



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

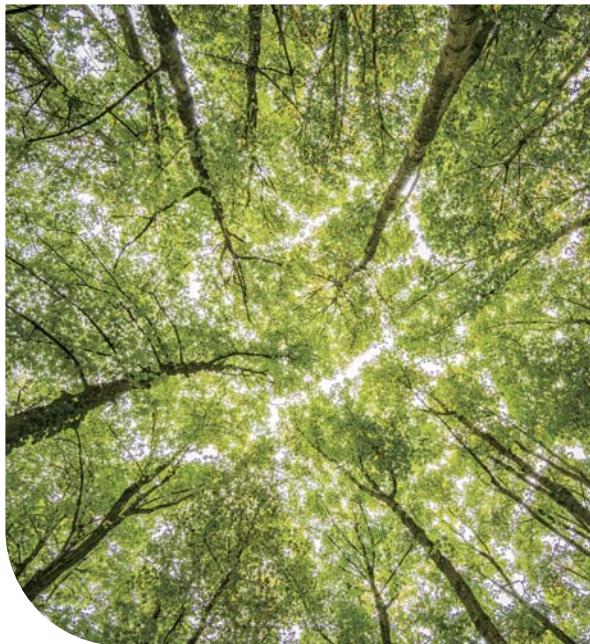
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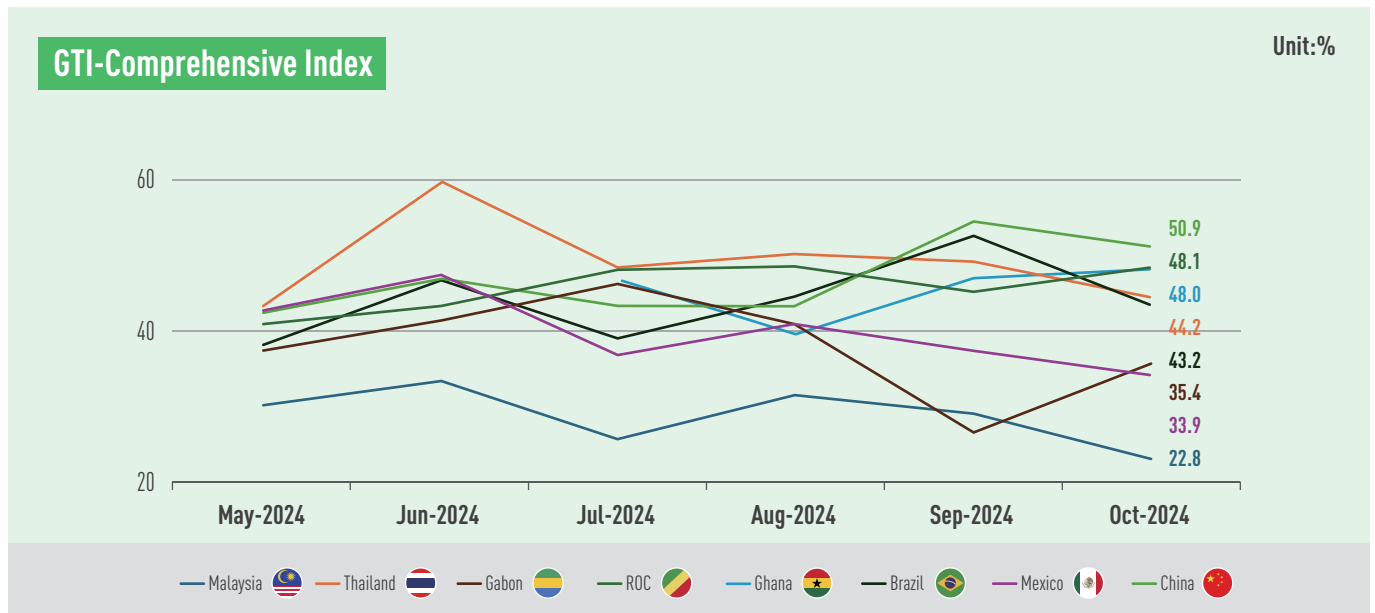


GTI REPORT 2024



Overview of the GTI Index

China's timber sector maintains upward momentum



The Global Timber Index (GTI) Report for October 2024 reveals that Chinese timber market was showing signs of a steady recovery, as the GTI index for the country registered 50.9%, above the critical value (50%) for two consecutive months. With the arrival of the traditional peak season for China's timber sector, an uptick in both production and new orders has been observed in the country.

In contrast, the markets of wood producers were still in decline. The GTI indices for the Republic of the Congo (48.1%), Ghana (48.0%), Thailand (44.2%), Brazil (43.2%), Gabon (35.4%), Mexico (33.9%), and Malaysia (22.8%) were all below the critical value of 50%, indicating that in these countries, the overall business prosperity of GTI participating enterprises shrank from the previous month. However, in the African countries (Gabon, Ghana, and the Republic of the Congo), the contraction in the timber sector had eased, and it's worth noting that in the Republic of the Congo, the timber market was showing signs of stabilization on both supply and demand sides.

Recently, the GTI pilot countries have made new positive progress in sustainable forest management. Malaysia's Sabah has exported its first batch of EUDR (European Union Deforestation Regulation)-compliant plywood to Poland. And according to Sabah Forestry Department (SFD) chief forest conservator Datuk Fred Kugan, Sabah is preparing to enhance its Timber Legality Assurance System (TLAS) and fully integrate EUDR requirements by February next year. On 15 October, a Ghanaian official announced that the government has submitted a new Legislative Instrument (LI) to Parliament, aiming to revoke the "LI 2462" regulations that permit mining activities in some forest reserves. News from the Food and Agriculture Organization of the United Nations (FAO) says that Mexico leads Latin America in transparency of forest information, and the government has taken many actions in this regard, for example, the National Forestry Commission (CONAFOR) has made metadata, microdata and supplementary documents from its National Forest and Soil Inventory (INFyS) publicly accessible in FAO Microdata Catalog for Food and Agriculture (FAM).

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.

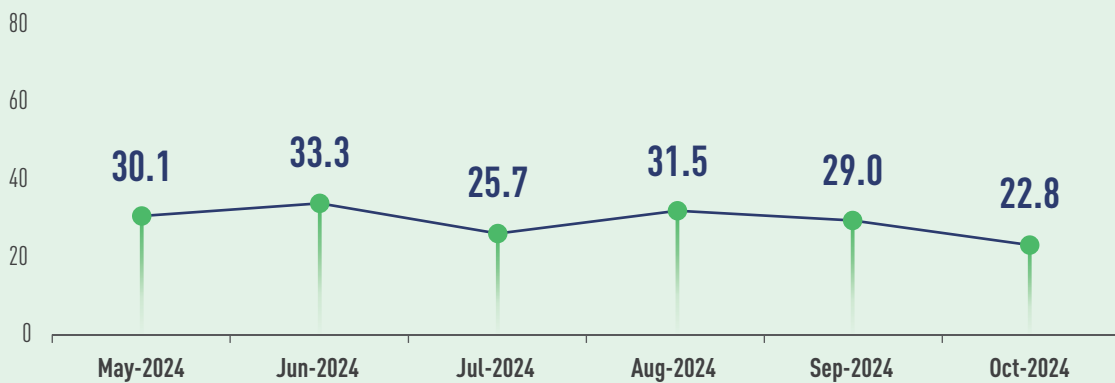


GTI-Malaysia Index in October 2024



GTI-Malaysia Comprehensive Index

Unit: %



In September 2024, Malaysia's imports (RM110.8 billion) increased by 10.9% year-on-year while exports (RM124.0 billion) decreased slightly by 0.3%. On 9-11 October, the International Greentech & Eco Products Exhibition and Conference Malaysia (IGEM) was held in Kuala Lumpur. During the event, Forest Research Institute Malaysia (FRIM) officially launched its Green Door Criteria Document. Serving as a guide for the door manufacturing industry in achieving green certification, the document focuses on reducing carbon emissions while balancing environmental, social, and governance (ESG) controls. Recently, Sabah exported its first batch of EUDR (European Union Deforestation Regulation)-compliant plywood to Poland. And according to Sabah Forestry Department (SFD) chief forest conservator Datuk Fred Kugan, Sabah is preparing to enhance its Timber Legality Assurance System (TLAS) and fully integrate EUDR requirements by February next year.

In October, the GTI-Malaysia index registered 22.8%, a decrease of 6.2 percentage points from the previous month, was below the critical value (50%) for 24 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 become more significant.

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 existing orders, and purchase price increased by 5.0-5.5 percentage points; the indexes for export orders, inventory of finished products, purchase quantity, and employees were unchanged from the previous month; and the indexes for harvesting, production, new orders, inventory of main raw materials, and delivery time declined by 5.0-28.6 percentage points.



Log Cross Cut in Tan Chee Seng Sawmill Perak, Malaysia. Photo: Khairul nizam

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

	2024.05	2024.06	2024.07	2024.08	2024.09	2024.10	MoM	Performance
Comprehensive Index	30.1	33.3	25.7	31.5	29.0	22.8	-6.2 ↓	Contract
Harvesting Index	25.0	43.8	31.3	14.3	28.6	0.0	-28.6 ↓	Contract
Production Index	27.8	33.3	11.1	27.8	27.8	22.2	-5.6 ↓	Contract
New Orders Index	25.0	35.0	25.0	35.0	30.0	25.0	-5.0 ↓	Contract
Export Orders Index	27.8	27.8	33.3	22.2	30.0	30.0	0.0	Contract
Existing Orders Index	20.0	25.0	35.0	38.9	35.0	40.0	5.0 ↑	Contract
Inventory Index of Finished Products	35.0	55.0	50.0	55.0	60.0	60.0	0.0	Expand
Purchase Quantity Index	38.9	27.8	27.8	16.7	16.7	16.7	0.0	Contract
Purchase Price Index	44.4	56.3	66.7	55.6	55.6	61.1	5.5 ↑	Expand
Inventory Index of Main Raw Materials	44.4	44.4	44.4	38.9	38.9	22.2	-16.7 ↓	Contract
Employees Index	35.0	25.0	30.0	30.0	25.0	25.0	0.0	Contract
Delivery Time Index	27.8	33.3	33.3	27.8	27.8	16.7	-11.1 ↓	Contract



Main Challenges Reported by GTI-Malaysia Enterprises

- There was a decrease in orders.
- The demand for wood was not enough.
- There were fluctuations in currency exchange rates.
- 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.
- There was a shortage of plywood demand for export, and at the same time, there was a lack of logs.
- Strong Ringgit currency versus USD was unfavorable for export market.
- Freight rates were high.

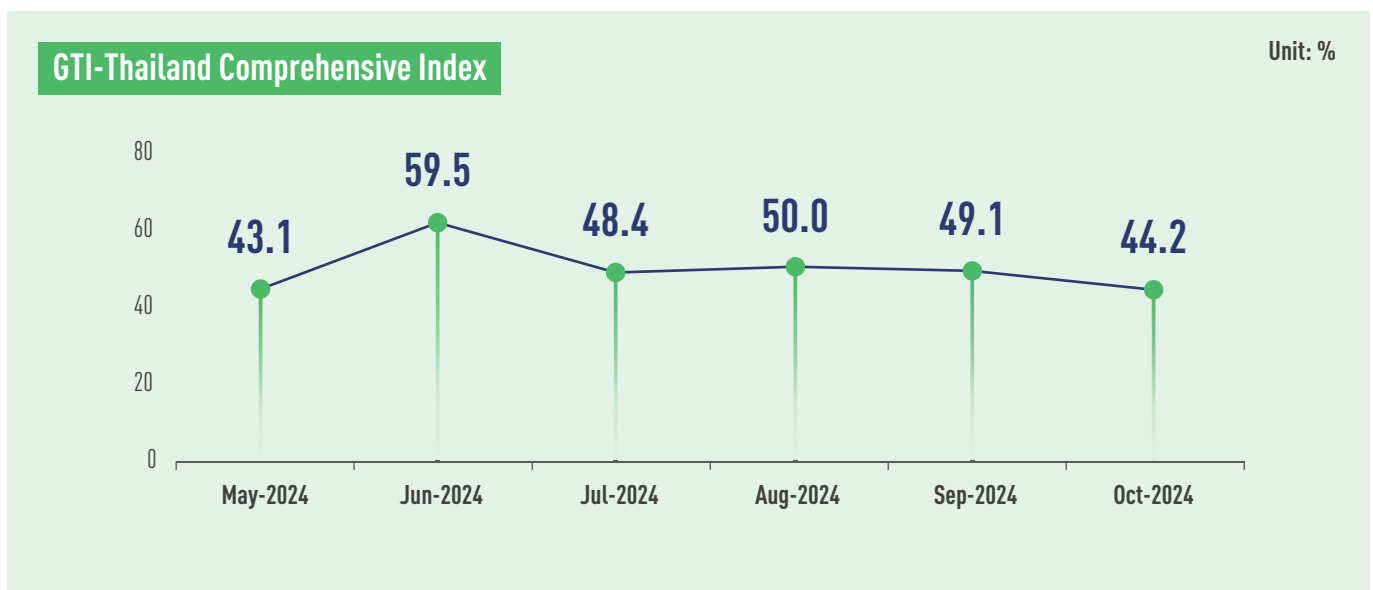


Main Suggestions from GTI-Malaysia Enterprises

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



GTI-Thailand Index in October 2024



In September, Thailand's exports hit US\$25.983 billion, and imports reached US\$25.589 billion, representing a year-on-year growth of 1.1% and 9.9%, respectively. According to a report by the Thai-Chinese Chamber of Commerce, China has been Thailand's largest trading partner for the past 12 years. In the January-August period, Thailand's exports to China stood at US\$31.805 billion, of which the exports of timber and wood products was US\$1.05 billion. Recently, due to the significant interest rate cuts by the US Federal Reserve, the US dollar has depreciated, and the Thai baht has continued to appreciate with a noticeable increase, posing challenges to Thailand's exports. As a result, the Thai Chamber of Commerce and some other agencies called on the government to take urgent measures to curb the rapid appreciation of the baht. On 16 October, the Bank of Thailand's Monetary Policy Committee approved a resolution to lower the policy interest rate by 0.25%, thus reducing the annual interest rate from 2.50% to 2.25%, marking the first interest rate cut by the Thai central bank since May 2020. In an effort to revitalize the real estate sector, the Thai government had planned to introduce a low-interest loan program totaling 55 billion baht (approximately US\$1.66 billion). On 17 October, a Treasury official stated that this new plan will be submitted for Cabinet approval. If implemented, it may stimulate the development of infrastructure and construction materials industries.

In October, the GTI-Thailand index registered 44.2%, a decrease of 4.9 percentage points from the previous month, was below the critical value (50%) for 2 consecutive months, indicating that the business prosperity of the superior timber enterprises represented by the GTI-Thailand index shrank from last month, and the degree of contraction rose a little.

As for the eleven sub-indexes, the purchase price index was above the critical value of 50%, the production index was at the critical value, while the remaining nine indexes (harvesting, new orders, export orders, existing orders, inventory of finished products, purchase quantity, inventory of main raw materials, employees, and delivery time) were all below the critical value. Compared to the previous month, the indexes for production and purchase price increased by 0.9-3.1 percentage point(s), and the indexes for harvesting, new orders, export orders, existing orders, inventory of finished products, purchase quantity, inventory of main raw materials, employees, and delivery time declined by 0.9-20.8 percentage point(s).

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

	2024.05	2024.06	2024.07	2024.08	2024.09	2024.10	MoM	Performance
Comprehensive Index	43.1	59.5	48.4	50.0	49.1	44.2	-4.9 ↓	Contract
Harvesting Index	37.5	56.3	50.0	55.6	41.7	33.3	-8.4 ↓	Contract
Production Index	41.7	63.6	46.4	50.0	46.9	50.0	3.1 ↑	Stable
New Orders Index	50.0	70.8	46.9	61.5	58.8	46.2	-12.6 ↓	Contract
Export Orders Index	57.1	70.0	50.0	57.1	38.9	30.0	-8.9 ↓	Contract
Existing Orders Index	46.2	66.7	65.6	53.8	55.9	38.5	-17.4 ↓	Contract
Inventory Index of Finished Products	38.5	41.7	34.4	34.6	35.3	23.1	-12.2 ↓	Contract
Purchase Quantity Index	45.8	63.6	42.3	61.5	50.0	29.2	-20.8 ↓	Contract
Purchase Price Index	61.5	54.2	53.6	53.8	53.3	54.2	0.9 ↑	Expand
Inventory Index of Main Raw Materials	26.9	41.7	36.7	23.1	32.4	23.1	-9.3 ↓	Contract
Employees Index	46.2	50.0	53.1	46.2	47.1	46.2	-0.9 ↓	Contract
Delivery Time Index	38.5	54.2	56.3	50.0	47.1	42.3	-4.8 ↓	Contract



Main Challenges Reported by GTI-Thailand Enterprises

- The market competition was fierce.
- The document processing was slow.
- It was hard to handle the inventory of wood chips.
- Heavy rains affected the production.
- The economy was slowing down, and customer requested product discount.
- The economic condition of the domestic market was poor.
- Customer orders decreased due to the large amount of housing stock in the market.

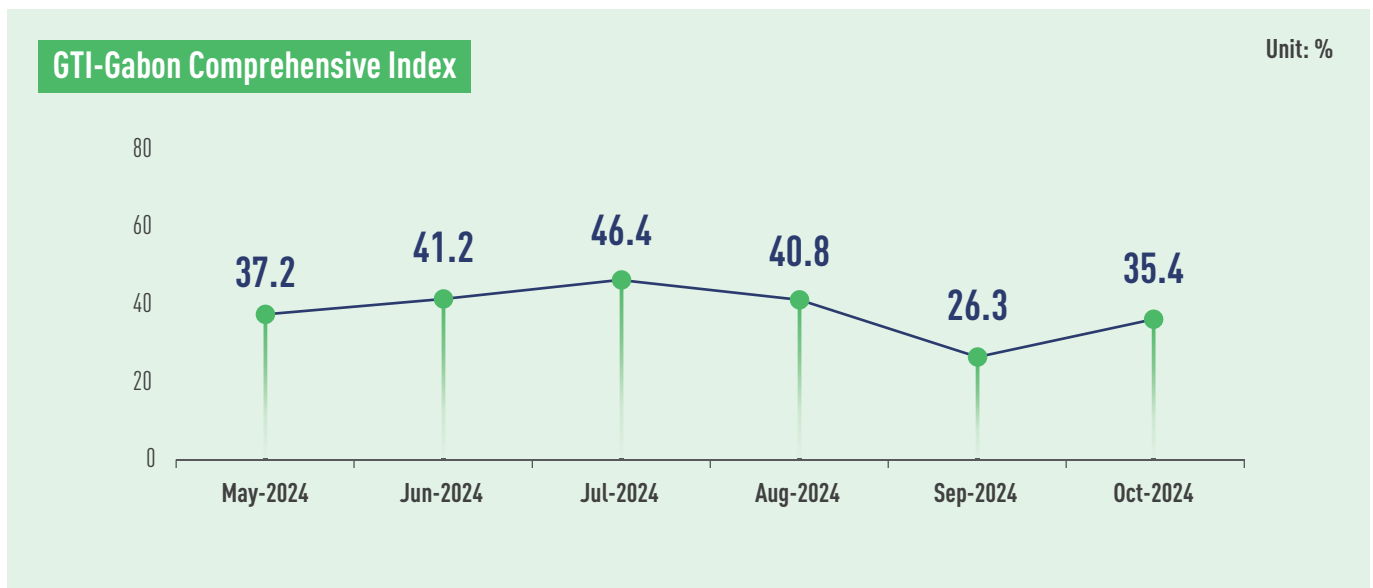


Main Suggestions from GTI-Thailand Enterprises

- Change product types.
- Look for new buyers.
- Conduct more online sales.
- Suggest that the government amend relevant regulations.
- The government should have a way to stimulate the economy in the real estate sector.
- Buy and sell with cash, so as to reduce credit limit.
- Promote the planting of fast-growing trees so that they can be used more widely.



GTI-Gabon Index in October 2024



In October, the Mo Ibrahim Foundation released the 2024 Ibrahim Index of African Governance (IIAG 2024), which shows that Gabon's overall governance ranks 32nd out of 54 African countries, and the country has achieved positive results in gender equality and environmental sustainability. On 7 October, the World Bank released Gabon Economic Update 2024 titled "Designing Fiscal Policies for Sustainable Forestry". The report highlights strong potential for future growth in the country's forestry sector. The wood industry has become a major economic player as the first source of formal private jobs representing 3.2% of GDP and 6% of exports in 2023. The report also says that ongoing reforms such as revising the forestry code and implementing a digital wood traceability system are significant steps toward combating illegal logging. On 23 October, the groundbreaking ceremony for the building of Gabon's National Wood Traceability System (SNTBG) was held in Libreville. The building will be constructed within the Ministry of Water and Forests and will consist of five strategic offices (Forestry, Business, Litigation, Information Technology, and Law Enforcement).

In October, the GTI-Gabon index registered 35.4%, an increase of 9.1 percentage points from the previous month, was below the critical value (50%) for

15 consecutive months, indicating that the business prosperity of the superior timber enterprises represented by the GTI-Gabon index shrank from last month, however, the contraction eased.

As for the eleven sub-indexes, the index for purchase price was above the critical value of 50%, the indexes for production, and inventory of main raw materials were at the critical value, while the remaining eight indexes (harvesting, new orders, export orders, existing orders, inventory of finished products, purchase quantity, employees, and delivery time) were all below the critical value. Compared to the previous month, the indexes for harvesting, production, new orders, export orders, existing orders, inventory of finished products, purchase price, inventory of main raw materials, and delivery time increased by 0.4-23.1 percentage point(s), and the indexes for purchase quantity, and employees declined by 1.3-5.0 percentage points.

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

	2024.05	2024.06	2024.07	2024.08	2024.09	2024.10	MoM	Performance
Comprehensive Index	37.2	41.2	46.4	40.8	26.3	35.4	9.1 ↑	Contract
Harvesting Index	50.0	50.0	56.7	53.8	23.3	25.0	1.7 ↑	Contract
Production Index	37.5	34.6	60.7	45.8	26.9	50.0	23.1 ↑	Stable
New Orders Index	33.3	36.7	43.3	34.6	18.8	26.9	8.1 ↑	Contract
Export Orders Index	34.6	27.3	40.9	36.4	25.0	31.3	6.3 ↑	Contract
Existing Orders Index	36.7	33.3	43.3	38.5	21.9	34.6	12.7 ↑	Contract
Inventory Index of Finished Products	43.3	60.0	56.7	53.8	25.0	34.6	9.6 ↑	Contract
Purchase Quantity Index	43.8	50.0	50.0	45.5	34.6	33.3	-1.3 ↓	Contract
Purchase Price Index	50.0	50.0	37.5	38.9	38.5	55.6	17.1 ↑	Expand
Inventory Index of Main Raw Materials	50.0	55.0	45.8	45.0	30.8	50.0	19.2 ↑	Stable
Employees Index	33.3	40.0	33.3	42.3	28.1	23.1	-5.0 ↓	Contract
Delivery Time Index	40.9	53.6	46.4	40.0	34.6	35.0	0.4 ↑	Contract



Main Challenges Reported by GTI-Gabon Enterprises

- There were difficulties in transporting by railway.
- The supply of logs was a problem.
- There were continuous heavy rains.
- Costs related to customs were high.
- There was a lack of new markets.
- There was a delay in reply from administrative departments.
- Orders decreased and payments were delayed.
- There was a lack of orders and technical workers.

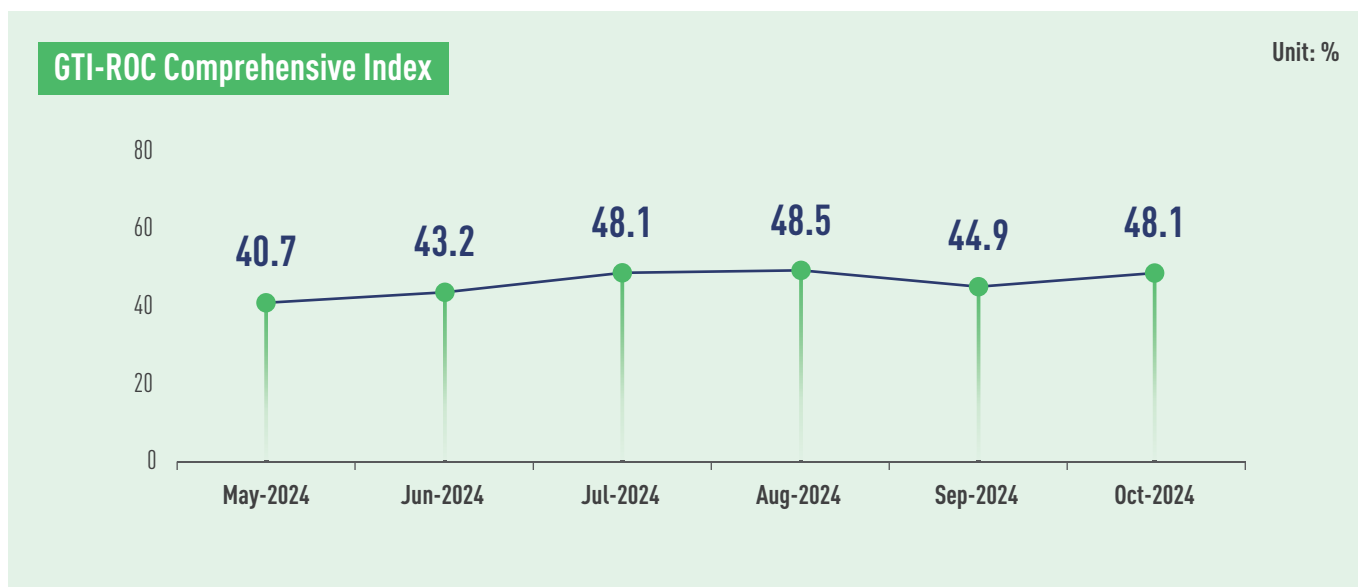


Main Suggestions from GTI-Gabon Enterprises

- Improve road conditions.
- Obtain certification.
- Wait for market recovery.
- Adjust production according to customer needs.
- Increase the number of employees and purchase at a lower cost.
- Suggest that the transitional Government (CTRI) pay special attention to Gabon's timber market.
- Suggest that administrative departments enhance communication with enterprises.
- Promote the flow of forest products and establish timber unloading areas in various provinces.



GTI-ROC Index in October 2024



The effects of the log export ban implemented by the Republic of the Congo (ROC) since 1 January 2023 have already become evident. In the first half of 2024, the tropical log imports of the 27 EU countries decreased by 63% to 20,000 m³ (compared to the same period in 2023), mainly due to a 91% reduction from ROC. On 16 October, the government of ROC announced that due to budget cuts, the country's ministers and other officials will not be allowed to travel abroad on state funds until the end of the year, however, an exception is made for missions involving the president of the republic. In 2010, the Republic of the Congo and the EU signed a Voluntary Partnership Agreement (VPA) on Forest Law Enforcement, Governance and Trade (FLEGT), and recently, the two parties held the 19th Joint Implementation Committee (JIC) meeting to assess the implementation of the VPA. For the implementation of the timber legality verification system, the new 2024-2028 roadmap envisions reinforced coordination and monitoring mechanisms. Therefore, the Joint Committee hopes to maintain the investment budget for deploying the timber legality verification system at 220 million CFA francs. And according to news from ROC's Ministry of Forest Economy on 9 October, the UK intends to strengthen its support for ROC's forest governance reforms, so as to enable the country to meet international market expectations for legal and sustainable timber supply.

In October, the GTI-ROC index registered 48.1%, an increase of 3.2 percentage points from the previous month, was below the critical value (50%) for 24 consecutive months, indicating that the business prosperity of the superior timber enterprises represented by the GTI-ROC index shrank from last month, however, the contraction had eased, and the timber market was showing signs of stabilization on both supply and demand sides.

As for the eleven sub-indexes, seven indexes (production, export orders, existing orders, purchase quantity, purchase price, inventory of main raw materials, and delivery time) were at the critical value of 50%, and four indexes (harvesting, new orders, inventory of finished products, and employees) were below the critical value. Compared to the previous month, the indexes for production, export orders, existing orders, inventory of finished products, purchase price, and employees increased by 3.7-16.7 percentage points; the indexes for purchase quantity, inventory of main raw materials, and delivery time were unchanged from the previous month; and the indexes for harvesting, and new orders declined by 0.3-0.5 percentage point.

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

	2024.05	2024.06	2024.07	2024.08	2024.09	2024.10	MoM	Performance
Comprehensive Index	40.7	43.2	48.1	48.5	44.9	48.1	3.2 ↑	Contract
Harvesting Index	40.6	50.0	45.7	50.0	45.5	45.0	-0.5 ↓	Contract
Production Index	39.3	50.0	50.0	46.2	45.5	50.0	4.5 ↑	Stable
New Orders Index	34.1	47.6	50.0	38.6	48.0	47.7	-0.3 ↓	Contract
Export Orders Index	43.3	50.0	45.8	40.0	42.9	50.0	7.1 ↑	Stable
Existing Orders Index	38.6	47.6	44.0	45.5	44.0	50.0	6.0 ↑	Stable
Inventory Index of Finished Products	40.9	45.2	50.0	43.2	44.0	47.7	3.7 ↑	Contract
Purchase Quantity Index	40.0	66.7	58.3	50.0	50.0	50.0	0.0	Stable
Purchase Price Index	50.0	50.0	44.4	66.7	33.3	50.0	16.7 ↑	Stable
Inventory Index of Main Raw Materials	40.0	25.0	50.0	50.0	50.0	50.0	0.0	Stable
Employees Index	38.6	38.1	48.0	36.4	44.0	45.5	1.5 ↑	Contract
Delivery Time Index	42.3	50.0	47.6	50.0	50.0	50.0	0.0	Stable



Main Challenges Reported by GTI-ROC Enterprises

- Conditions of roads were poor and the logistics was not smooth.
- Some enterprises faced cash flow problems.
- Rains had restricted production and operations.
- Fuel supply was insufficient for the production.



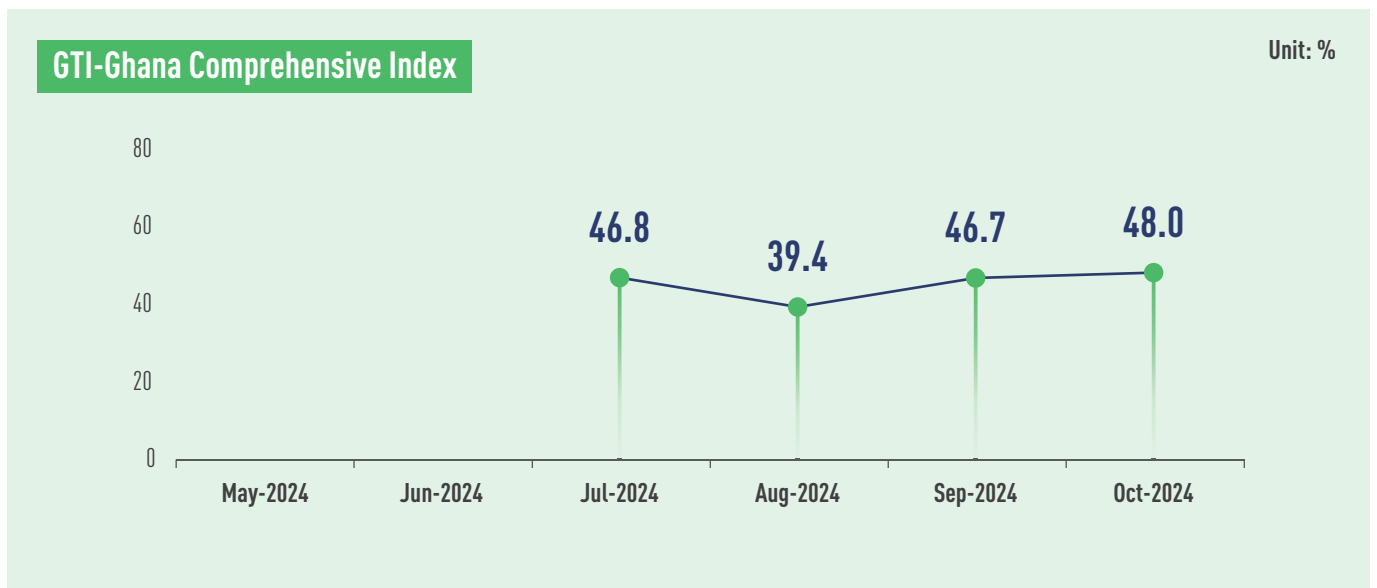
Main Suggestions from GTI-ROC Enterprises

- Ensure fuel supply.
- Adjust operations according to the weather.
- Improve road conditions to increase logistics speed.



GTI-Ghana Report

GTI-Ghana Index in October 2024



In October, the Ghanaian cedi depreciated by 3.95% against the US dollar, taking its year-to-date depreciation to nearly 29%. To alleviate the pressure of currency devaluation, the Bank of Ghana signaled it would resume daily intervention on the spot market. At the end of October, many Ghanaian media outlets reported that the World Bank signed an agreement with Ghana's Ministry of Finance to provide US\$260 million for strengthening Ghana's electricity infrastructure. The agreement, comprising a US\$250 million credit and a US\$10 million grant, marks the country's first energy sector partnership with the World Bank in over two decades. The British Broadcasting Corporation (BBC) reported on 20 October that there are widespread illegal mining activities in some parts of Ghana, along with the frequent use of mercury and other chemicals for extracting gold, leading to severe land degradation and river pollution. Data from the Forestry Commission of Ghana shows that an estimated 4,726 hectares of land have been destroyed in seven of the country's 16 regions, and 34 of its 288 forest reserves, due to illegal mining. On 15 October, a Ghanaian official announced that the government had submitted a new Legislative Instrument (LI) to Parliament, aiming to revoke the "LI 2462" regulations that permit mining activities in some forest reserves.

In October, the GTI-Ghana index registered 48.0%, an increase of 1.3 percentage points from the previous month, was below the critical value (50%) for 4 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 eased a little.

As for the eleven sub-indexes, two indexes (purchase price, and delivery time) were above the critical value of 50%, one index (inventory of finished products) was at the critical value, while the remaining eight indexes were all below the critical value. Compared to the previous month, six indexes (export orders, purchase quantity, purchase price, inventory of main raw materials, employees, and delivery time) increased by 3.9-15.7 percentage points, and five indexes (harvesting, production, new orders, existing orders, and inventory of finished products) declined by 0.2-13.0 percentage point(s).

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

	2024.07	2024.08	2024.09	2024.10	MoM	Performance
Comprehensive Index	46.8	39.4	46.7	48.0	1.3 ↑	Contract
Harvesting Index	46.9	31.0	50.0	44.0	-6.0 ↓	Contract
Production Index	42.1	33.3	47.8	43.1	-4.7 ↓	Contract
New Orders Index	32.5	43.8	43.5	43.3	-0.2 ↓	Contract
Export Orders Index	38.2	31.0	36.8	40.7	3.9 ↑	Contract
Existing Orders Index	35.0	45.8	45.7	36.7	-9.0 ↓	Contract
Inventory Index of Finished Products	35.0	37.5	63.0	50.0	-13.0 ↓	Stable
Purchase Quantity Index	36.8	40.5	37.5	44.4	6.9 ↑	Contract
Purchase Price Index	81.6	85.0	76.2	82.7	6.5 ↑	Expand
Inventory Index of Main Raw Materials	39.5	34.8	36.8	42.6	5.8 ↑	Contract
Employees Index	42.5	41.7	32.6	48.3	15.7 ↑	Contract
Delivery Time Index	55.3	39.6	47.8	53.3	5.5 ↑	Expand



Main Challenges Reported by GTI-Ghana Enterprises

- Orders were not enough for enterprises.
- Foreign currency transfer was inconvenient.
- The costs of raw materials were high.
- The area of forest reserves was not enough.
- There were delays in processing of custom documents.
- The prices of logs and other raw materials rose.
- Frequent breakdown of logging equipment or haulage trucks was a problem.
- There was a shortage of raw materials due to poor road conditions.
- The costs of electricity, fuel and vehicle spare parts were high.
- Frequent power outages, bad road networks, and high production costs posed challenges.

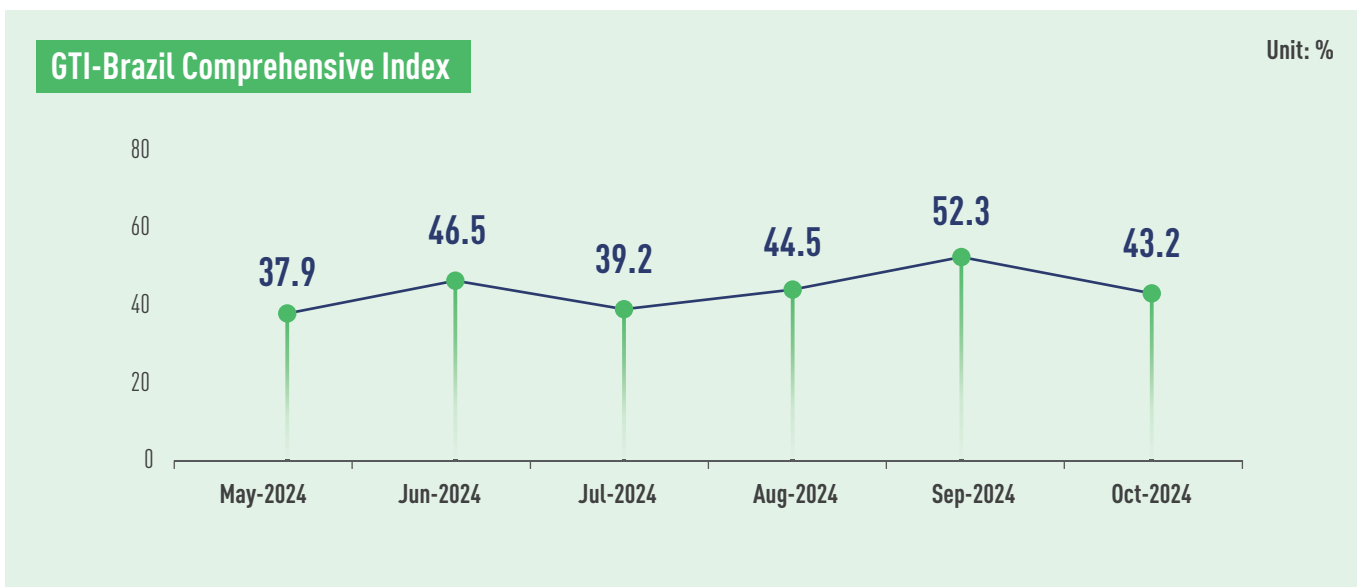


Main Suggestions from GTI-Ghana Enterprises

- Electricity tariffs must be reduced.
- Access to funds for purchasing new equipment.
- A green energy power supply system may be helpful.
- Access to foreign currency to import genuine spare parts from abroad.
- Regulatory agencies and customs should adopt electronic processes and documentation.
- Invest funds in new logging and transport equipment.
- Implement a price control mechanism that takes into account the rise in raw material prices.
- Enterprises may be funded to purchase generator sets.
- Suggest that the Government enhance support for forestry enterprises by providing financial subsidies and tax exemptions.



GTI-Brazil Index in October 2024



Data from the Brazilian Ministry of Development, Industry, Trade and Services (MDIC) shows that in September this year, Brazil's exports amounted to US\$28.789 billion, and imports reached US\$23.426 billion, representing a year-on-year growth of 0.3% and 19.9%, respectively, and resulting in a trade surplus of US\$5.363 billion which narrowed by 41.6%. During the same period, Brazilian exports of wood-based products (except pulp and paper) increased by 20.0% to US\$313.5 million. Specifically, tropical sawnwood exports declined by 2.0%, while exports of tropical plywood and wood furniture increased by 33% and 8%, respectively. Recently, President Lula issued a provisional measure imposing a 15-percent minimum tax on the profits of large multinational corporations operating in Brazil. And news from Brazilian media said that the new tax will apply to about 290 multinational groups with annual revenues exceeding US\$822 million. Due to rainfall levels below the historical average, the entire Amazon had been under a severe drought, with water levels of several rivers hitting historical lows. The persistent drought had also led to frequent fires. From January to September 2024, Brazil had 22.38 million hectares burned by the outbreaks of fire that spread throughout the country, MapBiomias reported on 11 October. The total

is 150 percent higher than in the same period of 2023, and native vegetation (mainly forest formations) accounts for 73 percent of the burned area.

In October, the GTI-Brazil index registered 43.2%, a decrease of 9.1 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 contracted from last month.

As for the eleven sub-indexes, ten indexes (harvesting, production, new orders, export orders, existing orders, purchase quantity, purchase price, inventory of main raw materials, employees, and delivery time) were below the critical value of 50%, while one index (inventory of finished products) was above the critical value. Compared to the previous month, three indexes (harvesting, inventory of finished products, and delivery time) increased by 1.9-3.5 percentage points, and eight indexes (production, new orders, export orders, existing orders, purchase quantity, purchase price, inventory of main raw materials, and employees) declined by 0.6-19.2 percentage point(s).

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



	2024.05	2024.06	2024.07	2024.08	2024.09	2024.10	MoM	Performance
Comprehensive Index	37.9	46.5	39.2	44.5	52.3	43.2	-9.1 ↓	Contract
Harvesting Index	36.4	36.4	43.8	50.0	41.7	45.0	3.3 ↑	Contract
Production Index	38.5	57.1	38.9	40.0	53.8	34.6	-19.2 ↓	Contract
New Orders Index	28.6	43.3	45.0	31.8	53.6	46.2	-7.4 ↓	Contract
Export Orders Index	50.0	50.0	33.3	27.3	42.3	41.7	-0.6 ↓	Contract
Existing Orders Index	25.0	30.0	35.0	54.5	50.0	46.2	-3.8 ↓	Contract
Inventory Index of Finished Products	25.0	36.7	40.0	59.1	75.0	76.9	1.9 ↑	Expand
Purchase Quantity Index	27.3	26.9	31.3	60.0	50.0	37.5	-12.5 ↓	Contract
Purchase Price Index	40.9	38.5	43.8	60.0	54.2	45.8	-8.4 ↓	Contract
Inventory Index of Main Raw Materials	20.8	23.1	33.3	65.0	50.0	45.8	-4.2 ↓	Contract
Employees Index	53.6	50.0	40.0	54.5	57.1	46.2	-10.9 ↓	Contract
Delivery Time Index	45.8	46.2	31.3	50.0	42.3	45.8	3.5 ↑	Contract



Outdoor Patio in Belem, Brazil. Photo: Fernanda Tocantins



Outdoor Patio in Belem, Brazil. Photo: Fernanda Tocantins



Brief on Brazilian Timber Industry



The timber market in Brazil remains stable, but there are expectations for a potential export recovery, depending on the dollar's stabilization. This situation creates some caution among producers, who are hesitant to sell now due to expectations of future appreciation.

The supply of Pine and Eucalyptus logs ranges from scarce to moderate in various regions of Brazil, especially in the South and Northeast. Demand, however, remains high, putting pressure on prices and prompting some producers to consider new plantations to meet the domestic market.

The sawnwood and treated wood market in Brazil is also facing supply challenges, especially for Eucalyptus, with demand expected to continue growing. The stability in demand over recent months may shift toward a scenario of gradual increase in the coming months.

The supply of byproducts, such as wood chips and shavings has decreased, while demand continues to grow, reflecting increased biomass consumption for energy. This scenario may lead to price adjustments, particularly if energy demand remains high in the coming months.

The delays by IBAMA (Brazilian Institute of Environment and Renewable Natural Resources) in issuing LPCOs (Licenses for Products and By-products of Native Forest Origin) have become a significant concern for Brazil's forest sector. These licenses are mandatory for the export of wood and other native forest products, ensuring compliance with environmental regulations and sustainable forest management practices. The impacts on the forest sector includes economic losses, reduced competitiveness, operational disruptions and sectoral frustration.

Companies face challenges in planning production and logistics due to uncertainty around licensing timelines. Exporters and associations in the forestry sector have expressed concerns over inefficiencies, urging for reforms to streamline the process.

Information provided by GTI-Brazil Focal Point



Cumaru Production Factory in Belem, Brazil. Photo: Fernanda Tocantins



Planer in Belem, Brazil. Photo: Fernanda Tocantins



Main Challenges Reported by GTI-Brazil Enterprises

- Workers lacked commitment and absenteeism was severe.
- Start of the rainy season slowed down some harvesting operation.
- There was a lack of continued supply of raw materials.
- Logistics was a problem and maritime freight costs were high.
- IBAMA (Brazilian Institute for the Environment and Renewable Natural Resources) took too long to release exports.
- Problems with specific machinery led to delays in production schedules.
- Some enterprises reported problems with the shipment of timber at the Port of Paranaguá, in the state of Paraná, as they were unable to secure loading slots for the ships.
- There were delays in the release of documentation by environmental agencies.
- The entry of Ipê and Cumaru into CITES Appendix II posed challenges.
- Order cancellations were a problem. With significant delays at Brazilian ports (30-40-50 days), clients no longer wanted to receive shipments in December, leading to many cancellations and price revisions.

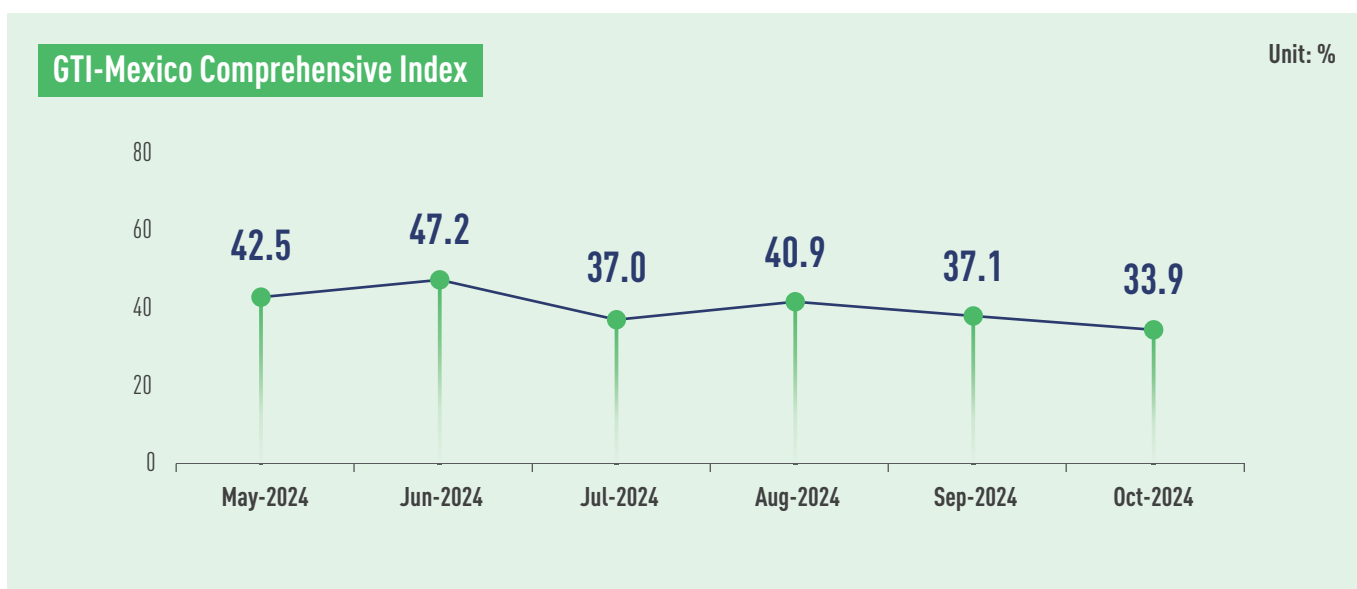


Main Suggestions from GTI-Brazil Enterprises

- Industrialize the production chain.
- Modernize IBAMA's procedures.
- Speed up the release of documentation by environmental agencies.
- Invest in training and seek institutional incentive programs for workers.
- Seek improvements in the monitoring of spare parts and conduct preventive maintenance.
- Logistical investment in the country and reduction of maritime freight costs are needed.
- Increase control over container terminal concessionaires.
- Start operating dry port in Cuiabá municipality, in the state of Mato Grosso, in the Amazon region.
- Expect the operation of the port of Itajai, in the state of Santa Catarina, to reduce backlogs at ports.



GTI-Mexico Index in October 2024



Data released by National Institute of Statistics and Geography of Mexico (INEGI) shows that the country’s exports in September stood at US\$49.62 billion, while imports hit US\$50.2 billion, resulting in a trade deficit of US\$579 million. According to official port statistics, overall box traffic in Mexico was up 14.8% in the first eight months of the year, over the same period in 2023. At Lazaro Cardenas, container throughput surged 28.7% in the January-September period. The increase in traffic has strained capacity at Mexico’s seafreight gateways and pushed average import container dwell time to 11 days, well beyond the seven-day grace period before storage charges kick in. News from the Food and Agriculture Organization of the United Nations (FAO) says that Mexico leads Latin America in transparency of forest information, and the government has taken many actions in this regard, for example, the National Forestry Commission (CONAFOR) has made metadata, microdata and supplementary documents from its National Forest and Soil Inventory (INFyS) publicly accessible in FAO Microdata Catalog for Food and Agriculture (FAM). To implement President Sheinbaum’s plan to build one million homes during her administration, Mexico is expected to invest MX\$600 billion (US\$30.8 billion), with most homes built in

the southern region (around 325,000 homes), and the initiative is expected to stimulate the growth of Mexico’s timber sector.

In October, the GTI-Mexico index registered 33.9%, a decrease of 3.2 percentage points from the previous month, was below the critical value (50%) for 24 consecutive months, indicating that the business prosperity of the superior timber enterprises represented by the GTI-Mexico index shrank from last month, and the degree of contraction rose.

As for the eleven sub-indexes, the purchase price index was above the critical value of 50% and the purchase quantity index was at the critical value, while the remaining nine indexes were all below the critical value. Compared to the previous month, four indexes (new orders, purchase quantity, purchase price, and delivery time) increased by 1.2-6.1 percentage points; one index (export orders) was unchanged from the previous month; and six indexes (harvesting, production, existing orders, inventory of finished products, inventory of main raw materials, and employees) declined by 3.8-18.8 percentage points.

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



	2024.05	2024.06	2024.07	2024.08	2024.09	2024.10	MoM	Performance
Comprehensive Index	42.5	47.2	37.0	40.9	37.1	33.9	-3.2 ↓	Contract
Harvesting Index	44.2	43.2	33.3	38.5	39.5	33.3	-6.2 ↓	Contract
Production Index	38.6	44.1	35.7	34.1	41.7	29.4	-12.3 ↓	Contract
New Orders Index	38.5	52.3	35.4	42.6	28.9	33.3	4.4 ↑	Contract
Export Orders Index	33.3	30.0	40.0	40.0	33.3	33.3	0.0	Contract
Existing Orders Index	38.5	43.2	37.5	37.0	44.7	31.0	-13.7 ↓	Contract
Inventory Index of Finished Products	44.2	50.0	45.8	44.4	47.4	28.6	-18.8 ↓	Contract
Purchase Quantity Index	36.1	43.3	40.0	41.2	46.2	50.0	3.8 ↑	Stable
Purchase Price Index	50.0	50.0	56.7	57.9	66.7	67.9	1.2 ↑	Expand
Inventory Index of Main Raw Materials	44.4	43.3	42.5	47.2	46.2	30.0	-16.2 ↓	Contract
Employees Index	48.1	50.0	33.3	42.6	39.5	35.7	-3.8 ↓	Contract
Delivery Time Index	48.1	40.9	43.8	42.6	36.8	42.9	6.1 ↑	Contract



Wood Pile in Mexico. Photo: Forestal Salto de Camellones



Open air drying of wood in Mexico. Photo: Industria Forestal Pueblos Mancomunados



Brief on Mexican Timber Industry



The present report displays economic information on Mexico's Timber Market for the month of September. The information written in this report is obtained by Mexico's National Forest Commission (CONAFOR) through the Timber Pricing System (abbreviated SIPRE in Spanish).

The Timber Pricing System is a tool through which the National Forest Commission obtains referential prices for wood and non-wooden products in temperate and tropical climates. Prices are obtained for sixteen states and are reported at a regional level.

Timber prices (\$ USD) for Melina (*Gmelina arborea* Roxb) and Teak (*Tectona grandis* L.)

Melina and Teak are tropical species native to the Southeastern region of Asia. These species were introduced into Mexico's southeastern states during the late 90s; early 2000s do to their high growth rates and high commercial timber value. Melina and Teak are used to produce wooden boards, plywood, veneer, wooden sleepers, boat decks and furniture.

Roundwood prices as well as standing timber prices are reported for Melina and Teak (\$ USD/ m³). Timber prices are reported at the exchange rate of 19.3725 Mexican pesos established on September 23th by the Bank of Mexico (Table 1).

Table 1. Roundwood prices and standing timber prices (\$ USD/ m³) for Melina and Teak.

Specie	Long Dimensional Boards	Standing Timber
	Price sold at forest path	
Melina	80.87	44.74
Teak	161.76	98.08

Sawn wood prices (\$ USD/board foot) are also reported for Melina and Teak in tropical regions of Mexico for long dimensional and short dimensional sawn wood products (Table 2).

Table 2. Sawn wood prices (\$USD/ board foot) reported for Melina and Teak.

Specie	Long Dimensional Boards		Short Dimensional Boards
	Selected (Quality)	Mil run	
Melina	n/d ¹	1.07	n/d ¹
Teak	3.07	3.03	1.18

¹ Price not reported



Main Challenges Reported by GTI-Mexico Enterprises

- The electrical power supply was unstable.
- The forest roads were in poor condition.
- The entry of imported wood products was unregulated.
- The supply of raw materials was insufficient due to the rains.
- Rains led to slow field operations for the harvesting process.
- Forestry procedures were slow, and response was not timely.
- The prices of raw materials rose, while it was difficult to increase the selling prices of products.



Main Suggestions from GTI-Mexico Enterprises

- Make a common front to unify the prices of wood products.
- Invest in roads and machinery for logging and transport.
- Prohibit the entry of forest products from other countries without tariffs.
- Regulate imports and apply tariffs on timber imports.
- Increase investment to enhance capacity in times of drought.
- Seek out new customers and strengthen relationships with current customers.
- Concentrate filed operations in the first seven months of the year and fix forest roads.



Wood Thinning in Mexico. Photo: Santa Genoveva



Roundwood pile in Mexico. Photo: Forestal Salto de Camellones



GTI-China Index in October 2024



On 25 October, the China Securities Regulatory Commission approved the registration of log futures and options on the Dalian Commodity Exchange. Many industry insiders said that the launch of log futures is of great significance, as it can provide the market with authentic, effective, continuous, and authoritative prices, serving as an important reference for import and processing enterprises. Statistics shows that China's total wood imports in September reached 5.07 million cubic meters, up 0.5% compared to August. Specifically, the import volume of logs increased by 3% month-on-month, reaching 2.88 million cubic meters in September, while the import volume of sawnwood decreased by 2% to 2.2 million cubic meters. It is worth noting that since July, the unit price of imported logs had declined for three consecutive months. In terms of logistics, the shipping giant Maersk announced that starting from 1 October, the peak season surcharge (PSS) for routes from mainland China and Hong Kong to destinations such as Ghana, the Republic of the Congo, and Gabon would be increased, and the new charging standard was set at US\$1,000 per twenty-foot equivalent unit (TEU). On 11 October, the European Commission announced that it decided to initiate an anti-dumping proceeding concerning imports of hardwood plywood originating in China, and the product subject to this investigation is plywood consisting solely of sheets of wood other than bamboo and okoumé, each ply not exceeding 6 mm thickness, with at least one outer ply of tropical wood or non-coniferous wood, of species specified under subheadings 4412 31, 4412 33 and 4412 34.

In October, the GTI-China index registered 50.9%, a decrease of 3.3 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 the previous month. This month, China's timber sector maintained upward momentum, and an uptick in both production and new orders was observed.

As for the eleven sub-indexes, five indexes (production, new orders, purchase quantity, inventory of main raw materials, and delivery time) were above the critical value of 50%, the export orders index was at the critical value, while the remaining five indexes (existing orders, inventory of finished products, import, purchase price, and employees) were all below the critical value. Compared to the previous month, the indexes for existing orders, purchase price, inventory of main raw materials, and employees increased by 2.5-9.5 percentage points, and the indexes for production, new orders, export orders, inventory of finished products, purchase quantity, import, and delivery time declined by 1.6-8.1 percentage points.

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

	2024.05	2024.06	2024.07	2024.08	2024.09	2024.10	MoM	Performance
Comprehensive Index	42.2	46.7	43.5	43.1	54.2	50.9	-3.3 ↓	Expand
Production Index	40.2	48.2	40.7	40.1	59.3	52.3	-7.0 ↓	Expand
New Orders Index	35.4	44.6	38.6	38.6	59.3	51.2	-8.1 ↓	Expand
Export Orders Index	39.7	50.0	45.8	43.0	51.9	50.0	-1.9 ↓	Stable
Existing Orders Index	39.0	39.8	42.1	43.0	42.6	45.7	3.1 ↑	Contract
Inventory Index of Finished Products	53.7	54.8	55.0	49.3	50.0	48.4	-1.6 ↓	Contract
Purchase Quantity Index	35.4	43.4	43.6	44.1	61.1	56.3	-4.8 ↓	Expand
Purchase Price Index	48.8	49.4	41.4	46.0	38.9	48.4	9.5 ↑	Contract
Import Index	45.2	47.0	50.0	46.9	53.7	47.6	-6.1 ↓	Contract
Inventory Index of Main Raw Materials	51.2	45.2	45.7	50.4	42.6	50.8	8.2 ↑	Expand
Employees Index	46.3	45.8	45.7	43.8	46.3	48.8	2.5 ↑	Contract
Delivery Time Index	47.6	50.6	53.6	51.5	53.7	50.8	-2.9 ↓	Expand

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

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

**Main Suggestions from GTI-China Enterprises**

- Broaden financing channels.
- Adjust production to avoid overcapacity.
- Expand international markets to increase orders.

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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