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## Digitalization Technology in the Development of Wood Carving Products

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1973-2023

TEGUH SEIRING USIA

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## Highlight



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**Publisher**
**Malaysian Timber Industry Board**
Level 13- 17, Menara PGRM, 8, Jalan Pudu Ulu
Cheras, 56100 Kuala Lumpur, Malaysia
Tel: 603 9282 2235
Fax: 603 9200 3769 / 9283 9792
E-mail: info@mtib.gov.my
Website: www.mtib.gov.my

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# Enhancing Wood Carving Products Through Digitalization Technology

Wood carving has the potential to be commercialised as it has great aesthetic value. Apart from carving products that have a high value, carving components can also be used as added-value products especially in furniture, ships, or panel products. These delicate wood carvings are the result of the local carvers' passion for this art form which is synonymous with the Malay identity. This is clear from the way palaces, traditional Malay residences, and official buildings are decorated. Wood carving art continues to elicit positive responses from our community, just as it has in the past.


Rehal

Today, we are proud of the works that the earlier artists left behind because they each has their own distinct philosophy, aesthetic, and production process. Allahyarham Che Long bin Yusof, Allahyarham Wan Su Bin Othman, Allahyarham Abd Rahman bin Long, Allahyarham Tengku Ibrahim bin Tengku Wok, Allahyarham Nik Rashidin bin Nik Hussein, Allahyarham Hj. Abdul Latif bin Long, and Allahyarham Wan Mustafa bin Wan Su were influential individuals in the wood carving industry. Carvers that are still active are mainly in Kedah, Kelantan, Terengganu, and Pahang. One of the most well-known regions for the nation's wood carving industry is Terengganu's Besut district, which has renown and talented carvers such as Tokoh Kraf Negara, Norhaiza Noordin. Another notable region is Temerloh, Pahang where Wood Crafts Master Abd Muhaimin Hasbollah resides.

The time has come for our children to not only carry on this tradition and preserve the history of the nation as a monument to their innovations in wood carving, but to continue to innovate and expand the carving industry. Malaysian Timber Industry Board (MTIB), under the Ministry of Plantations and Commodities (MPC), is responsible for empowering the carving industry through the National Wood Carving Industry Development Strategic Plan (2021–2030). The six (6) primary strategic pillars of this plan are as follows:

1. Strengthening Cooperation
2. Promotion and Marketing
3. Human Capital Development
4. Policy and Incentives
5. Research, Development, and Certification
6. Application of New Technology

By having this plan in place, efforts to grow the carving business may be carried out in a more organised way, ensuring that the stated goals are met.

The transformation of the traditional carving process to the use of high-tech equipment to sculpt the design has been designated as one of the initiatives to improve the carving sector, which has been in line with the National Wood Carving Industry Development Strategic Plan (2021–2030). This programme is developed to enable the carvers to meet market needs by producing the finished goods in a significantly shorter amount of time. In 2022, the Application of Digitalization Technology in the Development of Wood Carving Products was implemented, with digitized carving motifs using laser cutting and CNC (computer numerical control) router machines. The programme's successful implementation involved the following parties in their respective roles:

- Carvers: Encik Abd Muhaimin Hasbollah and Encik Norhaiza Noordin created the motifs;
- TANGGAM designer: Dr. Addy Putra Md. Zulkifli digitized the motifs and assisted in developing wood carving items;
- Entrepreneurs: Haji Mohd Isa Saat (KWM Craft) and Encik Mohd Salizan (Pakatan Juru Ukir Tradisional) produced the carved products by using the digitized motifs.

Both, Encik Norhaiza and Encik Abd Muhaimin, designed a total of 22 carving motifs. Additionally, Pakatan Juru Ukir Tradisional, the entrepreneur who produces a total of 16 wood carving goods, including "Pagar Musang", "Papan Manis", "Sesiku Keluang", curtain rod holder and wall panels.

Papan Manis

The moniker "SSO'LEQ," which is derived from the Terengganu State dialect and means to beautify, has been given its name to this product line.

On the other side, KWM Craft produced a total of 14 wood carving-based items, including "rehal," phone and tablet holders, perfume boxes, and ornaments. The masterpiece " Adiguru Collection" has been applied to these pieces to represent the carving themes made by the best in the country.

There were several issues faced during the creation of the products under the Digital Technology Application programme as it is still new and in its trial process. Some of the issues were the exortion / difficulties in transforming the carving motifs to digitalise system as it is a tedious process. The carvers also have to adapt on how to use automation appliances such as the CNC and laser cutting machines.

In order to achieve the National Wood Carving Industry Development Strategic Plan (2021–2030), MTIB aims to continue the Application of Digitalization Technology in the Development of Wood Carving Products Programme in the future, and ongoing collaborations are crucial for the transition of carving technologies from conventional to more modern ones. With this regards, MTIB would like to thank all parties that have participated in making this programme successful.

Perfume Box

Pagar Musang

Wall Panel

Rod Holder

# MTIB **Management** Retreat 2023

MTIB's management retreat was held at Menara PGRM, Kuala Lumpur on 6 January 2023. All divisions put forward their suggestions for high impact activities and programmes to be implemented in 2023. The overall achievement of 2022 activities and programmes were also highlighted and assessed during the deliberation.

The session was held as a platform for the management to brainstorm the activities and their implementation throughout 2023 for the betterment of the timber industry as well as to mark MTIB's next initiative towards achieving the National Timber Industry Strategic Plan's (NTISP) goal by the year 2025. Ultimately, it will align the functions of MTIB as a lead agency for the development of the timber industry in Malaysia.

14 flagship programmes were selected for the year 2023. They were mainly based on the five (5) main thrusts in the National Agricommodity Policy 2021-2030 (DAKN), NTISP 2021-2025 and MTIB's Corporate Strategic Plan (PSKM) 2021-2025.

12 flagship programmes and projects fulfilled the strategic core under NTISP while the other two were placed under PSKM. Through NTISP Strategic Core 1: Raw Materials and Industrial Sustainability, 4 programmes were appointed as MTIB's main projects for 2023. They are the PPLH Revolving Fund Incentives, the Timber Certification Incentive Programme (TCIP), the Life Cycle Assessment (LCA) Project for primary wood products produced in Peninsular Malaysia and the Timber and Wood Products Cess Rate Amendment Project (Timber Cess Order).

Two projects will be implemented under NTISP Strategic Core 2 which is Technology, Innovation and Industrial Support. The two (2) projects are Promotion of the Use of Timber in Construction Projects and Flood Type House Model (FAST) from Biocomposite/Wood Products and Other Building Materials with IBS and Prefabrication Systems Development Project.

Under Strategic Core 3: Human Capital and Productivity, two (2) main projects will be implemented to produce more experts in the field of woodworking and also to improve the readiness of TVET programmes, namely: the WISDEC Trainee Success Story Project and the Malaysian Skills Certificate Project (SKM) Level 3.

Three (3) projects will be implemented under Strategic Core

4: Marketing and Trade Development. They are the Marketing Campaign Programme and Promotion of Malaysian Timber Products in the Local Market, the Strengthening Programme and Promotion of the Importance of Timber Legality Verification through the MyTLAS Initiative, and the Golden Jubilee Celebration Programme (50 Years of MTIB). Under Strategic Core 5: Increasing Bumiputera Involvement, one (1) project will be implemented which is the Integrated Bumiputera Timber Entrepreneur Database Project.

MTIB will continue to deliver more significant services to the timber industry through strengthening MTIB's internal support system. To ensure these efforts can be achieved, two main projects will be implemented under PSKM.

Under PSKM Strategic Core 1: Competent Resource Management, one (1) main project will be implemented which is the MTIB Enforcement Strengthening Programme while under PSKM Strategic Core 2: Strengthening Facilities, Systems and Technology, one (1) main project will be implemented which is the Development of MTIB Facility Management Strategic Action Plan.

The session was chaired by Puan Roslina Idris, Deputy Director General and attended by MTIB upper management.

> ***"MTIB will continue to deliver more significant services to the timber industry through strengthening MTIB's internal support system"***


## SHARING THE SESSION PROGRAMME WITH INDUSTRIES: **PROFESSIONAL MANAGEMENT DEVELOPMENT (PMD KHAS) 3U1I UNIVERSITY MALAYSIA SABAH 2023**

*Encik Mohd Razman Mohamad Azizuddin Regional Director MTIB giving his welcoming speech*

The Malaysian Timber Industry Board (MTIB) in collaboration with Universiti Malaysia Sabah (UMS), implemented a Professional Management Development (PMD) training programme – PMD-KHAS for students of the Faculty of Tropical Forestry; Wood Technology and Industry (HY11). Through this collaboration, the Industrial Based Learning (IBL) module was refined with WISDEC's PMD module to meet the requirements of 3U1I, where the students have to go through external training for 1 year after 3 years of studying and strengthening theoretical knowledge. In the 3U1I context, the students in general, will be exposed to real working conditions in the timber industry. For this 2nd batch of 3U1I Industrial Based Learning (IBL) Programme, 12 students were involved in the training.

The 3U1I programme is a 1 year programme and during that period students will be exposed theoretically and practically through training modules that have been set by WISDEC for approximately 5 months. After undergoing training at WISDEC, the students will be placed in the industry to complete 1 year of the 3U1I programme, where the students will be trained and exposed to the real conditions of the wood-based industry.


*Dr Ismawati binti Palle from UMS, Coordinator for the 3U1I programme delivering her briefing*

The 1-year training begins in the PMD programme at WISDEC Sabah, a 4-month programme where the students are exposed to the basics of technical applications, administration, marketing, design and operations within the timber industry. Following that, the students have to undergo training in the industry for the remaining 6 months.

This programme aims to provide students with better understanding of the operations and the actual work environment in the Sabah wood-based industry. In addition, the programme can provide access to holistic education through learning experiences on and off campus while also providing opportunities to create a network for students with industry practitioners. The 12 students who participated in the programme, are majoring in Wood Based Industry and Technology (HY11).

Prior to the industry training, a Sharing the Session programme was held at WISDEC Sabah on 11 January 2023. Seven (7) companies were invited to attend the session. The session was officiated by En Mohd Razman Bin Mohamad Azizuddin, Regional Director MTIB Sabah. Officials from the Faculty of Tropical Forestry, University Malaysia Sabah and MTIB/WISDEC Sabah also took part in the programme.

During the sharing session, the students presented what they had learned during the 4 months at WISDEC Sabah, to the members of the industry. The companies expressed satisfaction at the presentations; however, some elements need to be improved to ensure that students can give commitment and be committed in the implementation of tasks during training. As these PMD-Khas students were part of a degree programme, they will be exposed to management aspects. However, the technical aspects in the woodworking industry, especially furniture and related technology transfer should still be taken into account.

The company representatives then interviewed the students to select them to undergo training in their respective companies. After the selection, the students would undergo the remaining 6 months of training through the Industrial Based Learning Module. During this period, the students would be exposed to real industry practices and would be able to apply what they had learned at WISDEC Sabah.

The 3U1I Study Mode includes two (2) components, namely the university learning component and the industry learning component. The learning component at the university gives emphasis to aspects of principles and basic theoretical skills. Meanwhile, the industry learning component emphasises the aspect of applying knowledge and skills in a real work environment according to the related fields of study. Practical industry-based experience gives students opportunities to develop their practical experience in order to enhance their marketability.

The members of the industry were also given a briefing on the implementation conditions of Industrial Based Learning (IBL) through 3U1I and the role of the company throughout the training programme. The seven (7) companies who attended the session were Multi Arena, Syarikat Perniagaan Perabot Nuri Sdn Bhd, Superwood Industries Sdn Bhd, Primbumi Sdn Bhd, Brutti & Besi, Monkey Kitchen Sdn Bhd, and Brown Furniture.

During the sharing session, the students were also given the option to choose a company to undergo their training. During the interviews, the students learned about the different companies as well as the capabilities and targets of the companies. MTIB is very grateful to the companies that attended the session.

***"The learning component at the university gives emphasis to aspects of principles and basic theoretical skills. Meanwhile, the industry learning component emphasises the aspect of applying knowledge and skills in a real work environment according to the related fields of study"***

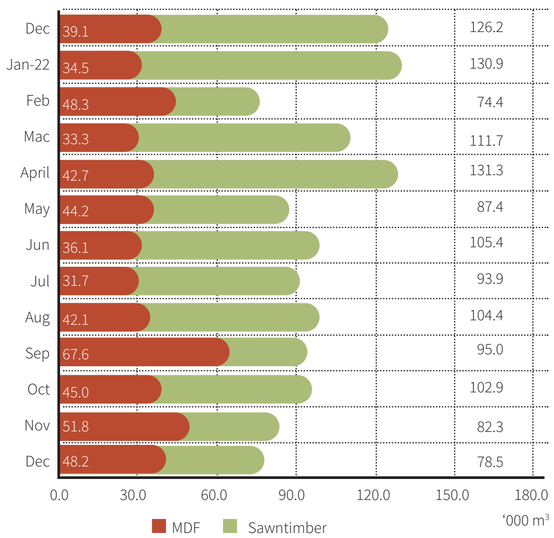
*Students presenting their topics to members of the industry*

*Interview Sessions between students and company owners/ representatives*

# December 2022

The total export of Malaysian timber and timber products in December 2022 increased by 0.3% in value totaled at RM2.0 billion from the previous month while the cumulative export for the period of January – December 2022 increased by 11% valued at RM25.2 billion over RM22.8 billion in the previous corresponding period. The global construction market is expected to grow from USD14.5 billion in 2022 to USD15.5 billion in 2023 at a compound annual growth rate (CAGR) of 6.6%. The Russia-Ukraine war disrupted the chances of global economic recovery from the COVID-19 pandemic, at least in the short term. The war between these two countries has led to economic sanctions on multiple countries, a surge in commodity prices, and supply chain disruptions, causing inflation across goods and services and affecting many markets across the globe. According to GlobalData, growth in the global economy is set to continue to slow in 2023, reflecting high inflation and tightening financial conditions that will constrain investment growth. The IMF predicts that global economic growth will slow to 2.7% in 2023, decelerating from 3.2% in 2022 and 6.0% in 2021. Although the recent easing of China's zero COVID policy suggests that demand in China's economy might be stronger than had been anticipated, economic growth in the US and Western Europe will stagnate. The outlook for construction in Western Europe is also gloomy, with activities being hit by a decline in investor confidence amid a looming economic recession and high inflation.

**Malaysia: Export of Sawntimber and MDF**
Dec 2021 - Dec 2022 (RM million)




## Sawntimber

The total export of sawn timber in December 2022 decreased by 5% in volume but increased 2% in value to 78,538 m$^3$ totalling at RM194.5 million as compared to the previous month. Cumulative exports for the period of January-December 2022 decreased by 6% in volume but increased 6% in value to 1,168,758 m$^3$ totalling at RM2.7 billion over the previous corresponding period.

Exports to the EU for the month were recorded at 4,491 m$^3$, an increase by 170% as compared to the previous month. The Netherlands as the main buyer increased its intake significantly to 1,606 m$^3$ from only 309 m$^3$ in the previous month. Imports from Belgium and France increased by 215% to 996 m$^3$ from 316 m$^3$ and 163% to 705 m$^3$ from 269 m$^3$ as recorded in the previous month. Similarly, exports to the UK increased by 113% to 1,185 m$^3$ from 556 m$^3$ in the previous month.
Exports to the South Asia region also increased by 22% to 12,755 m$^3$ from 10,493 m$^3$ as recorded in the previous month. India as the main buyer from South Asia, increased imports by 17% to 8,532 m$^3$ followed by Pakistan with an increase of 43% to 1,207 m$^3$ whilst Maldives reduced buying by 7% to 2,166 m$^3$ for the month.

Moving to the West Asia region, exports to the region increased by 4% to 12,783 m$^3$ from 12,329 m$^3$ in the previous month. The UAE as the largest buyer in the region showed an increase of 12% to 3,458 m3 from 3,096 m$^3$ in the previous month followed by Yemen with an increase of 85% to 3,286 m$^3$. Meanwhile, exports to Saudi Arabia fell by 2% to 2,380 m$^3$ from 2,419 m$^3$ in the previous month.

Elsewhere, shipments to East Asia decreased by 22% to 19,644 m$^3$ from 25,247 m$^3$ in November 2022. China as the main buyer decreased purchases by 40% to 7,667 m$^3$ from 12,640 m$^3$ in the previous month followed by Taiwan with a decrease of 29% to 4,987 m$^3$. Meanwhile exports to Japan increased by 24% to 4,674 m3 compared from 3,771 m3 in the previous month.

Buying from ASEAN decreased by 26% to 21,290 m$^3$ from 28,612 m$^3$ as registered in the previous month. Thailand as the main buyer decreased imports by 29% to 8,142 m$^3$ from 11,383 m$^3$ as recorded in the previous month. Similarly, exports of sawntimber to Singapore and the Philippines fell by 3% to 6,342 m$^3$ and 43% to 5,880 m$^3$ respectively.

Moving to Africa, exports increased by 365% to 1,861 m$^3$ from 400 m$^3$ in the previous month. Demand from South

Africa increased significantly to 1,638 m³ from only 146 m³ as recorded last month. Meanwhile, Mauritius increased buying slightly to 223 m³ from 220 m³ in the previous month.

Exports to North America increased by 76% to 3,392 m³ from 1,933 m³ in the previous month. The USA as a major buyer, increased its intake by 55% to 2,771 m³ followed by Canada with an increase of 334% to 620 m³ from 1,789 m³ and 143 m³ respectively. In the Oceania/Pacific region, exports to Australia decreased by 8% to 958 m³ from 1,042 m³ in the previous month.

The average FOB price of sawntimber maintained at 2,329 per m³ from the previous month. The price of Dark Red Meranti to the Netherlands decreased by 19% to 4,482 per m³ from 5,518 per m³ previously. Keruing was traded at 3,778 per m³, an increase of 3% from 3,656 per m³ in the previous month.

Real GDP rose 2.9% in the 4th quarter of 2022, exceeding estimates ranging from 2.6 to 2.7%. This puts the first estimate of overall US economic growth in 2022 at 2.1%. While this is notable in light of the brief recession that took place earlier in the year and the aggressive rate hikes undertaken by the Federal Reserve, that growth rate is roughly one-third of the real US GDP growth in 2021 (5.7%). Personal consumption growth slowed to 2.1% from 2.3 percent in the prior quarter, with positive spending on goods, particularly vehicles and vehicle parts. Personal care services, healthcare, housing and utilities led spending on services. Of particular note, final sales to private domestic purchasers rose 0.2% in the 4th quarter, a steep decline from the 2.1% levels of the first quarter of 2022.

Residential investment declined sharply, down 26.7% in the quarter. Mortgage applications fell by 51%, as conditions characterized by rising mortgage rates and a tightening supply of housing prevailed. The average 30-year mortgage rate recently fell back below 7%. Business investment dropped 3.7%, as respondents to various surveys became increasingly pessimistic. Inflation, rising interest rates, and uncertainty regarding near-term economic growth are leading firm owners and entrepreneurs to postpone expansion plans.

Inventories and trade added to overall GDP growth by 2%. The trade contribution to the top line is questionable as an indication of growth owing to falling imports versus rising exports. Similarly, higher inventories have a questionable significance. If growing businesses expect future consumption, they arguably suggest future growth prospects. In conjunction with softening consumer spending, declining business optimism, and increasing strain on households, rising inventories may suggest slackening demand.

## Medium Density Fiberboard (MDF)

Export of MDF in December 2022 recorded a decrease of 7% in volume at 48,157 m³ and a drop of 8% in value at RM77.9 million compared to the previous month. The cumulative exports for the period of December 2022 showed an increase

in both volume and value at 17% and 37% to 495,871 m³ with total of RM939.3 million as compared to the corresponding period in 2021.

Export to ASEAN decreased by 25% from 4,391 m³ to 3,297 m³ in the previous month. Indonesia and Thailand recorded a drop of 45% and 33% to 771 m³ and 211 m³ each. However, the Philippines showed an increase of 5% to 1,837 m³ from 1,745 m³ in the previous month. Elsewhere, East Asia also showed a decrease of 3% from 13,217 m³ to 12,780 m³ in the previous month. Exports to Japan reduced by 9% to 11,487 m³ while Taiwan and Hong Kong showed an increase of 117% and 103% to 1,213 m³ and 60 m³ respectively.

Moving to the South Asia market, export increased by 28% to 11,694 m³ from 9,150 m³ in November 2022. Export performance to India improved by 87% to 8,586 m³. Meanwhile, shipping to Pakistan and Sri Lanka declined by 5% and 90% to 3,006 m³ and 102 m³ each.

Export to the West Asia region reported a climb of 62% from 7,634 m³ to 12,340 m³ compared to the previous month. The UAE and Oman increased purchases by 55% and 1562% to 9,855 m³ and 1,562 m³ respectively. Lebanon purchased 416 m³.

Export to the Oceania/ Pacific region decreased by 15% to 1,317 m³ from 1,545 m³. Australia recorded a drop in purchase by 19% to 1,234 m³ while New Zealand recorded a growth of 338% to 83 m³. In the UK, MDF buying increased by 203% to 123 m³. France reduced imports by 24% to 6 m³. In the North America region, sales increased by 11% to 1,861 m³ from 1,680 m³. The US and Canada increased their buying performance by 29% and 23% to 1,231 m³ and 609 m³ respectively. Mexico reduced purchases by 91% to 21 m³. The Africa region also recorded a decrease of MDF import by 67% from 14,168 m³ to 4,738 m³. Sudan decreased buying by 79% to 2,825 m³, while Egypt increased buying by 182% to 1,598 m³. South Africa purchase 289 m³.

The FOB price of MDF decreased by 1% to RM1,618 per m³ from RM1,631 per m³ in the previous month.

The demand for MDF has slightly improved as some furniture and door manufacturing industries have increased their operations. Some end-users are looking for better grades of

MDF to complete various real estate refurbishment projects in India. Malaysian MDF is expected to receive steady requirement for interior fixtures, exhibition stand construction and furniture fabrication in the first quarter of 2023. Imported MDF is being offered to premium interior décor works in India such as refurbishments of hotels and resorts, plush villas, upscale apartments and farmhouses owned by celebrities and high net worth individuals.

## Veneer

Export of veneer for December 2022 showed an increase of 42% in volume to 6,350 $m^3$ and 36% in value at RM13.0 million as compared to the previous month. The cumulative exports for December 2022 however showed a decrease of 6% to 51,811 $m^3$ in volume but an increase of 17% in value at RM107.0 million over the previous corresponding period.

In East Asia, the veneer purchased was increased by 25% to 4,612 $m^3$ from 3,697 $m^3$ in the previous month. The Republic of Korea and Japan increased their veneer imports by 283% and 41% to 3,096 $m^3$ and 438 $m^3$ each. However, Taiwan decreased imports by 68% from 2,213 $m^3$ to 708 $m^3$. For the ASEAN region, exports recorded a significant increase of 150% to 1,321 $m^3$ from 528 $m^3$. The Philippines and Singapore increased imports by 168% and 96% to 1,310 $m^3$ and 10 $m^3$ respectively. Meanwhile, the South Asia region also showed an increase of 83% to 186 $m^3$ from 102 $m^3$. Purchase of veneer in India improved by 157% to 186 $m^3$.

Exports of veneer to Australia decreased by 82% to 18 $m^3$ from 101 $m^3$ but increased in the USA by 37% to 63 $m^3$. The Netherlands, Canada and South Africa resumed purchases to 11 $m^3$, 59 $m^3$ and 79 $m^3$ respectively.

The average FOB price for veneer decreased by 4% from RM2,137 per $m^3$ to RM2,054 per $m^3$ as compared to the previous month.
The global flooring market has been broadly classified into new construction and replacement by application. In 2022, the replacement segment dominated the industry accounting for almost 60% share. However, even though the replacement flooring market currently dominates the industry, the demand for new construction is also expected to witness a CAGR of almost 5.7% due to increasing construction activities, rapid infrastructural development, rising government concern in new buildings and increasing installment of new tiles. The industry in the US is extremely integrated with a significant number of start-up companies. High modernization, improved infrastructure, customer acceptability and high consumer spending drive the region's market. Furthermore, the growing demand for flooring in the region is driven by the increasing need to repair and renovate old structure buildings.

## Plywood

Export of plywood in December 2022 recorded an increase of 9% in volume at 88,705 $m^3$ but a decrease of 5% in value at RM227.2 million as compared to the previous month. Cumulative exports for the period of December 2022 decreased by 17% in volume but increased 2% in value to 1,233,122 $m^3$ totalling at RM3.3 billion over the previous corresponding period.

The EU union region recorded a decrease of 27% for plywood imports, from 343 $m^3$ to 250 $m^3$. France, Latvia and Belgium purchased 120 $m^3$, 48 $m^3$ and 36 $m^3$ respectively. On the other hand, the Other-Europe region showed an increase of 122% from 1,269 $m^3$ to 2,817 $m^3$. The United Kingdom increased their buying by 134% to 2,810 $m^3$ while Switzerland purchased 7 $m^3$.

Moving to the East Asia market, exports dropped by 8% to 59,663 $m^3$ from 64,933 $m^3$. Japan as the biggest buyer decreased its import performance by 15% to 45,895 $m^3$ from 53,769 $m^3$. However, the Republic of Korea increased its buying by 62% to 7,955 $m^3$. This is followed by Taiwan with a slight increase of 3% to 4,162 $m^3$. In South Asia, exports of plywood recorded an increase by 23% from 1,230 $m^3$ to 1,511 $m^3$. India and Maldives improved their buying by 18% and 7% to 1,240 $m^3$ and 194 $m^3$ each. Pakistan purchased 77 $m^3$.

Elsewhere, the West Asia region increased plywood imports by 626% from 1,877 $m^3$ to 13,627 $m^3$ from the previous month. The UAE increased its buying by 34% to 350 $m^3$. Meanwhile, Yemen and Oman have resumed their purchases to 13,053 $m^3$ and 141 $m^3$ respectively. Plywood exports to the ASEAN region slowed down by 1% to 4,744 $m^3$ from 4,810 $m^3$ in November 2022. Singapore and the Philippines increased their imports by 14% and 226% to 2,104 $m^3$ and 512 $m^3$ each. However, Thailand recorded a decrease of 20% to 1,675 $m^3$.

The plywood purchases in Oceania/Pacific increased by 43% to 1,816 m$^3$ from 1,267 m$^3$ compared to the previous month. Australia recorded a climb of 41% to 1,760 m$^3$ while New Zealand and Solomon Islands purchased 41 m$^3$ and 14 m$^3$ respectively. The North America regions reduced imports of plywood by 32% from 5,179 m$^3$ to 3,547 m$^3$. The US as the main buyer reduced import performance by 15% to 2,586 m$^3$. This is followed by Mexico and Canada with a decrease of 54% and 68% to 921 m$^3$ and 39 m$^3$ each. Meanwhile, in Africa, plywood purchases showed a growth of 320% to 731 m$^3$ from 174 m$^3$. South Africa and Seychelles imported 145 m$^3$ and 29 m$^3$ respectively. Meanwhile, Somalia purchased 557 m$^3$.
The FOB price of plywood for December 2022 was RM2,561 per m$^3$, a decrease of 13% from RM2,958 per m$^3$ from the previous month.

The estimated construction and infrastructure growth of 6% CAGR has been forecast globally between 2019 and 2026. Increasing government expenditure towards sustainable infrastructure development with continued investment in energy-efficient and environmentally sustainable assets is promoting the market demand for Yemeni construction and infrastructure companies. The Yemeni government is also encouraging companies that emphasise on technological advancements and standardizing modern methods of construction. Globally, industrialization and urbanization trends are propelling the demand for client-driven construction and infrastructure activities and augmenting demand for investment in railways, roads, ports power transmission and water utilities.

## Mouldings

Exports of mouldings for the month increased by 40% in volume and 34% in value to 16,587 m3 worth RM81.5 million. However, cumulative exports for the period of December 2022 increased by 3% in volume and 22% in value with 196,203 m3 worth RM929.0 million as compared to the previous corresponding period in 2021.

Exports to the EU for the month were recorded at 7,980 m$^3$, increased by 137% as compared to the previous month. The Netherlands, France and Germany increased their purchases by 171%, 150% and 58% to 4,744 m3, 1,358 m3 and 998 m3 respectively. Meanwhile, the UK also recorded an increase of 240% to 462 m3 compared to the previous month.

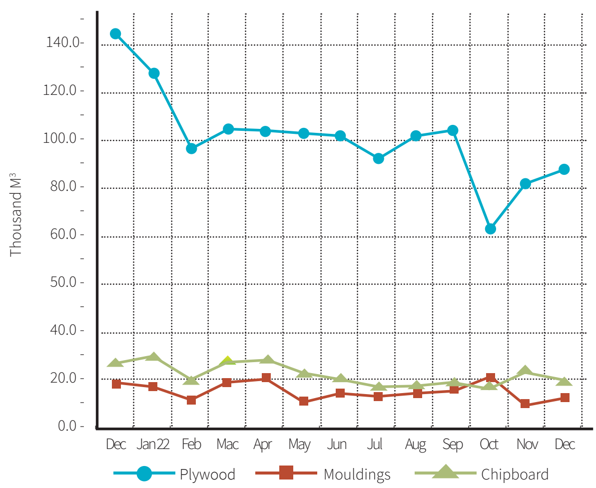
In Asia, Singapore increased their purchases by 21% to 1,284 m3 while Viet Nam decrease its intake by 46% to 128 m3. Korea and Hong Kong increased their intakes by 54% and 33% to 1,162 m3 and 178 m3 while Japan decreased its purchases by 99% to 990 m3 from 130,419 m3 respectively. Meanwhile, India increased intake by 87% to 276 m3 while Maldives decreased buying by 5% to 103 m3.

Meanwhile, in the Oceania/Pacific region, exports to New Zealand increased by 195% to 43 m3 while Australia decreased imports by 6% to 1,820 m3. Similarly, in the America region, exports to the US decreased by 47% to 1,482 m3 while Mexico and Canada purchased 61 m3 and 46 m3 respectively.

Elsewhere, export to the Africa region, Seychelles, South Africa and Mauritius increased by 393%, 331% and 8% to 78 m3, 122 m3 and 237 m3 respectively
The average FOB unit value for mouldings decreased marginally to RM4,914 per m3 compared to RM5,117 per m3 in the previous month.

The global construction market is driven by the growing population, increasing urbanisation and the rise in domestic manufacturing. The residential segment is exhibiting a strong growth, primarily in the single-family construction segment. The non-residential buildings sector has also shown a growth in the period, thus, further enhancing the development of the global market for construction. The increasing modernisation of transportation infrastructure is also aiding the market growth. An increase in infrastructure spending by governments across the globe is invigorating the market growth for construction.

**Malaysia: Export of Plywood, Mouldings and Chipboard**
Dec 2021 - Dec 2022




## Builders Joinery And Carpentry (BJC)

BJC exports for December 2022 recorded an increase of 19% in volume and 16% in value with 11,714,313 kg worth RM113.7 million from the previous month. Total BJC cumulative exports for the same corresponding period

last year increased by 39% to RM1.4 billion as compared to RM996.2 million in the previous month.

Exports to the EU increased by 49% to RM258.4 million compared RM172.9 million in the previous corresponding period. Exports to Germany, Sweden and Belgium increased by 142%, 87% and 28% to RM38.2 million, RM38.0 million and RM66.0 million respectively. Meanwhile, exports to Turkey and Norway also increased by 67% and 47% to RM2.0 million and RM36.7 million respectively while the UK decreased its intake by 7% to RM110.9 million for the month.

In Asia, exports to Singapore and Viet Nam recorded an increase of 99% and 33% to RM85.7 million and RM18.5 million respectively while Thailand decreased its intake by 24% to RM12.4 million for the month. Exports to China, Japan and Taiwan increased by 40%, 26% and 14% to RM25.1 million, RM58.7 million and RM11.3 million respectively. Nevertheless, exports to India, Pakistan and Maldives also increased by 20%, 17% and 11% to RM36.3 million, RM2.6 million and RM4.6 million respectively. Meanwhile, Saudi Arabia, Kuwait and the UAE increased imports by 108%, 15% and 10% to RM685,093, RM549,334 and RM2.3 million respectively for the month.

In Oceania/Pacific region, export to New Zealand and Australia increased by 90% and 57% to RM33.7 million and RM249.1 million respectively while American Samoa decrease its intake by 33% to RM795,072 for the month. However, in the America region, Mexico, the US and Canada also increase their intakes by 1,342%, 37% and 19% to RM17.7 million, RM370.5 million and RM2.2 million respectively while Uruguay improved intake by 45% to RM1.2 million for the month.

Elsewhere, export to the Africa region, Seychelles and Egypt increased their intakes by 57% and 14% to RM1.4 million and RM1.6 million respectively while South Africa decrease intake by 14% to RM7.1 million for the month.

The revenue of the global construction industry is expected to grow steadily over the next few years. The market is further estimated to grow at a CAGR of 3.5% between 2023 and 2028. The global market for construction is driven by rising government spending on planned infrastructure projects. Countries such as India, the United States and China are expected to account for a 50% share of the projected construction spending. The successful implementation and potential benefits of the construction outsourcing model on a large-scale in the United States is an emerging trend in the region.

## Furniture

Export of wooden and rattan furniture for the month of December 2022 dropped by 4% to RM776.5 million and by 15% to RM6.2 million respectively from the previous month, November 2022. Meanwhile, the export of wooden furniture for the cumulative period of January to December 2022 recorded an export value worth RM11.1 billion, an increase of 7% from RM10.3 billion in its corresponding period in 2021. Similarly, demand for rattan furniture increased by 18% year-on-year to RM94.4 million from RM80.0 million over its corresponding period in 2021.

Export of wooden furniture to ASEAN expanded by 57% worth RM1.1 billion from RM718.6 million in its corresponding period in 2021. Singapore was recorded as the highest buyer with RM608.8 million, an increase of 39%. This was followed by the Philippines, with a significant increase of 128% to RM249.1 million and Indonesia, with an increase of 46% to RM93.4 million.

Moving to the East Asian region, exports grew by 61% to RM837.3 million from RM521.3 million year-on-year in 2021. Japan remained the highest buyer with an export value of RM600.4 million, an increase of 15%. This was followed by Taiwan which an increase of 59% to RM98.6 million. However, exports to China decreased by 27% to RM61.0 million over its corresponding period in 2021.

Export to West Asia rose by 14% to RM446.9 million from RM392.9 million in its corresponding period in 2021. Export to the UAE, the largest buyer in the region, increased by 47% to RM209.6 million. However, exports to Saudi Arabia and Kuwait reduced by 7% to RM147.3 million and by 10% to RM36.0 million, respectively.

Meanwhile, South Asian region recorded an increase of wooden furniture intake by 31% to RM230.5 million for the month. Amongst South Asian countries, India recorded the highest intake with an export value worth RM216.9 million, an increase of 30%. Similarly, exports to Maldives and Bangladesh improved by 31% to RM10.4 million and 123% to RM1.7 million respectively.

Export to the Central Asia region dropped by 41% to RM4.5 million with exports to Kazakhstan reduced by 43% worth

RM4.1 million. Meanwhile, Armenia resumed its intake at RM176,445, but export to Uzbekistan decreased by 67% to RM171,290 for the mentioned period.

Export to the European Union (EU27) recorded an increase of 1% to RM369.3 million from RM364.7 million over its corresponding period in 2021. Germany as the highest buyer in the bloc recorded an increase in buying by 19% to RM55.6 million, followed by France with an increased of 3% to RM45.2 million. Similarly, Denmark recorded an increase of export by 52% to RM38.0 million.

As for Other-Europe countries, exports were down by 3% to RM427.6 million. Export to the United Kingdom decreased by 0.3% to RM397.8 million from RM399.1 million in its corresponding period in 2021. Meanwhile, exports to Turkey and Georgia rose by 134% to RM9.1 million and by 50% to RM6.9 million, respectively.

Export to Oceania/Pacific rose by 34% to RM580.4 million from RM434.3 million over its corresponding period in 2021. Australia remained the top buyer in the archipelago with an export value worth RM509.9 million, an increase of 35%. Similarly, both exports to New Zealand and Papua New Guinea climbed by 3% to RM41.8 million and by 93% to RM10.4 million, respectively.

Moving to the Central America region, export of wooden furniture decreased by 10% to RM30.4 million over its corresponding period in 2021. Despite the reduced intake in the region, exports to Costa Rica increased by 82% to RM8.8 million from RM4.9 million in its corresponding period in 2021. However, exports to Panama and El Salvador decreased by 20% to RM8.3 million and by 39% to RM5.9 million respectively.

Meanwhile, export to the North America region was down by 1% to RM6.7 billion. The USA as Malaysia's largest wooden furniture buyer, imported RM6.2 billion worth of furniture, a decrease of 3% from RM6.4 billion in its corresponding period in 2021. However, exports to Canada and Puerto Rico improved by 30% to RM339.3 million and 8% to RM85.6 million respectively.

Export of wooden furniture to the South America region recorded a decrease of sale by 6% worth 91.9 million from RM97.2 million in its corresponding period in 2021. Export to Chile decreased by 6% to RM64.0 million. Similarly, Peru and Colombia also reduced their buying by 6% to RM12.6 million and by 6% to RM5.8 million respectively.

Export to the Africa region recorded an increase by 28% to RM177.4 million with South Africa garnering the largest market share with RM49.3 million. It was an increase of 12% from its corresponding period in 2021. This was followed by Kenya, with recorded sales of RM19.4 million, an increase of 51% and export to Reunion Islands also grew by 14% to RM14.3 million for the period January – December 2022.

Rattan furniture shipments for December 2022 recorded a decrease of 15% valued at RM6.2 million from RM7.3 million in the previous month. However, export of rattan furniture for the cumulative period of January – December 2022 recorded an increase of 18% to RM94.4 million from RM80.0 million in the corresponding period 2021.

Export to ASEAN member countries was recorded at RM5.4 million, an increase of 35% for the cumulative period of January – December 2022. The highest buyer was the Philippines with recorded sales of RM3.2 million, an increase of 148%. However, exports to Singapore and Thailand were down by 25% to RM1.0 million and by 10% to RM899,830 respectively.

Likewise, the East Asia region also increased its shipments by 170% to RM10.8 million over RM9.2 million in its corresponding period in 2021. China as the largest buyer in the region increased its intake by 6% to RM7.1 million. Likewise, Japan also increased its buying by 125% to RM2.1 million, but export to Mongolia was reduced by 7% to RM778,990 for the month.
India as the largest buyer amongst South Asian countries recorded an increase in intake by 4% to RM5.4 million from RM5.1 million in the corresponding period in 2021. Bangladesh resumed its intake to RM16,447 for the cumulative period of January to December 2022.

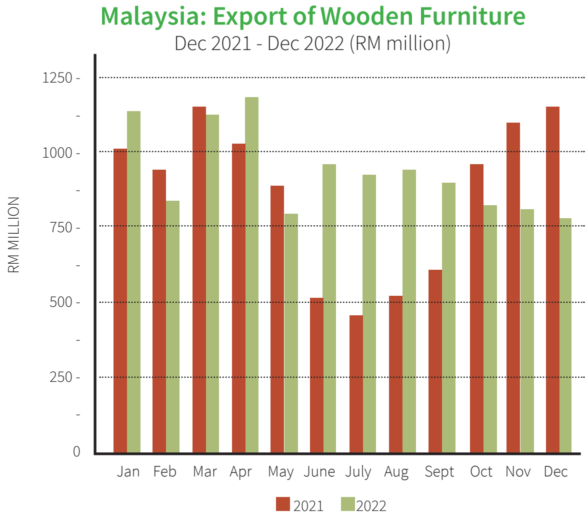
Exports to the West Asia region increased by 84% to RM1.9 million from RM1.0 million over its corresponding period in 2021. The largest buying nation of rattan furniture in the West Asian countries, the UAE increased its intake by 158% to RM1.5 million. Similarly, exports to Saudi Arabia and Jordan also improved by 39% to RM290,521 and by 56% to RM93,462 for January – December 2022.

Likewise, export to the European Union expanded by 34% to RM11.2 million with Ireland being the largest buyer amongst the EU27 countries. Exports to Ireland were down by 12% to RM2.6 million from RM2.9 million over the same period in 2021. Yet, export to France boomed by 365% to RM1.9 million from RM418,096 over its corresponding period in 2021. Similarly, demand from Sweden was also up by 63% to RM1.5 million. Moving to Other-Europe countries, demand from the group grew by 9% to RM9.9 million with intake from the United Kingdom increased by 16% to RM7.5 million. However, exports to Russia and Ukraine were down by 1% to RM2.0 million and by 76% to RM122,916 for the month.

Shipments to the Oceania/Pacific archipelago region increased by 59% to RM8.9 million from RM5.6 million over the same period in 2021. Australia recorded an increase of 78% to RM8.0 million and likewise, export to Western Samoa increased by 24% to RM94,423. However, export to New Zealand was down by 21% to RM764,633.

Export to the North America region increased by 5% to RM37.4 million from RM35.6 million over the same period in 2021. The USA being the largest buyer for rattan furniture recorded a decrease of 0.2% to RM32.6 million. Yet, exports to Canada and the Dominican Republic increased by 21% to RM2.8 million and by 549% to RM1.3 million. Intake from South America recorded an increase of 55% to RM588,936 from RM379,950 in its corresponding period in 2021, with the highest intake being from Chile worth RM306,011, an increase of 2%. Similarly, exports to Uruguay expanded by 42% to RM72,188 while Argentina purchased RM167,482 for the cumulative period of January- December 2022.

Intake of rattan furniture by Africa increased by 131% to RM3.0 million where the largest buyer, Algeria increased its buying by 167% to RM1.7 million. South Africa also increased its intake by 214% to RM523,666 while Tanzania resumed its buying at RM447,185.




According to the 'Furniture Global Market Report' published by US-based Business Research Companies, the global furniture market grew from USD691 billion in 2022 to USD739.44 billion in 2023 at a compound annual growth rate (CAGR) of 7.0%. The furniture market is expected to grow to USD935.9 billion in 2027 at a CAGR of 6.1%. Amongst the challenges faced by the global furniture industry in 2022 is supply chain localisation. Surging shipping costs, persisting supply chain bottlenecks and deteriorating trade relations between global superpowers have a severe impact on the furniture industry's global supply chains. This trend creates the need for investment in the transformation of supply chains through digitalisation, sustainable practices and reshoring, in order to increase flexibility and availability, and decrease costs. Moreover, the Russia-Ukraine war disrupted the chances of global economic recovery from the COVID-19 pandemic, at least in the short term. The war between these two countries has led to economic sanctions on multiple countries, a surge in commodity prices, and supply chain disruptions, causing inflation across goods and services and affecting many markets across the globe.

Along with the Industry 4.0 high on the agenda, the incorporation of digital technologies in the furniture industry is expected to contribute to better manufacturing flexibility and speed, mass customisation and increased productivity. Furthermore, the emphasis of sustainability in global furniture supply chains are high in these recent times. The furniture industry is moving towards more sustainable production. As a result, the usage of recyclable and easily available materials may become a priority. The industry is, therefore, set to be more regulated, creating future growth opportunities that are expected to significantly reduce energy costs. Changing consumer preferences and buying habits are also motivating more furniture production companies to use digital channels for sales. Furniture companies will continue to invest in e-commerce solutions in order to meet their customers' needs and to diversify sales risk. CGI (computer-generated imagery) and AR (augmented reality) technologies will further enhance the online shopping experience.

The bedroom furniture segment is also witnessing a higher growth rate over the forecast period. Owing to technical advancements in the furniture and home industries, high-end furniture products are becoming more and more popular with consumers, which has significantly fuelled the growth of the beds segment. Wooden furniture always being a favourite amongst the consumers since timber is a naturally occurring raw material utilized to create almost all types of furniture products worldwide. Timber also comes in a variety of colours and improves the visual appeal of interiors; additionally, because of its design adaptability, it can be used in any environment. The residential furniture segment is dominating the market with the largest market share of 30% over the forecast period. The large consumer need for different styles of kitchen, lounge room, and hallway furniture for their frequent indoor recreational needs is what primarily drives the higher profits mostly from the indoor segment.

The furniture industry should also pay attention to the preferences of millennial consumers who are preparing to buy their first homes in the next three to five years. In order to capitalize on this powerful market driver, retailers should focus on the buying behaviours of millennial consumers and make the necessary adjustments to capture market share.

# JAPAN
## Agility towards Modernity in the Timber Industry

### Country **Overview**

Japan is an island country in East Asia. It is situated in the northwest Pacific Ocean and is bordered on the west by the Sea of Japan. Tokyo is the nation's capital and largest city, followed by Yokohama, Osaka, Nagoya, Sapporo, Fukuoka, Kobe and Kyoto. Japan is the eleventh most populous country in the world, as well as one of the most densely populated and urbanized. According to the Statistical Bureau of Japan, the population of Japan is at 125.05 million (May 2022), including foreign residents.

Japan is substantially prone to natural disasters such as earthquakes, tsunami, typhoons and volcanic eruptions with fatal consequences for population and environment because of its location along the Pacific Ring of Fire. Japan has nine forest ecoregions which reflect the climate and geography of the islands. A large network of national parks has been established to protect important areas of flora and fauna as well as 52 Ramsar wetlands sites. Four sites have been inscribed on the UNESCO World Heritage List for their outstanding natural value.

Japan is among the world's most literate and technically advanced nations, making Japan a highly developed fee-market economy and the third-largest in the world by nominal GDP after the US and China and the fourth-largest by purchasing power parity (PPP) after China, the US and India. The nation's main export goods are cars, consumer electronics, computers, semiconductors, copper, iron and steel. Other key industries in Japan are petrochemicals, pharmaceuticals, bio-industry, shipbuilding aerospace, textiles, cosmetics and processed food.

### Japan Forestry And Timber Productions

The total area of forested land in Japan is about 25 million ha and it has been stable since the 1960s. The composition ratio of natural forest and planted forest has not changed since the 1980s. The main species of planted forest are *Cryptomeria Japonica* (Japanese cedar), *Chamaecyparis* (Japanese cypress) and *Larix Kaempferi* (Japanese larch), with the former two species having the desirable features of fast growth, straightness and ease of process.

Under the Minister of Agriculture, Forestry and Fisheries (MAFF), Japan's forest governance is divided into national forests and privately and publically owned forests. According to the Timber Trade Portal, in March 2017, the ownership of forested area in Japan was composed of national forests (31%), private forests (57%) and publicly owned forests (12%). The publicly owned forests belong to local public entities including prefectural and municipal governments and the communal districts.

According to FAO Stats, the production quantity of Japan's timber and timber products are 32.2 million cubic metres in 2020, an increase of 8% from 29.9 million cubic metres in 2019. The major product are sawlogs and veneer logs at around 17.4 million cubic metres, followed by sawnwood at 7.5 million cubic metres and plywood 3.2 million cubic metres. Despite the COVID-19 pandemic that hit the whole world in late 2019 and early 2020, Japan still managed to sustain its timber and timber products production.

*Unit: m3*

| JAPAN: Production Quantity 2016 - 2020 | | | | | |
|---|---|---|---|---|---|
| **Product** | **2016** | **2017** | **2018** | **2019** | **2020** |
| Sawlogs and veneer logs, coniferous | 16,484,000 | 16,893,000 | 17,479,000 | 15,682,000 | 17,365,000 |
| Sawnwood, coniferous | 8,606,000 | 8,383,000 | 8,282,000 | 7,522,000 | 7,522,000 |
| Plywood | 3,287,000 | 3,298,000 | 3,337,000 | 2,999,000 | 3,172,000 |
| Pulpwood, round and split, coniferous | 2,645,000 | 2,569,000 | 2,397,000 | 2,355,000 | 2,723,000 |
| Particle board | 1,093,000 | 1,069,000 | 1,051,000 | 961,000 | 1,004,000 |
| MDF/HDF | 415,000 | 396,000 | 404,000 | 350,000 | 378,000 |
| Veneer sheets | 60,000 | 60,000 | 60,000 | 60,000 | 60,000 |
| **TOTAL** | **32,590,000** | **32,668,000** | **33,010,000** | **29,929,000** | **32,224,000** |

*Source: FAO Stats*

## Japan's Exports Of Timber And Timber Products

The Japanese government has been extensively promoting the export of timber and timber products since 2016. In 2021, Japan's export of timber and timber products were valued at USD 523.6 million, an increase of 27% from 2020 valued USD 412.5 million. The main timber product exported were logs with the value of USD 192.0 million, followed by furniture and parts (USD 90.9 million), sawntimber (USD 88.9 million), plywood (USD71.2 million) and BJC (USD 20.4 million). The top export destinations for Japanese timber and timber products are China, The Philippines, the US, the Republic of Korea and Taiwan.

*Value: USD Million*

| JAPAN: Exports of Timber and Timber Products, 2017-2021 | | | | | |
|---|---|---|---|---|---|
| **Product** | **2017** | **2018** | **2019** | **2020** | **2021** |
| Log | 121,999 | 134,123 | 135,418 | 153,111 | 191,970 |
| Furniture & Parts | 80,558 | 84,927 | 83,176 | 78,180 | 90,900 |
| Sawntimber | 48,009 | 54,770 | 54,741 | 63,311 | 88,913 |
| Plywood | 56,287 | 64,937 | 59,332 | 54,024 | 71,174 |
| BJC | 14,986 | 14,097 | 17,106 | 14,570 | 20,415 |
| Particle Board | 4,793 | 3,937 | 5,483 | 4,214 | 6,225 |
| Moulding | 3,097 | 3,669 | 3,022 | 2,672 | 5,413 |
| Veneer | 4,163 | 3,422 | 3,973 | 3,900 | 2,860 |
| Fibreboard | 6,368 | 4,776 | 4,255 | 3,343 | 2,836 |
| Wooden Frame | 110 | 122 | 84 | 316 | 438 |
| Others Product | 31,278 | 33,839 | 34,186 | 34,895 | 42,499 |
| **TOTAL** | **371,648** | **402,619** | **400,776** | **412,536** | **523,643** |

*Source: UN-Comtrade Statistics*

## Japan's Imports Of Timber And Timber Products

According to the International Trade Centre, for the year of 2021, Japan was the third largest importer of timber and timber products globally after the US and China. Besides the housing sector, the use of timber and timber products are for construction of public facilities, government and office buildings, transportation facilities and infrastructure. In 2021, Japan imported USD14.4 million worth of timber and timber products, which was a growth of 23% from USD11.7 recorded in 2020. The main products imported to Japan were furniture and parts (USD3.2 million), followed by sawntimber, BJC, plywood and logs valued at USD2.6 million, USD1.7 million, USD1.6 million and USD776,410 respectively. China was the main supplier for timber and timber products besides Canada, Viet Nam, the Philippines and Indonesia.

*Value: USD*

| JAPAN: Imports of Timber and Timber Products, 2017-2021 | | | | | |
|---|---|---|---|---|---|
| **Product** | **2017** | **2018** | **2019** | **2020** | **2021** |
| Furniture & Parts | 2,564,253 | 2,666,451 | 2,764,917 | 2,833,617 | 3,165,714 |
| Sawntimber | 2,237,557 | 2,340,958 | 2,104,961 | 1,728,484 | 2,580,560 |
| BJC | 1,491,984 | 1,573,871 | 1,617,951 | 1,417,366 | 1,730,097 |
| Plywood | 1,512,177 | 1,752,877 | 1,461,354 | 1,184,011 | 1,583,021 |
| Logs | 775,180 | 901,977 | 742,151 | 569,779 | 776,410 |
| MDF | 249,034 | 265,018 | 276,660 | 224,210 | 233,818 |
| Mouldings | 253,700 | 255,116 | 252,107 | 202,156 | 214,223 |
| Particle Board | 179,629 | 198,795 | 185,665 | 165,308 | 190,576 |
| Veneer | 157,049 | 184,688 | 170,422 | 106,791 | 128,123 |
| Wooden Frame | 34,714 | 35,361 | 32,531 | 30,141 | 33,173 |
| Others Product | 3,380,353 | 3,660,521 | 3,838,358 | 3,212,681 | 3,734,049 |
| **TOTAL** | **12,835,630** | **13,835,633** | **13,447,077** | **11,674,544** | **14,369,764** |

*Source: UN-Comtrade Statistics*

## Malaysia: Exports Of Timber And Timber Products To Japan, 2018 - 2022

Japan is the largest buyer for Malaysian timber and timber products especially plywood and other value added timber products such as wooden furniture, fibreboard and sawntimber. Japan purchased timber and timber products worth RM3.8 billion from Malaysia in 2022, an increase of 20% over the RM3.1 billion purchase in 2021. As the major timber product exported to Japan, plywood recorded 54% of market share from the total export, valued at RM2.0 billion. Wooden furniture was the second major timber product exported at RM602.4 million, followed by fibreboard (RM368.0 million), sawntimber (RM136.9 million).

*FOB Value: RM*

| MALAYSIA: Exports of Timber and Timber Products To Japan, 2018-2022 | | | | | |
|---|---|---|---|---|---|
| **Product** | **2018** | **2019** | **2020** | **2021** | **2022** |
| Plywood | 2,400,142,814 | 1,771,352,157 | 1,376,608,708 | 1,755,711,61 | 2,024,142,915 |
| Wooden Furniture | 602,523,102 | 619,875,173 | 474,288,164 | 522,195,290 | 602,414,666 |
| Fibreboard | 257,503,878 | 295,708,292 | 251,934,758 | 238,439,776 | 367,950,612 |
| Sawntimber | 156,847,132 | 152,994,335 | 105,682,508 | 104,118,005 | 136,880,456 |
| Chipboard/Particleboard | 21,377,127 | 38,473,266 | 29,865,149 | 35,977,450 | 67,578,178 |
| BJC | 71,493,912 | 68,813,063 | 55,177,873 | 46,757,932 | 58,682,259 |
| Moulding | 89,840,314 | 89,715,551 | 67,236,323 | 56,840,861 | 58,217,232 |
| Logs | 53,136,693 | 32,034,920 | 19,893,127 | 16,144,827 | 23,963,745 |

| | | | | | |
|---|---|---|---|---|---|
| Veneer | 35,225,567 | 25,512,637 | 11,586,896 | 16,710,465 | 9,046,938 |
| Other Products | 267,732,650 | 370,315,432 | 343,039,871 | 331,729,600 | 410,604,031 |
| **TOTAL** | **3,955,823,189** | **3,464,794,826** | **2,735,313,377** | **3,124,625,822** | **3,759,481,032** |

*Source: MTIB & DOSM*

## Malaysia: Imports Of Timber And Timber Products From Japan, 2018 - 2022

Malaysia improved imports of timber and timber trade products from Japan in 2021 by 166.3% with a value of RM41.7 million. Previously, import figures dropped tremendously in 2019 due to the COVID-19 pandemic, when there was less demand for timber and timber products. That incredible increment in 2021 was contributed by the RM3.6 million purchase of wooden furniture, followed by veneer (RM1.6 million), sawntimber (RM1.2 million), logs (RM437,876) and plywood (RM90,584)

***FOB Value: RM***

| MALAYSIA: Imports of Timber and Timber Products From Japan, 2018-2022 | | | | | |
|---|---|---|---|---|---|
| **Product** | **2018** | **2019** | **2020** | **2021** | **2022** |
| Wooden Furniture | 4,679,816 | 5,428,289 | 2,101,264 | 2,152,250 | 3,578,784 |
| Veneer | 8,372 | 34,075 | 51,753 | 618,384 | 1,591,077 |
| Sawtimber | 116,453 | 21,637 | 2,736 | 929,588 | 1,214,094 |
| Logs | 902,376 | 1,163,461 | 244,524 | 232,699 | 437,876 |
| Plywood | 127,695 | 80,447 | 0 | 12,247 | 90,584 |
| Fibreboard | 245,209 | 144,770 | 146,597 | 41,940 | 62,141 |
| Builders Joinery & Carpentry | 369,614 | 120,181 | 42,093 | 7,083 | 11,640 |
| Moulding | 148,820 | 0 | 72,025 | 0 | 3,180 |
| Chipboard/Particleboard | 0 | 0 | 9,702 | 364,311 | 0 |
| Other Products | 19,562,132 | 22,411,193 | 8,906,17 | 11,290,600 | 34,681,51 |
| **TOTAL** | **26,160,487** | **29,404,053** | **11,576,871** | **15,649,102** | **41,670,893** |

*Source: MTIB & DOSM*

## Free Trade Agreements And Import Tariffs

Japan is a country that values its trade relationships with other countries including Malaysia to strengthen its economic interdependence and gain political trust among countries that are parties to these agreements. As such, Japan has signed 21 free trade agreements (FTA) and economic partnership agreements (EPA) while 3 FTA's are still under negotiation. As of now, Malaysia and Japan have signed 1 bilateral FTA and 3 regional FTA's.

| No. | Free Trade Agreement | Date of Entry into Force (EIF) |
|---|---|---|
| 1 | Malaysia – Japan Economic Partnership Agreement (MJEPA) | 13 July 2006 |
| 2 | ASEAN-Japan Comprehensive Economic Partnership (AJCEP) | 1 February 2009 |
| 3 | Regional Comprehensive Economic Partnership (RCEP) | 18 March 2022 |
| 4 | Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) | 29 November 2022 |

| Product | Description | MFN Rate | Malaysia-Japan Economic Partnership Agreement (MJEPA) | ASEAN-Japan Comprehensive Economic Partnership Agreement (AJCEP) | Regional Comprehensive Economic Partnership (RCEP | Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP |
|---|---|---|---|---|---|---|
| 4403 | Logs | 3.5 | 0 | 0 | 0 | 0 |
| 4407 | Sawtimber | 4.8 - 6 | 0 | 0 | 1.8 - 6.0 | 0.4 - 4.3 |
| 4408 | Veneer | 6 | 0 | 0 | 0 - 5 | 0 |
| 4409 | Moulding | 5 - 7.5 | 0 | 0 | 0 - 5 | 0 |
| 4410 | Particleboard/ Chipboard | 6 - 7.9 | 0 | 0 | 0.5 - 7.2 | 0.4 - 5.4 |
| 4411 | Fibreboard | 2.6 | 0 | 0 | 0.5 | 0 |
| 4412 | Plywood | 6 - 10 | 5 | 0.5 - 9.0 | 0.5 - 9.0 | 0.5 -9.0 |
| 4418 | Builders' Joinery & Carpentery | 0 - 5 | 0 | 0 | 0.8 - 3.9 | 0 - 3.4 |
| 9403 | Wooden Furniture | 0 | 0 | 0 | 0 - 5 | 0 |

## Prospects

According to the World Bank's most recent Global Economic Prospects report, global growth is severely dropping as a result of high inflation, higher interest rates, less investment and interruptions brought on by Russia's invasion of Ukraine. Any new unfavorable circumstance, such as higher-than-anticipated inflation, sharp increases in interest rates, a revival of the COVID-19 pandemic or growing geopolitical tensions, might cause the frail global economy to slip into recession. The occurrence of two worldwide recessions within the same decade would be unprecedented in more than 80 years. According to projections, the world economy will expand by 1.7% in 2023 and 2.7% in 2024. With predictions for 2023 being revised downward for 95% of advanced economies, the rapid slowdown in GDP is anticipated to be widespread.

Japan anticipates a slower global economy in 2023 than in 2022. Yet they have observed indications of toughness. They saw faster growth in the US and Europe compared to their predictions from October and now that China has abruptly reopened, the prognosis has been affected. Japan anticipates that this year will be the year when global growth reaches its lowest point, yet it anticipates it'll then start to go up near the end of the year and continue to do so until 2024. The construction industry in Japan is expected to grow by 4.6% to reach JPY 35,516 billion in 2023. Despite near-term challenges in certain construction sectors, medium to long term growth story in Japan remains intact and continues to grow steadily over the next four quarters. Plywood industry is now the most dominant sector of the Japanese wood industry because it's widely utilised in home building, flooring and wood packaging. Home renovations might become the newest trend as the need for new homes appears unstable. In order to create long-lived living and cohabitation in multi-family households, the Ministry of Internal Affairs of Japan (MLIT) is already encouraging home modifications (such as three-generation families).

Japan is starting to see more mid-rise buildings constructed from timber materials. A revision to the Public Buildings Wood Use Promotion Act was taken into effect on 1 October 2021, encouraging the use of domestic forest plantations planted after World War II not only in public buildings but also in privately developed buildings. The increasing growth of the timber construction industry is a positive trend, both from an economic and ecological perspective. Furthermore, there is an increase in demand for structures made of energy-efficient, sustainable and carbon-neutral materials due to growing concerns about climate change. As the top exporter of plywood to Japan, Malaysia needs to be more aggressive in encouraging the export of plywood to improve trade performance between both countries while meeting the demand for plywood.

The Japanese timber industry has traditionally depended on technology to help with labour shortages. Nonetheless, the industry's lack of production capacity has greatly hindered its expansion. Automation is the only viable option going forward, and Japan has the confidence that this industry will be able to increase its manufacturing capacity over the next few years with automated solutions which allow for a faster increase in production capacity while also requiring fewer operators. In order to assist a developing country like Malaysia, Japan's expertise as a modern country that consistently innovate advanced technology into various sectors is crucial. It cannot be disputed that people's daily lives are made easier by technology given how quickly it is developing.

In addition, Malaysia which has secured FTAs with Japan and so needs to grab this opportunity to encourage more exports of timber and timber products to Japan. In particular, Japanese construction companies should consider exporting prefabricated components such as beams, mouldings, doors and windows. Local exporters should initiate strategies to participate in business matching and international exhibitions for new market explorations in Japan. To further enhance its market position in the international timber trade, collaborations in the construction sector and e-commerce must also be developed.

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## INDONESIA
## Timber Association Warns of Possible Global Recession

Exports of Indonesian wood products increased in 2022 but the Ministry of Environment and Forestry (KLHK), quoting the Association of Indonesian Forest Concession Holders (APHI), has warned of a possible global recession. Up to November 2022, exports of processed wood products reached USD13.27 billion, close to the total value of export in 2021 which was the highest on record for processed wood products. Plywood exports were USD2.67 billion, down 1.6% year-on-year, and furniture was at USD2.11 billion up 14% year-on-year. Wood product exports to Japan up to November 2022 recorded an increase of 13% year-on-year while exports to South Korea increased 6% year-on-year.

Exports to the EU and UK increased by 10% year-on-year to USD1.16 billion and exports to India increased by 38% year-on-year to USD471.5 million. However, demand in Indonesia's main market, China, was weak. In related news, the KLHK revealed that the 2022 export value of industrial forest products was good, being almost one and a half times above the target of USD10 billion.

*ITTO/Fordaq, 18 January 2023*

## VIETNAM
## Forestry Product Exports Rise

According to the Viet Nam Administration of Forestry, forestry exports in 2022, which include timber and wood products, are estimated at over USD16.9 billion, up 6.1% from 2021. VietnamPlus reported that this value included about USD15.85 billion worth of timber and wood products, rising by 7%, and USD1.1 billion worth of non-timber products, falling by 1.3%. The US, Japan, China, the EU, and South Korea were the main markets, purchasing USD15.48 billion worth of forestry products from Viet Nam, equivalent to over 90% of the total. Exports have been increasing in spite of global crises, such as the Russia-Ukraine war and COVID-19 pandemic, because of the Vietnamese government's directions, the ministries' and sectors' moves, and businesses' efforts to surmount difficulties.

Imports for timber and wood products into Viet Nam increased by 4.1% to USD2.82 billion. These resulted in a trade surplus of USD14.1 billion, up 6.5% from 2021. The forestry industry plans to achieve USD17.5 billion worth of forestry exports in 2023, a growth rate of 5-5.5% in forestry production value.

*Vietnamplus/Fordaq, 5 January 2023*

## CHINA
## Record High Output Of Woodbased Panels

A China Wood-based Panel Industry Report 2022 has been released by the China Forest Products Industry Association and Industry Development Planning Academy under the National Forestry and Grassland Administration. The report discusses production, consumption, layout, international trade, technology and equipment, standard and quality, environmental protection, production safety and recent industry policies and hot spots of China's wood-based panels and adhesives in 2021 as well as future development.

According to the report, the total output of China's wood-based panel sector was 337 million cubic metres in 2021, a year-on-year increase of 8.3%. The output of particleboard products increased by 32% year on year and the consumption of wood-based panels was about 318 million cubic metres, a year-on-year growth of 7.5%. The growth of particleboard consumption is the main factor driving the total consumption growth of wood-based panel.

By the end of 2021 there were more than 13,200 wood-based panel manufacturers in China, including nearly 190 large manufacturers and enterprise groups, with a total annual output capacity of about 57 million cubic meters and accounting for 18% of the total output capacity. Low-tech production capacity is being eliminated in China's wood-based panel industry and this has accelerated in recent years.

There are 142 continuous flat pressed fibreboard production lines in China with a total annual production capacity of 30.37 million cubic metres. There are 79 continuous flat- pressed particleboard production lines with a total annual production capacity of 20.1 million cubic metres. Particleboard production capacity continues to rise and the capacity of continuous press lines for fibreboard and particleboard both exceeded 50%.

*ITTO/Fordaq, 17 January 2023*

## Boom In Covid Cases Blocks Ports And Can Impact Global Trade

China is one step away from the perfect storm. The removal of the anti COVID-19 measures has triggered chain infections. Goods in ports do not arrive or remain blocked as factories affected by the virus slow down production and orders remain unfulfilled. Thus, a worse situation has emerged than that of last spring, with inevitable repercussions at the level of global trade and stocks which is creating a turnaround in container traffic and freight costs. Prices are plummeting and a surplus of ghost carriers is wandering across Asia.

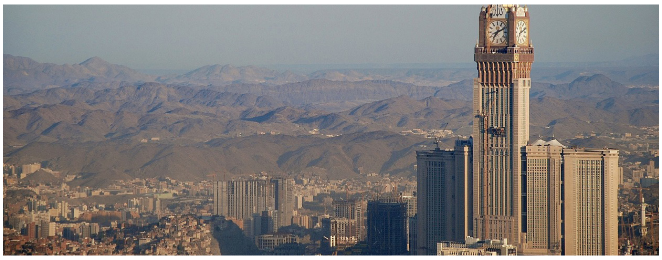
The reassurances of the local press that the ports remained competitive in 2022 despite the pandemic are worthless. Trivially, factories cannot function properly due to the many workers who have contracted COVID. After the Lunar New Year traffic volumes are expected to be low with bookings at best delayed into the second half of January if not early February. The drop in orders from the United States is already 40 percent. With half to three-quarters of the workforce infected and unable to work, it's difficult to ensure optimal results, Hong Kong-based shipping company HLS tells worried customers. Picking, loading and transporting containers end up in the meat grinder of companies that are dealing with the impact of the new wave of COVID-19.

In the port of Shanghai, the world's container leader, cancellations are increasing because many workers have been infected. In Qingdao, the sixth largest airport in the world, only a quarter of the workforce is active. According to MarineTraffic, a company that monitors maritime traffic, congestion in Shanghai seems to have increased as soon as the obstacles to mobility were removed, in fact during the first week of 2023 the average capacity of the vessel measured in TEU (the equivalent unit to twenty feet) outstanding was 321,989 TEU, the highest amount recorded since last April. Furthermore, congestion in Ningbo and Qingdao is also growing, at 273,471 TEU and 277,467 TEU respectively. Data from WarehouseQuote shows that inventories are still at an all-time high. But until when? China insists and leverages the resilience that allowed it to save the 2022 budget.

Looking to 2023, explains Wu Jiazhang, Chinese logistics expert, if the US and European markets were to give way again due to the recession, exports could still find new growth space from markets with the Regional Comprehensive Economic Partnership (RCEP) trade agreement and Belt and Road markets. The new demand could arise from the rapid development of cross-border e-commerce and increased efficiency in ports due to improved digital infrastructure. In reality, in the middle of a maritime season officially defined as "very quiet", the Government's about-face fell on zero-COVID. In fact, empty containers have been piling up in ports ever since. In Guangzhou, Yantian and Shekou, they no longer collect them because a "next shipment" is not in sight.

*Global Wood Market Info, 10 January 2023*

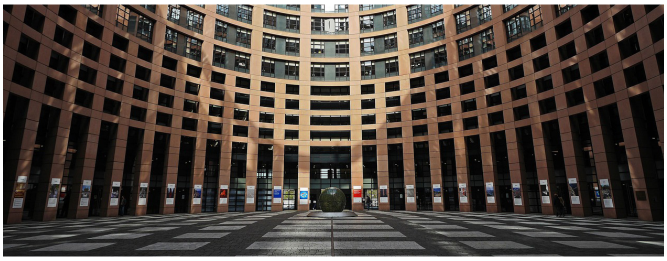
## SAUDI ARABIA
## Material Cost Trends



The average price of timber in Saudi Arabia surged 13.6% to SAR3,734.81 per cubic metre in the fourth quarter of 2022, compared to SAR3,287.15 per metre in the same period of 2021, according to the latest General Authority for Statistics (GASTAT) report. On the other hand, average ready-mix concrete prices rose 1.5% year-on-year to SAR206.99 per cubic metre. Cement price, on average, rose 0.6% percent to SAR13.75 per 50 kg bag in the fourth quarter of 2022 compared to 13.67 per 50 kg bag for the same period last year. Average iron prices fell 3.8% to SAR3,378.89 per tonne in the fourth quarter of 2022 compared to SAR3513.90 in the year-earlier period. Cabling prices gained 3.5% year-on-year to SAR47.99 riyals per metre. Saudi Arabia's construction contract awards touched SAR25.2 billion (USD6.7 billion) during the third quarter of 2022 driven by Vision [2030] Realisation Programmes related to tourism and housing along with physical infrastructure, according to a report by the US-Saudi Business Council.

*https://www.zawya.com, 18 January 2023*

## EUROPEAN UNION
## New Deforestation Free Regulation And What Does It Mean For Timber Business



The European Timber Regulation (EUTR) has been in force for nearly a decade. Now the EU is replacing it with a new regulation targeting timber, as well as other commodities. On 6 December 2022, the EU reached an agreement on a new law -The European Union Deforestation Regulation (EUDR) - to prevent companies from placing commodities linked with deforestation and forest degradation, onto the EU market, or exporting them from the EU. The new regulation sets mandatory due diligence rules for Operators which place specific commodities or products on the EU market or export them from the EU - that are associated with deforestation and forest degradation.

The law has initially included 7 commodities within the scope of the EU regulation: timber, soy, beef, palm oil, cocoa, coffee and rubber. Within each commodity, the regulation defines which products are included within the scope of the law, according to a list of EU customs codes. The list also includes some derived products such as leather, chocolate and furniture. By default, this means that any product or commodity imported or exported under a different Customs Code would be considered to be exempt from the regulation. Products of the commodities included in the regulation may only be placed on, or exported from, the EU market if they are deforestation-free, have been produced in accordance with the relevant legislation of the country of production and are covered by a due diligence statement.

The regulation provides a cut-off date for deforestation (and forest degradation) to occur as of 31 December 2020. In other words, commodities shall not have been produced on land that has been subject to deforestation (or forest degradation) after 31 December 2020.

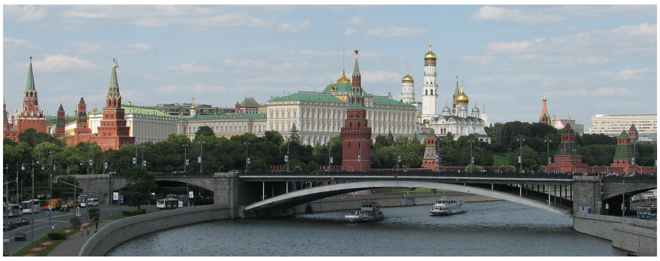
A key requirement is the obligation for Operators to implement a due diligence system to avoid sourcing of commodities or products which are not deforestation-free or have not been produced in accordance with the relevant legislation of the country of production. Companies that place relevant commodities on, or export them from, the EU market, ('Operators' according to the regulation) are obliged to implement this due diligence system, conducting risk assessments and mitigating any risks which are not negligible, before placing them on the EU market or exporting. Operators are required to publicly report as widely as possible on an annual basis, including online, on their due diligence systems and the steps they have taken to ensure compliance with their obligations. Companies described as Traders in the regulation (those trading goods which are already placed on the EU market), are responsible for storing and sharing information (with national Competent Authorities, upon request) on their supply chains. However, large Traders – those which are not Small to Medium-sized Enterprises (SMEs) – will also be required to conduct due diligence. This is due to their scale of influence in supply chains.

The regulation sets out an obligation on Operators to obtain geo-localisation coordinates (latitude and longitude of all plots of land) from where the commodities or products were produced or harvested in the case of wood-products - as well as the date or time range of production. A new development in the regulation is that the European Commission will develop a central database of risk assessments or 'country benchmarks'. This benchmarking system will categorise nations as posing at a low, standard or high risk of commodities or products being associated with deforestation, to aid with due diligence and control. Operators sourcing from countries that the Commission has designated as 'low-risk' will be allowed to conduct 'simplified due diligence', which means that they will be dispensed from carrying out the second and third steps of the due diligence process, i.e. risk assessment and risk mitigation. However, Operators will still be required to conduct the first step of due diligence - collecting information on their supply chains. This includes obtaining geo-localisation information on forest/farm production plots.

Obligations for national authorities to enforce the regulation and carry out checks will also vary according to the level of risk assigned to the countries of production. This means enhanced monitoring for high-risk countries and reduced for low-risk countries. Additionally, a central information system will also be developed to receive and record Operators' due diligence statements, which will accompany applications for customs clearance. This system will be accessible to national and customs authorities about Operators and Traders active in the EU, and is likely to include a series of functionalities such as: allowing the registration of Operators; uploading and linking of due diligence statements with customs declarations, as well as permitting the risk profiling of operators and relevant commodities/products for the purpose of identifying high risk consignments.

*Global Wood Market Info, 19 January 2023*

## RUSSIA
## Expands Sawn Timber Exports To Africa And The Middle East, Due To Eu Sanction



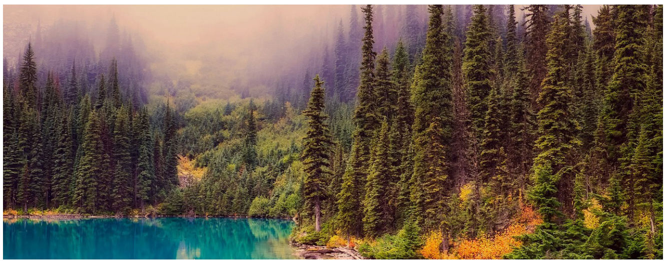
In 2022, Russia increased the supply of sawn timber to the countries of the Middle East and North Africa (MENA) by 17.84%. The export volume amounted to 1.2 million m3. In total, Russian timber exporters supplied timber to 15 countries in the region. The most active growth was shown by deliveries to Iran, Iraq, the United Arab Emirates and Jordan. The main volume of exports fell on Iran (379 thousand m3) and the United Arab Emirates (334 thousand m3).

The redistribution of supplies is associated with sanctions pressure from the EU states. "Due to the change in logistics routes for entering the foreign markets of Russian lumber, many enterprises had to quickly switch to the countries of the Middle East and North Africa. In 2022, shipments from the MENA countries grew the most in the UAE. The Emirates managed to increase imports by 83% compared to the results of 2021. This is followed by Iraq, which increased the import of sawn timber from Russia by 75% to 174 thousand m3, and Jordan - by 45% to 173 thousand m3," Pavel Chashchin, head of Roslesinforg, said in a statement. As for the entire export of sawn timber, in 2022, deliveries from Russia amounted to 22.7 million cubic metre.

*Timberindustrynews.com/, 26 January 2023*

## CANADA

### British Columbia Province Launches New Forestry Program



Wood product manufacturers throughout the British Columbia (B.C.) province, Canada, will benefit from a new program to provide dedicated access to timber and accelerate the growth of value-added manufacturing, supporting innovation and creating jobs. For the first time, small and medium-sized secondary manufacturers will have a dedicated fibre supply under a new licensing program. The BC Timber Sales (BCTS) Value-Added Manufacturing.

Program will be open to facilities producing high-value products, such as mass timber, plywood, veneer, panelling and flooring. Value-added wood products are increasingly in demand as alternatives to carbon-intensive construction products such as cement.

This growing demand has resulted in steady job growth and market expansion and by providing greater certainty of long-term timber supply, the new BCTS Program will accelerate further expansion. The program will be restricted to facilities that have minimal or no forestry tenure and will require that facilities be accredited as a value-added, secondary manufacturer. Initially, BCTS will dedicate 10% of its available timber supply to the program for licensees to bid on. More volume is expected in the future. Value-added manufacturers prove that B.C.'s forestry industry can get more value and create more jobs for every tree harvested. While overall harvest levels in the forest industry have decreased over the past decade, employment in the value-added sector has grown steadily – by approximately 35% – since 2012. Value-added facilities have also better withstood global market volatility, helping to build a more resilient forest sector.

The new BCTS Program supports other recent initiatives from the Province, such as the CAD90-million BC Manufacturing Jobs Fund to support capital investments in the value-added sector, and changes to strengthen the Manufactured Forest Product Regulation to limit exports of raw log and unmanufactured lumber.

*BC/Gov/Fordaq, 26 January 2023*

### Us-Canada Softwood Lumber Trade War Continues

West Fraser has to pay a new duty rate of 9.38% cent compared to its current tariff of 8.25% cent. Canfor will see growth for Canadian softwood sold in the United States to 7.29%, compared to the current 5.87%. The US Commerce Department plans to raise tariffs on two of Canada's largest timber companies, while reducing tariffs on most other Canadian producers. Based on the US Commerce Department's preliminary assessment, joint countervailing and anti-dumping duties will increase for Vancouver-based West Fraser Timber and Canfor Corp. West Fraser, Canada's largest lumber producer, faces paying a new duty rate of 9.38%, which could take effect as early as August or September, compared to its current tariff of 8.25%.

Canfor will see growth for Canadian softwood sold in the United States to 7.29% compared to the current 5.87%. St. John-based JD Irving Ltd., which recently ranked as Canada's fifth largest lumber producer, is assessed a higher rate of 7.77%, compared to the current 7.17%. While West Fraser, Canfor and Irving have been singled out for higher tariffs, most other producers in Canada will see their duty rates reduced from the current 8.59% to 8.24%. Montreal-based Resolute Forest Products Ltd.'s current tariff is 14.86% cent, but it will join the ranks of Canadian producers with a revised rate of 8.24%.

*Global Wood Market Info, 25 January 2023*

## UNITED STATE

### Tough Time Ahead For Homebuilders

According to experts interviewed by US News and World Report, several factors may make building a house or buying a new construction home more expensive – or harder to find – in 2023. The biggest obstacle for homebuilding in 2023 is the more pessimistic outlook coming from builders themselves – and it's been low for some time. "Homebuilder sentiment has been down in every month of 2022," says Orphe Divounguy, senior economist for Zillow. The continued decline in builder confidence and subsequent builder slowdown means catching up on the millions of housing units the US needs is further in the distance. This means a continued housing shortage that will keep prices higher.

Further, the rise in interest rates, combined with already sky-high home prices, has led to many buyers opting to hold off on shopping for a home. "The buyer's purchasing power has decreased 25% to 30%, and that rapid decrease (in affordability), or increase in interest rates, has caused a disruption in the housing market," says Noah Breakstone, CEO of BTI Partners, a Florida real estate and land developer. On the positive side, structural lumber is significantly cheaper than it was in 2021 – less than one-third the price in December 2022 compared to December 2021, according to Trading

*Continuation from page 23*

Economics. Other construction materials, from concrete to ceramic tile and asphalt roofing, have all risen moderately since 2021. Also, properties planned, permitted and sold months prior are still being delivered as completed houses, and the rate at the end of 2022 shows growth compared to the same time in 2021, when materials availability and supply chain issues were more exacerbated.

*ITTO/Fordaq, 25 January 2023*

# December 2022

## Logs

The average price of logs for most species in December 2022 reportedly showed a little change. Taking into account the 21 species mentioned, 80% did not show any increase. However, five species groups, namely Mixed Heavy Hardwood, Mengkulang, Dark Red Meranti (Seraya), Mersawa, and Mix Light Hardwood, saw price increases ranging from 3% to 8%, or around RM50 to RM160 per tonne, while Nyatoh saw a slight decrease in price of around 4%, or RM50 per tonne, compared to the previous month.

Mixed Heavy Hardwood, Mengkulang, Dark Red Meranti (Seraya), Mersawa, and Mix Light Hardwood were traded at RM1180, RM1860, RM2180, RM1690, and RM1190 per tonne in December 2022, respectively. The Nyatoh species was trading at RM1295 per tonne during the month, despite a slight drop in prices.

According to the reporting received, the month of December 2022 revealed that the majority of the industry began to pay attention to the use of logs from mixed hardwoods due to difficulties in obtaining certain species that are in high demand in the market, such as Meranti and Keruing, due to a lack of stock, thus creating a burdensome price competition among the industry to obtain log supplies at a competitive price.

## Sawntimber

As is customary, any change in or retention of the basic average price for sawntimber products is greatly influenced by changes in the price of logs. The average price for the three main production class categories of sawn timber products, namely General Market Specification (GMS), Strips, and Scantling, is as follows:
Only two species, Keruing and Mixed Light Hardwood, saw an increase in average prices of around 3% in GMS. With this increase, both species were traded at an average price of RM 2,720 and RM 1,095 per m3, with the highest price reported for both species being RM 4,450 and RM 1,480 per m3, respectively.

In the STRIPS category, five species groups, namely Mixed Heavy Hardwood, Keruing, Red Meranti, and Jelutong, experienced a 2.2%–6.8% increase in average price and were traded at RM 1,126, RM 2,295 per m3, RM 2,112 per m3, and RM 1,624 per m3, respectively. However, the Nyatoh species saw an 8% drop in average price compared to the previous month, trading at RM1,359 per m3. The Red Meranti species recorded its highest average market price of RM2,530 per m3 with a 7% increase.

Only the Merbau species showed an increase in average price, which reportedly increased by 6% compared to the previous month and were trading at RM3,070 per m3, with the highest price being recorded at RM5,200 per m3. Species in the Mixed Heavy Hardwood and Sepetir groups also saw a 2-3% increase in price, bringing the average price for these two groups to RM1,250 and RM1,815 per m3, respectively. Another two species in this production category, Balau and Mengkulang, were reported to have experienced a slight decrease of around 2–3%, trading at RM3,340 and RM2,083 per m3, respectively, compared to the previous month.

## Plywood

The average plywood prices of the four main sizes traded in December 2022 showed no change from the previous month, so plywood with thicknesses of 4mm, 6mm, 9mm, and 12mm were still trading at RM19.40, RM26.70, RM41.25, and RM49.35 per piece, respectively. For the past few months, the average price of plywood has reportedly remained static, with no small price changes.

## Medium Density Fiberboard (MDF)

The average price of MDF with thicknesses of 6mm and 9mm increased by around RM0.20–RM0.40 per piece, bringing the current month's trading price of both sizes to RM23.20 and RM32.70, respectively. The average price for the other two thickness sizes - 4mm and 12mm - remained unchanged. MDFs with thicknesses of 4mm, 6mm, 9mm, and 12mm were currently trading at RM 14.90, RM 23.20, RM 32.70, and RM 39.20 per piece, respectively. The average reported price and number of price increases can be used as a benchmark for this product.

## INTRA-MALAYSIA TRADE* - December 2022

Two of the four major timber products traded from Sabah, namely timber and veneer, reported a 100% increase in value chain and trading volume during the current month. However, the other two timber products - sawntimber and plywood - both decreased in volume and trade value by 61% and 26%, respectively, and by 69% and 31%, respectively. With this increase, the trade value of the timber and veneer reported was RM648,000 and RM996,00, respectively, with a traded volume of 1,593 m3 and 323 m3. Meanwhile, for sawntimber and plywood products, which decreased, the reported trade value for December 2022 was RM119,000 and RM2.1 million, generated by trade volumes of 89 m3 and 940 m3, respectively.

There were no reported trade transactions for logs and veneer between Sarawak and the Peninsula in December 2022. Only sawn timber and plywood were traded, as they had been in the previous month. Both the volume chain and the trading value of the products traded increased over the previous month. Sawntimber and plywood trading volumes increased from 34 m3 and 698 m3 to 354 m3 and 1,356 m3, resulting in trade values of RM481,000 and RM1.53 million, respectively.

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

## *AVERAGE DOMESTIC PRICES OF LOGS, SAWN TIMBER, PLYWOOD AND MDF IN PENINSULAR MALAYSIA, DECEMBER 2022 (RINGGIT MALAYSIA)

| SPECIES | LOGS/ton | SAWN TIMBER/m3 | | |
|---|---|---|---|---|
| | 18" UP | GMS | STRIPS | SCANTLINGS |
| **HEAVY HARDWOOD** | | | | |
| Chengal | 5,000 | 6,003 | 3,531 | 9,887 |
| Balau | 3,045 | 2,938 | 2,154 | 3,340 |
| Red Balau | 2,810 | 2,790 | 2,472 | 2,454 |
| Merbau | 3,320 | 3,100 | 3,072 | 3,072 |
| Mixed Heavy Hardwood | 1,180 | 1,130 | 1,126 | 1,250 |
| **MEDIUM HARDWOOD** | | | | |
| Keruing | 2,040 | 2,719 | 2,295 | 1,871 |
| Kempas | 2,360 | 2,316 | 2,210 | 2,634 |
| Kapur | 2,065 | 1,734 | 1,342 | 1,843 |
| Mengkulang | 1,860 | 1,412 | 1,554 | 2,083 |
| Tualang | 1,280 | 1,907 | 2,002 | 2,041 |
| **LIGHT HARDWOOD** | | | | |
| Dark Red Meranti | 2,180 | 2,172 | 1,907 | 2,966 |
| Red Meranti | 2,290 | 2,034 | 2,112 | 2,472 |
| Yellow Meranti | 1,875 | 1,660 | 1,254 | 1,977 |
| White Meranti | 1,500 | 2,507 | 1,801 | 1,977 |
| Mersawa | 1,690 | 1,751 | 1,713 | 2,020 |
| Nyatoh | 1,295 | 1,568 | 1,359 | 1,412 |
| Sepetir | 1,680 | 1,730 | 1,292 | 1,815 |
| Jelutong | 1,125 | 1,871 | 1,624 | 1,819 |
| Mixed Light Hardwood | 1,190 | 1,095 | 1,229 | 1,201 |

| MALAYSIAN RUBBERWOOD *Hevea brasiliensis* | LOGS/ton | SAWN TIMBER/m3 | | | |
|---|---|---|---|---|---|
| | | 1" X 1" | 2" X 2" | 3" X 3" | 4" X 4" |
| | 184 | 1,120 | 1,120 | 1,360 | 1,470 |

| | | | | |
|---|---|---|---|---|
| **PLYWOOD 4' X 8'** (RM per piece) | **4mm** | **6mm** | **9mm** | **12mm** |
| | 19.40 | 26.70 | 41.25 | 49.35 |
| **MDF 4' X 8'** (RM per piece) | **4mm** | **6mm** | **9mm** | **12mm** |
| | 14.90 | 23.20 | 32.70 | 39.20 |

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

***Prices are only indicative***

## INTRA-MALAYSIA TRADE - DECEMBER 2022

| | Nov-22 | | Dec-22 | | % change in volume | % change in value |
|---|---|---|---|---|---|---|
| | Vol (m3) | Val ('000 RM) | Vol (m3) | Val ('000 RM) | Nov/Dec | Nov/Dec |
| **SABAH** | | | | | | |
| Logs | 0 | 0 | 1,593 | 648 | 100 | 100 |
| Sawn Timber | 228 | 383 | 89 | 119 | -61 | -69 |
| Plywood | 1,278 | 3,053 | 940 | 2,106 | -26 | -31 |
| Veneer | 0 | 0 | 323 | 996 | 100 | 100 |
| **SARAWAK** | | | | | | |
| Logs | 0 | 0 | 0 | 0 | 0 | 0 |
| Sawn Timber | 34 | 53 | 354 | 481 | 936 | 808 |
| Plywood | 698 | 801 | 1,356 | 1,535 | 94 | 92 |
| Veneer | 0 | 0 | 0 | 0 | 0 | 0 |

*Source: Department of Statistics Malaysia*
*Tabulated: Malaysian Timber Industry Board*

## Financial Result Announcement – Wesports Handled A Container Volume Of 10.05 Million Twenty-Foot Equivalent Units (TEUS) In 2022

Westports Holdings Berhad ("Westports" or the "Company") has announced its financial results for the 4th Quarter of 2022, and the 12-month ended on 31 December 2022. At the top line, the Company reported a total revenue achievement of RM2.07 billion in 2022. The container segment contributed 86% to total revenue by handling a throughput volume of 10.05 million TEUs.

The year under review witnessed multiple headwinds, some of which have shown signs of moderation as the year ended while others possibly contributing towards longer-term structural shifts. Global economies are adjusting to higher global energy prices while sourcing particular energy input changes significantly for the European Union.

Concomitantly, the decarbonisation agenda accelerated in a year that experienced unprecedented weather changes. Inflation and interest rates spiked upward during the year while many non-Dollar currencies weakened. Beyond currencies, equities, commodities, cryptos and properties in certain areas saw unfavourable movements.

As the year ended, container shipping's spot freight rates normalised downward rapidly, being attuned to lesser demand and much-abated supply chain constraints. China also removed its zero-Covid policy, facilitating the resumption of its manufacturing capacity for the global economies.

Against such a backdrop, Westports handled a container throughput of 10.05 million TEUs in 2022. The lower transhipment containers handled of 6.08 million TEUs is a part-reflection of the challenging global external conditions and the consequent container shipping companies' operational and service adjustments.

Meanwhile, the domestic economy showed relatively better resilience as export-oriented sectors benefited from increased competitiveness with a weaker local currency. Specific sectors have benefited from regionalisation and Foreign Direct Investments as the latter capitalised on the nation's competitive advantage. The gateway volume increased by 9% to 3.97 million TEUs, with notable growth during the 3rd and 4th Quarters of 2022.

It was a record-breaking year in the conventional segment; the Company moved 12.12 million metric tonnes of cargo. There was a notable increase in the liquid bulk category as the growth was supported by the new Liquid Bulk Terminal 5 ("LBT5") jetty that can accommodate Very Large Gas Carriers ("VLGC")

In 2022, LBT5 facilitated the discharge and transfer of Liquefied Petroleum Gas ("LPG") throughput into the landed-clients-operated specially-built facilities that cater to regional customers' requirements. To capture further growth of non-bunker-fuel and liquid storage requirements, Westports will construct the Liquid Bulk Terminal 4A (LBT4A); the latter is scheduled to be completed by the end of 2023.

On the Company's profitability, Westports achieved a lower Profit Before Tax of RM944 million for 2022. The lower profit reflected the significantly higher fuel cost by 69%; Westports purchases diesel at an unsubsidised price, the absence of non-recurrent insurance recoveries, and higher human resource costs as the Company implemented the revised minimum wage earlier than required in January 2022.

At the bottom line, Westports reported a lower Profit After Tax of RM700 million, which was lower by 13% as the Company incorporated the one-year prosperity tax in 2022. With tax allowances arising from the Company's investments, especially in new terminal trucks, Rubber Tyred Gantry cranes and Quay Cranes during the year under review, the Company's effective tax rate was 26% for 2022.

The Company paid its first interim dividend amounting to RM236 million in August 2022. The second interim dividend of 7.46 sen per share, amounting to RM254 million, will be paid on 17 February 2023.

Datuk Ruben Emir Gnanalingam bin Abdullah (Datuk Ruben), the Group Managing Director of Westports, reviewed, "We have observed some tumultuous challenges in certain countries. We are thankful to the Malaysian Government and Rakyat's support so that our nation has emerged relatively less adversely affected by challenging external conditions. At Westports, our commitment to enhancing the well-being of the lower-income group is reflected by the Company in ensuring that the higher minimum pay is implemented well before the required date once it has been announced publicly. This group also benefits from additional allowances and productivity-linked incentives. The Company's CSR activities also focus on improving the living conditions of those lesser-endowed at Pulau Indah.

Despite these challenges and lower profitability for the year, Westports has declared that it is committed to achieving net-zero carbon emissions by 2050. We took delivery of the country's first Kalmar Eco Reachstacker, commissioned into service new electric-powered Super Post- Panamax Quay Cranes with a twin-lift capacity of 55 tons, planted almost 500 additional trees within the terminal's vicinity and some 550 additional mangrove trees in Pulau Indah.

Our commitment towards Pulau Indah community's well-being, as reflected by our extensive CSR activities, and investments in mitigating our carbon footprint while improving our corporate governance, is recognised externally. Westports won two awards from The Edge Malaysia ESG Awards 2022 – the Gold Award in Most Consistent Performer Over 5 Years and another Gold Award in Transportation and Logistics category."

Datuk Ruben concluded that "Sustainalytics, a leading independent ESG and corporate governance research, ratings and analytics firm, has evaluated that Westports operations sustained 16,100 jobs while contributing an annual GDP of RM1.6 billion to the local economy. We will continue to play our role as the leading gateway port for Malaysia and support her economic activities. To fulfil this objective even better in the coming years, the Company plans to undertake and build the mega Container Terminal from CT10 onwards after reaching a new concession agreement with the Government. This is Westports' financial commitment to improving the competitiveness of Port Klang in South East Asia also as a transhipment hub."

*Source: westportsholdings.com, January 20, 2023*

## Freight Forwarders Welcome Container Shipping Market Public Consultation

UK-PORTS .ORG
THE RELIABLE GUIDE TO UK COMMERCIAL PORTS

The British International Freight Association welcomes the news of the launch by the Competition & Markets Authority (CMA) of a public consultation on the latter's proposed recommendation to the UK government regarding the retained Liner Shipping Consortia Block Exemption Regulation.

However, BIFA Director General, Steve Parker, says that whilst the trade association will be encouraging its members that are operational in the deep-sea container market to read the proposal document, and share their responses; it hopes that trade has not been presented with a fait accompli. Parker says: "BIFA was somewhat surprised that as part of the announcement, the CMA issued a provisional position which in effect only gives one position – the extension of a potentially modified CBER into UK legislation."

The purpose of the consultation is to seek views on whether the UK government should keep a similar block exemption regime for the liner shipping industry, as the retained CBER originating from the EU law will expire on 24th April 2024. In the recent past, the UK's main trade association for freight forwarding and logistics companies has said that its members are extremely concerned that practices undertaken by container shipping lines, as well as easements and exemptions provided to them under competition law, have been distorting the operations of the free market to the detriment of international trade.

Parker adds: "BIFA, and its members, are not anti-shipping line. The association wants to ensure that there is a suitable balance between them as carriers, and our members as customers, points made during meetings with the CMA in 2022. "The facts speak for themselves. During a period that has seen EU block exemption regulations carried forward into UK law, there has been huge market consolidation.

The pandemic highlighted and accelerated this development, and contributed to dreadful service levels and hugely inflated rates, with carriers allocating vessels to the most profitable routes with little regard to the needs of their customers. The market conditions have changed significantly since last year when we were pressing for this review, however, the potential for issues resulting from the carrier's vertical integration of their operations remain."

BIFA is pleased to see the CMA consultation taking place, as it will give all parties the opportunity to make comments, good or bad, about the current state of the container shipping industry.

Source: hellenicshippingnews.com, January 26, 2023

## US Supply Chain Congestion Eases, Carriers Seek Cargo

As 2023 begins, many participants in the cargo supply chains are breathing a little easier than they were a year ago as inventory buildups have backed down, and landside congestion has eased. A very visible indicator, the green vessel icons - signifying cargo carrying vessels - at anchorages around US ports, on MarineTraffic and other ship tracking websites, are in the case of a few East Coast ports, less concentrated.

On the West Coast, congestion levels have crept up slightly- after major reductions of late 2022. A central question facing the liner sector, along with dry bulk, and tankers, as well as, though to a lesser extent, concerns about China; what will happen as activity resumes after the pause as Lunar New Year is celebrated? For shipping lines serving the US, uncertainty about a possible recession is also clouding the carriers' economic radar.

Windward AI, whose offerings include data on bottlenecks at ports, said, in an early January Port Insights report, that: "Savannah, Ga decreased its average vessel turnaround time by 24%, tying neighboring Charleston, SC for second place in the region. Savannah did better with feeder vessels than Charleston, while Charleston was faster than Savannah on ultra-large vessels." In the US Gulf, they noted that: "The port of Houston continues to have a great run of double-digit congestion decreases."

Turning to the US west coast, they commented that: "The picture is not as bright in Los Angeles (LA) and Long Beach (LB), where transit times increased by 41.7% and 24.5%, respectively, in December compared to November. That sets LAX back to a congestion level similar to last April, and LB to last June's levels. Oakland improved its average transit times by 26.4%. Vessels arriving from China and other parts of Asia were quicker to berth in Oakland than they were in LA/LB."

Another commentary comes from Xeneta with its vast database of cargo movements in the liner sector, in a recent podcast broadcast on the US mainstream media outlet National Public Radio (NPR). Emily Stausboll an analyst at Xeneta, noted the sharp contrast with the 2021- 2022 situation, saying, "Shippers have gone from being unable to get their carriers on the end of the phone and say, hey, I need to talk to you, to suddenly all the carriers are calling them and saying, hey, do you have any containers for me that I can move?"

Speaking about the wave of vessel ordering that began in late 2020, and went full steam ahead in 2021, she said: "So they're coming now, and they're coming next year. And that's just totally going to ruin those market fundamentals and really make it hard for carriers to earn money."

Xeneta, in its own podcast, a few days earlier, offered details on the rate environments in the major trades. The firm's head analyst, Peter Sand, talked about an easing of rates into the US East Coast so far in 2023, which is consistent with the reduced build up of vessels at anchorages. He described a situation where the inbound East Coast run had been attractive, for daily vessel earnings, in the second half of 2022, which had pulled vessels from the transpacific trades into the Atlantic.

Sand said, in a Xeneta release "We are all aware of the macroeconomic forces impacting global consumer demand and international freight volumes," and added that, "the easing congestion at ports, is pushing rates down across the board as carriers suddenly compete for business which, this time last year, was flooding through their doors." Nevertheless, in Xeneta's estimation, the trans-Atlantic spot rate, now below $6,500 per forty-footer, with the contract rate now below $6,000, is still on the order of three times the rate at the beginning of 2021.

*Source: seatrade-maritime.com, January 25, 2023*

## Europe to Asia Reefer Rates Slide

Freight rates on the Europe to Asia trades have begun to follow the wider container market down after a period of resistance. According to a market update from freight rate benchmarking firm Xeneta, spot and log-term freight rates are beginning to fall after a sustained drop in volumes.

Leading fronthaul reefer route spot rates now sit at $4,240 per feu as of January 23, after holding above $5,000 per reefer for almost two years. Spot rates have dipped below contract rates for the first time since 2019, after a sharp fall in December, said Xeneta.

In comparison, long-term rates were just under $4,500, down from a September 2022 peak of $4,850 per feu. "Spot rates falling below long-term contracts is a classic sign of a weak market," said Peter Sand, Chief Analyst, Xeneta. "This is one of the world's busiest reefer routes, with a strong rates track record, but even it is not impervious to the forces impacting on containerised freight at present.

"What we're seeing is a prolonged decline in demand/volumes, especially to China, and that – in addition to easing supply chain congestion and available equipment and capacity – is translating to falling prices. We saw spot rates fall below long-term contracts on the main 'dry' trades back in August, and it looks like the refrigerated segment is now playing catch up. The surprise is arguably that the prices stayed so high for so long." Reefer volumes from Europe to Asia have been in decline since 2020, down 4% in 2021 and down 13% in 2022, equivalent to a 100,000 teu loss in demand from January to November 2022.

"Softening demand from China is the culprit here. Over the 11 month period we actually witnessed a year-on-year fall in demand of 30% to China, equivalent to 115,000 teu. The only reason the overall loss to the Far East was less than this is that demand into North Asia and Southeast Asia actually grew, by 7.2% and 2.6% respectively. These shifts saw China's overall share of the reefer business on the corridor fall from 51% in 2021 to 41% last year. Time will tell if this trend continues," said Sand.

Rates remain "relatively strong" on a historic basis, said Xeneta. "So, there's unquestionably room for more movement here. It'll be interesting to see if the reefer developments continue to mirror the dry market. Here, when spot prices fell below contracted agreements at the end of last summer, we saw significant gaps open up. The spot prices essentially fell away faster than the long-term market could keep up with. The gaps have closed now, but spot rates remain lower than the contracts.

"Will the same thing happen for reefers? What will the 'new normal' look like for a fast evolving market, in both dry and cold trades? It'll be fascinating to watch the data and discover what comes next, for both shippers and the carrier community."

*Source: seatrade-maritime.com, January 26, 2023*

## More than 80% of Box and Bulk Ships to Fall in Lowest CII Ratings - GMS

Dr Anil Sharma, founder and CEO of Global Marketing Systems Inc (GMS), is forecasting a significant increase in the number of container ships and bulk carriers heading for recycling yards as result of the IMO's CII carbon intensity regulation.

"More than 80% of these ships will be in the lowest C, D, and E categories of CII," he told Seatrade Maritime News, citing the firm orderbook for containers and the large volume of deliveries this year and next as some of the reasons for higher recycling volumes.

He referred to a Far East container ship owner (believed to be Taipei-based Wan Hai Lines) which committed 10 feeder vessels for recycling in December. "In GMS' 30-plus years of experience, this is the highest number of ships that have ever been simultaneously offered for recycling by a single owner," he commented.

On the question of recycling capacity, Sharma is cautious. "While there is capacity in all three major ship recycling destinations [India, Bangladesh, Pakistan], the question is whether the existing regulations will create a bottleneck by favouring EU yards," he said. He was referring to the Basel Convention which classifies ships to be recycled as 'waste'.
"Regrettably, a ship destined for recycling at an EU port falls under the Waste Shipment Regulation," he explained. "As a result, EU shipowners are limited to recycling their ships in the EU, where facilities do not exist, or in Turkey, an OECD nation.

"However, there are only six yards in the EU list that are capable of recycling and they have a total annual capacity to recycle a mere 20 ships, as compared with 200 by India. There is no doubt that the recycling capacity in OECD nations is inadequate," Sharma declared.

In practice, though, India is currently the global leader in green recycling, with 97 yards vetted and approved under the IMO's Hong Kong Convention by leading classification societies, owners, capital providers, and independent green ship recycling specialists, he pointed out. (However, none are believed yet to have been validated under the EU Ship Recycling Regulation.)

"It should also be noted that the increasing focus on green ship recycling demonstrates the fact that owners are seeking to use yards that are Hong Kong Convention-compliant – which is encouraging since this regulation will level the playing field for a greener maritime future," Sharma added.

*Source: seatrade-maritime.com, January 26, 2023*

**SHIPMENT OF TIMBER AND TIMBER PRODUCT THROUGH PORTS IN PENINSULAR MALAYSIA, DECEMBER 2022**

| Products | Port Klang | | Kuantan | | Pasir Gudang | | Tanjung Pelepas | | Penang | | Total all ports (m3) | % change Nov/ Dec'22 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | m3 | % change | m3 | % change | m3 | % change | m3 | % change | m3 | % change | | |
| Sawntimber | 38,166 | 118 | 6,243 | 4,536 | 687 | -15 | 546 | 23 | 1,512 | 46 | 47,153 | 136 |
| MDF | 26,697 | 254 | 0 | 0 | 235 | -72 | 2,019 | 56 | 5,001 | 130 | 33,952 | 187 |
| Mouldings | 9,209 | 102 | 61 | -20 | 912 | 66 | 575 | 8 | 813 | 136 | 11,569 | 91 |
| Plywood | 3,034 | 108 | 0 | 0 | 310 | 100 | 423 | 15 | 5,737 | 206 | 9,503 | 157 |
| Veneer | 232 | -25 | 0 | 0 | 6 | 100 | 11 | 100 | 288 | -21 | 537 | -20 |
| Particleboard | 10,905 | 250 | 0 | 0 | 1,765 | -7 | 0 | 0 | 6,737 | 162 | 19,406 | 156 |
| **TOTAL** | **88,243** | **156** | **6,303** | **2,887** | **3,915** | **-4** | **3,573** | **35** | **20,087** | **140** | **122,120** | **145** |

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

## MELAGANGAI (Heavy Harwood)

Wood Color and Texture | Cross Section | Leaf | Melagangai fruit

**Family**: Launraceae

**Botanical Name:** *Potoxyton melagangai*

**Distribution:** Found mainly on the west coast of Sabah and Sarawak

## General Description

The sapwood is yellowish and sharply defined from the heartwood, which is brown with a distinct reddish tinge.

**Grain** is fairly straight

**Texture** is moderately fine and even

**Vessels** are with simple perforations, few in number and moderately large, solitary and in groups of two or three and evenly distributed. Tyloses are abundant.

**Wood parenchyma** is conspicuous ; apotrachel type occurs as narrow, occasional staright lines ; paratracheal type as vasicentric to aliform, and sometimes confluent.

**Rays** are fine.

## Introduction

The Standard Malaysian Name for the timber of Potoxylon melagangai (syn.: *Eusideroxylon melagangai*; *Lauraceae*). Vernacular names applied include belian kapok (Sarawak), *belian kebuau* (Sarawak) and *belian malagangai* (Sarawak). The sapwood is yellowish when fresh and sharply differentiated from the heartwood, which is brown with a distinct reddish tinge. It is also known as Malagangai (Brunei).

**Density**
The timber is moderately hard and strong with a density of 525-920 kg/m3 air dried. The timber is classified under Heavy Hardwood in Malaysia.

**Natural Durability**
The timber is very durable.

**Preservative Treatment**
It is difficult to treat with preservatives.

**Strength Properties**
The timber falls into Strength Group A (Burgess, 1958).

**Machining Properties**
The timber is reported to saw easily.

**Air Drying**
The timber seasons fairly easily.

**Shrinkage**
Shrinkage is high. Radial shrinkage averages 2.4% while tangential shrinkage averages 4.4%.

**Uses**
The timber is used for heavy construction, boat building, post and shingles. It is a popular substitute for the more durable Belian.

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*26 January 2023 - Minister of Plantation and Commodities YAB Dato' Sri Haji Fadillah Haji Yusof delivering his mandate to his Ministry at Putrajaya*

*31 January 2023 - Presentation Ceremony of the Appointment Letter of YBrs. Dr. Mohd Nor Zamri Mat Amin as Adjunct Professor of the University of Malaysia Kelantan (UMK) in conjunction with TANGGAM Fest 2023*


*10 January 2023 - Visit from the Sarawak Timber Industry Development Corporation (STIDC)/ (PUSAKA)*


*13 January 2023 - Students of the Faculty of Tropical Forestry of the University of Malaysia Sabah on a study visit to WISDEC Sabah*