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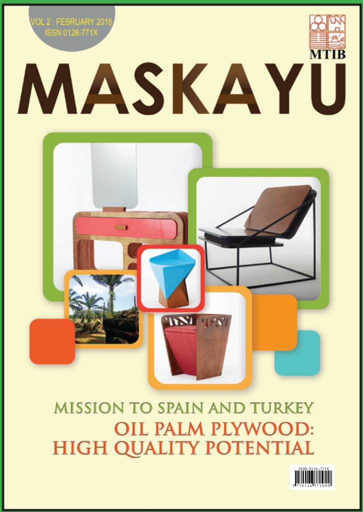
MTIB

MASKAYU

MISSION TO SPAIN AND TURKEY

OIL PALM PLYWOOD: HIGH QUALITY POTENTIAL

ISSN 0126-771X



***Cover** : INTROP, UPM and MTIB have carried out a lot of research on the utilisation of oil palm wood as veneers. Details on pages 20-22.*

Publisher

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CONTENTS

Highlights

Regular Features

MISSION TO SPAIN AND TURKEY

A mission was organised by MTIB from 26 February to 5 March to visit and witness day operations of successful fully automated furniture producing factories in Spain and Turkey. The visit aimed to enhance knowledge of the latest technology and the wooden processing machines being developed by Biesse Group especially the CNC, Panel Saw and Edge Bander.

The four companies visited in Barcelona, Spain were Arlex Design, Muebles Ros, Commercial Salgar S.A.U, Mardersenia S.L. Companies. These companies produce furniture by automation using the Computer Integrated Manufacturing System (CIM). They use very minimal employees and all planning and control work is done at the control room by using the CIM software such as computer-aided design (CAD), computer-aided engineering (CAE), production planning and control (PPC) and enterprise resource planning (ERP). CIM can integrate all the manufacturing stages; from the initial customer order until the final product delivery. By using this system, companies can increase productivity, improve quality, meet customer needs more quickly and produce more competitively-priced products. The nine major elements of CIM are marketing, product design, planning, purchasing, manufacturing engineering, factory automation hardware, warehousing, logistics and supply chain management, and financial and management information.

In Istanbul, Turkey, the delegation visited two factories namely Mia Mobili and Genya. The Turkish market is flourishing with lots of new buildings therefore demand for new furniture is growing. The first company visited was Mia Mobili which initially produced furniture accessories. However, in 2013 they started producing their own furniture, concentrating on home furniture. The fully automated Auto Edge Bander is utilised to produce even PU edging. Every panel is then bar-coded.

Genya is an Original Equipment Manufacturer (OEM) factory which cuts components and edges them for smaller companies and carpenters as per order. For the past seven years many small companies have emerged due to the flourishing furniture market in Turkey. Currently, bigger factories charge these companies a minimal fee to cut furniture components. The component installation is then done by the smaller companies or carpenters.

These are the observations made during the visit:

- In Spain, some companies work with external designers and pay according to the royalty system which is Lifetime Royalty of 1.5 to 3% as external designers produce more unique ideas. Royalty is calculated on distributor/ supply price only. These companies are proactive and work hand in hand with the designers. Design are upgraded and innovated every three to four years to fight imitation. This has created greater readiness to secure the market with better products to gain buyers' acceptance, better designs and product innovations, faster delivery time and readily available advanced designs for the future market;
- The number of employees has been reduced by the use of the automated mechanical system;
- Capacity and productivity can be improved and increased through the use of an automated system in the production line with the latest technological developments;
- The layout of the machines is based on the flow of the work process so as to reduce space wastage and production time ;

The delegation was briefed by the Managing Director of Arlex Design, S.L Barcelona Spain about the company operation before visiting the factory.

Group photo with the Managing Director of Mardersenia S.L Valencia Spain.

Cont. page 7

ALBANIA
Government Issues 10 Year Ban for Deforestation

It has been reported that the Albanian government has introduced a 10 year deforestation ban, in order to prevent an ecological catastrophe. The law received support from 101 out of 140 parliamentary delegates. Data shows that prior to 1990, forests covered 51% of the country's territory and have since dropped to 25%. Violation of the new law will be punished with a 10 year imprisonment.

B92, 5 February

AUSTRALIA
Economy to Grow

New home sales in Australia surged 6% month-over-month to 7,703 units in December of 2015. Sales of new homes grew the most since November of 2013, rebounding from falls in the previous three months and reaching the highest figure since August. Sales of detached homes went up 2.2% while sales in the multi-unit segment jumped 21.1%. New home sales in Australia averaged 8,693 from 1999 until 2015, reaching an all-time high of 20,768 in March of 2001 and a record low of 5,186 in September of 2012. New home sales in Australia is reported by the Housing Industry Association.

HIA, February

CANADA
Economy to Grow

Ottawa and Washington are debating about renewing the Softwood Lumber Agreement (SLA), regarding the export of Canadian lumber into US markets. The first SLA was signed in 2006 and expired in October 2015. The deal was made to resolve the dispute regarding the sale of Canadian wood products in the US markets. A year after the agreement expired, Canadian softwood lumber producers were kept away from new tariffs levied by Washington. Still, if the SLA is not renewed by October this year, new tariffs will be imposed on the Canadian wood products.

The forestry industry is incredibly important across this country, and we are very aware of the significance of the softwood-lumber agreement. Canada's Prime Minister, Justin Trudeau discussed with the US President, Barack Obama, about the SLA during the Asia-Pacific Economic Cooperation summit in Manila. The discussions are to continue in March, when Trudeau visits Washington.

In 2015, exports of forest products from Canada increased 9.2% from 2014, to CA$3.47 billion. Forest products cover 8% of the total Canadian exports.

Fordaq, 25 February

CHINA
Sharp Decline in Log Imports in 2015

Official data from China Customs shows a sharp drop in log imports in 2015. China's log imports in 2015 totalled at 44.55 million m^3 valued at USD8 billion, a year on year decline of 13% in volume and 32% in value. The average price for imported logs was USD181 per m^3. From the total log imports, softwood log imports fell 16% to 30.06 million m^3, accounting for 67% of the national total. The average price for imported softwood logs was USD122 per m^3, down 20%. The rate of decline for softwood log imports was larger than that for hardwood log imports. Hardwood log imports fell 6% to 14.49 million m^3 and made up 33% of the national total. The average price for imported hardwood logs was USD303 per m^3, down 27%. From the total hardwood log imports, tropical log imports were 8.9 million m^3 valued at USD2.8 billion, down 10% in volume and 32% in value and accounted for 20% of the national total imports.

ITTO, 16 – 29 February

EUROPEAN UNION
More Effort Needed for Enforcing Wood Regulations

According to a report by the European Commission, EU member states and companies have to do more to enforce existing EU regulations that are designed to curb the trade with illegally felled wood. The commission said that while today there are more companies that are sure about buying only legal wood products, the overall progress has been slow. One reason for this is that the relevant authorities are lacking the necessary means for enforcing the rules. Another reason is that the sanctions for violating the rules vary greatly. While some countries treat such violations as minor breaches of the law, others define them as crimes. The current EU wood regulation has been in place since 2013.

Holz Zentralblatt, 19 February

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EUROPEAN UNION
Euro Area Construction Output

Construction output in the Euro Area shrank 0.4% in December of 2015, following a downwardly revised 0.3% rise in the previous month, dragged down by a 6.1% fall in engineering while building construction rose 0.9%. Among Member States, the largest decreases were recorded in Slovenia (-9.3%), Portugal (-4.7%), France (-3.6%) and the Netherlands (-3.1%). On a monthly basis, construction output declined 0.6 % and considering the fourth quarter of 2015, output went up 0.7%. Construction output in the Euro Area averaged -0.83% from 1996 until 2015, reaching an all-time high of 18% in February of 2000 and a record low of -22.40% in February of 1996. Construction output in the Euro Area is reported by Eurostat.

tradingeconomics.co, 25 February

FRANCE
Household Furniture Purchases Up 2.5% in 2015

In 2015, household furniture purchases were up 2.5% to EUR9.34 billion (USD10.42 billion). Bedroom items were up 4.1% to EUR1.24 billion. Sofas, armchairs and bench seats saw sales increase by 3.6% to EUR2.33 billion, while kitchen furniture was up 3.8% to EUR2.38 billion. Sales of large furniture, such as bookcases, chairs and tables amounted to EUR3 billion and did not experience growth. This is due to a lack of creativity by chains with regard to giving clients ideas and prompting the desire to make purchases. Furniture for bathrooms, which represents 3% of total furniture sales, saw a 4.2% decline in turnover. The household furniture market is expected to see further growth in 2016.

Le Figaro, 4 February

INDIA
Infrastructure Output Grows

Infrastructure output in India went up 2.9% year-on-year in January of 2016, following a 0.9% growth rate in December. Infrastructure accounts for nearly 38% of India's industrial output. Considering the April to January span, infrastructure output rose 2%. Construction output in India averaged 5.01% from 2005 until 2016, reaching an all-time high of 11.66% in January of 2010 and a record low of -1.30% in November of 2015. Construction output in India is reported by the Office of the Economic Adviser to the Government of India.

BusinessWorld, 3 February

INDIA
Government Targets 81,000 Homes for Urban Poor

The Ministry of Housing and Urban Poverty Alleviation (HUPA) has approved the construction of 81,757 homes for the so-called economically-weaker-sections (EWS) of society. Seven states will benefit from this plan which is estimated to cost around RS.41 billion. Of this, the Ministry will provide around RS.12 billion based on RS.150,000 per home to be built for the benefit of the urban poor under the Prime Minister's "Housing for All" mission in urban areas. West Bengal will build 27,830 homes; Telangana 22,817; Bihar 13,315; Mizoram 8,922 ; Rajasthan 6,052 ; Jharkhand 2,337 and Uttarakhand 484. An inter-ministerial Central Sanctioning and Monitoring Committee chaired by Dr. Nandita Chatterjee, the Secretary of HUPA, approved the proposals after detailed discussions with the seven states and after satisfying itself on the availability of land for the proposed projects. To-date the government has approved funding for over 5 million homes for the poor. The government is targeting assisting in the construction of 20 million houses for the urban poor.

ITTO, 16 – 29 February

JAPAN
Housing Starts Rise Unexpectedly in January

Housing starts in Japan rose more than expected in January, after dropping in the previous month, official data of the Japanese Ministry of Land, Infrastructure and Transport revealed today. Japan's housing starts grew to a seasonally adjusted 0.2%, after falling -1.3% in December. Analysts were expecting a -0.3% drop.

The number of annualised housing starts grew to 873,000 in January from 860,000 in the preceding month. It was expected to rise to 862,000. Construction orders received by 50 big contractors plunged 13.8% annually in January, in contrast to a 14.8% hike a month earlier. It was the first decline in three months.

Fordaq, 29 February

PHILIPPINES
Discrepancies in Valuations of Imported Plywood

The large discrepancy in the valuations of imported plywood from China has been called out by the Philippines' Department of Finance in its Tax Watch advertisement released 2 February 2016. For each

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imported plywood board, prices ranged between PHP145.69 (EUR2.73/USD3.05) to PHP2,540.64. The highest prices were declared by Rolin Panel Products and Formaply Industries at PHP1,181.68 and PHP2,540.64 per board respectively. Meanwhile, the lowest prices were declared by Copperfield Marketing and YTK3 Philkore at PHP145.69 and PHP291.14 per board respectively. Under the Association of Southeast Asian Nations-China Free Trade Agreement, a lower import duty of 4% is imposed compared to the regular duty of 15%. However, companies such as Copperfield Marketing, ES Hernandez Construction and Sanfred Trading have yet to leverage the lower import duty.

BusinessWorld, 3 February

SOUTH KOREA
Anti-Dumping Duties on Chinese Soft Plywood Imports

The Korea Fair Trade Commission (KFTC) concluded its anti-dumping investigations on imports of soft plywood from China on 15 January 2016 and recommended South Korea's Ministry of Strategy and Finance to impose anti-dumping duties ranging from 4.22% to 7.15% on the imports. The investigation was launched in early 2015.

China Timber, 23 February

SWEDEN
Construction Investments Expected to Level Out

The Swedish Construction Federation (Sveriges Byggindustrier) stated in its latest forecast that construction investments are expected to level out in 2017 as a result of decreasing housing construction. Construction investments are expected to total SEK442.50 billion (EUR47.32 billion/USD52.15 billion) in 2016 and SEK447.5 billion in 2017. The federation previously saw 2016 investments at SEK425 billion. The slow-down in construction is expected to affect most Swedish counties. According to the Federation, construction growth in Stockholm is hampered by a lack of labour.

AffäRSvärlden, 24 February

UNITED KINGDOM
Household Spending Drives UK GDP Growth

The British economy advanced 0.5% on quarter in the last three months of 2015, in line with the preliminary estimate. Growth was mainly driven by household spending while gross fixed capital formation and exports decreased figures from Office for National Statistics (ONS) second estimate showed.

Household spending made the biggest contribution to growth, up 0.7%, following a 0.8% increase in the previous quarter, mainly driven by furniture and furnishings. Government expenditure grew 0.5%, slightly less than 0.6% in the previous period and non-profit institutions serving households' consumption increased 0.5%, rebounding from a 1.5% fall.

In contrast, gross fixed capital formation declined 0.1%, of which business investment shrank 0.2%. Exports declined 0.1% while imports increased 1.2%, bringing net trade contribution to -0.4% and widening the trade deficit to GBP 16.6 billion from GBP14.7 billion.

Year-on-year, the economy advanced 1.9%, also matching preliminary estimates, slowing from a 2.1% expansion in the previous period and the lowest growth rate in nearly three years. Considering full 2015, the GDP grew 2.2%, lower than the 2.9% in 2014.

tradingeconomics.co, 25 February

UNITED STATES
Laminate Flooring of Lumber Liquidators Has Low Cancer Risk

The Centre for Disease Control and Prevention (CDC) has tested certain kinds of laminate flooring of US flooring retailer Lumber Liquidators, and concluded that cancer risk from exposure is low. However, the flooring can cause breathing problems and irritation. The "60 Minutes" CBS programme in March 2015 had reported that the laminates that were manufactured in China featured excessive levels of formaldehyde, a cancer-causing chemical compound.

The CDC said that the formaldehyde levels in customers' homes should revert to regular levels within 24 months after the installation of the flooring. In the meantime, customers who are concerned about formaldehyde can use exhaust fans, open windows every few days for a few minutes and avoid smoking tobacco.

St Louis Post-Dispatch, 10 February

UNITED STATES
New Home Sales Down 9.2%

Sales of new single-family houses in January of 2016 were at a seasonally adjusted annual rate of 494,000 down 9.2% from last month and well below market expectations. It is the lowest figure in three months as sales in the West fell the most in nearly six years.

Cont. page 13

Cont. from page 3

- The use of automated machines has increased the effectiveness of the handling system, covering 30% of production;
- The reduction of disability benefits or zero defect as reliance on human labour (human error) can be improved;
- The production system concept is called a pull-system with which the product is carried out only when a booking is made, and a "buffer" space is provided in the factory to avoid disruption to the machines.

The mission was a success mainly because all the factories visited fully shared their mode of operations. Most of the factories had upgraded and moved on to high-performance machinery which saves time and wastage. During the visits, participants were given in-depth explanations on the machines' operations as well as the factories' business operations and marketing mechanisms.

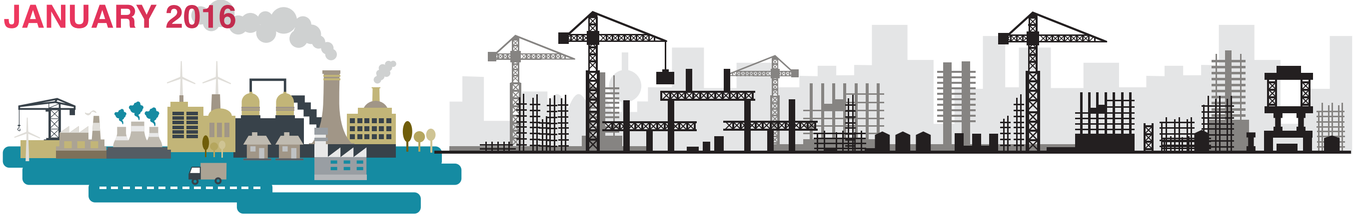
The delegation agreed on the benefits of running a fully-automated production line. This will produce high quality furniture with little defects and in high volume. One can then maintain continuous production according to specific time frames. In addition, maintaining machines is fairly easy.

In this new era, companies also have to produce unique designs which should be upgraded from time to time. Every company should have a design department to be a top notch household brand. In fact, to succeed in the furniture industry, one has to get out of the box by visiting different countries, venturing and experiencing different civilisations from time to time as well as going to exhibitions.

The programme involved 12 participants: eight entrepreneurs and four MTIB officials. They were led by Dr. Jalaluddin Harun, MTIB Director-General. MTIB representatives were Puan Hjh. Zaibi Yakin, Puan Norpaezah Mohd Dahalan and Encik Azhar Ayup. The Bumiputera companies that took part in the programme were Era Fabrique Sdn. Bhd., Dreamwood Design Sdn. Bhd., Pro Team Interior Sdn. Bhd., MYR Construction Sdn. Bhd., PSB Decoration Sdn. Bhd., NSF Integrated Sdn. Bhd., Homestead Wood Industries Sdn. Bhd. and JAFI Industry Sdn. Bhd.

Group photo at Mia Mobili, Istanbul, Turkey.

JANUARY 2016



Malaysia: NCB Holdings Purchased by MMC Corp Bhd.

In Malaysia, MMC Corp Bhd. has purchased port operator NCB Holdings after 96.88% of stakeholders of NCB Holdings agreed to its offer. MMC paid RM1.90 billion (EUR393.39 million, USD429.37 million) to complete the deal. On 28 January 2016, NCB Holdings' shares will be halted and the firm will be delisted.

Source: New Straits Times, 21 January

Malaysia: Bintulu Port Holdings Seeks Tariff Increase

Bintulu Port Holdings has sent an application to the federal government of Malaysia to increase tariffs at Bintulu Port in Sarawak state. The firm aims to increase the tariffs for general and containerised cargoes. The tariff is estimated to increase by around 20% to 30%. The general cargo tariff has not changed since 1983 while the container cargo tariff was last amended in 1999. Bintulu Port Holdings believes that the application to change the tariffs is in the final approval phases.

Source: The Star, 25 January

Malaysia: PKA Raised Licensing Fee by Up to 10 Times

In 2016, the licensing fee for port service providers has been increased by up to 10 times by Malaysia's Port Klang Authority (PKA). The fee hike is meant to cover additional improvements to the system and increased operating costs. As a result, charges for cargo survey rose to RM1,000 (EUR216.78, USD234.11) bunkering to RM5,000 from RM500, fumigation to RM1,000 from RM500 and clean water provider to RM1,000 from RM500. There have been no fee hikes for over 10 years.

Source: The Sun, 25 January

Europe: Study Forecasts 4.1% Decline in Cargo Volume at Key Ports during H1 2016

According to a study by the German Institute for the Maritime Industry and Logistics (ISL) and industry experts from Hackett Associates, six of northern Europe's most important ports will experience a decline in cargo handling volumes of 4.1% during the first half of 2016, compared to the same period of 2015. The study includes the ports of Le Havre, France; Zeebrugge, Antwerp, Belgium; Rotterdam, The Netherlands and the ports of Bremen, Bremerhaven and Hamburg in Germany. During 2015 as a whole, cargo volumes declined by 5.2%. According to the study this is largely due to the market situation in China and the decline of business with Russia. However, the study noted that Belgian ports are less affected by the performance of the Russian market than others in Europe.

Source: Die Deutsche Verkehrszeitung, 4 January

Italy: Container Traffic at Ports Equals 9.84 Million of TEUs in 2015

According to data by Ship2Shore.it, container traffic remained stable at about 9.84million of 20-foot equivalent units (TEUs) at Italian ports in 2015 as compared to 9.89million of TEUs handled in 2014. However, container traffic dropped 14.1% to 2.55 million of TEUs at the Gioia Tauro Port, in Southern Italy while container handling activities were completely withdrawn at the Taranto Port following the cancellation of the local terminal container operator's licence. Moreover, container traffic rose 5.2% at the Cagliari International Terminal, in Sardinia, and rose 6.9%, 8.2% and 38% at the Voltri Terminal Europa Port, La Spezia Container Terminal Port and Livorno Terminal Darsena Toscana Port respectively.

Source: Milano Finanza, 15 January

Cont. next page

MASKAYU Vol 2 / 2016
JANUARY 2016

Cont. from previous page

Netherlands: Inland Shipping Suffers Due to Strikes at Container Port

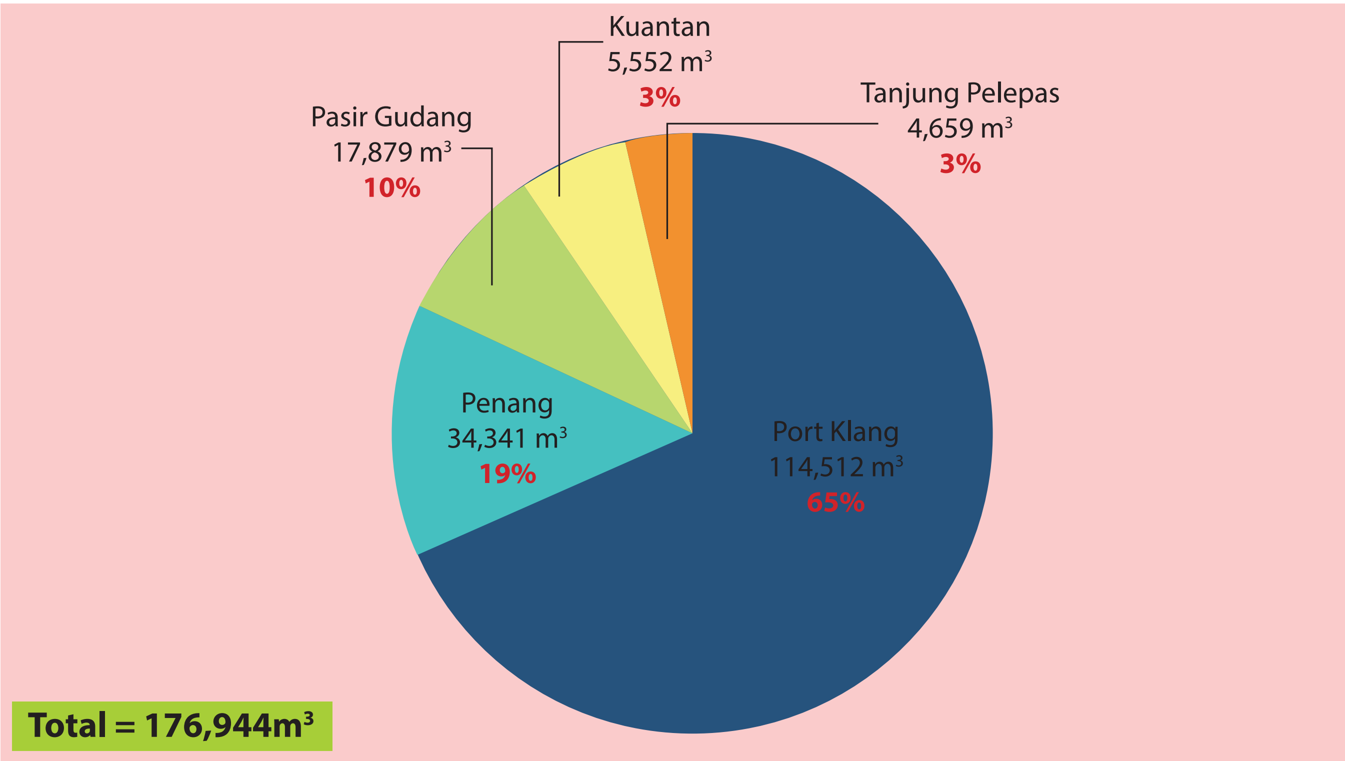
The Dutch inland shipping sector continues to face disruptions from the 24-hour strikes at the Dutch container port in Rotterdam early in January 2016. The strikes have caused several tens of thousands of Euros of financial damage per day for the inland shipping sector according to the inland shipping organisation Vereniging Centraal Bureau voor de Rijn-en Binnenvaart. The organisation has asked the Dutch port authority Havenbedrijf Rotterdam and the container terminal ECT to take measures to limit the effects of the strike.

Source: Het Financieele Dagblad,19 January

Shipments of Timber and Timber Products Through Ports in Peninsular Malaysia, January 2016

Products	Port Klang		Kuantan		Pasir Gudang		Tanjung Pelepas		Penang		Total all Ports m^3	% Change Jan 2016/ Dec 2015
	m^3	% Change Jan 2016/ Dec 2015	m^3	% Change Jan 2016/ Dec 2015	m^3	% Change Jan 2016/ Dec 2015	m^3	% Change Jan 2016/ Dec 2015	m^3	% Change Jan 2016/ Dec 2015		
Sawntimber	52,541	-15	4,519	4	2,283	23	333	82	2,868	-74	62,544	-21
MDF	26,330	16	0	0	13,440	22	3,753	2	17,901	-12	61,424	6
Mouldings	12,513	8	433	155	1,952	9	363	-9	1,571	-2	16,832	8
Plywood	7,113	-12	0	-100	87	100	62	-48	9,326	4	16,588	-4
Veneer	330	-1	17	100	13	18	0	0	357	48	717	23
Particleboard	15,686	-58	583	174	104	-56	148	124	2,318	31	18,839	-52
TOTAL	**114,512**	**-19**	**5,552**	**16**	**17,879**	**20**	**4,659**	**4**	**34,341**	**-22**	**176,944**	**-16**

Shipments of Timber and Timber Products Through Ports in Peninsular Malaysia, January 2016



JANUARY 2016

Total export of Malaysia timber and timber products in January 2016 increased 2.1% valued at RM2.05 billion over the previous month. Export for the period of January 2016 increased 9% valued at RM2.05 billion compared to January 2015.

SAWNTIMBER

Export of sawntimber in January 2016 decreased 3% in volume and 3% in value to 159,730 m^3 with a value of RM282.8 million compared to the previous month. Declining intake from major market in the East Asia and Oceania contributed to the negative performance of sawntimber export.

Export of sawntimber to the EU for the month increased 21% to 13,424 m^3 from 11,139 m^3 recorded in the previous month as a result of increasing purchases made by the Germany, Belgium, the Netherlands and the UK. Export to the Germany increased 45% to 1,619 m^3, followed by Belgium by 38% to 1,761 m^3, the Netherlands by 33% to 6,072 m^3 and the UK by 4% to 2,106 m^3. However, export to the France decreased marginally to 1,116 m^3 from 1,135 m^3 recorded in the previous month.

Total exports to West Asia improved 5.9% to 18,424 m^3 from 17,400 m^3 in the previous month as a result of increasing purchases made by Qatar, Yemen and Saudi Arabia. Export of sawntimber to Qatar improved by 340% to 875 m^3 followed by Yemen by 258% to 4,129 m^3. In addition, export to Saudi Arabia increased 138% to 2,294 m^3 from 963 m^3 recorded in the previous month. However, export to the UAE, Kuwait, Oman and Bahrain declined 9%, 41%, 26% and 44% to 4,870 m^3, 749 m^3, 3,526 and 507 m^3 respectively.

Buying from ASEAN improved 2% to 67,232 m^3 from 66,185 m^3 in the previous month. Export to Viet Nam, Singapore and Thailand increased 49% to 1,127 m^3, followed by Singapore by 10% to 10,881 m^3 and Thailand by 3% to 38,212. However, export to Indonesia and the Philippines decreased 78% to 24 m^3 and 4% to 16,988 m^3 in the previous month.

Shipments to East Asia decreased 24% to 28,234 m^3 from 37,013 m^3 in the previous month. Export to Japan registered an increase of 36% to 6,689 m^3 from 4,932 m^3 followed by Taiwan by 12% in the previous month. On the other hand, export to China and South Korea declined by 57% to 8,447 m^3 and 5% to 5,009 m^3 respectively.

Elsewhere, export to the US improved 52% to 1,694 m^3 from 1,116 m^3 in the previous month. Similarly intake by South Africa improved 0.1 % to 5,733 m^3. Followed by Australia by 72% to 1,624 m^3. However, purchases from New Zealand decreased 26% to 112 m^3 from 151 m^3 recorded in the previous month.

The average FOB price of sawntimber increased 0.3% to RM1,770 per m^3 from RM1,764 per m^3 in the previous month. Price of Dark Red Meranti (DRM) increased 12% to RM2,909 per m^3 from RM2,588 per m^3 in the previous month. Price of DRM to the Netherlands increased 9% to RM3,757 per m^3 from RM3,462 per m^3 in the previous month. Keruing was traded at RM1,718 per m^3, an increase of 7% from the previous month.

PLYWOOD

Total export of plywood in January decreased 8% in volume and 9% in value to 200,478 m3 valued at RM381.47 million as compared to the previous month.

Total exports to the EU decreased by 4% to 10,449 m^3. Likewise, shipments to Ireland and the UK decreased by 92% and 16% to 46 m^3 and 7,606 m^3 respectively whilst Germany did not make any purchases. However, Belgium, Denmark, France, Italy and Netherlands increased their intake by 128%, 200%, 236%, 2% and 66% to 701 m^3, 516 m^3, 255 m^3, 63 m3 and 1,062 m^3 respectively.

Exports to ASEAN region decreased as Brunei, Singapore, Thailand and Philippines intake of plywood decreased by 65%, 31%, 17% and 8% to 492 m^3, 2,223 m^3, 5,218 m^3 and 4,475 m^3 respectively. However, Indonesia resumed its intake. In East Asia, exports to China, Hong Kong, Japan and Taiwan decreased by 64%, 31%, 23% and 19% to 1,078 m^3, 2,724 m^3, 81,121 m^3 and 15,151 m^3 respectively. However, South Korea increased its intake by 10% to 30,116 m^3.

Overall, exports to West Asia increased by 38% as compared to the previous month. Similarly, shipments to the UAE, Kuwait, Qatar and Yemen increased by 119%, 25%, 124% and 41% to 5,756 m^3, 906 m^3, 792 m^3 and 13,079 m^3 respectively. However, Bahrain and Saudi Arabia reduced their intake by 48% and 59% to 223 m^3 and 841 m^3 respectively.

Elsewhere, exports of plywood to South Africa, US, Mexico, Canada and Australia increased by 80%, 321%, 9%, 129% and 29% to 347 m^3, 8,728 m^3, 5,075 m^3, 634 m^3 and 5,271 m^3 respectively. However, Turkey reduced its intake by 64% to 47 m^3 whilst New Zealand and Mauritius did not make any purchases.

Cont. next page

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JANUARY 2016

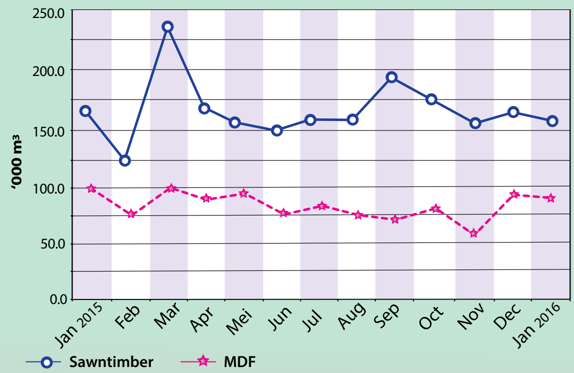
The FOB price of plywood decreased by 1% to RM1,902 per m^3 from RM1,928 per m^3 in the previous month.

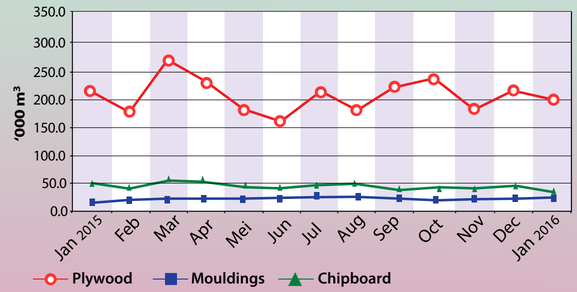
VENEER

Exports of veneer for January 2016 showed a decrease of 20% in volume and value to 17,000 m^3 at RM29.14 million as compared to the previous month. Exports to Singapore, Viet Nam, India and Australia increased by 98%, 3%, 16% and 16% to 97 m^3, 40 m^3, 245 m^3 and 253 m^3 respectively whilst Italy and Chile resumed their intake. Meanwhile, China, Taiwan and South Korea reduced their intake by 57%, 18% and 21% to 267 m^3, 6,806 m^3 and 8,138 m^3 respectively, whilst Canada and the Philippines did not make any purchases.

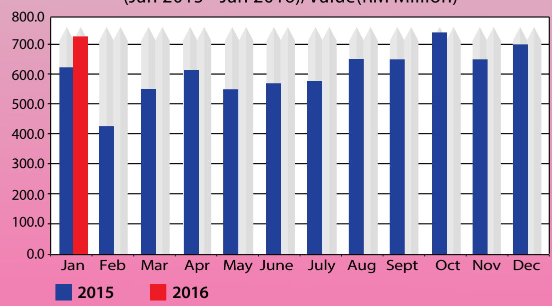
The FOB price of veneer decreased to RM1,714 per m^3 from RM1,725 per m^3, a decrease of 0.6% from the previous month.

Malaysia : Export of Major Timber Products
(Jan 2015-Jan2016/Volume ('000m³))





Malaysia : Export of Wooden Furniture
(Jan 2015 - Jan 2016)/Value(RM Million)



Source : Department of Statistics, Malaysia

MEDIUM DENSITY FIBREBOARD (MDF)

Malaysia's exports of MDF for January 2016 showed a decrease of 2% in volume and increased of 2% in value from the previous month. Export totalled 83,963 m^3 at RM107.5 million.

Exports to East Asia registered an increase of 15.9% to 17,006 m^3 from 14,667 m^3 in the previous month. Export to Japan increased by 18% to 15,806 m^3 and China including Hong Kong increased by 101.8% to 571 m^3. Otherwise, Taiwan decreased by 18% to 629 m^3. Meanwhile, South Korea did not make any purchases.

Meanwhile exports to West Asia in January 2016 also recorded a negative growth with a decrease of 21.2% in volume to 33,635 m^3 from 42,694 m^3 in the previous month. Export to the UAE recorded an increase to 16,313 m^3 from 14,158 m^3 followed by Saudi Arabia to 5,619 m^3 from 3,452 m^3, Kuwait to 3,621 m^3 from 3,317 m^3 and Oman to 2,031 m^3 from 1,538 m^3 respectively from the previous month. On the other hand, Import from Bahrain, Jordan, Lebanon and Qatar showed negative growth by 90%, 98%, 85%, 34% to 83 m^3, 270 m^3, 353 m^3 and 1,257 m^3 respectively. Meanwhile, Syria did not make any purchases.

Furthermore, export to South Asia also recorded a positive growth by 29% in volume to 15,235 m^3 from 11,811 m^3. Export to Sri Lanka increased by 16% to 2,529 m3, India increased by 348% to 3,485 m^3 and export to Pakistan also increased by 6% to 8,434 m^3. Meanwhile, Bangladesh recorded a decreased by 14% to 787 m^3.

Export to Australia showed an increase by 22.7% to 2,990 m^3 and followed by the US increased by 57% to 1,992 m^3. However, exports to the UK and South Africa showed a marginal decreased by 39% to 169 m3 and 81% to 41 m^3. Meanwhile, Mauritius did not make any purchases.

Total export to ASEAN region for this month showed negative growth by 5% to 11,084 m^3 from 10,514 m^3 in the previous month. Export to the Philippines increased by 304% to 2,599 m^3. Export to Indonesia, Singapore and Viet Nam declined by 2% to 3,370 m^3, 58% to 100 m^3 and 14% to 4,967 m^3 respectively.

MOULDINGS

Exports of mouldings for the month increased by 5.7% in both volume and value to 20,812 m^3 and RM76.1 million respectively. Similarly, cumulative exports for the period of January 2016 decreased by 17.9% in volume and an increase of 9.5% in value

Cont. page 14

JANUARY 2016

Logs

Trading activities weakened for the month due to slow activities in the market and have pulled the prices down for most of the species. On top of it, logging and milling operations have also slowed considerably due to the bad weather coupled with the upcoming Chinese New Year.

In January, log prices for Chengal stood firm at RM4,000 per tonne. Meanwhile, Red Balau's price chalked up by 6% compared to the previous month to be traded at RM2,650 per tonne. However, the price of Merbau maintained at RM2,650 per tonne. The prices of Keruing and Mengkulang increased significantly by 17.9% and 22.7% to RM1,650 per tonne and RM1,350 per tonne respectively over last month's levels. Dark Red Meranti and Yellow Meranti were also traded at RM1,900 per tonne and RM1,150 per tonne respectively. For Mixed Heavy Hardwood, prices increased by 5.2% to RM 950 per tonne over the previous month whilst Mixed Light Hardwood species charted at RM1,200 per tonne respectively.

Sawntimber

The average sawntimber prices reported to be weakened for the month under review due to slow demand from both domestic and overseas market.

The sawntimber prices of Chengal maintained at RM6,638 per m^3. Similarly, prices of Balau and Merbau sawntimber were constantly traded at RM3,178 per m^3 and RM3,778 per m^3 respectively. Prices of Kempas sawntimber increased by 1.8% to RM2,013 per m^3 followed by Kapur by 2.0% to RM1,836 per m^3 compared to the previous month. Prices for Dark Red Meranti and Yellow Meranti sawntimber were also recorded at RM2,013 per m^3 and RM1,436 per m^3 respectively. Nyatoh and Jelutong continued to fetch RM777 per m^3 and RM1,589 per m^3 respectively. Overall, sawntimber prices of Mixed Heavy Hardwood were charted at RM706 per m^3 whilst Mixed Light Hardwood prices were recorded at RM1,201 per m^3.

Plywood

Prices of plywood were reported to be stable and hovering at last month's levels. Prices of plywood of 4mm, 6mm, 9mm and 12mm of thicknesses were traded at RM14.60, RM22.00, RM34.50 and RM41.50 per piece respectively.

Medium Density Fibreboard (MDF)

The industry reported that prices of MDF remained at last month's levels due to stagnant demand from the domestic market. MDF of 4mm, 6mm, 9mm and 12mm of thicknesses were traded at RM12.10, RM15.80, RM21.70 and RM28.10 per piece respectively.

Intra-Malaysia Trade - January 2016

Sawntimber shipments from Sabah to Peninsular Malaysia charted an upward trend when export increased by 40% in volume to 771 m^3 worth at RM0.22 million. Due to the weak market scenarios in Peninsular Malaysia, exports of plywood recorded a sharp decline by 23% to m^3 respectively as compared to the previous month.

INTRA-MALAYSIA TRADE – JANUARY 2016

From	Products	DECEMBER 2015		JANUARY 2016		% Change in Volume Jan 2016 / Dec 2015	% Change in Value Jan 2016 / Dec 2015
		Volume (m^3)	Value (RM '000)	Volume (m^3)	Value (RM '000)		
SABAH	Logs	0	0	0	0	0	0
	Sawntimber	550	1,595	771	2,151	40	35
	Plywood	11,538	21,915	8,909	16,674	-23	-24
	Veneer	0	0	0	0	0	0
SARAWAK	Logs	0	0	0	0	0	0
	Sawntimber	1,492	1,963	1,052	1,060	-29	-46
	Plywood	8,072	10,389	5,436	73,681	-33	609
	Veneer	8,179	11,153	7,221	10,036	-12	-10

Source : Department of Statistics, Malaysia

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JANUARY 2016

The rainy season hampered the logging and transportation activities in Sarawak. Consequently, export of sawntimber to Peninsular Malaysia dropped further by 29% in volume to 1,052 m^3 and 46% in value to RM0.10 million. Export of plywood and veneer fell by 33% and 12% to 5,436 m^3 and 7,221 m^3 worth at RM74 million and RM10 million respectively.

No intra trade from Peninsular Malaysia to Sabah and Sarawak was recorded in January 2016.

Source: Department of Statistics, Malaysia

*AVERAGE DOMESTIC PRICES OF LOGS, SAWNTIMBER, PLYWOOD AND MDF IN PENINSULAR MALAYSIA JANUARY 2016 (VALUE IN RM)

SPECIES	LOGS/tonne	SAWNTIMBER/m^3		
	18" UP	GMS	STRIPS	SCANTLINGS
HEAVY HARDWOOD				
Chengal	4,000	6,638	7,062	8,828
Balau	3,000	3,178	3,249	3,531
Red Balau	2,650	2,966	3,037	3,178
Merbau	2,650	3,778	2,754	3,319
Mixed Heavy Hardwood	950	706	777	812
MEDIUM HARDWOOD				
Keruing	1,650	1,766	1,836	2,203
Kempas	1,500	2,013	1,540	2,010
Kapur	1,700	1,836	1,907	2,331
Mengkulang	1,350	1,412	1,448	1,575
Tualang	1,340	2,472	2,331	2,013
LIGHT HARDWOOD				
Dark Red Meranti	1,900	2,013	2,119	2,860
Red Meranti	1,850	1,907	1,907	1,977
Yellow Meranti	1,150	1,436	1,165	1,201
White Meranti	1,040	2,119	2,189	2,260
Mersawa	1,650	1,490	1,624	1,660
Nyatoh	1,000	777	1,201	1,236
Sepetir	850	1,130	1,448	1,469
Jelutong	1,100	1,589	1,271	1,780
Mixed Light Hardwood	1,200	1,201	1,222	1,236

MALAYSIAN RUBBERWOOD *Hevea brasiliensis*	LOGS/tonne	SAWNTIMBER/m^3			
		1" X 1"	2" X 2"	3" X 3"	4" X 4"
	140	985	1,040	1,100	1,200

PLYWOOD 4' X 8' (RM per piece)	**4mm**	**6mm**	**9mm**	**12mm**
	14.60	22.00	34.50	41.50
MDF 4' X 8' (RM per piece)	**4mm**	**6mm**	**9mm**	**12mm**
	12.10	15.80	21.70	28.10

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

Cont. from page 7

Timber World In Brief

Sales in the West plunged 32.1% and those in the Midwest went down 5.9%. In contrast, sales in the South (+1.8%) and the Northeast (+3.4%) increased. The median sales price of new houses sold in January decreased to USD278,800 from USD295,800 in December while the average sales price went up to USD 365,700 from USD347,700.

The stock of new houses for sale at the end of January 2016 was 238,000 units (233,000 in December). This represents a supply of 5.8 months at the current sales rate, higher than 5.1 months. Year-on-year, new home sales shrank 5.2% in January 2016.

US Census Bureau, 24 February

UNITED STATES
Furniture and Bedding Sales Projected to Grow 19.6% by 2020

Furniture and bedding retail sales increased an estimated 3.9% this year, reaching USD102 billion. This is the first time sales have topped the USD100 billion mark since before the housing collapse and the Great Recession began in 2007. Looking ahead, Furniture Today and the statisticians from Easy Analytic Software Inc. predict overall furniture and bedding sales will grow by 19.6% over the next five years to a total of USD122 billion in 2020.

Furniture Today, 16 February

Cont. from page 11

to 20,812 m^3 and RM76.1 million respectively as compared to the previous corresponding period in 2015.

Exports to the EU for the month recorded at 7,862 m^3, increased of 13% compared to the previous month. Shipment to the Netherlands and UK increased by 13.5% and 14.3% to 4,056 m^3 and 895 m^3 respectively. However, Belgium and Germany decreased by 61.3% and 15% to 254 m^3 and 1,188 m^3 respectively. Meanwhile, Italy did not make any purchases.

Exports to ASEAN region increased as Viet Nam intake of mouldings increased by 51.4% to 106 m^3. However, Singapore reduced its intake by 22.9% to 1,152 m^3. Meanwhile, Indonesia did not make any purchases.

Meanwhile, exports to Japan increased by 0.9% to 2,126 m^3 compared to the previous month. However, South Korea, Taiwan, Hong Kong and China decreased by 8.7%, 37.2%, 63.8% and 28.8% to 1,398 m^3, 54 m^3, 125 m^3 and 498 m^3 respectively. Elsewhere, export to Australia, the US and Canada increased by 34.9%, 17% and 48.3% to 3,157 m^3, 2,715 m^3 and 43 m^3 respectively.

FOB unit value maintain at RM3,660 per m^3 compared to the previous month.

BUILDERS JOINERY AND CARPENTRY (BJC)

Total BJC cumulative exports from January 2016 increased 31.2% to RM108 million as compared to RM82.3 million in the corresponding period last year. Export to the EU increased 16.9% to RM26.7 million. Export to the UK, Denmark, Sweden, Germany, Turkey, Italy and Netherlands increased by 21.7%, 14%, 8801.3%, 170.4%, 100%, 253.6% and 100% to RM17 million, RM1.3 million, RM1.23 million, RM1.63 million, RM277,000, RM378,000 and RM329 million respectively. However, export to Belgium and France decreased by 34.5% and 17.8% to RM2.8 million and RM1.6 million compared to the previous year.

In Asia, exports to India, Viet Nam and Taiwan decreased 1%, 60.6% and 37.5% valued at RM4.9 million, RM1.6 million and RM1.1 million respectively. However, exports to Singapore, Japan, Pakistan, Thailand, Saudi Arabia, Qatar, UAE and South Korea grew 44.8%, 23.9%, 44.4%, 239.8%, 148.8%, 100%, 16.5% and 50.4% to RM12.7 million, RM8.5 million, RM6.3 million, RM6.8 million, RM725,000, RM87,000, RM518,000 and RM366,000 respectively. Meanwhile, Bahrain did not make any purchases.

Exports to Australia increased by 47.2% to RM18.1 million compared to the previous year. However, South Africa decreased 30.5% to RM1.1 million. Likewise, the US increased its intake by 48.9% to RM8.8 million from RM5.9 million in the previous corresponding period. Meanwhile, Mauritius did not make any purchases.

FURNITURE

Exports of wooden and rattan furniture for the first month of 2016 rose 16% compared to the previous year. Total shipments recorded at RM740.17 million against RM639.96 million in 2015. Purchase of wooden furniture from Malaysia for January 2016 increased 15% from RM637.43 million to RM733.69 million compared to January 2015.

Positive outlook from the US led to an increase of demand from the country by 36% from RM200.20 million to RM273.15 million. Likewise, Japan increased its consumption by 15% from RM64.36 million to RM73.91 million. Shipments to Singapore increased by 16% to RM43.53 million while exports to the UK jumped 30% from RM33.07 million to RM43.10 million. Similarly, demand from Canada and India increased by 9.1% and 9.2% to reach RM23.68 million from RM21.71 million and RM12.14 million from RM11.12 million respectively. However, demand from Australia's recorded a slight decrease of 2% from RM58.56 million to RM57.48 million.

Demand from Saudi Arabia recorded an increase of 31% to RM16.27 million. However, imports from the UAE dropped 2.8% to RM22.93 million. Demand by South Korea increased slightly of 0.2% to reach RM10.64 million. Likewise, the Philippines also increased imports by 44% from RM6.87 million in 2015 to RM9.87 million.

Meanwhile, exports of rattan furniture increased significantly by 157% to RM6.5 million in 2016 from RM2.5 million in 2015. France is the top importer with an intake of RM2.6 million, recorded an increase of 1,805%. Demand from the UK also increased by 42% to RM0.96 million from RM0.68 million in 2015. Similarly, imports by Singapore grew at 194% to RM0.85 million. Australia's imports grew by 113% to RM0.46 million and imports by the US also increased by 223% to RM0.42 million. Shipments to China and Thailand, increased by 241% and 25% to RM171,808 and RM70,087 respectively. On the other hand, Viet Nam reduced its consumption by 61% to RM3,925.

11TH RCEP TRADE NEGOTIATING COMMITTEE AND RELATED MEETING

Malaysian delegates from MPIC, MITI and MTIB.

The 11th Regional Comprehensive Economic Partnership (RCEP) and Related Working Groups and Sub-Working Groups Meetings were held from 13 to 19 February in Bandar Seri Begawan, Brunei. RCEP is a proposed free trade agreement (FTA) between the 10 member states of the Association of Southeast Asian Nations (ASEAN) and the six states with which ASEAN has existing FTAs (Australia, China, India, Japan, South Korea and New Zealand).

RCEP is ASEAN led and aims to achieve a modern, comprehensive, high-quality and mutually beneficial economic partnership agreement among RCEP members. RCEP aims to bring together the 16 countries into a huge cohesive economic partnership with emphasis on promoting inclusive and equitable growth. It further aims to streamline and integrate the ASEAN+6 FTAs into a single and more coherent trade and investment architecture in the region. RCEP will cover Trade in Goods, Trade in Services, Investment, Economic and Technical Cooperation Intellectual Property, Competition, Dispute Settlement, and Other issues as agreed by RCEP parties.

MTIB participated in The Ninth Meeting of the RCEP Sub Working Group on Rules of Origin (SWG-ROO) which was held on 15 - 19 February. Representatives from ASEAN Member States (AMS), except Myanmar, and ASEAN FTA Partners (AFPs), and staff members of the ASEAN Secretariat attended the meeting. The meeting was chaired by Ms. Suchaya Chinwongse, Director of Rules of Origin Division, the Customs Department of Thailand and co-facilitated by Mr. Paul Gibbons, Director, Departments of Foreign Affairs and Trade of Australia.

The Ninth Meeting of the RCEP SWG-ROO was held in plenary. The meeting discussed the consolidated draft text of ROO and Operational Certification Procedures (OCP) based on the revised matrix of clustering articles which were based on the degree of acceptance by RCEP Participating Countries (RPCs) and the joint Australia, South Korea and New Zealand text. The meeting noted and deliberated on ASEAN's proposal of 189 additional subheadings out of the total number of Product Specific Rules (PSRs) that have reached an internal consensus on 1,324 subheadings. AFPs noted that it was necessary for ASEAN to submit the full PSR list prior to the next meeting for AFPs to be able to study and undertake consultations on ASEAN's proposal. The upcoming 10th RCEP SWG-ROO meeting will be held in parallel with the 12th RCEP TNC which is scheduled to convene on 17-24 April 2016 in Perth, Australia.

The Malaysian delegation to the RCEP SWG-ROO meeting was led by Encik Muthafa Yusof, Strategic Trade Controller of the Ministry of International Trade and Industry. The delegation comprised Encik Simon David (MPIC), Puan Ayunni Ayub (MPIC), Encik Shafizal Yusof (Malaysian Rubber Board) and Puan Nazlin Ismail (Malaysian Palm Oil Board). MTIB was represented by Encik Mohd Afthar Amir, Senior Assistant Director of Trade Development.

APEC EGILAT 2016

Malaysian delegation attending the Ninth APEC EGILAT 2016 Meeting in Lima, Peru.

Peru hosted APEC's First Senior Officials' Meeting (SOM1) and Related Meetings from 20 February to 4 March in Lima, Peru. As a host of APEC 2016, Peru has chosen as its general theme "Quality Growth and Human Development", proposing a strategy oriented to facilitate quality and equitable growth in the region and the enhancement of growth strategies that place social and individual progress as central to this effort. This proposal, implemented in the framework of free market policies and openness to trade, will provide sustainability and legitimacy to the human development processes.

APEC's Expert Group on Illegal Logging and Associated Trade (EGILAT) is one of the newest APEC fora, established in 2011. Illegal logging and associated trade is a significant problem facing the Asia-Pacific region with adverse economic, environment, and social impacts. In 2010, APEC economies accounted for approximately 53% of the world's forest, 60% of global production of forest products and 80% of global trade in forest products. The establishment of EGILAT was made following the APEC Leaders' meeting in Yokohama in 2010, at which Leaders pledged to enhance cooperation to address concerns with illegal logging and associated trades and to promote sustainable forest management and rehabilitation.

The goal of the Expert Group is to enhance the effort of member's economies to take concrete steps to combat illegal logging and associated trade, promote trade in legally harvested forest products, and support capacity building activities in member economies.

The Ninth Meeting of the APEC Experts Group on Illegal Logging and Associated Trade (EGILAT-9) was held from 20 to 21 February. The main agenda listed for discussion during the meeting was EGILAT Terms of Reference and 2016 Work Plan, the APEC Strategic Plan 2013-2017, Exchange of Information Relating to Combating Illegal Logging and Promoting Trade in Legal Forest Products and Capacity Building.

The Ninth EGILAT was Chaired by Dr. Ruth Turia Director, Forest Policy and Planning Department of International Cooperation Papua New Guinea Forest Authority.

In session III of the agenda, Peru proposed to include a preventive approach to enhance the EGILAT Term of Reference. Australia and the United States led the discussion on the follow-up actions of the APEC Common Understanding of the Scope of Illegal Logging and Associated Trade and the EGILAT Timber Legality Guidance Template.

Session IV provided a platform for the member economies to present work done in relation to combating illegal logging and associated trades. Papua New Guinea (PNG) presented its Decision Support System. Generally the system proposed by PNG can assist the authorities to know the exact volume of timber harvested from approved concessions, utilised domestically and exported through a database of timber captured before harvesting. Viet Nam presented their initiative to enhance their domestic laws and legislation. One of the on-going programme highlighted by Viet Nam is the Viet Nam Timber Legality Assurance System

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(VNTLAS). Australia presented the implementation and recent developments of the Australian Government's Illegal Logging Laws. Peru also presented their efforts in addressing illegal logging and associated issues.

In relation to capacity building, three papers were presented. Peru presented its concept note on Strengthening Forest Control Systems and Market Chain in APEC Economies. The US presented its joint concept note for Customs Workshop on Illegal Logging Issues and Viet Nam proposed a dialogue on the Involvement of Civil Society and Private Sector/SMEs on Combating Illegal Logging and Associated Trade Towards Sustainable Growth.

Representatives from the Nature Conservancy and Food and Agriculture Organisation (FAO) shared their experiences in combating illegal logging and associated trades in their papers on Responsible Asia Forestry and Trade (RAFT) Programme and FAO's preventive approach to illegal logging respectively.

Other related matters discussed were the agenda for the 10th EGILAT Meeting and Joint Meeting with the Sub-Committee on Customs Procedures (SCCP) and Anti-Corruption and Transparency Working Group (ACTWG). The meeting once again will be held in Lima, Peru.

The meeting was attended by 30 participants representing 15 member economies. Malaysia was represented by four delegates : from Ministry of Plantation Industries and Commodities (MPIC), MTIB, Forest Department Sarawak and Sarawak Timber Association. The Malaysian delegation was led by Encik Mad Zaidi Mohd Karli, Under Secretary, MPIC. MTIB was represented by Tuan Hj. Zulkepli Abd Rani, Director of Licensing and Enforcement.

Malaysian delegation attending the 9th APEC EGILAT 2016 Meeting in Lima, Peru

Malaysian delegates with Dr. Ruth Turia, Chairman for the Ninth APEC EGILAT 2016 Meeting.

MASKAYU Vol 2 / 2016

KNOWLEDGE ENHANCEMENT FOR MICRO LEVEL FURNITURE ENTREPRENEUR

The Bumiputera Economic Empowerment Division of MTIB organised the Basic Business Management Course for Micro Level Bumiputera furniture entrepreneurs in Kuala Lumpur. The course was conducted by Bekal Imu Enterprise on 23 – 25 February. The course involved 16 entrepreneurs from the central, eastern and southern regions of Peninsular Malaysia. The three-day course was specially tailored for small time entrepreneurs or individuals running a furniture-making business. It targeted those involved in cabinet making and interior renovation for houses, apartment and offices.

Discussion session.

MTIB planned two courses this year for entrepreneurs in the central and northern regions of Peninsular Malaysia. The objective of the course is to enhance knowledge and understanding to the micro level entrepreneurs on managing proper businesses. They must have a good understanding of the economic and technical aspects of the businesses that they are involved in, such as overall management, production process and costs, marketing, accounting and finance, communication, legalities and ways to improve the production process.

Presentation of group assignments.

The participants were given a test to evaluate their understanding of and commitment to the businesses that they were venturing into. The results showed that they did not have in-depth knowledge of the business routine. They were still lacking in various aspects of the enterprise such as management responsibility, cost control, marketing strategy and quality process. They also lacked the financial capability to modernise their machines and the financial resources to acquire raw materials.

One for the album - Participants and course instructor.

The trainer conducted simple business simulation exercises for the participants at the end of the programme to ascertain their level of understanding. The result showed that the entrepreneurs had gained moderate knowledge and understanding of the subject matter. The course received positive feedback from the entrepreneurs and they indicated that they needed further guidance and advice from MTIB on ways to establish a structured programme to develop their business.

COURSE ON TOTAL QUALITY MANAGEMENT IN TIMBER INDUSTRY

Hands-on session.

Encik Saifol Anwar bin Abu Hassan presenting his paper.

At Meranti Furniture Sdn. Bhd.

WISDEC Selangor conducted a short course on Total Quality Management (TQM) in Timber Industry from 15 to 16 February for Institut Kemahiran Belia Negara (IKBN), Kuala Lumpur. The objective of this courses was to enhance the IKBN lecturers' understanding on the concept of TQM in the timber industry, the importance of TQM in improving the quality of an organisation and steps in implementing TQM.

Several important TQM elements which were covered in the programme were TQM definitions, the principles of TQM, techniques used in TQM and benefits of the implementation of TQM.

Participants were given assigments on TQM based on a furniture production layout. They were also taken on a field trip to Meranti Furniture Sdn. Bhd. located at Kompleks Perabot Olak-Lempit, Banting. The participants were given tasks to help them gain a better understanding of the optimum furniture production floorplan layout. The visit also gave them a clearer picture of real-life situations in furniture management and furniture production operations.

The course was attended by 11 lecturers from the IKBN Furniture Making Technology and Interior Deco programme. Encik Saifol Anwar Bin Abu Hasan, a freelance consultant was the programme trainer.

OIL PALM PLYWOOD : HIGH QUALITY POTENTIAL

Introduction

To date, there are five plywood mills that are operating in Peninsular Malaysia that utilises 80% oil palm trunks as their source of raw material for veneer and plywood production. The scarcity of traditional tropical hardwoods that make the bulk of raw materials are forcing the industry to adapt. Malaysia is the second largest producer and exporter of palm oil with about 5.64 million hectares of oil palm plantation in 2015. With more than 14.4 million m^3 of oil palm wood available yearly due to replanting (Choo *et al*, 2013), there is an abundance of the material. However, despite the dearth of traditional raw material and the abundance of oil palm wood, uptake has been slow due to the nature of the oil palm wood itself.

Figure 1: Introductory meeting between factory representatives and INTROP.

INTROP, UPM and MTIB Collaboration

The Institute of Tropical Forestry and Forest Products (INTROP) from Universiti Putra Malaysia (UPM) and MTIB have carried out a lot of research on the utilisation of oil palm wood as veneers. Tropical hardwoods have an average of less than 100% moisture content while oil palm wood can reach moisture content of up to 500%. This poses problems as drying is known to be the most expensive process during plywood manufacture due to the energy consumed. Besides that, the density gradient in the wood and the subsequent veneers (Bakar et al, 2008; Loh *et al*, 2011) provides a challenge to the industry as there is a need to segregate the veneers. Due to the density gradient, the mechanical properties of the oil palm veneers also varies with the depth in which the veneers are peeled. With these inherent drawbacks, plywood made from oil palm veneers are usually used in low-strength applications such as for concrete frameworks.

Figure 2: Veneer inspection by Factory Manager with INTROP and MTIB representatives.

Factory Trials

INTROP and MTIB conducted factory trials with Kang Sem Biomass Sdn. Bhd located in Kluang, Johor on better drying and plywood improvement. Veneers from the outer section of oil palm trunks were used in the trials as they have better properties. Veneers were pressed in a roller press to reduce moisture as a pre-drying process. It was found that there was a significant reduction in moisture which in turn reduced the drying time of the veneers. The dried veneers were then treated with phenol formaldehyde resin to improve their

Figure 3: Manager of Kang Sem Biomass Sdn. Bhd. describing the plywood production process.

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properties. Treated oil palm veneers were then air-dried to a suitable moisture content and then hot-pressed. Fifty industrial sized panels (8 feet x 4 feet) were produced using the treated oil palm veneers. Due to some constraints by the existing machinery, slight modifications were carried out to facilitate the process. The company was highly cooperative in providing the necessary manpower and equipment to produce the panels. Technical know how was also shared with the company in a series of meetings and also during the actual manufacture of the panels **(Figures 1-3)**. Representatives from the company in return provided invaluable feedback concerning the practical applications in the manufacture of these panels.

The plywood produced was significantly stronger **(Table 1)** and more durable compared to conventional oil palm plywood. There was a slight increase in the density of the plywood. This was probably due to the uptake of the phenol formaldehyde resin. There was a 53% increase in the modulus of rupture (MOR) and a 74% increase in the modulus of elasticity (MOE) values in the treated plywood compared to the untreated ones. It was also discovered that the bonding between oil palm veneers was sufficient as evidenced by the high wood failure in the sheer tests.

MTIB and INTROP then proceeded to assemble several types of furniture using the improved plywood manufactured and initial trials found that they had the potential to produce good quality furniture. However, some drawbacks were still discovered such as the high uptake of finishing which will incur extra cost. Workability was described as good by the furniture makers. Examples of the furniture are shown in **Figures 4 and 5**. The furnitures produced were tables, chairs, TV console, dressing table, stools and coffee table. There are still avenues that can be explored in the utilisation of oil palm wood as a source of raw material for the plywood industry in Malaysia.

Table 1: Physical and Mechanical Properties of Treated and Untreated Oil Palm Plywood

Properties	Untreated	Treated
Density (kg/m^3)	516	540
MOR (Mpa)	30.3	46.56
MOE (Mpa)	3,213	5,597
Dry Shear (Mpa)	1.25	1.61

Note : MOR – Modulus of Rupture
MOE – Modulus of Elasticity

Figure 4: Coffee table from oil palm plywood.

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Figure 5: Chair and table from oil palm plywood.

Overall, Kang Sem Biomass Sdn. Bhd. was receptive towards the new technology and is eager to collaborate further with INTROP and MTIB. It is hoped that with the increased potential of oil palm wood, the utilisation of this material will continue to increase in the wood industry. Several problems can be mitigated such as the lack of raw material and also the disposal of oil palm replanting residues.

Acknowledgement

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TIMBER INDUSTRY IN CANADA

Overview

Canada occupies a major northern portion of North America, sharing land borders with the contiguous US to the south (the longest border between two countries in the world) and the US state of Alaska to the northwest. Canada stretches from the Atlantic Ocean in the east to the Pacific Ocean in the west; to the north lies the Arctic Ocean. Greenland is to the northeast, while Saint Pierre and Miquelon is south of Newfoundland. By total area (including its waters), Canada is the second largest country in the world, after Russia. By land area alone, Canada ranks fourth; Canada is the world's fourth-largest country with a total land area of 9.09 million km^2. As of 1 January 2016, the population of Canada was estimated to be 35.9 million people.

Economy

Canada also has a sizable manufacturing sector, based in Central Canada, with the automobile and aircraft industries being especially important. The Canadian economic system generally combines elements of private and public enterprises. Many aspects of public enterprise, most notably the development of an extensive social welfare system to redress social and economic inequities, were adopted after 1945, or after the events of World War Two.

International trade, particularly of its natural resources, makes up a large part of the Canadian economy. In 2009, agriculture, energy, forestry and mining exports accounted for about 58% of Canada's total export. The US is by far its largest trading partner, accounting for about 73% of exports and 63% of imports as of 2009. There are also many secondary and services industries that are directly linked to primary ones. For instance, one of Canada's largest manufacturing industries is the pulp and paper sector, which is directly linked to the logging business. The logging industry, after many years of activism, has in recent years moved to a more sustainable model, or to other countries. Canadian companies are increasingly playing important roles in Latin America, Southeast Asia and Africa.

The International Monetary Fund's (IMF) forecast that Canada's real GDP would grow by 1.5% in 2015. The declines during the first half of 2015 were deepened marginally to -0.4% (-0.3% previously) and -0.9% (- 0.7%) in the second and first quarters, respectively. The economy grew by 1.2% on an annual average basis in 2015 following the 2.5% increase in 2014. Growth in the fourth quarter continued to be restrained by weakness in business investment, which dropped by 12.4% and represented the fourth consecutive quarter of double-digit declines in this component. This weakness represented the main channel through which the drop in oil prices weighs on economic growth in Canada and contributes to sizeable reductions in energy investment.

The marked slowing in GDP growth in the final quarter of 2015, although disappointing, is not expected to be sustained. Much of the weakness in the fourth quarter reflected a marked drawdown in business inventories. Given the gains in domestic spending outside of business investment, the expectation is that inventories will start to rise modestly early in 2016. On the external side of the economy, although exports declined in the fourth quarter, this followed an outsized increase in the third quarter. The monthly details indicated a sharp jump in December exports that augurs well for export growth in the first quarter returning solidly to the positive column. This strength, along with the strong momentum going into 2016 implied by the November and December GDP, provided support to the view that activity is poised to strengthen further in 2016. The IMF thus were currently forecasting GDP growth to rebound to 2.2% in the first quarter of 2016. The slowing in growth was anticipated in the Bank of Canada's most recent forecast released in January, which showed fourth-quarter growth dropping by even more to 0.0%. The projected weakening from the third quarter was characterised as the result of a number of temporary factors, including a pause in US growth. Growth in Canada's economy is expected to reach 1.4% this year and accelerate to 2.4% in 2017.

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Although year 2015 was a difficult year for the Canadian Economy, there will be a better prospects for Canadian businesses and policy leaders in 2016. According to Glen Hodgson, the Conference Board's Senior Vice-President and Chief Economist, his expert interpretation of the latest economic numbers for Canada, its provinces, the US, and the world and in particular, the US recovery, is that they are creating conditions for stronger export growth for Canadian firms. As Canada's new federal government begins to refine and implement its agenda, Hodgson will deliver insights on the factors shaping federal decision-making in the short term and medium term, based on his own two decades of experience in the federal public service.

Canada does a great job of promoting and exporting its natural resources. To boost their opportunities in the rapidly-growing area of services trade, businesses and government alike need to understand what the successful opportunities are out there, and what barriers stand in the way of success in international markets. The US is Canada's main market for services exports, just as it is for goods.

Recent Conference Board research indicates that Canada's potential for services exports is limitless, especially in emerging markets with huge populations, rising standards of living and more middle-class consumers. The Canadian manufacturers can take advantage of these opportunities as the spark for the economy—at least in 2016—could be the new government's commitment to run a $10 billion deficit for each of the next three years to invest in infrastructure and reduce taxes for middle-income earners. Altogether, the federal government's planned $10 billion deficit could add as much as half-a-percentage point to economic growth in 2016.

The Canadian manufacturing sector is smaller than it was at the turn of the millennium in terms of output, employment and exports. But it continues to make a critical contribution to the Canadian economy, particularly to the trade balance—where it accounts for 61% of exports. Driven by rapidly advancing technology, and the growing importance of consumers and producers in emerging markets, global manufacturing is undergoing massive change. Canadian manufacturers will need to recognise and stay ahead of these trends to win competitive advantage in the global marketplace. This will require coordinated strategies from business leaders in manufacturing and policy makers.

Forest Coverage

The Canadian forestry industry is a major contributor to the Canadian economy social and environmental benefits. Its forest industry is an export-oriented manufacturing sector, accounting for almost 6% of all Canadian exports in 2014 (USD31 trillion). Traditional forest products form the backbone of the Canadian forest sector. Canada is the world's largest producer of newsprint and northern bleached softwood Craft pulp and the second largest producer of softwood lumber. Over the past six years, traditional and other forest products have contributed 8% to 10% of the manufacturing gross domestic product (GDP).

Canada's forested, other wooded land and other land with tree cover extend over about half of the country's total land surface – nearly 348 million hectares of forested land. This represents 38% of Canada's land surface. The land acreage of Canada forests, made up mostly of Spruce, Poplar and Pine. In a global context, Canada has the world's largest forest products trade balance –C$19.3 billion (2013), a position it has held for as long as trustworthy trade statistics have been compiled. The average age of Canada's forests increases from east to west. This pattern reflects differences in the frequency of disturbances (including fire, insect and disease outbreaks, glaze ice, windfall and timber harvesting) and natural variations in species longevity.

The forest industry in Canada employs about 600,000 people, largely in harvesting, milling, processing and manufacturing jobs. Canada's forest products range from raw logs, timber, pulp

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and paper to a growing suite of bio-products and other emerging high-value, forest-derived goods and services in demand by both domestic and international markets.

About 90% of Canada's forests is owned and managed by the provincial and territorial governments on behalf of Canadians. An additional 2% of forest land is under federal jurisdiction and Aboriginal peoples own and manage another 2%. The remaining 6% of Canada's forest land is on private property. As a result, Canadian's governments, at three different levels have set legislation and regulations for the protection and management of forests. These are namely, Natural Resources Canada, Canadian Forest Service and National Advisory Board on Forest Research in cooperation with several organisations which represent government officials, policy experts and numerous other stakeholders (Forest Sector Advisory Council). Economic concerns related to forestry include greenhouse gas emissions, biotechnology, biological diversity and infestation of pests, such as the mountain Pine beetle.

Canada is committed to Sustainable Forest Management (SFM), a process in which forest management practices evolve in response to scientific advances and public participation. Three forest certification systems are used in Canada. They are of the Canadian Standards Association (CSA), the Forest Stewardship Council (FSC) and the Sustainable Forestry Initiative (SFI). The FSC manages the most recognised international certification system to determine whether a company's practices are environmentally sustainable.

Bilateral Timber Trade with Malaysia

Canada has always been a significant timber trade partner with Malaysia. In 2015, Malaysia exported RM322.03 million worth of timber and timber products to Canada, an increase of 14% from the previous year. Wooden furniture was the main product exported with a total value of RM300.46 million, followed by plywood at RM8.39 million and Wooden Frame at RM4.72 million.

In 2015, import of Malaysia timber and timber products from Canada recorded a decrease of 7% to RM19.25 million from RM20.75 million in 2014. Sawntimber was the main product imported with a total value of RM18.57 million or 96% of market share from Canada.

Malaysia : Export of Timber and Timber Products to Canada, 2011-2015

(Value: RM)

Product	2011 (RM)	2012 (RM)	2013 (RM)	2014 (RM)	2015 (RM)
Sawntimber	342,303	441,664	811,705	1,139,051	1,281,737
Plywood	3,851,850	4,941,655	8,548,255	6,080,802	8,387,798
Veneer	963,521	934,663	707,917	209,054	426,395
Mouldings	7,389,500	4,990,712	2,798,852	3,530,331	3,590,999
Fibreboard	746,904	386,911	1,743,623	1,596,436	1,059,534
Wooden Frame	5,474,406	6,494,751	3,936,078	3,377,828	4,715,335
Builders Joinery & Carpentry	3,786,220	5,117,584	3,133,991	2,118,155	1,339,188
Wooden Furniture	264,952,699	275,066,716	207,570,855	264,097,633	300,461,179
Rattan Furniture	59,633	44,054	0	26,782	708,803
Other Products	1,573,984	975,921	995,666	286,082	55,444
TOTAL	**289,131,020**	**299,394,631**	**230,246,942**	**282,462,154**	**322,026,412**

Source: Department of Statistics Malaysia and MTIB

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Malaysia : Export of Timber and Timber Products to Canada, 2011-2015

(Volume: m^3)

Product	2011 m^3	2012 m^3	2013 m^3	2014 m^3	2015 m^3
Sawntimber	187	182	289	369	322
Plywood	2,358	2,793	4,999	3,546	5,584
Veneer	204	723	245	84	182
Mouldings	2,608	1,855	923	1,121	1,004
Fibreboard	331	205	1,057	888	499
Wooden Frame	538,220	695,438	376,199	284,897	370,042
Builders Joinery & Carpentry	545,963	765,005	413,365	236,894	177,330
Wooden Furniture	n.a	n.a	n.a	n.a	n.a
Rattan Furniture	n.a	n.a	n.a	n.a	n.a
Other Products	n.a	n.a	n.a	n.a	n.a
TOTAL	**1,089,871**	**1,466,201**	**797,077**	**527,799**	**554,963**

Source: Department of Statistics Malaysia and MTIB

Malaysia : Import of Major Timber and Timber Product from Canada

Product	2011 (RM)	2012 (RM)	2013 (RM)	2014 (RM)	2015 (RM)
Sawntimber	23,068,310	25,653,179	22,659,670	19,403,303	18,570,325
Veneer	242,109	295,822	213,001	617,700	276,020
Chipboard/Particleboard	9,091	0	0	0	0
Wooden Frame	5,148	0	0	0	0
Wooden Furniture	1,174,479	2,277,990	2,710,429	728,549	403,201
Rattan Furniture		7,492	0	0	5,298
GRAND TOTAL	**24,499,137**	**28,234,483**	**25,583,100**	**20,749,552**	**19,254,844**

Source: DOSM/MTIB

Canada's International Timber Trade

Import

According to the latest UN Comtrade statistics, Canada's import of timber products decreased 15% to USD463.68 million, over the previous corresponding period. The majority of timber products being imported were wooden furniture, which represented 47% of market share in 2015. This was followed by sawntimber and fibreboard with a market share of 8% and 7% respectively. Canada's main import partner is the US and China.

Export

Canada's export of timber and timber products in 2015 recorded a decrease of 5% to USD14.25 billion over the previous corresponding period. Canada's main export partner for timber and timber products is the US followed by China. Canada exports mainly sawntimber and wooden furniture. Canada exported sawntimber and wooden furniture mainly to US amounting to USD7.02 billion and USD2.47 billion respectively compared to the previous years.

Canadian Timber Industry

According to Natural Resources Canada, Canada covers a very wide range of environmental performance in forest management. The Ministry is working with the Canadian Wood Council and the Wood Works Program to provide more education and training about wood construction for engineers and architects. They are collaborating with FPInnovations to enhance the performance of wood structures. And with the new provisions for wood mid-rise buildings in the 2015 National Building Code of Canada, the Ministry will be focusing on the taller wood provisions for the 2020 Building Code.

Natural Resources Canada is also investing in the new student residence building at the University of British Columbia, providing housing for hundreds of students. It will become one of the tallest wood buildings in the world; when completed, the USD51.5

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Canada: Import of Timber and Timber Products, 2011-2015

Value: USD '000

Product	2011	2012	2013	2014	2015
Sawntimber	440,104	479,209	516,508	548,176	463,688
Fibreboard	412,169	447,861	439,529	453,359	411,279
BJC	339,878	365,452	382,397	406,439	378,539
Logs	274,873	296,170	311,365	312,784	332,319
Plywood	314,662	362,554	352,667	340,865	316,286
Mouldings	372,205	358,733	329,558	291,486	257,154
Articles of Wood	198,442	170,592	177,149	174,964	149,796
Railway Sleepers	94,566	89,514	93,605	110,821	139,188
Veneer	129,493	132,193	130,310	132,343	125,617
Fuel Wood	110,654	112,627	123,879	126,393	121,499
Particle Board	77,112	86,827	95,849	102,793	94,167
Packaging Material of Wood	61,503	54,356	60,152	55,191	57,716
Wood Marquetry	47,582	50,716	54,058	50,741	55,350
Tableware and Kitchenware	24,459	23,871	29,891	31,364	33,120
Wooden Frames	40,236	35,508	36,021	33,110	32,523
Casks, Barrels	15,669	14,365	15,605	19,825	22,042
Wood Charcoal	10,400	11,266	12,266	11,547	11,000
Tools, Tool & Broom Bodies	7,297	7,947	7,290	9,845	7,552
Densified Wood	2,879	2,328	2,936	2,040	2,297
Wood Wool; Wood Flour	1,752	1,646	1,601	1,512	1,202
Hoopwood; Split	67	95	135	433	634
Other Furnitute and Parts	2,651,740	2,788,225	2,816,831	2,845,142	2,694,473
TOTAL	**5,627,742**	**5,892,055**	**5,989,602**	**6,061,173**	**5,707,441**

Source: UN Comtrade Stats

Canada: Export of Timber and Timber Products, 2011-2015

Value: USD '000

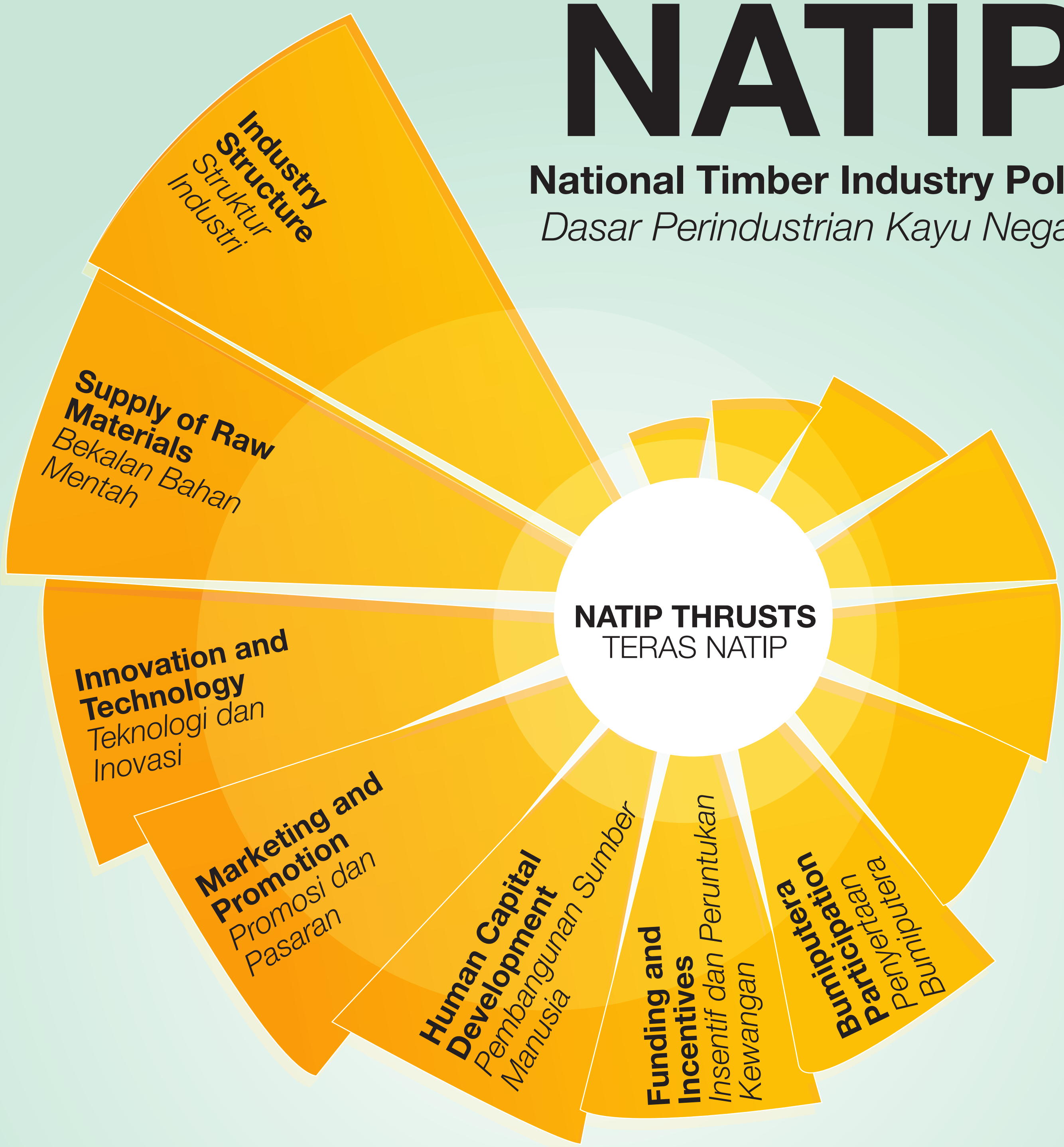
Product	2011	2012	2013	2014	2015
Sawntimber	5,425,549	5,927.251	7,438.746	7,841,554	7,015,377
Particleboard	803,132	1,085,534	1,467,781	1,293,803	1,268,852
BJC	730,611	778,927	900,787	973,988	1,050,405
Logs	685,345	686,193	886,333	820,534	623,192
Articles of Wood	315,447	340,154	343,609	338,195	352,921
Fuel Wood	372,102	337,957	343,919	350,624	313,722
Fibreboard	228,193	234,262	236,895	266,448	296,023
Plywood	178,312	171,175	222,288	250,863	279,692
Veneer	186,527	217,762	246,474	255,443	277,394
Mouldings	106,799	112,273	124,911	142,863	157,240
Packaging Material of Wood	90,944	89,883	87,236	87,328	95,036
Wood Marquetry	9,955	10,143	10,297	10,186	16,003
Wooden Frames	5,060	4,816	6,561	5,436	6,126
Hoopwood; Split	7,908	6,639	5,584	5,012	6,015
Railway Sleepers	4,713	2,741	3,169	3,183	4,041
Tableware and Kitchenware	2,824	3,325	3,629	2,174	2,878
Casks, Barrels	609	976	4,509	3,600	2,310
Tools, Tool & Broom Bodies	2,539	2,945	2,691	2,567	2,231
Wood Charcoal	1,030	1,115	1,520	1,433	1,883
Wood Wool; Wood Flour	620	470	706	250	304
Densified Wood	1,609	996	537	420	267
Other Furniture and Parts	2,090,434	2,115,281	2,109,043	2,268,217	2,474,283
TOTAL	**11,250.262**	**12,130,818**	**14,446,225**	**14,924,121**	**14,246,195**

Source: UN Comtrade Stats

Cont. page 29

NATIP

National Timber Industry Policy
Dasar Perindustrian Kayu Negara



NATIP Target *Sasaran NATIP*

Export target by 2020
Sasaran exsport 2020

RM53
Billion/*Bilion*

60%
Value-added
Nilai tambahan

40%
Commodity
Komoditi

6.4%
Annual export growth
Pertumbuhan eksport tahunan

MTIB

MALAYSIAN TIMBER INDUSTRY BOARD
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Cont. from page 27

million residence building will stand 53 metres tall (about 174 feet). Construction of the 18-storey tall wood student residence will begin later this fall, and the building is set to open in September 2017. It will house 404 students in 272 studios and 33 four-bedroom units, and feature study and social gathering spaces. There will also be a ground-floor lounge and study space for commuter students. Wood frame and mass timber buildings offer incredible advantages, including prefabrication that minimises disruption on building sites, lower costs, their ability to incorporate clean technologies and greater choices for designers and consumers alike.

Housing starts are considered a key gauge in economic conditions. Construction of new residential units, such as homes, condominiums and rental units, makes it easier for Canadians to find housing. In addition, the types of housing constructed can enhance or limit the availability of more affordable housing, such as rental accommodation.

Timber Production in Canada

According to the latest FAO forest statistics on Canada, the country produced approximately 21,327 m^3 of wood in 2014. The production details are as follows:

Canada : Production of Timber Products, 2010-2014

(Volume: m^3)

Product	2010	2011	2012	2013	2014
Roundwood	3,753	5,450	5,673	6,652	6,797
Sawntimber	2,237	2,417	2,536	2,801	2,950
Fibreboard	5,770	6,004	5,690	6,227	6,757
Plywood	3,010	3,594	2,870	4,263	4,823
TOTAL	**14,770**	**17,465**	**16,769**	**19,943**	**21,327**

Source: FAO

Canadian Furniture Industry

The Canadian furniture manufacturing industry is worth more than C$15 billion to the Canadian economy. Approximately 100,000 manufacturing jobs rely on the Canadian furniture industry. Canadian upholstery manufacturers use mainly Canadian hardwood for frame construction as locally grown wood is less likely to warp. Most of the US and overseas furniture companies use engineered laminates to build their upholstery frames. Canadian manufacturers generally use hardwood frame construction which is much stronger. Furthermore, Canadian manufacturers are obligated to build their furniture using strict Canadian Standards.

The Canadian furniture industry comprises household furniture including mattresses (3.5%), office and institutional furniture (40.8%), wooden kitchen cabinets and counter tops (17.9%), blinds and shades (2.8%). The industry operates at three levels - manufacturing, distributing and retailing. Manufacturers transform raw materials into finished products. Distributors are agents or sales representatives who sell the finished product to the retailer. Retailers sell furniture to consumers. The industry is largely unionised.

Canada's entire furniture industry is represented by three associations: The Quebec Furniture

Cont. page 31

DUNGUN – SUITABLE FOR HEAVY AND MEDIUM CONSTRUCTION

Wood colour and texture

Introduction

Dungun is the Standard Malaysian Name as well as the ASEAN Standard Name for the timber of Heritiera littoralis (Sterculiaceae). *Another vernacular name is Dungun Laut (Sabah). It is a large tree with fruit-shaped wings which look green on top and white on the bottom and are easily recognisable by the silver scales on the underside of the leaves, even though the species* Litsea mellifera *A.C. Smith (family* Lauraceae*), has the same leaf type.*

It is also known as Kendraivinaya-lewak-alou and Rosorosa (Fiji), Dungon (Indonesia), Kanazo and Pinle-kanazo (Myanmar), Dungon and Dungon late (Philippines), and Du Hun and Ngonkai-thale (Thailand). The tree is usually found to grow along the seashore in Bangladesh and Indian Subcontinent, Southeast Asia and Tropical Africa.

Feature

Dungun is a much-branched untidy tree (15-25 m tall) with rather 'dirty' looking leaves. Its bark is dark or pinkish grey, smooth to flaky and fissured when older. It may have short planks or sinuous buttresses. The sapwood is pale brown or pink-brown and merges gradually into the heartwood, which is red-brown, purplish brown to dark brown.

The leaves are oblong (10-20 cm long) thin but stiff, and leathery dark green above and silvery white below. This is because of the overlapping star-shaped scales on the underside. The leaves are arranged alternately in a spiral and wither to a dull orange-yellow.

The flowers are tiny (0.5 cm) and are many, loosely clustered in a spray (5-18 cm long). They are bell-

Dungun tree.

shaped calyx and the stems are pinkish and velvety. Each tree bears either male or female flowers.

Its fruits are egg-shaped (4-5 cm) and woody with a ridge along the centre of one side so that they resemble boats with a sail. They are pale green, ripening to glossy brown or purple. The fruits can float for weeks and will germinate when they are stranded at high tide. Each fruit contains one seed (3 cm long).

Density

The timber is hard and heavy to very heavy with a density of 785-1,170 kg/m^3 air dry.

Natural Durability

The timber is moderately durable.

Texture

Texture is moderately fine and even, with interlocked or irregular grain.

Strength Properties

The timber falls into Strength Group B.

Machining Properties

It is reported to be difficult to saw and work but the finish is smooth.

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Air Drying

The timber is difficult to season, with end-splitting and surface-checking as the major defects.

Shrinkage

Shrinkage is high, especially in the tangential direction. Radial shrinkage averages 2% while tangential shrinkage averages 4.5%

Uses

The timber is suitable for heavy and medium construction, piling, posts, boat building, tool handles (impact), flooring (heavy traffic) and staircase (carriage, newel, riser, stringer, tread, bullnose, round end and winder).

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Cont. from page 29

Market Profile

Manufacturers' Association, The Ontario Furniture Manufacturers' Association and Furniture West. These trade associations have formed the Canadian Council of Furniture Manufacturers to represent the interests of the industry nationally. The Canadian furniture industry is 97% Canadian owned and consists mainly of small or medium-sized family-owned and -operated firms. A small percentage of the industry's production remains at the "craftsman" stage.

Import Tariffs

Import duties for timber and timber products in Canada range between 0 to 9.5%. Wooden furniture which includes cane/bamboo attracts a duty of 0 - 9.5%. Other articles of wood are at 5.9 to 6.0%.

Market Prospects and Opportunities

With the Canadian economic climate improving and future economic indicators showing positive signs, Canadian consumers will continue to purchase furniture. These positive outlooks in the Canadian furniture and construction industry should be fully capitalised by Malaysian timber exporters particularly by the furniture sector through forging closer alliance and strategic partnerships with Canadian timber and furniture importers and exporters to enhance our existing market share in Canada.

Malaysia should find ways to improve the export of wooden furniture to Canada such as participating in Canadian furniture trade shows or increasing business networks with their Canadian counterparts. Malaysia must not rely solely on existing establishments but should increase networking with buyers and distribution channels and seek new businesses.

Canada : Import Tariffs

Product	Duty %
Sawntimber	0
Particleboard	0
BJC	0 - 7.0
Logs	0
Articles of Wood	5.9 - 6.0
Fuel Wood	0
Fibreboard	0 - 3.0
Plywood	0
Veneer	0
Mouldings	0 - 1.8
Packaging Materials of Wood	0 - 5.2
Wood Marquetry	6.0 - 7.0
Wooden Frames	6.0
Hoopwood, Split	0
Railway Sleepers	0
Tableware and Kitchenware	6
Casks, Barrels	0
Tools, Tool and Broom Bodies	3.0
Wood Charcoal	3.3
Wood Wool, Wood Flour	0
Densified Wood	0
Other Furniture and Parthereof	0 - 9.5

Source: FAO

Malaysia still faces stiff competition from its regional neighbours namely Viet Nam, China and India in increasing its market share in Canada. However, both Malaysia and Canada, along with Australia, Brunei, Canada, Chile, Mexico, New Zealand, Peru, Singapore, Viet Nam and the US signed the Trans Pacific Partnership Agreement (TPPA) on 4 February 2016. Malaysian exporters are thus strongly encouraged to take advantage of the good prospects of the market by maximising the opportunity offered under the TPPA to increase its timber product and furniture market share in Canada.

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- *World Trade Atlas (WTA)*
- *Natural Resources Canada*
- *http://www.smittysfinefurniture.com/MTIB*
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Coaching Kick Start Programme organised by MTIB on 19-21 January 2016 at its premise in Kuala Lumpur.

MTIB's Vocational College Level 3 Certification Training Module Review Workshop held on 1-4 February 2016 in Kota Kinabalu, Sabah.

MTIB participated in the Hello Komoditi organised by Ministry of Plantation Industries and Commodities. It was held on 15 February 2016 in Long Lama Baram, Miri, Sarawak.

Datuk Dr. Sundaran Annamalai, Secretary-General of MPIC (fourth from right), Dr. Jalaluddin Harun, MTIB Director-General (third from right) posing with officials from MPIC, MTIB, LKTN, LGM and JKR. Photo taken at Galeri Glulam Johor Bahru on 24 February 2016.

Dr. Jalaluddin Harun, MTIB Director-General (front row centre) and Dato' Kamariah Hussain, Chairman of PUSPANITA MTIB (on his left) posing with 2016/2017 committee members during the 26th AGM. It was held on 25 February 2016 at MTIB, Kuala Lumpur.

ICT Strategic Planning (Strategic and Formulation Phase) Meeting held on 25-27 February 2016 in Putrajaya.