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YB DEPUTY MINISTER VISITS WISDEC 2 AND FIDEC



KNOCKING ON THE DOOR OF SUCCESS

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Cover : For more details on YB Deputy Minister Visits WISDEC 2 and FIDEC, please read page 3

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News

YB DEPUTY MINISTER VISITS WISDEC 2 AND FIDEC

YB Dato' Sri Dr. Wee Jeck Seng, Deputy Minister of Plantation Industries and Commodities (MPIC) visited the Fibre and Biocomposite Centre (FIDEC) and the Wood Industry Skills Development Centre (WISDEC) at Olak Lempit, Banting Selangor, on 5th May for a better understanding of their functions. WISDEC provides skills training which assists the value-added processing sector in overcoming problems of shortage in skilled manpower and helps increase productivity while FIDEC functions as a focal point for information on pre-commercialisation activities and coordination of Research & Development (R&D) exclusively

for the biocomposite industry in Malaysia. Both centres were established by MTIB to provide a multitude of necessary skills in various fields of production and support services for the production of high value-added timber products for export.

The Deputy Minister of Plantation Industries and Commodities, YB. Dato' Sri Dr. Wee Jeck Seng said the industry needs adequate trained workforce or skilled workers particularly in the furniture sector. Globalisation, competition and technological advancement have intensified the demand for more skilled workers in the timber industry. As such, having enough skilled local workers would clearly enhance productivity in the furniture industry.

In terms of human capital development, YB Deputy Minister urged WISDEC to intensify their collaboration with the industry to reduce dependence on foreign labour. Therefore, WISDEC will focus on youth training programmes, industrial training, furniture design



Dr. Loh Yueh Feng explaining fibre composite materials to YB Dato' Sri Dr. Wee Jeck Seng. Standing on his left is Cik Farydatul Nazly Bt. Mohd. Zin.

and product development. WISDEC facilities will be equipped with latest machines and equipments to facilitate all human capital development programmes and activities.

YB Deputy Minister also suggested that MTIB generate revenue from findings of R&D and from providing consultation services and technical advisory services to the industry. He also noted that the availability of sustainable supply of raw materials such as oil palm trunks, timber industry waste and bamboo cultivation through plantations should be ascertained prior to any studies made on the development of new material and biocomposite product to avoid insufficient supply during commercial production in future. He also noted that the development of a product and research activities must also take into account its effectiveness, costs and its potential to be commercialized, in order to be competitive in the market.

Various skills set are needed in the future to meet the demands of the industry and to reach a higher level of skills competency and knowledge. The Government wants to produce a more knowledgeable and high-skilled workforce, in order to expedite the development of the industry as it moves from production economy to an innovative e-economy.

The programme continued with a visit to Dynamic Furniture Industries (M) Sdn. Bhd.

YB Deputy Minister was accompanied by officials from the ministry and the President of Malaysian Furniture Council (MFC). They were welcomed by Encik Mohd Kheiruddin Mohd Rani, Director General of MTIB and the management of MTIB. 



Director of WISDEC, Dr. Mohd. Nor Zamri Bin Mat Amin is showing YB Dato' Sri Dr. Wee Jeck Seng the facilities inside WISDEC 2.

INDONESIA

MAKES U-TURN ON TIMBER RULE CHANGES

Indonesia has rowed back on plans to weaken rules for timber exports, following warnings the proposed move would undermine efforts to combat illegal logging and deforestation. Reuters have reported that rule changes put forward by Indonesia's Trade Ministry earlier this year would have ended inspections of timber goods for export - to ensure the wood was obtained legally and not linked to deforestation - from late May.

But in a regulation enacted on 11 May, the ministry said reinstating the checks would "provide certainty" for exporters. Faith Doherty, forest team leader at the London-based Environmental Investigation Agency said. Relaxing the rules "would have been a disaster for the country's environment and for its international credibility", she added.

The proposed move to loosen checks had followed lobbying by an association of furniture and handicraft manufacturers, which said compliance with the rules drove up costs. Indonesia is home to the world's third-largest tropical forests and has worked hard in recent years to stop illegal logging, including introducing a moratorium on new forest clearance to slow deforestation. Indonesia lost 1.6 million-2.8 million hectares of forests annually before 2010, according to its forestry ministry. However, it won international recognition in 2016 after it became the first country to issue licenses for the export of verified timber products to the European Union.

The licenses depend on Indonesia conducting due diligence on the origin of timber exported to the EU. Concerned at the proposed change, the EU and several foreign timber associations wrote to the Indonesian government seeking confirmation it would not undermine the existing agreement.

TTJ online, 19 May

VIET NAM

WOOD PRODUCTS INDUSTRY IN CRISIS: MAIN BUSINESS PARTNERS SUSPEND IMPORT ORDERS

According to the General Department of Viet Nam Customs, in the first two months of this year, wood and wooden product export turnover of Viet Nam nearly reached USD1.6 billion, an increase of 18% over the same period last year. However, in the first half of March, wood and wooden product exports dropped to USD447 million. The export turnover and growth rate of the industry are expected to decline more sharply seriously in the future with covid-19 spreading fast and causing complications in key export markets.

Mr. Dien Quang Hiep, CEO of Minh Phat Co., Ltd., said that most of the wooden products of his company were exported to the US market. However, recently, its partners notified that they would have to delay import orders to May or June. A quick survey on 124 large wood processing enterprises showed that more than 51 percent of enterprises have reduced their production scale. 35 percent of the enterprises which were still operating normally, will have to temporarily halt operations shortly. Only 7 percent are still operating normally but they cannot be sure because the pandemic remains strong.

In fact, since mid-March this year, the pandemic has broken out heavily in major import markets of Vietnamese wooden products, including the US which accounted for 50 percent of total export value, Europe with 10 percent, and Japan with 13 percent. These governments are applying many strong policies to control the spread of the pandemic, such as border closures and closure of all non-essential chain stores. This has led to serious disruption in the global supply chain with many deals being delayed or cancelled.

Currently, enterprises in the industry have continuously received notifications from their partners about either extending delivery time or cancelling delivery, even for batches of products that were produced or are in the process of production. They were also informed that some large customers were about to go bankrupt. Particularly in China, the third-largest market of Vietnam with 12 percent of the total annual export turnover, although the disease has been controlled, it would take lots of time to restore the purchasing power to the same as before the pandemic happened.

Results of a quick survey on 124 enterprises of the Vietnam Timber and Forest Product Association (Vifores) showed that up to 75 percent of enterprises have reported initial losses estimated at VND3.06 trillion. 24 percent of enterprises participating in the survey have not determined their losses. About 1 percent said that the Covid-19 pandemic made their revenues reduce by 70 percent.

To cope with the above situation, many enterprises also cut their employment by about 45 percent. For example, among 105 enterprises providing information on labour, before the Covid-19 pandemic, the total number of employees working in these enterprises was 47,506 but so far, 21,410 workers have been laid off. According to economic experts, wood and wooden product manufacturing enterprises must take into account the factor of increasing domestic market share. However, according to many businesses, it is not easy.

Representatives of Vifores, the Handicraft and Wood Industry Association of Ho Chi Minh City (Hawa), and the Forest Products Association of Binh Dinh Province said that there are about 5,000 enterprises producing wood and wood products nationwide. In particular, 3,000 enterprises are specializing in manufacturing products for export market share. The rest mainly supplies the domestic market. However, with only 2,000 manufacturing enterprises supplying the domestic market, it is difficult to increase the market share due to the limited market size. The domestic market is also mainly concentrated in big cities like Hanoi, Ho Chi Minh City, Binh Duong, and Dong Nai provinces.

However, in the context of the current pandemic, consumers are tightening spending, in addition, real estate projects are at risk of freezing, causing the production scale of timber enterprises to decline sharply. So, getting into the domestic market is more and more difficult. It needs a certain roadmap because each market has different requirements on the style, shape, and quality of products. Therefore, in a short time, it is impossible for enterprises to change.

Amid the current difficult situation, many enterprises said that the Government, as well as competent authorities, should consider implementing many synchronous solutions to help enterprises to maintain production. The representative of Hawa emphasized that for laid-off workers, the Government should provide a subsidy of one month's salary for each worker according to regulations of the Labour Law. The estimated total funding for the industry is around VND146.7 billion. As for enterprises, it is necessary to reduce taxes and fees, including corporate income tax, value-added tax, social insurance, and land rent.

The Government also needs to have more drastic guidelines for the commercial banking system to extend loans, reducing bank interest rates to 2 percent - 5 percent. In addition, some businesses also propose that the Government suspend payment of value-added tax on imported raw materials.

globalwoodmarketsinfo.com, 14 May 2020

VIET NAM

WOOD EXPORTS GROW

Despite the COVID-19 pandemic's impact, the wood industry still enjoyed USD 3.2 billion in exports in the first four months of 2019, up 6 % year on year, thanks to businesses' efforts to switch to online trading and find new markets.

During the period, about 7 % of members of the Handicraft and Wood Industry Association of Ho Chi Minh City (HAWA) had to halt operation while 51 % cut output. About 45 % of their employees were also laid off temporarily.

However, HAWA members still earned more than USD 1 billion from timber and forestry product exports, rising by over 10 % year on year. Of the value, over USD 698,000 was from wood product shipments, up 5.8 % from a year earlier.

Data from the Binh Dinh Department of Industry and Trade also shows that wood firms in the province also recorded a year-on-year increase of 13 % in exports to about USD 188 million in the four months.

Chairman of the Binh Dinh Forest Products Association Le Minh Thien attributed the growth to a sudden surge in the sales of wood chips to China. Meanwhile, the export value of wooden furniture was maintained as businesses had already manufactured products in 2019 and focused on exports right after the Lunar New Year holiday in late January.

Vietnam's effective control of the COVID-19 outbreak, amid production suspension by rivals in other ASEAN countries, the EU and the US, has also helped local firms receive more orders.

Besides, Thien noted, businesses have also proactively sought new orders from the Australian, EU and US markets while importers and exporters, along with producers and distributors, have discussed mutual support measures with one another.

The output may decline in the second quarter, but it's normal since orders usually drop by 30 % during summer, he said.

VIFOREST recently coordinated with associations, producers and processors in the industry to devise solutions to sustain production activities, including advertising and selling products on the internet and providing training in sales skills on big e-commerce platforms like Amazon and Alibaba.

VNA, May 25, 2020

CHINA

SAWN SOFTWOOD PRICES DRIVEN UP BY CONTAINER SHORTAGES AND RISING FREIGHT RATES

The interruption of the supply chain from China to Europe and Russia has led to a lack of containers in the ports of the Baltic basin and Northern Europe.

Russian sawn timber producers in the Northwest have also faced container shortages and rising freight rates for transportation from the ports of St. Petersburg to Shanghai. Higher transportation costs became one of the factors that conditioned higher prices in the negotiating position with Chinese traders.

Chinese buyers realize that as soon as the industry returns to its normal state and recovers after COVID-19, containers will return from China to Europe and the problem of their shortage will be resolved. The balance of supply and demand will return to the market equilibrium. This will be among the reasons to slow down the rise in prices.

Therefore, it is reasonable to suppose that prices for sawn softwood in Chinese ports can start switching to a downtrend in June-July.

The spruce sawn timber price in the North-West of Russia has already risen from USD205-210 per cubic metre in mid-January 2020 to USD235-245 per cubic metre in April 2020 (CFR Shanghai).

According to the figures provided by the National Bureau of Statistics of China (NBS), the Purchasing Managers' Index (PMI) in the manufacturing sector of China rose from a record low of 35.7 in February to 52 in March.

The PMI of the service sector also has risen from 29.6 in February to 52.3 points now. Experts of the NBS note that the economic recovery can only be confirmed when the PMI index has been growing for at least three consecutive months.

Globalwood market, 12 May 2020

CHINA

SHARP DROP IN TROPICAL LOG IMPORTS

Tropical log imports in the first two months of 2020 amounted 1.30 million cubic metres, down 26% year on year and accounted for 17% of the national total.

In the first two months of 2020, China imported tropical logs mainly from Papua New Guinea (39%), Solomon Islands (14%), Brazil (10%), Equatorial Guinea (8.4%), the Republic of Congo (5.8%), Mozambique (5.5%), Cameroon (4.7%), Suriname (2.9%), Central African Republic (2.5%) and South Africa (2.3%). These 10 countries supplied 95% of China's tropical log requirements in the first two months of 2020.

Among top source countries for tropical hardwood log imports, imports from Surinam and the Central African Republic jumped 138% and 136% to 38,000 cubic metres and 33,000 cubic metres respectively.

The volume of log imports from Brazil and South Africa also rose by 31% and 15% to 132,000 cubic metres and 30,000 cubic metres respectively.

However, generally tropical logs imports declined greatly - Equatorial Guinea (-58%), Solomon (-54%), the Republic of Congo (-45%) and Cameroon (-42%).

Before their log export bans, Laos and Myanmar were a major source of tropical logs for China. However, China's log imports from Laos in the first two months of 2020 fell to just 5,602 cubic metres valued at USD 8.04 million, down 59% in volume and 50% in value. China's log imports from Myanmar fell to just 434 cubic metres valued at USD 0.58 million, down 82% both in volume and in value.

In the first two months of 2020, 74% of imported tropical logs arrived at three major ports, Zhangjiagang, Qingdao and Jingjiang. The volume of tropical logs handled at Qingdao Port rose over 400% year on year to 324,000 cubic metres valued at USD 74 million. However, tropical log imports through Zhangjiagang Port and Jingjiagn Port were 400,000 cubic metres and 255,000 cubic metres valued at USD 97.46 million and USD 67.43 million cubic metres respectively, all down from a year earlier.

Globalwood market.info, May 8, 2020

CHINA

PANDEMIC STILL A NEGATIVE IMPACT IN PLYWOOD MARKET

According to Chinese merchants, after experiencing heavy volume in April, the recent dynamics of the Chinese plywood market has been flat, the volume of goods sold has shrunk from April, and the market is low but stable. Some Chinese merchants also said that although the market in Shandong has been lifted slowly, the impact of the pandemic is still present, and the dealers' cautious sentiment is still very obvious. At present, the price of 2440 × 1220 × 12mm poplar plywood in Linyi, Shandong is 64 yuan / sheet.

Globalwood market, 26 May 2020

CHINA

THE TIMBER MARKET OVERALL TURNOVER FELL BY 37%

The new coronary pneumonia epidemic disrupted the rhythm of the world and changed people's expectations for the future world.

In 2020, the Chinese timber market has not yet recovered from the downturn in structural overcapacity, and it has to face a larger and more severe market crisis caused by the new coronary pneumonia epidemic.

According to the monitoring data of China Timber Price Index Network, under the influence of the epidemic, the overall volume of domestic timber fell by 37.27% year-on-year in the first quarter of 2020. Among them, the sales volume of logs, sawn timber, wood-based panels, and floors fell the most, with a year-on-year decline of 19.38%, 24.61%, 32.93%, and 15.01% respectively.

In terms of prices, although some species have experienced price increases due to short-term global outbreaks affecting short-term supply and demand imbalances, such as the prices of Hedgehog Rosewood and Mexican Broad Bean increased by about 500 yuan per ton compared with December 2019, the market outlook is expected to be dominated by pessimism. The price of various types of wood is still rising and falling, especially in the furniture material market.

Market analysts believe that since the beginning of 2020, the domestic timber market has heard news that prices are running low and even letting profits. The root cause is the lack of liquidity in the timber market.

Under the influence of the pandemic in 2020, the domestic property market has slumped, and household consumption has declined. The closely related wood market has experienced unpredictable contraction in demand, which has caused inventory accumulation throughout the chain, which has led to low prices and even decline in wood prices.

Chinatimber.org, 2020-05-09

INDIA

PLYWOOD AND LAMINATES MARKET TO EXPAND BY A CAGR OF 4.83% 2019-2027

The India plywood and laminates market, which was valued at USD 4790 million in the year 2018, is anticipated to grow at a CAGR of 4.83% during the forecast period, i.e. 2019-2027. The market is thriving on the back of rising focus of the government on low-cost housing and infrastructure development, rising demand for plywood and laminates in various end-user industries; a growing construction industry and increasing urbanization are some of the factors anticipated to contribute significantly towards the growth of the India plywood and laminates market in the upcoming years. Further, the market of plywood and laminates in India is anticipated to reach a market value of USD 7323.3 million in the year 2027.

However, concern for the impact on the overall production cost of the manufacturer on account of the challenges faced with the unavailability of certain raw materials used in the manufacturing of plywood and laminates are some of the factors estimated to act as a barrier to the growth of the India plywood and laminates market.

The statistics portray the growing urbanization in the country as one of the key factors for promoting the growth of the India plywood and laminates market. Individuals migrate to urban areas for a source of living; as such, people shift from the farthest of the remote rural areas to the urban cities. Backed by the growing economy of the nation and the rising household disposable income, there is a rising demand amongst people living in urban areas for furniture and other modern wooden products. The rising demand for furniture from consumers will need the furniture manufacturers to increase their production scale. Moreover, supportive low and affordable housing facilities by the government of India to the citizens is also anticipated to raise the demand for plywood and furniture. Additionally, the change in tax reforms by the implementation of goods and service tax (GST), which has lowered the price difference between the organized and unorganized sectors are some of the factors anticipated to drive the growth of the India plywood and laminates market.

Press US Today, May 13, 2020

JAPAN

FOREST AGENCY PROJECTS ON NEW HOUSING STARTS AND FORESTRY INDUSTRY

The Forestry Agency held a wood demand projection meeting on March 23. Average new housing starts forecast by 12 private think tanks were 847,000 units while two think tanks forecast less than 800,000 units. Major house builders also reported that orders are declining and it is a general view that starts of detached unit would continue to be severed by slowdown of economic conditions resulted by the corona virus pandemic.

The forecast by think tanks is based on forecast in late February and the steep drop of stock market in March and the depressed economic condition by coronavirus are not reflected so the next forecast would be much lower.

As for log exports to China, the stagnating Chinese economy and the heavy rush of European beetle damaged logs into China, will cause export volume drop largely in 2020.

For domestic wood use, the main concern is how long the coronavirus pandemic would last and how badly influenced is the economy. The general view is that the demand would be lower than last year by dropping housing starts.

For logs to manufacture lumber, demand decrease would be as bad as the following year of Lehman shock in 2008 so the second quarter supply would be down by 31.7% from the same quarter last year while the third quarter would be down by 17.9%.

On imported logs and lumber supply, the second quarter would be down compared to last year. Particularly, the purchase of radiata pine logs and lumber from New Zealand and Chile for March and April shipments would be sharply down by 55.6%. For the third quarter, there are views that the demand should recover with economic stimulus measures and the corona virus pandemic comes to an end but other views are that the confusion would continue so the demand would keep dwindling.

Panelfurnitureasia, 8 May

EUROPEAN UNION

WOOD WOULD BECOME MORE IMPORTANT FOR THE CONSTRUCTION SECTOR IN THE FUTURE

The Commissioner acknowledged the remarks by MEP Simone Schmiedtbauer (EPP) and MEP Anna Deparnay-Grunenberg (Greens/EFA) on the importance of the forestry sector in Europe. MEP Schmiedtbauer highlighted as well that forests (and consequently the forestry industries) are negatively affected by the bark beetle, wind throw, forest fire and snow damage. Additionally, COVID-19 is also having repercussions on the sector.

Commissioner Timmermans stressed that forestry would have to be a priority in Europe and he insisted that is a need for a comprehensive, long-term strategy which also covers issues and aspects related to tourism and construction. It is undeniable that the construction sector contributes greatly to the economic growth of a nation (estimated 9% of Gross Domestic Products); at the same time, according to United Nations Environment Programme, the building and construction sector accounts for 40% of worldwide energy use, 30% of energy-related greenhouse gas emission, nearly 12% of water use, and almost 40% of waste.

For this reason, the European Sawmill Industry calls for policies aiming at boosting the consumption and use of environmentally friendly materials, such as wood. Using wood in construction will facilitate the transition to green buildings and sustainable cities.

Global Wood market info, 11 May



EUROPE

EUROPEAN TIMBER TRADERS FREEZE ORDERS

Accurate estimates of the specific effects on timber trade volumes this year will only become apparent when more countries publish trade data for the first quarter. Anecdotally, reports suggest most European timber importers were putting orders on hold in the second half of March and during April as they struggled to deal with a build-up of stock that could not be shifted as manufacturers, retailers and construction sites have gone into lockdown.

Shipper and forwarder groups in Europe have been calling on carriers and terminals to exercise restraint before issuing detention and demurrage charges for goods ordered before the lockdown that were still on the water and due to arrive in April and May. Adding to the uncertainty, freight rates have become volatile, rising sharply on some routes (e.g. from Europe to China and East Asia) and falling on others (e.g. North America to Europe).

Containers shipping cargoes from Asia to Europe, the US and other countries have been severely reduced, with no empty containers transporting timber back. Shipping companies have cancelled hundreds of vessels in response to the fall in demand.

According to a report by Bollore Logistics, European ports are continuing to operate despite difficult conditions and containers are being processed for onward movement, although clearances by some customs authorities is slower and there are border bottlenecks. Most shipping companies continue to operate, although they are adding surcharges and available space and equipment has become very restricted.

Within Europe itself, the borders of the Schengen area and between the EU and the rest of the world are partially or completely closed. However, the flow of goods is free from these restrictions and continues to be authorised to ensure supply chains can be maintained.

Land transport of goods is continuing in Europe, subject to disruptions and slowdowns due to increased border control, sanitary measures (such as health checks on drivers) and special arrangements (including closure of certain border posts and detours, limited driver availability).

Fordaq, 6 May



EUROPE

SOFTWOOD LUMBER EXPORTS TO CHINA RISE 30% IN Q1/2020 DESPITE CORONAVIRUS PANDEMIC

Despite the coronavirus pandemic which first hit China and then spread all over the world, European softwood lumber exports to China managed to rise by almost 30% in volume in the first quarter of 2020. However, the first signs of the corona crisis impact on exports could be signalled in March, when exports to China were flat as compared to the same month of 2019.

The EU countries sent 1.05 million m³ of softwood lumber to China, during the first quarter, as compared to the 816 thousand m³ that they

have sent in the first three months of 2019. The biggest exporter was still Finland, although its shipments decreased by -16% as compared to January-March 2019.

Sweden and Germany topped the highest growths in exports to China. Swedish exports rose by 59%, up to only 259 thousand m³. The Germany softwood lumber exports to China had a great 2019 start, and increased by 29%, up to 185 thousand m³. Belgium's deliveries, though at a lower volume, hiked by 311%, up to 69 thousand m³.

Globalwood market, 19 May



FINLAND

IMPACTS OF CORONAVIRUS ON EXPORTS FOREST INDUSTRY

For Finland, the most important export destination for sawntimber is Egypt, whose main export revenue comes from tourism and oil. Both are doing badly. The second is China: there, industrial production slowed sharply for a while, now the situation is apparently improving. In Japan, the situation has remained reasonable. In Britain, construction has apparently almost come to a halt but will reopen in May. In Saudi Arabia, the sharp fall in oil prices will reduce construction. In Germany and France, construction has fallen sharply. This is the situation in Finland's main sawn timber exporting countries.

In many Central European countries, sawntimber production has also fallen sharply, but it is likely to recover faster than construction. The situation is exacerbated by the bark beetle infestation, which is sure to hit the market. The Russian Ruble has weakened sharply against the Euro, the Swedish Krona has also weakened, but less. Both countries are Finland's key competitors in the sawn timber export market. Now they have a competitive advantage as the currency weakens.

For plywood, the situation is pretty much the same as for sawntimber. As for printing papers, the situation is bad. In most countries, people buy magazines from kiosks and shops. Due to the coronavirus, reading magazines online is growing rapidly, and advertising is also moving online. The change is probably permanent.

Globalwood market, 14 May



GERMANY

TIMBER COMPANIES SIGNIFICANTLY AFFECTED BY THE PANDEMIC AS LOCKDOWN MEASURES ARE WITHDRAWN

The German timber trade federation GD Holz said wholesalers had not at the time been significantly affected by the pandemic. Whether this situation would continue depended on the extent of contraction in the construction sector. But irrespective of that, for small to medium sized timber enterprises the situation was described by GD Holz as 'catastrophic'.

Although DIY outlets had been allowed to remain open in some parts of the country and hardware stores continued to serve B2B customers, many other German retail and other consumer-facing businesses came to a complete standstill in the second half of March and in April. Around 85% of furniture companies in Germany were operating only on a part time basis during that period.

Key issues now are the speed at which companies can gear up operations now that they are coming out of lockdown, given the massive disruption to supply chains and order books, and the possibility of lockdown measures being reintroduced in the event of a second wave of the virus.

A lot of damage has already been done. According to IHS Markit survey results published on 7 May, Germany's construction activity contracted at the steepest pace in more than ten years in April due to the disruptions caused by the pandemic.

The headline construction PMI fell to 31.9 in April from 42.0. Although a less dramatic decline than in many other European countries (see next story), this was the lowest reading in Germany since the series-record low of 28.9 in February 2010, when severe bad weather had exacerbated an ongoing slump in activity caused by the global financial crisis.

PMI data showed sharp falls in activity across each of the three broad construction categories – commercial, civil engineering, and homebuilding – monitored by the survey. It also showed that new orders at German constructors fell at the sharpest rate in more than two decades.

Despite falling demand for inputs, supplier delivery times to the German construction sector continued to lengthen in April. Confidence towards future activity remained firmly in negative territory during the month.

Globalwood market, 19 May



NETHERLANDS

PANDEMIC HAS DISRUPTED TIMBER SUPPLIES

A report on the ATIBT in April stated that Netherlands importers had sufficient stocks for the short term and ports and road transport had been designated key sectors and continued to operate.

However, the Netherlands Timber Trade Association (NTTA) said the pandemic was disrupting timber supplies to the Netherlands from the rest of Europe and Malaysia and, while imports from Africa were 'reasonably normal', they were also expected to decrease. Plywood and other panel products were also in increasingly short supply. NTTA reported the DIY sector continued to trade well. Overall timber trade sales, however, are expected to be well down through the summer.

The virus outbreak has not impacted ongoing construction projects in the Netherlands as activity has continued subject to health and safety restrictions. However, the worsening economic outlook is expected to weigh down on construction industry output growth. The number of construction projects is decreasing, with the NTTA mentioned forecasts of a 50% fall in new home building. At the same time, activity in the renovation sector has reduced by 80%.

According to a business confidence index published by Statistics Netherlands in early May, the confidence of entrepreneurs in the Dutch wood and building materials industry has declined sharply: the balance fell from +1.5 in March to -25.2 in April 2020, by far the largest decrease ever recorded.

Globalwood market, 26 May



RUSSIA

IMPACT OF CORONAVIRUS PANDEMIC ON THE WOOD INDUSTRY

In January-March 2020, Russian roundwood production remained at the previous year's level, while in Northwest Russia it decreased by 4%. Roundwood exports decreased by almost a quarter compared to the previous year, with the largest decline to China (-34%). In addition to the coronavirus pandemic, roundwood export was affected by the stricter phytosanitary requirements imposed by China. The amount of roundwood exported to Finland decreased by 9%.

During the first quarter, sawnwood production grew by more than 10%. Russian sawnwood export decreased by 8%, whereas in Northwest Russia export remained at the previous year's level.

Production of plywood and particleboard decreased by 7%, while there was less decrease in the production of fibreboard. However, exports of plywood increased by about 10% and particleboard by almost 20%. In the pulp and paper industry, both production and export volumes increased in January-March.

The coronavirus pandemic will likely be reflected in forest industry production volumes more after April. Russia's corona restrictions came into force on 30 March and the order for paid leave was extended until 8 May. The order was not applied to so-called socially important enterprises (sistemobrazujuschiye), which are supported by the state through special measures. Of the forest industry, 35 companies are on the list, including for example the Kontupohja pulp and paper mill, Segezha Group, International Paper, Mondi SLPK and Lesozavod 25 sawmill. There is less support available for the SME sector. As general support measures, it is planned to defer payment of tax for six months and to suspend bankruptcies. In order to support SMEs in the forestry sector, the Russian Forest Agency has proposed, among other things, the suspension of forest use fees, but this is not possible under the current legislation.

Globalwood market, 26 May



UNITED STATES

PUSHES LUMBER PRICES HIGHER

Rising demand stemming from a surge of do-it-yourself projects from consumers working at home coupled with restricted supply due to lumber mills operating at a diminished capacity have led to a recent upsurge in lumber prices, reports the National Association of Home Builders. The latest Random Lengths Framing Composite Price for the week ending 15 May rose by 6.3% to USD406 per thousand board feet — the first time the index topped USD400 since 20 March 2020.

Framing lumber prices have increased 13% since 1 May — the largest two-week increase in over a decade and the first increase greater than 10% since the start of the US-Canada Softwood Lumber Dispute in early 2017.

This recent increase in lumber prices comes at a time when the government reported backward-looking data that shows building material prices posted a record decline in April — during the height of the pandemic and before many states rescinded stay-at-home orders and began phased re-openings of local economies.

LBM Journal, 18 May

UNITED STATES

TIMBER BUSINESS SUFFERS AS HOME BUILDING SLOWS

Timber operators headed into 2020 with a bit of optimism, due to increased demand for harvested logs and lumber products related to growth in home construction or home starts, the main end-use market for lumber. That enthusiasm came to an abrupt halt in mid-March, as the COVID-19 pandemic affected the US economy.

Even though state and federal governments identified the wood products and construction sectors as essential, concerns about the uncertain economy and rising unemployment brought a slowdown in home construction that has hit the timber business.

Lumber market analyst Paul Jannke, principal of timber for Massachusetts-based Forest Economic Advisors, said from a forest products perspective, "Before COVID, housing starts were back up above underlying demand levels where they hadn't been in over a decade. Then coronavirus hit, and housing gets absolutely crushed."

From December of last year through February 2020, housing starts nationwide rose to a seasonally adjusted annual rate of about 1.6 million units, Jannke said, and we finally hit our stride. He said a single housing unit, on average, requires 15,000 board-feet of lumber. Just as the full impact of the pandemic hit, in March, housing starts stayed at a relatively steady annual rate of 1.2 million nationwide. But Jannke said he expects the figure to drop in coming months.

Housing starts are almost certainly going to be cut in half from where they were at their peak in December to February, dropping from 1.6 million units down to between 600,000 and 800,000 units, he said. The drop will last between three and six months, but beyond that, we should start to see things improving again and going back to pretty decent start levels.

agalert.com, 6 May

ARGENTINA

THE WORST TIME IN THE TIMBER INDUSTRY IN THE LAST 50 YEARS

Argentina's timber industry sees worst conditions in 50 years, as loggers' sales plummeted and sawmills and furniture makers struggle to access government-announced funding lines.

Among the sectors punished for the crash sales from quarantine is the logging sector, where sales plummeted more than 70% in the last month, according to a survey made by the Argentine Federation of the Timber Industry (FAIMA) between 21 and 23 April.

The survey also reveals the difficulties of sawmills and furniture manufacturers in accessing government-announced funding lines to mitigate the crisis. And also, the inconveniences that arose from the breakage of the payment chain since the isolation began. According to the FAIMA survey, 58% of companies in the sector recorded a sales drop of more than 70% in April and 78% of the total relieved showed casualties of more than 50%.

The findings disclosed, 72% of companies (most of 1 to 19 employees) believe that they will not be able to pay the April salary or that - at most - they will be able to pay 50%. Queiroz added that, the impact of the fall on sales is alarming. Companies went decapitalized to meet commitments and are now in a situation of very high financial fragility.

Globalwood market.info, 8 May

UNITED KINGDOM

SOME CONTINUING TIMBER DEMAND FROM CONSTRUCTION SECTOR

The International Tropical Timber Organisation (ITTO) has published its first analysis on the effects of Covid-19 on the global tropical timber sector. ITTO said in Cameroon wood industry companies continued to work but trade was becoming "more and more difficult", with demand decreasing and competition very strong because of the different species present on the wood market. "For example, while the production volume of sapele increases, the sale on the market is difficult because of the competition with other species," it said.

In the Republic of Congo, the Ministry of Finance and Budget has developed and published customs, fiscal and financial measures to support businesses in the Congo, while the World Bank has announced funding of USD11.3 million for an emergency response project against Covid-19.

ATIBT initiated a study to analyse the social and economic impact of COVID-19 on the forest-wood sector companies in Congo. Analysis from the first containment period - April 8 to 17 - showed CIB and Interholco were still working but with more difficulty for some enterprises in the South, with some of those enterprises' administrative staff working from home finding it difficult to practically work.

The containment period was extended from 21 April for a further 20 days and companies in the South have put in place the necessary measures and are now operating according to the minimum authorised by the decree. Impact in Gabon is similar to Cameroon. The Chinese market is picking-up but Okoumé production is very low. Administrative procedures have been set up for containment measures (permit to go to work) but UFIAG has stated that Chinese-owned enterprises are stopping their activities even if the decree allows them to work.

The situation in China continues to improve and resumption of production has been carried out stably and orderly, and demand for imported wood in China is rebounding gradually. However, the outbreak globally forced governments in many countries to take anti-measures like home office and border closure, affecting timber harvesting and transportation.

That, coupled with the fact that China domestic wood processing plants usually did not store much timber, has resulted in a rebound in price for about RMB100-200 per m³. Export demand is declining and foreign trade orders seriously reduced.

Imported wood scheduled to be processed in China for re-export are being converted to domestic sales or orders are being cancelled. It is estimated that China's demand on imported wood will be reduced by 10-20%, as a result of shrinkage in exports.

Meanwhile, in North America the wood industry has been listed as 'critical infrastructure force' (US) and 'necessary industry' (Canada), with both still able to deliver normally. However, some factories in the US and Canada were closed or production being partially cut down due to the fall of domestic demand, for example, in the US a fall of 20-25% in April to May is predicted.

Ports in the north-eastern US are closed, while ports in south-eastern states such as North Carolina are still able to export timber normally. According to ITTO partners, timber harvesting and exports in Germany, Finland, Sweden and Belarus are still proceeding normally.

In New Zealand resumption to normal supply is expected by the end of April. In Russia, borders were closed on 30 March but goods are still allowed to be transported across border.

"In summary, although production in timber-producing areas has declined and their domestic demand has slowed down, only China's demand is gradually picking up: timber export to China is not a problem in the short term," ITTO said.

TTJ, 5 May



April 2020

Malaysia

Port Klang Authority signs joint declaration to keep ports open

Port Klang Authority (PKA) has signed a joint declaration with 19 international port authorities to keep their ports open to seaborne trade amid restrictions and challenges caused by the COVID-19 pandemic.

The declaration was a pledge by 20 members of the Port Authorities Roundtable (PAR), comprising leading ports such as Abu Dhabi, Antwerp, Tokyo, Busan, Guangzhou, Hamburg, Singapore, Montreal, Yokohama and Shanghai. Under the joint declaration, PAR members have committed to share best practices and implement measures to ensure that the ports remain open to trade. The members pledged to ensure minimal disruption to shipping activities and that merchant ships can continue to berth at terminals to carry out cargo operations. Members will also facilitate closer coordination by establishing an open communication channel so that like-minded port and maritime authorities can share experiences and exchange information in combating COVID-19, while safeguarding unimpeded maritime trade.

Source: PortNews

Malaysia

Transportation of essential goods allowed to operate at full capacity, Malaysian Freight Forwarders (FMFF)

Logistics and transportation operators that have the approval from the Ministry of International Trade and Industry

(MITI) to operate during the Movement Control Order (MCO) were allowed to operate at full capacity. However, the relaxation is only allowed for the transportation of essential goods. Standard operating procedures (SOPs) were still in place and had to be observed.

Nearly 98% of the 1,300 members registered under the FMFF have now received approval to operate during the MCO. MITI Minister Datuk Seri Mohamed Azmin Ali announced today that all economic sectors that have been allowed to operate during the MCO can start to operate at their full capacity. The Minister stated that the decision was made at a National Security Council (NSC), which saw recommendations by the Economic Action Council (EAC). The EAC had reviewed studies and recommendations put forward by the Ministry of Finance, MITI, Bank Negara Malaysia (BNM) and Khazanah Nasional Bhd..

Companies that had been granted permission to operate during the MCO had to also adhere to the SOPs set by the government, failing which, such businesses can see the immediate revocation of granted approvals as well as legal action.

Source: The Edge Markets

China

China's ports brace for second hit as virus spread affects exports

China's ports and shipping firms are bracing for a second wave of supply chain disruptions that may be deeper and more prolonged than during the country's coronavirus lockdown as the global spread of the virus chokes off international demand. With Beijing reporting only sporadic domestic transmissions of the coronavirus since March, workers have been allowed to return to posts, factories

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

Product	Port Klang		Kuantan		Pasir Gudang		Tanjung Pelepas		Penang		Total all Ports M³	% Change Arpil 2020/ March 2020
	M³	% Change Arpil 2020/ March 2020	M³	% Change Arpil 2020/ March 2020	M³	% Change Arpil 2020/ March 2020	M³	% Change Arpil 2020/ March 2020	M³	% Change Arpil 2020/ March 2020		
Sawntimber	14,232	-77	0	-100	502	-50	139	-22	4,739	-4	19,613	-73
MDF	7,968	-54	0	-100	2,784	-25	788	-20	7,771	-80	19,311	-68
Mouldings	5,386	-42	0	-100	1,636	14	378	-39	211	-82	7,611	-39
Plywood	873	-81	0	-100	0	-100	212	-28	8,245	-31	9,330	-45
Veneer	18	-96	0	-100	0	-100	0	-100	357	-84	375	-87
Particleboard	12,752	-46	0	-100	0	-100	0	-100	1,402	-75	14,155	-55
TOTAL	41,230	-64	0	-100	4,921	-40	1,518	-45	22,725	-65	70,395	-64

Source : MTIB

are restarting and ports are rushing to clear a backlog of cargoes. But with virus outbreaks now overwhelming healthcare systems and shutting logistics channels in other major economies, exporters and industry analysts warn that global demand for products made and shipped out of China looks set to plunge.

China's container processing volumes fell 10.6% in the first two months of 2020 compared to the year before, while exports dropped 17.2%. While volumes rebounded in March as manufacturing and logistics operations rebooted, exporters fear that outbound shipments may be in for an even steeper slump in the months ahead. The export slump could drag on throughout 2020, estimating China's second-quarter exports could contract as much as 30% year-on-year.

Some closely-tracked cargo metrics are already showing the impact of slowing demand in key centres. Container vessel utilisation rates from Shanghai to North America and Europe were at 85% last week, down by 10% points from a week earlier, according to data tracked by Shanghai Shipping Exchange.

Freight rates also dipped, with European routes down 3.1% weekly as of March 27 to USD764 per twenty foot equivalent units (TEUs), and routes to the US West Coast down 2.2% at USD1,515 per TEUs.

Source: The Star

Russia

Russian Railways' network loading down 4.3% in 4M' 2020

In January-April 2019, the network of Russian Railways loaded 407.5 million tonnes of cargo, down 4.3%, year-on-year.

In the reporting period, the railways shipped the following goods: coal 114.8 million tonnes (-10.3%, year-on-year); coke 3.6 million tonnes (-4%); crude oil and oil products 75.8 million tonnes (-4.7%); iron and manganese ore 39.3 million tonnes (-0.2%); ferrous metal 23.5 million tonnes (-8.8%); ferrous metal scrap 3.8 million tonnes (-10.6%); chemical and mineral fertilizers 20.5 million tonnes (+0.9%); cement 6.4 million tonnes (-7.8%); timber 14.1 million tonnes (-5.2%); grain 8.1 million tonnes (+9.7%); construction cargo 39.5 million tonnes (+4.1%); non-ferrous ore and sulphur feedstock 6.4 million tonnes (+1.6%); chemicals and soda 8.5 million tonnes (-4.3%); industrial feedstock and moulded materials 9.9 million tonnes (-10.5%).

From the beginning of the year, freight turnover fell by 5.3%, year-on-year, to 830.1 billion tariff ton-km. Freight turnover, taking into account empty wagon runs, dropped by 5.7%, year-on-year, to 1.053.3 billion ton-km. Freight turnover in April decreased by 7.3% to 208.1 billion tariff ton-km. Freight turnover, taking into account empty wagon runs, dropped by 7.4% to 263.8 billion ton-km.

Source: PortNews

Russia

Throughput of Port St. Petersburg totaled 19.8 million tonnes in 4M' 2020

Liquid bulk cargo transshipment surged by 26% while handling of dry bulk cargo dropped by 18%. In January-April 2020, the Port of St. Petersburg handled 19.75 million

tonnes of cargo, which was flat, year-on-year. According to the port authority, transshipment of oil products grew by 26% to 3.7 million tonnes while dry bulk cargo fell by 18% to 2.2 million tonnes, handling of general cargo was down 2% to 4.1 million tonnes, transshipment of Ro-Ro cargo down 16% to 350,000 tonnes, and dry loose cargo down 27% to 114,000 tonnes which included 74,000 tonnes of timber (-43%). The port's container throughput fell by 4%, year-on-year, to 737,000 twenty-foot equivalent units (TEUs). In 2019, the port handled 59.9 million of cargo, its container throughput was 2.2 million TEUs.

Source: PortNews

USA

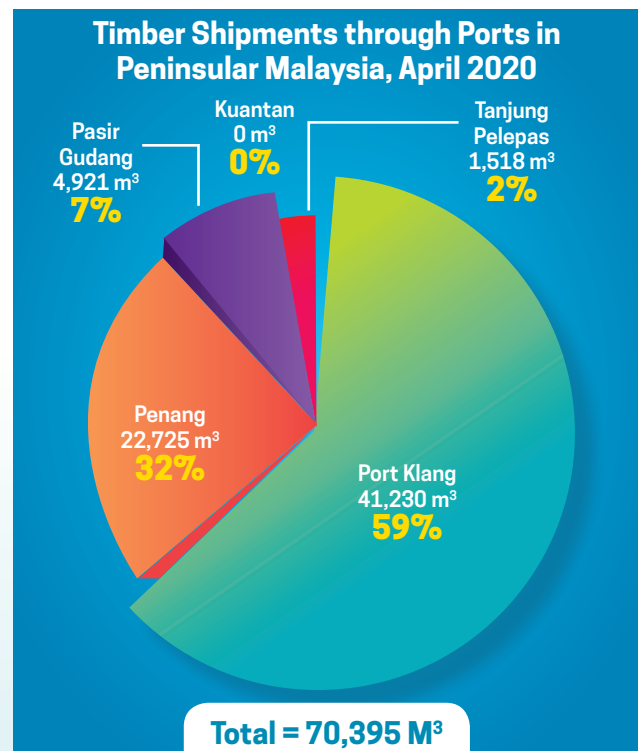
Port of Los Angeles container volumes down 6.5% to 689,000 TEUs in April 2020

The Port of Los Angeles moved 689,000 Twenty-Foot Equivalent Units (TEUs) in April. While that figure was 53% more than March volumes, it represents a decrease of 6.5% compared to last April, which is the standard comparison, the company said in its release.

April loaded imports increased 2.6% to 370,000 TEUs compared to the previous year. Loaded exports decreased 16.2% to 130,000 TEUs. Empty containers declined 14.4% to 189,000 TEUs. In total, April volumes totaled 689,000 TEUs.

The Port of Los Angeles remains open with all terminals operational during the COVID-19 pandemic and serves as the temporary homeport of the Naval hospital ship (USNS) Mercy. North America's leading seaport by container volume and cargo value, the Port of Los Angeles facilitated USD 276 billion in trade during 2019. The San Pedro Bay port complex operations and commercial centre facilitate one in nine jobs in the five-county Southern California region.

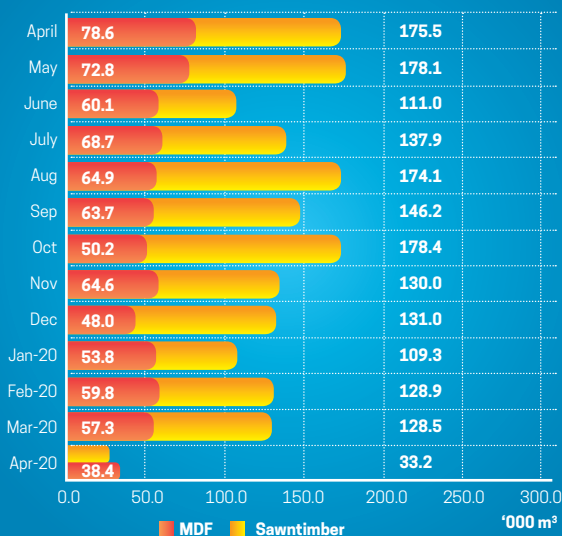
Source: PortNews



April 2020

Total export of Malaysian timber and timber products in April 2020 decreased by 43% valued at RM906.9 million over the previous month. Similarly, cumulative exports for the period of January to April 2020 decreased by 10% valued at RM6.4 billion over the previous corresponding period.

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



SAWNTIMBER

Total export of sawntimber in April 2020 decreased by 74% in volume and 72% in value to 33,241 m³ with a value of RM64.5 million as compared to the previous month. Cumulative exports for the period of April 2020 decreased by 36% in volume and 38% in value to 399,934 m³ totalling RM734.5 million over the previous corresponding period.

Exports of sawntimber to the EU for the month decreased by 65% to 2,599 m³ over the previous month as a result of lower demand from major countries in the region. The Netherlands as the main buyer decreased its intake by 39% to 1,897 m³ from 3,097 m³ in the previous month. Exports to Germany also decreased by 67% to 204 m³ from 618 m³ recorded in the previous month followed by Italy with 72% lower to 119 m³ and the United Kingdom decreased by 93% to 88 m³.

Total export to West Asia decreased by 76% to 9,116 m³ from 37,573 m³ recorded in the previous month. Yemen as the main buyer from West Asia decreased purchase by 79% to 3,423 m³ from 16,063 m³ recorded in the previous month. Exports to Qatar also decreased by 40% to 845 m³ from 1,400 m³ recorded in the previous month followed with the UAE to 3,341 m³ from 8,875 m³. Exports to Bahrain also decreased by 70% to 305 m³ from 1,013 m³ followed by the Saudi Arabia, with 95% to 108 m³ from 2,290 m³ recorded in the previous month.

Similarly, buying from ASEAN decreased by 89% to 3,978 m³ from 35,755 m³ registered in the previous month. Thailand the main buyer in ASEAN has decreased its intake of sawntimber by 91% to 1,317 m³ from 14,658 m³ recorded in the previous month. Exports of sawntimber to Singapore also decreased by 68% to 2,302 m³ from 7,088 m³ recorded in the previous month followed by Viet Nam with 75% to 282 m³ and Indonesia with 57% to 77 m³. Meanwhile, the Philippines didn't make any purchase for the month.

Likewise, shipments to East Asia also decreased by 35% to 15,068 m³ from 23,052 m³ in the previous month. China as the main buyer decreased purchase with 24% to 8,102 m³ from 10,690 m³ recorded in the previous month. Exports to South Korea decreased by 19% to 1,457 m³ followed by Taiwan with 43% to 4,051 m³ and Japan with 56% to 1,420 m³ respectively compared to the previous month.

Elsewhere, exports to the US and Australia decreased by 73% and 60% to 353 m³ and 190 m³ respectively. Demand from South Africa decreased by 98% to 36 m³ from 1,725 m³ in the previous month.

The average FOB price of sawntimber increased by 8% to 1,940 per m³ from 1,804 per m³ in the previous month. Meanwhile, price of Dark Red Meranti to the Netherlands increased slightly to 3,309 per m³ from 3,234 per m³ in the previous month. Keruing was traded at 2,321 per m³, an increase of 4% from 2,242 per m³ in the previous month.

MEDIUM DENSITY FIBREBOARD (MDF)

Exports of MDF in April 2020 decreased in volume by 2% to 38,366 m³ but increased in value by 87% worth RM51.6 million compared to the previous month. Meanwhile, cumulative exports for January-April 2020 compared to January – April 2020 recorded a decrease in volume by 35% to 209,246 m³ and in value by 27% worth RM276.8 million over the previous corresponding period.

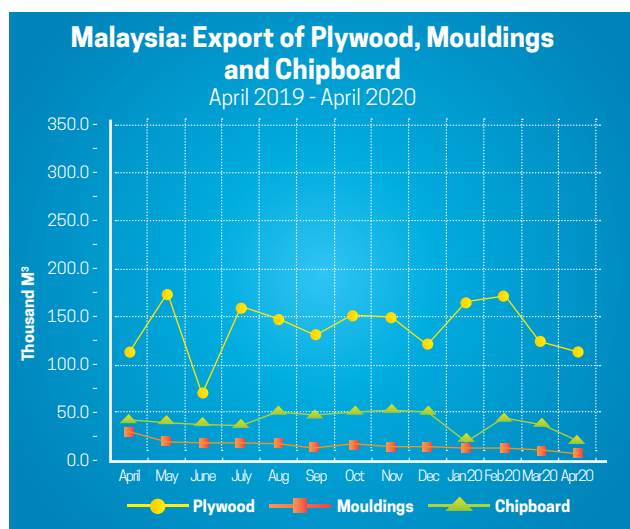
In ASEAN, total export decreased by 47% to 3,575 m³ from 6,801 m³ in the previous month. Exports to Indonesia and the Philippines reduced by 23% and 86% to 2,083 m³ and 438 m³ respectively. However, Viet Nam increased its buying by 16% to 813 m³. For the East Asia region, exports to the region also decreased by 9% to 12,240 m³. Japan as the major importer of MDF decreased intake by 9% to 11,471 m³ and South Korea also decreased its buying by 23% to 195 m³. However, Taiwan increased its intake by 53% to 574 m³. Similarly, exports to the South Asia region decreased by 89% to 867 m³. India as the major buyer decreased its intake by 91% to 290 m³, followed by Sri Lanka by 76% to 407 m³ and Pakistan 94% to 170 m³.

Likewise, in the West Asia region, exports reduced by 28% to 15,226 m³ from 21,069 m³ in the previous month. Exports to the UAE reduced by 39% to 4,779 m³, followed by Kuwait 77% to 634 m³, Qatar 55% to 380 m³ and

Saudi Arabia 88% to 326 m³. However, exports to Syria increased by 100% to 3,023 m³, followed by Oman with 9% to 1,243 m³, Bahrain 409% to 759 m³ while Lebanon recorded at 103 m³.

Elsewhere, exports to the USA, Australia and UK decreased by 71% to 721 m³, 70% to 611 m³ and 22% to 312 m³ respectively. There was no intake from South Africa and Mauritius for the month.

The FOB price of MDF increased by 3% to RM1,345 per m³ from RM1,302 per m³ from the previous month.



PLYWOOD

Exports of plywood in April 2020 both increased in volume and value by 104% and 209% to 116,893 m³ totalled RM230.3 million compared to the previous month. However, cumulative exports for January-April 2020 based on year-on-year showed a decrease in volume by 5% to 584,922 m³ and in value by 13% worth RM1.1 billion over the previous corresponding period.

Total export of plywood to the EU decreased by 32% to 3,729 m³ for this month. Exports to the UK and the Netherlands decreased by 21% and 50% to 3,643 m³ and 43 m³ respectively. Meanwhile, Germany resumed its intake to 43 m³. Other EU regular buyers such as Belgium, Denmark, France and Italy did not make any purchase this month.

Exports to ASEAN and East Asia regions recorded an increase of 5% to 95,517 m³ compared to the previous month. In the East Asia region, Japan as the main importer of Malaysian plywood increased its intake by 29% to 72,201 m³ and followed by Hong Kong by 83% to 1,974 m³. Contrarily, Taiwan decreased its buying by 2% to 11,891 m³, followed by South Korea with 53% to 7,190 m³ and China with 24% to 485 m³. Meanwhile, Malaysia's plywood trade with its ASEAN partners showed a negative trend for this month. Thailand decreased its intake by 69% to 869 m³, followed by the Philippines with 86% to 162 m³, Brunei Darussalam with 75% to 135 m³ and

Singapore 98% to 26 m³. No intake from Indonesia for the month.

Exports to the West Asian region recorded a decrease of 79% to 4,799 m³ for this month. Yemen decreased its intake by 86% to 2,459 m³ followed by UAE with 44% to 781 m³, Saudi Arabia with 27% to 693 m³, Kuwait 6% to 225 m³ and Bahrain 72% to 171 m³.

Exports of plywood to the Americas region decreased by 43% to 11,030 m³ as compared to the previous month. However, the main buyer in the Americas region, the USA increased its intake of plywood by 65% to 10,948 m³ from 6,630 m³ last month. Exports to Mexico reduced by 96% to 82 m³ meanwhile Canada did not make any purchase for the month. Exports to Australia reduced by 35% to 1,716 m³ and New Zealand maintained its intake to 21 m³, same as previous month. Meanwhile, in the African region, exports to Morocco and South Africa recorded very minimal to 3 m³ and 21 m³ respectively.

The FOB price of plywood increased by 6% to RM1,970 per m³ from RM1,861 per m³ in the previous month.

MOULDINGS

Exports of mouldings for the month increased by 11% in volume and 157% in value to 8,981 m³ worth at RM32.6 million. However, cumulative exports for the period of January to April 2020 decreased by 34% in volume and 28% in value to 57,731 m³ worth at RM219.4 million as compared to the previous corresponding period in 2019.

Exports to the EU for the month recorded at 4,006 m³, a decrease of 40% compared to the previous month. Germany, the UK, Belgium and the Netherlands decreased their purchases by 58%, 48%, 32% and 30% to 238 m³, 218 m³, 258 m³ and 3,002 m³ compared to the previous month. Meanwhile, Italy did not make any purchase.

Exports to the ASEAN region increased as Singapore increased purchase by 14% to 454 m³. However, Viet Nam decreased purchase by 3% to 433 m³ compared to the previous month. Meanwhile, there was no intake from Indonesia.

Likewise, South Korea, China and Japan decreased intakes by 21%, 16% and 7% to 658 m³, 124 m³ and 880 m³ respectively. However, Hong Kong and Taiwan did not make any purchase.

Elsewhere, exports to Australia and Canada decreased by 64% and 32% to 585 m³ and 51 m³ respectively. Meanwhile, the USA also decreased its intake by 17% to 1,562 m³ compared to the previous month.

FOB unit value for mouldings decreased by 8% to RM3,629 per m³ compared to RM3,983 per m³ in the previous month.

April 2020

LOGS

The average domestic prices of logs for most of the species for the month under review remained at last month's level during the movement control order

Log prices for the species of Chengal and Balau stood firm at RM5,040 per ton and RM3,500 per ton. The prices for Keruing and Kempas remained at RM1,500 per ton and RM1,800 per ton respectively. Similarly, the prices for Dark Red Meranti and Red Meranti remained at RM1,900 per ton and RM1,830 per ton while logs prices of Mixed Heavy Hardwood and Mixed Light Hardwood stood firm at RM1,150 per ton and RM1,050 per ton respectively.

MEDIUM DENSITY FIBREBOARD (MDF)

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

SAWNTIMBER

The average sawn timber prices for most of the species in the domestic market continued to be firm.

The prices of Chengal and Balau sawn timber stood firm at RM7,415 per m³ and RM3,453 per m³ respectively. Similarly, the prices of Keruing stood firm at RM1,250 per m³ and RM2,436 per m³. The prices for Dark Red Meranti and Red Meranti remained at RM2,036 per m³ and RM2,013 per m³ respectively while prices of Mixed Heavy Hardwood and Mixed Light Hardwood sawn timber remained at RM1,010 per m³ and RM953 per m³ respectively for this month.

PLYWOOD

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

INTRA-MALAYSIA TRADE * - APRIL 2020

The shipments of logs from Sabah to Peninsular Malaysia for the month fell by 48% in volume to 927 m³ worth at RM286,000. Trade of plywood fell by 100% in volume from 1,764 m³ to 5 m³ worth at RM2,000.

Trade of plywood from Sarawak to Peninsular Malaysia fell by 74% in volume from 1,739 m³ to 460 m³ worth at RM446,000.

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

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

	LOGS/tonne	SAWNTIMBER/m³		
SPECIES	18" UP	GMS	STRIPS	SCANTLINGS/m³
HEAVY HARDWOOD				
Cengal	5,040	7,415	5,791	8,121
Balau	3,500	3,453	3,178	3,213
Red Balau	2,300	3,143	2,719	3,390
Merbau	3,580	4,696	3,927	4,096
Mixed Heavy Hardwood	1,150	1,010	869	1,130
MEDIUM HARDWOOD				
Keruing	1,500	1,250	1,215	2,203
Kempas	1,800	2,436	2,260	2,684
Kapur	1,680	1,751	1,412	1,746
Mengkulang	1,300	2,119	1,419	2,154
Tualang	1,450	2,472	2,331	2,493
LIGHT HARDWOOD				
Dark Red Meranti	1,900	2,036	1,695	2,825
Red Meranti	1,830	2,013	1,645	2,133
Yellow Meranti	1,250	1,554	1,236	1,271
White Meranti	1,480	2,472	1,306	2,528
Mersawa	1,700	1,801	1,660	2,013
Nyato	1,250	1,624	1,342	1,518
Sepetir	1,370	1,706	1,095	1,751
Jelutong	1,110	1,815	1,215	1,871
Mixed Light Hardwood	1,050	953	812	989
MALAYSIAN RUBBERWOOD				
<i>Hevea brasiliensis</i>	LOGS/tonne	SAWNTIMBER/m³		
	175	1" X 1"	2" X 2"	3" X 3"
		1,038	1,104	1,356
PLYWOOD 4' X 8'	4 mm	6 mm	9 mm	12 mm
(RM per piece)	14.60	22.00	38.00	48.00
PLYWOOD 4' X 8'	4 mm	6mm	9 mm	12 mm
(RM per piece)	12.80	16.30	22.00	28.60

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

* Prices are only indicative

INTRA-MALAYSIA TRADE -APRIL 2020

From	Product	March 2020		April 2020		% Change in volume	% Change in value
		Vol (m³)	Val (RM'000)	Vol (m³)	Val (RM'000)	April 2020/March 2020	April 2020/March 2020
SABAH	Logs	1,764	582	924	286	-48	-51
	Sawntimber	40	132	0	0	-100	100
	Plywood	1,764	3,114	5	2	-100	-100
	Veneer	32	44	0	0	-100	100
SARAWAK	Logs	0	0	0	0	0	0
	Sawntimber	1,059	2,017	0	0	-100	-100
	Plywood	1,739	1,847	460	446	-74	-76
	Veneer	0	0	0	0	0	0

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

Cont. from page 13

VENEER

Exports of veneer for April 2020 reduced drastically by 98% in volume and 99% in value to 2,546 m³ at RM3.6 million as compared to the previous month. Similarly, cumulative exports for January-April compared to previous year showed a decrease in volume and value by 44% and 46% to 23,916 m³ worth RM36.3 million over the previous corresponding period.

Exports to Taiwan, South Korea and China reduced by 59%, 66% and 85% to 1,300 m³, 501 m³ and 141 m³ respectively. Exports to the Philippines reduced by 85% to 141 m³. Meanwhile, there were no exports to Singapore, Australia, Canada, India, Italy, USA and Viet Nam for the month.

The FOB price of veneer for April 2020 recorded at RM1,428 per m³, a decrease of 8% from RM1,558 per m³ on the previous month.

BUILDERS JOINERY AND CARPENTRY (BJC)

Exports of BJC for April 2020 recorded a decrease of 48% in volume and 44% in value to 4,041,253 m³ worth RM33.1 million from last month. Total BJC cumulative exports for the period of April 2020 decreased by 16% to RM267.0 million as compared to RM317.0 million in the corresponding period last year. Exports to the EU decreased 10% to RM90.1 million. Exports to the Netherlands, Germany, France, Denmark and the UK decreased by 39%, 36%, 36%, 30% and 8% to RM5.6 million, RM6.3 million, RM5.9 million, RM5.4 million and RM35.9 million respectively. However, exports to Belgium, Sweden and Italy increased by 26%, 22% and 16% to RM16.8 million, RM5.8 million and RM2.0 million respectively. Meanwhile, Turkey resumed purchase to 71,307 m³.

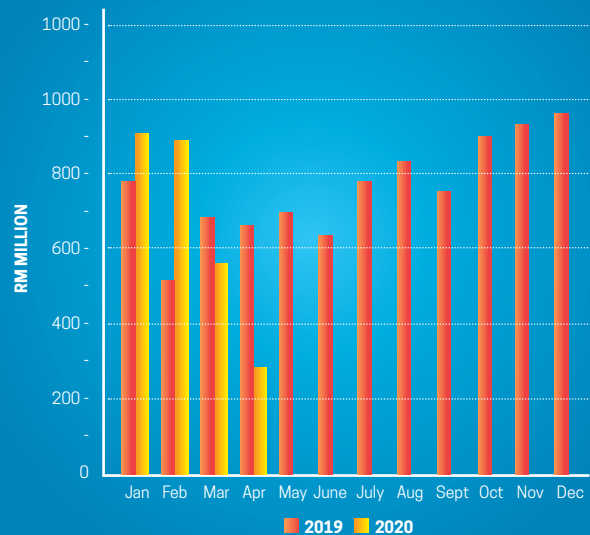
In Asia, exports to the UAE and Saudi Arabia recorded a decrease of 90% and 84% to RM300,614 and RM129,143. Viet Nam, Singapore, Japan, Taiwan and India decreased purchase by 68%, 47%, 30%, 21% and 5% to RM2.8 million, RM12.3 million, RM14.9 million, RM2.4 million and RM12.0 million respectively. However, exports to South Korea and Thailand increased by 50% and 5% to RM1.3 million and RM6.4 million compared to the previous month. Meanwhile, Qatar and Kuwait did not make any purchase.

Exports to South Africa, Australia and New Zealand decreased by 57%, 25% and 2% to RM2.8 million, RM51.2 million and RM2.4 million respectively. However, exports to Maldives, Mauritius and the US increased by 261%, 58% and 24% to RM3.1 million, RM377.436 and RM49.9 million compared to the previous month.

FURNITURE

Exports of wooden and rattan furniture for the period of January to April 2020 decreased slightly to RM2.62 billion from RM2.65 billion in the previous corresponding period. Imports of wooden furniture by the US increased

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



by 41% to RM1.5 billion from RM1.1 billion in 2019. In Europe, shipments to the UK and Greece decreased by 28% to RM123.1 million and 23% to RM7.3 million, respectively. Exports to the Netherlands decreased by 27% to RM7.9 million followed by Germany by 30% to RM14.4 million. France reduced by 43% to RM11.7 million while Poland reduced by 47% to RM7.8 million. Similarly, purchases by Russia declined by 49% to RM3.9 million from RM7.7 million in 2019. Demand from Canada and Australia decreased by 22% and 28% to RM76.1 million and RM111.9 million respectively.

In East Asia, exports to Japan decreased by 24% to RM152.0 million from RM199.7 million in 2019. However, South Korea increased consumption by 10% to RM30.8 million whilst exports to China decreased 44% to RM33.6 million. Exports to India also decreased by 15% to RM49.4 million from RM58.0 million in the previous corresponding period.

In the ASEAN region, exports to the Philippines and Singapore decreased by 44% to RM38.9 million and 43% to RM81.1 million respectively. Elsewhere, exports to Saudi Arabia and Qatar also decreased by 23% to RM49.4 million and 39% to RM2.2 million respectively. The UAE also reduce buying by 26% to RM34.9 million followed by Kuwait with 52% to RM9.2 million and Oman with 65% to RM4.1 million.

Rattan furniture shipments for Jan - April 2020 decreased by 16% to RM494,341 from RM585,508 in the previous corresponding period. Exports to the USA decreased by 67% to RM127,541 whilst Japan increased significantly to RM120,000 from only RM22,353 in the previous corresponding period. Australia, American Samoa and Singapore resumed purchases at RM191,883, RM32,591 and RM9,360 respectively. Both China and the Netherlands also resumed purchases at RM6,851 and RM6,149 respectively. 🇲🇾

News

NORTHPORT : THE TIMBER PRODUCT GATEWAY TO THE WORLD

Northport being the busiest port in Malaysia has always become the main exit point for timber product exporters.

Northport is owned and operated by Northport (Malaysia) Bhd. which is a merger of two companies; Kelang Container Terminal (KCT) and Kelang Port Management (KPM). North Port can be considered the largest port in Port Klang, the largest container port serving Malaysia. Most of Malaysia's imports and exports are handled through Northport. It's located about 40 km from Kuala Lumpur.

As one of the largest multi-purpose ports of its kind in the national ports system, it offers dedicated facilities and services to handle wide variety of cargoes ranging from containers to cars, break bulk cargoes as well as the capacity to handle liquid and dry bulk cargoes of all types and shipment sizes. Its facilities are located at two locations: Southpoint and Northport.

Southpoint is for conventional cargo handling while Northport is having the updated technology for container handling facilities. Northport logistics has further added value to the business entity. The port is structured into four internal business units that are aimed at serving customers' needs more efficiently, effectively and economically. The units are:

1. Conventional Services

All non-containerised cargoes are handled at two facilities in Northport – a dedicated conventional cargo terminal in Southpoint, and conventional cargo terminals in Northport for break bulk, liquid and dry bulk cargoes. Southpoint, formerly known as Southport, is the oldest section of Northport. Southpoint which has undergone massive rehabilitation and renewal offers a very broad range of facilities and services for handling a variety of conventional cargoes including liquid bulk, dry bulk and break bulk cargoes.

2. Container Services

In Northport the container services are operating at dedicated container terminals, namely CT1, CT2, CT3 and CT4 which are fully equipped with state-of-the-art handling equipment and facilities to meet the growing demand for container services. The wide and extensive connectivity provided by leading global shipping lines has helped Northport to leverage and emerge as a major regional trans-shipments hub port. Northport now offers more links to worldwide ports than any other ports in Malaysia and has emerged as one of the most important gateway ports in the world.

3. Logistics Services

In recognition of the international end-to-end supply chain development, Northport has envisaged an important role as part of this development. Northport has invested heavily in downstream on-dock supporting facilities, products and services. Among these are the dedicated logistics business unit called Northport Distripark.

At Northport Distripark with a wide range of services, which include warehousing, pre-shipment activities such as documentation, internal haulage, packing and re-labelling, minor assembly and other value-added activities to complement its core business activities. Northport offers highly value-added services. Contents of containers are stored here, processed if necessary and then distributed further.

There are also Container Freight Station (CFS) which offers a Multi Consolidation Centre, with services ranging from warehousing, distribution and freight forwarding, all located within Northport's Free Commercial Zone. This service offers a substantial concentration of facilities having to do with distribution operations.

4. Marine Services

Northport's Marine Services provides a 24-hour service to ensure the safe and efficient movement of

vessels within port waters. This includes all necessary coordination of port services and dissemination of relevant information. The efficient and safe movement of vessels is coordinated by highly experienced pilots while utilizing the appropriate number and type of tugs

for berthing and unberthing activities at the wharves. Knowledge of the Port Klang waterways and tidal flows is essential in determining the appropriate resources required and the timing for the movement of vessels.

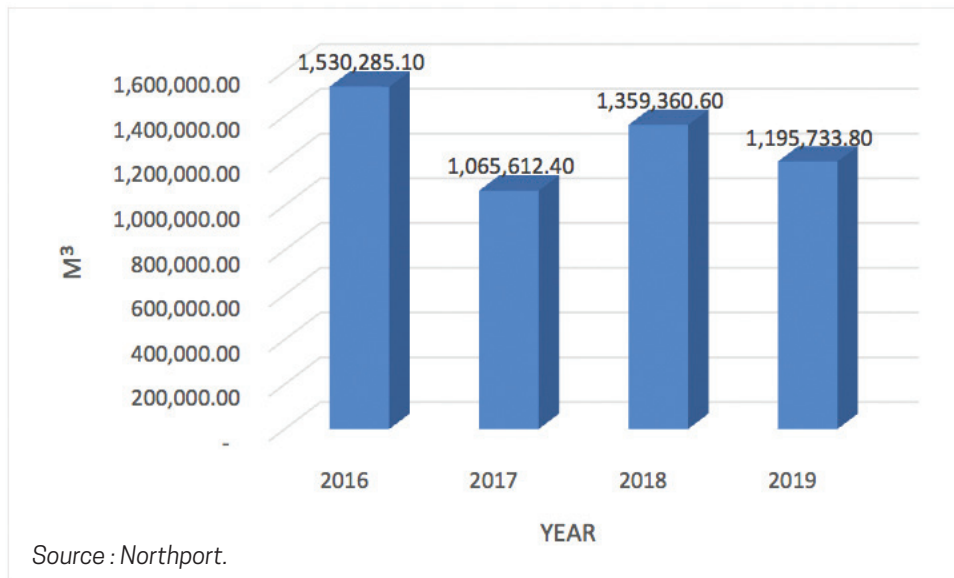


Figure 1: Timber Shipment through Northports.

Over the years, Northport has received several awards for its commendable performance, including:

- Malaysia's Best Seaport through the Outstanding Performance Award under Port category by the Ministry of Transport Malaysia for two consecutive years, in conjunction with the Malaysia World Maritime Week 2016 and 2017.
 - Best Container Terminal Under 4mil TEUs by Cargonews Asia for two consecutive years at the Asian Freight & Supply Chain Awards 2009 and 2010,
 - Multi-Purpose Terminal Operator of The Year (Asia Pacific) by Frost & Sullivan in 2009,
 - Best Employer of Choice 2012 – Silver Category by Malaysian Institute Of Human Resource Management,
 - Major Employer - Services Sector category by the Ministry of Human Resources at the Human Resources Development Berhad Award 2009, and
 - Best Brands in Logistics Ports Award by The Brand Laureate in 2008.
- These achievements have helped to enhance Northport's reputation as Malaysia's Preferred Gateway Port.

Source:-

<https://wikimapia.org/64194/Northport-Malaysia-Bhd-Port-Klang>

<https://www.northport.com.my/npv2/index.html>



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News



Demand for Wood Chips (Pellets) in Netherlands

On May 2020, PBL Netherlands Environmental Assessment Agency published a new report stating that the Netherlands may not be able to meet the climate targets set by European Union (EU) without the usage of biomass. Biomass is a renewable source of energy that is generated from organic materials, such as plants and animals that provide environmental sustainability in the Netherlands, according to pbl.nl.com

Opportunity

According to dutchnews.nl.com, about 14% of energy generated in the Netherlands should come from sustainable sources by the end of 2020, in order to meet the EU targets set under the agreement between the Netherlands and the EU. The government's planning agency PBL however stated that the Dutch sustainable energy production is unable to reach more than 11.4% of the energy generated and the usage of biomass may be unavoidable if Netherlands is to achieve the EU targets by 2020.

Only 8.6% of the Netherlands total 2,100 petajoules (PJ) energy consumption in 2019 came from renewable sources. The Netherlands also used the same total of 2,100 PJ energy in 2018, of which 7.4% were from renewable sources.

Biomass is the largest source of renewable energy in the Netherlands accounting for 60% of the total renewable energy, an increase by 15% last year. The increase was partly due to the fact that more coal-fired power stations were subsidised to use wood chips rather than coal. In the Netherlands, there are about 628 biomass installations with a combined subsidy package of €11.4 billion, of which €2.6 billion is going to the RWE power plants in Geertruidenberg and Eemshaven.

Criticism over the usage of biomass in power stations has been flooding over the recent months particularly regarding wood chips. The way woods are being imported from abroad to burn in Dutch power stations is highly controversial as opponents argue that it is far from sustainable and can be more polluting than the traditional method of generating

electricity, according to dutchnews.nl.com.

Further clarifying on the matter, the PBL stated that without using biomass, the Netherlands will have to install wind turbines and solar panels more quickly than it is currently doing and other difficult choices will have to be made.

Enviva, a wood pellet producer in North Carolina, US, has a contract to ship at least 200,000 tons of pellets per year to RWE in the Netherlands between 2020 and 2024, according to dutchnews.nl.com. The Netherlands is a Member State of the European Union (EU) which is a customs union under a common trade policy. Interested exporters of wood pellets are therefore encouraged to visit the European Commission link: <https://ec.europa.eu/energy/intelligent/projects/en/projects/pellcert> for further details on EU Import Regulations and requirements for exports of wood pellets to the Netherlands.

The Way Forward

The unavoidable usage of biomass in the Netherlands provides great potential for Malaysian suppliers/exporters of wood pellets to explore the Dutch market. As Dutch importers of wood pellets are also looking to source from other countries, Malaysian exporters should therefore take this opportunity to expand its market share of wood pellet supply in the Netherlands. A list of wood pellet importers in the Netherlands can be requested from the MATRADE Rotterdam office.

For further information and enquiries, please contact MATRADE Rotterdam at rotterdam@matrade.gov.my.

Disclaimer

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Note: This article was contributed by MATRADE 

News

KNOCKING ON THE DOOR OF SUCCESS



Weng Meng Industries has been in the market since 1979. From humble beginnings as a small family owned business, its dedication in creating high quality products coupled with passion and dedication, has driven Weng Meng to where they are today. As a manufacturer of assorted timber joinery products such as wooden cable reels, wooden pallets, and office furniture and fittings, they have grown to become a prominent manufacturer and supplier of wooden and steel cable reels in the region.

IF OPPORTUNITY DOES NOT KNOCK, BUILD A DOOR

In the early 1980s, recognizing the market potential, Weng Meng diversified into the production of timber doors. Their dedication to creating high quality, finely crafted doors has helped them grow to become one of the most comprehensive total door solution providers globally. They have manufactured and installed millions of door sets, from generic ready-made to custom-made, delivering products that are highly functional and aesthetically pleasing.

“The right door with the right design can make all the differences in any construction, renovation or decorating project. It is a finishing touch that will dramatically bring your project to life. It is a choice that will determine how this investment will perform over the longer term” stressed George Yap, the Chief Executive Director.

OLD WAYS WILL NOT OPEN NEW DOORS

The distinctive characteristics of Weng Meng’s product offering is proven when its Acoustic Sliding Timber



George Yap, Chief Executive Director

Door clinched the prestigious New Product Award at the 20th International Architecture, Interior Design and Building Exhibition (Archidex) 2019. This award is aimed at discovering the industry’s most exciting product introductions with the best form and functionality.

This range of doors is technically brilliant and revolutionary in its ability to keep out noise and smells,





A door is more than just an opening

whilst looking modern and classy. This door solution also helps protect spaces from dust, prevents draughts, shuts out odours and avoids light permeation. It is designed to ensure efficient installation as the fitting, door and frame are combined as one unit.

CHALLENGES DURING COVID-19

The Covid-19 pandemic brought much of the world economies to a grinding halt. It was tough for businesses to keep their financial wheels turning and the impact of lockdowns were particularly hard for companies with little reserves for managing sudden slumps. Malaysia was not spared as the economic indicators showed a worrying trend during the Movement Control Order (MCO) when it was first implemented from March 18-31 to contain the pandemic. Like any other businesses, Weng Meng's main concerns were over the slowing global and domestic demands, cashflow management, order fulfilling issues, uncertainty to maintain or replace manpower and were not confident in business reinvestment.

As many industries were contemplating a shutdown, the timber sector received special approval from the Ministry of Health through the Ministry of Plantation Industries and Commodities and MTIB, to operate under strict adherence to the Standard Operating Procedures (SOPs) during the MCO. Weng Meng Industries was one

of the companies which can be operated during MCO. During MTIB's spot check to its premise, Weng Meng's employers and staffs were found adhering to the SOP strictly, such as maintaining a one-metre distancing at the workplace, avoiding confined spaces, as well as wearing the Personal Protective Equipment (PPE) at all working hours.

Steps and measures were taken to revive the economy and businesses. Weng Meng Industries Sdn Bhd, is one of the companies envisaged to revisit their respective business plans and actively relook at digitalisation for automation and software in those processes which no require human skill & talent to further fortify the operations. Businesses must consider operating on e-platforms. They should also expedite R&D activities to create more value for customers.

For more details and enquiries please contact Weng Meng Industries at :

T (603) 3149 1188

F (603) 3149 1800

Or visit, No. 11, Jalan 8, Kompleks Perabot Olak Lempit, 42700 Banting, Selangor, Malaysia

wmisb@wm.com.my



Weng Meng workers are adhering to the SOP set by their Management

News



Furniture Market in Australia

The furniture industry in Australia has seen some challenging times over the past few years, including during the COVID-19 crisis. Major industry players have experienced low growth over the past five years, at an average of 1.4%.

Market Trend

The Australian furniture industry is projected to grow at a Compound Annual Growth Rate (CAGR) of over 5% in value terms during 2018-2024. A rising construction market, a growing urban population and an increasing spending pattern, are expected to drive growth in the local furniture market. Additionally, growing infrastructure-based developments, online availability of furniture for permanent or rental use, growing nuclear families coupled with a booming retail market are anticipated to fuel the furniture market in the country.

The increasing demand for branded products among the customers owing to rising income level has led to the growth of organised retailers in the country. There has been a rapid growth in the real estate sector due to the rise in demand for residential property in the country. In future, bedroom furniture will be the highest selling product category in the home furniture segment, followed by living room, kitchen, home office, dining room, and storage furniture as well as all other residential furniture.

Growth in the establishments of luxurious hotels in the country has resulted in increased demand for beds, wardrobes and other furniture. An inflow of multinational companies in Australia has resulted in increasing demand for fully furnished offices in the country thus increasing the demand for office furniture.

To boost revenue, furniture industry players have implemented a few efficient strategies:

- **E-Commerce** – Operating online is a much easier and more efficient way to follow the latest trends and customer demands. More and more manufacturers and retailers are selling their products via online. The total

value of the online home furnishing industry in Australia is estimated to be over \$407 million by 2023.

- **Increased Collaboration** – In order to gain more experience, skills and revenue, furniture players should increase collaborations between companies;
- **New Technologies** – Increased efficiency of manufacturing equals increased profitability.

The Way Forward

The COVID-19 crisis will surely create a new normal for the industry. The demand through online platform has increased during the crisis. It is expected that online demand will continue to increase.

The Australian furniture industry continues to remain relevant despite its struggles to maintain market share amidst growing competition from cheaper mass-production imports of furniture and increasing costs of operations. In addition, to save on costs of physical space, wages and inventory holding, industry operators are increasingly utilising the online platform to showcase and market their products. In this aspect, Malaysian exporters of furniture should collaborate with their partners in Australia to market their products via online. This can then create opportunities for Malaysian companies to enter the market.

For any enquiry, please contact MATRADE Melbourne at melbourne@matrade.gov.my

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Note: This article was contributed by MATRADE 



Resak Vatica spp.

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Timeless, Enduring



UPCOMING EVENTS

NOVEMBER – DECEMBER 2020



	EVENTS	VENUE	ORGANISER DETAILS
NOV 5-7	HABITAT EXPO 2020 Furniture and Interior Fair	WORLD TRADE CENTRE AND PEPSI CENTRE Colonia Napoles, Mexico City, Mexico	Tradex Exposiciones Tel : + (55) 4629 7750 E-mail: info@habitatexpo.com
6-8	LAS EXPO 2020 20 th Fair of Wood Industry and Forest Resources Management	TARGI KIELCE EXHIBITION AND CONGRESS CENTRE Kielce, Poland	Targi Kielce SA Ul. Zakladowa 1 25-672 Kielce Poland Tel : +48 41 365 12 22 Fax : +48 41 345 62 61 E-mail: biuro@targikielce.pl
6-8	SALON HABITAT DECO 2020 Furniture and Decoration Fair	EXPONANTES LE PARC Nantes, France	Exponantes Parc des Expositions Route de Saint-Joseph de Porterie 44300 Nantes, France Tel: 02.40.52.08.11 Fax: 02.40.93.80.50 E-mail: exponantes@exponantes.com
8-11	BRUSSELS FURNITURE FAIR 2020 International Furniture Fair	BRUSSELS EXPO Place de Belgique 1, 1020 Brussels, Belgium	Brussels Furniture Fair Tel : +32 (0) 2 558 97 20 E-mail: adm@furniturefairbrussels.be
26-29	EXPO MOBILA 2020 International specialised exhibition of furniture, equipment, tools, materials and accessories for furniture manufacturing, 20 th edition	MOLDEXPO INTERNATIONAL EXHIBITION CENTRE Chisinau, Moldova	CIE Moldexpo SA, MD-2008 Chisinau, Str. Ghiocelilor 1 Republic of Moldova Tel : +373 22 810 462, 810 419 Fax : +373 22 74 74 20 E-mail: info@moldexpo.md
30 NOV - 3 DEC	IFMAC and WOODMAC 2020 International Furniture Manufacturing Components and Woodworking Machinery Exhibition	CROCUS EXPO Moscow, Russia	HYVE Tel : + 495 799 55 85 E-mail: woodex@hyve.group
5-8 DEC	ESPRIT MEUBLE 2020 Trade furniture fair	PORTE DE VERSAILLES – HALL 1 Paris, France	Espritmeuble 15 Rue du Ruisseau 75018 Paris France Tel : +33 0 153 09 32 38 E-mail: camille.bouillot@espritmeuble.com
8-10	MADESIGN EXPO 2020 International interior design exhibition for decoration, furniture and home textile market for Africa	O.F.E.C Rue Tiznit, Face a ala Mosquee Hassan II Casablanca, Morocco	Elan Expo Tel : + 212 66 300 29 29 E-mail: casablanca@elanexpo.net
19-21	WOOD AND FURNITURE ASIA 2020 Furniture, furnishing interior and house decoration	KARACHI EXPO CENTRE Karachi, Pakistan	Ecommerce Gateway Pakistan Ltd. 8, Kokan Society, Dr. Azhar Hussain Road, Near Kokan Park 74000 Karachi, Pakistan Tel : 92 21 111 222 444 E-mail: info@furnitureasia.com.pk

FURNITURE INDUSTRY IN POLAND



Overview

Poland, situated in Central Europe, is bordered by Germany, Ukraine, Russia, Belarus, the Czech Republic, Slovakia, and Lithuania. Through the Baltic Sea, it has easy access to Scandinavia. Poland is divided into 16 provinces (*voivodeships*), with Warsaw as the capital. The official language is Polish, and the currency is the zloty (PLN).

Poland is a member of many international organisations, which include, the European Union (EU), the North Atlantic Treaty Organization (NATO), the World Trade Organization (WTO), and the Organisation for Economic Co-operation and Development (OECD).

As a republic, the government of the Republic of Poland is based on the separation of and balance between the legislative, executive, and judicial power. Legislative power is vested in the Sejm and the Senate, executive power is vested in the President of the Republic of Poland and the Council of Ministers, and judicial power is vested in the courts and tribunals.

The Polish public administrative system is based on the division into central and regional (self-government) administrations. According to a cardinal principle included in the Constitution, local authorities are elected by citizens. The sources of the universally binding law of the Republic of Poland are: the Constitution, statutes, ratified international agreements, and regulations.

The main industry sectors in Poland are mining and quarrying (hard coal, lignite, crude petroleum, and natural gas), food, textile, clothing, chemicals and chemical products, wood and products of wood, pulp and paper products, building materials, and automotive industry.

The growth of the Polish gross domestic product (GDP) in 2019 was estimated at 4.3%. At the end of 2017, the value of foreign direct investments amounted to almost 191 billion euros (EUR) according to data published by the Polish Investment and Trade Agency. The biggest foreign investors in Poland come from the Netherlands, Germany, Luxembourg, and France. Most of the investments go to the manufacturing, financial, and insurance services sectors.

Economy

Poland has the sixth-largest economy in the EU and has a long reputation of being a business-friendly country with largely sound macroeconomic policies. Since 1990, Poland has pursued a policy of economic liberalization. During the 2008-2009 economic slowdown Poland was the only EU country which was not in recession. This was due to the government's loose fiscal policy combined with a commitment to rein in spending in the medium-term. Poland is the largest recipient of EU development funds and their cyclical allocation can significantly impact the rate of economic growth.

The Polish economy performed well during the 2014-2017 period, with the real GDP growth rate generally exceeding 3%, in part because of increases in government social spending that helped to accelerate consumer-driven growth. However, since 2015, Poland has implemented new business restrictions and taxes on foreign-dominated economic sectors, including banking and insurance, energy, and healthcare, that have dampened investor sentiment and increased the government's ownership of some firms. The government reduced the retirement age in 2016 and has had mixed success in introducing new taxes and boosting tax compliance to offset the increased costs of social spending programmes and relieve upward pressure on the budget deficit. Some credit ratings agencies estimate that Poland during the next few years is at risk of exceeding the EU's 3%-of-GDP limit on budget deficits, possibly impacting its access to future EU funds. Poland's economy is projected to perform well in the next few years in part because of an anticipated cyclical increase in the use of its EU development funds and continued robust household spending.

Forest

The forest area in Poland is 9230 thousand ha (according to the Central Statistical Office, as of 31 December 2016), which corresponds to a forest cover of 29.5%. The forest cover is the highest in the Lubuskie province at 49.2%. According to the measurement standard adopted by the international assessment which also includes the lands associated with forest management, the forest area in Poland is close in size to the forest area of Ukraine and Italy but is lower than the European average of 32.8%.

Timber Production

Poland has significant log production. In 2018, production of logs in Poland totalled 17.8 million m³, a decrease of 5% over the previous corresponding period. Production of sawntimber and fibreboard recorded an increase of 3% to 5.2 million m³ and 2% to 5.0 million m³ respectively. Production of particleboard by Poland was recorded at an average of 4.6 million m³ annually.

(Value: USD' 000)

Poland: Production of Timber Products, 2014-2018

PRODUCT	2015	2016	2017	2018	2019
Sawlogs and veneer logs	16,363,067	16,401,651	16,796,155	17,879,405	17,787,900
Sawntimber	4,724,700	4,835,189	4,944,725	5,031,392	5,190,000
Veneer sheets	53,502	54,334	39,359	64,582	68,000
Plywood	406,218	390,444	462,272	546,467	555,000
Particleboard	4,374,922	4,409,885	4,497,631	4,705,459	4,850,000
Fibreboard	3,931,464	4,281,107	4,521,473	4,853,780	4,970,000
Fibreboard	18,751	14,959	13,950	18,122	12,033
Others	265,288	256,638	284,055	291,821	251,103
TOTAL	29,853,873	30,372,610	31,261,615	33,081,085	33,420,900

Source:FAO Forest Stats

Poland's Import of Timber and Timber Product

Poland's import of timber and timber products in 2019 decreased 25% to USD2.3 billion over the previous corresponding period. Poland imported mainly furniture, particleboard, fibreboard and sawntimber in 2019. Imports of furniture and fibreboard increased 9% and 3% to USD998.2 million and USD239.0 million compared to 2018. Meanwhile, imports of sawntimber

in 2019 declined 76% to USD95.6 million compared to the previous year. Although one of the major exporters of furniture in the world, Poland still imports furniture from other countries to fulfill the demand from their domestic market. In 2019, the majority of furniture imported by Poland was mainly from China, Germany and Italy. Imports of furniture from China amounted to USD262.4 million, an increase of 25% over the previous corresponding period. Malaysia ranked 19th as Poland's import partner for furniture.

Poland: Import Of Timber And Timber Products, 2015-2019

(Value: USD' 000)

CODE	PRODUCT	2015	2016	2017	2018	2019
9403	Furniture & parts	582,278	607,057	765,210	916,781	998,199
4410	Particleboard	278,248	270,887	364,528	465,850	378,534
4411	Fibreboard	156,048	171,584	184,168	232,504	238,957
4401	Fuel wood	52,986	50,351	52,996	96,560	97,122
4407	Sawntimber	259,730	262,238	284,157	392,438	95,577
4415	Packing cases	56,686	55,832	61,924	84,543	85,018
4418	Builders' joinery and carpentry	91,121	87,257	105,146	180,489	84,187
4408	Veneer	48,222	56,103	67,629	90,590	82,167
4409	Moulding	31,294	30,564	33,486	53,502	52,498
4412	Plywood	132,823	124,907	158,399	204,115	52,013
4402	Wood charcoal	33,131	41,176	42,500	57,281	47,426
4420	Wood marquetry .	11,937	14,384	20,870	23,234	26,011
4414	Wooden frames	5,678	4,690	6,036	8,219	10,321
4404	Hoopwood	5,990	6,475	7,093	9,844	9,418
4421	Other articles of wood	49,155	49,422	52,912	69,311	8,494
4413	Densified wood	4,443	4,275	2,400	4,429	6,447
4417	Tools, bodies and handles	3,355	2,697	3,807	4,528	4,654
4405	Wood wool & flour	3,557	3,326	3,104	3,310	3,189
4403	Logs	115,764	89,262	89,898	104,091	1,489
4416	Casks, barrels, vats and tubs	51	133	617	806	1,140
4406	Railway sleepers	854	1,980	1,312	2,180	0
4419	Tableware and kitchenware	10,468	11,157	16,308	17,749	0
	Total	1,933,819	1,945,757	2,324,500	3,022,354	2,282,861

Source: Trade map

Poland's Export of Timber and Timber Products

Poland's export of timber and timber products in 2019 decreased 18% to USD8.9 billion from USD10.9 billion in the previous corresponding period. Poland's major products exported were furniture with a total of USD5.5 billion, an increase of 3% from 2018. Meanwhile, exports of BJC and fibreboard registered a decrease of 33% and 9% to USD957.7 million and USD631.3 million respectively. Other products

exported by Poland were mouldings, sawntimber, particleboard and plywood.

As Poland is one of the world's largest furniture exporters, timber and timber products are important trade commodities. In 2019, the majority of exported furniture was sold to the EU member states mainly Germany with a total of USD1.8 billion, an increase of 4% over the previous corresponding period. Apart from intra-EU trade, most furniture produced in Poland are exported to the United States. In 2019, the total value of exported furniture to the United States reached USD292.9 million.

Poland: Export Of Timber Products, Furniture & Parts 2015-2019

(Value: USD' 000)

CODE	PRODUCT	2015	2016	2017	2018	2019
9403	Furniture & parts	3,602,451	3,985,559	4,313,820	5,311,464	5,476,256
4418	Builders' joinery and carpentry	1,063,714	1,117,779	1,237,511	1,435,113	957,700
4411	Fibreboard	556,614	586,391	625,656	690,060	631,259
4415	Packing cases	400,461	388,822	416,584	656,465	625,239
4409	Moulding	225,183	226,191	250,890	297,155	306,099
4410	Particleboard	153,568	167,966	194,192	234,559	222,738
4412	Plywood	160,349	180,953	221,524	278,018	135,409
4401	Fuel wood	123,475	107,645	128,410	215,913	123,418
4407	Sawntimber	192,501	213,447	269,479	367,886	122,629
4402	Wood charcoal	72,939	93,159	97,663	120,299	83,757
4414	Wooden frames	57,103	59,940	71,888	84,654	81,346
4404	Hoopwood	22,488	25,032	38,181	54,005	43,637
4420	Wood marquetry .	18,663	22,163	27,032	42,586	43,362
4408	Veneer	25,615	23,159	25,779	35,140	34,030
4413	Densified wood	16,238	18,651	7,837	11,523	22,205
4421	Other articles of wood	415,679	424,102	439,774	593,861	21,519
4417	Tools, bodies and handles	7,467	7,609	7,494	12,385	12,685
4416	Casks, barrels, vats and tubs	224	401	181	417	1,320
4405	Wood wool & flour	308	470	734	718	791
4403	Logs	185,004	153,455	188,314	407,576	75
4406	Railway sleepers	3,797	5,090	1,982	6,133	0
4419	Tableware and kitchenware	16,827	17,609	14,082	16,846	0
	Total	7,320,668	7,825,593	8,579,007	10,872,776	8,945,474

Source: Trade map

Malaysia: Export of Timber and Timber Products to Poland

In 2018, exports of Malaysian timber and timber products to Poland decreased slightly to RM59.6 million from RM60.7 million in the previous corresponding period. Main products exported to the Polish market

were wooden furniture, sawntimber, Builders Joinery and Carpentry (BJC) and mouldings.

Exports of wooden furniture to Poland for the year 2018 recorded at RM37.6 million, an increase of 4% from RM36.0 million in 2017. Similarly, exports of BJC to the Polish market improved 6% to RM9.4 million from 2017. Meanwhile, exports of sawntimber and mouldings decreased 1% and 66% to RM9.9 million and RM1.7 million respectively.

Malaysia: Export of Timber and Timber Products to Poland, 2014-2018

(Value : RM)

PRODUCT	2014	2015	2016	2017	2018
Wooden Furniture	35,108,100	32,556,862	29,850,751	36,009,428	37,606,525
Sawntimber	6,641,275	7,112,366	8,431,245	10,055,784	9,935,527
Builders Joinery & Carpentry	111,796	370,498	1,437,040	8,845,396	9,399,236
Mouldings	11,326,358	8,544,892	9,891,799	4,940,554	1,706,422
Wooden Frame		731,822	901,650	439,126	778,378
Rattan Furniture	731,228	221,118	235,883	301,697	-
Other Products	106,817	-	483,726	93,529	159,825
TOTAL	54,025,574	49,537,558	51,232,094	60,685,514	59,585,913

Source: DOS/MTIB

Malaysia's Import of Timber and Timber Products from Poland

Imports of timber and timber products from Poland in 2018 totalled RM38.6 million, an increase of 15% over the previous corresponding period. Major products imported from Poland were wooden furniture and

sawntimber. In 2018, Malaysia imported RM24.8 million worth of wooden furniture from Poland, an increase of 19% over the previous corresponding period. Imports of sawntimber in 2018 recorded a slight increase to RM11.0 million from RM11.2 million in 2017. Other products imported by Malaysia were particleboard and fibreboard valued at RM0.7 million and RM0.6 million respectively.

Malaysia: Import of Timber and Timber Products from Belgium, 2014-2018

(Value : RM)

PRODUCT	2014	2015	2016	2017	2018
Wooden Furniture	15,888,578	21,323,251	21,589,197	20,990,012	24,803,479
Sawntimber	6,738,303	5,536,489	10,536,219	11,163,128	11,029,551
Chipboard/Particleboard	134,836	240,911	336,775	698,147	707,478
Fibreboard	296,028	408,744	551,321	268,968	592,809
Plywood	-	-	-	-	91,551
Veneer	36,880	1,120,595	250,811	-	-
Wooden Frame				58,235	150,378
Builders Joinery & Carpentry	8,434	20,385	181,540	79,661	38,565
Rattan Furniture	6,516	47,672	35,240	15,859	-
Other Products	1,298,872	1,406,054	296,183	382,293	1,201,274
TOTAL	24,408,447	30,104,101	33,777,286	33,656,303	38,615,085

Source: DOS/MTIB

Import Tariff

Poland's import duty on timber and timber products ranges from 0 – 10%. Details are as follows:

Code	Product	Tariff Rate
4401	Fuel wood	0
4402	Wood charcoal	0
4403	Logs	0
4404	Hoopwood	0
4405	Wood wool & flour	0
4406	Railway sleepers	0

Code	Product	Tariff Rate
4407	Sawntimber	0-2.5
4408	Veneer	0-6
4409	Moulding	0
4410	Particleboard	7
4411	Fibreboard	7
4412	Plywood	6-10
4413	Densified wood	0
4414	Wooden frames	0-2.5
4415	Packing cases	3-4
4416	Casks, barrels, vats and tubs	0
4417	Tools, bodies and handles	0
4418	Builders' joinery and carpentry	0-3
4419	Tableware and kitchenware	0
4420	Wood marquetry .	0-4
4421	Other articles of wood	1-4
9403	Furniture & parts	0-5.6
9403	Furniture and Parts Thereof, n.e.s.	0

Source: ITC MacMap Data

Poland's Furniture Industry

Poland's furniture industry plays an important role in the country's economic growth of the country. Poland is the world's third-largest exporter of furniture, after China and Germany, with nearly 90% of its furniture production sent abroad. For now, a relatively small percentage of those goods are going to the U.S., which is the sixth-largest destination for Polish furniture, but the market share has been growing. Since 2010, it has almost doubled from EUR200.7 million (USD223 million) to EUR384 million (USD427 million) in 2018, according to B+R Studio, which analyzes the Polish furniture market.

This uptick can be attributed in part to Poland's hunger to reach new markets. "If we want 'made in Poland' furniture to be high-margin, it must be a recognizable brand all over the world," said Jadwiga Emilewicz, the country's former minister for entrepreneurship and technology, earlier this year. Indeed, the Polish consulate in New York has hosted events to promote the country's furniture industry and Polish brands are a growing presence at U.S. trade shows including High Point Market.

The industry employs around 140,000 persons in 14,421 companies, ranking first in the EU by employment. Furniture production in Poland is about 3% of the total world furniture production and annually over 90% of furniture produced in Poland is exported.

Furniture industry contributes relatively more to the Polish economy with furniture sales representing 2.1% of its GDP. Since more than 90% furniture produced is being exported, the industry is essential to the Polish economy growth. Its largest export markets are Germany, the United States, the United Kingdom, France, Sweden and Italy.

Prospects of furniture development in Poland are very good and among the important factors is the long-term trade experience with the Western European market. Poland is able to meet the high quality and technical requirements of those markets. In addition, active products development including the continuous improvement of design and structure of brands' image enable the Polish furniture industry to further penetrate greater market access. Another factor contributing to the positive development is the ability of the furniture industry to attract new foreign investments. In addition, the industry also has relatively lower cost of production as compared to other EU member states. These factors enable the domestic furniture industry to develop globally and competitively.

Due to the growth of the furniture industry in Poland, Malaysian exporters need to aggressively promote Malaysian value-added timber products especially to Poland in order to expand their market share. Malaysian suppliers need to continuously create excitement and creativity in terms of design, innovation, materials used, colors and finishing. They also need to enhance product quality and *meet the necessary standards*.

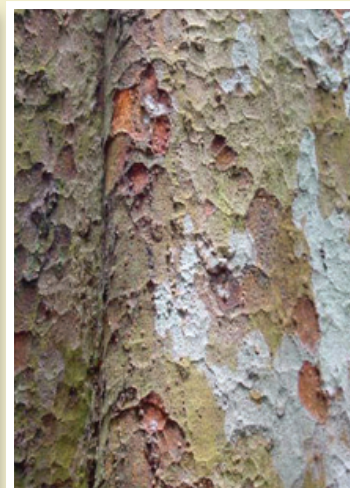
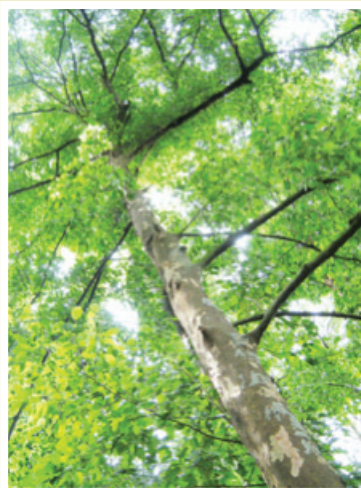
In addition, local furniture and wood manufacturers are urged to adapt with market changes particularly in terms of design, product range, and materials in order to set a competitive price. There is also the need to increase promotional usage of timber in the construction sector. Durability and strength of timber as a construction material will provide wider choices to the construction sector industry players.

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MENTALAI – SUITABLE FOR HEAVY CONSTRUCTION WORKS

Mentalai is the Standard Malaysian name for the timber of *Ochanostachys amentacea* (Olacaceae). It is a medium-weight to heavy hardwood and a mono species. Vernacular names applied include *degong* (Kelantan), *petikal* (Sarawak), *sentikal* (Sarawak), *tanggal* (Sabah) and *tangkal* (Sabah). It's also known as Amin, Ampalang, Empilung, Lembasung, Petaling, Petikal, Pilung, Satan bagiuk, Tilokot and Tumbung asu (Indonesia). The timber is generally traded with other medium-weight and heavy hardwood as mixed hardwood locally. This genus has only one species, viz. *O. amentacea*.



Tree & Bark

General Characteristics

The heartwood colour is red-brown to purplish red-brown or purplish grey, darkening upon exposure and is moderately demarcated from the dark yellow-brown or light red-brown sapwood. Mentalai is a medium hardwood with a density of 730-1,105 kg/m³ at 15% moisture content. The grain is interlocked while the texture is rather fine and even. Its shrinkage rates from green to 15%, moisture content 1.9% radial and 3.8% tangential.

Wood Anatomy

Growth rings are absent. The vessels which are visible to the naked eye is small to medium-sized, in radial multiples of three to five, while some radial pairs and solitary vessels are present. They are mostly open, but occasionally filled with tyloses and yellow-white deposits. Wood parenchyma is abundant, in reticulate narrow lines running from ray to ray except in the growth ring boundaries. Rays are very fine to moderately fine, only visible with a lens.

Seasoning

The timber dries very slowly with very slight degrade in cupping, bowing, end checking or splitting and surface checking.

Durability

The timber is classified as durable to moderately durable, except in water. The heartwood is considerably resistant to termite attack and fungus. The treatability of the heartwood with preservatives is varied, from average to extremely difficult. The sapwood is liable to powder-post beetle attacks but is permeable to preservative treatment.

Strength Properties

The details on strength properties of Mentalai timber are tabulated this Table 1.

Table 1 : Strength Properties of Mentalai

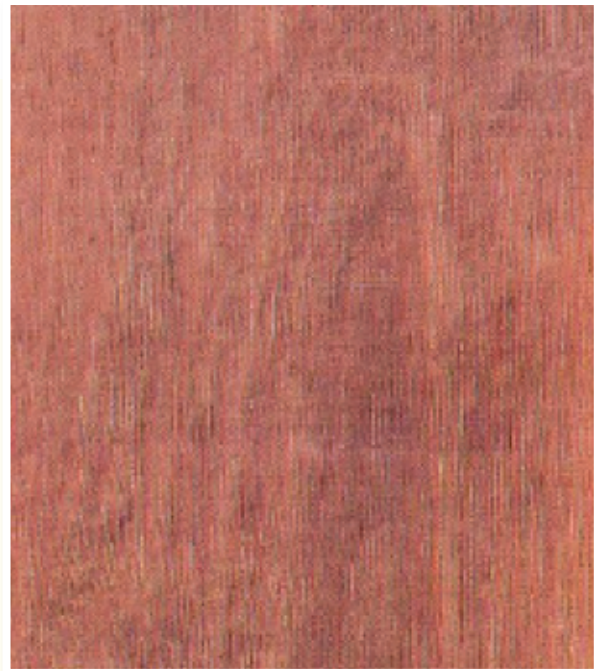
Species	Test Condition	Modulus of Elasticity (Megapascals)	Modulus of Rupture (Megapascals)	Compression Parallel to Grain (Megapascals)	Compression Perpendicular to Grain (Megapascals)	Shear Strength (Megapascals)
Mentalai	Green	8,525	96	45.5-49	6	7.5

Machining Properties

Mentalai timber can be planed and sanded easily with very good results. Shaping, turning, boring and mortising give good results. The resistance to splitting is nailing is rated as poor.

Uses

The timber is suitable for house posts and other heavy construction purposes such as bridge bearers for logging roads and railways, foundation piles, fence posts, flooring and tool handles. The timber can also be used for pallets, boxes and crates and is even suitable for furniture and indoor work such as staircases. The high elasticity of the wood makes it suitable for gymnasium equipment such as horizontal bars.



Wood colour and texture



Flowers & Leaves



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YB Dato' Sri Wee Jeck Seng, Deputy Minister of Plantation Industries and Commodities (MPIC) on a working visit at Dynamic Furniture Industries Sdn. Bhd., Banting, Selangor on 5 May 2020



YB Dato' Sri Wee Jeck Seng, Deputy Minister of Plantation Industries and Commodities (MPIC) visiting WISDEC 2 and FIDEC on 5 May 2020



YBrs. Encik Mohd Kheiruddin, Director General of MTIB with YBhg. Dato' Muhammad Hamiddan Bin Maryani, Head of Johor Customs Office at Kompleks Penguatkuasaan Kastam in Sg. Pulai, Gelang Patah Johor on 11 May 2020