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MALAYSIAN TIMBER INDUSTRY BOARD



VOL 3
MARCH 2020

NEW MINISTER OF PLANTATION INDUSTRIES AND COMMODITIES



GREEN BIOASSET INTERNATIONAL SDN. BHD.
AGARWOOD FOR DYNAMIC WELL-BEING AND HEALTHY LIFESTYLE

ISSN 0126-771X



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NEW MINISTER OF PLANTATION INDUSTRIES AND COMMODITIES

MTIB congratulates YB Dato' Dr. Mohd. Khairuddin Aman Razali on his appointment as the Minister, Ministry of Plantation Industries and Commodities effective on 10 March 2020.

YB Dato' Dr. Mohd. Khairuddin was born on 9 December 1973 in Kampung Baru, Seberang Takir, Kuala Terengganu. He is currently serving as Member of Parliament for P.035 Kuala Nerus, Terengganu. At the Pan-Malaysian Islamic Party level, he is a Member of PAS Syura Council and a member of the Central PAS Working Committee.

YB Dato' Dr. Mohd. Khairuddin obtained his Doctor of Philosophy in Islamic Studies from National University of Malaysia (UKM), Master of Arabic Language and Literature from Aal al-Bayt University, Mafrq, Jordan and Bachelor of Arts Degree in Arabic Language and Literature from University of Jordan.

Prior to his current appointment, he has previously served as a Lecturer in the Faculty of Islamic Studies, UKM. He was also active in the real estate and construction sector as Director of DUPP Management Sdn Bhd and Lepu Development Sdn Bhd. Besides that, he is also Founder and Chairman of Maahad Tahfiz Anak Yatim Darul Fuqaha, Founder and Chairman of Sekolah Rendah Islam Pintar Tahfiz Fuqaha and Chairman of Sekolah Rendah Islam Pintar, Kuala Terengganu. He is active as a Speaker (in mosque, television and radio), Author (books, articles and papers) and Publisher (Islamic books).

In addition, he has been active in several international organisations including being a Board Member and Assistant Secretary of the International Islamic Forum of Parliamentarians (IIFP) from 2018 to the present. He is also the Treasurer of the Youth Wing, International Conference of Asia Political Parties from 2019 to the present.



YB DATO' DR. MOHD KHAIRUDDIN AMAN RAZALI
Minister of Plantation Industries and Commodities

MTIB Board Members and its management team would like to take this opportunity to wish the Honourable Minister success in all endeavors and look forward to his leadership towards further strengthening the Malaysian timber industry. 



CHINA

HARDWOOD LOGS IMPORTS FELL

In 2019 hardwood log imports fell 15% to 15.31 million m³ (25% of the national total log imports). The average price for imported hardwood logs in 2019 was USD248 (CIF) per m³, down 14% on 2018.

Of total hardwood log imports, tropical log imports were 9.19 million m³ valued at USD2.275 billion CIF, down 14% in volume and 27% in value from 2018, accounting for 15% of the national total import volume, down 4% on level in 2018. The average price for imported tropical logs was USD248 CIF per m³, down 21% on levels in 2018. The value of tropical log imports in 2019 was USD2.275 billion CIF, reflecting a 27% decline.

Before its log export ban Myanmar was a major source of tropical logs for China. However, China's log imports from Myanmar in 2019 fell to just 11,245 m³ valued at USD13.8 million (CIF), down 19% in volume and 27% in value. The average price for imported logs from Myanmar fell in 2019 to USD1,227 (CIF) per m³, down 10% over 2018.

The average price for imported tropical logs in 2019 was USD214 per m³, a year on year decline of 31%. China imported tropical logs mainly from Papua New Guinea (36%), Solomon Islands (26%), Equatorial Guinea (7.2%), Republic of Congo (7.0%). Just 11 countries supplied 95% of China's tropical log requirements in 2019.

Log imports from Brazil, Republic of Congo and Sierra Leone increased 190%, 18%, and 17% in 2019 respectively. However, most of countries from which tropical log imports declined greatly included Equatorial Guinea (-47%), Central African Republic (-32%) and Lao PDR (-30%).

ITTO/Fordaq, 18 March



EUROPEAN UNION

FIRST RISE IN IMPORTS OF TROPICAL FLOORING SINCE THE FINANCIAL CRISIS

The EU imports of flooring products from tropical countries increased 0.5% to 25,690 tonnes in 2019, while import value was up 1.2% at EUR59.4 million. These gains are small but are significant for being the first increase in the EU imports of tropical flooring since 2007 before the financial crisis.

Between 2007 and 2018, the EU imports of tropical flooring products fell continuously from 150,000 tonnes to only 25,550 tonnes in response to intense competition from European and Chinese manufacturers and non-wood

alternatives, fashion trends favouring temperate timbers, supply constraints, and challenges of EUTR conformance.

In 2019, a continuing decline in imports from the leading suppliers – Malaysia (-10% to 7,600 tonnes), Indonesia (-11% to 6,200 MT) – was offset by rising imports from Brazil (+14% to 5,900 tonnes), Viet Nam (+48% to 3,100 metre tonnes), and Bolivia (from near zero to over 800 tonnes).

In 2019, tropical wood flooring imports recovered ground in France (+36% to 7,700 tonnes) and the UK (+27% to 2,500 tonnes). However, imports fell in most other significant European markets including Belgium (-0.5% to 3,300 tonnes), Italy (-9% to 2,100 tonnes), Denmark (-28% to 2,000 tonnes), Spain (-30% to 1,900 tonnes), the Netherlands (-5% to 1,900 tonnes), and Germany (-16% to 1,700 tonnes).

ITTO/Fordaq, 23 March



FRANCE

FRENCH GOVERNMENT TRIES TO LIMIT ECONOMIC DAMAGE GENERATING SOME HOPE FOR THE WOOD INDUSTRY

After a week of new restrictions leading to widespread temporary closures in the French forest & wood industry, the French government seems to have understood it needs to stop the negative spiral.

The Minister of Economics appealed to companies to pay tax free bonus to workers. A large number of companies had to close under the pressure of their workers. Under French legislation workers get up to 80% of their remuneration if companies send them home under temporary work time reduction/technical unemployment.

The federations representing the French building industry have started talks with the government to put in place measures to help them restart building. One of the main goals of these discussions is to formalise a set of sanitary best practices for companies.

ITTO/Fordaq, 23 March



GERMANY

TIMBER INDUSTRY UNDER HEAVY PRESSURE

The German forestry and timber industry were already in a state of emergency before the coronavirus pandemic: storms, drought and bark beetles have been threatening the industry for over two years.

The German companies had already reached their limits in order to cope with the amount of damaged wood and now need support, while the current coronavirus crisis is exacerbating the situation. According to a German Sawing and Timber Industry Federation (DeSH) survey, 70% of the German sawmill companies are already negatively affected by the coronavirus pandemic.

Between 2018 and 2020, storms, droughts, fires and bark beetle infestations in Germany caused around 160 million m³ of damaged wood on an area of 245,000 ha, according to the latest figures from the Federal Ministry of Food and Agriculture (BMEL). The forecasts for 2020 show hardly any relaxation. On the contrary: due to the mild winter and the pre-damage, experts assume that the beetle situation will worsen in spring.

In view of the parallel burden of the pandemic and the progressive damage to the forest, the DeSH is calling on politicians to take steps to deal with the short-term as well as a long-term economic recovery. The DeSH's internal survey clearly shows that numerous companies plan to go short time during the coronavirus crisis. In order to enable wood to be used over a longer period of time in view of this limitation in processing capacities, the expansion of storage options is essential.

DeSH believes that long-term political measures must ensure that wood makes an outstanding contribution to the sustainable development of society. This includes the promotion of the building material in public tenders, the acceleration of planning and approval procedures for timber construction projects, connection regulations for wood-fired power plants in the Renewable Energy Sources Act (EEG), the expansion of the reduced VAT rate to all timber products.

DeSH/Fordaq, 31 March



INDONESIA

FOREST DEVELOPMENT ROADMAP (2019-2024) AND AIMING FOR A RISE IN EXPORTS TO THE EU

Indonesian Forest Entrepreneurs Association (APHI) has launched its 2019-2045 Production Forest Development Roadmap with the aim of expanding social forestry and re-configuring forestry businesses. The roadmap contains investment, production and export targets as well as targets for employment in the forestry sector. The Plan encompasses issues such as non-timber forest products and environmental services.

According to the APHI chairman, in 2020 the forestry sector will face challenges and strategic issues in investment development and there is a need to boost forestry performance which will involve developing multibusinesses, synergising and balancing the flow of goods, funding, rationalisation and review of fees and developing new clusters for enterprises.

The government has targeted a 10% growth in export of wood products to the EU in 2020. The Forest Products Processing and Marketing Director of the Ministry said wood products from Indonesia are of high quality and efforts to increase production capacity will be required if the target is to be achieved.

The value of Indonesian wood product exports to the EU in 2017 reached USD994.5 million rising by 8.5% to USD1.08 billion in 2019. In 2019, export values in the 11 months to were USD963 million.

Globalwood.org., 1 March



INDONESIA

ELIMINATES THE OBLIGATION TO CERTIFY THE ORIGIN OF THE TIMBER INTENDED FOR EXPORT

Indonesia's decision to eliminate the "SVLK license" system (at the moment FLEGT is still valid), that is, a verified legal document confirming that a shipment of timber, or its derivatives intended for export, have been legally produced, upsets the European market. The system verifies the origin of the wood and ensures that the EU imports only wood products with sustainable origin.

The Indonesian Ministry of Commerce issued a regulation in February, which will enter into force on 27 May, according to which exporters will no longer need to obtain licenses, which are the heart of Indonesia's timber legality verification system, and which have required the country a full decade of efforts and updates in an attempt to combat illegal deforestation. Krystof Obidzinski, a sustainability expert at the European Forestry Institute, made it known via a web communication that the EU is "clearly very disappointed" by the decision, and that "if no new measures are taken by 27 May, there will be the possibility that the EU will suspend timber trade with Indonesia".

Indonesian Minister of Commerce Agus Suparmanto justified the abolition of the licensing requirement as a stimulus to revive the timber trade, in a moment of slowdown caused by the coronavirus epidemic. But by eliminating the licensing requirement, it actually violated the Indonesia-EU agreement. According to Syahrul Fitra, researcher and lawyer of the environmental NGO Auriga, logic does not hold up and the decision could even damage the wood industry, once again doubting its origin. For over two decades, in fact, 80% of Indonesian timber exports came from illegal sources.

With the introduction of the SVLK system in 2009, Indonesia has managed to rebuild global trust in the legality of its wood exports, being able to raise prices for fine tropical woods such as Teak, Meranti and Ulin. Today, according to official data, 100% of the timber from natural forest concessions and plantations is SVLK certified, but a quantity of wood from illegally deforested areas still enters the supply chain.

FI/Fordaq, 31 March



NEW ZEALAND

CORONAVIRUS LOCKDOWN FORCES WOOD INDUSTRY TO SHUT DOWN

As the New Zealand's lockdown will come into effect 25 March, NZ's forestry, wood processing and manufacturing have not been classified as an essential business. The industry should therefore assume that will be required to shut down by the deadline.

According to WoodWeek, the lockdown will likely mean that New Zealand's forestry harvesting, silviculture operations and sawmill operations are required to shut down. Pulp and paper manufacturing will also have to shut down, except essential production which will be maintained in the fight against the coronavirus pandemic.

Production of pallets and packaging, destined for pharmaceutical and food and beverage supply chain, is likely to be classified as an essential part of the supply chain. Companies need to register on the attached site and meet the requirements set out for ensuring a safe environment for workers and prevent the further spread of coronavirus.

Plant nurseries will be able to maintain minimum activities in order to keep their capital stock and plants alive, however, they need to have more than five employees and meet the safety requirements for the prevention of the further spread of coronavirus. For those that have materials on site that supply critical inputs such as chip or pellets for energy production for hospitals, meat plants, dairy plants or other essential services, and those with existing stock required by secondary processors that supply pallets and packaging material to essential services, WoodWeek concludes.

WW/Fordaq, 25 March



UNITED KINGDOM

TIMBER INDUSTRY TO RECEIVE KEY WORKER STATUS

The entire timber supply chain in the UK has key worker status and can continue to work if safe to do so.

The UK's Confederation of Forest Industries (Confor) has lobbied Ministers in England, Scotland and Wales on this issue and the Department for Environment, Food & Rural Affairs (Defra) has confirmed in England: "Those involved in the supply chain of wood for key goods (including, but not limited to pallets, heating, packaging, tissue paper, timber harvesting, sawmills) should be considered key workers". At the moment, the forestry authorities in UK are still operating, although they are likely to experience reduced capacity.

There is a corporate financing facility for larger firms to provide a quick, cost-effective way to raise working capital via the purchase of short-term debt, announced by the Bank of England. Also, the Coronavirus Business Interruption Loan Scheme, delivered by the British Business Bank, will support primarily small and medium-sized businesses to access bank lending and overdrafts. The government will provide lenders with a guarantee of 80% on each loan.

ITTO/Fordaq, 31 March



UNITED STATES

FOREST PRODUCTS INDUSTRY DECLARED "ESSENTIAL CRITICAL INFRASTRUCTURE WORKFORCE" IN FIGHT WITH CORONAVIRUS

The US Department of Homeland Security and the US Department of Labour have both identified the wood products industry as an "essential critical infrastructure workforce" in the nation's response to the coronavirus pandemic. This means that companies are allowed to operate during shutdowns, the National Hardwood Lumber Association reported.

According to NHLA, the Pennsylvania Governor's Office has amended its list of companies permitted to work as "life-sustaining business only" to now include sawmills. The change came late Saturday and sawmills join logging and forestry. Veneer plants and secondary wood processing are ordered to close but can apply for a waiver to operate.

In New York, the state Department of Agriculture and Markets has revised the guidance for "Essential Businesses" to include forest products and those involved in forestry operations, logging, manufacture of lumber and paper products, and the distribution of those products are "essential and exempt from the State's guidance for workforce reduction."

The Governor of Ohio issued a stay-at-home order on Sunday, saying only essential businesses, as defined by the Homeland Security document (which includes forest products), are permitted to stay open. Gov. Mike DeWine said, "these are generally the accepted businesses that are essential for us to continue to live." The order will remain in effect until 6 April.

NHLA advises companies to ask state legislators and Governor to follow the US Homeland Security and Department of Labour guidance that recognises the forest products industry from forestry through secondary manufacturing as "essential". This will help keep the forest products industry to work at the discretion of company owners, NHLA says.

Companies are advised to list on the waiver application that forests products are essential for:

- Wood chips that produce the fibre for masks, filters and toilet tissue
- Hardwood lumber for pallets to move food, medical supplies and more
- Hardwood fuel pellets for energy production
- Hardwood ties for railroad transportation

NHLA/Roseburg/Fordaq 24 March



VIET NAM

WOOD PRODUCTS EXPORTS EXPECTED TO FALL

Viet Nam's exports of wood products are expected to see a sharp decline in the next months, as the Vietnamese major export markets are currently under lockdown due to the coronavirus pandemic. Ninety percent of Viet Nam's wood and wood products exports are sent to five major markets: the US, which accounts for 50% of all Vietnamese exports; followed by Japan (13%); China (12%); the EU countries (8%) and South Korea (8%).

Both in the US and EU, wooden furniture is not considered an essential good under the lockdown measures announced to prevent the spread of the coronavirus. Therefore, a sharp fall in demand of Vietnamese wooden furniture is expected to occur in the upcoming months.

As quoted by Viet Nam News, Nguyen Liem, Chairman of the Binh Duong Wood Processing Association and General Director of Lam Viet Joint Stock Company, says that many companies from importing countries, especially the US and EU, have informed their suppliers in Viet Nam to stop new orders, delay imports of Vietnamese wooden products or even stop imports under signed contracts.

With the difficulties in exporting to the US and EU, many local enterprises are considering turning their focus to the domestic market. However, it is not easy because domestic customers have different demands, requiring different production technologies. The distribution system is also not available in the domestic market. The existing difficult period is expected to last for the next three to six months or even longer, a time when Viet Nam's wood products exports will decline sharply, so the businesses have focused on reducing production costs.

According to the Vietnamese Ministry of Agriculture and Rural Development (MARD), in the first two months this year, Viet Nam's wood and wood products export value was USD1.67 billion, with a year-on-year increase of 13.5%. Exports to China reached a growth rate of 19.1% in the first two months because the exports were shipped mainly by sea so the pandemic did not affect them.

Another major issue for Vietnamese exporters is plywood. The export of Vietnamese plywood to the US is facing a serious issue associated with the decision by the US Department of Commerce to accept request from the Coalition for Fair Trade in Hardwood Plywood to determine whether certain plywood products that are assembled or completed in Viet Nam are covered under the antidumping and countervailing duty orders on certain hardwood plywood products made in China. The concern is that plywood made-in-Viet Nam may be subjected to US antidumping and countervailing duties similar to that of China. According to ITTO, from the beginning of March US importers have stopped ordering plywood from Viet Nam.

With the coronavirus spreading in the main markets, importers have asked for delayed shipment or even cancellation of orders. Consequently, most Vietnamese wood product manufacturers must reduce production, reduce staff or just close factories and wait for a market recovery. Maintaining the labour force to avoid social unrest and being prepared to re-activate production when the pandemic is controlled is a major challenge for both the Vietnamese Government and individual manufacturers.

According to Ngo Sy Hoai, Vice President and Secretary General of VIFOREST, following two decades of continued double-digit growth the likelihood of non-growth or negative growth of Vietnamese wood and wood product exports in 2020 is very high.

Fordaq/VN/MARD/VIFOREST/ITTO, 31 March



GLOBAL

PANDEMIC EFFECTS ON THE TRADE OF WOOD PRODUCTS LIKELY TO LAST UNTIL 2021

With millions of Americans already out of work and continued job losses exceeding that of the Great Recession of 2009, the US gross domestic product is projected to decline by eight% in 2020. There are projections that it could take up to three years for the US economy to recover from the COVID-19 coronavirus pandemic, according to a report by McKinsey & Company. With strong containment procedures, the recovery could happen as early as 2021; recovery is dependent on the development of vaccines for the virus and mild or no recurring outbreaks in 2021.

The forest products industry is heavily integrated with the greater economy through housing, manufacturing, and consumer goods. Some likely impacts over the next two to three years are:

- Housing starts will fall off, slowing lumber demand and production in the second half of 2020 and first three-quarters of 2021;
- Tree planting and other silvicultural operations will be severely curtailed as immigrant (H2B visa) workers are restricted in number and those that are available for work in the US will be used for critically needed food production;
- A likely national and global recession will last at least through 2020, and may last until the third quarter of 2021, which will affect demand for consumer goods and manufacturing of high value products, so consumption of pallets and ties will decline;
- Home remodeling may actually rise in portions of 2020 and 2021 when stay at home orders are relaxed, thus helping ease the decline in softwood and hardwood consumption;
- Pulp demand should be mixed, with sanitary paper markets being exceptionally strong and finished paper, containers, and packaging markets markedly weaker than 2019; and
- Global trade in wood products will likewise be curtailed until at least mid-2021, with the most severe declines in the second and third quarters of 2020 lasting through the first quarter of 2021, and then possibly a slow recovery that could take as long as two years.

The effects will be delayed for the forest products industries, and since demand for wood is derived from manufactured products, the recovery will be slower, particularly for landowners who will likely see very weak stumpage markets in 2021 and 2022. The US fiscal policy will likely be to maintain extremely low interest rates to speed the recovery; this will greatly benefit the forest products industry as well. In the very long term, the additional 2-3 trillion dollars of debt that all Americans have taken on could influence economic growth in the future for decades to come.

globalwoodmarketsinfo, 8 March



News



NEW DEPUTY MINISTER OF PLANTATION INDUSTRIES AND COMMODITIES

MTIB congratulates YB Dato' Sri Dr. Wee Jeck Seng on his appointment as the Deputy Minister, Ministry of Plantation Industries and Commodities effective on 10 March 2020.

YB Dato' Sri Dr. Wee was born on 20 April 1964 in Pontian, Johor. He is currently serving as Member of Parliament for P.165 Tanjung Piai, Johor. He is a Committee Member of All-Party Parliamentary Group Malaysia (APPGM-SDG) and Central Committee Member of Malaysia Chinese Association (MCA).

YB Dato' Sri Dr. Wee obtained his Doctor of Philosophy in Public Management from University Utara Malaysia (UUM), Master of Public Administration from UUM and Bachelor Degree of Business Management from Sunderland University, United Kingdom.

Prior to his current appointment, YB Dato' Sri Dr. Wee was the Chairman of Labuan Port Authority and Chairman of Malaysian Timber Council (MTC). He also had served as Deputy Minister of Youth and Sports, Political Secretary to Minister of Housing and Local Government, Private Secretary to Deputy Minister of Home Affairs, Deputy Secretary General of MCA, Committee Member of Commonwealth Parliamentary Association (CPA) Malaysia and Committee Members of the Public Accounts Committee (PAC).

He was elected as a Member of the Johor State Assembly for Pekan Nanas for the term 2004-2008 and has been the Member of Parliament for Tanjung Piai in Johor since 2008.

MTIB Board Members and management team would like to take this opportunity to wish YB



YB DATO' SRI DR. WEE JECK SENG

Deputy Minister of Plantation Industries and Commodities

Dato' Sri Dr. Wee Jeck Seng all the best in his future undertakings and look forward to a fruitful working relationship with him in developing and further enhancing the timber industry in Malaysia.



News



NEW DEPUTY MINISTER OF PLANTATION INDUSTRIES AND COMMODITIES

MITIB congratulates YB Tuan Willie Anak Mongin on his appointment as the Deputy Minister, Ministry of Plantation Industries and Commodities effective on 10 March 2020.

YB Tuan Willie was born on 2 June 1975 in Kuching, Sarawak. He is a Malaysian politician, Member of Parliament for P.198 Puncak Borneo, Sarawak.

YB Tuan Willie obtained his Bachelor of Science (Hons) in Computing and Higher Diploma in Computer System from Asia Pacific University College of Technology & Innovations (UCTI) 3 + 0 Programme with Staffordshire University, United Kingdom and Diploma in Information Technology from National University of Malaysia (UKM).

Prior to his current appointment, he was the Chief Executive Officer at Suerte Solutions Sdn Bhd since 2011. He has previously worked with various companies, namely DPO International as a Global Regional Manager, Prime Utilities Berhad as a Group IT Manager and The Coffee Bean as an IT Manager.

In addition, YB Tuan Willie is also the Patron and Advisor of several associations such as *Persatuan Motocross Puncak Borneo*, *Persatuan Padawan 4 x 4 Adventures*, *Persatuan Penduduk Puncak Borneo*, *Persatuan Veteran Tentera Laut Kuching* and *Persatuan Veteran Tentera Darat (JHEV) Mambong*.

MITIB Board Members and management team would like to take this opportunity to wish YB Tuan Willie Anak Mongin all the best in his future undertakings and look forward to working closely



YB TUAN WILLIE ANAK MONGIN

Deputy Minister of Plantation Industries and Commodities

with him to further enhance the Malaysian timber industry. 

February 2020

Malaysia

Westports FY19 Net Profit Up 10.7% to RM590.89 million

Westports Holdings Bhd's net profit rose 10.7% to RM590.89 million in the financial year ended December 31, 2019 compared with RM533.47 million a year ago due to higher gross profit. The board of directors approved a second interim dividend of 6.26% per share amounting to RM213.46 million to be paid on 3 March 2020. The entitlement date for the dividend payment is on February, 2020.

Westport revenue increased by 10.4% to RM1.78 billion from RM1.61 billion a year ago mainly due to double digit growth of container volume and the container tariff hike. Westports handled a record throughput of 10.86 million twenty-foot equivalent units (TEUs) of containers in 2019. The increased volume of 14% over the previous year has been contributed by transshipment containers, which improved to 7.23 million TEUs, while gateway volume increased to 3.63 million TEUs.

As for the fourth quarter, it achieved another consecutive record-breaking container throughput level by handling 2.82 million TEUs while the 12-months volume increased by 14% over the previous year to 10.86 million TEUs. In the fourth quarter ended 31 December 2019, its net profit fell by 13.8% to RM125.44 million from RM145.54 million

a year ago due to write-off of assets arising from a vessel incident.

However, its revenue increased by 8.3% to RM452.82 million from RM418.01 million mainly due to growth in container volume and the implementation of the tariff hike. Earnings per share were 3.68% compared with 4.27 cent. On the outlook, Westports said it initially expected a small single-digit container throughput growth. However, there is less visibility on the overall volume outlook due to the coronavirus outbreak.

Source: Star (The)

China

Coronavirus Could Paralyse Wood Exports from Europe to China, Ships Blocked in Ports

Production in China is largely paralysed due to government measures to curb the virus. In many ports in China, work is still stopped. Containers are received, but not cleared. New containers are not loaded. The ships are stuck in China.

Due to this shortage of cargos, the shipping companies have announced an increase in ocean freight costs of USD300 to USD400 per container in March. This should push spruce exports to China to their profitability limit.

As a rule, container loads gradually decrease again after an increase and the situation will normalise

Shipments of Timber and Timber Products Through Ports in Peninsular Malaysia, February 2020

Product	Port Klang		Kuantan		Pasir Gudang		Tanjung Pelepas		Penang		Total all Ports M³	% Change Feb 2020/ Jan 2020
	M³	% Change Feb 2020/ Jan 2020	M³	% Change Feb 2020/ Jan 2020	M³	% Change Feb 2020/ Jan 2020	M³	% Change Feb 2020/ Jan 2020	M³	% Change Feb 2020/ Jan 2020		
Sawntimber	62,097	433	8,184	1,166	1,516	384	265	828	2,298	748	74,359	476
MDF	21,662	503	418	100	2,966	1,112	814	115	20,218	771	46,078	605
Mouldings	11,422	265	169	479	1,664	418	906	2,162	790	458	14,952	308
Plywood	4,857	546	330	100	2	-70	382	884	12,583	443	17,825	472
Veneer	350	209	18	1	123	100	0	0	3,688	433	4,180	408
Particleboard	23,436	923	197	500	5,234	5,873	349	-38	7,576	629	36,791	816
TOTAL	123,824	475	9,316	1,182	11,504	1,082	2,716	158	47,154	595	194,513	526

Source : MTIB

again as the coronavirus epidemic in China subsides. However, until the situation is more clear, we should expect at least five to six weeks.

Source: Globalwood Markets Info

China

Shipping Lines, Ports Count Cost as Covid-19 Hits Supply Chains

China is struggling to resume normal trade operations as fallout from the 2019 novel coronavirus (Covid-19) outbreak hits container shipping lines and logistics chains, with goods stuck and costs mounting.

The epidemic has upended global supply chains and caused widespread disruption to businesses and factory activity in China, prompting authorities to deliver a steady stream of policy measures over recent weeks to cushion the blow to growth. China is a vital player in the container sector, transporting everything from fresh food to phones and designer clothes, as well as industrial parts.

The world's biggest container line Maersk warned that the coronavirus outbreak would weigh on earnings this year, adding to pressure on a sector already hit by trade wars and an economic slowdown.

Shipping consultancy Alphaliner estimated that 46% of scheduled departures on the major Asia to north Europe route had been cancelled in the past four weeks. This will mean higher costs for shipping and problems further down the supply chains such as increased costs and shortages of certain commodities.

Anesco, the Spanish dockworkers' employers association, said it estimated that container volume could decrease by up to 30% in coming months due to the impact of the virus, which would result in economic losses across Spain's ports.

Rotterdam, one of Europe's busiest ports, was already expecting a fall in volume in 2020 from throughput volume of 14.8 million TEUs in 2019. Expectation a negative impact somewhat south of 1% container throughput per annum in 2020.

Source: Edge Markets (The)

Germany

Port of Hamburg Seaborne Cargo Throughput Up 1.1% to 136.6 Million Tonnes in 2019

With seaborne cargo throughput up by 1.1% at 136.6 million tonnes, Germany's largest universal port can report an excellent result for 2019. In the face of a slowdown in worldwide trade and trade sanctions, Hamburg gave a good account of itself in a difficult environment.

In 2019, a total of 2.6 million TEUs – up 1.7% – were handled in seaborne container traffic with China, Hamburg's most important trading partner. For the moment it remains impossible to be precise about the repercussions of the coronavirus on volumes in foreign trade with China. Depending on how long restrictions last in the Chinese economy, a marked downswing could occur. With some delay, that would then be reflected in freight handling to/from China in Hamburg.

For 2020, the Port of Hamburg's marketing organisation anticipates a stable result on container traffic and a slight increase in bulk cargo handling.

Source: PortNews

United States

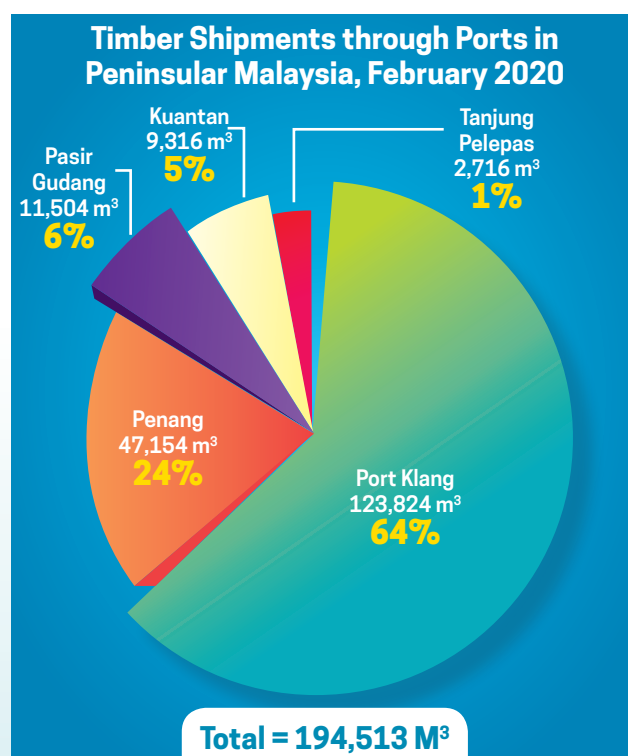
Port of Long Beach Cargo Volume Down 4.6% to 627,000 TEUs in January 2020

Cargo volume was down slightly in January at the Port of Long Beach, compared to the same month in 2019.

Terminal operators and dockworkers moved 627,000 TEUs last month, down 4.6% compared to January 2019. Imports decreased 4.3% to 310,000 TEUs, while exports dropped 7.4% to 109,000 TEUs. Empty containers sent overseas declined 3.7% to 208,000 TEUs.

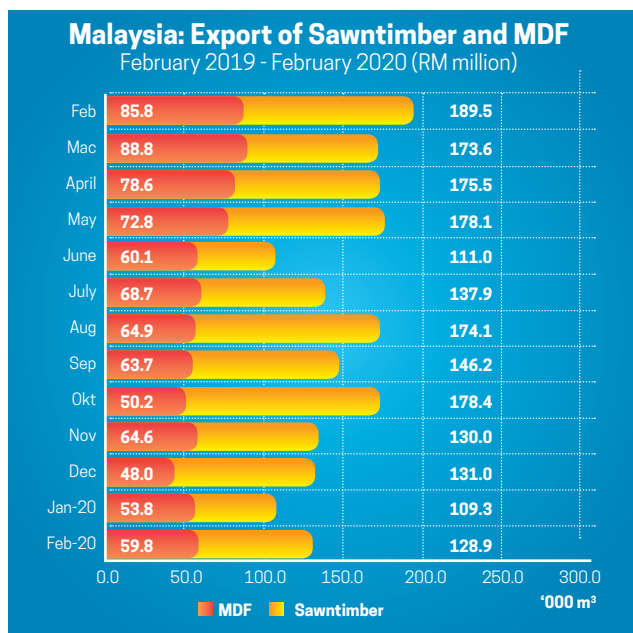
The new year is starting with a new set of challenges that are impacting importers and exporters but remain optimistic and expect to see modest growth in 2020.

Source: PortNews



February 2020

Total export of Malaysian timber and timber products in February 2020 decreased slightly to RM1.95 billion from RM1.96 billion in the previous month. Meanwhile, cumulative export for the period of January to February increased 13% to RM3.9 billion against RM3.5 billion over the previous corresponding period.



SAWNTIMBER

Total export of sawntimber in February 2020 both increased in volume and value by 18% and 15% to 128,926 m³ with a value of RM234.7 million as compared to the previous month. Cumulative export for the period of January to February 2020 decreased 13% in volume and 18% in value to 238,206 m³ totaling RM438.2 million over the previous corresponding period.

Export of sawntimber to the EU for the month increased 29% to 8,671 m³ over the previous month as a result of higher demand from major countries in the region. Export to Germany increased to 1,534 m³ from only 582 m³ recorded in the previous month followed by Belgium to 1,160 m³ from only 581 m³ in the previous month. Export of sawntimber to the UK also increased 33% to 1,457 m³ followed by France 40% to 836 m³. The Netherlands as the main buyer in the region decreased its intake by 3% to 2,973 m³ from 3,057 m³ in the previous month. Similarly, export of sawntimber to Italy decreased 58% to 277 m³ from 662 m³ recorded in the previous month.

Total exports to West Asia decreased 4% to 28,528 m³ from 29,581 m³ recorded in the previous month. Yemen as the main buyer from the region increased their purchases 60% to 16,917 m³ from 10,591 m³ recorded in the previous month. Export to Bahrain increased to 1,698 m³ from only 543 m³ recorded in the previous month. In meanwhile, export to Iraq decreased 67% to 1,242 m³ from 3,807 m³ followed by the UAE 45% to 3,321 m³ from 6,085 m³ recorded in the previous month. Similarly, exports to Saudi Arabia and Oman decreased by 43% to 1,622 m³ and 33%

to 2,424 m³ respectively. Export to Qatar also decreased 39% to 851 m³ from 1,400 m³ recorded in the previous month.

Buying from ASEAN increased by 35% to 38,400 m³ from 28,380 m³ registered in the previous month. Thailand as the main buyer in ASEAN increased its intake of sawntimber by 26% to 17,356 m³ from 13,751 m³ recorded in the previous month. Export of sawntimber to Philippines also increased 76% to 12,716 m³ followed by Viet Nam 47% to 1,374 m³ and Singapore 9% to 6,927 m³ recorded in the previous month. Contrarily, export of sawntimber to Indonesia decreased 85% to 18 m³ from 120 m³ recorded in the previous month.

Shipments to East Asia increased 36% to 23,643 m³ from 17,384 m³ in the previous month. China increased their purchases by 49% to 9,179 m³ from 6,166 m³ recorded in the previous month. Similarly, Taiwan also increased by 42% to 7,387 m³ followed by South Korea 80% to 3,243 m³. Meanwhile, export to Hong Kong and Japan decreased 61% and 3% to 162 m³ and 3,672 m³, respectively.

Elsewhere, exports to the US increased 65% to 1,083 m³ whilst intake by Australia decreased 13% to 619 m³. Demand from South Africa decreased 42% to 2,728 m³ from 4,735 m³ in the previous month.

The average FOB price of sawntimber decreased slightly to 1,821 per m³ from 1,862 per m³ in the previous month. Meanwhile, price of Dark Red Meranti to the Netherlands increased 3% to 3,227 per m³ from 3,144 per m³ in the previous month. Keruing was traded at 2,335 per m³, an increase of 8% from 2,163 per m³ in the previous month.

MEDIUM DENSITY FIBREBOARD (MDF)

Export of MDF in February 2020 increased both in volume and value by 11% to 59,788 m³ valued at RM79.2 million compared to the previous month. However, cumulative export for January to February 2020 recorded a decrease in volume by 27% to 113,570 m³ and in value by 18% worth RM150.5 million over the previous corresponding period.

In ASEAN, total export decreased by 17% to 6,988 m³ from 8,380 m³ in the previous month. Exports to Indonesia and Philippines reduced by 15% to 2,189 m³ and 34% to 2,936 m³, respectively. However, exports to Singapore and Viet Nam increased to 294 m³ and 1,393 m³, respectively.

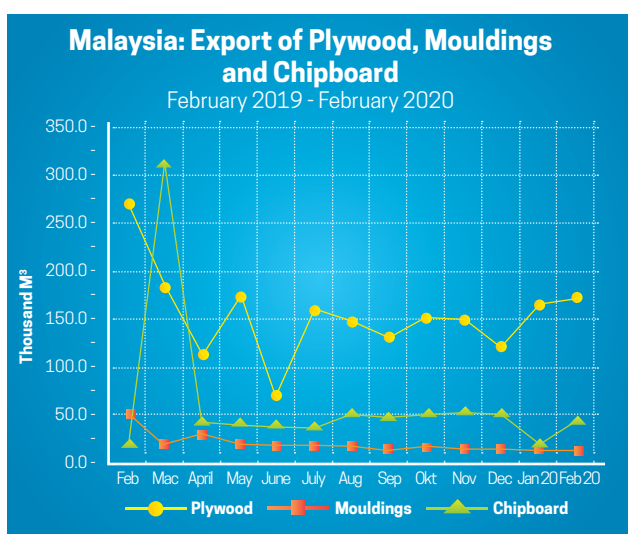
Exports to East Asia countries registered a slight increase to 14,496 m³ from 14,376 m³ in the previous month. China including Hong Kong and Taiwan increased their intake to 86 m³ and 514 m³, respectively. However, Japan as the major importer of MDF decreased its intake by 1% to 13,858 m³ followed by South Korea to 38 m³ from 315 m³ in the previous month. Moving to South Asia region, India as the major buyer has increased its intake by 32% to 4,633 m³ followed by Pakistan 7% to 3,724 m³, Sri Lanka 36% to 1,427 m³ and Bangladesh 56% to 768 m³.

Moving to West Asia region, export increased by 17% to 16,671 m³ from 14,231 m³ in the previous month. The

largest buyer in the region, the UAE increased its intake by 15% to 7,940 m³ followed by Kuwait 130% to 3,014 m³, Qatar 18% to 825 m³, Saudi Arabia 351% to 695 m³ and Jordan 1% to 640 m³. Meanwhile, Bahrain and Oman reduced its buying by 38% to 340 m³ and 22% to 3,111 m³ respectively. Iran, Lebanon and Syria did not make any purchases for this month.

Elsewhere, exports to the US, UK and Australia increased by 96% to 2,850 m³, 1% to 172 m³ and 51% to 3,258 m³ respectively. South Africa and Mauritius also increased its intake by 70% to 916 m³ and 50% to 171 m³ respectively.

The FOB price of MDF decreased marginally to RM1,325 per m³ from RM1,326 per m³ in the previous month.



PLYWOOD

Export of plywood in February 2020 both increased in volume and value by 8% and 5% to 173,713 m³ totalled RM312.1 million compared to the previous month. However, cumulative export for January to February 2020 showed a decrease in volume by 2% to 334,770 m³ and in value by 10% worth RM610.5 million over the previous corresponding period.

Total export of plywood to the EU increased by 72% to 9,528 m³ for this month. The UK as the main buyer increased its import volume by 82% to 8,821 m³ followed by the Netherlands to 165 m³, Belgium 524 m³ and France 18 m³. Meanwhile, Denmark, Germany, Ireland and Italy did not make any purchases this month.

Exports to ASEAN and East Asia region recorded a decrease of 3% to 108,928 m³ compared to the previous month. In East Asia region, Japan as the main importer of Malaysian plywood decreased its intake by 3% to 75,065 m³ followed by South Korea 34% to 12,317 m³ and China 5% to 265 m³. Contrarily, Taiwan and Hong Kong increased their buying by 37% to 11,821 m³ and 8% to 759 m³, respectively. Meanwhile, Malaysia's plywood trade with its ASEAN partners showed growth for this month. Despite Thailand reduced its buying by 10% to 3,010 m³ for this month, most ASEAN member countries increased their buying. Philippines increased its intake by 9% to 1,506 m³, followed by Singapore 4% to 1,412 m³,

Brunei Darussalam to 1,407 m³ and Indonesia to 415 m³.

Export to West Asian region recorded an increase of 71% to 29,164 m³ where the biggest buyer for this month, Yemen increased its buying by 22% to 16,625 m³, followed by the UAE 117% to 2,013 m³, Qatar to 303 m³ and Kuwait 57 m³. However, Saudi Arabia and Bahrain reduced their intake by 46% to 723 m³ and 50% to 129 m³, respectively.

Export of plywood to the Americas region decreased by 13% to 19,205 m³ as compared to the previous month. Our main buyer in the Americas region, the US decreased its intake of plywood by 18% to 16,892 m³ from 20,472 m³ last month. Contrarily, exports to Mexico and Canada increased to 1,853 m³ and 460 m³, respectively. Moving to Oceania region, Australia increased its buying by 36% to 4,028 m³, but New Zealand decreased its intake by 78% to 43 m³. Meanwhile, in African region, South Africa and Sierra Leone increased their intake to 171 m³ and 802 m³, respectively.

The FOB price of plywood decreased by 3% to RM1,797 per m³ from RM1,852 per m³ in the previous month.

MOULDINGS

Exports of mouldings for the month increased by 2% in volume however decreased slightly in value to 17,320 m³ and RM64.7 million, respectively. However, cumulative exports for the period of January to February 2020 decreased by 6% in volume and 10% in value to 34,228 m³ and RM129.6 million, respectively as compared to the previous corresponding period.

Exports to the EU for the month recorded at 6,723 m³, a decrease of 7% compared to the previous month. The Netherlands and UK decreased their purchases by 18%, and 16% to 3,738 m³ and 327 m³ respectively. However, Belgium and Germany increased their purchases by 20% and 11% to 663 m³ and 865 m³ compared to the previous month. Meanwhile, Italy did not make any purchases.

Exports to ASEAN region increased as Indonesia and Viet Nam increased their purchases by 99% and 36% to 143 m³ and 631 m³, respectively. Meanwhile, Singapore decreased its purchases by 20% with 696 m³ compared to the previous month.

Meanwhile, Taiwan, South Korea and China decreased their intakes by 36%, 17% and 3% to 82 m³, 1,164 m³ and 256 m³, respectively. However, Japan and Hong Kong increase their purchases by 4% and 33% to 1,379 m³ and 188 m³, respectively.

Elsewhere, export to Australia and the US increased by 32% and 7% to 3,051 m³ and 1,745 m³ respectively. Meanwhile, Canada decreased its intake by 12% to 78 m³ compared to the previous month.

FOB unit value decreased 3% to RM3,734 per m³ compared to RM3,841 per m³ in the previous month.

February 2020

LOGS

The logging activities remained sluggish affected by the rainy season while average domestic prices were at the same level.

Log prices for the species of Chengal and Balau stood firm at RM5,040 per tonne and RM3,500 per tonne whilst species of Merbau increased slightly by 0.3% to RM3,580 per tonne. The prices for Keruing and Kempas remained at RM1,500 per tonne and RM1,800 per tonne respectively. Similarly, the prices for Dark Red Meranti and Red Meranti remained at RM1,900 per tonne and RM1,830 per tonne. On the other hand, logs prices of Mixed Heavy Hardwood and Mixed Light Hardwood stood firm at RM1,150 per tonne and RM1,050 per tonne respectively.

MEDIUM DENSITY FIBREBOARD (MDF)

Domestic supply of MDF remained stable as prices continued to chart at last month's level. MDF of 4 mm, 6 mm, 9 mm and 12 mm of thicknesses were traded at RM12.80, RM16.30, RM22.00 and RM28.60 per piece respectively.

SAWNTIMBER

The average sawntimber prices reported by the industry remain firm in the domestic market.

The sawntimber prices of Chengal and Balau stood firm at RM7,415 per m³ and RM3,453 per m³ respectively. Similarly, the prices of Keruing stood firm at RM1,250 per m³ whilst Kempas drop by 1.4% to RM2,436 per m³. The prices for Dark Red Meranti and Red Meranti remained at RM2,036 per m³ and RM2,013 per m³ respectively. On the other hand, sawn timber prices of Mixed Heavy Hardwood drop by 1.4% to RM1,010 per m³ whilst Mixed Light Hardwood remained at RM953 per m³ for this month.

PLYWOOD

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

INTRA-MALAYSIA TRADE * - FEBRUARY 2020

The shipments of logs from Sabah to Peninsular Malaysia for the month in volume 2,310 m³ worth at RM776,000. Meanwhile, trade of plywood fell by 26% in volume from 2,950 m³ to 2,192 m³ worth at RM3.9 million.

Trade of sawntimber from Sarawak to Peninsular Malaysia increased significantly by 155% in volume from 221 m³ to 564 m³ worth at RM713,000. Likewise, trade of plywood increased sharply by 92% in volume from 1,202 m³ to 2,306 m³ worth at RM2.7 million. Trade of veneer increased by 76% in volume to 2,652 m³ worth at RM3.5 million.

No intra trade from Peninsular Malaysia to Sabah and Sarawak was recorded in February 2020.

*AVERAGE DOMESTIC PRICES OF LOGS, SAWNTIMBER, PLYWOOD AND MDF IN PENINSULAR MALAYSIA, FEBRUARY 2020 (RINGGIT MALAYSIA)

	LOGS/tonne	SAWNTIMBER/m³			
SPECIES	18" UP	GMS	STRIPS	SCANTLINGS/m³	
HEAVY HARDWOOD					
Cengal	5,040	7,415	5,791	8,121	
Balau	3,500	3,453	3,178	3,213	
Red Balau	2,300	3,143	2,719	3,390	
Merbau	3,580	4,696	3,927	4,096	
Mixed Heavy Hardwood	1,150	1,010	869	1,130	
MEDIUM HARDWOOD					
Keruing	1,500	1,250	1,215	2,203	
Kempas	1,800	2,436	2,260	2,684	
Kapur	1,680	1,751	1,412	1,746	
Mengkulang	1,300	2,119	1,419	2,154	
Tualang	1,450	2,472	2,331	2,493	
LIGHT HARDWOOD					
Dark Red Meranti	1,900	2,036	1,695	2,825	
Red Meranti	1,830	2,013	1,645	2,133	
Yellow Meranti	1,250	1,554	1,236	1,271	
White Meranti	1,480	2,472	1,306	2,528	
Mersawa	1,700	1,801	1,660	2,013	
Nyato	1,250	1,624	1,342	1,518	
Sepetir	1,370	1,706	1,095	1,751	
Jelutong	1,110	1,815	1,215	1,871	
Mixed Light Hardwood	1,050	953	812	989	
MALAYSIAN RUBBERWOOD	LOGS/tonne	SAWNTIMBER/m³			
	180	1" X 1"	2" X 2"	3" X 3"	4" X 4"
		1,165	1,206	1,427	1,607
PLYWOOD 4' X 8'	4 mm	6 mm	9 mm		12 mm
(RM per piece)	14.60	22.00	38.00		48.00
PLYWOOD 4' X 8'	4 mm	6mm	9 mm		12 mm
(RM per piece)	12.80	16.30	22.00		28.60

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

* Prices are only indicative

INTRA-MALAYSIA TRADE - FEBRUARY 2020

From	Product	Jan 2020		Feb 2020		% Change in volume	% Change in value
		Vol (m³)	Val (RM'000)	Vol (m³)	Val (RM'000)	Feb 2020/Jan 2020	Feb 2020/Jan 2020
SABAH	Logs	0	0	2,310	776	100	100
	Sawntimber	175	229	0	0	-100	-100
	Plywood	2,950	4,701	2,192	3,925	-26	-17
	Veneer	0	0	0	0	0	0
SARAWAK	Logs	0	0	0	0	0	0
	Sawntimber	221	252	564	713	155	183
	Plywood	1,202	1,283	2,306	2,673	92	108
	Veneer	1,504	2,167	2,652	3,522	76	63

Source: Malaysian Timber Industry Board (MTIB) and Department of Statistics, Malaysia

Cont. from page 13

veneer

Export of veneer for February 2020 reduced by 17% in volume and 4% in value to 5,726 m³ at RM9.8 million as compared to the previous month. Taiwan as the main buyer decreased its intake by 57% to 1,053 m³ from 2,453 m³ in the previous month. Similarly, export to Italy decreased 76% to 28 m³ compared to 118 m³ in the previous month.

Meanwhile, South Korea increased its intake by 75% to 1,094 m³ and similarly export to the Philippines increased to 969 m³ from only 479 m³ in the previous month. India also increased its intake of the veneer by 58% to 479 m³. On the other hand, Singapore and the Viet Nam did not make any purchases this month.

The FOB price of veneer for February 2020 was at RM1,718 per m³, an increase of 16% from RM1,486 per m³ in the previous month.

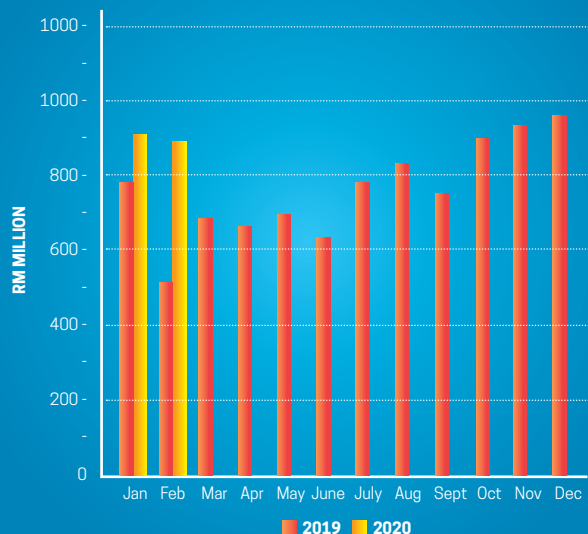
BUILDERS JOINERY AND CARPENTRY (BJC)

Total BJC cumulative exports for the period of January to February 2020 increased 16% to RM174.4 million as compared to RM149.9 million in the corresponding period last year. Export to the EU increased 11% to RM56.3 million. Export to Sweden, Italy, the UK and Belgium increased by 135%, 241%, 24% and 20% to RM4.2 million, RM1.8 million, RM25.9 million and RM7.2 million, respectively. However, export to the Netherlands, France, Germany and Denmark decreased by 48%, 42%, 32% and 13% to RM2.9 million, RM3.4 million, RM3.0 million and RM3.6 million, respectively. Meanwhile, export to Turkey resumed its purchases by RM71.3 thousand.

In Asia, exports to Thailand, India and Taiwan increased by 55%, 41% and 4% to RM4.0 million, RM9.0 million and RM1.4 million, respectively. Similarly, export to South Korea increased to RM1.2 million from RM125 thousand in the previous corresponding period. However, exports to the UAE, Viet Nam, Singapore and Japan decreased by 74%, 66%, 11% and 7% to RM222.4 thousand, RM1.4 million, RM9.1 million and RM9.0 million, respectively. Meanwhile, Qatar, Saudi Arabia and Kuwait did not make any purchases.

Exports to the US, Maldives and Australia increased by 93%, 37% and 12% to RM34.0 million, RM2.8 million and RM35.8 million, respectively. However, export to South Africa decreased by 27% to RM2.2 million compared to the previous corresponding period. Meanwhile, Reunion Island did not make any purchases.

Malaysia: Export of Wooden Furniture
February 2019-February 2020 (RM million)



FURNITURE

Export of wooden and rattan furniture for the period of January to February 2020 increased 39% to RM1.8 billion from RM1.3 billion in the previous corresponding period.

Imports of wooden furniture by the US increased 94% to RM1.0 billion from RM527.0 million in 2019. In Europe, shipment to the UK and Greece increased 6% to RM86.8 million and 34% to RM6.1 million, respectively. Meanwhile, export to France decreased 19% to RM8.0 million followed by Germany 10% to RM9.5 million, Poland 27% to RM5.9 million and the Netherlands 16% to RM4.8 million. Similarly, purchases by Russia declined by 20% to RM1.2 million from RM1.5 million in 2018. Demand from Canada increased 18% to RM55.6 million whilst export by Australia declined 10% to RM78.2 million.

In East Asia, export to Japan increased 4% to RM108.2 million from RM104.2 million in 2019. Similarly, South Korea increased consumption by 33% to RM18.9 million whilst export to China decreased 28% to RM15.8 million. Export to India increased 37% to RM36.2 million from RM26.5 million in the previous corresponding period.

In ASEAN region, export to Singapore and Philippines decreased 18% to RM56.2 million and 14% to RM27.6 million, respectively. Elsewhere, export to Saudi Arabia and Qatar increased 28% to RM36.0 million and 24% to RM1.6 million, respectively. Meanwhile, export to the UAE declined 1% to RM22.6 million followed by Kuwait 23% to RM7.8 million and Oman 53% to RM2.9 million.

Rattan furniture shipments for the period of January to February 2020 decreased 60% to RM160 thousand from RM400 thousand in the previous corresponding period. Export registered only for Australia with RM127.5 thousand followed by Singapore with RM7.0 thousand, the Netherlands RM6.1 thousand and Poland RM19.4 thousand.

News

GREEN BIOASSET INTERNATIONAL SDN. BHD.

AGARWOOD FOR DYNAMIC WELL-BEING AND HEALTHY LIFESTYLE

Introduction

GREEN BIOASSET INTERNATIONAL SDN. BHD (“GBI”) and its twin cofounders, Dr. Tan Kim Ting and Dr. Anthony Tan Kim Han, are leading the way for a new dimensional growth and development of the agarwood industry through the introduction of the “Natural Ecological Agarwood Fragrance (Resin Formation) Method”, a breakthrough technology to induce and produce Agarwood resin naturally in the *Aquilaria* spp. tree without any chemical inoculation.

The resulting natural formation of Agarwood resin through its own natural bio-synthesis is found to have the greatest medicinal value and is fit for human consumption. Using this naturally induced resin, GBI is spearheading the development, promotion and commercialisation of natural Agarwood products for medicinal wellness and a healthy lifestyle.

Agarwood - The King of Incense

Agarwood resin is known as “The King of Incense” with a rich and fragrant aroma with many uses including healing. It is a rare natural resource as even in its natural environment, only a small number of Agarwood trees produce Agarwood resin. As such the *Aquilaria* tree, which produces the resin, is one of the most precious trees in the world.

Natural Inducer Resin Formation Method

The Natural Ecological Agarwood Fragrance (Resin Formation) Method uses a natural inducer without any chemicals, which causes the *Aquilaria* spp. tree to produce the Agarwood resin naturally. It takes a period of more than three years to form the resin while at the same time sealing up the spot where the original inducer was introduced.

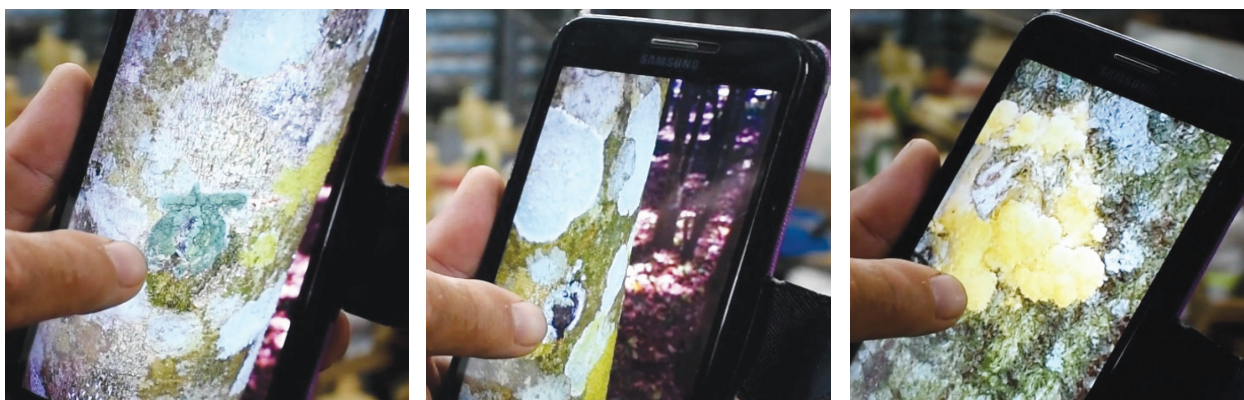
Natural inducement of inoculum or physical trauma via inhibitions of microorganisms, ants or insects, which inflict wounds to the *Aquilaria* spp. tree will cause the tree’s defense mechanism to produce the Agarwood resin.

The resin is a sugar-chain substance, which is a living compound body that combines tree proteins with the microorganisms and insect proteins. According to follow-up tests, as long as Agarwood exists in the world, it will undergo the saccharification evolution and derivation of living organisms by the tree’s own natural biosynthesis. Once formed, the Agarwood resin is of the greatest medicinal value with multiple uses and benefits.

Unlike the inoculation method, the natural inducer will cause the tree to produce the resin 3-dimensionally, vertically and horizontally, internally with the tree growing out diametrically over the three years. The tree core will be infused with the resin in the surrounding areas where the inducer is introduced, and the resin produced is very much higher in quality and quantity compared to resin produced from the inoculation method. The natural inducer method will also not cause tree to rot in the wounded area as in inoculation.



Picture 1: *Aquilaria* spp, nine months after the introduction of the natural inducer.



Picture 2: *Aquilaria* spp. tree induces the surrounding microorganisms, ants and insects towards derivation of living organisms.



Picture 3: Cross-sections of the Aquilaria tree after three years of the natural inducer showing the resin formation at the core sealing up the original inducer introduction spot.

The naturally induced resin that is produced and the resulting Agarwood oil and products made from it pass relevant toxicity tests and are fit for human consumption. Even the wood chips are infused with a higher concentration of Agarwood resin and oil. Products made from the wood chips with higher Agarwood oil content such as Agarwood tea will have higher medicinal value while bracelet beads will have a stronger and long lasting fragrance. Together with the stringent qualitycontrolled production process and practices adopted by GBI, Agarwood products from GBI are of the highest quality and integrity and are fit for human consumption.



Picture 4: Beads made from the Aquilaria core contains a much higher content of Agarwood resin with a stronger and much longer lasting fragrance.

2nd Generation Aquilaria Qinan - The Future For The "King Of Agarwood"

Apart from the natural inducer method, BGI has also developed a way to grow a second generation of Agarwood using tissue-culture saplings of Qinan Agarwood species, renowned as "King of Agarwood", grafted onto the tree stumps of *Aquilaria* trees that have

been harvested. The tree stumps will provide the necessary water and nutrients for the growth of the Qinan graftings and in about three years they are ready for harvesting.

This process of regeneration of the Agarwood tree with the Qinan variety can only be done with the natural inducer method. The method does not cause the tree stump to rot unlike the inoculation method which causes the stumps to rot and the rottenwood will then create a big hole in the core of the trees preventing the tree from regenerating.

The Qinan variety produces a very dense resin with a stronger aromatic Agarwood oil compared to other varieties. It is the "Musang King" equivalent in Agarwood.

Using the grafting method, Qinan Agarwood yields a higher quantity of darker denser resin after two years. Over a longer period of time, the density of the resin accumulated will be higher and the quality will approach wild resin quality.

The proportion of Qinan sinking resin from the core will also be higher. Sinking Qinan Agarwood, which sinks when placed in water, is one of the finest Agarwood types in the world and used to be owned exclusively by members of royal households in the past.

With the adoption of the grafting method for the Qinan variety, the growth process is quickened. The formation of the Qinan Agarwood resin will be faster compared to conventional tree growth.



Picture 5: Qinan Agarwood harvested after two years.



Picture 6: Dr. Tan with a Qinan sapling tree (Left); A Qinan sapling grafted onto a tree stump after the original tree has been harvested (Centre); and A growing 2nd generation Qinan tree after six months of grafting (Right).

After a number of years, while creating a second generation of Qinan Agarwood through combining the *Aquilaria* spp. tree, the *Aquilaria* spp. tree core will be infused with the resin in the surrounding areas where the inducer will continue to introduce the dark resin to form a big part of the central core down to the root of the tree.

Combining the advantages of the natural inducer methodology with the superior characteristics of Qinan Agarwood propagated through tissue culture, the potential commercial value will be enhanced substantially. This method of creating a second generation of Qinan Agarwood, which is a rarity in nature and of high value, augurs well for the Agarwood industry and is likely to create a golden age for the Agarwood industry particularly in Malaysia where the natural inducer method is being implemented in several areas by GBI.



*Picture 7: The *Aquilaria* spp. tree where the inducer which will continue the dark resin to form a big part of the central core and till root of the *Aquilaria* spp. tree, the density of the resin accumulated will approach the wild resin after certain number of years (Left); and A growing 2nd generation Qinan tree as Bonsai Qinan Agarwood, which is a rarity in nature and precious in value (Right).*

Benefits and Uses of Agarwood

Agarwood uses and benefits have been recorded since ancient times in several civilisations and is cited in several religious scriptures. Agarwood is traditionally used for its medicinal and therapeutic properties in the Middle East, China, India, Tibet and South East Asia.

In Islamic history, it was reported by Imam Bukhari that the Prophet, peace be upon him, in his Hadith, said "Treat with the Oud al-Hindi (Indian Agarwood), for it has healing for seven diseases; it is to be sniffed by one having throat trouble, and to be put into one side of the mouth of one suffering from pleurisy." It is said to cure heart ailments and congestion and inflammation of the chest". This prescription

was given more than fourteen hundred years ago before aromatherapy was even considered an area of alternative medicine. In Middle Eastern Islamic culture, the use of Agarwood perfume, oil and incense is part and parcel of the people's daily life because as Muslims, they have an obligation to follow the teachings of the Prophet, peace be upon him.

In Indian Ayurvedic medicine, oud (Agarwood) has been used as a cardiac tonic and carminative (relieves gas from the intestines). Agarwood is also well-known in traditional Chinese medication; the Agarwood oil with combinations of herbs are used to ward off heart and cardiac ailments.

Agarwood has cardio-protective properties that helps alleviate heart ailments as recorded in many Chinese medical literatures documented over many centuries. In traditional Chinese medicine, Agarwood is known to be used for asthma, chest congestion, colic, diarrhea, diuretic, kidney problems, nausea, thyroid cancer, lung tumors and as a general tonic in China. It is also believed that Agarwood is useful in treating lymph system disorders and the three "high" disorders, high blood pressure, high cholesterol and high blood sugar (diabetes).

In Chinese history, Agarwood is also widely used in religious traditions for harmony and personal well-being as well as in feng-shui practices for personal luck and wealth and prosperity enhancement. Agarwood bracelets, sculptures and ornaments are used to make therapeutic brews to cure ailments by immersion in hot boiling water and are often kept as family heirlooms and passed down from generation to generation.

The Agarwood oil and fragrance are widely used in aromatherapy. Its incense is used to cleanse the environment and creates a soothing and harmonious ambience and the incense is known to be anti-bacteria and anti-virus.

The Agarwood timber and its roots are often used to create sculptures and its aroma and fragrance adds a soothing ambience to the environment in addition to the healing properties that it brings with the art piece.

With the on-going COVID-19 coronavirus global pandemic, some experts believe that the Agarwood incense will be potent in rendering the virus powerless upon contact.

While Agarwood oil is rare, its extremely beneficial uses particularly in healing, makes it precious and highly valued. With further medical research to determine and affirm possible healing properties, Agarwood will continue to be a highly valued item.

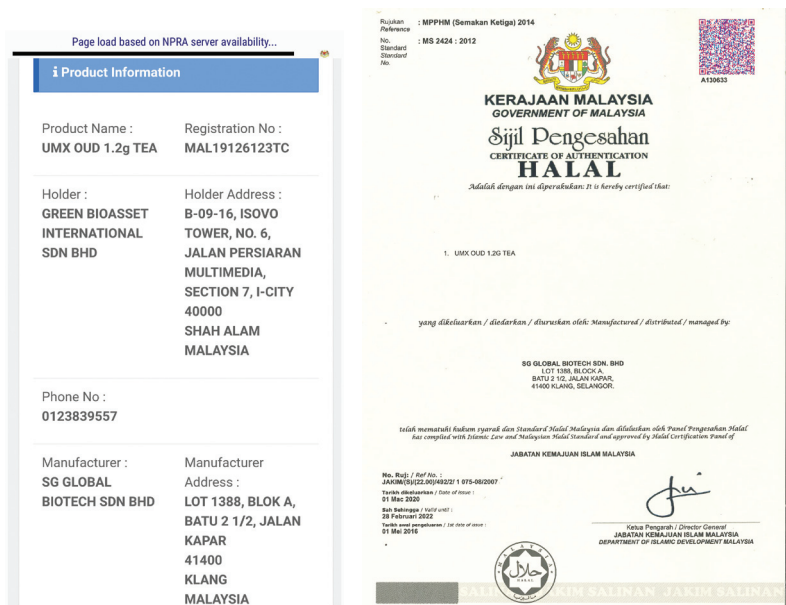
GBI Products

GBI product integrity starts from the laboratory and continues at the plantations where research and technical advancement and the natural inducer method allow the natural production of Agarwood resin under controlled environment conditions.

The resin and the wood chips are extracted with quality control and sent for manufacturing under license. GBI's Agarwood products are manufactured under license by SG Global Biotech Sdn. Bhd., a subsidiary company of HAI-O Group. Established in 1994, the factory is the first traditional medicine manufacturer to comply with Good Manufacturing Practice (GMP) and HACCP standards in Malaysia with ISO 9001 and ISO 22000 certifications.

GBI's Oud Tea products are also certified medicinal by the Ministry of Health, Malaysia, KKM Registration No: MAL19126123TC and are also certified halal by the Halal

Development Corporation, Malaysia, Halal Registration No : MS2424:2012-1 075-08/2007.



Picture 8: KKM Certificate (Left) and Halal Certificate (Right).

Showcase of GBI Agarwood Products

1. OUD TEA



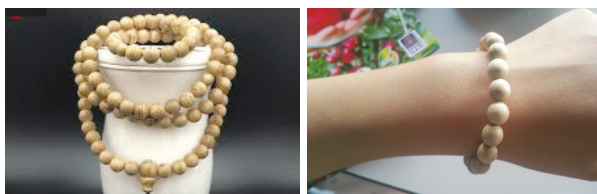
GBI's Oud Tea is made from the wood chips containing Agarwood oil. The presence of the oil makes Oud Tea to be of greater medicinal value.

2. OUD FRAGRANCE



GBI's Oud Fragrance can be used as medication and is also one of the main components of leading international fragrance and perfume brands.

3. OUD TASBEH/ BRACELET



Tasbeh and bracelet beads will have a stronger and long lasting fragrance.

4. OUD INCENSE



The Pioneering Twin Brothers

Dr. Tan Kim Ting, has been engaged in research on agarwood for 15 years, including his term as Chief Science Advisor to the Lao PDR Government. He is

currently the President of the Malaysia Agarwood Science Research Institute and Vice-Chairman of the World Federation of Chinese Traditional Medicine on Agarwood Industry Development. He is also the Chairman of the Malaysia Agarwood Therapeutic Association and President of the Malaysia Qinan Agarwood Society.



Picture 9: Dr. Tan invited as guest speaker at the International Agarwood Forum in LiaoLin Province China in 2018 (Left and Centre); and the International Agarwood Forum in Hainan China 2018 (Right).



Picture 10: Dr. Tan with China National Allied Agarwood Association's President and Vice President on the Leading Industrialisation Develop New Standards to Build a Trading Platform For Agarwood Industry Development Forum.



Picture 11: Published on Page 78 of the 10th Anniversary of China (Dongguan) International Agarwood Cultural Industry Expo Book.

Dr. Tan is the pioneer in successfully developing the technology known as "Natural Ecological Agarwood Fragrance (Resin Formation) Method" to induce and produce Agarwood resin naturally in the Agarwood tree without using any chemical inoculation. With his expertise and experience, Dr. Tan is a renowned speaker at international Agarwood forums and symposiums.

Dr. Tan's technological research was recognised by the China Development and Reform Commission and the China National Endangered Species Import and Export Agency as well as by the Presidents of more than 50 China Agarwood Associations. For his works, Dr. Tan was awarded the prestigious "Outstanding Contribution of China Agarwood Industry 2019" at the 10th China (Dongguan) International Agarwood Cultural Industry Expo 2019.

Dr. Tan also won the Outstanding Contribution of China Agarwood Industry Award in 2019.



Picture 12: Annual meeting with China government officers and Presidents of more than 50 China Agarwood Associations.



Picture 13: Zhou Yafei (left), former Deputy Director of the China National Endangered Species Import and Export Management Office, presented the "Outstanding Contribution Award of China Agarwood Industry in 2019" to Dr. Tan Kim Ting.

Dr. Anthony Tan Kim Han, is a Committee Member of the World Federation of Chinese Medicine Societies of World Agarwood Development. He is also the President of the Koperasi Penjagaan Kesihatan Malaysia Berhad.

Dr. Anthony Tan is actively involved in the development and production of Agarwood products made from naturally produced Agarwood using Dr. Tan Kim Ting's methodology. He has also widely promoted the use of the Company's Agarwood products for health and wellness. Through his involvement in the aforesaid Cooperative, he has assisted in 16 developing many Agarwood entrepreneurs and *Aquilaria* trees planters.

Any enquiries please contact:

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40000 Shah Alam, Selangor
Malaysia

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Tel : +603 3358 7452
H/P : 012-3839557
E-mail : greenbioasset@gmail.com
Website : www.qinan.com.my



Picture 14: Joint Venture Agreement between *Aquilaria* tree planter Encik Loi awarded to Dr. Tan Kim Ting witnessed by Cooperative Johor State Director, Tuan Mahmud Bin Kadar.



23rd TECHNICAL MEETING OF ISO TC 89: WOOD-BASED PANELS

The Technical Committee of ISO TC89: Wood-based Panels was established by the International Standard Organisation (ISO) with the aim of developing, reviewing and harmonising standards related to wood-based panels such as plywood, particleboard and fibreboard as well as standard methods for testing of panel products. The ISO standards developed under this committee provide a strong basis that can be applied in the development of national and international regulations through the consensus of global experts, regulators and governments. Malaysia is an ISO member and reserves the right to participate in any of these ISO Technical Committees considered to be of national interest. As a member of the Participant (P), Malaysia is responsible for providing reviews and votes on the standard's drafts as well to attending meetings organised by the technical committee. The benefits of Malaysia participating in the ISO meetings are:-

- Developing and harmonising with International Standards to ensure the quality of panels in order to penetrate the international market;
- Being recognised by the International Body (ISO) as a leading producer of wood products;
- Exchanging ideas and providing suggestions for the development and revision of ISO standards for wood-based panel products and the appropriate testing methods; and
- Having the opportunity to know all the latest standards and current developments in the international's wood-based panel industry to provide technical advice to the Malaysian industry.

The 23rd Meeting of the ISO/TC 89: Wood-based Panels was convened from 5 to 6 March in Berlin, Germany. The meeting was organised by Deutsches Institut für Normung (DIN). During the 23rd plenary meeting, the



Group photo with all the delegates.



Dr. Loh Yueh Feng from MTIB (left) during the meeting.

Chairman of Sub-Committees (SCs) and Convenor of Working Groups (WG) reported on the development of the respective activities and the status of the ISO standards that were being developed. The comments and amendments on the ISO standards were further deliberated in the respective meetings. The Convenor of WG 5: Test method, Ms. Bettina Meyer from Germany chaired the meeting while Mr. Ignacio Garcia Hernandez from Spain chaired the Sub-Committee 3 (SC3): Plywood meeting. The standards discussed and approved in the meetings are as follows:

No.	Standard	Status
1.	ISO/DIS 12460-3 Gas Analysis Method	Approval as Final Draft of an International Standard
2.	ISO 13609 Wood-based Panels - Plywood - Blockboards and Battenboards	Approved to be revised as a new work item
3.	ISO 1096 Plywood - Classification	Approved to be revised as a new work item
4.	ISO 18775 Veneers -- Terms and Definitions, Determination of Physical Characteristics and Tolerances	To continue the general standard on veneer and to add sentences within its scope as Final Draft of an International Standard

In the SC 3 meeting, the members decided to revise ISO 13609 and ISO 1096 based on Malaysia's comments. The meeting agreed to register new work items for both standards and appointed Dr. Loh Yueh Feng from Malaysia as the project leader with the participation of Australia, Belgium, France, Germany, Italy and Malaysia.

A total of 16 international delegates attended the meeting from eight countries namely Germany, Belgium, France, Italy, Malaysia, Sweden, Spain and Australia. Malaysia was represented by two delegates: Dr. Loh Yueh Feng from MTIB and Cik Nor Fariza Ruslan from Standard Malaysia.





SAUDI ARABIA FURNITURE MARKET

Saudi imports approximately 70% of its furniture due to the gap between rising demand and lack of local production. A growing population, increased urbanisation, strong demand for housing and rising incomes are driving the sales of the home furniture segment, which is expected to rise around 9%-12% annually until 2021.

Market Trend

The Saudi furniture market is divided mainly into two types of products, office and home furniture. Its furniture market size is estimated to be SAR4.1 billion (USD1.1 billion). In 2019, Saudi Arabia imported USD1.53 million worth of furniture. The increased import of furniture is attributed to the following:

- The growing demand for housings, office buildings and the beautification projects in Saudi have led to higher demand for furniture of all types;
- The government is encouraging private sector investment in housing as the real estate sector is also providing business to more than 90 other sectors, including building materials and furniture;
- The value of the furniture industry is forecast to rise from SR92.2 billion (USD 24.6 billion) to SR122.48 billion (USD 32.6 billion) during 2018-2023;
- The growing furniture industry is resulted from increasing population, high income levels and the construction boom;
- It is expected that per head disposable income will surpass USD7,000 by 2020, which will increase consumer spending on life style and household products which include furniture; and
- Plans are under way to build 40,000 hotel rooms by 2023 in Riyadh and Jeddah and another 120 hotels throughout the Kingdom.

Based on information from the Ministry of Commerce & Investment (MCI), there are 98 furniture factories licensed by the MCI and 12

of them are manufacturers of office furniture. According to industry feedback, strong market competition and limited production knowledge with lack of marketing skills have resulted in some local manufacturers changing their activities from manufacturing to importing and marketing furniture.

Among local competitors, Al-Jeraisy is the largest market player with 22% market share, followed by Al-Hoshan (9%) and Al-Jedaie (8%). These three main players have captured a sizeable market share due to the following:

- Wide offerings that meet the needs of various projects and segments of the market, and good prices as they also offer US, European and also Chinese products;
- Access and contacts to Kingdom-wide market coverage especially the small and far-fetch provinces while being supported by regional showrooms with sales teams; and
- Financial capabilities for bidding in terms of bid and performance bonds which is not the case for other mass market traders.

The Way Forward

For the short-term strategy, Saudi's furniture players have revealed that it would be more profitable to import ready-made furniture and sell them instead of buying or importing the required raw materials to manufacture furniture in the country.

As such, Malaysian companies specialising in household furniture, office furniture, and other specialised furniture (such as for hotels, schools, hospitals and airport) should consider expanding to Saudi Arabia as demand is expected to increase significantly.

For any enquiry, please contact MATRADE Jeddah, jeddah@matrade.gov.my

Note : This article was contributed by MATRADE.



UPCOMING EVENTS

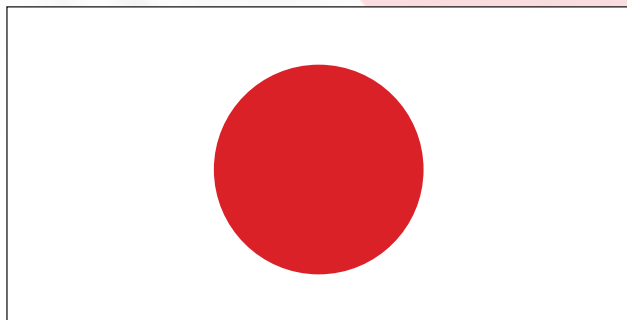
JULY - AUGUST 2020



JULY	EVENTS	VENUE	ORGANISER DETAILS
8-10	4th Interior And Home Décor Expo 2020 B-to-B trade show gathering all kinds of interior products and home décor items from all over the world.	Tokyo Big Sight Japan	REED EXHIBITIONS JAPAN LTD. Tel : +81-3-3349-8505 Fax : +81-3-3349-4922 E-mail: lifestyle-eng@reedexpo.co.jp
7-12	Architect Expo 2020 Trade events for building materials and interior design industry.	IMPACT Exhibition Centre – Challenger Hall 1 & 2 Bangkok, Thailand	N.C.C. Exhibition Organiser Co. Ltd. Tel : +66 2203 4206 E-mail: businessmatching@nccexhibition.com
19-21	The Manchester Furniture Show 2020 Furniture and interiors show	Manchester Central Manchester, United Kingdom	Furniture & Gift Fairs Limited Bedford House, 69-79 Fulham High St, London SW6 3JW Tel : 843 8456 01 E-mail: enquiries@manchesterfurnitureshow.com
21-24	AMIBAD Summer 2020 Brazilian Contemporary Home Furnishings Exhibition – Summer Edition.	Sao Paulo Convention & Visitors Bureau Sao Paulo, Brazil	AMIBAD Rua Geraldo Flausino Gomes, 42 – Cj. 112, Edifício Jafet – Cidade Moncoes, Sao Paulo Tel : +55 (11) 5505-1214 E-mail : abimad@abimad.com.br
23-26	Expo MUEBLE 2020 International Furniture, equipment and decoration show	Expo Centre of the Grand Tikal Futura Hotel, Guatemala	Furniture Manufacturers Commission (COFAMA) of AGEXPORT (Guatemalan Association of Exporters) 15 Avenue 14 – 72 Zone 13, Guatemala City, Guatemala Tel : +2422 3400 E-mail: monica.carrera@agexport.org.gt
AUGUST 12-15	KOFURN 2020 Korea International Furniture and Interior Fair	KINTEX Hall 3,4,5 Seoul, South Korea	KFFIC Tel : +032.321.9094 E-mail: kofurn@kffic.kr
25-28	IWF 2020 International Woodworking Machinery & Furniture Supply Fair	Georgia World Congress Centre Atlanta, GA, United States	IWF – International Woodworking Fair, LLC 3520 Piedmont Road NE, Suite 120 Atlanta, GA 30305 USA Tel : +1-404-693-8333 Fax : +1-404-693-8350 E-mail: sales@iwfatlanta.com
24-28	TURKEYBUILD 2020 Building and interiors, construction materials and technologies exhibition.	TUYAP Fair & Congress Centre Istanbul, Turkey	The Union of Chambers & Commodity Exchanges of Turkey (TOBB) Tel : +90 212 266 70 10 E-mail: info.turkey@hyve.group
26-28	MEBELEXPO 2020 International exhibition of production technologies, woodworking and furniture and interior fair	ITECA Exhibition Centre Tashkent, Uzbekistan	Iteca Exhibitions Tel : + 998 71 205 1818 E-mail: mebelexpo@iteca.uz

MALAYSIA-JAPAN:

ENHANCING BILATERAL TRADE RELATIONSHIP



Introduction

Japan, a country of islands, extends along the eastern or Pacific coast of Asia. The four main islands, running from north to south, are Hokkaido, Honshu (or the mainland), Shikoku, and Kyushu. Okinawa Island is about 380 miles southwest of Kyushu. About three-fourths of the country's terrain is covered with mountains, with much of the remainder made up by flat coastal plains. As a result, Japan is one of the most densely populated and urbanised countries in the world. The largest urban area is the Greater Tokyo Area centred on the capital city of Tokyo, which is the most populous metropolitan area in the world and home to more than 38 million people. Japan is the eleventh most populous country in the world with a population of 126.2 million, of which 97.8% are ethnically Japanese.

Even though Japan has a land area of 377,915 km², 69% of its land is forested and unsuitable for agricultural, industrial, or

residential uses. With only about 12% of its land being arable, Japan imports about 60% of grain and fodder crops from other countries and relies on the imports of commodities such as fuels, foodstuffs, chemical, textiles, timber and raw materials from various countries for its industrial sectors. After World War II, Japan experienced record economic growth, becoming the world's second-largest economy by 1990. As of 2019, the country's economy is the third largest national economy in the world, after the US and China, in terms of nominal GDP, and the fourth largest national economy in the world, after the US, China and India, in terms of purchasing power parity. Its economy is highly efficient and competitive in areas linked to international trade, but productivity is far lower in protected areas such as agriculture, distribution, and services. Japan's reservoir of industrial leadership and technicians, well-educated and industrious work force, high savings and investment rates, and intensive promotion of industrial development and foreign trade produced a mature industrial economy.

Forestry and Timber and Timber-based Production

Japan's forests cover 66% of the land, where 42% of its forests are national forests and publicly owned forests, and 58% are private forests. According to the Census of Agriculture and Forestry 2015, scale of forests per forest owner or forest management entity is increasing while the number of forest owners who own equal or more than one hectare of forest is decreasing. As for the forest ecosystems type, Japanese forests are dominated by coniferous and broad-leaved tree species. Large-scale forest exploitation had occurred during the wartime and post-war revival period due to the large quantity of wood that was required to secure necessary supplies. Reforestation was then promoted to rehabilitate degraded land after exploitation.

After World War II, large-scale softwood plantations, such as *Cryptomeria japonica* (Japanese cedar), *Chamaecyparis* (Japanese cypress) and *Larix kaempferi* (Japanese larch), were established to meet growing domestic wood demand. From the mid-1950s to the mid-1970s, more than 300,000 hectares (ha) of land were reforested annually resulting in an increase in planted forests from the 1960s to the 1980s, while the area of natural forests declined. Japan's 10 million hectares of planted forests have reached the maturing stage and the planted forests are now shifting from "resource development stage" to "resource use stage".

Given such resource condition, large-scale sawmills and plywood mills are shifting their procurement from imported logs to domestic logs, in response to the uncertainty of the international market, caused by the growing demand of wood in fast growing and developed economies such as the US, China and India. Under such circumstances, the forestry sector is now strongly expected to supply raw materials from planted forests to wood mills sustainably, contributing to the mitigation of global warming and creating jobs in the mountainous areas. Japan's Forestry Agency has set a target of lifting the self-sufficiency rate to 50% by 2020 to ensure a stable supply, according to a report by Japan Times. The agency has also planned other ways to promote and boost domestic wood production: construction of multi-storey buildings using Japanese cross-laminated timber; and support for wooden biomass power generation as a new source of revenue for mountainous villages.

According to the FAO, Japan produced around 42.91 million m³ of major timber and timber products, an increase of 16% in 2018 from 2014. This has emphasised the fact that Japan are increasingly produced softwood timber products from their forest plantations. Japan produced around 16.89 million m³ of softwood logs followed by sawntimber 8.38 million m³, fuelwood 6.25 million m³ and wood chips 5.05 million m³. Even though Japan has increased their softwood plywood to 3.30 million m³ and particleboard to 1.07 million m³, the demand for hardwood plywood are still high especially from construction industry. Thus, Malaysia and Indonesia remain top suppliers of tropical hardwood plywood to Japan.

Japan: Production of Timber and Timber Products, 2014-2018

(Volume: m³)

PRODUCT	UNIT	2014	2015	2016	2017	2018
Wood fuel, non-coniferous	m³	1,843,000	2,806,000	4,458,000	6,037,000	6,248,000
Wood fuel, coniferous	m³	0	0	0	0	0
Sawlogs and veneer coniferous	m³	15,495,000	15,240,000	15,755,000	16,484,000	16,893,000
Sawlogs and veneer logs, non-coniferous	m³	62,000	121,000	108,000	141,000	162,000
Wood charcoal	tonnes	25,000	18,000	17,000	16,000	15,000
Wood chips and particles	m³	5,083,000	5,155,000	5,185,000	5,188,000	5,063,000
Wood pellets	m³	126,000	126,000	126,000	126,000	125,000
Sawnwood, coniferous	m³	8,622,000	8,299,000	8,419,000	8,606,000	8,383,000
Sawnwood, non-coniferous all	m³	947,000	932,000	874,000	851,000	819,000
Veneer sheets	m³	60,000	60,000	60,000	60,000	60,000
Plywood	m³	2,813,000	2,756,000	3,063,000	3,287,000	3,298,000
Particleboard	m³	1,073,000	1,070,000	1,088,000	1,093,000	1,069,000
Hardboard	m³	46,800	43,700	44,000	44,000	44,000
MDF/HDF	m³	389,000	397,000	419,000	415,000	396,000
Other fibreboard	m³	416,000	353,000	345,000	377,000	333,000
TOTAL		37,000,800	37,376,700	39,961,000	42,725,000	42,908,000

Source: FAOSTAT DATA

Malaysia's Export of Timber Products to Japan

Japan is one of Malaysia's largest market for timber and timber products particularly for plywood and other value-added timber products such as furniture and MDF. In 2019, total timber exports were RM3.46 billion, a decrease of 13% from 2015, due to lower demand in logs, sawntimber, plywood and rattan furniture. Japan currently ranked as Malaysia's second export destination for timber and timber products after the US. Major timber and timber products exported to

the country are plywood (51%), furniture (18%), fibreboard (8%) and sawntimber (4%). Although plywood has the largest export market share to Japan, its intake has reduced in value by 26% to RM1.78 billion in 2019 over RM2.40 billion in 2018. This is due to wide gap between the export and sales prices in the Japanese market, competition from Indonesia and Japan's increased production output of softwood plywood. Meanwhile, wooden furniture exports to Japan registered at RM619.81 million in 2019, an increase of 3% from RM602.09 million in 2018. There is an improved demand of fibreboard where export of fibreboard to Japan has increased by 15% to RM295.71 million over its previous year.

Malaysia: Export of Timber and Timber Products to Japan, 2015-2019

PRODUCT	2015		2016		2017		2018		2019	
	VOLUME	RM	VOLUME	RM	VOLUME	RM	QTY	RM	QTY	RM
Logs	201,220	159,311,709	164,870	114,062,687	120,189	88,403,411	70,411	53,136,693	36,732	32,034,920
Sawntimber	67,387	164,995,136	62,275	155,180,747	57,984	158,198,496	57,681	156,847,132	55,710	152,994,335
Plywood	1,209,625	2,376,634,313	1,086,237	2,006,960,298	1,188,847	2,262,215,263	1,098,894	2,400,142,814	842,661	1,772,677,293
Veneer	8,942	22,272,299	12,255	34,212,745	9,826	29,841,119	12,611	35,225,567	9,366	25,571,016
Mouldings	28,188	91,333,263	25,911	88,143,158	22,379	84,432,583	22,683	89,840,314	20,046	89,715,551
Chipboard/Particleboard	13,820	17,500,223	15,075	19,720,819	13,529	18,487,635	16,857	21,377,127	301,821	38,473,266
Fibreboard	139,779	215,525,318	139,069	256,551,859	141,092	256,088,301	148,363	257,503,878	154,507	295,708,292
Wooden Frame	166,998	3,614,466	141,270	3,416,687	145,799	3,428,375	135,500	3,413,543	128,344	3,344,394
BJC	13,969,381	73,679,497	13,766,799	78,687,994	13,582,393	79,936,737	12,642,369	71,493,912	11,374,932	68,813,063
Wooden Furniture	n.a	650,451,196	n.a	696,751,276	n.a	659,818,449	n.a	602,085,859	n.a	619,809,538
Rattan Furniture	n.a	624,330	n.a	233,771	n.a	408,297	n.a	446,592	n.a	65,635
Other Products	n.a	243,744,007	n.a	275,199,416	n.a	272,386,085	n.a	264,319,107	n.a	361,474,525
TOTAL	n.a	4,019,685,757	n.a	3,729,121,457	n.a	3,913,644,751	n.a	3,955,832,538	n.a	3,460,681,828

Source: MTIB & DOSM

Malaysia's Import of Timber Products from Japan

Malaysia's import of timber products from Japan showed a fluctuating trend. Total import in 2015 amounted to RM12.10

million and in 2016, imports increased to RM18.20 million and continued to increase in 2017 amounting to RM35.44 million. However, 2018 import dropped by 26% to RM26.20 million, however, rose by 12% to RM29.41 million in 2019. Major products imported from Japan in 2019 were furniture totalling RM5.43 million, followed by logs at RM1.16 million.

Malaysia: Import of Timber and Timber Products from Japan, 2015-2019

PRODUCT	2015		2016		2017		2018		2019	
	VOLUME	RM	VOLUME	RM	VOLUME	RM	QTY	RM	QTY	RM
Logs	559	2,419,758	386	1,953,033	390	1,909,639	197	902,376	247	1,163,461
Sawntimber	105	247,390	32	63,763	0	0	118	116,453	22	21,637
Plywood	14	21,665	41	43,462	4	18,298	118	127,695	71	80,447
Veneer	0	0	27	58,999	23	17,286	5	8,372	4	34,075
Mouldings	6	27,479	134	47,455	246	417,353	17	148,820	0	0
Chipboard/Particleboard	0	0	41	62,873	2	11,965	0	0	0	0
Fibreboard	205	192,941	6	22,477	144	185,796	255	245,209	105	144,770
Wooden Frame	1,306	67,792	4,927	151,755	320	11,795	6,337	149,987	3,606	132,767
Builders Joinery & Carpentry	42,581	508,337	107,805	893,323	28,646	188,049	16,861	369,614	11,469	120,181
Wooden Furniture	n.a	2,956,944	n.a	4,506,051	n.a	6,201,540	n.a	4,679,816	n.a	5,428,289
Rattan Furniture	n.a	193,219	n.a	415,427	n.a	200,938	n.a	38,135	n.a	0
Other Products	n.a	5,465,402	n.a	9,980,977	n.a	26,280,393	n.a	19,400,955	n.a	22,280,875
TOTAL	n.a	12,100,927	n.a	18,199,595	n.a	35,443,052	n.a	26,187,432	n.a	29,406,502

Source: MTIB & DOSM

Japan's Export of Timber and Timber Products

Japan's timber exports have been booming on the back of robust demand from Asian countries such as China, the Philippines and South Korea, especially for its softwood species namely Japanese cedar and cypress. In 2015,

exports recorded at USD253.39 million and increased by 18% to USD300.16 million in 2016. In 2017, imports increased further by 24% to USD371.91 million and continue to increase to USD402.50 million in 2018. However, in 2019, total import fell 3% to USD13.44 billion. Japan mainly exported logs, furniture and parts and plywood and major Japanese timber buyers are China, Philippines, South Korea, the US and Taiwan.

Japan: Export of Timber and Timber Products, 2015-2019

(Value: USD' 000)

PRODUCT	2015	2016	2017	2018	2019
Furniture & Parts	63,946	80,759	80,585	84,900	83,176
Log	77,814	77,984	122,131	134,043	135,107
Plywood	24,990	45,484	56,338	64,883	59,298
Mouldings	2,180	2,370	3,095	3,684	3,025
BJC	7,421	10,572	15,003	14,119	17,117
Chipboard/Particleboard	3,512	4,906	4,795	3,934	5,486
Fibreboard	6,053	8,260	6,369	4,771	4,257
Veneer	5,011	3,807	4,164	3,426	3,964
Articles of wood	12,113	9,956	10,667	10,086	9,741
Wooden frames	147	169	111	121	85
Wood marquetry	8,422	5,522	4,841	7,346	8,072
Others Products	41,782	50,374	63,810	71,191	71,060
TOTAL	253,391	300,163	371,909	402,504	400,388

Source: UN-Comtrade Statistics

Japan's Import of Timber and Timber Products

Import of timber and timber products by Japan has been substantial due to its high consumption from growing demand of urbanisation, rising population and growth of construction sector. In 2015, imports recorded at USD12.60 billion and

continued to increase to USD12.68 billion in 2016. In 2017, imports increased further to USD12.83 billion and continued to increase by 8% to USD13.83 billion in 2018. However, imports fell by 3% to USD13.44 billion in 2019. Japan mainly imported furniture and parts, sawntimber and BJC and its main suppliers are China, Philippines, Viet Nam, Canada and Indonesia.

Japan: Import of Timber and Timber Products, 2015-2019

(Value: USD' 000)

PRODUCT	2015	2016	2017	2018	2019
Furniture & Parts	2,538,619	2,524,553	2,562,316	2,664,667	2,764,430
Sawntimber	2,089,060	2,129,581	2,237,693	2,340,549	2,104,222
BJC	1,223,876	1,447,941	1,492,205	1,572,922	1,617,973
Plywood	1,677,140	1,485,185	1,510,624	1,750,659	1,459,869
Logs	797,595	824,255	775,091	903,373	741,445
Fibreboard	222,614	241,584	248,979	264,755	276,666
Mouldings	256,744	266,546	253,592	254,676	252,121
Chipboard/Particleboard	168,926	174,632	179,670	198,517	185,714
Veneer	114,992	149,586	156,989	184,707	170,309
Wooden Frames	41,058	39,728	34,685	35,320	32,532
Articles of Wood	606,192	607,049	602,774	596,932	593,350
Others Product	2,852,981	2,787,631	2,776,384	3,062,008	3,244,204
TOTAL	12,589,797	12,678,271	12,831,002	13,829,085	13,442,835

Source: UN-Comtrade Statistics

Japan Tariff Rates under Malaysia-Japan Economic Partnership Agreement (MJEPA)

Malaysia and Japan established the Malaysia-Japan Economic Partnership Agreement (MJEPA) on 13 December 2005. MJEPA is Malaysia's first comprehensive Agreement and came into force on 13 July 2006.

Product	Description	MFN Rate	MJEPA
4401	Fuel Wood	0	0
4402	Coniferous	0	0
4403	Logs	0-35	0
4404	Hoopwood, Split Poles, Piles	0-7.5	0
4405	Wood Wool, Wood Flour	3	0
4406	Railway or Tramway Sleepers	0	0
4407	Sawntimber	0 - 6	0
4408	Veneer	0 - 6	0
4409	Mouldings	0 - 7.5	0
4410	Particleboard/Chipboard	5 - 7.9	0
4411	Fibreboard	3	0
4412	Plywood	4.8 - 15	0
4413	Metallised Wood and Other Densified wood	7	0
4414	Wooden Frames	3	0
4415	Packing Cases, Boxes	2.8 - 3.9	0
4416	Casks, Barrels, Vats, Tubs	2	0
4417	Tools, Tool Bodies, Tool Handles	2.2 - 2.8	0
4418	Builders' Joinery and Carpentry	0 - 3.9	0
4419	Tableware and Kitchenware, of Wood	2.7 - 4.7	0
4420	Wood Marquetry and Inlaid Wood	0-10	0
4421	Other Articles of Wood, n.e.s.	0 - 3.9	0
9401	Furniture Seats	0 - 3.8	0
9403	Furniture and Parts Thereof, n.e.s.	0	0

Source: WTO and MITI

Prospects

Even before the COVID-19 pandemic started to disrupt Japanese manufacturing supply chains, Japan's economy had faltered following the imposition of a higher consumption tax in October 2019. Thus, growth predictions for Japan are on a lower side, considering its capabilities to ward off adverse effects of the global economic crisis. A combination of soft consumer demand, weak sentiment and global trade disputes has decelerated Japan's economy growth. The Japanese construction sector is expected to experience muted growth in 2020, dragged by a slowing residential buildings sector. In the real estate sector, it has been reported on the renewed interest in Japanese property by Chinese buyers saying there has been a surge in interest since the beginning of 2019 year roughly around the time that US-China trade tensions intensified. Japanese properties in demand include those in residential areas in Tokyo and Osaka where Chinese buyers look for a buy-to-let property or a home for children studying in Japan. Thus, the demand for home renovation and home furniture and furnishings is forecasted to grow despite the gloomy outlook.

The outlook in real estate sector has created an impetus to the rising of furniture industry in Japan. Some of the major factors driving the demand includes rising disposable income, an increasing number of households and commercial spaces and rising urbanisation. The Japanese furniture industry has evolved from a tiny market of around JPY50 billion to nearly

JPY3.5 trillion in 2019. A significant feature of Japanese furniture consumption is the popularity of high-end furniture and luxury furniture. The increased demand for office furniture products due to the rising consumption of office spaces and work-from-home concept which are fuelling up the market demand. Japan is also witnessing an increasing demand for exquisite and durable high-end solid wood furniture when setting up a new family which is boosting the market growth further. The market share of imported furniture in Japan has risen significantly in the last few years. Among imported furniture, wooden furniture occupies the largest proportion, followed by furniture accessories, metal furniture, and plastic furniture. With low labour costs, China has become Japan's largest furniture importer accounting for nearly 40% of the total Japanese wooden furniture imports. Some of the other importers of furniture products in Japan are Thailand, Viet Nam, Malaysia, Philippines, Indonesia, Germany and Italy.

There is also growing interest for the use of timber for high-rise urban buildings such as residential and in future skyscrapers in Japan. The use of timber in construction provided positive environmental impact and could hold the key to more environmentally friendly cities. Studies already taken place to make the development a reality and to create a blueprint that will eventually see timber structures hundreds of metres tall common place throughout Japan and the rest of the world. With these new developments, it has created an opportunity for Malaysian timber players in exporting engineered timber products such as glulam and cross laminated timber (CLT) to Japan.

Japan's hunger for wood pellets seems to be unstoppable at the moment. By 2025, the country's consumption of wood pellets is expected to reach 7 million tonnes and by 2030 about 20 million tonnes. The Japanese government has set the power industry to minimise the use of nuclear power plants. In exchange, it is planned to develop other energy sources, for example, coal, the import of which is now actively growing. However, given that the use of coal negatively affects the environment, the Japanese dilute it with biofuels, in particular wood pellets. Japan's global goal is to fully switch to bioenergy. Currently, Japan and several countries in the Asian region are the main suppliers of Japan. The use of fuel pellets is supported in Japan by special tariffs (for example, the Feed-in-Tariff scheme) and state subsidies. It is expected that by 2025, the consumption of pellets in Japan will increase to 7 million tonnes per year, by 2030 - up to 20 million tonnes (one third of world consumption). Without a sufficient raw material base, Japan will import all these granules from other countries.

Malaysia timber players should take advantage of existing innovations and exploring new markets within Japan itself. Although Japan is Malaysia traditional market for timber and timber products, there are still vast opportunities for Malaysian value-added timber products such as furniture and glulam. It is necessary to develop cooperation in the construction industry and e-commerce, overcoming trade barriers and adapting to complex market environment to further increase its market share in global timber trade.

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ACACIA AURICULFORMIS – SUITABLE FOR CONSTRUCTIONS AND FURNITURE MANUFACTURING



A. auriculiformis tree.

Historically, *Acacia* (family *Fabaceae*, subfamily *Mimosoideae*) represented a cosmopolitan genus of 1,200-1,300 species contained in three subgenera: *Acacia*, *Aculeiferum* and *Phyllodineae* (Maslin, 1995). *A. auriculiformis* was in subgenus *Phyllodineae*, which is a group containing in excess of 900 species (Maslin and McDonald, 1996). Some authors used *Heterophyllum* instead of *Phyllodineae* as the name for the last subgenus (Mabberley, 1997). In its most recent circumscription, the genus *Acacia* contains seven subgenera, and *A. auriculiformis* is part of the subgenus *Juliflorae* (Benth.) Maiden & Betche.

Acacia auriculiformis is an evergreen tree that grows between to 15–30 m tall, with a trunk up to 12 m long and 50 cm in diameter. The trunk of this tree is crooked and the bark vertically fissured. Roots are shallow and spreading. It has dense foliage with an open, spreading crown. Leaves 10–16 cm long and 1.5–2.5 cm wide with 3–8 parallel nerves, thick, leathery and curved.

A. auriculiformis is referred to as a small-to-medium-sized tree. However, on good soils it can reach a height of up to 35 m and a diameter of up to 80 cm. The main stem usually continues through most of the tree height and is more or less straight. Trees that grow in the open often start branching very early, because of which they form a large and dense crown, often as wide as the length of the tree. Flowers are 8 cm long and in pairs, creamy yellow and sweet scented. Pods are about 6.5 x 1.5 cm, flat, cartilaginous, glaucous, transversely veined with undulate margins. They are initially straight but on maturity become twisted with irregular spirals. Seeds are transversely held in the pod, broadly ovate to elliptical, about 4–6 x 3–4 mm. The generic name *acacia* comes from the Greek



Bole of *A. auriculiformis*.

word 'akis' meaning a point or a barb and the specific epithet comes from the Latin 'auricula' - external ear of animals and 'forma' - form, figure or shape, in allusion to the shape of the pod.

This plant is raised as an ornamental plant, as a shade tree and also in plantations for fuelwood throughout Southeast Asia, Oceania and in Sudan. It is good for making paper, furniture and tools as it contains tannin that is useful in animal hide tanning. In India, its wood and charcoal are widely used for fuel.



Flowers and leaves of *A. auriculiformis*.

FUNCTIONAL USE

Products

A major source of firewood, its dense wood and high energy contribute to its popularity. It provides very good charcoal that glows well with little smoke and does not spark. The wood fibre is extensively used for paper pulp. Plantation-grown trees have been found promising for the production of unbleached kraft pulp and high-quality, neutral, sulphite semi-chemical pulp. The sapwood of *A. auriculiformis* is yellow in colour and up to 5 cm. thick. It is unsuitable for any use. The heartwood on the other hand is dark red, sometimes

almost black, hard, fine grained and makes attractive furniture. People also use it for furniture, joinery, tool handles, and for construction if trees of suitable girth are available.

A. auriculiformis is a fast grown species and this had made it a popular wood. The bark contains sufficient tannin and it also contains 6-14% of natural dye suitable for the batik industry. The dye, used in the textile industry, is also extracted from the bark. According to CABI, *A. auriculiformis* is used for the following wood products: round wood, posts, stakes, building poles, round wood structures, light construction, flooring, woodware, industrial and domestic wood ware, wood carvings, furniture, composite boards, wood cement, pulp and fuel wood charcoal.

Services

Its spreading, superficial and densely matted root system makes *A. auriculiformis* suitable for stabilising eroded land, and the dense, dark-green foliage, which remains throughout the dry season, makes it an excellent shade tree, mostly planted to provide shelter on beaches and beachfronts. Plantations of

A. auriculiformis improve soil physio-chemical properties such as water-holding capacity, organic carbon, nitrogen and potassium through litter fall. Besides shading it is also used for ornamental purposes in cities where its hardness, dense foliage and bright yellow flowers are positive attributes. Medicinal uses is also cited for this species; a decoction of the root is used to treat aches and pains and sore eyes and for rheumatism, an infusion from the bark has been used.

The bark of all *Acacia* species contains greater or lesser quantities of tannins, as astringents. Astringents are often used medicinally; taken internally, they are used in the treatment of diarrhoea and dysentery, and can also be helpful in cases of internal bleeding. Applied externally, often as a wash, they are used to treat wounds and other skin problems, haemorrhoids, perspiring feet, some eye problems, and even as a mouth wash. The economic impact of *A. auriculiformis* is predominantly positive, as a valuable fast-growing plantation tree species for fuel, timber and agroforestry benefits. However *A. auriculiformis* has been reported as a dangerous tree due to its inability to withstand hurricane winds; possibly causing damage to nearby structures.

Distribution Table

Region	Distribution	Origin	Invasive	Planted	Reference
Peninsular Malaysia	Present	Introduced		Planted	Yap (1987)
Sabah	Present	Introduced	Invasive	Planted	CABI
Sarawak	Present	Introduced		Planted	CABI

Source : CABI- <https://www.cabi.org/isc/datasheet/2157>

Natural stands of *A. auriculiformis* are found in Australia, Papua New Guinea and Indonesia (PROTA, 2016). In Australia it grows on Cape York Peninsula and in Torres Strait, Queensland, and in the north of the Northern Territory including several off-shore islands (Boland et al., 1990). In Papua New Guinea it occurs in the Central and Western Provinces, and extends into Irian Jaya (Papua Barat) and the Kai Islands of Indonesia. It is naturalised in Asia, Africa, North America, Central America, the Caribbean, South America and Oceania. The distribution in this summary table is based on all the information available. When several references are cited, they may give conflicting information on the status.

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Dato' Dr. Mohd Puat Bin Dahalan, Deputy Director-General of MTIB (Management and Operation) as Management Representative, being audited by MTIB ISO Internal Auditors on 3 March 2020 at MTIB, Kuala Lumpur.



Dato' Dr. Mohd Puat Bin Dahalan standing centre with MTIB officials during a visit to WH Timber Industries Sdn. Bhd. in Sungai Petani, Kedah on 4 March 2020.



MTIB officials from Kuala Lumpur led by Dato' Dr. Mohd Puat Bin Dahalan (fourth from left) at MTIB Bukit Kayu Hitam, Kedah on 5 March 2020.



Workshop on Post Mortem of Furniture and Timber Machining Technology Programme attended by representatives from WISDEC Selangor, WISDEC Sabah and the timber industry, held on 4-6 March 2020 in Sepang, Selangor.



Course on Introduction to Malaysian Grading Rules held on 6-7 March 2020 at Pesaka Terengganu Berhad, Bukit Besi, Terengganu.



Meeting on the Coordination of Guidelines for the I-Timber System Development on 11-13 March 2020 in Bangi, Selangor.