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MALAYSIAN TIMBER INDUSTRY BOARD



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## MTIB'S PARTICIPATION IN EXPO 2020 DUBAI



**PROGRAM JELAJAH AGRIKOMODITI**  
#Keluarga Malaysia 2022



**PHYSICAL PROPERTIES AND VISUAL  
IDENTIFICATION OF *Pterocarpus santalinus* WOOD**

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# PROGRAM JELAJAH AGRIKOMODITI

#Keluarga Malaysia 2022



A half-day *Program Jelajah Agrikomoditi #Keluarga Malaysia 2022* was held at Classic Hotel, Muar, Johor on 23 January 2022. The programme was jointly organised by the Ministry of Plantation Industries and Commodities (MPIC) with the Malaysian Timber Industry Board (MTIB), Muar Furniture Association (MFA) and Malaysia Furniture Council (MFC).

*Program Jelajah Agrikomoditi #Keluarga Malaysia 2022* was part of the Ministry's efforts to recognise contributions made by the agri-commodity industry to the Malaysian economy as well as to provide the latest information to the industry on the initiatives, innovations and technologies related to the timber sector and to brief the industry on the employers' responsibilities on employee's safety and health.

The programme was officiated by Deputy Secretary General of Ministry of Plantation Industries and Commodities (MPIC), Encik Mad Zaidi Mohd. Karli on behalf of the Minister, YB Dato' Sri Dr. Wee Jeck Seng. In his opening remarks Encik Mad Zaidi highlighted the timber sector is the third major contributor to the country's agricultural commodities. He added that the furniture industry is the biggest contributor to the country's exports for the timber sector. At the global level, the country's furniture exports are the 12th largest, and the country is recognised as a producer of high-quality wooden furniture. As such, it is important to continue maintaining quality from all aspects of the industry.



Three guest speakers presented their papers at the briefing:

- Puan Haslina Ibrahim from Immigration Department of Malaysia - Online Temporary Working Visit Pass Extension Application (e-PLKS)
- Tuan Haji Mohd Asri Abdul Wahab from Department of Labour Peninsular Malaysia - Worker's Minimum Standard of Housing and Amenities (Amendment) 1990 (Act 446)
- Encik Asyraf Munzir Ar Alhan from PERKESO - My Future Job for Employers

The briefing was followed by a Q & A session. More than 60 representatives from local timber and furniture industries and government agencies attended the briefing.



Encik Mad Zaidi Mohd. Karli gave his speech to the audience

## MTIB'S PARTICIPATION IN EXPO 2020 DUBAI

Recognising the potential for business opportunities in the United Arab Emirates (UAE), Malaysian Timber Industry Board (MTIB) participated in Expo 2020 Dubai from 20 to 30 January 2022. The delegation was led by YBrs. Tuan Haji Mahpar Atan, Director General of MTIB and included representatives of five companies in the Agarwood (Gaharu), wood craft (laser cutting) and wood-based construction material industries. The objectives of the participation were to enhance the trade of Malaysian timber & timber products to the UAE market and to foster and increase business networking between Malaysian exporters and UAE importers on timber and timber products including high value non-timber, forest products such as Agarwood, wood craft (laser cutting) and wood-based construction materials. In addition, the delegation hoped to observe the latest market developments and prospects for timber and timber products in the UAE.



MoU exchange between Etlingera Sdn Bhd & Malaccencis Sdn Bhd, witnessed by YBhg Datuk Zuraida Hajah Zuraida Kamaruddin, the Ministry of MPIC and YBrs. Tuan Haji Mahpar Atan, Director General of MTIB



MTIB delegates

The delegation first made a courtesy visit to the Consulate General of Malaysia in Dubai, Encik Mohd Hasril Abdul Hamid. During the visit, they discussed areas of cooperation, particularly in the timber industry, that could be explored by both countries. The group then continued with a factory visit to AJMAL Perfumes where they were warmly greeted by Ms. Helen Rebello, General Manager of AJMAL Perfumes. She gave a brief background of the company to the delegates; Ms. Rebello further informed the delegation that AJMAL has established a strong retail presence with over 240 exclusive "Crafting Memories" retail outlets in Gulf Cooperation Council (GCC) countries as well as globally.

AJMAL also currently exports their range of products to over 45 countries across the globe, with an exclusive presence through 30 selected global Duty-Free locations and International Airlines. After the briefing session, the delegates were taken around the factory to take a closer look at the processing of Agarwood and the process of producing Agarwood essential oil.

Expo 2020 is a world trade expo, hosted by Dubai in the United Arab Emirates from 1 October 2021 to 31 March 2022. The main site of Expo 2020 Dubai is a 438-hectare area located between the cities of Dubai and Abu Dhabi, near Dubai's southern border with Abu Dhabi. YB Datuk Hajah Zuraida Kamaruddin, Minister of Plantation Industries and Commodities (MPIC) officiated Sustainable Agri Commodity Week which was held from 23 to 29 January 2022. MTIB also took the opportunity to exchange two (2) Memoranda of Understanding (MoU) between Etlingera Sdn Bhd with Aromology Trading LCC and Etlingera Sdn Bhd with Malaccencis Sdn Bhd. The MoU exchanges were witnessed by both YB Datuk Hajah Zuraida Kamaruddin and YBrs. Tuan Haji Mahpar Atan.



MTIB delegates at the Malaysian Pavilion, Expo 2020 Dubai

Overall, the Malaysian participation at Expo 2020 Dubai was successfully executed according to the planned objectives. The UAE offers great potential to be further explored by Malaysian timber entrepreneurs. The five companies that went under the MTIB banner had also achieved success and exceeded their set targets. The programmes that were held throughout the week also succeeded in opening opportunities for Malaysian entrepreneurs to penetrate the Middle East market in particular, the UAE.

The Malaysian companies that were involved in the mission were KWMCraft, Rinacraft, Malaccencis Sdn Bhd, Al Hilmi Agarwood Sdn Bhd and Bosseven Engineering Sdn Bhd. MTIB was represented by Encik Mohd Zamakhsyary Mustapa from Industry Development Division and Puan Rahilah Yusof from Trade Development Division.



MTIB courtesy visit to the Consulate General of Malaysia in Dubai



Business Matching Session with Agarwood, wood craft and construction materials importers and exporters



MTIB delegates at AJMAL Perfumes

A few programmes were organised by MTIB throughout the week at the Malaysian Pavilion. The programmes were Talk on Malaysian Oudh & the Malaysian Oudh Journey, Talk on Wood Crafting and Engraving Using Laser-Cutting Technology, Agarwood Products on Oudh Perfumery Demonstration as well as business matching sessions with importers and exporters of Agarwood, wood craft and construction materials.



## GOVERNMENT REVOKES HECTARES OF FOREST

In a virtual press statement, Indonesian President Joko Widodo announced that the government has revoked 192 forestry sector permits covering 3,126,439 hectares, because companies that have the permits have not carried out any activities in recent years. According to the President, this step was taken in an effort to improve the governance of natural resources and to encourage community welfare through productive forest management. Through this move, more access to forest areas can be granted to communities, land productivity and investment can be raised, and governance can be strengthened. The Environment and Forestry Minister pointed that 1.7 million hectares of revoked palm oil permits in state forest areas account for over 57% of the total revoked permit areas. Additionally, permits for logging and pulpwood concession areas covering over 1.32 million hectares were also revoked.

*Panelsfurnitureasia.com, 19 January 2022*



## INCREASE IN WOOD AND WOOD PRODUCT EXPORTS

According to statistics from Viet Nam's General Department of Customs, exports of wood and wood products in November 2021 reached USD 1.27 billion, up 2.5% compared to November 2020.

In particular, exports of wood products reached USD915.7 million, down 9.9% compared to November 2020. Over the 11 months of 2021, wood and wood products exports reached USD13.4 billion, up 21% over the same period in 2020. The export of wood products reached USD9.99 billion, up by 18% over the same period in 2020. Wood and wood product exports to the UK in November 2021 amounted to USD23.7 million, up 26% compared to November 2020. In the 11 months of 2021, wood and wood products exports to the UK

market reached USD239.4 million, up by 16% over the same period in 2020. Wood and wood product exports to Australia in November 2021 were valued at USD17.2 million, down 11% compared to November 2020. In the 11 months of 2021, wood and wood products exports to Australia reached USD149.9 million, up by 2.8% over the same period in 2020. The statistics also reported that Viet Nam's wood imports in November 2021 amounted to 458,300 cubic metres which is worth USD158.2 million, up 14.4% in volume and 1.7% in value compared to October 2021. However, compared to November 2020 imports decreased by 23% in volume and 11% in value. In the 11 months of 2021, imports of wood raw materials reached 5.948 million cubic metres, worth USD2.01 billion, experiencing an increase of 9.2% in volume and 22.4% in value over the same period in 2020.

Viet Nam's imports in November 2021 reached 15,600 cubic metres worth USD3.7 million, which is down by 36% in volume and 39% in value compared to October 2021. Compared to November 2020, however, imports decreased by 39% in volume and 39% in value. In the 11 months of 2021, imports of ash reached 409,600 cubic metres, worth USD 5.5 million, down by 11% in volume and 6% in value over the same period in 2020. Viet Nam's exports of non-timber forest products (NTFP) in November 2021 were recorded at USD 79.11m, up by 15.8% compared to October 2021 and up 39.4% compared to November 2020. In the 11 months of 2021, exports of NTFP amounted to USD780.08 million, up by 43.9% over the same period in 2020.

*Panelsfurnitureasia.com, 20 January 2022*



## NATIONAL STANDARDS ON MDF AND LAMINATED VENEER LUMBER (LVL) RELEASED

National standards on Medium Density Fibreboard (GB/T 11718—2021) and Laminated Veneer Lumber (GB/T 20241—2021) will be effective as of 1 June 2022. The two new standards are revisions of the standards (GB/T 11718—2009) and (GB/T 20241—2006). Medium density fibreboard (MDF) is one of the main types of fibreboard in China accounting for more than 80% of the national total output of fibreboard. The output of MDF was 53.47 million cubic metres in 2020 in China. Since the release of GB/T 11718-2009 MDF in 2009 it has played an important role in regulating the production of MDF in China and in improving the quality of MDF products. In order to

promote further development of the MDF industry the GB/T 11718-2021 standard is partially revised according to international standards for MDF and some technical content has been revised.

Laminated Veneer Lumber (LVL) is an important structural material widely used in building I-beams and wood joists and for door frames and furniture framing. Since the release of GB/T 20241-2006 LVL in 2006 the standard has played an important role in standardising production, improving product quality and promoting the development of the wooden structural and packaging industries. In the revision of GB/T 20241-2021 the relevant standards of ISO have been adopted with full reference to the relevant standards of Japan and the EU.

[www.yalongwood.com](http://www.yalongwood.com), 14 January 2022



## STRONG RECOVERY IN EU27 WOOD FURNITURE IMPORTS FROM TROPICAL COUNTRIES

In the first eight months of 2021, EU27 import value of wood furniture from tropical countries was USD 1.1 billion, 38% and 29% higher than the same period in 2020 and 2019 respectively. After a slow start to the year, the value of EU27 wood furniture imports from the two largest tropical suppliers – Vietnam and Indonesia – increased sharply from the second quarter onwards. By the end of the first eight months, import value was up 29% from Vietnam to USD455 million and up 33% from Indonesia to USD293 million. Meanwhile EU27 imports of wood furniture from India and Malaysia, which were very strong in the first half of this year, slowed a little during the summer months. After eight months this year, import value from India was USD237 million, 78% greater than the same period in 2020, while import value from Malaysia was USD85 million, a gain of 42%. For all four leading tropical suppliers, EU27 wood furniture import value in the first eight months of 2021 was higher even than in 2019 before the pandemic.

[www.globalwood.org](http://www.globalwood.org), 17 January 2022

## DYNAMIC RECOVERY IN EUROPEAN CONSTRUCTION

According to the new estimate, the total construction output in the Euro-construct area decreased by 4.7%

in 2020, a more moderate decline than expected six months ago. Also, the final results for the current year as well as the new short-term forecast have been improved, even though slowing down in the mid-term.

The synchronic international recovery, the use of infrastructure works as a classic fiscal policy measure, the introduction of generous incentives for building renovation and upgrade, are some of the sectorial factors that support the positive outlook and its overall improvement, in a more general context of economic upswing and confidence index growing in all countries. The level of construction output in 2021 is set at 1,740 billion euros that, after the difficult year 2020, already represents a fully recovered loss, thanks to an important leap of 5.6%. At a country level, the situation is very variable: in seven countries the pre-crisis level has already been significantly overtaken, in six others the market capacity this year is flat if compared to the 2019 level, while in the remaining six the gap is still negative, with one big country that still has to re-absorb around a 10% negative gap with respect to pre-crisis level.

The new short-term outlook is defined by a lively growth next year (+3.6%) and by an increase of no more than 1.5% in the next two-year period. Some elements of concern may impact the general positive scenario. These are coming from the supply side, not only in terms of raw material prices but also in terms of labour shortage and may also derive from the direction of public support.

All non-residential construction will show a relatively better performance in the near future, against a more moderate increase in the level of expenditure for housing: in particular, for civil engineering, a growth rate close to 3% per year, is estimated, not so far from that expected for non-residential building (+2.5% on average 2022-2024), while for the biggest European market the slowing path should be more pronounced (+1.6%).

At a country level, the positive development will be sustained by the strong growth (more than 4%) in Ireland, Spain, Hungary and the United Kingdom; a flat trend is expected for Germany and Switzerland, while sectoral output should be shrinking in Finland and Sweden.

[www.globalwood.marketinfo](http://www.globalwood.marketinfo), 31 January 2022



## HIGHER DUTY RATES FOR LUMBER EXPORTS

The Russian government will be introducing higher duty rates for export of individual kinds of lumber with moisture over 22% and thickness and width over 10cm in the country beginning 2 Jan to 31 Dec 2022. This is to prevent export of raw wood disguised as lumber, and according to the Russian Ministry of Industry, to "increase the export of products with high added value and to prevent flows of certain commodity groups into other ones". The higher rates will only affect exports outside the Eurasian Economic Union. The rate of EURO 200/cubic metres is applied to softwood, while EURO 250-370/ cubic metres is set for precious hardwood. The rate for such softwood and oak lumber was 10% but at least EURO 13 and EURO 15 / cubic metres respectively, and 10% but at least EURO 50/ cubic metres for beechwood and ash.

*panelsfurnitureasia.com, 6 January 2022*



## SPAIN

### BUILDING STARTS INCREASE

Residential construction activity in Spain significantly intensified during the second quarter of 2021. According to the Spanish Ministry of Construction, after building starts had increased in January (+24%), a decline with regard to the preceding year had then been observed in February (-11%). Starting from the stable development recorded in March, the growth rate accelerated until June (+57% to 10,515 units). Accumulated over the first six months, construction commenced on 47,742 living units, corresponding to an increase of 20%. Over the entire period of 2020, building starts had dropped by one-fifth (20%) to 75,930 units. The number of living units completed in the first half-year rose by 22% to 41,360 units. Completions also increased in January (+11%), March (+17%), April (+146%), and May (+57%). In June, the number of completed living units was approximately the same as in the preceding year. In February, a decline of 23% with regard to the preceding year was recorded. In 2020, completions had increased by 8% to 77,531 units.

*www.euwid-wood-products.com, 19 January 2022*



## GHANA

### WOOD EXPORT PRODUCT TRENDS

Ghana's wood product exports are mainly air-dried and kiln-dried sawnwood, billets (logs), sliced veneer and plywood. Plywood exports are destined for the regional market. These products accounted for 90% of total export volumes in the first three-quarters of 2021, as they have for many years. Data from the Timber Export Division (TIDD) of the Forestry Commission shows that for the period of January to September 2021 export volumes of these products totalled 206,352 cubic metres or 92% of the total export volume (224,599 cubic metres). For the same period in 2020 the volume was 149,258 cu.m, being 90% of the total shipped (165,924 cubic metres). Air-dried sawnwood topped the list as the most shipped product and accounted for 111,452 cubic metres (54.0%) and 84,659 cubic metres (56.7%) of all products shipped in the first three quarters of 2021 (206,352 cubic metres) and 2020 (149,258 cubic metres) respectively.

The volumes shipped were stable in 2021 but this was not the case the year before where export volumes dipped in April 2020, May 2020 and June 2020 due to the pandemic lockdowns. The top species of sawnwood shipped were teak ceiba, wawa, denya and mahogany with the market destinations being mainly India, the United States, Germany, Belgium and the United Arab Emirates.

*madera.com, 6 January 2022*



## PERU

### WOOD PRODUCTS RISE

The Association of Exporters (ADEX) has reported that Peru's wood product exports between January and October totalled at USD97.7 million, a growth of 32% compared to the same period last year. However, compared to 2019 there was still a decline of around 4%. Despite the market opportunities over the ten months of this year wood product shipments represented less than 1% of total non-traditional exports (USD13 million). The recovery of Peruvian

timber shipments this year was driven largely by demand in France and the US which increased orders by 175% and 61%, respectively. However, the main international market was China at USD30.2 million accounting for 31% of the total wood product exports followed by France with USD16 million and the US with USD11.2 million. The other markets of note were Mexico (USD6.9 million) and the Dominican Republic (USD6.3 million).

Exports were mainly of semi-manufactured products (USD 58 million) or 59% of the total. The exports of mouldings was significant as were exports of sawnwood (USD25.4 million). Others included construction products (USD5.5 million), furniture and parts (USD3.5 million), veneered wood and plywood (USD2.7 million) and other manufactured products (USD1.2 million).

The exports of mouldings between January and September this year totalled at USD22.5 million, a significant increase compared to 2020 (USD 9.4 million) according to the ADEX Global Business and Economics Research Center. Data from the ADEX 'Trade Business Intelligence System' shipments of mouldings in the first nine months of this year exceeded pre-pandemic levels mainly due to the higher demand in France which went from USD1.0 million in 2020 to USD8.1 million in 2021. Other markets included Denmark (USD3.5 million), Belgium (USD2.2 million), the US (USD1.5 million), Mexico (USD1.3 million) and Germany (USD1.3 million). New markets included Canada, South Africa, Martinique, Italy, Portugal and the United Kingdom. Mouldings were produced and shipped from Lima (USD11.4 million), followed by Ucayali (USD6.2 million), Madre de Dios (USD3.8 million), Callao (USD1.1 million) and Tacna (USD0.3 million).

In the ADEX report 'International panorama of molded lumber', it was reported that Peru was the fourth world supplier of moulded lumber in 2020. Indonesia (61% of the total) was the main exporter of this product, followed by Brazil and Malaysia.

[www.fordaq.com](http://www.fordaq.com), 14 January 2022



## UNITED STATES (USA)

### TARIFFS ON CANADIAN LUMBER WILL HURT U.S. HOUSING

Lumber price volatility has been the single biggest drag on the residential construction industry during the COVID-19 pandemic. That's why the National

Association of Home Builders (NAHB) was so disappointed when the Commerce Department moved forward in late November with its next administrative review to double the tariffs on Canadian lumber imports from 8.99% to 17.9%. Increasing the tariffs acts as a huge tax increase on American homebuyers and renters, who experience higher housing costs as tariffs drive up the cost of lumber. This comes as millions of American households are already paying too much of their income for housing. It's no secret to the Commerce Department that the nation's home builders are dealing with supply chain disruptions that have driven up the cost of lumber, steel, copper, and other key building materials. At one point in 2021, the price per thousand board feet of lumber reached an all-time high of USD 1,495, according to wood industry price and news service Random Lengths, and pushed up the cost of an average new single-family home by almost USD36,000. After relaxing from record highs in the fall—though still above pre-pandemic record highs—lumber prices have begun to rise again. The framing lumber composite price jumped 10% in early December and lumber futures increased nearly 20%, going above USD 900 per thousand board feet as of December 3. NAHB is working with the Biden administration in an effort to achieve less burdensome tariffs and is urging the administration to engage Canadian trade officials in negotiations to reach a long-term solution to the trade dispute.

[www.probuilder.com](http://www.probuilder.com), 5 January 2022



## NEW ZEALAND

### THE OUTLOOK FOR EXPORTS OF LOGS TO CHINA CHALLENGING

New Zealand's log export revenue was up 34 percent during the year to 30 June 2021 due to stronger than expected demand from China. China remains the key market for New Zealand log exports, making up 85 percent of overall log export values, says New Zealand's Ministry of Primary Industries (MPI) in its annual report.

According to MPI, NZ's log export revenue is forecast to reduce by 1 percent to \$3.8 billion in the year to 30 June 2022. Chinese demand for logs has softened due to a slowdown in the construction sector and

high market prices. The effects of China's response to a heated property market and high levels of debt at the country's second-largest property developer (Evergrande Group) have started to ripple through the construction sector. Despite near-term challenges in the construction sector, medium-term demand for logs is projected to lift driven by the Chinese Government's targeted measures to support the economy and infrastructure development.

Global demand and supply dynamics create uncertainty for New Zealand log prices in the medium-term, says MPI in its report. Log prices have fallen as demand eased, due to pressures in China's real estate sector and general slowing of the economy. According to MPI, increased supply of spruce logs from Europe is expected to put additional downward pressure on New Zealand log prices. Log supply from South America into China is expected to be subdued because of high freight costs. This will partly offset the downward pressure on log demand and prices. In the medium-term, demand and prices are also likely to be supported by the imminent removal of Russian logs from the export market in 2022.

Supply volumes to South Korea as a share of total exports have decreased from 58 percent in 2005 to 8 percent in the year to 30 June 2021. Demand in this market is likely to remain sluggish in the medium-term as other markets ramp up supply. Demand from India

has plummeted. It accounted for only 2 percent of total log export volumes in the year to 30 June 2021, down from 12 percent in 2011. While demand is forecast to improve slightly over the medium-term as India's economy recovers, greater supply from Australia and Uruguay is expected to pick up much of the slack.

New Zealand's harvest volumes for the year to 30 June 2021 reached an all-time high of 37.6 million cubic metres, up 18 percent compared with last year due to robust demand and high prices. MPI is forecasting harvest volumes to slightly reduce for the coming year as demand eases.

New Zealand's sawn timber export values were up 13 percent in the year to 30 June 2021 compared with last year supported by both strong domestic production and rising export prices. Sawn timber export values are forecast to reach \$1.0 billion in the year to 30 June 2022, up a further 11 percent from 2021. Demand in the US and Australia is driven by housing construction activity, while it remains subdued in China. Chinese demand for sawn timber has been negatively impacted by rising export prices.

The proposed Russian ban on log exports is likely to increase the supply of timber into China as Russia processes more wood for export. As China accounts for only 12 percent of sawn timber exports by value, the medium-term effect is likely to be marginal. 

[www.GWMI.marketinfo.com](http://www.GWMI.marketinfo.com), 31 January 2022



Malaysian Timber Industry Board  
Body of Plantation Industries and Commodities



MINISTRY OF  
PLANTATION INDUSTRIES  
AND COMMODITIES

## Multiple Uses, Variable Styles

Incomparable Malaysian Wood. Choice for those with exclusive preference. Pushing the frontier of imagination and creativity. Our Heritage, Our Pride.



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# Physical Properties And Visual Identification Of *Pterocarpus santalinus* Wood

## *Pterocarpus santalinus*

- Also known as: English – Red Sanders, Almug, Saunderwood, Red Sandalwood.
- Chinese – 小叶紫檀, 檀香紫檀
- Rakta Hindi – Chandana, Lal Chandan, Ragat Chandan, Undum.
- Tamil – Semmaram, Sivappuchandanam
- Taxonomy

| Kingdom | Phylum       | Class         | Order   | Family   | Genus              | Species           |
|---------|--------------|---------------|---------|----------|--------------------|-------------------|
| Plantae | Tracheophyta | Magnoliopsida | Fabales | Fabaceae | <i>Pterocarpus</i> | <i>santalinus</i> |

*Pterocarpus santalinus* or Red sander is an endemic species, a major growth at the southern portion of the Eastern Ghats, Andhra Pradesh in India. *Pterocarpus santalinus* is found predominantly in a geobotanically restricted area of 2000 km<sup>2</sup>, between 13° 30'–15° 0' N latitude and 78 45'–79 39' E longitude [1,2,3]. In the natural distribution, *Pterocarpus santalinus* grows in about 500 km<sup>2</sup> of partial forest area of Andhra Pradesh and Tamil Nadu. A report also indicated that *Pterocarpus santalinus* is found exclusively planted in the Chinese provinces of Yunnan, Guangdong and Guangxi, and on Hainan province [4,5].

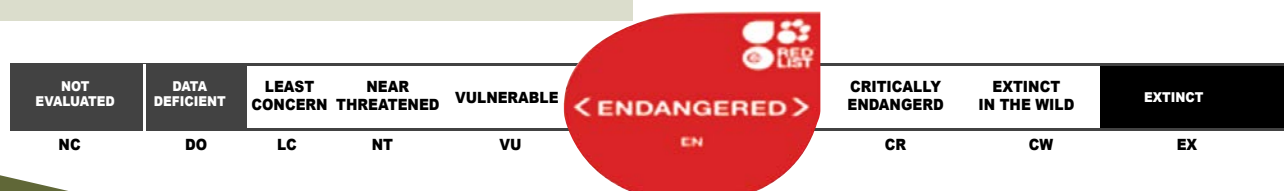
*Pterocarpus santalinus* sporadically grows on dry hill zones, in hilly terrains and often soils are shallow, poor, rocky ground, stony and well drained. In general, nearly 82% of the natural main distribution growth area of *Pterocarpus santalinus* is in subsurface formation of quartzites soil [6]. Naturally, the *Pterocarpus santalinus* tree is a slow-growing species which need 80 to 100 years to reach harvesting size and may need several hundred years to obtain large diameters and high quality wood suitable to manufacture high value products.

*Pterocarpus santalinus* tree is well-known for its aesthetic appearance (colour, beauty wood grain). Its wood structure (hardness) tends to categorize it as among the highest density wood in the world. As such it is in high demand especially in the manufacture of

high-value musical instruments, carvings, beads, wooden classic cabinets and furniture.

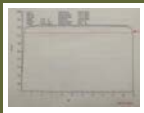
The wood of *Pterocarpus santalinus* has historically been highly valued and in high market demand in China, especially during the Ming and Qing Dynasty periods, and local traders are very familiar with wood of *Pterocarpus santalinus* or red sanders. One example is an exquisite chair made of *Pterocarpus santalinus* wood which was used by an emperor. The chair can be seen today in China's Forbidden City in Beijing, inside the Hall of Supreme Harmony. In 2017, the Chinese Government officially designated the *Pterocarpus santalinus* wood as among one of most valuable "ROSEWOOD" timber in China's National Hongmu Standard (2017) [7].

Realizing the possibility of extinction, should unregulated trade continue unmitigated on 16 February 1995, *Pterocarpus santalinus* was classified as an endangered species in the legislation of the Convention on International Trade in Endangered Species (CITES) under Appendix II to regulate trade in log, wood chips, and unprocessed broken materials. However, there are still extensively illegal harvesting, large-scale smuggling and trade of the *Pterocarpus santalinus* wood to meet the high global demand in the international market. [8, 9], as stated in a report published by the Under Red List of Threatened Species 2021: the diagram is shown as below [10]:



The wood anatomy identification method is currently being used in wood species identification in Malaysia, as well as globally. However, the method has limitations, due to it requiring a long preparation time and special laboratory processing. Furthermore, not all tool methods will be suitable for identifying all tree species and timber products and there is yet to be sufficient reference database available to positively identify specimens. Thus, we proposed the fast screening by visual wood identification method to enhance efficiency and accurately identify *Pterocarpus santalinus* wood.

The physical properties and visual evaluation method of *Pterocarpus santalinus* wood can be used as a method or reference in wood anatomy identification such as below:

| Method                                                  | Result                                                                                                              | Example                                                                             | Method                      | Result                                                                                                                                                                            | Example                                                                               |
|---------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------|-----------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------|
| <b>Density Distribution</b>                             | Density profile analysis showss more than 1.0 kg/m <sup>3</sup> .<br>GB/T 18107-2017<br>1.05-1.20 kg/m <sup>3</sup> |    | <b>Wood grain</b>           | Vessels have small diameters and grain waviness or appear in an "S" pattern.<br>The structure ranges from very fine to fine; the texture is staggered, and some, partially curled |    |
| <b>Specific gravity test</b>                            | Wood sinks in water                                                                                                 |    | <b>Growth ring</b>          | It's not evident and has unclear formation.                                                                                                                                       |    |
| <b>Scratching on white paper</b>                        | The colour appears for the 1 <sup>st</sup> to 4 <sup>th</sup> scratch on A4 paper                                   |    | <b>Core Heartwood</b>       | The heartwood is very hard. It has an erect bole but can be easily split longitudinally. The fracture is very hard, splintery and hollow.                                         |    |
| <b>Dissolving in water (24 hours) at a ratio of 1:5</b> | Reddish. Fluorescence Blue-Greenish is at the upper layer under lighting.                                           |   | <b>Burning</b>              | Oily and gummy liquid occur on the wood surface and is cured when it's cold.                                                                                                      |  |
| <b>Dissolving in alcohol</b>                            | Concentrated reddish-orange is distributed from surrounding wood surface.                                           |  | <b>Heating / Combustion</b> | There is very light sweet fragrance.                                                                                                                                              |  |
| <b>Cross section / Tangential view</b>                  | Tylosis or calcium oxalate crystals are visible in fine powder form under microscope                                |  | <b>Surface appearance</b>   | It appears oily (fairly to heavy) after very long exposure.                                                                                                                       |  |

\* Note: The wood changes colour from Orange-red (fresh cut) – Reddish (3-4 week) – Dark Purple-Red (long period) under open exposure.

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Classic bedroom furniture



## MF INTERNATIONAL SDN BHD

“Quality is our priority”

### Background

MF International Sdn Bhd was founded on 1 September 2010 by Mr. Lim Young Song. The company, located at Parit Jamil Industrial Area, is a furniture manufacturer with approximately 350 workers. The company mainly produces bedroom sets, wardrobes, dining sets and sofas. Parit Jamil Industrial Area is a furniture manufacturing centre and the majority of occupants are furniture operators. Operating in this industrialized environment has served to further boost the company's efforts to be a leader in the furniture industry.



### Business tagline

Quality is our priority: The tagline serves as a reminder for the company and workers to always focus on producing attractive quality products. MF International always aims to produce attractive products of high quality to ensure client satisfaction and to secure segment markets for its products. Currently, the company's biggest market segments are the United States and the Middle East.

### Raw material from forest plantations

MIF International utilizes raw materials which are in line with MTIB's forest plantation programme. The use of raw materials from panel products such as MDF allows them to focus on product finishing and production cost. The flat easy-to-sand surface makes this raw material the main choice for attractive and quality finishing. The use of raw materials from MDF also ensures competitive prices and a reduced dependence on sawn timber. This can help reduce deforestation as MDF is obtained from fast growing species in the forest plantations.



The use of MDF panel products can reduce dependence on natural forest resources. The MDF manufacturing process usually involves sawn timber waste and disposed landscape timber. In addition, MF International also uses plywood, chipboard and sawn wood. All raw materials used, either from local suppliers or imported, are from legal sources.

## Product Design Appearance

Most of the products produced by MF International are classic themed; many plant motifs adorn the surface of the furniture. Although classic furniture products use a lot of space, matching layout themes can enhance the appearance of the space. Some products will provide an advantage in terms of storage because classic furniture provides a lot of space in each component.



In addition, the type of finishing may also greatly influence the choice of products among consumers. However, despite stylish finishing upgrades of other furniture types, classic furniture with its timeless and unique design is still in demand.

## Appreciation to MTIB

The company has greatly benefitted after being selected to participate in the LEAN Management programme organised by MTIB. The programme has helped them to overcome the problem of shortage of employees by reducing a number of workers at a station and transferring some to other processing stations. The company has also improved savings in terms of production cost.



## Industrial Revolution 4.0 Challenge

MF International has made a thorough preparation to face Industrial Revolution 4.0. The company has plans to train skilled machine operators and invest in automatic machines. Covid-19 Pandemic has taught the company to be more effective with a smaller number of employees on uninterrupted production processes. The Movement Control Order affected the production line and this was further compounded by the decline of foreign manpower due to restrictions on entry into the country.

In addition, the rise of delivery costs has added even more challenges in terms prices. As the economy has been affected by the pandemic, this has resulted in manufacturers having to realign all costs to ensure sales are not too badly affected.

The company hopes that this problem will end soon so that the process of expanding the furniture industry is not stunted and it will soon recover to as it was before the pandemic.

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## DECEMBER 2021

Total export of Malaysian timber and timber products in December 2021 increased by 4% in value totalled at RM2.4 billion from RM2.3 billion in the previous month. Likewise, cumulative exports for the period of January to December 2021 increased 3% valued at RM22.7 billion over RM22.1 billion in the previous corresponding period. The construction sector remained resilient and persistent throughout the month with improved demand and construction activities contributing to the monthly increase in December.

### SAWNTIMBER

Total export of sawntimber in December 2021 increased by 4% in volume at 126,210 m<sup>3</sup> and 7% in value at RM281.7 million as compared to the previous month.

However, cumulative exports for the period of January to December 2021 decreased by 7% in volume but increased 4% in value to 1.2 million m<sup>3</sup> totalling at RM2.5 billion over the previous corresponding period.

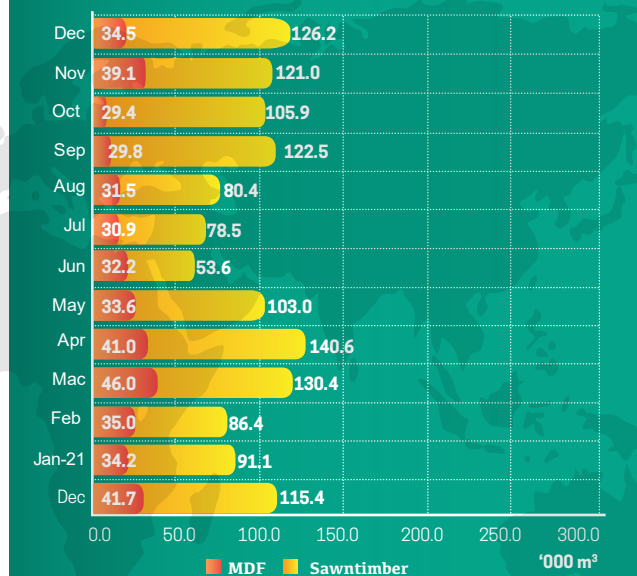
Exports of sawntimber to the EU for the month decreased by 11% to 7,125 m<sup>3</sup> over the previous month as a result of the low demand from major countries in the region. The Netherlands as the main buyer also decreased imports by 17% to 3,911 m<sup>3</sup> from 4,734 m<sup>3</sup> in the previous month followed by Greece and France decreased 6% and 42% to 257 m<sup>3</sup> and 456 m<sup>3</sup> respectively. Exports to Germany also decreased by 27% to 955 m<sup>3</sup> from 1,302 m<sup>3</sup> as recorded in the previous month. Meanwhile Belgium and Italy recorded positive import growth at 110% and 57% to 1,169 m<sup>3</sup> and 340 m<sup>3</sup> respectively. Exports to the UK also increased significantly to 4,747 m<sup>3</sup> from only 1,906 m<sup>3</sup> in the previous month.

Total export to West Asia decreased slightly to 26,195 m<sup>3</sup> from 26,509 m<sup>3</sup> recorded in the previous month. Yemen as the main buyer from West Asia increased imports by 17% to 8,612 m<sup>3</sup> from 7,344 m<sup>3</sup> recorded last month. Similarly, exports to Oman and Qatar increased by 238% and 7% to 5,874 m<sup>3</sup> and 1,513 m<sup>3</sup> respectively compared from the previous month. Meanwhile, exports to the UAE decreased by 34% to 5,652 m<sup>3</sup> from 8,523 m<sup>3</sup> followed by Saudi Arabia and Iraq with 33% and 35% to 1,410 m<sup>3</sup> and 2,276 m<sup>3</sup> respectively as recorded in the previous month.

Similarly, ASEAN imports also decreased by 17% to 29,971 m<sup>3</sup> from 36,086 m<sup>3</sup> as registered in the previous month. Thailand as the main buyer in ASEAN increased its intake by 37% to 15,707 m<sup>3</sup> from 11,446 m<sup>3</sup> as recorded in the previous month. Similarly, exports of sawntimber to Singapore and Indonesia increased slightly to 6,790 m<sup>3</sup> and 380 m<sup>3</sup> respectively from 6,749 m<sup>3</sup> and 376 m<sup>3</sup> last month. Meanwhile, exports to the Philippines and Viet Nam decreased by 61% and 47% to 6,290 m<sup>3</sup> and 780 m<sup>3</sup> from 16,014 m<sup>3</sup> and 1,484 m<sup>3</sup> respectively.

Elsewhere, shipments to East Asia increased by 3% to 30,595 m<sup>3</sup> from 29,746 m<sup>3</sup> in November. China as the main buyer increased purchases by 2% to 17,676 m<sup>3</sup> from 17,278 m<sup>3</sup> in the previous month. Exports to Japan and South Korea also increased by 4% and 67% to 4,195 m<sup>3</sup> and 2,118 m<sup>3</sup> respectively compared the previous month. However, exports to Taiwan and Hong Kong decreased by 6% and 49% to 6,477 m<sup>3</sup> and 129 m<sup>3</sup> respectively from 6,895 m<sup>3</sup> and 253 m<sup>3</sup> as recorded in the previous month.

Malaysia: Export of Sawntimber and MDF  
Dec 2020 - Dec 2021



Meanwhile, exports to the USA and Australia increased by 155% and 21% to 2,573 m<sup>3</sup> and 1,032 m<sup>3</sup> compared from 1,009 m<sup>3</sup> and 855 m<sup>3</sup> respectively in the previous month. Similarly, demand from South Africa also increased by 107% to 2,925 m<sup>3</sup> from 1,413 m<sup>3</sup> recorded last month.

The average FOB price of sawntimber increased by 2% to 2,232 per m<sup>3</sup> from 2,181 per m<sup>3</sup> in the previous month. However, the price of Dark Red Meranti to the Netherlands decreased by 6% to 4,262 per m<sup>3</sup> from 4,543 per m<sup>3</sup> previously. Keruing was traded at 2,437 per m<sup>3</sup>, an increase of 12% from 2,181 per m<sup>3</sup> in the previous month.

## PLYWOOD

Exports of plywood in December 2021 recorded an increase by 4% in volume at 141,958 m<sup>3</sup> and 14% in value at RM373.3 million as compared to the previous month. However, cumulative exports for the period of January to December 2021 decreased by 2% in volume but increased 15% in value to 1,485,360 m<sup>3</sup> totalling RM3.3 billion over the previous corresponding period.

The EU region recorded a decrease in plywood exports by 76% from 631 m<sup>3</sup> to 152 m<sup>3</sup>. Ireland increased purchases to 113 m<sup>3</sup> while Italy dropped imports to 39 m<sup>3</sup>. Meanwhile, Belgium, Denmark, France, Germany and the Netherlands didn't make any purchase for the month. Exports to the UK decreased by 51% from 18,509 m<sup>3</sup> to 9,040 m<sup>3</sup> while Turkey didn't make any purchase of plywood in December 2021.

Moving to East Asian and ASEAN market, the volume picked up by 33% to 91,054 m<sup>3</sup> from 68,218 m<sup>3</sup> in November 2021. China increased its import performance by 6% to 637 m<sup>3</sup>, followed by Japan at 41% (75,821 m<sup>3</sup>), Thailand at 267% (1,909 m<sup>3</sup>) and the Philippines at 53% (964 m<sup>3</sup>). However, Brunei decreased its import performance to 28% (216 m<sup>3</sup>) from 298 m<sup>3</sup>. Hong Kong, Singapore, South Korea and Taiwan also dropped their purchases by 30%, 2%, 6% and 11% to 349 m<sup>3</sup>, 1,627 m<sup>3</sup>, 5,639 m<sup>3</sup> and 3,727 m<sup>3</sup> respectively. Indonesia didn't make any purchase for plywood in December 2021.

Elsewhere, the West Asian region recorded an increase at 19% to 7,541 m<sup>3</sup> from 6,330 m<sup>3</sup> in the previous month. Yemen increased imports by 35% to 6,336 m<sup>3</sup> from 4,686 m<sup>3</sup>. However, the UAE decreased to 87% to 104 m<sup>3</sup>, followed by Saudi Arabia with 48% from 40 m<sup>3</sup> to 21 m<sup>3</sup>. On the other hand, Bahrain, Kuwait and Qatar didn't make any purchase for the month.

In Africa, there is a slight increase by 1% from 321 m<sup>3</sup> to 324 m<sup>3</sup> as compared to the previous month. Morocco increased its buying volume by 133% to 224 m<sup>3</sup>. Meanwhile, South Africa showed a decrease by 56% to 64 m<sup>3</sup>, similar to Mauritius with a drop at 55% to 36 m<sup>3</sup>. Sierra Leone didn't make any purchase for the month.

The Americas regions dropped imports by 23% from 39,879 m<sup>3</sup> to 30,606 m<sup>3</sup>. The USA as the main buyer reduced imports by 12% to 30,087 m<sup>3</sup>, Canada reduced buying by 30% to 262 m<sup>3</sup>, followed by Mexico by 95% at 257 m<sup>3</sup>. For Oceania, plywood exports to the region increased by 76% with 2,482 m<sup>3</sup> from 1,412 m<sup>3</sup>. Australia increased buying by 79% to 2,343 m<sup>3</sup> while New Zealand increased imports by 1% to 106 m<sup>3</sup>.

The FOB price of plywood for December 2021 was at RM2,629 per m<sup>3</sup>, an increase of 10% from RM2,398 from the previous month.

## VENEER

Exports of veneer for December 2021 decreased in volume by 56% to 5,585 m<sup>3</sup> but increased in value by 16% worth RM9.1 million as compared to the previous month. The cumulative exports for January – December 2021 showed an increase in volume by 5% to 63,133 m<sup>3</sup> but decreased in value at 4% to RM91.2 million over the previous corresponding period.

Viet Nam increased the veneer purchase by 6% to 17 m<sup>3</sup>. Meanwhile, China, Taiwan and South Korea showed a decrease by 4% to 2,150 m<sup>3</sup>, 80% to 1,701 m<sup>3</sup> and 23% to 588 m<sup>3</sup>. This fall trend was recorded in Singapore with a volume drop by 82%, Australia by 96%, Canada 44%, India and the Philippines both by 2% each. Meanwhile, the USA resumed the veneer purchase to 24 m<sup>3</sup> and Italy didn't make any purchase for the month.

The average FOB price for veneer increased by 164% from RM617 per m<sup>3</sup> to RM1,629 per m<sup>3</sup> as compared to the previous month.

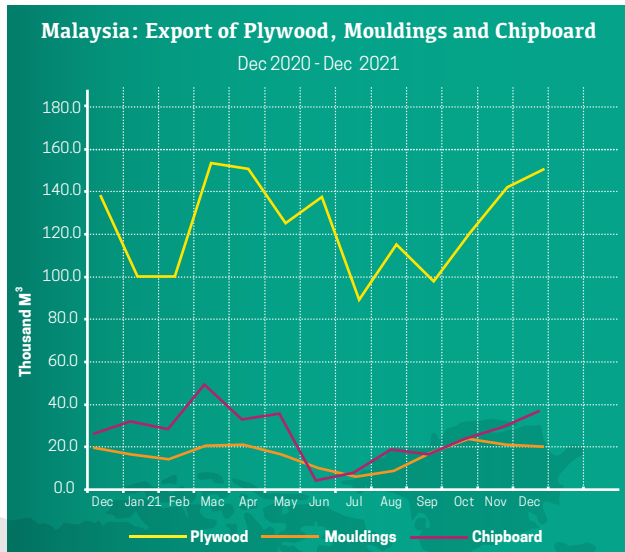
## MEDIUM DENSITY FIBREBOARD (MDF)

Exports of MDF in December 2021 recorded a 12% decrease in volume at 34,535 m<sup>3</sup> and 13% decrease in value at RM58.4 million compared to the previous month. Cumulative exports for the period of January to December 2021 both decreased in volume and in value at 18% to 417,095 m<sup>3</sup> with 5% value decrease totalling RM690.1 million as compared to the corresponding period in 2020.

Exports to ASEAN decreased by 13% from 10,390 m<sup>3</sup> to 9,014 m<sup>3</sup> in the previous month. Indonesia recorded a drop in MDF imports by 47% to 2,588 m<sup>3</sup> from 4,879 m<sup>3</sup>. This was followed by Viet Nam with a decrease by 15% from 1,197 m<sup>3</sup> to 1,020 m<sup>3</sup>. However, the Philippines increased buying by 29% to 4,419 m<sup>3</sup>, followed by Singapore with a rise of 5% to 298 m<sup>3</sup>.

Elsewhere, East Asia decreased the MDF purchases by 30% from 13,937 m<sup>3</sup> to 9,834 m<sup>3</sup> in the previous month. China (including Hong Kong), South Korea and Taiwan increased by 10%, 79%, and 34% to 258 m<sup>3</sup>, 568 m<sup>3</sup> and 891 m<sup>3</sup> respectively. However, Japan recorded a drop of 36% from 12,718 m<sup>3</sup> to 8,117 m<sup>3</sup>. Moving to the South Asian market, exports plunged by 27% at 3,611 m<sup>3</sup> from 4,971 m<sup>3</sup>. Export performance to Bangladesh, India, Pakistan and Sri Lanka declined by 52%, 44%, 0.3% and 16% to 433 m<sup>3</sup>, 960 m<sup>3</sup>, 1,651 m<sup>3</sup> and 556 m<sup>3</sup> compared to November 2021.

Exports to the West Asian region recorded an increase of 44% from 4,163 m<sup>3</sup> to 5,991 m<sup>3</sup> compared to previous month. Oman significantly increased purchases by 2879% from 43 m<sup>3</sup> to 1,281 m<sup>3</sup>. However, the UAE reduced performance by 55% at 382 m<sup>3</sup>. Saudi Arabia and Qatar resumed buying to 308 m<sup>3</sup> and 21 m<sup>3</sup> each. Meanwhile, Bahrain, Iran, Jordan, Kuwait, Lebanon and Syria didn't make any purchase for the month.



Exports to Australia decreased by 72% to 481 m<sup>3</sup> from 1,710 m<sup>3</sup>. The USA, the UK and South Africa increased purchases by 11%, 648% and 123% to 2,001 m<sup>3</sup>, 808 m<sup>3</sup> and 989 m<sup>3</sup> respectively. However, Sudan did not make any purchase for the month.

The FOB price of MDF decreased by 2% to RM1,692 per m<sup>3</sup> from RM1,726 per m<sup>3</sup> from the previous month.

## MOULDINGS

Exports of mouldings for the month decreased by 4% in volume and 5% in value to 18,266 m<sup>3</sup> worth at RM80.4 million. However, cumulative exports for the period of January – December 2021 increased by 2% in volume and 8% in value to 190,300 m<sup>3</sup> worth at RM764.5 million as compared to the previous corresponding period in 2020.

Exports to the EU for the month were recorded at 7,598 m<sup>3</sup>, decreased 7% as compared to the previous month. Germany and the Netherlands decreased their purchases by 19% and 8% to 741 m<sup>3</sup> and 5,170 m<sup>3</sup> respectively. However, Belgium and Italy increased intakes by 57% and 2% to 545 m<sup>3</sup> and 47 m<sup>3</sup>. Meanwhile, the UK recorded an increase of 26% to 719 m<sup>3</sup> for the month.

Exports to the ASEAN region decreased as Thailand, Viet Nam and Singapore decreased purchases by

72%, 35% and 22% to 31 m<sup>3</sup>, 55 m<sup>3</sup> and 843 m<sup>3</sup> respectively. Meanwhile, Indonesia did not make any purchase for the month.

Likewise, China and Japan decreased their intakes by 91% and 21% to 55 m<sup>3</sup> and 1,156 m<sup>3</sup> respectively. However, Hong Kong and South Korea increase their intakes by 137% and 41% to 362 m<sup>3</sup> and 1,233 m<sup>3</sup> respectively as compared to last month. Meanwhile, Taiwan did not make any purchase for the month.

Elsewhere, exports to the US increased by 45% to 3,510 m<sup>3</sup> compared to the previous month while Canada and Australia decreased 21% and 15% to 145 m<sup>3</sup> and 2,027 m<sup>3</sup> respectively.

Average FOB unit value for mouldings decreased marginally to RM4,403 per m<sup>3</sup> compared to RM4,445 per m<sup>3</sup> in the previous month.

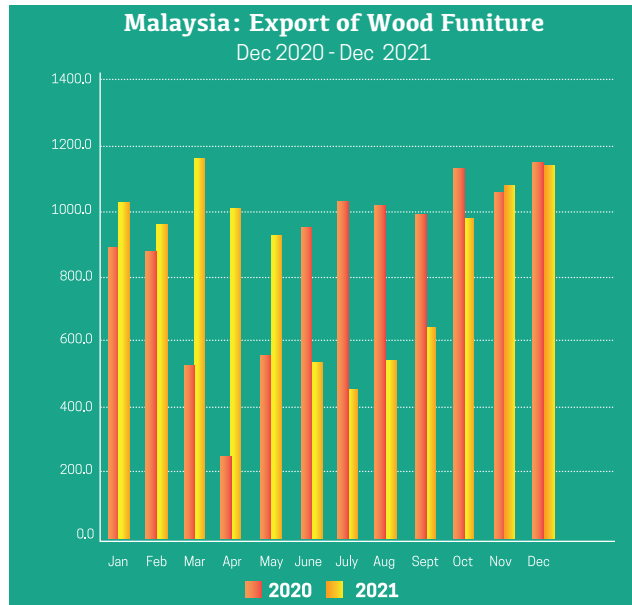
## BUILDERS JOINERY AND CARPENTRY (BJC)

Exports of BJC for December 2021 recorded an increase of 12% in volume and 14% in value to 14,194,688 kg worth RM120.7 million from last month. Total BJC cumulative exports for the same corresponding period last year increased 3% to RM997.2 million as compared to RM972.9 million last month.

Exports to the EU decreased 7% to RM172.9 million compared to RM185.4 million in the previous corresponding period. Exports to the Netherlands and Sweden increased by 17% and 15% to RM26.8 million and RM20.3 million compared to the previous month. However, exports to Italy, France, Germany, Denmark and Belgium decreased by 75%, 23%, 22%, 19% and 3% to RM1.3 million, RM14.4 million, RM15.7 million, RM18.5 million and RM51.5 million respectively. Exports to the UK, however decreased by 7% to RM119.4 million from last year. While exports to Turkey recorded an increase of 263% to RM1.2 million for the month.

In Asia, Qatar and Bahrain increased significantly to RM1.5 million and RM1.2 million from RM936,221 and RM868,907 respectively. Similarly, UAE and Pakistan increased by 84% and 33%, to RM2.1 million and RM2.2 million respectively compared to the previous month. However, exports to Saudi Arabia, Egypt, Viet Nam, Thailand, Japan, Taiwan, South Korea, Singapore and India decreased by 54%, 37%, 26%, 25%, 14%, 14%, 12%, 8% and 6% to RM330,034, RM905,200, RM14.0 million, RM16.3 million, RM47.4 million, RM10.0 million, RM1.8 million, RM43.1 million and RM30.3 million respectively.

Exports to the US and Mauritius increased by 33% and 19% to RM270.6 million and RM874,177 respectively. Meanwhile, South Africa and Australia decreased by 21% and 3% to RM8.2 million and RM158.4 million compared to the previous month.



## FURNITURE

Exports of wooden furniture for December 2021 increased by 5% to RM1.1 billion while rattan furniture decreased by 13% to RM9.5 million respectively. Meanwhile, cumulative exports of wooden furniture for the period of January to December 2021 recorded a decrease by 2% to RM10.3 billion from RM10.5 billion in the previous corresponding period. Similarly, demand for rattan furniture decreased by 22% to RM80.0 million from RM102.4 million in the previous corresponding period.

In the Americas region, the USA as the main buyer of wooden furniture decreased its purchase by 3% to RM6.4 billion from RM6.6 billion in the same corresponding period in 2020. Similarly, Canada also reduced its buying by 11% to RM261.9 million. However, exports to Chile increased by 32% to RM68.1 million from RM51.7 million over the same period last year. Moving to the East Asian region, Japan increased its intake by 10% to RM521.3 million over RM472.0 million in its corresponding period 2020. However, exports to China, South Korea and Taiwan reduced by 39% to RM83.6 million, 27% to RM70.6 million and 3% to RM62.0 million respectively. Singapore as the largest buyer amongst ASEAN member countries recorded an increase in exports by 39% to RM432.77 million, but exports to the Philippines reduced by 2% to RM109.4 million. Amongst EU member countries, Germany was recorded as the highest buyer despite a reduction in buying by 1% to RM46.9 million, followed

by France with a reduction of 15% to RM43.8 million, the Netherlands by 2% to RM32.9 million and Poland by 12% to RM31.3 million. Greece also recorded a decrease in buying by 14% to RM18.3 million. Exports to the United Kingdom and Russia both reduced by 14% to RM399.1 million and 13% to RM12.9 million respectively. Exports to Turkey reduced by 49% to RM3.9 million.

Shipments to Australia reduced by 12% to RM377.1 million. However, purchases by India increased by 26% to RM164.8 million from RM131.0 million in the same period last year. Demand from Middle Eastern countries generally increased with Saudi Arabia recording the highest export value to RM158.4 million despite a decrease by 2% from its corresponding period last year. Meanwhile, exports to the UAE increased by 9% to RM143.0 million, followed by Kuwait by 24% to RM40.2 million, Oman 30% to RM20.0 million and Qatar 73% to RM12.1 million. Elsewhere, exports to South Africa and Algeria reduced by 23% to RM44.1 million and by 80% to RM2.7 million respectively.

Rattan furniture shipments for January to December 2021 recorded a decrease of 22% at RM80.0 million from RM102.4 million in the previous corresponding period. In the Americas region, exports to the USA and Canada decreased by 13% to RM32.6 million and 19% to RM2.3 million. Amongst EU member countries, Ireland recorded the highest export valued at RM2.9 million, an increase of 15% from the corresponding period last year. Exports to Denmark, Germany and France reduced by 48% to RM680,828, 35% to RM498,249 and 76% to RM418,096 respectively. Exports to Poland reduced by 74% to RM184,276 for the mentioned period. Meanwhile, in Europe-other countries, the United Kingdom recorded the highest export worth RM6.4 million, a decrease of 22%, followed by Russia with a decrease of 21% to RM2.1 million and Turkey 73% to RM61,082.

Moving to the Asian region, exports to China reduced by 32% to RM6.7 million, followed by Japan with a reduction of 60% to RM915,643 and Hong Kong 73% to RM16,606. Meanwhile, exports to India recorded an increase of 164% to RM5.1 million. In the ASEAN members' circle, Singapore recorded the highest import value by RM1.3 million, despite a decrease of 36%. However, exports to the Philippines and Thailand increased by 61% to RM1.3 million and 49% to RM996,781 respectively.

Meanwhile in African region, Algeria and South Africa decreased their buying by 76% to RM635,149 and 46% to RM167,033 respectively. Moving to the Middle East, exports to the UAE decreased by 34% to RM565,873 from RM862,786 recorded in the same period 2020. Meanwhile, Oman improved buying to RM183,582 for the month.

## MALAYSIA

### Johor Port expects moderate growth this year



Johor Port Bhd (Johor Port) expects a slight year-on-year (YoY) overall volume growth of one per cent this year, despite the impact from Covid-19 pandemic and the ensuing Movement Control Orders (MCOs).

The port operator said despite a very challenging year, the company has continued to operate at an optimum level based on the port's operational requirements to ensure that there was no disruption to its import, export and logistics activities. Critically, the challenges posed by the pandemic have presented Johor Port's management with opportunities to seek for operational efficiencies which include continuous process streamlining, upgrading of equipment and effective people management, it said in a statement today.

Johor Port chief executive officer Md Derick Basir said the port has undertaken numerous initiatives to innovate and establish Johor Port as one of the most efficient multi-purpose ports in the region. Johor Port, a member of MMC Group, is an integrated multi-purpose port facility located at the southern tip of Peninsula Malaysia providing a comprehensive range of port services to meet the individual needs of its customers.

Further, Johor Port has also rolled out its container terminal operational improvement plan focusing on productivity improvement and yard efficiency which has resulted in a better gross moves per hour (GMPH). Cargo diversity, sustainability and resiliency has enabled the port to weather the pandemic storm.

While Covid-19 has impacted the port's clinker cargo volume due to lesser construction activities during the various MCOs and its petroleum volume, the volume for other essential products and commodities remain strong, it said.

*Source: New Straits Times, January 13, 2022*

## USA

### 2022 shipping costs 'will be higher than ever before'



Costs for shipping goods by container will be higher in 2022 than ever before, even if spot rates soften, according to Xeneta chief analyst, Peter Sand. He opened his weekly rates update with a forecast that container lines' strong position in negotiations for long term rates and shippers' desire to secure capacity will lead to fixing higher long-term rates.

"This means that even if spot rates soften over the year, the average cost of shipping this year will be higher than ever before," said Sand. Fronthaul long-term rates look set to double or triple from those set last January, said Sand, giving the example of average long-term contract rates of \$9,300 per feu on the Far East to North Europe route, closer to triple than double their year-ago levels.

Long-term backhaul rates have seen more modest increases over the same period, up 12% to \$1,300 per feu. "We are much earlier in negotiations for long-term rates going into the US than for those from the Far East to Europe, but shippers should brace for sharp increases in the rates they are paying. Currently, the Xeneta platform shows that long-term contracts signed in the past three months from the Far East to the US East Coast have gone from \$3,700 in January 2021 to \$7,000 this year," said Sand.

Spot rates on the Far East to North Europe and Far East to Mediterranean routes both set record highs, while backhaul rates from North Europe to the Far East eased 5% over last month to \$1,300. Softening transpacific rates for both spot and long-term contracts over recent months have not offset increases over the past year, and rates remain well above pre-pandemic levels.

*Source: Seatrade Maritime News, January 13, 2022*

## CHINA

### Shipping Congestion Is Growing at World's Biggest Port

Ships looking to avoid Covid-induced delays in China are making a beeline for Shanghai, causing

growing congestion at the world's biggest container port. Shipping firms are making the switch to avoid delays at nearby Ningbo, which suspended some trucking services near that port after an outbreak of Covid-19, according to freight forwarders and experts. Ships are also re-routing to Xiamen in the south.

Those diversions are adding to the new wave of congestion facing China's ports as an increasing number of cities deal with virus outbreaks. The strict testing of workers and truckers ahead of the Lunar New Year holiday at the end of this month is further stressing already strained supply chains as the pandemic heads into its third year.

In the country's technology hub of Shenzhen in the south, testing of residents and truckers to contain an outbreak means a queue of ships has formed at the port. That's caused the Shekou terminal to start restricting the acceptance of goods, meaning that from Friday full containers can only be trucked in three days before vessels are due to arrive, the terminal operator said Tuesday.

Meanwhile, the northern Chinese city of Tianjin ordered workers to take a half-day break for Covid testing as officials try to contain the spread of the omicron variant. Trucking capacity is estimated to be half of normal levels, and drivers are required to be tested daily before entering the port, said Alex Hersham, CEO of digital freight-forwarder Zencargo.

That outbreak has now spread to the port city of Dalian, with two people who traveled there from Tianjin confirmed to have omicron. The influx of ships into Shanghai has delayed sailing schedules for container ships there by about a week, said freight forwarders.

Those delays may then ripple outward to already backlogged gateways in U.S. and Europe, they said.

Ships could start skipping Chinese ports soon due to a lack of options, according to Zencargo's Hersham. "The port congestion issue will continue to impact restocking cycles this quarter, alongside the omicron breakout and the impending Chinese New Year closures in China," said Josh Brazil, vice president of supply chain insights at logistics intelligence firm project44.

Source: Bloomberg.com, January 13, 2022

## EUROPE

### Proposed Changes Would 'Corrupt' Europe's Emissions Trading System (EU ETS)



The container line lobbying group responded to proposed changes to the EU ETS in a European Parliament draft report by Rapporteur Peter Liese. The proposed amendments to the scheme include a change to the definition of a "responsible entity" to include vessel operators and a clause to pass ETS costs from the shipowner to the operator. The amendment would essentially place WSC's members on the hook for ETS costs for timechartered vessels; the group has objected on environmental grounds.

Shipments of Timber and Timber Products  
Through Ports in Peninsular Malaysia, December 2021

| Products      | Port Klang     |            | Kuantan      |            | Pasir Gudang  |            | Tanjung Pelepas |           | Penang        |           | Total all ports (m3) | % change Oct/Nov |
|---------------|----------------|------------|--------------|------------|---------------|------------|-----------------|-----------|---------------|-----------|----------------------|------------------|
|               | m3             | % Change   | m3           | % Change   | m3            | % Change   | m3              | % Change  | m3            | % Change  |                      |                  |
| Sawntimber    | 50,744         | -15        | 8,979        | -37        | 691           | -32        | 217             | 462       | 4,709         | -7        | 65,340               | -18              |
| MDF           | 12,073         | -45        | 0            | -100       | 20,931        | 559        | 2,290           | 11        | 2,528         | 105       | 37,822               | 32               |
| Mouldings     | 9,798          | -13        | 60           | 2          | 1,859         | -19        | 1,409           | 36        | 872           | -5        | 13,998               | -10              |
| Plywood       | 10,323         | 32         | 76           | 100        | 136           | -16        | 431             | 71        | 3,442         | 3         | 14,408               | -47              |
| Veneer        | 1,179          | 8          | 0            | 0          | 0             | 0          | 0               | -100      | 2,606         | -17       | 3,785                | -11              |
| Particleboard | 19,897         | 9          | 0            | -100       | 219           | -21        | 0               | 0         | 6,063         | 89        | 26,179               | 17               |
| <b>TOTAL</b>  | <b>104,014</b> | <b>-13</b> | <b>9,116</b> | <b>-40</b> | <b>23,836</b> | <b>244</b> | <b>4,346</b>    | <b>28</b> | <b>20,220</b> | <b>19</b> | <b>161,532</b>       | <b>0</b>         |

Note : Indicates percent change over the previous month

Source : MTIB

"The proposed amendments are intended to shield shipowners from ETS costs and then provide them with front-of-line access to ETS revenues such as the Ocean Fund. This would corrupt the whole idea of the ETS, changing it from a "polluter-pays" policy to a system where the "polluter-gets-paid", and vastly reduce its effectiveness," said WSC.

The report said that to uphold the polluter pays policy, costs should be paid by the entity ultimately responsible for decisions affecting a vessel's CO2 emissions, and that a binding legal agreement between owner and commercial operator would make it easier for authorities to identify and contact commercial operators.

WSC also warned that amendment 46 directs the European Commission to seek bilateral deals that would undermine progress towards a global policy on greenhouse gas (GHG) emissions. The amendment would mean that the European Commission would

engage with third countries to establish market-based measures to reduce GHG emissions from shipping, covering 100% of emissions from journeys between EU member states and the third countries.

The report justified the amendment on the grounds that the current Maritime ETS text would only cover half of extra-EU journeys. Although amendment 46 includes specific text for the EC to engage with the International Maritime Organization (IMO) to strengthen a global market-based measure, WSC objected on the grounds that "the bilateral agreements proposed would undermine progress towards global GHG policy.

"This would be a costly distraction, undermining progress towards global GHG policy at the IMO and slowing progress toward decarbonising shipping. It would also undermine the GHG and economic goals of the EU Green Deal, amplifying the risks identified in EU impact assessments - GHG leakage, loss of EU port competitiveness, and distortion of trade," said WSC.

Source: [seatrade-maritime.com](https://seatrade-maritime.com) January 24, 2022

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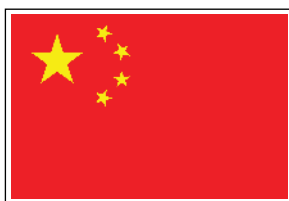


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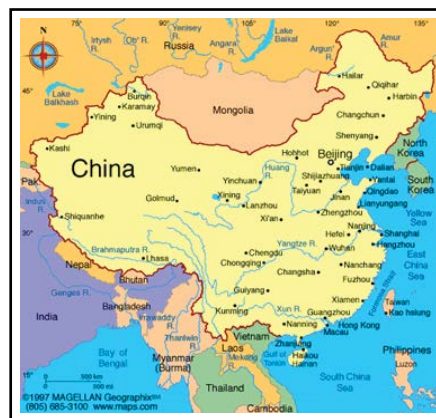
# CHINA

## WORLD'S LEADING PRODUCERS, IMPORTERS AND EXPORTERS OF TIMBER AND TIMBER PRODUCTS

### Overview

China, officially the People's Republic of China (PRC) is a country in East Asia. It is the world's most populous country, with a population of more than 1.4 billion people and has a population density of 147 people per km<sup>2</sup>. China spans five geographical time zones and borders 14 different countries, the second most of any country in the world after Russia.

Covering an area of approximately 9.6 million square kilometers (3,700,000 sq. mi), it is the world's third largest country. The country consists of 23 provinces, five autonomous regions, four municipalities, and two Special Administrative Regions (Hong Kong and Macau). The national capital is Beijing and its currency is Chinese Renminbi (RMB).



### Economy

Since 2010, China has had the world's second-largest economy in terms of nominal GDP, totalling approximately USD15.66 trillion (101.6 trillion Yuan) as of 2020. In terms of purchasing power parity (PPP GDP), China's economy has been the largest in the world since 2014, according to the World Bank. China is also the world's fastest-growing major economy. China's GDP grew from USD150 billion in 1978 to USD14.28 trillion by 2019. China's economic growth has been consistently above 6 percent since the introduction of economic reforms in 1978. China is also the world's largest exporter and second-largest importer of goods. Between 2010 and 2019, China's contribution to global GDP growth has been 25% to 39%.

China has been the world's No. 1 manufacturer since 2010, after overtaking the US, which had been No. 1 for the previous hundred years. China has also been No. 2 in high-tech manufacturing since 2012, according to US National Science Foundation. In 2018, the IMF reiterated its forecast that China will overtake the US in terms of nominal GDP by the year 2030. Economists also expect China's middle class to expand to 600 million people by 2025.

### Forest Resources

China has around 208.3 million hectares of forest land, which constitutes 22.1% of the total land area. Forest land cover in China has grown for the last 25 years, with a gain of 1.1% forest cover per year, as a result of the Natural Forest Protection Programme, which reduced timber production from natural forests, together with a tree planting programme.

China now has the largest plantation area in the world, consisting of fast-growing species. The top ten tree species in the Chinese forest plantations are *Cunninghamia lanceolata*, *Populus*, *Eucalyptus*, *Larix gmelinii*, *Pinus massoniana*, *Pinus tabulaeformis*, *Cupressus funebris*, *Pinus elliottii*, *Robinia pseudoacacia* and *Quercus*.

China's National Forest and Grassland Administration (NFGA) optimistically expects domestic timber supply to rise from 180 million m<sup>3</sup> / annum in 2010 to reach 300 million m<sup>3</sup> / annum in 2020, whilst at the same time it also anticipates that industrial demand (not including private use or fuel wood) will increase to 467 million m<sup>3</sup> / annum (excluding recovered paper), leaving a deficit of 167 million m<sup>3</sup> / annum.

## Timber Production And Processing

According to the latest FAO forest statistics on China, the country produced around 224 million cubic metres of major timber products in 2020. Top 3 timber production in year 2020 were plywood (68 million m<sup>3</sup>), followed by wood fuel (63 million m<sup>3</sup>) and sawnwood (38 million m<sup>3</sup>). Details of production as below:

**China: Production Quantity 2016 - 2020**

| Product                               | 2016               | 2017               | 2018               | 2019               | 2020               |
|---------------------------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| Plywood                               | 68,165,000         | 63,664,000         | 63,864,000         | 63,864,000         | 68,464,000         |
| Wood fuel, coniferous                 | 68,522,851         | 67,242,589         | 65,989,565         | 64,759,618         | 63,552,993         |
| Sawnwood, coniferous                  | 34,433,000         | 38,333,000         | 40,233,000         | 40,233,000         | 38,033,000         |
| Particle board                        | 26,583,000         | 27,863,000         | 29,583,000         | 30,583,000         | 29,515,000         |
| Sawlogs and veneer logs, coniferous   | 14,889,706         | 11,625,752         | 12,956,337         | 12,956,337         | 12,956,337         |
| Pulpwood, round and split, coniferous | 6,433,000          | 6,991,000          | 7,668,000          | 7,668,000          | 7,668,000          |
| Veneer sheets                         | 3,032,924          | 3,032,100          | 3,032,100          | 3,032,100          | 2,732,098          |
| Wood charcoal (tons)                  | 1,664,130          | 1,650,460          | 1,636,902          | 1,623,456          | 1,610,123          |
| <b>TOTAL</b>                          | <b>223,723,611</b> | <b>220,401,901</b> | <b>224,962,904</b> | <b>224,719,511</b> | <b>224,531,551</b> |

Source: FAO Stats

Unit: m<sup>3</sup>

## China's Exports Of Timber And Timber Products

China's export of timber and timber products in 2020 increased by 6% to 45 million as compared to the previous year. The main timber products exported were furniture and parts, plywood and BJC totalled at USD30.7 million, USD4.2 million and USD1.1million respectively in 2020. Major export destinations for China are the USA, Japan and the United Kingdom in 2020.

**China: Exports of Timber and Timber Products, 2016-2020**

| Product           | 2016              | 2017              | 2018              | 2019              | 2020              |
|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| Furniture & Parts | 26,379,260        | 26,685,685        | 28,090,223        | 27,784,634        | 30,768,790        |
| Plywood           | 5,281,082         | 5,100,196         | 5,551,667         | 4,486,492         | 4,224,951         |
| BJC               | 1,215,855         | 1,167,339         | 1,160,746         | 1,119,204         | 1,090,530         |
| MDF               | 1,237,253         | 1,143,853         | 1,119,854         | 942,814           | 829,301           |
| Moulding          | 490,011           | 426,378           | 341,266           | 243,919           | 215,638           |
| Wooden Frame      | 426,461           | 422,032           | 501,921           | 447,279           | 452,520           |
| Veneer            | 286,382           | 384,504           | 483,031           | 527,547           | 537,377           |
| Sawntimber        | 193,992           | 204,661           | 178,532           | 162,295           | 148,815           |
| Particle Board    | 124,024           | 100,779           | 108,354           | 96,025            | 163,476           |
| Log               | 10,385            | 7,658             | 7,888             | 8,918             | 9,686             |
| Others Product    | 7,734,032         | 7,828,345         | 8,508,662         | 7,268,140         | 7,149,648         |
| <b>TOTAL</b>      | <b>43,378,737</b> | <b>43,471,430</b> | <b>46,052,144</b> | <b>43,087,267</b> | <b>45,590,732</b> |

Value: USD'000

Source: UN-Comtrade Statistics

## China's Imports Of Timber And Timber Products

In order to meet their domestic and export-oriented demand, huge amounts of raw wood materials must be either produced domestically or imported from abroad. Domestic supply of industrial wood has failed to keep

up with China's industrial manufacturing capacity due to a low level of per-capita forest resources and the government's policies on the protection of natural forests. To meet the wood supply deficit in the country, China has become the world's largest importer of timber.

China's import of timber and timber products in 2020 decreased 8% to USD21 million as compared to the previous year. The main timber products imported into China are logs, sawntimber and furniture and parts totalled at USD8.4 million, USD7.6 million and USD1 million respectively. The major import sources for China are the Russian Federation, the United States and Canada.

## China: Imports of Timber and Timber Products, 2016-2020

| Product           | 2016              | 2017              | 2018              | 2019              | 2020              |
|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| Log               | 8,082,410         | 9,925,446         | 10,983,537        | 9,434,519         | 8,405,186         |
| Sawntimber        | 8,136,625         | 10,064,655        | 10,130,066        | 8,590,764         | 7,645,333         |
| Furniture & Parts | 1,006,453         | 1,257,617         | 1,334,158         | 1,158,408         | 1,015,285         |
| Particle Board    | 184,135           | 240,764           | 242,541           | 234,335           | 259,359           |
| Veneer            | 157,737           | 156,806           | 192,250           | 228,398           | 249,423           |
| Plywood           | 138,524           | 150,905           | 155,661           | 127,106           | 130,182           |
| MDF               | 125,492           | 135,017           | 141,499           | 131,208           | 107,743           |
| BJC               | 71,783            | 93,608            | 101,829           | 104,419           | 80,037            |
| Moulding          | 51,115            | 37,205            | 45,864            | 84,442            | 158,829           |
| Wooden Frame      | 1,425             | 1,654             | 2,954             | 2,082             | 1,760             |
| Others Product    | 2,649,120         | 2,606,919         | 2,921,167         | 3,041,258         | 3,150,845         |
| <b>TOTAL</b>      | <b>20,604,819</b> | <b>24,670,596</b> | <b>26,251,526</b> | <b>23,136,939</b> | <b>21,203,982</b> |

Value: USD'000

Source: UN-Comtrade Statistics

## Malaysia's Exports Of Timber And Timber Products To China

China is the largest and the most important timber and timber products trading partner for Malaysia in the East Asian market. In 2020, the export of timber and timber products to China showed a significant increase the amount of RM248.8 million, followed by wooden furniture with RM147.3 million and chipboard/ particleboard with RM73.2 million.

## Malaysia: Exports of Timber and Timber Products to China, 2016-2020

| Product                  | 2016               | 2017                 | 2018                 | 2019                 | 2020                 |
|--------------------------|--------------------|----------------------|----------------------|----------------------|----------------------|
| Sawntimber               | 357,315,546        | 533,155,862          | 463,130,381          | 485,960,559          | 248,791,229          |
| Wooden Furniture         | 122,835,518        | 200,780,900          | 254,288,162          | 225,916,465          | 147,334,649          |
| Chipboard /Particleboard | 136,605,364        | 148,623,335          | 145,512,152          | 102,263,651          | 73,234,467           |
| Plywood                  | 58,512,490         | 61,234,764           | 50,724,034           | 26,600,284           | 19,077,345           |
| BJC                      | 20,014,129         | 25,986,319           | 14,351,638           | 14,194,244           | 11,665,322           |
| Veneer                   | 14,827,861         | 35,701,470           | 44,808,817           | 16,402,599           | 11,454,573           |
| Logs                     | 47,471,059         | 53,039,834           | 65,399,859           | 28,109,389           | 6,623,962            |
| Mouldings                | 11,718,351         | 16,560,188           | 13,545,189           | 6,611,974            | 3,506,634            |
| Fibreboard               | 3,113,303          | 2,580,976            | 6,435,614            | 4,553,122            | 2,337,167            |
| Wooden Frame             | 51,397             | 0                    | 758,348              | 0                    | 0                    |
| Other Products           | 74,330,140         | 38,697,646           | 79,386,287           | 916,984,530          | 1,726,773,518        |
| <b>TOTAL</b>             | <b>846,795,158</b> | <b>1,116,361,294</b> | <b>1,138,340,481</b> | <b>1,827,596,817</b> | <b>2,250,798,866</b> |

FOB Value: RM'000

Source: MTIB & DOSM

## Malaysia's Imports Of Timber And Timber Products From China

In 2020, imports of Malaysian timber and timber products from China showed an increase of 49% to RM2.76 billion from RM1.86 billion in 2019. The main product imported from China was wooden furniture with a total value of RM1.67 billion, next was plywood at RM377.14 million and veneer at RM144.72 million.

### Malaysia: Imports of Timber and Timber Products from China, 2016-2020

| Product                  | 2016                 | 2017                 | 2018                 | 2019                 | 2020                 |
|--------------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| Wooden Furniture         | 643,037,270          | 729,790,492          | 710,203,669          | 1,014,947,124        | 1,671,006,389        |
| Plywood                  | 145,087,838          | 135,464,752          | 183,634,445          | 295,224,457          | 377,137,224          |
| Veneer                   | 132,833,999          | 155,270,327          | 147,789,325          | 127,765,015          | 144,725,636          |
| BJC                      | 30,184,359           | 80,311,953           | 70,689,288           | 92,389,209           | 119,518,222          |
| Mouldings                | 49,128,418           | 80,099,545           | 141,026,833          | 77,150,508           | 84,928,508           |
| Fibreboard               | 31,725,808           | 44,760,449           | 41,762,243           | 42,089,502           | 38,801,203           |
| Chipboard/ Particleboard | 15,274,619           | 23,973,862           | 19,559,856           | 15,580,784           | 28,678,601           |
| Wooden Frame             | 9,160,297            | 9,784,342            | 7,688,394            | 10,631,082           | 16,926,423           |
| Sawntimber               | 4,624,366            | 11,644,653           | 3,691,366            | 5,586,550            | 11,110,541           |
| Logs                     | 0                    | 205,990              | 870,849              | 875,636              | 100,189              |
| Others Product           | 193,063,871          | 213,385,143          | 168,212,960          | 180,442,593          | 268,951,260          |
| <b>TOTAL</b>             | <b>1,254,120,845</b> | <b>1,484,691,508</b> | <b>1,495,129,228</b> | <b>1,862,682,460</b> | <b>2,761,884,196</b> |

FOB Value: RM'000

Source: MTIB & DOSM

## Import Tariffs

China's import duties on timber and timber products under Most Favorite Nation (MFN) under the ASEAN-China FTA for members of ASEAN of which Malaysia is one, are 0% in most of the tariff lines except for plywood (HS Code 4412).

Import tariffs are within the range from 0% to 12% with the highest tariff being for product casks, barrels, vats, tubs (HS Code 4416) and tools, tool bodies, tool handles (HS Code 4417).

| Product | Description                              | MFN Rate | ASEAN – China Free Trade Area (ACFTA) Duty Rate |
|---------|------------------------------------------|----------|-------------------------------------------------|
| 4401    | Fuel wood                                | 0        | 0                                               |
| 4402    | Coniferous                               | 6        | 0                                               |
| 4403    | Logs                                     | 0        | 0                                               |
| 4404    | Hoopwood; split poles; piles             | 6        | 0                                               |
| 4405    | Wood wool; wood flour                    | 6        | 0                                               |
| 4406    | Railway or tramway sleepers              | 0        | 0                                               |
| 4407    | Sawntimber                               | 0        | 0                                               |
| 4408    | Veneer                                   | 6        | 0                                               |
| 4409    | Moulding                                 | 6        | 0                                               |
| 4410    | Particle board/Chipboard                 | 6        | 0                                               |
| 4411    | Fibreboard                               | 6        | 0                                               |
| 4412    | Plywood                                  | 6        | 5                                               |
| 4413    | Metallised wood and other densified wood | 6        | 0                                               |
| 4414    | Wooden frames                            | 7        | 0                                               |
| 4415    | Packing cases, boxes                     | 6        | 0                                               |

|      |                                     |    |   |
|------|-------------------------------------|----|---|
| 4416 | Casks, barrels, vats, tubs          | 12 | 0 |
| 4417 | Tools, tool bodies, tool handles    | 12 | 0 |
| 4418 | Builders' joinery and carpentry     | 6  | 0 |
| 4419 | Tableware and kitchenware, of wood  | 0  | 0 |
| 4420 | Wood marquetry and inlaid wood      | 0  | 0 |
| 4421 | Other articles of wood, n.e.s.      | 0  | 0 |
| 9401 | Furniture Seats                     | 0  | 0 |
| 9403 | Furniture and parts thereof, n.e.s. | 0  | 0 |

Source: WTO Tariff

## Prospects

China is a member of the World Trade Organization (WTO) and is the world's largest trading power, with a total international trade value of USD4.62 trillion in 2018. Its foreign exchange reserves reached USD3.1 trillion as of 2019, making its reserves by far the world's largest. In 2020, China was the only major economy in the world to grow, recording a 2.3% growth due to its success in taming the coronavirus pandemic within its borders.

As housing construction continue to improve in China, Chinese residents are willing to invest more in home furnishings especially in the living room, dining room and bedroom furniture products. China is among the top 10 importers of furniture parts from the world, totalled at USD133 million in 2020, ranked at the 6<sup>th</sup> place.

The high demand for furniture is due to its high population; caused by both the huge population base and rising disposable income of consumers. Customers are willing to spend more on floor coverings and furniture. Besides that, urbanization, increasing real estate development, strong growth in GDP and economic stability in the country are among major factors attributing to the growth of the furniture industry in China.

### China: Imports of Furniture Parts (9403) from the world, 2016-2020

| Ranking | Countries       | 2016      | 2017      | 2018      | 2019      | 2020      |
|---------|-----------------|-----------|-----------|-----------|-----------|-----------|
|         | World           | 3,235,811 | 3,699,548 | 3,971,384 | 3,527,753 | 2,903,262 |
| 1       | Italy           | 400,923   | 556,912   | 633,401   | 615,926   | 550,545   |
| 2       | Germany         | 457,791   | 588,350   | 607,019   | 461,402   | 406,230   |
| 3       | Japan           | 244,024   | 246,250   | 269,197   | 203,732   | 199,967   |
| 4       | USA             | 297,544   | 271,610   | 335,843   | 258,880   | 175,600   |
| 5       | Viet Nam        | 218,338   | 233,288   | 233,863   | 179,355   | 146,089   |
| 6       | China           | 174,896   | 153,398   | 145,809   | 139,342   | 133,840   |
| 7       | Taipei, Chinese | 140,979   | 166,594   | 155,198   | 243,533   | 133,186   |
| 8       | Poland          | 174,771   | 202,745   | 209,272   | 161,414   | 129,125   |
| 9       | France          | 79,840    | 90,478    | 106,717   | 110,072   | 109,876   |
| 10      | Thailand        | 82,521    | 119,261   | 134,860   | 147,704   | 99,824    |
| 13      | Malaysia        | 64,137    | 71,564    | 89,003    | 82,248    | 67,988    |

\* Malaysia rank 13th from 159 countries  
Value USD'000

Source: UN-Comtrade Statistics

Statistics compiled by the State Council revealed that, in 2020, some 39,000 old residential communities needed renovation. These communities cover about 7 million households and therefore renovating them is likely to significantly drive up the demand for furniture. Malaysia is one of the main exporters for wooden furniture to China with a value of RM1.67 billion in 2020.

With an annual growth of 20%, the custom-made furniture market is one of the industry's brightest spots. During the Covid-19 pandemic, all industries had been impacted to some extent. However, the custom-made



Malaysia's custom made bedroom design



Malaysia's custom made kitchen cabinet

furniture market is one of the industry's brightest spots. During the Covid-19 pandemic, all industries had been impacted to some extent. However, the custom-made furniture market is expected to grow to RMB334.2 billion by 2024. Compared to ready-made furniture, custom-made furniture makes better use of space and reduces waste of resources. Currently, consumers mostly demand custom order kitchen cabinets and wardrobes, while other items such as bookcases and shoe cabinets are seldom ordered.

The Malaysian furniture industry has its advantages when it comes to product creativity as designers are able to churn out unique designs and therefore attract furniture retailers and theme decorators despite charging a premium margin. Since Malaysia has a good trade relationship with China with the establishment of the ASEAN - China Free Trade Area (ACFTA), the industry players in Malaysia should take this advantage in promoting more timber and timber products to China by making the transformation into producing value-added products to gain more interest for Chinese buyers.

Additionally, the Regional Comprehensive Economic Partnership (RCEP) agreement between Malaysia and China that came into effect on 19 March 2022 can bring great economic and strategic benefits to both countries. The RCEP is also obviously beneficial for China's domestic and international circulation. Many of the RCEP countries are close neighbors to China, so it will facilitate economic and trade ties between these countries and the provinces bordering them, thereby driving domestic circulation. Meanwhile, the RCEP will be able to generate fuller intra-regional circulation, which will further benefit the international circulation between China and its neighbors especially Malaysia. The cooperation among RCEP countries along industrial and supply chains will be conducive to China's construction of a more secure industrial and supply chain system.

With the expertise of Industrial Relations 4.0 (IR4.0) technology increasingly being explored and applied, efforts to promote timber products should be fully utilized. Young local designers need to step out and dare to take chances to meet the high demand for more unique designs that are now becoming a new trend around the world. Encouragement and fund assistance from the government to small medium entrepreneurs are consistently needed to boost their business opportunities and resurge from the effect of pandemic Covid-19. With various competitive promotional, training and effective marketing framework, these entrepreneurs will explore more opportunities to increase the export value for timber products.

However, the production of major timber products such as sawntimber, chipboard and particleboard, plywood and BJC should be maintained at a strong momentum to increase the productivity of export rates to China. This is because China as a large buyer country that always has a high demand for timber, will help to advance the movement of other countries like Malaysia to achieve greater economic opportunities.

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## LOGS

Logging activity in December essentially remained unchanged with most mills reporting that timber trade prices for some species of heavy hardwood, medium hardwood and light hardwood recorded slightly falling and rising with the average being between 3.5% to 3.7% over the previous month.

The average price of logs was reported to show a mixed condition for every timber species category. Log prices for Chengal and Balau species were traded at RM3,790 and RM3,410 per ton. The highest prices reported for these two species were still at RM5,040 and RM4,500 per ton respectively. Meanwhile, the price for Red Balau and Merbau were reported to have decreased by 1.4% to 14.4% and were traded at RM2,080 and RM3,630 per tonne.

The prices for Keruing remained unchanged at RM1,650 per ton whilst Kapur increased by 6.8% and were traded at RM1,730 per ton. On the other hand, the prices for Dark Red Meranti and Red Meranti showed no change and were valued at RM1,880 and RM1,630 per ton. Meanwhile, log prices for Mixed Light Hardwood increased by 3.5% while Mixed Heavy Hardwood fell by 4.0% compared to the previous month. Both were traded at RM880-RM950 per ton.

## SAWN TIMBER

The stability of log prices that occurred in December also indirectly indicated the stability of sawn timber prices with an increase of not more than 1%. In relation to that factor, the average price of sawn timber in the domestic market remained stable for most sawn timber products.

The prices of Chengal species reportedly remained strong and unchanged at above RM5,000 per m<sup>3</sup> whilst Balau at RM3,140 per m<sup>3</sup>. The two species opened for trading at RM7060 and RM5,000 per m<sup>3</sup> respectively. Meanwhile Keruing, Kempas and Kapur were traded at RM2,055, RM2,331 and RM1,744 per m<sup>3</sup> respectively. The prices of Dark Red Meranti recorded an increase of 1% at RM2,055 per m<sup>3</sup> whilst Red Meranti remained unchanged at RM1,921 per m<sup>3</sup>. The sawn timber prices of Mixed Light Hardwood and Mixed Heavy Hardwood remained stable without any changes and were traded at not more than RM1,000 per m<sup>3</sup>.

## PLYWOOD

Demand for plywood during the month of December also remained strong while its market price remained between RM19.40 to 52.90 per piece. Plywood of 4mm, 6mm, 9mm and 12mm thicknesses were reported to be traded at RM19.40, RM28.70, RM47.30 and RM52.90 a piece respectively for this month.

## MEDIUM DENSITY FIBREBOARD (MDF)

The domestic supply of MDF also remained stable as prices continued to chart at last month's level without any change. Therefore, MDF of 4mm, 6mm, 9mm and 12mm thicknesses were still traded at RM14.90, RM19.80, RM34.20 and RM39.70 per piece respectively.

## INTRA-MALAYSIA TRADE \* - DECEMBER 2021

The shipments of logs from Sabah to Peninsular Malaysia for the month under review recorded a sharp decrease in volume from 9,605 m<sup>3</sup> to 2,712 m<sup>3</sup>. Despite falling in volume, it showed a drop of 69% in value from RM1.2 million to 0.38 million compared to the previous month. However, trade of sawn timber increased significantly by 100% in volume from 0 m<sup>3</sup> to 204 m<sup>3</sup> valued RM 0.19 million. Trade of plywood also showed an increase in volume from 1,946 m<sup>3</sup> to 2,046 m<sup>3</sup> worth at RM5.4 million whilst shipments of veneer also experienced a rise in volume from 139 m<sup>3</sup> to 431 m<sup>3</sup> amounting to RM431,000.

Meanwhile, trade of sawn timber from Sarawak to Peninsular Malaysia increased in volume from 501 m<sup>3</sup> to 633 m<sup>3</sup> valued at RM827,000. Shipments of plywood also recorded an increase of 7.8% in volume from 1,561 m<sup>3</sup> to 1,683 m<sup>3</sup> totalled at RM1.5 million. 

**\*AVERAGE DOMESTIC PRICES OF LOGS, SAWN TIMBER, PLYWOOD AND MDFI  
N PENINSULAR MALAYSIA, DECEMBER 2021  
(RINGGIT MALAYSIA)**

| SPECIES                | LOGS/ton | SAWNTIMBER/m <sup>3</sup> |        |            |
|------------------------|----------|---------------------------|--------|------------|
|                        | 18" UP   | GMS                       | STRIPS | SCANTLINGS |
| <b>HEAVY HARDWOOD</b>  |          |                           |        |            |
| Chengal                | 5,040    | 7,062                     | 5,650  | 8,475      |
| Balau                  | 3,410    | 3,143                     | 2,655  | 8,475      |
| Red Balau              | 2,080    | 2,853                     | 2,514  | 2,698      |
| Merbau                 | 3,630    | 3,058                     | 3,234  | 3,814      |
| Mixed Heavy Hardwood   | 950      | 989                       | 1,095  | 1,158      |
| <b>MEDIUM HARDWOOD</b> |          |                           |        |            |
| Keruing                | 1,650    | 2,055                     | 1,751  | 2,246      |
| Kempas                 | 1,650    | 2,331                     | 2,020  | 2,465      |
| Kapur                  | 1,730    | 1,744                     | 1,434  | 2,069      |
| Mengkulang             | 1,330    | 1,829                     | 1,405  | 2,034      |
| Tualang                | 1,450    | 2,168                     | 1,751  | 2,140      |
| <b>LIGHT HARDWOOD</b>  |          |                           |        |            |
| Dark Red Meranti       | 1,880    | 2,055                     | 1,773  | 2,556      |
| Red Meranti            | 1,630    | 1,921                     | 1,660  | 2,112      |
| Yellow Meranti         | 1,460    | 1,709                     | 1,215  | 1,808      |
| White Meranti          | 1,410    | 1,984                     | 1,455  | 1,977      |
| Mersawa                | 1,540    | 1,871                     | 1,497  | 2,006      |
| Nyato                  | 1,740    | 1,984                     | 1,907  | 2,112      |
| Sepetir                | 1,670    | 1,674                     | 1,412  | 1,794      |
| Jelutong               | 1,520    | 1,744                     | 1,306  | 1,907      |
| Mixed Light Hardwood   | 880      | 904                       | 1,045  | 1,186      |

| MALAYSIAN<br>RUBBERWOOD<br><i>Hevea brasiliensis</i> | LOGS/ton             | SAWNTIMBER/m <sup>3</sup> |                      |                       |         |
|------------------------------------------------------|----------------------|---------------------------|----------------------|-----------------------|---------|
|                                                      | 215                  | 1" X 1"                   | 2" X 2"              | 3" X 3"               | 4" X 4" |
|                                                      |                      | 1,243                     | 1,351                | 1,409                 | 1,527   |
| <b>PLYWOOD 4' X 8'</b><br>(RM per piece)             | <b>4 mm</b><br>19.40 | <b>6 mm</b><br>28.70      | <b>9 mm</b><br>47.30 | <b>12 mm</b><br>52.90 |         |
| <b>MDF 4' X 8'</b><br>(RM per piece)                 | <b>4 mm</b><br>14.90 | <b>6mm</b><br>19.80       | <b>9 mm</b><br>34.20 | <b>12 mm</b><br>39.70 |         |

Note: Log prices ex-batai. Sawn timber, plywood, MDF and Malaysian Rubberwood (*Hevea brasiliensis*) prices ex-mill

\* Prices are only indicative

**INTRA-MALAYSIA TRADE- DEC 2021**

|                | Nov-21               |               | Dec-21               |               | % change in<br>volume | % change in<br>value |
|----------------|----------------------|---------------|----------------------|---------------|-----------------------|----------------------|
|                | Vol(m <sup>3</sup> ) | Val(' 000 RM) | Vol(m <sup>3</sup> ) | Val(' 000 RM) | Nov/Dec               | Nov/Dec              |
| <b>Sabah</b>   |                      |               |                      |               |                       |                      |
| Logs           | 9,605                | 1,235         | 2,712                | 384           | -72                   | -69                  |
| Sawn Timber    | 0                    | 0             | 204                  | 192           | 100                   | 100                  |
| Plywood        | 1,946                | 4,840         | 2,046                | 5,395         | 5                     | 11                   |
| Veneer         | 139                  | 283           | 247                  | 431           | 78                    | 52                   |
| <b>Sarawak</b> |                      |               |                      |               |                       |                      |
| Logs           | 76                   | 297           | 0                    | 0             | -100                  | -100                 |
| Sawn Timber    | 501                  | 768           | 633                  | 827           | 26                    | 8                    |
| Plywood        | 1,561                | 1,612         | 1,683                | 1,503         | 8                     | -7                   |
| Veneer         | 0                    | 0             | 0                    | 0             | 0                     | 0                    |

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

# MELANTAI

## FOR HIGH QUALITY DECORATIVE PANELS

**Melantai** is the standard Malaysian name for certain lightweight reddish and yellowish timbers of the *Shorea* species belonging to the family of Dipterocarpaceae. The vernacular names of the timber include Meranti Melantai (Peninsular Malaysia), belantai (Kedah), Seraya Melantai (Sabah), Kawang with various epithets in Sabah, Engkabang for *S. macrophylla* in Sarawak and Meranti Merah in Indonesia. Only one species of Melantai occurs in Peninsular Malaysia and that is *Shorea macroptera*. The other species of Melantai which is found in Sabah and Sarawak are *S. macrophylla*, *S. parvistipulata* ssp. *parvistipulata*, *S. pilosa*, *S. pinanga* and *S. scaberrima*. Melantai trees are usually large and grow up to 30 m to 45 m tall. The buttresses are usually not very high, and the bole are tall and swell-shaped. The barks are comparatively smooth but becomes shallowly, irregularly cracked and falling off in rather thin, flat scales when old.



Wood colour and texture

### General characteristics

The timber is separated from Meranti Merah on the grounds that melantai is usually lighter in density and tends to have a bright yellow tinge. The timber is classified as Light Hardwood with a density of 415-625 kg/m<sup>3</sup> air dry. The sapwood is lighter in colour and not sharply defined but moderately distinct from the heartwood, which is yellow-pink when freshly cut, weathering to a light pink colour with a yellow tinge. Its texture is moderately coarse but even with interlocked grain. Its plain surface is very lustrous with striped figures on the radial surface. Melantai has been classed under Strength Group (SG) C (Engku, 1988b) or SG 6 as stipulated in MS 544: Part 2:2001.

### Wood anatomy

The growth rings are absent. The vessels are medium to moderately large with simple perforations. Most vessels are in solitary formation with the rest in radial or obliques pairs or radial multiples of less than 4 in a series. The distribution of vessels are even with a tendency to form short, oblique lines. The tyloses are sparse and no deposits are observed. The type of wood parenchyma is made up of both apotracheal and paratracheal. The apotracheal type appears as irregularly spaced bands containing vertical resin canals. Paratracheal type forms a narrow incomplete border to the vessels which is not readily distinct with a lens. The size of rays is medium and they're visible to the naked eye. They are conspicuous on the radial surface. The vertical intercellular canals are arranged in a concentric series and are usually filled with white resin.

### Machining properties

Melantai timber is easy to work in both green and air-dry conditions. The quality of finish is generally good with a smooth surface. The nailing properties are good. The sawing and woodworking properties of Melantai has been investigated using the standard test procedures (Lee & Lopez, 1980). The machining properties of Melantai are shown in Table 1.

**Table 1. The machining properties of Melantai**

| Test Condition | Sawing   |               | Planing          |                   | Boring         |                   |
|----------------|----------|---------------|------------------|-------------------|----------------|-------------------|
|                | Resawing | Cross-cutting | Easy of planning | Quality of finish | Easy of boring | Quality of finish |
| Green          | Easy     | Easy          | Easy             | Smooth            | Easy           | Smooth            |
| Air dry        | Easy     | Easy          | Easy             | Smooth            | Easy           | Moderately smooth |

Melantai logs which contain minimum defects can be successfully processed for plywood production. The selected and matched veneer pieces are very flowery, decorative with a good finish, and is suitable for high quality decorative panels.

## Seasoning

**Table 2. Kiln drying schedule (H) for Melantai**

| Moisture content (%) | Dry-bulb temperature (°C) | Wet-bulb temperature (°C) | Relative humidity (%) |
|----------------------|---------------------------|---------------------------|-----------------------|
| Green                | 57.0                      | 53.0                      | 80                    |
| 50                   | 57.0                      | 52.0                      | 75                    |
| 40                   | 60.0                      | 52.0                      | 65                    |
| 30                   | 65.5                      | 54.0                      | 55                    |
| 20                   | 76.5                      | 58.0                      | 40                    |

Melantai dries well and fairly fast without much defects. The average shrinkage value from green to air dry conditions is 0.9% and 2.6% for radial and tangential boards respectively. The approximate period for a drying board of 13 mm thickness is 2 months to air dry, while 38 mm thick boards take 4 months. Kiln Schedule H as shown in Table 2 is recommended for drying 25 mm thick boards of Melantai (Grewal, 1979b).

## Uses

The timber is suitable for interior finishing, mouldings, panelling, pallets (expendable type), furniture, plywood, joinery, cabinet making, tool handles (non-impact), planking, shelving and the manufacture of doors.

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**4 January 2022**

Courtesy visit from YBhg. Datuk Dr. Sabirin bin Ja'afar, the Director General of the Malaysian Maritime Institute to discuss on potential collaboration activities between MTIB and MIMA



**8 January 2022**

MTIB's KPI dan Flagship Meeting for 2022



**5 January 2022**

MTIB meeting with the Head of the Department of Wood and Fiber Industry, Faculty of Forestry and Environment



**11 January 2022**

Working visit by YBhg. Datuk Hishamuddin Abdul Karim, Chairman of MTIB to the MTIB Central Region Office located in Bandar Bukit Tinggi



**15 January 2022**

Visit to One-Tech Sdn Bhd Factory, Ampang, Selangor by the Minister of Plantation Industries and Commodities, YB Datuk Hajah Zuraidda Binti Kamaruddin



**14 January 2022**

Visit to LY Furniture Sdn. Bhd., Batu Pahat Johor