ISSN 0126 - 771X

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MALAYSIAN TIMBER INDUSTRY BOARD

MTIB

APRIL 2023
VOLUME 4

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TEGUH SEIRING USIA

ISSN 0126-771X
9 770126 771009

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YB Datuk Larry Sng Wei Shien Appointed as MTIB'S New Chairman

YB Datuk Larry Sng Wei Shien has been appointed the 15th Chairman of Malaysian Timber Industry Board (MTIB) effective 25 April 2023.

YB Datuk Larry was born on 14 September 1979 in Taipei and graduated from Columbia Business School, New York and London School of Economics (LSE). Prior to joining MTIB, YB Datuk served as the Chairman of Malaysian Palm Oil Council (MPOC) and Malaysian Pepper Board (MPB). He has also been serving as Member of Parliament (MP) for Julau since May 2018. Currently he is the Chairman of Larry Sng Education Fund.

MTIB board members and the management team would like to take this opportunity to congratulate YB Datuk Larry upon his appointment and hope with his leadership, MTIB's performance will continuously strive towards excellence and the timber industry will achieve stronger growth. It's our pleasure to welcome you on board.

Congratulations to YBrs. Dr. Mohd Nor Zamri bin Mat Amin on appointment as the Director General of MTIB

YBrs. Dr. Mohd Nor Zamri bin Mat Amin has been appointed as Director General (DG) of Malaysian Timber Industry Board (MTIB) effective 19 April 2023.

Dr. Zamri was born on 16 May 1970 in Johor. He holds a Doctor of Philosophy in Product Development & International Business, a Masters in Business Administration (MBA), a Bachelor in Business Administration (BBA) from Universiti Kebangsaan Malaysia (UKM) and a Diploma in Forestry from Universiti Putra Malaysia (UPM).

Dr. Zamri has more than 32 years of service experience in MTIB and he is currently an Adjunct Professor in Universiti Malaysia Kelantan (UMK). Dr. Zamri is a member of Industry Advisory Panels in many local universities and is also a member of IMM (Institute of Marketing Malaysia).

MTIB's Boards Members and the management team would like to congratulate YBrs. Dr. Mohd Nor Zamri bin Mat Amin on his appointment as Director General (DG) and look forward to his great leadership as well as further strengthening the direction of the organisation.

MARCH 2023

The total export of Malaysian timber and timber products in March 2023 decreased by 0.2% in value totaled at RM1.689 billion from RM1.693 billion in the previous month. Likewise, cumulative exports for the period of March 2023 decreased 25% valued at RM4.9 billion over RM6.5 billion in the previous corresponding period. The timber industry continued to grapple with a changing landscape, as recession fears and new certification requirements, challenges and investments redefining the path ahead. There were enterprises reporting problems such as export reduction, order decline and labour shortage. The export slowdown has had an impact on the production and operation arrangements and capital flow of some enterprises. According to ITTO report, the inventory of finished products has been increasing for nearly five months. Some enterprises reflected that the supply of raw materials was insufficient and the quality was not stable enough.

Sawntimber

The total export of sawntimber in March 2023 increased by 70% in volume and 50% in value to 117,847 m³ totalling at RM242.1 million as compared to the previous month. However, cumulative exports for the period of March 2023 decreased by 12% in volume and 14% in value to 251,280 m³ totalling at RM549.6 million over the previous corresponding period.

Exports to the EU for the month were recorded at 6,278 m³, an increase of 21% as compared to the previous month. The Netherlands as the main buyer decreased buying by 17% to 2,080 m³ from 2,493 m³ in the previous month. Meanwhile, imports from Belgium increased by 159% to 1,544 m³ from 597 m³ followed by Italy with an increase of 52% to 984 m³ from 648 m³ as recorded in the previous month. Exports to the UK increased by 29% to 955 m³ from 741 m³ in the previous month.

The total export to the South Asia region increased by 22% to 11,225 m³ from 9,181 m³ as recorded in the previous month. India as the main buyer from South Asia increased imports by 8% to 6,867 m³ followed by Sri Lanka with an increase of 59% to 1,787 m³ and Maldives with an increase of 29% to 1,772 m³ for the month.

Moving to the West Asia region, the total export to the region recorded an increase of 145% to 34,549 m³ from 14,087 m³ in the previous month. The UAE as the largest buyer in the region showed an increase of 352% to 11,887 m3 from 2,627 m³ in the previous month followed by Yemen with an increase of 158% to 16,493 m³. However, exports to Oman decreased by 20% to 1,212 m³ from 1,511 m³ in the previous month.

Elsewhere, shipments to East Asia also increased by 81% to 30,896 m³ from 17,058 m³ in February 2023. China as the main buyer increased purchases by 71% to 15,333 m³ from 8,958 m³ in the previous month followed by Taiwan with an increase of 171% to 10,322 m³. Meanwhile, exports to Japan also increased by 4% to 3,072 m3 compared to 2,958 m³ the previous month.
Meanwhile, buying from ASEAN increased by 57% to 28,977 m³ from 18,440 m³ as registered in the previous month. Thailand as the main buyer in ASEAN decreased buying by 21% as its intake fell to 6,785 m³ from 8,630 m³ as recorded in the previous month. However, exports of sawntimber to the Philippines increased by 286% to 14,244 m³ followed by Singapore with an increase of 40% to 7,166 m³ from 5,136 m³ in the previous month.
Moving to the Africa region, exports increased by 10% to 1,851 m³ from 1,689 m³ in the previous month. Demand from South Africa decreased by 32% to 1,143 m³ from 1,689 m³ as recorded last month. Elsewhere, Mauritius and Sudan resumed their purchases at 314 m³ and 262 m³ respectively.

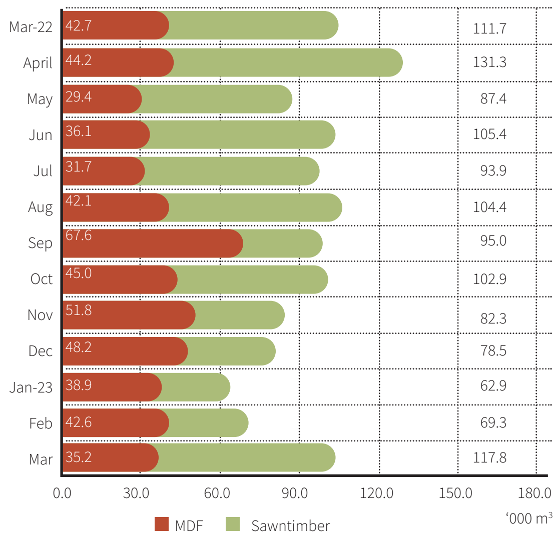
Exports to North America maintained at 1,821 m³ as in the previous month. The USA as the main buyer from North America increased its intake by 15% to 2,012 m³ from 1,751 m³ followed by Canada with an increase of 152% to 177 m³ from 70 m³ respectively. In the Oceania/Pacific region, exports to Australia also increased by 14% to 889 m³ from 782 m³ in the previous month.

The average FOB price of sawntimber decreased by 12% to 2,054 per m³ from 2,336 per m³ in the previous month. Meanwhile, the price of Dark Red Meranti to the Netherlands increased by 10% to 4,236 per m³ from 3,860 per m³ previously. Keruing was traded at 4,525 per m³, an increase of 105% from 2,213 per m³ in the previous month.

According to the Department of Economic and Social Affairs, United Nation (UN), the current global economic outlook presents an immediate challenge to delivering the Sustainable Development Goals (SDGs). The global community must urgently address the growing shortages of funding faced by many developing countries, strengthening their capacities to make critical investments in sustainable development and helping them transform their economies to achieve inclusive and sustained long-term growth. According to the report, the world economy is now projected to grow by 2.3% in 2023 (+0.4 percentage points from the January forecast) and 2.5% in 2024 (-0.2 percentage points), a slight uptick in the global growth forecast for 2023.

In the United States, resilient household spending has prompted upward revision of growth forecast to 1.1% in 2023. The European Union's economy—driven by lower gas prices and robust consumer spending—is now projected to grow by 0.9%. China's growth this year is now forecast at 5.3% as a result of COVID-19 related restrictions being lifted. Global trade remains under pressure due to geopolitical tensions, weakening global demand and tighter monetary and fiscal policies. The volume of global trade in goods and services is forecast to grow by 2.3% in 2023, well below the pre-pandemic trend.

Malaysia: Export of Sawntimber and MDF
Mar 2022 - Mar 2023 (RM million)



Medium Density Fiberboard (MDF)

Exports of MDF in March 2023 recorded a 17% decrease in volume at 35,228 m³ and 27% in value at RM55.2 million compared to the previous month. Cumulative exports for the period of March 2023 also decreased in volume at 3% to 116,748 m³ and in value by 11% totalling at RM201.6 million as compared to the corresponding period in 2022.

Exports to ASEAN decreased by 61% from 6,044 m³ to 2,367 m³ in the previous month. The Philippines and Viet Nam reduced their imports by 72% and 39% to 898 m³ and 873 m³ respectively. This was followed by Indonesia which recorded a fall in MDF imports by 64% to 381 m³ from 1,045 m³.

Elsewhere, East Asia also has decreased MDF purchases by 15% from 15,915 m³ to 13,497 m³ in the previous month. Japan reduced sales by 47% to 8,009 m³. However, Taiwan and South Korea increased buying by 1003% and 28% to 5,207 m³ and 162 m³ respectively. Moving to the South Asia market, export increased by 8% to 6,182 m³ from 5,721 m³. Export performance to Pakistan and Sri Lanka grew by 60% to 1,938 m³ and 920% to 214 m³ each. However, shipping to India decreased by 13% to 3,847 m³ from 4,411 m.

Exports to the West Asia region dropped by 43% from 10,675 m³ to 6,064 m³ compared to the previous month. Kuwait and Oman increased their sales performance by 11% and 289% to 1,007 m³ and 863 m³ each. However, the UAE reduced purchases by 56% to 3,114 m³.

In the United Kingdom, buying increased tremendously by 598% to 286 m³ from 41 m³ while France resumed its buying to 2 m³. Exports to the Oceania/Pacific region decreased by 1% to 2,285 m³ with purchases from Australia.

Meanwhile, MDF imports into North America has increased by 6% from 1,594 m³ to 1,690 m³. The USA and Canada increased purchases by 10% and 25% to 1,245 m³ and 338 m³ respectively. However, Mexico slowed down their imports by 43% to 107 m³.

The Africa region showed a skyrocketed improvement of MDF imports by 6857% from 41 m³ to 2,852 m³. South Africa increased imports by 642% to 304 m³. Sudan and Egypt resumed purchases to 1,751 m³ and 798 m³ respectively.

The FOB price of MDF decreased by 11% to RM1,566 per m³ from RM1,763 per m³ in the previous month.

Real GDP growth in Mexico is projected to reach 2.6% in 2023 and edge down to 2.1% in 2024. Consumption will be supported by the improvement in the labour market but will be dampened by high inflation. The construction and development of industrial space in Mexico has seen a boost during 2022 due to the agreement between Mexico, USA and Canada (USMCA), as such agreement promotes the arrival of new global investments and near shoring opportunities, which require new space to house global companies. Consequently, such investments will translate into growth in the construction of mixed-use buildings (housing, commercial, retail, corporate), industrial parks and manufacturing clusters and centers within different industry sectors.

Veneer

Exports of veneer in March 2023 decreased in volume by 25% to 3,176 m³ and 11% in value worth RM6.1 million as compared to the previous month. The cumulative exports for March 2023 showed a decrease in volume by 6% to 9,298 m³ and 16% in value to RM16.6 million over the previous corresponding period.

ASEAN decreased veneer imports by 21% from 853 m³ to 679 m³. The Philippines and Singapore decreased sales by 21% and 24% to 666 m³ and 13 m³ each. In East Asia, exports dropped by 38% from 3,171 m³ to 1,980 m³. China and Japan recorded a reduction of 53% and 14% to 387 m³ and 241 m³ respectively. Taiwan also decreased purchases by 21% to 1,214 m³. Meanwhile in South Asia, exports improved tremendously by 1357% to 379 m³. Bangladesh increased buying by 224% to 84 m³, while India has resumed its buying to 294 m³.

Moving to North America, veneer purchase increased by 212% from 29 m³ to 91 m³. Canada increased buying by 107% to 60 m³ while USA resumed its buying to 30 m³. On the other hand, Oceania/Pacific reduced their purchases by 44% to 47 m³ with the purchase from New Zealand.

The average FOB price for veneer increased by 19% from RM1,604 per m³ to RM1,910 per m³ as compared to the previous month.

The slowing down of renovation and new construction has significantly impacted the European parquet consumption during the first quarter of 2023. As expected, the boost coming from renovation has reached an end while the decrease in new building construction, reflecting increasing costs and interest rates has started to have tangible and negative effects. Overall, for most of the flooring types, the significant decline of parquet consumption on the European market during the first quarter 2023 compared to the same period last year can be evaluated at -20%. A restart of activity is cautiously forecast for September or October this year.

Plywood

Exports of plywood in March 2023 recorded a decrease of 3% in volume at 69,316 m³ and 10% in value at RM162.9 million as compared to the previous month. Similarly, cumulative exports for the period of March 2023 decreased by 42% in volume and 43% in value to 207,751 m³ totalling at RM510.8 million over the previous corresponding period. The EU region recorded a decrease of plywood export by 18% from 291 m³ to 239 m³. Ireland has reduced purchases by 24% to 86 m³. Meanwhile, the Netherlands and Malta have resumed purchases at 73 m³ and 43 m³ each. In other-Europe countries, exports increased by 9% from 4,863 m³ to 5,300 m³. The UK and Turkey increased imports by 9% and 16% to 4,915 m³ and 385 m³ respectively.

Moving to the East Asia market, volume collapsed by 13% to 43,708 m³ from 50,142 m³. Japan as the largest importer decreased buying by 26% to 27,850 m³ from 37,670 m³. However, Taiwan and South Korea improved sales by 47% and 19% to 8,432 m³ and 6,315 m³ respectively. In the ASEAN region, imports increased by 21% from 3,398 m³ to 4,121 m³. Plywood export to Singapore and Brunei grew by 74% and 70% to 1,751 m³ and 500 m³ respectively. However, Thailand reduced plywood intake by 24% to 1,351 m³. In the South Asia region, plywood purchase rose by 13% from 1,114 m³ to 1,262 m³. India and Maldives increased buying by 4% and 235% to 1,115 m³ and 147 m³ respectively.

The West Asia region has recorded an increase of 26% to 5,467 m³ from 4,340 m³ in the previous month. Import performance in Yemen and the UAE surged by 46% and 107% to 2,910 m³ and 961 m³ each. This was followed by Oman with an increase of 6% to 808 m³.

In the Africa region, there was a decrease of 74% from 169 m³ to 44 m³ as compared to the previous month. Mauritius has reduced imports by 47% to 44 m³ while South Africa and Seychelles didn't make any purchase for this month. In contrast, North America has increased imports by 46% from 4,822 m³ to 7,037 m³. The USA as the main buyer has improved purchases by 40% to 4,520 m³. Mexico has also increased their buying by 78% to 2,517 m³. For the Oceania/Pacific region, plywood exports to that region decreased by 10% to 2,139 m³ from 2,388 m³. Australia reduced buying by 9% to 2,139 m³ while New Zealand and Solomon Islands didn't make any purchase for the month.

The FOB price of plywood for March 2023 was at RM2,351 per m³, a decrease of 7% from RM2,527 per m³ from the previous month.

Despite weakened demand for plywood, new construction is sustaining production by door and film faced shuttering plywood factories. Demand has improved in all product categories including LVL, H beams, non-densified and densified plywood. Since the end of 2022, construction work has slowed in many cities. However, the 2023 government budget will boost demand for plywood in the construction sector as plywood has been accepted for use in tier 3 and rural markets as traditional shuttering wood has become more expensive.

Mouldings

Exports of mouldings for the month increased by 13% in volume and 5% in value to 20,300 m³ worth RM76.6 million. However, cumulative exports for the period of March 2023 increased by 11% in volume and decreased 2% in value to 53,786 m³ worth at RM218.3 million as compared to the previous corresponding period in 2022. Exports to the EU for the month recorded at 8,461 m³, increased 9% as compared to the previous month. France, Belgium and the Netherlands increased their purchases by 20%, 14% and 7% to 1,054 m³, 893 m³ and 6,170 m³ respectively. Meanwhile, the UK also recorded an increase of 47% to 694 m³ compared to the previous month.

In Asia, Singapore increased its purchases by 28% to 1,371 m³, Viet Nam decreased its purchases by 43% to 169 m³ while Cambodia resumed its purchases to 76 m³ for the month. Korea and Japan increased their intakes by 128% and 43% to 864 m³ and 1,256 m³ while Hong Kong resumed its purchases by 222 m3 for the month. Meanwhile, Maldives and India decreased their intakes by 37% and 28% to 199 m³ and 200 m³ respectively.

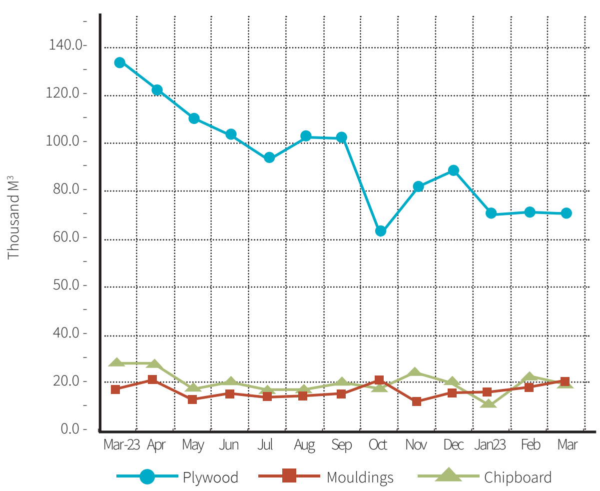
Meanwhile, in the Oceania/Pacific region, exports to Australia decreased by 8% to 2,137 while Guam resumed its purchases to 22 m³ for the month. Similarly, in the America region, exports to Canada and the US increased by 114% and 27% to 124 m³ and 3,604 m³ respectively while Mexico decreased its intakes by 41% to 236 m³.

Elsewhere, in the Africa region, South Africa and Mauritius decreased their purchases by 53% and 16% to 74 m^3 and 261 m^3 respectively while Egypt resumed its intake to 79 m^3 for the month.

Average FOB unit value for mouldings decreased marginally to RM3,772 per m^3 compared to RM4,055 per m^3 in the previous month.

The global construction market is driven by the growing population, increasing urbanization and the rise in domestic manufacturing. The residential segment is exhibiting a strong growth, primarily in the single-family construction segment. The non-residential buildings sector has also shown a growth in the historical period, thus, further enhancing the development of the global market for construction. The increasing modernization of transportation infrastructure is also aiding the market growth.

Malaysia: Export of Plywood, Mouldings and Chipboard
Mar 2022 - Mar 2023



Builders Joinery And Carpentry (BJC)

Exports of BJC in March 2023 recorded an increase of 10% in volume and 8% in value to 11,085,636 kg worth RM107.1 million from last month. The total BJC cumulative exports for the same corresponding period last year decreased by 9% to RM295.8 million as compared to RM323.6 million last month.

Exports to the EU increased by 26% to RM68.4 million compared to RM54.4 million in the previous corresponding period. Exports to Sweden, Belgium and Germany increased by 138%, 40% and 33% to RM19.6 million, RM16.5 million and RM8.8 million respectively. Meanwhile, exports to Norway and Turkey decreased by 87% and 42% to RM1.6 million and RM339,588 while the UK also decreased its intakes by 23% to RM27.5 million for the month.

In Asia, exports to Singapore recorded an increase of 97% to RM31.4 million while Viet Nam and Thailand decreased their intakes by 72% and 0.3% to RM1.4 million and RM3.1 million respectively. Exports to China and Taiwan decreased by 79% and 60% to RM1.2 million and RM905,814 while Japan increased its intakes by 20% to RM14.5 million. Nevertheless, exports to Maldives and Bangladesh recorded an increase of 371% and 47% to RM2.7 million and RM1.0 million respectively while India decreased buying by 31% to RM6.0 million. Meanwhile, the UAE increased purchases by 248% to RM1.5 million for the month.

In the Oceania/Pacific region, exports to Western Samoa and New Zealand increased by 323% and 14% to RM563,313 and RM6.1 million respectively while Australia reduced its purchases by 2% to RM57.4 million. However, in the America region, Uruguay and Mexico increased its purchases by 135% and 96% to RM660,616 and RM7.1 million respectively while Canada and the US dropped their intakes by 51% and 35% to RM365,290 and RM56.4 million respectively.

Elsewhere, in the Africa region, Mauritius and South Africa reduced their intakes by 36% and 35% to RM260,714 and RM1.6 million respectively while Libya resumed its purchases to RM436,721 for the month.

An increase in the infrastructure spending by governments across the globe is invigorating the market growth for construction. Expanding manufacturing footprint and rising foreign investments in emerging nations like India are also enhancing the construction market growth. In developed regions, such as North America, ongoing non-residential construction activities, such as education, healthcare, and industrial facilities, are expected to be the key drivers for the market in the coming years.

Furniture

Exports of both wooden and rattan furniture for the month of March 2023 increased by 11% to RM692.3 million and by 32% to RM6.6 million, respectively from the previous month of February 2023. Meanwhile, exports of wooden furniture for the cumulative period of January to March 2023 recorded an export value worth RM2.0 billion, a decrease of 36% from RM3.1 billion in its corresponding period in 2022. Similarly, demand for rattan furniture plummeted by 44% year-on-year to RM16.2 million from RM28.9 million over its corresponding period in 2022.

Exports of wooden furniture to ASEAN expanded by 26% worth RM313.5 million from RM248.2 million in its corresponding period in 2022. Exports to Singapore increased by 35% to RM183.6 million. Similarly, exports to the Philippines and Indonesia rose by 6% to RM51.5 million and by 108% to RM34.5 million respectively.

Moving to the East Asia region, exports were down by

32% to RM157.8 million from RM231.6 million year-on-year in 2022. Japan remained the highest buyer with an export value of RM123.3 million despite a decrease of 29% in its intake. Similarly, exports both to China and Taiwan decreased by 7% to RM13.3 million and by 56% to RM9.3 million, respectively over its corresponding period in 2022.

Exports to West Asia weakened by 1% to RM100.8 million from RM101.3 million in its corresponding period in 2022. Exports to the UAE, the largest buyer in the region, increased by 22% to RM46.0 million. However, exports to Saudi Arabia and Kuwait reduced by 3% to RM38.9 million and by 51% to RM5.9 million, respectively.

Moving to the South Asian region, there was a decrease of wooden furniture intake by 50% to RM28.5 million for the month. Amongst South Asian countries, India recorded the highest intake with export value worth RM25.9 million despite a decrease in intake by 53%. However, exports to Maldives and Bangladesh improved by 103% to RM2.2 million and 130% to RM316,761 respectively.

Exports to the Central Asia region improved by 65% to RM1.2 million, intake from Kazakhstan reduced by 31% worth RM439,046. Meanwhile, Uzbekistan and Armenia resumed their intake at RM261,243 and RM515,706 respectively.

Exports to the European Union (EU) recorded a decrease of 36% to RM78.1 million from RM122.6 million over its corresponding period in 2022. Belgium as the highest buyer in the bloc reduced its buying by 17% to RM10.9 million, followed by France with a decrease of 18% to RM9.4 million. Similarly, exports to Germany also lowered by 58% to RM9.2 million.

As for other Europe countries, exports declined by 13% to RM107.8 million. Exports to the United Kingdom were down by 16% to RM97.3 million. However, exports to Turkey and Georgia increased by 163% to RM5.7 million and by 160% to RM2.7 million respectively.

Exports to the Oceania/Pacific region decreased by 21% to RM112.3 million from RM142.1 million over its corresponding period in 2022. Australia remained the top buyer in the archipelago region with export value worth RM102.4 million despite a decrease of intake by 18%. Similarly, both exports to New Zealand and Papua New Guinea decreased by 38% to RM6.6 million and by 42% to RM1.6 million respectively.

Moving to the Central America region, exports of wooden furniture decreased by 37% to RM5.1 million over its corresponding period in 2022. Panama recorded the highest intake of wooden furniture for the cumulative period despite a decrease of sale by 19% to RM1.3 million. Likewise, exports to El Salvador and Guatemala also reduced by 50% to RM1.2 million and by 35% to RM1.1 million respectively.

Meanwhile, exports to the North America region grew by 48% to RM1.0 billion with the highest buying being from the USA as Malaysia's largest wooden furniture buyer with RM950.6 million although there was a 48% reduction in intake from RM1.8 billion in its corresponding period in 2022. Similarly, exports to Canada and Puerto Rico declined by 35% to RM48.7 million and 59% to RM12.7 million respectively.

Export of wooden furniture to the South America region recorded a decrease of sale by 46% worth RM15.9 million from RM29.2 million in its corresponding year in 2022. Exports to Chile decreased by 61% to RM9.8 million from RM25.0 million in its corresponding period in 2022. However, exports to both Peru and Columbia increased by 60% to RM3.6 million and by 124% to RM916,946 respectively.

Export to the Africa region recorded a decrease by 46% to RM28.1 million with Kenya garnering the largest market share with RM5.1 million. It was still a decrease of 8% from its corresponding period in 2022. This was followed by South Africa, with recorded sales of RM5.0 million, decreased by 72%. Similarly, exports to Reunion Islands also dropped by 38% to RM3.2 million for the period of January to March 2023.

Rattan furniture shipments for March 2023 recorded an increase of 32% valued RM6.6 million from RM5.0 million in the previous month. However, exports of rattan furniture for the cumulative period of January to March 2023 recorded a decrease of 44% to RM16.2 million from RM28.9 million in the corresponding period in 2022.
Exports to ASEAN member countries were recorded at RM1.3 million, an increase of 10% for the cumulative period of January to March 2023. The highest buyer was the Philippines with recorded sales of RM623,887, an increase of 52%. Similarly, exports to Singapore also grew by 52% to RM413,554. However, exports to Thailand were down by 60% to RM167,401.

Taiwan resumed its buying to RM71,901. However, exports to the South Asian region reduced by 30% to RM794,413. India as the largest rattan furniture buyer in the region recorded a decrease of 30% to RM791,957 while Bangladesh resumed its buying to RM2,456.

Exports to the West Asian region improved by 402% to RM1.1 million from RM215,909 over its corresponding period in 2022. The largest buying nation of rattan furniture in the West Asian countries, Saudi Arabia resumed its intake to RM558,761 and similarly with Kuwait, the country resumed its intake to RM73,251. Meanwhile, exports to the UAE improved by 82% to RM392,197.

Moving to European Union bloc, exports were down by 38% to RM2.3 million with France being the largest buyer amongst EU countries. Exports to France grew by 64% to RM750,474. However, exports to Ireland and Sweden were down by 64% to RM353,454 and by 58% to RM335,702 respectively. Moving to other Europe countries, demand from the group improved by 0.4% to RM2.7 million with the UK being the largest buyer in the region. The UK increased its buying by 46% to RM2.2 million. However, Russia reduced its buying by 51% to RM485,002.

Shipments to the Oceania/Pacific archipelago region dropped by 21% to RM1.9 million from RM2.4 million over the same period in 2022. Australia recorded a decline in intake by 23% to RM1.7 million and likewise, exports to New Zealand decreased by 39% to RM126,067. Meanwhile, Fiji resumed its buying to RM66,239.

Exports to the North America region decreased by 69% to RM4.3 million from RM14.0 million over the same period in 2022. The USA being the largest buyer for rattan furniture recorded a decline in intake by 66% to RM4.1 million, followed by Canada with a decrease of 80% to RM209,509 million. Meanwhile, amongst South American countries, Uruguay resumed its intake to RM35,624.

Intakes of rattan furniture in the African region also declined by 81% to RM142,935 where Cote d'Ivoire and Mauritius resumed their buying to RM64,535 and RM31,066 respectively. Meanwhile, exports to South Africa decreased by 75% to RM47,334.

According to The latest "Furniture Insights" report from the Smith Leonard accounting and consulting firm in High Point USA, companies reported that new orders in the first three months of 2023 were down an average of 18% from the same period in 2022. More than three-quarters of those surveyed said orders were down. It sends mixed signals on the direction of the economy, such as consumer confidence dropping but total U.S. non-farm employment rose by 253,000 in April as the unemployment rate remained historically low, both indicating a strong job market, something not usually associated with recession.

Whether the overall economy is in recession, many in the furniture industry say that the industry itself may be in recession.

On another news, instead of purchasing new homes, US customers are increasingly engaging in home maintenance and remodelling projects as property prices rise. As a result of increased property values, homeowner equity has doubled, indicating a trend of homeowners being wealthier and more likely to invest in home repair projects. In addition, leading manufacturers are prioritizing the expansion of their product portfolios through the introduction of numerous new goods. People are growing more conscientious of their household spaces, ensuring that there is sufficient space for children to play, study, etc. This has created new opportunities for the application of children's furniture. The demand for products in the household segment is being driven by the fact that manufacturers are producing items that help create an appropriate atmosphere for studying, working, playing, sleeping, or unwinding. As a result of rising real estate prices, the size of homes and children's rooms are expected to alter, creating growth opportunities for firms that provide lightweight, portable, and easy-to-assemble furniture for children's rooms. In addition, the rising number of renovation projects has led to an increase in expenditures for baby rooms, playrooms, and study rooms. Parents are introducing multifunctional furniture to store clothing, books, toys, etc. in a single location. These trends are anticipated to further stimulate industrial expansion.

EXPANDING MALAYSIA'S MARKET ACCESS IN CANADIAN TIMBER INDUSTRY

Background

Canada is located in the North American region between the US and Greenland, which consists of the rugged islands region of the Arctic in the north. The land has a total area of 9,984,670 km² and a coastline stretching 202,080 km. This land area is only slightly larger than the United States. Its ten provinces and three territories extend from the Atlantic Ocean to the Pacific Ocean and northward into the Arctic Ocean, making it the world's second-largest country by total area, with the world's longest coastline. Canada borders with the United States with the world's longest international land border. The country is characterised by a wide range of both meteorologic and geological regions. Although Canada recorded a 40 million population in 2023, it is sparsely inhabited, with the vast majority residing within 150 miles of the US border. Canada's capital is Ottawa, and its three largest metropolitan areas are Toronto, Montreal, and Vancouver. The country is a Commonwealth realm and is officially bilingual (English and French) in the federal jurisdiction. It is very highly ranked in international measurements of government transparency, quality of life, economic competitiveness, innovation and education. It is one of the world's most ethnically diverse and multicultural nations, the product of large-scale immigration.

Economy

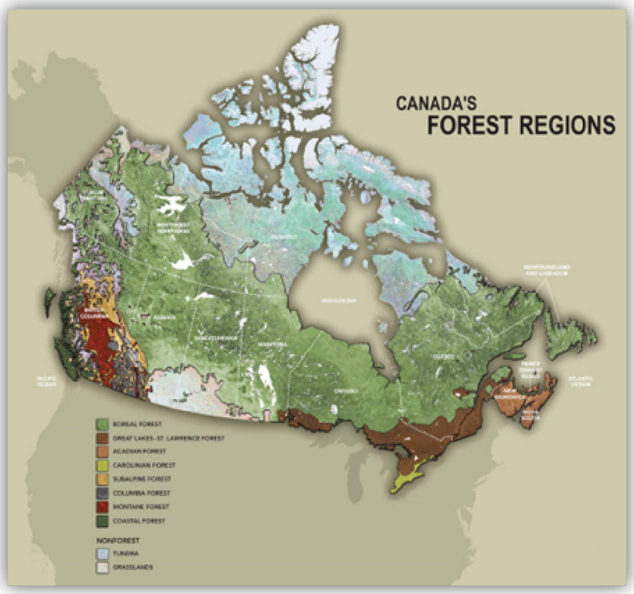
The economy of Canada is a highly developed mixed economy with a nominal GDP of approximately USD2.221 trillion. It is one of the world's largest trading nations, with a highly globalised economy. In 2022, the value of Canada's annual merchandise exports increased by 22.5% to CAD779.2 billion, while the value of annual imports rose by 19.9% to CAD757.4 billion. As a result, Canada's merchandise trade surplus with the world widened from CAD4.6 billion in 2021 to CAD21.8 billion in 2022. Canada's trade surplus represented about 0.01% of its total trade value (imports and exports combined, totalling CAD1.54 trillion) in 2022. Exports account for more than 30% of the Canadian GDP with the biggest export products being energy (22%), crude oil and crude bitumen (14%), cars and parts (19%), and consumer goods (12%).

In 2022, Canada's major trading partners were USA with a total trade of USD738.7 billion, followed by China (USD98.9 billion), the United Kingdom (USD20.6 billion), Japan (USD27.0 billion) and Mexico (USD38.1 billion). Canada is one of the few developed nations that are net exporters of energy. Canada is additionally one of the world's largest suppliers of agricultural products such as wheat and canola.

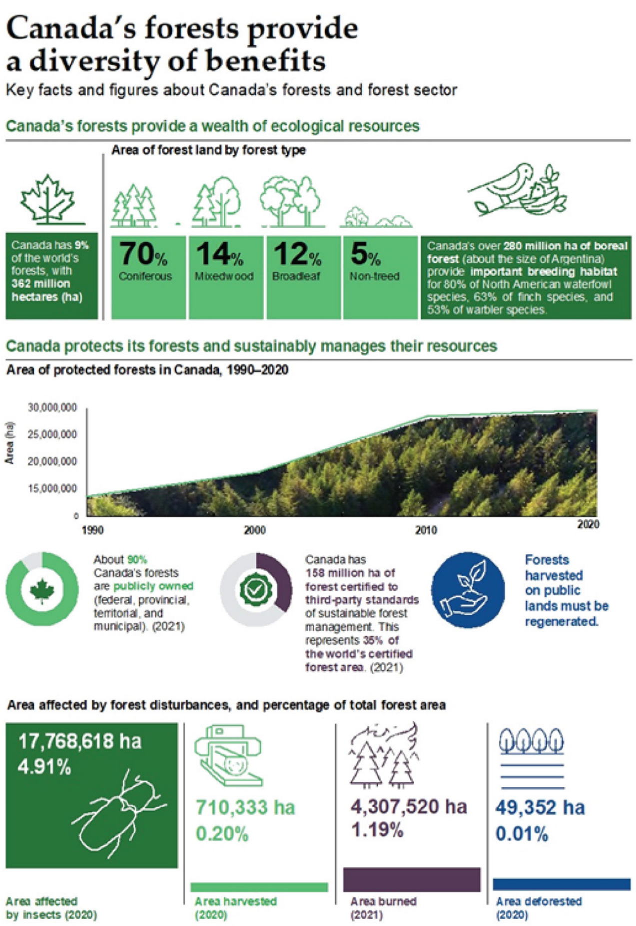
Like many other developed countries, the Canadian economy is dominated by the service industry, which employs about three-quarters of the country's workforce. Amongst developed countries, Canada has an unusually important primary sector, of which the forestry and petroleum industries are the most prominent components. Many towns in northern Canada, where agriculture is difficult, are sustained by nearby mines or sources of timber. Canada's economic competitiveness has been sustained by the solid institutional foundations of an open-market system and high degree of regulatory efficiency. Canada's 15 FTAs cover 61% of the world's GDP and open markets to 1.5 billion consumers worldwide. It ranks high in the Global Competitiveness Report (14th in 2019) and Global Innovation Indexes (15th in 2022). The country's average household disposable income per capita is "well above" the OECD average. Canada ranks among the lowest of the most developed countries for housing affordability and foreign direct investment.

According to the OECD's latest figures, Canada's economy grew by 3.2% in 2022, surpassing the G20 and OECD averages of 3.0% and 2.8%, respectively. However, Canada still encounters lingering post-pandemic structural issues driven by inflationary pressure, weak investment, and tepid productivity growth. Furthermore, Canadian households face ongoing short- and medium-term economic challenges to keep up with the rising cost of living. As a result, Canada's economic growth is projected to be 1.3% in 2023 and 1.5% in 2024. The Royal Bank of Canada (RBC) forecasts a potential downturn in 2023. The Covid-19 crisis has also negatively impacted Canada's fiscal balance, with the federal government's net debt-to-GDP ratio rising from 31.2% in 2019–20 to 42.4% in 2022 - 2023. The Russia-Ukraine conflict which escalated in early 2022 had restrained the global supply chain, especially raw materials and thus leading to a sharp rise in prices. Businesses faced tremendous challenges, ranging from interrupted production and supply chain disruptions to rapid shifts in demand and elevated commodity prices. This conflict had a significant impact on Canada's annual export performance. In 2022, total export prices rose 19.5%. Import prices were also strongly affected by global inflationary pressures, increasing by 12.4% in 2022.

Foresty and Timber Sector



Source: Natural Resources Canada, Government of Canada



Source: The State of Canada's Forest – Annual Report 2022

The forestry sector is an important contributor to Canada's economy, serving as a key source of prosperity for people and communities across the country. According to 'The State of Canada's Forest – Annual Report 2022', with almost 362 million hectares of forest land, Canada ranks as the country with the third largest forest area in the world. Much of this forest grows in the boreal zone. There, over 280 million hectares of forest are interspersed with lakes, wetlands and other ecosystem types. The forest stretches from the coastal rain forests of British Columbia to the Boreal forests of Newfoundland and Labrador, the country's forests account for 10% of the world's forested lands. Canadian forests consisted of 68% of coniferous, 16% mixed wood, 11% broadleaf and 6% temporarily non-tree. The most common tree species in Canada is the black spruce.

In 2021, Canada had 158 million hectares of forest certified to third-party standards of sustainable forest management, representing 35% of the world's certified forest area, which are independently assessed against progressive social and environmental criteria. In 2020, its growing stock accounted around 49,900 million m3. Around 710,333 hectares of forest with a total volume of 143.1 million m3 of timber was harvested in forest in 2020. Currently, 49% of Canada's forests are certified to third party standards of sustainable forest management. The area of forest harvested each year is less than 0.5% of Canada's 362 million hectares of forest land. According to Canada's National Deforestation Monitoring System, Canada's forest area is stable, with less than half of 1% deforested since 1990. About 90% of Canada's forest areas are publicly owned, comprising of provincial (75%), territorial (13%) and federal (2%) ownerships. Apart from that, about 2% of forest lands are owned by indigenous communities while 7% are privately owned. The forest and forestry sector is an important contributor to Canada's economy, providing jobs to Canadians from coast to coast, directly accounting for CAD34.1 billion to Canada's nominal gross domestic product (GDP) in 2021. The forestry and timber sector directly and indirectly employed 345,825 individuals in 2021.

Canada's National Forest Database reported that in 2021, Canada produced approximately 873,500 m^3 and consumed 1.0 million m^3 of hardwood logs. Domestic consumption for softwood logs was 20.0 million m^3 while structural panels (plywood and OSB) was around 4.1 million m^3 in 2021. FAO reported that in 2021, Canada's timber industry produced approximately 110.8 million m^3 of coniferous logs and veneer logs; followed by 40.3 million m^3 of coniferous sawntimber and 14.1 million m^3 of wood chips. Australia also produced about 4.5 million m^3 of wood-based panel (plywood, particleboard and MDF) in 2021.

CANADA: PRODUCTION OF TIMBER PRODUCTS, 2017-2021

Volume: m^3

Product	2017	2018	2019	2020	2021
Sawlogs and veneer logs, coniferous	119,510,000	122,952,449	108,826,666	110,786,354	110,786,354
Sawntimber, coniferous	46,292,40	46,352,520	40,794,696	39,397,176	40,284,504
Wood chips and particles	17,341,000	16,529,300	14,369,000	13,582,900	14,081,700
Plywood	2,253,362	1,742,370	1,922,000	1,672,000	1,698,000
Particleboard	1,745,000	1,803,150	1,718,426	1,416,000	1,647,000
MDF/HDF	1,038,821	1,131,563	1,334,000	1,100,000	1,159,000
Veneer sheets	760,000	638,760	581,479	581,479	581,479
Other industrial roundwood, coniferous (production)	196,000	121,662	140,110	268,285	268,285

**FAO Estimate*
Source: FAO Stats

CANADA'S GLOBAL TRADE OF TIMBER AND TIMBER PRODUCTS

Over the last decade, Canadian forestry has faced various challenges that has resulted in mill closures and thousands of jobs lost. In response to those challenges, the Canadian forestry and timber industry have developed new and innovative products and materials, diversified its international markets and developed new end-use markets. Canada is the world's leading exporter and the second largest producer of softwood lumber with British Columbia representing 63% of exports. The country continues to diversify its forest product markets, exporting to 215 countries around the world with the US maintaining as Canada's primary export destination. Despite the increased competition from low-cost producers, Canada continues to benefit from advantageous access to large and growing offshore markets.

Canada exported timber and timber products worth USD17.1 billion in 2018 and had projected steady growth for the next five years to reach USD23.1 billion in 2022, an increase of 35% from 2018. In 2022, Canada's mainly export, sawntimber, had an export value of USD10.9 billion, followed by particleboard with an export value of USD3.4 billion, furniture USD3.2 billion and BJC with USD2.0 billion. The USA is Canada's major timber and timber products (HS44) export destination, worth USD17.1 billion in 2022. This is followed by Japan (USD1.1 billion), China (USD473.8 million), UK (USD214.5 million) and South Korea (USD124.6 million). Malaysia ranks 23rd in Canada's export destinations for timber and timber products. The tables below depict the export of timber and timber products and major export destinations for Canada for the period of 2018-2022.

CANADA: EXPORT OF TIMBER & TIMBER PRODUCTS AND FURNITURE, 2018-2022

USD '000

Products	2018	2019	2020	2021	2022
Sawntimber	8,247,375	6,373,967	7,744,389	13,446,239	10,906,380
Particleboard	1,998,587	1,425,836	1,996,075	4,107,191	3,399,977
Furniture	2,787,372	2,899,339	2,403,409	2,719,544	3,247,644
BJC	1,193,921	1,231,156	1,255,608	1,700,798	1,968,586
Fibreboard	349,997	344,173	337,052	440,542	576,300
Plywood	384,536	365,079	368,998	520,069	544,945
Logs	683,797	610,637	349,252	518,359	528,523
Veneer	328,844	267,460	264,096	412,905	448,972
Mouldings	138,969	138,376	148,456	213,606	203,717
Wooden frames	5,692	3,863	1,986	4,872	3,782
Others	959,281	944,193	956,653	1,163,683	1,267,537
TOTAL	**17,078,371**	**14,604,079**	**15,825,974**	**25,247,808**	**23,096,363**

Source: ITC Stats, UN-Comtrade

CANADA: MAJOR EXPORT DESTINATIONS FOR TIMBER AND TIMBER PRODUCTS (HS 44), 2018-2022

USD '000

No.	Country	2018	2019	2020	2021	2022
	World	14,290,997	11,704,741	13,422,564	22,528,265	19,746,503
1	USA	10,860,087	8,948,146	11,318,833	19,415,475	17,113,756
2	Japan	1,057,858	806,750	573,913	1,201,848	1,087,911
3	China	1,255,993	1,057,683	707,494	687,298	473,770
4	United Kingdom	288,390	291,140	262,076	294,553	241,496
5	South Korea	140,434	90,832	77,286	148,169	124,586
6	Philippines	123,345	71,654	59,829	159,416	106,531
7	Taiwan	109,969	58,623	57,533	129,733	87,980
8	New Zealand	38,649	32,043	27,509	50,566	65,641
9	Mexico	25,509	24,395	16,239	41,007	49,644
10	France	18,855	20,315	17,862	25,416	34,312
23	**Malaysia**	**3,991**	**4,435**	**4,521**	**10,849**	**12,154**

Source: ITC Stats, UN-Comtrade

The recent recession has affected demand for solid wood products within Canada. However, Canada's housing construction market has fared much better than that of many other countries, and is expected to remain an important source of demand for Canada's forest sector. The Canadian construction industry is expected to contract by 0.9% in 2023, due to inflationary pressure, higher energy prices, supply chain disruptions, a skilled labour shortage, increasing construction costs and a decline in investor confidence. According to Statistics Canada, the total value of investment in residential buildings fell by 5.1% year-on-year (YoY) in 2022, with single dwelling construction falling by 6.4% and multiple dwelling construction falling by 3.5%. With these constraints and challenges continuing, the industry is expected to recover marginally in 2023, growing by 0.9%, aided by transportation and energy infrastructure projects, in addition to investment allocated by Federal and Regional governments in the 2023 Budget.

Despite brittle consumer confidence and higher cost-of-living in 2022-2023, import of timber and timber products increased by 6% to USD7.8 billion over USD7.3 billion in its corresponding period in 2021. Canada also increased its intake by 29% in 2022 from USD6.0 billion in 2018. In 2022, Canada imported furniture worth USD3.8 billion, sawntimber worth USD663.7 million, BJC USD657.4 million and plywood USD593.0 million in 2022. The USA, as Canada's major timber and timber products (HS44) supplier had an export value of USD2.4 billion in 2022. This was followed by China (USD773.3 million), Brazil (USD79.8 million), Germany (USD73.6 million) and Turkiye (USD62.2 million). Malaysia ranked 20th in Canada's list of timber and timber products (HS44) supplier countries. The tables below show the import of timber and timber products by Canada and major supplier countries for the period of 2018-2022.

CANADA: IMPORT OF TIMBER & TIMBER PRODUCTS AND FURNITURE, 2018-2022

USD '000

Products	2018	2019	2020	2021	2022
Furniture	2,940,826	2,970,518	2,805,083	3,482,051	3,766,711
Sawntimber	483,395	440,378	404,921	695,862	663,733
BJC	377,770	369,739	374,550	565,345	657,434
Plywood	418,483	375,017	368,537	625,835	593,014
Fibreboard	410,624	358,312	348,370	442,515	435,763
Logs	317,215	296,498	255,953	296,836	311,435
Particleboard	104,102	121,067	138,945	193,825	206,559
Mouldings	164,712	153,191	141,131	205,329	196,016
Veneer	141,058	128,698	117,784	153,133	183,691
Wooden frames	30,746	28,752	25,172	29,313	29,204

Others	635,420	655,039	587,673	645,270	728,595
TOTAL	**6,024,351**	**5,897,209**	**5,568,119**	**7,335,314**	**7,772,155**

Source: ITC Stats, UN-Comtrade

CANADA: MAJOR SUPPLIER COUNTRIES FOR TIMBER AND TIMBER PRODUCTS (HS 44), 2018-2022

USD '000

No.	Country	2018	2019	2020	2021	2022
	World	3,083,525	2,926,690	2,763,036	3,853,261	4,002,173
1	USA	1,928,838	1,860,844	1,740,481	2,288,144	2,441,012
2	China	580,491	530,779	500,194	753,168	772,976
3	Brazil	45,837	45,077	44,127	79,635	79,687
4	Germany	103,540	76,393	72,999	103,846	73,609
5	Türkiye	9,998	15,755	31,188	62,536	62,247
6	Chile	45,895	39,221	37,936	39,723	49,483
7	Austria	41,243	38,262	33,306	43,372	45,165
8	Canada	36,299	27,575	33,580	48,788	43,782
9	Viet Nam	11,102	14,001	18,970	31,621	36,964
10	Italy	25,266	28,561	25,476	28,452	31,306
20	**Malaysia**	**8,794**	**11,672**	**9,170**	**11,284**	**13,879**

Source: ITC Stats, UN-Comtrade

MALAYSIA-CANADA BILATERAL TRADE ON TIMBER AND TIMBER PRODUCTS

Canada remains one of Malaysia's traditional markets for timber and timber products. The bilateral trade relationship between these two countries are more enhanced as both countries have ratified the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP). When it comes into effect, the agreement will give Canadian exporters preferential access to 10 countries. These new trade partners account for 13.5% of world's economic output and will offer Canadian firms a new customer base of 495 million people. The size of the CPTPP is comparable to Canada's trade deal with the European Union, which came into effect in September 2017. The CPTPP is expected to increase the Canadian economy by CAD4.2 billion due to the preferential access to 10 countries.

In 2018, export of timber and timber products was worth RM298.4 million and it projected steady growth for the next five years. In 2022, it reached RM395.5 million, an increase of 33% over its 2018 export value. Furthermore, the export value to Canada has also increased by 29% to RM395.5 million in 2022 from RM306.3 million in 2021. Demand for furniture also increased over the past five years with recorded sales of RM342.2 million in 2022, an increase of 30% from RM264.2 million in 2021. This was followed by fibreboard (RM15.3 million), sawntimber (RM14.4 million), plywood (RM9.7 million) and mouldings (RM5.4 million). The table below shows Malaysia's export of timber and timber products to Canada from 2018-2022.

MALAYSIA : EXPORT OF TIMBER & TIMBER PRODUCTS TO CANADA, 2018-2022

Value:RM

Products	2018	2019	2020	2021	2022
Wooden Furniture	270,069,043	297,766,292	297,180,510	264,214,937	342,173,129
Fibreboard	5,113,055	10,714,100	9,789,689	9,666,394	15,272,313
Sawntimber	4,392,010	10,566,646	10,507,060	6,829,739	14,373,266
Plywood	8,487,972	13,190,082	7,269,838	12,916,032	9,692,378
Mouldings	3,901,343	3,716,206	4,874,504	6,063,585	5,402,925
Veneer	1,489,880	2,150,211	2,942,925	1,930,029	3167110
BJC	652,909	959,517	727,675	1,816,184	2,158,383

Chipboard/Particleboard	297,417	475,365	140,964	400,428	447,377
Other Products	3,987,188	3,655,856	1,588,435	2,465,555	2,782,436
TOTAL	**298,390,817**	**343,194,275**	**335,021,600**	**306,302,883**	**395,469,317**

Source: MTIB/DOSM

Canada is one of the world's largest producers and exporters of softwood lumber. Softwood lumber accounts for 20% of the value of Canada's forest product exports. In recent years, Canada has been transforming its export markets by expanding its market to Asia-Pacific and China, apart from traditional USA and Western Europe. Thus, Malaysia has been increasing its intake from Canada with a recorded buying of timber and timber products worth RM70.1 million, an increase by 12% from RM62.7 million in 2021 and by 13% from RM62.2 million in 2018. The most demanded products are sawntimber and wooden furniture. Intake of Canadian sawntimber increased by 30% valued at RM45.8 million and wooden furniture worth RM90,916. The table below shows Malaysia's import of timber and timber products from Canada from 2018-2022.

MALAYSIA: IMPORT OF TIMBER & TIMBER PRODUCTS FROM CANADA, 2018-2022

Value:RM

Products	2018	2019	2020	2021	2022
Sawntimber	25,380,199	28,497,455	23,854,146	35,278,933	45,821,177
Wooden Furniture	165,778	341,519	219,779	443,540	90,916
BJC	156,466	0	0	37,280	0
Chipboard/Particleboard	40,575	0	0	0	0
Logs	0	542,272	0	0	0
Mouldings	21,109	61,338	438,840	0	0
Plywood	0	0	0	0	0
Veneer	3,182,936	1,332,254	0	0	0
Other Products	33,285,642	16,781,889	3,655,290	26,903,288	24,141,938
TOTAL	**62,232,705**	**47,556,727**	**28,168,055**	**62,663,041**	**70,054,031**

Source: MTIB/DOSM

TRADE BARRIERS

Nationwide, trade barriers have been a long-standing impediment to Canada's economic and global competitiveness. Enhancing internal trade is part of the government's plan to make life affordable, strengthen their supply chains and project economic growth. On 2 November 2017, the U.S. Department of Commerce (USDOC) issued its Final Determination of countervailing and anti-dumping duty (CVD and AD) rates ranging from 5.57% to 8.89%. Thus, on 27 July 2023, the USDOC announced the final results of its fourth administrative reviews of the CVD and AD duty orders on softwood lumber products from Canada. The new duty rates range from 6.61% to 9.15% and will take effect once they are published in the U.S. Federal Register. As of now, Canada has not imposed any CVD and AD duty orders on Malaysian timber and timber products.

CANADA: TARIFF RATES AND BENEFITS FROM CPTPP

Canada is one of 11 signatories to the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP). The agreement has created new markets for Canadian businesses and has gradually eliminated tariffs on all Canadian exports of forest and value-added wood products, creating new opportunities in key markets such as Japan, Malaysia and Viet Nam. CPTPP member parties will benefit from duty-free access, while tariffs on remaining products will be phased out over time. The longest phase-out will be 15 years for a number of upstream and value-added timber products. Similarly, under the CPTPP umbrella, Malaysia exporters will have wider access to new markets such as Canada, Mexico and Chile. It will also give a chance for Malaysian companies to bid on Canadian public procurements either in infrastructure, products and services. The table below shows Canada MFN and CPTPP tariff rates.

CANADA: MFN AND CPTPP TARIFF RATES

HS Code	Product	MFN (%)	CPTPP (%)
4403	Logs	0	0
4407	Sawntimber	0	0
4408	Veneer	0	0
4409	Mouldings	0-3.5	0
4410	Chipboard/Particleboard	0	0
4411	Fibreboard	0-6	0
4412	Plywood	0	0
4414	Wooden Frame	6	0
4418	Builders Joinery & Carpentry	0-8	0
9403	Wooden Furniture	0-9.5	0

Source: World Trade Organisation (WTO)

OUTLOOK AND PROSPECTS

Canada's construction sector continues to perform at an elevated level following the COVID-19 pandemic. Strong levels of investments by governments across the country have helped to stimulate the economy while demand for housing remains high, and private-sector entities continue to invest in construction. These factors combined in 2022 to increase total construction investment levels by 3% over the recorded 6% in 2021. According to the '2023–2032 Construction and Maintenance Looking Forward National Forecast' published by BuildForce Canada, construction activity will step down from its 2022 peak, with contractions projected for 2023 and 2024. Growth is poised to resume by 2025, and by 2032, total investment should increase by 1% over 2022 levels. These numbers are based on existing known demands and do not take into account the federal government's goal to double the number of new homes, infrastructure and commercial building to be built across Canada over the next 10 years. Demand for new housing is expected to contract in response to rising interest rates in the short term and return to growth between 2024 and 2029. Strong gains in renovation and maintenance activities should help to partially offset the anticipated declines. Construction in the non-residential sector will continue to benefit from stronger levels of public-sector investment in an array of projects, including major transit, utility, and road, highway, and bridge projects in Ontario, British Columbia, Quebec, Nova Scotia, and Prince Edward Island, and strong demand for projects in the industrial, commercial, and institutional (ICI) sector in every province.

Demand for more sustainable construction materials and methods, as well as more sophisticated design and production systems, is stimulating the construction market in Canada. Mass timber will shape the future of low carbon construction and develop the bio-economy. Canada's forest sector is responding to this opportunity with innovative products and designs. The demand for sustainable, lower-carbon solutions in the construction industry is creating new opportunities for the use of mass timber in Canada. Building code regulations are changing to allow for taller wood structures. Hundreds of new projects are planned or underway in British Columbia (BC) and Ontario. The new National Building Code of Canada was released on 28 March 2022 and one of the highlights is the inclusion of encapsulated mass timber construction to allow for wood buildings up to 12 storeys tall. BC was the first Canadian province to amend its Building Code to permit the construction of tall wood buildings up to 12 storeys.

The ESG benefits of mass timber buildings add to their appeal for developers and governments. Timber is a natural and renewable building material, it can be grown sustainably and is a lower-carbon form of construction. Mass timber can match or exceed the structural performance of concrete-and-steel while reducing carbon emissions by as much as 45%. Developers must plan for the entire life cycle of a mass timber building to realise all of the low-carbon benefits. Timber that ends up in a landfill will release its carbon back into the atmosphere, so planning for the reuse of building materials or using capsulated wood products is a necessary step. ESG benefits are much more than environmental. First, BC's Action Plan supports reconciliation by co-creating tangible economic and social opportunities for Indigenous people in the mass timber economy. Second, developers may be able to generate carbon offset credits under BC Forest Carbon Offset Protocol 2.0. This policy is still under development, however, and the BC provincial government intends to release a finished protocol in the later part of the year.
As a major energy producer, the global shift to net-zero presents both a challenge and a great opportunity for Canada. In aligning with Canada's net-zero, sustainable and green raw materials, plus green economy initiatives, Malaysian timber exporters should capitalise on providing sustainable, green and renewable supply of raw materials to Canada, in order to meet with Canada and the global climate change mitigation agenda. Malaysian exporters should also focus on providing innovative timber and timber products that are in line with Canada's consumer demand for eco-friendly products with low carbon footprint from sustainable and legal sources. It will also create an impetus for the Malaysian timber industry in competitive pricing.

Canada is one of the world's richest countries and its economy was historically based around trading natural resources. However, is now dominated by the service sector. The US market has long been the main importer of Canadian forest products, but the impact of the US housing crash and global financial crisis that began in 2008 spurred Canadian producers to expand to other markets. Furthermore, Canada's ratification on CPTPP

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INDONESIA
Ready To Challenge EUDR At WTO

The Director General of Sustainable Forest Management, Ministry of Environment and Forestry (KLHK), Agus Justianto, is reported as saying Indonesia is ready to challenge the European Union (EU) at the World Trade Organisation (WTO) regarding the enactment of the deforestation-free law which, Indonesia considers, will become a trade barrier for wood products. The media reports Indonesia considers this regulation unilaterally violates the agreement on the export of wood products between Indonesia and the EU which was signed in 2013.

Under the new EU regulation Indonesia's main export products will be subject to a due diligence process if they enter the EU market. The commodities are wood, soybean, palm oil, cocoa, coffee, rubber and beef and their derivative products such as cowhide, chocolate and furniture.

Agus commented that it is surprising that wood products are included as Indonesia and the EU already have a Voluntary Partnership Agreement (VPA) on forest law enforcement, governance and trade (FLEGT) which was signed on 30 September 2013 and became effective on 1 May 2014.

The Indonesian Ambassador to Germany, Arif Havas Oegroseno, is quoted as saying Indonesia has two options to resolve this case with a third party, the WTO or the European Court of Justice.

www.globalwoodmarketsinfo.com, 05 April 2023

VIET NAM
Wood Exports Have Fallen

Viet Nam's wood industry has unexpectedly fallen into an unprecedented slump amid a sharp decline in orders. According to the Viet Nam Association of Timber and Forestry Products (Vifores), Vietnamese exports of timber and wood products during the first three months of the year dropped by 28.3% to USD2.88 billion against the same period last year. Of the figure, the export value of wood products stood at an estimated USD1.87 billion, an annual drop of 38.5%. March alone witnessed timber and wood products rake in USD1.2 billion in export turnover, a decline of 22.8% compared to last year's corresponding period. Explaining the reason for the sharp fall, Vifores said that global consumers are tightening their belt due to rising inflation and economic recession risks, leading to a shortage of orders. Currently Vietnamese businesses only have several orders to be met until June as foreign importers have a large inventory, said Do Xuan Lap, chairman of Vifores. Vifores shared that exports of wooden furniture to the US nosedived steeply due to the US housing demand index in February decreasing by 48.1% over the same period last year, resulting in a sharp decrease in the demand for importing wood and wood products from the market. Meanwhile, China represents Vietnam's main competitor for wooden furniture in the US market, and the reopening of China's economy will certainly cause difficulties for domestic wood businesses this year. The US has always been one of Vietnam's largest wood consumers, and the significant drop in exports to the market will therefore directly affect the overall export results, with the growth forecast to be less positive in the first half of the year.

Furthermore, the EU's new regulation on not importing any products or goods originating from deforested areas after December 31, 2020, will also be a factor hindering the growth of the wood industry. Vifores stressed that many domestic businesses do not set profit targets and they only need enough orders to pay wages for workers and cover factory operations. Moving into the second half of the year, exports of wood and wood products are expected to enjoy positive signs when the economy recovers. In addition, the travel demand of tourists is predicted to increase, thereby leading to the demand to replace interior products at hotels and restaurants. Moreover, many businesses plan to find customers in other markets such as Japan, China and the Republic of Korea to offset the decline from the main markets.

www. vietnamnet.vn, 13 April 2023

CHINA
Implementation Plan For National Reserve Forest Development

It has been reported that the Implementation Plan for National Reserve Forests Development during the 14th Five-Year period was released recently. More than 2.46 million hectares of national reserve forests will be planted and more than 70 million cubic metres of forest stocking volume will be created. Of the 2.46 million hectares of national reserve forest during the 14th Five-Year Plan period 1.52 million hectares of medium and short growth cycle industrial raw material forests and nearly 0.94 million hectares of long growth cycle, large diameter timber forest will be planted or existing forest will transformed. In order to establish a national timber security system the Chinese government started the national reserve forest project in 2012. By 2022, the project covered 29 provinces (autonomous regions and municipalities), six forest industry (forestry) groups and Xinjiang Production and Construction Corps. In the past ten years, more than 613 million hectares of national reserve forest have been planted and the total stock volume of the project area has increased by 270 million cubic metres with an average annual stock volume growth of about 10.8 cubic metres per hectare. About 150 million cubic metres of timber have been produced from the national reserve forest. The construction of national reserve forests has provided a total of more than 3.6 million jobs in the past ten years and the income of timber output has exceeded RMB150 billion.

www.fordaq.com, 05 April 2023

CHINA
Soaring Plywood Import From Russia

According to the data from China Customs, plywood imports (HS code 4412 + solid composite floors) totalled 196,251 cubic metres valued at US$188 million, up 22% in volume and 23% in value year on year in 2022. Of the total, solid composite floor imports rose 6% to 161,555 cubic metres valued at USD170 million, up 14% year on year in 2022. China's plywood imports (HS code 4412 except solid composite floors) surged 372% to 34,696 cubic metres valued at USD19 million, soaring 349% year on year in 2022. Russia was the largest supplier of China's plywood imports in 2022. China's plywood imports from Russia soared more than 6,000% to 26,952 cubic metres accounting for 78% of the national total. Chinese enterprises have built factories to manufacture plywood and export to China by the ChinaEurope railway. This is why Chinese imports of Russian plywood have soared. Indonesia and Japan were also suppliers of plywood imports in 2022. China's plywood imports from Indonesia fell 18% to 2,443 cubic metres but from Japan rose by 17% to 2,129 cubic metres year on year. China's plywood imports from the three suppliers, Russia, Indonesia and Japan made up 91% of the national total imports in 2022. Russia was also the largest supplier of China's solid composite floor imports in 2022. China's solid composite floor imports from Russia rose 23% to 88,484 cubic metres, accounting for 55% the national total imports. Indonesia was the second largest supplier for China's solid composite floor imports in 2022. However, China's solid composite floor imports from Indonesia fell 18% to 15,637 cubic metres year on year.

www.fordaq.com, 03 April 2023

EU
Production in Construction Increase

In January 2023 compared to December 2022, seasonally adjusted production in the construction sector increased by 3.9% in the euro area and by 3.5% in the EU, according to first estimates from Eurostat, the statistical office of the European Union. In December 2022, production in construction fell by 2.3% in the euro area and by 2.0% in the EU. In January 2023 compared with January 2022, production in construction increased by 0.9% in the euro area and by 1.4% in the EU. In the euro area in January 2023, compared with December 2022, building construction increased by 4.2% and civil engineering by 3.0%. In the EU, building construction increased by 3.6% and civil engineering by 2.3%. Among Member States for which data are available, the highest monthly increases in production in construction were recorded in Germany (+12.6%), Slovenia (+9.8%) and Poland (+7.0%). The largest decreases were observed in Hungary (-5.0%), Romania (-4.3%) and Belgium (-1.5%). In the euro area in January 2023, compared with January 2022, building construction increased by 1.4%, while civil engineering decreased by 1.9%. In the EU, building construction increased by 1.5% and civil engineering by 0.5%. Among Member States for which data are available, the highest annual increases in production in construction were observed in Slovenia (+26.7%), Slovakia (+14.7%) and Portugal (+6.3%). The largest decreases were recorded in Belgium (-4.7%), Hungary (-3.6%) and Finland (-2.7%)

www.fordaq.com, 12 April 2023

GERMANY
Wood Prices Are Surprisingly Rising

The German timber market surprised many forest owners. Instead of falling prices and a mood of crisis, wood prices have risen in the new year. And it doesn't look like a quick turnaround at the moment. This applies to softwood sawlogs as well as to hardwood sawlogs and pulpwood.

Demand for spruce sawlogs continued to be very good in March (as in February). After an increase at the turn of the year, prices remained stable at a high level or increased somewhat regionally. Most recently, prices between 115 and 125 euros per cubic meter were paid for spruce A/C 2b+, according to German forest owner associations. At the top, that is another 5 euros more than in the previous month. Some buyers paid an additional bonus for required length formations. The discount for beetle wood was mostly EUR25.

For pine sawlogs too, good demand is reported. Prices have increased somewhat recently, and for the 2b BC range the logs were around EUR80 per cubic meter, sometimes even higher.

Oak is still the type of wood most in demand on the hardwood log market, according to German forest owners. But beech and ash are also currently selling very well. Since the hardwood season is coming to an end due to the weather, most forest owner associations recommend that harvested logs should be carried out quickly to avoid a loss in quality.

Sales of industrial logs are also going well. Red beech pulpwood is in high demand there given the increased prices. However, as is often the case at the end of the season, there is an increased volume of industrial and energy wood. In some regions, the supply quantities are therefore also subject to quotas, according to some forest owner associations. However, it is expected that this situation will ease again quickly. It is also said that firewood and forest wood chips can still be sold well.

In any case, German forest owners are satisfied with the current development: "Business is going well, so the forest owners are doing well," says Thomas Grebenstein, managing director of the Ammer-Loisach forest owners' association, to the Munich newspaper Merkur.

Currently, the demand for timber and construction timber is even increasing again, says Konrad Prielmeier, spokesman for the Bavarian State Forests, the Merkur. With regard to the development on the wood market, the German sawmill and timber industry federal association called for "reliable framework conditions in the construction sector".

"After the construction industry proved to be an economic engine during the coronavirus pandemic, its development stalled in 2022," the association announced. Against this background, well-founded long-term forecasts for the sawmill and timber industry for the current year are difficult to make.

In any case, the fact is that in the construction industry, the order books for the first half of 2023 seem to be reasonably full. This is also shown by the wood prices at the industrial level. There, the German Federal Statistics Office (Destatis) reported prices for prefabricated wooden construction parts in January that were 27% higher than in the previous year and at least 4.1% higher than in the previous month.

On the other hand, according to Destatis, industrial prices for softwood lumber are 14.7% lower than last year and 0.2% lower (ie unchanged) compared to the previous month. On the other hand, in the case of hardwood sawn timber, the selling prices of the industry are 18.7% higher than last year and also 1.3% higher than in the previous month. Destatis also reports rising prices for joinery goods. Wood pellets have recently become cheaper – by 10.5% in January alone.

www.globalwoodmarketsinfo.com, 1 April 2023

UK
Softwood Import Growing Strong

Softwood imports totalled at 426,000 m^3 in January this year, with volume increases from Sweden, Finland and the Republic of Ireland being largely responsible. Despite softwood increases, overall timber import volumes were 8.7% lower than in January 2022.

This is due to significant declines in panel product imports, with plywood and particleboard down 42% and 18% respectively. Hardwood imports also dropped by 37% following a record year in 2022. Looking long-term, there is room for positivity, with yearly import volumes around 100,000 m^3 higher on average than in 2013. "It is great to see softwood imports on the up once more following a tricky 2022," said TDUK head of technical and trade, Nick Boulton. "This growth is largely attributable to returning construction activity, with recent Department for Business and Trade figures reporting increased RM&I work in early 2023.

"These latest softwood figures suggest that normality may finally be returning to the market after a tumultuous few years of Covid, conflict and general uncertainty. "The panel and hardwood sectors are a little further behind, with imports well below 2022 levels. This, however, is due in part to unusually high imports in January 2022 rather than downward market trends. "Looking long-term, the stats paint a positive picture with timber imports consistently on the up since 2013.

www ttjonline.com, 18 April 2023

RUSSIA
Sawn Timber Exports to China Increased

According to statistics from the Russian forest department, in the first two months of 2023, Russia's exports of sawn timber to China increased by 7.2% to 1.6 million cubic meters. China has once again become a major importer of Russian sawn timber. During the special period, exports to China accounted for 63% of Russia's total exports of softwood and hardwood sawn timber.

On the contrary, the quantity of board and timber exported to Kazakhstan decreased by 19.5% to 61400 cubic meters. According to relevant timber companies, although the authorities have issued policy guidance, it is still difficult to export timber through Kazakhstan.

As of February 2023, Kazakhstan has not suspended the implementation of the second part of paragraphs 48 and 51 of the previously approved Rules for the Road Transport Licensing System. Therefore, the goods cannot be transported to Kazakhstan after being transhipped/reloaded in temporary storage warehouses in Russia or Belarus.

The Russian Timber Industry Corporation pointed out that the transfer of timber through Kazakhstan is very important for the industry. Due to this line issue, in January 2023, the export of sawn timber from Russia to Uzbekistan again fell by 16% year-on-year to 102000 cubic meters.

At the same time, due to the high level of congestion in the southern direction of the Kazakh railway, even if it passes the review, not all requests for transporting timber through Kazakhstan can be satisfied. For example, in January, only 60% of the OSB and particle board transportation requests submitted in the Tomsk region were met. In February, the situation remained unchanged.

The news service of Tass News Agency reported that, compared with the same period in 2022, from January to February 2023, the export of such products to Türkiye increased by 3.5 times, to Hong Kong by 1.8 times, and to Iran and the United Arab Emirates by 1.5 times.

www.globalwood.org, 1 April 2023

NEW ZEALAND
Log Prices Continue to Rise

In March, the export price of New Zealand logs rose by 14%, an increase of USD18 per JASm³. The March PF Olsen Log Price Index increased USD8 to USD135, which is the highest since July 2021. The index is now USD12 above the two-year and USD11 above the five-year average. It seems that the main reason for the increase in log prices in New Zealand is still the shortage of log supply. As the severe weather has had a major impact on northern New Zealand, log plantations such as radiata pine have been damaged in large areas. It is expected that New Zealand's log harvest in the first quarter will decrease compared with previous years.

On the other hand, Europe has also gained market share on the Chinese market, as New Zealand's domestic demand for logs is weakening and most logs are exported to Asian markets. The fall in the New Zealand dollar against the US dollar has prompted New Zealand log exporters to raise their offers. In terms of sawn timber, New Zealand saw a short-term supply problem due to panic buying caused by the pandemic measures relief in China. However, after the supply chain has recovered, the market demand has not kept up, resulting in an oversupply of sawn timber in New Zealand. Currently, New Zealand sawmills are still operating at below normal capacity. New Zealand sawn timber piled up building a large inventory. In order to achieve "clearance" it is expected that New Zealand sawn timber may be sold to Asia at a discount. In general, log prices in New Zealand may still show an upward trend in the second quarter. However, the demand recovery in China's timber market in the first quarter was not as good as expected, and the import of logs from New Zealand may be reduced. However, if New Zealand sawn timber is sold at a discount, it is likely to attract the attention of domestic timber merchants. Interested Chinese timber merchants can pay more attention to the New Zealand timber market in the near future. However, with the high demand for timber in the European market, it may not be certain that the import of logs and sawn timber from New Zealand will increase in the second quarter.

www.globalwoodmarketsinfo.com, 12 April 2023

US
Housing Starts Rise

New home construction moved upward in February for the first time in six months led by apartment buildings but it's unclear if the bounce translates into a recovery for the housing market. Construction on new homes rose 9.8% in February to a seasonally adjusted rate of 1.45 million. Despite the gain from the previous month the annual rate of total housing starts fell 18.4% from the previous year. The February increase was larger than what Wall Street expected. Economists polled by the Wall Street Journal expected housing starts to stay at a 1.31 million rate from January's initial estimate of 1.31 million. The better-than-expected housing starts was due to a boom in apartment construction and with the US facing a housing deficit, the addition of multi-family units is likely to boost affordability. The construction pace of single family homes rose 1% in February and apartments jumped 24%. Regionally, construction of homes rose the most in the Midwest (up 70%) and the West (up 17%). Single-family home construction in the West led the jump with a 28.5% increase. The Midwest and South regions reported a drop in single-family construction. In Canada, the seasonally adjusted annualised rate of housing starts rose 15% to 243,959 units from a revised 216,514 units in January according to the Canadian Mortgage and Housing Corporation (CMHC). Economists had expected starts to rise to 220,000. Groundbreaking increased on both multiple unit and single-family detached urban homes.

www.fordaq.com, 05 April 2023

US
Expands Decision on Countervailing Duties Into Vietnamese Plywood

Vietnam's Ministry of Industry and Trade stated that on March 23, 2023, the U.S. Department of Commerce (DOC) announced the sixth extension of the time for releasing the final conclusion of the tax evasion investigation, imposing countervailing duties on plywood that uses hardwood materials imported from Vietnam. Therefore, final conclusions are expected to be published on May 2, 2023.

According to the Trade Remedy Administration, previously, the U.S. Department of Commerce announced on July 25, 2022 that if the plywood products imported from Vietnam to the United States have core materials made of plywood, the peeled plywood products imported from China will be ruled. For plywood from Vietnam, if its core material uses peeled board produced in Vietnam or other countries, it will not be subject to anti-dumping and countervailing duties.

Also according to the Trade Remedy Administration, the provisional rate could be as high as 378.26%, applicable to goods imported into the United States from June 17, 2020. However, the Ministry of Commerce allows Vietnamese companies that cooperate with the investigation to prove that they do not use Chinese materials, so as not to be restricted by the measures. According to estimates, the number of companies participating in self-certification accounted for about 80% of Vietnam's exports during the survey period.

www.globalwoodmarketsinfo.com, 3 April 2023

GLOBAL
Growing Awareness About Sustainable Packaging

According to a recent forecast by FMI, sales of moulded wood pallets will increase from USD2.70 billion in 2023 to USD4.66 billion by 2033. The market for moulded wood pallets is forecast to grow at a CAGR of 5.6% during this time. The market value is increasing due to factors including the advantageous properties of molded wood pallets, such as their rigidity, high tensile strength, durability, low weight, and temperature resistance. Regulations governing the transportation of wooden packing materials as well as a surge in the use of packaging options that are more convenient and effective than alternative pallets further boost market demand. The production and logistics of manufactured goods are expected to increase along with the adoption of environment-friendly manufacturing processes that use less energy. This advances efforts to achieve sustainability goals. This is also expected to increase the global demand for molded wood pallets.

Improvements to traditional storage methods using molded wood pallets and rising public knowledge regarding the advantages of using molded wood pallets in the process both drive market expansion. Molded wood pallets have several advantages, including low cost, a stable design, safety awareness, space savings, and ease of export. The availability of specialized and distinctive products that can be altered in weight and size presents a lucrative potential for market expansion. Companies that produce pallets for the market concentrate on creating goods that are lightweight, strong, and useful for customers. Key companies also focus on supplying cutting-edge pallets with RFID chips attached for tracking and tracing reasons. The molded wood pallets market in North America is expected to lead the global market during the forecast period. The adoption of molded wooden pallets for importing and exporting commodities across nations is projected to be the main factor driving expansion in this sector.

www. www.globalwood.org, 11 April 2023

Continuation from page 17

has widen Canadian market access to Asian markets, mainly China and Japan. It has helped increase the robustness of this trade-dependent sector. At the same time. Canada's industry has been struggling under the US softwood tariffs imposed since 2017. The imposition has resulted in loss with an average of about 20% push mills in BC and Quebec operating from a break-even point to a negative 15-20% loss. Looking into the outlook of the Canadian timber industry, Malaysian timber exporters should take the opportunity to further enhance their presence in the Canadian market through participation in major timber, furniture and construction fairs and exhibitions. In addition, these industry players should also find ways to improve business networking with Canadian counterparts and seek new businesses and strategic alliances.

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MARCH 2023

LOGS

In March 2023, the average price for 13 of the 21 timber species listed as price reference species remained unchanged. Species such as the Mix Heavy Hardwood, Keruing, Mersawa, and Nyatoh showed a slight increase of 1.1–2.7 %, or a price range of RM20-RM40 per tonne, depending on the species. The average price for species such as Kempas, Kapur, Yellow Meranti and Sepetir on the other hand, fell by 2.8–15.7 %, or RM60–RM325 per tonne, with the Kapur species experiencing the greatest price drop.

The reported drop in prices for the Kempas, Kapur, Yellow Meranti, and Sepetir species resulted in trade prices for all of these species averaging RM2050, RM1740, RM1760, and RM1430 per tonne, respectively, compared to RM2110, RM2065, RM1830, and RM1500 per tonne in the previous month. With only a small percentage increase in prices, Mix Heavy Hardwood, Keruing, Mersawa, and Nyatoh specie were now trading at RM1260, RM1760, and RM1330 per tonne, respectively. The highest price increase for all species was around RM1500 (Mix Heavy Hardwood), RM3370 (Keruing), RM1800 (Mersawa), and RM1450 (Nyatoh).

Overall, the average price for most timber species was reported to have not changed much, with 62% remaining the same as the previous month's price and the remaining 19% increasing at a very small rate of less than 3%. However, suppliers are concerned about the current downturn in the sawntimber market, which may have an impact on the current decline in log market prices.

SAWNTIMBER

The average price position for most species in the three classes of sawn timber product production, namely General Market Specification (GMS), STRIPS, and Scantling, was reported to be much unchanged, with more than half of the 21 listed species maintaining average prices from the previous month. Price increases ranged from 2.7-8.2 % for 28 % of GMS species, while price decreases ranged from 1.0-3.3 % for the remaining 9.5 %. The average price for 24 % of species in the STRIPS production class reportedly increased between 1.0 and 27.7 %, while another 19 % declined between 1.0 and 15.4 %. The average price for 29 % of the Scantling production class, or only six species, rose by 2.5–15.5 %, with only one species, Red Meranti, was reported to have shrunk by 11.8 % compared to the previous month.

The average price for species such as Mix Heavy Hardwood, Keruing, Kempas, Red Meranti, Mersawa, and Nyatoh under the General Market Specification (GMS) production class was traded at RM1186, RM2956, RM2408, RM2076, RM1871 and RM1610 per m3 in March 2023, reportedly having increased by around RM40–RM140. The Keruing species has the highest recorded price under the General Market Specification (GMS) production class, at RM4450 per m^3.

Sawntimber products under the STRIPS production class showed that 24 %, or five species namely Chengal, Keruing, Dark Red Meranti, Mersawa, and Nyatoh, experienced an average price increase of 1.0–28 %, or about RM17–RM918 per m^3, with Chengal species experiencing the highest increase of RM918 per m^3. Other species, including Keruing, Dark Red Meranti, Mersawa, and Nyatoh, saw increases of RM123, RM89, RM17, and RM21 per m^3. Balau, Kempas, and Kapur all experienced price declines of more than 5 %, with declines of 15.4 %, 10.4 %, and 6.4%, respectively. Because of the price drop, all three species are now trading at RM1822, RM2119, and RM1236 per m^3.

Following that, six of the 21 species traded in the Scantling product production class reported price increases ranging from 2.5 to 15.5 %, or around RM32 to RM1059 per m^3. As with the STRIPS production class, the Chengal species was reported as having the highest price increase of RM1059 per m^3, followed by Dark Red Meranti at RM459 per m^3. Only one species in this class, Red Meranti, was reported to have declined by 11.8%, bringing its current monthly selling price to RM2119 per m^3.

PLYWOOD

In March 2023, the average price of all sizes of plywood products traded was reported to have remained unchanged. The four main plywood thicknesses remained traded at RM19.40, RM24.50, RM39.75, and 48.35, respectively, while the highest price recorded was RM48.70 for plywood with a thickness of 12mm.

MEDIUM DENSITY FIBERBOARD (MDF)

As in February, the average price for MDF products in March 2023 was reported to be unchanged, with MDF of 4mm, 6mm, 9mm, and 12mm thickness being traded at RM12.90, RM22.50, RM29.70, and RM35.20 per piece, respectively. The highest price reported during the month, however, was RM42.00 for MDF of 12mm thickness.

INTRA-MALAYSIA TRADE* - March 2023

In March, the trade volume of the four main timber products from Sabah to the Peninsula, namely logs, sawntimber, plywood and veneer, was generally positive with two of them, sawntimber and plywood products increasing and only veneer products declining. Trading in log products reported no transactions in the current month, as it did in the previous month. Trading in sawntimber products increased by 60 %, resulting in a total trade value of RM1.2 million generated from 1,673 m^3. Plywood products increased by 24 %, with a trade value of RM4.35 million generated by a trade volume of 2,402 m^3 compared to the previous month. As previously reported, the value chain and trading volume of veneer products both decreased by 52 % and 45 %, respectively. This brought the current month's trade value of veneer products to RM196,000, with a trade volume of 69 m^3.

Trading volume for the four main timber products between Sarawak and Peninsular was reported to be negative in March 2023, with two of them, plywood and veneer products, declining by 73 % and 100 %, respectively, in trade value compared to the previous month. With a 73 % decrease in plywood products, the recorded trade value in March was RM1.77 million compared to RM6.57 million the previous month, while the 100 % decrease in veneer products was due to the absence of any trading transactions in the current month. Sawntimber products, which also experienced a 23 % decrease in trading volume, experienced a 4 % increase in trade value, bringing the current month's trading value to RM678,000. Log products continued to be reported as having no trade transactions between Sarawak and Peninsular Malaysia.

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

*AVERAGE DOMESTIC PRICES OF LOGS, SAWN TIMBER, PLYWOOD AND MDF IN PENINSULAR MALAYSIA, MARCH 2023 (RINGGIT MALAYSIA)				
SPECIES	LOGS/ton	SAWN TIMBER/m3		
	18" UP	GMS	STRIPS	SCANTLINGS
HEAVY HARDWOOD				
Chengal	5,000	7,415	4,237	10,946
Balau	3,045	3,291	1,822	3,362
Red Balau	2,810	2,754	2,472	2,419
Merbau	3,220	3,750	3,072	3,725
Mixed Heavy Hardwood	1,260	1,186	1,137	1,282
MEDIUM HARDWOOD				
Keruing	2,430	2,956	2,807	2,027
Kempas	2,050	2,408	2,119	2,712
Kapur	1,740	1,734	1,236	1,850
Mengkulang	1,870	1,377	1,571	2,048
Tualang	1,280	2,013	2,002	2,062
LIGHT HARDWOOD				
Dark Red Meranti	2,210	2,454	2,013	3,425
Red Meranti	2,280	2,076	2,154	2,119
Yellow Meranti	1,760	1,681	1,554	1,977
White Meranti	1,500	2,507	1,801	1,977
Mersawa	1,760	1,871	1,730	2,189
Nyatoh	1,330	1,610	1,476	1,412
Sepetir	1,430	1,822	1,436	1,780
Jelutong	1,150	1,836	1,589	1,819
Mixed Light Hardwood	1,190	1,095	1,229	1,201

MALAYSIAN RUBBERWOOD *Hevea brasiliensis*	LOGS/ton	SAWNTIMBER/m3			
		1" X 1"	2" X 2"	3" X 3"	4" X 4"
	184	1,140	1,300	1,370	1,530

PLYWOOD 4' X 8' (RM per piece)	**4mm**	**6mm**	**9mm**	**12mm**
	19.40	24.50	39.75	48.35
MDF 4' X 8' (RM per piece)	**4mm**	**6mm**	**9mm**	**12mm**
	12.90	22.50	29.70	35.20

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

INTRA-MALAYSIA TRADE - MARCH 2023						
	Feb-23		Mar-23		% change in volume	% change in value
	Vol (m3)	Val ('000 RM)	Vol (m3)	Val ('000 RM)	FEB/MAR 23	FEB/MAR 23
SABAH						
Logs	0	0	0	0	0	0
Sawn Timber	556	759	1,673	1,213	201	60
Plywood	1,619	3,504	2,402	4,346	48	24
Veneer	126	405	69	196	-45	-52
SARAWAK						
Logs	0	0	0	0	0	0
Sawn Timber	563	654	435	678	-23	4
Plywood	3,149	6,574	1,654	1,773	-47	-73
Veneer	182	266	0	0	-100	-100

Source: Department of Statistics Malaysia
Tabulated: Malaysian Timber Industry Board

Mighty Fall: Container Line Profits Plummet From Historic Peak

China's Cosco Group — the world's fourth-largest container line operator with an 11% market share — finally closed its books on 2022 just as the first quarter of 2023 came to an end. The Chinese company's results highlight the steep decline that began last year and that continues through today. Early revenue reporting on the first two months of this year by Taiwanese carriers indicate the first quarter could be down 40% or more from Q4 2022. The takeaway: Liner profits are plummeting, but they're coming down from such lofty levels that they still have a long way to go before reaching net-loss territory.

Industrywide profits for 2022, predictions for 2023

After Cosco belatedly released its results, independent analyst John McCown published his overview of container shipping profits for last year and his predictions for this year. According to McCown's data, container shipping companies earned a jaw-dropping aggregate net income of $215.3 billion in 2022. Profits in Q4 2022 totalled at $34.7 billion, down 34% year on year (y/y) and 41% from the third quarter.

McCown predicts shipping lines will earn $43.2 billion in 2023, down 80% y/y. He assumes industry net income will drop to $14.9 billion in Q1 2023, a sequential fall of 57% versus the fourth quarter. He estimates net income will then fall to $10.8 billion in Q2 2023 and to $8.7 billion in both the third and fourth quarters. Lars Jensen, CEO of Vespucci Maritime, dubbed McCown's 2023 estimate "a bullish forecast." Jensen said it's "not out of the question" but would require the demand downturn to end in the face of high inventories and carriers to manage capacity given an onslaught of new ship deliveries.

Prior to Cosco's results announcement, Sea-Intelligence estimated that industrywide earnings before interest and taxes would come in at $208 billion for 2022, following EBIT of $164 billion in 2021 and $24 billion in 2022. "While it is hard to estimate historical industry EBIT, by our best estimates, the carriers have, over the past three years, made far greater operating profits than they did in the combined previous 63 years, since the maiden voyage of the first container ship," said Sea-Intelligence.

Cosco results confirm Q4 plunge

Looking specifically at Cosco's liner business (excluding its terminals division), the group's container shipping unit posted net income of $20.32 billion for full-year 2022, up 22% y/y. However, that gain was heavily weighted toward the beginning of the year. The shipping division (which includes liner companies Cosco and OOCL) reported net income of $2.68 billion for Q4 2022, down 37% y/y and a 53% plunge from the third quarter.

Cosco's quarterly shipping net income reached its cycle peak in Q2 2022, at $6.76 billion, more than double profits in the latest period. The company's shipping revenues peaked in Q1 2022, at $15.62 billion. By the fourth quarter, shipping revenues had declined to $9.47 billion, 39% off the high. Container volume also came down, particularly for Western trades. Cosco's liner companies carried 5,877,589 twenty-foot equivalent units worldwide in Q4 2022, down 9% y/y. Its liner companies' trans-Pacific volumes fell 15.5% y/y, with Asia-Europe down 12%. Volume in the company's highest-volume market — intra-Asia — declined only 3% y/y.

Revenue per FEU vs. spot indexes

The company's revenue per forty-foot equivalent unit peaked globally back in Q1 2022, at $5,072 per FEU. By Q4 2022, revenue per FEU was down to $3,223, 36% off the high. Q4 2022 revenue per FEU was down 31% y/y and 32% sequentially versus the third quarter. The biggest sequential drop was in the trans-Pacific, where Cosco's revenue per FEU fell 41% quarter on quarter.

The Cosco revenue-per-FEU data underscores, yet again, the limitations of spot container freight indexes. Spot indexes are good at showing the future direction the broader market is heading, not what carriers actually earn per FEU. The Cosco global revenue-per-FEU curve bears little resemblance to global spot index curves. The spot indexes fell earlier and by a much greater degree. The majority of Cosco's volumes are in the intra-China and intra-Asia markets, which are not covered by global indexes.

Furthermore, the majority of volume carried in the lanes that are covered by indexes are moved under annual contracts, and annual contract rates have significantly exceeded spot rates over the past year. According to McCown, spot rates "have an impact on negotiations related to renewing contracts that move the large majority of loads. It is in that more indirect role where spot rate indices have their largest impact in container shipping. They are not an accurate measure of either the level or trend in actual container pricing."

Source: freightwaves.com_April 03, 2023

Container Market Close To Bottom on Most Trades – Zencargo

Spot and contract rates may be close to the bottom on most trades as signs of recovery emerge after months of plummeting rates. Speaking at a webinar, Zencargo VP Ocean Anne-Sophie Fribourg retold the familiar story of falling container spot rates through the second half of 2022 as supply chain congestion eased and demand for

ocean shipping fell due to lower consumer confidence and high retailer inventories.

Transatlantic rates began to fall late in 2022 and that downward movement accelerated in the first quarter of 2023, said Fribourg, demonstrating a direct impact on rates from increasing market capacity. New vessels entering the market could bring an increase in global capacity of around 8% in 2023, she added.

"I think we are bottoming out, and one of the signs is that since beginning of March, we've seen a surge in demand on Asia-Europe. This has been a bit surprising... a surge in demand for certain products like electric vehicles or solar panels has created a bit of space constraint. Carriers have managed to stop the decrease in rates and even file a small increase on the transpacific due to a massive blank sailing program, and shipping lines are now implementing a GRI."

Until recently, the general market opinion was that carrier attempts to limit capacity through blanked sailings had little effect. Asked whether she thought the GRI would be accepted by the market, Fribourg said she saw it as a tactic lines are employing to try and support rates on the transpacific ahead of contract renegotiations which will start in May, but not a sustainable one.

Reducing capacity in the face of rising demand such as on the Europe trades will be an effective method of supporting rates, but there is a limit to how far that can go while maintaining service levels to customers, said Fribourg.

Spot rates are returning to pre-COVID levels almost everywhere, except on the transatlantic trades which have been more resilient due to higher demand owing to a strong dollar and "friend-shoring" by US importers. "We should see quite a good activity on the transatlantic but if the capacity is too high, then we'll see the rates dropping as well," said Fribourg.

The upshot of current market movements is that customers should look to negotiate longer term rates of at least three months, said Fribourg. "This is the right time because in order to recover operational efficiency and a good service level. We are now in a buyers' market where shipping lines are looking for volume but we are looking for good service."

"I think also what is important is to rebuild the relationship between partners. I think through the last few years relationships with the carriers have been damaged because of all that has happened. There is a need to rebuild relationships, be consistent, commit and deliver from both parties," said Fribourg.

Source: seatrade-maritime.com_April 19, 2023

Geopolitics, Container Shipping Rates and an Ominous Sign from Taiwan

A container ship sailing from Shanghai to Kaohsiung, Taiwan, travels just 600 nautical miles. A container ship sailing from Shanghai to Los Angeles travels 9.5 times farther — 5,700 nautical miles — and incurs dramatically higher fuel costs. And yet, according to Xeneta, current long-term contract rates for these two completely different trades are now roughly the same, at around $2,000 per forty-foot equivalent unit.

Contract rates on the short-haul run between China and Taiwan have surged since the beginning of this year, according to Xeneta. The culprit: geopolitical risk. "It's quite fascinating: $2,000 from China to Taiwan, the same as going across the biggest ocean in the world. One has to think about that," said Erik Devetak, chief product and data officer for Xeneta, during a company presentation Tuesday.

And while the China-Taiwan situation is a very specific case, geopolitical tensions are escalating globally. What's happening in this ocean trade, if ever mirrored in a much larger lane, could have significant implications for future global supply chain costs. "This situation [China-Taiwan rates] is very idiosyncratic, but we're going to see a lot of this," Devetak said. "Geopolitics is going to make a difference in the future."

China-Taiwan vs. China-Japan rates

Highlighting the degree of recent moves in long-term rates, Xeneta compared two intra-Asia lanes: China-Taiwan and China-Japan. "At the start of this year, the rates were basically equal. You were paying the same to Japan as you were to Taiwan. Now the two have moved in clearly quite different directions," said Xeneta market analyst Emily Stausbell.

"The spread between them is increasing. It has increased

to almost $750 [per FEU], which is about half the rate you'd be paying just to get into Japan," she said. It's not quite the same in the spot market," Stausbell continued. "The spot market spread is increasing, but not to this extent, largely due to the fact that this is a trade that is at the seat of geopolitical risk.
"When you're looking at doing those long-term contracts, that risk is much heavier than it would be on the spot market with that shorter time scale where you're more certain of how things are going to go."

According to Devetak, "There are risks of disruptions, from military exercises and so on. That risk is more of an unknown long-term risk, so the longer the contract, the more risk you're taking. I think we are starting to see ocean carriers systematically take geopolitical risk into consideration when pricing long-term contracts. Going for a long-term contract into Taiwan, that carries risk.
"I also wonder how geopolitics will affect the length of the contract people are willing to take, because with a more uncertain world, in terms of geopolitics and therefore also indirectly in terms of supply chains, longer-term commitments potentially become less appealing to the supplier," he added.

Spreads narrow, except for Taiwan

Widening spreads in freight rates between various port pairs were commonplace during the COVID-era boom, but now they're shrinking. The spread of the China-Taiwan rates versus other port pairs is an outlier, underscoring the role of geopolitical risk. "We've seen it moving in the opposite direction to what we've seen in other trades, where they've really been coming down," said Stausbell.

"If you look a while back, between different countries in the Far East exporting to the U.S. or North Europe, you see that the rates out of China were much lower than the rates out of Japan and Korea and Taiwan. Those spreads are really now falling back to where they were before the pandemic. In contrast, this one is increasing." Devetak explained, "In the past, the spreads have been really driven by [ocean transport] capacity constraints. That was the driver until recently.

The driver of spreads this year is very different. It is definitely not capacity. Even in intra-Asia, where demand has picked up more compared to the forecast, there is not a capacity constraint."
Stausbell said, "Spreads are generally coming down. It's only in trades where there's something more specific going on where we see the opposite happening."

Source: hellenicshippingnews.com_April 24; 2023

2023 Too Difficult to Forecast Says ONE

Container line ONE did not include a full year forecast for 2023 in its 2022 results, saying the outlook for 2023 is extremely difficult to predict. In its 2022 full year results presentation, Ocean Network Express (ONE) said the container market was in the midst of major changes including the aftermath of global supply chain congestion, macroeconomic changes and trade flow shifts due to war and other geopolitics, and changes in consumer behaviour.

"Under these circumstances, it is extremely difficult to announce a reasonable business forecast at this time and the full-year forecast for FY2023 is yet to be determined," ONE said. Other container lines have stressed the difficulty of forecasting for 2023, but generally produced figures showing a drop in earnings and revenue as demand and rates fall—or normalise as Maersk put it—through the year. Maersk's best-case scenario for 2023 when it published its 2022 results in February was an 84% decline in profit year-on-year. That result is in line with a forecast from analyst John McCown of Blue Alpha Capital who forecast an 80% drop in profits at the major container lines in 2023.

ONE's 2022 results showed a $15bn profit, down $1.7bn on-year as market conditions weakened in the second half of the year. A decline in demand was more pronounced in Q4, said ONE, as the supply and demand balance weakened despite blank sailings. Improved freight rates in 2022 reflected stronger contract rates, comfortably compensating for lower spot rates later in the year. Those stronger freight rates stacked against higher bunker costs, higher operational costs, higher variable costs and the decrease in lifting.

ONE said it had felt no significant impact from the scheduled delivery of multiple vessels into the market in recent months. The company's response to the changing market was to extend the blank sailing period around Chinese New Year into March and April, route vessels around the Cape of Good Hope to absorb capacity, increase port coverage, slow steam vessels, and deploy larger vessel on the East-West trades ahead of schedule.

Source: seatrade-maritime.com_April 28, 2023

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MERAWAN

Merawan is the standard Malaysian name for timber from the Hopea spp.(Light species) of family Dipterocarpaceae. Merawan is also known as Gagil in Sabah. This medium hardwood is well distributed on low-lying undulating land near streams but is never abundant while others may be distinctly ridge types.

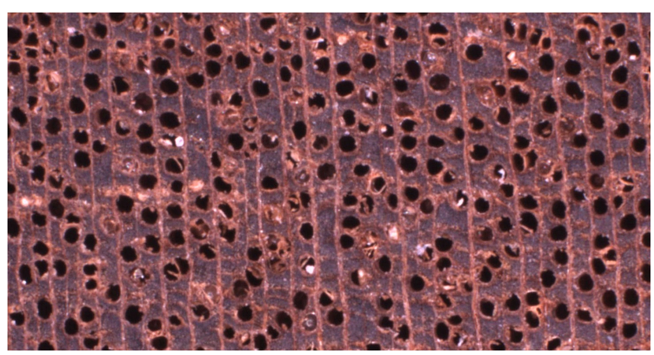
General Characteristics

The sapwood is generally lighter in colour and is poorly defined from the heartwood, which is yellow when fresh but darkens to light brown or red-brown on exposure. Its texture is moderately fine and even with grain interlocked. Merawan is hard or moderately hard to cut across grain with an air-dry density ranging from 495 to 980 kg/m3. It is also moderately durable even in contact with the ground and in exposed positions, and is very durable for internal construction.

Wood Colour and Texture

Anatomical Features

Growth rings are absent but the concentric resin canals often stimulate growth rings. The vessels are with simple perforations and are medium-sized, generally moderately numerous, mostly solitary, the rest in radial or oblique pairs and radial multiples of up to four in a series, diffuse but tends to align in short oblique lines. The wood parenchyma is of both paratracheal and apotracheal types; paratracheal type as incomplete vasicentric or aliform tending to the confluent pattern, while the apotracheal type as irregularly spaced bands containing resin canals and occasional terminal layers (without canals) and diffuse or short tangential lines between the rays in some species. The rays are moderately fine and visible to the naked eye. The intercellular canals of the vertical type are present in concentric formations, filled with white resin which can be seen on all section.



Cross Section of Merawan

Durability

This timber is categorised as moderately durable according to the severe graveyard test under Malaysian weather conditions. However the light-coloured portion of the timber can be readily treated with preservatives whereas the dark-coloured heartwood is very difficult to impregnate with preservatives.

Mechanical Properties

The timber falls under Strength Group 4 or SG 4. The strength properties of Merawan which have been tested are as follows:

Mechanical Properties of Merawan

Test Condition	Modulus of Elasticity (N/mm2)	Modulus of Rupture (N/mm2)	Compression Parallel to grain (N/mm2)	Shear Strength (N/mm2)
Air-dry	15,000 - 15,500	90 - 92	45.90 - 50.80	9.0 - 9.3

Machining Properties

Generally, the timber is difficult to saw and bore but planes easily with smooth surfaces. The difficulty in working with this timber is due to its inherent properties such as hardness.

Machining Properties of Merawan

Sawing	Planning	Boring	Turning	Nailing
Difficulty	Easy to fairly easy	Easy to fairly difficult	Easy	Very Poor

Shrinkage

Shrinkage upon seasoning is moderate to high averaging 0.9 -1.3% radial and 2.2 – 3.3% tangential.

Uses

Merawan is suitable for medium and heavy construction under cover and when treated with preservatives can be used outdoors such as railway sleepers, fence posts. The light coloured portion of the wood is suitable for flooring particularly for sport halls like badminton and squash courts. The timber can also be used for rafters, joists, door and window frame, flooring, joinery, furniture, veneer and plywood. It is also popular as handles of tapping knives in Peninsular Malaysia.

Flooring and Furniture from Merawan

References

1. *PROSEA: Plant Resources of SEA 5. Minor commercial timbers.*
2. *Technical Guide MTIB*
3. *100 Malaysian Timbers 2010 Edition*

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SHIPMENT OF TIMBER AND TIMBER PRODUCT THROUGH PORTS IN PENINSULAR MALAYSIA, MARCH 2023

Products	Port Klang		Kuantan		Pasir Gudang		Tanjung Pelepas		Penang		Total all ports (m3)	% change Feb'23/ Mar'23
	m3	% change	m3	% change	m3	% change	m3	% change	m3	% change		
Sawntimber	36,182	2	13,636	1,774	490	-23	432	5	4,182	67	54,922	38
MDF	13,602	-26	450	-48	1,711	64	1,419	21	623	-84	17,805	-30
Mouldings	10,585	22	33	45	890	-36	1,150	54	657	31	13,316	18
Plywood	4,734	204	0	0	188	381	400	-47	6,467	-27	11,789	5
Veneer	402	215	0	0	0	0	0	0	324	0	402	215
Particleboard	10,033	-7	0	0	999	186	0	0	9,529	-1	20,561	-1
TOTAL	**75,539**	**1**	**14,119**	**772**	**4,278**	**23**	**3,401**	**10**	**21,783**	**-15**	**119,120**	**9**

Note: Indicates % change over previous month
Source: MTIB


3 - 5 April 2023 - 'Bengkel Lanjutan Pemetaan Program Latihan Belia Sektor Perkayuan berasaskan Standard Kemahiran Pekerjaan Kebangsaan' (NOSS) organised by IMPAC in cooperation with WISDEC


5 - 7 April 2023 - Workshop on developing framework on the Computerised Numerical Control (CNC) module, jointly organised by WISDEC and IMPAC


6 April 2023 - GGJB Repair and Maintenance Project Coordination Meeting with JKR Johor