-Gabon was less than that of last month.



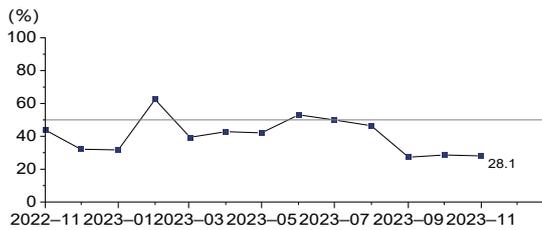
The existing orders index registered 28.3%, an increase of 2.2 percentage points from the previous month, was below the critical value for 13 consecutive months, indicating that the number of existing orders of the superior timber enterprises represented by the GTI-Gabon was less than that of last month.



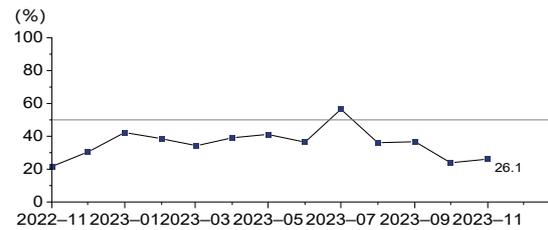
The inventory index of finished products registered 30.4%, same with the previous month, was below the critical value for 4 consecutive months, indicating that the inventory of finished products of the superior timber enterprises represented by the GTI-Gabon was less than that of last month.



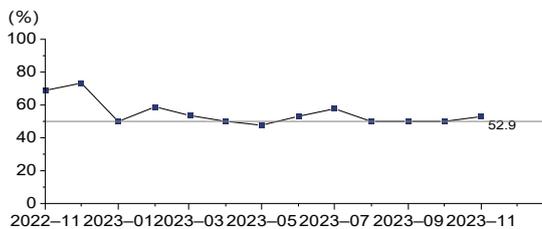
The purchase quantity index registered 28.1%, a decrease of 0.5 percentage point from the previous month, was below the critical value for 4 consecutive months, indicating that the purchase quantity of the superior timber enterprises represented by the GTI-Gabon was less than that of last month.



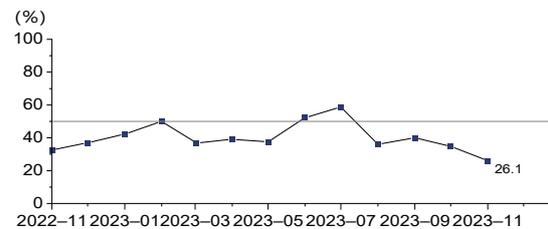
The production and management employees index registered 26.1%, an increase of 2.2 percentage points from the previous month, was below the critical value for 4 consecutive months, indicating that the number of employees in the superior timber enterprises represented by the GTI-Gabon was less than that of last month.



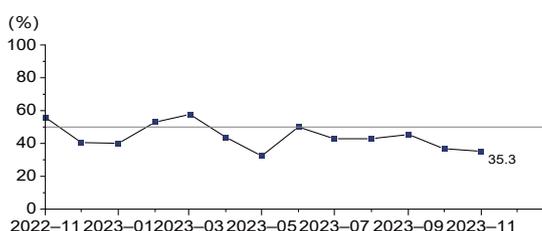
The purchase price index registered 52.9%, an increase of 2.9 percentage points from the previous month, rose above the critical value, indicating that the purchase price of the superior timber enterprises represented by the GTI-Gabon was higher than that of last month.



The delivery time index registered 26.1%, a decrease of 8.7 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-Gabon was shorter than that of last month.



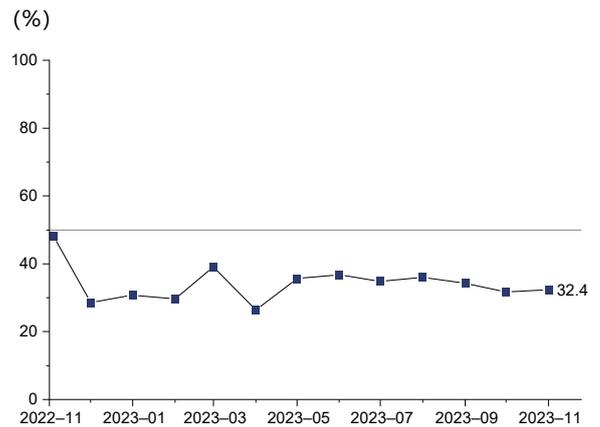
The inventory index of main raw materials registered 35.3%, a decrease of 1.4 percentage points from the previous month, was below the critical value for 5 consecutive months, indicating that the inventory of main raw materials of the superior timber enterprises represented by the GTI-Gabon was less than that of last month.



# GTI-ROC Index in November 2023

On November 17, the Board of Directors of the African Development Bank (AfDB) Group granted a loan of 92 million euros to the Republic of Congo, aiming to strengthen the resilience of the Congolese economy and reduce its dependence on the oil sector, with a focus on the effectiveness of public investments and modernizing the governance of public corporations. The loan program also aims to reconcile the need for economic growth with mitigating climate change, by improving the business environment, supporting reforms in the electricity sector and developing productive sectors. Another news is that, the 2nd Summit of the Three Basins of Biodiversity Ecosystems and Tropical Forests was held from October 26 to 28, in Brazzaville, the capital of the Republic of Congo (ROC), to mainly discuss the preservation of biodiversity in the Amazon, Congo and Borneo-Mekong basins. During the Summit, the European Commission and the ROC signed the Roadmap for the Implementation of the EU-Congo Forest Partnership. Developed by the EU, its Member States and the ROC, the Roadmap outlines measures to preserve Congolese forests and support the development of sustainable value chains, which are coherent with the requirements of the European Union Deforestation Regulation (EUDR) that officially entered into force in June 2023, particularly in the following key aspects: (1) geolocation requirement; (2) inclusion of smallholders; (3) agroforestry developments; and

## GTI-ROC Index



(4) development of high-standard traceability schemes.

Recently, harvesting in the northern regions of the ROC was handicapped by heavy rains there, which also seriously affected trucking on the roads. In November 2023, GTI-ROC enterprises reported limited outdoor operations and lower production due to the heavy rains, as well as other prominent challenges such as insufficient market demand, lack of labor, and slow logistics. The enterprises hoped the government could provide support to them, and for the sake of smooth logistics, called on the government to strengthen road maintenance and build some bridges. This month, the GTI-ROC index registered 32.4%, an increase of 0.7 percentage point from the previous month, was below the critical value (50%) for 13 consecutive months, indicating that the business prosperity of the superior timber enterprises represented by the GTI-ROC index shrank from last month, however, the contraction eased a little.

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## Main Challenges Reported by GTI-ROC Enterprises

- Insufficient international market demand for timber.
- Lack of skilled labor.
- Rising fuel prices and insufficient supply.
- Reduced outdoor working hours and lower production due to heavy rains.
- Restricted production, due to the ban on the export of logs.
- Poor road conditions, insufficient transportation facilities and slow logistics.

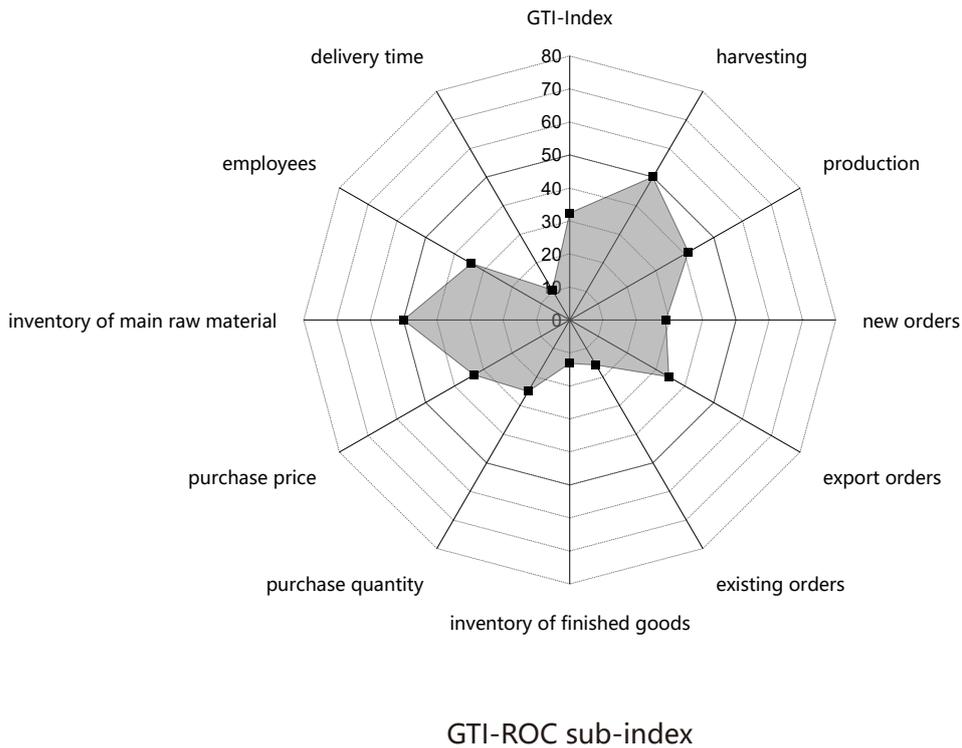
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## Main Suggestions from GTI-ROC Enterprises

- Negotiate with forestry authority to get more support to enterprises.
- Waive some taxes to alleviate operation pressure on enterprises.
- The government should strengthen road maintenance and provide some support for bridge building, so as to lower transportation costs of enterprises.
- 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.

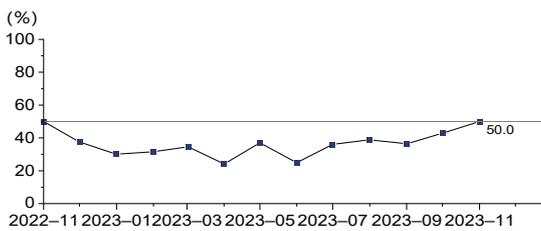
## GTI-ROC sub-index

As for the GTI-ROC sub-index, in November 2023, only the harvesting index and the inventory index of main raw materials were equal to the critical value, while the remaining 9 sub-indexes were below the critical value.

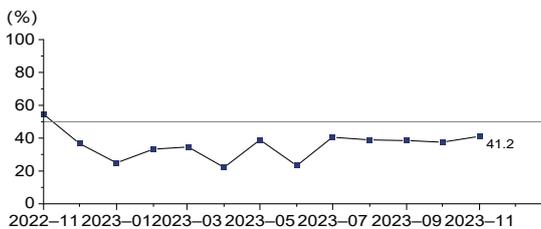




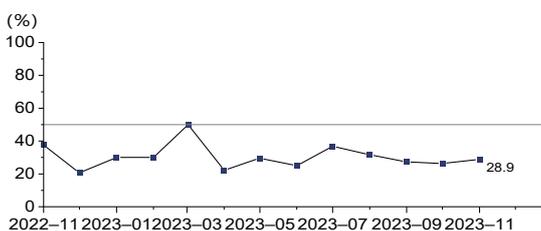
The harvesting index registered 50.0%, an increase of 7.1 percentage points from the previous month, rose to the critical value after 11 months, indicating that the harvesting volume of the superior timber enterprises represented by the GTI-ROC was the same with that of last month.



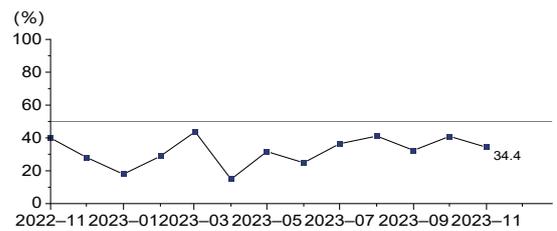
The production index registered 41.2%, an increase of 3.7 percentage points from the previous month, was below the critical value for 12 consecutive months, indicating that the production volume of the superior timber enterprises represented by the GTI-ROC was less than that of last month.



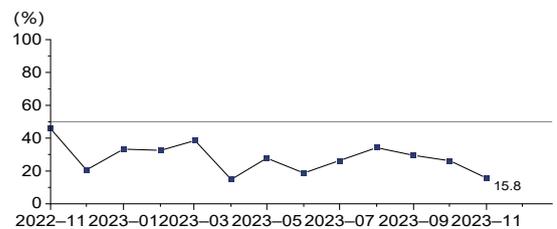
The new orders index registered 28.9%, an increase of 2.6 percentage points from the previous month, was below the critical value for 8 consecutive months, indicating that the number of new orders of the superior timber enterprises represented by the GTI-ROC was less than that of last month.



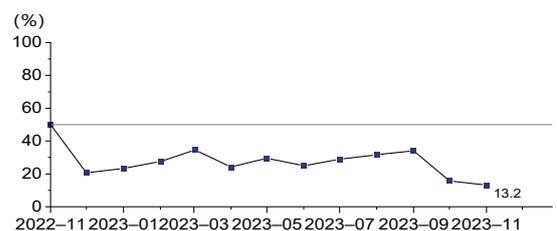
The export orders index registered 34.4%, a decrease of 6.5 percentage points from the previous month, was below the critical value for 13 consecutive months, indicating that the number of export orders of the superior timber enterprises represented by the GTI-ROC was less than that of last month.



The existing orders index registered 15.8%, a decrease of 10.5 percentage points from the previous month, was below the critical value for 13 consecutive months, indicating that the number of existing orders of the superior timber enterprises represented by the GTI-ROC was much less than that of last month.

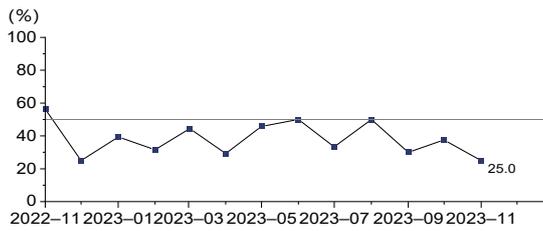


The inventory index of finished products registered 13.2%, a decrease of 2.6 percentage points from the previous month, was below the critical value for 12 consecutive months, indicating that the inventory of finished products of the superior timber enterprises represented by the GTI-ROC was much less than that of last month.

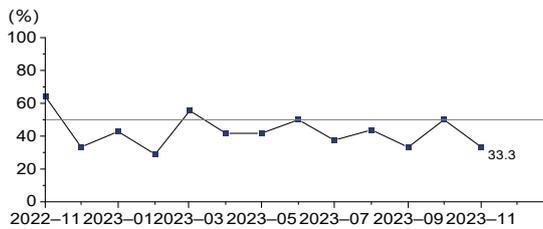




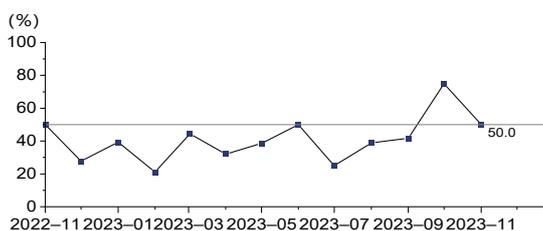
The purchase quantity index registered 25.0%, a decrease of 12.5 percentage points from the previous month, was below the critical value for 3 consecutive months, indicating that the purchase quantity of the superior timber enterprises represented by the GTI-ROC was less than that of last month.



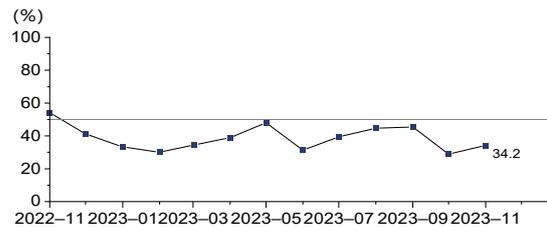
The purchase price index registered 33.3%, a decrease of 16.7 percentage points from the previous month, fell below the critical value after one month, indicating that the purchase price of the superior timber enterprises represented by the GTI-ROC was lower than that of last month.



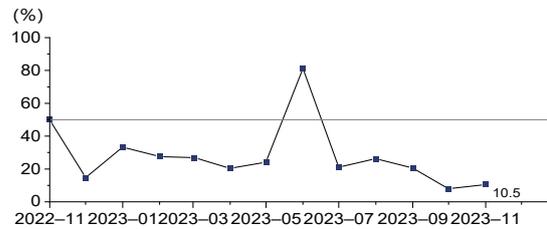
The inventory index of main raw materials registered 50.0%, a decrease of 25.0 percentage points from the previous month, fell to the critical value after one month, indicating that the inventory of main raw materials of the superior timber enterprises represented by the GTI-ROC was the same with that of last month.



The production and management employees index registered 34.2%, an increase of 5.3 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-ROC was less than that of last month.



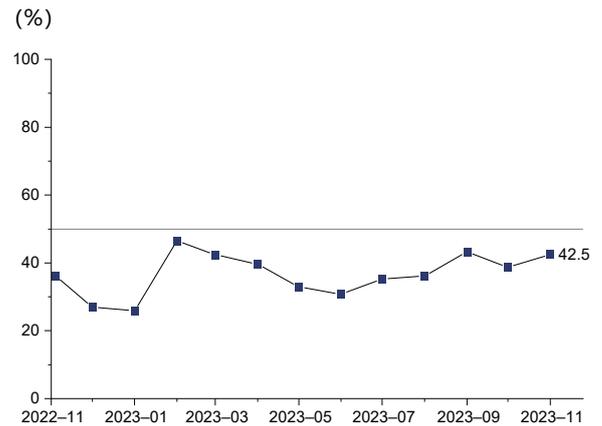
The delivery time index registered 10.5%, an increase of 2.6 percentage points from the previous month, was below the critical value for 5 consecutive months, indicating that the delivery time from the supplier to the superior timber enterprises represented by the GTI-ROC was much shorter than that of last month.



# GTI-Brazil Index in November 2023

On November 13, Brazil issued its first-ever green bond with the plan to raise US\$2 billion for sustainable development. The project also involved the plan to establish a regulated carbon credit market to attract broader investment to the largest economy in Latin America. Brazil took over the G20 presidency from India on December 1 and will hold the G20 Summit in Rio de Janeiro in November 2024. President Luiz Inácio Lula da Silva said Brazil would focus on reducing hunger and poverty, slowing climate change and advancing global governance reform. Feedback from the GTI-Brazil focal point shows that although the prices of logs and sawn timber remained stable in 2023, some Brazilian timber companies were suffering a significant impact due to increased rainfall and low investment. Besides, the Brazilian timber industry was facing many challenges in reaching other markets outside America, due to strong competition from Russia and Europe with low prices for the logs. On November 21-22, with the support of STCP Engenharia de Projetos Ltda (the GTI-Brazil focal point), nearly ten Brazilian companies and agencies including the Center for Timber Producing and Exporting Industries of the State of Mato Grosso (CIPEM) attended the Global Legal & Sustainable Timber Forum (GLSTF) 2023, where they obtained fruitful results for cooperation, such as the cooperation intention for timber procurement between China Timber & Wood Products Distribution Association and the CIPEM Center, and the cooperation intention on

**GTI-Brazil Index**



structural lumber procurement between Shandong Dingchi Wood Group Co., Ltd. and STCP Brazil.

In November this year, the large amounts of rain had greatly affected the speed of water and land transportation, and for some enterprises, this had resulted in a failure to make on-time delivery to customers. Despite seemingly higher demand for logs, which was the result of reduced supply of logs caused by the rain, the overall timber industry in Brazil was still contracting. It was also observed that the enterprises hoped the government would roll out policies to reduce the bureaucracy of non-profit ENGOs (environmental NGOs) and give tax incentives for the development of wood products. This month, the GTI-Brazil index registered 42.5%, an increase of 3.8 percentage points from the previous month, was below the critical value (50%) for 13 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

- Demand for raw materials was low, coupled with reduced on-time delivery to customers and possibility of reducing the workforce.
- Bad weather (heavy rains) caused jamming at the port.
- It was difficult to purchase raw materials at competitive prices.
- The market fell into stagnation; enterprises shouldered a heavy tax burden; and there was a lack of tax incentives to promote the wood market.
- Low level of the Amazon River resulted in a shortage of containers and excessive rainfall at the Port of Paranaguá led to delays in loading.
- Heavy rain made it difficult to load at Santa Catarina's ports.
- Prices offered by customers were far below the production cost, and there was an oversupply of wood in the market.
- The weather (a lot of rain) had impact on field forest operations.
- Stocks were high and prices were low.
- There was a lack of market recognition of new hardwood species such as Australian cedar (Toona Ciliata) and African mahogany (Khaya Grandifoliola).

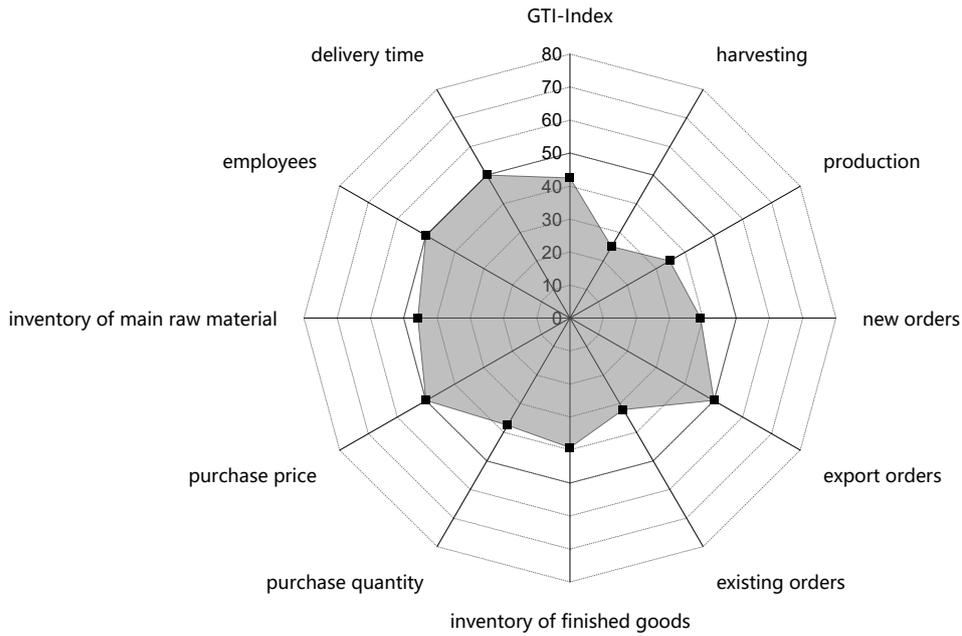
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## Main Suggestions from GTI-Brazil Enterprises

- Wait for the market to rebound and look for cheaper raw materials.
- Adjust stock according to market needs and assess what the market is looking for.
- Government policy for the forestry sector is needed, so as to reduce the bureaucracy of non-profit environmental NGOs, alleviate tax burden on enterprises, and encourage investments in the development of wood products through tax incentives.
- Schedule operations according to the seasonal climate. Select higher relief areas for harvesting in the rainy season
- Raise market recognition of new hardwood species such as Australian cedar (Toona Ciliata) and African mahogany (Khaya Grandifoliola).

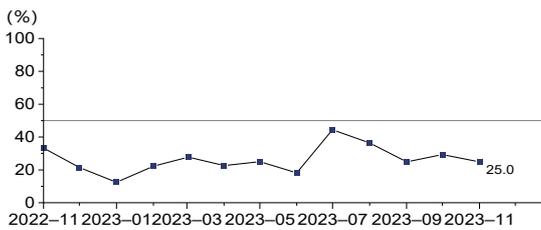
## GTI-Brazil sub-index

As for the GTI-Brazil sub-index, in November 2023, the indexes of export orders, purchase price, production and management employees, and delivery time were equal to the critical value, while the remaining 7 sub-indexes were all below the critical value.

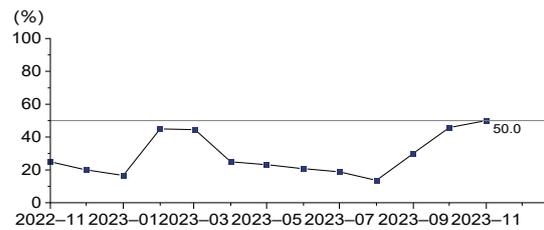


GTI-Brazil sub-index

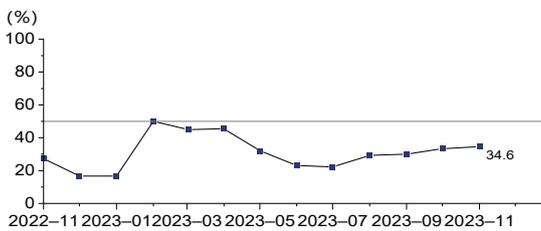
The harvesting index registered 25.0%, a decrease of 4.2 percentage points from the previous month, was below the critical value for 13 consecutive months, indicating that the harvesting volume of the superior timber enterprises represented by the GTI-Brazil was less than that of last month.



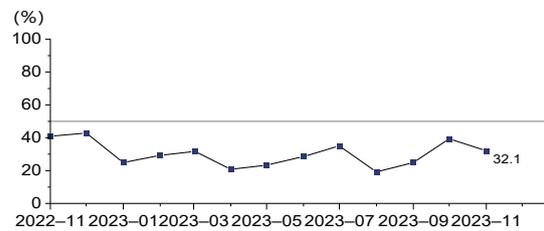
The export orders index registered 50.0%, an increase of 4.2 percentage points from the previous month, rose to the critical value after 12 months, indicating that the number of export orders of the superior timber enterprises represented by the GTI-Brazil was the same with that of last month.



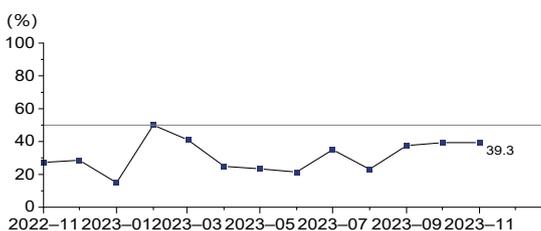
The production index registered 34.6%, an increase of 1.3 percentage points from the previous month, was below the critical value for 9 consecutive months, indicating that the production volume of the superior timber enterprises represented by the GTI-Brazil was less than that of last month.



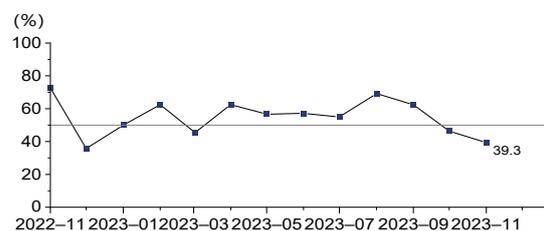
The existing orders index registered 32.1%, a decrease of 7.2 percentage points from the previous month, was below the critical value for 13 consecutive months, indicating that the number of existing orders of the superior timber enterprises represented by the GTI-Brazil was less than that of last month.



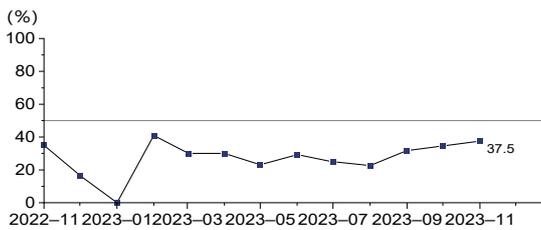
The new orders index registered 39.3%, same with the previous month, was below the critical value for 9 consecutive months, indicating that the number of new orders of the superior timber enterprises represented by the GTI-Brazil was less than that of last month.



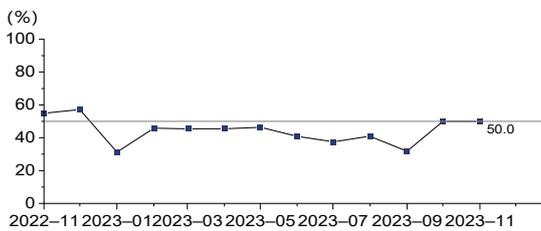
The inventory index of finished products registered 39.3%, a decrease of 7.1 percentage points from the previous month, was below the critical value for 2 consecutive months, indicating that the inventory of finished products of the superior timber enterprises represented by the GTI-Brazil was less than that of last month.



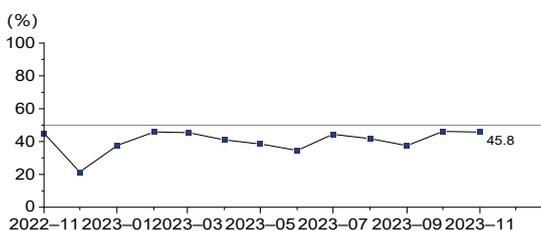
The purchase quantity index registered 37.5%, an increase of 2.9 percentage points from the previous month, was below the critical value for 13 consecutive months, indicating that the purchase quantity of the superior timber enterprises represented by the GTI-Brazil was less than that of last month.



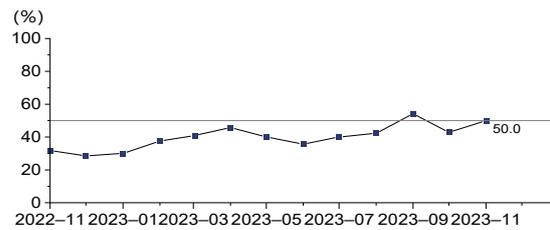
The purchase price index registered 50.0%, same with the previous month, was equal to the critical value for 2 consecutive months, indicating that the purchase price of the superior timber enterprises represented by the GTI-Brazil was the same with that of last month.



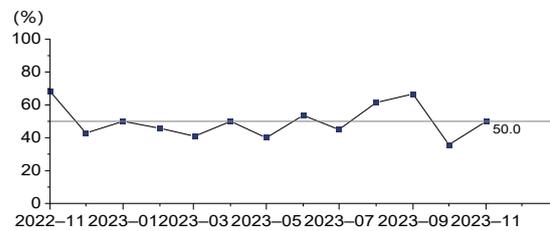
The inventory index of main raw materials registered 45.8%, a decrease of 0.4 percentage point from the previous month, was below the critical value for 13 consecutive months, indicating that the inventory of main raw materials of the superior timber enterprises represented by the GTI-Brazil was less than that of last month.



The production and management employees index registered 50.0%, an increase of 7.1 percentage points from the previous month, rose to the critical value after one month, indicating that the number of employees in the superior timber enterprises represented by the GTI-Brazil was the same with that of last month.



The delivery time index registered 50.0%, an increase of 14.3 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-Brazil was the same with that of last month.

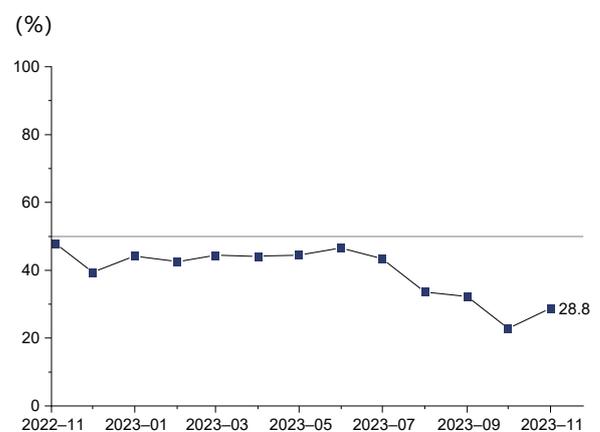


# GTI-Mexico Index in November 2023

On November 9, the Bank of Mexico (Banxico) decided to leave the target for the overnight interbank interest rate at 11.25%, marking the fifth consecutive time it opted to keep the rate unchanged since May this year. Officials from the bank indicated that there may be a possibility of the first interest rate cut in the first quarter of next year. Currently, both inflation rate and core inflation in Mexico are showing a downward trend. After reaching 8.7% in September 2022, the CPI index dropped to 4.32% in mid-November this year, while the core inflation rate stood at 5.31%. The Bank of Mexico estimated that inflation rate would return to its 3% target in the second quarter of 2025. As to the forest industry, Mexico's exports of forest products (wood, charcoal and wood products) in the third quarter of 2023 amounted to US\$135 million, with the highest sales in the states of Nuevo León (US\$41.4 million), Baja California (US\$26.0 million) and Chihuahua (US\$23.1 million).

In November this year, GTI-Mexico enterprises reported the low prices of imported timber products (especially those from forest plantations in South America) had a great impact on the sales

**GTI-Mexico Index**



of domestic products; the production of sawn timber also slowed down, due to challenges such as rainfall and insufficient transportation capacity; in addition, some enterprises reported insufficient supply of raw materials and labor. This month, the GTI-Mexico index registered 28.8%, an increase of 5.9 percentage points from the previous month, was below the critical value (50%) for 13 consecutive months, indicating that the business prosperity of the superior timber enterprises represented by the GTI-Mexico index shrank from last month, however, the contraction eased.

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## Main Challenges Reported by GTI-Mexico Enterprises

- Insufficient market demand for timber and falling product prices.
- Competition with the import of timber from forest plantations in South America.
- A lot of rain, restricting field operations and resulting in a drop in production.
- Lack of personnel for production areas.
- Decrease sales due to the entry of imported timber at very low prices.
- Insufficient supply of raw materials.
- Stagnant production due to insufficient transportation capacity and the slow transport of logs from the forest to the sawmill.

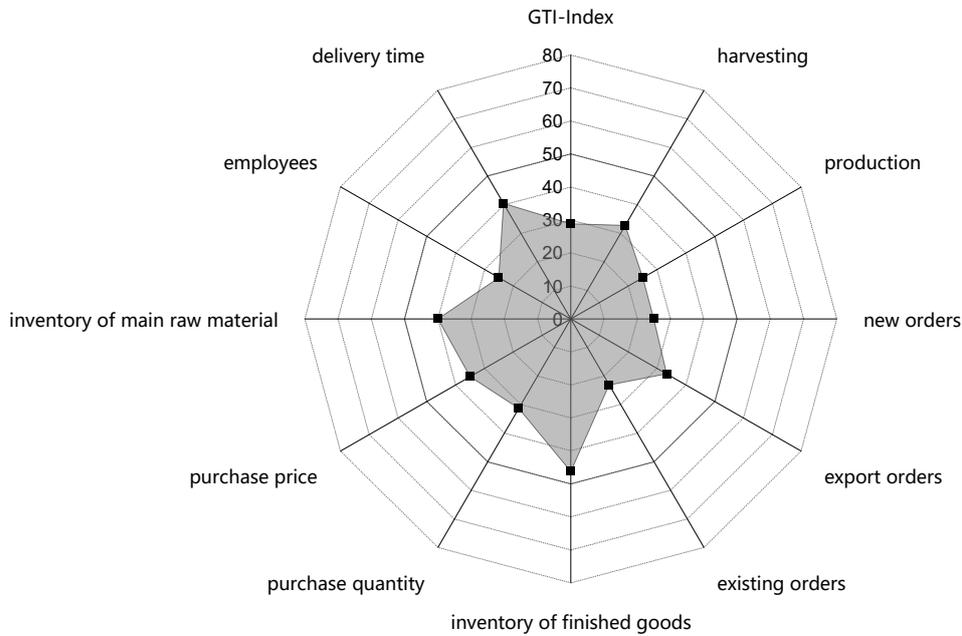
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## Main Suggestions from GTI-Mexico Enterprises

- Reduce the import of wood products and impose tariffs on such products.
- Promote the consumption of domestic wood.
- Increase publicity for wood from forest plantations.
- Schedule operations according to this seasonal climate.
- Minimize labor costs.
- Lower the price slightly to maintain production.
- Look for new markets, and rehabilitate roads in logging areas.
- Streamline administrative approval procedures.
- Reactivate the construction industry and encourage the purchase of legal and/or certified wood.

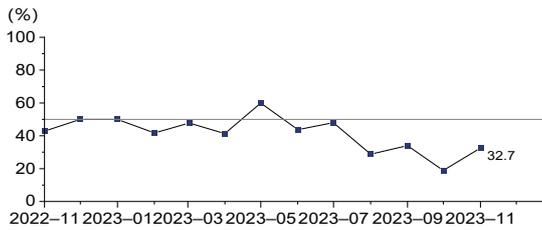
## GTI-Mexico sub-index

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

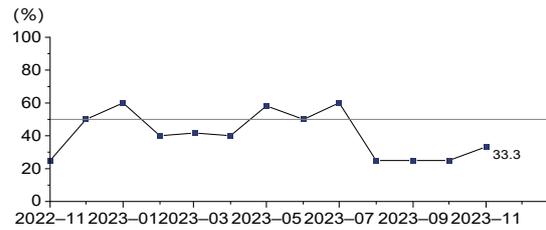


GTI-Mexico sub-index

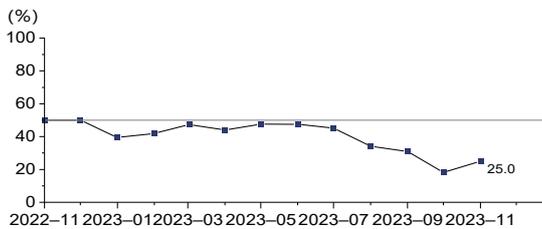
The harvesting index registered 32.7%, an increase of 13.9 percentage points from the previous month, was below the critical value for 6 consecutive months, indicating that the harvesting volume of the superior timber enterprises represented by the GTI-Mexico was less than that of last month.



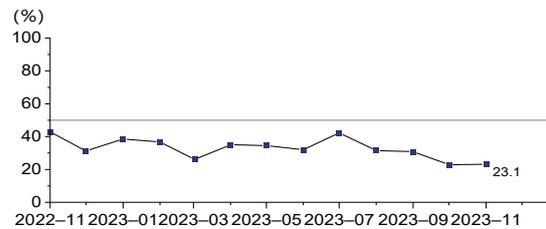
The export orders index registered 33.3%, an increase of 8.3 percentage points from the previous month, was below the critical value for 4 consecutive months, indicating that the number of export orders of the superior timber enterprises represented by the GTI-Mexico was less than that of last month.



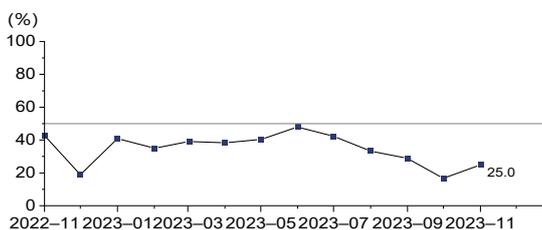
The production index registered 25.0%, an increase of 6.8 percentage points from the previous month, was below the critical value for 11 consecutive months, indicating that the production volume of the superior timber enterprises represented by the GTI-Mexico was less than that of last month.



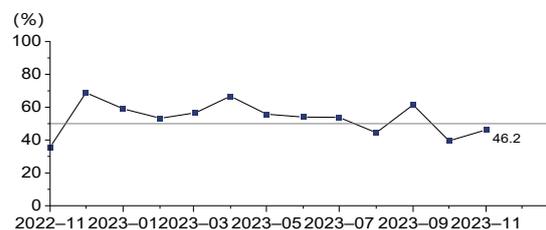
The existing orders index registered 23.1%, an increase of 0.2 percentage point from the previous month, was below the critical value for 13 consecutive months, indicating that the number of existing orders of the superior timber enterprises represented by the GTI-Mexico was much less than that of last month.



The new orders index registered 25.0%, an increase of 8.3 percentage points from the previous month, was below the critical value for 13 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.

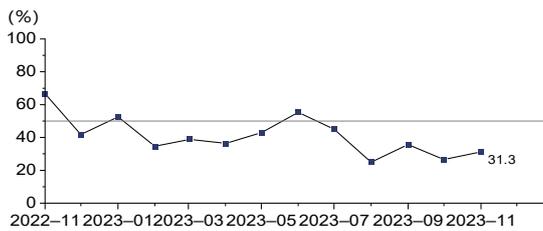


The inventory index of finished products registered 46.2%, an increase of 6.6 percentage points from the previous month, was below the critical value for 2 consecutive months, indicating that the inventory of finished products of the superior timber enterprises represented by the GTI-Mexico was less than that of last month.

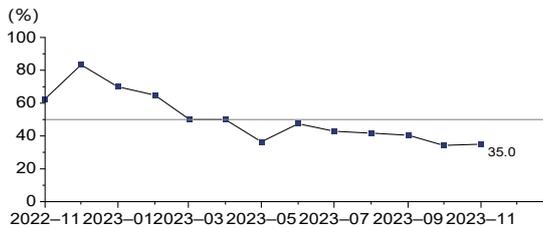




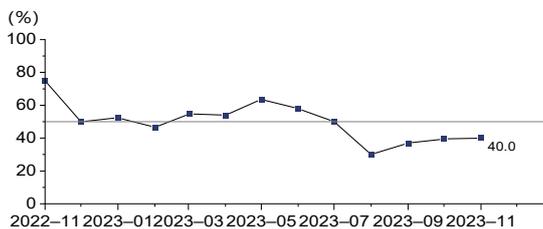
The purchase quantity index registered 31.3%, an increase of 4.8 percentage points from the previous month, was below the critical value for 5 consecutive months, indicating that the purchase quantity of the superior timber enterprises represented by the GTI-Mexico was less than that of last month.



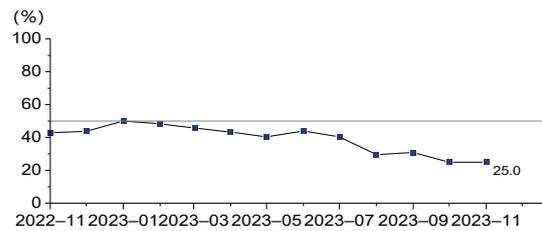
The purchase price index registered 35.0%, an increase of 0.8 percentage point from the previous month, was below the critical value for 7 consecutive months, indicating that the purchase price of the superior timber enterprises represented by the GTI-Mexico was lower than that of last month.



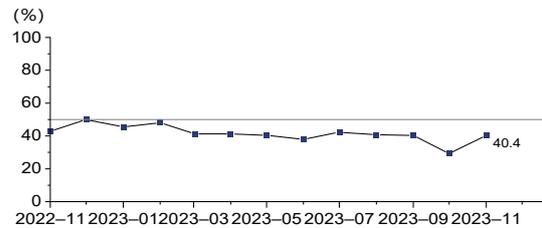
The inventory index of main raw materials registered 40.0%, an increase of 0.5 percentage point from the previous month, was below the critical value for 4 consecutive months, indicating that the inventory of main raw materials of the superior timber enterprises represented by the GTI-Mexico was less than that of last month.



The production and management employees index registered 25.0%, same with 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-Mexico was less than that of last month.



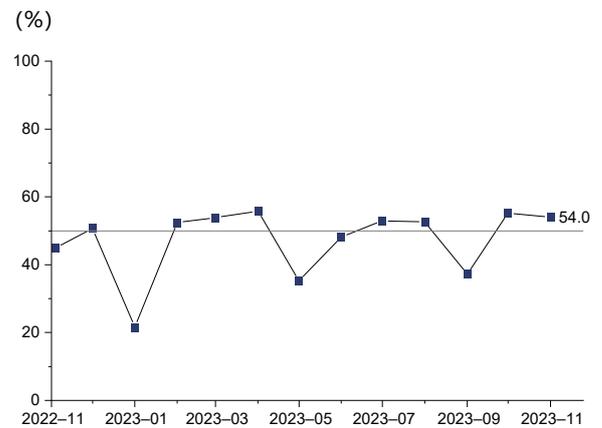
The delivery time index registered 40.4%, an increase of 11.2 percentage points from the previous month, was below the critical value for 11 consecutive months, indicating that the delivery time from the supplier to the superior timber enterprises represented by the GTI-Mexico was shorter than that of last month.



# GTI-China Index in November 2023

Data from China’s National Bureau of Statistics showed that the manufacturing PMI index decreased by 0.1 percentage point to 49.4%, as the market demand was insufficient and some manufacturing industries had entered the traditional off-season since November. Currently, China’s domestic consumer market still shows huge growth potential. On November 21-22, the Global Legal & Sustainable Timber Forum (GLSTF) 2023 was held in Macao SAR, China. With the theme of "Connect, Cooperate and Share to Promote the Recovery of the Global Tropical Timber Market", the Forum brought together more than 700 representatives from enterprises, business associations, international organizations, governments, and NGOs in 36 countries and regions. The outputs of a number of international collaborative projects were released at the forum, including the "Establishment and Operation of the Global Timber Index (GTI) Platform" and the "Research on the Collaborative Operations of the Blockchain-based Timber Traceability System (BTTS)". During the two-day event, representatives from the industry in several countries signed the "Joint Declaration of Intent (JDoI) for Sustainable Forest Management and Responsible Timber Industry Operations" and the cooperation agreement for Green Finance for Green Supply Chains (GF4GS) Action. Participants at the Forum said, "this is a very difficult and chal-

**GTI-China Index**



lenging time for the global timber industry. Perhaps for the first time all the major markets of the world are slowing at the same time – weighed under the economic volatility that followed on from the COVID pandemic, the threat of conflicts, trade wars, rising energy prices, climate change, and mounting pressure on resources”. They also emphasized the need to develop a strong international network to strengthen cooperation and share knowledge and experience of sustainable timber production and supply, adding that “the Global Timber Index (GTI) provides a valuable platform to improve the quality and regularity of timber market information, to encourage greater information exchange within the private sector, and thereby enhance the accuracy of policy formulation in relation to legal and sustainable trade” .

In November this year, the construction sector in China showed a noticeable upward trend, and the overall performance of Chinese timber enterprises was stable with sound momentum. GTI-China enterprises reported that their production volume and domestic orders increased compared with the previous month; the purchase of raw materials was more active; however, the number of international orders continued to decline due to

the sluggish global timber market. This month, the GTI-China index recorded 54.0%, a decrease of 1.2 percentage points compared to that of the previous month, was above the critical value (50%) for 2 consecutive months, 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

Taun, Oak, Red Oak Veneer

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### Commodities with Price Decrease in this Period

Red Incienso, Teak, Particle Board, Poplar, Paraffin, Urea, Methanol

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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, Paint Free Board for Whole House Customization, Eucalyptus, Brush Wood, Wood Based Panel, Solid Wood, Leather, Sponge, Cloth, Urea, Melamine, Phenol, Waterproofing Agent

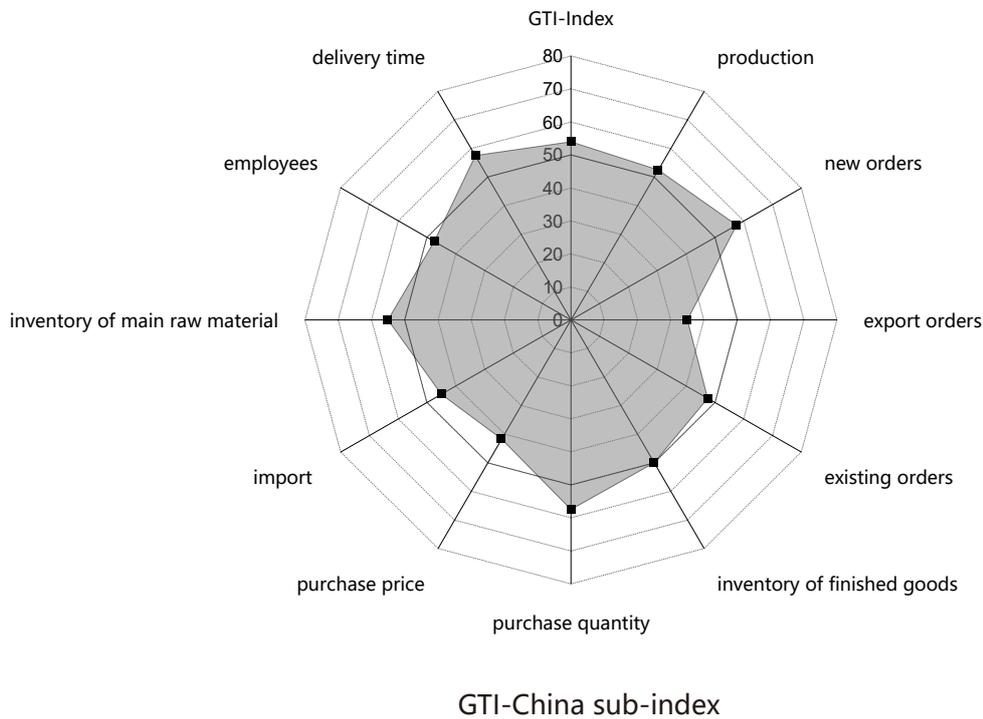
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### Main Challenges Reported by GTI-China Enterprises

- Not enough export orders from the United States.
- Insufficient orders and high labor costs.
- Oversupply and declining market sales.
- A decrease in sales of wood-based panels due to the overall environment.
- Increased operating costs, along with a sluggish real estate market that affected the timber market.

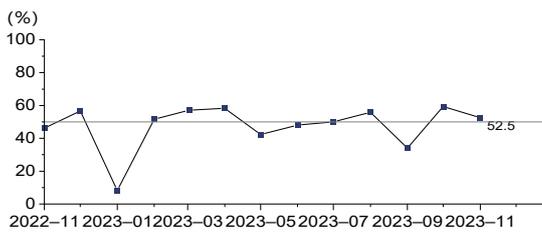
## GTI-China sub-index

As for the GTI-China sub-index, in November 2023, five indexes were above the critical value, including production, new orders, purchase quantity, inventory of main raw materials, and delivery time, while the inventory index of finished products was equal to the critical value and the remaining 5 sub-indexes were below the critical value.

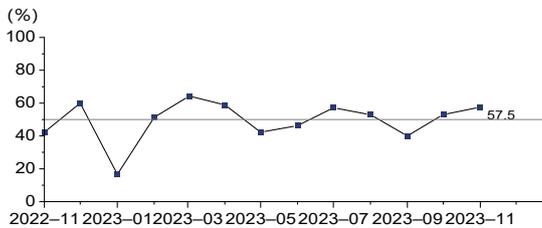




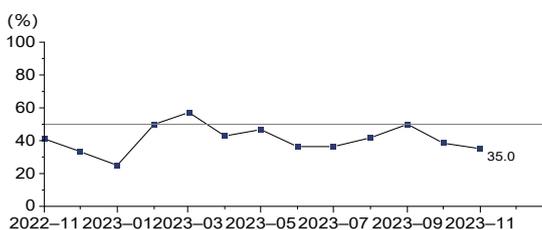
The production index registered 52.5%, a decrease of 6.9 percentage points from the previous month, was above the critical value for 2 consecutive months, indicating that the production volume of the superior timber enterprises represented by the GTI-China was more than that of last month.



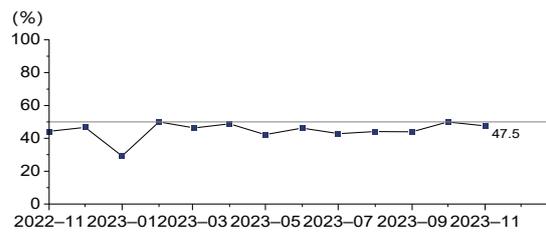
The new orders index registered 57.5%, an increase of 4.4 percentage points from the previous month, was above the critical value for 2 consecutive months, indicating that the number of new orders of the superior timber enterprises represented by the GTI-China was more than that of last month.



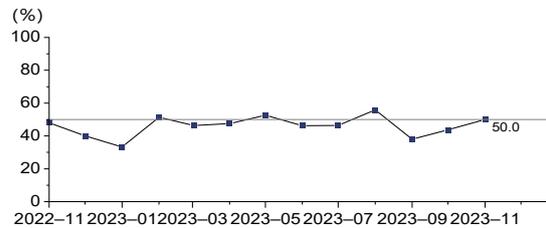
The export orders index registered 35.0%, a decrease of 3.5 percentage points from the previous month, was below the critical value for 2 consecutive months, indicating that the number of export orders of the superior timber enterprises represented by the GTI-China was less than that of last month.



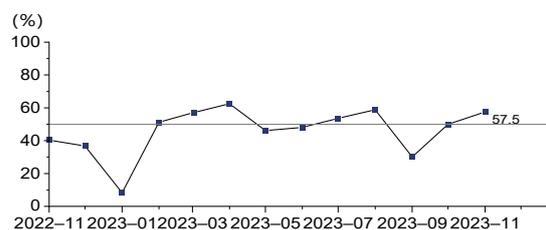
The existing orders index registered 47.5%, a decrease of 2.5 percentage points from the previous month, fell below the critical value after one month, indicating that the number of existing orders of the superior timber enterprises represented by the GTI-China was less than that of last month.



The inventory index of finished products registered 50.0%, an increase of 6.2 percentage points from the previous month, rose to the critical value after 2 months, indicating that the inventory of finished products of the superior timber enterprises represented by the GTI-China was the same with that of last month.

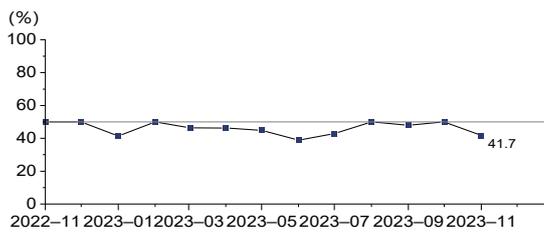


The purchase quantity index registered 57.5%, an increase of 7.5 percentage points from the previous month, rose above the critical value, indicating that the purchase quantity of the superior timber enterprises represented by the GTI-China was more than that of last month.

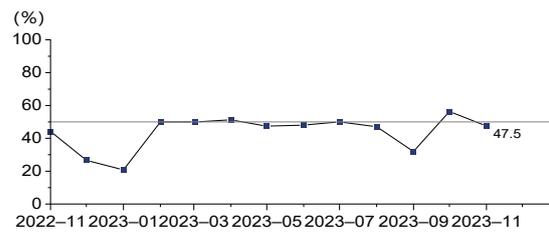




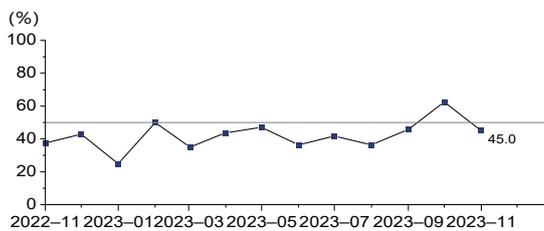
The purchase price index registered 41.7%, a decrease of 8.3 percentage points from the previous month, fell below the critical value, indicating that the purchase price of the superior timber enterprises represented by the GTI-China was lower than that of last month.



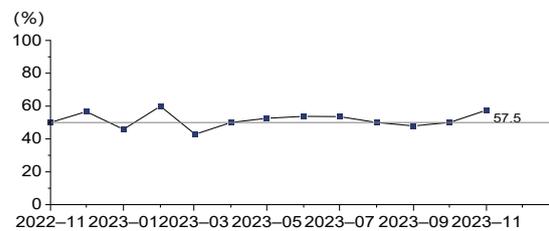
The production and management employees index registered 47.5%, a decrease of 8.8 percentage points from the previous month, fell below the critical value after one month, indicating that the number of employees in the superior timber enterprises represented by the GTI-China was less than that of last month.



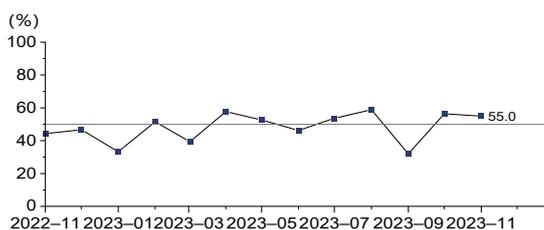
The import index registered 45.0%, a decrease of 17.5 percentage points from the previous month, fell below the critical value after one month, indicating that the import volume of the superior timber enterprises represented by the GTI-China was less than that of last month.



The delivery time index registered 57.5%, an increase of 7.5 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-China was longer than that of last month.



The inventory index of main raw materials registered 55.0%, a decrease of 1.3 percentage points from the previous month, was above the critical value for 2 consecutive months, 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.



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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 76 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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