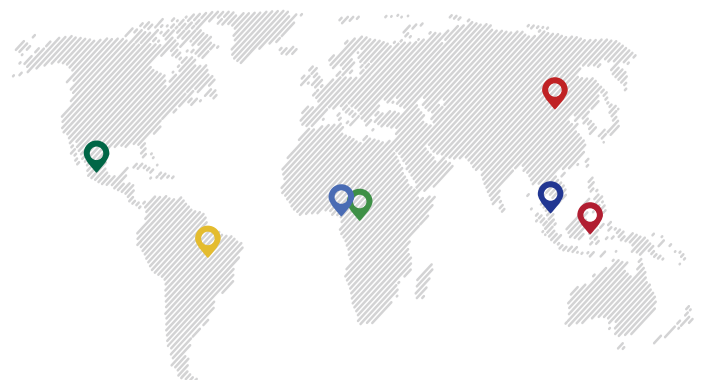


GLOBAL TIMBER INDEX GTI REPORT MONTHLY

GGSC-No. 4/2023

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.

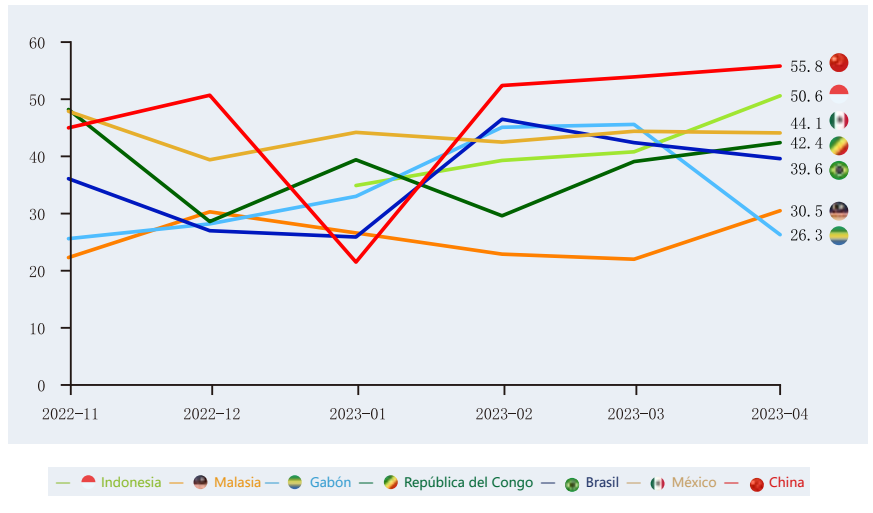


Overview of the GTI Index

Indonesian timber market is on the up

In April 2023, the Global Timber Index (GTI) report showed that Indonesia's domestic timber market was picking up, and the GTI-Indonesia index rose above the critical value (50%) for the first time in four months. China's domestic demand for timber and timber products has maintained a growth trend, and the GTI-China index has been in the expansion range for three consecutive months. The timber markets in Brazil, Gabon, ROC, Malaysia, and Mexico have been in contraction for six consecutive months, with a narrower contraction in Malaysia.

The report shows that the GTI-Indonesia index recorded 50.6% in April, mainly due to the increase in domestic orders, the less decrease in export orders, more logging, production and procurement. The GTI-Malaysia index registered 30.5%, which was below the critical value, but increased by 8.5 percentage points compared with the previous month, indicating that the



downward trend of timber market in Malaysia has eased. Brazil, Gabon, ROC, and Mexico recorded 39.6%, 26.3%, and 44.1% respectively, all of which continued to drop below the critical value, indicating that the operating situation of the timber industries in the above four countries continued to decline, and the trading atmosphere was still cold, not showing the signal of recovery. The number of new orders for timber and timber products in China has increased for three consecutive months, driving production and raw material purchases to rise simultaneously. In April, the GTI-China index recorded 55.8%, an increase of 1.9 percentage points from the previous month, and was above the critical value (50%) for three consecutive months.

This month, the GTI pilot countries have taken many measures to promote the legal and sustainable trade of timber and revitalize the recovery of the timber industry. For instance, Gabon and China have committed to carry out a number of cooperation in the field of forestry, such as the forestry projects invested by Chinese enterprises in Gabon,

and the Chinese government's commitment to the sustainable operation of forestry enterprises in Gabon. The Ministry of Plantation Industries & Commodities (MPIC), Malaysia is developing a national biomass action plan covering five sectors: plantations, agriculture, livestock, fisheries and forestry, within which it hopes to achieve a sustainable circular economy.

In order to effectively respond to the current shortage of international demand, the GTI sample enterprises have also given positive suggestions. For example, GTI-Mexico enterprises suggested measures such as increasing sales promotion, expanding financing sources, and regulating the imports to boost the domestic timber industry market, and suggested forestry companies and government departments to using the digital technology so as to improve work efficiency. GTI-ROC enterprise recommends that government departments coordinate forest management more, boost the demand for tropical timber market, and promote the development of tropical timber market in the Congo Basin.

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:

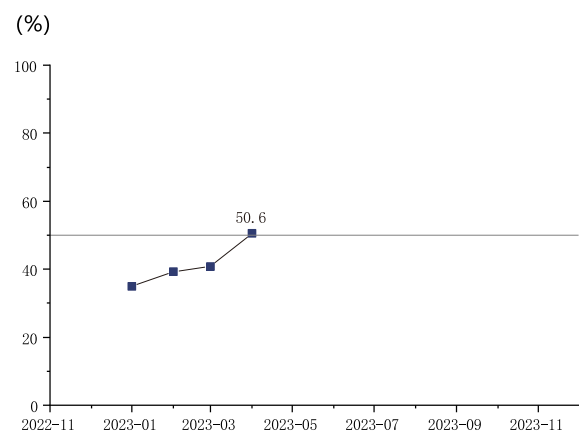
- The Secretariat of the Global Green Supply Chains Initiative (GGSC)

GTI-Indonesia Index In April 2023

On May 5, 2023, the Statistics Indonesia announced that Indonesia's economy grew by 5.03% year-on-year in the first quarter of 2023, it was mainly due to the government's lifting of restrictions on social activities, stable purchasing power of the people, strong performance of Indonesia's foreign trade and stable production activities. This year, the Indonesian government's investment policy will continue to focus on downstream manufacturing in 21 commodity industries, with forestry as a priority, and the government expects exports of furniture and crafts to increase to \$5 billion in 2024 (\$2.8 billion in 2022). On March 1, the Ministry of Environment and Forestry (KLHK) changed the name of Indonesia's " Timber Legality Assurance System" to "Legality and Sustainability Verification System", and the abbreviation remained unchanged as SVLK. The new system pays attention to the legality of timber sources, also ensures that they are sustainable. It was an action taken by Indonesia in the context of the zero deforestation to ensure the market share of Indonesia's export forest products in the European Union. According to media reports, Indonesia was preparing to challenge EU Deforestation Regulation (EUDR) at WTO, believing that the law will become a trade barrier to timber products and that some provisions unilaterally violate the agreement on the export of timber products signed by Indonesia and the EU in 2013.

In April , Indonesia' s timber market gradually stabilized, and the number of orders from

GTI-Indonesia Index



domestic rebounded from the previous month, which led to a substantial increase in timber harvesting, but international orders have not fully recovered yet. GTI-Indonesia enterprises were struggling with the problems such as falling domestic log prices and rising fuel prices, and continuous rainfall has also had a certain impact on field production operations. Enterprises hoped to stimulate the domestic and foreign timber market by issuing corresponding policies through forestry department, and increased the promotion of wood products abroad. This month, the GTI-Indonesia index registered 50.6%, an increase of 9.8 percentage points from the previous month, rose above the critical value (50%) for for the first time, indicating that the business prosperity of the superior timber enterprises represented by the GTI-Indonesia index has expanded from last month.



Challenges

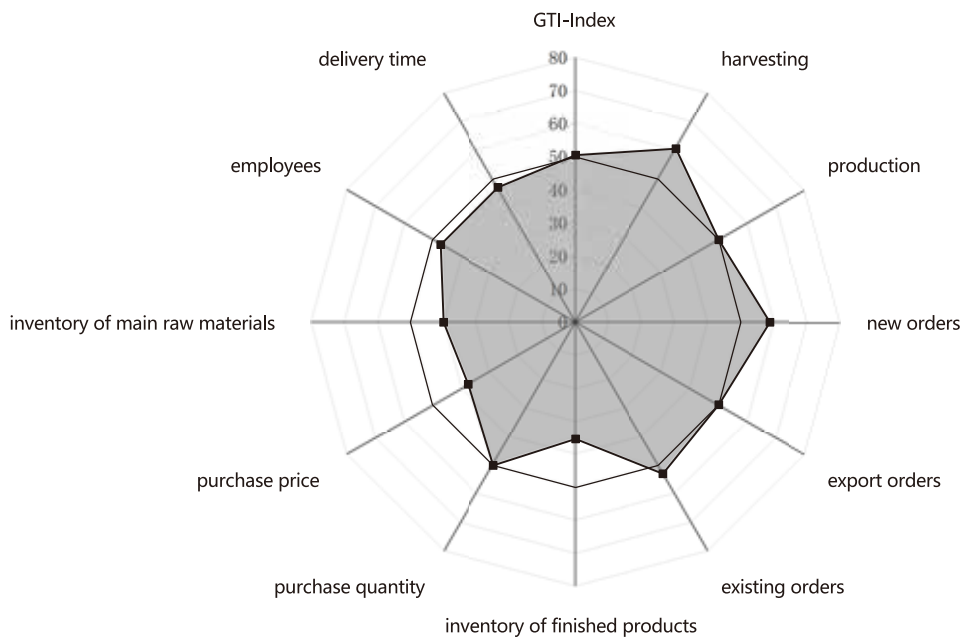
- Low selling price of logs.
- Slow supply of fuel with high price.
- The price of logs was still low and incoming orders have not yet recovered.
- Few orders received from overseas buyers.
- The rainy weather that continued to fall in the work area and hampered operational activities.
- Production was influenced by the weak export performance .
- Sluggish market for plywood products.
- Company's working area was used for purposes other than log production.

Suggestions

- Increase the selling price of wood products.
- Regulate the smooth supply of fuel and stabilize fuel prices.
- Adjust outdoor work during rainy season.
- Strengthen timber sales and encourage investment cooperation
- Make policies to increase log export.
- Reduce export tariffs.
- Look for potential customers and open up global market.
- Increase efforts to promote wood products abroad.

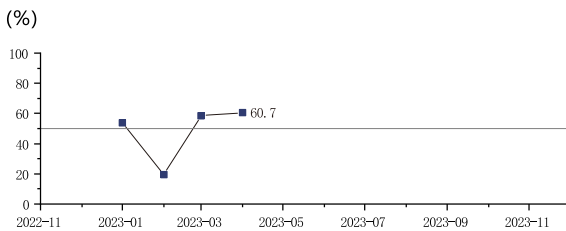
GTI-Indonesia sub-index

As for the GTI-Indonesia sub-index, in April 2023, the harvesting, new orders and existing orders indexes were above the critical value, the production, export orders and purchase quantity indexes were equal to the critical value, while the remaining 5 sub-indexes were all below the critical value.

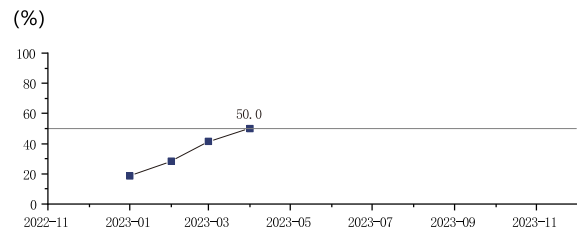


GTI-Indonesia sub-index

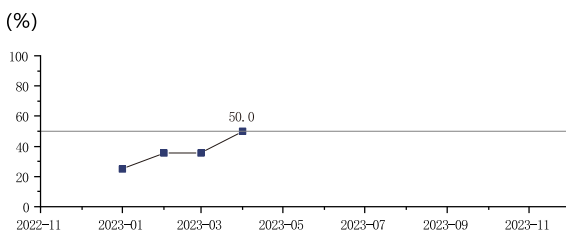
The harvesting index registered 60.7%, an increase of 2.4 percentage points from the previous month, was above the critical value for 2 consecutive months, indicating that the harvesting volume of the superior timber enterprises represented by the GTI-Indonesia was more than that of last month.



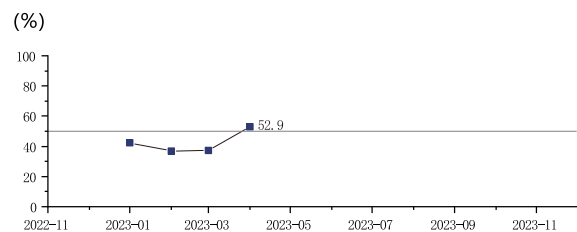
The export orders index registered 50.0%, an increase of 8.3 percentage points from the previous month, rose to the critical value, indicating that the number of export orders of the superior timber enterprises represented by the GTI-Indonesia was same with last month.



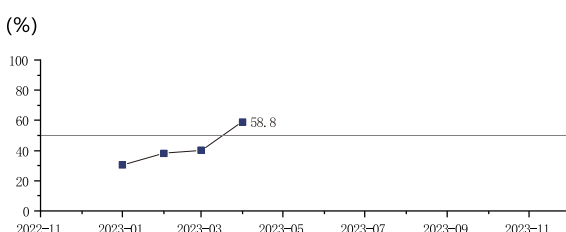
The production index registered 50.0%, an increase of 14.3 percentage points from the previous month, rose to the critical value, indicating that the production volume of the superior timber enterprises represented by the GTI-Indonesia was same with last month.



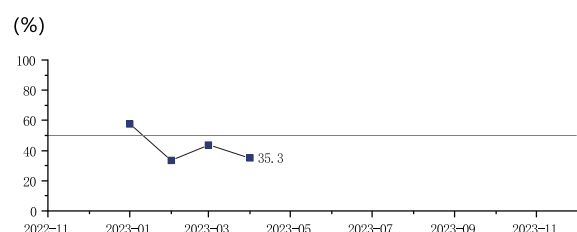
The existing orders index registered 52.9%, an increase of 15.8 percentage points from the previous month, rose above the critical value, indicating that the number of existing orders of the superior timber enterprises represented by the GTI-Indonesia was more than that of last month.



The new orders index registered 58.8%, an increase of 18.5 percentage points from the previous month, rose above the critical value, indicating that the number of new orders of the superior timber enterprises represented by the GTI-Indonesia was more than that of last month.

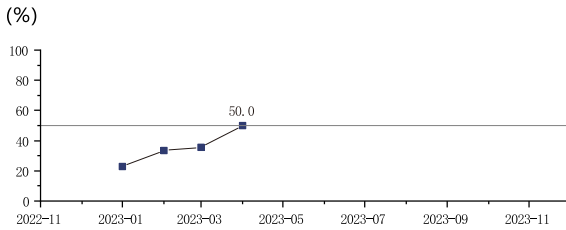


The inventory index of finished products registered 35.5%, a decrease of 8.2 percentage points from the previous month, was below the critical value for 3 consecutive months, indicating that the inventory of finished products of the superior timber enterprises represented by the GTI-Indonesia was less than that of month.

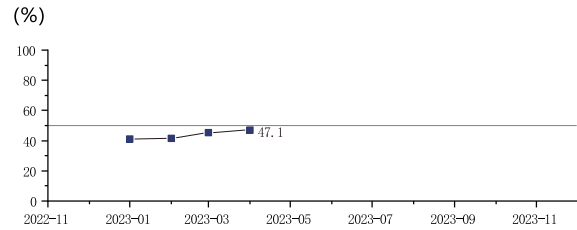




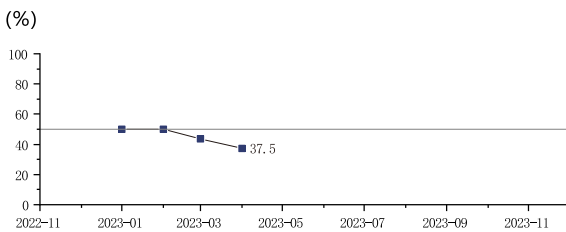
The purchase quantity index registered 50.0%, an increase of 14.3 percentage points from the previous month, rose to the critical value, indicating that the purchase quantity of the superior timber enterprises represented by the GTI-Indonesia was same with last month.



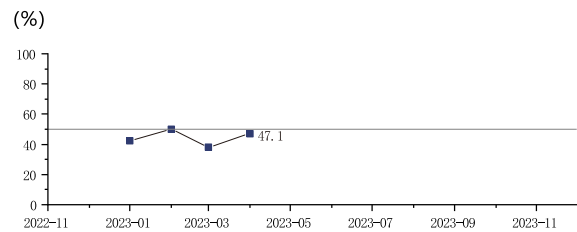
The production and management employees index registered 47.1%, an increase of 1.9 percentage points from the previous month, was below the critical value for 4 consecutive months, indicating that the number of employees in the superior timber enterprises represented by the GTI-Indonesia was less than that of last month.



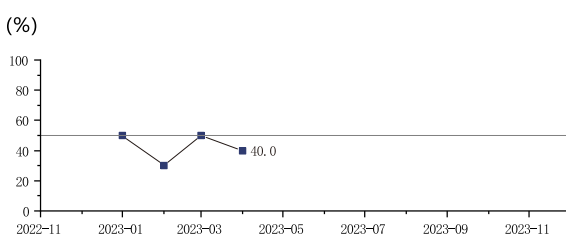
The purchase price index registered 37.5%, a decrease of 6.3 percentage points from the previous month, was below the critical value for 2 consecutive months, indicating that the purchase price of the superior timber enterprises represented by the GTI-Indonesia was lower than that of last month.



The delivery time index registered 47.1%, an increase of 8.8 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 slower than that of last month.



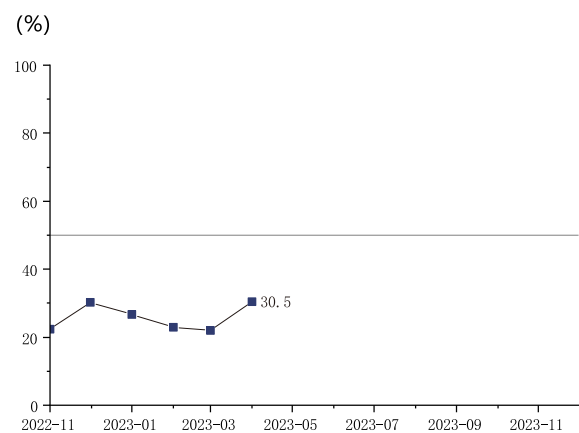
The inventory index of main raw materials registered 40.0%, a decrease of 10.0 percentage points from the previous month, fell below the critical value, indicating that the inventory of main raw materials of the superior timber enterprises represented by the GTI-Indonesia was less than that of last month.



GTI-Malaysia Index In April 2023

In 2023, Malaysia's economic indicators generally stabilized and improved. Malaysia's Purchasing Managers Index (PMI) rose to 48.8% in March, the highest level in five months, according to data released by the Department of Statistics Malaysia. On April 4, the Asian Development Bank (ADB) released Asian Outlook 2023, which raised Malaysia's economic growth forecast from 4.3% in December last year to 4.7%, mainly on the grounds that China's optimization of epidemic prevention and control policies would boost regional economic prospects, including Malaysia. It predicted that Malaysia's inflation rate will further decline from 3.4% at the end of last year to 3.1% this year, which is conducive to the overall expansion of the economy. The Ministry of Plantation Industries & Commodities (MPIC), Malaysia was developing a national biomass plan covering five sectors, including plantation, agriculture, livestock, fisheries and forestry, in the hope of achieving a sustainable circular economy within these sectors. Sarawak has imposed a new State Sales Tax (SST) on the export of specific timber products from April 1, 2023, ranging from 1% to 2.5%, covering plywood, fiberboard, sawnwood, veneer, particleboard and wood chips. In addition, the Malaysian Timber Council (MTC) will set up a Malaysian Pavilion at the China International Furniture Exhibition (Furniture China 2023) in Shanghai from September 11 to 15, 2023. To encourage local furniture manufacturers to actively participate in the exhibition, MTC will

GTI-Malaysia Index



provide incentives for exhibitors to participate for up to five years or eight times.

In April, GTI-Malaysia enterprises reported some difficulties, such as less orders, labors shortage and insufficient market demand, and the downturn in the construction industry also had an impact on timber enterprises. In addition, some enterprises said the raw materials is insufficient supply and lack stable quality. This month, the GTI-Malaysia index registered 30.5%, an increase of 8.5 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-Malaysia index has shrank from last month, but the contraction eased.



Challenges

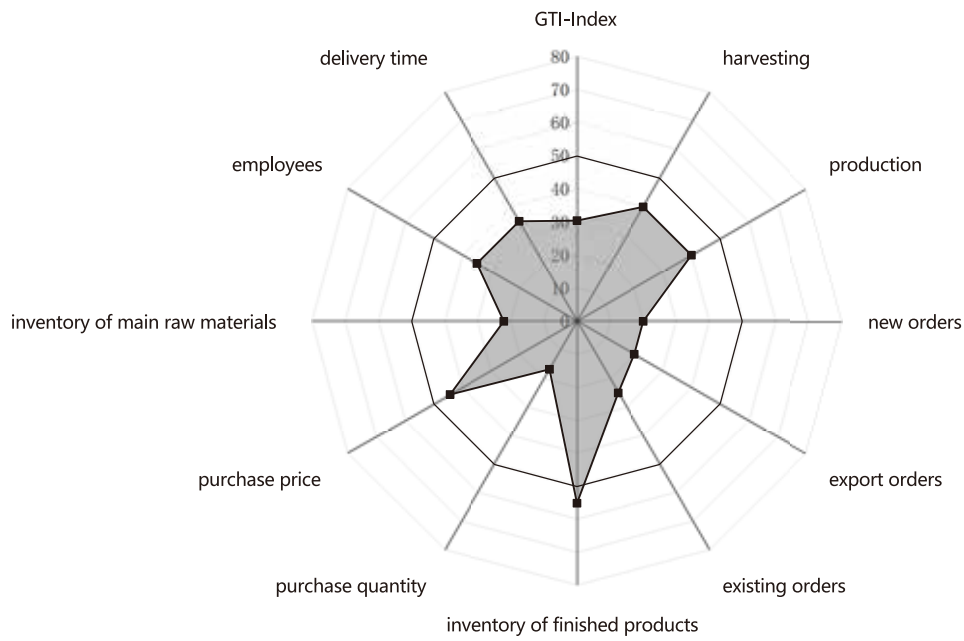
- Not enough orders.
- Shortage of workers and slow in demand.
- Export shipment slow down due to weak orders.
- Plywood selling price are decreasing.
- Shortage of raw materials.
- Cost increase.
- Slow construction sector create low demand for plywood.
- Low quality of the raw material.

Suggestions

- To open for more sourcing countries for labour and market.
- Strict control on production cost.
- Set quota for wood chips export.
- Government to support local plywood market and finding ways to reduce production costs.
- Increase harvesting of the plantation forest & improve yield and quality of the plantation forest.

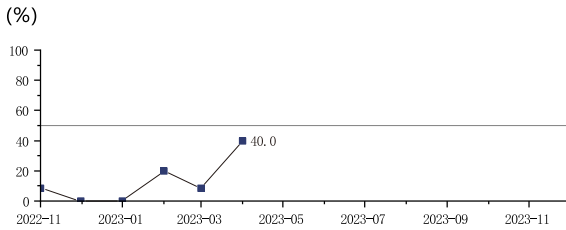
GTI-Malaysia sub-index

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

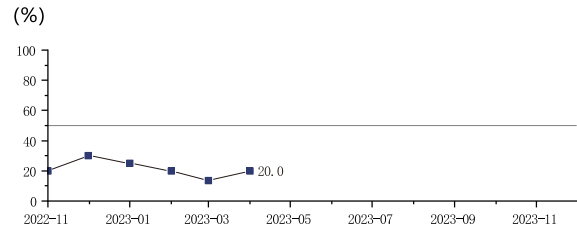


GTI-Malaysia sub-index

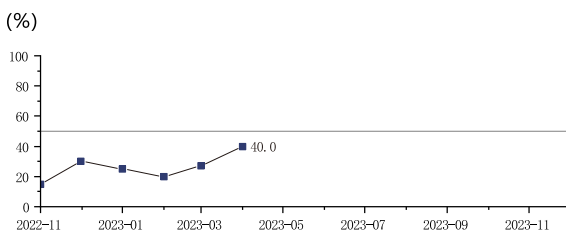
The harvesting index registered 40.0%, an increase of 31.7 percentage points from the previous month, was below the critical value for 6 consecutive months, indicating that the harvesting volume of the superior timber enterprises represented by the GTI-Malaysia was less than that of last month.



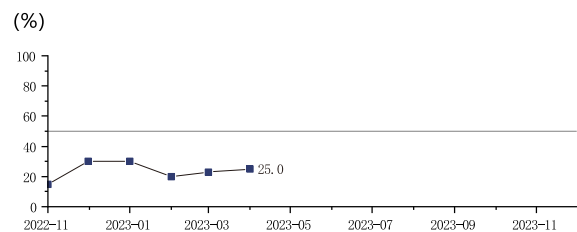
The export orders index registered 20.0%, an increase of 6.4 percentage points from the previous month, was below the critical value for 6 consecutive months, indicating that the number of export orders of the superior timber enterprises represented by the GTI-Malaysia was much less than that of last month.



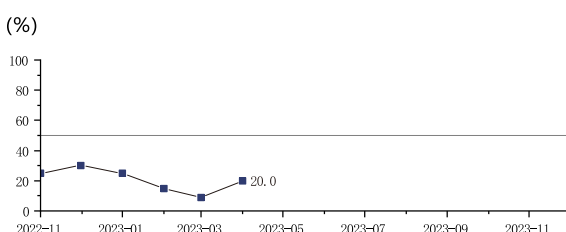
The production index registered 40.0%, an increase of 12.7 percentage points from the previous month, was below the critical value for 6 consecutive months, indicating that the production volume of the superior timber enterprises represented by the GTI- Malaysia was less than that of last month.



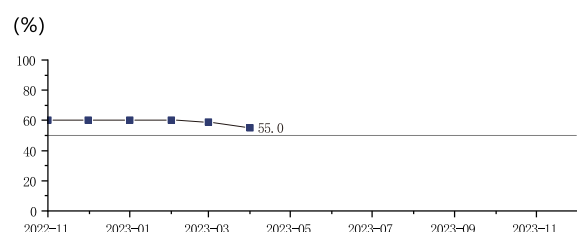
The existing orders index registered 25.0%, an increase of 2.3 percentage points from the previous month, was below the critical value for 6 consecutive months, indicating that the number of existing orders of the superior timber enterprises represented by the GTI-Malaysia was less than that of last month.



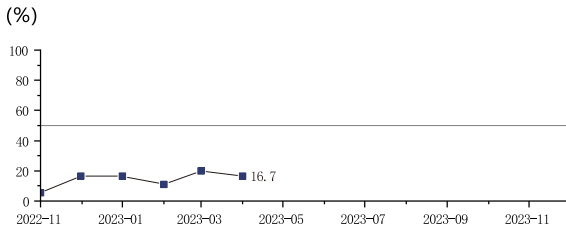
The new orders index registered 20.0%, an increase of 10.9 percentage points from the previous month, was below the critical value for 6 consecutive months, indicating that the number of new orders of the superior timber enterprises represented by the GTI-Malaysia was much less than that of last month.



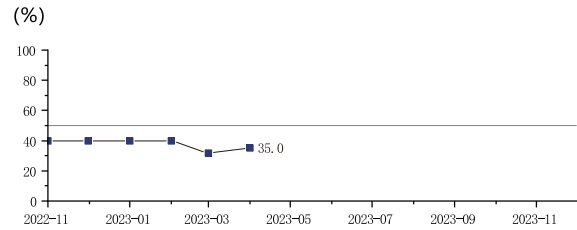
The inventory index of finished products registered 55.0%, a decrease of 4.1 percentage points from the previous month, was above the critical value for 6 consecutive months, indicating that the inventory of finished products of the superior timber enterprises represented by the GTI-Malaysia was more than that of month.



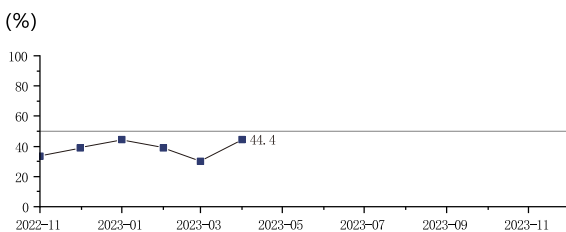
The purchase quantity index registered 16.7%, a decrease of 3.3 percentage points from previous month, was below the critical value for 6 consecutive months, indicating that the purchase quantity of the superior timber enterprises represented by the GTI-Malaysia was much less than that of last month.



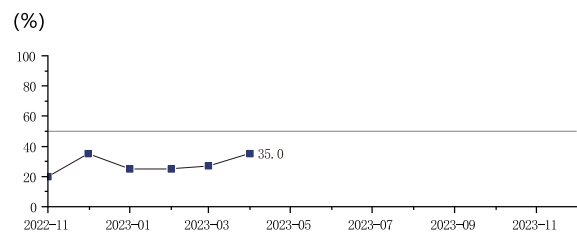
The production and management employees index registered 35.0%, an increase of 3.2 percentage points from the previous month, was below the critical value for 6 consecutive months, indicating that the number of employees in the superior timber enterprises represented by the GTI-Malaysia was less than that of last month.



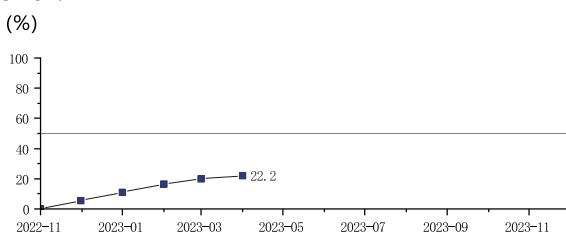
The purchase price index registered 44.4%, an increase of 14.4 percentage points from the previous month, was below the critical value for 6 consecutive months, indicating that the purchase price of the superior timber enterprises represented by the GTI-Malaysia was lower than that of last month.



The delivery time index registered 35.0%, an increase of 7.7 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-Malaysia was slower than last month.



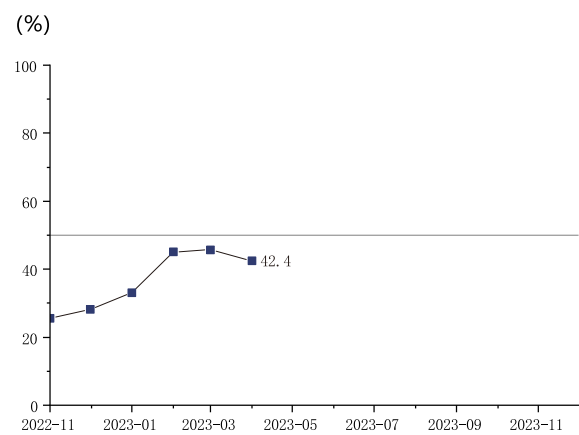
The inventory index of main raw materials registered 22.2%, an increase of 2.2 percentage points from the previous month, was below the critical value for 6 consecutive months, indicating that the inventory of main raw materials of the superior timber enterprises represented by the GTI-Malaysia was much less than that of last month.



GTI-Gabon Index In April 2023

Since 2023, Gabon has strengthened the optimization of business environment and taken various measures to boost its economy. According to the 2022-2023 Yearbook released by the Ministry of Investment Promotion of Gabon, Gabon government planed to build a new land port in the Nkok Special Investment Region, covering an area of more than 15 hectares, with a monthly handling capacity of 3000 containers. After the completion of the port, it will be connected with Ovendo Port, greatly alleviating the pressure of Ovendo Port's throughput and improving the efficiency of transportation and export. In March, the Consignment Committee of Gabon signed an agreement with the General Directorate of Land Transport, stipulating that consignments of land transport vehicles must be provided with a consignment note (Lettre de voiture), which will clarify the terms of trade between the shipper and the carrier, as well as the responsibilities of both parties in case of transport disputes (equivalent to sea bills of lading and air consignment notes), and will be used to monitor and trace the status of cargo transport. In the field of forestry, Bongo, the President of Gabon visited to China in April, he reiterated that bilateral cooperation between China and Gabon will be carried out in various areas, such as the forestry projects invested by Chinese enterprises in Gabon. The Chinese government has committed to the sustainable operation of forestry enterprises in Gabon. Since April 24, Gabon's National Timber Traceability System (SNTBG) provides a 3-day

GTI-Gabon Index



training programme for public agents, partners and distributors in the timber sector to further familiarize operators with this digital traceability tool.

The high fuel costs and poor rail transport were still the major problems for Gabon's enterprises. Affected by the heavy rainfall, the harvesting volume of GTI-Gabon enterprises has been reduced, and the production volume and the number of orders have decreased simultaneously. Enterprises expected to strengthen road maintenance and reduce fuel costs. This month, the GTI-Gabon index registered 42.4%, a decrease of 3.2 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-Gabon index has shrank from last month, the contraction trend was expanded.



Challenges

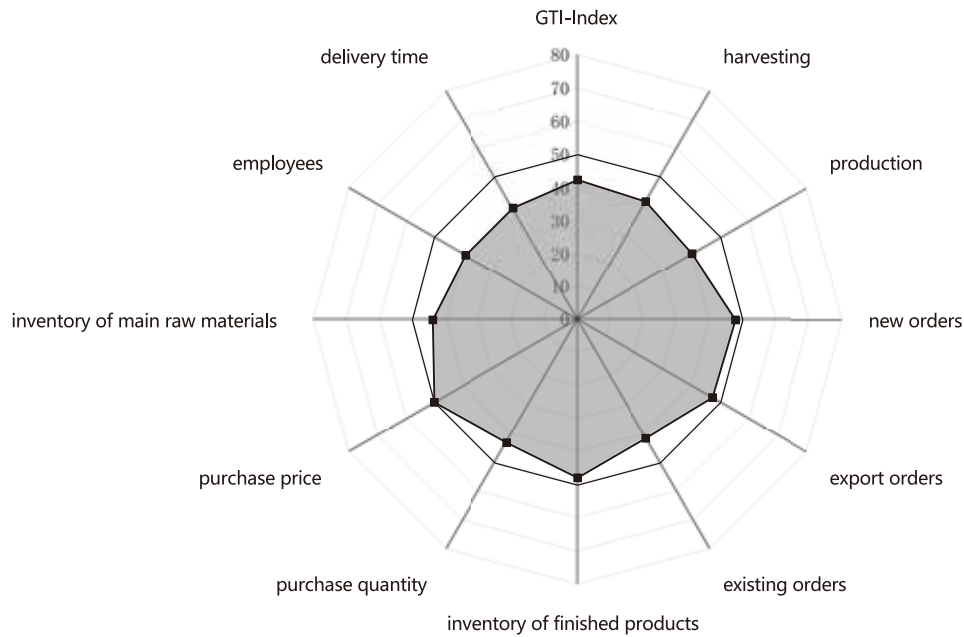
- Insufficient number of containers due to bad weather.
- Traffic was tough in rainy season, railway transportation was blocked and road transportation was slow.
- Poor highway condition, relying on rail transport.
- Fuel prices have risen sharply.
- High cost of raw materials.
- Some employees lack professional skills.
- Lack of partner support.
- Heavy rainfall led to a decline in log production.

Suggestions

- Communicate with logistics company to increase the number of containers.
- Decrease the prices of fuel.
- Decrease the prices of diesel.
- The state has increased financial support for road maintenance. Improving transport infrastructure.
- Renovation of railway tracks.
- Strengthen road construction and improve supervision and control.
- Strengthen cooperation with customer.
- Review raw material costs.

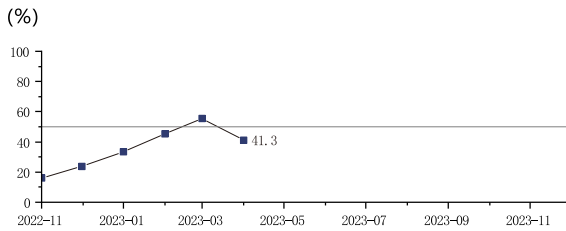
GTI-Gabon sub-index

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

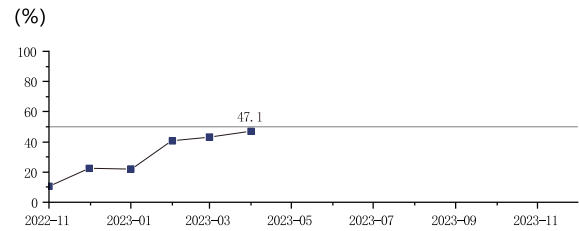


GTI-Gabon sub-index

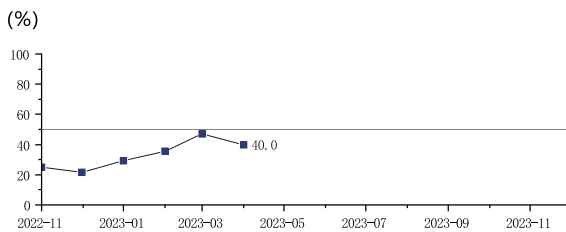
The harvesting index registered 41.3%, a decrease of 14.0 percentage points from the previous month, fell below the critical value, indicating that the harvesting volume of the superior timber enterprises represented by the GTI-Gabon was less than that of last month.



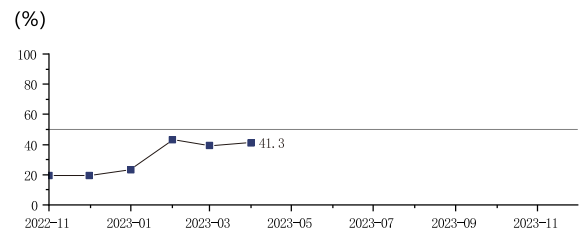
The export orders index registered 47.1%, an increase of 3.8 percentage points from the previous month, was below the critical value for 6 consecutive months, indicating that the number of export orders of the superior timber enterprises represented by the GTI-Gabon was less than that of last month.



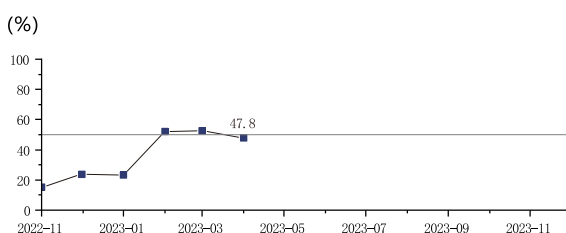
The production index registered 40.0%, a decrease of 6.9 percentage points from the previous month, was below the critical value for 6 consecutive months, indicating that the production volume of the superior timber enterprises represented by the GTI-Gabon was less than that of last month.



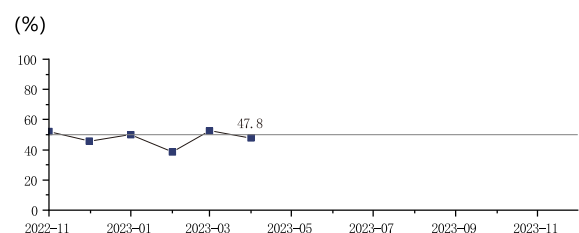
The existing orders index registered 41.3%, an increase of 1.8 percentage points from the previous month, fell below the critical value, indicating that the number of existing orders of the superior timber enterprises represented by the GTI-Gabon was less than that of last month.



The new orders index registered 47.8%, an increase of 4.8 percentage points from the previous month, was above the critical value for 3 consecutive months, indicating that the number of new orders of the superior timber enterprises represented by the GTI-Gabon was less than that of last month.

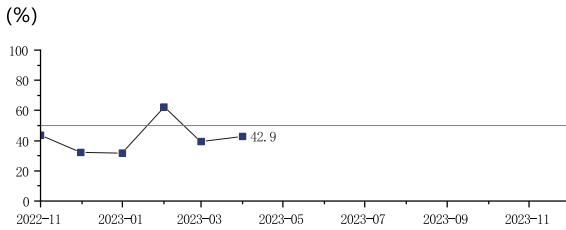


The inventory index of finished products registered 47.8%, a decrease of 4.8 percentage points from the previous month, fell below the critical value, indicating that the inventory of finished products of the superior timber enterprises represented by the GTI-Gabon was less than that of month.

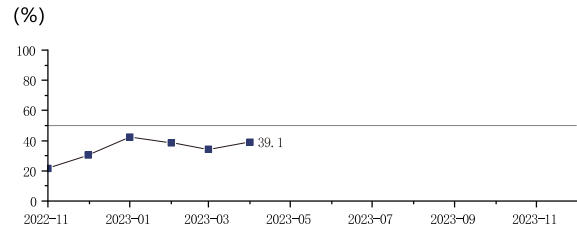




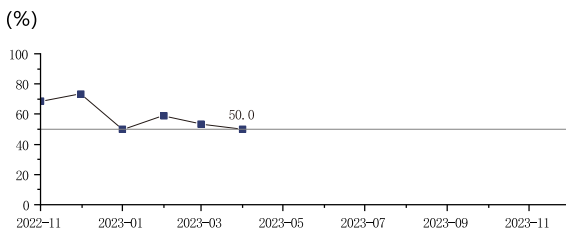
The purchase quantity index registered 42.9%, an increase of 3.6 percentage points from the previous month, was below the critical value for 2 consecutive months, indicating that the purchase quantity of the superior timber enterprises represented by the GTI-Gabon was less than that of month.



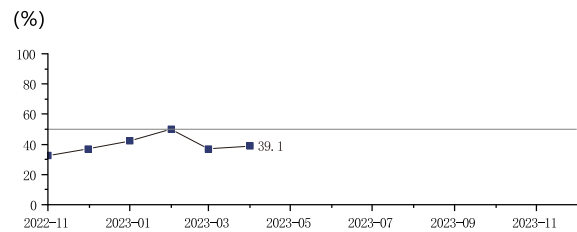
The production and management employees index registered 39.1%, an increase of 4.9 percentage points from the previous month, was below the critical value for 6 consecutive months, indicating that the number of employees in the superior timber enterprises represented by the GTI-Gabon was less than that of last month.



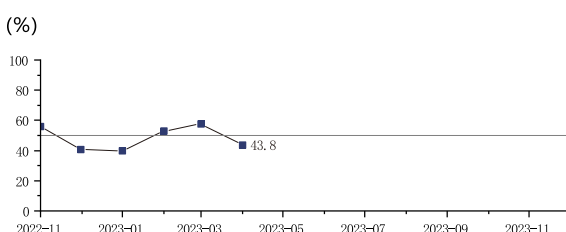
The purchase price index registered 50.0%, a decrease of 3.6 percentage points from the previous month, fell to the critical value, indicating that the purchase price of the superior timber enterprises represented by the GTI-Gabon was same with that of last month.



The delivery time index registered 39.1%, an increase of 2.3 percentage points from the previous month, was below the critical value for 2 consecutive months, indicating that the delivery time from the supplier to the superior timber enterprises represented by the GTI-Gabon was slower than last month.



The inventory index of main raw materials registered 43.8%, a decrease of 13.9 percentage points from the previous month, fell below the critical value, 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.

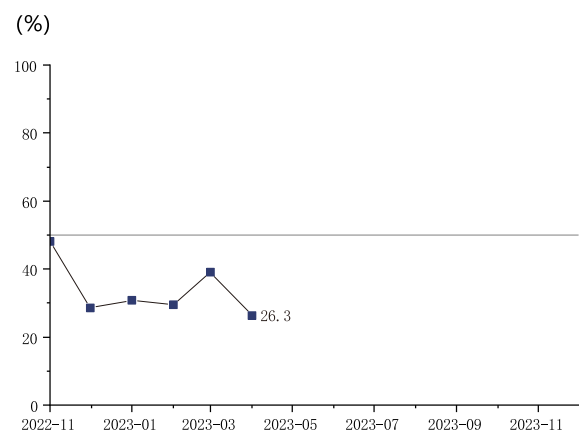


GTI-ROC Index In April 2023

In April 2023, under the witness of the Special Adviser to the President of the Republic of the Congo and the Minister of State, the Minister of Industry and the Minister of Special Economic Region, China's Yituo agricultural Equipment Assembly Plant project in ROC passed the acceptance smoothly, which was the first tractor production line in ROC. It was of a great significance for promoting the development of industry and agriculture in ROC. In the field of forestry industry, ATIBT official website reported that Soci Société Plantations Foresti Forestières Bat Batéké Brazzaville (SPF2B) plantation project is being implemented in ROC. The project consists of five growing areas and a nursery, located in the northern ROC, straddling the regions of Ignié and Ngabe. The implementation of the project has both economic and ecological objectives, on the one hand to produce timber, coal, palm oil and cassava, and on the other hand to increase carbon sinks and improve biodiversity.

In April 2023, affected by negative factors such as poor transportation and log export restrictions, the harvesting volume, production volume and new orders amount have decreased in ROC. The GTI-ROC enterprises believed that the local forest policy was not active enough, the market

GTI-ROC Index



management was not good, and the overall activity of the timber market was low. Enterprises expected the government to coordinate forest management, boost the demand for tropical timber market and promote the development of tropical timber market in the Congo Basin. This month, the GTI-ROC index registered 26.3%, a decrease of 12.8 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-ROC index has shrank from last month, the contraction trend has expanded.

Challenges

- Not enough production equipment.
- Poor road condition.
- Financial problems.
- Slow transportation and logistics.
- Heavy rainfall affected log production and transportation.
- Log export was stopped.
- Poor market management and low activity.
- Shortage of fuel.
- Forest policy is not proactive enough.
- Slow decision-making of forestry enterprises.
- The Convention on International Trade in Endangered Species of Wild Fauna and Flora limited the production of some tree species.

Suggestions

- Reduce the forestry tax rate.
- Improve forest management to boost tropical timber market demand.
- Improve road construction.
- Increase the storage of fuel.
- Promote the development of the tropical timber market in the Congo Basin.
- Coordinate and communicate with the forestry department.

GTI-ROC sub-index

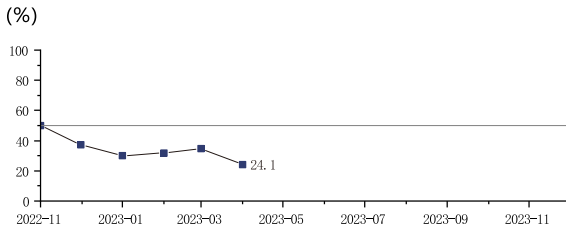
As for the GTI-ROC sub-index, in April 2023, the 11 sub-indexes were all below the critical value.



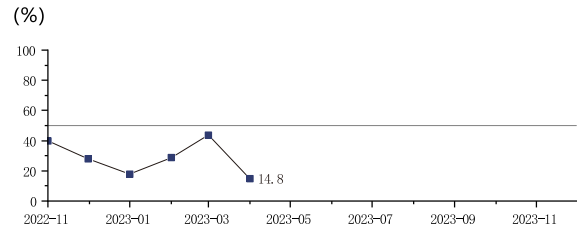
GTI-ROC sub-index



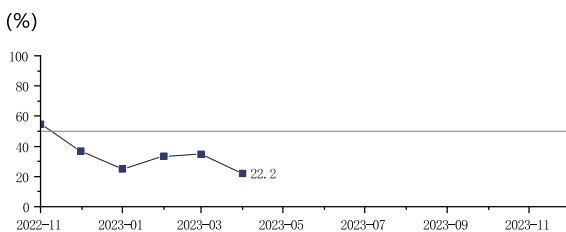
The harvesting index registered 24.1%, a decrease of 10.5 percentage points from the previous month, was below the critical value for 5 consecutive months, indicating that the harvesting volume of the superior timber enterprises represented by the GTI-ROC was much less than that of last month.



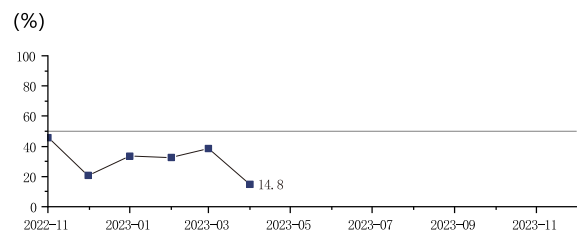
The export orders index registered 14.8%, a decrease of 29.0 percentage points from the previous month, was below the critical value for 6 consecutive months, indicating that the number of export orders of the superior timber enterprises represented by the GTI-ROC was much less than that of last month.



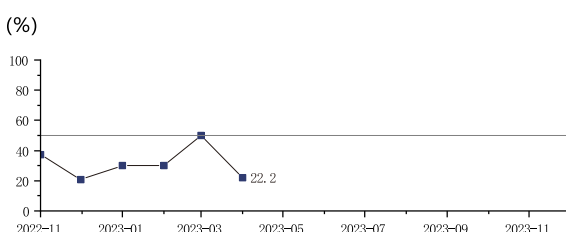
The production index registered 22.2%, a decrease of 12.4 percentage points from the previous month, was below the critical value for 5 consecutive months, indicating that the production volume of the superior timber enterprises represented by the GTI-ROC was less than that of last month.



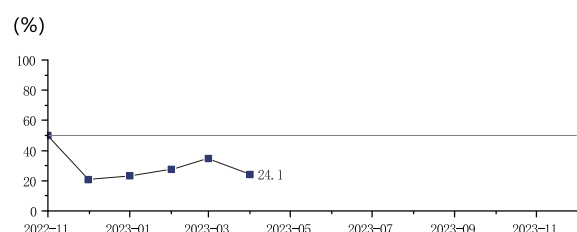
The existing orders index registered 14.8%, a decrease of 23.7 percentage points from the previous month, was below the critical value for 6 consecutive months, indicating that the number of existing orders of the superior timber enterprises represented by the GTI-ROC was much less than that of last month.



The new orders index registered 22.2%, a decrease of 27.8 percentage points from the previous month, fell below the critical value, indicating that the number of new orders of the superior timber enterprises represented by the GTI-ROC was much less than that of last month.

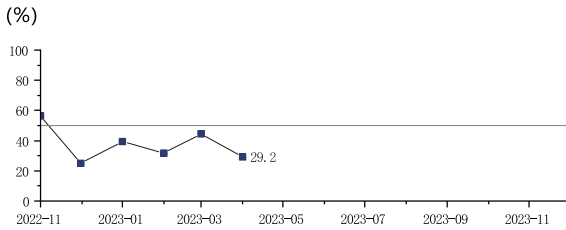


The inventory index of finished products registered 24.1%, a decrease of 10.5 percentage points from the previous month, was below the critical value for 5 consecutive months, indicating that the inventory of finished products of the superior timber enterprises represented by the GTI-ROC was much less than that of month.

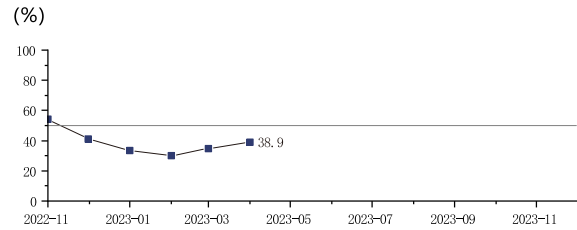




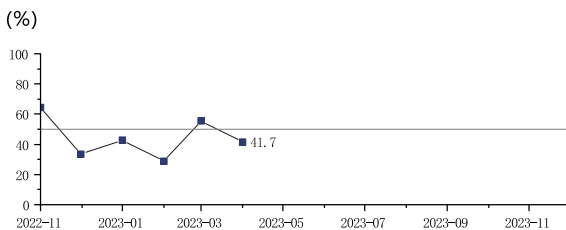
The purchase quantity index registered 29.2%, a decrease of 15.2 percentage points from the previous month, was below the critical value for 5 consecutive months, indicating that the purchase quantity of the superior timber enterprises represented by the GTI-ROC was less than that of last month.



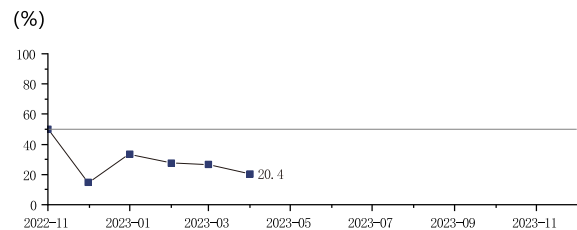
The production and management employees index registered 38.9%, an increase of 4.3 percentage points from the previous month, was below the critical value for 5 consecutive months, indicating that the number of employees in the superior timber enterprises represented by the GTI-ROC was less than that of last month.



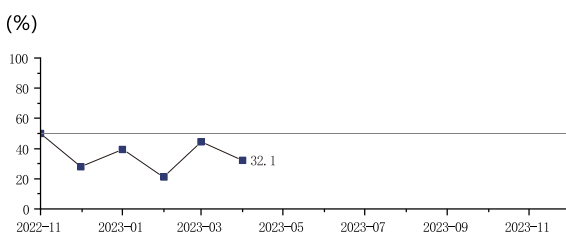
The purchase price index registered 41.7%, a decrease of 13.9 percentage points from the previous month, fell below the critical value, indicating that the purchase price of the superior timber enterprises represented by the GTI-ROC was lower than that of last month.



The delivery time index registered 20.4%, a decrease of 6.5 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 slower than last month.



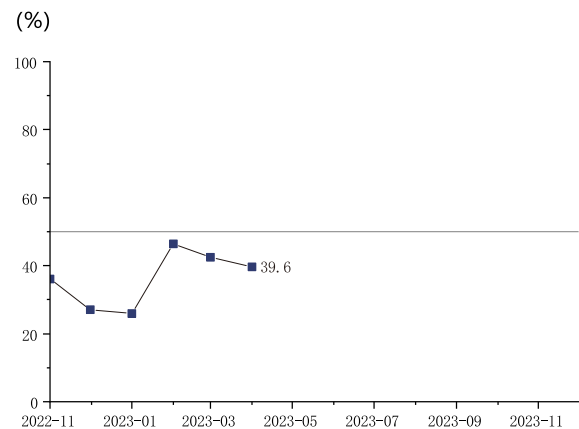
The inventory index of main raw materials registered 32.1%, a decrease of 12.3 percentage points from the previous month, was below the critical value for 5 consecutive months, indicating that the inventory of main raw materials of the superior timber enterprises represented by the GTI-ROC was less than that of last month.



GTI-Brazil Index In April 2023

In April 2023, Brazil's manufacturing industry is still not active. According to the statistics of National Confederation of Industry Brazil, the confidence index of 20 of Brazil's 29 industrial sectors continued to decline, including automotive, metallurgical, chemical, pulp, construction and other sectors. In order to enhance the competitiveness of its products, the Brazilian government has restored the National Committee for Metrology, Standardization and Industrial Quality. The Committee, which coordinates and deals with technical regulations, standards, conformity assessment, accreditation, market surveillance and metrology matters, is chaired by a representative of the Ministry of Industry and Trade and invites representatives from the private sector to participate. On March 14, the Northern Wood Industry Union of Mato Grosso (SINDUSMAD) organized a lecture on tax incentives in the Mato Grosso Industrial and Commercial Development Plan (PRODEIC), clarified the requirements, advantages and company obligations of the Plan. This Plan was open to the industrial, agribusiness and mining sectors, and eligible businesses were required to register to participate in the scheme. As for the timber sector, there was a 65% tax deduction for sawnwood sales, a 75% tax deduction for plywood sales, and an 85% tax reduction for in-state business.

GTI- Brazil Index



In April, Brazil's timber industry was affected by insufficient international market demand, unstable domestic market and public holidays (Tiradentes Day). The GTI-Brazil enterprises reported that they were facing problems such as poor logistics, market stagnation, price decline, customer default and high production costs. In addition, Brazil's rainfall in April was above the annual average which affected the timber harvesting. This month, the GTI-Brazil index registered 39.6%, a decrease of 2.8 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-Brazil index has shrank from last month, the contraction has expanded.



Challenges

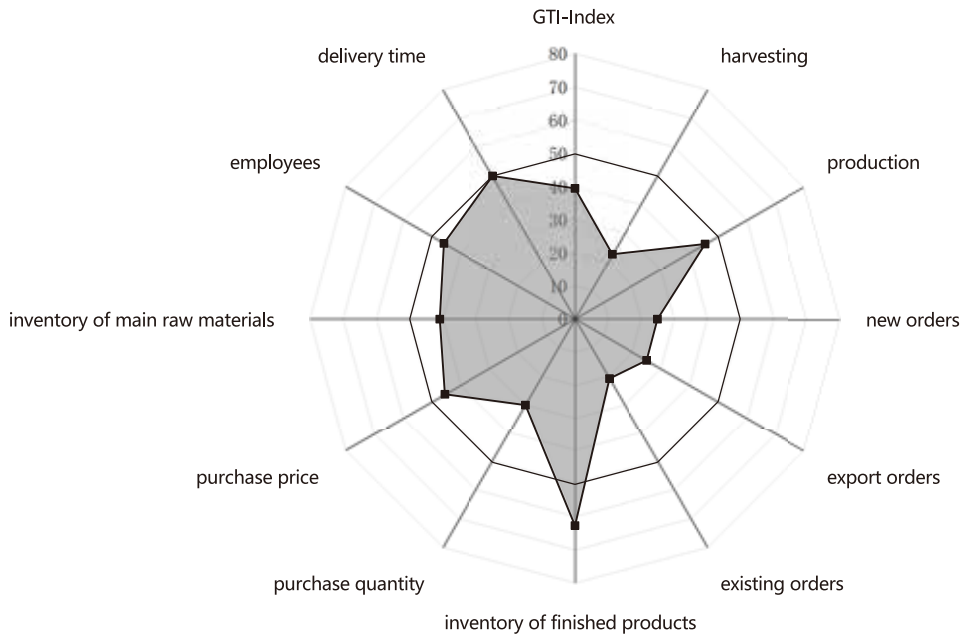
- Sharp low demand in the foreign market.
- Decreased demand, domestic market with political and economic insecurity.
- Many holidays and little time to get it shipped.
- Increased inventory of downgraded products in the intermediate stages of production.
- Excess supply in the market pushing prices down.
- Sales decline and sales price decrease.
- The rain impacts field operations.
- Compromised logistics, stagnated market, customer' s defaults and high production cost.
- Low market recognition of new noble species such as Australian cedar (Toona Ciliata) and African mahogany (Khaya Grandifoliola).

Suggestions

- Prospecting new customers for sales of products not approved by the quality control teams.
- Seek new consumer markets.
- Plan field operations according to climatic seasonality.
- Improve human resources management.
- Improve recognition of new noble species such as Australian cedar (Toona Ciliata) and African mahogany (Khaya Grandifoliola).

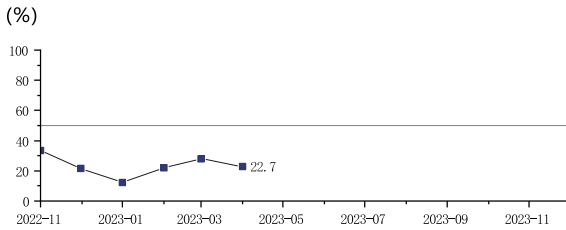
GTI-Brazil sub-index

As for the GTI-Brazil sub-index, in April 2023, only the inventory index of finished products was above the critical value, the delivery time index was equal to the critical value, while the remaining 9 sub-indices were all below the critical value.

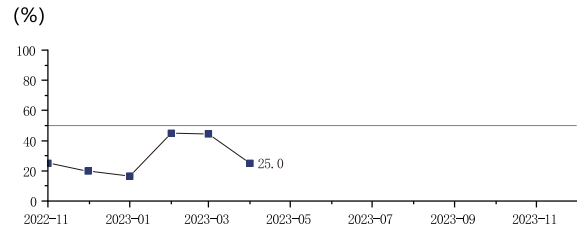


GTI-Brazil sub-index

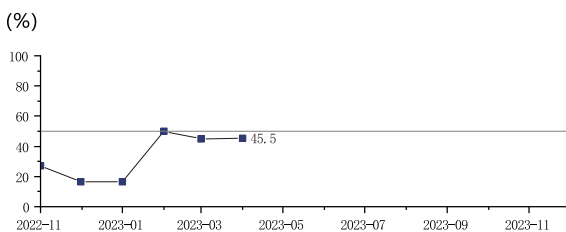
The harvesting index registered 22.7%, a decrease of 5.1 percentage points from the previous month, was below the critical value for 6 consecutive months, indicating that the harvesting volume of the superior timber enterprises represented by the GTI-Brazil was much less than that of last month.



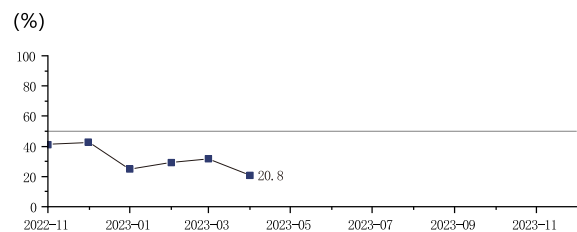
The export orders index registered 25.0%, a decrease of 19.4 percentage points from the previous month, was below the critical value for 6 consecutive months, indicating that the number of export orders of the superior timber enterprises represented by the GTI- Brazil was less than that of last month.



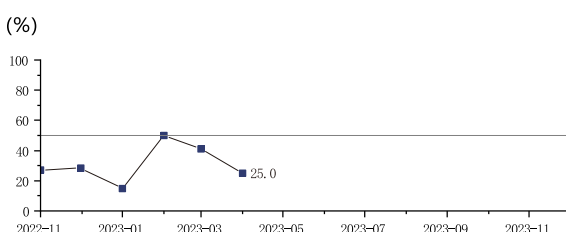
The production index registered 45.5%, an increase of 0.5 percentage points from the previous month, was below the critical value for 2 consecutive months, indicating that the production volume of the superior timber enterprises represented by the GTI-Brazil was less than that of last month.



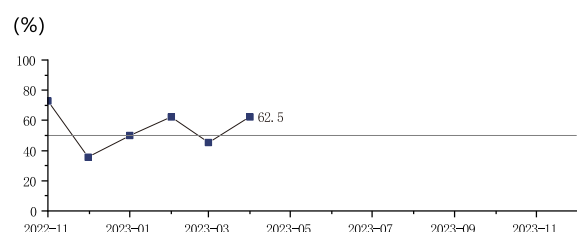
The existing orders index registered 20.8%, a decrease of 11.0 percentage points from the previous month, was below the critical value for 6 consecutive months, indicating that the number of existing orders of the superior timber enterprises represented by the GTI- Brazil was much less than that of last month.



The new orders index registered 25.0%, a decrease of 15.9 percentage points from the previous month, was below the critical value for 2 consecutive months, indicating that the number of new orders of the superior timber enterprises represented by the GTI-Brazil was less than that of last month.

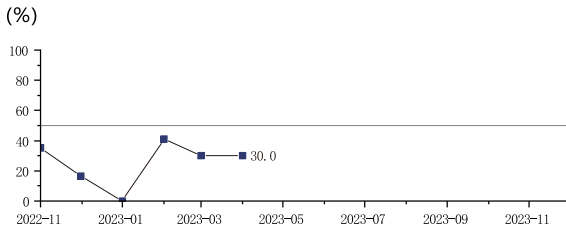


The inventory index of finished products registered 62.5%, an increase of 17.0 percentage points from the previous month, rose above the critical value, indicating that the inventory of finished products of the superior timber enterprises represented by the GTI-Brazil was more than that of month.

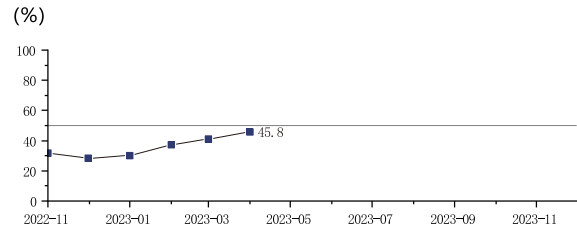




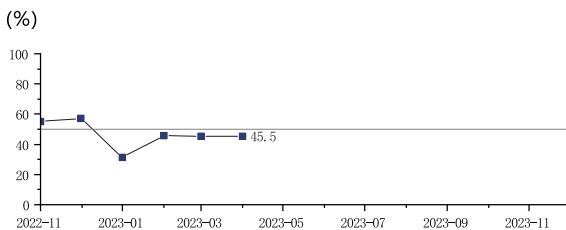
The purchase quantity index registered 30.0%, same with the previous month, was below the critical value for 6 consecutive months, indicating that the purchase quantity of the superior timber enterprises represented by the GTI-Brazil was less than that of last month.



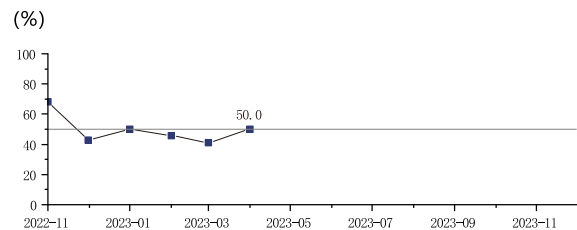
The production and management employees index registered 45.8%, an increase of 4.9 percentage points from the previous month, was below the critical value for 6 consecutive months, indicating that the number of employees in the superior timber enterprises represented by the GTI-Brazil was less than that of last month.



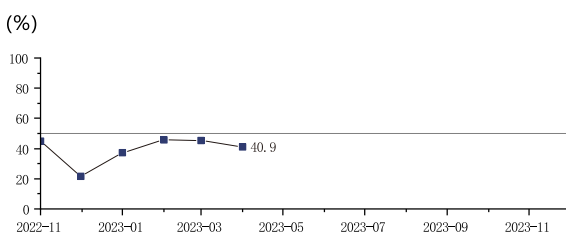
The purchase price index registered 45.5%, same with the previous month, was below the critical value for 4 consecutive months, indicating that the purchase price of the superior timber enterprises represented by the GTI-Brazil was lower than that of last month.



The delivery time index registered 50.0%, an increase of 9.1 percentage points from the previous month, rose to the critical value, indicating that the delivery time from the supplier to the superior timber enterprises represented by the GTI-Brazil was same with last month.



The inventory index of main raw materials registered 40.9%, a decrease of 4.6 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-Brazil was less than that of last month.

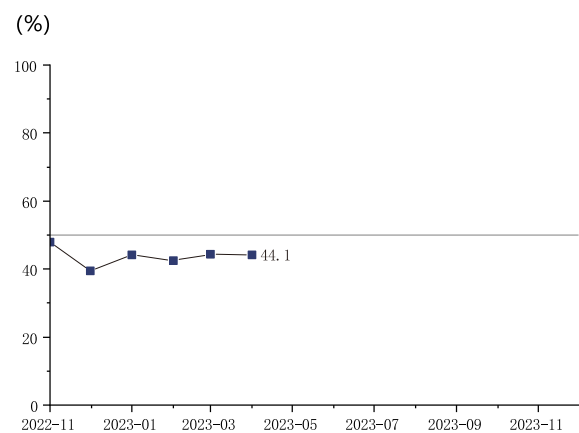


GTI-Mexico Index In April 2023

In April 2023, Mexico's manufacturing sector continued to pick up, with the purchasing managers' index (PMI) recording at 51.1%, increased by 0.1 percentage points from the previous month. In terms of trade, Mexico exported \$53.558 billion and imported \$52.389 billion, with a trade surplus of \$1.169 billion. In the wood sector, Chilean panel producer Arauco, which produced chipboard in Zit Zitácuaro, Mexico, is constructing a new mediate-density fibreboard (MDF) production line and was expected to be completed in 2025. This project was expected to increase MDF production by about 300,000 cubic meters per year to meet the growing demand of the furniture, construction and interior design industries in Mexico.

Overall, the Mexico timber market was still relatively depressed, with insufficient demand for timber and insufficient labor force, resulting in a series of problems such as lower timber prices and increased product inventories. GTI-Mexico enterprises reported problems such as the high cost of land and sea transportation and the long time of administrative approval. Enterprises expected to boost the domestic wood industry

GTI- Mexico Index



market by increasing sales publicity, expanding financing sources, and standardizing plate imports. Some enterprises suggested improving the digital level of forestry enterprises and government to improve work efficiency. This month, the GTI-Mexico index registered 44.1%, a decrease of 0.3 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-Mexico index has shrank from last month, the contraction trend has expanded slightly.

Challenges

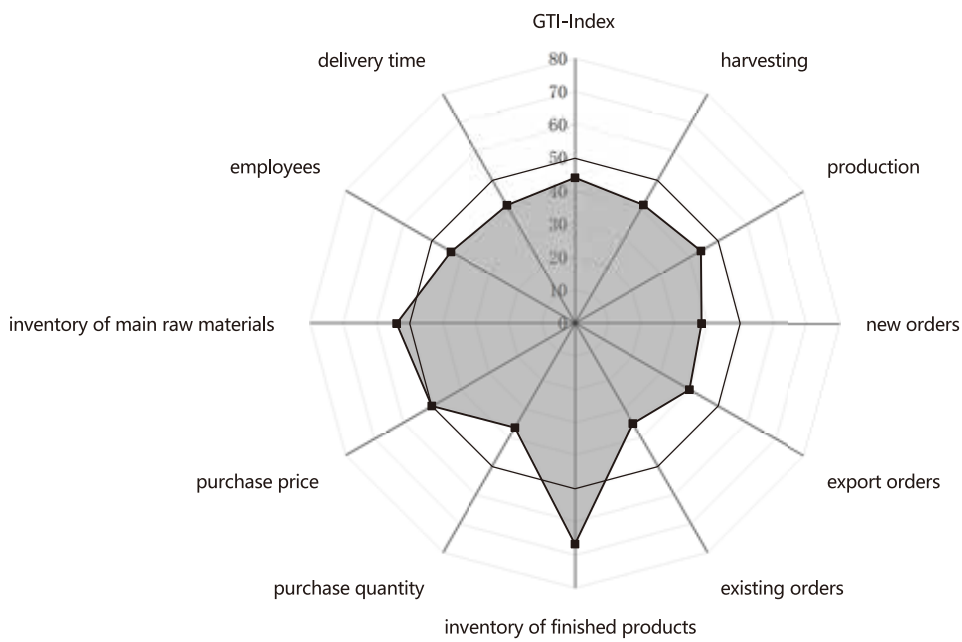
- Contraction of the timber market.
- Low demand for wood.
- Lack of staff.
- High logistics costs for land transportation and sea freight.
- Lack of vehicles for transporting products.
- Reduction in order volume.
- High processing times and deliveries of government documents.
- Low wood prices and increased product inventory.
- The offer of national products, imported products outstrip demand.
- The import of wood at a lower price.
- The drop in prices in the domestic timber market.

Suggestions

- Limit imports from other countries.
- Increase market prices.
- Buy vehicles for transporting products.
 - Find sources of financing and export the product.
 - Give greater publicity to sales.
 - Regulate the import of boards.
 - Staff training.
 - Products be more competitive.
 - Reactivate the construction industry.
 - Government support in exemptions for the export sector.
 - Digital process flows for forest plantation companies, which efficient government processes.

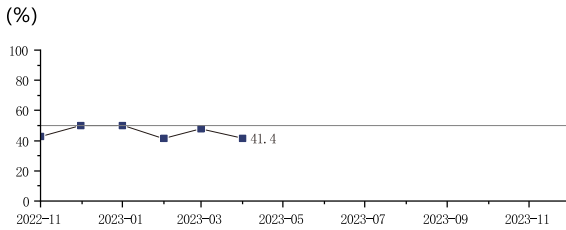
GTI-Mexico sub-index

As for the GTI-Mexico sub-index, in April 2023, the inventory of finished products and raw materials indexes were above the critical value, the purchase price was equal to the critical value, while the remaining 8 sub-indexes were all below the critical value.

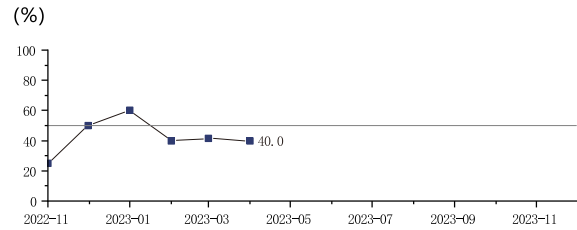


GTI-Mexico sub-index

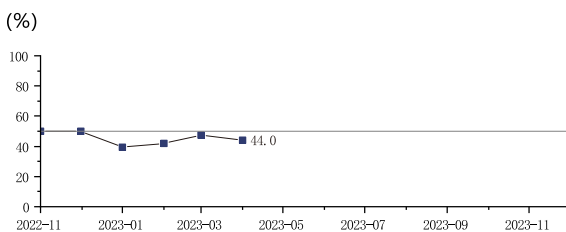
The harvesting index registered 41.4%, a decrease of 6.3 percentage points from the previous month, was below the critical value for 3 consecutive months, indicating that the harvesting volume of the superior timber enterprises represented by the GTI-Mexico was less than that of last month.



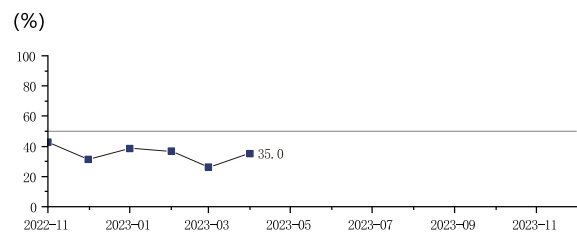
The export orders index registered 40.0%, a decrease of 1.7 percentage points from the previous month, was below the critical value for 3 consecutive months, indicating that the number of export orders of the superior timber enterprises represented by the GTI-Mexico was less than that of last month.



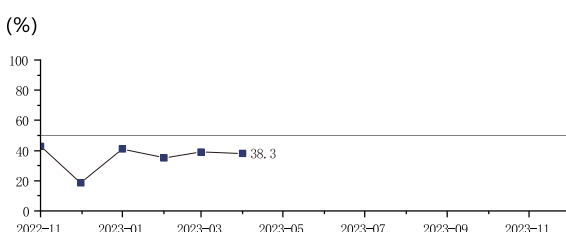
The production index registered 44.0%, a decrease of 3.4 percentage points from the previous month, was below the critical value for 4 consecutive months, indicating that the production volume of the superior timber enterprises represented by the GTI- Mexico was less than that of last month.



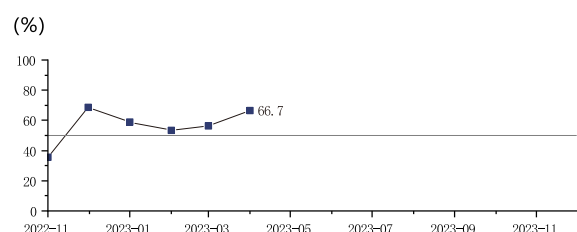
The existing orders index registered 35.0%, an increase of 8.9 percentage points from the previous month, was below the critical value for 6 consecutive months, indicating that the number of existing orders of the superior timber enterprises represented by the GTI-Mexico was less than that of last month.



The new orders index registered 38.3%, a decrease of 0.8 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-Mexico was less than that of last month.

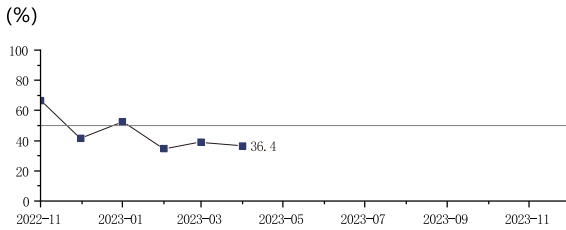


The inventory index of finished products registered 66.7%, an increase of 10.2 percentage points from the previous month, was above the critical value for 4 consecutive months, indicating that the inventory of finished products of the superior timber enterprises represented by the GTI-Mexico was more than that of month.

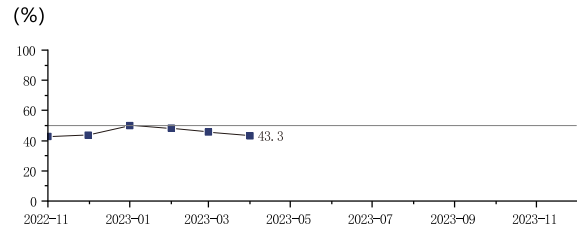




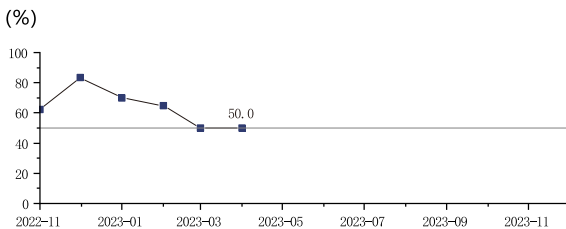
The purchase quantity index registered 36.4%, a decrease of 2.5 percentage points from the previous month, was below the critical value for 3 consecutive months, indicating that the purchase quantity of the superior timber enterprises represented by the GTI-Mexico was less than that of last month.



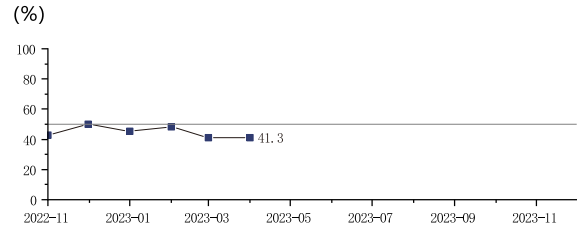
The production and management employees index registered 43.3%, a decrease of 2.4 percentage points from the previous month, was below the critical value for 3 consecutive months, indicating that the number of employees in the superior timber enterprises represented by the GTI-Mexico was less than that of last month.



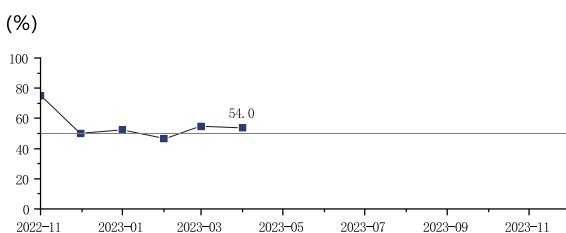
The purchase price index registered 50.0%, same with the previous month, was equal to the critical value for 2 consecutive months, indicating that the purchase price of the superior timber enterprises represented by the GTI-Mexico was same with last month.



The delivery time index registered 41.3%, same with 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-Mexico was slower than last month.



The inventory index of main raw materials registered 54.0%, a decrease of 0.8 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-Mexico was more than that of last month.

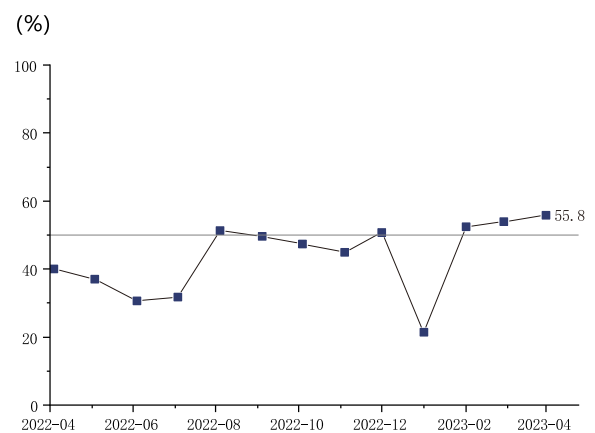


GTI-China Index In April 2023

According to data released by the National Bureau of Statistics on April 18, China's GDP increased by 4.5% year-on-year to 28,499.7 billion yuan in the first quarter of 2023, much higher than 2.9% GDP growth in the fourth quarter of last year. In April, affected by the low market demand and the high base formed by the rapid recovery of the manufacturing industry in the first quarter, China's manufacturing PMI recorded 49.2%, which decreased by 2.7% compared with the previous month, fell below the critical value, meaning that the manufacturing industry is not as prosperous as last month. The 133rd China Import and Export Fair (Canton Fair) concluded on May 5, with a total of 2.837 million visitors and a record number of exhibition areas and exhibitors. Combined with online and on-site, the amount of contracts signed by Chinese enterprises with overseas buyers reached \$25.1 billion, amounting to 90% of that in 2019.

In April 2023, China's domestic demand for wood products maintained a growth trend, and the number of new orders from China increased for three consecutive months, which led to more active market, such as increasing in production

GTI- China Index



volume, raw material procurement, and employees. However, the international market demand was still low, and the export orders of enterprises have declined. This month, the GTI-China index registered 55.8%, an increase of 1.9 percentage points from the previous month, was above the critical value (50%) for 3 consecutive months, indicating that the business prosperity of the superior timber enterprises represented by the GTI-China index has expanded from last month.



Products in short supply

Fir, Oak, Mahogany, AB Oak, AB European Oak, Eucalyptus Core.

Commodity of which the price has been increased

Eucalyptus, panels, fir wood lath, paint, non-formaldehyde adhesive, urea, diesel oil, impregnated paper.

Commodity of which the price has been decreased

Core board, log, fir, mixed wood, pine board, ebony board, medium density fiberboard, kraft paper, leather, sponge, methanol, formaldehyde, melamine.

Challenges faced by GTI-China Enterprises

- Long procurement period of raw material and its poor quality.
- It was difficult to purchase high-grade raw materials and the quantity was insufficient.
- The procurement delivery period was prolonged and the procurement cost has increased.
- Unstable quality of base material.

GTI-China sub-index

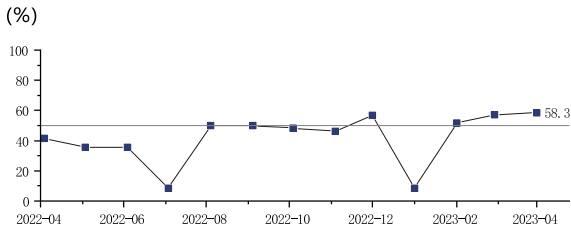
As for the GTI-China sub-index, in April 2023, the indexes like production, new orders, purchase quantity and inventory of raw materials were above the critical value, the delivery time index was equal to the critical value, while the remaining 5 sub-indexes were all below the critical value.



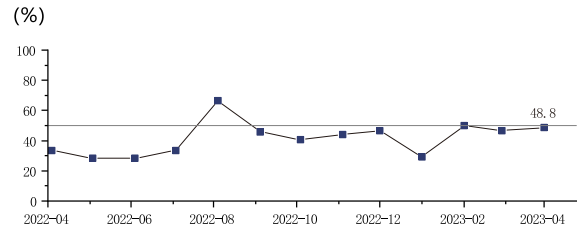
GTI-China sub-index



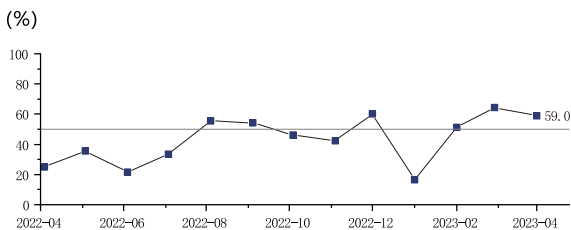
The production index registered 58.3%, an increase of 1.2 percentage points from the previous month, was above the critical value for 3 consecutive months, indicating that the production volume of the superior timber enterprises represented by the GTI-China was more than that of last month.



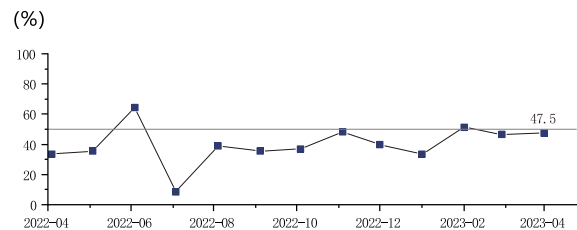
The existing orders index registered 48.8%, an increase of 2.4 percentage points from the previous month, was below the critical value for 2 consecutive months, indicating that the number of existing orders of the superior timber enterprises represented by the GTI-China was less than that of last month.



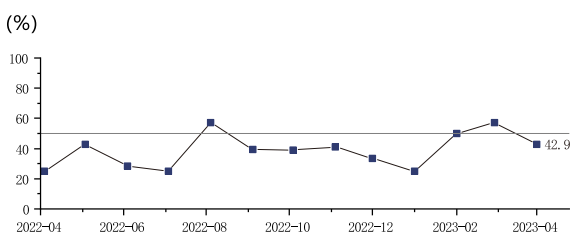
The new orders index registered 59.0%, a decrease of 5.3 percentage points from the previous month, was above the critical value for 3 consecutive months, indicating that the number of new orders of the superior timber enterprises represented by the GTI-China was more than that of last month.



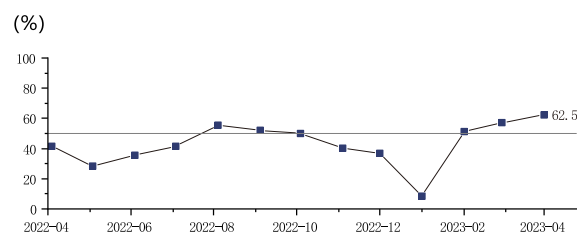
The inventory index of finished products registered 47.5%, an increase of 1.1 percentage points from the previous month, was below the critical value for 2 consecutive months, indicating that the inventory of finished products of the superior timber enterprises represented by the GTI-China was less than that of month.



The export orders index registered 42.9%, a decrease of 14.2 percentage points from the previous month, fell below the critical value, indicating that the number of export orders of the superior timber enterprises represented by the GTI-China was less than that of last month.

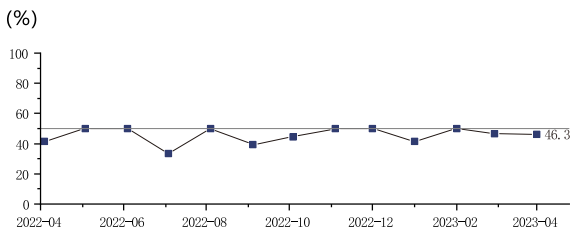


The purchase quantity index registered 62.5%, an increase of 5.4 percentage points from the previous month, was above the critical value for 3 consecutive months, indicating that the purchase quantity of the superior timber enterprises represented by the GTI-China was more than that of last month.

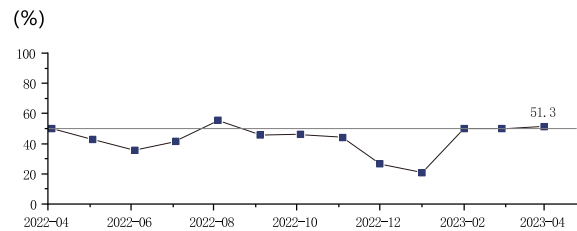




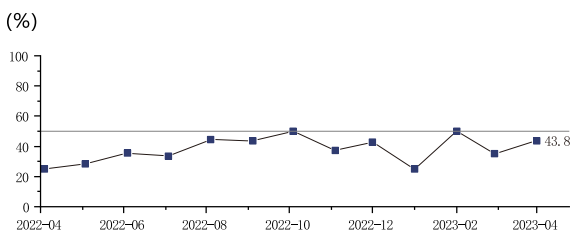
The purchase price index registered 46.3%, a decrease of 0.1 percentage points from the previous month, fell below the critical value, indicating that the purchase price of the superior timber enterprises represented by the GTI-China was less than that of last month.



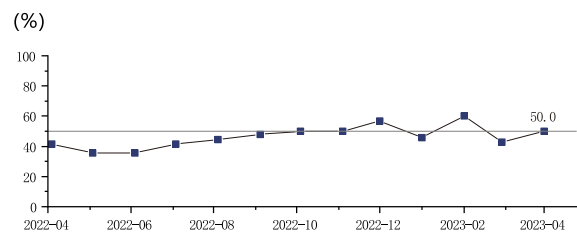
The production and management employees index registered 51.3%, an increase of 1.3 percentage points from the previous month, rose above the critical value, indicating that the number of employees in the superior timber enterprises represented by the GTI-China was more than that of last month.



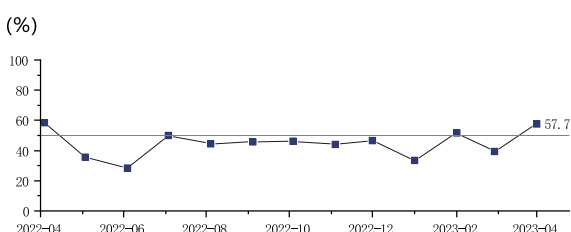
The import index registered 43.8%, an increase of 8.8 percentage points from the previous month, was below the critical value for 2 consecutive months, indicating that the import volume of the superior timber enterprises represented by the GTI-China was less than that of last month.



The delivery time index registered 50.0%, an increase of 7.1 percentage points from the previous month, rose to the critical value, indicating that the delivery time from the supplier to the superior timber enterprises represented by the GTI-China was same with last month.



The inventory index of main raw materials registered 57.7%, an increase of 18.4 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-China was more than that of last month.



Survey methodology

The Global Timber Index (hereinafter referred to as GTI) is compiled based on the a 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 Chain 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 will cover 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 . ITTO and GGSC hereby grant you a limited, revocable, nonsublicensable license to access and display on your individual device the GTI report (excluding any software code) solely for your personal, non-commercial use. 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 GTI report Content.

About ITTO

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

About GGSC

Global Green Supply Chain 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 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” held in Shanghai, China in October, 2019.

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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