



ITTO
INTERNATIONAL TROPICAL
TIMBER ORGANIZATION



This report was prepared by GGSC, with support of ITTO and IPIM, and Focal Points of Indonesia, Malaysia, Thailand, Gabon, Republic of Congo, Ghana, Brazil, Mexico and China.

GTI REPORT 2024

Global Timber Index

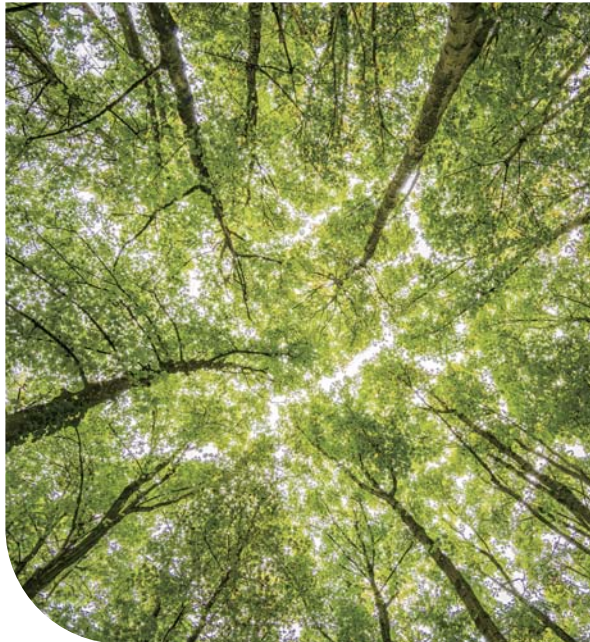
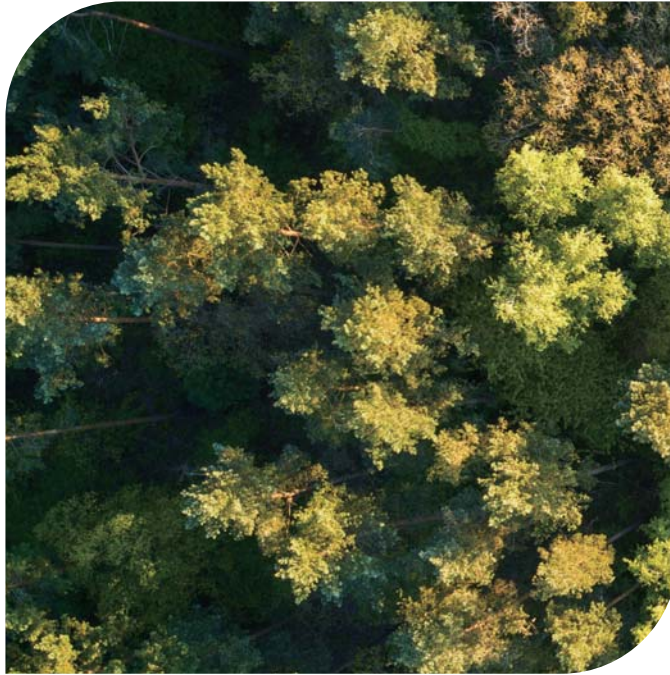
MONTHLY

GGSC-No. 09/2024





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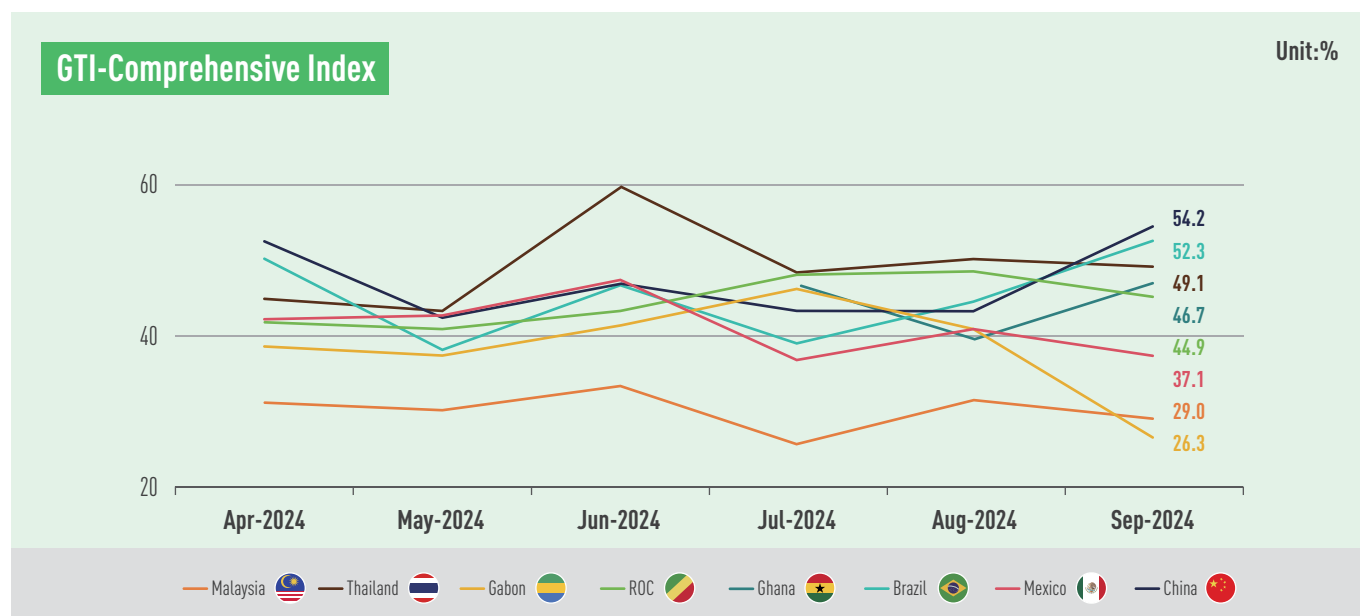


GTI REPORT 2024



Overview of the GTI Index

Achievements of Global Timber Index (GTI) activity released in Macao, China



The Global Timber Index (GTI) Report for September revealed that on 11 September 2024 during the Global Legal & Sustainable Timber Forum 2024 (GLSTF 2024) (in Macao, China), new achievements of the GTI activity were officially released under the theme "The Full Operation of Global Timber Index (GTI) Platform". During the release ceremony, representatives of GTI focal points presented certificates of recognition to two Chinese wood-based panel industry clusters (respectively in Guigang, Guangxi province, and Linyi, Shandong province), acknowledging their significant contributions to data collection and launch of the GTI-Woodbased Panel Index. With two years of efforts, the GTI activity has been piloted in 10 countries: Indonesia, Malaysia, Thailand, Gabon, the Republic of the Congo (ROC), Ghana, Brazil, Mexico, Ecuador, and China. Each pilot country selects leading timber enterprises for the monthly GTI reporting and information sharing, increasing the number of participating enterprises from 160 to 260. The GTI Platform is now up and running, with 28 editions of reports released, and 2 specialized indexes (GTI-Producers Index, and GTI-Woodbased Panel Index) launched. Moving forward, more multi-dimensional and value-added services will be provided to GTI enterprises that contribute data and information to the activity.

In September, the GTI indices for China (54.2%) and Brazil (52.3%) rose above the critical value of 50%, suggesting overall growth in Brazilian timber sector and a positive trend of Chinese wood processing industry.

The GTI indices for Thailand (49.1%), Ghana (46.7%), ROC (44.9%), Mexico (37.1%), Malaysia (29.0%), and Gabon (26.3%) were below the critical value of 50%, indicating sluggish market for most

producing countries and continued contraction in the overall performance of businesses there. The GTI indices for Malaysia, ROC, and Mexico had been below the critical value for several consecutive months, suggesting timber enterprises in these countries were facing great pressure on production and operations. Under this background, GTI participating enterprises from all the three countries suggested government intervention this month. For example, Malaysian enterprises suggested that the government increase spending on building and infrastructure expansion, so as to increase consumption of building materials; Congolese enterprises suggested that the government accelerate bridge construction and contribute to the maintenance of road network; and Mexican enterprises wanted the government to regulate the imports of MDF boards.

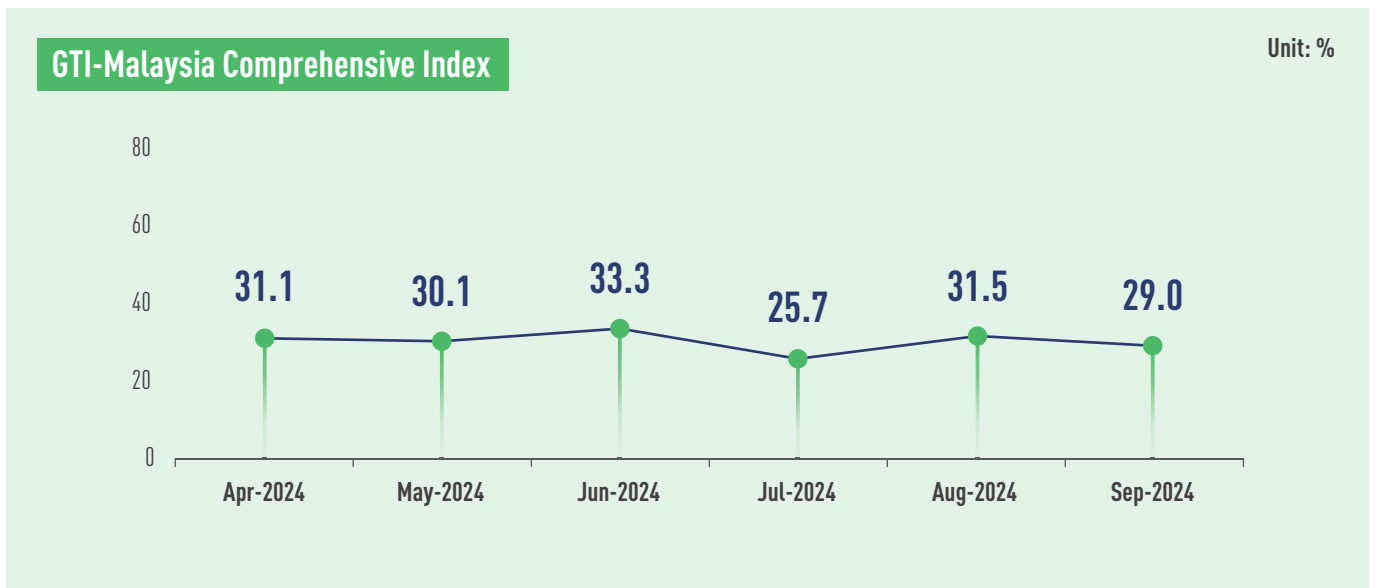
In other news, main practical progress towards legal and sustainable management in the pilot countries include: on September 29, Indonesian Environment and Forestry Minister stated that forest fires and deforestation in Indonesia had declined drastically in the last 10 years. Specifically, the forest fire area had dropped from 2.6 million hectares in 2015 to 200,000 hectares in 2022, and the area of deforestation had been reduced from 1.09 million hectares in 2014-2015 to 100,000 hectares in 2023. Recently, the Wildlife Conservation Society (WCS) launched Africa's first High Integrity Forest Investment Initiative (HIFOR) project in ROC, aiming to encourage the maintenance of climate regulation, and the conservation of biodiversity in high integrity tropical forests by providing long-term funding to forest managers.

1. The Global Timber Index (GTI) is an index system that comprehensively reflects the overall trend of global timber production and trade. It is completed by the participation of major ITTO timber producers and consumers members. The survey covers timber harvesting, trade, manufacturing including production, orders, imports and exports, employees, inventory and raw material prices and other business indicators. It is of a great significance as a guide to business operations, industry investment, and will aid formulation of national policies.

2. The GTI index reflects the monthly prosperity trend of a country's timber market. It does not reflect the competitiveness of a country's timber market, can not be used for ranking or comparing the timber market among countries.



GTI-Malaysia Index in September 2024



On September 4, Sarawak Democratic Action Party (DAP) chairman Chong Chieng Jen had a dialogue with Sarawak Furniture Industry Association, and urged the association to conduct a thorough study of policies affecting the industry and explore viable improvements to boost its growth. He also urged the state government to address the issue of timber resources being exported abroad, so as to ensure local furniture manufacturers have priority access to timber. On September 13, the Malaysian Timber Certification Council (MTCC) announced that its Board of Trustees had approved the adoption of the newly developed PEFC EUDR Due Diligence System (DDS) standard, PEFC ST 2002-1:2024 Requirements for the Implementation of PEFC EUDR Due Diligence System (PEFC EUDR DDS). Starting from September, MTCC would organize five briefings which focus on the compliance requirements of PEFC and EUDR DDS. However, some indigenous communities and civil society movements expressed concerns about the effectiveness of the MTCC certification system, believing that it needs to fully consider the impact of logging activities on local communities. In other news, the Malaysian Timber Council (MTC) had teamed up with the Forestry Department of Peninsular Malaysia (FDPM) and the school for a tree-planting programme (as a CSR initiative for green Malaysia), planting 100 saplings of eight different species on the school grounds.

In September, the GTI-Malaysia index registered 29.0%, a decrease of 2.5 percentage points from the previous month, was below the critical value (50%) for 23 consecutive months,

indicating that the business prosperity of the superior timber enterprises represented by the GTI-Malaysia index shrank from last month, and the contraction had expanded. As for the eleven sub-indexes, the inventory index of finished products and the purchase price index were above the critical value of 50%, while the remaining nine indexes were all below the critical value. Compared to the previous month, the indexes for harvesting, export orders, and inventory of finished products increased by 5.0-14.3 percentage points; the indexes for production, purchase quantity, purchase price, inventory of main raw materials, and delivery time were unchanged from the previous month; and the indexes for new orders, existing orders, and employees declined by 3.9-5.0 percentage points.



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

	2024.04	2024.05	2024.06	2024.07	2024.08	2024.09	MoM	Performance
Comprehensive Index	31.1	30.1	33.3	25.7	31.5	29.0	-2.5 ↓	Contract
Harvesting Index	31.3	25.0	43.8	31.3	14.3	28.6	14.3 ↑	Contract
Production Index	25.0	27.8	33.3	11.1	27.8	27.8	0.0	Contract
New Orders Index	30.0	25.0	35.0	25.0	35.0	30.0	-5.0 ↓	Contract
Export Orders Index	22.2	27.8	27.8	33.3	22.2	30.0	7.8 ↑	Contract
Existing Orders Index	15.0	20.0	25.0	35.0	38.9	35.0	-3.9 ↓	Contract
Inventory Index of Finished Products	61.1	35.0	55.0	50.0	55.0	60.0	5.0 ↑	Expand
Purchase Quantity Index	16.7	38.9	27.8	27.8	16.7	16.7	0.0	Contract
Purchase Price Index	50.0	44.4	56.3	66.7	55.6	55.6	0.0	Expand
Inventory Index of Main Raw Materials	38.9	44.4	44.4	44.4	38.9	38.9	0.0	Contract
Employees Index	35.0	35.0	25.0	30.0	30.0	25.0	-5.0 ↓	Contract
Delivery Time Index	33.3	27.8	33.3	33.3	27.8	27.8	0.0	Contract



Main Challenges Reported by GTI-Malaysia Enterprises

- Demand was not enough, and there was a decrease in orders.
- Challenges existed in fulfilling production and shipment targets.
- The supply of raw materials was limited and there was a shortage of manpower.
- There was a lack of orders and the costs of raw materials (woodwaste) were high.
- Strong Ringgit currency versus USD was unfavorable for export market.
- Freight rates were high.

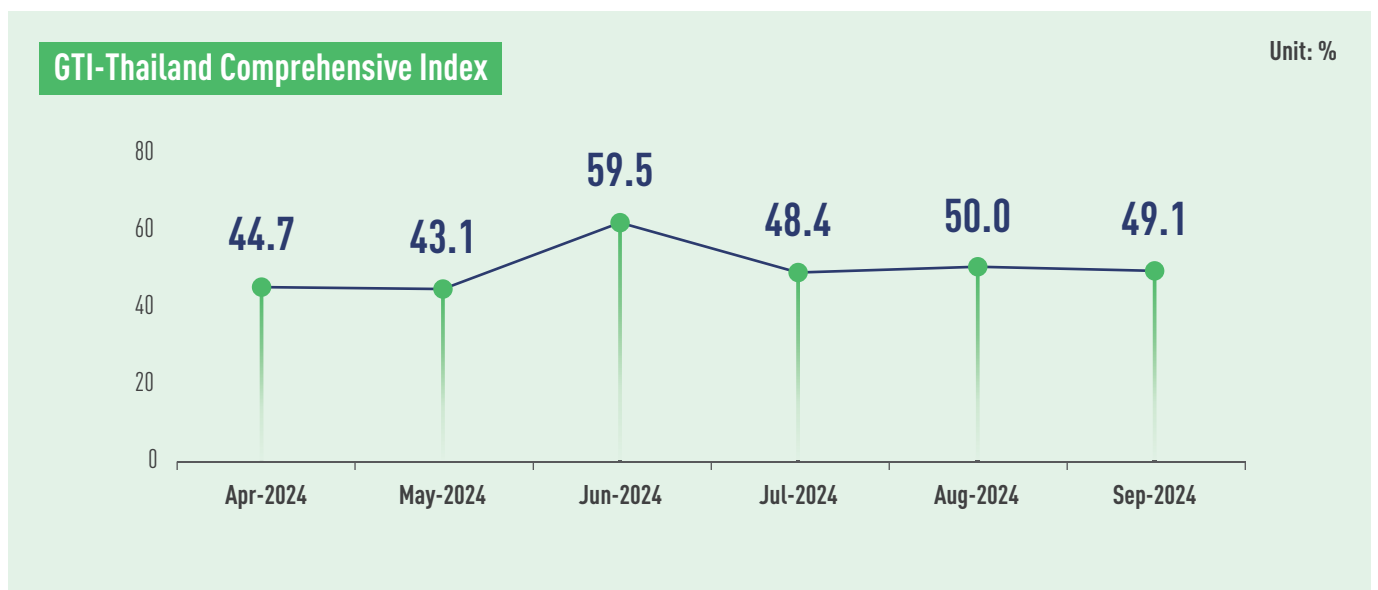


Main Suggestions from GTI-Malaysia Enterprises

- Slow down production.
- Retain woodchips for local consumption.
- Suggest that the government could increase spending on building and infrastructure expansion, so as to increase consumption of building materials.



GTI-Thailand Index in September 2024



In August 2024, Thailand's exports increased by 7.0% (YoY) to US\$26,182.3 million, while imports increased by 8.9% to US\$25,917.4 million, resulting in a trade surplus of US\$264.9 million, according to data released by Trade Policy and Strategy Office (TPSO) of Thailand's Ministry of Commerce on September 25. Regarding the export outlook of 2024, the Ministry of Commerce anticipated that the trend of slowing freight rates would help reduce logistics costs, enhancing the competitiveness of Thai exporters. However, there are still factors that could impact Thai exports in the future, such as high geopolitical uncertainty, the continued appreciation of the Thai baht, and the possibility of domestic floods. Recently, heavy rainfall had triggered widespread flooding in several regions of Thailand. The flooding had impacted the production and business activities of the timber sector and also caused severe damage to people's houses and furniture. For the purpose of giving the furniture to those in need, IKEA had partnered with the Mirror Foundation to buy back old furniture in October. In recent years, Thailand and China have become increasingly close in forestry and timber industry. In 2023, Thailand exported 4.5 million cubic meters of wood to China (a year-on-year increase of 16.7%), making it for the first time, become China's third-largest import source of wood (mainly rubberwood). From January to August 2024, Thailand exported a total of 3.4 million cubic meters of rubberwood to China, a year-on-year increase of 18%, with trade value increasing 24% to US\$857 million.

In September, the GTI-Thailand index registered 49.1%, a decrease of 0.9 percentage point from the previous month, fell below the critical value (50%) after one month, indicating that the business prosperity of the superior timber enterprises represented by the GTI-Thailand index contracted from last month. Overall, the volume of both harvesting and production of the Thai timber sector decreased compared to the previous month, export orders declined for the first time in the recent nine months, while supported by strong domestic demand, the volume of new orders continued to increase.

As for the eleven sub-indexes, three indexes (new orders, existing orders, and purchase price) were above the critical value of 50%, the purchase quantity index was at the critical value, while seven indexes (harvesting, production, export orders, inventory of finished products, inventory of main raw materials, employees, and delivery time) were below the critical value. Compared to the previous month, the indexes for existing orders, inventory of finished products, inventory of main raw materials, and employees increased by 0.9-9.3 percentage point(s), and the indexes for harvesting, production, new orders, export orders, purchase quantity, purchase price, and delivery time declined by 0.5-18.2 percentage point(s).

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

	2024.04	2024.05	2024.06	2024.07	2024.08	2024.09	MoM	Performance
Comprehensive Index	44.7	43.1	59.5	48.4	50.0	49.1	-0.9 ↓	Contract
Harvesting Index	33.3	37.5	56.3	50.0	55.6	41.7	-13.9 ↓	Contract
Production Index	36.7	41.7	63.6	46.4	50.0	46.9	-3.1 ↓	Contract
New Orders Index	50.0	50.0	70.8	46.9	61.5	58.8	-2.7 ↓	Expand
Export Orders Index	62.5	57.1	70.0	50.0	57.1	38.9	-18.2 ↓	Contract
Existing Orders Index	50.0	46.2	66.7	65.6	53.8	55.9	2.1 ↑	Expand
Inventory Index of Finished Products	42.9	38.5	41.7	34.4	34.6	35.3	0.7 ↑	Contract
Purchase Quantity Index	42.3	45.8	63.6	42.3	61.5	50.0	-11.5 ↓	Stable
Purchase Price Index	42.9	61.5	54.2	53.6	53.8	53.3	-0.5 ↓	Expand
Inventory Index of Main Raw Materials	46.4	26.9	41.7	36.7	23.1	32.4	9.3 ↑	Contract
Employees Index	50.0	46.2	50.0	53.1	46.2	47.1	0.9 ↑	Contract
Delivery Time Index	39.3	38.5	54.2	56.3	50.0	47.1	-2.9 ↓	Contract



Main Challenges Reported by GTI-Thailand Enterprises

- It was difficult to find workers.
- Enterprises had less orders.
- Rubberwood prices were rising.
- Some sawmills had no business.
- There was heavier rainfall than last year.
- Workers lacked knowledge.
- There were less raw materials for production.
- Customers preferred environmentally friendly products.
- Rainy season made transportation costly and more difficult.
- There was a lack of wood property standard for teak industry.

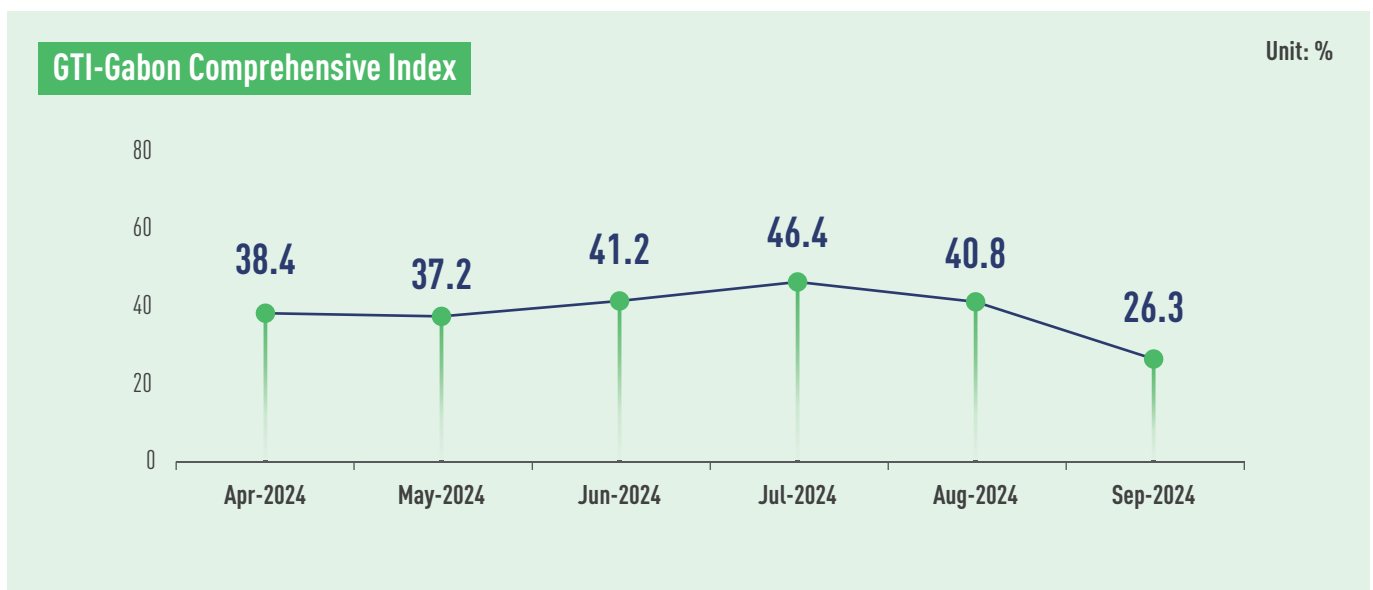


Main Suggestions from GTI-Thailand Enterprises

- Change business.
- Conduct online marketing.
- Enterprises hire a consultant.
- Increase public relations.
- Products should meet environmental certification standards such as green industry, carbon footprint, etc.
- Increase support for planting fast-growing forests, so as to help ensure that there is enough wood to meet demand.



GTI-Gabon Index in September 2024



The latest industry status report from the Ministry of Economy and Participations of Gabon indicated that the timber industry performed relatively well in the second quarter of 2024, particularly in the segments of veneer and plywood. Driven by the recovery in demand, the veneer production index grew by 6% quarter-on-quarter. In the meantime, benefiting from strong demand in the European Union, Asia, and local areas, the plywood production index increased by 21%. On September 12, Gabonese President Nguema chaired a ministerial meeting where the Finance Act for 2025 was reviewed and adopted. Its main objectives are to support the optimization of taxation and continue to work in sectors such as roads, water and energy, education, and health. And according to the main assumptions of the draft, the sawnwood production in Gabon may reach 1.4 million cubic meters in 2025, representing an increase of 3.2%. Recently, Gabon was experiencing large-scale power outages, and the Water and Energy Company of Gabon (SEEG) announced on September 4 that in order to avoid a total breakdown of the electricity network, it would implement scheduled power outages in the Greater Libreville, which means the utility would shift from random power cuts to a structured plan of “rotating load shedding” that would last around three hours, two to three times daily. And the situation is expected to

ease once the water levels rise during the rainy season.

In September, the GTI-Gabon index registered 26.3%, a decrease of 14.5 percentage points from the previous month, was below the critical value (50%) for 14 consecutive months, indicating that the business prosperity of the superior timber enterprises represented by the GTI-Gabon index shrank from last month, and the contraction had expanded. This month, all the eleven sub-indexes (harvesting, production, new orders, export orders, existing orders, inventory of finished products, purchase quantity, purchase price, inventory of main raw materials, employees, and delivery time) were below the critical value of 50%. And compared to the previous month, the eleven sub-indexes declined by 0.4-30.5 percentage point(s).

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

	2024.04	2024.05	2024.06	2024.07	2024.08	2024.09	MoM	Performance
Comprehensive Index	38.4	37.2	41.2	46.4	40.8	26.3	-14.5 ↓	Contract
Harvesting Index	42.5	50.0	50.0	56.7	53.8	23.3	-30.5 ↓	Contract
Production Index	43.8	37.5	34.6	60.7	45.8	26.9	-18.9 ↓	Contract
New Orders Index	33.3	33.3	36.7	43.3	34.6	18.8	-15.8 ↓	Contract
Export Orders Index	30.0	34.6	27.3	40.9	36.4	25.0	-11.4 ↓	Contract
Existing Orders Index	33.3	36.7	33.3	43.3	38.5	21.9	-16.6 ↓	Contract
Inventory Index of Finished Products	35.7	43.3	60.0	56.7	53.8	25.0	-28.8 ↓	Contract
Purchase Quantity Index	42.9	43.8	50.0	50.0	45.5	34.6	-10.9 ↓	Contract
Purchase Price Index	46.4	50.0	50.0	37.5	38.9	38.5	-0.4 ↓	Contract
Inventory Index of Main Raw Materials	46.4	50.0	55.0	45.8	45.0	30.8	-14.2 ↓	Contract
Employees Index	31.0	33.3	40.0	33.3	42.3	28.1	-14.2 ↓	Contract
Delivery Time Index	44.1	40.9	53.6	46.4	40.0	34.6	-5.4 ↓	Contract



Main Challenges Reported by GTI-Gabon Enterprises

- Heavy rain led to the deterioration of road conditions.
- International demand for timber shrunk.
- Bad weather caused difficulties in fuel transport.
- Orders from customers decreased, and it was difficult to collect payments.
- Export tariffs increased, and road conditions were poor.
- Market demand was not enough, and production costs were high.
- Enterprises needed to adapt to new sales procedures in Europe and to obtain certification for sustainable forest management.
- Kougouleu-Medouneu highway was in poor condition, and fuel prices were rising.

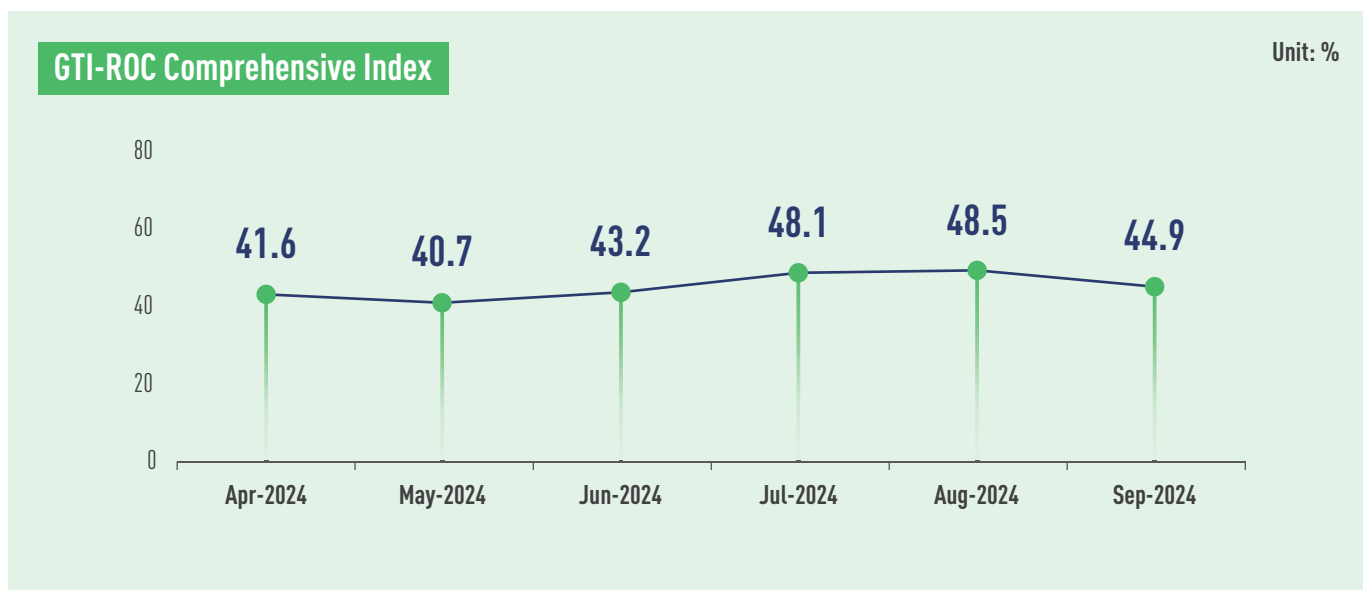


Main Suggestions from GTI-Gabon Enterprises

- Improve road conditions.
- Lower fuel prices and land taxes.
- Improve communications with international customers.
- Improve the transportation efficiency of forest products.
- Reduce the prices of parts for production equipment.
- Increase the manpower and reduce procurement costs.
- Reduce harvesting costs to ensure sustainable operations.
- Suggest the government encourage business development by reducing tax rates.



GTI-ROC Index in September 2024



A study by the Central African Forest Commission (COMIFAC) and the World Wide Fund for Nature (WWF) found that between 2017 and 2021, only 4 per cent of global funding for forestry and environmental protection was allocated to the Congo Basin, amounting to just US\$40 million. For addressing the question of funding, the Wildlife Conservation Society (WCS) recently launched Africa’s first High Integrity Forest Investment Initiative (HIFOR) project in Nouabalé-Ndoki National Park in the Republic of the Congo (ROC). The initiative is aimed at encouraging the maintenance of climate regulation, and the conservation of biodiversity in high integrity tropical forests by providing long-term funding to forest managers. On September 18, the Congolese government announced that it would begin the construction of its largest hydroelectric dam in Sounda, located in the southern part of the country, in January 2025. The project will help to strengthen power generation supply and is expected to produce 600 to 800 megawatts of electricity. On September 25, the Guarantee and Support Impulse Fund (Figa) for small and medium-sized enterprises (SMEs) and craftsmen signed a cooperation agreement with the professional timber resource center Wenge CRP-Bois, aiming to promote the entrepreneurial spirit of young people in the timber sector by providing specialized training, personalized guidance, and convenient access to funding.

In September, the GTI-ROC index registered 44.9%, a decrease of 3.6 percentage points from the previous month, was below the critical value (50%) for 23 consecutive months, indicating that the business prosperity of the superior timber enterprises represented by the GTI-ROC index shrank from last month, and the contraction had expanded. Encouragingly, the new orders index saw a significant rebound, indicating the market demand was showing signs of stabilization.

As for the eleven sub-indexes, three indexes (purchase quantity, inventory of main raw materials, and delivery time) were at the critical value of 50%, and eight indexes (harvesting, production, new orders, export orders, existing orders, inventory of finished products, purchase price, and employees) were below the critical value. Compared to the previous month, the indexes for new orders, export orders, inventory of finished products, and employees increased by 0.8-9.4 percentage point(s); the indexes for purchase quantity, inventory of main raw materials, and delivery time were unchanged from the previous month; and the indexes for harvesting, production, existing orders, and purchase price declined by 0.7-33.4 percentage point(s).

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

	2024.04	2024.05	2024.06	2024.07	2024.08	2024.09	MoM	Performance
Comprehensive Index	41.6	40.7	43.2	48.1	48.5	44.9	-3.6 ↓	Contract
Harvesting Index	40.0	40.6	50.0	45.7	50.0	45.5	-4.5 ↓	Contract
Production Index	41.7	39.3	50.0	50.0	46.2	45.5	-0.7 ↓	Contract
New Orders Index	42.0	34.1	47.6	50.0	38.6	48.0	9.4 ↑	Contract
Export Orders Index	47.7	43.3	50.0	45.8	40.0	42.9	2.9 ↑	Contract
Existing Orders Index	40.0	38.6	47.6	44.0	45.5	44.0	-1.5 ↓	Contract
Inventory Index of Finished Products	42.0	40.9	45.2	50.0	43.2	44.0	0.8 ↑	Contract
Purchase Quantity Index	50.0	40.0	66.7	58.3	50.0	50.0	0.0	Stable
Purchase Price Index	40.0	50.0	50.0	44.4	66.7	33.3	-33.4 ↓	Contract
Inventory Index of Main Raw Materials	50.0	40.0	25.0	50.0	50.0	50.0	0.0	Stable
Employees Index	34.0	38.6	38.1	48.0	36.4	44.0	7.6 ↑	Contract
Delivery Time Index	21.9	42.3	50.0	47.6	50.0	50.0	0.0	Stable

**Main Challenges Reported by GTI-ROC Enterprises**

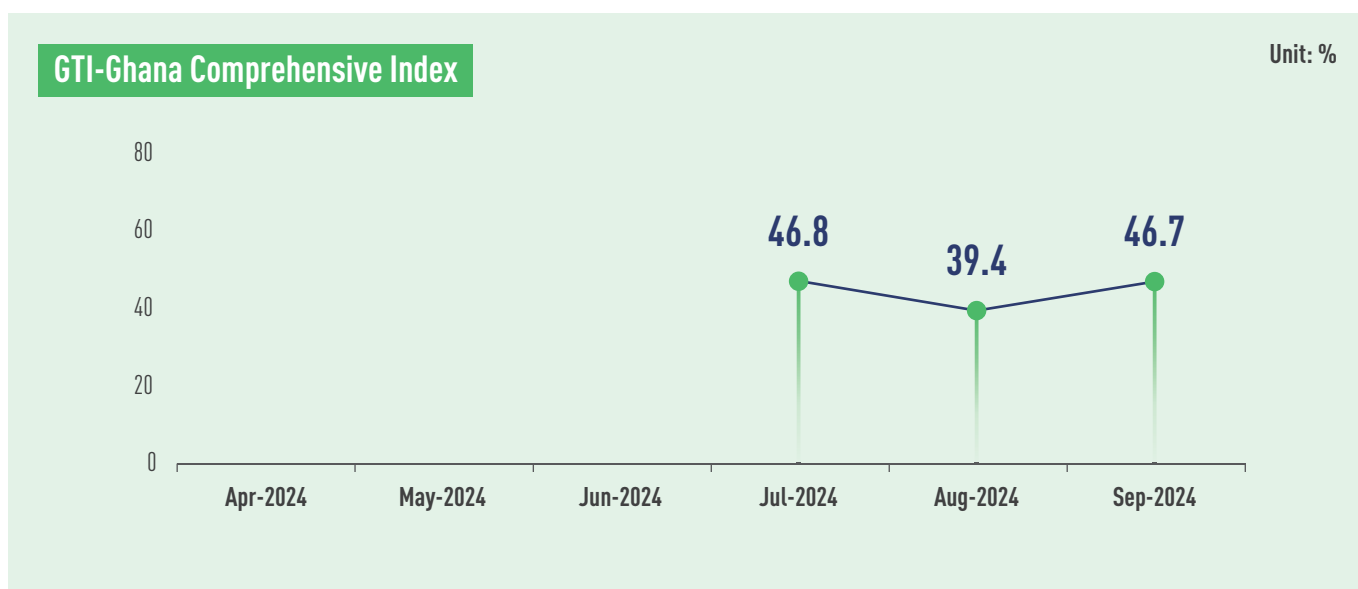
- The logistics was not smooth.
- Some enterprises faced cash flow problems.
- Rains had restricted production and operations.
- Fuel supply was insufficient for the production.
- Export ports were far from production centers, and the maintenance of road network lacked support from the country.

**Main Suggestions from GTI-ROC Enterprises**

- Ensure fuel supply.
- Adjust operations according to the weather.
- Improve road conditions to increase logistics speed.
- Suggest the country accelerate bridge construction and contribute to the maintenance of road network.



GTI-Ghana Index in September 2024



On September 28, the Public Utilities Regulatory Commission of Ghana (PURC) announced that starting from October 1, there would be a 3.02% increment in electricity tariffs and a 1.86% increment in water tariffs for the Third Quarter of 2024. According to Ghanaian news media, that illegal extraction of minerals deprives the country of an estimated US\$2.3 billion each year. And according to the Forestry Commission of Ghana, more than 2.5 million hectares of forest cover have been lost over the last decade due to illegal mining, and this is equivalent to losing approximately 12% of Ghana's total forested area. Recently, the Timber Industry Development Division (TIDD) of the Forestry Commission organized a review meeting on wood products export prices, and the participants included some industry stakeholders such as Forestry Industry Association of Ghana, Ghana Timber Millers Organisation, etc. At the meeting, there was an agreement to increase the prices of some products (e.g., Celtis Rotary Veneer), and the participants also agreed to study whether to lower the prices of teak products exported to the Far East.

In September, the GTI-Ghana index registered 46.7%, an increase of 7.3 percentage points from the previous month, was below the critical value (50%)

for 3 consecutive months, indicating that the business prosperity of the superior timber enterprises represented by the GTI-Ghana index shrank from the previous month, however, the contraction had eased. This month, the harvesting activities of the Ghanaian timber enterprises were relatively stable when compared to the previous month, the decline in production and export orders had narrowed, however, the inventory of finished products were showing an upward trend and the industry was still facing great pressure on the demand side, thus requiring continuous efforts on sales.

As for the eleven sub-indexes, two indexes (inventory of finished products, and purchase price) were above the critical value of 50%, harvesting index was at the critical value, while the remaining eight indexes were all below the critical value. Compared to the previous month, six indexes (harvesting, production, export orders, inventory of finished products, inventory of main raw materials, and delivery time) increased by 2.0-25.5 percentage points, and five indexes (new orders, existing orders, purchase quantity, purchase price, and employees) declined by 0.1-9.1 percentage point(s).

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

	2024.07	2024.08	2024.09	MoM	Performance
Comprehensive Index	46.8	39.4	46.7	7.3 ↑	Contract
Harvesting Index	46.9	31.0	50.0	19.0 ↑	Stable
Production Index	42.1	33.3	47.8	14.5 ↑	Contract
New Orders Index	32.5	43.8	43.5	-0.3 ↓	Contract
Export Orders Index	38.2	31.0	36.8	5.8 ↑	Contract
Existing Orders Index	35.0	45.8	45.7	-0.1 ↓	Contract
Inventory Index of Finished Products	35.0	37.5	63.0	25.5 ↑	Expand
Purchase Quantity Index	36.8	40.5	37.5	-3.0 ↓	Contract
Purchase Price Index	81.6	85.0	76.2	-8.8 ↓	Expand
Inventory Index of Main Raw Materials	39.5	34.8	36.8	2.0 ↑	Contract
Employees Index	42.5	41.7	32.6	-9.1 ↓	Contract
Delivery Time Index	55.3	39.6	47.8	8.2 ↑	Contract



Main Challenges Reported by GTI-Ghana Enterprises

- There was a lack of export demand.
- Supply of logs was not enough.
- Foreign currency transactions were inconvenient.
- Road network was in poor condition.
- Logistics was slow.
- Contracts were not enough for enterprises.
- Electricity costs were higher, and there was a lack of labor.
- Production costs rose, and there was a lack of raw materials (e.g., logs).
- Fuel costs rose, operation expenses were high, electricity supply was unstable, and port charges were high.

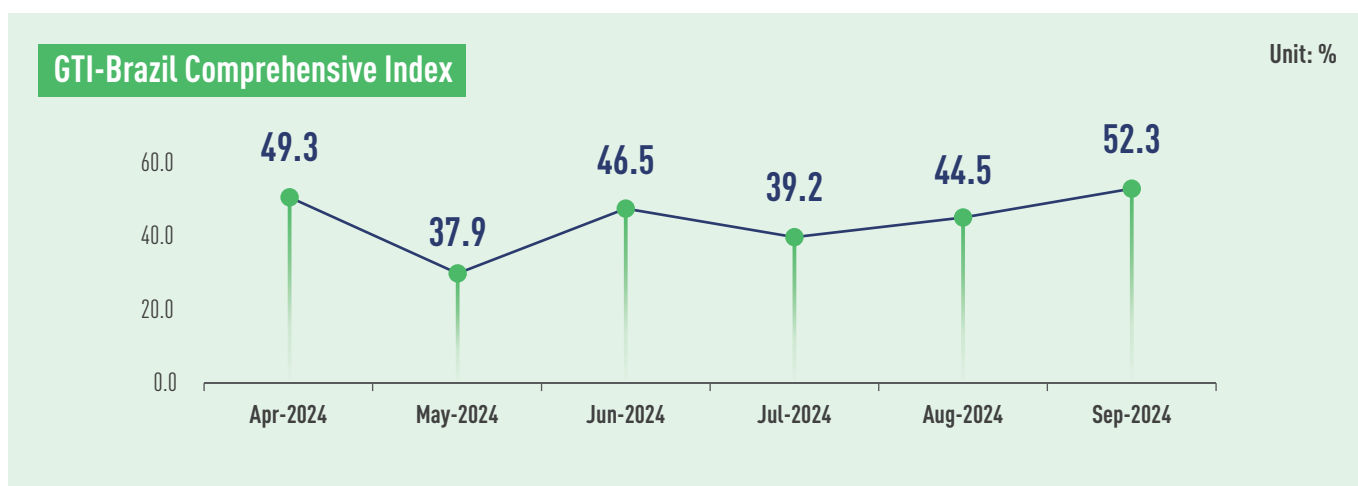


Main Suggestions from GTI-Ghana Enterprises

- Ensure a stable supply of electricity.
- Secure reserves to operate.
- Regulators' interventions are needed.
- Advocacy for lesser used species must be intensified, so as to expand the scope of log supplies.
- Hope for government supports (loans, special port rates, etc.).
- Access to more forest concessions and harvesting/transport equipment.
- Suggest the Forestry Commission streamline processes to facilitate timber enterprises.



GTI-Brazil Index in September 2024



Brazilian Institute of Geography and Statistics (IBGE) reported on September 26 that the value of Brazil's forestry production in 2023 hit a record R\$ 37.9 billion, representing a year-on-year increase of 11.2%. The states of Mato Grosso and Pará accounted for 62.6% of the total amount of logged wood, with Pará remaining as the main producer where the volume of harvesting reached 5 million cubic meters in 2023, representing a year-on-year increase of 5.0%. Data released by Brazilian Association of Furniture Industry (ABIMÓVEL) on September 12 showed that from January to June 2024, the production volume of Brazilian furniture and mattress industry was approximately 204.7 million pieces, representing a year-on-year increase of 5.6%. In terms of domestic retail, the increase was 4.1% in volume and 5.3% in revenue in the first half of 2024 when compared to the same period in 2023, suggesting a recovery in domestic demand. The export market of furniture and mattresses also showed upward trend, with an increase of 4.8% in volume and 0.5% in value during the period. Data from Brazil's National Center for Monitoring and Early Warning of Natural Disasters showed that Brazil was enduring the most intense and widespread drought since 1950, due to a severe lack of rains caused by global climate change and the El Niño. The persistent drought had exacerbated wildfires, causing significant damage to the forest systems of the Amazon rainforest and weakening its capacity of forest carbon sinks.

In September, the GTI-Brazil index registered 52.3%, an increase of 7.8 percentage points from the previous month, rose above the critical value (50%) after 5 months, indicating that the business prosperity of the superior timber enterprises represented by the GTI-Brazil index expanded from last month. Overall, the demand for the Brazilian timber sector had shown signs of recovery, and the sample enterprises' production volume and orders had increased after several months of decline.

As for the eleven sub-indexes, five indexes (production, new orders, inventory of finished products, purchase price, and employees) were above the critical value of 50%, three indexes (existing orders, purchase quantity, and inventory of main raw materials) were at the critical value, while the remaining three indexes (harvesting, export orders, and delivery time) were below the critical value. Compared to the previous month, five indexes (production, new orders, export orders, inventory of finished products, and employees) increased by 2.6-21.8 percentage points, and six indexes (harvesting, existing orders, purchase quantity, purchase price, inventory of main raw materials, and delivery time) declined by 4.5-15.0 percentage points.

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

	2024.04	2024.05	2024.06	2024.07	2024.08	2024.09	MoM	Performance
Comprehensive Index	49.3	37.9	46.5	39.2	44.5	52.3	7.8 ↑	Expand
Harvesting Index	42.3	36.4	36.4	43.8	50.0	41.7	-8.3 ↓	Contract
Production Index	53.3	38.5	57.1	38.9	40.0	53.8	13.8 ↑	Expand
New Orders Index	52.9	28.6	43.3	45.0	31.8	53.6	21.8 ↑	Expand
Export Orders Index	70.0	50.0	50.0	33.3	27.3	42.3	15.0 ↑	Contract
Existing Orders Index	20.6	25.0	30.0	35.0	54.5	50.0	-4.5 ↓	Stable
Inventory Index of Finished Products	38.2	25.0	36.7	40.0	59.1	75.0	15.9 ↑	Expand
Purchase Quantity Index	30.0	27.3	26.9	31.3	60.0	50.0	-10.0 ↓	Stable
Purchase Price Index	40.0	40.9	38.5	43.8	60.0	54.2	-5.8 ↓	Expand
Inventory Index of Main Raw Materials	23.3	20.8	23.1	33.3	65.0	50.0	-15.0 ↓	Stable
Employees Index	58.8	53.6	50.0	40.0	54.5	57.1	2.6 ↑	Expand
Delivery Time Index	40.0	45.8	46.2	31.3	50.0	42.3	-7.7 ↓	Contract



Main Challenges Reported by GTI-Brazil Enterprises

- Port logistics were delayed.
- Export clearance by Brazilian Institute for the Environment and Renewable Natural Resources (IBAMA) was slow.
- There was a lack of space at ports.
- There were delays in the release of documentation by competent environmental agencies.
- There was a lack of grid at the Paranaguá port Container Terminal, in Paraná state.
- There were difficulties in applying for LPCO (Licenses, Permits, Certificates and Other Documents) and official statement from IBAMA regarding CITES requirements.
- Occurrence of wildfires affected harvesting.
- For the ports in the northern region, navigation difficulties due to the drought in the Amazon River started to reduce the flow. At the southeastern ports, seasonal commodities in the second half of the year, such as cotton and sesame seeds, were competing with wood and wood products for shipping resources.

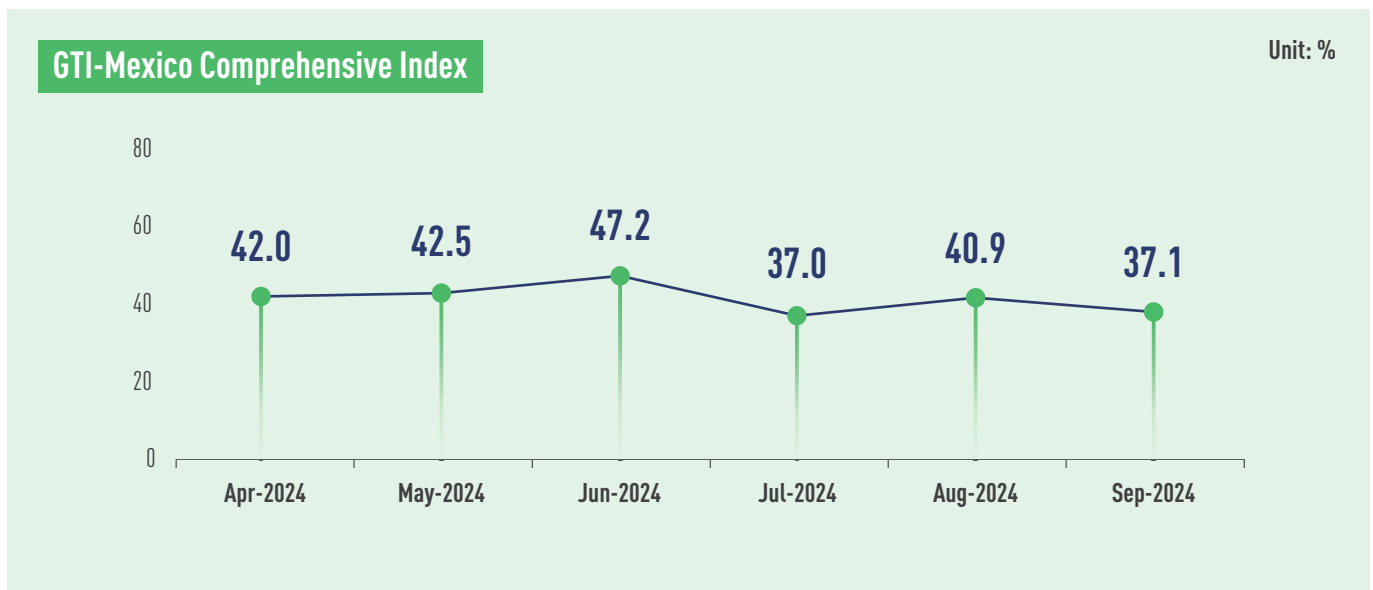


Main Suggestions from GTI-Brazil Enterprises

- Speed up the release of documentation by competent environmental agencies.
- Engage in dialogue with IBAMA so that it can understand the industry's demands.
- Start operating a dry port in Cuiabá, in the state of Mato Grosso, in the Amazon region.
- Suggest that IBAMA cancel some LPCO documents required for exports.
- Look for alternatives to minimize costs resulting from delayed shipments.
- Suggest the government (mainly authorities for ports) urge the Paranaguá Container Terminal to fulfill its shipments as soon as possible.
- Wait for the rainy season to alleviate the impact of wildfires on harvesting, and increase wildfire preventive measures for the following year.
- In the Northern region, build a maritime pier to mitigate the impact of the drought. In the Southeastern region, negotiate with shipowners as early as possible, and explore new port alternatives (e.g., flow through Sepetiba, in the state of Rio de Janeiro).



GTI-Mexico Index in September 2024



In August, Mexico's exports stood at US\$51.915 billion, a year-on-year decrease of 1.0%, while imports hit US\$56.784 billion, representing a year-on-year increase of 5.7%. The National Institute of Statistics and Geography of Mexico (INEGI) reported that Mexico's industrial production in August decreased by 0.9% year-on-year, marking the first decline since February 2021, which was mainly due to a 4.5% decrease in construction and a 1.2% decrease in mining. Benefiting from geographical and resource advantages, and the entry of foreign companies, Mexico has become the world's fifth-largest furniture exporter, with an annual export value of around US\$128.99 billion. At the same time, Mexican furniture industry still faces many challenges. Recently, Manuel Rodriguez Paz, the president of the Furniture Manufacturers Association in Durango, said the exports of furniture from Durango decreased by about 20% in recent months, mainly due to competition from Chinese products and not high demand in the US market.

In September, the GTI-Mexico index registered 37.1%, a decrease of 3.8 percentage points from the previous month, was below the critical value (50%)

for 23 consecutive months, indicating that the business prosperity of the superior timber enterprises represented by the GTI-Mexico index shrank from last month. During the rainy season, wood raw materials often get moldy, leading to a contraction in the overall performance of wood harvesting and market sales in Mexico. In addition, rising labor costs, intensifying inflation, and surging operating costs had made local timber lose competitiveness in terms of pricing against imported timber.

As for the eleven sub-indexes, only the purchase price index was above the critical value of 50%, while the remaining ten indexes were all below the critical value, indicating that various links in Mexican timber sector were basically in a state of contraction. Compared to the previous month, the indexes for harvesting, production, existing orders, inventory of finished products, purchase quantity, and purchase price increased by 1.0-8.8 percentage point(s), and the indexes for new orders, export orders, inventory of main raw materials, employees, and delivery time declined by 1.0-13.7 percentage point(s).

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

	2024.04	2024.05	2024.06	2024.07	2024.08	2024.09	MoM	Performance
Comprehensive Index	42.0	42.5	47.2	37.0	40.9	37.1	-3.8 ↓	Contract
Harvesting Index	40.7	44.2	43.2	33.3	38.5	39.5	1.0 ↑	Contract
Production Index	36.4	38.6	44.1	35.7	34.1	41.7	7.6 ↑	Contract
New Orders Index	44.4	38.5	52.3	35.4	42.6	28.9	-13.7 ↓	Contract
Export Orders Index	20.0	33.3	30.0	40.0	40.0	33.3	-6.7 ↓	Contract
Existing Orders Index	33.3	38.5	43.2	37.5	37.0	44.7	7.7 ↑	Contract
Inventory Index of Finished Products	42.6	44.2	50.0	45.8	44.4	47.4	3.0 ↑	Contract
Purchase Quantity Index	41.7	36.1	43.3	40.0	41.2	46.2	5.0 ↑	Contract
Purchase Price Index	55.3	50.0	50.0	56.7	57.9	66.7	8.8 ↑	Expand
Inventory Index of Main Raw Materials	42.5	44.4	43.3	42.5	47.2	46.2	-1.0 ↓	Contract
Employees Index	38.9	48.1	50.0	33.3	42.6	39.5	-3.1 ↓	Contract
Delivery Time Index	50.0	48.1	40.9	43.8	42.6	36.8	-5.8 ↓	Contract



Main Challenges Reported by GTI-Mexico Enterprises

- The timber market was sluggish.
- Roads were in poor condition.
- The quality of raw materials was not good.
- Rains led to slow field operations for the harvesting process.
- A long rainy season affected the supply of wood.
- The lack of maintenance of the power lines led to constant failure of power.
- There was a lack of timber market and the selling prices were low.
- During the rainy season, it was difficult to obtain raw materials, and some sawmills were closed.
- Due to rains and poor roads, some enterprises were unable to carry out harvesting.
- Low-priced imported products caused unfair competition for the domestic timber market.

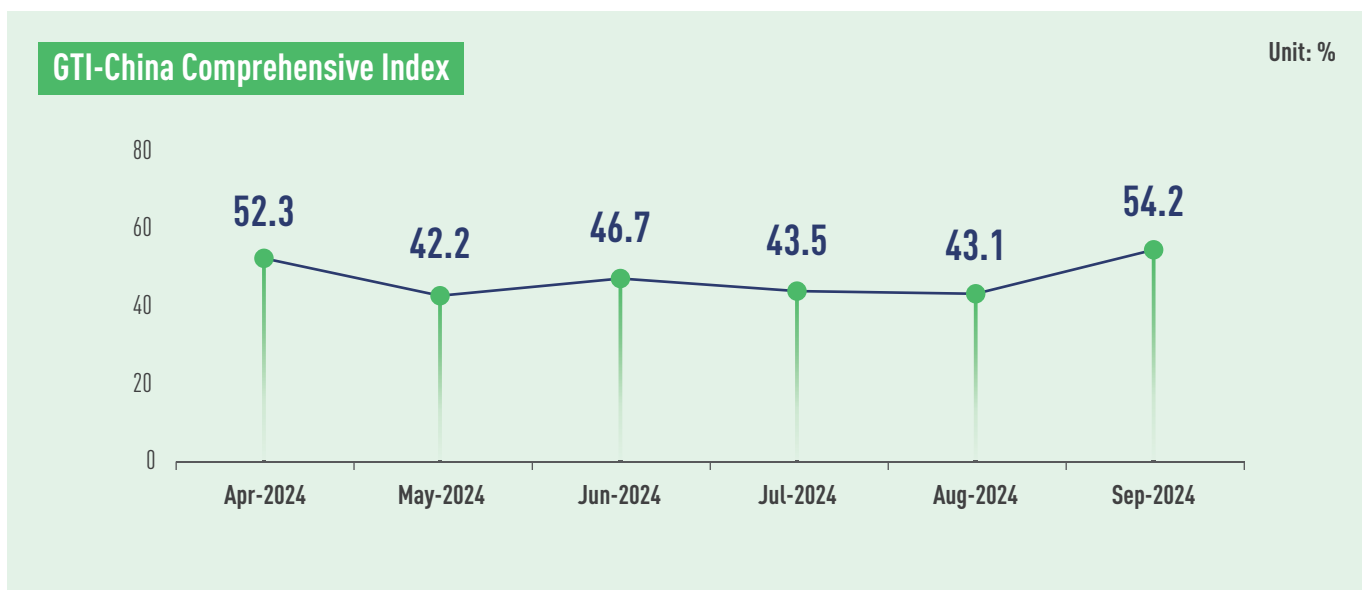


Main Suggestions from GTI-Mexico Enterprises

- Improve harvesting processes.
- Form a common front and implement a unified pricing.
- Prioritize the maintenance of power lines.
- Wait for weather and the market to improve.
- Regulate imports of MDF boards.
- Hope for government support to maintain the roads.
- Increase investment for roads and harvesting equipment.
- Use social networks for the sales of wood products.
- Impose tariffs on imported products to ensure fair market competition.
- Need transport tools and equipment to ensure smooth field operations and timely acquisition of raw materials.
- Have a set of larger harvesting machinery to increase harvesting in times of drought.



GTI-China Index in September 2024



On September 11-12, the Global Legal & Sustainable Timber Forum 2024 (GLSTF 2024) was successfully held in Macao SAR, China, under the theme "Together Towards Reliable and Effective Global Timber Supply Chains". The forum brought together around 800 participants from over 40 countries and regions, including representatives from international organizations, national governments, and timber industry associations and enterprises. During this year's forum, a host of international collaboration outcomes and action plans for multinational co-operation were released, including the Full Operation of Global Timber Index (GTI) Platform, the Completed Test of Simulation Platform for Blockchain-based Timber Traceability System (SP-BTTS), the Action Framework for Promoting Legal & Sustainable Timber Supply Chains, the Demonstration Action of Integration on Green Finance and Green Supply Chains (GF&GS), and the Demonstration Action of Collaboration on Central Africa-China Timber Industrial Clusters and Parks, which were highly regarded and widely supported by the participants. In an effort to reduce homebuyers' housing costs and stabilize the real estate market, the People's Bank of China announced on September 24 that it would lower the mortgage rates for existing home loans, and the minimum down payment ratio for both first and second homes will be unified, with the nationwide minimum down payment ratio for second homes to be reduced from 25 percent to 15 percent. By significantly easing the financial burden on homebuyers, the move had sparked a new wave of enthusiasm for buying homes in cities such as Beijing, Shanghai, and Guangzhou, and thus may drive the development of upstream industries such as timber and home furnishings. Data from China's General Administration of Customs showed that from January to August this year, the export value of Chinese furniture and its parts reached 319.1 billion yuan, a year-on-year increase of 12.3%. During the same period, the cumulative import value of China's logs

and sawnwood was around 64.57 billion yuan, representing a year-on-year increase of 0.6%.

In September, the GTI-China index registered 54.2%, an increase of 11.1 percentage points from the previous month, rose above the critical value (50%) after 4 months, indicating that the business prosperity of the superior timber enterprises represented by the GTI-China index expanded from the previous month. This month, the timber market in China showed clear signs of improvements on both supply and demand sides. Overall, the production volume of the timber enterprises increased significantly, and there was also a clear growth in orders from both home and abroad, however, some enterprises still had difficulties in obtaining orders, and sustained demand was needed for the full recovery of the industry.

As for the eleven sub-indexes, six indexes (production, new orders, export orders, purchase quantity, import, and delivery time) were above the critical value of 50%, the inventory of finished products was at the critical value, while the remaining four indexes (existing orders, purchase price, inventory of main raw materials, and employees) were all below the critical value. Compared to the previous month, the indexes for production, new orders, export orders, inventory of finished products, purchase quantity, import, employees, and delivery time increased by 0.7-20.7 percentage point(s), and the indexes for existing orders, purchase price, and inventory of main raw materials declined by 0.4-7.8 percentage point(s).

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

	2024.04	2024.05	2024.06	2024.07	2024.08	2024.09	MoM	Performance
Comprehensive Index	52.3	42.2	46.7	43.5	43.1	54.2	11.1 ↑	Expand
Production Index	56.5	40.2	48.2	40.7	40.1	59.3	19.2 ↑	Expand
New Orders Index	51.9	35.4	44.6	38.6	38.6	59.3	20.7 ↑	Expand
Export Orders Index	48.3	39.7	50.0	45.8	43.0	51.9	8.9 ↑	Expand
Existing Orders Index	49.4	39.0	39.8	42.1	43.0	42.6	-0.4 ↓	Contract
Inventory Index of Finished Products	51.9	53.7	54.8	55.0	49.3	50.0	0.7 ↑	Stable
Purchase Quantity Index	54.5	35.4	43.4	43.6	44.1	61.1	17.0 ↑	Expand
Purchase Price Index	58.3	48.8	49.4	41.4	46.0	38.9	-7.1 ↓	Contract
Import Index	56.8	45.2	47.0	50.0	46.9	53.7	6.8 ↑	Expand
Inventory Index of Main Raw Materials	42.9	51.2	45.2	45.7	50.4	42.6	-7.8 ↓	Contract
Employees Index	51.3	46.3	45.8	45.7	43.8	46.3	2.5 ↑	Contract
Delivery Time Index	53.9	47.6	50.6	53.6	51.5	53.7	2.2 ↑	Expand

**Main Challenges Reported by GTI-China Enterprises**

- There was a lack of orders.
- The recovery of funds was slow.
- The number of customers decreased.

**Main Suggestions from GTI-China Enterprises**

- Expand international markets to increase orders.
- Broaden financing channels.
- Control production to avoid overcapacity.
- Increase the proportion of exports and shift from the domestic market to the Southeast Asian market.

About This Report

Survey Methodology

With the support of the International Tropical Timber Organization (ITTO), the Global Timber Index (GTI) platform has set up focal points in pilot countries of both timber producing and timber consuming countries. At present, focal points have been established in 9 countries, including Indonesia, Malaysia, Thailand, Gabon, Republic of the Congo, Ghana, Brazil, Mexico and China.

At the end of each month, focal points of the pilot countries organize the leading enterprises to fill out the GTI questionnaire, and then the Global Green Supply Chains Initiative (GGSC) Secretariat organizes experts to summarize and analyze the data, and write the report.

Based on the characteristics of the timber and timber products industry in different countries, the current GTI questionnaire is divided into three categories: timber producing countries, timber manufacturing countries and timber consuming countries. For the timber producing countries, the questionnaire focuses on the developments of local timber harvesting and supplying, covering log, sawnwood, and veneer, etc. For timber manufacturing countries (like China), the questionnaire focuses on the developments of local timber processing and manufacturing, covering floor, door, plywood, and furniture, etc. For timber consuming countries, the questionnaire focuses on the developments of the timber products facing the end market.

Data and Interpretation

GTI index contains diffusion index and comprehensive index.

(1) The calculation of GTI diffusion index. GTI has 11 diffusion indexes (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, 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 (harvesting), 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.

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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 (GGSC) is part of the Legal and Sustainable Supply Chains (LSSC) Programme, which was approved at the 53rd session of the International Tropical Timber Council for being included into the Biennial Work Programme (BWP) of International Tropical Timber Organization (ITTO). Launched in 2018 by leading Chinese enterprises in forest products industry, GGSC became an international initiative in 2019. Since then, GGSC has been acting as a global platform for serving the sustainable development of the forest products industry.

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