

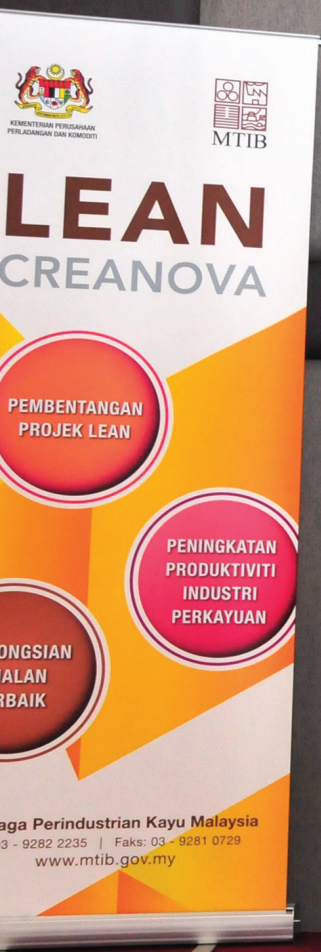
# MASKAYU

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**LAUNCHING OF MUAR FURNITURE PARK AND SUPERBUMI  
PROGRAMME BY PRIME MINISTER OF MALAYSIA**

**A LEANER TIMBER INDUSTRY,  
ONE FACTORY AT A TIME**



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Read article on pages 17, 18 and 21.

# LAUNCHING OF MUAR FURNITURE PARK AND SUPERBUMI PROGRAMME BY PRIME MINISTER OF MALAYSIA

news



YBhg. Dato' Dr. Jalaluddin Harun FASc, MTIB Director-General (right) exchanging documents of MoU with YB Dato' Kamaruzzaman Abu Kassim, President & Chief Executive of Johor Corporation.

The launching of Muar Furniture Park (MFP) and Bumiputera Furniture Entrepreneur Scheme (SuperBumi) by YAB Dato' Sri Mohd Najib Tun Abdul Razak, Prime Minister of Malaysia on 3 April marked a momentous occasion for the furniture industry in Muar, Johor which is considered to be the hub of the Malaysian furniture industry.

The MFP which will be developed by TPM Technopark Sdn. Bhd. on a 399.2 hectare land in Bakri, Muar is expected to be the game-changer for the local furniture industry that will synergize and enhance the industry's performance to a higher level. The MFP which is expected to be completed in two years is an effort by the Johor State Government, Ministry of Plantation Industries and Commodities (MPIC) and MTIB to place all the furniture factories in Muar in one location.

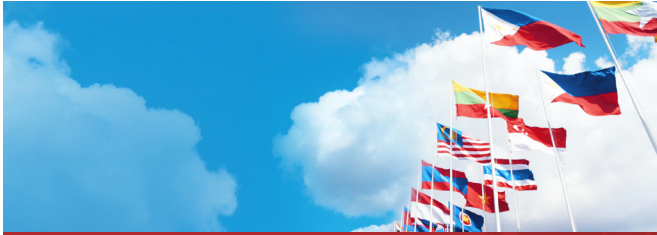
The Prime Minister, in his opening speech and in recognition of Muar's contribution to the country's wood-based and furniture industries declared Muar

as the Furniture City of Malaysia. He said that with the establishment of the MFP, Muar would become the hub for the manufacture as well as the research and development of high-value and high-quality furniture in the country.

Meanwhile, YB Dato' Haji Mohamed Khaled bin Nordin, Chief Minister of Johor in his welcoming remarks stated that the MFP is the first of its kind



Layout of Muar Furniture Park.



## ASIAN

### Woodchip Imports Decline After Seven Consecutive Growth Years

After reaching record high volumes every year from 2010-2016, Asian woodchip imports actually declined in 2017. But even as demand growth slows, some of the region's top woodchip producers are already struggling to maintain export volumes.

"Overall Asian woodchip import demand has slowed sharply, but export volume from suppliers like Thailand and Indonesia has been falling rapidly. Ongoing supply issues with key producers indicate a potential shortfall of at least 2 million bone dry metric tonnes (BDMT) of hardwood chips by 2022," said Bob Flynn, director of international timber at RISI and co-author of the annual IPTR report.

Prices for Douglas-fir woodchips have experienced unprecedented spikes in early 2018, and hardwood chip prices made their largest one-year jump since 2011.

"On the demand side, there has been renewed interest in northern Europe for woodchip imports for both pulp production and biomass energy in early 2018," said Flynn. "But demand for biomass woodchip imports in Japan is already greater than in Europe, and wood pellet and PKS imports are also increasing rapidly. We're also seeing ocean freight costs climb again after bottoming out in 2016. But the key question for the next several years involves exports from the key hardwood chip suppliers: Viet Nam, Australia, Chile and South Africa."

Shipping costs, increased production outside Asia, and the ongoing boom in biomass power generation are among the market drivers explored by Flynn and co-author Dennis Neilson of DANA Ltd., who together bring decades of experience to IPTR18's analysis.

International Pulpwood Trade Review 2018, offered as part of RISI's International Pulpwood Trade Service, is an essential tool for the international trade of woodchips, pulp logs, and biomass fibre. This annual report examines the markets for globally traded pulpwood fibre and the pulpwood resources for domestic and export supply in more than 35 countries.

*Canadianbiomassmagazine, 2 April*



## CHINA

### Quarantine for Imported Logs from Japan

According to Zhejiang Entry-Exit Inspection and Quarantine Bureau, 11 insect's pests have been found in logs imported from Japan through Huzhou Port. One adult species of *Agrilus* genus and three adult longhorns have been found.

These have been identified as *Agrilus spinipennis*, *Semanotus japonicas*, *Callidiellum rufipenne* and *Semanotus bifasciatus*. This is the first time *Agrilus spinipennis* and *Semanotus japonicas* have been found in the country.

These four insects are important tree stem borers and all have potential hosts in China as the environment is similar to their original habitat. The authorities fear that if the spread they can be easily colonise in China. The batch of imported logs has been treated to prevent the spread of these potential pests.

*ITTO/Fordaq, 20 April*



## CHINA

### Furniture Exports, Imports Grow

China exported USD51.42 billion (EUR41.73 billion) worth of furniture in 2017 up by 4.54% year-on-year. Its import value of furniture rose by 15.65% to USD3.52 billion. Shanghai and Guangdong were the top two furniture importing region in China with a share of 34.81% and 16.7% of the import value respectively, followed by Beijing, Jiangsu and Tianjin.

Number of furniture enterprise above designated size increased by 439 units to 6,000 units. The furniture enterprise above designated size reported a 10.11% annual revenue growth to CNY905.60 billion (EUR116.97 billion/USD144.15 billion). Their combined net profit increased by 9.31% to CNY56.515 billion.

*Batirama, 22 March*



## EUROPEAN UNION (EU)

### Associations Push for Higher Plywood Quality Standards

Timber trade associations in two leading EU importing countries have recently been pushing forward plywood quality, performance and legality initiatives. In the UK, the Timber Trade Federation (TTF) has undertaken a Plywood Review over the last 18 months. This is in response to concerns over import of products, mainly from China, that the TTF claims do not meet key EU/UK legal compliance legislation.

That include products classified as high risk under the The European Union Timber Regulation (EUTR) not being adequately risk mitigated through tropical veneer species testing. The initiative was also in response to insufficient glue-bond testing being undertaken, notably in EN.314 Class 2 product, to be able to draw up a Declaration of Performance (DoP).

The TTF has liaised with Chinese trade associations on these issues and produced recommendations for members. These include; for EUTR compliance, to implement regular plywood species testing from high-risk suppliers; to provide clear species marking on packs; and to ensure suppliers operate documented Factory Production Control (FPC) in compliance with the EU Construction Products Regulation. The TTF said the review is ongoing and will be subject to more discussion and actions in coming weeks.

In Germany, GD Holz has been continuing to develop its Plywood Quality Initiative (Initiative Qualitäts Sperrholz/IQS). With five member importers, and aims to include more, the focus is on 'ensuring correct description of all product characteristics and properties'. The companies are obliged to ensure suppliers meet national product codes and to include all relevant product technical details and descriptions with deliveries.

Recently GD Holz has issued a leaflet to inform members' customers what to expect from an IQS supplier and a brochure detailing softwood and hardwood plywood production codes of Brazil (ABNT), Russia (GOST), Finland (SFS) and the EU (DIN-EN).

Currently IQS is concentrated on technical issues, but it intends eventually to add legality and sustainability to its remit.

*Fordaq, 2 April*



## FINLAND

### Timber Production Still Rising

Finnish Pellervo Economic Research Institute (PTT) is expecting the Finnish output of softwood timber to rise by an estimated 4-5% above the figure for 2017. After the growth of 5% achieved the year before to 11.94 million m<sup>3</sup> of softwood timber, the spring forecast published on 12 April predicts an increase to roughly 12.4-12.5 million m<sup>3</sup>.

According to the latest forecast, the output of Spruce and Pine timber are expected to rise to the same extent. The anticipated growth in output this year is borne mainly by undiminished, positive sales conditions on the main timber export markets from the point of view of Finland. Although the PPT believes that the increase in the output of timber will probably flatten out, it is still predicting an increase of another +2-3 % for 2019.

PTT is also expecting timber prices to rise by +4-5% in 2018, an increase comparable with that of the production figures. Owing to the recently renewed growth in demand from the markets in North Africa as well as stable sales conditions in China, the institute is anticipating above-average growth of 8-9% for Pine timber compared with 2017; prices for Spruce are predicted to be +2-3% higher.

*EUWID, 30 April*



## GERMANY

### Trade of Softwood Lumber Reached a Record-High

Germany exported 0.5% more furniture in January 2018 than in January 2017 after booking a downturn in December 2017 (-6.9%). The German Furniture Industry Federation (VDM) reported mixed trends in the different segments. For instance, foreign shipments of living room, dining room and bedroom furniture (+13.9%) and kitchen furniture (+10.1%) rose

markedly in January. German exports of other types of seating furniture (+7.0%), upholstered furniture (+3.2%) and other furniture (+0.9%) also edged higher. On the other hand, Germany booked a double-digit decrease in exports of shop furniture. (-15.6%).

Total German furniture imports edged 3.9% higher in January 2018. The only categories in which Germany imported less were shop furniture (-30.4%) and living room, dining room and bedroom furniture (-4.6%). Growth was registered in all other segments. January brought a significant growth in imports of mattresses (+27.1%) and office furniture (+15.9%) into Germany. Imports of upholstered furniture (+7.4%), other seating furniture (+4.1%), other furniture (+2.0%) and kitchen furniture (+0.7%) increased in the first month of the year.

*EUWID, 12 April*



## GHANA

### Ghana's Wood Products Exports Rise Sharply

Ghana's Forestry Commission's Timber Industry Development Division (TIDD) has reported export contracts for a volume of 164,759 m<sup>3</sup> were processed and approved during the fourth quarter of 2017. This volume is close to 60% higher than in the final quarter of 2016.

Export volumes of primary products (mainly billets/logs) fell 55% in the final quarter of 2017 compared to third quarter. This decline was as a result of fewer shipments of plantation Teak logs/billets.

For the period under consideration the volume of secondary products almost doubled compared to the performance in the third quarter to a volume of 151,697 m<sup>3</sup>. Tertiary product exports also increased from 2,860 m<sup>3</sup> in the third quarter 2017 to 2,995 m<sup>3</sup> in the fourth.

The TIDD report said contracts for overland plywood export rose 49% rise in volume. Shipments to neighbouring West African countries. Sawnwood accounted for 86% of overland shipments. In the final quarter of 2017 exports of sawn Rosewood increased by 160% to 86,300 m<sup>3</sup>.

The West African market continued to be the lead market for Ghana's plywood. Of the total 2,850 m<sup>3</sup> exported, 2,293 m<sup>3</sup> was for the West African sub

regional markets notably Nigeria.

India continued to be the main destination for Teak (sawnwood and logs/billets) as well as Gmelina logs while the Middle East and Egyptian markets emerged as a major destinations for backing grade veneer.

The markets for tertiary products such as sliced veneer and kiln dried sawnwood were European member states while air dried Rosewood and other high density species such as Apa, Ekki and Denya found their way to the Chinese market. China also emerged as a major destination for sawn and kiln dried Wawa.

*Fordaq, 16 April*



## INDIA

### High Housing Stocks Holding Down Prices

The Indian housing sector has been affected by the introduction of the new Real Estate Regulation Authority (RERA), demonetisation and the introduction of the standard Goods and Services Tax (GST). The combined impact of these developments has resulted in a slowdown in construction as well as housing demand.

According to a recent survey by JLL India, thousands of homes remained unsold across of India at the end of 2017 with Mumbai, Delhi-Near Capital Region (NCR), Chennai, Hyderabad, Pune, Bengaluru and Kolkata the worst affected. In 2017, just over 40% of new homes in the medium price range were sold which helped developers reduce their stock of units. Analysts report that in the main cities home prices have not moved for month.

*TTM, 1-15 April*



## INDONESIA

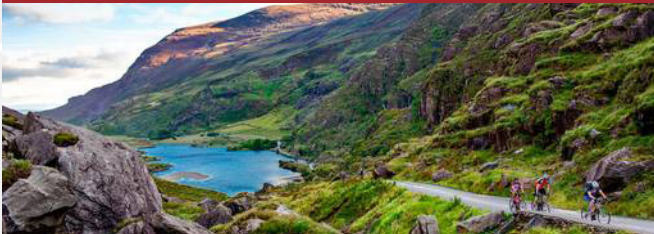
### Furniture Industry Denies Abundance of Plantation Timbers

Furniture Industry denies abundance of plantation timbers The Association of Indonesian Furniture and

Handicraft Industry (HIMKI) has denied that Indonesia has abundant plantation resources. Media reports say HIMKI is of the opinion that stories on the abundance of plantation production have been generated only to encourage the government to allow plantation log exports.

According to Abdul Sobur, Secretary General of HIMKI, Indonesia is having to import timber from New Zealand, the United States, Sweden and Finland to satisfy domestic demand. He commented that imported timber is of high quality, competitively priced and for specific end uses while domestic plantation timbers are costly due to the extended distribution channel.

*TTM, 1-15 April*



## IRELAND

### Rising Timber Price Floats the Farm Forest's Boat

Farmers who have diversified their activities with forestry over the past 20 years are set to reap significant financial gains. Bucking the trend of wet weather induced losses, this comes on the back of the massive increase in private timber, which Coford has forecast to emanate from farm forests over the next decade.

The Irish economy grew by 7.3% last year, three times faster than the wider Euro area, according to new EU Commission estimates; the economic recovery across Western Europe has led to a growing demand for sawntimber.

Pallet timber prices have risen for the 19th consecutive month, according to the Markit/CIPS UK Manufacturing The Purchasing Managers' Index (PMI) February 2018 report. The growing demand for sawntimber for home construction, combined with the scarce availability of wood on the world market, has led to increasing timber prices.

*Agriland, 16 April*



## MYANMAR

### Sharp Decline in Timber Exports

Statistics from Ministry of Commerce show that the country exported USD11.9 billion during the period 1 April 2017 to 28 February this year. Industrial products took the top spot at USD5.468 billion followed by agricultural products (USD2.525 billion), minerals (USD1.253 billion) and maritime products (USD561 million). The export of forest products stood at just USD179 million.

In fiscal 2016-2017, the export of Teak products was around 35,600 tonnes earning around USD110 million. In addition, 190,000 tonnes of non-Teak products were shipped earning USD160 million. However, the export value for the same range of products in fiscal 2017-2018 at USD179 million (for 11 months) falls far short of the value in the previous year.

Analysts write that for the year as a whole there could be an almost 40% decline recorded. The two year data confirms that share of value of export for Teak products ranges between 40-45% while the volume is just 15 to 20% as the unit price of Teak products are attracting high prices.

*ITTO/Fordaq, 17 April*



## ROMANIA

### Furniture Manufacturing Worth EUR2.5 Billion

Data from the National Association of Furniture Producers (APMR) in Romania showed that the country's production of furniture worth around EUR2.50 billion (USD3.08 billion) in 2017, similar to 2016. This is due to the price of wood went up by 30% - 40%, and the levels of both exports and workforce declined significantly in the year in question. Specifically, the workforce in furniture manufacturing industry decreased by 2% to 59,800 in 2017 from 61,000 a year earlier, whereas exports fell as follows



## Malaysia: Northport to Operate Two Ports for Another 30 Years

Source: The Star (Malaysia), 9 March

Northport (Malaysia) has been given a concession extension of 30 years to operate Northport and South point in Selangor's Port Klang. An interim privatisation deal had been inked on 28 March 2014 between Northport, the government and Port Klang Authority (PKA) to continue overseeing the port's management until an approval is given to a new agreement. The new privatisation deal was inked by Northport with the government and the PKA on 6 March 2018. The lease for Northport reached its expiry on 30 November 2013.

Eric Lavenu, the executive in charge of leading the Bolloré group's offensive on Indian ports has stated that with PSA, the Singaporean operator that manages the neighbouring terminal, the two firms can handle about 1.20 million TEUs a year (compared to 670,000 in 2017). He expects an annual growth of 6%. Bolloré alone handled 160,000 TEUs in 2017 and hopes to reach 350,000 in 2018 than 600,000 in the next four to five years.

It is now aiming to attract large ships that currently call at Colombo port (where there is a greater water depth) and transship the goods to Tuticorin on smaller vessels. According to Lavenu, this would involve widening the port entrance, making it deeper and giving Bolloré the neighbouring dock in order to reach 700 metres.

## India: Bolloré Has an Ambition at Local Ports

Source: Les Echos, 5 March

Despite a difficult start in India, where it signed a concession contract for the development of the container terminal at the Port of Tuticorin in the south-east of the country in 2012, French group Bolloré is gaining strength. It has invested a total of USD52 million (EUR42.21 million) in the terminal.

The port authorities should soon start the dredging of the port in order to complete the works by 2020 and launch the tender for this 350-metre dock by May 2018. However, the French group may face competitors, such as Indian firm Adani. This company is already on its way to Bangladesh where Bolloré has prequalified for two tenders which is one for the Port of Chittagong and another for the Port of Payra.

## Shipments of Timber and Timber Products through Ports in Peninsular Malaysia, March 2018

| Products      | Port Klang     |                                   | Kuantan        |                                   | Pasir Gudang   |                                   | Tanjung Pelepas |                                   | Penang         |                                   | Total all Ports<br>m <sup>3</sup> | % Change<br>Mar 2018/<br>Feb 2018 |
|---------------|----------------|-----------------------------------|----------------|-----------------------------------|----------------|-----------------------------------|-----------------|-----------------------------------|----------------|-----------------------------------|-----------------------------------|-----------------------------------|
|               | m <sup>3</sup> | % Change<br>Mar 2018/<br>Feb 2018 | m <sup>3</sup> | % Change<br>Mar 2018/<br>Feb 2018 | m <sup>3</sup> | % Change<br>Mar 2018/<br>Feb 2018 | m <sup>3</sup>  | % Change<br>Mar 2018/<br>Feb 2018 | m <sup>3</sup> | % Change<br>Mar 2018/<br>Feb 2018 |                                   |                                   |
| Sawntimber    | 72,397         | 33                                | 11,071         | 102                               | 1,478          | 41                                | 1,083           | 74                                | 11,967         | 46                                | 97,996                            | 41                                |
| MDF           | 28,699         | 8                                 | 451            | 134                               | 8,249          | 11                                | 3,817           | 12                                | 13,656         | -28                               | 54,872                            | -3                                |
| Mouldings     | 14,135         | 57                                | 117            | 52                                | 1,782          | 36                                | 825             | 65                                | 1,494          | 23                                | 18,353                            | 51                                |
| Plywood       | 6,686          | 31                                | 540            | 221                               | 55             | 189                               | 447             | 39                                | 17,222         | 65                                | 24,950                            | 55                                |
| Veneer        | 203            | -33                               | 14             | -48                               | 12             | 100                               | 48              | -14                               | 3,308          | 5                                 | 3,585                             | 1                                 |
| Particleboard | 36,884         | 31                                | 195            | -15                               | 5,256          | 0                                 | 2,694           | 11                                | 12,396         | 80                                | 57,425                            | 34                                |
| <b>TOTAL</b>  | <b>159,004</b> | <b>29</b>                         | <b>12,388</b>  | <b>100</b>                        | <b>16,832</b>  | <b>12</b>                         | <b>8,914</b>    | <b>21</b>                         | <b>60,043</b>  | <b>23</b>                         | <b>257,181</b>                    | <b>28</b>                         |

Source : MTIB



## Indonesia: Adani Ports to Manage Cilegon Port

Source: Bisnis Indonesia, 19 March

According to the Minister of Transportation, Budi Karya Sumadi, Adani Ports plans to expand to Indonesia by operating the port in Cilegon, Banten. Adani Ports is the largest port operator in India. Adani Ports is partnering a national private firm to manage the 2 million TEUs port in Cilegon. The investment for the project is estimated at a minimum of IDR5 trillion (EUR295.80 million, USD363.61 million). The Minister hopes that with the entrance of foreign port operators will help to fuel competitions in the port business. Adani Ports manages ten ports in India presently.

damage risks caused by natural phenomena such as storm surges and rising sea levels. It also found that incorporation of protection against climate changes at the design stage requires less cost compared to measures carried out after completion of construction works, while ports with large warehouse space will require more money for damage repairs compared to those with large yard space.

## Belgium: Port of Antwerp Plans to Provide Ships with Electricity from Shore

Source: Deutsche Verkehrs-Zietung, 26 March

The Port of Antwerp in Belgium has signed two memorandums of understanding (MoU) as part of its plans to provide electricity from shore to sea-going ships. The first MoU was signed with representatives of private companies in the port and the second was with five technical partners, including ABB and Siemens. The investment volume for the installation of the necessary infrastructure is estimated to be between EUR8 million (USD 9.89 million) and EUR12 million. The port is planning to finance part of these costs.

## Singapore: PSA International's Profit Rose by 5.1% to SGD1.3 billion

Source: Business Times Singapore, 19 March

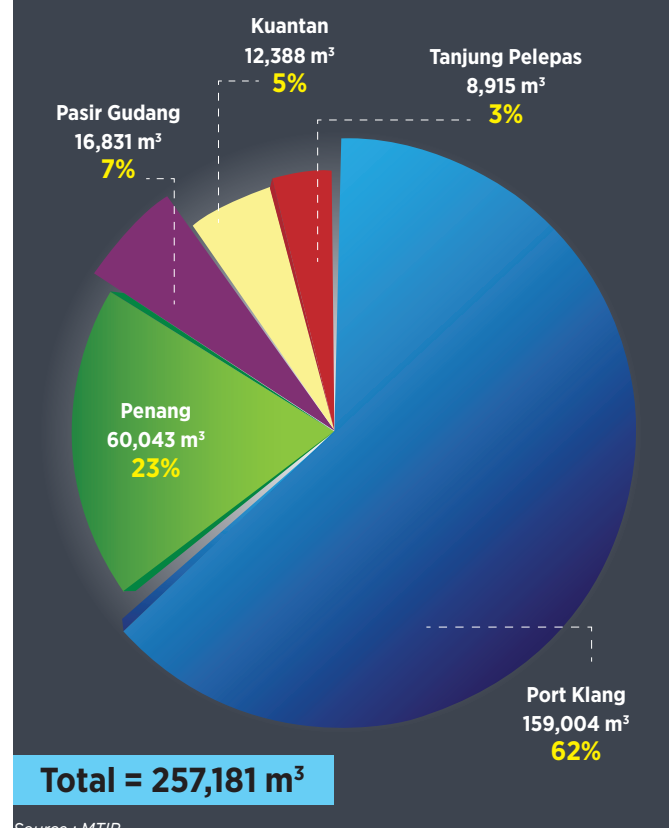
On increased revenue and container throughput at its terminals all over the world, Singapore-based port and terminal operator PSA International saw its net profit in the year ended 31 December 2017 increasing year-on-year by 5.1% to SGD1.23 billion (EUR759.42 million, USD933.51 million). In the same year, the company handled 74.24 million TEUs of cargo, increasing year-on-year by 9.8%. The company's revenue in the reporting year increased year-on-year by 7.8% to SGD3.97 billion.

## Asia/Pacific: Ports Need Up to USD49 Billion for Climate Change Mitigation Measures

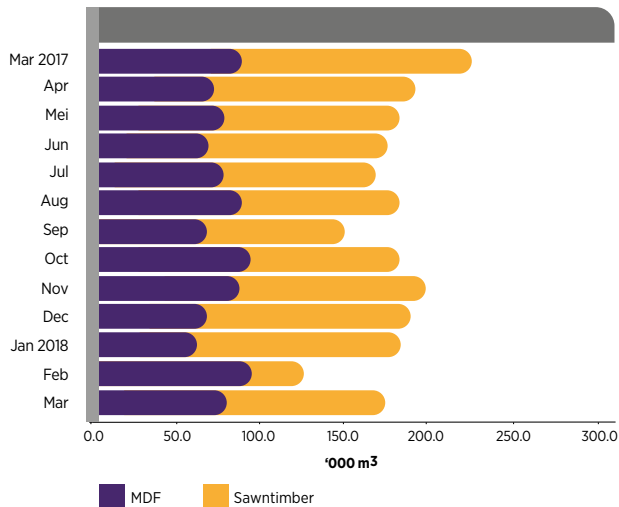
Source: Eco-Business, 22 March

According to a study conducted by Asia Research and Engagement (ARE), implementation of climate change mitigation measures by 53 largest ports across Asia-Pacific will require investments ranging from USD31 billion (EUR25.22 billion) to USD49 billion. In particular, five largest ports reviewed in the study require over USD 1 billion each for implementation of climate change mitigation measures. The port with the highest investment requirement is Kitakyushu in Japan at USD4.90 billion, while that with the lowest required investment is Port of Cilacap in Indonesia at USD 65 million. The study, which is commissioned by HSBC, noted that ports are more exposed to

### Timber Shipment through Ports in Peninsular Malaysia, March 2018



## Malaysia : Export of Sawntimber and MDF (Mar 2017-Mar 2018/Volume ('000m<sup>3</sup>)



**T**otal export of Malaysia timber and timber products in March 2018 increased 39% valued at RM1.95 billion over the previous month. Furthermore, cumulative export for the period of January to March decreased 10% in value to RM5.34 billion against the same corresponding period in 2017.

## SAWNTIMBER

Export of sawntimber in March 2018 increased 41% in volume and value to 177,818 m<sup>3</sup> with a value of RM332.9 million as compared to the previous month. Cumulative export for the first quarter of 2018 decreased 13% in volume and 6% in value to 488,505 m<sup>3</sup> totalling RM910.9 million over the previous corresponding period.

Export of sawntimber to the EU for the month increased 41% to 12,586 m<sup>3</sup> from 8,898 m<sup>3</sup> in the previous month. Export to the Netherlands improved 20% to 5,312 m<sup>3</sup> followed by the UK at 38% to 1,632 m<sup>3</sup>, France at 111% to 1,389 m<sup>3</sup> and Germany at 123% to 1,832 m<sup>3</sup>. Similarly, export to Belgium improved 29% to 1,342 m<sup>3</sup> from 1,041 m<sup>3</sup> in the previous month.

Total exports to West Asia increased 70% to 27,035 m<sup>3</sup> from 15,864 m<sup>3</sup> recorded in the previous month contributed by increasing demand from major market in the region. Export of sawntimber to Yemen increased significantly to 7,949 m<sup>3</sup> from only 523 m<sup>3</sup> recorded in the previous month. Meanwhile, export to the UAE increased 31% to 7,336 m<sup>3</sup> followed by Oman with 15% to 3,517 m<sup>3</sup>, Saudi Arabia with 24% to 3,101 m<sup>3</sup> and Qatar with 8% to 1,701 m<sup>3</sup>.

Buying from ASEAN increased 52% to 61,569 m<sup>3</sup> from 40,483 m<sup>3</sup> registered in the previous month. Export of sawntimber to Thailand, major buyer of sawntimber from Malaysia increased 35% to 27,812 m<sup>3</sup> from 20,638 m<sup>3</sup> in the previous month. Likewise, the Philippines increased purchases by 66% to 24,445 m<sup>3</sup> from 14,725 m<sup>3</sup> previously recorded. Export to Singapore and Viet Nam also recorded an increase of 64% to 6,639 m<sup>3</sup> and 163% to 2,344 m<sup>3</sup> respectively.

Shipments to East Asia showed positive growth by 55% to 40,414 m<sup>3</sup> due to increasing purchases made by China with a total of 24,477 m<sup>3</sup> from 15,785 m<sup>3</sup> recorded in the previous month. Similarly, export to Taiwan and Japan improved 49% and 35% to 7,752 m<sup>3</sup> and 4,790 m<sup>3</sup> respectively.

Elsewhere, exports to the US increased 3% to 1,397 m<sup>3</sup> whilst intake by Australia increased 185% to 1,067 m<sup>3</sup>. However, demand from South Africa decreased 14% to 4,455 m<sup>3</sup> from 5,196 m<sup>3</sup> in the previous month.

The average FOB price of sawntimber improved marginally to RM 1,872 per m<sup>3</sup> from RM 1,862 per m<sup>3</sup> in the previous month. Price of Dark Red Meranti increased 9% to RM 2,744 per m<sup>3</sup> from RM2,509 per m<sup>3</sup> in the previous month. Keruing was traded at RM 2,042 per m<sup>3</sup>, a decrease of 0.2% from RM 2,046 per m<sup>3</sup> in the previous month.

## MEDIUM DENSITY FIBREBOARD (MDF)

Malaysia's exports of MDF for March 2018 decreased 20% in volume and 5% in value compared to previous month. Export totalled 76,732 m<sup>3</sup> at RM92.5 million.

Exports to East Asia registered an increase of 0.4% to 13,094 m<sup>3</sup> from 13,048 m<sup>3</sup> in the previous month. Exports to Taiwan show positive growth by 267% to 738 m<sup>3</sup> followed by China including Hong Kong at 403% increased to 1,016 m<sup>3</sup>. However, exports to Japan recorded negative growth with a decrease of 8% to 11,202 m<sup>3</sup> followed by South Korea decreased by 72% to 120 m<sup>3</sup>.

Meanwhile, exports to West Asia decreased 50% to 24,934 m<sup>3</sup> from 49,589 m<sup>3</sup> in the previous month. Export to the UAE recorded negative growth of 21% to 12,467 m<sup>3</sup> followed by Kuwait at 62% decreased to 2,081 m<sup>3</sup> and Oman at 67% decreased to 440 m<sup>3</sup>. Moreover, Syria, Jordan and Lebanon also show negative growth by 89% to 807 m<sup>3</sup>, 93% to 182 m<sup>3</sup> and 99% to 60 m<sup>3</sup> respectively. Whilst, export to Saudi Arabia recorded positive growth by 6% to 4,424 m<sup>3</sup>, followed by Bahrain at 14% to 1,714 m<sup>3</sup> and Qatar increase by 34% to 2,377 m<sup>3</sup>. Furthermore, Iran did not make any purchase for the month of March.

Likewise, export to South Asia recorded negative growth by 12% to 12,503 m<sup>3</sup>. Export to Sri Lanka decreased by 21% to 1,179 m<sup>3</sup>, followed by Pakistan decreased by 24% to 4,635 m<sup>3</sup> and Bangladesh decreased by 43% to 785 m<sup>3</sup>. However, export to India increased by 12% to 5,904 m<sup>3</sup>.

Elsewhere, exports to South Africa, Australia, the US and UK increased by 23% to 1,342 m<sup>3</sup>, 100% to 3,700 m<sup>3</sup>, 207% to 2,095 m<sup>3</sup> and 547% to 550 m<sup>3</sup> respectively. Moreover, Mauritius resumes its intake by 142 m<sup>3</sup>.

In ASEAN, total export to ASEAN region for the month of March increased by 99% to 15,243 m<sup>3</sup> from 7,660 m<sup>3</sup> in the previous month. Export to Indonesia, the Philippines and Viet Nam increased by 19% to 4,079 m<sup>3</sup>, 40% to 3,379 m<sup>3</sup> and 344% to 7,522 m<sup>3</sup> respectively. In addition, Singapore

resumes its intake by 156 m<sup>3</sup> this month.

The FOB price of MDF increased to RM1,206 per m<sup>3</sup> from RM1,015 per m<sup>3</sup>, an increase of 19% from the previous month.

## PLYWOOD

Export of plywood in March 2018 increased by 92% in volume and 93% in value to 215,633 m<sup>3</sup> at RM418.6 million compared to the previous month.

EU countries have increased their intake of plywood by 22% to 10,055 m<sup>3</sup>. The biggest taker is the UK which increased its intake by 28% to 8,862 m<sup>3</sup>. Similarly with Belgium and Denmark which have increased its intake by 16% and 137% to 555 m<sup>3</sup> and 298 respectively. However, the Netherlands has decreased its intake by 30% to 297 m<sup>3</sup>. Meanwhile France, Germany and Ireland did not make any purchases for this month.

Exports to ASEAN and East Asia region reported an increase by 79% with 147,826 m<sup>3</sup> compared to previous month. All countries in the East Asian region reflected an increase of plywood's export. Japan increased its intake by 91% to 97,844 m<sup>3</sup>. South Korea and Taiwan also increased their intake by 67% and 114% to 21,778 m<sup>3</sup> and 14,184 m<sup>3</sup> respectively. Similarly, China and Hong Kong increased their exports by 400% and 107% to 2,289 m<sup>3</sup> and 2,083 m<sup>3</sup> respectively.

Malaysia's plywood trade with its ASEAN partners showed mixed trend this month. Exports to Thailand and the Philippines have decreased 16% and 27% to 4,752 m<sup>3</sup> and 991 m<sup>3</sup> respectively. In contrast, Brunei Darussalam and Singapore have increased their intake by 23% and 10% to 766 m<sup>3</sup> and 2,163 m<sup>3</sup> respectively. Meanwhile, Indonesia did not make any purchase for this month.

Exports to West Asia countries recorded an increase by 408% to 25,680 m<sup>3</sup> as compared to the previous month. Yemen is the major contributor when it imported Malaysian plywood at 12,778 m<sup>3</sup>. Saudi Arabia also increased its intake of plywood by 352% to 1,338 m<sup>3</sup>. In contrast, exports to the UAE and Qatar decreased by 3% and 55% to 1,407 m<sup>3</sup> and 129 m<sup>3</sup> respectively. Similarly, exports to Kuwait and Bahrain also decreased by 80% and 34% to 71 m<sup>3</sup> and 170 m<sup>3</sup> respectively.

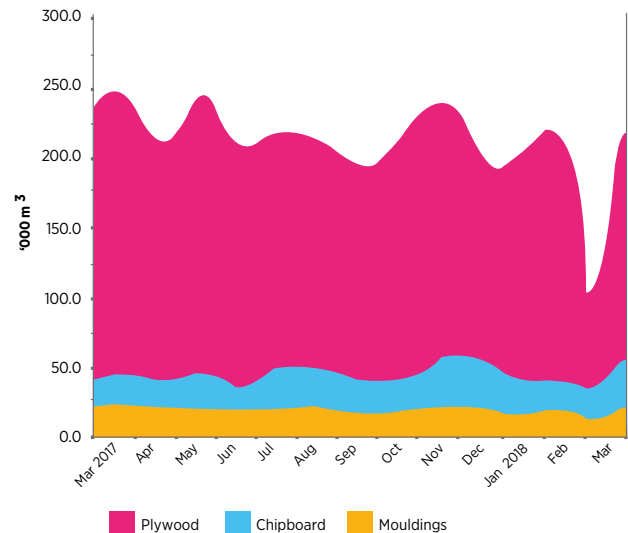
Export of plywood to the Americas region increased by 56% to 19,688 as compared to the previous month. The US and Mexico increased its intake of plywood by 39% and 515% to 16,936 m<sup>3</sup> and 2,350 m<sup>3</sup> respectively. Moreover, Canada resumes its intake by 322 m<sup>3</sup>. Similarly, exports to Oceania region such as Australia and New Zealand have increased by 91% and 100% to 4,434 m<sup>3</sup> and 42 m<sup>3</sup> respectively.

Exports to African continent have increased by 1,766% to 5,186 m<sup>3</sup> for this month. Algeria is the major purchaser from African countries with 4,991 m<sup>3</sup> meanwhile South

Africa reduced its plywood intake by 30% to 195 m<sup>3</sup>. The FOB price of plywood increased by 0.3% to RM1,941 per m<sup>3</sup> from RM1,936 per m<sup>3</sup> in the previous month.

## Malaysia : Export of Plywood, Chipboard and Mouldings

(Mar 2017-Mar 2018/Volume ('000m<sup>3</sup>)



## MOULDINGS

Exports of mouldings for the month increased by 62% in volume and 72% in value to 23,858 m<sup>3</sup> and RM87.0 million respectively. However, cumulative exports for the period of March 2018 decreased by 1% in volume and increase by 1% in value to 60,751 m<sup>3</sup> and RM213.7 million respectively as compared to the previous corresponding period in 2018.

Exports to the EU for the month recorded at 8,463 m<sup>3</sup>, an increase of 30% compared to the previous month. The Netherlands and UK increased their purchased by 46% and 33% to 5,372 m<sup>3</sup> and 721 m<sup>3</sup> respectively. Meanwhile, Belgium and Germany decreased their intakes by 5% and 3% to 584 m<sup>3</sup> and 856 m<sup>3</sup> respectively compared to the previous month. However, Italy did not make any purchases.

Exports to ASEAN region increased as Viet Nam and Singapore intake of mouldings increased by 173% and 67% to 142 m<sup>3</sup> and 1,336 m<sup>3</sup> respectively. Meanwhile, Indonesia resumed their purchases.

Meanwhile, exports to China, South Korea, Japan and Hong Kong increased their intake by 576%, 116%, 7% and 2% to 608 m<sup>3</sup>, 2,201 m<sup>3</sup>, 1,948 m<sup>3</sup> and 320 m<sup>3</sup> respectively. Meanwhile, Taiwan resumed their purchases.

Elsewhere, export to the Canada and Australia increased their intakes by 248% and 68% to 139 m<sup>3</sup> and 3,610 m<sup>3</sup> respectively. Moreover, the US also increased its purchases by 187% to 2,991 m<sup>3</sup> compared to the previous month.

FOB unit value increased to RM3,646 per m<sup>3</sup> an increase of 6% compared to the previous month.

## MARCH 2018

The logging activities during the month under review remained unchanged with most mills reported that they have adequated logs supply.

### LOGS

Log prices for the species of Chengal, Balau and Red Balau stood firm at RM4,500 per tonne, RM3,000 per tonne and RM2,200 per tonne respectively. Similarly, prices of Keruing, Kempas and Kapur continued to be traded at RM1,250 per tonne, RM1,750 per tonne and RM1,700 per tonne respectively. Prices of Dark Red Meranti and Red Meranti charted at RM2,100 per tonne and RM1,770 per tonne respectively. On the other hand, logs prices for Mixed Heavy Hardwood and Mixed Light Hardwood increased by 1.2% and 8.8% respectively to RM973 per tonne and RM900 per tonne over the previous month.

## SAWNTIMBER

The average sawntimber prices stood firm although some species recorded significant changes in their prices.

The sawntimber prices of Chengal, Balau and Red Balau maintained at RM6,780 per m<sup>3</sup>, RM3,178 per m<sup>3</sup> and RM2,931 per m<sup>3</sup> respectively. Price for Keruing increased by 16.8% to RM1,130 per tonne compared to previous month. Meanwhile, Kempas and Kapur sawntimber prices stood at RM2,331 per m<sup>3</sup> and RM1,746 per m<sup>3</sup> respectively. Prices for Dark Red Meranti and Red Meranti were traded at RM2,036 per m<sup>3</sup> and RM1,992 per m<sup>3</sup> respectively. On the other hand, sawntimber prices of Mixed Heavy Hardwood and Mixed Light Hardwood increased by 2.3% and 36.7% respectively to RM847 per m<sup>3</sup> and RM1,400 per m<sup>3</sup> over the previous month.

### PLYWOOD

The supply of plywood to the domestic market remained adequate for the month under review. The prices of plywood of 4 mm, 6 mm, 9 mm and 12 mm of thicknesses were continued to be traded at RM14.60, RM22.00, RM38.00 and RM48.00 per piece respectively.

### MEDIUM DENSITY FIBREBOARD (MDF)

Domestic supply of MDF remained stable as prices continued to chart at last month's level. MDF of 4 mm, 6 mm, 9 mm and 12 mm of thicknesses were sold at RM13.50, RM17.50, RM23.85 and RM31.10 per piece respectively.

## INTRA-MALAYSIA TRADE - MARCH 2018

| From    | Product    | FEB 2018                 |                 | MAR 2018                 |                 | % Change In Volume<br>Mar 2018 / Feb 2018 | % Change In Value<br>Mar 2018 / Feb 2018 |
|---------|------------|--------------------------|-----------------|--------------------------|-----------------|-------------------------------------------|------------------------------------------|
|         |            | Volume (m <sup>3</sup> ) | Value (RM '000) | Volume (m <sup>3</sup> ) | Value (RM '000) |                                           |                                          |
| SABAH   | Logs       | 0                        | 0               | 17                       | 6               | 100                                       | 100                                      |
|         | Sawntimber | 12                       | 60              | 386                      | 670             | 3,117                                     | 1,017                                    |
|         | Plywood    | 4,565                    | 9,513           | 6,468                    | 13,882          | 42                                        | 46                                       |
|         | Veneer     | 0                        | 0               | 0                        | 0               | 0                                         | 0                                        |
| SARAWAK | Logs       | 0                        | 0               | 0                        | 0               | 0                                         | 0                                        |
|         | Sawntimber | 443                      | 955             | 511                      | 1,166           | 15                                        | 22                                       |
|         | Plywood    | 2,230                    | 3,297           | 7,240                    | 10,407          | 225                                       | 216                                      |
|         | Veneer     | 1,205                    | 1,719           | 7,582                    | 11,752          | 529                                       | 584                                      |

Source : Department of Statistics, Malaysia

The shipments of log from Sabah to Peninsular Malaysia for the month charted in volume at 17 m<sup>3</sup> worth at RM6,000. Trade of sawntimber increased tremendously in volume from 12 m<sup>3</sup> to 386 m<sup>3</sup> worth at RM670,000. Similarly, shipment of veneer resumed to 6,468 m<sup>3</sup> in volume worth at RM13.9 million.

Movement of sawntimber from Sarawak to Peninsular Malaysia increased by 15% to 511 m<sup>3</sup> from 443 m<sup>3</sup> recorded last month, worth at RM1.2 million. Similarly,

## INTRA-MALAYSIA TRADE \*

### - MARCH 2018

trade of plywood increased significantly by 225% in volume at 7,240 m<sup>3</sup> worth at RM10.4 million. Trade of veneer rose tremendously to 7,582 m<sup>3</sup> from 1,205 m<sup>3</sup> recorded last month worth at RM11.8 million.

No intra trade from Peninsular Malaysia to Sabah and Sarawak was recorded in March 2018.

\* Source: MTIB and Department of Statistics, Malaysia

#### \*AVERAGE DOMESTIC PRICES OF LOGS, SAWNTIMBER, PLYWOOD AND MDF IN PENINSULAR MALAYSIA MARCH 2018 (VALUE IN RM)

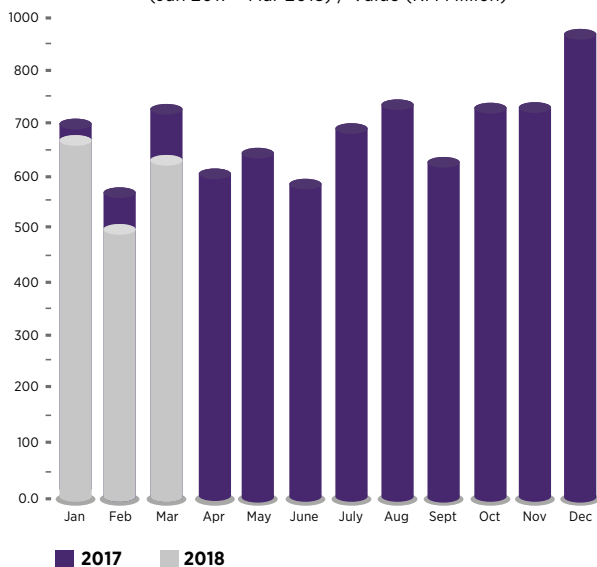
| SPECIES                                            | LOGS/tonne | SAWNTIMBER/m³ |         |         |            |
|----------------------------------------------------|------------|---------------|---------|---------|------------|
|                                                    | 18" UP     | GMS           | STRIPS  |         | SCANTLINGS |
| HEAVY HARDWOOD                                     |            |               |         |         |            |
| Chengal                                            | 4,500      | 6,780         | 5,297   |         | 7,415      |
| Balau                                              | 3,000      | 3,178         | 2,684   |         | 2,743      |
| Red Balau                                          | 2,200      | 2,931         | 2,613   |         | 3,178      |
| Merbau                                             | 3,150      | 4,641         | 3,178   |         | 3,955      |
| Mixed Heavy Hardwood                               | 973        | 847           | 706     |         | 960        |
| MEDIUM HARDWOOD                                    |            |               |         |         |            |
| Keruing                                            | 1,250      | 1,130         | 989     |         | 2,203      |
| Kempas                                             | 1,750      | 2,331         | 2,253   |         | 2,331      |
| Kapur                                              | 1,700      | 1,746         | 1,412   |         | 1,746      |
| Mengkulang                                         | 1,250      | 2,119         | 996     |         | 2,119      |
| Tualang                                            | 1,400      | 2,472         | 2,331   |         | 2,493      |
| LIGHT HARDWOOD                                     |            |               |         |         |            |
| Dark Red Meranti                                   | 2,100      | 2,036         | 1,695   |         | 3,001      |
| Red Meranti                                        | 1,770      | 1,992         | 1,801   |         | 2,119      |
| Yellow Meranti                                     | 1,200      | 1,342         | 1,236   |         | 1,271      |
| White Meranti                                      | 1,480      | 2,472         | 1,412   |         | 2,260      |
| Mersawa                                            | 1,550      | 1,730         | 1,589   |         | 1,907      |
| Nyatoh                                             | 1,300      | 1,518         | 1,059   |         | 1,130      |
| Sepetir                                            | 1,370      | 1,695         | 918     |         | 1,695      |
| Jelutong                                           | 1,100      | 1,780         | 1,215   |         | 1,730      |
| Mixed Light Hardwood                               | 900        | 1,400         | 1,059   |         | 1,130      |
| MALAYSIAN RUBBERWOOD<br><i>Heavea brasiliensis</i> | LOGS/tonne | SAWNTIMBER/m³ |         |         |            |
|                                                    | 190        | 1" X 1"       | 2" X 2" | 3" X 3" | 4" X 4"    |
|                                                    |            | 1,120         | 1,359   | 1,530   | 1,768      |
| PLYWOOD 4' X 8'<br>(RM per piece)                  | 4mm        | 6mm           | 9mm     |         | 12mm       |
|                                                    | 14.60      | 22.00         | 38.00   |         | 48.00      |
| MDF 4' X 8'<br>(RM per piece)                      | 4mm        | 6mm           | 9mm     |         | 12mm       |
|                                                    | 13.50      | 17.50         | 23.85   |         | 31.10      |

Note: Log prices ex-batau. Sawntimber, plywood, MDF and Malaysian Rubberwood (*Hevea brasiliensis*) prices ex-mill

\* Prices are only indicative

Cont. from page 11

## Malaysia : Export of Wooden Furniture (Jan 2017 - Mar 2018) / Value (RM Million)



Source : Department of Statistics, Malaysia

## VENEER

Export of veneer for March 2018 increased by 18% in volume and 16% in value to 14,322 m<sup>3</sup> at RM20.5 million as compared to the previous month. Exports to China and South Korea have increased by 21% and 90% to 3,779 m<sup>3</sup> and 5,633 m<sup>3</sup> respectively. Similarly, Italy and the Philippines also have increased their intake by 1,228% and 27% to 239 m<sup>3</sup> and 1,260 m<sup>3</sup> respectively. Exports to India and Viet Nam also have increased by 28% and 100% to 452 m<sup>3</sup> and 32 m<sup>3</sup> respectively. Contrarily, Australia and Taiwan have decreased their intake of veneer by 83% and 45% to 28 m<sup>3</sup> and 2,066 m<sup>3</sup> respectively. On the other hand, Singapore maintained its intake of plywood by 1 m<sup>3</sup> while Chile and Canada did not make any purchases this month.

The FOB price of veneer for March 2018 is at RM1,434 per m<sup>3</sup>, a decrease of 2% from RM1,460 per m<sup>3</sup> on the previous month.

## BUILDERS JOINERY AND CARPENTRY (BJC)

Total BJC cumulative exports from January to March 2018 decreased 13% to RM276.4 million as compared to RM319.0 million in the corresponding period last year. Export to the EU increased 11% to RM97.8 million. Export to Netherlands, France, Denmark, Belgium, Italy and UK increased by 209%, 57%, 57%, 30%, 15% and 6% to RM6.6 million, RM10.4 million, RM10.4 million, RM14.0 million, RM2.6 million and RM43.1 million respectively. Meanwhile, export to the Germany decreased by 17% to RM5.6 million compared to the previous year. However, Sweden did not make any purchases.

In Asia, exports to Viet Nam grew 59% to RM12.9 million compared to the previous month. However, exports to Pakistan, Saudi Arabia, Singapore, Taiwan, India, Thailand, the UAE and Japan decreased by 96%, 73%, 45%, 40%,

38%, 24%, 22% and 13% valued at RM673.8 thousand, RM387.3 thousand, RM19.9 million, RM2.8 million, RM9.4 million, RM6.2 million, RM2.1 million and RM16.1 million respectively. However, South Korea, Qatar and Bahrain did not make any purchases.

Exports to South Africa increased its intakes by 4% to RM3.9 million compared to the previous year. Meanwhile, exports to Mauritius and Australia decrease their intakes by 31% and 9% to RM70.0 thousands and RM55.6 million respectively. Likewise, the US increased its intake by 4% to RM28.8 million from RM27.6 million in the previous corresponding period. However, Reunion Island did not make any purchase.

## FURNITURE

Exports of wooden and rattan furniture for the cumulative period of January to March 2018 decreased 9% compared to the corresponding period of 2017. Total shipment recorded at RM1.83 billion against RM2.01 billion in 2017.

The US reduced its consumption by 10% to RM690.2 million. Demand from Canada also decreased 13% to RM57.9 million from RM66.9 million in the previous corresponding period.

In East Asia, China and Taiwan boosted its wooden furniture consumption by 39% and 7% with a purchase of RM49.6 million and RM12.2 million respectively. Meanwhile, Japan reduced its consumption by 20% to RM146.8 million.

Moreover, shipments to ASEAN region such as Singapore decreased by 1% to RM106.5 million. Meanwhile, the Philippines increased its intake by 43% to RM46.8 million. Exports to West Asia saw positive improvements as the Saudi Arabia and Kuwait increased their intake by 2% and 15% to RM29.3 million and RM14.7 million respectively. Similarly, Qatar increased its wooden furniture consumption by 75% to RM 4.3 million. In contrast, the UAE has decreased import by 27% to RM30.4 million.

In Europe, the UK and Belgium reduced its intake by 20% and 4% to RM99.8 million and RM9.9 million respectively. France also reduced its import by 5% to RM14.6 million.

Furthermore, Australia reduced its intake by 12% to RM134.7 million. However, export to South Africa increased 3% to RM14.0 million.

Rattan furniture shipments in Mac 2018 recorded a negative growth with a decrease of 86% from RM12.6 million to RM1.8 million.

Export to Singapore and the UK decreased by 98% and 81% to RM21 thousand and RM73 thousand respectively. Other major countries still did not make any purchase in 2018. However, Belgium resumes its intake by RM43 thousand.

Cont. from page 3

as all the facilities needed by the industry would be located in one place. This will turn Muar into the centre of the furniture industry in Malaysia.

In 2017, Malaysia was ranked ninth top exporter of furniture in the global market. Malaysia's furniture exports in 2017 totalled RM10.14 billion, a 6.4% increased from RM9.53 billion recorded in 2016. Muar alone contributed 70% of this total.

In conjunction with the event, the Prime Minister also launched SuperBumi, a programme to produce 100 future Bumiputera furniture entrepreneurs.

The programme will see the involvement of Muar's Non-Bumi furniture manufacturers in developing Bumiputera participants to become vendors and suppliers of furniture. The strategic collaboration between MTIB and the Muar Furniture Association in this programme is expected to enhance Bumiputera furniture production and exports

through the development of new and young Bumiputera furniture entrepreneurs.

A total of 10,000 guests comprising representatives from the local timber industry, government agencies and educational institutions attended the launching. The MFP is expected to spur the growth of Malaysia's furniture export in line with the target set under National Timber Industry Policy (NATIP).



MTIB officials posing with participants from SuperBumi programme.

## Timber World In Brief

Cont. from page 7

to Germany by 5.2%, the UK by 18.4%, France by 0.3%, Austria by 16%, and to Italy by 5.8%.

Ziarul Financiar, 6 April



### UNITED STATES

#### Soaring Softwood Prices Offsetting the US Duties, Industry Says

One year after the United States imposed stiff import duties on Canadian softwood, strong demand for wood and record market prices mean American consumers and not Canadian producers are feeling the pinch.

In 2017, Canadian lumber producers handed over more than USD200 million to the US government to cover duties of about 20% of the value of all exports and with no sign a deal will be struck to end the dispute any time soon, hundreds of millions more will be deposited in 2018 as well.

However, the US housing starts were higher than they

have been in a decade last year, pushing prices of many lumber products to record highs that have more than offset the duties.

During the last softwood dispute with the US, 20,000 forestry workers were laid off and 400 sawmills closed, but Derek Nighbor, President of the Forest Products Association of Canada, says the strong US demand means he does not know of any layoffs or mill closures directly related to softwood in the last year. He says the government's USD867 million aid package to help the industry through the dispute has not been tapped into much because the companies have not needed the help.

The federal government's negotiations on softwood have been very quiet, partly overshadowed by the larger talks on the North American Free Trade Agreement and partly because the industry faces more urgent concerns like pests, forest fires and rail car shortages, says Nighbor.

The Canadian Press, 25 April

# A LEANER TIMBER INDUSTRY, ONE FACTORY AT A TIME

news



*YBhg. Dato' Dr. Jalaluddin Harun FASc, MTIB Director-General reminded everyone the importance of Lean management.*

Lean could be simply defined as activities that are related to the elimination of waste. However, there is nothing simple about transforming the timber industry to become leaner and more efficient in their day to day operation. It requires months of carefully planned effort and cooperation within the industry itself. In order to facilitate this transformation, MTIB has been conducting the Lean Management Programme since 2014 with the purpose of improving work process flow particularly in manufacturing operations such as floor lay-outs, logistics management, and maintenance in order to increase operation efficiency in wood-based companies in Malaysia.

This is an initiative, helmed by MTIB, to contribute to Malaysia's journey towards becoming a developed nation. It focuses efforts to increase the nation's productivity rate to a higher level. Since the inception till 2016, a total of 41 wood-based companies have joined the programme and have shown significant impact in their day to day operations, which was made evident by the combined total amount



*The winners and participants posing together with MTIB officials.*

*Cont. from previous page*

of savings recorded - over RM33.6 million. The savings included costs in terms of labour/overtime, number of workers, work space and maintenance. In 2017, thirteen new companies joined the programme and they also achieved remarkable results.

As a platform for these companies to share their best practices knowledge and results from practicing Lean management. MTIB organised the MTIB Lean CREANOVA

Programme in Bangi, Selangor on 10 April. The programme also served as a competition of sorts for all participants where the top three would be awarded cash prizes, as a form of incentive for their efforts throughout the programme.

In his officiating speech, YBhg. Dato' Dr. Jalaluddin Harun FASc, MTIB Director-General indicated the importance of having a higher productivity rate amongst the timber industry in order to prepare itself for the Industrial Revolution 4.0 which has the potential of propelling this nation towards higher income and more profitability. He welcomed and acknowledged all participants' commitments in completing the programme. This was made evident by the total of savings recorded of RM14.2 million, which was the highest since the introduction of the programme in 2014. The success was widely credited to the support of the upper management and a sense of responsibility to complete the programme. He also thanked the appointed consultant, Encik Muhar Murad from Muhar & Associates, for his efforts in guiding each company into completing the programme. He invited other timber companies to join the programme and aim for higher productivity while transforming the timber industry, one factory at a time.

Each company gave a 15-minute presentation that highlighted all activities and Kaizens (process improvement measures) that had been implemented at their factories during their six month stint of the programme. They also laid out all future Kaizens to be implemented in the near future, as an indication that they will still continuously practice Lean management, with or without the involvement of



*All participants learn a lot from all the presentations.*

MTIB or its appointed consultant.

All presentations were judged based on their chosen projects and the methods or techniques that were used and how effective they were in solving their problems. Other criteria included were how Lean management impacted the operational cost and whether any follow ups were to be implemented. The panel of judges, which was headed by Encik Rosmi Abdullah, Deputy Director Central Region Office from the Malaysian Productivity Corporation (MPC), also consisted of Puan Hj. Noor Laila Mohamed Halip, MTIB Deputy Director-General (Development and Commercial) and Cik Shahidatul Hilni Binti Halim, Accountant Officer from MTIB.

After hearing and judging all companies' presentations, Encik Rosmi was glad to see that Lean management had struck a chord with the timber industry, as enthusiastically shown by the presenters. The achievements shown such as reduction in operational cost, better utilisation of work floor space and workers and elimination of waste were indications that the industry was moving in tandem with the government's efforts towards becoming a more developed nation. He expressed his hopes that these efforts would continue as Lean was about always striving for perfection.

It was announced later that the top spot was given to Berjayapak Sdn. Bhd. a wooden pallet manufacturer from Sg. Bakap, Penang. The company walked away with a cash prize of RM1,500 and a trophy. The company had managed to effectively implement Lean management in areas such as labour management and process flow. The company

# 3UII APPROACH: ENHANCING HUMAN CAPITAL DEVELOPMENT THROUGH INDUSTRIAL EXPOSURE

## news



*MoU signing between UMS and MTIB in the human capital development focusing on the 3UII Programme.*

The Memorandum of Understanding (MoU) signing sealed the collaboration between Universiti Malaysia Sabah (UMS) and MTIB in the human capital development arena, specifically focusing on the 3UII Programme in which the students will study three years in the university and one year in the industry. MTIB's role is that of a 'matchmaker', as it will liaise UMS with the industry.

The MoU signing ceremony was held on 19 April at UMS, Kota Kinabalu, Sabah. One of the MoU's objectives is to enhance UMS graduates' specialisation in the timber industry upon graduation. Prof. Datuk Dr. D Kamarudin D. Mudin, UMS Vice-Chancellor said that the 3UII Programme is a new job-based approach for students, especially those based in Technical Education and Vocational Training (TVET), where they will spend one year or two of their final semester in the industry to gain

learning experience in the real world as opposed to the controlled conditions during industrial training.

The programme will benefit the students as they will have longer exposure in the industry. The Technology and Wood Industry Programme (HY11) of the Faculty of Science and Natural Resources will lead the 3UII course in UMS. Through this MoU, MTIB also serves as Industry Lead Body (ILB) in timber to assist and guide the students in adapting their learning and exposure to current industry practices. Through this collaboration, it is hoped that both parties will be able to improve the quality of the timber industry, thereby enhancing the country's economic activity.

During this ceremony, Datuk D. Kamarudin represented UMS in signing the MoU while Encik No'Man Ahmad, Registrar of UMS stood as witness. MTIB was represented by YBhg. Dato' Dr. Jalaluddin Harun FASc, MTIB Director-General, witnessed by Encik Mazree Iman, Head of MTIB Sabah. Also present at the ceremony were Puan HjH. Noor Laila Mohamed Halip, MTIB Deputy Director-General (Development and Commercial); Prof. Dr. Marcus Jopony, Assistant Vice-Chancellor of UMS; Prof. Dr. Baba Musta, Dean of the Faculty of Science and Natural Resources of UMS.

The ceremony was also attended by more than 150 guests comprised UMS and MTIB senior officials, members of Sabah Timber Industries Association (STIA), Timber Association of Sabah (TAS), learning institutes in Sabah, government agencies as well as UMS students from the Forestry Complex, Faculty of Science and Natural Resources.



*Exchanging MoU documents after the signing ceremony.*



*Attendees during the event.*

# THEORY AND PRACTICAL TRAINING USING THE UAV/DRONE

## news

**T**he Unmanned Aircraft System (UAS) is made up of a Unmanned Aerial Vehicle (UAV), an aircraft without a human pilot, a ground-based controller and a communication between the two. The UAV may be operated either by remote control by a human operator or autonomously by on board computers. Compared to manned aircraft, UAVs were originally used for missions too dull, dirty or dangerous for humans. While they originated mostly in military applications, their use is rapidly expanding to commercial, scientific, recreational and agricultural, forest monitoring and other applications.

Nowadays, the UAV is commonly used in monitoring the development of forest plantations as it can be used to periodically monitor larger areas compared to conventional methods that can take longer time. Periodical monitoring is necessary to ensure the development of a forest plantation is on track.

As such, MTIB with UAV company held a programme on UAV application on 7-8 March in Port Dickson, Negeri Sembilan. The main objective of the training

was to provide basic knowledge and skills to MTIB officers in using the drones/UAV. The training consisted of introduction to UAV, overview of the types of drone, technical and equipment aspects of drone and the processes involved in generating final outputs of UAV images. The programme also held hands-on practical applications in the monitoring of a forest plantation. Ten MTIB officers underwent the UAV training course.



*Hands-on session.*



*A representative from the supplier explaining on the function and setting of the UAV software.*



*MTIB officers posing for the camera.*

# BAMBOO WORKSHOP ON PLANTATION ESTABLISHMENT

## news



*Attendees of the workshop.*

**B**amboo is a plant that belongs to the family *Gramineae* and has about 75 genera with over 1,250 species worldwide. Bamboo is abundant in the tropic and subtropic area as it requires a humid and hot climate for good growth. Most bamboo grow wild in the foothills of the main range, secondary forests, ex-logging areas and along river banks. Bamboo is also cultivated in villages or as plantations that can be found in many parts of Asia, America and Southeast Asia. Malaysia has about 70 species of bamboo of which 45 are native species that grow naturally in natural forests or ex-logging areas.

In an effort to further develop the bamboo industry in Malaysia, MTIB recently organised a Bamboo Workshop on Plantation Establishment. The workshop was held in Kuala Lumpur from 21 to 22 March. The objectives of the workshop were to disseminate information and knowledge on bamboo plantation establishment, to assess the potential of transforming the bamboo industry in Malaysia into a new era of higher value-added products and to be a platform for government and private sectors to exchange knowledge and experiences on current issues of the Malaysian bamboo industry.

The welcoming remarks delivered by Encik Mohd Zamakhsyary Mustapa, Senior Assistant Director of MTIB on behalf of Cik Hjh. Robiyah Hj. Husin, MTIB Director of Forest Plantation, highlighted MTIB's Bamboo Industry Development Action Plan for 2011-2020 with its five main strategic thrusts namely the establishment of bamboo plantation and sustainably managed existing natural resources, human resources and capital development, development of value-added products, research and development, marketing, trade and promotion.

A total of eight presentations were given during the workshop covering the topics of introduction to bamboo, bamboo plantation management, harvesting and preservation of bamboo, primary bamboo processing industry as well as bamboo product development. Dr. Azmy Mohamed, from Potential Resources gave a lecture on the topics mentioned.

A field visit was also organised on the second day of the workshop where the participants visited the Bamboosetum in Putrajaya Wetland. As one of the largest man-made freshwater wetlands in the tropics, the Putrajaya Wetlands is made up of the

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recorded a staggering savings cost of RM1.7 million. Second spot was given to Golden Aero Wood Manufacturing Sdn. Bhd. from Sg. Bakap, Penang who received RM1,000 cash and a trophy. The company manufactures wooden doors and doorframes and they recorded savings of close to RM500 thousand. Third prize was given to Infinity Furniture Industries from Muar, Johor, who received a cash prize of RM500 and a trophy. The bedroom manufacturer factory had recorded savings of up to RM1.5 million.

Overall, the MTIB Lean CREANOVA programme was well received by the audience as it showcased the positive impact of Lean management to the industry. The audience were able to learn how each company implemented Lean in their factory, and the methods that were used to achieve such impressive

results. The programme was attended by over 100 participants from both private and government sectors of the Malaysian timber industry. 



*Encik Muhar Murad, the principal Lean consultant, explaining to the audience on the background of Lean management.*

## Timber News

Cont. from page 20

Wetlands Park (138 hectares) and the wetland areas (1,977 hectares). It is also recognised by UNESCO as an Ecohydrology Demonstration Site, a place where researchers can observe the interactions between water and the ecosystem. The wetlands has a high rate of biodiversity due to its unique ecosystem.

At the Bamboosetum, Dr. Azmy Mohamed explained how to identify bamboo species, and how to conduct silviculture treatment for bamboo clumps. He also talked about harvesting techniques and management of bamboo plantations.

Twenty-five participants comprising individuals and representatives from both the government and private sectors attended the workshop. 



*A field visit to the Bamboosetum, Putrajaya Wetland.*



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**Lukisan Seribu Makna, Kayu Eratkan Semua**  
*A Picture Paints a Thousand Words. Wood Binds Them All*

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# 14<sup>th</sup> MEETING OF AWG CWE IN LUANG PRABANG, LAO PDR

## news



*Malaysian delegation during 14th AWG on CITES and WE Meeting, Luang Prabang Northern Province of Lao PDR.*

The Meeting of the 14th ASEAN Working Group on the Convention on International Trade in Endangered Species of Wild Fauna and Flora and Wildlife Enforcement (14th AWG CWE) was held in Luang Prabang, Lao PDR on 20-22 March. The AWG CWE meeting was held to address wildlife enforcement issues in the region and to enhance communication and networking among ASEAN Member States (AMS).

The 14th meeting recorded an attendance not only of delegates from AMS such as Brunei Darussalam, Cambodia, Indonesia, Lao PDR, Malaysia, Myanmar, Singapore, Thailand and Viet Nam, and the ASEAN Secretariat, but also of representatives from the CITES Secretariat, USAID Wildlife Asia, Southeast Asia Fisheries Development Centre (SEAFDEC), INTERPOL, UNODC, USAID Regional Development Mission for Asia, the World Conservation Society (WCS), TRACE Forensic Network and TRAFFIC SEA.

In accordance with the ASEAN protocol, Mr. Thongphanh Ratanalangsy, Deputy Director-General of Forest Inspection Department, Ministry of Agriculture and Forestry, Lao PDR and Encik

Engkamat Lading, Deputy Controller of Wildlife, Forest Department Sarawak, Malaysia were elected as Chairman and Vice-Chairman of the 14th AWG CWE Meeting, respectively.

Issues highlighted by the CITES Secretariat in the presentation were wildlife cybercrime and illegal trade such as that of the Asian big cats, eels, helmeted hornbills, rhino horns, tortoises, freshwater turtle and pangolins as well as specimens of CITES listed tree species. AMS were urged to develop strategies to combat such illegal trade, including measures to promote and further strengthen international cooperation.

Presentations were delivered by USAID Wildlife Asia, SEAFDEC, INTERPOL, UNODC, USAID RDMA, WCS, TRACE Forensic Network and TRAFFIC SEA. The talks were focused on issues related to wildlife trafficking in Asia and among the AMS. Some initiatives carried out in combating the crime were strengthening national capacity and coordination, raising awareness and political support were highlighted in the presentation.

*Cont. from previous page*

As the host of the 13th AWG CWE Meeting in 2017, Indonesia highlighted the concept note on ASEAN Wildlife DNA Information Sharing System Protocol initiated by Indonesia. The project aimed to provide data and information in the process of illegal wildlife trade law enforcement efforts in the region and a mechanism in sharing DNA benchmark/DNA makers as well as related information that will help AMS to identify wildlife specimens for any purpose (law enforcement, research, education, etc.). AMS supported the concept note and requested Indonesia to develop the full proposal using the ASEAN project proposal template.

One of the items outlined for the meeting is the country reports and discussion where AMS were requested to report on the issues and initiative carried out to combat illegal trade and also challenges faced. Generally issues highlighted were lack of public awareness on the trading of endangered species, illegal online trade, human animal conflict, source of identification and tracing.

Among the challenges highlighted in addressing the issues were lack of capacity in protected species identification, lack of tools to support the identification, lack of rescue centres, limited budget, investigation of internet wildlife crime, weakness in information-sharing between countries. Some of the common initiatives highlighted by AMS were strengthening relevant national law on CITES and wildlife enforcement, and trading of endangered species, inter-agencies cooperation, enhancing international cooperation, building national capacities on wildlife enforcement and enhancing collaboration with AMS.

The opening speech of the 14th AWG CWE was delivered by Mr. Sousath Sasyakoumanne, ASOF Leader Lao PDR. As the host for the 14th Meeting, he welcomed all delegates and highlighted that as a party of CITES, Lao PDR has been fulfilling its obligations through policies, legal framework and process mechanisms. Bilateral agreements with Viet Nam, China and Thailand is one of the initiatives taken to strengthen Lao PDR's ability to protect mutual resources.

The speech of the outgoing Chair of AWG CWE and Wildlife Enforcement was delivered by Ms Sri Ratnaningsih from Indonesia. She informed the meeting of the endorsement of the Plan of Action



*Meeting in session.*



*Malaysian delegates.*

(POA) for ASEAN Corporation on CITES and WE (2016-2020) and a proposal under the scheme of ASEAN-European Union corporation to include combating wildlife crime issues in the cooperation plan. The concept note focused on "ASEAN Wildlife DNA Information Sharing System Protocol Development". She also expected the meeting to provide recommendations for strengthening cooperation on wildlife enforcement and CITES implementation in ASEAN.

The three-day meeting was attended by 60 delegates representing the AMS, ASEAN Secretariat, CITES Secretariat, USAID Wildlife Asia, SEAFDEC, INTERPOL, UNODC, USAID RDMA, WCS, TRACE Forensic Network and TRAFFIC SEA. The Malaysian delegates comprised Encik Salman bin Hj. Saaban, from Department of Wildlife and National Parks (Head of Delegation), Dato' Azimah Hamid (Royal Malaysian Customs Department), Encik Abdul Rahman Abdul Aziz (Ministry of Natural Resources and Environment), Encik Engkamat Lading (Forest Department Sarawak), Encik Donatus Loisang (Sabah Forestry Department), Encik Zulkifli Suara (Sabah Forestry Department), Encik Ernest Jinuat (Sabah Fisheries Department), Encik Mohd Soffian Abu Bakar (Sabah Wildlife Department) and Tuan Hj. Zulkepli Abd Rani (MTIB). The meeting noted that the 15th Meeting of the AWG CWE will be held tentatively in Malaysia in April 2019.

# TAIWAN

## BENEFITTING ECONOMIC DIVERSIFICATION WITH TAIWAN



### Overview

Referred to as Chinese Taipei and officially called the Republic of China (ROC), the island of Taiwan is surrounded by major trading partners in the People's Republic of China (PRC) to its west, Japan to its east and the Philippines to its south. As a founding member of the United Nations (UN), the ROC represented China at the UN until 1971, when it lost its seat to the People's Republic of China (PRC).

Despite PRC consistent claim on sovereignty over Taiwan and its One-China Policy, PRC refuses diplomatic relations with any country that recognises the ROC. Today, 20 countries maintain official ties with the ROC but many other states maintain unofficial ties through representative offices and institutions that function as de facto embassies and consulates. Although Taiwan is fully self-governing, most international organisations in which the PRC participates either refuse to grant membership to Taiwan or allow it to participate only as a non-state actor.

Despite its diplomatic isolation, Taiwan has become one of Asia's big traders. It is considered to have achieved an economic miracle, becoming one of the world's top producers of computer technology. Taiwan is also the most populous state and largest economy that is not a member of the United Nations. Its population is approximately 23.6 million, spread across a total land area of about 36,000 square kilometres, with a population density of about 670 inhabitants per square kilometre. 77.5% of the population located in urban areas, where major cities located.

### Forest Sustainability and Resources

Taiwan, the largest island off the coast of China, is comprised steep granite mountains that rise on the eastern slope from a deep oceanic trench to

nearly 4,000 metres in elevation at the summit of Mt. Yushan. Because of the north-south alignment and the large vertical relief, Taiwan possesses a wide range of habitats and a correspondingly high biodiversity. Taiwan possessed major forest types in the world in which hardwood covered about 53% of its forest, conifer forest 21%, conifer-hardwood mixed forest 19% and bamboo forest covered about 7% of its total. Out of its 2.1 million hectare of forest, natural forest covered about 73%, plantation covered 20% meanwhile bamboo forest covered the rest. Its main plantation species are Taiwan Red Pine, Japanese Cedar, Taiwan Red Cypress, China Fir, and Taiwan Acacia. About 93% of the country's forests are on government land while 7% are privately-owned.

Taiwan Forestry Bureau has pledged to make forests sustainable, using the standards of the Germany-based Forest Stewardship Council (FSC) as a model. The Council of Agriculture also has listed timber as part of its Certified Agricultural Standard system and timber suppliers are encouraged to have their forest certified by the Taiwan Architecture & Building Centre. In 2016, the Forestry Bureau released its fourth ever 'Forestry Navigation Report'. The survey, completed once every 18 years, gave reasons for optimism – Taiwan's total forest coverage has increased to 61%, up from 59% in 1986 and 51% in 1964. Currently, the Forestry Bureau is embracing the guidelines of the FSC, which bestows certifications upon forests and timber supply chains

managed according to its sustainability standards. In 2017, the Bunun Tribe became the first indigenous group in the region to have a section of its forest certified by the FSC.

## Economy

In the early 1960s, Taiwan entered a period of rapid economic growth and industrialisation, creating a stable industrial economy. In the 1980s and early 1990s, it changed from a one-party military dictatorship dominated by the Kuomintang to a multi-party democracy with a semi-presidential system, Democratic Progressive Party (DPP). Taiwan has a dynamic capitalist economy that is driven largely by industrial manufacturing, and especially exports of electronics, machinery, and petrochemicals.

The economy of Taiwan, is the seventh largest economy in Asia, and is included in the advanced economies group by the International Monetary Fund and gauged in the high-income economies group by the World Bank, as well as ranked 15th in the world by the Global Competitiveness Report of World Economic Forum. In 2017, Taiwan's GDP per capita totalled USD24,337 and its consumer price index (CPI) increased 0.6% year-on-year. Taiwan's Directorate-General of Budget, Accounting and Statistics (DGBAS) has projected that Taiwan's GDP will grow to 2.42% in 2018. This is supported when its exports have grown even faster and since World War II, have provided the primary impetus for industrialisation.

Taiwan's total trade rose 13% to USD576.9 million in 2017, contributed by high prices for agricultural and

raw materials, as well as robust demand for consumer electronics and mobile devices. Exports surged 13% to USD317.4 billion, while imports gained 13% to USD259.5 billion. Major Taiwan export partners are Asian countries that dominated 75% of total export value while 13% and 9% were sold to North American and European region, respectively. In 2017, Taiwan has generated greatest positive trade surpluses with Malaysia, Mexico and United States. It indicated that Taiwan's competitive advantage and provides key opportunities for Taiwan to develop country-specific strategies to optimise its overall position in international trade.

In regards to its regional trade policy, Taiwan has been promoting greater economic integration with ASEAN member countries, South Asian countries, Australia and New Zealand through the New Southbound Policy (NSP) initiative. NSP provide a key plank in the Taiwan's national development strategy to strengthen agricultural, business, cultural, education, tourism and trade with the intended countries. Total trade with NSP intended countries climbed 16% year-on-year to USD110.9 billion in 2017.

Taiwanese investors and businesses have become major investors in mainland China, Viet Nam, Thailand, Indonesia, the Philippines, and Malaysia. Currently, Taiwan is the fourth largest foreign investors in Malaysia with approximately 1,700 Taiwanese companies established in Malaysia with cumulative foreign direct investment from Taiwan to Malaysia had amounted to USD12.3 billion until 2016. In 2017, trade between Malaysia and Taiwan increased by 24% to USD17.5 billion (RM78.39 billion) compared to the previous year.

## Timber Production

Taiwan relies heavily on timber imports due to low supply of local timber production and increasing restrictions of log export and rainforest protection. Now, more than 90% of its lumber and panel is imported, and it also prompted Taiwan to emphasise on machine manufacturing rather than machining wood. It faces tough competition, as the mainland China also expanding its manufacturing industry. Until 2017, Taiwan was the third largest exporter of machinery globally (it remains third for overall machinery exports globally).

According to the FAO 2016 forest statistics, Taiwan produced 343,610 m<sup>3</sup> of major timber and timber products. Taiwan produced 164,000 m<sup>3</sup> of plywood followed by particleboard (43,000 m<sup>3</sup>). Both sawntimber and hardboard are produced about 37,000 m<sup>3</sup> in 2016.

## Taiwan: Production of Timber Products, 2012-2016

(Volume : m³)

| Product                 | 2012           | 2013           | 2014           | 2015           | 2016           |
|-------------------------|----------------|----------------|----------------|----------------|----------------|
| Fuel wood               | 2,542          | 8,143          | 4,189          | 7,762          | 7,142          |
| Hardboard               | 37,000         | 37,000         | 37,000         | 37,000         | 37,000         |
| Particleboard           | 43,000         | 43,000         | 43,000         | 43,000         | 43,000         |
| Plywood                 | 164,000        | 164,000        | 164,000        | 164,000        | 164,000        |
| Sawlogs and Veneer Logs | 24,898         | 26,785         | 37,899         | 29,870         | 24,768         |
| Sawntimber              | 25,000         | 25,000         | 37,700         | 37,700         | 37,700         |
| Veneer                  | 30,000         | 30,000         | 30,000         | 30,000         | 30,000         |
| <b>Total</b>            | <b>326,440</b> | <b>333,928</b> | <b>353,788</b> | <b>349,332</b> | <b>343,610</b> |

Source: FAO - Forest Statistics

## Import of Timber and Timber Products

Taiwan relies heavily on imported timber and timber products for its commercial and industrial use. In 2017, Taiwan's import of timber and timber products valued at USD1.5 billion, an increase of 3% compared to the previous corresponding period. Its major imported products are sawntimber, furniture and plywood. Taiwan increased its intake of sawntimber by 15% to USD324.9 million compared to 2016. Meanwhile, purchase of plywood totalled

at USD242.1 million and purchase of mouldings increased by 7% valued at USD93.1 million. Import of furniture has increased by 4% to USD296.9 million. Malaysia is ranked second largest supplying markets of timber and timber products to Taiwan after China with import value of USD189.3 million. Meanwhile, for furniture, Malaysia is ranked eighth supplying markets to Taiwan with total value of USD5.3 million after China, Indonesia, Germany, Italy, Viet Nam, Japan and Poland.

## Taiwan: Import of Timber and Timber Products, 2013-2017

(Value: USD '000)

| Product       | 2013             | 2014             | 2015             | 2016             | 2017             |
|---------------|------------------|------------------|------------------|------------------|------------------|
| Logs          | 210,127          | 238,897          | 141,707          | 122,176          | 98,848           |
| Sawntimber    | 351,707          | 390,827          | 343,256          | 283,322          | 324,862          |
| Plywood       | 298,838          | 311,577          | 280,392          | 251,151          | 242,114          |
| Veneer        | 106,775          | 101,609          | 102,520          | 84,687           | 89,171           |
| Mouldings     | 116,391          | 124,229          | 89,991           | 86,906           | 93,054           |
| Particleboard | 78,213           | 93,717           | 86,914           | 78,492           | 93,104           |
| Fibreboard    | 50,393           | 55,451           | 48,449           | 45,908           | 48,416           |
| Wooden Frames | 2,982            | 3,012            | 3,172            | 3,319            | 2,440            |
| BJC           | 14,352           | 18,443           | 18,232           | 18,067           | 17,474           |
| Furniture     | 260,616          | 277,987          | 289,807          | 286,220          | 296,925          |
| Others        | 212,770          | 221,734          | 229,322          | 192,788          | 189,610          |
| <b>Total</b>  | <b>1,703,164</b> | <b>1,837,483</b> | <b>1,633,762</b> | <b>1,453,036</b> | <b>1,496,018</b> |

Source: UN Comtrade

## Export of Timber and Timber Products

In 2017, Taiwan recorded an increase of export in timber and timber products by 7% to USD1.2 billion, year-on-year. Furniture dominated its export market

with USD1.02 billion, an increase of 6% year-on-year. Export of particleboard valued at USD25.8 million, meanwhile sawntimber recorded a sale of USD27.4 million. Malaysia is ranked 19th for Taiwan export destinations for timber and timber products.

## Taiwan: Export of Timber and Timber Products, 2013-2017

(Value: USD '000)

| Product             | 2013             | 2014             | 2015             | 2016             | 2017             |
|---------------------|------------------|------------------|------------------|------------------|------------------|
| Logs                | 27,853           | 33,989           | 16,153           | 20,301           | 20,652           |
| Sawntimber          | 40,933           | 35,358           | 22,858           | 21,393           | 27,403           |
| Plywood             | 31,741           | 25,702           | 17,808           | 17,805           | 13,753           |
| Veneer              | 8,115            | 8,097            | 9,723            | 9,767            | 10,429           |
| Mouldings           | 1,783            | 2,985            | 3,965            | 3,334            | 3,622            |
| Particleboard       | 8,437            | 8,628            | 13,978           | 14,976           | 25,844           |
| Fibreboard          | 6,984            | 5,384            | 5,283            | 4,479            | 3,916            |
| Wooden Frames       | 2,008            | 1,899            | 1,280            | 1,269            | 889              |
| BJC                 | 12,915           | 17,016           | 14,944           | 15,816           | 18,184           |
| Furniture and Parts | 929,406          | 1,016,700        | 1,002,511        | 965,126          | 1,022,345        |
| Others              | 69,786           | 63,551           | 62,536           | 54,505           | 55,211           |
| <b>Total</b>        | <b>1,139,961</b> | <b>1,219,309</b> | <b>1,171,039</b> | <b>1,128,771</b> | <b>1,202,248</b> |

Source: UN Comtrade

## Malaysia's Export of Timber and Timber Products to Taiwan

Taiwan is ranked 11th in Malaysia's export destinations of timber and timber products. Plywood is the most demanded timber products valued at RM268 million followed by sawn timber at RM144.6

million. Meanwhile, export of wooden and rattan furniture recorded an increase 14% year-on-year with RM60.9 million. Similarly, export of plywood increased slightly by 0.1% to RM268 million. In contrast, Taiwan has reduced its intake of veneer by 22% to RM100.5 million.

## Malaysia: Export of Timber and Timber Products to Taiwan, 2013-2017

(Value: RM)

| Product          | 2013               | 2014               | 2015               | 2016               | 2017               |
|------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| Logs             | 225,535,035        | 232,381,277        | 174,020,323        | 154,535,762        | 97,188,113         |
| Sawntimber       | 105,572,828        | 136,614,417        | 134,282,930        | 130,118,627        | 144,561,080        |
| Plywood          | 445,183,742        | 395,006,356        | 360,462,751        | 267,680,692        | 268,012,940        |
| Veneer           | 145,962,169        | 131,900,973        | 143,183,191        | 129,350,145        | 100,493,526        |
| Mouldings        | 2,366,776          | 8,456,318          | 6,943,974          | 2,461,584          | 2,657,961          |
| Particleboard    | 1,119,002          | 114,289            | 115,750            | 592,141            | 1,218,671          |
| Fibreboard       | 12,887,920         | 14,180,254         | 17,189,695         | 12,807,033         | 9,259,009          |
| Wooden Frame     | 666,513            | 292,055            | 2,000,530          | 481,772            | 167,650            |
| BJC              | 15,096,451         | 19,036,709         | 18,947,964         | 5,975,970          | 16,052,278         |
| Wooden Furniture | 30,754,956         | 39,390,906         | 46,931,533         | 52,992,197         | 60,873,258         |
| Rattan Furniture | 28,546             | -                  | -                  | 136,071            | 127,678            |
| Other Products   | 14,053,648         | 13,822,503         | 20,840,079         | 20,520,105         | 19,428,749         |
| <b>Total</b>     | <b>999,227,586</b> | <b>991,196,057</b> | <b>924,918,720</b> | <b>787,652,099</b> | <b>720,040,913</b> |

Source : DOSM/MTIB

## Malaysia's Import of Timber and Timber Products from Taiwan

In 2017, Malaysia recorded an import of RM19.3 million of timber and timber products from Taiwan,

an increase of 3% compared to the previous year. Although wooden furniture remains the largest chunk of imported timber and timber products from Taiwan, it has decreased 15% year-on-year to RM4.5 million. Veneer also recorded a decrease in import

by 47% to RM1.4 million. Meanwhile, import of mouldings showed a significant growth by 570% to RM642 thousand from RM96 thousand in 2016 due to increasing demand in home renovation and interior design whereas homeowners in Malaysia

most likely to spend about RM19.5 billion on home renovations and generally, homeowners spend between 30% and 40% of funds on the kitchen and bathrooms, and up to 15% to upgrade the living room and bedrooms.

## Malaysia: Import of Timber and Timber Products from Taiwan, 2013-2017

(Value: RM)

| Product          | 2013              | 2014              | 2015              | 2016              | 2017              |
|------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| Logs             | 3,608,129         | 1,491,060         | 4,477,326         | 2,718,319         | 1,115,259         |
| Sawntimber       | 204,536           | 681,537           | 282,847           | 160,206           | 81,362            |
| Plywood          | 474,554           | 659,144           | 1,230,716         | 504,682           | 397,079           |
| Veneer           | 2,326,767         | 3,268,059         | 1,113,826         | 2,709,175         | 1,436,310         |
| Mouldings        | 143,121           | 110,219           | 5,618             | 95,919            | 641,812           |
| Particleboard    | 690,986           | 613,165           | 685,938           | 1,275,612         | 1,335,529         |
| Fibreboard       | 143,622           | 844,503           | 188,912           | 322,243           | 147,684           |
| Wooden Frame     | 13,396            | 79,819            | 183,488           | 64,727            | 50,615            |
| BJC              | 154,153           | 83,247            | 150,955           | 582,538           | 141,019           |
| Wooden Furniture | 2,589,664         | 3,799,210         | 4,153,304         | 4,748,283         | 4,437,343         |
| Rattan Furniture | 1,685,001         | 394,831           | 417,020           | 482,779           | 27,349            |
| Other Products   | 6,487,960         | 5,151,096         | 4,506,644         | 5,061,112         | 9,488,317         |
| <b>Total</b>     | <b>18,521,889</b> | <b>17,175,890</b> | <b>17,396,594</b> | <b>18,725,595</b> | <b>19,299,678</b> |

Source : DOSM/MTIB

## Import Tariff

Taiwan's import duty on timber and timber products ranges from 0-12.5%. Details are as follows:-

| HS code   | Description               | MFN Rate |
|-----------|---------------------------|----------|
| 4401      | Fuel Wood                 | 0        |
| 4402      | Wood Charcoal             | 0        |
| 4403      | Logs                      | 0        |
| 4404      | Hoopwood                  | 0        |
| 4405      | Wood Wool, Wood Flour     | 0        |
| 4406      | Railway Sleepers          | 0        |
| 4407      | Sawntimber                | 0        |
| 4408      | Veneer                    | 0 - 8.5  |
| 4409      | Mouldings                 | 0        |
| 4410      | Particleboard             | 0        |
| 4411      | Fibreboard                | 0        |
| 4412      | Plywood                   | 0 - 12.5 |
| 4413      | Densified Wood            | 0        |
| 4414      | Wooden Frame              | 0        |
| 4415      | Packaging Materials       | 0        |
| 4416      | Casks and Barrels         | 0        |
| 4417      | Tools, Bodies and Handles | 0        |
| 4418      | BJC                       | 0        |
| 4419      | Tableware and Kitchenware | 0        |
| 4420      | Wood Marquetry            | 0        |
| 4421      | Articles of Wood          | 0        |
| 9401-9403 | Furniture and Parts       | 0-5      |

Source: WTO

## Prospects

Taiwan is well-known as amongst the top global leaders in woodworking machinery. This has given the Taiwanese manufacturers the impetus to develop products that use new manufacturing technologies and materials, which offer improved designs and functions. They are also developing products aimed at niche markets. One of Taiwan's major challenges in timber industry is raw material. With dwindling domestic timber supply and demand in the construction and furniture industry, Taiwan has increased its purchase of timber products such as sawntimber and panel products namely plywood and fibreboard to cater to its domestic demand.

In the meanwhile, after two years of house price falls, Taiwan's property market is gaining momentum and demand is surging. Although construction output in Taiwan decreased 15% in March 2018 over the corresponding period last year, its housing index has increased slightly by 0.5% to 283.34 Index in first quarter 2018 from 281.96 Index Points in fourth quarter 2017. Residential construction activity also recorded an increase. Taiwan's National Construction and Planning Agency (CPA) reported that Taiwan government's social housing initiative is progressing

well, with almost 10,000 units already on the market and thousands more under construction. Under the social housing plan, the government is aiming to put some 200,000 social housing units on the market over an eight-year period for rent at concessionary rates to people in a certain income bracket.

In view of the real estate scenario in Taiwan's neighbouring countries such as Hong Kong, it has provided an impetus to Taiwan's residential and real estate industry. As home prices continue to hit record highs in Hong Kong, a growing number of its residents are investing in holiday and retirement homes in Taiwan. Taiwan provided an affordable housing market for many Hong Kong residents and also offers alternative lifestyle opportunities. Housing sales in Taipei grew 9% to 23,447 units in 2017 from the corresponding period last year. Real estate professionals believe that a spike in the interest from overseas investors, particularly Hong Kong, Singapore, South Korea and Japan, has contributed to the rise in property prices in Taiwan.

Increased disposable income, improved consumer lifestyles and a significant increase in GDP will support market growth in Taiwan, and thus it

provided a stimulus for the Malaysia's furniture market to penetrate Taiwan's home renovation and interior design sector. Premium household goods and covetable furniture are among the many designs favours amongst Taiwanese. Furthermore, the increasing demand for design and luxury products in Taiwan is growing more and more. The expansion of the luxury furniture segment will lead to diversification in the materials used for products. The lion's share will be occupied by wood, which currently accounts for 24% of the total production, mainly for living, sleeping, outdoor and kitchen areas. Other growing materials are leather, plastic and glass, the latter increasing by 8% between 2016 and 2020.

It is therefore very clear that the Malaysian furniture industries must make an effort to develop better quality products, investing in product design diversity and marketing and communication strategies. Future consumers definitely will be more demanding and Malaysia furniture makers will need to enhance quality and design. Malaysian furniture exporters also urged to new avenues and plan new marketing and communication strategies to cater their customers' demands.

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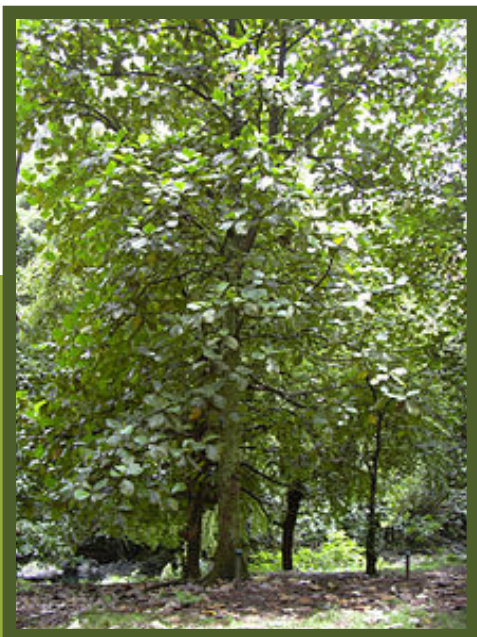





Terap Nasi leaves

## INTRODUCTION

Terap Nasi (*Artocarpus elasticus*) is the standard Malaysian Name for the timber of the lighter species of *Artocarpus* (family *Moraceae*) in Peninsular Malaysia. The tree of *Artocarpus* are generally rather small to quite large, widely distributed in lowland forest. The bark of these species is grey to dark brown, smooth or roughened with shallow fissures and small flakes which, on detaching themselves, leave uneven pocks.



Terap Nasi tree

# TERAP NASI

## SUITABLE FOR STRIPS FLOORING

### General Characteristics

The timber is a light hardwood with air-dry density averaging  $496\text{kg/m}^3$ . The sapwood except for some rare cases, is generally not differentiated from the heartwood, which is yellow to light yellow-brown. Occasionally a dark brown heartwood with an orange tinge is develop, which case, the sapwood is distinct. Texture of the wood is coarse but even with interlocking grain. The planed surface is moderately lustrous and stripe figures on the radial surface are common. The timber is soft to cut across the grain. *A. elasticus* is found in evergreen and semideciduous forest, both primary and secondary, up to 1500 m altitude.

### Growth and Development

Germination of *A. elasticus* starts in the third week after sowing and growth is relatively fast. The average height after two years of growth is 6-7 m, and after seven years 11-12 m, with an average diameter of about 15 cm, i.e. a mean annual diameter increment of over 2 cm. Juvenile plants have deeply-lobed leaves (twice or thrice pinnatifid); as the tree grows the new leaves are less deeply cut until only simple adult leaves are produced.

*A. elasticus* may be deciduous in regions with a dry season, such as the eastern coast of Peninsular Malaysia and its northern region. In Java flowers have been collected in January, August and November, and fruits in January. *A. elasticus* is probably wind-pollinated, the male inflorescences producing clouds of pollen. The fruits are eaten by monkeys and squirrels, which probably play an important role in seed dispersal. *A. elasticus* coppices freely, with the leaves on the coppice shoots having lobed leaves like those produced on juvenile trees.

## Wood Anatomy

The vessels with simple perforation, are generally moderately large or even very large few or very few in number and are mostly solitary, the rest in radial pairs and multiples of two to five in a series and occasionally in clusters. Generally the vessels are arranged evenly without any specific arrangement. White coloured deposits are commonly present whereas tyloses are generally absent. Wood parenchyma is vasicentric, aliform or locally confluent or confluent. The parenchyma is characteristically orange coloured in *Artocarpus* species. Rays are medium in size and visible to the naked eye but no prominent on radial surface. Ripple marks are absent and intercellular canals are absent.



Terap Nasi tree

## Sawing and Woodworking Properties of Terap Nasi

| Test Condition | Sawing    |               | Planing         |                   | Boring         |                                                           | Turning         |                   |
|----------------|-----------|---------------|-----------------|-------------------|----------------|-----------------------------------------------------------|-----------------|-------------------|
|                | Re-sawing | Cross Cutting | Ease of Planing | Quality of Finish | Ease of Boring | Quality of Finish                                         | Ease of Turning | Quality of Finish |
| Green          | easy      | easy          | easy            | smooth            | easy           | tangent smooth<br>radial rough<br>due to grain<br>pick up | -               | -                 |
| Air dry        | easy      | easy          | easy            | smooth            | easy           | rough due to<br>grain pick up                             | easy            | rough             |

Terap Nasi is suitable for use in light construction, strips flooring, core veneers in plywood manufacture, boxes, crates and wooden pallets. Occasionally, the timber is very attractively figured and very suitable for superior joinery, furniture, panelling, trays and other decorative works.

## Uses

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A talk on Industrial Revolution 4.0 for MTIB personnel held on 18 April 2018 at MTIB, Kuala Lumpur.



A press conference between YBhg. Dato' Dr. Jalaluddin Harun FASc, MTIB Director-General; Cik Cindy Kong Kim Tai, Organising Chairman of Malaysian Furniture & Furnishing Fair (MF3) and Encik Albert Khoo, Secretary-General of KLSFIA, on 3 April 2018 at Kuala Lumpur Convention Centre (KLCC). It was aimed to inform the public of their collaboration in organising MF3 and the Wood Lifestyle Fair to be held on 10-12 August 2018 at KLCC.



YBhg. Dato' Dr. Jalaluddin Harun FASc, MTIB Director-General and YB Dato' Kamaruzzaman Abu Kassim, President & Chief Executive of Johor Corporation talking about the Muar Furniture Park in the Ruang Bicara slot telecast on 11 April 2018 by Bernama TV.

Course on Enhancing MTIB Enforcement held on 23-25 April 2018 at MTIB Johor.



Courtesy visit by YBhg. Dato' Dr. Razali Hussain, Director-General of Malaysian Productivity Corporation (MPC) to MTIB, Kuala Lumpur on 30 April 2018.