ISSN 0126-771X VOL 12 : DECEMBER 2013

MTIB

MASKAYU

1973-2013
MTIB

TECHNICAL VISIT AND ADVANCED GREEN COMPOSITE PROGRAMME FOR AEROSPACE APPLICATION

GOODS AND SERVICE TAX – A NEW TAX STRUCTURE IN MALAYSIA

ISSN 0126-771X
9 770126 771009

Editorial Board

Publisher
LEMBAGA PERINDUSTRIAN KAYU MALAYSIA
(MALAYSIAN TIMBER INDUSTRY BOARD)
Level 13 - 17, Menara PGRM,
8, Jalan Pudu Ulu, Cheras, P.O. Box 10887,
50728 Kuala Lumpur, Malaysia
Tel : 603-9282 2235
Fax : 603-9200 3769 / 9283 9792
E-mail : info@mtib.gov.my
Website : www.mtib.gov.my

Printer
Abadi Ilmu Sdn. Bhd.
No. 6A & 6B, Jalan SS4D/14,
47301 Petaling Jaya,
Selangor Darul Ehsan, Malaysia
Tel : 03-7804 4588 / 7888 6158
Fax : 03-7804 4152
E-mail : abadiilmu@gmail.com
Website : www.abadiilmu.com

Cover: *Encik Nor Azman Shah Ali, a freelance photographer won second prize in the photography competition organised by MTIB in mid 2013 with his shot entitled " Gazebo in the City Centre".*

MS ISO 9001 : 2008 REG. NO. AR3307

Read eMASKAYU at www.mtib.gov.my

Contents

Highlights

Regular Features

TECHNICAL VISIT AND ADVANCED GREEN COMPOSITE PROGRAMME FOR AEROSPACE APPLICATION

Dr. Jalaluddin Harun, MTIB Director-General (centre) and the Dassault Aviation group posing at the Argenteuil Plant, Dassault Aviation.

On 18 July 2013, a tripartite Memorandum of Understanding (MoU) was signed between MTIB; local composite industry collaborator, Sri Jentayu Sdn. Bhd. (SJSB); and international aerospace player, Dassault Aviation. The MoU initiated the collaboration between the parties in the development of advanced green composite for aerospace application.

The objective of the programme is to develop future green material for interior applications in DA's aircrafts. In line with MTIB's role in promoting and developing high value-added timber and biocomposite products, the aerospace industry is a new industry which has great potential to be instrumental in achieving the national income target of RM53 billion by 2020.

Dassault Aviation is a French aircraft manufacturer of military, regional and business jets, a subsidiary of Dassault Group. Rafale and Falcon are two of Dassault products; Rafale fighter aircraft is in the military segment while Falcon is a business jet. Both Rafale and Falcon are distinct from other European fighters in that they are almost entirely built by one country involving France's major contractors such as Dassault, Thales and Safran. Dassault Aviation's main business is in manufacturing the body of the aircraft, Thales in the combat system while Safran in the engine parts.

A technical mission on advanced green composite from MTIB and SJSB to France was held from 10 to 22 December. The objectives of the mission were to meet the technical groups of Dassault and Safran and to visit the manufacturing line of body and engine aircrafts for the implementation of the Advanced Green Composite project. The delegation was brought to Argenteuil Plant located in Saint Cloud France to see the manufacturing line for fuselage which is the first assembly point for Dassault Aircraft.

After the Argenteuil Plant, the group visited the Merignac Plant which is the final assembly line of Dassault aircraft, civil or military. Merignac is the last point of the assembly line where the engine is fixed to the body, which is then coated, painted and inspected before the aircraft is ready for the first take off. The Merignac Plant has approximately 1,300 employees in 20 buildings spread over 71 hectares. During the visit at the plant, the technical groups from both parties discussed about the components of the interior in the Falcon Jet that will be developed by AGC. All technical specifications and requirements by the aircraft standard were shared among the parties.

Apart from Dassault, the delegation visited Safran Snecma in Villaroche France, a manufacturing plant for the engines of both the Rafale and Falcon jets. Snecma designs, develops, produces and markets engines for civil and military aircrafts, launch vehicles and satellites for governments and armed forces from around the world. The company also offers a complete range of engine support services to airlines and

The group at Argenteuil Plant, Dassault Aviation.

Cont. on page 13

TIMBER WORLD IN BRIEF

AUSTRIA
Pro-Holz Advertises Benefits of Forestry

The forestry organisation Pro-Holz Austria has produced a leaflet advertising the benefits of managed forests for climate and environmental protection and for the regional economy. It claims that 7% of Austria's forests are managed under very strict environmental standards, and a further 10% are managed with nature protection conditions. It is opposed to planned regulations which would put 10% of forest land out of use. It said that this would result in more timber having to be imported, and could cause 19,000 job cuts.

Holz-Zentralblatt, 6 December

CANADA
Housing Market Strong in Urban Centres

Canadian housing starts grew by 5.5% to 196,000 in September (seasonally adjusted annual rate). Much of the growth was in multi-family construction in urban areas. The Canadian Housing and Mortgage Corporation still expects overall housing starts in 2013 to decline from the previous, but recent data indicates that demand for both new and existing homes remains strong.

TTJ Timber Journal, December

CHINA
Bans Import of Ash Logs and Sawnwood

Recently the Quality Supervision, Inspection and Quarantine office and the State Forestry Administration (SFA) jointly issued a notice advising that as of 1 November 2013 China has banned the import of Ash *(Fraxnus)* logs and sawnwood from countries and regions in which *Fraxnus* die-back occurs. The countries affected are Poland, Lithuania, Latvia, Sweden, the Czech Republic, Germany, Denmark, Estonia, Belarus, Slovakia, Romania, Austria, Norway, Russia (Kaliningrad), Slovenia, Switzerland, Finland, France, Hungary, Italy, Croatia, Belgium, Holland, Britain, Ireland, Ukraine. Ash dieback is caused by the fungus *Hymenoscyphus pseudoalbidus* previously known as *Chalara fraxinea. Chalara* die-back has seriously affected a high percentage of ash trees in continental Europe most notably in Scandinavia (including Denmark, which has an estimated 90% of Ash trees infected) and Baltic States. The trees susceptible to die-back are *Fraxnus excelsior, Fraxinus excelsior Pendula, Fraxinus angustifolia, Fraxinus angustifolia subsp. Danubialis, Fraxinus ornus, Fraxinus nigra, Fraxinus pennsylvanica, Fraxinus Americana* and *Fraxinus mandschurica.*

China Timber, December

Construction of Wood Panel Production Plant in Nanning Begins

Construction of a wood panel production plant in Nanning city of Guangxi province, China was kicked off on 17 December 2013. Upon completion, the plant can generate an annual output value of more than CNY1 billion (EUR120.62 million, USD164.71 million), CNY90 million in payable taxes and an annual profit of CNY150 million. Total investment for the project will amount to CNY427.45 million. The project consists of two phases, of which an annual production of 3 million m^2 of multi-layered wood composite floor and 60,000 m^3 of container board would be achieved when the first phase is completed; while an annual production of 220,000 m^3 of medium-and high-density fibreboard can be achieved when the second phase is completed. The first and second phase of the project would cost CNY150 million and CNY 277.45 million respectively.

Wood168, 19 December

FINLAND
Half of the Wood Used in 2012 was Burned

According to Statistics Finland, 50% of the total volume of wood material used in Finland in 2012 was burned; 20% was tied up in paper and board, 11% in sawntimber, 3% in wood boards, and 7% in exported pulp. The large proportion of wood used for fuel is mainly due to the combustion of forest industry wood wastes, such as bark and spent liquor. The share of burning has grown due to increased use of forest chips in energy production.

Press Release, 18 December, Statistics Finland

GERMANY
Beech Exports Up 15.6% in First Nine Months of 2013

Germany's exports of sawn Beech timber rose 15.6% in the first nine months of 2013 to 343,000 m^3, according to the Statistische Bundesamt. The leading export country was China at 103,000 m^3, an increase of 29%. Exports to the US rose by 20% to 37,000 m^3.

Holz-Zentralblatt, 6 December

Exports of Sawn Softwood Timber Down 14.5%

German exports of sawn softwood timber fell 14.5% in the first three quarters of 2013 to 1.5 million solid m^3, according to provisional figures by the Statistische Bundesamt. Out of the 10 main export countries, exports rose for only four: Belgium at 34.6% to 148,000 solid m^3, Switzerland at 47.3% to 65,000 solid m^3, Poland at 32.8% to 39,000 solid m^3, and the Netherlands at 24.1% to 33,000 solid m^3. The two leading export countries, Austria and the Czech Republic, were down by 16.7% to 773,000 solid m^3 and 33% to 159,000 solid m^3.

Holz-Zentralblatt, 6 December

Cont. next page

Cont. from previous page

GHANA
Import Duty Relief for Mills Importing Logs

The Forestry Commission is consulting with the Customs Divisions of the Ghana Revenue Authority to try and secure tax exemptions for those timber companies which wish to import log raw materials. Ghana intends to step up imports of timber raw materials from Cameroon and elsewhere to bridge the gap between demand from the established timber mills and the domestic supply of raw materials. Domestic demand for wood products is high and expected to grow further as the population expands and as incomes rise. The main source of demand is from the housing and construction sectors. The import option is considered a short to medium-term measures to ensure domestic timber enterprises remain viable and continue to contribute to economic growth and job security.

Wood168, 21 December

GLOBAL
Revision of EU GSP to Impact Veneer and Plywood Market

Amendments to the EU's Generalised System of Preference (GSP) scheme are impacting the EU's market for veneer and plywood. Certain developing counties outside the EU needing economic assistance are permitted reduced rates of duty under the GSP scheme. For customs declarations after 1 January 2014, 87 of these countries will no longer benefit from GSP status. Of particular significance for the veneer and plywood trade, Malaysia, Gabon and Russia will lose their GSP in January 2014. EU import duties for both plywood and veneer products from these countries will then increase from 3.5% to 7%. Cameroon, Ghana and Ivory Coast will also lose their GSP status in January 2014, but these countries have other trade arrangements in place. Brazil will also lose its GSP status although this will not change anything in the case of wood products because it was already specifically excluded after having achieved a sustained significant volume of trade to the EU. Countries retaining their GSP status under the reformed scheme include Congo DRC, Liberia and Myanmar. China also retains its GSP status but, as with Brazil, this specifically excludes timber products under Chapter 44, so effectively no change.

FII Ltd analysis of eurostat

INDIA
Furniture Manufacturers Investing in New Technologies

Demand for sawnwood in India is steadily improving and deliveries from South East Asia have expanded. Sarawak continues to be the largest supplier of tropical hardwoods to India the number one buyer of logs from Sarawak. Tropical timbers are popular in the building industry and are of growing interest to Indian furniture manufacturers. With IKEA having finalised its investment in India the furniture sector as a whole has been given a boost and domestic manufacturers are retooling to become more competitive. Already some plants have world class production capacity. Seeing the opportunities in the furniture industry, Hettich, one of the leading manufacturers of furniture fittings, has opened a Rs.1 billion state-of-the-art production facility in Gujarat. The company has announced plans for a Rs.5 billion, five-year investment plan for manufacturing in India. The maturing of the furniture industry in India will boost domestic consumption of wood and wood products and increased exports will boost earnings for the sector.

TTJ Timber Journal, November

LATVIA
Forest Industry Export/Import Increased

Latvia's forest industry exports totalled LVL1.11 billion (EUR1.58 billion, USD2.16 billion) in the first 10 months of 2013, which was up by 9.9% from the same period in 2012. Timber exports amounted to LVL955.839 million in the 10-month period in 2013, up by 10% year of year. Latvia's key export markets included UK (12.5%), Germany (12%) and Sweden (11.9%). Forest industry imports, meanwhile, amounted to LVL345.361 million in the first 10 months of 2013, which was up by 19.6% year of year. Latvia's key import markets included Lithuania (20.8%), Poland (12.9%) and Estonia (11.5%).

Dienas Bizness, 18 December

PERU
Government Works on Forestry Concessions Package

Agriculture Minister Milton Von Hesse has revealed that the authorities in Peru are working on a new forestry concessions package that may attract European and Asian investors and could be announced late in 2014. The Ministry for Agriculture is doing an assessment of forestry areas in San Martin and Ucayali at the moment. This will be finished next year. There are 628 forestry concessions in Peru at the moment. A new concessions package could attract investments of USD100 million (EUR72.62 million).

Gestion (Peru), 18 December

RUSSIA
Production of Wood, Sawntimber and Plywood Rises in Irkutsk Region

According to the regional authorities, the production of wood increased by 8.3% to 16.9 million cubic metre, of sawntimber by 14% to 5 million m^3, and of plywood by 9.3% to 144,100 m^3 in the Irkutsk region (Siberia) in the first and third quarter of 2013.

Lesprom, 19 December

UNITED KINGDOM
MDF Demand Improving

In the UK, the demand for MDF improved in the second half of 2013 and the trend is hoped and expected to continue in

Cont. on page 19

NOVEMBER 2013

MISC's Third Quarter Net Profit Soars Nearly 200%

MISC Bhd. posted close to a 200% year-on-year jump in net profit in the third-quarter (3Q) ended 30 September 2013 despite the turmoil in the shipping industry which has affected many local companies. The company posted a net profit of RM401.02 million in the 3Q against RM138.88 million recorded in the same quarter a year ago. The increase in net profit was mainly due to higher share of profit from recognition of finance lease income for Gumusut-Kakap Floating Production System project which started in June. MISC's revenue in the 3Q increased 0.5% to RM2.17 billion from RM2.16 billion recorded last year. Higher revenue in liquefied natural gas business following commencement of two floating storage units in August 2012 and higher freight rates in chemical business also contributed to the increase in group revenue.

However, heavy engineering business recorded lower revenue from a smaller number of projects and lower contribution of projects that were nearing completion. Additionally, the petroleum business also recorded lower revenue from a smaller fleet of operating vessels. Since the economic crisis in 2008 that crippled global trade, the shipping industry has taken a tumble due to overcapacity, high fuel costs and low freight charges, especially in the dry bulk carrier segment. Many local companies were caught in the turmoil, unable to repay bank loans for the procurement of new vessels and have yet to fully recover from the five-year downturn. Against this backdrop, the Malaysian government announced a RM3 billion soft loan allocated in Budget 2014 to help cushion some of their financial hardship. The soft loans would help sustain the industry, especially ship-owners who were facing financial problems.

Meanwhile, for the nine months ended 30 September 2013, MISC's net profit ballooned to RM1 billion from the RM49.13 million recorded in the same period in 2012. The increase in net profit was mainly due to lower operating cost from a smaller fleet of operating vessels, particularly for the petroleum and chemical businesses. Its revenue in the same period increased 1.6% to RM6.83 billion from the RM6.72 billion recorded previously.

Source : The Malaysian Reserve, 8 November

Port of Los Angeles Unveils Incentive Programme for Ocean Carriers

In a move geared towards bringing more volume to the Port of Los Angeles (POLA) in 2014, the Los Angeles Board of Harbor Commissioners has signed off on an incentive programme that would reward shipping lines bringing new container business into POLA.

Entitled the Ocean Common Carrier Incentive Programme, participating ocean carriers would earn USD5 per Twenty-foot Equivalent (TEU) for each incremental container it ships through the port in calendar year 2014, with the rate heading

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

Products	Port Klang		Kuantan		Pasir Gudang		Tanjung Pelepas		Penang		Total all ports m^3	% Change Nov 2013/ Oct 2013
	m^3	% Change Nov 2013/ Oct 2013	m^3	% Change Nov 2013/ Oct 2013	m^3	% Change Nov 2013/ Oct 2013	m^3	% Change Nov 2013/ Oct 2013	m^3	% Change Nov 2013/ Oct 2013		
Sawntimber	32,067	-20	6,919	-34	2,027	13	105	-	8,054	7	49,172	-18
MDF	18,746	-3	579	-	13,487	-12	14,140	6	9,932	-25	56,884	-7
Mouldings	8,453	-19	365	-27	1,474	-35	500	-46	1,658	-17	12,450	-23
Dressed Timber	1,271	4	210	347	1,528	77	24	-85	477	-44	3,510	12
Plywood	4,517	-38	-	-	-	-	24	-	10,087	-21	14,628	-27
Veneer	80	57	-	-	-	-	15	-	131	-35	226	-24
Particleboard	32,020	-10	1,086	-45	155	-34	2,288	21	-	-	35,549	-10
TOTAL	**97,154**	**-15**	**9,159**	**-29**	**18,671**	**-9**	**17,096**	**3**	**30,339**	**-17**	**172,419**	**-14**

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

Cont. next page

Cont. from previous page

up to USD15 per TEU for all TEU if a carrier's container volume increases by 100,000 or more units for the same 12-month period. In terms of measuring volume increase, the baseline for measuring volume was the number of containers each carrier moved through the port in calendar year 2013, with carriers receiving their incentive in the form of a lump-sum payment in early 2015. Carriers would rethink their routes and relationships to be as competitive as possible. The incentive would give the carriers another reason to strengthen their ties with the Port of Los Angeles. Trans-Pacific trade activities were also expected to rise, the global shipping was in the middle of various changes, with carriers revisiting the traditional business model of calling at a dedicated marine terminal.

The rollout of this programme came at a time when POLA continued to feel the effects of volumes being negatively impacted due to a new service line between ocean carriers MSC and CMA CGM that moved from POLA to neighboring Port of Long Beach having recently commenced.

The situation was something that would keep POLA competitive and hopefully one step ahead of the competition. They were also excited about it and hope it would result in some additional incremental cargo in 2014.

Source : www.logisticsmgmt.com, 8 November

Northport Invests RM170 Million for Expansion

Northport (Malaysia) Bhd. has invested RM170 million to expand its container operations and increase its terminal handling capacity. A source familiar with the port operator said, the money was used to acquire six new cranes, four of which would be launched soon. The other two cranes which Northport took delivery in April this year, would be in operation later. With the launching of the four cranes, Northport would own a total of 32 quay cranes for its seaside operations. The launch was timely as Northport's ships called were on an increasing trend lately.

Currently, Northport's trade with Port Klang touches 42% with 80 shipping lines, 30 conventional and 50 container vessels approximately making way for 500 ships called to Northport which was extending its services to 300 ports of call in major parts of the world.

Northport is a major hub port and an integral component of the transportation pipeline in the region with increased connectivity to ports in China, East Asia, the US ports, the Mediterranean and Europe. It was reported earlier in April this year that Northport, the port operator of NCB Holdings Bhd., would be allocated up to RM1 billion to finance new re-development projects over the next five years starting next year. Under the plan, Northport was looking to upgrade its container wharf facilities and acquire new container handling equipment at its Port Klang facility. This would help to increase its capacity and allow the call of larger ocean carriers to the port.

The new quay cranes came with 150,000 (TEUs). They were the latest version of series owned by Northport and the lease rent was also extended for another 30 years by the government.

Source: The Malaysian Reserve,18 November

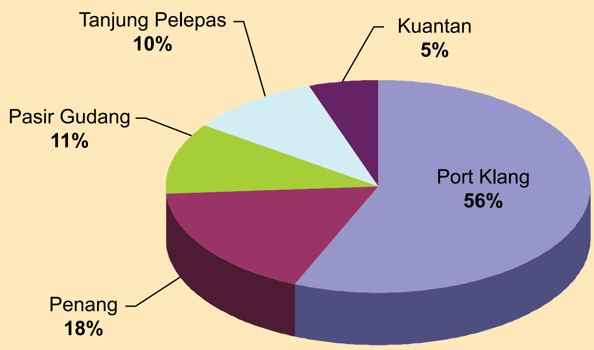
India Aims to Increase Capacity of Ports to 3,200 MTPA by 2020

Mr. G K Vasan, Shipping Ministry of India aims to increase the capacity of Indian ports to 3,200 million tonnes (MT) by 2020. The capacity of Indian ports including major and non major ports has now crossed 1,300 million tonnes per annum (MTPA). The ministry's vision and their maritime agenda are to increase the capacity to 3,200 million tonnes by 2020. The government of India has taken various initiatives to enhance the capacity of Indian ports and also to modernise their operations.

Last year, major ports awarded 32 projects to add a capacity of 137 MTPA. It was the best performance in many decades in the shipping ministry followed by a better performance in 2013. In the current year major ports are aiming to award 30 projects for a capacity addition of 284 million tonnes per annum. To date, they have crossed over 12 projects with a total investment of Rs26,000 crore and till now 3,800 crore had been spent. Pointing out that Shipping Ministry was establishing two new major ports one at Sagar Island in West Bangal and other at Dugarajapatnam in Andhra Pradesh, the Minister said "for the third port at Tadadi in Karnataka technical report had been given to the state government and it has long way to go. He further added that the time frame for ports at Sagar Island in West Bangal and Dugarajapatnam in Andhra Pradesh was 2017-2018 for the first phase and generally took five years. On the other hand, the newly inagurated multipurpose cargo berth No 15 and IFFCO barge jetty at Kandla port has added 4 million tonnes per annum capacity at an investment of Rs216 crore.

Source: Daily Shipping Times, 19 November

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



Total = 172,419 m^3

NOVEMBER 2013

Total export of timber and timber products from Peninsular Malaysia in November decreased 15% in volume and 20% in value to 215,067 m³ amounting to RM253.5 million over the previous month. However, cumulative export for the period of January to November increased 3% in volume and 2% in value to 2.6 million m³ with a value of RM3.0 billion against the previous corresponding period.

Sawntimber

Sawntimber exports for the month decreased 15% in volume and 19% in value to 77,778 m³ valued at RM109.6 million. Total export for January to November decreased 0.3% in volume. However it increased 15% in value to 904,080 m³ with a value of RM1.3 million over the previous corresponding period.

Exports to the EU for the month decreased 54% to 6,795 m³ from 14,802 m³ in the previous month due to reduced demand from major markets in the region. Export of sawntimber to the Netherlands, Germany and Belgium decreased 52%, 25% and 42% to 2,699 m³, 1,509 m³ and 743 m³ respectively. Similarly, export to the UK decreased 65% to 727 m³ from 2,066 m³ in the previous month.

Total export to West Asia decreased 19% to 13,423 m³ due to reduced purchases by Saudi Arabia and the UAE. Export of sawntimber to the UAE and Saudi Arabia decreased 56% to 3,617 m³ and 13% to 2,211 m³ respectively. However, export to Yemen and Bahrain improved significantly to 1,479 m³ and 526 m³ from 228 m³ and 142 m³ in the previous month. Export to Kuwait also increased 3% to 903 m³ over the previous month.

Buying from ASEAN decreased 9% to 32,710 m³ over the previous corresponding period. Export of sawntimber to Thailand and Singapore declined 5% to 20,373 m³ and 12% to 10,623 m³ respectively. In the meanwhile, shipments to East Asia increased 21% to 16,105 m³ as a result of increased purchases by China and Japan. China and Japan improved purchases by 22% and 16% to 12,084 m³ and 2,452 m³ respectively.

Elsewhere, exports to the US increased 54% to 1,164 m³ while intake by Australia declined 52% to 621 m³. Demand from South Africa decreased 69% to 1,269 m³ from 4,027 m³ in the previous month.

The average FOB price of sawntimber decreased 5% to RM1,409 per m³ from RM1,485 per m³ in the previous month. Price of Dark Red Meranti (DRM) increased marginally to RM2,472 per m³ from RM2,469 per m³ in the previous month. Price of DRM to the Netherlands increased 1% to RM2,586 per m³ from RM2,566 per m³ in the previous month. Keruing was traded at RM1,492 per m³.

Plywood

Plywood exports in November 2013 were at 18,767 m³ and valued at RM29.2 million. Cumulative exports for the period January to November showed an increase of 10% in volume and 7% in value to 187,502 m³ valued at RM300.6 million over the previous corresponding period.

Total export to the EU decreased by 30% to 11,064 m³. Similarly shipments to Denmark, Ireland, the Netherlands and the UK decreased 55%, 15%, 67% and 29% to 171 m³, 472 m³, 644 m³ and 8,414 m³ respectively. On the other hand, Belgium increased its intake by 100% to 1,163. However, France, Germany and Italy did not make any purchase in November 2013.

Exports to the ASEAN region increased as Singapore's and Thailand's intake of plywood increased by 26% and 10% to 2,952 m³ and 848 m³ respectively, whereas, Indonesia and Brunei did not make any purchases in November 2013. On the other hand, in East Asia, exports to China, Hong Kong and Taiwan increased by 463%, 294% and 25% to 242 m³, 347 m³ and 195 m³ respectively. However, Japan reduced its intake by 49% to 462 m³ whilst South Korea did not make any purchase in November 2013.

Total export to West Asia increased by 210% to 1,263 m³ from 408 m³ in the previous month. Similarly exports to Bahrain increased by 100% to 193 m³ whilst Saudi Arabia, Kuwait and Qatar did not make any purchase. However, the UAE and Yemen resumed it intake in November 2013.

Elsewhere, exports of plywood to South Africa, Australia and Turkey decreased by 73%, 43% and 88% to 66 m³, 753 m³ and 21 m³ respectively, whereas, Algeria, Tanzania, Puerto Rico, Netherlands Antilles, Norway and New Zealand did not make any purchases in November 2013. On the other hand, exports to the US increased by 5% to 82 m³.

The FOB price of plywood decreased to RM1,555 per m³ from RM1,615 per m³, a decrease of 4% from the previous month.

Veneer

Total export of veneer for November 2013 showed a decrease of 37% in volume and 46% in value to 230 m³ at RM0.52 million compared to the previous month respectively. Similarly, the cumulative exports from January to November decreased by 28% in volume and 11% in value to 3,512 m³ valued at RM8.08 million respectively from the corresponding period last year.

China and Singapore resumed their imports. However, Taiwan, the UK, Australia, Sri Lanka, Singapore, and Indonesia did not purchase any veneer in November 2013.

The FOB price of veneer decreased to RM2,256 per m³ from RM2,629 per m³ in the previous month, a decrease of 14% from the previous month.

Medium Density Fibreboard (MDF)

Peninsular Malaysia's exports of MDF for November 2013 showed a decrease of 14% in volume and 18% in value from the previous month. Export totalled 67,191 m³ at RM55.1 million.

Exports to East Asia recorded negative growth with a decrease of 26% in volume to 2,336 m³ from 3,157 m³ in the previous month. Only exports to South Korea recorded positive growth with an increase of 97% to 354 m³. However, export to Japan, China (including Hong Kong) and Taiwan recorded negative growth by 17% to 896 m³, 37% to 777 m³ and 53% to 309 m³ respectively.

Exports to West Asia in November 2013 also recorded negative growth with a decrease of 26% in volume to 31,140 m³ from

Cont. next page

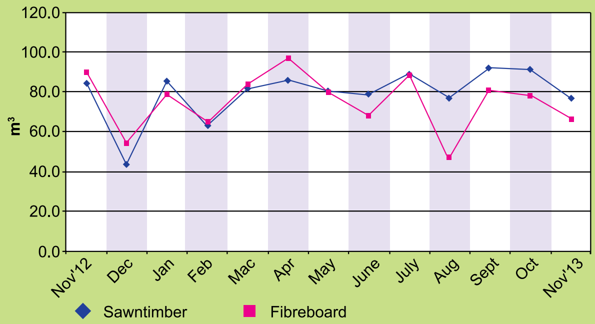
Cont. from previous page

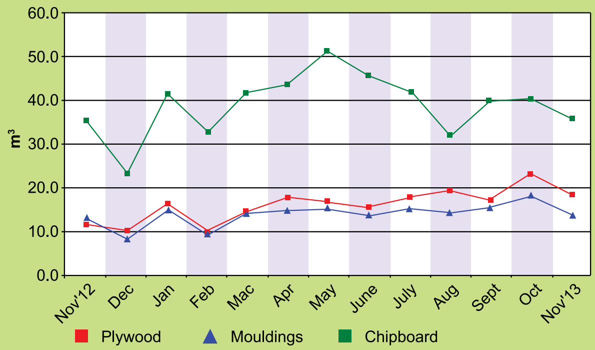
42,217 m³ in the previous month. Export to Jordan recorded significant increase by 180% to 1,555 m³, followed by export to Bahrain recording positive growth of 152% to 429 m³, Saudi Arabia with an increase of 126% to 9,227 m³ and exports to UAE with an increase of 28% to 14,106 m³. However, export to Kuwait, Oman, and Iran all showed a negative drop by 52% to 2,173 m³, 72% to 935 m³ and 94% to 588 m³ respectively.

Exports to South Africa showed an increase of 11% to 332 m³. However, exports to the US, Australia and the UK showed a decrease of 2% to 1,633 m³, 26% to 1,662 m³ and 35% to 389 m³ respectively.

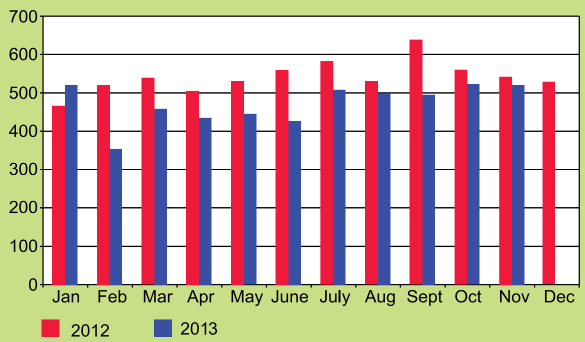
In ASEAN, total export decreased by 2% to 17,321 m³ from 17,697 m³ in the previous month. Exports to the Philippines and Viet Nam registered positive growth by 88% to 933 m³ and 3% to 10,508 m³ respectively. However, export to Indonesia and Singapore dropped by 19% to 5,363 m³ and 44% to 195 m³ respectively.

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





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



NOVEMBER 2013

Mouldings

Exports of mouldings for the month decreased by 24% in volume and 25% in value to 13,703 m³ and RM38.8 million respectively. Similarly, the cumulative exports from January to November decreased by 10% in volume and 9% in value over the previous corresponding period to 158,912 m³ with a value of RM456.5 million.

Exports to the EU for the month recorded at 6,013 m³, a decrease of 23% compared to the previous month. Similarly, shipments to Germany, Netherlands and the UK decreased by 15%, 20% and 34% to 1,119 m³, 3,105 m³ and 485 m³ respectively whilst Italy did not make any purchase in November 2013. Export to Belgium increased 4% to 514 m³.

Exports to the ASEAN region decreased as Indonesia's and Singapore's intake of mouldings decreased by 25% and 19% to 53 m³ and 1,054 m³ respectively. However, Viet Nam increased its import by 150% to 105 m³ in November 2013.

On the other hand, exports to Japan, Taiwan, Hong Kong and China decreased by 9%, 24%, 45% and 37% to 1,659 m³, 51 m³, 44 m³ and 530 m³ respectively. Meanwhile, exports to South Korea increased by 11% to 974 m³.

Elsewhere, export to Australia, the US and Canada decreased by 42%, 40% and 74% to 1,524 m³, 922 m³ and 14 m³ respectively.

FOB unit value decreased 1% from RM2,854 per m³ in the previous month to RM2,834 per m³ in November 2013.

Builders Joinery and Carpentry (BJC)

Total BJC cumulative exports from January to November 2013 declined 5% to RM863.3 million as compared to RM905.3 million in 2012. Similarly, demand from France, Belgium, Italy, Denmark, the Netherlands, Norway, Germany, Sweden and Turkey decreased by 6%, 2%, 67%, 1%, 74%, 31%, 15%, 10% and 82% to RM31.9 million, RM42.7 million, RM4.7 million, RM23.4 million, RM0.88 million, RM4.3 million, RM13.3 million, RM13.5 million and RM1.5 million respectively. However, exports to the UK increased by 12% to RM102.9 million over the previous corresponding period.

In Asia, exports to Iran, Singapore and Viet Nam grew 129%, 2% and 36% valued at RM2.3 million, RM104.0 million and RM24.4 million respectively. However, exports to Japan, India, UAE, Thailand, Pakistan, South Korea and Taiwan decreased by 15%, 4%, 55%, 3%, 4%, 46% and 2% to RM86.5 million, RM52.9 million, RM10.5 million, RM28.4 million, RM24.0 million, RM3.1 million and RM13.5 million respectively.

Exports to the Australia increased 5% to RM112.0 million. However, purchases by the US, Maldives and South Africa decreased by 21%, 34% and 17% to RM49.9 million, RM7.1 million and RM13.3 million respectively.

Cont. on page 11

NOVEMBER 2013

Logs

Trading activities continued to chalk down in the month of November due to rainy season coupled with existing slow activities in the market. Overall, these scenarios pulled down the average prices of logs throughout the month.

Logs prices for the species of Chengal and Red Balau dropped by 41% and 20% and were traded at RM4,000 per tonne and RM1,970 per tonne respectively. Likewise, Merbau prices also reduced by 10% to RM2,100 per tonne as compared to the previous month. Prices of Kempas, however, increased by 4% to RM1,363 per tonne while Keruing remained stable at RM1,009 per tonne. Prices for Dark Red Meranti and Red Meranti were quoted at RM1,410 per tonne and RM1,407 per tonne, an increase of 4% and 7% respectively over the previous month. Prices for Nyatoh and Sepetir remained firm at RM1,200 per tonne and RM850 per tonne respectively. The prices for Mixed Heavy Hardwood and Mixed Light Hardwood were recorded at RM980 per tonne and RM600 per tonne respectively.

Sawntimber

The average sawntimber prices were seen to be fetching positive growth especially for the Medium Hardwood species.

Prices of Balau sawntimber recorded an increase of 20% to be traded at RM3,814 per m^3. Meanwhile, Chengal and Red Balau sawntimber remained to be traded at RM6,638 per m^3 and RM2,560 per m^3 respectively, unchanged from the previous month. Prices of Kempas and Kapur, both improved by 7% and were quoted at RM2,595 per m^3 and RM2,119 per m^3 respectively. Similarly, Red Meranti prices also grew by 6% to RM1,716 per m^3 compared to last month's level. Meanwhile, prices for White Meranti and Nyatoh remained firm at RM1,448 per m^3 and RM1,010 per m^3 respectively while sawntimber prices of Mixed Heavy Hardwood and Mixed Light Hardwood stood at RM989 per m^3 and RM766 per m^3 respectively.

Plywood

Supply of plywood for the domestic market was reported adequate while the prices for some thicknesses grew positively for the month. Plywood of 6mm and 12mm of thicknesses continued to be traded at RM22.00 and RM43.00 per piece respectively. At the same time, the prices of plywood with the thicknesses of 4mm and 9mm increased slightly by 3% and 1% respectively to RM15.00 and RM34.00 per piece.

Medium Density Fibreboard (MDF)

Supply of MDF was reported to meet the needs of local market demand. However, prices remained as per last month's level due to slow demand from the domestic market. MDF of 4mm, 6mm, 9mm and 12mm of thicknesses were traded at RM13.50, RM20.50, RM27.80 and RM37.20 per piece respectively.

Intra-Malaysia Trade * – November 2013

The shipments of sawntimber from Sabah to Peninsular Malaysia in November 2013 dropped almost half to 660 m^3 valued at RM1 million as compared to the previous month. Similarly, shipments of plywood also dropped by 18% from 11,548 m^3 to 9,426 m^3 valued at RM14.3 million. Meanwhile, demand for both logs and veneer increased by 100% with export volume totalling at 6,283 m^3 and 77 m^3, worth at RM0.9 million and RM 81,000 respectively.

In Sarawak, export of sawntimber to Peninsular Malaysia decreased further by 17% in volume and 28% in value to 702 m^3 valued at RM0.56 million. Similarly, export of plywood decreased by 11% to 12,896 m^3 valued at RM16.4 million. However, shipments of veneer rose by 4% in volume and 25% in value to 5,066 m^3 worth at RM6.1 million.

No intra trade activities from Peninsular Malaysia to Sabah and Sarawak were recorded in November 2013.

** Source: Department of Statistics, Malaysia*

INTRA-MALAYSIA TRADE – NOVEMBER 2013

From	Products	OCTOBER 2013		NOVEMBER 2013		% Change in Volume Nov 2013/Oct 2013	% Change in Value Nov 2013/Oct 2013
		Volume (m^3)	Value (RM '000)	Volume (m^3)	Value (RM '000)		
SABAH	Logs	0	0	6,283	948	100	100
	Sawntimber	1,274	1,682	660	1,044	-48	-38
	Plywood	11,548	17,365	9,426	14,337	-18	-17
	Veneer	0	0	77	81	100	100
SARAWAK	Logs	0	0	12	3	100	100
	Sawntimber	849	780	702	559	-17	-28
	Plywood	14,446	17,758	12,896	16,372	-11	-8
	Veneer	4,873	4,851	5,066	6,051	4	25

Source : Department of Statistics, Malaysia

Cont. next page

Cont. from previous page

NOVEMBER 2013

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

SPECIES	LOGS/tonne	SAWNTIMBER/m³		
	18" UP	GMS	STRIPS	SCANTLINGS
HEAVY HARDWOOD				
Chengal	4,000	6,638	2,472	8,828
Balau	2,466	3,814	2,034	2,966
Red Balau	1,970	2,560	1,819	3,178
Merbau	2,100	3,746	3,337	2,775
Mixed Heavy Hardwood	980	989	1,017	918
MEDIUM HARDWOOD				
Keruing	1,009	1,436	989	1,645
Kempas	1,363	2,595	1,730	2,076
Kapur	1,205	2,119	982	2,189
Mengkulang	1,173	1,681	1,271	1,801
Tualang	1,363	2,366	1,995	2,126
LIGHT HARDWOOD				
Dark Red Meranti	1,410	2,189	1,271	2,062
Red Meranti	1,407	1,716	1,338	2,278
Yellow Meranti	1,000	1,377	1,095	1,713
White Meranti	1,003	1,448	565	1,695
Mersawa	1,247	2,966	2,119	2,648
Nyatoh	1,200	1,010	734	1,201
Sepetir	850	1,095	918	1,095
Jelutong	1,140	1,448	1,165	1,554
Mixed Light Hardwood	600	766	708	657

	LOGS/tonne	SAWNTIMBER/m³			
		1" X 1"	2" X 2"	3" X 3"	4" X 4"
MALAYSIAN RUBBERWOOD *Hevea brasiliensis*	165	850	1,045	1,165	1,232

PLYWOOD 4' X 8' (RM per piece)	**4mm**	**6mm**	**9mm**	**12mm**
	15.00	22.00	34.00	43.00
MDF 4' X 8' (RM per piece)	**4mm**	**6mm**	**9mm**	**12mm**
	13.50	20.50	27.80	37.20

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

Cont. from page 9

TIMBER ROUND-UP

Furniture

Exports of furniture for the period under review in 2013 decreased 13% compared to the corresponding period of 2012. Total shipment recorded at RM5.2 billion against RM 6.0 billion in 2012.

Wooden furniture import from Malaysia into major countries recorded a decrease. This was mainly due to major advanced economies being constrained by their slow pace of recovery. Many emerging markets have also experienced some growth slowdown.

Imports of wooden furniture by the US, which is Malaysia's top import partner, decreased 10% from RM1.8 billion to RM1.6 billion. Japan, the second highest importer of Malaysian wooden furniture, reduced its consumption by 20% from RM643.1 million to RM516.8 million.

Intake by Australia slightly reduced by 1% from RM397.6 million in 2012 to RM393.8 million in the first 11 months of 2013. Singapore's purchase of wooden furniture dropped 19% to RM 248.7 million.

The UK's imports saw a decrease of 31% from RM349.2 million to RM239.7 million as it was still reeling from the effects of the economic recession. Canada reduced its intake of wooden furniture by 26% to reach RM190.2 million.

The UAE slightly increased its intake of wooden furniture by 1% to RM189.4 million. Saudi Arabia slightly decreased its wooden furniture intake by 2% to reach RM109.8 million. India's intake also decreased 29% to RM98.7 million.

South Korea increased by 47% to RM86.5 million. Russia reduced its consumption by 30% from RM119.4 million to RM 83.2 million. Germany reduced its wooden furniture consumption by 24% with a purchase of RM58.9 million for the first 11 months of 2013 from RM77.2 million in 2012.

Meanwhile, rattan furniture shipments increased by 22% to RM23.2 million for the January to November of 2013 period compared to RM19.0 million in 2012.

Singapore is the top importer of rattan furniture with an increase of 38% to RM5.5 million compared to RM3.9 million during the same period in 2012. The US is the second highest buyer with a huge increase of 57% to RM5.0 million compared to RM3.2 million during the same period in 2012. China came in third with a slight decreased of 5% to RM1.4 million.

GOODS AND SERVICE TAX – A NEW TAX STRUCTURE IN MALAYSIA

Tuan Ishak Daud, Senior Assistant Director II, Royal Malaysian Customs Department elaborated on the impending implementation of GST during the briefing.

Implementation of the 6% Goods and Services Tax (GST) rate effective 1 April 2015 was among the main highlights of the Budget 2014. GST is a multi-stage consumption tax on goods and services. In some countries, it is also known as Value Added Tax (VAT). GST implementation in Malaysia is part of government's tax reform programme to enhance the effectiveness, capability and transparency, of tax administration and management. GST is to be charged on goods and services at all levels starting from production, manufacture, wholesale, retail within the country and imported into the country. GST will replace the 16% Sales and Services Tax (SST) now levied on certain goods and services, such as food and beverages in restaurant and hotel services.

The timber industry which comprises manufacturers, importers and exporters of timber and timber product, is also part of the system. Taking into consideration the impact of this move, MTIB in collaboration of Royal Malaysian Customs Department (RMCD) organised a Briefing on the Implementation of GST in Malaysia and its Impact towards the Timber Industry on 20 December at MTIB, Kuala Lumpur. The briefing aimed at apprising timber industry players on the system and process of the GST mechanism. It was also a platform for the timber industry to voice any issues regarding timber business activities.

One of the participants posed a question at the briefing.

The talk entitled Introduction of GST and its Impact was presented by Tuan Ishak Daud, RMCD Senior Assistant Director II. He was accompanied by Puan Norhasimah Hussin, RMCD Senior Assistant Director I; Tuan Koo Boo Cheang, Senior Assistant Director II RMCD; and Puan Juriahnoor Jauhari, Senior Assistant Director II RMCD. The imposition of GST was classified into three types of supply rates: standard-rates supplies, zero-rated supplies and exempt supplies. Standard-rates supplies are goods and services that are charged GST with standard rate (6%). GST is collected by the business and paid to the government. They can recover credit back on their inputs; if their input tax is bigger than their output tax, they can recover back the different. For zero-rated supplies it is taxable supplies that are subject to a zero rate. Businesses are eligible to claim input tax credit in acquiring these supplies, and charge GST at zero rates to the customer. Exempt supplies are non-taxable supplies that are not subject to GST. Businesses are not eligible to claim input tax credit in acquiring these supplies, and cannot charge output tax to the consumer.

The briefing sessions drew a participation of more than 100 people from various sectors of the timber industry as well as representatives from MTIB.

COURSE ON QAS LAMSCANT

MTIB organised an appraisal course on the selection of raw materials for the laminated scantling (lamscant) production in the Lamselect project in Tangkak, Johor from 18 to 20 November. The practical session was held at SNL Sdn. Bhd. as the factory has the necessary set-up as specified by the TPIKM funded project. The main objective of the course was to ensure that there are adequate qualified personnel available to undertake the stringent quality assessment process of Lamselect production.

Cik Farydatul Nazly Mohd Zin from MTIB briefed the participants on the specifications for the production of laminated scantlings for windows in Europe. She emphasised on the impact and challenges in meeting the technical requirements as stipulated in the German's Institut fur Fernstertechnik (ift) guidelines to be accepted especially by the German market and the other market in Europe.

Encik Mohider Saleh, Senior Quality Control Inspector (QCI) of MTIB explained the practical aspects in carrying out the selection of raw materials prior to the manufacturing process. He elaborated on the important particulars such as determining the sizes of sawntimber, colour uniformity and the selection of materials which contain defects permitted under the product specification. It is preferable that lamellas with similar cutting pattern be used in order to ensure dimensional stability and to avoid the occurrence of stress cracks.

At the mill, participants were shown the method of selecting materials in the form of lamellas into a product of a three or four layered profile. Wood characteristics which are permitted are marked accordingly. Density of wood species are checked randomly and recorded upon delivery.

Thirteen participants comprising MTIB officers and QCIs attended the course.

Practical session at SNL Sdn. Bhd.

Participants at the course.

Cont. from page 3

other operators. The best selling commercial jet engine in the world market is CFM56, the pioneer in high-bypass turbofans in the medium thrust range. A paper on high performance green composite products that has the potential for application in Snecma products was presented by MTIB during the visit. A Non-Disclosure Agreement was signed among the parties as a start of the collaboration on a project that has been identified.

MTIB was represented by Dr. Jalaluddin Harun, MTIB Director-General and Cik Noor Intan Saffinaz Anuar from FIDEC.

At the Engine Museum, Safran Snecma.

At the Merignac Plant, Dassault Aviation.

FEATURE

EUROPEAN UNION TIMBER REGULATIONS (EUTR) AND DUE DILIGENCE REQUIREMENTS

Introduction

The concern on illegal logging in an era focused on climate change has driven major importing countries to institute legislative measures to ensure that timber usage remains sustainable. Degradation, habitat loss, and depletion of the world's forests, have been environmental issues at the forefront of international concern for several decades.

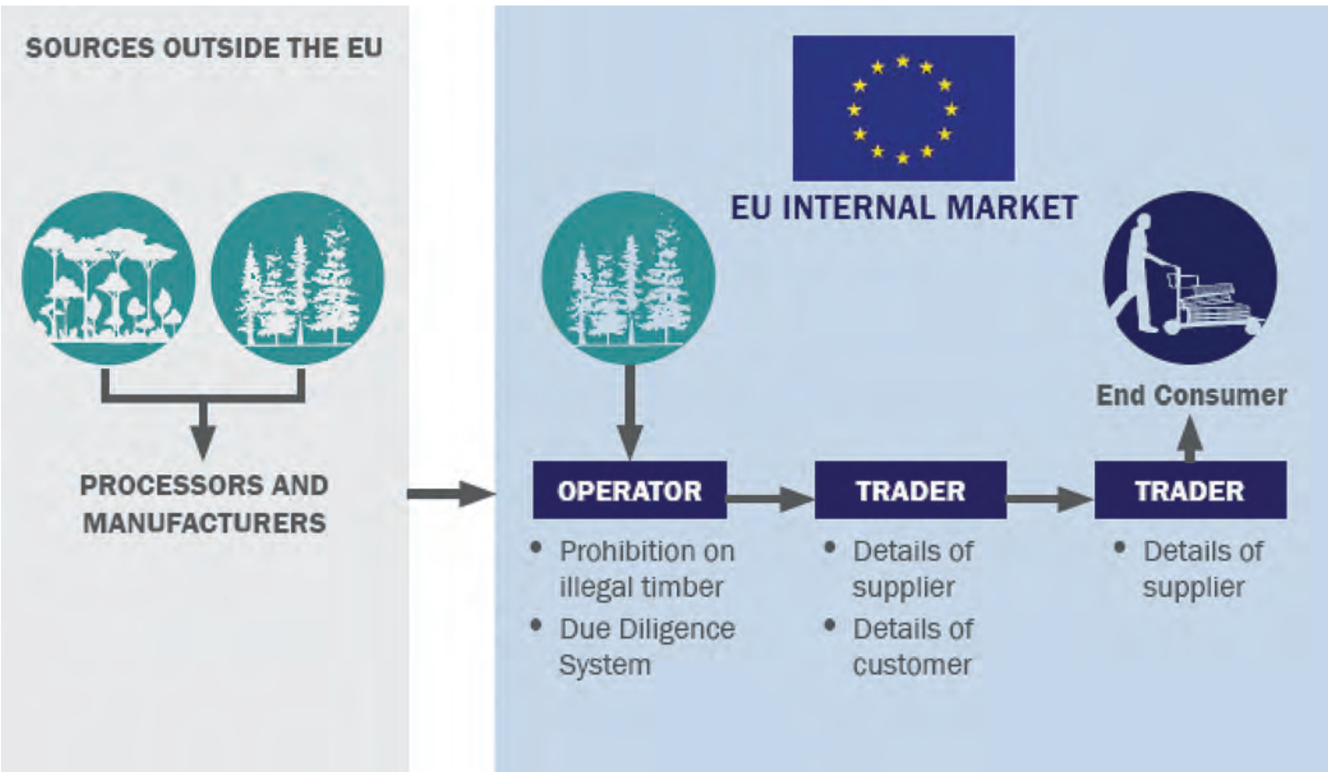
A number of best practices and voluntary schemes, such as FSC and PEFC, have been developed to help manage supplies so that consumers can be assured that timber products come from sustainable sources. What most of the leading tools have in common are requirements for traceability, legality, and verification. While it is rarely possible for consumers to pin point exactly where a tree was harvested, these schemes provide assurances that the supply has been checkedby an independent third party.

While existing schemes have been voluntary, the timber industry in the EU is now subject to new regulations. The EU Timber Regulations (EUTR), which came into effect in March 2013, prohibits the placing of illegally harvested timber and timber products onto the EU market. The EUTR has set out required procedures focused on reducing the risk of illegal timber by exercising due diligence. The key elements of the supply chains of timber products in the EU are shown as in **Figure 1**.

Main Points of EUTR:

- It is illegal to place illegally harvested timber and products derived from such timber on the EU market for the first time.
- EU traders who place timber products on the EU market for the first time must exercise due diligence.
- Once timber is on the market, operators in the supply chain have an obligation to keep auditable records of their timber products.

Figure 1: Key Elements of Supply Chains of Timber Products in the EU



Cont. next page

Cont. from previous page

Due Diligence System

The three key elements of the "due diligence system" are:

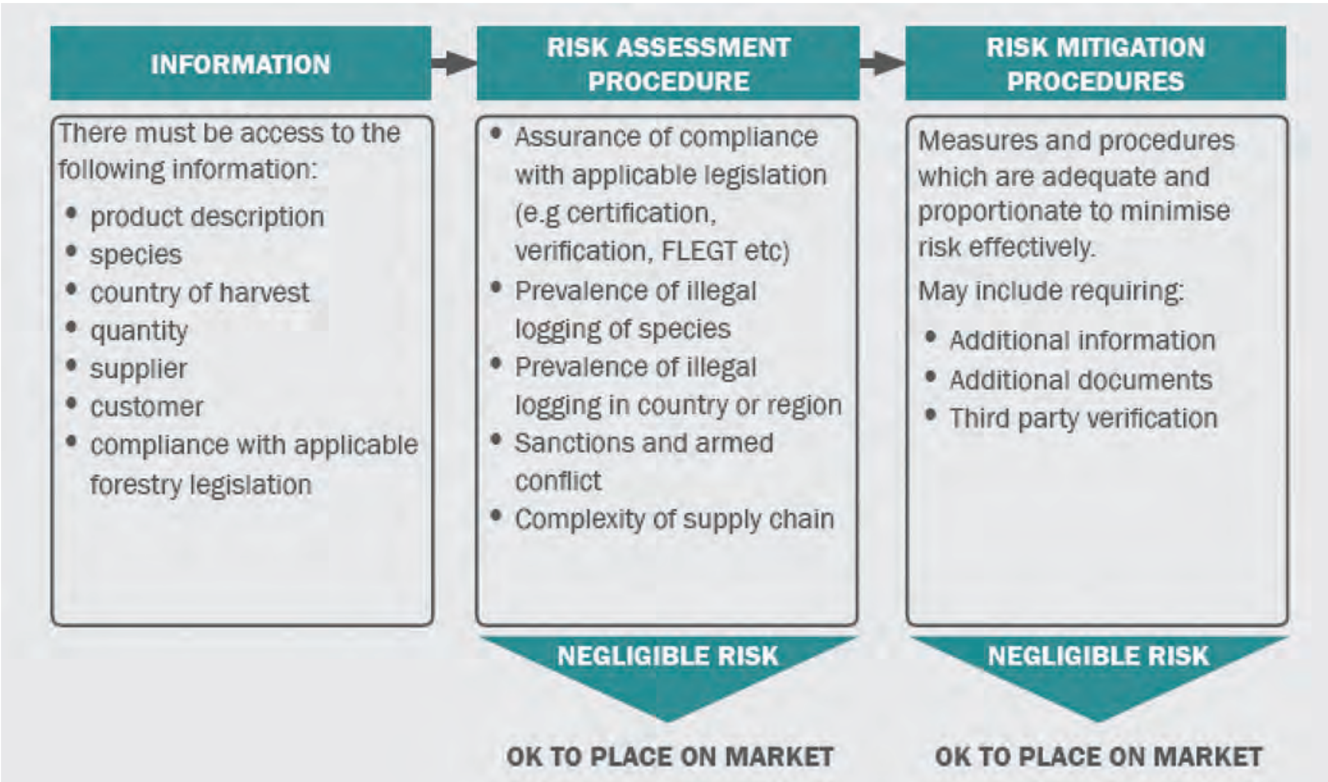
- Information: The operator must have access to information describing the timber and timber products, country of harvest, species, quantity, details of the supplier and information on compliance with the national legislation.
- Risk assessment: The operator should assess the risk of illegal timber in his supply chain, based on the information identified above and taking into account criteria set out in the regulation.
- Risk mitigation: When the assessment shows that there is a risk of illegal timber in the supply chain that risk can be mitigated by requiring additional information and verification from the supplier.

Timber Operator 'means any natural or legal person that places timber or timber products on the market' and Timber Trader 'means any natural or legal person who, in the course of a commercial activity, sells or buys internal market timber or timber products already placed on the internal market'.

The regulations will apply to both imported and domestically produced timber and different players on the timber market have different obligations.

The core of the 'due diligence' notion is that operators undertake a risk management exercise so as to minimise the risk of placing illegally harvested timber, or timber products containing illegally harvested timber, on the EU market. Components of a due diligence system are shown as in **Figure 2**.

Figure 2: Components of a Due Diligence System



Enforcement of EUTR

Each EU member state will designate a 'competent authority' to enforce the EU Timber Regulations and the Due Diligence system in use. The National Measurements Office is the 'competent authority' in the UK. They are empowered with the ability to enact fines, seize of the goods concerned and/or suspend authorisation to trade.

The Regulation provides for "Monitoring organisations" to be recognised by the European Commission. These organisations which will be private entities, will provide EU operators with operational due diligence systems. Operators who do not have or are not in a position to develop their own due diligence system may opt to use the one developed by a monitoring organisation.

The Regulation covers a broad range of timber products including solid wood products, flooring, plywood, pulp and paper. Excluded from the Regulation are recycled products, as well as printed papers such as books, magazines and newspapers. The product scope can be amended if necessary.

The Regulation applies to both imported and domestically produced timber and timber products. Timber and timber products covered by valid FLEGT VPA or CITES licenses

Cont. on page 17

Cont. from page 15

are considered to comply with the requirements of the Regulation.

Forest Law Enforcement, Governance And Trade Voluntary Partnership Agreement (FLEGT VPA)

The European Union's FLEGT Action Plan is a programme of actions that stems from the EU's response to the problem of illegal logging and the trade in associated timber products.

The Action Plan sets out a range of measures that aim to combat the problem of illegal logging. Amongst the actions proposed is the development of Voluntary Partnership Agreements (VPA) between the EU and producing countries called FLEGT Partner Countries. These VPAs set out the commitments and actions of both parties to ensure timber and timber products exported to the EU are produced in compliance with the laws and regulations of the partner country. Towards this end, both the EU and the Partner Country will undertake to implement a timber licensing scheme to ensure the trade of only legal timber to the EU. Once ratified and implemented, the VPA is legally binding on both parties, committing the Parties to only trade in legal timber products.

Malaysia FLEGT VPA Process

Malaysia entered into negotiation with the EU in 2006 to promote the trade of legal timber. The decision was taken as a response to the commitment of the government to manage its natural resources sustainably.

Negotiation with the EU to conclude a FLEGT VPA started in September 2006 when the Ministry of Plantation Industries and Commodities announced that Malaysia would begin formal negotiation with the EU on the Malaysia-EU FLEGT VPA. As of October 2012, two SOM meetings, 10 TWG meetings and three JEM meetings have been held besides the numerous video discussions held between EU and Malaysia. Malaysia FLEGT VPA process and negotiation structure is shown as **Figure 3**.

Legal timber is defined in specific terms by the compliance with all the relevant laws and procedures governing the entire supply chain from the forest, the processing mills and finally to the export point. The relevant laws and procedures are listed in the Timber Legality Assurance System (TLAS). The laws are clustered under six Principles as follows:

- Right to Harvest
- Forest Operations
- Statutory Charges
- Other Users' Rights
- Mill Operations
- Trade and Customs

The Control Procedures under TLAS are guided by these six Principles and each of these Principles is supported by a number of Criteria. Each Criterion is elaborated in a Table which indicates:

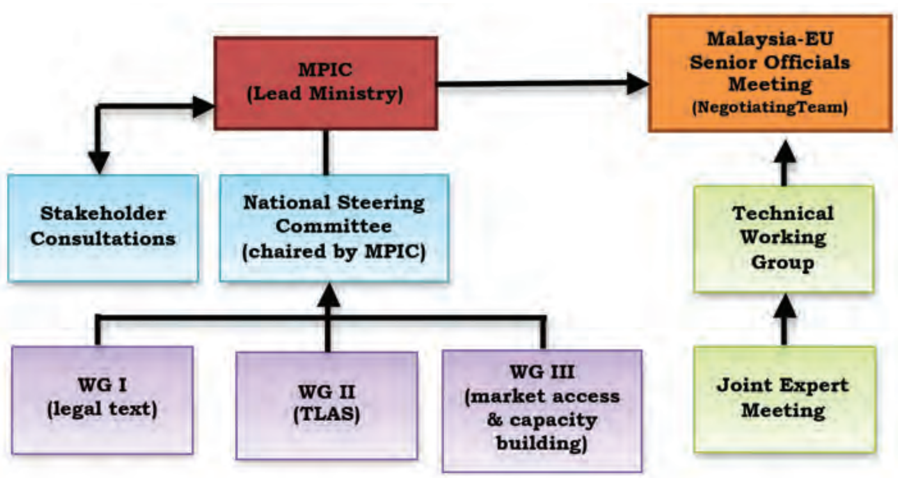
- the exact legislative reference relevant to the respective Criterion, which must be complied with;
- the verification procedures to demonstrate compliance;
- the responsible implementing agencies; and
- the outputs of the verification procedures.

TLAS incorporates all the relevant legislation throughout the supply chain from the forest to the export point to assure legality of timber exports. It will be subjected to annual third party compliance auditing, and internal control mechanisms by the implementing agencies.

References:

1. *EU Timber Regulation (EUTR) 2013; Ministry of Agriculture and Forestry, Finland; http://www.mavi.fi/en/payments-and-control/control/eutr/Documents/eutr*
2. *EU Timber Regulation : Preparing for Regulation 2011; Proforest;http://www.proforest.net/objects/publications/eu-timber-regulation-briefing-note*
3. *All You Need About Lacey Act, FLEGT VPA and Australian Illegal Logging Bills 2013; EFI; http://www.forestlegality.org/sites/default/files/Booklet*
4. *Consultation on the UK Implementation of the EU Timber Regulation- Department for Environment, Food and Rural Affairs 2011; https://www.gov.uk/.../consult-paper-20121227.pdf*
5. *Guidance Document for the EU Timber Regulation; European Commission (Environment);http://ec.europa.eu/environment/forests/pdf/Final%20Guidance%20document.pdf*

Figure 3: Malaysia FLEGT VPA Process and Negotiation Structure



MTIB TRAINING PROGRAMMES 2014

MTIB will conduct the following courses in 2014 at the Wood Industry Skills Development Centre (WISDEC) in Banting, Selangor and Kota Kinabalu, Sabah. These courses are designed to assist in expediting technology transfer and to impart skills and knowledge to the wood-based industry in particular the downstream wood processing sectors. Besides these, MTIB offers customised courses according to the specific needs of the companies or agencies, upon request.

For **WISDEC Selangor**, please contact :

Puan Rohaiza Abdul Kadir Zailani /
Encik Mohd Shairazi Yahya
Tel : 603-3149 2630 / 3149 2924
Fax : 603-3149 2122
E-mail : wisdec@mtib.gov.my

For **WISDEC Sabah**, please contact:

Encik Mohd Hilmi Shamsuri
Tel : 6088-498 822
Fax : 6088-498 811 / 498 833
E-mail : mtibsabah@mtib.gov.my

Venue: WISDEC Selangor

NO	CODE	COURSE TITLE	FEE	DATE
1	WR 302	IDENTIFICATION OF MALAYSIAN TIMBER SPECIES	RM700	4-7 MARCH
2	WR 306	IDENTIFICATION OF COMMERCIAL IMPORT TIMBER SPECIES	RM700	17-20 MARCH
3	WT 406	MACHINE TECHNOLOGY IN FURNITURE MAKING	RM700	21-24 APRIL
4	WT 403	TECHNOLOGY AND OPERATION OF WOOD WORKING MACHINE – CNC ROUTER	RM700	5-8 MAY
5	WC 405	FURNITURE MAKING (KITCHEN CABINET)	RM700	19-22 MAY
6	WC 408	FURNITURE MAKING (GARDEN FURNITURE)	RM700	9-12 JUNE
7	WC 403	JIGS AND FIXTURES MAKING	RM700	16-19 JUNE
8	WD 407	APPLICATION OF CAD SOFTWARE IN FURNITURE DESIGN	RM700	4-7 AUGUST
9	WD 411	INTERIOR DESIGN (FURNITURE)	RM700	18-21 AUGUST
10	WD 409	APPLICATION OF CAD IN FURNITURE DESIGN (ADVANCED)	RM700	1-4 SEPTEMBER
11	WM 417	FACTORY MANAGEMENT IN THE WOOD-BASED INDUSTRY	RM350	8-9 SEPTEMBER
12	WM 406	MATERIAL MANAGEMENT AND INVENTORY CONTROL	RM350	29-30 SEPTEMBER
13	WM 411	PRODUCT COSTING AND BUDGETING	RM350	13-14 OCTOBER
14	WC 409	FURNITURE MAKING (SOFA)	RM700	27-30 OCTOBER
15	WM 415	FURNITURE PRODUCTION MANAGEMENT	RM350	3-4 NOVEMBER
16	WF 401	FURNITURE FINISHING	RM700	17-20 NOVEMBER
17	WF 404	CREATIVE FINISHING INDUSTRY AND WOOD- BASED PRODUCT	RM700	24-27 NOVEMBER

Note: *Subject to changes*

Cont. next page

Cont. from previous page

Venue: WISDEC Sabah

NO	CODE	COURSE TITLE	FEE	DATE
1	WM 408	OSH-MS IN WOOD-BASED INDUSTRY	RM250	8-9 MARCH
2	WP 301	TIMBER DRYING (CoC)	RM1,500	28 APR-16 MAY
3	WT 409	OPERATION AND MAINTAINANCE OF WOOD WORKING MACHINE	RM375	7-9 JUNE
4	WU 301	TIMBER USAGE IN CONSTRUCTION	RM375	16-18 AUGUST
5	WU 308	ACACIA TIMBER PROSESSING	RM375	20-22 SEPTEMBER
6	WE 405	DOMESTIC AND INTERNATIONAL MARKETING	RM375	11-13 OCTOBER

Note: *Subject to changes*

Cont. from page 5

the coming year. Standard board and MR prices increased by 3-5% in autumn. Next increases for MDF are expected in February or March 2014. The costs of timber, transport, energy and melamine are rising faster than the MDF product prices.

MDF orders from the building industry are described as reasonable and the demand from the shopfitting sector is growing as store improvement schemes are now being implemented. The veneered MDF sales are suffering from the competition of melamine alternatives. Imports of MDF to the UK increased marginally in January-August. The exports have decreased by 35.8% to 93,000 m^3, compared with the same period of previous year.

TTJ Timber Trades Journal, 14 December

Softwood Market Stronger

In the UK, the softwood market seems to be healthier than in recent years. Prices are firm. Generally there is enough volume to meet the demand but there are gaps in specifications. Shippers are expecting the UK market to be stable in 2014 and there is potential for growth. The sterling has recovered against the Swedish krona and the importers are willing to pay higher prices. There are log shortages in Sweden and the fibre costs have risen. Also Latvian mills are short of sawlogs. Log prices have risen in all Baltic states. There are Chinese log buyers in the region.

In Sweden and the Baltic states, the Whitewood demand from the pulp industry has weakened and the market for biomass residues has slowed down. The UK buyers are expecting a growing proportion of Redwood carcassing because of a higher volume of Pine logs at the mills. In carcassing grades, the British softwood industry has had a strong year. Some buyers are maintaining good inventories of imported material to complement British production for structural use. Some merchants are still wary of the long-term dimensional stability of home-grown material. Finnish Redwood exports have increased by some 3%. The demand is expected to improve in the Middle East, North Africa and Japan in 2014. This will have an effect on the specifications exported to the UK. Chinese buyers are active also in the processed goods. Russian redwood mills are willing to export to higher-paying countries like the Middle East and North Africa.

TTJ Timber Trades Journal, 14 December

TIMBER INDUSTRY IN RUSSIA

The eighth World Trade Organisation (WTO) Ministerial Conference held on December 2011 in Geneva approved Russia's accession after 18 years of difficult negotiations. The decision was historic since Russia has been the largest economy in the world outside the WTO system after China's accession in September 2001.

Forest Resources

Russia is the largest forest country in the world and accounts for about 22% of the world forests. In 2000, there were around 851 million hectares of forest in Russia, representing 50% of its total land area and 29% of world forest areas. Natural forest accounted for 834 million hectares while plantations totalled about 17.3 million hectares. Russia's forests are dominated by Pines, Spruce, Oak and Cedar with Birch as the major hardwood species.

The annual growth of the Russian forests is high at about 1,000 million m^3. However, much of this potential cannot be used due to environment constraints, the remoteness of forests from domestic and international markets, the absence of a transportation network and technological limitations.

The vast majority of the old-growth forests remaining in Europe are located in Northern Russia. These Russian forests provide a rich source of cheap raw material for the West-European forest industry. Consequently, Russian forests have received much emphasis in the debate on conservation of the biodiversity of boreal forests.

Production of Timber in Russia

Production of timber in Russia averaged at around 200 million m^3 per year. The volume of harvesting in Russia has remained low around 150 – 180 million m^3, which is 25% of the annual

allowable cut (AAC). In 2008, production of roundwood totalled 181 million m^3 however the amount decreased to 175 million m^3 in 2010. The production of roundwood further declined in 2012 totalled 151 million m^3. Production of sawntimber shows an increasing trend. The production increased from 27 million m^3 in 2008 to 32 million m^3 in 2012.

In the meanwhile, production of particleboard, plywood and fibreboard in 2012 increased to 6.8 million m^3, 3.1 million m^3 and 2.3 million m^3 respectively. Other products produced by Russia were chips and particles as well as veneer with production for both products totalled 4.9 million m^3 and 572 thousand m^3 in 2012.

Import of Timber by Russia

Even though Russia is among the largest producer of timber in the world, Russia still need to import timber products from other countries to cater for their domestic demand. Russia mainly imported products from their neighbouring countries

Russia: Production of Timber Products

(Volume: m^3)

Products	2008	2009	2010	2011	2012
Roundwood	181,400,000	151,400,000	175,000,000	149,865,000	150,975,000
Sawntimber	27,163,000	27,293,000	28,869,947	31,215,000	32,230,000
Particleboard	5,751,000	4,562,000	5,429,000	6,633,611	6,753,415
Chips and Particles	8,800,000	7,400,000	7,600,000	4,795,000	4,894,000
Plywood	2,592,000	2,107,000	2,689,000	3,040,000	3,146,000
Fibreboard	2,023,000	1,626,000	1,710,000	1,900,000	2,291,000
Veneer	299,000	318,000	320,000	527,334	571,803
Total	**228,028,000**	**194,706,000**	**221,617,947**	**197,975,945**	**200,861,218**

Source: FAO

Cont. next page

Cont. from previous page

due to the location and distance. Imports of timber products increased from USD861 million in 2010 to USD1.5 billion in 2012. China is the major supplier of timber products to Russia with total import worth USD297 million in 2012, followed by Germany and Belarus with total import worth USD179 million and USD171 million respectively. Imported timber products from Malaysia totalled USD3.8 million in 2012, a decreased of 16% over the previous year.

Import of Furniture by Russia

China, Italy and Germany were major suppliers of furniture to Russia. In 2012, Russia imported USD1.7 million worth of furniture. China contributed about USD414.3 million or 24% of the total market share. Italy exported furniture worth USD393.9 million, followed by Germany with USD148.0 million or 9% of the market share.

Russia: Import of Timber Products

(Value: USD' 000)

Country	2008	2009	2010	2011	2012
World	**991,220**	**652,702**	**860,844**	**1,087,167**	**1,450,095**
China	203,232	125,307	192,939	243,173	297,160
Germany	185,504	127,335	142,898	174,149	178,477
Belarus	0	0	0	0	171,301
Ukraine	43,951	34,418	39,173	59,856	92,657
Italy	77,211	58,329	78,955	85,684	90,939
Poland	105,611	50,499	58,993	79,902	85,359
Kazakhstan	47	102	0	0	62,728
Serbia	31,200	31,421	34,295	53,894	50,568
Latvia	16,045	27,940	48,976	53,095	49,563
Romania	3,366	3,032	6,503	11,651	46,605
Malaysia	**2,449**	**1,273**	**2,314**	**4,497**	**3,779**

Source: UN - Comtrade

Russia: Import of Furniture

(Value: USD' 000)

Country	2008	2009	2010	2011	2012
World	**1,219,583**	**936,541**	**1,127,553**	**1,417,158**	**1,701,035**
China	239,387	170,968	259,749	344,702	414,306
Italy	355,079	335,662	346,291	401,340	393,943
Germany	124,935	93,202	102,970	141,141	147,999
Belarus	0	0	0	0	120,255
Poland	92,143	53,514	61,736	84,798	106,859
Ukraine	39,146	27,529	46,250	72,793	89,809
Malaysia	**25,207**	**16,273**	**22,366**	**27,537**	**38,435**
Spain	32,212	19,621	27,696	23,853	36,660
Turkey	26,821	13,688	24,860	36,732	36,258
Sweden	25,637	14,403	18,909	27,727	32,888

Source: UN - Comtrade

Import of Fibreboard by Russia

In 2012, Russia imported USD410.3 million worth of fibreboard. China and Germany were the two top suppliers of fibreboard to Russia. Import of fibreboard from China and Germany totalled USD115.2 million and USD109.8 million respectively. Meanwhile, Belgium exported fibreboard worth USD32.7 million to Russia.

Import of Builders Carpentry and Joinery by Russia

In 2012, Russia imported USD368.9 million worth of BJC. Belarus, Serbia and Italy were among major suppliers of BJC to Russia. Import of BJC from Belarus, Serbia and Italy totalled USD92.9 million, USD49.8 million and USD42.4 million respectively.

Cont. next page

Cont. from previous page

Russia: Import of Fibreboard

(Value: USD' 000)

Country	2008	2009	2010	2011	2012
World	340,321	199,194	278,960	362,223	410,278
China	84,501	48,814	69,655	90,573	115,217
Germany	122,690	80,090	85,516	109,016	109,840
Belgium	21,753	20,377	42,643	41,612	32,702
Poland	42,377	14,215	20,053	24,334	25,019
Belarus	0	0	0	0	24,101
Ukraine	1,459	1,062	649	14,292	20,066
France	3,907	4,030	15,862	11,146	16,463
Austria	6,380	5,744	8,950	12,829	10,979
Turkey	14,049	6,102	8,458	12,440	10,529
Switzerland	794	592	3,222	6,539	9,849
Malaysia	202	33	108	123	112

Source: UN - Comtrade

Russia: Import of Builders Carpentry and Joinery

(Value: USD' 000)

Country	2008	2009	2010	2011	2012
World	216,208	177,717	193,656	236,967	368,932
Belarus	0	0	0	0	92,915
Serbia	31,130	31,341	34,224	53,203	49,756
Italy	36,285	26,939	41,837	39,112	42,360
Ukraine	16,709	23,799	26,862	29,080	31,088
Kazakhstan	13	84	0	0	23,992
China	11,258	6,436	13,709	17,962	20,512
Germany	18,024	19,278	15,594	18,682	20,399
Finland	25,484	23,176	10,870	14,427	16,699
Austria	19,469	6,713	5,829	10,270	10,162
Lithuania	3,606	3,640	5,388	7,788	10,048
Malaysia	1,339	468	1,136	3,457	2,870

Source: UN - Comtrade

Export of Malaysian Timber and Timber Products to Russia

Export of timber and timber products to Russia in 2012, increased 77% to record at RM134.4 million over the previous corresponding period. Timber exports to Russia comprised of sawntimber, furniture, BJC and wooden frames.

Major product exported to Russia was wooden furniture with total export worth RM128.6 million, an increase of 79% over the previous corresponding period. Similarly, export of BJC increased 47% to RM5.2 million compared to RM3.5 million recorded in 2011. Export of sawntimber and wooden frames totalled RM200,272 and RM434,857 respectively.

Import of Timber and Timber Products from Russia

Import of timber and timber products from Russia were small. Among timber products imported were logs, sawntimber, plywood and wooden furniture. In 2012, import decreased 14% to value at RM20.0 million from RM23.3 million in the previous year. Similarly, import of logs and sawntimber declined 87% and 78% to record at RM32,283 and RM59,471 respectively. In the meanwhile, import of wooden furniture and plywood increased 36% to RM349,316 and 66% to RM189,918 respectively.

Russia's WTO Accession – New Challenges

Russia's accession to the WTO creates an important and positive impact on the country's economic development and its integration into international trade. It is expected to improve the country's GDP up to 11% (about USD162 billion) in 10 years due to the positive influence on the investment climate.

Russia attracted a fairly low level of foreign direct investments (FDI) in the post-Soviet period. Rising FDI in the service sectors would be the most significant outcome of Russia's

Cont. next page

Cont. from previous page

Malaysia: Export of Timber Products to Russia

(Value: RM)

Product	2008	2009	2010	2011	2012	% Change 2013/2012
Sawntimber	1,289,862	1,741,664	759,520	136,451	200,272	46.8
Plywood	0	0	313,972	233,942	0	-100.0
Mouldings	1,031,381	162,429	352,964	85,043	0	-100.0
Fibreboard	899,448	0	0	0	0	0.0
Wooden frame	524,666	0	167,313	0	434,857	100.0
BJC	4,457,707	1,972,092	4,621,141	3,505,141	5,149,789	46.9
Wooden furniture	59,129,119	35,299,513	61,205,853	71,652,967	128,557,069	79.4
Rattan furniture	180,759	19,268	211,609	88,422	63,094	-28.6
Others	81,101	76,186	71,865	173,879	8,515	-95.1
Total	**67,594,043**	**39,271,152**	**67,704,237**	**75,875,845**	**134,413,596**	**77.1**

Source: DOS/MTIB

Malaysia: Import of Timber Products from Russia

(Value: RM)

Product	2008	2009	2010	2011	2012	% Change 2013/2012
Logs	2,250,950	3,456,362	0	252,980	32,283	-87.2
Sawntimber	138,605	467,738	90,547	265,159	59,471	-77.6
Plywood	90,742	0	0	114,178	189,918	66.3
Wooden Furniture	16,715	173,645	343,713	256,350	349,316	36.3
Others	244,020	689,471	2,259,135	22,374,832	19,326,662	-13.6
Total	**2,741,032**	**4,787,216**	**2,693,395**	**23,263,499**	**19,957,650**	**-14.2**

Source: DOS/MTIB

WTO accession primarily due to Moscow's commitments to liberalize services to foreign investment. WTO membership sends a strong signal to foreign investors that the country complies with international rules and standards.

Russia's WTO accession assists in the small and medium size business development. Historically, Russian SMEs are concentrated in the areas of retail, logistics and transportation, IT, tourism, accounting and consulting services. These sectors most likely to grow as a result of increased trade and investment flow to Russia since they have a better access to new informationa, other technologies and better quality equipment.

Lower living costs accounted for by cheaper domestic and imported products as a result of trade barriers elimination are some of the obvious benefit to the Russian community. It is not only imported goods that will become cheaper, Russian-made products including those contain imported components.

Russia's WTO accession has also affecting the Russian forestry sector. The export duties for spruce and pine roundwood have been reduced to 13% and 15% respectively. Previously the duty rate for both species was 25%. In the meanwhile, export duty for birch roundwood irrespective of its diameter is 7% and for aspen roundwood the duty has been reduced to 5%.

However, the new export duties will only apply to the established annual quotas for export. After the accession, the quota for products to be delivered to the European Union has been increased to 6 million m^3 and 286 thousand m^3 for export to other countries. Higher duties will be applied to wood exported outside those quotas.

Conclusion

WTO accession is an important step in the Russia's economic development. Russia need to accede in order to achieve its economic goals and find an adequate place in an increasingly liberalised global economy. Today's leading world economies need to be competitive in foreign markets and they also need to liberalise their domestic markets to foreign competition. Diversification, modernisation and the economic growth will improve if the country's WTO accession is complemented by an improvement in the business climate in Russia.

Accession will create new opportunities and challenges. The economy will experience positive changes such as the FDI growth in the service sector, development of competition, expansion of SMEs, technological modernisation and higher productivity. Benefits from the WTO system won't come automatically. The Russian private and public sectors need to adapt and learn how to operate in an increasingly open, transparent and multilateral trade system in order to gain positive impact of WTO membership.

References:

Russian Timber Industry Overview by Ms Irina Slepneva

Point of View – WTO Rules and Russian Forestry Policy

WTO Accession: Implications for Russia by Viacheslav Evseev Ross Wilson

MTIB's statistics

Department of Statistics Malaysia (DOSM)

UN - Comtrade

COMING EVENTS – APRIL 2014

DATE	EVENT	VENUE	ORGANISER
1-5	**WORLD OF FURNITURE 2014** Decoration, Home and Office Design, and Furniture Exhibitions	Inter Expo Centre, Sofia, Bulgaria	Bulgarreklama Agency Tel : +359 (2) 9655 220 Fax : +359 (2) 9655 230 E-mail : bul-reklama@bulgaeklama.com
8-10	**WOODSHOW 2014** Wood Working Industry and Furniture Exhibition	Dubai International Exhibition Centre, Dubai, UAE	Strategic Marketing and Exhibition Tel : +971 4282 9299 Fax : +971 4282 8767 E-mail : info@strategic.ae
10-13	**AMBIENT EXPO 2014** Furniture, Accessories, Machinery Furnishing Exhibition	Romexpo Centre, Rumania	Romexpo Tel : +40 (21) 224 3160 Fax : +40 (21) 224 0400 E-mail : romexpo@romexpo.org
10-13	**EXPO LIFE STYLE FOR LUXURY AND EXCELLENCE 2014** Decoration, Home, Office and Luxury Industry	Shanghai World Expo Exhibition Centre, Shanghai	Shanghai UBM Sinoexpo International Exhibition Co. Ltd. Tel : +86 (21) 6437 1178 Fax : +86 (21) 6437 0982 E-mail : mark.nee@ubmsinoexpo.com
11-13	**AMENAGO – REIMS 2014** Furniture Decoration Home, Office Design	Parc des Expositions de Reims, France	GL Event Exhibition Norexpo Tel : +33 (0) 320 799460 Fax : +33 (0) 2005 1999 E-mail : norexpo@gl-event.com
23-26	**MOBITEX 2014** Furniture Design, Decoration, Home and Office Products	Brno Exhibition Centre, Brno, Czech Republic	BVV (Brno) Trade Fair and Exhibition Tel : +420 541 151 111 Fax : +420 5411153 070 E-mail : info@bvv.cz

COMING EVENTS – MAY 2014

DATE	EVENT	VENUE	ORGANISER
1-11	**SALON DE LA MAISION 2014** International Decoration, Home and Office Design, and Furniture	Parc des Exposition Centre, de Saint Denis, France	SEM Nordev Tel : +262 262 4878 78 Fax : +262 262 2986 84 E-mail : nordev@nordev.re
5-8	**INTERZUM 2014** International Decoration, Home, Office Design and Furniture Exhibition	Cologne International Exhibition Centre, Germany	Koelnmesse GmbH Germany Tel : +49 221 8210 Fax : +49 221 82125 E-mail : info@koelnmesse.de
8-11	**INTERWOOD TAIPEI 2014** International Wood Working Industries	Taipei World Trade Centre (TWTC), Taiwan	Taiwan External Trade Development Council (TAITRA) Tel : +886 (2) 2725 Fax : +886 (2) 6245 E-mail : taitra@taitra.org.tw
12-15	**ZOW MOSCOW 2014** Trade Show for Components, Accessories and Semi Finished Products for the Furniture Industry	New Manege Exhibition Centre, Moscow, Russia	RESTEC Exhibition Company Tel : +7 (821) 320 6363 Fax : +7 (812) 320 8090 E-mail : main@restec.ru
13-15	**EXPO AMPIMM 2014** International Suppliers Fair for Furniture and Wood Industry	Banamex International Exhibition Centre, Mexico	Ampimm Associacion Mexicana Tel : +52 55 5578 7820 Fax : +52 55 5761 7182 E-mail : ventas@ampimm.com
19-22	**INDEX DUBAI 2014** International Furniture Interiors and Retail Design Exhibition	Dubai World Trade Centre, UAE	Dmg Event Middle East, Dubai Tel : +971 4 4380 355 Fax : +971 4 4380 361 E-mail : info@dmginfo.com
20-24	**MOSCOW MIFS 2014** Moscow International Furniture Show	Crocus Expo IEC Moscow, Russia	Media Globe Moscow Tel : +7 (495) 961 2262 Fax : +7 (495) 961 2262 E-mail : info@mediaglobe.ru
28-31	**EXPO HOUSE CONCEPT 2014** International Fair of Furniture and Deco	Batalha International Exhibition Centre, Portugal	Expo Salao Tel : +351 244 769 480 Fax : +351 244 767 489 E-mail : info@exposalao.pt

BAYUR – SUITABLE FOR INTERIOR FINISHING

Bayur is the Standard Malaysian Name as well as the ASEAN Standard Name for the timber of Pterospermum *spp.* (Sterculiaceae). *Major species include* P. diversifolium, P. jackianum, P. subpeltatum, P. acerifolium *and* P. javanicum. *Vernacular names applied include Letop-letop and Melerang (Peninsular Malaysia) and litak (Sabah). It is also known as Hathipaila and Mayene (India); Badjo, Bajoe, Bajur Sulawesi, Banjoro, Bayur, Bodja, Medang lintah and Roembei (Indonesia); Taungpetwun (Myanmar); Bayok and Kulatingan (Philippines); and Welang (Sri Lanka). Some species are grown ornamentally and have medicinal value while others are valued for their timber.*

The Bayur tree is a medium to large tree that can grow up to 45 m high. Leaves are oblong to oblong-obovate, 15 to 25 cm long, abruptly pointed at the apex, broad or heart-shaped at the base. The upper surface of the blade is smooth, the lower surface pale and densely hairy. Flowers are white, 12 to 14 cm long, borne singly or in pairs in the axils of the leaves. The fruit is woody, oblong, five-angled capsule, about 15 cm in length.

Wood colour and texture.

Distribution

The tree is common in forests at low and medium altitudes from Cagayan to Camarines Provinces in Luzon; and in Mindoro, Palawan, Ticao, Masbate, Guimaras, Negros, Mindanao and Basilan. It also grows in Indo-China, the Malay Peninsula, Sumatra, Borneo, Java, and the Moluccas.

Wood Characteristics

The sapwood is creamy white to light yellow-brown and merges gradually into the heartwood, which is light red-brown and darkens to brown on exposure.

Anatomical Features

The texture is moderately fine to slightly coarse and even with straight or shallowly interlocked grain. Vessels are moderately numerous to numerous, medium-sized, solitary and in radial groups of two to four. They are open and without tyloses or deposits. Wood parenchyma is abundant, but not visible to the naked eye; both apotracheal and paratracheal types are present; apotracheal type in short, narrow layers bridging rays and paratracheal type as narrow borders to the vessels. The rays are of two distinct sizes; the fine ones are not visible to the naked eye, while the broader rays are just visible without a hand lens.

Physical Properties

Air-Dry Density	385 - 705 kg/m^3
Shrinkage: Radial Tangential	 2.0% 3.7%

Natural Durability

The timber is non-durable under exposed conditions but is moderately durable under cover. Despite that the timber can be easily treated with preservative.

Mechanical Properties

Strength Group	C
Static Bending MOE	7,500 N/mm^2
MOR	54 N/mm^2
Compression Strength: Perpendicular to Grain Parallel to Grain	4.00 N/mm^2 28.80 N/mm^2 1.7%
Shear Strength:	7.00 N/mm^2

Machining Properties

It is easy to work and produces a smooth finish.

Air Drying

The timber seasons fairly fast with little degrade except for sap staining. A 13 mm thick board will take 1.5 months to air dry, while a 38 mm thick board will take three months to dry.

Uses

The timber is suitable for temporary light construction, flooring, cladding, planking, joinery, cabinet making, interior finishing, panelling, mouldings, tool handles for non-impact purposes, furniture, joists and staircase (apron lining, baluster, balustrade, carriage, handrail, riser, stringer, sprandrel framing, tread, bullnose, round end and winder).

Bayur tree.

References:

1. *Burgess, H.J. 1958. Strength Grouping of Malaysian Timbers. Malayan Forest Service trade Leaflet No. 25. MTIB and FRIM, Kuala Lumpur. 15 pp.*
2. *Menon, P.K.B. 1986. Uses of Some Malaysian Timbers. Revised by Lim, S.C. Timber Trade Leaflet No. 31. MTIB and FRIM, Kuala Lumpur. 48 pp.*
3. *MS 544:Part 2:2001. Code of Practice for the Structural Use of Timber: Permissible Stress Design of Solid Timber.*
4. *Wong, T.M. 1982. A Dictionary of Malaysian Timbers. Revised by Lim, S.C. & Chung R.C.K. Malayan Forest Records No. 30. FRIM, Kuala Lumpur. 201 pp.*
5. *http://www.woodwizard.my*
6. *http://info.frim.gov.my*

MTIB Moments

A retreat for MTIB Strategic Planning and Corporate Affairs officials was held from 5 to 7 December 2013 in Pangkor Island, Perak.

MTIB organised a Meet-the-Clients Day with the Timber Industry on 5 December 2013 in Muar, Johor.

A retreat for officials of Director-General Office, Management Services and Bumiputera Entrepreneur Development was held on 6-8 December 2013 in Lumut, Perak.

MTIB organised a study visit for engineers, architects and personnel from the Selangor State Development Corporation on 17-19 December 2013. They visited Rumah Melaka, MDF factory, Galeri Glulam Johor Bahru and Tanjung Piai National Park.

Rakan Pembimbing Perkhidmatan Awam *(AKRAB) visited National Kenaf and Tobacco Board (LKTN) in Kota Bharu, Kelantan on 22 December 2013. The programme was to enhance networking between agencies under the Ministry of Plantation Industries and Commodities.*