

GLOBAL TIMBER INDEX GTI REPORT MONTHLY

GGSC-No. 01/2024

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

Global timber market under influence of rising shipping costs and decreasing transportation regularity



The Global Timber Index (GTI) report for January 2024 revealed that due to the impact of the New Year holiday, the trading volume of timber markets in the GTI pilot countries generally decreased. The GTI values of Indonesia, Malaysia, Gabon, the Republic of the Congo (ROC), Brazil, Mexico and China were all below the critical value (50%), registering 45.7%, 26.8%, 31.4%, 34.7%, 47.2%, 32.4%, and 34.1% respectively. Encouragingly, Brazil, Malaysia and ROC saw an increase in the new orders index compared to the previous month, indicating some improvement on the demand side of the timber markets.

Latest news showed that the stability of global economy and the regularity of freight had been affected by the conflicts in the Red Sea. GTI

sample enterprises from Brazil, China, Malaysia, and Indonesia all reported higher shipping costs, reduced shipments, and slower transportation speed. Brazilian enterprises suggested enhancing safety for commercial vessels crossing the Red Sea and increasing number of transports on alternative routes. In addition to shipping matters, GTI sample enterprises also reported some other new challenges they were facing. Gabonese enterprises reported a lack of sales channels for their products, and a slowdown in production activities at the Special Economic Zone NKOK as the number of orders decreased. Mexican enterprises said there was a high level of customer turnover in the timber sector, and the number of orders was unstable. Besides, Chinese

enterprises reported that the production volume decreased compared with previous years, and the costs of equipment increased as a result of intermittent operations.

Despite the downturn in the timber markets, some countries had made encouraging progress in legal and sustainable practices of the timber sector. For example, on January 16, Brazilian Minister of Environment and Climate Change, Marina Silva, said at the annual meeting of the World Economic Forum that environmental governance and monitoring actions helped reduce deforestation in the Amazon by about 50% in 2023 compared to 2022, which is equivalent to a reduction of approximately 250 million tons of carbon dioxide emissions, while Brazil is committed to achieving zero deforestation by 2030. In Mexico, National Institute of Ecology and Climate Change (INECC) obtained an innovative instrument (AccuTOFTM DART® Express) that uses real-time mass spectrometry to detect wood "fingerprints". The instrument is capable of identifying wood in a fast, accurate and relatively cost-effective way as wood species can be determined from a small sample. Therefore, it can help combat illegal logging and trade.

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)

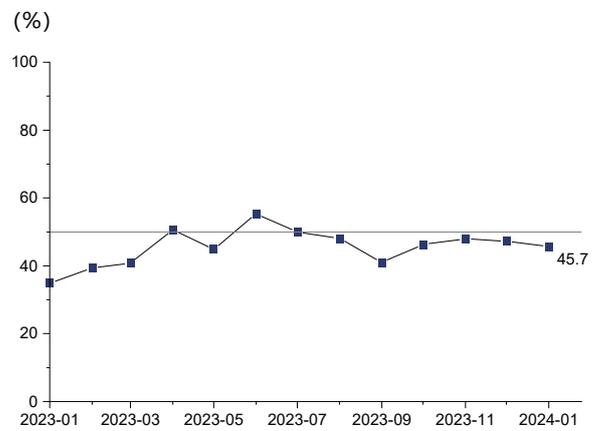
China:

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

GTI-Indonesia Index in January 2024

Data from Statistics Indonesia revealed that Indonesia's exports reached US\$22.414 billion and imports hit US\$19.107 billion in December 2023, resulting in a trade surplus of US\$3.307 billion. In January 2024, Indonesia's Ministry of Environment and Forestry (LHK) and the U.S. Forest Service (a division of the U.S. Department of Agriculture) signed a Memorandum of Understanding (MoU) in Jakarta to support Indonesia's Forestry and Other Land Uses (FOLU) Net Sink 2030 plan, which will lead Indonesia to fulfill its emissions reduction commitment by 2030. To this end, Indonesia is implementing four strategies, namely preventing deforestation, conserving forests, protecting and restoring peatlands, and increasing the level of carbon absorption. According to the Ministry of Environment and Forestry, in 2023, investments in the country's forestry sector increased by US\$331 million; the area of afforestation reached 667,780 hectares, significantly above the target of 428,000 hectares; log production reached 58.13 million cubic meters, or 102 percent of the target; and besides timber, the production of non-timber forest products such as rattan, agarwood, latex, and bamboo also increased. Another news is that currently, the Indonesian government plans to build a special economic zone (SEZ) for the wood industry to increase international competitiveness of timber and furniture products.

GTI-Indonesia Index



In January, due to the lower demand in the global timber market and several unstable political factors, some enterprises saw a decrease in the number of overseas orders and became more reliant on the domestic market. GTI-Indonesia enterprises reported that market prices and sales volume of both logs and plywood decreased, and they still needed to wait for the markets to rebound. This month, the GTI-Indonesia index registered 45.7%, a decrease of 1.5 percentage points from the previous month, was below the critical value (50%) for 6 consecutive months, indicating that the business prosperity of the superior timber enterprises represented by the GTI-Indonesia index shrank from last month, and the contraction expanded a little.

Main Challenges Reported by GTI-Indonesia Enterprises

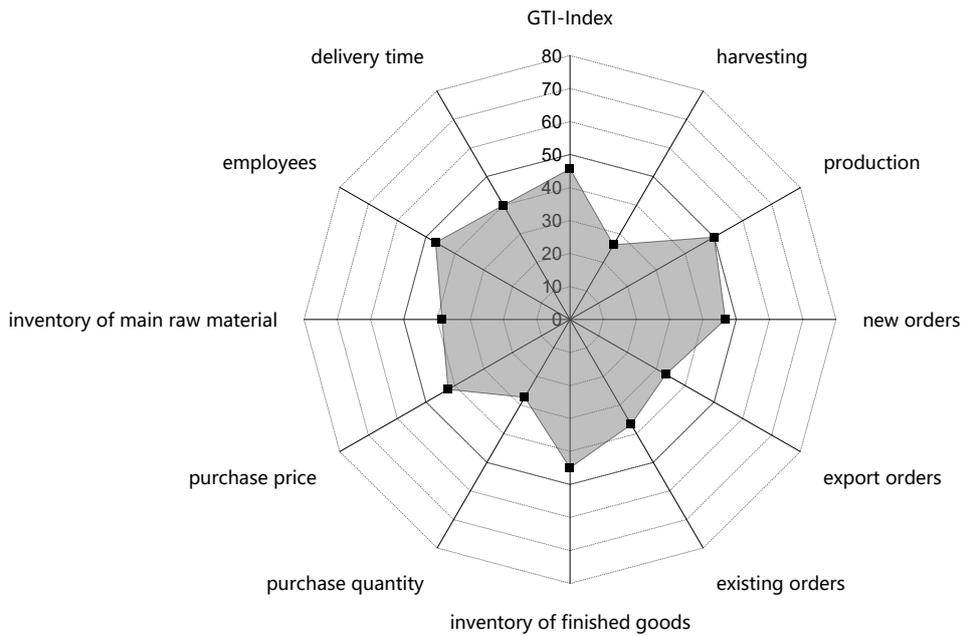
- Prices of logs were low, and some log producers only received a small number of orders.
- Some heavy equipment used for production were still in the process of maintenance and replacement of spare parts, leading to a decrease in production volume.
- The concession work areas were often exposed to prolonged rains, thus hampering operational activities in the field.
- Buyers preferred certain types of timber, such as Keruing, Kapur, and Bangkirai, while other tree species were difficult to sell.
- For some enterprises, the number of orders from abroad decreased, and the overseas freight costs tripled. These problems were partly the results of geopolitical developments in the Middle East and the Russia-Ukraine war.
- With decreasing demand in several countries as the main export destinations, the plywood market tended to be sluggish.
- There was a drop in log prices, while the buyer's requirements for the products were still stringent (super quality, and third-party certification).

Main Suggestions from GTI-Indonesia Enterprises

- Complete the third-party certification process and various related matters as required by the buyer and prepare necessary infrastructure to support full operational activities.
- Continue to monitor developments in the global and domestic timber markets, and communicate with various potential buyers.
- Government intervention and policies are needed to encourage and facilitate the export of processed wood products and the development of domestic markets, especially for products sourced from sustainably managed forests and/or legality-certified products.
- In response to the lack of orders and the low prices of logs, the enterprises may adjust operations by reducing production activities in line with industry demand.
- Repair heavy equipment and replace spare parts in order for log production to return to normal levels.

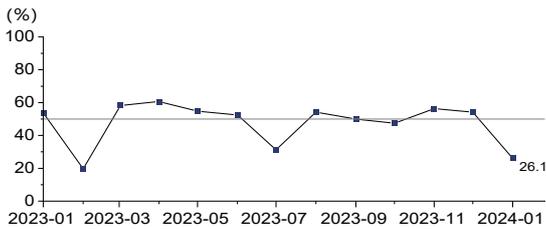
GTI-Indonesia sub-index

As for the GTI-Indonesia sub-index, in January 2024, only the production index was equal to the critical value, while the remaining 10 sub-indexes were all below the critical value.

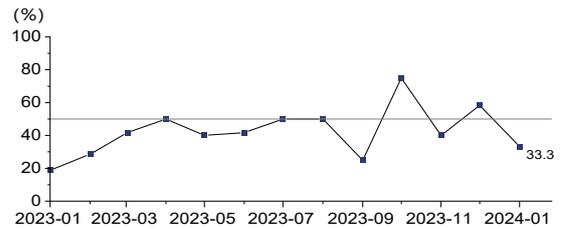


GTI-Indonesia sub-index

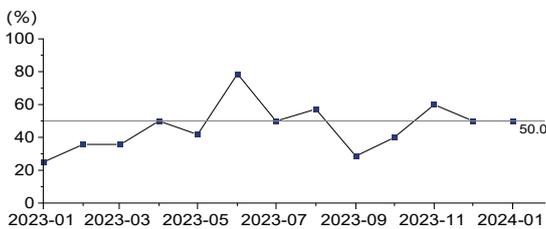
The harvesting index registered 26.1%, a decrease of 28.1 percentage points from the previous month, fell below the critical value after 2 months, indicating that the harvesting volume of the superior timber enterprises represented by the GTI-Indonesia was less than that of last month.



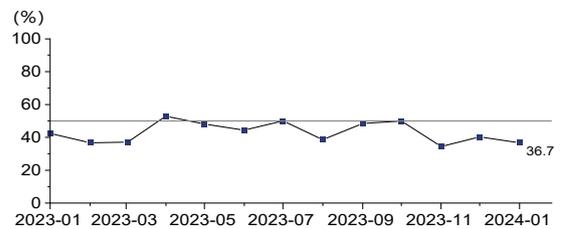
The export orders index registered 33.3%, a decrease of 25.0 percentage points from the previous month, fell below the critical value after one month, indicating that the number of export orders of the superior timber enterprises represented by the GTI-Indonesia was less than that of last month.



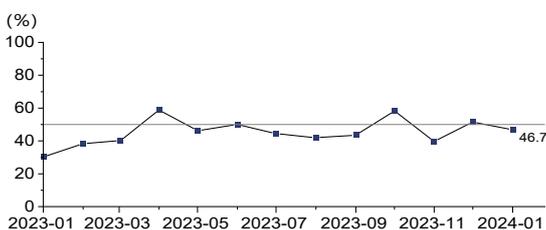
The production index registered 50.0%, same with the previous month, was equal to the critical value for 2 consecutive months, indicating that the production volume of the superior timber enterprises represented by the GTI-Indonesia was the same with that of last month.



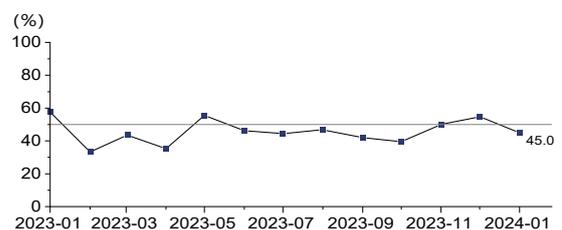
The existing orders index registered 36.7%, a decrease of 3.6 percentage points from the previous month, was below the critical value for 3 consecutive months, indicating that the number of existing orders of the superior timber enterprises represented by the GTI-Indonesia was less than that of last month.



The new orders index registered 46.7%, a decrease of 4.9 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.

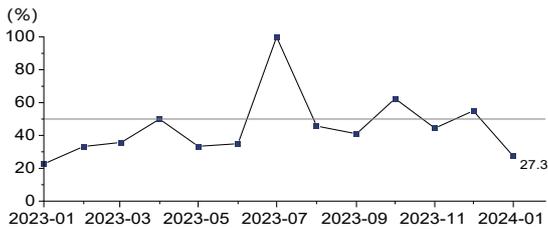


The inventory index of finished products registered 45.0%, a decrease of 9.8 percentage points from the previous month, fell below the critical value after one month, indicating that the inventory of finished products of the superior timber enterprises represented by the GTI-Indonesia was less than that of last month.

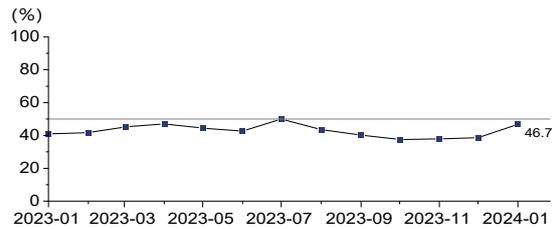




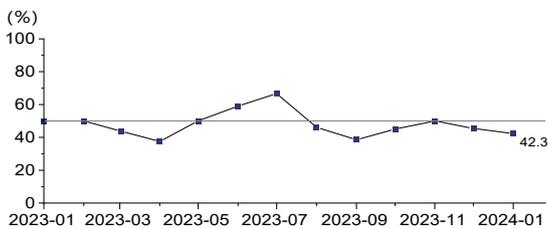
The purchase quantity index registered 27.3%, a decrease of 27.7 percentage points from the previous month, fell below the critical value after one month, indicating that the purchase quantity of the superior timber enterprises represented by the GTI-Indonesia was less than that of last month.



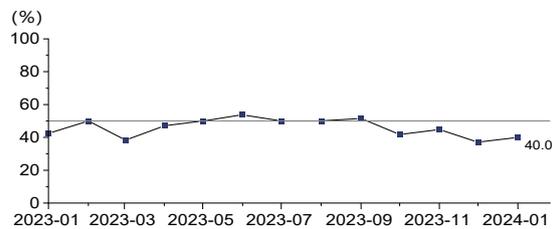
The production and management employees index registered 46.7%, an increase of 8.0 percentage points from the previous month, was below the critical value for 6 consecutive months, indicating that the number of employees in the superior timber enterprises represented by the GTI-Indonesia was less than that of last month.



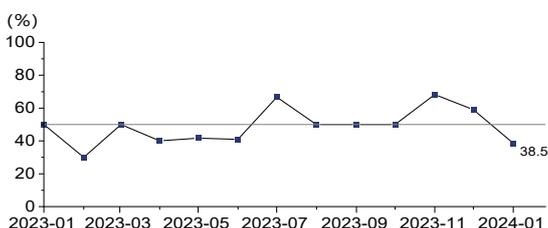
The purchase price index registered 42.3%, a decrease of 3.2 percentage points from the previous month, was below the critical value for 2 consecutive months, indicating that the purchase price of the superior timber enterprises represented by the GTI-Indonesia was lower than that of last month.



The delivery time index registered 40.0%, an increase of 2.9 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-Indonesia was shorter than that of last month.



The inventory index of main raw materials registered 38.5%, a decrease of 20.6 percentage points from the previous month, fell below the critical value after 2 months, indicating that the inventory of main raw materials of the superior timber enterprises represented by the GTI-Indonesia was less than that of last month.

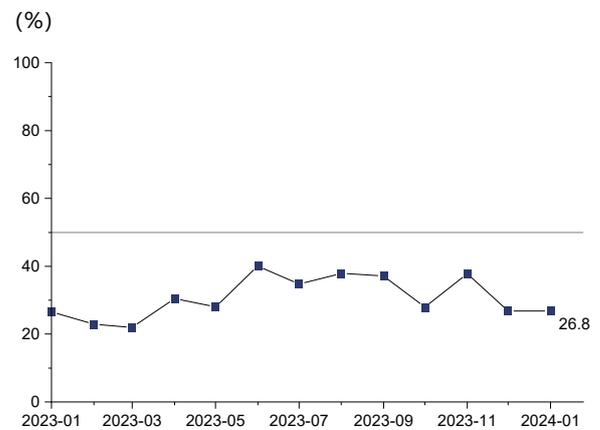


GTI-Malaysia Index in January 2024

On January 19, trade statistics released by Malaysia's Ministry of Investment, Trade and Industry showed that Malaysia's trade exceeded RM2 trillion for the third consecutive year to reach RM2.64 trillion in 2023, but saw a 7.3% decrease versus a year ago. Specifically, exports contracted by 8% year-on-year to RM1.43 trillion, while imports decreased by 6.4% year-on-year to RM1.21 trillion, chalking up a trade surplus of RM214.1 billion. In 2023, Sarawak's total export value of timber and timber products dropped to RM3.1 billion from RM3.9 billion in 2022. Among them, plywood was the main export product of Sarawak, with an export value of RM1.5 billion, contributing 48 percent of the total export earnings. Recently, Malaysia's Ministry of Plantation Industries and Commodities (MPIC) approved an export quota of 50,000 cubic meters for rubberwood sawn timber in 2024, and all registered exporters can apply for the export quota through the Malaysian Timber Industry Board (MTIB).

In January this year, GTI-Malaysia enterprises reported some prominent challenges such as insufficient orders, fewer loading vessels, rising

GTI-Malaysia Index



logistics costs, insufficient supply of raw materials, etc. The enterprises hoped to expand log and sawn timber markets and find new alternative markets and products to replace some of the traditional markets. This month, the GTI-Malaysia index registered 26.8%, same with the previous month, was below the critical value (50%) for 15 consecutive months, indicating that the business prosperity of the superior timber enterprises represented by the GTI-Malaysia index shrank from last month.

Main Challenges Reported by GTI-Malaysia Enterprises

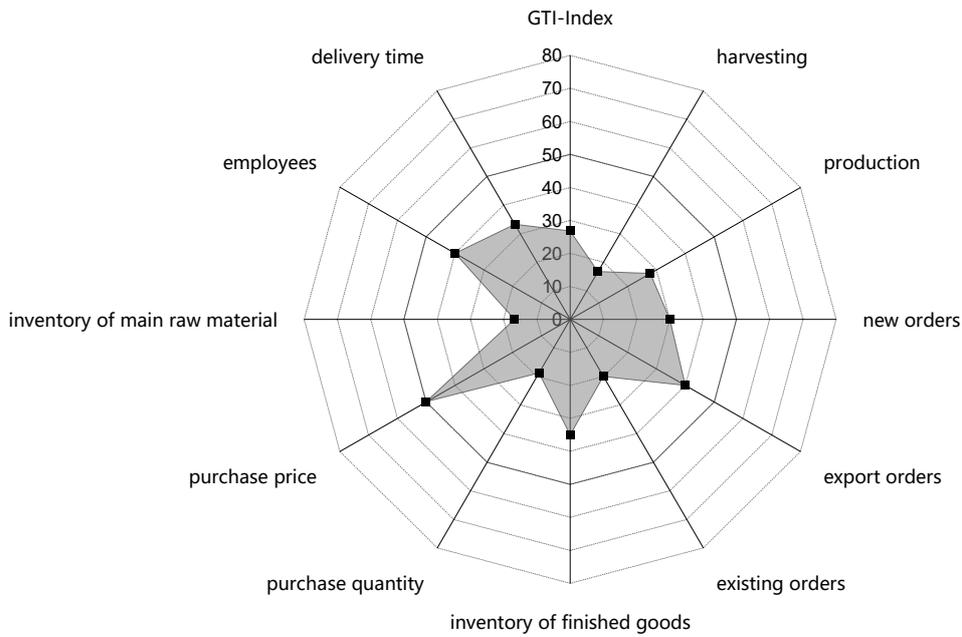
- Labor and orders were not enough.
- The demand in the timber market decreased, while the operating costs of enterprises increased.
- Raw materials for production were insufficient.
- Sawn timber and plywood markets were sluggish.
- The war led to uncertain global economy.
- Loading vessels were in decline and freight rates were on the increase, and at the same time, the volume of shipments decreased and the shipping speed was slow.

Main Suggestions from GTI-Malaysia Enterprises

- Expand markets and seek labor force.
- Increase trade and shipment volume.
- Strictly control production costs.
- Reduce export of woodchips.
- 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

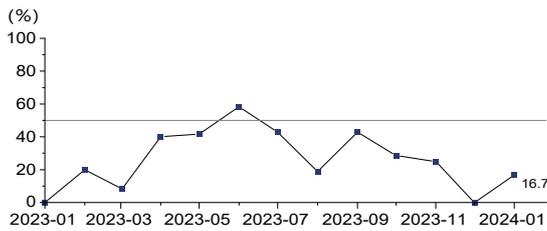
As for the GTI-Malaysia sub-index, in January 2024, the purchase price index was equal to the critical value, while the remaining 10 sub-indexes were all below the critical value.



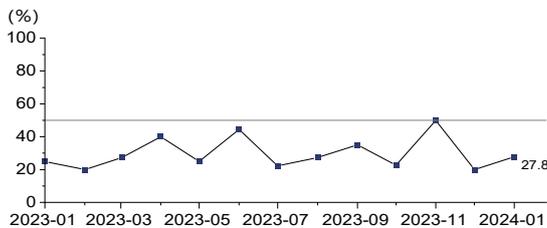
GTI-Malaysia sub-index



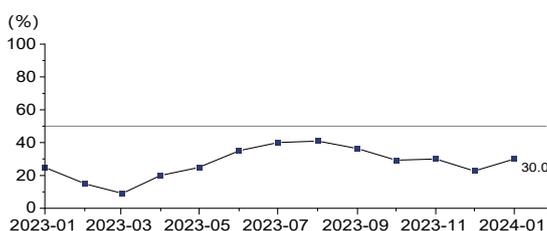
The harvesting index registered 16.7%, an increase of 16.7 percentage points from the previous month, was below the critical value for 7 consecutive months, indicating that the harvesting volume of the superior timber enterprises represented by the GTI-Malaysia was much less than that of last month.



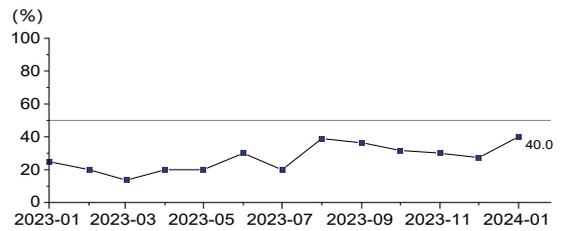
The production index registered 27.8%, an increase of 7.8 percentage points from the previous month, was below the critical value for 2 consecutive months, indicating that the production volume of the superior timber enterprises represented by the GTI-Malaysia was less than that of last month.



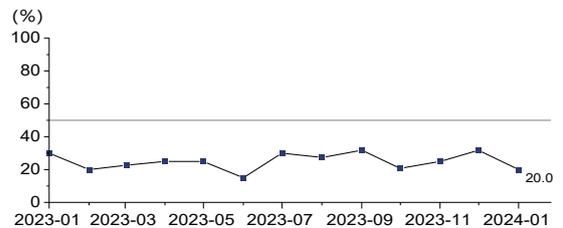
The new orders index registered 30.0%, an increase of 7.3 percentage points from the previous month, was below the critical value for 15 consecutive months, indicating that the number of new orders of the superior timber enterprises represented by the GTI-Malaysia was less than that of last month.



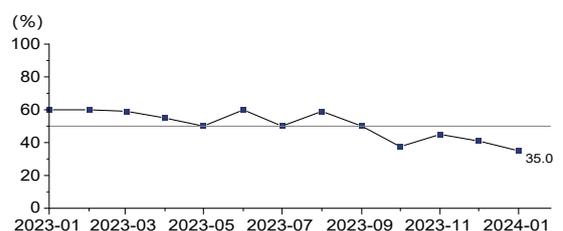
The export orders index registered 40.0%, an increase of 12.7 percentage points from the previous month, was below the critical value for 15 consecutive months, indicating that the number of export orders of the superior timber enterprises represented by the GTI-Malaysia was less than that of last month.



The existing orders index registered 20.0%, a decrease of 11.8 percentage points from the previous month, was below the critical value for 15 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.

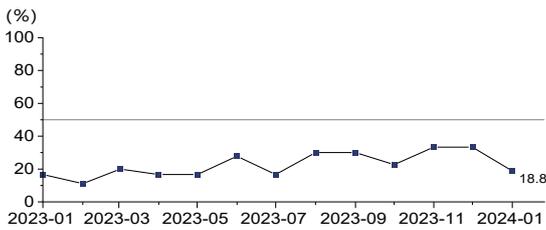


The inventory index of finished products registered 35.0%, a decrease of 5.9 percentage points from the previous month, was below the critical value for 4 consecutive months, indicating that the inventory of finished products of the superior timber enterprises represented by the GTI-Malaysia was less than that of last month.

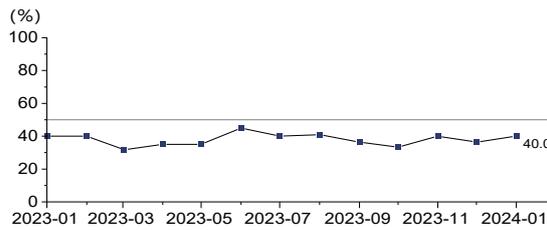




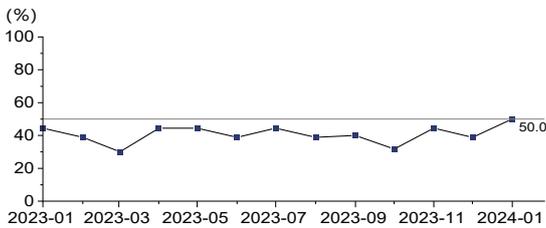
The purchase quantity index registered 18.8%, a decrease of 14.5 percentage points from the previous month, was below the critical value for 15 consecutive months, indicating that the purchase quantity of the superior timber enterprises represented by the GTI-Malaysia was much less than that of last month.



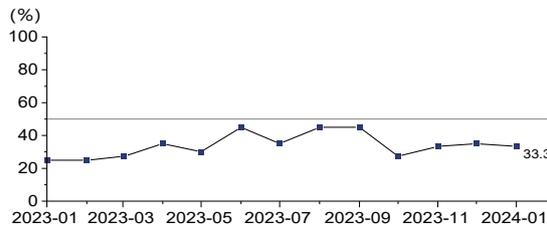
The production and management employees index registered 40.0%, an increase of 3.6 percentage points from the previous month, was below the critical value for 15 consecutive months, indicating that the number of employees in the superior timber enterprises represented by the GTI-Malaysia was less than that of last month.



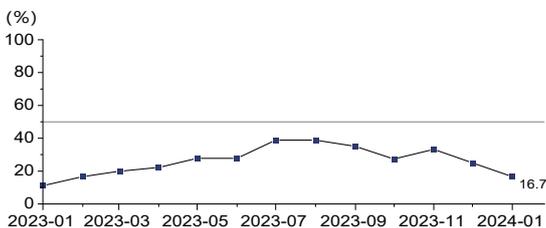
The purchase price index registered 50.0%, an increase of 11.1 percentage points from the previous month, rose to the critical value after 14 months, indicating that the purchase price of the superior timber enterprises represented by the GTI-Malaysia was the same with that of last month.



The delivery time index registered 33.3%, a decrease of 1.7 percentage points from the previous month, was below the critical value for 15 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 16.7%, a decrease of 8.3 percentage points from the previous month, was below the critical value for 15 consecutive months, indicating that the inventory of main raw materials of the superior timber enterprises represented by the GTI-Malaysia was much less than that of last month.

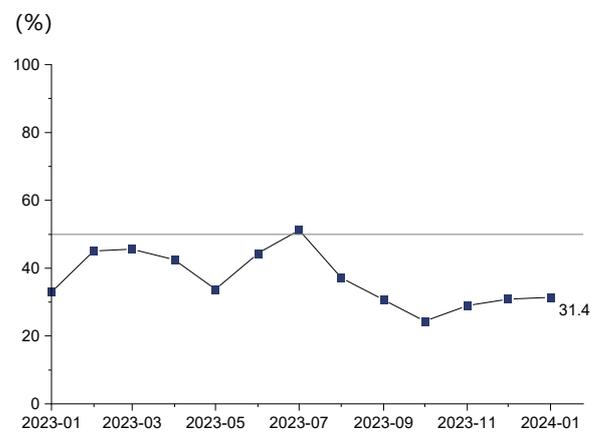


GTI-Gabon Index in January 2024

Gabon's newspaper L'UNION reported that on January 29, Gabon's Economy Minister Mays Mouissi attended the Gabon Monetary and Financial Committee meeting, where he said the economic growth rate of Gabon is expected to touch 3.3% in 2024, significantly higher than the 2.4% growth in 2023. Gabon's Committee for the Transition and Restoration of Institutions (Comité pour la Transition et la Restauration des Institutions, CTRI) announced on January 10 that Gabonese energy company Société d'énergie et d'eau du Gabon (SEEG) would lower the price of industrial diesel, as a move to not only reduce operating costs of Gabonese timber enterprises, but also protect local employment for Gabonese residents.

As orders from international buyers (especially those in the Asian market) were currently in decline, the production volume of sawn timber, veneer, plywood and some other Gabonese products declined to varying degrees. GTI-Gabon enterprises said the continuous heavy rains in January this year had led to the deterioration of roads and railways, while the high land taxes and fuel prices imposed significant pressure on their

GTI-Gabon Index



production and operations. Some enterprises hoped the government would take measures to help them, such as introducing policies to lower business costs, improving transportation conditions, and helping enterprises explore international markets. This month, the GTI-Gabon index registered 31.4%, an increase of 0.5 percentage point from the previous month, was below the critical value (50%) for 6 consecutive months, indicating that the business prosperity of the superior timber enterprises represented by the GTI-Gabon index shrank from last month.

Main Challenges Reported by GTI-Gabon Enterprises

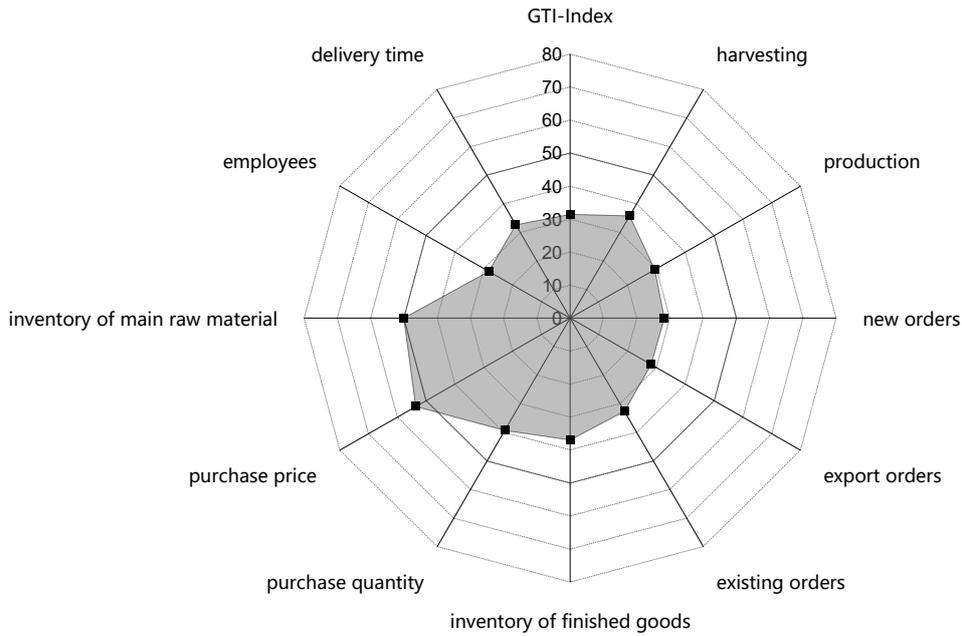
- Heavy rains made it difficult to obtain the necessary resources for production.
- Lack of product sales channels resulted in production stagnation.
- Fuel prices increased significantly and land taxes were high, putting high pressure on the production of enterprises.
- Diesel and transportation costs remained high, and the overall condition of the Ovan-Makokou Highway continued to deteriorate.
- There was a shortage of skilled workers in some enterprises.
- The issuance of operating licenses was slow.
- The forestry authorities were facing a financial crisis.
- The global timber market was sluggish, the number of orders decreased, and production activities at the Special Economic Zone NKOK slowed down.

Main Suggestions from GTI-Gabon Enterprises

- The government may increase financial support for road maintenance.
- The forestry authorities may provide policy support for operations of enterprises.
- The transportation authorities may increase the number of road and rail transport vehicles.
- Reduce the production costs of enterprises by lowering land taxes or reducing fuel prices.
- Increase the number of workers to ensure production activities at the Special Economic Zone NKOK.
- Enhance connections with foreign customers to expand the international market.

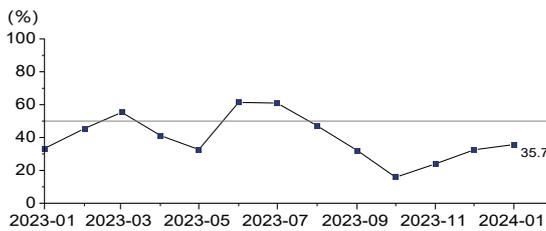
GTI-Gabon sub-index

As for the GTI-Gabon sub-index, in January 2024, the purchase price index was above the critical value, the inventory index of main raw materials was equal to the critical value, while the remaining 9 sub-indices were all below the critical value.

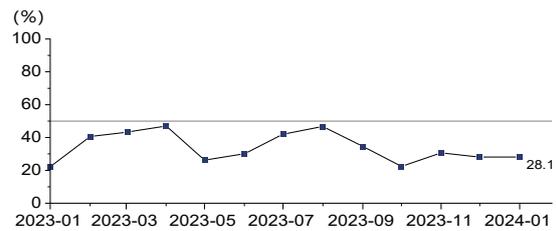


GTI-Gabon sub-index

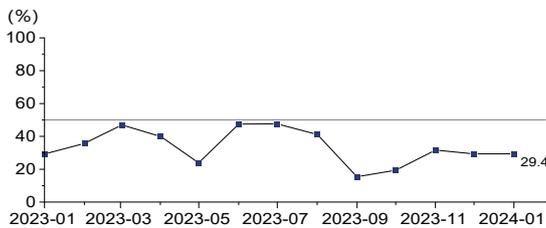
The harvesting index registered 35.7%, an increase of 3.2 percentage points from the previous month, was below the critical value for 6 consecutive months, indicating that the harvesting volume of the superior timber enterprises represented by the GTI-Gabon was less than that of last month.



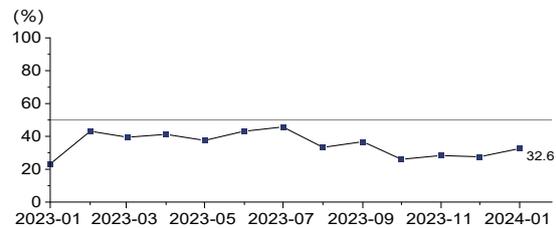
The export orders index registered 28.1%, same with the previous month, was below the critical value for 15 consecutive months, indicating that the number of export orders of the superior timber enterprises represented by the GTI-Gabon was less than that of last month.



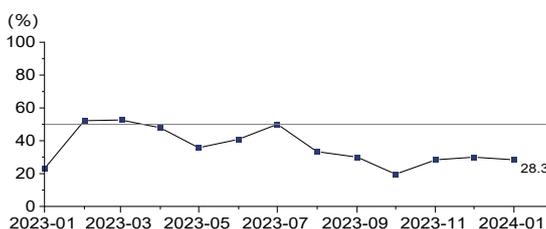
The production index registered 29.4%, same with the previous month, was below the critical value for 15 consecutive months, indicating that the production volume of the superior timber enterprises represented by the GTI-Gabon was less than that of last month.



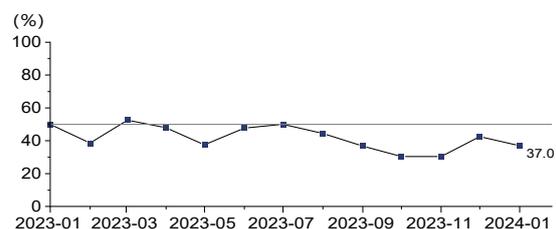
The existing orders index registered 32.6%, an increase of 5.1 percentage points from the previous month, was below the critical value for 15 consecutive months, indicating that the number of existing orders of the superior timber enterprises represented by the GTI-Gabon was less than that of last month.



The new orders index registered 28.3%, a decrease of 1.7 percentage points from the previous month, was below the critical value for 6 consecutive months, indicating that the number of new orders of the superior timber enterprises represented by the GTI-Gabon was less than that of last month.

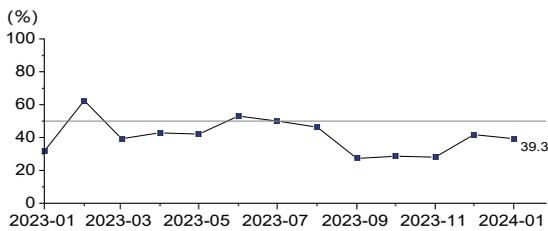


The inventory index of finished products registered 37.0%, a decrease of 5.5 percentage points from the previous month, was below the critical value for 6 consecutive months, indicating that the inventory of finished products of the superior timber enterprises represented by the GTI-Gabon was less than that of last month.

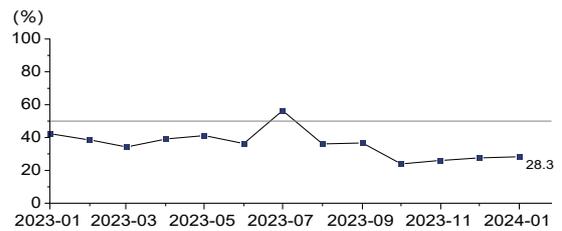




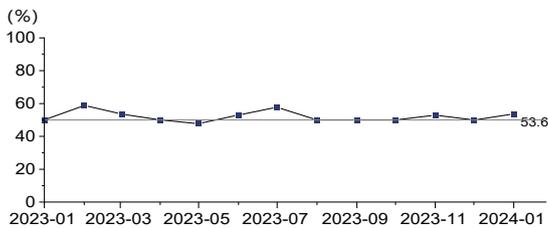
The purchase quantity index registered 39.3%, a decrease of 2.4 percentage points from the previous month, was below the critical value for 6 consecutive months, indicating that the purchase quantity of the superior timber enterprises represented by the GTI-Gabon was less than that of last month.



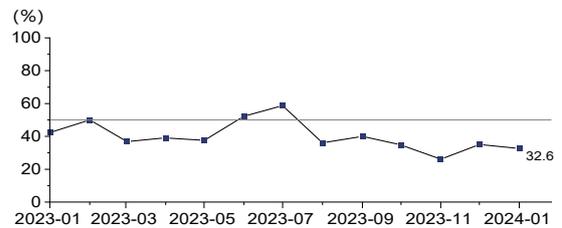
The production and management employees index registered 28.3%, an increase of 0.8 percentage point from the previous month, was below the critical value for 6 consecutive months, indicating that the number of employees in the superior timber enterprises represented by the GTI-Gabon was less than that of last month.



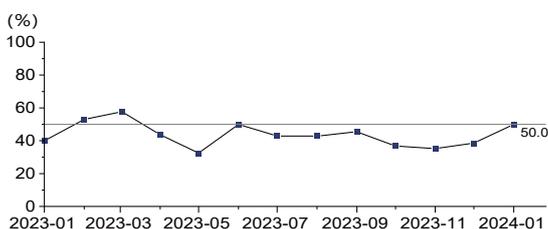
The purchase price index registered 53.6%, an increase of 3.6 percentage points from the previous month, rose above the critical value after one month, indicating that the purchase price of the superior timber enterprises represented by the GTI-Gabon was higher than that of last month.



The delivery time index registered 32.6%, a decrease of 2.4 percentage points from the previous month, was below the critical value for 6 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.



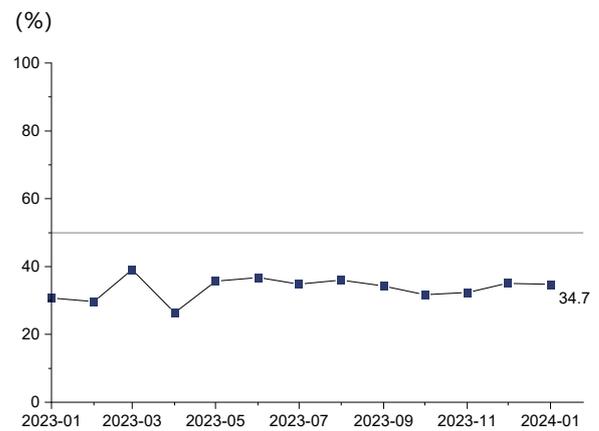
The inventory index of main raw materials registered 50.0%, an increase of 11.5 percentage points from the previous month, rose to the critical value after 6 months, indicating that the inventory of main raw materials of the superior timber enterprises represented by the GTI-Gabon was the same with that of last month.



GTI-ROC Index in January 2024

On January 25-26, the first Africa Finance, Banking and Digitalisation Summit (AFBDS-CEMAC) was held in Brazzaville, the capital of the Republic of the Congo (ROC), with the theme "Digitalisation of the Banking and Financial Sector, a vector for growth and integration in the CEMAC (Central African Economic and Monetary Community) zone". The summit provided an opportunity to reaffirm the key role of digitalisation of the banking sector in supporting the transformation of economies and financial systems for greater resilience. On January 10, the Central African Press Agency reported that forestry contributes more than 5% of the ROC's gross domestic product (GDP), making it the country's second pillar industry. In 2024, the ROC would implement the new Forest Law and the Timber Production Sharing Agreement to promote the development of the forestry economy. Besides, under the project "Support for the Development of Continuing Education for the Forestry and Wood Sector in Central Africa (ADEFAC)", the professional organizations (POs) of SMEs and craftsmen in Cameroon, ROC, Gabon and the DRC benefited from organizational capacity-building by the Cameroon Federation of Promoters of Secondary and Tertiary Wood Processing (FECAPROBOIS).

GTI-ROC Index



In January 2024, the timber sector in ROC was hindered by poor market situation and sluggish demand, and especially as the demand from the Philippines was low, the procurement of Okouman sawn timber slowed down. GTI-ROC enterprises said they hoped government departments may adjust the laws regarding log production and exports, and at the same time, could roll out preferential policies for them, so as to help them increase the business performance. This month, the GTI-ROC index registered 34.7%, a decrease of 0.4 percentage point from the previous month, was below the critical value (50%) for 15 consecutive months, indicating that the business prosperity of the superior timber enterprises represented by the GTI-ROC index shrank from last month.

Main Challenges Reported by GTI-ROC Enterprises

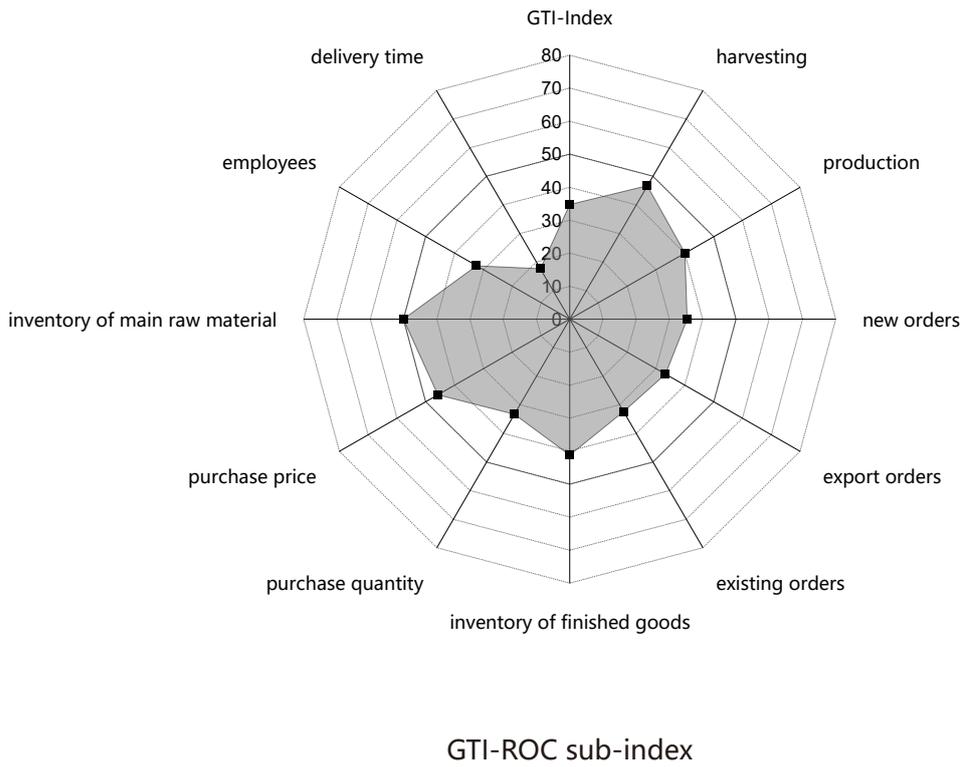
- The global timber market was sluggish, and the number of orders decreased.
- Some enterprises faced a shortage of skilled labor.
- The field operation time was reduced due to rainfall, resulting in decreased production volume.
- The administrative approval process of forestry authorities was slow.
- The laws on log production and the ban on log exports restricted production.
- Fuel supply remained insufficient and its prices continued to rise, making it impossible to ensure long-term production stability.

Main Suggestions from GTI-ROC Enterprises

- The forestry authorities may provide policy support for enterprises.
- Adjust the laws regarding log production and exports.
- Adjust the fuel distribution system to ensure sufficient fuel supply in all regions.
- The government may provide some support for road maintenance and bridge building, so as to ensure smooth logistics.
- The forestry authorities should voice more concern about the suggestions of enterprises, so as to promote the development of tropical timber market in the Congo Basin.

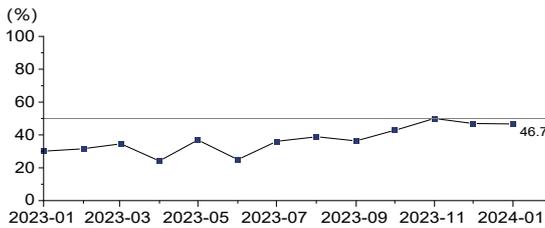
GTI-ROC sub-index

As for the GTI-ROC sub-index, in January 2024, only the inventory index of main raw materials was equal to the critical value, while the remaining 10 sub-indexes were all below the critical value.

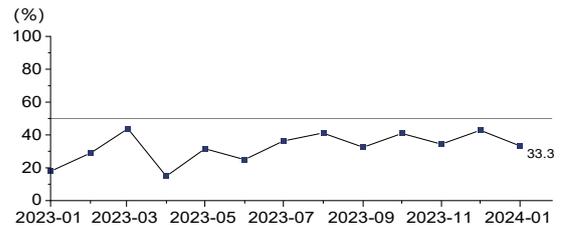




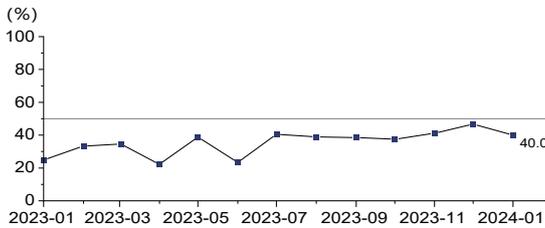
The harvesting index registered 46.7%, a decrease of 0.2 percentage point from the previous month, was below the critical value for 2 consecutive months, indicating that the harvesting volume of the superior timber enterprises represented by the GTI-ROC was less than that of last month.



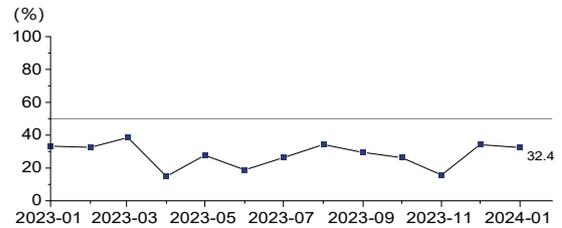
The export orders index registered 33.3%, a decrease of 9.6 percentage points from the previous month, was below the critical value for 15 consecutive months, indicating that the number of export orders of the superior timber enterprises represented by the GTI-ROC was less than that of last month.



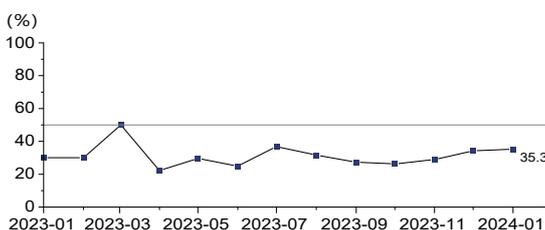
The production index registered 40.0%, a decrease of 6.7 percentage points from the previous month, was below the critical value for 14 consecutive months, indicating that the production volume of the superior timber enterprises represented by the GTI-ROC was less than that of last month.



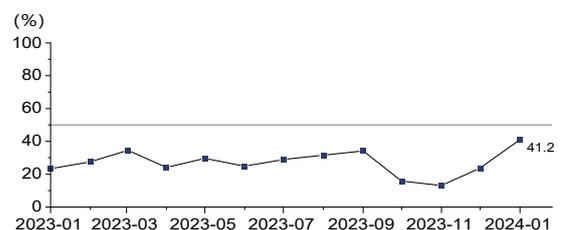
The existing orders index registered 32.4%, a decrease of 1.8 percentage points from the previous month, was below the critical value for 15 consecutive months, indicating that the number of existing orders of the superior timber enterprises represented by the GTI-ROC was less than that of last month.



The new orders index registered 35.3%, an increase of 1.1 percentage points from the previous month, was below the critical value for 10 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.

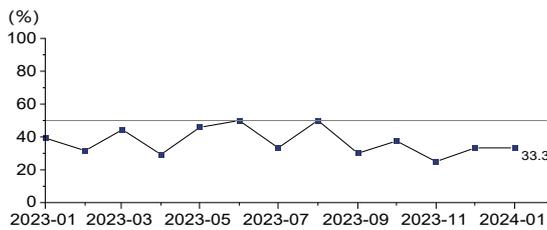


The inventory index of finished products registered 41.2%, an increase of 17.5 percentage points from the previous month, was below the critical value for 14 consecutive months, indicating that the inventory of finished products of the superior timber enterprises represented by the GTI-ROC was less than that of last month.

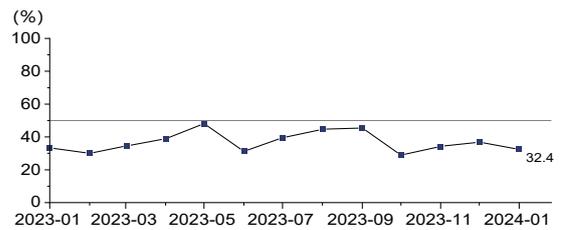




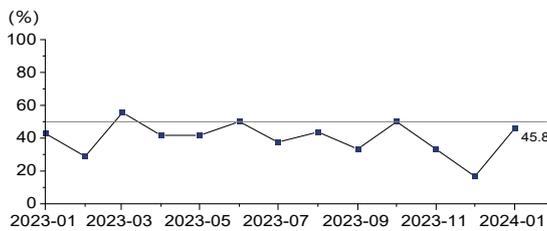
The purchase quantity index registered 33.3%, same with the previous month, was below the critical value for 5 consecutive months, indicating that the purchase quantity of the superior timber enterprises represented by the GTI-ROC was less than that of last month.



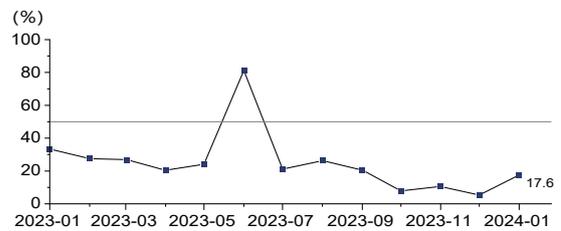
The production and management employees index registered 32.4%, a decrease of 4.4 percentage points from the previous month, was below the critical value for 14 consecutive months, indicating that the number of employees in the superior timber enterprises represented by the GTI-ROC was less than that of last month.



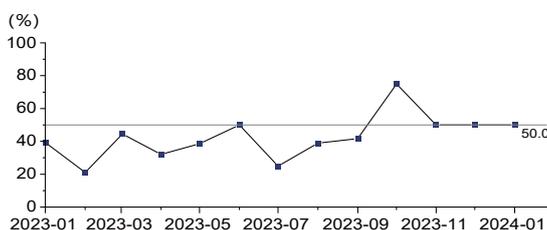
The purchase price index registered 45.8%, an increase of 29.1 percentage points from the previous month, was below the critical value for 3 consecutive months, indicating that the purchase price of the superior timber enterprises represented by the GTI-ROC was lower than that of last month.



The delivery time index registered 17.6%, an increase of 12.3 percentage points from the previous month, was below the critical value for 7 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.



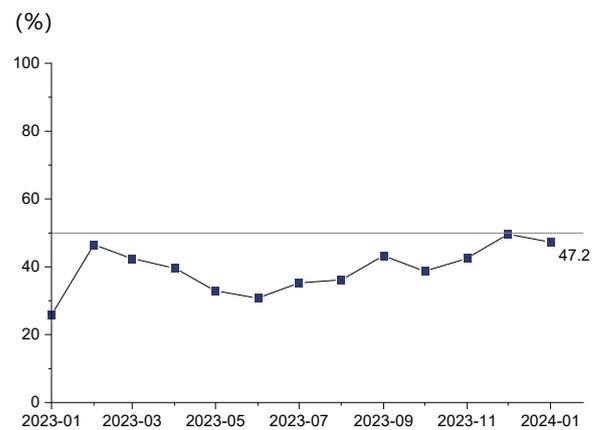
The inventory index of main raw materials registered 50.0%, same with the previous month, was equal to the critical value for 3 consecutive months, indicating that the inventory of main raw materials of the superior timber enterprises represented by the GTI-ROC was the same with that of last month.



GTI-Brazil Index in January 2024

Data released by Brazilian Institute of Geography and Statistics (Instituto Brasileiro de Geografia e Estatística, IBGE) revealed that Brazil's consumer prices performed well in 2023, due to favorable agricultural conditions, strict monetary policy, and the government's fiscal policy. The Central Bank of Brazil is expected to cut its interest rate by 50 basis points as before, in an effort to reach a terminal rate of 9.25% by July and thereby reduce borrowing costs to the lowest level under current economic conditions. On January 16, Brazilian Minister of Environment and Climate Change, Marina Silva, attended the annual meeting of the World Economic Forum in Davos, Switzerland, where she said after four years of persistent efforts, environmental governance and monitoring actions helped reduce deforestation in the Amazon by 49.7% in 2023 compared to 2022, according to the Prodes system of National Institute for Space Research (Instituto Nacional de Pesquisas Espaciais, INPE). The fall is equivalent to a reduction of approximately 250 million tons of carbon dioxide emissions. Besides, the Minister emphasized Brazil's determination to achieve zero deforestation by 2030.

GTI-Brazil Index



In January this year, the sales volume of enterprises decreased due to the statutory holidays. GTI-Brazil enterprises reported that heavy rains and the Red Sea conflict had resulted in port congestion, slow logistics, and higher shipping rates at major ports, affecting the normal operations of export. This month, the GTI-Brazil index registered 47.2%, a decrease of 2.5 percentage points from the previous month, was below the critical value (50%) for 15 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 a little.

Main Challenges Reported by GTI-Brazil Enterprises

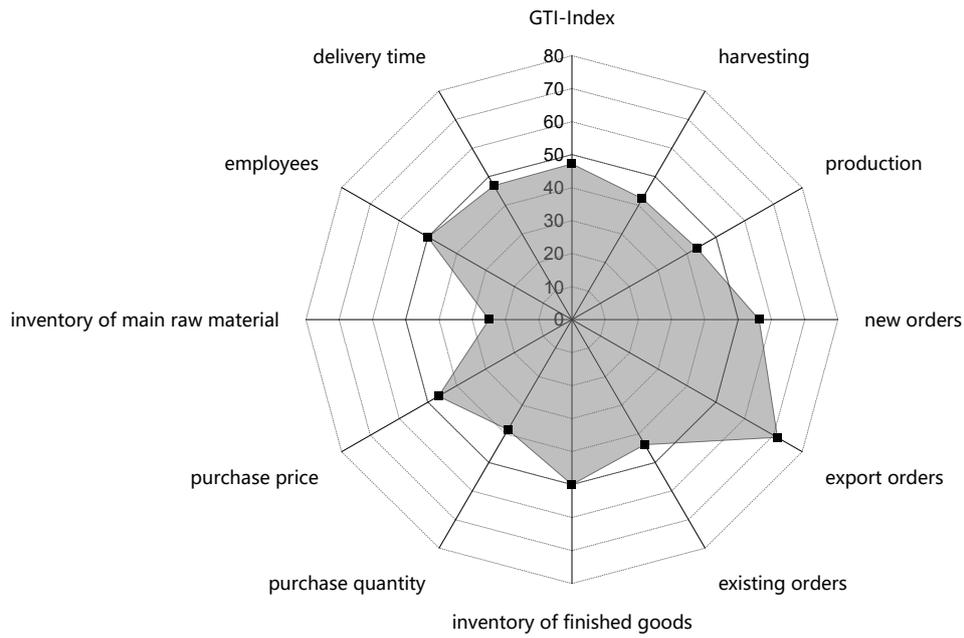
- Sales volume decreased due to the impact of the statutory holiday at the end of the year.
- Some enterprises were hindered by overstocked products and low market prices.
- Heavy rains in southern Brazil led to jams at ports. In particular, the ports in the states of Santa Catarina and Paraná were unable to handle large volumes of regular exports and the increases in shipment quantities.
- Some enterprises faced a rise in the prices of maritime transportation and a decrease in the regularity of shipments, as a result of the effects of the conflicts in the Red Sea.
- The weather (a lot of rain) had an impact on field operations.
- The slow release of goods at the port of Paranaguá led to the inability to ship products in a timely manner, affecting the signing of new contracts.
- Some enterprises had to lower demand for raw materials and may reduce the workforce, so as to keep cash flowing.
- There was a lack of market recognition of new hardwood species such as Australian cedar (Toona Ciliata) and African mahogany (Khaya Grandifoliola).

Main Suggestions from GTI-Brazil Enterprises

- Authorities and large exporters need to encourage the opening of new ports and terminals.
- Adjust the production planning to make the product structure more reasonable.
- Increase safety for commercial vessels crossing the Red Sea and increase number of transports on alternative routes.
- Wait for the market to pick up and look for cheaper raw materials.
- Set a schedule for field operations according to the seasonal climate.
- Increase market recognition of new hardwood species such as Australian cedar (Toona Ciliata) and African mahogany (Khaya Grandifoliola).

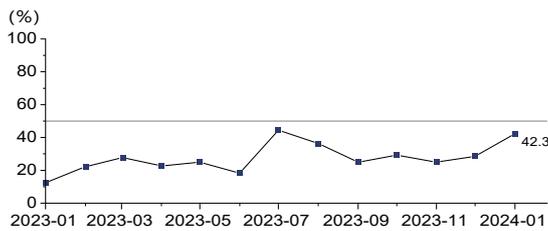
GTI-Brazil sub-index

As for the GTI-Brazil sub-index, in January 2024, two indexes were above the critical value, including new orders, and export orders, while inventory index of finished products and the employees index were equal to the critical value and the remaining 7 sub-indexes were below the critical value.

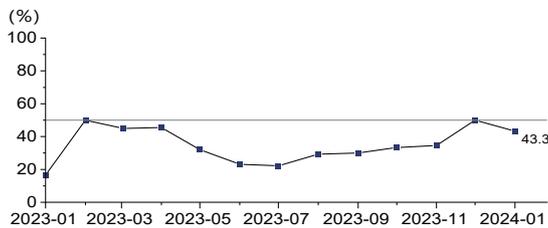


GTI-Brazil sub-index

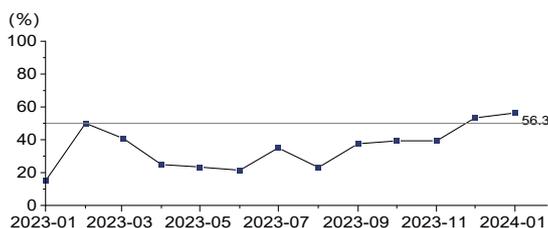
The harvesting index registered 42.3%, an increase of 13.7 percentage points from the previous month, was below the critical value for 15 consecutive months, indicating that the harvesting volume of the superior timber enterprises represented by the GTI-Brazil was less than that of last month.



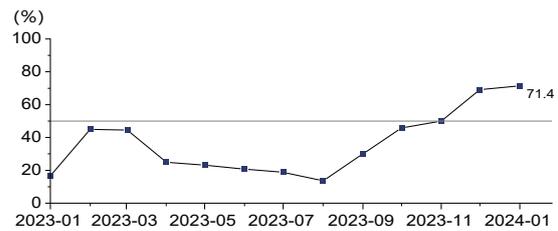
The production index registered 43.3%, a decrease of 6.7 percentage points from the previous month, fell below the critical value after one month, indicating that the production volume of the superior timber enterprises represented by the GTI-Brazil was less than that of last month.



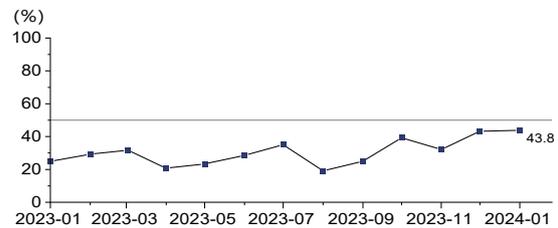
The new orders index registered 56.3%, an increase of 3.0 percentage points from the previous month, was above the critical value for 2 consecutive months, indicating that the number of new orders of the superior timber enterprises represented by the GTI-Brazil was more than that of last month.



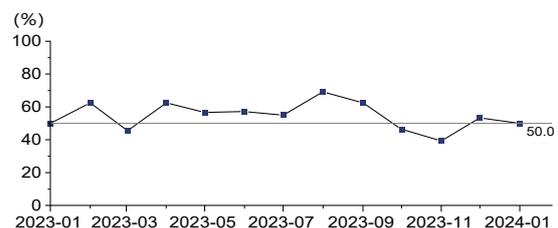
The export orders index registered 71.4%, an increase of 2.2 percentage points from the previous month, was above the critical value for 2 consecutive months, indicating that the number of export orders of the superior timber enterprises represented by the GTI-Brazil was more than that of last month.



The existing orders index registered 43.8%, an increase of 0.5 percentage point from the previous month, was below the critical value for 15 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.

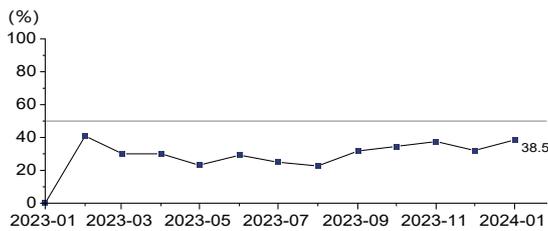


The inventory index of finished products registered 50.0%, a decrease of 3.3 percentage points from the previous month, fell to the critical value after one month, indicating that the inventory of finished products of the superior timber enterprises represented by the GTI-Brazil was the same with that of last month.

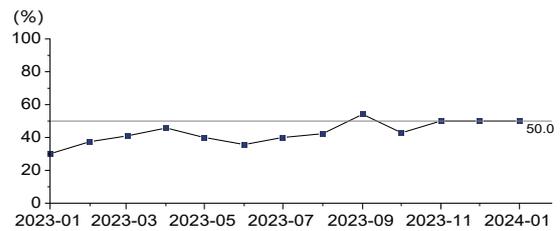




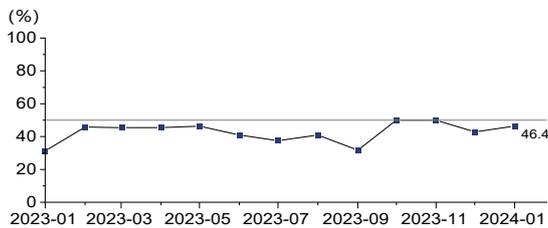
The purchase quantity index registered 38.5%, an increase of 6.4 percentage points from the previous month, was below the critical value for 15 consecutive months, indicating that the purchase quantity of the superior timber enterprises represented by the GTI-Brazil was less than that of last month.



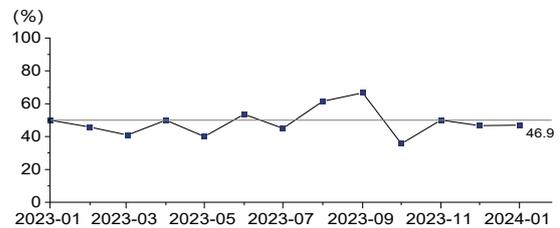
The production and management employees index registered 50.0%, same with the previous month, was equal to the critical value for 3 consecutive months, indicating that the number of employees in the superior timber enterprises represented by the GTI-Brazil was the same with that of last month.



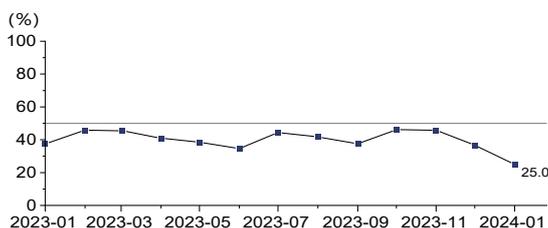
The purchase price index registered 46.4%, an increase of 3.5 percentage points from the previous month, was below the critical value for 2 consecutive months, indicating that the purchase price of the superior timber enterprises represented by the GTI-Brazil was lower than that of last month.



The delivery time index registered 46.9%, an increase of 0.2 percentage point 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-Brazil was shorter than that of last month.



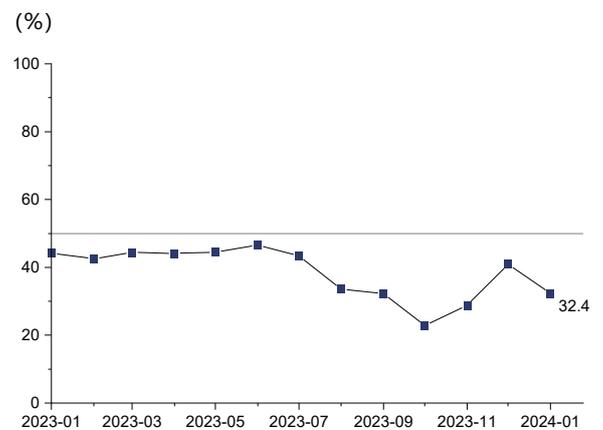
The inventory index of main raw materials registered 25.0%, a decrease of 11.7 percentage points from the previous month, was below the critical value for 15 consecutive months, indicating that the inventory of main raw materials of the superior timber enterprises represented by the GTI-Brazil was less than that of last month.



GTI-Mexico Index in January 2024

In 2023, Mexico's economy likely grew by more than 3 percent, as a result of nine consecutive months of GDP growth. The furniture industry is an important engine of development and economic growth in Mexico, as it generates around 525 thousand direct and indirect jobs, due to the 32 thousand companies that exist in the field. The value of national furniture production was more than 761 million dollars in 2022, and it is expected that at the end of 2023 a growth of around 4 percent may be registered in the industry. Data from the Association of Furniture Manufacturers of Jalisco (AFAMJAL) showed that the country's sales of chairs abroad were 7.3 million dollars in 2023, an increase of around 1.1 million dollars compared to the previous year, making Mexico the second largest seller of chairs in the world. Recently, Mexico's National Institute of Ecology and Climate Change (INECC) obtained an innovative instrument (AccuTOFTM DART® Express) that uses real-time mass spectrometry to detect wood "fingerprints". The instrument is capable of identifying wood in a fast, accurate and relatively cost-effective way as wood species can be determined from a small sample. Therefore, it can help combat illegal logging and trade.

GTI-Mexico Index



In January this year, GTI-Mexico enterprises reported that the domestic timber market showed no signs of recovery, the international timber market remained sluggish, and the number of orders was unstable. In addition, insufficient power supply, slow issuance of logging permits, and low logistics volume were also among the challenges to be addressed. This month, the GTI-Mexico index registered 32.4%, a decrease of 8.5 percentage points from the previous month, was below the critical value (50%) for 15 consecutive months, indicating that the business prosperity of the superior timber enterprises represented by the GTI-Mexico index shrank from last month, and the contraction expanded.

Main Challenges Reported by GTI-Mexico Enterprises

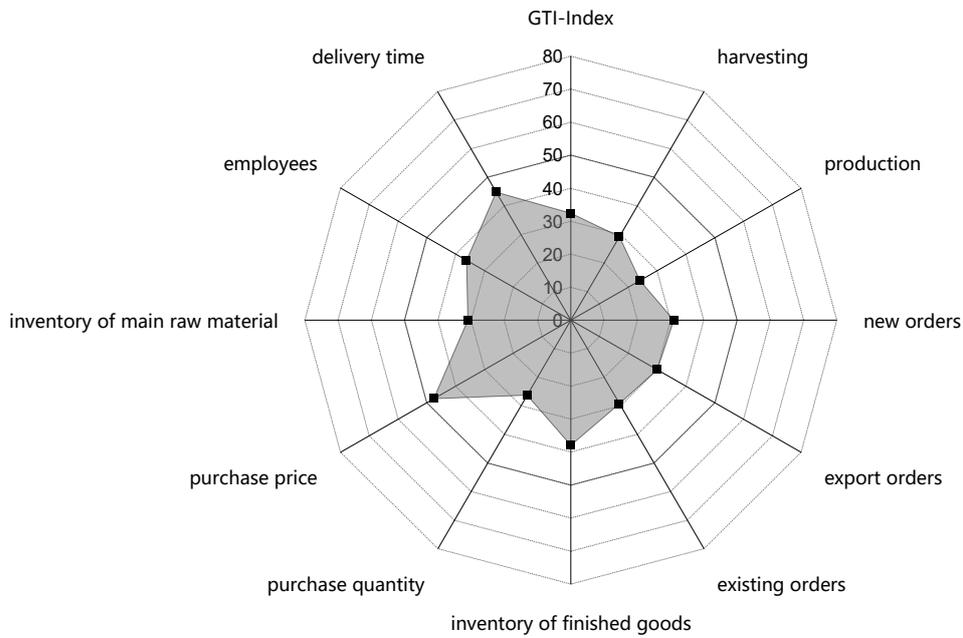
- There was a shortage of electricity supply for sawmills.
- A decrease in the availability of transportation vehicles for logs had been noted.
- There was a high level of customer turnover in the timber sector, and the number of orders was unstable.
- Unrestricted entry of imported timber had a great impact on domestic timber products.
- The domestic timber market showed no signs of recovery, with sluggish demand and low sales observed.
- The global timber market was sluggish and product prices were decreasing.
- Some enterprises were unable to receive logging permits on time, leading to a halt in production activities.

Main Suggestions from GTI-Mexico Enterprises

- Explore new markets and look for potential customers.
- Relevant authorities should simplify the document approval process and shorten the time for issuing logging permits.
- Curb imports of similar timber products through means such as tariffs.
- Communicate with the heads of the Federal Electricity Commission to ensure the supply of electricity.
- Improve the timber market environment, and reduce operations as needed.
- The government may provide preferential policies for domestic forest products.

GTI-Mexico sub-index

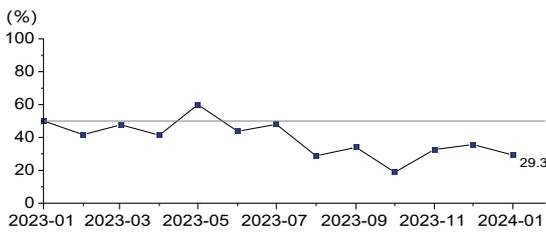
As for the GTI-Mexico sub-index, in January 2024, the 11 sub-indices were all below the critical value.



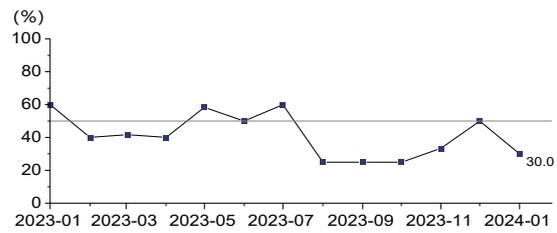
GTI-Mexico sub-index



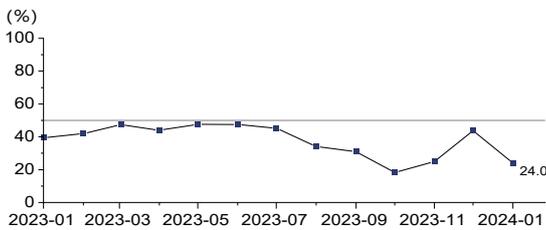
The harvesting index registered 29.3%, a decrease of 6.4 percentage points from the previous month, was below the critical value for 8 consecutive months, indicating that the harvesting volume of the superior timber enterprises represented by the GTI-Mexico was less than that of last month.



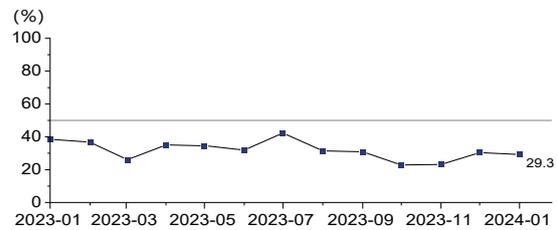
The export orders index registered 30.0%, a decrease of 20.0 percentage points from the previous month, fell below the critical value after one month, indicating that the number of export orders of the superior timber enterprises represented by the GTI-Mexico was less than that of last month.



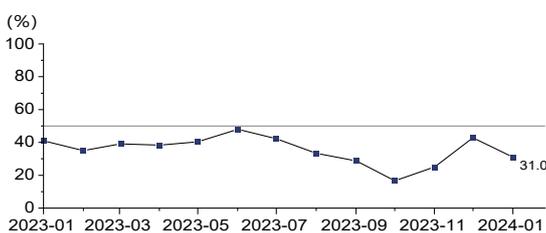
The production index registered 24.0%, a decrease of 19.8 percentage points from the previous month, was below the critical value for 13 consecutive months, indicating that the production volume of the superior timber enterprises represented by the GTI-Mexico was much less than that of last month.



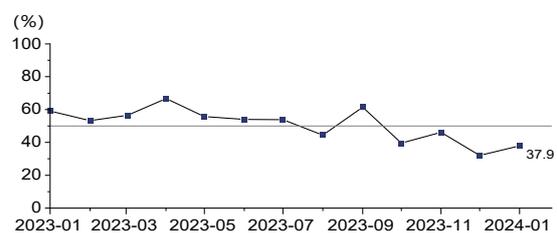
The existing orders index registered 29.3%, a decrease of 1.1 percentage points from the previous month, was below the critical value for 15 consecutive months, indicating that the number of existing orders of the superior timber enterprises represented by the GTI-Mexico was less than that of last month.



The new orders index registered 31.0%, a decrease of 11.9 percentage points from the previous month, was below the critical value for 15 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.

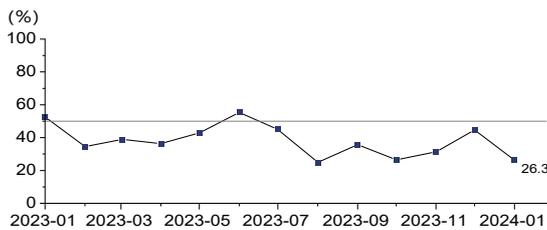


The inventory index of finished products registered 37.9%, an increase of 5.8 percentage points from the previous month, was below the critical value for 4 consecutive months, indicating that the inventory of finished products of the superior timber enterprises represented by the GTI-Mexico was less than that of last month.

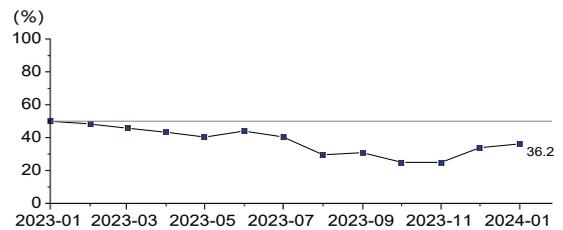




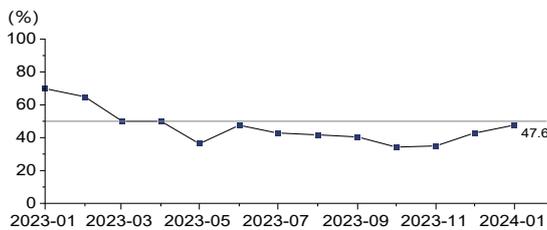
The purchase quantity index registered 26.3%, a decrease of 18.4 percentage points from the previous month, was below the critical value for 7 consecutive months, indicating that the purchase quantity of the superior timber enterprises represented by the GTI-Mexico was less than that of last month.



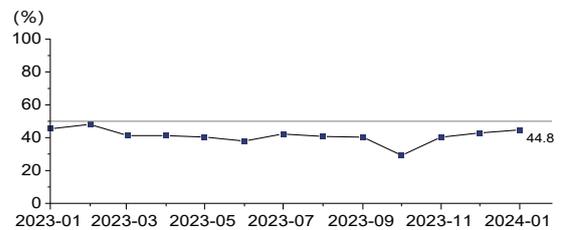
The production and management employees index registered 36.2%, an increase of 2.3 percentage points from the previous month, was below the critical value for 12 consecutive months, indicating that the number of employees in the superior timber enterprises represented by the GTI-Mexico was less than that of last month.



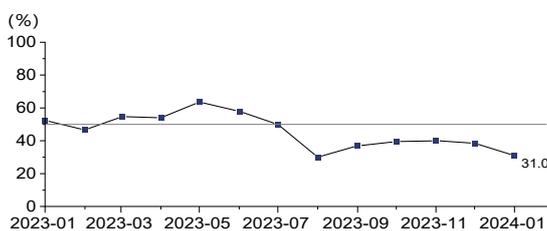
The purchase price index registered 47.6%, an increase of 4.7 percentage points from the previous month, was below the critical value for 9 consecutive months, indicating that the purchase price of the superior timber enterprises represented by the GTI-Mexico was lower than that of last month.



The delivery time index registered 44.8%, an increase of 1.9 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-Mexico was shorter than that of last month.



The inventory index of main raw materials registered 31.0%, a decrease of 7.6 percentage points from the previous month, was below the critical value for 6 consecutive months, indicating that the inventory of main raw materials of the superior timber enterprises represented by the GTI-Mexico was less than that of last month.

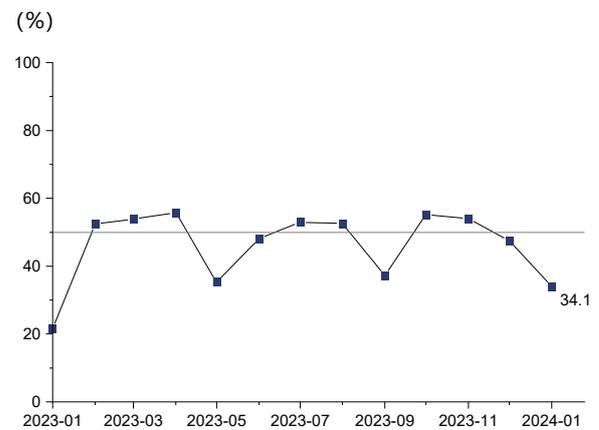


GTI-China Index in January 2024

According to data released by China's National Bureau of Statistics, China's GDP grew by 5.2% to more than 126 trillion yuan in 2023. Statistics from the General Administration of Customs of China showed that China's total imports and exports reached 41.76 trillion yuan in 2023, up 0.2% year-on-year. The statistics for 2023 also showed that the import volume of logs and sawn timber totaled 65.8 million cubic meters, a year-on-year decrease of 6.1%. In 2023, the total output value of China's forestry sector exceeded 9.2 trillion yuan, and as the output of economic forests reached 226 million tons, forest food become the third largest agricultural product after grain and vegetables. On January 22, China launched National Voluntary Greenhouse Gas Emissions Reduction Trading Market, and China National Offshore Oil Corporation (CNOOC) completed the country's first transaction on the Beijing Green Exchange, with a total trading volume registering 250,000 tons of national certified voluntary emissions reductions. The Beijing Green Exchange predicted that after the financialization of China's carbon market in the future, the annual trading volume is expected to exceed 10 billion tons and the transaction value may exceed 1 trillion yuan, according to calculations based on its 7 to 8 billion tons of quota.

In January this year, as the Chinese Spring Festival was approaching, some wood processing plants started the holiday ahead of schedule and many workers had returned to their hometowns. At the

GTI-China Index



same time, under the influence of multiple factors such as reduced real estate transactions and sluggish international demand, the overall trade performance in the timber sector was weak. GTI-China enterprises reported that the production volume decreased compared with previous years, while the costs of equipment increased due to intermittent operations, and the shipping fees also rose. In the meantime, some enterprises hoped the government could implement macro-economic regulation and control to stimulate an increase in market demand. This month, the GTI-China index recorded 34.1%, a decrease of 13.4 percentage points compared to that of the previous month, was below the critical value (50%) for 2 consecutive months, indicating that the business prosperity of the superior timber enterprises represented by the GTI-China index shrank from last month, and the contraction expanded.



Products in Short Supply

Imported Components and Parts.

Commodities with Price Decrease in this Period

Eucalyptus, Chemical Raw Material, Formaldehyde, Methanol, Melamine.

Commodities with Price Increase in this Period

Urea, Paraffin, Waterproofing Agent, Brush Wood, Wooden Board, Solid Wood, Leather.

Main Suggestion from GTI-China Enterprises

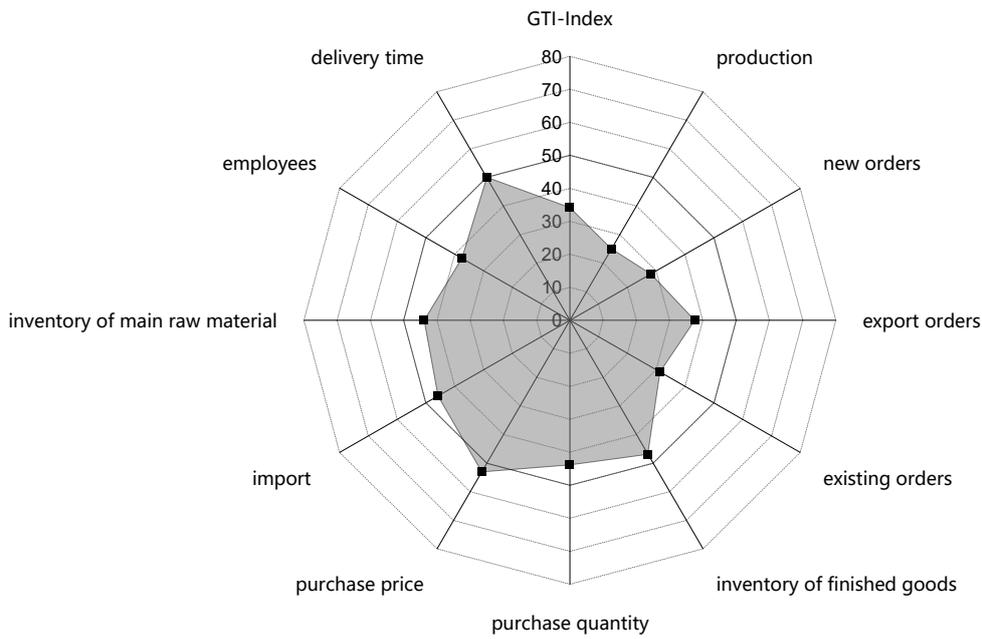
- The government may implement regulation and control over the market.

Main Challenges Reported by GTI-China Enterprises

- There was a slight increase in shipping fees.
- Orders were not enough and it was difficult to receive the final payments.
- The production volume decreased compared with previous years, and the costs of equipment increased as a result of intermittent operations.
- China's timber market was sluggish due to a downturn in real estate transactions.

GTI-China sub-index

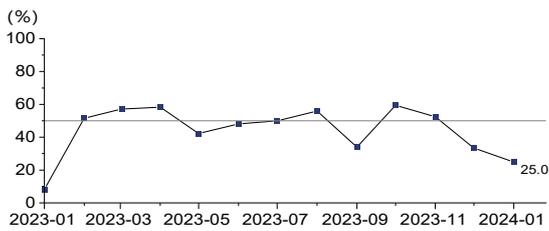
As for the GTI-China sub-index, in January 2024, the purchase price index was above the critical value, the delivery time index was equal to the critical value, while the remaining 9 sub-indexes were all below the critical value.



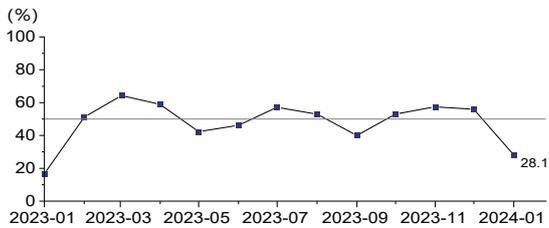
GTI-China sub-index



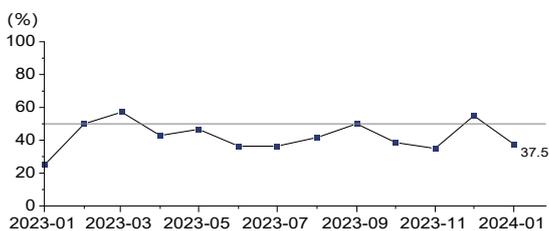
The production index registered 25.0%, a decrease of 8.3 percentage points from the previous month, was below the critical value for 2 consecutive months, indicating that the production volume of the superior timber enterprises represented by the GTI-China was less than that of last month.



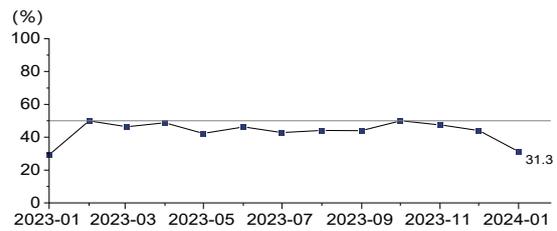
The new orders index registered 28.1%, a decrease of 27.8 percentage points from the previous month, fell below the critical value after 3 months, indicating that the number of new orders of the superior timber enterprises represented by the GTI-China was less than that of last month.



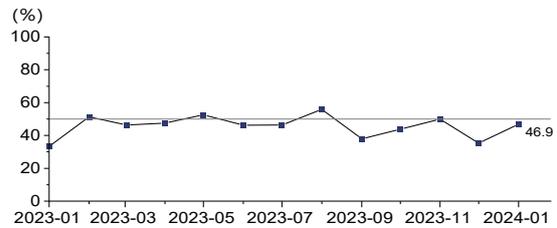
The export orders index registered 37.5%, a decrease of 17.5 percentage points from the previous month, fell below the critical value after one month, indicating that the number of export orders of the superior timber enterprises represented by the GTI-China was less than that of last month.



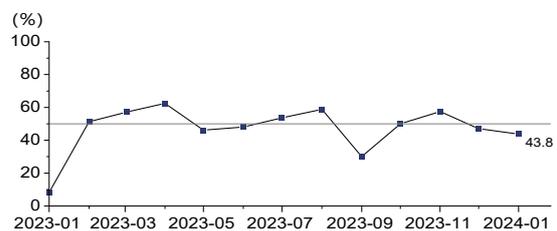
The existing orders index registered 31.3%, a decrease of 12.8 percentage points from the previous month, was below the critical value for 3 consecutive months, indicating that the number of existing orders of the superior timber enterprises represented by the GTI-China was less than that of last month.



The inventory index of finished products registered 46.9%, an increase of 11.6 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-China was less than that of last month.

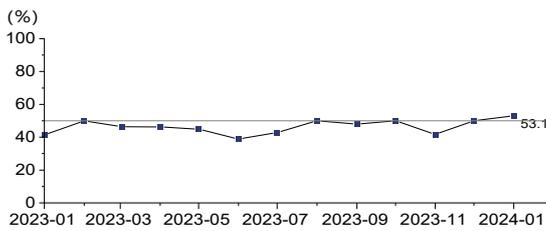


The purchase quantity index registered 43.8%, a decrease of 3.3 percentage points from the previous month, was below the critical value for 2 consecutive months, indicating that the purchase quantity of the superior timber enterprises represented by the GTI-China was less than that of last month.

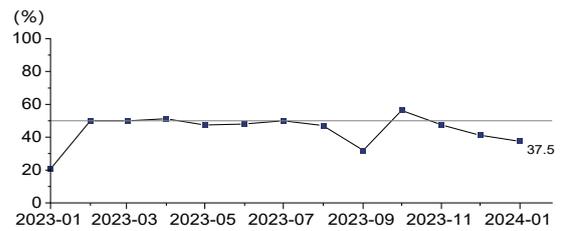




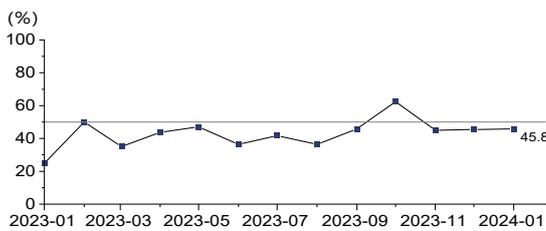
The purchase price index registered 53.1%, an increase of 3.1 percentage points from the previous month, rose above the critical value after one month, indicating that the purchase price of the superior timber enterprises represented by the GTI-China was higher than that of last month.



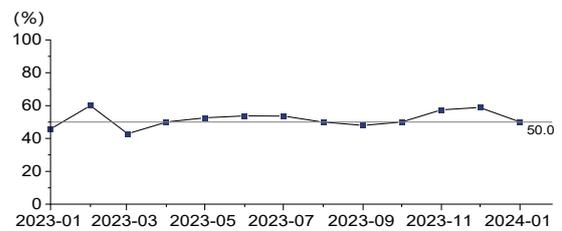
The production and management employees index registered 37.5%, a decrease of 3.7 percentage points from the previous month, was below the critical value for 3 consecutive months, indicating that the number of employees in the superior timber enterprises represented by the GTI-China was less than that of last month.



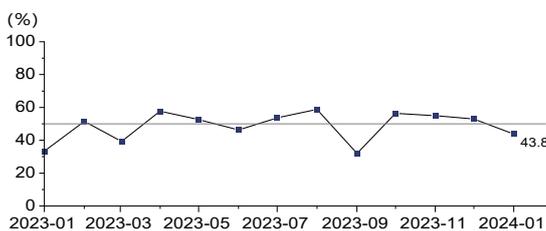
The import index registered 45.8%, an increase of 0.3 percentage point from the previous month, was below the critical value for 3 consecutive months, indicating that the import volume of the superior timber enterprises represented by the GTI-China was less than that of last month.



The delivery time index registered 50.0%, a decrease of 8.8 percentage points from the previous month, fell to the critical value after 2 months, 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.



The inventory index of main raw materials registered 43.8%, a decrease of 9.1 percentage points from the previous month, fell below the critical value after 3 months, indicating that the inventory of main raw materials of the superior timber enterprises represented by the GTI-China was less than that of last month.



Survey Methodology

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

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

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

Data and Interpretation

GTI index contains diffusion index and comprehensive index.

(1)

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

(2)

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

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



Declaration

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

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

About ITTO

The International Tropical Timber Organization, ITTO for short, is an intergovernmental organization promoting the sustainable management and conservation of tropical forests and the expansion and diversification of international trade in tropical timber from sustainably managed and legally harvested forests. It's located in Yokohama, Japan. At present, there are 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” .

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.

Contact Information

E-mail:
ggsc@itto-ggsc.org

Tel:
86-10-6288 8626

Web:
<https://itto-ggsc.org>

GTI REPORT

JOIN US

GGSC

Contact person: Ms. Yinfeng Li

Email: ggsc@itto-ggsc.org

Tel: 86-10-6288 8626

Website: www.itto-ggsc.org



Scan the QR code and follow the official account

ITTO

Contact person: Mr. Qiang Li

Email: li@itto.int

Website: www.itto.int



Scan the QR code and follow the official account