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MTIB

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MTIB 40TH ANNIVERSARY CELEBRATION

TIMBER INDUSTRY EXCELLENCE AWARDS

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Cover: *MTIB was proud to celebrate its 40th anniversary in June. The highlight of the celebration was a dinner held on 4 June, as reported on page 3.*

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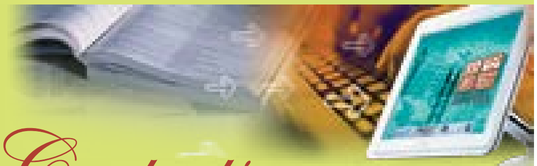

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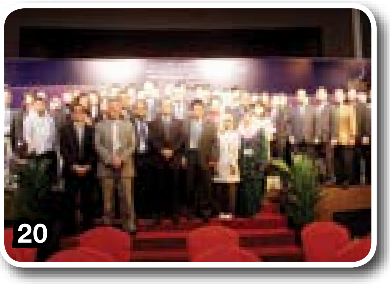

Regular Features

MTIB 40TH ANNIVERSARY CELEBRATION

YAB Tan Sri Dato' Haji Muhyiddin Mohd Yassin, Deputy Prime Minister of Malaysia (fourth from left) posing with other honorary guests.

MTIB has been overcoming challenges and striving progressively to develop the wood-based industry for 40 years. To commemorate its achievements since its inception, MTIB held its 40th anniversary celebration on 4 June in Kuala Lumpur. The event was graced by YAB Tan Sri Dato' Haji Muhyiddin Mohd Yassin, Deputy Prime Minister of Malaysia. Other honorary guests included YB Dato' Sri Douglas Uggah Embah, Minister of Plantation Industries and Commodities (MPIC); YB Dato' Noriah Kasnon, Deputy Minister of MPIC; YB Datin Paduka Nurmala Abdul Rahim, Secretary-General of MPIC; MTIB Board Members as well as senior ministry officers and government officials.

In his address, Tan Sri Dato' Haji Muhyiddin congratulated MTIB for its contributions in leading the development of the timber industry to a higher level. YAB Tan Sri Muhyiddin added that the plantation and commodity sector is a major income generator for Malaysia, having brought in a total of RM127.5 billion in 2012 or 18% of total export value.

Tan Sri Dato' Haji Muhyiddin also believed that the NATIP target RM53 billion in total export earnings of timber products can be achieved if efforts are undertaken in the present and future planning. By focusing on three key elements - the latest technology in production, the development of human capital and innovation in products and production systems - the industry would move faster and continue to grow in a sustainable way, enabling it to maximise its contribution to national development.

Tan Sri Dato' Haji Muhyiddin called on MTIB to further promote the timber industry and increase value-added creative efforts on timber products. The construction of Galeri Glulam in Johor Bahru is an MTIB milestone in the construction sector as it stands as the pioneer in modern building techniques and Industrialised Building System (IBS) application.

Dato' Sri Douglas said in his speech, that to achieve the goals outlined in the seven thrusts in NATIP, through MTIB, the government has implemented several initiatives which would maintain Malaysia's position as a leader in the tropical timber trade. One of the initiatives are conducting programmes for commercial forest plantation in order to ensure adequate sources of raw material for the development of timber industry. A total of 375,000 hectares of forest plantation has been targeted for a period of 15 years. To date, RM742.2 million allocations have been approved for the development of nearly 115,000 hectares of forest plantation. With this rate of forest plantation development, it is estimated that 3.6 million m^3 of annual supply of raw materials can be channeled to the wood processing industry after year 2021 and this will certainly give relief to the supply of natural forest resources.

Dato' Sri Douglas also noted that efforts were being undertaken by MPIC and MTIB in facilitating the trading

YAB Tan Sri Dato' Haji Muhyiddin Mohd Yassin (second from left) browsing through the newly launched MTIB publication entitled 'Shaping the Timber Industry of Malaysia.'

Cont. on page 15

TIMBER WORLD IN BRIEF

ASEAN
IMF Downgrades Economic Growth Projection to 5.6%

At a total of roughly 1.54 million m^3 the Japanese glulam industry raised its production volume by around 5% last year and thereby increased its output for the third year in succession. In spite of the repeated growth, the previous peak figure of 1.68 million achieved in 2006 remained unmatched again. The data published by Japan Lumber Journal for 2013 showed 1.37 million m^3 and thus, like last year, 90% of the total output was accounted for by glulam assortments for structural timber. Roughly 98% of this volume comprised medium to smaller dimensions.

JTJ, 12 June

BULGARIA
Eurostat Data Shows Country Will Not Recover Until 2015

Data from Eurostat shows that the Bulgarian economy will not recover to its pre-2008 levels until 2015. The country's GDP in 2012 was 2.6% below 2008 levels. The country's economy contracted by 5.5% in 2009 since which time it has been slowly growing. Bulgaria's economic woes are mostly due to falling domestic demand, which was 14% down on 2008 levels as of 2012. Exports, on the other hand, are up by 13.9% on 2008 levels and have been the main driver of the Bulgarian economy since the onset of the economic crisis. Bulgaria's economy grew by only 0.8% in 2012, with consumption rising by only 1.8%.

Standart, 11 July

EUROPEAN UNION
Sustainable Tropical Timber Coalition to Start in November 2013

The EU is to start its Sustainable Tropical Timber Coalition (STTC) on 6 November 2013. The initiative aims to increase demand for certified tropical timber in important European markets by 30% within two years. It has been driven by Dutch organisation Intiatief Duurzame Handel, which also aims to increase demand for other sustainable products. It is aiming to find other members amongst government organisations and companies. Members will sign up to an action plan and will receive assistance from the STTC.

Holz-Zentralblatt, 5 July

EUROPEAN UNION
FSC Certification and the EUTR

Forest Stewardship Council (FSC) concludes meets or assists in meeting the requirements of the EUTR Implementing Regulation and Guidance Document. Currently the FSC system does not automatically require suppliers to provide information about the country/concession of harvest or species. FSC has published an Advice Note that obliges FSC Chain of Custody certified suppliers to give their customers such information upon request. When the harvester is FSC certified, the risk of illegal harvesting can be considered as negligible because ensuring legality of forest management is an important part of the FSC certification and Controlled Wood schemes.

Timber Trades Journal, 13 July

GERMANY
GD Holz Supports Initiative for Tropical Wood Certification

The German Wood Trade Association GD Holz has welcomed the initiative proposed by the German federal ministry for economic cooperation (BMZ) for the import of certified tropical wood. The initiative calls for the certification of tropical wood as a sign of sustainable forestry in the acquisition of the wood, and throughout the supply chain.

Holz-Zentralblatt, 12 July

GLOBAL
IMF Predicts Economy to Grow

The International Monetary Fund (IMF) has lowered its global economic growth estimate from 4% to 3.8% in 2014. Meanwhile, global growth in 2013 is retained at 3.1%, similar to its earlier forecast in April 2013. Japan's economy is expected to raise 2% in 2013, up from prior forecast of 1.6%. In the US, growth is projected to stand at 1.7% and 2.7% in 2013 and 2014, down from 1.9% and 2.7%, respectively in earlier estimation. On the other hand, economic growth forecast in Eurozone will decline by 0.6% during 2013, higher than 0.3% estimation in April 2013. Economic growth in France and Italy is expected to slip by 0.2% and 1.8%, respectively. In addition, China's economic growth forecast has been cut from 8% to 7.8% in 2013.

South China Morning Post, 10 July

JAPAN
Glulam Output Up 5%

At a total of roughly 1.54 million m^3 the Japanese glulam industry raised its production volume by around 5% last year and thereby increased its output for the third year in succession. In spite of the repeated growth, the previous peak figure of 1.68 million achieved in 2006 remained unmatched again. The data published by Japan Lumber Journal for 2013 showed 1.37 million m^3 and thus, like last year, 90% of the total output was accounted for by glulam assortments for structural timber. Roughly 98% of this volume comprised medium to smaller dimensions.

JTJ, 12 June

MYANMAR
New Regulation to be Imposed on Raw Timber Exports

In Myanmar, a new regulation will be imposed on timber exports. Under the rule, exports of unprocessed or raw timber

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will be prohibited. The new regulation is expected to boost foreign investment and reduce deforestation. The regulation outlined by the Ministry of Environmental Conservation and Forestry will be effective from 1 April 2014. The country previously allowed exports of raw timber and value-added process of hardwood timber to be conducted somewhere else.

Asian Timber, 9 July

POLAND
Furniture Exports Expected to Exceed PLN28 Billion

According to B&R Studio, the value of Polish furniture exports may reach more than PLN28 billion (EUR6.50 billion/USD8.34 billion) in 2013, up from PLN27.9 billion in the previous year. The value will improve as a result of rising Euro exchange rate, which now stands at PLN4.2 billion. Considering that the focus of international furniture sales is the EU, the export value may reach the forecast total in 2013. Furniture producer Nowy Styl Group seems to agree with the prognosis and mentions good signs coming from Germany, which accounts for up to 40% of all Polish furniture exports.

Puls Biznesu, 8 July

RUSSIA
Furniture Sales Grow by 11.2%

According to the Association of Furniture and Woodworking Enterprises of Russia, the country's furniture sales rose in first quarter 2013 by 11.2% year on year to RUB87.80 billion (EUR2.06 billion/USD2.70 billion). Sales of products imported from far-abroad countries totalled RUB47.016 billion verses RUB36.94 billion in the previous year. According to the Federal Customs Service, furniture imports amounted to RUB22.713 billion vs. RUB20.274 billion the previous year. Of the total, shipments from far-abroad countries stood at RUB 20.032 billion compared to RUB17.844 billion in first quarter 2012. Exports dwindled from RUB1.277 billion to RUB1.083 billion.

Mebelrus, 17 July

Timber Output Totals 10.2 Million Cubic Metre

According to the Federal State Statistics Service (Rosstat), timber output declined in the first half 2013 by 2.6% year of year to 10.2 million m^3. Production of woodchips used to make pulp and wood pulp declined by 17.1% to 2.1million m^3. Plywood output rose by 3.8% to 1.7 million m^3. Moreover, enterprises manufactured 202 million conventional m^2 of fibreboards (down 9.8%). Produced wood details for standard houses accounted for 274,000 m^2 of the overall area (up 70.1%).

Press releases, 18 July, Rosstat

SWITZERLAND
Subsidies Proposed to Improve Access to Forests

The re-introduction of federal subsidies for the construction of forest roads and harvesting is being considered in Switzerland. These subsidies were abolished a few years ago. Currently only the cantons of Bern, Lucerne and Grisons support measures that improve access to forests. The environment and regional planning committee of the National Council has approved the plan. According to the proposal, cable cranes are allowed in harvesting, not just in protected forests. The committee estimates that the proposed subsidies could provide access to forests with timber reserves of 8.2 million m^3.

Euwid Holz, 8 July

UNITED KINGDOM
Demand Steady for Timber Products, Plant Health Problems

In the UK, timber processors suffered as the spring weather arrived six to eight weeks late in 2013 but the demand is now steady in all products and the mills have reached full capacity or budgeted levels. Small rises of sawn product prices have been pushed through. The cost of roundwood is not expected to fall. There have been some problems with log availability in the south as the demand has increased but the situation is more balanced in the north. There is concern because of the outbreaks of Phytophthora ramorum in south Wales and in Galloway. A million tonnes of larch is expected to have been infected and possibly will have to be felled. The forest product associations, the Forestry Commission, Forest Research and the private sector have entered crisis talks.

Timber Trades Journal, 13 July

VIET NAM
Exports of Woods, Wood Products Rose

Based on data from Viet Nam's General Department of Customs, exports of wood and wood products during January-May 2013 reached over USD2 billion (EUR1.52 billion), a climb of 12% from the corresponding period of 2012. In May 2013, exports of wood and wood products stood at USD450.4 million, a rise of 8.9% a year ago. For the first five months of 2013, exports to Japan and China improved by 18.7% and 10.3%, with USD305.86 million and USD300 million in revenues respectively. The US had purchased USD710 million worth of wood products from Viet Nam in the cited period, a rise of 6.1% year-on-year. In May 2013, exports to the US stood at USD172.7 million, a climb by 19.4%. The Ministry of Agriculture and Rural Development has estimated that in 2013, wood and wood products exports will reach USD5.5 billion, growing from 10% to 15%.

Vietnamnet, 16 July

WEST AFRICA
Hardwood Exports to Europe Decreasing

West African hardwood exports to Europe have decreased because of weak demand and recently the EU Timber Regulation is causing extra work and costs. Some small companies have started to sell their sawmill products to larger operators which have more resources to comply with the EUTR. In the past six months, prices of few tropical log species have changed. The situation is nearly the same for sawntimber prices. West African producers are looking to China to increase its purchases of sawntimber and the interest in more expensive and decorative timbers is growing.

Timber Trades Journal, 13 July

MAY 2013

Sabah Ports to Spend RM229 Million to Improve Facilities

Suria Capital Holdings Bhd. just announced that its port operating subsidiary, Sabah Ports Sdn. Bhd. would invest RM229 million in the next two years to further improve its port facilities and equipment in Sabah.

The company and Sabah Ports planned to expand berthing facilities at Sandakan Port and Sapangar Bay Oil Terminal. With the completion of the jetty extensions, the two ports would be able to provide additional berthing facilities for working vessels and overcome any potential congestion. Besides, Sabah Ports had increased its container handling equipment fleet at Sapangar Bay Container port, Sandakan port and Tawau port. By the end of 2013, additional transfer and yard container handling equipment would be available in these three ports including at Lahad Datu port.

Sabah Ports would also purchase a new mobile harbour crane for Sandakan Port in addition to the existing unit that would further improve the loading and discharging of containers at the port. Sabah Ports was also studying the requirements of the other ports with the objective of further improving port services in Sabah.

Source : The Star, 7 May

Ship Plug in to Power Up

In less than a year, many of the towering cargo ships loading and unloading goods at California ports would not just tie up at dock as they would also need to plug in.

By January 2014, the state would become the first government body in the world to require container fleets docking at its major ports to shut off their diesel engines and use electricity for 50% of their visits or face crippling fines. The requirements also included slashing fleet emissions by half, and those requirements would rise to 80% in 2020.

The regulations by the California Air Resources Board marked a big change in the industry that has ports, shippers and terminal owners who do business in some of the busiest port complexes in the US scrambling to meet the deadline and navigate new technological challenges. It also came at a time when California's bustling ports were under increasing pressure to remain competitive while at the same time reducing pollution with initiatives that have, in some cases, been met with harsh opposition from the truckers and shippers.

East Coast ports have been racing to deepen their harbors to accept the supersized cargo vessels that are expected to start arriving after the Panama Canal finishes a major expansion in 2015, gigantic deep-water vessels from Asia that have so far been primarily West Coast customers.

Shipments of Timber and Timber Products through Ports in Peninsular Malaysia, May 2013

Products	Port Klang		Kuantan		Pasir Gudang		Tanjung Pelepas		Penang		Total all ports m^3	% Change May 2013/ April 2013
	m^3	% Change May 2013/ April 2013	m^3	% Change May 2013/ April 2013	m^3	% Change May 2013/ April 2013	m^3	% Change May 2013/ April 2013	m^3	% Change May 2013/ April 2013		
Sawntimber	29,768	-5	3,316	2,835	578	0	179	86	6,423	-6	40,264	3
MDF	21,133	-18	354	-100	11,359	44	8,963	-19	21,331	-10	63,140	-8
Mouldings	7,789	0	197	17	1,013	-5	1,214	-11	2,096	11	12,309	0
Dressed Timber	1,515	1,495	35	-100	870	50	631	71	462	-40	3,513	93
Plywood	6,133	-5	-	-	-	-100	2	-88	9,033	1	15,168	-2
Veneer	64	-19	-	100	-	-	14	100	138	-3	216	-2
Particleboard	40,887	18	896	-100	124	100	3,439	245	-	-	45,346	14
TOTAL	**107,289**	**1**	**4,798**	**529**	**13,944**	**-1**	**14,442**	**3**	**39,483**	**-7**	**179,956**	**2**

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

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The Port of Long Beach, which showed off its shore power terminals at a summit on the topic, began installing electricity at a handful of berths several years ago and has offered shippers new “green” lease terms since that included plugging in while at dock. It has already power flowing to four berths and has 12 more under construction in an overall plan to pour USD200 million into the transition.

For its part, the twin Port of Los Angeles was the first in the world to offer a plug in dock in 2004 and now has 10 berths with more shore power capability than any other port in the world. By January 2014, the port plans to have 24 berths online for electric power. The two ports together are the eighth-busiest port complex in the world, as measured by container volume.

Source : The Star, 8 May

Call for East Malaysia Port Upgrades

The government should look at improving the port infrastructure in Sabah and Sarawak, particularly in the remote areas in order to bring more investment and development into there, said Encik Ooi Lean Hin, Managing Director of MTT Shipping Sdn. Bhd. There were still multipurpose terminals that service not just container ships, but also other conventional ships and yet, port congestion was still an issue. MTT Port Klang is owned and managed by MTT Shipping, which is a member of the MTT & Priority Group of Co.

Although they could see some efforts to improve and some investment coming into Bintulu and Kota Kinabalu, it took time to get teams organised in order to reach a productivity level that they experienced in ports in Peninsular Malaysia like Port Klang and Port of Tanjung Pelepas.

Encik Ooi further added that the main challenge to most ship operators in Sabah and Sarawak was the trade imbalance. Basically, imports from Peninsular Malaysia to Sabah and Sarawak included consumer goods, building material and fertiliser. Export cargo volume coming out from Sabah and Sarawak was insignificant. So, they often had to carry empty containers back.

Besides that, the freight rates to Sabah and Sarawak were lower than what it was before but bunker prices had gone up by leaps and bounds. In the 1990s, the bunker price was about USD50 to USD70 a tonne but now it was hovering at about USD650 to USD700 per tonne.

MTT & Priority Group of Companies, Group Executive Chairman, Datuk Dr. Kenny Ong Kean Lee said MTT Shipping, planned to add another two vessels but they were still evaluating whether there was a need to deploy additional vessels for the West to East Malaysian trade. They have to identify and get vessels that were more economical to run. The main cost was actually fuel, so the more economical vessels would give them a better return.

He also said that MTT Port Klang was the latest vessel to join MTT Shipping’s fleet of four vessels that were servicing Malaysian trade between West and East Malaysia. It was a 1,200 TEUs container vessel with deadweight of 15,380 tonnes.

Source: The Sun, 13 May

Maersk Extends Cost Cuts

Mr. Nils Smedegaard Andersen, Chief Executive of AP Moeller-Maersk said he would be forced to prolong cost cuts at the world’s biggest container line as the policy of capacity restraint has failed to lift shipping rates. They were now seeking new ways to slim expenses even after a 7.1% reduction in the first quarter put the Copenhagen-based company on a more competitive footing than most of its rivals.

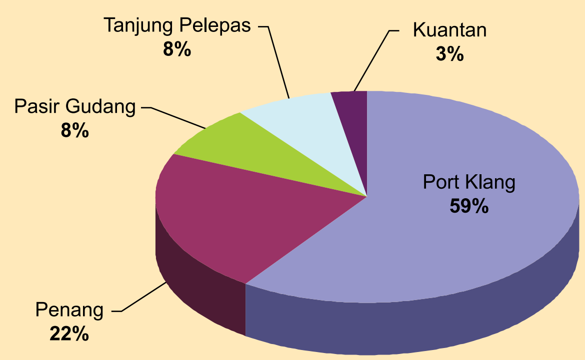
While resurgent United States demand should buoy volumes on North Pacific sailings, there was a little sign of a revival on key routes transporting Asian-made consumer goods to markets in Europe. That made the cost cuts vital if Maersk delivered its target of boosting net income this year even after halving its estimate for global container-volume growth.

Maersk Line’s parent was yesterday downgraded to “hold” from “buying” by analyst Mr. Robin Byde at Cantor Fitzgerald in London. Mr. Byde said as rates fell, the shipping unit’s cost advantage would not be enough to sustain gains that saw it post first-quarter net income of USD204 million (RM615 million) even as most peers lost money.

According to Drewry Maritime Equity Research, rate volatility would be a defining feature of the decade. Supply was exceeding demand for a fifth straight year, and the consultant forecasts the global container fleet would expand a further 7.5% in 2013, far exceeding demand growth of 4.5% and putting renewed downward pressure on prices.

Source : Bloomberg, 27 May

Shipments of Timber and Timber Products through Ports in Peninsular Malaysia, May 2013



Total = 179,956 m^3

MAY 2013

Export of timber and timber products from Peninsular Malaysia in May 2013 decreased 5.9% in volume and 3.7% in value to 246,924 m^3 valued at RM282.11 million over the previous month. However, cumulative export for the period of January to May 2013 increased 2.7% and 0.4% in volume and value to 1.17 million m^3 with a value of RM1.34 billion respectively over the corresponding period.

Sawntimber

Export of sawntimber in May 2013 decreased 6% in volume and in value to 80,892 m^3 with a value of RM115.0 million. Cumulative exports for the first five months of the year showed a decrease of 5% in volume however increase of 12% in value to 396,932 m^3 valued at RM569.0 million.

Exports the EU decreased 10% to 9,615 m^3 from 10,632 m^3 registered in the previous month due to reduced purchases by major market in the EU. Export to the Netherlands and Belgium declined 17% to 3,215 m^3 and 16% to 1,399 m^3 respectively. Similarly, demand by the UK decreased 23% to 1,019 m^3 compared to 1,324 m^3 in the previous month.

Export of sawntimber to Middle East for the month decreased 33% to 10,831 m^3 from 16,141 m^3 in the previous month since the Arab spring crisis that has affected many countries in the region. Shipments to the UAE and Oman declined 65% to 2,656 m^3 and 72% to 539 m^3 respectively. However, Saudi Arabia improved purchases by 19% to 4,309 m^3 from 3,630 m^3 in the previous month.

Meanwhile, export to ASEAN increased 10% to 38,468 m^3 due to improved purchases from major buyers of sawntimber in the region. Export to Thailand and Singapore increased 9% to 25,775 m^3 and 10% to 11,851 m^3 respectively. Likewise, import Viet Nam increased 27% to 571 m^3 from 450 m^3 in the previous month.

In East Asia, export increased 4% to 13,104 m^3. Export of sawntimber to China and Japan declined 2% to 9,770 m^3 and 7% to 2,064 m^3 respectively. Similarly, export to Taiwan increased from 383 m^3 to 626 m^3. However, export to South Korea decreased 13% to 463 m^3. Elsewhere, exports to the US increased 18% to 1,243 m^3 while import from Australia and South Africa declined 23% to 968 m^3 and 9% to 2,805 m^3 respectively.

FOB unit value of sawntimber decreased slightly to RM1,421 per m^3. Prices of Dark Red Meranti (DRM) declined 2% to RM2,510 per m^3. However, prices of Keruing increased 13% to RM1,593 per m^3. Prices of DRM to the Netherlands increased marginally to RM2,725 per m^3 from RM2,722 per m^3 in the previous month.

Plywood

Plywood exports in May 2013 were at 16,580 m^3 and valued at RM27.21 million. Cumulative exports for the period January to May showed decreases of 11.9% and 12.8% in volume and value to 75,081 m^3 valued at RM119.78 million respectively from the previous corresponding period.

Total exports to EU decreased by 12.3% to 11,428 m^3. Similarly shipments to Netherlands and UK decreased 13.3% and 20% to 817 m^3 and 8,535 m^3 respectively. On the other hand, Belgium increased its intake 30.5% to 1,120 m^3. France, Ireland and Italy resumed its import whilst Germany maintains its intake at 43 m^3 in May 2013. However, Denmark did not make any purchase in May 2013.

Exports to ASEAN region increased as Singapore and Thailand intake of plywood increased by 6.1% and 34.9% to 1,439 m^3 and 561 m^3 respectively. However, Brunei and Indonesia did not make any purchase in May 2013. In East Asia, exports to Japan increased by 16% to 271 m^3. In the mean time, China resumed its import in May 2013. However, Hong Kong and Taiwan reduced their intake 89.3% and 93% to 42 m^3 and 39% respectively. South Korea did not make any purchase in May 2013.

Total exports to West Asia increased by 146.2% to 421 m^3 from 171 m^3 in the previous month. This is due to the increment of intake by Kuwait 300% to 172 m^3 in May 2013. Furthermore, Bahrain, Saudi Arabia and Yemen resumed its intake in May 2013. However, UAE reduced its intake by 66.4% to 43 m^3. Qatar did not make any purchase in May 2013.

Elsewhere, exports to South Africa increased by 328.3% to 544 m^3 vice versa Tanzania and Algeria did not make any purchase in May 2013. Australia increased its import by 12.9% to 1,513 m^3 whereas, New Zealand reduced their intake by 5% to 19 m^3 as compared to the previous month.

The FOB price of plywood increased to RM1,641 per m^3 from RM1,567 per m^3 in the previous month, an increase of 4.7% from the previous month.

Veneer

Total exports of veneer for May 2013 showed a decrease of 6.9% in volume but increased 20.6% in value to 389 m^3 at RM0.83 million compared to the previous month respectively. However, the cumulative exports from January to May decreased by 37.4% in volume and 27.3% in value to 1,494 m^3 valued at RM3.2 million respectively from the previous corresponding period of last year.

Exports to Taiwan and Singapore increased by 74.7% and 100% to 131 m^3 and 2 m^3 respectively, whilst Canada reduced its intake 29.2% to 17 m^3 in May 2013. However, UK, China, Sri Lanka and Indonesia did not import any veneer in May 2013.

The FOB price of veneer increased to RM2,132 per m^3 from RM1,645 per m^3, an increase of 29.6% from the previous month.

Medium Density Fibreboard (MDF)

Peninsular Malaysia's exports of MDF for May 2013, showed a decrease of 18% in volume and 4.8% in value compared to the previous month. Exports totalled 80,092 m^3 at RM71.8 million.

Exports to East Asia registered a decrease of 60% to 2,046 m^3 from 5,162 m^3 in the previous month. Exports to Japan recorded negative growth by 34% to 671 m^3, followed by Taiwan dropped by of 55% to 633 m^3 and China including Hong Kong dropped by 93% to 191 m^3.

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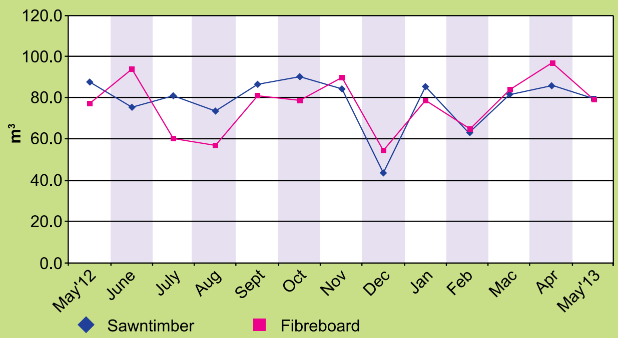
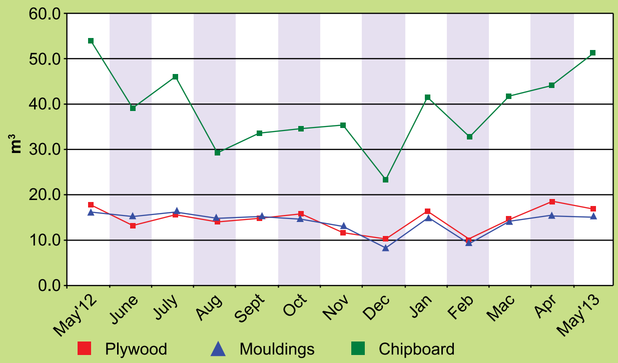
Exports to West Asia also registered a decrease of 16% to 45,948 m³ from 54,996 m³ in the previous month. Export to Kuwait recorded growth of 6% to 4,132 m³ followed by Iran at 3% to 5,188 m³. Meanwhile export to Oman dropped by 7% to 1,563 m³, Saudi Arabia dropped by 16% to 11, 824 m³, UAE dropped by 22% to 13,133 m³, Syria dropped by 52% to 1,667 m³, Jordan dropped by 76% to 1,299 m³ and Bahrain dropped by 87% to 171 m³. Mainly export to West Asia dropped is because of the conflict and tension in Syria and the Middle East, and the industry there including MDF are struggling and facing difficulties.

Elsewhere, exports to South Africa and UK increased by 66% to 174 m³ and 21% to 363 m³ respectively. Export to the US and Australia however fell 27% to 2,680 m³ and 48% to 1,460 m³.

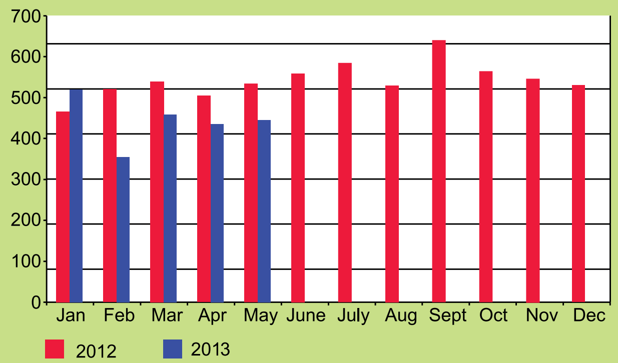
Exports to the ASEAN region recorded negative growth at 5% to 14,609 m³ from 15,423 m³ in the previous month.

Export of Selected Products from Peninsular Malaysia
(May 2012 - May 2013) / Volume ('000 m³)





Malaysia: Export of Wooden Furniture
(January 2012 - May 2013) / Value (RM Million)



Only exports to Viet Nam showed positive growth by 11% to 7,922 m³. Indonesia, Philippines and Singapore registered negative growth at 4% to 5,107 m³, 22% to 850 m³ and 72% to 186 m³ respectively.

Mouldings

Exports of mouldings for the month increased by 1.9% in volume but decreased 1.2% in value to 15,281 m³ and RM43.37 million respectively. However, the cumulative exports from January to May decreased 21% in volume and 18.8% in value over the previous corresponding period to 68,551 m³ with a value of RM196.93 million.

Exports to the EU for the month recorded at 6,502 m³, an increase of 7.9% compared to the previous month, as well as, shipments to Belgium, Germany, Netherlands and UK increased by 8.2%, 31.1%, 3.1% and 40.97% to 981 m³, 1,257 m³, 2,522 m³ and 693 m³ respectively.

Exports to the ASEAN region increased as Viet Nam and Singapore intake of mouldings increased by 375.7% and 26.2% to 176 m³ and 1,094 m³ respectively. Indonesia did not make any import in May 2013.

On the other hand, exports to Japan and China decreased by 12.1% and 31.2% to 1,605 m³ and 221 m³ respectively. Meanwhile, exports to South Korea and Taiwan increased by 17.9% and 94.1% to 779 m³ and 66 m³ respectively whilst Hong Kong maintains its intake at 36 m³ in May 2013. Elsewhere, export to Australia, US and Canada decreased by 12.2%, 8.8% and 40.5% to 2,314 m³, 1,601 m³ and 44 m³ respectively.

FOB unit value decreased 3.1% from RM2,928 per m³ in the previous month to RM2,838 per m³.

Builders Joinery and Carpentry (BJC)

Total BJC cumulative exports from January to May 2013 declined slightly to RM380.32 million as compared to RM410.57 million in 2012. Similarly, demand from the France, Belgium, Italy, Denmark, Netherlands, Sweden and Turkey decreased by 5.6%, 23.9%, 69.6%, 5.6%, 94%, 32.7% and 90.9% to RM16.93 million, RM19.61 million, RM2.5 million, RM11.29 million, RM0.13 million, RM3.79 million and RM0.52 million respectively. However, exports to UK, Norway, and Germany increased slightly to RM53.26 million, RM3.12 million and RM8.7 million respectively over the previous corresponding period.

In Asia, exports to Iran, Singapore, Thailand, Viet Nam and Taiwan grew 305.5%, 11.8%, 3.9%, 63.6% and 26% valued at RM1.59 million, RM44.61 million, RM12.29 million, RM10.18 million and RM5.66 million respectively. However, exports to Japan, India, UAE, Pakistan and South Korea decreased 27%, 12.1%, 25.7%, 37.5% and 44.6% to RM33.77 million, RM24.133 million, RM6.61 million, RM7.86 million and RM1.78 million respectively.

Exports to the Australia and US fell 6.3% and 31.7% to RM46.15 million and RM22.25 million respectively. Similarly, purchases by Maldives and South Africa decreased by 56.5% and 26% to RM2.27 million and RM5.26 million respectively.

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MAY 2013

Logs

Prices of logs were reported to stable and the supplies remained available especially for the Medium Hardwood and Light Hardwood species. Most mills reported adequate log inventories and decided to not increase their stock levels as there were no clear indications of significant market improvements in the near future.

Log prices for the species of Chengal stood firm at RM6,800 per tonne whilst prices of Merbau logs decreased by 3% to RM2,393 per tonne. Prices for Red Balau however increased by 21% to RM2,676 per tonne as compared to last month. Prices for Keruing also grew by 5% at RM1,544 per tonne. Prices for Kempas and Kapur, on the other hand, fell 1% and 26% to RM1,400 per tonne and RM1,300 per tonne respectively. Dark Red Meranti were traded at RM1,450 per tonne, a slight increase of 1% over last month's level. Similarly, prices of Red Meranti and Yellow Meranti both grew by 9% to be traded at RM1,540 per tonne and RM1,200 per tonne respectively. Prices of Mixed Heavy Hardwood fell 9% to RM1,006 per tonne, whilst Mixed Light Hardwood posted a 3% growth to RM770 per tonne.

Sawntimber

The sawntimber market was slow with some traders reporting poor market sentiment in both the local and overseas market. Demands from importing market were still low due to the global economic slowdown. For domestic market, the demand of sawntimber for the pallet industry was good resulting in better price for some species.

The price of Chengal sawntimber rose by 19% in May to RM6,709 per m^3. Price of Red Balau remained at RM2,966 per m^3, whilst price of Merbau fell 4% to RM4,013 per m^3. Price of Kempas however jumped by 25% over the previous month to RM2,684 per m^3. Meanwhile, price of Kapur dropped by 4% to RM1,965 per m^3. The prices of Dark Red Meranti and Red Meranti both increased by 10% to RM2,260 per m^3 and RM1,778 per m^3 respectively. Similarly, price of Yellow Meranti grew 13% from RM1,316 per m^3 to RM1,483 per m^3. Meanwhile price of Jelutong declined by 6% to RM1,577 per m^3. Sawntimber prices of Mixed Heavy Hardwood stood firm at RM1,130 per m^3 whilst Mixed Light Hardwood decreased slightly by 1% to RM784 per m^3 as compared to the previous month.

Plywood

Prices of plywood for all sizes reported to decrease between 1-4%. Plywood of 4mm and 6mm of thicknesses decreased 4% to RM15.10 per piece and RM24.00 per piece respectively. Prices of plywood with the thicknesses of 9mm and 12mm dropped by 3% and 1% to RM35.00 per piece and RM44.00 per piece respectively.

Medium Density Fibreboard (MDF)

Supply of MDF was reported to be sufficient to cater for the local market. However, with the slow furniture export performance, prices decreased between 1-3% due to weak demand from the domestic market especially from the furniture manufacturers. MDF of 4mm, 6mm, 9mm and 12mm of thicknesses were traded at RM14.00, RM21.00, RM28.00 and RM37.50 per piece respectively.

Intra-Malaysia Trade * - May 2013

Shipments of sawntimber from Sabah to Peninsular Malaysia in the fifth month of the year, posted a decrease of 6% to 1,147 m^3, valued at RM1.6 million. Similarly, shipments of plywood declined by 4% in volume from 9,329 m^3 to 8,986 m^3 valued at RM14.2 million. Meanwhile, no export of logs and veneer were recorded for the month.

From Sarawak, shipments of sawntimber to Peninsular Malaysia fell by 17% in volume and 12% in value to 1,563 m^3 worth at RM1.3 million. Similarly, plywood export to Peninsular Malaysia declined by 27% in volume to 11,667 m^3 valued at RM16.2 million. Export of veneer dropped also fell by 4% to 4,009 m^3 valued at RM4.1 million.

No intra trade activities from Peninsular Malaysia to Sabah and Sarawak was recorded in May 2013.

** Source: Department of Statistics, Malaysia*

INTRA-MALAYSIA TRADE - MAY 2013

From	Products	APRIL 2013		MAY 2013		% Change in Volume May 2013/Apr 2013	% Change in Value May 2013/Apr 2013
		Volume (m^3)	Value (RM '000)	Volume (m^3)	Value (RM '000)		
SABAH	Logs	0	0	0	0	0	0
	Sawntimber	1,218	1,555	1,147	1,572	-6	1
	Plywood	9,329	14,672	8,986	14,172	-4	-3
	Veneer	0	0	0	0	0	0
SARAWAK	Logs	0	0	0	0	0	0
	Sawntimber	1,889	1,503	1,563	1,321	-17	-12
	Plywood	15,908	19,911	11,667	16,191	-27	-19
	Veneer	4,173	4,203	4,009	4,074	-4	-3

Source : Department of Statistics, Malaysia

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MAY 2013

*AVERAGE DOMESTIC PRICES OF LOGS, SAWNTIMBER, PLYWOOD AND MDF IN PENINSULAR MALAYSIA MAY 2013 (VALUE IN RM)

SPECIES	LOGS/tonne	SAWNTIMBER/m³		
	18" UP	GMS	STRIPS	SCANTLINGS
HEAVY HARDWOOD				
Chengal	6,800	6,709	2,493	8,828
Balau	2,426	3,330	1,564	3,058
Red Balau	2,676	2,966	1,977	3,185
Merbau	2,393	4,013	2,514	3,955
Mixed Heavy Hardwood	1,006	1,130	1,095	1,130
MEDIUM HARDWOOD				
Keruing	1,544	2,043	1,271	2,225
Kempas	1,400	2,684	1,448	1,977
Kapur	1,300	1,965	1,201	1,695
Mengkulang	1,200	1,695	1,130	1,497
Tualang	1,373	1,801	2,260	2,225
LIGHT HARDWOOD				
Dark Red Meranti	1,450	2,260	1,377	2,260
Red Meranti	1,540	1,778	1,370	2,542
Yellow Meranti	1,200	1,483	1,102	1,819
White Meranti	1,026	1,306	812	1,695
Mersawa	1,400	2,225	2,189	2,684
Nyatoh	900	777	847	1,201
Sepetir	850	1,165	918	1,165
Jelutong	1,096	1,577	1,208	1,610
Mixed Light Hardwood	770	784	667	794

MALAYSIAN RUBBERWOOD *Hevea brasiliensis*	LOGS/tonne	SAWNTIMBER/m³			
		1" X 1"	2" X 2"	3" X 3"	4" X 4"
	165	900	1,045	1,095	1,229

PLYWOOD 4' X 8' (RM per piece)	**4mm**	**6mm**	**9mm**	**12mm**
	15.10	24.00	35.00	44.00
MDF 4' X 8' (RM per piece)	**4mm**	**6mm**	**9mm**	**12mm**
	14.00	21.00	28.00	37.50

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

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TIMBER ROUND-UP

Furniture

Exports of wooden and rattan furniture for the period under review in 2013 decreased 13.5% compared to the corresponding period of 2012. Total shipments recorded RM2.23 billion against RM2.58 billion in 2012.

Purchase of wooden furniture from Malaysia for the January to May 2013 decreased 13.6% from RM2.57 billion to RM2.22 billion compared to the same period in 2012. The imports of wooden furniture have dropped among most Malaysia's main wooden furniture import partner.

Imports of wooden furniture by the US reduced by 11.5% from RM792.5 million to RM701.5 million. Japan reduced its consumption by 11.6% from RM211.6 million to RM187.1 million.

The UK imports saw a decreased of 36.8% from RM171.6 million to RM108.5 million as it still reeling in the effects of the economic recession. Intake by Australia reduced by 3.5% from RM163.9 million in 2012 to RM158.1 million in the first five months of 2013.

Singapore reduces its import of wooden furniture by 0.6% from RM131.4 million to RM122.7 million. Canada's reduces its intake of wooden furniture by 30.3% to reach RM86.0 million. The same applied to UAE with a decrease of 8.7% to RM74.7 million. India's intake also decreased by 25.3% to RM42.1 million, Saudi Arabia slightly decreased its import of wooden furniture by 0.3% into RM50.0 million.

Germany reduced its wooden furniture consumption by 34.4% with a purchase of RM29.0 million in for the first five months of 2013 from RM36.6 million in 2012. Russia's also reduced its consumption by 14.4% from RM44.2 million to RM29.0 million.

Rattan furniture shipments increased by 37.3% to RM11.8 million for the January to May of 2013 period compared to RM8.5 million in 2012.

Singapore increased its consumption by 21.4% to RM2.2 million in 2013. The UK increased its import by 34.2%, into RM1.1 million 2013. Meanwhile the US saw positive improvements with a consumption of RM3.3 million worth of rattan furniture.

TIMBER INDUSTRY EXCELLENCE AWARDS

YAB Tan Sri Dato' Haji Muhyiddin Mohd Yassin, Deputy Prime Minister of Malaysia (front row, third from right) posing with other guests of honour and award recipients.

In conjunction with its 40th year anniversary celebration on 1 June 2013, MTIB was pleased to confer its recognition and appreciation to the wood based industry leaders and players who have significantly contributed to the development of the timber sector. MTIB took the opportunity to present the Timber Industry Excellence Award 2013 during its anniversary dinner held on 4 June in Kuala Lumpur. Four categories of awards were presented. They were Industry Excellence Award (Sectoral), Special Award for Innovation, Industry Personality Award and Lifetime Achievement Award.

Three panelists namely Tuan Hj. Mohamad Sanuri Shahid from Ministry of Plantation Industries and Commodities, Dato' Mathialakan Chelliah from Malaysian Investment Development Authority and Prof. Madya Dr. Zakiah Ahmad from Universiti Teknologi MARA were appointed to judge and finalise the award recipients.

Under the category of Industry Excellence Award (Sectoral), Bormill Wood Company (Trg.) Sdn. Bhd. was the winner for the Sawmill Category whilst Besgrade Company Products Sdn. Bhd. won in the Panel Product Manufacturing Category. For Wood Mouldings and Joinery Sector, the award was presented to Ah Hai Company Sdn. Bhd whilst LY Furniture Company Sdn. Bhd. won in the Furniture Factory Category award. Three companies were selected to receive a special award for innovation namely Welly Timber Industries Sdn. Bhd., Syarikat Duralite (M) Sdn. Bhd. and Woodsfield Industries Sdn. Bhd. due to their effort in introducing and promoting new innovations of wood materials in Malaysia.

The Industry Personality Award aimed to recognise a personality who has extensive experience in the timber industry, locally and internationally and was still actively contributing to the development of the industry. Dato' Sheikh Othman Sheikh Abdul Rahman, who is presently still active as the Chairman of the Malaysian Panel Products Association, was the recipient of the award. The Lifetime Achievement Award, which recognises individuals who, in their illustrious careers, have made significant contributions towards the development of Malaysia's timber industry. The award this year was presented to Dato' Freezailah Che Yeom to honour his commitment and contributions. The awards were presented by YAB Tan Sri Dato' Haji Muhyiddin Mohd Yassin, Deputy Prime Minister of Malaysia, the guest of honour at the event.

YAB Tan Sri Dato' Haji Muhyiddin Mohd Yassin, DPM (left) presenting the Industry Personality Award to Dato' Sheikh Othman Sheikh Abdul Rahman, Chairman of MPMA.

Dato' Freezailah Che Yeom (right) receiving the Lifetime Achievement Award from DPM.

MINISTER'S INAUGURAL VISIT TO MTIB

YB Dato' Sri Douglas Uggah Embas, Minister of Plantation Industries and Commodities (seated, centre); his Deputy, YB Dato' Noriah Kasnon (seated, fourth from left); Dr. Jalaluddin Harun, MTIB Director-General (seated, fourth from right) with other MPIC and MTIB officials.

YB Dato' Sri Douglas Uggah Embas visited MTIB, Kuala Lumpur on 12 June and was warmly welcomed by the Director-General of MTIB, Dr. Jalaluddin Harun, the management team and all personnel. This was his first official visit to MTIB after his appointment as the new Minister of Plantation Industries and Commodities on 16 May 2013. YB Minister was accompanied by his Deputy, YB Dato' Noriah Kasnon, Tuan Hj. Mohamad Sanuri Shahid, Deputy Secretary-General (Operations) and senior officers of the Ministry of Plantation Industries and Commodities (MPIC).

MTIB welcomes the VIPs to its premise.

Dr. Jalaluddin gave a briefing on MTIB's history, organisational structure, operational functions and its major activities. The VIP visitors were also informed on the status and performance of the wood-based industry. Several issues were discussed during the session such as NATIP, enforcement of wood-based standards, competitiveness, human capital, timber IBS, raw material supply and SME development. YB Minister also gave his views on the direction that the industry should be heading and activities that MTIB could undertake to facilitate further development of the industry. The wood-based industry is quite a familiar territory for Dato' Sri Douglas as he was the former Minister for Natural Resources and Environment before being assigned to MPIC.

Briefing in progress.

MASKAYU was honoured by the presence of the YB Minister and YB Deputy Minister to MTIB and would like to express its most heartfelt appreciation for their inaugural visit to the office.

FURNITURE DESIGNS AND THE BRANDING EDGE AGAINST COMPETITORS

The success achieved by five young Malaysian designers at the Salone-Satellite event during the Milan International Furniture Fair (i-Saloni) 2013 has elevated the country to be recognised as a member of the international design fraternity. This success can be attributed to two different aspects. The first was that everything originating from Malaysia is being readily noticed and analysed by outside media. In addition, the designs of our designers were actually interesting, blending western and eastern taste, mixing up new and recycled materials, and the majority of these designs utilised wood, a material which is being "re-discovered" by many western manufacturers for its sustainability, durability and beauty.

Following the inaugural participation in the Salone-Satellite Showcase, which is considered by many to be the most significant promotion programme in Europe, it was agreed that MTIB should continue to participate in that showcase. To spearhead the furniture industry's drive to be a major high-end furniture exporting country, MTIB will focus on the nurturing of innovative and exclusive furniture designs by organising the second Malaysia Mobili Furniture Design Competition (Mobili) in 2013. This competition has the long term objective of also grooming design talents for a successful future of the vibrant furniture industry in Malaysia.

The launching of Malaysia Mobili 2013 for the Central Region of Peninsular Malaysia was held at INTEKMA Resort & Convention Centre in Shah Alam, Selangor on 1 June. YB Datuk Noriah Kasnon, Deputy Minister of Plantation Industries and Commodities, in her written text which was read by Dr. Jalaluddin Harun, MTIB Director-General said that the local furniture industry needs to improve and upgrade the design capability and the creativity aspect of its product design trends especially now that the traditional European furniture manufacturing countries are facing a recession, resulting in many well-known furniture producing nations also venturing into markets in the so-called "new emerging economies" which have the reputation of being highly competitive. The furniture industry has to diversify from original equipment manufacturer (OEM) to original design manufacturer (ODM) and own brand manufacturing (OBM) and develop more original furniture brands in due process.

"It is also pertinent to understand that currently machining and finishing alone does not make furniture. Apart from the inputs of various timber processing activities and ancillary supports complemented by the upholstery industry, the packaging and strapping service providers, and the consistent machine maintenance service, the design factor to furniture also plays a vital part," said the Deputy Minister.

YB Datuk Noriah said that over 70% of the furniture exported was in the OEM category, whereas ODM only contributed a little more than 25%. The OBM furniture contribution could be said to be insignificant. Concerted and strategic programmes need to be carried out to realise the National Timber Industry Policy (NATIP)'s target of reaching an export value of RM16 billion from furniture exports in 2020 compared to the yearly average of RM6.5 billion registered by this sector for the last five years. She added that the country's timber industry is currently going through a transition period by shifting the manufacturing focus to construction materials and furniture. These value-added products take up an average of 45% in exports compared to primary exports.

Attendees during the launching of Malaysia Mobili 2013.

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The launching ceremony was also attended by Prof. Dr. Norsaadah Ismail, Deputy Vice Chancellor, Universiti Teknologi MARA (UiTM) and Prof. Dr. Mustafa Halabi Azhari, Dean, Faculty of Art and Design, UiTM. The Workshop on Furniture Design held after the launching ceremony had the privilege of the presence of two furniture design experts, Prof. Dr. Alessandro Biamonti, Industrial Design Research Team Coordinator, from Politecnico di Milano, Milan and Mr. Ian Davies from Arcradius Sdn. Bhd.

About 150 participants comprising designers and students, many from design schools and colleges and several universities in the Klang Valley, were provided with information on the requirements and considerations to be adhered to in order to enter the Malaysia Mobili 2013 competition. Prof. Biamonti, who was on a three-day assignment in Johor Bahru and Kuala Lumpur, elaborated on the role of the designers. He concluded that the winning designs of the competition would be translated into prototypes which would be showcased at the next i-Saloni Milan fair. The participants were advised to consider the various materials available, the exciting production technology, cultural practices of the furniture buyers and aspects of anthropometric dimensions when designing furniture.

Prof. Dr. Alessandro Biamonti, Industrial Design Research Team Coordinator from Politecnico di Milano, Milan explaining to one of the participants on aspects of anthropometric dimensions when designing furniture.

Mr. Davies delivered on the rules of the competition including the design briefs and the criteria which had been set in selecting the winning designs. To provide a greater understanding of the design briefs, he taught the young designers the finer points of producing detailed drawings and developing the necessary write-ups to justify their design concepts.

The launching of this competition for the Eastern Region will be held at Universiti Sultan Zainal Abidin (UNISZA) in Kuala Terengganu on 9 June while for Sabah, it will be held on 21 June at WISDEC Sabah, Kota Kinabalu. The venue in Kuala Terengganu was chosen due to the fact that two out of the five young Malaysian designers who were recently in Milan were lecturers from UNISZA. It is hoped that this university as well as other related organisations in the Eastern Region will continue to produce internationally recognised furniture designers both from the working staff and graduates. As for the launching in Kota Kinabalu, it will augur well with Sabah's recognition as a potential for outdoor furniture production. With the latest information on consumer preferences in the outdoor furniture market, our local furniture entrepreneurs will gain an even better chance of penetrating the niche market in high-income countries.

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of Malaysian timber such as increasing access to existing markets and new markets through promotion programmes such as trade shows, participating in Free Trade Agreements, promoting the development of branding (OBM) and international collaborations.

The highlight of the celebration was the launch of the MTIB publication entitled *Shaping the Timber Industry of Malaysia* to commemorate its achievements since its inception by Tan Sri Dato' Haji Muhyiddin Yassin. As part of the celebration, the honourary guest also presented the Awards of Appreciation namely Industry Excellence Award (Sectoral), Special Award for Innovation, Industry Personality Award and Lifetime Achievement Award to members of the industry for their contribution to the development of the Malaysian timber sector.

A special corporate video presentation providing a captivating historical snapshot of MTIB's endeavours since its establishment in 1973 were also presented during the event.

Guests at the dinner.

MTIB, TESCO AND KPKKT SET RECORD FOR THE LARGEST KARAS TREE PLANTING

MTIB, TESCO, KPKKT and MBR officials posing with volunteers from Kampung Pasir Raja Dungun, Terengganu after the Karas tree planting programme.

MTIB, Tesco Stores (Malaysia) Sdn. Bhd. (Tesco) and Kumpulan Pengurusan Kayu-Kayan Terengganu (KPKKT) created a record in the Malaysian Book of Records (MBR) by organising the Largest Karas Tree Planting Event in the country. In the event, held in conjunction with World Environment Day on 5 June, about 100 employees of MTIB, Tesco and KPKKT joined hands alongside 100 volunteers from Kampung Pasir Raja Dungun, Terengganu in an attempt to plant 1,500 'vulnerable' Agarwood trees (or also known as Karas).

The 1,500 trees were planted along a 1.5 kilometre stretch in Kompartment 52, Hutan Simpan Jengai, Dungun and will be maintained by KPKKT, a partner in this record-breaking effort. The event was officiated by YB Roslee bin Daud, State Chairman of the Government Transformation, Delivery & Performance Management and Information Technology, in the presence of Dr. Jalaluddin Harun, MTIB Director-General; Dato' Hj. Zakaria Awang, Chief Executive Officer of Golden Pharos Berhad; and Encik Azlam Shah Alias, Director of Government Relations and Corporate Affairs Tesco Malaysia.

During the event, YB Roslee highlighted and congratulated MTIB, Tesco and KPKKT for taking this initiative as part of the Greener Earth Programme to protect the environment whilst engaging local community and customers. The attempt to gain entry into Malaysian Book of Records for the largest Karas tree planting event is part of MTIB's and Tesco's joint effort to encourage others to also do their part to preserve the environment.

Under the Greener Earth programme, Tesco and MTIB planted 29,500 trees in 2012. To complete the planting of the balance of 300,000 trees in 2013, Tesco is forging partnership with universities and other bodies. Tesco and MTIB target to plant 500,000 trees throughout Malaysia by 2014.

Cik Helilia Juana, MBR representative handed Certificates of Achievement to Dr. Jalaluddin Harun, Dato' Hj. Zakaria Awang and Encik Azlam Shah Alias for setting the record for the largest Karas tree planting with 1,500 trees planted in a 1.5 kilometres stretch within 20 minutes together with 200 volunteers.

Watering a newly planted Karas tree.

Unveiling of the Malaysia Book of Records plaque to signify the largest Karas tree planting event.

MTIB-TESCO MALAYSIA PRESENT 'DENAI RIMBA MESRA' AT FLORIA 2013

Front entrance of "Denai Rimba Mesra".

MTIB and Tesco Malaysia showcased a 'back-to-nature' intimate jungle trail in their garden themed "Denai Rimba Mesra", at Floria 2013, Putrajaya Flower and Garden Festival from 22 to 30 June. Nestled serenely on 2,400 square feet of lush tropical landscaping and boasting a scenic lake panorama, "Denai Rimba Mesra" was inspired by elements of wild orchids and also featured a futuristic "Wakaf Buluh" (Bamboo tree house) architecture and various woods and evergreen Karas species from around the world including the *Aquilaria malaccensis, A. hirta, A. subintegra, A. sinensis and the A. crassna*.

Visitors were transported to a three dimensional zone of natural forest comprising the Educational, Exploration and Survival sectors when they entered the garden and walked along the nature trails. They also experienced a sense of calmness and tranquillity when surrounded by an unforgettable landscape that co-existed with the sounds of nature as well as the elements of water. This project saw the second year of collaboration between MTIB and Tesco with both organisations sharing the same passion to educate and raise awareness on environmental issues and to promote a greener earth.

YB Senator Datuk Dr. Loga Bala Mohan all Jaganathan, Deputy Minister of Federal Territories presenting the prize to Cik Low Lee Ann, TESCO Head of CSR and Tuan Hj. Kamaruzaman Othman, MTIB Director of Forest Plantation.

In encouraging the younger generation to do their part, MTIB-Tesco also hosted a school category competition where three schools were tasked to decorate lamp posts in the garden with natural and recyclable items. The schools that participated were SMK USJ 12, SMK SS17 and Sapura Smart School located in Subang, Selangor. SMK USJ 12 managed to bag first prize in the competition.

In line with its objective to enhance environmental education, visitors were encouraged to participate in the Green and Sound Hunt where they had the opportunity to learn more about the ways to protect the environment whilst walking through the trail. Various other activities and programmes were also provided for the visitors to the garden such as the low rope challenge, bamboo music playing challenge and performance, orchid memory challenge, jungle surviving tips, orchid colouring contest and Karas tea and coffee sampling.

MTIB and Tesco Malaysia have signed an MoU in 2012 pledging to plant 500,000 trees within three years in Malaysia under its Greener Earth : Plant a Tree Campaign. To date, MTIB-Tesco has planted 62,250 trees. At "Denai Rimba Mesra", visitors also helped in planting more trees by Sponsoring a Tree as part of their commitment to the environment.

For their showcasing of "Denai Rimba Mesra", MTIB and Tesco managed to bag the bronze award for the corporate sector. The award which was received by Tuan Hj. Kamaruzaman Othman, MTIB Director of Forest Plantation and Cik Low Lee Ann, Head of Corporate Social Responsibility TESCO, was given by YB Senator Datuk Dr. Loga Bala Mohan a/l Jaganathan, Deputy Minister of Federal Territories during the closing ceremony.

JOHOR TIMBER WEEK 2013

Puan Hjh. Norchahaya Hashim, MTIB Deputy Director-General (right) viewing the photographs displayed at the Johor Timber Week.

The construction of Galeri Glulam Johor Bahru was part of MTIB's efforts to encourage the use and commercialisation of glulam-engineered timber products as a load-bearing structure in the construction industry. Besides showcasing the versatility of Malaysian timber as a structural material, Galeri Glulam also aimed to promote non-structural materials such as furniture, mouldings and BJC, biocomposites and bamboo, and to assist the timber industry in designing activities as inspired in the National Timber Industry Policy (NATIP). In line with these objectives, MTIB recently organised Johor Timber Week 2013 (JTW 2013) from 24-30 June at the Galeri Glulam Johor Bahru. It was initiated as part of MTIB's 40th year anniversary celebration to share information about MTIB's roles in assisting the development of the timber industry in Malaysia.

Several programmes were carried out during JTW 2013 namely, Seminar on Structural Timber Design, Seminar on Karas and Bamboo, Briefing on Skills Prospects in Timber Industry, *Jom Daftar* programme, Timber Architecture Photography Competition as well as a drawing competition for children below 12. An exhibition of timber products and a furniture sales carnival were also carried out during the event and it was participated by a total of seven companies. Among the products exhibited JTW were garden furniture and *gazebo*, wood carved items, glulam samples as well as samples of solid and engineered doors. Beside manufacturers, the Construction Industry Development Board (CIDB) also participated in the exhibition to share their latest training programmes and their roles in assisting the construction industry in Malaysia in particular in promoting the use of the Industrialised Building System (IBS).

Puan Hjh. Norchahaya Hashim, MTIB Deputy Director-General who officiated the Johor Timber Week and the Seminar on Structural Timber Design, highlighted three long term plans initiated by MTIB to achieve NATIP's target to export a total of RM53 billions of wood-based products by 2020. The three plans are the IBS Roadmap for Timber, Roadmap for the Development of Bamboo Industry in Malaysia as well as National Furniture Design and Wood-based Product Roadmap. The plans envisaged to spur the growth of the timber industry as well as to encourage innovation and value addition besides enhancing investment and transfer of technology to Malaysia which would include widening the use of engineered timber products such as glued-laminated timber (glulam) and encouraging the furniture industry to shift from Original Equipment Manufacturer (OEM) to Original Design Manufacturer (ODM)/Own Brand Manufacturing (OBM).

Puan Hjh. Norchahaya added that besides timber, MTIB is also focusing on the use of new biomaterial such as biocomposites; bamboo as well as timber from oil palm trunks (OPT) as a new source of growth in the wood-based sector. During the opening, Puan Hjh. Norchahaya also gave away prizes to the winners of the Timber Architecture Photography Competition. The photography competition with the theme *Appreciation of Timber-based Architecture Building* was conducted by MTIB from 16 April to 31 May to bring out creativity in photographers and promote timber as part of their future photos exhibits. Twenty-six contestants took part in the competition with a total of 89 photos received by

Attendees at the official opening.

Encik Firdaus Md Mortar, WISDEC officer briefed on Skills Prospects in Timber Industry to visitors.

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SEMINAR ON DESIGN OF TIMBER STRUCTURE

Tuan Hj. Mahpar Atan, MTIB Director of Industry Development (left) presenting a token of appreciation to Assoc. Prof. Dr. Zakiah Ahmad of UiTM.

Participants at the seminar.

The timber industry was given a new vigour with the launching of the National Timber Industry Policy (NATIP) in February 2009 by the then Deputy Prime Minister of Malaysia, YAB Dato' Sri Mohd Najib Tun Abdul Razak. This Policy had clearly outlined strategic approaches for seven key thrust areas. One of the strategic options identified by NATIP was to strengthen the domestic market for timber, particularly its application for structural members. To fulfill this inspiration, MTIB has taken several initiatives to promote the use of timber in the construction industry in Malaysia. These initiatives comprised mainly of R&D; training/capacity building for industry, architects and engineers; and technology support activities such as publications of guidelines, development of standards, and dissemination of technical information via seminars and courses for professionals and students from institutions of higher learning as well as industry members.

In line with NATIP's vision, MTIB organised a Seminar on Design of Timber Structures on 24 June to provide exposure to engineers, architects as well as end-users on the design of timber structures for the construction industry. The seminar was held in conjunction with Johor Timber Week which was organised from 24 to 30 June at the Galeri Glulam Johor Bahru.

Assoc. Prof. Dr. Zakiah Ahmad, Director of Institute for Sustainable Infrastructure Engineering and Management, Universiti Teknologi MARA shared her vast experiences on timber engineering and design. The seminar participants were exposed to the designing of solid timber and engineered timber product such as glued-laminated timber (glulam) as a guide to 'specifiers' to design timber structures to be used as `load bearing'. The seminar was divided into four topics, namely design of compression members, design of solid timber, glulam and design of fire requirement due to timber structure design. Participants were taught on the design methods of building components such as columns and beams.

In addition, the participants were also exposed to the application of MS 544: Malaysian Standards on Code of Practice for Structural Use of Timber Part 1: General, Part 2: Permissible Stress Design of Solid Timber and Part 3: Permissible Stress Design of Glulam especially on how to use modification factors for the calculation of structural design. The speaker also emphasised the advantages of glulam as a structure component, which is environmental friendly, visually attractive and dimensionally stable. Glulam manufacturing methods were also presented to the participants to ensure that participants had a good understanding about the glulam manufacturing process since glulam is a new construction material used in the construction industry in Malaysia compared to developed countries such as USA, Canada, UK, Germany, Japan, Australia and New Zealand.

Dr. Zakiah is also one of the technical consultants involved in the design and manufacturing of glulam for Galeri Glulam Johor Bahru. The seminar attracted about 100 participants comprising engineers, architects, consultants, students and MTIB personnel.

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MTIB. The first prize winner who walked away with RM5,000, souvenir and certificate was Encik Mohd Nazri bin Sulaiman, a free lance photographer. Second winner was Encik Nor Azman Shah Ali who won a cash of RM3,000 whilst in the third place was Encik Ng Wei Siang who won a cash of RM2,000.

A total of 700 visitors which comprised professionals such as architects and engineers, students from higher learning institutions, vocational and technical school students as well as end-users attended the event. The JTW 2013 was supported by the Pertubuhan Arkitek Malaysia Southern Region (PAMSC), Public Works Department, CIDB and Johor local authorities.

APEC EGILAT: UNDERLINING THE IMPORTANCE OF PROMOTING LEGAL TIMBER TRADE

Delegates of the 4th APEC EGILAT Meeting.

The Fourth APEC's Experts Group on Illegal Logging and Associated Trade (EGILAT) Meeting which was organised by the APEC Secretariat was held on 26-27 June in Medan, Indonesia. The objective of the meeting was to enable APEC member economies to discuss current and future actions to combat illegal logging and promote trade in legal forest and timber products. This was significant because together the APEC economies account for over 50% of the world's forests and approximately 80% of global trade in forest and timber products.

Preceding the EGILAT meeting on 25 June was the APEC EGILAT Group's "Private Sector Dialogue on Efforts to Combat Illegal Logging and Associated Trade and Promote Trade in Legal Forest Products" in the same venue as the EGILAT meeting. The special dialogue session was organised by the United States and was facilitated by Mr. Chen Hin Keong, TRAFFIC's Forest Trade Programme Leader. The purpose of the dialogue was to allow both private and government institutions to gather under one roof to discuss and exchange thoughts on combating illegal logging. The one-day event was divided into four sessions with topics ranging from actions taken by private sector entities in timber producing, processing and consuming countries to the development and application of emerging technologies and case studies on supply chains. The panelists included private companies and institutions from APEC countries such as the European Forest Institute, IKEA, WWF Indonesia, Reforestamos Mexico and Forest Legality Alliance from the USA.

In addition, a special Joint Meeting of the Anti-Corruption and Transparency Working Group (ACTWG) and the Experts Group on Illegal Logging and Associated Trade (EGILAT) was held on 26 June. It was the first time that both Working Groups have convened together to discuss potential partnerships as well as to reduce the amount of redundancy in terms of projects being proposed or undertaken between the two. The meeting was co-chaired by Mr. Bambang Widjojanto, the ACTWG Chair and Dato' Dr. Hj. Abd. Rahman Bin Hj. Abd. Rahim, the EGILAT Chair. The theme of the joint meeting was focused on the potential areas for ACT-EGILAT cooperation and collaboration and discussion of proposal for joint ACT-EGILAT law enforcement cooperation workshop.

Private Sector Dialogue. From left to right: Ms Sheam Satkuru-Granzella (Session 1 Moderator), Dato' Dr. Hj. Abd. Rahman Bin Hj. Abd. Rahim (EGILAT Chair) and Mr. Chen Hin Keong (Dialogue Facilitator).

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Following the Joint Meeting was the Fourth APEC EGILAT Meeting. The one and half-day meeting started with welcoming remarks by Mr. Bambang Hendroyono, Director-General Forest Production of the Ministry of Forestry of the Republic of Indonesia. He thanked all participants for attending the meeting and looked forward to exciting discussions and presentations throughout the meeting. In his speech, he reiterated the Indonesian government's commitment in combating unlicensed harvesting and illegal timber trade. Combating illegal forest harvesting has been carried out by both hard and soft approaches namely the Indonesian Timber Legality Assurance System or *Sistem Verifikasi Legalitas Kayu* (SLVK) by the Indonesian government.

The EGILAT Meeting then continued with a session of information exchange on policies, regulations, governance, and law enforcement relating to combating illegal logging and promoting trade in legal forest products including presentations by the World Bank and the government of Australia.

The EGILAT members also discussed the scope of laws relevant to the definition of illegal logging which met with some concerns from the members due to its complexities. EGILAT member economies agreed to this and decided to make introductory presentations at the next EGILAT Meeting. During the meeting, the EGILAT Chair presented on the progress on the EGILAT's 2013 Work Plan and Strategic Plan, which were endorsed in the prior EGILAT Meeting, and asked for members' support to further carry out those two plans.

China, as the host of the Fifth and Sixth EGILAT Meeting in 2014, invited all the members to come to China next year. Dr. Agus Sarsito, Director of Forestry Development Cooperation for Regional 1, Ministry of Forestry of Indonesia, delivered the closing remarks on behalf of the host, the Government of the Republic of Indonesia.

Delegates from 17 APEC economies, namely Australia, Brunei Darussalam, Canada, Chile, China, Indonesia, Japan, Korea, Malaysia, New Zealand, Papua New Guinea, Peru, the Philippines, the Russian Federation, Singapore, Chinese Taipei and the United States; representatives from the APEC Secretariat; and invited guests from the World Bank attended the meeting.

Malaysia was represented by the Ministry of Plantation Industries and Commodities which acted as the Head of Delegates, Ministry of Natural Resources and Environment, MTIB, Malaysian Timber Council, Sarawak Timber Industry Development Corporation, Forestry Department of Sarawak and Sarawak Timber Association. MTIB was represented by Cik Hjh. Robiyah Husin from Trade Development.

INSURANCE AND FINANCING COVERAGE FOR TIMBER INDUSTRY

Small and Medium Enterprises (SMEs) play an important role in Malaysia's industrialisation programme. In the timber industry, the SMEs account for more than 80% of the manufacturing establishments. An effective fiscal and financial policy is vital to further spur the growth of the industry in Malaysia while a dynamic SME could also contribute to the future growth and resilience of the timber industry. Funding and incentives support are seen to be one of the elements that may help the industry to expand its business.

Puan Hjh. Norchahaya Hashim, MTIB Deputy Director-General delivering her speech.

Towards this end, MTIB convened a workshop to develop a Roadmap on Insurance, Incentives and Financing for Timber Industry on 19-20 June in Kuala Lumpur. The workshop provided an interactive platform and an avenue for timber industry players and finance, insurance and representatives from relevant government agencies, to discuss issues pertaining to the implementation of a Best Practice solution to enhance the image and sustainable growth of the industry. The workshop was realised with the support of relevant stakeholders namely Bank Negara Malaysia, and related bodies such as General Insurance Association of Malaysia (PIAM), commercial banks, Malaysian Industrial Development Authority, SME Corp and Malaysian Industrial Development Finance Berhad. The presence of representatives from the timber industry made the session possible, as their shared experiences proved invaluable.

Discussion among the participants.

The audience was apprised of the latest development of activities being carried out pertaining to insurance, incentives and financial support, which the government had rendered timber industry. A proper framework, such as a roadmap, may further facilitate the support mechanism.

Several challenges within this environment were outlined during the workshop. Various solutions were explored. Based on the deliberations, four strategic pillars were churned out, and they are proposed to be implemented, within the short, medium and long-term plan, by the year 2020. The four strategic pillars are:

- Establishment of Lead Agency
- Special Funding Scheme
- Dissemination of Information
- Industry Excellence

Relevant action plans will be formulated to align with the strategic pillars.

A total of 35 participants attended the programme which was officiated by Puan Hjh. Norchahaya Hashim, Deputy Director-General of MTIB.

ENHANCEMENT ON PRODUCT CERTIFICATION STANDARD, ISO/IEC 17065:2012

Participants at the meeting.

A workshop on Sub-Committee on Standards and Conformance (SCSC) – Multilateral Recognition Arrangement (MLA) Enhancement Project on Product Certification ISO IEC 17065: 2012 was held in Medan, Indonesia on 27-29 June. It was organised in conjunction with the Third Asia-Pacific Economic Cooperation (APEC) Senior Officials' Meeting (SOM3) and Related Meetings that were held from 22 June to 6 July.

The objective of the workshop was to further deliberate and enhance the understanding of the new standard, ISO/IEC 17065: 2012 – Conformity Assessment: Requirements for bodies certifying products, processes and services. It also aimed to build the capacity of certification bodies to carry out audit of products, processes and services, and to operate in a competent and reliable manner. Under the International Accreditation Forum (IAF) resolution 2012 (9^{th}), certification bodies are required to transit from ISO/IEC Guide 65 to the new ISO/IEC17065 standard not later than 15 September 2015 and all certification bodies need to comply to this new standard if they wish to continue as Accredited Certification Bodies. The new standard contains requirements for competency, consistent operation and impartiality of PCB.

The workshop was officially opened by Professor Dr. Bambang Prasetya, Chairman of the National Standardisation Agency of Indonesia. He extended his warm welcome and appreciation to all the participants for their attendance at the workshop.

He noted that the fundamental purpose of the new standard was to address the concerns of consumers, users and all interested parties by instilling confidence that the product fulfills specified requirements. Product certification would be most successful when it delivers the appropriate level of confidence utilising cost effective resources.

The three-day workshop was conducted by two speakers namely Mr. Geoff Brundle from Joint Accreditation System of Australia and New Zealand (JAS-ANZ) and Mr. Ronald M. Coiner from International Accreditation Services, USA. They elaborated on all the clauses in the standard and highlighted the changes made to the standard. One of the most significant changes is the realignment of the content from 15 chapters in Guide 65 to 8 chapters. Definition for a few terms used in the chapters have been improved to provide better comprehension and to include obligatory requirements. The requirements of the management system are concentrated in specific chapters. The new standard emphasises more on identifying competencies for personnel involved in the certification process, besides highlighting the management of impartiality as well as inclusion of a new clause on mechanism for safeguarding impartiality. Generally there are some clauses that were significantly improved while others were not essentially changed but their descriptions enhanced.

The workshop also deliberated on several certification issues such as the development of the product certification scheme

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BIO-ECONOMY AS "SUSTAINABLE ECONOMY"

The National Biotechnology Seminar 2013 (NBS2013) was held on 6-8 June in Penang. With its theme "Bio-Economy – Delivering Sustainable Growth and Renewable Resources", NBS2013 acted as a catalyst for bio-economy which encompasses the application of biotechnology in the primary industries identified as part of the National Key Economic Areas (NKEAs).

Bio-economy is well-positioned as a "sustainable economy" for Malaysia, encompassing all industries and economic sectors that produce, manage and utilise biological resources, including agriculture, forestry, fisheries, food, wellness, chemicals and renewable energy.

The objective of NBS2013 was to create an integrated platform for participation and collaboration by scientists and researchers, and the business community and financial bodies to ensure an ecosystem that is capable of sustaining Malaysia's growth and progress in the biotechnology sector. It will act as an avenue for the publication of research activities and outputs from completed and on-going projects under the 10th Malaysia Plan as well as to identify potential projects for further development growth following the launch of the Bio-economy Initiative Malaysia (BIM) by YAB Prime Minister in 2010.

BIM has outlined a comprehensive plan to encourage more commercialisation in the biotechnology and is now included in the Entry Point Projects (EPPs). Among the focus areas were medical biotechnology – production of vaccines, medical devices and biopharmaceuticals; industrial biotechnology – energy and bio based chemicals; and agricultural biotechnology particularly genome. BIM is expected to tap into the unrealised application of locally developed technologies and discoveries, and reconcile the urgent need to focus on technology that utilises renewable resources. BIM will also capitalise on the entire biotechnology ecosystem inclusive of its related value chain and is expected to generate 20,000 job opportunities by 2020.

More than 60 research papers were presented in the concurrent session during NBS2013 which covered areas on Agricultural Biotechnology, Healthcare Biotechnology and Industrial Biotechnology. Forty posters on research findings were exhibited throughout the seminar while 17 exhibitors from biotechnology-related companies and agencies showcased their latest products, technologies and services.

Participants gained new perspective and greater insights regarding the application of biotechnology in agriculture production, industry, and health while putting in place the required structural conditions and further develop all necessary mechanisms to ensure that the BIM policy can flexibly adapt to new opportunities and innovative discoveries for commercialisation in the global market.

NBS2013, which was hosted by the National Institutes of Biotechnology, attracted more than 200 participants comprising representatives from government agencies, project leaders and members who are recipients of the e-science, Biotechnology and Techno Fund Programmes, academicians, scientists, entrepreneurs, biotechnology policy makers and Masters Students in Biotechnology. The seminar was officiated by YB Datuk Dr. Abu Bakar Mohamad Diah, Deputy Minister of Science, Technology and Innovation.

MTIB was represented by Encik Zulkepli Abdul Rani, Director of FIDEC.

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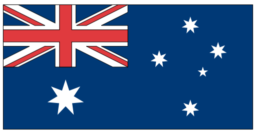
by PCB, competencies of personnel to carry out the certification activities, ethical conduct and testing of product.

The workshop was attended by representatives from several APEC member states namely Thailand, China, Singapore, Mexico, Viet Nam, Korea, Papua New Guinea, Malaysia, Brunei and Indonesia. Malaysia was represented by Cik Farydatul Nazly Mohd Zin and Encik Wan Suhaimi Wan Chek from the Product Certification Unit, MTIB.

As an Accredited Certification Body, MTIB will be drawing up a transition plan and initiate activities to comply with the new ISO/IEC 17065 before year 2015.

Group discussion.



AUSTRALIA CONTINUES TO BECOME A MAJOR TIMBER AND TIMBER PRODUCTS TRADING PARTNER FOR MALAYSIA

Australia is a country comprising the mainland of the Australian continent, the island of Tasmania, and numerous smaller islands. It is the world's sixth-largest country by total area. Neighbouring countries include Indonesia, East Timor and Papua New Guinea to the north; the Solomon Islands, Vanuatu and New Caledonia to the north-east; and New Zealand to the south-east. Australia's economy is dominated by its service sector; however its economic success is based on abundance of agricultural and mineral resources. Australia's abundant and diverse natural resources which include extensive reserves of coal, iron ore, copper, gold, natural gas, uranium, and renewable energy sources attract high levels of foreign investment. The country's comparative advantage in the export of primary products is a reflection of the natural wealth of the Australian continent and its small domestic market.

Forest Resources

Australia has just over 147 million hectares of native forest and about 1.82 million hectares of plantations. With an estimated 4% of the global forest estate, Australia has the world's sixth-largest forest area and the fourth-largest area of forest in nature conservation reserves. Australia's forests play an essential role in biodiversity conservation, the global carbon cycle, the supply of fresh water, and the maintenance of many cultural, social and environmental values. Forests also provide the resource base for economic activities that employ thousands of people across Australia, particularly in rural and regional areas.

In Australia, a forest is defined as an area, incorporating all living and non-living components, dominated by trees having usually a single stem and a mature or potentially mature stand height exceeding two metres with existing or potential crown cover of overstorey strata about equal to or greater than 20%.

Under this definition, a large part of Australia's mallee qualifies as forest, as do very large areas of tropical savanna and woodland, where trees are spread out in the landscape. What many people would traditionally regard as forest – expanses of tall, closely spaced trees – comprise a relatively small part of Australia's total forest area.

Furthermore, forests are categorised nationally by forest type (dominant genus) and by height and crown cover class (forest structure). Australia's native forest types are dominated by Eucalypts (78%), followed by Acacias (7%) and Melaleucas (5%). In contrast, about half of Australia's plantations are exotic conifers (predominantly *Pinus radiata*). The other half is mostly native hardwood species. The distribution of forest types and class is mainly determined by climate and soil properties. Other factors, especially fire frequency and intensity, are also important.

Tenure is important in forest management because the owner of the land (and in most cases also the forest) has primary responsibility for its management. Six tenure categories are recognised as follows:

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Table 1: Native Forest Areas by Categories (2012)

Categories	Explanation	Area ('000 ha)	Proportion of total (%)
Multiple-use public forest	Public forests managed for a range of values including timber harvesting, water supply, conservation, recreation and environmental protection. Significant proportions of multiple-use forests are informal reserves where timber harvesting is not permitted	9,410	6
Nature conservation reserves	Crown lands that are formally reserved for environmental, conservation and recreational purposes	22,371	15
Forest on 'other crown land'	Crown land held for a variety of purposes	10,862	7
Private forest	Forest on privately owned land	38,099	26
Leasehold forest	Forest on privately managed leased crown land generally used for grazing	65,132	44
Unresolved tenure	Forest for which ownership status has not been determined	1,524	1
Total Native Forest		**147,397**	**100**

Forest Industry

Australia's forest and wood products industry comprises the following sectors: Forest Growing and Management, Harvesting and Haulage, Sawmilling and Processing, Timber Products Manufacturing, Panel and Board Production, Pulp and Paper Manufacturing, and Timber Merchandising.

Australia's Consumption of Wood

Most of Australia's wood products are used in home building and other construction. Year-on-year consumption tends to be linked to rises and falls in building industry activity. Consumption per person fluctuates around 1.05 m^3 per year. Total national consumption has, for many years, increased in parallel with population growth.

The major categories of paper and paperboard are newsprint, printing and writing papers, household and sanitary papers and packaging and industrial papers. Australia's consumption of paper and paperboard increased by about 12% in the year 2010–2011, mainly due to a 21% increase in consumption of printing and writing papers and a 19% increase in packaging and industrial products.

Consumption of paper products far exceeded domestic production. The difference was made up by imports of around 1.9 million tonnes a year, on average 66% of this being printing and writing papers. Imported paper and paperboard products were valued at nearly AU$2.2 billion and were 50% of total timber product imports in 2010–2011. Most broadleaved sawntimber is used for flooring, decking, joinery, furniture and similar uses where particular appearances or colours are needed, or for engineering and architectural applications that need particular strength, hardness and/or durability. Domestic consumption of sawn broadleaved timber declined by about 45% in 2010–2011 to 740,000 m^3; about 12% of that was imported.

Coniferous sawntimber is mainly used as a structural component of house frames and other buildings. Australian production increased by 32% to 3.8 million m^3 in that period. Medium-density fibreboard and particleboard are mainly used for flooring and joinery (such as kitchen benches and cupboards) and together comprise more than 85% of the timber-based panels produced in Australia. Trends in domestic consumption of sawntimber products follow those in the building industry, in particular the rate of dwelling construction.

Consumption of particleboard nearly equals Australian production. About 13% of the medium-density fibreboard manufactured in Australia is exported. Plywood and decorative veneers have been produced in Australia for many years. Veneer manufacture has increased since 2007 due to the construction of two veneer mills in Tasmania, and 90% of the veneer produced was exported to plywood manufacturers in Malaysia. The logs used are from native regrowth forests and would otherwise be used for woodchips for paper manufacture because they are too small for sawmilling. Many other products are harvested from Australia's forests and plantations. They include water, bark, honey, plant oils, flowers, foliage, seeds, animal meat and skins and bush food.

Bilateral Timber Trade with Malaysia

Australia is Malaysia's sixth major timber and timber products export partner in 2012 with total export value of RM863.2 billion. There is a slight decrease of 0.63% from RM868.7 billion in 2011. However, total export had been increasing since 2009.

In 2012, Malaysia mostly exported wooden furniture (49.56% of market share or RM427.8 million) to Australia followed by builders' joinery and carpentry (BJC) (13.46% of market share or RM116.2 million).

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Table 2: Malaysia: Export of Timber and Timber Products to Australia, 2009 - 2012 (Value : RM)

Products/Year	2009	2010	2011	2012	Market Share, 2012 (%)
Sawntimber	67,395,532	63,243,629	53,563,640	50,535,845	5.85
Plywood	66,486,084	88,377,697	87,839,835	97,241,539	11.26
Veneer	9,673,378	9,966,473	13,860,325	9,537,516	1.10
Mouldings	105,162,640	106,736,646	114,062,523	100,264,843	11.61
Chipboard/ Particleboard	496,217	486,309	647,772	759,408	0.09
Fibreboard	25,905,541	29,063,700	33,011,293	36,345,621	4.21
Wooden Frame	17,595,998	21,754,325	18,806,882	18,645,384	2.16
Builders Joinery and Carpentry	76,278,912	89,365,666	122,583,826	116,154,990	13.46
Wooden Furniture	428,036,516	398,688,997	418,014,318	427,825,239	49.56
Rattan Furniture	150,433	523,955	1,759,627	1,138,089	0.13
Other Products	3,508,725	3,571,640	4,587,358	4,799,062	0.56
TOTAL	**800,689,976**	**811,779,037**	**868,737,399**	**863,247,536**	**100.00**

Source: MTIB and Department of Statistics Malaysia (DOSM)

In 2012, Malaysia mostly imported veneer from Australia (69.55% of market share or RM93.4 million) followed by sawntimber (24.01% of market share or RM32.25 million). Veneer and sawntimber imports saw a decrease of 46.48% and 22.30% respectively from 2011.

Table 3: Malaysia: Import of Timber and Timber Products from Australia, 2009 - 2012 (Value : RM)

Products/Year	2009	2010	2011	2012	Market Share, 2012 (%)
Logs	1,893,204	2,785,183	12,149,735	552,612	0.41
Sawntimber	21,649,230	36,681,968	41,505,135	32,249,218	24.01
Plywood	2,503,622	1,349,515	1,685,434	1,062,348	0.79
Veneer	118,729,232	114,219,306	174,582,004	93,433,725	69.55
Mouldings	122,171	117,675	127,085	63,936	0.05
Chipboard/ Particleboard	406,514	667,700	377,411	86,828	0.06
Fibreboard	9,867,124	3,157,165	1,407,979	1,042,259	0.78
Wooden Frame	6,261	0	18,010	579,797	0.43
BJC	206,990	634,767	677,110	749,868	0.56
Wooden Furniture	763,500	420,499	327,045	1,235,763	0.92
Rattan Furniture	0	38,069	46,954	57,762	0.04
Other Products	6,714,343	4,101,040	6,926,020	3225554	2.40
TOTAL	**162,862,191**	**164,172,887**	**239,829,922**	**134,339,670**	**100.00**

Source: MTIB and Department of Statistics Malaysia

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AUSTRALIA'S TIMBER TRADE

Import of Timber and Timber Products

The majority of timber products being imported are wooden furniture, which represented 68.13% of market share in 2012. This is followed by sawntimber and mouldings with a market share of 8.25% and 8.22% respectively.

Export of Timber and Timber Products

In 2012, Australia exported USD385.19 million worth of timber and timber products to the world. This mostly consisted of logs (36.05% of market share or USD138.84 million) followed by sawntimber (21.96% or USD84.6 million) and wooden furniture (20.08% or USD77.34 million).

Table 4: Australia: Import of Major Timber Products, 2010 - 2012
(Value : USD Million)

PRODUCT	2010	2011	2012	% of Market Share (2012)	% Change 2012/2011	Main Country (2012)
Logs	0.57	0.57	0.91	0.02	59.89	United States
Sawntimber	351.70	374.63	325.47	8.25	-13.12	New Zealand
Veneer	17.85	23.72	21.08	0.53	-11.16	Malaysia
Mouldings	260.96	297.38	324.03	8.22	8.96	Indonesia
Particleboard	17.80	25.09	26.86	0.68	7.05	New Zealand
Fibreboard	69.70	91.63	89.74	2.28	-2.06	China
Plywood	149.11	180.23	198.22	5.03	9.98	New Zealand
Wooden Frames	17.80	19.44	20.80	0.53	7.02	China
BJC	213.89	241.00	250.06	6.34	3.76	United States
Furniture (HS 9401 & HS 9403)	2,187.23	2,586.46	2,687.21	68.13	3.90	China
TOTAL	**3,286.62**	**3,840.13**	**3,944.36**	**100.00**	**2.71**	

Source: World Trade Atlas

Table 5: Australia: Export of Major Timber Products, 2010 - 2012
(Value : USD Million)

PRODUCT	2010	2011	2012	% of Market Share (2012)	% Change 2012/2011	Main Country (2012)
Logs	147.06	226.43	138.84	36.05	-38.68	China
Sawntimber	121.25	93.74	84.60	21.96	-9.75	China
Veneer	50.79	53.60	36.49	9.47	-31.92	Malaysia
Mouldings	4.32	4.52	3.17	0.82	-29.98	Japan
Particleboard	2.53	1.86	1.32	0.34	-29.12	Japan
Fibreboard	47.82	28.83	26.79	6.95	-7.09	China
Plywood	1.86	2.26	2.67	0.69	18.02	New Zealand
Wooden Frames	0.87	0.43	0.31	0.08	-26.64	New Zealand
BJC	19.88	18.24	13.66	3.55	-25.10	New Zealand
Furniture (HS 9401 and HS 9403)	84.51	91.61	77.34	20.08	-15.58	New Zealand
TOTAL	**480.89**	**521.52**	**385.19**	**100.00**	**-26.1**	

Source: World Trade Atlas (WTA)

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Import Tariffs

Most Favoured Nations (MFN) rate for timber and timber products into Australia ranges between zero to 5% and 10%.

HS Code	Description	Rate of Import Duty
4403	Logs	0%
4407	Sawntimber	0 – 5%
4408	Veneer	0 – 5%
4409	Mouldings	5%
4410	Particleboard	5%
4411	Fibreboard	5%
4412	Plywood	0 – 5 %
4418	BJC	5%
9401	Seats	5 – 10%
9403	Other Furniture	5%

Malaysia-Australia Free Trade Agreement (MAFTA)

Malaysia and Australia concluded negotiations on the Malaysia-Australia Free Trade Agreement (MAFTA) on 30 March 2012. MAFTA entered into force on 1 January 2013.

MAFTA is a comprehensive agreement, which comprises 21 chapters encompassing trade in goods, services and investment as well as economic cooperation. It also covers intellectual property rights, e-commerce and competition policy. MAFTA marks another important milestone in Malaysia–Australia economic relations, complementing the already established ASEAN-Australia-New Zealand FTA (AANZFTA).

The Agreement outlines commitments of both countries on liberalisation of trade in goods. Australia will eliminate 100% of its import tariffs upon entry-into-force on 1 January 2013 while Malaysia will progressively reduce or eliminate import tariffs on 99% of its tariff lines by 2020.

Benefits accruing from the MAFTA are many-fold, as it contains disciplines across trade in goods, services, investment and economic cooperation that will lead to further liberalisation of markets by both Malaysia and Australia. The Agreement provides windows of opportunities for business communities of both countries to increase and expand the flows of trade in merchandise goods and services, investment crossflows, as well as economic cooperation in many identified fields that will help improve and upgrade these identified sectors which will lead to improved trade and investment trade flows.

For Trade in Goods, Australia offers 100% tariff elimination on entry into force and Malaysian exporters have the advantage of exporting products to the Australian market without import duty. MAFTA goes further than ANZFTA – the ASEAN Australia New Zealand Free Trade Agreement. MAFTA gives Malaysian companies the same tariff-free entry to the Australian market that is currently enjoyed by Singapore i.e. for products such as food, palm oil-related goods, cocoa, plastics, clothing and apparel, and wooden furniture.

Outlook

The Australian government has introduced a new law that will restrict illegally logged timber imports which is called Illegal Logging Prohibition Act (ILPA) 2012.

The Act promotes the trade of legally logged timber products in Australia and provides consumers and businesses greater assurance about the legality of the timber products that they have bought. The Act restricts the importation and sale of illegally logged timber in Australia in the following ways:

- It places a prohibition on importing illegally logged timber and timber products
- It is a prohibition on processing domestically grown raw logs that have been illegally logged
- It establishes offences and penalties, including up to five years imprisonment, for the importation or processing of prohibited products and
- It establishes a comprehensive monitoring and investigation power to enforce the above requirements of the Act.

The prohibitions are now in force in Australia – this means that penalties apply to Australian importers who:

- know that the timber or timber products they have imported have been sourced from illegal logging activities,
- believe timber or timber products have been sourced from illegal logging activities, and
- are aware that there is a substantial risk timber or timber products have been are sourced from illegal logging activities.

This is only the case where the timber or timber products has, in fact, been illegally logged.

The Illegal Logging Prohibition Amendment Regulation 2013 was registered as a legislative instrument on 31 May 2013. Regulation operates under the Illegal Logging Prohibition Act 2012 which came into effect on 29 November 2012. The new requirements, set out in the Regulation, will come into effect on 30 November 2014.

This new regulation affirms Australia's commitment in ensuring the status of legality amongst its production and importation of timber and timber products which is in line with the European Union and the US, who have also taken action to prohibit the trade of illegally harvested timber. Illegal logging costs around USD60 billion globally each year and directly threatens timber jobs and businesses by undercutting the price of legally logged timber. Not only that, it has serious environmental and

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economic impacts which are something that the Australian cannot afford to face due to its unique ecosystem.

Meanwhile, the Gross Domestic Product (GDP) in Australia was worth USD1,520.60 billion in 2012. The GDP value of Australia represents 2.45% of the world economy. GDP in Australia is reported by the The World Bank Group. Australia GDP averaged USD325.67 billion from 1960 until 2012, reaching an all time high of USD1,520.60 billion in December of 2012.

Furthermore, Australia's economic freedom score is 82.6, making its economy the third freest in the 2013 Index. Its overall score is 0.5 point lower than last year, with score gains in freedom from corruption and business freedom offset by declines in labour freedom and the management of government spending. Australia is ranked third out of 41 countries in the Asia–Pacific region, and its score is well above the regional and world averages.

Australia's strong commitment to economic freedom has resulted in a policy framework that encourages impressive economic resilience. A well-functioning independent judiciary ensures strong protection of property rights, and corruption is minimal. Openness to global trade and investment is firmly institutionalised, and the economy has rebounded relatively quickly from the global recession.

The financial system has remained stable, and prudent regulations have allowed banks to withstand the global financial turmoil with little disruption. Public finances are soundly managed, and sovereign debt levels are under control. A transparent and stable business climate makes Australia one of the world's most reliable and attractive environments for entrepreneurs.

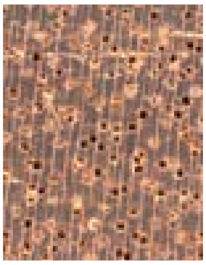
These positive Australian economy outlooks should be fully capitalised by Malaysian timber exporters particularly by the furniture sector by forging close alliance and strategic partnerships with Australian timber importers/exporters to enhance our existing market share in Australia. Added this to the signing of MAFTA, Malaysian timber exporters are strongly encouraged to take advantage of the optimistic prospects of the market by maximising the opportunity offered under MAFTA to increase market share in the country competitively. They should also continue to abide to the new rules and regulations posed by Australia to continue the prosperous relationship between the two countries. With that, Australia will continue to remain a major market for Malaysia's timber products especially wooden furniture.

References:

- *MTIB*
- *Department of Statistics Malaysia (DOSM)*
- *World Trade Atlas (WTA)*
- *ABARES 2012. Australia's Forest at a Glance 2012*
- *Illegal Logging Prohibition Act 2012*
- *Department of Agriculture, Forestry and Fisheries (DAFF) of Australia*
- *Bureau of Rural Sciences of Australia*

RED BALAU-SUITABLE FOR HEAVY CONSTRUCTION

Wood colour and texture.



Cross section of Red Balau.

Red Balau is the standard Malaysian name for the timber of Shorea *spp. (family* Dipterocarpaceae*). Vernacular names applied include Semayur (Sarawak), Selangan Batu Merah (Sabah) and Red Balau (Peninsular Malaysia). Major species include* S. collina, S. guiso, S. kunstleri and S. ochrophloia. *Red Balau trees are sporadically distributed throughout the country on low-lying, undulating lands and hills.*

It is also known as Selangan Merah (Brunei), Balau Merah and Gisok (Indonesia), Mai si khao (Lao PDR), Guijo (Philippines), Chan, Lantan and Teng-tani (Thailand), and Chai (Viet Nam).

General Characteristic

The timber is catogerised as Heavy Hardwood with a density range between 800-880 kg/m^3 air dry. Sapwood colour is distinct from heartwood colour, which is pink, purple-brown or grey-brown. Heartwood basically light to deep red-brown (dark). Grain is deeply interlocked. The texture is moderately fine to slightly coarse and even.

Wood Anatomy

Red Balau has a vertical type intercellular canal, which occurs in concentric formation, often large and filled in with white resin. Vessel are with simple perforation and medium-sized to moderately large. Rays are visible to the naked eye, being fine to medium sized. Wood parenchyma is both the apotracheal and paratracheal types. Apotracheal type is irregularly spaced concentric bands and short tangential lines and paratracheal type is aliform.

Durability

Red Balau is classified as a moderately durable timber under Malaysian conditions and it does not require preservation treatment before use. Some species have been found to be very difficult to threat with preservatives and chemicals. The timber is subject to subterranean termite and fungal attacks.

Sawing and Woodworking

Red Balau is easy to difficult to saw and work, although planing is easy and the surface produced is smooth to moderately smooth. Nailing property varies according to species; *S. guiso* is reported to be excellent, while *S. ochrophloia* is good and *S. kunstleri* is poor. In term of gluing and finishing for this timber is easy to work.

Seasoning

Air drying for Red Balau is fairly slow, taking about four to six months to dry. During this process, some defects such as moderate end-checking, slight cupping, splitting, surface-checking, insect attacks and staining will occur. For kiln-drying, schedule G is recommended as shown below:

Moisture Content %	Temperature (Dry-Bulb)		Temperature (Wet-Bulb)		Relative Humadity % (approx.)
	˚F	˚C	˚F	˚C	
Green	120	48.5	115	45.0	85
60	120	48.5	113	45.0	80
40	130	54.5	123	50.5	80
30	140	60.0	131	55.0	75
25	160	71.0	146	63.5	70
20	170	76.5	147	64.0	55
10	180	82.0	144	62.5	40

Mechanical Properties

The timber is classified under Strength Group 3 and the data on strength properties are shown below:

Species	Moisture Content (%)	Modulus of Elasticity (MPa)	Modulus of Rupture (MPa)	Compression Parallel to Grain (MPa)	Compression Perpendicular to Grain (MPa)	Shear Strength (MPa)
S. guiso	Green	13,700	94	43.6	5.52	10.1
	Air dry	14,800	100	55.2	5.52	12.0
S. kunstleri	Green	19,000	105	57.9	7.03	9.3
	Air dry	-	-	-	-	-
S. ochrophloia	Green	15,900	85	43.7	-	10.1
	Air dry	17,000	99	55.3	-	9.9

Uses

The timber is suitable for heavy construction under cover, beams, posts, joists, rafters, pallets (heavy duty), columns (heavy duty), tool handles (impact), joinery, cabinet making, fender supports, vehicle bodies (framework and floor boards), ship and boat building (keels, keelsons and framework), plywood, heavy duty furniture, flooring (heavy traffic), door and window frames and sills, staircase (carriage, angle block, rough bracket, riser, tread, bullnose, round end, winder, stringer and newel), cooling tower (structural members), railway sleepers (treated) as well as telegraphic and power transmission posts and cross arms (treated).

References:

100 Malaysian Timbers, MTIB

http://www.woodwizard.my

MTIB Moments

MTIB choir performing at MTIB Dinner held on 4 June 2013 in Kuala Lumpur.

MTIB organised a Course on Wood Drying from 10 to 28 June 2013 at WISDEC Selangor. Twenty-two participants attended the programme.

Dr. Jalaluddin Harun, MTIB Director-General (right) presenting a National flag to the Malaysian team for the World Skills Competition to be held from 2-7 July 2013 in Leipzig, Germany. The occasion took place at the MTIB monthly assembly held on 17 June 2013.

Dr. Jalaluddin Harun, MTIB Director-General (third from right), Puan Hjh. Noor Laila Mohamed Halip, MTIB Director of Strategic Planning and Corporate Affairs (centre) posing with winners for Best Dressed guests during MTIB Dinner. The prize presentation was held on 17 June 2013 at MTIB, Kuala Lumpur.

Puan Hjh. Norchahaya Hashim, MTIB Deputy Director-General (centre) presenting a mock cheque to Encik Mohd Nazri Sulaiman who won the Timber Architecture Photography Competition. The competition was held in conjunction with MTIB 40th anniversary celebrations. Photo taken on 24 June 2013 at Galeri Glulam Johor Bahru.

11-year old Kam Zi Le from SJK (C) Foon Yew 4 (right) bags first prize in a drawing competition. It was held on 27 June 2013 at Galeri Glulam Johor Bahru.