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MTIB

MASKAYU

LAUNCHING OF MTIB'S ICONIC *GALERI GLULAM* JOHOR BAHRU

FIRST RUBBER TAPPING UNDER FOREST PLANTATION PROGRAMME

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Cover: Galeri Glulam, *the latest landmark in Johor Bahru with its imposing timber structures, was officially launched on 22 May 2012 by YAB Tan Sri Dato' Haji Muhyiddin Haji Mohd. Yassin, Deputy Prime Minister of Malaysia. It was acknowledged by the Malaysia Book of Records as the first building completed using glulam in the country.* *See story on page 3.*

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LAUNCHING OF MTIB'S ICONIC GALERI GLULAM JOHOR BAHRU

VVIPs in a group photo after the launching ceremony.

The wood-based industry is one sector of the economy which is indeed essential to the nation. This industry has generated a revenue of RM21.7 billion annually from the year of 2006 to 2010 and also brought about 300,000 job opportunities. In terms of export value in 2011, timber products contributed almost RM20 billion or 14.1% from the total export of commodity products valued at RM141.2 billion. Furniture is amongst the main products exported to the global markets whereby in 2011, contributing RM6.5 billion or 32.5% of the total export of timber products. Therefore the Ministry of Plantation Industries and Commodities (MPIC) was tasked to continue its efforts to further enhance the competitiveness of the industry through exporting more high value-added products in particular furniture and raise Malaysia's ranking from eighth to top three furniture export country in the global market by 2020. These important points were highlighted by YAB Tan Sri Dato' Haji Muhyiddin Haji Mohd. Yassin, Deputy Prime Minister of Malaysia at the launch of *Galeri Glulam* in Johor Bahru on 22 May.

Tan Sri Dato' Haji Muhyiddin believed that steps taken by the MPIC via the National Timber Industry Policy (NATIP) would see a shift in wood-based industry practices, from Original Equipment Manufacturer (OEM) towards Original Design Manufacturer (ODM)/ Own Brand Manufacturing (OBM). It is his aspiration to see Malaysia becoming a leading producer of ODM or OBM furniture products like Italy whose designs are acknowledged globally. The transition will also help NATIP to achieve RM53 billion export value by 2020.

Earlier, in his welcoming speech, YB Tan Sri Bernard Dompok, Minister of MPIC said that for NATIP to achieve its target, the country needed to overcome several challenges which included raw material availability, skilled workforce, competition from other countries, promoting innovation and upgrading processing technology. In this respect, the Ministry has set up a NATIP core committee to address the various issues faced by the domestic timber industry. The Ministry will also undertake concerted measures to enhance the competitiveness of the Malaysian wood-based industry. MPIC through MTIB is also intensifying its efforts to promote and educate industry experts abroad on the standards and certification of Malaysian timber products.

The construction of the *Galeri Glulam* was part of MTIB's efforts to encourage the use and commercialisation of glulam-engineered timber products as a load-bearing structure in the construction industry. The innovative and unique design of *Galeri Glulam* incorporates the, use of 39 sets of glulam load-bearing structures from Resak and Keruing timbers. The glulam members were supplied by Woodsfield Timber Industries Sdn. Bhd., a pioneer glulam manufacturer from Pasir Gudang, Johor. The building which utilises more than 640 m^3 timber for its structure, has measured more than 80% score under the Industrialised Building System (IBS), exceeding the 70% score set by the government for physical development projects in Malaysia. The Malaysia Book of Records has acknowledged the *Galeri Glulam* as the first building completed using glue laminated timber (glulam) in the country.

During the construction process, several testing on the suitability of a few types of Malaysian timbers and adhesive technology to comply with several standards such as MS 758 and MS 544 as well as statement of needs, were carried out by experts from Universiti Teknologi MARA and Forest Research Institute Malaysia with assistance from glulam experts from the United Kingdom and Australia.

The construction of *Galeri Glulam* was undertaken by the Public Works Department (JKR) and was completed in October 2011. The building serves as an Exhibition Centre to showcase

YAB Tan Sri Dato' Haji Muhyiddin Haji Mohd. Yassin, Deputy Prime Minister of Malaysia watering a sapling after the event.

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TIMBER WORLD IN BRIEF

CHINA
Fibreboard Output Volume Hit 15.688 million m³ in First Four Months

China saw its output volume of fibreboard amounting to 15.688 million m^3 during January to April 2012. In breakdown, fibreboard output volume of Jiangsu Province and Guangxi Province reached 2.08 million m^3 and 1.99 million m^3 respectively. In addition, the output volume of Henan Province, Sichuan Province and Shandong Province stood at 1.93 million m^3, 1.41 million m^3 and 1.36 million m^3 respectively.

In April 2012, the country's output volume of fibreboard reached 4.55 million m^3. Guangxi Province topped the list with its output volume of fibreboard amounted to 636,928.40 m^3, followed by Jiangsu Province (628,526.08 m^3), Henan Province (590,745 m^3), Shandong Province (422,187.92 m^3) and Sichuan Province (310,346.66 m^3).

Wood168, 25 May

EUROPEAN UNION
Proof of Legality Required for Wood Imports Beginning March 2013

The EU Timber Regulation, already in force, becomes operational on 3 March 2013. As from this date, market players in the EU are officially prohibited from putting illegally felled timber and timber products on the market. In view of the approaching effective date, the EU Timber Trade Legislation for combating illegal felling was at the forefront of this year's foreign trade meeting organised by the foreign-trade unit of the German Timber Trade Federation on 13 April 2012. Counsellor Thorsten Hinrichs of the Federal Ministry of Food, Agriculture and Consumer Protection informed players in the foreign trade sector about the expected bureaucratic requirements that the new EU Timber Regulation will entail for operators who place timber and timber products on the domestic market from outside the EU.

At the 2011 foreign-trade meeting Hinrichs had already presented the German "Holzhandels-Sicherungs-Gesetz" (HolzSiG) which was a first step in implementing Council Regulation (EC) No 2173/2005 on the establishment of a FLEGT licensing scheme for imports of timber into the European Community. The HolzSiG is currently being augmented with arrangements for implementing the EU Timber Regulation.

EUWID, 23 April

FINLAND
Construction Expected to Turn Upwards in 2013

The Confederation of Finnish Construction Industries RT forecasts housing starts will total 35.5 million m^3 in Finland in 2012. Residential construction is expected to decrease to 28,000 homes from 32,000 in 2011. Commercial building will continue to be stable, while civil engineering projects will continue to decrease. The outlook in the construction industry has been relatively bleak in the spring of 2012. Order books remain at a good level, however, and expectations are better than in the autumn of 2011. Construction costs will go up, particularly in civil engineering. The Confederation forecasts construction will decrease by 2% in Finland in 2012 but will grow again in 2013.

Taloussanomat, 24 April

GERMANY
Study Forecasts Increased Demand for FSC-certified Wood

According to a study by German conservation organisation Nabu on FSC-certified wood in Germany, a significant increase is expected in the demand for FSC-certified wood in Germany in the future. This comes shortly before the decision is made on who receives the contract for the FSC-certification of the Baden-Wuerttemberg state forest in 2013. This concerns 330,000 hectares of forest. Some 630,000 hectares of forest in Germany is currently FSC-certified.

Holz-Zentralblatt, 19 April

INDONESIA
Indonesia Denies Report on Increased Deforestation

The Indonesian government has denied a report regarding the country's loss of almost five million hectares of forest and peatlands since the implementation of a moratorium on deforestation, local media reported on Tuesday. "The report cannot be understood because it's different from the forestry ministry's record, which says the deforestation rate over the past few years has drastically decreased to around 500, 000 hectares annually," said Mr. Agus Purnomo, a presidential special aide on climate change. Nevertheless, Greenpeace adamantly claims that Indonesia is still losing forest lands at an alarming rate.

"By May 2012, Indonesia could lose 4.9 million hectares of its forests and peatlands. With each revision of the forest moratorium, the acreage continues to decrease," said Mr. Yuyun Indradi, political campaigner of Greenpeace in recent statement.

Mr. Purnomo, however, cited a Forest Ministry's report that Indonesia's deforestation rate has decreased over the last 10 years. "We invite Greenpeace to explain its methodology used to determine the forest degradation in order to clarify the issue. Determining whether the figure is just imaginary or an accurate figure might lead to the correction of Indonesia's deforestation rate," Mr. Purnomo was quoted by the Jakarta globe as saying, adding that the dramatisation of this issue could reinforce a lie.

Fordaq, 11 May

Forestry Ministry to Develop Bioenergy from Forest Wood

The Forestry Ministry plans to organise a roadmap on the development of bioenergy from forest wood. The move is

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part of its initial effort to boost the use of forest plantation as a source of energy. High calorie trees such as Sengon and Kaliandra are suitable for bioenergy, said Mr. Putera Parthama from the Ministry. The Ministry is urging permit holders of forest plantations to allocate 10% of forest land for producing woods for bioenergy. Mr. Putera added that the government will be offering incentives for plant and technology development for bioenergy projects.

Bisnis Indonesia, 8 May

Forest Ministry Aims for All to be Certified by End 2012

The Forest Ministry is targeting for all firms in the forestry industry to be certified with the Wood Verification and Legality Certification by end 2012. Presently, some 90% of the industry players have been certified. The Ministry plans to donate a total of IDR7 billion (EUR586,255.60, USD742,311.46) to industry players which have yet to receive the certifications. Certification cost is estimated at around IDR 25 to 30 million per unit. The implementation of the Verification and Legality Certification will be in place in March 2013. Japan and the US however have started to implement the regulation since the beginning of 2012.

Bisnis Indonesia, 21 May

UNITED KINGDOM
Waste Wood Output Hits New Record in 2011

Waste wood output climbed to a new high of 2.8 million tonnes in 2011, compared to 2.6 million tonnes the previous year, the Wood Recyclers' Association (WRA) reported. Overall, domestic consumption declined by 4.5% to 2.14 million tonnes following a fire at Sonae's panel board mill and weaker demand for animal bedding. Panel board industry consumption dropped by 15% to just over 950,000 tonnes. Animal bedding fell by 11%. Meanwhile, exports rose by 31% year-on-year to 654,000 tonnes, with biomass accounting for 472,000 tonnes and panel board some 182,000 tonnes. The WRA said it expects the UK industry to turn around in 2012 as panel board production increases and more new biomass plants start operations.

LetsRecycle.com, 20 April

Sustainability Campaign Calls for Wood First Rule for All Public Buildings

Wood for Good, the UK timber industry's sustainability campaign has launched its 2012 campaign: "Wood First". The campaign calls for the introduction of a "Wood First" rule in local authority planning guidance. This would require sustainably sourced wood to be considered, where feasible, as the primary construction material in all new-build and refurbishment projects. The organisation states that this will help the UK meet local, national and sectoral targets for carbon reduction.

Such a rule is already in place in many other parts of the world, most notably France, as a key element of climate policy. Current proposals from the European Commission will enable the carbon stored in harvested wood products to be taken into account in national carbon budgets.

Wood for Good says that several local authorities are already considering versions of the Wood First rule, including a major London borough.

David Hopkins, Head of External Affairs for Wood for Good said: "Increasing forest cover is recognised as one of the most effective weapons we have in the battle against climate change, and the best way to achieve this is to stimulate demand for sustainable timber and wood products. The introduction of a Wood First rule will help to make this happen.

The organisation has long been promoting a Wood First approach for architects and engineers through the CPD courses and other promotional work it runs. It has now started engaging several local authorities to discuss ways in which a Wood First rule could help them meet their sustainability objectives.

Fordaq, 8 May

Softwood Demand Weak, Log Costs High

In the UK, softwood sawmillers report that log prices are still high and buyers are not ready to pay more for sawn softwood. The demand growth has slowed down for example in North Africa. All markets are rather quiet and whitewood availability is better for importers. Swedish companies are now more interested in the UK market because demand has weakened in the Nordic countries. In the UK, carcassing prices have gone up because of higher freight costs. The UK softwood producers have received increased orders from the garden fencing and landscaping sector. The delivery times have become longer and some buyers may switch to imported material. Also the sterling has strengthened against the euro.

In the joinery grade market, redwood demand has been steady and some smaller producers in Sweden and Finland have enjoyed higher prices. The UK redwood market is expected to remain steady and the prices will be firm. Whitewood markets are expected to be more volatile and prices will rise if production control becomes stronger.

TTJ Timber Trades Journal, 12 May

UNITED STATES/CANADA
Canadian Softwood Lumber Imports Increase to Affect Lower Export Tax

According to the latest figures from the US Census Bureau and the US Department of Agriculture, for the first quarter of 2012, the value of forest products imported from Canada increased from USD1.29 billion (EUR1.01 billion) in 2011's first quarter, to USD1.33 billion. The volume of softwood lumber imported from Canada increased from 1.74 billion board feet in 2011's first quarter to 1.83 billion board feet.

As of the middle of May 2012, the benchmark WSPF KD 2x4 #2&BTr for Canadian softwood lumber saw a year-on-year increase of 28% to USD304 for every thousand board feet. This in turn will affect the export tax on softwood lumber coming out of Canada. The export tax on Western Canada's softwood lumber will decrease from 15% to 10% from 1 June 2012, and it will decrease from 5% to 3% for the rest of Canada.

ForestTalk.com, 15 May

APRIL 2012

Asia-Europe Freight Rates Rise Again, Soaring 21% to USD1,660/TEU

Asia–Europe freight rates has once again risen after a brief hiatus over the past two weeks, as spot rates on the trade last week increased 21% to USD1,660 per TEU, according to the latest data from the Shanghai Containerised Freight Index (SCFI).

Asia-Mediterranean rates were also up 19.8% to USD1,649 per TEU for the week, an increase of USD273 per TEU. Spot rates to the US west coast rose a marginal 0.5 % to USD2,031 per FEU, while Asia-US east coast rates remained flat at USD3,206 per FEU. Across all trades covered by the index the SCFI rose 9.5% to 1,347.50 points.

Source: Asian Shipper, 2 April

Westports to Handle 7 Million TEUs in 2012

Westports Malaysia Sdn. Bhd. was poised to handle 7 million containers of 20-foot equivalent units (TEUs) this year despite the uncertain global economic scenario, said Tan Sri G.Gnanalingam, Executive Chairman. The figure would be achieved after the port handled 600,000 TEUs last month and if they continued with the (momentum), they could handle seven million TEUs by year-end. Westports had enough capacity to handle large number of container boxes. Tan Sri G.Gnanalingam also said that the private terminal operator was working towards attaining the highest level of efficiency and was improving facilities as well as infrastructure to meet customers' needs. He further added that Westports was one of two ports at Port Klang which recorded a 20% growth in TEUs over the last five years. Westports handled about 28,000 container boxes daily and was capable of handling up to 10 million boxes per year. He also believed Westports was well-positioned to assume a prominent role as a major loading centre for Southeast Asia. Westports could achieve the target when they could handle about 20 million TEUs annually which was actually their hope. Westports currently employed approximately 4,000 people.

Source: Bernama, 4 April

Malaysia Imposes 'no-layoff' Condition for Port Takeover

The Federal government was understood to have imposed a condition with regard to Penang Port Sdn. Bhd.'s takeover in which any party planning to take over the port operator does not lay off any of its workforce for a minimum period of five years.

According to a source, the condition was considered non-negotiable as any party intending to take over the port must comply with the condition even before they present their financial plan. Business Times was told that at least two parties were interested in taking over Penang Port. One was a party led by a China-owned entity, while the other was MMC Corp Bhd. but to date, no decision had been made as the due diligence process was still being carried out. Penang Port is 100% owned by the Ministry of Finance Inc. The company was licensed to operate, manage and maintain port and ferry services as well as undertake present and future development projects in the port area.

Shipments of Timber and Timber Products Through Ports in Peninsular Malaysia, April 2012

Products	Port Klang		Kuantan		Pasir Gudang		Tanjung Pelepas		Penang		Total all ports m^3	% Change Apr 2012/ Mac 2012
	m^3	% Change Apr 2012/ Mac 2012	m^3	% Change Apr 2012/ Mac 2012	m^3	% Change Apr 2012/ Mac 2012	m^3	% Change Apr 2012/ Mac 2012	m^3	% Change Apr 2012/ Mac 2012		
Sawntimber	25,698	3	68	45	437	-4	361	-43	5,047	-7	31,611	10
MDF	16,883	-3	-	-	5,477	-29	11,999	18	12,696	-5	47,055	-13
Mouldings	8,550	-18	330	21	1,888	-6	716	33	2,180	1	13,664	-22
Dressed Timber	1,650	-6	27	320	677	6	170	56	443	30	2,967	-30
Plywood	5,951	-28	-	-	-	100	-	-	12,257	-18	18,208	60
Veneer	67	156	-	-	-	100	-	-	466	204	533	86
Particleboard	38,774	1	-	-	311	14	2,765	-39	-	-	41,850	13
TOTAL	**97,573**	**-3**	**425**	**36**	**8,790**	**-21**	**16,011**	**12**	**33,089**	**-8**	**155,888**	**2**

Note : Indicates % change over the previous month
Source : MTIB

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Penang Port, which has more than RM1 billion in bank loans to be settled, has slightly just fewer than 1,800 people on its payroll. Over the past 15 years, the company had tried to sell its shares to the public twice via an initial public offering exercise, but the plans failed to materialise. The country's oldest port, which had been operating for nearly 226 years had seen its business being eaten up by rivals from Port Klang and Johor. In Port Klang, there were two main operators, namely Northport (Malaysia) Bhd., the port operating subsidiary of NCB Holdings Bhd. and the privately-held Westport. Northport and Westport are among the busiest ports in the world, collectively handling more than 8 million TEUs a year. In Johor, there are Port of Tanjung Pelepas (PTP) and Johor Port, which were both controlled by MMC. PTP, which is also among the top 20 ports in the world, handles some 6.5 million TEUs a year. In contrast, Penang Port targets its container cargo at the North Butterworth Container Terminal to handle some 1.28 million TEUs this year.

The port operator itself was understood to be profitable, except for a slight blip last year. However, its ferry operations were said to still be heavily in the red. Penang Port provides ferry services linking Georgetown on the island to Butterworth on the mainland. In 2010, the ferry operations suffered some RM15 million in losses. Since Penang Port's corporatisation in 1994, the ferry operations had lost more than RM180 million.

Source: Business Times, 19 April

MCKIP to Boost Bilateral Trade

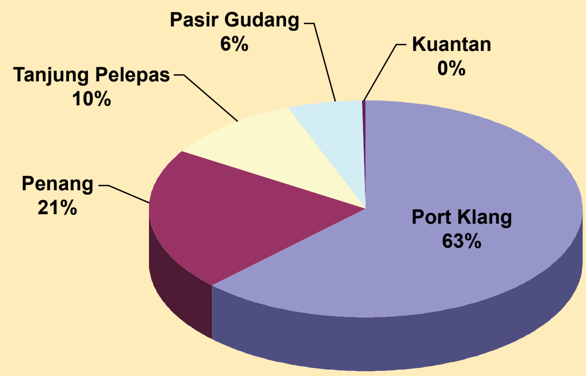
The Malaysia-China Kuantan Industrial Park (MCKIP) was expected to take off within the next six months and thus enhance bilateral trade between the two countries. The MCKIP was a government-to-government initiative established to reciprocate the China-Malaysia Qinzhou Industrial Park, launched by YAB Dato' Sri Mohd Najib Tun Abdul Razak on 1 April this year. The 607 hectare park was located within the East Coast Economic Region (ECER) at Gebeng town in Kuantan, Pahang. Datuk Jebasingam Issace John, ECER Chief Executive Officer said the MCKIP would provide new entrepreneurial opportunities for Malaysian businessmen, particularly, the small and medium enterprises as well as job opportunities for the locals. "The positive impact of the park should be seen within the next five years. The key components of the industrial park include plastic, metal, electric and electronics, consumer products and renewable energy," Datuk Jebasingam said.

Malaysian businesses and businessmen from the area would be able now to enter into joint ventures with the Chinese partners to develop the industry. He added that the industrial park was not a "standalone", but within the Kuantan Port city, which covers 30,000 ha of an integrated industrial and logistics hub. We had previously got the Kuantan Port, the Palm Oil Industry Cluster, Petrochemicals Cluster, and the *Halal* Park here. It was not just taking on a new facility. Datuk Jebasingam said besides the collaboration between Malaysia and China businesses, other foreign investors, were also being welcomed to enter into joint ventures with local businesses.

Basically, MCKIP was a private sector initiative and the Federal government as facilitator. Kuantan was chosen for the project as it has a port that faces the South China Sea, which was the most direct link to the deepwater Qinzhou Port, and the Guangxi Zhuang autonomous region. Sea travel between Kuantan and Qinzhou takes three days and by air, three hours. The state government was also committed to the MCKIP's development to ensure the industrial park's speedy implementation, especially in matters of land allocation and approval.

Source: Bernama, 20 April

Shipments of Timber and Timber Products through Ports in Peninsular Malaysia, April 2012



Total = 155,888 m³

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Export of timber and timber products from Peninsular Malaysia in April 2012 recorded a negative growth of 4% in volume and 6% in value amounting to 226,984 m^3 and RM260 million over the previous month. Cumulative export for the year 2012 decreased by 6% in volume and increased 3% in value to 883,688 m^3 at RM1 billion compared to the previous corresponding period.

Sawntimber

Exports of sawntimber in April posted a negative growth in both volume and value with 6% in volume and 13% in value to 84,448 m^3 at RM95.9 million as compared to the previous month. However, cumulative exports for the first four months of the year showed an increase of 14% in volume and 9% in value at 332,378 m^3 and RM405.7 million.

Exports to the EU decreased 9% to 9,662 m^3 with most major markets declining purchases due to the Euro zone prolonged debt crisis. The Netherlands and Belgium reduced buying by 23% and 24% to 2,844 m^3 and 1,386 m^3 respectively. Likewise, exports to Germany and France decreased 1% and 43% to 2,124 m^3 and 607 m^3 respectively. The UK, however, increased its shipments by 38% to 1,848 m^3.

Total export to West Asia grew 17% to 9,800 m^3 with continued strong buying from Oman and Qatar. Imports by Qatar and Oman jumped 1,964% and 197% to 1,548 m^3 and 1,843 m^3 respectively. On the other hand, exports to Saudi Arabia and the UAE declined 6% and 14% to 1,080 m^3 and 4,232 m^3 respectively.

Buying from ASEAN reduced 5% to 43,691 m^3 over the previous corresponding period. Exports of sawntimber to Thailand and Singapore decreased 6% and 7% to 31,421 m^3 and 10,956 m^3 respectively. Indonesia and Viet Nam improved their intakes from 641 m^3 to 967 m^3 and from 302 m^3 to 328 m^3 respectively.

Similarly, demand in East Asia recorded a negative growth where exports to the East Asian region decreased 11% to 11,787 m^3. China and Japan decreased purchases by 12% and 15% to 7,877 m^3 and 2,125 m^3, respectively. Exports to Taiwan also declined to 907 m^3 compared to 1,149 m^3 recorded in the previous month. In contrast, imports by South Korea improved 63% to 740 m^3.

Elsewhere, exports to the US decreased substantially from 1,212 m^3 to 568 m^3 while Canada only purchased 26 m^3 of sawntimber. Intake by Australia improved 17% to 1,322 m^3. Imports from South Africa remained at the same level as last month, at 2,964 m^3.

The average FOB prices of sawntimber declined 7% to RM1,136 per m^3 from RM1,226 per m^3 in the previous month. Dark Red Meranti was traded at RM2,582 per m^3, decreased 3% from the previous month. Prices of Dark Red Meranti to the Netherlands also decreased to RM2,779 per m^3. Prices of Keruing decreased 39% to RM847 per m^3. There was no trading for Redwood to the UAE for the month.

Plywood

Plywood exports in April 2012 were at 20,711 m^3 valued at RM33 million. Cumulative exports for the period January to April showed decreases of 6% and 1% in volume and value to 67,412 m^3 valued at RM108.3 million respectively from the previous corresponding period.

Total export to the EU increased by 73% to 13,879 m^3; imports by the UK increased 87% to 11,450 m^3. Similarly, imports by the Netherlands and Denmark increased to 1,370 m^3 and 427 m^3 from 300 m^3 and 385 m^3 respectively in the previous month. However, exports to Belgium decreased by 41% to 522 m^3 from the previous month. Ireland and Italy did not make any purchase.

Exports to the ASEAN region was lower as Singapore's and Thailand's intake of plywood decreased by 14% and 17% to 1,900 m^3 and 878 m^3 respectively. In East Asia, exports to Hong Kong increased by 302% to 169 m^3 while Taiwan resumed imports by 41 m^3. Japan and South Korea did not import any plywood in April 2012. Total export to West Asia was higher by almost 100% to 1,650 m^3 from 827 m^3 in the previous month. Exports to the UAE increased to 1,587 m^3 from 415 m^3 in the previous month while Qatar resumed imports by 63 m^3. Bahrain did not make any purchase in April 2012. Elsewhere, exports to Australia decreased by 8% to 1,592 m^3 while the US did not import any plywood. South Africa reduced its intake to 299 m^3 from 859 m^3 in the previous month.

The FOB price of plywood decreased to RM1,585 per m^3 from RM1,653 per m^3 in the previous month, a marginal decrease of 4% from the previous month.

Veneer

Total export of veneer for April 2012 showed hefty increases of 135% in volume and 154% increase in value to 680 m^3 at RM1.4 million compared to the previous month. Cumulative exports from January to April increased by 3% in volume but declined 18% in value to 1,655 m3 valued at RM2.9 million from the previous corresponding period of last year.

Exports to Taiwan and China increased by 201% and 33% to 394 m^3 and 8 m^3 respectively while imports by Thailand resumed by 70 m^3. Australia did not make any purchase in April 2012.

Medium Density Fibreboard (MDF)

Exports of MDF for April 2012 decreased 9% in volume and 12% in value. Exported totalled 55,412 m^3 valued at RM53.5 million respectively as compared to previous month.

Exports to East Asia decreased 33% in volume to 1,696 m^3 from 2,513 m^3 in the previous month. Exports to Taiwan, Japan and China (including Hong Kong) recorded a negative growth with a decrease of 11% to 593 m^3, 38% to 616 m^3 and 43% to 487 m^3 respectively.

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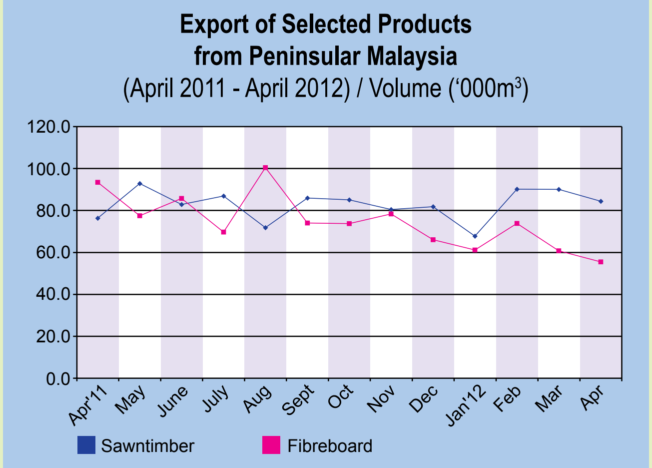
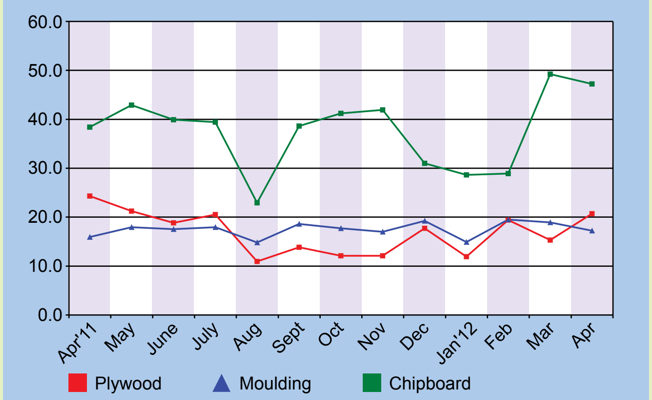
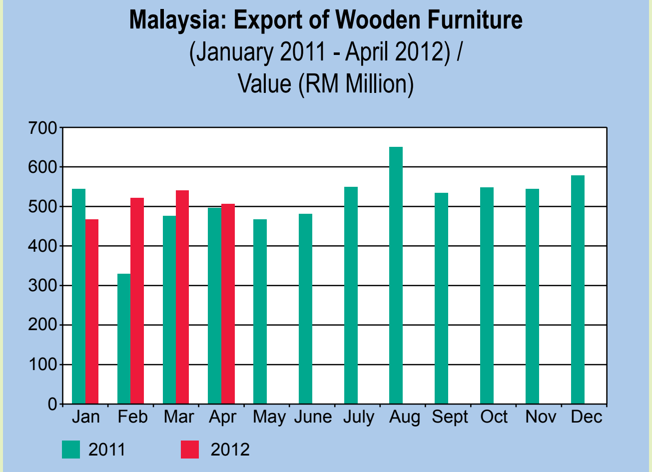
Exports to West Asia in April 2012 recorded a negative growth with a decrease of 0.2% in volume to 24,759 m³ from 24,802 m³ in the previous month. Exports to Syria recorded a positive growth of 100% to 2,802 m³ and followed by the UAE at 75% to 8,467 m³. Meanwhile exports to Iran, Bahrain, Saudi Arabia, Kuwait and Jordan dropped by 7% to 7,194 m³, 17% to 408 m³, 59% to 2,012 m³, 82% to 762 m³ and 100% respectively from the previous month.







Elsewhere, exports to South Africa fell 5% to 1,274 m³ followed by Australia at 18% to 1,562 m³, UK 21% to 664 m³ and US 44% to 1,326 m³ respectively.

In ASEAN, total export to ASEAN region for this month increased by 12% to 16,810 m³ from 15,046 m³ in the previous month. Exports to the Philippines increased by 66% to 1,396 m³ followed by Indonesia at 11% to 7,113 m³, Viet Nam 6% to 7,602 m³ and Singapore 4% to 592 m³ respectively.

Mouldings

Exports of mouldings for the month decreased 9% in volume and 3% in value to 17,159 m³ and RM49.3 million respectively. However, the cumulative exports for the first four months recorded an increase of 14% in volume and 19% in value over the previous corresponding period to 61,774 m³ with a value of RM164.6 million.

Trading in the EU was less active and demand from the region fell 15% to 7,069 m³. Sales to the UK dwindled 17% to 413 m³. Similarly, Germany and the Netherlands reduced purchases by 4% and 36% to 2,518 m³ and 2,495 m³ respectively. On the other hand, Belgium and Italy boost their purchases by 61% and 857% to 810 m³ and 134 m³ respectively.

In Asia, shipments to Japan improved 6% to 1,968 m³. Likewise, South Korea and Viet Nam increased purchases by 3% and 103% to 1,319 m³ and 75 m³, respectively. Singapore and China, however, registered fewer imports at 1,170 m³ and 475 m³ respectively. In the US, demand fell 13% from 2,101 m³ to 1,824 m³, while Australia dropped purchases by 4% to 2,178 m³.

Despite the weaker demand, FOB unit value still posted a 7% increase from RM2,678 per m³ in the previous month to RM2,872 per m³.

Builders Joinery and Carpentry (BJC)

BJC exports decreased 4% in January to April 2012 to RM324.9 million as compared to the previous corresponding year. The decline was contributed by weak demand from the major importing markets. Exports to the EU fell 14% to RM95.4 million. Shipments to the US with intake worth RM24.3 million decreased by 2% and Japan, with RM37.2 million intake decreased slightly by 1%. However, other major markets like Singapore and Australia improved purchases by 3% and 1% to RM30.3 million and RM40.8 million, respectively.

Exports to the UK fell 34% to RM30.0 million. Similarly, shipments to France and Denmark dropped by 11% and 4% to RM14 million and RM10 million, respectively. On the other hand, imports by Belgium soared 55% to RM17.5 million.

Elsewhere, India had an improved demand by registering 23% increase in imports to RM22.4 million. The UAE, however, reduced shipments by 51% to RM5.1 million from RM10.5 million last year.

APRIL 2012

Logs

A new mechanism of price collecting data was implemented for the month of April and onwards to improve existing price collection in the domestic market. Hence, prices for the month of April showed an uptrend change compared to the previous month. In fact, higher log prices had been reported by manufacturers due to limited supply; causing sawmillers to purchase and obtain supplies from other producers. With tight supply and rising demand, export prices are expected to continue increasing.

Log species of Chengal was traded at RM5,000 per tonne, decreased 19.7%, Balau decreased 38.7% to RM1,660 per tonne and Merbau was traded at RM2,700 per tonne an increase of 28.0%. Meanwhile, prices of Keruing traded at RM1,600 per tonne increased 17.7% and Kempas decreased 3.4% to RM1,410 per tonne. Prices for Dark Red Meranti increased of 27.2% to RM1,730 per tonne, Red Meranti increased 19.2% to RM1,430 per tonne and Nyatoh decreased 36.03% to RM870 per tonne. On the other hand, prices for Mixed Heavy and Mixed Light Hardwood were traded at RM820 per tonne and RM800 per tonne respectively.

Sawntimber

According to the industry, the demand and supply for sawntimber might be more stable if sawmillers obtained their own log yard area with the approval and processing permits from the Forest Department. This scenario had affected the price of sawntimber for the month of April.

Prices for sawntimber of Chengal, Balau and Merbau were at RM6,000 per m^3, RM3,250 per m^3 and RM2,470 per m^3 with a decrease of 21.3%, 42.2%, and 48.8% respectively. Prices of Keruing decreased 32.1% to RM2,050 per m^3 and Kempas also decreased 37.6% to RM2,010 per m^3. Prices for Dark Red Meranti were traded at RM2,580 per m^3 decreased 19.9%, Red Meranti decreased 27.6% to RM2,115 per m^3 and Nyatoh was traded at RM1,130 per m^3 decreased 61.3%. On the other hand, prices for Mixed Heavy and Mixed Light Hardwood were traded at RM1,130 per m^3 and RM855 per m^3 respectively.

Plywood

Supply of plywood to the domestic market remained sufficient. Meanwhile, demand for shuttering boards in the building and construction sector especially for overseas market continued to be stiff. Plywood prices in the domestic market maintained at last month's level. Plywood of 4mm, 6mm and 9mm of thicknesses were stably traded at RM16.10, RM25.60 and RM38.50 per piece respectively. Meanwhile, shuttering boards of 12mm of thickness were traded at RM48.50 per piece.

Medium Density Fibreboard (MDF)

Supply of MDF remained sluggish and prices remained uncertain from the previous month. MDF of 4mm, 6mm, 9mm and 12mm of thicknesses were traded at RM13.20, RM16.90, RM23.30 and RM30.10 per piece respectively.

Intra-Malaysia Trade * - April 2012

Shipments of sawntimber from Sabah to Peninsular Malaysia declined 20% to 788 m^3 valued at RM1.2 million; plywood shipments declined 40% to 8,006 m^3 valued at RM12.1 million.

Meanwhile shipments of sawntimber from Sarawak increased 52% to 1,915 m^3 valued at RM1.4 million; plywood export declined 74% to 14,459 m^3 valued at RM17.1 million and shipments of veneer declined 46% to 2,824 m^3 valued at RM2.7 million.

No intra trade from Peninsular Malaysia to Sabah and Sarawak were recorded in April 2012.

** Source: Department of Statistics, Malaysia*

INTRA-MALAYSIA TRADE - APRIL 2012

From	Products	MARCH 2012		APRIL 2012		% change in volume Apr 2012/Mar 2012	% change in value Apr 2012/Mar 2012
		Volume (m^3)	Value (RM '000)	Volume (m^3)	Value (RM '000)		
SABAH	Logs	0	0	0	0	0	0
	Sawntimber	989	1,379	788	1,254	-20	-9
	Plywood	13,257	19,399	8,006	12,130	-40	-37
	Veneer	204	285	0	0	0	0
SARAWAK	Logs	101	42	0	0	0	0
	Sawntimber	1,259	900	1,915	1,421	52	58
	Plywood	56,245	18,803	14,459	17,130	-74	-9
	Veneer	5,212	5,155	2,824	2,739	-46	-47

Source : Department of Statistic, Malaysia

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APRIL 2012

*AVERAGE DOMESTIC PRICES OF LOGS, SAWNTIMBER, PLYWOOD AND MDF IN PENINSULAR MALAYSIA APRIL 2012 (RM)

SPECIES	LOGS/tonne	SAWNTIMBER/m³		
	18" UP	GMS	STRIPS	SCANTLINGS
HEAVY HARDWOOD				
Chengal	5,000	6,000	4,945	9,180
Balau	1,660	3,250	1,765	3,390
Red Balau	1,800	2,540	1,625	2,615
Merbau	2,700	2,470	2,330	2,685
Mixed Heavy Hardwood	820	1,130	920	1,130
MEDIUM HARDWOOD				
Keruing	1,600	2,050	2,190	2,330
Kempas	1,410	2,010	1,200	1,980
Kapur	2,200	2,260	1,980	2,400
Mengkulang	1,380	1,980	1,200	1,980
Tualang	1,440	1,745	540	2,225
LIGHT HARDWOOD				
Dark Red Meranti	1,730	2,580	1,500	2,755
Red Meranti	1,430	2,115	1,520	2,545
Yellow Meranti	2,500	2,825	2,685	2,895
White Meranti	1,080	1,575	2,260	1,695
Mersawa	1,450	2,825	1,695	2,685
Nyatoh	870	1,130	635	1,200
Sepetir	2,500	1,235	2,260	1,270
Jelutong	960	1,450	575	1,355
Mixed Light Hardwood	800	855	780	990

MALAYSIAN RUBBERWOOD *Hevea brasiliensis*	LOGS/tonne	SAWNTIMBER/m³			
		1" X 1"	2" X 2"	3" X 3"	4" X 4"
	170	1,165	1,186	1,257	1,310

PLYWOOD 4' X 8' (RM per piece)	**4mm**	**6mm**	**9mm**	**12mm**
	16.10	25.60	38.50	48.50
MDF 4' X 8' (RM per piece)	**4mm**	**6mm**	**9mm**	**12mm**
	13.20	16.90	23.30	30.10

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TIMBER ROUND-UP

Furniture

Exports of wooden and rattan furniture for the period under review in 2012 rose 10.7% compared to the corresponding period of 2011. Total shipments recorded RM2.0 billion against RM1.8 billion in 2011.

Purchase of wooden furniture from Malaysia for the January to April duration increased 10.9% compared to the same period in 2011. Imports of wooden furniture by the US expanded 16.8% from RM542.6 million to RM633.8 million. Consumption by Japan recorded a hike of 15.0% from RM164.0 million to RM188.6 million. The UK imports for the first four months of 2012 inched slowly to RM132.5 million from RM129.6 million. Intake by Australia remained positive with a 5.2% increase from RM127.0 million in 2011 to RM133.6 million in 2012.

Shipments to Singapore picked up 3.3% in 2012 to record RM97.8 million. Canada's uptake of wooden furniture strengthened with an increase of 25.6% to reach RM95.3 million. UAE posted a marginal increase of 2.2% with an intake of RM65.7million. India cut back on imports by 8.0%. Saudi Arabia too followed suit with a 1.4% reduction. Germany boosted its wooden furniture consumption by 25.1% with a purchase of RM36.6 million in 2012 from RM29.3 million in 2011. Consignments to Russia were boyant with an increase of 72.2% at RM 36.4 million compared to RM21.2 million in 2011. Netherlands, Norway and Spain cut back consumption by 7.4%, 50.3% and 23.2% respectively.

Rattan furniture shipments slid to RM6.6 million for the January to April 2012 period compared to RM9.7 million in the first four months of 2011, a drop of 31.6%.

Main buyer Singapore absorbed RM1.5 million, thus reducing its buying by 15.7%. The UK cut back on its consumption by 35.3%, spiraling downwards from RM1.2 million in 2011 to RM823,000. Consignments to Belgium slid drastically by 73% to RM373,000 from RM1.3 million.

FIRST RUBBER TAPPING UNDER FOREST PLANTATION PROGRAMME

YB Tan Sri Bernard Dompok, Minister of Plantation Industries and Commodities (centre) posing with the VIPs and officials from MTIB, FPDSB as well as Bornion Timber Sdn. Bhd.

Traditionally, Malaysia has depended on natural forest as its source of timber but now is moving towards establishing more forest plantations. The main factor behind this effort is establish more forest plantations to ensure sufficient supply of raw material for the timber industry while at the same time preserving the environment.

Several initiatives have been taken by the government to offset the expected reduction of future timber supply from the natural forest. These initiatives include the establishment of forest plantations and encouraging the use of alternative materials such as biocomposite. To address the shortage of timber raw materials, YB Tan Sri Bernard Dompok, Minister of Plantation Industries and Commodities (MPIC) has launched the Forest Plantation Development Programme (FPDP) which provides loans to companies involved in the development of forest plantations through loans managed by Forest Plantation Development Sdn. Bhd. (FPDSB), a wholly-owned subsidiary of MTIB.

The government has, since 2006, embarked on the FPDB with the objective of establishing 375,000 hectares of forest plantation to produce 75 million m^3 of logs over the next 15 years. Until April 2012, a total of 60,000 hectares of forest plantation have been developed with 54% of the total area cultivated under rubber trees with the remainder planted with other species.

A milestone in the implementation of the FPDP was reached recently when Tan Sri Bernard Dompok, Minister of MPIC officiated the rubber tapping ceremony at Bornion Timber Sdn. Bhd. in Sook, Sabah on 4 May which marked the first tapping of a latex-timber clone planted under this programme. The Rubber Tapping Programme organised by Bornion Timber Sdn. Bhd. was held in collaboration with MTIB and FPDSB.

Tan Sri Bernard said that since the launch of the programme in 2006, a total of RM608.34 million had been disbursed to 47 borrowers. Thirty-nine percent of the companies involved are from Peninsular Malaysia, 36% from Sarawak and 25% from Sabah. Bornion Timber Sdn Bhd, a participating company of the Forest Plantation Development Programme, has developed 7,500 hectares of rubber plantation in which 2,136 hectares are ready for tapping. According to its Chairman, Datuk Wee Kok Tiong, the success of his company in the FPDP is attributed to the public and private sector partnership initiated by the Federal Government.

Press conference session.

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MALAYSIA HOSTS THE 43RD IRG

Participants at the conference.

Dependence on naturally durable wood species for the construction sector has significantly declined in terms of availability of logs, manufacture and market supply. In order to optimise the usage of woods with preservatives, it has become an important agenda for Malaysia to ascertain the best methods, processes and preservatives to protect and lengthen the lifespan of the wood. These subjects were highlighted by prominent treatment experts and academicians during the 43rd Annual Meeting of the International Research Group on Wood Protection held on 6-10 May in Kuala Lumpur. The IRG 43 meeting was the first time the event was held in Malaysia after 42 years and it was officially launched by YB Dato' Hamzah Zainudin, Deputy Minister of Plantation Industries and Commodities (MPIC).

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YB Tan Sri Bernard Dompok, Minister of Plantation Industries and Commodities officiated the rubber tapping ceremony.

In his speech, Tan Sri Bernard said that MPIC has targeted earnings derived from the exports of timber products to reach RM53 billion by 2020 through the implementation of the National Timber Industry Policy (NATIP). Accordingly continuous efforts should be undertaken to ensure that the timber industry continues to grow rapidly in line with the target set under NATIP to contribute to the export of value-added products. To support this, he said, the supply of sufficient quality raw materials is very important to ensure the sustainability and continuous improvement of the industry.

The ceremony was attended by more than 500 participants from relevant government agencies, the plantation industry and the public. Also present at the event were Datuk Ellron Angin, Sabah Asistant Minister of Tourism, Culture and Environment; Datuk Madius Tangau, MTIB Chairman and Dr. Jalaluddin Harun, MTIB Director-General.

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YB Dato' Hamzah Zainudin and Mr. Jack Norton, President of IRGWP prior to officiating the event.

IRG43 LOC Chairman, Dr. Jalaluddin Harun, Director-General of MTIB delivering his welcoming speech.

Dato' Hamzah emphasised the need for widen the scope of timber products and to encourage the utilisation of those lesser-known species, including potential forest plantation species. He added that the wood protection industry had the responsibility to produce and promote certified quality treated wood while remaining competitive with other alternative building materials.

He also hoped that through the conference, Malaysia would prove and clarify to the international community of its role in forest protection and sustainable forest development system.

Dr. Jalaluddin Harun, MTIB Director-General in his welcoming speech pointed out that MTIB was aware on the various issues concerning timber and timber products application that affect the sustainability and legality aspects of timber trade policies.

The four-day conference provided a platform for participants to exchange views on a wide variety of issues pertaining to global requirements of wood protection. In addition, the conference also provided vast opportunities for local industry players to create a more efficient and effective network through which the wood industry can be further developed between research centres, government agencies and the private as well as the public sectors. The meeting commenced with a plenary session where the head of each technical committee updated members on the progress of activities committed at the 42nd meeting at Queenstown, New Zealand in 2011. It was then followed by presentations of scientific papers and discussions on specific areas of interest. Apart from formal meetings, social programmes and a field trip were organised for delegates.

The organisation of the IRG43 was successfully held with joint efforts of the international secretariat of IRG led by IRGWP President, Mr. Jack Norton with the local organising committee which included MPIC, Forest Research Institute Malaysia, Malaysian Wood Preserving Association and Universiti Malaysia Sarawak, with MTIB as the leading agency.

A total of 113 scientific papers were presented during the conference; in the following areas: biology, test method and assessment, wood protecting chemical, process and properties, and also sustainability and environment. A total of 185 participants from 32 countries including the UK, the USA, Canada, New Zealand, Japan, Korea, China and South Africa, comprising researchers, technologists, policy makers, academicians and stakeholders of timber related disciplines attended the meeting.

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Attendees at the event.

applications of structural engineered timber products to specifiers and stakeholders, besides demonstrating the use of Malaysian timber species for value added timber products such as furniture, mouldings and BJC. It will also be the venue for training Malaysia's young designers in line with MTIB's role to encourage the Malaysian furniture industry to shift from OEM to ODM/OBM.

The launching ceremony of *Galeri Glulam* was attended by about 2,000 guests comprising several VVIPs and dignitaries including YAB Dato' Haji Abdul Ghani Othman, Menteri Besar of Johor; YB Tan Sri Bernard Dompok, Minister of MPIC; YB Dato' Hamzah Zainudin, Deputy Minister of MPIC; Datin Paduka Nurmala Abdul Rahim, Secretary-General of MPIC; Datuk Madius Tangau, Chairman of MTIB; YB Dato' Haji Mohd Ali Bin Hassan, Johor State Speaker; and heads of government agencies and the private sector. Also present were representatives of the timber industry from throughout the country.

A display of timber structures, value-added timber and bio-composite products, green treatment and finishes as well as forest plantations was staged in conjunction with the opening ceremony. Three seminars were also conducted by MTIB, attended by JKR technical officers, representatives from wood-based companies and relevant association members as well as university students. To commemorate the event, a tree planting ceremony was also held at the end of the event.

MoA ON YOUTH TRAINING PROGRAMMES

Dr. Jalaluddin Harun, MTIB Director-General (left) exchanging MoA documents with YBhg Dato' Toh Chin Yaw, Chairman of the TTITC Board. The signing was witnessed by YB Encik Ahmad Razif Abd Rahman.

In the current global economic situation, there is greater demand for a competent and multi-skilled workforces as part of its commitment to assist human capital development in the timber industry. MTIB has recently inked a Memorandum of Agreement (MoA) with Terengganu Timber Industry Training Centre (TTITC) on 16 May in Kuala Terengganu, Terengganu on industry training.

The event was officiated by Dato' Toh Chin Yaw, Chairman of the Committee of Commerce, Industry and Environment of Terengganu State cum Chairman of TTITC Board. It was part of an effort to further strengthen the partnership between the two parties in particular in holding programmes for youths in the East Coast of Peninsular Malaysia. The collaboration aimed to help towards the development of the timber industry by upgrading the skills of the workforce and increasing youth participation.

At the signing ceremony, MTIB was represented by Dr. Jalaluddin Harun, MTIB Director-General, while TTITC was represented by Dato' Toh Chin Yaw, Chairman of the TTITC Board. The ceremony was witnessed by YB Encik Ahmad Razif Abd Rahman, Chairman of Committee of Higher Education, Science, Technology and Human Resource, on behalf of YAB Dato' Seri Hj Ahmad bin Said, Menteri Besar of Terengganu.

Dato' Toh, in officiating the ceremony, said that Terengganu is famous for its wood products such as shipyards, furniture and wood crafts. With the signing of the MoA, there would be new courses at TTITC which would further develop wood industry skills.

Speaking at the same occasion, Dr. Jalaluddin stated that the timber industry is an important resource-based industry, and its contribution to socio-economic progress is very significant. There were currently more than 4,000 mills operating and the export value of wood products in 2011 was RM20 billion. However, the industry is facing many challenges to grow and sustain. Among the challenges faced by the industry currently is a shortage of skilled labour and dependence on foreign labour. In addition, productivity in this industry is relatively low, compared to other countries such as Taiwan, Italy, Japan and Germany. Therefore, Malaysia is moving towards improving skills and knowledge of human resources to address the challenges.

Youths who have successfully completed their training programme in TTITC on Timber Processing and Finishing Technology.

In conjunction with the signing ceremony, a certificate presentation session was held for the youths who had successfully completed the Timber Processing and Finishing Technology training programme.

SECOND SERIES OF ITTO WORKSHOP

The second International Tropical Timber Organisation (ITTO) Workshop was organised by Ministry of Plantation Industries and Commodities from 10 – 11 May in Kuching, Sarawak. The workshop served as a platform for delivering information on ITTO and Malaysia's involvement in the ITTO programme. The objectives of the workshop were to generate ideas for project proposals in line with industry requirements based on ITTO objectives for the production of value-added tropical timber and timber products from sustainably managed sources, to provide training in the preparation of project proposals based on the ITTO Manual for Project Formulation: Third Edition and to improve inter-agency cooperation in promoting trade and industrial value-added timber and timber products from legal sources and managed in sustainable manner.

Six papers were presented in the workshop. Dr. Tetra Yanuariadi, the ITTO Secretariat talked about "ITTO Background and Opportunities". ITTO is an intergovernmental organisation established under the auspices of the UNCTAD in 1986 through the legally binding International Tropical Timber Agreement (ITTA). ITTO is governed by the International Tropical Timber Council (ITTC) and associated committees. There are 61 members of ITTO which consist of 33 producer countries and 27 consumer countries. Malaysia is one of the producer member countries in ITTO.

Encik Whera Mazlan from Sarawak Forestry Department deliberated on Sustainable Forest Management in Sarawak. He explained there are three components in sustainable forest management namely economic, social and environment. He also explained that Sarawak practises the timber harvesting system which includes the selective felling system whereby only mature and over-mature timber were harvested. He also spoke on specification of timber harvesting in hill-mixed dipterocarp forest in which the harvesting cycle is rotated every 25 years. Helicopter harvesting and tractor logging to detect illegal felling and clearing using camera placed on the aircraft to capture image were also talked about.

Encik Nicholas Andrew Lissem from Sarawak Timber Industry Corporation presented an overview of the timber industry in Sarawak. He stated that in 2011, the export earnings of timber and timber products totalled RM7.08 billion. Export revenue from plywood totalled RM3.8 billion, sawntimber (RM69.3 million), MDF (RM252 million) and veneer (RM235 million). The top five export market of timber and timber products from Sarawak in 2010 were Japan, totalling at RM2.4 billion, followed by India, Taiwan, Korea and Middle East totalling at RM1.2 billion, RM775 million, RM704 million and RM623 million respectively. However, he noted that in 2011 also, India became Sarawak's major market due to less construction activities in Japan, due to the tsunami disaster.

The fourth paper was presented by Encik Musa Salleh from Sabah Forestry Department. He deliberated on the topic Sustainable Forest Management in Sabah. The fifth presenter, Dr. Paul Chai, an ITTO project leader from Sarawak Forestry Corporation (SFC) shared his experiences on ITTO-funded projects that they had developed.

On the second day of the workshop, the participants were divided into two groups to discuss potential ideas to be further developed to become a project funded by the ITTO. At the end of the workshop, the groups produced ten potential project ideas together with identified implementing and collaborating agencies.

The workshop attracted keen participation from respective agencies from the forestry and timber sector in Sarawak which wanted to gain a better understanding of ITTO and the importance of Malaysia's active participation in ITTO activities. MTIB was represented by Cik Erien Noor Md Nasir from Trade Development.

ASEAN INITIATIVE ON TIMBER CERTIFICATION

The 11th Meeting of the Working Group on a Pan ASEAN Timber Certification Initiative was held on 22-23 May in Luang Prabang, Lao PDR. It was attended by delegates from Brunei Darussalam, Indonesia, Lao PDR, Malaysia, Myanmar and Thailand as well as the ASEAN Secretariat. A representative from the European Union (EU) FLEGT Asia Programme was also present at the meeting.

Mr. Khamkhanh Chanthavisouk, Vice Governor of Luang Prabang Province, on behalf of the Provincial Governor of Luang Prabang Province and Government of Lao PDR, welcomed the delegates to the meeting.

He hoped that the meeting would provide an opportunity for all ASEAN member states to exchange ideas on some of the important aspects relating to timber certification.

Mr. Khamphay Manivong, Deputy Director-General, Department of Forestry of the Lao PDR delivered the welcoming and opening remarks. He stressed the importance of the meeting, and stated that it marked a strong commitment for active engagement to build a stronger ASEAN in supporting sustainable forest management in the region. He further said that in the midst of increasing impacts of global warming, forestry has been recognised as an important sector of global interest to mitigate climate change. He added that a number of measures have been put forward globally as well as regionally and nationally to promote sustainable management of forests to reduce emissions. Among the many efforts worldwide, certification for sustainable forest management and timber legality assurance stood at the forefront.

He highlighted that being among the world's major timber producers, ASEAN has been persistent in its efforts to harmonise measures and cooperation in forestry among its member states, particularly the development of a regional reference framework on phased-approaches to forest certification and promoting sustainable forest management.

Encik Chew Lye Teng, Chief Executive Officer of Malaysian Timber Certification Council (MTCC), on behalf of Malaysia as the Lead Country for this Initiative expressed appreciation to the Ministry of Agriculture and Forestry, Lao PDR and the ASEAN Secretariat for the excellent arrangements made in hosting the 11th Meeting of the Working Group on a Pan ASEAN Timber Certification Initiative and the generous hospitality extended to the delegates.

Encik S. Rajan, MTIB Director of Licensing and Enforcement (second from right) with other delegates.

He highlighted some of the key recommendations agreed at the previous Meeting, including the ASEAN Guidelines for Chain of Custody of Legal Timber and Sustainable Timber, which had been endorsed by the 32nd AMAF Meeting. He also noted the possibility or necessity of appointing a consultant to take stock of the existing initiatives for ensuring legal and sustainable timber that is already undertaken within AMS as preparation to meet the target set within the ASEAN Economic Community (AEC) Blueprint for trade in legal and sustainable timber within the AEC by the year 2015.

He further highlighted that the Working Group had completed the original task. He however pointed out that the current discussion on legality and/or sustainability and the trade in legal timber products may warrant the continued existence of the working group as a channel to encourage dialogue, exchange of information and sharing of experiences among AMS on these subjects, which have important implications on AMS from the economic, social and environmental viewpoints. Malaysia therefore looked to the ASEAN Secretariat for guidance for the future direction of this Working Group.

At the meeting, Malaysia shared its experiences in the implementation of its Timber Certification Scheme (MTCS) under the MTCC, PEFC endorsement of MTCS, main players in MTCS, institutional arrangement for MTCS, certification bodies accredited to Standards Malaysia, standards for Forest Management Certification, PEFC-certified forest management units (FMUs) in Malaysia, Chain-of-Custody (CoC) certification, export of certified timber products under MTCS and recognition of MTCS.

The meeting was informed that a number of authorities and organisations, particularly in key markets for Malaysian timber products have accepted MTCS-certified products as sustainable timber, including Denmark, United Kingdom, New Zealand, France, Japan, Germany, the Netherlands (legal timber), and Finland.

In response to Indonesia's enquiry on Malaysia's strategy to speed up the certification process in meeting the requirements of the VPA, the Meeting was informed that the MTCS is a certification system to certify sustainable management of forests while the Timber Legality Assurance System (TLAS) being developed under the VPA is meant to verify legality of timber as required by the EU.

Encik S. Rajan, MTIB Director of Licensing and Enforcement, presented Malaysia's experience on the on-going Malaysia - EU VPA negotiations, its structure, products scope, TLAS and the current status of the negotiation process. He highlighted that TLAS would be central to the VPA to ensure that specified timber products are verified for legality compliance.

Malaysia informed the meeting that the TLAS was formulated based on extensive consultation with relevant stakeholder groups and that its implementation mechanisms and procedures need to be further strengthened and improved to improve linkages among the several implementing agencies.

SUPPORTING INFRASTRUCTURE – A MEANS TO STIMULATE INDUSTRY GROWTH

Various supporting infrastructure within fiscal and financial policies have been put in place to help steer the growth of the manufacturing industry, which includes timber. The timber industry, particularly the SMEs, can source financing from government agencies and financial institutions such as MIDA, MATRADE, SME Corp. Malaysia and banking institutions. In line with MTIB's mission to provide a conducive environment for the financial provider and the timber industry players, MTIB organised a half-a-day Dialogue on Incentives and Financing on 23 May in Kuala Lumpur with the collaboration of MIDA, MATRADE, SME Corp. Malaysia and Exim Bank Malaysia Berhad.

Q & A session.

This interactive session was held with the aim of apprising the timber industry on updates on incentives, grants and financial facilities. It also provides a platform for the timber industry players to highlight any issue or problem pertaining to incentives and grant procurement, as well as their application methods.

In his welcoming remarks, Dr. Jalaluddin Harun, Director-General of MTIB highlighted that the timber industry in Malaysia is a key contributor to the country's export earnings, with RM20.3 billion worth of exports in 2011. The wooden furniture and plywood sectors were the main contributors to the export earnings, valued at RM6.2 billion and RM5.1 billion respectively. Specific measures still need to be taken to achieve the national target of RM53 billion of exports earnings by year 2020.

Among measures that need to be looked into is to enhance the development of value-added manufacturing segments, which include furniture, Builders Joinery and Carpentry (BJC) and mouldings. In addition to that, furniture industries are urged to transform their business approach from Original Equipment Manufacturer (OEM) to Original Design Manufacturer (ODM), as it may be able to create competitive prices and showcase the creativity of local products, and consequently produce a Malaysian identity and Malaysian trade mark in the global market.

Background papers were presented by representatives from MIDA, SME Corp. Malaysia, MATRADE and Exim Bank Malaysia Berhad. The audience were apprised on the incentives and financial credit facilities offered, as well as ways to facilitate the timber industry.

Dr. Jalaluddin Harun, MTIB Director-General (centre) with the panel of speakers.

During the dialogue session, several issues which included raw material supply, workers and grants for international promotion were raised by the audience. Administrative processes with the banking sector and insurance coverage were also discussed.

The session was attended by more than 90 participants from the timber industry, financial institutions as well as related government agencies.

POTENTIAL OF KARAS PLANTATION

In an effort to further develop the Karas industry in Malaysia, MTIB recently organised a briefing on the Potential of Karas Plantation and Gaharu Industry to smallholders and entrepreneurs in Johor Baharu on 23 May. It was held in conjunction with the opening ceremony of *Galeri Glulam MTIB* in Tebrau, Johor Bahru. The objective of the briefing was to disseminate knowledge and information as well as to create awareness on the economic benefits in Karas plantation development. The briefing also provided useful guidance and technical advice on planting and production.

Puan Hjh. Norchahaya Hashim, MTIB Deputy Director-General officiated the briefing. In her opening remarks, she stated that trade on gaharu is governed under Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES) regulations and MTIB has been appointed as the Management Authority (MA) which among others is responsible for registration of cultivation and facilitating trade of gaharu products. She added that CITES is an international agreement between governments, which aims to ensure that international trade in specimens of wild animals and plant does not threaten their survival. One hundred and seventy-five countries are signatories to this Convention.

Encik Khirel Anuar bin Ismail, Secretariat of Malaysian Gaharu Association spoke on Karas plantation and gaharu products.

Encik Zahari Hamid of MTIB (second from left) briefed participants on the gaharu products.

Participants attending the briefing.

At the moment, the timber species of which control is administered by MTIB are Ramin (*Gonystylus* spp) of Appendix II Annotation I and Agarwood/Gaharu (*Aqualaria Malaccencis*) of Appendix II Annotation 4 CITES, including their parts and derivatives. For 2012, Natural Resources and Environment (NRE) has endorsed an annual export quota of 200,000 kg of Agarwood and Gaharu from Peninsular Malaysia and Sabah. For year 2011, about 190,757 kg gaharu products were been exported worth RM11.14 million and the main markets were Taiwan, Vietnam and Singapore for woodchips/woodblock while for gaharu oil major markets were Singapore, UAE and Saudi Arabia.

She also informed on the need for Karas planters to register with MTIB as it is a requirement of the International Trade in Endangered Species Act (INTESA) 2008. The Act was gazetted and came into force in 1 July 2010. The main purpose of the Act is to control the international trade of CITES listed species and to provide legal framework for compliance, control, and enforcement of regulations on international trade of endangered species.

Four papers were presented during the briefing covering aspects related to the planting and production of gaharu, requirement for registration policies on international trade under CITES and INTESA 2008 (Act 686), export and market trends for Agarwood products. MTIB speakers for the briefing were Encik Muhammad Khair Puteh, Encik Zahari Hamid and Encik Md Yusoff Ismail.

In conjunction with the briefing, MTIB displayed gaharu products such as chips, perfume and soaps. About 30 participants comprising gaharu planters and producers, individuals and also MTIB officials attended the briefing.

INDUSTRIAL TRAINING AT HOLMESGLEN INSTITUTE

A group photo with Mr. Philip Ashley, Manager of Furnishing Industry Design and Innovation Centre.

Training is crucial for organisational development and success. It is beneficial to both employer and employee. Training is the process of enhancing the employees in doing a particular job as the training process moulds the employee's mindset and leads to quality performance as it enhances skills, capabilities and knowledge. The Malaysian government through the Ministry of Human Resource has emphasised vocational training as critically important in enhancing skills, capabilities and knowledge as part of human capital development. In line with that, selected members of industry and agency personnel were sent to attend a three-month Course on Cabinet Making.

The objective of the course was to provide practical exposure, develop management knowledge and supervisory skills in the wood-based industry and also to develop technical knowledge and skills to improve efficiency and productivity in the workplace. The programme was held at Holmesglen Institute, Melbourne, Australia from 5 March to 25 May.

Holmesglen Institute is part of the Australian government's network of Technical and Further Education Institutions. It is a multi–sector institution and offers vocational and higher education programmes. Holmesglen offers courses for those who are interested in receiving practical experience. Holmesglen certificates are accredited by the Victorian Government and recognised throughout Australia. Holmesglen is also the only institution in Australia that offers qualifications in all the furniture trades. This cabinet making course comprised Furnishing and Decoration components. The courses are designed to give a practical skills base, industry contacts and creative inspiration to stay competitive.

Components of the course include :

- Basic CNC Programming
- CNC Machining
- Construction of Furniture
- Drawings, Estimating and Costing
- Furnishing Components
- Furnishing Products
- Hand and Power Tools
- Machinery
- Manual and Computer-Aided Drawings
- Measurement and Calculations
- Production Processes

To familiarise themselves with the production process, the participants were allowed to work on the basic static machine to produce small scale products such as coffee tables. The participants were reminded about job safety procedures that had to be complied when using the machinery so as to avoid mishaps.

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General Consulate of Malaysia, Dr. Rameez Yahya.

Machinery maintenance practices.

A total of 14 industrial visits were conducted throughout Melbourne. The sites visited included sawmills, suppliers and distributors of timber, a guitar manufacturing plant, a kitchen cabinet manufacturing plant, a mill logging machinery supplier, a Leitz Tooling factory, a preservative laboratory, a preservative plant, a house construction site and an electrical power station.

It was observed that the common material used in the Australian wood-based industry was *Radiata Pine*. It is used to produce furniture, wood trusses and housing. In addition Merbau, Jelutong, Sepetir and Meranti timber species used are mainly sourced from Malaysia. Malaysian timber is mostly used for high-end application such as flooring and joinery.

Nine participants took part in the programme. They were representatives from MTIB, Sim Lee Sawmill Sdn. Bhd., Kilang Papan Thong Mee Ching Kee Sdn. Bhd., Dhang Kam Yee and Sons Sdn. Bhd., Samra Merteak Sdn. Bhd. Uprate Timber Industries Sdn. Bhd., Karas Timbertech Engineering Sdn. Bhd., Kilang Papan Low Fat Sdn. Bhd. and Trentim Wood Sdn. Bhd. MTIB was represented by Puan Rohaiza Abdul Kadir Zailani. The certificate-award ceremony was witnessed by the General Consulate of Malaysia, Dr. Rameez Yahya. The Malaysian participants were sponsored by Malaysian Timber Council under its Sponsorship Award Programme.

Industrial visit to Timber Training Creswick (TTC).

MALAYSIAN FURNITURE DESIGNS FOR ISALONI 2013 MILAN FURNITURE FAIR

Encik Othman Mohamed, MTIB Deputy Director of Industry Development, presenting a mock cheque to Encik Addyputra Md Zulkifli, winner of the competition.

A Furniture Design Workshop was held on 23 May in conjunction with the official opening of *Galeri Glulam MTIB* in Johor Bahru, Johor. The workshop provided the opportunity for designers, furniture makers and manufacturers to obtain an in-depth knowledge on the design trends in the international furniture market and to get an insight on the evaluation process in selecting outstanding designs for iSaloni 2013 Milan Furniture Fair, Italy. The workshop also included a furniture design competition, The Malaysia Mobili Milan 2013, which was staged to select the best Malaysian furniture designs to be promoted at the Milan Furniture Fair 2013.

The competition aimed to encourage, promote and market innovations in furniture designs, highlighting the creativity of Malaysian furniture and its timber products industry to establish Malaysia as an exporter of world class furniture with exciting, modern and innovative designs. For this competition, the designers were requested to create a chair based on their favourite classic furniture design. The design of the chair should incorporate timber as a main and visible element. The criteria used in judging the submissions were originality, ease of manufacture and adherence to the requirements which had been set.

The winner of the coveted prize was Encik Addyputra Md Zulkifli, a lecturer from Universiti Sultan Zainal Abidin in Terengganu. The prize was an all-expenses paid trip to Milan, Italy, to represent Malaysia under the young designers' showcase at iSaloni 2013, Milan Furniture Fair. In his presentation to the judges, Encik Addyputra said that his design was inspired by his late grandmother's favourite chair.

The selection process was conducted by a panel of judges comprising two practicing furniture designers and a nominated representative from the Johor Bahru Furniture Industry Council, who focused his evaluation on the manufacturing aspects of the designs.

Participants attending the workshop.

Encik Addyputra Md Zulkifli, a lecturer from Universiti Sultan Zainal Abidin presenting his furniture design.

12 STEPS TO SUCCESSFUL EXPORTING - TAUGHT TO BUMIPUTERA ENTREPRENEURS

Overseas markets are considered to be lucrative provided the companies know the tricks of the trade and are well-informed with the business ethics of the importing country. To assist Bumiputera entrepreneurs in exporting their products, a workshop entitled `12 Steps to Successful Exporting' was held on 14 May in Kuala Lumpur. By venturing and expanding in the export market, Bumiputera entrepreneurs would be able to diversify their marketing base and reduced their dependency on local demand.

Officiating the workshop, Dr. Jalaluddin Harun, Director-General of MTIB, elaborated on the efforts made by MTIB in enhancing the skills of the Bumiputera entrepreneurs. For 2012, programmes such as effective cost management in the production and marketing of furniture, strategic marketing of creative and innovative furniture, production of jigs and fixtures for school furniture, as well as furniture finishing and design will be held. He urged the Bumiputera entrepreneurs to attend the programmes as they would guide and enhance their production.

Dr. Jalaluddin also advised them to strengthen their businesses by giving priority to the export market. However, they should equip themselves with adequate knowledge and skills, and strategise their marketing plans. The Bumiputera furniture associations should also enhance their networking in order to increase their participation in the export markets.

Dr. Jalaluddin further cautioned the Bumiputera entrepreneurs on the challenges posed by importing countries. Issues on certification and non-tariff barriers are some of the challenges which the timber industry is currently facing. Bumiputera entrepreneurs are advised to update and equip themselves to counter the challenges. He quoted Australia's illegal logging bill and the FLEGT, which is still being negotiated by Malaysia and the EU, as examples.

The session was presented by Mr. AB Teoh, author of "Exporting and International Trade". He is also a senior lecturer and a magazine columnist of TRADEMART MATRADE. The key activities were very practical and had many principles and ideas that were Ready-To-Use (RTU). The participants were taught on how to enter the global market systematically as well as the major activities in the export procedures.

The topics covered under the 12 Steps to Successful Exporting were:

- Assessment of Export Potential
- Assessment Export Readiness
- Target Market for Product and Services
- Marketing Research
- Formulation of Export Plan
- Sales and Marketing
- Selection of Overseas Distribution Channels
- Export Pricing
- Formalising Distribution Agreements
- Securing Export Orders
- INCOTERMS 2010, Export Transactions and Documentations
- Money Matters

According to Mr Teoh, companies should know the potential of their businesses including the strengths and weaknesses of their products and also their readiness to export. He added

Participants posing for the camera.

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FREE TRADE FOR GLOBAL BENEFITS

Trade is particularly important right now as economies from Europe to the US to Asia are struggling to revive growth. Many governments spent heavily on stimulus packages in the depths of the 2008 recession, leaving them with oversized debt and little room for further fiscal measures to fuel growth. Central banks have cut interest rates, in some cases close to zero, limiting further monetary measures. That means most major economies have maximised the use of the traditional Keynesian remedies.

Some analysts suggest that those economies have yet to get down to structural reforms which include actions like introducing regulatory frameworks that impose transaction costs on companies, labour market rigidities and trade policy, the implementation of which is not easy. Major multilateral trade talks like the WTO have stagnated. The WTO launched a round of international talks to overhaul trade rules and lower barriers in 2001 in Doha, Qatar - it is still being negotiated a decade later.

Countries have also turned to regional or bilateral agreements. But even those are fraught: countries are looking to boost exports (and create jobs) while avoiding a flood of new imports (that might dislocate jobs).

Global Trade Pattern

Modern trade has changed this equation, economists say. There is more and more triangular trade or assembly trade. Many goods - even high-tech products - have certain components made in developed countries. The components are then shipped to low cost countries for assembly, and then shipped again for sale in Western Markets. There is no export dependency and as such, exports cannot just be increased, since imports of what other countries produce more cheaply can be increased too. But a country can process, add value and re-export. In other words, we are all linked.

Global trade volume rose a record 14.5% in 2010, the biggest jump since the WTO data collection began in 1950. Coming off a 12% drop in 2009, the rebound was based on the spread of global supply chains, which caused goods to cross borders numerous times during the production process. The figures show how the world escaped recession in 2010. Indeed trade has improved people's lives immeasurably.

Advantages of Free Trade

According to Jean-Pierre Lehmann, Professor of International Political Economy and Founding Director of the Evian Group think tank at the International Institute for Management Development (IMD) business school in Lausanne, Switzerland, open trade has made life and standard of living so much better. However he acknowledges that trade is not invariably and universally a positive sum game and that under the current anxiety about the economy, the No.1 priority for all world leaders is job creation. Some jobs disappear to give rise to others. Even if they are tightly protected, horse-drawn buggy makers and manual typewriter producers eventually would disappear. Technologies change and so do competitive advantages. Trade will cause a degree of unemployment, but it will also cause employment creation and other opportunities in terms of value added, says Prof. Lehmann.

J. Bradford Jensen, Professor of Economics and International Business at the McDonough School of Business at Georgetown University in Washington and a Senior Fellow at the Petersen

Timber consignments ready for export.

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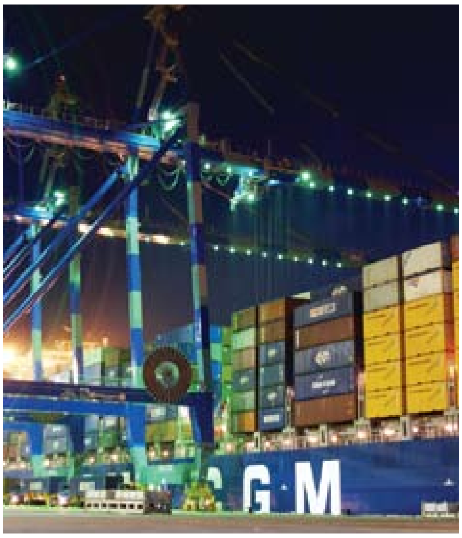
Westports



Westports

Containerised shipments.

Institute for International Economics, agrees that there are adjustments but according to him, the risks of dislocation from increased trade in services are small and the gains are quite large.

He also sees a win-win scenario for the world's economies. Low-cost countries can manufacture goods cheaply, and infuse more power for themselves. But they lack the specialised skills to build the kind of infrastructure they need to be competitive. Meanwhile, developed economies like the US, Europe and Japan are too expensive for basic manufacturing, but they have comparative advantages in high-skill services.

The hand-wringing about the loss of manufacturing jobs in the US and Europe is misplaced, according to Prof. Jensen. He says China accounts for roughly a fifth of the world's population and about a fifth of manufacturing output. The US has about as much manufacturing output as China, but accounts for only about 5% of the world's population. India has almost as much population as China, but accounts for only about 3% of manufacturing output. "So there's a lot of headroom," Prof. Jensen says.

"You have fast growth in India, Brazil, China," he says. "But relative to the population, you don't have skilled architects, engineers or managers. By contrast, Europe, the US and Japan have abundant skilled services. So it makes sense to move some of that excess to parts of the world where they need it. It would keep their economies going better and help ours too."

New Commercial Opportunities

A multitude of new trade deals in Asia-Pacific have been signed recently, including free trade agreements, economic co-operation agreements and bilateral trade pacts, which will create new commercial opportunities for global trade. However there is a concern about the possibility of a resurgence in protectionism whether it is out of the US, Europe or China. It is therefore in the best interest of every economy in the world to ensure that protectionism does not make a comeback in any way that disrupts trade and the flow of goods.

In countries which have signed free trade agreements, businesses at large have benefitted from reduced tariffs and other trade barriers. Such cooperation has also created an environment that enables safe and efficient movement of goods, services and people across borders through policy decision and economic and technical cooperation.

Adapted from an article by Catherine Bolgar in the Wall Street Journal, 10 November 2011.

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that if the companies were ready to export, they should have a check-list which included registration with MATRADE, customs tariff codes, registration form D, a website domain name, international business cards, foreign currency accounts and appointments of a forwarder.

The importance of a strong business plan was emphasized to the participants. A good business plan should have the initial details, executive summary and analysis of the company's current situation, industry analysis, description of the project or business proposal, operational plan and production, marketing plan, human resource plan, risk assessment and financial plan.

The participants were also advised to choose the distribution channels which were cost effective and practical. In general, the distribution channels identified were business to business (B2B) and business to consumer (B2C). In terms of export price, the important activities in the marketing mix pricing strategies were the 4Ps - product, price, place and promotion.

On export documentation, the participants were required to know the terms of INCOTERMS 2010 which was enforced on 1 January 2011. Terms such as Ex Works (EXW), Free On Board (FOB), Cost and Freight (CFR) and Cost, Insurance and Freight (CIF) were the most commonly terms used by companies when they export. The participants were also taught on the preparation of pro-forma invoice, packing list, commercial invoice and letter of credit.

Dr. Jalaluddin Harun, MTIB Director-General delivering his speech.

A total of 50 participants comprising Bumiputera entrepreneurs attended the course.

VIET NAM TIMBER INDUSTRY MOVING TOWARDS LEGALITY

The wood processing industry in Viet Nam has been expanding substantially in recent decades. By 2009, there were approximately 3,400 wood processing enterprises with the number expanding at an average annual rate of about 18%. The industry strongly relies on timber imports and Viet Nam is currently importing timber from more than 100 countries. Since the timber is imported from various sources, it is a challenge for the Vietnamese authorities and companies to control the legality of timber coming into the country.

Forestry

In 2009, Viet Nam had 13.2 million ha of forests of which 10.3 million ha or 78% were natural forests and the remaining 2.9 million ha or 22% were plantation forests. Forests in Viet Nam are divided into three main types according to their function. Special use forests are protected areas which cover about 2 million ha while protection forest totals 4.8 million ha. Protection forests are mainly for watersheds, soil and environment conservation purposes. Production forests amount to 6.3 million ha of which 4.1 million ha are natural forests and the remaining 2.1 million ha are plantation forests. The purpose of production forests is to produce timber and timber products and agro forestry production.

Timber Industry

Viet Nam became the largest exporter of timber and timber products in ASEAN in 2010 with USD3.9 billion worth of export sales. Timber products accounted for more than 80% of Viet Nam's total exports, a significant increase over the previous corresponding period.

After a decline in exports of timber and timber products to Japan for the past few years, export turnover to Japan rose by 27% in the fourth quarter of 2011 and it is expected to grow this year due to urgent reconstruction demand following the tsunami and earthquake disasters in the early 2011. In 2012, Viet Nam targeted to penetrate other potential markets such as China, India and South Africa.

Exports of furniture to China increased substantially reflecting the importance of the Chinese market for the Vietnamese furniture industry. Common exports to China include art and handicrafts as well as indoor furniture produced from high value timber some of which originate from Lao PDR. In recent years, the government and the domestic timber industry have been trying to explore new emerging market for timber and timber products from Viet Nam which includes the UAE, Russia, the Czech Republic, Hungary, India, Turkey and Kuwait. Even though the export revenue derived from those markets are rather small it still shows potential for expansion as reflected by a rapid increase in the revenue. In addition, these markets are not as environmentally sensitive as the US and the EU, thus making it easier for the Vietnamese products to gain greater market access.

Malaysia's Timber Trade with Viet Nam

For the first quarter of 2012, export of Malaysia's timber and timber products to Viet Nam declined 4% valued at RM50.3 million. Major products exported to Viet Nam were logs and fibreboard. Export of logs for the period improved 54% to record at RM19.4 million. However, export of fibreboard decreased 20% to value at RM15.4 million.

Export of particleboard for the period decreased 36% to RM4.7 million. Similarly, export of sawntimber and plywood also declined 43% and 58% to RM1.3 million and RM1.8 million respectively.

In the meanwhile, export of BJC and furniture improved 26% and 6% to RM3.2 million and RM3.7 million respectively.

Malaysia's import of timber and timber products from Viet Nam valued at RM18.0 million, a decrease of 8%, for the first quarter of 2012. Major products imported from Viet Nam were plywood and furniture. Export of plywood and furniture for the period decreased 16% to RM6.9 million respectively.

Buying of sawntimber by Malaysia recorded a significant increase worth RM2.1 million while import of veneer also improved by 29% to RM1.4 million for the period. Other products imported from Viet Nam were BJC, mouldings, fibreboard and logs.

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MARKET PROFILE

Malaysia: Export of Timber and Timber Products to Viet Nam
(Value : RM '000)

Products	2008	2009	2010	2011	2012 (Jan-Mar)	% Change 2012/2011 (Jan-Mar)
Logs	134,005	135,616	86,209	77,712	19,436	54.2
Sawntimber	26,030	18,130	16,839	11,180	1,346	-43.2
Plywood	8,828	14,131	13,928	10,236	1,839	-57.9
Veneer	4,237	1,185	489	1,121	401	121.5
Mouldings	1,233	1,261	3,437	3,575	257	-40.4
BJC	7,879	14,718	16,295	17,157	3,226	25.7
Fibreboard	111,018	93,823	85,475	83,192	15,403	-19.7
Particleboard	36,297	36,342	23,344	28,092	4,706	-35.8
Furniture	10,532	13,758	25,387	14,302	3,672	6.4
Wooden Frame	63	17	115	67	0	0.0
Total	**340,122**	**328,981**	**271,518**	**246,634**	**50,286**	**-4.2**

(Volume: m^3)

Products	2008	2009	2010	2011	2012 (Jan-Mar)	% Change 2012/2011 (Jan-Mar)
Logs	353,971	345,095	242,159	182,460	51,460	65.1
Sawntimber	24,489	13,523	15,861	9,787	1,101	-43.7
Plywood	5,283	9,696	11,248	6,628	1,265	-61.1
Veneer	4,134	1,401	460	1,628	618	135.0

Source: Department of Statistics Malaysia and MTIB

Malaysia: Import of Timber and Timber Products from Viet Nam
(Value: RM `000)

Products	2008	2009	2010	2011	2012 (Jan-Mar)	% Change 2012/2011 (Jan-Mar)
Logs	603	0	60	69	15	100.0
Sawntimber	3,718	3,204	3,960	3,012	2,095	215.0
Plywood	6,144	7,323	34,393	61,498	6,920	-16.2
Veneer	6,838	1,433	10,898	5,127	1,416	29.1
Mouldings	450	224	721	1,909	86	-91.7
BJC	268	537	1,000	593	508	202.4
Furniture	22,330	37,091	43,864	43,349	6,882	-16.7
Fibreboard	160	21	174	196	67	148.1
Particleboard	22	0	168	102	0	-100.0
Wooden frames	30	0	0	0	0	0.0
Total	**40,563**	**49,833**	**95,238**	**115,855**	**17,989**	**-8.0**

(Volume: m^3)

Products	2008	2009	2010	2011	2012 (Jan-Mar)	% Change 2012/2011 (Jan-Mar)
Logs	246	0	48	44	18	100.0
Sawntimber	1,931	1,966	1,652	3,363	1,447	101.3
Plywood	7,335	9,231	47,486	78,193	8,539	-22.3
Veneer	1,671	878	3,712	5,414	1,150	139.6
Fibreboard	76	6	221	118	35	-36.4

Source: Department of Statistics Malaysia

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Workers in the Central Highland Kon Turn Province producing wooden products for the export market.

Export turnover for Viet Nam wooden furniture is expected to exceed USD4 billion in 2012.

Production of Timber in Viet Nam

Production of industrial roundwood in Viet Nam maintained at 5.9 million m^3 from 2007 to 2010. Meanwhile, production of sawntimber improved from 3.0 million m^3 in 2006 to 4.5 million m^3 in 2007 and the production stable at 5.0 million m^3 from 2008 to 2010. Production of particleboard and fibreboard for 2010 recorded at 180,000 m^3 respectively. Production of plywood and veneer registered at 70,000 m^3 and 134,000 m^3 respectively.

Viet Nam: Production of Timber and Timber Products (Volume: '000 m^3)

Products/Year	2006	2007	2008	2009	2010
Industrial Roundwood	4,871	5,850	5,850	5,850	5,850
Sawntimber	3,000	4,500	5,000	5,000	5,000
Plywood	16	70	70	70	70
Veneer	134	134	134	134	134
Particleboard	256	180	180	180	180
Fibreboard	170	170	180	180	180

Source: FAO

Viet Nam to Enter into Flegt VPA Negotiations

The US and the EU are the most important market for Viet Nam timber and timber products with exports to both markets accounting for more than 80% from the overall exports. In 2008, the US government amended the Lacey Act making it unlawful to export illegally harvested timber to the US market. Recently, the EU implemented a similar mechanism called the EU Timber Regulation applicable from March 2013 in which the regulation requires primary import agents to perform their due diligence requirements.

The Voluntary Partnership Agreement (VPA) negotiations between Viet Nam and the EU are still in an early stage. Viet Nam is currently in the preparation and negotiation phase with the information on FLEGT objectives and requirements has been exchanged, governance structure assessed and stakeholders identified and consulted through various multi stakeholder consultations. In addition, the government has established two technical teams on Timber Legality Assurance System (TLAS) and timber legality definition.

A VPA will assist Viet Nam towards sustainable forest management and environmentally friendly timber processing industry. However, the new legislation such as the EU Timber Regulation may impact the furniture industry in Viet Nam since the EU is one of the country's major markets for furniture. Nonetheless, the magnitude of the impact will mostly depend upon the scope of TLAS to be developed and agreed upon between the two parties.

In conclusion, effort should be made to encourage Viet Nam's timber industry to apply a proper code of conduct as an effort to exercise good practices. Business to business initiatives in which responsible producers collaborate with responsible exporters should be encouraged and promoted. Success of such models would generate important examples for other companies to follow.

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SGGP English Edition: Export of Wooden Furniture Set to Grow in 2012

GALERI GLULAM

Malaysian Wood
Standing on Excellence

MTIB

Malaysian Timber Industry Board
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From which publications have you received our information?

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PERAH-SUITABLE FOR MEDIUM AND HEAVY CONSTRUCTION

Perah is the standard Malaysian name for timber from the Elasteriospermum tapos *spp. of family* Euphorbiaceae. *There is only one species of Elasteriospermum found in Malaysia. It is also known as Dungku, Kelampai (Sarawak), Peera and Pra in Thailand, Kedui (Sumatra) and Tapos (Sundanese) in Indonesia.*

General Characteristics

Perah timber is very hard and very heavy with an air-dry density ranging from 735 to 1235 kg/m^3 at 15% moisture content. The sapwood of the timber is light yellow-brown and streaked alternatively with lighter and darker-coloured stripes. In some trees, a centre core of darker-coloured wood may be found. Texture is moderately fine and even with straight to slightly interlocked grain and is classified under the Medium Hardwood category.

Anatomical Features

Growth rings of the timber are usually indistinct. The vessels are generally medium-sized, few or moderately few, solitary or in radial pairs or multiples of three to four with pairs and multiples predominating. The vessels are open or filled with yellow-white or gum-like deposits. Wood parenchyma is mainly in narrow, more or less continuous apotracheal layers visible to the naked eyes.

Rays are very fine or moderately fine and not conspicuous on radial surfaces. The timber does not contain intercellular canals and is free from ripple marks.

Durability

This timber is categorisd as non-durable according to the severe graveyard test under Malaysian weather conditions. However the light-coloured portion of the timber can be readily treated with preservatives whereas the dark-coloured heartwood is very difficult to impregnate with preservative.

Mechnical Properties

The timber falls into Strength Group 3 or SG 3. Strength properties of Perah which has been tested are as follows:

Mechanical Properties of Perah

Test condition	Air-dry
Modulus of Elasticity (MPa)	17,675
Modulus of Rupture (MPa)	145
Compression Parallel to grain (MPa)	54.5
Shear strength (MPa)	12

Note: MPa - *Megapascal*

Machining Properties

Generally, the timber is difficult to saw and bore but planes easily with smooth surfaces. The difficulty in working in this timber is due to its inherent properties such as hardness. The saw teeth may "gum-up" with rather resinous sawdust during sawing due to the presence of inner fibrous bark with sticky latex.

Machining Properties of Perah

Sawing	Difficult
Planing	Moderately easy
Boring	Difficult
Turning	n.a.
Nailing	Poor

Seasoning

The boards air-dry season fairly fast with no apparent defects except for some sapstain and insect attack. Air-drying for 15 mm and 38 mm thickness board takes approximately 2.5 and four months respectively.

Shrinkage

Shrinkage upon seasoning is moderate to high averaging 2.4% radial and 3.3% tangential from green to 15% moisture content with slight surface and end-splitting defects.

Uses

Perah is suitable for medium and heavy construction under cover and when treated with preservatives can be used outdoor such as railway sleepers, fence posts. The light coloured portion of the wood is suitable for flooring particularly for sport halls like badminton and squash courts. The timber can also be used for panelling, furniture manufacture, solid door, veneer and plywood. It is also popular for handles of tapping knives in Peninsular Malaysia.

Wood colour and texture

References:
- *PROSEA: Plant Resources of SEA 5. Minor commercial timbers.*
- *Technical Guide MTIB*
- *100 Malaysian Timbers 2010 Edition*

MTIB Moments

YB Tan Sri Bernard Dompok, Minister of Plantation Industries and Commodities signing a guest book at MTIB booth during Hello Komoditi held at Tamparuli, Sabah on 12 May 2012. Looking on is Dr. Jalaluddin Harun, MTIB Director-General (second from left).

The 180th MTIB Board Meeting chaired by Datuk Madius Tangau, MTIB Chairman was convened on 21 May 2012 in Johor Bahru, Johor. It was held in conjunction with the launching of Galeri Glulam.

A group photo taken after an MoU Signing Ceremony between MTIB with Universiti Tun Hussein Onn Malaysia, and MTIB with Universiti Malaysia Kelantan. The event was held on 21 May 2012 in Johor Bahru, Johor.

Dr. Jalaluddin Harun, MTIB Director-General (second from right) presenting a souvenir at a debriefing session held on 24 May 2012 at MTIB, Kuala Lumpur. It was a follow-up from the official visit by MTIB to Myanmar in March 2012. Also seen here is Dr. Myo Lwin from Myanmar Timber Merchant Association (right).

MTIB organised a Resource Centre Day for children of its personnel on 30 May 2012 at the Shah Alam Library. One of the activities conducted was the numbers sequencing game.

MTIB in collaboration with JKR Kelantan organised a programme on Enhancing Timber Utilisation on 31 May 2012 in Kota Bharu, Kelantan. More than 100 people attended the programme.