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MTIB

OCTOBER 2022


# MEMORANDUM OF UNDERSTANDING ON BAMBOO INDUSTRIES DEVELOPMENT

- COURSE ON PERMANENT SAMPLE PLOT (PSP) ACTIVITIES FOR FOREST PLANTATION SPECIES AND DRONE / GEOGRAPHIC INFORMATION SYSTEM (GIS) MONITORING
- WORKSHOP ON CAPACITY BUILDING OF CITES

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# MEMORANDUM OF UNDERSTANDING ON BAMBOO INDUSTRIES DEVELOPMENT


*The MoU signing ceremony*

The bamboo industry has recently gained prominence due to government initiatives, particularly those of MTIB, to support and foster the industry's expansion. The government is aware that a more organised and systematic development programme is required for a thriving and sustainable bamboo industry. In accordance with the National Bamboo Industry Action Plan, numerous actions and initiatives have been taken since 2011 to develop the nation's bamboo industry. The goal is for it to grow into a significant sector that can provide employment and significantly increase the nation's GDP. Until the end of 2021, the country's total export of bamboo and bamboo-based products have been recorded up to RM8.43 million. However, this accomplishment pales compared to the RM89.2 million in domestic bamboo and bamboo product imports reported in 2021. It fell behind the USD53.28 billion global markets in 2020.

To further develop the bamboo industry in Malaysia, MTIB, in collaboration with the Ipoh City Council, recently inked a Memorandum of Understanding on the Bamboo Industry Development at Ipoh City Council, Ipoh, Perak on 27 October 2022 which outlined several areas of cooperation:

- i To exercise a strategic technical and research programme in bamboo processing technology, preservation, and manufacturing of bamboo-based products.
- ii To initiate human resource development programmes to improve technical skills.
- iii To create a joint programme between both parties involving the stakeholders and local communities.
- iv To increase local community awareness of the upstream-to-downstream bamboo industry.

The MoU was signed and witnessed by YAB Dato' Seri Saraani Mohamad, the Menteri Besar of Perak. MTIB was represented by Puan Hajah Roslina Idris, Deputy Director General (Development and Commercial), whilst Ipoh City Council was represented by Dato' Rumaizi Baharin, the Mayor of Ipoh.


*Press conference after signing ceremony events with YAB Dato Seri Saraani Mohamad, the Menteri Besar of Perak*

*Opening presentation by YTL Telecommunication Sdn Bhd on the 5G development in Ipoh*

# VIET NAM

## WOOD AND WOOD PRODUCT TRADE

Customs data shows that Viet Namese wood and wood products (W&WP) exports in August 2022 were estimated at USD 1.35 billion, up 65% compared to August 2021. In particular, wood product exports were USD 851 million, up 60.5% compared to August 2021. Generally, in the first 8 months of 2022 wood and wood products exports stood at USD 11.07 billion, up 6.2% over the same period in 2021. Imports of logs and sawn wood in August 2022 were estimated at 646,800 cubic metres, worth USD 239.3 million, up 8.6% in volume and 5.9% in value compared to July 2022, compared to August 2021 it increased by 32% in volume and 34% in value. In the first 8 months of 2022, log and sawn wood imports were reported at 4,088 million cubic metres, worth USD 1,575 billion, down 12% in volume but up 3% in value over the same period in 2021. The Wood and Wood Product exports turnover to members of the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) markets in August 2022 reached USD 203 million, up 51% over the same period in 2021. In the first 8 months of 2022 exports to these markets were estimated at USD 1.7 billion, up 25.3% over the same period in 2021. Exports of Non-Timber Forest Products (NTFPs) in August 2022 increased once again reaching USD 60 million, up 11% compared to July 2022, but down 0.7% compared to August 2021. In the first 8 months of 2022, NTFPs exports reached USD 592,05 million, up 1.7% over the same period in 2021.

*www.fordaq.com, 04 October 2022*

## RANKED SECOND GLOBALLY FOR WOOD PELLET

Viet Nam has emerged as the world's second largest exporter of wood pellets. Wood pellets are one of the important export items of the domestic wood industry according to details provided by the Viet Nam Timber and Forest Products Association. Viet Nam earned USD 354 million from exporting approximately 2.4 million tonnes of wood pellets in the first half of the year and it aims to raise the export value for the whole year to around USD 700 million. Wood pellets are anticipated to enter the group of agroforestry products which boast an export turnover of over USD 1 billion in the coming years. The volume and value of pellet exports increased steadily since October 2021 and export prices soared to reach an average of nearly USD 150 per tonnes, up more than 27% compared to the average price recorded last year. The sharp increase in the export volumes and prices can be attributed to the sudden increase in demand from the EU. Experts said there remain ample opportunities to boost exports of wood pellets particularly Viet Namese wood pellets which are exported to Japan and South Korea. However, the industry faces numerous challenges including a shortage of raw materials and stringent requirements imposed by foreign importers such as the sustainability certification. The association recommended that Viet Namese businesses actively grasp market information and prepare to meet strict requirements to penetrate demanding global markets.

*www.fordaq.com, 03 October 2022*

# CHINA

## LOG IMPORT MARKET SLOW

The log inventory in China continued to decline in August, and prices showed an upward trend. As of the end of August, the log inventory was 4.57 million $m^3$, of which the Radiata pine inventory was 3.46 million cubic metres, the North American timber inventory was 430,000 cubic metres, and the European spruce inventory was 300,000 cubic metres. Shipments stood at 66,000 cubic metres per day. In this context, the domestic inventory continued to decline, mainly due to the decrease in arrivals. The demand in the domestic market has improved due to the upcoming start of the construction season, and the domestic price has shown an upward trend.

The Chinese log import market is still seriously low. In terms of Radiata pine, the mainstream quotations remained at EUR 147 to EUR 150, and the customers' willingness to trade was not strong. In terms of European spruce, the prices range from EUR 168 to EUR 175. Due to the decreasing number of offers, it is expected that the price will increase further in the future. The price difference between spruce and Radiata pine will widen, returning to the original situation when spruce had no pest problems. The total inventory in Shandong was about 2.4 million cubic metres, an increase of 12.3% compared with the first 10 days of August. According to Lanshan Port's log inventory, Radiata pine, the North American and South American materials, and the Russian materials totalled at 1.77 million cubic metres, spruce totalling at 60,000 cubic metres, and daily shipments 36,000 cubic metres. Qingdao spruce log inventory was 100,000 cubic metres. The total inventory of Taicang, Jiangsu was 695,800 cubic metres. It was down 5% from the first half of August. The average daily shipment is about 9700 cubic metres.

*www.fordaq.com,01 October 2022*

## RISING DEMAND IN CONSTRUCTION SECTOR

Strong demand are expected to increase as China's construction industry begins to increase drastically and the log inventory in the market begins to decrease at a reasonable rate, leading to higher prices. The current log inventory in China is around the 3.7 million cubic meters which is equivalent to around 48 days of supply. This is down around 800,000 cubic meters compared to a month ago but still not at a level that gives buyers confidence to buy. In reality, while October log prices were mostly unchanged across the exporters (around USD 133 per cubic meters for A grade), actual selling prices in the market were down around USD20 per cubic meters last month.

So, what is causing the decline in sales prices in China? There are several factors including the continued lack of demand from low confidence in the construction sector. The oversupply of built and part-built residential properties is yesterday's news but it will not go away easily and it is likely to persist to affect China's ability to produce and consume which has affected Chinese consumer confidence in general. The Chinese Communist Party elections are scheduled for later this month and while some form of economic stimulus is expected once the dust settles, the best outcome would be the lifting of Covid restrictions to give the general population a boost of confidence. There is unlikely to be a push towards building more apartments at the moment, so the prospect of a massive increase in demand based on residential construction is unlikely. In an effort to try and ease the turmoil in the property sector, the Chinese government has changed some tax policies to give tax rebates to people purchasing new homes. Lumber imports into China have risen recently in the European domestic lumber market and in the Russian supply. New Zealand log supply will increase seasonally which will likely see inventories beginning to rise again.

*www.globalwoodmarketsinfo.com, 17 October 2022*


## WOOD IMPORTS DOWN

The export value of the Finnish forest industry was EUR 1.31 billion in July, decreased in real terms by 5% compared to July previous year. In July, wood imports amounted to 0.36 million cubic meters and decreased by 66% compared to the same month the previous year. In January-July, Finland's wood imports totalled at 3.07 million cubic meters, decreased by 60% from same period the previous year. Of the imported wood, half was pulpwood, and 2% logs. Compared to the same period last year, pulpwood imports decreased by 64%. As for imported wood in January-July, 49% came from Russia, 22% from Estonia and 15% from Latvia. In January-July, the export value of Finland's forest industry products amounted in real terms to EUR 8.57 billion and decreased from previous year by 7%. At the same time the export value of the wood products industry was EUR2.77 billion, increased by 9% in real terms compared to previous year. The export value of sawn goods increased by 5% and the volume decreased by 6%. For plywood, the export value increased by 4% and volume decreased by 5%. The real export value of pulp and paper industries was EUR 5.80 billion, decreased by 13% compared to the previous year. At the same time, the export value of bleached sulphate pulp decreased by 15% and volume decreased by 19%. The export value of magazine paper decreased by 22% and volume by 35%. For fine paper the export value decreased by 48% and volume decreased by 58%. The export value of paperboard increased by 7% and volume 3%.

*www.fordaq.com. 18 October 2022*


## HARDWOOD IMPORTS SLOW AS RECESSION LOOMS

UK imports of hardwood products were rising strongly both in volume and value terms during the second half of 2021 and first half of this year as importers were building stocks on a rising market. However, in the third quarter this year the market has changed dramatically as import prices have fallen and UK importers are sitting on a lot of wood bought earlier at higher prices. This occurred just at a time when consumption has weakened as the UK heads into recession and the GBP has fallen to the weakest ever level against the USD and is also declining against the EUR. Reports from UK hardwood importers suggest that trade has slowed dramatically this month with little prospect of any significant improvement for months ahead. A change of economic policy following the installation of a new Prime Minister in the first week of September, including dramatic, and largely unfunded, cuts in income tax in a high-risk effort to boost short-term economic growth has done little to boost confidence.

Both the volume and value of imports increased sharply in the two years following the lows of the first COVID lockdown in June 2020 to reach well above the pre-COVID level in the first half of this year. Monthly import volume of sawn hardwood was averaging over 35,000 cubic metres in the second quarter of this year compared to the long-term pre-COVID average of around 28,000 cubic metres. In terms of value, the increase in UK sawn hardwood imports in the period to end June this year was even greater, from around USD 28 million per month pre-COVID to over USD 40 million in the second quarter of this year. Average unit value of sawn hardwood imported into the UK was around USD 1150 per cubic metres in the second quarter of this year, compared to around USD 1000 per cubic metres pre-COVID. Due to the weakness of the GBP, this rise in USD values is felt even more acutely by UK importers. While there was a significant increase in UK imports of tropical sawn wood in the first quarter of this year, particularly from Cameroon and Malaysia, tropical wood's overall share of UK sawn hardwood imports has been sliding in the last two years. During this period share has principally been lost to European hardwoods imported mainly from France and Italy. The overall trend in UK imports of hardwood plywood has been similar, with both volume and value rebounding dramatically after June 2020 to well above the pre-COVID level.

*www.fordaq.com, 03 October 2022*

## RUSSIA

### AVOID US SANCTIONS VIA VIET NAM AND CHINA

Russian birch wood continues to flow to US consumers disguised as Asian products, despite US economic sanctions against Russia over its invasion of Ukraine, a new report says. The Environmental Investigation Agency (EIA), a non-profit watchdog group based in Britain, has found that most of the birch products currently exported from Viet Nam to the United States come from Russia. According to Viet Nam customs data, about 40,000 cubic metres of birch wood is shipped monthly from Russia and China to Viet Nam where it is assembled into furniture and plywood. "These chairs and bed frames will hit the shelves of major US retailers," the EIA said in a report.

The group's researchers spoke to five Chinese companies that account for 60% of China's birch veneer exports to Viet Nam and concluded that more than 90% of their birch comes from Russia. A Chinese lumber mill owner told the group that all the birches their company uses come from Russia, but are repackaged in China and re-exported to Viet Nam, with China as the country of origin. In June, Russia's Federal Forestry Agency claimed that the country's timber industry has not been significantly affected by sanctions. "The Russian forest industry complex is already focused on friendly markets and, where the restrictions have arisen, it has already been partially realigned,"Pavel Chashchin, head of the agency, told Tass, a state-owned business news outlet. "The process of establishing new export channels will continue." In construction, birch, harvested from the vast forests of Russia, has long been considered the best source of plywood, a material used in floors, ceilings and partitions, as well as for decorative purposes on items such as doors and cabinets. Before the invasion of Ukraine, the United States imported hundreds of thousands of cubic metres of birch plywood from Russia annually.

Driven by strong demand, these imports surged in the early months of 2022 before changing course in April when the Biden administration increased tariffs on Russian birch trees from 10% to 50%. From March to April, even as direct US imports of Russian birch fell, imports of birch plywood from Viet Nam grew 206%, said the Decorative Hardwoods Association, which represents the US hardwood industries. Phuc Xuan To, a senior policy analyst at Forest Trends who has studied Viet Nam's timber industry for years, confirmed the EIA's findings. "Imports of birch sawn timber from China to Viet Nam increased in the first half of this year, and birch trees are highly likely to come from Russia," To said. Interest groups say Russian birch also appears under misleading labels in markets outside the United States. Companies in Britain have recently received more offers of "Far East" birches, says Timber Development UK, which represents companies across the UK's timber supply chain. "Given that birch forests are concentrated in Northern Russia and Eurasia, it is almost certain that the birch in the plywood on offer does in fact come from Russia," the trade association said in a statement warning members of the UK sanctions.

China is the world's largest trader of Russian birch, which is considered more consistent and durable. In March, Earthsight, another watchdog group from Britain, reported that some of Russia's largest forestry companies are owned by oligarchs with close ties to President Vladimir Putin. Mining magnate Alexei Mordashov, who was blacklisted by the European Union in March, owns significant assets in Sveza, one of Russia's largest exporters of birch plywood, Earthsight said. While Sveza's direct exports to Europe have declined since the beginning of the year, business executives recently told reporters it has been actively diverting supplies to Asia and Africa. Viet Nam has strong political, defense and economic ties with Soviet-era Russia. At the UN General Assembly in September, Viet Nam was among 35 countries that abstained from voting condemning Russia for its attack on Ukraine.

The abrupt increase in exports from Viet Nam at a time of dwindling Russian supplies caught the attention of the EIA, which has monitored the relocation of Chinese manufacturers to Viet Nam in recent years, said Alex Bloom, an analyst with the agency. "We knew from previous studies that huge amounts of Russian wood, especially birch, are used in Chinese factories for exporting plywood," she said. "After U.S. Anti-Dumping

Tariffs enacted on Chinese hardwood plywood" (in 2017), many of those Chinese factories migrated to Viet Nam to avoid those tariffs." Thomas Chung, an EIA advocate who focuses on Viet Nam, said the repacking of birch trees described by Chinese companies not only violates US trade rules and laws, but could also be considered illegal under Viet Nam's system for the legality of wood. "There is a requirement to know the origin of a wood product as part of a due diligence process when importing wood or wood products into Viet Nam," he said. "This means that the origin must also be known when using intermediary markets. Any rebranding should be considered illegal."

*www.globalwoodmarketsinfo.com, 03 October 2022*

## TIMBER INDUSTRY IS IN A DIFFICULT SITUATION

On October 11 and 12, 2022, the 24th St. Petersburg International Forest Industry Forum was held. At the event, several speakers described the current state of the Russian timber industry. The Russian timber industry is now in a difficult situation, but not critical. The main problems are logistical difficulties in deliveries to Asian destinations by rail, a strong increase in the cost of logistics, the Ruble exchange rate, lower prices in all world markets and the closure of European markets. The most difficult situation is now observed in logging, plywood and pellet production. The sawntimber and pulp and paper industries feel relatively calm. The most difficult situation is expected in the fourth quarter of the current year, after which the industry will undergo transformation and adaptation. The safety margin established in 2021 allows timber industry enterprises to remain viable for some time. Starting from the second quarter of 2022, new sales markets, new logistics and transport routes are being developed. At the end of 2022, a reduction of up to 20% to 35% is expected according to various indicators in the industry as a whole. The rate of timber harvesting in Russia will continue to decline by the fourth quarter of 2022 until an economically justified level of market prices is formed. The reduction in procurement is most acutely reflected in the market of contracting services, subtenants, as well as SMEs that cease their economic activities. Small-medium enterprises that continue to remain operational are increasingly beginning to reduce costs.

*www.globalwoodmarketsinfo.com, 19 October 2022*

# BRAZIL

## WOOD PRODUCTS EXPORTS DROP

In August 2022, the value of Brazilian exports of wood based products (except pulp and paper) declined 2.0% compared to August 2021 from USD 412.6 million to USD 404.6 million. Pine sawn wood exports grew 8.3% in value between August 2021 and August 2022. In volume, exports decreased slightly in the same period from 255,300 cubic metres to 254,200 cubic metres. Tropical sawn wood exports increased 1% in volume, from 35,300 cubic metres in August 2021 to 35,700 cubic metres in August 2022. In value, exports grew 25% from USD 13.0 million to USD 6.2 million, over the same period. Pine plywood exports saw a massive 54% decline in value in August 2022 compared to August 2021, from USD 108.8 million to USD 50.5 million. In volume, exports also dropped 35% over the same period, from 195,900 cubic metres to 127,100 cubic metres. As for tropical plywood, the volume of exports also fell (44%) and in value (34%), from 9,200 cubic metres (USD 5.6 million) in August 2021 to 5,200 cubic metres (USD 7 million) in August 2022. As for wooden furniture exported values fell by USD 66.4 million in August 2021 to USD 0.9 million in August 2022, an 8% drop year on year.

*www.fordaq.com, 03 October 2022*

# UNITED STATES

## FURNITURE MANUFACTURERS DECLINE IN NEW ORDERS

The US manufacturing sector remains at its weakest level since the start of the pandemic. The Institute for Supply Management's August index reading reached 52.8%, level with last month when it hit the lowest level since June 2020. Compared with July, manufacturers recorded a 3% drop in production and a 7.5% decline in consumer prices (the lowest reading since June 2020). But the sector also recorded a 3.3% increase in new orders and a 4.4% increase in employment, a returning to expansion. Once again, furniture underperforms compared to 17 other manufacturing industries recognized by the ISM. Furniture and wood products saw the two biggest declines in new orders and only two out of three reported that customers' inventories were too high. Furniture was one of eight that reported paying more for raw materials than it did in July. Furniture and wood products led faster supplier shipments than in June, when they also improved from May. The industry reported lower backlogs and no change in production or employment from July, perhaps a good sign as both metrics declined significantly in May.

*www.fordaq.com, 13 October 2022*

# SEPTEMBER 2022

The total export of Malaysian timber and timber products in September 2022 decreased by 4% in value totalled at RM2.0 billion from the previous month while the cumulative exports for the period of January – September 2022 increased by 22% valued at RM19.4 billion over RM15.9 billion in the previous corresponding period. According to Fordaq, from 2021 up to first half of 2022, EU importers of tropical wood and wooden furniture products responded to sharply rising consumption in the European market – boosted particularly by heavy spending on home improvement and public finance to support economic recovery after the pandemic – by buying in larger volumes as CIF prices were rising to record high levels. However, demand in Europe fell dramatically during the summer months this year with rising economic uncertainty, particularly fuelled by the war in Ukraine and high energy costs. At the same time, global prices for wood materials and freight rates fell dramatically.

A big decline in global trade has followed on from sharply rising interest rates in the United States and as China faces a raft of economic problems as the country has struggled to maintain a zero-COVID strategy and China's property market is in crises. The price of a 40-foot container for delivery into Europe from the Southeast Asia which hit record levels in excess of USD17,000 at the end of 2021, have now fallen to around USD2,500 in December 2022. The combined effect of these trends is that many European timber importers are now sitting on large stocks bought earlier at high prices which they are struggling to shift on to their customers. The value of these landed stocks is being undermined as prices for new orders in the main supply countries are falling. Costs of holding stock and manufacturing wood products are also rising as interest rates are being pushed up and energy costs are soaring. Meanwhile the euro value is still hovering close to parity with the US dollar, 10% down since the start of the year and only just above the lowest level for 20 years. Under these conditions, European imports of all tropical wood products are widely forecast to continue to fall in the months ahead.

## SAWNTIMBER

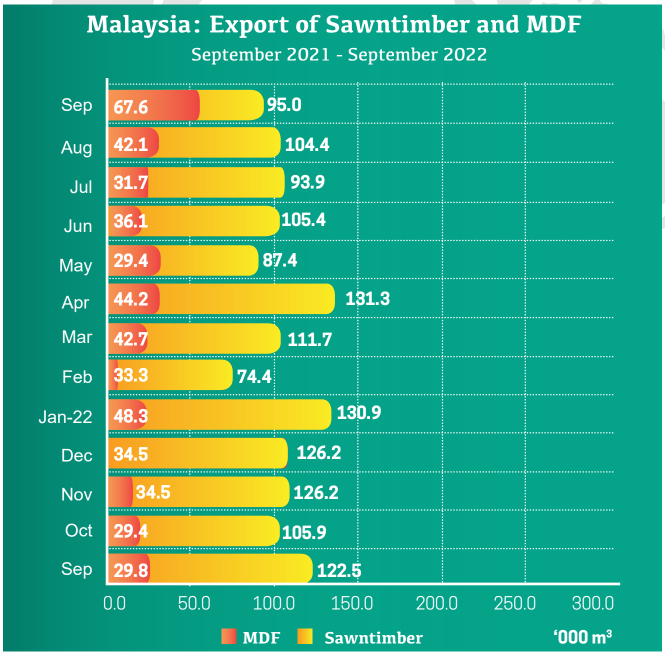
The total export of sawntimber in September 2022 decreased by 9% in volume and 7% in value to 95,042 m³ totaling RM217.9 million as compared to the previous month. Cumulative exports for the period of January-September 2022 increased by 2% in volume and 18% in value to 903,675 m³ totalling at RM2.0 billion over the previous corresponding period.

Exports to the EU for the month were recorded at 4,301 m³, an increase of 10% as compared to the previous month. The Netherlands as the main buyer increased its intake by 17% to 2,019 m³ from 1,731 m³ in the previous month. Imports from Belgium increased by 41% to 644 m³ while Germany decreased buying by 47% to 554 m³ from 1,040 m³ as recorded in the previous month. Meanwhile, in another Europe country, exports to the UK increased by 9% to 937 m³ from 857 m³ in the previous month.

The total export to the South Asia region decreased by 32% to 10,980 m³ from 16,240 m³ as recorded in the previous month. India as the main buyer from South Asia fell by 25% to 7,765 m³ followed by Maldives and Pakistan with decreases of 55% to 1,415 m³ and 26% to 1,618 m³ for the month.

In West Asia, the total export to the region recorded an increase of 70% to 20,694 m³ from 12,157 m³ in the previous month. The UAE as the largest buyer in the region showed a decrease of 1% to 3,837 m³ from 3,864 m³ in the previous month. Meanwhile, exports to Yemen increased significantly to 11,718 m³ from only 68 m³ in the previous month followed by Saudi Arabia with exports increased by 41% to 1,680 m³ from 1,192 m³.

Elsewhere, shipments to East Asia decreased by 30% to 27,317 m³ from 39,147 m³ in August 2022. China as the main buyer decreased purchases by 41% to 17,238 m³ from 28,959 m³ in the previous month. Similarly, exports to Taiwan decreased by 21% to 3,749 m³ whilst exports to Japan increased by 8% to 4,169 m³ respectively.



Meanwhile, buying from ASEAN decreased by 5% to 25,155 m³ from 26,479 m³ as registered in the previous month. Thailand as the main buyer in ASEAN decreased its intake by 31% to 9,767 m³ from 14,078 m³ as recorded in the previous month. Meanwhile, exports of sawntimber to the Singapore and the Philippines grew by 20% to 6,604 m³ and 40% to 7,731 m³.

In Africa, exports improved slightly to 2,265 m³ compared from 2,252 m³ in the previous month. Demand from South Africa fell by 8% to 1,776 m³ from 1,929 m³ as recorded last month. Meanwhile, exports to Mauritius increased by 43% to 371 m³ followed by Seychelles where exports increased significantly to 89 m³ from only 24 m³ in the previous month.

Exports to North America decreased by 8% to 2,159 m³ from 2,336 m³ in the previous month. The USA as a major North American buyer decreased its intake by 14% to 1,878 m³ whilst exports to Canada increased by 99% to 281 m³ from 141 m³ last month. In the Oceania/Pacific region, exports to Australia increased by 9% to 1,111 m³ from 1,020 m³ in the previous month.

The average FOB price of sawntimber decreased by 3% to 2,292 per m³ from 2,231 per m³ in the previous month. The price of Dark Red Meranti to the Netherlands decreased by 9% to 4,398 per m³ from 4,841 per m³ previously. Keruing was traded at 3,476 per m³, an increase of 33% from 2,613 per m³ in the previous month.

Russia's war against Ukraine has caused serious disruption to the global timber trade with export reductions from Russia, Belarus, and Ukraine and increased concerns over the loosening of some environmental protections to make up the current shortfall. International sanctions (5th package) imposed by the EU and the UK have curbed supplies from Russia, the world's largest exporter of softwood timber, and Belarus, while the war has severely hampered production in Ukraine. According to Financial Times, the three countries accounted for nearly 25% of worldwide lumber trade with USD17 billion value in 2021. Collectively they cover nearly 10% of European softwood demand. Ukraine alone exported wood and wood products at more than USD2 billion value in 2021. According to Ukrainian Customs Service the positive balance from timber trade reached USD1.6 billion, which is 43% more than in 2020.The Federation of Wooden Pallet & Packaging Manufacturers (FEFPEB) reports that Ukraine exports almost 3 million cubic metres of sawn softwood annually while the EU alone imported nearly 8 million cubic metres of softwood from Russia and Belarus in 2021.

## PLYWOOD

Exports of plywood in September 2022 recorded a slight decrease of 2% in volume at 103,201 m³, however there was an increase of 17% in value at RM275.0 million as compared to the previous month. Cumulative exports for the period of September 2022 decreased by 9% in volume but increased by 19% in value to 998,839 m³ totaling at RM2.7 billion over the previous corresponding period.

The EU union region recorded an increase for plywood exports by 297% from 57 m³ to 228 m³. Belgium resumed its buying to 228 m³. Meanwhile, the UK has also added up the import by 101% to 454 m³.

Moving to the East Asia market, exports jumped up by 22% to 62,898 m³ from 51,789 m³ in the previous month. Japan as the biggest buyer increased import performance by 13% to 50,565 m³. This was followed by the Republic of Korea and Taiwan with increases of 108% and 41% to 5,614 m³ and 5,213 m³ each. In South Asia, the export of plywood also recorded a climb of 90% from 1,010 m³ to 1,916 m³. India recovered buying by 136% to 1,858 m³. However, Maldives dropped its buying by 53% to 58 m³.

Elsewhere, the West Asia region recorded an increase in plywood imports by 71% from 13,632 m³ to 23,294 m³ in the previous month. Yemen increased its buying by 65% to 22,393 m³, followed by Oman with an increase of 404% to 405 m³. Jordan resumed its buying to 261 m³. Plywood exports to the ASEAN region grew by 18% to 4,301 m³ from 3,659 m³ in August 2022. Thailand increased imports by 130% to 2,374 m³. However, sales to Singapore and the Philippines decreased by 29% and 42% to 1,373 m³ and 205 m³ respectively.

Plywood purchases in the Oceania and Pacific region increased by 9% to 2,106 m³ from 1,939 m³. Australia recorded an increase of 7% to 2,055 m³ from 1,918 m³ in the previous month. New Zealand resumed its buying at 21 m³. The North America regions dropped the import of plywood by 76% to 7,875 m³ from 32,869 m³. The USA as the main buyer has significantly reduced purchases by 87% to 4,346 m³. However, Mexico and Canada have increased buying by 649% and 135% to 3,326 m³ and 204 m³ each. In Africa, buying increased tremendously by 502% to 129 m³ from 21 m³. Mauritius and Kenya resumed their buying to 86 m³ and 43 m³ respectively.

The FOB price of plywood for September 2022 is at RM2,664 per m³, a decrease of 20% from RM2,227 per m³ from the previous month.

There has been an increasing demand for green and sustainable designs in Thailand in recent years. However, compared to some parts of the world, such as the European Union, it's still just at an early stage. Some activities have been put in place and some regulations are starting to appear in Thailand. There are indications of many new projects which are still on hold with the clients waiting for the right moment to launch. Thailand, specifically Bangkok has many old hotels, offices and other old buildings that are waiting for full renovation. To maintain their competitiveness with new buildings, these offices and hotels need to undergo a full renovation which should include proper upgrading in line with some green design principles.

## VENEER

The export of veneer for September 2022 decreased both in volume by 4% to 5,699 m³ and in value by 16% to RM10.8 million as compared to the previous month. The cumulative exports for September 2022 however showed a decrease in volume of 14% to 34,509 m³ but increased in value by 8% to RM70.9 million over the previous corresponding period.

In East Asia, veneer purchase decreased by 11% to 4,770 m³ from 5,365 m³ in the previous month. The Republic of Korea and China dropped their veneer buying by 33% and 10% to 2,487 m³ and 1,254 m³ each. However, Taiwan increased purchases by 534% from 150 m³ to 952 m³. For the ASEAN region, exports recorded a climb of 112% to 545 m³ from 257 m³. Singapore decreased purchases by 46% to 4 m³, but the Philippines increased imports by 116% to 541 m³. The South Asia region showed an increase of imports by 46% to 245 m³ from 167 m³. India improved buying by 97% to 215 m³ but Bangladesh decreased buying by 49% to 30 m³.

Veneer exports to Australia decreased by 18% to 51 m³ from 62 m³. Meanwhile, the North America region showed a slight increase of 10% to 69 m³ from 63 m³. Canada and the USA picked up their buying at 36 m³ and 33 m³ respectively. South Africa resumed its purchase to 20 m³.

The average FOB price for veneer decreased by 13% from RM2,158 per m³ to RM1,887 per m³ as compared to previous month.

Greenlam Industries Ltd, a globally renowned surface product brand known for bringing cutting-edge design solutions for decades is revolutionizing its retail experience by launching a first-of-its-kind Experience Center in Ahmedabad, India spanning over 5,100 square feet in the heart of the city. The showroom will display a wide range of products including 1000 decorative laminates; natural, teak and engineered veneer collections; an offering of exterior facade products; engineered doors and wood flooring solutions; toilet and locker solutions; interior wall cladding and protection systems as well as an exclusive display of innovative products such as digital and custom anti-fingerprint surface solutions, laminates and veneers. Demand for veneer products continues to increase from India with the opening of this largest showroom.

## MEDIUM DENSITY FIBREBOARD (MDF)

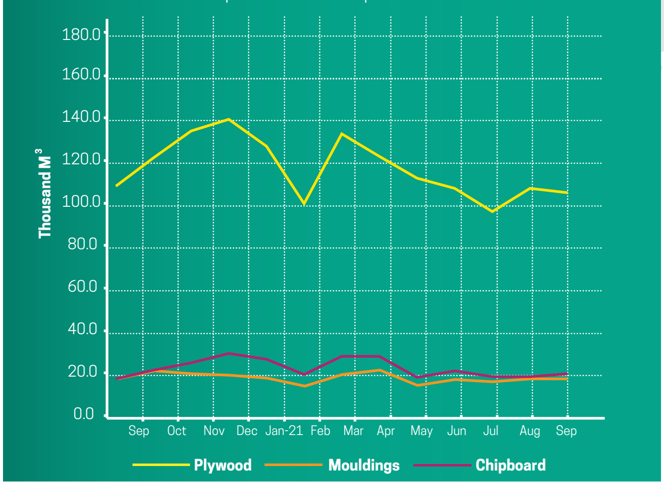
Exports of MDF in September 2022 recorded a 61% increase in volume at 67,568 m³ but a decrease of 9% in value at RM81.0 million compared to the previous month. The cumulative exports for the period of September 2022 showed an increase in both volume and value at 21% and 36% to 377,119 m³ with total of RM691.9 million as compared to the corresponding period in 2021.

Exports to ASEAN slightly decreased by 5% from 7,148 m³ to 6,759 m³ in the previous month. Indonesia and Viet Nam recorded a drop of 23% and 24% to 2,384 m³ and 559 m³ each. However, the Philippines increased purchase by 8% to 3,337 m³. Elsewhere, East Asia showed an incredible increase of 219% to 41,515 m³ from 13,013 m³ in the previous month. Exports to Japan, Taiwan and the Republic of Korea increased by 223%, 145% and 335% to 40,013 m³, 929 m³ and 343 m³ respectively.

Moving to the South Asia market, exports increased by 7% to 7,239 m³ from 6,752 m³. Export performance to India and Bangladesh improved by 33% and 385% to 4,324 m³ and 1,029 m³ each. However, shipping to Pakistan decreased by 66% to 1,084 m³.

**Malaysia: Export of Plywood, Mouldings and Chipboard**

September 2021 - September 2022



Exports to the West Asia region reported a drop of 15% from 9,322 m³ to 7,893 m³ compared to previous month. Yemen and Qatar increased their purchases by 4% and 2748% to 2,288 m³ and 1,196 m³ each. UAE decreased sales by 32% from 4,616 m³ to 3,148 m³.

Exports to the Oceania and Pacific region increased by 5% to 2,034 m³. Australia recorded an increase of 6% to 1,973 m³ each. Meanwhile, New Zealand showed a drop of 22% to 61 m³. In the UK, MDF buying plummeted by 51% to 21 m³. In the North America region, sale decreased by 46% to 2,081 m³ from 3,857 m³. The USA and Mexico reduced their buying performance by 34% and 71% to 1,635 m³ and 268 m³ respectively. This was followed by Canada with a decrease of 65% to 153 m³. South Africa recorded an increase of 24% to 26 m³ of MDF purchase.

The FOB price of MDF decreased by 43% to RM1,199 per m³ from RM2,110 per m³ from the previous month.

Guided by the state's long-term economic development plan, Qatar National Vision (QNV) 2030, and driven by preparations for the 2022 FIFA World Cup, Qatar is investing heavily in infrastructure programmes focused on its non-oil and gas sectors. More than USD500 million a week is being spent across all capital projects in the country in preparation for the upcoming game, a figure that is expected to cover airport and port projects, as well as road upgrades. MDF purchased by Qatar skyrocketed by about 2748% to accommodate the construction demand that started in 2017.

## MOULDINGS

Exports of mouldings for the month decreased by 1% in volume and 5% in value to 16,537 m³ worth at RM80.4 million. However, cumulative exports for the period of September 2022 increased by 11% in volume and 35% in value to 146,860 m³ worth at RM701.9 million as compared to the previous corresponding period in 2021.

Exports to the EU for the month were recorded at 6,355 m³, decreased by 10% as compared to the previous month. Germany, the Netherlands and France decreased their purchases by 33%, 6% and 4% to 754 m³, 3,893 m³ and 993 m³ respectively. Meanwhile, the UK recorded a decrease of 19% to 384 m³ compared to the previous month while Turkey resumed its purchases at 41 m³ for the month.

In Asia, Viet Nam decreased purchases by 51% to 242 m³ while Singapore increased its purchases by 10% to 1,256 m³. The Philippines resumed buying at 24 m³ for the month. Taiwan and Japan increased their intakes by 849% and 55% to 228 m³ and 1,611 m³ while Korea decreased purchases by 31% to 565 m³ respectively.

Meanwhile, Maldives and India also decreased their intakes by 82% and 11% to 61 m³ and 200 m³ respectively while the UAE increased its purchases by 150% to 170 m³ for the month.

Meanwhile, in the Oceania and Pacific region, exports to New Zealand and Australia increased by 230% and 20% to 63 m³ and 2,285 m³ while Northern Mariana Island resumed its purchases to 15 m³ for the month. Similarly, in the America region, exports to Canada and the US increased by 159% and 20% to 78 m³ and 2,376 m³ respectively.

Elsewhere, in Africa, Mauritius and South Africa decreased their purchases by 37% and 14% to 209 m³ and 155 m³ while Seychelles resumed its purchases to 72 m³ for the month.

The average FOB unit value for mouldings decreased marginally to RM4,859 per m³ compared to RM5,055 per m³ in the previous month.

The growing of infrastructure as well as increasing house expenditure by various governments is expected to boost market growth globally. The increasing application of advanced technology, equipment and machine for the development of infrastructure is likely to enhance the construction market demand over the coming years. Rapid urbanization and growing industrialisation with increasing investments in renewable energy infrastructure are resulting in an increased demand for construction projects.

## BUILDERS JOINERY AND CARPENTRY (BJC)

Exports of BJC for September 2022 recorded a decrease by 1% both in volume and in value to 12,008,407 kg worth RM117.6 million from last month. Total BJC cumulative exports for the same corresponding period last year increased 58% to RM1.1 billion as compared to RM672.2 million last month.

Exports to the EU increased 59% to RM185.2 million compared RM116.9 million in the previous corresponding period. Exports to Germany, Belgium and the Netherlands increased by 151%, 47% and 22% to RM25.2 million, RM49.1 million and RM22.6 million respectively. Meanwhile, exports to Turkey, Norway and the UK also increased by 186%, 122% and 2% to RM1.8 million, RM2.2 million and RM86.5 million respectively.

In Asia, exports to Singapore and Viet Nam recorded an increase of 109% and 45% to RM60.9 million and RM14.2 million respectively while Thailand decreased its intake by 21% to RM9.4 million for the month. Exports to China, Japan and Taiwan increased by 86%, 25% and 4% to RM20.3 million, RM42.4 million and

RM7.3 million respectively. Exports to India, Maldives and Pakistan also increased by 54%, 14% and 13% to RM30.8 million, RM3.1 million and RM2.1 million respectively. Meanwhile, Qatar, the UAE and Kuwait decreased buying by 68% 33% and 1% to RM340,939, RM965,530 and RM476,689 for the month.

Meanwhile, in the Oceania and Pacific region, exports to New Zealand, Australia and Western Samoa increased by 79%, 70% and 20% to RM21.7 million, RM193.0 million and RM561,626 respectively. However, in the America region, Canada, the US and Uruguay also increased their intakes by 80%, 77% and 47% to RM1.0 million, RM306.1 million and RM865,472 respectively. Mexico resumed its intake to RM12.1 million for the month.

Elsewhere, in Africa, Seychelles, Egypt and South Africa increased their intakes by 311%, 27% and 19% to RM1.1 million, RM1.1 million and RM6.4 million respectively.

The global construction market is expected to register growth in several developed countries along with massive economic growth in emerging countries. The major drivers for the growth of this market are increasing housing starts and rising infrastructure due to increasing urbanization and growing population. The surging investments by the private sector in construction, coupled with technological development and increasing disposable income, are likely to enhance the market growth of construction over the coming years.

## FURNITURE

Exports of wooden furniture for the month of September 2022 dropped by 5% to RM875.3 million. However, rattan furniture exports increased by 7% to RM7.8 million respectively from the previous month, August 2022. Exports of wooden furniture for the cumulative period of January to September 2022 recorded an export value worth RM8.7 billion, an increase of 21% from its corresponding period in 2021. Meanwhile, demand for rattan furniture increased by 42% year-on-year to RM74.7 million from RM52.6 million over its corresponding period in 2021.

Exports of wooden furniture to ASEAN expanded by 78% worth RM808.3 million from RM453.9 million in its corresponding period 2021. Singapore recorded as the highest buyer with RM430.4 million, an increase of 55%. This was followed by the Philippines where exports rose significantly by 160% to RM181.0 million and Indonesia with an increase of 80% to RM69.6 million.

Moving to the East Asia region, exports rose by 23% to RM628.2 million. Japan remained the highest buyer with an export value of RM451.0 million, an increase of 27%. This was followed by Taiwan with intake increased by 78% to RM73.1 million. However, exports to China reduced by 16% to RM44.8 million over its corresponding period in 2021.

Exports to West Asia rose by 21% to RM320.7 million from RM264.4 million in its corresponding period in 2021. Exports to the UAE, the largest buyer in the region, increased by 46% to RM140.5 million. Similarly, exports to Saudi Arabia and Kuwait both increased by 7% to RM112.6 million and RM28.5 million respectively for the month.

Meanwhile, South Asian region recorded an increase of wooden furniture intake by 62% to RM173.6 million for the month. Amongst South Asian countries, India recorded the highest intake with an export value worth RM164.3 million, an increase of 63%. Similarly, exports to Maldives and Bangladesh improved by 37% to RM6.9 million and 155% to RM1.7 million respectively.

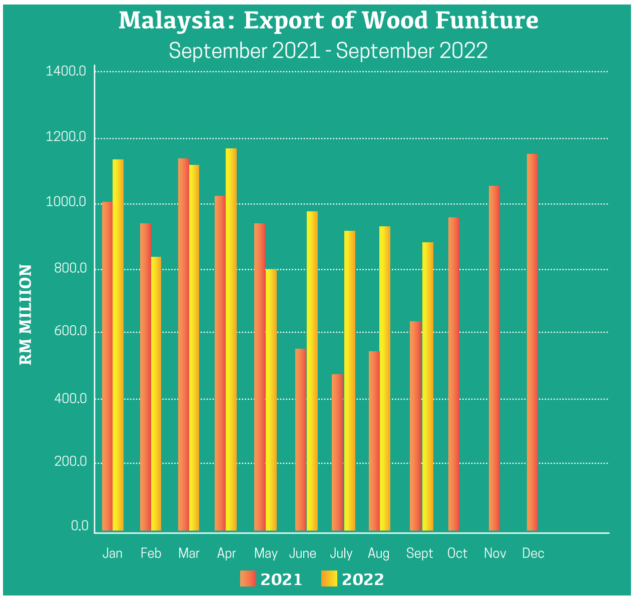
Exports to the Central Asia region dropped by 36% to RM3.2 million with exports to Kazakhstan reduced by 35% worth RM2.9 million. Meanwhile, Armenia and Azerbaijan resumed its intake at RM176,445 and RM103,012 respectively for the mentioned period.

Exports to the European Union (EU27) recorded an increase of 22% to RM300.1 million from RM245.3 million over its corresponding period in 2021. Germany as the highest buyer in the bloc recorded an increase in buying by 57% to RM50.9 million, followed by France with an increase of 8% to RM35.0 million. Similarly, Denmark recorded an increase of export by 102% to RM31.8 million.

As for Europe-other countries, exports grew by 6% to RM317.0 million. Exports to the United Kingdom and Turkey both increased by 9% to RM297.3 million and by 42% to RM5.4 million respectively. Similarly, exports to Georgia rose by 15% to RM4.5 million from RM3.9 million over the same corresponding period in 2021.

Exports to Oceania and Pacific rose by 50% to RM441.6 million from RM295.1 million over its corresponding period in 2021. Australia remained the top buyer in the archipelago region with an export value worth RM385.6 million, an increase of 50%. Exports to New Zealand also rose by 21% to RM33.1 million. Similarly, exports to Papua New Guinea recorded an increase of 126% to RM8.2 million from RM3.6 million over the same period in 2021.

Moving to the Central America region, exports of wooden furniture reduced by 6% to RM22.8 million over its corresponding period in 2021. Despite the reduced intake in the region, exports to Panama and




Costa Rica increased by 40% to RM7.3 million and 45% to RM5.2 million respectively. Likewise, exports to Guatemala also expanded by 46% to RM5.1 million for the cumulative period January - September 2022.

Meanwhile, exports to the North America region rose by 13% to RM5.4 billion with sales to the USA, the largest wooden furniture buyer, increased by 10% to RM5.0 billion from RM4.6 billion in its corresponding period in 2021. Similarly, exports to Canada and Puerto Rico improved by 69% to RM273.6 million and 51% to RM72.5 million respectively.

Exports of wooden furniture to the South America region recorded an increase of sale by 29% worth RM76.4 million from RM59.4 million in its corresponding year in 2021. Exports to Chile and Peru increased by 39% to RM57.6 million and by 13% to RM8.1 million, respectively. However, Colombia reduced its buying by 16% to RM3.8 million.

Exports to the Africa region recorded an increase by 54% to RM135.9 million with South Africa garnering the largest market share with RM39.4 million, an increase of 36% from its corresponding period in 2021. This was followed by Kenya, with recorded sales of RM15.8 million, an increase of 89% and exports to Reunion Islands with sales increased by 19% to RM9.5 million for the period of January – September 2022.

Rattan furniture shipments for September 2022 recorded an increase of 7% valued at RM7.8 million from RM7.3 million in the previous month. Equally, exports of rattan furniture for the cumulative period of January – September 2022 also recorded an increase of 42% to RM74.7 million from RM52.6 million in the corresponding period in 2021.

Exports to ASEAN member countries recorded at RM4.0 million, an increase of 76% for the cumulative period of January - September 2022. Philippines with recorded sales of RM2.2 million, an increase of 219%.

Similarly, exports to Thailand rose by 54% to RM637,916 for the month. However, exports to Singapore reduced by 5% to RM804,000 as compared to the previous corresponding period in 2021.

Likewise, the East Asia region also increased its shipments by 64% to RM8.7 million. China as the largest buyer in the region increased its intake by 48% to RM5.7 million. Likewise, Japan and Mongolia also increased their buying by 164% to RM1.6 million and by 104% to RM778,990 respectively.

India as the largest buyer amongst South Asian countries recorded a decrease in intake by 9% to RM3.4 million from RM3.7 million in the corresponding period in 2021. Bangladesh resumed its intake to RM16,447 for the cumulative period of January to September 2022.

Exports to the West Asia region increased by 38% to RM840,895 from RM609,707 over its corresponding period in 2021. The largest buying nation of rattan furniture in the West Asian countries, the UAE, reduced its intake by 60% to RM541,449. However, exports to Saudi Arabia and Jordan increased by 67% to RM205,984 and by 56% to RM93,462 for January – September 2022.

Meanwhile, exports to the European Union recorded an increase of 69% to RM9.6 million with Ireland being the largest buyer amongst EU27 countries. Exports to Ireland rose by 32% to RM2.5 million. Similarly, exports to Sweden boomed by 136% to RM1.5 million from RM655,392 over its corresponding period in 2021. Demand from France also increased by 272% to RM1.4 million. Moving to Europe-Other countries, demand from the group grew by 20% to RM7.5 million with intake from the United Kingdom increased by 32% to RM5.5 million. However, exports to Russia and Ukraine dropped by 6% to RM1.6 million and by 66% to RM122,916 respectively.

Shipments to the Oceania-Pacific archipelago region increased by 79% to RM7.7 million from RM4.3 million over the same period in 2021. Australia recorded an increase of 100% to RM7.0 million and likewise, exports to Western Samoa increased by 12% to RM76,606. However, exports to New Zealand declined by 11% to RM560,509.

Exports to the North America region increased by 31% to RM30.3 million from RM23.1 million over the same period in 2021. The USA being the largest buyer for rattan furniture recorded an increase of 26% to RM26.7 million, followed by Canada with 77% to RM2.5 million and Dominican Republic 281% to RM787,826. Amongst South American countries, exports to Chile increased by 75% to RM306,011. Similarly, Uruguay also increased its buying by 225% to RM35,213 while Argentina resumed its intake by RM167,482 for the cumulative period from January to September 2022.

*Continuation on page 19*

# ELLA Furniture

## BACKGROUND

During the Covid-19 pandemic in 2019, Puan Nur Laila Alwy found and launched a company, ELLA Furniture Sdn. Bhd. with her husband, Encik Saleem who serves as the Chief Operating Officer (COO). The business which has been operating in Shah Alam, Selangor for the past three years employs more than 50 people to work with them and has served more than 4,000 clients.

With a factory area of 17,500 square feet, they produce specialty furniture, namely chesterfield sofas. The factory consists of a frame department, a cut and sew department, and a storage department. ELLA Furniture specializes in premium custom-based chesterfield sofas. They offer the option for customers to design their own sofa by selecting the style, material, and colour of their own preferences. Dining chairs, wing chairs, and bed frames are also in their range of products. The fabric and material for the ELLA collection are carefully chosen from both international and local brands, resulting in high quality sofas and other furniture at reasonable prices. ELLA has also just launched its new showroom in Subang to enhance their presence and accessibility to customers.

ELLA Furniture is also known for its unique marketing strategy; it targets direct buyers i.e from factory to direct end-user or consumer. This was clearly seen when ELLA Furniture successfully captured the hearts and attention of well-known local celebrities such as Datuk AC Mizal, Rozita Che Wan and Fasha Sandha.

The company has also collaborated with a few well-known local electronic media companies to promote and strengthen its brand. Its selling point corresponds with a need in the furniture market which is similar to the fashion industry, making ELLA Furniture's sales exceed its initial target. The company managed to achieve seven-digit sales in just three years and is an inspiration to the local home and living industry. Their dream of achieving their target clients and sales were materialized with their consistent use of e-commerce and social media platforms. Their focus on online marketing has made their appearance more visible and closer to their target clients which consequently resulted in more followers particularly in the platforms of Facebook, Twitter and Instagram. In fact their products have also attracted clients from neighboring countries such as Brunei Darussalam and Singapore.

## VISION & MISSION OF ELLA FURNITURE

**Vision :** To transform space and environment that brings love and joy into the lives of our customers.

**Mission :** To bring the best quality product and services and to inspire happiness and well-being.

## WHAT IS A CHESTERFIELD SOFA?

Chesterfield sofas make up the majority of ELLA Furniture's product line. The chesterfield sofa is a large sofa or couch with rolled arms that are the same height as the back. A classic chesterfield has rich button tufting all over, a nailhead trim, and is upholstered in dark leather. More modern takes on the sofa typically lighten up the hefty original with velvet or other cloth upholstery, have taller legs, and a slimmer back and arms.

ELLA Furniture offers three different styles of chesterfield couches, namely Elize Curve, Modern Curve Arm, and Pleated Arm Chesterfield, and most of the materials are velvet, linen, and leather with more than 300 colours available to be selected by their customers.

Along with a five-year warranty given to their customers, Ella Furniture offers free delivery to the Klang Valley area whilst charging only a minimum cost for delivery to other areas. It also offers a solid wood material for the sofa frame, and as for the seat cushions, they are high density foam with pocket springs. The furniture are made of velvet, linen and leather of more than 300 colors of choice to suit the dining chairs, wing chairs, bed frames.

## OPPORTUNITIES EXIST IN EVERY CHALLENGE

The Covid-19 crisis from 2019 to 2021, has brought about an impact on everyone's lives. Although the situation has somewhat improved as Malaysia moves into the post-pandemic era, it was extremely challenging to establish ELLA Furniture in 2019. According to Puan Nur Laila she continued to endure as she believed that despite every difficulty, a greater opportunity would come along with it. She perceived that the furniture industry's potential is huge as proven by the demand she received even during the pandemic. ELLA Furniture was able to generate sales of more than RM1 million in 2020 before rising to RM9.1 million the following year from just a few thousand-hundred a month when the company started their business earlier in 2019. Her perseverance paid off when ELLA Furniture won the the Brandlaureate Bumiputera Best Brands Award (Furniture Solution) in 2020 and recently, when ELLA Furniture was honoured with the Best Agricommodity Start-Up of the Year (Timber) Award during the Malaysia International Agricommodity Expo & Summit (MIACES) 2022.

## INVOLVEMENT WITH MTIB

On March 2022, Ella Furniture participated in MTIB's Lean Management Programme with the objective to encourage the timber industry to move into IR4.0. During the Lean Creanova session, they shared their experience, also known as a Lean Journey, of which through the programme they managed to cut cost and ultimately realign their production line efficiently.

The company also participated in MTIB's exhibition and trade fairs to market and promote its products and to further increase their sales as part of their marketing and branding initiatives. This include participation at HOMEDEC 2021 and 2022.

Additionally, ELLA Furniture also collaborated with MTIB in one of its programmes with Astro Ria where the company donated to the Al-Ikhlas Elderly Care Centre as part of their CSR programme. ELLA Furniture has also been featured with MTIB in Nona, a TV3 programme in appreciation of female SME entrepreneurs in the furniture industry.

Puan Nur Laila continues to be optimistic on the future of the industry in Malaysia and believes that there will always opportunity for growth for new players regardless of their gender in the timber and furniture industry.


LEAN CREANOVA

PRODUCT AMBASSADOR


NONA

## CONTACT DETAILS:

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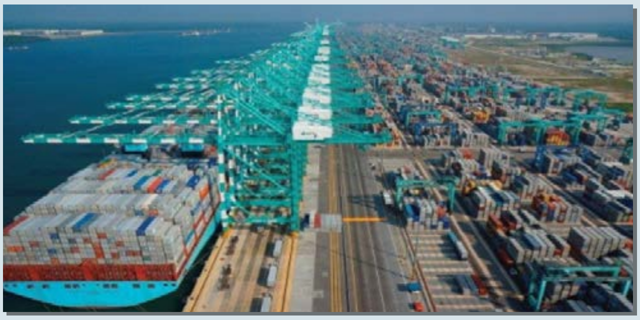
**Customer Service: +6012-564 9930**

**Email: ella.furniture1@gmail.com**

# MALAYSIA

## World Top Container Ports 2022



The Port of Tanjung Pelepas (PTP) became the first port in Malaysia to surpass the 11m teu mark in 2021 as volume increased 14% to reach 11.2m teu. The growth can mainly be contributed to the global market rebound and spin-off impact post 2020 pandemic. Shipping lines made use of PTP's capacity to move cargo when other ports in the region had congestion issues.

PTP continued to optimise its current terminal footprint in 2021 by upgrading its equipment fleet, fast-tracking the conversion and new yard capacity and the ongoing optimisation of ITS systems and infrastructure as well as encouraging digitization and automation. PTP made a notable investment in its Asset Digitization (AD), which was completed last year.

In 2021 the port signed an agreement to purchase seven quay cranes and 11 electric rubber-tyred gantry (E-RTG) cranes that are due to replace existing fleets that have come to the end of their technical lifetime. These replacement fleets are expected to be delivered in the latter half of 2022 and will help improve efficiency. Another replacement of three quay cranes and 25 RTGs was agreed by the board at the end 2021, with said equipment expected to reach PTP in 2023.

Additionally, PTP purchased and received 12 additional empty container handlers (ECHs) to cater to the increasing demand of storage and transit of empty containers, Its fleet of prime movers and trailers are undergoing a constant replacement cycle as well.

On the infrastructure side, PTP started the expansion of the container storage yard in Q4 2021 which will add over 9 ha of new space for container storage and it is expected to be completed by Q3 2022. Once all the aforementioned projects are completed in 2022, PTP's capacity will increase to 12.5m.

PTP has started to look into expanding its berth by 450m north of the current footprint, which will include its own dedicated storage yard. This new development will be fully operational by 2026. An extension of PTP's existing Free Zone is also being developed, with 32.78 ha of land with basic infrastructure ready for leasing Q2 2023.

***Source:*** *www.ptp.com.my, October 13, 2022*

# UNITED STATES

## Container Lines Offer Better Contract Deals as Spot Rates Slide

In its Q3 Ocean Shipping Market report, Xeneta noted the record spreads between spot and long-term rates on many trades, giving the example of a $2,900 per feu spread between the markets on the Asia-US West Coast trade.

Xeneta's XSI index hit a record high in August, suggesting falling spot rates are yet to be reflected in contract rate data, leaving container lines in a position to cash in on contracts fixed in recent months.

"However, as volumes fall, carriers are increasingly cutting rates for new contracts and offering better deals to existing customers who haven't got all their volumes locked in," said Xeneta.

The structural outlook for the container market was bleak in the report, with spot rates falling to levels last seen in the early stages of the pandemic. For the Asia-US West Coast, rates fell faster than they rose in the wake of the pandemic.

"It took 146 days to get from $5,000 per feu to $9,000, whereas on the way down, it took 119 days for the $5,000 per feu mark to be breached," said Xeneta.

Behind the drop in demand is a difficult economic situation for consumers in the West. Inflationary pressure has led to increased spending on fuel and food, lowering demand for imported manufactured goods.

"The huge growth in demand for the latter is what drove the US containerized imports to new highs, and as the sales growth in sales is now only just keeping pace with inflation, flattening of the US containerized imports can be expected," said Xeneta.

The company expects inflation to continue to supress demand as consumer confidence drops in an uncertain economic situation.

A global drop of 1.4%in container volume in the year so far hides an even larger problem for the container sector. Intra-Asian trades have seen a 2.9% growth in volume this year, while Asian exports are down around 1.4%. The relatively short distances of the intra-Asian trades means that the overall teu-miles on a global basis have fallen further than the 1.4% shown in the overall volumes.

"The rest of the year seems unlikely to reverse this pattern of falling volumes, especially when considering the high demand at the end of 2021. In 2023, demand growth is not expected to be high enough to counter the effects of high fleet growth, leaving freight rates to continue to slide," said Xeneta.

On the supply side of the equation, the containership orderbook does not offer much hope of a reprieve. Flushed with cash, container lines flocked to yards to place orders for new vessels from the end of 2020 through summer 2021, and the tight market and high freight rates led to higher asset prices and the refore lower demolition in the fleet.

"Yet another month has ticked by with no container ship being sent for demolition. The last container ship that was demolished was a 30-year-old 310 teu ship back in December 2021," said Xeneta.

As the market eases, so have charter rates for containership tonnage.

"The falling need for new tonnage as global congestion eases and volumes fall is also reflected in falling charter rates, which took their largest week-on-week hit in the week ending 16 September On 30 September, the 6 to 12-month charter rate for a 6,800 teu ship was $62,000 per day, almost $80,000 a day lower than it had been a month earlier, but still almost $40,000 per day higher than in September 2020," said Xeneta.

***Source:** www.seatrade-maritime.com October 12, 2022*

## EUROPEAN UNION

### Associations Plead Case for EU Consortia Block Exemption Regulation

The joint submission from the World Shipping Council (WSC), the International Chamber of Shipping (ICS), and the Asian Shipowners' Association (ASA) is pleading the case for renewal of the Consortia Block Exemption Regulation (CBER) which allows container lines to share certain information which would otherwise be against antitrust rules.

The regulation is set to expire in April 2024 unless renewed. The European Commission invited feedback on the regulation as the business practices of container lines come under increased scrutiny after a period of higher freight rates, lower service levels and widespread disruption. Container lines blame the disruption on elements beyond their control, while shippers say container lines' ability to co-operate is partly to blame.

WSC, ICS and ASA said their submission calls for renewal, "demonstrating how vessel sharing contributes to the EU policy goals of reducing transport emissions, increasing competitiveness and improving efficiency to reduce costs."

"From an operational and environmental perspective, vessel sharing is like public transport and car-pooling schemes: seeking to maximise efficiency and reduce emissions through the shared use of transport assets and infrastructure, significantly reducing emissions per unit of cargo transported," says Yuichi Sonoda, Secretary General of Asian Shipowners Association.

A series of companies and associations in the ports, shipping and logistics sectors signed a letter to European European Commissioner for Competition, Margrethe Vestager in July, calling for an immediate review of CBER.

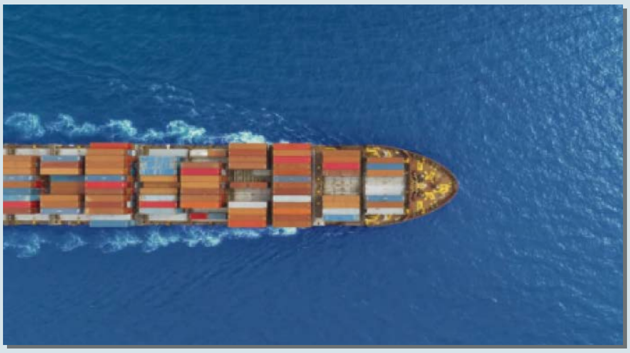
"The effects of lockdowns on the production of goods and the shifts in demand due to the effects of the Covid pandemic were certainly significant. But the ability of the shipping industry to collectively manage these impacts, and at the same generate profits totalling over $186 billion in 2021, at the expense of the rest of the supply chain, and ultimately Europe's consumers, demonstrate that something is wrong," said signatories of the letter to the commissioner.

Defending the shipping lines' response to Covid, John Butler, President & CEO of World Shipping Council, said: "The frustration that shippers have understandably experienced from service delays and increased cost has been channelled towards carriers, their vessel sharing arrangements, and the regulatory tools which facilitate such arrangements, including the CBER. But data shows and regulators concur that the problems were caused by factors outside carriers' control and not by vessel sharing."

The associations claim that the CBER is essential, brings benefit to the EU and has no downside from a competition or consumer welfare perspective.

***Source:** www.seatrade-maritime.com, October 04, 2022*

### After Two Years of Shipping Snarls, Things Are Starting to Turn Around



After two years of port congestions and container shortages, disruptions are now easing as Chinese exports slow in light of waning demand from Western economies and softer global economic conditions, logistics data shows.

Container freight rates, which soared to record prices at the height of the pandemic, have been falling rapidly and container shipments on routes between Asia and the U.S. have also plunged, data shows. "The retailers and the bigger buyers or shippers are more cautious about the outlook on demand and are ordering less," logistics platform Container xChange CEO Christian Roeloffs said in an update on Wednesday.

"On the other hand, the congestion is easing with vessel waiting times reducing, ports operating at less capacity, and the container turnaround times decreasing which ultimately, frees up the capacity in the market."

The latest Drewry composite World Container Index - a key benchmark for container price-is $3,689 per 40-foot container. That's 64% lower than the same time last September after falling 32 weeks in a row, Drewry said in a recent update.

The current index is much lower than record-high prices of over $10,000 during the height of the pandemic but still remains 160% higher than pre-pandemic rates of $1,420. According to Drewry, freight rates on major routes have also fallen. Costs for routes like Shanghai-Rotterdam and Shanghai-New York have fallen by up to 13%.

The falling freight rates tie in with a "sharp drop" in container shipments that Nomura Bank has observed. Nomura, quoting data from U.S.-based Descartes Datamyne, said container shipments from Asia to the U.S. for all products except rubber products in September are down year on year.

"We assume that the sharp drop in container shipments largely reflects US retailers stopping orders and reducing inventories due to the risk of an economic slowdown," Nomura analyst Masaharu Hirokane said in a note on Wednesday, adding that the bank has yet to see signs of a sharp fall in U.S. retail sales.

Port throughput around the world has also dropped. When Shanghai reopened after its recent lockdowns, port traffic volumes lifted but weren't enough to offset the "wider downturn in port handling levels," Drewry said.

### What's different now

In Europe, sliding container prices and rates reflect declining consumer confidence, Container xChange said. "The European market is finding itself flooded with 40-foot high-cube containers. As a result, the region is experiencing a fall in the prices of these boxes," Container xChange said.

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

| Products | Port Klang | | Kuantan | | Pasir Gudang | | Tanjung Pelepas | | Penang | | Total all ports (m3) | % Change Aug/ Sep'22 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | m3 | % Change | m3 | % Change | m3 | % Change | m3 | % Change | m3 | % Change | | |
| Sawntimber | 38,022 | -8 | 7,062 | -23 | 684 | -20 | 345 | -28 | 2,474 | -5 | 48,585 | -11 |
| MDF | 17,737 | 91 | 514 | -6 | 1,986 | -21 | 1,136 | -26 | 2,463 | 165 | 23,837 | 61 |
| Mouldings | 9,945 | -3 | 51 | 5 | 1,296 | -11 | 974 | -7 | 747 | 14 | 13,014 | -3 |
| Plywood | 2,152 | -51 | 0 | 0 | 117 | -64 | 217 | -15 | 3,074 | 30 | 5,560 | -24 |
| Veneer | 257 | -68 | 0 | 0 | 0 | -100 | 11 | -2 | 1,021 | -59 | 1,289 | -61 |
| **Particleboard** | 9,878 | -12 | 0 | 0 | 0 | -100 | 0 | -100 | 4,238 | -14 | 14,116 | -13 |
| **TOTAL** | **77,992** | **1** | **7,627** | **-22** | **4,082** | **-23** | **2,683** | **-20** | **14,018** | **0** | **106,402** | **-3** |

*Note : Indicates percent change over the previous month*

*Source : MTIB*

The trends in logistics and supply chains from the past two years have reversed, logistics companies said. During that period, container shortages were constant as a result of delays at ports affected by lockdowns and soaring demand.

But now, demand for containers is falling and so are their rates, Seacube Containers chief sales director Danny den Boer said at the Digital Container Summit held earlier this month. Idle time for containers is also on the rise, Sogese CEO Andrea Monti said at the same conference.

“Containers are stacking up at a lot of import-led ports. Shippers are giving containers away just because containers are being stuck there,” said Container xChange account manager Gregoire van Strydonck at the conference. India’s Arcon Containers CEO Supal Shah said factories in China have stopped production for the foreseeable future.

“We hear the container depot space is full in China, Europe, India, Singapore and most parts of the world.” he said at the Digital Container Summit conference.

***Source:*** *www.cnbc.com, October 16, 2022*



# Timber Round-UP

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*Continued from page 13*

Intake of rattan furniture in the Africa region increased by 132% to RM2.3 million where the largest buyer, Algeria increased its buying by 237% to RM1.4 million. South Africa also increased its intake by 188% to RM480,365 while Tanzania resumed its buying to RM143,741.

According to ITTO Newsletter, the US imports of wooden furniture fell for the fourth straight month in September. At USD1.96 billion, September imports were down 5% from the previous month but were nearly 6% higher than September 2021. Imports from China and Mexico both fell by more than 10% while imports from top-supplier Vietnam fell 2%. Imports from India rose 22% after a weak August and imports from Indonesia ticked upward for a second straight month. Total import of wooden furniture were up 6% year to year over 2021 through the first three quarters of 2022.

Cabinet sales dropped in September according to participating members in the Kitchen Cabinet Manufacturers Association's monthly Trend of Business Survey. Overall cabinet sales fell 4.8% in September compared to August 2022. Custom sales were down 11.3%, semicustom sales dropped 5.6%, while stock sales decreased 3.0%. Compared to August, the estimated cabinet quantity was down 5.3%. However, 2022 sales remained strong compared to the previous year. Cabinet sales rose 23.8% in September 2022 compared to September 2021 figures, continuing the trend of year-over year sales growth for the industry. Custom sales were up 8.4% while semi-custom rose 32.5% and stock sales increased by 21.9%. The estimated cabinet quantity decreased by 1.9% compared to the previous year at this time. The Trend of Business Survey showed overall cabinet sales for the first nine months were up 17.6% when compared to the same time period in 2021. Custom sales were up 16.0%, semi-custom sales increased 15.9% and stock sales increased by 19.2%. The estimated cabinet quantity decreased by 0.6% according to the survey.

# KENYA

## POSITIVE GROWTH IN CONSTRUCTION INDUSTRY

### Overview


Kenya is located in East Africa bordered by Tanzania, Uganda, South Sudan, Ethiopia and Somalia. The capital city is Nairobi with a population of about 3.5 million people. The country has a population of approximately 54 million people and an area of 580,367 square metres. The official languages are English and Swahili. More than 42 ethnic groups live in Kenya. Its gross domestic product (GDP) growth rate has averaged 5 percent over the past 6 years. In 2019, the major contributors to its GDP are industry (17.8%), agriculture, including forestry (35.4%) and services (47.5%). Kenya's major exports are coffee, tea, and horticultural crops. The country is one of the world's most popular tourist destinations where a myriad of big game mammals can be seen including the Big Five – the African elephant, the black rhinoceros, the Cape buffalo, the African lion, and the African leopard. There are many national parks and game reserves (e.g., Amboseli, Maasai Mara, Tvavo, and Nairobi) in country.

### Economy

Kenya ushered in a new political and economic governance system with the passage of a new constitution in 2010 that introduced a bicameral legislative house, a devolved county government, and a constitutionally tenured judiciary and electoral body. The first election under this new system was held in 2013 and the latest was in August 2022. From 2015 to 2019, Kenya's economy achieved broad-based growth averaging 4.8% per year, significantly reducing poverty.

In 2020, the COVID-19 pandemic shock hit the economy hard, disrupting international trade and transport, tourism, and urban services activities. Fortunately, the agricultural sector, a cornerstone of the economy, remained resilient, helping to limit the contraction in GDP to only 0.3%. In 2021, the economy staged a strong recovery, with the economy growing at 7.5% although some sectors, such as tourism, remained under pressure. GDP growth is projected at 5.5% in 2022 and the poverty rate has resumed its trend decline after rising earlier in the pandemic. Although the economic outlook is broadly positive, it is subject to elevated uncertainty, including through Kenya's exposure (as a net fuel, wheat, and fertilizer importer) to the global price impacts of the war in Ukraine.

The World Bank support to Kenya's pandemic response includes emergency funding to strengthen medical services and reduce the spread of the virus, as well as budget support to help close the fiscal financing gap while supporting reforms that help advance the government's inclusive growth agenda.

In addition to aligning the country'slong-term development agenda to Vision 2030 that aims to transform Kenya into a competitive and prosperous country with a high quality of life, the new government's bottom-up economic model prioritises agriculture, healthcare, housing and manufacturing.

### Forest Resources

Natural forests are diverse and comprise a wide range of forest ecosystems that are categorised into montane forests, western rainforests, coastal forests, and dryland forests. Montane forests are located in the central and western highlands and on mountains along the Ugandan border, rainforests are located in western

Kenya, and coastal forests and dryland forests are located in the coastal region, and in the arid and semi-arid regions of the country, respectively.

Kenya's forests are broadly categorised as natural forests and intensively managed plantation forests. These are further categorised by forest type and subtype. Trees planted on farms or agricultural land are also considered in the wood supply analysis, as they currently provide a substantial amount of wood and are projected to be a key source of wood in the future in rural communities. Forests are further classified into three groups based on their ownership and management characteristics as public forests, community forests, and trees on farmlands.

Public forests are government owned and are managed to provide goods and services such as water from natural forests and commercial and subsistence requirements of wood products from plantations. Because of an increased demand of environmental benefits, management of natural forests on government lands does not include production of wood which takes place only on plantations. Management of plantations is guided by management plans that include forest treatments and harvest schedules. Management includes input from different stakeholders such as communities, government forestry agencies, university forestry professionals, and wood products manufacturers.

## Timber Production

According to the FAO forest statistics, Kenya's productions are as below:

**Kenya: Production Quantity 2016-2020**

| Products | 2016 | 2017 | 2018 | 2019 | 2020 |
|---|---|---|---|---|---|
| Sawlogs and veneer logs, coniferous | 421,000 | 421,000 | 421,000 | 421,000 | 398,000 |
| Other industrial roundwood, coniferous (production) | 20,000 | 20,000 | 20,000 | 20,000 | 19,000 |
| Sawnwood, coniferous | 266,000 | 266,000 | 266,000 | 226,000 | 251,000 |
| Veneer sheets | 7,000 | 7,000 | 7,000 | 7,000 | 7,000 |
| Plywood | 66,000 | 66,000 | 66,000 | 66,000 | 62,000 |
| Particle board | 7,700 | 7,700 | 7,700 | 8,000 | 7,000 |

*Source: FAO STATS* *Volume: m3*

## Kenya's Export of Timber and Timber Products

Kenya's export of timber and timber products in 2021 increased by 31% to USD15.4 million over the previous corresponding period. Kenya exported mainly furniture, fibreboard and particleboard which totalled at USD8.8 million, USD4.5 million and USD253 thousand respectively. Kenya exported furniture mainly to South Sudan amounting to USD4.3 million, fibreboard mainly to Rwanda amounting to USD3.2 million and particleboard mainly to Uganda amounting to USD185 thousand.

**Kenya: Export of Timber & Timber Products, 2017-2021**

| Product | 2017 | 2018 | 2019 | 2020 | 2021 |
|---|---|---|---|---|---|
| Furniture | 6,881 | 7,339 | 8,845 | 6,755 | 8,809 |
| Fibreboard | 1,110 | 840 | 2,983 | 3,561 | 4,528 |
| Particle board | 369 | 564 | 90 | 81 | 253 |
| Plywood | 293 | 263 | 169 | 78 | 159 |
| Builders' joinery and carpentry | 234 | 168 | 150 | 208 | 159 |
| Mouldings | 22 | 1 | 9 | 6 | 126 |
| Logs | 29 | 53 | 28 | 26 | 106 |
| Sawntimber | 145 | 593 | 17 | 9 | 83 |
| Veneer | 40 | 182 | 112 | 31 | 52 |
| Wooden frames | 21 | 11 | 11 | 10 | 6 |
| Others | 1,818 | 2,015 | 1,495 | 996 | 1,161 |
| **Total** | **10,962** | **12,029** | **13,909** | **11,761** | **15,442** |

*Source: ITC Stats* *USD'000*

## Kenya's Import of Timber and Timber Products

According to the latest ITC statistics, Kenya's import of timber and timber products in 2021 increased by 9% to USD194.2 million over the previous corresponding period. Kenya imported mainly sawntimber, plywood and furniture totalled at USD67.1 million (an increase of 19%), USD45.7 million (an increase of 8%) and USD42.2 million (an increase of 11%) respectively. Major import sources for Kenya are Tanzania, followed by Uganda and Congo.

### Kenya: Import of Timber & Timber Products, 2017-2021

| Product | 2017 | 2018 | 2019 | 2020 | 2021 |
|---|---|---|---|---|---|
| Sawntimber | 1,260 | 9,868 | 38,582 | 56,398 | 67,069 |
| Plywood | 14,333 | 25,699 | 32,563 | 42,235 | 45,681 |
| Furniture | 47,387 | 56,414 | 49,261 | 38,194 | 42,217 |
| Fibreboard | 18,514 | 27,146 | 22,800 | 0,18[illegible] | 18,025 |
| Particle board | 6,930 | 7,621 | 4,761 | 6,299 | 6,622 |
| Builders' joinery and carpentry | 4,253 | 5,620 | 4,948 | 5,347 | 3,472 |
| Logs | 258 | 1,371 | 2,761 | 1,822 | 942 |
| Mouldings | 583 | 609 | 475 | 566 | 641 |
| Wooden frames | 108 | 270 | 235 | 119 | 229 |
| Veneer | 386 | 422 | 468 | 112 | 108 |
| Others | 6,132 | 7,713 | 5,436 | 6,720 | 9,181 |
| **Total** | **100,144** | **142,753** | **162,290** | **177,998** | **194,187** |

*Source: ITC Stats* *USD'000*

## Malaysia's Export of Timber and Timber Products to Kenya

Kenya has always been an important timber trade partner for Malaysia in the East Africa region. However, in 2021, exports of Malaysian timber and timber products to Kenya registered a decrease of 33% to RM15.7 million from RM23.4 million in 2020. Kenya ranked 47th with 0.07% of Malaysia's total export share. Wooden furniture was the main product exported with a total value of RM12.9 million, followed by fibreboard at RM2.3 million and BJC at RM387,797 thousand.

### Malaysia: Export of Timber & Timber Products to Kenya, 2017-2021

| Products | 2017 | 2018 | 2019 | 2020 | 2021 |
|---|---|---|---|---|---|
| Wooden Furniture | 21,030,240 | 21,867,392 | 23,483,473 | 19,534,548 | 12,928,000 |
| Fibreboard | 2,153,577 | 4,925,915 | 3,531,152 | 2,887,571 | 2,283,288 |
| Builders Joinery & Carpentry | 761,839 | 1,990,502 | 1,870,853 | 783,311 | 387,797 |
| Plywood | 160,613 | 201,946 | 0 | 125,664 | 121,102 |
| Chipboard/Particleboard | | 44,517 | | 64,423 | 0 |
| Sawntimber | 156,843 | 0 | 72,220 | 0 | 0 |
| Veneer | 0 | 0 | 0 | 0 | 0 |
| Others | 0 | 0 | 0 | 45,984 | 0 |
| **Total** | **24,263,112** | **29,030,272** | **28,957,698** | **23,441,501** | **15,720,187** |

*Source: MTIB & DOSM* *Value: RM*

## Malaysia's Import of Timber and Timber Products from Kenya

In 2021, there were no import activities from Kenya.

## Malaysia: Import of Timber & Timber Products From Kenya, 2017-2021

| Products | 2017 | 2018 | 2019 | 2020 | 2021 |
|---|---|---|---|---|---|
| Sawntimber | 0 | 0 | 0 | 12,966 | 0 |
| Wooden Furniture | 0 | 8,863 | 49,162 | 0 | 0 |
| Others | 8,628 | 0 | 0 | 0 | 0 |
| **Total** | **8,628** | **8,863** | **49,162** | **12,966** | **0** |

*Source: MTIB & DOSM* *Value: RM*

## Import Tariffs

The Kenya's import duties on timber and timber products under MFN are as follows:

### Kenya Tariff Duty

| Product | MFN Tariff Duty % | East African Community Customs Union free-trade area % |
|---|---|---|
| Logs | 0 | 0 |
| Sawntiber | 10 | 0 |
| Veneer | 25 | 0 |
| Mouldings | 25 | 0 |
| Particleboard/Chipboard | - | 0 |
| Fibreboard | - | 0 |
| Plywood | - | 0 |
| Wooden Frames | - | 0 |
| BJC | 25 | 0 |
| Furniture | 25 -35 | 0 |

*Source: WTO*

## Prospects

Kenya's economy remains resilient due to its diversification and low dependency on natural resources for export while its positive outlook for construction is supported by the expectation that the government will aggressively push for public-private partnerships (PPPs) and attract private investment. The revised PPPs are expected to accelerate investments and several advanced PPPs in transport and energy will go ahead, which will boost the infrastructure and energy construction sectors in the medium term, albeit at a slower pace.

Expanding Kenya's manufacturing sector by creating Special Economic Zones (SEZs) is another policy objective, together with food security, healthcare and housing. In July 2021, the UK government announced a planned investment of USD179.5 million into Kenya's Big Four sector. This includes USD46.7 million in government aid, supported by USD31.4 million from the private sector to provide 10,000 affordable and energy saving houses.

Kenya's construction market is expected to grow significantly by 2026 and infrastructure growth is a key component of Kenya's Vision 2030. Kenya's construction industry is expected to register an annual average growth of 5.7% between 2023 and 2026, supported by the government's effort to promote infrastructure development and provide electric access to all citizens, as well as better health and education facilities. Kenya's construction sector grew by 6.4% in the first quarter of 2022 and the value added by the construction sector to the Kenya's Gross Domestic Product (GDP) expanded by 6.8%.

As for market prospects for Malaysian timber and timber products in Kenya, Malaysian timber exporters need to make their presence renewed and enhance networking with Kenya's timber and furniture importers while at the same time undertake market research on Kenya's importers market preferences and taste. Malaysian exporters should also emulate a different approach to penetrate the Kenya's market especially wooden furniture, fibreboard and BJC.

Malaysia, which has always been an important trading partner with Kenya in timber, is also facing strong competition from Rwanda and Tanzania. Therefore, to sustain and improve trade as well as market share in Kenya, Malaysian exporters need to be competitive in terms of price and product quality together with effective marketing and promotion strategies.

Malaysian manufacturers also need to enhance their presence in the Kenyan market to create demand for Malaysian value-added timber products especially furniture. Malaysian engineered timber products can also be further promoted since there are opportunities to fulfill future demand in Kenya's construction industry. It is an excellent opportunity for Malaysian timber and furniture exporters to enhance networking and explore business opportunity among the Kenya's counterpart by participating in trade fairs such as Woodtech Africa Exhibition and AfriWood Expo.

Through those activities, Malaysian timber exporters would be able to further develop their networking with the Kenya's timber and furniture importers while at the same time undertake market research on current Kenyans importers' market preferences and taste. Therefore, it is envisaged that with such potential for opportunities, timber trade for both countries especially in terms of export and import activities and investments in timber and timber products will be increased in the coming years.

*Hand-carved wooden furniture at The Majlis in Lamu, Kenya*

*Outdoor furniture in Nairobi, Kenya*

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# COURSE ON PERMANENT SAMPLE PLOT (PSP) ACTIVITIES FOR FOREST PLANTATION SPECIES AND DRONE / GEOGRAPHIC INFORMATION SYSTEM (GIS) MONITORING

MTIB's Forest Plantation Division organised a course on Permanent Sample Plot (PSP) Activities for Forest Plantation Species and Drone/Geographic Information System (GIS) Monitoring to equip participants on the best methods to obtain tree growth data, to manage a sustainable plantation, to estimate growth and productivity, and to systematically monitor established forest plantations through modern technologies.

*Programme participants and instructors*

The programme was held from 19 to 21 October 2022 at Felda Hot Spring Resort in Sungkai, Perak for the theory sessions and Ladang Getah Upaya in Gunung Besout, Perak for the practical sessions.

The objectives of the course were to provide knowledge and exposure on the importance of using PSP and new technology equipment to collect data and information on the entire forest plantation. The data collected will be more accurate and systematic, which would be highly useful when estimating future plantation yields.

*Theory session at Felda Residence Hot Springs*

The programme participants were the recipients of the Forest Plantation Development Program (PPLH) Loans, the Community Agroforestry Industry, Forest Plantation Development Sdn Bhd (FPDSB) technical officers, and MTIB officers. Roxburghii Forestry Consultant were the appointed instructors for the Permanent Sample Plot activities, while Omniestar DGPS Services taught the basics of using drones and GIS software for forest plantation monitoring.

*Practical session at Ladang Getah Upaya*

# WORKSHOP ON CAPACITY BUILDING OF CITES

*Attendees at the workshop*

The Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES), is an international agreement between governments. Its aim is to ensure that international trade of specimens of wild animals and plants does not threaten the survival of the species. Therefore, such trade is controlled under the legal provisions of the International Trade in Endangered Species Act 2008 [Act 686]. Malaysian timber species that have been listed under CITES are Ramin *(Gonystylus spp.)* an Karas *(Aquilaria spp.)*.

MTIB, as a CITES Management Authority (MA) have implemented various activities for the trade of the CITES species in Peninsular Malaysia as follows:

- **A** Issuing CITES Permits (export, import, or re-export certificates) for the purpose of exporting or importing any CITES timber species under Section 3 the Third Schedule of Act 686
- **B** Registering planters of artificially propagated Karas trees of any scheduled species for the purpose of commercial trade, in accordance with Section 16(1)(c) of Act 686
- **C** Preparing reports and maintaining international trade records on CITES timber species
- **D** Preparing annual and biannual reports to be submitted to the Scientific Authority (SA) and the Lead Management Authority (LMA)

In line with its role as an MA, MTIB conducted a Workshop on Capacity Building For Strengthening The Implementation of the International Trade in Endangered Species Act 2008 [Act 686] from October 12 to 14, 2022, in Kuala Lumpur for its officers. The workshop aimed to strengthen the implementation and enforcement of Act 686 as well as to provide a better understanding of trade issues and regulations pertaining to timber species listed under CITES. YBrs. Encik Saiful Bahri Salleh, Deputy Director General (Management and Operations), was invited to deliver the opening remarks. In his speech, he emphasised the significance of the workshop in ensuring that the control of trade of endangered timber species is well managed by MTIB, which acts as the MA, and also as the Enforcement Officer (EO), authorised under Act 686. In addition, he noted that Agarwood products are one of the components that contribute to the Malaysian timber export value. Malaysia exported RM1.58 million in Agarwood products - Agarwood oil, woodchips, woodblocks, and woodpieces - to Taiwan, France, and Singapore in 2021.

Apart from the workshop, the participants also visited MI Fragrance Sdn Bhd and Almohit Trading Sdn Bhd, retailers and exporters of Agarwood products both located at Bukit Bintang, Kuala Lumpur. The field trip provided an insight and more detailed information on marketing Agarwood products, as well as the opportunity to share knowledge and market experience.


*Hands-on session during the workshop*

Eleven topics were presented at the two-and-a-half-day workshop. Among the topics covered were An Overview on Act 686 and CITES by Puan Sunita Muhamad, Deputy Director of Licensing; Registration Regulations and Procedures by Puan Norpaezah Mohd Dahalan, Deputy Director of Registration; and four topics presented by Encik Zahari Hamid, Senior Officer of Enforcement, which were classification of CITES Products, CITES regulations and procedures, risk profiling, as well as *CITES product sampling and identification*.

The workshop, led by Encik Mazree Iman, Director of Licensing and Inspectorate Division, was attended by 25 MTIB officers from various divisions comprising Licensing and Inspectorate, Industry Development, Trade Development, Bumiputera Economic Empowerment, Strategic Planning, Forest Plantation, WISDEC, FIDEC and Management Services including Legal Unit.

*Encik Zahari Hamid explaining on CITES Regulations and Procedures*


*A group photo taken during the visit at MI Fragrance Sdn Bhd, Bukit Bintang, Kuala Lumpur*

# LOGS

Using current market price information provided by the timber price panel company, it was determined that the average market price of logs for September 2022 as a whole did not change in terms of an increase or decrease compared to the previous month. The majority of the 21 species listed and accounted for average price reporting purposes did not show any price changes. They reportedly maintained average prices from the previous month. Only a few species, such as Kempas, Mengkulang, and Sepetir, saw a slight decrease in prices, with a rate of decline of less than 1%, or between RM5 and RM15 per tonne, and traded at RM2230, RM1820 and RM1430 per tonne respectively.

The industry participants informed us that the current month's demand and market for log supply are seen to be somewhat reduced, which they expect to be due to the availability of log supply stocks that are still stored by some manufacturers in preparation for a lack of supply of log raw materials that may occur when the monsoon season occurs in the last quarter of each year.

## SAWNTIMBER

The retention of the average log price for the majority of the reported species influenced the average price of sawn timber for the three main production class categories, namely General Market Specification (GMS), Strips, and Scantling, for September 2022. Within the three production class categories mentioned, 20 species, or 95% of the total 21 species reported, maintained their previous month's average prices. Only Scantling products from the Light Hardwood Mix group saw a slight price increase of less than 3.1%, trading at RM1165 per $m^3$ compared to RM1130 per $m^3$ the previous month.

Based on the GMS production class price information, the highest market prices of several popular species such as Balau, Red Balau, Keruing, Kapur, Dark Red Meranti, Red Meranti, and Nyatoh were RM3440, RM2895, RM2970, RM1840, RM2260, RM1910, and RM1430 per $m^3$ respectively.

Meanwhile, the highest price for the same species in the STRIPS production class category was RM2825 for Balau, RM2610 for Red Balau, RM2895 for Keruing, RM1554 for Kapur, RM2048 for Dark Red Meranti, RM2566 for Red Meranti, and RM1422 for Nyatoh per $m^3$.

In the Scantling category, the highest market price was RM3880 per m3, followed by Red Balau at RM3180 per $m^3$, Keruing at RM2190 per $m^3$, Kapur at RM1980 per $m^3$, Dark Red Meranti at RM4030 per $m^3$, Red Meranti at RM2520, and Nyatoh at RM1695 per $m^3$ respectively.

## PLYWOOD

After three consecutive months of no price changes, the average price of plywood traded in September 2022 for the four main sizes has now changed slightly, with three of them, plywood with thicknesses of 6 mm, 9 mm, and 12 mm, recording a slight decrease in price compared to the previous month. The 1% to 1.7% decrease in all three sizes has resulted in plywood with thicknesses of 6mm, 9mm, and 12mm trading at an average price of RM26.70, RM41.25, and RM49.35 respectively, while 4mm sizes remain at an average price of RM19.40 per piece.

## MEDIUM DENSITY FIBREBOARD (MDF)

Price changes in plywood products have also had an impact on the average trading price of MDF products in September 2022. This can be seen when two of the four major MDF sizes traded were reported to have experienced a 1% price drop. The price depreciation of MDF in 6mm and 9mm has resulted in the average trading price for both sizes being RM 23.10 and RM 32.50 per piece. However, MDF with thicknesses of 4mm and 12mm maintained its current month's trading price momentum of RM14.90 and 39.40 per piece when compared to the previous month.

## INTRA-MALAYSIA TRADE* - SEPTEMBER 2022

For the entire month of September 2022, trade in timber and timber products from Sabah to the Peninsula showed an increase in the trade value of all four categories of timber products. In September 2022, the transaction for the return of timber products increased by 100%, with a trade value of RM77 million and a log volume of 3,955 m3. Sawn timber and plywood trade values were also reported to have increased by more than 100%, bringing them to RM0.52 million and RM4.37 million respectively. However, when trading transactions for veneer products were reported to not have occurred in the current month, the volume and trading value of these products fell by 100%.

The volume and value chain of trade in timber and timber products between Sarawak and the Peninsula were reported to have decreased by more than 80% in September. As a result, the trade value and trading volume of sawn timber products fell by 89% and 92% respectively in September 2022, while the value and trading volume of plywood products fell by about 84%. However, trading of timber and veneer products was not reported because no transactions occurred during the reporting month.

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

## *AVERAGE DOMESTIC PRICES OF LOGS, SAWN TIMBER, PLYWOOD AND MDF IN PENINSULAR MALAYSIA, SEPTEMBER 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 | 3,030 | 2,984 | 2,175 | 3,411 |
| Red Balau | 2,740 | 2,790 | 2,542 | 2,489 |
| Merbau | 3,290 | 3,136 | 3,107 | 2,825 |
| Mixed Heavy Hardwood | 1,237 | 1,116 | 1,095 | 1,218 |
| **MEDIUM HARDWOOD** | | | | |
| Keruing | 1,990 | 2,062 | 2,034 | 1,808 |
| Kempas | 2,225 | 2,137 | 2,292 | 2,779 |
| Kapur | 1,980 | 1,751 | 1,462 | 1,850 |
| Mengkulang | 1,820 | 1,419 | 1,536 | 2,069 |
| Tualang | 1,270 | 1,900 | 1,995 | 2,041 |
| **LIGHT HARDWOOD** | | | | |
| Dark Red Meranti | 2,230 | 2,101 | 1,871 | 3,129 |
| Red Meranti | 2,350 | 1,942 | 2,069 | 2,299 |
| Yellow Meranti | 1,855 | 1,695 | 1,264 | 1,977 |
| White Meranti | 1,500 | 2,507 | 1,801 | 1,977 |
| Mersawa | 1,615 | 1,751 | 1,748 | 2,020 |
| Nyatoh | 1,350 | 1,430 | 1,299 | 1,363 |
| Sepetir | 1,430 | 1,730 | 1,292 | 1,780 |
| Jelutong | 1,125 | 1,907 | 1,589 | 1,773 |
| Mixed Light Hardwood | 1,110 | 1,059 | 1,254 | 1,165 |

| **MALAYSIAN RUBBERWOOD** *Hevea brasilienses* | LOGS/ton | SAWNTIMBER/m³ | | | |
|---|---|---|---|---|---|
| | | 1" X 1" | 2" X 2" | 3" X 3" | 4" X 4" |
| | 220 | 1,270 | 1,380 | 1,465 | 1,555 |

| | | | | |
|---|---|---|---|---|
| **PLYWOOD 4' X 8'** | 4 mm | 6 mm | 9 mm | 12 mm |
| (RM per piece) | 19.40 | 26.70 | 41.25 | 49.35 |
| **MDF 4' X 8'** | 4 mm | 6mm | 9 mm | 12 mm |
| (RM per piece) | 14.90 | 23.10 | 32.50 | 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- SEPTEMBER 2022

| | Aug-22 | | Sep-22 | | % change in volume | % change in value |
|---|---|---|---|---|---|---|
| | Vol($m^3$) | Val(' 000 RM) | Vol($m^3$) | Val(' 000 RM) | Aug/Sep | Aug/Sep |
| **Sabah** | | | | | | |
| Logs | 0 | 0 | 3,955 | 77,000 | 100 | 100 |
| Sawn Timber | 1,115 | 79 | 284 | 520 | -74 | 558 |
| Plywood | 897 | 2,117 | 1,789 | 4,373 | 99 | 107 |
| Veneer | 289 | 375 | 0 | 0 | -100 | -100 |
| **Sarawak** | | | | | | |
| Logs | 0 | 0 | 0 | 0 | 0 | 0 |
| Sawn Timber | 1,128 | 1,994 | 128 | 153 | -89 | -92 |
| Plywood | 2,576 | 3,551 | 407 | 597 | -84 | -83 |
| Veneer | 0 | 0 | 0 | 0 | 100 | 100 |

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

# WORKSHOP ON PROTOTYPES DEVELOPMENT AND PRODUCTION OF WOOD CARVING PRODUCTS

Discussion session during the prototype development

The wood carving industry has been shown to have potential to generate profit returns parallel to its high aesthetic values. However, in order to place all those products in line with other value-added wood products, more innovations need to be developed so that it can be produced on a faster scale to meet current demand. Nevertheless, the original carving elements and motifs of the carving need to be maintained to preserve the national carving identity.

One such innovation is the transition from the conventional carving method to the use of high technology machines to sculp the design. This will help the carver in producing the final products in a much shorter period of time to help them meet the demands of the current market. Furthermore, these transitions are also in line with the six (6) main Strategic Thrusts in the National Wood Carving Industry Development Strategic Plan (2021-2030) under the section of Applications of New Technology.

Among the motifs were successfully digitalized and products produced

By recognising the importance of technological applications within the industry, MTIB organised a workshop on Prototypes Development and Production of Wood Carving Products from 18 to 20 October 2022 at KWM Craft in Dengkil, Selangor. The main objective of the workshop was to apply the digitalized carving motifs of Tokoh Kraf Negara, Encik Norhaiza Noordin and Adiguru Kraf Kayu, Encik Abd Muhaimin Hasbollah into carving machines to produce wood carving products.

The three-day workshop included engraving motifs digitally by using Laser Cut machines in order to produce higher value-added wood carving products such as phone and tablet holders, Quran holders (rehal), and perfume boxes. 11 motifs were successfully digitalized and 14 products were produced. On top of that, these products, also known as the Adiguru Collection is ready to be commercialised in many online platforms such as Facebook and Shopee.

The workshop was attended by 15 participants which comprised Tokoh Kraf Negara and Adiguru Kraf Kayu themselves; Tanggam Designer, YBrs. Dr. Addy Putra Zulkifly; KWM Craft staff; and Bumiputra Economic Empowerment officers.

# WORLDSKILLS MALAYSIA BELIA 2022

The Worldskills Malaysia Belia (WSMB) competition is a national skills competition that is held annually to select and recognise young people or skilled workers with higher skills (specialized). On the other hand, the Worldskills Malaysia Pengajar (WSMP) is a skills competition designed to improve the skills and competitiveness of instructors or trainers from public, private and industrial vocational training or educational institutions.

Students and lecturers from Kolej Vokasional Slim River

MTIB through the Wood Industry Skills Development Centre (WISDEC) has once again been selected by the Department of Skills Development (DSD) as the venue for the WSMB and WSMP 2022 finals in the field of cabinetmaking.

The competition was held from 26 to 31 October 2022 with the participation of 8 youths and 5 trainers from Institut Kemahiran Mara (IKM) Sungai Petani; Institut Kemahiran Mara (IKM) Tan Sri Yahaya Ahmad, Pekan; Institut Kemahiran Mara (IKM) Lumut; Institut Kemahiran Belia Negara (IKBN) Kuala Langat; Institut Kemahiran Tinggi Belia Negara (IKBTN) Dusun Tua; Institut Latihan Perindustrian (ILP) Kota Bharu; Politeknik Sultan Salahuddin Abdul Aziz Shah, Shah Alam; and Pusat Latihan Industri Perkayuan Terengganu (TITTC). All WSMB and WSMP participants were given 22 hours to complete their assigned tasks.

The participants of the competition

WISDEC was also very pleased to welcome YBrs. Puan Faizah Harun, Director of Strategic Cooperation Division DSD, YBrs. Puan Nazatul Niza Nordin Chief Executive Officer of the Malaysian Plantation and Commodity Institute (IMPAC) and officers involved in the competition. The event was also attended by students and teachers from the participating training institutions.

In addition, MTIB also organised an Open Day, in conjunction with the Worldskills Competition, to usher in as well as to celebrate the 50th anniversary of MTIB. An Industry Talk was conducted by the Division of Licensing and Inspectorate, and the Fibre and Biocomposite Centre (FIDEC), attracting more than 70 participants. The objective of the talk was to inform to the industry and stakeholders of the functions of each division and to explain the rules and regulations with regards to import and export procedures.

To strengthen the link between WISDEC and educational institutions, several universities and vocational schools were invited to take part in the Open Day. In addition to the introduction of WISDEC, the visit also provided a wider exposure to the students about the skills competition organised by DSD, particularly for those involved in the wood industry arena. Amongst those attending the Open Day were students and lecturers from Universiti Putra Malaysia (UPM), Universiti Teknologi MARA (UiTM), Universiti Tun Hussein Onn Malaysia (UTHM), Kolej Vokasional Klang and Kolej Vokasional Slim River. MTIB

Participants of Worldskills Malaysia Belia (WSMB) with the judges

**18 October 2022**
*Courtesy visit by YBrs. Encik Wan Ahmad Asmady Wan Md Din, Senior Undersecretary (SUBK) of Timber, Tobacco And Kenaf Industries Development Division (KTK)*

**21- 24 October 2022**
*Wood & Lifestyle Fair 2022 Wilayah Utara*

**26 - 31 October 2022**
*World Skill Malaysia Final Competition For Youth and Instructors & MTIB Open Day Program*

**28 October 2022**
*MTIB Courtesy visit to Sarawak Timber Industry Development Corporation (STIDC)*