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MTIB

MASKAYU

SEMINAR ON JOB SAFETY AND HEALTH IN TIMBER AND FOREST PLANTATION INDUSTRIES

WORKSHOP ON THE EMPOWERMENT OF HUMAN CAPITAL DEVELOPMENT IN THE TIMBER INDUSTRY

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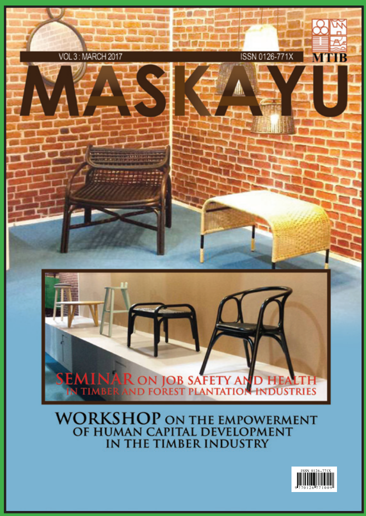

***Cover** : Products designed by TANGGAM designers under the TANGGAM by MTIB programme, displayed during MIFF 2017 held at PWTC, Kuala Lumpur.*

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Highlights

Regular Features

SEMINAR ON JOB SAFETY AND HEALTH IN TIMBER AND FOREST PLANTATION INDUSTRIES

Signing ceremony and exchanging of MoU documents between MTIB and IIPM.

The seminar on Job Safety and Health in Timber Industry and Forest Plantations was officially launched by YBhg. Dato' Dr. Jalaluddin Harun, Director-General of MTIB during his keynote address on 16 March in Bangi, Selangor. The seminar was a collaboration, jointly organised by MTIB and the International Institute of Plantation Management (IIPM).

The seminar aimed to promote the Occupational Safety and Health (OSH) Master Plan for 2020 (OSHMP2020), creating and enhancing awareness for the compliance of OSH Act 1994. It was an excellent opportunity for employers and employees, especially those related to the timber and forest plantation industries to update their knowledge on OSH and OSHA 1994. The seminar focused on the creation of an OSHMP 2020 culture, the roles of employers and employees, the management of OSH, the role of the Social Security Organisation of Malaysia (SOCSO), OSH best practices, and talent enhancement of OSH personnel.

Five speakers gave presentations on various topics as detailed below;

- Towards Inculcation of OSH Culture 2016-2020 (OSHMP 2020); Responsibilities of Employers and Employees by Ir. Ibrahim Md. Dol, Director of Industrial Safety Division, Department of Occupational Safety and Health (DOSH)

- Management of Occupational Safety and Health (OSH) in Logging and Forest Plantations; Challenges of Employers and Employees by Tuan Haji Ramli Mat, Senior Assistant Director (Conservation and Development), Forestry Department of Peninsular Malaysia

- Compensation Statistics; Challenges in Prevention of Employment and Diseases by Encik Harun Bakar, Manager of Prevention Section, Social Security Organisation

- Occupational Safety and Health Requirements in Forest Plantation Development Programme by Puan Julia Tun, Legal Officer, Forest Plantation Development Sdn. Bhd.

- Empowerment of Talent in the Occupational Safety and Health of the Forest Plantation and Timber Industry by Datuk Haji Daud Amatzin, Deputy President, International Institute of Plantation Management (IIPM)

YBhg. Dato' Dr. Jalaluddin Harun, Director-General of MTIB delivering his keynote address.

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AUSTRIA
Pellet Price Up

Enplus A1 wood pellets' price in Austria got to an average of EUR240.1 per tonne, or 4.90 cent per kilowatt-hours (kWh) in March 2017.

The price has increased by 2% as compared to the same period of the last year and by 0.7% over February 2017.

Austrian wood pellets presently offer a price advantage of 45.5% as opposed to extra light heating oil and 68.2% as opposed to natural gas.

Wood pellets in bags cost an average of EUR4.08 per 15 kg sack (when ordered by the pallet).This represents a 2.2% increase, as compared to March 2016 and a 1% increase, as compared to February 2017.

Fordaq, 21 March

BELGIUM
Increase in Number of Wooden Houses Built

In 2016, 2,509 wooden houses were built in Belgium, up 25% from 2015 and 50% from 2010. Flemish companies build 35 wooden houses on average each year, while Walloon companies build 17 wooden houses. In 2016, Walloon companies built 1,054 houses, while Flemish companies built 1,455 houses. Wooden housing units now have a market share of more than 9%. In 2016, 170 wooden administrative buildings were built in Belgium, up from 145 in 2015.

L'Echo, 10 March

BRAZIL
Furniture Industries React Strongly to Plywood Price Hike

The Furniture Industry Association of Rio Grande do Sul (Movergs) and the Bento Gonçalves Furniture Industry Union (Sindmóveis) jointly issued a statement denying support for the recent plywood price increases announced by manufacturers.

The furniture industry union said that the increase would add between 8-15% to the price of plywood used for furniture manufacturing. Movergs and Sindmóveis cannot understand how plywood makers could contemplate an increase with the furniture manufacturing sector facing a severe downturn in sales.

According to the Brazilian Institute of Geography and Statistics (IBGE) 2016 overall furniture sector production across Brazil was down 11% compared to 2015 but in the Bento Gonçalves furniture cluster sales dropped 18% in 2016 and the industry there had the lowest employment level for the past 10 years.

New regulation raises risk that production could be halted merely on suspicion of irregularities. The Centre for Timber Producers and Exporters of the state of Mato Grosso (CIPEM) recently met to discuss the likely impact of the new regulation in 01/2017 issued by the Brazilian Institute for Environment and Renewable Natural Resources (IBAMA).

This regulation sets out new rules on activities in the forest-based sector including logging in the Amazon. During the CIPEM meeting entrepreneurs expressed concern about the punitive nature of this new regulation as it imposes even more restriction than the current Federal Decree, Decree 6514/2008. The risk is, say analysts, that it will hamper production in the industry.

Under the previous regulation, wrongdoing had to be proven before forest operations could be halted. However, the private sector interpretation of the new regulation is that forest operations can be halted merely on suspicion of irregularities. This, say operators, could give rise to unnecessary suspensions as the criteria for 'wrongdoing' are unclear.

Operators also point out that their experience of the current regulation is that, in the event an investigation reveals no wrong doing, the process for reinstatement is time-consuming and bureaucratic. CIPEM plans to promote discussions on this and closely follow developments if a case is brought against an operator.

ITTO/Fordaq, 21 March

ESTONIA
Exports of Wood and Wood Products Up

Estonia exported wood and articles of wood for a total sum of EUR1.9 billion in 2016, which was up nearly 5% over 2015. Sawn and planed timber accounted for the biggest share or 20.3% of wood products exports. The exports of sawn and planed timber rose by 3% year-on-year. The biggest markets for sawn and planed timber exports were Norway, Latvia and the UK. Prefabricated wooden houses and wooden construction elements accounted for 17% and 16% respectively of the wood exports. The biggest exports revenue growth came from chipped wood and veneer exports revenue growth.

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Imports of wood articles totalled EUR612.9 million in 2016.

Postimees, 12 March

FINLAND
Net Sales of Construction Companies Up

According to Statistics Finland, construction companies' net sales grew by 7.4% in Finland in October-December 2016 from the corresponding period in 2015. Sales volume increased by 4.8%. Net sales grew in all construction industries in October-December 2016. Growth was strongest in building construction, up 10.2% year-on-year. Net sales in specialised construction activities grew by 6.9%. Net sales in civil engineering rose by 1.1%. In 2016, net sales of construction companies increased by 8.6%.

Press Release, Statistics Finland, 13 March

INDIA
Wooden Handicraft Exports to Come with Unique Barcodes

Wooden handicrafts from India sold abroad will soon carry unique barcodes with details of the wood used, an initiative of the textiles ministry to build confidence among overseas consumers on legal harvesting.of.trees.

So somebody buying a decorative wooden elephant or a wooden handicraft that is made in India will be able to know the origin as well as history of the wood used to make that piece.

"In six months, we will do the web barcoding of wood products. Consumers will know from which tree it has come and how harvesting was done. This will build confidence in overseas buyers," said Rakesh Kumar, Executive Director, Export Promotion Council for Handicrafts.

The council will be responsible for barcoding all wood products meant for export. The barcode will be in addition to the Vriksh (tree) certificate that the government issues on due diligence adopted by the exporters in procuring wood from legal sources for manufacturing handicraft articles and transporting them.

The Vriksh shipment certificate is a standard norm designed to allow companies to avoid trading in illegally harvested wood. The certificate is required by all categories of exporters who ship goods sheesham or rosewood from India.

The council also issues the Vriksh certificate. Once implemented, the move to barcode wood products will make India the only country after Australia to put a tracing system in place for timber. "In fact, Australia has wanted such a system from us for quite some time," Kumar said.

The government is creating an information technology system for shipment-wise inspection to be made possible and is looking for a private IT company to run it. The move follows enactment of tough laws against illegally harvested timber by several countries to deal with the globally widespread illegal logging.

Exports of wooden handicraft went up 14.13% to India Rupee 2,187.82 crore in April-September 2016 from India Rupee 1,916.95 crore a year ago. Sheesham products accounted for nearly 70% of exports.

Economic Times, 15 March

INDONESIA/CHILE
Governments Restart Comprehensive Economic Partnership Agreement (CEPA) Talks

Following a two-year delay, the governments of Indonesia and Chile restarted the talks for a comprehensive economic partnership agreement (CEPA), which were carried out during 13-14 March 2017. According to International Trade Negotiations Director of Indonesia's Trade Ministry, Iman Pambagyo, both governments aim to finalise the negotiations by end-2017. He added a trade deal with Chile is crucial due to its free trade arrangements with over 60 other nations.

Data from the ministry reveals that Indonesia's total value with Chile amounts to USD227.15 million (EUR212.82 million). Indonesia presently ships automotive products and shoes, among others, to Chile with a total export value of USD143.81 million. Through the CEPA, Indonesia intends to increase the export of vegetable oil, margarine, furniture, rubber and crude pail oil (CPO). Indonesia imports fishery feed and copper worth USD83.34 million in total from Chile.

Jakarta Post, 14 March

JAPAN
Lumber Imports from North America Continued to Drop

In 2016, Japan imported 2,235,652 m^3 of lumber from North America, 4.4% less than in the previous year. This is the third consecutive year that the lumber imports declined. New wooden housing starts were 8.3% more than 2015, but the market share of North American lumber dropped due to the supply expansion of competing materials. Also, the

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lumber supply on the Japanese market decreased.

For Douglas Fir lumber, which is used in traditional type housing in Japan, dropped by 11.6%. Compared to its recent peak of 2013, this is a 34.2% drop. By species, Spruce-Pine-Fir (SPF Lumber) was 1,347,236 m^3, 0.2% less than 2015. Douglas Fir was 419,133 m^3, 11.6% less than in the previous year, while Hemlock amounted to 293,897 m^3, 1.5% less. Yellow Cedar was 68,490 m^3, 17.2% less. Sitka Spruce was 11,524 m3, 29.8% less. Hardwood was 50,914 m^3, 16.8% less so all the species decreased, as compared to 2015. 2x4 SPF lumber had no other substitute, so it should increase as 2x4 housing starts increases.

In the first half of 2016, it increased by 7.9%, but because the housing demand was slower in the second half of the year, the supply got tighter and Japan couldn't purchase enough volumes. The softwood lumber agreement between the US and Canada, which imposed 15% duty on export lumber from Canada, expired in October 2016, so the lumber shipments from Canada to the US increased. Douglas Fir lumber had to compete with European lumber and to be manufactured by domestic sawmills.

By source, the imports from Canada reached 217,500 m^3, 7.3% less than in 2015, while the imports from the US amounted to 201,633 m^3, 15.7% less than in the previous year. Hemlock did not drop so much, but compared to 2014, it is 13.2% less. In the second half of the year, Hemlock supply was ample. Yellow Cedar and Red Cedar were largely affected by active shipment for the US market and resulted in higher prices.

Fordaq, 17 March

RUSSIA
Supply of Small Apartments Grows in Major Cities

According to the real estate company Etazhi, the supply of apartments with an area of up to 40 sqm has increased in large cities of Russia. In 2015-2016, in the structure of housing supply in major cities, the share of apartments with an area of up to 20 sqm grew from 0.5% to 1.1%; 20-30 sqm from 6.5% to 9.1%; 30-40 sqm from 18% to 22.5%. The share of apartments with an area of 40-50 sqm decreased from 25.2% to 22.7%; 50-60 sqm from 15% to 14.2%; 60-70 sqm from 14.2% to 12.7%; 70-80 sqm from 8.2% to 6.8%; 80-90 sqm from 5.6% to 4.6%; over 100 sqm from 3.8% to 3.5%.

In January 2015-January 2017, the share of apartments with an area of up to 20 sqm went up from 2.1% to 3.7%; 30-40 sqm from 21.3% to 30.6%; 50-60 sqm from 14.2% to 15.3%, while demand for apartments with an area of 20-30 sqm decreased from 13.1% to 9.5%; 40-50 sqm from 25.5% to 16.7%; 60-70 sqm from 12.1% to 9.9%; 70-80 sqm from 4.9% to 4.1%; 90-100 sqm from 1.9% to 1%. Demand for apartments with an area exceeding 100 sqm increased from 0.7% to 1.5%, with an area of 80-90 sqm from 4.2% to 7.7%.

Kommersant, 3 March

SWEDEN
Minister Calls for More Wooden Buildings

Swedish Minister for Housing and Digital Development Peter Eriksson has announced that construction of wooden houses should increase, since it entails lower emissions, is cheaper and there is a large demand for wooden buildings. Wooden construction jobs do not require long education either, enabling more people to work in the construction sector. Eriksson further noted that he would like to see a common system for approval in Sweden. Now each house has to be approved by respective municipality.

Dagens Nyheter, 1 March

UNITED KINGDOM
Timber Imports at Highest Level in Nine Years

The UK's imports of timber and panel products are at their highest level for the last nine years. The provisional amounted to a volume of 9.8 million m^3 of the main timber and panel products in 2016.

This total is likely to slightly increase, as final figures become available. Currently, the volume is 5% higher than in 2015, according to Timber Trade Federation's latest report.

David Hopkins, Managing Director of the Timber Trade Federation said: "These figures show the healthy state of the timber economy in the UK, with year on year growth since the financial crash of 2008/10. We will be working to help grow the timber sector further during the course of 2017 also."

Despite the healthy growth, the volumes are still below the peak years of 2007, figures show. Import volumes in the fourth quarter of 2016 were nearly 2% higher than in the same quarter of 2015. This was the third consecutive quarter of growth over the corresponding quarter in 2015, but the figures do show that the rate of growth has decreased since in the second quarter of 2016.

TTF/Fordaq, 20 March

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IIPM strives to increase awareness to minimise the rate of accidents in the workplace and it is the responsibility of IIPM to work with the government to promote OSH and produce workers who know how to inculcate a safe and healthy work culture. As such, this collaboration to provide a better understanding of OSH issues to the public, especially those involved in the timber and forest plantation industries, is timely.

To realise the collaboration between MTIB and IIPM, a signing ceremony of a Memorandum of Understanding (MoU) was held during the seminar. The collaboration aimed to establish a platform for knowledge and expertise sharing, and the creation of formal educational and training programmes and opportunities (such as short courses) specially designed to produce professional personnel that cater to the needs of the timber and forest plantation industries. This collaboration is also meant for the sharing of advisory services and expertise in research and development. With this collaboration, MTIB is looking forward to producing professional personnel to cater to the needs of the timber and forest plantation industries.

The seminar was attended by more than 100 participants from related government departments, agencies and the plantation industries.

Speaker from Forestry Department of Peninsular Malaysia delivering his paper.

Q & A session.

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Timber World In Brief

UNITED STATES
Furniture and Wood Product Manufacturing Activity Down

Real gross domestic product increased at an annual rate of 1.9% in the fourth quarter of 2016, according to the first estimate released by the US Department of Commerce. In the third quarter, the real gross domestic growth increased 3.5%. Stronger residential and non-residential construction contributed to real gross domestic growth in the fourth quarter.

The unemployment rate was almost unchanged in January at 4.8%, according to the US Bureau of Labour Statistics. Employment in construction rose in January, following little change in December.

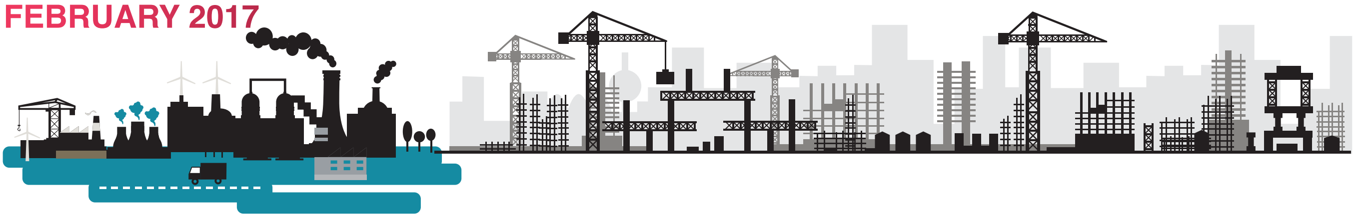
Economic activity in the manufacturing sector expanded in January and the overall economy grew for the 92nd consecutive month, according to the Institute of Supply Management. Furniture and related products manufacturing shrank for a second consecutive month in January. Wood product manufacturers also reported lower activity than in December.

Consumer confidence retreated in February but remained positive on average, according to the University of Michigan consumer confidence index. There is a risk of a consumer spending decline because almost one third of the households surveyed held very unfavourable views of economic policies under the Trump administration.

In related news, department store chain JCPenney said it will close 130 to 140 stores and sever distribution operations at two facilities to better align its store and online operations and better compete with online players.

In addition to the stores, JCPenney will close its Lakeland, Fla., distribution centre in early June and is selling its supply chain facility in Buena Park, Calif.

Fordaq, 15 March



Malaysia: Digital Information Sharing Platform to be Launched for Port Klang

The Port Klang Authority (PKA) of Malaysia will launch a digital information sharing platform for export and import transactions going through its Port Klang in Selangor. The Port Klang Net initiative is to be implemented on a modular basis from 1 March 2017 with a fee of RM5.00 (EUR1.05, USD1.13) for a full cycle of export and import transactions, while the charge will be exempted until 31 May 2017. Application of export and import modules under the Port Klang Net initiative will reduce operating costs, boost operational efficiency, and improve transparency in supply chain, disclosed the port operator.

Source: The Edge Financial Daily, 2 February

Malaysia: Revenue of Westports Holdings at RM2.04 billion in 2016

Revenue of Malaysian port operator Westports Holdings increased by 21% from RM1.68 billion (EUR355.73 million, USD378.48 million) in 2015 to RM2.04 billion in 2016 as container through put rose by 10% from 9.05 million twenty-foot equivalent units (TEUs) to 9.95 million TEUs. Also, its revenue surged by 20% from RM477.01 million a year ago to RM573.26 million in the fourth quarter of 2016. The firm's profits expanded by 17% from RM132.55 million to RM155 million while container throughput enlarged by 9% from 2.34 million TEUs to 2.55 million TEUs.

Source: New Straits Times, 11 February

Malaysia/ Indonesia: Johor Port and Pelindo IV Seal Agreement

A memorandum of understanding (MoU) involving a few collaborations such as a sister port partnership programme, has been sealed by Malaysian port operator Johor Port with Pelabuhan Indonesia IV (Pelindo IV). Through the agreement, expertise and experience in areas like port training services will be shared by Johor Port, which is also a member of MMC Group, with Pelindo IV. Johor Port's training provider Johor Port Skill Centre (JPSC) will carry out all the trainings.

Among the competency development programmes under port training services are operation of forklifts and cranes and training for conventional and container terminal operations. Besides that, joint-marketing activities are to be made by MMC Ports and Johor Port with Pelindo IV ports under the sister port partnership programme. Meanwhile, JPSC is cooperating with the Johor Economic Planning Unit and the Department of Skills Development to offer technical and port operational training to school leavers.

Source: The Star, 21 February

Malaysia: Bintulu Port Appoints Datuk Mohammad Medan as New CEO

Datuk Mohammad Medan Abdullah has been chosen as the new CEO of port services company Bintulu Port Holdings (Bintulu Port). Datuk Mohammad Medan has more than 30 years of

Shipments of Timber and Timber Products through Ports in Peninsular Malaysia, February 2017

Products	Port Klang		Kuantan		Pasir Gudang		Tanjung Pelepas		Penang		Total all Ports m^3	% Change Feb 2017/ Jan 2017
	m^3	% Change Feb 2017/ Jan 2017	m^3	% Change Feb 2017/ Jan 2017	m^3	% Change Feb 2017/ Jan 2017	m^3	% Change Feb 2017/ Jan 2017	m^3	% Change Feb 2017/ Jan 2017		
Sawntimber	55,339	-7	8,201	-41	1,187	-0.17	540	23	12,573	-11	77,840	-13
MDF	23,528	-12	0	-100	4,669	-28	5,750	152	19,174	24	53,121	3
Mouldings	11,647	25	168	150	1,697	-8	395	-13	1,657	-25	15,664	12
Plywood	7,403	-7	152	49	32	-79	103	58	7,747	1	15,437	-3
Veneer	1,216	68	0	-100	12	-76	152	37	829	-50	2,209	-13
Particleboard	34,020	21	334	-1	418	65	0	-100	2,443	0	37,215	19
TOTAL	**133,153**	**0**	**8,955**	**-41**	**8,016**	**-20**	**6,940**	**102**	**44,423**	**2**	**201,487**	**-2**

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experience in the oil and gas sector. The appointment will be effective on 1 March 2017. He is taking over the position from outgoing Datuk Mior Ahmad Baiti Mior Lub Ahmad.

In a related note, Bintulu Ports reported that its net profit in the fourth quarter of 2016, ended 31 December 2016, increased year-on-year from RM42.04 million (EUR8.97 million, USD9.47 million) to RM43.16 million. Meanwhile, the company's revenue also expanded year-on-year by 10% from RM151.03 million to RM166.11 million. The company's revenue for the full year of 2016 increased year-on-year by 7% from RM547.36 million to RM583.62 million. Meanwhile, the net profit of the company in the reporting year also expanded year-on-year by 18% from RM127.57 million to RM149.84 million.

Source: The Edge Financial Daily, 28 February

Russia: Port Vanino to Increase Shipment of Timber for Export in 2017

In 2017, the stevedoring company Port Vanino, situated in the Khabarovsk region (Far East) plans to increase transshipment of timber and timber products for export to 1 million tonnes against 580,000 tonnes in 2016. As expected, the volume of roundwood will amount to more than 500,000 tonnes, lumber to 200,000 tonnes, pellets to 180,000 tonnes, chipboard to 75,000 tonnes.

Source : PortNews, 2 February

Portugal: Container Volumes Down at Lisbon Port in December 2016

In December 2016, the number of containers shifted at the port of Lisbon in Portugal increased by 52.2%. However, in the whole of the year, the drop in container operations decreased by 18.7% on the previous year. At the same time, container cargo traffic at Setubal port rose 19.2% and at Figueira da Foz and Sines ports by 15.6% and 13.6% respectively. At Leixoes, traffic volumes increased by 5.6%. Following these fluctuations, Sines ranked first port in Portugal accounting for 55.1% of all container volumes. As a whole, container traffic at all ports rose by 6.4% on 2015, to 2.7 million TEUs.

Source: Jornal de Negocios, 9 February

Germany: Freight Handled at Port of Hamburg Up 0.3% in 2016

According to Hafen Hamburg Marketing, the marketing organisation for the Port of Hamburg in Germany, the total amount of freight handled at the port went up by 0.3% to 138.2 million tonnes in 2016. The total amount of containers handled increased by 1% to 8.9 million tonnes. The amount of goods handled from the port's largest trade partner China grew by 1.6%, while goods handled from its second largest trade partner Russia rose by 4.5%. Nevertheless, the Port of Hamburg remains under its highest freight handling figure of 10 million TEUs, and its rival ports of Rotterdam in the Netherlands, Antwerp in Belgium and the Bremen ports in Germany all have higher growth. In addition, Frank Horch, the economic economics senator for Hamburg, called for the Hamburg senate to continue supporting the deepening of the Elbe river as it is an essential part of Hamburg's economic development. It was also noted that the number of huge container ships with a capacity of over 14,000 TEUs in Hamburg climbed by over 60% in 2016.

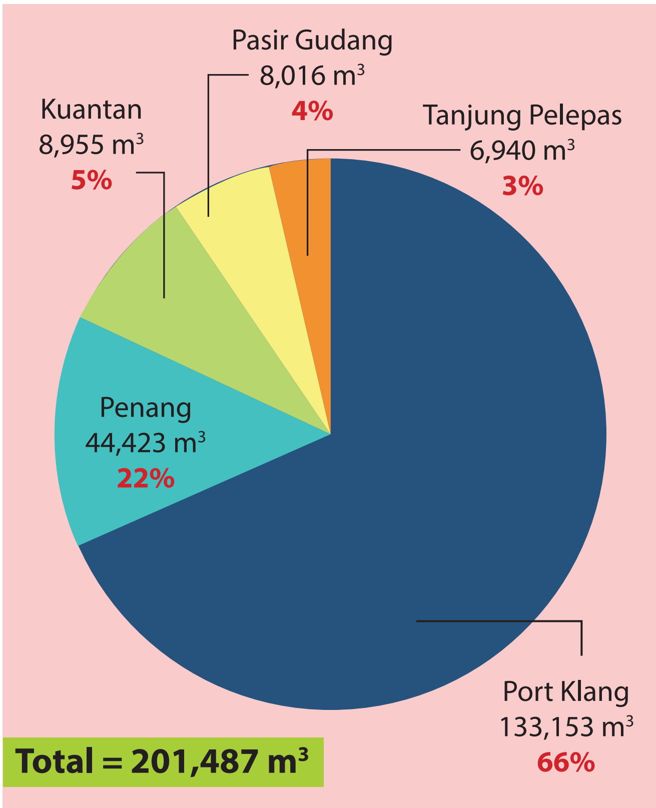
Source: Handelsblatt, 15 February

Spain: Port of Barcelona Ups Goods Traffic to 3.6 Million Tonnes in January 2017

Goods traffic at the Port of Barcelona totalled 3.6 million tonnes during January 2017, which is 5% more than in the same period of 2016. Container traffic rose 13% to 177,810 TEUs with exports to China growing 41%, to the UAE 65%, to Singapore 71%, to South Korea 47% and to Japan 26%.

Source: Expansión, 18 February

Timber Shipment through Ports in Peninsular Malaysia, February 2017



FEBRUARY 2017

Total export of Malaysia timber and timber products in February 2017 decreased 11% valued at RM1.73 billion over the previous month. However, cumulative export for the period of January to February increased slightly 1% in value to RM3.67 billion against the same corresponding period in 2016.

SAWNTIMBER

Export of sawntimber in February 2017 decreased 7% in volume and value to 159,593 m^3 with a value of RM283.3 million as compared to the previous month. Cumulative export for the first two months of 2017 however increased 14% in volume and 15% in value to 330,876 m^3 totalling RM586.6 million over the previous corresponding period.

Export of sawntimber to the EU for the month increased 6% to 10,864 m^3 from 10,229 m^3 in the previous month. Export to the Netherlands and UK increased 15% and 12% to 5,274 m^3 and 2,218 m^3 respectively from the previous month. Similarly, export to Germany improved 4% to 906 m^3 from 872 m^3 in the previous month. In the meanwhile, export to Belgium declined 38% to 784 m^3 followed by France with 30% to 439 m^3.

Total exports to West Asia decreased 21% to 21,504 m^3 from 27,155 m^3 recorded in the previous month due to declining demand from major countries in the region. Export to the UAE decreased 26% to 5,422 m^3 followed by Oman with 78% to 2,548 m^3 and Saudi Arabia with 16% to 1,350 m^3. On the other hand, Bahrain and Kuwait improved purchases of sawntimber by 21% to 1,198 m^3 and 22% to 769 m^3 respectively.

Buying from ASEAN increased slightly by 3% to 65,575 m^3 from 63,933 m^3 registered in the previous month. However, export of sawntimber to Thailand, major buyer of sawntimber from Malaysia decreased 20% to 29,484 m3 from 36,621 m^3 in the previous month. Export to the Philippines improved 53% to 29,498 m^3 from 19,283 m^3 recorded in the previous month due to increasing construction activities in the country.

In the meanwhile, shipments to East Asia decreased marginally to 37,264 m^3 with export to Taiwan and Japan decreased 28% to 5,651 m^3 and 32% to 4,164 m^3 respectively. Similarly, export to South Korea declined 52% to 1,556 m^3 from 3,246 m^3 in the previous month. However, export of sawntimber to China increased 27% to 25,568 m^3.

Elsewhere, exports to the US increased 10% to 1,018 m^3 followed by Australia with 21% to 808 m^3. Meanwhile, demand from South Africa decreased 21% to 4,180 m^3.

The average FOB price of sawntimber increased 0.4% to RM1,775 per m^3 from RM 1,768 per m^3 in the previous month. Price of Dark Red Meranti (DRM) decreased 1% to RM2,784 per m^3 from RM2,825 per m^3 in the previous month. Price of DRM to the Netherlands decreased 4% to RM3,355 per m^3 from RM3,487 per m^3 in the previous month. Keruing was traded at RM1,774 per m^3, an increase of 8% from RM1,636 per m^3 in the previous month.

PLYWOOD

Export of plywood in February increased by 8% in volume and 6% in value to 205,034 m^3 valued at RM367.1 million as compared to the previous month.

Total exports to the EU increased by 14% to 9,638 m^3. Similarly, exports to Belgium, Denmark and Ireland increased by 334%, 26% and 301% to 955 m^3, 215 m^3 and 1,332 m^3 respectively whilst France and Italy resumed their intake. However, Netherlands and the UK reduced their intake by 13% and 16% to 946 m^3 and 5,540 m^3 respectively whilst Germany did not make any purchases.

Exports to ASEAN region decreased as Brunei and Thailand intake of plywood reduced by 45% and 27% to 769 m^3 and 5,043 m^3 respectively whilst Indonesia did not make any purchases. Conversely, Singapore and the Philippines improved their intake by 27% and 116% to 2,797 m^3 and 4,197 m^3 respectively. In East Asia, China, Hong Kong, South Korea and Taiwan increased their intake by 159%, 525%, 27% and 46% to 2,770 m^3, 2,644 m^3, 31,133 m^3 and 16,203 m^3 respectively. However, Japan's intake of plywood reduced by 13% to 93,031 m^3.

Overall exports to West Asia increased by 85% as compared to the previous month. Similarly, shipments to Saudi Arabia, UAE, and Kuwait increased by 185%, 102% and 128% to 2,115 m^3, 4,235 m^3 and 196 m^3 respectively whilst Yemen resumed its intake. On the other hand, Bahrain and Qatar reduced their intake by 32% and 45% to 423 m^3 and 257 m^3 respectively.

Elsewhere, exports of plywood to the US, Mexico, Australia and New Zealand increased by 52%, 56%, 9% and 760% to 12,903 m^3, 4,426 m^3, 2,627 m^3 and 172 m^3 respectively. However, South Africa reduced its intake by 39% to 279 m^3 whilst Algeria, Mauritius,

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FEBRUARY 2017

Canada and Turkey did not make any purchases.

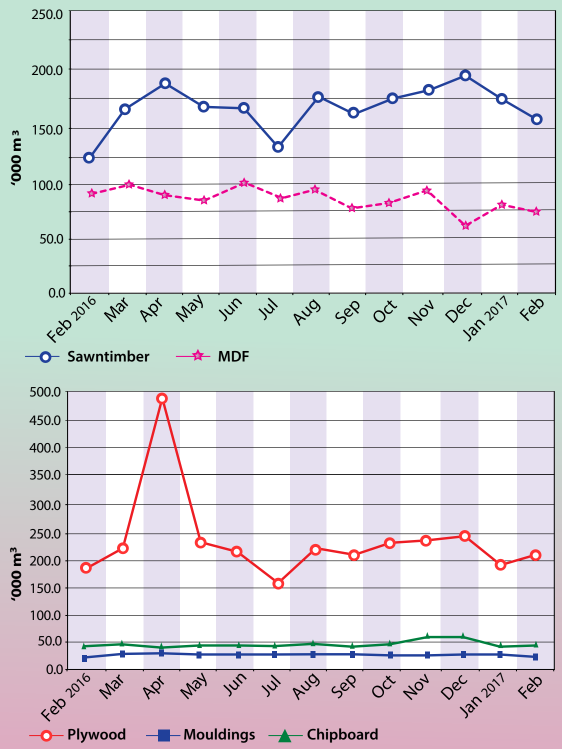
The FOB price of plywood decreased by 2% to RM1,790 per m³ from RM1,831 per m³ in the previous month.

VENEER

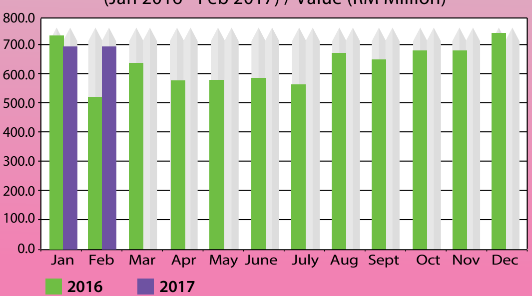
Export of veneer for February 2017 decreased by 12% in volume and 11% in value to 15,840 m³ at RM24.1 million as compared to the previous month. Similarly, exports to Singapore, the Philippines, Taiwan, India and Australia declined by 99%, 50%, 39%, 57% and 29% to 3 m³, 558 m³, 3,463 m³, 255 m³ and 76 m³ respectively whilst Italy and Chile did not make any purchases. On the contrariwise, Viet Nam, China, South Korea and Canada improved their intake by 1,133%, 43%, 4% and 250% to 37 m³, 3,411 m³, 6,895 m³ and 28 m³ respectively.

The FOB price of veneer increased to RM1,520 per m³ from RM1,505 per m³, an increase of 1% from the previous month.

Malaysia : Export of Major Timber Products
(Feb 2016-Feb 2017/Volume ('000m³)



Malaysia : Export of Wooden Furniture
(Jan 2016 - Feb 2017) / Value (RM Million)



Source : Department of Statistics, Malaysia

MEDIUM DENSITY FIBREBOARD (MDF)

Malaysia's exports of MDF for February 2017 decreased 6% both in volume and in value compared to previous month. Export totalled 75,180 m³ at RM90.2 million.

Exports to East Asia registered an increase of 6% to 14,227 m³ from 13,441 m³ in the previous month. Similarly, exports to Taiwan and China including Hong Kong recorded negative growth with a decrease of 2% to 571 m³ and 50% to 104 m³ respectively. However, exports to Japan grew by 3% to 12,737 m³ followed by South Korea at 152% increased to 815 m³.

Exports to West Asia recorded negative growth of 4% to 31,761 m³ from 33,218 m³ in the previous month. Similarly, export to Kuwait, Syria and Lebanon decreased by 27% to 3,764 m³, 83% to 1,604 m³ and 93% to 189 m³ respectively. However, export to Oman, the UAE, Qatar, Bahrain, Saudi Arabia and Jordan increased by 3% to 530 m³, 7% to 11,047 m³, 45% to 1,292 m³, 52% to 1,207 m³, 82% to 5,681 m³ and 293% to 161 m³, whilst Iran resumed its intake.

Exports to South Asia decreased by 25% to 12,323 m³. Contrariwise, export to Sri Lanka increased by 113% to 3,428 m³. Similarly, export to Pakistan, Bangladesh and India decreased by 6% to 5,995 m³, 61% to 1,165 m³ and 68% to 1,735 m³ respectively.

Elsewhere, exports to Australia, the UK, South Africa and Mauritius increased by 32% to 2,515 m³, 168% to 324 m³, 168% to 153 m³ and 269% to 236 m³. However, export to the US decreased by 35% to 1,128 m³.

In ASEAN, total export to ASEAN region increased by 44% to 11,635 m3 from 8,083 m³ in the previous month. Export to Singapore and Viet Nam increased by 35% to 193 m³ and 109% to 7,126 m³ respectively. However, export to the Philippines decreased by 4% to 1,883 m³ and Indonesia decreased by 6% to 2,356 m³.

The FOB price of MDF decreased to RM1,199 per m³ from RM1,200 per m³, a decrease of 0.1% from the previous month.

MOULDINGS

Exports of mouldings for the month decreased

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LOGS

Price of logs continued to stable and the supply remained available in the market. Most mills reported that they have adequate log inventories for current usage.

Log prices for the species of Chengal, Balau and Merbau stood firm at RM4,000 per tonne, RM3,000 per tonne and RM2,650 per tonne respectively. Similarly, prices of Keruing and Kempas continued to be traded at RM1,350 per tonne and RM1,740 per tonne respectively. Meanwhile, prices of Red Meranti increased by 6.1% to RM1,750 per tonne. On the other hand, logs prices for Mixed Heavy Hardwood charted at RM988 per tonne whilst prices of Mixed Light Hardwood remained at RM1,200 per tonne.

SAWNTIMBER

The average sawntimber prices reported to remain firm with no significant changes in prices due to slow demand from domestic markets.

The sawntimber prices of Chengal, Balau and Merbau maintained at RM6,921 per m^3, RM3,178 per m^3 and RM3,778 per m^3 respectively. Prices of Red Balau increased by 5% to RM2,966 over the previous month. Prices for Keruing and Kapur were traded at RM1,766 per m^3 and RM2,248 per m^3 respectively. Meanwhile, prices for Kempas and Red Meranti increased by 3.3% and 1.8% respectively to RM2,225 per m^3 and to RM1,977 per m^3. However, prices of Jelutong fell slightly by 3.6% to RM1,497 per m^3. On the other hand, sawntimber prices of Mixed Heavy Hardwood maintained at RM794 per m^3, whilst Mixed Light Hardwood prices increased by 6.3% to RM1,201 per m^3.

PLYWOOD

The supply of plywood to the domestic market remained adequate for the month under review. The prices of plywood of 4mm, 6mm, 9mm and 12mm of thicknesses were continued to be traded at RM14.60, RM22.00, RM34.50 and RM42.00 per piece respectively.

MEDIUM DENSITY FIBREBOARD (MDF)

The MDF industry reported that until the first quarter they are still facing shortage supply of raw material due to stiff competition from other users of timber. The MDF prices of 4mm, 6mm, 9mm and 12mm of thicknesses were sold at RM12.10, RM16.55, RM22.15 and RM28.80 per piece respectively.

INTRA-MALAYSIA TRADE * - FEBRUARY 2017

The shipments of sawntimber from Sabah to Peninsular Malaysia for the month under review decreased to 76% in volume from 527 m^3 last month to 129 m^3 which valued at RM342,000. Export of plywood however increased by 38% in volume at 10,077 m^3 worth RM17.2 million. Meanwhile, no exports of veneer recorded for the month.

Export of sawntimber from Sarawak to Peninsular

INTRA-MALAYSIA TRADE – FEBRUARY 2017

From	Products	JAN 2017		FEB 2017		% Change in Volume Feb 2017 / Jan 2017	% Change in Value Feb 2017 / Jan 2017
		Volume (m^3)	Value (RM '000)	Volume (m^3)	Value (RM '000)		
SABAH	Logs	0	0	0	0	0	0
	Sawntimber	527	1,613	129	342	-76	-79
	Plywood	7,328	12,939	10,077	17,132	38	32
	Veneer	0	0	0	0	-0	0
SARAWAK	Logs	0	0	0	0	0	0
	Sawntimber	60	33	446	370	643	1,021
	Plywood	5,908	8,074	9,064	9,444	20	17
	Veneer	3,870	5,513	4,063	5,864	5	6

Source : Department of Statistics, Malaysia

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Malaysia increased significantly in volume to 446 m³ from 60 m³ recorded last month with the value of RM370,000. Likewise, shipment of plywood increased marginally by 20% in volume to 7,064 m³, worth at RM9.4 million as compared to the previous month. Similarly, export of veneer rose tremendously to 4,063 m³ from 3,870 m³ recorded last month worth at RM5.9 million.

No intra trade from Peninsular Malaysia to Sabah and Sarawak was recorded in February 2017.

** Source: MTIB and Department of Statistics, Malaysia*

***AVERAGE DOMESTIC PRICES OF LOGS, SAWNTIMBER, PLYWOOD AND MDF IN PENINSULAR MALAYSIA FEBRUARY 2017 (VALUE IN RM)**

SPECIES	LOGS/tonne	SAWNTIMBER/m³			
	18" UP	GMS	STRIPS		SCANTLINGS
HEAVY HARDWOOD					
Chengal	4,000	6,921	7,274		8,828
Balau	3,000	3,178	3,249		3,531
Red Balau	2,350	2,966	3,037		3,249
Merbau	2,650	3,778	3,814		3,955
Mixed Heavy Hardwood	988	794	851		975
MEDIUM HARDWOOD					
Keruing	1,350	1,766	2,020		2,203
Kempas	1,740	2,225	2,331		2,336
Kapur	1,700	2,248	2,260		2,331
Mengkulang	1,100	1,483	1,554		1,624
Tualang	1,400	2,472	2,542		2,585
LIGHT HARDWOOD					
Dark Red Meranti	1,900	2,013	2,154		2,707
Red Meranti	1,750	1,977	2,013		2,119
Yellow Meranti	1,150	1,342	1,448		1,554
White Meranti	1,070	2,119	2,189		2,260
Mersawa	1,480	1,554	1,624		1,660
Nyatoh	900	777	812		847
Sepetir	1,100	1,283	1,335		1,469
Jelutong	1,140	1,497	1,589		1,595
Mixed Light Hardwood	1,200	1,201	1,236		1,271
MALAYSIAN RUBBERWOOD *Hevea brasiliensis*	**LOGS/tonne**	**SAWNTIMBER/m³**			
		1" X 1"	**2" X 2"**	**3" X 3"**	**4" X 4"**
	180	784	1,191	1,318	1,389
PLYWOOD 4' X 8' (RM per piece)	**4mm**	**6mm**	**9mm**		**12mm**
	14.60	22.00	34.50		42.00
MDF 4' X 8' (RM per piece)	**4mm**	**6mm**	**9mm**		**12mm**
	12.10	16.55	22.15		28.80

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

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16% in volume and 7% in value to 16,599 m^3 and RM61.2 million respectively. Cumulative export for the period of January to February decreased by 2% in volume and 5% in value to 36,412 m^3 with a value of RM127.2 million respectively.

Exports to the EU decreased 13% to 6,280 m^3. Shipments to the Netherlands and UK reduced by 16% to 3,380 m^3 and 30% to 448 m^3 respectively, whilst Italy do not make any purchases. However, demand from Germany increased 10% to 966 m^3.

Exports to ASEAN region, declined as Singapore and Viet Nam registered a reduction of 48% to 782 m^3 and 55% to 93 m^3 respectively. However, export to Indonesia improved 6% to 38 m^3.

Export to South Korea and Hong Kong registered a decline of 39% and 38% to 1,324 m^3 and 125 m^3 respectively. Similarly, intake by Japan reduced 16% to 1,453 m^3. Meanwhile export to China and Taiwan increased by 190% and 517% to 768 m^3 and 179 m^3 respectively.

Elsewhere, export to the US and Canada increased by 60% and 144% to 1,599 m^3 and 95 m^3 respectively. However export to Australia declined by 7% to 2,641 m^3.

FOB unit value for mouldings grew marginally of 11% to 3,690 m^3 from 3,328 m^3.

BUILDERS JOINERY AND CARPENTRY (BJC)

Total BJC cumulative exports from January to February 2017 recorded a decrease of 4% in volume to 29,145 m^3 however increased 3% in value to RM196.2 million as compared to the corresponding period last year.

Export to the EU increased 18% to RM56.0 million. Likewise, export to Denmark, Belgium, Germany, France, Italy and the Netherlands increased by 56%, 28%, 12%, 62%, 157% and 162% to RM4.3 million, RM6.1 million, RM4.6 million, RM4.2 million, RM1.6 million and RM1.7 million respectively. Export to Sweden and Turkey also increased by 50% and 61% with RM2.1 million and RM447.0 thousand respectively. However, export to the UK decreased by 17% to RM24.1 million.

In Asia, exports to Pakistan, Saudi Arabia, UAE and South Korea grew 6%, 18%, 106% and 68% to RM10.6 million, RM1.3 million, RM1.1 million and RM805.54 thousand respectively. However, exports to Singapore, Japan, India, Thailand, Viet Nam and Taiwan decreased by 3%, 2%, 11%, 46%, 6% and 7% to RM21.7 million, RM12.1 million, RM9.1 million, RM4.8 million, RM4.0 million and RM2.6 million respectively, whilst Qatar did not make any purchases. Bahrain resumed its intake to RM594.7 thousand.

Meanwhile, South Africa reduced its purchases by 2% to RM2.4 million. On the other hand, exports to Australia increased by 4% to RM35.0 million compared to the previous corresponding year. Likewise, the US increased its intake by 7.0% to RM17.7 million from RM16.6 million in the previous corresponding period, whilst Mauritius did not make any purchases.

FURNITURE

Total export of wooden and rattan furniture for the period under review in 2017 rose 2% from the corresponding period of 2016. Total shipment recorded RM1.3 billion against RM1 billion in 2016.

Export of wooden furniture from Malaysia for January to February 2017 increased 3% compared to the same period in 2016. There has been mix performance across most major markets. Imports of wooden furniture by the US expanded 8% from RM451.1 million to RM488.1 million. Japan decreased its consumption by 6% from RM138.7 million to RM130.5 million. Consumption by Australia also dropped 3% from RM100 million to RM97 million. Intake by Singapore remained positive with a 2% increase from RM66.3 million in 2016 to RM67.5 million in the corresponding period in 2017. Shipments to the UK picked up 6% in 2017 to record RM83.2 million. Canada saw a modest increase of 5% to RM41.7 million.

Meanwhile exports to the UAE and South Korea in February 2017 recorded a negative growth with a decrease of 34% and 3% to reach RM24.1 million from RM36.6 million and RM 20.2 million from RM20.8 million respectively. However, China uptake of wooden furniture strengthened with an increase of 65% to reach RM22.3 million.

Meanwhile, rattan furniture shipments had a decrease of 46% to RM6.3 million in 2017 from RM11.6 million in 2016. Singapore is the top importer with an intake of RM912 thousands, despite a decrease of 43%. The UK is the top importer with an intake of RM176 thousand, despite a decrease of 84%. Thailand and Viet Nam consumption also reduced by 52% and 84%. However, India consumption is almost doubled in 2017, charting RM1.6 million.

MIFF 2017

Official opening by YB Datuk Seri Mah Siew Keong, Minister of Plantation Industries and Commodities (centre).

The Malaysian International Furniture Fair (MIFF) is an export-oriented furniture trade show held annually in Kuala Lumpur, Malaysia. A leading furniture industry event in Southeast Asia, it is also a global sourcing centre. MIFF 2017 was held from 8 to 11 March at the Putra World Trade Centre (PWTC) and MATRADE Exhibition and Convention Centre (MECC), Kuala Lumpur.

The event attracted a record 543 exhibitors which included both local and international companies. YB Datuk Seri Mah Siew Keong, Minister of Plantation Industries and Commodities officiated the opening ceremony. In his remarks, YB Datuk Seri Mah said MIFF provided a valuable platform for furniture buyers and producers to interact and connect with global markets. He further added that, this year's exports would exceed 4%, even though the world economy had been facing a lot of challenges. He added that Malaysia is currently the eighth largest furniture exporter in the world and has the potential to "climb up the ranks." He foresaw that within the next five years, Malaysia would be ranked among the top five exporters in the world.

YB Datuk Seri Mah Siew Keong visited MTIB booth.

MIFF continued to be a good platform for Malaysian companies to showcase their products to visitors and potential buyers. MTIB's participation in MIFF 2017 was to promote Malaysian furniture products that have the potential to expand their export markets as well as to promote MTIB services. FS Design Furniture and Luxury Richway Sdn. Bhd. also joint MTIB in the exhibition. Several enquiries on products displayed were also reported and MTIB exhibited its publications for sale.

MTIB also displayed products under the TANGGAM by MTIB programme, an initiative to nurture and promote outstanding local designers and to create a portfolio of exciting new designs from Malaysia to the international market.

The LOLLA collection from Syarikat Oasis Furniture Industries Sdn. Bhd, designed by Encik Sujak Hasbollah, TANGGAM designer won the platinum award, the MIFF Furniture Excellence Award 2017 under the Office Furniture Category. The collection was also selected to be put on display at the main stage.

Visitors at MTIB booth.

The LOLLA collection from Syarikat Oasis Furniture Industries Sdn. Bhd. designed by Encik Sujak Hasbollah, TANGGAM designer (right).

EXPORT FURNITURE EXHIBITION 2017

YB Datuk Seri Mah Siew Keong, Minister of Plantation Industries and Commodities (fourth from right) with other VIPs and invited guests at the official opening of EFE 2017.

The Export Furniture Exhibition (EFE), is one of the region's most important and comprehensive event in the furniture industry calendar. It is a buying and networking event presented by the Malaysian Furniture Council (MFC) and organised by EFE Expo, a wholly-owned company of MFC. The event which took place from 8 to 11 March at Kuala Lumpur Convention Centre (KLCC) provided an opportunity to do business conveniently between the exhibitors and buyers. EFE offers the platform for manufacturers to meet the buyers and decision makers especially from foreign markets where exclusive networking opportunities and building partnerships with leading industry players are available.

The four-day event showcased a diverse range of furniture, featuring more than 300 exhibitors across eight halls within a 30,000 square metre exhibition space at KLCC. The event attracted 10,000 trade visitors from 138 countries including the United States, Britain, Australia, the Philippines and China. Among the highlights were the India Export Pavilion hall dedicated to promoting greater access to this emerging market, seminars by industry experts and the Professional Designers Programme (PDP) which saw 20 new furniture designs. A programme by MTIB, the PDP showcased designs by Malaysian and international designers with the prototypes manufactured by selected Malaysia furniture factories.

YB Datuk Seri Mah Siew Keong, Minister of Plantation Industries and Commodities, in his opening remarks said that today Malaysia furniture industry was one of the most successful clusters among the small and medium enterprises, with Malaysia ranking as the eighth largest exporter globally. He urged the industry to explore emerging and growing market potentials such as in China, India, ASEAN countries as well as in our FTA partner countries. He added that the demand in these countries are expected to grow and expand the middle class. He further added that the government will continue to facilitate the development of the furniture industry to be more vibrant and competitive. He urged all industry players to continue to work closely with other

YB Datuk Seri Mah Siew Keong at the booth.

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WORKSHOP ON THE EMPOWERMENT OF HUMAN CAPITAL DEVELOPMENT IN THE TIMBER INDUSTRY

YBhg. Dato' Dr. Jalaluddin Harun, MTIB Director-General delivering his opening speech.

Globalisation, competition and technological advancements have intensified the demand for more highly skilled workers in the timber industry. Knowledge and skills will be the key factors that will determine the sustainability and competitiveness of the industry. In this regard, there are a few major issues and challenges faced by the timber industry in Malaysia concerning the industry workforce. The workforce needs to be trained and retrained annually. In terms of the categories of employment, the training would involve workers at the managerial, supervisory and the operations levels.

MTIB is the Industry Lead Body (ILB) for human capital development in the wood-based industry, as appointed by the Department of Skills Development (DSD), under the Ministry of Human Resources (KSM). As an ILB, MTIB will continue to develop skilled human resource in the wood-based sector. In addition, ILB is one of the mechanisms that will support the development of human capital, as stipulated in the National Timber Industry Policy (NATIP). In line with the development of skills and human resources in the wood-based industry, MTIB through Wood Industry Skills Development Centre (WISDEC) has carried out its role in providing industry-oriented skills training.

In lieu with its role in developing human capital in the industry, MTIB organised a brainstorming workshop on human capital development in the timber industry on 21 March in Bangi, Selangor. YBhg. Dato' Dr. Jalaluddin Harun, MTIB Director-General officiated this programme.

The workshop focused on the issues, challenges and way forward for human capital development in the timber industry. The topics presented in the workshop were as follows;-

- Status of Timber Industry in Malaysia and Timber Industry Census Project by Encik Mohd Nizam Hamid, MTIB Deputy Director of Strategic Planning

- Human Capital Development in Line with The Fifth Strategic Thrust of the NATIP and a Study of the Workforce in the Timber Industry by Dr. Mohd Nor Zamri Mat Amin, Director of WISDEC

- Malaysian Skills Certification Under the Department of Skills Development in the Field of Resource-based (Wood) by Encik Sukri Bin Ismail, Director of DSD

- Needs of Workforce by Industry by Encik Albert Khoo from Kuala Lumpur Selangor Furniture Industry Association

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- Cluster 1 – Human Capital Development in Timber Industry at Diploma, Degree and Advance Degree by Assoc. Prof. Dr. Rasmina Halis from Universiti Putra Malaysia (UPM)

- Cluster 2 - Human Capital Development in Timber Industry at Skill Certificate by Encik Mohd Khairun Naim bin Mustaffa from Institut Kemahiran MARA Sungai Petani, Kedah

- Cluster 3 - Human Capital Development in Timber Industry at College/School by Puan Norhayati Khamidin from Technical and Vocational Education Division (BPTV), Ministry of Education

The brainstorming session was facilitated by Dr. Khamurudin Mohd Nor from UPM. There were 100 participants at the workshop, comprising MTIB officers, representatives from government agencies and universities, public and private skills training institutions, and representatives from the industry.

MTIB is planning to organise a series of meetings, workshops and consultations with all related parties and stakeholders. The ultimate objective of this flagship programme is to produce a document on Strategic Plan of Human Capital Development in the Timber Industry (2018 – 2025) by the end of the year.

Group presentation during the workshop.

Attendees at the workshop.

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Timber News

stakeholders throughout the supply chain and broaden the network to explore new possibilities strategically.

MTIB coordinated the participation of four furniture companies in EFE 2017 namely FS Design Furniture, Fly Tred Resources Sdn. Bhd., Timber Art Design and Colydor Industries. The products displayed included a garden furniture set, office furniture, living furniture, tv cabinet and decorative products. EFE provided the avenue for SME entrepreneurs to explore the export markets and to meet new buyers as well as to gain market information and exposure. A number of immediate as well as negotiated sales on products displayed were also reported.

Attendees during official opening of EFE 2017.

BUMIPUTERA PARTICIPATION IN MIFF 2017

Developing Bumiputera entrepreneurs is one of the National Timber Industry Policy's (NATIP) agendas. In line with that, MTIB assisted the development of potential Bumiputera furniture SMEs in venturing the export market by coordinating their participation in MIFF 2017. MIFF also provided the best platform for local players in the country to exhibit their furniture in their pursuit to penetrate the export market.

In MIFF 2017, which was held on 8-11 March at PWTC and MECC, Kuala Lumpur, MTIB coordinated the participation of six SME companies whose products were specially developed for the exhibition. These companies were Puncak Bumi Utama Sdn. Bhd., Excelfurn Sdn. Bhd., Ramaco Bena Sdn Bhd., Meranti Furniture Sdn. Bhd., Maszma Marketing Sdn. Bhd. and Valencia Accord 5.

Some of the companies were first timers and for these new exhibitors, the aim of their participation was mainly to gain knowledge and exposure with respect to marketing furniture in the global market. The exhibitors received encouraging feedback and numerous enquiries were made on their products.

Almost 300 trade visitors mainly from East Asia, Middle East and Europe, visited the Bumiputera booths. The companies recorded RM5.58 million worth of orders.

Products from Puncak Bumi Utama Sdn. Bhd.

Bedroom sets manufactured by Ramaco Bena Sdn. Bhd.

Products displayed by Valencia Accord 5.

Foreign buyers at Excelfurn Sdn. Bhd.

PROFESSIONAL DESIGNERS PROGRAMME (PDP) –2ND EDITION (2016/2017)

YB Datuk Seri Mah Siew Keong, Minister of Plantation Industries and Commodities (third from right) posing with VIPs at the booth.

Higher export value of timber and timber products can only be driven by value added and finished products which include furniture. Therefore, MTIB is encouraging the Malaysian furniture industry to venture more into Original Design Manufacturer (ODM), as opposed to Original Equipment Manufacturer (OEM). If we are only dependent on reproductions, we will produce a high volume, but with very little profit margin. Henceforth, MTIB has envisioned the Professional Designers Programme (PDP) as a sub-project of the Furniture Design Development Project. In collaboration with the Malaysian Furniture Promotion Council (MFPC), MTIB aims to take research in furniture design to the next level, through the development of design with professional designers and Malaysian furniture manufacturers.

The PDP project, which has been developed by the MFPC and partly funded by MTIB, is a design development programme which is supported by the Ministry of Plantation Industries and Commodities (MPIC) to help reach the goals of the National Timber Industry Policy (NATIP) of RM16 billion furniture exports by 2020. It is an ambitious and complex plan, but it is fully supported by the government and government agencies, as well as the local furniture industry, all committed to rendering Malaysian companies stronger and more competitive in the international market.

The PDP project introduces the ODM/OBM principles into an industry which is mainly running on an OEM model, thus making it a little bit complicated and challenging. But the early results of the programme is encouraging and showing promise.

This effort is in line with MTIB's functions which are;

- to develop and commercialise research findings for the benefit of the timber industry and to encourage the commercial use of research findings
- to carry out research and development activities for the development of timber products and downstream activities

This collaboration is also in accordance with MFPC's objectives which are;

- to conduct research and development works on furniture design for the Malaysian furniture manufacturing industry
- to engage experts, both locally and/or internationally to conduct research and development works on furniture design

The PDP team of four professional designers will collaborate with 12 TANGGAM designers. The mentors and mentees will be exposed to furniture design entrepreneurship whilst working with four Malaysian furniture manufacturers and exporters.

During the briefing of the PDP 2nd Edition, all the participating companies - Hup Chong Sdn. Bhd., Jukraf Sdn. Bhd., IB Sofa Sdn. Bhd. and NSF Group Sdn. Bhd. - have expressed their willingness to insert all the designs created during PDP into their product lines. Some of them are actively working on their brands to accommodate the needs of these new collections, and one in particular – NSF Group – has created a brand called Nokta, and has already exhibited the designs at the last IFFS in Singapore.

This programme is something which has a great traction and lasting power. It does not only create objects – it creates relations, and fosters cooperation between all the players of the furniture and furnishings supply chain, from design to distribution.

There were four companies participating in the project in the first year, the 1st Edition (2015/2016). One of them, Deep Sdn. Bhd., presented two very interesting products designed by one of the international designers participating to the project, Manolo Bossi. Their relationship even after the project was finished, and this year, Deep presented a living room collection called Zix Designed by Manolo Bossi which won the First Prize in the EFE Best Product Award for the Living Room Category.

PDP is currently working towards three main directions :

i) To raise the traction of the project, to include more designers and more companies.
   PDP is studying the possibility of including

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more companies in the lineup to achieve a bigger effect and introduce more original designs in their production. Also, this would help open a big channel of global communication and influence. The companies would get more creative stimuli from such a cooperation – and this would have a very positive effect as a whole for Malaysian's open, multicultural society.

ii) To give the companies all the needed support to confront new markets and customers.

A company operating in the ODM/ OBM market has very different exigencies and drivers compared to an OEM one, so it requires some exclusive competencies which must be understood thoroughly to be used effectively. The most advanced marketing and communication techniques – which right now are mainstream in the international industry – are mandatory to compete on a global scale, and have the same, if not bigger, importance than having a few new designs in your lineup of products and so, the PDP aims to provide those tools, competencies and techniques as well through the cooperation of internationally acclaimed experts.

iii) To reach a very wide recognition in Malaysia and internationally.

To showcase the Malaysian furniture industry as ready and mature enough to be presented internationally. Malaysia has a fully developed industry, and its companies are ready to fulfil its clients' every need, from the most simple to the most complex. The companies themselves are excited about this possibility, which would have a tremendous boost on their expansion efforts, and providing them a ready access to new markets and new possible clients. Therefore, it is very fitting that MFPC, MTIB and MPIC are presenting PDP as a collective exhibit in one or more of the most important design furniture fairs of the world.

Additionally, Malaysian designers, especially the TANGGAM designers, are the ones who are getting the most benefit from this project. This project involves both international and local designers, who are cooperating elbow to elbow, on the same level of professionalism, with the companies. PDP is showing the companies industry standards of working with a freelance designer, paving the way to introducing this relationship for everyone in the industry.

While the Malaysian companies previously did not generally employ outside designers, and relied heavily on the owners (as the designers), now they are beginning to do this, and are recognising the added value of original design to boost product value and price. PDP is introducing to them this concept, so it may become part of their business culture.

The companies are also learning how to relate with an external designer – how to create a design brief, how to setup a royalty agreement to pay the designers' work, etc. This process is quite new and groundbreaking for the industry at large.

Furthermore, PDP is offering to local designers a lot of contact opportunities, both with the companies, and with established players of the design field worldwide – and this is a small world which is mostly driven by networking and personal relations.

The PDP 2nd Edition has produced 20 production-ready products which were showcased at the DESIGN@HALL7, Export Furniture Exhibition (EFE) 2017, Kuala Lumpur Convention Centre from 8 to 11 March . The PDP Showcase was officiated by YB Datuk Seri Mah Siew Keong, Minister of Plantation Industries and Commodities. The showcase has received a lot of attention from the local and international audience.

Finally, due credit should be given to the Malaysia Pride Recipients who exhibited at MFPC's Malaysia Showcase at Tortona Design Week 2013, Milan, Italy for brainstorming a Design Programme idea which is PDP.

YBhg. Dato' Dr. Jalaluddin Harun, Director-General of MTIB, states – "… One of our main focus is to design for production. These are not just design exhibits to be displayed and then forgotten because the companies do not believe in them.
Each one of these pieces has been carefully crafted and developed to be put into regular production, to go into the market in the quickest possible time. Some of the products will also be displayed by their manufacturing companies in other Asian international trade exhibits in the next few months – and we are convinced that this is the way to go.
Our design and production must make this quantum leap to the next level – and with PDP2, we can demonstrate to everyone that we are ready."

PORT OF TANJUNG PELEPAS : THE BUSINESS ENTRANCE OF JOHOR

Port of Tanjung Pelepas is a container port located in Johor Bahru District, Johor, Malaysia, and is part of the APM terminal. Global Terminal Network holds a minority share in the joint venture. Receiving its maiden vessel on 10 October 1999 on a three-month trial operation, it set a world record as the fastest growing port with 1 million twenty-foot equivalent units (TEU) of containers handled after 571 days of operations. The good performance sealed the port's fate, and it was officially launched by then Prime Minister of Malaysia, Tun Dr. Mahathir Mohamad, on 13 March 2000.

The year 2000 marked the beginning of Port Tanjung Pelepas, the country's premier international transshipment port which has since gained Malaysia increased earnings in foreign exchange. PTP has been consistently wining impressive accolades and gaining international recognitions, making it a top 20 port in just five years.

These achievements have propelled the country further in line with Malaysia's Industrial Master Plan in the state of Johor. These breakthrough followed by the strategic thrust to strengthen the country's position as major global trading nation, as well as to be one of the leading maritime nations regionally and globally.

The global shipping and logistics industry can benefit a lot from PTP. While most of the world's ports are facing congestion and capacity, PTP is fortunate as it is the only port in the region with an ever-expanding berth capacity and productivity, and continuous advancement capabilities to meet the demands of increasing container throughput, traffic growth and bigger vessels. PTP's long term master plan envisages building up to 96 berths, which will be capable of providing a terminal handling capacity of up to 150 million TEU per annum.

Adding to that, PTP is also blessed with natural factors such as being located in a sheltered bay with naturally deep drafts to accommodate vessels of all sizes; even the biggest and the latest leviathans. Having tide restrictions and wide access channels for two way traffic to and from the port, ship can easily berth upon arrival. Yet another advantage here is the 600 meter turning basin for easy maneuvering of vessel.

PTP's valued proposition is driven by its key advantages that offer businesses their competitive edge. This includes its strategic location with close proximity to international trade and shipping lanes. It is also located within Malaysia's new economic metropolis, Iskandar Malaysia and Singapore, the commercial hub of South East Asia.

Connected by an extensive transportation network via sea, air, road and rails, PTP is accessible from any point. Adding to this, the extensive shipping connectivity available at PTP assures you that your goods can be delivered to almost all ports globally.

Johor is the biggest furniture exporter in Malaysia, and furniture is exported to several countries through PTP. Therefore PTP is an important exit point for timber products in Johor and some southern areas of Peninsular Malaysia. Furniture, MDF, mouldings and particle boards are major consignments at PTP. These high value-added products require a smooth and efficient handling of

The main building of Wisma PTP

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Data of timber products exported from PTP from 2012 until 2016 :

YEAR	PRODUCTS	VOLUME (M^3)	LICENSE
2012	MDF	139,846	1,590
	PARTICLE/CHIPBOARD	21,383	93
	MOULDINGS	9,952	365
	SAWNTIMBER	1,611	85
	S4S	3,925	140
TOTAL		**176,717**	**2,273**

YEAR	PRODUCTS	VOLUME (M^3)	LICENSE
2013	MDF	135,640	1,499
	PARTICLE/CHIPBOARD	22,876	122
	MOULDINGS	10,553	422
	SAWN TIMBER	1,090	49
	S4S	3,007	138
	BJC	6,466	118
	FURNITURE (MYTLAS)	13,875	227
TOTAL		**193,507**	**2,575**

YEAR	PRODUCTS	VOLUME (M^3)	LICENSE
2014	MDF	110,754	1,463
	PARTICLE/CHIPBOARD	1,693	51
	MOULDINGS	8,241	314
	SAWNTIMBER	912	26
	S4S	1,736	78
	BJC	8,103	280
	FURNITURE (MYTLAS)	34,154	732
TOTAL		**165,593**	**2,944**

YEAR	PRODUCTS	VOLUME (M^3)	LICENSE
2015	MDF	75,801	1,202
	PARTICLE/CHIPBOARD	959	47
	MOULDINGS	6,619	267
	SAWNTIMBER	1,445	57
	S4S	1,813	65
	BJC	7,088	272
	FURNITURE (MYTLAS)	21,855	625
TOTAL		**115,580**	**2,535**

YEAR	PRODUCTS	VOLUME (M^3)	LICENSE
2016	MDF	60,011	1,016
	PARTICLE/CHIPBOARD	558	19
	MOULDINGS	5,204	224
	SAWNTIMBER	1,737	73
	S4S	4,000	124
	BJC	7,349	205
	FURNITURE (MYTLAS)	37,582	554
TOTAL		**116,441**	**2,215**

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cargo which makes PTP perfect for it as it is known for handling cargo in containers, compared to Pasir Gudang which is known for handling bulk cargo such, petroleum, cereals and timber logs.

As an added value to businesses, the Pelepas Free Zone is the prime avenue for greater cost saving and better reach. It's the ideal place for regional and global logistics, and manufacturing activities due to its proximity to the port's terminal as well as the container yard.

As a committed and socially responsible corporate citizen, CSR efforts are important to PTP. As part of giving back to the community and adhering to good corporate governance practice, PTP strives to enhance the living standard of surrounding communities through community development projects.

Among others, PTP's CSR initiative focuses on elevating the education levels of the youth from the surrounding communities by providing motivation and educational programmes.

Contributing to harmonising with the environment, being sustainable in everything PTP does and taking responsibility for the impact it produces and provides, it conserves the environment through various programmes and initiatives. As a part of its environmental stewardship, PTP contributes efforts to enrich the surrounding environment such as the rehabilitation and improvement of Sungai Pulai estuary.

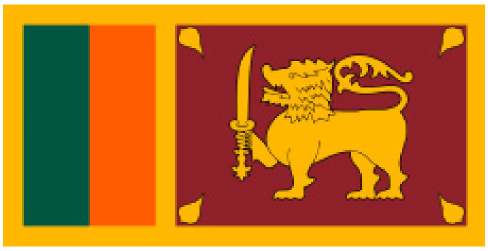
PTP will continue to deliver its contribution towards the major port in the state of Johor with its privileged location and transportation networks Exporters from around Malaysia are increasingly beginning to rely on PTP for their cargo shipment.

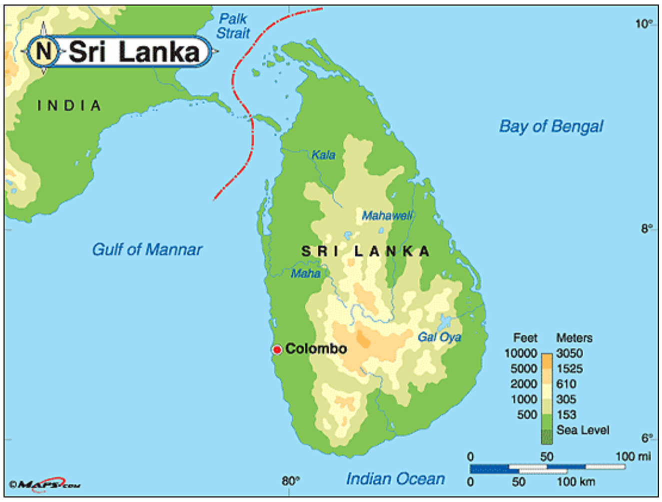
References:

• www.ptp.com.my
• Corporate Affairs Division, PTP

MTIB checking timber products in Port Tanjung Pelepas.

CONSTRUCTION INDUSTRY EXPECTED TO GROW IN SRI LANKA





Introduction

The Democratic Socialist Republic of Sri Lanka, is an island country in South Asia near south-east India. Sri Lanka has maritime borders with India to the northwest and the Maldives to the southwest.

Sri Lanka's documented history spans 3,000 years, with evidence of pre-historic human settlements dating back to at least 125,000 years. Its geographic location and deep harbours made it of great strategic importance from the time of the ancient Silk Road through to World War II.

Sri Lanka was well known from the beginning of British colonial rule until 1972 as Ceylon. A diverse and multicultural country, Sri Lanka is home to many religions, ethnic groups, and languages. In addition to the majority Sinhalese, it is home to large groups of Sri Lankan and Indian Tamils, Moors, Burghers, Malays and the aboriginal Vedda.

Sri Lanka has had a long history of international engagement, as a founding member of the South Asian Association for Regional Cooperation (SAARC), and a member of the United Nations, the Commonwealth of Nations, the G77, and the Non-Aligned Movement. Along with the Maldives, Sri Lanka is one of the two countries in South Asia that are currently rated among high human development on the Human Development Index.

Economy

In the 19th and 20th centuries, Sri Lanka became a plantation economy, well-known for its production and export of cinnamon, rubber and tea, which remains as national export trademark. As of today, Sri Lanka's most widely known export is the Ceylon tea which ISO considers the cleanest tea in the world. Sri Lanka is also the world's second largest exporter of tea.

While the production and export of tea, rubber, coffee, sugar and other commodities remain important, industrialisation has increased the importance of food processing, textiles, telecommunications and finance.

The country's main economic sectors are tourism, tea export, clothing, rice production and other agricultural products. In addition to these economic sectors, overseas employment, especially in the Middle East, contributes substantially in foreign exchange.

As of 2016, the service sector makes up 61% of GDP, the industrial sector 31%, and the agriculture sector 8%. The private sector accounts for 85% of the economy. India is Sri Lanka's largest trading partner. The per capita income of Sri Lanka has doubled since 2010. In 2016, poverty has dropped from 15.2% to 8.9%, unemployment rate has dropped from 7.2% to 4.5%, market capitalisation of Colombo Stock Exchange has quadrupled and budget deficit has doubled.

The port at Trincomalee harbour is the fifth largest natural harbour in the world: during World War II the British stated that they could place their entire navy in the harbour with room to spare.

With a grant of USD20 million from the US and help from China, a space academy has been set up for the purpose of developing an indigenous space sector to launch satellites of other nations as well as of Sri Lanka. This dual use of launching technology will also serve to develop missile technology. On 26 September 2012 China launched Sri Lanka's first satellite, with plans for more launches in the coming years.

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Basic Indicators (2016 estimated)

Population	:	22.235 million
Age Structure	:	15-64 years (66.3%)
GDP Real Growth Rate	:	5%
GDP per Capita	:	USD11,200
Inflation Rate	:	4.3%
Labour Force	:	9.062 million
Area	:	65,610 sq km
Export Value	:	USD10.12 billion
Export Commodities	:	textiles and apparel, tea and spices, rubber manufactures, precious stones, coconut products and fish.
Import Value	:	USD18.64 billion
Import Commodities	:	petroleum, textiles, machinery and transportation equipment, building materials, mineral products, foodstuffs.

Trade

The wood-based manufacturing sector in Sri Lanka consists of a variety of industries including sawmilling, furniture, construction and wood -based panel products. The sector depends almost entirely on the local wood supply for raw materials. It is estimated that there are more than 9,000 furniture and other woodworking industrial plants in the country.

Timber production in Sri Lanka is not significant. From 2011 to 2015, the production of industrial logs averaged around 34,000 m^3 annually. Most of the production comprised of coniferous species. Almost all the industrial logs produced were for Sri Lanka's own consumption. The production of sawntimber from 2011 to 2015 totalled 61,000 m^3 annually, however, the production of MDF/HDF was doubled with 150,000 m^3 annually.

Small amounts of plywood and veneer were also produced. From 2011 to 2015, production of plywood and veneer were at 6,000 m^3 and 5,000 m^3 per annum respectively.

Sri Lanka: Production of Timber and Timber Products, 2011-2015

(Volume: '000 m^3)

Products	2011	2012	2013	2014	2015
Sawlogs, coniferous	23	23	23	23	23
Sawlogs, non-coniferous	11	11	11	11	11
Sawntimber, coniferous	30	30	30	30	30
Sawntimber, non-coniferous	31	31	31	31	31
Plywood	6	6	6	6	6
Veneer sheets	5	5	5	5	5
MDF/HDF	150	150	150	150	150
Total	**256**	**256**	**256**	**256**	**256**

Source: FAO

Timber Import

For import, sawntimber is the largest import item and imports are definitely to supplement local consumption. In 2011, sawntimber imports totalled USD35.2 million and increased to USD42.6 million in 2015. Import of plywood totalled USD8.9 million in 2015.

Imports of furniture by Sri Lanka are substantial. In 2011, imports recorded USD11.5 million. In 2015, imports increased to USD13.4 million. Imports were mainly from China, Malaysia and India.

Malaysia's Export of Timber and Timber Products to Sri Lanka

Export of timber and timber products to Sri Lanka has been on an increasing trend. In 2012 and 2013, exports totalled RM87.15 million and RM90.46 million respectively. Exports increased by 16.7% to RM105.57 million in 2014. In 2015, exports further increased by 48.9% to RM157.27 million and increased 55.2% in 2016 to RM244.06 million.

Sawntimber have been the main export to Sri Lanka and the amount has been increasing tremendously. In 2012, exports totalled RM58.03 million. In 2013, exports increased by 8.2% to RM62.76 million. The exports continued to improve by 19.3% to

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RM74.89 million in 2014. In 2015, exports were at RM118.78 million and in 2016, at RM200.72 million, a remarkable improvement.

Malaysian fibreboard export has shown a fluctuating trend. Exports decreased from RM18.31 million in 2012 to RM16.93 million in 2013. In 2014, exports decreased further to RM14.63 million. However, in 2015 exports increased by 46.4% to RM21.42 million and further increased in 2016 to RM22.78 million.

Exports of wooden furniture totalled RM4.11 million in 2012. In 2013, exports reduced substantially to RM3.32 million. However, the exports improved by 35.5% to RM4.50 million in 2014 and in 2015, exports improved by 44.4% to RM6.50 million. In 2016, exports increased to RM7.05 million. Furniture exports to Sri Lanka mainly consist of wooden upholstered furniture, office and bedroom furniture.

Particleboard exports to Sri Lanka totalled RM3.65 million in 2012. Exports registered an improvement in 2013 to RM4.43 million. However, exports declined marginally in 2014 to RM4.19 million but continued to increase in 2015 to RM6.33 million. In 2016, export of particleboard were at RM10.62 million.

Exports of BJC on the other hand, totalled RM1.94 million in 2013, an increase of 23.6% from the previous year and in 2014 exports improved to RM4.09 million. In 2015, BJC exports dropped to RM0.93 million but improved slightly in 2016 to RM1.79 million.

Malaysia ranked as the number one top exporter of timber and timber products especially sawntimber, fibreboard and BJC to Sri Lanka.

Malaysia: Export of Timber Products to Sri Lanka, 2012-2016

(FOB Value: RM '000)

Products	2012	2013	2014	2015	2016
Logs	286	-	-	8	0
Sawntimber	58,033	62,764	74,891	118,777	200,720
Plywood	273	147	229	473	911
Veneer	80	-	47	227	88
Mouldings	170	355	1,808	1,033	346
Particleboard	3,648	4,434	4,186	6,326	10,619
Fibreboard	18,306	16,933	14,632	21,417	22,175
Wooden Frame	10	-	-	55	17
BJC	1,568	1,943	4,093	933	1,786
Wooden Furniture	4,108	3,324	4,505	6,498	7,054
Rattan Furniture	14	188	352	270	148
Other Products	651	371	826	1,255	203
Total	**87,146**	**90,459**	**105,569**	**157,273**	**244,064**

Source: Department of Statistics Malaysia (DOSM) and MTIB

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Malaysia: Export of Timber Products to Sri Lanka, 2012-2016

(Volume: m³)

Products	2012	2013	2014	2015	2016
Logs	150	-	-	7	0
Sawntimber	46,894	52,616	55,580	72,798	107,736
Plywood	197	92	106	234	516
Veneer	45	-	19	79	25
Mouldings	50	108	789	232	99
Particleboard	3,248	3,873	3,593	4,230	8,458
Fibreboard	21,650	22,656	17,312	20,734	21,381

Source: DOSM and MTIB

Malaysia's Import of Timber Products from Sri Lanka

Malaysia's import of timber products from Sri Lanka is not significant and on a fluctuating trend. Imports totaled RM101 thousand in 2012 and increased to RM123 thousand in the following year. Imports however, decreased to RM36 thousand in 2014 and 2015. In 2016 imports increased to RM148 thousand. Malaysia's main imports of timber products from Sri Lanka are sawntimber, wooden furniture and other products.

Malaysia: Import of Timber Products from Sri Lanka, 2012-2016

(FOB Value: RM '000)

Products	2012	2013	2014	2015	2016
Sawntimber	50	115	-	-	-
Fibreboard					69
Wooden Furniture	6	-	-	13	79
Other Products	45	8	36	23	0
Total	**101**	**123**	**36**	**36**	**148**

Source: DOSM and MTIB

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Import Tariff for Timber Products

Tariffs for timber and timber products have been reduced significantly with most rates at 0-5%. However, import duty for plywood, BJC and furniture are still considered too high with the range of 15-30%. Basic import tariffs are as follows:

Sri Lanka : Import Tariffs for Timber Products (MFN)

Products	Tariff Rates (%)
Logs (4403)	0
Sawntimber (4407)	0
Plywood (4412)	0-15
Veneer (4408)	0
Mouldings (4409)	0
BJC (4418)	30
Particleboard (4410)	0-5
MDF (4411)	0
Furniture (HS 9403)	30
Seats (HS 9401)	5-30

Prospects

Loaded by the hope of a worthy future, Sri Lanka flourishes with infinite possibilities and is preparing itself to become a destination of choice. The country's economy has been on a strong growth trail led by determined rebuilding measures, surging tourism and increased investor confidence.

After a sharp decline in growth during 2008-2009, it expanded rapidly by 8% in 2010 and 2011, and a further increased to 9% in 2012. This makes it the second fastest growing economy in emerging Asia, after China. Low interest rates and moderate levels of inflation will help to boost trade and industry in the medium term. Furthermore, the government is also placing increased emphasis on carrying out large infrastructure projects, which will not only improve communications in established areas, but also unlock the hidden potential of other locations.

With several local and domestic investors looking to capitalise on a promising economic growth environment and improving infrastructure, real estate has witnessed an upward trend in demand and pricing. The recent upturn in the service sector from finance, tourism and the IT industry in Colombo, has triggered a healthy demand for residential space in the Greater Colombo real estate market.

The development of premium condominium projects is most prominent in the central business district. Link houses and villas in the peripheral suburbs have emerged as the preferred choice for middle-income buyers. However, with rising land and construction costs, it is important to be aware of the affordability of upcoming supply.

In spite of a variety of challenging issues, most local players are optimistic about the future of the construction industry in Sri Lanka due to the government's ambitious spending plans. While the state has invested heavily in developing infrastructure since 2009, much work remains to be done, particularly in the areas of road development. According to Asia Securities, a Colombo-based equities brokerage, in 2016-2017, the state plans to spend around LKR590 billion (USD4.2 billion), primarily on road and other types of infrastructure projects.

Furthermore, population growth and rising per capita income across the country has resulted in growing demand for housing, particularly at the affordable end of the spectrum. The growth in the construction industry which have been seen recently has really been just a rebalancing, or a catching up after years of very slow growth. There is still huge demand for all kinds of new facilities especially office space, affordable houses and infrastructure which suggests continued growth for contractors as well.

Sri Lanka's construction industry is expected to do well in the next few years given increasing homeownership affordability, big government infrastructure projects and rising demand for high-rises building.

BENGANG *(NEESIA ALTISSIMA)* : SUITABLE FOR LIGHT CONSTRUCTION

Bengang saplings.

Wood colour and texture.

Bengang (*Neesia altissima*) is native to Peninsular Malaysia, Borneo, Java, Singapore, Sumatra and Thailand, where it grows in the pluvial primary forests, often along the water streams banks, up to about 1,800 m of altitude. The genus is honoured to the German botanist and pharmacologist Theodor Friedrich Ludwig Nees von Esenbeck (1787-1837); the specific name is the absolute superlative of the Latin adjective "altus, a, um" = high, with obvious reference. Its common names are Apa-apa, Bengang, Bungal, Dendulang, Durian daun, Durian tupai, Punggai (Malaysia); Ki bengang (Java); Bengang, Durian (Indonesia); Duyin (Myanmar); Si bengang (Sumatra); Chang baek (Thailand).

The *Neesia altissima* (Blume) Blume (1835) is an evergreen tree that may exceed the height of 40 m in older specimens, with an erect trunk, of up to more than 1.2 m in diameter, with slightly grooved bark of greyish brown colour. The leaves, on a 10 cm long petiole, are alternate, simple, obovate-oblong with obtuse or retuse apex, entire margin and prominent pinnate veins, coriaceous, 25-30 cm long and 10 cm broad, of intense green colour above, green grey and pubescent below.

The leaves in the initial phase of growth are protected by two linear-lanceolate stipules, 2-4 cm long, deciduous. Corymbiform inflorescences at the axil of the fallen leaves bear small flowers of 1-1.5 cm of diameter, enclosed in the bud by a deciduous epicalyx. Cup-shaped calyx and corolla with five petals precociously deciduous, oblong with obtuse apex, white-pinkish, and several stamens merge at the base. The fruits are ovoid-pentagonal capsules with pointed apex, woody, externally covered by pyramidal tubercles of dark brown colour, 15-20 cm long and 10-15 cm broad, dehiscent at the apex in five valves, containing numerous black ellipsoid seeds with yellow aril; the inner walls are thickly covered by irritating hairs of orange colour.

General Properties

Examination of a limited number of timbers grouped under the trade, Neesia altissima indicates that the air-dry weight ranges from 29 to 47 lb. per ft^3 (1466 to 753 kg. per m^3). The average for species of *Neesia altissima* is about 40 lb. (641) per m^3). The sapwood of *Neesia altissima* is white or pale yellow-brown and is sharply defined from the heartwood which is normally brown to deep brown; the sapwood of *Neesia altissima* is pale yellow or light reddish yellow and cannot always be differentiated from the reddish or light red-brown heartwood. In both the timber, the width of sapwood is about 3 mm, the grain is straight or only very slightly interlocked, and the texture is moderately coarse and even; both timbers are comparatively featureless.

The characteristic of the structure of all timbers of the Malaysian *Bombacaceae* is as follows; growth rings are generally distinct they are delimited by layers without parenchyma towards the outer limits of the ring or by zone of thick -walled, radially-flattered fibre. The vessel is very few to few, medium sized to occasionally very large, solitary or in radial groups of two to five or more, mostly open but sometimes filled with gum-like deposits. Wood parenchyma is abundant occurring in the narrow metatracheal layers close together and continuous from ray to ray; it is usually only visible with a lens. The rays are the two distinct sizes. Medium sized rays are very few to few, distinct to the naked eye on the end and tangential surfaces, and yellow brown and red-brown in colour; the very fine rays are sometimes not even visible with a lens. Ripple marks are present but not always apparent. Vertical traumatic canals have been observed in species of *Neesia altissima*.

Defects

The logs of all the timber producing species of the *Bombacaceae* are normally sound and free of defects excepts for a small area of sponginess around the pith, and damage by ambrosia and, occasionally, longicorn beetles. An area of two or three inches of sponginess has been observed in logs of *Neesia altissima* but the compression failures usually associated with this type of defect have not been encountered. The timber of this species contains abundant starch, and although not very susceptible to sap stain, is liable to attack by all forms of wood-boring insects and heavy infestation by Lyctus. On the other hand, the limited amount of material of *Neesia altissima* that has been examined revealed very little starch and was attacked only by a small number of pinhole borers.

Working Qualities

The timber of *Neesia altissima* saws very easily, but the planed finish of Bengang is inclined to be rough, particularly on radial surfaces. All the timbers can be made to take a reasonably good polish and their nailing qualities are good.

Seasoning Properties

The experience of the seasoning properties of the timber of the *Bombacaceae* has been confined to those of *Neesia altissima*. The timber of this species is very wet when freshly felled, containing up to 100% moisture, but they season rapidly during the period of drying from green to air-dry under cover in Malaysia.

Natural Durability and Amenability to Preservative Treatment

In contact with the ground or in exposed position, none of the timber is durable, but under cover they are reported to last reasonably well. As mentioned previously the timber is particularly liable to Lyctus attack. The timber absorbs wood preservatives very readily and absorptions up to 6 lb. per ft^3 are obtained by soaking in cold creosote and diesel fuel mixture. This easy response to wood preservative treatment is probably characteristic of all the timbers of the *Bombacaceae*.

Mechanical Properties

The mechanical properties of this timber are similar to those of Red Meranti and very roughly 25% better than those of Scots Pine.

Uses and Supplies

The timber of this species has recently been utilised by local mills where it is sawn into boards, scantling and battens. It is perfectly suitable for use in light construction and cheaper grades of furniture and fittings, provided against attack by Lyctus. It is used locally for clog manufacture and is known to be very suitable for plywood. Bengang has the advantage of being much less susceptible to damage by Lyctus. It does not have the deep, attractive, brown colour of the timber. This timber is not available in large quantities, and will normally be supplied in mix consignments of light hardwoods.

MTIB organised Kelantan Wood and Lifestyle Fair in Kota Bharu from 1 to 7 March 2017.

MTIB participated in Hello Komoditi organised by Ministry of Plantation Industries and Commodities. It was held in Teluk Intan, Perak on 25 March 2017.

Puan Hjh. Noor Laila Mohamed Halip, MTIB Director of Strategic Planning (left) visited one of the Bumiputera exhibitor's booth during Kedah Wood and Lifestyle Fair. It was held on 17-30 March 2017 at Giant Souq, Alor Setar, Kedah.

Karas Tree Planting Programme organised by MTIB-UMK-TESCO at the compound of Universiti Malaysia Kelantan (UMK) on 21 March 2017. The event was held in conjunction with the World Forestry Day 2017.