

GTI-WOODBASED PANEL (GTI-WBP) REPORT

MONTHLY

GGSC-No. 12/2024

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 11 diffusion indices (or called sub-indices) based on the data from 11 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, delivery time, and market expectation. 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.

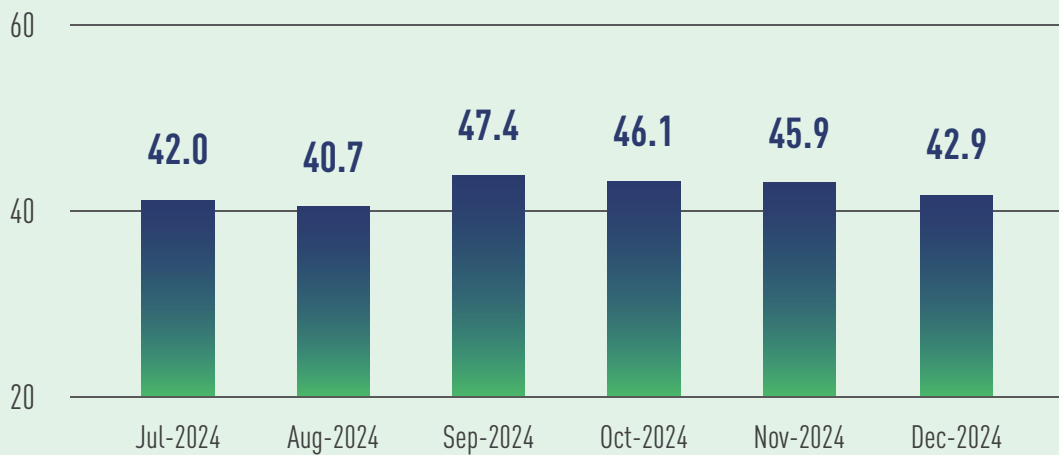
Index Representativeness

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 December 2024



GTI-WBP Comprehensive Index



In December, the GTI-Woodbased Panel (GTI-WBP) Index registered 42.9%, a decrease of 3.0 percentage points from the previous month, was below the critical value (50%) for nine 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 had slightly decreased in the pilot countries. This month, both the new orders index (47.8%) and the export orders index (43.9%) registered below the critical value of 50%, indicating that the international market for wood-based panels was still relatively sluggish. The main reasons include the downturn in the Asian and European markets, the slowdown in renovations due to holidays, etc.

On the supply side, the downward trend in wood-based panel production had lasted for nine months. This month, the production index registered 39.6%, an increase of 2.1 percentage points from the previous month, still below the critical value of 50%. Due to persistent overcapacity in the global wood-based panel industry, intensified market competition, and cost pressures on production and operations, a large number of wood-based panel enterprises had slowed down production recently.

In terms of prices, the purchase price index for raw materials registered 53.7%, above the critical value for six consecutive months, indicating a continued rise in raw material prices. However, the increase had slowed slightly. This month, the supply of logs from many timber-producing countries decreased, leading to a rise in the average price of logs. At the same time, transport costs of raw materials rose, further increasing cost pressure on wood-based panel manufacturers.

Main updates related to the wood-based panel market include: On 17 December, the European Commission published a notice in the Official Journal of the European Union for implementing Regulation (EU) 2024/3140, which makes imports of hardwood plywood originating in China subject to registration. In 2024, Brazil's plywood exports grew by 15% following two years of decline, reaching 2,553 thousand cubic meters. In Ghana, plywood had ranked fourth among the top five timber exports.

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



	Jul. 2024	Aug. 2024	Sep. 2024	Oct. 2024	Nov. 2024	Dec. 2024	MoM	Performance
Comprehensive Index	42.0	40.7	47.4	46.1	45.9	42.9	-3.0 ↓	Contract
Production Index	39.1	43.2	49.4	45.3	37.5	39.6	2.1 ↑	Contract
New Orders Index	40.0	36.5	50.6	46.6	50.0	47.8	-2.2 ↓	Contract
Export Orders Index	44.9	34.7	40.9	43.5	45.3	43.9	-1.4 ↓	Contract
Existing Orders Index	45.6	39.5	46.7	39.0	39.5	42.8	3.3 ↑	Contract
Inventory Index of Finished Products	43.9	45.2	48.9	44.4	50.0	48.6	-1.4 ↓	Contract
Purchase Quantity Index	44.1	40.1	48.6	44.5	48.1	41.7	-6.4 ↓	Contract
Purchase Price Index	57.6	54.2	53.5	61.3	67.7	53.7	-14.0 ↓	Expand
Inventory Index of Main Raw Materials	38.4	38.5	38.0	47.7	46.9	43.5	-3.4 ↓	Contract
Employees Index	44.8	38.3	43.3	43.5	48.2	40.6	-7.6 ↓	Contract
Delivery Time Index	49.4	49.3	49.4	48.6	48.1	41.2	-6.9 ↓	Contract
Market Expectation Index	-	-	-	-	-	51.3	-	Expand



Main Challenges Reported by GTI-WBP Enterprises

- The production costs of enterprises increased. (Thailand)
- There was a shortage of logs suitable for producing face veneer. (Malaysia)
- There was a lack of market for wood products. Non-competitive price was also a problem. (Mexico)
- The prices of logs and other raw materials (fuel, lubricants, etc.) increased. (Ghana)



Main Suggestions from GTI-WBP Enterprises

- Promote domestic wood products. (Mexico)
- Government intervention is needed. (Ghana)
- Retain woodchips for local consumption. (Malaysia)
- Factories must try to cut down costs, reduce the number of employees, and increase production efficiency. (Thailand)



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.

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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