

PUBLIC SERVICES DEPARTMENT (PSD) FAMILIARIZATION PROGRAMME TO MTIB



- **Tanggung Festival 2024 :**
Central Chapter | A Fusion Of Ideas And
Creativity Among Young Industrial Designers
- **CHINA :** Extensive Market Potential For
Malaysian Timber And Finished Products

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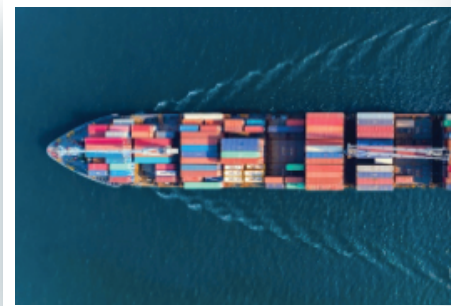


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PUBLIC SERVICES DEPARTMENT (PSD) FAMILIARIZATION PROGRAMME TO MTIB

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The Public Services Department (PSD), led by Puan Norazlin binti Alias, Senior Deputy Director of the Staffing and Organisation Division, visited the Malaysian Timber Industry Board (MTIB) on 25 June 2024 in Banting, Selangor in line with their familiarisation programme. The group was also joined by a delegation from the Ministry of Plantation and Commodities (KPK). The main objective of the programme was to strengthen the collaboration between PSD and MTIB and to further understand MTIB's roles and challenges faced by the local timber industry.

A briefing on MTIB's operations and functions was delivered by Encik Saiful Bahri bin Salleh, Deputy Director General (Management & Operations), MTIB. Following that, JPA shared information in terms of organisational structure consolidation should MTIB apply for additional staffing. After the session, the PSD and KPK delegation visited the Wood Industry Skills Development Centre (WISDEC) and the Fibre and Biocomposite Centre (FIDEC) to observe the operations utilising available resources. They also visited the construction site of the MTIB Enforcement Depot, which is almost complete.



They then visited Dynamic Furniture Industries (M) Sdn. Bhd., a furniture manufacturer for the export and domestic markets. Mr. Khoo Soo Aun, General Manager of Dynamic Furniture Industries (M) Sdn. Bhd. gave a tour and a briefing of the company. The KPK delegation was led by Puan Hanim binti Abdollah, Under Secretary of the Human Resource Management Division. The delegations comprised senior officers from KPK, PSD and MTIB.



TANGGAM FEST 2024: CENTRAL CHAPTER | A FUSION OF IDEAS AND CREATIVITY AMONG YOUNG INDUSTRIAL DESIGNERS

Prepared by : Nik Zuraihah Nik Mohammad



TANGGAM Fest 2024: Central Chapter was successfully held over two vibrant days from 10 to 11 June 2024. The event was organised by the TANGGAM Design Center (TDC) under the Malaysian Timber Industry Board (MTIB) in collaboration with the Department of Industrial Design, Faculty of Design and Architecture (FRSB) Universiti Putra Malaysia (UPM). The event served as a platform for gathering, discussion, and networking among young industrial designers in Malaysia.

The programme commenced with an opening speech by Ts. Farydatul Nazly bin Mohd Zin, Director of the Industry Development Division, MTIB and was officially launched by Assoc. Prof. Ts. Gs. Dr. Mohd Johari bin Mohd Yusof, Dean of FRSB, UPM. The day continued with Design Talk, a lecture by Prof. Dr. Khairul Aidil Azlin bin Abd Rahman, CIDe. This was followed by a forum on the topic "Navigating Challenges and Harnessing Opportunities in Malaysia's Furniture and Timber Industry," featuring three guest panelists: Prof. Dr. Jegatheswaran Ratnasingam from UPM, Encik Walter Tan from Elemental Republic Sdn. Bhd., and Encik Harith bin Ridzuan from Green Factory. The forum was moderated by Ts. Dr. Rosalam bin Che Me from UPM. The discussion covered sustainability for a greener future, leveraging technological advancements, overcoming industry challenges, capitalising on design trends, government policy support, and the future vision of Malaysia's furniture and timber industry. The first day concluded with a dinner, featuring performances by student representatives from each university.

The second day began with a briefing on the main activity, Design Jam – an experimental design competition. The judging session was conducted by industry representatives and specially appointed professional designers. Seven awards were given for

Design Jam with UiTM Shah Alam emerging as the overall winner, securing the "Best of the Best" Award.

TANGGAM Fest 2024: Central Chapter witnessed an attendance of over 250 people, including senior officers from MTIB; senior lecturers and management of UPM; as well as students and lecturers from 10 participating universities. The universities were UPM, Universiti Malaysia Kelantan (UMK), Universiti Sultan Zainal Abidin (UniSZA), Universiti Tun Hussein Onn Malaysia (UTHM), Universiti Teknologi Mara (UiTM) Shah Alam, UiTM Melaka, UiTM Kedah, Universiti Kuala Lumpur Malaysia Italy Design Institute (UniKL MIDI), Malaysian Institute of Art (MIA), and German-Malaysian Institute (GMI).

This programme is expected to enhance the creativity and skills of the participants, particularly in furniture design development. It also indirectly served as a promotional medium, highlighting the TDC label by MTIB. The TANGGAM festival series is expected to continue expanding to other regions to become an annual event in the future.



MAY 2024

The total export of Malaysian timber and timber products in May 2024 increased by 9% in value totalled at RM2.1 billion from RM1.9 billion in the previous month. Similarly, cumulative exports for the period of January – May 2024 increased by 17% valued at RM9.7 billion over RM8.3 billion in the previous corresponding period.

In the face of challenges from production and operations, producers and exporters voiced various policy-related demands in the hope of boosting the market. For example, Indonesian enterprises voiced a need to revise regulations that limit the maximum cross-sectional area of exportable wood products, with a view to support the sustainability of the upstream and downstream sectors. Thailand enterprises want to raise consumer awareness of the value and benefits of wood and wood products while Mexican enterprises recommended cooperation with various government agencies to improve the forestry service management system. Chinese enterprises not only expressed a desire to increase trade fairs for wood products, but also proposed that businesses increase the proportion of exports and shift from the domestic market to the Southeast Asian market.

SAWNTIMBER

The total export of sawntimber in May 2024 increased by 28% in volume and 33% in value to 109,814 m³ totalling at RM236.4 million as compared to the previous month. Meanwhile, cumulative exports for the period of April 2024 increased by 1% in volume but decreased by 2% in value to 426,127 m³ totalling at RM912.8 million over the previous corresponding period.

Exports to the EU for the month were recorded at 3,828 m³, a decrease of 56% as compared to 8,744 m³ in the previous month. The Netherlands as the main buyer decreased imports by 58% to 1,453 m³ from 3,464 m³ in the previous month. Similarly, export to Belgium also decreased by 76% from 739 m³ whilst Greece increased its intake by 139% to 610 m³ respectively. In other parts of Europe, exports to the UK decreased by 39% to 502 m³ from 824 m³ in the previous month.

The total export to South Asia decreased by 6% to 11,197 m³ from 11,956 m³ as recorded in the previous

month. India as the main buyer from South Asia decreased imports by 32% to 5,667 m³ from 8,375 m³ as recorded in the previous month. Meanwhile, exports to Maldives increased by 78% to 2,403 m³ followed by Sri Lanka with an increase of 30% to 1,956 m³ respectively.

Elsewhere, the total export to West Asia decreased by 17% to 15,856 m³ from 19,167 m³ as recorded in the previous month. The UAE as the main buyer also decreased imports by 31% to 4,384 m³ from 6,393 m³ recorded last month. Similarly, exports to Yemen decreased by 29% to 3,991 m³ compared to 5,646 m³ in the previous month whilst Iraq increased its intake by 55% to 2,688 m³.

Shipments to East Asia increased by 145% to 49,693 m³ from 20,308 m³ in April 2024. China as the main buyer increased purchases by 184% to 40,875 m³ from 14,411 m³ in the previous month. Similarly, exports to Japan also increased by 72% to 4,581 m³ from 2,666 m³ last month followed by Taiwan with an increase of 45% to 2,697 m³ compared to the previous month.

Buying from ASEAN also increased by 20% to 24,396 m³ from 20,266 m³ as registered in the previous month. Thailand as the main buyer in ASEAN also increased its intake by 53% to 8,647 m³ from 5,640 m³ as recorded in the previous month. Exports of sawntimber to Singapore also increased by 22% to 7,071 m³ whilst the Philippines decreased buying by 5% to 7,130 m³ from 7,537 m³ last month.

Moving to the Africa region, exports to Africa decreased by 37% to 1,449 m³ compared to 2,304 m³ in the previous month. Similarly, demand from South Africa also decreased by 45% to 1,109 m³ from 2,032 m³ followed by Seychelles with a decrease of 39% to 40 m³ from 65 m³ in the previous month. Meanwhile, export to Mauritius increased by 46% to 300 m³ from 208 m³ compared to the previous corresponding period.

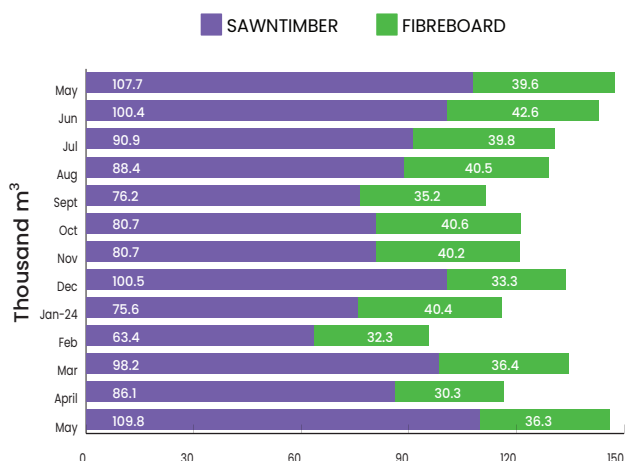
Export to North America increased by 16% to 2,280 m³ from 1,972 m³ in the previous month. The USA as a major buyer from North America increased its intake by 6% to 1,687 m³ from 1,586 m³ followed by Canada with an increase of 53% to 592 m³ from 387 m³ in the previous month. In the Oceania/Pacific region, export to Australia decreased slightly to 596 m³ from 597 m³ in the previous month.

The average FOB price of sawntimber increased by 4% to 2,153 per m³ from 2,065 per m³ in the

previous month. Price of Dark Red Meranti to the Netherlands also increased by 19% to 4,091 per m³ from 3,435 per m³ in the previous month. Keruing was traded at 3,206 per m³, a decrease of 12% from 2,869 per m³ in the previous month.

As part of a well-attended foreign trade day, the members of the German association of wood traders (GD Holz) in Bremen discussed current challenges in import, export and logistics. In recent months, these have of course included the wars in Ukraine and the Middle East and the uncertain situation in the Suez Canal, but also flooding in Brazil's ports and preparations for the requirements of the EUDR. As part of the department meeting on import plywood, Fabiano Sangali (Sudati Group) provided information on Brazil's role on the world market and current hurdles. For example, Brazilian production and export of plywood fell in 2023 due, among other things, to unclear approvals with the USA. The corresponding certificates have been renewed since the beginning of the year. However, Brazil's ports are struggling due to flooding. Sangali spoke of an overloaded domino logistics system in which they have been getting in their own way since autumn 2023. On the one hand, filled containers cannot find free spaces while on the other hand, free spaces cannot find filled containers quickly enough. The allocation of space by shipping companies is like a lottery – there has been no improvement in sight for months. In terms of demand, Sangali sees a trend towards more eucalyptus plywood for upholstered furniture.

Malaysia: Export of Sawntimber and MDF
May 2023 – May 2024



PLYWOOD

Export for plywood in May 2024 recorded an increase of 12% in volume at 96,604 m³ and an increase in value of 9% to RM212.8 million as compared to the previous month. Similarly, the cumulative exports for the period of May 2024 showed an increase of 20% in volume to 451,110 m³ and 15% in value totalling at RM1.0 billion over the previous corresponding period. The EU region recorded a decrease for plywood export by 50% from 1,170 m³ to 588 m³. Poland increased purchase by 40% to 308 m³ while Ireland reduced sales by 61% to 161 m³. Malta resumed its buying with 64 m³. In other parts of Europe, the export recorded a decrease of 11% to 3,283 m³ from 3,702 m³ in the previous month. Plywood purchase by Turkiye increased by 260% to 1,757 m³ while the UK reduced its buying by 53% to 1,526 m³.

Moving to the East Asia market, volume increased by 9% to 62,131 m³ from 57,033 m³ in April. Japan as the largest importer from the region increased its buying by 9% to 50,082 m³ from 46,115 m³, followed by Taiwan and South Korea with an increase of 9% and 10% to 5,953 m³ and 5,225 m³ respectively. In the ASEAN region, import increased by 9% from 3,938 m³ to 4,290 m³. Plywood export to Thailand and Brunei recorded a positive growth of 55% to 1,654 m³ and 127% to 560 m³ each. Meanwhile, Singapore dropped its orders by 13% to 1,748 m³.

In the South Asia region, plywood purchase depleted by 10% from 1,543 m³ to 1,394 m³. India decreased its import by 16% to 1,264 m³ while Maldives increased purchases by 185% to 129 m³. The West Asia region recorded an improvement by 161% to 15,352 m³ from 5,884 m³ in the previous month. Import performance in Yemen increased by 163% to 14,094 m³. Oman and Bahrain resumed their buying with 342 m³ and 281 m³ respectively.

In the Africa region, plywood export decreased by 17% from 104 m³ to 86 m³ with purchases from South Africa. Meanwhile in the North America region, import showed a decrease of 26% from 10,204 m³ to 7,551 m³. The USA as the main buyer dropped purchases by 17% to 6,644 m³. This was followed by Mexico and Canada with sales reduced by 67% to 612 m³ and 26% to 295 m³ each. Plywood export to the Oceania/Pacific region recorded a decrease of 20% to 1,930 m³ from 2,420 m³. Australia reduced buying by 25% to 1,761 m³. However, New Zealand recorded an increase of 150% to 107 m³ while Fiji has resumed its buying with 62 m³.

The FOB price of plywood for May 2024 was at RM2,203 per m³, a decrease of 3% from RM2,277 per m³ from the previous month.

With the aim of promoting sustainable construction practices, a reduction of environmental impact and improvement of energy efficiency, Türkiye has taken an active approach towards green building and green production efforts. Türkiye is ranked by the U.S. Green Council (USGBC) as 4th in the world (for the year 2023) with 36 LEED (Leadership in Energy and Environmental Design) certified projects covering more than 31 million certified square feet (2.9 million gross square meters).

This is a clear indication of Türkiye's commitment to practicing sustainable architecture, creating healthier spaces, reducing carbon emissions and conserving resources.

The main piece of legislation regulating green buildings is the Regulation on Green Certification for Buildings and Settlements (the "Regulation") which was enacted to reduce the negative impacts of buildings and settlements on the environment by using natural resources and energy efficiently. The Regulation stipulates the procedures and principles regarding the establishment of assessment and certification systems for green buildings and green settlements, the qualifications and assessment criteria of green certification experts, green certification assessment experts and training organisations.

The Regulation also covers the assessment and certification of the sustainable environmental, social and economic performance of existing and new buildings and settlements and is executed by the Minister of Environment, Urbanisation and Climate Change. The evaluation guides within the Regulation contain detailed regulations on many issues such as evaluation criteria for green buildings and green settlements, crediting and rating principles, and qualifications of green certification experts. In addition to the US-based LEED certificate, which is predominantly found in green buildings in Turkey, the BREEAM (UK), CASBEE (Japan) and DGNB (Germany) certificates can also be found.

VENEER

Export of veneer in May 2024 increased in volume by 20% to 3,729 m³ and in value by 54% worth RM8.9 million as compared to the previous month. Likewise, the cumulative export for May 2024 showed an increment in both volume and value by 0.1% to 16,428 m³ and by 21% to RM37.3 million over the previous corresponding period.

ASEAN recorded a decrease in veneer import by

50% from 349 m³ to 176 m³ compared to last month. Cambodia reduced purchases by 90% to 23 m³ from 232 m³ while the Philippines and Singapore increased purchases by 33% to 148 m³ and 18% to 6 m³ each. In East Asia, export increased by 19% from 2,269 m³ to 2,698 m³. China, the Republic of Korea and Japan improved their veneer imports by 12%, 38% and 92% to 1,439 m³, 731 m³ and 230 m³ respectively. The South Asia region also recorded an increase in import performance by 205% to 426 m³ from 140 m³ in the previous month. Veneer purchase by India and Bangladesh grew by 97% to 218m³ and 617% to 208 m³ each.

Moving to North America, veneer import recorded an increase of 703% to 249 m³ with resumed purchases from the USA. In the Oceania/Pacific region, a decrease of 76% to 49 m³ was recorded with the sole purchases being from Australia. Meanwhile, South Africa resumed its purchase to 130 m³ for the month.

The average FOB price for veneer increased by 28% from RM1,856 per m³ to RM2,379 per m³ as compared to the previous month.

Prime Minister of Bangladesh, Sheikh Hasina announced the construction of the new metro rail lines across Dhaka to ease the city's traffic congestion and modernise its transportation system. The announcement came as she laid the foundation stone for a new market in Bangabazar and planted a neem sapling during a ceremony on 25 May 2024. The Prime Minister stressed the need for keeping pace with the city's development and the increasing activities of its residents. The success of the existing metro rail and that additional lines would be constructed, some above ground and some below, are all part of a comprehensive plan to improve urban mobility.

Addressing urban development, the Prime Minister spoke about the construction of new rental flats for slum dwellers, ensuring affordable rents. Sheikh Hasina stated that payment options would be flexible, accommodating daily, weekly, or monthly payments. Over 300 families have already been relocated to these new flats.

She also announced the development of a modern new campus for Jagannath University and the creation of four major wholesale markets around Dhaka to accommodate the city's growing population.

MEDIUM DENSITY FIBREBOARD (MDF)

Export of MDF in May 2024 recorded a 20% increase in volume at 36,336 m³ and 5% in value at RM64.8 million compared to the previous month. The cumulative export for the period of May 2024 recorded a decrease in volume by 7% to 175,845 m³ and a decrease of 1% in value totalling at RM329.5 million as compared to the corresponding period in 2023.

Export to ASEAN increased by 20% from 3,892 m³ to 4,652 m³ in the previous month. The Philippines and Viet Nam added up their imports by 27% and 34% to 2,691 m³ and 804 m³ respectively. Meanwhile, Indonesia reduced buying by 46% to 539 m³ from 1,006 m³ last month.

Elsewhere, East Asia purchases for MDF decreased by 26% from 13,196 m³ to 9,780 m³ in the previous month. Exports of MDF to Japan and the Republic of Korea recorded a decrease of 26% and 58% to 8,838 m³ and 292 m³ each. Taiwan increased MDF import by 34% from 485 m³ to 650 m³. Moving to the South Asia market, export grew by 100% from 3,037 m³ to 6,080 m³. Its export performance to India, Pakistan and Bangladesh improved by 109% to 3,161 m³, 40% to 2,073 m³ and 1100% to 514 m³ respectively.

Export to the West Asia region also recorded an increase of 141% from 4,006 m³ to 9,661 m³ compared to the previous month. The UAE increased sales performance by 304% to 8,896 m³ but Oman and Qatar reduced imports by 51% to 627 m³ and 83% to 63 m³ each.

Export to the Oceania/Pacific region decreased by 9% to 2,647 m³ from 2,911 m³ in the previous month with the sole purchase being from Australia. MDF import in North America showed a slight increase of 1% from 2,923 m³ to 2,961 m³ compared to the previous month. MDF purchase by the USA increased by 54% to 2,218 m³. However, purchases by Mexico and Canada dropped by 59% and 36% to 360 m³ and 383 m³ respectively. Import into Guatemala in Central America decreased by 81% to 43 m³ from 222 m³ in April. In the Africa region, MDF purchase skyrocketed by 601% to 511 m³ from 73 m³. South Africa recorded an improvement of 140% to 175 m³ while Egypt and Algeria resumed their purchases with 310 m³ and 26 m³ each.

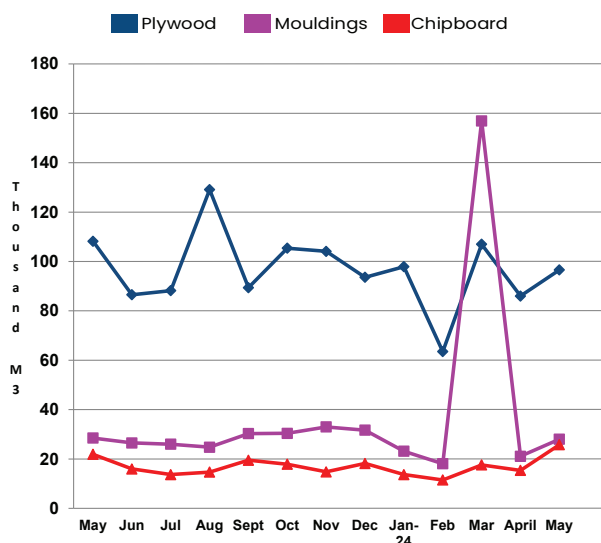
The FOB price of MDF decreased by 12% to RM1,784 per m³ from RM2,036 per m³ in the previous month.

The European Commission, in January 2024, entered a strategic partnership with the African Development Bank to increase investment in infrastructure projects in Africa. The two have agreed to increase their financing to €972 million. This partnership will allow them to fund new infrastructure projects, focusing on areas like transportation, energy, and digital connectivity in Sub-Saharan Africa.

One major project includes the development of Lobito Corridor, which will help boost exports for Zambia, Angola and the Democratic Republic of Congo. For the European Union, this partnership aligns with its Global Gateway initiative, which aims to strengthen connections with other regions. As part of this initiative, the EU plans to invest €150 billion in Africa between 2021 and 2027.

The South African government has also announced significant public infrastructure investment during its 2024 budget. Over the next three years, the government has announced a spending of R943.8 billion towards public infrastructure projects. This will keep supporting the growth of the broader construction market in the African region over the medium term.

Malaysia: Export of Major Timber Product
April 2023 - April 2024P



MOULDINGS

Export of mouldings for the month increased in volume by 33% to 28,047 m³ and in value by 15% worth RM84.8 million from the previous month, April 2024. Meanwhile, for the cumulative period of January – May 2024, export of mouldings both increased in volume by 154% to 247,305 m³ and in value by 11% worth RM394.4 million over the same period in 2023.

Export volume to ASEAN grew by 39% to 1,002 m³ for the month from 722 m³ in the previous month, April 2024. Exports to both Singapore and Vietnam increased by 12% to 759 m³ and by 321% to 194 m³ for the month, respectively. Meanwhile, Thailand resumed its intake with 49 m³ for the month. Likewise, exports to the East Asia region also increased by 16% to 2,1775 m³ for the month. Demand from Japan and South Korea grew by 34% to 1,327 m³ and by 23% to 641 m³ respectively. Similarly, Hong Kong increased its buying by 77% to 76 m³ from 43 m³ in the month before. Moving to South Asia countries, export to India increased by 219% to 153 m³ from 48 m³ in the previous month, meanwhile Maldives resumed its intake with 90 m³ for the month.

Export to the EU bloc for the month was recorded at 7,250 m³, an increase of 36% over 5,348 m³ in the previous month. The Netherlands and France increased its demand by 47% to 5,045 m³ and 2% to 557 m³ respectively. However, intake from Germany declined by 5% to 505 m³. Moving on to the UK, demand multiplied by 52% to 510 m³. In the Oceania/Pacific region, intake from Australia also increased by 60% to 1,547 m³ for the period of May 2024. Meanwhile, Guam resumed its intake to 18 m³ for the month.

The North America region increased its demand by 29% to 14,875 m³ for the month. As the largest buyer for mouldings in the North America region, export to the USA increased by 27% to 14,413 m³ from 11,368 m³ in April 2024. Similarly, Canada intensified its buying by 8% to 187 m³ while Guadeloupe resumed its buying with 275 m³. Elsewhere, export to Mauritius decreased by 21% to 200 m³ from 254 m³ in the previous month. In the meantime, South Africa and Egypt resumed their buying with 185 m³ and 40 m³ for the month of May 2024.

The average FOB unit value for mouldings decreased by 14% to RM3,024 per m³ compared to RM3,505 per m³ in the previous month.

According to IBISWorld.com, carpentry and joinery product manufacturing revenue in the United Kingdom (UK) is forecast to grow at a compound

annual rate of 4.1% over the five years through 2024-2025 to GBP7.5 billion, including an estimated hike of 1.5% in 2024-2025. Residential construction activity in the UK has faced a downturn in recent years, despite government housing targets due to rising material costs, labour shortages and a drop in housing projects. However, demand for greenhouses, garden sheds and DIY products has swelled thanks to people spending more time at home during and after the pandemic, with working from home staying strong, presenting niche market opportunities for new entrants to explore. At the same time, non-residential construction activity has been boosted by government policy, particularly school and hospital building projects. Competition between manufacturers is intense as companies fight fiercely for market share, aiming to offer high-quality products at competitive prices. Prefabricated wooden buildings have climbed in popularity, as they're deemed more sustainable than their metal- and plastic-based counterparts. Price competition has intensified as manufacturers attempt to win businesses. Manufacturers can create customer loyalty through exemplary customer service.

BUILDERS JOINERY AND CARPENTRY (BJC)

Export of BJC in May 2024 both decreased by 8% in volume to 9.9 million kg and in terms of value, by 11% worth RM94.5 million from last month, April 2024. However, when compared year-on-year, export of BJC for the cumulative period of January-May 2024 jumped by 7% in volume and 5% in value to 53.7 million kg worth RM517.5 million.

Demand from the ASEAN region decreased by 9% to RM57.0 million with Singapore as the highest buyer reducing its intake to RM40.7 million, a decrease of 23% from RM52.6 million in the previous corresponding period. However, exports to Viet Nam and Thailand grew by 152% to RM6.5 million and 45% to RM5.9 million respectively.

Meanwhile, export to East Asia countries expanded by 28% to RM42.2 million over RM32.9 million in the corresponding period in 2023. Japan was recorded as the highest buyer with an increase of 27% to RM30.9 million while China and Taiwan multiplied its buying by 56% to RM5.2 million and 65% worth RM3.9 million respectively.

The intake from South Asia countries increased by 49% to RM20.5 million with India as the largest buyer expanding its buying by 32% to RM11.6 million. However, Maldives reduced its intake by 1% to RM3.2 million while Sri Lanka resumed its demand with RM4.5 million for the cumulative period of January – May 2024. Moving on to the West Asia countries, the UAE recorded a decrease of 16% to RM1.4 million from RM1.6 million over the same cumulative period in 2023. Similarly, Saudi Arabia also dropped its intake by 64% to RM77,964 while Kuwait resumed its buying with RM7,093.

Elsewhere in the European Union bloc, exports of BJC decreased by 7% worth RM99.2 million from RM106.7 million in the same corresponding period in 2023. Exports to both Belgium and France reduced by 10% worth RM27.7 million and by 12% worth RM6.7 million respectively while the buying from the Netherlands grew by 194% to RM35.1 million. Meanwhile, export to the UK increased by 24% to RM61.2 million from RM49.4 million. Similarly, exports to both Norway and Türkiye increased by 37% to RM2.4 million and by 30% to RM0.8 million respectively.

As the largest buyer of BJC for the period of January – May 2024, demand from the North America region was worth RM134.3 million, an increase of 10% from RM122.3 million in the same period in 2023. Export to the USA increased by 18% to RM131.7 million from RM111.3 million in the same period in 2023. Export to Canada exploded by 238% to RM2.4 million from RM0.7 million in its corresponding period in 2023. Meanwhile, Mexico reduced its intake by 98% to RM0.2 million from RM10.3 million in the corresponding period in 2023. Similarly, export to Uruguay decreased by 23% to RM0.5 million from RM0.7 million over the same period in 2023.

Shifting to the Oceania/Pacific region, exports dropped by 2% to RM93.7 million with Australia as the largest buyer recording an increase in intake by 1% to RM85.5 million. Export to New Zealand was down by 23% to RM6.3 million, followed by Western Samoa with export dropped by 10% worth RM0.7 million. Elsewhere, export to the Africa region decreased by 14% to RM4.3 million. Intake from both South Africa and Mauritius increased by 31% to RM2.6 million and by 8% to RM0.60 million respectively. Meanwhile, Seychelles reduced its intake by 60% to RM0.61 million for the cumulative period of January – May 2024.

Allied Market Research reported that sustainability will continue to take center stage as a non-negotiable business imperative for the construction industry in 2024. Legislative acts, such as the Federal Buy Clean Initiative in the USA, are

expected to further propel the industry towards sustainable practices, signaling a shift towards greener and more environmentally responsible construction methods. In 2024, the industry is poised for substantial growth, driven by the widespread adoption of Construction 4.0, IoT, and generative AI. Digitalization, a gradual process for the construction industry, reaches a pivotal moment in 2024 with the ascent of generative AI. Projections indicate that the global construction 4.0 market is anticipated to reach USD62.2 billion, exhibiting a remarkable CAGR of 17.7% from 2022 to 2031. Economic uncertainty remains a challenge in 2024, with rising interest rates and high inflation casting a shadow over the construction industry. The industry must adeptly navigate these varied impacts, strategizing for resilience and sustainability across market segments.

FURNITURE

Export of wooden furniture in the month of May 2024 increased by 9% to RM843.1 million from RM774.9 million in April 2024. Similarly, when compared year-on-year, export of wooden furniture increased by 20% to RM4.0 billion from RM3.3 billion in its corresponding period in 2023.

Export of wooden furniture to ASEAN dropped by 4% worth RM497.0 million from RM518.0 million in its corresponding period in 2023. Export to Singapore decreased by 8% to RM290.5 million, followed by Indonesia with imports down by 30% to RM37.1 million. However, export to the Philippines grew by 34% to RM112.7 million for the cumulative period of January – May 2024.

Moving to the East Asia region, export declined by 1% to RM233.3 million from RM230.1 million year-on-year in 2023. Japan remained the highest buyer with export valued at RM178.9 million with an increase in buying by 5%. Similarly, exports both to Taiwan and South Korea grew by 20% to RM21.4 million and by 6% to RM16.5 million, respectively over its corresponding period in 2023.

Exports to West Asia expanded by 25% to RM212.4 million from RM169.9 million in the corresponding period in 2023. Export to the UAE, the largest buyer in the region, improved by 24% to RM103.0 million. Similarly, export to Saudi Arabia increased by 13% to RM71.0 million, while Kuwait reduced its demand by 2% worth RM8.9 million for the mentioned period.

Moving to the South Asia region, export of wooden furniture to the region improved by 42% to RM63.6 million for the period of January – May 2024. Amongst South Asia countries, India recorded the highest intake with import value worth RM56.6 million at an increase in intake by 42%. Meanwhile, export to Maldives grew by 38% to RM5.5 million while Nepal resumed its intake with RM0.5 million.

Export to the Central Asia region declined by 10% to RM1.9 million with export to Kazakhstan improved by 24% to RM1.7 million. Armenia reduced its demand by 68% to RM167,565 while Tajikistan resumed its intake with RM80,605 for the cumulative period of January-May 2024.

Export to the European Union recorded an expansion by 31% to RM168.1 million from RM128.6 million over its corresponding period in 2023. Export to Belgium increased by 13% worth RM19.7 million, followed by Spain with an increase of 77% to RM18.7 million and Germany with 12% worth RM18.6 million. Amongst the other countries in Europe, the UK as the largest buyer recorded an increase of 15% to RM179.1 million from RM156.39 million over its corresponding period in 2023. Similarly, exports to Türkiye and Georgia increased by 2% to RM7.2 million and by 50% to RM5.9 million respectively.

Export to the Oceania/Pacific region improved by 34% to RM244.1 million from RM182.6 million over its corresponding period in 2023. Australia remained as the top buyer in the archipelago region with export value worth RM214.2 million at an improvement of 30%. Similarly, both exports to New Zealand and Papua New Guinea expanded by 34% to RM16.4 million and by 168% to RM7.1 million respectively.

Moving to the Central America region, export of wooden furniture increased by 83% to RM18.9 million from RM10.3 million year-on-year. Both Panama and Guatemala recorded an increase of 63% to RM5.4 million and 83% worth RM4.1 million respectively. Similarly, export to Costa Rica grew by 112% to RM3.8 million from RM1.8 million in January-May 2023.

Meanwhile, export to the North America region advanced by 27% to RM2.2 billion from RM1.8 billion year-on-year. As Malaysia's largest wooden furniture buyer, demand from the USA improved by 24% to RM2.0 billion from RM1.6 billion over its corresponding period in 2023. Similarly, export to Canada multiplied by 65% to RM169.6 million while Puerto Rico reduced its demand by

4% to RM21.7 million respectively.

Similarly, export of wooden furniture to the South America region recorded an increase of 61% worth RM44.1 million from RM27.5 million over its corresponding period, January – May 2023. Export to Chile improved by 98% to RM27.8 million from RM14.0 million, followed by Peru with export increased by 23% to RM8.3 million. Likewise, export to Uruguay increased by 52% to RM2.0 million for the cumulative period in 2024.

Moving to the Africa region, export to the region improved by 7% to RM60.7 million with South Africa garnering the largest market share with RM18.4 million. Intake from South Africa recorded an increase of 45% from RM12.7 million in its corresponding period in 2023. This was followed by Reunion Islands, with recorded sales of RM6.8 million and imports up by 19% from the previous corresponding period. However, export to Kenya declined by 38% to RM5.4 million from RM8.6 million year-on-year.

Rattan furniture shipments in May 2024 recorded an increase of 20% valued at RM6.6 million from RM5.5 million in the previous month, April 2024. Similarly, based on year-on-year, export of rattan furniture for the cumulative period of January – May 2024 increased by 8% to RM27.3 million from RM25.4 million in the same period in 2023.

Exports to ASEAN member countries were recorded at RM3.6 million, an increase of 47% for the mentioned period, January – May 2024 from RM2.5 million in the same period in 2023. The highest buyer, the Philippines recorded intake worth RM2.3 million with an increase of 80% from



the same period. Similarly, export to Singapore grew by 15% to RM0.9 million while export to Thailand increased by 57% to RM0.4 million.

Meanwhile, export to the East Asia region declined by 80% worth RM0.6 million with China reducing its intake by 85% to RM0.3 million. Similarly, exports to Japan and Taiwan decreased by 67% to RM0.3 million and by 55% to RM42,173 respectively. Moving on to South Asia countries, India was recorded as the highest buyer of rattan furniture worth RM0.2 million despite a reduction of about 87%. Likewise, Tajikistan resumed its intake with RM122,721 for the cumulative period of January – May 2024.

Export to the West Asia region dropped by 34% to RM1.7 million with the largest buying nation of rattan furniture in the region, the UAE increasing its intake by 89% to RM0.9 million, while intake from Saudi Arabia reduced by 20% to RM0.5 million. Meanwhile, Iraq resumed its intake with RM174,762 for the period.

Moving to European Union bloc, export grew by 39% to RM4.3 million with France being the largest buyer amongst EU countries. Export to France increased by 10% to RM1.1 million from RM1.0 million over the same period in 2023. Similarly, exports to Ireland and Romania grew by 117% to RM0.8 million and by 142% to RM0.5 million respectively. In other parts of Europe, demand from the group decreased by 11% to RM3.4 million with the UK being the largest buyer in the region. The UK dropped its buying by 10% to RM3.0 million, while Georgia resumed its buying with RM0.19 million. Meanwhile, intake from Russia dropped by 62% to RM0.2 million for the period of January – May 2024.

Shipments to Oceania/Pacific archipelago region dropped by 41% to RM1.5 million from RM2.6 million over the same period 2023. Australia recorded a decline in intake by 38% to RM1.4 million, while both Papua New Guinea and Western Samoa increased their buying by 95% to RM71,217 and by 108% to RM43,358 respectively.

Exports to the North America region increased by 40% to RM10.8 million from RM7.7 million over the same period in 2023. The USA being the largest buyer for rattan furniture recorded a surge in intake by 22% to RM9.1 million, followed by Canada with an increase of 102% worth RM0.6 million. Mexico and Chile also resumed their intake with RM0.5 million and RM0.3 million respectively. Similarly, Panama also resumed its

intake with RM18,756 for the period of January to May 2024.

Moving to the Africa region, South Africa increased its buying by 263% to RM0.2 million, while Ghana and Kenya resumed their buying with RM0.3 million and RM79,283 respectively.

According to www.kr-asia.com in its July posting, despite its stature, China's furniture industry faces formidable challenges. Domestic demand stagnates amidst sluggish growth, exacerbated by global factors like interest rate hikes and inventory issues. Rising labour costs and evolving international trade policies also hinder traditional manufacturers, leading to narrowing profit margins despite large-scale operations. In response, many companies are turning to cross-border e-commerce. This shift is driven by high logistics costs for large furniture items and market homogeneity. Products like ergonomic office furniture have found niches on platforms like Amazon, where early entrants leverage manufacturing scale and capital to dominate. The trend towards direct consumer engagement through online platforms has reshaped traditional business models, emphasising on agility. 





INDONESIA

INVEST TO BOOST LOCAL WOOD PROCESSING INDUSTRY

The Ministry of Industry has allocated IDR7.5 billion for a programme to assist in the upgrading of machinery and equipment in the wood and furniture processing industries. The Ministry of Industry aims to assist at least 10 companies needing production equipment upgrading. Putu Juli Ardika, Director General of Agro-Industry at the Ministry of Industry, explained that the programme aims to strengthen the value chain for processed wood and furniture by optimising technological aspects. He added "in addition, this can enhance the competitiveness and efficiency of wood processing and furniture production".

Since 2022, 24 wood and furniture processing companies have participated in this programme and recipient companies say the programme increased company efficiency by 10% to 30%, product quality by 10% to 30% and company productivity by 20% to 30% according to the Ministry.

<https://panelsfurnitureasia.com>, 05 June 2024

compared to April 2024, but up 6% compared to May 2023. In the first five months of 2024, W&WP exports reached USD 6.1 billion, up 24% year-on-year. The WP exports alone earned USD 4.16 billion, up 23% over the same period in 2023.

W&WP exports to the US in May 2024 earned USD 710 million, down 8% compared to April 2024, but up 13% compared to May 2023. In the first five months of 2024, W&WP exports to the US earned USD 3.4 billion, up 27% over the same period in 2023. In May 2024, bedroom furniture exports were valued at USD 163 million, up 58% compared to May 2023. Over the first five months of 2024, exports of bedroom furniture brought in about USD 777 million, up 34% over the same period in 2023.

Viet Nam's W&WP imports in May 2024 were valued at USD 250 million, up 7% compared to April 2024 and up 16% compared to May 2023. In the first five months of 2024, W&WP imports cost USD 1.02 billion, up 20% over the same period in 2023. The volume of tali imports in May 2024 was at 45,300 cubic metres, worth USD 16.5 million, up 8% in volume and 7% in value compared to April 2024. Compared to May 2023, the imports decreased by 19% in volume and by 35% in value. In the first five months of 2024, imports of tali amounted to 136,700 cubic metres, worth USD 51.3 million, down 31% in volume and down 39% in value over the same period in 2023.

<https://www.fordaq.com>, 18 June 2024



VIET NAM

WOOD AND WOOD PRODUCT EXPORTS 18% UP IN MAY

According to the statistics provided by Viet Nam Office of Customs in May 2024, Viet Nam's wood and wood product (W&WP) exports earned USD 1.25 billion, down 8% compared to April 2024 but up 18% against May 2023. Of this, WP exports accounted for USD 812 million, down 14%



JAPAN

SUPPLY OF PLYWOOD

Japan's total plywood supply in March, 2024 is 361,000 cubic metres. This is 4.4% less than February, 2024 and this is straight four months decreasing. Domestic plywood is 2.0% down from the previous month and imported plywood is 7.1% down from the previous month. On the other hand, shipment of domestic plywood is 8.5% higher than last month and this is for the

first time in three months to be a level of 200,000 cubic metres. The inventory at the end of April, 2024 decreases.

Production of structural softwood plywood is 174,000 cubic metres, 2.6% less than last month. Production of under 6 mm plywood, under 6 – 12 mm plywood, under 12 – 24 mm plywood, and over 24 mm plywood has decreased from the previous month. However, shipment of plywood is 20,000 cubic metres, 12.4 % up from last month. The shipment exceeds production by 9,000 cubic metres. Production of domestic painted plywood for concrete form is 2,300 cubic metres higher than the previous month. This was the largest volume of domestic painted plywood for concrete form for the first time since June, 2023.

The market of structural softwood plywood had been very sluggish until the middle of March, 2024. However, several major plywood manufacturers announced to raise the structural plywood price as of April, 2024. Then, consumers started to purchase the structural plywood so the movement of structural plywood began to move. The imported plywood supply decreases for two months continuously. Indonesian plywood is 11.2% down from last month but Malaysian plywood is 10.5% up from last month.

The average Indonesian plywood supply during January, 2024 to March, 2024 is 60,000 cubic metres. The average Malaysian plywood supply during January, 2024 to March, 2024 is 48,000 cubic metres. Since the inventory of domestic plywood soared in 2023, the average Indonesian plywood supply during January, 2023 to March, 2023 was 52,000 cubic metres. The average Malaysian plywood supply during January, 2023 to March, 2023 was 38,000 cubic metres.

<https://www.fordaq.com>, 05 June 2024

threefold increase in imports of plywood and other timber products in the past year. The Middle East, led by the UAE and Saudi Arabia, is transitioning towards timber-based construction, signalling a regional shift towards sustainability. Saudi Arabia, as the world's largest oil exporter, is committed to achieving net-zero carbon emissions by 2060 and has allocated over USD180 billion towards decarbonization efforts, including the adoption of eco-friendly construction materials. The Saudi Arabia National Center for Vegetation Cover Development and Combating Desertification (NCVC) is spearheading an initiative to plant 10 billion trees, aiming to expand the country's forest cover significantly. Saudi Arabia and the UAE are significant importers of plywood, with substantial quantities sourced from Chinese ports annually, while Nigeria and the UK rank among the top five global plywood markets.

<https://www.globalwoodmarketsinfo.com>, 03 June 2024



EUROPE

CONSIDERABLE DROP IN WOOD-BASED PANELS PRODUCTION

European wood-based panels production declined by a “disappointing” 6.3% in 2023, according to the latest statistics unveiled by the European Panel Federation (EPF). However, a positive angle was that wood-based panels exceeded the overall performances of the two main end-user sectors (furniture and construction), suggesting a gain of share in both segments for wood.

The figures are contained in the EPF's Annual Report 2023, released at the Federation's AGM on June 19-21 in Riga, Latvia, hosted by Latvian plywood producer Latvijas Finieras and attended by 180 industry professionals. OSB was the sole panel product area that saw production growth in 2023 in the EU27/UK/EFTA region at +2% to 6.6 million cubic metres (2022: 6.5 million cubic metres).



SAUDI ARABIA

GREEN BUILDING REVOLUTION

Despite a limited number of timber buildings erected, Dubai and Riyadh have experienced a

The largest product area, particleboard recorded a -5% reverse with a 30.9 million cubic metres production (2022: 32.5 million cubic metres). MDF saw a bigger drop at -11% to 11.1 million cubic metres (2022: 12.5 million cubic metres).

Softboard mainly wood fibre insulation boards has been an area of significant growth in recent years, but this product area declined by 6% in 2023 to 4.8 million cubic metres (2022: 5.2 million cubic metres). Plywood production saw a large -15% decline to 2.6 million cubic metres (2022: 3.1 million cubic metres), while the final panel product area, hardboard saw a 17% reduction, though this is the smallest product area for the European wood-based panels industry at 400,000 cubic metres (2022: 500,000 cubic metres).

<https://www.timberindustrynews.com>, 28 June 2024

The weakest segment in the first quarter of this year was the "Other Furniture" segment, which includes living room, dining room and bedroom furniture. The division recorded a drop in sales of around 18% to EUR1.3 billion. In the kitchen furniture industry, sales fell by 16.5% to around EUR1.4 billion. Upholstered furniture manufacturers generated sales of around EUR260 million, almost 15% less than in the same quarter last year. For manufacturers of shop and other contract furniture, sales fell by around 5% to EUR425 million. The mattress division also declined (-1% to around EUR150 million). Only office furniture manufacturers were able to increase sales (2% to around EUR586 million).

"Our companies have further challenging months ahead of them, which many companies are responding to with short-time working. But at least we have seen a stabilization in incoming orders in recent weeks and are hoping for a revival in housing consumption after the leisure-oriented summer months," says Kurth.

<https://www.fordaq.com>, 14 June 2024



GERMAN

FURNITURE INDUSTRY GENERATED AROUND 13% LESS

According to surveys by the Federal Statistical Office, sales in the German furniture industry fell by around 13% to EUR4.1 billion in the first quarter of 2024. On the domestic market, the 416 companies (with 50 or more employees) recorded a drop in sales of around 12%. Sales abroad were around 15% lower. The export share was 32.4% (previous year: 33.2%).

"The consumer climate, which has recently recovered slightly but is still low overall, and the declining construction activity are having a major impact on our industry," says Jan Kurth, Managing Director of the Association of the German Furniture Industry. The reluctance to buy is also reflected in the association's internal order statistics. "Measured in terms of unit numbers, orders received from January to March 2024 were on average around 12% lower than the same period last year," reports Kurth.



AUSTRALIA

DOMESTIC TIMBER SALES DROP

Domestic timber sales have fallen by more than 500,000 cubic metres from its peak, prompting Member for Barker Tony Pasin to call for Green Triangle Forestry timber to be included in the federal housing policy.

Mr Pasin said, data from the Australian Forest Products Association and Master Builders Australia showed the decline in domestic timber sales, with the member stating the industry was "ready and willing" to meet demands for timber required to increase the housing supply. South Australian Forestry Production Association (SAFPA) chief executive, Nathan Paine, said it had been well noted there had been a decline in new building approvals after the former government's Home Builder program, which brought forward "significant demand", ceased.

Mr Paine said it also resulted in supply constraints particularly during the Covid-19 pandemic.

"The great news in South Australia is the state government is responding to this by providing increased stimulus through stamp duty relief for first home buyers purchasing new homes, as well as supercharging a social and affordable housing program," Mr Paine said.

"These programs will have a positive impact, and while we are pleased that the South Australian Government has implemented a policy to preference South Australian timber manufacturers in government projects, we look forward to implementing mass engineered timber products in multi-level buildings." He said he was also hopeful the government's stamp duty stimulus package announced as part of this week's state budget would also drive a "new demand" for timber. In order to further sustain timber sales, Mr Paine said, SAFPA was focused on ensuring there were enough trees being planted to meet future fibre requirements.

"We also acknowledge the work of the federal minister for agriculture, fisheries and forestry Murray Watt, not just for his financial support to get more trees in the ground but also for the recent removal of the regulatory hurdle known as the Water Rule," Mr Paine said. "This rule directly impeded the industry's ability to get more trees in the ground so the work by Minister Watt with his state counterparts, including Deputy Premier Susan Close and Minister for Forest Industries Clare Scriven, has removed a major barrier to planting more trees. "As a nation, we need to make sure that we are planting enough trees to give us sovereign fibre capacity, and the work of the federal and state governments are directly delivering in this space."

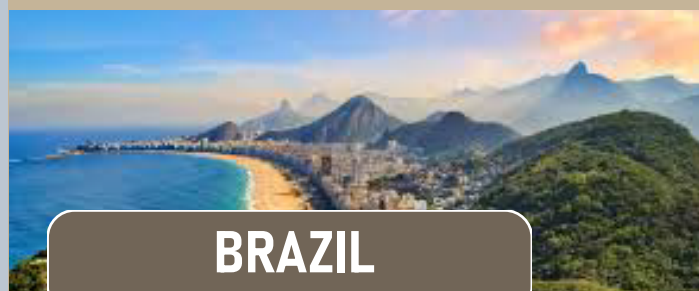
Mr Paine said, he was confident as SAFPA moved towards decarbonising the economy – especially within construction – there would be a greater focus on the use of timber in the built environment. "While we have no supply problem now, in decades down the track we will if we don't plant more trees in the short term," he said.

"SAFPA is currently working with Minister Scriven through the Forest Industries Advisory Council to prepare a State of the Forests Report to understand our future supply of timber products

against forecast demand to better assess our ability to grow and process our domestic fibre needs. "Importantly, we need to recognise our role in not just supplying to the domestic market, but indeed the nation, as our state processes 35% of the nation's housing timbers, about a quarter of the nation's particle board, 48% of the nation's fibre for packaging and 60% of Australia's agricultural timbers."

Mr Paine said South Australian grown and processed timber remained the "backbone" of the state's new housing construction and with the move into mass engineered cross-laminated timber and glue-laminated timber, the products being used were being done so in new and innovative ways. "This will incorporate timber into multi-story buildings," Mr Paine said.

<https://borderwatch.com.au/news>, 06 June 2024



BRAZIL

WOOD PRODUCT EXPORTS FALL 9%

In April 2024, Brazilian exports of wood-based products (except pulp and paper) fell around 9% in value compared to April 2023, from USD 336.3 million to USD 306.7 million. Pine sawnwood exports decreased 18% in value between April 2023 (USD 59.5 million) and April 2024 (USD 48.7 million). In volume, exports decreased 17% over the same period, from 264,000 cubic metres to 219,500 cubic metres.

Tropical sawnwood exports decreased 17.6 % in volume, from 29,000 cubic metres in April 2023 to 23,900 cubic metres in April 2024. In value, exports decreased 34.8 % from USD 15.5 million to USD 10.1 million, over the same period. In contrast, pine plywood exports increased 15 % in value in April 2024 (USD 68.1 million) compared to April 2023 (USD 59.4 million). In volume, exports increased 10 % over the same period, from 179,900 cubic metres (April 2023) to 197,700 cubic metres (April 2024).

As for tropical plywood, the volume of exports

dropped 13% and in value the drop was 12%, from 3,000 cubic metres and USD 1.7 million in April 2023 to 2,600 cubic metres and USD 1.5 million in April 2024, respectively. The value of exports of wooden furniture decreased from USD 47.1 million in April 2023 to USD 45.5 million in April 2024, a 3% fall.

<https://www.timber.exchange/news>, 07 June 2024



WOOD PRICES PLUMMET SHARPLY

Global lumber prices fell sharply in early June. The reason is falling demand. High mortgage interest rates are preventing people from building and buying houses in the USA.

The outlook for 2024 is very pessimistic. Improvement is not expected until 2025.

Lumber prices fell well below USD 500 per 1,000 board feet (mbf) in June. This is a new eight-month low for global lumber prices. In March, lumber was still trading at a good USD 620. That is a price drop of more than 20% for

lumber in just under three months. Lumber prices were last this low in November 2023.

This is due to the weaker demand outlook for lumber and persistently high inflation in the US and on the world market, which reflect an overall difficult global economic situation. At the same time, mortgage rates in the US for 30-year mortgages rose to over 7%, which represents a significant obstacle to new construction or home purchase for many potential home buyers. The rise in mortgage interest rates also correlates with the rise in yields on long-term government bonds, say analysts at tradingeconomics in an analysis. The background to this is the concerns about persistently high inflation, which prompted the US Federal Reserve to continue to maintain higher interest rates or not to lower them for the time being. However, the sharp rise in mortgage rates also caused a significant decline in home sales in the US of 7.7% in May compared to April. This was the largest decline since February 2021.

This reinforces the negative trends in the real estate market, say market observers at tradingeconomics, which will have a negative impact on the entire real estate sector. In addition, the 7.4% year-on-year increase in the U.S. home price index, which exceeded previous market forecasts, highlighted the ongoing affordability and accessibility challenges in the housing market.

<https://www.globalwoodmarketsinfo.com>, 05 June 2024


KEMENTERIAN PERLADANGAN
DAN KOMODITI


LEMBAGA PERINDUSTRIAN
KAYU MALAYSIA

**KAYU
MALAYSIA**
Standing on Excellence

**A nature's blessing
that evokes
memories to last.**

Ships Diverted From Red Sea Send Ripple Effects Across The Globe



Never has it been so cheap to inflict a world of economic pain. That stark point was underscored last week by Maximilian Hess, a principal at London-based Enmetena Advisory, a political risk consultancy. Speaking to a webinar of supply-chain managers, he showed a slide of a canoe-size naval drone and said such jury-rigged weapons have the ability to redirect world trade.

"Nowhere is this more clear than in the conflict in the Red Sea," Hess said, referring to attacks launched from Yemen toward commercial ships trying to use the Suez Canal. Nearly six months into the Houthis' relentless campaign to protest Israel's war in Gaza, the economic fallout is widening. As ships sail around Africa's Cape of Good Hope, their unpredictable schedules are clogging major Asian ports, creating shortages of empty containers in some places and pileups in others. Delivery times to the US and Europe are getting longer, and freight rates are surging.

The blame rests on several factors as the charts show below — including solid demand for goods in the US. But the latest bout of trade turmoil largely stems from the Red Sea diversions. Sea-Intelligence, a Copenhagen-based maritime data and advisory firm, recently calculated that rerouting increased the average minimum transit time by almost 40% to the Mediterranean from Asia, and by 15% to northern Europe. The ricochet effect of ships circling back to Asia — now knocked off their timetables — is contributing to bottlenecks in ports like China's Shanghai-Ningbo and Singapore. Jebel Ali in the United Arab Emirates is having congestion issues, too, because of its proximity to the Red Sea and because it's a major trans-shipment hub for

freight moving through Dubai on both ocean and air carriers.

Singapore, home to the world's second-biggest container port, issued a statement last week explaining how it's experienced a significant increase in arrivals since the start of 2024, leading to an 8.8% rise in container volumes in January through April from a year earlier. Waits for some vessels are two to three days, the port authority said. "The situation is expected to worsen due to the increase in off-schedule vessel arrivals and very high yard utilization," Tan Hua Joo, a container market analyst at Linerlytica, said in an email on Friday. As ships spend more time at anchor and face extended journeys, supply chain managers paying for those services feel compelled to place orders further in advance, worrying some into buying more than they might need. The share of container ships arriving on time has slumped to about 52%, retracing much of last year's improvement from pandemic-era lows of about 30% from early 2022, according to Sea-Intelligence.

Delivery times are particularly slow for goods traveling to Europe and the US East Coast from China — because most of the ships on these routes are avoiding the shortcut through the Suez Canal. On the demand side, the US economy is adding a strong pull, as import volumes through the Port of Los Angeles showed during the first four months of the year. An early read on May volumes through the nation's busiest port shows the momentum is continuing — with three of the past four weeks coming in higher than year-earlier levels.

The supply-demand imbalance is happening at least a month before peak shipping season from July to September. That's when retailers stock shelves for back-to-school sales and year-end holidays, placing large orders from their Asian suppliers. It's not quite pandemic-level panic level yet, but some analysts say a situation like this can feed on itself when geopolitical risks and tariff threats are so pervasive. "As more shippers start a peak season early, they create a capacity shortage and rates go up, causing other shippers to join the early stampede," said Lars Jensen, a shipping analyst and founder of Copenhagen-based Vespucci Maritime. In

process, they're "creating the crunch they hope to avoid," he said.

Spot shipping rates have responded by going up sharply. A much costlier mode of transportation — air cargo — is also seeing the effects on specific routes as demand increases. Trine Nielsen, senior director and head of ocean EMEA at the logistics tech company Flexport Inc., said that suggests some cargo owners "expect the peak to sustain longer."

Rogier Blocq, director of product development at Amsterdam-based WorldACD, said air cargo rates from the Persian Gulf and South Asia into Europe were up almost 80% in May versus a year earlier. That stood out from the average global rate increase of about 3% over the same period. Just how long it will take for the interconnected system to return to balance is anyone's guess, according to Rolf Habben Jansen, chief executive of Hamburg, Germany-based Hapag-Lloyd AG, the world's No. 5 container carrier. "It could still last for another couple of months if the Red Sea situation doesn't improve," he said in an interview last week on Bloomberg Television.

Source: Bloomberg June 2, 2024



Container Spot Rates In China Set To Hit Five Figures

There were further double-digit increases in container spot freight rates this week, after a series of general rate increases and other surcharges came into effect on 1 June, a day or two after last week's indices were published. Drewry's World Container Index (WCI) recorded

week-on-weeks gains of 14%, 17% and 11% on its Shanghai-Rotterdam, Shanghai-Genoa and Shanghai-Los Angeles routes, respectively. Its reading for the Asia-North Europe leg stood at \$6,032 per 40ft, while Xeneta's spot rate XSI index for the same route gained 18.5%, to reach \$5,647 per 40ft.

The spot rate on the WCI's Shanghai-Genoa route reached \$6,664 per 40ft. The WCI's Shanghai-Los Angeles leg stood at \$5,975 per 40ft, while the Shanghai-New York spot rate grew 6%, to \$7,214 per 40ft. The XSI's transpacific route recorded a growth of 19.5%, to reach \$5,859 per 40ft. "Drewry expects freight rates ex-China to continue rising next week, due to the onset of the early peak season," the analyst said.

And European freight forwarders are warning that spot rates from Asia would breach the five-figure mark next month. One told The Loadstar: "As anticipated, spot rates from 1 July are breaching the \$10,000 per 40ft barrier, and several carriers' online pricing platforms already reflect this."

According to a report by the BBC this week, the spot rate surge is beginning to bleed through into retail prices on the high street, driving them up. Whether spot rates remain at this elevated level will most likely depend on how long demand persists.

"If the demand increase is the early start of the peak season, we can expect demand-side pressure to subside in a few months, and earlier than usual," said Freightos head analyst Judah Levine. "Just as rates climbed on a combination of pre-lunar new year demand, and restricted capacity in the first months of the diversions and subsided once demand eased, prices and disruptions should decrease when peak season slows this time as well, although until Red Sea traffic resumes, we can expect rates to fall no lower than their April floor," he added.

In contrast to the ex-Asia routes, the transatlantic headhaul Rotterdam-New York spot rate declined 4% week on week on the WCI, ending the week at \$2,136 per 40ft. Meanwhile, the growing scarcity of equipment at Asian export hubs has led to a container price bubble, according to box trading platform Container xChange.

It said average container prices for 40ft high-cube units in key Chinese ports rose 45% last month, from \$2,240 in April to \$3,250. Prices for similar units were around \$1,698 in November, but \$7,178 in September 2021, at the height of the Covid boom.

Container xChange founder and CEO Christian Roeloffs said the causes of higher container prices were the same as those that had propelled the recent spot freight rate surge, and added they could fall just as quickly. "As we monitor the market closely, it's evident that the current spike in container prices is not sustainable in the long term, as it is not backed by strong underlying demand.

"Concerns over labour markets and high interest rates imply that consumers are likely to reduce spending, which could lead to a decline in demand for goods and, consequently, a reduction in shipping volumes in the near term – unless the demand revival becomes stronger and the supply capacity soak-up intensifies.

"As the initial rush to restock inventories subsides and the real demand from consumers and businesses remains flat, we anticipate a stabilisation of, or even a decline in, container prices in the mid-term; the market is showing signs of volatility driven by short-term factors, rather than a sustained increase in demand," he added.

Source: The Loadstar June 7, 2024



Container Transit Times Soar As Red Sea Crisis Continues Unabated

The escalating conflict in the Red Sea region has disrupted international shipping routes,

contributing to significantly higher transit times for the container shipping sector, according to a new report released by supply chain visibility platform, Project44.

Since the onset the attacks by the Yemen-based Houthis in November, hundreds of ships from all major carriers have altered their courses to avoid the area.

The Suez Canal, one of the busiest sea routes in the world, has seen an unprecedented drop in traffic as a result. An analysis of May 2024 figures revealed a startling 80% decrease in passages compared to May 2023. The report suggests this trend is unlikely to reverse soon, with the looming peak shipping season unlikely to drive a resurgence of carriers using the route.

Carriers are therefore adopting alternative routes around Africa or through the Panama Canal, increasing transit times significantly. Container transit times for routes from China to Europe, Southeast Asia to Europe, and Southeast Asia to the US East Coast have been extended by a median of 10-14 days. Project44's says these transit times represent the "new normal" as carriers continue to avoid the Red Sea.

The consequences of the conflict have rippled across the United States and Europe, with the overall shipping times increasing by almost two weeks. Despite the initial variability in schedules post-attacks, carriers have now adjusted to the new routes, with delays reduced to 4-8 days from initial highs. Project44 advises shippers to account for these additional transit days in their planning to ensure freight arrives in time for the high-demand retail peak season.

Source: gcaptain.com June 22, 2024



Container Prices Double, Leasing Rates Triple In China

The average container prices in China have reached their highest in two years, at US\$3,600 this week for 40 ft high cube cargo-worthy containers in China. These prices were somewhere around US\$1,700 in March – April 2024. This is a 112% increase in a span of two months.

While the average container prices (for purchasing containers) are on a significantly upward trend, the average one-way pick-up charges (for leasing containers) continue to develop at a staggering rate so far in June. The chart below illustrates the development of average pick-up charges for 40 ft-highcube cargo-worthy containers from the peak Covid-19 period until June 2024, focusing on routes from China to the US and Europe.

“While prices and rates are significantly up, trading volumes have decreased as buyers are becoming more cautious. This trend potentially indicates a potential reversal of prices in the near future, as the market adjusts to the current disruptions and the high levels of volatility,” shared Christian Roeloffs, cofounder and CEO of Container xChange.

Leasing rates on China to Europe stretch rise by 3X

The average pickup charges ex Shanghai to Rotterdam were somewhere around US\$500 in November 2023 which are now 3X, somewhere around US\$1,700, to Hamburg is US\$2,030 and to Antwerp is US\$1,888 (as on 23 June 2024).

Leasing rates double on China to US stretch in June

Overall, the pickup charges doubled since November until June Ex Shanghai to key ports in the US. Shanghai to New York rates were around US\$568 in November 2023, which are now at US\$1,200 so far in June 2024. Shanghai to Oakland rates were US\$370 in November 2023 which are now at US\$1,663 as on 23 June 2024. Shanghai to Los Angeles rates were US\$643 in November 2023, reaching US\$1107 as on 23 June 2024. Shanghai to Long Beach pickup charges also spiked from US\$610 to US\$1,230 in the same duration.

“We witness asking rates for leasing containers reaching US\$2,600 this week in China. This is crazy. These pickup charges were not more than US\$300 only until October last year, and without any significant demand surge from the consumer side, these prices are increasing only because of the disruptions at sea and not driven by demand, which worries us because this means it’s not sustainable, highly volatile,” shared a Container xChange customer from China, a container supplier based in Shanghai.

“The buyers and the lessees are waiting it out, hoping that this wave will wane out. But we do not see any immediate correction, as the market is too active, and freight demand continues to remain strong here in China,” added the customer.

Impact of positive US retail trends on China container demand

- **US Retail Inventories and Sales Growth:** The Monthly Retail Trade Survey shows a consistent rise in US retail inventories, from US\$769.3 billion in January to US\$793.5 billion in April 2024. Significant increases are seen in sectors like motor vehicle and parts dealers and building materials.

- **Continued Retail Sales Growth:** In May, retail sales increased by 0.1% month over month and 2.3% year over year, with core retail sales (excluding automobile dealers, gasoline

stations, and restaurants) rising by 0.3% month over month and 2.9% year over year. This aligns with NRF's forecast for a 2.5% to 3.5% increase in retail sales for 2024.

The rise in US retail inventories, particularly in sectors like motor vehicles and building materials, indicates strong demand for container shipping services. This is expected to increase the need for container shipments from China, a major manufacturing hub.

Encouraging growth in China's container throughput

- China's ports recorded a 9% YoY increase in container throughput in the first four months of 2024, handling 104.03 million TEUs. Foreign trade cargo throughput increased by 9.1% YoY
- Total cargo throughput reached 5.55 billion tonnes; a 5.2% rise compared to the same period last year.

Sanctions and Tariffs to Impact Euro-China Trade

The European Commission has proposed tariffs of up to 38% on Chinese electric vehicles, in addition to the existing 10% tariff, citing concerns over state subsidies. While the Container shipping sector is not directly impacted by these EV tariffs, we view this development as an early signal of potential broader trade tensions.

If the proposed tariffs are implemented, the cost of exporting Chinese EVs to Europe will rise, possibly leading to a tariff war. This escalation could result in increased tariffs on a wider range of goods, impacting global supply chains. Higher tariffs and trade barriers could lead to delays and additional costs in the supply chain, causing inefficiencies in container utilization and higher operational costs for shipping companies.

Market Outlook

"Despite the current tariff dispute, the long-term outlook for China's container market remains cautiously optimistic. The positive trends in US retail demand and robust growth in China's port throughput suggest sustained demand for container shipping services. However, the resolution of the EU-China tariff dispute will be crucial in shaping the short-to-medium-term market dynamics," commented Christian Roeloffs, cofounder and CEO of Container xChange.

"Container shipping companies should prepare for potential shifts in trade patterns by diversifying their routes and enhancing logistics capabilities in other growing markets, such as Southeast Asia and South America. Investing in technology and infrastructure to improve efficiency and reduce costs will be critical in navigating the potential market volatility and maintaining competitiveness," Roeloffs added.



Source: container-news.com; Jun 27, 2024

SHIPMENTS OF TIMBER PRODUCTS THROUGH PORTS IN PENINSULAR MALAYSIA MAY 2024

Products	Port Klang		Kuantan		Pasir Gudang		Tanjung Pelepas		Penang		Total all ports (m ³)	% change Apr'24/May'24
	m ³	% Change	m ³	% Change	m ³	% Change	m ³	% Change	m ³	% Change		
Sawntimber	39,103	5	4,393	168	510	-14	183	-41	4,211	-8	48,400	9
MDF	15,564	12	161	67	1,943	40	800	-11	595	-26	19,064	11
Mouldings	15,033	20	9	-73	1,144	-6	2,116	20	400	35	18,702	18
Plywood	2,751	21	0	0	0	100	326	-45	5,075	-24	8,152	-14
Veneer	1,953	237	0	0	0	100	45	114	2,350	9	1,998	233
Particleboard	10,488	15	0	0	33	-35	0	100	8,624	34	19,145	23
TOTAL	84,892	5	4,562	158	3,629	2	3,471	-6	21,255	2	117,809	12

CHINA

Extensive Market Potential For Malaysian Timber And Finished Products

Overview

China, officially known as the People's Republic of China (PRC), is a country in East Asia. It is the world's most populous country, with a population of more than 1.4 billion people and has a population density of 147 people per km². China spans five geographical time zones and borders 14 different countries, the second most of any country in the world after Russia. Covering an area of approximately 9.6 million square kilometers (3,700,000 sq. mi), China is now a major overseas investor and is pursuing an increasingly assertive foreign and defense policy far beyond East Asia.



Economy

China is a developing mixed socialist market economy. Since China began to open up and reform its economy in 1978, GDP growth has averaged over 9% a year, and almost 800 million people have lifted themselves out of poverty. Since 2017, China has been the second world's largest economy behind the US when measured by Purchasing Power Parity (PPP). China accounted for 19% of the global economy in 2022 in PPP terms and around 18% in nominal terms in 2022.

China has been a member of the World Trade Organization (WTO) since 2001 and is the world's largest trading power. By 2016, China was the largest trading partner of 124 countries.

Following moderate post-pandemic growth, China's GDP grew 5.2% in 2023 while growth is projected at 4.5% in 2024. Through trade, investment and ideas, China is becoming a more significant impact on other developing countries. China has several complicated development issues that are relevant to other countries such as rapid aging, supporting a lower-carbon energy route, developing an affordable health system and switching to a new economic model. Domestic demand in China has remained sluggish and contributed to low inflation, while the policy space for stimulus is constrained. Weak business confidence, in part driven by the property market downturn, continues to weigh on growth.

Forest Resources

China plans to complete the greening of 100 million mu (6.7 million hectares) of land in 2024, according to the National Forestry and Grassland Administration. In the past decade, China has completed a greening area of 112 million hectares; the forest area has reached 231 million hectares, and the forest coverage rate has exceeded 24%.

The preserved plantation area has reached 87.6 million hectares, ranking first in the world. China's new plantation area accounts for more than a quarter of the world's, making it the fastest-growing country in terms of forest resources. The top ten tree species in the Chinese forest plantations are *Cunninghamia lanceolata*, *Populus*, *Eucalyptus*, *Larix gmelinii*, *Pinus massoniana*, *Pinus tabulaeformis*, *Cupressus funebris*, *Pinus elliottii*, *Robinia pseudoacacia* and *Quercus*.

Timber Production And Processing

According to the latest FAO forest statistics on China, the country produced around 308 million cubic metres of major timber products in 2022. Top 3 timber production in year 2022 were wood fuel (61 million m³), followed by plywood (54 million m³) and MDF/HDF (50 million m³). Details of production are as below:

China: Production Of Timber And Timber Products (2017-2022)

Product	Unit	2018	2019	2020	2021	2022
Wood fuel, coniferous	m ³	65,989,565	64,759,618	63,552,993	62,382,209	61,233,345
Plywood	m ³	55,064,000	56,764,000	59,150,000	56,725,000	54,341,000
MDF/HDF	m ³	55,152,000	58,048,000	58,314,000	56,432,000	50,352,000
Wood chips and particles	m ³	44,381,000	44,381,000	44,381,000	44,381,000	44,381,000
Particle board	m ³	29,583,000	30,583,000	29,515,000	32,141,000	36,224,000
Sawnwood, coniferous	m ³	37,272,000	30,074,000	34,515,000	35,446,000	35,446,000
Sawlogs and veneer logs, coniferous	m ³	12,956,337	12,956,337	12,956,337	12,956,337	12,956,337
Other industrial roundwood, coniferous (production)	m ³	8,834,000	8,834,000	8,834,000	8,834,000	8,834,000
Veneer sheets	m ³	3,032,100	3,032,100	2,732,098	2,732,098	2,732,098
Wood charcoal	t	1,636,902	1,623,456	1,610,123	1,596,487	1,582,969
Other fibreboard	m ³	219,000	248,000	249,000	321,000	321,000

Source :FAO Stats

China's Exports Of Timber And Timber Products

In 2023, China's exported timber and timber products worth USD50.4 billion, a decrease of 9% from USD55.4 billion in 2022. The main timber products exported were furniture, plywood and BJC totalled at USD34.7 billion, USD4.8 billion and USD1.3 billion respectively.

China: Export Of Timber & Timber Products, 2019-2023

Products	2019	2020	2021	2022	2023
Furniture	27,725,338	30,759,899	38,292,531	37,143,848	34,695,532
Plywood	4,482,326	4,223,783	5,895,799	5,630,204	4,816,398
Builders' Joinery and Carpentry	1,116,677	1,090,260	1,405,829	1,464,178	1,327,009
Fibreboard	941,612	829,184	1,202,448	1,209,474	1,193,969
Veneer	525,043	537,377	801,280	671,263	623,814
Wooden frames	447,577	452,347	498,331	462,523	503,872
Particle board	95,884	163,441	427,420	389,528	274,849
Mouldings	243,452	215,638	256,182	234,412	177,490
Sawntimber	161,671	148,815	188,795	166,730	119,154
Logs	15,330	6,488	3,706	20,202	2,285
Others	5,356,997	5,873,468	7,933,286	8,028,444	6,703,310
Total	41,111,907	44,300,700	56,905,607	55,420,806	50,437,682

USD '000

Source :ITC Stats

The USA is China's major timber and timber products (HS44) export destination, worth USD2.9 billion in 2023, from a total of 217 countries. This was followed by Japan (USD1.2 billion), UK (USD789.5 million), Australia (USD695.0 million) and Viet Nam (USD591.7 million). Meanwhile, Malaysia was at the 13th place as an export destination, worth USD368.5 million.

China: Export Of Timber & Timber Products (Hscode 44) By Country, 2019-2023

USD '000

Rank	Importers	2019	2020	2021	2022	2023
	World	13,386,569	13,540,798	18,613,077	18,276,959	15,742,150
1	United States of America	2,927,961	2,898,577	3,914,827	3,657,645	2,935,074
2	Japan	1,217,813	1,101,041	1,400,176	1,484,586	1,193,102
3	United Kingdom	692,103	691,754	1,024,758	809,230	789,532
4	Australia	460,316	515,961	759,540	835,365	695,034
5	Viet Nam	535,018	655,100	915,796	791,500	591,744
6	Canada	440,864	456,582	721,716	691,503	586,414
7	Germany	458,473	499,692	656,300	654,107	471,577
8	Philippines	428,767	424,210	574,546	554,010	450,768
9	Netherlands	343,024	360,514	470,688	494,083	433,127
10	Hong Kong, China	281,862	302,652	354,407	414,838	384,324
13	Malaysia	269,096	332,294	396,599	403,469	368,516
	Others	5,331,270	5,302,426	7,423,723	7,486,625	6,842,945

Source :ITC Stats

*Malaysia ranked 13th from 217 countries

The USA is also the main export destination for furniture (HS9403) from China in 2023 with a value of USD9.0 billion, followed by Australia (USD1.7 billion) and Malaysia (USD1.6 billion). While Japan (USD1.5 billion) and the UK (USD1.5 billion) each. Malaysia was placed at 3rd place from a total of 220 countries with export value of furniture worth USD1.6 billion.

CHINA: EXPORT OF FURNITURE (9403) BY COUNTRY, 2019-2023

USD '000

Rank	Importers	2019	2020	2021	2022	2023
	World	27,725,338	30,759,899	38,292,531	37,143,848	34,695,532
1	United States of America	8,372,537	8,119,376	10,419,280	9,642,077	9,006,140
2	Australia	1,254,989	1,597,216	1,961,861	1,927,297	1,675,052
3	Malaysia	829,384	1,208,569	1,440,095	1,662,271	1,573,674
4	Japan	1,364,566	1,613,994	1,858,641	1,773,667	1,526,268
5	United Kingdom	1,360,725	1,525,425	1,884,247	1,420,751	1,509,042
6	Korea, Republic of	731,140	1,065,955	1,427,957	1,258,663	1,124,108
7	Germany	892,200	991,638	1,283,188	1,045,495	1,000,165
8	Hong Kong, China	926,928	768,375	1,116,273	1,300,536	983,194
9	Saudi Arabia	727,459	1,040,016	1,116,571	997,858	954,962
10	Canada	809,411	914,245	1,188,202	1,079,690	909,741
	Others	10,456,005	11,915,092	14,596,222	15,035,544	14,433,191

Source :ITC Stats

*Malaysia ranked 3rd from 220 countries

China's Imports Of Timber And Timber Products

China's import of timber and timber products in 2023 decreased by 20% to USD18.4 billion as compared to the previous year. The main timber products imported into China were sawntimber, logs and furniture totalled at USD6.8 billion, USD6.0 billion and USD753.5 million respectively.

China: Import Of Timber & Timber Products, 2019-2023

USD '000

Products	2019	2020	2021	2022	2023
Sawntimber	8,591,598	7,645,257	7,856,038	7,528,485	6,826,538
Logs	9,433,798	8,401,065	11,595,221	8,533,298	6,047,897
Furniture	1,157,732	1,013,822	1,069,346	863,969	753,493
Veneer	228,444	249,654	381,554	406,399	345,678
Particle board	234,330	257,698	323,097	410,021	335,520
Plywood	127,068	130,199	152,745	188,441	206,366
Mouldings	84,520	158,787	258,091	205,145	109,073
Builders' Joinery and Carpentry	103,959	80,170	94,131	89,282	64,610
Fibreboard	131,212	107,742	132,355	97,580	48,892
Wooden frames	2,082	1,760	2,223	1,871	1,605
Others	3,045,000	3,158,141	3,442,356	4,727,817	3,700,231
Total	23,139,743	21,204,295	25,307,157	23,052,308	18,439,903

Source :ITC Stats

Russia, as China's major timber and timber products (HS44) supplier had an export value of USD3.2 billion in 2023. This was followed by New Zealand (USD2.1 billion), Viet Nam (USD1.9 billion), the USA (USD1.6 billion) and Thailand (USD1.4 billion). Malaysia ranked at 27th place (USD106.1 million) in China's list of timber and timber products (HS44) supplier countries from a total of 174 countries.

China: Import Of Timber & Timber Products (Hscore 44) By Country, 2019-2023

USD '000

Rank	Exporters	2019	2020	2021	2022	2023
	World	21,982,013	20,190,473	24,237,809	22,188,341	17,686,407
1	Russian Federation	4,279,737	3,709,335	4,053,764	3,597,636	3,150,922
2	New Zealand	2,385,482	1,972,712	3,421,041	2,731,866	2,057,605
3	Viet Nam	1,206,043	1,293,605	1,602,733	2,314,714	1,857,439
4	United States of America	1,580,078	1,454,687	1,966,646	1,737,989	1,531,691
5	Thailand	1,236,451	1,119,219	1,252,521	1,360,580	1,368,503
6	Germany	850,958	1,545,827	2,233,901	1,332,180	800,211
7	Australia	1,413,194	1,068,840	647,645	891,774	627,191
8	Papua New Guinea	619,892	543,719	536,962	582,261	507,743
9	Indonesia	556,091	504,407	585,273	461,760	505,042
10	Canada	1,379,609	806,362	772,011	611,458	444,261
27	Malaysia	150,991	129,684	130,509	141,025	106,065
	Others	6,323,485	6,042,084	7,034,799	6,425,093	4,729,732

Source :ITC Stats

*Malaysia ranked 27th from 174 countries

Meanwhile for import of furniture (HS9403), Italy was the main supplier to China valued at USD296.3 million, followed by Germany (USD128.7 million), Viet Nam (USD47.8 million), Poland (USD35.5 million) and France (USD25.7 million) each. Malaysia was ranked at 14th position from a total of 126 countries that supplies furniture to China with an export value of USD8.6 million in 2023.

China: Import Of Furniture (Hscode 9403) By Country, 2019-2023

USD '000

Rank	Exporters	2019	2020	2021	2022	2023
	World	1,157,732	1,013,822	1,069,346	863,969	753,493
1	Italy	347,245	301,790	383,425	344,995	296,315
2	Germany	152,427	180,198	175,255	134,416	128,679
3	Viet Nam	106,905	80,526	73,766	57,350	47,775
4	Poland	94,994	70,837	66,837	46,813	35,518
5	France	20,503	37,681	20,037	15,615	25,668
6	Sweden	16,349	12,892	17,552	19,426	25,037
7	Japan	20,533	22,707	20,234	17,591	17,439
8	China	20,830	17,321	9,942	11,697	15,735
9	Austria	15,554	15,566	18,560	16,790	14,659
10	United States of America	29,521	15,819	16,963	16,246	14,175
14	Malaysia	37,560	23,493	17,712	13,225	8,569
	Others	295,311	234,996	249,062	169,807	123,923

Source : ITC Stats

*Malaysia ranked 14th from 126 countries

Malaysia's Exports Of Timber And Timber Products To China

China is the largest and the most important timber and timber product trading partner for Malaysia in the East Asia market. From 2019 to 2023, Malaysia's timber exports to China experienced both growth and challenges, shaped by global economic conditions and regulatory changes. In 2020, Malaysia exported RM2.3 billion worth of timber, an increase of 23% from RM1.8 billion in 2019, despite the COVID-19 pandemic that hit the global market at the time. The export value grew notably each year showing that Malaysian timber has high demand from China especially sawntimber and wooden furniture. In 2023, the Malaysia's export of timber and timber products to China showed an increase of 7% to RM2.8 billion from RM2.6 billion in 2022. Sawntimber was the main product exported at RM312.0 million, followed by wooden furniture at RM54.9 million and chipboard/particleboard at RM39.9 million.

Malaysia: Export Of Timber & Timber Products To China, 2019-2023

FOB Value RM

Products	2019	2020	2021	2022	2023
Sawntimber	485,960,559	252,124,084	295,999,307	433,982,191	311,974,613
Wooden Furniture	225,916,465	147,334,649	90,276,301	68,097,934	54,932,174
Chipboard/Particleboard	102,263,651	73,234,467	45,027,287	49,034,200	39,870,347
Logs	28,109,389	6,623,962	4,432,240	11,842,897	22,243,539
Builders Joinery & Carpentry	14,194,244	11,515,488	17,970,497	25,120,903	13,236,911
Plywood	26,600,284	19,077,345	30,019,715	17,065,028	10,055,523
Mouldings	6,611,974	3,506,634	7,257,343	1,516,705	8,136,122
Veneer	16,402,599	11,604,407	14,325,789	8,733,090	6,897,065
Fibreboard	4,553,122	2,337,167	2,681,906	1,216,296	2,060,451
Others	916,984,530	1,726,773,518	1,875,132,844	2,023,624,460	2,360,885,636
Total	1,827,596,817	2,254,131,721	2,383,123,229	2,640,233,704	2,830,292,381

Source : MTIB & DOSM

Malaysia's Import Of Timber And Timber Products From China

The trend of timber imports from China to Malaysia between 2019 and 2023 fluctuated and reflected several notable shifts. Throughout 2019 to 2021, Malaysia continued to import significant volumes of timber including wooden furniture, plywood, veneer and BJC due to increase construction and furniture production needs. However, in 2022 and 2023, the import value recorded a decrease reasoned by supply chain disruptions and rising freight costs due to the post-pandemic climate. In 2023, imports of

Malaysian timber and timber products from China recorded a 17% decrease at RM2.5 billion from RM3.0 billion in 2022. The main product imported from China were wooden furniture with a total value of RM1.2 billion. Next was plywood at RM337.4 million and veneer at RM178.7 million.

Malaysia: Import Of Timber & Timber Products From China, 2019-2023

FOB Value RM

Products	2019	2020	2021	2022	2023
Wooden Furniture	1,016,573,254	1,678,508,909	1,905,732,146	1,664,444,915	1,162,029,850
Plywood	295,224,457	377,485,447	398,528,103	334,713,374	337,432,214
Veneer	127,765,015	144,725,636	174,869,221	182,380,596	178,712,694
Builders Joinery & Carpentry	92,650,064	119,538,429	111,171,104	107,023,609	128,424,257
Mouldings	77,150,508	84,928,508	99,664,238	131,970,023	117,213,869
Fibreboard	41,828,647	38,780,996	30,281,811	33,538,803	45,268,257
Sawntimber	5,586,550	11,110,541	13,011,943	22,868,261	43,060,990
Chipboard/Particleboard	15,580,784	28,678,601	22,343,704	23,905,502	27,766,476
Logs	875,636	100,189	44,002	176,437	156,252
Others	189,480,546	290,300,963	493,319,438	512,001,923	453,299,535
Total	1,862,715,461	2,774,158,219	3,248,965,710	3,013,023,443	2,493,364,394

Source : MTIB & DOSM

Import Tariffs

The ASEAN-China Framework Agreement on Comprehensive Economic Cooperation (ACFTA) was signed at the 6th ASEAN-China Summit in November 2022 and the full establishment of ASEAN-China FTA in January 2010 has provided a strong foundation for the enhancement of ASEAN-China economic relations. China's import duties on timber and timber products under ACFTA are 0% in most of the tariff lines except for plywood with 5% tariff (HS Code 4412).

Meanwhile, the Regional Comprehensive Economic Partnership (RCEP) Agreement is designed to broaden and deepen ASEAN's engagement with Australia, China, Japan, Korea and New Zealand. Malaysia was the 12th signatory country to implement RCEP on 18 March 2022. Import tariffs under RCEP are within the range from 0% to 11.7% with the highest tariff being for plywood, veneer (HS4408) and fiberboard HS4411).

China : Tariff Duty

HS Code	Product	MFN (%)		ASEAN-China (ACFTA) (%)		RCEP (2024)	
		Malaysia	China	Malaysia: Tariff Reduction Schedules	China: Tariff Reduction Schedules	Malaysia: Schedule of Tariff Commitments	China: Schedule of Tariff Commitments for ASEAN
4403	Logs	0	0	0	0	0	0
4407	Sawntimber	0	0	0	0	0	0
4408	Veneer	0	3 - 6	0	0	0	2.1 - 9.8
4409	Mouldings	0	4 - 6	0	0	0	0
4410	Chipboard/Particleboard	20	4 - 6	0	0	14 - 18	
4411	Fibreboard	20	4 - 6	0	0	14 - 18	3.7 - 7.3
4412	Plywood	25 - 40	4 - 6	0	5	25 - 40	0 - 11.7
4414	Wooden Frame	20	7	0	0	14 - 18	
4418	Builders Joinery & Carpentry	5 - 20	4 - 6	0	0	14 - 18	0
9403	Wooden Furniture	0	0	0	0	0	0

Source : World Trade Organisation (WTO)

Prospects

Oxford Economies forecast construction work done to decline by 3.3% in 2024 (up from a previous -5.6%). The smaller decline is largely due to historical revisions made by China National Bureau of Statistics which point to less robust civil engineering construction activities over 2022 and 2023. China's skyline is constantly evolving with new developments. Some of the most notable projects in 2024 include a mix of residential complexes, smart city developments and large-scale infrastructure projects. As part of Shanghai's broader urban development plan, Shanghai Lingang Science and Technology City is being developed into a hub for research and innovation. The city is the first phase and model development of an area poised to become the "Silicon Valley" of China. The project will include state-of-the-art labs, commercial spaces and residential areas. Sustainability is at the forefront of this development, with green technologies and smart construction methods being utilised.



Lingang Science and Technology City

The dynamic and fast changing furniture market in China reflects both the nation's shifting consumer preferences and economic progress. China has one of the biggest furniture marketplaces in the world, with a wide range of items to suit different customers interests and lifestyles, ranging from classic to contemporary. The furniture sector has experience tremendous expansion due to rising urbanisation and a growing middle class. The furniture market in China is characterised by a combination of foreign and native brands that are in intense competition with one another for market share. International companies concentrate on the premium and luxury categories, targeting wealthy consumers looking for high-quality and stylish items, while domestic firms dominate the low to mid-end segment by utilising cost advantages and local market experience.



Smart Furniture Design with ability to connect with home appliances

Eco-friendly materials and smart furniture designs integrate cutting-edge technologies such as Internet of Things (IoT) connectivity and Artificial Intelligence (AI) driven functionalities. Additionally, e-commerce has grown to be a significant furniture sales distribution method by providing customers with easier access to a large selection of goods. Online stores have grown in popularity as place of furniture buying since they let customers browse from the convenience of their homes, compare prices and read reviews. Considering all the developments mentioned, there are a lot of development prospects in the Chinese furniture industry that Malaysian entrepreneurs, designers and

manufactures can tap into. There is room to innovate and adjust to fulfill customer tastes, and there is a lot of potential in digital channel marketing to further expand Malaysian furniture to the Chinese market. Malaysia itself is a significant exporter of wooden furniture, particularly to markets like the US, Europe and Japan. Both Malaysian and Chinese entrepreneurs can explore partnerships or investments to leverage its strategic location and beneficial trade agreements such as ASEAN-China FTA and RCEP to get reduced tariffs and gain easier access to global markets.

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LOGS

The average wood price for most species in May 2024 apparently stayed unchanged, with 80%, or 16 of the 20 species designated as price reference species, showing no price change. Five species, however, were reported to have experienced price drops ranging from 3.3% to 16.8%, or roughly RM45 to RM297 per tonne, while just one species showed an average price rise of 1.5%, or around RM25 per tonne.

Price declines were observed for five species: Keruing, Kempas, and Kapur from the Medium Hardwood Group, as well as Mersawa and Jelutong from the Light Hardwood Group. Following the announced price decreases, the five species were selling at average prices of RM2,198, RM1,384, RM1,813, RM1,470, and RM1,220 per tonne, respectively. The only species to have a gain in average price in May 2023 was Nyatoh, which is currently priced at RM1,650 per tonne.

Based on the comments obtained, the present market performance for timber is still not very encouraging, as prices for most of the reported species continue to rise while simultaneously declining in comparison to the number of species with rising prices. The present fall in demand in the wood market has resulted in a short supply of this crucial raw material, and industry participants are depending not just on commercial species but also on demand contracts.

SAWNTIMBER

The average price situation of sawntimber products under the three production classes, namely General Market Specification (GMS), STRIPS, and Scantling, for May 2024 as a whole, showed an even position when the number of species with no price change compared to those that recorded price changes was at 50 to 65% of the total 20 species under the three production classes compared to the previous month.

In the GMS class, the number of species that did not suffer price adjustments was equal to the number of species that did experience price changes, at ten apiece. Six species in this production class have had price drops ranging from RM15 to RM118 per m³, while the other four species have seen price rises ranging from RM70 to RM106 per m³. Keruing, Kempas, Mengkulang, Tualang, Dark Red Meranti, and Mixed Light Hardwood are the six species reported to have witnessed price reductions this month. Despite the claimed drop in percentage, all species were offered at an average price of RM2,919, RM2,189, RM1,419, RM2,013, RM2,130, and RM1,278 per m³. In the current month, Mixed Heavy Hardwood, Yellow Meranti, White Meranti, and Nyatoh had price rises of RM1,347, RM1,860, RM2,242, and RM1,801 per m³, respectively.

Under the STRIPS production class, about 50%, or ten species, were expected to retain their average prices in May 2024. Seven of the remaining ten species, including Balau, Keruing, Kapur, Dark Red Meranti, Red Meranti, Nyatoh, and Sepetir, had price rises ranging from 3.1% to 13.5% (RM71-RM279 per m³). The average market price for these species increased to RM2,338, RM2,366, RM1,289, RM2,119, RM1,951, RM1,412, and RM1,660 per m³ respectively. Prices for the remaining three species, Red Balau, Mengkulang, and Mixed Light Hardwood, decreased by 2.1-14.3%, ranging from RM23 to RM353 per m³. The current market prices for these three species were RM2,119, RM1,201, and RM1,095 per m³.

Under Scantling's production class, 65%, or 13 of the 20 species recorded, retained their average monthly prices. Only one species, Balau, had a significant price rise of 19%, or around RM733 per m³. The remaining six species under this production class, Kempas, Kapur, Tualang, Dark Red Meranti, Nyatoh, and Mixed Light Hardwood, experienced a decrease of 1.3-16%, or around RM24-RM339 per m³, resulting in an average market price of around RM2,383, RM1,853, RM1,766, RM3,355, RM1,201, and RM1,165 per m³.

PLYWOOD

According to the price data obtained, the average price of plywood for the four primary sizes traded in May 2024 remained stable. According to current pricing reports, the average price of plywood with thicknesses of 4mm, 6mm, 9mm, and 12mm was RM19.40, RM26.00, RM38.25, and 48.85 per piece, respectively. The maximum price of plywood based on the specified thickness size remained unchanged from the previous month, when it was reported to be trading at RM19.40, RM27.00, RM38.50, and RM49.00 per piece, respectively.

MEDIUM DENSITY FIBERBOARD (MDF)

The price of MDF panels for May 2024, however, increased by 0.4-0.6%, or roughly RM0.11-RM0.16, for MDF with thicknesses of 6mm, 9mm, and 12mm, while MDF with a thickness of 4mm remained unchanged. With the reported percentage rise, MDF with the specified thickness was trading at RM23.80, RM31.60, and RM37.75 per piece, respectively, up from RM23.66, RM31.49, and RM37.59 per piece the previous month. Meanwhile, 4mm-thick MDF continued to trade for RM12.90 per piece. MDF prices increased in the current month, with the top selling prices of MDF goods per size recorded at roughly RM12.90, RM26.00, RM37.00, and RM42.00 per piece. Based on input, the present market demand support from the furniture sector has had an impact on the current average price of this product.

INTRA-MALAYSIA TRADE - MAY 2024

In May 2024, the trade value of logs, sawntimber, plywood, and veneer from Sabah to Peninsular Malaysia was around RM6.09 million, with a total trade volume of 3,034 m³. However, as in the previous month, just three timber products were moved between the two regions: sawntimber, plywood, and veneer. Compared to the previous month, sawntimber and plywood goods had a reduction in total volume and trade value, falling by 95 and 63%, respectively, for sawntimber and 24%, for plywood. In the preceding month, the total volume and trade value of sawntimber was RM0.55 million with a volume of 3,052 m³, and plywood was RM6.65 million with a volume of 3,362 m³. Veneer items were the sole traded products between the two areas that increased in value and volume by 56 and 52%, respectively, from RM0.60 million to RM0.91 million in trade value and 210 m³ to 327 m³ in total volume.

Three of the four items were traded from Sarawak to Peninsular Malaysia in May 2024, namely sawntimber, plywood, and veneer, while no trade was reported for timber products. These three items, totalling at 2,469 m³, produced a trade value of RM2.96 million. For the month of May 2023, the total volume and trade value of sawntimber and plywood products were reported to have climbed by 100% for sawntimber and 120% and 110%, respectively, for plywood. In contrast to Sabah, Sarawak's trade in veneer goods showed a 42% and 34% decrease in the value and volume of commerce between the two areas, respectively.



***AVERAGE DOMESTIC PRICES OF LOGS, SAWN TIMBER, PLYWOOD AND MDF
IN PENINSULAR MALAYSIA**

RINGGIT MALAYSIA

MAY 2024

SPECIES	LOGS/ton	SAWN TIMBER/M³			
	18" UP	GMS	STRIPS		SCANTLINGS
HEAVY HARDWOOD					
Chengal	6,000	9,887	4,590		9,887
Balau	3,875	3,055	2,338		4,590
Red Balau	2,425	2,754	2,119		2,419
Merbau	2,950	3,754	3,225		3,725
Mixed Heavy Hardwood	1,143	1,347	1,172		1,377
MEDIUM HARDWOOD					
Keruing	2,198	2,919	2,366		2,495
Kempas	1,384	2,189	2,048		2,383
Kapur	1,813	1,746	1,289		1,853
Mengkulang	1,905	1,419	1,201		2,013
Tualang	1,600	2,013	1,448		1,766
LIGHT HARDWOOD					
Dark Red Meranti	2,090	2,130	2,119		3,355
Red Meranti	1,883	1,777	1,951		2,319
Yellow Meranti	1,633	1,860	1,530		1,695
White Meranti	1,667	2,242	1,801		1,624
Mersawa	1,470	2,013	1,330		2,154
Nyato	1,650	1,801	1,412		1,201
Sepetir	1,453	1,819	1,660		1,530
Jelutong	1,220	2,048	1,589		1,819
Mixed Light Hardwood	1,167	1,278	1,095		1,165
MALAYSIAN RUBBERWOOD Heavy brasiliensis	LOGS/ton	SAWN TIMBER/M³			
	201	1" X 1"	2" X 2"	3" X 3"	4" X 4"
		1,210	1,325	1,420	1,500
PLYWOOD 4' X 8' (RM per piece)	4mm	6mm	9mm		12mm
	19.40	26.00	38.25		48.85
MDF 4' X 8' (RM per piece)	4mm	6mm	9mm		12mm
	12.90	23.80	31.60		37.75

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

*Prices are only indicative

INTRA-MALAYSIA TRADE						
	Apr-23		May-24		% change in volume	% change in value
	Vol (m ³)	Val (' 000 RM)	Vol (m ³)	Val (' 000 RM)	APR/MAY	APR/MAY
Sabah						
Logs	0	0	4	20	100	100
Sawn Timber	3,052	551	147	205	-95	-63
Plywood	3,362	6,556	2,560	4,978	-24	-24
Veneer	210	602	327	913	56	52
Sarawak						
Logs	0	0	0	0	0	0
Sawn Timber	0	0	594	888	100	100
Plywood	812	872	1,787	1,831	120	110
Veneer	152	373	88	247	-42	-34

Source: Department of Statistics Malaysia

Tabulated: Malaysian Timber Industry Board

04 - 05 JUNE 2024



Risk Assessment of Laboratory System Courses at Fiber and Biocomposite Center (FIDEC), Banting Selangor

10 JUNE 2024



Students of Bachelor of Technology Management Programme (Furniture Design and Manufacturing) from Universiti Tun Hussien Onn Malaysia (UTHM) at Fiber and Biocomposite Center (FIDEC), Banting Selangor during the "Jom Kenali FIDEC" programme

10 - 11 JUNE 2024



Timber Legality Assurance System (MyTLAS) Compliance Audit Briefing and Familiarisation Programme in Kelantan

11 JUNE 2024



Benchmarking visit to Lembaga Kenaf dan Tembakau Negara (LKTN) located at LKTN Headquarters, Kota Bharu, Kelantan

11 JUNE 2024



Workshop with State Forestry Departments on the Implementation of the European Union Deforestation-Free Product Regulation (EUDR) at Port Dickson, Negeri Sembilan

11 JUNE 2024

