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INTERNATIONAL TROPICAL
TIMBER ORGANIZATION



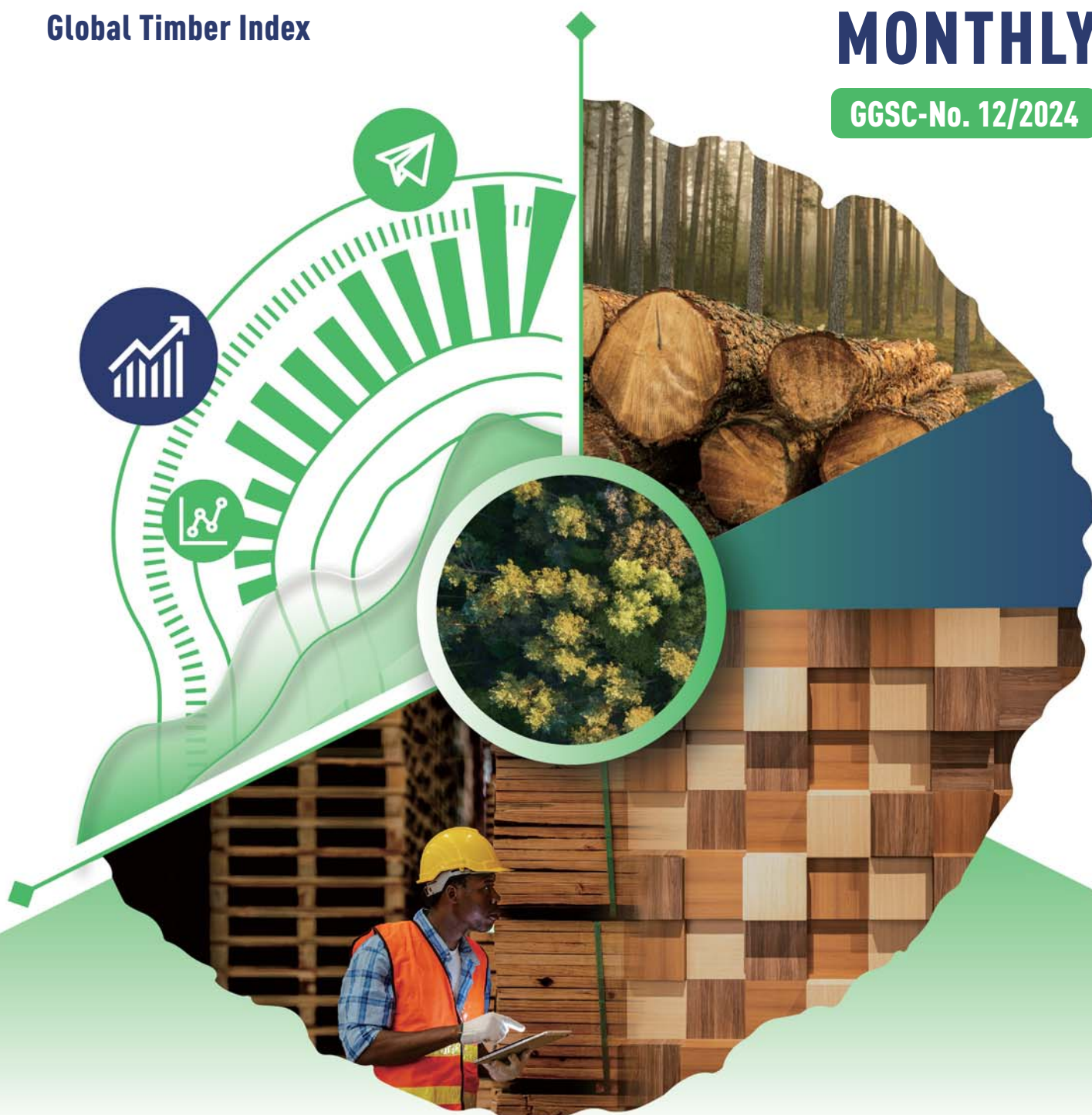
This report was prepared by GGSC, with support of ITTO and IPIM, and Focal Points of Indonesia, Malaysia, Thailand, Gabon, Republic of Congo, Ghana, Brazil, Mexico and China.

GTI REPORT 2024

Global Timber Index

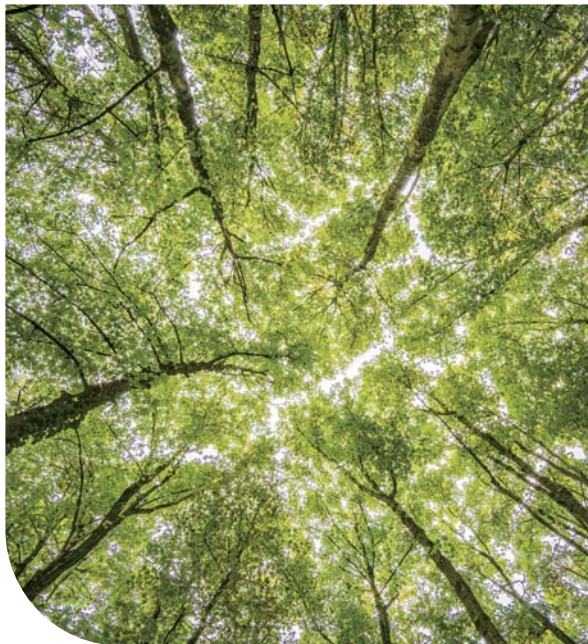
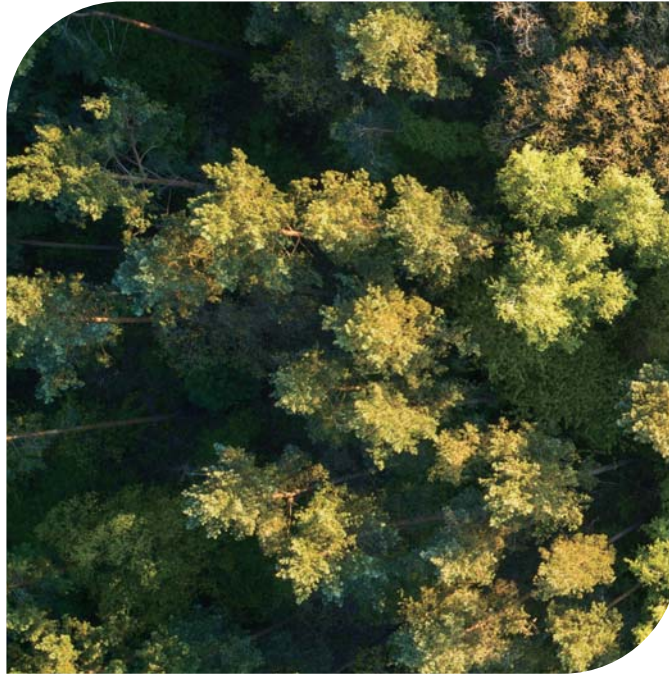
MONTHLY

GGSC-No. 12/2024





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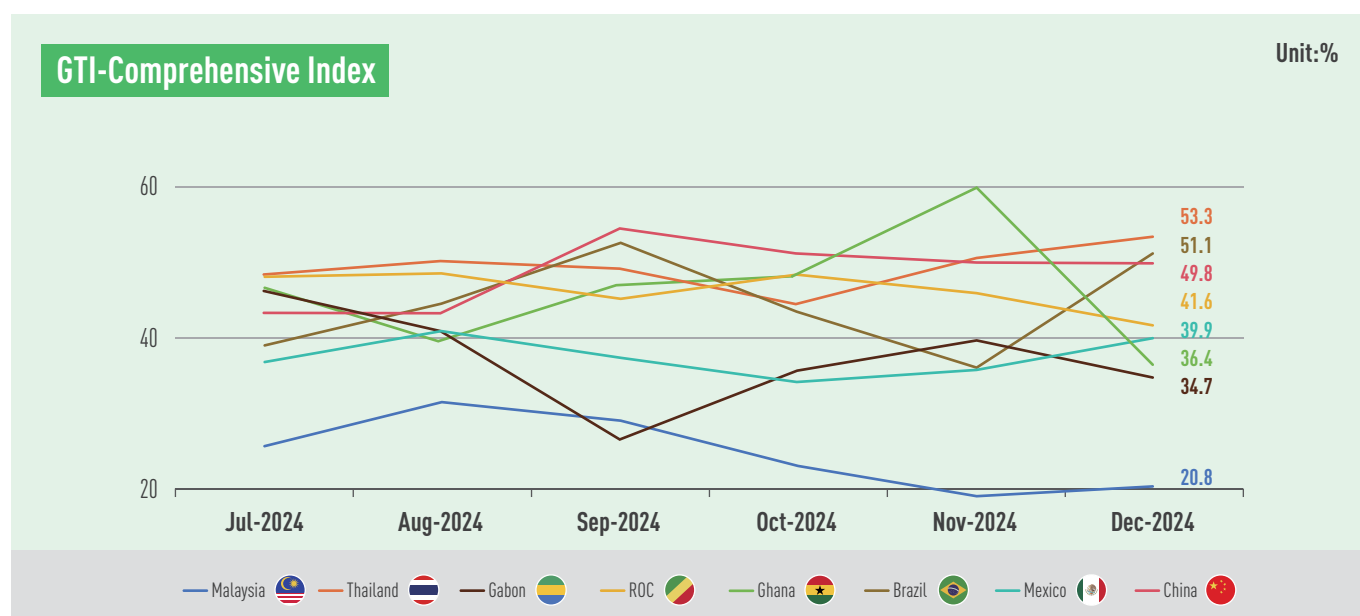


GTI REPORT 2024



Overview of the GTI Index

Global Timber Index launches sub-index for market expectation



This month, the Global Timber Index (GTI) launched a new sub-index, the Market Expectation Index, which tracks and monitors the confidence levels of leading timber enterprises in GTI pilot countries regarding the trends of their countries' timber and wooden products markets over the next six months. With this addition, the GTI now encompasses 12 sub-indices, providing a more comprehensive reflection of the production and business trends of the timber sectors in pilot countries.

GTIs for Thailand (53.3%) and Brazil (51.1%) were above the critical value of 50% in December, thus indicating an upward trend in their timber sectors. However, GTIs for China (49.8%), Republic of the Congo (41.6%), Mexico (39.9%), Ghana (36.4%), Gabon (34.7%), and Malaysia (20.3%) were below the critical value, suggesting the global timber market remained sluggish with significant downside risks.

This month, the volume of harvesting declined in all GTI-producing countries, particularly in Malaysia, Brazil, Gabon, and Mexico. Moreover, the declines in the four countries had persisted for several months, signaling a significant reduction in the supply of logs from these countries. The declines could be attributed to several factors, including lackluster demand (particularly in markets such as Europe and China), a slowdown in renovation activities during holiday periods, etc.

Encouragingly, some timber markets were showing positive signs. For example, domestic market demand in Thailand grew significantly compared to the previous month; for Brazil and China, the volume of export orders increased; and for Mexico, the export market ended months of contraction.

The GTI reports on significant indications of progress towards sustainable forest management in the pilot countries. In December, for example, Indonesian Ministry of Environment and Forestry launched the Legality and Sustainability Verification System (SVLK) Plus with enhanced traceability features, so as to ensure that every exported wood product can be traced to its origin. Also, Malaysia achieved its goal of planting 100 million trees between 2021 and 2025, well ahead of schedule. To date, Malaysia has recorded a forest cover of 18 million hectares, or 54.58 percent of the country's total land area. Recently, Gabon and EU officially launched a technical assistance programme for the sustainable management of Gabonese forests. The first goal of the programme is to revise Gabon's forest laws to meet international standards while adapting to national realities, therefore ensuring sustainable and fair exploitation of forest resources. In addition, it seeks to ensure the sector's compliance with the European Union Deforestation Regulation (EUDR).

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.

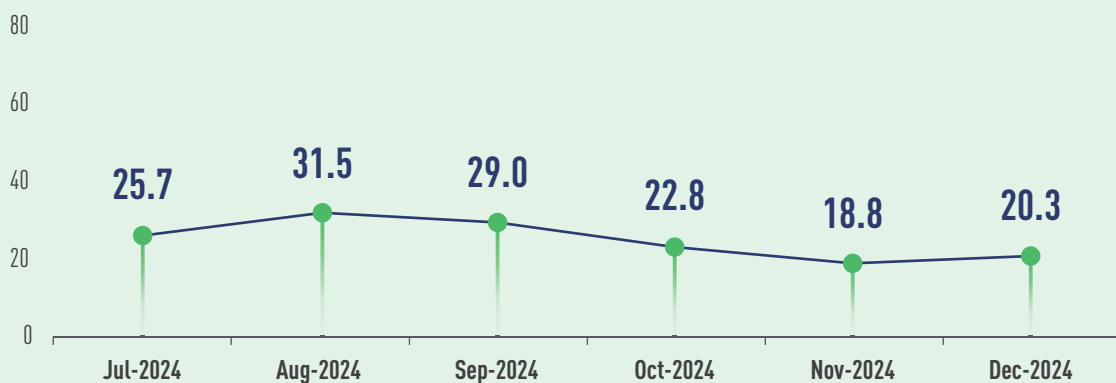


GTI-Malaysia Index in December 2024



GTI-Malaysia Comprehensive Index

Unit: %



As of October 2024, 40 forest management units covering a total area of 6.52 million hectares were certified under the Malaysian Timber Certification Scheme (MTCS) while 370 timber companies received the Chain of Custody certificate, allowing them to display the Programme for the Endorsement of Forest Certification logo on MTCS-certified timber exports, according to Malaysia's Ministry of Plantation and Commodities. On December 10, Malaysia achieved its goal of planting 100 million trees between 2021 and 2025, well ahead of schedule. To date, Malaysia has recorded a forest cover of 18 million hectares, or 54.58 percent of the country's total land area. On December 17, Malaysia was re-elected as chair of the Coalition on Sustainable Timber. Comprising forestry and timber industry associations from nine countries (Bolivia, Brazil, Ecuador, Ghana, Indonesia, Malaysia, Nigeria, Paraguay, and Peru), the coalition is dedicated to actively responding to European Union Deforestation Regulation (EUDR).

In December, the GTI-Malaysia index registered 20.3%, an increase of 1.5 percentage points from the previous month, was below the critical value (50%) for 26 consecutive months, indicating that the business prosperity of the superior timber enterprises represented by the GTI-Malaysia index shrank from last month.

As for the eleven sub-indexes, the purchase price index was above the critical value of 50%, the inventory index of finished products was at the critical value, while the remaining nine indexes were all below the critical value. Compared to the previous month, the indexes for new orders, inventory of finished products, purchase quantity, and purchase price increased by 5.0-15.0 percentage points; the indexes for export orders, existing orders, employees, and delivery time were unchanged from the previous month; and the indexes for harvesting, production, and inventory of main raw materials declined by 5.5-14.3 percentage points.



Hot pressing in Tan Chee Seng Sawmill Perak, Malaysia. Photo: Khairul nizam

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

	2024.07	2024.08	2024.09	2024.10	2024.11	2024.12	MoM	Performance
Comprehensive Index	25.7	31.5	29.0	22.8	18.8	20.3	1.5 ↑	Contract
Harvesting Index	31.3	14.3	28.6	0.0	14.3	0.0	-14.3 ↓	Contract
Production Index	11.1	27.8	27.8	22.2	22.2	12.5	-9.7 ↓	Contract
New Orders Index	25.0	35.0	30.0	25.0	15.0	30.0	15.0 ↑	Contract
Export Orders Index	33.3	22.2	30.0	30.0	25.0	25.0	0.0	Contract
Existing Orders Index	35.0	38.9	35.0	40.0	30.0	30.0	0.0	Contract
Inventory Index of Finished Products	50.0	55.0	60.0	60.0	45.0	50.0	5.0 ↑	Stable
Purchase Quantity Index	27.8	16.7	16.7	16.7	16.7	27.8	11.1 ↑	Contract
Purchase Price Index	66.7	55.6	55.6	61.1	50.0	55.6	5.6 ↑	Expand
Inventory Index of Main Raw Materials	44.4	38.9	38.9	22.2	22.2	16.7	-5.5 ↓	Contract
Employees Index	30.0	30.0	25.0	25.0	20.0	20.0	0.0	Contract
Delivery Time Index	33.3	27.8	27.8	16.7	16.7	16.7	0.0	Contract



Main Challenges Reported by GTI-Malaysia Enterprises

- There were fluctuations in currency exchange rates.
- The demand for wood was not enough.
- The supply of raw materials was limited and there was a shortage of manpower.
- The costs of raw materials (woodwaste) were high.
- There was a shortage of logs suitable for producing face veneer.
- There was a decrease in orders, and the freight costs to USA increased.
- There was a shortage of plywood demand for export, and at the same time, there was a lack of logs.



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 and sawnwood.

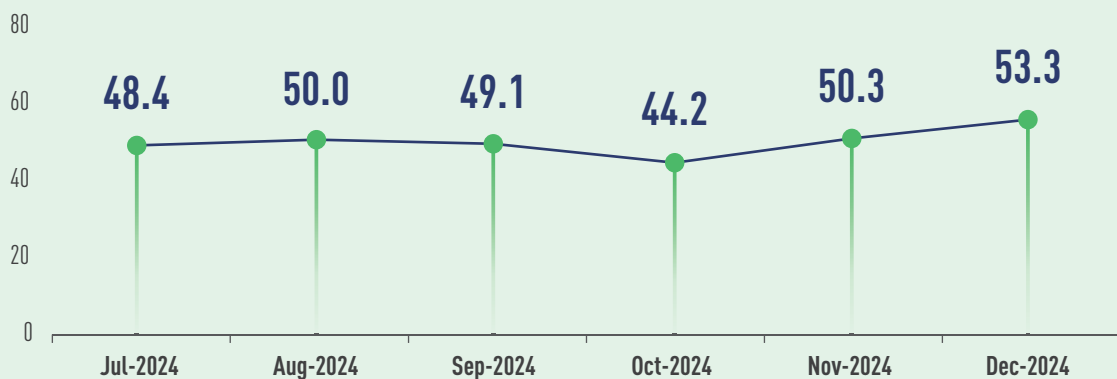


GTI-Thailand Index in December 2024



GTI-Thailand Comprehensive Index

Unit: %



On December 24, the Department of Business Development of Thailand said that a total of 884 foreign companies were approved to invest in the country in the first 11 months of 2024, representing a 44% year-on-year increase. The total investment by these companies exceeded 213.96 billion baht (approximately US\$6.26 billion), reflecting a 118% year-on-year growth. The Department of Marine and Coastal Resources (DMCR) said that privately owned virgin mangrove forests would soon be exempt from land tax to mitigate the problems of mangrove lands being transformed into agricultural land. Under the Land and Building Tax Act 2019, any property classified as vacant land or not being used properly must be taxed at a higher rate than areas used for agriculture. As a result, DMCR often finds landowners turning their mangrove lands into agricultural land to avoid high taxes. Recently, the Director General of the Royal Forest Department presided over a meeting to clarify the roles, responsibilities, and operational areas of 408 forest protection units nationwide, and establish guidelines for relevant agencies to manage forest resources and handle seized timber.

In December, the GTI-Thailand index registered 53.3%, an increase of 3.0 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-Thailand index expanded from last month. This month, Thailand's timber sector saw an increase in both production and orders, particularly a significant growth in domestic demand.

As for the twelve sub-indexes, five indexes (production, new orders, export orders, purchase price, and delivery time) were above the critical value of 50%, one index (market expectation) was at the critical value, while the remaining six indexes (harvesting, existing orders, inventory of finished products, purchase quantity, inventory of main raw materials, and employees) were below the critical value. Compared to the previous month, the indexes for new orders, export orders, existing orders, purchase price, inventory of main raw materials, and delivery time increased by 1.7-19.2 percentage points; the index for purchase quantity was unchanged from the previous month; and the indexes for harvesting, production, inventory of finished products, and employees declined by 3.8-15.4 percentage points.

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

	2024.07	2024.08	2024.09	2024.10	2024.11	2024.12	MoM	Performance
Comprehensive Index	48.4	50.0	49.1	44.2	50.3	53.3	3.0 ↑	Expand
Harvesting Index	50.0	55.6	41.7	33.3	50.0	38.9	-11.1 ↓	Contract
Production Index	46.4	50.0	46.9	50.0	58.3	54.5	-3.8 ↓	Expand
New Orders Index	46.9	61.5	58.8	46.2	53.8	62.5	8.7 ↑	Expand
Export Orders Index	50.0	57.1	38.9	30.0	58.3	60.0	1.7 ↑	Expand
Existing Orders Index	65.6	53.8	55.9	38.5	38.5	42.3	3.8 ↑	Contract
Inventory Index of Finished Products	34.4	34.6	35.3	23.1	50.0	34.6	-15.4 ↓	Contract
Purchase Quantity Index	42.3	61.5	50.0	29.2	45.8	45.8	0.0	Contract
Purchase Price Index	53.6	53.8	53.3	54.2	50.0	53.8	3.8 ↑	Expand
Inventory Index of Main Raw Materials	36.7	23.1	32.4	23.1	37.5	38.5	1.0 ↑	Contract
Employees Index	53.1	46.2	47.1	46.2	50.0	42.3	-7.7 ↓	Contract
Delivery Time Index	56.3	50.0	47.1	42.3	38.5	57.7	19.2 ↑	Expand
Market Expectation Index	-	-	-	-	-	50.0	-	Stable



Main Challenges Reported by GTI-Thailand Enterprises

- The production costs of enterprises increased.
- Production slowed down due to holidays.
- The customer wanted a long piece of wood, which is hard to find.
- The government had a policy to adjust the minimum wage at the beginning of next year.
- Laborers frequently quitted their job, so it was necessary to train new workers.



Main Suggestions from GTI-Thailand Enterprises

- Enhance skills, so workers can perform a variety of tasks.
- The government should enhance support for careers related to the timber business.
- The government should have certain measures to control the prices of goods and oil.
- Factories must try to cut down costs, reduce the number of employees, and increase production efficiency.
- Instill in consumers the value of using wood.

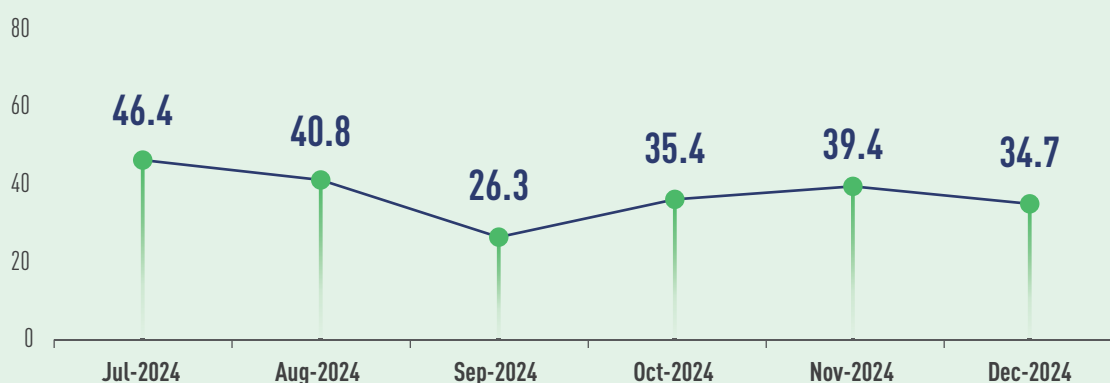


GTI-Gabon Index in December 2024



GTI-Gabon Comprehensive Index

Unit: %



On December 30, the Gabonese national timber company, Société Nationale des Bois du Gabon, was once again owned by the government, marking the government's determination to defend economic sovereignty and enhance the efficiency and transparency in resource management. Recently, local media in the country said that the performance of Gabon's timber industry is expected to decline in 2024, according to data from the Gabonese Ministry of Economy. The production of sawnwood may decrease by 2%, from 1.333 million cubic meters in 2023 to 1.306 million cubic meters. The downturn is mainly due to a decrease in global demand, particularly from major export destinations such as Asia and the European Union. On December 3, Gabon's Minister of Water and Forests, Maurice Ntossui Allogo, and the EU Ambassador Cécile Abadie, officially launched a technical assistance programme for the sustainable management of Gabonese forests. Supported by European funding of 9 million euros, the programme aims to revise Gabon's forest laws to meet international standards while adapting to national realities, therefore ensuring sustainable and fair exploitation of forest resources. In addition, it aims to ensure the sector's compliance with the European Union Deforestation Regulation (EUDR).

In December, the GTI-Gabon index registered 34.7%, a decrease of 4.7 percentage points from the previous month, was below the critical value (50%) for 17 consecutive months, indicating that the business prosperity of the superior timber enterprises represented by the GTI-Gabon index shrank from last month, and the degree of contraction rose a little.

As for the twelve sub-indexes, the purchase price index was above the critical value of 50%, the inventory index of main raw materials was at the critical value, while the remaining ten indexes (harvesting, production, new orders, export orders, existing orders, inventory of finished products, purchase quantity, employees, delivery time, and market expectation) were all below the critical value. Compared to the previous month, the indexes for production, inventory of finished products, and delivery time increased by 2.0-6.5 percentage points; the index for purchase price was unchanged from the previous month; and the indexes for harvesting, new orders, export orders, existing orders, purchase quantity, inventory of main raw materials, and employees declined by 2.0-11.1 percentage points.

Brief on Gabonese Timber Industry

The situation of Gabonese companies in recent months and the efforts of the Gabonese government in terms of improving its forest management policies are as follows:

1. There has been an improvement in communication between enterprises and the Ministry of Water and Forests; 2. The market has maintained good liquidity; 3. Railway rehabilitation works have significantly reduced derailment incidents that may result in enormous losses for forestry companies; 4. The railway transport company, SETRAG, has purchased new locomotives, enhancing the capacity of transporting logs to major local processing centers; 5. The government has endeavored to reduce the cost of fuel (industrial diesel) from 1,045 CFA francs per liter to 770 CFA francs.

However, the following challenges existed in the timber sector: 1. Wood price per cubic meter was not stable; 2. Heavy rainfall has affected the output of forest products; 3. Production costs have continued to rise.

Information provided by GTI-Gabon Focal Point

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

	2024.07	2024.08	2024.09	2024.10	2024.11	2024.12	MoM	Performance
Comprehensive Index	46.4	40.8	26.3	35.4	39.4	34.7	-4.7 ↓	Contract
Harvesting Index	56.7	53.8	23.3	25.0	27.8	23.1	-4.7 ↓	Contract
Production Index	60.7	45.8	26.9	50.0	37.5	40.0	2.5 ↑	Contract
New Orders Index	43.3	34.6	18.8	26.9	31.8	21.4	-10.4 ↓	Contract
Export Orders Index	40.9	36.4	25.0	31.3	33.3	31.3	-2.0 ↓	Contract
Existing Orders Index	43.3	38.5	21.9	34.6	22.7	17.9	-4.8 ↓	Contract
Inventory Index of Finished Products	56.7	53.8	25.0	34.6	36.4	42.9	6.5 ↑	Contract
Purchase Quantity Index	50.0	45.5	34.6	33.3	50.0	38.9	-11.1 ↓	Contract
Purchase Price Index	37.5	38.9	38.5	55.6	62.5	62.5	0.0	Expand
Inventory Index of Main Raw Materials	45.8	45.0	30.8	50.0	57.1	50.0	-7.1 ↓	Stable
Employees Index	33.3	42.3	28.1	23.1	40.9	32.1	-8.8 ↓	Contract
Delivery Time Index	46.4	40.0	34.6	35.0	43.8	45.8	2.0 ↑	Contract
Market Expectation Index	-	-	-	-	-	42.3	-	Contract



Main Challenges Reported by GTI-Gabon Enterprises

- The land tax was high.
- The number of orders decreased.
- The supply of logs was a problem.
- The customs costs were high.
- There was a decline in the market prices of wood products.
- The quantity of production decreased and the quality of wood was poor.
- The approval of administrative documents was slow, and the transportation of logs was delayed.



Main Suggestions from GTI-Gabon Enterprises

- Lower the land tax.
- Improve road conditions.
- Increase labor force and reduce procurement costs.
- Obtain certifications to maintain competitiveness.
- Suggest that administrative departments enhance communication with enterprises.
- Reduce production costs and taxes to enhance competitiveness.

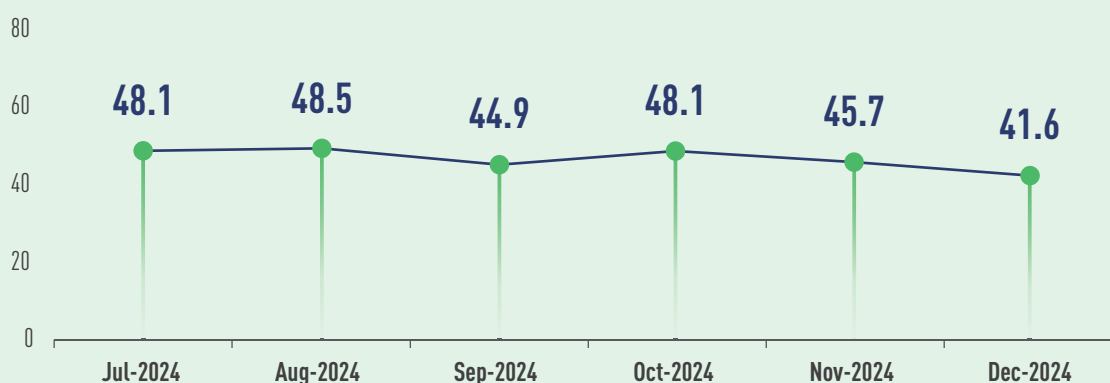


GTI-ROC Index in December 2024



GTI-ROC Comprehensive Index

Unit: %



On December 18, the Council of Ministers of the Republic of the Congo (ROC) approved a draft law to establish the National Environment Agency (Agence nationale de l'environnement, ANE), in an effort to strengthen environmental management and sustainable development in the country. Recently, ROC and the European Union held the 20th session of the Joint Implementation Committee of Voluntary Partnership Agreement (VPA) on Forest Law Enforcement, Governance and Trade to assess the implementation of the agreement. At the meeting, Rosalie Matondo, the Minister of Forest Economy of ROC, pointed out that its main achievement is the creation of the Computerized Legality Verification System (SIVL), which allows the systematic documentation of information relating to forestry activities and the issuance of legality certificates and FLEGT authorizations. In addition, with the implementation of SIVL, a forestry taxation module has been put into service, enabling the payment of forestry taxes through the SIVL system. On December 20, the World Bank released the latest edition of the Economic Barometer for the Central African Economic and Monetary Community, noting that the Congo Basin countries face difficult trade-offs between preserving forests and pursuing forest-related economic activities that may hinder forests' sustainability. And the region receives less climate finance aid compared to other forested regions, further hindering conservation efforts.

In December, the GTI-ROC index registered 41.6%, a decrease of 4.1 percentage points from the previous month, was below the critical value (50%) for 26 consecutive months, indicating that the business prosperity of the superior timber enterprises represented by the GTI-ROC index shrank from last month, and the degree of contraction rose a little.

As for the twelve sub-indexes, the purchase price index was at the critical value of 50%, while the remaining eleven indexes (harvesting, production, new orders, export orders, existing orders, inventory of finished products, purchase quantity, inventory of main raw materials, employees, delivery time, and market expectation) were all below the critical value. Compared to the previous month, the indexes for purchase price and employees increased by 0.5-16.7 percentage point(s); the index for purchase quantity was unchanged from the previous month; and the indexes for harvesting, production, new orders, export orders, existing orders, inventory of finished products, inventory of main raw materials, and delivery time declined by 1.5-30.4 percentage points.

Brief on ROC's Timber Industry

According to statistics from ROC's Forest Products Export Control Agency (SCPFE), the total volume of approved wood exports in 2023 is as follows:

Since 1 January 2023, the log export ban in the Republic of the Congo has officially come into effect. This policy led to a sharp decline in the country's total wood exports. In 2022, the total volume of wood exports was 971,435.004 cubic meters, however, the figure was down 33.99% in 2023.

In 2023, 27 companies declared and validated nearly 50 types of wood, with the primary species being Sapelli. Wood exported to Asia stood at 717,238.188 cubic meters, accounting for 73.83% of the total exports.

Among the 50 species reported this year, Sapelli dominates with a volume of 186,374.301 cubic meters (29.35%), followed by Okoumé at 168,963.042 cubic meters (26.35%) and Tali at 40,610.012 cubic meters (6.33%).

A total of 27 companies declared these wood exports in 2023. The top three positions are occupied by Groupe Taman Industries Limited (TIL), with a volume of 107,016.57 cubic meters (16.69%); CIB-Olam at 96,148.36 cubic meters (15.00%), and SICOFOR (Zhonggang Forest) at 85,640.25 cubic meters (13.36%). And SEFYD ranks fourth with 85,155.79 cubic meters (13.28%).

Information provided by GTI-ROC Focal Point

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

	2024.07	2024.08	2024.09	2024.10	2024.11	2024.12	MoM	Performance
Comprehensive Index	48.1	48.5	44.9	48.1	45.7	41.6	-4.1 ↓	Contract
Harvesting Index	45.7	50.0	45.5	45.0	50.0	43.8	-6.2 ↓	Contract
Production Index	50.0	46.2	45.5	50.0	50.0	45.8	-4.2 ↓	Contract
New Orders Index	50.0	38.6	48.0	47.7	47.7	46.0	-1.7 ↓	Contract
Export Orders Index	45.8	40.0	42.9	50.0	47.6	45.8	-1.8 ↓	Contract
Existing Orders Index	44.0	45.5	44.0	50.0	47.7	46.0	-1.7 ↓	Contract
Inventory Index of Finished Products	50.0	43.2	44.0	47.7	45.5	44.0	-1.5 ↓	Contract
Purchase Quantity Index	58.3	50.0	50.0	50.0	33.3	33.3	0.0	Contract
Purchase Price Index	44.4	66.7	33.3	50.0	33.3	50.0	16.7 ↑	Stable
Inventory Index of Main Raw Materials	50.0	50.0	50.0	50.0	40.0	25.0	-15.0 ↓	Contract
Employees Index	48.0	36.4	44.0	45.5	45.5	46.0	0.5 ↑	Contract
Delivery Time Index	47.6	50.0	50.0	50.0	50.0	19.6	-30.4 ↓	Contract
Market Expectation Index	-	-	-	-	-	48.2	-	Contract



Main Challenges Reported by GTI-ROC Enterprises

- Some enterprises faced cash flow problems.
- The logistics for products were slow.
- Rains had restricted production and operations.
- Fuel supply was insufficient for the production.



Main Suggestions from GTI-ROC Enterprises

- Ensure fuel supply.
- Adjust the schedule of field operation according to the weather.
- Improve road conditions to increase logistics speed.

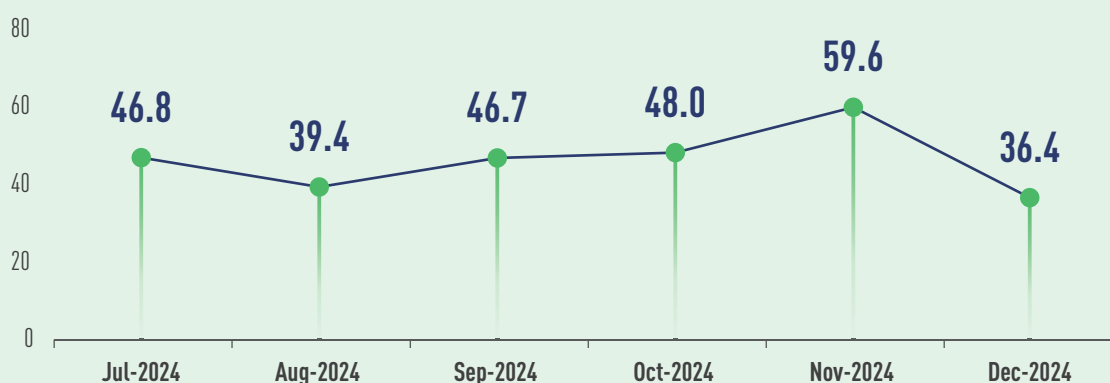


GTI-Ghana Index in December 2024



GTI-Ghana Comprehensive Index

Unit: %



In December, Ghana's consumer inflation rose slightly from 23% in November to 23.8%, and there were significant disparities in regional inflation rates, with the northern parts often facing sharper price increases due to logistical and supply chain challenges. For the first three quarters of 2024, Ghana recorded an average real GDP growth rate of 6.3%, a significant leap from the 2.6% recorded during the same period in 2023. For the third quarter of 2024, the country's timber export value amounted to 92.6 million euros, and the top five timber exports are lumber (air-dried and kiln-dried), billets, plywood, and rotary veneer, according to John Allotey, the Chief Executive of the Forestry Commission.

In December, the GTI-Ghana index registered 36.4%, a decrease of 23.2 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-Ghana index shrank from the previous month.

As for the twelve sub-indexes, one index (purchase price) was above the critical value of 50%, three indexes (inventory of finished products, inventory of main raw materials, and market expectation) were at the critical value of 50%, while the remaining eight indexes (harvesting, production, new orders, export orders, existing orders, purchase quantity, employees, and delivery time) were all below the critical value. Compared to the previous month, the index for existing orders increased by 3.5 percentage points, and the indexes for harvesting, production, new orders, export orders, inventory of finished products, purchase quantity, purchase price, inventory of main raw materials, employees, and delivery time declined by 5.6-42.0 percentage points.

Brief on Ghanaian Timber Industry

- Wood product exports contribute significantly to Ghana's economy. It is the fourth highest foreign exchange earner. Ghana exports a considerable amount of wood products to some major market destinations comprising: Asia/Far East, Europe, Africa, Middle East and America.

- At present, Asia/Far East is the most dominant export destination for Ghanaian timber and timber products enjoying a market share of about 65.56% with countries like China, India and Vietnam at the fore-front of trade in products such as Teak/Gmelina (Lumber and Logs/Billets). The dominance of Asia/Far East has persisted since 2014 till date coinciding with the emergence of China as a world super power. The average market shares for the other market destinations are as follows: Europe (14.46%), Africa (13.55%), Middle East (2.41%) and America (4.02%).

- Over the years, the total number of timber species exported was in excess of sixty (60), but in percentage terms of total annual volume, the exports of species like Wawa, Teak, Chenchen, Asanfina, Ceiba, Mahogany, Odum, Ekki, Papao, Niangon and Hyedua were the most predominant species (over 65% of total export). With the exception of Teak, which has been increasing in volumes of export, all the other species have exhibited fluctuating or declining movements. The percentage increase in the value of Teak export has been increasing over the years because of its dual purpose and its high demand in India and other Asian countries. Moreover, it is one of the species that is in relative abundance in Ghana (obtained from both natural forests and private plantations).

- The decline in volume of timber export can be attributed to structural constraints such as deficient processing equipment, unskilled labour, inadequate raw material and price instability (due to exchange rate fluctuations) of timber products over the years.

Information provided by GTI-Ghana Focal Point

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

	2024.07	2024.08	2024.09	2024.10	2024.11	2024.12	MoM	Performance
Comprehensive Index	46.8	39.4	46.7	48.0	59.6	36.4	-23.2 ↓	Contract
Harvesting Index	46.9	31.0	50.0	44.0	54.2	36.8	-17.4 ↓	Contract
Production Index	42.1	33.3	47.8	43.1	62.0	20.0	-42.0 ↓	Contract
New Orders Index	32.5	43.8	43.5	43.3	54.0	35.0	-19.0 ↓	Contract
Export Orders Index	38.2	31.0	36.8	40.7	50.0	44.4	-5.6 ↓	Contract
Existing Orders Index	35.0	45.8	45.7	36.7	44.0	47.5	3.5 ↑	Contract
Inventory Index of Finished Products	35.0	37.5	63.0	50.0	56.0	50.0	-6.0 ↓	Stable
Purchase Quantity Index	36.8	40.5	37.5	44.4	54.3	37.5	-16.8 ↓	Contract
Purchase Price Index	81.6	85.0	76.2	82.7	86.4	55.3	-31.1 ↓	Expand
Inventory Index of Main Raw Materials	39.5	34.8	36.8	42.6	56.8	50.0	-6.8 ↓	Stable
Employees Index	42.5	41.7	32.6	48.3	50.0	37.5	-12.5 ↓	Contract
Delivery Time Index	55.3	39.6	47.8	53.3	58.3	40.0	-18.3 ↓	Contract
Market Expectation Index	-	-	-	-	-	50.0	-	Stable



Main Challenges Reported by GTI-Ghana Enterprises

- Contracts from buyers were not enough.
- Frequent breakdown of logging equipment was a problem.
- Prices of logs and other raw materials (fuel, lubricants) increased.



Main Suggestions from GTI-Ghana Enterprises

- More contracts are needed.
- Access to funds for purchasing new equipment.
- Government intervention is needed.

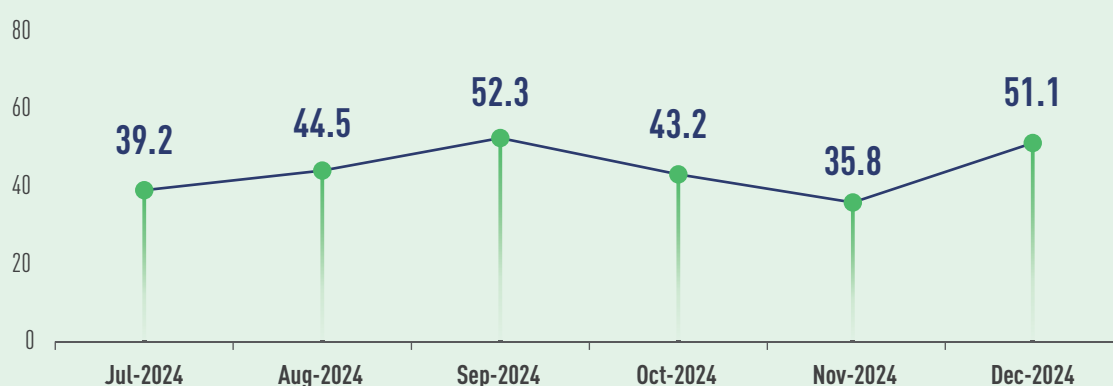


GTI-Brazil Index in December 2024



GTI-Brazil Comprehensive Index

Unit: %



Data released by MapBiomas on December 16 showed that from January to November, fire affected an area of nearly 297,700 square kilometers in Brazil, representing a 90% increase compared to the same period in 2023. The majority (57%) of the territory affected by fire in the first 11 months of 2024 is located in the Amazon. Of the 169,000 square kilometers impacted in the region, 76,000 square kilometers were forested areas. In addition, the Cerrado, the Pantanal wetlands, and the Atlantic Forest also suffered significant damage from fires. On December 19, the Brazilian Ministry of Development, Industry, Trade and Services (MDIC) published an ordinance regulating self-certification in the Official Gazette of the Federal Government (DOU). Effective from 1 March 2025, the commercial operator can choose to self-certify the origin of its product or apply for a certificate of origin through one of the 48 entities authorized by MDIC. The ordinance is expected to reduce the cost and time of issuing proof of origin and will facilitate trade. Starting from 20 December 2024, the Brazilian Furniture Industry Association (Abimóvel) and Brazilian Agency for the Promotion of Exports and Investments (ApexBrasil) have renewed their Brazilian Furniture Sector Project for another two-year cycle, so as to jointly increase the export of Brazilian furniture and components. In the 2023-2024 cycle, the project generated approximately US\$367 million in business, through 4,118 meetings with international buyers

and participation in major global trade fairs.

In December, the GTI-Brazil index registered 51.1%, an increase of 15.3 percentage points from the previous month, rose above the critical value (50%) after 2 months, indicating that the business prosperity of the superior timber enterprises represented by the GTI-Brazil index expanded from last month. This month, the demand for the country's wood and wood products was strong, and an increase in both domestic and overseas orders was observed.

As for the twelve sub-indexes, the indexes for new orders, export orders, existing orders, inventory of finished products, inventory of main raw materials, and employees were above the critical value of 50%, the indexes for purchase price and market expectation were at the critical value, while the remaining four indexes were all below the critical value. Compared to the previous month, seven indexes (production, new orders, export orders, existing orders, inventory of finished products, inventory of main raw materials, and employees) increased by 5.4-35.7 percentage points; one index (purchase price) was unchanged from the previous month; and three indexes (harvesting, purchase quantity, and delivery time) declined by 10.1-16.9 percentage points.

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

	2024.07	2024.08	2024.09	2024.10	2024.11	2024.12	MoM	Performance
Comprehensive Index	39.2	44.5	52.3	43.2	35.8	51.1	15.3 ↑	Expand
Harvesting Index	43.8	50.0	41.7	45.0	30.0	16.7	-13.3 ↓	Contract
Production Index	38.9	40.0	53.8	34.6	37.5	42.9	5.4 ↑	Contract
New Orders Index	45.0	31.8	53.6	46.2	21.4	57.1	35.7 ↑	Expand
Export Orders Index	33.3	27.3	42.3	41.7	33.3	66.7	33.4 ↑	Expand
Existing Orders Index	35.0	54.5	50.0	46.2	50.0	57.1	7.1 ↑	Expand
Inventory Index of Finished Products	40.0	59.1	75.0	76.9	75.0	85.7	10.7 ↑	Expand
Purchase Quantity Index	31.3	60.0	50.0	37.5	45.5	28.6	-16.9 ↓	Contract
Purchase Price Index	43.8	60.0	54.2	45.8	50.0	50.0	0.0	Stable
Inventory Index of Main Raw Materials	33.3	65.0	50.0	45.8	45.5	64.3	18.8 ↑	Expand
Employees Index	40.0	54.5	57.1	46.2	42.9	57.1	14.2 ↑	Expand
Delivery Time Index	31.3	50.0	42.3	45.8	45.8	35.7	-10.1 ↓	Contract
Market Expectation Index	-	-	-	-	-	50.0	-	Stable



Factory-Acabamento in Palmas PR, Brazil. Photo: Banco de Imagens Marini



Finish-Estoque in Palmas PR, Brazil. Photo: Banco de Imagens Marini



Brief on Brazilian Timber Industry



- The Brazilian forest sector faces logistics problems for export with shipment delays caused by a high rate of port call omissions, results in cascading issues such as postponed shipments, rollover booking, unjust detention charges, among other complications. The sector is seeking to mitigate delays in the timber export through meetings with shipping lines, proposing measures such as extending the free time period, adjusting the Estimated Time of Departure (ETD) schedule, and maintaining contracted freight rates despite delays.
- The certification of products such as pallets and plywood, along with communication and marketing strategies, has been a priority to highlight the quality and sustainability of national production. These initiatives aim to increase the engagement of companies and broaden the acceptance of Brazilian products in both domestic and international consumer markets.
- The Brazilian forest sector has been exploring new opportunities, such as using plywood in innovative construction systems like wood frame and expanding pellet consumption in the domestic and export markets, especially for heating in Europe. Product diversification and the pursuit of certifications have been key strategies to add value and competitiveness to Brazilian products.

Information provided by GTI-Brazil Focal Point



Finish-Estoque in Palmas PR, Brazil. Photo: Banco de Imagens Marini



Finish-Pintura in Palmas PR, Brazil. Photo: Banco de Imagens Marini



Main Challenges Reported by GTI-Brazil Enterprises

- There was a lack of space at the port, and the detention costs were high.
- There was a difficulty in obtaining credit due to high interest rates.
- Alert about methyl bromide shortage increased the logistics team's efforts to find different fumigation suppliers.
- Holidays caused a slowdown in production and operation.
- There was a need to adjust the production process to achieve the best possible performance in order to meet the delivery dates of the orders on hand.
- Low prices, a sluggish market, and delays in the issuance of LPCOs (Licenses, Permits, Certificates, and Other Documents) by IBAMA also posed challenges.



Main Suggestions from GTI-Brazil Enterprises

- There is a need for port investment.
- Promote the industrialization of the production chain.
- Establish deadlines to be met by regulatory / control agencies.
- Carry out motivational training and constantly focus on the daily work of the sawmill supervision teams, especially in the sectors related to remanufactured products.
- Search for different fumigation service providers and conduct dialogue with Department of Plant Health and Agricultural Inputs (DSV) / Ministry of Agriculture & Livestock (MAPA) for alternative measures to mitigate the risk of depleting methyl bromide stock.

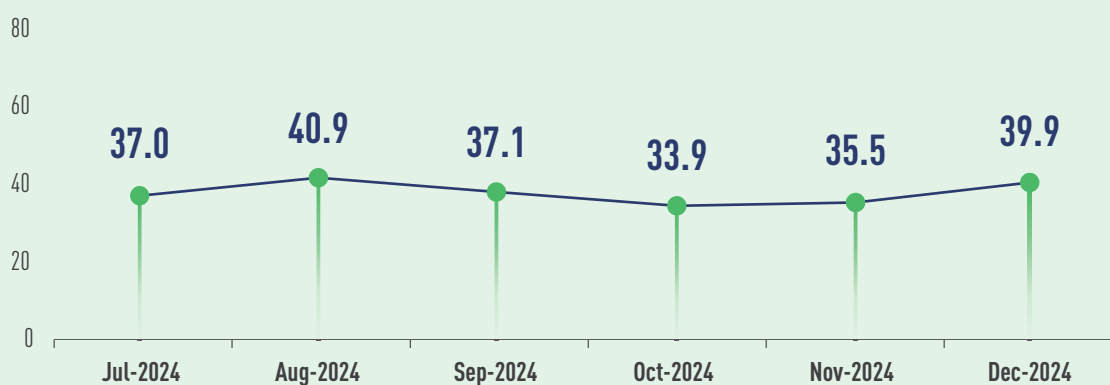


GTI-Mexico Index in December 2024



GTI-Mexico Comprehensive Index

Unit: %



On December 4, the Mexican government announced a 12% increase to the general minimum wage starting 1 January 2025. As a result of this adjustment, the daily wage in most regions of the country will rise from MX\$248.93 to MX\$278.80. Recently, Mexican President and Business Advisory Council for the Mexican Government signed an agreement to establish Regional Economic Development and Nearshoring/Relocalization Advisory Council (CADERR), aiming to drive Mexico's national nearshoring strategy, solidify private-sector investments, create jobs, etc. On December 12, Mexico held an inter-agency coordination meeting on forest fire prevention and control in 2025. The meeting revealed that forest fires in 2024 had caused damage to 1.6 million hectares of land across the country. During the 2023-2024 period, states with high rate of forest fire incidences included Guerrero, Jalisco, Chihuahua, Chiapas, and Oaxaca. Data from Statista shows that the furniture market revenue in Mexico is expected to reach US\$9.95 billion in 2024, among which living room furniture (US\$3.75 billion), bedroom furniture (US\$1.95 billion), and home decoration (US\$1.76 billion) are the largest categories in terms of revenue.

In December, the GTI-Mexico index registered 39.9%, an increase of 4.4 percentage points from the previous month, was below the critical value (50%) for 26 consecutive months, indicating that the business prosperity of the superior timber enterprises represented by the GTI-Mexico index shrank from last month, however, the contraction had eased a little. Despite a contraction in the domestic timber market this month, the export market was relatively stable, and enterprises were relatively optimistic about the overall trend of the timber market over the next six months.

As for the twelve sub-indexes, the purchase price index and the market expectation index were above the critical value of 50%, the export orders index was at the critical value, while the remaining nine indexes were all below the critical value. Compared to the previous month, eight indexes (production, export orders, existing orders, inventory of finished products, purchase quantity, inventory of main raw materials, employees, and delivery time) increased by 4.2-17.1 percentage points; one index (harvesting) was unchanged from the previous month; and two indexes (new orders, and purchase price) declined by 2.1-10.4 percentage points.



Wood Dragging, Mexico. Photo: Forestal Xochiapa

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

	2024.07	2024.08	2024.09	2024.10	2024.11	2024.12	MoM	Performance
Comprehensive Index	37.0	40.9	37.1	33.9	35.5	39.9	4.4 ↑	Contract
Harvesting Index	33.3	38.5	39.5	33.3	29.2	29.2	0.0	Contract
Production Index	35.7	34.1	41.7	29.4	28.6	35.7	7.1 ↑	Contract
New Orders Index	35.4	42.6	28.9	33.3	43.8	41.7	-2.1 ↓	Contract
Export Orders Index	40.0	40.0	33.3	33.3	33.3	50.0	16.7 ↑	Stable
Existing Orders Index	37.5	37.0	44.7	31.0	37.5	41.7	4.2 ↑	Contract
Inventory Index of Finished Products	45.8	44.4	47.4	28.6	27.1	31.3	4.2 ↑	Contract
Purchase Quantity Index	40.0	41.2	46.2	50.0	32.1	40.6	8.5 ↑	Contract
Purchase Price Index	56.7	57.9	66.7	67.9	69.2	58.8	-10.4 ↓	Expand
Inventory Index of Main Raw Materials	42.5	47.2	46.2	30.0	26.7	43.8	17.1 ↑	Contract
Employees Index	33.3	42.6	39.5	35.7	33.3	37.5	4.2 ↑	Contract
Delivery Time Index	43.8	42.6	36.8	42.9	39.6	43.8	4.2 ↑	Contract
Market Expectation Index	-	-	-	-	-	89.6	-	Expand



Main Challenges Reported by GTI-Mexico Enterprises

- There was a lack of transport equipment.
- The electrical power supply was insufficient.
- The supply of logs was inadequate.
- The quality of raw materials was poor.
- The entry of imported wood products was unregulated.
- Excessive rains led to slow field operations.
- There was a drop in demand and prices of forest products.
- Forest roads were in poor condition due to rains, slowing down logistics.
- There was a lack of market for products. Non-competitive price was also a problem.
- In the field of forest referrals and reshipments, the processes by the Ministry of Environment and Natural Resources were slow.



Main Suggestions from GTI-Mexico Enterprises

- Improve the Wood Supply Activity Plan.
- Reduce the import of forest products.
- Seek refurbishment credit to buy new equipment.
- Promote domestic wood products.
- Wait for authorization from the forestry agency.
- Carry out a market study for next year.
- Improve roads to increase the volume of harvesting.
- Impose tariffs on forest products entering from other countries.
- Simplify administrative procedures and enhance communication with forestry authorities.

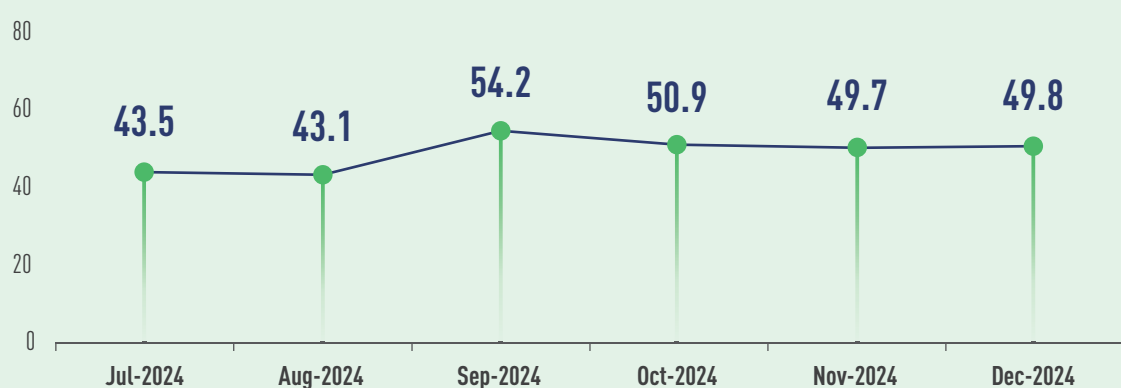


GTI-China Index in December 2024



GTI-China Comprehensive Index

Unit: %



Starting from 1 December 2024, the Chinese government extends zero-tariff treatment to 100 percent of tariff lines for products originating from all the least developed countries that maintain diplomatic relations with China, so as to expand unilateral opening to the least developed countries. Latest data from Chinese customs reveals that in November 2024, China's cumulative wood imports reached 4.68 million cubic meters, marking a 14% decline compared to the same period last year; the import value totaled US\$910 million, representing a year-on-year decline of 10%; by category, the import volume of logs stood at 2.84 million cubic meters, registering a 10% year-on-year decrease, while sawnwood imports totaled 1.84 million cubic meters, reflecting a 19% drop. Currently, China sees strong momentum in large-scale equipment renewals and trade-in programs for consumer goods. In November, retail sales of furniture increased by 36% year-on-year, indicating a robust release of domestic furniture demand.

In December, the GTI-China index registered 49.8%, an increase of 0.1 percentage point 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-China index shrank from the previous month. This month, the overall production volume of China's timber sector was relatively stable. On the demand side, the volume of export orders continued to grow, however, the domestic orders declined compared to the previous month.

As for the twelve sub-indexes, four indexes (export orders, inventory of finished products, inventory of main raw materials, and delivery time) were above the critical value of 50%, one index (production) was at the critical value, while the remaining seven indexes (new orders, existing orders, purchase quantity, purchase price, import, employees, and market expectation) were all below the critical value. Compared to the previous month, the indexes for production, export orders, inventory of finished products, purchase quantity, inventory of main raw materials, and delivery time increased by 0.1-7.4 percentage point(s), and the indexes for new orders, existing orders, import, purchase price, and employees declined by 1.2-5.7 percentage points.

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

	2024.07	2024.08	2024.09	2024.10	2024.11	2024.12	MoM	Performance
Comprehensive Index	43.5	43.1	54.2	50.9	49.7	49.8	0.1 ↑	Contract
Production Index	40.7	40.1	59.3	52.3	46.9	50.0	3.1 ↑	Stable
New Orders Index	38.6	38.6	59.3	51.2	50.0	47.1	-2.9 ↓	Contract
Export Orders Index	45.8	43.0	51.9	50.0	51.6	52.3	0.7 ↑	Expand
Existing Orders Index	42.1	43.0	42.6	45.7	51.0	45.3	-5.7 ↓	Contract
Inventory Index of Finished Products	55.0	49.3	50.0	48.4	49.0	56.4	7.4 ↑	Expand
Purchase Quantity Index	43.6	44.1	61.1	56.3	47.9	48.8	0.9 ↑	Contract
Purchase Price Index	41.4	46.0	38.9	48.4	51.0	45.9	-5.1 ↓	Contract
Import Index	50.0	46.9	53.7	47.6	48.9	47.7	-1.2 ↓	Contract
Inventory Index of Main Raw Materials	45.7	50.4	42.6	50.8	51.6	51.7	0.1 ↑	Expand
Employees Index	45.7	43.8	46.3	48.8	49.0	47.7	-1.3 ↓	Contract
Delivery Time Index	53.6	51.5	53.7	50.8	53.6	56.4	2.8 ↑	Expand
Market Expectation Index	-	-	-	-	-	42.4	-	Contract



Main Challenges Reported by GTI-China Enterprises

- It was difficult to procure raw materials.
- The recovery of funds was slow.
- There was a lack of orders.
- The number of customers in the timber market 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 (GGSCI) 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 12 diffusion indexes (or called sub-indices) based on the data from 12 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, delivery time, and market expectation. The diffusion index is calculated by adding the percentage of enterprises with positive answers to half of the percentage with unchanged answers.

(2) 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.



全球林产品绿色供应链倡议
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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GTI REPORT

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