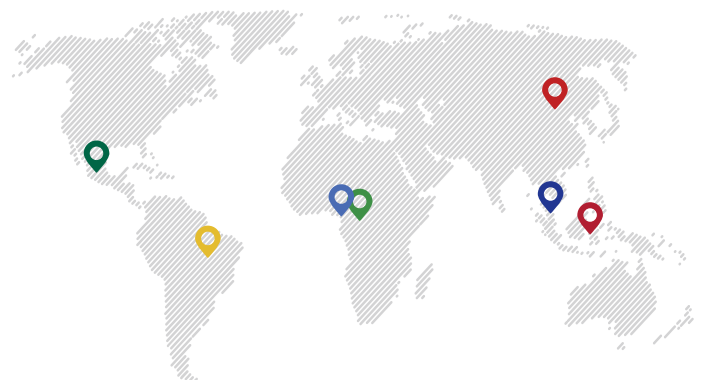


GLOBAL TIMBER INDEX GTI REPORT MONTHLY

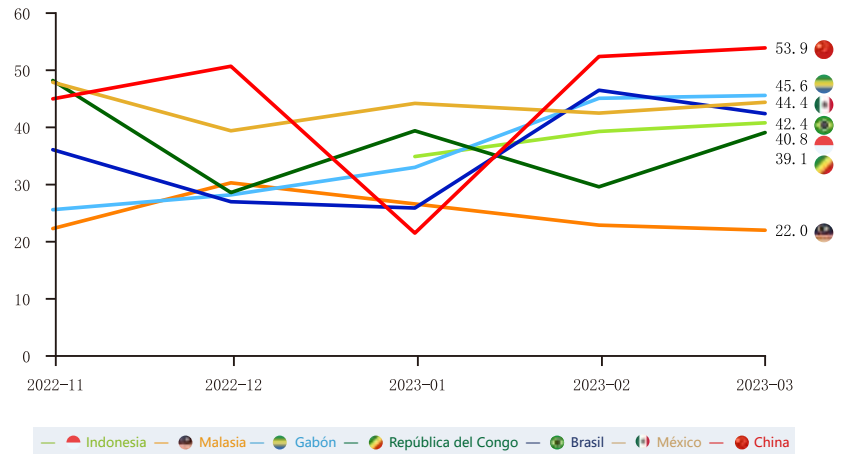
GGSC-No. 3/2023

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



Overview of the GTI Index

In March 2023, according to the Global Timber Index (GTI) Report, it showed: The international processing and trade of tropical timber was still relatively floundering and the process of market recovery was slightly slow. In March, the GTI of Indonesia, Mexico, Gabon and Republic of the Congo recorded 40.8%, 44.4%, 45.6% and 39.1% respectively, which showed that there was a continuous downward trend in the timber industry business of the four countries mentioned above, however, the decline range slowed down compared to last month. Among them, GTI-Indonesia and GTI-Gabon had been narrowing the decline range for two consecutive months, and there were certain signs of bottoming out and recovery in the timber market. GTI-Brazil and GTI-Malaysia recorded 42.4% and 22% respectively, both of which continued to decline below the 50% critical value, which showed that there was a simultaneous downturn in the supply and demand of timber markets in the two countries, which was filled with a cold trading atmosphere, with a lack of foundation for the positive trend of industry prosperity. China's GDP growth rate reached 9.7% in the first quarter, which continuously enhanced the development of



timber processing. There was a continuous increase in the order quantity and production quantity of enterprises for two consecutive months. In March, the GTI-China recorded 53.9%, which made it the only country above the critical value.

Every pilot country has been making continuous efforts to promote the development of the timber industry although there is still insufficient momentum for the resurgence of the international timber market. For example, Republic of the Congo is intended to set up two special economic zones that focus on wood processing. The Malaysian government makes great efforts to promote Malaysian brands into the international market, especially high value-added products. Indonesia takes the initiative in expanding the UK and US markets, and ten Indonesian enterprises and two British enterprises have entered into a Memorandum of Understanding for the purchase of wood products that are worth 112 million US dollars. Please see the GTI pilot country reports for the detailed data and analysis. In view of the issues the timber market is confronted with, GTI enterprises also put forward some positive suggestions. For example, GTI-Mexico enterprises propose that they should expand new customers through online trading platforms; GTI-Brazil enterprises propose that they should improve the productivity of sawmills; GTI-ROC enterprises advocate reducing local forest taxes, etc.

Acknowledgement

Thanks to the focal points from Indonesia, Malaysia, Gabon, Republic of the Congo, Brazil, Mexico, and China for their support and contribution to GTI.

Focal points:

Indonesia:

- Sustainable Forest Management of the Ministry of Environment and Forestry

Malaysia:

- Malaysian Timber Council (MTC)
- Special thanks to Ministry of Plantation Industries & Commodities (MPIC) and Sarawak Timber Association (STA)

Gabon:

- Ministry of Water and Forests, the Sea, the Environment, Responsible for the Climate Plan and Land Use-Gabon

Republic of the Congo:

- Ministère de l' Economie Forestière

Brazil:

- STCP

Mexico:

- National Forestry Commission of Mexico/Comisión Nacional Forestal (CONAFOR)

China:

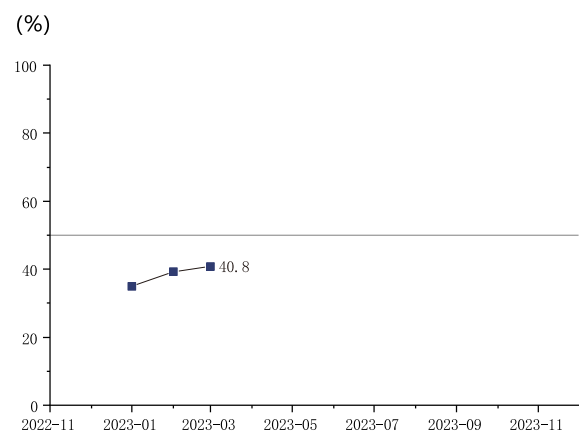
- Global Green Supply Chain Initiative (GGSC)

GTI-Indonesia Index In March 2023

In 2023, as the rotating chairman of ASEAN, Indonesia put forward three priority issues in the economic field: recovery and reconstruction, digital economy and sustainable development. According to the data released by the Statistics Indonesia, in February 2023, Indonesia's total trade imports amounted to \$15.919 billion, of which exports amounted to \$21.397 billion, with a trade surplus of \$5.478 billion. This is the 34th consecutive months since May 2020 that Indonesia has achieved a surplus and is still on the rise. In terms of timber trade, according to the Ministry of Environment and Forestry of Indonesia, the export of timber products in Indonesia reached \$14.51 billion in 2022. The most exported products were paper products (\$4.37 billion), wood pulp (\$3.73 billion), board (\$2.86 billion) and furniture (\$2.26 billion). In the past two months, Indonesia has actively expanded its international market. On February 16, the government and commercial departments of Indonesia and the United States held a dialogue on business opportunities in the timber products market and indicated that they were preparing to increase exports of timber products to the United States. On March 9, 10 Indonesian companies and two British companies signed a memorandum of understanding on the purchase of wood products worth \$112 million.

In March 2023, the international market demand

GTI-Indonesia Index



was still sluggish, and a number of GTI-Indonesia enterprises reported that the demand for logs was decreased and export orders were reduced. The sluggish demand side impacted the supply side, which is manifested in the insufficient start-up rate of processing and manufacturing enterprises and the decline in the price of wood products. Enterprises hope to introduce corresponding policies through the forestry sector to stimulate exports and increase efforts to promote wood products abroad. This month, the GTI-Indonesia index registered 40.8%, an increase of 1.5 percentage points from the previous month, was below the critical value (50%) for 3 consecutive months, indicating that the business prosperity of the superior timber enterprises represented by the GTI-Indonesia index has shrank from last month.

Challenges

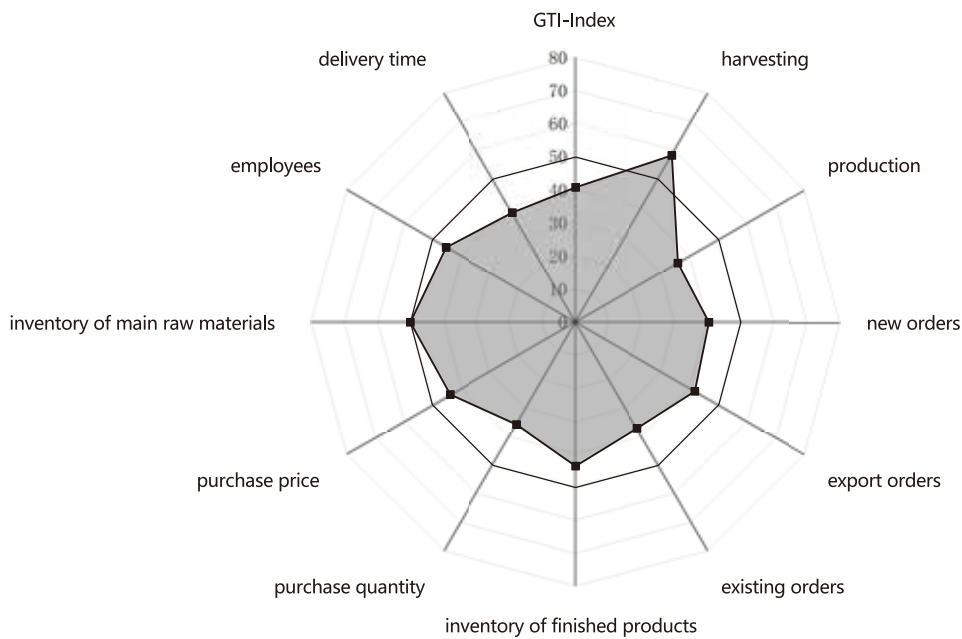
- Decline in orders, especially for exports, the company relies on orders from domestic.
- There is no protection or easy access for the industry to get buyers.
- Rainy weather is an obstacle in the company's operational activities in the field.
- The price of processed wood products has decreased.
- Low selling price of logs at this time, also face the slow supply of fuel with high prices.
- Declining purchase orders for log products received.
- The declining demand for logs from the plywood industry, which is a further impact of the sluggish market for plywood products.
- The concession company's transportation road, which was later turned into a public road and used as a transportation route for various commodities, especially palm oil products, also hampered log transport activities.

Suggestions

- Increase the selling price of processed wood products which will have a positive effect on increasing the selling price of logs.
- It is necessary to arrange a smooth supply of fuel which is an important factor to support operational activities in the field.
- Adjusting operational activities in the field to weather conditions.
- Make it easier to market wood products, conduct bilateral cooperation in investment.
- Reduce tariffs in international trade.
- Maximize the use of digital technology.
- Promote industrial processed wood products abroad more intensively.

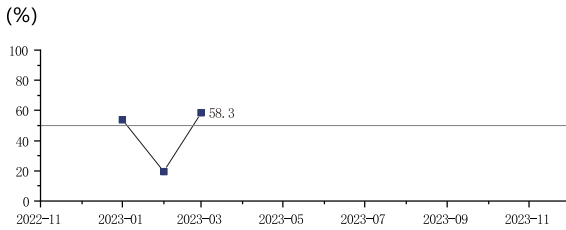
GTI-Indonesia sub-index

As for the GTI-Indonesia sub-index, in March 2023, only the harvesting index was above the critical value, the inventory of raw material index was equal to the critical value, while the remaining 9 sub-indexes were all below the critical value.

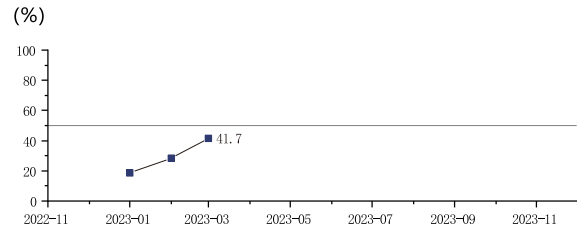


GTI-Indonesia sub-index

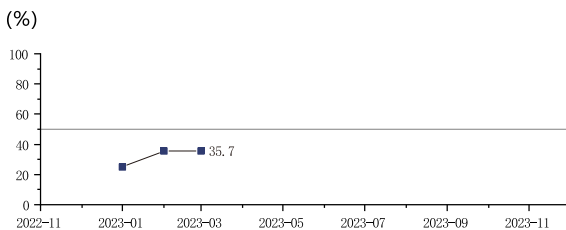
The harvesting index registered 58.3%, an increase of 38.7 percentage points from the previous month, rose above the critical value, indicating that the harvesting volume of the superior timber enterprises represented by the GTI-Indonesia was higher than that of last month.



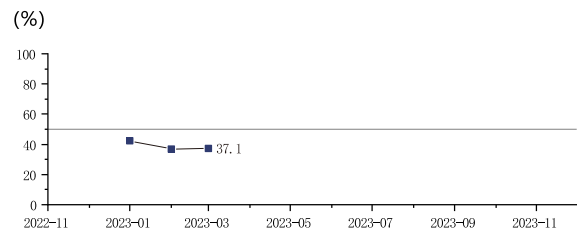
The export orders index registered 41.7%, an increase of 13.1 percentage points from the previous month, was below the critical value for 3 consecutive months, indicating that the number of export orders of the superior timber enterprises represented by the GTI-Indonesia was less than that of last month.



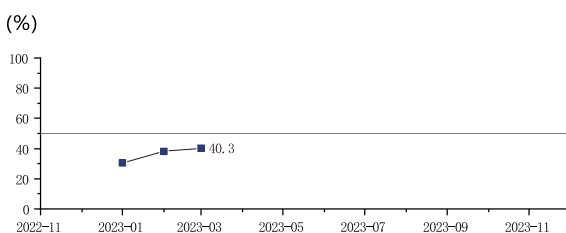
The production index registered 35.7%, same with the previous month, was below the critical value for 3 consecutive months, indicating that the production volume of the superior timber enterprises represented by the GTI-Indonesia was less than that of last month.



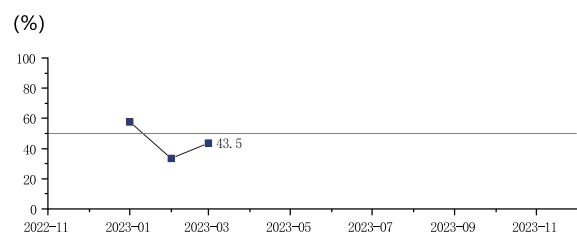
The existing orders index registered 37.1%, an increase of 0.4 percentage points from the previous month, was below the critical value for 3 consecutive months, indicating that the number of existing orders of the superior timber enterprises represented by the GTI-Indonesia was less than that of last month.



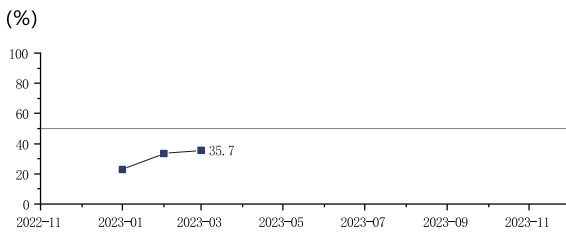
The new orders index registered 40.3%, an increase of 2.0 percentage points from the previous month, was below the critical value for 3 consecutive months, indicating that the number of new orders of the superior timber enterprises represented by the GTI-Indonesia was less than that of last month.



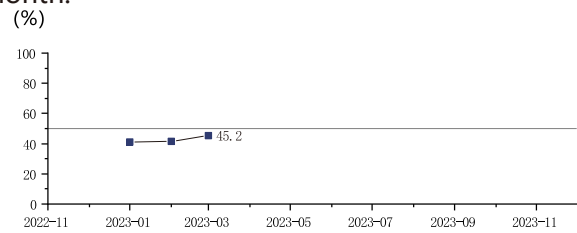
The inventory index of finished products registered 43.5%, an increase of 10.2 percentage points from the previous month, was below the critical value for 2 consecutive months, indicating that the inventory of finished products of the superior timber enterprises represented by the GTI-Indonesia was less than that of month.



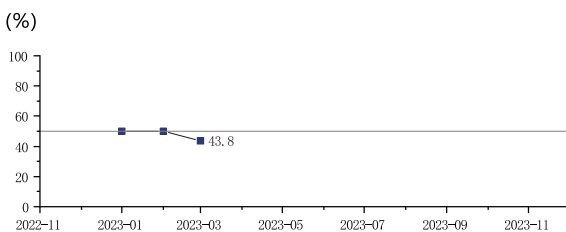
The purchase quantity index registered 35.7%, an increase of 2.4 percentage points from the previous month, was below the critical value for 3 consecutive months, indicating that the purchase quantity of the superior timber enterprises represented by the GTI-Indonesia was less than that of last month.



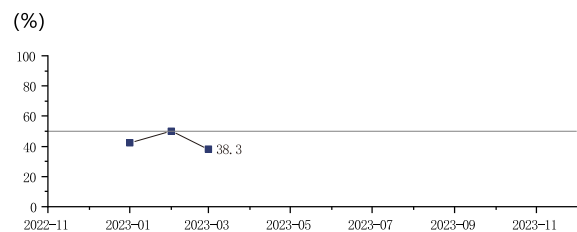
The production and management employees index registered 45.2%, an increase of 3.5 percentage points from the previous month, was below the critical value for 3 consecutive months, indicating that the number of employees in the superior timber enterprises represented by the GTI-Indonesia was much less than that of last month.



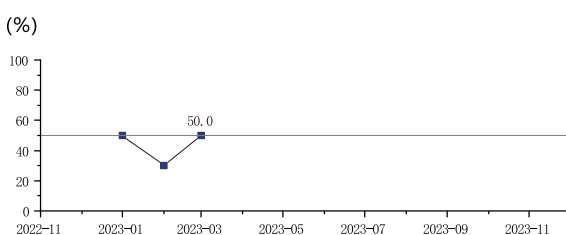
The purchase price index registered 43.8%, a decrease of 6.2 percentage points from the previous month, fell below the critical value, indicating that the purchase price of the superior timber enterprises represented by the GTI-Indonesia was less than that of last month.



The delivery time index registered 38.3%, a decrease of 11.7 percentage points from the previous month, fell below the critical value, indicating that the delivery time from the supplier to the superior timber enterprises represented by the GTI-Indonesia was less than that of last month.



The inventory index of main raw materials registered 50.0%, an increase of 20.0 percentage points from the previous month, rose to the critical value, indicating that the inventory of main raw materials of the superior timber enterprises represented by the GTI-Indonesia was same with last month.

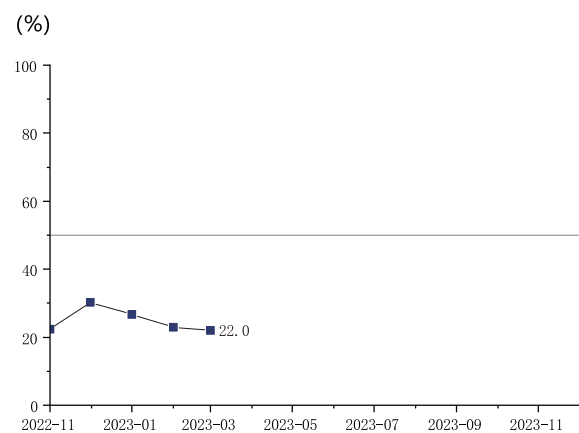


GTI-Malaysia Index In March 2023

On February 10, 2023, Malaysia's statistics department announced that, driven by the improvement of the labor market and the growth of foreign trade, Malaysia's GDP grew by 8.7% in 2022 compared with 2021, was the highest since 2000. Malaysia's exports of timber and timber products will be about 25.21 billion Ringgit in 2022, an increase of nearly 3 billion Ringgit over 2021, reaching the highest level in 10 years. Among them, the export volume of wood furniture was 11.14 billion Ringgit, accounting for 44.2%. According to Malaysia's agricultural commodity policies (2021-2030), Malaysia's exports of downstream wood products such as furniture were expected to reach 19 billion Ringgit in 2025, accounting for 68% of total exports of wood products. Deputy Prime Minister Fadillah Yusof said the government would work hard to push Malaysian brands into the international market, especially high value-added products. At the same time, Malaysia was concerned that the EU deforestation regulation will hinder market access, especially the requirement to provide traceability data to EU customers may increase the burden on Malaysia's exporters.

In March 2023, GTI-Malaysia enterprises reported problems such as export reduction, order decline

GTI-Malaysia Index



and labor shortage. The export slowdown has had an impact on the production and operation arrangements and capital flow of some enterprises. The GTI index shows that the inventory of finished products has been increasing for nearly five months. Some other enterprises reflect that the supply of raw materials was insufficient and the quality was not stable enough. This month, the GTI-Malaysia index registered 22.0%, a decrease of 0.9 percentage points from the previous month, was below the critical value (50%) for 5 consecutive months, indicating that the business prosperity of the superior timber enterprises represented by the GTI-Malaysia index has shrank from last month.



Challenges

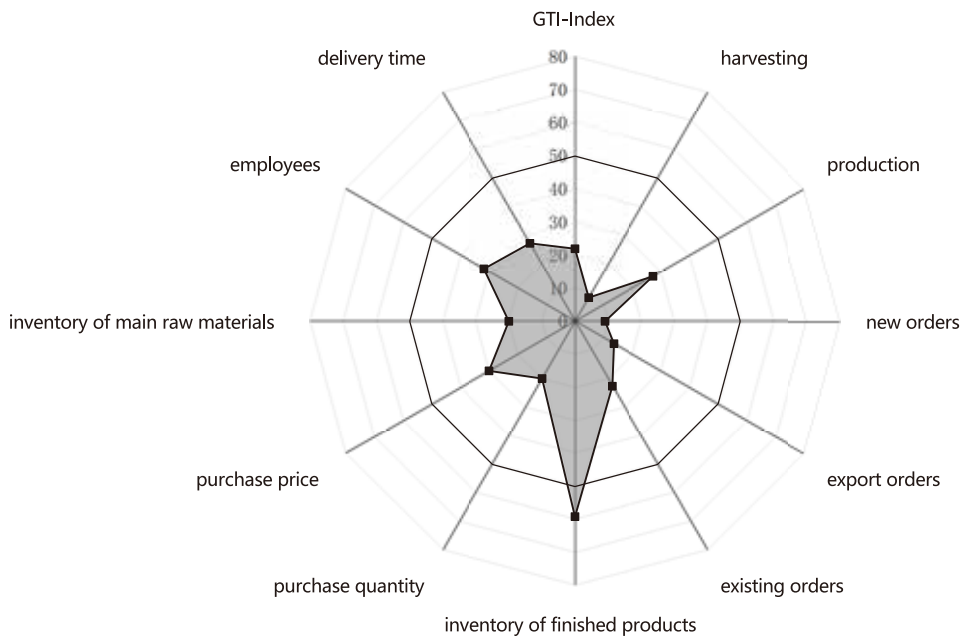
- Not enough labour and order.
- Less export.
- Shortage of raw materials and their quality is unstable.
- Not enough logs from Local, need to import Logs from overseas to keep production.
- Increased cost.
- Very slow export shipment congested the production line and tight cash flow.
- Slow construction sector create low demand for plywood.

Suggestions

- To open for more sourcing countries for labour and market.
- Strict control on production cost.
- Decreased export of woodchips.
- Government supports local plywood market and finding ways to reduce production costs.
- Increase harvesting of the plantation forest and improve yield and quality of the plantation forest.

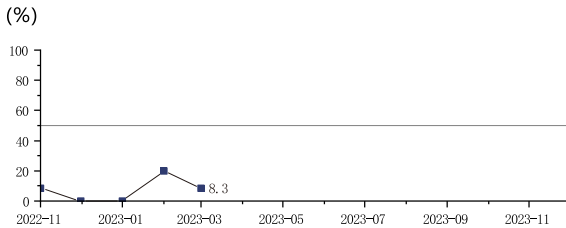
GTI-Malaysia sub-index

As for the GTI-Malaysia sub-index, in March 2023, only the inventory index of finished products was above the critical value, while the remaining 10 sub-indexes were all below the critical value.

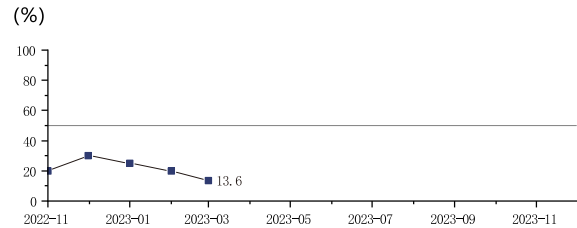


GTI-Malaysia sub-index

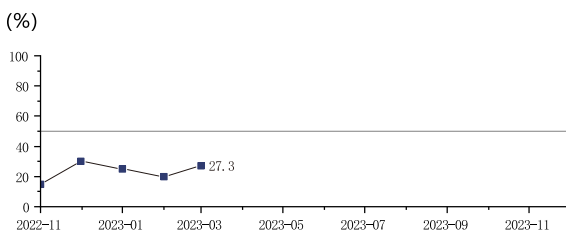
The harvesting index registered 8.3%, a decrease of 11.7 percentage points from the previous month, was below the critical value for 5 consecutive months, indicating that the harvesting volume of the superior timber enterprises represented by the GTI-Malaysia was much less than that of last month.



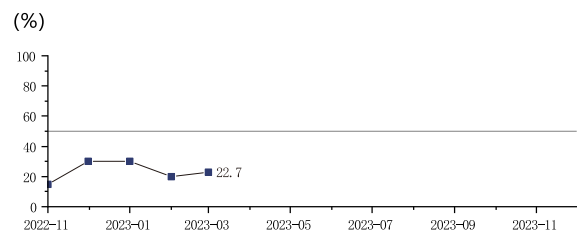
The export orders index registered 13.6%, a decrease of 6.4 percentage points from the previous month, was below the critical value for 5 consecutive months, indicating that the number of export orders of the superior timber enterprises represented by the GTI-Malaysia was much less than that of last month.



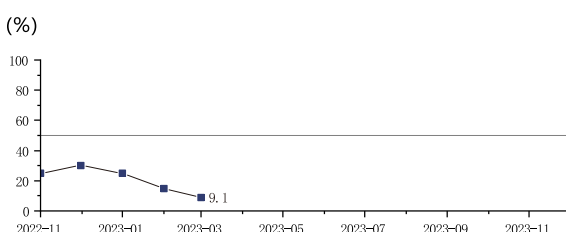
The production index registered 27.3%, an increase of 7.3 percentage points from the previous month, was below the critical value for 5 consecutive months, indicating that the production volume of the superior timber enterprises represented by the GTI- Malaysia was less than that of last month.



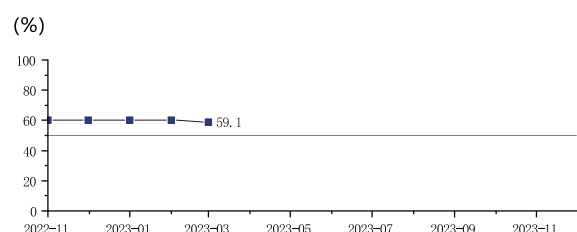
The existing orders index registered 22.7%, an increase of 2.7 percentage points from the previous month, was below the critical value for 5 consecutive months, indicating that the number of existing orders of the superior timber enterprises represented by the GTI-Malaysia was much less than that of last month.



The new orders index registered 9.1%, a decrease of 5.9 percentage points from the previous month, was below the critical value for 5 consecutive months, indicating that the number of new orders of the superior timber enterprises represented by the GTI-Malaysia was much less than that of last month.

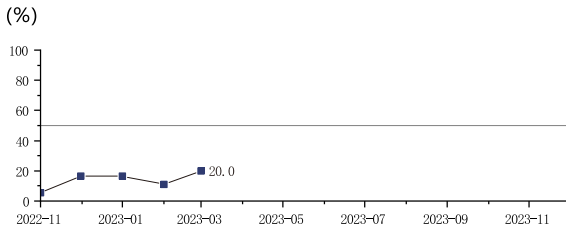


The inventory index of finished products registered 59.1%, a decrease of 0.9 percentage points from the previous month, was above the critical value for 5 consecutive months, indicating that the inventory of finished products of the superior timber enterprises represented by the GTI-Malaysia was more than that of month.

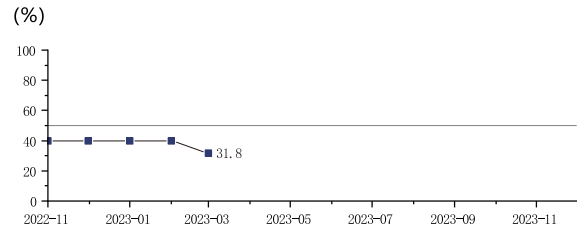




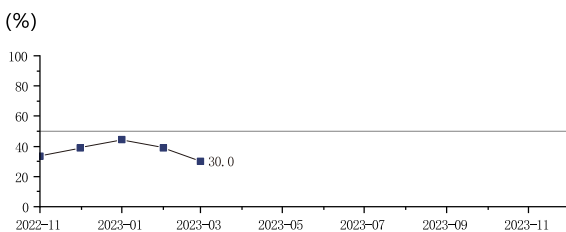
The purchase quantity index registered 20.0%, an increase of 8.9 percentage points from previous month, was below the critical value for 5 consecutive months, indicating that the purchase quantity of the superior timber enterprises represented by the GTI-Malaysia was much less than that of last month.



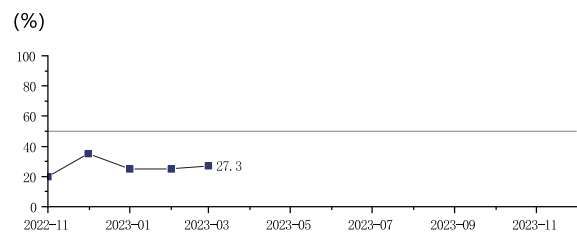
The production and management employees index for registered 31.8%, a decrease of 8.2 percentage points from the previous month, was below the critical value for 5 consecutive months, indicating that the number of employees in the superior timber enterprises represented by the GTI-Malaysia was less than that of last month.



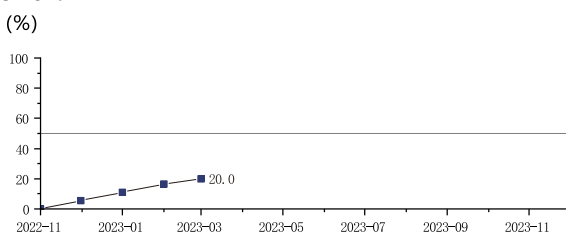
The purchase price index registered 30.0%, a decrease of 8.9 percentage points from the previous month, was below the critical value for 5 consecutive months, indicating that the purchase price of the superior timber enterprises represented by the GTI-Malaysia was lower than that of last month.



The delivery time index registered 27.3%, an increase of 2.3 percentage points from the previous month, was below the critical value for 5 consecutive months, indicating that the delivery time from the supplier to the superior timber enterprises represented by the GTI-Malaysia was lower than last month.



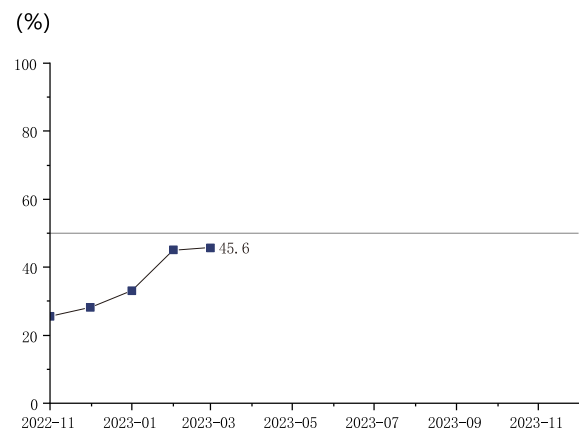
The inventory index of main raw materials registered 20.0%, an increase of 3.3 percentage points from the previous month, was below the critical value for 5 consecutive months, indicating that the inventory of main raw materials of the superior timber enterprises represented by the GTI-Malaysia was much less than that of last month.



GTI-Gabon Index In March 2023

In March 2023, the President of Gabon, Bongo (Ali Bongo Ondimba), met with the Secretary-General of the African Free Trade Area (AfCFTA), Mene, who announced after the meeting that the products of Gabon's Nkok Special Investment Area could be sold in AfCFTA to create more jobs and wealth and further boost Gabon's economic growth. In March, there were many new developments in logistics issues that have attracted much attention from GTI-Gabon enterprises. During the "One Forest" Summit, DHL Gabon announced to launch of a series of transportation and logistics projects, such as the Ubuntu project, which connects China and Gabon at low cost through air routes. Rougier, a French timber enterprise, signed a memorandum of understanding with Flying Whale, a company that studies heavy-duty airships, and plans to use 100% power-driven heavy-duty airships to transport timber between woodlands and timber processing plants. According to Gabonese media reports, the airship can carry about 60 tons of logs at one time, and the transportation time will be reduced from four days of land transportation to less than one day, which is conducive to shorten the time of timber transportation. In addition, the

GTI-Gabon Index



Gabonese government planned to build a new port in the Nkok Special Investment Area, which covering an area of more than 15 hectares, with a monthly handling capacity of 3000 containers, according to the "Yearbook 2022-2023" from the Ministry of Investment Promotion of Gabon . After the completion of the port, it will be connected with Ovendo Port, greatly alleviating the pressure of Ovendo Port's throughput and improving the efficiency of transportation and export.

In March 2023, the orders of wood enterprises in Gabon has increased compared with the previous month, which led to the synchronous growth of harvesting volume. Although the production has not fully recovered, the momentum of output reduction has been alleviated. The purchase price of raw materials of Gabonese enterprises has been increasing for two consecutive months, and this month there were still feedbacks from the

GTI-Gabon enterprises on the rising fuel prices and high raw material costs. This month, the GTI-Gabon index registered 45.6%, an increase of 0.5 percentage points from the previous month, was below the critical value (50%) for 5 consecutive months, indicating that the business prosperity of the superior timber enterprises represented by the GTI-Gabon index has shrank from last month, the contraction trend was same as last month.

Challenges

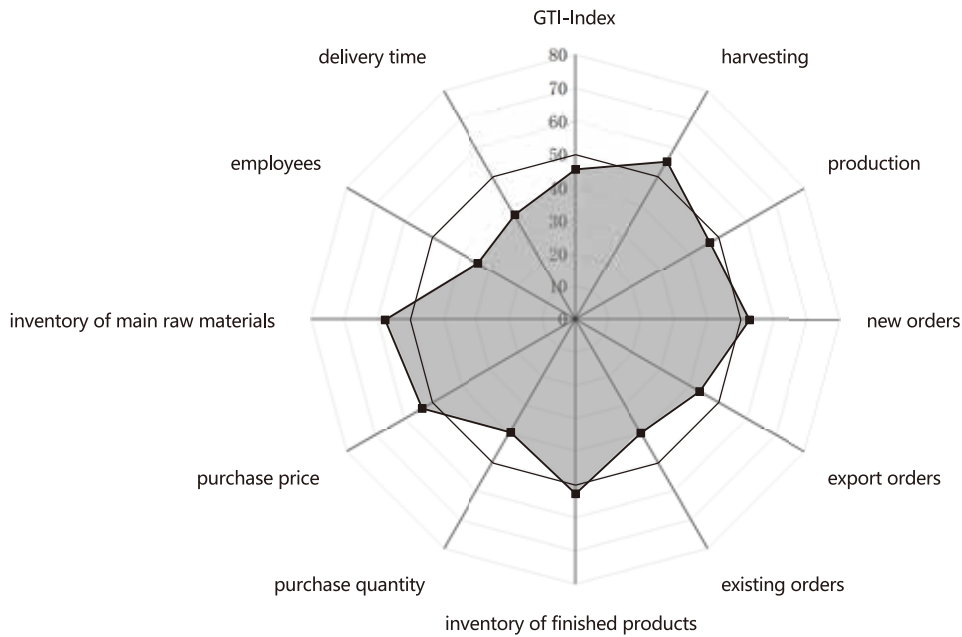
- Production cost increased due to the continuous rainfall.
- Export orders were not enough.
- Increasing prices of fuel and diesel.
- Tariffs were too high.
- The overall condition of the road was not good, and the impact of the train derailment was still continuing.
- Slow product transportation and insufficient railway carriage.
- Raw materials were in short supply.

Suggestions

- Decrease the cost of raw materials.
- Open up the market and attract more customers.
- Decrease the prices of fuel and diesel.
- Decrease the cost of production.
- Strengthen road maintenance.
- Improve transportation conditions and speed up the repair of broken roads.
- Reduce the cost of export.

GTI-Gabon sub-index

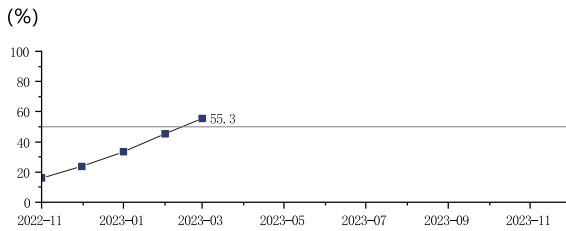
As for the GTI-Gabon sub-index, in March 2023, 5 indexes like harvesting, new orders, inventory of finished products, purchase price and inventory of raw material were above the critical value, while the remaining 6 sub-indexes were all below the critical value.



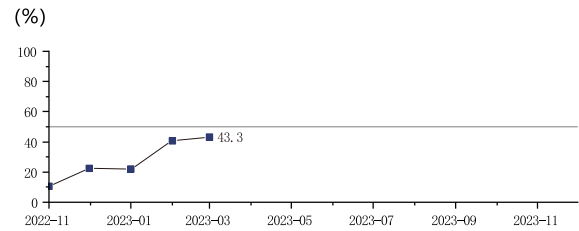
GTI-Gabon sub-index



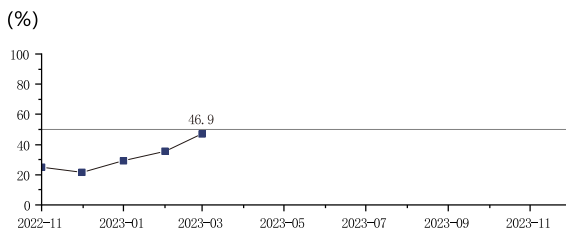
The harvesting index registered 55.3%, an increase of 9.8 percentage points from the previous month, rose above the critical value, indicating that the harvesting volume of the superior timber enterprises represented by the GTI-Gabon was more than that of last month.



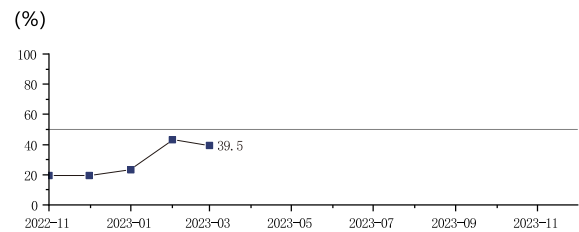
The export orders index registered 43.3%, an increase of 2.7 percentage points from the previous month, was below the critical value for 5 consecutive months, indicating that the number of export orders of the superior timber enterprises represented by the GTI-Gabon was less than that of last month.



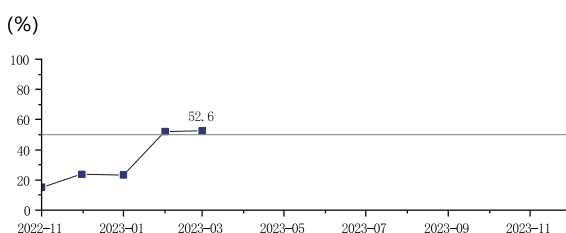
The production index registered 46.9%, an increase of 11.2 percentage points from the previous month, was below the critical value for 5 consecutive months, indicating that the production volume of the superior timber enterprises represented by the GTI-Gabon was less than that of last month.



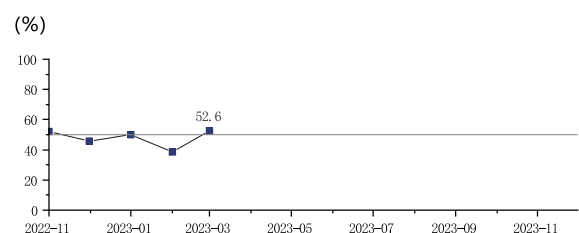
The existing orders index registered 39.5%, a decrease of 3.7 percentage points from the previous month, was below the critical value for 5 consecutive months, indicating that the number of existing orders of the superior timber enterprises represented by the GTI-Gabon was less than that of last month.



The new orders index registered 52.6%, an increase of 0.3 percentage points from the previous month, was above the critical value for 2 consecutive months, indicating that the number of new orders of the superior timber enterprises represented by the GTI-Gabon was more than that of last month.

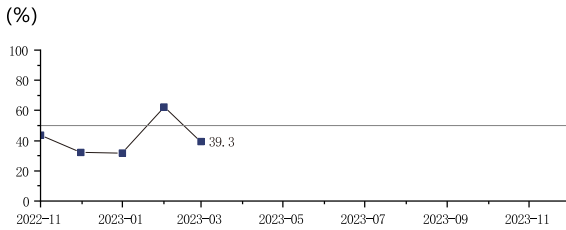


The inventory index of finished products registered 52.6%, an increase of 14.0 percentage points from the previous month, rose above the critical value, indicating that the inventory of finished products of the superior timber enterprises represented by the GTI-Gabon was more than that of month.

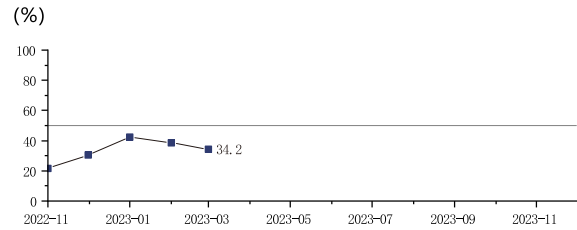




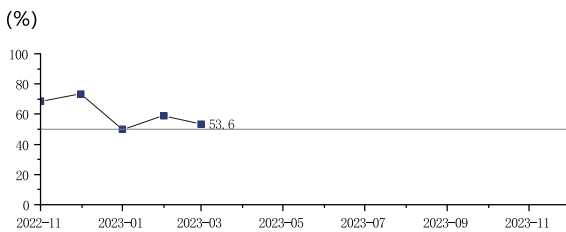
The purchase quantity index registered 39.3%, a decrease of 23.2 percentage points from the previous month, fell below the critical value, indicating that the purchase quantity of the superior timber enterprises represented by the GTI-Gabon was less than that of last month.



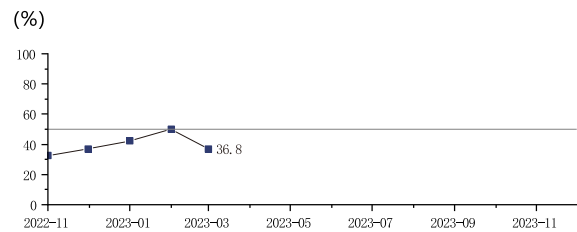
The production and management employees index registered 34.2%, a decrease of 4.4 percentage points from the previous month, was below the critical value for 5 consecutive months, indicating that the number of employees in the superior timber enterprises represented by the GTI-Gabon was less than that of last month.



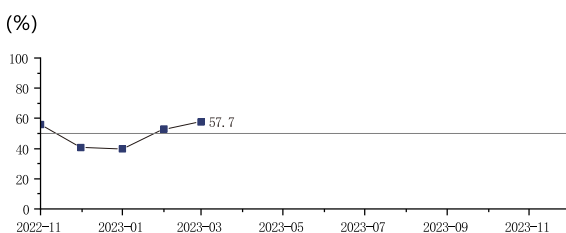
The purchase price index registered 53.6%, a decrease of 5.2 percentage points from the previous month, was above the critical value for 2 consecutive months, indicating that the purchase price of the superior timber enterprises represented by the GTI-Gabon was higher than that of last month.



The delivery time index registered 36.8%, a decrease of 13.2 percentage points from the previous month, fell below the critical value, indicating that the delivery time from the supplier to the superior timber enterprises represented by the GTI-Gabon was slower than last month.



The inventory index of main raw materials registered 57.7%, an increase of 4.8 percentage points from the previous month, was above critical value for 2 consecutive months, indicating that the inventory of main raw materials of the superior timber enterprises represented by the GTI-Gabon was more than that of last month.

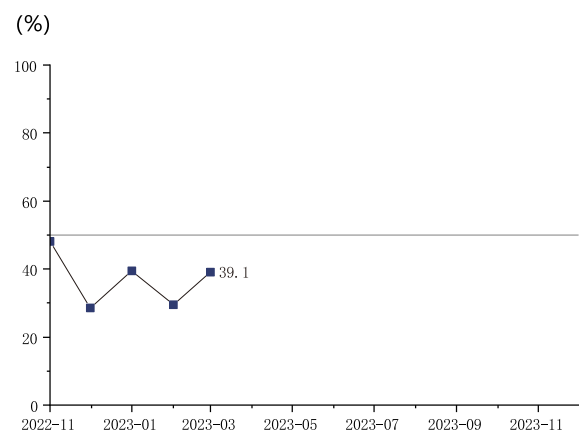


GTI-ROC Index In March 2023

Since January 1, 2023, the ban on the export of logs from the Republic of Congo has come into effect. Exports from Pointe-Noire was currently limited to semi-finished and finished products, and logs export was not allowed anymore, which will increase the contribution of the timber industry to the GDP. The female minister in charge of forestry economy in ROC said in an interview that after the authorities' decision to implement the log export ban, two special economic zones would be set up to focus on timber processing, referring to the experience of neighboring Gabon. One was in Ouessou in the north, and the other was in the economic center of the country, bordering Pointe-Noire on the South Atlantic.

In March 2023, new orders in ROC were basically the same as last month, and the downward trend in demand has been curbed, but it has not fully recovered. Harvesting and production have not recovered, but the decline was less than last month. The GTI-ROC enterprises feedback that road and railway transportation was inconvenient and was lacking of fuel. In addition, there were still problems like the cumbersome process of

GTI-ROC Index



administrative examination and approval, and the difficulty of VAT refunding, etc. This month, the GTI-ROC index registered 39.1%, an increase of 9.5 percentage points from the previous month, was below the critical value (50%) for 5 consecutive months, indicating that the business prosperity of the superior timber enterprises represented by the GTI-ROC index has shrank from last month, the contraction trend has eased.

Challenges

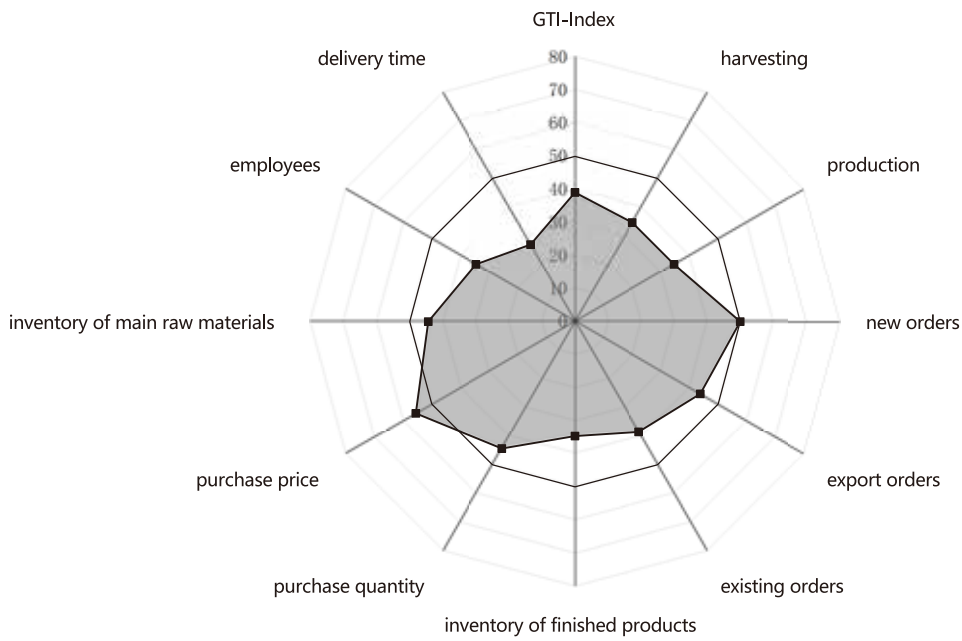
- Harvesting and production has reduced in rainy season.
- The administrative process of the forestry department was cumbersome.
- Poor road conditions and slow transportation.
- Insufficient logistical support
- Lack of fuel and diesel.
- Domestic market was small.
- VAT was not refunded.
- The log export ban has directly affected the production of enterprises.
- The forest policies should be adjusted, and the decision-making process was relatively slow.

Suggestions

- Reduce forest taxes.
- Resume production after the rainy season.
- Ensure the supply of petroleum products.
- Increase financial support for long-distance transport.
- Consult with forestry departments to increase support for enterprises.
- Strictly control the import of plywood.
- Speeding up the decision-making process of forestry management.

GTI-ROC sub-index

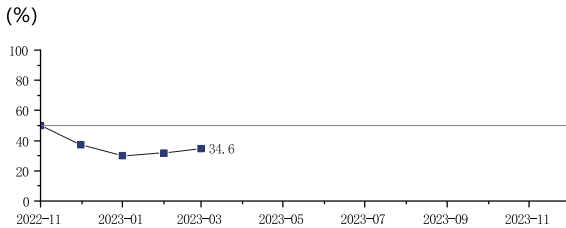
As for the GTI-ROC sub-index, in March 2023, only the purchase price index was above the critical value, the new orders index was equal to the critical value, while the remaining 9 sub-indexes were all below the critical value.



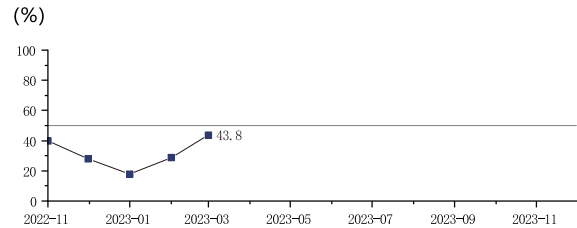
GTI-ROC sub-index



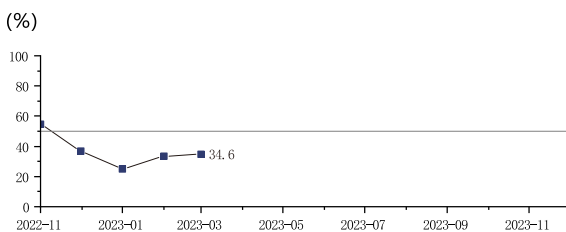
The harvesting index registered 34.6%, an increase of 3.0 percentage points from the previous month, was below the critical value for 4 consecutive months, indicating that the harvesting volume of the superior timber enterprises represented by the GTI-ROC was less than that of last month.



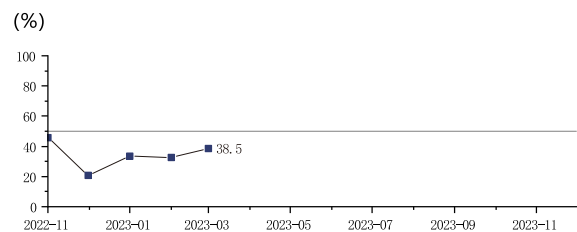
The export orders index registered 43.8%, an increase of 14.9 percentage points from the previous month, was below the critical value for 5 consecutive months, indicating that the number of export orders of the superior timber enterprises represented by the GTI-ROC was less than that of last month.



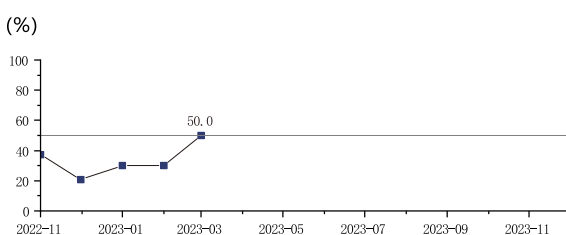
The production index registered 34.6%, an increase of 1.3 percentage points from the previous month, was below the critical value for 4 consecutive months, indicating that the production volume of the superior timber enterprises represented by the GTI-ROC was less than that of last month.



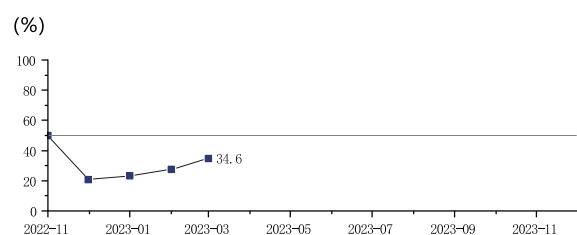
The existing orders index registered 38.5%, an increase of 6.0 percentage points from the previous month, was below the critical value for 5 consecutive months, indicating that the number of existing orders of the superior timber enterprises represented by the GTI-ROC was less than that of last month.



The new orders index registered 50.0%, an increase of 20.0 percentage points from the previous month, rose to the critical value, indicating that the number of new orders of the superior timber enterprises represented by the GTI-ROC was same with last month.

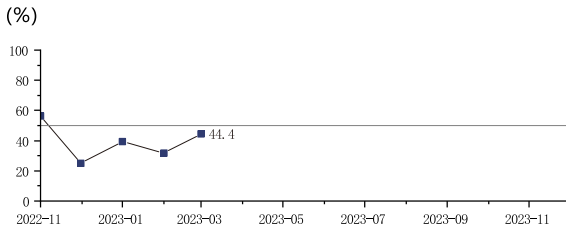


The inventory index of finished products registered 34.6%, an increase of 7.1 percentage points from the previous month, was below the critical value for 4 consecutive months, indicating that the inventory of finished products of the superior timber enterprises represented by the GTI-ROC was less than that of month.

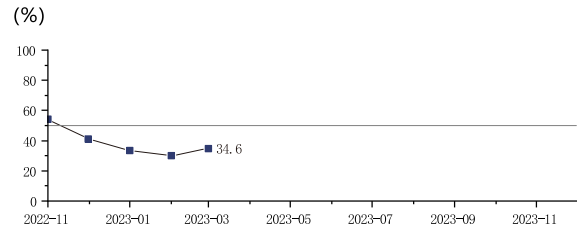




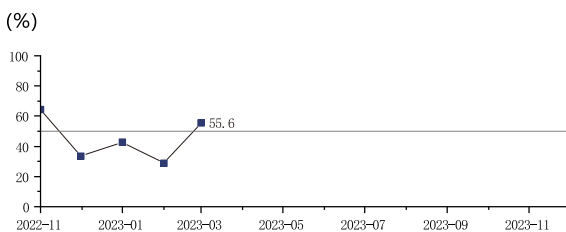
The purchase quantity index registered 44.4%, an increase of 12.8 percentage points from the previous month, was below the critical value for 4 consecutive months, indicating that the purchase quantity of the superior timber enterprises represented by the GTI-ROC was less than that of last month.



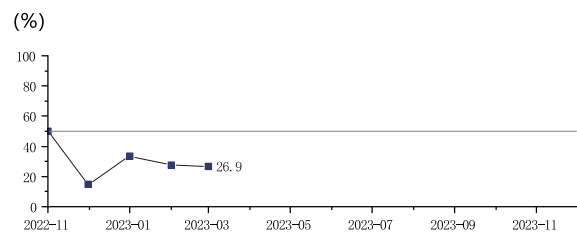
The production and management employees index registered 34.6%, an increase of 4.6 percentage points from the previous month, was below the critical value for 4 consecutive months, indicating that the number of employees in the superior timber enterprises represented by the GTI-ROC was less than that of last month.



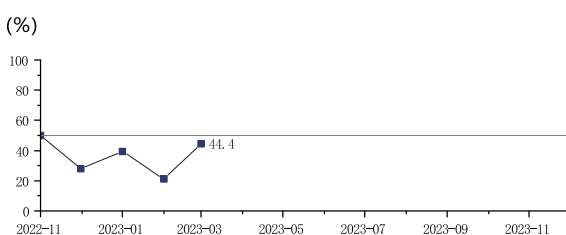
The purchase price index registered 55.6%, an increase of 26.7 percentage points from the previous month, rose above the critical value, indicating that the purchase price of the superior timber enterprises represented by the GTI-ROC was higher than that of last month.



The delivery time index registered 26.9%, a decrease of 0.6 percentage points from the previous month, was below the critical value for 4 consecutive months, indicating that the delivery time from the supplier to the superior timber enterprises represented by the GTI-ROC was slower than last month.



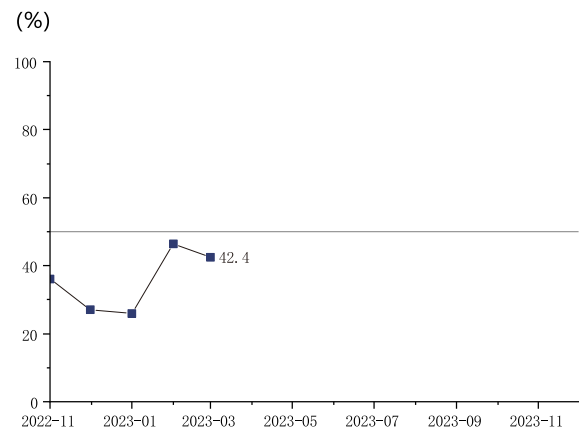
The inventory index of main raw materials registered 44.4%, an increase of 23.3 percentage points from the previous month, was below the critical value for 4 consecutive months, indicating that the inventory of main raw materials of the superior timber enterprises represented by the GTI-ROC was less than that of last month.



GTI-Brazil Index In March 2023

On March 17, 2023, the Ministry of Finance of Brazil released its macro fiscal report, which lowered its GDP growth forecast for 2023 from 2.1% to 1.6%, and raised its inflation forecast from 4.6% to 5.31%. Brazil's industrial production index fell from 47.9 to 45.2 in February, was the lowest level in the same period since 2017, according to a survey released by the National Confederation of Industry Brazil. In the wood industry, Brazil has recently taken a number of measures to combat illegal deforestation. According to the data released by Brazil's National Institute for Space Research, 322 square kilometers of the Amazon rainforest were deforested in February 2023, was the highest monthly record. After taking office, President Lula promised to stop deforestation in the Amazon region. The Federal Highway Police has stepped up its crackdown on environmental crimes across Maranhao state during February 2023. 23 trucks loaded with irregular timber were seized, and more than 627 cubic meters of illegal timber were seized. The Brazilian Development Bank (BNDES) has withheld the funds of 58 rural landowners involved in illegal deforestation activities, totaling 25 million Real, and most of the landowners whose funds have been withheld have cleared trees to grow soybeans and corn.

GTI- Brazil Index



In March this year, problems such as insufficient international orders and weak market demand were still prominent, and new orders and production were less than that of last month, export orders had been declining for five consecutive months, and the foundation for the industry's prosperity was still insufficient. This month, the GTI-Brazil index registered 42.4%, a decrease of 4.1 percentage points from the previous month, was below the critical value (50%) for 5 consecutive months, indicating that the business prosperity of the superior timber enterprises represented by the GTI-Brazil index has shrank from last month, the contraction has expanded.

Challenges

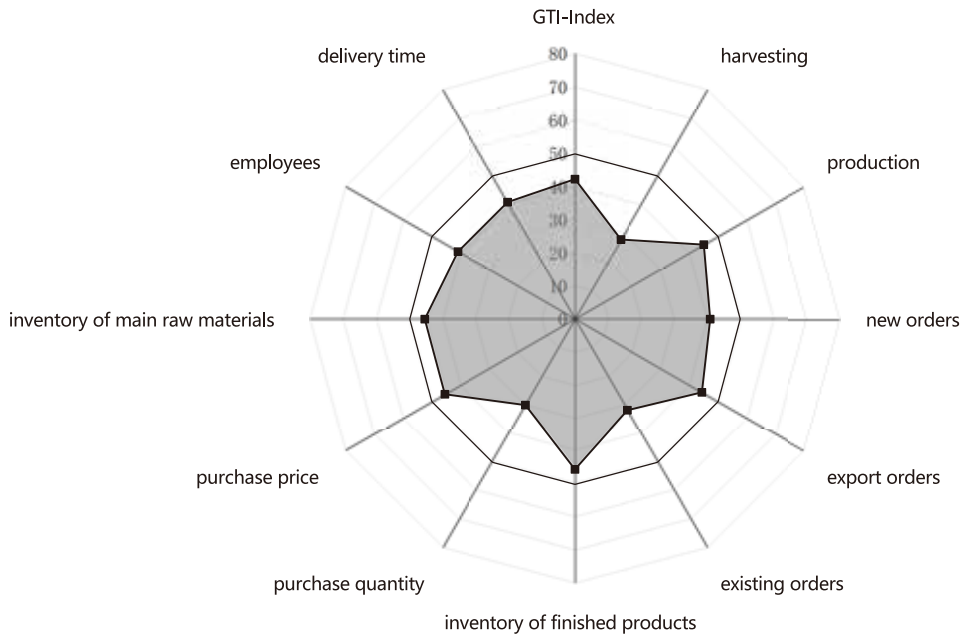
- International market has low demand, end of quota in Europe, that means it will occur automatic taxation on products.
- Climate factors.
- Low market demand.
- Increased production costs, delayed export clearances and low sales of finished products.
- Lack of demand for tropical wood products in the foreign market.
- Need for market recognition of new timber species, such as Australian cedar (*Toona Ciliata*) and African mahogany (*Kahya Gadifoliola*).

Suggestions

- Improve the productivity of the sawmill to complete the backlog of orders.
- Adjust sales models and standardize measurement.
- Focus on new markets.
- Schedule field operations according to this climate seasonality, as already done.
- Raw material prices need to fall on a proportion of final product prices. The company has been forced to reduce production because prices are below cost. On the part of the federal government, it would be to establish a policy of tax reduction to start with, because Brazil has one of the highest tax rates in the world.
- Same opinion as last time: Market recognition of new noble species such as Australian cedar (*Toona Ciliata*) and African mahogany (*Kahya Gadifoliola*).

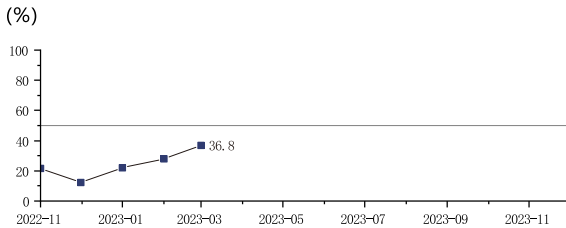
GTI-Brazil sub-index

As for the GTI-Brazil sub-index, in March 2023, the 11 sub-indexes were all below the critical value.

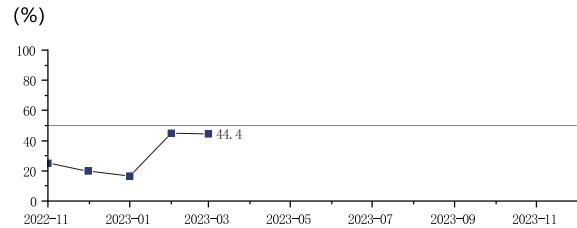


GTI-Brazil sub-index

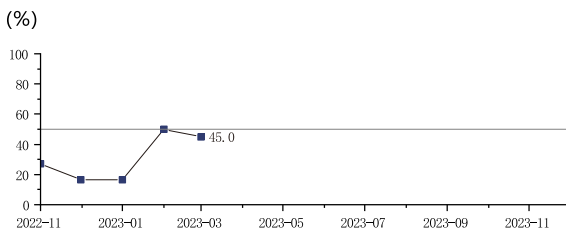
The harvesting index registered 27.8%, an increase of 5.6 percentage points from the previous month, was below the critical value for 5 consecutive months, indicating that the harvesting volume of the superior timber enterprises represented by the GTI-Brazil was less than that of last month.



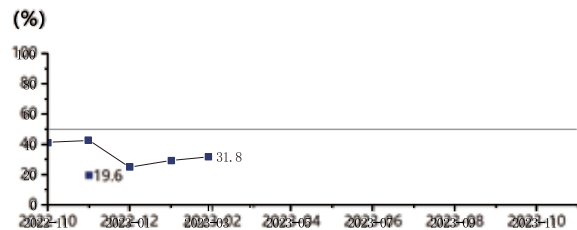
The export orders index registered 44.4%, a decrease of 0.6 percentage points from the previous month, was below the critical value for 5 consecutive months, indicating that the number of export orders of the superior timber enterprises represented by the GTI- Brazil was less than that of last month.



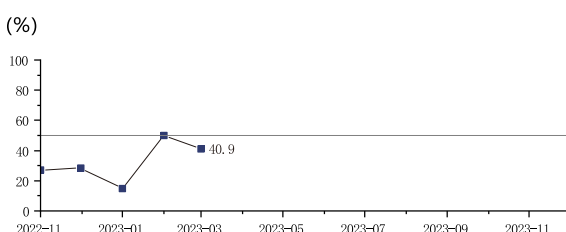
The production index registered 45.0%, a decrease of 5.0 percentage points from the previous month, fell below the critical value, indicating that the production volume of the superior timber enterprises represented by the GTI-Brazil was less than that of last month.



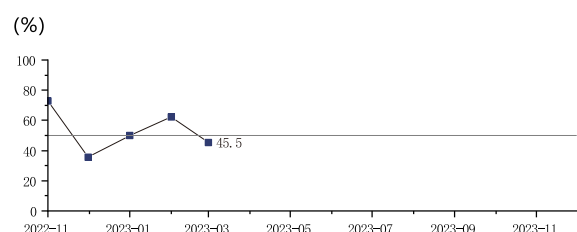
The existing orders index registered 31.8%, an increase of 2.6 percentage points from the previous month, was below the critical value for 5 consecutive months, indicating that the number of existing orders of the superior timber enterprises represented by the GTI- Brazil was less than that of last month.



The new orders index registered 40.9%, a decrease of 9.1 percentage points from the previous month, fell below the critical value, indicating that the number of new orders of the superior timber enterprises represented by the GTI-Brazil was less than that of last month.

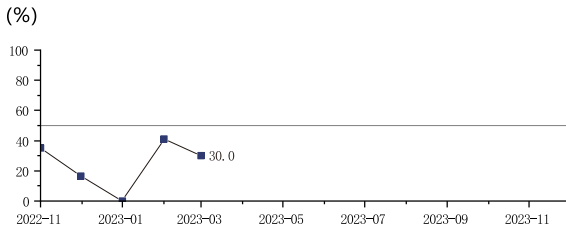


The inventory index of finished products registered 45.5%, a decrease of 17.0 percentage points from the previous month, fell below the critical value, indicating that the inventory of finished products of the superior timber enterprises represented by the GTI-Brazil was less than that of month.

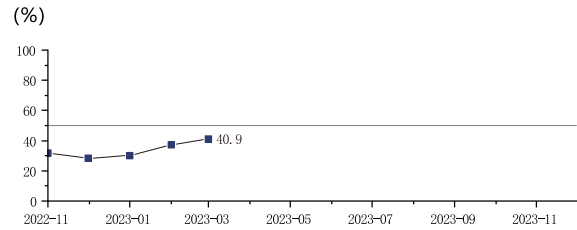




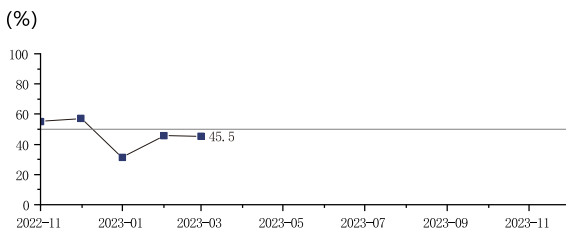
The purchase quantity index registered 30.0%, a decrease of 10.9 percentage points from the previous month, was below the critical value for 5 consecutive months, indicating that the purchase quantity of the superior timber enterprises represented by the GTI-Brazil was less than that of last month.



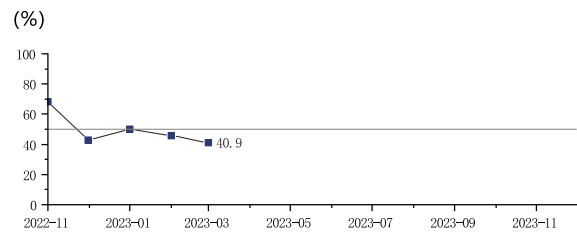
The production and management employees index registered 40.9%, an increase of 3.4 percentage points from the previous month, was below the critical value for 5 consecutive months, indicating that the number of employees in the superior timber enterprises represented by the GTI-Brazil was less than that of last month.



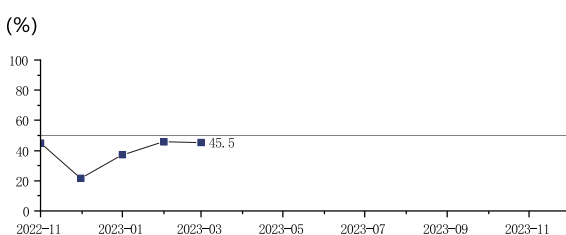
The purchase price index registered 45.5%, a decrease of 0.3 percentage points from the previous month, was below the critical value for 3 consecutive months, indicating that the purchase price of the superior timber enterprises represented by the GTI-Brazil was lower than that of last month.



The delivery time index registered 40.9%, a decrease of 4.9 percentage points from the previous month, was below the critical value for 2 consecutive months, indicating that the delivery time from the supplier to the superior timber enterprises represented by the GTI-Brazil was slower than last month.



The inventory index of main raw materials registered 45.5%, a decrease of 0.3 percentage points from the previous month, was below the critical value for 5 consecutive months, indicating that the inventory of main raw materials of the superior timber enterprises represented by the GTI-Brazil was less than that of last month.

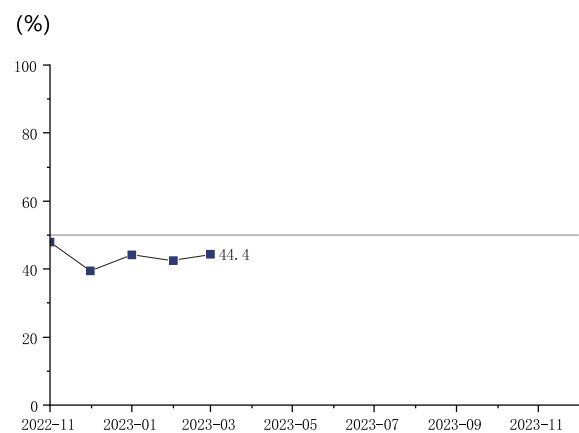


GTI-Mexico Index In March 2023

Mexico's central bank has lowered its forecasts for the country's economic growth in 2023 and 2024, according to a report released by the central bank. The bank now expects Mexico's economy to grow by 1.6% in 2023, down from 1.8% in its previous report, and to 1.8% in 2024, down from 2.1%. To combat domestic inflation, the Central Bank of Mexico raised its benchmark interest rate by 50 points to a record 11% in early February 2023. The Campeche state was planning to build the country's first tropical forest reserve, which will be the second largest tropical forest reserve in the world after the Amazon in Brazil, the Mexico Daily Post reported. The Secretary of the Ministry of the Environment and Natural Resources of Mexico, Mar María Luisa Albores Gonz González, noted that the reserve would be connected to the Calakmul Biological Reserve and would eventually have ecological connectivity with the Terminos Lagoon area.

In March 2023, Mexico's timber production and trade remained depressed, new orders and production both decreasing from the previous month. Affected by insufficient demand, harvesting volume and purchasing volume have

GTI- Mexico Index



declined for two consecutive months. Some enterprises believe that the import of similar products has impacted the domestic market and call for restrictions on the import of wood products. This month, the GTI-Mexico index registered 44.4%, an increase of 1.9 percentage points from the previous month, was below the critical value (50%) for 5 consecutive months, indicating that the business prosperity of the superior timber enterprises represented by the GTI-Mexico index has shrank from last month, the contraction trend has eased slightly.

Challenges

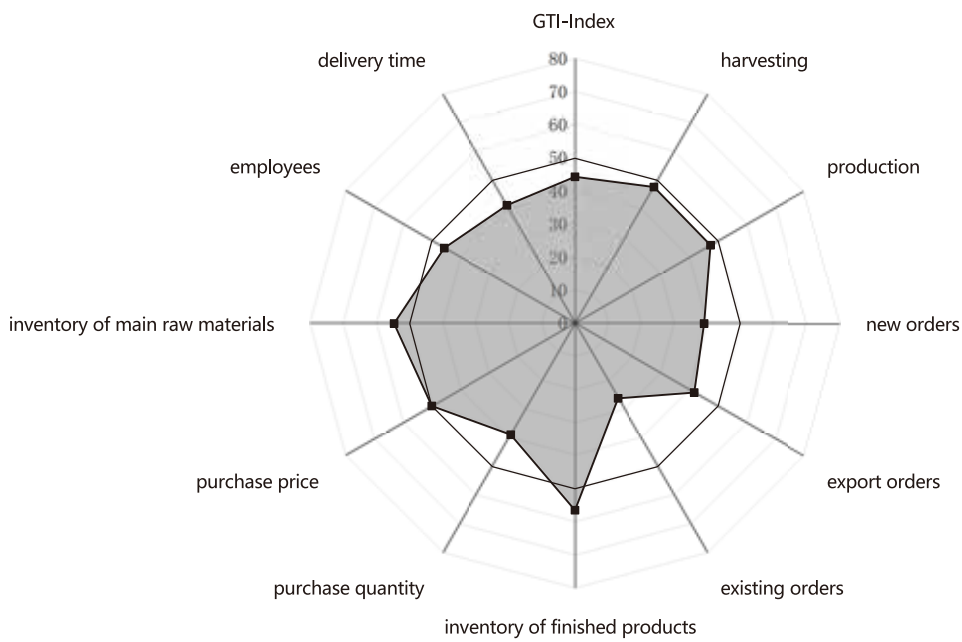
- Lack of referrals and shipments, high logistics cost.
- Imports wood products affect domestic market.
- The price of wood has been decreasing.
- Bad weather conditions.
- The timber market has been declining.
- Few sales and raw material at high prices.
- Delay in forestry permits.
- Lack of product market due to imports of similar products.
- Lack of issuance of documentation by the Ministry of the Environment.
- Government agencies do not issue documentation for the transport of wood.

Suggestions

- Reduce tariffs.
- Improve the forest management processes.
- Regulate imports.
- Limit timber imports.
- That agencies that issue forest documents may have greater flexibility policies.
- Encourage the establishment of local charter companies.
- Promote investments in the construction sector to promote timber sales.
- Offer products on social networks and look for new customers.

GTI-Mexico sub-index

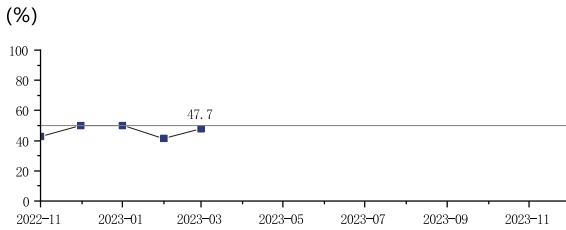
As for the GTI-Mexico sub-index, in March 2023, the inventory of finished products and raw materials indexes were above the critical value, the purchase price was equal to the critical value, while the remaining 8 sub-indexes were all below the critical value.



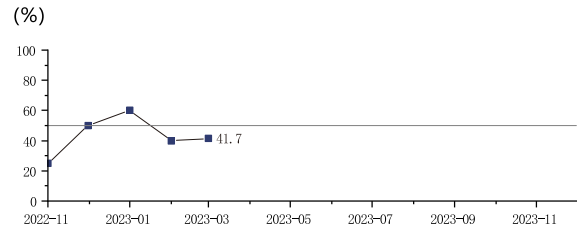
GTI-Mexico sub-index



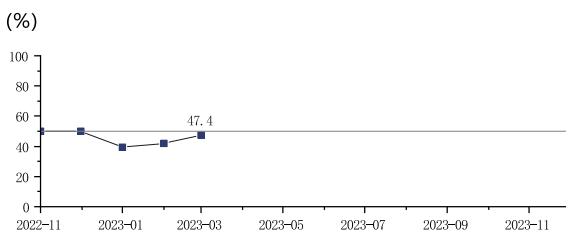
The harvesting index registered 47.7%, an increase of 6.0 percentage points from the previous month, was below the critical value for 2 consecutive months, indicating that the harvesting volume of the superior timber enterprises represented by the GTI-Mexico was less than that of last month.



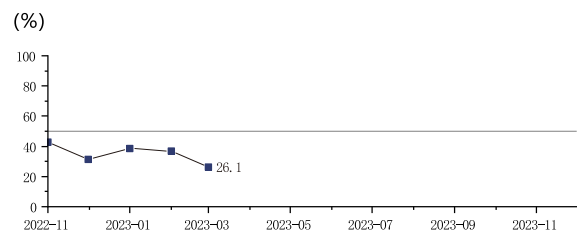
The export orders index registered 41.7%, an increase of 1.7 percentage points from the previous month, was below the critical value for 2 consecutive months, indicating that the number of export orders of the superior timber enterprises represented by the GTI-Mexico was less than that of last month.



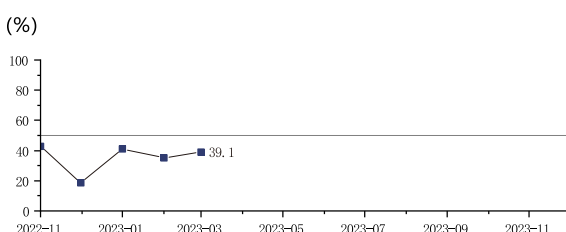
The production index registered 47.4%, an increase of 5.4 percentage points from the previous month, was below the critical value for 3 consecutive months, indicating that the production volume of the superior timber enterprises represented by the GTI- Mexico was less than that of last month.



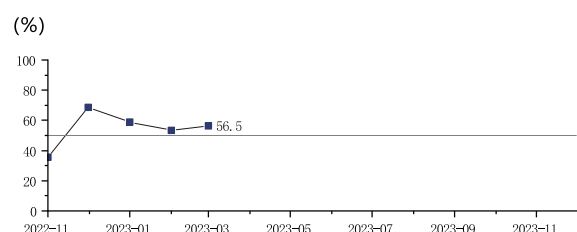
The existing orders index registered 26.1%, a decrease of 10.6 percentage points from the previous month, was below the critical value for 5 consecutive months, indicating that the number of existing orders of the superior timber enterprises represented by the GTI-Mexico was less than that of last month.



The new orders index registered 39.1%, an increase of 4.1 percentage points from the previous month, was below the critical value for 5 consecutive months, indicating that the number of new orders of the superior timber enterprises represented by the GTI-Mexico was less than that of last month.

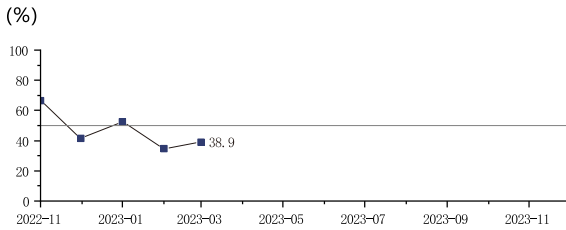


The inventory index of finished products registered 56.5%, an increase of 3.2 percentage points from the previous month, was above the critical value for 3 consecutive months, indicating that the inventory of finished products of the superior timber enterprises represented by the GTI-Mexico was more than that of month.

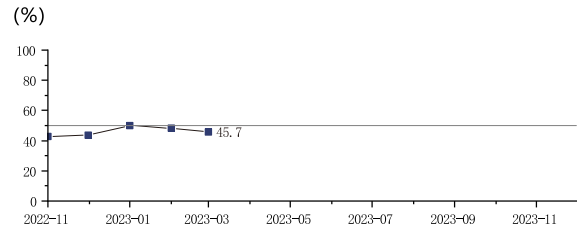




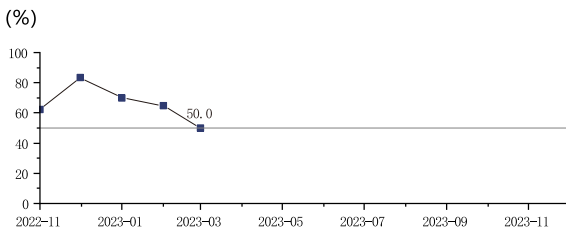
The purchase quantity index registered 38.9%, an increase of 4.3 percentage points from the previous month, was below the critical value for 2 consecutive months, indicating that the purchase quantity of the superior timber enterprises represented by the GTI-Mexico was less than that of last month.



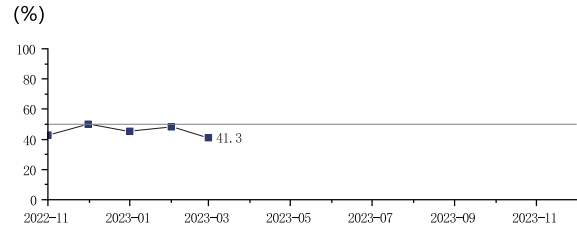
The production and management employees index registered 45.7%, a decrease of 2.6 percentage points from the previous month, was below the critical value for 2 consecutive months, indicating that the number of employees in the superior timber enterprises represented by the GTI-Mexico was less than that of last month.



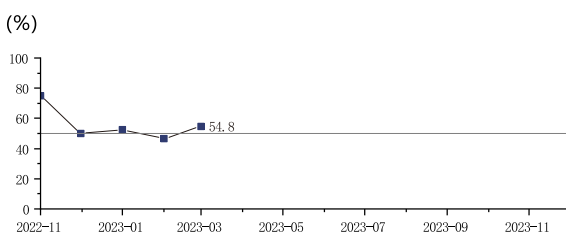
The purchase price index registered 50.0%, a decrease of 14.8 percentage points from the previous month, fell to the critical value, indicating that the purchase price of the superior timber enterprises represented by the GTI-Mexico was same with last month.



The delivery time index registered 41.3%, a decrease of 6.8 percentage points from the previous month, was below the critical value for 3 consecutive months, indicating that the delivery time from the supplier to the superior timber enterprises represented by the GTI-Mexico was slower than last month.



The inventory index of main raw materials registered 54.8%, an increase of 8.2 percentage points from the previous month, rose above the critical value, indicating that the inventory of main raw materials of the superior timber enterprises represented by the GTI-Mexico was more than that of last month.

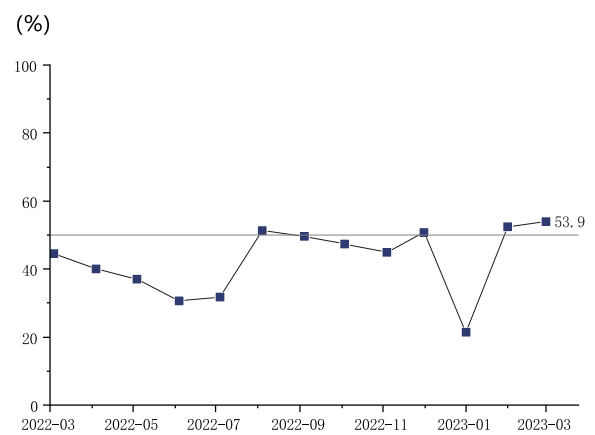


GTI-China Index In March 2023

In March 2023, the Two sessions of the NPC and CPPCC were successfully held in Beijing. At the meeting, China's new leadership was elected and a comprehensive plan was made for the solid promotion of Chinese-style modernization. The 2023 Government Work Report set China's GDP growth target at 5% this year, and pointed out that China should encourage the expansion of domestic demand and create a fair competition and better development environment for all kinds of enterprises. According to the data released by the National Bureau of Statistics, in the first quarter of 2023, China's GDP reached 9631.1 billion RMB, an increase of 9.7% over the same period last year. This March, China's manufacturing PMI index registered 51.9%, the manufacturing market demand continued increasing, production activities maintained a steady recovery, and the shipments were relatively smooth.

In March 2023, with the better macroeconomic trend, the development of China's timber products manufacturing industry continued to go up. The number of orders and production of enterprises continued to increase for two consecutive months, export orders also showed a growth trend, market trading activities gradually became active, and purchasing volume also increased for two

GTI- China Index



consecutive months. However, compared with previous years, the performance of timber market demand was still unsatisfactory, especially the overall export orders have been reduced compared with previous years. This month, the GTI-China index registered 53.9%, an increase of 1.5 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 has expanded from last month.



Products in short supply

Impregnated bond paper, log.

Commodity of which the price has been decreased

Log, solid wood, plywood, film adhesive, methanol, melamine, paraffin, none-formaldehyde adhesive.

Commodity of which the price has been increased

Eucalyptus, methanal, urea, paraffin, waterproof

GTI-China sub-index

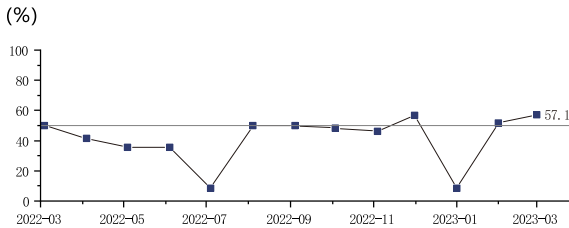
As for the GTI-China sub-index, in March 2023, the indexes like production, new orders, export orders, purchase quantity were above the critical value, the production and management employees index was equal to the critical value, while the remaining 6 sub-indexes were all below the critical value.



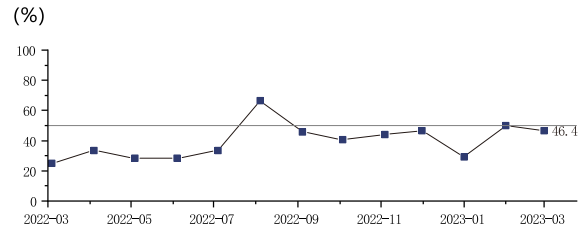
GTI-China sub-index



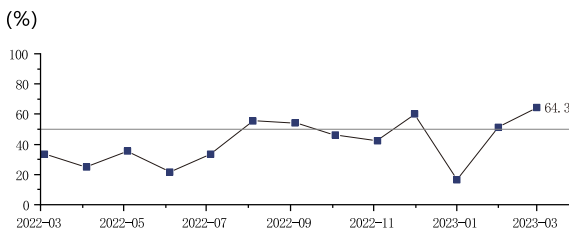
The production index registered 57.1%, an increase of 5.5 percentage points from the previous month, was above the critical value for 2 consecutive months, indicating that the production volume of the superior timber enterprises represented by the GTI-China was more than that of last month.



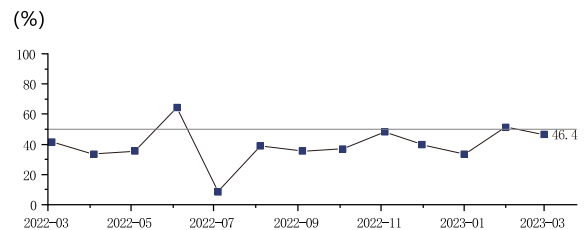
The existing orders index registered 46.4%, a decrease of 3.6 percentage points from the previous month, fell below the critical value, indicating that the number of existing orders of the superior timber enterprises represented by the GTI-China was less than that of last month.



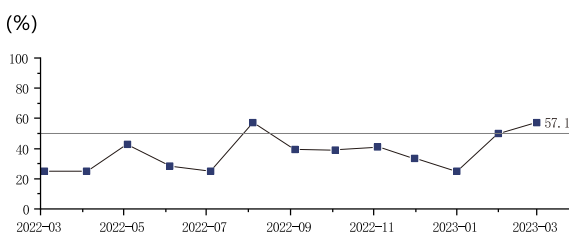
The new orders index registered 64.3%, an increase of 13.0 percentage points from the previous month, was above the critical value for 2 consecutive months, indicating that the number of new orders of the superior timber enterprises represented by the GTI-China was more than that of last month.



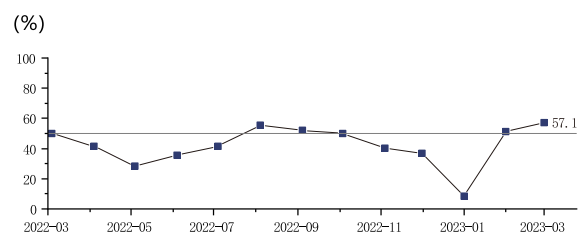
The inventory index of finished products registered 46.4%, a decrease of 5.0 percentage points from the previous month, fell below the critical value, indicating that the inventory of finished products of the superior timber enterprises represented by the GTI-China was less than that of month.



The export orders index registered 57.1%, an increase of 7.1 percentage points from the previous month, rose above the critical value, indicating that the number of export orders of the superior timber enterprises represented by the GTI-China was more than that of last month.

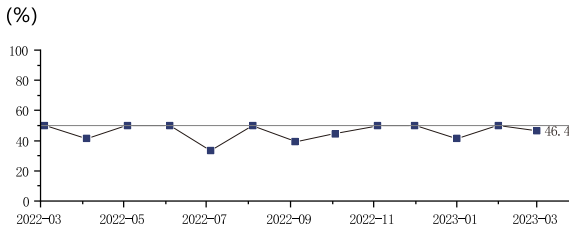


The purchase quantity index registered 57.1%, an increase of 5.9 percentage points from the previous month, was above the critical value for 2 consecutive months, indicating that the purchase quantity of the superior timber enterprises represented by the GTI-China was more than that of last month.

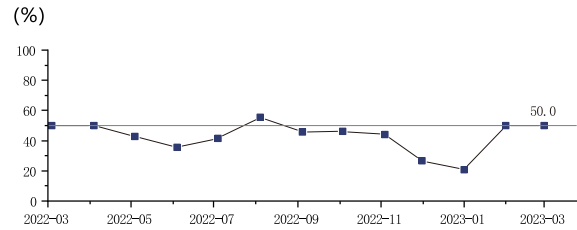




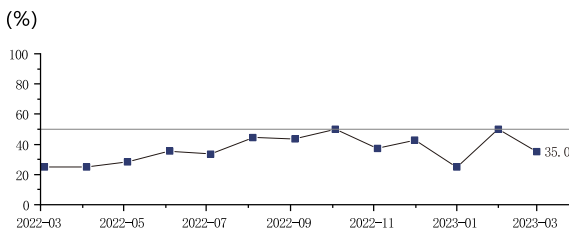
The purchase price index registered 46.4%, a decrease of 3.6 percentage points from the previous month, fell below the critical value, indicating that the purchase price of the superior timber enterprises represented by the GTI-China was less than that of last month.



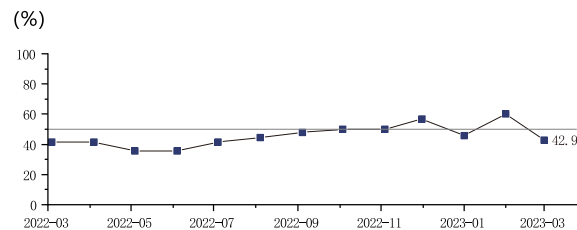
The production and management employees index registered 50.0%, same with the previous month, was equal to the critical value for 2 consecutive months, indicating that the number of employees in the superior timber enterprises represented by the GTI-China was same with last month.



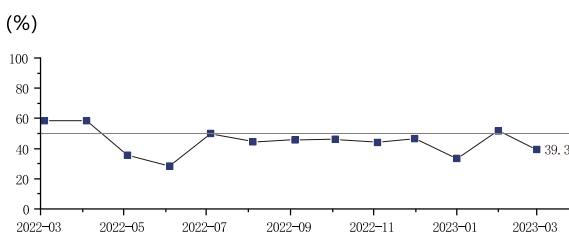
The import index registered 35.0%, a decrease of 15.0 percentage points from the previous month, fell below the critical value, indicating that the import volume of the superior timber enterprises represented by the GTI-China was less than that of last month.



The delivery time index registered 42.9%, a decrease of 17.1 percentage points from the previous month, fell below the critical value, indicating that the delivery time from the supplier to the superior timber enterprises represented by the GTI-China was slower than last month.



The inventory index of main raw materials registered 39.3%, a decrease of 12.2 percentage points from the previous month, fell below the critical value, indicating that the inventory of main raw materials of the superior timber enterprises represented by the GTI-China was less than that of last month.



Survey methodology

The Global Timber Index (hereinafter referred to as GTI) is compiled based on the a survey of leading timber enterprises from the main timber producing and consuming countries. The questionnaire is disseminated to the timber enterprises monthly and the Secretariat of Global Green Supply Chain Initiative (hereinafter referred to as GGSC) organizes the experts to calculate and compile the GTI report, based on statistical analysis of the collected data and information.

With the support of the International Tropical Timber Organization (hereinafter referred to as ITTO), GGSC has set up focal points in the pilot countries from the timber producing and consuming countries. In the initial phase (2022), the GTI platform will cover seven pilot countries: Indonesia, Malaysia, Gabon, Republic of Congo, Brazil, Mexico, and China. The questionnaires will be completed and collected by these focal points from 25th to 30th every month. The GTI reports will be regularly released to stakeholders of global forest products industry.

Based on the characteristics of the timber and timber products industry in different countries, the current GTI questionnaire is divided into two categories: the timber producer and the timber manufacturer. For the timber producing countries, the focus is the investigation on the development trend of local timber harvesting and supply, covering logs, sawn timber, plywood, etc. For the timber consuming countries (such as China), the focus is the investigation on the prosperity and development trend of local timber processing and manufacturing industry, covering wooden floor, doors and furniture, etc.

Data and Interpretation

GTI index contains diffusion index and comprehensive index.

(1)

The calculation of GTI diffusion index. GTI has 11 diffusion index (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 or 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, 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.

The data and intellectual property in the reports are owned by ITTO and GGSC jointly . ITTO and GGSC hereby grant you a limited, revocable, nonsublicensable license to access and display on your individual device the GTI report (excluding any software code) solely for your personal, non-commercial use. Without the permission from ITTO and GGSC , you shall not copy, download, stream, capture, reproduce, duplicate, archive, upload, modify, translate, publish, broadcast, transmit, retransmit, distribute, perform, display, sell, or otherwise use any GTI report Content.

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’ s located in Yokohama, Japan. At present, there are 75 ITTO members. ITTO’ s membership represents about 90% of the global tropical timber trade and more than 80% of the world’ s tropical forests.

About GGSC

Global Green Supply Chain 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 stakeholders 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.

Vision

Connect foresters, live in natural and harmony.

Mission

Build a sustainable development ecology of the global timber industry, promote the transformation of corporate social and environmental responsibilities into competitive advantages, and serve the better life of mankind.

Values

Openness、Share、Greenness、Collaboration.

Contact Information

E-mail:
ggsc@itto-ggsc.org

Tel:
86-10-6288 8626

Web:
<https://itto-ggsc.org/>

GTI REPORT

JOIN US

GGSC

Contact person: Ms. Yinfeng Li

Email: ggsc@itto-ggsc.org

Tel: 86-10-6288 8626

Website: www.itto-ggsc.org



Scan the QR code and follow the official account

ITTO

Contact person: Mr. Qiang Li

Email: li@itto.int

Tel: www.itto.int



Scan the QR code and follow the official account