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MALAYSIAN TIMBER INDUSTRY BOARD



VOL 11
NOV 2020

ADIGURU PENGUKIR: TV3 PROMOTES TIMBER INDUSTRY



■ NEW HORIZON OF WOODEN
PRODUCTS: METAL-REINFORCED
WOOD PLASTIC COMPOSITE

■ EUCALYPTUS: AN
ALTERNATIVE FOREST
PLANTATION SPECIES

ISSN 0126-771X





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ADIGURU PENGUKIR: TV3 PROMOTES TIMBER INDUSTRY



Filming for Majalah 3 at the workshop of Inakraf Wood Carving

As we all know, the transmission of COVID-19 worldwide has indirectly affected all forms of physical promotion activities such as exhibitions. In Malaysia also, public gatherings such as conferences and exhibitions are not permitted, as part of the government's efforts to curb the spread of the virus. As a proactive measure, during the Implementation Control Movement (PKP), MTIB has taken the step to implement promotional activities through print and the electronic media. This enterprising approach has resulted in successfully advertising local SME products in major newspapers as well as television documentaries and other programmes.

One of such promotional activities was found in a segment in Rancangan Majalah 3, a magazine programme by TV3. The particular episode featured Encik Abd Muhaimin Hasbollah, a well-known entrepreneur and wood carving expert, known as Adiguru Kraf Kayu. He was selected as he has great potential in the wood carving industry. In addition, the effort also helps fulfil the objectives of the Ministry of Plantation Industries and Commodities (KPPK) and MTIB to strengthen the national wood carving industry. Encik Abd Muhaimin is also the most well-known sculptor in the country out of around 500 entrepreneurs who are also active in wood carving. Among his contributions to



Filming for Majalah 3 at the workshop of Inakraf Wood Carving

the country was when he was crowned as the recipient of The Best of Achievement Craftmanship Award International Live Wood Carving Show & Competition, Nanning, China in 2012. Besides that, this figure has also made a name for himself at the world level as his handmade engraved products are found in Europe and Middle East.

The filming for this Majalah 3 slot was carried out around the workshop of Inakraf Wood Carving Company which belongs to Encik Muhaimin in Kg. Bangau Tanjung, Temerloh, Pahang. The workshop is located next to Sungai Pahang and it was established in 1991. This workshop is also the first workshop in Pahang state to be recognised

Cont. from page 3



Filming for Majalah 3 at Wood Industry Skill Development Centre (WISDEC) in Banting

as viable. Apart from the workshop, another area involved in the shooting was Encik Abd Muhaimin's main client's house in Temerloh. His client, a retired teacher, also shares a deep interest in Malaysian wood carving. Other areas selected were MTIB headquarters where Encik Abd Muhaimin had a meeting with MTIB officers as the Honorary Secretary of the Malaysian Association of Wood Carving Activists (PENGUKIR), the Wood Industry Skill Development Centre (WISDEC) in Banting where Encik Abd Muhaimin conducted a basic wood carving course and the Parliament of Malaysia where his sculptures has graced the main lobby, the cafeteria, the banquet hall and the Cokmar Table in Dewan Rakyat and Dewan Negara since 2003.

Interestingly, in this programme, Encik Abd Muhaimin highlighted the use of driftwood in Sungai Pahang which has no significant value to others, but is used by him as a valuable source of raw material to produce carved works of art which can bring profits of up to thousands of Ringgit Malaysia. He also feels that different individuals display different types of works of art and that each art object exists intrinsically as well as extrinsically.

In this programme, along with his employees, Encik Abd Muhaimin also showed carving techniques and processes involved where he highlighted contemporary wood carving skills which yielded many flora and fauna as well as nature motifs. He



Filming for Majalah 3 at Parliament of Malaysia (Main Lobby)

stated that each selected theme, idea and concept has its own uniqueness which is based on the implicit message relating to the relationship between man and nature.

In addition, the programme also highlighted the relationship between Encik Abd Muhaimin and his pillar of strength, his family who fully support his passion. He has time and again proven that success can be achieved not only with money, but also through skills. During his more than 30 years in the field of wood carving, Encik Abd Muhaimin had gone through many difficulties and hard times before achieving success. Ultimately, for him, this cultural artistic heritage symbolizes the identity and height of the nation's civilization. 

NEW HORIZON OF WOODEN PRODUCTS: METAL-REINFORCED WOOD PLASTIC COMPOSITE

For the continuity of the country's wood-based industry, some local scientists and entrepreneurs have appeared with hybrid wood called Metal-reinforced Wood Plastic Composite (MR WPC). The products and works were shown in Majalah 3, a TV magazine programme, under TV3, on 23rd November 2020.

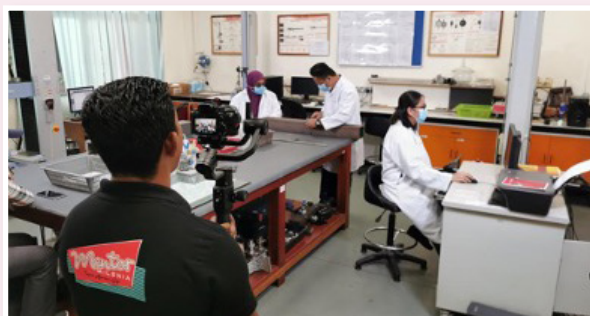
In this modernized era, people no longer depend on natural wood in either furniture manufacturing or construction. The latest wood plastic composite (WPC) is now slowly replacing raw wood material. The country is now facing lack of wood resources from natural forests and it is related to the Malaysian people who like to use woods in furniture or building a house. Various efforts have been carried out to successfully produce value-added wooden products through alternative raw materials such as wood sawdust from various wood-based industry and oil palm biomass. However, depending on merely wood sawdust cannot produce quality products. It needs to be mixed with plastics and other additives to become WPC.



Managing Director of Perceptive Profile Sdn. Bhd. showing the manufacturing process of Metal Reinforce WPC



Ts. ChM. Dr. Yeoh Beng Hoong from FIDEC explaining the mixture of materials and process of WPC



FIDEC Director and researcher demonstrating the mechanical testing for WPC components in FIDEC Laboratory



MTIB Director General explaining functions of FIDEC and WPC products

Aware of that need, the Malaysian Timber Industry Board (MTIB) through the Fibre and Biocomposite Centre (FIDEC) in Banting Selangor, researched and studied the utilization of alternative raw material and the latest technology in WPC manufacturing. The efforts of researchers at FIDEC and Perceptive Profile Sdn. Bhd. located at Batu Gajah, Perak finally obtained results when they won the Gold Medal award at the 19th International Expo on Invention and Innovations, Malaysian Technology Expo in February 2020. The invention of MR WPC have been introduced commercially into the market such as the ticket counter and the bridge constructed in Port Dickson.

When WPC and metal-reinforced materials are combined to produce a strong material, various tests have been carried out at the laboratory before being distributed to the market. The production of this new value added WPC product will be able to increase the market growth, competition and sustainability of the industry in the future. It is not impossible that one day a house or building can be built using this WPC material.

WOOD GROWS ON YOU

especially beautiful malaysian wood!





INDONESIA

PANEL SECTOR HARD HIT BY PANDEMIC

The Indonesian Wood Panel Association (Apkindo) has said the Indonesian wood panel industry has been hard hit by the impact of the pandemic and forecasts that production this year will be down by nearly a quarter. Panel production in the first nine months fell 24% to 2.35 million cubic metres.

Adding to the concern of Apkindo is the decline in export prices. Gunawan Salim, speaking for Apkindo, noted the pandemic and heavy rains which disrupted harvesting and log transport drove down production levels. He suggested the pandemic will continue to impact production and demand throughout the second half of this year. Demand for wood panels, especially in the traditional Japanese market, has been trending down.

ITTO, 1-15 November 2020



VIET NAM

DECREE 102, AFFIRMATION OF VIET NAM'S WOOD INDUSTRY

In the midst of the raging epidemic, Vietnam's wood industry continues to exhibit encouraging export signals through the production chain, the supply chain, the niche market exploitation and the forecast of the production development trends. Industry products are guaranteed smoothly.

Good export value growth in major markets such as the US, concerns about the origin of the product are also greater when the value of Vietnam's wood exports to this market has a relatively high growth rate., as well as securing the implementation of bilateral and multilateral trade agreements creates considerable pressure.

According to Mr. To Xuan Phuc, Forest Trends Organization, recent studies by him and his colleagues show that currently the number of enterprises importing wood from Africa is 495, from Laos is 163, Cambodia is 52 businesses and PNG are 28 businesses. This is the number of enterprises that need to update information from the Decree as soon as possible, because they will be affected immediately when this Decree comes into effect as according to the provisions of the Decree,

if the enterprise imports timber from a geographical area of risk or risk species, the enterprise must provide supplementary information proving the legality of the imported timber, the enterprise must also bear the actual inspection by the authorities and the level of inspection will increase compared to conventional wood importers.

"Developing and activating a list of geographic risk zones and risk species play an important role in controlling the legality of imported timber. These are essential jobs in order to maintain and develop the industry, to fulfil the Government's commitments to the international community", emphasized Mr. Tran Le Huy, Vice Chairman of Binh Dinh Timber and Forest Products Association "We hope that Decree 102 will provide fair competition for Vietnamese businesses with businesses from other countries. And we need to soon have a list of countries in the geographical region that are actively exporting timber to Vietnam. In Vietnam, importers can take the initiative because they often have to sign import contracts for the whole year", said a representative of Hung Long timber enterprise, one of the enterprises specializing in importing wood from Africa.

The more detailed the regulations, the more it helps to create an optimal management system, as well as helps businesses be clearly delineated on the tasks, and be transparent regarding the origin of wood imported into Vietnam. VNTLAS has developed mechanisms to strictly control the legality of imported raw wood. These mechanisms are based on geographic and country, and timber type risk classification criteria, so it is one of the most important policies for Vietnam to control legal timber of all types of wood, said Do Xuan Lap, chairman of the Vietnam Timber and Forest Products Association.

goviet.org.vn, 9 November 2020



MYANMAR

TEAK TENDER SALES ONLINE

The Myanmar Timber Enterprise (MTE) has announced an online tender sale of teak in a bid to maintain log supplies to processing plants. Recently, MTE tested the online bidding system for inn-kanyin logs. The teak logs to be offered are made up of 715 tons of SG6/SG7 and 5,350 tons of other hardwoods.

The online tender will be conducted on 4 December 2020. In other news the MTE announced the harvesting plan for 2020-21 showing a sharp decline in previous years. The plan is for 3,549 teak trees to be harvested (approx. 4,000 tons) and 99,814 trees (approx. 200,000 tons) for other hardwoods from five extraction agencies located in three regions.

ITTO, 16-30 November 2020



CHINA

SOFTWOOD LOGS AND LUMBER IMPORTS UPDATE

As of September 2020, softwood log stocks at China's main ocean ports totalled 4.6 million cubic metres at the end of September 2020, up 3% from the previous month. Radiata pine log inventories recorded an increase of 2.9%, and European spruce log inventories totalled 680,000 cubic metres, up 28%.

China's total softwood log imports in the first nine months of 2020 were 26,952,000 cubic metres. The largest exporter was New Zealand, which exported 9,348,000 cubic metres softwood log to China in 2020. China's softwood log imports from Canada in the first nine months of 2020 were 747,000 cubic metres, a significant drop of 50.6% compared to 2019.

Softwood lumber inventories at the Taicang port and surrounding area were an estimated 1.5 million cubic metres at the end of September 2020, a decline of 80,000 cubic metres from August. SPF lumber stocks were an estimated 200,000 cubic metres, reflecting a month-over-month decrease of 25,000 cubic metres.

The wholesale market prices for softwood lumber increased moderately during the month due to stronger demand.

China's total softwood lumber imports until September 2020 were 17,694,000 cubic metres. The largest exporter was Russia, which exported 10,531,000 cubic metres softwood lumber to China in the first nine months of 2020.

Canada, the second major softwood lumber exporter, exported 2,148,000 cubic metres softwood lumber to China in the first nine months of 2020, a decline of 34.9% compared to 2019.

GWMI, 11 November 2020



CHINA

PURCHASE PRICES OF EUROPEAN SPRUCE LOGS ON THE RISE

Daily log use in China is now back to the 100,000 cubic metre to 105,000 cubic metre range after peaking at over 120,000 cubic metres at the end of October.

The CFR prices have increased for New Zealand pine logs due to solid demand, reduced supply, and lower inventory levels. The price for A grade New Zealand pine is currently around 123 USD per JASm³ and is expected to increase for December deliveries.

The CAIXIN manufacturing PMI index rose to 53.6 in October. This shows the sector remains healthy. (A PMI above 50 indicates expansion and 53.6 is the highest since January 2011).

China has banned logs from the Australian states of Queensland and Victoria, stating they have detected live pests. The supply chain for spruce from Europe has increased in cost due to an increase in container costs. The price for new arrivals of spruce has increased to 110 EUR.

The longer-term supply situation may be beneficial for New Zealand logs with forecasts that 2021 will be the peak of spruce availability from Europe and a proposed Russian ban on export logs starting in January 2022.

NZ PF Olsen/GWMI, 25 November 2020



INDIA

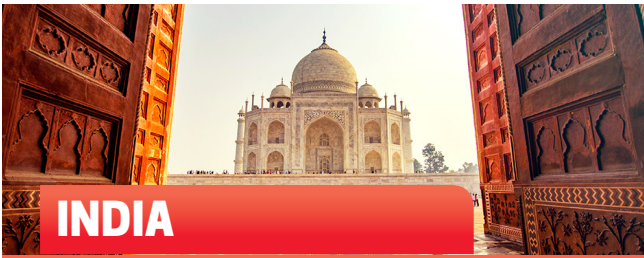
LOGS IMPORT EXPECTED TO INCREASE IN FOURTH QUARTER

Manufacturing and construction will be relatively quiet in India until late November due to the Diwali festival. Economists suggest this may be the most important Diwali festival in over 10 years. Consumption makes up 60% of the GDP in India, and an economic revival in India requires an increase in consumer spending which usually occurs in the festive season. The Diwali season usually accounts for 25-40% of all domestic sales of consumer durables.

Log supply will likely increase as log volume from Queensland that would have been sold in China has been diverted to Kandla in break bulk and Tuticorin in containers. This is additional to the regular two-three vessels from Uruguay and two vessels from New Zealand per month. Some volume from Uruguay may be sent to China if China log prices continue to lift faster than Indian prices.

Kandla lumber prices are steady at INR 471 levels. Log and lumber demand are forecast to increase after the Diwali period.

nz.pfolsen.com, November 2020



INDIA

CONTINUES TO SEEK EXEMPTION FROM ROSEWOOD TRADE BAN

The Standing Committee of the Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES) recently concluded its 70th meeting agreeing measures to achieve full compliance with international wildlife trade regulations.

The meeting held in Sochi, Russian Federation, attracted a record number of participants with over 700 representatives from more than 80 States and over 100 intergovernmental and non-governmental organizations.

On the side-lines of the meeting representatives of the Indian government and Indian rosewood importers discussed the on-going efforts to have sustainably harvested India rosewood exempted from the current trade ban.

ITTO, 16-30 November 2020



EUROPEAN UNION

TROPICAL TIMBER IMPORTS STRONGER THAN EXPECTED

The total EU27 (excluding the UK) import value of tropical wood and wood furniture products was US\$1.98 billion between January and August this year, 14% less than in 2019. This is a significantly higher level of import than forecast earlier in the year with the "Great Lockdown" having a severe impact of covid-19 on the wider EU27 economy and on the supply side in tropical countries.

While imports fell sharply in May this year there was a very strong rebound in June and July. Although imports declined again in August, they were at a five year high for that month (which is typically very slow during the European summer vacation period).

The continued relative buoyancy of trade is probably partly due to the strength of the DIY sector in the EU27 during the lockdown with many people taking the opportunity to carry out home improvement work.

In some EU27 countries with less stringent lockdowns, such as the Netherlands and Sweden, commercial construction and manufacturing activity also continued, at a slower pace but without interruption throughout the spring and summer months.

With the easing of lockdown measures from May onwards and boosted by the introduction of large government stimulus measures, the economy picked up across the EU27 in the third quarter. Official GDP figures have yet to be published (due early November), but according to projections by Barclays an 11.5% rebound of euro area economic activity is expected in the third quarter, led by Spain (17.9% quarter-on-quarter) and France (16.8% quarter-on-quarter). Barclays projections for third quarter rebounds in Italy (12.5% quarter-on-quarter) and Germany (8.2% quarter-on-quarter) are less dramatic but only because the initial downturn in the second quarter was more muted.

EU27 imports have also been given a boost by the relative strength of the euro on international exchange markets, the euro-dollar rate rising sharply from less than 1.10 to nearly 1.20 between May and August.

GWMI, 29 November 2020



BELARUS

TIMBER SALE TO CHINA VIA BUCE OVER USD 1 MILLION

In October Chinese companies purchased timber via the Belarusian Universal Mercantile Exchange worth more than \$1 million, which was much higher than the monthly average, BUCE spokesman Roman Yaniv told BelTA.

"Since October, we have seen an increased activity of Chinese companies in stock trading. One reason is the relaxation of the accreditation procedures. During this time, we welcomed four new participants. Thirteen residents of China got accredited on the stock exchange this year. This increase directly affected the amount of timber purchases, which exceeded \$1 million in October," Roman Yaniv said.

China's economy has coped with the negative effects of the coronavirus pandemic sooner than others. Today it is the largest importer of many commodities. Until now, timber has been the major export item to China via BUCE. But there is reason to believe that the range of commodities will soon expand, primarily due with agricultural products.

The Belarusian Universal Commodity Exchange was set up in 2004. It conducted its first auctions in June 2005. BUCE is one of the largest commodity exchanges in Eastern Europe. Its main function is to assist Belarusian enterprises with exporting products and foreign companies with entering the Belarusian market. BUCE sells a wide range of metal, forestry, and agricultural products, industrial and consumer goods.

eng.belta.by, 26 November 2020



UNITED KINGDOM

TIMBER REGULATION TO REPLACE EUTR STARTING 2021

The British Woodworking Federation (BWF) draws its members' attention to the fact that on January 1, 2021, the EUTR in the United Kingdom will be replaced by the UK Timber Regulation UKTR. Timber imports from the EU will then become more complicated.

The European Timber Regulation EUTR still applies in the United Kingdom until December 31, 2020. It regulates the import of wood and wood products into the EU and aims to ensure their legality.

With the completion of Brexit, their counterpart for Great Britain, the UKTR, will come into force for England, Wales and Scotland. Northern Ireland remains within the scope of the EUTR, as regulated in a special protocol.

The requirements of the UKTR are comparable to those of the EUTR. With one big difference so far, British companies have been able to buy wood in the EU without any major administrative effort. If a company purchases wood from the EU on or after January 1st, it is a "distributor" and has to fully demonstrate the legality of the wood. So far, this only applies to imports from outside the EU.

GWMI, 9 November 2020



BRAZIL

DOMESTIC DEMAND RECOVERING AND EXPORTS RISING

At the beginning of the pandemic there were forecasts of reductions in domestic demand and exports, notably of

solid wood products. The expectation was for a decline in domestic and international demand for all forest products throughout 2020 and into 2021. After six months and with the pandemic affecting 30 million people, the scenario is markedly different from that forecast.

The Brazilian domestic market is already showing signs of recovery with resumption of civil construction and exports of most wood products have increased. Although there was a drop in exports for some products, overall there was growth in the first seven months of this year. Exports of veneers stand out although export volumes are still small. However, other products such as non-coniferous roundwood exports increased 23% year on year to a record 700,000 cu.m. International demand for wooden doors expanded over 20% with some 70% of exports going to the US. Exports of value-added products were expected to be severely impacted by the pandemic but this proved wrong.

The pandemic did affect exports at the beginning of the year but the situation has changed dramatically over the past two or three months. Comparing August 2020 with the same month in 2019, exports of tropical plywood almost doubled, pine plywood exports were up 45% and pine sawnwood exports increased 68%. However, furniture exports have not yet recovered. This picture is totally different from that foreseen at the beginning of the pandemic when a 30% to 40% reduction in Brazilian exports of solid wood products was projected.

ITTO, 1-15 November 2020



RUSSIA

SOFTWOOD LOG EXPORTS IN STEADY DECLINE FOR THE PAST 15 YEARS AND MAY BE BANNED IN 2022

In a recent statement, the Russian President ordered the government to strictly control the exportation of roundwood and low-value forest products, and to clamp down on the illegal trade of logs.

He also requested a "complete ban on shipments of unprocessed or roughly processed conifer and valuable hardwood out of Russia by January 1, 2022." This statement would indicate that lower-value hardwood logs, such as birch pulplogs exported to Finland, may be excluded from the future export ban.

To encourage domestic processing of Russian timber, a government will implement a program to subsidized loans for investing in wood processing facilities, primarily in Siberia and Russia's Far East, targeting the

growing wood markets in Asia. These industry loans would be available for facilities producing lumber and panels, and pellet manufacturers which predominantly use small-diameter logs for their wood furnish.

If the log ban is enacted, it will be the end of Russia's long-lasting role as one of the world's largest exporter of softwood logs. Over many decades, the country has exported large volumes of wood raw-material, predominantly to forest products manufacturers in Asia and Europe. Softwood log export volumes peaked at 37 million cubic metres in 2006, but when log export tariffs were implemented in 2008, shipments fell dramatically and were down to only 8.5 million cubic metres in 2019.

This year, the decline has continued and only an estimated six million cubic metres is likely to be exported, according to the Wood Resource Quarterly. A majority of the shipments have gone to China (about 75%) and Finland (10%) in the first half of 2020.

Russian hardwood log exports have fluctuated between 7-8 million cubic metres the past five years but are likely to fall in the next two years if higher-value logs such as oak and ash are banned for exports.

China has sourced about 10-12 million cubic metres of softwood and hardwood logs annually from Russia for the past five years. Subsequently, the log export ban will substantially impact the future sourcing of both wood raw-material and processed products to China, a potentially troublesome scenario due to their outlook for increased consumption of forest products.

Fordaq, 3 November 2020



UNITED STATES

CABINET MAKERS CRY FOUL

A bipartisan coalition of US senators and representatives sent a letter to the US Commerce Department and to Customs and Border Protection expressing concern over alleged fraud on kitchen cabinet imports from China. The letter says "There is evidence that Chinese cabinet manufacturers have sought to undercut the US industry by circumventing antidumping and countervailing duties."

The US industry was provided with protection in the form of antidumping (AD) and countervailing (CVD) duties in April 2020 ranging from 13.33% to 269.91%. Since that time, the cabinet makers say evidence suggests Chinese producers may be engaged in transshipment, circumvention and evasion of the AD/CVD duties.

The industry has taken steps to combat customs fraud and as a result, filed a series of e-allegations and an allegation through the Enforce and Protect Act to end these fraudulent practices and restore a level playing field for the domestic industry. These allegations remain pending at Customs.

ITTO, 1-15 November 2020



UNITED STATES

DOC REDUCES COUNTERVAILING, ANTI-DUMPING DUTIES FOR B.C. LUMBER PRODUCERS

An administrative review of countervailing and anti-dumping duties reduced the tariffs to an average of nine per cent from 20.23 per cent, which had been levied on Canadian lumber starting in 2018. The new rate will take effect when it's posted to the commerce department's registry.

That decision was "a step in the right direction" but doesn't change the B.C. industry's approach to the dispute, said Susan Yurkovich, president of the B.C. Lumber Trade Council.

"The fact that we're still paying duties on our lumber products sold to the U.S. market is both frustrating and disappointing," Yurkovich said in a statement. "As we have consistently said, and as has been proven in previous rounds of litigation, the Canadian industry is not subsidized and this trade action levelled by U.S. producers is completely without merit."

The U.S. industry's position has remained consistent through several rounds of the softwood lumber dispute stretching back decades, which is that the province's methods for charging stumpage — the fees for rights to cut timber on public land — does amount to a subsidy.

In its own statement, the U.S. Lumber Coalition said Tuesday's decision understates those subsidies but reinforces that Canadian lumber producers do benefit in ways that allow them to dump product into the U.S. at below-market prices.

Yurkovich argued that demand for lumber in the U.S., particularly during the COVID-19 pandemic, exceeds the capacity of its domestic industry, so American consumers wind up paying higher prices due to the punitive duties.

GWMI, 20 November 2020



UNITED STATES

WOOD INDUSTRY NOT IMPACTED AS MUCH AS FEARED (COVID-19)

According to the latest survey results from Woodworking Network, the impact of the COVID-19 pandemic on the woodworking industry is diminishing even as there seems to be a new surge in infections.

When Woodworking Network first surveyed the woodworking industry about the pandemic in March, some 36.5% predicted it would have a major impact on their businesses. Today, that number has dropped to 21.3%.

The number who predicted the impact would be serious but not major is relatively unchanged, going from 35.8% in March to 34.7% in the October survey. By contrast, respondents who predicted a minor impact in March (23.7%) swelled to more than one-third (34.7%) in October. Similarly, the percentage that saw no impact from the pandemic in March (4.1%) has more than doubled to 9.4% in the October results.

When it comes to specific impacts from the pandemic, disrupted schedules were cited the most by respondents in March (69%) and in October (61.8%). More respondents cited disrupted supply as an impact in October (53.7%) compared to March (46.8%).

While more than half of respondents reported loss of business in March (55.1%), for October, that number has dropped to 47.8%. Similarly, the impacts of mandated shutdowns (39% in March) dropped to just 26.5% in October. Cancelled orders plagued more than a third of respondents (34.5%) in March but have dropped to 26.5% in October.

Fordaq, 20 November 2020



UNITED STATES

MOULDING IMPORTS CONTINUE TO SLIDE

US imports of tropical hardwood mouldings fell below US\$8 million in September, an 8% drop from August that dragged imports below the worst months of the pandemic and to the lowest totals in more than 10 years.

Imports were down more than 35% from the previous September and year-to-date totals are off by 17%.

Imports from Brazil are down 52% year-to-date despite rising 69% in September. Imports from China also gained considerably while imports from Malaysia and Canada declined.

ITTO, 1-15 November 2020



AUSTRALIA

CHINA BANS LOG IMPORTS FROM VICTORIA

China has banned imports of logs from Victoria in Australia as of 11 November according to a notice on the Australian Department of Agriculture's website.

This is because the quarantine service in China once again detected pests in a log shipment. Customs clearance for logs shipped from the state of Queensland after October 31, 2020 will not be cleared.

Since the beginning of this year, the Chinese customs has repeatedly detected live pests such as Cerambycidae and Buprestidae in logs imported from Australia.

In accordance with national quarantine laws and regulations the infected logs have been treated and the exporters notified of the non-conformance with international standards and required to investigate the causes and take improvement measures to avoid a recurrence.

Fordaq, 16 November 2020



WEST AFRICA

TROPICAL WOOD PRICES AND DEMAND STABLE

Egyptian importers are looking for timber and have been doing so for a long time now; the Egyptian Timber Federation is inviting offers of sawn timber in the red species and soft species such as ayous and okoume.

Egypt is a large wood consumer in construction and furniture, but it imports little wood from West Africa. The

country is importing timber from southern France and from eastern EU countries because delivery is fast and the product is cheap.

Demand is steady from China for the ovankol, okan, belli and sapelli species. It is also stable from Europe, with sufficient stocks and supply but buyers are cautious as winter approaches.

The South African market is still suffering from the impact of the COVID-19 pandemic. Imports of sawn, finger-joint timber are increasing slowly.

In Cameroon, some mills that had stopped operations are starting up, although log supply is still erratic. Exporters say a lack of sufficient customs officials is slowing dispatch of orders.

In the Congo, the government is still tightly controlling export quotas. Okoume prices are stable, but the export volume to China has dropped by 20%.

GWMI, 9 November 2020

industriels du bois du Gabon) requested and directed a review of the situation of the VPA FLEGT process in Gabon in order to contribute to an effective resumption of negotiations of the VPA FLEGT process.

The study noted that “unfortunately, many private sector players in the forest-wood sector operate outside of unions (associations), which does not give them the necessary space to take an active part in VPA FLEGT negotiations and therefore to be heard.”

GWMI, 9 November 2020



TIMBER EXPORTS DROP IN FIRST NINE MONTHS

Ghana's wood product export volume for the first three quarters of 2020 was well below that of the same period in 2019. The total volume shipped in the first three quarters of the year was 159,432 cubic metres, against the 229,239 cubic metres recorded for the same period in 2019, a decline of just over 30%.

The Timber Industry Development Division (TIDD) report showed that of the sixteen products exported only three rotary veneer, air-dried boules and mouldings registered significant volume increases in 2020 over the previous year while the others plummeted. Air-dried sawnwood (80,247 cubic metres), kiln-dried sawnwood (26,470 cubic metres), plywood to regional markets (16,460 cubic metres), billets (13,555 cubic metres) and mouldings (7,719 cubic metres) were the leading products which together accounted for 91% of the total export volume (159,432 cubic metres).

Export revenues dropped to Eur81.39 million in the first three quarters of 2020 from Eur116.08 million in 2019. This was attributed to low demand in those countries which experienced lockdowns. However, while export volumes fell, the overall average unit price for all wood products in the January to September period was up slightly from the previous year.

ITTO, 16-30 November 2020



GOVERNMENT SEIZE ILLEGAL LOGS

The Forestry Ministry seized around 8,000 cubic metres of illegal logs, which have been sold via tender. The tender has closed but the buyers have not been announced.

More illegal logs, mainly padouk, have been seized in the centre of the country and will be auctioned. It is reported that, in the lake regions, seized okoume logs are being stolen, mainly at night. One problem is that the number of vehicles and boats available to the ministry is limited making policing difficult.

Efforts to reopen VPA negotiations in Gabon ATIBT (Association Technique Internationale des Bois Tropicaux) has reported on a study aimed at restarting VPA negotiations in Gabon. ATIBT says in its latest newsletter that the UFIGA (Union des forestiers et



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Standing on Excellence

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A Picture Paints a Thousand Words. Wood Binds Them All

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UNIQUE OPPORTUNITIES FOR AGARWOOD

Agarwood or gaharu produces a unique aroma that brings a sense of tranquility, healing and spiritual cleansing in many traditions of the world. In modern times it is used as an ingredient in therapeutic medicines and perfumeries. The source of this precious wood comes from members of *Aquilaria* (Karas) and *Gyrinops*, two important genera in the plant family Thymelaeaceae.

The harvesting and trade of Karas and Agarwood in Malaysia has been going on for quite some time. However, it is only of late that this industry and trade in Agarwood has become more prominent, partly due to the efforts of the government, namely MTIB, in promoting and encouraging the growth of the industry. Under Act 686 CITES, all Karas plantations aimed at international trade, need to be registered with MTIB as the Management Authority.

On November 16, Majalah 3, a TV3 magazine programme, featured a segment to give additional information and update on the Agarwood industry. The segment highlighted several cooperation projects between MTIB and local entrepreneurs including developing inoculation techniques which could be successfully utilized by the industry as a whole.

Inoculation is one of the most important procedures in a Karas plantation as it stimulates the formation of Agarwood. Inoculation is a process which involves inducing liquid-form inoculum inside the mature Karas tree (5 years and above) to create stress to the tree. A non-inoculated Karas tree usually produces around 5-10% Agarwood naturally while inoculation helps to increase the percentage of Agarwood formation up to 70-80%.

MTIB recently completed a research on determining the best inoculation techniques for the Karas tree. The research were conducted by MTIB with Encik Mazlan Zainal from Melaccensis at his Karas plantation at Empangan Jus, Melaka. Datuk Abdul Razak Ali from Biobenua Teknologi Sdn Bhd was one of the inoculation suppliers for the project and his technique has been shown to successfully stimulate the formation of Agarwood.

Agarwood Essential Oil has been famously quoted as being the best base notes and recently there have a lot of interest in the market to use it in the perfumery industry. En. Arfan Ramli from Grow Project Works shares his journey in the perfume industry. The support he gets from various agencies, including MTIB, has helped him expand both knowledge and experience in creating his own perfume brand.

We are now seeing a growing interest among Malaysians in Agarwood plantations and the industry. MTIB receives almost daily enquiries from the public regarding the potential of this industry and the assistance provided by the government. This bears testimony to the increasing interest and the potential that the industry holds for the economy as a new source of growth. MTIB, as the leading agency in the promotion and development of the Agarwood industry will provide support to such efforts that aim to encourage participation in the industry. While MTIB continues with such programmes in developing the industry, they also value all efforts undertaken by the industry players that will contribute to the overall growth and development of the industry.



Resak *Vatica* spp.

Malaysian Wood
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Tak Lapuk Dek Hujan, Tak Lekang Dek Panas
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MTIB is committed towards enhancing the sustainable growth of the Malaysian timber industry through various initiatives and innovations.

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[facebook.com/Malaysian-Timber-Industry-Board](https://www.facebook.com/Malaysian-Timber-Industry-Board)

Spot the difference

They look similar, are made from the same type of hardwood and have similar price tags. The only difference is that one came from a rainforest and the other from a plantation.

Every year, millions of trees are felled to fulfill the demands of the timber industry. Problems arise when these trees are not replaced as fast as they are taken, causing a multitude of environmental problems.

MTIB is fully aware of the need for renewable resources. One solution is forest plantation, where trees are planted specifically for commercial purposes. Not only does it provide a steady supply of timber, it also works to the advantage of our environment.

We care about the environment as much as we care about the timber industry, which is why it is important for us to come up with solutions that benefit both – because beautiful furniture doesn't have to come with a high environmental price tag.

October 2020

Malaysia

Port Klang ready for CMC0, ground staff reduced

PORT Klang is prepared to tighten restrictions on its operations following the latest two-week Conditional Movement Control Order (CMCO) in Klang due to the surge in Covid-19 cases. Port Klang Authority (PKA) GM Captain K Subramaniam said the two ports — Northport and Westport, are able to reduce their ground operational workforce by 15% to 20% and allow staff only at the essential segments of the terminals. "We managed to rearrange our operational staff, reduce the numbers on the grounds and alternate those who are in the essential areas, so they would not have to be there for a longer period. We also reduced people on the ground by shifting those stationed at non-essential areas, such as the engineering and warehousing sites, to essential areas," he told The Malaysian Reserve.

Despite the approval for industrial and business activities within the sea terminals to continue, Subramaniam said both ports have implemented major Covid-19 standard operating procedures (SOPs) to ensure that the health and safety of the staff are not compromised.

We have digitalised activities that were previously done manually and applications are now being managed through systems, so there is no need for outsiders to come to the ports. He added that for the port authority itself, PKA has reduced its operational staff by half through the work-from-home system and virtual meetings.

"We have been enforcing the health-related restrictions, including social distancing, screening and face mask regulation, since March and we have not stopped at all," he said. Subramaniam added that the continuance of the port operations, which handle about 54% of the nation's cargoes, is vital to retain the vessels that call at Port Klang as the shippers are bound to opt for nearby terminals for convenience.

"Port Klang is at the heart of the country's economy. Let us not downplay that as there is a possibility for shippers and consignees to use other ports like Singapore.

With just four hours on the causeway and RM200 levy at the border, they will cross and that will be a loss for the nation. **(do we need to put this in? to state our worries about a specific competitor?)** Amidst the worries of business disruptions at the sea terminals, all commercial vehicles in Klang, Selangor, that transport goods and are related to businesses are allowed to travel and operate during CMCO.

The exception is also applied to areas in the Sandakan, Papar and Tuaran districts in Sabah, where CMCO had also been enforced.

Source: [themalaysianreserve](#)

Yang Ming inaugurates depot at Port Klang, Malaysia

Yang Ming Marine Transport Corp. (Yang Ming) has cooperated with TAIWAN FOUNDATION INTERNATIONAL PTE. LTD. and Malaysian investors to set up a joint venture depot company named Jambatan Merah Formosa Depot Sdn. Bhd at Port Klang, Malaysia. The opening ceremony was held on October 1st, 2020. The new company will provide inland empty container depot and container maintenance and repair services.



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

Product	Port Klang		Kuantan		Pasir Gudang		Tanjung Pelepas		Penang		Total all Ports M³	% Change Oct 2020/ Sept 2020
	M³	% Change Oct 2020/ Sept 2020	M³	% Change Oct 2020/ Sept 2020	M³	% Change Oct 2020/ Sept 2020	M³	% Change Oct 2020/ Sept 2020	M³	% Change Oct 2020/ Sept 2020		
Sawntimber	58,820	-23	9,576	-3	969	-18	339	69	7,400	27	77,105	-18
MDF	223,080	1,733	32	100	3,781	15	198,964	17,350	3,607	48	429,463	2,156
Mouldings	10,976	4	54	50	1,434	-4	598	-31	820	-38	13,883	-3
Plywood	4,454	-1	161	-36	0	-100	316	99	12,728	-12	17,659	-9
Veneer	523	109	0	-100	0	0	74	42	2,030	-57	2,627	-48
Particleboard	20,326	5	361	25	430	-8	12	100	6,987	-26	28,116	-5
TOTAL	316,179	156	10,184	-2	6,615	3	200,303	8,200	33,571	-12	566,852	214

Source: MTIB

Malaysia is one of the largest economies in ASEAN. According to an International Monetary Fund (IMF) report released in June, despite Malaysia's GDP being projected to contract by 3.8% this year due to COVID-19, its GDP growth is still expected to resume pre-COVID-19 growth levels in 2021 at 6.3%. The steady economic growth in the country will accelerate local industrial development and further stimulate local demand.

The harbor business is one of the most important sectors for development in Malaysia. Port Klang, the largest port in Malaysia, is also the main calling port of Yang Ming. In light of this, Yang Ming has set up wholly-owned subsidiaries in the country to position itself in the Malaysian transport and logistics market. The setup of Jambatan Merah Formosa Depot Sdn. Bhd, coupled with Yang Ming's flexible service deployment and cooperative partners' strengths, will enable the company to further integrate with midstream and downstream businesses, and enjoy the advantage of cost reduction and profit increase.

In keeping with the rapid growth of the Southeast Asian market and the government's "New Southbound Policy", Yang Ming set up a joint venture depot company named PT. FORMOSA SEJATI LOGISTICS in Surabaya, Indonesia in 2018, and continued to extend its investment territory in Southeast Asia by establishing Jambatan Merah Formosa Depot Sdn. Bhd this year. Looking into the future, Yang Ming will continue to look for cross-sector collaboration opportunities to enhance its competitiveness and service quality in the Southeast Asia market.

Source: Port News



China adds three areas to its expanding list of free trade zones

CHINA has decided to set up three new free trade zones (FTZs) as part of efforts to attract foreign investment and boost trade, reports Caixin.

The State Council, China's cabinet, has announced a plan to further expand the FTZ programme, adding zones in Beijing, Central China's Hunan province and the eastern province of Anhui. The plan also involves expanding an existing FTZ in the eastern province of Zhejiang, and that will bring the country's total number of FTZs to 21.

In China, FTZs are designated areas with preferential business, trade and financial policies that are intended to attract international businesses while testing economic reform and opening measures.

According to the plan, banks in the zone will be allowed to issue overseas RMB-denominated loans to foreign institutions' non-resident accounts (NRA), a special type of account opened with Chinese mainland banks by overseas entities and individuals. Beijing's FTZ will also serve as a testing place for a digital currency developed by the People's Bank of China.

Source: Asian Shipper



Partnership agreement between leading Hamburg Port Authority and Tanger Med Port Authority

In an online ceremony on October 27, Hamburg Port Authority and Tanger Med Port Authority signed a Letter of Intent to form a partnership.

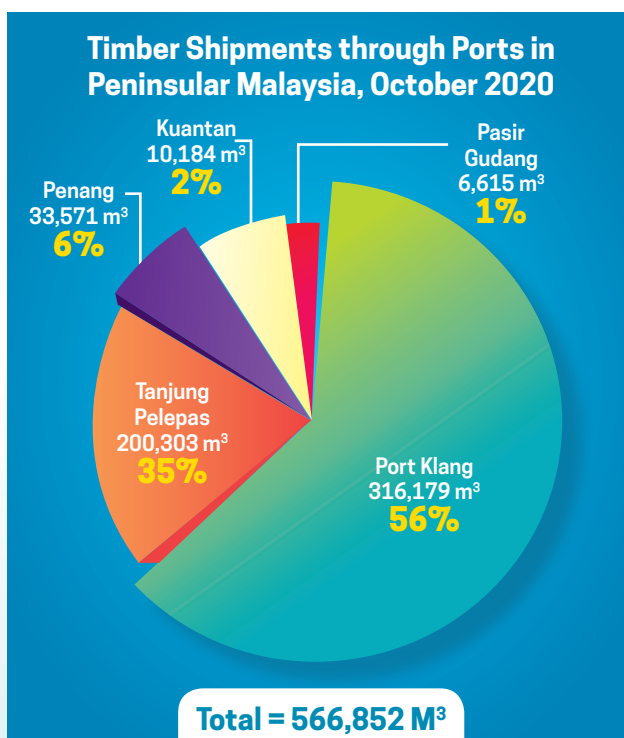
Both Hamburg Port Authority and Tanger Med Port Authority hold strong leadership positions in their respective regions and pursue common goals within the framework of port cooperation - including port management, logistics and the digitalization of trade.

Through this agreement, both port authorities jointly aim to work on exchanging experiences and good practices in several fields including: efficiency of port and vessel operations, digitalization and port community system, traffic management, port (cyber) security, IT data exchange and innovation.

Tanger Med is the leading African and Mediterranean industrial port complex and a global logistics gateway located on the Strait of Gibraltar. The port is connected to more than 180 ports worldwide and offers handling capacities of 9 million containers.

In 2019, the universal port of Hamburg handled 1.3 million tonnes of cargo in seaborne trade with Morocco, which constitutes an increase of 62.2 percent compared to the previous year. Totalling at 92,000 TEU, container handling figures reached a record high with an increase of 14.2 percent. This development is primarily due to increased throughput volumes with Tanger Med. Morocco is Hamburg's leading trading partner in direct trade with Africa. A total of nine liner services connect the port of Hamburg with Morocco.

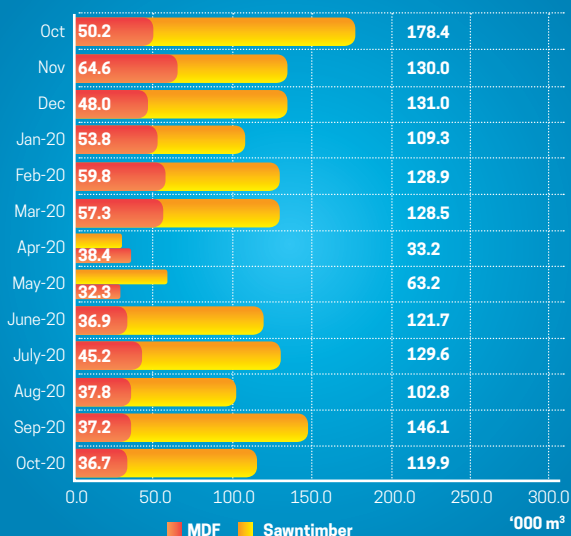
Source: Port News



October 2020

Exports of Malaysian timber and timber products in October 2020 increased slightly by 6% valued at RM2.1 billion from RM2.0 billion in the previous month. However, cumulative exports for the period of January to October 2020 decreased 4% worth RM17.8 billion over the previous corresponding period.

Malaysia: Export of Sawntimber and MDF
October 2019 - October 2020 (RM million)



SAWNTIMBER

Total export of sawntimber in October 2020 decreased both in volume at 119,946 m³ and in value at RM219.4 million as compared to the previous month. Cumulative exports for the period of January to October 2020 decreased by 30% in volume and 32% in value to 1,083,319 m³ totalling RM2.0 billion over the previous corresponding period.

Exports of sawntimber to the EU for the month increased by 6% to 6,869 m³ over the previous month because of higher demand from major countries in the region. The Netherlands as the main buyer increased 11% to 3,476 m³ from 3,125 m³ in the previous month. Exports to Germany also increased by 9% to 1,121 m³ from 1,026 m³ as recorded in the previous month followed by France with an increase of 33% to 723 m³. However, exports to Greece and Italy decreased by 32% and 58% to 277 m³ and 164 m³ respectively from 408 m³ and 388 m³ recorded in the previous month. Meanwhile exports to the UK also decreased by 19% to 1,458 m³ from 1,797 m³ in the previous month.

Total export to West Asia decreased by 52% to 20,887 m³ from 43,690 m³ as recorded in the previous month. Yemen as the main buyer from West Asia decreased by 85% to 4,519 m³ from 29,758 m³ recorded last month. Similarly, exports to Saudi Arabia and the UAE also decreased both by 10% to 1,916 m³ and 4,886 m³ respectively from 2,121 m³ and 5,456 m³ recorded in the previous month. However, exports to Iraq increased by 167% to 2,386 m³ from 893 m³ as recorded in the previous month followed by Qatar and Oman by 187% and 26% higher to 1,196 m³ and 4,122 m³. Exports to Bahrain also increased by 1% to 1,129 m³ from 1,115 m³ as recorded in the previous month.

Elsewhere, buying from ASEAN decreased by 10% to 33,774 m³ from 37,600 m³ as registered in the previous month. Thailand as the main buyer in ASEAN decreased its intake by 6% to 16,452 m³ from 17,406 m³ as recorded in the previous month. Exports of sawntimber to the Philippines also decreased by 31% to 9,151 m³ from 13,315 m³ last month. However, exports to Singapore increased by 22% to 6,587 m³ from 5,394 m³ as recorded in the previous month followed by Indonesia by 275% to 191 m³. Meanwhile intake by Viet Nam decreased by 61% to 1,344 m³.

Shipments to East Asia also increased by 11% to 27,938 m³ from 25,072 m³ in September. China as the main buyer increased purchase by 47% to 17,663 m³ from 12,019 m³ in the previous month. Similarly, exports to Japan and Hong Kong increased by 28% and 168% to 3,729 m³ and 198 m³ respectively from 2,917 m³ and 74 m³ as recorded last month. However, intake by Taiwan decreased by 39% to 4,348 m³ and followed by South Korea with a reduction of 33% to 2,000 m³ respectively.

Elsewhere, exports to the USA decreased by 8% to 931 m³ while Australia's intake increased by 2% to 934 m³ compared to the previous month. Meanwhile, demand from South Africa decreased by 48% to 2,617 m³ from 4,997 m³ as recorded in the previous month.

The average FOB price of sawntimber increased by 5% to 1,829 per m³ from 1,748 per m³ in the previous month. Meanwhile, the price of Dark Red Meranti to the Netherlands increased by 1% to 3,295 per m³ from 3,262 per m³ previously. Keruing was traded at 1,996 per m³, with a decrease of 5% from 1,907 per m³ in the previous month.

MEDIUM DENSITY FIBREBOARD (MDF)

Exports of MDF in October 2020 decreased both in volume and value by 1% and 2% to 36,670 m³ worth RM54.3 million compared to the previous month. Similarly, cumulative exports for January-October 2020 based on year-on-year recorded a decrease in volume by 39% to 435,259 m³ and in value by 32% worth RM612.9 million over the previous corresponding period.

In ASEAN, total export increased by 16% to 8,464 m³ from 7,327 m³ in the previous month. Exports to Indonesia increased by 49% to 4,130 m³ but exports to the Philippines and Viet Nam decreased by 4% to 2,459 m³ and 14% to 1,610 m³ respectively. Singapore resumed purchase to 38 m³ for the month. Moving to the East Asia region, exports declined by 20% to 9,963 m³. Japan as the major importer of MDF decreased its intake by 20% to 8,955 m³, followed by South Korea by 14% to 385 m³ and Taiwan 69% to 173 m³. However, China including Hong Kong increased buying by 70% to 450 m³.

Moving to the South Asian region, exports improved by 61% to 7,639 m³ for the month. Pakistan as the major buyer increased intake by 32% to 2,868 m³, followed by India by 62% to 2,601 m³, Sri Lanka by 100% to 1,499 m³ and Bangladesh 205% to 650 m³. In contrast, exports to the West Asian region decreased by 43% to 4,449 m³ from 7,775 m³ in the previous month. Exports to Kuwait and Qatar declined by 2% to 668 m³ and 80% to 32 m³ respectively. However, exports to Oman increased by 16% to 1,516 m³, followed by UAE by 138% to 1,267 m³, Jordan 950% to 672 m³.

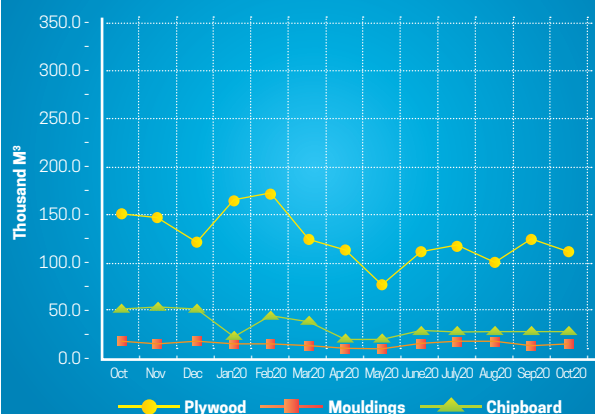
m³ and Bahrain 100% to 128 m³. Iran, Saudi Arabia and Syria didn't make any purchase for the month.

Elsewhere, exports to the USA, South Africa and Sudan increased by 9% to 1,577 m³, 24% to 1,143 m³ and 104% to 817 m³ respectively. However, exports to Australia and UK declined by 75% to 192 m³ and 5% to 124 m³ respectively.

The FOB price of MDF decreased by 0.3% to RM1,481 per m³ from RM1,485 per m³ from the previous month.

Malaysia: Export of Plywood, Mouldings and Chipboard

October 2019 - October 2020



PLYWOOD

Exports of plywood in October 2020 both decreased in volume and value by 14% and 10% to 115,912 m³ totalling at RM216.8 million compared to the previous month. Similarly, cumulative exports for January-October 2020 based on year-on-year showed a decrease in volume by 13% to 1,264,398 m³ and in value by 18% worth RM2.4 billion over the previous corresponding period.

Exports of plywood to the EU increased by 187% to 1,118 m³ for the month from 390 m³ in the previous month. Belgium, France, Ireland and Italy have resumed intake to 218 m³, 76 m³, 614 m³ and 38 m³ respectively. Exports to the Netherlands increased by 50% to 129 m³, however Denmark reduced its intake by 85% to 43 m³ for the month. Exports to the UK decreased by 18% to 6,832 m³ and Turkey did not make any purchase for the month.

Exports to ASEAN and the East Asia region recorded a decrease of 7% to 71,262 m³ compared to 76,657 m³ in the previous month. Despite the decrease in the region, Japan as the main importer of Malaysian plywood increased its intake by 6% to 50,115 m³. Exports to Taiwan also increased by 6% to 6,986 m³ for the month. However, exports to South Korea reduced by 33% to 7,279 m³ followed by China with a decrease of 22% to 878 m³ and Hong Kong with 65% to 829 m³. Meanwhile, Malaysia's plywood trade with its ASEAN partners showed mixed trends for the month. Thailand reduced its intake by 49% to 2,082 m³, followed by Singapore by 20% to 1,025 m³ and the Philippines 59% to 833 m³. In contrast, Brunei Darussalam increased its intake by 31% to 745 m³. Indonesia did not make any purchase for the month.

Exports to the West Asian region also recorded a decrease of 38% to 12,541 m³ from 20,323 m³ in the previous month. Exports to Yemen reduced by 51% to 8,378 m³. Exports to Kuwait also declined by 68% to 96 m³. Despite the negative trend in exports of plywood to the region, Saudi Arabia increased its buying by 1% to 683 m³, followed by UAE by 33% to 628 m³ and Bahrain by 374% to 393 m³. Qatar resumed its buying to 385 m³ for the month.

The African region also recorded a decline of intake by 48% to 536 m³ over 1,021 m³ in the previous month. Morocco and South Africa decreased buying by 55% to 376 m³ and by 21% to 147 m³ respectively. Mauritius resumed its buying to 13 m³ while Sierra Leone did not make any purchase for the month. Similarly, exports of plywood to the Americas region decreased by 17% to 18,781 m³ as compared to 22,581 m³ in the previous month. Our main buyer in the region, the USA reduced its intake of plywood by 5% to 17,173 m³ from 18,064 m³ last month. Mexico also decreased its buying by 81% to 825 m³ but exports to Canada increased significantly by 751% to 766 m³. Moving to the Oceania region, exports to Australia decreased by 4% to 3,214 m³. However New Zealand increased its buying by 295% to 83 m³ for the month.

The FOB price of plywood increased by 4% to RM1,870 per m³ from RM1,794 per m³ in the previous month.

MOULDINGS

Exports of mouldings for the month increased by 7% in volume and 6% in value to 15,902 m³ worth at RM61.6 million. However, cumulative exports for the period of January to October 2020 decreased by 23% in volume and 22% in value to 151,870 m³ worth at RM570.0 million as compared to the previous corresponding period in 2019.

Exports to the EU for the month recorded at 7,166 m³, an increase of 8% compared to the previous month. Belgium and the Netherlands increased purchase by 60% and 8% to 578 m³ and 4,894 m³ respectively, while Germany decreased purchase by 2% to 921 m³. However, Italy did not make any purchase for the month. Meanwhile, the UK recorded a decrease of 38% to 377 m³ for the month.

Exports to the ASEAN region increased as Singapore increased its purchase by 29% to 816 m³ while, Viet Nam decreased purchase by 25% to 311 m³. However, Indonesia did not make any purchase.

China and South Korea increased intake by 102%, and 45% to 123 m³ and 1,321 m³ respectively. However, Hong Kong, Taiwan and Japan decreased intake by 72%, 67% and 19% to 42 m³, 50 m³ and 1,134 m³ compared to the previous month.

Elsewhere, exports to Canada, Australia and the US increased by 19%, 12% and 10% to 31 m³, 2,041 m³ and 1,556 m³ respectively.

Average FOB unit value for mouldings decreased marginally to RM3,871 per m³ compared to RM3,883 per m³ in the previous month.

October 2020

LOGS

The average prices of logs for most of the species reported was sustained at last month's level.

Log prices for the species of Chengal and Balau remained at RM5,000 per tonne and RM3,350 per tonne respectively. Similarly, the price for Kapur remained at RM1,680 per tonne whilst Mengkulang increased by 6.2% at RM1,380 per tonne. The prices for Dark Red Meranti remained at RM1,850 whilst Yellow Meranti increased by 4.8% at RM1,310 per tonne respectively. On the other hand, logs prices for Mixed Heavy Hardwood and Mixed Light Hardwood remained at RM1,157 per tonne and RM1,100 per tonne.

MEDIUM DENSITY FIBREBOARD (MDF)

The domestic supply of MDF remained stable as prices continued to chart at last month's level. The MDF of 4mm, 6mm, 9mm and 12mm of thicknesses were traded at RM12.90, RM16.20, RM22.00 and RM29.10 per piece respectively.

SAWNTIMBER

The average sawntimber prices for most species in the domestic market continued to be firm.

The sawn timber prices of Chengal and Balau remained at RM7,062 per m³ and RM3,390 per m³ respectively. Similarly, the prices for Keruing and Kempas remained at RM2,083 per m³ and RM2,507 per m³ respectively. The prices for Dark Red Meranti and Red Meranti remained at RM1,907 per m³ and RM1,836 per m³ respectively. On the other hand, sawn timber prices of Mixed Heavy Hardwood and Mixed Light Hardwood stood firm at RM1,059 per m³ and RM953 per m³ for this month.

PLYWOOD

The supply of plywood to the domestic market remained adequate for the month under review. The prices of plywood for 4mm, 6mm, 9mm and 12mm of thicknesses continued to be traded at RM14.80, RM22.20, RM38.35 and RM48.50 per piece respectively.

INTRA-MALAYSIA TRADE * - OCTOBER 2020

The shipments of logs from Sabah to Peninsular Malaysia for the month were 4,158 m³ in volume, valued at RM1.4 million. Meanwhile, trade of sawn timber fell by 65% in volume from 924 m³ to 324 m³, valued at RM472,000. Trade of plywood of 2,491 m³ in volume was valued at RM4.5 million.

Trade of sawn timber from Sarawak to Peninsular Malaysia decreased by 11% in volume from 605 m³ to 537 m³, valued at RM762,000. Meanwhile, trade of plywood increased by 4% in volume from 3,444 m³ to 3,589 m³ valued at RM4.0 million.

No intra trade from Peninsular Malaysia to Sabah and Sarawak was recorded during the month under review.

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

	LOGS/tonne	SAWNTIMBER/m³			
SPECIES	18" UP	GMS	STRIPS	SCANTLINGS/m³	
HEAVY HARDWOOD					
Cengal	5,000	7,062	5,650	8,475	
Balau	3,350	3,390	3,072	3,178	
Red Balau	2,270	2,874	2,542	3,531	
Merbau	3,570	4,696	3,884	4,096	
Mixed Heavy Hardwood	1,157	1,059	1,038	1,236	
MEDIUM HARDWOOD					
Keruing	1,700	2,083	1,271	2,203	
Kempas	1,600	2,507	2,295	2,578	
Kapur	1,680	1,746	1,412	1,816	
Mengkulang	1,380	2,338	1,554	2,323	
Tualang	1,440	2,507	2,331	2,542	
LIGHT HARDWOOD					
Dark Red Meranti	1,850	1,907	1,554	2,648	
Red Meranti	1,750	1,836	1,483	2,083	
Yellow Meranti	1,310	1,603	1,236	1,660	
White Meranti	1,480	2,472	1,342	2,507	
Mersawa	1,700	1,977	1,624	1,977	
Nyatoh	1,330	1,695	1,412	1,518	
Sepetir	1,350	1,695	1,095	1,751	
Jelutong	1,110	1,780	1,215	1,836	
Mixed Light Hardwood	1,100	953	855	1,088	
MALAYSIAN RUBBERWOOD					
Hevea brasiliensis	LOGS/tonne	SAWNTIMBER/m³			
	188	1" X 1"	2" X 2"	3" X 3"	4" X 4"
		1,040	1,220	1,380	1,560
PLYWOOD 4' X 8'	4 mm	6 mm	9 mm		12 mm
(RM per piece)	14.80	22.20	38.35		48.50
MDF 4' X 8'	4 mm	6mm	9 mm		12 mm
(RM per piece)	12.90	16.20	22.00		29.10

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

* Prices are only indicative

INTRA-MALAYSIA TRADE - OCTOBER 2020

From	Product	September 2020		October 2020		% Change in volume	% Change in value
		Vol (m³)	Val (RM'000)	Vol (m³)	Val (RM'000)	Sep2020/Oct2020	Sep2020/Oct2020
SABAH	Logs	0	0	4,158	1,357	100	100
	Sawntimber	924	321	324	472	-65	47
	Plywood	0	0	2,491	4,497	100	100
	Veneer	108	188	0	0	-100	-100
SARAWAK	Logs	0	0	0	0	0	0
	Sawntimber	605	1,145	537	762	-11	-33
	Plywood	3,444	3,593	3,589	4,019	4	12
	Veneer	0	0	0	0	0	0

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

Cont. from page 17

VENEER

Exports of veneer for October 2020 declined both in volume by 34% to 3,611 m³ and 37% in value worth RM5.3 million as compared to the previous month. Similarly, cumulative exports for January-October based on year-on-year showed a decrease in volume by 49% to 48,092 m³ and in value by 47% worth RM76.4 million over the previous corresponding period.

Exports to China declined by 3% to 1,944 m³, followed by South Korea by 64% to 412 m³, India by 14% to 242 m³, Taiwan 97% to 29 m³ and Italy 86% to 21 m³. However, exports to the USA, the Philippines and Australia increased by 136% to 78 m³, 5% to 478 m³ and 25% to 95 m³ respectively. Singapore and Viet Nam didn't make any purchase for the month.

The FOB price of veneer for October 2020 is at RM1,469 per m³, a decrease of 5% from RM1,542 per m³ on the previous month.

BUILDERS JOINERY AND CARPENTRY (BJC)

Exports of BJC for October 2020 recorded an increase of 11% in volume and 12% in value to 12,549,787 m³ worth RM100.6 million from last month. Total BJC cumulative exports for the same corresponding period last year decreased by 6% to RM800.7 million as compared to RM851.7 million. Exports to the EU increased 2% to RM154.9 million. Exports to Sweden, Denmark and Belgium increased by 146%, 25% and 15% to RM16.4 million, RM20.1 million and RM43.3 million respectively. However, exports to Germany, France, Italy and the Netherlands decreased by 34%, 25%, 22% and 13% to RM17.0 million, RM15.3 million, RM4.2 million and RM17.4 million respectively. Meanwhile, exports to Turkey increased by 394% to RM325 million from last month.

In Asia, exports to Bahrain and Egypt increased its purchases by 455% and 198% to RM382,303 and RM1.2 million compared to the previous month. Meanwhile, Qatar, the UAE and Saudi Arabia recorded a decrease of 100%, 84% and 65% to RM8,599, RM786,533 and RM536,444 respectively. Exports to Thailand and Taiwan increased by 11% and 3% to RM18.4 million and RM9.6 million compared to the previous month. However, exports to Singapore, Pakistan, Viet Nam, South Korea, Japan and India decreased by 51%, 40%, 38%, 21%, 20% and 18% to RM34.9 million, RM1.3 million, RM14.6 million, RM1.9 million, RM45.9 million and RM27.5 million respectively.

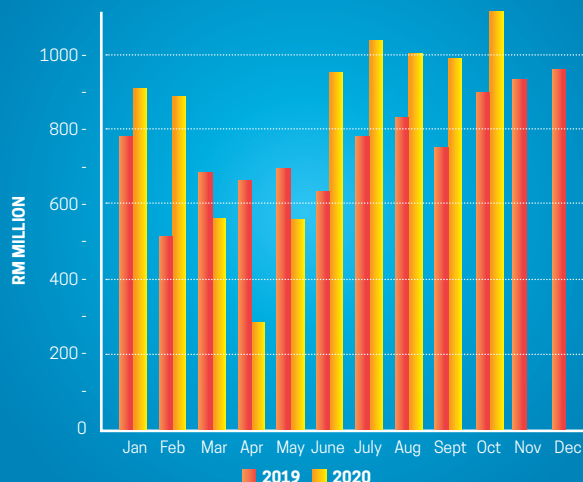
Exports to the US and Mauritius increased by 26% and 2% to RM156.9 million and RM720,694 compared to the previous month. However, exports to South Africa and Australia decreased by 44% and 21% to RM8.8 million and RM139.6 million respectively.

FURNITURE

Exports of wooden and rattan furniture for the period of January to October 2020 increased by 16% to RM8.3 billion from RM7.1 billion in the previous corresponding period. The USA as the main buyer of wooden furniture increased purchase by 65% to RM5.2 billion from RM3.1 billion in the corresponding period in 2019. In Europe, shipments to Germany decreased by 12% to RM38.6 million, while exports to the Netherlands increased by 12% to RM26.7 million from RM23.9 million compared to the previous corresponding period. Exports to Greece also decreased by 12% to RM17.9 million follow with France 22% to RM39.1 million respectively. Shipments to the UK also decreased by 6% to RM380.7 million for the month.

Purchases by Russia declined by 17% to RM12.3 million from RM14.8 million in the same period last year. Demand from

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



both Canada and Australia also decreased by 6% and 12% to RM229.8 million and RM340.1 million respectively.

In East Asia, exports to Japan reduced by 20% to RM396.0 million from RM496.5 million in the same period last year. However, South Korea increased consumption by 6% to RM76.1 million whilst exports to China decreased by 35% to RM104.4 million. Exports to India also decreased by 51% to RM93.7 million from RM192.6 million in the previous corresponding period.

In the ASEAN region, exports to the Philippines and Singapore recorded at RM93.7 million and RM230.6 million respectively. Elsewhere, exports to Saudi Arabia and Qatar also decreased by 15% to RM126.7 million and 56% to RM5.4 million respectively. The UAE also reduced buying by 21% to RM99.3 million followed by Kuwait with a reduction of 43% to RM23.5 million and Oman by 65% to RM10.8 million respectively.

Rattan furniture shipments for January to October 2020 recorded at RM82.7 million from RM114.6 million in the previous corresponding period. Exports to the USA decreased by 12% to RM29.4 million from RM33.2 million in the corresponding period in 2019. Elsewhere, exports to Canada and Australia increased by 1% to RM2.6 million and by 28% to RM4.6 million respectively.

In Europe, exports to the UK and the Netherlands decreased by 28% and 26% to RM6.9 million and RM728,566 respectively compared to the previous corresponding period. Exports to Russia also decreased by 40% to RM2.5 million followed by France by 51% to RM1.3 million and Poland 74% to RM481,535. However, purchases by Germany improved by 36% to RM611,607 from RM448,760 in the same period last year. Meanwhile in North Africa, Algeria increased purchase by 12% to RM2.6 million from RM2.4 million in the previous corresponding period.

In East Asia, exports to Japan increased by 98% to RM2.1 million from RM1.1 million recorded in the same period last year. However, China and India declined intake by 53% and 71% to RM8.5 million and RM1.7 million compared to RM17.9 million and RM5.9 million respectively in the previous corresponding period. Meanwhile in the ASEAN region, exports to Singapore and Thailand recorded at RM1.5 million and RM421,074 respectively.

Elsewhere in the Middle East, exports to the UAE decreased by 27% to RM579,436 from RM792,141 recorded in the same period 2019. Meanwhile, Viet Nam, Cote D' Ivore, Sri Lanka and Oman didn't make any purchase compared to the previous corresponding period in 2019.



BAMBOO: A GROWING POTENTIAL

The bamboo industry in Malaysia has a great potential to be expanded into international trade. Bamboo is categorized as one of the fastest growing plant species. It belongs to the family Gramineae and sub family Bambusoideae. It is estimated that there are more than 1,600 species of bamboo in the world, belonging to 121 genera.

The cultivation of elite bamboo species and the management of bamboo reeds are keys to determining a continuous supply for the development of related industries. Through the support of relevant technology transfer, reducing industry-related problems, it is expected that this bamboo will become a competitive commodity on the international stage.

To further highlight the potential of the industry, Majalah 3, a TV3-produced magazine programme, featured a segment on bamboo on 2 November. The idea is to change people's perception of the bamboo industry and to show real-life success stories of the current bamboo industry. With the cooperation of several industry players in the industry, the segment was a success.

The segment highlighted the activities in the plantations and the efforts taken to promote bamboo such as the uses of bamboo in tourism industry and value-added products in the forms of bamboo furniture and bamboo charcoal.

Tadom Hill Resort located at Banting Selangor, established by Dato Lai Yeng Fock has become

one of the focal points for tourism in Selangor. The resort is a bamboo inspired resort as the chalets are almost entirely made up of bamboo materials. Dato Lai wanted to introduce bamboo usage in eco-tourism industry. As such, not only did he incorporate bamboo materials in all the buildings in the resort, he also offers bamboo charcoal for sale.

The segment then took us to Sik Kedah where Encik Muhammad Izwan manages a bamboo plantation. He illustrated the methods and procedures involved in producing seedlings which are supplied for industry usage throughout Malaysia. One of the buyers of the bamboo is Encik Muhammad Khairul Tor Abdullah, an entrepreneur who manufactures bamboo furniture. He is in the midst of developing a new technique of using bamboo as the raw material to produce furniture. He believes that in this era, a new technique in doing things can bring bamboo industry into a new level.

MTIB has worked with Prof. Ts. Dr. Khairul Aidil Azlin Abd. Rahman, a furniture designer, on developing a new technique of using bamboo as the raw material for uniquely designed furniture. The prototype was produced at KWM Craft Malaysia Sdn Bhd at Dengkil with materials provided by MTIB.

MTIB sees the potential for bamboo being widely used in the local industries. To support this MTIB has provide an incentive under the Forest Plantation Development Programme for those interested into bamboo plantations. It is MTIB's hope that this material will be recognised by the timber industry as an alternative raw material. 


Standing on Excellence



Multiple Uses, Variable Styles

Incomparable
Malaysian Wood.
Choice for those
with exclusive
preference.
Pushing the
Frontier of
imagination and
creativity.
Our Heritage.
Our Pride.





EUCALYPTUS: AN ALTERNATIVE FOREST PLANTATION SPECIES

The Malaysian Government through the Ministry of Plantation Industries and Commodities (MPIC) and Malaysian Timber Industry Board (MTIB) with the support of various forestry agencies have recognized forest plantation as a strategy to overcome the scarcity of timber supply in the near future. The existing natural forests are currently reducing its capability to continue meeting the increasing demand for log and timber for the domestic wood processing industries. In an effort to reduce the dependence on natural forests as the main source of sawlogs and realising the need for continuous wood supply, the government is encouraging the development of large-scale commercial forest plantations. Unlike the previous reforestation programmes, the Compensatory Forest Plantation Programme (CFPP) in 1980s which were fully implemented by the state government, the current programme involves the full participation of private sectors and government agencies.

Under the current afforestation and reforestation programme, a number of native and exotic species were selected for planting, nevertheless only two of three species have been chosen for commercial planting including *Acacia's*, *Paraserianthes falcataria* (batai) and *Neolamarckia cadamba* (kelempayan / laran in Sabah & Sarawak). The *Acacia mangium* species was the most preferred species for being a robust tree able to grow on a variety of sites, showing good growth performance and being relatively free from pests and diseases. After a few years in operation, the species *A. mangium* and its hybrids were affected by *Ceratocystis* in certain plantation areas in Sabah. Due to the *Ceratocystis* disease, some of the planters shifted from *Acacia* to other alternative species such as *Eucalyptus*. Among the *Eucalyptus* species, *E. pellita* and *E. hybrid* are

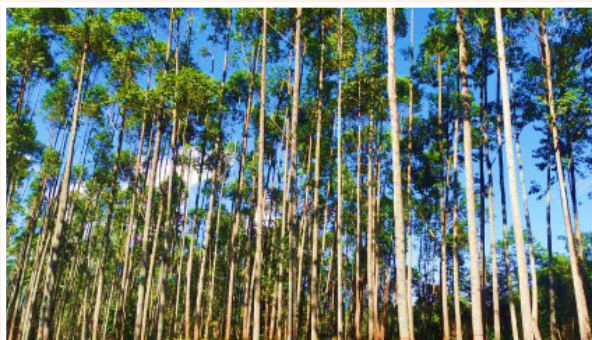
known to be more disease resistant in the tropics, with a high survival rate after planting and possessing a straight bole form.

Due to its potential as a future plantation crop and being commercially planted in both states of Sabah and Sarawak, as well as in some parts of Peninsular Malaysia, the *Eucalyptus* species was accepted and listed by the government in October 2020 for being part of the Forest Plantation Development Programme under the Malaysian Timber Industry Board (MTIB). The species has been widely accepted as the main species within the Sarawak Forest Plantation Programme and has demonstrated an ability to grow quickly on often difficult sites and under conditions that might differ from those identified in their natural habitats. The most common *Eucalyptus* species planted were the *Eucalyptus pellita* and *Eucalyptus hybrid* (*E. urophylla* X *E. grandis*).

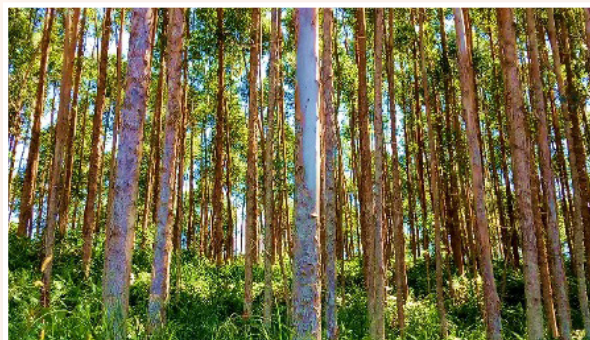
Species Origin And Utilization

The *E. pellita* is native to Papua New Guinea and Northern Australia. It was originally introduced using seeds and has now been commercially planted in many parts of Sarawak as well as in Sabah since 2011 onwards.

The hybrid was first introduced in 2008 as clones selected from Southern China and was later planted in many parts in Sabah, including Sabah Softwood Berhad and some parts in Peninsular Malaysia. Those early plantations are being converted as Seed Production Areas (SPA) as the source of planting materials for future plantings. The wood of both *Eucalyptus* is suitable for making products related with pulp, plywood, furniture or as peeler logs.



9-year-old *E. pellita*, Sabal Forestry Centre, Sarawak (2020)



10-year-old *E. hybrid*, Sabah Softwood Berhad (2018)



Recent Development Of *Eucalyptus* Plantation

Eucalyptus is one of the most popular tropical tree plantation species. The genus *Eucalyptus* comprises more than 700 varieties of *Eucalyptus* trees (Harden 1991), however, 236 species occur in New South Wales, Australia. The species qualifies almost all the characteristics for commercial

plantation species including rapid growth under plantation conditions, straight stems with limited branching, and suitable wood quality for particular uses and products. To some extent, selected *Eucalyptus* species are tolerant on a variety of soils and site conditions, and resistant to common pests and diseases.

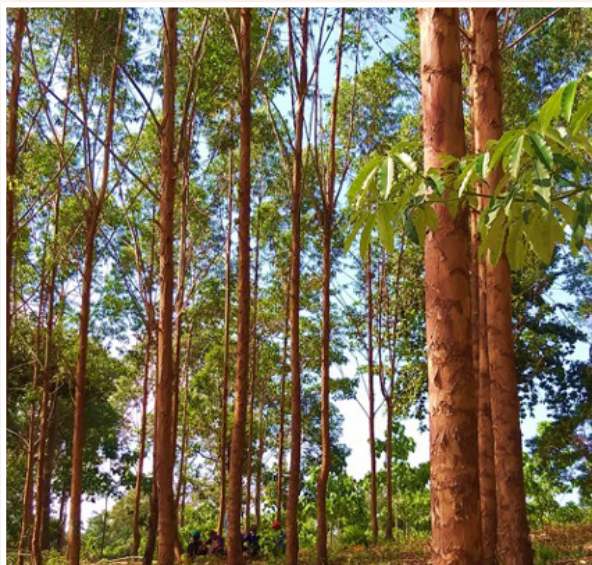


18-month-old pruned *E. pellita* and unpruned *E. hybrid* in Johore

The *E. pellita* remains an alternative species, as the timber possessed wood quality that is much denser than the hybrid, utilized mainly for sawn wood and furniture. Due to its versatility and usage, more than 90,000 ha (Forest Department, Sarawak 2020) have been established in both Sarawak and Sabah, and more areas will be established in Peninsular Malaysia. The current progress of the *Eucalyptus* spp. in the country within the time period of 5 years of monitoring works has provided investors and the government with the incentive to move forward and commercialize the species.

Research and Development

Recent research development by the Forestry Biotechnology, Forest Research Institute Malaysia (FRIM) on planting suitability, growth and yield as well as the utilization aspects, has given the forest plantation industry a new outlook on the prospects of the species as the plantation crop of the future. A sample of trees extracted from a 5-year-old *E. hybrid* stands, established in 2013 between FRIM and Forestry Department Peninsular Malaysia (FDPM) in Bukit Sedanan Forest Reserve, Malacca, were processed as peeler logs to be manufactured as plywood, marine ply and container boards. The results obtained from the trial processing showed the actual potential of the logs, encouraging investors in forest plantations to use this new source of raw material.



5-year-old *Eucalyptus* hybrid (2018), Bukit Sedanan F.R.

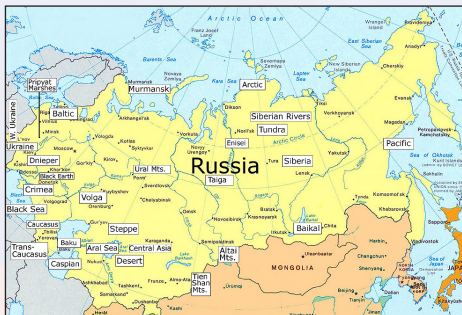


Container board processed in the manufacture of wood products

Reference:

Forestry Article, Planting of *Eucalyptus* in Malaysia; Ahmad Zuhaidi Yahya, Research Fellowship, Forestry Biotechnology Division, FRIM

RUSSIA'S TIMBER INDUSTRY



Overview

Russia stretches over a vast expanse of Eastern Europe and northern Asia. Once the pre-eminent republic of the Union of Soviet Socialist Republics (U.S.S.R.; commonly known as the Soviet Union), Russia became an independent country after the dissolution of the Soviet Union in December 1991. Having an income from vast natural resources, especially oil and gas, helped Russia overcome the economic collapse of 1998, but the oil price slump of 2014 ended the long run of prosperity.

The collapse of the Soviet Union in December 1991 left the Russian Federation in possession of the vast majority of the USSR's weapons of mass destruction (WMD) complex. Since then, Russia has implemented arms control agreements and participated in threat reduction programmes that have dismantled and downsized substantial parts of its arsenal and made inventory numbers more transparent. At present, Russia is modernizing and recapitalizing its entire arsenal of strategic nuclear weapons and delivery systems. Although the retirement of aging Soviet-era capabilities provides much of the impetus for these efforts, Russia also views modernization as a means to counteract the conventional superiority of the North Atlantic Treaty Organization (NATO), as well as a way to retain its status as a major military power. Given its extensive WMD capabilities, Russia's active participation in nonproliferation, arms control, and disarmament efforts is a prerequisite to its global success.

Economy

Russia has an upper-middle income populace mixed with a transition economy with state ownership in strategic areas of the economy. Market reforms in the 1990s privatized much of the Russian industry and agriculture, with notable exceptions to this privatization occurring in the energy and defence-related sectors. Russia's vast geography is an important determinant of its economic activity, with some sources estimating that Russia contains over 30 percent of the world's natural resources. The World Bank estimates the total value of Russia's natural resources at USD75 trillion. Russia relies on energy revenues to drive most of its growth. Russia has an abundance of oil, natural gas and precious metals, which make up a major share

of Russia's exports. In 2019, Russia's Gross Domestic Product (GDP) was worth USD1,699.9 billion.

Russia is considered an "energy superpower". It has the world's largest proven natural gas reserves and is the largest exporter of natural gas. It is also the second-largest exporter of petroleum. Russia has a large and sophisticated arms industry, capable of designing and manufacturing high-tech military equipment, including a fifth-generation fighter jet, nuclear powered submarines, firearms, and short range and long range ballistic missiles.

The economic development of the country has been uneven geographically with the Moscow region contributing a very large share of the country's GDP. There has been a substantial rise in wealth inequality in Russia since 1990 (far more than China and other Eastern European countries). Credit Suisse has described Russian wealth inequality as so extreme compared to other countries that it "deserves to be placed in a separate category." One study estimates that "the wealth held offshore by rich Russians is about three times larger than official net foreign reserves and is comparable in magnitude to the total household financial assets held in Russia."

Natural Resources

According to the FAO, the forested area has been growing slowly, by 0.03% per year, mainly due to natural expansion, over the last 25 years. The main pressure on Russian forests is caused by timber extraction and other forestry activities. Demand for resources in world markets, such as timber in China and Southeast Asia, and pulp in Europe, is increasingly threatening Russian forests. Forest fires are also a major threat to the region. The forest loss due to fire ranges from one to three million hectares per year. Siberian forests are particularly at risk.

Russia has more than 12,850 national, regional, and locally protected areas, covering 200 million hectares or 11.9% of the country. Federally-managed protected areas, including 109 strict nature reserves (*zapovedniks*), 63 national parks, 61 federal sanctuaries or wildlife refuges (*zakazniks*) and 84 natural reserve sites (natural monuments), cover 66 million hectares or about 3.9% of the country's territory. In addition to these protected areas, Russia has over 281 million hectares of protected forest

(such as water protection zones and cedar nuts using zones), 268 million hectares of reserve forest located in economically inaccessible territories, and many protected forest sites within exploitable forests. The share of protected forests is fluctuating

from 3 to 60%, depending on the particular region and the forest management unit. All of these categories of forests have different protection regimes and, in most of them, clear cutting is not allowed.

Timber Production

Russia has a significant log production. In 2014, production of sawlogs and veneer logs totalled 126.3 million m³ and the amount increased to 147.2 million m³ in 2018. The production of sawntimber also shows an increasing trend. The production increased from 40.6 million m³ in 2017 to 42.7 million m³ in 2018. Similarly, production of particleboard, plywood and fibreboard in

2018 increased to 8.4 million m³, 4.0 million m³ and 3.6 million m³ respectively. Other products produced by Russia was veneer with production totalling 1.5 million m³ in 2018. According to the latest FAO forest statistics on Russia, the country produced around 207.3 million cubic metres of major timber products in 2018. Details of timber production are as follows:

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

PRODUCT	UNIT	2014	2015	2016	2017	2018
Sawlogs and veneer logs	m ³	126,260,000	127,607,000	132,756,000	132,456,435	147,173,816
Sawnwood	m ³	34,600,000	34,500,000	36,794,250	40,584,057	42,701,000
Veneer	m ³	711,627	759,119	888,000	1,327,000	1,462,000
Plywood	m ³	3,540,000	3,606,674	3,759,000	3,729,000	4,013,000
Particle board	m ³	6,183,415	6,590,605	6,573,050	7,460,000	8,400,000
Fibreboard	m ³	2,413,000	2,722,000	3,032,000	3,390,000	3,565,000
TOTAL		173,708,042	175,785,398	183,802,300	188,946,492	207,314,816

Source: UN-Comtrade Statistic

Russia's Export of Timber and Timber Products

Russia's export of timber and timber products in 2019 decreased 4% to USD8.9 billion from USD9.3 billion in the previous corresponding period. Russia's major products exported were sawntimber with a total of USD4.5 billion, an increase of 1%

from 2018. Meanwhile, exports of plywood and logs registered a decrease of 19% and 31% to USD1.14 billion and USD1.12 billion respectively. Other products exported by Russia were particleboard, furniture and fibreboard.

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

(Value USD'000)

CODE	PRODUCT	2015	2016	2017	2018	2019
4407	Sawntimber	3,003,903	3,193,882	3,989,764	4,502,680	4,506,757
4412	Plywood	956,785	945,959	1,103,357	1,354,809	1,141,303
4403	Logs	1,305,634	1,351,818	1,467,465	1,463,224	1,115,340
4401	Fuel wood	186,271	193,364	243,981	316,771	427,575
4410	Particleboard	166,416	190,786	274,102	374,063	365,557
9403	Furniture & parts	176,527	192,082	253,666	303,662	349,594

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CODE	PRODUCT	2015	2016	2017	2018	2019
4411	Fibreboard	139,123	203,023	280,176	340,437	339,955
4418	Builders' joinery and carpentry	147,998	186,767	233,683	265,633	303,214
4408	Veneer	84,553	110,702	136,517	173,932	179,284
4409	Moulding	58,349	56,437	70,953	98,214	108,095
4421	Other articles of wood	32,730	35,959	41,384	47,319	54,741
4415	Packing cases	11,450	16,462	18,725	22,519	22,810
4402	Wood charcoal	7,798	11,255	11,625	13,588	16,506
4406	Railway sleepers	11,434	7,075	7,830	8,597	11,544
4419	Tableware and kitchenware	5,458	5,497	7,972	12,199	11,487
4420	Wood marquetry	26,747	8,611	6,334	7,338	7,081
4416	Casks, barrels, vats and tubs	1,971	3,024	2,408	2,699	2,494
4404	Hoopwood	1,391	1,511	1,468	1,890	2,195
4417	Tools, bodies and handles	610	1,102	1,831	1,879	2,128
4414	Wooden frames	150	173	788	927	669
4413	Densified wood	2,112	419	1,007	338	600
4405	Wood wool & flour	1,016	99	194	112	208
TOTAL		6,328,426	6,716,007	8,155,230	9,312,830	8,969,137

Source: UN-Comtrade Statistic

Russia's Import of Timber and Timber Products

Russia's import of timber and timber products in 2019 decreased 3% to USD1.5 billion over the previous year. Russia imported mainly furniture, fibreboard, builder's joinery and carpentry (BJC) and particleboard in 2019. Imports of furniture increased 4% to USD904.9 million compared to USD865.5 million in 2018. Meanwhile, imports of fibreboard, BJC and particleboard in 2019 declined 11%, 16% and 48% to USD198.6 million, USD110.1

million and USD102.3 million respectively compared to the previous year. In 2019, the majority of furniture imported by Russia was mainly from Belarus and China. Imports of furniture from Belarus and China amounted to USD198.8 million and USD191.2 million, an increase of 3% and 10% respectively over the previous year. Malaysia ranked 20th as Russia's import partner for furniture.

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

(Value USD'000)

CODE	PRODUCT	2015	2016	2017	2018	2019
9403	Furniture & parts	945,202	677,131	791,384	865,505	904,874
4411	Fibreboard	225,261	194,224	209,735	219,357	198,552
4418	Builders' joinery and carpentry	150,826	110,409	114,504	127,235	110,112

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CODE	PRODUCT	2015	2016	2017	2018	2019
4410	Particleboard	123,881	129,114	144,313	151,329	102,343
4421	Other articles of wood	45,047	40,346	45,065	49,053	54,652
4412	Plywood	24,848	28,998	37,189	41,871	34,170
4408	Veneer	35,476	34,478	32,288	33,073	30,578
4419	Tableware and kitchenware	16,563	11,750	15,293	18,558	22,986
4409	Moulding	19,186	12,730	14,654	14,768	12,835
4420	Wood marquetry .	15,484	8,894	8,846	10,087	10,572
4402	Wood charcoal	3,650	5,899	5,303	8,861	9,067
4407	Sawntimber	9,450	5,255	7,001	8,143	8,465
4414	Wooden frames	7,768	5,973	6,330	6,204	4,999
4406	Railway sleepers	1,380	1,087	1,854	3,306	4,305
4401	Fuel wood	3,090	3,368	4,566	4,093	3,989
4415	Packing cases	3,738	3,106	2,756	3,677	2,896
4416	Casks, barrels, vats and tubs	2,254	2,028	3,496	3,464	2,463
4413	Densified wood	581	1,593	1,511	1,441	1,172
4417	Tools, bodies and handles	798	728	1,206	1,165	1,038
4405	Wood wool & flour	2,514	1,910	1,728	923	371
4403	Logs	47	29	322	485	260
4404	Hoopwood	32	3	38	172	219
TOTAL		1,637,076	1,279,053	1,449,382	1,572,770	1,520,918

Source: UN-Comtrade Statistic
Note: Total import from 98 countries

Russia: Import of Furniture and Parts, 2015-2019

(Value USD'000)

RANK	COUNTRY	2015	2016	2017	2018	2019
	World	945,202	677,131	791,384	865,505	904,874
1	Belarus	167,297	119,886	179,881	193,034	198,755
2	China	194,213	134,726	149,510	172,087	191,194
3	Italy	147,790	134,548	137,823	133,946	122,323
4	Poland	89,088	54,168	59,828	84,552	94,786
5	Germany	72,835	55,008	59,153	66,755	73,655

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RANK	COUNTRY	2015	2016	2017	2018	2019
6	Lithuania	13,087	13,250	14,601	16,819	28,945
7	Sweden	15,530	7,281	10,229	14,537	16,319
8	Spain	18,609	24,134	20,805	11,665	15,309
9	Taipei, Chinese	9,462	9,206	14,780	15,798	14,658
10	Austria	10,569	12,714	12,608	15,103	13,303
20	Malaysia	14,360	7,428	10,024	8,406	4,821

Source: UN-Comtrade Statistic
Note: Total import from 98 countries

Malaysia's Export of Timber and Timber Products to Russia

In 2019, exports of Malaysian timber and timber products to Russia decreased 27% to RM21.4 million from RM29.5 million in the previous corresponding period. Main products exported to

the Russian market were wooden furniture. Exports of wooden furniture to Russia for the year 2019 were recorded at RM16.5 million, a decrease of 37% from RM26.4 million in 2018.

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

(Value RM '000)

PRODUCT	2015	2016	2017	2018	2019
Builders Joinery & Carpentry	1,976,217	1,008,382	-	-	-
Mouldings	437,845	-	-	-	-
Other Articles Of Wood	-	95,545	-	19,344	-
Rattan Furniture	-	-	4,406,029	2,941,373	4,942,600
Sawntimber	156,085	-	-	49,515	-
Wooden Frame	278,782	-	-	-	-
Wooden Furniture	44,652,444	30,573,143	43,675,194	26,442,546	16,462,517
TOTAL	47,501,373	31,677,070	48,081,223	29,452,778	21,405,117

Source: DOS/MTIB

Import Tariff

Russia's import duty on timber and timber products ranges from 4 – 14%. Import duty details are as follows:

HS CODE	PRODUCT	MFN RATE	HS CODE	PRODUCT	MFN RATE
4401	Fuel wood	5-10	4405	Wood wool & flour	10
4402	Wood charcoal	5	4406	Railway sleepers	10
4403	Logs	5-10	4407	Sawntimber	5-13
4404	Hoopwood	10	4408	Veneer	4-12

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HS CODE	PRODUCT	MFN RATE
4409	Moulding	8-9
4410	Particleboard	5-8
4411	Fibreboard	5
4412	Plywood	9-12
4413	Densified wood	12
4414	Wooden frames	8
4415	Packing cases	5-9

Source: The Russian Customs Union

Note: Import customs duty rate (as a percentage of the customs value in either Euros or US dollars)

HS CODE	PRODUCT	MFN RATE
4416	Casks, barrels, vats and tubs	10
4417	Tools, bodies and handles	13
4418	Builders' joinery and carpentry	5-14
4419	Tableware and kitchenware	8
4420	Wood marquetry	8
4421	Other articles of wood	9
9403	Furniture and parts	5-12

Prospect

Russia's timber industry has very significant development potential due to the country's practically inexhaustible reserves of forest resources. Russia's forests occupy about 3 million square miles — that is, more than 45 percent of the country's land area. Russia's woodworking industry employs 196,500 people. The industry demonstrates a stable production of its main products, and growth continues on many measures. In 2017, the woodworking industry grew by 2.2 percent. Sales in October 2018 were 15.3 percent higher than in October 2017, and were 9.3% higher in the first 10 months of 2018 than for the same period in 2017.

Favorable conditions in export markets helped to achieve these growth rates. High prices for forest products on world markets compensated for the weakening of the Russian ruble against the U.S. dollar. Export prices for Russian wood products have displayed a positive trend since the beginning of 2017, and moderate growth continued in the first half of 2018.

In 2017, Russia produced 707 million conventional square yards of fiberboard, 34 million cubic yards of sawn timber, 11 million conventional cubic yards of particleboard and 4.9 million cubic yards of plywood. In this sector, Russia mainly exports raw materials and primary wood products. In some regions of Russia, less than 20 percent of harvested round timber is processed, while in developed countries this figure reaches 85 percent. As a result, the average profitability of the sector is rather low (8.4 percent). The main problem is the outdated science and technology used in production. The use of fixed assets in this area is more than 40 percent. The modernization of existing productions and the addition of new capacities that can produce competitive products demanded by the markets require modern high-tech equipment. This process of modernization is gradually gaining momentum. The coefficient of renewal of fixed assets increased from 8.7 percent in 2010 to 15.5 percent in 2015. Investments in fixed capital of woodworking enterprises (reconstruction, modernization, purchase of machinery and equipment) in 2017 amounted to about USD1 billion.

It is clear that the modernization of wood processing technologies in Russia would make it possible to increase the

efficiency of forest use, change priorities in the structure of production and forest exports, and allow the sector to shift into high value-added products. This will only be possible with the import of high-quality equipment.

As mentioned before, Malaysia ranked 20th as Russia's import partner for furniture. Prospects of furniture development in Russia are huge and long-term trade experience with the Russian market can give better advantages to Malaysian exporters. Russia is able to meet the high quality and technical requirements of those markets. In addition, active products development includes the continuous improvement of design and structure of brand images which enable the Russian furniture industry to further penetrate greater market access. Another factor contributing to the positive development is the ability of the furniture industry to attract new foreign investments.

Based on the outlook of the Russia furniture market, the Malaysian furniture player should take the opportunity and enhance efforts to develop better quality products, invest in product design diversity as well as intensity marketing and communication strategies in order to penetrate into the Russia market. Participation in furniture trade shows and exhibition as well as trade missions help to assist and enhance business networking between Malaysian furniture exporters and Russian importers and buyers.

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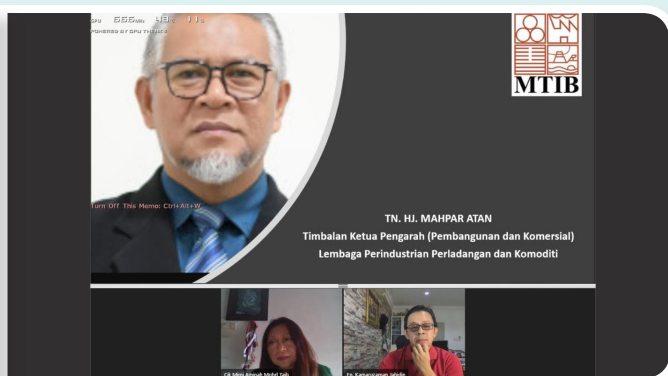
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YBhg. Dato' Dr. Mohd Puat Dahalan, Deputy Director General (Operations & Management) of MTIB officially retired on 31 November 2020



After 35 years of service for MTIB, Puan Hajah Mahsuri Mat Dris, Senior Deputy Director of the Industry Development Division officially retired on 24 November 2020



A Webinar on Digital Transformation for the Timber Industry, held entirely online, co-organised by the Malaysian Timber Industry Board and Malaysian Productivity Corporation (MPC) on 26 November 2020



Meeting of MTIB's Sports & Welfare Club Committee Meeting on 26 November 2020



MTIB participating in Myrisk System Coordination Training in Kuala Lumpur on 26 November 2020