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MTIB

MASKAYU

SEMINAR ON CONVERSION OF OPT INTO SAWNTIMBER AND PLYWOOD FOR FURNITURE APPLICATION

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Cover: The OPT clearly possesses great potential for manufacturing palm plywood and palm timber and has become an alternative raw material for the wood-based industry. Related seminar was held on 11 June. More details on pages 3 and 7.

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SEMINAR ON CONVERSION OF OPT INTO SAWNTIMBER AND PLYWOOD FOR FURNITURE APPLICATION

Official opening of the seminar by Datuk Himmat Singh, Secretary-General of MPIC.

MTIB is spearheading the development of the oil palm plywood and sawntimber industries to achieve quality standards suitable not only for the domestic but also international market. The oil palm trunk (OPT) is a biomass material resource from Malaysian oil palm plantations. It is suitable as raw material for the wood-based industry such as plywood and sawntimber mainly because the OPT is a renewable resource and is locally available on a sustainable basis.

The National Seminar on Conversion of Oil Palm Trunk into Sawntimber and Plywood and its Application in Furniture was held on 11 June in Kuala Lumpur. The one-day seminar was organised by MTIB.

The objectives of this seminar were to integrate the findings and insights from two industrial trials undertaken by the plywood and sawntimber industries in the manufacturing of oil palm plywood and sawntimber over a two-year period. It incorporated the results and findings of several research and development initiatives in the production process, especially in relation to techniques for oil palm veneer and timber drying and also quality enhancement.

The seminar also served as an important platform for local entrepreneurs and new players in the wood-based industry to obtain the latest information and R&D findings in manufacturing OPT products especially for plywood, sawntimber and furniture.

The seminar was launched by Datuk Himmat Singh, Secretary-General of the Ministry of Plantation Industries and Commodities, representing the Minister, YB Datuk Douglas Uggah Embas. He highlighted that Malaysia has an oil palm planted area of 5.3 million hectares, which accounts for close to 70% of agriculture land use and 16.3% of total land area. Palm trees yield less fruit upon reaching the age of 25 years and need to be replaced by new young trees. Taking into account the average annual replanting area of 130,000 hectares, between 2015-2032, the annual availability of OPT is estimated to be 18 million trees or 10 million m³. This presents an important source of sustainable raw material for the timber industry. He added that the OPT offer the potential for the production of 4.16 million m³ of plywood annually.

During the seminar, there was a product exhibition to showcase all the products made from OPT especially furniture. The exhibition proved a great opportunity to showcase the prototypes designed by TANGGAM designers. It was also a means of sharing knowledge and the R&D findings on OPT products.

On the home-front, the furniture sector offers many possibilities for palm plywood and palm timber. Timber-based furniture, in 2014, achieved earnings in export revenue of about RM8.01 billion contributing 32% of the total revenue for Malaysian timber products. The OPT clearly possesses great potential for manufacturing palm plywood and palm timber and has become an alternative raw material for the wood-based industry. Malaysian furniture manufacturers currently produce a wide range of furniture suited to all indoor and outdoor spaces such office, home and garden. With the furniture industry being highly export-oriented, there is a promising future for high quality Malaysian palm plywood and palm timber furniture for both domestic and export markets.

Dr. Jalaluddin Harun, MTIB Director-General (second from left) briefed on OPT products.

Panel of speakers.

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TIMBER WORLD IN BRIEF

BELARUS
Output of Sawntimber and Wood Products Decreases

In January-May 2015, Belarus sawntimber production dropped by 25% year-to-year to 263,200 m³. Furniture production declined by 2.7% and totalled at BYR3.59 trillion (USD233.79 million) in value. Woodworking and wood product output decreased by 3.5% to BYR5.691 trillion.

Lesprom, 16 June

CHINA
Government Spends Billions in Housing Renovation

The central government has allocated 185.9 billion Yuan (USD30.5 billion) for the renovation of run-down areas and dilapidated rural houses so far this year according to the Ministry of Housing and Urban-Rural Development (MHURD). MHURD spends 149.4 billion Yuan to renovate run-down areas, while 36.5 billion Yuan was allocated to rural housing, according to MHURD Vice Minister, Wang Ning.

The government is pushing to improve housing conditions amid rapid urbanisation. The State Council, China's cabinet, on Wednesday announced a plan to build 18 million apartments in urban areas and renovate 10.6 million rural houses between 2015 and 2017. The ministry will formulate an implementation plan for the programme and draft a financing mechanism. From 2008 to 2014, the central government allocated 450.6 billion Yuan to the programme.

Xinhua, 19 June

EUROPE
Parquet Production Continues to Fail

Figures from the European Parquet Federation (FEP) have revealed that production from its member companies has decreased by around 6.6% to 62.6 million sqm. If the production of companies which are not with the association is also taken into account the decline is smaller, at 1.1%. Consumption in the FEP member countries was estimated at 77.4 million sqm, down 6.4%. Germany was the largest consumer country with a share of around 21.5%. Poland was the largest producer, with a share of around 18.3% of the total amount.

Holz-Zentralblatt, 8 June

EUROPEAN UNION
Weak Trend in Tropical Wood Flooring Imports

EU imports of tropical wood flooring fell by 6% to 1.161 million sqm in the first quarter of 2015. In 2014, imports had stabilised with a small increase of 2%, after a very weak year in 2013. As a result, the overall down trend for tropical wooden flooring continues this year to 6% decline. This was due to the 25% drop in deliveries from Brazil to 163,000 sqm.

Deliveries were relatively stable from the other main supplier countries including Indonesia (+2% to 357,000 sqm), Malaysia (+1% to 350,000 sqm), and Viet Nam (-1% to 146,000 sqm).

IHB, June

Only Few Countries Not Fulfilled EUTR Obligations

On 19 June the European Commission has published a table with information on the state of implementation of the European Union Timber Regulation (EUTR) by the EU Member States. The table regards whether the member countries have complied with their obligations provided for by the EUTR.

Since the last published scoreboard in February this year significant progress was made by some countries. Now, the only countries with obligations in a process of fulfilment are Greece, Hungary, Poland, Romania and Spain. All other countries are considered to have fulfilled all their obligations under EUTR.

EC/IHB 23, June

Imports of Tropical Timber and its Related Products Up

The first quarter of 2015 saw EU countries importing tropical timber and products worth EUR517 million (USD574.21 million), up by 20.9% over the same period a year earlier, according to the Tropical Timber Association (ITTO). Some reasons for the strong increase are said to be the weak Euro and a low import rate in the three months to March 2014. Imports of tropical sawntimber grew by 10% to 257,000 m³.

Holz-Zentralblatt, 2 June

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FINLAND
Roundwood Purchases from Private Forests Increase

According to the Natural Resources Institute Finland, the industry purchased 3.5 million m³ of roundwood from private forests in Finland in May 2015, more than in any previous month in 2015. Stumpage price levels increased slightly. The price level of roundwood procured from private forests increased by 1.7% in May compared with April 2015. In comparison with 2014, the roadside price level was 0.3% lower in real terms. The increase in the average price of logs was mainly due to the price development of spruce logs. In May 2015, the real prices of both Pine and Birch pulpwood were 2% lower than the average prices in 2014.

Press Release, Natural Resources Institute Finland, 24 June

INDIA
FSC Certification Expands

FSC has recently certified close to 350,000 hectares of forests in Northern India. This area is not the largest certified in India, and represents nearly 40% of the total FSC-certified forest area in South Asia.

The 13 forest divisions now certified are owned by the State Forest Department of Uttar Pradesh, a state bordering Nepal. The forests shelters 50 significant tree species, such as Sal *(Shorea robusta)*, Sheesham *(Dalbergia Sisso)*, Eucalyptus and Khadira *(Acacia catechu).*

With this certification, Uttar Pradesh state hopes to increase the domestic supply of certified wood in India and also to support the forestry industry including small and medium companies in their efforts to promote certification. The total FSC-certified area of forests in India is now 811,815 hectares in nine different states, and 252 FSC chain of custody (CoC) certificates are currently registered.

FCS, 17 June

INDONESIA
Country Loses USD4 Billion from Illegal Logging

Poor governance has resulted in Indonesia losing USD4 billion (EUR3.53 billion) from illegal logging, said World Bank Managing Director and Chief Operating Officer, Sri Mulyani Indrawati. The country has been urged to enhance resource management and governance. The resource sector is also suffering from the lack of efficiency and transparency. The World Bank did praise the moratorium on the new fishing permit imposed by the government. According to the World Bank, the energy sector will require improved data on energy emissions and use.

Jakarta Globe, 11 June

MYANMAR
Currency Depreciation Pushing Up Logs Costs

Analysts report that mills in the country are experiencing a weaker market but with the continually weakening currency, log auction prices in kyat are rising. Some sawmillers claim that they are experiencing problems in running their mills due to rising raw material costs and demands for higher wages.

The depreciation of the kyat is now a major factor in the trade since the exchange rate against the dollar has fallen from MMK856 in December 2012 to MMK983 in December 2013 and to MMK1041 in December 2014. The exchange rates in 9 June were MMK1230 to the US dollar.

Teak traders are saying that market demand in Singapore, Thailand and China has slowed considerably and similar complaints have been heard from those trading with India. It is likely that demand in India will remain weak for some time as Indian stocks of teak logs purchased before the log export ban are still substantial.

ITTO, June

POLAND
Furniture Producers Report Falling Export Revenues

According to Eurostat, the Polish furniture industry noted a fall to EUR4.20 million (USD4.77million) in export revenues on the Ukrainian market in the first quarter of 2015, down from EUR7.9 million in the same period in 2014. Meanwhile, exports to Russia fell 20.4% and totalled EUR34.8 million. Analysts say that the situation in the East has a negative impact on Grajewo and Paged as they are feeling the impact of lower prices on spot markets. The furniture producer Black Red White is working on expanding onto the German markets. Similarly, Forte also intends to focus on Germany as well as the UK and France.

Rzeczpospolita, 25 June

TURKEY
Additional Customs Tax on Import Furniture

Turkish government has introduced additional taxes for import furniture. Some furniture groups, including bedroom and living room sets are imposed 50% additional tax while certain pieces and parts used by these furniture are imposed 25% additional customs tax. The new regulation covers furniture imported from countries which have no trade deals with Turkey. The additional taxes are expected to drop Turkey's furniture imports from USD1 billion (EUR889.34 million) to USD800 million in 2015. Large furniture retailers, including IKEA and Koctas, are said to be affected severely by the new regulation.

dunya gazetesi, 12 June

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MAY 2015

Malaysia: NCB Reduces Growth Target for Cargo Volume to 10% for 2015

For 2015, Malaysia-based port operator NCB Holdings (NCB) has lowered down its target for Northport's cargo volume growth by 10% from the previous year. According to Tun Ahmad Sarji Abdul Hamid, Chairman of NCB, the company would reach the target through improvements in its initiatives under its customer retention programme. Earlier on, the company targeted for a 30% growth in the cargo volume, at 3.3 million twenty-foot equivalent units (TEUs). Additionally, NCB wants to implement a three-pronged strategy, covering the construction of new wharfs to increase its port capacity, a customer retention measure, and the search for potential business partners, said Tun Ahmad Sarji. Meanwhile, the company is in talks with MMC, its new shareholder, and they are looking into logistics business synergies and mutual port operations.

Source: The Sun (Malaysia), 14 May

Malaysia: Logistics, Port Businesses to be Listed by MMC Corp

In Malaysia, logistics and ports operations are planned to be listed by MMC Corp. Ports and logistics operations of the group are managed via firms that include NCB Holdings, Johor Port and Port of Tanjung Pelepas (PTP).

In Malaysia, logistics and ports operations are planned to be listed by MMC Corp. Ports and logistics operations of the group are managed via firms that include NCB Holdings, Johor Port and Port of Tanjung Pelepas (PTP). However, no decision has been made on the listing proposal so far.

Source: The Sun (Malaysia), 26 May

China/Indonesia: New Surabaya – Qingdao Shipping Line to be Opened by Three Firms

A new shipping line will be jointly opened by Taiwan-based Evergreen Marine Corporation and two Chinese shipping firms, namely China Ocean Shipping Company (COSCO) and China Shipping Group, to link Surabaya City of Indonesia with Qingdao City of China's Shandong Province. A round trip for the shipping line will take 28 days. The new shipping line will be served by four container vessels between 2,000 TEUs and 2,700 TEUs. COSCO will operate two container vessels on the new shipping line, while China Shipping Group and Evergreen Marine will each operate one container vessel on the new shipping line. The new shipping line is scheduled to begin operation on 20 May 2015.

Source: Commercial Times, 15 May

Shipments of Timber and Timber Products Through Ports in Peninsular Malaysia, May 2015

Products	Port Klang		Kuantan		Pasir Gudang		Tanjung Pelepas		Penang		Total all Ports m^3	% Change May 2015/ Apr 2015
	m^3	% Change May 2015/ Apr 2015	m^3	% Change May 2015/ Apr 2015	m^3	% Change May 2015/ Apr 2015	m^3	% Change May 2015/ Apr 2015	m^3	% Change May 2015/ Apr 2015		
Sawntimber	48,65	-9	5,409	-10	1,638	-13	113	-81	6,568	-35	62,383	-13
MDF	23,614	-24	-	-	13,458	20	7,322	28	18,251	15	62,645	-2
Mouldings	12,343	-9	320	0	3,225	19	541	-20	1,710	-10	18,139	-5
Plywood	7,163	8	-	-	52	100	94	-7	6,855	-18	14,164	-6
Veneer	290	5	-	100	11	-100	-	-	252	-46	553	-26
Particleboard	31,093	-13	173	44	53	-74	35	-31	68	-	31,422	-13
TOTAL	**123,158**	**-12**	**5,902**	**-9**	**18,437**	**15**	**8,105**	**13**	**33,704**	**-8**	**189,306**	**-8**

Source : MTIB

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Denmark: Asia-Northern Europe Freight Rates to be Increased by Maersk Line

The Asia-Northern Europe freight rates of Maersk Line will be raised by USD800 (EUR717.78) per 20 TEUs beginning 1 June 2015. Maersk Line, which holds around 20% of market share on the Asia-Northern Europe routes, is a shipping company owned by Denmark-based AP Moller-Maersk.

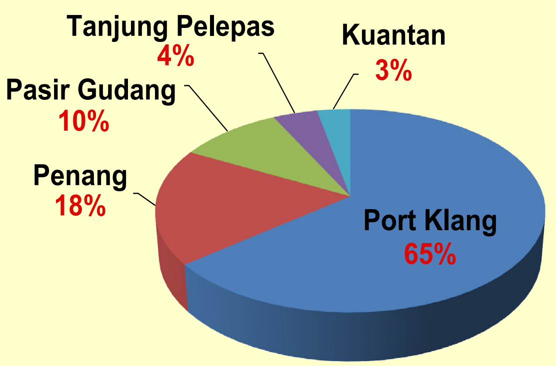
Source: Business Times (Singapore), 19 May

Australia: Victoria Starts Process to Privatise Port of Melbourne

The state government of Victoria has begun the process of privatizing the Port of Melbourne, the largest container port in Australia. In the previous Street Talk column, QIC and partners, as well as IFM Investors and Hastings Funds Management were highlighted as among the potential bidders for the port. The process is being undertaken through a 50-year lease route, and it is projected to generate between AUD5 billion (EUR3.56 billion, USD3.87 billion) and AUD6 billion, along with AUD900 million in federal asset recycling funds.

Source: Australian Financial Review, 27 May

Shipments of Timber and Timber Products through Ports in Peninsular Malaysia , May 2015



Total = 189,306 m^3

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Given also that consumers in developed countries are demanding that wood-based and furniture products in the market be eco-friendly, palm plywood, palm timber and palm furniture have the potential to be the new trend of next future market.

Ten papers were presented during the seminar as follows:

- Oil Palm Trunk:18 millions and Lets Use It by Dr. Jalaluddin Harun, Director- General of MTIB
- Market Potential of OPT Products by Mr. John Low Jeat Hong, Roland Berger Strategy Consultation Sdn. Bhd.
- Oil Palm Plywood Industries' Overview by Datuk Chua Hock Gee, The Malaysian Panel-Products Manufacturers' Association
- Palm Wood Timber Overview by Encik Gearge Tan Seng Hoe, President of The Timber Exporters' Association of Malaysia
- Processing of Oil palm Timber by Encik William Wong Kai Sing, Palm Wood Technology Sdn. Bhd.
- Thermal Modification and Ultra Fast Kiln Dry Process for Oil Palm Wood by Cik Tan Lih Tuan, Maxwell Wood Sdn. Bhd.
- Enhancement of Drying Process for Oil Palm Veneer by Encik Hashim W Samsi, FRIM
- Properties Enhancement of Oil Palm Plywood by Prof. Dr. Paridah Md Tahir, INTROP, UPM
- Cost of Production in Plywood Manufacturing Utilising OPT by Prof. Dr. Mohd Shahwahid Haji Othman, UPM
- Furniture and OPT: Just Not a Big Deal! by Encik Sujak Hasbollah, TANGGAM Designer

The seminar was attended by more than 200 participants which comprised representatives of various sectors of the timber industry, higher learning institutions and government agencies.

MAY 2015

Total export of Malaysian timber and timber products in May 2015 decrease 5% valued at RM1.8 billion over the previous month. Nevertheless, cumulative export for the period of January to May decreased 1% valued at RM8.8 billion over the corresponding period.

Sawntimber

Export of sawntimber in May 2015 decreased 3% in volume and 2% in value to 163,672 m³ with a value of RM255.4 million compared to the previous month. However, cumulative export for the first five months of 2015 increased 11% in volume and 15% in value to 870,007 m³ totalled RM1.2 billion over the previous corresponding period.

Export of sawntimber to the EU for the month increased 5% to 13,769 m³ from 13,133 m³ recorded in the previous month. Export to the Netherlands and France increased 5% and 43% to 6,603 m³ and 1,101 m³ respectively. Similarly, export to Italy increased to 651 m³ from 322 m³ in the previous month. On the other hand, export to Germany and the UK declined 15% and 21% to 1,848 m³ and 1,223 m³ respectively.

Total exports to West Asia decreased 40% to 17,779 m³ from 29,631 m³ in the previous month. Export of sawntimber to the UAE and Oman declined 27% to 6,614 m³ and 67% to 2,399 m³ respectively. There are no purchases made by Yemen for the month. In the meanwhile, export to Saudi Arabia and Qatar increased 358% and 27% to 5,528 m³ and 1,556 m³ respectively. Similarly, Kuwait purchased 4% more to 1,210 m³ from 1,165 m³ in the previous month.

Buying from ASEAN increased 18% to 68,832 m³ from 58,172 m³ in the previous month due to significant improved in the purchases made by the Philippines. Export to the Philippines increased to 24,831 m³ from 4,525 m³ in the previous month as a result of increasing construction activities in the countries particularly residential construction projects. Export to Thailand, major importer of Malaysian sawntimber decreased 19% to 33,737 m³ from 41,420 m³ in the previous month. Likewise, export to Singapore and Viet Nam decreased 13% and 34% to 9,398 m³ and 866 m³ respectively.

Likewise, shipments to East Asia declined 11% to 38,684 m³ as a result of decreasing demand from China and Taiwan. Export to China and Taiwan decreased 29% and 1% to 18,088 m³ and 10,017 m³ respectively. On the other hand, export to Japan and South Korea improved by 48% and 121% to 5,531 m³ and 4,439 m³ respectively.

Elsewhere, exports to the US increased 5% to 1,789 m³ and intake by Australia also improved slightly by 1% to 1,236 m³. However, demand from South Africa decreased 5% to 5,679 m³ from 5,982 m³ recorded in the previous month.

The average FOB price of sawntimber increased 1% to RM1,560 per m³ from RM1,539 per m³ in the previous month. Price of Dark Red Meranti (DRM) increased 6% to RM1,492 per m³ from RM1,413 per m³ in the previous month. Price of DRM to the Netherlands increased 6% to RM3,186 per m³ from RM3,002 per m³ in the previous month. Keruing was traded at RM1,672 per m³, an increase of 3% from the previous month.

Plywood

Total export of plywood in May decreased 18% in volume and 16% in value to 197,248 m³ valued at RM353.2 million as compared to the previous month. Similarly, cumulative exports for the period January-May 2015 decreased by 18% in volume and 14% in value to 1,098,272 m³ and RM1.9 billion respectively as compared to the previous corresponding period in 2014.

Total exports to EU decreased by 2% to 8,462 m³. Likewise, shipments to Belgium, Denmark, Germany, Ireland and Netherlands decreased by 57%, 2%, 50%, 18% and 5% to 264 m³, 125 m³, 43 m³, 351 m³ and 851 m³ respectively. However, France, Italy and UK increased their intake by 86%, 157% and 2% to 210 m³, 108 m³ and 6,430 m³ respectively.

Exports to ASEAN region decreased as Brunei, Singapore and Thailand intake of plywood decreased by 10%, 2% and 83% to 838 m³, 3,825 m³ and 1,220 m³ respectively whilst Indonesia did not make any purchases. In East Asia, exports to China, Hong Kong, Japan and Taiwan decreased by 4%, 23%, 6% and 29% to 3,394 m³, 3,813 m³, 97,484 m³ and 17,294 m³ respectively. However, South Korea increased its intake by 9% to 27,046 m³ in May 2015.

Overall, exports to West Asia decreased by 73% as compared to the previous month. Similarly, shipments to Saudi Arabia and UAE decreased by 22% and 14% to 2,892 m³ and 2,631 m³ respectively whilst Yemen did not make any purchases. However, Bahrain, Kuwait and Qatar increased their intake by 90%, 259% and 824% to 409 m³, 445 m³ and 832 m³ respectively.

Elsewhere, exports of plywood to South Africa, the US, Mexico and New Zealand increased by 9%, 166%, 133% and 10% to 534 m³, 8,673 m³, 3,756 m³ and 43 m³ respectively. However, Canada and Australia reduced their intake by 16% and 37% to 520 m³ and 2,676 m³.

The FOB price of plywood remained at RM1,753 per m³ as similar as in the previous month.

Veneer

Exports of veneer for May 2015 showed a decrease of 12% in volume and 13% in value to 19,194 m³ at RM26.8 million as compared to the previous month. Exports to China and Singapore recorded a decrease by 55% and 81% to 277 m³ and 3 m³ respectively. Similarly, Taiwan reduced its intake by 40% to 7,974 m³, whilst Canada, Sri Lanka and the UK did not make any purchases. However, exports to Australia increased by 73% to 230 m³ from 133 m3 from the previous month.

The FOB price of veneer decreased to RM1,394 per m³ from RM1,413 per m³ in the previous month, a decrease of 1% from the previous month.

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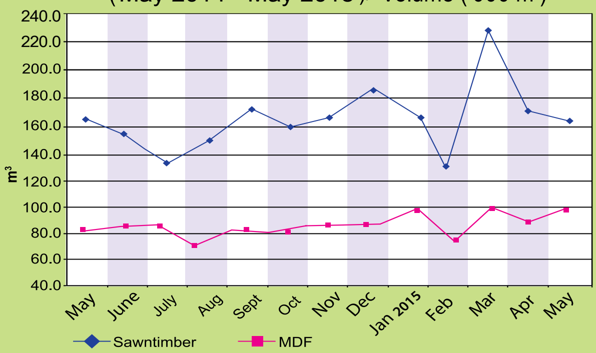
Medium Density Fibreboard (MDF)

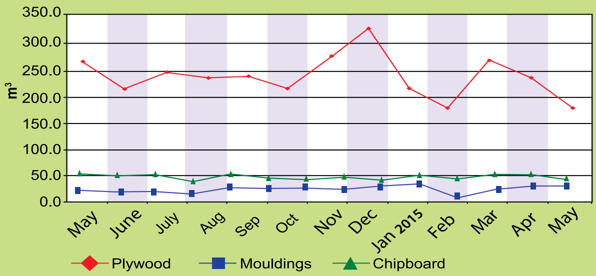
Malaysia's exports of MDF for May 2015 showed an increase of 10% in volume and 3% in value from the previous month. Export totalled 94,724 m³ at RM100.1 million.

Exports to East Asia registered an increase of 4% to 12,158 m³ from 11,711 m³ in the previous month. Exports to Japan increased by 8% to 11,314 m³ followed by Taiwan also increased by 5% to 619 m³. However, China (including Hong Kong) also decreased by 86% to 93 m³.

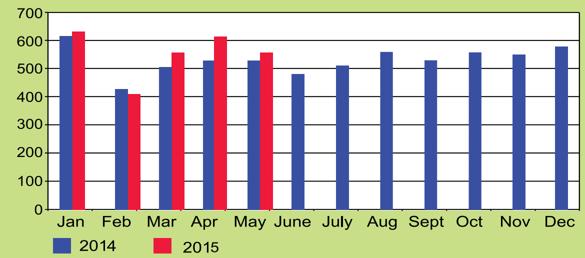
Meanwhile exports to West Asia in May 2015 also recorded a positive growth with an increase of 3% in volume to 39,724 m³ from 38,447 m³ in the previous month. Export to Oman recorded an increase of 158% to 2,315 m³ followed by Syria at 100% to 7,927 m³. Import from Iran also increased by 100% to 4,931 m³, followed by Bahrain increased 53% to 1,106 m³ and lastly Jordan increased by 3% to 3,199 m³. On the other hand, Saudi Arabia, UAE, Kuwait and Lebanon dropped by 6% to 4,677 m³, 43% to 11,233 m³, 44% to 3,421 m³ and 46% to 360 m³ respectively from the previous month.

Malaysia : Export of Major Timber Products
(May 2014 - May 2015)/ Volume ('000 m³)





Malaysia: Export of Wooden Furniture
(January 2014 - May 2015) /Value (RM Million)



Source : Department of Statistics, Malaysia

Furthermore, export to South Asia also recorded positive growth by 18% in volume to 14,327 m³ from 12,174 m³. Export to Pakistan and Bangladesh increased by 31% to 9,950 m³ and 18% to 1,483 m³ respectively. Meanwhile, India and Sri Lanka recorded negative growth decreased by 9% to 1,180 m³ and 17% to 1,671 m³.

Export to South Africa showed an increase by 41% to 484 m³ and demand for the US also increased by 10% to 2,016 m³. However, exports to Australia and the UK showed a marginal decreased by 37% to 1,837 m³ and 40% to 148 m³ respectively.

In ASEAN, total export to ASEAN region for this month showed decreased by 12% to 14,257 m³ from 16,111 m³ in the previous month. Export to Singapore and Indonesia increased by 432% to 330 m³ and 6% to 3,990 m³. However, export to Philippines and Viet Nam down by 15% to 2,063 m³ and 19% to 7,874 m³ respectively.

Mouldings

Exports of mouldings for the month increased by 5% in volume and 3% in value to 25,417 m³ and RM77.3 million respectively. Similarly, cumulative exports for the period January-May 2015 increased by 12% in volume and 16% in value to 114,819 m³ and RM334.9 million respectively as compared to the previous corresponding period in 2014.

Exports to the EU for the month recorded at 8,049 m³, an increase of 2% compared to the previous month. Shipments to Belgium, Netherlands and Italy increased by 1%, 8% and 61% to 610 m³, 4,269 m³ and 53 m³ respectively. However, shipments to Germany and the UK decreased by 9% and 12% to 1,607 m³ and 783 m³ respectively.

Exports to the ASEAN region increased as Singapore increased its intake by 43% to 1,919 m³. However, Viet Nam and Indonesia did not make any purchases. Meanwhile, exports to South Korea and China increased 14% and 20% to 1,988 m³ and 1,283 m³ respectively. However, Japan, Taiwan and Hong Kong reduced their intake by 14%, 48% and 40% to 2,368 m³, 429 m³ and 138 m³ respectively.

Elsewhere, export to Australia and Canada decreased by 12% and 77% to 3,041 m³ and 31 m³ respectively. In the meantime, the US increased its intake by 8% to 3,353 m³. FOB unit value decreased 2% from RM3,098 per m³ in the previous month to RM3,040 per m³ in May 2015.

Builders Joinery and Carpentry (BJC)

Total BJC cumulative exports from January to May 2015 decreased 4% to RM403.7 million as compared to RM419.7 million in the corresponding period last year. Similarly, cumulative import from January to May by the EU decreased 0.3% to RM114.9 million.

Exports to France, Denmark, Germany, Italy, Sweden, Norway and Turkey decreased by 7%, 29%, 36%, 46%, 21%, 36% and 53% to RM9.16 million, RM6.36 million, RM3.18 million, RM1.1 million, RM4.3 million,

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MAY 2015

Logs

The supply of logs was sufficient and accessible especially in Pahang and Johor. The overall domestic prices of logs for most of the species were reported to have maintained at last month's level.

Log prices for the species of Chengal, Balau and Merbau stood firm at RM4,000 per tonne, RM2,820 per tonne and RM2,600 per tonne respectively. Likewise, prices of Keruing, Kempas and Kapur continued to be traded at RM1,230 per tonne, RM1,190 per tonne and RM1,700 per tonne respectively. The prices of Dark Red Meranti, Red Meranti and Mersawa logs, however, rose significantly by 8.6%, 22.4% and 3.6% to RM1,900 per tonne, RM1,750 per tonne and RM1,450 per tonne respectively. Meanwhile, prices for Mixed Heavy Hardwood were traded at RM980 per tonne whilst Mixed Light Hardwood at RM860 per tonne.

Sawntimber

The average sawntimber prices remained firm in the domestic market whilst the industry reported that prices from overseas market continued to weaken.

The sawntimber prices of Chengal, Balau and Red Balau remained at RM6,638 per m^3 , RM2,825 per m^3 and RM2,966 per m^3 respectively. Similarly, sawntimber prices of Keruing and Tualang stood at RM1,624 per m^3 and RM2,260 per m^3 respectively. Meanwhile, Red Meranti, Mersawa and Jelutong prices improved by 2.4%, 1.5% and 1.0% to RM1,554 per m^3, RM1,448 per m^3 and RM1,391 per m^3 respectively compared to last month. On the other hand, sawntimber prices of Mixed Heavy Hardwood and Mixed Light Hardwood were continuously traded at RM1,306 per m^3 and RM794 per m^3.

Plywood

The depreciation of the Japanese currency and illegal logging in Sarawak have affected the plywood industry. With low demand and supply, the prices of plywood were reported as stable. Plywood prices of 4mm, 6mm, 9mm and 12mm of thicknesses were traded at RM14.60, RM22.00, RM34.50 and RM41.50 per piece respectively.

Medium Density Fibreboard (MDF)

The supply of MDF was reported to suffice, meeting the needs of the local market demand. Although there was positive demand from key end-users such as the construction and furniture industries, the prices of MDF still hovered at last month's levels. MDF of 4mm, 6mm, 9mm and 12mm of thicknesses were continuously traded at RM12.10, RM15.80, RM21.70 and RM28.10 per piece respectively.

Intra-Malaysia Trade *- May 2015

In comparison to the previous month, overall shipments for most of the timber products exported from Sabah to Peninsular Malaysia recorded negative growth due to the depreciation of the ringgit value. Shipments of sawntimber and plywood decreased slightly by 6% and 7% to 346 m^3 and 8,484 m^3, valued at RM654,000 and RM15.07 million respectively. Similarly, shipments of veneer jumped by 10% in volume to 35 m^3 worth at RM59,000 compared to the previous month.

Export of sawntimber from Sarawak to Peninsular Malaysia dropped significantly by 33% in volume to 678 m^3 worth at RM491,000. Meanwhile, export of plywood grew by 43% in volume to 8,736 m^3 valued at RM11.7 million. Conversely, export of veneer fell by 24% to 6,874 m^3 worth at RM9.2 million.

No intra trade from Peninsular Malaysia to Sabah and Sarawak was recorded in May 2015.

INTRA-MALAYSIA TRADE – MAY 2015

From	Products	APRIL 2015		MAY 2015		% Change in Volume	% Change in Value
		Volume (m^3)	Value (RM '000)	Volume (m^3)	Value (RM '000)	MAY 2015 / APRIL 2015	MAY 2015 / APRIL 2015
SABAH	Logs	0	0	0	0	0	0
	Sawntimber	368	617	346	654	-6	6
	Plywood	9,122	16,027	8,484	15,073	-7	-6
	Veneer	39	84	35	59	-10	-29
SARAWAK	Logs	0	0	0	0	0	0
	Sawntimber	1,012	1,252	678	491	33	-61
	Plywood	6,129	8,543	8,736	11,716	43	37
	Veneer	8,988	12,733	6,874	9,182	- 24	-28

Source : Department of Statistics, Malaysia

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MAY 2015

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***AVERAGE DOMESTIC PRICES OF LOGS, SAWNTIMBER, PLYWOOD AND MDF IN PENINSULAR MALAYSIA MAY 2015 (VALUE IN RM)**

SPECIES	LOGS/tonne	SAWNTIMBER/m³		
	18" UP	GMS	STRIPS	SCANTLINGS
HEAVY HARDWOOD				
Chengal	4,000	6,638	2,966	8,828
Balau	2,820	2,825	2,126	3,531
Red Balau	2,500	2,966	1,977	3,178
Merbau	2,600	3,743	3,107	2,772
Mixed Heavy Hardwood	980	1,306	784	918
MEDIUM HARDWOOD				
Keruing	1,230	1,624	1,250	2,203
Kempas	1,190	1,766	1,695	2,010
Kapur	1,700	2,248	752	2,331
Mengkulang	1,100	1,412	925	1,575
Tualang	1,310	2,260	1,377	2,295
LIGHT HARDWOOD				
Dark Red Meranti	1,900	2,190	1,601	2,754
Red Meranti	1,750	1,554	1,236	1,624
Yellow Meranti	1,100	1,400	1,130	1,400
White Meranti	1,040	2,119	1,521	1,695
Mersawa	1,450	1,448	975	1,201
Nyatoh	900	777	565	1,201
Sepetir	850	1,106	918	1,118
Jelutong	1,000	1,391	1,278	1,540
Mixed Light Hardwood	860	794	687	677

MALAYSIAN RUBBERWOOD *Hevea brasiliensis*	LOGS/tonne	SAWNTIMBER/m³			
		1" X 1"	2" X 2"	3" X 3"	4" X 4"
	160	706	1,045	1,080	1,186

PLYWOOD 4' X 8' (RM per piece)	**4mm**	**6mm**	**9mm**	**12mm**
	14.60	22.00	34.50	41.50
MDF 4' X 8' (RM per piece)	**4mm**	**6mm**	**9mm**	**12mm**
	12.10	15.80	21.70	28.10

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

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TIMBER ROUND-UP

RM0.21 million and RM0.72 million respectively whilst the Netherlands did not make any purchases. However, export to the UK and Belgium increased by 15% and 5% to RM65.7 million and RM21.5 million respectively over the previous corresponding period.

In Asia, exports to Singapore, Thailand, India, South Korea and the UAE decreased 4%, 3%, 100%, 46% and 83% valued at RM46 million, RM13.9 million, RM24,000, RM0.97 million and RM1.0 million respectively. However, exports to Viet Nam, Taiwan, Pakistan and Iran grew 70%, 6%, 4% and 126% to RM14.4 million, RM7.6 million, RM17.5 million and RM0.30 million respectively whilst Japan maintained its intake at RM20.6 million.

Exports to Australia, South Africa and Maldives increased by 9%, 57% and 223% to RM 59.8 million, RM7.5 million and RM4.2 million respectively. However, US reduced its intake by 5% to RM33.5 million.

Furniture

Malaysia's exports of wooden and rattan furniture between January and May 2015 increased by 5% to RM2.8 million as compared to RM2.6 billion recorded in the previous corresponding period of last year.

Purchase of wooden furniture from Malaysia for the January to May 2015 duration increased 6% from RM2.6 billion to RM2.8 billion compared to the same period in 2014. Demand for wooden furniture for May 2015 was positive across most major markets.Demand from the US remained firm as export rose 14% from RM817.8 million to RM933.8 million. However, export to Japan showed a decrease of 10% from RM213.8 million to RM192.8 million.

Imports by Australia improved by 30% from RM167.5 million in 2014 to RM217.7 million in the first five months of 2015. Similarly, Singapore increased its wooden furniture consumption by 3% from RM143.8 million to RM148.6 million. The UK follows suit with an increase import by 9% from RM138.4 million to RM150.5 million.

Canada decreased its intake of wooden furniture by 0.4% to reach RM113.0 million. The UAE also recorded a decrease of 5% to reach RM99.3 million in 2015. However, exports to Saudi Arabia improved by 38% to RM86.8 million. On the other hand, imports by India decreased by 6% to RM45.2 million in 2015.

Russia's also reduced its consumption by 57% from RM53.3 million to RM22.7 million. South Korea increased its wooden furniture consumption by 4% with a purchase of RM51.1 million for the first five months of 2015 from RM49.2 million to RM51.1 million in 2014.

Meanwhile, rattan furniture exports decreased by 23% to RM 13.7 million, compared to RM17.8 million recorded in the previous corresponding period. Demand from the UK and Singapore weakened by 5% to RM1.8 million and 54% to RM2.1 million. However, exports to Australia, France and the US increased by 24%, 89% and 3% to RM0.96 million, RM0.34 million and RM0.88 million respectively.

BIESSE ASIA TECHNICAL TOUR TO ITALY

Dr. Jalaluddin Harun, MTIB Director-General (right) with Mr. Daniele Campatella, Managing Director of Biesse Group Asia (centre) and Mr. Federico Broccolli, CEO of Biesse America.

Rapid globalisation for furniture markets has resulted in increasing competition and local Malaysian manufacturers have not been spared. They are forced to continuously improve their competitiveness by improving products and production technology. It is a prerequisite for manufacturers to equip themselves with necessary technology so that they can produce consistent quality products at competitive prices. Therefore Malaysian furniture manufacturers have to utilise the latest processing technology as well as automation to increase their production capabilities. This will enhance the industry to achieve greater throughput, greater manufacturing flexibility, reduced cost and improved quality, as well as to produce a wider product range.

Biesse Asia, a member of the Biesse Group organised a technical tour to Italy under the programme " Biesse Asia Tech Tour " from 14 to 19 June . Biesse Group is a company in Italy that produces various wooden furniture machines for panel and solid items, such as CNC, panel saw and edge bander. The delegation comprised Ministry of Plantation Industries and Commodities (MPIC) , MTIB officers, Bumiputera furniture manufacturers and Biesse Malaysia counterparts. They were led by Dr. Jalaluddin Harun, MTIB Director–General.

The visit aimed to enhance knowledge of the latest technology and of the wooden processing machines being developed by Biesse Group especially the CNC, panel saws and edge banders. The participants observed the installation process of the machines and their test runs. Biesse also organised visits to furniture factories which were using the machines purchased from them. During the visit, participants were given in-depth explanation on the machine's operations, from the beginning of production to the ready-to-be-distributed product. The group were also shown the machines that would be relevant to the SME industry in Malaysia.

Biesse Group which is based in Pesaro, Italy welcomed the group to their headquarters. The company produces different types of machines and component for wood, glass, stone, plastic and metal under different brands. The Biesse brand is for wood working machineries, Intermac is for glass and stone machineries, Mechatronics is for high-tech metal components and Diamut produces various cutting tools for processing glass, stone and ceramic. The group learnt about various machines specifications, the work being done and their safety aspects. Participants were shown the intricate aspect of building up and assembling various types of machines to produce solid and panel wood products.

Biesse Group also arranged visits to five timber and wood furniture factories which procured their machines. The group noted some important things during the visit. They were:

The need to improve processing technology to sustain economic recovery

The Italian woodworking industry had faced difficulties in the past three years due to the economic slowdown, but is are now in the process of recovery. The business prospect is on a positive trend with orders slowly coming in. By investing in machines that reduce processing time and are adaptable to the software system to deliver products within the timeframe, productivity will be greatly enhanced. The industry is now more focused on increasing profitability and continuing improvements in its processing technology.

Investing for survival and growth

Many furniture companies in Italy have invested in procuring modern machines for the sake of survival and growth. Despite increasing labour and operating expenditure, the decision to invest in the latest software and hardware systems have proven to be the right choice. It has created greater readiness to secure the market, with better products to gain buyers' acceptance, better design and product innovations, faster delivery time and readily available advanced designs for the future market.

Better products, reduced lead time, improved margins

Many manufacturing furniture companies in Italy run extremely lean systems with rigid scheduled hardware procurement and deployment of software systems that bring significant improvements in terms of process throughput for the companies. By investing in specific software and hardware applications, the Italian companies have manage to reduce lead time, improve overall operations, expand its market, produce better products, reduce cost and improve margins.

Gaining competitive advantage through technology

By investing in modern and advanced processing machines, the companies have created a more competitive market environment by adhering to customer demand for quality products and faster time into the market. The companies have managed to produce with shorter time leads, innovative products with a wide range of functionality and more product segments to capture the market.

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A group photo of delegation at Lago Company.

With the marketing tools becoming easier to handle through internet invention, more products have captured customer attention worldwide. Traditional ways of capturing the market, such as merely depending on media publication and promotion through Furniture Fairs no longer hold supreme. Now products can be traded via the internet. The Italians have successfully adapted to internet selling as today, a majority of the sales are done through the electronic media.

MTIB representatives were Puan Hjh. Zaibi Yakin, Encik Muhammad Fadhil Jaafar, Encik Mohd Nizam Hamid, Puan Nur Hayati Ahmad and Encik Mohd Asmawi Mohd Afandi. MPIC was represented by Puan Siti Muhaza Sh Zainal. The Bumiputera companies that took part in the programme were PSB Decoration Sdn. Bhd. , Homestead Sdn. Bhd. and Nasir Interior Sdn. Bhd.

MTIB delegation being briefed by a representative from Aran Cucine Company.

Production line st Biesse Group factory.

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UNITED KINGDOM
NHBC Reports Rise in House Building

Figures released by the National House Building Council (NHBC) revealed that 43,987 new homes were registered in the UK between March and May 2015, up 15% on the corresponding period the previous year. The NHBC figures showed a 17% rise in private sector home registrations, while public and affordable sector homes registrations were up 9% on the same period the year before.

This is Money, 26 June

UNITED STATES
China Secures Major Share of Imported Mouldings

Imports of hardwood mouldings dipped 1% to USD59.4 million in first four months of 2015. However, China increased its share of total US imports of hardwood mouldings to 35% based on the value of imports in January – April 2015 worth USD20.7 million and China's export to US grew 19% respectively.

Imports from Brazil declined 5 % to USD14.4 million, Meanwhile, moulding imports from Malaysia increased 7% to USD4.7 million, while imports from Canada declined 32% to USD6.6 million respectively.

USDA, June

Housing Starts Fall

US housing starts fell 11.1% in May to an annual rate of 1.04 million, following a sharp rise in April, when starts rose to the fastest pace seen since 2007. Single-family homes declined by 5.4% to an annual rate of 680,000, while starts in buildings with at least five units dropped by 18.5%, to a pace of 349,000.

However, building permits, a sign of future construction, increased 11.8% to an annual rate of 1.28 million units. This is the highest pace since August 2007. Permits have been above a 1 million-unit pace since July.

US Census Bureau, 16 June

Hardwood Flooring Imports Increase

US hardwood flooring imports increased by 30% in March from February to USD3.5 million, while imports of assembled flooring panels increased 20% to USD12.6 million. Imports from all major suppliers increased compared to last year.

China surpassed Malaysia and Indonesia in March at just under USD1million in hardwood flooring shipments. Imports from Malaysia were worth USD895,686 in March. The largest month-on-month growth was in flooring panels from Viet Nam.

Historically Viet Nam exported little flooring to the US market, but shipments of engineered flooring and similar assembled panel flooring surpassed the USD1 million marks in March this year. Almost half of all assembled flooring panels came from China in March (USD6.2 million), a year-to-date increase of 44%. Indonesia shipped almost USD800,000 worth of flooring panels and increased its share in total imports compared to the same time last year.

ITTO, June

VIET NAM
Export Value of Wooden Products Rises

In the months of January to May 2015, the export value of wooden products in Viet Nam rose year-on-year by 6.9% to USD2.56 billion (EUR2.25 billion), according to the Ministry of Agriculture and Rural Development. Lowered production of wood in Europe and the imposition of an anti-dumping tax for China's wooden products exported to the US has spurred the increase in the local wood production industry's exports. The US, Japan and China were the three biggest markets out of Viet Nam's 120 export markets for wooden products.

The three nations made up for 65.3% of the country's total export value. The European Union and South Korea stood at fifth and fourth places respectively. Viet Nam's enterprises approach to embrace modern production technology of countries like the US and Italy contributed to the rise in export value for the local enterprises.

VietnamPlus, 18 June

WEST AFRICA
Mills Lowering Production to Match Slow Demand

Log and sawntimber prices are unchanged from those reported at the end of May as demand in western international markets is very weak. Sawmills in the region are reported to be either cutting back on production or temporarily ceasing operations in an effort to match output with current levels of demand. Analysts remark that markets generally appear to have now entered a much quieter period and there are no signs of any substantial change in consumption of tropical hardwoods in Europe. Until the summer holiday period is over it is difficult to gauge how demand will develop in the second half of the year.

Importers in China are adjusting purchases in anticipation of a further weakening of demand as economic growth in the country slows. Log stocks in China are said to be still well above demand levels especially for Okoume and Okan. Producers in West Africa do not expect any marked change in demand and during these quieter conditions are managing output levels to sustain current prices while adjusting specifications to the recent mixed grade that some buyers are beginning to accept.

ITTO. June

TESCO MALAYSIA AND MTIB PRESENT BAMBOO GARDEN AT FLORIA 2015

Front view of the MTIB - TESCO bamboo garden.

MTIB and Tesco Malaysia showcased an array of exciting bamboo landscape applications in their Bamboo Garden at the Royal Floria 2015, Putrajaya Flower and Garden Festival from 30 May to 7 June. MTIB-TESCO emphasised on the use of bamboo, a non-timber forest product to create an attractive landscape, impressing many visitors. By incorporating various types of plants and flowers especially lily (*Lilium* spp.) a colourful and carnival-like atmosphere was created in the garden, in line with the theme of FLORIA 2015, “Tapestry Of Hue".

The garden was beautifully landscaped with 15 species of bamboo among which were the *Dendrocalamus, Bambusa, Schizotachyum, Gigantochloa* and *Thyrsostachys*. Visitors to the garden also saw the multiple uses of bamboo as building and structural material, furniture, bicycle, fabric, food and musical instruments. They also experienced the calmness and tranquillity infused by the sound of the bamboo-water wheel co-existing with the sounds of nature and water elements within the garden. This is the third collaboration between Tesco and MTIB in the yearly festival with both organisations showing the same passion towards educating and raising awareness on environmental issues to promote a greener earth. MTIB and Tesco Malaysia, which have an MoU to plant 500,000 trees within three years in Malaysia under its Greener Earth: Plant a Tree Campaign, have to date planted 105,000 trees.

Bedroom sets from bamboo.

In line with the objective to enhance environmental education, visitors to the bamboo garden were encouraged to participate in the bamboo quiz where they had the opportunity to learn more about bamboo whilst walking around the garden in search of all the information for the quiz. Various other activities and programmes, such as a demonstration on composting and fertilising, a bamboo musical challenge and performance, bamboo shoot sampling and a demonstration on bamboo fabric, were also held.

For their showcasing of the Bamboo Garden, MTIB and Tesco managed to bag the Special Jury award for the corporate sector.

Bamboo products.

Jury under the corporate sector category.

SEMINAR MALAYSIAN STANDARD (MS) ON TIMBER STRUCTURES

Participants attending the seminar.

Timber has been used throughout the ages as a construction material and today, it is must align with modern technologies in the industry. To successfully align the components, one must understand some basic principles that need to be considered such as strength, stability, durability, as well as the code of practice when dealing with timber as a structural component.

As Malaysia is a major producer of high quality timber , it is pertinent that our timber industry complies with standards in particular for timber used as construction components. At present, Malaysian Standard (MS) related to timber structures, consists of 12 parts and is currently used as reference by specifiers such as architects, engineers as well as developers, industry players and stakeholders such as Public Works Department (JKR). To enhance understanding of standards application for timber in construction, MTIB held a seminar on 16 June in Kuala Lumpur. Entitled Malaysian Standard (MS) on Timber Structure, the seminar aimed to share technical information pertaining to requirements for the components of glued laminated timber (glulam) and laminated veneer lumber (LVL) for use in structural applications. The seminar was officiated by Encik Mahadhir Mohamad from Department of Standards Malaysia.

Two papers were presented by Prof. Dr. Zakiah Ahmad from Uiniversiti Teknologi MARA, Shah Alam and Assoc. Prof. Dr. H'ng Paik San from Universiti Putra Malaysia. Prof. Dr. Zakiah presented a paper entitled MS 758:2001 Glued Laminated Timber-Performance Requirements and Minimum Production Requirements. The paper covered scope, general requirements, manufacturing requirements, quality control as well as marking. Prof. Dr. Zakiah updated the participants on the contents of MS 758:1981 which was published as MS 758;2009. She also talked about innovative engineered timber products such as glulam and cross laminated timber which are widely used by developed countries including Germany, Austria, and Canada. The MS was also a reference for glulam manufacturers when specifying glulam for projects in Malaysia as well as internationally such as Galeri Glulam Johor Bahru , Crops-for-Future-Research-Centre and the Malaysian Pavilion for Milano Expo 2015.

Dr. H'ng Paik San presented MS 544, Part 12: 2006, Code of Practice for Structural Use of Timber: Part 12 - Laminated Veneer Lumber for Structural Application. He explained that LVL is an engineered wood product that uses multiple layers of veneer assembled with adhesives which consists of thin sheets of wood veneer bonded with adhesives and oriented with the grain parallel in the long direction. He also talked about the progress made in the development of the Malaysian Standard (MS) whereby the Working Group was established in 1999 and a total of 33 meetings had been held to develop this standard. The MS covers application, durability, structural properties, connections and permissible stress. Both MS will be revised to include new information as well as to align with the latest standards being deliberated at ISO level.

The seminar received a positive response from the industry and stakeholders. More than 80 participants attended the seminar, representing government agencies, related stakeholders such JKR, CIDB, PAM, higher learning institutions as well as industry players and end users.

Q & A Session.

RCEP SWG-ROO Negotiation

The Eight Regional Comprehensive Economic Partnership (RCEP) of the Trade Negotiating Commitee (TNC) and Related Meetings were held from 8 to 13 June in Kyoto, Japan. RCEP is a proposed free trade agreement (FTA) between the ten member states of the Association of Southeast Asian Nations (ASEAN) and the six countries with which ASEAN has existing FTAs (Australia, China, India, Japan, South Korea and New Zealand).

RCEP is an ASEAN-led organisation and aims to achieve a modern, comprehensive, high-quality and mutually beneficial economic partnership agreements among RCEP members. The RCEP aims to bring together the 16 countries into a huge cohesive economic partnership with emphasis on promoting inclusive and equitable growth. It further aims to streamline and integrate the ASEAN+1 FTA's into a single and more coherent trade and investment architecture in the region. The RCEP will cover trade in goods and services, investment, economic and technical cooperation, intellectual property, competition, dispute settlement and other issues agreed by RCEP parties.

Meeting in Japan, 8-13 June 2015.

MTIB participated in the Sixth Meeting of the RCEP Sub Working Group on Rules of Origin (SWG–ROO) which was held from 9 to 13 June in Kyoto, Japan. Representatives from all ASEAN Member States and ASEAN FTA Partners (AFPs), and staff members of the ASEAN Secretariat attended the meeting. The meeting was chaired by Ms. Suchaya Chinwongse, Director of Rules of Origin Division, Customs Department of Thailand and facilitated by Mr. Yasuhisa Suzuki, Senior Coordinator, Economic Partnership Division, Economic Affairs Bureau, Ministry of Foreign Affairs of Japan.

Malaysian delegation attending the Sixth Meeting of the RCEP Sub Working Group on Rules of Origin.

The Sixth Meeting of the RCEP SWG-ROO was held in plenary. The meeting discussed the follow-up of the decisions made during the Seventh RCEP TNC and Working Group on Trade in Goods which was held from on 9-13 February 2015 in Bangkok, Thailand. Other agenda also included the structure, the elements and the text of the rules of origin (ROO) and its operational certification procedures (OCP), product specific rules (PSRs) negotiations and the work plan and early harvest initiatives under the RCEP economic and technical cooperation.

The meeting agreed that the work plan for PSRs negotiations should be treated as a living document, subject to revisions by taking into account the progress of the negotiations. ASEAN Member States, Australia, China, India, Korea, New Zealand and the ASEAN Secretariat expressed their gratitude and appreciation to the host country, Japan for the hospitality and excellent arrangements made for the meeting. The upcoming Seventh RCEP SWG-ROO Meeting will be held in parallel with the Ninth RCEP TNC which is scheduled to convene on 3-7 August 2015 in Nay Pyi Taw, Myanmar.

The Sixth Meeting of the RCEP Sub Working Group on Rules of Origin in session.

The Malaysian delegation to the RCEP SWG-ROO meeting was led by the Encik Muthafa Yusof, Strategic Trade Controller of the Ministry of International Trade and Industry. MTIB was represented by Cik Hjh. Robiyah Hj. Husin, Senior Deputy Director of Trade Development.

TECHNICAL TRAINING ON FURNITURE TESTING AT FIRA INTERNATIONAL, UNITED KINGDOM

In conjunction with the establishment of a furniture-testing laboratory at the Fibre and Biocomposite Centre (FIDEC), MTIB officers attended technical training on furniture testing to gain a better understanding of furniture testing procedures according to British and European Standards.

The objective of this technical training was to explore standard testing procedures, documentations and safety requirements. The training was held at the Furniture Industry Research Association (FIRA International Limited), United Kingdom from 15 to 26 June.

FIRA International was established over 60 years ago. FIRA International provides a wide range of independent expert services that are not only dedicated to the global furniture supply chain, but also to furniture testing, furniture certificates and ergonomic consultancies. It is also a training centre and to safe guards the industry through managing the Association's membership activities.

Both theoretical and practical approaches were applied to enhance knowledge and skills when conducting the testing. Thirty furniture testing modules were conducted in accordance with British and European Standards requirements. The modules are:

Item	Standard	Title
1	BS 7176	The Furniture and Furnishing (Fire)- Safety Legislation
2	BS EN 747-1&2 (2012)	Bunk Beds and High Beds for Domestic Use- Safety Requirement and Test Methods
3	BS EN 1725 : 1998	Domestic Furniture Beds and Mattresses - Safety Requirement and Test Methods
4	BS EN 12520: 2010	Strength, Durability and Safety Requirement for Domestic Seating
5	BS EN 1022 : 2005	Domestic Furniture Seating. Determination of Stability
6	BS EN 16139 : 2013	Furniture, Strength, Durability and Safety - Requirement of Non-domestic Seating
7	BS EN 12727 : 2000	Ranked Seating - Test Methods and Requirement for Strength and Durability
8	BS EN 1728 : 2001	Domestic Furniture Seating. Test Methods for the Determination of Strength and Durability
9	BS EN 1728 : 2012	Domestic Furniture Seating. Test Methods for the Determination of Strength and Durability
10	BS EN 1729 Part 1	Chairs and Tables for Educational Institutions - Functional Dimension
11	BS EN 1729 Part 2	Chair and Tables for Educational Institutions - Safety Requirement and Test Methods
12	BS 4875-7 : 2006	Domestic and Contract Storage Furniture - Performance Requirement
13	BS EN 14749 : 2005	Domestic and Kitchen Storage Units and Worktops - Safety Requirement and Test Methods
14	BS 4875-8 : 1998	Domestic and Contract Storage Furniture - Methods for Determination of Stability
15	BS EN 16122 : 2012	Non - domestic Storage Furniture - Requirement for Safety, Strength, Durability and Stability
16	BS EN 12521 : 2008	Strength, Durability and Safety Safety Requirement for Domestic Tables
17	BS EN 15372 : 2008	Strength, Durability and Safety Requirement for Non - domestic Tables
18	BS EN 1730 : 2000	Domestic Furniture. Tables. Test Methods for Determination of Strength, Durability and Stability
19	BS EN 1730 : 2013	Strength, Durability and Safety Requirement for Non - domestic Tables
20	BS EN 1355 Part 1	Office Furniture - Office Work Chair. Determination of Dimension
21	BS EN 1355 Part 2	Office Furniture - Office Work Chair. Safety Requirement
22	BS EN 1355 Part 3	Office Furniture - Office Work Chair. Test Methods
23	BS EN 527 Part 1	Office Furniture. Work Tables and Desks
24	BS EN 527 Part 2	Office Furniture. Work Tables and Desks. Mechanical Safety
25	BS EN 527 Part 3	Office Furniture. Work Table and Desks. Methods of Test for the Determination of the Stability and Mechanical Strength of the Structure
26	BS EN 1023 Part 2&3 : 2000	Office Furniture - Screen, Mechanical Safety Requirement and Test Methods
27	BS 8509:2008 +A1: 2011	Children's Beds for Domestic Use - Safety Requirement and Test Methods
28	BS EN 716 Part 1: 2008	Furniture - Children's Cots and Folding Cots for Domestic Use - Safety Requirements
29	BS EN 716 Part 2: 2008	Furniture - Children's Cots and Folding Cots for Domestic Use - Test Methods
30	FIRA-FRQG C001	Children's Domestic Furniture - General Safety Requirements

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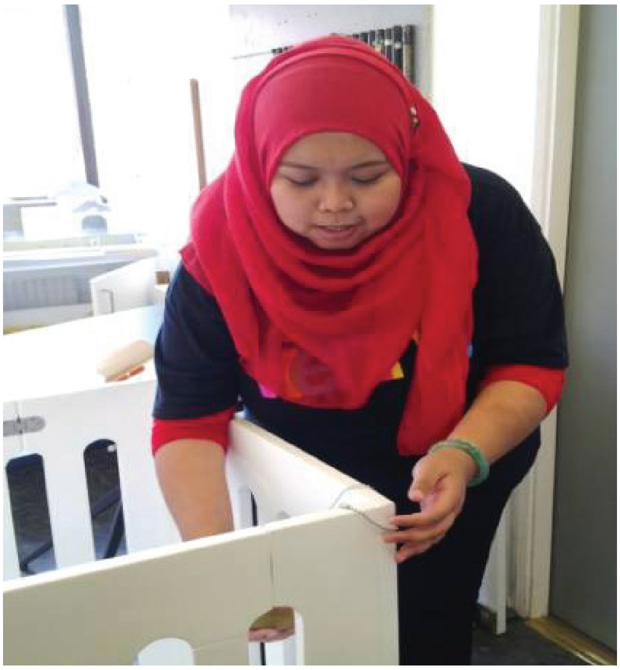
MTIB officers with FIRA's lab personnel.

MTIB representatives also attended a meeting for furniture testing machinery and equipment specifications with FIRA's Testing Manager, Mr. James Howard. On the last day, training certificates were handed to Dr. Loh Yueh Feng and Cik Zamzarina Ahmad for successfully completing all the modules.

Dr. Loh Yueh Feng, Research Officer of MTIB conducting stability furniture testing with FIRA's technician.



Cik Zamzarina Ahmad, Research Officer of MTIB conducting children furniture safety testing.

Dr. Loh Yueh Feng conducting bunk bed structural and safety testing.

14th MEETING OF THE WORKING GROUP ON A PAN ASEAN TIMBER CERTIFICATION INITIATIVE

Group photo with all the delegates for the 14th Meeting of the Working Group on a Pan ASEAN Timber Certification Initiative (14th AWG-PATCI) .

The 14th meeting of the Working Group on the Pan ASEAN Timber Certification Initiative was held on 3 – 4 June in Manila, Philippines. The meeting was attended by delegates from Cambodia, Lao PDR, Myanmar, Philippines, Thailand, Malaysia and the representatives from the ASEAN Secretariat. The representatives from the EU-FLEGT Facility, Responsible Asia Forestry and Trade – The Nature Conservancy (RAFT-TNC) and consultants supported by the GIZ – ASEAN German Programme on Climate Change (GIZ GAP-CC) were also present at the meeting. Malaysia was represented by Ministry of Plantation Industries and Commodities (MPIC - Head of Delegation), MTIB, Malaysian Timber Certification Council, Malaysian Timber Council, Sarawak Timber Industry Development Corporation and Sarawak Forestry Corporation.

The delegates were welcomed by Director Ricardo L. Calderon, Forest Management Bureau, Department of Environment and Natural Resources (DENR). The Director highlighted the challenges in marketing forest products especially matters related to market requirement for forest product such as forest certification. This is due to differences in economic development level and priorities of individual countries. He emphasised the need to strengthen cooperation through learning from each other.

Encik Mad Zaidi Mohd Karli, Senior Under Secretary of the Timber Tobacco and Kenaf Industries Development Division, MPIC, delivered the opening remarks on behalf of Malaysia as the Lead Country for this initiative. He recalled the objective of the ASEAN forest cooperation which was to enhance competitiveness of forest products to be consistent with national requirements and to promote sustainable forest management. Since its establishment in 2002, the WG-PATCI has contributed significantly to the formulation of some ASEAN guidelines and facilitated dialogues on forest certification development in the region.

In the closed sessions, the Philippines and Thailand were elected as Chairman and Vice Chairman of the WG Meeting. Subsequently, the agenda was adopted and followed by discussions on the progress of the Implementation of Policy Framework Related to ASEAN Cooperation in Forestry. Mr. Dian Sukmajaya, representative of the ASEAN Secretariat informed the outcome of the ASEAN Senior Officials on Forestry (ASOF) Meeting and other related meetings on issues relevant to WG-PATCI.

The meeting continued with each country's progress report on legality and sustainability development. These included the development of forest management systems, updates of a system (re-endorsement of the MTCS, Malaysia), a temporary ban on productive forest area (Lao PDR), an on-going capacity building activity to develop local expertise in Chain of Custody (CoC) system implementation (EU-FAO FLEGT Support Programme with Philippines) and an application for membership to PEFC (Thailand).

On the "Progress on a Stock Taking Study on Existing Initiatives for Ensuring legal and Sustainable Timber in ASEAN" which was done by a consultant funded by GIZ GAP-CC, ASEAN Member States needed to give their feedback as they aimed to present the outcome in the coming 18th ASOF Meeting in Jakarta by August 2015.

Next, the EU FLEGT Facility presented their report on the Fourth Sub-Regional Training Workshop on Timber Legality Assurance, October 2014 which was held in Lao PDR which were jointly organised by the EU FLEGT Facility, the ASEAN Secretariat, the Ministry of Agriculture and Forestry of Lao PDR and GIZ Lao.

Further discussion related to Forest Law Enforcement, Governance and Trade, Voluntary Partnership Agreement (FLEGT VPA) by country representatives took place.

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Chairman of Meeting, Director Ricardo L. Calderon from Forest Management Bureau, Department of Environment and Natural Resources (DENR), Philippines.

Encik Mad Zaidi Mohd Karli from MPIC delivering his opening remarks on behalf of Malaysia as the Lead Country for this initiative.

Representative of Lao PDR, Malaysia, Myanmar, Philippines and Thailand then presented their development, information and experiences on their preparation for negotiation with the EU on VPA.

The representative from Lao PDR noted that their consultation process was still on-going, while trainings and workshops had been conducted for negotiation and technical support in the VPA preparation. They had also organised meetings with Germany to accelerate the implementation of ProFLEGT.

Malaysia briefed on her current development, particularly updates on a study to set up an integrated information system with the various Implementing Agencies. Myanmar stated that the country had officially started the VPA process in November 2013. The inception workshop on EU-Myanmar FLEGT VPA preparation phase has been conducted and an Interim Task Force has been established to develop the working plan for the preparation phase.

Meanwhile the Philippines stated that they were still looking into the possibility of engaging in the VPA process. Thailand on the other hand, said that they were still in the initial stage of negotiation which began in 2012. They have submitted the first legal definition for timber exported to the EU and was currently working on the indicators and verification elements of timber and timber products. A series of regional workshops with relevant stakeholders will be conducted on the timber legality definition of VPA negotiation.

RAFT-TNC presented the potential areas for collaboration including technical and advisory support to inform harmonisation of standards related to forestry and wood or paper products trade. Likewise, RAFT-TNC's activities include sharing models and best practices in responsible forestry and trade from across ASEAN, acting as capacity building support and outreaching to major markets to strengthen incentives for responsible forestry and trade in the ASEAN region.

There were also proposals by the EU FLEGT Facility on potential collaboration and support to an ASEAN cooperation in forestry especially activities promoting sustainable management and FLEG related issues.

MTIB was represented by Cik Farydatul Nazly Mohd Zin, Puan Sunita Muhamad and Puan Emie Syarina Norizan.

Faces of Malaysian delegation attending the 14th AWG-PATCI Meeting.

MALAYSIA RE-APPOINTED AS CHAIR OF TASK FORCE ON WOOD-BASED PRODUCTS

The Sixth Meeting of the Task Force on Wood-based Products (TFWBP) was held on 9 June in Siem Reap, Cambodia and it was chaired by Pn Hjh. Mahsuri Mat Dris from Malaysia. The meeting was held back to back with the Task Force on Building and Construction and WG1 meetings. Four main agendas were discussed in the TFWBP meeting namely exchange of information on the existing technical requirements and regulations in the wood-based sector among member states, harmonisation of the technical requirements in the wood-based products sector in ASEAN, technical assistance and capacity building for the wood-based products sector as well as an action plan for TFWBP.

With regards to the mandatory requirements for wood-based products standards, currently only the Philippines has a mandatory requirement for plywood products and it is now under review for possible downgrading as a voluntary standard. As for the harmonisation of standards, TFWBP agreed to harmonise a total of 34 standards and also to insert the 12 additional standards on wood-based panels as a second priority of harmonisation, as originally proposed by Malaysia in the Fourth TFWBP Meeting. Recognising the importance of capacity building on testing requirements to support the harmonisation of standards and MRA, the *"Regional Workshop on Establishing Cross-references on Wood Products Quality Assessments and Standard Testing among ASEAN Member States"*, was conducted prior to the meeting from 25-28 May at Forest Research Institute, Kepong, Selangor, Malaysia. The way forward from the workshop was highlighted in the meeting by the Chair of TFWBP as follows:

- To harmonise standards in ASEAN for small clear specimen (solid timber);
- To harmonise standards in ASEAN for full size specimen (solid timber);
- To harmonise standards in ASEAN on wood-based panel;
- To harmonise standards in ASEAN on furniture testing;
- To draft an ASEAN strength grading system for solid timber;
- To create a website for ASEAN timbers (eg. For Malaysian species go to timbertech.frim.gov.my) ***Note:*** *Standards are to be based on ISO (priority) or EN/ASTM/JIS/JAS if ISO is not practical;*
- To harmonise standards in ASEAN for fire performance of timber in later stage;
- To make a list of recommended equipment (price, brand name) for testing of solid timber and wood-based panel;
- To undertake inter-laboratory cross-checking (ILCC) for selected tests among ASEAN labs.

Based on the data on the most traded products which was compiled and tabled by Malaysia, TFWBP agreed to harmonise plywood and furniture as a priority on the list for harmonisation of standards in ASEAN. Since the list of standards for furniture has yet to be compiled by the ASEAN member states, Malaysia was tasked to send a master list of ISO Standards pertaining to furniture products to AMS and subsequently the AMS is required to identify the standards on furniture (including testing) based on ISO lists that are currently in used.

The meeting also discussed and revised the Action Plan of Task Force pertaining to discussions and steps taken during the meeting. TFWBP would consider embarking on MRA as a next step after harmonisation of standards in the wood-based sector. EU-ARISE will be invited to conduct a workshop on the mechanism of development of an MRA, based on the ASEAN Guideline for Development of MRA. In addition ISO representative will also be invited to share the latest development of ISO test methods standards in support of inter-laboratory cross-checking (ILCC) in ASEAN member states, which may be beneficial to the wood-based sector.

The 38th WG1 on Standards and Conformance meeting was held from 11 to 12 June. The meeting which was chaired by Encik Ridzwan Kassim from Malaysia discussed all PWG products under the purview of WG1 including wood-based ones. There was also presentations by EU-ARISE on the action plan for WG1 as well as a presentation by ISO Regional Office Singapore on ISO's Work in the ASEAN Region and suggestions for greater partnership between WG1 and ISO. One of the plans is the Policy and Guideline for Harmonisation of Standards. This is to assist AMS in establishing the database for harmonised standards and the draft is expected to be delivered by July 2015. The WG1 endorsed and extended the term of TFWBP for partnership between WG1 and ISO. One of the plans is the Policy and Guideline for Harmonisation of Standards. This is to assist AMS in establishing the database for harmonised standards and the draft is expected to be delivered by July 2015. The WG1 endorsed and extended the term of TFWBP for another three years beginning October 2015. In the same premise, the meeting unanimously agreed to re-appoint Puan Hjh. Mahsuri Mat Dris from Malaysia as Chair of TFWBP.

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Delegation for TFWBP meeting.

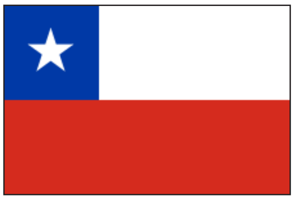
Aside from the meetings, a one-day workshop on the ASEAN-PTB Project which covered the Framework of the ASEAN–PTB Cooperation (Phase I), a brainstorming session on the Analysis (SWOT) and Identification of WG 1-PTB Project activities such as training on good practice in standards development, training on risk assessment methodology and the Regulatory Impact Assessment (RIA), review of ASEAN Guide on Good Regulatory Practice as well as how to measure the national implementation of ASEAN wide harmonised standards, was also held in conjunction with the meeting.

The TFWBP meeting was attended by delegates from Cambodia, Indonesia, Lao PDR, Malaysia, Myanmar, the Philippines, Singapore, Thailand, and Viet Nam. Malaysia was represented by Puan Hjh. Mahsuri Mat Dris as Chairman and Puan Syafinaz Abd Rashad as Head of Delegation. Both officials are from Industry Development Division, MTIB. The next TFWBP meeting is scheduled to be held tentatively in November 2015 in Bali, Indonesia.

WG1 committee.

COMING EVENTS - JULY 2015

DATE	EVENT	VENUE	ORGANISER
10-3	**ZAK DOORS AND WINDOWS EXPO MUMBAI 2015** International Exhibition for Building and Construction, Home and Office Design, and Furniture	Bandra – Kurla Complex (MMRDA Grounds), Mumbai, India	Zak Group Tel :+91 44 4295 9595 Fax :+91 44 2820 2728 E-mail :ahad@zakgroup.com
10-13	**NEW YEARS'S GIFT 2015** Trade Fair of Consumer Office Design, Furniture, Sport and Souvenirs Gifts	Petersburg Sport and Concert Complex, St. Petersburg, Russia	Farexpo Tel :+7 (812) 118 3537 Fax :+7 (812) 118 3537 E-mail :expo@orticon.com
16-20	**LADYA 2015** The Exhibition of National Craft and Related Industries Home Construction and Home Design, Furniture and Handicraft Products	Expocentr' Krasnaya Presnya Fairgrounds Moscow, Russia	ZAO Expocentre Tel :+7 (495) 255 37 23/33 Fax :+7 (495) 205 8055 E-mail :centr@expocentr.ru
17-21	**HOME AND DECO – KOLKATA 2015** Home and Deco Specialised Fair for Construction Project for Equipment, Housing, Architecture, Interiors and Allied Products,	Science City Exhibition Ground Kolkata, India	G.S. Marketing Associates. Tel :+91 (22) 4059 3106 Fax :+91 (22) 4059 4113 E-mail :rita.bania@gsmktg.com
17-27	**MOBILIA, DECO ARTISANAT 2015** Handicraft Fair- Decoration, Home and Office Design, Furniture and Handicraft Products	Parc des exposition de Sfax, Tunisia	Foire Internationale de Sfax Tel :+216 74 22 8770 Fax :+216 74 29 6527 E-mail :contact@foire-sfax.com.tn



TIMBER INDUSTRY IN CHILE

Overview

Situated south of Peru and west of Bolivia and Argentina, Chile fills a narrow 2,880-miles (4,506 km) strip between the Andes and the Pacific. One-third of Chile is covered by the towering ranges of the Andes. In the north is the driest place on Earth, the Atacama Desert, and in the centre is a 700-mile-long (1,127 km) thickly populated valley with most of Chile's arable land. At the southern tip of Chile's mainland is Punta Arenas, the southernmost city in the world, and beyond that lies the Strait of Magellan and Tierra del Fuego, an island divided between Chile and Argentina. The southernmost point of South America is Cape Horn, a 1,390-foot (424 m) rock on Horn Island in the Wollaston group, which belongs to Chile. Chile also claims sovereignty over 482,628 square miles (1,250,000 sqkm) of Antarctic territory; the Juan Fernández Islands, about 400 miles (644 km) west of the mainland; and Easter Island, about 2,000 miles (3,219 km) west.

Economy

The Republic of Chile has a total area 756,626 sqkm with a population of 16.1 million people. Chile has a market–oriented economy characterised by a high level of foreign trade. Export of goods and services account for approximately one-third of GDP, with commodities making up three quarter of total exports. From 2003 through 2013, real growth averaged almost 5% per year, despite the slight contraction in 2009 that resulted from the global financial crisis. Growth slowed to 4.2% in 2014. Chilean real GDP growth hit bottom in 2014, and will accelerate modestly in 2015.

Chile deepened its long standing commitment to trade liberalisation with the signing of a free trade agreement with the US, which took effect on 1 January 2004. Chile has 22 trade agreements covering 60 countries including agreements with the European Union, Mercosur, China, India South Korea and Mexico. Chile has joined United States and 10 other countries in negotiating the Trans-Pacific Partnership trade agreement. In May 2010 Chile signed the OECD Convention, becoming the first South American country to join the OECD.

Chile's main export partners are the US, Japan, South Korea, the Netherlands, Brazil, Italy and Mexico whilst major import partners are Argentina, the US, Brazil and China.

Forestry

Chile has extensive forests, estimated at some 16 million hectares of forest, 86% of which corresponds to natural forests and 14% to plantation. Forests currently occupy 21.5% of Chile's surface, equivalent to 16.2 million hectares. Chile's forest products sector has expanded through commercial planting, and the main planted species are Radiata Pine (64% of the plantations),the *Eucalyptus Globulus* and the *Eucaplyptus Nitens*. These three species covers 92% of the total planted surface. Over the last 33 years, the annual plantation rate has exceeded 100 thousand hectares/year, far above the felling rate. The markets for Chilean wood are Japan, South Korea, the US, Taiwan, Belgium, Argentina and Germany.

2,075 thousand hectares of Chile's forests have been approved and certified, according to Programme for the Endorsement of Forest Certification (PEFC) or Forest Stewardship Council (FSC) sustainable forest management standards. These hectares correspond to approximately 75% of the country's plantations. Forty percent of all industrial wood is used in sawmills, with a similar percentage used for pulpwood. The rest is used to make boards, panels and other products. Many of these products are exported. The Chilean forestry industry has established a highly successful worldwide marketing network, and is starting to make investments in processing facilities outside the country.

With the 2001 plantation production of roughly 25 million m^3 of roundwood, and expectations for this to nearly double in the next two decades, Chile is positioned to be an even greater global supplier of forest products. At the same time, economic growth and the prosperity of the Chilean population positions it as a significantly growing importer of wood products. While to date this has been dominated by paper, there are growing opportunities for imports of solid wood products, especially for interior finishes of principal and recreational housing.

Wood Industry - Production and Consumption

Chile's forest industry produces a wide range of wood products, primarily from their Radiata Pine and Eucalyptus plantations, for both export and domestic markets. The sawmilling sector is characterised by the existence of a large number of small sawmills, many owners and wide spatial distribution. However, there is a high concentration of milling capacity in the hands of a few companies.

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The veneer and plywood industry has undergone significant growth during the past decade as plants have been modernised, facilities expanded and new investment made in this sector.

The current capacity is 50% particleboard, 35% fibreboard (primarily MDF), 10% plywood and 5% veneer production. Woodchips are produced for the domestic and export markets. Most chipping facilities are attached to sawmills processing Radiata Pine logs and account for 48% of total chip production. Native species account for 39%, with Eucalyptus representing the balance, or 13% of total production. About USD135 million of chips are exported annually. The pulp and paper industry is well developed and produces chemical and mechanical pulp, newsprint and other papers (printing, sanitary, facial, corrugated cardboard and cardboard). In addition to these primary processors there is a well-established secondary manufacturing industrial base that produces a wide range of value-added products. These range from the basic kiln-dried, fingerjoined blanks to moldings, doors, windows, and numerous items of furniture. Growth in the production of such value-added products has far outstripped the growth in primary wood products.

Construction Market

Chile's architecture, construction and infrastructure sectors are expected to continue growth in the years to come with increased focus on sustainable and energy efficient solutions, especially in infrastructure related to energy between 2012 and 2016. Today, the construction sector accounts for 7.1% of Chile's GDP and employs almost 700,000 people.

Chile Timber Trade

Generally, Chile's import of forest products is higher than its export and most of Chile's local consumptions are met domestically. Similarly, for furniture, Chile's imports are more than its exports.

Chile: Major Import of Timber and Timber Products, 2010 – 2014

(Value: USD '000)

Product	2010	2011	2012	2013	2014
World	**110,860,566**	**126,504,956**	**123,572,509**	**134,048,082**	**142,499,686**
Sawntimber	33,712	35,627	40,370	42,230	52,104
Plywood	22,880	25,157	49,306	50,919	46,841
Mouldings	32,703	38,138	52,649	52,311	43,510
BJC	30,145	30,909	31,040	30,607	27,029
Casks, Barrels	37,006	30,662	46,817	34,209	25,448
Articles of Wood	8,307	10,664	12,154	13,449	14,301
Fibreboard	9,068	13,282	14,666	14,844	14,128
Logs	10,287	12,878	12,955	10,073	9,278
Tableware and Kitchenware of Wood	4,952	6,762	7,370	6,689	6,046
Wood Marquetry	3,892	4,015	3,584	3,921	4,115
Wooden Frames	2,507	2,214	2,645	4,067	3,475
Railway or Tramway Sleepers	2,211	2,652	8,003	4,837	3,053
Packaging Materials of Wood	1,925	1,928	2,781	2,339	3,030
Veneer	1,057	1,341	2,592	2,834	2,460
Particleboard	2,863	2,433	2,460	1,913	2,038
Wood Charcoal	275	630	1,219	1,335	1,243
Tools, Tool	327	895	683	996	1,143
Fuel Wood	141	35	73	99	105
Densified Wood	33	37	95	29	77
Hoopwood, Split Poles	25	18	197	14	11
Wood Flour	0	0	0	640	0

Source: UN Comtrade

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Export

Chile's export of timber and timber products in 2014, recorded an increase of 12.6% to USD2.50 billion from USD2.22 billion in the previous corresponding period. Chile's major products exported were furniture with a total of USD55.01 billion, a decrease of 5% from the previous corresponding period. Similarly, exports of builder's joinery and carpentry (BJC), and plywood registered a decrease of 2% and 0.4% to USD308.7 million and USD348 million respectively. However, exports of sawntimber and mouldings increased by 21.5% and 29.2% to USD989.7 million and USD327.8 million respectively. Other products exported by Chile were articles of wood, fibreboard and logs. The US remains the principle destination for Chile's wood exports, while Japan and China follow in importance.

Import

According to the UN Comtrade latest statistics, Chile's imports of timber and timber products increased 6.3% to USD142 billion. Sawntimber was the main product imported valued at USD52 million followed by furniture (USD55.1 million), plywood (USD47 million) and mouldings (USD44 million).

Malaysia's Export of Timber and Timber Products to Chile

In 2014, export of Malaysian timber and timber products to Chile registered an increase of 4.3% to RM88.7 million from RM84.9 million in the previous corresponding period. Main products exported to Chile market were wooden furniture, sawntimber and plywood. Chile ranked 31st with 4.32% of Malaysia's total market share. Wooden furniture was the main product exported with a total value of RM87.7 million, followed by builders' joinery and carpentry (BJC) at RM0.61 million and sawntimber at RM0.15 million. Other products exported were mouldings and plywood recorded at RM0.12 million and RM0.74 million respectively.

Malaysia's Import of Timber and Timber Products from Chile

Import of timber and timber products from Chile were on increasing trend from 2010 to 2014. Import of timber and timber products from Chile in 2014 totalled RM19.37 million, recording an increase of 120% over the previous corresponding period. Major products imported were wooden furniture and sawntimber. Major species imported were Dark Red Meranti, Light Red Meranti and Mangrove Meranti.

In 2014, Malaysia imported RM0.13 million worth of wooden furniture from Chile. Import of sawntimber recorded a significant increase of 558% to RM2.9 million from RM 0.45 million in 2013.

Malaysia : Export of Timber and Timber Products to Chile, 2010-2014

(Value: RM)

Product	2010	2011	2012	2013	2014
	RM	RM	RM	RM	RM
Sawntimber	40,576	0	0	0	146,640
Plywood	0	0	0	0	73,522
Veneer	0	0	0	0	
Mouldings	20,534	0	0	0	123,958
Fibreboard	0	92,152	0	0	0
Builders Joinery and Carpentry	1,965,998	3,284,333	1,388,976	921,028	609,902
Wooden Furniture	44,503,309	68,528,678	70,303,206	83,995,062	87,708,198
Rattan Furniture	0	0	0	0	0
Other Products				65,416	0
TOTAL	**46,530,417**	**71,905,163**	**71,692,182**	**84,981,506**	**88,662,220**

Source: Department of Statistics Malaysia (DOSM) and MTIB

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Malaysia: Export of Timber and Timber Products to Chile, 2010-2014

(Volume: m^3)

Product	2010	2011	2012	2013	2014
Sawntimber	22	0	0	0	72
Plywood	0	0	0	0	41
Veneer	0	0	0	0	0
Mouldings	11	0	0	0	85
Fibreboard	0	41	0	0	0
Builders Joinery and Carpentry	259,668	346,708	157,609	98,034	58,300
Wooden Furniture	n.a.	n.a.	n.a	n.a	n.a
Rattan Furniture	n.a.	n.a.	n.a	n.a	n.a
TOTAL	**n.a.**	**n.a.**	**n.a**	**n.a**	**n.a**

Source: Department of Statistics Malaysia (DOSM) and MTIB

Malaysia : Import of Timber and Timber Products from Chile, 2010-2014

(Value: RM)

Product	2010	2011	2012	2013	2014
Logs	0	523,180	261,088	30,941	0
Sawntimber	1,298,529	1,931,931	1,115,528	446,081	2,936,691
Veneer	0	0	47,161	0	0
Wooden Furniture	0	0	0	0	13,984
Builders Joinery and Carpentry	17,949	0	0	0	0
Other Products	17,210,495	11,265,192	13,007,039	8,323,599	16,418,043
TOTAL	**18,526,973**	**13,720,303**	**14,430,816**	**8,800,621**	**19,368,718**

Source: Department of Statistics Malaysia (DOSM) and MTIB

Malaysia : Import of Timber and Timber Products from Chile, 2010-2014

(Volume: m^3)

Product	2010	2011	2012	2013	2014
Logs	0	575	191	24	0
Sawntimber	1,347	2,318	1,027	374	2,779
Veneer	0	0	41	0	0
Builders Joinery and Carpentry	2,119	0	0	0	0
Wooden Furniture	0	0	0	0	20
Other Products				3,878,326	7,074,284
TOTAL	**n.a**	**n.a**	**n.a**	**n.a**	**n.a**

Source: Department of Statistics Malaysia (DOSM) and MTIB

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Tariff Rates

Import tariff for timber and timber products into Chile is low at 6% for all timber products and furniture. A value added duty at 19% is also applicable. Chile has signed free trade agreements with several countries such as Mexico, Venezuela, Colombia and Ecuador. All wood products from these countries as well as from the United States and Mercosur country are duty free.

Chile: Import Duty for Timber and Timber Products

HS Code	Product	Duty (%)
4401	Fuel Wood	6.0
4402	Wood Charcoal	6.0
4403	Logs	6.0
4404	Hoop Wood	6.0
4405	Wood Wool and Wood Flour	6.0
4406	Sleepers	6.0
4407	Sawntimber	6.0
4408	Veneer	6.0
4409	Mouldings	6.0
4410	Chipboard/Particleboard	6.0
4411	Fibreboard	6.0
4412	Plywood	6.0
4413	Densified Wood	6.0
4414	Wooden Frame	6.0
4415	Packing Cases	6.0
4416	Casks, Barrels, Vats and Tubs	6.0
4417	Tool Bodies and Handle	6.0
4418	Builders Joinery and Carpentry	6.0
4419	Tableware and Kitchenware	6.0
4420	Wood Marquetry	6.0
4421	Other Articles of Wood	6.0
9401,9402,9403	Wooden Furniture	6.0

Source : WTO

Prospects

Experimentation with fast-growing introduced hardwoods, primarily Eucalyptus, have borne positive results. There is a growing trend towards the establishment of forest plantations that could outperform Radiata Pine and provide the industry with an increased volume of high quality fibre as well as sawn or veneer logs within 14 years of plantation establishment.

The current increasing trend of Chile's construction industry, has provided market prospects for Malaysian exporters to further penetrate into the Chilean market as there will be more expectations to import timber and timber products including furniture from countries like China, Indonesia and Italy. Therefore, Malaysian timber exporters need to make their presence, renew and enhance networking with Chile's timber and furniture importers and at the same time undertake market research on Chile's importers market preferences and taste. As for doing business in Chile, Malaysian entrepreneurs must have the core strength and focus only on what they can do well, pitching a realistic level and then teaming up with the right local partners.

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- *www.cia.gov/library*
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SENGKUANG – SUITABLE FOR FURNITURE MANUFACTURING

Wood colour and texture

Introduction

Sengkuang is the Standard Malaysian Name for the timber of Dracontomelon dao (Anacardiaceae). *Vernacular name applied includes Mati Anak (Peninsular Malaysia). The sapwood is pinkish or greyish yellow and is clearly defined in trees with coloured heartwood. The heartwood produced by some trees is coloured and is Walnut grey-brown, while other trees produce a greyish or greenish yellow heartwood with irregular concentric dark brown to nearly black bands.*

Also known as Basuong, Dahu and Sengkuang (Indonesia); Nga-bauk (Myanmar); Koel, Laup, Mon and Papua New Guinea Walnut (Papua New Guinea); Dao, Lamio and Ulandug (Philippines); and Phrachao ha phra ong (Thailand).

Ecology

Only in undisturbed everwet forests, or forests with a very short dry season. Often growing along river banks. Growing up to 1,000 m altitude, but usually below 500 m.

Density

The timber is moderately hard and moderately heavy with a density of 500-690 kg/m³ air dry. The timber is classified under Light Hardwood in Malaysia.

Natural Durability

The timber is non-durable under exposed conditions and is susceptible to termite attacks.

Texture

Texture is moderately coarse and even with straight or interlocked and sometimes wavy grain.

Strength Properties

The timber falls into Strength Group 5 (MS 544: Part 2:2001).

Machining Properties

The timber is reputed to work easily and produces a smooth surface that takes a very high finish.

Air Drying

The timber is reported to season well.

Uses

The timber is soft and light and not very durable. The coloured material is highly prized as a cabinet wood and is suitable for furniture manufacturing, interior finishing, panelling, mouldings and plywood. The fruit is edible, although not very popular. Flowers and leaves can be eaten as well. The bark could be of medicinal value.

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Table of Physical and Mechanical Properties

Locality of Growth	Moisture Content (%)	Density g/cm³		Bending Strength (MPa)		Maximum Crushing Strength (MPa)	
		Basic Density	Air Density				
Philippines	15	0.53	0.659	101	92.6	49.6	45.8

Hardness				Shear Parallel to Grain (MPa)		Strees at Limit Proportionality (MPa)		Modulus of Elasticity (GPa)	
Side Grain		End Grain		R	T				
5,030	5,580	5,550	5,051	10.5	10.9	9.76	8.44	12.5	11.6

References:

- *Menon, P. K. B. 1986. Uses of Some Malaysian Timbers. Revised by Lim, S. C. Timber Trade Leaflet No. 31. MTIB and FRIM, Kuala Lumpur. 48 pp.*
- *MS 544: Part 2: 2001: Code of Practice for Structural Use of Timber. Permissible Stress Design of Solid Timber.*
- *Wong, T. M. 1982. A Dictionary of Malaysian Timbers. Revised by Lim, S. C. and Chung, R. C. K. Malayan Forest Record No. 30. FRIM, Kuala Lumpur. 201 pp.*

MTIB Moments

The Terengganu Timber Industry Action Plan being discussed on 8-10 June 2015 in Kuala Terengganu, Terengganu. Attendees were officers from MTIB, UPEN Terengganu and Terengganu Timber Industry Training Centre as well as Bumiputera entrepreneurs.

Programme on Timber Engineering Product Development held on 16-18 June 2015 in Terengganu.

MTIB organised the Development of Agro-Forestry Plantation course on 11-13 June 2015 in Kangar, Perlis.

MTIB organised a retreat for TANGGAM designers on 22 - 24 June 2015 in Shah Alam, Selangor.

MTIB officials make courtesy call to PIAM, Kuala Lumpur on 24 June 2015.