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MTIB

MASKAYU

MOA SIGNING CEREMONY BETWEEN MTIB-TESCO-UMK

COURSE ON POTENTIAL OF BAMBOO

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Cover: *The MTIB-Tesco Greener Earth Programme was extended to the east coast where the Universiti Malaysia Kelantan has joined the initiative. The collaboration was inked on 17 February 2014.*
Details on page 3.

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MOA SIGNING CEREMONY BETWEEN MTIB-TESCO-UMK

VVIPs at the opening ceremony.

The MTIB and Tesco Greener Earth Programme made further progress with the signing of an MoA with Universiti Malaysia Kelantan (UMK) on 17 February in Jeli, Kelantan. The event was held in conjunction with the University's Greening the Earth Programme. The MTIB-Tesco Greener Earth programme was initiated with the signing of an MoU between MTIB and Tesco in January 2012 with the main objective of increasing public awareness on the importance of protecting and conserving the environment through knowledge, understanding and participation among local communities. This programme has a commitment to plant 500,000 trees in three years.

With the signing of the MoA, UMK has committed to plant 12,500 trees of which 12,000 are Karas trees or *Aquilaria malaccensis* and 500 Buluh Madu trees or *Gigantochloa albociliata*.

The Karas tree was selected for this programme mainly due to its economic and aesthethic values while Buluh Madu is easy to grow and can produce bamboo shoot that can be eaten as food while the stem can be used for making furniture.

Speaking at the opening of the programme, Tun Jeanne Abdullah, Chairman of Landskap Malaysia, said that the programme was in line with the government's effort to sustain the nation's ecosystem. She expressed hope that the University would continue to play an active role as an agent of change to make the world a better place to live.

YB Datuk Seri Mustapha Mohamed, Minister of International Trade and Industry who also spoke at the opening said that the aspiration of UMK to be a campus in a forest garden would be realised with the planting of the 12,500 trees through the Greening Earth Programme. This was made possible through the MoA signed with MTIB and Tesco Stores (Malaysia) Sdn. Bhd. where Tesco will supply the tree seedlings while MTIB will provide the technical advice on the project. According to him, this cooperation was the best example of how a

Exchanging MoA documents between MTIB, Tesco and UMK.

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TIMBER WORLD IN BRIEF

BELGIUM
Construction Recovery Under Threat from Harder Lending

The recovery of the construction sector in Belgium is under threat from tougher mortgage lending conditions. The Belgian Construction Confederation has indicated that the construction sector should return to growth in 2014, but not enough to underpin the country's economic recovery. Construction activity fell by 1.5% in 2013, although it revived in the third quarter of the year. The construction sector also lost some 5,500 workers over 2012 and 2013.

However, the sector is expecting growth of 0.5% in 2014 thanks to the residential building segment, with housing starts in 2013 up by 3% on year, with apartment development permits up by 9% while single family unit permits were down by 5%. New housing is expected to rise by between 1% and 2% in 2014, following six years of contraction, which reached 20% in total. Housing renovation is also expected to grow by 3.2% in 2014. Residential construction overall is expected to grow by 2.5% in 2014, while public sector construction is expected to contract by 1%.

L'Echo, 5 February

CANADA
Housing Starts and Prices to Stabilise

Canada's federal housing agency (CMHC) nudged up its forecast for housing starts and prices in 2014 and said sales and construction will be steady to higher in 2015 as an improving economy tempers the impact of rising mortgage rates. The view from the Canada Mortgage and Housing Corp suggests that the nation's once-roaring housing market is settling into a soft landing, with construction moderating to more sustainable levels and sales and prices ticking slowly higher.

The CMHC said housing starts will be in a range of 176,600 and 199,800 in 2014, with a point forecast, or most likely outcome, of 187,300 units, relatively unchanged from 187,923 units in 2013. That is up slightly from CMHC's October estimate of 184,700 starts. The agency said there will be 163,200 to 206,600 units started in 2015, with a point forecast of 184,900.

Both forecasts represent a sharp slowdown from the 214,827 starts of 2012, when the market was at record highs and the government intervened to tighten mortgage lending rules.

Financial post, 6 February

More Wood-based Materials Could be Used in Car

A new Canadian industrial biomaterials programme may mean we will be seeing forestry by-products used once again in the bodywork of cars. While wood-bodied cars might be sound like a thing of the past, replacing some plastics and metals with wood can help to makes vehicles greener, lighter and more fuel efficient. The five year, CAD55 million, initiative is being supported by a CAD30 million investment by the National Research Council of Canada.

www.wbpionline.com, February

CHINA
Built More Affortable House in 2014

The Ministry of Housing and Urban-Rural Development (MOHURD) announced it will build more than 6 million units of government subsidised affordable house. In 2004, MOHURD will complete the construction of 4.8 million units, an increase of 2% compared to the previous year. China government will increased the allocation of land for affordable housing for next year and to ensure the better implementation of current policy to contain soaring housing prices in major cities due to the high demand of housing in more the 1 billion habitats. Demand for timber products remains stable to strong as wood products imports continue to grow due to the high demand in construction sector.

China construction news, February

CZECH REPUBLIC
Prefabricated Wooden Houses Market to Grow 10-15%

According to the Czech Association of Prefabricated Houses Suppliers (ADMD), the market of prefabricated wooden houses in the Czech Republic is estimated to grow by 10% to 15% year-on-year in 2014. The growing market with the annual turnover of around CZK4 billion (USD196.17 million) has increased by five-fold in the last decade, with around 1,700 prefabricated houses built every year accounting for nearly 10% of the overall residential property market.

The market has seen new smaller companies emerging, however; the leading producer of prefabricated wooden houses in the country is the Czech company RD Rymarov with revenue of CZK1.3 billion in 2012. Other big manufacturers of prefabricated wooden houses in the country are the German Haas or the Austrian Elk.

Euro, 4 February

EUROPEAN UNION
Imports Only Small Proportion of EU Joinery Consumption

With the exception of flooring products, imports contribute only a small proportion of total EU consumption of joinery products. In terms of value, only around 4.5% of doors and glulam, and around 0.5% of wood windows installed in the EU are imported from outside the region. This is indicative of the very strong commercial benefits from proximity to the consumer in the joinery sector and the essential need for detailed knowledge of national construction markets.

The EU imported wooden doors with total value of EUR211 million during the first nine months of 2013, 2.9% less than

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the same period in 2012. The value of wooden door imports from China, the largest non-EU supplier, fell 7.2% to EUR67.8 million during this period. Imports from Indonesia, the second largest non-EU supplier, remained stable. Of other major suppliers, imports increased from Malaysia but declined from Brazil and South Africa in the first nine months of 2013.

EU imports of wood windows were EUR19.4 million in the first nine months of 2013, 16.9% less than during the same period in 2012. Most of these imports derived from other European countries, notably Norway and Croatia. Imports from China, the largest supplier outside Europe, were only EUR1.8 million in the first nine months of 2013, 45% less than the same period the previous year.

In the first nine months of 2013, the EU imported 85,500 m^3 of glulam, 11.9% less than the same period in 2012. During the nine month period, there was a significant fall in imports from Malaysia, Indonesia and Russia, the three largest external suppliers of glulam to the EU.

Imports from China, the fourth largest external supplier were at a similar level to the previous year. Imports of glulam from Viet Nam increased slightly. The European glulam market is currently suffering from saturation, with too much production chasing limited demand.

ITTO, 4 February

MYANMAR
Exports of Raw Timber Rise before Banning Policy Effective

Raw timber export is estimated to rise by 33% this year, in the lead-up to a nationwide ban on the commodity. Burma's Ministry of Environmental Conservation and Forestry announced the banning of raw timber export sales will go into effect on 1 April 2014.

Bar Bar Cho, Secretary of the Myanmar Timber Merchants Association said the steep rise in exports could be a result of the announcement. On average, the annual value of timber export was between USD600 to USD800 million, but we are likely to see a rise in the number – estimated between USD1 to USD1.1 billion this year due to higher record of exports in the past six months.

DVB News, 21 February

SWEDEN
Positive Trend in Construction Industry

According to the Swedish Construction Federation's (Sveriges Byggindustrier, BI) Economic Tendency Survey, the positive trend in the Swedish construction industry that began in 2013 will continue through 2014. In 2013, investment in the construction of new residences increased by 6% and this is expected to increase by 5% in 2014. Johan Deremar, economist at BI, says that the positive trend which began in 2013 can be attributed to lower mortgage rates, a higher level of employment and rising housing costs. Higher household income is also mentioned as an important factor. In 2015, the general increase in investment is expected to level out, while investment in infrastructure is expected to become increasingly important.

Nordisk Industri, 19 February

UNITED KINGDOM
TTF on the EU Timber Regulation

The Timber Trade Federation's head of sustainability Anand Punja says that the federation's Responsible Purchasing Policy has helped the UK timber trade to fulfill the demands of the EU Timber Regulation. The TTF will work with the National Measurement Office and the EC to make sure that the EUTR is uniformly implemented in Europe.

There will be pressure to extend the EUTR from legality to sustainability principles. The TTF thinks that it would be a long term goal but at the moment there is no clear set of agreed sustainability principles nor practical ways to verify to such standards without substantial cost.

In the UK, hardwood imports have decreased in the first 10 months of 2013, compared with previous year, especially direct imports from tropical countries. Imports of timber have increased from European countries which have strong tropical ties. The TTF is going to analyse this trend.

TTJ Timber Trades Journal, 8 February

UNITED STATES
Forecast 12% Increase for Wooden Window Market

The market share of wood windows in the total US window market will be approximately 18% in 2014, according to a market overview in the Wood Products Almanac (December 2013).

The share of wood windows will be slightly lower than in 2013, but the number of wood window units shipped is forecast to increase by 12% in 2014. An estimated 9.2 million wood windows will be shipped in 2014, up from 8.2 million in 2013. 4.1 million units will be used in new construction, while 5.1 million units will be used in remodelling projects or to replace existing windows.

The total US window market will grow from 46.1 million units in 2013 to 52.5 million units in 2014. 2015 demand is projected to reach 57.5 million window units. The largest growth will be in vinyl and fibreglass windows. Vinyl is the most popular material in windows because it is maintenance free while providing good energy efficiency.

Wood plastic composite is increasingly used for windows, but its overall market share is still small. Wood windows are primarily used in the high end market where the appearance of wood is valued.

Manufacturers offer aluminium clad wood windows to reduce maintenance on the exterior of homes. A recent trend has been towards affordable fibreglass windows that are clad in wood for a wood appearance in the home interior.

The US wood window market is relatively fragmented, with the top 50 manufacturers accounting for 70% of the market. Andersen, Jeld-Wen, Masonite, Pella and Marvin are the largest window suppliers.

ITTO, 1 - 15 February

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Westports Handling Capacity to Increase to 11 Million TEU by Year-end

Westports Holdings Bhd. expects its overall handling capacity to increase to 11 million twenty-foot equivalent units (TEUs) containers by year-end with the completion of its Container Terminal 7 (CT7). According to their Chief Executive Officer, Encik Ruben Emir Gnanalingam, the port currently handles about 9.5 million TEUs and last year it handled 7.4 million TEUs. The construction of CT7 is right on schedule. The first phase was delivered earlier than expected and second phase would come in the middle of the year. Westports have also ordered 50 cranes from Japan, which would come in batches throughout 2014.

Westports invested RM800 million over two years to develop the CT7. The completion of CT7 would take the port's overall container berth length to 4,600 metres supported by the seven new quay cranes, which would be the tallest of such in the world to handle the 18,000-TEU class vessels. The berth depth of 17.5 metres would stand out Westports as one of the few ports in the world with the deepest berth depth to accommodate the biggest vessels in the world with the capacity utilisation of about 75%. Westports expects its container volume to grow by five to 10% this year after recording 8% growth in 2013.

Source: Bernama, 21 January

Penang Port's Container Terminal NBCT Falls Short of 2013 Targets

Malaysia's main terminal, North Butterworth Container Terminal falls short of its annual volume target of 1.3 million TEU due to imbalance of imports and exports and excess global capacity.

According to Encik Obaid Mansor, Chief Operating Officer of Penang Port Sdn. Bhd., Penang Port would still see a 5% increase on last year's volume of 1.16 million TEU but would likely to fall short of expectation. There was some pickup in cargo activities in the third quarter due to intra-Asian trade involving China but most of the cargo handled were coming into the country rather than going out. He further added that an import/export split 56% to 44% was a sign of "sluggish" global economy. Of the 24.3 million freight weight tonnes (FWT) the terminal handled, 65% were containerised cargo, 35% non-container cargo up to October. Its yearly target was 32.9 million FWT compared to 29.8 million FWT in 2012.

Shipments of Timber and Timber Products through Ports in Peninsular Malaysia, January 2014

Products	Port Klang		Kuantan		Pasir Gudang		Tanjung Pelepas		Penang		Total all ports m^3	% Change January 2014/ December 2013
	m^3	% Change January 2014/ December 2013	m^3	% Change January 2014/ December 2013	m^3	% Change January 2014/ December 2013	m^3	% Change January 2014/ December 2013	m^3	% Change January 2014/ December 2013		
Sawntimber	29,016	53	8,322	307	968	55	78	-7	818	-60	39,202	65
MDF	18,070	209	-	-	12,230	323	8,629	181	13,034	421	51,963	263
Mouldings	9,190	141	209	140	1,384	59	726	44	2,239	170	13,748	125
Dressed Timber	1,420	-21	159	109	893	0	73	-34	452	3,129	2,997	4
Plywood	6,585	464	-	-	-	-	14	-	6,121	95	12,720	196
Veneer	55	104	-	-	-	-	-	-	138	109	193	95
Particleboard	23,515	65	662	8	295	168	660	-5	16	-	25,148	60
TOTAL	**87,851**	**91**	**9,352**	**231**	**15,770**	**192**	**10,180**	**128**	**22,818**	**166**	**145,971**	**117**

Note : Indicates % change over the previous month
Source : MTIB

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Malaysia Star reported that, new buildings coming into service has led to overcapacity of freight space, suppressing freight rate charges in light of rising fuel costs.

Source: Asian Shipper, 30 January

Port of Singapore Registered Good Growth in 2013

As the global economy slowly returned to growth, the Port of Singapore maintained its global lead in bunker sales and achieved good growth in annual vessel arrival tonnage, container and cargo throughput in 2013. The Singapore Registry of Ships also continued to grow in size and ranks among the top 10 worldwide. Singapore is also now home to about 130 shipping groups. The maritime cluster employs more than 170,000 people and contributed some 7% to Singapore's Gross Domestic Product.

These were reflected in the Maritime and Port Authority of Singapore's advance estimates of port indicators announced on 7 January by for Mr. Lui Tuck Yew, Minister of Transport.

Their annual vessel arrival tonnage reached 2.33 billion gross tons (GT) in 2013, an increase of 3.2% from the 2.25 billion GT achieved in 2012.

Container ships and tankers were the top contributors, each accounting for around 30% of total vessel arrival tonnage. Meanwhile, container throughput hit 32.6 million TEU in 2013, a 2.9% increase over the 31.6 million TEUs in 2012. Total cargo tonnage handled last year rose 3.6% over 2012 to reach 557.5 million tones. The total volume of bunkers sold in the Port of Singapore in 2013 was 42.5 million tonnes, compared to 42.7 million tonnes in 2012.

Singapore remained the world's top bunkering port in 2013. The Singapore Registry of Ships did well last year, with total tonnage of ships growing by 13.2% or 8.6 million GT in 2013. As of end December 2013, the total tonnage of ships under the Singapore flag was 73.6 million GT, putting Singapore among the top 10 ship registries in the world.

Source: BERNAMA, 7 January

Ocean Cargo: Capacity Crunch Continued

The freight rate outlook for container shipping would vary by route and by direction and would depend on the length of contracts, said analysts for the London-based consultancy, Drewry Supply Chain Advisors.

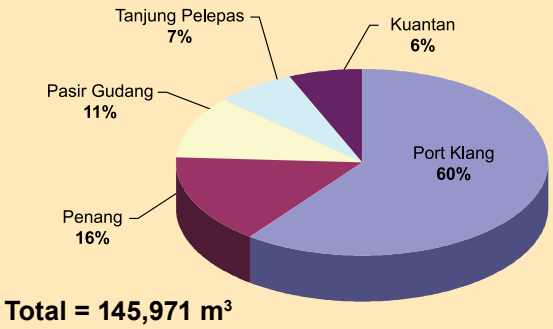
Overall, they predicted a moderate increase in freight rates in 2013 of 3-6% in average east-west freight rates in 2013. The fact that rates might rise in a weak market was partly because of the lag time of annual contract rates. In early 2013, annual contract rates which commenced in early 2012 (at a time of a price war between ocean carriers) would expire. These very low contract rates would then be replaced by slightly higher ones.

Shippers who bought shipping capacity on a spot basis or under short-term contracts have been paying a significant rate increase since the summer of 2012. The fuel surcharge component of container freight rates would remain high in 2013 in line with the underlying marine fuel price trends. However, the container shipping market remained unstable.

They also noted that carriers had been losing money in 2011 and 2012 and were close to the point where they would need to reduce capacity to protect their cash flow. If the situation worsens, capacity will slash and the freight rates will ratchet up, and contracts will be renegotiated.

Source: www.logisticsmgmt.com, 16 January

Shipments of Timber and Timber Products through Ports in Peninsular Malaysia, January 2014



Total = 145,971 m³

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Total export of timber and timber products from Peninsular Malaysia in January 2014 registered a positive growth in volume at 178,917 m^3 valued at RM207.1 million representing an increase of 108% and 84% in volume and value respectively over December 2013.

Sawntimber

Export of sawntimber in January 2014 increased 59% in volume and 34% in value to 55,578 m^3 with a value of RM75.3 million as compared to the previous month. Improve intake by market such as the Middle East and ASEAN contributed to the positive performance.

Exports to the EU for the month continued to decline by 30% to 4,500 m^3 from 6,413 m^3 in the previous month. Fragile Euro zone economic recovery caused declining in the construction activities for the region. Export of sawntimber to the Netherlands and UK decreased 33% and 6% to 1,837 m^3 and 936 m^3 respectively from the previous month. Similarly, export to Belgium declined 49% to 387 m^3 from 756 m^3 recorded in the previous month. On the other hand, export to Germany improved 73% to 704 m^3 from 408 m^3 in the previous month.

Total exports to West Asia rose positively from 4,988 m^3 in the previous month to 10,106 m^3 in January 2014. Export of sawntimber to the UAE and Saudi Arabia increased 133% to 4,533 m^3 and 64% to 1,213 m^3 respectively. Export to Oman and Qatar improved significantly to 1,957 m^3 from 206 m^3 and 993 m^3 from 78 m^3 respectively in the previous month. Booming construction activities such as development of infrastructure and expanding cities contributed to the positive growth in demand for Malaysian sawntimber.

Buying from ASEAN increased 130% to 29,573 m^3 from 12,851 m^3 registered in the previous month. Positive economic growth in most of the ASEAN member countries help boost the demand for Malaysian sawntimber to be used in the construction sectors. Export of sawntimber to Thailand and Singapore increased 141% to 18,365 m^3 and 120% to 10,339 m^3 respectively.

In the meanwhile, shipments to East Asia decreased 26% to 4,453 m^3 with export to China reduced 53% to 1,981 m^3 from 4,231 m^3 in the previous month. However, export of sawntimber to Japan and South Korea increased to 1,667 m^3 and 598 m^3 respectively.

Elsewhere, exports to the US decreased 4% to 867 m^3 while intake by Australia increased 19% to 364 m^3. Demand from South Africa also increased 4% to 1,005 m^3 from 966 m^3 in the previous month.

The average FOB price of sawntimber decreased 16% to RM1,354 per m^3 from RM1,605 per m^3 in the previous month. Price of Dark Red Meranti (DRM) decreased marginally to RM2,531 per m^3 from RM2,550 per m^3 in the previous month. Price of DRM to the Netherlands increased 5% to RM2,820 per m^3 from RM2,696 per m^3 in the previous month. Keruing was traded at RM1,594 per m^3, a decrease of 14% from RM1,851 per m^3 in the previous month.

Plywood

Total export of plywood in January increased 194% in volume and 214% in value to 15,253 m^3 valued at RM26.1 million compared to the previous month.

Total exports to the EU increased by 167% to 9,597 m^3. Similarly shipments to Denmark, Ireland, the Netherlands and UK increased 148%, 84%, 194% and 180% to 426 m^3, 472 m^3, 1,136 m^3 and 7,542 m^3 respectively. However, Belgium, France, Germany and Italy did not make any purchases in January 2014.

Exports to ASEAN region increased as Singapore and Thailand intake of plywood increased by 80% and 198% to 1,170 m^3 and 705 m^3 respectively, whereas, Indonesia and Brunei did not make any purchase in January 2014. On the other hand, in East Asia, Hong Kong, Japan and Taiwan resumed its intake whilst China and South Korea did not make any purchase in January 2014.

Total exports to West Asia also increased by 371% to 707 m^3 from 150 m^3 in the previous month. Similarly export to UAE increased by 398% to 214 m^3 and Kuwait resumed its import in January 2014. However, Bahrain, Saudi Arabia, Qatar and Yemen did not make any purchases.

Elsewhere, exports of plywood to South Africa and Australia increased by 76% and 533% to 194 m^3 and 2,164 m^3 respectively. However, New Zealand reduced its intake in January 2014 by 51% to 21 m^3, whereas, Algeria, Tanzania, US, Puerto Rico, Netherlands Antilles, Norway and Turkey did not make any purchases.

The FOB price of plywood increased to RM1,713 per m^3 from RM1,602 per m^3 in the previous month, an increase of 7% from the previous month.

Veneer

Total exports of veneer for January 2014 showed an increase of 174% in volume and 380% in value to 271 m^3 at RM1.2 million compared to the previous month respectively. Similarly, exports to India increased by 109% to 138 m^3 as compared to the previous month. Furthermore, Australia and the US resumed its intake in January 2014. Unfortunately, Viet Nam reduced its consignment to 13 m^3, a reduction of 52% as compared to the previous month.

The FOB price of veneer increased to RM4,589 per m^3 from RM2,616 per m^3 in the previous month, an increase of 75% from the previous month.

Medium Density Fibreboard (MDF)

Peninsular Malaysia's exports of MDF for January 2014 increased 203% in volume and 184% in value. Export totalled 66,146 m^3 at RM 55.7 million.

Exports to East Asia registered an increase of 81% to 1,673 m^3 from 923 m^3 in the previous month. Exports to Japan grew by 709% to 1,060 m^3 followed by South Korea at 335% increased to 383 m^3. Meanwhile exports to China (including

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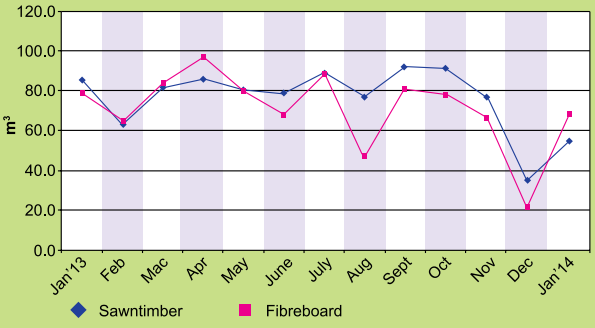
Hong Kong) recorded a negative growth with a decreased of 65% to 118 m^3 followed by Taiwan dropped 69% to 112 m^3.

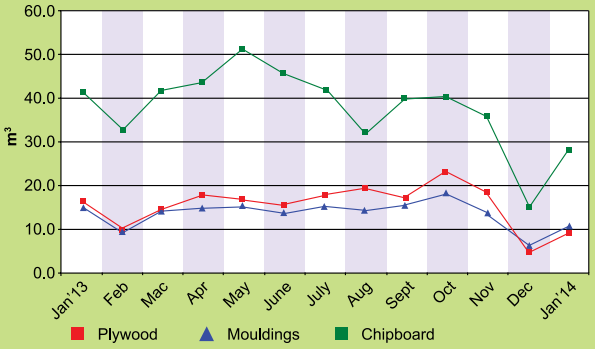
Meanwhile exports to West Asia for the month also increased 324% to 48,039 m^3 from 11,344 m^3 in the previous month. Export to Saudi Arabia recorded a positive growth of 1,526% to 13,022 m^3 followed by Iran at 1,360% increased to 14,760 m^3 and the UAE at 238% increased to 13,817 m^3. However, export to Jordan and Oman dropped by 59% to 699 m^3 and 85% to 150 m^3.

Furthermore, export to South Asia also recorded positive growth by 144%. Export to Sri Lanka increased by 236% to 215 m^3, followed by Pakistan grew by 210% to 4,863 m^3 and Bangladesh by 82% to 268 m^3. Only export to India down by 22% to 471 m^3.

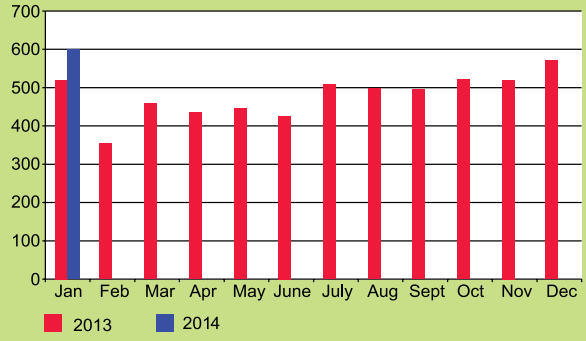
Elsewhere, exports to the US increase by 17% to 1,799 m^3 however export to South Africa fell 33% to 748 m^3 and export to Australia down by 95% to 76 m^3.

Export of Selected Products from Peninsular Malaysia
(January 2013 - January 2014) / Volume ('000 m^3)





Malaysia: Export of Wooden Furniture
(January 2013 - January 2014) / Value (RM Million)



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In ASEAN, total export to ASEAN region for the month of January also increased by 51% to 6,951 m^3 from 4,604 m^3 in the previous month. Exports to Philippines increased by 168% to 83 m^3, Viet Nam at 46% to 5,782 m^3, Singapore at 26% to 108 m^3 and Indonesia at 7% to 554 m^3.

Mouldings

Exports of mouldings for the month increased by 53% in volume and in value to 10,554 m^3 and RM30.1 million respectively. However, the exports decreased by 29% in volume and in value as compared to January 2013.

Exports to the EU for the month recorded at 3,016 m^3, a decrease of 6% compared to the previous month. Similarly, shipments to Netherlands decreased by 69% to 475 m^3 whilst Italy did not make any purchase in January 2014. However, exports to Belgium, Germany and UK posted increment of 157%, 87% and 56% to 713 m^3, 832 m^3 and 408 m^3 respectively.

Exports to the ASEAN region increased as Viet Nam and Singapore intake of mouldings increased by 83% and 164% to 22 m^3 and 1,051 m^3 respectively. However, Indonesia did not make any purchase in January 2014.

On the other hand, exports to Japan and South Korea increased by 192% and 95% to 1,851 m^3 and 501 m^3 respectively. Meanwhile, exports to China decreased by 39% to 377 m^3 whilst Taiwan and Hong Kong did not make any purchase in January 2014.

Elsewhere, export to Australia, US and Canada increased by 129%, 121% and 100% to 1,776 m^3, 1,542 m^3 and 28 m^3 respectively.

FOB unit value decreased 0.5% from RM2,864 per m^3 in the previous month to RM2,849 per m^3 in January 2014.

Builders Joinery and Carpentry (BJC)

BJC exports in January 2014 increased 9% to RM85.7 million as compared to RM78.9 million in 2013. Similarly, demand from the UK, Denmark and Sweden increased by 16%, 6% and 243% to RM12.2 million, RM2.2 million and RM2.3 million respectively. Whereas, exports to France, Belgium, Italy and Germany decreased by 17%, 28%, 68% and 18% to RM3.0 million, RM3.4 million, RM0.24 million and RM1.5 million respectively over the previous corresponding period. However, Netherlands and Turkey resumed their imports in January 2014 whilst Norway did not make any purchase in January 2014.

In Asia, exports to Saudi Arabia, Japan, India, Pakistan, South Korea, and Taiwan grew 311%, 36%, 3%, 127%, 30% and 55% valued at RM1.3 million, RM7.7 million, RM5.2 million, RM3.3 million, RM0.4 million and RM1.6 million respectively. However, exports to Singapore, UAE, Thailand, and Viet Nam decreased by 0.1%, 40%, 0.1%, and 22% to RM10.6 million, RM1.5 million, RM3.1 million and RM1.4 million respectively.

Exports to Australia and US increased by 8% and 32% to RM11.5 million and RM5.1 million respectively. However, Maldives and South Africa reduced their intake by 61% and 27% to RM0.21 million and RM1.0 million respectively.

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Logs

Trading activities weakened for the month due to slow activities in the market, hence, pulling the prices down for most species. On top of that, logging and milling operations have also slowed considerably due to bad weather coupled with the upcoming Chinese New Year.

In January, log prices for the species of Chengal stood firm at RM3,600 per tonne. Meanwhile, Balau prices increased by 8% compared to the previous month's period to be traded at RM2,610 per tonne. The price of Merbau jumped up by 8% to RM2,073 per tonne. The prices of Keruing and Kempas fell by 9% and 2% to RM1,058 per tonne and RM1,297 per tonne respectively over last's month level. Dark Red Meranti and Yellow Meranti also went down marginally by 1% and 2% to be traded at RM1,410 per tonne and RM980 per tonne respectively. This is followed by Mixed Heavy Hardwood and Mixed Light Hardwood; both prices dropped significantly by 7% and 22% to RM933 per tonne and RM543 per tonne respectively over the previous month.

Sawntimber

The average sawntimber prices were also weakening due to slow demand from both domestic and overseas market. Furthermore, the local building and construction sectors charted a downward trend of 10.9% in 2013 compared to 18.1% in 2012.

The sawntimber prices of Chengal maintained at RM6,638 per m^3. Prices of Balau and Merbau sawntimber declined significantly by 35% and 7% to be traded at RM2,542 per m^3 and RM3,722 per m^3 respectively. Similarly, prices of Kempas dropped by more than 50% to RM1,194 per m^3 followed by Keruing which dropped 4% to RM1,477 per m^3 respectively. Prices for Dark Red Meranti and Yellow Meranti also declined by 5% and 6% to RM2,079 per m^3 and RM1,359 per m^3 respectively over last month's level. However, prices of Nyatoh and Sepetir continued to be stable at RM1,010 per m^3 and RM1,095 per m^3 respectively. Sawntimber prices of Mixed Heavy Hardwood charted at RM812 per m^3 whilst Mixed Light Hardwood was recorded at RM720 per m^3.

Plywood

The supply of plywood to the domestic market continued to be sufficient to meet local demand. Plywood of 4mm and 12mm of thicknesses dropped slightly to RM14.60 and RM42.50 per piece respectively as compared to the previous month. However, plywood prices for the thicknesses of 6mm and 9mm remained stable at RM22.00 and RM34.00 per piece respectively.

Medium Density Fibreboard (MDF)

Prices remained at last month's level due to stagnant demand from the domestic market. MDF of 4mm, 6mm, 9mm and 12mm of thicknesses were traded at RM13.50, RM20.50, RM27.80 and RM37.20 per piece respectively.

Intra-Malaysia Trade * – January 2014

For the first month of the year, sawntimber shipments from Sabah to Peninsular Malaysia charted an upward trend by 37% in volume to 465 m^3 worth at RM0.8 million. However, exports of logs and plywood recorded a sharp decline of 63% and 22% to 27 m^3 and 8,916 m^3 respectively over the previous month. Meanwhile, shipments of veneer rose by 10% from 31 m^3 to 34 m^3 valued at RM59,000.

Rainy season hampered the logging and transportation activities in Sarawak. Consequently, export of sawntimber to Peninsular Malaysia dropped further by 38% in volume and 19% in value to 431 m^3 valued at RM0.43 million. Similarly, export of plywood and veneer fell by 5% and 15% to 9,978 m^3 and 5,787 m^3 worth at RM12.3 million and RM7.2 million respectively.

No intra trade activities from Peninsular Malaysia to Sabah and Sarawak were recorded in January 2014.

** Source: Department of Statistics, Malaysia*

INTRA-MALAYSIA TRADE – JANUARY 2014

From	Products	DECEMBER 2013		JANUARY 2014		% Change in Volume Jan 2014/Dec 2013	% Change in Value Jan 2014/Dec 2013
		Volume (m^3)	Value (RM '000)	Volume (m^3)	Value (RM '000)		
SABAH	Logs	73	16	27	6	-63	-63
	Sawntimber	340	523	465	842	37	61
	Plywood	11,477	17,826	8,916	13,970	-22	-22
	Veneer	31	46	34	59	10	28
SARAWAK	Logs	0	0	0	0	0	0
	Sawntimber	698	529	431	429	-38	-19
	Plywood	10,452	13,061	9,978	12,286	-5	-6
	Veneer	6,795	6,708	5,787	7,177	-15	7

Source : Department of Statistics, Malaysia

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JANUARY 2014

***AVERAGE DOMESTIC PRICES OF LOGS, SAWNTIMBER, PLYWOOD AND MDF IN PENINSULAR MALAYSIA JANUARY 2014 (VALUE IN RM)**

SPECIES	LOGS/tonne	SAWNTIMBER/m³			
	18" UP	GMS	STRIPS		SCANTLINGS
HEAVY HARDWOOD					
Chengal	3,600	6,638	2,684		8,828
Balau	2,610	2,542	1,564		2,966
Red Balau	2,445	2,966	1,854		3,178
Merbau	2,073	3,722	2,436		3,369
Mixed Heavy Hardwood	933	812	766		918
MEDIUM HARDWOOD					
Keruing	1,058	1,477	936		1,645
Kempas	1,297	1,194	671		1,395
Kapur	1,500	2,366	982		2,472
Mengkulang	1,123	1,624	1,000		1,575
Tualang	1,320	2,225	1,995		2,225
LIGHT HARDWOOD					
Dark Red Meranti	1,410	2,079	1,275		2,180
Red Meranti	1,374	1,503	1,345		2,174
Yellow Meranti	980	1,359	1,081		1,766
White Meranti	986	1,448	565		1,695
Mersawa	1,302	1,367	883		2,684
Nyatoh	1,200	1,010	734		1,201
Sepetir	850	1,095	918		1,095
Jelutong	900	1,246	1,201		1,554
Mixed Light Hardwood	543	720	657		657
MALAYSIAN RUBBERWOOD *Hevea brasiliensis*	**LOGS/tonne**	**SAWNTIMBER/m³**			
	170	**1" X 1"**	**2" X 2"**	**3" X 3"**	**4" X 4"**
		850	1,035	1,153	1,220
PLYWOOD 4' X 8' (RM per piece)	**4mm**	**6mm**	**9mm**		**12mm**
	14.60	22.00	34.00		42.50
MDF 4' X 8' (RM per piece)	**4mm**	**6mm**	**9mm**		**12mm**
	13.50	20.50	27.80		37.20

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

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TIMBER ROUND-UP

Furniture

Exports of wooden and rattan furniture for the period under review in 2014 rose 15% compared to the corresponding period of 2014. Total shipments recorded RM606.3 million against RM525.3 million in 2013.

Purchase of wooden furniture from Malaysia for January 2014 increased 16% from RM521.9 million to RM603.5 million compared to January 2013. There has been an increase in intake across most major markets.

Imports of wooden furniture by the United States largely expanded 23% from RM163.9 million to RM201.1 million. Its furniture retailers have seen a material increase in their average number of inventory days in recent years

Meanwhile, Japan also increased its consumption upwards by 14% from RM55.5 million to RM63.3 million.

The UK imports followed the same trend with a healthy increase of 15% from RM25.0 million to RM28.8 million. Intake by Australia is also positive with a 25% increase from RM34.0 million in 2013 to RM42.4 million in the first month of 2014.

Singapore also increased its intake by 20% from RM30.7 million to RM36.7 million in 2014. Canada however reduced its intake by 20% to reach RM19.4 million due to depreciating of its Canadian dollar.

The UAE managed a huge increase of intake of 63% to reach RM22.9 in 2014, compared to RM14.1 million in 2013. On the other hand, India slightly decreased its intake by 2% to RM10.0 million. Saudi Arabia managed to record an increase of 54% to RM15.3 million.

Germany also slightly reduced its wooden furniture consumption by 4% with a purchase of RM8.0 million in 2014 from RM8.3 million in 2013. Russian consumption of furniture increased 62% from RM6.1 million to RM 9.8 million. The Philippines charted a four-fold increase to RM30.7 million compared to the previous year.

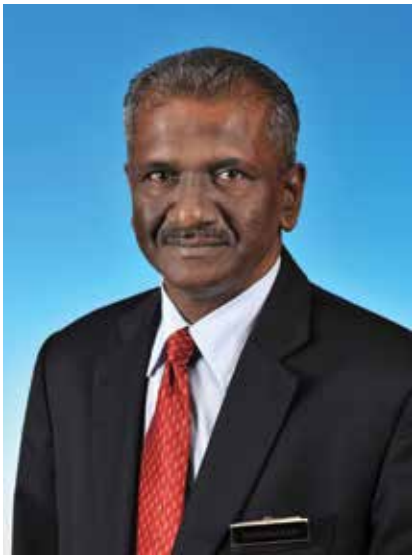
Meanwhile, rattan furniture shipments had a decrease of 15% to RM2.8 million in 2014 from RM3.3 million in 2013. Singapore is the top importer with an intake of RM822 thousands, despite a decrease of 5%.

The UK consumption is almost doubled in 2014, charting RM752,000. Thailand also increased its intake by 60%, recording RM266,000 in 2014.

CONGRATULATIONS!

MPIC

Datuk Seri Nurmala Abd. Rahim



MPIC

Datuk Nagarajan N. Marie

Datuk Hasan bin Ismail

The recent Federal Territories Day celebration saw the conferment of awards to key government personnel. YBhg. Datuk Seri Nurmala binti Abd. Rahim, Secretary-General of MPIC was conferred with the *Darjah Seri Mahkota Wilayah (SMW)* award which carries the title "Datuk Seri". She was amongst 17 prominent individuals acknowledged for their outstanding contributions to the development of the Federal Territories and the nation.

Amongst the 59 people who received the *Panglima Mahkota Wilayah (PMW)* award, carrying the title "Datuk" were YBhg. Datuk Nagarajan N. Marie, Deputy Secretary-General (Commodities), MPIC and YBhg. Datuk Hasan bin Ismail, Deputy Director-General EPU who is also an MTIB Board member.

The awards and medals were conferred by Yang di-Pertuan Agong, DYMM Tuanku Abdul Halim Mu'adzam Shah at National Palace, Kuala Lumpur on 1 February 2014.

The management and staff of MTIB congratulate them for their achievements.

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higher learning institute, a government agency and a private company could work together in nurturing public awareness on the rehabilitation of the. He thanked MTIB and Tesco for the support shown to UMK in its mission to be the first "Campus in the Forest Garden" in Malaysia.

Also present at the ceremony were Tun Abdullah Ahmad Badawi, former Prime Minister of Malaysia; Prof. Datuk Dr. Raduan Che Rose, Vice Chancellor of UMK; Dr. Jalaluddin Harun, Director-General of MTIB; and Encik Azlam Shah Alias, Director of Corporate Communication and Government from Tesco Stores (Malaysia) Sdn. Bhd.

Tun Abdullah Ahmad Badawi, former Prime Minister of Malaysia watering a Karas sapling at the event.

COURSE ON POTENTIAL OF BAMBOO

In an effort to further develop the bamboo industry in Malaysia, MTIB in collaboration with Pengkalan Hulu District and Land Office and Pengkalan Hulu District Council organised a course on Potential of Bamboo in Pengkalan Hulu, Perak on 11-12 February. The objectives of the workshop were to enhance knowledge and information as well as to create awareness among the industry players and the locals on the potential of the bamboo industry in Malaysia.

The two-day course was officiated by YB Dato' Mohamad Zahir bin Abdul Khalid, Member of State Assembly (ADUN) of Kamunting, Perak cum the Chairman of Perak Industry, Investment and Development Corridor Committee. He highlighted that Malaysia's export of bamboo for the last ten years was valued at RM250,000 whilst import of bamboo recorded RM1.5-RM2.0 million. Bamboo and bamboo products were imported from 11 countries mainly from China, Indonesia and Thailand. According to the International Network for Bamboo and Rattan (INBAR), the international bamboo industry could generate revenue of USD11 billion per year. This value is expected to increase to USD18 billion in 2018. To ensure the sustainable development of the bamboo industry, the 10-Year Action Plan for the Development of the Bamboo Industry in Malaysia was launched in October 2011. The action plan seeks to produce an industry that can contribute significantly to export earnings, while expanding the domestic market for bamboo. The five strategies outlined in the action plan are as follows:

- Establishment of bamboo plantations and preservation of existing natural resource management;
- Human capital development;
- Development of downstream activities;
- Research and development; and
- Marketing and promotion

Eight papers were delivered during the course. The papers were as follows:

- Distribution and Procedures on Production of Natural Bamboo Forest in Perak by Puan Halimatul Saadiah Muhammad Daud from Perak State Forestry Department;
- Bamboo Treatment Method by Encik David Kow from Bamboo Tech Industries Export;
- Bamboo Industry and the Transformation of Yong An City, China by Encik Alvin Pang from Maju Perak Go Green Sdn. Bhd.;
- The Introduction of Bamboo and Bamboo Selection by Prof. Madya Dr. Hj. Azmy Mohamed from Universiti Putra Malaysia;
- Bamboo Harvesting and Treatment by Prof. Madya Dr. Hj. Azmy Mohamed from Universiti Putra Malaysia;
- Bamboo in Food Industry by Encik Adnan Osman from Tunas Budi Sdn. Bhd.;
- The Development of Bamboo in Furniture Industry by Encik A. Rahim M. Ismail from Design Principle Sdn. Bhd.;

Group photo at a bamboo forest in Pengkalan Hulu District, Perak.

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DESIGN AND TECHNICAL WORKING VISIT TO AUSTRALIA

The delegation with Mr. Brian Parkes, Chief Executive Officer of JamFactory.

Capability and capacity building among furniture industry fraternity is vital and this is part of the government's aspiration towards nurturing human capital development in timber industry. Towards achieving the target of the National Timber Industry Policy (NATIP) of RM53 billion in export earnings by 2020, of which furniture export would account for RM16 billion, specific focus needs to be given to furniture design and the development of human capital development. In line to that, MTIB is in the midst of establishing the National Design Roadmap

In this context, MTIB took the initiative to organise a Design and Technical Working Visit to Australia from 3 to 9 February. The visit aimed to enhance knowledge, exposure and experience among designers and MTIB officials on the technical aspects of furniture design and technology in Australia, and on the implementation of vocational education training in the development of furniture design and carpentry. The group also sought to gather ideas in order to establish a furniture design studio in Malaysia in accordance with the National Design Roadmap.

Discussion with Mr. Jon Goulder, the Creative Director of the Furniture Design Studio.

There are a number of Australian designers for example Marc Newson, Johnny Chamaki and Khai Liew currently achieving success and developing strong reputation within the fiercely competitive global context. The key factors of this success were large investments in design and also establishment of diverse training centres and vocational education trainings throughout the country. These contributed a huge part in the development of the Australian design and furniture industry.

Australia's Vocational Educational and Training (VET) forms an integral piece of the Australian Education system and is designed to deliver workplace specific skills and knowledge based competencies. VET is a system governed by interconnected government and independent bodies functioning within National Skills Framework of qualifications defined by industry Training Packages and explicit quality delivery standards, the Australian Quality Training Framework (AQTF). In Australia vocational education and training is mostly post-secondary and provided through the vocational education and training (VET) system by registered training organisations encompasses both public, TAFE, and private providers.

The delegation visited two of the largest training institutes in Australia in the area of building construction and carpentry – Holmesglen Technical and Further Education (TAFE) institute in Melbourne and Tonsley TAFE in Adelaide. Holmesglen is a one stop training centre with access to nearly all building

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construction trades. It offers more than 600 programmes to more than 50,000 students. On the other hand, the Tonsley TAFE SA (South Australia) campus is part of the Sustainable Industries Education Centre (SIEC) in Adelaide. Tonsley TAFE provides 45,000 m² of world-class, energy efficient, trade training infrastructure. The campus can host up to 800 students a day, with a capacity of 6,500 students per year. The Tonsley TAFE consolidates all building and construction courses in Adelaide and offers trade training from Certificate I up to Diploma level across 26 disciplines including carpentry and joinery, furnishing and building, and interior design and drafting.The delegation also visited the facilities and learnt about the courses related to furniture design offered by University of Technology Sydney (UTS) and University of south Australia (UniSA).

The delegation then visited the Decoration + Design Exhibition 2014 in Sydney. Decoration + Design is Australia's premier interiors trade event showcasing the latest interior products and furnishings from leading companies. The exhibition showcases hundreds of new products and the latest industry developments. Flooring and Finishes exhibition was also held in conjunction with the Decoration + Design Exhibition. It exhibits contemporary developments in flooring and surface finish disciplines, including design, texture, colour, versatility and sustainability. Decoration + Design encompasses a number of exclusive features, including THE EDGE, DESIGN: MADE: TRADE and International Seminar Series. THE EDGE is a leading Australian design and innovation competition open to emerging designers. The Edge offers awards in Student, Concept, Commercial and Green categories. Participants from various vocational schools from all over Australia were among the finalists for the competition.

The delegation also visited JamFactory, located in the city centre of Adelaide, Australia. JamFactory is a non-profit organisation supported by the South Australian Government and recognised nationally and internationally as a centre for excellence. JamFactory supports and promotes outstanding design and craftsmanship through its widely acclaimed studios, galleries and shops throughout Australia. The group met the Chief Executive Officer, Mr Brian Parkes and Mr. Jon Goulder, the Creative Director of the Furniture Design Studio in JamFactory. The delegation then visited local studios including Council of Object and Khai Liew Studio. Council of Objects specialises in Australian-made ceramics, glass, textiles, furniture and timber products. The group then got to meet Mr. Khai Liew the owner of Khai Liew Studio in Magill Road, Adelaide. He started off as a consultant and restorer of early Australian furniture before setting up his own design studio in Magill Road, Adelaide. The retail showroom, studio and workshop displayed his furniture pieces alongside imported mid-century Danish furniture.

From the visit, it can be concluded that uptakes of new technologies and methodologies along with innovation and design and extensive training and education throughout the whole industry should be enhanced to achieve NATIP objectives.

Large scale of woodworking facilities to cater all training related to wood-based at Tonsley TAFE, Adelaide.

Woodworking workshop at Holmesglen, Chadstone campus.

Encik Mohd Nor Zamri Mat Amin, Director of WISDEC with team from Holmesglen TAFE Institute.

The delegation was led by MTIB Director of WISDEC, Encik Mohd Nor Zamri Mat Amin. Another representative of MTIB was Cik Siti Aishah Abu Bakar. Furniture industry entrepreneurs were represented by Cik Norhani Katijah Bt Mohd Ali, Managing Director/Designer at LAIN Furniture and Object Sdn. Bhd., and Encik Harris Bin Sarif and Encik Megat Al Isslam Bin Megat Ismail, designers from Zone Furniture Sdn. Bhd.

SECOND JOINT COMMITTEE AND MPCEPA MEETING CUM TRADE PROMOTION

Courtesy visit to Malaysian Consulate General office in Karachi.

In tandem with NATIP's timber and timber products export target of RM53 billion by 2020, MTIB organised a trade and promotion programme to Pakistan from 22 to 28 February. Currently, Pakistan is seen as an emerging market for Malaysia's timber and timber products. Major products exported were medium density fibreboard (MDF), builders joinery and carpentry (BJC) and sawntimber.

In Karachi, the programme involved a market promotion seminar, business meetings, factories and warehousing visits. While in Islamabad on 25-26 February, the Second Joint Committee Meeting and Trade in Goods (TIG) Review Meeting under the Malaysia-Pakistan Closer Economic Partnership Agreement (MPCEPA) took place.

The delegates visited three factories, including a glue factory, under the Sunlight Wood Group which is one of Pakistan's leading wood working companies involved in the processing of value-added laminated MDF products. These factories were Sunlight Wood Product (Pvt) Ltd., Sindh High Pressure Laminates (Pvt) Ltd., and Standard Board (Pvt) Ltd. At the factories, the delegates were briefed by the companies' management team namely Mr. Muhammad Rafiq Jaffrani, Mr. Muhammad Hassan Jaffrani, and Mr. Bilal Jaffrani on the factories operations of which utilises 100% of high quality Malaysian MDF. MTIB officials also visited Bobby Furniture, a high end furniture producer which uses value-added Malaysian MDF produced by the Sunlight Wood Group. Mr. Mushtaq Vali Muhammad, President of MVM Trading accompanied the MTIB officials throughout the programme in Karachi.

A courtesy visit to the Consulate General of Malaysia, Karachi office also took place and delegates met with Mr. Azmir Suzli Ibrahim, Vice Consul, who assisted the discussion with the K.U. Trading Co., an importer of Malaysian MDF at his place.

During the programme, a seminar on the Malaysian timber industry and products exported was held in Karachi. Papers presented during the seminar namely The Malaysian Timber Industry and The Malaysia-Pakistan Timber Trade, and Status of MDF Industry in Malaysia. Both papers were delivered by Cik Hjh. Robiyah Hj. Husin of MTIB. The third paper presented by Mr. Hassan Jaffrani of Sunlight Wood Group highlighted the opertations of Sunlight Wood Group, the status of MDF industry in Pakistan and the importance of Malaysian MDF to the Pakistani market.

The seminar comprised 40 participants which were made up of Pakistani timber importers, agents and merchants, manufacturers and end users of timber and timber products. The seminar was graced by Mr. Abdul Aziz Haji Yaqoob, Senior Member and Former President of Karachi Chamber of Commerce and Industry and Karachi Timber Merchants Group; Mr. S.M. Munir, Leader of Karachi Business Community and Mr. Shahid Javaid Qureshi, President of Pakistan Malaysia Friendship Association.

Business-to-Business (B2B) meetings were conducted to enable seminar participants and the MTIB officials to directly discuss and exchange information whilst at the same time seek opportunities and export potential for Malaysian timber and timber products into the growing economies of Pakistan markets.

The delegates also had a fruitful discussion with Mdm. Suraiya Butt, Director of Valuation at her office. The discussion was to clarify the status of the Import Tariff Prices imposed by the Pakistan Customs to Malaysian MDF importers in Pakistan.

The focus of the programme was the Second Joint Committee Meeting and Trade in Goods Review Meeting under the

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Cik Hjh. Robiyah Hj. Husin of MTIB presenting her paper at the seminar.

MTIB officials and representatives of Sunlight Wood Product.

Malaysia-Pakistan Closer Economic Partnership Agreement (MPCEPA) which was held in Islamabad on 25-26 February. The Malaysian delegation for the MPCEPA review was led by Chief Negotiator, Encik Mohamed Shahabar bin Abdul Kareem, Senior Director, Ministry of International Trade and Industry, Malaysia whilst Pakistan was headed by Mr. Fazal Abbaz Maken, Additional Secretary, Ministry of Commerce.

The agenda of the meeting were the review the implementation of decision of the first JC meeting, endorsement of the minutes of the meeting of sub-committee on TIG, implementation status of Pakistan-Malaysia FTA, trade facilitation, trade promotion and investment.

A courtesy visit to the High Comission of Malaysia in Islamabad office also took place and delegates met with Encik Aiyub Omar, Deputy High Commisioner/Counsellor, who assisted in the discussion with Pakistan MDF importers. In addition, MTIB officials also conducted B2B meetings on 27-28 February involving Islamabad's furniture importers.

The next Meeting of the Sub-Committee on TIG is scheduled to be held on 6 May 2014 in Kuala Lumpur. MTIB officials were represented by Cik Hjh. Robiyah Hj. Husin, Senior Deputy Director and Encik Mohd Afthar Amir, Senior Assistant Director of Trade Development.

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YB Dato' Mohamad Zahir bin Abdul Khahid, ADUN of Kamunting, Perak cum Chairman of Industry, Investment and Development Corridor Committee, Perak delivering his speech.

Attendees at the course.

- The Uses of Bamboo in Construction Industry by Encik Mohd Ramadhan Hamid from Buluh Living Resort.

On the following day, Prof. Madya Dr. Hj. Azmy Mohamed briefed the participants on the technique of selecting matured bamboo poles, whilst Encik David Kow showed them how to treat (treatment method) the harvested bamboo poles. The participants were divided into small groups and were given hands-on practice on the techniques taught at a bamboo forest in Pengkalan Hulu District, Perak.

The programme gathered 200 participants mainly from local villagers, industry players and government agencies.

FLEGT DIALOGUE WITH FURNITURE INDUSTRY

Encik S. Rajan, MTIB Director of Licensing and Enforcement briefed the furniture manufacturers at the premise of Johor Bahru Furniture Association.

MTIB has conducted a series of dialogues with the furniture sector to provide a clearer understanding of the requirements of the Timber Legality Assurance System (TLAS). The furniture sector had raised several concerns on TLAS as well as its obligations to fulfil TLAS requirements. Understandably, some of its concerns were the result of lack of understanding of TLAS. Since these concerns were formally raised at a dialogue with YB Datuk Amar Douglas Uggah Embas, Minister of Plantation Industries and Commodities (MPIC), the Minister requested that MTIB hold further dialogues to explain TLAS as well as address of its concerns.

These dialogues were held in Johor Bahru, Batu Pahat, Muar, Penang and Kuala Lumpur from 18 to 28 February. The dialogues proved to be extremely useful to MTIB to gauge feedback from the industry on the implementation of VPA and the involvement of the furniture industry. Presentations were made on the status of the Forest Law Enforcement, Governance and Trade Voluntary Partnership Agreement (FLEGT VPA), and the TLAS Tables related to the furniture sector.

Among the concerns raised by the sector included questions on requirements for registration of furniture companies with MTIB, problems related to licensing with the Forest Department and additional cost for implementing TLAS. Some were of the view that since the EU had not strictly enforced its Timber Regulation the due diligence approach would be less costly.

The dialogue sessions were also attended by officers from MPIC, PROTEM Executive and MTIB. All companies involved in exporting furniture to the EU were invited to attend. These included furniture exporting companies, builders' joinery and carpentry, and wooden frames manufacturers.

A total of 149 participants attended these dialogues comprising five locations in Johore, Penang and Kuala Lumpur. The Table below provides a summary of the dialogues:

LOCATION	DATE	ATTENDANCE
Johor Bahru Furniture Association, Johor Bahru	18 February 2014	25
Batu Pahat Furniture Association, Batu Pahat, Johor	19 February 2014	19
Muar Furniture Association, Muar, Johor	20 February 2014	66
Penang Furniture and Timber Industry Association, Penang	25 February 2014	23
MTIB HQ, Kuala Lumpur	28 February 2014	16

Dialogue with members of Batu Pahat Furniture Association.

Briefing to the Penang Furniture and Timber Industry Association.

NEW 5-AXIS CNC PROCESSOR: MAIN ATTRACTION AT WMF AND WMA

The delegation at the exhibition.

The 15th International Exhibition on Woodworking Machinery and Furniture Manufactures Equipment (WMF) and Woodworking Machinery Supplies and Accessories (WMA) was held in Beijing, China from 25 to 28 February. The venue of the exhibition was at China International Exhibition Centre, Beijing. The event is held every two years. The main organisers for the event were The State Forestry Administration – People Republic of China, China Council for Promotion of International Trade and the China International Exhibition Group Corporation. It was supported by China National Forestry Machine Association and China Building Decoration Association. Adsale Exhibition Services Limited managed the exhibition. It was also endorsed by European Federation of Woodworking Machinery manufacturers (EUMABOIS).

The WMF and WMA 2014 have been held since 1986 and they feature a full scope of exhibits covering all sectors of the woodworking industry. The display items were put in place at

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VIET NAM
Furniture and Wood Industry Exports Grew

Viet Nam's furniture and wood industry posted record-high exports of USD5.7 billion in 2013 and the outlook is even brighter for this year. The Viet Nam Timber and Forest Products Association, told the industry performed very well last year amid a slowdown in the agriculture sector.

Demand from the US, the major export market for Viet Nam's wood products, had recovered after years of decline and translated into a shipment of USD1.7 billion in 2013. This represented a 16% rise from the previous year. Exports to the EU did not grow much last year compared to 2012 while those to Japan saw an increase of USD200 million year-on-year.

Wood exporters have also expanded to new markets like India, Russia, and the Middle East. They are also concerned about exports to China, which have seen robust growth in recent years since the market mainly imports timber and unsophisticated wood products from Viet Nam.

Thanhniennews.com, 27 February

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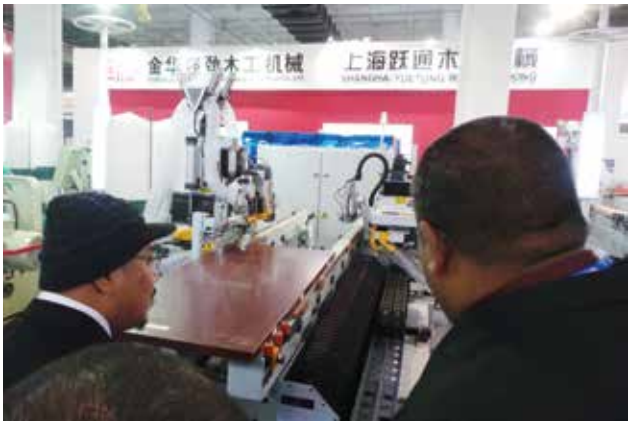
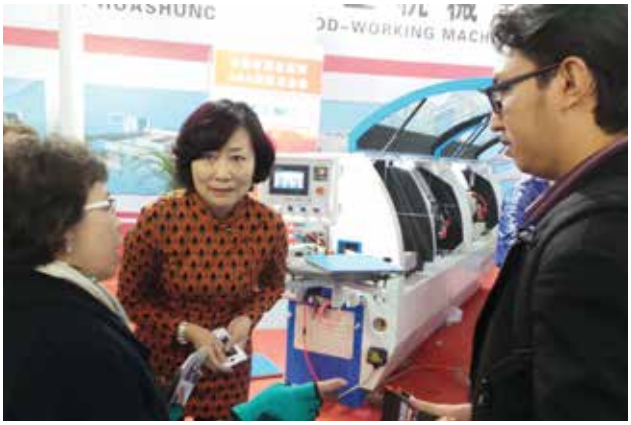


The group viewing the advanced machinery and technology at WMF exhibition.



Visiting one of the exhibitors' booth.

Encik Mohd Asmawi Mohd Afandi, MTIB officer (left) posing with Mdm Annie Chu, General Manager-Admistration and Marketing Support, Adsale Exhibition Services Ltd, the exhibition organiser, after the opening ceremony.

nine different products zone covering 12 buildings occupying about 60,000 square metres. Zone One was allocated for 'Furniture Making and Wooden Products Machinery', Zone Two for 'Panel Board Machinery' and Zone Three for 'Material Processing Machinery, Coating, Drier and Packaging'. Zone Four for 'Knife, cutter and Accessories', Zone Five for Engraving Machinery' and Zone Six for 'Furniture Materials, Hardware and Chemicals'. 'Hand and Tools and Machinery Accessories' could be seen at Zone Seven, 'Automation and Computer Numerated Control (CNC) Machinery' at Zone Eight and "Wooden Architecture' items at Zone Nine. This year the organiser put up a new display area at Zone Eight – Automation and CNC Machinery to accommodate the latest automated processing machines which included hardware and software related to technology advancements of CNC. Machinery producer companies from Germany and Taiwan displayed their latest products and the technical enhancement of their CNC which attracted a big crowd. These machines provide a solution to enterprises and furniture manufacturers in terms of energy saving and emission reduction, and are especially useful in business upgrading and transformation.

Various popular woodworking machineries from established manufacturers such as Homag, Weinig, Beijing Jianming, Shanghai Yutong and Weili were also put on display. Homag introduced 'Venture 316L 5-Axis CNC Processor that can handle routing, drilling and cutting on various raw material such as hardwood, panel board and wood plastic composite (wpc). The machine's capabilities can satisfy the needs of the manufacturers from hardwood furniture (door, chair and table), hotels and resorts, apartments and condominiums, offices and business entities and residential areas. A company from Shanghai – Weili upgraded its CNC jigsaw by adding a software application for high precision cutting to ease operation and maintenance.

The organiser stated that 430 exhibitors from China, Taiwan and Germany took part in the exhibition which was run for four days. Thirty thousand visitors comprising machinery buyers, marketing agents and professional visitors attended the exhibition. The majority of them were from the home country (China) but visitors from Japan, Taiwan, Germany, Italy, Malaysia, India, Viet Nam, Indonesia and Thailand could also be seen. For the first time, the organiser recorded more than 10,000 visitors on the first day of the show.

MTIB brought five aspiring Bumiputera furniture entrepreneurs to the exhibition in Beijing. The aim was for them to gain insight and knowledge on the latest woodworking machineries being launched in the market and to learn systematic and economic management of their own manufacturing capabilities. They also experienced the buying spree of various furniture owners (visitors) for small woodworking merchandise and tools that could be hand-carried home.

MTIB was represented by Encik Mohd Asmawi Mohd Affandi and five entreprenuers were Encik Ahmad Saifulhasni from MYR Construction Sdn. Bhd., Encik Malek Razak from Mazarul Enterprise Sdn. Bhd., Encik Zaharin Bidin from Bidin Jasin Sdn. Bhd., Encik Dzulhafiz Hashim from Hashim Bakar Sdn. Bhd. and Encik Azizan Mat Sor from ABM Two Sdn. Bhd.

EXPLORING OIL PALM TRUNK AS RAW MATERIAL FOR WOOD-BASED INDUSTRY

Introduction

Malaysia is known as one of the largest palm oil producers in the world. This oil is produced from the oil palm fruits which grow on planted palm trees. In 1990, about 1.7 million hectares of land were covered with oil palm trees. As the demand for palm oil grows, more trees were planted. Agriculture statistic shows there were about 5.1 million hectares of palm trees in 2012.

As the trees grow older, less palms fruits are produced, thus reducing field productivity. Older trees of about 25-30 years are replaced with new seedlings. During the replanting exercise, large amount of biomass are produced. The trunk in particular attracts the attention of timber processors. Every year, an estimate of 17 million m^3 of oil palm trunks is harvested off from the agricultural land. As the volume of natural timber log resources declines due to the government's emphasis on conservation, various efforts have been undertaken to convert palm resources for the wood-based industries. Sawntimber is one oil palm product that is currently being explored.

Processing oil palm trunks pose several key challenges. It is vulnerable to insect and fungi attack, is difficult to saw, has variable densities and moisture content, and has higher drying defects and poor machining properties.

Oil palm trees are common in Malaysia.

Loading oil palm trunk on trailer lorry.

The sawing of an oil palm trunk.

A bundle of oil palm timber.

Oil palm timber charged into a kiln chamber.

A density segregation machine.

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When the oil palm trunks are felled at the plantation, it has to be transported to the processing factory as soon as possible. As compared to other tropical timber logs, oil palm trunks are easily deteriorated by insect and fungi. Some timber logs can be stored at the open log yard for more than a year, but not oil palm logs. These logs must be processed immediately. It has to be sawn, treated with chemical and kiln dried in order to produce higher recovery volume. The bio-deteriorating agents start to attack at both open ends of the log. When it takes longer to process, the attack goes deeper to the centre of the trunk and more volume of the material is rejected.

Density Variation

The palm trunk consists of heavy outer material and lighter inner core material. The outer density is about 400–700 kg/m^3, while the core density is 150–250 kg/m^3. Comparatively, wood from the forests trees does not exhibit such high variation.

Unlike the forest tree, the oil palm tree is a monocotyledon plant which share similar anatomical features with the coconut, bamboo and rattan. It contains a special tissue which is called vascular bundle. The fibre, phloem, xylem vessels and some parenchyma cells are located inside the bundle which is enclosed by a ring of thickened sheath cells. This vascular bundle are scattered throughout the cross-section of the palm trunk. On the other hand, in the dicotyledon plants where Meranti and most tropical forest tress are grouped, there is no vascular bundle. The centre-main cross-section of the dicot trunks mainly consists of the xylem and fibre cells. The phloem is on the outer side of the trunk and is considered as tree bark. The number and the thickening of the monocot vascular bundles increase radially from the core to the trunk peripheral. They also decrease along the height of the trunk. It is due to this anatomical characteristic that palm timber exhibits such high density variations.

A selection of furniture made from palm wood.

The large variation of density - from 150 kg/m^3 to 700 kg/m^3, poses a problem for palm timber product utilisation. Firstly, the strength properties of wood are linearly correlated to its density. The higher the density, the stronger the wood is. Accordingly, palm timber pieces with the density of about 350 kg/m^3 have a modulus of rupture (MOR) value of 18 N/mm^2 while for pieces having the density of above 500 kg/m^3 the MOR value is about 69 N/mm^2. The MOR value is useful to determine the strength of wood when used for horizontal applications such as the seat component of a long bench so that during product manufacturing, a bundle of timber with mixed density would not create inconsistent product quality. Since furniture manufacturers practice mass production, it is difficult to produce a particular type of product by using timber pieces of mixed density.

Secondly, the absorption rate of finishes varies with the density of the base material. Lower density timber has more porous material thus absorbing more finishes compared to the denser material. This would produce non-uniform colour looks on the product surface. This defect is obvious on laminated boards that contain mixed density timbers, producing a mis-match look and making the whole furniture undesirable.

Thirdly, the higher density timber pieces produce better quality furniture in terms of smoothness of planning surfaces compared to lower density pieces. A timber bundle of mixed density would require additional attention during the manufacturing process.

Due to these problems, furniture manufacturers prefer to order a certain range of timber density from the sawmillers. This makes it important to package the raw timber based on different class of density groups especially during raw material preparation at the sawmill stage. One way to sort timber is to manually hold individual pieces of wood of known dimensions and weigh them or estimate their density based on their weights. This is inefficient and time consuming, and of low productivity.

Alternatively, a density segregation machine can be employed to carry out this task. This segregation machine is able to separate timber of different density when it passes through a weight checker. In essence, the density segregation machine weighs the timber, determines its density and places it in its density class. The machine is able to automate a manual process of sorting. The machine can be designed to separate

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timber into three categories, i.e.

a) High Density : 450 kg/m^3 and above

b) Medium Low Density : 250 to 450 kg/m^3

c) Low Density : 250 kg/m^3 and above

To improve product usage and value, it is important to be able to segregate the palm timber effectively and a density segregation machine is helpful in the sawmilling operation of the oil palm trunk.

Sawing

Other than the variable density problem, sawing of the palm trunk is not an easy task. It has extremely high saw-blunting properties, similar to the coconut. This means the cutting tool, for example the saw blades, need to be sharpened more frequently compared to when cutting a forest tree. So, the usual untreated saw teeth are not suitable for oil palm trunk sawing. The saw teeth should be satellite-tipped with alloy material to maintain sharpness. Tipping should be applied on every teeth of the saw blade and not only on alternative teeth.

In addition to the blunting problem, the use of a normal band saw made from tungsten carbide is also not feasible as it breaks easily. When the long snaky saw blade of the band-saw breaks, the uncontrollable saw blade may hit someone and cause injury. Thus, the productivity of the sawmilling operation will be affected. In order to avoid this, it is recommended that they use saw material made from carbon steel.

Treatment

After the sawing, the sawntimber is treated with borax preservatives to protect the timber from insect attacks. It is then stacked and charged into the kiln for drying. It takes about 30 days to dry a 50 mm thick oil palm timber and the recovery rate is about 30%. Common defects observed in drying this material include warping, surface checks, internal checks, collapse, and diamonding as well as excessive shrinkage.

In addition to the above, heat treatment can also be applied to process the oil palm timber. Temperature in access of 200˚C is employed in this process which will turn the timber a little darker than its natural white colour. The change in colour is due to effects of the high temperature on the chemical structure of the wood. Although the process produces negative effects on the wood colour, it nevertheless provides benefits in terms of higher resistance to decay fungi. As such, there is no necessity to add a preservative chemical if the timber is intended to be used for external application. Heat treating wood also improves dimension stability.

Machining Properties

Other than the above material preparation process, the machining properties of this new timber is also important as material would have to be moulded into various sizes and shapes to make the product suitable to final uses.

The common problem encountered in cross cutting palm timber is that the fibre chips off at the edges. This problem very often occurs at the bottom side of the pieces than have gone through the cross-cut machine. Installing a small circular saw to cut a groove line prior to the actual cutting will solve the bottom-chip off problem. Additionally, the cutting tools have to be sharp too. The control of the timber during the cross-cut process is important as the timber should be properly supported and pressed down firmly against the cutting table and guided to avoid vibration.

Palm timber produces a fair surface quality when planed. This quality can be further improved by adjusting the cutting angle from 30˚ to 35˚. It is also advisable to use a lower cutting speed rather than fast speed in planning palm timber. As a word of caution, the oil palm timber produces surfaces with raised grains sharp in nature during the planning process and may pierce fingers.

On the sanding process of the palm timber, it is recommended that cloth backed sanding paper be used. The surfaces of palm fibre are rough and as such it has been observed that the use of conventional sanding paper may cause frequent breakage of sanding paper. The timber has to go through two or three rounds of sanding with different grit sanding paper. For the initial sanding, a sanding grit of 40/50 should be used for rapid removal of material to generate a smoother surface for subsequent sanding. A higher sanding grit paper of 100/180 should then be used to obtain a better quality finish. The sanding grit of 240/360 is recommended for the production of very fine surface property.

Conclusion

Oil palm timber has a unique characteristic which is not commonly found in conventional timber material and industrial research has shown that with minor modification and adjustment on the existing machines, it is possible to produce suitable raw material for the production of final products.

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BRAZIL'S EXPORT IS ON THE RISE

Quick Facts

Official Name of Country	Federative Republic of Brazil
National or Regional Currency	Real (R$) BRL
Population	201,032,714 (2013 est.)
Capital City	Brasilia

Country Overview

The cushion stemming from the country's low export reliance, large foreign reserves and a sizeable domestic market of nearly 200 million consumers helped the Brazilian economy emerge quickly from the global recession and register an average growth rate of above 4% from 2003 to 2010. After recording encouraging growth in 2010, however, the Brazilian economy moderated in line with the prolonged European debt crisis and the lingering US economic uncertainty. Brazil is one of the ten largest markets in the world, producing tens of millions of tonnes of steel, 26 million tonnes of cement, 3.5 million television sets, and 3 million refrigerators. In addition, about 70 million m^3 of petroleum were being processed annually into fuels, lubricants, propane gas, and a wide range of hundred petrochemicals.

The moderation in industrial production aggravated by the productivity conundrum, plus the slower inflow of foreign capital, cooled off the country's economic boom, leading to much more humble growth of 2.7% in 2011 and 0.9% in 2012. On entering 2013, Brazil, on the back of its sound fundamentals and preparation work for the hosting of the football's World Cup in 2014 and the Rio de Janeiro 2016 Summer Olympics, has been resetting growth in terms of domestic consumption and investment. On the export front, the steady weakening of the Brazilian Real has continued to bolster the country's export and cost competitiveness, incentivising foreign investors and manufacturers to invest and start up production in Brazil, while any recovery of commodity prices will also help. Despite an outflow of capital triggered by worries over tapering monetary stimulus in the US, the Brazilian economy is forecast to grow by 2.5% in 2013, followed by a faster forecast of 3.2% in 2014.

Forest Resources

Brazil is the largest country in South America. It is blessed with abundant natural resources with large and well-developed agricultural, mining, manufacturing, and service sectors, Brazil has become the most powerful country in South America in economic terms and thus is leading the other countries of South America and continuing expanding its presence in world markets.

One of Brazil's most valuable assets is its dense covering of rainforests. The Amazon Rainforest is the most significant of these, covering a vast portion of the country and providing the ideal habitat to approximately one-third of all animal species in the world. To date, there have been identified approximately 56 000 species of plants 1,700 bird species, 695 amphibian species, 578 mammal species and 651 reptile species.

Rainforests cover almost 60% of the entire area of Brazil at 477,698,000 hectares, which is equivalent to 1,844,394 square miles or just less than 3 million square kilometres. This means that Brazil is home to a third of the world's rainforests, making it one of the most intriguing and beautiful lands on earth. The dense rainforests of Brazil consume an enormous amount of the world's carbon dioxide and release oxygen in return. However, when they are destroyed, the trees release the Carbon as greenhouse gases, with huge implications for earth and its atmosphere.

The Brazilian rainforests, also dubbed as the "lungs of the world" for the valuable oxygen that they release during respiration, serve many purposes for humankind. This has, unfortunately,

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led to their large-scale destruction. Currently, more than 5.5% of the rainforests are used for production, approximately a quarter are used for social services and about 45% serve multiple services. Only about 8.5% of the rainforests enjoy a conservation status, while less than 20% are officially protected. Of all the tree species, there are 7,880 native tree species, of which 34 are critically endangered, 100 are endangered and 187 are vulnerable.

Most of the rainforest areas in Brazil are concentrated within the Amazon Basin, which is particularly humid, with year-round precipitation, making for the ideal 'jungle' environment.

Trade Policy

Brazil applies import duties as well as a wide range of indirect taxes on imports. Import duties are Brazil's primary instrument to regulate imports. As a Mercosur member, Brazil utilises the Mercosur Common Nomenclature (NCM) classification, which is consistent with the Harmonised System (HS) classification. In general, the customs value of goods is determined on a CIF (cost, insurance and freight) basis. Most imports from non-Mercosur members are subject to Mercosur's Common External Tariff (CET) which ranges from zero to 35%.

Brazil: Import Duty for Timber and Timber Products, 2013

HS Code	Product	Duty (%)
4403	Logs	2
4407	Sawntimber	6
4408	Veneer	6 - 10
4409	Mouldings	10
4410	Particleboard	10 - 14
4411	Fibreboard	10 - 14
4412	Plywood	10
4418	BJC	14
9401	Seats	18
9403	Furniture	18

Bilateral Timber Trade with Malaysia

Export

In 2013, Malaysia only exported wooden furniture amounting to RM609,000 to Brazil. It is a reduction of almost half (45.1%) compared to 2012. In 2012 also, Malaysia exported RM315,000 worth of sawntimber to Brazil.

Malaysia : Export of Major Timber Products to Brazil, 2008-2013

Year	2008	2009	2010	2011	2012	2013
Products	RM	RM	RM	RM	RM	RM
Sawntimber	0	0	0	95,670	314,970	0
Plywood	476,285	0	0	0	0	0
Chipboard/ Particleboard	0	969,014	0	0	0	0
Fibreboard	0	0	20,455	0	0	0
BJC	0	18,636	0	0	0	0
Wooden Furniture	611,017	1,234,029	392,783	975,400	1,109,279	609,054
Fibreboard	0	0	81	656	615	343
TOTAL	1,087,302	2,221,679	413,238	1,071,070	1,424,249	609,054

Source: Department of Statistics, Malaysia (DOSM) and MTIB

Import

In 2013, the majority of timber products being imported by Malaysia from Brazil were pulp (76.28% of market share), followed by mouldings (12.30% or RM4.8 million) and sawntimber (8.86% or RM3.4 million). The imports of mouldings more than doubled (105.36%) compared to 2012.

Brazil's Export of Timber and Timber Products

Brazil's export of major timber and timber products amounted to USD2.17 million in 2009 before it increased to USD2.44 million in 2010. It however slightly decreased to USD2.39 million in 2011 and again to USD2.34 million 2012. Exports of major timber products by Brazil however slightly increased to USD2.38 million in 2013. The majority of timber products being exported were furniture with a market share of 28.64%.

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Malaysia : Import of Major Timber Products from Brazil, 2009-2013

Year	2009	2010	2011	2012	2013
Products	RM	RM	RM	RM	RM
Logs	0	0	0	0	0
Sawntimber	5,212,192	2,936,896	4,892,994	6,001,766	3,447,483
Plywood	1,870,255	0	978,508	141,085	183,429
Veneer	768,343	584,648	0	663,336	493,839
Particleboard	11,277	0	0	0	0
Fibreboard	0	0	0	0	0
BJC	0	0	0	0	6,618
Mouldings	1,786,161	3,582,559	4,440,836	2,332,522	4,789,973
Wooden Furniture	0	0	0	154,166	301,251
Rattan Furniture	54,537	49,433	42,781	0	0
Pulp	134,245,202	102,683,317	113,903,787	71,836,797	29,694,431
Other Products	486,798	0	0	0	13,547
Total	**144,434,765**	**109,836,853**	**124,258,906**	**81,129,672**	**38,930,571**

Source: DOSM and MTIB

Brazil : Export of Timber and Timber Products, 2009-2013

(Value: USD `000)

HS Code/ Year	2009	2010	2011	2012	2013
4403 - logs	1,144	5,043	11,490	12,656	12,429
4407 - sawntimber	398,792	418,076	408,696	351,757	353,428
4408 - veneer	25,571	30,244	36,091	34,427	30,081
4409 - mouldings	389,067	504,735	522,421	507,185	470,118
4410 - particleboard	16,698	23,612	26,777	28,152	29,020
4411 - fibreboard	69,107	57,963	67,790	88,487	117,978
4412 - plywood	343,271	418,269	370,373	408,107	429,229
4418 - BJC	236,306	225,093	211,902	209,458	252,932
9401 and 9403 - furniture	688,902	758,525	736,655	703,584	680,420
Total	**2,168,858**	**2,441,560**	**2,392,195**	**2,343,813**	**2,375,635**

Source: ITC based on UN COMTRADE

Logs

Brazil exported USD12.4 million worth of logs in 2013, which is a decrease of 1.8% compared to the previous year. India was the main importer (47.52%). China took second place with a massive upward intake to USD4.7 million compared to 2012.

Sawntimber

In 2013, Brazil exported USD353.4 million of sawntimber, with a majority of them to the United States. This was a slight decrease from USD351.8 million in 2012, after a three year declining period for the import of sawntimber since 2010.

Veneer

In 2013, Brazil exported USD30.1 million of sawntimber, with a majority of them to Argentina (21.36% of market share). This is a decrease from USD34.4 million in 2012.

Brazil: Export of Logs (HS 4403), 2009-2013

(Value: USD'000)

Countries	2009	2010	2011	2012	2013
India	361	647	5,471	5,598	5,906
China	0	669	2,036	676	4,728
Viet Nam	191	2,068	2,211	1,998	1,183
Kenya	117	656	526	1,352	375
South Korea	0	0	9	46	87
Maldives	0	0	0	90	82
Germany	209	420	313	26	55
Portugal	0	0	0	0	13
Angola	64	0	0	0	0
Equatorial Guinea	27	0	0	5	0
Others	175	583	924	2,865	0
TOTAL	**1,144**	**5,043**	**11,490**	**12,656**	**12,429**

Source: ITC based on UN COMTRADE

Brazil: Export of Sawntimber (HS 4407), 2009-2013

(Value: USD'000)

Countries	2009	2010	2011	2012	2013
United States of America	100,723	92,932	92,773	84,263	107,218
China	54,429	58,781	42,513	33,969	45,788
France	53,327	55,447	49,355	28,979	24,025
Saudi Arabia	3,170	10,590	12,010	18,436	21,672
Viet Nam	23,087	26,380	23,810	19,594	18,528
Netherlands	29,158	33,645	37,757	25,589	16,758
Others	134,898	140,301	150,478	140,927	119,439
TOTAL	398,792	418,076	408,696	351,757	353,428

Source:ITC based on UN COMTRADE

Brazil: Export of Veneer (HS 4408), 2009-2013

(Value: USD'000)

Countries	2009	2010	2011	2012	2013
Argentina	5,714	6,427	7,405	7,515	6,424
South Korea	1,259	2,528	6,771	3,110	4,712
Chile	1,996	2,061	2,854	3,226	2,778
Italy	1,246	2,330	2,791	2,268	2,441
China	847	2,572	1,724	1,932	2,422
United States of America	2,737	3,603	2,201	6,411	2,372
Turkey	614	231	2,410	1,370	2,015
Others	11,158	10,492	9,935	8,595	6,917
TOTAL	25,571	30,244	36,091	34,427	30,081

Source:ITC based on UN COMTRADE

Mouldings

In 2013, Brazil exported USD470.1 million of mouldings, with a majority of them to the United States (68.1% of market share). This is a decrease from USD507.1 million in 2012. Other prominent importing countries were France, Canada and Japan.

Brazil: Export of Mouldings (HS 4408), 2009-2013

(Value: USD'000)

Countries	2009	2010	2011	2012	2013
United States of America	217,541	282,069	265,673	319,373	319,976
France	52,301	69,308	88,673	50,832	40,106
Canada	13,897	19,501	14,076	20,841	18,666
Japan	7,329	10,337	13,529	16,015	14,773
Belgium	14,225	19,066	36,226	17,399	13,199
Israel	5,943	9,460	10,186	7,991	8,839
Netherlands	15,069	16,341	15,730	8,558	6,454
Australia	825	2,258	2,972	5,730	5,826
Denmark	5,295	9,948	7,874	5,634	4,873
Germany	10,472	15,598	17,147	11,999	4,861
Others	46,170	50,849	50,335	42,813	32,545
Total	389,067	504,735	522,421	507,185	470,118

Source: ITC based on UN COMTRADE

Particleboard

In 2013, Brazil exported USD 29.0 million of particleboard, with a majority of them to Argentina (24.4% of market share). This is an increase from USD28.2 million in 2012. Its other major exports market were Bolivia (21.4%), South Korea (15.5%) and China (11.8%)

Brazil: Export of Particleboard (HS 4410), 2009-2013

(Value: USD'000)

Countries	2009	2010	2011	2012	2013
Argentina	3,664	6,128	5,320	7,709	7,076
Bolivia	1,617	2,268	3,651	4,900	6,212
South Korea	1,533	970	1,495	2,337	4,497
China	743	6,442	8,183	2,869	3,410
Uruguay	1,217	1,627	2,477	2,353	2,804
Paraguay	844	1,106	1,586	1,322	2,258
Colombia	1,256	575	355	484	2,136
United States of America	847	589	195	663	399
France	215	540	385	1,489	67
Peru	136	26	0	0	44
Others	4,626	3,341	3,130	4,026	117
TOTAL	16,698	23,612	26,777	28,152	29,020

Source: ITC based on UN COMTRADE

Plywood

Brazil exported USD470.1 million of mouldings in 2013, compared to USD408.1 million in 2012. Major markets for Brazilian plywood included Germany (19.1%), United Kingdom (15.9%) and Belgium (12.7%).

Builders' Joinery and Carpentry (BJC)

Exports of BJC increased by 20.8% to USD252.9 million 2013. The United States dominated with a 64.8% market share, followed by the United Kingdom (7.6%) and Canada (4.1%).

Brazil: Export of Plywood (HS 4412), 2009-2013

(Value: USD'000)

Countries	2009	2010	2011	2012	2013
Germany	45,978	70,597	77,971	77,919	82,048
United Kingdom	72,810	78,576	59,128	61,038	68,242
Belgium	41,425	67,095	56,332	58,947	54,456
United States of America	34,466	28,803	14,055	23,755	52,850
Italy	24,137	26,509	18,992	20,138	23,979
Turkey	11,617	14,038	22,573	13,539	12,143
Netherlands	6,233	9,741	6,495	7,356	10,748
Trinidad and Tobago	7,794	8,814	9,795	9,031	10,396
Denmark	2,719	3,873	5,425	7,314	9,590
Jamaica	10,122	10,059	8,290	10,705	9,253
Others	85,970	100,164	91,317	118,365	95,524
TOTAL	**343,271**	**418,269**	**370,373**	**408,107**	**429,229**

Source: ITC based on UN COMTRADE

Brazil: Export of BJC (HS 4418), 2009-2013

(Value: USD'000)

Countries	2009	2010	2011	2012	2013
United States of America	109,692	112,955	100,167	121,260	163,843
United Kingdom	22,207	21,530	19,345	19,813	19,106
Canada	10,750	12,062	10,240	8,834	10,305
France	17,418	14,021	15,876	7,983	8,717
Chile	2,449	2,893	4,680	4,850	4,306
Cuba	1,007	1,514	1,317	277	3,813
Trinidad and Tobago	1,556	1,496	2,127	2,138	2,979
Italy	3,930	3,944	4,007	3,177	2,464
Belgium	2,496	2,058	6,104	3,818	2,263
Uruguay	1,298	1,714	2,407	1,607	2,168
Others	63,503	50,906	45,632	35,701	32,968
TOTAL	**236,306**	**225,093**	**211,902**	**209,458**	**252,932**

Source: ITC based on UN COMTRADE

Fibreboard

Exports of fibreboard from Brazil increased by 33.3% into USD118.0 million in 2013. The United States took the majority of the market share (29.6%) followed by Mexico (23.0%) and South Africa (10.2%).

Brazil: Export of Fibreboard (HS 4411), 2009-2013

(Value: USD'000)

Countries	2009	2010	2011	2012	2013
United States of America	23,211	23,397	22,177	22,785	34,979
Mexico	2,426	472	222	9,243	27,132
South Africa	3,064	1,867	13,835	11,161	12,086
Colombia	1,613	734	491	1,813	4,649
Paraguay	1,041	2,020	3,142	3,487	4,221
Belgium	10,318	8,825	3,970	3,724	3,708
Russian Federation	1,074	1,496	3,244	2,068	2,507
Uruguay	1,329	1,097	1,770	2,206	2,416
Honduras	1,006	298	521	1,328	2,380
Nigeria	3,649	1,646	2,635	2,767	2,351
Others	20,376	16,111	15,783	27,905	21,549
Total	**69,107**	**57,963**	**67,790**	**88,487**	**117,978**

Source: ITC based on UN COMTRADE

Furniture

From 2010 – 2013, Brazil's export of furniture continued to drop reaching USD680.4 million in 2013. The main importer for Brazils furniture was Argentina (17.32%) followed by the United States (15.36%).

Brazil: Export of Fibreboard (HS 4411), 2009-2013

(Value: USD'000)

Countries	2009	2010	2011	2012	2013
Argentina	72,636	127,291	155,140	128,059	117,866
United States of America	103,280	94,247	91,340	96,211	104,493
United Kingdom	71,739	69,579	67,065	75,391	78,987
Uruguay	21,819	30,187	34,062	36,401	40,364
Peru	10,445	19,539	22,044	28,539	40,044
Angola	54,522	48,079	47,615	53,682	36,687
Chile	25,292	30,689	32,167	31,324	32,791
Bolivia	10,467	15,921	24,740	26,443	29,648
Paraguay	15,334	22,562	30,871	26,861	29,593
France	78,713	79,438	44,348	31,344	26,096
Others	224,655	220,993	187,263	169,329	143,851
TOTAL	**688,902**	**758,525**	**736,655**	**703,584**	**680,420**

Source: ITC based on UN COMTRADE

Malaysia's Prospect in Brazil

There is an imbalance of trade between Malaysia and Brazil; Malaysia's export of timber and timber products was RM609,000 which is drastically less compared to Malaysia's import from Brazil which as of 2013 stood at RM38.9 million, which was mainly pulp. Therefore, in order to compete with Brazil's main import partner that included China, Ecuador and Argentina, Malaysia must concentrate on its main strength which is the export of wooden furniture to Brazil. As shown earlier, this is the only product that Malaysia is exporting to the country in 2013, and the amount has reduced to almost half compared to 2012.

Malaysian exporters may consider the following in order to penetrate the Brazilian timber industry:

- Focus on the exportation of value-added timber products such as BJC.
- Establish important partnerships with the Brazilian local timber product manufacturers.
- Focus more on improving the designing and practicality of Malaysian wooden furniture.
- Participate in local Brazilian furniture fair, such as MOVELSUL which is the leading Furniture Fair in Latin America.

Brazil exported USD680 million worth of furniture in 2013.

With such a high population and the upcoming World Cup 2014 the Rio de Janeiro Summer Olympics 2016, Brazil is in a position of increasing demand and consumption for timber and timber products and this is an opportunity that Malaysia just simply should not pass up.

References:

- *http://www.intracen.org/*
- *Department of Statistics Malaysia*
- *MTIB's statistics*
- *http://www.brazil.org.za/rainforests-of-brazil.html#.Uw1JreOSxXc*

WHITE MERANTI – SUITABLE FOR BOAT FRAMING AND DECKING

Wood colour and texture

White Meranti is the standard Malaysian name for the Shorea *species of timber belonging to the Meranti Pa'ang group. There are 10 or 11 species of White Meranti known to occur in Peninsular Malaysia. White Meranti is also known as Melapi in Sabah, while it also known as Meranti Putih/Kayu Tahan in Indonesia and Khiem/Takhian in Thailand.*

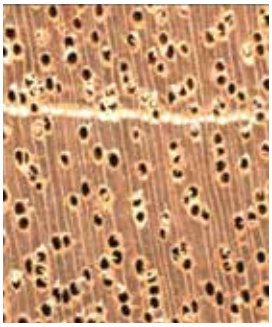
The trees of timber group occur in all types of dipterocarp forest up to about 600 metre elevation, and occasionally higher. However, the timber species belonging to this group in poorly represented on hills and absent from the upper dipterocarp forests except *S. henryana* which favours hills on the island of Langkawi. Other species of White Meranti such as Meranti Pipit *(S. assamica)* frequently inhabits river banks and Meranti Bumbong *(S. dealbata)* is noted to occur in dipterocarp swamp forest.

This group of timber trees are generally large well shaped with prominent buttresses. The bole is usually grey or light brown in colour and irregularly fissured. Exudation of clear, pale yellowish dammar is common. The outer bark is usually chocolate brown in colour and fairly thick whereas the inner bark is characteristically laminated with bands of orange, yellow and pale tissue.

General Characteristics

White Meranti is categoriised as a light hardwood with air dry density ranging from 512–992 kg/m^3 and the average density is about 670 kg/m^3 (42 lb/ft^3). The sapwood and heartwood are indistinct in the freshly sawn timber. On prolonged exposure, the sapwood is moderately sharply or sharply differentiated from the heartwood, which turns yellow brown in colour. The timber has interlocked grain and moderately coarse but even in texture. The planed surface of the timber is lustrous with subtle ribbon figure.

Wood Anatomy



White Meranti wood anatomy

Growth ring absent but the presence of concentric bands of parenchyma containing canals may give rise to the growth ring effects .The vessels size range from medium to moderately large and are few or moderately few in number. Most of the vessels are solitary; others are in radial or oblique pairs and radial multiples of up to four in a series. Vessels, with simple perforation plates, are unevenly distributed. Tyloses and deposit are generally absent.

The wood parenchyma consists of both apotracheal and paratracheal types. The partracheal type is made up of both complete and incomplete vasicentric, aliform or confluent. The apotracheal type consists of concentric bands containing resin canals, occasional narrow, terminal bands; diffuse strands are narrow or broad discontinuous tangential layers. Rays are fine or medium in sizes which are visible or distinct to the naked eye on the cross section. Silica is abundant in the ray cells. Vertical intercellular canals of the concentric type filled with white resin and it can be seen on the cross section but not conspicuous on the longitudinal surfaces.

Durability

The White Meranti is classified as 'Moderately Durable' under Malaysian conditions. In the case of *S. hypocra*, out of 60 test sticks, 17% of which were destroyed after the first year and in the second year, the percentage of sticks destroyed was around 42% of test sticks were found to be serviceable in the first and second year of services respectively. The last sample of *S.bracteolata* was destroyed in the fifth year.

The sapwood of White Meranti appears to be rather readily and rapidly attached by 'pin-hole' borers after feeling. The timber is not resistant to marine borer attack even through is has high content of silica in the cells. Creosote/diesel fuel treated sleepers of White Meranti *(Shorea bracteolate)* has been reported to last as long as 19 years at a colliery in Peninsular Malaysia (Thomas, 1949).

Machining Properties

The sawn surface of White Meranti tends to be rough when it is planed and machined. The dry material has been observed to be more abrasive than green. In all cutting operations, the dulling effects on tools may be reduced if the timber is fed evenly so that the rubbing effects on temporarily non-cutting edges is reduced to a minimum. The resistance to splitting when nailed is generally considered to be poor (Lopez, 1978)

Four species of White Meranti have been evaluated for their sawing and woodworking properties in the FRIM, Kepong (Lee & Lopez, 1980). The results of the sawing and woodworking properties as summarised in **Table 1**.

Air Drying

Air seasoning properties of five species of White Meranti have been studied (Grewal, 1979 a). The studied showed that White Meranti generally dries well without defects except for occasional slight cupping, bowing and end surfaces checking. Of all the White Meranti, Meranti Pa'ang *(S. bracteolata)* seems to be more prone to drying defects. Drying rate is considered to be moderately slow in most species which is around five months for a 40 mm thick board except Meranti Pa'ang which can be dried fairly rapidly. The average shrinkage value for drying the timber from green to air dry is about 1.3% for the radial boards and about 2.7% for the tangential boards. The

Table 1 : Working Properties of White Meranti

Sepcies	Condition of Test	Sawing		Planing		Boring		Turning	
		Resawing	Cross-cutting	Ease of Planing	Quality of Finish	Ease of Boring	Quality of Finish	Ease of Turning	Quality of Finish
S. bracteolata	Green	Slightly difficult	Easy	Moderately easy	Rough	Easy	Rough	-	-
	Air-dry	Difficult	Slightly difficult	Moderately easy	Rough	Easy	Rough	Moderately easy	Rough
S. henryana	Green	Slightly difficult	Slightly difficult	Easy	Rough	Easy	Smooth	-	-
	Air-dry	Very difficult	Very difficult	Slightly difficult	Rough	Difficult	Moderately smooth	-	-
S. hypochra	Green	Easy	Easy	Easy	Smooth	Easy	Rough	-	-
	Air-dry	Slightly difficult	Slightly difficult	Slightly difficult	Moderately smooth	Moderately easy	Rough	Moderately difficult	Rough
S. roxburghii	Green	Easy	Fairly easy	Easy	Smooth	Easy	Smooth	-	-
		Slightly difficult	Slightly difficult	Slightly difficult	Moderately smooth	Easy	Rough	Moderately difficult	Rough

results of the air drying characteristics are tabulated as in **Table 2**.

Kiln-drying schedule J is recommended for the seasoning of White Meranti (Grewal, 1979 b). Two species of White Meranti (S. henryana and S. roxburghii) tested using schedule J gave satisfactory drying results thicknesses above 40 mm and up to 75 mm, the relative humidity of the original drying schedule should be 5% higher in each case, and for timber greater than 75 mm thick, the relative humidity should be increased correspondingly by 10%. The approximate period for drying 25 mm stock (1 in) using schedule J is about five days.

Mechanical Properties

The strength properties of four species of White Meranti have so far been evaluated and the basic and grade stresses of this timber have also been worked out (Engku, 1980 a) as presented in **Table 3**. White Meranti is placed under strength group C along with other popular timbers such as Gerutu *(Parashorea* spp.*)*, Dark Meranti *(Shorea* spp.*)* and Mersawa *(Anisoptera* spp.*)*.

Uses

The timber has been used in the manufacture of wooden barrels for palm oil. Other uses of this timber are posts, beams joists, rafter, door and window frames, stair stringers, treads and railings, planking, flooring, ceilings, boat framing and decking hewn coffin, railway carriage framing and motor vehicle body worlds, furniture parts, interior and shop fittings.

References:

- *Choo, K. T. & Lim, S. C 1986. Malaysian Timbers - White Meranti. Timber Trade Leaflet No. 102. MTIB and FRIM, Kuala Lumpur. 12 pp.*
- *Engku Abdul Rahman Chik. 1998b. Basic and Grade Stresses for Strength Groups of Malaysian Timbers. Malayan Forest Service Trade Leaflet No. 38. MTIB and FRIM, Kuala Lumpur. 13 pp.*
- *http://www. woodwizard@mtc.com.my*

Table 2 : Air Seasoning Characteristics of White Meranti

Sepcies	Air dry Moisture Content (%)	Shrinkage (%)		Time to Dry (months)		Cupping	Bowing	Twists or Spring	End Checks
		Radial	Tangential	15 mm	40 mm				
S. bracteolata	19.3	1.8	3.0	2	3	Slight	Slight	Sound	Slight
S. henryana	15.0	1.1	2.6	3	5	Sound	Sound	Sound	Slight
S. hypochra	15.0	1.3	2.7	3	5	Sound	Sound	Sound	Sound
S. roxburghii	17.2	0.6	1.4	3	5	Sound	Sound	Sound	Sound

Table 3: Strength Properties of White Meranti

Species	Test Condition	Modulus of Elasticity (Megapascals)	Modulus of Rupture (Megapascals)	Compression Parallel to Grain (Megapascals)	Compression Perpendicular to Grain (Megapascals)	Shear Strength (Megapascals)
S. bracteolata	Green	12,700	63	33.8	2.6	6.1
	Air dry	-	-	44.3	3.9	9.4
S. henryana	Green	18,400	109	61.8	9.4	14.0
	Air dry	19,400	132	67.1	11.0	14.2
S. hypochra	Green	14,400	79	42.1	4.9	9.0
	Air dry	15,700	79	51.7	5.9	10.0
S. roxburghii	Green	10,800	73	40.4	5.2	9.0
	Air dry	11,500	90	47.7	7.0	10.6

MTIB Moments

MTIB organised a programme on Mind Transformation for its personnel on 10-14 February 2014 in Rembau, Negeri Sembilan.

A workshop on an Entry Point Project of NATIP on the Development of Professional Designers was held on 12 February 2014 at MTIB, Kuala Lumpur.

MPIC

A retreat on the Realisation of Transformation of the Commodity Sector was held by MPIC on 14 February 2014 in Port Dickson, Negeri Sembilan. Dr. Jalaluddin Harun, MTIB Director-General and Puan Hjh. Noor Laila Mohamed Halip, MTIB Director of Strategic Planning and Corporate Affairs attended the programme.

An MTIB personnel using a fire extinguisher during a fire drill held on 19 February 2014 at its premise.

A visit to a Karas Plantation in Gopeng, Perak was organised on 23-24 February 2014. Seen here are YB Datuk Madius Tangau, MTIB Chairman (second from right), Dr. Jalaluddin Harun, MTIB Director-General (third from right) with MTIB officials and representatives from Gaharu Technologies Sdn. Bhd.