

MALAYSIAN TIMBER INDUSTRY BOARD

Maskayu

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Timber Legality System Strengthening Workshop

The Malaysian Timber Industry Board Regulations

(Issuance of Timber Export and Import Permit) Series 1/2025

Engagement Session
on MTIB's Registration Guideline

Official Working Visit
To Kuala Terengganu



Content

HIGHLIGHTS

- 3 Timber Legality System Strengthening Workshop:
The Malaysian Timber Industry Board Regulations (Issuance Of Timber Export And Import Permits) Series 1/2025
- 4 Official Working Visit By MTIB Director General To Kuala Terengganu
- 5 Engagement Session On MTIB's Registration Guideline



REGULAR FEATURES

- 6 Company Profile: Formtri Sdn. Bhd
- 7 Timber Round Up
- 14 Market Profile: Sri Lanka Opportunities In Furniture And Timber Trade
- 20 Timber World In Brief
- 27 Shipping & Domestic News
- 33 Timber Species
- 35 Feature Article
- 36 MTIB Moment



Cover: For more details please read page 3

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TIMBER LEGALITY SYSTEM STRENGTHENING WORKSHOP: THE MALAYSIAN TIMBER INDUSTRY BOARD REGULATIONS (ISSUANCE OF TIMBER EXPORT AND IMPORT PERMITS) SERIES 1/2025

Prepared by: Norsasuhaida Salleh

Ensuring effective compliance with regulations is paramount in establishing a sustainable timber business and fostering credibility with government agencies. Therefore, government agencies such as Malaysian Timber Industry Board (MTIB) are entrusted with the responsibility of developing and implementing stringent regulations that would optimise outcomes by maximising compliance levels.

In light of this imperative, the Licensing and Inspectorate Division is currently engaged in the drafting of the Malaysian Timber Industry Board Regulations (Issuance of Timber Export and Import Permits), designed to enforce MTIB's role as a regulatory authority in the timber sector. This foundational document is scheduled for submission to the Attorney General of Malaysia for gazettment.

To ensure that the forthcoming regulations are pertinent to the current permit issuance procedure, MTIB recently held the first programme of the MTIB Timber Legality System Strengthening Workshop Series. The event was held from 8 to 10 January 2025, at Ibis Hotel, Kuala Lumpur. The workshop was led by Cik Zurita Abu Zaid, MTIB Legal Officer.

At the conclusion of the workshop, Encik Mazree Iman, Director of Licensing and Inspectorate Division, expressed his sincere appreciation for the officers' commitment and cooperation. He emphasised that the newly developed regulations would adhere to principles established in the Malaysian Timber Industry Board (Incorporation) 1973 (Act 105).



OFFICIAL WORKING VISIT BY MTIB DIRECTOR GENERAL TO KUALA TERENGGANU

Prepared by: Nur Farahin Nadia Asnor



An official working visit to Kuala Terengganu led by YBrs. Tuan Saiful Bahri Salleh, Director General of the Malaysian Timber Industry Board (MTIB) was held on 25 - 26 January 2025. Puan Huda Alhana, Head of MTIB Eastern Region welcomed the delegation at the MTIB Kuala Terengganu office. The visit aimed to provide insights into the current state of the industry while also focusing on strategies and preparations needed to tackle challenges of 2025.

During the two-day visit, the delegation had the opportunity to meet Encik Wan Mohd Bilal Wan Mali, the owner of Spree Furniture Sdn. Bhd., a Bumiputera timber company based in Kuala Terengganu. The group toured the furniture factory and had a sharing session on how Encik Wan started the company and created job opportunities for many young people. Encik Wan also thanked MTIB for its support throughout his journey into becoming a successful entrepreneur.

In addition to the industrial visit, the delegation also had a meeting with the staff of MTIB Eastern Region. The session served as a platform for discussions on operational improvements and commitment towards supporting the growth of the timber industry in the region. The meeting also helped foster better collaboration and ensure alignment with MTIB's strategic goals.

The visit was a significant step towards enhancing the Bumiputera timber industry and collaborations between government agencies and industry players. By addressing key industry concerns and fostering proactive engagement, this initiative aimed to ensure a resilient and competitive timber sector moving forward.

The delegation also comprised Dr. Haji Norazli Haji Ismail, Director of Bumiputera Economic Empowerment as well as Puan Emie Syarina Norizan, Deputy Director of Trade Development and MTIB officers.

ENGAGEMENT SESSION ON MTIB'S REGISTRATION GUIDELINE

Prepared by: Encik Mazree Iman, Puan Erien Noor Md Nasir & Puan Julia Pon



On 15 January 2025, the Licensing & Inspectorate Division of the Malaysian Timber Industry Board (MTIB) organised an engagement session, focusing on MTIB's Registration Guidelines, which took place at the Dewan Persidangan MTIB. The primary objective of the session was to refine and enhance the existing guidelines, paving the way for a more systematic registration process. The event was conducted in a hybrid format, involving 88 officers from both MTIB Headquarters and regional offices.



The session began with an opening speech by Encik Mazree Iman, Director of Licensing and Inspectorate. He emphasised the importance of aligning the Registration Guidelines to improve the efficiency of the system. The event was then officially launched by YBr. Encik Mohd Amin Kadir, the Deputy Director-General (Management and Operations) of MTIB, who reaffirmed MTIB's commitment towards establishing a more structured and user-friendly registration procedure.



Throughout the programme, participants actively discussed and shared insights on improving the Registration Guidelines. The key focus was on the registration and renewal process of traders aimed at assisting enforcement officers in verifying company registration information.

The Licensing and Inspectorate Division expressed its deepest appreciation to all attendees for their invaluable input and constructive suggestions.



FORMTRI IDEA SDN. BHD.

Prepared by: Normazmin Che 'Ad

Established in 2016, **FORMTRI IDEA SDN. BHD.** has grown into a leading name in Malaysia's cabinetry industry. With a strong commitment towards delivering genuine value, the company creates products and services that not only fulfil functional needs but also bring joy to customers and their families. FORMTRI IDEA was founded by three young professionals, Encik Elfi Eri Mek Zali, Chief Executive Officer (CEO); Encik Mohd. Nur Syukri Mohd. Bohari, Chief Design and Project Officer (CDPO); and Encik Muhamad Hafiz Muhamad Ariff, Chief Production Officer (CPO). With over 19 years of experience in the interior and architectural industry, their expertise is demonstrated through their strategic use of colour schemes, imaginative design solutions, diverse textures, structural elements, and detailed patterns, ensuring every project stands out in excellence.

Product Quality

FORMTRI IDEA specialises in high-quality custom kitchen cabinets, wardrobes, and a range of built-in cabinetry solutions, ensuring each piece is tailored to match the client's unique space, preferences, and lifestyle. With emphasis on premium materials and exceptional craftsmanship, they deliver products that combine long-lasting functionality with enhanced aesthetic appeal.

Technological Advancement

To ensure precision and efficiency, FORMTRI IDEA has incorporated advanced technologies into its manufacturing processes. These includes:

- CNC Machines: to precisely cutting and shaping materials
- Cabinet Vision Software: to enable seamless design and planning
- ABS Edging Machines: to achieve flawless and durable finishes

These technological inputs allow the company to maintain high industry standards and deliver exceptional craftsmanship.

Team and Expertise

FORMTRI IDEA's strength comes from its dedicated team of around 60 professionals, including creative designers and skilled technical site personnel. This diverse expertise allows the company to provide tailored solutions and exceptional service, reinforcing its reputation for excellence.

Target Market

Operating mainly in the Business-to-Consumer (B2C) sector, FORMTRI IDEA serves homeowners seeking custom cabinetry. By providing tailored solutions that blend functionality and aesthetics, the company has built a strong presence in the residential market.

Achievements and Future Goals

A significant milestone in FORMTRI IDEA's journey was winning first place in the Lean Management Program 2024, organised by the Malaysian Timber Industry Board (MTIB). This achievement reflects the company's commitment to continuous improvement, operational excellence, and innovation.

Moving forward, FORMTRI IDEA plans to expand its presence across Malaysia focusing on product innovation, service enhancement, and strengthening its market position to deliver custom cabinetry solutions to a wider audience nationwide. 



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December

Total export of Malaysian timber and timber products in December 2024 increased by 7% in value totalled at RM2.0 billion from the previous month while the cumulative export for the period of January – December 2024 grew by 5% valued at RM22.9 billion over RM21.8 billion in the previous corresponding year.

“According to globalwood.org, Malaysia remained the top supplier of tropical wood flooring to the 27 member countries of the European Union (EU27) in 2024 whereas Malaysia exported 8,500 tonnes of tropical wood flooring to the European bloc, accounting for nearly 46% of the bloc's total imports of 18,400 tonnes, valued at USD48.4 million for the year.”

Despite shipments dropping by 16% from 2023, Malaysia continued to maintain a comfortable lead over its closest suppliers, Indonesia and Viet Nam. In 2024, the EU27 increased its imports of tropical plywood by 6% to 283,200 cubic metres, valued at USD205.7 million, compared to 2023. However, shipments from the EU's main supplier, Indonesia, dropped by 10% to 78,600 cubic metres while imports from Malaysia surged by 39% to 6,400 cubic metres and those from Vietnam by 93% to 27,600 cubic metres.



SAWNTIMBER

Total export of sawntimber in December 2024 increased by 11% in volume and 12% in value to 80,035 m³ totalling at RM162.5 million as compared to the previous month. However, cumulative exports for the period of January-December 2024 decreased by 5% in volume and 10% in value to 981,146 m³ totalling at RM2.1 billion over the previous corresponding period.

Exports to the EU for the month were recorded at 2,959 m³, increased by 22% as compared to 2,418 m³ in the previous month. Intake from the main buyer in the EU bloc, the Netherlands grew by 74% to 1,644 m³ from 946 m³ in the previous month. Similarly, export to France increased by 759% to 578 m³ while intake from Germany also improved by 73% to 318 m³ respectively. In other parts of Europe, export to the UK grew by 46% to 907 m³ from 623 m³ in the previous month.

Total export to South Asia decreased by 8% to 10,965 m³ from 11,976 m³ as recorded in the previous month. India as the main buyer from South Asia decreased buying by 14% to 6,741 m³ from 7,855 m³ as recorded in the previous month. Similarly, export to Sri Lanka also dropped by 22% to 1,371 m³. However Maldives increased its buying by 26% to 1,839 m³ from 1,466 m³ in the previous month.

Buying from the West Asia region increased to 19,221 m³ for the month, an increase of 44% from 13,380 m³ in the previous month. Yemen as the largest importer recorded an increase of 132% to 8,084 m³ for the month while Iraq improved its intake to 1,862 m³, an increase of 3% from 1,800 m³ in the previous month. Conversely, the UAE decreased import by 8% to 4,042 m³ from 4,390 m³ recorded last month.

Shipments to East Asia decreased by 4% to 24,956 m³ for the month from 25,848 m³ in November 2024. China as the main buyer reduced its purchases by 7% to 15,599 m³ from 16,700 m³ in the previous month. Export to Japan also decreased by 25% to 2,204 m³ from 2,950 m³ last month while Taiwan increased their intake by 8% to 5,456 m³ compared from 5,054 m³ in the previous month.

Meanwhile, buying from ASEAN increased by 11% to 16,505 m³ from 14,838 m³ as registered in the previous month. Singapore as the main buyer in ASEAN increased buying

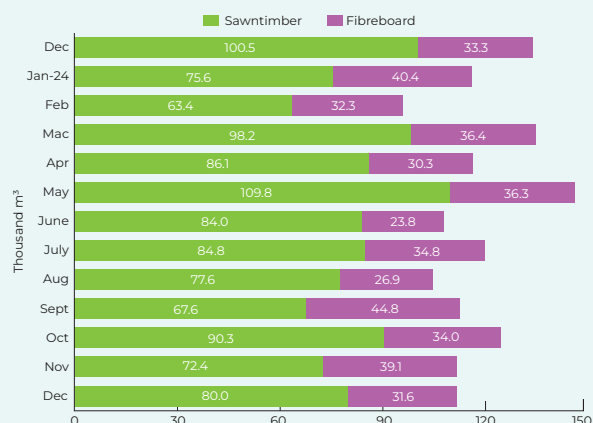
by 3% to 6,385 m³ from 6,219 m³ as recorded in the previous month. Intake from the Philippines also increased by 21% to 4,293 m³ whilst Thailand decreased its intake by 0.3% to 4,373 m³ from 4,384 m³ last month.

Moving to the Africa region, export escalated by 433% to 2,616 m³ compared to 491 m³ in the previous month. South Africa as the largest buyer in the region increased its intake by 877% to 2,369 m³ whilst demand from Mauritius grew by 3% to 205 m³ from 198 m³. However, export to Seychelles dropped by 24% to 38 m³ from 50 m³ in the previous month.

Elsewhere, the USA as a major buyer from North America decreased its intake by 29% to 1,450 m³ from 1,878 m³. Despite being the largest buyer amongst the Oceania/Pacific archipelago, export to Australia decreased by 43% to 414 m³ from 731 m³ in the previous month.

The average FOB price of sawntimber increased by 1% to RM2,031 per m³ from RM2,006 per m³ in the previous month. The price of Dark Red Meranti in the Netherlands dropped by 6% to RM3,642 per m³ from RM3,886 per m³ in the previous month. Keruing was traded at RM2,822 per m³, an increase of 7% from RM2,644 per m³ in the previous month.

Malaysia: Export of Sawntimber and MDF



PLYWOOD

Export for plywood in December 2024 recorded an increase of 44% in volume at 116,054 m³ and a 43% increase in value to RM228.9 million as compared to the previous month. Cumulative exports for the period of January - December 2024 showed an increase of 5% in volume to 1,125,396 m³ but a 3% decrease in value totalling at RM2.4 billion over the previous corresponding period. The EU region recorded a decreasing trend for plywood export by 26% from 209 m³ to 154 m³. Poland and Italy reduced their purchases by 1% to 127 m³ and 28% to 28 m³ respectively. Malta didn't make any purchase for the month. In other parts of Europe, exports recorded an increase of 210% to 12,416 m³ from 4,012 m³ in the previous month. Plywood purchases by the UK increased by 216% to 12,378 m³ while Turkiye dropped sales by 57% to 39 m³.

Moving to the East Asia market, volume improved by 54% to 68,510 m³ from 44,459 m³ in November. Japan as the largest importer from the region increased its buying by 53% to 56,968 m³, followed by South Korea and Taiwan with an increase of 104% sales to 6,447 m³ and 8% to 3,990 m³ respectively. In the ASEAN region, import also increased by 34% from 3,646 m³ to 4,877 m³. Plywood export to Thailand and Singapore increased by 141% to 2,421 m³ and 14% to 1,844 m³ each. The Philippines reduced the buying by 52% to 275 m³.

In the South Asia region, plywood purchase increased by 29% from 1,712 m³ to 2,216 m³. India and Maldives increased their imports by 15% to 1,933 m³ and 756% to 283 m³ each. The West Asia region recorded a decrease of 63% to 2,775 m³ from 7,529 m³ in the previous month. Import performance in Oman and the UAE increased by 110% to 629 m³ and 155% to 447 m³ respectively. Saudi Arabia resumed its purchase with 1,196 m³.

In the Africa region, plywood export recorded a decrease of 27% from 117 m³ to 86 m³ with purchases from South Africa. The North America region showed an increase of 32% from 17,372 m³ to 22,979 m³. The USA as the main buyer increased purchases by 33% to 21,826 m³, followed by Canada with a 259% increase to 442 m³. However, Mexico reduced its sales by 9% to 712 m³. Plywood export in the Oceania/Pacific region recorded an increase of 13% to 2,040 m³ from 1,808 m³. Australia increased its purchase by 19% to 1,933 m³ while New Zealand dropped by 74% to 43 m³. New Caledonia resumed its purchase to 43 m³.

The FOB price of plywood in December 2024 was RM1,973 per m³, a decrease of 0.1% from RM1,974 per m³ from the previous month.

Thailand is working on plans for a mega infrastructure project worth USD29.35 billion. The massive Southern Economic Corridor (SEC) project will include the Land

Bridge project. The proposals for the Land Bridge project should be ready by the third quarter of 2024. The plans suggest that financing could be in place by the third quarter of 2025. Construction could start by 2026 should the current timeframe be maintained. The work would be carried out in three phases, with completion due in 2036. The project would include building the Ranong Port and Chumphon Port, as well as interconnecting motorways and rail lines.

VENEER

Export of veneer in December 2024 decreased in volume by 14% to 4,447 m³ but increased in value by 13% worth RM8.4 million as compared to the previous month. Cumulative exports for January - December 2024 showed an increment in both volume and value by 42% to 56,166 m³ and 34% to RM108.1 million respectively over the previous corresponding period.

ASEAN recorded a tremendous increase in veneer import - 9427% from 3 m³ to 286 m³ with new purchases from the Philippines and Viet Nam at 208 m³ and 78 m³ each. In East Asia, export decreased by 35% from 4,785 m³ to 3,107 m³. Taiwan and Japan added up their veneer imports by 77% to 1,611 m³ and 65% to 473 m³ respectively. However, China reduced its import by 80% to 687 m³. Similarly, the South Asia region recorded a decrease in import of 37% to 180 m³ from 287 m³ in the previous month. Veneer purchases by Bangladesh and India decreased by 15% to 103 m³ and 54% to 77 m³ each.

Moving to North America, veneer import recorded an increase of 656% to 544 m³ from 72 m³ with purchases from the USA at 504 m³. Canada resumed its purchases with 40 m³. Meanwhile for the Oceania/Pacific and Africa regions, Australia and South Africa resumed their purchases with 138 m³ and 191 m³ respectively.

The average FOB price for veneer increased by 31% from RM1,442 per m³ to RM1,891 per m³ as compared to the previous month.

Overall, investments in building construction in Canada rose 1.9% to USD21.8 billion in December, with gains recorded across all components. The residential sector grew by 2.2% to USD15.1 billion while the non-residential sector was up 1.3% to USD6.7 billion. Year over year, investment in building construction grew 4.7% in December. In 2024, as in 2023, gains in industrial construction intentions were driven by manufacturing, processing and assembly plants. Specifically, there was growth in permits to develop the battery supply chain in 2024, with notable projects being in St. Thomas, Ontario, Windsor and Quebec.

MEDIUM DENSITY FIBREBOARD (MDF)

Export of MDF in December 2024 recorded a 19% decrease in volume at 31,572 m³ and 20% in value at RM52.8 million compared to the previous month. Similarly, the cumulative export for the period of January – December 2024 recorded a decrease in volume by 11% to 410,720 m³ and also in value by 9% totalling at RM748.9 million as compared to the corresponding period in 2023.

Export to ASEAN increased by 6% from 2,987 m³ to 3,170 m³ in the previous month. Viet Nam and Indonesia increased their imports by 25% and 49% to 832 m³ and 583 m³ respectively. Meanwhile, the Philippines reduced import by 16% to 1,546 m³.

Elsewhere, East Asia's MDF purchase decreased by 21% from 13,247 m³ to 10,440 m³ in the previous month. Export of MDF to Japan and Taiwan decreased by 31% and 50% to 7,882m³ and 370 m³ each. South Korea added up import by 175% to 2,029 m³. Moving to the South Asia market, export also dropped by 12% from 5,500 m³ to 4,859 m³. Export performance to Pakistan and India depleted by 33% to 1,572 m³ and 15% to 2,323 m³ respectively. Sri Lanka added up its volume by 150% to 964 m³.

Export to the West Asia region recorded a decrease of 39% from 13,524 m³ to 8,309 m³ compared to the previous month. The UAE, Oman and Bahrain decreased orders by 6% to 7,628 m³, 65% to 338 m³ and 17% to 188 m³ respectively. In Central America, Guatemala increased import by 2% to 66 m³. In Europe, the UK resumed its purchase with 40 m³. On the other hand, countries of the EU and South America didn't make any purchase for Malaysian MDF for the month.

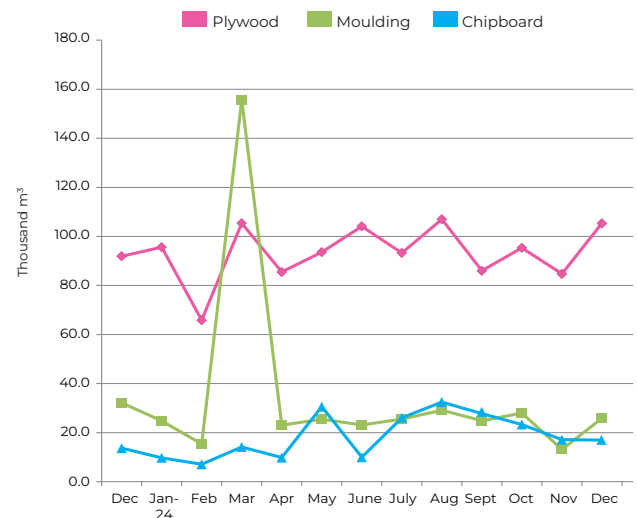
Export to Oceania/Pacific recorded an increase of 36% to 2,153 m³ from 1,588 m³. Australia added up purchases by 34% to 2,131 m³ while Fiji resumed its purchases by 21 m³. MDF import into North America showed an increase of 15% from 2,091 m³ to 2,413 m³ compared to the previous month. MDF purchases by Mexico and Canada improved by 35% to 660 m³ and 251% to 513 m³ each. In the Africa region, MDF purchase also recorded an increase of 130% to 122 m³. Import from South Africa increased at 81% to 96 m³ while Mauritius resumed its purchases with 26 m³.

The average FOB price of MDF decreased by 1% to RM1,673 per m³ from RM1,689 per m³ in the previous month.

The construction material price index in civil engineering sector rose by 7% year-on-year, following an annual growth of 4.4% in 2023. Analysts expect South Africa's construction industry to rebound and record an average annual growth of 2.9% from 2025 to 2028, supported by private investments in renewable energy projects,

coupled with government investment in the country's transportation infrastructure. Growth will also be supported by the national target to increase the share of renewable energy to 50% of the total energy mix and reach net zero carbon emissions by 2050. Seriti Green – a South African renewable energy company – commenced the construction of the first phase of its ZAR25 billion (USD1.3 billion) wind farm project in Mpumalanga in July 2024. The first phase of the project includes the construction of the 155MW Ummbila Emoyeni facility by the first half of 2026, with an investment of ZAR5 billion (USD269.2 million). Construction work on the total 900MW capacity of the wind farm is expected to be completed in 2027.

**Malaysia: Export of Major Timber Product
Dec 2023 - 2024^P**



MOULDINGS

In December 2024, the export of mouldings increased by 23% in volume, reaching 21,913 m³, and by 26% in value, amounting to RM72.6 million compared to November 2024. For the cumulative period of January - December 2024, exports of mouldings rose by 36% in volume to 404,813 m³ and by 9% in value to RM929.1 million compared to the same period in 2023.

Exports to ASEAN countries decreased by 32% to 611 m³ in December, down from 894 m³ in November 2024. Exports to Singapore declined by 22% to 581 m³, while exports to Thailand also decreased by 21%, from 9 m³ to 7 m³. The Philippines resumed its intake with 23 m³ in December 2024.

In the East Asia region, exports declined by 6% to 1,605 m³ in December. Exports to Japan rose by 5% to 881 m³. However, exports to the Republic of Korea decreased by 40%, from 721 m³ to 435 m³ in December 2024. Taiwan resumed its intake with 130 m³ in December 2024.

In the South Asia region, export volume showed an impressive trend, increasing by 12% to 211 m³ in December compared to the previous month. This increase was driven by demand from the Maldives, which rose by 251% to 65 m³ in December compared to November 2024. However, exports to India decreased by 29% to 120 m³ compared to the same corresponding period. Bangladesh resumed its intake with 26 m³ in December 2024. A similar decline was observed in the West Asia region, where there was no demand in December 2024.

Exports to the EU showed a positive trend, increasing by 22% to 3,867 m³ in December compared to 3,169 m³ in November 2024. The Netherlands, France, and Germany recorded increases of 76% to 2,242 m³, 8% to 494 m³, and 9% to 247 m³, respectively. However, exports to the United Kingdom declined by 54% to 138 m³ in December 2024.

In the Oceania and Pacific region, total exports increased by 9%, reaching 1,227 m³ in December compared to 1,131 m³ in November 2024. Exports to Australia increased by 10 m³, while Guam delayed its intake in December 2024.

In North America, total demand increased by 38% to 13,923 m³ in December. Exports to the USA increased to 13,661 m³ compared to 9,831 m³ in November 2024. In contrast, exports to Canada declined by 10% to 262 m³ compared to 290 m³ in November 2024.

In the Africa region, total export declined by 6% compared to 351 m³ in November. The leading factor in this decline was Egypt's lack of moulding products imports in December 2024. However, exports to Mauritius increased by 13% to 259 m³ from 230 m³ in the previous month. A similar trend was observed in South Africa, where exports rose by 164% to 73 m³ in December 2024.

The average FOB unit value for mouldings increased by 3% to RM3,312/m³ compared to RM3,220/m³ in November 2024.

According to the Grand View Research Report, In December 2024, the U.S. timber industry experienced notable fluctuations, particularly in the framing lumber sector. According to the National Association of Home Builders (NAHB), the Random Lengths framing lumber composite price decreased by 0.5% on January 24, 2025, yet remained 9.6% higher than the same period in the previous year. This volatility was influenced by several factors, including anticipated increases in U.S. tariffs on Canadian softwood lumber, which are expected to double from the current rate of 14.5%. Additionally, significant production curtailments and sawmill closures, such as those by Canfor Corp., removed approximately 670 million board feet of annual production capacity, further impacting lumber supply and pricing dynamics.

While specific data on moulding products for December 2024 is limited, the trends in the broader lumber market provide insight into potential impacts on this segment.

Moulding products, often derived from softwood lumber, are likely affected by the same market forces influencing framing lumber. The NAHB report highlighted that most lumber price growth in 2024 occurred in the 2x10 market, with Western SPF 2x10 prices increasing by 63.2% over the year and Green Douglas Fir 2x10 up by 53.6%. These substantial price hikes in specific lumber dimensions suggest that products like mouldings, which rely on similar raw materials, may experience comparable pricing pressures. Consequently, stakeholders in the moulding industry should remain attentive to these broader lumber market trends to anticipate and navigate potential challenges in supply and pricing.

BUILDERS JOINERY AND CARPENTRY (BJC)

Exports of BJC for December 2024 increased by 5% in volume to 11.9 million kg and in terms of value, increased by 10% worth RM115.4 million compared to the last month, November 2024. Compared on a year-on-year basis, exports of BJC for the cumulative period of January-December 2024 increased by 8% in volume and 3% in value to 139.0 million kg worth RM1.3 billion.

Demand from the ASEAN region increased by 17% to RM131.8 million with Singapore as the highest buyer reducing its intake to RM93 million, a decrease of 24% from RM123 million in the previous corresponding period. However, exports to Viet Nam and Thailand grew by 18% to RM13.1 million and 65% to RM15.8 million, respectively.

Meanwhile, exports to East Asia countries dropped by 6% to RM 88.6 million over RM94.2 million in the corresponding period in 2023. Japan maintained as the highest buyer with an increase of 3% to RM64.0 million. China decreased its intake by 12% to RM11.7 million from RM13.2 million in the previous corresponding period. Taiwan also decreased its intake by 19% to RM8.0 million from 9.9 million in the corresponding period in 2023.

Intake from South Asia countries increased by 3% to RM37.0 million with India, maintained as the largest buyer, expanding its buying by 6% to RM23.5 million. Similarly, Sri Lanka increased intake by 75% to RM4.6 million whilst Maldives decreased its demand by 24% to RM5.4 million for the cumulative period of January - December 2024. Moving on to West Asia countries, the UAE recorded a decrease of 39% to RM2.3 million from RM3.8 million over the same period in 2023. Meanwhile, Saudi Arabia expanded its intake by 8,534.2% to RM18.8 million whilst Kuwait maintained its buying with RM610,333.

Moving on to the EU bloc, exports of BJC decreased by 12% worth RM250.7 million from RM285.7 million in the same corresponding period in 2023. Exports to

the Netherlands grew by 44% to RM84.9 million from RM58.8 million in the same period of January-November 2023. Exports to Belgium reduced by 10% worth RM81.4 million followed by France with a decrease of 35% worth RM18.6 million. Meanwhile, exports to the UK increased by 10% to RM137.4 million from RM124.5 million. Similarly, exports to Norway increased by 602% worth RM 12.3 million. However, Türkiye decreased buying by 49% to RM805,382 from RM 1.6 million from the same corresponding period.

As the largest buyer of BJC for the period of January – December 2024, demand from the North America region worth RM381.8 million, an increase of 17% from RM325.7 million in the same period in 2023. Exports to the USA increased by 22% to RM375.4 million from RM307.3 million in the same period in 2023. Export to Canada expanded by 90% to RM6.1 million from RM3.2 million in its corresponding period in 2023. Meanwhile, Mexico reduced its intake by 99% to RM189,983 from RM15.1 million in the corresponding period in 2023 followed by Uruguay also with a decrease of 32% to RM874,435 from RM1.3 million over the same period in 2023.

Shifting to the Oceania/Pacific region, export expanded moderately by 5% to RM248.1 million with Australia as the largest buyer recording an increase of 6% to RM224.1 million. Export to New Zealand was down by 6% to RM19.3 million whilst in Western Samoa, imports increased by 20% worth RM1.4 million. Elsewhere, exports to the Africa region dropped by 4% to RM11.3 million from 11.7 million for the previous month. Intake from both South Africa and Mauritius increased by 8% to RM5.7 million and by 70% to RM2.2 million respectively. Meanwhile, Seychelles decreased its intake by 36% to RM1.7 million for the cumulative period of January – December 2024.

According to the market overview from the IMARC Group article, the North American secondary wood products market, which includes builders' joinery and carpentry (BJC) items, reached a valuation of approximately USD 221.2 billion in 2023. Industry projections indicate steady growth, with the market expected to reach around USD 259.8 billion by 2032, reflecting a compound annual growth rate (CAGR) of 1.7% between 2024 and 2032. This market encompasses a variety of products, including wood furniture, engineered wood components, and secondary paper products. The primary driver of this expansion is the increasing demand from the construction industry, particularly in residential and commercial real estate. Economic reforms, infrastructure development, and technological advancements in wood processing have also contributed to the rising need for high-quality BJC products. Additionally, growing consumer preference for sustainable and customised wooden interiors has further fueled market growth.

Within this expanding industry, wood furniture remains the most significant segment, highlighting the crucial role of BJC products in both structural and decorative applications. The United States continues to dominate the market, benefiting from an abundant supply of raw materials sourced from its vast forest reserves. In addition, engineered wood products, such as laminated veneer lumber (LVL) and cross-laminated timber (CLT), are witnessing increased adoption due to their durability and cost-effectiveness, making them a preferred choice for modern construction. North American wood products are also gaining traction in international markets, particularly in Asia and Europe, as global demand for sustainable and high-quality wooden materials continues to rise. The ongoing emphasis on eco-friendly manufacturing practices and government initiatives promoting sustainable forestry further support the industry's long-term growth prospects.

FURNITURE

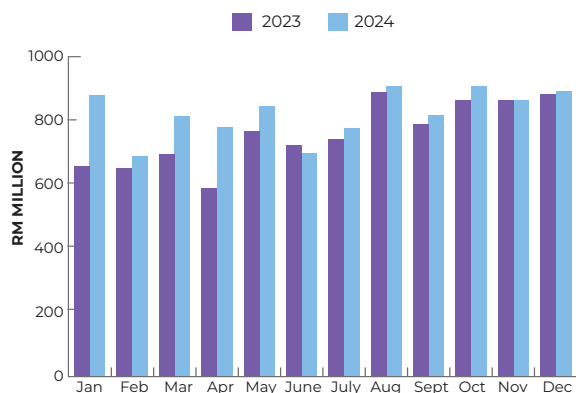
Export of wooden furniture for the month of December 2024 grew by 4% to RM888.7 million from RM858.9 million in November 2024. Similarly, when compared year-on-year, export of wooden furniture has increased by 9% to RM9.8 billion from RM9.0 billion in its corresponding period 2023.

For the period January – December 2024, export of wooden furniture to ASEAN increased by 0.1% worth RM1.2 billion, despite Singapore, being the largest buyer, dropping its buying by 3% to RM743.5 million from RM769.3 million in the corresponding period in 2023. However, exports to the Philippines and Indonesia increased by 15% to RM249.6 million and by 0.3% to RM111.0 million respectively.

Moving to the East Asia region, export dropped by 11% to RM568.6 million from RM636.1 million in its corresponding period in 2023. Japan remained the highest buyer with export valued at RM436.8 million despite a decline of 9%. Similarly, export to Taiwan decreased by 2% to RM51.0 million while intake from China declined by 34% to RM34.0 million over its corresponding period in 2023.

Exports to West Asia expanded by 3% to RM508.6 million from RM523.5 million in the corresponding period in 2023. The UAE remains the largest buyer in the region albeit a decline by 15% to RM228.2 million. Similarly, export to Saudi Arabia dropped by 6% to RM172.5 million while Kuwait improved its buying by 28% worth RM26.6 million for the mentioned period.

Moving to the South Asia region, export of wooden furniture to the region improved by 31% to RM169.3 million for the period of January - December 2024. Amongst South Asia countries, India recorded the highest intake with an export value worth RM153.9 million with an increase in intake of 32%. Likewise, export to Maldives grew by 11% to RM11.4 million and buying from Sri Lanka increased by 126% worth RM1.8 million.

Malaysia: Export of Wooden Furniture

Export to the Central Asia region declined by 2% to RM3.8 million with export to Kazakhstan improved by 25% to RM3.3 million. Armenia reduced its demand by 68% to RM0.2 million and Tajikistan also dropped its intake to 27% to RM0.3 million for the cumulative period of January-December 2024.

Exports to the European Union recorded an expansion of 12% to RM381.6 million from RM340.2 million over its corresponding period in 2023. Export to Germany increased by 13% worth RM44.6 million, followed by Spain, with a 30% increase at RM42.6 million and Belgium, with an intake increase of 7% worth RM40.3 million. In other parts of Europe, the United Kingdom as the largest buyer recorded an increase of 12% to RM475.4 million from RM423.7 million over its corresponding period in 2023. Similarly, exports to Türkiye and Switzerland increased purchases by 75% to RM15.7 million and by 8% to RM11.3 million respectively.

Exports to Oceania/Pacific improved by 13% to RM585.4 million from RM516.3 million over its corresponding period in 2023. Australia remained as the top buyer in the archipelago region with export valued at RM511.1 million with an improvement of 12%. Similarly, both exports to New Zealand and Papua New Guinea expanded by 3% to RM38.7 million and by 54% to RM12.9 million respectively.

Moving to the Central America region, export of wooden furniture increased by 41% to RM55.7 million from RM39.6 million in the same period in 2023. Both Panama and Costa Rica recorded an increase of 41% to RM16.5 million and by 51% worth RM12.1 million respectively. Similarly, export to El Salvador grew by 24% to RM10.2 million from RM8.3 million in January-December 2023.

Meanwhile, exports to the North America region advanced by 12% to RM5.5 billion from RM4.9 billion based on year-on-year. As Malaysia's largest wooden furniture buyer, demand from the USA improved by 11% to RM5.0 billion from RM4.5 billion over its corresponding period in 2023. Similarly, export to Canada multiplied by 28% to RM423.4 million, however Puerto Rico reduced its demand by 7% to RM55.7 million for the cumulative period in 2024.

Similarly, export of wooden furniture to the South America region recorded an increase of 18% worth RM102.0 million from RM86.2 million over its corresponding period, January – December 2023. Export to Chile improved by 36% to RM56.5 million from RM41.7 million followed by Peru with an increase of 20% to RM20.1 million. However, export to Uruguay dropped by 32% to RM5.9 million from RM8.6 million over the corresponding period in 2023.

Moving to the Africa region, export to the region improved by 5% to RM162.5 million with South Africa garnering the largest market share with RM50.8 million. Intake from South Africa recorded an increase of 23% from RM50.8 million over its corresponding period in 2023. This was followed by Mauritius, with recorded sales of RM16.0 million, export increased by 15% from the previous corresponding period. Likewise, export to Reunion Islands also increased by 3% to RM14.1 million from RM13.8 million year-on-year.

Rattan furniture shipments for December 2024 recorded an increase of 13% valued at RM8.4 million. However, when based on year-on-year, export of rattan furniture for the cumulative period of January – December 2024 declined by 9% to RM70.3 million from RM77.6 million in the same period in 2023.

Exports to ASEAN member countries were recorded at RM7.8 million, an increase of 17% for the mentioned period of January – December 2024 from RM6.7 million in the same period in 2023. The highest buyer, the Philippines recorded sales of RM4.9 million with an increase of 22%. Similarly, export to Singapore grew by 16% to RM2.1 million while export to Thailand decreased by 2% to RM0.7 million.

Meanwhile, export to the East Asia region recorded a decline of 70% worth RM1.8 million with Japan reduced its intake by 32% to RM1.0 million. Similarly, export to China also dropped by 91% worth RM0.3 million. However, intake from South Korea grew by 20% to RM0.2 million for the stated period. Moving on to South Asia countries, India was recorded as the highest buyer of rattan furniture worth RM1.2 million despite a reduction in its buying by 62%. Meanwhile, Kazakhstan and Tajikistan resumed their intake with RM0.2 million and RM0.1 million respectively for the cumulative period.

Export to the West Asia region rose by 19% to RM5.4 million with the largest buying nation of rattan furniture in the region, the UAE increasing its intake by 45% to RM3.2 million, while intake from Saudi Arabia dropped by 19% to RM1.3 million. Similarly, Iran reduced its intake to RM0.3 million, a decline of 30% from the corresponding period in 2023.

Moving to the European Union bloc, import increased by 2% to RM11.3 million with France being the largest buyer amongst EU countries. France increased its intake by 2% to RM2.8 million, followed by the Netherlands, where intake of rattan furniture increased by 267% to RM1.8 million. Similarly, export to Spain grew by 77% worth RM1.4 million from the corresponding period in 2023. Moving to other parts of Europe, demand from the group decreased by 31% to RM7.3

million with the UK being the largest buyer in the region. The UK dropped its buying by 25% to RM6.1 million, while Russia reduced its buying by 69% to RM0.7 million. Meanwhile, intake from Georgia improved significantly by 285% to RM0.4 million for the period of January - December 2024.

Shipments to the Oceania/Pacific archipelago region dropped by 42% to RM3.9 million from RM6.7 million over the same period in 2023. Australia recorded a decline in intake by 35% to RM3.3 million, while both New Zealand and Fiji also reduced their buying by 83% to RM0.2 million and by 49% to RM0.1 million respectively.

Exports to the North America region expanded by 7% to RM29.1 million from RM27.2 million over the same period in 2023. Being the largest buyer for rattan furniture in the continent, the USA recorded an increase in intake by 3% to RM24.7 million. Likewise, export to Canada increased by 44% to RM1.7 million. However, intake from the Dominican Republic decreased by 1% to RM1.5 million. Meanwhile, Chile and Uruguay increased their intake by 115% to RM0.8 million and by 18% to RM0.2 million respectively. Panama increased its intake by 149% worth RM18,756 while Honduras resumed its intake with RM16,382 for the period of January to December 2024.

Moving to the Africa region, South Africa increased its buying by 18% to RM0.2 million, while Ghana resumed its buying with RM0.3 million. Export to Algeria improved by 169% valued at RM0.2 million.

Furniture Market Insights reported that the sales of the worldwide ergonomic furniture industry are expected to surpass a market valuation of USD22,211.8 million in 2024 and are expected to reach USD42,884.1 million by 2034, with a robust CAGR of 6.8% between 2024 and 2034. In 2023, the revenue from ergonomic furniture was USD20,836.6 million. The industry is anticipated to demonstrate significant year-over-year (Y-o-Y) growth of 6.6% in 2024. The growing awareness of workplace wellness as well as health risks with associated with extended sitting causing poor posture

is responsible for driving the global ergonomic furniture market at a robust pace. As a global trend, a shift toward better comfort and productivity and the adoption of ergonomic furniture is accelerating in corporate offices, home offices and healthcare environments. The rise in remote working or working from home is also a significant driver, with an estimated 60% of professionals worldwide working from home at least part-time post-pandemic. This has fuelled demand for ergonomic chairs, height-adjustable desks, and accessories. Furthermore, employees using ergonomic furniture experience a 17% increase in productivity and reduced risk of musculoskeletal disorders, encouraging companies to invest in these solutions.

Manufacturers are leveraging technology to introduce smart ergonomic furniture, equipped with sensors that monitor posture and usage patterns. For instance, height-adjustable desks with memory settings and app-connected ergonomic chairs are gaining popularity. Smart furniture accounted for 15% of total sales in 2023 and is expected to grow at an even faster pace due to its appeal among tech-savvy consumers and enterprises prioritizing innovation. The commercial segment dominates the market, contributing to over 62.7% of sales, as corporations invest heavily in ergonomic setups to improve employee satisfaction and retention.

The residential segment is also growing rapidly, with a CAGR of 7.6%, driven by remote work trends and consumer focus on creating healthier home workspaces. Sustainability is becoming a critical aspect of market evolution, with manufacturers focusing on eco-friendly materials and production processes. Over 40% of ergonomic furniture consumers now prioritise sustainability when making purchasing decisions, according to a recent survey by the International Ergonomics Association (IEA). Furthermore, the global ergonomic furniture market is poised for significant expansion, with increasing demand across multiple sectors. The market is fuelled by continued innovation, rising health awareness, and the integration of smart technologies. As businesses and individuals prioritise well-being, ergonomic furniture remains a cornerstone of this transformation.





OPPORTUNITIES IN FURNITURE AND TIMBER TRADE

Country Overview

Sri Lanka, historically referred to as Ceylon and officially known as the Democratic Socialist Republic of Sri Lanka, is an island nation located in South Asia. Situated in the Indian Ocean, it lies southwest of the Bay of Bengal and is separated from the Indian subcontinent by the Gulf of Mannar and the Palk Strait. Sri Jayawardenepura Kotte serves as the legislative capital, while Colombo, the largest city, functions as the administrative, judicial, political, financial and cultural hub of the nation. With a population of around 22 million, Sri Lanka is a diverse country, home to a rich tapestry of cultures, languages and ethnicities.

According to the International Monetary Fund (IMF), Sri Lanka has the second-highest GDP per capita in South Asia. The country was historically a plantation economy, exporting cinnamon, rubber and Ceylon tea. While agriculture remains important, industrialisation has boosted sectors like food processing, textile, telecommunication and finance. Key economic sectors include tourism, tea, clothing, rice and overseas employment which significantly contributes to foreign exchange. By 2016, heavy infrastructure-driven debt led Sri Lanka to near bankruptcy, requiring an IMF bailout.

The Sri Lankan economic crisis, which began in 2019, was the country's worst since independence, marked by high inflation, foreign reserve depletion and shortages of essentials. It was triggered by tax cuts, money creation, a shift to organic farming, the 2019 Easter bombings and the COVID-19 pandemic. Sri Lanka's economy grew by 5.0% in 2024, compared to the 2.3% contraction in 2023, reported by the Central Bank of Sri Lanka. According to the National Accounts Estimates for 2024, the three major economic activities which are agriculture, industry and services contributed to this growth.

Forest Resources

Sri Lanka is bestowed with many natural resources like limestone, graphite, minerals, sands, gems, phosphates and clay. According to the Forest Resources Assessment (FRA 2020), Sri Lanka's forest cover is roughly 1,933,000 hectares. From there, about 14% of land is arable, 15% under permanent crops, 7% under permanent pastures, 32% under forests and woodlands and the rest (32%) is under other uses. The main agricultural products are rice, sugarcane, grains, pulses, oilseed, roots, spices, tea, rubber and coconuts.

The natural forests of Sri Lanka are currently classified into eight types: Tropical montane forest, sub-montane forest, lowland rainforests, tropical moist monsoon forests, dry monsoon forests, riverine dry forests and mangrove forests. Two economically important timber species are Mahogany (*Swietenia macrophylla*) and teak (*Tectona grandis*). Native species targeted for valuable wood include tree species such as mee, kumbuk and jak trees. These species are used in construction, boat making and furniture making.

Timber Production

According to the FAO's 2023 forest statistics, Medium-Density Fibreboard (MDF) and High-Density Fibreboard (HDF) were the most produced wood-based panels in Sri Lanka, with an annual production volume of approximately 150,000 cubic metres. The production of coniferous sawnwood, veneer sheets, and plywood and laminated veneer lumber (LVL) remained consistent, averaging approximately 30,000 cubic metres, 15,000 cubic metres, and 6,000 cubic metres annually. Meanwhile, wood charcoal production ranged between 1,800 and 2,000 tonnes per year.

SRI LANKA: TIMBER PRODUCTION (2019-2023)

Product	Unit	2019	2020	2021	2022	2023
Wood charcoal	tonne	1,846	1,873	1,900	1,928	1,957
Sawnwood, coniferous	m ³	30,000	30,000	30,000	30,000	30,000
Veneer sheets	m ³	5,000	5,000	15,000	15,000	15,000
Plywood and LVL	m ³	6,000	6,000	6,000	6,000	6,000
Medium/High Density Fibreboard (MDF/HDF)	m ³	150,000	150,000	150,000	150,000	150,000

Source : FAO STATS

Export of Timber and Timber Products

Traditionally, most timber product manufacturers in Sri Lanka catered primarily to domestic markets, with only a few focusing on exports. However, the timber export industry is now emerging as a dynamic sector, driven largely by increased private sector investment. In the five-year export trends between 2019 to 2023, export value ranged between USD40 million to USD56 million. During the COVID-19 pandemic, export value decreased 23% from USD56.6 million to USD43.7 million. Export performance slowly recovered in recent years, recording its highest value at USD53.6 million in 2023. The main timber products exported in 2023 were furniture, veneer and sawntimber totalled at USD26.5 million, USD1.5 million and USD1.4 million respectively.

SRI LANKA: EXPORT OF TIMBER & TIMBER PRODUCTS, 2019-2023

USD '000

Product	2019	2020	2021	2022	2023
Furniture	22,234	15,560	22,423	24,272	26,519
Veneer	2	55	1,226	1,136	1,461
Sawntimber	4,340	3,445	2,268	1,847	1,442
Plywood	888	857	216	801	925
Fibreboard	8,521	5,210	4,750	1,617	880
Particle board	737	937	960	993	501
Builders' joinery and carpentry	466	143	162	834	271
Logs	8	14	2	21	206
Wooden frames	15	14	3	4	89
Mouldings	86	-	-	1	2
Others	19,314	17,429	19,496	19,908	21,285
Total	56,611	43,664	51,506	51,434	53,581

Source: ITC Stats

The Netherlands is Sri Lanka's biggest timber and timber products (HS44) export destination, worth USD5.6 million in 2023, from a total of 73 export countries. This was followed by the USA (USD4.0 million), China (USD3.7 million) and India (USD2.2 million). Malaysia was placed 29th among export destinations with export worth USD63 thousand.

SRI LANKA: EXPORT OF TIMBER & TIMBER PRODUCTS (HSCODE 44) BY COUNTRY, 2019-2023

USD '000

Rank	Importers	2019	2020	2021	2022	2023
1	Netherlands	5,238	4,452	4,918	3,452	5,574
2	United States of America	3,298	2,972	4,050	3,778	4,040
3	China	4,315	2,606	2,460	1,770	3,744
4	India	4,559	4,609	4,344	6,072	2,209
5	United Kingdom	2,420	2,224	3,217	2,143	1,755
6	Maldives	1,129	1,328	1,329	2,252	1,542
7	Oman	725	900	1,115	1,130	1,501
8	Korea, Republic of	1,036	854	620	724	846
9	Japan	636	444	507	507	704
10	Australia	972	465	571	539	621
29	Malaysia	40	163	4	16	63
	Others	10,008	7,084	5,947	4,780	4,462

Source: ITC Stats

Imports of Timber and Timber Products

The performance of timber and timber products imported to Sri Lanka fluctuates between 2021 until 2023. The figure increased in 2021 to USD93.0 million, before dropping 38% to USD57.3 million in 2022 because of the import ban imposed due to the economic crisis triggered by the shortage of foreign exchange. In 2023, imports decreased by 18% to USD47.2 million. The main imported timber products were furniture, sawntimber and fibreboard totalled at USD16.0 million, USD12.2 million and USD9.7 million each.

SRI LANKA: IMPORT OF TIMBER & TIMBER PRODUCTS, 2019-2023

USD '000

Product	2019	2020	2021	2022	2023
Furniture	19,307	13,466	14,461	15,780	16,019
Sawntimber	40,501	32,209	39,292	13,926	12,245
Fibreboard	11,278	9,469	14,274	7,716	9,680
Builders' joinery and carpentry	4,040	4,632	4,197	6,670	6,075
Plywood	7,412	4,663	6,531	4,692	2,651
Particle board	2,886	2,146	3,645	3,380	1,546
Mouldings	4,967	2,893	2,582	1,212	1,307
Veneer	2,272	1,535	1,834	1,444	450
Logs	300	417	325	41	150
Wooden frames	170	61	127	92	100
Others	15,807	11,135	20,191	18,109	12,964
Total	89,633	69,160	92,998	57,282	47,168

Source: ITC Stats

For import of furniture (HS9403), China was the main supplier to Sri Lanka with a value of USD8.5 million, followed by India (USD2.1 million), Viet Nam (USD1.0 million) and the Republic of Korea (USD952 thousand) each. Malaysia ranked at 10th position from a total of 34 countries that supply furniture to Sri Lanka, with USD239 thousand.

SRI LANKA: IMPORT OF FURNITURE (HSCODE 9403) BY COUNTRIES FROM WORLD, 2019-2023

USD '000

Rank	Exporters	2019	2020	2021	2022	2023
1	China	7,979	7,048	5,686	5,043	8,547
2	India	2,049	944	1,580	2,047	2,140
3	Viet Nam	288	947	1,177	3,208	1,011
4	Republic of Korea	127	23	53	52	952
5	Indonesia	304	160	31	251	462
6	Germany	1,939	484	738	1,381	348
7	Thailand	118	68	283	240	347
8	Oman	29	200	381	515	307
9	United Arab Emirates	295	32	13	163	297
10	Malaysia	929	520	195	105	239
	Others	5,248	3,042	4,325	2,777	1,369

Source: ITC Stats

Malaysia's Exports of Timber and Timber Products to Sri Lanka

In the previous years, Malaysia remained the main supplying country of timber and timber products to Sri Lanka within the range of RM130 million export value in 2020 and 2021. The ban of import in 2022 impacted Malaysia's export which caused a 64% drop in value to RM46.6 million. After the announcement of relaxing the restriction on imports, import performance improved gradually over the years. In 2023, the export of timber and timber products to Sri Lanka improved by 16% to RM54.8 million. Sawntimber was the main product exported with the amount of RM39.9 million, followed by fibreboard with RM5.5 million and BJC, RM4.6 million.

MALAYSIA: EXPORT OF TIMBER & TIMBER PRODUCTS TO SRI LANKA, 2020-2024

FOB Value: RM '000

Products	2020	2021	2022	2023	2024
Sawntimber	118,536	113,129	35,577	37,901	39,908
Fibreboard	10,640	11,236	6,213	4,308	5,546
Builders Joinery & Carpentry	2,376	798	635	2,610	4,576
Chipboard/Particleboard	1,467	2,468	1,905	1,479	2,111
Wooden Furniture	1,366	629	1,544	816	1,845
Mouldings	147	0	41	0	585
Plywood	6	100	58	65	185
Logs	0	0	6	0	0
Veneer	0	0	0	5	0
Others	347	29	574	66	0
Total	134,884	128,389	46,554	47,251	54,757

Source: MTIB & DOSM



Malaysia's Imports of Timber and Timber Products from Sri Lanka

Malaysia's import of timber and timber products from Sri Lanka saw a significant increase of four-digit percentage, reaching RM1.2 million in 2021. However, this surge was driven by post-pandemic recovery and growing demand. By 2024, imports dropped sharply by 88%, falling to RM99 thousand from RM812 thousand in 2023. The main timber products imported from Sri Lanka were wooden furniture and sawntimber. Other notable imports included wood charcoal wooden frames, tableware and kitchenware, and wood marquetry.

MALAYSIA: IMPORT OF TIMBER & TIMBER PRODUCTS FROM SRI LANKA, 2020-2024

FOB Value: RM '000

Products	2020	2021	2022	2023	2024
Wooden Furniture	0	94	1,229	687	20
Sawntimber	0	0	0	119	0
Others	20	10	7	5	79
Total	20	103	1,236	812	99

Source: MTIB & DOSM

Import Tariffs

Although Malaysia and Sri Lanka have no bilateral Free Trade Agreement (FTA), trade between Malaysia and Sri Lanka continues under existing tariff preferences. Tariffs for upstream timber and timber products stand at 0-5%. However, the import duty for plywood is still 0-15%, while tariffs for wooden frame, BJC and wooden furniture are still considered high with the range of 0-30% import duty.

SRI LANKA: TARIFF DUTY

HS CODE	Product	MFN
4403	Logs	0
4407	Sawntimber	0
4408	Veneer	0
4409	Mouldings	0
4410	Chipboard/Particleboard	0
4411	Fibreboard	0
4412	Plywood	0-15
4414	Wooden Frame	30
4418	Builders Joinery & Carpentry	0-30
9403	Wooden Furniture	30

Source: WTO

Prospects

According to the World Bank report, Sri Lanka's gross domestic product (GDP) is forecast to expand by 3.5% in 2025, an upward revision of 1 percentage point since June - largely reflecting stronger industrial activity than previously expected. Growth will be moderate to 3.1% in 2026 but continue to be supported by recoveries in remittances and tourism, partly offset by tightening fiscal policies. Although Sri Lanka has been able to get "in-principal" approval for debt restructuring from all its bilateral creditors, including India and China, actual debt restructuring may have lasted the whole of 2024.

The construction industry plays a vital role in Sri Lanka's economic development, yet it faces unique challenges that test its resilience. After a steep decline of 21.8% in 2023, the sector is set for a strong rebound, projected to grow by 7.3% in real terms in 2024. This recovery is driven by increased investments in infrastructure, energy and utilities along with rising external demand and a renewed focus on capital formation. Looking ahead, the industry is expected to maintain steady growth, averaging 6% annually from 2025 to 2028. This momentum will be fueled by both public and private investments in industrial and infrastructure projects, as well as a strong government push for renewable energy development. In a significant boost to the sector, the World Bank and the Sri Lankan government signed the Second Resilience, Stability and Economic Turnaround (RESET) Development Policy Operation in October 2024, injecting LKR75.5 billion (USD200 million) to strengthen economic stability and resilience. With these strategic initiatives, Sri Lanka's construction industry is poised for a dynamic transformation in the coming years.

Sri Lanka's furniture industry stands out due to its rich supply of valuable hardwood and centuries-old craftsmanship. The sector has evolved to cater to both local and international markets, offering a wide range of products, including household, office and commercial furniture. Sustainable practices play a key role, with manufacturers increasingly using treated rubberwood, a renewable source, to create affordable yet high-quality furniture. The industry also produces parquet flooring, wooden panels, brush handles and handmade wooden toys, which are exported worldwide. Despite many manufacturers being small-scale enterprises and there being fluctuations in export performance, the industry is showing strong growth potential. Sri Lanka is particularly competitive in exporting office, bedroom and kitchen furniture, with China and India being its largest buyers.



Sri Lankan office furniture, bedroom and kitchen cabinet (source: Finez LK)

The country's furniture industry benefits from an abundant local wood supply, though some manufacturers also import premium timber like teak and mahogany based on buyer requirements. The sector's commitment to sustainability is evident, with more companies obtaining Forest Stewardship Council (FSC) and Rainforest Alliance certifications to meet global environmental standards. Knockdown and built-in-furniture, customised to buyer specifications, is gaining popularity in high-end markets. With strong craftsmanship, sustainable sourcing and increasing demand, Sri Lanka's wooden products industry is expanding its footprint in key export markets such as the UK, the USA, India, Maldives, Saudi Arabia, Pakistan and the Netherlands, positioning itself as a reliable supplier of high-quality, eco-friendly furniture.



*Door Handle
(source: Wood
Ceylon)*



*Lounge Chair
elegantly balances
bold design
and traditional
craftsmanship
(source: Wood
Ceylon)*

Malaysian entrepreneurs and manufacturers have promising opportunities to tap into Sri Lanka's growing demand for locally-made and eco-friendly furniture. At the end of January 2025, a groundbreaking roadmap - Strategy to Promote Inclusive and Sustainable Businesses to Achieve the Sustainable Development Goals - was officially launched by the Government of Sri Lanka. Designed by the Sustainable Development Council of Sri Lanka in collaboration with the United Nations Economic and Social Commission for Asia and the Pacific (ESCAP) and United Nations Sri Lanka, this strategic roadmap envisions a strong and dynamic ecosystem. As sustainability becomes a key priority for consumers, businesses can leverage this trend by offering innovative, high-quality wooden products that align with Sri Lankan buyer's style and preferences, price expectations and functional needs. Expanding into this market requires a strong digital presence, with strategic online marketing to reach a broader audience. Additionally, Malaysian timber exporters can strengthen their foothold by participating in renowned industry events like the Sri Lanka Colombo Furniture Fair and the Kedella Construction Expo. These exhibitions provide excellent platforms to explore new business opportunities, connect with local partners and establish a lasting presence in Sri Lanka's thriving furniture industry.

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INDONESIA

**Furniture Exports Hit**

According to The Ministry of Industry (Kemenperin) reports, exports of domestically made furniture products at USD1.2 billion from January-July 2024 in Indonesia, after achieving export earnings of USD2.11 billion in 2023. Referring to the figures, Director General of Small, Medium and Multifarious Industries (IKMA) Reni Yanita said the potential of domestic furniture products is considerable.

She attributed the strong interest of global markets in Indonesian furniture to the fact that small and medium industry players (IKM) continued to innovate and were able to adjust to market trends and consumer needs. She said IKMA supports development of local furniture IKM players so they can be more globally competitive, including through implementation of production technical guidance, machine and equipment restructuring and development of IKM centres.

<https://www.fdmaasia.com>, 17 January 2025

VIETNAM

**Forestry Industry Aims For USD18 Billion Exports**

The forestry industry has set an export target of USD17.5 billion to contribute 23 million cubic metres of wood from planted forests in 2024. This aim was revealed by Trieu Van Luc, Deputy Director of the Forestry Department under the Agriculture and Rural Development Ministry, at the conference about the sector's performance 2023 and to outline development orientations for 2024.

Luc highlighted that the sector would advance the multipurpose value of forest ecosystems and create a sustainable forestry economy through

efficient use and management of forest resources. It would also protect and sustainably develop 100% of the existing forest area, while diversifying production under green, sustainable and circular practices. This effort would be supported by developing collaboration and association structures within the forestry supply chain.

The industry would also strengthen the quality management of forestry plant varieties that contribute to the ecosystem to increase the productivity and output of planted forests, developing large timber production forests.

In 2023, the forestry sector marked a significant milestone when the processes were completed to transfer 10.3 million tonnes of carbon emission reduction to the Forest Carbon Partnership Facility through the World Bank at a unit price of USD5 per tonne of CO₂, amounting to USD51.5 million.

The Vietnam Forest Protection and Development Fund recently received the first payment of USD41.2 million from the World Bank and already disbursed the payment to the provinces, making urgent plans to pay forest owners in six provinces. The department estimated that forest product exports reached USD14.39 billion in 2023, down 15.8% compared to 2022. This decline was caused by market instability, affected by the Russia-Ukraine conflict and tightening spending in the United States and European Union (EU) markets on non-essential products, including wood. Moreover, Vietnamese businesses also faced difficulties when the EU added many new regulations such as the Carbon Border Adjustment Mechanism, including the wood industry and the EU's Anti-Deforestation Regulation.

To boost wood and forest product exports in the upcoming time, the industry aims to develop legal sources of wood from planted forests to meet production standards by developing concentrated planted forests and sustainably grown forests. It also encourages creating conditions for EU suppliers to promote raw materials in Viet Nam while controlling imports from high-risk areas. In addition, a green economy model is being piloted in the wood industry with net-zero commitments.

Along with the EU, many other markets have also set new and strict policies, causing many difficulties for wood export activities. The US market requires an increase in the frequency of investigations applying trade remedies to the industry, and also compliance with labour and employment regulations. Japan also requires Vietnamese wood products to have sustainability certificates.

The German Supply Chain Due Diligence Act is also indirectly impacting Vietnamese exporters. German importers require Vietnamese exporters to provide additional certificates related to product origin, employment status, wages, waste treatment and other related certificates.

Meanwhile, Canada currently tends to put forward more environmental regulations in its product design, manufacturing and marketing strategies. Recently, the Canadian Government published a regulatory framework to establish mandatory requirements for recycled content and labelling for plastic products, which will have some impacts on most of Vietnam's export commodity groups, from consumer goods packaging to other key export sectors.

<https://www.globalwood.org>, 1 January 2024



Log and Sawn Timber Imports Down

According to the latest data, China's logs and sawn timber imports in October 2024 were 4.666 million cubic meters, down 0.1 percent year-on-year; China's logs and sawn timber cumulative imports in January-October 2024 were 52.96 million cubic meters, down 3.3 percent year-on-year, reported from Global Wood Trade Network.

In terms of value, China's logs and sawn timber import amounted to 944.1 million U.S. dollars in October 2024, flat year-on-year growth; China's logs and sawn timber cumulative import amounted to 11,074 million U.S. dollars in January-October 2024, a year-on-year decline of 0.8 percent.

<https://www.fdmasia.com>. 17 January 2025

Rise In Plywood Exports

According to China Customs, plywood exports totaled 10.776 million cubic meters, marking a 23% increase between January and October 2024. The most significant growth was observed in plywood exports to Taiwan, which surged nearly 170% compared to the same period in 2023.

China's plywood exports to the Philippines, its leading market, grew by 3% to 815,000 cubic meters. Conversely, exports to Japan and Nigeria declined by 3% and 11%, respectively, during this timeframe.

The USA previously served as the primary international market for Chinese plywood. However, following the imposition of tariffs by the USA, many export-oriented plywood enterprises in China have shifted their focus to alternative markets.

Between January and October 2024, 50% of China's plywood exports were directed to Asian countries, amounting to 4.99 million cubic meters—a year-on-year increase of 19%. This positions Asia as the second-largest market for Chinese plywood exports.

Source: <https://www.fordaq.com>, 13 January 2025



There Will Be No Further Extension Of QCO/BIS On Wood Panel Products

The Department for Promotion of Industry and Internal Trade held wood panel industry stakeholders meet on 19 December 2024 under the Chairmanship of Mr Sanjiv Singh, Joint Secretary, DPIIT with Plywood, Wood, Doors and Furniture Stakeholders to discuss the concerns related to QCOs on various wood panel products.

It has been decided that there will be no further extension on the implementation of QCO/ BIS. The new regulations will come into effect from 1 March 2025, and compliance will also be mandatory for imports. While certain relaxations will be provided, the details are yet to be finalized.

However, AFMI requested for an extension in the implementation of the QCOs citing the fear of increase in imports of furniture from China and vetting of non-China owned units in ASEAN

CHINA

INDIA

countries by BIS. Responding to AFMI, DPIIT commented that the import duty has already been imposed on imports of furniture from China to the tune of 10-25%. Besides this revision of standards is an ongoing process, which is being undertaken by BIS.

To support domestic Plywood, Door and Furniture Industry with steady raw material supply, the department has forwarded to OEA duly recommended for BCD reduction for products under HS 4408 (from 10 % to 0 %). Further consideration of reduction of BCD of Wood logs products falling under HS 4401 and HS 4403 from 5% to 0% has been forwarded to MoEFCC. BIS informed that the Standards pertaining to Draft Furniture QCO would be finalized by January 2025. Post the formulation of standards, the process for publication of the Draft furniture QCO may be initiated.

Further, BIS was informed to expedite the processing of licenses and to speed up the inspection of foreign manufacturers to ensure the timely issuance of licenses for the products covered under the aforementioned QCOs. Additionally, industries and associations were advised to take necessary steps to obtain licenses well in advance of the effective implementation dates of the QCOs.

As the plywood industry gears up to become quality conscious BIS licensing applications are increasing day by day which suggests that stakeholders aspire to match up the deemed standards to provide fine quality of wood panels for furniture and interior works at affordable prices.

Source: <https://plyreporter.com>, 2 January 2025



Positive December Data On Housing Market

The U.S. Census Bureau released its December report on building permits and housing starts today, providing optimistic insights into the housing sector's performance. The data revealed stronger-than-anticipated results, marking a positive close to the year for the U.S. housing market.

December housing starts reached approximately 1.50 million units on an annualized basis, exceeding market forecasts of 1.33 million units. This also represented an improvement over November's figure of 1.29 million units, signaling a rebound in homebuilding activity.

Building permits, another critical indicator of housing market health, were recorded at 1.48 million units in December. This surpassed the market expectation of 1.46 million units, though it reflected a slight decrease from November's 1.49 million units.

<https://www.fordaq.com>, 20 January 2025



FEP Welcomes Proposed European Duties On Chinese Parquet Imports

The European Parquet Federation (FEP) has welcomed the European Commission's proposed provisional anti-dumping duties on imports of parquet from China. The European Commission's findings on the dumping and injury margins found on imports of multilayered wood flooring (parquet) from China were released on 18 December 2024 in the form of a pre-disclosure.

The Commission determined that imports from China were dumped at significant margins in the EU and the proposed provisional anti-dumping duties on this product will therefore range from 42.3% to 49.2%.

Imports of parquet products from China have been made subject to the customs registration from October 2024 with the view of possible application of the anti-dumping measures with retroactive effects. In light of the release of the pre-disclosure, imposition of the provisional anti-dumping measures are now expected to take place in mid-January 2025 and these measures are expected to provide much-needed relief to the EU parquet industry, which FEP says has suffered the "injurious effects of Chinese imports for a number of years already".

EUROPEAN UNION

USA

The Commission's ongoing anti-dumping investigation is a result of a formal complaint filed by FEP on behalf of major EU producers from most EU Member States where parquet is produced. "The levels of the provisional duties announced by the Commission will provide the necessary relief to an industry which has been suffering the severe effects of unfair imports arriving from China," said FEP managing director Isabelle Brose. "The levels of the provisional duties are very sensible and appropriate as they reflect significant price differences resulting from massive overcapacities and market distortions present in the Chinese industry".

FEP and the EU parquet producers will continue actively co-operating with the Commission's investigation team on the remaining stages of this investigation process until its formal completion in July next year.

*<https://www.globalwoodmarketsinfo.com>,
8 January 2025*

European Construction – Anticipated Modest Upturn In 2025

According to Euroconstruct, the European building sector will return to growth in 2025 although the improvement will be modest. At the 98th Euroconstruct conference in Milan in December 2024 delegates heard views on the current state of the construction market across the 19 countries covered by the organisation. They were also given perspectives and analysis from the just published 'Winter Euroconstruct' country and summary reports.

The European building industry, according to Euroconstruct, continues to go through a challenging period facing persisting external factors. These include geopolitical stress, notably the war in Ukraine, with the prospective economic and trade impact of the change of government in the US adding to uncertainties. Internal factors, including high interest rates, energy costs and increasing labour costs also continue to weigh on financial conditions and hinder construction activity and investment plans. "After [declining in] 2023, 2024 will have been the industry's most difficult year since 2020," says Euroconstruct. "However, forecasts point to a positive turnaround from 2025 onwards."

According to new estimates, construction activity in the 19 Euroconstruct countries is projected to have declined by 2.4% in 2024. Growth in 2025 is expected to be 0.6%, but the upward trend is

forecast to gain momentum in the following two years.

"This forecast represents a modest upward revision for 2024 by 0.3 percentage points compared to previous estimates, though the growth in 2025 is slightly weaker than initially anticipated, while the growth path for 2026 remains unchanged, says Euroconstruct.

The primary challenge for the European construction market in 2024, it adds, was the significant decline in new residential construction, following that recorded in 2023. "High property prices, still elevated interest rates (albeit declining) and high construction costs are the main obstacles," says Euroconstruct".

However, the sector is anticipated to stabilise in 2025 with growth accelerating in the following years. The residential renovation market was also in contraction, with a modest decline this year and a further decrease forecast next year."

The improvement in the housing sector forecast from 2026 onwards, says Euroconstruct, will be driven by demographic factors, economic conditions and more favourable subsidy schemes for house renovation.

The European non-residential construction sector has also faced challenges with the modest decline experienced in 2023 expected to have continued through 2024.

Despite the challenges, however, growth is projected to resume, starting from 2025, with both new non-residential construction and renovation activities contributing positively to the overall sector," says Euroconstruct.

According to the Euroconstruct report, of the Euroconstruct countries, strongest construction improvement in 2025 will come in Ireland with growth of 6%, followed by Norway at 5.6%, Sweden, 5.3%, Finland and Poland, both at 4.9%, Spain 3.5%, the UK 2.9% and Hungary 2.8%.

While improving on its performance in 2024, Germany's building industry is expected to contract a further 1% in 2025, while the downturn in Italian construction is predicted to deepen with a further 4.8% decline.

But broadly, Euroconstruct concludes, despite continuing market constraints, European construction will be on an upward curve in coming years, with 'public support for refurbishment projects and significant investments in infrastructure the key drivers of more positive trends'.

*<https://www.Globalwoodmarketsinfo.com>,
16 January 2025*





New Timber Sales Rules Curb Polish Wood Exports to Germany and China

POLAND

Poland's revised timber sales rules, aimed at strengthening local industries and curbing exports outside the EU, have significantly impacted foreign demand for Polish wood. German companies, in particular, have reduced their participation in Polish timber tenders, according to Witold Koss, Director General of State Forests (PGL LP).

Introduced in October 2024, the new sales regulations prioritize local buyers and processing facilities close to logging sites. A key feature of the rules is the geographical purchase criterion, which allocates additional evaluation points to companies operating nearby. Conversely, unprocessed timber and buyers located farther away are penalized in the tender process.

Under the new system, geographical proximity accounts for 10% of the tender evaluation, while the price criterion has been lowered to 75%. Additionally, the new rules allocate 7.5% weight each to the share and depth of wood processing. In 2025, State Forests plans to supply 38 million cubic meters of timber to the market, a 5% reduction compared to 2024. The impact of Poland's timber policy extends beyond Europe, with exports to China also experiencing a notable decline. Data from the Ministry of Climate and Environment (MKiŚ) revealed a 60% drop in Polish wood exports to China during the second half of 2024 compared to the first half. This equates to a reduction of over 100,000 tonnes of raw and firewood.

In the first half of 2024, Poland exported 279,000 tonnes of timber to China, a figure that dropped to 171,000 tonnes in the second half. The decline also reflects the phasing out of contracts signed in late 2023 under previous administrations.

<https://www.timberindustrynews.com>
16 January 2025



Targets USD12 Billion In Furniture Exports

TURKIYE

Türkiye's furniture sector is setting its sights on an ambitious USD12 billion export target, according to Trade Minister **Ömer** Bolat announced at the International Istanbul Furniture Fair (IIFF), one of Europe's largest industry events. Highlighting Türkiye's rise to seventh place globally in furniture exports, Bolat celebrated the sector's remarkable growth and international recognition, as reported by *Daily Sabah*.

In his address, Bolat noted that furniture exports, which stood at just USD250 million in 2002, have surged to USD4.5 billion in 2024—an 18-fold increase. Including wood products, forest products, and paper, the sector's total export volume now reaches \$8 billion, with Turkish goods finding a market in some of the wealthiest nations worldwide.

"Turkish furniture has secured a reputation for quality, innovation, and sustainability," Bolat said, adding that the sector is now responsible for 2% of Türkiye's total exports and world furniture exports. He also highlighted Türkiye's broader economic achievements, stating, "Today, we export USD375 billion worth of goods and services, supported by our Ministry's allocation of 60% of its budget to exporters."

Bolat underscored the government's commitment to boosting trade. He cited the recently unveiled 2025 Export Action Plan, which includes 77 measures aimed at surpassing USD390 billion in export revenue by 2025. Last year, the Ministry provided TL 24.7 billion in export support, with this year's budget set to rise to TL 33 billion.

Reflecting on the sector's progress, Bolat said, "Turkish furniture has risen to seventh place globally, but this is just the beginning. Together, we will aim even higher."

In a social media post, the minister praised the furniture sector's strong production capacity and

its focus on innovation and design. "The Turkish furniture industry continues to establish itself as a global brand," Bolat wrote, commending the efforts of manufacturers and industrialists who have driven its success.

The IIFF, hosting over 3,000 brands, serves as a testament to Türkiye's growing influence in the global furniture market, further solidifying its position as a key player in the industry.

<https://www.fordaq.com>, 22 January 2024



House Prices Likely To Rise By 2025

British house prices are expected to increase next year as borrowing costs and affordability constraints ease, despite a rise in home purchase taxes that will take effect from April, mortgage lender Nationwide.

According to the Nationwide's chief economist, prices are expected to rise by 2% to 4% in 2025. Providing the economy continues to recover steadily, as we expect, the underlying pace of housing market activity is likely to continue to strengthen gradually as affordability constraints ease through a combination of modestly lower interest rates and earnings outpacing house price growth. Upcoming changes to stamp duty are likely to generate volatility, as buyers bring forward their purchases to avoid the additional tax.

From April first-time homebuyers in England will pay stamp duty on property costing 300,000 pounds (USD379,320.00), rather than 425,000 pounds. Other buyers will have to pay tax from 125,000 pounds. A tax surcharge for second homes will also increase by two percentage points to 5%.

<https://www.reuters.com>, 3 January 2025



Sawlog Prices Continue To Rise Despite Falling Lumber Demand

The global lumber market has faced a steady decline over the past two years. Demand for softwood lumber has dropped across major regions due to factors like weaker house construction, reduced remodeling activities, and lower consumer goods consumption.

Yet, in despite this, one unexpected trend has caught attention: the global sawlog prices have been rising in key regions.

Usually, a drop in lumber demand leads to a fall in sawlog prices as well. However, the global sawlog prices have gone against this pattern, climbing on average nearly 7% year-over-year by the third quarter of 2024.

A closer look reveals sharp regional differences in sawlog prices. Some areas are seeing record highs, while others have experienced sharp declines. Here's a breakdown of key regions:

Northern and Central Europe: Log prices have surged in Nordic countries, reaching the highest levels in over a decade. But these price hikes have pressured sawmills, as rising raw material costs have outpaced lumber prices, squeezing profit margins.

North America: The situation in North America is different. British Columbia is facing timber shortages, high production costs, and other issues, reducing its sawmill output. Production in 2024 is expected to be less than half of what it was ten years ago. Meanwhile, US Southern sawlog prices have dropped to 30-year lows. This price drop could encourage new investment in the region's sawmills in the coming years.

China and MENA Regions: In China, lumber imports have fallen 7% year-over-year in the first ten months of 2024. Similarly, the Middle East and North Africa have seen a 4% drop in lumber imports over nine months. These drops highlight the uneven demand and pricing across regions.

GLOBAL

UNITED KINGDOM



These trends will affect businesses in different ways. In Northern Europe, controlling production costs is becoming more critical as raw material prices rise. In contrast, the low sawlog prices in the US South may make the region more attractive to investors in 2025 and beyond.

The decline of the sawmill sector in British Columbia shows how changing demand, regulations, and global competition can transform an industry. Companies will need to remain flexible and monitor global trade and market conditions closely.

For international companies, the differences in sawlog pricing emphasize the value of geographic diversification. Operating in multiple regions can help mitigate the effects of market volatility. Additionally, as European lumber exports to the US may increase, firms could find new growth opportunities in overseas markets.

<https://www.globalwoodindustry.com>, 7 January 2025

Forest Products Industry Trends And Predictions For 2025

The forest products industry is poised for another transformative year in 2025, marked by evolving market trends, regulatory shifts, and technological advancements. As reflection on the key developments of 2024, it becomes evident that adaptability and innovation will remain at the forefront of the sector's agenda. Here are some significant trends and predictions shaping the future of the forest products industry in 2025.

In 2025, supply chain transparency will take center stage, driven by new regulatory frameworks and heightened consumer expectations. Despite the European Deforestation Regulation (EUDR) being delayed until January 2026, preparations are intensifying as companies work to align with compliance requirements. Beyond mandatory regulations, voluntary sustainability commitments from major consumer-facing companies are creating additional pressure for transparency across the supply chain.

The growing role of voluntary carbon markets is also adding to this transparency push. With physical decarbonization efforts facing supply constraints, the demand for carbon credits and offsets is rising. However, to ensure credibility and effectiveness, the industry will need to adopt stricter standards and clear reporting mechanisms. Furthermore, forest landowners are increasingly

integrating voluntary carbon standards into their operations, transitioning from traditional timber revenue models to diversified income streams that prioritize environmental services.

The economic rift between Eastern and Western regions is expected to widen further in 2025. Potential new trade tariffs targeting subsidized economies, alongside Europe's initiatives to limit imports of Chinese-made goods, could intensify this divide. For China's paper industry, which is already grappling with overcapacity, these shifts may accelerate structural adjustments to address declining demand.

Meanwhile, European companies are diversifying investments into North America. Recent examples, such as SAICA's plans to establish a paper mill in Ohio, underscore a broader trend of seeking growth opportunities in less regulated and more cost-competitive environments outside the EU.

The valuation of timberland assets is evolving, with carbon and environmental services becoming key factors in investment strategies. Stagnant demand in traditional wood fiber markets, coupled with forecasts of surplus tree growth exceeding harvest rates, is prompting landowners to pivot towards carbon credit generation. This shift underscores a broader industry transformation, as investors increasingly view forests as dual-purpose assets—both economic and environmental.

The U.S. remains an attractive destination for forest product investments, offering abundant raw materials and favorable economic conditions. In 2025, a major acquisition by a Latin American or European company is likely, as global players seek to establish a stronger presence in the U.S. market. This trend reflects broader concerns over tariffs and the need for geographic diversification to mitigate regulatory risks.

Artificial intelligence continues to reshape industries, and the forest products sector is no exception. While AI will not entirely redefine the market, its adoption is crucial for enhancing productivity and maintaining competitiveness. Companies that fail to integrate AI technologies risk falling behind, facing diminished investment and operational inefficiencies.

As the forest products industry navigates these evolving dynamics in 2025, embracing change and prioritizing sustainability will be key to securing long-term growth and resilience.

<https://www.globalwoodindustry.com>, 8 January 2025



No Short-term Overcapacity For Container Lines

According to Alphaliner's analysis the container fleet increased by nearly 3 million teu last year, or by 10.6%, with some 59% of this new capacity deployed on the Asia to Europe trade which had diverted around the Cape of Good Hope. Capacity on the European trades increased by 31% overall by the end of the year, but according to Alphaliner more tonnage is needed to plug the remaining gaps in the Asia to Europe trades.

"Weekly capacity offered on the route has risen by a much smaller percentage. On 1 December 2023, a weekly average of 434,940 slots was offered on the Asia - Europe trade. A year later, on 1 December 2024, this had risen by only 38,360 teu, or 8.8%, as re-routing gobbled up capacity," said the report. Last year ended with almost no idle tonnage, and just 0.6% of the active fleet was considered inactive.

Stefan Verberckmoes, Senior Shipping Analyst at Alphaliner said: "Some Far East - Europe services are still in need for extra ships. The same goes for India to Europe and USEC loops. With almost no idle fleet and an 'empty' charter market, there will not be overcapacity in the short-term." Verberckmoes added that, "Some major trades [such] as the transpacific did not get big capacity injections in 2024 and will probably welcome some of the 2025 newbuildings."

MDS Transmodal Analyst, Antonella Teodoro, said that overcapacity issues will depend on whether the Red Sea diversions continue. "The capacity shortages experienced during the pandemic, followed by the need to avoid Houthi attacks by re-routing services from the Suez Canal to the Cape of Good Hope, have resulted in minimal scrapping activity in recent years," Teodoro added.

According to MDS Transmodal data an intensification of vessel demolition could mean the "annual change in fleet capacity could range from a 4% decline, if vessels aged 20+ years are scrapped, to a 6% increase, if vessels aged 25+ years are scrapped. Thus, in 2025, the liner shipping industry may oscillate between vessel shortages and overcapacity, depending on the scrapping decisions made by shipping lines."

However, Senior Analyst at Xeneta Peter Sand argues that the most that can be scrapped this year is 2 million teu in capacity. "If you look at the age profile of the fleet then no level of scrapping will seriously dent the economics of container shipping," claimed Sand. Xeneta believes that the frontloading by shippers has already taken place with freight levels significantly exceeding GDP, "we are not expecting more front loading to take place," said Sand.

With capacity seemingly scarce it would follow that rates should be driven upwards, but while Alphaliner talks up rate levels, "An overall shortage of ships has kept spot ocean freight rates high and 2024 should turn out to be the third most lucrative year for the container carriers, despite the extra capital costs of ships and higher bunker expenses related to the re-routings," Xeneta offers an alternative view. Sand agrees that some trades could absorb some capacity,

including Indian connections but Sand argues that some capacity has been "parked" in the North Atlantic services. "There was a 20-25% increase in capacity on the Atlantic in the first eight months of 2023," explained Sand, "Today capacity is 15% below that level."

Xeneta said there is no absolute scarcity of capacity, and a lack of port congestion has not boosted rates to Covid levels, although Sand concedes that spot and contract rates are elevated to higher than pre-Covid levels.

Supply chain visibility company Beacon monitors close to 90 global ports with vessel anchor times extended in 60% of these facilities, however, founder and CEO Fraser Robinson said: "Last year saw a clear worsening in port congestion, as evidenced by year-on-year average anchor times increasing at nearly 70% of analysed ports. While 30% of ports saw increases of 2 hours or more, only 15% saw reductions of the same magnitude."

He added: "Port congestion and supply chain reliability go hand in hand, and confidence in lead times has been materially compromised for both shippers and logistics providers." To some extent this view is supported by Drewry Shipping Consultant's WCI index, which recorded a 3% increase in global rates, with Shanghai to LA charges up 7%, and a 6% increase to New York from Asia.

Conversely, rates from Shanghai to Rotterdam decreased 1% while rates from Shanghai to Genoa, Los Angeles to Shanghai and Rotterdam to New York all remained stable. Alphaliner, meanwhile, argues that the reshuffle of alliances, could see even more tonnage absorbed and create more demand for capacity, particularly with Hapag-Lloyd and Maersk joining forces in the Gemini Cooperation, which is promoting itself as a fast and very reliable shipping alliance.

Verberckmoes believes that the reorganisation of alliances will make it, "nearly impossible to predict when we will have overcapacity again, but certainly not in the short-term." Again, this is not a view shared by all experts in the field, with Sand emphasising that the risk of disruption this year should not increase substantially over its current level. "After the 15 January with the expected port strike on the US East Coast, we should not see any greater disruptions," said Sand, while also conceding that the Red Sea disruptions will likely continue beyond the first half of the year.

Geopolitical disruptions may decline after several years of extreme disturbances, including the pandemic, and conflicts in Ukraine and the Middle East, but the economic situation will remain critical. Inflationary measures such as the imposition of tariffs by the new US administration and the cost of energy are expected to slow the global economy, with growth at 3% according to Xeneta forecasts, while capacity growth will slow to 4.5%, but that comes after capacity expanded by 10% in 2024, with economic growth at under 3%.

Source: seatrade-maritime.com; January 3, 2025



Trump's Trade Policy Uncertainty Could Send Ocean Freight Rates Higher, Xeneta Warns



President Trump's potential revival of sweeping import tariffs is creating widespread uncertainty in US shipping markets, with industry experts warning of possible supply chain disruption and skyrocketing freight rates. "Trump is billing his trade policy as America First, but the people it is hurting the most right now is US shippers," warns Peter Sand, Chief Analyst at Xeneta, the ocean and air freight intelligence platform.

The proposed tariffs could include a 25% levy on imports from Mexico and Canada potentially from February 1st, with previous threats suggesting up to 60% on Chinese goods and 10-20% from other countries. This uncertainty in implementation timing and scope is creating significant challenges for supply chain management.

Historical data from Xeneta shows the dramatic impact of previous trade tensions. During the 2018 US-China trade war, ocean container shipping markets experienced a striking 70% rate increase. The China to US West Coast route saw spot freight rates jump from \$1,503 per FEU to \$2,604 per FEU between January and November 2018.

Current market conditions are already strained, with Far East to US West Coast rates at \$5,234 per FEU – 29% higher than last year due to the Red Sea conflict. A similar 70% surge from current levels would push rates beyond previous Covid-19 records.

Industry observers note that while a potential Israel-Hamas ceasefire could provide some relief through resumed Red Sea routing, Trump's tariff uncertainty continues to pose significant challenges. "Shippers want to take decisive action against these geo-political threats. In the short term that may mean building up stock inventories if they know when tariffs are coming into effect and the goods within scope," added Sand.

"In the longer term, shippers may look to shift supply chains out of China to nations such as India or neighbouring South East Asia countries if the trade war escalates dramatically. However, they will not commit to this financial investment and massive supply chain disruption based on rhetoric and political posturing," he concluded.

Source: Gcaptain: January 21, 2025

Container Spot Rates Dive As Lunar New Year And Suez Resumption Rattle The Market



The downward spiral of container spot freight pricing accelerated this week, as China begins its lunar new year celebrations this weekend to see in the Year of the Snake.

This week's World Container Index (WCI) from Drewry saw the transpacific spot rate on its Shanghai-Los Angeles leg lose 8% week on week, to finish at \$4,813 per 40ft, while the Shanghai-New York route lost 7%, to end at \$6,377 per 40ft.

Similarly, Xeneta's XSI transpacific index fell 3%, to \$5,162 per 40ft. But the greatest damage to carrier earnings was seen on Asia-Europe trades, where warnings of a nascent rate war earlier this month appear to be borne out.

The WCI's Shanghai-Rotterdam leg crashed 19% on last week, to \$3,434 per 40ft, which is some 31% down year on year, while the Shanghai-Genoa route declined 10% week on week, to \$4,562 per 40ft.

One unsolicited offer from a Chinese forwarder received by *The Loadstar* this week quoted \$2,300 per 40ft from Shanghai to UK ports, suggesting that, at the bottom end of the spot market, rates of some \$1,000 per 40ft below index levels can be found.

The Shanghai International Freight Index (SCFI), published today, was also down, but it showed much gentler declines, losing 6% on Shanghai-North Europe. However, the SCFI records rate quotes for the forthcoming week, and activity over the next fortnight will be extremely muted.

Instead, it is the Hamas-Israel ceasefire and subsequent Houthi declaration of ceased attacks on shipping that are likely to have the most effect on rate pricing over the coming weeks – especially if it means carriers will return to transiting Suez, thus provoking what could become a severe overcapacity crisis.

“If we see a gradual return to Suez routings following the ceasefire, then rates are going to tank,” Sea-Intelligence CEO Alan Murphy told The Loadstar today. “For the shipping lines – and investors in shipping lines – the somewhat cynical financial perspective is that this [the ceasefire] is bad news.”

“The high freight rates are clearly supported by the severe capacity absorption from the round-Africa services, as a consequence of the Red Sea crisis. A reversal to Suez would bring the global supply/demand balance back to the level we saw towards the end of 2023,” he added.

The common perception among analysts is that a return to Suez is also likely to lead to a temporary upsurge of port congestion in Europe, as Freightos head analyst Judah Levine explained: “The adjustment period to the shorter route for traffic from Asia to Europe and the Mediterranean, as well as some volumes to North America, could last for several weeks or longer.

“Schedule disruptions and vessel-bunching in Europe and Asia as ships start arriving early will cause some congestion and delays at these hubs, which could put upward pressure on rates in the short term,” he said.

However, Mr Murphy said that, over the longer term, he could only see rates continuing to decline. “After a somewhat turbulent period with port congestion issues in Europe, spot rates will drop sharply. The carriers have been voicing that the decline will not be as bad, but from a supply/demand perspective, it is hard to see any other outcome than a rapid decline towards the depths seen in 2023 – at least for a temporary period. “The carriers have never managed a ‘soft landing’, and the market drop after reopening the Suez route, will likely not be any different,” he said.

In November 2023, spot rates from Asia to North Europe stood at around a sub-economic \$1,000 per 40ft, which suggests there is still some way for prices to fall until they become loss-making for carriers.

Source: The Loadstar; January 24, 2025

Ocean Freight Rates Expected To Drop As Middle East Ceasefire Takes Effect



Ocean container freight rates are set to decline further in February, influenced by the Middle East ceasefire and Lunar New Year slowdown, despite carriers' attempts to manage capacity. According to data from Xeneta, spot rates from the Far East to North Europe currently stand at \$3,795 per FEU, while Mediterranean routes command \$5,085 per FEU, marking significant drops of 22% and 13% respectively since January 1. The freight rate benchmarking firm says early indicators suggest an additional 5-10% decrease in spot rates for both trades at the start of February.

US-bound routes have also experienced notable declines, with East Coast rates falling 7% to \$6,417 per FEU and West Coast rates dropping 14% to \$5,021 per FEU during January, according to Xeneta data. The US West Coast route is expected to see further rate decreases, while East Coast rates may show more stability. “Ceasefire in the Middle East does not suddenly mean there is now safe passage through the Red Sea for all container ships – but it is enough to cause a change in market sentiment and this has a real impact on freight rates,” explains Peter Sand, Xeneta Chief Analyst.

In response to falling rates, carriers are implementing aggressive capacity management strategies. Blanked sailings from the Far East to Mediterranean will increase to 38,900 TEU by late February, representing a 318% increase from current levels. Similarly, Far East to North Europe routes will see blanked sailings reach 75,700 TEU, up 449%.

The current ceasefire, which began on January 19, is scheduled to last 42 days before entering Phase 2, potentially leading to a permanent agreement. However, Sand warns that February will be crucial for understanding 2025's rate development. Despite recent decreases, spot rates remain significantly higher compared to pre-Red Sea crisis levels.

The market faces additional pressure from a record number of new vessels entering service, which could trigger a market collapse if widespread Red Sea routing resumes. The situation remains volatile, with potential influences from geopolitical factors, including proposed Trump tariffs, which could exert upward pressure on freight rates.

Source: Gcaptain; January 31, 2025

Shipments of Timber and Timber Products Through Ports in Peninsular Malaysia, DECEMBER 2024

Products	Port Klang		Kuantan		Pasir Gudang		Tanjung Pelepas		Penang		Total all ports (m³)	% change Nov'24/Dec'24
	m³	% Change	m³	% Change	m³	% Change	m³	% Change	m³	% Change		
Sawntimber	35,116	-3	11,298	9,232	294	-36	297	21	4,364	-7	51,370	23
MDF	16,725	-21	1,944	-39	1,903	-2	322	9	12	-91	20,906	-22
Mouldings	14,257	3	0	100	741	-6	3,068	42	228	-35	18,294	7
Plywood	1,648	-80	2,116	100	2	-99	575	105	6,837	1	9,063	-41
Veneer	1,088	-39	0	100	12	100	0	0	1,271	-43	1,088	-39
Particleboard	12,156	-7	0	100	56	282	0	0	7,124	75	19,336	12
Total	80,990	-14	15,358	361	3,008	-13	4,262	43	19,838	9	123,456	1

LOGS

The average price of timber products for reference species listed in the three hardwood categories for December 2024 revealed that 85% of them remained constant. Only three species exhibited a shift of 1.5%-2.8%, with two of them, Dark Red Meranti and Yellow Meranti, seeing price rises of 1.5%-2.0%, while species in the Mix Light Hardwood category decreased by 2.8%.

Six reference species from the Heavy Hardwood Group were on the market at prices ranging from RM1,088 to RM4,134 per tonne, with the highest reported price ranging from RM1,260 to RM8,300. Furthermore, species in the Medium Hardwood Group had a current average market price of roughly RM1,050 to RM2,142 per tonne, with the maximum price ranging from RM1,100 to RM2,650 per tonne. The remaining nine species in the Light Hardwood Group were selling for between RM1,157 and RM1,880 per tonne, with the maximum price estimated to be between RM1,220 and RM3,000.

According to feedback, the price of timber from locations that are the primary producers of these raw materials remained high, although current demand and market performance for most timber products in the local and worldwide markets were still low.

SAWNTIMBER

In December 2024, the average price for all species of sawntimber products in its three production classes, General Market Specification (GMS), STRIPS and Scantling, was reported to be in accordance with the market pricing circumstances of its principal raw material, logs. According to price feedback, practically all of the 20 species in the three associated production classes showed neither negative nor higher price movement and stayed in the present market at the same selling price as the previous month.

The average market price for five heavy hardwood species in the GMS production class ranged from RM1,227 to RM5,508 per m³. The six medium hardwood species ranged in price

from RM1,730 to RM2,943 per m³, while the nine light hardwood species ranged from RM1,278 to RM2,130 per m³.

The average price for the five chosen species under the heavy hardwood group under the STRIPS production class ranged from RM1,172 to RM4,944 per m³. The medium hardwood group included five listed species with costs ranging from RM1,201 to RM2,331 per m³, while the light hardwood group included nine species with average prices ranging from RM1,095 to RM1,995 per m³ apiece.

In the Scantling production class, the average market price for all 20 species remained steady, ranging from RM1,246 to RM6,356 per m³ for selected heavy hardwood species. The average price for five chosen medium hardwood species ranged from RM1,766 to RM2,495 per m³, while the remaining nine light hardwood species were offered at RM1,165 to RM3,355 per m³.

PLYWOOD

The average market price for plywood goods with thicknesses of 4mm, 6mm, 9mm, and 12mm, as well as widths and lengths of 4' x 8', in December 2024 remained unchanged from the previous month. With the average price as recorded, the price per piece of plywood for all four sizes traded was RM19.40, RM26.00, RM38.25, and RM48.85, with the maximum reported price range of plywood being about RM19.40 to RM49.00, per piece.

MEDIUM DENSITY FIBERBOARD (MDF)

MDF panel goods, like plywood, maintained an average price retention of the four primary sizes in December 2024. This placed MDF with 4mm, 6mm, 9mm, and 12mm thicknesses in the present market at RM12.90, RM23.80, RM31.60, and RM37.75 per piece, respectively, with the largest price range reported being between RM12.90 and RM42.00 per piece depending on the size sold.

TRADE IN MALAYSIA* - DECEMBER 2024

In December 2024, the provinces of Sabah and Sarawak traded 20,951 m³ of timber products with Peninsular Malaysia, valued at RM14.81 million. These trades climbed in volume and value by 135% and 56% respectively, over the preceding month. Sabah continued to be the major contributor to trade value between the two areas, accounting for 87% of the total through the trading of its four primary wood products, while Sarawak accounted for around 13% through its three timber products.

Logs, sawntimber, plywood and veneer werer the four timber products transported between Sabah and Peninsular Malaysia. In December 2024, trade volume between the two areas reached 19,495 m³, with a transaction value of RM12.92 million, a 55% increase from the previous month. For the current month, plywood was the highest contributing product with a trading value of RM5.43 million and a trading volume of 2,648 m³, followed by trade in timber products at RM3.53 million, veneer at RM3.41 million and sawn timber at RM0.54 million.

The aggregate value of timber products traded from Sarawak to Peninsular Malaysia in December 2024 increased as well. In comparison to the previous month, trading volume and trade volume increased by 59% and 49% respectively. As in the previous month, Sarawak only traded three items: sawntimber, plywood and veneer, with no transactions reported for log products. The sale yielded RM1.89 million from three timber products totalling at 1,456 m³. Plywood products continued to dominate trade between the two areas, with a value of RM1.12 million, followed by veneer and sawntimber at RM0.49 million and RM0.28 million, respectively.

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

*AVERAGE DOMESTIC PRICES OF LOGS, SAWN TIMBER, PLYWOOD AND MDF IN PENINSULAR MALAYSIA						
RINGGIT MALAYSIA						
DECEMBER 2024						
SPECIES	LOGS/ton	SAWN TIMBER/m³				
	18" UP	GMS	STRIPS		SCANTLINGS	
HEAVY HARDWOOD						
Chengal	4,134	5,508	4,944		6,356	
Balau	3,734	3,055	2,338		4,590	
Red Balau	2,092	2,754	2,119		2,419	
Merbau	2,875	3,754	3,225		3,725	
Mixed Heavy Hardwood	1,088	1,227	1,172		1,246	
MEDIUM HARDWOOD						
Keruing	2,142	2,943	2,331		2,495	
Kempas	1,341	2,166	2,048		2,225	
Kapur	1,814	1,746	1,289		1,841	
Mengkulang	1,779	1,299	1,201		2,013	
Tualang	1,300	1,924	1,448		1,766	
LIGHT HARDWOOD						
Dark Red Meranti	1,659	2,130	1,942		3,337	
Red Meranti	1,880	1,754	1,995		2,307	
Yellow Meranti	1,700	1,799	1,530		1,801	
White Meranti	1,667	2,036	1,801		1,624	
Mersawa	1,400	2,013	1,295		2,154	
Nyato	1,473	1,783	1,795		1,201	
Sepetir	1,273	1,819	1,660		1,295	
Jelutong	1,225	2,119	1,589		1,819	
Mixed Light Hardwood	1,157	1,278	1,095		1,165	
MALAYSIAN RUBBERWOOD	LOGS/ton	SAWN TIMBER/m³				
		Hevea brasiliensis	208	1" X 1"	2"X2"	3"X 3"
			1,230	1,330	1,380	1,450
PLYWOOD 4' X 8'	4mm	6mm	9mm		12mm	
			(RM per piece)	19.40	26.00	38.25
MDF 4' X 8'	4mm	6mm	9mm		12mm	
			(RM per piece)	12.90	23.80	31.60

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

* Prices are only indicative

INTRA-MALAYSIA TRADE

	Nov 24		Dec 24		% change in volume	% change in value
	Vol(m ³)	Val(' 000 RM)	Vol(m ³)	Val(' 000 RM)	NOV/DEC	NOV/DEC
Sabah						
Logs	4,257	1,230	14,849	3,532	249	187
Sawn Timber	407	750	360	544	-12	-27
Plywood	2,163	4,017	2,648	5,428	22	35
Veneer	1,108	2,336	1,639	3,414	48	46
Sarawak						
Logs	0	0	0	0	0	0
Sawn Timber	50	64	36	282	-29	341
Plywood	880	1,005	1,243	1,116	41	11
Veneer	43	120	177	493	100	100

Source: Department of Statistics Malaysia

Tabulated: Malaysian Timber Industry Board





KEMENTERIAN PERLADANGAN
DAN KOMODITI



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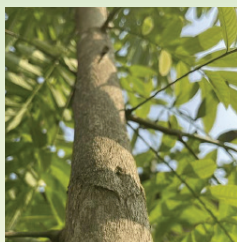
**Only the quality
ones be bestowed...**

Peronema canescens - Sungkai

Prepared by: Muhammad Taqiuddin Halin

Peronema canescens, commonly called Sungkai, is a small to medium-sized tree that grows up to 18m in height with a girth of 120cm. It is commonly found throughout Peninsular Malaysia, thriving in open areas, secondary forests, and near rivers or clearings in primary forests. The heartwood of the timber is cream-colored to light yellow or light brown and is moderately distinct from the lighter-colored sapwood.

It has a moderately coarse and uneven texture due to the ring-porous arrangement of vessels, with a straight to wavy grain. The timber is moderately hard and strong, with an air-dry density ranging from 520 to 730 kg/m³. It closely resembles Teak in appearance, although it is generally paler in colour.



Stem

The tree thrives in tropical climates with moderate rainfall and well-drained soils, and it grows rapidly under favourable conditions, reaching maturity in 8–15 years. Its timber is valued for its strength and appealing appearance, making it suitable for constructing roof trusses, bridges, furniture, cabinets, and veneer.

Taxonomy

- Kingdom: Plantae
- Clade: Angiosperms
- Clade: Eudicots
- Clade: Asterids
- Order: Lamiales
- Family: Lamiaceae
- Genus: *Peronema*
- Species: *Peronema canescens*

Description and Ethnobotany

Growth Form

It is a tree that grows between 10 and 35 meters tall, with a trunk up to 1.2 meters in diameter, often featuring buttresses. Its smaller branches have distinctive interpetiolar ridges. The bark is grey-brown, shallowly fissured, and scaly in texture.

Foliage

The leaves can reach (15 -) 25 to 30 (-90) cm long and are pinnately compound with 4–19 leaflets. Each leaflet is elliptic to lanceolate (2.5 – 35 cm long and 1 – 7.5 cm wide) with 10 – 30 pairs of lateral veins which are prominently visible on the underside. The leaflet base is wedged-shaped (cuneate), sometimes asymmetrical, while the leaflet tip is tapering (acuminate). The rachis is often winged, and the leaf stalk is 3 – 5 (-18) cm long. Young leaves may appear purplish and the hairs on the underside of the leaflets are dull red brown.

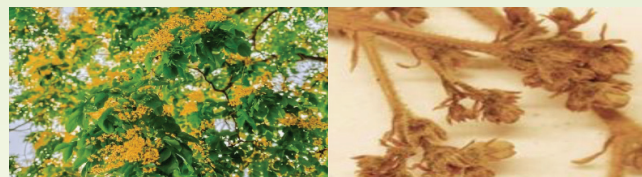
Mature leaflets are glabrous on the upper surface while the underside is covered with greyish hairs. The leaflet margin is toothed (serrate) when young and becomes entire as it matures.

Flowers

Flowers occur in a cluster as a panicle inflorescence at the terminal or axillary position. Inflorescence is branched, reaching to 25 – 60 cm long. The flower is small, white to greenish white with a tinge of purple at the margin.

Fruit

The fruit is dry, capsular and mostly round, about 3 – 3.5 mm diameter. It is covered with long soft hairs (villose) and splits open when mature.

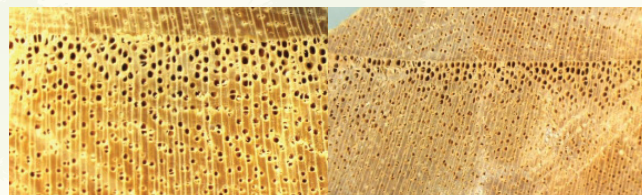


Flower seed

Wood Identification

Anatomic Description of Wood

Growth rings are distinct due to the presence of a ring porous structure. The vessels are moderately large to moderately small in the ring and fine outside the ring, solitary and in oblique arrangement of two, seldom three while in the latewood zone, they are in radial multiples of two or three in either oblique or tangential arrangement. Parenchyma is moderately abundant, mainly as terminal parenchyma enclosing the earlywood vessels and paratracheal parenchyma as narrow vasicentric with a tendency to aliform. Rays are barely visible to the naked eye. Ripple marks and intercellular canals are absent.



Structure of Sungkai

Wood Mechanical Properties

Moisture Content	15%
Modulus Of Rupture	56-67 MPa
Modulus Of Elasticity	8,000-8,400 MPa
Compression Parallel to Grain	31-34 MPa
Shear	7-7 MPa
Janka Hardness Test	2530 N and 2,960 N

Drying properties:

The wood dries fairly rapidly without serious defects but some form of surface checks and splits may occur. Boards of 25-mm in thickness take about 2 months to air dry.

Working Properties:

It is moderately easy to work except that the saw may get blunt easily due to the presence of silica in the cells. Planning and turning give moderate results whereas the quality of finish for boring and sanding are good. Good veneer can be produced and can be glued well with urea formaldehyde type of adhesive.

Timber Qualities and Economic Significance



Sungkai wood is prized for its durability, termite resistance, and straight grain, making it a highly desirable material for furniture, flooring, and decorative carvings. The light brown to golden yellow colour enhances its aesthetic appeal, while its ease of machining allows for high-quality finishes. Economically, it is a significant commodity in Southeast Asia, often regarded as a sustainable alternative to teak due to its similar properties and lower cost. Its role in the timber industry supports local livelihoods and export markets, underscoring its economic importance.

Cultivation Methods and Growth Requirements

Peronema canescens thrives in tropical climates with an annual rainfall of between 1,500 and 2,500 mm and temperatures ranging from 22°C to 32°C. It grows best in well-drained, slightly acidic to neutral soils with good sunlight exposure. Propagation is typically through seeds, though cuttings can also be used. The tree grows moderately to quickly, reaching harvestable size in 8 to 15 years. During its early stages, it requires regular watering and minimal pruning to promote healthy growth. Once established, the tree becomes relatively drought-tolerant, making it a resilient species suitable for agroforestry and reforestation projects.

Ecological Role in its Native Habitat

It is a vital component of its native ecosystem, contributing to biodiversity and environmental health. Its tall stature helps form the forest canopy, providing shade and regulating microclimates. The tree supports a variety of wildlife by offering food and shelter, attracting pollinators such as bees and butterflies, and serving as a habitat for birds and small mammals. Its root system stabilises the soil, preventing erosion, while its leaf litter enriches the soil with organic matter. Additionally, it plays a significant role in carbon sequestration, helping to combat climate change by storing atmospheric carbon.

Medicinal Properties and Traditional Uses

It has been a cornerstone of traditional medicine in Southeast Asia. The leaves are widely used for their antipyretic properties, often prepared as a tea to reduce fever. They are also believed to possess antimicrobial and anti-inflammatory benefits, making them effective for treating minor infections and inflammation. Some cultures use sungkai leaves to boost immunity, and they have been incorporated into postpartum care to aid recovery. During the COVID-19 pandemic, the leaves gained attention for their alleged immune-enhancing properties, although scientific validation is limited. Topical applications of leaf extracts are also used to relieve mild pain and swelling. 

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Wood & Design: A Perfect Harmony of Function and Aesthetics

Prepared by: Puan Nik Zuraihah Nik Mohamad

Wood has long been revered as one of the most versatile and timeless materials in design. From ancient structures to modern interiors, its ability to seamlessly blend function and aesthetics makes it a preferred choice for designers, architects and craftsmen alike. In today's era of sustainability and innovation, wood continues to play a pivotal role in shaping contemporary design solutions.

The Timeless Appeal of Wood

Malaysia is home to a diverse range of high-quality wood species that enhance both the functional and aesthetic aspects of design. Among these Meranti, Chengal and Balau are renowned for their durability and striking grain patterns. Meranti for instance is widely used in furniture and paneling due to its moderate hardness and smooth texture. Chengal is known for its exceptional strength and resistance to decay, making it a preferred choice for outdoor structures and premium furniture. Meanwhile Balau, with its high density and resilience, is often used in heavy-duty applications such as decking and bridges. These native species contribute to Malaysia's rich woodworking heritage and continue to inspire contemporary design innovations.

Wood's natural grain, texture and warmth create a sense of elegance and sophistication unmatched by synthetic materials. Whether in furniture, flooring or architectural elements, its adaptability allows designers to craft spaces that are both visually appealing and functionally efficient. From the deep and reddish tones of Meranti to the golden hues of Chengal, every type of wood carries a unique character that enhances the overall design narrative.

Function Meets Aesthetics

One of the defining characteristics of wood in design is its ability to balance form and function. In furniture design, for instance wood provides durability and strength while offering sculptural beauty. Designers can experiment with various woodworking techniques such as steam bending, joinery and carving to create intricate yet practical pieces. Moreover, advancements in engineered wood and composite materials have expanded the possibilities for innovation, allowing for greater flexibility in design while maintaining structural integrity.



Sustainability and Innovation

As the design industry moves towards eco-conscious solutions, wood emerges as a key player in sustainable practices. Responsibly sourced timber and reclaimed wood help reduce environmental impact while supporting the longevity of forest resources. Additionally, modern treatments and finishes enhance wood's durability, making it a sustainable choice for long-term use. Technologies like cross-laminated timber (CLT) and digital fabrication are also revolutionising how designers incorporate wood into architectural and interior projects, pushing the boundaries of what's possible with this age-old material.

The Future of Wood in Design

Looking ahead, the role of wood in design will continue to evolve with advancements in material science and sustainable forestry. As consumers and industries alike prioritise environmentally friendly solutions, wood remains at the forefront of innovative design practices. Its ability to adapt to contemporary aesthetics while preserving its traditional charm ensures that it will remain a staple in the world of design for generations to come.

In conclusion, Malaysian wood embodies the perfect synergy between function and aesthetics. Whether in traditional craftsmanship or contemporary architectural applications, local species like Meranti, Chengal and Balau offer exceptional durability, beauty, and sustainability. These woods have long been integral to Malaysia's rich design heritage and continue to be a cornerstone of innovation in modern design. As designers push the boundaries of wood-based creations, the harmony between Malaysia's natural resources and creative expression will only grow stronger.

6 JANUARY 2025

WISDEC Advisory Panel (WAP) Meeting chaired by YBrs. Tuan Saiful Bahri Salleh Director General and attended by Ts. Farydatul Nazly Mohd Zin, Deputy Director General (Development and Commercial) MTIB

7-9 JANUARY 2025

External Work for Verification of Wood Species at Melaka International Airport - part of MTIB's Wood Verification Services

10 JANUARY 2025

YBrs. Encik Mohd Amin Kadir, Deputy Director General (Management and Operations) leading MTIB's delegation in Courtesy Visit to the Malaysian Space Agency (MySA)

10 JANUARY 2025

YBrs. Director General of MTIB in a discussion with BE Green Biomass Sdn. Bhd. and MTIB Southern Region.

14 JANUARY 2025

Malaysian Timber Industry Board (MTIB) Licensing Issues Meeting with Royal Malaysian Customs Department (JKDM), chaired by YBrs. Encik Mohd Amin Kadir, Deputy Director General (Management and Operations)

22 JANUARY 2025

Courtesy Visit to MTIB by Director General of LKTN, YBrs. Tuan Haji Wan Baharuddin Wan Ismail.

22 JANUARY 2025

MTIB-UPM Bilateral Meeting chaired by YBrs. Tuan Saiful Bahri Salleh Director General