

# MASKAYU

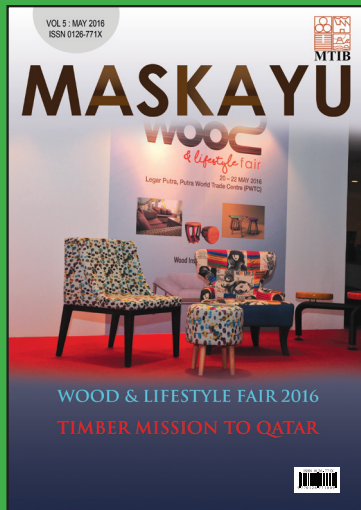
WOOD  
& lifestyle fair

20 - 22 MAY 2016  
Legar Putra, Putra World Trade Centre (PWTC)



WOOD & LIFESTYLE FAIR 2016  
TIMBER MISSION TO QATAR

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**Cover :** To know more about Wood & Lifestyle Fair 2016, please read page 3.

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## WOOD & LIFESTYLE FAIR 2016



Dr. Jalaluddin Harun, MTIB Director-General (centre) presenting a certificate (Outstanding Bumiputera Company for 2016) to a representative from Syarikat Meranti Furniture Sdn. Bhd.

The Wood & Lifestyle Fair 2016, organised by MTIB was primarily aimed at promoting Bumiputera Small and Medium-sized Enterprise (SMEs) timber and timber products. The fair showcased timber products ranging from home and office furniture to flooring and mouldings as well as ID services and contract manufacturing of timber products by 34 SMEs. The Wood & Lifestyle Fair was held from 20 to 22 May at Putra World Trade Centre, Kuala Lumpur.

In line with one of MTIB's objectives, that is to facilitate and strengthen the development of SMEs, the event was an initiative, dedicated to these enterprises, with the following three-pronged objectives :

- Promoting products and services by Bumiputera entrepreneurs in the timber industry to domestic consumers
- Increasing the market shares of the products and services of Bumiputera entrepreneurs in the timber industry
- Raising consumer awareness on the benefits of wood, and its aesthetic and inherent properties and values compared to other materials

The Fair was also an avenue for SMEs to showcase their products and provide an inroad to access retail outlets and participate in premium contracts with Government-Linked Companies, the corporate sector and residential developments.

Dr. Jalaluddin Harun, MTIB Director-General officiated the Wood & Lifestyle Fair on 20 May. The Fair targeted specifiers such as architects, building professionals, consultants, contractors and interior designers, property developers, Government agencies, GLCs, the corporate sector and the general public. During the opening ceremony, Syarikat Meranti Furniture Sdn. Bhd. was awarded the Outstanding Bumiputera Company for 2016 and they received a trophy, certificate and cash

award. Whilst the bulk of the fair showcased timber products, tips on interior design, live demonstrations of wood carving and technical services were also held during the event.

Some of the SMEs were first timers as they had never participated in any furniture fair before. For these new exhibitors, their participation was mainly to gain knowledge and exposure with respect to marketing furniture in the domestic market. The exhibitors received encouraging feedback and numerous enquiries were made on the products.

Almost 2,000 visitors mainly from Klang Valley visited the Wood & Lifestyle Fair. The companies recorded more than RM4 million worth of sales. 



Furniture displayed at One-Tech booth during the fair.



## AUSTRALIA

### ABS Says Building Approvals Improve in March

According to figures by the Australian Bureau of Statistics (ABS) in March 2016, building approvals for new homes stood at 19,371 dwellings, a growth of 3.7% seasonally adjusted, whereas approvals for townhouses and blocks rose 6.7%, and approvals for private sector houses grew 2.6%. A 20% decrease in "low-midrise" approvals in March 2016 partly offset a strong 25%-30% increase in "high rise" approvals, said Matthew Hassan, a senior economist at Westpac. Excluding Queensland, overall approvals improved in every state during the reporting month compared to a decline in the corresponding year.

In March 2016, the value of total buildings dropped for eight consecutive months to 0.9%, as a decrease of 3.9% in the value of non-residential building offset a growth of 0.4% in the value of residential building, ABS said. For the year ended March 2016, building approvals declined 6.5% as approvals for townhouses and blocks fell 11.5% and approvals for private sector houses edged downwards 0.2%.

*Australian (The), 3 May*

## CZECH REPUBLIC

### Construction Production Fell in March

According to the Czech Statistical Office (CSU), construction production in the Czech Republic fell by 12.5% year-on-year and by 11.4% year on year and by 5.1% one month after seasonal adjustments in March 2016. The drop was mainly due to building construction production drop by 12.2%, with engineering construction also down by 13.5% year-on-year. New flats construction, started in March 2016, was down by 16.7% year-on-year to 1,667 units, as well as the number of completed flats by 5.4% to 2,274 units.

The number of issued building permits, however, was up by 2.3% year-on-year to 6,374, with their value decreasing by an estimated 21.6% year on year to CZK18.10 billion (EUR670.34 million/USD764.47 million). Building and engineering construction production in the whole of the first quarter of 2016 fell by 9.9% and 5% year on year respectively. The number of started flats construction up by 2.1% to 5,164 and of completed constructions down by 0.7% year-on-year to 6,177 units. The number of building permits in first quarter 2016 rose by 1.7%

year-on-year to 17,438 units at an estimated value of CZK 56.4 billion, up by 6.9% year-on-year.

*lhned, 9 May*

## CANADA

### Lower Housing Starts in Most Regions

Compared with 195,535 housing starts in 2015, Canada Mortgage and Housing (CMHC) is estimating home construction starts between 172,600 and 183,000 units in 2017 and between 181,300 and 192,300 in 2016. Between 2016 and 2017, the national average housing price is forecasted to increase to CAD501,000 (EUR342,416.19/ USD387,197.03) from CAD495,800. There were 505,673 house resales in 2015, compared to estimates ranging from 485,500 to 508,400 units in 2017 and from 501,700 to 525,400 units in 2016.

British Columbia's (BC) housing starts have risen from 31,446 in 2015 to between 35,300 and 36,700 in 2016. Estimates of housing starts in Ontario have also increased from 70,156 in 2015 to a range from 71,300 to 73,500 in 2016. Alberta has reduced its forecasts for housing starts from 30,300 units for 2017 and 29,800 units for 2016, to between 25,600 and 28,000 units for 2017 and between 24,100 and 26,500 units for 2016.

*Canadian Business Online, 18 May*

## FRANCE

### Forecasts on Sales of New Housing in 2016

Crédit Foncier forecasts an 8% rise in the sale of new housing and a 3% increase in the sale of existing housing in 2016 (following a 15% increase in 2015). The number of building permits granted in the 12 months leading up to 31 March 2016 was up 7.7% compared with the previous year, whereas building work over the same period was up 3%. Some 74% of property professionals are optimistic about the future of the market, compared with 59% a year earlier.

In spring 2016, loan rates are below 2%, compared with rates above 5% in 2008. Some 78% of professionals are not expecting to see a rise in rates for new buildings, while this figure stands at 82% for existing property. State measures, such as the extension by a year of 'Pinel' property investment assistance supports the plans and sales of promoters.

*Le Monde, 9 May*

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**GERMANY****Slight Increase in Fibreboard Production**

Production of medium-density fibreboard (MDF) and high-density fibreboard (HDF) in Germany increased slightly in the fourth quarter of 2015. HDF production reached 591,551 m<sup>3</sup>, up 4.4% from a year earlier. HDF destined for sale reached 480,604 m<sup>3</sup>, up 4.7%. Unprocessed MDF production reached 211,478 m<sup>3</sup>, up 4.8%. Unprocessed MDF destined for sale reached 156,991 m<sup>3</sup>, up 7%. Processed thin MDF reached 53,416 m<sup>3</sup>, up 2.2%. Processed MDF furniture board reached 69,402 m<sup>3</sup>, down 10.1%.

*EUWID Wood Products and Panels, 10 May***GERMANY****Green Party Calls for Wood Protection Reform**

According to the German Green party, the controls for the protection of tropical wood imposed by the Federal government are inadequate. It is estimated that 1.3 million m<sup>3</sup> of tropical timber was imported into Germany in 2015. The value of the wood was EUR31 million (USD722.5 million) which was 10% higher than in 2014. The German government believes that between 7% and 17% of the wood that was imported into the EU in 2015 was protected and, therefore, should not have been traded. The Green party has criticised the EUR50 maximum fine for trading illegal wood for being too low. The party is calling for a reform to the wood protection law and a closure of loopholes for imports of illegal timber.

*Süddeutsche Zeitung, 2 May***HUNGARY****Report on Number of New Homes**

According to data revealed by the Hungarian central statistics office KSH, a total of 1,407 new homes were built in Hungary between January and March 2016. This represents a 10.5% decline year-on-year. The number of building permits reached 4,765 over the monitored period, up from 2,381 in the first three months of 2015.

*VG, 5 May***HONG KONG****Houses Start Construction**

The Hong Kong's Buildings Department reported that the number of new houses construction started within January and March 2016 rose 12% year-on-year to 7,290 units. In March 2016, there were 2,896 houses from four private housing project commenced construction, up by 83% from February 2016. The authority is auctioning a plot from No 50 to No 56A at Wong Chuk Street and No 464 to No 466 at Sai Yeung Choi Street in Hong Kong.

Separately, Buildings Department approved property projects from Sun Hung Kai Properties Ltd (SHK), Kingston Financial Group Ltd (Kingston), Nan Fung Group and Citic Pacific. SHK plans to renovate its shopping mall in Sha Tin, involving 34,500 sqm of floor area. While Kingston's commercial property project at Queen's Road will cover 42,000 sqm. Both Nan Fung and Citic Pacific's projects are housing, with the former located at Sai Kung Town, measuring 97,000 sqm; while the latter situated at Ma'anshan, spanning 226,000 sqm.

*Ming Pao, 20 May***INDIA****Economic Growth Forecast Maintained**

The economic growth forecast for India has been maintained by the International Monetary Fund (IMF) at 7.5% for both 2016 and 2017. In 2015, the country's gross domestic product (GDP) growth reach 7.3%. According to the IMF, the growth will be driven by private consumption that benefits from higher real incomes and lower energy prices.

*The Times of India, 4 May***INDONESIA****Forestry, Logging Contributed IDR13.28 Trillion**

The Central Statistics Bureau has announced that the gross domestic product (GDP) for forestry and logging sector in the first quarter of 2016 is at IDR13.28 trillion (EUR877.82 million/USD999.44 million), a year-on-year drop of 0.82%. The drop has been attribute to the forest fires in Kalimantan and Sumatra in the third quarter of 2015. With the national GDP at IDR2,262.64 trillion, the sector contributed to the national GDP was at 0.64%. Growth for the agricultural, fishery and forestry sector was at 1.85% compared to a year earlier.

*Bisnis Indonesia, 9 May*

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**INDONESIA****Government to Boost Timber Exports to EU**

Under the full implementation of timber legality verification system (SVLK), the Indonesian government plans for a 10% growth in exports of timber to the EU from USD1 billion (EUR876.86 million) to USD1.10 billion in 2016. Timber exports rose 12% year-on-year from USD167 million to USD187 million in the first two months of 2016, despite a fall in timber exports to the EU since 2011. By April 2016, the SVLK will be fully implemented by the government to boost governance in the forestry sector, guarantee legality of timber and prevent illegal timber trade and logging. At present, Indonesia holds a 40% market share in the EU tropical timber market.

*Jakarta Post, 12 May***JAPAN****Annual Housing Starts Forecast by 2025**

The Japan Centre for Economic Research (JCER) has produced a medium term industry outlook. For the housing and construction sectors the outlook points to continued contraction against the backdrop of a decline in the number of households. As the number of households declines housing construction, says JCER, will be limited to rebuilding aging infrastructure as there will no longer be a need to increase the stock of homes. In some prefectures in Japan the number of households has already started to fall. According to JCER the decline in the number of households could leave national annual housing starts at around 600,000 by 2025. Construction activity in the non-housing sector (offices and stores) is expected to remain flat. Non-residential construction is also susceptible to the population decline.

*ITTO, 1-15 May***JAPAN****Furniture Imports**

The value of Japan's imports of wooden bedroom furniture fell almost 16% in the first quarter of 2016 compared to the first quarter in 2015. In contrast, imports of kitchen furniture rose 13% in the first quarter of this year compared to the same period last year. In first quarter 2016, imports of wooden office furniture were at about the same level as in the first quarter 2015.

*ITTO, 1-15 May***LAO PDR****Government Prohibits Exports of Tree Species and Timber Products**

A new prohibition on the export of different kinds of tree species, ornamental plants and timber products has been announced by the government of Lao PDR. The said announcement is in line with the government's effort to claim ownership of and make full use of the advantages of Lao PDR natural resources. The cutting quota authorised by the government previously is covered by the ban. Therefore, all forms of timber and logs must be processed fully and converted into finished products before being exported. Logs, timber, tree roots, partially-processed wood, tree branches, root balls, ornamental plants and dried trees are the listed items.

The import of wood and non-timber forest products into Lao PDR for export to third nations is also prohibited by the latest prime ministerial order. An order to continue the suspension on logging in production forests has also been issued by Prime Minister, Thongloun Sisoulith. Officials in charge were asked to expedite the chalking up of an allocation plan for production forests and send it to be mulled over by the government. The related industries have been entrusted by the Prime Minister to keep up with the order in a close manner and make sure that any logging carried out has been conducted in authorised areas.

*Vientiane Times, 18 May***MIDDLE EAST/ NORTH AFRICA****Key Destination for US Softwoods**

Despite an overall decline in softwood exports, the Middle East and North Africa (Mena) remains a key destination for American softwoods amidst the increasing demand within the region's booming construction and housing market. Total exports of US softwood lumber to the Mena region reached a value of USD20 million in 2015.

The American Softwoods (AMSO), the promotional organisation for US softwood, is optimistic the situation will improve, given that the UAE registered a whopping 1,127% increase in the value of American softwood lumber exports in January 2016 in comparison to the first month of 2015. The UAE remains a key timber processing and re-export hub for the entire region and growth in this market is in line with an overall increase in the global trade of softwood lumber.

*GulfContraction, 1 May*

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## NEW SECRETARY - GENERAL OF MPIC



YBhg. Datuk M. Nagarajan has been appointed as the new Secretary-General of Ministry of Plantation Industries and Commodities (MPIC). He succeeds the late Datuk Dr. Sundaran Annamalai effective 16 May 2016.

Before assuming his current post, he was previously Deputy Secretary-General (Commodities), MPIC since February 2011. Prior to that, he held the Undersecretary, Vegetables, Fats and Sago Industries Development Division, MPIC (April 2007 – February 2011) and Undersecretary, International Division, MPIC (May 2006 – May 2007).

MTIB would like to congratulate him on this appointment.

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### NETHERLANDS Import of BJC Slightly Increase

Netherlands import of BJC slightly increased by 4.7% month-on-month to USD18,896 thousand in January 2016. Most major supplier to Netherlands market recorded an increased except for Indonesia and Malaysia decreased by 6% to USD4.4 million and 22% to USD1.7 million respectively. Intake from China rose 16.9% to USD5.0 million, Belgium increased to USD3.1 million and Lithuania grew to USD1.4 million.

*Source: Eurostats, 13 May*

### SWEDEN Housing Market Has to be Reformed

Swedish newspaper Svenska Dagbladet's editorial writer Linda Nordlund calls for reforms of the Swedish housing market for fixing the present housing shortage. In order to achieve the National Board of Housing, Building and Planning's (Boverket) recommendation to build 300,000 dwellings during the next five years, municipalities have to issue more construction rights and limit the rights to appeal. It must also be made easier for foreign construction companies to establish operations in Sweden, and a reform of the system of determining

rents is also needed, Nordlund writes. The system of determining rents has been criticised by the European Commission, the OECD and Boverket, she points out. She criticises the opposition parties and the opposition of unwillingness to compromise and a lack of courage when it comes to solving the problem.

*Svenska Dagbladet, 3 May*

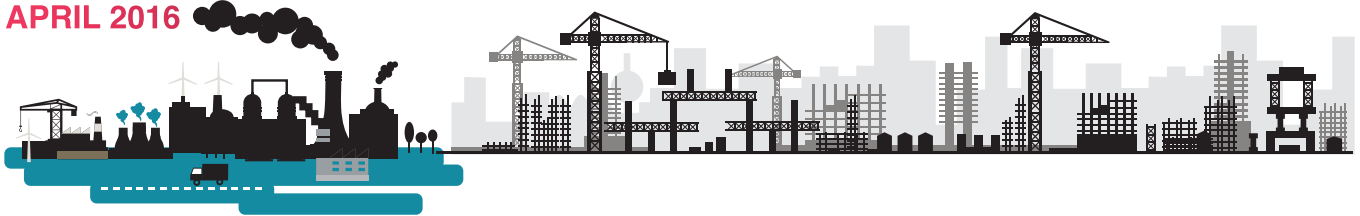
### UNITED STATES Abundant Softwood Sawntimber

Abundant inventory keeps log prices in check in the US South. In the Northwest, log prices are due for a reset. Due to the combination of oversupply in Pine sawntimber that built up in US South forests during the recession and lackluster demand, softwood sawntimber prices will remain low. This is likely to be the case for the next decade.

In the Northwest, however, high log prices coupled with waning demand from Asian markets has placed so much pressure on sawmills that more closures are likely to take place in 2016. A sawlog price reset will be needed in order for sawmills in the region to be competitive.

*Forest2market.com May* 

APRIL 2016



### Singapore: Bulk Carriers to Receive 10% Concession on Port Dues from MPA

Effective 15 April 2016, bulk carriers will receive a 10% concession on port dues from the Maritime and Port Authority of Singapore (MPA) amid the current slump in the shipping sector. This comes on top of the 20% concession implemented in 1996 and current concessions on port dues including incentives from the Green Port Programme. Vessels can enjoy the new concessions provided their cargo work does not require over five days of port stay within a one-year period. Shipping firms are expected to save SGD18million (EUR11.70 million/USD13.32 million) from the concessions.

Source : Business Times Singapore, 5 April

### Finland: Traffic in Port of Helsinki up 1.4% in January-March 2016

Traffic in the Port of Helsinki in Finland increased by 2.5% to 1.06 million tonnes in March 2016 from March 2015. Unitised cargo traffic increased by 1.7% to 936,000 tonnes. Exports increased by 3.3% and imports by 0.2%. Container traffic in TEUs increased by 17%. In January-March 2016, traffic in the Port of Helsinki increased by 1.4% to 2.84 million tonnes from the corresponding period in 2015. Unitised cargo traffic increased by 2.5% to 1.06 million tonnes.

Source : Press Release, Port of Helsinki, 7 April

### United States: USD155 Billion to be Invested by Ports in Infrastructure Projects through 2020

The 2016-2020 Port Planned Infrastructure Investment Survey by the American Association of Port Authorities (AAPA) revealed that USD154.80 billion (EUR135.79 billion) will be invested by the US ports in passenger and freight infrastructure through 2020, with approximately USD25 billion of the investments coming from the federal government. By comparison, estimates of infrastructure improvements amounted to USD46 billion five years ago, which was about a third of the current figure of almost USD155 billion. Over USD122 billion in private sector investments was forecast for largest project investments at ports along the US Gulf Coast. The AAPA survey studied infrastructure spending plans over the next five years by US member ports and their private-sector partners.

Source : Progressive Railroading, 12 April

### Netherlands: Port of Rotterdam Records Steady Transshipment in Q1 2016

The transshipment at the Port of Rotterdam remained steady in the first quarter of 2016 compared with the same quarter in 2015 as a decrease in transshipment of dry bulk and containers was compensated by growth in the transshipment of crude oil and oil products. The total transshipment increased by 0.2%



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APRIL 2016

to 117 million tonnes. The transshipment of dry bulk decreased by 4% and the container transshipment decreased by 3%. Results are expected to improve once the two new container terminals are fully in use.

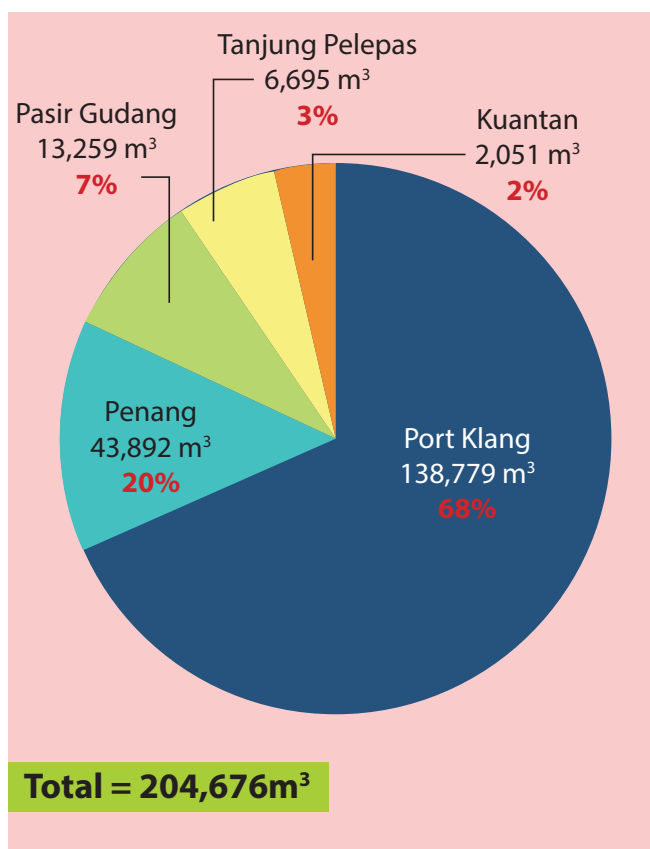
Source : De Financiele Telegraaf, 19 April

### Mexico: Number of Containers Handled at Ports Rises in Q1 2016

The number of containers handled at Mexican ports during the first quarter of 2016 amounted to 1.31 million units. This was an increase from the 1.29 million containers handled during the same period of 2015. Ports located on Mexico's Pacific coast processed 907,764 TEU containers during the first quarter, with numbers remaining stable year on year. The port of Manzanillo registered 607,271 TEUs, representing a year on year decrease of 4%, whilst ports on the Gulf Coast of Mexico saw the number of TEUs handled grow by 4.1% to 403,969 units.

Source : T21, 25 April

### Timber Shipment through Ports in Peninsular Malaysia, April 2016



### Shipments of Timber and Timber Products through Ports in Peninsular Malaysia, April 2016

| Products      | Port Klang     |                                   | Kuantan      |                                   | Pasir Gudang  |                                   | Tanjung Pelepas |                                   | Penang        |                                   | Total all Ports<br>m³ | % Change<br>Apr 2016/<br>Mar 2016 |
|---------------|----------------|-----------------------------------|--------------|-----------------------------------|---------------|-----------------------------------|-----------------|-----------------------------------|---------------|-----------------------------------|-----------------------|-----------------------------------|
|               | m³             | % Change<br>Apr 2016/<br>Mar 2016 | m³           | % Change<br>Apr 2016/<br>Mar 2016 | m³            | % Change<br>Apr 2016/<br>Mar 2016 | m³              | % Change<br>Apr 2016/<br>Mar 2016 | m³            | % Change<br>Apr 2016/<br>Mar 2016 |                       |                                   |
| Sawntimber    | 59,929         | 0                                 | 1,523        | -63                               | 1,400         | -22                               | 712             | 58                                | 7,042         | -25                               | 70,606                | -7                                |
| MDF           | 34,083         | 1                                 | 0            | 0                                 | 9,651         | -17                               | 5,421           | -13                               | 20,826        | 19                                | 69,981                | 1                                 |
| Mouldings     | 11,221         | -12                               | 267          | -31                               | 1,861         | -10                               | 422             | -5                                | 1,477         | -8                                | 15,248                | -11                               |
| Plywood       | 7,693          | -4                                | 46           | 0                                 | 21            | 17                                | 103             | 115                               | 9,291         | -16                               | 17,108                | -11                               |
| Veneer        | 265            | 59                                | 9            | 13                                | 11            | 0                                 | 29              | 222                               | 762           | -27                               | 1,065                 | -13                               |
| Particleboard | 25,588         | -27                               | 206          | -15                               | 315           | 228                               | 8               | -71                               | 4,494         | 29                                | 30,611                | -21                               |
| <b>TOTAL</b>  | <b>138,779</b> | <b>-7</b>                         | <b>2,051</b> | <b>-57</b>                        | <b>13,259</b> | <b>-15</b>                        | <b>6,695</b>    | <b>-7</b>                         | <b>43,892</b> | <b>-1</b>                         | <b>204,676</b>        | <b>-8</b>                         |





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## APRIL 2016

Total export of Malaysian timber and timber products in April 2016 decreased 10% in value to RM1.8 billion from the previous month. Cumulative export for January to April 2016 increased 5% to RM7.4 billion over the previous corresponding period.

### SAWNTIMBER

Export of sawntimber in April 2016 increased 5% in volume however decreased 1% in value to 176,038 m<sup>3</sup> with a value of RM287.6 million as compared to the previous month. Cumulative export for the first four months of 2016 decreased 10% in volume however increased 12% in value to 633,752 m<sup>3</sup> totalling RM1.1 billion over the previous corresponding period.

Export of sawntimber to the EU for the month decreased 20% to 11,543 m<sup>3</sup> from 14,401 m<sup>3</sup> in the previous month resulting from declining demand from major market in the region. Export to the Netherlands and UK decreased 24% and 13% to 4,485 m<sup>3</sup> and 2,476 m<sup>3</sup> respectively. Similarly, purchases made by Belgium and Germany reduced 25% to 1,131 m<sup>3</sup> and 24% to 1,120 m<sup>3</sup> respectively. In the meanwhile, export to France increased 30% to 1,590 m<sup>3</sup> from 1,224 m<sup>3</sup> in the previous month.

Total exports to West Asia improved 37% to 24,815 m<sup>3</sup> from 18,062 m<sup>3</sup> recorded in the previous month as a result of increasing demand from Yemen, Qatar and Kuwait. Export of sawntimber to Yemen increased significantly to 8,761 m<sup>3</sup> from 1,097 m<sup>3</sup> recorded in the previous month. Similarly, export to Qatar and Kuwait increased 47% and 137% to 964 m<sup>3</sup> and 950 m<sup>3</sup> respectively. On the other hand, export to the UAE, Oman and Saudi Arabia declined 13%, 5% and 29% to 5,232 m<sup>3</sup>, 4,242 m<sup>3</sup> and 2,137 m<sup>3</sup> respectively.

Buying from ASEAN increased 2% to 72,815 m<sup>3</sup> from 71,074 m<sup>3</sup> registered in the previous month. Export of sawntimber to Thailand, major buyer of sawntimber from Malaysia decreased 5% to 33,821 m<sup>3</sup> from 35,757 m<sup>3</sup> in the previous month. Likewise, export to Singapore declined 15% to 9,315 m<sup>3</sup>. However, export to Philippines improved 21% to 27,965 m<sup>3</sup> from 23,114 m<sup>3</sup> in the previous month.

Shipments to East Asia improved by 10% to 37,117 m<sup>3</sup> due to increasing purchases made by major markets in the region. Export of sawntimber to Taiwan and Japan increased 34% and 9% to 9,045 m<sup>3</sup> and 6,420 m<sup>3</sup> respectively. In addition, purchases by South Korea improved 9% to 3,492 m<sup>3</sup> from 1,772 m<sup>3</sup> in the previous month. In the meanwhile, export of sawntimber to China

decreased 6% to 17,922 m<sup>3</sup> from 19,093 m<sup>3</sup> in the previous month.

Elsewhere, exports to the US decreased 25% to 1,474 m<sup>3</sup> whilst intake by Australia reduced 8% to 1,035 m<sup>3</sup>. However, demand from South Africa increased 12% to 5,608 m<sup>3</sup> from 5,002 m<sup>3</sup> in the previous month.

The average FOB price of sawntimber declined 6% to RM1,634 per m<sup>3</sup> from RM1,740 per m<sup>3</sup> in the previous month. Price of Dark Red Meranti (DRM) increased 24% to RM2,042 per m<sup>3</sup> from RM1,647 per m<sup>3</sup> in the previous month. Price of DRM to the Netherlands decreased marginally to RM3,439 per m<sup>3</sup> from RM3,441 per m<sup>3</sup> in the previous month. Keruing was traded at RM1,739 per m<sup>3</sup>, a decrease of 1% from RM1,755 per m<sup>3</sup> in the previous month.

### PLYWOOD

Total export of plywood in April increased 121% in volume but decreased 11% in value to 495,053 m<sup>3</sup> valued at RM362.1 million as compared to the previous month.

Total exports to EU increased by 7% to 10,967 m<sup>3</sup>. Likewise, shipments to Belgium, Ireland, the Netherlands and UK increased by 12%, 40%, 69% and 4% to 691 m<sup>3</sup>, 502 m<sup>3</sup>, 1,161 m<sup>3</sup> and 7,980 m<sup>3</sup> respectively whilst Denmark maintained its intake at 171 m<sup>3</sup> and Italy resumed its intake. However, Germany did not make any purchases.

Exports to ASEAN region decreased as Brunei, Singapore, Thailand and Philippines intake of plywood decreased by 43%, 19%, 40% and 8% to 736 m<sup>3</sup>, 2,847 m<sup>3</sup>, 4,845 m<sup>3</sup> and 4,815 m<sup>3</sup> respectively. On the other hand, Indonesia increased its intake by 36% to 60 m<sup>3</sup>. In East Asia, exports to China, Hong Kong, Japan and Taiwan reduced their intake by 44%, 38%, 10% and 22% to 2,208 m<sup>3</sup>, 2,981 m<sup>3</sup>, 93,682 m<sup>3</sup> and 12,480 m<sup>3</sup> respectively. However, South Korea increased its intake by 18% to 29,682 m<sup>3</sup>.

Overall, exports to West Asia increased by 7% as compared to the previous month. Similarly, shipments to Bahrain, Saudi Arabia, the UAE, Kuwait and Yemen increased by 83%, 2%, 34%, 12% and 106% to 586 m<sup>3</sup>, 1,695 m<sup>3</sup>, 5,143 m<sup>3</sup>, 456 m<sup>3</sup> and 8,541 m<sup>3</sup> respectively. However, Qatar reduced its intake by 68% to 264 m<sup>3</sup>.

Elsewhere, exports of plywood to South Africa, Mauritius, the US, Mexico, Australia, New Zealand, the UK and Turkey increased by 178%, 253%, 6,413%, 46%, 13%, 208%, 4% and 15% to 764 m<sup>3</sup>, 53 m<sup>3</sup>, 255,913 m<sup>3</sup>, 7,494 m<sup>3</sup>, 4,025 m<sup>3</sup>, 200 m<sup>3</sup>, 7,980 m<sup>3</sup> and 331 m<sup>3</sup> respectively. However, Canada

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reduced its intake by 78% to 84 m<sup>3</sup> whilst Algeria and Norway did not make any purchases.

The FOB price of plywood decreased by 60% to RM731 per m<sup>3</sup> from RM1,816 per m<sup>3</sup> in the previous month.

## VENEER

Exports of veneer for April 2016 showed an increase of 75% in volume and 51% in value to 23,379 m<sup>3</sup> at RM34.6 million as compared to the previous month. Exports to China, Taiwan, India, Singapore, Viet Nam and Australia increased by 140%, 790%, 28%, 225%, 55% and 23% to 1,119 m<sup>3</sup>, 11,843 m<sup>3</sup>, 313 m<sup>3</sup>, 52 m<sup>3</sup>, 147 m<sup>3</sup> and 245 m<sup>3</sup> respectively. On the other hand, South Korea, Philippines, Canada and Italy reduced their intake by 12%, 1%, 50% and 39% to 8,153 m<sup>3</sup>, 198 m<sup>3</sup>, 12 m<sup>3</sup> and 89 m<sup>3</sup> respectively, whilst, Chile did not make any purchases.

The FOB price of veneer decreased to RM1,479 per m<sup>3</sup> from RM1,717 per m<sup>3</sup>, a decrease of 14% from the previous month.

## MEDIUM DENSITY FIBREBOARD (MDF)

Peninsular Malaysia's exports of MDF for April 2016 showed a decrease of 11% in volume and 14% in value from the previous month. Export totalled 88,369 m<sup>3</sup> at RM96.7 million.

Exports to East Asia registered an increase of 13% to 15,357 m<sup>3</sup> from 13,569 m<sup>3</sup>. Export to South Korea registered positive growth by 245% to 503 m<sup>3</sup>, followed by Taiwan at 55% to 1,003 m<sup>3</sup> and Japan by 10% to 13,597 m<sup>3</sup>. However, export to China including Hong Kong decreased by 35% to 254 m<sup>3</sup>.

However, exports to West Asia market recorded negative growth with a decrease of 13% to 38,660 m<sup>3</sup> from 44,159 m<sup>3</sup> in the previous month. Export to Qatar, Saudi Arabia, Bahrain and Lebanon decreased by 6% to 1,969 m<sup>3</sup>, 51% to 5,679 m<sup>3</sup>, 58% to 339 m<sup>3</sup> and 64% to 542 m<sup>3</sup> respectively. Iran did not make any purchases for the month. On the other hand, export to Oman recorded an increase of 624% to 3,715 m<sup>3</sup> followed by Jordan at 102% to 484 m<sup>3</sup>, Kuwait by 39% to 6,192 m<sup>3</sup> and the UAE by 1% to 16,388 m<sup>3</sup>. Syria resume its intake for the month.

Furthermore, export to South Asia also recorded negative growth by 20%. Only export to India increased by 9% to 5,094 m<sup>3</sup>. However, export to Pakistan, Sri Lanka and Bangladesh decreased by 24% to 7,907 m<sup>3</sup>, 43% to 1,760 m<sup>3</sup> and 51% to 557 m<sup>3</sup> respectively.

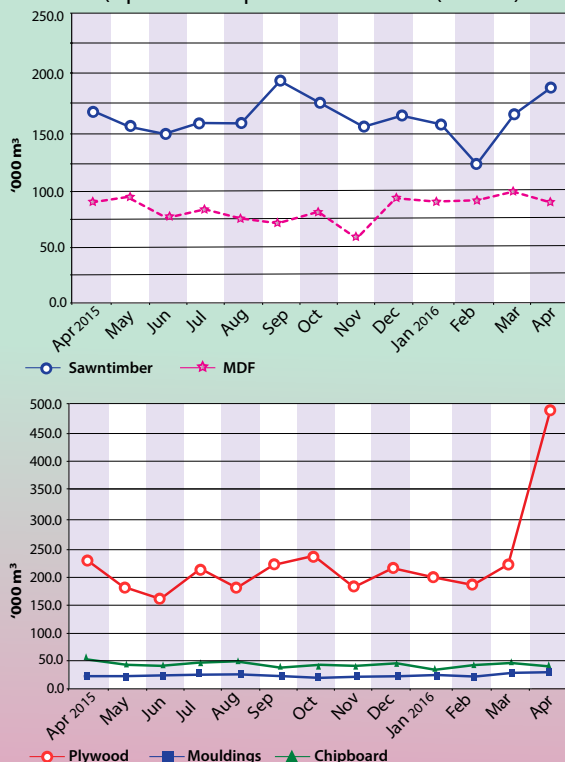
Export to South Africa showed an increase by 255% to 578 m<sup>3</sup> and demand from Mauritius also increased by 71% to 257 m<sup>3</sup>. However, exports to the US, Australia and UK showed a decrease of 9% to 1,838 m<sup>3</sup>, 14% to 2,806 m<sup>3</sup> and 33% to 522 m<sup>3</sup> respectively.

In ASEAN, total export to ASEAN region for this month decreased by 27% to 10,184 m<sup>3</sup> from 13,865 m<sup>3</sup> in the previous month. Exports to Singapore increased by 107% to 450 m<sup>3</sup>. Nevertheless export to Viet Nam registered negative growth by 23% to 6,945 m<sup>3</sup>, Export to the Philippines and Indonesia down by 30% to 1,262 m<sup>3</sup> and 50% to 1,415 m<sup>3</sup> respectively.

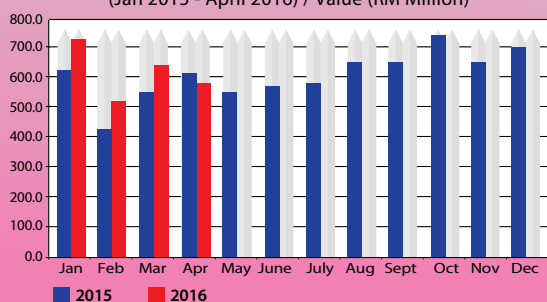
## MOULDINGS

Exports of mouldings for the month increased by 6% in volume and decreased by 2% in value to 21,971 m<sup>3</sup> and RM73.5 million respectively. However, cumulative exports for the period of

**Malaysia : Export of Major Timber Products**  
(April 2015-April 2016/Volume ('000m<sup>3</sup>)



**Malaysia : Export of Wooden Furniture**  
(Jan 2015 - April 2016) / Value (RM Million)



Source : Department of Statistics, Malaysia

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## LOGS

Logging activities during the month under review remained unchanged due to slower demand of logs from local market.

Log prices for the species of Chengal, Balau and Merbau maintained at RM4,000 per tonne, RM 3,000 per tonne and RM2,700 per tonne respectively. Similarly, Kempas was traded at RM1,600 per tonne. Meanwhile, price for Keruing declined by 17.6% to RM1,400 per tonne over the previous month. On the other hand, prices of Red Meranti and Yellow Meranti logs increased slightly by 2.6% and 4.3% respectively to RM1,950 per tonne and RM1,200 per tonne whilst for Nyatoh, the price fell by 5.3% to RM900 per tonne. Prices for Mixed Heavy Hardwood improved by 10.6% to RM940 per tonne while Mixed Light Hardwood stood at RM1200 per tonne.

## SAWNTIMBER

The average prices of sawntimber remained about the same level as last month due to the weak demand from the overseas market. According to the industry, slow activities in the domestic market coupled with the labour shortage issues have also influenced the timber industry performance for the month.

Prices of Chengal, Balau and Merbau sawntimber remained firm at RM6,638 per m<sup>3</sup>, RM3,178 per m<sup>3</sup> and RM2,966 per m<sup>3</sup> respectively. Meanwhile, Kempas charted an increase price of 1.7% to RM2,048 per m<sup>3</sup> over the previous month whilst Keruing stood at RM1,766 per m<sup>3</sup>. Sawntimber

prices of Mixed Heavy Hardwood remained at RM953 per m<sup>3</sup> whilst Mixed Light Hardwood prices dropped by 5.9% to RM1,130 per m<sup>3</sup>.

## PLYWOOD

The supply of plywood to the domestic market reported to be able to fulfill the need of local demand. Meanwhile, according to the plywood traders, the demand for imported plywood in Japan decreased as the buyers still keeping their stocks. Plywood of 4mm, 6mm, 9mm and 12mm of thicknesses were continued to be traded at RM14.60, RM22.00, RM34.50 and RM41.50 per piece respectively.

## MEDIUM DENSITY FIBREBOARD (MDF)

Supply of MDF was reported to suffice the need of the local market demand. Although there were positive demand from key end-use such as construction, the prices of MDF still hovering at last month's level. For the month under review, MDF of 4mm, 6mm, 9mm and 12mm of thicknesses were sold at RM12.10, RM15.80, RM21.70 and RM28.10 per piece respectively.

## INTRA-MALAYSIA TRADE \* - APRIL 2016

The shipments of sawntimber from Sabah to Peninsular Malaysia increased slightly by 9% to 443 m<sup>3</sup>, valued at RM1.0 million. Similarly, shipments of plywood rose by 10% in volume from 9,886 m<sup>3</sup> to 10,859 m<sup>3</sup>, valued at RM20 million. Meanwhile, shipment of veneer resumed to 4 m<sup>3</sup>, worth at RM70,000 for the month.

### INTRA-MALAYSIA TRADE – APRIL 2016

| From    | Products   | MARCH 2016               |                 | APRIL 2016               |                 | % Change in Volume<br>Apr 2016 / Mac 2016 | % Change in Value<br>Apr 2016 / Mac 2016 |
|---------|------------|--------------------------|-----------------|--------------------------|-----------------|-------------------------------------------|------------------------------------------|
|         |            | Volume (m <sup>3</sup> ) | Value (RM '000) | Volume (m <sup>3</sup> ) | Value (RM '000) |                                           |                                          |
| SABAH   | Logs       | 0                        | 0               | 0                        | 0               | 0                                         | 0                                        |
|         | Sawntimber | 407                      | 1,032           | 443                      | 1,032           | 9                                         | 0                                        |
|         | Plywood    | 9,886                    | 18,413          | 10,859                   | 20,052          | 10                                        | 9                                        |
|         | Veneer     | 0                        | 0               | 4                        | 70              | 100                                       | 100                                      |
| SARAWAK | Logs       | 0                        | 0               | 0                        | 0               | 0                                         | 0                                        |
|         | Sawntimber | 1,049                    | 1,160           | 241                      | 128             | -77                                       | -89                                      |
|         | Plywood    | 9,684                    | 13,398          | 7,262                    | 9,393           | -25                                       | -30                                      |
|         | Veneer     | 6,550                    | 9,234           | 7,292                    | 10,042          | 11                                        | 9                                        |

Source : Department of Statistics, Malaysia

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Unfavourable demand from abroad reported by the industry since early this year has affected the timber industry in Sarawak. Exports of sawntimber from Sarawak to Peninsular Malaysia dropped significantly by double digits from 1,049 m<sup>3</sup> in March to 241 m<sup>3</sup> in April valued at RM128,000. Export of plywood also fell by 25% in volume to 7,262 m<sup>3</sup> and 30% in value to RM9.4 million. However, export of

veneer grew by 11% to 7,292 m<sup>3</sup> valued at RM10 million.

No intra trade from Peninsular Malaysia to Sabah and Sarawak was recorded in April 2016.

\* Source: Department of Statistics, Malaysia 

**\*AVERAGE DOMESTIC PRICES OF LOGS, SAWNTIMBER, PLYWOOD AND MDF IN PENINSULAR MALAYSIA  
APRIL 2016 (VALUE IN RM)**

| SPECIES                                              | LOGS/tonne | SAWNTIMBER/m³ |         |         |            |
|------------------------------------------------------|------------|---------------|---------|---------|------------|
|                                                      | 18" UP     | GMS           |         | STRIPS  | SCANTLINGS |
| HEAVY HARDWOOD                                       |            |               |         |         |            |
| Chengal                                              | 4,000      | 6,638         |         | 7,062   | 8,828      |
| Balau                                                | 3,000      | 3,178         |         | 3,249   | 3,531      |
| Red Balau                                            | 2,500      | 2,966         |         | 3,037   | 3,178      |
| Merbau                                               | 2,700      | 3,849         |         | 3,884   | 3,319      |
| Mixed Heavy Hardwood                                 | 940        | 953           |         | 989     | 1,024      |
| MEDIUM HARDWOOD                                      |            |               |         |         |            |
| Keruing                                              | 1,400      | 1,766         |         | 1,836   | 2,203      |
| Kempas                                               | 1,100      | 2,048         |         | 2,083   | 2,154      |
| Kapur                                                | 1,700      | 2,248         |         | 2,260   | 2,331      |
| Mengkulang                                           | 1,350      | 1,412         |         | 1,448   | 1,575      |
| Tualang                                              | 1,340      | 2,472         |         | 2,578   | 2,585      |
| LIGHT HARDWOOD                                       |            |               |         |         |            |
| Dark Red Meranti                                     | 1,900      | 2,013         |         | 2,119   | 2,966      |
| Red Meranti                                          | 1,950      | 1,963         |         | 2,013   | 2,048      |
| Yellow Meranti                                       | 1,200      | 1,342         |         | 1,349   | 1,554      |
| White Meranti                                        | 1,040      | 2,119         |         | 2,189   | 2,260      |
| Mersawa                                              | 1,700      | 1,624         |         | 1,660   | 1,694      |
| Nyato                                                | 900        | 918           |         | 1,201   | 1,236      |
| Sepetir                                              | 1,100      | 1,130         |         | 1,448   | 1,469      |
| Jelutong                                             | 1,100      | 1,638         |         | 1,624   | 1,780      |
| Mixed Light Hardwood                                 | 1,200      | 1,220         |         | 1,222   | 1,236      |
| MALAYSIAN<br>RUBBERWOOD<br><i>Hevea brasiliensis</i> | LOGS/tonne | SAWNTIMBER/m³ |         |         |            |
|                                                      | 150        | 1" X 1"       | 2" X 2" | 3" X 3" | 4" X 4"    |
|                                                      |            | 989           | 1,050   | 1,150   | 1,280      |
| PLYWOOD 4' X 8'<br>(RM per piece)                    | 4mm        | 6mm           |         | 9mm     | 12mm       |
|                                                      | 14.60      | 22.00         |         | 34.50   | 41.50      |
| MDF 4' X 8'<br>(RM per piece)                        | 4mm        | 6mm           |         | 9mm     | 12mm       |
|                                                      | 12.10      | 15.80         |         | 21.70   | 28.10      |

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*

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January-April 2016 decreased by 11% in volume however increased by 10% in value to 79,735 m<sup>3</sup> and RM282.0 million as compared to the previous corresponding period.

Exports to the EU for the month recorded at 8,120 m<sup>3</sup>, an increase of 12% compared to the previous month. Belgium, Germany, the Netherlands and UK increased their purchases by 28%, 17%, 13% and 11% to 881 m<sup>3</sup>, 1,619 m<sup>3</sup>, 4,106 m<sup>3</sup> and 648 m<sup>3</sup> respectively. However, shipments to Italy decrease by 99% to 18 m<sup>3</sup>.

In ASEAN region, Viet Nam intake of mouldings increased by 17% to 258 m<sup>3</sup> whilst exports to Singapore decreased 9% to 1,162 from 1,271 compared to the previous month. However, Indonesia did not make any purchases.

Meanwhile, exports to Taiwan, South Korea and Japan increased by 48%, 4% and 1% to 83 m<sup>3</sup>, 1,767 m<sup>3</sup> and 2,951 m<sup>3</sup> respectively. However, exports to Hong Kong and China decreased by both 6% to 266 m<sup>3</sup> and 280 m<sup>3</sup> compared to the previous month.

Elsewhere, export to the US increased by 14% to 2,546 m<sup>3</sup> compared to the previous month. Meanwhile, export to Canada and Australia decreased by 61% and 19% to 92 m<sup>3</sup> and 2,180 m<sup>3</sup> respectively.

FOB unit value decreased to RM3,344 per m<sup>3</sup> and decreased of 8% compared to the previous month.

## BUILDERS JOINERY AND CARPENTRY (BJC)

Total BJC cumulative exports from April 2016 increased 22% to RM392.6 million as compared to RM322.7 million in the corresponding period last year. Export to the EU increased 16% to RM104.5 million. Export to Germany, Turkey, Italy, Denmark and the UK increased by 255%, 237%, 114%, 66% and 23% to RM9 million, RM1.7 million, RM1.6 million, RM7.2 million and RM61 million respectively. However, export to Belgium, Sweden and France decreased by 32%, 29% and 25% to RM13.3 million, RM2.5 million and RM5.3 million compared to the previous year. Meanwhile, the Netherlands resumed its intakes.

In Asia, exports to Saudi Arabia, Taiwan and Viet Nam decreased by 24%, 15% and 9% valued at RM1.7 million, RM5.4 million and RM10.6 million respectively. On the other hand, exports to Qatar, the UAE, Pakistan, South Korea, Thailand, Singapore, Japan, and India grew 100%, 76%, 43%, 34%, 33%, 23%, 24% and 3% to RM87 thousand, RM1.5 million, RM21.5 million, RM987 thousand, RM15.3 million, RM44.7 million, RM25.5 million and

RM21.1 million respectively. Meanwhile, Bahrain did not make any purchases.

Exports to Australia and Mauritius increased by 41% and 38% to RM67.7 million and RM112 thousand compared to the previous year. Likewise, the US increased its intake by 291% to RM195 thousand from RM50 thousand in the previous corresponding period. However, South Africa decreased its purchases by 11% to RM5.5 million.

## FURNITURE

Malaysia's total exports of wooden and rattan furniture for the period under review in 2016 picked up momentum by 11% compared to the corresponding period of 2015. Total shipments recorded RM2.5 billion against RM2.2 billion in previous corresponding period. Purchase of wooden furniture from Malaysia for the January to April duration increased by 11% totalling RM 2.45 billion.

Imports of wooden furniture by the US expanded 16% from RM746.7 million to RM866.8 million. Consumption by Japan also picked up 29% from RM168.8 million to RM217.6 million whilst intake by Australia also increased by 14% from RM180.1 million to RM205.1 million in 2016. Similarly, demand from Singapore and the UK recorded an increase by 28.2% to RM148.05 million and 27% to RM157.8 million respectively. However, demand from Canada recorded a decline of 6% to RM80.2 million.

Demand from the UAE and Saudi Arabia recorded a decline of 12% to RM72.1 million and 4% to RM58.3 million respectively. Demand by India increased by 31% to reach RM47.4 million. Likewise, Philippines also increased imports by 52% from RM26.6 million in 2015 to RM40.4 million. However, demand from South Korea recorded a decline of 2% to RM41.3 million.

Meanwhile, exports of rattan furniture increased by 78% to RM19.3 million in 2016 from RM10.8 million in 2015. France is the top importer with an intake of RM5.8 million, recorded an increase of 1,593%. Demand from Singapore also increased by 70% to RM2.8 million from RM1.6 million in 2015. Similarly, imports by Australia grew at 162% to RM1.8 million. Imports by the UK increased 46% to RM2.3 million. However, imports by the US recorded a decrease of 27% to RM0.42 million.

Shipments to China, increased by 104% to RM0.50 million. On the other hand, India and Thailand reduced their consumption by 71% to RM0.67 million and 53% to RM0.16 million respectively.

## TIMBER MISSION TO QATAR



*Presenting a souvenir to QCCI Vice Chairman, His Excellency Mohammed Ahmed T. Al-Kawari.*

**Q**atar is seen as a major growing market potential for Malaysian timber and timber products as it has increased its imports from Malaysia by 96% to RM120.0 million compared to 2014, currently ranking as the 28th largest market for Malaysian timber and timber products. In 2015, Qatar imported Malaysian sawntimber, wooden furniture and MDF products worth RM60.24 million, RM23.707 million and RM18.13 million, an increase of 225%, 18% and 68% respectively as compared to the corresponding period in 2014. To further increase Malaysia-Qatar trade, in line with the National Timber Industry Policy (NATIP) export target of RM53 billion by 2020, MTIB organised a Technical Mission and Timber Entrepreneurs Development Programmes to Qatar from 7 to 11 May.

The mission programme involved a roundtable discussion with Qatar importers. In addition, individual business matching and networking sessions, as well as factories and showroom visits were conducted. The roundtable discussion was held on 8 May to seek possible joint ventures relating to the manufacturing and marketing of timber and timber products, Agarwood products and oil palm trunk (OPT) plywood to Qatar. The networking sessions were attended by 64 participants comprising Qatar timber importers, agents, merchants, manufacturers, and end users of timber and timber products.

An engagement session with the Qatar Chamber of Commerce and Industry (QCCI) was also held. QCCI is an organisation under the auspices of the Qatar's Minister of Business and Trade, which is responsible for carrying out activities that safeguard Qatar's private sector interests in trade, industry and agriculture. The engagement session was hosted by QCCI Vice-Chairman, His Excellency Mohammed

Ahmed T. Al-Kawari. During the session, the delegation exchanged information on Malaysia's and Qatar's potential trade and business opportunities such as joint ventures between both countries. QCCI also talked about the current status of Qatar's construction industry development amounting to reach about USD150 billion over the next few years as they prepare for the 2022 FIFA World Cup in Qatar. Prestigious projects to be undertaken for the major event include Al Bayt Stadium (Al Khor Stadium), Lusail City, Al Wakrah Stadium and Hamad International Airport (HIA).

The Malaysian delegates visited Gulf Timber and Joinery Company W.L.L. and Bazlamit Interior Company W.L.L. which supplied furniture to the current Qatar Royal palace, as well as Qatar Decoration Company W.L.L. Major timber species used in Qatar for furniture manufacturing are Oak, Ash, Beech and Meranti. MDF from Malaysia are the first choice of most Qatar importers as they are happy with the quality of Malaysian MDF.

As such, there is a huge potential demand for high quality and luxury furniture in Qatar as the people have the highest purchasing power in the world with a per capita income of about USD94 thousand. There is also a great opportunity for panel products such as doors and flooring as the tender for 2022 FIFA World Cup has not been opened. In line with Qatar's vision: 'Build it and they'll come', Malaysian exporters should start taking full advantage of the current development of construction in Qatar. Glulam producers in Malaysia should also be eyeing these massive constructions since there is a demand for glulam products especially for applications on high rise buildings and load bearing structures. Furthermore, there is also high demand for Malaysian Agarwood products especially Agarwood oil and Agarwood Kynam (perfumes) as the Qatari people have a penchant for high quality perfumes.

The mission, which was led by Dr. Jalaluddin Harun, MTIB Director-General, comprised nine members of the Malaysian timber industry – Jelapang Maju Sdn. Bhd., Kam Sem Biomass Sdn. Bhd., Era Fabrique Sdn. Bhd., Golden Pharos Berhad, Pesama Timber Sdn. Bhd., Pesaka Terengganu Berhad, Zahan Resources Sdn. Bhd., RISDA Holdings Sdn. Bhd. and Espek Plantation Sdn. Bhd..

MTIB was represented by Dr. Jalaluddin Harun and Puan Sharifah Nur Hasreena Wafa Bt Syed Mohd Hassan. Encik Muhammad Annizam Mohd Mokhtar represented MPIC. 

## LEAN MANAGEMENT MISSION TO JAPAN



*Hands-on Kaizen Projects Simulation.*

**M**TIB in cooperation with the Malaysian Productivity Corporation (MPC) organised a Lean Study Mission to Japan from 22 to 28 May. Japan was chosen for this particular mission because it had built itself a reputation as the world's 'Lean Specialist'. This was made possible through decades of economic power building. Japan is also the only place that showcases Lean implementation as a culture. As the Lean principles permeate every aspect of daily life in Japan and are not limited to only production or engineering environments, Japan is the most suitable destination to learn first hand about Lean management.

The objectives of the mission were to allow the participants to study the background and structure of the Toyota Production System (TPS) which is the origin of Lean management and to learn firsthand how Lean is practiced in the Japanese manufacturing industry. As such, the organisers arranged for the participants to attend a workshop training on TPS, which would be conducted by ex-Toyota trainers, as well as a visit to a Toyota automobile production line in Japan.

The TPS workshop was conducted at the TPS DOJO—Hirayama Training Centre. The Hirayama Training center originally started by conducting basic TPS operation training to employees assigned to work at Toyota Motors or group companies. The training center mainly teaches the TPS Kaizen method both domestically and globally through educational and training programmes. The workshop aimed to encourage participants to execute and master the Kaizen techniques at their work environment, acquire the TPS fundamental knowledge and also, apply the Genchi Genbutsu (go see for yourself) principle to detect MUDA (waste), MURA (overburden) and MURI (irregularity).

The trainers, who each had working experience

with Toyota of more than 40 years, explained about the importance of cost reduction as well as the basic concept of TPS. They also briefed on the concept of and how to manage Kaizen ideas. Kaizen is meant to improve quality safety and operation, reduce cost and shorten lead-times. Kaizen is constantly improving and evolving, and therefore one needs to continually apply it to achieve the aforementioned goals. The participants had a chance to personally witness how the trainers applied Kaizen on a mock radiator production line. The participants were able to keep track of the Kaizen process and together generate ideas on how the production line can be improved.

The participants also learned about the Kanban system which is a Japanese manufacturing system in which the supply of components is regulated through the use of a card displaying a sequence of specifications and instructions, sent along the production line. This system is an integral part of implementing the Just in Time (JIT) manufacturing philosophy which was designed to control inventory and reduce waste. JIT is an inventory strategy whereby a company will only receive goods as they are needed in the production process. This strategy encourages reduction of cost.

The knowledge and techniques gained from the workshop were further enhanced by a visit to a Toyota Motor's production line at one of its factories. Toyota Motor Corporation developed TPS which, more than any other aspect of the company, was responsible for having made Toyota the company it is today. Toyota has long been recognised as a leader in the automotive manufacturing and production industry. Toyota is Japan's number 1 automotive maker, creating cars, pickups, minivans and SUVs. The company was established in August 1937 and has almost 70,000 employees. Being the originator of TPS, the factory practices Jidoka, which means "automation with a human touch." What this means is that since equipment stops when a problem arises, a single operator visually monitors and efficiently controls many machines. As an important tool for this "visual control" or "problem visualisation," Toyota plants use a problem display board system called "andon" that allows operators to identify problems in the production line with only a glance. This saves time as the operators do not need to inspect each production line to check whether everything is operating smoothly.

Aside from Toyota Motor, the participants also visited Nissan Motor Co., Ltd. The factory was

established in 1933, in Yokohama City, Kanagawa Prefecture. It currently manufactures vehicles in over 20 countries and offers its products and services in more than 160 countries worldwide. The factory has a consolidated number of employees of over 150,000. Whilst visiting the factory's production lines, the participants learnt that Nissan Motor utilises Automated Guided Vehicles (AGV). These unique vehicles are equipped with sensors and will automatically send items such as spare parts from storage to their designated destinations (such as production lines). This technology saves time and is fully automated therefore minimising labour. As a matter in fact, 95% of the production in this factory are performed by robotics. Nissan claims that it has recorded a saving of 1410 million yen from improvements or Kaizen. The company also gives out monetary rewards for good ideas.

The next factory visited was Karimoku Furniture Inc. The company was first set up as a woodworking shop in the suburbs of Nagoya in 1940, and was later established as a company in 1947. The factory is known for its Quality First philosophy and the company has grown into one of Japan's top wooden furniture maker in terms of domestic sales. Karimoku products are made using sustainably sourced Japanese hardwoods, such as maple, chestnut and oak-low-diameter trees that are often discarded or ended-up as paper pulp. What the participants noticed most about the factory is its level of cleanliness. As a matter in fact, most workers do not even have to wear any face mask as powerful vacuums that were installed at all stations, remove all wood dust. The cleanliness is further heightened by requiring all employees to perform the 5S practice before leaving the factory at the end of their work shift. In order to track productivity, stations are installed with a board that highlights the current worker progress.

On the following day, the participants visited Avex Corporation which was established in June 1953. It has 140 employees and the company is listed among Japan's top SMEs. The company produces driving parts for various automobile companies around the world such as Proton, Toyota and Daihatsu. The company produces 1 million small parts per day. Participants were informed that in 2008, the company was impacted by the economic downturn. Even though number of sales had gone down, the company did not lay off any of its workers. Instead, the company implemented several Kaizen strategies and searched for new clients. This included training operators to repair machines either on the job or by observing experts, therefore reducing the need to replace the machines. Upon touring the factory,

the participants also noticed that the company displayed selected Kaizen projects on a board for all workers to see and study. Chosen Kaizen projects would become standard operating procedures (SOPs). The company also teaches its employees the value of working together in perfect harmony to ensure maximum production and worker satisfaction.

The participants also visited Hayami Forest, which is a forest plantation. They were greeted and briefed by Mr. Noboru Takeuchi, who was not only the general manager, but was also the Vice President of Forest Stewardship Council (FSC), Japan. He explained that most of the planted forest was Japanese Cypress. Hayami believes that by conducting appropriate forest cultivation, the logs produced are of high and stable quality at Hayami's specific management practices to ensure the sustainability and growth of the plantation. These include ensuring canopies are kept at least 20% open and that fallen or dead trees are systematically left on their own.

The participants then visited Omron Corporation. The company which was established in June 1953, has a total global workforce of 38,771 people. About 179 of them are employed in Kyoto, Japan. The company produces approximately 1,500 types of producers which include healthcare equipment sockets, sensors and power suppliers. One unique approach that the company practices is employing physically challenged people to work in the factory. As a matter in fact, in this factory, 143 of them (73%) were physically challenged. The company believes in allowing these people to positively contribute to society. The factory also practices 5S, where all filings and equipment are properly labeled and marked to ensure easier access and safety. All desks and equipment were also fitted to be disabled friendly.

Seventeen people from both government and private companies, as well as institutions participated in the mission. The representatives from MTIB were Puan Hj. Noor Laila Mohamed Halip and Encik Shamsul Azman Bin Abdul Aziz from the Strategic Planning and Corporate Affairs.



*Delegation members at the Nissan Motor Factory.*

## NATIONAL WORKSHOP ON DEVELOPING TIMBER TRADE GUIDELINES FOR CUSTOMS OFFICIALS

Timber is one of the most valuable natural resource commodities and it's traded globally with an annual turnover estimated in excess of USD300 billion. In 2015, Malaysia alone exported timber and timber products valued at USD5.46 billion, with Japan and the USA acting as two major export markets, valued at USD0.98 billion and USD0.74 billion respectively. However, illegal trade still remains a threat to sustainable forest management (SFM) with illegal logging and processing estimated to cost the world economy anything between USD30-100 billion or some 10-30% of the total global timber trade each year.

With regard to international timber trading, customs officers play a vital role in ensuring only legally sourced timber is imported, exported or transited. However, there is a constant danger that illegally-sourced timber may enter the supply chain and be mixed with legally sourced material. As such, a national level workshop entitled 'Developing a Timber Trade Guidelines for Frontline Customs Officers' was jointly organised by the Ministry of Plantations Industries and Commodities, MTIB, Royal Malaysian Customs Department and TRAFFIC-The Wildlife Trade Monitoring Network, in collaboration with the World Customs Organisation (WCO) and International Tropical Timber Organisation (ITTO). Part of ITTO's Biennial Work Programme for the years 2015-2016, the programme was held on 12 May in Putrajaya.

The main objective of the workshop was to brief Malaysian stakeholders on the project and its benefits to timber trade and good governance. The workshop also highlighted the role of the stakeholders in the development of the Guidelines. The workshop was officiated by Puan Hj. Norchahaya Hashim, MTIB Deputy Director-General. In her opening remarks, she stated that Malaysia needs to be vigilant and diligent to ensure illegal logging and illegal timber trade do not threaten the nation and its natural resources. She also noted that Malaysia is pleased to be supporting the project and will help to pilot and test the Guidelines using Malaysia's collective experience and knowledge of timber trade. She also thanked all the project donors namely the US and the Japanese Governments, and ITTO.

Four speakers were invited to present papers on their respective fields of expertise. The first paper was delivered by Dr. Steven Johnson, Office-in-

Charge, ITTO. His paper covered the contribution of customs officers in ITTO member countries to support national policies and efforts of agencies working in the forestry sector as well as to safeguard the economic, social and environmental values of their forests. He hoped that timber producing countries will increase their enforcement units and be effective in preventing, detecting and suppressing illegal logging. He further stressed that timber producing countries need to have the right measures in place and properly implemented.

The second paper was presented by one of the project donors, Ms. Nishikawa Michiko, representative of the Japanese Government. She stated that the project aims to develop the Guidelines and hoped that it will assist customs officers at the border to ensure only legal timber enter a country. This will prevent loss of revenue due to illegal timber trade. According to her, in Japan, legally sourced timber is important. Presently, Japan imports and consumes a lot of tropical timber, and Malaysia is one of Japan's bilateral trade import partners for tropical timber and timber products.

The third speaker was Mr. Lee Sang-Hyup of the Compliance and Facilitation Division of WCO, Brussels who spoke on customs and wildlife protection. Mr. Lee noted that the timber-specific Guidelines and reference material for customs are important for the prevention of illegal timber trade. He added that customs officers are assigned to monitor illegal timber trade at the borders and they should have the expertise to identify the illegality of timber products and have the authority to request for trade declaration (import & export documentation). He also highlighted that WCO is very happy to be working with the government of Malaysia, ITTO and TRAFFIC to develop this Guidelines for customs frontline officials globally.

The final presentation of the day was delivered by Mr. Chen Hin Keong, Timber Trade Programme Leader of TRAFFIC. He spoke on the objectives of the project and outlined the draft Guidelines framework. He highlighted that combating timber smuggling and illegal timber trade is a high priority in many countries globally. Customs is the main enforcement agency for combating such activities and TRAFFIC is pleased to be working with the Malaysian government, ITTO and WCO to help improve the capabilities of customs officials to detect and greatly deter such illegal activity.

## INDUSTRY BRIEFING ON EXPORT AND IMPORT OF TIMBER PRODUCTS

**M**TIB conducted an Industry Briefing on Export and Import of Timber Products at two locations at MTIB, Kuala Lumpur on 24 May and at Port Klang, Selangor on 25 May. The briefings focussed on rules and regulations for registration, export and import licensing, enforcement and legality. Forty-five participants attended the event in Kuala Lumpur and 91 in Port Klang. The participants comprised exporters, importers and forwarding agents including representatives from timber associations.

Some issues raised by the representatives of timber industry included importation of logs and baulks, import legality requirements, the grace period for implementation, exportation procedures on timber

products, implementation of uCUSTOMS, inspection of timber and transferring of timber from Peninsular Malaysia to Sabah and Sarawak.

MTIB clarified and gave further explanations on the issues raised. The briefing gave the participants a deeper understanding on matters of exportation and importation of timber and timber products. Speakers from MTIB were Encik Md Yusoff Ismail, Encik Azro Jusoh, Encik Zulhelmi Mohd Ali and Encik Ahmad Ikhsan Zainuddin.

MTIB will be conducting several industry briefings for the Northern, South and East Regions of Peninsular Malaysia in the near future. 



Briefing at MTIB, Kuala Lumpur (left) and Port Klang (right)

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### Timber News

According to him, TRAFFIC is ready to provide further assistance whenever needed. Mr. Chen also stated that the workshop aimed to strengthen the capacity building of customs authorities to combat illegal logging and monitor timber trade with assistance from reference materials and tools.

The workshop was attended by more than 120 customs officers, forestry officials, timber trade enforcement officials, non-governmental organisations and private sector representatives from across Malaysia. The workshop was also attended by Mr. Robert Todd Hannah and Puan Sallamah Md Dalip from the American Embassy in Kuala Lumpur, Malaysia.

In conjunction with the workshop, the First National Draft Committee Meeting on the Timber



Attendees at the workshop.

Trade Guidelines was also held in the afternoon of the same day, in Putrajaya. A total of 30 representatives were present at the Meeting which was chaired by Mr. Chen of TRAFFIC and attended by representatives from WCO, ITTO, Royal Customs Malaysia Department, MTIB, STIDC and Forestry Department Peninsular Malaysia. 

## EIGHTH MEETING OF THE TASK FORCE ON WOOD-BASED PRODUCTS



*A group photo of Malaysian delegation.*

The 36th Meeting of the ACCSQWG 1 on Standards and MRA was held on 19-20 May in Vientiane Capital, Lao PDR. The Meeting was preceded by the following events at the same venue:

- 15th Meeting of the Task Force on Building and Construction (TFBC), held on 16 May 2016;
- 8th Meeting of the Task Force on Wood-based Products (TFWBP), held on 17 May 2016; and
- The Special Meeting of the ACCSQ Working Group 1 – Standards and MRA Sub-Sector Action Plan, held on 18 May 2016.

The TFWBP Meeting which was held on 17 May, was chaired by Puan Hj. Mahsuri Mat Dris, MTIB Senior Deputy Director of Industry Development. The Meeting discussed the follow-up actions taken on matters arising from the Seventh Meeting of the Task Force on Wood-based Products (TFWBP) held on 17 November 2015 in Bali, Indonesia. Malaysia briefed the Meeting on the updates on additional intra-ASEAN trade figures (import and export) for wood-based products including HS Codes received from Cambodia, Indonesia, Lao PDR, Malaysia, Philippines, Singapore, Viet Nam and Thailand. The Meeting concluded that plywood and furniture are two most traded forest-based products in ASEAN from 2013-2015. The intra trades data are used to prioritise standards on wood based products for harmonisation within ASEAN Member states in order to facilitate trade as outlined by the ASEAN Single Market.

The Meeting was informed that Malaysia is going to impose a mandatory standard on the importation as well as domestic use of plywood due to its high

formaldehyde emission levels and the process would comply with the requirements of WTO/TBT. In addition, the Philippines also informed the Meeting on its plans to delist plywood from mandatory certification so plywood manufacturers and importers would not be required to comply with mandatory marking and labeling in accordance with standards and conformity assessments. However, since the local industry association in the Philippines had requested that the mandatory certification for plywood be retained, the plans had been cancelled. The Meeting then requested that the Philippines present their process of mandatory certification as

well as marking and labeling of plywood in their country, at the upcoming Ninth TFWBP Meeting in Malaysia.

### HARMONISATION OF TECHNICAL REQUIREMENTS OF THE WOOD-BASED PRODUCTS SECTOR IN ASEAN

The Meeting discussed the progress and submissions made by Member States on the harmonisation of a total of 57 standards for the wood-based sector in ASEAN, which included the initial list of 34 standards, 12 additional standards and 11 test method standards for furniture. Although 57 standards had been identified for harmonisation by ASEAN member states, the meeting has agreed to harmonise 50 standards on wood based products since seven of the standards are not equivalent to international standards (NEQ).

### SUPPLIERS' DECLARATION OF CONFORMITY

Based on the earlier request made by TFWBP on requirements for the Suppliers' Declaration of Conformity (SDoC), a representative of WG 2, Mr. Bounhome Phanouvong, Deputy Director of Quality Centre of Department of Standardisation and Metrology Lao PDR (DoSM), Lao PDR briefed the meeting on SDoC. The Meeting noted that SDoC for voluntary standards may be required to comply with ISO/IEC 17050-1:2004, ISO/IEC 17050-2:2004 and ISO/IEC 17025:2005. The Meeting considered the principle of SDoC and agreed to further discuss in detail after further clarification had been sought at the upcoming Ninth TFWBP Meeting in Malaysia.

## WOODEN PALLET – PROVIDING SOLUTIONS IN MATERIAL HANDLING

### Performance of the Timber Industry

*The timber industry is a significant contributor in terms of contribution towards the country's export earnings and GDP. In 2015, the timber sector generated exports valued at RM22.14 billion and this accounted for 2.84% of the country's total merchandise export or 1.3% of the nation's GDP. The timber industry, both upstream and downstream, is also an important source of employment with more than 240,000 workforce engaged in the sector.*

### Export of Wooden Pallets

Under The Harmonised Commodity Description and Coding System or the Harmonised System (HS), wooden pallets are classified under 441520000 which includes pallets, box pallets and other load

boards as well as pallet collars. Albeit contributing slightly more than 1% to the export earning of the timber industry, the revenue derived from the export of wooden pallets have registered a steady double digit growth of between 10%-14% over the last five years. Between 2011-2015, exports value were recorded at RM160.0 million, RM176.6 million, RM201.6 million, RM229.4 million and RM252.9 million respectively.

Major markets for wooden pallets from Malaysia are Singapore, Japan, Thailand, Taiwan, China, Australia, India and South Korea. Collectively, these countries absorb 99.4% of the total wooden pallets exported. Singapore remains the major buyers which account for almost 94.1% of the total wooden pallets exported.

### MALAYSIA: EXPORT OF WOODEN PALLET BY DESTINATIONS

| YEAR               | 2011               | 2012               | 2013               | 2014               | 2015               | 2011-2015            | %Share       |
|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|----------------------|--------------|
| HS 441520000       | RM                 | RM                 | RM                 | RM                 | RM                 | RM                   | RM           |
| COUNTRIES          |                    |                    |                    |                    |                    |                      |              |
| SINGAPORE          | 145,705,617        | 167,179,384        | 193,521,501        | 215,743,357        | 238,417,425        | 960,567,284          | 94.1         |
| JAPAN              | 5,821,297          | 4,258,349          | 3,191,983          | 6,009,575          | 5,680,262          | 24,961,466           | 2.4          |
| THAILAND           | 2,428,186          | 1,147,145          | 1,902,719          | 2,134,118          | 2,097,215          | 9,709,383            | 1.0          |
| TAIWAN             | 1,271,814          | 1,175,376          | 1,084,053          | 1,240,983          | 1,339,839          | 6,112,065            | 0.6          |
| CHINA              | 1,135,889          | 1,015,391          | 491,300            | 517,250            | 654,763            | 3,814,593            | 0.4          |
| AUSTRALIA          | 569,573            | 97,401             | 88,654             | 1,562,339          | 1,056,623          | 3,374,590            | 0.3          |
| INDIA              | 484,506            | 256,029            | 20,996             | 612,351            | 1,513,423          | 2,887,305            | 0.3          |
| KOREA, REPUBLIC OF | 712,349            | 596,151            | 9,585              | 596,374            | 556,607            | 2,471,066            | 0.2          |
| NEW ZEALAND        | 0                  | 0                  | 0                  | 264,318            | 448,475            | 712,793              | 0.1          |
| PHILIPPINES        | 168,600            | 35,251             | 24,427             | 158,630            | 229,734            | 616,642              | 0.1          |
| OTHERS             | 1,661,288          | 817,148            | 1,313,334          | 607,438            | 878,562            | 5,277,770            | 0.5          |
| <b>TOTAL</b>       | <b>159,959,119</b> | <b>176,577,625</b> | <b>201,648,552</b> | <b>229,446,733</b> | <b>252,872,928</b> | <b>1,020,504,957</b> | <b>100.0</b> |

Source: DOS/MTIB

### Import of Wooden Pallets

During the same period, Malaysia also imported quite a substantial amount of wooden pallets. Between 2010-2015, imports amounted to RM9.3 million, RM8.2 million, RM8.4 million, RM7.8 million and RM9.4 million respectively. Imports were mainly sourced from Singapore, China, Republic of Korea, Japan, USA, Germany, Italy and the Netherlands.

### Phytosanitary Measures

International Standards for Phytosanitary Measures No. 15 (ISPM 15) is an International Phytosanitary Measure developed by the International Plant Protection Convention (IPPC) that directly addresses the need to treat wood materials of a thickness greater than 6mm. The standard calls for wood packaging materials to be either heat-treated or fumigated with methyl bromide in accordance with the guidelines and marked with an approved international mark certifying treatment. It is mandatory for all member countries of the World Trade Organisation to implement and comply with ISPM 15 in order to facilitate unrestricted movement

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### MALAYSIA: IMPORT OF WOODEN PALLET BY COUNTRIES

| COUNTRIES          | RM<br>2011       | RM<br>2012       | RM<br>2013       | RM<br>2014       | RM<br>2015       | RM<br>2011-2015   | %Share<br>RM |
|--------------------|------------------|------------------|------------------|------------------|------------------|-------------------|--------------|
| SINGAPORE          | 4,416,570        | 3,781,262        | 2,726,009        | 3,273,675        | 3,003,620        | 17,201,136        | 39.8         |
| CHINA              | 1,330,850        | 785,805          | 1,486,577        | 1,034,604        | 2,565,043        | 7,202,879         | 16.7         |
| KOREA, REPUBLIC OF | 396,254          | 727,302          | 990,255          | 1,090,960        | 986,375          | 4,191,146         | 9.7          |
| JAPAN              | 1,673,271        | 545,137          | 304,820          | 301,878          | 1,148,415        | 3,973,521         | 9.2          |
| USA                | 427,310          | 979,749          | 469,421          | 387,721          | 261,395          | 2,525,596         | 5.8          |
| GERMANY            | 237,507          | 226,214          | 470,652          | 688,175          | 265,058          | 1,887,606         | 4.4          |
| ITALY              | 194,888          | 256,182          | 411,148          | 286,396          | 123,858          | 1,272,472         | 2.9          |
| NETHERLANDS        | 134,679          | 240,326          | 386,814          | 103,424          | 157,680          | 1,022,923         | 2.4          |
| THAILAND           | 210,874          | 153,883          | 198,094          | 102,388          | 237,024          | 902,263           | 2.1          |
| POLAND             | -                | -                | 38,028           | -                | 275,594          | 313,622           | 0.7          |
| OTHERS             | 310,207          | 515,134          | 960,575          | 575,550          | 352,982          | 2,714,448         | 6.3          |
| <b>TOTAL</b>       | <b>9,332,410</b> | <b>8,210,994</b> | <b>8,442,393</b> | <b>7,844,771</b> | <b>9,377,044</b> | <b>42,207,612</b> | <b>100.0</b> |

Source: DOS/MTIB

of goods between trading nations which are packed using wood packaging materials such as pallets, crates and cases. Wooden packaging materials must be stamped on at least two sides with the officially approved IPPC mark developed and overseen by the National Plant Protection Organisation (NPPO) in the country of export indicating the treatment and registration number of treatment provider for wood packaging materials. Wood packaging materials that do not bear the required treatment and marking as stipulated in ISPM 15 will be rejected at ports of entry of importing countries.

### Production

The two most popular pallet sizes used in Asia are the square 1,100mm x 1,100mm (43.30" x 43.30") pallet and the 1,200mm x 1,000mm (39.37" x 47.24") pallet. Both are included in the approved ISO Pallet list. The 1,200mm x 1,000mm pallet is better suited for export from Asia to Europe and the USA as these dimensions integrate nicely into both the European and US systems. The industry standard 1,200mm x 1,000mm wooden pallet is ideal for the transport of goods in many industries, be it for consumer products industries, food, beverage, machinery, pharmaceuticals/healthcare, automotive, manufacturing, electronics, retail and wholesale, steel, textile as well as timber industries. These pallets are commonly found in distribution and transport chains nationwide. Modifications to pallet dimensions are also often catered by the manufacturers in order to suit customer's specifications and requirements.

A random survey found most of the wooden pallet manufactured in Malaysia are of the two-way and

four-way types. Essentially, two-way pallets are designed to be lifted by the deck boards. Four-way pallets, or pallets for heavy loads (or general-purpose systems that might have heavy loads) are best lifted by their more rigid stringers. These pallets are usually heavier, bigger and more durable than two-way pallets. Most manufacturers in the country utilise mixed medium and mixed light hardwood species as well as imported woods for their production of the wooden pallets. Productions depend on the capacity of the mills and machines that are installed in their premises. Most of the manufacturers leverage on their quality services and product range to fulfill the different needs of various industries for high quality pallets.



**Two-way pallets** Photo credit @ <http://www.taiksintimber.com.my/services.html#prettyPhoto/0/>

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**Four-way pallets** Photo credit @ <http://www.taiksintimber.com.my/services.html#prettyPhoto/1/>

## Life Cycle

Wooden pallets are still the most commonly used pallet in most industries as it is more cost effective while providing the strength and durability that are expected. Wooden pallets are not expensive and proven to withstand rough handling in many logistics and transportation modes. The advantage of wooden pallets is that it can be used multiple times over the course of its lifetime. However, wooden pallets also need proper maintenance and



repair in order to achieve full cost-saving potential. Worn out or broken pallets can be repaired for reuse. As such, the end-of-life pallets can be recycled. In this way, the industries can help the nation's aspiration in achieving the 3R concept of Reduce, Reuse & Recycle where we can help to reduce carbon footprints. Besides providing solutions to the material handling sector, wooden pallets can also be used in many other innovative DIY projects as well as for furniture making.



### Recycled Pre-owned Wooden Pallets

Photo credit @ <http://www.taiksintimber.com.my/services.html#prettyPhoto/9/>



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## Enhancing Growth

The National Timber Industry Policy (NATIP) was formulated to provide the direction of the timber industry to remain competitive to meet the challenges of globalisation and liberalisation as well as to ensure synergistic development of the upstream and downstream activities. The seven thrusts outlined in NATIP are to gear the industry towards achieving greater productivity and profitability as well as greater industrialisation transformations. Essentially, NATIP promotes industrial development within the timber industry. More emphasis will be given to higher value-added downstream activities that are expected to generate 60% of the export earnings. These activities include the manufacture of wooden and composite furniture products, panel products such as medium density fibreboard, blockboard, plywood, particleboard, laminated veneer lumber and engineered wood products as well as wooden pallets.

## Transformation

Besides upgrading their plants with the latest and the most comprehensive production systems and machineries for various kinds of wooden pallets manufacturing, wooden pallets industry players are strongly encouraged to use high quality sawntimber in their course of production. The use of low quality

timber or recycled wood is not feasible as this will naturally affect the strength and performance of the pallets which might not fully protect the products during loading, transporting and unloading. Eventually, it will render the products easily damaged prior to reaching their destinations and consequently be subject to rejection by buyers. In this respect, wooden pallets manufacturers are encouraged to produce more quality, innovative and specialised pallets of various types and sizes according to each and every customer's designs, specifications and requirements. By doing so, it will add more value to the products and subsequently contribute more revenue to the timber industry.

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## Timber News

### MEETING OF WORKING GROUP 1 - STANDARDS AND MUTUAL RECOGNITION ARRANGEMENT (MRA)

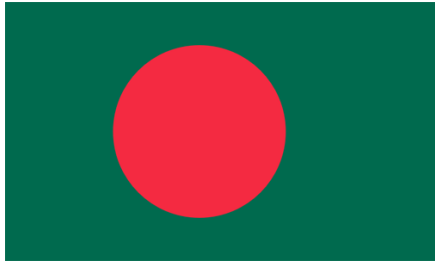
WG1 meeting was chaired by Encik Ridzwan Kasim, Senior Director from Policy and Standards Division, Department of Standards Malaysia, Malaysia. The Meeting was officiated by Mr. Viengthong Vongthavilay, Acting Director General of Department of Standardisation and Metrology Lao PDR (DoSM), Ministry of Science and Technology of Lao PDR. WG1 discussed the harmonisation of standards for safety and the Electromagnetic Compatibility Products (EMC) sector, the automotive sector, the agro-based products sector, the cosmetics sector, the electrical and electronic equipment sector, the medical device sector, the rubber-based products sector as well as the wood-based products sector. WG1 also discussed the progress made in the development and implementation of the ASEAN Sectoral MRAs for automotive products, electrical and electronic equipment, GMP inspection of manufacturers of

medicinal products, bio-equivalence study report, prepared foodstuff as well as MRA on building and construction materials.

Members of the meeting comprised delegates from Brunei Darussalam, Cambodia, Indonesia, Malaysia, Myanmar, the Philippines, Singapore, Thailand and Viet Nam. The delegates expressed their appreciation to the Department of Standardisation and Metrology Lao PDR (DoSM), Ministry of Science and Technology of Lao PDR for the warm hospitality extended and the excellent arrangements made for the Meeting. The Meeting also thanked the ASEAN Secretariat for the assistance provided.

MTIB was represented by Pn. Hjh. Mahsuri Mat Dris, MTIB Senior Deputy Director of Industry Development.

# BANGLADESH TOWARDS INDUSTRIALISATION



## Introduction

*Bangladesh is noted for its fertile land which includes the Ganges delta, the Sylhet Division and the Chittagong Hill Tracts. Agriculture is the single largest producing sector of the economy since it makes up about 18.6% of the country's GDP and employs around 45% of the total labour force. The performance of this sector has an overwhelming impact on major macroeconomic objectives like employment generation, poverty alleviation, human resources development and food security. A majority of Bangladeshis earn their living from agriculture. The country ranks among the top producers of rice, fish, jute, tea and tropical fruits.*

Bangladesh is the seventh largest natural gas producer in Asia, ahead of its neighbour Myanmar. Gas supplies generate 56% of the country's electricity. Major gas fields are located in northeastern (particularly Sylhet) and southern (including Barisal and Chittagong) regions.

According to geologists, the Bay of Bengal holds large untapped gas reserves in Bangladesh's exclusive economic zone. The country also has substantial reserves of coal, with several coal mines operating in northwestern Bangladesh.

## Forestry

Wood is the main fuel for cooking and other domestic requirements. It is not surprising that population pressure has had an adverse effect on the indigenous forests. By 1980 only about 16% of the land was forested, and forests had all but disappeared from the densely populated and intensively cultivated deltaic plain. Aid organisations in the mid-1980s began looking into the possibility of stimulating small-scale forestry to restore a resource for which there was no affordable substitute.

The largest areas of forest are in the Chittagong Hills and the Sundarbans. The evergreen and deciduous forests of the Chittagong Hills cover more than 4,600 sqkm and



are the source of Teak for heavy construction and boat building, as well as other forest products. Domesticated elephants are still used to haul logs.

The Sundarbans, a tidal mangrove forest covering nearly 6,000 sqkm along the Bay of Bengal, is the source of timber used for a variety of purposes, including pulp for the domestic paper industry, poles for electric power distribution, and leaves for dwelling thatching.

## Economy

Bangladesh's economy has grown roughly 6% per year since 1996 despite political instability, poor infrastructure, corruption, insufficient power supplies, slow implementation of economic reforms, and the 2008-2009 global financial crisis and recession. Although more than half of the GDP is generated through the service sector, almost half of Bangladeshis are employed in the agriculture sector with rice as the single most important product.

Garment exports, the backbone of Bangladesh's industrial sector, accounted for more than 80% of total exports and surpassed USD25 billion in 2015. The sector continues to grow. Steady garment export growth combined with remittances from overseas Bangladeshis - which totalled about USD15 billion and 8% of GDP in 2015 - are the largest contributors to Bangladesh's sustained economic growth and rising foreign exchange reserves.

Jute exports continue to be significant. However the global jute trade has reduced considerably since it peaked during World War II. Bangladesh has one of the oldest tea industries in the world. It is also a major exporter of fish and seafood.

Leather goods manufacturing, particularly footwear, is the second largest export oriented

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industrial sector. The pharmaceutical industry in Bangladesh meets 97% of domestic demand and exports to 52 countries. The shipbuilding industry in Bangladesh has seen rapid growth with exports to Europe.

The steel industry in Bangladesh is concentrated in the port city of Chittagong. The ceramics industry in Bangladesh is a prominent player in the international ceramics trade. In 2005, Bangladesh was the world's

20th largest cement producer. The country's cement industry depends on limestone imports from North East India.

The electronics industry in Bangladesh is witnessing rapid growth. Bangladesh also has its own defense industry, including the establishments of Bangladesh Ordnance Factories and the Khulna Shipyard.

## Furniture Industry



*Bangladesh furniture*

Traditionally furniture in Bangladesh developed as a cottage-based industry. In the early 90s, the furniture industry in Bangladesh transformed from a cottage-based industry to a mechanized mass production oriented industry. Since then furniture businesses have begun to grow with modern machinery, innovative designs and the use of diverse materials. The main varieties of furniture are produced from wood, processed wood, melamine board, medium density fibreboard (MDF), particleboard and steel.

At present Bangladesh is producing a wide variety of international standard and quality furniture. The locals are now going to choose local furniture instead of foreign furniture. The export of furniture and allied products from Bangladesh started in 1995. Furniture is a labour intensive sector and Bangladesh has a large low cost manpower which is a vital factor in becoming competitive in the world market which means, there is a high potential for Bangladesh's furniture industry to go for the export market.

It is estimated that, by 2017 Bangladesh will earn an export potential of crafts furniture accessories worth of USD10 million along with furniture worth

USD40 million. There are two relevant associations, namely Bangladesh Furniture Export Association and Bangladesh Furniture Industries Owners Association (BFIOA) which are actively working on materialising the potential of this sector.

At present, there are 42,000 enterprises and nearly two million skilled and semi-skilled people engaged in this sector. Almost 60% of raw materials of furniture sector which include timber, wood coating materials, hardware & accessories and world class fabric are imported from different countries.

However, scarcity of skilled manpower in handling modern equipment and machinery is limiting the prospect of growth of this industry. This can be overcome through setting up more technical schools with a curriculum of short-term trade courses.

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## Malaysia's Timber Trade with Bangladesh

Bangladesh ranked 56th in Malaysia's market for timber and timber products particularly for fibreboard and wooden furniture. In 2011, total

timber exports were RM17.6 million. In 2012, export to Bangladesh increased by 55% to RM27.3 million. In 2013, the export dropped to RM20 million. However, the export then rose to RM26.8 million in 2014 and grew further to RM29 million in 2015.

### Malaysia: Export of Timber and Timber Products to Bangladesh by Value

(Value: RM'000)

| Product          | 2011          | 2012          | 2013          | 2014          | 2015          |
|------------------|---------------|---------------|---------------|---------------|---------------|
| Logs             | -             | 260           | -             | 1,142         | 128           |
| Sawntimber       | 82            | 61            | 73            | 4,838         | 3,157         |
| Plywood          | 25            | 48            | 911           | 1,175         | 1,560         |
| Veneer           | -             | -             | -             | -             | 49            |
| Mouldings        | 230           | 174           | 48            | 55            | 239           |
| Particleboard    | 3,966         | 6,301         | 3,728         | 2,034         | 1,821         |
| Fibreboard       | 8,163         | 9,451         | 12,539        | 13,142        | 12,705        |
| Wooden Frame     | -             | -             | -             | 549           | -             |
| BJC              | 447           | 361           | 416           | 552           | 1,988         |
| Wooden Furniture | 4,418         | 10,599        | 2,180         | 3,338         | 7,264         |
| Rattan Furniture | 34            | 15            | 44            | -             | 34            |
| Other Products   | 268           | -             | 58            | 6             | 98            |
| <b>Total</b>     | <b>17,633</b> | <b>27,270</b> | <b>19,997</b> | <b>26,831</b> | <b>29,043</b> |

Source: MTIB and Department of Statistics Malaysia (DOSM)

### Malaysia: Export of Timber and Timber Products to Bangladesh by Volume

(Volume: m<sup>3</sup>)

| Product       | 2011          | 2012          | 2013          | 2014          | 2015          |
|---------------|---------------|---------------|---------------|---------------|---------------|
| Logs          | -             | 391           | -             | 2,079         | 431           |
| Sawntimber    | 76            | 42            | 39            | 3,408         | 2,523         |
| Plywood       | 21            | 44            | 3,623         | 1,072         | 2,424         |
| Veneer        | -             | -             | -             | -             | 36            |
| Mouldings     | 214           | 172           | 15            | 73            | 132           |
| Particleboard | 6,735         | 13,634        | 10,331        | 5,894         | 3,312         |
| Fibreboard    | 10,927        | 11,060        | 15,638        | 14,598        | 13,461        |
| <b>Total</b>  | <b>17,973</b> | <b>25,343</b> | <b>29,646</b> | <b>27,124</b> | <b>22,319</b> |

Source: MTIB and Department of Statistics Malaysia (DOSM)

## Malaysia's Import of Timber Products from Bangladesh

Malaysia's import of timber products from Bangladesh showed a fluctuating trend. Total imports in 2011 amounted to RM81,000 and in

2012, imports decreased to RM41,000. Imports rose to RM313,000 in 2013 and in 2014, it grew to RM1.9 million. In 2015, imports were at RM5.5 billion. Major products imported by Malaysia in 2015 were chipboard/particleboard totalling RM3.6 million, followed by furniture at RM1.8 million.

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**Malaysia: Import of Timber and Timber Products from Bangladesh by Value**

(Value : RM'000)

| Product                        | 2011      | 2012      | 2013       | 2014         | 2015         |
|--------------------------------|-----------|-----------|------------|--------------|--------------|
| Chipboard/Particleboard        | 81        | 41        | 307        | 1,948        | 3,629        |
| Builders Joinery and Carpentry | -         | -         | -          | -            | -            |
| Wooden Furniture               | -         | -         | 6          | -            | 1,884        |
| <b>Total</b>                   | <b>81</b> | <b>41</b> | <b>313</b> | <b>1,948</b> | <b>5,513</b> |

Source: DOSM and MTIB

**Malaysia: Import of Timber and Timber Products from Bangladesh by Volume**(Volume : m<sup>3</sup>)

| Product                 | 2011       | 2012      | 2013       | 2014         | 2015         |
|-------------------------|------------|-----------|------------|--------------|--------------|
| Chipboard/Particleboard | 121        | 61        | 483        | 3,024        | 4,737        |
| <b>Total</b>            | <b>121</b> | <b>61</b> | <b>483</b> | <b>3,024</b> | <b>4,737</b> |

Source: DOSM and MTIB

**Bangladesh's Import of Timber and Timber Products**

In 2011, imports were recorded at USD87.7 million. In 2012, imports reduced to USD40.4 million. In 2013,

total imports increased by 54% to USD62.3 billion. Imports, further, increased to USD77.0 million in the following year. In 2015, it increased heftily by 82% to USD140.1 million.

**Bangladesh: Import of Timber and Timber Products (HS Code 44)**

(Value: USD'000)

| Product                   | 2011          | 2012          | 2013          | 2014          | 2015           |
|---------------------------|---------------|---------------|---------------|---------------|----------------|
| Fuel Wood                 | 498           | 1,297         | 1,050         | -             | 41             |
| Wood Charcoal             | 4             | 20            | 190           | 85            | 56             |
| Logs                      | 55,305        | 2,133         | 4,775         | 3,054         | 6,465          |
| Hoopwood                  | 95            | 20            | 1,397         | 1,387         | 1,882          |
| Wood Wool and Flour       | 661           | 959           | 605           | 1,349         | 25             |
| Railway Sleepers          | -             | 1             | -             | 200           | -              |
| Sawntimber                | 2,499         | 1,589         | 3,613         | 5,477         | 7,688          |
| Veneer                    | 367           | 474           | 1,363         | 1,511         | 2,389          |
| Mouldings                 | 132           | 312           | 274           | 103           | 67             |
| Chipboard/Particleboard   | 2,443         | 2,924         | 3,145         | 1,307         | 869            |
| Fibreboard                | 5,666         | 5,741         | 6,104         | 6,197         | 6,494          |
| Plywood                   | 3,600         | 3,703         | 2,766         | 2,810         | 3,028          |
| Densified Wood            | 80            | 23            | 370           | 6,874         | 1,008          |
| Wooden Frames             | 54            | 76            | 29            | 8             | 286            |
| Packaging Materials       | 177           | 295           | 799           | 46            | 567            |
| Casks, Barrels and Vats   | -             | 13            | -             | -             | -              |
| Tools, Bodies and Handles | 79            | 88            | 14            | 210           | 14             |
| BJC                       | 738           | 435           | 564           | 1,080         | 1,458          |
| Tableware and Kitchenware | 17            | 33            | 33            | 1             | 8              |
| Wood Marquetry            | 192           | 208           | 257           | 106           | 91             |
| Articles of Wood          | 934           | 1,069         | 686           | 800           | 1,207          |
| Furniture and Parts       | 14,126        | 18,951        | 34,273        | 44,416        | 106,407        |
| <b>Total</b>              | <b>87,667</b> | <b>40,364</b> | <b>62,307</b> | <b>77,021</b> | <b>140,050</b> |

Source: UN Comtrade

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## Timber and Timber Import Tariffs Imposed by Bangladesh

Import tariffs on timber and timber products are between 5% to 25% as follows:

| HS Code                        | Tariff Rate |
|--------------------------------|-------------|
| Logs                           | 5 - 10      |
| Sawn timber                    | 5           |
| Veneer                         | 10          |
| Mouldings                      | 5           |
| Chipboard/Particleboard        | 10 - 25     |
| Fibreboard                     | 25          |
| Plywood                        | 25          |
| Builders Joinery and Carpentry | 25          |
| Furniture and Parts            | 10 - 25     |

Source: WTO

## Prospects

Bangladesh is mainly an agricultural country. Agriculture has always been given priority and as a result industries were ignored. Recently some agro-based industries have been set up. However, there are a few reasons why the country has lagged behind in heavy and medium-level industries. Industrialisation in Bangladesh faces many challenges due to structural constraints that hinder the industrial growth.

The industry sector is one of the major sectors acting as a source of income in Bangladesh. Even though the sector has got many things to be improved, it will benefit the Bangladeshis in term of creating new job opportunities and they can get out of poverty or reduce the poverty level.

Bangladesh also needs to develop and implement an investment-friendly environment to increase foreign direct investment. A proper industrial environment should be maintained and that will increase the productivity. A new export processing zones needs to be set up to improve infrastructural facilities. The emphasis on Public Private Partnership (PPP) in the proposed industrial policy is laudable but the concept is still in a rudimentary stage. Government will need to act expeditiously to devise a transport mechanism and frame well-defined rules for participating in and mobilising funds for the PPP project.

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<http://www.intracen.org>

<http://www.fordaq.com>

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## KELADAN - SUITABLE FOR HEAVY CONSTRUCTION



Wood colour and texture



Keladan tree

*Keladan or Dryobalanops oblongifolia is a tree species of the Dipterocarpaceae family, a close relative to Kapur or Dryobalanops aromatica which is an important source of camphor. Other common name for Keladan are Kapoer (Indonesia), Borneo camphorwood (Great Britain), Petanang, Keladan (Malaysia). The species name means 'oblong-shaped leaf', referring to the so-shaped leaf. It is found along streams, in fresh water swamps and on hill sides up to 600 m elevation in Peninsular Malaysia, Sumatra and Borneo including Sabah and Sarawak. Keladan is a threatened species due to habitat loss. Its conservation status is endangered according to Symington (2004) but reported as least concerned in the IUCN Red Data book (2008).*

### General Characteristics

Keladan is a high class timber of plain appearance and the heartwood colour is reddish brown, clearly demarcated from the pale coloured sapwood. The texture is moderately coarse, the grain straight to shallowly interlocked and its luster high with strong camphor-like smell when freshly cut. The texture is moderately coarse and even with straight or shallowly interlocked or sometimes deeply interlocked grain. Keladan trees are large emergent trees of up to 60 m tall and 150 cm diameter with large buttresses, most parts glabrous but young twigs are densely soft and hairy. Its stipule is small, up to 3 mm long. The leaves alternate, 6-20 by 4.5-6.5 cm, its widest point is near the base of the leaf, the venation is indistinct on the upper side. The inflorescence grows up to 14 cm long, branched,

with up to six flowers. The flowers are white, fruit glabrous, wings (calyx lobes) shorter than nut, nut ca. 3.5 by 2.7 cm. Keladan is moderately heavy and is traded under the kapur group with an air dry density 580-820 kg/m<sup>3</sup>.

### Durability

The heartwood is very resistant to fungal attack but not resistant to termite. The sapwood is liable to powder post beetle attack.

### Seasoning

The timber dries rather slowly but well with a slight tendency to split and check.

### Uses

The timber is suitable for boat building, wharf decking, heavy construction work, railway sleepers, furniture components, flooring, joinery, cores and backs of plywood, window and door frames.

### Strength Properties

The timber falls in Strength Group B or SG 4 (MS 544: Part 2: 2001).

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### Strength Properties of Keladan

| Species                | Test Condition | Modulus of Elasticity (MPa) | Modulus of Rupture (MPa) | Compression Parallel to grain (MPa) | Compression Perpendicular to Grain (MPa) | Shear Strength (MPa) |
|------------------------|----------------|-----------------------------|--------------------------|-------------------------------------|------------------------------------------|----------------------|
| <i>D. oblongifolia</i> | Green          | 13,200                      | 73                       | 39.2                                | 5.1                                      | 8.1                  |
|                        | Air dry        | -                           | -                        | -                                   | -                                        | -                    |

### Machining Properties

#### Sawing and Woodworking Properties of Keladan

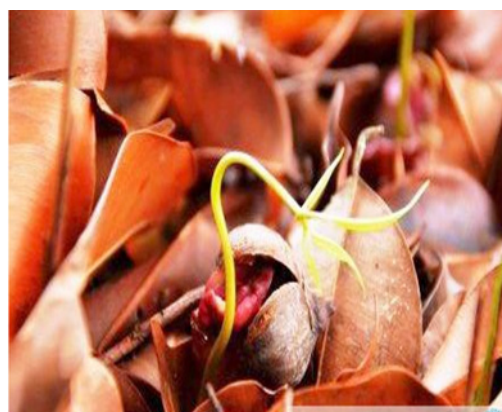
| Species Tested         | Test Condition | Sawing                     |               | Planing         |                   | Boring         |                   | Turning         |                   |
|------------------------|----------------|----------------------------|---------------|-----------------|-------------------|----------------|-------------------|-----------------|-------------------|
|                        |                | Re-sawing                  | Cross-Cutting | Ease of Planing | Quality of Finish | Ease of Boring | Quality of Finish | Ease of Turning | Quality of Finish |
| <i>D. oblongifolia</i> | Green          | easy to slightly difficult | easy          | easy            | rough             | easy           | smooth            | -               | -                 |
|                        | Air dry        | slightly difficult         | easy          | easy            | smooth            | easy           | smooth            | easy            | moderately smooth |

### Kiln-Drying

Kiln Schedule E is recommended. Care must be taken to stack the timber properly as there is a strong tendency to cup. Boards of 25 mm thicks are expected to kiln-dry in 14 days.

#### Kiln Schedule E

| Moisture Content (%) | Temperature (Dry Bulb) |      | Temperature (Wet Bulb) |      | Relative Humidity (%) (approx.) |
|----------------------|------------------------|------|------------------------|------|---------------------------------|
|                      | °F                     | °C   | °F                     | °C   |                                 |
| Green                | 120                    | 48.5 | 115                    | 46.0 | 85                              |
| 60                   | 120                    | 48.5 | 113                    | 45.0 | 80                              |
| 40                   | 125                    | 51.5 | 116                    | 46.5 | 75                              |
| 30                   | 130                    | 54.5 | 117                    | 47.0 | 65                              |
| 25                   | 140                    | 60.0 | 120                    | 49.0 | 55                              |
| 20                   | 155                    | 68.0 | 127                    | 53.0 | 45                              |
| 10                   | 170                    | 76.5 | 136                    | 58.0 | 40                              |



Germinating Keladan seed



Keladan leaves

### Shrinkage

The shrinkage of Keladan is summarised below:

| Species                | Shrinkage (%) (Green to air dry) |            | Remarks        |
|------------------------|----------------------------------|------------|----------------|
|                        | Radial                           | Tangential |                |
| <i>D. oblongifolia</i> | 1.7                              | 3.8        | High shrinkage |

#### References :

100 Malaysian Timber, MTIB  
[https://en.wikipedia.org/wiki/Claytonia\\_rubra](https://en.wikipedia.org/wiki/Claytonia_rubra)  
[www.asianplant.net](http://www.asianplant.net)



DIY session (key-holder making) in conjunction with the Wood and Lifestyle Fair organised by MTIB, held from 20 to 30 May 2016 at PWTC, Kuala Lumpur.



Puan Monie Mohariff from MZ Design Consultancy briefs a paper on Timber: The Aesthetic in conjunction with the Wood and Lifestyle Fair held on 20 May 2016 at PWTC, Kuala Lumpur.



MTIB officials visit an exhibition held at Kuantan Parade, Kuantan, Pahang. The event was held on 20-28 May 2016.



Encik Mohamed Nizam bin Abdul Aziz from Universiti Teknologi MARA, Perak presents a paper on Wood Creations : A Perfect Interior Design Sentiment, in conjunction with the Wood and Lifestyle Fair on 22 May 2016, PWTC, Kuala Lumpur.



MTIB personnel visit Rumah Melaka on 23 May 2016.