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TECHNICAL MISSION AND MARKET ACCESS FOR MALAYSIA'S BUMIPUTERA TIMBER PRODUCTS TO TURKEY AND BULGARIA

- EPOXY APPLICATION ON FURNITURE COURSE IN TERENGGANU
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CHIEF EDITOR
Haji Kamaruzaman Othman
Director-General

EDITORIAL MEMBERS
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Noorazimah Sarkom@Haji Othman
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Emy Zulika Dzulkifly
Shamsul Azman Abdul Aziz
Nur Aqilah Ahmad Bakri

PUBLISHER
MALAYSIAN TIMBER INDUSTRY BOARD
Level 13 - 17, Menara PGRM, 8, Jalan Pudu Ulu
Cheras, 56100 Kuala Lumpur, Malaysia
Tel : 603-9282 2235
Fax : 603-9200 3769/9283 9792
E-mail : info@mtib.gov.my
Website : www.mtib.gov.my

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TECHNICAL MISSION AND MARKET ACCESS FOR MALAYSIA'S BUMIPUTERA TIMBER PRODUCTS TO TURKEY AND BULGARIA

During Courtesy visit to Honorary Consulate of Malaysia in Bulgaria.

In an effort to boost Bumiputera participation in the furniture and timber export market, MTIB recently organised a Technical Mission and Market Access for Malaysia's Bumiputera Timber Products to Turkey and Bulgaria from 26 June to 4 July. The mission aimed at promoting Malaysian timber and timber products to the Turkish and Bulgarian market as well as exploring the latest timber developments to gauge the opportunities it offers for Malaysian timber and timber products.

Turkey is one of the destination markets for Malaysian timber products particularly furniture and builder's carpentry and joinery (BJC). In 2021, Malaysia exported a total of RM8.4 million worth of timber products to Turkey of which 46.8% or RM3.9 million were accounted for by wooden furniture, and 14% or RM1.2 million by BJC. Malaysia also imports timber products from Turkey. In 2021 the products imported were mainly sawntimber.

Bulgaria, a neighbouring country to Turkey is also a destination market particularly for high value-added Malaysian timber and timber products such as furniture, BJC and sawntimber. In 2021, exports of timber and timber products to Bulgaria were valued at RM3.7 million comprising mainly of wooden furniture at RM3.5 million (96%).

The delegation visited Arin Wood Products where they are welcomed by Mr. Goksel Korkmaz, President Turkish Forest Products Industrialist and Businessmen Association (TORID).

During the visit to Bulgaria, the delegation was welcomed by Mr. Peter Kouroumbashev, Honorary Consulate of Malaysia in Bulgaria and briefed on the Bulgarian market outlook. The discussion was also joined by the members of the Bulgarian Furniture Cluster, the Bulgarian Construction Chamber and the Bulgarian Chambers of Commerce and Industry. The discussions successfully introduced and created interest in Malaysian timber and timber products.

In view of the growing importance of perfumery in Malaysia's local Agarwood or Oudh industry, the delegates visited a rose oil processing factory named BIOFORM LTD. located in the village of Tazha near the town of Kazanlak. The rose oil is processed from the Rosa Damascena, an emblematic plant species for Bulgaria. Bulgaria is recognised worldwide as a rose oil producer. The rose oil is widely used by renowned cosmetics and perfumery companies. Nowadays Bulgaria's annual production of rose oil is over 1.6 tons on average. The main markets for the rose oil are the USA, France, Spain, Italy, Japan, and China. There was a lively discussion on the rising trends of using Oudh and roses together in the perfumery industry and on the technical issues that arise during rose oil and agarwood processing.

In Turkey, the delegation then visited Arin Wood Products where they were welcomed by Mr. Goksel Korkmaz, the President of the Turkish Forest Products Industrialist and Businessmen Association (TORID). The company was established in 1972 and it's located in Duzce City. Arin Wood Products emphasises on sawntimber, decking, solid panel, and BJC. The delegation were briefed on the operations of the company and its future development. After the briefing session, the delegates were taken to tour around the factory and the showrooms.

The delegation visited BIOFORM LTD, the rose oil processing factory

Following that the delegation had a Roundtable Discussion (RTD) with TORID and the Turkish Lumber Association. The RTD was chaired by Encik Mad Zaidi Mohd Karli, Deputy Secretary-General (Plantation Industries and Commodities) MPIC. The discussion was graced by Tuan Haji Kamaruzaman Othman, Director General of MTIB who highlighted potential collaborations in the timber sector between Turkey and Malaysia.

The delegation had a Roundtable Discussion (RTD) with TORID and Turkish Lumber Association. The RTD was chaired by Encik Mad Zaidi Mohd Karli, Deputy Secretary-General (Plantation Industries and Commodities) MPIC.

The delegation also visited the Lumber Association Centre (Istanbul Keresteciler Sitesi) in Istanbul where they were met and briefed by Mr. Halit Aksoy, the President of the Turkish Lumber Association. The centre was established in 1980 and comprised 400 showrooms. After the briefing session, the delegates were taken on a tour around the showrooms. The showrooms in the centre showcase a variety of upstream and downstream products.

Overall, the mission was successful in terms of both expanding into the market and enhancing knowledge in latest timber developments and to pave the way for more exports of Malaysian timber and timber products to the Turkish and Bulgarian markets particularly by Bumiputera companies who are still new to the export market business.

The companies involved in the mission were Impressive Transform Sdn. Bhd., Pesaka Terengganu Berhad, Fly Tred Resources Sdn. Bhd., Etlingera Sdn. Bhd. and Rina Craft. The delegation was led, Encik Mad Zaidi Mohd Karli, MPIC, and joined by Tuan Haji Kamaruzaman Othman and Puan Hairani Mohd Noh from MTIB.

TO GRANT FLEGT LICENSE TO WOOD EXPORTS IN 2025

Viet Nam plans to grant licences under the Voluntary Partnership Agreement on Forest Law Enforcement, Governance and Trade Program (VPA/FLEGT) to wood and wood products exports in 2025.

This FLEGT schedule was announced at a June workshop held jointly by the Viet Nam Administration of Forestry (VNFOREST), the Viet Nam Timber and Forest Products Association (VIFOREST) and the Association of Handicraft and Wood Industry of Ho Chi Minh City (HAWA).

At the event, the co-chairs pointed out that despite an annual double-digit growth rate, the country's wood industry is still facing numerous challenges. Apart from the pandemic, escalating political tensions have created more challenges to supply chains and soaring logistics costs, and material prices have resulted in higher input costs.

Furthermore, inflation in key export markets has led to a drop in demand. Accusations of material origin fraud also threaten industry development. To cope with these challenges, the Vietnamese government urged domestic businesses to adhere to international market regulations, enhance their capacity, and improve competitiveness to maintain their foothold in wooden furniture exports.

Echoing this view, a HAWA spokesperson said that compliance with regulations on sustainable forestry development is vital to the wood industry, not only for Viet Nam but also global markets. At the workshop the HAWA platform for proving and tracing wood origin was launched. With support from the FAO-EU FLEGT Programme since May 2018, HAWA has worked to remove obstacles in wood origin validation. This is a necessary step to prepare Vietnamese timber and wood products to access international markets, especially the EU. By applying HAWA system, users can search for information to help verify the material origin.

ITTO/Fordaq, 5 July 2022

FORESTRY PRODUCTION VALUE TARGETED TO GROW

Viet Nam aims for an annual growth of 5-5.5% in forestry production value under the sustainable forestry development programme for 2021-2025 freshly approved by the Vietnamese Government.

Under the programme, forestry will be developed into a modern, effective and highly competitive economic-technical sector with strong production chains. In 2025, the export value of wood and forestry products is hoped to reach 20 billion USD, including 1.5 billion USD from non-timber products. Income from planted production forests is expected to rise about 1.5 times compared to 2020. The programme will focus on maintaining the national forest coverage of 42 percent in a sustainable manner and developing new forest areas. Alongside, the productivity and quality of forests will be improved to meet the demand for materials for production and environmental protection.

The programme targets the sustainable management, protection, development and exploitation of forests, thus contributing to creating jobs, protecting the ecosystem, eco-diversity and strengthening the capacity to adapt to climate change. The programme also aims to reduce greenhouse gas emissions, and contribute to the implementation of Vietnam's commitments at the 26th Conference of the Parties to the United Nations Framework Convention on Climate Change (COP26). To realise these goals, the programme set a series of tasks including forestry protection, conservation of biodiversity of forest ecosystems, development of forests, improvement of forest productivity and quality, sustainable forest management, and enforcement of forest certifications for planted production forests. It also gives priority to preventing wildfires and expanding special-use, preventive and coastal forests, as well as developing the forest product processing industry. The total budget for the programme is estimated at 78.85 trillion VND (3.36 billion USD).

Fordaq, 25 July 2022

NEW STANDARD ON MDF

A new national standard on Medium Density Fibreboard (MDF) has been introduced as of 1 June 2022. The standard on MDF (GB/T 11718) was released for the first time in 1999 and revised in 2009 and in 2021 (GB/T 11718-2021) and has been implemented since 1 June 2022.

The test method of formaldehyde emissions has been modified and the requirement of MDF for building materials is added in the new national standard on MDF.

In the new standard the test method for "physical and mechanical properties" basically refers to the relevant provisions in "Test Method for Physical and Chemical Properties of Wood-based Panels and Decorative panels" (GB/T 17657-2013) with little change in other aspects.

In addition, explanation is provided on the size of the sample that affects the test operation. In the judgment of results, the calculation of 5% quantile value and 95% quantile value is also introduced, so that each testing institution can give the conformance judgment more conveniently. In general, the new standard is more scientific.

mucai.fordaq.com, 1 July 2022

LUMBER PRICES SOARING AGAIN

Lumber prices in Japan are soaring in the wake of the Ukraine war. The shortage that began last year was exacerbated as Russia stopped exporting some of its lumber to Japan, in retaliation for the sanctions Japan imposed on Russia. Prices for plywood and lumber in Japan have risen 10% to 20% in the last three months, leading to moves to raise housing prices. Some analysts in the Japanese wood industry believe this is a case of "wood shock," a global surge in lumber prices caused by a decrease in the supply of timber.

The term wood shock has been likened to the oil shock in the 1970s. The first wood shock occurred in the first half of the 1990s, when the environmental movement gained momentum in the United States. The second wood shock took place in the 2000s when logging was restricted in Indonesia. The third is considered to be last year's lumber price spike, caused by a sharp recovery in U.S. housing demand, which had shrunk amid the COVID-19 pandemic.

"Some lumber prices have risen more than during last year's wood shock," Ichijo-lumber Co. President Tatsuo Ichijo said recently. "The weak yen and rising logistics costs are also causing pain." Ichijo said his Tokyo-based company, which imports lumber, often loses out to firms in China, where demand for housing is strong. Its procurement volume has dropped to about 30% of former levels.

As there are no measures to alleviate the situation, Ichijo said, "We have no choice but to endure the current difficulties." Lumber and wood product prices climbed as much as 43.4% in June from the same month last year, according to the Bank of Japan's preliminary corporate goods price index.

Prices of lumber and laminated wood products in Japan, which had been falling this year, turned upward again after Russia's invasion and returned to the same level as at the end of last year. The price of plywood and logs is rising steadily. Since about 60% of the lumber consumed in Japan is imported, the weak yen also is driving up prices.

Russia is one of the leading lumber exporters. In 2020, it exported about 20% of the world's lumber. After its invasion of Ukraine, Russia stopped exporting logs, single-ply boards and other products to Japan and other countries that it identified as "unfriendly nations." In addition, an international forest certification organization suspended the certification of Russian lumber in early March, resulting in a decrease in distribution volume. Russian lumber is grown in cold regions and is suitable for housing because its fine grain makes it difficult for nails to fall out. A senior housing company official said an alternative cannot be easily found.

There are moves to raise housing prices in Japan. In January, Daito Trust Construction Co. raised the price of its homes by 2%, and a company official said they may have to consider further increases. Sumitomo Forestry Co. said it is also "in a difficult situation and reviewing its home prices as necessary." Under these circumstances, attention is turning to the use of domestic timber. After World War II, Japan planted trees to meet the rapid increase in demand for lumber. Currently, planted forests account for 40% of the country's total forests.

Forest resources such as cypress and cedar have been increasing by about 60 million cubic meters every year. Mitsubishi Estate Home Co. President Hirofumi Kato said, "We want to utilize domestic timber as much as possible." According to the Japanese Forestry Agency, however, there is no system in place for the production, distribution and processing of domestic timber in large quantities. Small and micro-forestry operators account for 90% of the industry, and the number of workers continues to decline. There are supply issues that need to be addressed in order for homebuilders to continually utilize timber on a large scale.

Japannews.yomuiri.com,22 July 2022

WOOD PRODUCTS EXPORTS UP

In May 2022 exports of Brazilian wood-based products (except pulp and paper) increased 21% in value compared to May 2021, from USD416.2 million to USD503.2 million.

Brazil's pine sawnwood exports grew significantly by 27% in value between May 2021 (USD66.5 million) and May 2022 (USD4.6 million). In volume however, exports were flat at 298,100 cubic metre compared to 295,200 cubic metre in May 2021.

Tropical sawnwood exports increased around 7% in volume, from 41,200 cubic metre in May 2021 to 43,900 cubic metre in May 2022. In value, exports grew 13% from USD6.6 million to USD18.8 million, over the same period.

Pine plywood exports saw a 20% decline in value in May 2022 compared to May 2021, from USD127.7 million to USD101.6 million. In volume, exports also decreased 3% over the same period, from 247,100 cubic metre to 239,200 cubic metre.

As for tropical plywood, exports decreased in volume (- 9%) but increased in value (6%), from 6,500 cubic metre (USD3.2 million) in May 2021 to 5,900 cubic metre (USD3.4 million) in May 2022. Disappointingly, wooden furniture export earnings dropped from USD69.7 million in May 2021 to USD58.9 million in May 2022, an almost 16% fall.

Timberindustrynews.com, 5 July 2022

EUROPEAN UNION

FIREWOOD IS BECOMING A NEW ENERGY SOURCE FOR EUROPEAN COUNTRIES

The surge in gas and electricity prices has sparked interest in Europe for a long-forgotten fuel, common firewood. Excessive demand for firewood spans the continent, from the Baltic states to the UK. Firewood is becoming the "new oil" for Europeans, which is causing some new social phenomena in the EU.

A particularly prominent situation has emerged in Estonia, which is now looking for ways to ensure "energy independence from Russia" as declared by the authorities. Officials expressed confidence that in the future Estonia will have more "windmills," or solar panels on the roofs of houses and factories.

At the same time, firewood prices in Estonia have risen. According to Marina Poltavtseva, a representative of the Estonian National Forest Management Centre (RMK), the increase in firewood prices started last year when electricity prices rose, leading to higher costs for logging operations. "Then deliveries from Russia and Belarus stopped and the interest in the timber from the Baltic countries increased. It is also necessary to mention last spring's ban on logging on private forest territories," explained Poltavtseva.

A similar situation was observed in Latvia, where the price of firewood has doubled compared to last year. In this regard, Latvian experts reminded that the purchasing power of residents is not unlimited.

The Telegraph reported that the country was facing a major problem. Until recently, Russia supplied the UK with large quantities of wood pellets for heating. The cessation of these supplies caused the price of wood pellets in the country to jump 25-40% overnight to a level of 385 pounds per ton. The situation is further complicated by an increase in the number of fires as people increasingly turn to wood for heating.

Global Wood Markets Info, 3 July 2022

UNITED KINGDOM

SHIFT IN COUNTRIES SUPPLYING TROPICAL SAWNWOOD

UK imports of tropical sawnwood started this year strongly. Imports were 25,600 tonnes in the first four months of 2022, 50% more than the same period last year. In addition to making major gains overall, there were big changes in the countries supplying tropical sawnwood to the UK in the opening months of this year.

This is indicative of the major shifts in hardwood markets since the start of the pandemic which have led to significant supply shortages and sharply increasing prices in many supply regions and continuing high levels of demand in markets like the UK.

UK imports of tropical sawnwood from Cameroon were 7,100 tonnes in the first four months of this year, 14% more than the relatively high level in the same period last year. UK imports from Malaysia, which had fallen to little more than a trickle in recent years, were 5,200 tonnes in the first four months this year, nearly a 6-fold increase compared to the same period last year.

UK imports of tropical sawnwood from the Republic of Congo (RoC) were 3,500 tonnes in the first four months of this year, nearly three times the level of last year but still well down on the pre-pandemic level. Meanwhile there has been a significant rise in UK imports of sawnwood from the Democratic Republic of the Congo (DRC), which were 3,100 tonnes in the first four months this year, a gain of 23% compared to the same period last year. UK imports from DRC were negligible before the pandemic. UK imports of tropical sawnwood from Côte d'Ivoire were 1,400 tonnes in the first four months this year, a 240% increase compared to negligible imports in the same period last year. Imports of tropical hardwood sawnwood from Brazil were 1,300 tonnes in the first four months of this year, 6% more than the same period last year but still down on the pre-pandemic level.

Indirect UK imports of tropical sawnwood from EU countries have fallen dramatically since the UK's departure from the EU single market on 1st January 2021. Total UK imports from EU countries were 1,600 tonnes in the first four months of this year, 48% less than the same period last year.

UK imports of tropical hardwood mouldings/decking were relatively high in the opening four months of 2022, at 4,500 tonnes, 87% more than the same period the previous year. This is another commodity group for which there has been particularly strong demand in the UK, combined with sharply tightening supply since the start of the pandemic. The war in Ukraine and sanctions on Russia are expected to lead to even tighter supplies of non-tropical decking products that directly compete with tropical decking in the short to medium term.

UK imports of decking/mouldings increased sharply from Indonesia and Brazil in the first four months of this year. Imports of 1,600 tonnes from Indonesia were 128% more than the same period last year. Imports of 1,200 tonnes from Brazil were 113% up on the same period in 2021. Imports from Malaysia increased 21% to 1,000 tonnes during the four month period.

ITTO/Fordaq, 5 July 2022

GLOBAL

WOOD AND PRODUCT TRADE HIGHLIGHTS

According to the General Department of Customs wood and wood product (W&WP) exports to Canada in May 2022 reached USD21.5 million, up 4% compared to May 2021. Overall, in the first five months of 2022 exports of W&WP to the Canadian market reached USD111.2 million, up 6.3% over the same period in 2021.

W&WP exports to the UK in May 2022 reached USD8.4 million, down 35% compared to May 2021. In the first five months of 2022 W&WP exports to the UK market reached USD119.2 million, down 1% compared to the same period of 2021.

Viet Nam's wood imports in May 2022 reached 34,5000 cubic metre, worth USD12.6 million, up 29% in volume and 28% in value compared to April 2022. Compared to May 2021 imports increased by 52% in volume and 51% in value.

In the first 5 months of 2022 wood imports reached 121,400 cubic metre, worth USD45.9 million, up 3% in volume and 1.4% in value over the same period in 2021.

Imports of log and sawn wood from Africa in April 2022 reached 80,610 per metre at a value of USD30.34 million, up 3% in volume and 7% in value compared to March 2022 and up 0.8% in volume and 8.0% in value compared to April 2021.

In the first four months of 2022 imports of wood from Africa reached 346,460 cubic metre at a value of USD27.17 million, up 3% in volume.

ITTO/Fordaq, 4 July 2022

EPOXY APPLICATION ON FURNITURE COURSE IN TERENGGANU


Sanding process on epoxy finishes

On 25 - 28 July 2022 WISDEC organised the Epoxy Application on Furniture Programme at TTITC,Terengganu. The opening speech of the programme was delivered by Encik Mohd Firdaus Md Mortar, WISDEC Assistant Director Industrial Training, on behalf of the Director of WISDEC. 18 participants from Terengganu and Kelantan attended the 4-day course. Most of the participant had some background in furniture making, wood carving and interior decoration.

Epoxy coating is a finishing process on timber products that sealed its original colour. The finishing look is more stylish and elegant, and enhances the appearance of the timber products. Therefore, there is high demand from the public to learn epoxy applications on timber products. Wood Industry Skills Development Centre (WISDEC) was called to organise the courses in collaboration with Terengganu Timber Industry Training Centre (TTITC) in Kuala Berang, Terengganu.

Local epoxy producer and trainer Encik Safaridzuan Mohamad from Kuala Terengganu was appointed by WISDEC to guide the participants. He has a few years of experience in making a variety of epoxy furniture, souvenirs and decorations at his workshop in Manir, Terengganu. Two Chengal dining tables and two Merbau coffee tables were used during this course as Chengal and Merbau is not difficult to obtain in Terengganu.


Chengal dining tables and Merbau coffee tables coated with epoxy


Group photo with participants


Epoxy colour levelling

On the last day of the programme, the tables were completed with epoxy finishing. Institute of Malaysian Plantation and Commodities (IMPAC) certificates were presented to the participants by Encik Mohd Firdaus on behalf of the Director of WISDEC accompanied by Encik Mohd Nasir from MTIB Terengganu and Puan Noraini Nordin from TTITC. Feedback from the participants was very positive and they hoped more courses like that would be conducted in the near future.

JUNE 2022

The total export of Malaysian timber and timber products in June 2022 increased by 12% in value totalled at RM2.2 billion from RM1.9 billion in the previous month. Similarly, cumulative exports for the period of January – June 2022 increased by 14% valued at RM13.2 billion over RM11.6 billion in the previous corresponding period. Despite the positive two-digit growth that are caused by global economic activities that continued to more active and the quality of Malaysian timber products that are recognised internationally, there are several headwinds that need to be cautioned against, such as the Russia-Ukraine war, the ongoing US-China trade war, more aggressive tightening by the US Fed, increased raw material prices, and continued disruptions in the global supply chain.

SAWNTIMBER

The total export of sawntimber in June 2022 increased by 21% in volume and 19% in value to 105,366 m³ totalling at RM243.6 million as compared to the previous month. Cumulative exports for the period of Jan-June 2022 also increased by 1% in volume and 19% in value to 610,344 m³ totalling at RM1.4 billion over the previous corresponding period.

Exports to the EU for the month were recorded at 4,617 m³, a decrease of 25% as compared to the previous month. The Netherlands as the main buyer reduced its intake by 45% to 1,827 m³ from 3,294 m³ in the previous month. Similarly Belgium reduced intake by 2% to 620 m³ for the month. However, imports from Germany increased by 20% to 992 m³ from 830 m³ as recorded in the previous month. Meanwhile, in another Europe country, exports to the UK were down by 13% to 1,072 m³ from 1,236 m³ in the previous month.

The total export to the South Asia region increased by 36% to 11,555 m³ from 8,481 m³ recorded in the previous month. India as the main buyer from South Asia grew by 30% to 7,456 m³ followed by Maldives by 38% to 2,615 m³ and import from Pakistan also up by 161% to 1,390 m³ for the month.

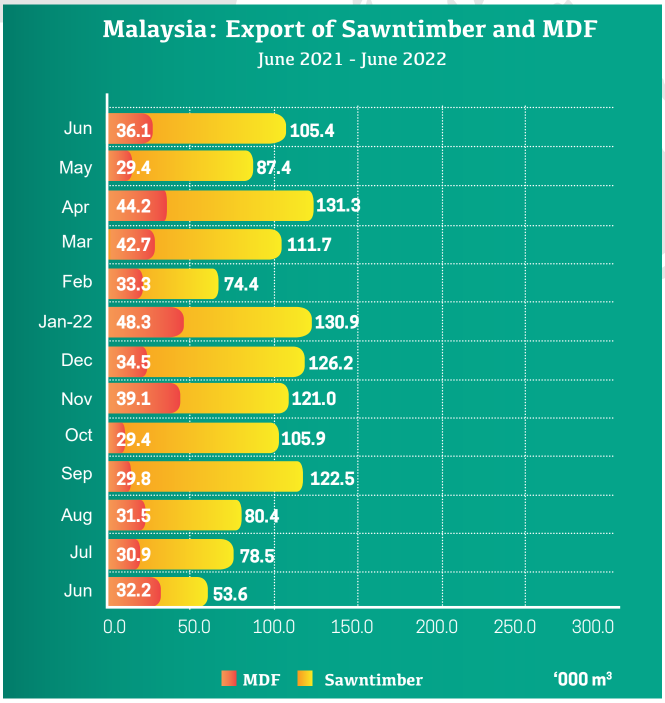
Moving to the West Asia region, the total export to the region recorded a reduction by 16% to 15,781 m³ from 18,772 m³ in the previous month. The UAE as the largest buyer in the region showed an increase of 85% to 7,395 m³ and similarly in Iraq, imports grew by 49% to 2,400 m³ for the month. However, exports to Oman decreased by 35% to 2,425 m³ from 3,725 m³ in the previous month.

Elsewhere, shipments to East Asia increased by 39% to 37,615 m³ from 27,033 m³ in May 2022. China as the main buyer increased purchases by 14% to 21,399 m³ from 18,760 m³ in the previous month. Exports to Taiwan and Japan also increased by 115% to 9,722 m³ and by 38% to 3,893 m³ respectively.

Meanwhile, buying from ASEAN also increased by 31% to 27,899 m³ from 21,255 m³ as registered in the previous month. Thailand as the main buyer in ASEAN increased its intake by 14% to 13,373 m³ from 11,764 m³ as recorded in the previous month. Similarly, exports of sawntimber to Singapore also grew by 17% to 6,397 m³ while exports to the Philippines increased by 145% to 7,195 m³ from 2,941 m³ last month.

Moving to the African region, exports to Africa improved by 33% to 2,509 m³ compared from 1,891 m³ in the previous month. Demand from South Africa grew by 107% to 1,819 m³ from 880 m³ as recorded last month. Exports to Nigeria increased by 4% to 317 m³ however exports to Mauritius were down by 78% to 124 m³ from 557 m³ in the previous month.

Exports to North America increased by 91% to 3,461 m³ from 1,809 m³ in the previous month. The USA as a major buyer from North America increased its intake by 116% to 3,144 m³ whilst exports to Canada fell 9% to 317 m³ from 350 m³ last month. In the Oceania/Pacific region, exports to Australia decreased by 2% to 706 m³ from 694 m³ in the previous month.



The average FOB price of sawntimber reduced by 3% to 2,261 per m³ from 2,341 per m³ in the previous month. The price of Dark Red Meranti to the Netherlands also decreased by 3% to 4,481 per m³ from 4,641 per m³ previously. Keruing was traded at 2,980 per m³, an increase of 10% from 2,718 per m³ in the previous month.

The positive outlook for EU27 imports of tropical wood and wood furniture products was due to a rise in CIF prices. This was driven by the combination of a sharp fall in the value of the euro against the dollar, continuing high freight rates, and severe shortages of wood and other materials.

PLYWOOD

Exports for plywood in June 2022 recorded a decrease of 5% in volume at 105,568 m³ and 4% in value at RM310.6 million as compared to the previous month. Cumulative exports for the period of June 2022 decreased by 8% in volume but increased by 22% in value to 697,421 m³ totalling at RM1.9 billion over the previous corresponding period.

The EU union region recorded a decrease for plywood export by 24% from 215 m³ to 163 m³. Italy decreased purchases by 13% to 77 m³. The UK and Turkey however increased buying by 40% and 796% to 296 m³ and 215 m³ respectively.

Moving to the East Asia market, exports plummeted by 16% to 70,405 m³ from 84,175 m³ in the previous month. Japan decreased import performance by 19% to 58,807 m³ followed by the Republic of Korea by 9% to 5,333 m³. Meanwhile, Taiwan has slightly increased buying by 4% to 5,401 m³. In South Asia, the export of plywood jumped by 35% from 857 m³ to 1,156 m³. India and Maldives increased their buying by 38% and 57% to 1,123 m³ and 33 m³ respectively.

Elsewhere, the West Asia region recorded a decrease of 7% from 5,955 m³ to 5,517 m³ in the previous month. Yemen dropped the import volume by 7% to 5,276 m³ and Saudi Arabia maintained purchases at 241 m³. Plywood exports to the ASEAN region increased by 40% to 4,545 m³ from 3,246 m³. Singapore and Thailand increased their imports by 25% and 208% to 1,958 m³ and 1,664 m³ respectively. Meanwhile, Viet Nam decreased buying by 74% to 229 m³.

The plywood purchases in the Oceania/Pacific region decreased by 10% to 2,375 m³ from 2,646 m³. Australia recorded a decrease of 11% to 2,217 m³ while New Zealand increased their intake tremendously by 215% to 129 m³. North American regions increased the import of plywood by 55% to 20,658 m³ from 13,341 m³. The USA as the main buyer has increased purchases by 33% to 17,166 m³ and Mexico made a skyrocketed purchase of 8435% to 3,414 m³. Canada decreased imports by 81% to 78 m³. On the other hand, Somalia and South Africa resumed buying to 171 m³ and 62 m³ each.

The FOB price of plywood for June 2022 was at RM2,694 per m³, a decrease of 8% from RM2,936 per m³ from the previous month.

In Turkey and most big countries around the world, high construction costs will weigh on the profitability of construction projects in all sectors. The cost of imports is likely to rise further due to external factors and the continued deterioration of currency crisis, adding further pressure to the balance of trade. Furthermore, residential construction which is the largest construction sector faces downside risk on the supply-side owing to high construction costs which could lead developers to reassess the profitability of new housing developments.

VENEER

Exports of veneer for June 2022 decreased slightly in volume by 1% to 2,706 m³ but increased sharply in value by 32% to RM6.7 million as compared to the previous month. The cumulative exports for June 2022 however showed a decrease in both volume and value by 33% to 18,603 m³ and 12% to RM39.3 million over the previous corresponding period.

In Asia, Singapore, the Republic of Korea and China recorded a decrease for veneer purchases by 33%, 38% and 6% to 2 m³, 771 m³ and 590 m³ respectively. This is followed by Taiwan and India with a reduction of 38% and 1% to 460 m³ and 183 m³ each. However, the Philippines showed an increase of 291% to 250 m³ from 64 m³ in the previous month. Bangladesh has retained purchases at 58 m³.

Exports to the Oceania/ Pacific region jumped up by 11% to 135 m³ from 122 m³. On the other hand, North America, Canada and the USA showed an increase in their veneer imports by 18%, 16% and 19% to 116 m³, 36 m³ and 80 m³ respectively.

The average FOB price for veneer decreased by 1% from RM2,291 per m³ to RM2,261 per m³ as compared to previous month.

The No. 1 issue on the minds of many hardwood flooring executives was how the category would fare in the midst of a raging pandemic. Turns out the segment and the industry would fare well as consumers and homeowners spend more time inside and more of their disposable income on flooring and other home improvement projects. However, as the endemic phase started, the largest impact for the hardwood flooring industry has been raising costs on all levels whether it has been hardwood, glue, plywood, finishes, freight and logistics. Inflation is a real thing that we haven't experience in many years at this level.

MEDIUM DENSITY FIBREBOARD (MDF)

Exports of MDF in June 2022 recorded a 23% increase in volume at 36,058 m³ and 28% in value at RM76.6 million compared to the previous month. Cumulative exports for the period of June 2022 also showed an increase in both volume and value at 4% and 29% to 229,894 m³ with total of RM452.4 million as compared to the corresponding period in 2021.

Exports to ASEAN increased by 12% from 7,026 m³ to 7,854 m³ in the previous month. The Philippines increased buying by 77% to 4,655 m³ while MDF purchases in Indonesia and Viet Nam fell by 21% and 25% to 1,874 m³ and 882 m³ each. Elsewhere, East Asia showed an import increase of 55% from 8,106 m³ to 12,561 m³ in the previous month. Exports to the Republic of Korea rose by 52% to 355 m³, followed by Japan and Taiwan with an increase of 49% and 76% to 10,852 m³ and 930 m³ respectively.

Moving to the South Asia market, exports has decreased by 9% to 4,249 m³ from 4,659 m³. Export performance of Pakistan and India declined by 15% and 4% to 1,025 m³ and 2,602 m³ respectively. However, shipping to Bangladesh hiked up at 54% to 622 m³.

Meanwhile, exports to the West Asia region recorded a decrease at 11% from 5,602 m³ to 4,986 m³ compared to previous month. Yemen and UAE showed a decrease of MDF purchases of 19% and 76% to 1,740 m³ and 533 m³ each while Jordan increased its imports by 129% to 1,371 m³.

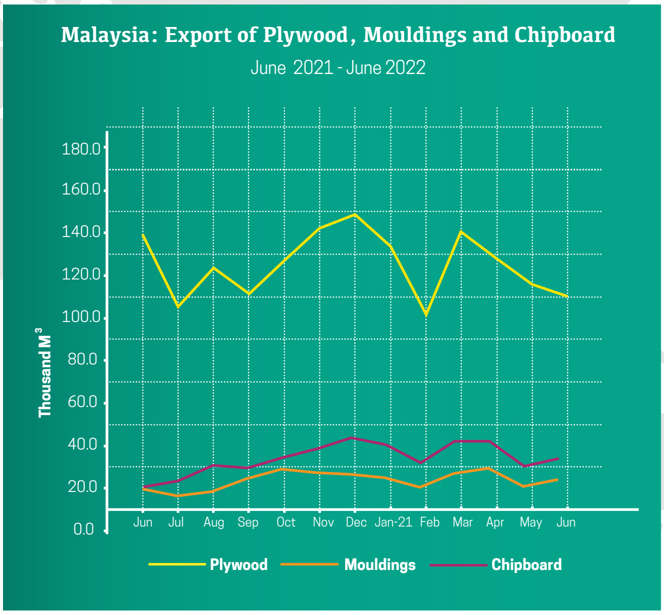
In the North America region, the sales increased by 32% to 2,737 m³ from 2,067 m³. The USA and Canada increased their buying by 23% and 119% to 1,424 m³ and 908 m³ each. However, Mexico dropped imports by 18% to 405 m³. Exports to the Oceania/Pacific region recorded a slight decrease of 0.4% from 1,683 m³ to 1,676 m³. New Zealand reduced MDF imports by 63% to 85 m³ but Australia recorded an increase of 9% to 1,591 m³. South America resumed their intakes to 93 m³.

In the Africa region, buying increased by 747% to 1,898 m³ from 224 m³ in the previous month. South Africa and Somalia increased the import of MDF by 281% and 95% to 274 m³ and 123 m³ respectively.

Egypt also boosted intakes by 2,231% to 1,501 m³ from 62 m³.

The FOB price of MDF decreased by 4% to RM1,968 per m³ from RM2,041 per m³ from the previous month.

European wood panel industry is now exploring smart sorting and processing technologies to recycle post-consumer waste wood back into fibreboards and into novel building products. Five highly promising pilots with leading panel manufacturers have been launched to demonstrate how these approaches link with innovative, digital-supported technologies to enable security of raw material supplies. The project carried out a detailed market study to determine the current and future availability of waste MDF as a basis to upscale recycling business activities in Europe.



MOULDINGS

Exports of mouldings for the month increased by 24% in volume and 21% in value to 16,130 m3 worth RM79.3 million. However, cumulative exports for the period of June 2022 increased by 3% in volume and 21% in value to 98,819 m³ worth at RM462.2 million as compared to the previous corresponding period in 2021.

Exports to the EU for the month recorded at 6,093 m³, increased 2% as compared to the previous month. France and Germany increased their purchases by 66% and 60% to 938 m³ and 1,064 m³ respectively while the Netherlands decreased its purchases by 23% to 3,305 m³ for the month. Meanwhile, the UK recorded an increase of 4% to 426 m³.

In Asia, exports to Viet Nam and Singapore increased by 146% and 76% to 334 m³ and 1,319 m³ while Thailand decreased its purchases by 24% to 29 m³ respectively. Meanwhile, Hong Kong and Korea increased their purchases by 186% and 72% to 232 m³ and 530 m³ while Japan decreased its intakes by 1% to 718 m³ respectively. Maldives increased intake by 16% to 79 m³, while India decreased its purchases by 10% to 227 m³.

Meanwhile, in the Oceania/Pacific region, exports to Australia increased by 66% to 2,057 m³ for the month. Similarly, in the American region, exports to Canada and the US increased by 121% and 56% to 84 m³ and 3,633 m³ respectively while Mexico decreased its purchases by 71% to 30 m³ for the month.

Elsewhere, in the African region, South Africa increased its purchases by 11% to 108 m³ while Mauritius decreased its intake by 18% to 155 m³ respectively.

The average FOB unit value for mouldings decreased marginally to RM4,677 per m³ compared to RM5,007 per m³ in the previous month.

The construction market is expected to grow with positive economic growth in emerging markets, low interest rates in most developed countries, increasing the demand for elderly friendly infrastructure and technological development. Factors that negatively affected growth in the historic period were geo-political tensions and rising material costs. Going forward, increasing investments in renewable power generation capacities and urbanization will drive market growth while factors that could hinder the expansion ofthe construction market in the future would include outbreaks of coronavirus disease (COVID-19) and health and safety issues.

BUILDERS JOINERY AND CARPENTRY (BJC)

Exports of BJC for June 2022 recorded an increase of 15% in volume and 22% in value to 13,315,990 kg worth RM131.4 million from last month. Total BJC cumulative exports for the same corresponding period last year increased 34% to RM698.0 million as compared to RM520.0 million last month.

Exports to the EU increased 24% to RM115.2 million compared RM92.7 million in the previous corresponding period. Exports to Germany and and RM28.6 million while the Netherlands decreased imports by 4% to RM15.2 million respectively. Meanwhile, exports to Turkey, and Norway also increased by 388% and 91% to RM1.8 million and RM23.5 million respectively. Exports to the UK, however decreased by 11% to RM63.7 million from last year.

In Asia, exports to Singapore and Viet Nam recorded an increase of 61% and 18% to RM37.7 million and RM10.8 million respectively while Thailand decreased its intakes by 24% to RM6.2 million for the month. Exports to China, Japan and Taiwan increased by 76%, 24% and 5% to RM14.8 million, RM26.2 million and RM4.8 million respectively. Nevertheless, exports to Pakistan, India and Bangladesh also increased by 47%, 42% and 8% to RM1.7 million, RM22.6 million and RM968,913 respectively. Meanwhile, the UAE increased buying by 0.1% to RM813,932, Qatar decreased intakes by 68% to RM340,939 while Saudi Arabia resumed its intakes to RM224,453 for the month.

In the Oceania/Pacific region, exports to Papua New Guinea, Australia and New Zealand increased by 593%, 29% and 23% to RM497,837, RM117.1 million and RM11.9 million respectively. However, in the American region, Canada, Uruguay and the US also increased their intakes by 132%, 101% and 64% to RM751,639, RM570,495 and RM210.1 million respectively. However, Mexico resumed its intake to RM8.1 million for the month.

Elsewhere, in the African region, Mauritius and Egypt increased their intakes by 25% and 24% to RM410,001 and RM781,719 while South Africa decreased by 5% to RM4.1 million respectively.

Building construction is the largest segment of the construction market and is expected to be the fastest-growing segment. The demand for construction is increasing due to huge economic growth in developing countries and low interest rates in a number of developed countries. Also, factors such as increasing private sector investments in construction, technological development and rising disposable income are expected to propel the growth of the market. Moreover, increased infrastructure and housing spending by governments across the globe is invigorating the market growth.

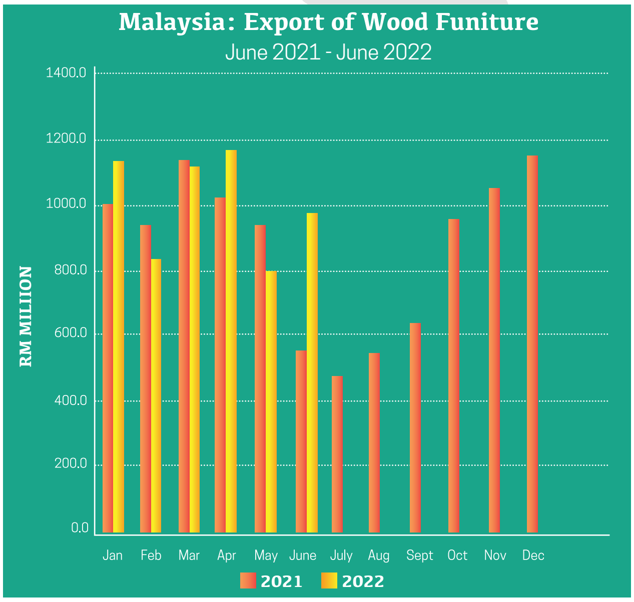
FURNITURE

Exports of wooden furniture for the month of June 2022 grew by 20% to RM950.6 million and similarly, rattan furniture exports increased by 16% to RM8.5 million respectively from the previous month, March 2022. Meanwhile, the export of wooden furniture for the cumulative period of January to June 2022 recorded an export value worth RM6.0 billion, an increase of 8% from its corresponding period in 2021. Meanwhile, demand for rattan furniture increased by 20% year-on-year to RM53.3 million from RM44.5 million over its corresponding period in 2021.

Exports of wooden furniture to ASEAN expanded by 53% worth RM505.7 million over its corresponding period in 2021. Singapore was recorded as the highest buyer with RM274.3 million, an increase of 44%. This was followed by the Philippines, with an increase of 79% to RM104.9 million and Indonesia, with 34% to RM40.0 million.

Moving to the East Asia region, exports rose by 22% to RM444.5 million. Japan remained the highest buyer with an export value of RM323.4 million, an increase of 37%. This was followed by Taiwan with an increase of 34% to RM45.4 million. However, exports to South Korea decreased by 26% to RM33.5 million over its corresponding period in 2021.

Exports to West Asia decreased by 9% to RM201.3 million from RM219.9 million in its corresponding period in 2021. Exports to the UAE, the largest buyer in the region, increased by 11% to RM84.9 million. However, exports to Saudi Arabia decreased by 21% to RM71.9 million and Kuwait, 4% to RM22.2 million, respectively.



Meanwhile, the South Asia region recorded an increase of wooden furniture intake by 16% to RM96.9 million for the month. Exports to India rose by 16% to RM91.2 million over its corresponding period in 2021. Similarly, exports to Bangladesh improved by 82% to RM1.1 million. Maldives also recorded an increase of intake by 1% to RM4.0 million over the same period in 2021.

Exports to the Central Asia region plummeted by 49% to RM2.2 million with exports to Azerbaijan being recorded at RM103,012 and exports to Kazakhstan down by 45% to RM2.1 million over the corresponding period in 2021.

Exports to the European Union (EU27) recorded a slight increase of 2% to RM218.9 million from RM215.2 million over its corresponding period in 2021. Despite the overall decrease in buying in the region, Germany was recorded as the highest buyer with an increase of 40% to RM39.4 million, followed by Poland with an increase of intake by 21% to RM21.5 million. Similarly, exports to Denmark also rose by 61% to RM23.7 million.

As for Europe-other countries, exports were reduced by 8% to RM224.0 million. Exports to the United Kingdom and Russia decreased by 6% to RM210.1 million and by 46% to RM3.3 million respectively. However, exports to Turkey were up by 4% to RM3.3 million from RM3.1 million over the same corresponding period in 2021.

Exports to the Oceania/Pacific region rose by 18% to RM292.7 million over RM247.4 million over its corresponding period in 2021. Australia remained the top buyer in the archipelago region with an export value worth RM255.9 million, an increase of 18%. This was followed by Papua New Guinea with an increase of 85% to RM5.2 million. However, exports to New Zealand recorded a decrease of 1% to RM22.5 million from RM22.6 million over the same period in 2021.

Moving to the Central American region, exports of wooden furniture were reduced by 32% to RM14.6 million over its corresponding period in 2021. Exports to Panama and Costa Rica increased by 2% to RM4.3 million and 13% to RM3.4 million respectively. However, exports to El Salvador recorded an increase of 60% to RM3.2 million for the cumulative period of January - June 2022.

Meanwhile, exports to the North American region rose slightly by 3% to RM3.8 billion with sales to USA, the largest wooden furniture buyer, increased by 2% to RM3.6 billion over RM3.5 billion in its corresponding period 2021. Similarly, exports to Canada and Puerto Rico increased by 36% to RM174.9 million and 20%to RM48.6 million respectively.

Exports of wooden furniture to the South American region recorded an increase of sale by 22% worth RM58.6 million from RM48.2 million in its corresponding year 2021. Although export to Chile increased by 40% to RM46.3 million, exports to Peru and Columbia reduced by 23% to RM5.2 million and 19% to RM2.5 million respectively.

Exports to the African region recorded an increase of 27% to RM91.3 million with South Africa garnering the largest market share with RM25.4 million. It was an increase of 5% from its corresponding period in 2021. This was followed by Kenya, with recorded sales of RM10.9 million, an increase of 75% and exports to Reunion Islands also increased by 9% to RM7.6 million. Rattan furniture shipments for June 2022 recorded a decrease of 16% valued at RM8.5 million from RM7.3 million in the previous month. However, exports of rattan furniture for the cumulative period of January – June 2022 recorded an increase of 20% to RM53.3 million from RM44.5 million in the corresponding period in 2021.

Exports to ASEAN member countries were recorded at RM2.4 million, an increase of 21% for the cumulative period of Jan - June 2022. The highest buyer was the Philippines with recorded sales of RM11 million, an increase of 62%. Similarly, exports to Thailand and Singapore grew by 10% to RM456,507 and by 0.1% to RM648,130 respectively.

Likewise, the East Asia region also increased its shipments by 12% to RM5.4 million. China as the largest buyer in the region reduced its intake by 5% to RM3.3 million. However, Japan increased their buying by 69% to RM1.0 million while Mongolia recorded a decrease of 68% to RM641,716 over its corresponding period in 2021.

India as the largest buyer amongst South Asia countries recorded a decrease of 36% to RM1.9 million from RM3.0 million in the corresponding period in 2021. Exports to the largest buying nation of rattan furniture in the West Asia countries, the UAE, were also down by 20% to RM268,886 from RM337,662 in its corresponding period in 2021.

Meanwhile, exports to the European Union recorded an increase of 41% to RM6.9 million with Sweden being the largest buyer amongst EU27 countries. Exports to Sweden boomed by 111% to RM1.4 million. Ireland also recorded a sale value of RM1.7 million, an increase in export by 12%. Similarly, demand from France also increased by 128% to RM873,680. Moving to Europe-Other countries, demand from the United Kingdom slowed by 13% to RM3.4 million. Russia decreased buying by 17% to RM1.2 million over its corresponding period in 2021 while demand from Ukraine also slowed by 62% to RM122,916.

Shipments to the Oceania/Pacific archipelago region increased by 33% to RM4.8 million from RM3.6 million over the same period in 2021. Australia recorded an increase of 54% to RM4.4 million while exports to Western Samoa increased by 522% to RM68,143. However, exports to New Zealand decreased by 60% to RM245,172.

Exports to the North American region increased by 30% to RM24.2 million from RM18.7 million over the same period in 2021. The USA being the largest buyer for rattan furniture recorded an increase of 26% to RM21.6 million, followed by Canada with an increase of 81% to RM1.9 million and Dominican Republic 122% to RM459,160. Amongst South American countries, exports to Chile increased by 53% to RM267,425.

The intake of rattan furniture in the African region increased by 108% to RM1.9 million where the largest buyer, Algeria increased its buying by 237% to RM1.4 million. South Africa also increased its intake by 12% to RM187,328 while Tanzania resumed its buying to RM143,741.

The "Wooden Furniture Market Forecast and Analysis 2022-2026" report by Technavio, released in August 2022 reports that the growth of the real estate and construction industry is one of the key drivers fuelling the wooden furniture market development. In addition, the increasing adoption of eco-friendly furniture is one of the key wooden furniture market trends supporting market growth. However, cost challenges faced by manufacturers and vendors might limit the wooden furniture market growth. The report also states that 46% of the market's growth will originate from the Asia-Pacific (APAC) region during the forecast period, 2021-2026. China, Japan, and India are the key markets for wooden furniture in APAC. Market growth in this region will be faster than the growth of the market in other regions. The increase in office space owing to the rise in the number of corporate offices will facilitate the wooden furniture market growth in APAC over the forecast period.

THE UNIQUE CRAFT OF WOOD LASER PRODUCT

Laser cutting is an amazing technology that is currently being widely used. The technology cuts, marks and engraves materials like wood, acrylic, and metal by emitting a concentrated beam of light through a movable head and it is versatile enough to work with a large array of different materials. Its popularity and reputation for quality rely on its speed, clean cuts, high precision as well as its safety features. The quality, safety, and cost-effectiveness of laser technology make it a highly popular application for a number of industries, and this includes the wood industry. Wood cutting and engraving are two of the most popular applications of laser technology since they encompass various products such as cabinetry, photo frames and knife handles. The technology is also great to use with hardwoods, veneers, inlays, MDF, plywood and softwood. Laser technology also enables the user to engrave amazing and intricate images into the materials.

Laser craft popularity has increased rapidly in Malaysia over the past few years. The number of Bumiputera entrepreneurs getting involved in the laser craft industry has clearly risen and many have succeeded in laser craft business. The end products are unique novelties and their designs are in high demand, especially as gifts and souvenirs as well as home decorations.

Rinacraft, is one of the many successful Bumiputera laser craft entrepreneurs in Malaysia. Rinacraft is well-known for its experience in wood crafting using laser technology in cutting and engraving, and it has pioneered in wood crafting, having been involved in the industry for more than 20 years, since 2002.

Seeing the endless potential in wood laser technology, Encik Ahmad Fazrin Abdul Rahman, the founder of Rinacraft, started producing Rinacraft's iconic Islamic calligraphy wood art as well as other craft products with precise engraved images and lettering. His company's strength lies in its teamwork and excellent client communication skills and strong marketing activities through online platforms. Thus they have managed to get more than 1,000 likes in each of their postings in Facebook and Instagram as well as more than 10,000 a their website. Social media is an excellent platform for the company to reach and attract mainly the younger generation to the uniqueness of laser cut products.

The team started only 3 members namely Ahmad Fazrin Abdul Rahman as the owner and founder of the brand RINACRAF, Namizan Muda as the Art Director and Amar Husaini as a Frame Maker and Machine Operator.

Today, Rinacraft has acclaimed expertise in manufacturing the Mihrab Mosque and other designs in Kufi, Nasakh, Diwani and Tuluth calligraphy using laser technology. Aside from product assembly, the design of each product is done by inhouse designers and calligraphers. Of course, while the machines provide such precise and jaw-dropping results, manual work remains a necessary element.

Rinacraft is also one of MTIB's support and incentive recipients in terms of machinery. In 2018 MTIB provided a 100-watt laser cutting machine to assist Rinacraft in increasing its productivity to cater to increasing customer demand. Rinacraft started with only one laser cutting machine. Later the company expanded its business with four laser cutting machines in order to produce high quality products according to current demand.

Encik Fazrin said that the company caters more orders mostly from architecture companies as a result of having one laser cutting machine with the capability of cutting an area of 4 feet by 3 feet. He added that, nowadays the government and private sectors are looking forward to purchasing laser cut products as souvenirs for their clients and special visitors. The combination of human skills, experience and machinery accuracy is a match made in heaven. Rinacraft also looking forward to expanding its services abroad as Encik Fazrin foresees that the demand is larger abroad as much as the company have to offer for the locals.

MALAYSIA

Supply Chain Disruption Unlikely to End Anytime Soon

Over the past two years, the surge in consumer demand and Covid-19 lockdown measures have wreaked havoc on major ports around the world, resulting in long queues of ships waiting to unload their goods and a shortage of shipping containers.

While bottlenecks have eased at key ports in Asia, with operations at Westports in Malaysia back to normal since last month, the problem is far from over in other parts of the world, particularly the US. There are several factors why the US is still struggling with port congestion, one of which includes a shortage of manpower and equipment like trailers and empty containers.

In this regard, Westports is currently better off than its counterparts in Europe and the US because worker shortage does not affect its operations, as it did no let go of any of its 5,797 employees during the pandemic.

Supply chain experts like Katrina Ell, senior economist at Moody's Analytics, expect supply chain constraints to gradually taper off towards end-2022, but a return to pre-pandemic levels this calendar year is unlikely. In fact, she notes that China's zero-Covid policy is a threat to the expectation that supply chain stress will ease in 2023.

Meanwhile, significant supply chain disruptions saw shipping and air freight rates hit record highs in 2021. Benefiting from high freight rates are shipping lines, air cargo carriers and freight forwarders, which have reported record profits. However, their financial performances are not reflected in their share prices as most logistics stocks are down double digits year to date as investors appear uncertain about the companies' earnings growth going forward.

Freight rates, however, have come down from their peaks this year as port congestion eases and capacity returns to the market. While high inflation and rising interest rates are likely to weigh on consumer demand and depress freight rates further, supply chain experts believe increased demand as a result of China's emergence from lockdowns and eventual border reopening could effect a reversal.

Meanwhile, the lockdowns have also led to global chip shortages holding up production not only in the semi-conductor industry but other sectors ranging from automotive to consumer electronics and household appliances. And demand shows no sign of slowing down.

One of the local players in the semicon sector affected by this is JF Technology Bhd, whose co-founder and managing director Datuk Foong Wei Kuong foresees the ongoing supply chain challenges and rising input cost persisting going forward, but with gradual improvement.

Source: *theedgemarkets.com, July 09, 2022*

EUROPE

Blank Sailings Holding Down Spot Rates as China to Europe Space Tightens

Uncertainty on Covid policy is prompting shippers to adopt a wait-and-see approach to sourcing in China, with carrier blank sailings the “only thing stopping” further rate declines. Strict lockdowns led to a dramatic drop in China’s economic growth in Q2, to 0.4%, compared with 4.8% in the first three months of the year, marking the country’s slowest growth since the Covid crisis began in 2020.

Furthermore, the risk of additional lockdowns, combined with high inventory levels in the west, appears to be dampening ex-China ocean freight demand. Thomas Gronen, head of Greater China at Fibs Logistics, told *The Loadstar:* “With recession and inflation pressure in the US and in Europe, client feedback is that they are waiting to sell existing inventory before re-ordering.

“Plus, there is very strong quarantine and lockdown hesitation, which is putting off buyers travelling to China.”

Mr Gronen predicted a long recovery for Shanghai, post-lockdown, and he said so far his expectations had been "pretty much fulfilled". He explained: "The ocean volumes have only just recovered, and are rather on the 'soft' side. Spot market rates are definitely down, trending, with some carriers moving faster on this subject than others. Overall, spot rates available now are down by around 25% compared with six months ago, and over 50% a year ago." Indeed, Mr Gronen believes without the capacity crunches created through blank sailings, the decline in spot rates would have been even more severe. For example, a Fibs update noted 67 blank sailings from Ningbo between 20 June and 24 July, meaning space to Europe getting tight in August.

"The only market which is still moving strong is the Middle East, but that's because mostly smaller vessels are being used on these lanes," Mr Gronen added. According to FourKites, Shanghai's 14-day average ocean shipment volume is now down only 2%, compared with 12 March, however, when the lockdowns first started.

Elsewhere in China, shipment volumes have "remained strong", with volume at the port of Shenzhen up 25% and at Ningbo-Zhoushan, up 35%, for the same period, FourKites added. Philippe Salles, VP strategic solutions (ocean), added: "While the situation is easing, we are nowhere near the shipping volumes and transit times [from China] we saw before Covid."

Source: *theloadstar.com, July 18, 2022*

UNITED STATES

New US Demurrage and Detention Rules – What You Need to Know

Demurrage and Detention charges have been a particular point of contention among US shippers in the ongoing supply chain disruption and have been acted on quickly with the introduction of the Ocean Shipping Reform Act 2022 (OSRA 2022).

On June 16, barely six weeks ago, President Joe Biden signed OSRA 2022 into law greatly expanding the scope of what the Federal Maritime Commission (FMC) could do in achieving its mandate, which is to: "Ensure a competitive and reliable international ocean transportation supply system that supports the US economy and protects the public from unfair and deceptive practices."

When new legislation is enacted, Federal agencies typically have some time period to draft proposed rules, open them up for comments, and sometimes, revise the wording before entering the exact wording into the US Code. It is noteworthy that one aspect of OSRA 2022, that dealing with invoicing for Demurrage and Detention (D and D), an attention getting issue, takes immediate effect.

A late June message from the FMC noted that "The law, and its requirements, related to demurrage and detention charges, became effective June 16, 2022." The Washington DC law firm Thompson Coburn advises that: "Because the statute took effect immediately,

Shipments of Timber and Timber Products Through Ports in Peninsular Malaysia, June 2022

Products	Port Klang		Kuantan		Pasir Gudang		Tanjung Pelepas		Penang		Total all ports (m3)	% Change May/ Jun'22
	m3	% Change	m3	% Change	m3	% Change	m3	% Change	m3	% Change		
Sawntimber	40,648	2	1,331	-85	602	-7	293	-3	2,110	-47	44,985	-16
MDF	9,107	-12	193	100	1,704	6	2,503	92	699	-74	14,206	-12
Mouldings	10,336	11	68	-7	1,201	8	1,089	-25	947	68	13,642	9
Plywood	5,650	-10	0	0	0	-100	369	-11	3,981	-10	10,000	-11
Veneer	661	9	0	0	0	0	49	100	1,966	2,168	2,675	285
Particleboard	10,526	-3	0	0	0	-100	0	0	7,056	337	17,582	39
TOTAL	**76,928**	**0**	**1,593**	**-83**	**3,507**	**-5**	**4,303**	**24**	**16,760**	**25**	**103,090**	**-3**

Note : Indicates percent change over the previous month

Source : MTIB

invoices for demurrage and detention charges should be examined for form and content compliance with the new law."

The wording concerning D and D invoicing contains very specific requirements for Vessel Operating Common Carriers (VOCCs), which include all of the major liners serving US ports.

The requirements for proper invoicing are contained within the OSRA 2022 wording. Invoices must include the following:

- Date that container is made available.
- The port of discharge.
- The container number or numbers.
- For exported shipments, the earliest return date.
- The allowed free time in days.
- The start date of free time.
- The end date of free time.
- The applicable detention or demurrage rule on which the daily rate is based.
- The applicable rate or rates per the applicable rule.
- The total amount due.
- The email, telephone number, or other appropriate contact information for questions or requests for mitigation of fees.
- A statement that the charges are consistent with any of Federal Maritime Commission rules with respect to detention and demurrage.
- A statement that the common carrier's performance did not cause or contribute to theunderlying invoiced charges.

Interestingly, the bill's language also includes a powerful incentive for carriers to get it right, saying: "Failure to include the information required under subsection (d) on an invoice with any demurrage or detention charge shall eliminate any obligation of the charged party to pay the applicable charge.''. As a practical matter, this means that cargo owners could see delays in getting their actual D and D invoices as carriers make sure that bills conform precisely with requisite data fields.

Mohawk Global, a well-known consolidator and customs broker, had told its customers: "Some carriers are opting to delay such billing so they can comply with changes to the laws. This may delay Mohawk Global's ability to invoice our clients on some of these charges, as carriers struggle with creating new data fields on their invoices."

The Thompson Coburn legal team puts a very broad perspective on OSRA 2022, saying: "OSRA 22 is clearly the product of recent shipper frustrations with port congestion, container and chassis equipment shortages, record-high ocean freight rates, and aggressive assertion of demurrage and detention charges by ocean carriers. Many of these issues reflect global economic forces beyond the control of any one trading country." Referring to the broad bi-partisan support for the new legislation, they add: "However, it is noteworthy that Congress, with little internal controversy, turned its gaze on the US regulatory structure governing ocean shipping for the first time in nearly a quarter century."

The law firm Venable LLP stresses that: "The importance of properly assessing charges is especially underscored in light of the FMC's recent enforcement action and settlement with Hapag-Lloyd for alleged violations related to its detention and demurrage practices." In early June, the FMC had agreed with Hapag Lloyd on USD2 million fine, following an April decision in a case involving difficulty in returns of containers at the ports of Los Angeles and Long Beach.

Source: *seatrade-maritime.com, July 26, 2022*

Container Rates May Have Peaked - 280% above Pre-pandemic Levels

Data from container market intelligence outfit Xeneta showed a deceleration in the price rise of long-term container contracts and a continued weakening of spot rates, "suggesting prices may have peaked." "The carriers have enjoyed staggering rates rises, driven by factors such as strong demand, a lack of equipment, congestion and COVID uncertainty, for 17 of the last 19 months," said Xeneta CEO Patrik Berglund. "July has seen yet more upticks across the board, but the signs are clear there is a 'shift' in sentiment as some fundamentals evolve."

July's contract rate increases were the slowest since January, reflecting an easing of spot rate. Xeneta also noted lower demand, with volumes to and from Europe falling 3% and 6% respectively over the first five months of 2022.

The change in the market will be cold comfort to shippers who have endured sky-high rates in recent years. "That said, nothing is certain. US and European ports are still congested, industrial action on on the logistics chain is spreading globally and, of course, we still have the threat of COVID and its impact on economic activity, particularly in China. There's a lot of variables at play, so it's imperative to stay tuned to the latest intelligence when negotiating long-term contracts to achieve a competitive edge," said Berglund.

Xeneta found that with spot rates dipping and long-term rates pegged high, its customers are looking to renegotiate contracts and ease costs.

"Our customers, mainly large volume shippers, now find themselves in a stronger negotiating position. Our survey showed that 44% no longer feel confident in the stability of long-term contracts - of that 44%, some 22% said they were more likely to allocate lower volumes only to cheaper contracts, while 22% preferred to move allocation to the spot market as soon as prices dip below long-term rates. It's going to be an interesting few months ahead," said Berglund.

Xeneta's XSI index showed a 1.9% increase for European imports in July, giving an annual increase of 62%; for exports, a 3.9% rise for the month brought a 92% increase on-year. "Far East exports have enjoyed a bumper 12 months, now standing 150% up year-on-year, with another 2% rise this month (again, a slower rate of increase). Imports edged up 1.1% and now stand 53% higher than July 2021," said Xeneta.

The US had the strongest performance on XSI, up 5.9% in July to bring a 173% increase on-year; exports also rose 5%. The US export market is shifting however, with declining volumes compared to pre-pandemic. The ratio of loaded imports to loaded exports to the US rose from 1.9 in 2019 to 2.5 in the first five months of 2022.

Source: *seatrade-maritime.com, July 28, 2022*

TIMBER INDUSTRY IN FINLAND

Overview

Finland, an EU member since 1995, has redefined itself from a quiet agriculture and forestry-based economy to a trendsetting global centre for technology and design. The country is highly integrated into the global economy with international trade accounting for a third of its GDP. Finland's commercial clout far exceeds its modest population of 5.5 million. According to the preliminary data from, in 2021 Finland's GDP was USD271 billion with nominal per capita GDP of USD48,871 (higher than Canada or the United Kingdom). It is the only Nordic country that uses the Euro.

Finland routinely ranks at the very top of international surveys on education, quality of life, competitiveness, and transparency. It sits at the epicentre of Europe's "New North" – a unique intersection of geography, infrastructure, education, good governance, and high-technology industries. Helsinki, the second most northern capital in the world, has easy connections by rail, sea and air to Tallinn, St. Petersburg, and Stockholm.

The European Union makes up almost 65 percent of Finland's total trade. Finland's largest bilateral trade flows (whether within or outside the EU) are with Germany, Russia, and Sweden. Finland's key export sectors are transportation, electronics, forestry, machinery, and chemicals. Trade policy is managed by the European Union, where trade dependent Finland has traditionally been an advocate for free trade policies. In 2021, the United States was the third largest market for Finnish exports and Finland's sixth largest source of imports. Two-way trade in goods and services between the United States and Finland was about USD11.6 billion. Two-way trade in goods totalled at around USD7.4 billion, with US goods exports to Finland totalling at USD2.5 billion, the goods being chiefly computer and electronic products, minerals and ores, transportation equipment, chemicals, and non-electrical machinery. Finnish goods exports to the United States totalled at USD4.9 billion, mainly comprising of chemicals, non-electrical machinery, petroleum and coal products, paper, and transportation equipment. Two-way trade in services totalled at USD1.7 billion.

Economy

The economy of Finland is a highly industrialised, mixed economy with a per capita output similar to that of western European economies such as France, Germany and the United Kingdom. The largest sector of Finland's economy is services at 72.7 percent, followed by manufacturing and refining at 31.4 percent. Primary production is 2.9 percent.

With respect to foreign trade, the key economic sector is manufacturing. The largest industries are electronics (21.6 percent); machinery, vehicles and other engineered metal products (21.1 percent); forest industry (13.1 percent), and chemicals (10.9 percent). Finland has timber and several mineral and freshwater resources. Forestry, paper factories, and the agricultural sector (on which taxpayers spend around 2 billion euro annually) are politically sensitive to rural residents. The Greater Helsinki area generates around a third of the GDP.

In a 2004 OECD comparison, high-technology manufacturing in Finland ranked second largest in the world, after Ireland. Investment was below the expected levels. The overall short-term outlook was good and GDP growth has been above many of its peers in the European Union. Finland has the 4th largest knowledge economy in Europe, behind Sweden, Denmark, and the UK. The economy of Finland tops the ranking of the Global Information Technology 2014 report by the World Economic Forum for concerted output between the business sector, the scholarly production and the governmental assistance on information and communications technology. Aviapolis, Vantaa is one of the most significant growing economic areas in Finland.

Finland is highly integrated in the global economy, and international trade represents a third of the GDP. Trade with the European Union represents 60 percent of the country's total trade. The largest trade flows are with Germany, Russia, Sweden, the United Kingdom, the United States, the Netherlands and China. The trade policy is managed by the European Union, where Finland has traditionally been among the free trade supporters, except for agriculture. Finland is the only Nordic country to have joined the Eurozone; Denmark and Sweden have retained their traditional currencies, whereas Iceland and Norway are not members of the EU.

Forest Resources

Forests cover more than 75 percent of the land area of Finland. Measured by the proportional share of forest land, Finland is the most forested country in Europe. A total of 20.3 million hectares is available for wood production, of which 61 per cent is privately owned. Finland has the fifth largest wood resources in Europe, after Russia, France, Sweden and Germany.

The volume of growing stock and the state of forests have been monitored in Finland since the 1920's. The growing stock volume in Finland's forests totals 2.5 billion m^3. This is 1.7 times the volume recorded in the 1920's.

In the past decades, the volume of wood harvested has been clearly below the growth, which means that the wood resources keep on growing. The total annual growth of Finnish forests is approximately 103.5 million m^3. In 2021 roundwood removal was about 76 million m^3, 87 percent of which was used by the forest industry and 13 percent for fuelwood consumed in private homes or small diameter roundwood used as forest chips. In 2021, total drain from Finnish forests was approximately 92 million m^3. Total drain from the forest includes roundwood removals as well as roundwood left in the forests as unrecovered logging residues and trees that die from natural causes.

The forest is one of the dominating elements of Finnish nature and its diversity. Almost three million hectares of the Finnish forests are protected or under restricted use, which represents 12.6 percent of the forest area. This is the highest share in Europe. By a wise combination of utilisation and protection, healthy and diverse forests will be preserved for future generations as well. Forests contribute to the climate change by sequestering carbon, but climate change also poses various new risks for forests that need to be considered in forest management.

Timber Production

According to the FAO 2020 forest statistics, Finland produced around 10.9 million m^3 of sawlogs and veneer logs coniferous. The country also produced 8.6 million m^3 of sawnwood followed by woodchips and particles with 8.6 million m^3 and wood fuel with 4.6 million m^3.

Finland: Production of Timber Products, 2016-2020

Product	Unit	2016	2017	2018	2019	2020
Wood fuel,nonconiferous	m3	3,389,162	3,677,519	3,547,190	3,716,043	4,322,432
Wood fuel, coniferous	m3	3,717,976	4,271,572	4,211,541	4,297,187	4,614,580
Sawlogs and veneer logs coniferous	m3	22,424,042	23,492,604	25,293,336	22,218,285	21,412,672
Sawlogs and veneer logs non coniferous	m3	985,594	979,153	1,090,622	992,986	866,602
Wood chips and particles	m3	8,871,229	9,450,120	9,097,482	9,121,031	8,554,701
Sawnwood,coniferous	m3	11,370,000	11,705,000	11,810,000	11,360,000	10,880,000
Sawnwood, non-coniferous all	m3	50,000	45,000	40,000	30,000	36,000

* Veneer sheets	m3	57,000	57,000	70,000	85,000	75,000
*Plywood	m3	1,140,000	1,240,000	1,230,000	1,090,000	990,000
*Particle board	m3	92,000	92,000	92,000	88,000	88,000
TOTAL		**52,097,003**	**55,009,968**	**56,482,1711**	**52,998,532**	**51,839,987**

In volume (m3) *Source: FAOSTAT DATA *Preliminary data*

Imports of Timber and Timber Products

Finland's import of timber and timber products in 2021 was valued at USD2.1 billion, an increase of 16% over the previous corresponding period. Finland imports mainly furniture seats, furniture, logs and fuel wood. Import of furniture seats and furniture totalled USD436.6 million and USD425.2 million. In meanwhile, import of logs totalled USD339.1 million followed by fuel wood with USD262.3 million and sawntimber with USD185.4 million.

Finland: Imports of Timber and Timber Products from World, 2017-2021

	Products	2017	2018	2019	2020	2021
4401	Fuel wood	124,858	183,333	218,444	245,588	262,308
4402	Coniferous	2,864	2,332	3,619	3,746	4,463
4403	Logs Hoopwood; split	240,362	457,188	355,580	324,521	339,109
4404	Hoopwood; split poles; piles	278	447	405	413	1,035
4405	Wood wool; wood flour	172	28	146	514	601
4406	Railway or tramway sleepers	1,966	2,442	2,183	3,021	3,429
4407	Sawntimber	119,920	143,012	129,749	127,469	185,420
4408	Veneer	9,856	11,403	7,543	5,969	7,101
4409	Moulding	21,838	22,565	18,714	20,309	24,659
4410	Particle board/Chipboard	35,122	43,330	39,095	39,122	51,950
4411	Fibreboard	61,263	64,283	55,181	56,720	70,035
4412	Plywood	51,572	63,610	62,659	64,767	85,622
4413	Metallised wood and other densified wood	874	495	425	1,705	3,555
4414	Wooden frames	3,330	3,728	4,056	3,215	3,014
4415	Packing cases, boxes	20,644	21,976	27,136	24,359	31,367
4416	Casks, barrels, vats, tubs	284	321	440	478	661
4417	Tools, tool bodies, tool handles	1,044	982	1,398	1,394	2,047
4418	Builders' joinery and carpentry	89,547	96,442	94,904	97,473	119,386
4419	Tableware and kitchenware, of wood	3,954	5,238	6,604	5,304	8,063
4420	Wood marquetry and inlaid wood	3,299	3,470	3,180	3,589	4,016
4421	Other articles of wood, n.e.s.	15,665	16,372	14,792	20,855	21,104
9401	Furniture Seats	341,050	413,761	409,165	374,880	436,630
9403	Furniture and parts thereof, n.e.s.	349,179	362,838	369,050	373,355	425,235

Source: ITC Stats

Exports of Timber and Timber Products

Finland's exports of timber and timber products in 2021 increased by 57% to USD4.7 billion over the previous corresponding period. Finland exports mainly sawntimber, plywood, BJC, and furniture. Exports of sawntimber and plywood totalled at USD3.0 billion and USD648.3 million. In addition, exports of BJC totalled at USD381.4 million followed by furniture at USD213.2 million.

Finland: Exports of Timber and Timber Products, 2017 – 2021

	Products	2017	2018	2019	2020	2021
4401	Fuel wood	20,107	22,401	23,877	17,860	12,298
4402	Coniferous	170	274	413	265	196
4403	Logs	93,494	131,185	118,649	106,273	109,775
4404	Hoopwood; split poles; piles	57	57	96	25	1,145
4405	Wood wool; wood flour	1	17	162	54	42
4406	Railway or tramway sleepers	-	-	-	-	-
4407	Sawntimber	2,050,115	2,163,115	1,936,849	1,779,024	3,037,838
4408	Veneer	32,890	40,570	52,701	50,736	64,007
4409	Moulding	44,791	50,732	56,313	62,602	105,659
4410	Particle board/Chipboard	7,459	9,083	7,862	7,354	10,741
4411	Fibreboard	18,861	20,612	19,386	18,929	28,507
4412	Plywood	638,744	659,389	563,465	497,683	648,260
4413	Metallised wood and other densified wood	23	36	6	10	21
4414	Wooden frames	85	129	135	65	102
4415	Packing cases, boxes	22,767	26,197	28,773	27,178	42,080
4416	Casks, barrels, vats, tubs	2,419	2,679	2,604	1,884	2,687
4417	Tools, tool bodies, tool handles	150	211	225	291	356
4418	Builders' joinery and carpentry	278,942	243,831	221,163	227,444	381,422
4419	Tableware and kitchenware, of wood	1,544	1,804	2,473	1,688	2,983
4420	Other articles of wood, n.e.s.	1,158	1,267	1,158	1,549	1,580
4421	Other articles of wood, n.e.s.	4,122	3,616	3,905	4,382	7,396
9401	Furniture Seats	41,419	43,458	45,038	42,589	51,364
9403	Furniture and parts thereof, n.e.s	125,767	137,973	174,243	152,954	213,188

USD'000 *Source: ITC Stats*

Malaysia's Imports of Timber and Timber Products from Finland

In 2021, imports of Malaysian timber and timber products from Finland registered an increase of 33% to RM63.9 million from RM48.1 million in 2020. The major product imported from Finland were sawntimber with a total value of RM24.9 million followed by veneer at RM18.1 million and wooden furniture at RM51,446.

Malaysia: Imports of Timber and Timber Products from Italy, 2017-2021

Product	2017	2018	2019	2020	2021
Logs	0	0	0	0	12,526
Sawntimber	14,916,288	13,193,862	13,921,083	24,193,606	24,881,659
Plywood	9,315	0	0	5,106	7,671
Veneer	16,841,257	14,662,557	17,756,869	13,174,287	18,073,367
Mouldings	0	70,632	12,031	0	0
Builders Joinery & Carpentry	0	331,340	313,652	0	0
Wooden Furniture	183,466	11,932	57,148	13,913	51,446
Other Products	7,357,175	13,266,437	14,895,557	10,666,509	20,844,697
Grand Total	39,307,501	41,536,760	46,956,340	48,053,421	63,871,366

Value: RM *Source: MTIB & DOSM*

Malaysia's Exports of Timber and Timber Products to Finland

In 2021, exports of Malaysian timber and timber products to Finland registered a decrease of 43% to RM4.9 million from RM8.6 million in 2020. Finland ranked 71st with 0.02% of Malaysia's total market share. Amongst timber products, furniture constituted the largest portion totalled RM3.8 million. Other major products exported were BJC with a total value of RM1.1 million

Malaysia: Exports of Timber and Timber Products to Finland, 2017-2021

Product	2017	2018	2019	2020	2021
Plywood	313,413	92,648	0	113,783	0
Mouldings	146,724	0	0	0	0
Chipboard/Particleboard	0	0	40,587	0	0
Builders Joinery & Carpentry	262,629	0	0	893,798	1,080,342
Wooden Furniture	18,368,164	14,950,215	5,182,901	7,554,738	3,817,236
Grand Total	19,090,930	15,042,863	5,223,488	8,562,319	4,897,578

Value: RM *Source: MTIB & DOSM*

Import Tariff

Finland's import duty on timber and timber products ranges from 0 – 7%. Details are as follows:

Product	Description	MFN Rate
4401	Fuel wood	0
4402	Coniferous	0
4403	Logs	0
4404	Hoopwood; split poles; piles	0
4405	Wood wool; wood flour	0
4406	Railway or tramway sleepers	0
4407	Sawntimber	0 - 2.5
4408	Veneer	0 - 6
4409	Moulding	0
4410	Particle board/Chipboard	7
4411	Fibreboard	7
4412	Plywood	7

Product	Description	MFN Rate
4413	Metallised wood and other densified wood	0
4414	Wooden frames	0-2.5
4415	Packing cases, boxes	0-4
4416	Casks, barrels, vats, tubs	0
4417	Tools, tool bodies, tool handles	0
4418	Builders' joinery and carpentry	0 - 3
4419	Tableware and kitchenware, of wood	0
4420	Wood marquetry and inlaid wood	0 - 4
4421	Other articles of wood, n.e.s	0 - 4
9401	Furniture Seats	0 - 5.6
9403	Furniture and parts thereof,n.e.s.	0 - 5.6

EU Import Tariff

Prospects

The Finland construction market size was valued at USD47.1 billion in 2021. The market is projected to grow at an AAGR of more than 1% during the period 2023-2026. The industry's output in the short term is expected to be affected by weakness in economic activity. This is a result of the emergence of the Omicron variant and a resurgence in COVID-19 cases, along with the subsequent reimposition of containment measures.

The Finland construction market report provides detailed analysis of both review and forecast construction industry output values at market and category levels, offers project pipeline analysis, provides a top-level overview and detailed market, category, and company-specific insights on the Finnish construction industry.

The commercial construction sector was on a downward trend in 2020 and 2021 but will see an annual growth from 2023 to 2026, assuming COVID-19 risks are contained and the tourism sector can open up, supported by the government's focus to revive it. The industry's output over the forecast period will also be supported by investments on office and data centre projects. The sub-sectors in this sector include leisure and hospitality buildings, office buildings, outdoor leisure facilities, retail buildings, and other commercial constructions. The pipeline, which includes all projects from pre-planning to execution, is skewed towards early-stage projects. Most of the pipeline value is in projects in the pre-planning and planning stages as of February 2022. The pipeline includes a share of mixed-use developments, which comprise commercial and residential elements.

Over the forecast period, sector growth is expected to be supported by the development of new transmission grids in the country. The sub-sectors in this sector include electricity and power, oil and gas, telecommunications, sewage infrastructure, and water infrastructure. The pipeline, which includes all projects from pre-planning to execution, is skewed towards early-stage projects. Projects in the pre-planning and planning stages account for most of the pipeline value as of February 2022. The largest project currently in the pipeline is the Olkiluoto III Nuclear Power Unit.

This sector is expected to continue to decline in 2022, due to the government's plan to control its fiscal deficit weighing on the government's investments towards the healthcare and education sectors. However, the sector's output over the forecast period is expected to be supported by investments in healthcare infrastructure to address the rising need for healthcare facilities amid the COVID-19 crisis. The sub-sectors in this sector include educational buildings, healthcare buildings, institutional buildings, research facilities, and religious buildings. The pipeline, which includes all projects from pre-planning to execution, is skewed towards late-stage projects. Most of the pipeline value is in projects in the execution stages as of February 2022.

Despite the positive outlook of the construction sector in Finland, the high cost for domestically sourced logs have driven sawmills to increasingly source raw materials from neighbouring countries where the log prices are much lower. Based on the positive outlook and opportunities in the country, Malaysian exporters should take full advantage of the rising trend in the residential and non-residential construction activities along with the increased preference for wood in construction projects to further promote Malaysian timber and timber products especially value-added products such as furniture, BJC and mouldings, in addition to only promoting building materials namely sawntimber and plywood. Malaysian timber exporters need to enhance their presence in the market and continue to improve networking with Finland's timber importers through various promotional activities.

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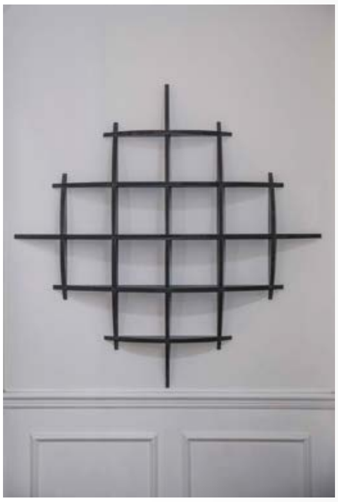
ENTREPRENEURIAL EXCELLENCE

Wallmaster puts the saying 'jack of all trades, master of none' to shame as they continue to prove that they will continue to strive to be experts in what they do and expand their ever-growing company.





We all know famous power couples such as Victoria and David Beckham, Beyonce and Jay-Z, Will Smith and Jada Pinkett- Smith. Well, at Wallmaster, power couple Fakhri Hazry and Norazreen have successfully built a business with over 40 staffs, that specialises in a plethora of home improvement fields. From interior designing, cabinetry, wainscotting, customising decorative panels, and home decor pieces. Wallmaster is a one stop centre for all woodwork related needs.

It all began a few years ago, when the couple decided to work on their recently bought home, on their own. Fakhri decided to source materials and fabricate the designs on his own, turning their house into a space that they can officially call home. They shared their final work to family and friends through social media and received positive feedback – slowly, they started to receive requests from other people regarding wainscotting. Which is where it all began, with the positive feedback and Fakhri's passion for wood-working and timber, they decided to establish Wallmaster.

From specialising in wall panelling and wainscotting, they started to grow and seep into other fields of the home improvement industry. Their goal was to make people's dream space come true. They thrive to provide affordable solutions for luxurious designs, high-grade products, advance machinery, and the finest services with first-class workmanship. Not only do they provide services to homeowners, but they also offer their services to other designers in the industry that are looking to source for cabinetry, wainscotting or decorative panels. This is made possible, because Wallmaster has its own factory to produce high-quality timber - related products.

Described by Fakhri as a material that is evergreen and long lasting, timber will not go out of style, which is proven by how designs nowadays are still incorporating the wood element into their homes. According to the duo from Wallmaster, timber has a different feel to it that cannot be replaced by other materials out there. Through branding on social media, they were able to brand themselves as wood-working experts and now their customers come to them for their wood-related needs. Furthermore, with the support of MTIB, Wallmaster has gained exposure through exhibitions too.

To further branch out their company, Wallmaster is looking into expanding their market to East Malaysia. There is no stopping this multifaceted dynamic duo in setting deep roots for Wallmaster in the Malaysian timber industry. They are on the fast track to creating an empire with a variety of sub brands under Wallmaster, which includes – Cabimate, Budget Wainscotting, Wall Art, Damaica, Dekomall and KedaiDIY.com.

WORDS / ALANY AZZUDDIN
IMAGES / WALLMASTER

www.wallmaster.com.my
Shah Alam, Selangor
03 5525 1885

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June 2022

LOGS

According to feedback obtained by MTIB, the industry was informed that logging activities during the month of June were still stationary, had not increased and had not significantly influenced the market price of logs.

The market demand for timber products in some countries, which was seen as weak due to the stated economic slowdown, resulted in a lacklustre demand for timber supply. This is clearly reflected in the average log price data, with 90%, or 19 out of the 21 reference species, showing no price change in the current month. Only two Meranti species, Dark Red Meranti and Red Meranti, showed a slight increase in price; 9.3% and 14% respectively with the market price traded at RM 2185 and RM2450 per tonne compared to the previous month.

SAWN TIMBER

The retention of prices for most timber species as reported in the current month generally showed that the average price of sawn timber in the three main categories, namely General Market Specification (GMS), STRIPS, and Scantling remained unchanged from the previous month. In each category of sawntimber products, 90% of the total 21 species showed no price increase with only 10% showing a rate of improvement and a very small decrease of between 6-8% per m^3.

Under the GMS Category, the average price for Kempas species fell by 6%, from RM2288 to RM2154 per m^3, while White Meranti and Mengkulang species increased by 1.4% and 8% respectively, with current market average prices of RM2507 and RM1504 compared to RM2472 and RM1391 per m^3. the previous month.

Most species in the STRIPS category showed no price changes, with only two - Red Meranti and Mix Light Harwood - reporting a slight increase of 1.3% and 2.6% respectively, over the previous month. Both species were traded with average prices of RM1617 and RM1377 per m^3 respectively. The Red Meranti species in the Scantling category also reported a 5% increase in price from RM1815 to RM1907 per m^3, while the average price for the other listed species remained unchanged.

PLYWOOD

The average price for panel products in the plywood category in June 2022 for the four main sizes traded reportedly did not change and remained the same as the previous month's price. Plywood with thicknesses of 4mm, 6mm, 9mm, and 12mm were sold at an average of RM19.40, RM27.15, RM41.75, and RM49.85 per piece.

MEDIUM DENSITY FIBREBOARD (MDF)

The average price for MDF, which is also a panel product like plywood, was reported to be unchanged in June 2022. During the month, the average price of MDF was RM14.90 for 4mm thickness, RM23.35 for 6mm thickness, RM32.80 for 9mm thickness, and RM39.40 for 12mm thickness.

INTRA-MALAYSIA TRADE* - JUNE 2022

For several months in recent years, no log-trading activities from Sabah to Peninsular Malaysia have been reported. Only plywood trading increased in both segments; trade value and volume by 48% and 25%, respectively in June 2022. Sawntimber and veneer products on the other hand, experienced volume and trading value impairments of 23% and 82% respectively. The trade value of these three products was RM0.68 million for sawn timber, RM5.96 million for plywood, and RM0.09 million for veneer.

Similarly to Sabah, Sarawak has reported a lack of timber trading activities in recent months. Only two major products, sawntimber and plywood were reported to have been transported between Sarawak and Peninsular Malaysia. However, based on the reporting obtained, trade for these two products was seen to be declining in both volume and value for June 2022. The sawntimber trade reportedly fell 26% in volume and 34% in trade value, while the plywood trade fell 15% in volume and 4% in trade value. Despite the turmoil, the trade value between the two regions was RM1.87 million, or RM0.56 million for timber and sawmill, and RM1.31 million for plywood.

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

*AVERAGE DOMESTIC PRICES OF LOGS, SAWN TIMBER, PLYWOOD AND MDF IN PENINSULAR MALAYSIA, JUNE 2022 (RINGGIT MALAYSIA)

	LOGS/ton	SAWNTIMBER/m³		
SPECIES	**18" UP**	**GMS**	**STRIPS**	**SCANTLINGS**
HEAVY HARDWOOD				
Chengal	5,000	6,003	3,531	9,887
Balau	3,070	3,054	2,429	3,277
Red Balau	2,850	2,895	2,578	2,595
Merbau	3,230	3,227	3,167	2,814
Mixed Heavy Hardwood	1,316	1,081	1,148	1,236
MEDIUM HARDWOOD				
Keruing	1,930	2,041	1,914	1,836
Kempas	2,250	2,154	2,274	2,444
Kapur	1,950	1,751	1,462	1,864
Mengkulang	1,600	1,504	1,645	2,189
Tualang	1,290	1,900	1,995	2,041
LIGHT HARDWOOD				
Dark Red Meranti	2,185	2,083	1,773	3,125
Red Meranti	2,450	1,995	1,617	1,907
Yellow Meranti	1,885	1,688	1,254	1,977
White Meranti	1,500	2,507	1,801	1,977
Mersawa	1,615	1,776	1,748	2,020
Nyatoh	1,415	1,564	1,398	1,391
Sepetir	1,400	1,758	1,292	1,942
Jelutong	1,125	1,836	1,483	1,737
Mixed Light Hardwood	1,070	1,059	1,377	1,024

	LOGS/ton	SAWNTIMBER/m³			
MALAYSIAN RUBBERWOOD *Hevea brasilienses*	**220**	**1" X 1"**	**2" X 2"**	**3" X 3"**	**4" X 4"**
		1,310	1,415	1,460	1,580
PLYWOOD 4' X 8'	**4 mm**	**6 mm**	**9 mm**		**12 mm**
(RM per piece)	19.40	27.15	41.75		49.85
MDF 4' X 8'	**4 mm**	**6mm**	**9 mm**		**12 mm**
(RM per piece)	14.90	23.35	32.80		39.40

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

INTRA-MALAYSIA TRADE- JUNE 2022

	May-22		Jun-22		% change in volume	% change in value
	Vol(m³)	Val(' 000 RM)	Vol(m³)	Val(' 000 RM)	May/Jun	May/Jun
Sabah						
Logs	0	0	0	0	0	0
Sawn Timber	496	992	382	680	-23	-31
Plywood	1,636	4,018	2,049	5,956	25	48
Veneer	398	1,206	70	93	-82	-92
Sarawak						
Logs	0	0	0	0	0	0
Sawn Timber	590	858	435	562	-26	-34
Plywood	1,252	1,366	1,064	1,306	-15	-4
Veneer	0	0	0	0	0	0

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

BUNGOR

- *Lagerstroemia speciosa*

INTRODUCTION :


Bungor Leaves

Bungor is the common Malaysian name for the timber of *Lagerstroemia spp.* (Lythraceae). The vernacular name applied appears to be rather uniformed in that *bungor* is used throughout the country. Major species include L. *floribunda*, L. *ovalifolia* and L. *speciosa*. The sapwood is light yellow-brown to grey-white, sometimes with a pink tinge, merging gradually into the heartwood, which is pale red-brown and darkens on exposure.

The species is also known as Banglang and Sralao (Cambodia); Benteak, Jarul, Lendi and Pyinma (India); Bungur, Langoti and Oindoloe (Indonesia); Khi mu, Mai ka ka lao tia, Mai peuay dam, Peuay khok and Peuay si da (Laos); Pyinma (Myanmar); Jarul (Pakistan); Banaba (Philippines); Banlang, Intanin, Salao, Tabeak and Tabek (Thailand); and Banglang and Banlang (Vietnam).

DENSITY : The timber is moderately hard and moderately heavy with a density of 515-785 kg/m^3 air dry.

NATURAL DURABILITY : The timber is moderately durable.

PRESERVATIVE TREATMENT : It is very difficult to treat with preservatives.

TEXTURE : The texture is moderately fine to rather coarse but uneven due to the ring-porous nature of the wood. Its grain is straight or slightly interlocked, occasionally conspicuously wavy.

STRENGTH PROPERTIES : The timber falls into Strength Group B (Burgess, 1958).

MACHINING PROPERTIES : It is reported to saw and work well to produce a smooth finish. However, it is very difficult to peel even after boiling for 48 hours.

AIR DRYING : The timber is reputed to season well with very little degrade.

SHRINKAGE : Shrinkage is reported to be high, with radial shrinkage averaging at 1.9% and tangential shrinkage averaging at 4%.

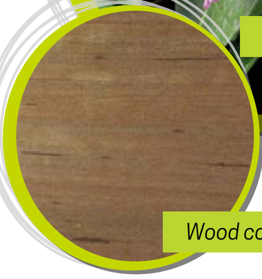
USES : The timber is one of the rare Malaysian timbers to have a ring-porous arrangement and thus produces a pleasing growth-ring figure. The timber is suitable for interior finishing, panelling, mouldings, furniture, plywood and decking.


Bungor Tree

MECHANICAL PROPERTIES OF WOOD :

Flexural Strength (Rupture Modulus	Mor) 12%th (Kgf/cm^2) 988
Stiffness (Elasticity Modulus	Moe) 12%th (Kgf/cm^2) 104091
Compression Resistance Parallel To The Fiber	12%th (Kgf/cm^2) 491
Resistance To Compression Perpendicular To The Fiber	12%th (Kgf/cm^2) 97
Shear Strength (Radial)	12%th (Kgf/cm^2) 111
Hardness (Lateral)	12%th (Kgf) 614
Hardness (Ends)	12%th (Kgf) 710

Bungor flower and fruits



Wood colour and texture

DESCRIPTION AND ETHNOBOTANY :

Growth Form

The tree is small to medium-sized, with dense, bushy oval to conical-rounded crown, usually at 4 - 25 m height.

Foliage

Mature leaves are dark green and leathery; young leaves coppery-red. Stipules are present in leaf axils. The tree is relatively evergreen in wet tropical regions like Singapore, but semi-deciduous in monsoonal areas, where seasonal young foliar flushes are more extensive and pronounced.

Flowers

The tree blooms a few times per year, producing erect terminal panicle-inflorescences up to 50cm in height. Individual flowers (3 cm across) have ribbed scruffy-brown calyxes (fused sepals) and flower buds. Velvety crinkled petals fade from rich mauve to pale pink to creamy-white with age, making tree appear to produce flowers of different colours all over the crown.

Fruits

Small oblong dehiscent woody capsules are borne on branched infructescences, maturing from green to brown, before splitting to disperse abundant small dark brown seeds.

Plant Morphology

The bark flakes off in plates to reveal greyish-cream-brown patches.

Habitat

The species thrives in open secondary tropical and monsoon riverine gallery forests.

Cultivation

The timber prefers well-drained, humus-rich soils with ample moisture. Extreme drought stress may cause leaf-burn and inhibit blooming. It best grows at wind-sheltered sunny sites, as shaded moist leaves may be prone to powdery mildew. It propagates by seeds or stem cuttings. Seeds have short viability, so sow as fresh as possible. Rooting hormones can be used to promote the otherwise difficult striking of stem cuttings.

Etymology

The genus epithet 'Lagerstroemia' is named by Linnaeus (father of modern taxonomy) in honour of his friend Magnus von Lagerstroem (1691-1759), a Swedish merchant (and director of the Swedish East Indies Company), as well as avid naturalist who sent collected specimens of a related species, Lagerstroemia indica to Linnaeus. The species epithet 'floribunda' means 'producing many flowers', a reference to the profuse infloresences.

Ethnobotanical Uses

The plant is used to treat fever and myalgia. According to a regional myth, the corpse of the last shaman (magician) in Perak was disposed of by being placed amongst the branches of a Lagerstroemia floribunda tree between 1870 and 1875, and legend relates that he has since become a tiger with a white patch.

REFERENCES :

1. Burgess, H. J. 1958. Strength Grouping of Malaysian Timbers. Malayan Forest Service Trade Leaflet No.25. The Malaysian Timber Industry Board and Forest Research Institute Malaysia, Kuala Lumpur. 15 pp.
2. Wong, T. M. 1982. A Dictionary of Malaysian Timbers. Revised by Lim, S. C. & Chung, R. C. K. Malayan Forest Record No. 30. Forest Research Institute Malaysia Kuala Lumpur. 201 pp.
3. Flora & Fauna Web (© 2022 Flora Fauna Web. All Rights Reserved. Last updated on 22 November 2021.)

4 July 2022
Malaysian wood industry skills program in Wisdec, Banting

18 July 2022
Audit visit for assessment loss of "pokok karas"


20 July 2022
A return visit by Honorary Consul Malaysia in Bulgaria, Mr. Peter Kouroumbashev


20 July 2022
Work visit and discussion program with Westports SDN. BHD.

26-28 July 2022
Malaysia International Agricomodity Expo and Summit (MIACES)


31 July 2022
Closing ceremony of "Train & Place" program in the field of wood industry laser cutting