



MTIB

VOL 9 : SEPTEMBER 2017

ISSN 0126-771X

MASKAYU



**MISSION ON ADVANCED GREEN
COMPOSITE TO FRANCE AND UK**

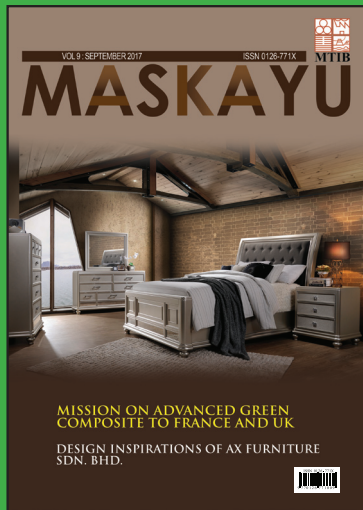
**DESIGN INSPIRATIONS OF AX FURNITURE
SDN. BHD.**

ISSN 0126-771X



CONTENTS

HIGHLIGHTS



Cover : Bedroom sets produced by AX Furniture Sdn. Bhd. To know about the company, please refer pages 23-24.

CHIEF EDITOR

Dato' Dr. Jalaluddin Harun FASC
Director-General

EDITORIAL MEMBERS

Puan Hj. Nurchahaya Hashim
Puan Hj. Noor Laila Mohamed Halip
Encik Mohd Kheiruddin Mohd Rani
Tuan Hj. Mahpar Atan
Tuan Hj. Zulkepli Abdul Rani
Cik Hj. Robiyah Hj. Husin
Tuan Hj. Kamaruzaman Othman
En. Saiful Bahri Salleh
Dr. Mohd Nor Zamri Mat Amin
Cik Farydatul Nazly Mohd Zin
Dr. Loh Yueh Feng
Encik Mohd Amin Kadir
Puan Normazmin Che' Ad
Puan Hafsa Hasbi

PUBLISHER

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

PRINTER

Gemilang Press Sdn Bhd
No. 16, Jalan S.B. Jaya 12,
Taman Industri S.B. Jaya,
47000 Sungai Buloh, Selangor
Tel : 603 - 6151 2285
E-mail : gemilangpress2105@gmail.com



Read eMASKAYU at
www.mtib.gov.my

3 Mission on Advanced Green Composite to France and UK



17 Timber Entrepreneurs Development Mission to New Zealand



20 ISO/TC 165: Timber Structure Meeting, Vienna



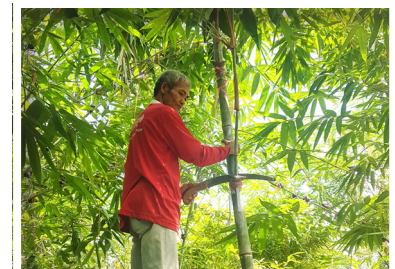
25 Boosting Malaysia Business Opportunities in South Korea

31 Damar Hitam Pipit – Highly Prized Plywood Species

16 World Bamboo Day 2017



18 The Bamboo Trail 2017, Thailand



22 Bonding Testing on Light Red Meranti, Sweden

23 Company Profile: Design Inspirations of AX Furniture Sdn. Bhd.



REGULAR FEATURES

4 Timber World in Brief

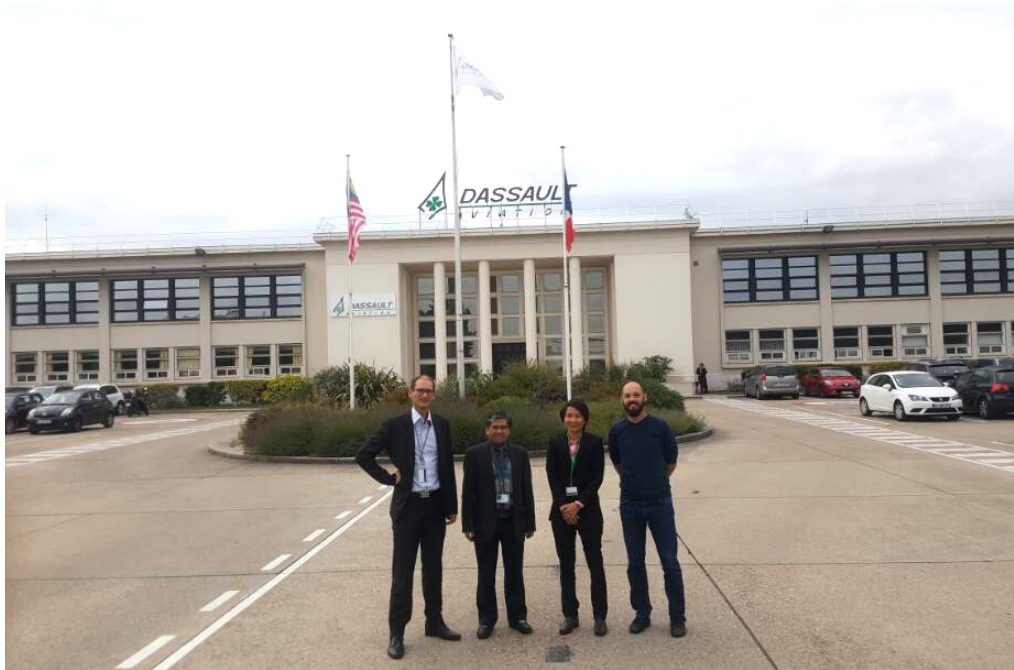
8 Shipping News

10 Timber Round-Up

12 Domestic Trade News

32 MTIB Moments

MISSION ON ADVANCED GREEN COMPOSITE TO FRANCE AND UK



At the Dassault Aviation Argenteuil Plant.

In 2013, MTIB and Dassault Aviation established a collaboration in the area of Advanced Green Composite (AGC) thru a Memorandum of Understanding. One of the scopes of the collaboration was developing a composite material from natural fibres for interior aircraft applications. The development of the sandwich panel for interior aircraft application project has reached its target as the composite material developed by MTIB in laboratory scale fulfills Dassault Aviation's technical specification.

In conjunction with the Advanced Green Composite's mission to France and the United Kingdom, MTIB's delegation visited Dassault Aviation's headquarters in Saint Cloud and Argenteuil Plant, France on 25 September. The delegation comprised YBhg. Dato' Dr. Jalaluddin Harun FASc, Director General of MTIB and escort officer Cik Noor Intan Saffinaz Anuar. The main purpose of the visit to Dassault Aviation was to conduct a crosscheck testing on the Kenaf composite panels that had been developed by MTIB and to discuss the future development of the project. The composite crosscheck test gave positive results on flammability properties, making the material qualified to be used for aircraft applications.

Since the beginning of the two-party MTIB and Dassault Aviation cooperation, the Malaysian embassy in France has been updated with the progress of the cooperation between the two

countries. As such, the AGC mission to France also paid a courtesy call to the Malaysian Ambassador, HE Datuk Ibrahim Abdullah on 26 September accompanied by representatives from Dassault Aviation, Mr. Christophini Philippe. The Ambassador of Malaysia talked about the potential of the collaborative project and assured his support for both parties to continue the project toward commercialisation.

Tun Abdul Razak Research Centre (TARRC) was the last destination for the AGC mission to the United Kingdom. The delegation was welcomed by TARRC's CEO, Datuk Dr. Kamaruddin Malik on 27 September at Brickendonbury, Hertford. During the briefing, he shared TARRC's progress in natural latex-based research and the success of research findings that have had a significant impact to the



Visit to TARRC Brickendonbury, Hertford United Kingdom.



CHINA

Home Furnishing Sector Posts 25.19% Fall in Sales for January-August 2017

Home furnishings store industry in China reported a 25.19% annual fall in sales during the first eight months of 2017 to CNY561.01 billion (EUR71.67 billion/USD85.61 billion), according to the China Building Materials Circulation Association and Department of Circulation Industry Development under the Ministry of Commerce. In August 2017, home stores above designated size posted a 23.81% drop in sales to CNY77.3 billion. BHI index in China decreased by 14.48 points to 94.14 points. By sub-index, manager confidence index rose by 17.91 points. Purchasing managers' index (PMI) of manufacturing industry declined from 53% to 51.7%, according to the China Federation of Logistics & Purchasing and the National Bureau of Statistics of China (NBS).

Meanwhile, sales of commercial housing rose by 17.2% to CNY7.8096 billion for an area of 985.39 million square metres in the first eight months of 2017, according to the NBS. The sales area rose by 12.7%. In August 2017, local real estate climate index stayed flat at 101.42 points, on a monthly basis.

Dayoo.com, 18 September

CHINA

Softwood Lumber Markets Improve

Demand for softwood lumber has picked up in China in 2017 with import volumes during the first seven months being 16% higher than during the same period in 2016. By far, the biggest jump in supply sources has been from Russia, which increased shipments by 24% year-on-year to 7.1 million m³ from January to July.

Russian sawmills also increased their market share from 42% of total Chinese imports in 2014 to 62% in 2017. Despite a substantial decline in the cost of Canadian lumber delivered to China from the record highs in 2013 and 2014, Canadian sawmills have lost market share substantially, dropping from a 40% share in 2013, when it was the largest supplier of softwood lumber to the Chinese market, to a current 22%.

Woodprice.com, September

INDIA

Housing Starts Crash in First Half 2017

Property consultant firm Knight Frank has reported that housing starts in India's eight largest cities fell over 40% in the first half of 2017, the biggest drop in the last seven years. The weak market sentiment was, said the consultants, due to the lingering effects of demonetisation and the problems builders are having dealing with new regulations.

The worst affected cities were the National Capital Region (NCR) and Ahmadabad which saw a drop of over 70% in starts compared to a year earlier. On the bright side, the Knight Frank report says affordable housing contributed around 71% of the total launches in the first half of this year up from a share of 52% in the first half of last year. In related news Knight Frank has reported that India is amongst the top 10 price appreciating housing markets.

ITTO, 1 – 15 September

JAPAN

Softwood Lumber Imports Slightly Grow

Japan has increased importation of softwood lumber by 2% during the first half of 2017 as compared to the same period last year. Total import volume in the second quarter 2017 was 1.6 million m³, the highest level in two years. The biggest changes on the supply side this year compared to 2016 has been an increase in imports from Canada and Sweden, and a decline from Russia. In Yen terms, domestic lumber prices have moved up slightly in 2017, while import prices have remained practically unchanged.

Woodprice.com, September

TAIWAN

Real Industry to Unveil TWD200 Billion New Houses, Presale Projects

Real estate industry in Taiwan will introduce new houses and presale projects worth TWD200 billion (EUR5.54 billion/USD6.67billion) in total from 28 September 2017, as reported by Addcn Technology Co Ltd. New projects worth TWD17 billion will be introduced in Southern Taiwan. In Kaohsiung, Highwealth Construction Corp will establish an apartment building, providing 500 units with an area ranging from 22 ping to 39 ping [one ping = 3.305 square meters]. JSL Group will unveil two projects worth TWD5 billion in sales.

Highwealth will launch a TWD6.5 billion presale

Cont. next page

Cont. from previous page

housing project with 1,100 units in Tainan. Kuoyang Construction Co will launch a townhouse project while King's Town Construction Co will build a residential building on a land with approximately 1,000 ping of area.

As for cities in northern Taiwan, Li Shinn Asset Management Group holds residential projects worth TWD4 billion in Banciao District of New Taipei City. Kindom Construction Corp will unveil a presale project featuring mixed-use complexes with residential units priced at TWD 700,000 per ping on a land where the Sindian administration hall was located previously.

Another local developer owns apartments featuring two to four bedrooms, pricing at TWD 400,000 per ping. Local developers are likely to launch projects worth TWD30 billion in Taipei. Chong Hong Construction Co and its partner will unveil housing apartments of 68 ping and 28 ping in Zhongshan District. A TWD8 billion housing complex providing units ranging at 25 ping to 55 ping will be introduced in Wenshan District. Local developers, including Ho Yi Construction Co, Pau Jar Group, Cathay Real Estate Development Co and Herzu Construction Co, will launch housing projects worth TWD50 billion in Taichung in September 2017 or October 2017.

Taipei Times, 11 September

EUROPEAN UNION Tropical Sawnwood Imports Decline

Imports of tropical sawnwood in the first six months of 2017 were 348,600 metric tonnes (MT), 19% less than the same period in 2016. The decline was particularly pronounced for trade between Cameroon and Belgium, following a surge last year, but also affected nearly all exporting countries and EU member states. The only minor exception was a slight upturn in imports from Angola, mainly destined for Portugal. Weak consumption in the EU remains a factor behind the decline in EU imports of tropical sawnwood in some parts of Europe, notably Italy where the economy continues to struggle.

However, this factor alone cannot explain such a widespread downturn across the whole of the EU, particularly as economic activity in the region has been showing signs of improvement this year. Some supply side issues have contributed to the decline in EU trade this year. European importers complained of long delays in shipment from Douala port during the first half of 2017, although this factor can only have had a short-term effect.

There are also indications that tropical exporters were concentrating on other more profitable and less demanding markets for sawnwood during the period. Malaysia is focusing less and less on the European sawnwood market these days, despite the country's considerable efforts to meet the EU's demanding green procurement requirements.

Malaysia's exports of sawnwood have increased sharply to the Indian sub-continent and China this year. Brazil is exporting more to the US and India. Gabon's exports of sawnwood to China increased 35% in the first six months of 2017. With good demand elsewhere, supplies restricted, the EU market still slow and difficult to satisfy as the EU Timber Regulation begins to bite, and with rising competition from modified temperate hardwoods, it's almost inevitable that tropical sawnwood imports into the region will continue to fall.

ITTO, 1 – 15 September

AUSTRIA Sawmill Industry Sees Slight Increase in H1 2017

The Austrian sawmill industry saw a slight increase in the first half of 2017 over the first six months of 2016. The industry saw an increase in domestic sales and an increase in the timber industry. There was sufficient demand for fresh wood during the period, but the large amounts of storm-damaged wood in certain regions presented a challenge. Italy remained the largest export market for the industry during the first six months of 2017.

Holz Zentralblatt, 8 September

CZECH REPUBLIC Ministry Issues Temporary Ban on Wood Extraction

Czech Agriculture Ministry has issued a temporary ban on wood extraction to all forest owners in the Czech Republic until the end of 2017. This is due to an infestation by the bark beetle and concerns felling of Pine and Spruce trees.

The ministry can impose a fine of up to CZK 1million (EUR38,313.19 /USD45,767.49) for breach of the ban. The ban has been imposed in order to prioritise processing wood from natural calamities and wood infested by the bark beetle. The owner of the majority of woodlands in the country, Lesy České republiky (LCR) has welcomed the news and has already stopped felling healthy trees. LCR has also postponed the deadline for its nearly CZK3 billion tender for wood acquisition from 20 September to 10 October 2017.

Ceske noviny, 15 September

Cont. next page

Cont. from previous page

FINLAND

China Emerges as Top Exports Destination for Sawntimber

China has surpassed Egypt and Japan as Finland's number one exports destination for sawntimber in the first half of 2017. Finland's exports of boards and planks to China are expected to total around 1.4 million m³ in 2017. Sawn Spruce timber tops the list, but Finland's exports of Pine sawntimber to China have increased fourfold to 260,000 m³ in January-June 2017. The timber is mainly used by the furniture industry in China. Finland's exports of sawn pine timber to North Africa have dwindled. Finnish sawmills have not increased their exports to the USA significantly due to poor competitiveness and shortage of planed timber. Timber production is expected to increase to roughly 12 million m³ in Finland in 2017.

Maaseudun Tulevaisuus, 20 September

FRANCE

Tarkett Launches Flooring Ranges with Digital Printing Technology

French flooring company Tarkett has used its digital printing technology to create I.D. Freedom luxury vinyl floor line. The printing technology allows custom colour matches and offers longer repeats as compared to traditional Light Valve Technology (LVT) printing. The line offers two collections - Stainless and Washed Wood. The Washed Wood range features vibrant colours and Stainless is made with industrial materials and is used for commercial designs. Stainless tiles come in a size of 18-by-36 inches meanwhile Washed Wood line is available in plank sizes of 6-by-48 inches.

FacilitiesNet, 12 September

GERMANY

Furniture Industry Sales Up 0.5%

The German furniture industry increased its sales by 0.5% in the first half of 2017 to EUR9 billion (USD10.83 billion), according to figures from the Furniture Industry Organisation (VDM). Restaurant/shop furniture was up 7.5% to EUR860 million, but kitchen furniture was down 2.4% to EUR2.4 billion, office furniture was down 1.5% to EUR1 billion and upholstered furniture was down 5.3% to EUR510 million. Exports rose 1.7% with particular increases to India and China at 32% and 27.6% respectively. Imports into Germany were down 2.4% in the first five months.

Holz Zentralblatt, 1 September

NETHERLANDS

Demand for Subsidies for Sustainable Renovations Increases

The EUR60 million (USD72.21 million) of government subsidies available for sustainable renovations on residential properties in the Netherlands have seen large demand and the largest part for home owners has fully been utilised. Subsidies have a value of up to EUR 15,000 and over 9,000 home owners have used the subsidy. It is not yet clear whether more funds will be made available. In the Netherlands, the percentage of properties with the most sustainable energy rating A increased from 1.6% in 2008 to 8.6% in 2016.

De Volkskrant, 11 September

SWEDEN

Increase in Forest Felling Applications Noted

Swedish radio broadcaster Sveriges Radio has reported that applications for forest felling increased by 30% in southern Sweden in the period January to July 2017 compared to the same period in 2016. In Sweden as a whole, there was a 6% increase. Erik Sollander, strategist at the Swedish Forest Agency (Skogsstyrelsen), says that the increase can be attributed to increasing wood prices globally as well as an increase in wood-based construction.

Industrinyheter, 13 September

UNITED KINGDOM

Housing Start Slip in Second Quarter

Housing starts decreased by 3% in second quarter 2017 compared with first quarter 2017. Housing starts and completions have increased from the lows observed in late 2008 and early 2009 but remain below pre-recession levels.

There were 41,180 house building starts (seasonally adjusted) in England in second quarter 2017, a 3% decrease on the previous quarter, but up 10% on the same quarter of 2016. This is above the recent low of 17,150 in first quarter 2009, but still below the 48,970 starts in first quarter 2007.

There were 40,310 dwelling completions (seasonally adjusted) in second quarter 2017, up 2% on the previous quarter and 15% on the same quarter of 2016. Completions remain below the peak of 48,440 completions in first quarter 2007.

www.parliament.uk, 12 September

Cont. from previous page

NORDIC COUNTRIES **Lumber Production Increase**

Lumber production in the Nordic countries has increased faster than the rest of the continent the past five years. The sawmilling industry in Finland has grown more than in any other country in Europe the past few years, with production in 2016 being 21% higher than in 2012. This can be compared to increase of 12% during the same period in all of Europe.

Lumber prices in the Nordic countries continue to be depressed in US dollar terms, although they have moved up slightly during the second quarter. Current price levels are close to the lowest they have been in eight years.

Woodprice.com, 12 September

RUSSIA **Ban on Procurement of Furniture from Foreign Manufacturers**

Prime Minister Dmitry Medvedev has signed a decree to limit the public procurement of furniture from foreign manufacturers from 1 December 2017 to 1 December 2019. The ban applies to wooden and metal office furniture, kitchen furniture, furniture for bedrooms, dining rooms and living rooms, plastic furniture, and mattresses, and foundations for mattresses and wooden plates. The prohibition does not apply to EAEU countries.

Fontanka, 12 September

RUSSIA **Lumber Production Increase**

Russian sawmills have increased production by an estimated 14% the past five years, mainly driven by a rise in demand for wood in China. Although domestic softwood lumber demand was up 3% in 2016 from the previous year, domestic consumption has fallen 12 % the past five years. Russia has become a major player in the global lumber market the past 10 years, but exported a surprisingly small share to Europe or the US. Instead a majority of the Russian lumber has been shipped to China, Japan, Iran and the CIS countries. Export prices have trended upward for more than a year and in June 2017, reached their highest levels since February of 2015.

Woodprice.com, September

RUSSIA **Growing Demand in Office Furniture Market**

Experts and market players report on an increase in demand in the Russian market for office furniture. The total capacity of this segment in the country is estimated at RUB40 billion (EUR579.13 million/ USD696.95 million) a year. Moscow and St. Petersburg occupy 50-60% of the market. The St. Petersburg office furniture market is estimated at RUB7 billion per year. The indicator grows annually by 10-15%.

The increasing demand in St. Petersburg is attributed to the transfer of Gazprom's units to the city, as well as the expected launch of Lakhta Centre and the transition of city committees to the building of Nevskaya Ratusha. The opening of Lakhta Centre is expected to lead to an office furniture order with a total value of RUB5 billion. Provision of furniture to Nevskaya Ratusha may cost RUB2-2.50 billion. Experts of DEFO noted an increase in demand for office furniture in Russia in 2016 after a decline of the indicator in 2015 amid shutdown of many business centre construction projects.

Delovoy Peterburg, 11 September

CANADA **Profit Boost in US Market**

President Trump's campaign to put "America First" may be backfiring on him where the lumber industry is concerned. Lumber prices have surged and costs have increased for American buyers, while Canadian producers are benefitting from a profit boost.

At a time when the US is dealing with the aftermath of Hurricanes Harvey and Irma, higher lumber prices are making re-building even more challenging for Americans who have lost their homes.

The US Department of Commerce added preliminary countervailing duties on Canadian softwood lumber imports heading to the US in April 2017. They ranged from three to 24% across Canadian lumber companies and further increased in June.

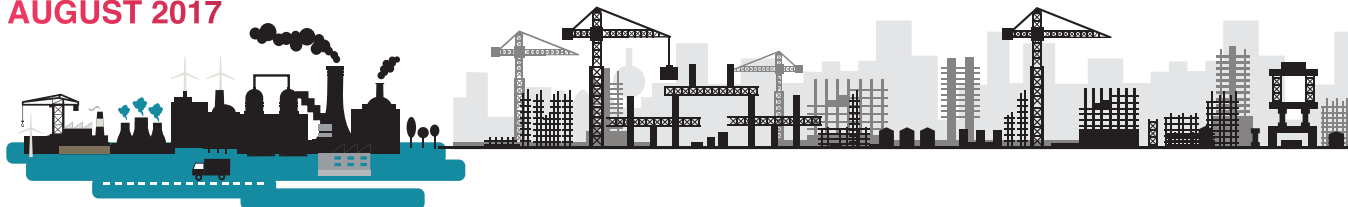
WoodBusiness.ca, 20 September

UNITED STATES **Timber Sales Increase at National Forest in Wisconsin**

A national forest in northwest Wisconsin expects to sell its largest amount of timber since at least

Cont. page 9

AUGUST 2017



Malaysia: MMC in Talks to Acquire Stake in Sabah Port

According to two separate sources close to the matter, Malaysian leading diversified utilities and infrastructure group MMC Corp. is holding discussions with Sabah government-owned diversified firm Suria Capital Holdings (Suria Cap.) to acquire a stake in Sabah Ports, a wholly-owned unit of Suria Cap. It is unclear how large a stake is being sought by MMC or if Suria Cap. will give up control of its ports. MMC is the leading container port operator in the country.

Source: The Edge Malaysia, 13 August

Malaysia: Vopak and Partners Expand Terminal in Pengerang, Johor

Dutch tank storage company Vopak will expand in Malaysia in cooperation with partners Dialog and Johor Darul Takzim in the terminal in Pengerang, Johor. The capacity will be increased by 430,000 m³ to 1.7 million m³ with 24 new tanks. The works will start in the first quarter of 2019. Financial details have not been revealed.

Source: De Financie Telegraaf, 18 August

Malaysia: Westports Gets Nod for RM10 Billion Port Expansion Project

The government of Malaysia has issued an approval-in-principle to Westports Holdings (Westports) of Malaysia for expansion of its facilities in Port Klang, Selangor. Under the project expected to cost up to RM10 billion (EUR1.96 billion, USD2.34 billion), Westports will increase the number of its container terminals from nine to 19, and bring up its collective cargo handling capacity from 16 million twenty-foot equivalent units (TEUs) per year as of 2018 to 30 million TEUs by 2040. In particular, Phase I of the CT10-CT19 venture is scheduled to be carried out from 2019 until 2024 with an investment of RM2 billion. Westports expects to create around 6,000 new jobs per year through the project as well as contribute some RM19 billion and RM 55.30 billion to the national gross domestic product (GDP) and economic impact between 2021 and 2080, respectively.

Source: The Star Malaysia, 28 August

India: Higher Cargo Traffic Recorded by 12 Major Ports in April-July 2017

Figures from the Indian Ports Association (IPA) revealed that in the four months to July 2017, India's 12 major ports improved their cargo traffic from 213.15 million tonnes (MT) to 221.95 MT, a year-over-year growth of 4.13% attributed to increase in

Shipments of Timber and Timber Products through Ports in Peninsular Malaysia, August 2017

Products	Port Klang		Kuantan		Pasir Gudang		Tanjung Pelepas		Penang		Total all Ports m ³	% Change Aug 2017/ July 2017
	m ³	% Change Aug 2017/ July 2017	m ³	% Change Aug 2017/ July 2017	m ³	% Change Aug 2017/ July 2017	m ³	% Change Aug 2017/ July 2017	m ³	% Change Aug 2017/ July 2017		
Sawntimber	74,547	9	9,932	44	1,649	38	444	-1	14,396	62	100,967	18
MDF	27,150	-10	0	-100	7,903	5	7,008	51	18,317	27	60,377	5
Mouldings	11,885	7	204	-9	1,974	14	716	-17	1,431	-19	16,210	3
Plywood	8,728	3	361	28	0	-100	217	-21	10,556	10	19,863	6
Veneer	550	-60	15	100	101	119	65	55	2,257	3	2,988	-18
Particleboard	27,561	-32	35	-93	2,878	272	401	-48	4,612	69	35,487	-22
TOTAL	150,420	-6	10,547	24	14,505	28	8,851	26	51,569	30	235,892	4

Cont. next page

Cont. from previous page

demand from sectors such as containers, petroleum oil and lubricants (POL) and iron ore. At 36.10 MT, the Kandla port handled the highest traffic volume during the period under review followed by the Paradip port and JNPT at 32.93 MT and 21.84 MT, respectively.

Source: Business Standard, 7 August

India: APSEZ Posts 13.65% Decline in Net Profit in April – June 2017

While its total income recorded a growth at INR29.60 billion (EUR390.48million, USD461.64 million) in April to June 2017, Adani Ports and the Special Economic Zone (APSEZ) in India reported its net profit declined by 13.65% to INR7.10 billion in the corresponding quarter from INR8.23 billion in April to June 2016. APSEZ further said its mother port Mundra registered a 5% year-on-year increase in overall cargo volumes, with Kattupalli and Hazira ports recording 30% and 19% growths, respectively, in April to June 2017. The port operator was also stated to have handled 50 million tonnes of cargo in the corresponding quarter.

Source: SteelGuru, 17 August

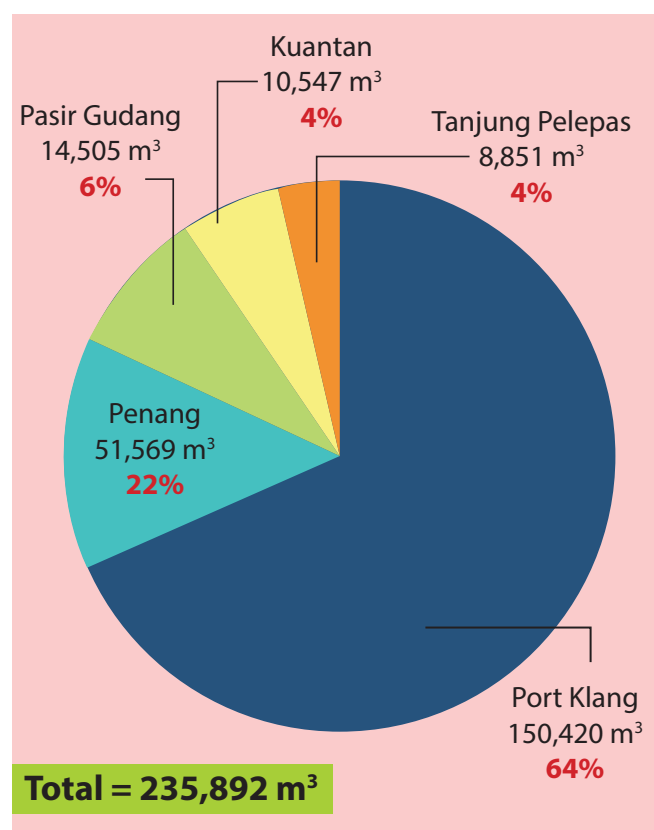
Russia: Ministry of Finance Prepares Draft Law on Port Tariffs

The Ministry of Finance has prepared amendments to the Civil Code, which obliges them to set tariffs for port services only in rubles. At the same time, it

is also allowed to express tariffs in foreign currencies but payments in any case must be carried out in rubles at the exchange rate of the CBR. Payments in foreign currency are allowed only in cases, established by the law On Currency Regulation.

Source: Kommersant, 31 August

Timber Shipment through Ports in Peninsular Malaysia, August 2017



Cont. from page 7

Timber World In Brief

the mid-1990s. The Associated Press reports the Chequamegon-Nicolet National Forest may sell 123 million board feet of timber by the end of fiscal 2017. That would mark the fifth annual increase in a row for the forest, which is nearing its maximum yield. The forest's management plan aims to sell 131 million board feet annually. Forest Supervisor Paul Strong says the timber programme has grown thanks to the National Forest Services' increased authority under the 2014 US. Farm Bill and policies allowing organisations to remove small trees and keep the timber. Strong says he hopes to build a sustainable timber programme.

The Associated Press, 19 September

NORTH AMERICA Lumber Market Bounced Back

During the first five months of 2017, lumber

production in the US South bounced back after having declined during the second half of 2016. The total production output from January through May was 7.3% higher this year as compared to the same period in 2016, according to the Western Wood Products Association (WWPA).

In Canada, lumber production was up 7% in the Eastern provinces during the first five months of 2017, while it fell 2.1% in British Columbia (BC). The decline in BC occurred mostly because of a reduction in lumber exports to China by 10% year-on-year. Lumber prices in both the US and Canada have trended upward for almost two years and reached 13 year highs in July. One exception has been Pine lumber prices in the US South, which have fallen the past few months to the lowest level seen in almost a year.

Woodprice.com, 1 September

AUGUST 2017

Total exports of Malaysia timber and timber products in August 2017 increased by 6% valued at RM2.04 billion over the previous month. Similarly, cumulative export for the period of January to August increased by 7% valued at RM15.5 billion compared to the previous corresponding period in 2016.

SAWNTIMBER

Export of sawntimber in August 2017 increased 9% in volume and 7% in value to 182,798 m³ with a value of RM334.6 million as compared to the previous month. Cumulative export for the first eight months of 2017 increased 16% in volume and 20% in value to 145 million m³ totalling RM2.6 billion over the previous corresponding period.

Export of sawntimber to the EU for the month increased 21% to 13,038 m³ from 10,769 m³ in the previous month. Export to France increased to 1,293 m³ from only 616 m³ in the previous month. On the other hand, export to the UK and Netherlands declined 69% to 3,504 m³ and 13% to 3,912 m³ respectively. Similarly, export to Belgium declined slightly to 1,385 m³ from 1,388 m³ in the previous month followed by Germany with 4% to 1,616 m³ from 1,351 m³ in the previous month.

Total exports to West Asia decreased 25% to 26,139 m³ from 34,643 m³ recorded in the previous month. Export to Yemen decreased 51% to 6,820 m³ followed by the UAE with 19% to 6,244 m³, Saudi Arabia with 1% to 3,546 m³ and Oman with 6% to 3,339 m³. However, export to Qatar and Kuwait increased 73% to 1,515 m³ and 5% to 687 m³ respectively.

Buying from ASEAN increased 18% to 62,456 m³ from 52,924 m³ registered in the previous month. Export of sawntimber to Thailand, a major buyer of sawntimber from Malaysia improved 10% to 35,401 m³ from 32,198 m³ in the previous month. Likewise, export to the Philippines increased 72% to 17,079 m³. However, export to Viet Nam and Singapore decreased 2% to 2,052 m³ and 10% to 7,595 m³ respectively.

Shipments to East Asia increased 26% to 42,531 m³ from 33,637 m³ in the previous month. Export to China increased 20% to 25,413 m³ followed by Japan with 45% to 5,674 m³, South Korea with 16% to 2,939 m³ and Taiwan with 45% to 8,189 m³. On the other hand, export to Hong Kong decreased 15% to 316 m³ from 370 m³ in the previous month.

Elsewhere, exports to the US and Australia increased 26% to 1,040 m³ and 59% to 1,097 m³. Demand from

South Africa also improved 5% to 5,141 m³ from 4,903 m³ in the previous month.

The average FOB price of sawntimber decreased 2% to RM1,830 per m³ from RM1,863 per m³ in the previous month. Price of Dark Red Meranti (DRM) increased 4% to RM2,619 per m³ from RM2,521 per m³ in the previous month. However, price of Dark Red Meranti to the Netherlands declined 2% to RM3,336 per m³ from RM3,403 per m³ in the previous month. Keruing was traded at RM2,079 per m³, an increase of 3% from RM2,023 per m³ in the previous month.

PLYWOOD

Export of plywood in August decreased by 1% in volume to 207,435 m³, however it has increased 2% in value at RM374 million as compared to the previous month.

Total exports to the EU decreased by 30% to 7,637 m³. The UK has reduced their intake of plywood by 35% to 5,348 m³. Similarly, export to Belgium and Ireland have decreased by 41% and 17% to 340 m³ and 346 m³, respectively. In contrast, export to the Netherlands has increased by 33% to 1,059 m³. Denmark resumed its intake of 428 m³ meanwhile France and Germany did not make any purchases for this month.

Exports to ASEAN and East Asia region increased by 10% with 162,689 m³ compared to previous month. Malaysia's plywood trade with its ASEAN co-members recorded an increase in its intake for the month. Thailand and Singapore increased their export by 31% and 2% to 7,517 m³ and 3,288 m³ respectively. Similarly, export to the Philippines increased by 166% to 2,758 m³. Exports to Brunei Darussalam and Indonesia have increased by 53% and 100% to 1,202 m³ and 82 m³ respectively. Meanwhile in East Asia, export to Japan has increased by 8% to 95,415 m³. South Korea also recorded an increase of 18% to 31,724 m³. Similarly, exports to Taiwan and China have increased by 2% and 10% to 14,664 m³ and 3,251 m³ respectively. In contrast, Hong Kong has decreased their intake by 42% to 1,950 m³.

Overall exports to West Asia shrank by 42% to 21,214 m³ as compared to the previous month. Exports to Yemen and Bahrain have decreased by 51% and 41% to 14,766 m³ and 232 m³ respectively. In contrast, exports to the UAE, Saudi Arabia and Kuwait increased by 108%, 33% and 100% to 3,379 m³, 1,309 m³ and 343 m³, respectively. Meanwhile, Qatar did not make any purchases for this month.

Cont. from previous page

AUGUST 2017

Exports of plywood to the Americas region has decreased by 24% to 6,696 m³. Export to the US decreased by 20% to 3,695 m³. Similarly, exports to Mexico and Canada have decreased by 35% and 8% to 2,275 m³ and 683 m³ respectively. In contrast, exports to Australia and New Zealand have increased by 19% and 100% to 3,903 m³ and 128 m³ respectively.

Exports to South Africa and Mauritius have decreased by 38% and 100% to 192 m³ and 43 m³, respectively. Algeria did not make any purchases this month. Elsewhere, Turkey has increased its intake by 77% to 496 m³.

The FOB price of plywood increased by 3% to RM1,803 per m³ from RM1,755 per m³ in the previous month.

VENEER

Export of veneer for August 2017 decreased by

23% in volume and 14% in value to 13,889 m³ at RM22.3 million as compared to the previous month. Exports to Taiwan and China have decreased by 69% and 7% to 1,918 m³ and 3,907 m³, respectively. Similarly, Singapore and the Philippines have decreased their intake of veneer by 90% and 24% to 16 m³ and 531 m³.

On the other note, South Korea has increased their intake of veneer by 7% to 5,697 m³. India and Australia also have increased their exports by 8% and 90% to 423 m³ and 255 m³ respectively. Italy and Viet Nam make their purchases for this month at 156 m³ and 14 m³, respectively. Meanwhile, Chile and Canada did not make any purchases this month.

The FOB price of veneer for August 2017 is at RM1,605 per m³, an increase of 12% from RM1,431 per m³ on the previous month.

MEDIUM DENSITY FIBREBOARD (MDF)

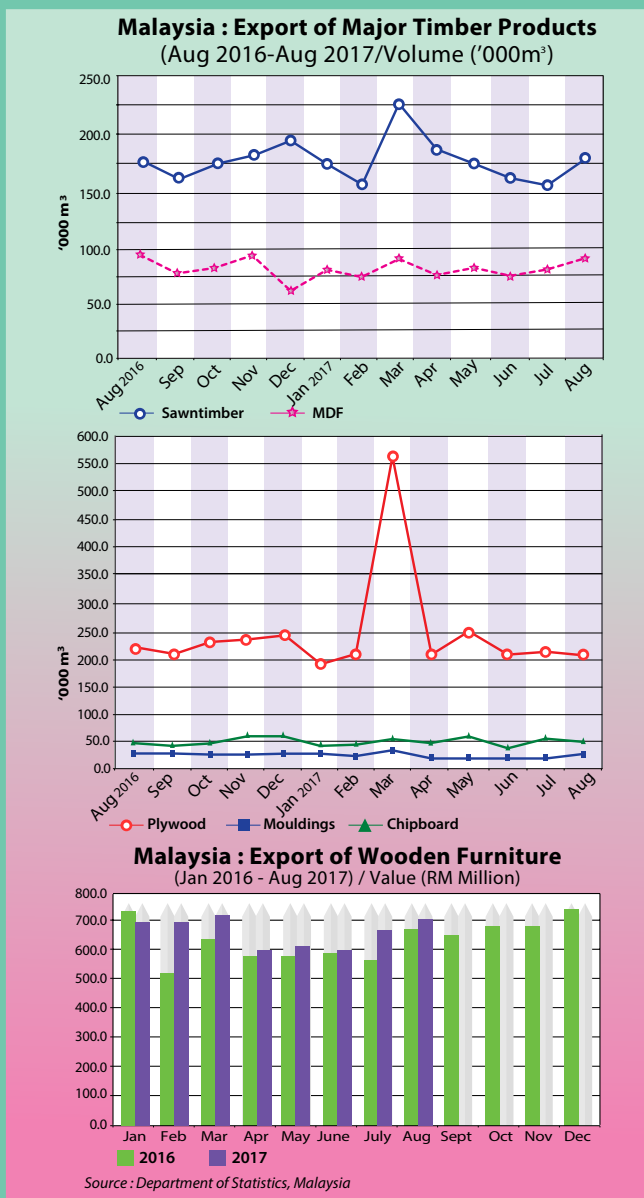
Malaysia's exports of MDF for August 2017 increased 15% in volume and 18% in value compared to previous month. Export totalled 86,710 m³ and valued at RM111.5 million.

Exports to East Asia registered an increase of 4% to 13,867 m³ from 13,398 m³ in the previous month. Export to Japan and China including Hong Kong registered positive growth of 11% to 13,036 m³ and 375% to 342 m³ respectively. On the other hand, export to Taiwan and South Korea recorded negative growth by 33% to 384 m³ and 90% to 105 m³ respectively.

Exports to West Asia also recorded positive growth of 6% to 34,763 m³ from 32,906 m³ in the previous month. Similarly, export to Jordan, the UAE and Kuwait increased by 24% to 567 m³, 29% to 13,596 m³ and 49% to 6,060 m³ respectively. Moreover, Syria, Iran and Lebanon resume their intake. However, export to Bahrain, Oman, Saudi Arabia and Qatar decreased by 38% to 814 m³, 55% to 2,139 m³, 69% to 3,105 m³ and 95% to 59 m³ respectively.

Elsewhere, exports to South Asia increased by 40% to 14,615 m³. Similarly, export to India, Sri Lanka and Pakistan increased by 24% to 6,462 m³, 29% to 1,243 m³ and 157% to 5,538 m³ respectively. However, export to Bangladesh decreased by 34% to 1,372 m³.

Furthermore, exports to the UK, Australia and Mauritius also increased by 16% to 774 m³, 18% to 2,783 m³ and 198% to 515 m³ respectively. On the other hand, export to South Africa decreased by



AUGUST 2017



LOGS

The supplies of logs were reported to be sufficiently accessible for current usage. Average domestic prices of logs fluctuated in the month of August.

Log prices for the species of Chengal, Balau and Red Balau stood firm at RM4,500 per tonne, RM3,000 per tonne and RM2,200 per tonne respectively. Price of Merbau fell by 26.7% to RM1,907 per tonne as compared to previous month. Prices of Keruing and Kempas continued to be traded at RM1,500 per tonne and RM1,720 per tonne respectively. Meanwhile, price of White Meranti increased by 38.3% from RM1,070 per tonne to RM1,480 per tonne over previous month. However, prices for Yellow Meranti and Jelutong dropped by 8.3% and 3.5% to RM1,100 per tonne each respectively. On the other hand, logs prices for Mixed Heavy Hardwood charted at RM910 per tonne whilst prices of Mixed Light Hardwood remained at RM827 per tonne.

SAWNTIMBER

The average sawntimber prices for most species in the domestic market also continues fluctuated such as the previous month due to uncertain demand from both local and overseas market.

The sawntimber prices of Chengal, Balau and Merbau maintained at RM6,850 per m³, RM3,178 per m³ and RM3,849 per m³ respectively. Price of

Keruing, however, dropped by 4.4% to RM1,215 per m³ over previous month. Meanwhile, price for Kempas increased slightly by 0.9% from RM2,239 per m³ to RM2,260 per m³ as compared to last month's level. Similarly, prices for Red Meranti and White Meranti increased by 0.7% and 16.7% to RM1,992 per m³ and RM2,472 per m³ respectively. Prices of Nyatoh and Sepetir fell slightly by 2.3% and 5.2% to RM1,518 per m³ and RM1,283 per m³. On the other hand, sawntimber prices of Mixed Heavy Hardwood dropped by 6.2% to RM828 per m³ whilst Mixed Light Hardwood prices increased slightly by 1.8% to RM1,024 per m³ respectively.

PLYWOOD

The supply of plywood to the domestic market remained adequate for the month under review. Plywood prices of 4mm, 6mm, 9mm and 12mm of thicknesses were continued to be traded at RM14.60, RM22.00, RM38.00 and RM48.00 per piece respectively.

MEDIUM DENSITY FIBREBOARD (MDF)

The MDF industry reported that they were now continuously facing shortage supply of raw material due to stiff competition from other users of timber. However, the supply remained sufficient to cater the demand. MDF of 4mm, 6mm, 9mm and 12mm of thicknesses were sold at RM13.50, RM18.05, RM24.65 and RM32.20 per piece respectively.

INTRA-MALAYSIA TRADE – AUGUST 2017

From	Products	JULY 2017		AUG 2017		% Change in Volume Aug 2017 / July 2017	% Change in Value Aug 2017 / July 2017
		Volume (m ³)	Value (RM '000)	Volume (m ³)	Value (RM '000)		
SABAH	Logs	0	0	57	44	100	100
	Sawntimber	412	958	259	385	-37	-60
	Plywood	4,355	7,842	7,508	13,447	72	71
	Veneer	0	0	0	0	0	0
SARAWAK	Logs	0	0	0	0	0	0
	Sawntimber	540	731	1,091	1,219	102	67
	Plywood	9,109	13,063	5,717	7,921	-37	-39
	Veneer	3,584	5,327	6,335	8,717	77	64

Source : Department of Statistics, Malaysia

Cont. next page

Cont. from previous page

AUGUST 2017

INTRA-MALAYSIA TRADE * - AUGUST 2017

The shipments of log from Sabah to Peninsular Malaysia for the month charted in volume at 57 m³ valued at RM44,000. Export of sawntimber however, decreased by 37% in volume at 259 m³ worth RM385,000. Export of plywood increased by 72% in volume to 7,508 m³ worth at RM13.4 million.

Export of sawntimber from Sarawak to Peninsular Malaysia increased significantly by 102% in volume

to 1,091 m³ from 540 m³ recorded last month with the value of RM1.2 million. Meanwhile, shipment of plywood decreased marginally by 37% in volume to 5,717 m³ worth at RM7.9 million. Export of veneer increased slightly by 77% in volume at 6,335 m³ worth at RM8.7 million.

No intra trade from Peninsular Malaysia to Sabah and Sarawak was recorded in August 2017.

* Source: MTIB and Department of Statistics, Malaysia 

***AVERAGE DOMESTIC PRICES OF LOGS, SAWNTIMBER, PLYWOOD AND MDF IN PENINSULAR MALAYSIA
AUGUST 2017 (VALUE IN RM)**

SPECIES	LOGS/tonne	SAWNTIMBER/m ³			
	18" UP	GMS	STRIPS	SCANTLINGS	
HEAVY HARDWOOD					
Chengal	4,500	6,850	5,297		7,415
Balau	3,000	3,178	2,684		2,743
Red Balau	2,200	2,895	2,542		3,178
Merbau	1,907	3,849	3,178		3,955
Mixed Heavy Hardwood	910	828	826		1,041
MEDIUM HARDWOOD					
Keruing	1,500	1,215	1,201		2,203
Kempas	1,720	2,260	2,239		2,331
Kapur	1,700	1,746	1,412		1,746
Mengkulang	1,200	2,119	996		2,119
Tualang	1,400	2,472	2,331		2,493
LIGHT HARDWOOD					
Dark Red Meranti	2,100	2,278	1,695		1,912
Red Meranti	1,750	1,992	1,780		2,097
Yellow Meranti	1,100	1,342	1,236		1,271
White Meranti	1,480	2,472	1,412		2,260
Mersawa	1,480	1,554	1,130		1,589
Nyatoh	1,100	1,518	1,059		777
Sepetir	1,100	1,283	918		1,118
Jelutong	1,140	1,780	1,201		1,730
Mixed Light Hardwood	827	1,024	876		918
MALAYSIAN RUBBERWOOD <i>Hevea brasiliensis</i>	LOGS/tonne 180	SAWNTIMBER/m ³			
		1" X 1"	2" X 2"	3" X 3"	4" X 4"
		876	1,342	1,518	1,766
PLYWOOD 4' X 8' (RM per piece)	4mm 14.60	6mm 22.00	9mm 38.00		12mm 48.00
MDF 4' X 8' (RM per piece)	4mm 13.50	6mm 17.15	9mm 24.65		12mm 32.20

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

* Prices are only indicative





Malaysian Wood
Standing on Excellence

Lukisan Seribu Makna, Kayu Eratkan Semua
A Picture Paints a Thousand Words. Wood Binds Them All

www.mtib.gov.my



Cont. from page 11

9% to 435 m³.

In ASEAN, total exports to ASEAN region increased by 1% to 11,792 m³ from 11,658 m³ in the previous month. Export to Viet Nam and Singapore increased by 64% to 5,653 m³ and 147% to 195 m³ respectively.

The FOB price of MDF increased to RM1,286 per m³ from RM1,255 per m³, an increase of 3% from the previous month.

MOULDINGS

Exports of mouldings for the month increased by 16% and 13% in volume and value to 22,032 m³ and RM80.3 million respectively. Cumulative exports for the period of January-August 2017 both increased in volume and value by 0.4% and 2% to 156,659 m³ and RM567.5 million respectively as compared to the previous corresponding period in 2016.

Exports to the EU for the month recorded at 7,214 m³, an increase of 11% compared to the previous month. Belgium, the Netherlands, UK and Germany increased their purchased by 39%, 10%, 9% and 4% to 965 m³, 3,631 m³, 647 m³ and 1,032 m³ respectively. However, Italy did not make any purchases.

Exports to ASEAN region decreased as Indonesia and Singapore intake of mouldings decreased by 30% and 3% to 38 m³ and 1,443 m³ whilst exports to Viet Nam increased 140% to 302 m³ from 126 m³ compared to the previous month.

Meanwhile, exports to Taiwan, Hong Kong, South Korea and Japan increased by 325%, 125%, 18% and 5% to 119 m³, 317 m³, 2,056 m³ and 1,867 m³ respectively. However, exports to China decreased by 9% to 634 m³ compared to the previous month.

Elsewhere, export to the US and Australia increased by 65% and 16% to 2,388 m³ and 3,367 m³ respectively compared to the previous month. Meanwhile, Canada resumed its intakes.

FOB unit value for mouldings decreased 2% to RM3,645 per m³ compared to the previous month.

BUILDERS JOINERY AND CARPENTRY (BJC)

Total BJC cumulative exports from August 2017 increased 7% to RM827.3 million as compared to RM775.6 million in the corresponding period last year. Export to the EU increased 19% to RM246.0 million. Export to the Netherlands, Sweden, France and Italy increased by 105%, 57%, 57% and 47% to RM7.1 million, RM5.6 million, RM18.5 million and RM5.7 million, respectively. In the same note, export to Belgium, Turkey, Germany and Denmark also

increased by 36%, 30%, 29%, 3% to RM36.2 million, RM5.9 million, RM24.2 million and RM16.3 million respectively. However, export to the UK decreased by 2% to RM113.1 million compared to the previous year.

In Asia, exports to Saudi Arabia, India, Pakistan, Thailand and Singapore decreased by 24%, 14%, 11%, 7% and 4% to RM2.1 million, RM38.6 million, RM29.1 million, RM22.3 million and RM85.0 million respectively compared to the previous year. However, exports to the UAE, Viet Nam, Taiwan, Japan and South Korea grew 95%, 27%, 6%, 5% and 0.4% to RM6.1 million, RM28.0 million, RM12.0 million, RM51.9 million and RM1.7 million respectively. However, Qatar did not make any purchases meanwhile Bahrain resumed its intakes.

Exports to Australia and South Africa increased by 6% and 1% to RM143.8 million and RM11.6 million respectively. However, Mauritius decreased its purchases by 61% to RM117 thousand compare to the previous year. Likewise, the US also decreased its intake by 3% to RM69.9 million from RM72.1 million in the previous corresponding period.

FURNITURE

Total cumulative export of wooden and rattan furniture for the period under review in 2017 rose 9% compared to the corresponding period of 2016. Total shipment recorded was at RM5.3 billion compared to RM4.9 billion in 2016.

Imports of wooden furniture by the US expanded 18% from RM1.7 billion to RM2.0 billion. Intake by Japan remained positive with a 1% increase from RM398.3 million to RM401.2 million. The UK's imports saw a growth of 6% from RM285.3 million to RM301.5 million. Canada's uptake of wooden furniture strengthened with an increase of 9% to reach RM185.7million. China boosted its wooden furniture consumption by 63% totalled RM113.8 million. India's consumption of furniture has increased by 38% to RM133.3 million. South Africa picked up 22% to record at RM36.4 million. The UAE decreased their furniture consumption by 6% to RM123.6 million respectively. Australia and Singapore also decreased its consumption by 4% to RM390.1 million and 9% to RM287.4 million respectively.

Rattan furniture shipments decreased to RM14.3 million for the January to August 2017 period compared to RM28.9 million in 2016, a drop of 51%. Main buyer Singapore absorbed RM1.8 million, thus decreasing its buying by 64%. Australia also reduced its consumption by 52%, into RM1.6 million. Meanwhile India saw positive improvements with an increase from RM1.8 million into RM3.8 million.

Cont. from page 3

rubber industry to date. The MTIB delegation also visited TARRC's research laboratories and YBhg. Dato' Dr. Jalaluddin Harun FASc, MTIB Director General noted the importance of Rubberwood to the furniture industry in Malaysia. He emphasised that TARRC's genetic rubber research also needed to take into account the quality of Rubberwood for the use of the furniture industry so that the industry will continue to be sustainable. 



Discussion at Dassault Argenteuil Plant.

Cont. from page 9

Timber World In Brief

UNITED STATES Housing Starts Fall for Second Month

Housing starts in the United States fell 0.8 % from the previous month to a seasonally adjusted annualised rate of 1,180 thousand in August of 2017, following an upwardly revised 1,190 thousand in the previous month and compared to market expectations of a 1.7% rise. Starts declined in the Northeast and the South.

The volatile multi-family segment slumped 5.8 % to 323 thousand. In contrast, single-family starts, the largest segment of the market increased 1.6 % to 851 thousand. Starts went down in the Northeast (-8.7 % to 105 thousand) and the South (-7.9 % to 563 thousand) but rose in the Midwest (22 % to 200 thousand) and the West (4 % to 312 thousand).

Building permits increased sharply by 5.7% to a seasonally adjusted annualised rate of 1,300 thousand, way above market expectations of 1,220 thousand. Authorisations of units in buildings with five units or more jumped 22.8% to 464 thousand while single-family permits dropped 1.5% to 800 thousand. Permits rose in the Midwest (8.8% to 185 thousand), the West (15.3% to 362 thousand) and the South (3.7% to 646 thousand) but fell in the Northeast (-13 % to 107 thousand). Year-on-year, starts rose 1.4 % and permits went up 8.3%.

U.S. Census Bureau, 19 September

BRAZIL Pine Timber Exports Up 22%

According to the Brazilian association of processed timber products (ABIMCI), pine timber exports increased 22% in volume in the first half of 2017,

in comparison with the same period 2016. The product is one of the most common for use in civil construction and industry, and the category saw the biggest growth in export volumes in the sector in the period. The increase was driven by greater demand in the US and Mexico. Growth for exports is expected to remain at around this level through to the end of 2017, with a further increase expected in 2018 due to increased demand from the US for rebuilding works following the devastation caused by recent hurricanes.

Folha de Sao Paulo, 14 September

GLOBAL Softwood Lumber Trade Pace New Record

International trade of softwood lumber is on pace to a new record high in 2017 if the trend from the first six months of 2017 continues in the second half of the year. Of the ten largest lumber-exporting countries in the world, Russia, Finland, Austria and Ukraine increased shipments the most year-on-year during the first half of 2017. Russia alone, has accounted for 22% of global lumber trade so far in 2017, which is up from 15% ten years ago, according to the Wood Resource Quarterly (WRQ). Canada's seven consecutive years of expanding shipments may reach an end this year with export volumes having declined 2.2% during the first half of 2017.

Forest business network, 13 September 

WORLD BAMBOO DAY 2017



YBhg. Dato' Dr. Jalaluddin Harun FASc, MTIB Director General (centre) officiating the WBD 2017.



Visit to one of the booths during exhibition.

Bamboo is a plant that belongs to the family *Gramineae* and it has about 75 genera with over 1,250 species worldwide. Bamboo is abundant in the tropics and sub-tropic areas as it requires a hot and humid climate for good growth. Most bamboo grow wild in the foothills of the main range, secondary forests, ex-logging areas and along river banks. Bamboo is also cultivated in villages or as plantations that can be found in many parts of Asia, America and Southeast Asia. Malaysia has about 70 species of bamboo of which 45 species are native species that grow naturally in natural forests or ex-logging areas.

In an effort to further develop and promote the bamboo industry in Malaysia, MTIB recently organised the World Bamboo Day (WBD) 2017 celebration. The celebration was held in Putrajaya from 15 to 17 September. The objectives of the celebration were to increase awareness of bamboo, to protect natural resources and the environment and to ensure the sustainable utilisation of bamboo. It was also aimed to promote the traditional uses of bamboo and the cultivation of bamboo for new industries and the economic development of the community. This was in line with the development of the National Bamboo Industry Action Plan (2011-2020).

WBD 2017, which was officiated by YBhg. Dato' Dr. Jalaluddin Harun FASc, MTIB Director-General, was the sixth year the event has been celebrated by Malaysia. In his opening speech, the Director-General highlighted MTIB's role in developing the bamboo industry in Malaysia. He made special reference to the Bamboo Industry Development Action Plan 2011-2020, which had been developed by MTIB, with its five main strategic thrusts:

Bamboo Plantation Establishment; Human Resources and Capital Development; Value-added Products Development; Research and Development; and Marketing, Trade and Promotion. While stressing on the need for the bamboo industry to make the radical move to higher value-added products through innovation and technology, he also expressed his hope that WBD would be able to spur the growth of the industry in Malaysia through increased public awareness.

The events held during WBD 2017 included an exhibition on bamboo products and a series of short seminars on bamboo and related topics. Besides that, there were also an Angklung Musical Performance and a Bamboo Accessories Fashion Show. Twelve Malaysian bamboo companies participated in the exhibition during the three-day event which attracted 12,000 visitors.



Seminar on bamboo.

TIMBER ENTREPRENEURS DEVELOPMENT MISSION TO NEW ZEALAND



Group photo at I Furniture.

In tandem with the Malaysian timber industry's aspiration to further increase the market share and potential of Malaysian timber and timber products in the international market. MTIB organised the Technical Mission and Timber Entrepreneurs Development Programme to New Zealand from 2 to 10 September. The mission was led by Puan Hj. Nurchahaya Hashim, Deputy Director-General of MTIB and comprised a delegation of 12 industry players.

The objectives of this mission were to improve trade of Malaysian timber and timber products to New Zealand; to foster and increase business networking between Malaysian exporters and New Zealand importers as well as to observe the latest market development and prospects of the industry in New Zealand. Export of timber and timber products to New Zealand has increased from RM47.2 million in 2012 to RM71.2 million in 2016. Furniture is the main products exported to New Zealand, accounting for 67.8% marketshare of timber products at RM48.3 million in 2016.

In Auckland, the delegation had the opportunity to attend a roundtable discussion and business matching session with timber and furniture warehouses such as Bunnings Group Limited, Mitre 10, I Furniture, Placemakers, Sue E Furniture, YNL Furniture, Urban Sales and timber importers such as Intracor Trading, JSC Timbers, Timspec Timber Specialist and Bedpost Botany.

The delegation also visited Auckland Home Show 2017, the biggest renovation and building expo in New Zealand. The five-day event was held at ASB Showgrounds.

During the visit and business matching session, the delegation exchanged information with New Zealand timber importers and suppliers whilst at the same time sought opportunities to promote Malaysian timber and timber

products and to expand the Malaysian export market to New Zealand. The outcome of the meetings also recommended Sustainable Forest Management practices to be undertaken by adopting Forest Stewardship Council (FSC) scheme for timber production (FSC label) or other certification schemes. This can enhance product sustainability, value and market acceptance especially when exporting to high end market.

The mission was as such, beneficial to the Malaysian timber industry players as New Zealand is a growing market that needs to be further explored. There is also great potential for value-added timber products such as BJC, mouldings and furniture to be exported to the New Zealand market.

Therefore, promotional efforts need to be enhanced through activities such as business networking,



Discussion among the delegates and representatives from the company.

THE BAMBOO TRAIL 2017, THAILAND



Group photo of participants.

The World Bamboo Organisation is dedicated to bringing out the potential of the bamboo plant. The organisation also promotes the cultivation of bamboo for new industries in regions around the world, as well as promoting traditional uses of bamboo for community economic development. One of the main activities organised is the Bamboo Trail which is celebrated to increase the awareness of bamboo globally.

This year the event was held in Thailand on 17-23 September. It was organised as a seven-day trail which started from Chiang Rai and ended in Bangkok with activities such as explorations, visits, talks, demonstrations, hands-on training, using bamboo in architecture, construction, furniture, bamboo propagation & plantation, and business networking. The aim of the event was to explore the bamboo industry in Thailand and also to gain experience and knowledge on the establishment of bamboo plantations, use of bamboo in construction and its value-added processing industry. It was organised by the Thailand Bamboo Community and co-organised by the South Asia Bamboo Foundation, supported by the Thailand Royal Forestry Department, Malaysian Bamboo Society and Go Green Go Organic, a bamboo company. Twenty participants from various countries including Mexico, Australia, Norway, India, Singapore and Malaysia attended the event.

In Thailand, bamboo is an important commercial plant. They grow incredibly fast and is well known as a "pioneer species". They can rapidly invade into any kind of land, including degraded areas. Being a pioneer species, they are frequently found in open land throughout the country. Some species of bamboos, e.g. *Dendrocalamus brandisii*, *D. giganteus* and *Cephalostachyum pergracile* grow in tropical

evergreen forests while *Thyrsostachys siamensis*, occasionally grows in Dipterocarp deciduous forests. In terms of utilisation, bamboo is considered a multipurpose species as various products can be made from it. These include food, household construction materials, supporting poles, baskets, handicraft products, firewood and paper. Thirteen genera and 60 species of bamboo are recorded in Thailand.

The importance of bamboo in Thailand is divided according to their utilisation :

- Bamboo shoot (for food) such as *Dendrocalamus asper* (Pai Tong), *D. brandisii* (Pai Bongyai), *D. strictus* (Pai Sangdoi), *Bambusa blumeana* (Pai Seesuk), *Thyrsostachys siamensis* (Pai Ruak), *T. oliverii* (Pai Ruakdum) and *Gigantochloa albociliata* (Pai Rai).
- Bamboo stem (for construction and supporting poles) such as *Bambusa bambos* (Pai Pha), *B. blumeana*, *B. nana* (multiplex) (Pai Liang), *Dendrocalamus asper*, *D. strictus*, *D. membranaceus* (Pai Sangnuan), *Thyrsostachys oliverii* and *Gigantochloa hasskarliana* (Pai Phaak).
- Bamboo stem (for basketing and handicraft) such as *Bambusa blumeana*, *B. nana*, *Thyrsostachys siamensis*, *T. oliverii*, *Gigantochloa hasskarliana*, *Schizostachyum humilis* (Pai Griab) and *Cephalostachyum virgatum* (Pai Hiae)

Looking at the various uses of bamboo, there is clearly a huge potential for the establishment of bamboo plantations. Additionally, bamboo related industries can also be developed to produce more value-added bamboo products. Other positive factors include accessibility to get raw materials as it is easily transported from remote areas, availability



The hall of Panyaden International School using bamboo.

Cont. from previous page

of skilled craftsmen, high demand for bamboo products and support from the government. In each Thai village, people have their own bamboo plants either for their own use or as their source of income by supplying the bamboo to factories using it as a construction material or for handicraft.

Participants of the Bamboo Trail were brought to visit bamboo plantation gardens and bamboo nurseries to explore bamboo species and learn about propagation techniques. It was explained during the visit that bamboo is mainly propagated and the best planting method is to use the culms with attached rhizomes (offset planting). Cut culms with two to three nodal buds are planted in the soil which can quickly produce rhizomes, roots and culms. The most vigorous sprouting activity is seen in one-year-old culms (after budding). This method is successful in bamboo species with thick walls such as *Thyrsostachys siamensis* and *Melocalamus compactiflorus*. The delegates were given some bamboo seedlings from various species. They also did the propagation of bamboo and made *somtham* delicacies from bamboo shoots and salads.

Then the delegation were brought to the Idin Bamboo Paper Factory which produces high quality bamboo papers and cards. Delegates were shown how the bamboo was processed into paper and this included chipping, pulping and cleaning. The company exports their products to the Netherlands and Japan.

The delegates also had the opportunity to view the use of bamboo in building construction at various places which included the Chiang Mai Life Construction (CLC) company, the Panyaden International school and the Eco Eyes Village Project site. Bamboo is extensively used to built trusses for halls, resorts, villas, houses, schools as well as offices and factory spaces. Dr. Markus Roselieb owns both the CLC and the Eco Eyes Village Project. The philosophy behind CLC is to increase the quality of life of the client by using natural materials combined with modern, light and clean architecture. The Eco Eyes Village Project which is worth RM1.8 million involves building a training centre with accommodations made of bamboo as the base material while the walls are made of clay and rice straw.

The bamboo industry in Malaysia has the potential to be developed into an international commodity. The cultivation of special bamboo species and the management of natural bamboo stands are the key to a continued supply of raw material for the



Demo for propagation technique.

development of the bamboo related industries. In National Timber Industry Policy (NATIP), bamboo and rattan have been identified as two major sources of non-wood forest products (NWFPs). Bamboo as a fibre source, represents an average of 7% of the total NWFPs in the country. Presently, bamboo is widely utilised by the cottage industry to produce products for the domestic market such as basketry, furniture and handicraft. To ensure the development of the bamboo industry, MTIB produced the "10 Years Action Plan for the Development of Bamboo Industry in Malaysia".

Under this plan, five strategies has been identified in order for the bamboo industry to contribute a significant impact on export earnings and to be accepted by the domestic market. The five strategies as outlined are as follows: Establishment of bamboo plantations and preserve existing natural resource management, Human capita development, Development of downstream activities, Research and development, and Marketing and promotion. Through the implementation of these action plans, the export of Malaysian bamboo is expected to grow and this could provide better income returns and employment opportunities particularly for rural dwellers.

Encik Muhd Muzakkir Kamaruzaman of MTIB and Encik Shariff Ali Jabad Ali, an architect from Principal Cityscape Architect represented Malaysia.

ISO/TC 165: TIMBER STRUCTURE MEETING, VIENNA



Attendees during the meeting.

To ensure compliance to global requirements, standards as well as testing of various international standards for timber structure are being developed by timber structure experts at different stages. In line with that, the 31st Meeting of the ISO/TC 165: Timber Structure was held in Austrian Standards Institute, Vienna, Austria from 5 to 8 September, gathering 42 participants from 18 countries. The meeting was chaired by Dr. Erol Karacabeyli and was held for four days, including a technical visit to Stora Enso (a cross laminated timber manufacturer) and Kindergarten Pötzleinsdorf, which was built out of cross laminated timber (CLT).

Currently, there are six Working Groups (WG) in ISO/TC 165: Timber Structures, each chaired by a convener. Each convener reports on the respective WG activities and the status of the standards being developed. The comments and amendments on the standards are further deliberated in the respective WG meetings. The list of the WG is as follows:

- WG 2 – Requirements for structural glued laminated elements - Convener: Borjen (B.J) Yeh from United States
- WG 6 – Glued Joints for Timber Structures - Convener: Dr. Simon Aicher from Germany
- WG 7 – Connection and Assemblies - Convener: Graeme Beattie from Australia
- WG 10 – Evaluation of Characteristics Values for Structural Timber Products - Convener: Geoff Boughton from Australia
- WG 11 – Classification for Solid Timber - Convener: Kevin Cheung from United States
- WG 12 – Structural Use of Bamboo – Convener: David Trujillo from United Kingdom

The ISO/TC 165 Technical Committee meeting in Vienna concluded 29 resolutions and also

nominated experts for the development of standard as follows:

- Standard for “Glued-in steel rods in glued laminated timber, cross-laminated timber and laminated veneer lumber – testing, requirements and bond shear strength classification”;
- Standard for “Glued-in steel rods in glued laminated timber, cross-laminated timber and laminated veneer lumber – Testing for adhesive characteristics and bond shear strengths”;
- Standard for the “Determination of characteristic values – Part 7: Glued-in rods”;
- Standard for “Glued-in steel rods in glued laminated timber, cross-laminated timber and laminated veneer lumber – Design”; and
- Standard for “Glued-in steel rods in timber products – Installation including on-site repair”.

Malaysia should also provide an Annex document on the development of a standard for “Visual strength grading — basic principles”. The annex should contain examples on how to determine tropical timber defects and defect characteristics.

The representative of the Secretariat of the ISO/TC 165: Timber Structure, Mr. Paul Jaehrlich, presented the secretariat report on last year’s progress. In terms of membership, Kenya was upgraded from “observing member” to “participating member” which meant they could give technical inputs and comments for any development of a standard while Ecuador was a new “participating member”. Currently until 21 August 2017, 31 countries have been categorised as “participating member” while 30 country were in the “observing member” category.

The progress of standards for last year was also reported by the secretariat, as follows:

- Standards and technical reports currently under development – 14;
- New or preliminary work items approved – 6;
- Standards published – 8;
- Systematic review of published standards – confirmed – 2;
- Systematic review of published standards – pending for Technical Committee TC decision- 4; and
- Total number of standards and technical reports published under ISO/TC165 – 45.

The standards already developed or those still in progress or already published can be accessed

Cont. from page 17

joint ventures, business matching sessions as well as participation in relevant fairs and exhibitions in New Zealand. In addition, Malaysian exporters were also urged to leverage on the implementation of Malaysia-New Zealand Free Trade Agreement (MNZFTA) in which timber and furniture products have been granted with total tariff elimination for exportation to the New Zealand market.

The companies involved in the mission were Azzahrawi Enterprise Sdn. Bhd., Onetech Sdn. Bhd., Sarawak Timber Association., Kayu Isar Sdn. Bhd., FS Design Sdn. Bhd., Chang Kam Yee Sdn. Bhd., Impressive Transform Sdn. Bhd., Maszma Marketing Sdn. Bhd., SZ Bumi Enterprises, Katta Kayu Ent., BBM Construction and Dinny Interior. MTIB was also represented by Puan Hj. Ruslinda Yahia from Trade Development.



Business matching session.



At Mitre 10.

Cont. from previous page

Timber News

through the ISO portal.

Dr. Erol Karacabeyli, the Chairman of ISO/TC 165: Timber Structure reiterated the scope for the development of the standards which the committee was responsible for. This included product/material specification, test methods, establishment of characteristic values, determination of design values and design standard. The chairman also talked about the relationship of the committee with other committees, such as ISO/TC 218: Timber, ISO/TC 296: Bamboo and Rattan, ISO/CASCO: Conformity Assessment and ISO/TC 89: Wood-based Panels.

The presentation was followed by the Technical Programme Manager from ISO, Mrs. Anna Caterina Rossi who spoke on the Vienna Agreement, conformity assessment and acceptable graphics files for standards.

The Malaysian delegation comprised Professor Dr. Badorul Hisham Abu Bakar from Universiti Sains Malaysia as a head of delegation, Prof. Dr. Hj. Zakiah Ahmad from Universiti Teknologi MARA, Puan Hamidah Abdullah from Malaysian Timber Council and Encik Muhammad Shaiful Nordin from MTIB. The next ISO/TC 165 meeting for 2018 will be held at Istanbul, Turkey.

BONDING TESTING ON LIGHT RED MERANTI, SWEDEN



At the AkzoNobel testing facilities in Stockholm, Sweden.

Engineered timber products such as glued laminated timber (glulam), laminated veneer lumber (LVL) and cross laminated timber (CLT) are widely used by developed countries in Europe, and in Japan, Canada, the USA, Australia and New Zealand. In Malaysia, the construction of Galeri Glulam in Johor Bahru followed by Crops for the Future in Semenyih, Selangor are part of the efforts to promote glulam, as an engineered timber product in Malaysia.

In promoting timber and engineered timber products as a building material in Malaysia, MTIB is currently working with agencies and research institutes to ensure the technical data related to tropical timber is always updated for specifier reference purposes.

MTIB is currently undertaking a project under the 11th Malaysia Plan known as the Standards Development and Engineering Timber Product. One of the activities under this project is providing the template for CE Marking in the timber industry by registering structural glued timber products from Malaysian hardwood timber at the European Organisation for Technical Assessment [EOTA]. CE (European Conformity) marking is a certification mark given to the product that indicates conformity of health, safety, and environmental protection standards. By obtaining CE Marking certification for the products, it can be more easily sold within the European Economic Area (EEA).

Before it can be implemented, however, the timber itself must be certified - the data on the strength of the timber and the glue used for the manufacturing

of the structural glued product must first be accredited.

With that in mind, some samples of Light Red Meranti were sent to AkzoNobel in Stockholm, Sweden for the bonding strength test to certify that the glue used in the manufacturing of glulam using Malaysian tropical timber, may get their CE marking.

Before conducting the bonding test, the timber was sent to the laboratory where it was stored in a conditioning chamber at 20°C and 65% relative humidity to ensure a uniformed moisture content for two weeks before the preparation of the specimens. Three types of testing were involved: the block shear test, the delamination test and the bending test for finger jointed lamella. The testing used the Light Red Meranti species and the Melamine-Urea-Formaldehyde glued.

Three pieces of lamella were planed before being spread with glue to form a laminated product. Two types of tests conducted were the block shear test and the delamination test in accordance with EN 14080 - Timber structures. Glued laminated timber and glued solid timber – Requirements.

The purpose of the shear test analysis was to make a comparison of shear strength results from different manufacturing pressure while the delamination test was to determine the glue line integrity of glued laminated timber.

Two pieces of lamella were joined using the finger joint method with Melamine Urea Formaldehyde (MUF) to determine the bonding at the finger joints

DESIGN INSPIRATIONS OF AX FURNITURE SDN. BHD.

BACKGROUND

AX Furniture Sdn. Bhd. (AX) located in Muar, Johor was incorporated on 14 April 2005 by Encik Tan Chor Giap and Encik Lee Kae Shyuan, both of whom have a combination of five years of sub-contracting furniture making for bigger export companies in Muar.

Encik Tan Chor Giap, aged 43, is the Managing Director of AX. He oversees the finance and day-to-day operations of the company. Encik Lee Kae Shyuan, aged 41, is the other Managing Director of AX and he is actively involved in production and marketing. He has more than 15 years of experience in furniture production and is the Head of the Research and Development (R&D) Department of AX. He is also very well-versed in the technical aspects of furniture production.

PRODUCTION

After five years of sub-contracting work, AX decided to go into the export business with a paid-up capital of RM500,000, AX boasts a total of almost 80,000 square feet of factory space. The production lines use up 800 m³ of raw material of Rubberwood, Pine wood, mixed wood, plywood and MDF every month. AX employs 450 local and foreign workers in its production lines and these workers help fulfil AX's monthly order of between 120 to 150 containers of finished furniture products, worth around RM2 million.

AX is currently exporting its main bedroom set products to major buyers in the United States of America (70%), Europe (15%) and the Middle East (10%). About 5% of AX's total export goes to Australia, South Africa and Canada. AX does not sell its products under any specific in-house brands. This puts AX as one of the Own Equipment Manufacturing (OEM) companies that make up the bulk of Muar's furniture industry.

OPERATION

AX has its own R&D Department that looks at original design and innovation as an added value to AX's finished products. Encik Lee who heads the R&D Department, believes that new design and better innovation will make AX a more sustainable and productive furniture manufacturer. He looks at design as a more prominent element in AX's furniture production, designing his own hardware, detailing and finishing with his R&D team.

AX also has a Global Marketing Network Division, heads by Encik Lee. The Department's Business Development Executives (BDEs) build strong relationships with AX's buyers and retailers to obtain first-hand information and feedback on the products sold by AX. Also, the BDEs will attend international exhibitions to learn and understand latest market trends and new furniture designs. The BDEs will also be aware of new requirements that have to be met before exporting.



Front view of AX Furniture Sdn. Bhd.

Cont. from previous page

MOVING FORWARD

AX believes that high quality, sincere customer after-sales service and understanding of customers' needs will definitely increase product sales. This philosophy has made AX into a more 'human' global player, and it will further propel AX into the future of Malaysian furniture industry. 



MTIB officials at the showroom.



Bedroom sets manufactured by the company.



Group photo at the factory.

Cont. from page 22

Timber News

of the lamella. The bending test was carried out to determine the joint strength of the lamella. The production of the finger joints was in accordance with EN 14080 - Timber structures. Glued laminated timber and glued solid timber – Requirements and the test was conducted using EN 408 - Timber structures - Structural timber and glued laminated timber - Determination of some physical and mechanical properties.

The testing programme included a technical visit to AkzoNobel facilities and laboratory from 10 to 16 September: the formulation laboratory to formulate

the different types of adhesives, coatings, and paints; the testing laboratory for formaldehyde emission; and the testing laboratory for strength, fire spread, microscopy studies, contact angle studies, and durability studies.

The Malaysian delegation comprised Prof. Dr. Hjh. Zakiah Ahmad from Universiti Teknologi MARA and Encik Muhammad Shaiful Nordin from MTIB. They were accompanied by Mr. Henrik Lindblom, Product Solutions & Machine Department Team Leader from AkzoNobel. 



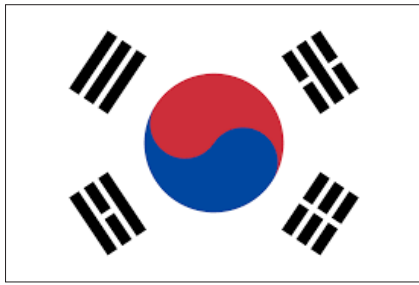


Malaysian Wood
Standing on Excellence

Lukisan Seribu Makna, Kayu Eratkan Semua
A Picture Paints a Thousand Words. Wood Binds Them All

www.mtib.gov.my   

BOOSTING MALAYSIA BUSINESS OPPORTUNITIES IN SOUTH KOREA



Overview

South Korea, officially known as the Republic of Korea (ROK), is a sovereign state in East Asia, constituting the southern part of the Korean Peninsula. The country shares one of the world's most heavily militarized borders with North Korea.

For over four decades ago, this country has demonstrated incredible economic growth and global integration to become a high-tech industrialized economy. This growth was driven primarily by the development of export-oriented industries and the abundance of highly skilled and educated labour, fostered by favourable policy direction for economic development. South Korea itself is ranked fourth in the world's trade with a trade balance of USD 89.4 billion in 2016. According to 2017 Bloomberg Innovation Index, which scores economies using factors including research and development spending and the concentration of high-tech public companies, South Korea is the top of the chart in R&D intensity, value-added manufacturing and patent activity and with top-five rankings in high-tech density, higher education and researcher concentration. South Korea has an estimated total population more than 51 million with 82.7% is urban population. Its GDP per capita is currently USD25,500 and expected to rise to USD26,000 in 2018.

Economy

This outstanding country grew from one of the poorest countries in the world, in the 1960s to a developed, high-income country in the millennium. In 2008, South Korea's economy was badly affected by global economic downturn, but quickly rebounded in subsequent years, reaching over 6% growth in 2010. The country experienced a slow growth in 2012 to 2016, between 2% to 3% per year due to sluggish domestic consumption, a drop in foreign demand for its exports, increased competition from regional rivals such as China and Japan, and declining investment.



As for the South Korea economy landscape, the outlook for both 2017 and 2018 is 3%, a slightly higher than economy outlook of 2.8% in 2015-2016. According to Bank of Korea, South Korea's economic growth this year will be stronger than its earlier forecast of 2.8% growth in July. This growth is contributed by boost in exports and, investment and fiscal expansion supported by KRW11 trillion (USD9.87 billion) supplementary budgets.

Thus, it has made South Korea as the seventh largest economy in the world and fourth leading economy in Asia. Its top major exported products are semiconductors and related products, motor vehicles, vessels and parts for motor vehicles and refined petroleum products. In terms of commercial services, South Korea is famous for its transportation services and tourism, licensing of cultural and entertainment products, and financial services. Although its exports revived early this year due to positive global demand, its domestic consumption lagged due to tepid wage growth. South Korea also faces uncertainty around its relations with allies and neighbours. After a period of difficulty, it appears that the South Korean economy is beginning to rebound, with the newly-appointed President of South Korea, President Moon indicating a path of increased fiscal spending. Private consumption has recovered moderately and will likely pick up pace as the government implements more economic stimulus to boost spending.

South Korea is a significant user of timber and timber products and with recent changes in

Cont. from previous page

government economic development plans indicate that the country could see significant growth in the construction of building and housing. There is also an increasing awareness of green construction using sustainable materials, thus giving greater demand for timber and timber in South Korean market.

Forest Sustainability and Resources

The Korean peninsula is located between 33°7' and 43°1' in northern latitude, and 124°11' and 131°53' in eastern longitude at the heart of the North Western Pacific, sharing a border with China and Russia to the north and lying near the Japanese archipelago to the south. The peninsula encompasses 221,000 km², 45% of which makes up South Korea. Although forest land is larger in North Korea, the forest stock is denser in South Korea. 20% of the total land area in South Korea is used for agriculture while forests cover 63.4%. The Korean forests can be divided into warm-temperate, cool-temperate and sub boreal forest zones. Around 85% of forests are cool temperate forests. Meanwhile, forest types in South Korea have been classified into three categories which are conifers, broad-leaf and mixed forests, which about 44% of its forest occupied by conifer forests.

The country recognised that forest has great potentials in developing green technologies regarding a wide use of forest bioenergy and forest

bio-resources industrialisation. The increased demand for forest resources continued to put pressure on forest lands. Thus, the South Korean government had established the 10-Year Forest Rehabilitation Plans in 1973. In total, the plan aimed to restore 39% of total forest land in the country, totalling 2,637,000 hectare of forests. One million hectare was to be restored during the First Plan and the rest during the Second Plan. The First Plan was scheduled to be carried out from 1973 to 1982, but it was completed in only six years (1973-1978); the Second Plan also met its goals a year early (1979-1987). The Third National Forest Resource Plan (1988-1997) was initiated in 1988. The Fourth National Forest Plan commenced from 1998 to 2007. Under this plan, sustainable forest management was reflected on forest policies and activities. The Fifth National Forest Plan (2008-2017) has been designed to further expand the implementation of sustainable forest management in pursuit of maximizing forest functions.

Timber Production

According to the latest statistics from FAO, South Korea produces around 7 million m³ of wood in 2016. The South Korea reforestation are considered still growing and thus, its timber industry depended on imports of timber and timber products for its raw material and wood processing. Details of the production are as described in the table below:-

South Korea : Production of Timber Products, 2012-2016

(Volume: m³)

Product	2012	2013	2014	2015	2016
Sawlog	533,000	721,000	840,000	1,282,000	1,282,000
Sawnwood	1,992,000	2,272,000	2,331,000	2,330,000	2,330,000
Veneer	200,000	239,000	245,000	230,000	230,000
Plywood	434,000	482,000	474,000	478,000	474,000
Particleboard & OSB	801,000	802,000	830,000	820,000	815,000
MDF/HDF	1,712,000	1,678,000	2,011,000	1,901,000	1,859,000
Total	5,672,000	6,194,000	6,731,000	7,041,000	6,990,000

Source: FAO Stats

South Korea's Export of Timber and Timber Products

South Korea relies heavily for imported timber and timber products for its commercial and industrial use. An estimated 10% of its consumption on timber and timber products are produced domestically and the balance is supported by imported timber and timber products. There are rising consumer interest in high quality products such as furniture and Do-It-Yourself furniture

In 2016, South Korea has exported about USD247.61 million timber and timber products. It is a decrease of 5% from USD261.77 million in 2016. Furniture and parts remains the major contributor to South Korea exports at USD157.28 million followed by fibreboard at USD23.23 million, sawntimber (USD23.08 million), packaging cases (USD17.65 million), BJC (USD7.9 million and plywood (USD4.52 million). Japan is the major export market for South Korea's timber and timber products with USD68.03 million in 2016. This is followed by USA (USD32.7 million), China (USD19.17

Cont. next page

Cont. from previous page

million), Kazakhstan (USD16.2 million) and Viet Nam with exported value of USD13.78 million.

South Korea : Export of Timber and Timber Products, 2012-2016

(Value : USD '000)

Products	2012	2013	2014	2015	2016
Furniture	139,844	152,969	180,375	171,802	157,285
Fibreboard	39,284	33,967	31,568	21,812	23,235
Sawntimber	7,393	9,062	12,470	18,148	23,078
Packaging Cases	16,485	16,380	17,521	17,210	17,652
BJC	9,742	11,517	13,943	11,041	7,910
Plywood	4,327	5,894	5,792	7,172	4,517
Wood Marquetry	1,858	1,480	3,580	2,956	3,487
Particleboard	1,606	3,716	4,020	1,966	1,947
Veneer	1,539	1,666	1,728	1,733	1,937
Tableware and Kitchenware	1,184	1,483	1,579	1,490	1,342
Others	13,107	8,588	9,336	6,437	5,217
Total	236,369	246,722	281,912	261,767	247,607

Source: UN Comtrade

South Korea's Import of Timber and Timber Products

South Korea is one of the world's largest importers of timber and timber products. The country depended on imports from over 100 countries for more than 80% of its consumption for commercial and industrial use. In 2016, South Korea has imported about USD3.90 billion for timber and

timber products constitute of 0.89% from the total market share. Its top five major suppliers are China, Viet Nam, New Zealand, Indonesia and Malaysia. Plywood still remains the top timber products imported by South Korea with a total value of USD756.05 million, followed by sawntimber (USD615.7 million), logs (USD 578.03 million) and wooden furniture (USD504.51 million).

South Korea : Import of Timber and Timber Products

(Value : USD '000)

Products	2012	2013	2014	2015	2016
Plywood	592,348	658,327	709,311	694,887	756,052
Sawntimber	473,190	540,564	639,640	652,391	615,695
Logs	655,573	739,002	714,516	593,775	578,027
Furniture	535,834	595,355	729,358	815,069	795,723
Fuelwood	126,530	198,709	441,716	283,879	283,343
Particleboard	133,755	145,711	198,649	202,589	198,760
Mouldings	130,481	123,443	154,017	152,422	149,427
Veneer	108,776	121,592	125,997	127,981	114,335
BJC	38,509	37,201	49,155	49,769	52,548
Fibreboard	55,773	54,932	57,554	56,560	50,413
Others	236,573	250,295	274,631	297,703	300,641
Total	3,087,342	3,465,131	4,094,544	3,927,025	3,894,964

Source: UN Comtrade

Malaysia's Export of Timber and Timber Products to South Korea

South Korea is one of top major markets for Malaysian timber and timber products. Total export of timber and timber products to South Korea increased 6.3% to RM1.09 billion compared to RM1.03 billion in 2015. Primary timber products

remain the most demanded timber and timber products from Malaysia. In 2016, plywood remains the major product exported to South Korea at RM480.60 million followed by veneer (RM147.05 million), fuelwood (RM120.59 million), sawntimber (RM74.48 million) and particleboard (RM60.86 million). Nevertheless, value-added timber products are gaining demand in the South Korean market

Cont. next page

Cont. from previous page

with wooden furniture reached an export value at RM124.04 million, followed by mouldings (RM43.57 million) and BJC (RM2.73 million).

Malaysia : Export of Timber and Timber Products to South Korea

(Value: RM)

Products	2012	2013	2014	2015	2016
Logs	26,751,508	20,413,094	22,296,182	26,836,542	17,001,012
Sawntimber	59,075,097	57,769,343	52,459,700	72,720,365	74,481,694
Plywood	495,263,552	471,454,427	470,467,667	464,831,287	480,604,166
Veneer	88,464,393	76,464,864	98,448,289	149,030,896	147,048,955
Mouldings	39,900,418	33,462,869	42,201,782	53,678,338	43,572,594
Particleboard	28,441,991	33,707,702	36,829,124	33,292,552	60,857,525
Fibreboard	2,040,788	3,058,062	5,030,112	3,050,121	9,128,447
Wooden Frame	303,207	71,906	34,750	0	0
BJC	5,810,833	3,455,780	3,433,967	3,178,886	2,733,267
Wooden Furniture	66,162,376	95,713,661	114,038,927	125,838,363	124,037,180
Rattan Furniture	87,835	91,745	102,019	214,924	139,574
Other Products	45,657,144	74,018,425	114,635,375	97,765,529	135,789,451
Total	857,959,142	869,681,878	959,977,894	1,030,437,803	1,095,393,865

Source: MTIB and DOSM

Malaysia's Import of Timber and Timber Products from South Korea

Although South Korean market share of timber and timber products are quite small in Malaysian market, their products are gaining demand from Malaysian consumers over the years. There is an

increasing trend since 2012 which recorded total value of RM4.43 million and continues to rise to RM12.64 million in 2016. South Korean's fibreboard dominated the Malaysian market with RM6.53 million with an increase of 321% from RM1.55 million in 2015. This is followed by wooden furniture, plywood and sawntimber.

Malaysia : Import of Timber and Timber Products from South Korea

(Value: RM)

Products	2012	2013	2014	2015	2016
Sawntimber	0	63,419	0	0	1,146,224
Plywood	0	214,771	0	815,146	1,597,046
Veneer	270,762	691,428	103,310	909,931	23,672
Mouldings	20,605	5,181	136,392	269,897	112,636
Particleboard	0	14,188	0	0	0
Fibreboard	1,189,538	2,373,318	3,286,617	1,549,757	6,527,520
Wooden Frame	6,310	0	4,173	0	46,388
BJC	48,538	10,716	0	87,556	45,807
Wooden Furniture	1,508,223	931,045	1,282,233	2,430,873	1,743,146
Rattan Furniture	110,652	14,116	44,517	182,852	265,813
Other Products	1,276,748	1,412,674	2,099,764	2,872,361	1,312,744
Total	4,431,376	5,730,856	6,957,006	9,118,373	12,640,996

Source: MTIB and DOSM

Import Tariff

ASEAN-Korea Free Trade Agreement (AKFTA) came into effect on 1 January 2010 to strengthen and deepen economic integration, and help to build capacity through sharing of available resources and expertise. According to AKFTA, Malaysian timber

and timber products including furniture and parts have enjoyed 0% tariff except for particleboard/oriented strand board (HS 4410), fibreboard (HS 4411), plywood (HS 4412) and densified wood (HS 4413) which are imposed an import tariff up to 6.4%. The details are as below:-

Cont. next page

Cont. from previous page

ASEAN – Republic of Korea FTA (AKFTA)

HS Code	Product Name	Tariff Rate (%)
4401	Fuel Wood	0
4402	Wood Charcoal	0
4403	Logs	0
4404	Hoop Wood	0
4405	Wood Wool and Wood Flour	0
4406	Sleepers	0
4407	Sawntimber	0
4408	Veneer	0
4409	Mouldings	0
4410	Chipboard/Particleboard	0 – 6.4
4411	Fibreboard	0 – 6.4
4412	Plywood	5 – 6.4
4413	Densified Wood	5
4414	Wooden Frame	0
4415	Packing Cases	0
4416	Casks, Barrels, Vats and Tubs	0
4417	Tool Bodies and Handles	0
4418	BJC	0
4419	Tableware and Kitchenware	0
4420	Wood Marquetry	0
4421	Other Articles of Wood	0
9403	Wooden Furniture	0

Prospects

The timber industry in South Korea has enjoyed splendid wooden culture based on rich forest land in its 5,000 year old history. The traditional timber utilisation culture and timber structures have been well preserved and practiced until this day. In the rapid pace for modernisation and urbanisation, there is a growing demand for infrastructure construction technology and modular construction technology. As glulam is structurally sound for multi-storey and large-scale wood frame construction, the engineered wood product has drawn keen attention from the building industry. It is mentioned by Korean Forest Research Institute, they are keen to boost multi-storey wood frame constructions in Korea. Based on this, KFRI will continue research and development, aiming to build a five-storey wood frame construction by 2018 and a 10-storey wood framed apartment by 2022.

In January 2012, the Renewable Portfolio Standard (RPS) replaced the previous feed-in tariff system in order to accelerate South Korea's goal to create a competitive market environment for renewable energy. The RPS program requires 13 of the largest power companies (those with installed power capacity larger than 500 MW) to steadily increase their renewable energy mix in total power generation from 2012 - 2024. Thus, this creates an increasing demand for imported wood pellet

in the renewable energy industry. It showed that Japan and South Korea are the most likely emerging markets for increased global wood pellet and fuel chip demand. While Europe is the largest consumer of wood pellets to date, both Japan and South Korea continue to increase their consumption. While these new pellet markets are in their infancy and will take time to develop, policies, supply and demand all point strongly to the establishment of substantial and stable markets for wood pellets over the next 10 years.

Majority of South Korean demand for timber and timber products are supplied by imports from China and other Southeast Asia countries such as Viet Nam, Indonesia, Malaysia and Thailand. This is due to the afore-mentioned countries provide competitive price and suppliers' ability to meet customer specifications. Although the US timber are generally considered higher quality than other imported timbers, its lack of flexibility to meet the South Korean specification for customised timber products in different sizes including width, length, and depth makes the demand for US timber are decreasing. According to industrial resources, it is hard for South Korean importers to find US's exporters who are willing to sell their products in different sizes. Thus, it gave better advantage to Southeast Asian countries especially Malaysia to take opportunity to gain better market access in South Korea's market.

With an increasing construction and infrastructural activities in South Korea, it has bolsters the demand for wood-based panels in the country. In the same time, home renovation and furniture industry in South Korea also indicates positive growth. Thus, Malaysian timber and timber products especially in wood panel industry should tap into this huge market by producing variety of high quality durable products with competitive prices that could meet with South Korean consumer demand. Malaysian timber and furniture exports should also enhance their presence and improved business networking with Korean importers by participating in relevant fairs/exhibition in the country as well as organising a specialised selling mission to cater the market demand.

References:

International Trade Centre Department of Statistics Malaysia(DOSM)
The World Bank MTIB's Statistics
<http://en.wikipedia.org/wiki/SouthKorea> <http://www.fao.org>
<https://internationalforestindustries.com>
<https://www.worldforestry.org>
https://en.wikipedia.org/wiki/Economy_of_South_Korea
http://timberhunt.com/country/southkorea/Wood_products_trade_overview.html
<https://blog.forest2market.com>
https://en.wikipedia.org/wiki/Korea_Forest_Service#National_Forest_Plans
<https://www.state.sc.us/forest/fprodsko.pdf>
<http://fta.miti.gov.my/index.php/pages/view/asean-korea>

DAMAR HITAM PIPIT – HIGHLY PRIZED PLYWOOD SPECIES



Wood colour and texture.



Cross section of Damar Hitam Pipit.

Introduction

Damar Hitam Pipit (*Shorea multiflora*) is the standard Malaysian Name for the *Shorea* species of timbers belonging to the Meranti Damar Hitam Group (*Dipterocarpaceae*). Vernacular names applied include Bam (Pahang), with various epithets, Meranti (Peninsular Malaysia and Sarawak) with various epithets, Seraya (Pahang) and Seraya kuning (Sabah). The other similar species are *S. dolichocarpa*, *S. faguetiana*, *S. gibbosa*, *S. hopeifolia*, *S. longisperma* and *S. maxima*. It is also known as Yellow Meranti (Brunei); Dammar Hitam, Dammar Kelepek and Meranti Kuning (Indonesia); Bam, Manggasinoro and Yellow Lauan (Philippines); and Kalo (Thailand).

General Characteristics

The sapwood is lighter in colour and moderately distinct from the heartwood, which is light yellow-brown, often with a greenish or olive tinge and weathering to a light brown. The grain is interlocked with texture being moderately fine to moderately coarse but even. The planed surface is without luster and a faint stripe figure can be seen on the radial surface.

Density

The timber is a Light Hardwood with a density of 550 - 780 kg/m³ air dry and averaging about 675 kg/m³.

Natural Durability

The standard graveyard tests conducted at the Forest Research Institute Malaysia (FRIM) have shown that the average service life of *S. multiflora* and *S. longisperma* are 1.9 years and 1.1 years respectively.

Out of the 45 test stakes of *S. multiflora*, 15 stakes were destroyed within six months while the last two stakes were completely destroyed after three years. Similarly, tests on *S. longisperma* indicated that only about 8% of the test stakes were still serviceable at the end of the first year. The destruction of the timber was caused almost exclusively by termites. Therefore, this timber classified as not durable under Malaysian conditions.

Wood Anatomy

The vessels are medium in size and moderately few in number and mostly solitary. Its vessels distribution is fairly even but with a tendency to align in short oblique lines. The wood parenchyma consists of both paratracheal and apotracheal types. The paratracheal type consists of incomplete vasicentric, narrow vasicentric or aliform, which tends to be locally confluent. Rays are medium in size and visible to the naked eye on cross section.

Preservative Treatment

The timber has been found to be moderately difficult to treat with preservatives.



Damar Hitam Pipit tree

Cont. from previous page

Strength Properties

The timber falls into Strength Group C (Engku, 1988b) or SG6 (MS 544: Part 2: 2001).

Test Condition	Modulus of Elasticity (MPa)	Modulus of Rupture (MPa)	Compression Parallel to Grain (MPa)	Compression Parallel to Grain (MPa)	Shear Strength (MPa)
Green	11,000	57.0	30.2	-	6.5
Air dry	12,100	67.0	40.0	-	8.0

Machining Properties

It is easy to resaw and cross-cut in both green or air dry conditions. Planing is also easy with smooth surface finish.

Test Condition	Sawing		Planing		Boring		Turning	
	Re-sawing	Cross Cutting	Ease of Planing	Quality of Finish	Ease of Boring	Quality of Finish	Ease of Turning	Quality of Finish
Green	easy	easy	easy	smooth	easy	smooth to slightly rough	-	-
Air dry	easy	easy	easy	smooth	easy	rough	easy	slightly rough

Nailing Property

The nailing property of this wood is considered good.

Air Drying

The timber dries moderately slowly. 15 mm thick boards take approximately 3½ months to air dry, while 40 mm thick boards take 5½ months.

Kiln-Drying

The timber is reported to dry well without any serious degrade.

Shrinkage

Shrinkage is high, especially in the tangential direction. Radial shrinkage is 0.9% while tangential shrinkage is 3.8%.

Defects

Damar Hitam Pipit timber is liable to brittle-heart formation. The extent of damage due to the brittle heart may be negligible in some logs but appreciable in others. The timber appears to be relatively free from shot-hole borer damage but it is subjected to

attack by pin-hole borers (Desch, 1941). It is also reported to be highly susceptible to powder post beetle after felling (Menon, 1957).

Uses

The timber, when adequately protected, is considered to be an excellent timber for interior joinery, domestic and light traffic flooring, utility furniture, domestic woodware and interior fittings, the manufacture of plywood, posts, beams, joists, door and window frames, stair stringers, treads and railings, planking, ceiling, boat framing, decking, hewn coffin, tubs, vats, wine casks, butter churns and lorry body work. This timber is highly prized as a plywood species.

References :

- CHOO K. T. & LIM S. C. 1988. *Malaysian Timbers – Meranti*. Malaysian Forest Service Trade Leaflet. No. 107. Forestry Department Peninsular Malaysia and MTIB, Kuala Lumpur.
- T.M. Wong - A Dictionary of Malaysian Timber
- info.frim.gov.my
- wood.database.com
- tropicaltimber.info



MTIB's courtesy visit to Department of Statistics Malaysia (DOSM), Putrajaya on 8 September 2017.



Course on Timber Grader Competency organised by MTIB from 9 July to 14 September 2017 in Kota Bharu, Kelantan.



Briefing on the Malaysian Timber Certification Scheme (MTCS), held on 9 September 2017 in Putrajaya. It was organised by MTIB in collaboration with Malaysian Timber Certification Council.



Workshop on Formulating MTIB Enforcement Procedure, held on 18-20 September 2017 in Melaka.



MTIB officer welcomes YB Datuk Seri Mah Siew Keong, Minister of Plantation Industries and Commodities to the MTIB booth. The picture was taken during the Malaysia International Agriculture Technology Exhibition held on 28-30 September 2017 at Setia City Convention Centre, Shah Alam.