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SEMINAR ESG: THE WAY FORWARD FOR TIMBER INDUSTRY

- CONSULTATION ON CERTIFICATION OF WOOD & BIOCOMPOSITE PRODUCTS TOWARD SUSTAINABILITY AND GREEN LABEL
- THE REPUBLIC OF KOREA FORTIFYING SMART FURNITURE INDUSTRY

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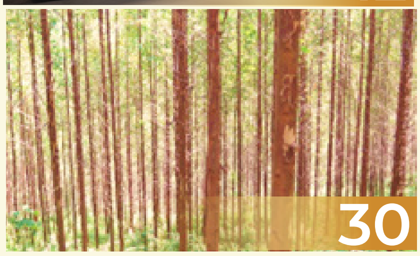

Highlight

Regular Features

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SEMINAR ESG: THE WAY FORWARD FOR TIMBER INDUSTRY – PUTRAJAYA, PENANG AND JOHOR

Prepared by: SITI HAWA ARSHED

Environmental Social Governance (ESG) is a universal concept used to assess corporate behaviour and future financial performance by measuring the sustainability of an organisation. ESG was conceived as a reporting guideline on the sustainability in three core components. The purpose of ESG is to reveal the company's ability to create and sustain long-term values in a fast-changing world, manage risks and take advantage of opportunities related to the changes.

The timber industry in Malaysia is one of the more important industries that contributes to the export growth of the Malaysian commodity sector apart from the palm oil and rubber industries. The value of Malaysia's timber product exports for 2022 recorded an increase of 11% to RM25.2 billion as compared to RM22.8 billion in 2021. Meanwhile, for the period from January to September 2023, Malaysia's timber export performance recorded a decreased of 18% to RM15.8 billion. The country's timber industry has the potential to continue to grow, but it must be supported by continuous efforts to ensure the sustainability of downstream high value-added products.

Malaysia, together with all the United Nations Member States adopted the 2030 Agenda for Sustainable Development in 2015. The Agenda provides a shared blueprint for peace and prosperity for both people and planet. At its heart are the 17 Sustainable Development Goals (SDGs), which are an urgent call for action by all countries - developed and developing - in a global partnership. The 17 SDGs such as no poverty, zero hunger, good health and well-being, quality education, clean water and sanitation, affordable and clean energy, decent work and economic growth are integrated, and these goals must balance between social, economic and environmental sustainability.

However, the implementation of ESG initiatives in the Malaysian timber and furniture industry is still relatively low. One of the biggest challenges is that many timber companies, namely timber manufacturers, are unsure about the actual implementation of ESG. Therefore, as an effort to create better awareness of ESG, MTIB

organised a seminar entitled ESG: The Way Forward for Timber Industry on 25 July 2023 in Putrajaya.

YBrs. Dr. Mohd Nor Zamri bin Mat Amin, Director General of MTIB officiated the seminar. In his opening speech, he stated that although a few timber companies have the necessary data, it is not presented in the form of ESG reporting. It is hoped that the awareness and implementation of ESG initiatives will help raise the image of the Malaysian timber industry as sustainable and competitive, considering that ESG reporting is highly recommended and would be an advantage both locally and internationally.

The topics presented during the seminar were Fundamental of ESG by Encik Steven Lee from ESG Malaysia; ESG in Timber Industry by YBrs. Prof. Dr. Jegatheswaran Ratnasingan from UPM; Usage of Timber in Construction Industry by YBrs. Prof. (K) Dr. Zakiah Ahmad, Senior Lecturer from UiTM together with Encik Mohd Hilmi Shamsuri from MTIB; Timber as Construction Material Towards Net Zero Emission & Beyond by Ts. Ngoh Wan Fei, Director of Greenscapes Sdn Bhd; Industry ESG Framework by Cik Nur Adani Mohd Hasran, Senior Assistant Director from Ministry of Investment, Trade and Industry (MITI); and Experience in Developing Sustainability Practices by Encik Harith Ridzuan, Director One Tech (M) Sdn. Bhd.

Based on the overwhelming response to the seminar in Putrajaya, MTIB decided to continue the seminar in Penang on 3 October 2023 and Batu Pahat, Johor on 19 October 2023. Both seminars were officiated by the

Chairman of MTIB, YB Datuk Larry Sng Wei Shein. Besides Encik Steven Lee from ESG Malaysia and YBrs. Prof. Dr. Jegatheswaran Ratnasingam from UPM, other speakers involved in the Penang session were Dr. Mohd Zaki bin Hamzah, Chief Executive Officer from Golden Pharos Berhad and Puan Nurul Zahirah binti Ayob from SME Corp and while in Batu Pahat Johor, the speakers were Dr. M. Jessica, Senior Director of the Industry Development Division from the Ministry of Investment, Trade and Industry (MITI) and Puan Nik Faizah binti Nik Mahmood, Senior Manager, Social & Governance Safety & Environment Sustainability Department from Sime Darby Property. Meanwhile, MTIB was represented by Encik Mohd Tarmin bin Ismail, Senior Deputy Director from Strategic Planning Department for both sessions.

The seminars were attended by a total of 213 participants from the timber industry, government ministries and agencies, and higher learning institutions. Participants gave positive feedback towards the programme. It is hoped that the companies involved will be able to successfully implement ESG reporting to further strengthen the country's timber industry.

CONSULTATION ON CERTIFICATION OF WOOD & BIOCOMPOSITE PRODUCTS TOWARD SUSTAINABILITY AND GREEN LABEL

Prepared by: Ts. NORHASNIZA MOHD ROM

As an aspiration towards creating a sustainable and environmental friendly timber industry in Malaysia, MTIB through Fibre and Biocomposite Centre (FIDEC) took the initiative to organise a Consultation on Certification of Wood & Biocomposite Products Toward Sustainability and Green Label programme on 25 October 2023 at Bangi Resort Hotel. The programme highlighted the importance of the certification of wood and biocomposite products, especially from biomass raw materials such as palm oil biomass, wood residues and agricultural biomass.

Puan Nor Liza Mat Yasok, Director of FIDEC giving her welcoming speech.

The programme was officiated by Puan Nor Liza binti Mat Yasok, Director of FIDEC. In her speech, she emphasised the importance of certification for products and services in ensuring that they meet the established standards for quality, safety, and customer satisfaction.

Five speakers presented during the programme. The first presentation, entitled Sustainability for Wood and Furniture Products Requirement in Global Market was virtually presented by Mr. Scott Laughlin from UL Solutions, the United States of America (USA). Following that, Encik Tan Chee Yong, Technical Outreach & Extension Service Manager from Malaysian Palm Oil Certification Council (MPOCC) spoked on Chain of Custody (CoC) Certification for Palm Oil Biomass Products.

Puan Nurnadhiah Nadhirah binti Che Abas from Product Certification and Inspection Department, SIRIM QAS International Sdn. Bhd. spoke on Carbon Footprint and Eco-Labelling Certifications. She highlighted the importance of sustainable practices in product manufacturing, especially in the timber industry.
Next, Cik Nursyahida binti Mohd Ramli from Malaysian Green Technology & Climate Change Corporation (MGTC) presented on MyHIJAU Mark Recognition Scheme for Green Products and Services. MyHIJAU Mark is Malaysia's official green recognition endorsed by the Government of Malaysia, bringing together certified green products and services that meet local and international environmental standards under one single mark.

The programme also featured a presentation by YBrs. Ts. Dr. Loh Yueh Feng, Senior Deputy Director of FIDEC, on Sustainability of the Wood and Biocomposite Industry in Malaysia. 60 participants attended the programme, comprising MTIB officers, representatives from government ministries and agencies and local industries.

Programme participants

SEPTEMBER 2023

The total export of Malaysian timber and timber products in September 2023 decreased by 13% in value totalled at RM1.8 billion from RM2.1 billion in the previous month. Similarly, cumulative exports for the period of September 2023 decreased by 18% valued at RM15.8 billion over RM19.3 billion in the previous corresponding period.

The ongoing war in Ukraine and the energy crisis, coupled with abrupt changes in monetary policy, initially pointed towards a gloomy economic outlook for Europe. However, recent months have shown a more resilient performance than expected. This can be attributed to lower energy prices, alleviated supply constraints, enhanced business confidence and a robust labour market.

Nevertheless, the latest forecast for the European construction sector has taken a downward turn. Several factors have contributed to this gradual slowdown and the subsequent contraction in construction activity in 2023. These factors include the weakened global economic momentum, inflationary pressures, shifts in monetary policy direction and the consequent increase in interest rates. As it stands, the updated forecast indicates a decline of 1.1% in construction spending for this year, with a further contraction of 0.7% in the following year. This underlines the challenging outlook for the construction industry, which now expects a delayed recovery, projected to materialize in 2025. This shift in the construction sector's fortunes highlights the importance of adaptability and strategic planning in the face of evolving economic conditions.

SAWNTIMBER

Total export of sawntimber in September 2023 increased by 144% in volume but decreased 15% in value to 220,229 m³ totalling at RM164.8 million as compared to the previous month. Cumulative exports for the period of September 2023 also increased by 2% in volume but decreased 16% in value to 918,411 m³ totalling at RM1.7 billion over the previous corresponding period.

Exports to the EU for the month were recorded at 30,999 m³, an increase of 653% as compared from 4,117 m³ in the previous month. The Netherlands as the main buyer increased buying by 41% to 2,027 m³ from 1,438 m³ in the previous month. Export to Italy increased significantly to 12,845 m³ from only 1,122 m³ whilst Belgium decreased buying by 9% to 623 m³ from 681 m³ as recorded in the previous month. Meanwhile, exports to the UK decreased by 15% to 743 m³ from 874 m³ in the previous month.

Total export to South Asia increased by 197% to 43,750 m³ from 14,746 m³ recorded in the previous month. India as the main buyer from South Asia decreased buying by 5% to 8,661 m³ whilst Maldives and Sri Lanka increased imports by 1078% and 164% to 28,784 m³ and 4,665 m³ respectively.

Elsewhere, total export to West Asia decreased by 31% to 12,035 m³ from 17,493 m³ as recorded in the previous month. The UAE decreased their imports by 40% to 3,709 m³ from 6,129 m³ recorded last month. Similarly, exports to Oman also decreased by 59% to 1,280 m³ as compared to 3,128 m³ in the previous month whilst Iraq increased buying by 27% to 2,179 m³. Shipments to East Asia increased by 332% to 105,748 m³ from 24,500 m³ in August. China as the main buyer decreased purchases by 24% to 11,414 m³ from 14,958 m³ in the previous month. Meanwhile, exports to Japan increased tremendously to 89,751 m³ from only 2,583 m³ last month whilst South Korea decreased buying by 16% to 2,041 m³ respectively.

Buying from ASEAN increased slightly to 22,205 m³ from 21,585 m³ as registered in the previous month. Thailand as the main buyer in ASEAN decreased its intake by 28% to 6,869 m³ from 9,522 m³ as recorded in the previous month. Meanwhile, exports of sawntimber to the Philippines increased by 86% to 7,020 m³ followed by Singapore with an increase of 9% to 7,629 m³ from 6,973 m³ last month.

Moving to the Africa region, exports to Africa decreased by 39% to 2,187 m³ as compared from 3,568 m³ in the previous month. Demand from South Africa also decreased by 44% to 1,672 m³ from 2,977 m³ followed by Mauritius with a decrease of 7% to 482 m³. Meanwhile, Seychelles increased buying by 129% to 33 m³ from 14 m³ as recorded last month.

Export to North America also decreased by 9% to 1,674 m³ from 1,846 m³ in the previous month. The USA as a major buyer from North America decreased its intake by 6% to 1,674 m³ from 1776 m³ whilst Canada didn't make any purchase for the month.

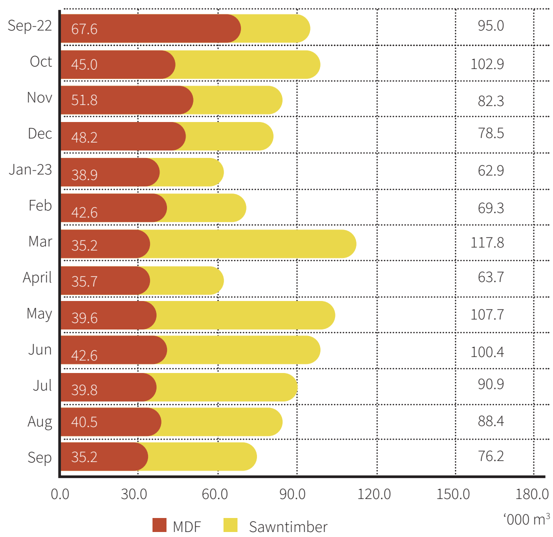
In the Oceania/Pacific region, export decreased by 37% to 820 m³ from 1,292 m³ in the previous month. Australia decreased its intake by 47% to 639 m³ from 1,204 m³ whilst New Zealand increased purchase by 84% to 160 m³ from 87 m³ last month.

The average FOB price of sawntimber decreased by 65% to 748 per m³ from 2,162 per m³ in the previous month. The price of Dark Red Meranti to the Netherlands decreased by 3% to 3,732 per m³ from 3,845 per m³ previously. Keruing was traded at 758 per m³, a decrease of 83% from 4,327 per m³ in the previous month.

Residential construction is stumbling but still standing. As higher interest rates drive up mortgage costs, house prices have decreased significantly in Germany (close to -10% in Q2 2023) while decelerating in most other European countries as well as in the US. Residential building permits have also modestly declined in most countries for over a year now. In Europe, credit surveys suggest a dip in construction output like that of 2008 but survey data have already bottomed out and renovation activity remains supportive. In the US, new house builds are holding up, thanks to a tight supply of existing homes. Going forward, the sector should get a boost from the second quarter of 2024 as interest rates start to decrease and the macroeconomic backdrop improves.

Meanwhile, non-residential construction is reaching for the sky in the US while Europe lags. The Inflation Reduction Act (IRA) and Creating Helpful Incentives to Produce Semiconductors (CHIPS) Act have resulted in a significant rise in non-residential construction spending in the US. Manufacturing construction has been growing very rapidly over the last couple of years, with spending up +62% year on year in September 2023, led by computer, electronic and electrical manufacturing, which has nearly quadrupled since early 2022. In Europe, however, non-residential growth has been sluggish. Infrastructure growth in the US is also outpacing that of Europe and this divide is likely to continue into 2024 as we expect stronger growth in the US over Europe.

Malaysia: Export of Sawntimber and MDF
Sep 2022 - Sep 2023 (RM million)



MEDIUM DENSITY FIBREBOARD (MDF)

Export of MDF in September 2023 recorded an 18% decrease in volume at 35,277 m³ and also 18% in value at RM60.0 million compared to the previous month. Likewise, cumulative export for the period of September 2023 recorded a decrease in volume at 1% to 346,040 m³ and 11% in value totalling at RM615.0 million as compared to the corresponding period in 2022.

Export to ASEAN increased by 14% from 4,679 m³ to 5,315 m³ in the previous month. The Philippines and Viet Nam increased imports by 7% and 53% to 2,669 m³ and 1,346 m³ respectively. Meanwhile, Indonesia recorded a decrease in MDF import by 9% to 675 m³ from 744 m³.

Elsewhere, East Asia decreased MDF purchase by 32% from 12,673 m³ to 8,633 m³ in the previous month. MDF sales in Japan and Taiwan recorded a decrease of 36% and 6% to 7,378 m³ and 461 m³ each. Meanwhile, the Republic of Korea improved purchase by 83% to 701 m³. Moving to the South Asia market, export also decreased by 3% to 6,252 m³ from 6,427 m³. Export performance to India and Sri Lanka slumped by 21% to 2,790 m³ and 82% to 38 m³ respectively. However, orders from Pakistan increased by 30% from 2,644 m³ to 3,424 m³.

Export to the West Asia region decreased by 20% from 10,968 m³ to 8,757 m³ compared to the previous month. Yemen, Oman and UAE reduced their buying performance by 91%, 10% and 14% to 215 m³, 712 m³ and 6,365 m³ each.

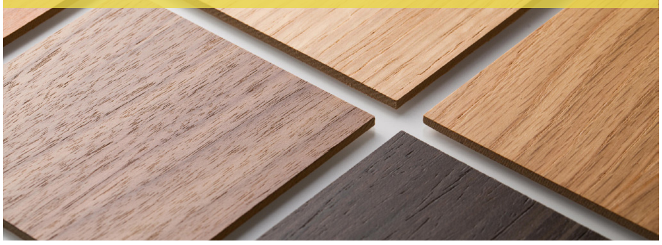
In the United Kingdom, export increased by 40% to 201 m³ from 144 m³. Export to Oceania/Pacific increased by 8% to 2,872 m³ from 2,652 m³. Australia increased MDF purchase by 12% to 2,749 m³ while New Zealand reduced purchase by 27% to 123 m³. Fiji didn't make any purchase for the month.

MDF import in North America decreased by 48% from 4,864 m³ to 2,531 m³ compared to previous month. The US and Canada reduced their purchases by 14% and 50% to 1,755 m³ and 168 m³ respectively. Meanwhile, Mexico increased purchase by 18% to 608 m³. Africa showed an increase in MDF import by 84% from 364 m³ to 670 m³ with new purchases from Sudan to 370 m³, while South Africa reduced imports by 4% to 237 m³.

The FOB price of MDF decreased by 1% to RM1,698 per m³ from RM1,715 per m³ in the previous month.

According to Statistics South Africa (Stats SA), the total value of recorded building plans passed by larger municipalities fell by 11.8% year on year in the first four months of 2023. In terms of segmentation, it decreased the most for non-residential buildings by 27.7%, followed by a decline of 4% in residential buildings during the same period. The estimated decline in 2023 is also attributed to a decline in the business activities in the country. According to the Bureau for Economic Research, the seasonally adjusted average business activity index declined by 7.8% in the first five months of 2023, proceeded by an annual decline of 3% in 2022. The South African construction industry has been declining since 2016, but it will start to show some improvement in 2024, picking up from the low level of output in 2023, supported by investments in transport, renewable energy and water infrastructure projects. As part of the latest budget released in February 2023, the consolidated government spending will amount to ZAR7.1 trillion (USD423.2 billion) from 2023-2024 to 2025-2026. Of the total, the major allocations are ZAR233.1 billion (USD13.9 billion) on road infrastructure, ZAR121.3 billion (USD7.3 billion) for water infrastructure and ZAR45.9 billion (USD2.7 billion) for housing infrastructure during the same period.

VENEER



Export of veneer for September 2023 increased in volume by 17% to 3,271 m³ and 8% in value worth RM7.2 million as compared to the previous month. In contrast, the cumulative export for September 2023 showed a decrease in volume by 18% to 28,466 m³ and also 16% in value to RM59.8 million over the previous corresponding period.

ASEAN recorded a decrease in veneer import by 98% from 231 m³ to 4 m³ with purchase only from Singapore. The Philippines and Viet Nam didn't make any purchase for September 2023. In East Asia, export rose by 43% from 1,644 m³ to 2,355 m³. China and Republic of Korea recorded an increase of 77% and 223% to 649 m³ and 1,040 m³ respectively. Meanwhile, import by Taiwan decreased by 81% from 887 m³ to 169 m³. In contrary, South Asia decreased import performance by 22% to 453 m³ from 582 m³ in the previous month. Veneer purchase by India and Bangladesh slumped by 20% and 33% to 394 m³ and 59 m³ each.

Moving to North America, veneer import increased by 221% from 95 m³ to 305 m³. The US and Canada added up their purchases by 111% to 61 m³ and 264% to 244 m³ respectively. Meanwhile, Oceania/Pacific reduced purchases by 3% from 154 m³ to 150 m³ with new purchase from New Zealand. Similarly, Africa recorded a decrease of 96% from 97 m³ to 4 m³ with purchases from South Africa.

The average FOB price for veneer decreased by 7% from RM2,380 per m³ to RM2,203 per m³ as compared to the previous month.

In Canada, investment in residential building construction went up 7.3% to USD12.9 billion for the month of September. Growth in residential investment was driven by Ontario (increased 6.7% to USD325.1 million), Quebec (increased 9.1% to USD191.6 million), Alberta (increased 10.6% to USD164.6 million) and Manitoba (increased 33.6% to USD102.2 million). Single family home investment increased 6.4% to USD6.3 billion in September. After seven consecutive monthly declines, Manitoba (increased 58.5% to USD78.2 million) posted its largest-ever recorded monthly increase in single family investment in September. Multi-unit construction rose 8.2% to USD6.6 billion in September, with all provinces reporting gains. Ontario (increased 7.3% to USD180.2 million) led the way, while Alberta (increased 21.6% to USD141.0 million) contributed its largest monthly increase since April 2018.

PLYWOOD

Export for plywood in September 2023 recorded a decrease of 34% in volume at 89,397 m³ and 30% in value to RM204.8 million as compared to the previous month. Likewise, the cumulative exports for period of September 2023 decreased by 23% in volume and 32% in value to 769,168 m³ totalling at RM1.8 billion over the previous corresponding period. The EU region recorded an increase for plywood export by 35% from 435 m³ to 589 m³. Ireland reduced purchase by 42% to 228 m³ while Italy resumed its purchase with 58 m³. Poland didn't make any purchase for the month. In another part of Europe, exports recorded a decrease by 46% to 8,196 m³ from 15,194 m³ in the previous month. The UK increased buying by 15% to 4,525 while imports into Turkey declined by 67% to 3,670 m³. Meanwhile, Switzerland didn't make any purchase for the month.

Moving to the East Asia market, volume dropped by 37% to 53,707 m³ from 85,672 m³ in August. Japan as the largest importer from the region decreased buying by 45% to 40,768 m³ from 73,654 m³, followed by

Taiwan with a decrease of 30% to 4,995 m³. However, the Republic of Korea increased purchase by 83% from 4,198 m³ to 7,689 m³. In the ASEAN region, imports increased by 10% from 3,695 m³ to 4,061 m³. Plywood export to Thailand has picked up by 14% to 1,766 m³. This was followed by Singapore and Brunei with an increase of 3% and 69% to 1,529 m³ and 439 m³ respectively.

In the South Asia region, plywood purchase decreased by 11% from 1,950 m³ to 1,732 m³. Maldives increased its import by 65% to 294 m³ while India reduced import by 15% to 1,439 m³. Pakistan didn't make any purchase for the month. The West Asia region also recorded a decrease of 35% to 7,264 m³ from 11,170 m³ in the previous month. Import performance in Yemen and the UAE increased by 18% to 6,462 m³ and 180% to 614 m³ each. Jordan didn't make any purchase for the month.

In the Africa region, purchase decreased by 96% from 943 m³ to 40 m³. Plywood purchases in South Africa slumped by 85% to 40 m³. Morocco and Kenya didn't make any purchase for the month.

In North America, import showed a decrease of 16% from 12,204 m³ to 10,274 m³. The US as the main buyer reduced purchase by 24% to 8,346 m³, followed by Canada with a reduction of 83% in sales with 40 m³. Meanwhile, Mexico increased its buying by 79% to 1,889 m³. For the Oceania/Pacific region, plywood export dropped by 19% to 3,534 m³ from 4,344 m³. Australia reduced buying by 20% to 3,436 m³ from 4,301 m³ while American Samoa and French Polynesia didn't make any purchase for the month.

The FOB price of plywood for September 2023 was at RM2,290 per m³, an increase of 6% from RM2,162 per m³ from the previous month.

Spending on infrastructure projects, especially in the non-energy sector, is expected to surge in the United Arab Emirates. The demand for housing is projected to remain buoyant in the Emirati nation, thereby offering growth support to the broader construction market in the region. Overall, a positive growth outlook for the construction industry in the Middle East is expected over the next three to four years. Even during the global pandemic outbreak, the demand for luxury residential units surged to new levels in the country, which resulted in several high-end housing project launches in the market. The growth in the segment is expected to continue further from the short to medium-term perspective. Danube Properties, the UAE-based real estate firm, launched a Dh 900 million housing project in June 2023. The project, involving the construction of 750 units, will include smart and sustainable homes that consume less energy and comply with green building standards.

MOULDINGS

Exports of mouldings for the month decreased by 83% in volume and increased 0.4% in value to 30,395 m³ worth RM64.8 million. However, cumulative exports for the period of September 2023 increased by 39% in volume and decreased by 10% in value to 203,346 m³ worth RM630.6 million as compared to the previous corresponding period in 2022.

Exports to the EU for the month were recorded at 10,284 m3, increased 50% as compared to the previous month. France and the Netherlands increased their purchases by 97% and 47% to 1,517 m3 and 6,462 m³ respectively while Germany decreased its purchases by 32% to 343 m³. Meanwhile, the UK recorded a slight decrease of 2% to 723 m³ for the month.

In Asia, Viet Nam increased its purchases by 43% to 50 m³ while Singapore decreased its intake by 19% to 621 m³. China and South Korea increased their intake by 31% and 9% to 483 m³ and 1,634 m³ respectively while Japan decreased its purchases by 91% to 2,330 m³. Meanwhile, India increased its purchases by 121% to 375 m³ and the UAE resumed its purchases with 64 m³ for the month.

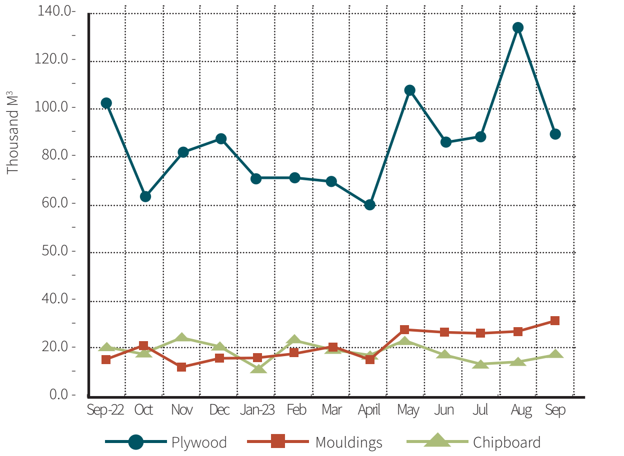
Meanwhile, in the Oceania/Pacific region, export to New Zealand and Australia increased by 154% and 24% to 61 m³ and 3,722 m³ respectively. Similarly, in the America region, export to the US, Canada and Mexico decreased by 94%, 45% and 0.3% to 8,919 m³, 46 m³ and 130 m³ respectively.

Elsewhere, in the Africa region, South Africa and Mauritius decreased their purchases by 28% to 181 m³ and 13% to 465 m³ for the month.

The average FOB unit value for mouldings increased tremendously to RM2,132 per m³ compared to RM360 per m³ in the previous month.

The global construction market is a powerhouse of economic activity, with a significant impact on various industries and sectors worldwide. The revenue of the global construction industry is expected to grow steadily over the next years. Remarkably, it is projected to continue its growth trajectory, estimated to achieve a CAGR of 6.5% between 2024 and 2032. By the end of this period, the global construction market is expected to be valued at around USD23.92 trillion. This remarkable expansion underscores the industry's vitality and potential for further development.

Malaysia: Export of Plywood, Mouldings and Chipboard
Sep 2022 - Sep 2023



BUILDERS JOINERY AND CARPENTRY (BJC)

Exports of BJC for September 2023 recorded an increase of 9% in volume and 14% in value to 12,480,872 kg worth RM130.3 million from last month. Total BJC cumulative exports for the same corresponding period last year decreased by 9% to RM964.6 million as compared to RM1.06 billion last month.

Exports to the EU increased by 15% to RM213.5 million compared to RM185.2 million in the previous corresponding period. Export to Sweden and Belgium increased by 95% and 30% to RM40.0 million and RM63.7 million while Germany decreased buying by 28% to RM18.1 million. Meanwhile, exports to Norway and Turkey decreased by 95% and 57% to RM1.7 million and RM790,637 whilst the UK increased its intake by 10% to RM95.3 million for the month.

In Asia, exports to Singapore recorded an increase of 58% to RM96.2 million while Viet Nam and Thailand decreased their intakes by 54% and 23% to RM6.5 million and RM7.2 million respectively. Exports to China and Taiwan decreased by 52% and 2% to RM9.7 million and RM7.1 million while Japan increased buying by 6% to RM44.9 million respectively. Nevertheless, export to Maldives and Bangladesh recorded an increase of 87% and 35% to RM5.8 million and RM1.7 million while India decreased imports by 47% to RM16.4 million for the month. Meanwhile, UAE imports grew by 190% to RM2.8 million, Saudi Arabia fell 3% to RM218,319 whilst Iran resumed its intake with RM180,293 for the month.

In the Oceania/Pacific region, New Zealand and Australia decreased their purchases by 28% and 16% to RM15.7 million and RM161.3 million respectively while Western Samoa improved its purchases by 55% to RM872,002. However, in the America region, Canada, Uruguay and Mexico increased their purchases by 123%, 49% and 17% to RM2.3 million, RM1.3 million and RM14.2 million while the US dropped its intake by 26% to RM225.5 million for the month.

Elsewhere, in Africa, South Africa reduced its intake by 44% to RM3.6 million while Seychelles and Mauritius increased their intake by 109% and 40% to RM2.3 million and RM1.0 million respectively.

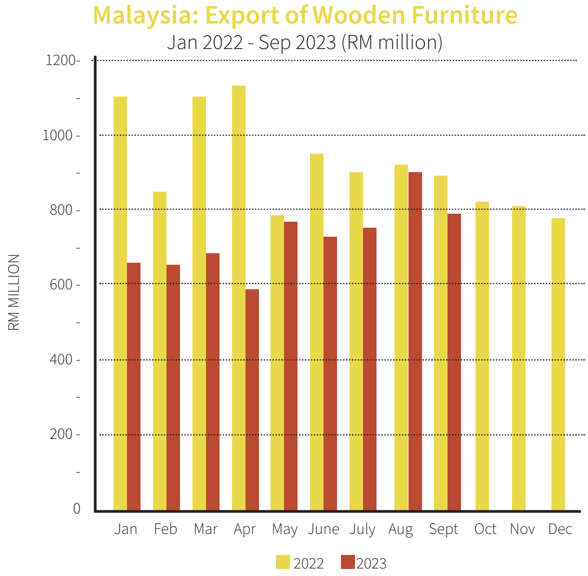
The global construction market is expected to register growth with low interest rates in several developed countries along with massive economic growth in emerging countries. China, the US and India will account for half of all work done in the global construction and engineering market by 2037, underpinning the future economic development of the three countries that account for over a third of the world's population and economic output. Global construction work is expected to raise over USD4.2 trillion over the next 15 years from USD9.7 trillion in 2022 to USD13.9 trillion by 2037.

FURNITURE

Export of wooden furniture for the month of September 2023 reduced by 12% to RM784.6 million, similarly export of rattan furniture was down by 19% to RM8.0 million from the previous month, August 2023. Meanwhile, export of wooden furniture for the cumulative period of January to September 2023 recorded an export value worth RM6.5 billion, a decrease of 25% from RM8.7 billion in its corresponding period in 2022. Similarly, demand for rattan furniture plummeted by 25% year-on-year to RM56.0 million from RM74.7 million over its corresponding period in 2022.

Export of wooden furniture to ASEAN expanded by 14% worth RM919.0 million from RM809.4 million in its corresponding period in 2022. Export to Singapore increased by 32% to RM567.8 million. Similarly, export to Indonesia rose by 26% to RM87.7 million. However, export to the Philippines declined by 12% to RM159.4 million for the stated period.

Moving to the East Asian region, export was down by 24% to RM475.7 million from RM628.2 million year-on-year in 2022. Japan remained the highest buyer with



export valued at RM362.3 million despite a reduction in its buying by 20%. Similarly, exports both to China and Taiwan reduced by 13% to RM38.8 million and by 50% to RM35.0 million respectively over its corresponding period in 2022.

Exports to West Asia expanded by 13% to RM362.8 million from RM320.7 million in the corresponding period in 2022. Exports to the UAE, the largest buyer in the region, improved by 37% to RM192.0 million. Similarly, export to Saudi Arabia increased by 9% to RM122.5 million, however export to Kuwait declined by 52% to RM13.6 million.

Moving to South Asia region, export of wooden furniture to the region weakened by 46% to RM93.5 million for the month. Amongst South Asian countries, India recorded the highest intake with an export value worth RM83.9 million despite a decrease in intake by 49%. Similarly, export to Bangladesh was also down by 35% to RM1.1 million. Conversely, export to Maldives improved by 17% to RM8.1 million for the month.
Despite improving exports to Central Asia by 4% to RM3.3 million, intake from Kazakhstan reduced by 29% worth RM2.1 million. Meanwhile, Uzbekistan and Armenia resumed its intake with RM261,243 and RM515,706 respectively.

Exports to the European Union recorded a decrease of 17% to RM249.9 million from RM300.1 million over its corresponding period in 2022. France as the highest buyer in the bloc reduced its buying by 25% to RM26.5 million, followed by Germany with exports down by 44% to RM28.4 million. Nevertheless, export to Belgium showed an improvement of 9% to RM28.8 million.

Amongst European countries outside the EU, the United Kingdom was recorded as the largest buyer despite a reduction of 3% to RM289.7 million from RM297.3 million over its corresponding period in 2022. Meanwhile, exports to Turkey and Switzerland increased by 59% to RM8.6 million and by 94% to RM8.1 million respectively.

Exports to Oceania/Pacific decreased by 18% to RM360.3 million from RM441.6 million over its corresponding period in 2022. Australia remained as the top buyer in the archipelago region with an export value worth RM320.1 million despite a loss of 17%. Similarly, both exports to New Zealand and Papua New Guinea declined by 24% to RM25.1 million and by 25% to RM6.2 million respectively.

Moving to the Central America region, export of wooden furniture increased by 39% to RM31.7 million over its corresponding period in 2022. Panama recorded the highest intake of wooden furniture for the cumulative period with a sale increase of 29% to RM9.5 million. Likewise, exports to Costa Rica and Guatemala also increased by 29% to RM6.7 million and by 27% to RM6.5 million respectively.

Meanwhile, exports to the North America region dropped by 36% to RM3.5 billion from RM5.4 billion in its corresponding period in 2022. Despite the USA being Malaysia's largest wooden furniture buyer, the country recorded a reduction in sales by 37% to RM3.2 billion from RM5.0 billion in its corresponding period in 2022. Similarly, exports to Canada and Puerto Rico decreased by 19% to RM222.1 million and 38% to RM45.0 million respectively.

Similarly, export of wooden furniture to the South America region recorded a decrease of 15% worth RM65.2 million from RM76.4 million over its corresponding year in 2022. Export to Chile decreased by 46% to RM31.3 million from RM57.6 million in its corresponding period in 2022. Exports to Peru and Uruguay increased by 53% to RM12.4 million and by 336% to RM5.0 million respectively.

Export to the Africa region recorded a decrease of 18% to RM112.0 million with South Africa garnering the largest market share with RM28.4 million which was a decrease of 28% from RM39.4 million in its corresponding period in 2022. This was followed by Kenya, with recorded sales of RM14.6 million, reduced by 7% from the previous month. However, exports to Reunion Islands increased by 8% to RM10.2 million for the period January – September 2023.

Rattan furniture shipments for September 2023 recorded a decrease of 19% valued at RM8.0 million from RM9.9 million in the previous month. Likewise, export of rattan furniture for the cumulative period January – September 2023 also declined by 25% to RM56.0 million from RM74.7 million in the corresponding period in 2022.

Exports to ASEAN member countries were recorded at

RM5.0 million, an increase of 26% for the cumulative period of January – September 2023 compared to the same period in 2022. The highest buyer, the Philippines recorded sales of RM3.1 million with an increase of 37%. Similarly, export to Singapore grew by 64% to RM1.3 million. However, export to Thailand decreased by 36% to RM405,848. Export of the East Asia region was worth RM4.7 million, a reduction of 46% from RM8.7 million over its corresponding period. China reduced its intake by 44% to RM3.2 million, followed by Japan with import reduced by 30% to RM1.1 million. Taiwan increased its buying by 56% to RM218,257. Moving on to South Asian countries, India was recorded as the highest buyer of rattan furniture worth RM2.4 million despite a reduction in its buying by 28%. Similarly, Bangladesh also reduced its buying by 85% to RM2,456.

Export to West Asia region improved by 212% to RM2.6 million from RM840,895 over its corresponding period in 2022. The largest buying nation of rattan furniture in the West Asia countries, the UAE increased its intake by 73% to RM938,076 and similarly with Saudi Arabia, export increased significantly by 423% to RM1.1 million. Meanwhile, Iran resumed its intake with RM428,095. Moving to European Union bloc, exports were down 17% to RM8.0 million with France being the largest buyer amongst EU countries. Export to France increased by 22% to RM1.7 million from RM1.4 million over its corresponding period in 2022. Meanwhile, exports to Sweden and Ireland dropped by 29% to RM1.1 million and by 66% to RM850,727 respectively for the mentioned period. Moving to European countries outside the EU, demand from the group decreased by 9% to RM6.8 million with the UK being the largest buyer in the region. The UK increased its buying by 5% to RM5.8 million. However, Russia reduced its buying by 37% to RM991,860 from RM1.6 million over its corresponding period in 2022. Switzerland also reduced its intake by 9% to RM4,148.

Shipments to the Oceania/Pacific archipelago region dropped by 39% to RM4.7 million from RM7.7 million over the same period in 2022. Australia recorded a decline in intake by 45% to RM3.9 million. Similarly, export to New Zealand decreased by 15% to RM478,990. Meanwhile, Fiji resumed its buying with RM264,236.

Exports to the North America region decreased by 32% to RM20.5 million from RM30.3 million over the same period in 2022. The USA being the largest buyer for rattan furniture recorded a decline in intake by 33% to RM17.9 million, followed by Canada with exports down by 59% to RM1.0 million. The Dominican Republic increased its intake by 52% to RM1.2 million. Amongst South American countries, Uruguay increased its intake by 155% to RM89,692. Intake of rattan furniture by the Africa region also declined by 65% to RM796,161 whereby the Republic of Congo resumed buying with RM142,818. Meanwhile, Cote D'lvoire resumed its buying with RM198,656 while exports to South Africa decreased by 76% to RM114,825 for the mentioned period.

According to Colliers Fall 2023 retail report (a Canada-based market analyst and investment management company), foot traffic surged by 3.5% in July and core sales grew by 3.8% during the month of June. The report also indicated that 49% of U.S. retailers plan to expand their footprint over the next five years, with 52.2% of houseware and home furnishing retailers planning on expanding their space. Foot traffic is a term used in business to describe the number of customers that enter a store, mall, or location. Foot traffic numbers are heavily monitored by store owners in particular retail stores, such as department stores.

While the overall retail industry celebrates strong growth, furniture retailers continue to struggle amid high interest rates and soaring housing prices. The inherent link between the housing market and furniture sales has become more pronounced, causing a decline in visits to furniture stores. As mortgage rates climb and housing sales stagnate, potential buyers have less disposable income and their willingness to make non-essential purchases for their homes have dampened. While sales will continue to stall into the first half of 2024, industry experts are anticipating a transformational shift in the second half of 2024. Fannie Mae and the National Association of Retailers predict that 30-year mortgage rates will fall to the 6% to 6.2% range in the last half of 2024, while the Mortgage Bankers forecasts rates falling to 5% to 5.3% by the end of 2024. As a result of mortgage rates stabilizing and the subsequent increase in housing sales, it will prompt for the revitalization of foot traffic to furniture retailers, driven by consumers regaining confidence and improved financial capacity to invest in home furnishings.

THE REPUBLIC OF KOREA
FORTIFYING SMART FURNITURE INDUSTRY

Country Overview

The Republic of Korea (South Korea) is a country in East Asia, constituting the southern part of the Korean Peninsula and sharing a land border with North Korea. Its western border is formed by the Yellow Sea, while its eastern border is defined by the Sea of Japan. South Korea has a population of 51 million, of which roughly half live in the Seoul Capital Area, the fifth largest metropolis in the world. Other major cities include Incheon, Busan, and Daegu. The country is the world's fifth-largest trade exporter and eighth-largest importer. South Korea is a member of the Asia-Pacific Economic Cooperation (APEC) and has 17 Free Trade Agreement (FTA) with ASEAN, Australia, Canada, Central America (Partial), Chile, China, Colombia, European Free Trade Association (Norway, Switzerland, Iceland and Liechtenstein), European Union, India, New Zealand, Peru, Singapore, UK, US, Turkey and Vietnam. South Korea is also a member of World Trade Organization (WTO) and the Organization for Economic Cooperation and Development (OECD).

Economic Performance and Outlook

South Korea has achieved remarkable success in recent decades in combining rapid economic growth with significant poverty reduction, with real gross domestic product (GDP) growing on average by 4.9% annually between 1988 and 2022. This robust performance was fuelled by annual export growth averaging 8.9% in the same period. As the first former aid recipient to become a member of the Development Assistance Committee (DAC) of the OECD in 2010, South Korea's gross national income (GNI) per capita increased rapidly from USD67 in the early 1950s to USD32,661 in 2022.

The dynamic economy has demonstrated notable resilience. A vibrant private sector bolstered by a well-educated labour force and high capacity for innovation capitalises on the country's openness to global commerce. The OECD predicted that South Korea's economy would grow by 2.3% in 2024 in its economic outlook whereby the economic growth forecast for the country in 2023 was set at 1.4%. The reason for this upward revision is attributed to the expected improvements in the country's domestic consumption and exports. The recovery will also improve as exports rebound, thanks to the recovery in semiconductor demand.

Forest Resources

South Korea's forests occupy an area of 14,700 square kilometres (5,700 sq mi) at the southern margin of the Korean Peninsula, as well as the Gotjawal Forest on Jeju Island in the East China Sea, 60 km south of the Korean mainland. The Korean forests can be divided into warm-temperate, cool-temperate and sub boreal forest zones. Around 85% of forests are cool-temperate forests. There are 3 categories of forest in South Korea which are conifers, broad-leaf, and mixed forests. Conifer forest occupies the largest portion at about 44%. Forest land is classified into national, public and private forests. Private forests occupy almost 70% of all forest land. 53% of private owners, who have less than 50 ha, do not actively manage their forest thus the government tries to buy the non-managed private forest land to increase the national forest.

Timber Production

According to the FAO forest statistics, South Korea's production as stated below, recorded sawnwood coniferous at 1.98 million cubic metres in 2018 decreased to 1.88 million cubic metres in 2022. The production of MDF/HDF, wood chips and particles and particleboard was recorded at 1.61 million cubic metres, 1.58 cubic metres and 858,000 cubic metres respectively in 2022.

THE REPUBLIC OF KOREA: PRODUCTION OF TIMBER PRODUCTS, 2018 - 2022

Unit:m^3

Product	2018	2019	2020	2021	2022
Sawnwood, coniferous	1,984,000	1,954,000	1,837,000	1,883,000	1,883,000
MDF/HDF	1,740,000	1,529,000	1,400,000	1,612,000	1,612,000
Wood chips and particles	2,437,000	2,182,000	1,874,000	1,584,000	1,584,000
Particle board	843,000	807,000	857,000	858,000	858,000
Sawlogs and veneer logs, coniferous	747,000	652,000	594,000	613,000	613,000

Other industrial roundwood, coniferous (production)	566,000	519,000	458,000	351,000	351,000
Plywood	281,000	243,000	233,000	241,000	241,000
Veneer sheets	116,000	115,000	59,000	85,000	85,000

Source: FAO Stats

Export of Timber and Timber Products

The Republic of Korea's export of timber and timber products in 2022 decreased slightly by 2% to USD270.5 million over the previous year. The country exported mainly furniture, MDF and plywood totalled at USD201.1 million (a decrease of 1%), USD14.6 million (an increase of 22%) and USD6.3 million (an increase of 43%) respectively. Export of furniture and parts (HS 9403) from South Korea was mainly to the US, Japan and Canada while Malaysia ranked 27th from 166 importing countries.

REPUBLIC OF KOREA: EXPORTS OF TIMBER & TIMBER PRODUCTS AND FURNITURE & PARTS, 2018-2022

USD '000

Products	2018	2019	2020	2021	2022
Furniture	179,834	182,829	196,524	203,065	201,121
Fibreboard	19,576	15,818	11,887	11,995	14,604
Plywood	3,563	4,891	4,573	4,408	6,292
Sawntimber	20,612	23,103	11,076	6,957	6,177
Builders' Joinery and Carpentry	5,925	6,807	6,483	3,431	2,948
Veneer	3,273	3,655	3,941	3,047	2,389
Wooden frames	863	1,136	1,566	1,732	1,490
Mouldings	491	170	68	561	520
Logs	643	332	418	406	389
Particleboard	1,462	1,149	993	1,100	307
Others	32,396	30,341	36,519	40,142	34,252
Total	268,638	270,231	274,048	276,844	270,489

Source: ITC Stats, UN Comtrade

TOP 10 EXPORT DESTINATIONS FOR THE REPUBLIC OF KOREA FOR FURNITURE & PARTS (HS 9403) 2018 – 2022

USD '000

No.	Importers	2018	2019	2020	2021	2022
1	United States of America	59,510	62,216	88,652	87,723	87,716
2	Japan	18,422	18,425	17,264	18,944	19,285
3	Canada	10,872	8,370	6,518	12,382	11,546
4	China	13,227	20,622	12,359	10,287	10,593
5	Taipei, Chinese	2,424	3,729	5,006	6,580	7,921
6	Philippines	6,144	8,215	8,937	5,964	5,103
7	Italy	469	497	1,141	1,691	4,694
8	Viet Nam	7,571	7,236	5,391	3,565	4,164
9	Mexico	2,443	1,755	2,426	2,751	4,000
10	Hong Kong, China	2,869	2,378	2,455	3,677	3,961
27	**Malaysia**	**1,256**	**848**	**1,350**	**451**	**947**
	Others	54,621	48,538	45,029	49,048	41,190
	World	**179,834**	**182,829**	**196,524**	**203,065**	**201,121**

Source: ITC Stats

Import of Timber and Timber Products

According to the latest UN Comtrade statistics, South Korea's import of timber and timber products in 2022 decreased slightly by 1% to USD5.0 billion over 2021. They imported mainly furniture, plywood and sawntimber totalled at USD1.1 billion (an increase of 8%), USD778.4 million (an increase of 7%) and USD680.0 million (an increase of 20%). South Korea imported timber and timber products (HS44) from Viet Nam, followed by Indonesia and China totalled at USD938.7 million, USD521.9 million and USD456.7 million respectively. Malaysia ranked 7th place from 129 countries as an exporter to South Korea in 2022.

REPUBLIC OF KOREA : IMPORTS OF TIMBER & TIMBER PRODUCTS AND FURNITURE & PARTS FROM, 2018-2022

USD '000

Products	2018	2019	2020	2021	2022
Furniture	908,976	972,461	1,081,939	1,201,120	1,101,043
Plywood	897,209	723,635	716,860	837,115	778,401
Sawntimber	724,465	626,512	575,841	852,298	680,001
Logs	515,979	406,590	368,907	528,188	452,581
Particleboard	257,669	173,951	166,849	272,654	237,410
Mouldings	189,648	168,875	159,436	166,625	134,886
Veneer	89,766	65,354	78,435	86,935	97,279
Builders' Joinery and Carpentry	51,008	61,605	60,145	67,428	90,768
Fibreboard	92,570	76,190	55,324	71,002	74,519
Wooden frames	6,031	5,519	5,020	5,984	7,003
Others	963,299	805,833	759,951	923,438	1,309,912
TOTAL	**4,696,620**	**4,086,525**	**4,028,707**	**5,012,787**	**4,963,803**

Source: ITC Stats, UN Comtrade

REPUBLIC OF KOREA : IMPORT OF TIMBER & TIMBER PRODUCTS (HS44), 2018-2022

USD '000

No.	Countries	2018	2019	2020	2021	2022
1	Viet Nam	789,132	654,201	626,786	749,814	938,715
2	Indonesia	458,360	421,526	420,339	490,368	521,852
3	China	490,554	434,878	409,600	520,029	456,730
4	New Zealand	335,829	258,867	220,918	285,568	306,198
5	Russian Federation	167,958	143,666	145,721	241,982	257,093
6	Thailand	271,558	187,363	156,050	264,811	253,789
7	**Malaysia**	**311,379**	**202,745**	**161,999**	**152,198**	**163,163**
8	Chile	141,449	133,089	103,495	111,461	154,231
9	Canada	166,426	100,780	88,436	197,187	143,773
10	United States of America	111,326	88,688	79,022	116,632	93,559
	Others	543,671	488,258	534,400	681,621	573,657
	World	**3,787,644**	**3,114,066**	**2,946,769**	**3,811,666**	**3,862,760**

Malaysia ranked 7th from 129 countries

Source: ITC Stats, UN Comtrade

Malaysia's Export of Timber and Timber Products to the Republic of Korea

Previously, South Korea has always been a significant timber trade partner for Malaysia. However, starting 2019 until 2022, the export trend of Malaysian timber and timber products to South Korea has been decreasing. But in 2022, exports of timber and timber products to South Korea increased 6% to RM639.8 million as compared to RM601.1 million in 2021. Plywood was the main product exported with a total value of RM145.7 million, followed by wooden furniture at RM57.8 million. Next, sawntimber recorded trade values of RM47.9 million, followed by chipboard/particleboard at RM44.7 million and veneer at RM40.1 million respectively.

MALAYSIA: EXPORT OF TIMBER & TIMBER PRODUCTS TO THE REPUBLIC OF KOREA, 2018 –2022

Value RM

Products	2018	2019	2020	2021	2022
Plywood	444,182,874	266,790,373	216,230,599	179,286,197	145,668,406
Wooden Furniture	92,205,026	92,105,829	97,757,236	71,153,006	57,788,161
Sawntimber	60,932,994	65,990,576	49,126,731	39,789,017	47,872,374
Chipboard/Particleboard	101,637,462	48,427,689	38,969,407	48,187,314	44,716,372
Veneer	103,502,958	19,043,546	15,457,495	11,865,765	40,080,650
Mouldings	48,049,775	49,115,519	35,829,193	30,240,484	30,695,047
Fibreboard	6,549,096	6,046,008	3,944,380	7,324,311	4,089,805
Builders Joinery & Carpentry	1,061,766	11,545,477	2,032,722	1,723,276	3,512,478
Logs	5,974,274	3,088,832	2,886,369	3,696,763	0
Other Products	370,940,748	263,963,950	212,156,070	207,786,385	265,366,520
TOTAL	**1,235,036,973**	**826,117,799**	**674,390,202**	**601,052,518**	**639,789,813**

Source: MTIB/DOSM

Malaysia's Import of Timber and Timber Products from the Republic of Korea

Import trends of timber and timber products from South Korea is improving, showing an increase of 25% to RM7.4 million from RM6.0 million in 2021. BJC was the main product imported with a total value of RM4.7 million followed by wooden furniture at RM851,376 and chipboard/particleboard at RM67,329 respectively.

MALAYSIA: IMPORT OF TIMBER & TIMBER PRODUCTS FROM THE REPUBLIC OF KOREA, 2018 – 2022

Value RM

Products	2018	2019	2020	2021	2022
Builders Joinery & Carpentry	52,152	556,451	5,875	125,734	4,688,400
Wooden Furniture	1,700,715	1,817,204	2,009,978	3,338,504	851,376
Chipboard/Particleboard	23,673	0	304,572	0	67,329
Fibreboard	616,923	99,546	79,014	117,247	0
Logs	0	0	0	0	0
Mouldings	0	0	143,760	0	0
Plywood	24,098	0	0	0	0
Sawntimber	0	74,121	0	0	0
Other Products	3,475,909	4,856,916	1,937,156	2,373,721	1,809,718
TOTAL	**5,893,470**	**7,404,238**	**4,480,355**	**5,955,206**	**7,416,823**

Source: MTIB/DOSM

Import Tariffs

The Republic of Korea's import duties on timber and timber products under Most Favoured Nation (MFN) rates are between 0% - 10%. The ASEAN – Korea Free Trade Agreement (AKFTA) came into effect on 1 January 2010. With the materialising of the FTA, it is envisaged that ASEAN and South Korea will strengthen and deepen economic integration, and help to build capacity through sharing of available resources and expertise. The Regional Comprehensive Economic Partnership (RCEP) is effectively the world's largest FTA covering 15 countries which includes Malaysia while South Korea serves as a mechanism for free trade among the participating countries with a single set of rules and procedures for accessing preferential tariffs across the region. The RCEP entered into force on 18 March 2022. Below are import tariffs rates for South Korea:

Product	Description	MFN Duty Rates (%)	ASEAN Korea (AKFTA) Tariff Duty (%)	RCEP (%) Korea, ASEAN
4401	Fuel wood	0 - 2	0	0 - 1.4
4402	Coniferous	2	0	0
4403	Logs	0	0	0
4404	Hoopwood; split poles; piles	5	0	3.5
4405	Wood wool; wood flour	5	0	3.5
4406	Railway or tramway sleepers	5	0	3.5
4407	Sawntimber	5	5	3.5 - 5
4408	Veneer	2 - 8	0	0 - 5.6
4409	Mouldings	8	0	5.6 - 7.7
4410	Chipboard/Particleboard	8	0	5.6 - 8.0
4411	Fibreboard	8	0	5.6 - 8.0
4412	Plywood	8 - 10	0	5.6 - 10.0
4413	Metallised wood and other densified wood	8	5	8
4414	Wooden Frame	8	0	6.4
4415	Packing cases, boxes	8	0	6.4
4416	Casks, barrels, vats, tubs	8	0	6.4
4417	Tools, tool bodies, tool handles	8	0	6.4
4418	Builders Joinery & Carpentry	5 - 8	0	5.6 - 6.4
4419	Tableware and kitchenware, of wood	8	0	5.6
4420	Wood marquetry and inlaid wood	8	0	5.6
4421	Other articles of wood, n.e.s	8	0	5.6
9401	Seats and parts thereof	0 - 8	0	0
9403	Wooden Furniture	0 - 8	0	0

Source: World Trade Organisation (WTO)

Trade Barriers

The Republic of Korea has imposed an Anti-Dumping (AD) duty on Malaysian plywood (HS4412.31, 4412.33 and 4412.34) in March 2011 for five years until February 2014. The Korean Trade Commission (KTC) decided to extend AD duty on Malaysian plywood for another three years starting from 5 September 2014 to 4 September 2017, with AD duties ranging from 5.12% to 38.10%. Subsequently, through Decree No. 622, the Ministry of Strategy and Finance, South Korea has informed that the AD duties on Malaysian plywood was extended for another three years, started from 8 May 2017 to 7 May 2020, ranging from 33.96% to 38.10%.

On 8 November 2019, KTC initiated the second sunset review for AD duties on Malaysian plywood to South Korea. In its Decree No. 812 dated 6 November 2020, the Ministry of Economy and Finance, South Korea declared to impose AD duty on the import of plywood for three years, from 6 November 2020 to 5 November 2023, ranging from 4.73% to 38.10%. On 4 May 2023, the Korean Government received requests from the local companies to extend AD duties that involved several exporting countries including Malaysia that will end on 6 November 2025, ranging from 4.73% to 38.10%. Currently, the investigation is still on-going and to see whether the AD duties will be extended.

Prospects

According to the International Monetary Fund (IMF) report, South Korea's economy is expected to maintain a growth trajectory range between 2.1% and 2.3% until 2028. The IMF predicts Korea's real gross domestic product (GDP) rate to reach 2.2% in 2024 from a projected 1.4% growth in 2023. Furthermore, the IMF estimates South Korea's potential output rate to reach 2.2% for both 2024 and 2025, and 2.1% for 2026 to 2028. Potential output refers to the maximum growth rate a country can achieve by mobilizing all factors of production, including labour, capital and resources, without causing inflation.

South Korea is a smaller-sized nation with a population of just 51 million people, and around 30% of the mountainous country is habitable. The country has few major mineral deposits and few resources beyond the industriousness of its people. However, the Korean government's efforts at stimulating business growth has led to the rise of several large conglomerates, called 'chaebols' – some of whom have become global brands such as Hyundai and Samsung. These chaebols are active in many major sectors including large-sale construction and have become major drives of the South Korean industry and its economy.

While construction output is expected to have risen by 4.2% in 2023, the analysis suggests the construction industry in South Korea would contract by 3.2% in real terms in 2024 and by 0.7% in 2025, owing to headwinds such as high interest rates, elevated construction costs and weakness in the real estate and housing markets. The industry is expected to register an average annual growth rate of 2.6% from 2026 to 2027, supported by investment in housing, energy, industrial and tourism sectors. In September 2023, the Korean Housing and Urban Guarantee Corporation and Korea Housing-Finance Corporation announced that they would increase project finance loan guarantees, for 2023, from KRW15 trillion (USD11.3 billion) to KRW25 trillion (USD18.8 billion).

Meanwhile, the trend of smart furniture in South Korea is on the cusp of significant growth, boasting a projected Compound Annual Growth Rate (CAGR) of 9.1% from 2024 to 2032. This surge is propelled by the evolving consumer landscape driven by increasing disposable incomes and a preference for technologically integrated products. As South Korean lifestyles undergo a paradigm shift, the demand for smart furniture that enhances comfort and functionality is on the rise, setting the stage for a transformative era in home and office environments.
Smart furniture products dominating the market share include smart tables, chairs, beds, sofas and storage solutions.

Designs of smart furniture in bedroom

Designs of smart furniture in office

Smart tables, equipped with wireless charging and built-in tech interface, hold a significant share, followed by chairs and beds designed for optimal comfort and connectivity. The variety of products reflects the diverse preferences of consumers seeking both functionality and aesthetics. Thus, Malaysian timber players should take advantage by merging our unique designs with the current demand, trends and preferences of South Koreans to boost the furniture industry. Malaysian being one of the main wooden furniture exporters and manufacturers to South Korea should strategize marketing plans to promote the products widely. One of the best ways is by participating in more exhibitions that are held annually such as the popular Korea International Furniture & Interior Fair (KOFURN), which can be an opportunity to enhance their market presence on a great platform and pursue new business opportunities or form strategic alliances with the local industry players.

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VIET NAM
NEW MARKET OPPORTUNITIES FOR VIET NAM'S WOOD INDUSTRY

Although Viet Nam's wood industry is still facing many difficulties, Viet Nam's wood & wood products (W&WPs) exports have shown positive signals with orders coming from key markets such as the US and Europe and businesses are likely regaining consumers. This has led to increased demand for imported wood raw material for the manufacture of value-added products for export. Imports of roundwood and sawnwood from the EU are expected to increase slightly from now to the end of 2023.

India and the Middle East offer new opportunities for Viet Nam's timber exporters.

With the sharp fall in exports of wood products to traditional and well-established markets such as the US, China, Japan, South Korea and the EU, India and the Middle East are emerging as new opportunities for Vietnamese exporters.

According to the Viet Nam Timber and Forest Products Association (VIFOREST) Vietnam's wood export orders for the US in the first half of the year fell by around 30% depending on product categories, while those for the EU market also shrank by up to 40%.

India and the Middle East are becoming prospective markets for Vietnamese wood products although revenue remains low with no large and long-term orders.

India is not Viet Nam's main timber export market but customs data showed export earnings in the early months of 2023 had already reached USD21 million, three times higher than the same period last year. Viet Nam's main export to India is medium-density fiberboard (MDF) which accounted for 47% of total exports.

Similarly, Viet Nam's wood exports to Middle Eastern countries also witnessed strong growth with revenues from the United Arab Emirates up by 38% to USD 11 million.

The main exports to this market were construction wood, chairs and other wooden items. But according to enterprise leaders the tastes in the Indian market are different from that of the European and US markets as their favoured products are not being manufactured by Viet Nam. For now only the younger consumers are using products similar to western countries.

For the Middle East there was an increased demand for construction wood in the early months of the year, some were facing difficulties in securing timber from their traditional suppliers due to economic and political uncertainties.

Although their purchases remained limited, the Middle East's rising import of Vietnamese timber is offering new hope for Vietnamese enterprises amidst the current crisis.

VIFOREST Chairman Do Xuan Lap said the US is still the most important market for Vietnamese timber. To increase the competitive advantage in this market, Vietnamese enterprises need to review their strategic products and look into products with high levels of potential with which they can have a competitive edge. For the Indian market wood enterprises need to learn about the demand for MDF and other wood products. Regarding the Middle East they need to conduct thorough surveys of the potential for exports to these markets and the products which are in demand.

http:// www.fordaq.com 4 October 2023

INDONESIA
STRATEGY TO BALANCE INDUSTRIAL WOOD PRODUCTION AND ECOSYSTEM RESTORATION

The Director General of Sustainable Forest Management, Ministry of Environment and Forestry, Agus Justianto, presented a strategy for integrating sustainable wood supply with forest restoration through ecosystem restoration and a multi-businesses approach when he was a panelist at Dialogue Day held during the 30th Asia Pacific Forestry Commission (APFC) in Australia. The event was organised by FAO in collaboration with the Australian National University. Agus explained that Indonesia encourages the implementation of sustainable production forest management to meet industrial requirements as well as efforts on land rehabilitation.

Efforts are being made to return forest landscapes to their original condition through a business approach which incorporates ecosystem restoration. Agus said that the wood processing industry in Indonesia is currently improving efficiency in order to survive amidst the limited availability of raw materials. He added "a broader approach that integrates environmental and social aspects is an alternative for success in the forest product processing sector". The government, together with the community, business actors and other stakeholders are encouraged to implement a raw material supply chain from the sustainably managed forests.

https://agroindonesia.co.id , 2 October 2023

CHINA
DECLINE IN PARTICLEBOARD EXPORTS

China's Customs data shows that in the first half of 2023 particleboard exports fell 4% to 188,000 tonnes valued at USD143 million, down 34% over the same period of 2022. Taiwan Province, People's Republic of China (P.o.C.) was the largest destination for China's particleboard exports and in the first half of 2023 exports to Taiwan P.o.C rose 24% to 42,000 tonnes.

China's particleboard exports to Saudi Arabia, Chile, Malaysia and Indonesia grew 71%, 98%, 48% and 8% compared to the same period of 2022.

However, the USA is no longer the largest market for China's particleboard exports having dropped 23% in the first half of 2023. China's particleboard exports to the USA fell 51% to 10,352 tonnes in 2022.

https:ITTO/fordaq.com 24 October 2023

INDIA
GROWING DEMAND FOR WOOD/PLASTIC COMPOSITES (WPC)

Builders in India said that the cost of wood is now very high and its use in the industry is time-consuming and that is why Wood/Plastic Composites (WPC) are a suitable alternative, particularly when ready-to-use products are available. Builders point out that the supply of WPC products has increased many-fold which has helped drive demand.

Besides the high price of timber, demand for WPC doors, frames and windows have the advantage of meeting environmental guidelines on fire rated doors in government buildings and high-rise buildings. WPC products are also promoted as waterproof, termite-proof and eco-friendly which has given a boost to demand for WPC doors and door frames. The India WPC market could reach USD0.413 million by 2028.

https://www.imarcgroup.com 4 October 2023

EU
EUROPEAN OUTDOOR FURNITURE MARKET AT PRE-PANDEMIC LEVEL

While trade data indicates a sharp downturn in tropical wood furniture imports into Europe this year and last year, the latest report on the overall European outdoor furniture market by CSIL, the Italian furniture industry market research organisation, paints a more positive picture of long-term prospects in this sector.

CSIL highlights that the increased attention paid to outdoor spaces in recent years has boosted the demand for outdoor furniture in Europe, which has seen significant growth, outperforming on average the whole furniture sector.

Total annual sales of outdoor furniture in Europe are estimated by CSIL to be around EUR3.3 billion. Following a slight reduction in 2020 the sector recorded a double-digit rebound in 2021, well above the sector average, and remained buoyant in the first half of 2022. The market slowed at the end of last year and in the first half of 2023 but is still at around the pre-pandemic level. The largest outdoor furniture markets within Europe are Germany, the United Kingdom, France, and Italy, accounting for a combined market share of over 50%.

According to CSIL, the growth of the European outdoor furniture market has been driven by an array of factors, such as house sales, residential and non-residential construction, outdoor renovations, income availability, and demographic changes. The pandemic played a significant role to boost consumption of outdoor furniture and the desire to experience outdoor spaces at home, in the office, and in public spaces has remained strong. Demand came from private consumers, contract, hotels, and office design.

CSIL note that although the outdoor furniture market is seasonal and strongly dependent on weather conditions, customers now consider outdoor furniture as part of a wider furnishing project, in line with a lifestyle concept in which outdoor spaces are designed to be used all year round with the terrace, balcony and garden seen as an extension of indoor spaces.

European manufacturers and designers have responded to the increasing demand for outdoor furniture by offering a wide range of stylish and innovative options. Several furniture companies formerly focused on interior products have expanded their product portfolios to include outdoor furniture, maintaining the characteristics of design and comfort, with a focus and research on durable materials.

The presence of non-specialist outdoor brands, especially from the upholstery, contract, and home furniture segments, has grown significantly in the industry. Many of these new players operate in the high-end and luxury segments.

Outdoor furniture remains one of the best performing furniture sectors in Europe and currently represents a 7% share of total contract furniture sales in the region according to CSIL figures. With a growing preference for outdoor spaces, hotels, restaurants, cafés, and other hospitality venues are ever more investing in high-quality, durable outdoor furniture to enhance the onsite experience of their guests.

With some of the world's most popular tourist destinations, Europe experienced a significant revival in domestic and inter-regional travel between the summers of 2021 and 2023. There has been strong expansion in the number of hotel developments and refurbishments, further boosting demand for outdoor furniture.

The outdoor sector is much more dependent on imports than other furniture sectors in Europe. Slightly more than half of all outdoor furniture imported by EU countries is from countries outside the EU, with around 60% of non-EU imports derived from China and 30% from tropical countries in Southeast Asia.

Until last year, there was a long-term rising trend in European imports of outdoor furniture from outside the region. However, recent global supply challenges and trade policy measures may lead to a partial reshoring of sourcing activities in the next few years.

CSIL note that the outdoor furniture market is served via a wide variety of channels, both specialist and non-specialist distributors, from large scale retail chains to small independent stores, and from 'pure' online players to brick-and-mortar operators. Overall the role of non-specialist retailers is higher in this sector than for most other furniture sectors such as upholstery, kitchen furniture, and office furniture.

DIY chains and garden centres are still pivotal sales channels. However, there has been some growth in sales via more specialist retailers in recent years, first as the large-scale furniture chains expanded outdoor collections and more recently as more independent retailers are promoting designer outdoor brands.

The e-commerce channel is also growing rapidly. Both manufacturers and retailers are extending their web marketing activity and upgrading their on-line presence. No longer do they only display product pictures and prices, but also seek to guide and inspire customers with design suggestions and case studies.

CSIL closely monitors the performance of the outdoor furniture market in Europe through the comprehensive Reports: 'The Outdoor Furniture Market in Europe' and 'The Contract Furniture and Furnishings Market in Europe'. These studies delve into statistics and indicators, demand drivers, country analysis, competitive landscapes, and product categories.

https://www.worldfurnitureonline.com. 18 October 2023

EU
WOODEN FURNITURE CONSUMPTION FALLS

The last three and half years, marked from the start of 2020 by the Covid-19 pandemic and from February 2022 by war in Ukraine, have seen unprecedented changes in Europe's wood furniture sector. The sector passed through a period characterised by an initial but very short-lived fall in demand in the second quarter of 2020, followed by rapid demand escalation in 2021 at a time when material shortages and other logistical challenges greatly reduced availability, and then by another sharp decline starting in the second half of 2022 and continuing this year.

During this relatively short period, major changes have occurred in patterns of supply and demand, trade flows, consumer preferences and working conditions, distribution channels, design, and fashion trends. Companies throughout the sector are having to evolve new strategies in response to a transformed world.

This highlights that the onset of the pandemic led to a 9% downturn in the euro value of EU27+UK wood furniture production and 8% decline in consumption in 2020. This was followed in 2021 by a strong 27% and 29% rebound in production and consumption respectively. In 2022, production and consumption fell back even more sharply than in 2020, respectively by 11% and 12%.

Based on performance in the first half of 2023, production and consumption are forecast to fall by another 6% and 10% this year. With a forecast value of around EUR38 billion in 2023, European wood furniture production and consumption this year are expected to be at a level not seen since 2015. The long-term rise in European internal trade and in imports from outside the region which began in 2013 as the European economy gradually recovered from the eurozone currency crisis, continued throughout the pandemic in 2020 and accelerated in 2021. European exports of wood furniture to countries outside the region, which were flat in the period between 2013 and 2020, also increased in 2021.

However, European imports, exports and internal trade in wood furniture all declined sharply in 2022, a trend which has continued in 2023.

http:// www.fordaq.com, 24 October 2023

UNITED KINGDOM
TROPICAL WOOD AND WOODEN FURNITURE IMPORTS LOW

The import value of tropical wood and wooden furniture into the UK in the first eight months of this year was USD655 million, 38% less than the same period last year. In quantity terms, the UK imported 273,400 tonnes of tropical wood and wooden furniture in the January to August period, 19% less than the same period last year. This is an extraordinarily low figure, in tonnage terms the lowest level of UK tropical wood products imports for the first eight months of the year since at least the early 1990s, and probably well before then.

It is 4% below the previous record low which came in the first eight months of 2013 at the end of one of the longest periods of economic stagnation on record in the UK. It is 5% less than recorded in the first eight months of 2020 when the country was at a complete standstill at the start of the COVID pandemic. Coming as it does after two historically good years for the UK trade in 2021 and 2022 during the immediate post-COVID recovery, this is a classic case of boom and bust. The monthly data shows that the total tonnage of UK imports of tropical wood and wooden furniture fell to an extreme low of only 22,000 tonnes in December 2022 before rising to 35,000 tonnes in February 2023. Since then, imports have barely shifted from this level which is about 20% below the long-term average for the time of year.

http:// www.itto.int, 31 October 2023

USA
IMPORTS OF HARDWOOD FLOORING INCREASE

US imports of hardwood flooring rose 4% in August. A 78% gain in imports from Malaysia more than offset declines in imports from China (down 54%), Indonesia (down 12%) and Brazil (down 11%). While imports from Indonesia were down for the second straight month, they are still holding at near three times what they were in August 2022. For the year, imports from Indonesia were up 175% over 2023 through August, taking market share from China, which was behind last year by 42% and Brazil, which was down 58%. Total US imports of hardwood flooring are up 4% so far this year.

Imports of assembled flooring panels fell 3% in August, ending a four-month run of growth. Imports from Indonesia were off 51% while imports from China rose 38% for the month. Imports for the year so far are down 34% versus last year with imports from China off by 64% and imports from Thailand down by a full 80%. US imports of hardwood moulding showed less volatility in August than in recent months, but still fell 13% as imports from chief supplier, Canada, also fell 13%. The August total was 25% below that of the previous October as import levels remain well behind last year. On the positive side, imports from Brazil rose 36% in August and are now "only" down 33% year-to-year vs. 2022. Imports from China are off by 67% vs. 2022 despite a 9% gain in August. Overall imports are down 31% versus last year through August.

http:// www.woodfloorbusiness.com, 26 October 2023

USA
WOODEN FURNITURE IMPORTS IMPROVE

US imports of wooden furniture held firm in August, rising 2% after falling the previous two months. At USD1.7 billion, imports were 18% less than the previous August. Imports from Malaysia, which have been lagging more than any other trading partner so far this year, gained a healthy 16% in August. Imports from China continued to flag, falling 9% in August. Imports from Malaysia and China are behind the 2023 pace by 42% and 38%, respectively, through August. Total wooden furniture imports are down 27% versus 2022 so far this year.

The National Kitchen & Bath Association, representing nearly 50,000 North American kitchen and bath industry professionals, has released its 2024 Kitchen Trends Report. According to the report, the focus over the next three years will remain on multi-function designs, easy-to-clean kitchens with ample storage, eat-in dining areas, sustainable materials and advanced technology. And while white cabinetry has been a staple in kitchens for years, designers now say that wood cabinetry is making a comeback. When asked about popular kitchen colour trends, "wood" was cited by 28% of respondents, outpacing "white", which was cited by 25%.

The report also identified a connection to the outdoors as an emerging theme, with designers layering warmer whites, earthy greens and wood tones to create a sense of nature, calm and harmony. Also in vogue are gold faucets, textured backsplashes, and the colour green.

http:// www.fordaq.com, 30 October 2023

BRAZIL
WOOD PRODUCT EXPORTS FALL

In September 2023 the value of Brazilian exports of wood-based products (except pulp and paper) decreased 24% in value compared to September 2022, from USD341.3 million to USD259.7 million. Pine sawnwood exports declined 41% in value between September 2022 (USD69.6 million) and September 2023 (USD41.3 million). In volume, exports dropped by 25% over the same period, from 242,300 cubic metres to 182,000 cubic metres. Tropical sawnwood exports decreased 25% in volume, from 30,800 cubic metres in September 2022 to 23,000 cubic metres in September 2023. In value, exports decreased 31% from USD14.8 million to USD10.2 million, over the same period.

In contrast, pine plywood exports saw a 14% increase in value in September 2023 compared to September 2022, from USD41.6 million to USD47.4 million and in volume, exports increased 34% over the same period, from 114,100 cubic metres to 153,400 cubic metres. However, tropical plywood exports decreased in volume by 39% and in value by 48%, from 3,300 cubic metres and USD2.3 million in September 2022 to 2,000 cubic metres and USD1.2 million in September 2023, respectively. Wooden furniture export earnings in September dropped from USD53.8 million in September 2022 to USD 47 million in September 2023, a 13% fall.

http:// www.fordaq.com, 31 October 2023

GHANA
WOOD PRODUCT EXPORT SLUMP

Receipts from exports of wood products in the first eight months of 2023 slumped by 11% to EUR92.35 million compared to the EUR103.84 million for the same period in 2022. According to data source from the Timber Industry Development Division (TIDD) this was because of a 14% drop in the volume of wood products exported (205,127 cubic metres) during the period in 2023 compared to 237,464 cubic metres for the same period in 2022.

In spite of the 2023 poor overall performance, export volumes of kiln dried boules, briquettes and plywood recorded significant increases in volume during the period compared to the same period in 2022. The top three export products for both 2022 and 2023 were AD and KD sawnwood and plywood for the regional West Africa markets. These products accounted for 168,924 cubic metres and 18,188 cubic metres respectively of the total export volume.

During the period under review some products also recorded significant decreases in volumes. Their performance in 2023 negatively affected the corresponding revenues for the period when compared to the previous year. Receipts from exports of billet and veneer dropped by 67% and 37% respectively to register EUR3.03 million in 2023 against EUR9.09 million in 2022.

About eighty exporters contributed to the export of seventeen wood products during the period from thirty-eight species. The leading species included teak, ceiba, wawa, eucalyptus and rubberwood. Demand for wood products in Asian and African markets dropped. The major destinations for these wood products were India, the United States of America, China, Togo and the United Kingdom.

http:// www.fordaq.com, 29 October 2023

GABON
SAWMILL OUTPUT HAS FALLEN

Heavy rain continues to impact harvesting and production in Cameroon and the Central African Republic. In Gabon, mill output has fallen as the government enforces regulations, particularly labour laws. The government in Gabon is taking a tough stance on labour issues given the recent industrial action by workers in the special zones. There is an increased emphasis on hiring Gabonese workers but there is a shortage of skilled mechanics, drivers, sawmill operators and heavy equipment drivers.

The government has responded by relaxing the transition period of 2-4 months during which time companies are required to reduce their expatriate workforce in favour of hiring Gabonese nationals. There are reports of unresolved worker overtime payment discrepancies as some companies in the special economic zones are yet to adhere to the government regulations. Labour unrest has reportedly led several Indian and Chinese peeler mills to reduce their workforce sparking concerns about unemployment and potential production cuts.

Some Indian factories have already announced their intentions to close due to the current uncertainties and difficult operating conditions in the special economic zones where fees to zone management have been rising. The forestry sector in Gabon appears to be undergoing a significant transformation toward legal compliance with enforcement of anti-corruption measures. The new Minister of Forestry in Gabon is actively enforcing forestry laws, ensuring proper documentation and seizing abandoned logs over six months old.

http:// www.fordaq.com, 30 October 2023

GLOBAL
SUSTAINABLE TIMBER SUPPLY CHAINS ARE KEY NATURE-BASED SOLUTIONS

In a keynote address at the ANZIF Conference on 16 October, ITTO Executive Director Sheam Satkuru stressed the importance of legal and sustainable tropical timber supply chains and called for more investment in sustainable tropical forestry and forest enterprises to promote inclusive and resilient solutions for people and the environment in a more circular bioeconomy.

"Forests, especially tropical forests, sit in the eye of a global storm," said Ms Satkuru. "There is an urgent need for concerted efforts to address the complex issues threatening these crucial ecosystems and using them sustainably is a huge part of an effective nature-based solution."

The ANZIF Conference is a premier event for forestry professionals in Australia and New Zealand. The 2023 event held in Tweed Heads, Australia, has attracted nearly 450 forest scientists, professionals and growers on the theme, "Embracing our natural capital: The science, technology, and art of managing forests for all values".

"Forests are vital for life on Earth," Ms Satkuru told delegates in her video address and in later comments. "When managed sustainably, they conserve soil and water, filter air, prevent land degradation, and reduce the risk of natural disasters."

Ms Satkuru said sustainable forestry can help solve the global environmental crisis. A crucial aspect was legal and sustainable timber supply chains, which is why this is a key programmatic line for ITTO.

"ITTO's work in this area emphasizes the use of wood as the most cost-effective and environmentally friendly material," she said.

Ms Satkuru presented examples illustrating the effectiveness of legal and sustainable tropical timber supply chains and other elements of ITTO's work as potent nature-based solutions.

"ITTO projects have successfully established timber tracking systems in Cameroon, Ecuador, Guatemala, Panama, and the Philippines," she said. "We have shown that it can be done in the tropics, and also that such systems improve efficiency across supply chains and combat illegal logging."

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SEPTEMBER 2023

LOGS

The average price of logs for the majority of price reference species in September 2023 was found to have hardly altered, with 80 percent or 16 of the 20 listed species, staying sold at the previous month's price. Only two species reported an average price rise of between 1.0 and 4.5 percent, or between RM25 and RM65 per tonne, while the remaining two species showed a price fall of 1.8 to 3.2 percent, or between RM33 and 75 per tonne.

Red Balau and Sepetir, both from the Heavy Hardwood Group and the Light Hardwood Group, saw price rises. Prices for the Red Balau species increased by roughly 1.0 percent, while prices for Sepetir increased by 4.5 percent, resulting in an average price of RM2,425 and RM1,487 per tonne, respectively. The two species reported to have declined in price were Mersawa from the Light Hardwood and Keruing from the Medium Hardwood Group. Both species were marketed on the market for RM2,253 and RM1,800 per tonne, respectively. In comparison, the species that were reported to have seen this price change were traded at RM2,400, RM1,422, RM1,833, and RM2,328 per tonne in the previous month.

The current market performance, which has yet to recover from the global economic downturn, is one of the major factors influencing log price performance, with almost all species referred to as the source of price information showing price retention, with only a small number of species recording decreases and price increases on the normal scale on the main raw materials of the timber industry.

SAWNTIMBER

In September 2023, the average price of sawn wood products under its three production classes, General Market Specification (GMS), STRIPS and Scantling, for most species was said to be similar to the present average price for timber products. The pricing data information acquired reveals that between 65 and 90 percent, or 13 and 18 of the 20 species from all three classes of sawn wood product manufacturing, did not show any price change and were marketed into the industry at the same price as the previous month.

In the GMS production class, 70 percent, or 14 of the 20 species, saw no price changes, with just three species seeing price rises and the other three species experiencing price declines. Price increases for Keruing, Mersawa and Sepetir were from 1.5 to 2.6 percent, or up to RM47 per m³. All three species were traded into the market at RM3,072, RM1,954, and RM1,871 per m³, reflecting the stated rise. The Red Meranti, Mengkulang and Chengal species had price drops ranging from 2.4 to 6.7 percent, or around RM47 to RM706 per m³, under the GMS production class. In the current month, these three species were offered at an average price of RM1,919, RM1,384, and RM9,887 per m³. Compared to the previous month, these species were on the industrial market at roughly RM1,966, RM1,488, and RM10,593 per m³.

Under the STRIPS production class, almost 65 percent or 13 species, reported maintaining average prices from the previous month. While no species in this production class reported price increases, seven species - Kapur, Kempas, Red Meranti, Mix Heavy Hardwood, Keruing, Tualang and Chengal - reported price drops ranging from 2.0 to 12.5 percent or approximately RM23 to RM706 per m³. Red Meranti, Mix Heavy Hardwood, Keruing, Tualang and Chengal were examples of species with price decreases of more than 5 percent, with depreciation rates of 5.6, 5.7, 7.4, 8.8, and 12.5 percent, respectively. Despite the drop, all seven species were traded in the wood market with average values of RM1,142, RM2,172, RM1,942, RM1,161, RM 2,445, RM1,826 and RM4,944 per m³.

Next, in the Scantling production class, almost 90 percent, or the equivalent of 18 of the 20 species referred to as the price benchmark, maintained the same price retention as the previous month. Only two species, Sepetir and Kempas, had declines of 2.9 and 4.7 percent, respectively. The market price for both species dropped to RM1,591 and RM2,489 per m³, respectively. In comparison to the previous month, both species were exchanged for RM1,638 and RM2,613 per m³.

Overall, the current market price position of timber and sawntimber products for all three production categories in September 2023 can be described as little changed, as the percentage of changes recorded for most species affected by price fluctuations and fluctuations is small and classified as normal changes. The Chengal species' high average price decline of around RM700 per m³ in the GMS and STRIP production classes is heavily influenced by the current demand and supply situation. This species is known as a hard-to-obtain species in terms of supply and has a high market price and demand compared to other commercial species. Furthermore, the purchasing power of the local market, as well as the perception that exports are still low, has contributed to the price volatility in present timber products.

PLYWOOD

The average market price of plywood products in the four major sizes measured in September 2023 did not show any upward movement or price changes. Based on the stated price retention, the average selling price for each piece of plywood with a thickness of 4mm, 6mm, 9mm, and 12mm was RM19.40, RM26.00, RM38.25, and 48.85. Meanwhile, the highest prices for plywood items per size reported in September 2023 were RM19.40, RM27.00, RM38.50, and RM49.00 per piece.

MEDIUM DENSITY FIBERBOARD (MDF)

For the current month of September 2023, MDF panel products reported retaining the same average costs as the previous month for all four MDF sizes. This means that the average price for MDF with a thickness of 4mm, 6mm, 9mm, and 12mm was roughly RM12.90, RM23.66, RM31.50, and RM37.60, respectively, with the maximum price of MDF recorded for each reported major size being RM12.90, RM26.00, RM37.00, and RM42.00 per piece. Any market price movement for MDF goods is thought to be significantly influenced by the present state of furniture market demand, since the furniture manufacturing industry employs many of these products as a primary raw material in the production of timber and furniture items.

INTRA-MALAYSIA TRADE*- SEPTEMBER 2023

In September 2023, the trade value of the primary timber products from Sabah to Peninsular Malaysia was RM6.36 million, produced from the trading activities of its four timber products, namely logs, sawn timber, plywood and veneer, totalling 8,191 m³. Logs and plywood products contributed the most to trade value this month, with trading volumes of RM1.45 million and RM3.92 million respectively. As there was no trading activity in the previous month, the value and total trading volume for logs increased by 100 percent in the current month. Plywood on the other hand, registered a 6.0 percent decrease in overall trading volume, while trade value increased by 2.6 percent from RM3.8 million to RM3.9 million. In September 2023, the total volume and trade value of sawn timber products increased by roughly 36 and 53 percent respectively, amounting to 70 m³ worth RM262 thousand compared to the previous month. In comparison to the previous month, the overall volume and trade value of veneer product decreased by 45 percent to 86 m³ with a trade value of RM237 thousand.

The trade value of timber products from Sarawak to Peninsular Malaysia was RM1.45 million in September 2023, with a total trade volume of 1,078 m³. The products traded were sawntimber and plywood. Plywood items dominated the trading volume, with a trade value of RM1.32 million and a volume of 997 m³. Sawn timber products had a trade value of RM136 thousand and a volume of 81 m³, respectively. However, total volume and trade value contribution for these two goods allegedly fell by 88 and 89 percent for sawn timber and 45 and 58 percent respectively, for plywood products compared to the previous month. For the record, there was no trade activity for logs and veneer products throughout the reporting month.

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

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Ms Satkuru said multistakeholder involvement and gender equality are other key ingredients of sustainable forestry.

“Empowering local communities—especially women—in decision-making and ensuring gender parity are essential for maximizing the social, environmental and economic benefits of sustainable forestry,” she said.

Ms Satkuru said that although sustainable tropical forestry contributes to almost all the Sustainable Development Goals, it is underfunded, both internationally and by national governments.

“More investment in sustainable tropical forestry is essential for promoting inclusive and resilient solutions,” she said.

After Ms Satkuru’s keynote address an interactive question-and-answer session provided opportunities for further exchanges with the audience present at the event.

https://www.itto.int, 18 October 2023

*AVERAGE DOMESTIC PRICES OF LOGS, SAWN TIMBER, PLYWOOD AND MDF IN PENINSULAR MALAYSIA, SEPTEMBER 2023 (RINGGIT MALAYSIA)					
SPECIES	LOGS/ton	SAWN TIMBER/m³			
	18" UP	GMS	STRIPS		SCANTLINGS
HEAVY HARDWOOD					
Chengal	6,000	9,887	4,944		9,887
Balau	3,477	3,290	2,059		3,857
Red Balau	2,425	2,790	2,472		2,419
Merbau	3,050	3,754	3,072		3,725
Mixed Heavy Hardwood	1,095	1,344	1,161		1,377
MEDIUM HARDWOOD					
Keruing	2,253	3,072	2,445		2,189
Kempas	1,903	2,189	2,172		2,489
Kapur	1,870	1,746	1,142		1,876
Mengkulang	1,929	1,384	1,460		2,013
Tualang	1,433	2,013	1,826		2,081
LIGHT HARDWOOD					
Dark Red Meranti	2,150	2,631	1,942		3,566
Red Meranti	2,240	1,919	1,801		2,307
Yellow Meranti	1,720	1,854	1,389		1,977
White Meranti	1,670	2,507	1,801		1,977
Mersawa	1,800	1,954	1,730		2,154
Nyatoh	1,523	1,530	1,548		1,412
Sepetir	1,487	1,871	1,436		1,591
Jelutong	1,250	2,119	1,589		1,819
Mixed Light Hardwood	1,210	1,352	1,118		2,260
MALAYSIAN RUBBERWOOD *Hevea brasiliensis*	LOGS/ton	SAWNTIMBER/m³			
		1" X 1"	2" X 2"	3" X 3"	4" X 4"
	185	1,270	1,380	1,165	1,555
PLYWOOD 4' X 8' (RM per piece)	4mm	6mm	9mm		12mm
	19.40	26.00	38.25		48.35
MDF 4' X 8' (RM per piece)	4mm	6mm	9mm		12mm
	12.90	23.66	31.50		37.60

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

INTRA-MALAYSIA TRADE - SEPTEMBER 2023						
	August-23		September-23		% change in volume	% change in value
	Vol (m³)	Val ('000 RM)	Vol (m³)	Val ('000 RM)	AUG/SEP	AUG/SEP
SABAH						
Logs	0	0	6,093	1,450	100	100
Sawn Timber	195	491	265	753	36	53
Plywood	1,849	3,833	1,747	3,923	-6	2
Veneer	155	432	86	237	-45	-45
SARAWAK						
Logs	0	0	0	0	0	0
Sawn Timber	691	1,214	81	136	-88	-89
Plywood	1,816	3,129	997	1,316	-45	-58
Veneer	9	13	0	0	-100	-100

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

FBX Index October 2023: Market Summary

The Freightos Baltic Global index decreased 23% month on month in September to $1,177/FEU as rates fell throughout the month from GRI-driven levels achieved in August across all the major trade lanes, including a rate collapse for Asia – N. Europe. These declines took place despite significant capacity reductions on most lanes, reflecting the general state of overcapacity now in the market, and marked an 8% decline from the level seen in 2019.

Transpacific spot rates to the West Coast closed the month at about $1,700/FEU for a 16% monthly decrease and East Coast prices decreased 21% to $2,713/FEU. The fact that planned September GRIs and PSSs did not materialise and that rates fell despite blanked sailings, likely signals that August was the peak month for this year's peak season.

However, prices to the West Coast remain 26% above 2019 levels, with East Coast rates about 10% lower than in 2019 and both lanes above July levels. Taken together with reports that utilisation levels remain strong, these spot levels – even with this month's declines – suggest that carriers are currently managing capacity successfully and preventing a rate collapse. They will seek to keep vessels full and prices from falling too much in the coming weeks through further blanked sailings and service suspensions – tasks that will only get more challenging as volumes ease and record levels of new capacity enter the global market.

Carriers did not have the same success on Asia – N. Europe lanes where rates crashed 41% in September to $1,025/FEU, an FBX record low for this lane. Despite significant blanked sailings and slow steaming, utilisation levels were poor, pushing rates below contract levels and the $1,300/FEU mark that carriers were able to sustain from April through July. Carriers will blank even more capacity – about 20% announced so far – in October to try and push rates back up even as volumes likely decline on this lane too.

Asia-Mediterranean rates also fell sharply this month, despite reports of resilient demand. Prices declined 31% to $1,585/FEU, its lowest level since late 2019 and 4% lower than in September of that year, as supply has outstripped demand on this lane as well.

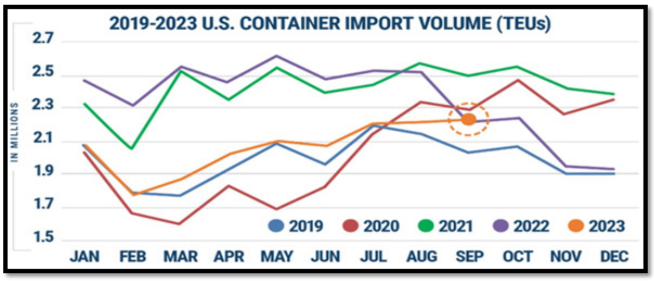
Transatlantic rates fell 12% this month to $1,047/FEU, 45% lower than in 2019. Volumes were likewise below 2019 levels, although they improved in July and August, suggesting that depressed rates are equally a function of overcapacity. Yet this lane's high share of capacity deployed via vessel-sharing agreements or by alliances is so far complicating carrier efforts to remove excess capacity and push rates up.

Source: Freightos, Baltic Exchange; October 06, 2023

US Container Imports Still Rising, Topping Pre-COVID Levels

There has been no shortage of doom and gloom about the "plunge" in U.S. imports this year. And yet, the numbers still don't show anything to be particularly gloomy about. U.S. imports have been rising month on month since February. They were up sequentially yet again in September, according to data released Tuesday by Descartes Systems Group (NASDAQ).

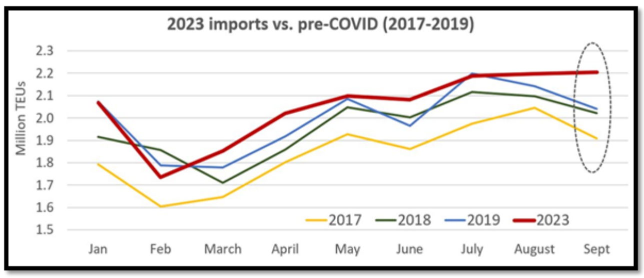
Descartes said the U.S. imported 2,203,452 twenty-foot equivalent units in September. That's up 0.3% versus August and up 27% from the low point in February amid Chinese New Year.



(Chart: Descartes. Data source: Descartes Datamyne)

U.S. imports over the first nine months of 2023 were 2.5% higher than in the same period in 2019, pre-COVID, according to Descartes' data. They were up 4.6% compared to the same period in 2018 and 11.4% versus January-September 2017.

This September's imports significantly exceeded pre-pandemic levels: up 8% from the same month in 2019, 9% from 2018 and 15.5% from 2017. Normally, volumes decline in September compared to August. This year, they held firm.



(Chart: FreightWaves based on data from Descartes Datamyne)

Indeed, this year's import numbers only look bad if you compare them to inflated levels seen during the one-off COVID-era shipping boom of 2021-2022. Negative sentiment based on such comparisons may stem from recency bias: the tendency to overemphasize the importance of recent events when estimating future events.

Imports from China building back up

According to Descartes' data, which is based on customs filings, September saw significant month-on-month import losses at ports in Los Angeles and New York/New Jersey, offset by significant sequential gains in Long Beach, California, and Tacoma, Washington.

Inbound volumes from China continued to be the primary driver of sequential growth — despite all the talk of nearshoring and supply chain diversification. U.S. imports from China — at 866,762 TEUs — accounted for 39.3% of total imports in September and were up 4.2% versus August. September imports from China were the highest since August 2022, according to Descartes' data.

Asia-US spot rates have retreated

Declining trans-Pacific spot rates likely signal that volumes will weaken in the fourth quarter, as predicted by the NRF and as they would seasonally in any normal, non-pandemic year. Spot rates logged double-digit gains between late June and mid-August (albeit off very low levels), giving container lines hope that post-boom returns might be less painful than expected. That hope faded as spot rates retreated. Spot rates sank in late August and throughout September before stabilizing at lower levels in October.

The Freightos Baltic Daily Index (FBX) assessed China-East Coast spot rates at $2,239 per forty-foot equivalent unit on Friday, down 24% from Aug. 17 and up only 2% from June 30. The West Coast lane has fared better. FBX's China-West Coast index was at $1,508 per FEU on Friday, down 17% from Aug. 17 but still up 26% versus June 30.

Source: freightwaves.com; October 10, 2023

Container Lines Set Out EU ETS Surcharges

Indications of charges to be levied by Maersk, Hapag-Lloyd, and CMA CGM to cover the costs of the EU Emissions Trading System (EU ETS) have been released this week, with estimates ranging from €7 to €105 per teu. From January the EU ETS will apply to all shipping coming to or leaving the EU or operating within EU waters.

The cap-and-trade system will impose an annually decreasing level of allowed emissions for companies, who will monitor their own emissions which will then be independently audited, and buy EU allowances (EUA) to pay for the carbon equivalent emissions.

In 2024 the EU ETS will cover 40% of emissions measured rising to 70% in 2025 and 100% in a year later, and in 2026 NOx and methane will also be included in the calculation for the EU ETS. However, services that start or end outside of the EU will only be charged at 50%, leaving the third country to decide on carbon charges in its jurisdiction.

Of the three carriers that have recently indicated what the EU ETS level will be, Hapag-Lloyd has given comprehensive figures, with a spokesman telling Seatrade Maritime News: "The EU ETS surcharge calculation for our customers is based on average weighted shipment emissions per sub-relation, achieved by distributing standardised costs. "We use the industry proven Clean Cargo Emission Calculation Methodology, which works with average emission factors based on a standardised utilisation roundtrip." According to the German carrier it aims to establish an easy to use calculator that customers can use to establish their emissions costs and "clearly displays the EU ETS added costs' levels." Hapag-Lloyd said it will recalculate its EU ETS charges on a quarterly basis.

Charges indicated by Hapag range from €12 per teu for dry containers and €31 per teu for reefers on the Asia to North Europe trades, €7 and €16 for East Asia to southern Europe, €9 and €16 on the Atlantic, and Europe to Africa will attract charges of €17 and €29 per teu for dry and reefers respectively. Hapag added customers that use Ship Green will receive a discount of 25%, 50% or 100% depending on which service was booked.

Maersk also has a green shipment option that will reduce its EU ETS surcharges, called ECO Delivery. However, Maersk indicates that its charges could be significantly higher than their German competitors. Far East to North Europe charges by Maersk are calculated at €70 and €105 per feu, with the return being €46 and €69. North America to the Mediterranean is gauged at €66 and €91 and the return journey is €91 and €137. CMA CGM said it used the EUA price of €90 per tonne of carbon and calculates Asia to North Europe charges will be €25 and €40 per teu, while Europe to North America is calculated at €43 and €65 per teu, respectively. It is expected that all lines will release the actual surcharges that will be levied as a result of the EU ETS at least 30 days before the regulation comes into effect.

Source: seatrade-maritime.com, October 13, 2023

FAK Rate Hike Fuels Jump in Long-haul Freight Rates

Long-haul freight rates pushed up for the second straight week ahead of the 1 November hike in freight-all-kinds (FAK) rates, supported by capacity withdrawals. The Shanghai Containerised Freight Index (SCFI) showed that on 28 October, Shanghai-North Europe rates averaged US$769/TEU, up 32% from the previous week.

There was a 10% increase in Shanghai-Mediterranean rates, to US$1,221/TEU, while Shanghai-US West Coast rates went up by 10%, to US$1,916/FEU, and Shanghai-US East Coast rates grew by 7%, to US$2,361/FEU. Consultancy Linerlytica however, warned that like previous gains, these could only be sustained with capacity discipline, as fundamentals remain weak.

The consultancy noted that German mainline operator Hapag-Lloyd has chartered nine 14,372 TEU ships from SFL and Enesel for five years after the 10-year charter on those ships to Evergreen Marine Corporation expired. The first two of the ships, Thalassa Hellas and Thalassa Patris, are being upsized at COSCO Zhoushan to increase their capacity from 13,808 TEU to 14,372 TEU. Thereafter, the ships will be renamed Norfolk Express and Savannah Express, respectively, and will join THE Alliance's Far East-US East Coast AA7 service in November.

Linerlytica said in its 30 October report, "The positive momentum on the transpacific routes will be difficult to sustain as capacity will increase through November after the cuts in October, while capacity utilisation continues to weaken on services to both coasts." The jump in Shanghai-North Europe rates was helped by THE Alliance's removal of the FE5 service in November. It is the first North Europe-bound service to be withdrawn this year, unlike the 2M and Ocean alliances, which have only blanked sailings impromptu.

Linerlytica stated, "The Ocean Alliance has failed to take any concrete capacity reduction actions which could trigger an eventual push back from its rivals. New vessel deliveries in October exceeded 200,000 teu for the fifth consecutive month while vessel scrapping remains immaterial, with just 22,000 TEU removed in the last 30 days. Competition between the top seven carriers is set to intensify with a record level of new ship deliveries scheduled in the coming year."

Source: container-news.com; October 31, 2023

SHIPMENT OF TIMBER AND TIMBER PRODUCTS THROUGH PORTS IN PENINSULAR MALAYSIA, SEPTEMBER 2023

Products	Port Klang		Kuantan		Pasir Gudang		Tanjung Pelepas		Penang		Total all ports (m^3)	% change Aug'23/ Sept'23
	m^3	% change	m^3	% change	m^3	% change	m^3	% change	m^3	% change		
Sawntimber	37,259	-8	3,729	1	654	-5	401	-21	4,543	3	46,585	-6
MDF	12,468	-9	0	0	1,230	-2	1,181	-31	4,761	-7	19,639	-10
Mouldings	7,458	-11	23	-48	1,237	-1	1,754	67	535	-43	11,007	-6
Plywood	3,396	-15	12	95	0	0	494	-16	10,192	-11	14,082	-12
Veneer	402	23	0	0	12	100	0	0	207	50	402	9
Particleboard	12,728	2	0	0	2,029	133	695	29	7,087	538	21,844	52
TOTAL	**73,710**	**-7**	**3,764**	**1**	**5,161**	**27**	**4,524**	**2**	**27,325**	**18**	**114,484**	**0**

Note: Indicates % change over previous month
Source: MTIB

ACHIEVING ASEAN COMMUNITY VISION 2045

Prepared by: RAHILAH YUSOF

The Association of Southeast Asian Nations (ASEAN) was established in 1967 and is deeply committed to enhancing the well-being and prosperity of its community. ASEAN is also a platform for cooperation within the Southeast Asia region, maintaining peace and stability with its non-interference policy. With its numerous initiatives in areas such as education, poverty eradication and health, ASEAN has uplifted living standards and improved access to essential services for millions of people in the region. Furthermore, the emphasis on people-to-people connectivity has strengthened social bonds, creating a sense of unity and solidarity among diverse cultures and nations.

However, how well the region does and where ASEAN will be in the next 20 years, will depend on its ability to evolve and develop resilience in the face of uncertainty and disruptions. The world has become more challenging and ASEAN is constantly reminded of the complex developments that are taking shape globally and in the region. Geopolitics in the ASEAN region continues to be shaped by complex relations between major powers. The global economy is also facing higher inflation pressures and interest rates. Disruptions to the global supply chain triggered by the COVID-19 pandemic and other developments have increased energy and food prices.

ASEAN is also facing socioeconomic challenges such as rapidly ageing societies, urban rural disparities, the impact of artificial intelligence on education and jobs, workforce relevance, climate change and the increase in climate-related disasters and public health emergencies. The pandemic has brought into sharp focus the region's vulnerability to a spectrum of health risks. These include not only infectious and non-infectious diseases but also underscore the region's heightened susceptibility to the impacts of climate change. All these external developments and regional challenges underscore the need to build a stronger and more united ASEAN Community.

Developing ASEAN Vision 2045

ASEAN Community Vision 2045 is a long-term development plan for ASEAN that aims to further integrate and strengthen the regional organisation by the year 2045. It builds upon the previous ASEAN Community Vision 2025 and envisions a more cohesive and prosperous ASEAN region. Achieving ASEAN Community Vision 2045 involves several key objectives and strategies which include:

Economic Integration: One of its primary goals is to deepen economic integration among ASEAN member states. This involves reducing trade barriers, harmonising regulations, and promoting greater economic cooperation. The vision includes the creation of an ASEAN Single Market and Production Base to facilitate the flow of goods, services, and investment within the region.

Sustainable Development: ASEAN Community Vision 2045 places a strong emphasis on sustainable development. This includes addressing environmental challenges, promoting clean and renewable energy sources, and ensuring that economic growth is inclusive and benefits all segments of society.

Political and Security Cooperation: To maintain regional peace and stability, ASEAN will continue to promote political and security cooperation. This involves conflict resolution, disaster management, and counter-terrorism efforts.

Cultural and Social Integration: Strengthening cultural ties and people-to-people connectivity is another crucial aspect of the vision. This includes promoting cultural exchange, education, and tourism within the ASEAN region.

Digital Transformation: ASEAN recognises the importance of digitalisation in the 21st century. The vision aims to harness digital technologies to enhance economic growth, improve governance, and bridge the digital divide within the region.

Institutional Strengthening: To implement the vision effectively, ASEAN institutions and mechanisms will be strengthened. This includes enhancing the capacity of the ASEAN Secretariat and ensuring that member states work closely together to achieve common goals.

Partnerships: ASEAN will continue to engage with external partners and international organisations to advance its goals. This involves building strategic partnerships with countries and organisations that share common interests with ASEAN.

Achieving ASEAN Community Vision 2045 is a complex and long-term process that requires commitment and collaboration from all ASEAN member states. It will involve overcoming various challenges, including differences in political systems, levels of economic development and cultural diversity. Regular summits, meetings and cooperation among member states are essential in monitoring progress and addressing any issue that may arise. Additionally, public awareness and engagements within ASEAN countries will ensure that the vision's benefits are felt by all citizens in the region. Overall, ASEAN Community Vision 2045 represents a commitment to a more integrated, prosperous, and harmonious Southeast Asia and its realisation will depend on the collective efforts and dedication of all ASEAN member states.

The way forward

The future of ASEAN holds both opportunities and challenges as it continues to evolve and adapt to changing global dynamics. ASEAN is expected to continue experiencing robust economic growth. The region's young and growing population, combined with its strategic location and abundant natural resources, makes it an attractive destination for investment and trade. ASEAN's economic integration efforts, such as the ASEAN Economic Community, will also contribute to greater regional economic stability and prosperity.

ASEAN is also actively working to improve physical and digital connectivity within the region. Initiatives like the ASEAN Infrastructure Fund and efforts to strengthen transportation networks and digital infrastructure will enhance regional connectivity, promote trade and facilitate economic growth. ASEAN's strategic location places it at the centre of global geopolitical dynamics. The region's stability and unity will be crucial in maintaining peace and security in Southeast Asia and the broader Asia-Pacific region. ASEAN will continue to engage with major powers while maintaining its policy of non-alignment.

ASEAN’s future direction is responsive to changing global and regional developments and challenges. There should be positive contributions and opportunities from regional integration and community building. ASEAN will need to be a responsible member of the international community. Strong partnership and cooperation will be needed to ensure that ASEAN post-2025 can bring tangible impact on the ASEAN community.

In conclusion, ASEAN's future will depend on its ability to adapt to changing circumstances, to effectively address emerging challenges and harness the opportunities presented by its strategic location and dynamic economies. Continued cooperation among member states and engagement with external partners will play a vital role in shaping ASEAN's future in the years to come.

EUCALYPTUS SPP.

INTRODUCTION

Eucalyptus is a genus of over seven hundred species of flowering trees, shrubs or mallees in the myrtle family, Myrtaceae. Along with several other genera in the tribe Eucalypteae, including Corymbia, they are commonly known as eucalypts.

Most of *Eucalyptus* species are indigenous to Australia, and there are representative species in each state and territory. Eucalyptus forests cover over three-quarters of Australia's land area. Wildfire is a common part of the Australian landscape, and many eucalypt species have adapted to it, resprouting after a fire or having fire-resistant seeds.

Eucalyptus have been grown in plantations in many other countries because they grow quickly and produce valuable timber, or they can be used for pulpwood, honey production, or essential oils. In Malaysia, Eucalyptus is considered a new species introduced and grown in plantations since 2020 through the forest plantation development programme. However, only 2 (two) species have been known to be planted - *E. pelitta* and *E. hybrid*. Some Eucalyptus species are extremely flammable and they have been banned in some countries because of this reason.

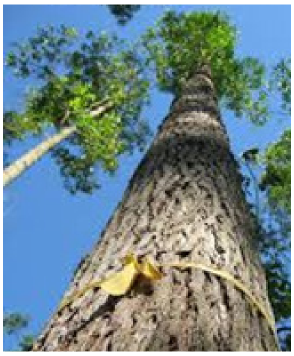
Eucalyptus spp. plantation in Malaysia

GENERAL CHARACTERISTIC

A *Eucalyptus* plant has a smooth, fibrous, hard, or stringy bark. Every year, the Eucalyptus adds a layer of bark, and the outermost layer dies. Approximately half of the species shed their dead bark, exposing a new layer of fresh, living bark. The dead bark can fall out in large slabs, ribbons, or small flakes.

Almost all *Eucalyptus* species are evergreen, however, some tropical species lose their leaves at the end of the dry season. Eucalyptus leaves, like those of other members of the myrtle family, are covered with oil glands. The abundance of oils produced is an important feature of the genus. Although mature Eucalyptus trees can be tall and fully leafed, their shade is typically patchy due to the leaves' tendency to hang downwards. A mature Eucalyptus plant's leaves are typically lanceolate, petiolate, apparently alternate, and waxy or glossy green. Seedling leaves, on the other hand, are frequently opposite; sessile and glaucous, though there are many exceptions to this pattern.

Some *Eucalyptus spp.* grows slightly slower than other plantation species such as Acacia mangium, planters prefer it because it requires less maintenance and can be planted in a wider range of soils, including clay soils and sandy soils. It is an excellent choice for living fences because it can be cut at fence post height and will usually regenerate. It can withstand barbed wire without becoming infected. It is not considered a social tree, however, because its deep root system typically denies competing trees access to water.



Eucalyptus spp. tree bole

Eucalyptus spp. flower and seed

TREATABILITY

Fresh-wood is susceptible to termite, wood-boring beetle and marine borers. Plantation grown wood is easier to impregnate with chemicals than wood from natural forest.

SEASONING

Shrinkage is moderate to high, radial shrinkage is 1.8% – 4.4%, while tangential shrinkage is 3.4% - 8.9%. Care is needed during seasoning, especially with the heavier timber, as back sawn boards tend to check; close stacking strips is important. Kiln drying heavier grades of Eucalyptus timber is only practicable in boards up to 25 mm in thickness. It is strongly recommended to air dry the wood to 30% moisture content prior to kiln drying. Boards of E. deglupta wood of 25 mm will require about 4 months air drying and 3 days kiln drying, while boards of 50 mm thick require about 6 months air drying and 4 days kiln drying.

WORKING PROPERTIES

The texture is moderately coarse to coarse, with fibre length 0.8 mm – 1.4 mm and it is non-durable wood. The colour of its heartwood is light brown to reddish-brown and the sapwood is white, cream or light pinkish. Its MOR value is 50 – 142 N/mm2 and its MOE value is 8,000 – 18,800 N/mm2.

DENSITY

505 – 760 kg/m3 air dry

Eucalyptus spp. glue laminated product.

DURABILITY CLASS

It is non-Durable

STRENGTH GROUP

It is in Strength Group C

USES

In some countries, *Eucalyptus* is planted primarily for pole production and sawn wood, as well as for the manufacture of boxes and pallets. Nowadays, Eucalyptus is used as a general-purpose timber. It is suitable for furniture components, interior finishing, panelling, moulding, staircase components, glue-laminated timber, particleboard, cement board, wooden pallets, charcoal and the production of pulp for paper manufacture.

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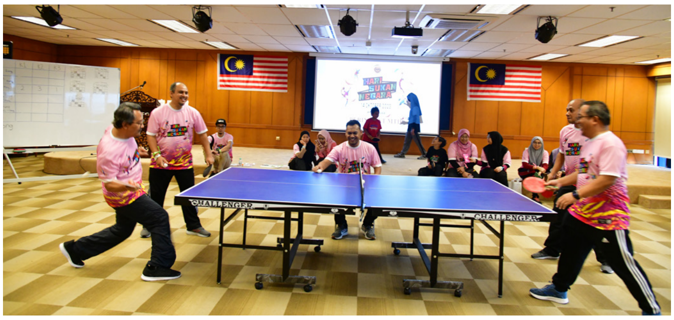
9 October 2023 – MTIB conducting “Program Jom Kenali FIDEC” with Malaysia Nuclear Agency at Fibre and Biocomposite Centre (FIDEC), Banting, Selangor



14 October 2023 – MTIB National Sports Day 2023

26 October 2023 – Courtesy visit from Furniture Industry Technology Center (FITEC)

25 October 2023 - “Mesyuarat Penyelarasan Pengurusan Sumber Manusia Bersama Agensi (MPPSMA)“ at KPK Putrajaya

29 October 2023 – YB Datuk Larry Sng Wei Shien, Chairman of MTIB, closing “Pertandingan Bowling Tertutup MTIB 2023”