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KNOWLEDGE SHARING ON TIMBER SECTOR

NOKTA BRAND HAS LANDED IN THE INTERNATIONAL LEVEL

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MALAYSIAN TIMBER INDUSTRY BOARD

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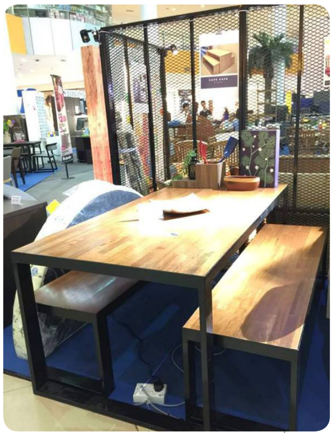

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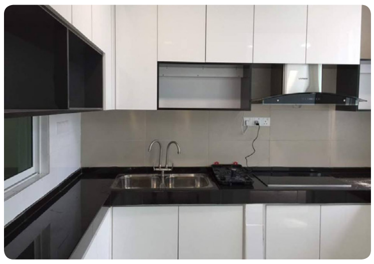

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KNOWLEDGE SHARING ON TIMBER SECTOR

news

MTIB in collaboration with Universiti Putra Malaysia (UPM) organised a knowledge sharing session on 14 January at MTIB, Kuala Lumpur. The aim of this session was to spread new information about the Malaysian timber industry from an academic perspective, in addition to serve as a platform for undergraduate student to enhance their public speaking skill. The session was led by Prof. Dr. Jegatheswaran Ratnasingam from the Faculty of Forestry, UPM. Four papers which covered timber related matters such as supply chain, raw material, design, productivity and technical aspects were presented to the audience.

The first paper presented was a study on the trend for materials being used in furniture exports. The paper stated that over 80% of furniture products in Malaysia were made from wood. Furthermore, wood is commonly used as raw material in furniture manufacturing due to its competitive cost, availability, and high market demand.

Next paper presented entitled, “Labour Composition and Skills Development in the Malaysian Furniture Industry” indicated that there were more foreign workers in the Malaysian furniture industry as compared to local workers. In addition, the foreign workers were mainly from Bangladesh. The study also revealed that more than 60% of them were categorised as unskilled and low wage migrant workers.

Papers presented by students from UPM.

Attendees during the event.

YB Tuan Wong Tack, MTIB Chairman (centre) presenting a memento to Prof. Dr. Jegatheswaran Ratnasingam from UPM.

The third paper entitled “Extent of Market Diversification in Malaysia Furniture Exports” find that USA, Japan, Singapore, Australian, United Kingdom, India, Canada, Philippines, United Arab Emirates (UAE) and Saudi Arabia were the most important market for the Malaysian furniture industry and that these countries had contributed 72.7% of total export of the world from 2010-2017. There was also a presentation of an interim study on the supply of raw material. The study showed that there was insufficient evidence to suggest that there was not enough standing rubber trees for harvest, but it was due to inconsistent replanting activities due to insufficient fund and the imposition of the export ban had not significantly reduced the price of rubberwood sawn timber in the market, but it has eased the supply pressure.

This session was attended by over 50 participants comprised board of director members, representatives of timber – based associations and MTIB staff.

BRAZIL

Lumber Exports Push Sawlogs Prices to Record Highs

Sawlogs prices have increased in the local currency in Brazil in 2018 thanks to higher demand for lumber from the overseas markets, reports the Wood Resource Quarterly (WRQ). Prices for pulp logs have also gone up slightly despite regional oversupplies of logs. With alternative land- uses becoming more attractive, future available of pulp logs might be restricted in some regions of Brazil in the future.

Softwood lumber exports from Brazil have increased 36% from January through November 2018 as compared to the same period in 2017. In US dollar terms, the export price has only gone up a modest 3%, however because of the weakening Brazilian Real, there has been a 26% increase in the export price in the local currency over the past year.

This development has led sawmills to expand export sales, which has resulted in higher demand for sawlogs. Consequently, there has been continued upward pressure on log prices, which reached a new all-time-high in the third quarter 2018, according the WRQ. This increase is a continuation of a trend that started in 2013 when sawlogs prices averaged BRL125 per m^3. In US dollar terms, Brazilian sawlogs prices have declined the past year because of the strengthening dollar and in the third quarter 2018 were at their lowest levels in over two years.

ajot.com, 18 January

CHINA

Wood Industry Committee Established

A China-Europe Wood Industry Cooperation Summit was recently hosted by the China National Forest Products Industry Association (CNFPIA). A China-Europe Wood Industry Committee was established at the Summit to promote wood products trade along Belt and Road countries and the development of China railway express.

European counties have abundant forest resources and the Committee aims to help tap these resources to meet the huge demand in China for wood products. The Committee will organise business exchanges, exhibitions and forums as well as market research.

At the same time, it will collect, analyse and report domestic and foreign wood industry information, provide industrial information services to help enterprises explore trade opportunities. The committee will play a role as a secretariat and an information service centre providing information on market dynamics, price indices, stocks in Chinese ports as well as market data analysis. The Committee also intends to explore options for an investment and financing platform between China and European countries.

Fordaq, 17 January

CHILE

Record Forestry Industry Exports in 2018

According to figures from Infor, which is part of the Ministry for Agriculture Chile's forestry industry recorded exports of USD6.83 billion (EUR5.92 billion) in 2018, 27% above the previous year and represented over 9% of Chile's total exports. Pulp made up for 52.6%, up from its average 46%. With exports of USD2.354 billion China was the main destination for Chile's forestry sales last year. Exports to China represented 34.4% of the country's total forestry exports. The US was the second top destination with forestry exports of USD994.7 million or 14.6% of Chile's total forestry exports.

The industry is not expecting this year's exports to match those of 2018 largely because of commercial tensions between the US and China which have sent prices down compared to 2018. Prices are not expected to fall further because global supply is not going to grow further until early 2021. The industry still has a number of challenges locally. Work must be done to support small and medium-size businesses hit by fires in 2017. There is a national plan to increase the area planted by 500,000 hectares adding 1 million hectares of sustainable native forests by 2035.

El Mercurio, 1 February

EUROPE

Euroconstruct Sees Slowing Growth in the European Construction Industry

Euroconstruct sees its growth forecast for the European construction industry from 2019 to 2021 as falling. The growth peak for Europe as a whole was already achieved in 2017 with a 4.1% increase in production. In 2018, growth had already shrunk to 2.8% for the first time.

By 2021, construction volume growth will continue to decline by around 1.6% per year. Compared to the pre-crisis year 2007, the market volume of the 19 Euroconstruct countries (EC19) will be still down by 15% in 2021. But by excluding the extreme situations in Ireland, Spain and Portugal, the rest of the countries will have reached the level of 2007 again.

Due to slower growth in new construction, Euroconstruct expects the renovation to pick up in the coming years. In addition, the construction of multi-family homes will overtake those of individual buildings. For 2021, the share of multi-family homes in total housing construction is forecast at 58%.

For non-residential construction, Euroconstruct estimates 1.5% growth for the years to come by 2021. In 14 of 19 countries, this segment will continue to grow. In Germany and Great Britain, non-residential construction will be negatively affected by public construction. In Germany, the reason for this is the shift in budget funds, in the Great Britain, the UK Brexit and its consequences. An abrupt halt to the construction of public offices is expected. Nevertheless, construction activity in the United Kingdom will be developing better than in Germany by 2021.

In Germany, Euroconstruct expects construction activity in 2019 to be at a similar level to 2018, after which a declining movement sets in. This will start in 2019 in Sweden and Finland. By contrast, in Austria and Switzerland, Euroconstruct expects a further increase until 2021, which will be stronger in Austria.

With the exception of Slovakia, the four Eastern European countries in the Euroconstruct group Poland, Hungary, the Czech Republic and Slovakia (EC4) will show a significant growth until 2021. At the top of the index ranking list are Hungary, Poland and Portugal. At the bottom are Slovakia, Germany and Switzerland.

Euroconstruct/Fordaq, 31 January

INDONESIA

Government to Issue Wood legality Certificates in 2019

Indonesia's Environment & Forestry Minister (EFM) is to give 1,000 wood legality certificates in 2019 to drive the rejuvenation of the nation's wood sector. It was said recently by EFM's Minister, Siti Nurbaya Bakar during the launching of an event on the national wood industry in Kendal regency of Central Java. She added that in order for prices to remain competitive in the global market, the industrial chain of the raw materials must be simplified. Also, she added that the FAO and the UN acknowledged for the first time over the past 15 years that Indonesia has managed their forests well, complimenting that deforestation rate is falling.

Jakarta Post, 30 January

INDIA

Surge in Sawnwood Imports

Data from India's Directorate General of Commercial Intelligence and Statistics (DGCI&S), is showing that sawnwood imports in 2018 were over 40% more than in the previous year. In previoius years Indian manufacturers relied on imported logs for raw materials largely because of the high duties on imported sawnwood but since 2015 the value of sawnwood imports has almost doubled.

Much of the good quality imported sawnwood finds its way to southern India. Hardwood sawnwood is imported from Malaysia, Viet Nam, Myanmar, USA and African countries whereas softwood sawn is shipped from Canada, Europe and the USA. While sawnwood imports have shown impressive growth imports of logs have also increased registering an almost 7% rise in the last fiscal year.

ITTO/ FORDAQ, 30 January

LATVIA

Forestry Products Exports Rise

In the first 11 months of the year, Latvia exported EUR2.414 billion worth of forestry products, up 15.1% against the same period last year, according to Latvian Agriculture Ministry. Timber and timber products made up the bulk or 85.9% (84% a year ago) of total forestry product exports, accounting for EUR2.073 billion and rising 17.8% year-on-year.

Timber exports in January-November 2018 included EUR644.191 million worth of sawntimber, up 8.4% year-on-year. Firewood exports increased 13.2% year-on-year to EUR298.718 million, round timber exports doubled to EUR259.742 million, plywood exports dropped 1% to EUR220.494 million, and exports of woodchip plates rose 12.5% to EUR199.285.

According to the Agriculture Ministry's data, exports of wooden furniture declined 0.4% from to EUR152.485 million, or 6.3% (7.3% a year ago) of total forestry product exports, and exports of paper, cardboard and their products grew 6.7% to EUR 111.177 million, or 4.6% (5% a year ago) of total forestry product exports.

In January-November 2018, Latvia supplied forestry products mainly to the UK (18.2%), Sweden (12.3%) and Estonia (10.4%). In comparison with January-November 2017, exports of forestry products to the UK grew 21.7% to EUR438.368 million, exports to Sweden rose 44.3 % to EUR296.279 million, and exports to Estonia picked up 15% to EUR251.772 million.

Fordaq, 31 January

VIET NAM

Forestry Sector to Prioritise Sustainable Forest Management

Vietnamese forestry sector has pledged to issue sustainable forest management certificates on 100,000 hectares of forest each year. This will help ensure that Vietnamese wood products meet all international standards as the country joins free trade agreements. The sector is strengthening the law enforcement capacity and aims to reduce 35% in damaged forest areas and in the number of violation cases compared to the 2011-2015 period. Furthermore, the development of advanced technology forestry areas and processing factories will help grow the wood processing industry. The sector will also grow its investment to upgrade forestry infrastructure.

VietnamPlus (in English), 14 January

GLOBAL

Softwood Lumber Trade Down in First Nine Months

In its July-September 2018 report, Wood Resource Quarterly, reported that the quarter saw wood demand slowing down in China, lumber prices dropping in the US, and softwood lumber declining. In January-September 2018, China saw an 11% year-on-year decline in softwood lumber import volume (from all supplying countries except Russia).

Demand for forest products in the country slowed down during the period under review due to the shortage of credits for many provincial governments and state-run companies. Meanwhile, Canada has reported a 16% decline in lumber export volume to China during the period under review. The country's total export volume, of which 80% was to the US, dropped by 4.3% in July-September 2018. The US also reported a 3.5% decline in its lumber import volume to 9.44 million m^3.

The import however increased by 10% on a year-on-year basis. Lumber prices across the country dropped in June-November 2018, with prices for key lumber grades registering a 40% decline. The data provided in the report also showed that the global trade of softwood lumber dropped by 25% on a year-on-year basis in January-September 2018. During the period under review, the US and continental Europe increased their lumber imports but the Middle East & North Africa (MENA) region, the UK, Japan, and China reduced imports.

Scoop.co.nz, 14 January

THE NEW SECRETARY-GENERAL, MINISTRY OF PRIMARY INDUSTRIES

YBHG. DATO' DR. TAN YEW CHONG
Secretary-General
Ministry of Primary Industries, Malaysia (MPI)

Dato' Dr. Tan Yew Chong has been appointed as the new Secretary – General, Ministry of Primary Industries effective on 7 January 2019. The appointment of Dato' Dr. Tan Yew Chong, who was formerly the Ministry of Water, Land and Natural Resources secretary – general was announced by Chief Secretary to the Government, Datuk Seri Dr. Ismail Bakar.

Dato' Dr. Tan Yew Chong replaces Datuk Zurinah Pawanteh who was appointed as Secretary – General of the Ministry of Water, Land and Natural Resources. He has been in the public service for 23 years since he first joined the Administration and Diplomatic Services (PTD) on 25 January 1995.

Dato' Dr. Tan Yew Chong obtained his Doctor of Business Administration (DBA) from Monash University, Melbourne, Australia, Master of Business Administration (MBA), University Putra Malaysia, Bachelor of Arts (Hons), National University of Malaysia (UKM) and Diploma in Public Administration (DPA), INTAN.

Prior to his current appointment, Dato' Dr. Tan Yew Chong was the Secretary - General of the Ministry of Water, Land and Natural Resources, Malaysia (KATS). He has previously served in six others main government agencies, namely (i) Ministry of Energy, Green Technology and Water (KeTTHA); (ii) Public and Private Partnership Unit (UKAS) of the Prime Minister's Department; (iii) Ministry of Plantation Industries and Commodities; (iv) Ministry of Home Affairs; (v) Ministry of International Trade and Industry; and (vi) Ministry of Housing and Local Government.

In addition, Dato' Dr. Tan Yew Chong is also the Chairman of Forest Research Institute of Malaysia (FRIM), the Commission Member of the National Water Services Commission (SPAN), Advisory Committee of the International Association for Coastal Reservoir Research (IACRR), Chair of Water Leaders Committee of IACRR, Adjunct Senior Research Fellow, Monash Business School, Monash University, Australia, and Steering Chair of the 7th ASPIRE International Water Association.

He has vast experience representing the country in the various international conferences and seminars as well as publishing papers in the international journal of marketing & logistics and journal of business & industrial marketing. He was the man behind the integration of water management, by integrating water source and water supply & services. Apart from spearheading the water demand management (WMD), Dato' Dr. Tan is the backbone of water regulatory framework reform.

China/Malaysia: Minister to Visit Beijing in January 2019 to Expand Air Links

Source: Star (The) - Malaysia, 7 December

In January 2019, Anthony Loke, Malaysian Transport Minister will visit the Chinese capital of Beijing in an effort to expand air links between the two nations. He has also stated that China Railway Rolling (CRRC), which has already injected Chinese New Year (CNY) 400 million (EUR50.49 million/USD58.24 million) into Batu Gajah for a rolling stock centre, should increase its investment in Malaysia by two folds. Loke hopes for locomotive products to be exported by Malaysia in the future

Besides that, a meeting with China Cosco Shipping will also be carried out by Loke. The firm is the world's fourth biggest container line and China's largest. The Malaysian minister will invite the company to set up its transshipment hub in Southeast Asia in Malaysia. On the other hand, the KL International Airport's China help desk will become a permanent feature as part of an attempt to complement the effort to increase air links.

Malaysia: EA Technique Secures RM94.5 Million to Build, Operate Various Vessels

Source : Edge Financial Daily (The), 21 December

On 20 December 2018, EA Technique (M) Bhd. announced via the Bursa Malaysia that it has secured two contracts worth RM94.50 million (EUR19.75 million/USD22.78 million) in total. Among them, one was awarded on 10 December 2018 by Sungai Udang Port Sdn. Bhd., carrying a value of RM28.2 million. EA Technique is to construct and operate four vessels for the company, namely three bollard pull harbour tugs of two 60-tonne and one 40-tonne variants, as well as one multi-purpose mooring boat.

Concession for these three vessels is set at 24 months with an option to extend for another 12; whereas the concession period for one 60-tonne tug is fixed at six months with an option to prolong another six. On the other hand, the second contract is worth RM66.3 million, whereby EA Technique is to build and run one harbour tug-cum-support vessel for Petronas Penapisan (Terrengganu) Sdn.Bhd, as well as two 40-tonne bollard pull harbour tugs for Kertih Port

Shipments of Timber and Timber Products Through Ports in Peninsular Malaysia, December 2018

Products	Port Klang		Kuantan		Pasir Gudang		Tanjung Pelepas		Penang		Total all Ports m^3	% Change Dec 2018/ Nov 2018
	m^3	% Change Dec 2018/ Nov 2018	m^3	% Change Dec 2018/ Nov 2018	m^3	% Change Dec 2018/ Nov 2018	m^3	% Change Dec 2018/ Nov 2018	m^3	% Change Dec 2018/ Nov 2018		
Sawntimber	58,889	-18	13,540	-38	1,412	3	448	-56	5,364	-18	79,653	-22
MDF	26,537	-4	0	0	6,122	-25	3,801	44	17,339	8	53,799	-1
Mouldings	13,800	22	161	-35	1,390	-17	531	-21	1,436	3	17,318	13
Plywood	3,753	-40	123	8	121	100	55	-62	7,351	-31	11,282	-35
Veneer	413	64	48	-52	35	-51	98	643	2,470	-18	3,064	-12
Particleboard	30,736	-2	240	-34	5,844	-10	4,857	6	1,307	-61	42,985	-6
TOTAL	**134,128**	**-10**	**14,112**	**-38**	**14,924**	**-16**	**9,790**	**8**	**35,267**	**-14**	**208,221**	**-13**

Source : MTIB

Sdn. Bhd. This contract was awarded by the parent of the duo, Petroliam Nasional Bhd (Petronas) on 29 November 2018. With an operation tenure of 60 months, both contracts could be extended for another 24 months via two 12-month options.

Russia: 16.2 Million Tonnes of Cargo Shipped Via Inland Waterways of Volgo-Balt

Source : PortNews, 6 December

The Active Director of Administration Volgo-Balt company, Fedor Shishlakov, about 16.2 million tonnes of cargo was transported via inland waterways of Volgo-Balt during the navigation period of 2018, the same as a year before, according to the preliminary estimates. The volume of transported construction cargoes amounted to more than 8 million tonnes, the company also shipped 1.7 million tonnes of ferrous metals, 1.5 million tons of timber cargoes and 1.5 million tonnes of oil cargoes. The passenger traffic by cruise ships grew by 9% and exceeded 360,000 people.

Netherlands/Belgium: North Sea Port Will Increase Port Levies in 2019

Source : Transport Online, 6 December

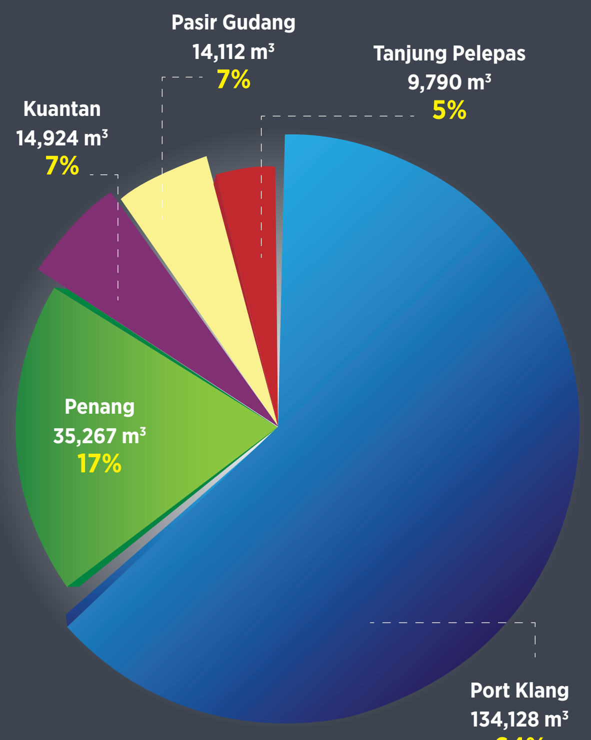
The Dutch port operator North Sea Port will increase the port levies for 2019. The tariffs in the Dutch ports in Vlissingen and Terneuzen will increase by 1.2% and in the Belgian port in Ghent the tariffs will increase by 1.8%. A discount of 50% will be offered to sea vessels that stop at both the Dutch and Belgian ports in one journey. North Sea Port uses the income from the levies to maintain and improve the accessibility of the ports.

South Korea: Local Firms Managed 28.3% of Busan's Transfer Containers

Source : Yonhap News Agency (in English), 23 December

Based on the Busan Port Authority's data up to 13 December 2018, South Korea-based firms managed 28.3% of transfer containers at the country's Port of Busan in 2018. The majority of the transfer containers at the port, at 71.7%, were processed by firms from abroad. The share of transfer containers at the port handled by South Korea's firms had never gone under 30% prior to this. It seems that Hanjin Shipping's insolvency in 2017 played a huge role in the decline. During the period, the port handled 20.6 million twenty-foot equivalent units (TEUs) of containers, out of which 11.1 million TEUs were transfer containers, which itself grew 11.3% on-year.

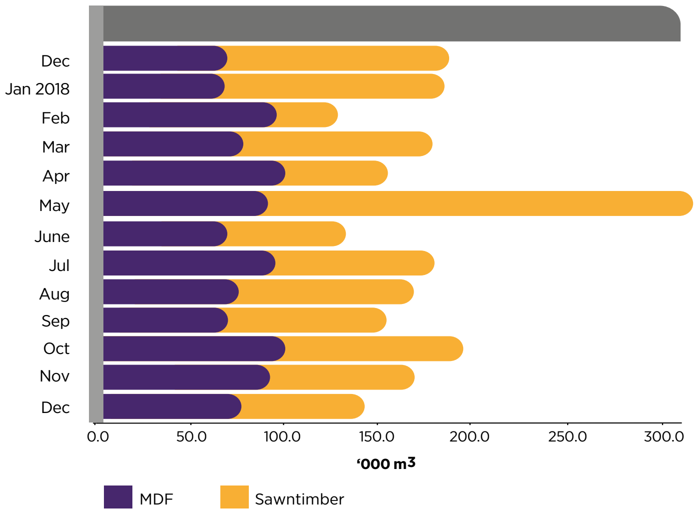
Timber Shipment through Ports in Peninsular Malaysia, December 2018



Total = 208,221 m³

DECEMBER 2018

Malaysia : Export of Sawntimber and MDF
(Dec 2017-Dec 2018/Volume ('000m³))



Total exports of Malaysia timber and timber products in December 2018 decreased by 6% valued at RM1.8 billion compared to RM2.0 billion in November 2018. Similarly, cumulative export for the period of January to December 2018 dropped by 4% valued at RM22.3 billion compared to RM23.2 billion in the previous corresponding period in 2017.

SAWNTIMBER

Export of sawntimber in December 2018 decreased 15% in volume and 11% in value to 141,103 m^3 with a value of RM279.0 million as compared to the previous month. Cumulative export for the period of January to December 2018 declined 11% in volume and 6% in value to 1.9 million m^3 totalling RM3.7 billion over the previous corresponding period.

Export of sawntimber to the EU for the month improved 70% to 9,592 m^3 from 5,655 m^3 in the previous month due to increased purchases made by major countries in the region. Export to the Netherlands increased 12% to 2,895 m^3 followed by the UK at 248% to 2,104 m^3 and Germany at 91% to 1,432 m^3. Similarly, France and Belgium improved purchases by 51% to 1,138 m^3 and 137% to 1,299 m^3 respectively.

Total exports to West Asia increased 6% to 25,292 m^3 from 23,892 m^3 recorded in the previous month. Export to Yemen improved 85% to 11,889 m^3 followed by Kuwait with 84% to 1,452 m^3 and Bahrain 8% to 936 m^3. On the other hand, export to the UAE and Oman reduced 13% to 4,469 m^3 and 48% to 3,300 m^3 respectively. Export to Qatar also declined 20% to 1,577 m^3 from 1,961 m^3 in the previous month.

Buying from ASEAN decreased 32% to 46,541 m^3 from 67,967 m^3 registered in the previous month. Export of sawntimber to Thailand, a major buyer of sawntimber from Malaysia decreased 9% to 23,389 m^3 from 25,667 m^3 in the previous month. Similarly, export to the Philippines decreased 55% to 15,126 m^3 followed by Singapore 4% to 6,333 m^3 and Viet Nam 35% to 1,316 m^3.

Shipments to East Asia decreased 13% to 30,578 m^3 from 35,112 m^3 in the previous month. Similarly, export to China declined 16% to 14,722 m^3 followed by Taiwan 35% to 6,268 m^3 and South Korea 9% to 2,864 m^3. However, export to Japan increased 49% to 6,470 m^3 from 4,346 m^3 in the previous month.

Elsewhere, exports to the US increased 7% to 1,435 m^3 whilst intake by Australia decreased 47% to 400 m^3. Demand from South Africa increased 38% to 2,730 m^3 from 1,972 m^3 in the previous month.

The average FOB price of sawntimber increased 5% to RM1,977 per m^3 from RM 1,887 per m^3 in the previous month. Price of Dark Red Meranti (DRM) increased 11% to RM2,916 per m^3 from RM2,624 per m^3 in the previous month. Similarly, price of DRM to the Netherlands increased marginally to RM3,655 per m^3 from RM3,616 per m^3 in the previous month. Keruing was traded at RM2,409 per m^3, an increase of 6% from RM2,273 per m^3 in the previous month.

MEDIUM DENSITY FIBREBOARD (MDF)

Malaysia's exports of MDF for December 2018 decreased 17% both in volume and in value compared to previous month. Export totalled 75,910 m^3 at RM90.4 million.

Exports to East Asia registered a decrease of 7% to 13,908 m^3 from 14,906 m^3 in the previous month. Japan, South Korea and Taiwan showed negative growth by 10% to 11,989 m^3, 13% to 217 m^3 and 58% to 394 m^3 respectively. However, China including Hong Kong increased by 263% to 1,308 m^3.

Exports to West Asia also showed negative decreased by 34% to 23,307 m^3 from 35,174 m^3 in the previous month. Export to Jordan and Oman, recorded negative growth of 2% to 160 m^3 and 14% to 1,991 m^3 respectively. Furthermore, Iran, Lebanon and Syria did not make any purchases. In contrast, export to Bahrain, Saudi Arabia, UAE, Kuwait and Qatar increased by 13% to 600 m^3, 26% to 1,232 m^3, 47% to 11,996 m^3, 65% to 6,538 m^3 and 82% to 790 m^3 respectively.

In addition, export to South Asia recorded negative growth by 4%. Sri Lanka did not make any purchase for this month. However, export to India, Pakistan and Bangladesh increased by 1% to 5,535 m^3, 2% to 4,209 m^3 and 36% to 752 m^3 respectively.

Elsewhere, exports to the US, South Africa, Mauritius and the UK increased by 6% to 1,249 m^3, 59% to 526 m^3, 68% to 47 m^3, and 105% to 400 m^3 respectively. However, export to Australia showed negative growth by 37% to 1,759 m^3.

In ASEAN, total export increased by 21% to 19,110 m^3 from 15,831 m^3 in the previous month. Viet Nam and Singapore increased by 48% to 12,668 m^3 and 476% to 236 m^3 respectively. Meanwhile, export to the Philippines and Indonesia decreased by 2% to 2,901 m^3 and 25% to 2,890 m^3 respectively.

The FOB price of MDF also decreased to RM1,191 per m^3 from RM1,195 per m^3, a decrease of 0.3% from the previous month.

PLYWOOD

Export of plywood in December 2018 both have decreased in volume and value by 4% and 7% to 155,524 m^3 totalled RM344.9 million compared to the previous month. Similarly, cumulative export for January to December 2018 showed a decrease in volume and value by 14% and 0.2% to 2.2 million m^3 worth RM4.6 billion over the previous corresponding period.

EU countries have reduced their intake of plywood by 5% to 3,836 m^3. The UK as the main buyer from the EU has reduced its intake by 9% to 2,953 m^3, followed by Denmark 25% to 242 m^3 and Ireland 50% to 161 m^3. Meanwhile, Belgium resumed its intake to 437 m^3. France, Germany and Italy did not make any purchases this month.

Exports to ASEAN and East Asia region recorded a slight increase of 1% to 119,851 m^3 compared to previous month. In East Asia region, Japan as the main importer of Malaysian plywood increased its intake by 6% to 91,570 m^3, followed by Taiwan 12% to 7,071 m^3 and Hong Kong 56% to 1,495 m^3. Contrarily, both South Korea and China have decreased its import by 10% to 11,180 m^3 and 54% to 838 m^3 respectively. Meanwhile, Malaysia's plywood trade with its ASEAN partners showed mixed trend this month. Exports to Thailand, the Philippines and Singapore have decreased by 33% to 3,833 m^3, 14% to 1,218 m^3 and 26% to 1,679 m^3 respectively. However, export to Brunei Darussalam has increased by 19% to 725 m^3 respectively. Meanwhile, Indonesia does not make any purchase this month.

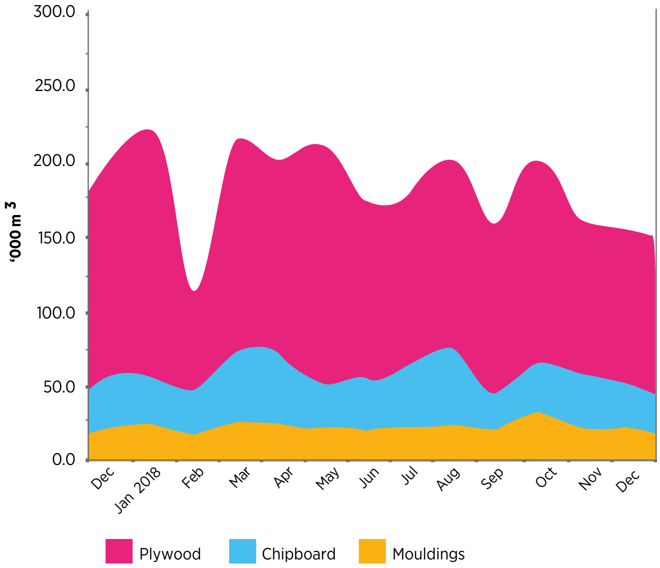
Exports to West Asian countries recorded a significant increase of 190% to 14,774 m^3 as compared to the previous month. Exports to Yemen and the UAE have increased by 521% and 125% to 10,736 m^3 and 1,846 m^3 respectively. Similarly, exports to Bahrain and Kuwait have increased by 366% and 85% to 564 m^3 and 654 m^3 respectively. Meanwhile, export to Saudi Arabia has decreased by 17% to 212 m^3 and Qatar does not make any purchase this month.

Export of plywood to the Americas region decreased by 58% to 11,799 m^3 as compared to the previous month. Our main buyer in the Americas region, the US has reduced its intake of plywood by 60% to 9,777 m^3, followed by Mexico 34% to 1,555 m^3 and Canada 38% to 467 m^3. Moving to Oceania region, Australia recorded a decrease in its intake of plywood by 16% to 2,624 m^3 meanwhile New Zealand does not make any purchase for this month.

Exports to African continent decreased by 50% to 210 m^3 for this month. Export to South Africa decreased by 1% to 167 m^3 meanwhile Algeria and Mauritius did not make any purchases this month. Elsewhere, Turkey does not make any purchase this month.

The FOB price of plywood has decreased by 4% to RM2,218 per m^3 from RM2,308 per m^3 in the previous month.

Malaysia : Export of Plywood, Chipboard and Mouldings
(Dec 2017-Dec 2018/Volume ('000m³)



MOULDINGS

Exports of mouldings for the month increased by 2% in volume and 15% in value to 19,182 m^3 and RM77.2 million respectively. Similarly, cumulative exports for the period of January to December 2018 increased by 1% in volume and 3% in value to 239,742 m^3 and RM874.0 million respectively as compared to the previous corresponding period in 2017.

Exports to the EU for the month recorded at 7,494 m^3, an increase of 48% compared to the previous month. The UK, Germany, Belgium and Netherlands increased their purchases by 131%, 113%, 75% and 28% to 630 m^3, 972 m^3, 678 m^3 and 4,176 m^3 respectively. Meanwhile, Italy did not make any purchases.

Exports to ASEAN region increased as Viet Nam increased its purchases by 9% to 1,299 m^3 compared to the previous month. However, Indonesia and Singapore intake of mouldings decreased by 79% and 40% to 40 m^3 and 830 m^3 respectively.

Meanwhile, China, Hong Kong, South Korea and Japan decreased their intake by 48%, 31%, 23% and 11% to 309 m^3, 239 m^3, 1,455 m^3 and 1,853 m^3 respectively. Taiwan increase its purchases by 50% to 48 m^3 compared to the previous month.

Elsewhere, export to Australia decreased by 35% to 1,873 m^3 compared to the previous month. However, Canada and the US have increased its purchases by 64% and 58% to 69 m^3 and 2,679 m^3 respectively.

FOB unit value increased 13% to RM4,027 per m^3 compared to the previous month.

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DECEMBER 2018

LOGS

The supply of logs was reported slowed down in December due to rainy season.

Log prices for the species of Chengal increased by 1.0% to RM4,545 per tonne. Meanwhile, the prices of Balau and Red Balau stood firm at RM3,200 per tonne and RM2,200 per tonne respectively. Likewise, the prices of Keruing and Kempas maintained at RM1,400 per tonne and RM1,900 per tonne respectively. However, the prices of Red Meranti and Mersawa increased slightly by 1.7% and 3.0% to RM1,830 per tonne and RM1,700 per tonne respectively. On the other hand, logs prices for Mixed Heavy Hardwood remained at RM940 per tonne whilst Mixed Light Hardwood increased slightly by 2.2% to RM920 per tonne respectively.

SAWNTIMBER

The average prices of sawntimber of some major species in the domestic market is reported to have slightly increased.

The sawntimber prices of Chengal and Red Balau increased slightly by 1.0% and 1.1% to RM7,027 per m^3 and RM3,143 per m^3 respectively. Similarly, the price for Kempas increased slightly by 0.9% to RM2,458 per m^3 over the previous month. Prices for Keruing and Kapur were traded at RM1,306 per m^3 and RM1,746 per m^3 respectively. Meanwhile, the prices of Red Meranti increased by 3.6% to RM2,048 per m^3 whilst Yellow Meranti dropped by 0.9% to RM1,540 per m^3 respectively. On the other hand, sawn timber prices of Mixed Heavy Hardwood continued to chart at RM980 per m^3 whilst Mixed Light Hardwood increased by 3.8% to RM953 per m^3 respectively.

PLYWOOD

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

MEDIUM DENSITY FIBREBOARD (MDF)

Industry reported that the supply of MDF to the domestic market continued to be sufficient whilst the prices were quoted at last month's level. MDF of 4 mm, 6 mm, 9 mm and 12 mm of thicknesses were traded at RM13.30, RM17.00, RM23.00 and RM30.00 per piece respectively.

INTRA-MALAYSIA TRADE * - DECEMBER 2018

The shipments of sawntimber from Sabah to Peninsular Malaysia dropped by 63% in volume from 380 m^3 to 140 m^3 worth at RM425,000. Similarly, trade of plywood dropped by 18% to 4,265 m^3 worth at RM9.2 million.

Trade of sawntimber from Sarawak to Peninsular Malaysia dropped by 50% in volume to 1,016 m^3 from 2,052 m^3 recorded last month with the worth at RM2.0 million. Similarly, trade of plywood dropped by 12% in volume to 3,213 m^3 worth at RM4.5 million. Trade of veneer dropped by 40% in volume to 3,900 m^3 worth at RM6.1 million.

No intra trade from Peninsular Malaysia to Sabah and Sarawak was recorded in December 2018.

** Source: MTIB and Department of Statistics, Malaysia*

*AVERAGE DOMESTIC PRICES OF LOGS, SAWNTIMBER, PLYWOOD AND MDF IN PENINSULAR MALAYSIA (RINGGIT MALAYSIA DECEMBER 2018

SPECIES	LOGS/tonne	SAWNTIMBER/m³		
	18" UP	GMS	STRIPS	SCANTLINGS
HEAVY HARDWOOD				
Chengal	4,545	7,027	5,508	7,521
Balau	3,200	3,390	2,825	2,743
Red Balau	2,200	3,143	2,648	3,355
Merbau	3,150	4,647	3,531	3,955
Mixed Heavy Hardwood	940	980	812	989
MEDIUM HARDWOOD				
Keruing	1,400	1,306	1,165	2,203
Kempas	1,900	2,458	2,331	2,472
Kapur	1,700	1,746	1,412	1,766
Mengkulang	1,350	2,225	1,081	2,126
Tualang	1,400	2,719	2,331	2,507
LIGHT HARDWOOD				
Dark Red Meranti	2,100	2,036	1,695	3,001
Red Meranti	1,830	2,048	1,730	2,189
Yellow Meranti	1,200	1,540	1,236	1,271
White Meranti	1,480	2,472	1,412	2,260
Mersawa	1,700	1,871	1,624	2,048
Nyatoh	1,300	1,518	1,130	1,186
Sepetir	1,370	1,695	1,003	1,660
Jelutong	1,140	1,815	1,215	1,730
Mixed Light Hardwood	920	953	742	975

MALAYSIAN RUBBERWOOD	**LOGS/tonne**	**SAWNTIMBER/m3**			
Hevea brasiliensis	180	1" X 1"	2"X2"	3"X 3"	4" X 4"
		1,126	1,208	1,354	1,571

PLYWOOD 4′ X 8′	**4mm**	**6mm**	**9mm**	**12mm**
(RM per piece)	14.60	22.00	38.00	48.00
MDF 4′ X 8′	**4mm**	**6mm**	**9mm**	**12mm**
(RM per piece)	13.30	17.00	23.00	30.00

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

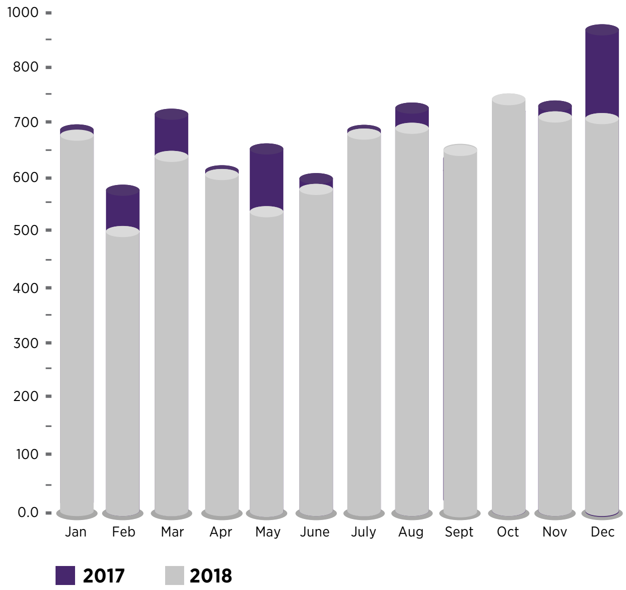
INTRA-MALAYSIA TRADE - DECEMBER 2018

From	Product	Nov 2018		Dec 2018		% Change in Value Dec 2018/Nov 2018	% Change in Volume Dec 2018/Nov 2018
		Vol (m³)	Val (RM' 000)	Vol (m³)	Val (RM' 000)		
SABAH	Logs	0	0	0	0	0	0
	Sawntimber	380	868	140	425	-63	-51
	Plywood	5,176	11,048	4,265	9,275	-18	-16
	Veneer	0	0	0	0	0	0
SARAWAK	Logs	0	0	0	0	0	0
	Sawntimber	2,052	3,697	1,016	2,033	-50	-45
	Plywood	3,653	4,851	3,213	4,484	-12	-8
	Veneer	6,485	9,800	3,900	6,067	-40	-38

Source :- Department Of Statistic, Malaysia

Cont. from page 11

Malaysia : Export of Wooden Furniture
(Jan 2017 - Dec 2018) / Value (RM Million)



Source : Department of Statistics, Malaysia

VENEER

Export of veneer for December 2018 decreased both by volume and value by 39% and 23% to 10,017 m^3 valued at RM19.7 million as compared to the previous month. Cumulative export for January to December 2018 decreased 15% in volume and 7% in value to 184,234 m^3 worth RM306.0 million over the previous corresponding period.

Exports to South Korea has decreased by 11% to 4,730 m^3 followed by China 69% to 1,374 m^3 and the Philippines 31% to 1,190 m^3. Similarly, exports to Taiwan, India and Australia also have decreased by 64% to 967 m^3, 58% to 67 m^3 and 85% to 40 m^3 respectively. Canada maintained its intake of 23 m^3 this month compared to previous month. On the other hand, Viet Nam, Italy and Chile did not make any purchases this month.

The FOB price of veneer for December 2018 has increased by 26% to RM1,970 per m^3 as compared to RM1,567per m^3 on the previous month.

BUILDERS JOINERY AND CARPENTRY (BJC)

Total BJC cumulative exports from January to December 2018 decreased 11% to RM1.1 billion as compared to RM1.2 billion in the corresponding period last year. Export to the EU decreased 2% to RM342.4 million. Export to the Netherlands, France and Denmark increased by 100%, 26% and 16% to RM25.7 million, RM36.7 million and RM25.9 million respectively. Meanwhile, export to Turkey, Sweden, Germany, the UK, Belgium and Italy decreased by 83%, 46%, 17%, 14%, 13% and 3% to RM1.6 million, RM3.2 million, RM26.3 million, RM135.7 million, RM48.4 million and RM6.2 million compared to the previous year.

In Asia, exports to Pakistan, Saudi Arabia, Taiwan, South Korea and India decreased by 87%, 53%, 38%, 37% and 36% to RM3.9 million, RM1.3 million, RM9.9 million, RM1.2 million and RM35.4 million respectively. Similarly, exports to Thailand, Singapore, the UAE, Japan and Viet Nam also decreased by 31%, 24%, 24%, 10% and 7% to RM23.1 million, RM92.6 million, RM6.1 million, RM72.1 million and RM41.5 million respectively. However, Qatar resumed its purchases meanwhile Bahrain did not make any purchases.

Exports to Mauritius and South Africa increased by 167% and 6% to RM783.0 thousand and RM20.1 million respectively compared to the previous month. Meanwhile, exports to Reunion Island and Australia decreased by 99% and 1% to RM19.6 thousand and RM203.2 million respectively. On the other hand, the US increased its intake by 17% to RM126.7 million from RM108.7 million in the previous corresponding period.

FURNITURE

Exports of wooden and rattan furniture for the period under review in 2018 decreased 4% compared to the corresponding period of 2017. Total shipment recorded RM7.8 billion against RM8.1 billion in 2017.

The US reduced its consumption by 6%, into RM2.9 billion in 2018 from RM3.0 billion. Demand from Canada decreased 3% to RM270.1 million from RM278.2 million in the previous corresponding period. Australia also reduced its intake by 10% to RM531.2 million.

In East Asia, China boosted its wooden furniture consumption by 27% with a purchase of RM254.3 million in 2018 from RM200.7 million in 2017. Meanwhile, Japan and South Korea reduced its consumption by 9% and 18% to RM602.1 million and RM92.2 million respectively.

On the other hand, shipments to ASEAN region such as the Singapore improved by 1% to RM456.0 million. The Philippines also increased their intake by 13% to RM207.1 million. Elsewhere, exports to the UAE and Saudi Arabia decreased their intake by 23% and 11% to RM134.5 million and RM126 million respectively. Similarly, Kuwait and Bahrain also decreased their wooden furniture consumption by 8% and 15% to RM43.6 million and RM17.9 million respectively. On the other hand, shipments to Qatar increased 16% to RM18.1 million compared to the previous year. Shipment to India also recorded an increase of 17% to RM239.9 million.

In Europe, the UK and Belgium reduced its intake by 8% to RM399.0 million and RM37.6 million respectively. Meanwhile, France increased their import by 1% to RM64 million. Similarly, export to South Africa increased 15% to RM73.9 million compared to the previous year.

Rattan furniture shipments in December 2018 recorded a negative growth of 82% from RM16.5 million to RM2.9 million. Export to Singapore, United Kingdom and Australia decreased by 93%, 58% and 98% to RM118 thousand, RM261 thousand and RM53 thousand respectively. Similarly, other major countries did not make any purchase in December 2018. In contrast, exports to Belgium increased by 100% to RM49 thousand.

REPORT ON NATIONAL WORKSHOP ON FLEGT OF LEGAL TIMBER IN CAMBODIA

Partial participants at the event.

Guests of Honour. L-R: H.E George Edgar (EU Ambassador to Cambodia), H.E Ung Sam Ath (Secretary of State, Ministry of the Agriculture, Forestry and Fisheries, Cambodia) and Mr. Alexander Huynh (FAO Representative to Cambodia).

news

The FAO-FLEGT Programme, on behalf of the Forest Administration of Cambodia of the Ministry of Agriculture, Forestry and Fisheries, had organised the National Workshop on Forest Law Enforcement, Governance and Trade (FLEGT) of Legal Timber on 24 January in Phnom Penh, Cambodia. The key objectives of the workshop is to raise awareness on FLEGT amongst forest sector stakeholders in Cambodia and to define the Royal Government of Cambodia's priorities for improved forest governance, promoting of sustainable forest management and enhanced trade in legal timber products.

MTIB, which represented Malaysia, was invited to make an introductory presentation on the development and implementation of the Malaysian Timber Legality Assurance System for Peninsular Malaysia (MYTLAS) at the workshop. This presentation also gave an opportunity to the Cambodian stakeholders' to learn from Malaysia's experience during the drafting of Malaysia-European Union FLEGT Voluntary Partnership Agreement (VPA). Malaysia is currently focusing on utilising MYTLAS (Peninsular Malaysia) to fulfil the EU Timber Regulation requirement in order to export its timber based products to the EU market.

Participants for this national workshop comprised of Cambodian forest sector stakeholders including representatives from the Government (national and sub-national levels), civil society organisations, community representatives, private sectors, and development partners. This workshop aimed at producing FLEGT Roadmap Development and forming a National Multi-stakeholder Committee for Cambodia. The country's FLEGT Roadmap would be compiled based on the results of the workshop, which would outline priority areas and activities to be supported by the FAO-EU FLEGT Programme. The Roadmap would be compiled and endorsed by the newly formed multi-stakeholder committee.

Meanwhile, the National Multi-stakeholder Committee would be selected to guide the FAO-EU FLEGT programme's support to Cambodia. The committee would provide the final endorsement of the workshop report and FLEGT roadmap. From 2019-2020, the committee will then coordinates and monitor the Roadmap implementation and guide the allocation of grants through the FAO-EU FLEGT funding mechanisms. The specific roles and responsibilities of the committee, including membership, governance, operation, and monitoring mechanisms, were discussed during this workshop.

In his opening remarks, Mr. Alexander Huynh, a FAO Representative to Cambodia stated that deforestation activities has given negative impacts to the world's economy, social and environment. Hence, it is important to strengthen Cambodian

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MTIB TRAINING PROGRAMME 2019

news

MTIB will conduct the following courses in 2019 at the Wood Industry Skills Development Centre (WISDEC) in Banting, Selangor and Kota Kinabalu, Sabah. These courses are designed to assist in expediting technology transfer and to impart skills and knowledge to the wood-based industry in particular the downstream wood processing sectors. Besides these, MTIB offers customised courses according to the specific needs of the companies or agencies, upon request.

VENUE : WISDEC SELANGOR (2019)

MONTH	NO	TITLE	FEE (RM)	DATE
MAR	1	Wood Identification Malaysian Species	700.00	12-15 MARCH
	2	Wood identification Imported Commercial Species	700.00	26-29 MARCH
APR	3	Introduction to MGR	525.00	9-11 APRIL
JUN	4	Technology and Operation of Woodworking Machine CNC Router –(AlphaCAM Software)	700.00	24-27 JUNE
JUL	5	Technology and Operation of Woodworking Machine-6 Head Moulder	700.00	8-11 JULY
	6	Basic Furniture Making	700.00	15-18 JULY
AUG	7	Furniture Making (Built-in Furniture)	700.00	5-8 AUGUST
SEP	8	AutoCAD in Furniture Drawing (3D)	700.00	23-26 SEPTEMBER
OCT	9	Basic Wood Technology	700.00	1-4 OCTOBER
	10	Wood Machining Technology	700.00	7-10 OCTOBER
	11	Operation and Maintenance of Woodworking Machine	700.00	21-24 OCTOBER
NOV	12	Furniture Finishing Technology	700.00	11-14 NOVEMBER
	13	Safety and Health in Wood-based Industry	350.00	18-19 NOVEMBER
	14	Furniture Quality Control	350.00	25-26 NOVEMBER
DEC	15	Procedure of Import and Export Wood Product	350.00	3-4 DECEMBER

For WISDEC Selangor, please contact :
Pn. Rohaiza Abd Kadir Zailani/En. Mohd Shairazi Yahya/
En. Mohd Faizal Helmy Othman
Wood Industry Skills Development Centre (WISDEC)
Lot 167, Jalan 3, Kompleks Perabot Olak lempit,
42700 Banting, Selangor
Tel : 603-3149 2924
Fax : 603-3149 2122
E-mail : wisdec@mtib.gov.my

Hands-on session at WISDEC Selangor (left) and WISDEC Sabah (right).

VENUE : WISDEC SABAH (2019)

MONTH	NO	TITLE	FEE (RM)	DATE
FEB	1	Domestic and International Marketing	375.00	25-27 FEBRUARY
MAR	2	Wood Identification Malaysian Species	500.00	11-14 MARCH
APR	3	Basic Furniture Making	500.00	22-25 APRIL
JUL	4	Furniture Finishing Technology (Contemporary Finishing)	500.00	8-11 JULY
AUG	5	Product Costing and Budgeting	375.00	26-28 AUGUST

For WISDEC Sabah, please contact :

En. Mohd Faizal Abdul Rodzak/En. Mohd Amin Ehsan
Wood Industry Skills Development Centre (WISDEC)
Lot 4, Fasa 1, Jalan Timur 6, Taman Perindustrian Kota Kinabalu (KKIP),
Peti Surat 177, Pos Mini Indah Permai,
88450 Kota Kinabalu, Sabah
Tel : 6088-498 822
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E-mail : mtib.sabah@mtib.gov.my

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forest operations towards sustainable forest management. It is also important to reinforce laws and regulations in the country's forestry sector.

H.E George Edgar, the EU Ambassador to Cambodia shared a report that was published last year which indicated climate change which resulted in biodiversity lost at a global scale. Therefore, tt is important to consolidate large forest stock of protected areas and biodiversity corridors in Cambodia with improved enforcement to combat illegal logging and forest crimes. He stressed that FLEGT VPA is an important initiatives for the EU, the trade party's side, to ensure the timber trade system providing legal timber and managing the system systematically. Meanwhile, H.E Ung Sam Ath, Secretary of State, Ministry of the Agriculture, Forestry and Fisheries of Cambodia warmly welcome all participants to the workshop and wished for fruitful discussions. He hoped that at the end of the workshop, Cambodia FLEGT Roadmap would be successfully produced and developed and a National Multi-stakeholder Committee would be formed.

The plenary session was firstly briefed by Mr. Bruno Cammaert, FAO Regional Office for Asia-Pacific on the workshop's objectives and introduction to the FAO-EU FLEGT Programme. He explained on FLEGT's background, the FAO-EU FLEGT Programme and the non-VPA approach to support FLEGT activities in Cambodia.

Mr. So Lorn from Forest Administration of Cambodia presented two papers related to FLEGT development and legality related matters in Cambodia.

This was followed by a presentation entitled 'Previous and current work related to FLEGT in Cambodia' by Mr. So Lorn from the Forestry Administration of Cambodia. He covered the legal framework of the legality programme in Cambodia, implementation of a study on the timber flow and control in Cambodia and the legality aspect for export and import forest product from/to Cambodia.

Next, Puan Emie Syarina Norizan from MTIB presented 'MYTLAS: Malaysia's Experience with regards to FLEGT'. This presentation explained the Malaysian Timber Legality Assurance System (MYTLAS) and its operations 'outside' of a VPA context. The EU called it 'outside' a VPA context because although Malaysia still did not sign the VPA, but Malaysia is still using the MYTLAS to comply with EU Timber Regulation (EUTR) which has been regulated in the EU since 2013.

Mr. So Lorn then presented 'Review of 2014 Timber Flow Study and Progress to Date'. This review explained the key findings and recommendations from the EFI-commissioned timber flow study, and update on actions since the recommendations were formulated.

Cambodia requires more implementing ministries/agencies engagements and stakeholders briefing to better understand the needs in VPA and legality requirement. Recognising the awareness from Cambodia to be engaged in the VPA will put the country on track with other ASEAN countries that are either already in the VPA process or in preparation stage. Despite all the challenges and differences in regulating and enforcing timber industry, it is very important to recognise timber legality requirement. This can help to bring the timber industry towards improved forest governance and more trusted timber trade.

Group photo after the opening ceremony.

CHINA : STRENGTHENING MALAYSIA – CHINA TIMBER TRADE

Introduction

China, officially the People's Republic of China (PRC), is a sovereign state in East Asia region. It is the world's most populous country, with a population of over 1.404 billion. The PRC is a single-party state governed by the Communist Party of China, with its seat of government in the capital city of Beijing. The PRC exercises its jurisdiction over 22 provinces; five autonomous regions; four direct-controlled municipalities namely Beijing, Tianjin, Shanghai and Chongqing); and two self-governing special administrative regions (Hong Kong and Macau). The PRC also claims the territories governed by the Republic of China (ROC), a separate political entity today commonly known as Taiwan, as a part of its territory. This includes the island of Taiwan as Taiwan Province, Kinmen and Matsu as a part of Fujian Province and the islands the ROC controls in the South China Sea as part of Hainan Province and Guangdong Province. These claims are controversial because of the complex political status of Taiwan.

Economy and Trade

Since the late 1970s, China has moved from a closed, centrally planned system to a more market-oriented nation that plays a major global role and in 2010 China became the world's largest exporter with the highest GDP growth of 10.3%. In recent years, China has renewed its support for state-owned enterprises in sectors considered important to "economic security," explicitly looking to foster globally competitive industries. With a population of 1.4 billion, China is the second largest economy and is increasingly playing an important and influential role in development and in the global economy. China has experienced uninterrupted trade surpluses since 1993. GDP growth has averaged nearly 10% a year; the fastest sustained expansion by a major economy in history; and has lifted more than 800 million people out of poverty.

China reached all the Millennium Development Goals (MDGs) by 2015 and made a major contribution to the achievement of the MDGs globally. Total trade multiplied by nearly 100% to USD4.2 trillion in only three decades and, in 2013, China surpassed the United States as the world's biggest trading nation. Until 2015, China was the world's fastest-growing major economy, with growth rates averaging 10% over 30 years. China has been the largest single contributor to world growth since the global financial crisis of 2008. China's 13th Five-Year Plan (2016-2020) highlights the development of services and measures to address environmental and social imbalances, setting targets to reduce pollution, to increase energy efficiency, to improve access to education and healthcare, and to expand social protection. The annual growth target in the 13th Five-Year Plan is 6.5%, reflecting the rebalancing of the economy and the focus on the quality of growth while still maintaining the objective of achieving a "moderately prosperous society" by 2020 (doubling GDP for 2010-2020).

Since the early 1990s, China has increased its global outreach and participation in international organisations such as United Nations, World Bank, International Monetary Fund, World Trade Organization and many more. Moreover, the country

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NOKTA BRAND HAS LANDED IN THE INTERNATIONAL LEVEL

Introduction

The timber industry is an important resource-based sector in Malaysia as it contributes to the socio-economic development of the country. The involvement of Bumiputera SMEs has always been an important part in the formulation and implementation of the national development programmes. In line with this, MTIB has continuously provided support to them through development programmes so that they are able to compete in the open international market.

In 2017, MTIB's Credible Entrepreneur Marketing & Promotion Programme (CEMP) was established through a special 'partnership' between the industry, the government, and designers. With three well-established manufacturing companies, MTIB and TANGGAM designers have agreed to promote the NOKTA brand in the programme.

Background

NOKTA was born from the collaborative efforts of three well-established manufacturing companies: NSF Manufacturing Sdn. Bhd. as the Lead Programme Company (LPC), and One-Tech (M) Sdn. Bhd. and Furnitech Industries (M) Sdn. Bhd. as vendors for NSF Manufacturing Sdn. Bhd.

In early 2016, these companies made full use of several technical and marketing missions organised by MTIB and Malaysian Timber Council to several countries in Europe and Japan to update themselves with the latest design trends, materials and also retail prices of various types of furniture. The mission was also to decide on a new product line for their factories. Their findings concluded that design and branding followed by quality and cost are vital factors in determining the success of a product line.

In the third quarter of 2016, they decided to shift from Original Equipment Manufacturer (OEM) to Original Design Manufacturer (ODM). In order to produce a branded designer furniture, they realised that a small 'collection' was needed and they should have enough pieces to present the correct perception to targeted clients - that although the brand was new, it was still able to attract.

Since they knew exactly what kind of brand that wanted to develop, the next several processes were not that difficult including deciding the name NOKTA and creating its inaugural 'basic modern' pieces.

In order to produce many designs in such a short time, the most logical strategy was to assemble a team of manufacturers that share the same

Award Winning Design: ESSIMETRI TV Unit by Encik Shahril Faisal.

inspiration and of course, the designers. They were fortunate to have the opportunity to work with Encik Shahril Faisal, MTIB TANGGAM Designer and two Italian designers from the Professional Designers Programme (PDP2).

NOKTA Brand and Products

NOKTA furniture is positioned at the Medium Low to the Medium market segment. As a start, NOKTA focuses on designing more pieces for home storage furniture which includes other furniture in the living and dining area. Some of the pieces are sideboards, bookcases, shelvings, buffet cabinets, chairs as well as tables.

QUARANTACINQUE Cabinet by Mr. Giorgio Biscaro.

100% of NOKTA products are an original design. NOKTA only uses American Walnut and American White Oak in both solid and veneer forms. Some series features metal leg frame finished in black powder coating. All the furniture fittings are either Blum or Hafele.

Currently, NOKTA offers 41 designs including variations and hope to add another 10.

Market

The first NOKTA item was sold in Malaysia. Currently, they have five retailers with eight showrooms, located in Klang Valley, Penang and Johor Bahru, carrying NOKTA products.

In the export market, NOKTA products are currently exported to France and Australia. By year-end, it will add four more countries namely Russia, Korea, and Mexico. They are hoping to secure partners in Japan, USA, and some ASEAN Countries.

TANA Tiers by Mr. Michio Anazawa.

Way Forward

NOKTA shall continue to develop new designs every year, exploring new markets while enhancing current ones. Since more challenges are expected in the coming years, manufacturing facilities need to be upgraded and expanded in parallel with expected worldwide brand acceptance.

Reference :
Interview with Encik Ahmad Suradi Adnan, Director of NSF Manufacturing Sdn. Bhd.

INNESCHI Sideboard by Mr. Filippo Mambretti.

OCCO HOME - SABAH'S LEADING HOME INTERIOR DECO SOLUTION

Sabah's Property Development

The property development project in Kota Kinabalu, Sabah is on an upscale pace with several new project having been completed. There are several major property developments in the city, such as One Jesselton Residence, Jesselton Quay, Harrington Suite and Sutera Avenue Residence to name a few. The Harrington Suites has 116 units and Sutera Avenue Residences comprises of 320 units of service apartments in three towers. These are high-end properties which will raise the standard of living in Kota Kinabalu. There are also medium-cost property developments such as Greenfield Residences and Ashton Tower to cater to demands from all levels. Ashton Tower is a 28-storey tower with 391 condominium units and a build-up area ranging from 870 to 948 sq. ft.

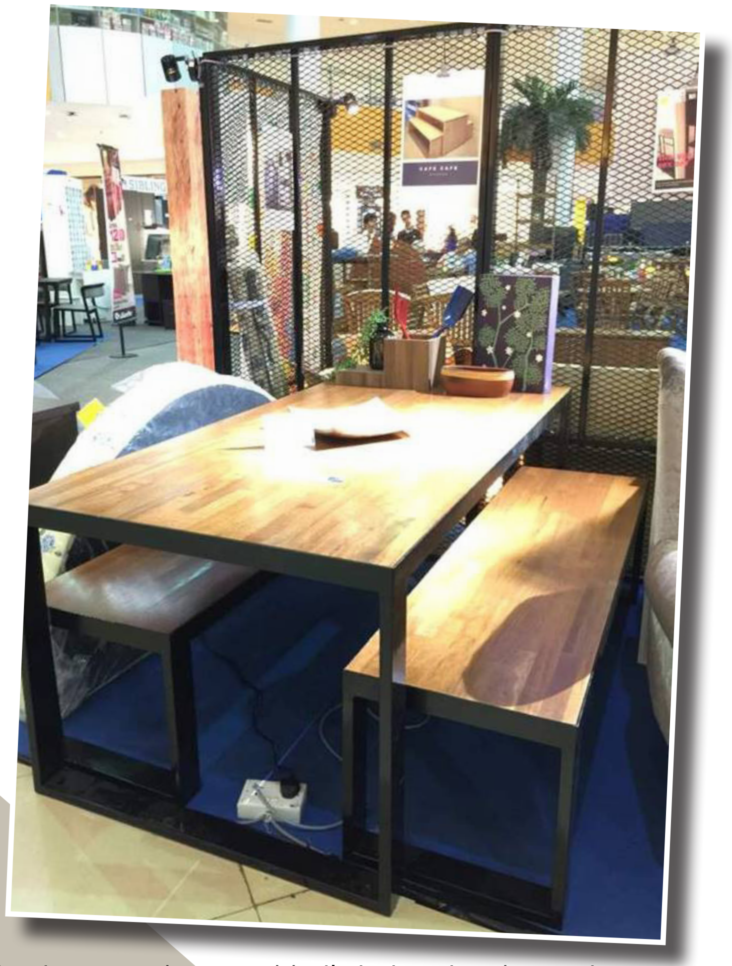
These residence and condominium units have increased the demand for interior decoration solutions. Subsequently, this development has also increased value-added aspects in the industry, namely the built-in furniture, changing it from the conventional to the modular concept. The concept produces quality products which focuses on self-assembly or DIY (Do It Yourself). The products are equipped with installation plans and guidance to assemble and they are marketed "flat pack" to customers. Currently, in Kota Kinabalu OCCO Home is one of the companies that produces modular conceptual products.

Kitchen cabinet produced by Occo Home.

OCCO Home

OCCO Home was established in 2015 out of the desire to bring a unique customer-oriented approach to the contract marketplace. This company works closely with interior designers, contractors, cabinet retailers and other professionals, to provide customers with good quality products.

OCCO Home supplies and manufactures their products locally in Sabah; from their factory located in small town known as Manggatal. A team comprising of designers, marketers, and administrators along with skilled and semi-skilled workers makes the company operations run smoothly and manufacturing products to provide solutions to domestic demand promptly. This has resulted in the company being recognised as a high quality product manufacturer and a leading home interior deco solution provider. OCCO Home strives to make their products different. The designs are constantly updated and to attract more customers, materials used for the products are often imported. Every detail must be in place, nice, simple and space saving while the materials used ensure quality.



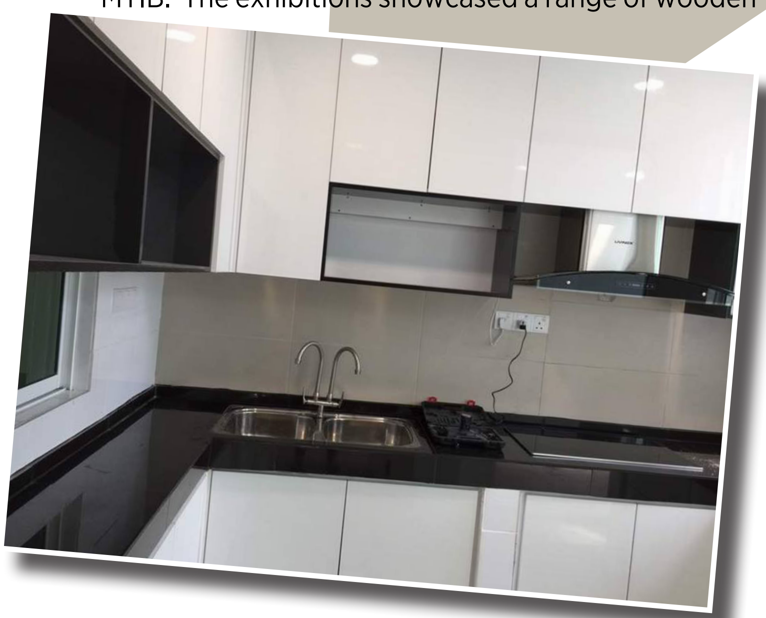
Wardrobes, kitchen cabinet, partitions, TV cabinets, bedroom units are some products produced.

OCCO Home targets continuous improvement, reduced waste and making more efficient use of space and materials. They are continuously coming out with new product design. Regular promotions and engaging with customers also serve to help better understand customer needs.

OCCO Home aims to provide good quality products and accessories; besides the manufacturing process. A simple yet efficient ordering process, good quality packaging and clear information stickers has also brought about customer satisfaction. All these factors has given this company an advantage over its competitors.

Leading Home Interior Deco Solution

The company has built a good rapport with MTIB. Since 2017, OCCO Home has been one of exhibitors at the Sabah Wood Lifestyle events conducted by MTIB. The exhibitions showcased a range of wooden furniture products and built-in interior decorations. The company used this platform as an avenue to showcase its products. OCCO Home also received good feedback from customers and had good sales performance during the exhibitions. The company has also given full support to the success of the Built-In Installer programme conducted by MTIB. This programme is a customised workshop, resulting from the collaboration between furniture makers and product designers, aimed to produce skilled installers. The programme had put this company ahead of others in terms of product design and understanding customer needs.



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has engaged in several bilateral and multilateral trade agreements that have opened new markets for its products. In 2003, China signed the Closer Economic Partnership Arrangement with Hong Kong and Macau. A Free Trade Agreement (FTA) between China and the ASEAN nations came into effect on January 2010, which created the world's third largest free trade area in terms of nominal GDP. China also established, among others, FTA with countries such as, Australia, Chile, Costa Rica, Korea, Pakistan, Peru, New Zealand, and Singapore. Moreover, there are other FTAs under negotiation with the Gulf Cooperation Council, Japan, Norway and Sri Lanka.

Forest Resources and Production

The dynamics surrounding China's imports of logs, lumber and wood products really started with the implementation of the National Forest Protection Plan and a massive logging ban in 1998. At that point, Chinese domestic timber harvests started to decline, which caused timber imports to rise rapidly. This caused the Chinese government to initiate a massive plantation programme to create a more self-sufficient timber processing industry. Today, the driver behind the rapidly expanding industrial timber harvest in China is, without question, the successful development of new plantation resources countrywide.

According to FAO Global Forest Resources Assessment 2015, China has around 208.3 million hectares of forest land, which constitutes to 22.1% of the total land area. Forest land cover in China has grown for the last 25 years, with a gain of around 1.1% forest cover per year, as a result of the Natural Forest Protection Program, which reduced timber production from natural forests, together with a tree planting programme. (FAO+TFT). Around 11.6 million hectares (5.6%) are primary forest, 117.7 million hectares (56.5%) are 'otherwise naturally regenerated forests', and the remaining part of almost 79.0 million hectares (37.9%) is planted forest. The ten most important tree species (groups) from natural forests are *Quercus, Betula, Larix gmelinii, Pinus massoniana, Pinus yunnanensis, Picea asperata, Abies fabri, Cupressus funebris, Cunninghamia lanceolate* and *Pinus densata.*

China has now the largest plantation area in the world, principally of fast-growing species. The top 10 tree species in the Chinese forest plantations are *Cunninghamia lanceolata, Populus, Eucalyptus, Larix gmelinii, Pinus massoniana, Pinus tabuleaformis, Cupressus funebris, Pinus elliottii, Robinia pseudoacacia* and *Quercus.* China currently has the highest afforestation rate of any country in the world, increasing its forest cover from 12% thirty years ago to more than 21% in 2013. The country is continuing to implement policy measures to increase the quality and quantity of its forests and aims to bring forest coverage to 23%, or 223 million hectares, by 2020.

China is the second largest timber consumer in the world. With the development of China's economy, there is a growing demand for timber from industries of construction, papermaking and furniture manufacturing. China's State Forest and Grassland Administration (SFGA) optimistically expects domestic timber supply to rise from 180 million m^3 per annum in 2010 to reach 300 million m^3 per annum in 2020, whilst at the same time it also anticipates that industrial demand (not including private use or fuel wood) will increase to 467 million m^3 per annum (excluding recovered paper), leaving a deficit of 167 million m^3 per annum.

Table 1 : China - Forest Area (1990-2015)

Thousand hectares	1990	2000	2005	2010	2015
Forest area	157,140.6	177,000.5	193,043.9	200,610.3	208,321.3
Other wooded land	101,497.7	97,683.1	104,332.9	105,098.2	103,637.2
Primary forest	11,646.2	11,632.4	11,632.4	11,632.4	11,632.4
Other naturally Regenerated forest	103,544.1	110,974.6	114,192.2	115,911.4	117,706.7
Planted forest	41,950.3	54,393.5	67,219.3	73,066.5	78,982.2
Mangrove forest		82.8	82.8	82.8	82.8

Source: Global Forest Resources Assessments

In order to meet the domestic and export-oriented demand, huge amounts of raw wood materials must be either produced domestically or imported from abroad. Domestic supply of industrial wood has failed to keep up with China's industrial manufacturing capacity due to a low level of per-capita forest resources and the government's policies on the protection of natural forests. Primary timber products are mainly processed and consumed within the country, as can be observed from the table below:

Table 2 : China - Production of Timber and Timber Products, 2013-2017

Product	Unit	2013	2014	2015	2016	2017
Wood fuel, coniferous	m^3	72,399,771	71,098,014	69,826,056	68,522,851	67,244,894
Wood fuel, non-coniferous	m^3	106,439,068	104,528,082	102,653,900	100,738,768	98,860,035
Sawlogs and veneer logs, coniferous	m^3	15,013,253	11,972,167	15,563,055	14,889,706	11,625,952
Sawlogs and veneer logs, non-coniferous	m^3	73,232,532	66,114,732	64,381,815	75,126,062	74,842,840
Wood chips and particles	m^3	39,355,000	43,141,000	42,858,000	45,761,000	44,381,000
Sawnwood, coniferous	m^3	26,521,000	30,491,000	33,135,000	34,408,000	38,361,000
Sawnwood, non- coniferous all	m^3	36,519,000	37,931,700	41,221,700	42,805,700	47,715,700
Veneer sheets	m^3	3,034,000	3,034,000	3,034,000	3,034,000	3,034,000
Plywood	m^3	92,503,000	104,142,000	113,398,000	117,482,000	113,275,000
Particleboard	m^3	18,783,000	20,409,000	19,765,000	25,803,000	27,589,000
Oriented Strand Board	m^3	150,000	200,000	300,000	700,000	700,000
Hardboard	m^3	8,104,000	6,150,000	6,004,000	5,213,000	3,530,000
MDF/HDF	m^3	53,945,000	56,826,000	57,688,000	59,044,000	56,306,000
Other fibreboard	m^3	521,000	461,000	473,000	220,000	224,000
Wood charcoal	tonnes	1,696,602	1,687,232	1,677,917	1,664,130	1,650,460
Wood pellets	tonnes	200,000	370,000	485,100	485,100	873,000

Source: FAOSTAT DATA

China's Export of Timber and Timber Products

The main timber products that China exported are processed products such as wooden furniture, plywood, joinery and paper. It is reported that China timber industry consists of 100,000 individual companies, and most of them are small and medium sized enterprises (SMEs). More than 50% of China's timber manufacturers are privately owned and mainly situated around the ports of Zhangjiagang, Shanghai, Shenzhen, Lianyugang and Nanjing.

In 2013, China exported timber and timber products valued USD41.6 billion and continued growing by 3% in 2014 to USD42.9 billion and in 2015, USD43.3 billion. However, China's export dipped slightly in 2016 by 9% to USD39.5 billion. In 2017, China's export of timber and timber products increased by 2% to USD40.4 billion. Furniture and parts are one of the biggest contributors in China's timber exports. In 2017, China has exported furniture and parts worth USD26.7 billion, a decrease of 8% from USD28.9 billion in 2013. Exports of plywood registered at USD5.1 billion 2017 meanwhile articles of wood recorded at USD2.4 billion. BJC recorded an export value of USD1.2 billion and fibreboard valued at USD1.1 billion. In 2017, USA is China's main buyer for its timber and products valued at USD13.4 billion, followed by Japan USD2.4 billion, United Kingdom USD1.9 billion, Hong Kong USD1.8 billion and Australia USD1.5 billion.

Table 3: China - Export of Timber and Timber Products, 2013-2017

(Value: USD'000)

Product	2013	2014	2015	2016	2017
Furniture & Parts	28,867,319	28,434,953	29,134,833	25,912,278	26,685,685
Plywood	5,032,636	5,813,258	5,486,171	5,275,812	5,100,196
Articles of Wood	1,884,086	2,218,225	2,448,503	2,385,540	2,441,900
BJC	1,239,182	1,363,372	1,350,966	1,207,527	1,167,339
Fibreboard	1,523,742	1,630,949	1,421,916	1,228,643	1,143,853
Wood Marquetry	676,029	789,443	894,277	926,223	1,084,855
Mouldings	647,672	652,671	556,784	490,167	426,378
Wooden Frame	422,243	445,252	452,183	425,413	422,032
Veneer	235,983	276,757	283,692	279,760	384,504
Sawntimber	323,990	295,253	205,244	193,226	204,661
Particleboard	95,858	139,060	115,980	122,530	100,779
Logs	6,656	8,062	4,140	29,793	30,155
Other products	660,018	837,658	979,486	979,451	1,186,761
TOTAL	**41,615,414**	**42,904,913**	**43,334,175**	**39,456,363**	**40,379,098**

Source: UN- Comtrade Statistics

China's Import of Timber and Timber Products

China is the second largest timber consumer in the world. With the development of China's economy, there is a growing demand for timber from industries of construction, papermaking and furniture manufacturing. However, the timber production grows slowly in China as restricted by timber resources and the rising costs of logging. On 1 January 2017, the Chinese government announced the prohibition on the commercial cutting of natural forests. The domestic supply of merchantable timber has been contracting, and China's reliance

Table 4: China - Import of Timber and Timber Products, 2013-2017

(Value: RM)

Code	Product	2013	2014	2015	2016	2017
4407	Sawntimber	6,826,290	8,086,223	7,504,844	8,137,759	10,064,655
4403	Logs	9,320,143	11,782,227	8,063,599	8,085,187	9,925,446
9403	Furniture and Parts	775,305	969,779	959,523	1,006,828	1,257,617
4410	Particleboard	127,889	141,667	141,019	185,194	240,764
4408	Veneer	142,077	183,903	162,483	157,833	156,806
4412	Plywood	103,088	132,001	121,312	138,551	150,905
4411	Fibreboard	100,575	110,055	108,694	125,510	135,017
4418	BJC	35,142	41,103	47,020	71,880	93,608
4409	Mouldings	28,195	35,391	41,350	51,143	37,205
4414	Wooden Frames	1,251	1,461	1,351	1,425	1,654
	Others	2,084,189	2,283,514	2,463,857	2,672,878	2,605,265
	Total	**19,544,144**	**23,767,324**	**19,615,052**	**20,634,188**	**24,668,942**

Source: UN- Comtrade Statistisc

on timber imports has exceeded 50% since the Chinese government announced the prohibition. It is expected that the international timber prices will show an upward trend in the next few years as the import volume of timber keeps rising in China.

In 2017, China has imported USD24.7 billion to fulfil the demand of raw materials by its timber industry. Sawntimber was the major product imported by China valued at USD10.1 billion, which mainly imported from Russia Federation and USA. Import of logs valued at USD9.9 billion and mainly sourced from New Zealand and Russian Federation. Additionally, China imported furniture and parts valued at USD1.3 billion mainly from Italy and Germany.

Malaysia's Export of Timber and Timber Products to China

With the growing demand for raw material for its timber processing industry, Malaysia's export of timber and timber products to China has been on an increasing trend. In 2014, Malaysia's export to China valued at RM872.6 million and continued growing by 30% in 2018 to RM1.1 billion. Sawntimber have been the main export to China. The amount has been increasing since 2014 where the exports were at RM362.9 million and in 2018, it further increased by 28% to RM463.1 million. 2018 also registered Malaysia exported wooden and rattan furniture worth RM254.3 million meanwhile export of chipboard/ particleboard registered at RM145.5 million. Table 5 depicted the export of Malaysia's timber and timber products to China from 2014-2018.

Malaysia's Import of Timber and Timber Products from China

Malaysia's import of timber and timber products from China is quite significant and showed increasing trend over the past five years. Imports totalled RM708.6 million in 2013, and continued to increase by 110% to RM1.5 billion in 2018. Malaysia mainly imported wooden furniture amounted to RM719.4 million, plywood at RM135.5 million, veneer at RM155.3 million and other products imported include BJC, mouldings and fibreboard.

Table 5: Malaysia's Export of Timber and Timber Products to China, 2014-2018

Product	Unit	2014		2015		2016		2017		2018	
		Qty	RM	Qty	RM	Qty	RM	Qty	RM	Qty	RM
Logs	m^3	344,963	211,672,020	174,591	121,204,886	74,346	47,471,059	71,560	53,037,719	52,662	65,399,859
Sawntimber	m^3	261,046	362,855,063	260,209	375,382,200	224,537	357,315,546	310,239	533,155,862	272,971	463,130,381
Plywood	m^3	46,497	81,624,185	37,430	71,079,217	31,605	58,512,490	33,743	61,723,234	24,668	50,724,034
Veneer	m^3	13,346	14,334,386	6,332	7,843,858	14,721	14,827,861	40,600	35,701,470	40,018	45,103,554
Mouldings	m^3	5,885	8,414,155	12,545	21,205,553	6,290	11,718,351	7,096	16,751,860	7,704	13,545,189
Chipboard/ Particleboard	m^3	166,155	97,217,501	178,793	114,573,249	216,631	136,605,364	214,247	148,623,335	231,901	145,512,152
Fibreboard	m^3	5,667	5,534,738	3,321	3,599,981	2,717	3,113,303	2,133	2,580,976	8,242	6,435,614
Wooden Frame	Kg	7,032	94,792	2,769	36,226	5,896	51,397	0	0	42,344	758,348
BJC	Kg	1,900,926	13,137,271	2,113,151	12,048,794	2,211,840	20,014,129	1,790,118	25,986,319	1,179,815	14,351,638
Wooden Furniture	Unit		45,999,923		63,512,541		121,745,687		200,669,609		254,283,264
Rattan Furniture	Unit		2,542,436		670,407		1,089,831		111,291		0
Other Products			29,177,268		25,214,260		74,330,140		38,697,646		79,386,287
TOTAL			**872,603,738**		**816,371,172**		**846,795,158**		**1,117,039,321**		**1,138,630,320**

Source: DOSM & MTIB

Table 6: Malaysia's Import of Timber and Timber Products from China, 2014-2018

Product	Unit	2014		2015		2016		2017		2018	
		Qty	RM	Qty	RM	Qty	RM	Qty	RM	Qty	RM
Logs	m^3	454	3,566,503	4	10,334	0		163	870,849	124	205,990
Sawntimber	m^3	2,213	4,814,469	4,776	13,099,538	1,553	4,624,366	1,180	3,691,366	8,482	11,643,635
Plywood	m^3	70,295	93,321,499	103,758	106,885,479	629,426	145,087,838	150,474	183,626,272	183,749	135,452,721
Veneer	m^3	57,251	99,001,296	58,882	119,725,959	55,930	132,833,999	52,578	147,791,148	56,876	155,270,327
Mouldings	m^3	1,565	46,170,384	17,093	45,127,287	17,313	49,128,418	81,464	141,026,833	40,978	80,326,300
Chipboard/ Particleboard	m^3	12,378	12,915,643	9,828	13,279,831	10,926	15,274,619	18,695	19,559,856	38,868	23,991,963
Fibreboard	m^3	16,114	19,986,550	31,000	29,508,966	49,826	31,725,808	24,002	42,087,961	111,898	44,294,023
Wooden Frame	Kg	1,114,333	3,522,222	1,508,538	8,053,600	1,270,311	9,160,297	1,193,328	7,696,318	1,540,812	9,789,312
BJC	Kg	3,705,581	18,392,167	4,258,786	23,134,686	5,125,629	30,184,359	8,704,611	70,363,570	7,328,201	80,776,022
Wooden Furniture	Unit	n.a	284,692,950	n.a	501,038,145		599,958,669		704,889,248		719,403,618
Rattan Furniture	Unit	**n.a**	16,812,071	**n.a**	33,926,939		43,078,601		9,121,353		14,498,096
Other Products		**n.a**	**105,440,193**	**n.a**	**164,444,136**		**193,063,871**		**168,274,268**		**213,599,177**
Total			**708,635,947**		**1,058,234,900**		**1,254,120,845**		**1,498,999,042**		**1,489,251,184**

Source: DOSM & MTIB

Import Tariff

China is shifting towards a consumption-driven economy by lowering its import tariffs. China is to reduce the Most-Favoured-Nation (MFN) tariff on 1,585 taxable items as of 1 November 2018. This will coincide with the provisional MFN tariff rates being abolished for 39 import items, while the existing MFN provisional tariff rates will remain in force for all goods unaffected by this latest round of cut. In total, the tariff reductions apply to 19% of all taxable import items, with the average tariff rate having fallen from 10.5% to 7.8%. China imposes low import duty for timber and timber products and as for ASEAN member countries, certain timber products are 0% import tariff. The details are depicted in Table 7 below :

Table 7: China Import Tariff

HS Code 2012	MFN Rates 2014	ASEAN - CHINA FTA 2018
4401	0	0
4402	10.5	0
4403	0	0
4404	8	0
4404	8	0
4405	8	0
4406	0	0
4407	0	0
4408	3 - 10	0
4409	4 - 7.5	0
4410	4 - 7.5	0
4411	4 - 7.5	0
4412	4 - 12	5
4413	6	0
4414	20	0
4415	7.5	0
4416	16	0
4417	16	0
4418	4 – 7.5	0
4419	0	0
4420	0	0
4421	0	0
9401	0 - 10	0
9402	0	0
9403	0	0

Source: MFN Tariff UN Comtrade
MITI ASEAN-CHINA FTA Tariff

Way Forward

China 12th Five-Year Plan, adopted in March 2011 and reiterated at the Communist Party's "Third Plenum" meeting in November 2013, emphasises continued economic reforms and the need to increase domestic consumption in order to make the economy less dependent in the future on fixed investments, exports, and heavy industry. However, China has made only marginal progress toward these rebalancing goals. The new government of President Xi Jinping has signaled a greater willingness to undertake reforms that focus on China's long-term economic health, including giving the market a more decisive role in allocating resources. In 2014 China agreed to begin limiting carbon dioxide emissions by 2030.

The domestic supply of merchantable timber has been contracting, and China's reliance on timber imports has exceeded 50% since the Chinese government announced the prohibition on the commercial cutting of natural forests in 2017. It is expected that the international timber prices will show an upward trend in the next few years as the import volume of timber keeps rising in China. According to the researcher, in 2017, China's main timber and timber products suppliers namely Russia, the USA, New Zealand and Canada had provided 64% of the total import volume of timber in China. In particular, Russia and the USA provided about 31% and nearly 10% respectively of the total timber imports. On 3 August 2018, China's Ministry of Commerce announced an increase of 25% import tariff on USA timber exports. Trade war will inevitably affect the domestic market of China. The impact on the timber industry is not yet destructive. In terms of market demand and supply, the country's market and the structure of international trade will inevitably be restructured and adjusted. Tariffs will also greatly affect Chinese exports of plywood, furniture, flooring and doors to the United States.

It is estimated that a 1% incremental annual growth in wood demand could drive 20 million hectares of reforestation through 2030. Additionally, carbon can be stored in forest products for years, and these products, such as Cross Laminated Timber (CLT), can be a substitute for carbon-intensive materials such as concrete and steel, thus reducing greenhouse emissions in the building sector. The country has been making significant efforts in reforestation, and China's important role in the international timber trade and wood products consumption has also created a shared responsibility in global forest governance. Considering that China accounts for 37% of global construction, the potential impact of interventions that enable mass timber use through CLT penetration of mid-rise buildings could be huge. Thus, it opened up opportunities if Malaysia could produce or manufacture CLT to further penetrate China's construction industry. The Chinese government has few restrictions on timber import. Therefore, the Chinese market will provide global forestry enterprises with numerous opportunities in the next few years.

On the other hand, China's currency devaluation is expected to make furniture exports from China more competitive compared to the US imports from Viet Nam, Malaysia and Indonesia. China's success in the furniture export business is well recognised. With technology and marketing skills brought in through many foreign joint-venture, it is now a major furniture supplier to the world, competing directly with many low-cost producers in Asia as well as in Europe. Thus, it offers multiple Malaysian timber companies opportunities to provide furniture components for China's furniture-making industry. Malaysia timber players should take advantage of existing innovations and exploring new markets within China itself. It is necessary to develop cooperation in the construction industry and e-commerce, overcoming trade barriers and adapting to complex market environment to further increase its market share in global timber trade.

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PAULOWNIA

THE ALUMINIUM AMONG THE WOOD SPECIES

INTRODUCTION

Paulownia was named after Queen Anna Pavlovna of Russia (1795-1865) and is sometimes called Royal Paulownia or Princess Tree. In a scientific name Paulownia is also known as *Paulownia tomentosa*. Paulownia species is well known to the Chinese people for several centuries and has very wide range of distribution in China, eastern Asia and also planted in eastern North America.

Paulownia is used in applications where a lightweight (yet proportionately strong) wood is needed. It's widely used in Japan for construction of the Koto (a stringed musical instrument), as well as other household items, where the wood is referred to as Kiri. Paulownia is one of the fastest growing trees in the world, capable of growth rates of well over seven feet per year as a seedling. But while it's highly appreciated and cultivated in Asia, Paulownia has come to be considered an invasive species in the United States.

Paulownia is a deciduous tree capable of achieving very high growth rates under favourable conditions. *Paulownia tomentosa Steud.* is a fast-growing tree species and are extremely fast growing and can be harvested in 15 years for valuable timber. Low quality lumber can easily be produced from six to seven-year-old trees. A fully grown Paulownia can reach a height of 10– 20 m and grows up to 3 m in one year under ideal conditions. A 10-year-old tree can measure 30–40 cm in diameter at breast height (DBH). The wood of Paulownia is soft, lightweight, ring-porous, straight-grained, and mostly knot-free wood with a satiny luster.

WOOD CHARACTERISTIC

Appearance

Paulownia forms a light wood, with a delicate honey-yellow to light gray colour. Its surface is characterised by a silky shine. The characteristic grain of the wood is particularly eye catching due to its broad annual growth rings.

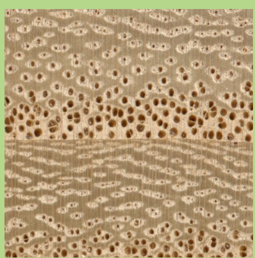
Heartwood typically a pale grayish brown, sometimes with a reddish or purplish hue. Pale white sapwood not clearly demarcated from heartwood. Overall appearance (both the wood and the tree itself) is not too unlike Catalpa, another lightweight and porous hardwood.

Density

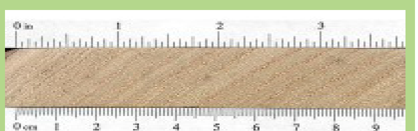
With an average weight of only 310 kg per m^3 Paulownia forms one of the lightest woods in the world. In comparison, our native oak lies at about 580 kg per m^3 and even our currently as lightweight known spruce gets still at 470 kg. In spite of this low-density Paulownia offers a high stability, the wood is preferably used in areas in which priority is given to weight reduction. These include the shipbuilding, aircrafts and construction of mobile homes and caravans.

Surface
Due to its low density, the wood has a relatively soft surface. This can indeed be crafted very well, but also makes it prone to scratches and little damages. To gain the suitability for everyday use, such as a sufficiently hard surface, a finishing step and additional treatment is necessary.

Drying
Depending on how the wood is to be processed, it can be dried both on the fresh air and in drying chambers to quickly reduce the residual moisture content to about 10-12%. Another feature of paulownia wood is in its small degree of remoisturisation. Once Paulownia is dried, it hardly takes up water again. In contrast to other types of woods, Paulownia is therefore an extremely dimensionally stable timber. The typical "working processes" of the wood - known as swelling and shrinking - remain absent from here. In addition to the good sound properties of Paulownia this is one of the aspects decisive for the use of wood for various musical instruments. Since water is the transport medium for odours and flavours, the Paulownia timber assumes no alien smells and tastes. Because it also has no smell on it's own, Paulownia is therefore also preferably used for production of packaging material in the food and beverage industry.



Grain/Texture
Grain is generally straight, with a coarse, uneven texture. Very large pores give Paulownia a striped, porous look.



Endgrain
Ring-porous, occasionally semi-ring-porous; three to five rows of very large earlywood pores, large to small latewood pores; tyloses common; narrow to medium rays visible without lens, normal spacing; parenchyma winged, lozenge, confluent, and marginal.

Rot Resistance
Reported to be durable regarding decay resistance, with decent weathering characteristics, though susceptible to insect attack.

Strength
Paulownia wood has the highest strength to weight ratios of any wood in the world.

Workability
Given its straight grain and light weight, Paulownia is extremely easy to work. However, due to a high silica content in some trees, the wood can have a strong blunting effect on cutting edges. Takes a wide variety of glues, stains, and finishes well.

Chemical Content
The chemical analyses of paulownia have been done and are presented in **Table 1**. The average holocellulose content of the samples was found to be 78.8% which is higher than that of hardwoods.

Table 1: Chemical Content in Paulownia Wood

Chemical Content (%)	Paulownia	Hardwood	Softwood
Holocellulose	78.8 ±0.5	68-74	70-81
Cellulose	48.3 ± 0.4	58-64	55-61
Lignin	22.1 ±0.3	17-26	25-32

Eroglu H.(1998)

Mechanical Properties
In **Table 2**, its show the values of modulus of rupture (MOR), modulus of elasticity (MOE), and compression strength parallel to the grain of Paulownia wood from different research on the Paulownia species. The results show that it is significant among the findings on the mechanical properties paulownia wood reported by other authors.

Table 2: Summary on the Findings of the Mechanical properties

Species	Modulus of rupture (MPa)	Modulus of elasticity (MPa)	Compression strength parallel to the grain (MPa)	Reference
Paulownia	41.07	3740	14.61	2
	43.56	4281.32	25.55	1
	40.00	4000	24	6

Wood Utilisation
Due to the stability in accordance to its low weight, paulownia wood is considered as the "aluminum" among the wood species. Paulownia wood is widely used for various purposes such as for pulp and paper, house construction, furniture making, musical instruments, in boat and aircraft construction and many other areas. In real terms, it is widely acknowledged that Paulownia is the tree of the future *(ipoulownia.co.uk).*

References:

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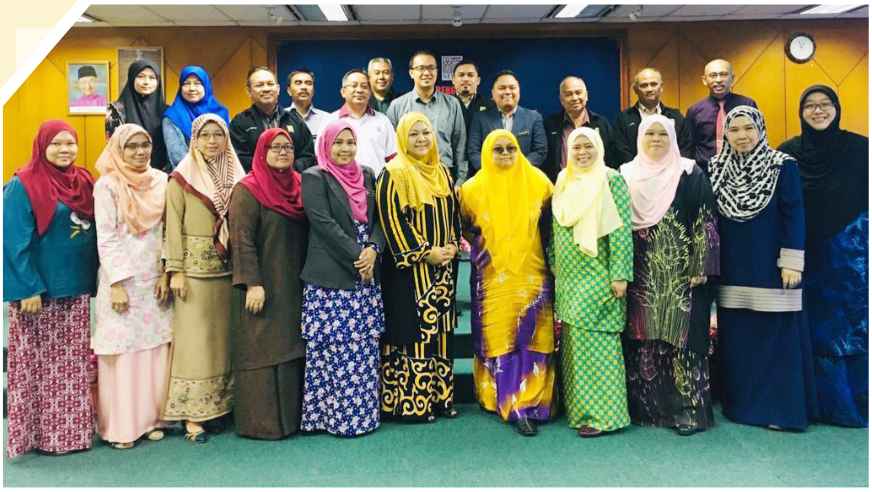

MTIB organised a workshop on Risk-based Thinking and Internal Audit MS ISO 9001 : 2015 from 17 to 18 January 2019 at MTIB, Kuala Lumpur.

Participants posing with one of the facilitator during the Professional Management Programme (PMD) organised by WISDEC Selangor. The programme commenced on 7 January 2019 and will ends on 7 May 2019.

MTIB Brainstorming Session 2019 held on 29-31 January 2019 in Kuala Lumpur.

MTIB organised a workshop on iTimber Project which was held on 15-18 January 2019 in Kuala Lumpur.