ISSN 0126-771X

maskayu

MALAYSIAN TIMBER INDUSTRY BOARD

MTIB

DECEMBER 2022

MTIB WELCOMES NEW MINISTER

- KNOWLEDGE SHARING ON WOOD AND ECO-PRODUCTS 2022
- NTISP MONITORING WORKSHOP

ISSN 0 26-771X
9 770126 771009

CONTENTS


3

15


27

HIGHLIGHTS

REGULAR FEATURES

Cover : For more details, please read page 3

CHIEF EDITOR

Haji Kamaruzaman Othman
Director-General

EDITORIAL MEMBERS

Hajah Roslina Idris
Saiful Bahri Salleh
Dr. Mohd Nor Zamri Mat Amin
Noorazimah Sarkom@Haji Othman
Mohd Amin Kadir
Mohd Nizam Hamid
Farydatul Nazly Mohd Zin
Suzana Abdul Rahim
Nor Liza Mat Yasok
Suga @ Mazree Iman
Emy Zulika Dzulkifly
Shamsul Azman Abdul Aziz
Nur Aqilah Ahmad Bakri

PUBLISHER

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

QUALITY SYSTEM SIRIM
UKAS QUALITY MANAGEMENT 074
CERTIFIED TO ISO 9001 : 2015
CERT. NO. QMS 01285

Read eMASKAYU at
www.mtib.gov.my

WELCOME NEW MINISTER

Heartiest congratulations to Yang Amat Berhormat Dato' Sri Haji Fadillah Haji Yusof on his appointment as Deputy Prime Minister and Minister of Plantation and Commodities. YAB Dato' Sri was sworn in on 3 December 2022 at the National Palace in Kuala Lumpur.

Previously, YAB Dato' Sri Haji Fadillah was the Senior Minister of Works. He is also the first Deputy Prime Minister from Sarawak in the Cabinet lineup announced by 10th Prime Minister of Malaysia, YAB Datuk Seri Anwar Ibrahim. YAB Dato' Sri officially clocked in to begin his duties at the Ministry of Plantation and Commodities at Precinct 2, Putrajaya on 5 December.

MTIB would like to take this opportunity to congratulate YAB Dato' Sri Haji Fadillah and look forward to YAB Dato' Sri's leadership towards achieving further success for the Malaysian Timber Industry. Welcome aboard!

Malaysian Wood
Standing on Excellence

WARMEST CONGRATULATIONS TO YB DATUK HAJAH SITI AMINAH ACHING THE NEW DEPUTY MINSTER OF PLANTATION AND COMMODITIES

Yang Berhormat Datuk Hajah Siti Aminah Aching was officially appointed as the new Deputy Minister of Plantation and Commodities on 10 December 2022, at the National Palace in Kuala Lumpur. Before the Deputy Minister's appointment, YB Datuk served as a political secretary to the Minister of Social Development and Welfare of Sabah.

MTIB would like to extend our warmest congratulations and best wishes to YB Datuk Hajah Siti Aminah for the new appointment as Deputy Minister of Plantation and Commodities. We look forward to working with you to ensure the country's timber industry remains competitive.

Malaysian Wood
Standing on Excellence

INDONESIA

FOREST INDUSTRY RESILIENCE IN FACE OF POSSIBLE RECESSION

The Ministry of Environment and Forestry (KLHK) is preparing a strategic policy to strengthen the forestry sector to face the threat of a possible global recession in 2023. The Minister of Environment and Forestry, Siti Nurbaya, said to maintain the productivity and sustainability of forestry businesses, the government has provided a number of incentives. Among them is the facilitation of postponing and paying in an installment of Non-Tax State Revenue (PNBP) for forestry business actors through Ministerial Regulation Number 21 of 2021. Indroyono Soesilo, chairman of the Association of Indonesian Forest Concession Holders (APHI) identified incentives that would be helpful in a global recession. Among them is the implementation of the Job Creation Law for the forestry sector, particularly in relation to the implementation of multi-business forestry, the implementation of satellite imagery-based work to identify area boundaries and solutions for solving of non-forestry development. APHI also hopes that the government can revise the Government Regulation Number 12 of 2014 concerning Types and Tariffs of Non-Tax State Revenues that are applied to the Ministry of Forestry, specifically related to the payment of Reforestation Funds (DR) in Rupiah. In addition APHI hopes that the government will extend the Ministry of Trade Regulation Number 19 of 2021 concerning export policies and arrangements regarding the policy of expanding the cross-section for commercial wood species that can be exported.

forestinsights.id, 7 December 2022

VIET NAM

TOUGH TIMES REFLECTED IN WOOD PRODUCT COMPANIES BUSINESS RESULTS

The business results of major Vietnamese wood exporting enterprises have started to show weakness and this, it is said, is due to the impact of inflation in export markets which has resulted in a decline in orders. Exporters expect this to last into next year as people in importing countries continue to reduce spending.

Compared to the export target of USD16.5 billion this year the wood industry had, by October, achieved 78% of the target and needs an additional USD3.7 billion in exports in the final quarter of the year to meet the target.

However, the wood industry is currently facing many difficulties, especially having just experienced a long period of reduced production, weak international demand, high inflation and the impact of Russia's invasion of Ukraine which is disrupting logistics.

According to Nguyen Quoc Khanh, Chairman of Ho Chi Minh City Handicraft and Wood Processing Association (HAWA), inflation has greatly affected the export growth of the wood processing industry over the past months.

Inflation is not only increasing in the US but also the other markets for Vietnamese wood and wood products.

Consumers in the main market countries are tightening spending. Therefore, demand for non-essential items such as wood products is unlikely to increase any time soon. Huynh Quang Thanh, General Director of Hiep Long Wood Processing Co., Ltd. said that orders for the final quarter of this year declined by about 15% over the same period last year. Mr. Thanh assessed that this is a much lower reduction than other enterprises in the wood processing and export industry.

Hiep Long's strategy is aimed at medium-sized customers instead of large ones. "Large customers, when there is a problem, have a greater impact on businesses but when selling to many medium-sized customers. risks are spread.

According to Thanh, in the past, furniture wholesalers in other countries made market forecasts and then imported stocks first. But in the current unstable situation businesses have brought inventory to a very low level. Thanh also predicted that this situation could last until the middle of next year. "After a period of suspension of imports, the inventory of enterprises will run out and they will start buying goods again" – Mr. Thanh expected.

According to the Ministry of Agriculture and Rural Development, demand for furniture is still substantial. When orders from major markets such as the US and Europe are cut Vietnamese enterprises can expand into some markets with more stable growth.

According to the analysis of some industry experts Viet Nam can diversify to UK, German and Norwegian markets where there is high average furniture consumption. According to statistics from the International Trade Center (ITC), in the first 6 months of 2022 the import value of Norwegian wooden furniture reached USD 530.4 million. The German market has a furniture import value of USD 2.8 billion. Enterprises can capture and expand exports to these markets.

Meanwhile, Mr. Nguyen Hoai Bao, Vice Chairman of Scansia Pacific Co., Ltd. said that the current quiet period is an opportunity for businesses to restructure production activities, invest and upgrade technology to create a foundation for recovery when market demand grows again.

www.fordaq.com, 6 December 2022

UNITED ARAB EMIRATES

ARADA AWARDS CONTRACTS FOR USD 2.2 BILLION FOREST PROJECT

Arada has awarded two major contracts together totalling USD 256 million (AED939 million) to build 986 new homes across two residential districts at Masaar, the UAE woodland megaproject in Sharjah.

Valued at USD 2.2 billion (AED8 billion) and containing 4,000 homes spread over seven gated districts, Masaar features a nature-inspired master plan containing more than 50,000 trees.

Valued at USD 109 million (AED401 million), the contract to build 421 villas and town-houses in Masaar's second residential phase, Kaya, was won by Pivot Engineering & General Contracting, an Abu Dhabi-based firm with more than 44 years' experience in the local market.

UAE megaproject

Construction on Kaya will begin immediately and is scheduled to take 18 months.

Valued at USD 146 million (AED538 million), the contract to build 565 villas and townhouses in Robinia, Masaar's third residential phase, was awarded to Intermass, a well-established Sharjah-based contractor that is already at work on the Masaar jobsite building part of the first residential phase, Sendian.

Intermass has also worked with Arada on two of its other projects in the UAE, Nasma Residences and Aljada. Construction on Robinia will begin immediately and is scheduled to take 17 months.

Ahmed Alkhoshaibi, Group CEO of Arada, said: "These two awards signal our determination to push forward rapidly with construction at Masaar, where we are seeing sales demand accelerate thanks to very favourable customer sentiment about the newly opened central entertainment zone and show villa at the community, which provide an opportunity for buyers to truly appreciate what the Masaar lifestyle is all about.

"Thanks to the recent decision to allow freehold ownership for all nationalities in Sharjah, we are seeing buyer interest at Masaar accelerate significantly.

"The master development as a whole is now more than a third sold out and we're bringing forward new phase launches in order to keep up with demand."

The award means that 1,416 homes are now under construction at Masaar in the UAE, where the first phase is scheduled to be completed by June 2023.

Sales for Masaar's fourth phase, Azalea, began earlier in November with an expected delivery of end 2024.

Azalea consists of 566 homes ranging from two-bedroom townhouses to six-bedroom villas.

www.arabianbusiness.com, 20 December 2022

CHINA

ESTABLISHING STANDARDS LEADS TO HIGH QUALITY WOOD-BASED PANEL PRODUCTS

This year marks the 30th anniversary of the foundingof the National Technical Committee for Standardisation of Woodbased Panels. China's production of woodbased panel products jumped from 4.3 million cubic metres in 1992 to around 350 million cubic metres in 2021 and the range of woodbased panel products has expanded to more than 100 types today.

After 30 years of effort, a science based and forward-looking Standard system for woodbased panels has been approved by the Science and Technology Department of the National Forestry and Grass Administration.

The Standard covers veneer, plywood, fiberboard, particleboard, wood laminated materials/integrated materials, wood-based panels faced materials and veneer wood-based panels, wood industrial adhesives, wood (base) flooring, wood wallboard, wood doors and windows, wood stairs and other products, wood (base) composite materials, structural (load-bearing) wood-based panels and products, all kinds of veneer wood-based panels and a variety of wood composite materials.

As of the end of October 2022 the Woodbased Panel Standards Committee was responsible for the management of 178 Standards on wood-based panels, including 77 national standards and 101 industrial standards.

These standards support the woodbased panel industrial chain standardisation management in terms of woodbased panel industry raw and auxiliary material production, woodbased panel and its products (such as wood flooring, wood wallboard, wood stairs and doors and windows) processing, management, service and export trade.

These Standards have played an important role in regulating the production and the market development of China's woodbased panel industry, leading the technological progress of the woodbased panel industry and promoting the high quality development of the industry.

Three national mandatory Standards on wood-based panel industry have been formulated, namely the Formaldehyde Emission Limit of Wood-based Panel Products for Interior Decoration and Furnishing Materials, the Formaldehyde Emission Classification of Wood-based Panels Products. A Guide to the Limited Quantity in Indoor Loading based on its ultimate Formaldehyde Emission Standards have been formulated and revised by the Committee for Woodbased Panel with the goal of controlling formaldehyde emissions to ensure the health of consumers.

www.fordaq.com, 13 December 2022

JAPAN

CONCERNS RAISED ON AVAILABILITY OF CONSTRUCTION WORKERS

ResearchAndMarkets.com has released its 'Japan Construction Industry Report 2022' which says demand is expected to grow by 5.0% to reach around USD245 billion in 2022. However, the report notes challenges from rising material costs and inflation which have put pressure on the construction sector. Additionally, the construction sector has raised concerns on the availability of skilled labourers. As the country deals with the shrinking workforce foreign workers are expected to play a significant role over the next three to four years in driving construction activities and market growth in Japan.

www.itto.int , 1-15 December 2022

EUROPEAN UNION

TROPICAL WOOD IMPORTS SLOW WITH MOUNTING SIGNS OF RECESSION

In the first nine months of this year the EU27 imported 1.53 million tonnes of tropical wood and wooden furniture products with a total value of USD3.48 billion respectively 15% and 25% more than the same period in the previous year.

However, imports have been slowing since the summer and, as Europe moves into the winter months, there are ominous signs of recession ahead. The war in Ukraine is contributing to huge increases in energy prices, while business and consumer confidence have been hit by expectations of higher interest rates to control inflation.

EU27 imports of tropical wood and wooden furniture products came off the boil in the third quarter this year after reaching in the previous quarter the highest level in dollar terms since at least before the 2007-2008 financial crisis. Imports of USD 1.06 billion during the third quarter of 2022 were 17% less than the previous quarter.

However, they were still at historically high levels in dollar terms during the third quarter and 17% above the third quarter in 2021.

The quarterly trend in EU27 imports of tropical wood and wooden furniture looks different in quantity terms.

Imports of 501,000 tonnes in the third quarter this year were 7% down on the previous quarter and 14% more than the same quarter the previous year. In import tonnage terms quarter 2 of 2022, while high compared to the previous two years, was not significantly greater than similar quarterly peaks in quarter 2 of 2019 and quarter 2 of 2016 and were well below the level of EU27 tropical wood product imports typically a decade ago.

This highlights that the volatility and record high levels of EU27 tropical wood and wooden furniture imports this year have been driven mainly by changes in CIF prices.

These, in turn, have been affected due to the combined effects of changing freight rates and supply and exchange rate volatility in the wake of the COVID pandemic.

Last year and in the first half of this year, EU importers 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 USD 17,000 at the end of 2021, have now fallen to around USD 2,500 today.

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.

One factor which encouraged more EU imports of tropical wood products in the second quarter of this year was the curtailment of wood supplies from Russia and Belarus.

This followed on from the sanctions imposed by the EU after Russia's invasion of Ukraine in February. This provided new opportunities in the EU market for some tropical wood products, notably plywood and decking for which Russian birch and larch products have been important substitutes.

In the first nine months of this year, tropical products

UNITED ARAB EMIRATES

ARADA AWARDS CONTRACTS FOR USD 2.2 BILLION FOREST PROJECT

Arada has awarded two major contracts together totalling USD 256 million (AED939 million) to build 986 new homes across two residential districts at Masaar, the UAE woodland megaproject in Sharjah.

Valued at USD 2.2 billion (AED8 billion) and containing 4,000 homes spread over seven gated districts, Masaar features a nature-inspired master plan containing more than 50,000 trees.

Valued at USD 109 million (AED401 million), the contract to build 421 villas and town-houses in Masaar's second residential phase, Kaya, was won by Pivot Engineering & General Contracting, an Abu Dhabi-based firm with more than 44 years' experience in the local market.

UAE megaproject

Construction on Kaya will begin immediately and is scheduled to take 18 months.

Valued at USD 146 million (AED538 million), the contract to build 565 villas and townhouses in Robinia, Masaar's third residential phase, was awarded to Intermass, a well-established Sharjah-based contractor that is already at work on the Masaar jobsite building part of the first residential phase, Sendian.

Intermass has also worked with Arada on two of its other projects in the UAE, Nasma Residences and Aljada. Construction on Robinia will begin immediately and is scheduled to take 17 months.

Ahmed Alkhoshaibi, Group CEO of Arada, said: "These two awards signal our determination to push forward rapidly with construction at Masaar, where we are seeing sales demand accelerate thanks to very favourable customer sentiment about the newly opened central entertainment zone and show villa at the community, which provide an opportunity for buyers to truly appreciate what the Masaar lifestyle is all about.

"Thanks to the recent decision to allow freehold ownership for all nationalities in Sharjah, we are seeing buyer interest at Masaar accelerate significantly.

"The master development as a whole is now more than a third sold out and we're bringing forward new phase launches in order to keep up with demand."

The award means that 1,416 homes are now under construction at Masaar in the UAE, where the first phase is scheduled to be completed by June 2023.

Sales for Masaar's fourth phase, Azalea, began earlier in November with an expected delivery of end 2024.

Azalea consists of 566 homes ranging from two-bedroom townhouses to six-bedroom villas.

www.arabianbusiness.com, 20 December 2022

CHINA

ESTABLISHING STANDARDS LEADS TO HIGH QUALITY WOOD-BASED PANEL PRODUCTS

This year marks the 30th anniversary of the foundingof the National Technical Committee for Standardisation of Woodbased Panels. China's production of woodbased panel products jumped from 4.3 million cubic metres in 1992 to around 350 million cubic metres in 2021 and the range of woodbased panel products has expanded to more than 100 types today.

After 30 years of effort, a science based and forward-looking Standard system for woodbased panels has been approved by the Science and Technology Department of the National Forestry and Grass Administration.

The Standard covers veneer, plywood, fiberboard, particleboard, wood laminated materials/integrated materials, wood-based panels faced materials and veneer wood-based panels, wood industrial adhesives, wood (base) flooring, wood wallboard, wood doors and windows, wood stairs and other products, wood (base) composite materials, structural (load-bearing) wood-based panels and products, all kinds of veneer wood-based panels and a variety of wood composite materials.

As of the end of October 2022 the Woodbased Panel Standards Committee was responsible for the management of 178 Standards on wood-based panels, including 77 national standards and 101 industrial standards.

These standards support the woodbased panel industrial chain standardisation management in terms of woodbased panel industry raw and auxiliary material production, woodbased panel and its products (such as wood flooring, wood wallboard, wood stairs and doors and windows) processing, management, service and export trade.

These Standards have played an important role in regulating the production and the market development of China's woodbased panel industry, leading the technological progress of the woodbased panel industry and promoting the high quality development of the industry.

Three national mandatory Standards on wood-based panel industry have been formulated, namely the Formaldehyde Emission Limit of Wood-based Panel Products for Interior Decoration and Furnishing Materials, the Formaldehyde Emission Classification of Wood-based Panels Products. A Guide to the Limited Quantity in Indoor Loading based on its ultimate Formaldehyde Emission Standards have been formulated and revised by the Committee for Woodbased Panel with the goal of controlling formaldehyde emissions to ensure the health of consumers.

www.fordaq.com, 13 December 2022

NOVEMBER 2022

The total export of Malaysian timber and timber products in November 2022 increased by 1% in value totalled at RM1.9 billion from the previous month while the cumulative exports for the period of January – November 2022 increased by 15% valued at RM23.3 billion over RM20.1 billion in the previous corresponding period. According to Global Wood Markets Info, a halt in Russian log exports and reduced wood demand in China contributed to a 20% decline in international softwood log trade in the first half of 2022. Global trade of softwood logs plunged by 20% during the first half of 2022 year-on-year. Much of the decline was because of the Russian log export ban that came into effect on 1 January 2022. However, with the weakening of housing markets worldwide resulting in lower demand for lumber, other countries beyond Russia saw slowing exports of logs throughout the spring and early summer. North America, Oceania and Central Europe are all regions where shipments have fallen substantially this year. Out of the top 10 exporting countries in the world, only Norway, Poland, and Sweden increased their exports during the first six months of 2022. Norway increased shipments by almost 20% year-on-year, making it the fourth largest log-exporting country in the world. Most of this relative increase was in sales to Germany and Latvia. However, Sweden still imported the lion's share of overall log exports from Norway. Although importation picked up in the second quarter 2022, it was still the second-lowest quarterly volume in six years. A slowing economy and uncertainty in the financial markets kept the government and banks from investing in the housing sector, resulting in reduced demand for logs and lumber.

SAWNTIMBER

The total export of sawntimber in November 2022 decreased by 20% in volume and 18% in value to 82,279 m³ totalling at RM191.6 million as compared to the previous month. Cumulative exports for the period of January-November 2022 decreased by 2% in volume but increased 11% in value to 1,088,817 m³ totalling at RM2.5 billion over the previous corresponding period.

Exports to the EU for the month were recorded at 1,667 m³, a decrease of 40% as compared to the previous month. The Netherlands as the main buyer reduced its intake by 72% to 309 m³ from 1,113 m³ in the previous month. Imports from Italy and Belgium increased by 43% to 313 m³ from 219 m³ and 8% to 316 m³ from 294 m³ as recorded in the previous month. Meanwhile, exports to the UK decreased by 34% to 556 m³ from 837 m³ in the previous month.

The total export to the South Asian region decreased by 12% to 10,493 m³ from 11,908 m³ as recorded in the previous month. India as the main buyer from South Asia reduced buying by 11% to 7,294 m³ followed by Pakistan with a decrease of 49% to 846 m³ while Maldives increased buying by 33% to 2,324 m³.

Moving to the West Asian region, the total export to the region recorded a reduction by 47% to 12,329 m³ from 23,181 m³ in the previous month. The UAE as the largest buyer in the region showed a decrease of 11% to 3,096 m³ from 3,476 m³ in the previous month. Meanwhile, exports to Iraq and Saudi Arabia grew by 48% to 2,405 m³ and 7% to 2,419 m³ respectively.

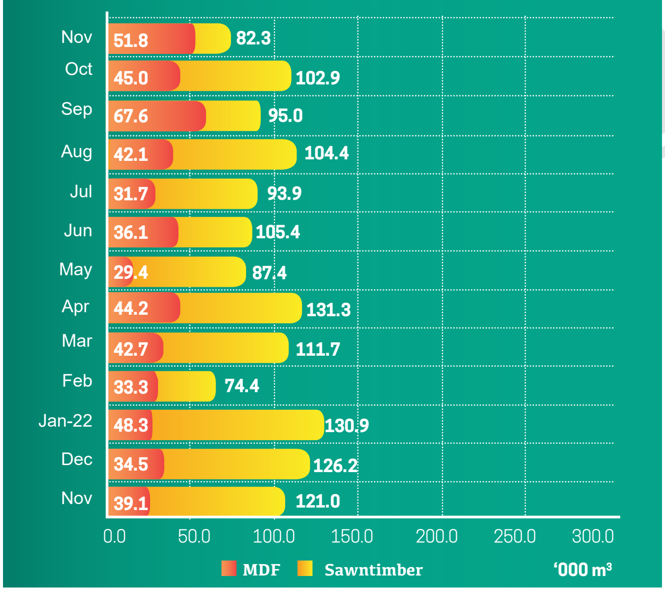
Elsewhere, shipments to East Asia decreased by 27% to 25,247 m³ from 34,781 m³ in October 2022. China as the main buyer decreased purchases by 41% to 12,640 m³ from 21,470 m³ in the previous month. Similarly, exports to Japan also decreased by 13% to 3,771 m³ whilst exports to Taiwan increased by 3% to 6,994 m³ compared to the previous month.

Meanwhile, buying from ASEAN increased by 16% to 28,612 m³ from 24,661 m³ as registered in the previous month. Thailand as the main buyer in ASEAN decreased its intake slightly to 11,383 m³ from 403 m³ as recorded in the previous month. Meanwhile, exports of sawntimber to Singapore and the Philippines grew by 17% to 6,540 m³ and 57% to 10,220 m³ respectively.

Moving to the African region, exports to Africa decreased by 78% to 400 m³ from 1,807 m³ in

Malaysia: Export of Sawntimber and MDF

November 2021 - November 2022



the previous month. Demand from South Africa fell by 89% to 146 m³ from 1,363 m³ as recorded last month. However, Seychelles resumed its intake to 34 m³ for the month.

Exports to North America increased by 10% to 1,933 m³ from 1,753 m³ in the previous month. The USA as a major buyer from North America increased its intake by 10% to 1,789 m³ followed by Canada with an increase of 18% to 143 m³ from 1,632 m³ and 121 m³ respectively. In the Oceania-Pacific region, exports to Australia increased by 2% to 1,042 m³ from 1,017 m³ in the previous month.

The average FOB price of sawntimber increased by 3% to 2,329 per m³ from 2,257 per m³ in the previous month. The price of Dark Red Meranti to the Netherlands increased by 25% to 5,518 per m³ from 4,413 per m³ previously. Keruing was traded at 3,656 per m³, an increase of 17% from 3,132 per m³ in the previous month.

The US economy is expected to have expanded in the fourth quarter, albeit at a slower pace than earlier in the year, as the Federal Reserve's aggressive interest rate-raising campaign bites into growth. The Bureau of Economic Analysis is forecast to report that the US gross domestic product (GDP) grew by 2.6% in the three months to December 31, according to a Bloomberg poll of economists. That would mark a shift lower from the 3.2% in the third quarter. The housing sector is likely to have contributed to that slowdown. Lower residential investment is likely to have weighed "substantially" on Q4 GDP, which is already evident in data such as housing starts and building permits. As the Fed has raised interest rates, and in turn lifted mortgage rates, the housing sector has slowed, with new home construction falling in December for the fourth consecutive month and marking the first annual drop since 2009.

PLYWOOD

Exports for plywood in November 2022 recorded an increase of 30% in volume at 81,117 m³ and 35% in value at RM240.0 million as compared to the previous month. Cumulative exports for the period of November 2022 decreased by 15% in volume but increased 8% in value to 1,144,923 m³ totalling at RM3.1 billion over the previous corresponding period.

The EU union region recorded a decrease in plywood export by 5% from 359 m³ to 343 m³. Denmark increased purchases by 9% to 343 m³ from 316 m³ in the previous month.

Moving to the East Asian market, exports jumped up 45% to 64,933 m³ from 44,772 m³. Japan as the biggest buyer increased import performance by 60% to 53,769 m³ from 33,742 m³. However, the Republic of Korea reduced buying by 2% to 4,908 m³. This was followed by Taiwan with a decrease of 16% to 4,038 m³. In South Asia, the export of plywood recorded a decrease of 24% from 1,625 m³ to 1,230 m³. India reduced buying by 35% to 1,049 m³. On the other hand, purchases by Maldives skyrocketed by 5531% to 181 m³.

Elsewhere, the West Asian region also recorded a collapse of plywood imports by 74% from 7,141 m³ to 1,877 m³ in the previous month. Saudi Arabia increased buying by 183% to 1,352 m³. Meanwhile, the UAE and Jordan resumed their purchases at 261 m³ and 263 m³ respectively. Plywood exports to the ASEAN region increased by 76% to 4,810 m³ from 2,731 m³ in October 2022. The Philippines decreased imports by 61% to 157 m³. However, Thailand and Singapore recorded an increase of 215% and 34% to 2,095 m³ and 1,839 m³ respectively.

Plywood purchases in the Oceania-Pacific region decreased by 34% to 1,267 m³ from 1,905 m³. Australia recorded a drop of 34% to 1,246 m³. Fiji resumed its buying at 21 m³. North America increased imports of plywood by 112% from 2,240 m³ to 5,179 m³. The US as the main buyer continued to climb in terms of purchase performance by 103% to 3,030 m³. This was followed by Mexico and Canada with increases of 119% and 221% to 1,990 m³ and 124 m³ each. Meanwhile, in the African region, plywood purchases showed a growth by 306% to 174 m³ from 43 m³. Mauritius and Seychelles resumed their buying to 29 m³ and 38 m³ each. Meanwhile, South Africa reduced purchase by 13% to 38 m³.

The FOB price of plywood for November 2022 was at RM2,958 per m³, an increase of 4% from RM2,837 per m³ from the previous month.

Notably, the poor economic state and the consequences of the global pandemic outbreak have resulted in several significant project delays and cancellations over the last two years, thereby resulting in the contraction of the construction sector. To aid the recovery of the construction sector in South Africa, the government has undertaken several key infrastructure projects and fast-tracked them for approval. These infrastructure projects include water and sanitation, energy, and transport. For water and sanitation projects, , the government has approved an investment of USD 6.4 billion - USD 3.5 billion for energy project, USD 2.9 billion for transport projects and USD 8.4 billion for the affordable housing programme. The investment from the government towards developing and constructing the infrastructure in the country is projected to assist industry recovery and growth from medium to long-term perspectives.

VENEER

Exports of veneer for November 2022 showed a decrease both of 24% in volume to 4,474 m³ and 29% in value to RM9.6 million as compared to the previous month. Cumulative exports for November 2022 however showed a decrease of 9% in volume to 44,874 m³ but an increase of 14% in value to RM94.0 million over the previous corresponding period.

In East Asia, veneer purchases decreased by 20% to 3,697 m³ from 4,602 m³ in the previous month. The Republic of Korea and Japan decreased their veneer buying by 75% and 39% to 809 m³ and 311 m³ each. However, Taiwan increased imports by 187% from 770 m³ to 2,213 m³. For the ASEAN region, exports reduced by 77% to 528 m³ from 2,298 m³. The Philippines and Singapore both reduced imports by 42% and 11% to 489 m³ and 5 m³ respectively. On the other hand, Viet Nam resumed its buying to 25 m³. Meanwhile, the South Asian region showed a decrease of 55% to 102 m³ from 224 m³. Purchases of veneer by India and Bangladesh dropped by 56% to 72 m³ and 49% to 30 m³.

Exports of veneer to Australia increased by 8% to 101 m³ from 93 m³ but exports to the USA decreased by 21% to 46 m³.

The average FOB price for veneer decreased by 7% from RM2,298 per m³ to RM2,137 per m³ as compared to the previous month.

The Association of European Producers of Laminate Flooring (EPLF) has announced the laminate flooring trends for 2023, revealing that trends will lean towards more durable and natural designs, especially towards Scandinavian and Nordic designs. EPLF reported that many manufacturers have produced an increasing number of water-resistant products to meet customers' desire to include more and more wood in rooms that previously did not. Sustainability is more than ever at the heart of their members' concerns as they contribute to building a more circular economy. They focus on supplying authentic, environmentally friendly, as well as lifetime performant products. Malaysian manufacturers should seize this opportunity to penetrate the European market with trendy designs according to their demands.

MEDIUM DENSITY FIBREBOARD (MDF)

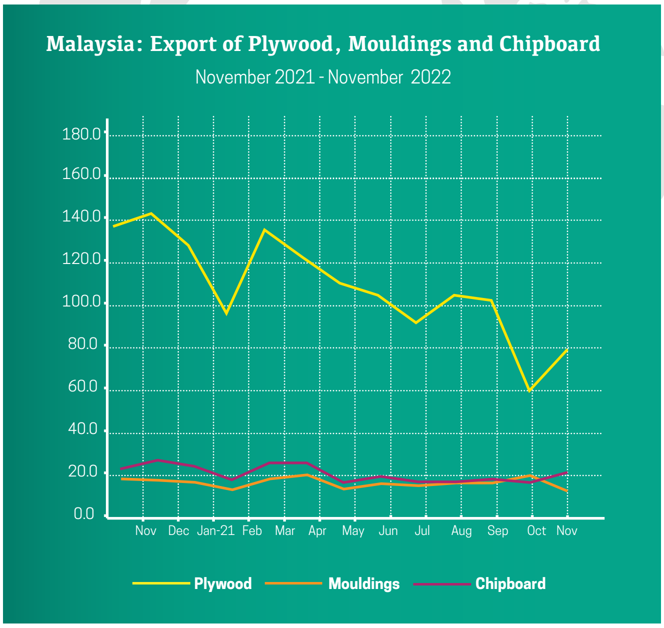
Exports of MDF in November 2022 recorded an increase of 15% in volume at 51,848 m³ but a decrease of 1% in value at RM84.6 million compared to the previous month. Cumulative exports for the period of November 2022 showed an increase in both volume and value at 15% and 37% to 447,967 m³ with a total of RM861.4 million as compared to the corresponding period in 2021.

Exports to ASEAN decreased by 26% from 5,910 m³ to 4,391 m³ in the previous month. The Philippines and Indonesia recorded a drop of 46% and 16% to 1,745 m³ and 1,411 m³ each. However, Viet Nam showed an increase of 33% to 734 m³ from 554 m³ in the previous month. Elsewhere, East Asia also showed a decrease of 17% from 15,959 m³ to 13,217 m³ in the previous month. Exports to Japan reduced by 18% to 12,597 m³ while Taiwan showed an increase of 27% to 559 m³. The Republic of Korea resumed its purchase at 32 m³.

Moving to the South Asian market, exports increased by 7% to 9,150 m³ from 8,595 m³. Export performance to Sri Lanka and Pakistan improved by 220% and 30% to 1,028 m³ and 3,166 m³ each. However, shipping to India decreased by 16% to 4,596 m³.

Exports to the Oceania-Pacific region increased by 9% to 1,545 m³ from 1,417 m³. Australia recorded a rise in purchase by 10% to 1,526 m³ while New Zealand recorded a drop of 43% to 19 m³. In the UK, MDF buying decreased by 31% to 41 m³. France increased purchases by 293% of MDF imports to 8 m³. In North America, sales decreased by 13% to 1,680 m³ from 1,925 m³. The US, Canada and Mexico reduced their buying performance by 8%, 5% and 36% to 953 m³, 496 m³ and 231 m³ respectively. The African regions recorded an incredible increase of MDF imports by 16970% from 83 m³ to 14,168 m³. Egypt and Sudan resumed their buying to 13,601 and 567 m³ respectively.

The FOB price of MDF decreased by 14% to RM1,631 per m³ from RM1,889 per m³ in the previous month.



Increasing investments in green building construction and rapid growth in furniture industry are prime factors driving the growth of the global medium density fiberboard (MDF) market in Africa. Expansion of the residential sector is also playing a significant role in the overall development of the medium density fiberboard (MDF) market especially in Egypt. Egypt's National Social Housing Programme aims at making it easier for low-income families to have their own homes, providing greater stability and helping to break the cycle of poverty. But a lesser-known benefit of the programme is that it also addresses climate change through the use of energy-efficient and environmentally friendly building practices.

MOULDINGS

Exports of mouldings for the month decreased by 43% in volume and 28% in value to 11,906 m³ worth RM60.9 million. However, cumulative exports for the period of November 2022 increased by 80% in volume and 24% in value to 309,270 m³ worth RM847.5 million as compared to the previous corresponding period in 2021.

Exports to the EU for the month were recorded at 3,366 m³, decreased by 55% as compared to the previous month. The Netherlands, France and Germany decreased their purchases by 59%, 43% and 38% to 1,754 m³, 543 m³ and 630 m³ respectively. Meanwhile, the UK recorded a decrease of 49% to 136 m³ compared to the previous month.

In Asia, Viet Nam and Singapore decreased their purchases by 67% and 38% to 237 m³ and 1,065 m³ respectively while Thailand resumed its intake at 22 m³ for the month. Korea and Hong Kong decreased their intake by 16% and 11% to 753 m³ and 134 m³ while Japan increased its purchases tremendously by 9937% to 130,419 m³ from 1,299 m³ respectively. Meanwhile, India decrease intake by 21% to 147 m³ while Maldives resumed its intake to 108 m³ for the month.

Meanwhile, in the Oceania-Pacific region, exports to New Zealand and Australia decreased by 33% and 14% to 15 m³ and 1,932 m³ respectively. Similarly, in the American region, exports to Mexico and the US decreased by 75% and 41% to 30 m³ and 2,814 m³ respectively.

Elsewhere, in the African region, Mauritius and South Africa decreased their purchases to 221 m³ and 28 m³ respectively while Seychelles resumed its intake at 16 m³ for the month.

The average FOB unit value for mouldings increased marginally to RM5,117 per m³ compared to RM4,057 per m³ in the previous month.

Globally, the construction industry is being severely impacted by geo-political unrest and pressures from inflation. Since fewer investment proposals were made due to rising risks throughout the regions, demand for high-value new projects remains sluggish. Governments are concentrating on maintaining infrastructure improvement as an economic engine, which has resulted in constantly rising infrastructure investments. Inflationary pressures on commodities are also affecting the construction business.

BUILDERS JOINERY AND CARPENTRY (BJC)

Exports of BJC in November 2022 recorded a decrease by 9% in volume and 8% in value to 9,872,411 kg worth RM97.8 million from last month. Total BJC cumulative exports for the same corresponding period last year increased by 45% to RM1.3 billion as compared to RM875.5 million last month.

Exports to the EU increased by 56% to RM232.1 million compared to RM148.6 million in the previous corresponding period. Exports to Germany, Sweden and Belgium increased by 153%, 82% and 34% to RM33.4 million, RM30.1 million and RM59.5 million respectively. Meanwhile, exports to Turkey and Norway also increased by 98% and 71% to RM2.0 million and RM35.9 million respectively while the UK decreased its intake by 6% to RM101.1 million.

In Asia, exports to Singapore and Viet Nam recorded an increase of 95% and 46% to RM75.3 million and RM17.6 million respectively while Thailand decreased its intake by 25% to RM10.9 million. Exports to China, Japan and Taiwan increased by 50%, 21% and 5% to RM24.1 million, RM51.2 million and RM9.4 million respectively. Exports to Maldives, India and Pakistan also increased by 33%, 27% and 25% to RM4.1 million, RM34.6 million and RM2.6 million respectively. Meanwhile, Saudi Arabia, the UAE and Kuwait increased buying by 37%, 27% and 15% to RM452,463, RM2.0 million and RM549,334 respectively.

In the Oceania-Pacific region, exports to New Zealand and Australia increased by 90% and 65% to RM29.8 million and RM232.4 million respectively while American Samoa decreased its intake by 30% to RM746,632. However, in the American region, Mexico, the US and Uruguay also increased their intake by 9,047%, 47% and 45% to RM15.1 million, RM347.8 million and RM1.2 million respectively while Canada decreased intake by 1% to RM1.0 million.

Elsewhere, in the African region, Seychelles and Egypt increased purchases by 121% and 65% to RM1.6 million and RM1.4 million respectively while South Africa decreases its intake by 6% to RM7.0 million.

With the growing population demanding an increase in residential construction, the revenue of the global construction industry is expected to grow steadily over the coming years. The global construction industry is expected to reach an estimated USD10.5 trillion by 2023, and it is forecast to grow at a CAGR of 4.2% from 2018 to 2023. The major drivers for the growth of this market are increasing housing starts and rising infrastructure due to increasing urbanization and growing population.

FURNITURE

Exports of wooden furniture for the month of November 2022 dropped by 1% to RM804.9 million, while exports of rattan furniture increased by 23% to RM7.3 million from the previous month, October 2022. Meanwhile, the export of wooden furniture for the cumulative period of January - November 2022 recorded an export value worth RM10.3 billion, an increase of 12% from RM9.2 billion in its corresponding period in 2021. Meanwhile, demand for rattan furniture increased by 25% year-on-year to RM88.0 million from RM70.5 million over its corresponding period in 2021.

Exports of wooden furniture to ASEAN expanded by 61% worth RM1.0 billion from RM629.5 million in its corresponding period in 2021. Singapore was the highest buyer with RM539.2 million, an increase of 42%. This was followed by the Philippines where exports rose significantly by 131% to RM234.1 million and Indonesia, by 59% to RM86.7 million.

Moving to the East Asian region, exports grew by 14% to RM765.9 million from RM671.5 million year-on-year 2021. Japan remained the highest buyer with an export value of RM547.2 million, an increase of 18%. This was followed by Taiwan with an export increase of 65% to RM90.7 million. However, exports to China decreased by 23% to RM57.9 million over its corresponding period in 2021.

Exports to West Asia rose by 18% to RM406.9 million from RM344.2 million in its corresponding period in 2021. Export to the UAE, the largest buyer in the region, increased by 53% to RM192.7 million. However, exports to Saudi Arabia, and Kuwait reduced by 4% to RM132.3 million and by 2% to RM33.7 million, respectively.

Meanwhile, the South Asian region recorded an increase of wooden furniture intake by 41% to RM216.3 million. Amongst South Asian countries, India recorded the highest intake with an export value of RM204.2 million, an increase of 40%. Similarly, exports to Maldives and Bangladesh improved by 53% to RM9.3 million and 123% to RM1.7 million respectively.

Exports to the Central Asian region dropped by 38% to RM4.3 million with exports to Kazakhstan reduced by 40% worth RM3.9 million. Meanwhile, Armenia resumed its intake at RM176,445, but exports to Uzbekistan decreased by 67% to RM171,290.

Exports to the European Union (EU27) recorded an increase of 6% to RM343.7 million from RM324.8 million over its corresponding period in 2021. Germany as the highest buyer in the bloc recorded an increase of 29% to RM53.7 million, followed by France with an increase of 5% to RM41.8 million. Similarly, Denmark increased buying by 70% to RM36.2 million.

As for other European countries, exports grew by 1% to RM385.5 million. Exports to the United Kingdom and Turkey increased by 3% to RM359.6 million and by 100% to RM7.8 million respectively. Similarly, exports to Georgia rose by 28% to RM5.6 million from RM4.4 million over the same corresponding period in 2021.

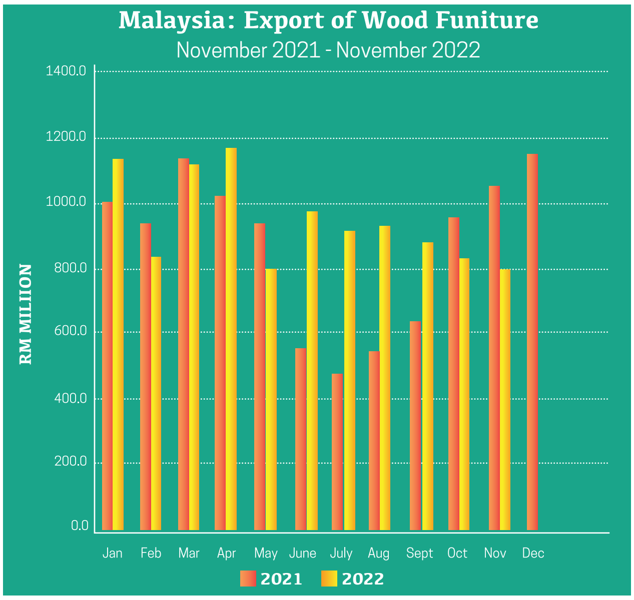
Export to the Oceania-Pacific region rose by 43% to RM540.1 million from RM377.6 million over its corresponding period in 2021. Australia remained the top buyer in the archipelago with an export value of RM472.2 million, an increase of 43%. Similarly, exports to both New Zealand and Papua New Guinea climbed by 17% to RM40.2 million and by 112% to RM10.0 million, respectively.

Moving to the Central American region, exports of wooden furniture decreased by 5% to RM28.9 million over its corresponding period in 2021. Despite the reduced intake in the region, exports to Costa Rica increased by 78% to RM8.4 million from RM4.7 million over its corresponding period in 2021. However, exports to Panama and El Salvador decreased by 8% to RM7.6 million and by 37% to RM5.8 million, respectively.

Meanwhile, exports to the North American region grew by 4% to RM6.3 billion with the USA being Malaysia's largest wooden furniture buyer with RM5.8 billion, an increase of 2% from RM5.7 billion over its corresponding period in 2021. Similarly, exports to Canada and Puerto Rico improved by 38% to RM319.6 million and 21% to RM81.5 million, respectively.

Exports of wooden furniture to the South American region recorded an increase of sales by 6% worth RM86.6 million from RM81.5 million over its corresponding period in 2021. Exports to Chile increased by 10% to RM60.7 million. Peru and Colombia reduced their buying by 7% to RM11.4 million and by 2% to RM5.5 million, respectively.

Exports to the African region recorded an increase of 37% to RM166.7 million with South Africa garnering the largest market share with RM47.6 million. It was an increase of 21% from its corresponding period in 2021.



This was followed by Kenya, with a recorded sale of RM18.7 million, an increase of 59%. Exports to Reunion Islands also grew by 21% to RM13.1 million for the period of January to November 2022.

Rattan furniture shipments in November 2022 recorded an increase of 23% valued at RM7.3 million from RM6.0 million in the previous month. Similarly, exports of rattan furniture for the cumulative period of January to November 2022 recorded an increase of 25% to RM88.0 million from RM70.5 million in the corresponding period in 2021.

Exports to ASEAN member countries were recorded at RM4.9 million, an increase of 41% for the cumulative period of January to November 2022. The highest buyer was the Philippines with recorded sales of RM2.9 million, an increase of 135%. However, exports to Singapore and Thailand decreased by 13% to RM924,387 and by 12% to RM743,949 respectively.

Likewise, the East Asian region also increased its shipments by 30% to RM10.2 million over RM7.8 million in its corresponding period in 2021. China as the largest buyer in the region increased its intake by 14% to RM6.7 million. Likewise, Japan and Mongolia also increased their buying by 130% to RM1.9 million and by 104% to RM778,990 respectively.

India as the largest buyer amongst South Asian countries recorded an increase in intake by 2% to RM5.0 million from RM4.9 million in the corresponding period in 2021. Bangladesh resumed its intake to RM16,447 for the cumulative period of January to November 2022.

Exports to the West Asian region increased by 66% to RM1.4 million from RM858,057 over its corresponding period in 2021. The largest buying nation of rattan furniture in the West Asian countries, the UAE, increased its intake by 119% to RM982,766. Similarly, exports to Saudi Arabia and Jordan also improved by 87% to RM269,411 and by 56% to RM93,462 for January – November 2022.

Likewise, exports to the European Union expanded by 56% to RM10.7 million with Ireland being the largest buyer amongst EU27 countries. Exports to Ireland rose by 10% to RM2.6 million. Similarly, exports to France boomed by 364% to RM1.8 million from RM383,366 over its corresponding period in 2021. Similarly, demand from Sweden was also up by 84% to RM1.5 million. Moving to other European countries, demand from the group grew by 0.3% to RM8.6 million with intake from the United Kingdom increased by to RM6.4 million. However, exports to Russia and Ukraine were down by 6% to RM1.9 million and by 76% to RM122,916 for the month.

Shipment to the Oceania-Pacific archipelago region increased by 76% to RM8.7 million from RM5.0 million over the same period in 2021. Australia recorded an increase of 92% to RM7.8 million and likewise, exports to Western Samoa increased by 24% to RM94,423. Similarly, exports to New Zealand also rose by 5% to RM756,579.

Exports to the North American region increased by 13% to RM35.0 million from RM31.1 million over the same period in 2021. The USA being the largest buyer for rattan furniture recorded an increase of 10% to RM31.1 million, followed by Canada with an increase of 28% to RM2.8 million and Dominican Republic 281% to RM787,826. Intake from the South American region recorded an increase of 61% to RM545,681 from RM340,071 over its corresponding period in 2021, with the highest intake from Chile worth RM306,011, an increase of 2%. Similarly, exports to Uruguay expanded by 566% to RM72,188 while Argentina resumed its intake with RM167,482 for the cumulative period of January to November 2022.

Intake of rattan furniture by the African region increased by 130% to RM3.0 million where the largest buyer, Algeria, increased its buying by 161% to RM1.7 million. South Africa also increased its intake by 214% to RM523,666 while Tanzania resumed its buying with RM447,185.

According to the report on “Home Furniture Market by Distribution Channel, Product, and Geography-Forecast and Analysis 2023-2027” by Technavio (US-based market research company), the home furniture market is estimated to grow at a CAGR of 5.34% between 2022 and 2027. The size of the market is forecast to increase by USD105.01 billion. The growth of the market depends on serval factors, including increasing online sales, increased awareness of home decor and attractive furnishings, and a growing residential construction market. The increasing online sales are notably driving the market growth. The rising popularity of online channels is the primary driver behind the growth of the global market. Owing to increasing internet penetration globally, the influence of e-commerce-based shopping and online retailing has grown. Many major players have either launched their new furniture-specialist online stores or are planning to launch their new e-commerce-based outlets. Furthermore, the global market is flooded with a rising number of online start-ups and various other already-established companies venturing into the digital space to reach out to a larger customer base. Moreover, the millennial crowd is the largest set of the population, using smartphones. This is driving the sales of furniture online. Thus, such factors will drive the growth of the market in focus during the forecast period.

The growing importance of innovative customized furniture is an emerging trend in the market. There has been a substantial increase in the customization of furniture as people have become increasingly aware of technologically driven smart furniture. IKEA and Ethan Allen are a few of the actively engaged mainstream manufacturers in innovative furniture and fabric customization, attracting various consumers to design their own furniture patterns right from the fabric to the type of wood being used in the manufacturing. Thus, growing innovation in furniture by vendors operating in the market will also drive the growth of the market in focus during the forecast period. Moreover, smart furniture is also gaining popularity among consumers, who are willing to accommodate gadgets such as peripherals and laptops. There is an increasing demand for beds with pull-out shelves, universal serial bus (USB) ports, and outlets to charge iPods, laptops, and smartphones.

Fluctuating labour costs and raw material prices are major challenges impeding market growth. Manufacturing furniture and furnishing products include procurement and use of several raw materials such as steel, iron, plastic, wood, glass, petroleum products, and paints. Hence, fluctuations in raw material cost directly impact the price of products or the profit margins of manufacturers. This further imposes a major price challenge for the vendors of home furniture products. The major raw materials are witnessing increasing price volatility. This volatility has consequently led to either an increase in the price of final products or reduced profit margins. Furthermore, the price of furniture and furnishing products depends on various factors such as manufacturing cost, labour cost, transportation cost, and marketing costs. High labour costs and the shift of labour toward high-potential job opportunities pose a challenge to furniture and furnishing product manufacturers, consecutively impacting the market. These factors will negatively impact the market in focus during the forecast period.

The Asia-Pacific and China (APAC) region is estimated to contribute 42% to the growth of the global market and account for a major share of revenue in 2022. The rapidly growing real estate sector in APAC has led to an increase in the adoption of home furniture by both domestic users, which in turn, has boosted the growth of the regional market. In India, consumers are opting for branded home furnishing products due to growing disposable incomes. Thus, various key vendors, such as IKEA, are expanding their retention in the region. Additionally, the advent of online retailing positively impact product sales in the regional market. Quick delivery options and secure transactions contribute to the popularity of online distribution channels. Moreover, increasing smartphone usage and growing internet coverage further enhance sales in the region through internet retailing.

NTISP MONITORING WORKSHOP

The workshop was officiated by YBrs. Tuan Haji Kamaruzaman Othman.

The National Timber Industry Strategic Plan (NTISP) 2021-2025 has been developed to continue the efforts that were outlined in the previous national timber plan, National Timber Industry Policy (NATIP), that ended in 2020. NTISP was launched by YBhg. Datuk Hishamuddin Abdul Karim, Chairman of the Malaysian Timber Industry Board (MTIB) on 13 June 2022.

NTISP consists of a total of five (5) strategic thrusts with 31 strategic objectives that have been outlined to realise the vision of empowering the Malaysian timber industry as a competitive and sustainable agricommodity industry at both local and international levels. The strategic thrusts for NTISP are as follows:

- Raw Materials & Industrial Sustainability
- Human Capital and Productivity
- Increased Involvement of Bumiputera
- Technology, Innovation, and Industry Support
- Marketing and Trade Development


The participants of the National Timber Industry Strategic Plan Monitoring Workshop.

In regard to monitoring the action plan activities, MTIB through its Strategic Planning Division organised the National Timber Industry Strategic Plan Monitoring Workshop at Bangi Resort Hotel on 12 December 2022. The objective of the workshop was to obtain information and input regarding the implementation of activities under the strategic objectives that had been planned to ensure that NTISP targets are achieved.


Brainstorming session

This workshop was officiated by YBrs. Tuan Haji Kamaruzaman Othman, Director General of MTIB. According to the DG, in line with the National Agricommodity Policy 2021 – 2030 (DAKN2030), NTISP targets a timber industry export value of RM28 billion and a domestic market value of RM20 billion by 2025. Therefore, empowering the development of the national timber industry will always be a priority for the Ministry of Plantation and Commodities and MTIB in facing current issues and challenges including issues related to raw material resources, manpower, productivity and marketing as well as related international issues such as legality and sustainability.

YBrs. Tuan Haji Kamaruzaman added that all development plans and efforts that had been implemented are important to support the national agenda and drive the development of the country. This is crucial for the agricommodity industry to continue to remain relevant.

The workshop started with a presentation on DAKN 2030 by YBrs. Dr. Hajah Emelia Fantoza Saraih from the Ministry of Plantation and Commodities. This was followed by YBrs. Puan Hajah Roslina Idris, Deputy Director General (Development and Commercialization) MTIB who spoke on NTISP.

YBrs. Dr. Emelia Fantoza presented the National Agricommodity Policy

The workshop participants were divided into five groups based on NTISP's strategic thrusts to brainstorm the activities that had been laid out in the action plan and suggest solutions for the problems faced by the industry. Each group then presented the results of the discussion.

At the end of the workshop, YBrs. Tuan Haji Kamaruzaman Othman, delivered the closing speech. He expressed his hopes that the workshop would be the starting point for the implementation of the NTISP and further strengthen the strategic cooperation between ministries, agencies and industry players in ensuring that the timber industry continues to be strong and competitive at both local and international levels.

Brainstorming session

The National Timber Industry Strategic Plan Monitoring Workshop was attended by more than 130 participants from various ministries, related government agencies, higher education institutes, and the timber industry.

Malaysian Wood
Standing on Excellence

MALAYSIA

Malaysia's Premiere Logistics Hub: Port of Tanjung Pelepas

The Port of Tanjung Pelepas (PTP) is the pride of Malaysia's maritime supply chain. A transhipment hub with a capacity of 12.5 million TEU, located in Iskandar Puteri, Johor Bahru District, Johor, PTP boasts the nation's most advanced container terminal.

PTP celebrated a key milestone in January this year, becoming the first container terminal in Malaysia to surpass 11 million TEU, a 14 per cent growth on its yearly volume reaching 11.2 million TEU. Joint owners APM Terminals (APMT) and MMC Group have invested some $178 million in its facility for 2022. Targeting the 15 million TEU mark in the coming years, PTP prioritised a swathe of digital expansion projects.

CONNECTING THE TERMINAL

In June, PTP entered an agreement to deploy Innovez One's AI- powered Port Management Information System (PMIS) to optimise its scheduling processes. Innovez One's MarineM solution integration is now fully underway at the port, utilising AI to instantly reallocate resources if a vessel's ETA changes, making the port resilient in the face of a volatile shipping landscape.

In September, PTP successfully implemented Navis RTG Optimization to improve utilisation of its rubber-tyred gantry fleet and reduce handling costs per container. PTP operates facilities that include 172 rubber-tyred gantry cranes to manage container stacking on-site, putting precision in container movements at a premium.

A continued sticking point in the sector is choosing digital solutions to invest in. Such an investment on digital applications can be a tough decision for a port operator to make when comparing software costs to investment in a new quay crane, for example.

Joe Schofield, Chief Operations Officer of PTP, told PTI: "PTP has always been investing into the latest technology to optimise operations and provide the best service. As technology adapts, so do we. "We use our size of scale to collaborate with our vendors and they're very keen to develop new technologies in that space. I think in the past it was always easy to seek approval for a new piece of equipment. It was all about hardware than bringing in software.

"We have found through our digital journey that shareholders are seeing the benefit of software versus infrastructure and capital works. When we connect everything via an Internet of Things ecosystem, we are getting much more benefit out of our current fleets without buying any more steel." Internally, for example, one of the biggest successes the port has had is engaging its workforce on digital technologies. "We have mobile applications with our workforce so they can track each shift, feeling part of each success," Schofield said.

"Nearly 5,000 people have live incentives they can see on each shift and how the company is running. As an organisation, every single person down to the operator on the ground floor knows exactly what we're trying to achieve." Nilesh Timbadia, Head of Information Technology Division at PTP, added: "We want our operators to be able to interact with technology better and be more efficient. The technology we usethe control back into the equipment operator's hand rather than managing tasks from a control room, so that operators are able to make quicker, faster decisions."

GLOBAL IMPACT

Like many other ports, PTP has a multi-year roadmap which is reviewed every six months to take into account global changes to the flow of containers. The global supply chain has been impacted throughout the year through a mix of COVID-19 lockdowns continuing in China, strike action from port and inland transport workers, and increased costs due to the Russia – Ukraine conflict.

Consequently, the term resiliency has been on the minds of many in the industry. It is therefore imperative for PTP to efficiently respond to the disruption of global supply chains and be dynamic as well as robust with competition, especially when other neighbouring ports are coming online with a lot of capacity and the ongoing China's zero-COVID 19 measures will continue to impact the market. When looking at the current disruption, the biggest impact is clearly towards the vessel schedule – creating the biggest challenge of berth and yard capacity and congestion.

However, PTP has been very fortunate to be able to work closely with its customers and did not see many issues during COVID-19 since. As a transhipment hub, PTP did not see as much of the congestion as the other gateway hubs due to its resilience and flexibility. While other hubs had a 30 to 40 day wait for vessels, PTP's longest wait time was of two days.

Timbadia added that in smoothening out the Malaysian supply chain against the disruption, PTP works in a major free trade zone, which is being expanded by 81 acres of Free Zone land currently under development. “The Free Zone encourages the supply chain to smoothen trade processes between the Free Zone, and inland,” he said. The “basics” on digitalisation, as Timbadia puts it, PTP has gotten right so far; the port is using a robust Navis TOS system, and its ERP system is now up and rolling.

2023 OUTLOOK

Moving into 2023, Timbadia outlines the port’s digital priorities. The port is heading deeper into data lakes and analytics, using data from various systems in the port to improve visualisation and intelligence for customer experience improvement. The port will make a move to consider implementation of a 5G wireless network at its terminal, moving on from its current system of 4G LTE.

“We will move to 5G due to the amount of data we will be collecting, and the speed it will need to be collected,” Timbadia said. Taking into account external geopolitical tensions currently, Timbadia said a continued collective focus will rest on cybersecurity. “We have to ensure that the port is protected in terms of cybersecurity, and our cybersecurity resilience and investments has just increased over the last two years as well,” he said.

The port has begun its own social engineering exercises on email phishing, as well as phone phishing trials with staff members. “The biggest cybersecurity weakness is people. With our trials, we can increase our training so people can spot phishing emails. We have also implemented a second layer of phishing blocking software with Cisco tools, building on the current Microsoft 365 tools we have available.”

On the nuts and bolts side of 2022, in the third quarter of the year PTP built a new empty stacking yard complete with 12 new empty handlers, to support the growing empty container volume market for PTP. In Q4, PTP took the delivery of seven quay cranes and 11 RTGs, purchased from 2021. The port has also recently signed a contract for three additional cranes due be delivered in Q3 2023.

The infrastructure investments are all part of PTP’s 2019 Ipsum Magna programme (Latin for 'greatoptimisation') to increase its terminal footprint capacity. Schofield explained: “These larger cranes allow us to scale up under the Ipsum Magna programme which covers quay cranes, RTG fleets, and yard. We will soon issue a contract for a further RTGs for 2024, improving flexibility for our customers and increasing capacity.

“The Ipsum Magna project is also working on a massive refurbishment of our yard. We have one of the largest single fleets [of equipment] in the world. We have a dedicated team that looks at our holistic picture and the equipment investments that we need.”

With a focus toward 2023, the Ipsum Magna five-year plan continues. In 2023, work will begin on a 455-metre berth, bringing PTP up to nearly 5.5 kilometres of quay line in total. The berth will be operational by 2026, complete with quay cranes, RTGs, and potentially autonomous and electrical Prime Movers as part of PTP’s sustainability efforts.

Schofield said: “I think it's an exciting time for ports, and the logistics business at a whole. There are so many new shifts in the market and so many options about how you leverage them to get the best out of your business. I think it’s an exciting time to work in the port space.”

Marco Neelsen, Chief Executive Officer of Port of Tanjung Pelepas reiterated that the future looks exciting for PTP as the company moves forward with its digital strategy roadmap. “The transition of digitalisation and automation is speeding up in the entire maritime industry. To resecure efficient, sustainable operations and business competitiveness, PTP will continue to proactively invest in its assets and infrastructure aligned with PTP ESG agenda and digital strategy roadmap. PTP is committed to continue with the journey and further create sustainable value for our customers, shareholders and other stakeholders.”

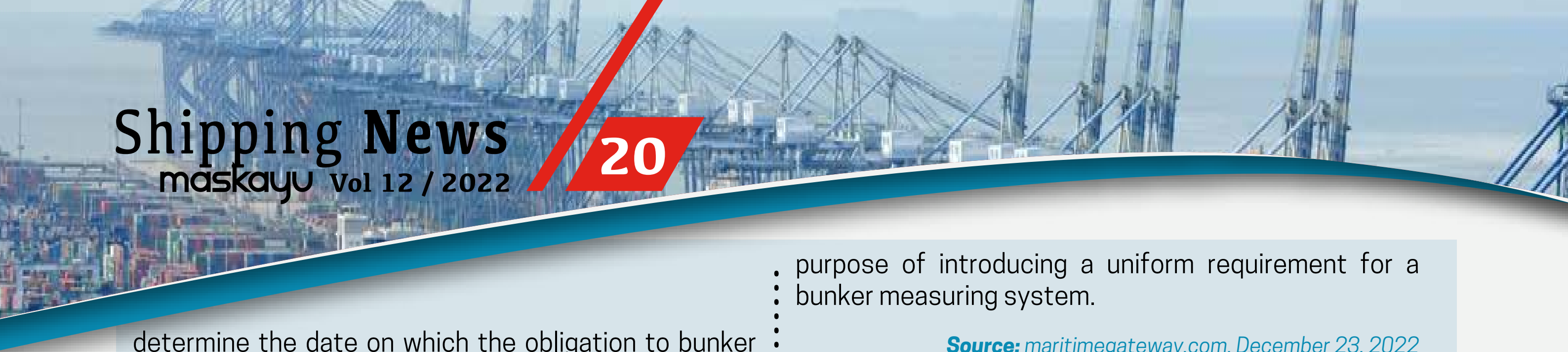
Source: *porttechnology.org, December 8, 2022*

EUROPEAN

European Ports to Make Bunker Measuring System Mandatory

The port authorities of Antwerp-Bruges and Rotterdam will make it mandatory to use a bunker measuring system on board bunker vessels to measure the exact amount of fuel delivered to sea-going vessels.

According to the Dutch port, this follows an independent study in both Antwerp and Zeebrugge and Rotterdam, which showed regular quantity issues in the bunker market. With the measure, during the first half of 2023, the two port authorities are going to first identify suitable bunker measuring systems. The two European port powerhouses are also expected to



determine the date on which the obligation to bunker with a bunker measuring system on board bunkering vessels will enter into force.

The port authorities are aware that this measure will have a major impact on the bunker market. This is the reason they want to give sufficient time to the companies to adapt to the new measure, choosing an "ambitious yet realistic" deadline. Moreover, the requirement will be included in the license for bunker fuel suppliers. Currently, 40 out of 170 bunker vessels in the two ports are equipped with a bunker measuring system.

The action of making the bunker measuring system mandatory in the ports of Antwerp-Bruges and Rotterdam has also the aim to make the ARA (Antwerp-Rotterdam-Amsterdam) bunker market more transparent, efficient and reliable.

Both ports were told from different sides that there would be regular problems regarding the supply of bunker fuels. To investigate the extent and nature of these complaints, the port authorities commissioned independent research and consultancy firm CE Delft to look into the experiences of the parties involved in the bunker market. This study was conducted through interviews and surveys.

The conclusion is twofold, while there are similarities between the two ports and there are structuralquantity problems in the bunker market. 80-90% of the survey respondents recognise the issues outlined, while 65% of stakeholders interviewed and over 90% of survey respondents see the introduction of the mandatory use of an official bunker measuring system on board bunker vessels as a solution to quantity problems.

A bunker measuring system measures the amount of fuel delivered in real-time rather than calculating it from tank level measurements on board the bunker vessel. The Harbour Master of Rotterdam and the Harbour Master of Antwerp-Bruges are working closely with the purpose of introducing a uniform requirement for a bunker measuring system.

Source: *maritimegateway.com, December 23, 2022*

LA/LB Ports to Ditch Never Implemented Container Dwell Fee

The Ports of Los Angeles and Long Beach (LA/LB) are scrap a container dwell fee programme that has never been implemented. The Southern California gateway ports said they would phase out the option to implement the container dwell fee programme on 24 January 2023, with the mechanism for its collection having never been triggered.

On 25 October 2021 LA/LB ports announced plans for a $100 per container, per day, charge for boxes left on the terminal for more than nine days, in a bid to reduce record levels of congestion that were being experienced at the ports at the time.

The charge was due to be implemented on 15 November 2021, but a significant improvement in the volume of aging cargoes left on the docks resulted in the first of many postponements to the charge being levied on shipping lines, and to date it has never been implemented.

"I said when we launched this program that I hoped we would never collect a dime because that would mean that containers were moving off our docks. And that's exactly what occurred," said Port of Los Angeles Executive Director Gene Seroka.

"I'm grateful to the cargo owners and all our waterfront workers for all their successful efforts to improve the efficiency of our operations."

Port of Long Beach Executive Director Mario Cordero, commented: "This fee was conceived as an incentive to ease congestion, keeping imported goods flowing to stores across America. Measured by this standard, we can all appreciate the policy's success, and best of all, the fee was never implemented."

Source: *seatrade-maritime.com, December 19, 2022*

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

Products	Port Klang		Kuantan		Pasir Gudang		Tanjung Pelepas		Penang		Total all ports (m3)	% Change Oct/ Nov'22
	m3	% Change	m3	% Change	m3	% Change	m3	% Change	m3	% Change		
Sawntimber	17,538	-50	135	-98	810	-15	442	47	1,037	-45	19,961	-54
MDF	7,537	-17	0	100	833	-11	1,297	18	2,175	3	11,842	-11
Mouldings	4,549	-39	76	1	549	-45	531	-35	344	-41	6,050	-38
Plywood	1,461	-17	0	-100	0	-100	367	56	1,874	-18	3,701	-51
Veneer	310	-40	0	100	0	100	0	-100	365	216	674	3
Particleboard	3,118	-71	0	100	1,904	2,829	0	100	2,570	-46	7,592	-46
TOTAL	**34,513**	**-47**	**211**	**-98**	**4,097**	**32**	**2,637**	**6**	**8,363**	**-29**	**49,821**	**-44**

Note : Indicates percent change over the previous month

Source : MTIB

GLOBAL

2023 Could Bring 'All-out Price War' for Container

As container lines fail to support falling spot rates in the second half of 2022, next year could bring an all-out price war as contract rates follow spot rates down. Online container logistics platform Container xChange said a drop in demand through 2022 had brought a significant oversupply of containers, which is set to worsen in 2023 with more boxes entering the market.

Xeneta said lines have already blanked a considerable number of sailings, and signals from Maersk of continued capacity adjustments on multiple services are expect to be reflected across the industry. "In 2023, have seen in the past two years are due to return, so we'll just have ample capacity both on the vessel as well as on the container side," said Christian Roeloffs, Cofounder and CEO, of Container xChange, an online platform for container logistics .

"With the competitive dynamics in the container shipping and liner industry, I don't expect especially the big players to hold back, and we do expect prices to come down to almost variable costs. We also foresee market consolidation," said Roeloffs.

Container xChange noted carriers' increasing default risk with the example of reports that CHINA United Lines was at risk of defaulting on a charterparty involving more than 10 containerships. For freight forwarders, the new market dynamic gives them a better hand in negotiations, leading to forecasts of falling contract rates in the early part of 2023.

"Tight grip on costs has become paramount for freight forwarders into the year 2023. While on one hand there will be a great deal of negotiation with shipping lines, on the other hand, operational cost optimisation will be crucial for the forwarders. There will be careful monitoring into the demurrage and detention charges for instance, insurance charges, claims etc. As capacity on the ocean side becomes more abundant, there is a valid business case for using SOCs which does not just offer flexibility but greater control to the forwarders." said Dr. Johannes Schlingmeier, cofounder and CEO, Container xChange.

Source: *seatrade-maritime.com, December 07, 2022*

Will Shippers Hold Back Container Cargo from Contracts for Lower Spot Rates?rt

The yawning gap between container shipping spot rates and contract rates leaves a question on how much volume shippers will commit to contracts when they renegotiate. Container shipping spot rates have crumbled since the start of the year and in early December Drewry's World Container Index (WCI) was 79% below the peak of $10,377 reached in September 2021.

The quarterly Global Shippers Forum (GSF)/MDS Transmodal Container Shipping Market Review noted that in Q3 spot rates fell by a fifth "leaving many shippers 'burnt' by their decisions to commit to long-term contacts earlier in the year".

According to Xeneta in a report at the start of December, spot rates on Asia – Europe went from a position of a $5,640 per feu premium on 1 January 2022, to sit at $4,460 below long-term rates on 1 December. On the Asia – US East Coast trade the gulf was even larger with contract rates at 237% premium to spot rates at the start of December.

James Hookham, Director of Global Shippers Council, noted a decline in volumes in Q2 had turned into a sustained decline; market conditions not seen in a decade. The resulting combination of market conditions could well see shippers committing lesser volumes to contracts with lines.

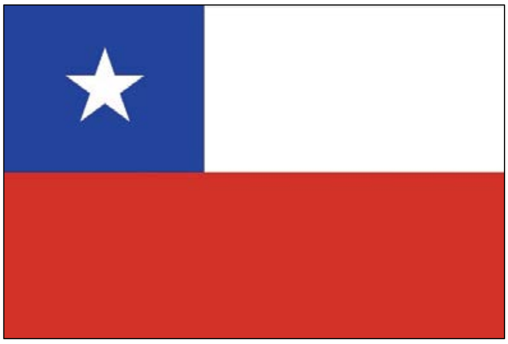
"The widening gap between spot rates and contact prices agreed six months prior to these data will anger shippers further and they may demand a flexible and immediate response by carriers if their dream of securing a majority of their business on contracted terms is to be achieved," Hookham said.

"The big question going into 2023 will be how much of their diminished volumes will shippers commit to renegotiated contracts and how much will they reserve for the spot market, which is expected to fall to below pre-COVID levels in the next few weeks?"

The strategy of reserving cargoes for the spot market could run foul of efforts by lines to shore up rates by blanking sailings and even putting tonnage into lay-up. While reduced capacity has so far failed to stem the tide the fall of spot rates, greater spot cargo demand could tip that balance, in particular if vessels have been laid-up.

"Countering this trend will be efforts to manage capacity through 'blanked sailings' However, the extent to which spot rates are being supported by this permitted co-ordination between consortia partners is playing out just as competition authorities in Europe and North America are evaluating existing anti-trust measures and considering possible options for the future," Hookham commented.

Source: *seatrade-maritime.com, December 21, 2022*



CHILE

BROADEN MARKET OPPORTUNITIES IN CHILEAN TIMBER AND TIMBER-BASED INDUSTRY

Background

Chile, officially the Republic of Chile, is a country located in western South America. It is the southernmost country in the world and closest to Antarctica, stretching along a narrow strip of land between the Andes Mountains and the Pacific Ocean. With an area of 756,096 square kilometres and a population of 19.6 million as of 2023, Chile shares borders with Peru to the north, Bolivia to the northeast, Argentina to the east, and the Drake Passage to the south. Much of northern Chile is desert; the central part of the country is a temperate region where the bulk of the population lives and where the larger cities, including its capital, Santiago, are located. South-central Chile, with a lake and forest region, is temperate, humid, and suitable for grain cultivation; and the southernmost third of the country, cut by deep fjords, is an inhospitable region—cold, wet, windy, and limited in resources. Chile is a developing country with a high-income economy and ranks 42nd in the Human Development Index 2022. It is one of the most economically and socially stable nations in South America, and leads Latin America in competitiveness, per capita income, globalisation, peace, and economic freedom. Chile also performs well in the region in terms of sustainability of the state and democratic development and boasts the second lowest homicide rate in the Americas, following only Canada. Chile is a founding member of the United Nations, the Community of Latin American and Caribbean States (CELAC), and the Pacific Alliance, and joined the Organisation for Economic Cooperation and Development (OECD) in 2010.

The economy of Chile is based on primary economic activities: agricultural production; copper, iron, and nitrate mining; and the exploitation of sea resources. Chile did not, however, depend as heavily on agriculture and mining as did many Latin American countries, but rather developed an economy based on manufacturing as well. Thus, Chile has become one of the more urbanized Latin American societies, with a burgeoning middle class. The country is considered one of South America's most prosperous nations, leading the region in competitiveness, income per capita, globalization, economic freedom, and low perception of corruption. Chile's economy recovered swiftly from the pandemic on the back of exceptionally strong policy support, which eventually led to a significant overheating of the economy. Inflation has risen amid buoyant private consumption, further aggravated by the Russian aggression on Ukraine. Monetary authorities have acted in a timely and decisive fashion to contain inflation, and the fiscal stimulus is being withdrawn. Significant underlying challenges will have to be addressed over the next years, including stagnant productivity and high inequalities. Strengthening competition, reducing regulatory barriers and spending more on research and innovation will be key priorities for boosting productivity and investment, while pressing social needs call for more attention to how incomes and opportunities are distributed.

Chilean Forest and Timber-based Industry

Forests are a vital resource, providing economic as well as direct and indirect environmental benefits, and are highly valued by society. Chile is geographically known for its shape, a narrow (average 150 km) and long (4,200 km) strip, facing the Pacific Ocean to the west, with the world driest desert in the northern Atacama

Region, Mediterranean scrub and open forests at mid-latitudes, rainforests in the south, and Patagonian steppe in the extreme south-east. The diversity and distribution of Chile's forests are mainly a result of the country's climatic complexity and physical features. The world's southernmost jungle of temperate, famously known as Selva Valdiviana (or Valdivian Temperate Forest) is in the southwest region of Chile and it is characterized by a rainy weather and evergreen forests that are home to unique fauna and flora, like the ancient araucarias (monkey puzzle trees) and alerces.

Chilean Valdivian Temperate Forest (Selva Valdiviana)

Chilean forests cover and area of 17.4 million hectares (ha), of which approximately 30% of its forests is primary forest, 53% are naturally regenerated forest and 17% are planted forest. FAO's Global Forest Resources Assessment 2020 reported that average annual net gain in forest area at 149,000 ha in 2010-2020 with an increase rate of 0.85%. Natural forests, which cover 14.1 million ha of which 21.6% are included in Chile's national system of protected areas (SNASPE), are mostly owned by small- and medium-sized landowners. While native forests are extremely diverse and characterized by rich biodiversity, about 95% of planted forests are highly productive pine and eucalyptus. Forest land ownership is dominated by the private sector; almost all forest plantations and more than 65% of native forests are privately-owned. FAO reported that Chile mostly produced coniferous logs amounting to 19.60 million cubic metres in 2020, followed with wood chips and particles, 10.21 million cubic metres and coniferous sawntimber around 8.49 million cubic metres.

Chile : Production Of Timber Products, 2016-2020

Volume / Product	2016	2017	2018	2019	2020
Sawlogs and veneer logs, coniferous	18,643,000	20,884,000	18,450,758	18,121,146	19,598,000
Wood chips and particles	12,282,100	12,709,900	11,599,100	10,691,800	10,211,000
Sawnwood, coniferous	8,025,300	8,025,300	7,804,942	7,655,088	8,486,519
Plywood	1,300,000	1,300,000	1,300,000	1,180,000	1,180,000
MDF/HDF	881,600	922,000	936,900	947,827	1,049,000
Particle board	526,700	568,300	568,000	518,717	630,991
Other industrial roundwood, coniferous (production)	343,000	335,000	331,840	344,951	383,628
Veneer sheets	85,000	85,000	85,000	85,000	85,000

** FAO Estimate Source: FAO Stats* *Volume: m3*

Chile's forest sector is asymmetric in the sense that plantations are intensively managed for pulp and other wood products for export. Forestry is one of the main economic sectors of Chile, representing 3% of the value of the country's total exports. The growth of the forestry sector since the 1980s is the consequence of the growth of Chile's export-oriented economy. Chile is one of the top 10 countries in the world in terms of land dedicated to forestry plantations and the fifth in the Americas with main species planted are Pinus radiata and Eucalyptus species. The wave of forest plantations that begun in the 1970s was initially a response to severe soil erosion that affected much of the country. The forest sector, particularly that associated with commercial plantations of exotic species, has played a key role in the economic growth of Chile but has also been controversial because of the contrasting perceptions about the current model of forestry among entrepreneurs, scientists, politicians, environmental nongovernmental organizations, landowners, and the general public. Recently, Chile reported that the rate of decrease in other wooded had slowed significantly, mainly due to an increase of naturally regenerating forest by 0.8% to 15.02 million for the period 2010-2020. Similarly, planted forest in Chile also increased by 1.2% to 3.2 million for the period 2010-2020.

Chile's Export Of Timber and Timber Products

Chile's timber and timber-based industry has contributed about 3% of all exports in Chile and 1% of the global export in timber and timber products. Chilean export of timber and timber products worth USD2.6 billion in 2021, an increase of 20% from USD2.2 billion in 2020. Their primary exported of timber and timber products consist mainly of sawntimber, plywood and fibreboard. As the trend moves more toward secondary and value-added products combined with an active local construction industry, products such as mouldings and BJC are projecting positive growth for the last five years. The USA was the main importer for Chilean timber and timber products (HS44) worth USD1.60 billion in 2022, followed by Mexico with USD280.58 million, Japan USD180.89 million, China USD158.81 million and South Korea USD133.14 million. In 2022, Malaysia ranked 30th for Chilean export destinations for timber and timber products (HS44) while for furniture and parts (HS9403), Malaysia ranked 73rd for Chilean export destinations. The USA, Mexico, Japan, Peru, Brazil and China are major export destinations for Chilean timber and timber products.

Chile : Exports of Timber & Timber Products And Furniture & Parts to World, 2018-2022

Products	2018	2019	2020	2021	2022
Sawntimber	945,217	788,698	731,894	927,931	1,029,065
Fibreboard	321,497	315,788	311,572	395,815	593,286
Plywood	440,603	353,531	354,795	430,617	551,491
Mouldings	253,388	240,157	249,887	360,941	431,596
Particlebaord	94,203	77,006	82,395	95,663	123,905
BJC	71,292	70,125	76,429	99,936	111,683
Logs	37,669	34,648	22,168	29,775	19,926
Veneer	18,779	16,424	15,303	18,073	17,429
Furniture	126,781	8,920	6,740	5,893	8,528
Wooden frames	38	19	27	27	146
Others	427,232	426,341	367,751	287,972	227,662
Total	**2,736,699**	**2,331,657**	**2,218,961**	**2,652,643**	**3,114,717**

** FAO Estimate Source: FAO Stats* *USD '000*

Chile's Import of Timber and Timber Products

Today, the forest industry constitutes one of the pillars of the Chilean economy, accounting for 2.1% of national GDP. Domestic demand for timber and wood stands at approximately 48 million cubic meters (m^3) each year, 99% of which comes from planted forests, given restrictions on wood from native forests. In 2022, Chile imported timber and timber products from all over world valued at USD634.34 million, a reduction of 52.0% from USD963.89 million in 2021. For its timber and timber products industry, Chile mostly consumed wooden furniture, wood-based panel products (fibreboard, plywood and particleboard) and BJC. According to OECD Economic Outlook, growth slowed to 1.9% in 2022. A 0.5% contraction of output is projected for 2023, followed by a growth of 2.6% in 2024. Tighter financial conditions, the withdrawal of pandemic-related support measures and the eroding effect of inflation on purchasing power had dampen household consumption. Higher interest rates and low business confidence had kept investment subdued. Inflation has recently started to abate and will continue moderating throughout 2023, as the effects of monetary policy tightening on growth and inflation become visible and will return towards the Central Bank of Chile's 3% target in 2024. In 2022, Malaysia was the third largest furniture supplier (HS9403) to Chile, after China and Brazil. As for timber and timber products (HS44), China, Germany, Brazil, France and Argentina were the major timber suppliers to Chile. Malaysia ranks 29th in the Chilean timber and timber products global supplier ranking.

Chile : Imports of Timber & Timber Products and Furniture & Parts From World, 2018-2022

Products	2018	2019	2020	2021	2022
Furniture	262,529	236,087	192,543	404,837	339,361
Fibreboard	63,560	65,048	58,775	170,090	84,259
Plywood	57,285	36,518	43,379	150,576	48,878
Particleboard	74,945	38,451	16,631	107,650	27,689
BJC	26,590	21,610	12,090	23,438	19,278
Sawntimber	15,914	9,432	8,135	9,855	13,624
Wooden frames	3,215	2,747	2,036	4,553	4,606
Veneer	3,499	4,162	2,158	3,260	3,726
Mouldings	2,227	2,606	1,614	3,004	3,275
Logs	1	46	64	18	100
Others	71,855	67,091	54,907	86,597	89,544
Total	**581,620**	**483,798**	**392,332**	**963,878**	**634,340**

Source : ITC Stats, UN Comtrade *USD '000*

Malaysia's Trade of Timber and Timber Products to Chile

Relations between Chile and Malaysia is mainly based on trade, with Malaysia becoming one of Chile's major trading partners in Southeast Asia with a total trade in timber and timber products in 2022 reaching RM155.96 million, an increase of 18.6%. In 2022, Malaysia exported RM65.12 million, a decrease of 5.2% from RM68.41 million. Despite a reduction of 5.9% to RM64.36 million, wooden furniture remained a major product exported to Chile. Due to increased construction activities in Chile, exports of fibreboard increased significantly by 252.3% to RM762 thousand from RM216 thousand in 2022. Chile ranked 29th for Malaysia's timber and timber products export destination ranking in 2022. Below are Malaysian timber and timber products exported to Chile for the period 2018-2022.

Malaysia : Exports of Timber & Timber Products to Chile, 2018-2022

Products	2018	2019	2020	2021	2022
Wooden Furniture	109,194,101	79,959,320	51,869,200	68,406,827	64,355,254
Fibreboard	0	0	0	216,443	762,605
Sawntimber	0	75,569	0	0	0
Veneer	0	0	0	0	0
Mouldings	0	38,731	0	0	0
Chipboard/Particleboard	531,314	0	0	0	0
Plywood	0	0	0	0	0
BJC	713,265	62,505	0	38,195	0
Other Products	0	21,741	0	0	0
Total	**110,438,680**	**80,157,866**	**51,869,200**	**68,661,465**	**65,117,859**

Source: MTIB/DOSM *Value: RM*

The Malaysian furniture industry has evolved into a multi-billion-ringgit export segment since the 1980s when local manufacturers only offered a small number of products. Now, 85% of Malaysia's annual furniture production is exported to more than 160 countries, with wood furniture being the main product. Furthermore, DOSM reported that the construction activity in Malaysia rose 15.7% year-on-year in the fourth quarter 2022, easing sharply from a 23.2% expansion in the third quarter 2022. This was the third consecutive period of growth, as output increased faster in the civil engineering sector, an increase of 20.8% from 14.6% in third quarter 2022. As for January- December 2022, the construction output grew by 8.8%, rebounding from a 5% drop a year ago.

The rebound was mostly due to the revival of major infrastructure construction projects such as the Mass Rapid Transit 3 (MRT3). According to ResearchAndMarkets.com, The construction output in Malaysia is expected to reach RM228,680.8 million by 2026. Thus, to cater to the local demand for raw materials, Malaysia imported RM90.85 million in 2022, an increase by 44.5% from RM62.88 million in 2021. In 2022, Malaysia mostly imported sawntimber from Chile with an import value of RM46.13 million, an increase of 62.0% from RM28.48 million in the previous year. Below are timber and timber products imported from Chile for the period 2018-2022.

Malaysia : Imports of Timber & Timber Products From Chile, 2018-2022

Products	2018	2019	2020	2021	2022
Sawntimber	19,383,532	10,017,599	23,625,380	28,482,260	46,130,833
Logs	77,210	0	0	0	0
Veneer	0	0	70,505	0	0
Mouldings	144,467	185,538	0	0	0
Plywood	0	0	0	0	0
BJC	0	0	0	0	0
Wooden Furniture	0	0	0	0	0
Other Products	31,593,910	49,758,450	33,741,465	34,399,547	44,714,836
Total	**51,199,119**	**59,961,587**	**57,437,350**	**62,881,807**	**90,845,669**

Source: MTIB/DOSM *Value: RM*

Chile Tariff Rates

Malaysia-Chile Free Trade Agreement (MCFTA) is the first bilateral FTA between Malaysia and a Latin American country. Malaysia and Chile commenced negotiations on the bilateral FTA in June 2007. The MCFTA were concluded in May 2010 and the Agreement was signed on 13 November 2010 in Yokohama, Japan. MCFTA entered into force on 25 February 2012. MCFTA is Malaysia's fifth bilateral free trade agreement after Malaysia-Japan in 2005, Malaysia-Pakistan in 2007, Malaysia-New Zealand in 2009 and Malaysia-India in 2010.

On 9-10 November 2017 in Da Nang, Viet Nam, Ministers of the 11 Trans-Pacific Partnership (TPP) countries reached an agreement on the core elements, the text of the agreement and way forward to implement the TPPA, which was renamed as the Comprehensive and Progressive Agreement for the Trans-Pacific Partnership (CPTPP). The CPTPP was signed by all 11 participating countries - Australia, Brunei Darussalam, Canada, Chile, Japan, Malaysia, Mexico, New Zealand, Peru, Singapore and Viet Nam - on 8 March 2018 in Santiago, Chile. With the signing, the 11 countries acknowledges the outcome of the negotiations and will start their domestic process to enable their ratification of the Agreement in order to bring the Agreement into force. Chile ratified the agreement on 21 February 2023.

Chile : Tariff Rates for Timber and Timber Products

HS Code	Product	MFN (%)	MCFTA (%)	CPTPP (%)
4403	Logs	6	0	0
4407	Sawntimber	6	0	0
4408	Veneer	6	0	0
4409	Mouldings	6	0	0
4410	Chipboard/Particleboard	6	0	0
4411	Fibreboard	6	0	0
4412	Plywood	6	0	0
4414	Wooden Frame	6	0	0
4418	Builders Joinery & Carpentry	6	0	0
9403	Wooden Furniture	6	0	0

Source: World Trade Organisation (WTO) and MITI

Outlook and Prospects

Chile is one of the fastest growing economies in Latin America over the last decade, enabling the country to significantly reduce poverty. However, the World Bank estimated that the effects of the pandemic, strikes and political tensions, trade restrictions, and rapidly rising energy prices could reverse years of growth of Chile. Chilean GDP grew by 2.4% in 2022, albeit slower from an 11.7% surge in the previous year, as tighter financial conditions, the withdrawal of pandemic-related support measures, and rising inflation dampened household consumption and stalled economic activities. In the coming years, the Chilean economy should fluctuate between growth and retraction, with the IMF forecasting a GDP contraction of 1% in 2023 and a growth 2% in 2024. According to IMF estimates, inflation reached 11.6% in 2022 and is expected to decrease to 8.7% in 2023 and 4.1% in 2024. Inflation should improve through fiscal austerity measures announced by the Treasury Department, particularly due to 1.6% of GDP in spending cuts over the next four years. The recent Monthly Economic Activity Index (Imacec) by the Central Bank of Chile reported that Chile's economic activity in January 2023 beat market forecasts and put an end to a negative string of four consecutive monthly drops, with improved mining results helping the world's largest copper producer start the year in a positive tone with a rise of 0.4% in January from the same month last year. Despite recent efforts to diversify its economy, Chile remains vulnerable to international copper prices international demand (particularly from China), climate and earthquake risks, inadequate R&D, vulnerable road network and energy grid, high energy prices and a poor educational system. Thus, Chilean government must address these issues in order to revive economic growth.

With the domestic industry facing of shortage of timber due to recent forest fires across south-central Chile and housing shortage, Chile would likely to increase its imports of timber and timber products especially from its trade partners worldwide. Chile also has Free Trade Agreements with 65 economies worldwide, so they do not depend on imports from a specific region. Imports that offer the best price and quality worldwide are the most attractive. This would provide higher opportunities of Malaysian timber and timber products to widen their access in the Chilean market. According to ResearchAndMarkets.com report, the construction industry in Chile is expected to grow by 4.2% to reach CLP16,577 billion in 2023 and continue to grow at CAGR of 3.6% during 2023-2027. The construction output in the country is expected to reach CLP19,117.1 billion by 2027. Despite near-term challenges in certain construction sectors, the medium to long term growth story in Chile remains intact. The construction industry in Chile is expected to grow steadily over the next four quarters. Thus, Chile will likely increase its imports of wood products in the near term. Thus, construction materials from timber such as wood-based panel products and CLT are projected to gain popularity in Chilean construction industry.

Furthermore, the purchasing power of Chile's middle and upper-middle-income consumers continues to rise. As for the market prospects of Malaysian timber and timber products in Chile, Malaysian timber exporters need to reassert their presence and enhance networking with Chile's timber and furniture importers while undertaking market intelligence on Chilean importers market preferences and tastes. Malaysian exporters should also emulate a different approach to penetrate the Chilean market especially with wooden furniture, wood-based panel products (plywood, fibreboard and particleboard) and BJC. Without a doubt, hardwood will always remain the benchmark of quality furniture. However, with the recent supply chain issues the industry is facing, it is likely that furniture constructed of mixed materials, such as metal and timber would gain faster popularity. Thus, Malaysian timber and timber products producers, including furniture, should tap into this huge market by producing a variety of high-quality durable products with competitive prices that would be able to meet the demand of Chilean consumer market. Malaysian timber and furniture exports should also enhance their presence and improve business networking by participating in relevant fairs and exhibitions such as Chile's International Construction Fair and organising specialised selling missions to better understand the market demand.

Reference:

- MTIB
- MITI
- DOSM
- ITC-UNCOMTRADE
- Center For International Trade In Forest Products, USA
- FAO Global Forest Resources Assessment 2020
- OECD Economic Outlook, November 2022
- http://www.preferredbynature.org
- https://www.oecd.org/economy/chile-economic-snapshot/https://en.wikipedia.org/wiki/Economy_of_Chile
- https://en.wikipedia.org/wiki/Forestry_in_Chile#:~:text=In%202019%20Chile%20had%20slightly,employed%20more%20than%20150%2C000%20workers
- https://www.ft.com/content/11e4ffc5-bf7d-4b78-9e64-1c2752395dc6
- https://www.nationsencyclopedia.com/Americas/Chile-FORESTRY.html
- https://www.britannica.com/place/Chile
- https://www.forestryencyclopedia.com/Home/Chile%3A%20Forest%20Species%20and%20Stand%20Types
- https://www.forest2market.com/blog/chilean-wood-products-market-offers-export-import-opportunities
- https://santandertrade.com/en/portal/analyse-markets/chile/economic-political-outline

LOGS

The feedback on timber prices as reported in November 2022 revealed that more than 70% of the 21 reference species traded had no change in their average prices. The average prices of five species increased by less than 5%, while the price of the Mix Heavy Hardwood species decreased by 5%.

For the same month, species such as Merbau, Keruing, Kempas, Kapur, and Nyatoh showed an increase in average prices of between 1% and 5% - between RM15 and RM100 per tonne – and were traded at RM3,320, RM2,010, RM2,323, RM2,030, and RM1,345 per tonne, respectively. The average price of the Mix Heavy Hardwood species reportedly fell by around 5% in the current month, trading at RM1,140 per tonne, down from RM1,200 per tonne the previous month.

Although the majority of the average price of timber reportedly did not rise, industry players in several major log-supply regions reported an increase in prices of certain species due to a lack of sufficient log supply as a result of the monsoon season, particularly in the peninsula's east coast states.

SAWNTIMBER

Log price changes that occur affect the change and retention of the average price for sawntimber products in the three categories of the main production class of sawntimber products, namely General Market Specification (GMS), Strips, and Scantling.

In the GMS category, six species, Keruing, Kempas, Mengkulang, Dark Red Meranti, Red Meranti, and Nyatoh recorded increases of 1.5%–19% in November 2022, with prices ranging from RM 2,648, RM 2,316, RM 1,412, RM 2,189, RM 2,034 to RM 1,589 per m3. According to the feedback received, there was an increase in demand from the industry for the species of Keruing, resulting in a 19% increase in the average price reported.

Specifications such as Kapur and Yellow Meranti on the other hand, showed a slight decrease in average prices of less than 2% compared to the previous month.

In the STRIPS category, five species namely Keruing, Mengkulang, Dark Red Meranti, Red Meranti, and Nyatoh recorded an average price increase of around 2.3%–13.6%. Keruing and Nyatoh both increased by more than 10%, to 10.1% and 13.6% respectively. Both species were traded at average prices of RM2,232 and RM1,476 per m3. The average price for most reference species under STRIP did not indicate any change.

In the Scantling category, the average price for the Red Meranti species increased by 7% and was trading at RM2472 per m^3. Meanwhile, prices of several other species, including Merbau, Mengkulang, Jelutong, and Light Hardwood Mix, increased by around 3% over the previous month.

PLYWOOD

The average price of plywood for the four main traded sizes of 4mm, 6mm, 9mm, and 12mm in November 2022, was recorded with no price change compared to the previous month. Plywood with thicknesses of 4mm, 6mm, 9mm, and 12mm was still traded at an average price of RM19.40, RM26.70, RM41.25, and RM49.35 per piece.

MEDIUM DENSITY FIBREBOARD (MDF)

Like plywood, the average price of MDF in November 2022 is expected to be the same as the previous month. MDFs with thicknesses of 4mm, 6mm, 9mm, and 12mm cost RM 14.90, RM 23.00, RM 32.40, and RM 39.20 per piece, respectively. Based on the current MDF price trends, the obtained average price can be used as a benchmark for this product.

INTRA-MALAYSIA TRADE* - NOVEMBER 2022

Sabah reported no trading for both veneer product and log transactions taking place in November 2022 Referring to timber products traded from Sabah to the peninsular, sawntimber and plywood both showed a 9% and 38% decrease in trading volume respectively. Despite a decrease in trading volume, the trade value of sawntimber products increased by 39%. With a trade volume of 228 m3, the reported trade value of the sawntimber was RM383,000. As for plywood products, the trade value recorded for November 2022 was RM3.05 million from a trade volume of 1278 m^3.

In November 2022, only two timber products were traded between Sarawak and Peninsular, sawntimber and plywood, while no trade transactions were reported on log and veneer products. Overall, the value and trading volume of both products had decreased. Sawntimber and plywood trading volumes decreased by 97% and 32%, bringing the trading volume of these two products to 34 m^3 and 698 m^3. Both products experienced 84% and 34% decreases in trade value, with recorded trade value of RM53,000 and RM800,000 respectively.

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

*AVERAGE DOMESTIC PRICES OF LOGS, SAWN TIMBER, PLYWOOD AND MDF IN PENINSULAR MALAYSIA, NOVEMBER 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	3,045	2,959	2,200	3,411
Red Balau	2,740	2,790	2,472	2,489
Merbau	3,320	3,100	3,072	2,825
Mixed Heavy Hardwood	1,140	1,109	1,095	1,218
MEDIUM HARDWOOD				
Keruing	2,010	2,648	2,232	1,857
Kempas	2,320	2,316	2,260	2,684
Kapur	2,030	1,716	1,342	1,850
Mengkulang	1,740	1,412	1,554	2,154
Tualang	1,270	1,900	1,995	2,041
LIGHT HARDWOOD				
Dark Red Meranti	2,020	2,189	1,942	2,966
Red Meranti	2,265	2,034	1,977	2,472
Yellow Meranti	1,875	1,660	1,254	1,977
White Meranti	1,500	2,507	1,801	1,977
Mersawa	1,640	1,751	1,713	2,020
Nyatoh	1,345	1,589	1,476	1,391
Sepetir	1,680	1,730	1,292	1,780
Jelutong	1,125	1,871	1,589	1,819
Mixed Light Hardwood	1,110	1,059	1,254	1,201

	LOGS/ton	SAWNTIMBER/m³			
MALAYSIAN RUBBERWOOD *Hevea brasilienses*	**220**	**1" X 1"**	**2" X 2"**	**3" X 3"**	**4" X 4"**
		1,120	1,200	1,360	1,470

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	23.00	32.40	39.20

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

INTRA-MALAYSIA TRADE- NOVEMBER 2022

	Oct-22		Nov-22		% change in volume	% change in value
	Vol(m³)	Val(' 000 RM)	Vol(m³)	Val(' 000 RM)	Oct/Nov	Oct/Nov
Sabah						
Logs	0	0	0	0	0	0
Sawn Timber	251	276	228	383	-9	39
Plywood	2,053	4,399	1,278	3,053	-38	-31
Veneer	122	149	0	0	-100	-100
Sarawak						
Logs	0	0	0	0	0	0
Sawn Timber	1,062	322	34	53	-97	-84
Plywood	1,032	1,212	698	801	-32	-34
Veneer	0	0	0	0	-100	-100

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

PASAK

(Aglaia spp.)


Wood colour and texture


Pasak Tree

- **Other Name**
  - i. Lantupak (Sabah)
  - ii. Langsat Lutang (Indonesia)
  - iii. Sangkatong (Thailand)
- **Botanical Name**
  Aglaia spp. e.g. A. argente; A. meostela; A. odoratissma; A.Cordata; A. domestica; etc.
- **Family**
  MELIACEAE

INTRODUCTION

The Standard Malaysian Name for the timber of Aglaia sect. Aglaia species (Meliaceae). Vernacular names applied include kalambiao (Sabah), koping-koping (Sabah), langsat-langsat (Sabah), lantupak (Sabah), lantupak jambu (Sabah), memberas (Peninsular Malaysia) and segera (Sarawak). Major species include A. argentea, A. elliptica, A. exstipulata, A. grandis, A. hiernii, A. odoratissima, A. palembanica and A. tomentosa. The sapwood is pale yellow-brown, light straw-coloured or light pink-brown and is moderately to sharply differentiated from the heartwood, which is light red, orange-red or red-brown, becoming dark red-brown or walnut-brown on exposure.

It is also known as Beng kheou (Cambodia); Aglaia (India); Badjudjang, Bajur, Belunjan, Bunjau, Kuping, Langsat lutung, Lasa dontri, Maripu, Medensat, Mempujangan, Merabakan and Takul gunung (Indonesia); Tagat-thitto (Myanmar); Gisihan, Ilo-ilo, Kuling-manuk, Malasaging, Malatumbaga, Tukang-kalau (Philippines); Sangkhriat-klong (Thailand); and Goi tia (Vietnam).

ANATOMY


Cross Section

The pores are very small to moderately small and few to moderately few. They are solitary and in radial pairs and multiples of 3-4, occasionally up to 6, and are evenly distributed without any definite arrangement. Deposits are present in some species. Tylosis is absent.

Wood parenchyma occurs as incomplete borders to pores, aliform and aliform confluent, sometimes forming confluent bands.

Rays are abundant, very fine and closely spaced.

PHYSICAL PROPERTIES

COLOUR

The heartwood is yellow-brown or light brown with a pink tinge or red-brown while the sapwood is light yellow-brown to light pink-brown.

- **DENSITY**

The timber is hard and heavy to very heavy with a density of 770-995 kg/m^3 air dry.

- **NATURAL DURABILITY**

The timber is rated as moderately durable to durable when in contact with the ground or when exposed to the weather.

- **PRESERVATIVE TREATMENT**

The heartwood is very difficult to treat with preservatives.

- **TEXTURE**

Its texture is fine to moderately fine or moderately coarse and even while the grain is straight to interlocked, sometimes irregular or wavy.

- **MACHINING PROPERTIES**

The timber works well and can be sawn and machined easily except the heavier species which require more power in sawing.

- **NAILING PROPERTY**

The nailing property of some species is reported to be excellent.

- **AIR DRYING**

The timber usually dries well without much degrade except for some slight collapse and twisting. Some species are reported to season fairly rapidly, with only a slight cupping, bowing, end-checking and insect attacks as the main sources of degrade. 13mm thick boards take 1.5 months to air dry, while 38mm thick boards take 3.5 months.

- **SHRINKAGE**

Shrinkage is rather high and averages at 2.4% in both radial and tangential directions.

- **USES**

The timber should be suitable for furniture, flooring, cabinet making, panelling, mouldings, door and window frames, plywood and ornamental items. The heavier woods have also been used for general construction such as beams, joists, rafters, boat building, agriculture implements and tool handles.

REFERENCES

Wong T.M. 1982. A Dictionary of Malaysian Timbers. Revised by Lim, S.C. & Chung, R.C.K. Malayan Forest Records No. 30. Forest Research Institute Malaysia, Kuala Lumpur. 201 pp.

sarawaktimber.net/stidctimberportal/Result.php?ID=96

mtc.com.my/wizards/mtc_tud/items/report (214).php

1-2 December 2022
MTIB Regional/State Heads Meeting Bil. 1/2022 on Johor Bharu

7 December 2022
Work Visit of Deputy Director (Management And Operations) MTIB To MTIB Enforcment Depoh Project Site

9-10 December 2022
MTIB booth at Jom Heboh Carnival at Puteri Harbour ,Iskandar Puteri, Johor Bahru

13 December 2022
Working visit and briefing session on Timber Sector to YAB Deputy Prime Minister and Minister of Agriculture and Commodities

19 December 2022
'Clock-Out' session and duty handover session between YBrs. Tuan Haji Kamaruzaman Othman to YBrs. Puan Hajah Roslina Idris

20 December 2022
Working visit by Sarawak Timber Association (STA) and Sabah Timber Industries Association to MTIB