ISSN 0126 - 771X

MASKAYU

MALAYSIAN TIMBER INDUSTRY BOARD

MTIB

Volume 8
AUGUST 2023

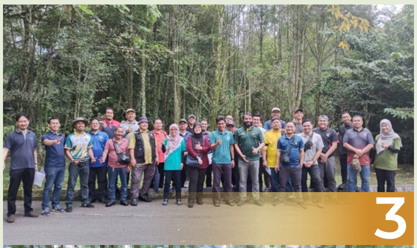
PROMOTING SUSTAINABLE SUPPLY OF RAW MATERIAL

- INTRODUCTION TO EKOWOOD INTERNATIONAL BERHAD
- WORKSHOP ON KARAS TREES IDENTIFICATION AND KARAS PLANTATION AUDITING

TEGUH SEIRING USIA

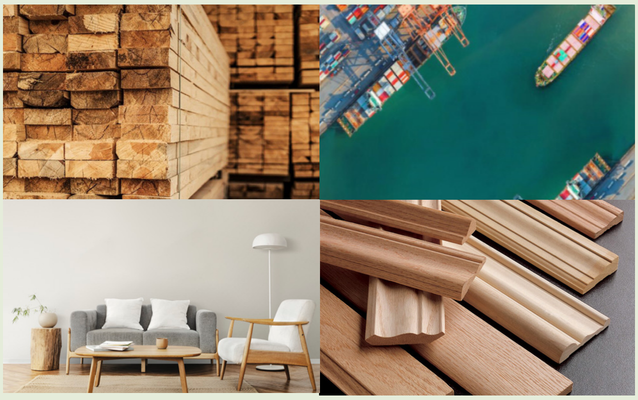
ISSN 0126-771X
9 770126 771009

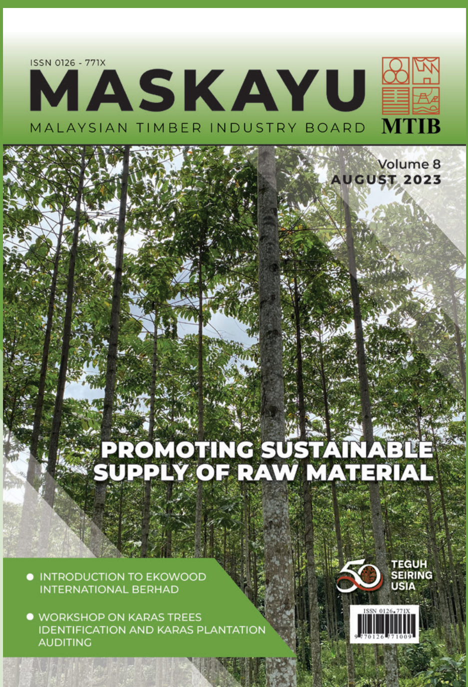
Content



Highlight

Regular Features





Chief Editor
Dr. Mohd Nor Zamri Mat Amin

Editorial Members
Saiful Bahri Salleh
Noorazimah Sarkom@Haji Othman
Mohd Amin Kadir
Mohd Nizam Hamid
Farydatul Nazly Mohd Zin
Suzana Abdul Rahim
Nor Liza Mat Yasok
Suga @ Mazree Iman
Mohd Afthar Amir
Mohd Tarmin Ismail
Syaidatul Nadia Hussin
Shamsul Azman Abdul Aziz
Nur Aqilah Ahmad Bakri

Publisher
Malaysian Timber Industry Board
Level 13- 17, Menara PGRM, 8, Jalan Pudu Ulu, Cheras, 56100 Kuala Lumpur, Malaysia.
Tel: 603 9282 2235
Fax: 603 9200 3769 / 9283 9792
E-mail: info@mtib.gov.my
Website: www.mtib.gov.my

QUALITY SYSTEM SIRIM
UKAS QUALITY MANAGEMENT 074
CERTIFIED TO ISO 9001 : 2015
CERT. NO. QMS 01285

read eMASKAYU at
www.mtib.gov.my/en/maskayu

WORKSHOP ON KARAS TREES IDENTIFICATION AND KARAS PLANTATION AUDITING

Prepared by: EMY ZULIKA DZULKIFLY

The Malaysian Timber Industry Board (MTIB) has been appointed as a Management Authority, responsible for managing the registration of Scheduled Species for Planters (Karas) in Peninsular Malaysia and the Federal Territory under Act 686 (International Trade in Endangered Species of 2008). Currently, there are approximately 288 companies that have registered as Karas planters with a Karas-plantation area of 2,706 hectares.

In implementing the registration of these planters, one of the main tasks are karas plantation auditing activities to ensure that the applications received are correct and accurate. As such, MTIB held a Karas Tree Identification and Karas Plantations Auditing Workshop on 16-18 August 2023 at KIP Hotel, Kuala Lumpur.

The objectives of the workshop were as follows:

i. Updating the list of existing auditors and appointing new auditors
ii. Providing updates to officials involved in the auditing of Karas plantations of Act 686 in line with the amendment of the 2022 Guidelines for the Registration of Karas Planters
iii. Ensuring that the auditing process of Karas plantations is implemented more effectively

The workshop was officiated by Encik Mazree Iman, Director of Licensing and Inspectorate Division. He stated that the workshop aimed to provide exposure to the new auditors and act also as a refreshment course for the existing auditors.

The topics, delivered by Encik Mohd Zamakshary Mustapa, Deputy Director of Industrial Development Division and Encik Zahari Hamid, officer from Licensing and Inspectorate Division, covered Introduction to Karas Tree Species, Introduction of the Establishment of Karas Plantations, Karas Plantation Auditing Concepts and CITES Policies and Enforcement.

At the end of the workshop, participants were required to complete a written test and undergo practical training at the Germplasm Aquilaria Spp. Collection Area located at FRIM, Selangor. The workshop was attended by 25 participants consisting of MTIB officials from the branch offices in Johor, Kelantan, Terengganu, Kuantan, Penang and Selangor as well as officers from the Industrial Development and the Licensing and Inspectorate Divisions at MTIB Headquarters.

JULY 2023

The total export of Malaysian timber and timber products in July 2023 decreased by 5% in value totalled at RM1.9 billion from RM1.8 billion in the previous month. However, cumulative exports for the period of July 2023 decreased by 22% valued at RM11.9 billion over RM15.2 billion in the previous corresponding period. The Malaysian timber industry still has a few obstacles to overcome, mainly with the requirements in the certification of the European Union Deforestation Regulation (EUDR) that may limit the exporting of timber products into multiple markets. On June 29, 2023, the new EUDR supply chains came into force and though this should prevent the degradation of forests, especially in the agricultural sector (cattle breeding, soybean, palm oil plantations, etc.), it also entails a number of additional obligations and temporary open questions for the timber trade. The EUDR applies to the entire Chapter 44 of the Combined Nomenclature, i.e., also to glued laminated timber (glulam), window scantlings, solid wood panels, charcoal, wooden poles, tool handles, inlaid work and wood wool and flour.

SAWNTIMBER

The total export of sawntimber in July 2023 increased by 105% in volume but decreased 6% in value to 205,505 m³ totalling at RM207.2 million as compared to the previous month. Cumulative exports for the period of July 2023 increased by 3% in volume but decreased 15% in value to 724,364 m³ totalling at RM1.4 billion over the previous corresponding period.

Exports to the EU for the month recorded at 4,828 m³, decreased by 9% as compared to the previous month. The Netherlands as the main buyer decreased imports by 12% to 1,585 m³ from 1,791 m³ in the previous month. Exports to Belgium and Italy also decreased by 2% and 46% to 901 m³ and 524 m³ respectively compared from 922 m³ and 964 m³ as recorded in the previous month. Similarly, outside the EU, exports to the UK also decreased by 45% to 571 m³ from 1,036 m³ in the previous month.

The total export to South Asia increased by 11% to 12,942 m³ from 11,673 m³ as recorded in the previous month. India as the main buyer from South Asia increased buying by 11% to 7,548 m³ followed by Sri Lanka by 91% to 1,632 m³ from 856 m³ whilst, exports to Maldives decreased by 26% to 2,397 m³ from 3,229 m³ as recorded in the previous month.

In West Asia, the total export decreased by 26% to 13,715 m³ from 18,533 m³ as recorded in the previous month. The UAE decreased their exports by 62% to 2,259 m³ from 5,959 m³ as recorded last month. Similarly, exports to Oman also decreased by 51% to 2,290 m³ compared from 4,648 m³ the previous month followed by Iraq with a decrease of 1% to 1,875 m³.

Elsewhere, shipments to East Asia increased by 374% to 142,873 m³ from 30,126 m³ in June. China as the main buyer decrease purchases by 39% to 15,226 m³ from 24,801 m³ in the previous month. Exports to Japan increased significantly to 116,334 m³ from only 2,276 m³ last month followed by South Korea with an increase of 14% to 1,873 m³.

Meanwhile, buying from ASEAN decreased by 17% to 25,097 m³ from 30,379 m³ as registered in the previous month. Thailand as the main buyer in ASEAN decreased its intake by 7% to 9,314 m³ from 9,974 m³ as recorded in the previous month. Similarly, exports of sawntimber to the Philippines also decreased by 40% to 7,709 m³ whilst Singapore increased buying by 5% to 7,153 m³ from 6,784 m³ last month.

Moving to the Africa region, exports to Africa increased by 182% to 2,857 m³ compared to 1,015 m³ in the previous month. Demand from South Africa increased by 144% to 2,096 m³ from 857 m³ as recorded last month. Mauritius increased buying by 334% to 614 m³ whilst Seychelles increased by 510% to 96 m³ from 16 m³ in the previous month.

Export to North America decreased by 11% to 1,494 m³ from 1,670 m³ in the previous month. The USA as a major buyer from North America decreased its intake by 30% to 1,178 m³ from 1,670 m³ last month.

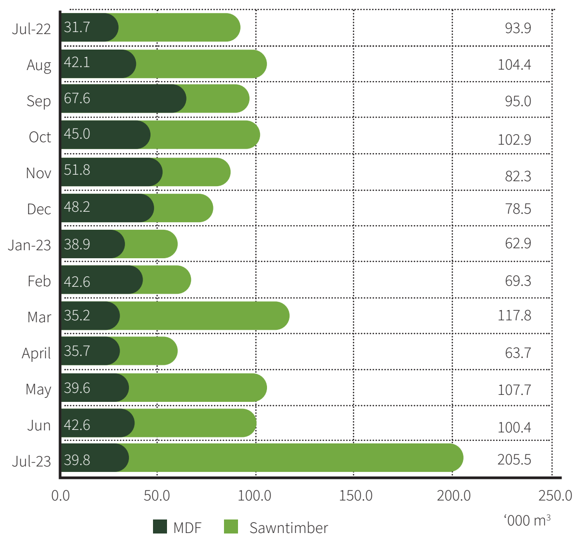
In the Oceania/Pacific region, export to Australia increased by 72% to 1,037 m³ from 602 m³ in the previous month. Australia increased its intake by 97% to 1,037 m³ from 526 m³ whilst New Zealand and French Polynesia didn't make any purchase for this month.

The average FOB price of sawntimber decreased by 54% to 1,008 per m³ from 2,202 per m³ in the previous month. The price of Dark Red Meranti to the Netherlands also decreased by 4% to 4,183 per m³ from 4,349 per m³ previously. Keruing was traded at 3,650 per m³, a decrease of 12% from 4,163 per m³ in the previous month.

The Eurozone growth outlook in 2023 is modest, with forecasts projecting a growth rate of 1% and an inflation rate of almost 6%, varying across countries. On the positive side, the Eurozone managed to get through the winter without the energy shortages and deep recession that many analysts had feared. The labour market continues to thrive, consumer spending is stabilizing, and economic sentiment has recovered. On the negative side, inflation remains high, the cycle of interest rate hikes continues, and geopolitical uncertainty remains high. However, if efforts against inflation continue, the current growth forecast represents the highest level of economic growth that can be achieved in 2023. According to the European Central Bank (ECB), economic activity in the Euro area experienced a slight decline at the beginning of the year, but it shows resilience against major negative supply shocks. The coming quarters are expected to bring a return to growth as energy prices stabilize, foreign demand strengthens, and supply bottlenecks are resolved. This will allow firms to address their large backlog, while uncertainty, including stress in the banking sector, continues to ease.

Malaysia: Export of Sawntimber and MDF

July 2022 - July 2023 (RM million)



MEDIUM DENSITY FIBREBOARD (MDF)

Exports of MDF in July 2023 recorded a 7% decrease in volume of 39,831 m³ and 4% in value at RM73.0 million compared to the previous month. Cumulative export for the period of July 2023 recorded an increase in volume of 4% to 270,618 m³ but a decrease in value of 8% totalling at RM481.6 million as compared to the corresponding period in 2022.

Export to ASEAN increased by 8% from 4,640 m³ to 4,994 m³ in the previous month. The Philippines and Viet Nam added up their imports by 30% and 19% to 2,713 m³ and 1,312 m³ respectively. Meanwhile, Indonesia recorded a decrease in MDF import of 47% to 513 m³ from 967 m³.

Elsewhere, East Asia also decreased MDF purchase by 12% from 13,304 m³ to 11,679 m³ in the previous month. MDF sales in Japan, Taiwan and South Korea dropped by 13% to 10,515 m³, 18% to 617 m³ and 40% to 244 m³ each. Moving to the South Asia market, exports increased by 40% to 7,880 m³ from 5,643 m³. Export performance to India, Pakistan and Sri Lanka rose by 15% to 4,179 m³, 141% to 2,889 m³ and 25% to 643 m³ respectively.

Export to the West Asia region decreased by 24% from 12,097 m³ to 9,227 m³ compared to the previous month. Yemen and Oman reduced their sales performance by 72% and 40% to 1,197 m³ and 2,119 m³ each. However, the UAE increased buying by 34% to 3,300 m³.

In the United Kingdom, export showed a sharp increase of 686% to 165 m³ from 21 m³. Exports to Oceania/ Pacific increased by 4% to 2,514 m³. Australia and New Zealand improved their purchases by 2% to 2,453 m³ and 205% to 62 m³ each.

Meanwhile, MDF import in North America decreased by 29% from 4,195 m³ to 2,985 m³ compared to previous month. The US and Mexico reduced their purchases by 32% and 42% to 2,116 m³ and 564 m³ respectively. Meanwhile, Canada increased purchases by 189% to 305 m³. The Africa region showed an increase of MDF import by 29% from 299 m³ to 387 m³. However Kenya, Somalia and Algeria didn't make any purchase for the month.

The FOB price of MDF increased by 2% to RM1,833 per m³ from RM1,792 per m³ in the previous month.

Sri Lanka has lifted import restrictions on 286 items including timber and timber products excluding HS code 94.01, which came into effect in June 2023 according to the Finance Ministry in a clear sign that the island nation is slowly but surely emerging from its worst economic crisis in decades. Sri Lanka's construction industry has been battered for the last two years, even before the economic crisis took place in April 2022, due to a lack of new projects and the higher cost of construction. However, the recent import relaxation on some 30 construction-related materials could give some hope to the sector, which has been one of the main drivers of economic growth in the past years. According to ConsTrack360, a manufacturing market intelligence platform based in India, Sri Lanka's construction industry is expected to grow by 9.2% to reach Rs. 1,535 billion in 2023. Despite near-term challenges in certain construction sectors, it predicts that the medium to long-term growth story in Sri Lanka remains intact as the construction industry in Sri Lanka is expected to grow steadily from Q2 2023 to Q1 2024.

VENEER

Export of veneer for July 2023 increased in volume by 11% to 3,155 m³ and 12% in value worth RM8.0 million as compared to the previous month. However, the cumulative export for July 2023 showed a decrease in volume by 2% to 22,412 m³ and 3% in value to RM46.0 million over the previous corresponding period.

ASEAN recorded a decrease in veneer import by 78% from 1,096 m³ to 240 m³. The Philippines reduced its import by 81% to 211 m³ while Singapore increased import by 100% to 21 m³. In East Asia, exports rose by 103% from 996 m³ to 2,023 m³. China and South Korea recorded a decrease in buying by 7% and 59% to 434 m³ and 148 m³ respectively. However, import by Taiwan increased tremendously by 1306% from 93 m³ to 1,312 m³. In contrast, South Asia decreased buying by 7% to 452 m³ from 487 m³ in the previous month. India recorded a slight increase of 1% to 399 m³ while Bangladesh reduced buying by 42% 53.

Moving to North America, veneer purchase increased by 21% from 89 m³ to 108 m³ with purchases from the US. Similarly, the Oceania/Pacific region increased purchases by 106% from 161 m³ to 332 m³. Australia increased imports by 17% to 188 m³ while New Zealand resumed its intake with 144 m³.

The average FOB price for veneer increased by 0.4% from RM2,525 per m³ to RM2,534 per m³ as compared to previous month.

According to the Asian Development Bank (ADB), the South Asia construction sector is primarily dominated by India in 2023, followed by Bangladesh, Pakistan and Sri Lanka in terms of real construction output value. The regional growth in 2023 is driven by the expansion of the construction industry in India which is expected to grow by 6% in real terms this year, supported by government investment programmes and projects and the completion of ongoing infrastructure and housing projects ahead of the 2024 election. Meanwhile, the construction industry in Pakistan is expected to contract by 5.2% this year, following the decline of 2.8% as recorded in 2022. Pakistan's substantial current account deficit, high public debt, depleted foreign exchange reserves, high inflation and surging energy and construction material prices are all expected to weigh on construction activity this year. Lastly, the Sri Lankan construction sector is predicted to account for the smallest regional share in real terms in 2023. The ongoing economic and political crisis, steep currency depreciation and rising inflation are expected to curb its domestic construction sector growth in 2023.

PLYWOOD

Export of plywood for July 2023 recorded an increase by 2% in volume at 88,165 m³ but a 0.2% decrease in value at RM200.2 million as compared to the previous month. Meanwhile, the cumulative exports for the period of July 2023 decreased by 55% in volume and 40% in value to 550,656 m³ totalling at RM1.3 billion over the previous corresponding period.

In Europe, the EU region recorded a decrease in plywood export by 67% from 804 m³ to 262 m³. Ireland increased purchase by 39% to 156 m³ while Denmark and Latvia didn't make any purchase for the month. Outside the EU, exports showed a decrease of 27% to 6,706 m³ from 9,151 m³ in the previous month. Turkey and the UK decreased buying by 32% to 3,391 m³ and 21% to 3,315 m³ each.

Moving to the East Asia market, volume slightly decreased by 1% to 51,585 m³ from 51,953 m³ in June. Japan as the largest importer reduced buying by 100% to 81 m³ from 39,814 m³. This was followed by Taiwan and South Korea with sales reduction of 6% and 14% to 5,615 m³ and 5,113 m³ respectively. In the ASEAN region, imports increased by 10% from 3,249 m³ to 3,545 m³. Plywood export to Thailand dropped by 29% to 1,002 m³. On the other hand, Singapore and Brunei increased their imports by 50% and 92% to 1,857 m³ and 492 m³ respectively.

In the South Asia region, plywood purchase increased by 26% from 1,471 m³ to 1,855 m³. India and Maldives increased their imports by 26% to 1,787 m³ and 42% to 68 m³ each. The West Asia region also recorded an increase of 40% to 10,394 m³ from 7,430 m³ in the previous month. Import performance in Yemen, the UAE and Jordan increased by 24%, 8% and 111% to 8,908 m³, 173 m³ and 131 m³ respectively.

In the Africa region, purchases increased by 50% from 462 m³ to 691 m³. Plywood purchase in South Africa increased by 24% to 153 m³ while Morocco decreased its purchases by 1% to 336 m³.

In North America, import also showed an increment by 18% from 8,372 m³ to 9,850 m³. The US as the main buyer improved purchases slightly by 0.3% to 7,637 m³, followed by Mexico with an increase of 272% in sales to 2,130 m³. Meanwhile, Canada reduced its buying by 55% to 83 m³.

For the Oceania/Pacific region, plywood export decreased by 12% to 3,198 m³ from 3,622 m³. Australia reduced buying by 12% to 3,155 m³ from 3,601 m³ while American Samoa and French Polynesia didn't make any purchase for the month.

The FOB price of plywood for July 2023 was at RM2,271 per m³, a decrease of 2% from RM2,319 per m³ from the previous month.

In Japan, monthly housing starts in the same period of 2023 were disappointing as compared to last year. Falling housing starts have a direct bearing on wood product consumption and this is apparent when examining data for plywood sales and imports of items such as wooden flooring. Year on year, July 2023 plywood arrivals were almost 45% down with all shippers seeing declines. Falling shipments of plywood from the top suppliers namely Malaysia and Indonesia, explained most of the downtrend but in July, shipments from suppliers in China also fell. As pointed out in the latest Japan Lumber report (JLR), some South East Asian shippers began raising prices in early 2023, around Yen 2,020 FOB per sheet which is Yen 130 per sheet higher than previously. In the domestic market, plywood prices have been falling so Japanese buyers hesitated to place orders too far in advance. The JLR reports however, that the inventory of plywood has been declining so Japanese importers must act. Inventories are said to be 40 – 50 % less than the highest volume in October 2022.

MOULDINGS

Exports of mouldings for the month decreased by 2% in volume and increased 3% in value to 26,044 m3 worth RM73.9 million. However, cumulative exports for the period of July 2023 increased by 32% in volume and decreased by 7% in value to 149,980 m3 worth RM501.1 million as compared to the previous corresponding period in 2022.

Exports to the EU for the month were recorded at 10,093 m3, decreased by 1% as compared to the previous month. Germany and the Netherlands decreased their purchases by 38% and 9% to 621 m3 and 6,021 m3 while France increased its purchases by 21% to 1,957 m3 respectively. Meanwhile, the UK recorded a decrease of 13% to 727 m3 compared to the previous month.

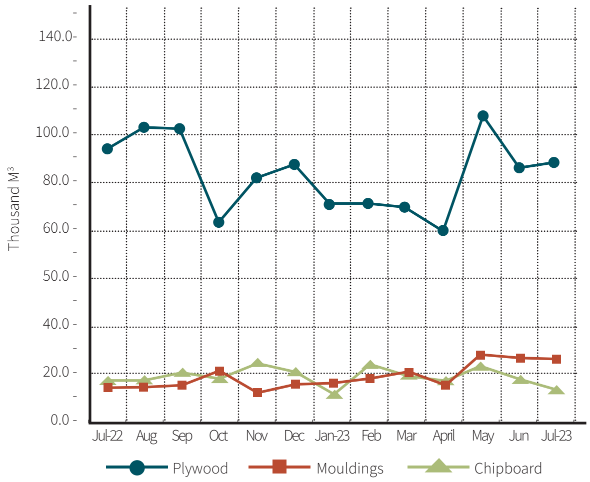
In Asia, Thailand and Singapore decreased their purchases by 88% and 26% to 4 m3 and 1,093 m3 while Cambodia increased its intake by 109% to 34 m3 respectively. China, South Korea and Japan decreased their intake by 51%, 9% and 1% to 489 m3, 1,000 m3 and 1,758 m3 while respectively. Meanwhile, India also decreased its purchases by 20% to 200 m3 for the month.

Meanwhile, in the Oceania/Pacific region, export to Australia increased by 66% to 4,078 m3 for the month. Similarly, in the America region, export to Canada and the US decreased by 25% and 23% to 167 m3 and 4,796 m3 while Mexico increased its intake by 75% to 175 m3 respectively.

Elsewhere, in the Africa region, South Africa decreased its purchases by 19% to 197 m3 while Mauritius increased its intake by 75% to 529 m3 for the month. The average FOB unit value for mouldings increased marginally to RM2,837 per m3 compared to RM2,698 per m3 in the previous month.

The international construction sector's progress is predicted to remain sluggish in 2023, expanding just by 0.8%. The expected poor performance shows the downturns taking place across the advanced nations, with the entire Europe expected to shrink by 2.8%. Besides this, the North American market is expected to fall by 0.9%. Australasia is not going to be any different, as it will witness a contraction of 1.5%. Growth in the emerging markets is going to be positive, however, the growth pace will slow to 2.4% from 4.6% in 2022. Nevertheless, it is forecast that the worldwide construction sector is anticipated to regain some momentum when it comes to growth in 2024, assuming that there will be an improvement in global economic stability wherein the output will expand by 3% and there will be an annual average of 4.2% across 2025–2027.

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



BUILDERS JOINERY AND CARPENTRY (BJC)

Exports of BJC for July 2023 recorded a decrease of 3% in volume and 1% in value to 11,240,491 kg worth RM112.8 million from last month. Total BJC cumulative exports for the same corresponding period last year decreased by 13% to RM719.8 million as compared to RM826.8 million last month.

Exports to the EU increased by 13% to RM156.2 million compared with RM137.8 million in the previous corresponding period. Exports to Sweden and Belgium increased by 123% and 36% to RM34.6 million and RM47.8 million respectively while Germany decreased buying by 25% to RM14.4 million. Meanwhile, export to Norway and Turkey decreased by 93% and 66% to RM1.7 million and RM618,898 whilst the UK also decreased its intakes by 3% to RM69.2 million for the month.

In Asia, exports to Singapore recorded an increase of 64% to RM75.1 million while Viet Nam and Thailand decrease their intakes by 56% and 23% to RM5.0 million and RM5.7 million respectively. Exports to China and Taiwan decreased by 57% and 5% to RM7.0 million and RM5.9 million while Japan increased buying by 8% to RM34.4 million. Nevertheless, export to Maldives and Bangladesh recorded an increase of 85% and 43% to RM3.9 million and RM1.5 million respectively while India decreased buying by 54% to RM11.9 million for the month. Meanwhile, the UAE's imports grew by 68% to RM1.6 million, Saudi Arabia decreased buying by 3% to RM218,319 whilst Iran resumed its intake with RM180,293 for the month.

In the Oceania/Pacific region, export to New Zealand and Australia decreased by 23% and 16% to RM11.2 million and RM122.2 million respectively while Western Samoa improved its purchases by 121% to RM807,261 million. However, in the America region, Uruguay, Mexico and Canada increased their purchases by 69%, 40% and 10% to RM956,459, RM13.7 million and RM824,547 respectively while the US reduced its intake by 32% to RM169.0 million for the month.

Elsewhere, in the Africa region, South Africa reduced its intake by 43% to RM2.7 million while Seychelles increased intake by 407% to RM1.9 million. Libya resumed its purchases with RM830,633 for the month. The global Construction market is expected to expand at a CAGR of 9.26% during the forecast period, reaching USD2.1 million by 2028. The Russia-Ukraine war disrupted the chances of global economic recovery from the COVID-19 pandemic, at least in the short term. The war between these two countries has led to economic sanctions on multiple countries, a surge in commodity prices and supply chain disruptions, causing inflation across goods and services and affecting many markets across the globe. However, with the construction sector showing resilience and adaptability, coupled with shifts towards sustainable practices, there are opportunities for continued growth in the coming years especially in the residential and commercial sectors.

FURNITURE

Exports of wooden furniture for the month of July 2023 increased by 3% to RM738.7 million, similarly export of rattan furniture rose by 13% to RM6.9 million from the previous month, June 2023. Meanwhile, the export of wooden furniture for the cumulative period of January to July 2023 recorded an export value worth RM4.8 billion, a decrease of 31% from RM6.9 billion in its corresponding period in 2022. Similarly, demand for rattan furniture plummeted by 36% year-on-year to RM38.0 million from RM59.6 million over its corresponding period in 2022.

Export of wooden furniture to ASEAN expanded by 17% worth RM708.1 million from RM603.4 million in its corresponding period in 2022. Export to Singapore increased by 36% to RM438.3 million. Similarly, export to Indonesia rose by 40% to RM66.2 million, however export to the Philippines declined by 10% to RM117.2 million for the stated period.

Moving to the East Asia region, exports were down by 36% to RM323.6 million from RM506.0 million year-on-year in 2022. Japan remained the highest buyer with an export value of RM235.3 million despite a reduction of 35% in imports. Similarly, exports both to China and Taiwan decreased by 20% to RM30.8 million and by 53% to RM25.6 million, respectively over its corresponding period in 2022.

Exports to West Asia expanded by 4% to RM255.1 million from RM245.5 million in its corresponding period in 2022. Exports to the UAE, the largest buyer in the region, improved by 26% to RM129.8 million. Similarly, export to Saudi Arabia increased by 2% to RM91.2 million, however export to Kuwait declined by 55% to RM11.5 million.

Moving to the South Asia region, export of wooden furniture to the region decreased by 42% to RM65.6 million for the month. Amongst South Asian countries, India recorded the highest intake with export value worth RM59.1 million despite a decrease in intake by 45%. Similarly, exports to Bangladesh were also down by 28% to RM821,778. However, exports to Maldives increased by 29% to RM5.4 million for the month.

Despite exports to the Central Asia region increasing by 11% to RM2.8 million, intake from Kazakhstan decreased by 17% worth RM1.9 million. Meanwhile, Uzbekistan and Armenia resumed its intake with RM261,243 and RM515,706 respectively.

Export to the EU recorded a decrease of 24% to RM187.4 million from RM247.2 million over its corresponding period in 2022. France as the highest buyer in the bloc reduced its buying by 16% to RM22.1 million, followed by Germany with exports down by 51% to RM21.7 million. Nevertheless, exports to Belgium showed a slight improvement by 1% to RM21.5 million.

As for European countries outside the EU, exports declined by 5% to RM237.3 million. Export to the United Kingdom was down by 7% to RM217.3 million. However, exports to Turkey and Georgia increased by 60% to RM7.8 million and by 34% to RM4.6 million respectively.

Exports to the Oceania/Pacific region decreased by 25% to RM259.1 million from RM345.1 million over its corresponding period in 2022. Australia remained the top buyer in the archipelago region with imports valued at RM231.4 million despite a loss of 23%. Similarly, both exports to New Zealand and Papua New Guinea declined by 33% to RM17.8 million and by 32% to RM4.1 million respectively.

Moving to the Central America region, export of wooden furniture increased by 39% to RM24.5 million over its corresponding period in 2022. Panama recorded the highest intake of wooden furniture for the cumulative period with an increase of sales by 39% to RM7.8 million. Likewise, exports to Costa Rica and Guatemala also increased by 7% to RM4.8 million and by 88% to RM5.8 million respectively.

Meanwhile, exports to the North America region dropped by 41% to RM2.6 billion from RM4.4 billion in its corresponding period in 2022. Despite the USA being Malaysia's largest wooden furniture buyer, the country recorded a reduction in sales by 42% to RM2.4 billion from RM4.0 billion in its corresponding period in 2022. Similarly, exports to Canada and Puerto Rico declined by 22% to RM163.4 million and 46% to RM32.4 million respectively.

Similarly, export of wooden furniture to the South America region recorded a decrease of 32% in imports worth RM44.1 million from RM64.9 million in its corresponding year in 2022. Export to Chile decreased by 55% to RM22.1 million from RM49.3 million in its corresponding period in 2022. Exports to Peru increased by 48% to RM9.2 million, while Ecuador resumed its buying with RM1.8 million for the said period.

Export to the Africa region recorded a decrease of 21% to RM82.2 million with South Africa garnering the largest market share with RM18.6 million. It was a decrease of 36% from RM29.2 million in its corresponding period in 2022. This was followed by Kenya, with recorded sales of RM11.5 million, decreased by 3%. Similarly, exports to the Reunion Islands also dropped by 7% to RM7.8 million for the period of January – July 2023.

Rattan furniture shipments for July 2023 recorded an increase of 13% valued at RM6.9 million from RM6.1 million in the previous month. However, exports of rattan furniture for the cumulative period of January – July 2023 declined by 36% to RM38.0 million from RM59.6 million in the corresponding period in 2022.

Exports to ASEAN member countries were recorded at RM3.6 million, an increase of 22% for the cumulative period of January – July 2023. The highest buyer was the Philippines with recorded sales of RM2.2 million with an increase of 56%. Similarly, exports to Singapore grew by 48% to RM1.0 million. However, export to Thailand decreased by 59% to RM262,289.

Exports to the East Asian region was valued at RM4.0 million, a reduction of 39% from RM6.6 million over its corresponding period in 2022. China reduced its intake by 35% to RM2.6 million, followed by Japan with imports reduced by 13% to RM1.0 million. Taiwan increased its buying by 46% to RM191,468.

Moving on to South Asian countries, India was recorded as the highest buyer of rattan furniture worth RM1.5 million despite a reduction in its buying by 45%. Similarly, Bangladesh also reduced its buying by 85% to RM2,456.

Export to the West Asian region improved by 361% to RM1.9 million from RM419,661 over its corresponding period in 2022. The largest buying nation of rattan furniture in the West Asian countries, the UAE increased its intake by 174% to RM735,709 and similarly with Saudi Arabia, exports increased significantly by 1,708% to RM1.0 million. Meanwhile, Kuwait resumed its intake with RM73,251.

Moving to the EU bloc, exports were down 32% to RM5.2 million with France being the largest buyer amongst EU countries. Exports to France and Ireland dropped by 1% to RM1.2 million and by 58% to RM724,597 respectively. However, export to Spain grew by 24% to RM669,530 for the mentioned period. Moving to outside the EU, demand from the group declined by 7% to RM5.1 million with the UK being the largest buyer in the region. The UK increased its buying by 22% to RM4.5 million. However, Russia reduced its buying by 64% to RM518,516 from RM1.4 million over its corresponding period in 2022.

Shipments to the Oceania/Pacific archipelago region dropped by 40% to RM3.0 million from RM5.1 million over the same period in 2022. Australia recorded a decline in intake by 45% to RM2.6 million. Similarly, export to New Zealand decreased by 13% to RM213,061. Meanwhile, Fiji resumed its buying with RM103,863.

Exports to the North America region decreased by 51% to RM12.8 million from RM26.2 million over the same period in 2022. The USA being the largest buyer for rattan furniture recorded a decline in intake by 51% to RM11.3 million, followed by Canada with exports down by 71% to RM624,358. The Dominican Republic increased its intake by 9% to RM716,193. Meanwhile, Panama, a country in the Central America region resumed its intake with RM7,522. Amongst South American countries, Uruguay increased its intake by 43% to RM50,291.

Intake of rattan furniture in the Africa region also declined by 66% to RM670,493 where Republic of Congo and Cote D'Ivoire resumed their buying with RM142,818 and 192,300 respectively. Meanwhile, export to South Africa reduced by 39% to RM114,825.

According to ResearchAndMarkets.com's latest September report entitled 'Furniture - Global Strategic Business Report', the global market for furniture estimated at USD545.9 billion in 2022, is projected to reach a revised size of USD872.5 billion by 2030, growing at a CAGR of 6% for 2022-2030. Wooden furniture is projected to record 7% CAGR and reach USD335.5 billion while growth in the metal segment is estimated at 6.3% CAGR for the next 8-year period. China's furniture market is forecast to reach USD159.3 billion by the year 2030 with CAGR 8.2%. Meanwhile, Japan and Canada, each forecast to grow at 3.7% and 4.8% respectively over the 2022-2030 period. Within Europe, Germany is forecast to grow at approximately 4.3% CAGR.

The global economic outlook is improving, and growth recovery, albeit on the lower side, is expected for 2023-2024. The United States although witnessing slowing GDP growth in response to tight monetary and financial conditions, has nevertheless overcome the recession threat. The easing of headline inflation in the Euro area is helping boost real incomes and is contributing to a pick-up in economic activity. China is expected to see strong increases in GDP in the coming year as the pandemic threat recedes and the government sheds its zero-COVID policy. With optimistic GDP projections, India remains on-course to emerge into a USD6 trillion economy by 2030, surpassing Japan and Germany. The upturn, however, remains fragile, and several interlocking challenges continue to run in parallel, such as continued uncertainty around the war in Ukraine; slower than expected decline in global headline inflation; continuation of food and fuel inflation as a persistent economic problem for most developing countries; and still high retail inflation and its impact on consumer confidence and spending. Countries and their governments are showing signs of weathering these challenges, which helps lift market sentiments. As governments continue to combat inflation to get it down to more economically comfortable levels by raising interest rates, new job creations will slow down and impact economic activities. Stricter regulatory environment and pressure to mainstream climate change into economic decisions will compound the complexity of challenges faced.

Although corporate investments can likely be held back by inflation worries and weaker demand, the rise of new technologies will partially reverse this prevailing investment sentiment. The rise of generative artificial intelligence (AI); applied AI; industrialising machine learning; next-generation software development; Web3; cloud and edge computing; quantum technologies; electrification and renewables and climate technologies beyond electrification and renewables, will open up the global investment landscape. The technologies hold the potential to drive sizeable incremental growth and value of global GDP in the coming years. The short-term is expected to be a mixed bag of challenges and opportunities for both consumers and investors alike. There is always opportunity for businesses and their leaders who can chart a path forward with resilience and adaptability.

JULY 2023

LOGS

The current situation of the average log prices in July 2023 on the price reference for 20 species showed that 40 per cent (eight species), increased in prices ranging from 2.2 to 8.6 per cent, or approximately RM25 to RM113 per tonne. Another 20 per cent (four species), reported a price drop of between 1.3 and 3.1 per cent, or around RM30 to RM57 per tonne, while the remaining 40 per cent (eight species), maintained the previous month's average price.

Kempas, Mengkulang, Tualang, Meranti Merah Tua, Mersawa, Nyatoh, Sepetir, and Jelutong were among the eight species that saw price increases this month. All these timber species were traded in the current market at RM1,943, RM1920, RM1,300, RM2,250, RM1,867, RM1,457, RM1,417, and RM1,175 per tonne respectively, based on the reported rate of increase. The highest prices for these species were RM2,700, RM2,160, RM1,600, RM2,400, RM2,100, RM1,750, RM1,667 and RM1,250 per tonne respectively. Merbau, Kapur, Red Meranti, and Yellow Meranti were the four timber species that saw average price declines. The average selling price of logs for these four species was RM3,025, RM1,780, RM2,270 and RM1,680 per tonne, with the highest prices per tonne recorded by these species in the current month being RM3,200, RM2,700, RM3,000 and RM1,760.

Overall, the current price performance of the timber market in July 2023 was classified as little changed, despite the fact that 60 per cent of the preferred species recorded changes. However the rate of change in volatility recorded for most of the species remained low, and this change is still regarded as a normal change in the market's price fluctuations. One of the factors influencing the fluctuation of timber prices in the current market is the current situation of the low timber products market, which is still in the recovery period.

SAWNTIMBER

Observations on the average price of sawntimber products for the three main production classes, namely General Market Specification (GMS), STRIPS, and Scantling for July 2023, revealed that the price was influenced by the current average price of logs. The average price for 10–17 species from all three categories of sawntimber production reportedly remained the same as the previous month, with only two to six species reported to have increased prices and no more than five species reported to have decreased prices.

In the GMS production class, 65 per cent, or 13 of the 20 species, did not show any price change during the reporting month. The remaining seven species saw price increases ranging from 3.4 to 3.6 per cent, while the other five saw decreases ranging from 1.3 to 9.0 per cent. Mengkulang and Red Meranti saw price increases of RM47 and RM70 per m3 respectively, and sawntimber for both species under this production class was marketed at an average price of RM1,448 and RM2,036 per m3, with the highest price recorded by both species being RM2,471 per m^3. Sepetir, Mersawa and Nyatoh from the Light Hardwood group, as well as Kempas and Keruing from the Medium Hardwood group, are among the five species with declining average prices. These five species are now available on the market at an average price of RM1,824, RM1,860, RM1,530, RM2,189, and RM2,970 per m^3.

It was reported that approximately half of the STRIPS production class or ten species, did not record any price movements in July 2023. However, 30 per cent of them or six species, namely Nyatoh, Mixed Light Hardwood, Yellow Meranti, Kempas, Mixed Heavy Hardwood and Chengal, saw price increases ranging from 1.4 to 33.3 percent. The Chengal species experienced the greatest percentage price increase, which was RM1,413 per m^3, while the other five species experienced price increases ranging from RM21 to RM94 per m^3. With the recorded price increases, all these species are now trading in the current market at RM1,548, RM1,218, 1,389, RM2,172, RM1,231 and RM5,650 per m^3. The remaining four species, namely Balau, Mengkulang, Keruing and Red Meranti were reported to have dropped in price by around 1.1–9.8 per cent or RM24–RM200 per m^3. The current month's average trade price for all of these species is RM1,548, RM1,389, RM1,231, RM2,189, RM2,295, and RM1,836 per m^3.

The average price of sawntimber in the Scantling production class was around 85 per cent with 17 of the 20 price reference species recording the same price retention as the previous month. Only one species saw a price increase, the Keruing species, which saw a price increase of around 6.6 per cent or RM132 per m^3 and was traded at RM2,189 per m^3. The remaining two species, Sepetir and Chengal experienced 1.3 and 9.7 percent decreases respectively. In the previous month, both species were traded at RM1,779 and RM10,946 per m^3 respectively, while in the current month both species were marketed at RM1,755 and RM9,887 per m^3.

PLYWOOD

In July 2023, the average market price of plywood products for the four main thickness sizes marketed remained the same as of the past three consecutive months, dating back to May 2023. The highest price of plywood with thicknesses of 4mm, 6mm, 9mm, and

Continue to page 16

*AVERAGE DOMESTIC PRICES OF LOGS, SAWN TIMBER, PLYWOOD AND MDF IN PENINSULAR MALAYSIA, JULY 2023 (RINGGIT MALAYSIA)

SPECIES	LOGS/ton	SAWN TIMBER/m^3		
	18" UP	GMS	STRIPS	SCANTLINGS
HEAVY HARDWOOD				
Chengal	5,000	10,593	5,650	9,887
Balau	3,318	3,055	2,035	3,857
Red Balau	2,400	2,825	2,472	2,489
Merbau	3,025	3,754	3,072	3,725
Mixed Heavy Hardwood	1,090	1,349	1,231	1,271
MEDIUM HARDWOOD				
Keruing	2,322	2,970	2,392	2,189
Kempas	1,943	2,189	2,172	2,613
Kapur	1,780	1,746	1,189	1,853
Mengkulang	1,920	1,448	1,318	2,013
Tualang	1,300	2,013	2,002	2,062
LIGHT HARDWOOD				
Dark Red Meranti	2,250	2,631	1,942	3,919
Red Meranti	2,270	2,036	1,836	2,307
Yellow Meranti	1,680	1,854	1,389	1,977
White Meranti	1,650	2,507	1,801	1,977
Mersawa	1,867	1,860	1,730	2,154
Nyatoh	1,457	1,530	1,548	1,412
Sepetir	1,417	1,824	1,436	1,755
Jelutong	1,175	2,119	1,589	1,819
Mixed Light Hardwood	1,190	1,352	1,218	1,201

MALAYSIAN RUBBERWOOD *Hevea brasiliensis*	LOGS/ton	SAWNTIMBER/m^3			
		1" X 1"	2" X 2"	3" X 3"	4" X 4"
	185	1,200	1,300	1,355	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	23.66	31.50	37.60

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

INTRA-MALAYSIA TRADE - JULY 2023

	June-23		Jul-23		% change in volume	% change in value
	Vol (m^3)	Val ('000 RM)	Vol (m^3)	Val ('000 RM)	June/Jul	June/Jul
SABAH						
Logs	5	6,423	0	0	100	100
Sawn Timber	171	226	382	390	123	73
Plywood	1,897	4,275	1,708	3,588	-10	-16
Veneer	273	805	81	229	-70	-72
SARAWAK						
Logs	0	0	0	0	0	0
Sawn Timber	309	756	291	550	-6	-27
Plywood	781	767	1,130	1,329	45	73
Veneer	0	0	0	0	0	0

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

Saudi Maritime Congress Shines Spotlight on Shipping & Logistics

The maritime and logistics sectors in the Kingdom of Saudi Arabia are experiencing unprecedented growth, driven by economic diversification efforts, policy reforms, and foreign direct investment commitments. As the nation fast-tracks its way to becoming a world-leading maritime hub, all eyes are on Saudi Arabia's ambitious plans. The upcoming 4th edition of the Saudi Maritime Congress is poised to be a central event in these developments.

Economic Diversification and Maritime Growth

Taking place in Dammam from September 20-21, 2023, the Saudi Maritime Congress will illuminate the tremendous scope of opportunity within the fast-growing maritime logistics sector. Chris Morley, Group Director Seatrade Maritime, emphasizes the integral role of maritime transport infrastructure as part of the strategy to bolster the domestic ports and logistics sector, in line with the government's ambitious goal of making Saudi Arabia the leading regional logistics hub.

Vision2030 and Maritime Logistics Potential

The Congress's comprehensive and free-to-attend conference program will provide an in-depth analysis of Vision2030 and its objectives for the maritime & logistics sectors. Among the planned improvements are initiatives to boost port revenue, enhance rail connectivity, and quadruple the country's annual container throughput to 40 million TEU by 2030. Mega projects like the $500 billion Neom scheme and plans for the Oxagon port, the world's largest floating structure, signify the scale of Saudi Arabia's aspirations.

A Successful Platform for Industry Insights

Building on the success of the 2022 event, which attracted 3,757 international visitors, this year's exhibition and conference at Dhahran Expo, Dammam, KSA, promises to be a vital gathering of maritime executives, leading suppliers of marine equipment and services, and key influencers in the KSA maritime landscape.

The two-day program features industry and keynote addresses by prominent figures such as Nancy W. Karigithu, Principal Secretary State Department for Shipping and Maritime, Kenya; Erik Jensby, Head of Business Development and Membership, BIMCO; John McDonald, EVP and COO, ABS. With over 30 speakers lined up, topics ranging from ship management to mega strategies for the maritime industry's future in the Kingdom will be explored.

Exhibition Highlights

The bustling exhibition will include companies like MAWANI; IMI; Transport Global Authority; Saudi Global Ports Co; Grandweld; Naghi Marine Company; DP World Middle East; ASRY, and more, showcasing the latest in maritime technology and services.

The Saudi Maritime Congress 2023 promises to be a vital forum for understanding and engaging with the Kingdom's ambitious maritime and logistics goals. By offering a platform for dialogue, innovation, and collaboration, it plays a pivotal role in shaping the future of the region's maritime landscape. Registration is free for both the exhibition and conference program, highlighting the Congress's accessibility and dedication to fostering industry growth.

Source: *Seatrade Maritime | Aug 14, 2023*

Rapid Fleet Growth to Kill Container Freight Rate Gains

The container shipping market has hit rock bottom and is starting to bounce in some regions according to the latest reports from the Baltic Exchange, but the upward trend will be short lived says Drewry. The Baltic FBX monthly report notes that the FBX index has risen for the first time since April and is mainly driven by rate increases achieved in the transpacific trade between Asia and the US West Coast.

According to the FBX the index increased 4% in July taking global average rates to $1,323 per feu, "This rate is just below 2019 levels and 78% lower than a year ago". In the second half of last month transpacific rates climbed steeply, by 28% compared with June levels, reaching $1,527 per feu, comparable to 2019 rate levels while rates to the US East Coast increased 18% to $2,598 per feu, still 13% below 2019.

Low water in the Panama Canal in July has affected services to the East Coast and that is expected to be exacerbated during this month. "Volumes likely increased moderately compared to June at the start of peak season. However, the bigger drivers for rate behaviour were stricter capacity management by carriers contending with demand well below that of the last two years," noted the FBX report.

Meanwhile, more generally, consultant at Vespucci Maritime, Lars Jensen, said that the traditional peak season on the major trades should now be gearing up, as shippers in Europe and the US book freight for the thanksgiving and the Christmas seasons, "although the data does not (yet) support that notion," noted Jensen.

Instead, Jensen said, "The latest data relate to May where global demand in terms of TEU*Miles was basically languishing at a minor decline of -2.5% year-on-year and a decline of -1.1% compared to May 2019 before the pandemic." That was an improvement on the period between September last year and February this year where the fall in rates was "much more severe," argued Jensen. Newbuilding deliveries, for vessels ordered in the boom years of 2021-22, have seen the container fleet capacity boosted by 4.3%, or 6.2% if the fleet is compared to early August 2022.

"Such capacity growth, when seen in the light of the weak demand growth, would either lead to a continuing downturn in freight rates or a much more active approach by the carriers to limit the capacity on offer," explained Jensen, who added that both approaches had been seen last month with different trades experiencing different impacts. However, Drewry Shipping consultants has pointed out that the majority of ships that will be delivered this year will come in the next few months, so that will have a dampening effect on rate levels.

According to Drewry MD Philip Damas, Drewry has seen an increase of 40% in rates on the Asia to US West Coast, in the four weeks up to the end of last week. The trend had been expected by Drewry following a survey conducted earlier in the summer. "It's difficult to understand the reasons for this increase," said Damas. "It could be a range of events that are affecting the market, including that demand is picking up due to the peak season starting." He also went on to say that capacity constraints had been caused by the Panama Canal low water problems and the challenges from the industrial action in Canada, while the carriers themselves were also managing capacity through the blanking of sailings.

However, Drewry believes that the upturn in rate levels will not last with the lifting of Panama Canal restrictions, most likely in September and the settling of the Canadian port strike will expand capacity again. Damas also pointed to the fact that the delivery schedule for new containerships is skewed to the last few months of this year. The consultant expects fleet growth of 5.1% this year, after slippage and scrapping of vessels, with similar net increases in capacity in 2024 and 2025 of 6.4% and 5.4% respectively.

It is the speed of the growth in the fleet which wll have the greatest impact on the container shipping market, explained Damas. "It took the industry roughly half a century to reach the first 5m teu waypoint in 2001, but then only another six years to add the next 5m teu. The respective leaps to 15m teu, 20m teu and 25m teu were achieved in shorter intervals of between four and five years. If our prediction is correct, the step up from 25m to 30m will have taken about three-and-a-half years by the time it happens."

Source : *Sea-trade | Aug 09, 2023*

Long-term Ocean Freight Rates Hit Two-year Low just as Record New Levels of Ships Enter the Market and Overcapacity Adds Further Pressure

Global long-term shipping rates sank to a two-year low in July, with the latest data from Xeneta's Shipping Index (XSI®) showing a fall of 9.5% since June, adding to a deep collapse that started last year. Long-term valid contract rates have now lost 57.8% of their value since the same period in 2022.

Xeneta's real-time data, crowd-sourced from leading global shippers, makes bleak viewing for carriers with rates falling on all the main trading corridors. Xeneta market analyst Emily Stausbøll points out that market indications also show there will be little respite on the horizon for carriers.

Elephant in the room

'Carriers waiting for higher volumes in July, and in the coming months due to peak season, look increasingly likely to be disappointed,' says Stausbøll. 'Even if volumes do increase, and whatever happens to demand, overcapacity is now inevitable as these record numbers of new ships being delivered this year will have a wide-reaching effect,' adds Stausbøll.

The figures show an alarming situation unfolding for carriers as June saw the highest ever monthly deliveries of new ships, with more than 300 000 TEU of capacity from a total of 40 new ships added to the market. In the first six months of the year, a total of 990 000 TEU was delivered, with around the same to come in the second half of 2023.

Challenging trends

Low demand is still the underlying factor affecting rates and the figures for July were gloomy across the board. The XSI® for Far East exports fell by just 2.7% to 188.62 in July, but this is now the lowest this index has been since April 2021, and a 69.5% drop from July last year.

European Imports were down by 12.0% from the previous month and this sub-index is now down by 52.7% since the start of this year. A slight fall of 2.9% in the XSI® for US imports has brought the index to 231.6 points in July. 'This is the only index still above 200, or still more than twice as expensive as the average rate in January 2017,' explains Stausbøll.

'On all but three of the XSI® sub-indices, the averages of all valid long-term rates have dropped by more than 50% compared to a year ago,' says Stausbøll. 'The average shipper on the main trades should be paying less than half the rates they were a year ago on the long-term market. Despite an increase in volumes from previous months, global container demand remains down year on year.

Strike threats back on the agenda

Just as the threat of strikes at US West Coast ports was averted after a deal was signed, a new twist in port labor relations has jumped to the fore. The Canadian chapter of the ILWU went on strike in July, disrupting imports through the ports of Prince Rupert and Vancouver and a considerable slice of the US market.

Stausbøll adds: 'Low import volumes and space at some ports allowed shippers and carriers to mitigate delays and find alternatives when the Canadian ports were temporarily closed, but this situation is yet another thorn in the side for the industry at a crucial time leading up to peak season.'

Source: *International Shipping News I Aug 01, 2023*

Technology can Reduce Sea Freight Costs by up to 20%

With technological advances and the digitization of many processes, the delivery time of merchandise, maritime freight costs and even the emission of greenhouse gases can be reduced by up to 20%. According to a survey by logistics company MTM Logix, this result is possible to be obtained through advanced algorithms that optimize routes based on traffic, weather, among other variables. In addition, real-time tracking and predictive analytics can avoid delays and ensure efficient inventory management.

"Nowadays, the key disruptive technologies in freight and logistics include artificial intelligence (AI), internet of things (IoT), blockchain, autonomous vehicles, drones and robotic process automation (RPA). Using these tools can save significant time and costs. For example, route optimization can reduce fuel costs by up to 20%, while RPA can reduce operating costs by automating repetitive tasks. Predictive analytics, meanwhile, can reduce inventory costs by up to 30%," says Mario Veraldo, CEO of MTM Logix.

Companies that use these technologies will come out ahead of their competitors. Those who fail to adapt will become less and less competitive due to higher costs and lower efficiency. The key point is not the technology itself, but whether it is being put into practice and how. By creating enhanced visibility in global trade and reducing the inventory-to-sales ratio, technology can also significantly contribute to reducing gas emissions and optimizing resource utilization. Advanced forecasting tools can minimize overstocking, decreasing storage energy costs and also the waste from unused products. In addition, implementing AI-driven route optimization technology can reduce fuel consumption by up to 20%, driving a drop in greenhouse gas emissions.

"As a result, technology contributes to more efficient supply chains and promotes sustainable practices," says Veraldo. It is important that everyone involved in the chain follows the market trends to avoid losses. When companies modernize, for example, but port systems do not keep pace, inefficiencies and bottlenecks are generated in the market. Among the solutions, in these cases, are digital supply chain control tower platforms, which fill gaps by integrating and simplifying the exchange of information between different systems.

"Our platform and control towers, for example, are very flexible and can generate insights with 50 submissions. A 5PL service, like ours, that manages the entire supply chain, with a solution that brings data and operational efficiency, reflects directly on cost savings, lower resource utilization and greater control. All of this helps to reduce companies' total supply chain costs by 30%. The idea is to reinvent global logistics using a combination of AI, Machine Learning and Big Data", concludes Veraldo.

MTM Logix collects unique customer data that is not consolidated anywhere else, fundamentally transforming their supply chains with process automation and data analytics. With this, MTM is able to prescribe any changes for better development, and in this way, these technological solutions translate into best practices and cost reduction.

Source: *MTM Logix I Aug 02, 2023*

SHIPMENT OF TIMBER AND TIMBER PRODUCTS THROUGH PORTS IN PENINSULAR MALAYSIA, JULY 2023

Products	Port Klang		Kuantan		Pasir Gudang		Tanjung Pelepas		Penang		Total all ports (m^3)	% change June'23/ July'23
	m^3	% change	m^3	% change	m^3	% change	m^3	% change	m^3	% change		
Sawntimber	41,436	15	2,395	-5	709	-6	253	-39	4,029	12	48,822	13
MDF	16,220	29	129	100	491	-66	2,459	25	3,352	-40	22,651	5
Mouldings	8,641	1	37	-13	1,694	50	1,308	-31	980	205	12,660	6
Plywood	3,800	19	3	-76	9	100	851	31	9,300	5	13,960	10
Veneer	588	-23	0	0	0	-100	12	-71	104	-24	600	-26
Particleboard	8,161	-14	0	0	217	-56	610	-2	1,312	-74	9,691	-36
TOTAL	**78,847**	**12**	**2,564**	**0**	**3,120**	**-20**	**5,493**	**-2**	**19,078**	**-19**	**109,101**	**3**

Note: Indicates % change over previous month
Source: MTIB

Continuation from page 11

12mm was also reported to be the same as the previous month, at RM19.40, RM25.00, RM41.00, and RM48.70 per piece. With the recorded price retention, the average plywood prices of the four marketed sizes were RM19.40, RM24.50, RM39.75, and RM48.35 per piece, respectively.

MEDIUM DENSITY FIBERBOARD (MDF)

The average price situation of MDF products in July 2023 also recorded price retention for all four of its main sizes. As a result, MDFs with thicknesses of 4mm, 6mm, 9mm, and 12mm were traded at an average price of RM12.90, RM23.66, RM31.50, and RM37.60 per piece, respectively, while the highest prices of MDF products recorded were RM12.90, RM26.00, RM37.00, and RM42.00 per piece for each major market size. Furthermore, any market price movement for this product is heavily influenced by the current development and demand of the furniture manufacturing market, as MDF is one of the primary raw materials used in furniture production.

INTRA-MALAYSIA TRADE*- JULY 2023

During the month of July 2023, a total of RM4.21 million was generated by the trade of three major timber products from Sabah to Peninsular Malaysia, involving a trade volume of 2,171 m^3. The three most common timber products traded were sawntimber, plywood and veneer, with no transactions in log products recorded during the current month. With a record trade value of RM3.59 million and a trade volume of 1,708 m^3, plywood products continued to be the largest contributor to trading volume between the two regions. However, the value and volume of plywood trading volume fell by 16 and 10 per cent in July 2023, respectively. The value and total trade volume of veneer products fell by 72 and 70 per cent respectively, compared to the previous month. Sawntimber products, on the other hand increased in trade value and volume by up to 73 per cent compared to the previous month, resulting in a trade value of RM0.39 million through a trading volume of 382 m_3. In the previous month, the trade value of sawntimber products was RM0.23 million, with a volume of 171 m^3.

Sawntimber and plywood are the two main timber products traded from Sarawak to Peninsular Malaysia in July 2023. The total trade value of these two products in the current month was RM1.87 million, with a volume of 1,421 m^3. Plywood products increased in trade value by up to 73 and 45 per cent on total trading volume, with a record trade value of RM1.33 million generated by a plywood volume of 1,130 m^3. However, the value and volume of sawntimber trade between the two regions have reportedly decreased by 6 and 27 per cent respectively, from RM0.76 million to RM0.55 million and 309 m3 to 291 m^3.

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

INTRODUCTION TO EKOWOOD INTERNATIONAL BERHAD

Prepared by: NORSASUHAIDA SALLEH

Ekowood International Berhad (EIB) was established on 15 November 1995 and it's also a member of the TSH Group listed in the Kuala Lumpur Exchange, founded more than 30 years ago. TSH Group is also involved in the oil palm, forestry and cocoa businesses.

Ekowood International Berhad started its operations in 1996 and is now recognised as the homegrown brand that has made its imprint on the world map of engineered hardwood flooring. Ekowood has an international presence and extensive market coverage. 80% of Ekowood products are exported to over 35 countries while the rest is for the domestic market.

Ekowood is a world-class manufacturer that utilises the latest Western European machinery and technology, employing over 300 skilled and experienced workers. The Ekowood factory has a build-up of 65,000 sqm and covers a land area of almost 3 times the build-up. The total investment in the production plant is more than USD30 million.

Unfazed by possible countless hurdles, Ekowood has embarked on an unconventional path of brand establishment and management to differentiate and set itself apart from other manufacturers and traders. As a result, Ekowood has been rewarded with numerous awards and accreditations such as follows:

- The No.1 Brand in Malaysia when Ekowood won the Brand Excellence Award in 2005
- The Malaysian Government Awards for Innovation in 2005 for its product, EKOLOC
- Recognition by the Malaysia Book of Records for having the "Biggest range of solid wood flooring"
- The Superbrands status
- Best Engineered Hardwood Flooring in the United Kingdom and Ireland for 3 consecutive years; 2000, 2001 and 2002. Ekowood is the first Asian manufacturer to have been accorded such an honor.

Vision & Mission of Ekowood

Vision:
To be the preferred Engineered Hardwood Flooring (EHF) supplier in Asia

Mission:
At Ekowood, we thrive for 3D; develop innovative products, grow new markets, and develop lean manufacturing processes.

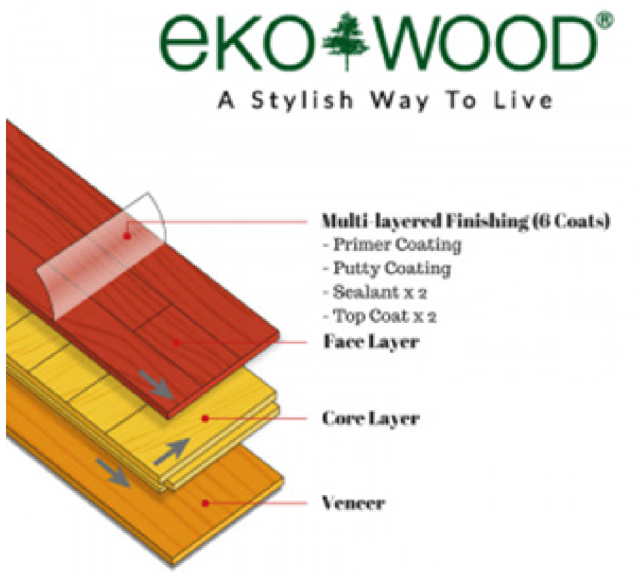
Top Choice for Major Developers in Malaysia

Ekowood is proud to say that a large number of major developers in Malaysia have made Ekowood their choice when specifying flooring suppliers. The company has excellent relationships with them, as they value its expertise, prompt responses, and after-sales service.

Real Wood
The real thing always holds more beauty and is much more compelling than the fake version. Keeping this in mind, Ekowood has purposefully engineered its hardwood floors from real wood, not laminates. Using 100% real wood combined with well thought out and proven technology, Ekowood has crafted products that maintain its natural beauty. The products are further enhanced by continuous research and innovation to create beautiful new flooring choices.

Resistance to Moisture and Heat
Working with natural wood makes it very important that its propensity to absorb and react to moisture and heat caused by climatic changes are taken into consideration. Exposure to excessive moisture and heat will accentuate the natural contraction and expansion processes of real wood. Once the movement of the wood goes beyond a certain range, the integrity of the floor can be compromised, causing structural and aesthetic issues.

With its proprietary Cross-Grain Technology, Ekowood floors are 70% more dimensionally stable than conventional wood floors. Each of the 3 layers making up the floors is placed in a crosswise pattern, lending strength to the integrity of the floor and reducing the natural shrinkage and expansion processes of the wood.



With the application of this technology, the natural tension in the wood is minimised, resulting in stronger and more stable floors that are resistant to issues such as warping, shrinking, and gaping. Ekowood has ensured its floors are also certified according to strict international standards.

Heritage and Experience

With a legacy of over 20 years of experience and know-how, Ekowood has the expertise and authority over its solid wood-engineered flooring. Having been immersed in the industry as well as in the crafting and refining of its product for many years, Ekowood is very well-versed in the intricacies of its floorings.

In addition, since Ekowood has been exporting to a number of countries around the world as well, this company has also added international insights and experience to its knowledge reservoir. This wide range of expertise enables it to recommend best practices and prevent issues from becoming problems.

Ekowood is also popular among architects and interior designers both local and abroad. Ekowood is excited to share the beauty of Ekowood floors and the elegance of engineered hard wood flooring in a living space. It has also stamped its mark in many prestigious projects in Malaysia and abroad. For example:

Malaysia Projects

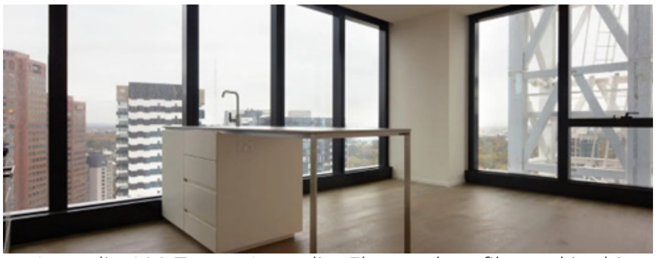
- ST. Regis, Kuala Lumpur : Ekowood profile used in this project: Mocha (1 Strip)
- Lexis, Pavilion Tower, Kuala Lumpur : Ekowood profile used in this project: Oak (1 Strip)
- The Capers, Sentul : Ekowood profile used in this project: Smoked Oak (3 Strips)
- Westin Hotel, Kuala Lumpur : Ekowood profile used in this project: Oak & Beech (1 Strip)
- Mercedes Showroom, Kuala Lumpur : Ekowood profile used in this project: Maple (1 Strip)

ST. Regis, Kuala Lumpur

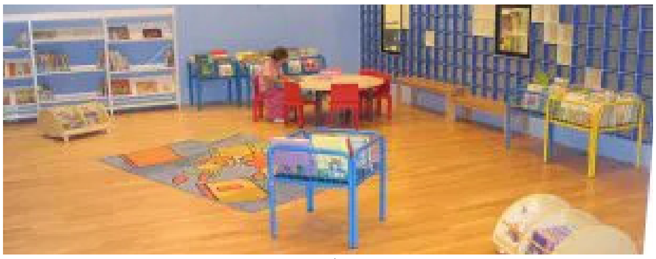
Lexis, Pavilion Tower, Kuala Lumpur

Mercedes Showroom, Kuala Lumpur

International Projects



Australia 108 Tower, Australia: Ekowood profile used in this project: Oak (1 Strip)



Donostia Kultura, Spain

Vidal Sassoon, USA

Certification

Quality is of utmost importance because Ekowood provides users with floors that will not only delight and excite but also safe floors that will stand the test of time. Ekowood has worked long and hard to engineer Ekowood floors of the highest quality level. This has been proven through the certifications that Ekowood products have been endorsed with, garnering high ratings based on industry standards.

Having set high standards for all products, Ekowood has also been recognised by The Forest Stewardship Council® (FSC® CoC certified with certificate number: SGS-COC-001265 and logo code number: FSC C006543) as well as the Malaysian Timber Certification Council (MTCC) for being responsible and environmentally friendly manufacturers.

Continue to page 24

PROMOTING SUSTAINABLE SUPPLY OF RAW MATERIAL

Prepared by: ZANARIAH OTHMAN

Introduction

Malaysia has been practicing the Sustainable Forest Management System since 1996. This policy saw the reduction in the volume of raw materials from natural forests as the extraction of trees is controlled via Annual Allowable Cuts (AAC) in accordance with sustainable practices. Like elsewhere in the world, Malaysia recognises industrial tree plantation as one of the solutions to augment the shortfall of timber supplies to sustain the development of the downstream wood-based industries.

Background

Under the 9th Malaysia Plan, the Government introduced a new policy known as the Forest Plantation Development Programme (FPDP). The objectives of the programme are:

a. To encourage commercial forest plantation activities
b. To provide a continuous supply of raw materials in the timber industry
c. To increase private investments in the forest plantations sector

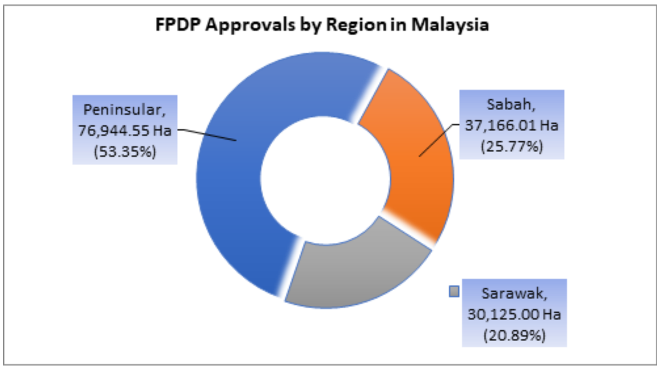
The Ministry of Plantation and Commodities was given a mandate by the Cabinet on 5 March 2005 to establish a large scale commercial forest plantation in Malaysia. Special Purpose Vehicle known as the Forest Plantation Development Sdn. Bhd. (FPDSB) was set up on 13 February 2006, acting as the implementing agency under the Malaysian Timber Industry Board (MTIB). The main functions of FPDSB are as follows:

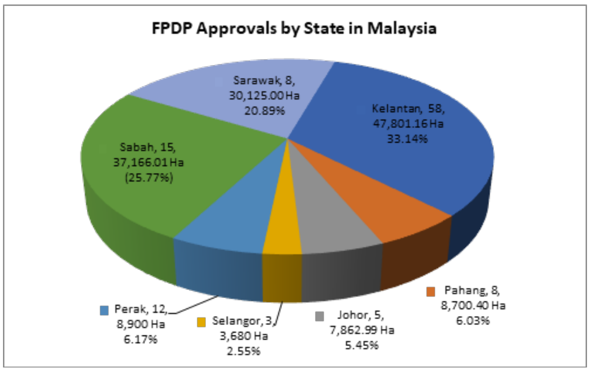
a. To distribute and manage FPDP funds to companies and government agencies through soft loans
b. To encourage the development of forest plantations for the timber industry
c. To initiate and participate in businesses related to forest plantation activities

The programme supports rehabilitation of degraded forests, encroached forests, unproductive state lands, and poorly stocked forest areas through planting of high value and fast growing timber species. Through the provision of low rate loan facilities, the programme has ensured active participation of the private sector in the development of commercial forest plantations. It is a long term programme that will complement other sustainable forest management practices to provide the necessary safeguards to conserve our natural forest for its economic and ecological services.

FPDP Achievement

As of 31 March 2023 (1st quarter/2023) the total area approved under FPDP were 144,235.56 hectares with a loan value of RM1,011,928,998.71. The areas involved are seven (7) states namely Kelantan, Pahang, Johor, Perak, Selangor, Sarawak and Sabah. As for the

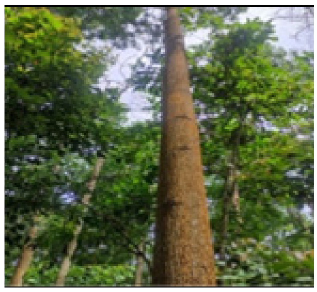




development activities, an area of 119,630.26 hectares has been planted with loan disbursements amounting to RM1,025,960,998.71. The diagrams below depict FPDP's loan and land approvals by region and state as at 31 March 2023:-

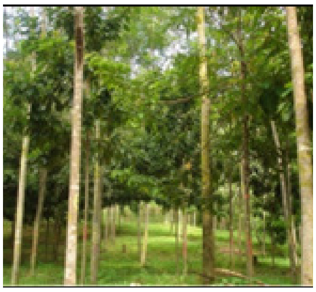
The total expected output after 15 years is about 26 million m^3 of timbers. The programme was introduced with 11 selected fast growing species such as Malaysian Rubberwood *(Hevea brasiliensis)* (which make up 50% of all trees planted), Acacia (*Acacia mangium* & *Acacia*

Malaysian Rubberwood
(Hevea brasiliensis)



Acacia
(*Acacia mangium* & *Acacia hybrid*)


Paulownia spp.

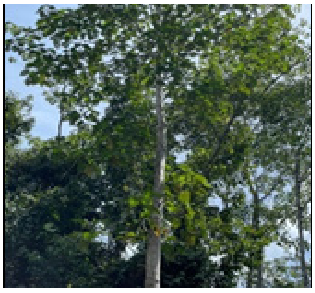

Sentang
(*Azadirachta excelsa*)


African Mahogany
(*Khaya ivorensis* & *Khaya senegalensis*)


Teak
(*Tectona grandis*)


Bamboo


Kelempayan
(*Neolamarckia cadamba*)


Binuang
(*Octomeles sumatrana*)


Batai
(*Paraserianthes falcataria*)

hybrid), Teak (*Tectona grandis*), Sentang *(Azadirachta excelsa*), African Mahogany (*Khaya ivorensis* & *Khaya senegalensis*), Kelempayan/Laran (*Neolamarckia cadamba*), Batai (*Paraserianthes falcataria*), Binuang *(Octomeles sumatrana*), Bamboo, Paulownia spp. and Eucalyptus spp.


Eucalyptus spp.

Different loan periods are applied to the different species under FPDP. Several species require longer loan periods such as rubberwood (Timber Latex Clone) and other forest species, whilst the bamboo, eucalyptus and paulownia species will have a shorter loan period.

The following are the loan periods that have been set under FPDP according to species:

Period of FPDP Loan

For the next 5 years beginning in 2021, the government has decided to continue with the development of the forest plantation scheme by approving a second cycle of fund provided by the Ministry of Finance under the 12th Malaysia Plan. The fund amounting to RM500 million is to ensure sustainability of raw material supply for the timber industry. This programme reflects the government's efforts and commitment towards protecting the natural forest by reducing the pressure to harvest the forest for timber raw material. The Ministry of Plantation and Commodities has already set two strategic plans under the National Agricommodity Policy, 2021 – 2025 which aims to produce 10 million m3 of forest plantation timber under FPDP 2.0 in 7 – 15 years. An estimated forest plantation area of 50,000 hectares is expected to be approved under FPDP 2.0.

Species	Loan Period	Grace Period	Repayment Period
Hevea brasilliensis (Timber Latex Clone)	13 years	8 years	5 years
Kelempayan/Laran, Binuang, Sentang, Batai, Acacia, African Mahogany and Teak	13 years	8 years	5 years
Bamboo, Eucalyptus and Paulownia	12 years	7 years	5 years

INDONESIA
Export of Wood Product Are Recovering

Exports of Indonesian forest and wood products reached USD 6.7 billion in the first half of 2023, however, this was below the level of the USD 7.03 billion earned in the first half of 2022. Despite the year-on-year decline the performance, when set against the current international demand, suggests the sectors are recovering from the impact of the pandemic.

Based on data from the Ministry of Environment and Forestry (KLHK) processed by the Indonesian Forestry Community Communication Forum (FKMPI), Indonesia's exports of wood products in the first half of 2023 are still dominated by paper, pulp and plywood. Paper products recorded an export value of USD 2.24 billion, pulp USD 1.86 billion and wood panels USD 1.23 billion.

Plywood is still one of the top three contributors to timber exports but in terms of value it has experienced a sharp decline. The value of plywood exports in the first half of 2023 decreased by 26% year-on-year.
Exports of other wood products in the first half of 2023, which also experienced a sharp decline, was furniture with an export value of USD 748.8 million, a decrease of 32% year-on-year. The decline in the export earnings can be explained by the sluggishness in the North American and the EU markets.

The export value of wood products to North America in the first half of 2023 was valued at USD 925.9 million, down 36% year-on-year. Exports to the EU were recorded at USD 572.4 million, down 13% year-on-year. Meanwhile, the Asian market is still showing growth due to demand from China. Exports of Indonesian wood products in the first half of 2023 to the Asian region reached USD 4.6 billion, up 6% year-on-year.

www.fordaq.com, 03 August 2023

VIET NAM
Wood Industry Struggle to Achieve Export Target

The Import and Export Department (Ministry of Industry and Trade) quoted statistics from the General Department of Customs saying that in June 2023 the export of wood and wood products reached USD 1.1 billion up 4% month on month but was down 23% compared to June 2022.

In the first six months of 2023, exports of wood and wood products reached USD 6.1 billion, down 28% over the same period in 2022. The export of wood products reached USD 4.1 billion, down 32% over the same period in 2022.

The recent global economic recession lead to a plummeting of orders. As a result Viet Nam's exports of wood and wood products to major markets in the first half of 2023 dropped sharply.

Exports to the US accounted for 54% of the total export value of wood and wood products, reaching USD 3.3 billion, down 33% compared to the same period in 2022. The sharp decline of orders from the US makes the target of USD 18 billion sales in 2023 unachievable.

According to the Import-Export Department recovery of the timber industries will depend on many factors including the stability of the global economy, especially the key export markets for wood and wood products such as USA and EU and with promoting export support measures and exploiting market expansion opportunities.

Speaking at a meeting Mr. Ngo Sy Hoai, Vice President and Secretary General of the Viet Nam Timber and Forest Products Association (VIFORES) said the wood industry in recent years has recorded high achievements and made a breakthrough to become one of the world's major exporters and wood processing centres. However, in the first half of 2023 exports of wood products dropped sharply.

The decline in exports of wood and wood products resulted from a steep drop in demand in some main markets such as the US due to a drop in consumer purchasing power. In addition the wood industry has faced anti-dumping and anti-subsidy investigations since 2020 but, up to now, after seven reviews the US Department of Commerce has not yet issued a final decision. However, according to Mr. Ngo Sy Hoai, the current difficulties are only temporary and global demand for wood products is still growing so there are opportunities.

www.itto.int, 01 August 2023

CHINA
Plywood Industry Faces Decline in Companies and Production Capacity

In the first half of 2023, China's plywood industry has experienced a significant decline in both the number of companies and the total production capacity. This decline has also been observed in the fibreboard industry, while the particleboard industry is showing a downward trend. The number of enterprises has decreased, while the total production capacity has seen rapid growth.

As of June 2023, there are over 9,800 plywood manufacturers spread across 28 provinces and municipalities in China. This represents a decrease of nearly 1,000 companies compared to the previous year. This decline can be attributed to various factors, including stricter regulations, market consolidation, and increased competition.

The Chinese government has been implementing stricter environmental regulations to combat pollution and ensure sustainable development. These regulations have led to the closure of many small and inefficient plywood factories that fail to meet the required environmental standards. Additionally, the government has been encouraging industry consolidation to improve efficiency and promote the use of advanced technologies.

Furthermore, the plywood industry in China has been facing increased competition from other countries. As global trade barriers continue to decrease, Chinese manufacturers are facing challenges from countries with lower labour costs and more competitive pricing. This has led to a decline in the number of companies as some struggle to compete in the global market.

Despite the decrease in the number of companies, the total production capacity of the plywood industry has been growing rapidly. This can be attributed to the expansion and modernization of existing factories. Many manufacturers have invested in upgrading their equipment and adopting advanced production techniques to improve efficiency and meet the growing demand.

In contrast to the plywood industry, the fibreboard industry has also experienced a decline in the number of enterprises and production capacity. Fibreboard, also known as medium-density fibreboard (MDF), is widely used in the furniture and construction industries. The decline in this sector can be attributed to similar factors affecting the plywood industry, including stricter regulations and increased competition.

The particleboard industry is also showing a trend of decline. Particleboard is a type of engineered wood product made from wood chips and resin. The decrease in the number of enterprises in this sector can be attributed to the growing popularity of alternative materials, such as plywood and fibreboard. Additionally, the particleboard industry has also faced challenges in meeting environmental regulations, leading to closures and consolidation.

Overall, the first half of 2023 has been a challenging period for China's plywood industry, as well as the fibreboard and particleboard sectors. The decline in the number of companies and production capacity can be attributed to various factors, including stricter regulations, market consolidation, and increased competition. However, the total production capacity of the plywood industry has continued to grow, driven by the expansion and modernization of existing factories. As the industry continues to evolve, it will be crucial for manufacturers to adapt to changing market dynamics and invest in sustainable practices to ensure long-term growth and success.

forestry-carbon.com, 11 August 2023

FINLAND
Softwood Lumber Down by 34%

In January to May, the exports value of Finland's forest industry products totalled EUR 5.30 billion. Of the exports value, the share of paperboard was 26%, pulp less than a quarter and paper 21%. The share of softwood lumber was 15% and plywood 5%.

The export price of softwood lumber in May was EUR 242 per cubic metre. The price continued to rise slightly from the beginning of the year but was 18% lower in real terms than the average price of the previous year. The export price of plywood was EUR 766 per cubic metre in May and increased from previous year average monthly price 5%.

In May 2023, alone the exports value Finland's forest industry products totalled EUR 1.09 billion which was in real terms 7% smaller the average monthly export value in 2022. Wood imports was 5% higher than the average from the previous year, 0.48 million cubic metres.

Of imported wood in May 62% was pulpwood and 23% chips. The share of logs was 1% and fuelwood a 10%. The remaining 5% consisted of by- products wood.

The import prices of pine and spruce pulpwood were around EUR 70 per cubic metre in May and increased slightly from previous month in real terms (deflated using wholesale price index, 1949=100). The price of birch pulpwood remained at EUR 77 per cubic metre. The import price of chips decreased from the previous month by almost a tenth to EUR 78 per cubic metre but was still a fair tenth from the previous year's average price.

In January to April wood imports totalled 2.54 million cubic meters. Of imported wood 35% originated from Estonia. The share of Latvia was 31% and Sweden 24%.

www.globalwoodmarketsinfo.com, 08 August 2023

GERMAN
Furniture Industry Records Significant Declines

The German furniture industry is currently struggling with a significant drop in demand, as reported by Jan Kurth, Managing Director of the Associations of the German Furniture Industry (VDM/VHK), at the annual business press conference in Cologne. According to the association's internal statistics, the orders received by German furniture manufacturers are in some cases significantly lower than in the previous year. "In view of the difficult market environment, we are lowering our forecast for 2023 as a whole and are now assuming a drop in sales of 5% to 7% for the German furniture industry," said Kurth. Difficult conditions for the industry can be expected to continue in the coming year.

According to internal surveys, German home furniture manufacturers recorded a decline of around 12% in the value of incoming orders in the first seven months of this year compared to the same period last year. The upholstered furniture industry suffered losses of around 10%. In the kitchen furniture industry, the value of incoming orders was a good 2% below the previous year. In terms of unit numbers, the situation is even more negative.

As a result, German furniture manufacturers are increasingly resorting to the instrument of short-time work, as a current association survey shows. According to this, 35% of the companies surveyed have currently applied for short-time work. Of the furniture manufacturers who are not yet using short-time work, 36% plan to apply for this during the rest of the year.

According to official statistics, from January to June 2023 the approximately 430 German furniture manufacturers (with more than 50 employees) recorded sales of EUR9.5 billion, a drop of 0.2% compared to the previous year. "In our opinion, this decline does not adequately reflect the actual market situation," said Kurth. The necessary price adjustments, order backlogs from the previous year and statistical effects, for example due to increased late registrations as a result of project delays, are decisive for the comparatively moderate decline in sales so far - in view of the weak order situation. Against the background of the noticeable drop in demand, domestic sales declined by 1.2%. In contrast, foreign sales in the German furniture industry increased slightly by 2%.

A look at the current sales development reveals considerable differences between the individual segments of the German furniture industry. According to official statistics, the kitchen furniture industry recorded an increase in sales of 6.7% to around EUR3.5 billion in the first half of 2023, which, according to the furniture associations, is significantly overstated due to the special factors mentioned. The manufacturers of upholstered furniture, on the other hand, registered a slight drop in sales of 0.1% to around EUR580 million. Sales development in the largest segment of the furniture industry – other furniture (including living room, dining and bedroom furniture) and furniture parts – was down 9.6% to EUR3 billion, more negative than the industry average. The smallest segment of the industry – the mattress industry – finally reported a significant drop in sales of 19.3% to around EUR270 million. In addition to the slump in demand in the second quarter, this decline is also due to special statistical effects.

Unlike during the pandemic, the capital goods segments of the furniture industry have shown a more dynamic economic trend over the year to date than the consumer goods segments. The office furniture industry registered growth of 8.4% with sales of around EUR1.2 billion. Manufacturers of shop fittings and other contract furniture were 6.6% up on the previous year and achieved sales of around EUR1 billion.

www.fordaq.com, 28 August 2023

UK
May was Top Month for Imports Timber

May was the best month for UK timber imports in 2023, with volume growth seen across all major product categories, Timber Development UK (TDUK) says in a new update.

TDUK said softwood imports have proved particularly buoyant, with volumes in May, which was 8% higher than the 2023 average. Overall volumes, however, remained below 2022 levels. Total import volume in the first five months of 2023 was 378,000 cubic metre lower, or 8% less than over the same period in 2022.

In the long term, monthly variations appear to be stabilising following three years of dramatic fluctuation. "The overall economic picture for the UK is gloomy, with sticky inflation and high interest rates reducing confidence in the construction sector," said TDUK Head of Technical and Trade, Nick Boulton. "This is seen in the latest CPA forecast, with crucial timber demand driving sectors like private housing and RMI predicted to decline by 19% and 11% respectively, likely returning to growth in 2024.

"However, in 2023, timber import patterns seem to be bucking these downward trends, with volumes witnessing growth in four of the five months so far this year. May even saw growth across all the major import categories something we certainly would not have predicted at the beginning of the year." Mr Boulton signalled room for cautious positivity heading into third quarter.

www.ttjonline.com, 14 August 2023

CANADA
Lumber Production Drops

Lumber production in Canada saw a 1.6% decrease from April, amounting to 4,008.9 thousand cubic meters in May, according to Statistics Canada. This decline is even more significant when compared to the figures from May 2022, marking a staggering 13.8% decrease year-on-year.

In May, Canadian sawmills managed to ship 4,158.2 thousand cubic meters of lumber. Although this indicates a 5.7% increase from April, it falls short when measured against the numbers from May 2022, reflecting a decrease of 9.8%.

www.lesprom.com, 04 August 2023

US
Housing Starts Fell in June

Single-family homebuilding fell in June but permits for future construction rose to a 12-month high on the weakness of the existing home sales market. The decline in housing starts came after a massive 19% surge in May which propelled the number of starts on single-family projects to an 11-month high. Starts in June dropped to a seasonally adjusted annual rate of 1.43 million (below economists' expectations for 1.48 million) according to the US Census Bureau. That was down 8.1% from a year ago and 8.0% from May.

In June, only 600,000 existing homes were listed for sale across the US, noted Bright MLS Chief Economist, Lisa Sturtevant. Overall, single-family housing starts in June came in at a rate of 935,000, 7% below the revised May figure of 1,005,000. The June rate for units in buildings with five units or more was 482,000. Issued permits, an indicator for future completions, also decreased 3.7% overall from May, and were 15.3% lower from a year ago. But single-family permits increased (+2.2%) while the more volatile multifamily permits declined (-12.8%).
The number of single-family homes under construction remains high, while a record number of multifamily units are under construction even if the pace of expansion is slowing.

Canadian housing starts rose 41% in June compared with the previous month, the largest increase in the last 10 years, led by groundbreaking on multiple unit urban homes, data from the national housing agency showed.
The seasonally adjusted annualized rate of housing starts rose to 281,373 units in June from a revised 200,018 units in May, the Canadian Mortgage and Housing Corporation (CMHC) said.

www.fordaq.com, 01 August 2023

Continuation from page 18

Key accomplishments of Ekowood

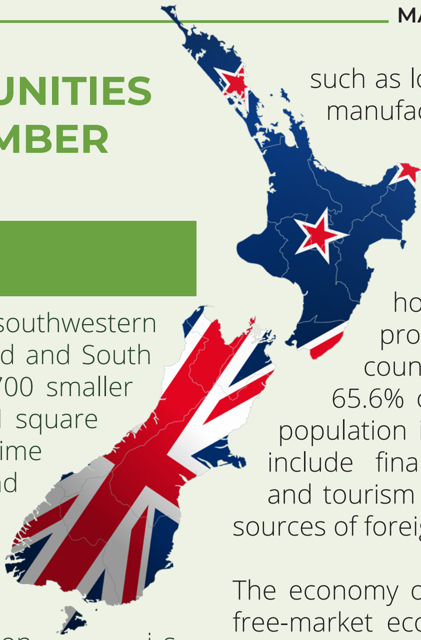
Ekowood has achieved much in the past 20 years, having been privileged to be recognised by industry leaders and to have received prestigious awards such as the Malaysian Book of Record (Biggest Range of Solid Harwood Flooring in Malaysia), European Award winner 2000, 2001 and 2002, Malaysian Brands Excellence Award 2005, Superbrands in 2005 and Malaysian Government Award 2005 (Innovation). In 2023, Ekowood was honored with the prestigious "Anugerah Industri Perkayuan (Papan Lantai)" award from the Malaysian Timber Industry Board (MTIB). This award is proof that Ekowood continues to maintain its commitment to excellence and innovation in the timber flooring industry.

YAB Dato' Sri Haji Fadillah bin Haji Yusof, Deputy Prime Minister and Minister of Plantation and Commodities, with the winners of the Anugerah Industri Perkayuan, Majlis Malam Apresiasi MTIB (50 Tahun Teguh Seiring Usia) in Kuala Lumpur.

Contact Detail

OFFICE & FACTORY
Ekowood International Berhad
Registration No.: 199401016055 (301735-D)
Lot 1-12, Jalan Industri 2/1,
Kawasan Perindustrian Gopeng,
KM 15, Jalan Gopeng,
31600 Gopeng, Perak,
Malaysia.
T: +605-357 2020
F: +605-357 2000
E: info@ekowood.com

LEVERAGING OPPORTUNITIES IN NEW ZEALAND'S TIMBER INDUSTRY



Background

New Zealand is an island country in the southwestern Pacific Ocean, consisting of North Island and South Island, surrounded by approximately 700 smaller islands, covering a total area of 268,021 square kilometres. New Zealand shares maritime borders with Australia and the island nations of Fiji and Tonga.

New Zealand's capital city is Wellington and its current population is 5.23 billion and generally, most of the population is located in urban areas, especially in Auckland. As a developed country, New Zealand ranks highly in international comparisons of national performance, such as quality of life, education, protection of civil liberties, government transparency, and economic freedom. New Zealand is a member of the United Nations, Commonwealth of Nations, ANZUS, Organisation for Economic Co-operation and Development, ASEAN Plus Six, Asia-Pacific Economic Cooperation, the Pacific Community and the Pacific Islands Forum.

Economy

New Zealand's economy is based on agriculture and services such as tourism, retail, and wholesale trade. The agricultural sector is the largest industry in the country, with pastoral farming and horticulture being the most important categories. The World Bank reported that agriculture represented 5.7% of its GDP and 6% of the total workforce in 2022. Main agricultural

Logs piles dominating the storage on Port Taranaki, New Zealand

products include dairy (the country is the 7th largest milk producer in the world in 2023), meat, timber, fruit (mainly peaches, plums, nectarines, drupe, cherries, apricots, and kiwi), vegetables, seafood, wheat, and barley. New Zealand also has other thriving industries such as log and wood articles, food processing, manufacturing, mining, transportation equipment, construction, aluminium production, and paper products. In terms of residential construction industry, prefabricated homes are gaining popularity in New Zealand's housing and urban development programme. On the other hand, the country's services sector represented 65.6% of its GDP and employed 75% of the population in 2022. The main services industries include financial services, real estate services, and tourism - which is one of the most important sources of foreign currency.

The economy of New Zealand is a highly developed free-market economy. It is the 52nd largest national economy in the world when measured by nominal gross domestic product (GDP) and the 62nd largest in the world when measured by purchasing power parity (PPP). New Zealand has a large GDP for its population, and sources of revenue are spread throughout the large island nation. The country has one of the most globalised economies and depends greatly on international trade, mainly with Australia, China, the USA, the EU, Japan, South Korea, Indonesia, Singapore and the United Kingdom. Nowadays, New Zealand has a very export-driven competitive economy with exports accounting for about 29% of its GDP. According with World Bank, New Zealand is the 21st largest economy with a GDP per capita of USD48,249.30 in 2022. Its proximity to Asia and Australia, and its strong tourism and agricultural sectors also strengthen the economy. The country's entrepreneurial environment is also one of the world's most efficient and competitive.

Pine (Pinus radiata), one of the fastest growing commercial softwoods and a popular species for forest plantation in New Zealand.

Forestry and Timber and Timber-based Production

New Zealand's native forests have economic, environmental, cultural and recreational value. Although most of New Zealand's indigenous forests are on conservation land, a significant portion is privately-owned. Today, the country has a total of 10.1 million hectares of forests, covering 38% of the land. The country's native forest covers approximately 8.0 million hectares. From 2.1 million hectares of plantation forest, 1.7 million hectares is productive, and the remainder is in reserves and unplanted areas near bodies of water, and infrastructure. Although most of New Zealand's indigenous forests are on conservation land, a large portion is privately-owned. Two of the main types of native forest in New Zealand are beech (made up of 5 species of southern beech) and podocarp trees (including rimu, tōtara, miro, kahikatea, and matai).

New Zealand: Location and Forest Types
Source: Ministry for Primary Industries, New Zealand

New Zealand's forestry industry is largely based around sustainably-managed plantation forests. About 90% of the plantation forests are radiata pine (Pinus radiata). The remainder are Douglas fir (Pseudotsuga menziesii) (6% of plantation area), eucalyptus, and other softwood and hardwood species. In New Zealand, 96% of plantation forests are privately owned and used for commercial timber production. Planted forests provide 99% of all roundwood produced annually. Lately, there are growing interest in hardwood plantations. Natural forests owned by the State are largely protected from timber production with limited small-scale production allowed from privately owned natural forests, provided the manufacture is carried out in a sustainable manner and has the required permits from the government. According to New Zealand's 2023 National Exotic Forest Description (NEFD) report, net stocked planted production forest covered an estimated 1.76 million hectares as of 1 April 2022, an increase from1.74 million hectares in 2021. The table below depicts New Zealand's land and forest areas from 1990 until 2020.

New Zealand: Land and Forest Areas (1990-2020)

Area (1,000 hectare)

Product	1990	2000	2010	2015	2016	2017	2018	2019	2020
Planted Forest	1,531.12	2,025.12	2,024.32	2,025.10	2,025.86	2,047.63	2,052.61	2,062.00	2,084.48
Naturally regenerating forest	7,841.16	7,825.32	7,823.80	7,821.51	7,820.90	7,803.22	7,802.54	7,803.52	7,808.10
Other wooded land	1,494.19	1,399.22	1,386.48	1,370.39	1,367.47	1,366.57	1,365.22	1,362.66	1,356.70
Other Land	15,464.54	15,081.34	15,096.40	15,114.00	15,116.78	15,113.58	15,110.63	15,102.82	15,081.71
Total Land Area	**26,331.00**	**26,331.00**	**26,331.00**	**26,331.00**	**26,331.00**	**26,331.00**	**26,331.00**	**26,331.00**	**26,331.00**

Source: Global Forest Resources Assessment 2020

Forestry is a significant industry in New Zealand's economy and contributes 11% of its total exports, comprising of natural and planted forests. New Zealand's forestry annual gross income is worth NZD6.6 billion a year and contributes to 1.6% of its national GDP. Forestry and timber products are New Zealand's third-largest export earners behind dairy and meat, employing between 35,000 and 40,000 people in the wood production, processing, and commercial sectors. According to the FAO, New Zealand produced around 4.1 million m3 of sawntimber, both coniferous and non-coniferous in 2022, a decrease of 8% from 4.4 million m3 in 2018. Meanwhile, production of wood-based panel products (plywood, particleboard and MDF/HDF) were recorded at 1.2 million m3 in 2022, a decrease of 10% from 1.3 million m3 in 2018. However, production of logs both coniferous and non-coniferous were recorded at 32.2 million m3, a slight increase from the 2018 logs production data. The table below shows the production of New Zealand's timber and timber products for the period 2018 to 2022.

New Zealand: Production of Timber and Timber Products, 2018-2022

Volume: m^3

Product	2018	2019	2020	2021	2022
Sawlogs and veneer logs, coniferous	31,914,000	31,914,000	31,914,000	31,914,000	31,914,000
Sawlogs and veneer logs, non-coniferous	280,000	300,000	300,000	300,000	300,000
Wood chips and particles	1,239,000	1,239,000	1,239,000	1,239,000	1,239,000
Sawnwood, coniferous	4,414,966	4,523,000	4,076,000	4,076,000	4,076,000
Sawnwood, non-coniferous all	8,000	8,000	6,321	6,321	6,321
Veneer sheets	495,975	495,975	450,293	450,000	450,000
Plywood	382,200	382,200	305,000	306,000	306,000
Particle board	149,449	137,000	122,000	141,000	141,000
MDF/HDF	792,000	742,000	683,000	738,000	738,000

Source: FAOSTAT DATA

The government encouraged the private sector to plant trees through various incentives, while at the same time continuing to afforest large areas itself. With planted forests providing almost all domestic forest products requirements, the rising levels of harvest have created a substantial exportable surplus. According to New Zealand's Forest Owners Association, about 1.2 million hectares of plantation forest are certified by the Forest Stewardship Council (FSC) and this will be an added impetus for the sustainability of New Zealand's forestry and timber industries.

New Zealand is introducing a timber legality assurance system through the Forests (Legal Harvest Assurance) Amendment Act 2023 (the Act). The Act was enacted in May 2023 and will commence within three years. Under the new system most harvesters, traders, processors, importers and exporters will need to register with the New Zealand Ministry for Primary Industries (MPI) and show how they will reduce the risk of dealing with illegally harvested timber through a due diligence process. Forest owners and those responsible for forest harvest in New Zealand will need to provide evidence of legal harvest to log buyers. Documentation needs to follow the logs or timber through each stage of the supply chain. New Zealand exporters will be able to apply to the MPI for an exporter statement to help them trade and gain access to markets. As for buyers for New Zealand's timber and timber products, they would be expected to consider these new requirements for New Zealand operators as part of their due diligence process.

MALAYSIA'S EXPORT OF TIMBER AND TIMBER PRODUCTS TO NEW ZEALAND

New Zealand has long been Malaysia's trading partner for timber and timber products although the export value has shown a mixed trend in the last five years. In 2019, Malaysia exported RM59.7 million of timber and timber products, a decrease of 3% from RM61.3 million in 2018. Despite the global economic slowdown and rising inflation worldwide, the demand from New Zealand recorded an increase of 19% to RM86.8 million from RM72.9 million in 2021. In 2022, New Zealand mainly imported wooden furniture worth RM42.6 million followed by BJC RM33.7 million, fibreboard RM2.3 million and sawntimber RM1.9 million.

Malaysia: Export of Timber and Timber Products to New Zealand, 2018-2022

Value: RM

Products	2018	2019	2020	2021	2022
Wooden Furniture	41,651,870	43,151,277	33,996,170	41,741,011	42,570,791
BJC	7,424,223	8,212,542	9,389,831	17,704,734	33,695,610
Fibreboard	4,483,294	2,026,196	1,628,223	3,336,082	2,262,611
Sawntimber	975,493	1,188,580	1,420,378	4,675,832	1,889,136
Mouldings	926,885	868,188	429,330	1,028,839	1,513,468
Plywood	3,109,191	1,909,076	2,089,771	1,813,166	1,301,668
Chipboard/Particleboard	716,500	151,583	244,288	0	124,100

Veneer	0	0	0	0	100,946
Others	2,052,763	2,161,547	2,815,115	2,621,900	3,292,691
TOTAL	**61,340,219**	**59,668,989**	**52,013,106**	**72,921,564**	**86,751,021**

Source: MTIB & DOSM

MALAYSIA'S IMPORT OF TIMBER AND TIMBER PRODUCTS FROM NEW ZEALAND

New Zealand is one of largest timber and timber products suppliers to Malaysia, especially for sawntimber, logs and plywood. Total import in 2018 amounted to RM197.4 million while in 2019, imports were reduced to RM153.0 million, continuing to decrease in 2020 to RM105.3 million. The declining trend was mostly linked to lower demand and stalled construction activities due to the COVID-19 pandemic. However, when Malaysia's business activities actively resumed, it increased imports from New Zealand jumped by 90% worth RM200.1 million in 2021 and continued to increase by 15% to RM229.6 million in 2022.

Malaysia: Import of Timber and Timber Products from New Zealand, 2018-2022

Value: RM

Products	2018	2019	2020	2021	2022
Sawntimber	78,702,725	80,085,260	58,808,404	118,247,201	97,329,144
Logs	123,286	29,037	1,774,503	2,554,261	20,297,954
Plywood	0	319,909	0	0	19,050,472
Fibreboard	8,097,663	8,990,234	8,042,131	8,412,083	7,955,835
Veneer	37,422,173	14,876,324	9,658,107	6,452,962	4,951,009
BJC	0	53,905	0	0	0
Chipboard/ Particleboard	0	0	0	47,574	0
Mouldings	41,887	44,977	0	0	0
Wooden Furniture	10,412	428,156	0	0	0
Others	73,007,291	48,195,412	26,968,196	64,414,541	80,058,216
TOTAL	**197,405,437**	**153,023,214**	**105,251,341**	**200,128,622**	**229,642,630**

Source: MTIB & DOSM

NEW ZEALAND'S EXPORT OF TIMBER AND TIMBER PRODUCTS

New Zealand's timber export has been booming on the back of robust demand from Asia-Pacific countries such as China, Japan, South Korea, Australia and Viet Nam especially for its logs, sawntimber and MDF. In 2018, exports were recorded at USD3.7 billion, followed by a decrease of 9% to USD3.3 billion in 2019. In 2020, exports decreased by 12% to USD2.9 billion due to the COVID-19 pandemic and stalled forestry activities. However, with the reopening of business activities in 2021, exports of timber and timber products from New Zealand increased by 33% to USD3.9 billion. When global economy slowed and inflation spiked in 2022, demand for New Zealand's timber and timber products reduced by 14% to USD3.3 billion. Malaysia ranks 12th in export destination for New Zealand's forestry and timber-based products and 49th in export destinations for furniture and parts. Australia, Fiji, the USA, Cook Island and Hong Kong are New Zealand's major export destinations for furniture & parts.

New Zealand: Exports of Timber & Timber Products and Furniture & Parts to World, 2018-2022

Value: USD'000

Products	2018	2019	2020	2021	2022
Logs	2,485,640	2,289,112	1,998,498	2,823,039	2,265,076
Sawntimber	653,763	571,657	552,390	668,687	627,493
Fibreboard	202,595	183,283	157,440	185,261	218,748
Mouldings	67,062	67,820	58,838	64,916	66,249

Veneer	36,356	32,863	24,973	29,556	37,891
Plywood	89,293	80,056	59,183	39,121	30,059
Furniture & Parts	26,387	20,680	14,877	17,029	15,283
Particleboard	25,297	22,204	19,042	19,500	14,789
BJC	25,267	25,217	17,818	15,726	13,021
Wooden frames	262	158	177	140	115
Others	42,987	50,032	39,722	53,128	60,886
TOTAL	**3,654,909**	**3,343,082**	**2,942,958**	**3,916,103**	**3,349,610**

Source: UN-Comtrade Statistics

NEW ZEALAND'S IMPORT OF TIMBER AND TIMBER PRODUCTS

Import of timber and timber products by New Zealand has been substantial due to its high consumption from the growing demand of urbanisation due to its rising population and growth of the construction sector. In 2018, imports were recorded at USD581.9 million, followed by an increase to USD590.0 million in 2019. As the world suffered from the COVID-19 pandemic and reduced business activities, imports reduced by 11% to USD526.2 million in 2019. In 2020, imports increased significantly by 62% to USD851.5 million and continued to increase by 5% to USD892.6 million in 2022. Australia imports mainly furniture parts, sawntimber, plywood and mouldings and its main suppliers are China, Canada, Indonesia, Australia and Chile. Malaysia ranks 9th in New Zealand's major suppliers' ranking for its import of timber and timber-based products worldwide.

New Zealand: Imports of Timber & Timber Products and Furniture & Parts from World, 2018-2022

Value: USD'000

Products	2018	2019	2020	2021	2022
Furniture & Parts	299,336	309,616	263,184	407,865	393,356
Sawntimber	81,856	76,807	60,830	116,379	142,776
Plywood	56,449	53,221	57,001	91,318	120,202
Mouldings	37,949	38,786	40,030	79,388	80,357
Others	47,089	49,205	49,425	70,168	62,138
BJC	36,220	35,389	30,180	44,621	42,356
Fibreboard	13,273	14,201	13,575	18,850	21,126
Particleboard	3,557	4,418	4,591	12,598	19,018
Wooden frames	3,421	4,533	3,705	5,809	5,463
Veneer	695	1,456	1,888	2,479	3,269
Logs	2,031	2,331	1,785	2,050	2,582
TOTAL	**581,876**	**589,963**	**526,194**	**851,525**	**892,643**

Source: UN-Comtrade Statistics

NEW ZEALAND'S IN FREE TRADE AGREEMENT AND IMPORT TARIFF

Malaysia and New Zealand signed the Malaysia – New Zealand Free Trade Agreement (MNZFTA) on 26 October 2009 in Kuala Lumpur and entered into force on 1 August 2010. In addition, the ASEAN-Australia-New Zealand Free Trade Area Agreement (AANZFTA) was signed on 27 February 2009 and entered into force on 1 January 2010. New Zealand's trade with Malaysia was further enhanced with the ratification of the Regional Comprehensive Economic Partnership (RCEP) and Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP). RCEP was ratified by 16 countries, consisting of 10 ASEAN Member States (AMS) together wit Australia, China, Japan, South Korea as well as New Zealand. CPTPP was signed by all 11 participating countries - Australia, Brunei Darussalam, Canada, Chile, Japan, Malaysia, Mexico, New Zealand, Peru, Singapore and Viet Nam - on 8 March 2018 in Santiago, Chile. For Malaysia, RCEP came into force on 18 March 2022, while the CPTPP took effect on 29 November 2022.

As for New Zealand, RCEP came into force on 1 January 2022, while the CPTPP took effect on 30 December 2018.

RCEP anchors New Zealand in a region that is the engine room of the global economy. New Zealand has existing free trade agreements with all the RCEP countries, which have already eliminated tariffs on most New Zealand exports. As of 2023, most timber and timber products will be tariff-free except the tariff for sawntimber (HS4407) from both coniferous and tropical species that will be eliminated by 2036. Similarly, tariff will be eliminated for veneer, mouldings and particleboard, also by 2036. However, for fibreboard (thickness not exceeding 5mm [4411.12]), the tariff will maintain at 5% until 2031 and 2.5% from 2032 onwards. For other fibreboard products, tariff will be eliminated by 2036. Similarly for plywood, most products under HS4412 will be tariff-free by 2036 except for plywood exceeding 6mm with at least one ply of tropical woods, the tariff will maintain at 5% until 2031 and 2.5% from 2032 onwards.

New Zealand had benefitted for being a partner in two of the largest multilateral trade agreement worldwide. By June 2023, the CPTPP partner economies were the destination for 26% of New Zealand's goods exports (NZD19.2 billion) and 33% of New Zealand's services exports (NZD8 billion) annually. CPTPP also includes five of New Zealand's top 10 trading partners, namely Australia, Japan, Singapore, Malaysia, and the United Kingdom. Furthermore, CPTPP gives New Zealand the advantage of further market access to four countries that they had never had a free trade agreement with before - Japan, Canada, Mexico and Peru. By 2023, tariff on most timber and timber products will be eliminated except for mouldings (4409), plywood (4412), BJC (4418), 9401 (seats) and 9403 (furniture and parts), of which tariffs will be eliminated by 2024.

NEW ZEALAND: TARIFF DUTY (2023)

HS Code	NZ MFN Duty Rates (%)	MNZFTA (%)	AANZFTA (%)	CPTPP (%)	RCEP (%)
4401	0	0	0	0	0
4402	0	0	0	0	0
4403	0	0	0	0	0
4404	0	0	0	0	0
4405	0	0	0	0	0
4406	0	0	0	0	0
4407	0 - 5	0	0	0	0 - 4.3
4408	0 - 5	0	0	0	0 - 4.3
4409	0 - 5	0	0	0 - 0.7	0 - 4.7
4410	5	0	0	0	0 - 4.7
4411	5	0	0	0	4.5 - 5.0
4412	5	0	0	0 - 0.7	4.5 - 5.0
4413	0	0	0	0	0
4414	5	0	0	0	0
4415	0 - 5	0	0	0	0 - 4.5
4416	0	0	0	0	0
4417	0 - 5	0	0	0	0 - 4.7
4418	0 - 5	0	0	0 - 0.7	0 - 4.7
4419	5	0	0	0	4.0 - 5.0
4420	0 - 5	0	0	0 - 0.7	0 - 4.5
4421	0 - 5	0	0	0 - 0.7	0 - 4.5
9401	5 - 10	0	0	0 - 0.7	0 - 9.3
9403	0 - 5	0	0	0 - 0.7	0 - 4.7

Source: WTO and MITI

OUTLOOK AND PROSPECTS

New Zealand's economy will return to growth following a recession in early 2023, but expansion will remain below its long-term average until 2024. The Reserve Bank of New Zealand (RBNZ, the central bank) will maintain its policy rate at 5.5% until late 2024, when inflationary pressures are decisively quelled. The New Zealand economy will post only modest growth for the next couple of years, interest rates need to stay high for an extended period, and tax cuts may cause issues, according to the Organisation for Economic Co-operation and Development (OECD). The OECD has forecast growth to slow to 1.3% in 2024 before ticking up to 1.9% in 2025, with a mixed bag of influences. Higher interest rates are weighing on consumption and housing investment, while lower global growth is restraining inbound tourism and reducing the price of commodity exports.

New Zealand's construction industry is set to grow by 3.6% in real terms in 2023, before recording an average annual growth of 2.6% from 2024 to 2027. New Zealand house-building costs are increasing at the slowest pace in almost three years as high interest rates and economic uncertainty curb demand for new homes. According to CoreLogic.com, New Zealand construction costs rose 0.5% in the three months through September, the smallest gain since the fourth quarter of 2020. From a year earlier, costs climbed 3.4%. A slowdown in timber product manufacturing and housing construction activities are forcing timber manufacturers to increase their reliance on export markets. Weakening domestic demand also has increased the importance of export markets. In light of recent trends in the furniture and timber industry, Malaysian furniture exporters need to strengthen their presence in New Zealand's market by renewing and enhancing networking with the country's timber and furniture importers to create a more in-depth market intelligence on New Zealand's market preferences and current trends. In 2023, many industries changed the way they operate and the products they manufacture, and the timber and furniture industry was no exception. Its transition toward 3D visualisation and digital commerce began prior to 2023.

Statista.com reported that revenue in the New Zealand's furniture market amounted to USD2 billion in 2023. The market is expected to grow annually by 5.32% (CAGR 2023-2028). The market's largest segment is the living room segment with a market volume of USD1 billion in 2023. In global comparison, most revenue was generated in the United States (USD 244 billion in 2023). IBISWorld.com reported that the operating environment for the New Zealand furniture retailing industry has been challenging over the past few years, as rising competition – particularly from online-only retailers – has been affecting growth and performance. Furniture retailers tend to compete on the bases of price and product range. External competition comes from various other retailers that sell furniture as part of their operations, like department stores, second-hand marketplaces and auction websites. While revenue dropped immediately following the outbreak, it is anticipated to rise at an annualised 1.9% to USD1.39 billion over the five years through 2023 - 2024. This climb includes a lift of 3.3% in 2023 - 2024, as recovering consumer sentiment encourages people to make more discretionary purchases.

Malaysia and New Zealand have long been in a solid partnership in the bilateral timber trade. Therefore, to sustain and improve trade as well as expand market share in New Zealand, Malaysia exporters need to be competitive in terms of price, product quality and after-sales services, combined with strong and effective marketing and promotion strategies. The global shift to net-zero presents both a challenge and a great opportunity for New Zealand. In aligning with New Zealand's net-zero, sustainable and green raw materials, plus carbon trading initiatives, Malaysian timber exporters should capitalise on providing sustainable and certified timber products and green furniture in order to meet with New Zealand's and the global climate change mitigation agenda. As millions of millennials prepare to buy their first homes in the next few years, there is an opportunity for furniture retailers to capture market share by paying close attention to their buying behaviours and preferences. Millennials tend to prioritise functionality, sustainability, and affordability when making purchasing decisions, which means that retailers who can offer innovative, eco-friendly, and cost-effective products are likely to succeed in this segment of the market. Malaysian exporters should also focus on providing innovative timber and timber products that are in line with New Zealand's consumer demand for eco-friendly products with low carbon footprints from sustainable and legal sources. This will also create an impetus for the Malaysian timber industry in competitive pricing.

References:

- *MTIB*
- *DOSM*
- *MITI*
- *FAO*
- *IBIS World*
- *New Zealand's Ministry of Primary Industries*
- *New Zealand's Ministry of Foreign Affairs and Trade*
- *https://www.lloydsbanktrade.com/en/market-potential/new-zealand/economical-context#:~:text=Main%20Sectors%20of%20Industry,being%20the%20most%20important%20categories.*
- *https://en.wikipedia.org/wiki/Forestry_in_New_Zealand*
- *https://www.nzfoa.org.nz/plantation-forestry*
- *https://www.nordeatrade.com/fi/explore-new-market/new-zealand/economical-context*
- *https://blogs.edf.org/markets/2023/08/21/what-can-new-zealands-forestry-sector-tell-us-about-carbon-pricing-policy/*
- *https://www.redlabelabrasives.com/blogs/news/furniture-design-trends-for-2022#:~:text=Furniture%20with%20natural%2C%20organic%20elements,feel%20of%20the%20outdoors%20in.*


17 August 2023 - Working Visit by YB Datuk Larry Sng Wei Shien, Chairman of MTIB to Stesen Pemeriksaan MTIB Pelabuhan Kuantan


17 August 2023 - Opening ceremony of Wood & Lifestyle Fair (WLF) Wilayah Timur 2023 by YB Datuk Larry Sng Wei Shien, Chairman of MTIB at East Coast Mall, Kuantan,Pahang


22 August 2023 - Courtesy visit by Suara Johor Sdn Bhd (Radio Best FM) to MTIB


27 August 2023 - YBrs Dr. Mohd Nor Zamri bin Mat Amin, Director General of MTIB declaring the opening of the Fourth Session of the 24th Convocation Ceremony of Sultan Salahuddin Abdul Aziz Shah Polytechnic (PSA)


28 August -1 Sept 2023 - “Program Peningkatan Kemahiran Kursus Pembuatan Perabot” at DQC Enterprise Kg. Jawa, Tawau