

GTI-WOODBASED PANEL (GTI-WBP) REPORT

MONTHLY

GGSC-No. 11/2024

Tracking and monitoring the global woodbased panel market trend.



The pilot countries for the GTI-WBP index include Indonesia, Malaysia, Thailand, Gabon, Republic of the Congo, Ghana, Brazil, Mexico, and China. In 2022, the total production of woodbased panel in the nine countries mentioned above was 336 million cubic meters, accounting for **63.8%** of the total global production volume of woodbased panel.

Introduction to the GTI-Woodbased Panel

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

Calculation Method

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

GTI-WBP index contains diffusion index and comprehensive index.

1. GTI-WBP diffusion index. There are 10 diffusion indices (or called sub-indices) based on the data from 10 objective questions which covers production, new orders, new export orders, existing orders, inventory of products, purchasing quantity, purchasing prices of main raw materials, inventory of raw materials, employees, and delivery time. The diffusion index is calculated by adding the percentage of enterprises with positive answers to half of the percentage with unchanged answers.

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

Interpretation

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

Survey Method

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

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

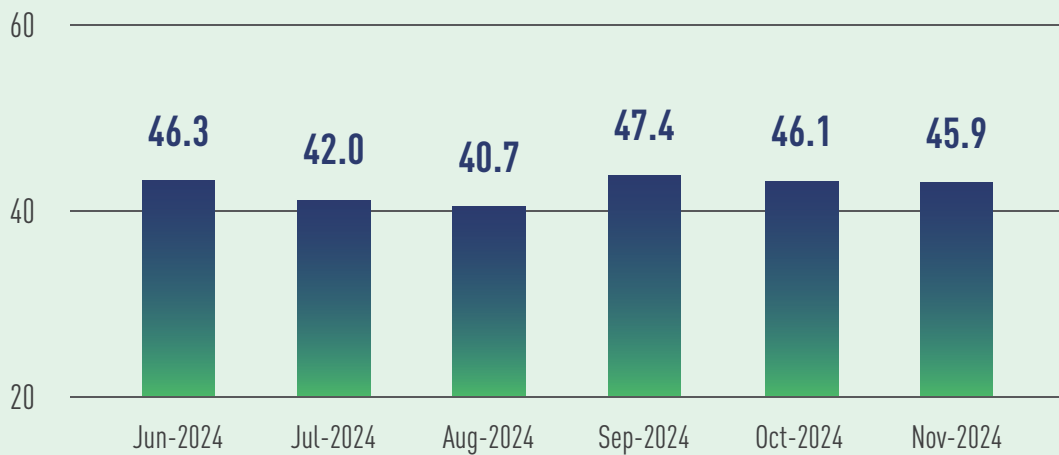
Index Representativeness

The pilot countries for the GTI-WBP index include Indonesia, Malaysia, Thailand, Gabon, Republic of the Congo, Ghana, Brazil, Mexico and China. In 2022, the total production of woodbased panel in the nine countries mentioned above was 336 million cubic meters, accounting for 63.8% of the total global production volume of woodbased panel.

GTI-Woodbased Panel Index in November 2024



GTI-WBP Comprehensive Index



In November, the GTI-Woodbased Panel (GTI-WBP) Index registered 45.9%, a decrease of 0.2 percentage point from the previous month, was below the critical value (50%) for eight consecutive months, indicating that in the GTI pilot countries, the overall business prosperity of wood-based panel industry represented by the index shrank from last month.

On the demand side, the overall demand for wood-based panels remained relatively stable in the pilot countries. This month, the export orders index (45.3%) registered below the critical value of 50%, indicating that the international market for wood-based panels was still relatively sluggish. However, due to an increase in domestic orders for GTI wood-based panel enterprises, the overall volume of new orders for the enterprises remained on par with the previous month, as evidenced by the new orders index rising to the critical value of 50.0%.

On the supply side, the downward trend in wood-based panel production had lasted for eight months. This month, the production index registered 37.5%, a decrease of 7.8 percentage points from the previous month, still below the critical value of 50%. Due to the increasing risk of production overcapacity in the global wood-based panel industry, intensified market competition, and rising cost pressures on enterprises, a

large number of wood-based panel enterprises had reduced production or ceased operations in recent months.

In terms of prices, the purchase price index for raw materials registered 67.7%, above the critical value for 5 consecutive months. The rise in logistics costs and wood prices in countries such as Ghana had led to a continuous increase in the costs of raw material procurement for enterprises.

Main updates related to the wood-based panel market include: in October, Brazil's tropical plywood export value was US\$1.2 million, a year-on-year decrease of 8%, while the export volume reached 2,100 cubic meters, up 24% year-on-year. Latest data from Japan's Ministry of Finance shows that in the January-August 2024 period, Malaysia recorded total plywood export volume to Japan at 394,800 cubic meters, while shipments from Indonesia, the second largest supplier, totaled 385,000 cubic meters.

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



	Jun. 2024	Jul. 2024	Aug. 2024	Sep. 2024	Oct. 2024	Nov. 2024	MoM	Performance
Comprehensive Index	46.3	42.0	40.7	47.4	46.1	45.9	-0.2 ↓	Contract
Production Index	43.3	39.1	43.2	49.4	45.3	37.5	-7.8 ↓	Contract
New Orders Index	48.5	40.0	36.5	50.6	46.6	50.0	3.4 ↑	Stable
Export Orders Index	50.0	44.9	34.7	40.9	43.5	45.3	1.8 ↑	Contract
Existing Orders Index	44.0	45.6	39.5	46.7	39.0	39.5	0.5 ↑	Contract
Inventory Index of Finished Products	52.9	43.9	45.2	48.9	44.4	50.0	5.6 ↑	Stable
Purchase Quantity Index	46.4	44.1	40.1	48.6	44.5	48.1	3.6 ↑	Contract
Purchase Price Index	46.2	57.6	54.2	53.5	61.3	67.7	6.4 ↑	Expand
Inventory Index of Main Raw Materials	53.9	38.4	38.5	38.0	47.7	46.9	-0.8 ↓	Contract
Employees Index	46.1	44.8	38.3	43.3	43.5	48.2	4.7 ↑	Contract
Delivery Time Index	42.1	49.4	49.3	49.4	48.6	48.1	-0.5 ↓	Contract



Main Challenges Reported by GTI-WBP Enterprises

- The costs of raw material were high. (Ghana)
- There was a shortage of skilled labor. (China)
- There may be less wood supply, and an increase in price is possible. (Thailand)
- Costs of maritime freight to North America were high. (Malaysia)
- There was a shortage of plywood demand for export, and at the same time, there was a lack of logs. (Malaysia)
- Electricity supply was unstable, road conditions were poor, and production costs were high. (Ghana)



Main Suggestions from GTI-WBP Enterprises

- Slow down production. (Malaysia)
- Seek a gradual reduction in freight costs over the coming months. (Brazil)
- Provide professional training to employees. (Thailand)
- Implement a mechanism to increase prices of plywood in the market. (Ghana)
- Regulate imports of MDF boards. (Mexico)
- Obtain government support and access to funds for procuring new equipment. (Ghana)



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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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.

Declaration

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

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