



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, Brazil, Mexico and China.

GTI REPORT 2024

Global Timber Index

MONTHLY

GGSC-No. 04/2024



Global Legal and Sustainable Timber Forum GLSTF 2024



11-12 September 2024



MGM COTAI
Macao SAR, China



The theme of the GLSTF 2024 will be

Together Towards Reliable and Effective Global Timber Supply Chains


The GLSTF 2024 will be co-hosted by the ITTO and the Macao IPIM
and organized by the Secretariat of the GGSC

Please save the date
11-12 September 2024

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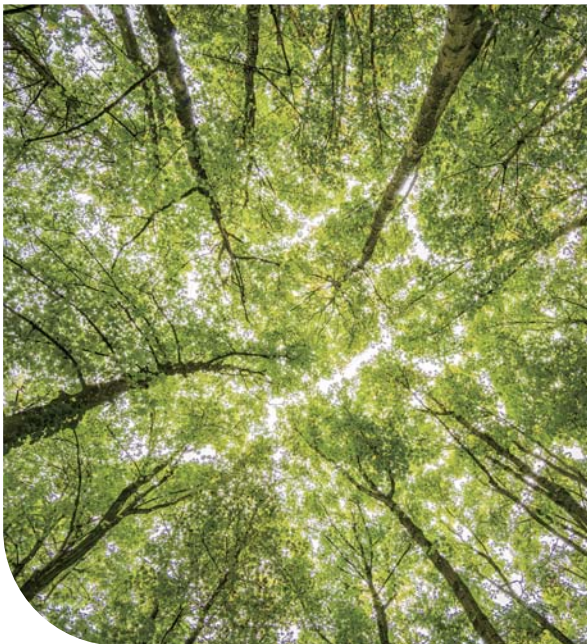
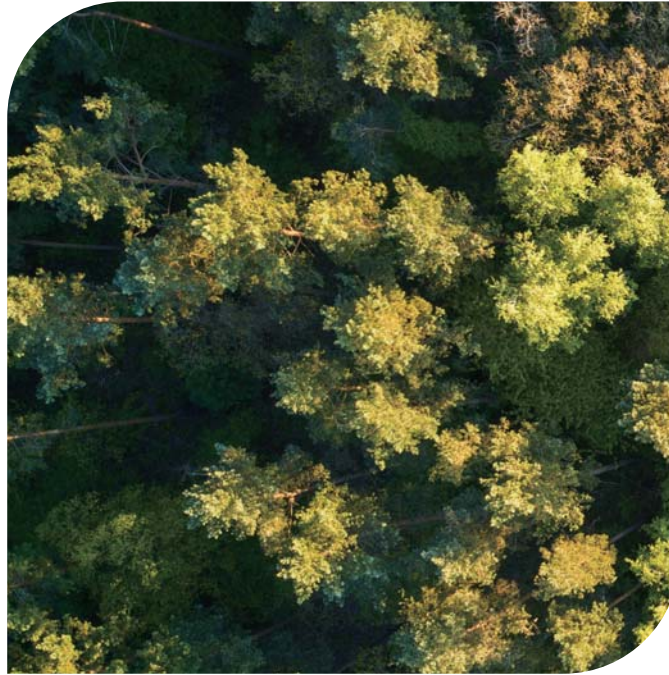
Organizer



全球林产品绿色供应链倡议
GLOBAL GREEN SUPPLY CHAINS INITIATIVE



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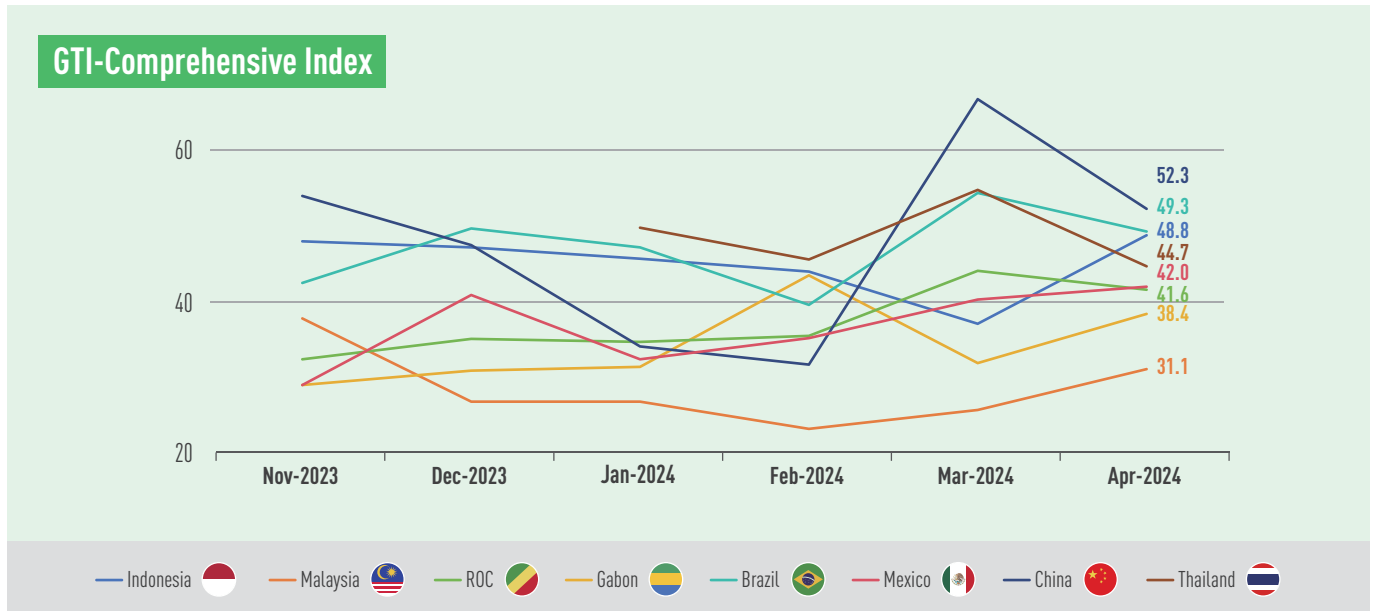


GTI REPORT 2024



Overview of the GTI Index

China continues to see uptick in its timber market



The Global Timber Index (GTI) Report for April 2024 revealed that the overall performance of global timber market was relatively sluggish this month, with the GTI indexes for Brazil, Indonesia, Thailand, Mexico, Republic of the Congo (ROC), Gabon, and Malaysia all below the critical value of 50%, registering 49.3%, 48.8%, 44.7%, 42.0%, 41.6%, 38.4%, and 31.1% respectively. However, China stood out with a GTI index of 52.3%, surpassing the critical value of 50%.

Despite the overall weaker performance of timber sectors in GTI producing countries, there had been some positive changes evident from the GTI data: in Brazil and Thailand, the volume of export orders increased significantly compared to the previous month; in Malaysia and ROC, the sub-index for existing orders recorded a rise, indicating some kind of improvement in such orders; and in terms of timber harvesting and production on the supply side, Indonesia's timber sector showed a gradual increase in the volumes of both harvesting and production, and Gabon's downward trend in harvesting and production eased.

This month, GTI pilot countries had also made encouraging progress in sustainable forest management. The Indonesian government had planned to engage in diplomacy by presenting comprehensive forest cover data and scientific methodologies to respond to the European Union Deforestation Regulation (EUDR), and the Environment and Forestry Minister said the country has a detailed forest database with Simontana (National Forest Monitoring System). In ROC, the Minister of Forest Economy highlighted the needs to explore new technologies and innovative practices, including remote sensing, drones, IoT sensors for tree health monitoring and fire prevention, among others. And in China, the government released Ecological Protection Compensation Regulations, which gives full play to the role of market mechanisms, and encourages social forces and local governments to engage in ecological protection compensation by purchasing ecological products and services in accordance with market rules.

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.

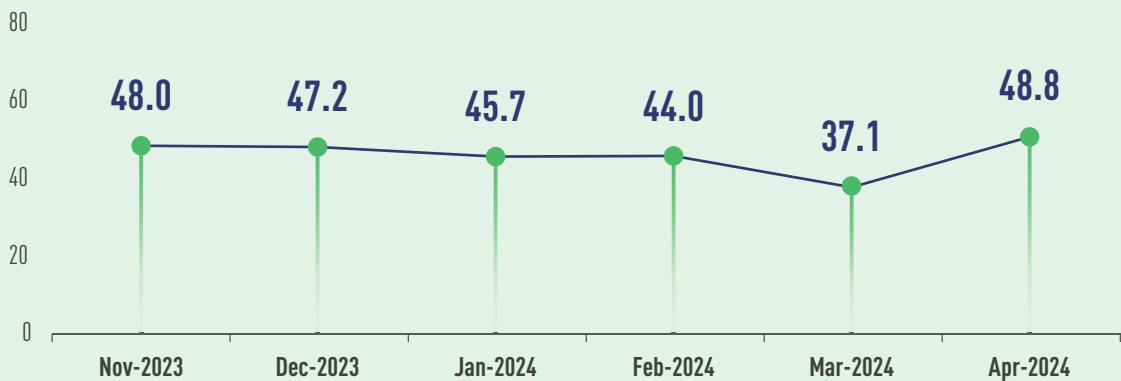
2. The GTI index reflects the monthly prosperity trend of a country's timber market. It does not reflect the competitiveness of a country's timber market, can not be used for ranking or comparing the timber market among countries.



GTI-Indonesia Index in April 2024



GTI-Indonesia Comprehensive Index



Data released by Statistics Indonesia (BPS) showed that in March 2024, Indonesia recorded a surplus of US\$4.47 billion in its trade (2.02 billion in January and 0.87 billion in February), marking the country's 47th consecutive monthly surplus. According to data from the country's Environment and Forestry Ministry, Indonesia's forest product exports reached US\$3.5 billion in the first three months of 2024, with pulp products contributing US\$798.05 million, paper US\$1.1 billion, and wooden panels US\$582.7 million to the total figure. In 2023, Indonesia's total exports of forest products were recorded at US\$13.16 billion. For this year, the Environment and Forestry Ministry had set a moderate export target of US\$10 billion. Recently, the Indonesian government had planned to engage in diplomacy by presenting comprehensive forest cover data and scientific methodologies to respond to the European Union Deforestation Regulation (EUDR). Environment and Forestry Minister Siti Nurbaya said the country has a detailed forest database with Simontana (National Forest Monitoring System). In September 2023, Indonesia officially inaugurated its carbon trading platform. However, subsequent trading volume had been limited. To fully unleash the potential of the carbon credit market, Indonesian government had planned to speed up the review of relevant regulations and introduce new laws in June. Moeldoko, the director of the Indonesian Presidential Office, vowed to facilitate a smoother carbon trading before President Joko Widodo steps down in this October.

In April, the GTI-Indonesia index registered 48.8%, an increase of 11.7 percentage points from the previous month, was below the critical value (50%) for 9 consecutive months, indicating that the business prosperity of the superior timber enterprises represented by the GTI-Indonesia index shrank from last month. This month, the volumes of timber harvesting and production in the country both gradually increased, however, a decline was observed in the number of new orders, and export orders in particular.

As for the 11 sub-indexes, the indexes for harvesting, production, inventory of finished products, and purchase price were above the critical value of 50%, the indexes for existing orders and purchase quantity were equal to the critical value, while the remaining 5 indexes (new orders, export orders, inventory of main raw materials, employees, and delivery time) were all below the critical value. Compared to the previous month, the indexes for production, inventory of finished products, purchase quantity, purchase price, inventory of main raw materials, and delivery time increased by 3.8-42.5 percentage points. And the indexes for harvesting, new orders, export orders, existing orders, and employees declined by 1.1-14.3 percentage points.

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

	2023.11	2023.12	2024.01	2024.02	2024.03	2024.04	MoM	Performance
Comprehensive Index	48.0	47.2	45.7	44.0	37.1	48.8	11.7 ↑	Contract
Harvesting Index	56.3	54.2	26.1	70.0	56.5	54.3	-2.2 ↓	Expand
Production Index	60.0	50.0	50.0	50.0	20.0	62.5	42.5 ↑	Expand
New Orders Index	39.7	51.6	46.7	44.0	50.0	45.2	-4.8 ↓	Contract
Export Orders Index	40.0	58.3	33.3	40.0	50.0	35.7	-14.3 ↓	Contract
Existing Orders Index	34.5	40.3	36.7	48.0	51.8	50.0	-1.8 ↓	Stable
Inventory Index of Finished Products	50.0	54.8	45.0	58.0	48.2	58.1	9.9 ↑	Expand
Purchase Quantity Index	44.4	55.0	27.3	44.4	20.0	50.0	30.0 ↑	Stable
Purchase Price Index	50.0	45.5	42.3	40.0	50.0	53.8	3.8 ↑	Expand
Inventory Index of Main Raw Materials	68.2	59.1	38.5	45.0	25.0	46.2	21.2 ↑	Contract
Employees Index	37.9	38.7	46.7	42.0	44.6	43.5	-1.1 ↓	Contract
Delivery Time Index	44.8	37.1	40.0	36.0	37.5	41.9	4.4 ↑	Contract





Brief on Indonesian Timber Industry



- Overall (nationally), in April 2024, there was a decline in log production from natural forest concessions and plantation forest concessions (state forests) when compared to March 2024, log production from natural forests decreased by 14.54% and log production from plantation forests decreased by 40%. When compared on a year to year basis with April 2023, there was also a decrease in log production from natural and plantation forests, although the amount of decline was smaller, from natural forests decreased by 14.14% and from plantation forests decreased by 6.36%.
- The condition of the decline in log production in April 2024 was caused by several factors, including, the first factor that was quite dominant was the continued sluggish market for processed wood products in the global market and in the domestic market which had an impact on the reduced demand for logs and log prices which tended to remain low. This condition caused forest concession companies, especially natural forests, to make several adjustments, such as reducing production levels adjusted to the number of orders received. The second influencing factor was the extreme weather conditions that occurred in several regions in Indonesia. In some areas, heavy rains continued to fall, hampering

operational activities in the field and the transportation of logs (including the transportation of logs to buyers/wood processing factories). In other areas, the dry season has resulted in low river water levels and cannot be used for log transportation. To prevent log stocks from accumulating, the concession companies reduced their production levels.

- In April 2024, there were several types of logs that experienced a slight increase and decrease in price, but overall, the price of logs from natural forests remained low. Meanwhile, the price of logs from plantation forests remained relatively stable, especially those used as raw materials for the pulp and paper industry.
- For exports of processed wood products in April 2024 compared to March 2024, when viewed from the value of exports, there were variations in the conditions of several processed wood products, for products that have increased export values were: Prefabricated Buildings, Pulp, and Paper. Meanwhile, products that experienced a decrease in export value were Chipwood, Wood Furniture, Crafts, Panels, Veneer, and Woodworking.

Information provided by GTI-Indonesia Focal Point





Main Challenges Reported by GTI-Indonesia Enterprises

- Global market conditions for plywood products were still unstable and tended to be sluggish.
- Some enterprises still had to incur high operational costs.
- Orders from buyers were not enough and log prices in the domestic market were low.
- The market of processed wood products was sluggish.
- The prolonged dry season caused a dramatic drop in water level of rivers surrounding the concession areas, making it difficult to transport logs by water.
- Due to damage to tug boats towing pontoons, the logs for production could not be transported through the pontoons, resulting in disrupted production activities and decreased productivity.
- Some wood processing companies were still in the process of installing new machines to increase production and building supporting infrastructure. In this situation, they had to carry out activities using old machines with smaller capacities, and were thus still not in full production.
- The lack of orders from overseas buyers was still the main problem facing some wood processing companies. This condition was exacerbated by the high costs of some imported components as a result of the instability in several regions.



Main Suggestions from GTI-Indonesia Enterprises

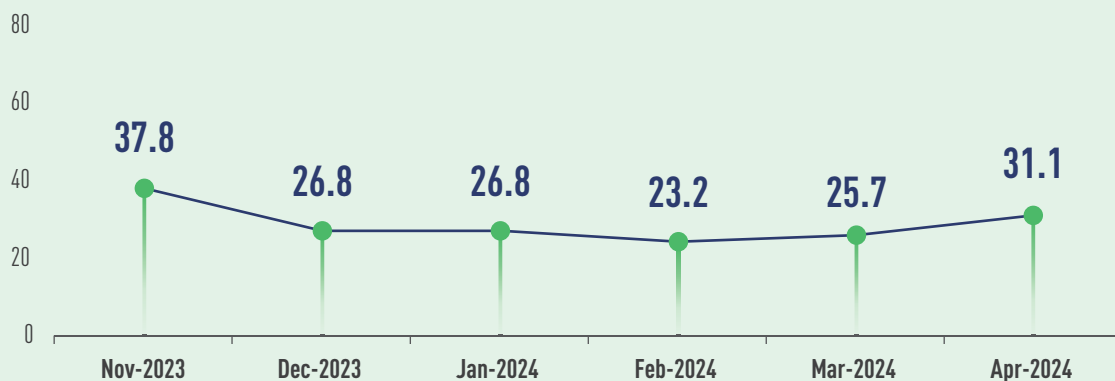
- Adjust operational activities to weather conditions in the field.
- Continue to communicate with various parties who have previously been old customers, as well as potential customers.
- Repair the tug boats towing the pontoons, so that production and operations can immediately return to normal.
- Obtain Sustainable Biomass Program (SBP) certification to meet the requirements demanded by buyers.
- Reduce the burden imposed on enterprises through policy relaxation, in the form of both taxes and non-taxes.
- Address social issues and revise long-term work plans to include multi-business activities in partnership with communities.
- Evaluate regional regulations that hinder the circulation of timber between islands/provinces, so that the wood processing industry can more easily meet its raw material needs.
- Government policy support is needed, e.g., encouraging the use of products sourced from sustainably managed forests and/or legality-certified products.
- Hope for government intervention to promote the development of domestic wood product markets and help develop diversified processed wood products that can absorb logs. In addition, incentives for companies that manage forests sustainably are needed.



GTI-Malaysia Index in April 2024



GTI-Malaysia Comprehensive Index



Malaysia's total trade expanded 7.1% to RM690.59 billion year-on-year in the first quarter of 2024, with a trade surplus of RM34.22 billion, according to the Investment, Trade and Industry Ministry. The country's gross domestic product (GDP) was estimated to expand 3.9% in the first quarter, data from the Department of Statistics Malaysia (DOSM) showed on April 19. Specifically, the agriculture sector grew by 1.3%, while forestry & logging and some other sub-sectors displayed negative growth in this quarter. The construction sector registered a strong growth of 9.8%, which was supported by sub-sectors including civil engineering, specialized construction activities and residential buildings. Recently, the chairman of Malaysian Panel-Products Manufacturers' Association (MPMA) said the scarcity of raw materials (especially timber from natural forest sources) had hindered factory production, affecting key products such as plywood, medium-density fiberboard and particleboard. He added the industry was also looking into alternative raw materials such as oil palm trunks and coconut trunks, so as to ensure sufficient supply for the industry. Statistical data showed in 2023, the country's exports of timber and timber products fell by 13.2% to RM21.9 billion, and the major timber-based products exported from Malaysia were wooden furniture, plywood, sawn timber, fiberboard and Builders' Joinery & Carpentry (BJC). Port Klang, a major export port for timber in Malaysia, planned to increase its annual capacity from 14

million twenty-foot equivalent units (TEUs) — a standard measure for container volume — to 27 million TEUs, with operator Westports Holdings investing US\$8.34 billion over the coming decades.

In April, the GTI-Malaysia index registered 31.1%, an increase of 5.4 percentage points from the previous month, was below the critical value (50%) for 18 consecutive months, indicating that the business prosperity of the superior timber enterprises represented by the GTI-Malaysia index shrank from last month.

As for the 11 sub-indexes, only the inventory index of finished products was above the critical value of 50%, while the purchase price index was equal to the critical value and the remaining 9 indexes were all below the critical value. Compared to the previous month, the indexes for production, existing orders, inventory of finished products, inventory of main raw materials, employees, and delivery time increased by 5.5-11.1 percentage points. The indexes for new orders, and purchase quantity were unchanged from the previous month. And the indexes for harvesting, export orders, and purchase price declined by 5.6-25.0 percentage points.

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

	2023.11	2023.12	2024.01	2024.02	2024.03	2024.04	MoM	Performance
Comprehensive Index	37.8	26.8	26.8	23.2	25.7	31.1	5.4 ↑	Contract
Harvesting Index	25.0	0.0	16.7	25.0	56.3	31.3	-25.0 ↓	Contract
Production Index	50.0	20.0	27.8	16.7	16.7	25.0	8.3 ↑	Contract
New Orders Index	30.0	22.7	30.0	15.0	30.0	30.0	0.0	Contract
Export Orders Index	30.0	27.3	40.0	20.0	27.8	22.2	-5.6 ↓	Contract
Existing Orders Index	25.0	31.8	20.0	25.0	10.0	15.0	5.0 ↑	Contract
Inventory Index of Finished Products	45.0	40.9	35.0	40.0	50.0	61.1	11.1 ↑	Expand
Purchase Quantity Index	33.3	33.3	18.8	16.7	16.7	16.7	0.0	Contract
Purchase Price Index	44.4	38.9	50.0	38.9	55.6	50.0	-5.6 ↓	Stable
Inventory Index of Main Raw Materials	33.3	25.0	16.7	25.0	33.3	38.9	5.6 ↑	Contract
Employees Index	40.0	36.4	40.0	35.0	25.0	35.0	10.0 ↑	Contract
Delivery Time Index	33.3	35.0	33.3	33.3	27.8	33.3	5.5 ↑	Contract

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

- Demand for timber was insufficient.
- Demand for plywood decreased and the price fell.
- There was a shortage of raw materials such as logs.
- Orders were not enough, and the costs for freight to USA increased.
- Production volume decreased, costs rose, and exports declined.

**Main Suggestions from GTI-Malaysia Enterprises**

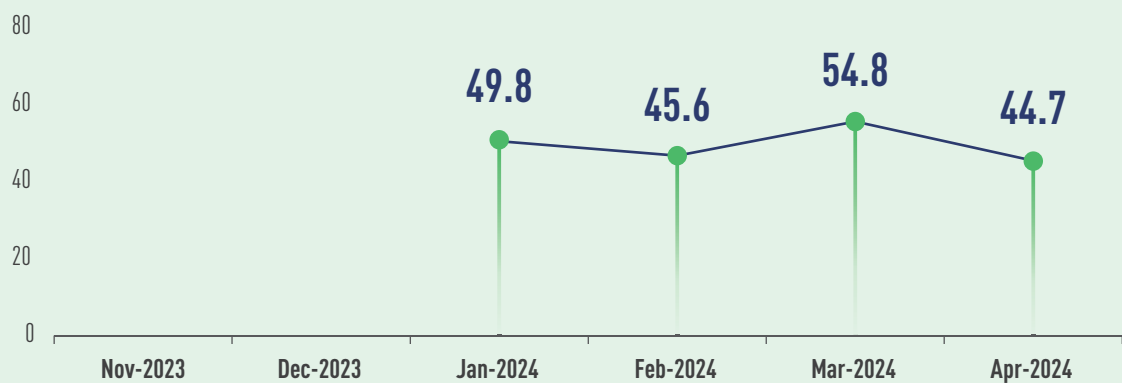
- Slow down production.
- Reduce the exports of woodchips.
- Widen the scope for raw materials from legal sources.
- Government may increase spending on building and infrastructure expansion, so as to increase consumption of building materials. In addition, government may stimulate construction industries to create more usage of sawn timber.



GTI-Thailand Index in April 2024



GTI-Thailand Comprehensive Index



The World Bank recently revised down its forecast for Thailand's economic growth this year to 2.8%, lower than the expected 3.2%, due to delayed budget approval in 2024, decline in exports and public investment, and a public debt-to-GDP ratio of 62.6%. Thailand's exports in March contracted by 10.9% year-on-year with the value of US\$24.96 billion, according to the Trade Policy and Strategy Office (TPSO), Ministry of Commerce. However, during the same period, exports of wood and wood products increased by 3.9%. Among them, sawn rubberwood exported to China reached 492,500 cubic meters (an increase of 32%). On April 9, Thailand's Cabinet approved a series of measures to boost the country's real-estate sector, including providing tax breaks for individuals who build their own homes, extending a reduction in mortgage fees, etc., which may stimulate the recovery of timber market demand. To achieve carbon neutrality by 2050 and net-zero emissions by 2065, Thailand is preparing to introduce the Climate Change Act. The Act covers a national climate change master plan, emission trading scheme, carbon tax system, and carbon credit issues. According to an official of the Ministry of Natural Resources and Environment, the law may come into effect this year.

In April, the GTI-Thailand index registered 44.7%, a decrease of 10.1 percentage points 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 shrank from last month. In Thailand this month, both timber harvesting and production saw a significant contraction. The export orders showed a sharp increase, however due to a decrease in domestic orders, the overall performance in terms of orders was relatively stable compared to the previous month.

As for the 11 sub-indexes, only the export orders index was above the critical value of 50%. New orders index, existing orders index, and employees index were equal to the critical value, and the remaining 7 indexes were all below the critical value. Compared to the previous month, one index (inventory of finished products) increased by 10.8 percentage points and three indexes (existing orders, inventory of main raw materials, and employees) were unchanged from the previous month, while the remaining 7 indexes declined by 6.3-31.7 percentage points.

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

	2024.01	2024.02	2024.03	2024.04	MoM	Performance
Comprehensive Index	49.8	45.6	54.8	44.7	-10.1 ↓	Contract
Harvesting Index	64.3	41.7	65.0	33.3	-31.7 ↓	Contract
Production Index	54.5	45.8	64.3	36.7	-27.6 ↓	Contract
New Orders Index	59.1	37.5	57.1	50.0	-7.1 ↓	Stable
Export Orders Index	62.5	50.0	68.8	62.5	-6.3 ↓	Expand
Existing Orders Index	45.5	50.0	50.0	50.0	0	Stable
Inventory Index of Finished Products	40.9	45.8	32.1	42.9	10.8 ↑	Contract
Purchase Quantity Index	27.3	33.3	53.8	42.3	-11.5 ↓	Contract
Purchase Price Index	59.1	45.8	50.0	42.9	-7.1 ↓	Contract
Inventory Index of Main Raw Materials	50.0	45.8	46.4	46.4	0	Contract
Employees Index	36.4	54.2	50.0	50.0	0	Stable
Delivery Time Index	40.9	50.0	46.4	39.3	-7.1 ↓	Contract

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

- It was difficult to receive the final payments.
- The market demand decreased.
- The global economy was in a downturn.
- More and more timber substitutes entered the market.
- The production costs rose.
- Customers postponed purchases and stock increased.
- On holidays, vehicles were prohibited from transporting goods in certain areas.
- The amount of wood exported did not meet customer needs.
- There was a shortage of employees with knowledge in woodworking.
- The import of wood was delayed due to weather conditions and other factors in some overseas countries.

**Main Suggestions from GTI-Thailand Enterprises**

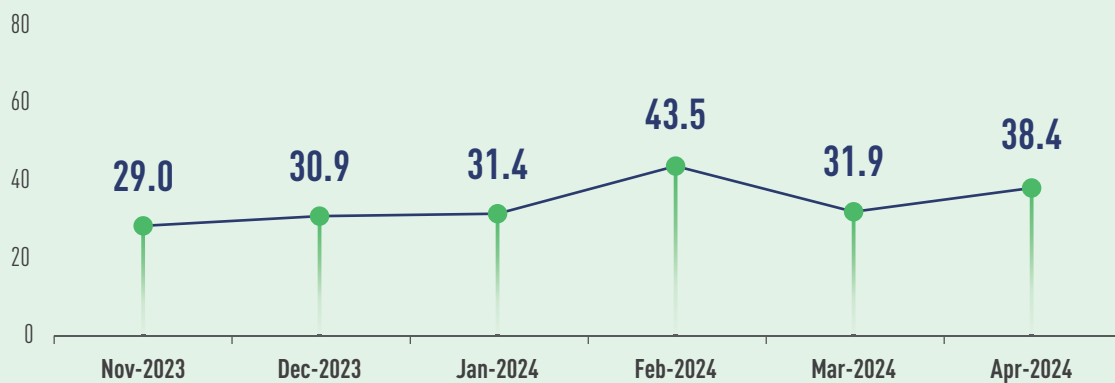
- Screen high-quality customers.
- Adjust production plans based on market demand.
- Accelerate the purchase of imported logs and speed up production even more.
- Collaborate to build confidence among consumers, so as to stimulate the potential of timber consumption.
- Control or reduce production costs to enhance the competitiveness.
- Government should attach more importance to all types of woodworking careers and businesses.
- Need help from the government regarding exemption from various taxes.



GTI-Gabon Index in April 2024



GTI-Gabon Comprehensive Index



On April 8 in Libreville, the Minister of Economy and Participations of Gabon inaugurated the Digitax Gabon, a digital platform designed to simplify the collection of corporate tax revenues. The platform allows taxpayers to fulfill their tax obligations through the Internet (rather than through offline tax centers), marking the transition from manual revenue collection to fully automated revenue collection. This month, the Finance Ministry in Gabon announced an increase in export duties and port charges. Port charges had seen an increase of nearly 10 Euros per cubic meter, while export duties had risen by about 8 Euros per cubic meter. Many timber companies said these increases are not easy to pass on to customers as competitiveness would be undermined. In the first two months of 2024, Gabon's timber exports to China increased by 43.13% to 108,300 cubic meters, despite this, competition in the global timber market remained fierce. On April 25, Caravelle International Group, a global marine technology company, announced that it had signed a Memorandum of Understanding (MoU) with the Ministry of Water and Forests of Gabon on the development of a critical timber transportation, processing, and marketing technology. Currently, Gabon is in talks with the UK Export Finance and Spain's Santander Central Hispano SA for a loan of about US\$53.6 million to upgrade the urban roads of Grand Libreville. Official data reveals that less than 20% of Gabon's road network

is in good condition. The road network (10,384 km) is inadequately developed with only 1,800 km of asphalted roads.

In April, the GTI-Gabon index registered 38.4, an increase of 6.5 percentage points from the previous month, was below the critical value (50%) for 9 consecutive months, indicating that the business prosperity of the superior timber enterprises represented by the GTI-Gabon index shrank from last month. This month, all the 11 sub-indexes were below the critical value of 50%, indicating a decline in all circulation links of Gabon's timber industry, however, the downtrend revealed by the indexes such as harvesting, production, and delivery time had slowed down.

Compared to the previous month, the indexes for harvesting, production, export orders, existing orders, purchase quantity, inventory of main raw materials, employees, and delivery time increased by 2.2-17.1 percentage points, while the indexes for new orders, inventory of finished products, and purchase price declined by 3.7-10.7 percentage points.

Brief on Gabonese Timber Industry

The Ministry of Water and Forests is implementing the Central African Forest Initiative project II and III (CAFI II and III), both of which are forestry-related projects.

The goals of these projects are:

- reducing emissions from the forestry sector;
- implementing a certification process on a national scale by 2026;
- improving the application of forestry laws in Gabon.

Therefore, a workshop was organized in April 2024, so as to launch the various thematic working groups on the projects.

Information provided by GTI-Gabon Focal Point

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

	2023.11	2023.12	2024.01	2024.02	2024.03	2024.04	MoM	Performance
Comprehensive Index	29.0	30.9	31.4	43.5	31.9	38.4	6.5 ↑	Contract
Harvesting Index	23.9	32.5	35.7	37.5	28.6	42.5	13.9 ↑	Contract
Production Index	31.6	29.4	29.4	50.0	26.7	43.8	17.1 ↑	Contract
New Orders Index	28.3	30.0	28.3	50.0	37.0	33.3	-3.7 ↓	Contract
Export Orders Index	30.6	28.1	28.1	45.5	27.8	30.0	2.2 ↑	Contract
Existing Orders Index	28.3	27.5	32.6	42.3	30.4	33.3	2.9 ↑	Contract
Inventory Index of Finished Products	30.4	42.5	37.0	38.5	45.7	35.7	-10.0 ↓	Contract
Purchase Quantity Index	28.1	41.7	39.3	33.3	39.3	42.9	3.6 ↑	Contract
Purchase Price Index	52.9	50.0	53.6	61.1	57.1	46.4	-10.7 ↓	Contract
Inventory Index of Main Raw Materials	35.3	38.5	50.0	38.9	33.3	46.4	13.1 ↑	Contract
Employees Index	26.1	27.5	28.3	34.6	28.3	31.0	2.7 ↑	Contract
Delivery Time Index	26.1	35.0	32.6	34.6	34.4	44.1	9.7 ↑	Contract



Main Challenges Reported by GTI-Gabon Enterprises

- Workers were on strike.
- Enterprises were burdened by heavy land taxes.
- The number of new orders decreased.
- Rainfall had slowed down the production and operation activities of enterprises.
- Demand from Asian and European timber markets decreased, leading to a reduction in orders.
- Ovan-Makokou National Highway was in a poor condition.
- The condition of Kougouleu-Medouneu Road was poor, resulting in slow transportation of goods.
- Fuel prices surged, causing an increase in production costs and placing significant operational pressure on businesses.
- Overseas trade faced challenges in completing payments and deliveries on time. Overseas sales experienced inconvenience in payments and deliveries.



Main Suggestions from GTI-Gabon Enterprises

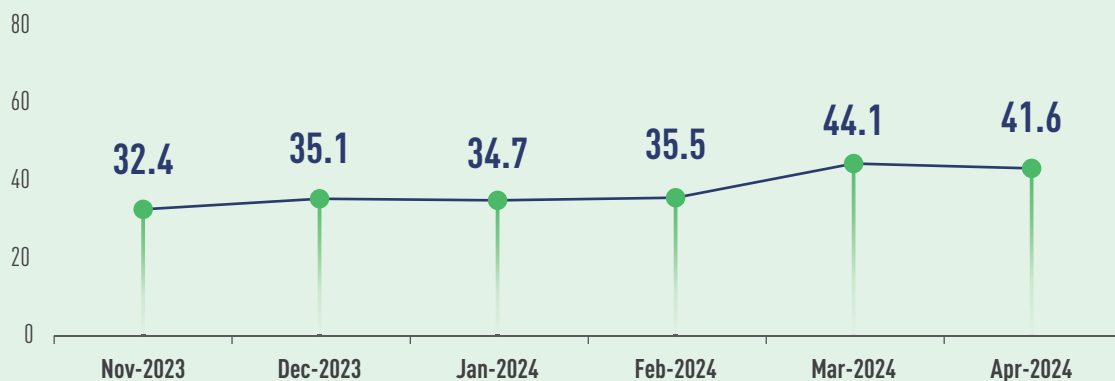
- Lower the prices for fuel.
- Strengthen the maintenance of roads by the government.
- Explore alternative markets and customers.
- Adjust operation schedule according to the weather.
- Strengthen communication with international clients.
- The government may enhance policy support for forestry enterprises.
- Establish supporting regulatory mechanisms to support operators' resumption of normal activities.
- Carry out maintenance for the Ovan-Makokou National Highway.



GTI-ROC Index in April 2024



GTI-ROC Comprehensive Index



In April, heavy rains in the Republic of the Congo (ROC) had affected both harvesting activities and timber transportation, for example, the transportation from northern Congo to the Port of Douala (Cameroon) was hindered by the rains. The country's Minister of Transport, Civil Aviation, and Merchant Shipping, Honoré Sayi, stated that due to the National Early Warning Initiative, the government would ensure that by the end of 2027, all residents could be covered by the early warning system that provides weather and climate information. In terms of sustainable forest management, Rosalie Matondo, ROC's Minister of Forest Economy, highlighted the needs to explore new technologies and innovative practices such as remote sensing, drones, IoT sensors for tree health monitoring and fire prevention. Besides, according to the news platform Agence Congolaise d'Information, the Ministry of Forest Economy recently signed an agreement with the company PIC-P for the development of the Mila-Mila Forest Exploitation Unit in Niari, marking the first such agreement signed by the government under the new Forest Law contained in Law No. 33/2020 on July 8, 2020, and PIC-P's commitments for the agreement included developing the concession area to coordinate economic, social and ecological benefits; carrying out forestry certification to expand international markets of timber products; and others.

In April, the GTI-ROC index registered 41.6%, a decrease of 2.5 percentage points from the previous month, was below the critical value (50%) for 18 consecutive months, indicating that the business prosperity of the superior timber enterprises represented by the GTI-ROC index shrank from last month. This month, the purchase volume of raw materials in ROC remained relatively stable compared to the previous month, while the demand side of products (especially in foreign markets) contracted a little.

As for the 11 sub-indexes, the purchase quantity index and the inventory index of main raw materials were equal to the critical value of 50%, while the remaining 9 indexes were all below the critical value. Compared to the previous month, the purchase quantity index and the inventory index of main raw materials also stayed unchanged, the indexes for new orders, existing orders, and inventory of finished products increased by 6.1-8.1 percentage points, and the indexes for harvesting, production, export orders, purchase price, employees, and delivery time declined by 0.4-19.8 percentage point(s).

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

	2023.11	2023.12	2024.01	2024.02	2024.03	2024.04	MoM	Performance
Comprehensive Index	32.4	35.1	34.7	35.5	44.1	41.6	-2.5 ↓	Contract
Harvesting Index	50.0	46.9	46.7	39.5	40.4	40.0	-0.4 ↓	Contract
Production Index	41.2	46.7	40.0	42.1	44.6	41.7	-2.9 ↓	Contract
New Orders Index	28.9	34.2	35.3	32.0	33.9	42.0	8.1 ↑	Contract
Export Orders Index	34.4	42.9	33.3	44.7	50.0	47.7	-2.3 ↓	Contract
Existing Orders Index	15.8	34.2	32.4	34.0	33.9	40.0	6.1 ↑	Contract
Inventory Index of Finished Products	13.2	23.7	41.2	40.0	33.9	42.0	8.1 ↑	Contract
Purchase Quantity Index	25.0	33.3	33.3	50.0	50.0	50.0	0.0	Stable
Purchase Price Index	33.3	16.7	45.8	50.0	50.0	40.0	-10.0 ↓	Contract
Inventory Index of Main Raw Materials	50.0	50.0	50.0	40.0	50.0	50.0	0.0	Stable
Employees Index	34.2	36.8	32.4	36.0	37.5	34.0	-3.5 ↓	Contract
Delivery Time Index	10.5	5.3	17.6	28.0	41.7	21.9	-19.8 ↓	Contract



Main Challenges Reported by GTI-ROC Enterprises

- The ban on log exports restricted production.
- The supply of fuel was insufficient.
- There was a lack of skilled labor.
- The rainfall restricted the production of enterprises.
- There was a shortage of raw materials for production.
- The market demand for timber was low, and there was exclusivity in the implementation of forestry policies.



Main Suggestions from GTI-ROC Enterprises

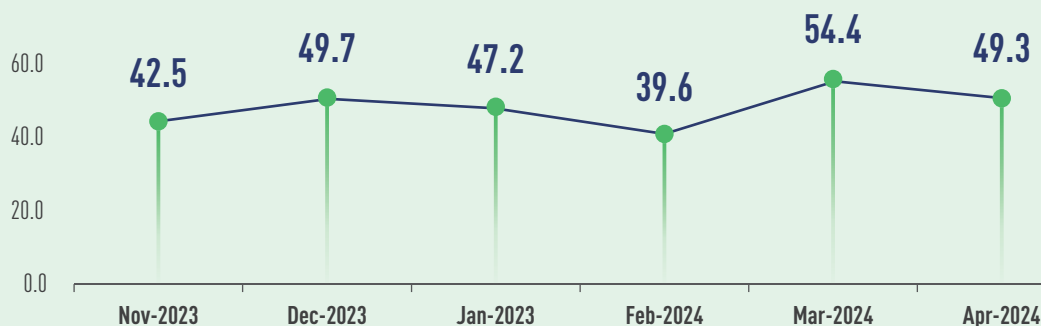
- Rebuild roads and bridges.
- Increase fuel supply and ensure fuel distribution.
- Ensure the supply of fuel to the Port of Ouessou.
- Relax export controls and abolish quotas on log exports.
- Speed up the formulation of the new Forest Law, and allow businesses to provide advice for the process.



GTI-Brazil Index in April 2024



GTI-Brazil Comprehensive Index



Data from Brazilian Ministry of Agriculture, Livestock and Food Supply (MAPA) showed that in the first quarter of 2024, Mato Grosso's timber exports amounted to US\$183 million and weighed 166,000 tons, making it the fourth largest timber exporting state in Brazil. The March trade balance saw a US\$7.5 billion surplus in Brazil, resulting from exports of US\$28 billion and imports of US\$20.5 billion. The exports of wooden furniture amounted to US\$45.4 million in March, representing a 17.0% decline compared to the same period last year. Recently, Brazil's Ministry of the Environment and Climate Change and the National Bank for Economic and Social Development (BNDES) signed a contract for the disbursement of BRL 10.4 billion (approximately US\$2.1 billion) from the National Climate Change Fund (Fundo Clima), in a bid to provide financial support for climate change-related projects that involves sustainable urban development, green industry, green logistics, public transportation and green mobility, energy transition, native forests, green services and innovation, etc. This marked the largest allocation of resources in the fund's history, much higher than last year's BRL 2.9 billion, making it the main tool for the Brazilian government to combat climate change.

In April, the GTI-Brazil index registered 49.3%, a decrease of 5.1 percentage points 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-Brazil index shrank from last month. This month, affected by rainfall, the harvesting volume of superior timber enterprises represented by the GTI-Brazil index declined. The volume of both production and orders increased compared to the previous month, especially with a significant increase in export orders. However, exports were facing problems such as port congestion and a lack of yard space, and some enterprises' exports had stagnated.

As for the eleven sub-indexes, seven indexes were below the critical value of 50%, including harvesting, existing orders, inventory of finished products, purchase quantity, purchase price, inventory of main raw materials, and delivery time. Four indexes were above the critical value, including production, new orders, export orders, and employees. Compared to the previous month, the indexes for harvesting, new orders, existing orders, purchase quantity, purchase price, inventory of main raw materials, and delivery time declined by 2.9-41.4 percentage points, the index for export orders stayed unchanged, while the indexes for production, inventory of finished products, and employees increased by 3.3-6.4 percentage points.

Brief on Brazilian Timber Industry

- The Brazilian market for logs and sawnwood remains unstable, with the prospect of a slight increase in the domestic market in the coming months. However, logistical problems at the ports, such as increased lack of effectiveness in shipping operations, causing shipping delays and additional costs, continue to limit export growth, maintaining uncertainty in the foreign market.

- The market of wood from natural forests faces significant challenges, with exports declining after the LPCO (License, Permission, Certificate, or Other Document) requirement. The difficulty in obtaining this license has increased barriers, while post-pandemic demand and international prices remain unstable

Information provided by GTI-Brazil Focal Point

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

	2023.11	2023.12	2024.01	2024.02	2024.03	2024.04	MoM	Performance
Comprehensive Index	42.5	49.7	47.2	39.6	54.4	49.3	-5.1 ↓	Contract
Harvesting Index	25.0	28.6	42.3	33.3	56.3	42.3	-14.0 ↓	Contract
Production Index	34.6	50.0	43.3	46.2	50.0	53.3	3.3 ↑	Expand
New Orders Index	39.3	53.3	56.3	42.9	72.7	52.9	-19.8 ↓	Expand
Export Orders Index	50.0	69.2	71.4	54.2	70.0	70.0	0.0	Expand
Existing Orders Index	32.1	43.3	43.8	25.0	50.0	20.6	-29.4 ↓	Contract
Inventory Index of Finished Products	39.3	53.3	50.0	32.1	31.8	38.2	6.4 ↑	Contract
Purchase Quantity Index	37.5	32.1	38.5	25.0	71.4	30.0	-41.4 ↓	Contract
Purchase Price Index	50.0	42.9	46.4	38.5	50.0	40.0	-10.0 ↓	Contract
Inventory Index of Main Raw Materials	45.8	36.7	25.0	25.0	27.8	23.3	-4.5 ↓	Contract
Employees Index	50.0	50.0	50.0	57.1	54.5	58.8	4.3 ↑	Expand
Delivery Time Index	50.0	46.7	46.9	50.0	42.9	40.0	-2.9 ↓	Contract



Main Challenges Reported by GTI-Brazil Enterprises

- The market demand for timber was low.
- The weather (a lot of rain) had an impact on field operations.
- Some enterprises were hindered by low raw material stock, due to the impact of rainfall.
- The rate of production downtime was high due to mechanical problems.
- There was a lack of port infrastructure, and the shipping efficiency was low.
- There was a lack of containers and yard space at the Container Terminal of Paranaguá.
- The export market for some enterprises was almost stagnant. Additionally, in the domestic market, there was a trend of replacing wood with other materials such as iron, aluminum, and PVC.
- In terms of exports, there were problems such as port congestion and insufficient available slots. Additionally, there were delays in inspection and quarantine procedures for timber.
- There was a lack of market recognition of new hardwood species such as Australian cedar (*Toona Ciliata*) and African mahogany (*Khaya Grandifoliola*).



Main Suggestions from GTI-Brazil Enterprises

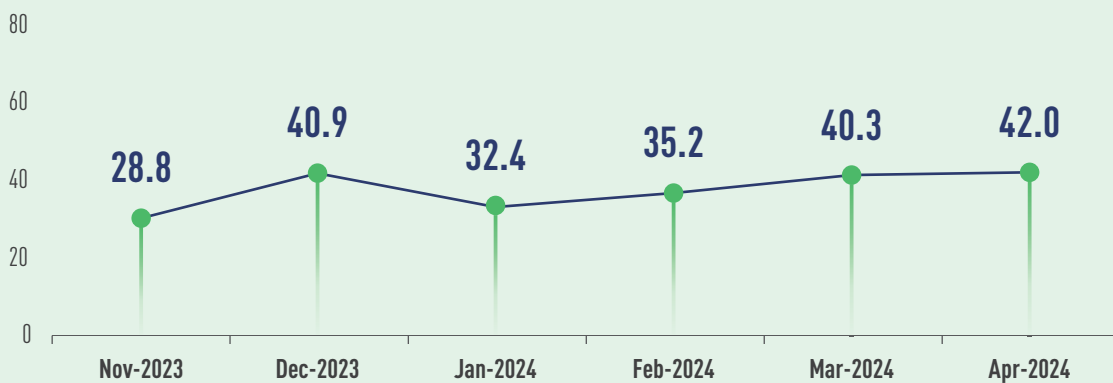
- Increase harvesting operations during the dry season.
- Promote the use of native wood species.
- Set up operational schedule according to the seasonal climate.
- It's suggested that the government help to expand port areas and formulate laws to protect the legitimate rights and interests of exporters in shipping.
- Encourage shipping companies to use the port of Imituba to alleviate pressure on other ports.
- Increase harvest operation shifts to maintain the harvesting volume during the rainy season. Ensure cargo transportation by employing third-party logistics, and find alternative ports for shipping.
- Increase market recognition of new hardwood species such as Australian cedar (*Toona Ciliata*) and African mahogany (*Khaya Grandifoliola*).
- Attach importance to action plans regarding preventive maintenance for machinery and equipment.
- Invest in some ports to ensure their full operation.



GTI-Mexico Index in April 2024



GTI-Mexico Comprehensive Index



Mexico's trade surplus surged to US\$2.098 billion in March 2024 from US\$1.195 billion in the same month of the previous year, far exceeding market expectations. On April 1, new provisions contained in the Financial Code for the State of Mexico become effective, with regard to Ecological Tax on Waste Disposal, Confinement and Storage, and Tax on Pollutant Emissions to Water. On April 22, Mexican President Andres Manuel Lopez Obrador's administration published a decree placing temporary tariffs ranging from 5% to 50% on imports of goods belonging to 544 tariff items such as wood, paper, furniture, textiles, among others. The temporary measure on tariffs is in force for two years starting on April 23, however, it does not apply to imports of goods originating in countries with which Mexico has entered into a Free Trade Agreement. Recently, a report by research firm IMARC Group said that Mexican furniture market is experiencing substantial growth, fueled by several key drivers such as the increasing urbanization and the expansion of the real estate sector. Furthermore, the strategic geographical position of Mexico facilitates easy export opportunities, particularly to the U.S. market. The report also said that Mexican consumers are showing growing preference for eco-friendly and sustainable furniture products, and this trend is influencing local manufacturers to adopt greener practices and materials in their production processes.

In April, the GTI-Mexico index registered 42.0%, an increase of 1.7 percentage points from the previous month, was below the critical value (50%) for 18 consecutive

months, indicating that the business prosperity of the superior timber enterprises represented by the GTI-Mexico index shrank from last month. This month, some enterprises reported the halt of forest harvesting and production activities due to drought and fires.

As for the 11 sub-indexes, the purchase price index was above the critical value of 50%, the delivery time index was equal to the critical value, while the remaining 9 indexes were all below the critical value, implying significant room for recovery in the Mexican timber market. Compared to the previous month, the indexes for new orders, purchase price, and delivery time increased by 7.4-11.1 percentage points. However, the remaining 8 indexes declined by 1.9-7.5 percentage points.



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

	2023.11	2023.12	2024.01	2024.02	2024.03	2024.04	MoM	Performance
Comprehensive Index	28.8	40.9	32.4	35.2	40.3	42.0	1.7 ↑	Contract
Harvesting Index	32.7	35.7	29.3	33.3	42.6	40.7	-1.9 ↓	Contract
Production Index	25.0	43.8	24.0	36.4	40.0	36.4	-3.6 ↓	Contract
New Orders Index	25.0	42.9	31.0	31.5	33.3	44.4	11.1 ↑	Contract
Export Orders Index	33.3	50.0	30.0	10.0	25.0	20.0	-5.0 ↓	Contract
Existing Orders Index	23.1	30.4	29.3	29.6	37.0	33.3	-3.7 ↓	Contract
Inventory Index of Finished Products	46.2	32.1	37.9	37.0	46.3	42.6	-3.7 ↓	Contract
Purchase Quantity Index	31.3	44.7	26.3	37.5	42.9	41.7	-1.2 ↓	Contract
Purchase Price Index	35.0	42.9	47.6	50.0	47.7	55.3	7.6 ↑	Expand
Inventory Index of Main Raw Materials	40.0	38.6	31.0	34.2	50.0	42.5	-7.5 ↓	Contract
Employees Index	25.0	33.9	36.2	31.5	44.4	38.9	-5.5 ↓	Contract
Delivery Time Index	40.4	42.9	44.8	46.2	42.6	50.0	7.4 ↑	Stable



Main Challenges Reported by GTI-Mexico Enterprises

- The selling prices of sawn wood dropped.
- Roads were in poor condition.
- Costs of freight transportation increased.
- The exchange rate of the Mexican Peso against the US Dollar fell.
- There was staffing difficulty.
- There was a lack of reliable market.
- A lot of illegal timber appeared in the market.
- There was a lack of market for thinning wood (small diameters).
- The timber market was sluggish.
- There were failures of electrical power and breakdowns of machinery and equipment.
- There were wood quality issues with the supplier.
- The prices of imported timber were lower than domestic timber prices, leading to unfair competition.
- There was a shortage of customers and the prices had decreased.
- The entry of wood products from other countries was unregulated.
- The forestry approval process was slow.
- Drought and fires caused the halt of forest harvesting and production activities.
- The environmental authority was slow to issue phytosanitary export certificates.
- The authorization of the Ejido Management Program, which supplied raw materials to the sawmill, was still in process.



Main Suggestions from GTI-Mexico Enterprises

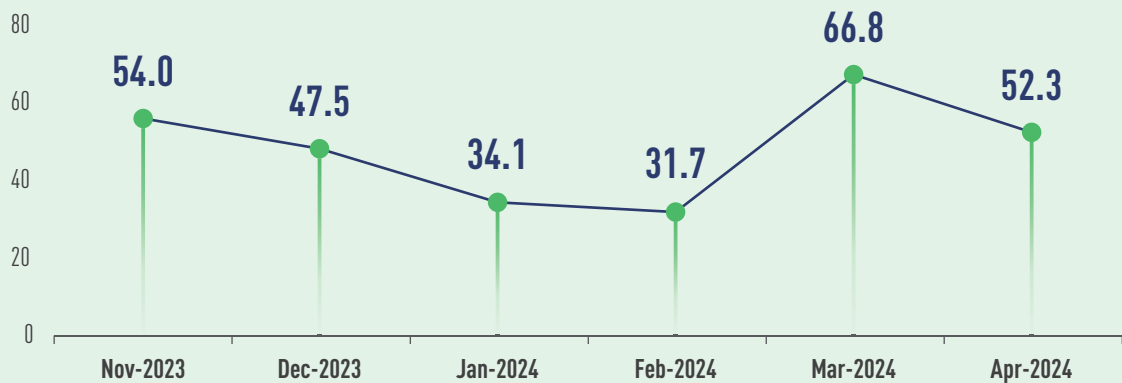
- Have more manpower.
- Get support for forestry investment.
- Promote overseas sales.
- Reduce the import of forest products.
- Reduce forestry operations.
- The government may support cargo investments.
- The Bank of Mexico may relax regulations on the US Dollar.
- Search market for prepaid lumber.
- Help is needed to regulate imports.
- Look for other sources of raw material supply.
- Continue with sales promotion on social media.
- Provide maintenance of the energy network by the Federal Electricity Commission.
- It's suggested that the government give priority to the consumption of domestic products and impose tariffs on foreign products.



GTI-China Index in April 2024



GTI-China Comprehensive Index



On April 6, China released Ecological Protection Compensation Regulations, which will come into effect on June 1, 2024. The regulations give full play to the role of market mechanisms, and encourage social forces and local governments to engage in ecological protection compensation by purchasing ecological products and services in accordance with market rules. As per the regulations, the country will establish and improve trading mechanisms for carbon emission rights, pollution emission rights, water rights, and carbon sink rights, promote the construction of trading markets, and improve trading rules. In addition, the country will encourage and guide social capital to establish market-oriented ecological protection compensation funds and to engage in ecological protection compensation in an orderly manner. On April 12, the Action Plan for Promoting the Trade-ins of Consumer Goods was jointly released by the Ministry of Commerce and 13 other government departments. The action plan encourages localities to support the renovation of old houses, the partial upgrade and renovation for areas such as kitchens and bathrooms, and the improvements for senior-friendly home environments, which will further unleash the potential of household consumption. On April 26, China passed the Tariff Law, which will take effect from December 1, 2024. For the collection of customs duties, the law recognizes the mode that separates the release of goods from the customs authorities' determination of tax amount. Data from China's General Administration of Customs showed China's exports of furniture and furniture parts in the first quarter of this year reached US\$17.47 billion, representing a year-on-year increase of 19.6%. During the same period, China's total timber imports were approximately US\$3 billion,

marking a year-on-year decrease of 3.05%. Of this, the total imports of logs reached 8.85 million cubic meters, accounting for 56.88% of the total timber imports, and log species with increased imports included eucalyptus, oak, etc. In this period, the imports of sawn timber stood at 6.7 million cubic meters, of which furniture materials such as merbau and sapelli saw growth.

In April, the GTI-China index registered 52.3%, a decrease of 14.5 percentage points from the previous month, was above the critical value (50%) for 2 consecutive months, indicating that the business prosperity of the superior timber enterprises represented by the GTI-China index expanded from last month. However, due to the decline in international demand for timber, the expansion had slowed down. According to feedback from the sample enterprises, some home furnishing companies in China were actively seeking to strengthen investment cooperation with developing countries where the market demand was strong.

As for the 11 sub-indexes, three indexes (export orders, existing orders, and inventory of main raw materials) were below the critical value of 50%, and the remaining 8 indexes were all above the critical value. Compared to the previous month, the indexes for purchase price, inventory of main raw materials, and delivery time increased by 0.2-2.4 percentage point(s), while the remaining 8 indexes declined by 3.5-24.6 percentage points.

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

	2023.11	2023.12	2024.01	2024.02	2024.03	2024.04	MoM	Performance
Comprehensive Index	54.0	47.5	34.1	31.7	66.8	52.3	-14.5 ↓	Expand
Production Index	52.5	33.3	25.0	16.7	78.7	56.5	-22.2 ↓	Expand
New Orders Index	57.5	55.9	28.1	20.9	76.5	51.9	-24.6 ↓	Expand
Export Orders Index	35.0	55.0	37.5	39.3	56.9	48.3	-8.6 ↓	Contract
Existing Orders Index	47.5	44.1	31.3	37.2	69.1	49.4	-19.7 ↓	Contract
Inventory Index of Finished Products	50.0	35.3	46.9	41.9	60.3	51.9	-8.4 ↓	Expand
Purchase Quantity Index	57.5	47.1	43.8	34.9	72.8	54.5	-18.3 ↓	Expand
Purchase Price Index	45.0	50.0	53.1	58.1	55.9	58.3	2.4 ↑	Expand
Import Index	41.7	45.5	45.8	40.5	60.3	56.8	-3.5 ↓	Expand
Inventory Index of Main Raw Materials	55.0	52.9	43.8	48.8	42.6	42.9	0.3 ↑	Contract
Employees Index	47.5	41.2	37.5	45.3	59.6	51.3	-8.3 ↓	Expand
Delivery Time Index	57.5	58.8	50.0	48.8	53.7	53.9	0.2 ↑	Expand



Main Challenges Reported by GTI-China Enterprises

- It was difficult to recruit workers.
- Demand from the downstream markets declined.
- There was an imbalance between production and sales, with the production exceeding the sales.
- Raw material shortages made it difficult to purchase.
- It was difficult to procure raw materials such as European oak veneer.
- The overall economy of the country contracted, coupled with overcapacity.
- The market demand was insufficient, leading to a decrease in sales volume.
- For some enterprises, the business performance was poor, and cash flow pressures existed.
- The wooden-board industry saw fierce competition and had reached a state of saturation.



Main Suggestions from GTI-China Enterprises

- Increase financing efforts.
- It's suggested that the country implement macro-regulation and control.
- Relax loan policies for physical enterprises.
- Increase the proportion of exports and shift towards the Southeast Asian markets.
- Optimize the environments of raw material markets and wooden boards sales markets.
- It's suggested that the government conduct coordination within and outside the country to improve business environment.
- Try to expand foreign markets and carry out promotion simultaneously at home and abroad.
- Improve product quality, develop new products, and explore new uses.

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 8 countries, including Indonesia, Malaysia, Thailand, Gabon, Congo, 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 (abbreviated as GGSC), supported by International Tropical Timber Organization (ITTO), is a global service platform voluntarily established by enterprises, research institutes, industry associations, international organizations and other interested parties involved in forest products R&D, design, manufacturing, distributing, consuming and recycling, to implement "the Initiative to build a collaboration network of global green supply chain of forest products" jointly launched by industry sectors, associations, international organizations and research institutions all over the world who were participants of the International Forum on "Together Towards Global Green Supply Chains – A Forest Products Industry Initiative" held in Shanghai, China in October, 2019.

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GTI REPORT

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