

GTI-WOODBASED PANEL (GTI-WBP) REPORT

MONTHLY

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Tracking and monitoring the global woodbased panel market trend.



The pilot countries for the GTI-WBP index include Indonesia, Malaysia, Thailand, Gabon, the Republic of Congo, Brazil, Mexico, and China. In 2021, the total production of woodbased panel in the eight countries mentioned above was 210 million cubic meters, accounting for **53.0%** of the total global production volume of woodbased panel.

Introduction to the GTI-Woodbased Panel

GTI-Woodbased Panel (GTI-WBP), a specialized prosperity index for woodbased panel industry, reflecting the development trend of woodbased panel industry in all GTI pilot countries.

Calculation Method

The GTI-WBP index takes leading woodbased panel enterprises in GTI pilot countries as the survey objects. Each month, the enterprises need to fill the GTI index questionnaire, including the information of production, orders and export, employees, logistic, etc. Then the GTI-WBP index will be calculated and analyzed, and the report will be released at the middle of the following month.

GTI-WBP index contains diffusion index and comprehensive index.

1. GTI-WBP diffusion index. There are 10 diffusion indices (or called sub-indices) based on the data from 10 objective questions which covers production, new orders, new export orders, existing orders, inventory of products, purchasing quantity, 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. GTI-WBP comprehensive index. GTI-WBP comprehensive index (GTI-WBP index for short) is calculated based on five diffusion 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 influence on the industrial economy.

Interpretation

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

Survey Method

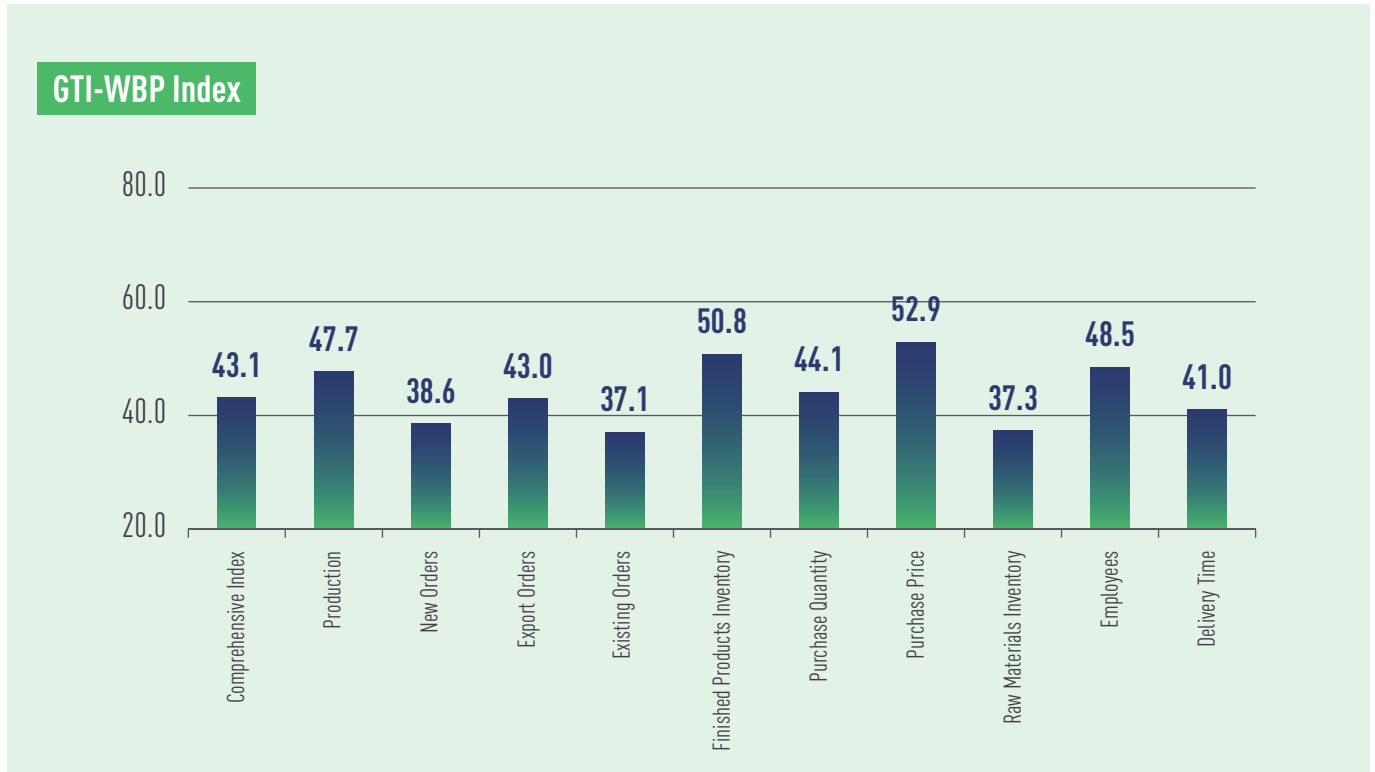
With the support of The International Tropical Timber Organization (ITTO), the GTI platform has set up focal points in pilot countries, including timber producing and consuming countries.

At the end of each month, major leading woodbased panel enterprises are organized by focal points to fill out survey questionnaires. The questionnaire is usually filled out by the person in charge of production and operation or personnel from the statistics department. The Global Green Supply Chains Initiative (GGSC) organizes experts to analyze the collected data and prepare the GTI-WBP index report.

Index representativeness

The pilot countries for the GTI-WBP index include Indonesia, Malaysia, Thailand, Gabon, the Republic of Congo, Brazil, Mexico and China. In 2021, the total production of woodbased panel in the eight countries mentioned above was 210 million cubic meters, accounting for 53.0% of the total global production volume of woodbased panel.

GTI-Woodbased Panel Index in April 2024



15 May 2024: This month, the GTI-Woodbased Panel (GTI-WBP) Index, as the first specialized sub-index of Global Timber Index (GTI), is officially released. The GTI-WBP tracks and monitors the overall prosperity trend of the wood-based panel industry (cover plywood, fiberboard, particleboard, etc.) in GTI pilot countries.

In April, the GTI-WBP Index registered 43.1% and was below the critical value (50%), indicating that in the pilot countries, the business prosperity of wood-based panel industry represented by the index shrank from last month. The contraction could be mainly attributed to the downturn in the global timber market and the impact of wood substitutes.

On the demand side, there had been a decline in the overall volume of orders for the wood-based panel industry in the pilot countries, when compared to the previous month. Specifically, domestic orders in the pilot countries experienced a significant decrease, surpassing the decline observed in export orders. In addition, the number of existing orders held by enterprises also fell sharply from the previous month. The new orders index and the export orders index were both below the critical value of 50%, standing at 38.6% and 43.0% respectively.

On the supply side, the production index registered 47.7% in the contraction range, indicating that the overall production volume of wood-based panel in the pilot countries decreased from the previous month. Due to poor sales, inventory

of finished products increased slightly, with the index for the inventory recording 50.8%. Raw material shortages were observed in some countries, resulting in an overall decline in raw material purchase and a notable decrease in raw material inventory, when compared to the previous month.

From a price perspective, the purchase price index of raw materials registered 52.9%, in the expansion range of more than 50%, indicating a slight increase in the overall purchase price of raw materials compared to the previous month. The shortage of raw materials in some countries was one of the factors leading to the price increase.

From the perspective of policy and market, Brazilian plywood export volume increased by 7% and export price rose by 4% in April, as reported by Lesprom. On 3 May, China adjusted the Catalog of Production Licenses for Industrial Products. As per the new Catalog, plywood and joinery board producers should obtain production qualifications, upon approval by provincial-level production licenses authorities for industrial products. The chairman of Malaysian Panel-Products Manufacturers' Association (MPMA) said the scarcity of raw materials (especially timber from natural forest sources) had hindered factory production, affecting key products such as plywood, medium-density fiberboard and particleboard. He added the industry was also looking into alternative raw materials such as oil palm trunks, coconut trunks and rubberwood, so as to ensure sufficient supply for the industry.

Table: Overview of GTI-WBP Sub-Indexes (%)

	Apr. 2024	Performance
Comprehensive Index	43.1	Contract
Production Index	47.7	Contract
New Orders Index	38.6	Contract
Export Orders Index	43.0	Contract
Existing Orders Index	37.1	Contract
Inventory Index of Finished Products	50.8	Expand
Purchase Quantity Index	44.1	Contract
Purchase Price Index	52.9	Expand
Inventory Index of Main Raw Materials	37.3	Contract
Employees Index	48.5	Contract
Delivery Time Index	41.0	Contract



Main Challenges Reported by GTI-WBP Enterprises

- There was a shortage of raw materials. (China)
- Production exceeded sales, and some enterprises faced difficulties in cash flow. (China)
- International tariffs increased and shipping rates were unstable. (China)
- The wooden board market become saturated and the industry faced intense price competition. (Mexico)
- The plywood market was sluggish, causing a decrease in the number of orders for enterprises. (Indonesia)
- Some enterprises faced difficulties in recruiting workers and there was a shortage of employees with knowledge in woodworking. (Thailand)
- Customs logistics were delayed. (Brazil)
- High diesel price and poor road conditions had limited production in Africa. (Republic of the Congo)
- Difficulties were encountered in payment and delivery processes of international trade. (Thailand)
- African enterprises experienced a slowdown in production due to rainfall. (Gabon, Republic of the Congo)



Main Suggestions from GTI-WBP Enterprises

- Increase financing efforts. (China)
- Carry out necessary workforce downsizing and reduce production. (Brazil)
- Expand markets simultaneously at home and abroad. (Mexico)
- Relax loan policies for physical enterprises. (China)
- Increase the proportion of exports and shift towards the Southeast Asian markets. (China)
- Improve product quality, develop new products, and explore new uses. (Mexico)
- Enhance communication with international customers. (Republic of the Congo)
- Reduce taxes or non-tax expenses to alleviate the burden on enterprises and help them better respond to the prolonged market downturn. (Indonesia)



ITTO
INTERNATIONAL TROPICAL
TIMBER ORGANIZATION

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 located in Yokohama, Japan. At present, there are 76 ITTO members countries. ITTO's membership represents about 90% of the global tropical timber trade and more than 80% of the world's tropical forests.



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GLOBAL GREEN SUPPLY CHAINS INITIATIVE

About GGSC

Global Green Supply Chains Initiative (abbreviated as 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 interested parties 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" held in Shanghai, China in October, 2019.

Declaration

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

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Contact Us

Ms.Sydney (Xuting) Gao

Director for Public Relations, GGSC Secretariat

✉ gaoxuting@itto-ggsc.org

Ms. Zuo Ping

Technical Assistant of Publicity Department, GGSC Secretariat

✉ zuoping@itto-ggsc.org