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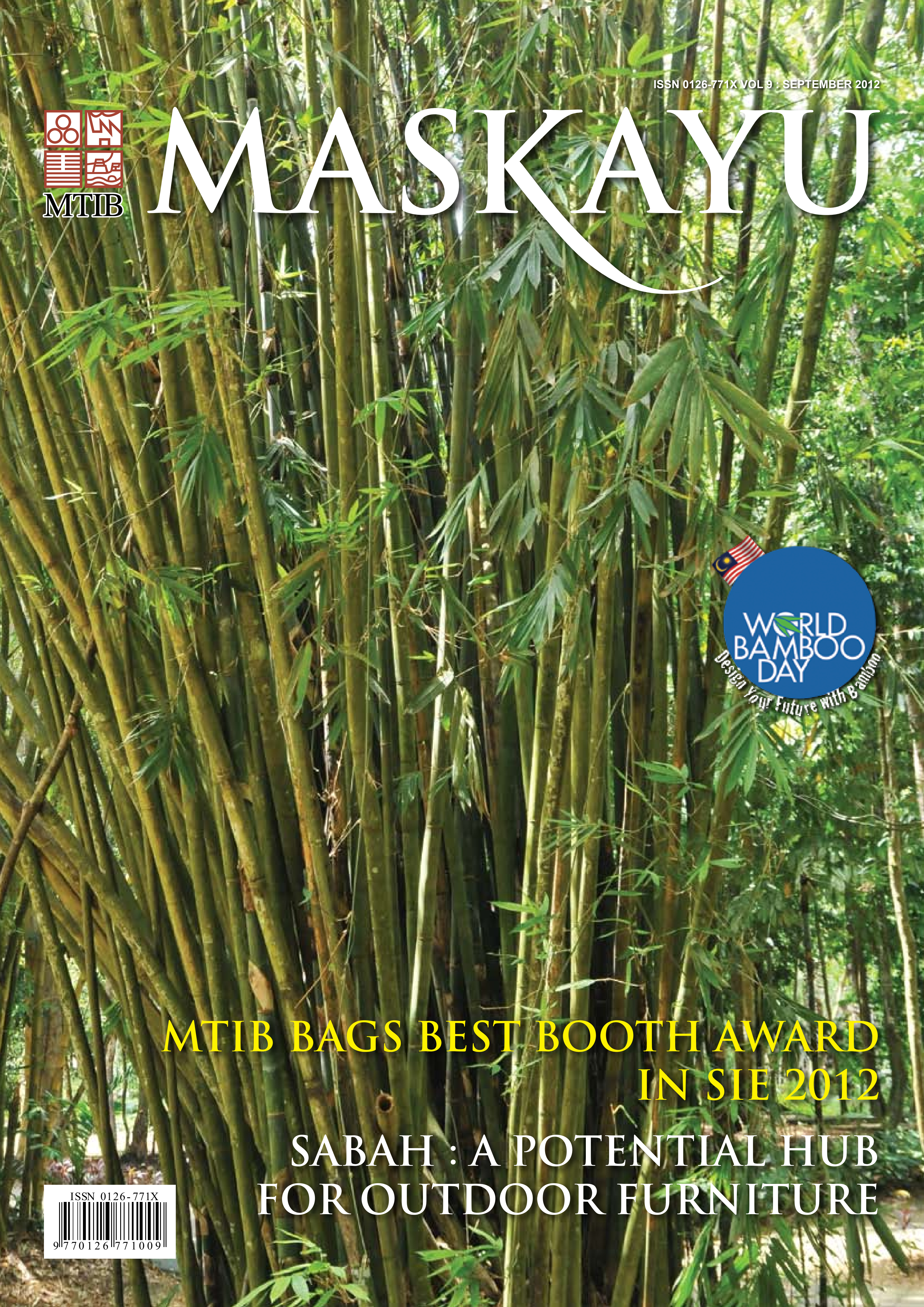
MTIB

# MASKAYU




## MTIB BAGS BEST BOOTH AWARD IN SIE 2012

## SABAH : A POTENTIAL HUB FOR OUTDOOR FURNITURE

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# Editorial Board




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***Cover:*** *Malaysia celebrated the inaugural national level World Bamboo Day by organising a six-day programme on 18-23 September 2012. This MASKAYU issue features four articles on the WBD as marked by the official logo.*

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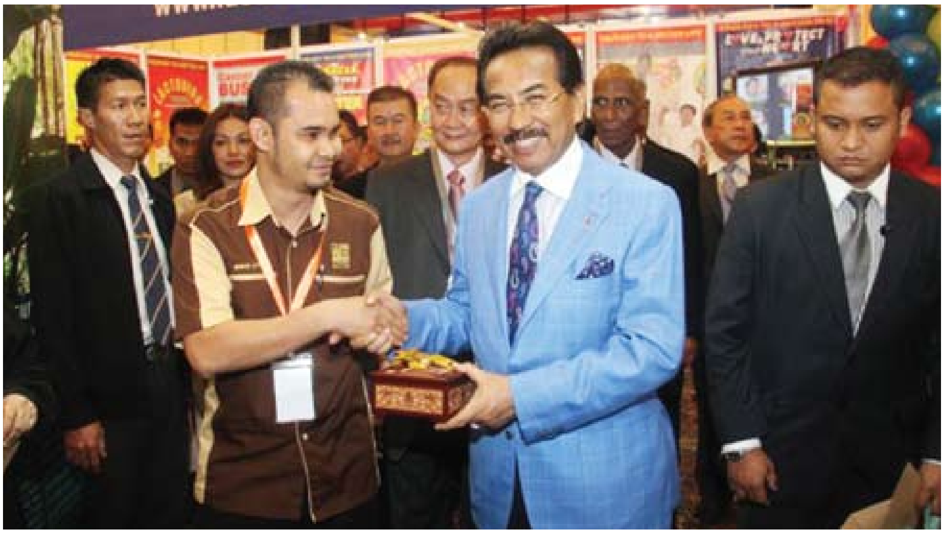
# MTIB BAGS BEST BOOTH AWARD IN SIE 2012



*YAB Datuk Seri Panglima Haji Musa Haji Aman, Chief Minister of Sabah (second from right) receiving a memento from Encik Mohd Afthar Amir of MTIB during his visit to MTIB booth.*

MTIB participated at the Seventh Sabah International Expo 2012 (SIE 2012) themed "Sabah-Hub for the Far East" held from 21 to 24 September in Kota Kinabalu, Sabah. This biennial trade event, sanctioned by the state government of Sabah, was organised by the Federation of Sabah Manufacturers, and Malaysian International Chamber of Commerce and Industries (Sabah), with the corporation of the Malaysia External Trade Development Corporation and Ministry of Industrial Development (MID). It was the state's premier trade fair, organised since 2000.

The event was graced by YAB Datuk Seri Panglima Haji Musa Haji Aman, Chief Minister of Sabah. In his opening remarks he noted that the SIE 2012 was an important event for Sabah as the state continues to restructure and diversify its economy from one that depends largely on primary exports to a knowledge-driven one that focuses on adding value to products and services. Since its inception 12 years ago, the state government has supported the SIE which has been successful in sharing Sabah's story with the world, and in attracting foreign direct investment.

He said that in the Regional Cities and Corridors Lab for SDC and Greater Kota Kinabalu early this year, 31 Entry Point Projects (EPPs) had identified with a target investment of RM77.5 billion by year 2020. These projects are expected to generate RM35.5 billion in incremental gross national income, and will create almost 144,000 new jobs. In addition, the implementation of the New Economic Model, Government Transformation Programme (GTP) and other initiatives, stress on the need for change in the government's approach to attain economic development in the long-run, collectively putting Malaysia on track in becoming a high income nation. He further added that the recent launch of GTP 2.0 charted the direction of identified National Key Result Areas, and would witness a wider involvement of society which would include more meaningful participation from non-governmental organisations and the corporate sector.

SIE 2012 aimed to promote businesses among distributors, wholesalers, value-added resellers, trade organisations and all business communities in Sabah. It also aimed to increase the competitiveness of the SMEs in the region, and to promote investment opportunities. With the participation from many neighbouring countries, SIE 2012 also became one of the largest and most successful trade events in the BIMP-EAGA (Brunei, Indonesia, Malaysia, and Philippines - East ASEAN

*Encik Mohd Ameerul Abdullah of MTIB Sabah (second from left) holding a trophy for the Best Booth in the Services Category.*

*Cont. on page 13*

# TIMBER WORLD IN BRIEF

## CHINA
### Furniture Exports, Industrial Production Value Increases in Seven Months

China's furniture exports increased 28% from a year ago to USD27.50 billion (EUR21.17 billion) in January-July 2012, according to the China National Furniture Association's President, Mr. Zhu Changling. The local furniture industry has been growing at 20% in the recent 20 years. The industrial production value of above-scale furniture companies in the country rose 16.3% to CNY303 billion (EUR36.84 billion/ USD47.86 billion) in the seven months.

*Wood168, 14 September*

## GAMBIA
### Gambia Indefinitely Bans Timber Re-export

Gambia has imposed a ban on the re-export of timber from the West African country indefinitely in a bid to protect its forest resources, according to the government. In a statement obtained by Chinese news agency Xinhua Friday, the presidential office said the ban is put in place because re-exporters deliberately cut down fresh trees in violation of the guidelines set by the government.

"There is ample evidence that re-exporters consistently continue to flash the rules of engagement. As a result, the government has decided that no logs should be exported by road or by sea, except for those already at the port for shipment," Mr. Ousainou Cham, a Regional Forestry Officer, told Xinhua.

The Department of Forestry is empowered to impound any vehicle contravening the ban. "The public is therefore urged to cooperate with government and to comply with this ban of re-export of wood from the country," Mr. Cham noted.

"If this trend continues, it will seriously damage our entire forest in the country since some of the re-exporters are really violating the forestry rules" he added.

*Xinhua, 28 September*

## GERMANY
### Furniture Industry Likely to Face Slowdown

Mr. Elmar Duffner, President of the German Furniture Industry Association VDM, warns that an economic slowdown in Germany and problems in exports to Euro zone countries will affect the industry in 2013. A downward trend is likely to begin already towards the end of 2012.

In 2012, Mr. Duffner forecasts the furniture industry's revenues to grow 3% to EUR17.3 billion (USD21.68 billion). In 2011 sales grew 6.5% and in the first half of 2012 4.5% to EUR8.5 billion.

Mr. Duffner urges furniture manufacturers to keep an eye on costs. In the six months of 2012 the industry created 1,600 new jobs and now employs about 90,000 people. He considers a price increase of 3% to 4% necessary.

*Neue Westfälische, 30 August*

## GLOBAL
### Supply of Eucalyptus Chips Increased

In 2007, China imported wood chips from only three countries: Viet Nam, Indonesia and Australia, who together shipped 1.1 million tonnes throughout the year. With the fast expansion of the pulp industry in China, the country is rapidly growing its need for wood fibre. Domestic supplies have proven inadequate, so the list of supplying countries has expanded from three to eight over the past 12 months.

Two of the three chip-exporting countries in Latin America, Chile and Brazil, sent the first vessels with Eucalyptus chips since 2006 in the third quarter last year. The total volume exported from the two countries in 2011 was 100,000 tonnes, and during the first seven months this year, 76,000 tonnes have been shipped, a majority from Chile.

Wood chips from Latin America still accounted for only 3% of all hardwood chips imported to China in the second quarter 2012, and these chips were among the costliest chips landing in the country, as reported in the Wood Resource Quarterly. So, although Chinese pulp mills will be in search of additional wood fibre in the coming years, it is not likely that either Chile or Brazil will be major competitors to countries in closer proximity to China, including Viet Nam, Thailand, Indonesia and Australia.

Chile will most likely continue to ship a majority of its chips to Japan, where its chips are more competitively priced with other supplying countries. During the first six months of 2012, Chile was the largest supplier of hardwood chips to the Japanese pulp mills, followed closely by Australia. Chile's market share in this market has gone from 17% five years ago to 27% in the first half of 2012. With chips from Chile being

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less costly than Australian chips delivered to Japan, there will continue to be opportunities for Chile to gain market share in the Japanese chip market in the coming year.

*WRI/IHB, 19 September*

## RUSSIA
## New Export Duty Rates and Customs Dues Come into Force

As Russia has officially joined the WTO, several legal acts bringing the customs legislation of the country in accordance with the organisation's requirements have come into force. In particular, a governmental resolution imposing new export duty rates is in force. Changes apply to pine and fir-tree exports: quotas on them are raised thrice, duty on supplies exceeding the quotas from 25% to 80%. The rate on customs clearance is cut down since 22 August 2012: to RUB30,000 (EUR743.22, USD931.28) for goods with the customs value over RUB10 million. Previously, customs clearance for products worth up to RUB30 million cost RUB50,000, over RUB30 million cost RUB100,000.

*PortNews, 23 August*

## On Possible Influence of WTO Entry on Lumber Market

According to Sawmill 25 (a part of Titan Group, produces timber, chipped wood, and pellets), Russia's WTO entry may reduce the number of market players on Russian lumber market due to closure of inefficient plants, and increase competition in the raw material procurement sector (especially in Siberia and the Republic of Karelia, North-West). It may also hinder the activities of lumber advanced processing plants. The company believes that Russia's WTO entry will not impose additional restrictions or provide concessions for lumber exports.

*Bumprom, 4 September*

## UNITED STATES
## Home Prices Rise 7%

US home prices in the second quarter rose as much as 7% over the previous quarter, a closely-watched report showed on Tuesday. The Standard & Poor's/Case-Shiller home price index showed that the US home prices jumped nearly 7% in the second quarter from the first quarter. Also, the 20 cities home price index rose in June from May, marking the second monthly consecutive gains.

The increase in home prices partly reflected the influence of seasonal buying as warm weather stimulated consumers' buying will. "We seem to be witnessing exactly what we needed for a sustained recovery; monthly increases coupled with improving annual rates of change," Mr. David Blitzer, Chairman of the Index Committee at Standard & Poor's, said in a statement. "The market may have finally turned around."

*Xinhua, 29 August*

## Building Permits Up 24.5%

The US Census Bureau and the Department of Housing and Urban Development jointly announced the following new residential construction statistics for August 2012:

### Building Permits

Privately-owned housing units authorised by building permits in August were at a seasonally adjusted annual rate of 803,000. This is 1% (±1.2%)* below the revised July rate of 811,000, but is 24.5% (±1.7%) above the August 2011 estimate of 645,000. Single-family authorisations in August were at a rate of 512,000; this is 0.2% (±0.8%)* above the revised July figure of 511,000. Authorisations of units in buildings with five units or more were at a rate of 263,000 in August.

### Housing Starts

Privately-owned housing starts in August were at a seasonally adjusted annual rate of 750,000. This is 2.3% (±10.2%)* above the revised July estimate of 733,000 and is 29.1% (±12.8%) above the August 2011 rate of 581,000. Single-family housing starts in August were at a rate of 535,000; this is 5.5% (±10.4%)* above the revised July figure of 507,000. The August rate for units in buildings with five units or more was 208,000.

### Housing Completions

Privately-owned housing completions in August were at a seasonally adjusted annual rate of 689,000. This is 0.7% (±18.8%)* above the revised July estimate of 684,000 and is 11.7% (±17.5%)* above the August 2011 rate of 617,000. Single-family housing completions in August were at a rate of 489,000; this is 5.4% (±14.3%)* above the revised July rate of 464,000. The August rate for units in buildings with five units or more was 193,000.

*US Census Bureau, 24 September*

## AUGUST 2012


### World Top Container Ports 2012

Malaysia's Port of Tanjung Pelepas (PTP) handled 7.5 million twenty-foot equivalent units (TEUs) in 2012, representing a 15% increase compared with 2011 and maintaining its 17th position in the world port rankings. Growth was driven by additional business from existing customers as well as volume from new lines.

On top of that, container volumes from PTP's two largest clients, Maersk Line and Evergreen, increased by 16% over the previous year, while PTP added various other lines during the year, including Hanjin and STX Pan Ocean of Korea, Mitsui and "K" Line of Japan and China Shipping. From just two shipping lines in its early days, PTP now serves 26 lines and is Malaysia's largest container terminal. It was one of only seven ports worldwide chosen by Maersk Line for its new "Daily Maersk" service, which runs between Asia and northern Europe.

This year, PTP is expected to continue to outperform global volume growth and to finish the year with about 8 million TEUs in throughputs. A key focus for the port in 2012 was to strengthen its share of the local cargo sector. Local import/ export volumes for the first quarter were reported to be 30% higher than in the same period last year.

PTP is a 70/30 joint venture between Malaysian utilities and infrastructure group MMC Corp and AP Moller-Maersk's APM Terminals and currently has a handling capacity of around 8.5 mllion TEUs. PTP aims to increase their handling capacity to 10.5 million TEUs by developing Berths 13-14 by the end of 2012. Supporting equipment for the two new berths will include eight new quay cranes and 31 electrified RTGs. Berths 13 and 14 and their supporting port operating equipment will be designed to handle the latest generation of the largest container vessels.

*Source : http://www.ptp.com.my/medianews,1 August*

### RM500 Million on Johor Port Modernisation

Johor Port will spend RM400 million to RM500 million to implement its five-year re-development and modernisation plans until 2016 according to their Chief Executive Officer, Encik Shahrull Allam Shah Abdul Halim. The ambitious modernisation plan would see Johor Port emerging as a RM1 billion annual revenue company at the end of the five-year plan. The re-development and modernisation plans were implemented to ensure Johor Port remains as a dynamic gateway to the Pasir Gudang Industrial Zone and south of

**Shipments of Timber and Timber Products through Ports in Peninsular Malaysia, August 2012**

| Products | Port Klang | | Kuantan | | Pasir Gudang | | Tanjung Pelepas | | Penang | | Total all ports $m^3$ | % Change August 2012/ July 2012 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | $m^3$ | % Change August 2012/ July 2012 | $m^3$ | % Change August 2012/ July 2012 | $m^3$ | % Change August 2012/ July 2012 | $m^3$ | % Change August 2012/ July 2012 | $m^3$ | % Change August 2012/ July 2012 | | |
| Sawntimber | 25,499 | -6 | 7,416 | 6,642 | 807 | 40 | 87 | -51 | 2,515 | -31 | 36,324 | 14 |
| MDF | 12,523 | 8 | 418 | - | 8,160 | -10 | 5,900 | -44 | 15,600 | -33 | 42,601 | -22 |
| Mouldings | 7,441 | -17 | 139 | -45 | 1,328 | 11 | 836 | 12 | 1,197 | -50 | 10,941 | -19 |
| Dressed Timber | 1,655 | -22 | 48 | 433 | 1,171 | 26 | 164 | -55 | 67 | -89 | 3,105 | -24 |
| Plywood | 6,847 | 11 | - | - | 1 | -83 | - | - | 3,619 | -50 | 10,467 | -22 |
| Veneer | 64 | -9 | - | - | - | - | 28 | - | 52 | -93 | 92 | - |
| Particleboard | 23,720 | -33 | 600 | | 195 | 509 | 300 | -84 | - | - | 24,815 | -33 |
| **TOTAL** | **77,749** | **-15** | **8,621** | **2,230** | **11,662** | **-1** | **7,315** | **-46** | **23,050** | **-40** | **128,397** | **-17** |

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

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Johor. Three prime factors had been identified for implementation under the re-development and modernisation plans to expand Johor port's business. To further expand existing business, upgrade the port's capacity and business diversification were the three priorities.

Under the dual-pronged plan, Johor Port would increase the capacity of its existing cranes and buy new cranes. All the seven cranes at the Breakbulk Terminal would be upgraded besides buying new cranes this year and next year. Johor Port also refurbished other facilities at the port such as the conveyor belt, upgrade capacity and boost performance.

As part of its plan to upgrade warehouse capacity, Encik Shahrull Allam Shah said that the port management would renovate existing warehouses and build multi-storey warehouses. He said, the management was also examining the feasibility of building warehouses outside the main port area to store slow-moving goods. If that was feasible, then warehouses inside the port area would be utilised for transhipment. The programme would increase productivity and result in shorter ship turnaround time, hence boosting capacity. Besides, there were also plans to expand the liquid terminal following growing demand from clients. Other facilities such as pilot age and tugboats would also be upgraded to facilitate smoother port operations.

Johor Port management plan to increase the present frequency of the Rail Port service between Johor Port and Port of Tanjung Pelepas, so transfer cargo from the two ports would be more efficient and frequent to enable the container industry in Pasir Gudang to use Johor Port as the main loading centre. In this way, containers could be sent to Port of Tanjung Pelepas and provide direct long-haul shipping services.

The management also plans to utilise to the maximum every available open space within the port area to attract more business to Johor Port. With the successful execution of the re-development and modernisation plans, the management believe that the port's cargo handling capacity could be significantly increased in a year. Currently, Johor Port handles 26 million tonnes of cargo a year, including containers, liquids and break bulk, but with the port's upgraded capacity, they aim to increase cargo handling to 35 tonnes a year.

*Source : Business Times,16 August*

## Westports Had Been Receiving IPO Proposals in the Last Four Years

The listing of Westports Malaysia Sdn. Bhd., the concession holder of the Westports terminal in Port Klang is far from being finalised. Bankers pitching to advice on the initial public offering (IPO) plan said the company had received proposals from Westports over the last three to four years.

There was much that had been reported about Westport planning to raise as much as USD1 billion (RM3.1 billion) in a listing exercise said to take place next year, following the flurry of mega listings taking place in corporate Malaysia. Malaysia had been a hotbed of IPO activities this year, especially with the recent listing of an RM9.93 billion offering from Felda Global Ventures Holdings Bhd. and the RM6.3 billion listing from IHH Healthcare Bhd. Other companies planning for a listing include cable-TV operator Astro All Asia Networks Plc and power producer Malakoff Bhd.

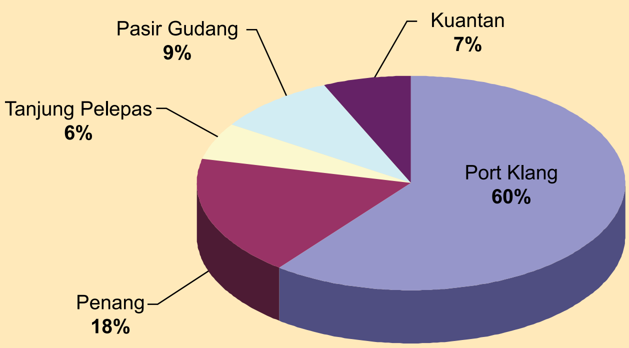
Westports is jointly owned by companies linked to Tan Sri G. Gnanalingam and Asia's richest man, Mr. Li Ka Shing. Westports is expected to handle 7 million TEUs this year compared with 6.4 million TEUs in 2011 which recorded a growth of 20% in TEUs over the last five years. Westports holds the concession to operate the Westports terminal up to 2054. It is one of the two terminal operators in Port Klang. Container throughput at Westports had increased from 2.6 million TEUs in 2004 to over 6.4 million TEUs in 2011.

Hong Kong's Hutchison Port Holdings, a unit of Hutchison Whampoa Ltd., bought a 30% stake in the company in 2000. Hutchison is also the world's largest port operator. Westports commands 67% share of the container volume in Port Klang and is poised to become a preferred port for local boxes within the next five years.

Westports Malaysia is also investing RM3.18 billion to further improve the port's capacity. Early 2012, Westport's Executive Chairman, Tan Sri G. Gnanalingam said that the expansion plan included a 160 ha (400 acres) land reclamation project and the construction of four container terminals slated for completion in 2016. Westports currently sits on a 520 ha of land which contains five container terminals, and is planning to construct another four terminals.

*Source : The Star, 25 August*

### Shipments of Timber and Timber Products through Ports in Peninsular Malaysia, August 2012




**Total = 128,397 m³**

## AUGUST 2012

Total export of timber and timber products from Peninsular Malaysia in August decreased 14% in volume and 8% in value to 189,359 m³ amounted RM241.5 million over the previous month. Cumulative export for the period of January to August also declined 7% in volume and 4% in value to 1.8 million m³ with a value of RM2.2 billion against the previous corresponding period.

## Sawntimber

Sawntimber exports fell 10% from the previous month to 72,514 m³. However, there is a slight increase in the value to RM97.1 million. Total exports for January to August totalled 647,277 m³ with a value of RM790.8 million, an improvement of 1% in volume and 2% in value from the previous year.

Despite the prolong Euro zone crisis, exports of sawntimber to the EU improved with a 10% increase at 9,863 m³. This is due to improved buying from the UK, Belgium and Italy. Export of sawntimber to the UK, Belgium and Italy increased 102%, 64% and 32% to 2,985 m³, 1,079 m³ and 350 m³ respectively. However, shipments to the Netherlands, the largest market, and slipped 14% lower than the preceding month to record at 3,155 m³. Similarly, intake by Germany decreased 16% to 1,656 m³.

Demand in West Asia strengthens as most markets within the region showed positive buying. Exports to the region increased 31% to 12,348 m³. The UAE recorded a sharp drop of 43% from the preceding month amounting to 2,650 m³. Buying from Oman and Qatar however increased 239% to 2,186 m³ and 13% to 1,010 m³. Saudi Arabia, on the other hand, raised imports tremendously from 79 m³ in the previous month to 4,394 m³.

East Asia's intake increased 13% to 9,313 m³ from 8,263 m³ in the previous month. China, major market of sawntimber improved purchases by 20% to 6,168 m³. Similarly, sales to Taiwan increased to 577 m³ from 482 m³ in the previous month. However, sales to Japan and Hong Kong shrank 6% and 19% to 2,241 m³ and 83 m³ respectively.

In ASEAN, lower intake by major markets contributed to decline in imports by 23% to 33,140 m³. Thailand, being the major importer bought 25% less at 22,697 m³. Exports to Singapore, stood at 9,453 m³, a 19% decrease against July. Viet Nam on the other hand, raised imports from 301 m³ to 692 m³.

The US reduced intake by 14% to 1,093 m³ while shipment to Australia showed a decline of 31% to 799 m³. However, export of sawntimber to South Africa increased 18% to 2,069 m³.

Overall FOB prices of sawntimber for this month increased 11% to RM1,338 per m³. Prices of Dark Red Meranti (DRM) to the Netherlands decreased 9% to RM2,658 per m³. Prices of Keruing also improved 18% to RM1,519 per m³. Similarly, prices of DRM increased 7% to RM2,883 per m³. There was no trading for Redwood to the UAE for the month.

## Plywood

Plywood exports in August 2012 were at 14,156 m³ and valued at RM25 million. Cumulative exports for the period January to August showed decreases of 14% and 8% in volume and value to 128,362 m³ valued at RM213 million respectively from the previous corresponding period.

Total exports to EU increased by 2% to 10,027 m³. Similarly shipments to Ireland and Netherlands increased 66% and 68% to 214 m³ and 2,008 respectively. However, exports to Belgium and the UK decreased 32% and 92% to 605 m³ and 488 m³ correspondingly.

Exports to ASEAN region decreased as Singapore and Thailand intakes of plywood decreased by 47% and 25% to 803 m³ and 748 m³ respectively. Meanwhile imports from Indonesia increased by 800% to 36 m³ although Brunei did not make any purchase in August. In East Asia, exports to Hong Kong decreased to 42 m³ from 133 m³ while Japan reduced imports at 37 m³ from 39 m³ in the previous month. China and South Korea resumed their imports of plywood whereas Taiwan stopped buying in August.

Total exports to West Asia decreased by 96% to 40 m³ from 1,011 m³ in the previous month. Exports to Saudi Arabia resumed to 40 m³ whereas Bahrain, UAE, Kuwait, Qatar and Yemen did not make any purchase in August.

Elsewhere, exports to South Africa increased by 45% to 370 m³ while the US resumed their imports. Australia increased its intake to 1,649 m³ from 1,591 m³ in the previous month.

The FOB price of plywood increased to RM1,795 per m³ from RM1,706 per m³ in the previous month, an increase of 5% from the previous month.

## Veneer

Total exports of veneer for August showed a decrease of 53% in volume and 31% in value to 283 m³ at RM0.79 million compared to the previous month. However, cumulative exports from January to August decreased by 4% in volume but increased by 6% in value respectively to 3,983 m³ valued at RM7.5 million from the previous corresponding period of last year.

Exports to Canada increased by 490% at 59 m³ while Thailand recommenced its imports in August. China, Singapore, Taiwan, Sri Lanka, Indonesia and the UK did not import any veneer for the month.

The FOB price of veneer increased to RM2,775 per m³ from RM1,884 per m³ in the previous month, an increase of 47% from the previous month.

## Medium Density Fibreboard (MDF)

Peninsular Malaysia's exports of MDF for August 2012 showed a decline of 5% in volume and 9% in value. Export totalled 56,612 m³ valued at RM57.6 million.

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## AUGUST 2012

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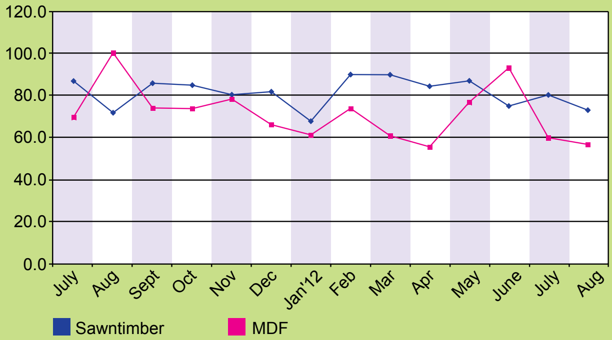
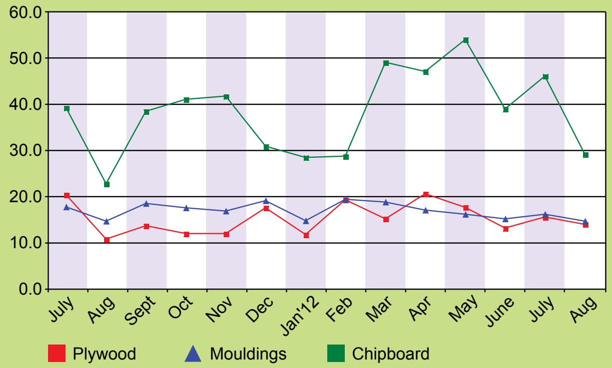
Exports to East Asia registered an increase of 28% to 1,983 m³ from 1,548 m³ in the previous month. Exports to China (including Hong Kong) grew by 123% to 572 m³ followed by Taiwan at 22% to 842 m³. However, exports to Japan recorded a negative growth with a decreased of 6% to 569 m³.

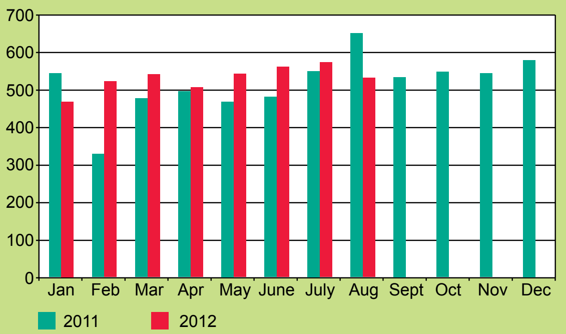
Meanwhile exports to West Asia in August recorded a negative growth with a decrease of 14% in volume to 28,361 m³ from 32,798 m³ in the previous month. Export to Jordan recorded a positive growth of 715% to 1,043 m³ followed by Oman at 318% to 4,460 m³. Meanwhile export to Iran, Kuwait, Bahrain, Saudi Arabia and UAE dropped by 11% to 13,040 m³, 14% to 1,404 m³, 31% to 339 m³, 44% to 2,941 m³ and 44% to 4,728 m³ respectively from the previous month.

**Export of Selected Products from Peninsular Malaysia**
(July 2011 - Aug 2012) / Volume ('000 m³)




**Malaysia: Export of Wooden Furniture**
(Jan 2011 - Aug 2012) / Value (RM Million)




Elsewhere, exports to the US, Australia, UK and South Africa all showed a marginal drop by 10% to 1,566 m³, 28% to 1,565 m³, 33% to 474 m³ and 49% to 632 m³ respectively.

In ASEAN, total export to ASEAN region for this month decreased by 4% to 11,508 m³ from 11,956 m³ in the previous month. Exports to Philippines increased by 33% to 1,432 m³ followed by Viet Nam at 7% to 5,731 m³. However, Singapore and Indonesia registered negative growth by 22% to 227 m³ and 23% to 3,989 m³ respectively.

## Mouldings

Exports of mouldings for the month decreased 9% in volume and 11% in value to 14,807 m³ worth RM42.5 million. However, the cumulative exports from January to August increased 2% in volume and 8.6% in value over the previous corresponding period to 133,174 m³ with a value of RM378 million.

Exports to the EU for the month recorded at 6,155 m³, a decreased of 8% compared to the previous month. Likewise, consignment to Belgium, Germany and Netherlands decreased 38%, 15% and 32% to 665 m³ 1,070 m³ and 2,008 m³ respectively. Nevertheless, purchases by UK increased by 14% to 488 m³.

Meanwhile, exports to Japan and South Korea decreased 14% and 12% to 1,488 m³ and 1,003 m³ respectively. Exports to Taiwan and Hong Kong also decreased slightly to 44 m³ and 43 m³ from the previous month respectively. However, demand from Singapore improved 2% to 1,244 m³. On the other hand, exports to the US and Australia increased 29% and 4,516% to 2,221 m³ and 1,708 m³ respectively.

FOB unit value decreased 2.6% from RM2,949 per m³ in the previous month to RM2,872 per m³.

## Builders Joinery and Carpentry (BJC)

Total BJC cumulative exports from January to August 2012 declined slightly to RM647.6 million as compared to RM670.7 million in 2011. Similarly, demand from the UK and Australia decreased by 23% and 4% to RM64.4 million and RM75.7 million respectively. However, exports to Turkey increased slightly to RM6.5 million over the previous corresponding period.

Exports to the US fell 4% to RM48.2 million. Similarly, purchases by Japan and UAE decreased by 6% and 13% to RM68.1 million and RM15.2 million respectively. Conversely, exports to Belgium increased 33% to RM36.6 million.

In Asia, exports to Singapore, India, and Thailand grew 28%, and 9% valued at RM71.6 million, RM40.7 million, and RM20.5 million respectively. However, exports to South Korea decreased 41% to RM4.8 million. On the other hand, exports to Viet Nam increased 60% to RM11.4 million.

*Cont. on page 11*

## AUGUST 2012


### Logs

The demand of logs for the month of August remained weak. Some large suppliers cited that log production was now "slow" and "tight". With the implementation of EU Timber Regulation on March 2013, there were also some buyers who had stopped their order for the moment. Due to the depressed market for logs, log prices for the month of August were mostly reported a downward trend.

Logs prices for the species of Chengal and Merbau were traded at RM6,800 per tonne and RM2,400 per tonne respectively, whilst Red Balau fetched of RM2,780 per tonne. Meanwhile, prices for Keruing decreased by 2.9% to RM1,650 per tonne while Kempas slightly increased 3.5% to RM1,460 per tonne. Prices for Dark Red Meranti, Red Meranti and Mersawa were respectively quoted at RM1,600 per tonne, RM1,260 per tonne and RM1,380 per tonne, decreased by 10.6%, 8.7% and 11.0% compared to last month. On the other hand, prices for Mixed Heavy Hardwood was RM750 per tonne while Mixed Light Hardwood fetched RM760 per tonne.

### Sawntimber

Sawmilling activities still remained slow both for local and overseas markets. With most major markets' demand declining due to the prolonged Euro zone crisis, the market was now less active and not expected to be bullish in the next coming months. Hence, the average timber prices for most species were at a lower price compared to last month.

Prices for sawntimber of Chengal, Red Balau and Merbau were RM8,120 per $m^3$, RM2,965 per $m^3$ and RM3,670 per $m^3$. Meanwhile, sawntimber prices of Keruing and Kempas were quoted at RM2,155 per $m^3$ and RM1,980 per $m^3$ with the decreasing of 1.6% and 6.6% respectively. Similarly, prices for Dark Red Meranti and Red Meranti decreased by 5.1% and 1.0% to RM2,400 per $m^3$ and RM1,910 per $m^3$ respectively. However, price of Mersawa increased 9.9% to RM3,105 per $m^3$. On the other hand, prices for Mixed Heavy Hardwood remained at RM1,130 per $m^3$ and Mixed Light Hardwood rose 1.2% to RM855 per $m^3$.

### Plywood

The demand of plywood particularly from the Japan market was not very promising. The wholesalers had to sell their stocks at lower prices to reduce their inventories due to no demand from the domestic market.

Plywood of 4mm, 6mm and 9mm of thicknesses were traded at RM16.00, RM25.00 and RM35.00 per piece respectively. Meanwhile, shuttering boards of 12mm of thickness were traded at RM44.00 per piece, a relatively 3.3% lower from the previous month.

### Medium Density Fibreboard (MDF)

The market for MDF has been continuously showing a positive growth since last month. Prior to this, there were also some upward revisions of prices for the month of August.

MDF of 4mm was traded at RM14.50 per piece whilst 6mm of thickness was RM20.50 per piece respectively compared to RM13.50 per piece and RM19.50 per piece last month. On the other hand, MDF of 9mm of thickness was traded at RM27.50 per piece whilst 12mm of thickness was traded at RM36.00 per piece compared to RM26.30 per piece and RM35.00 per piece last month respectively.

### Intra-Malaysia Trade * - August 2012

The intra-trade scenario for the month of August for both from Sabah and Sarawak were mostly declining. Due to the monsoon season, log production was now "slow" with some areas affected by the rainy season while some dry areas made towing of logs quite difficult.

Shipment of sawntimber from Sabah to Peninsular Malaysia reported a decline of 35% from the previous month to 603 $m^3$, valued at RM0.8 million. However, shipments of plywood were also reported to have declined by 21% to 5,872 $m^3$, worth RM9.2 million. On the other hand, shipments of resumed at 79 $m^3$ with the value of RM0.1 million.

Meanwhile, exports of sawntimber from Sarawak to Peninsular Malaysia decreased 24% from 1,684 $m^3$ to 1,275 $m^3$, worth RM1.1 million. Shipments of plywood also decreased significantly by 28% to 11,852 $m^3$, valued at RM14.0 million. Export of veneer charted at 5,616 $m^3$, worth RM5.1 million.

*No intra trade from Peninsular Malaysia to Sabah and Sarawak were recorded in August 2012.*

** Source: Department of Statistics, Malaysia*

**INTRA-MALAYSIA TRADE - AUGUST 2012**

| From | Products | JULY 2012 | | AUGUST 2012 | | % change in volume | % change in value |
|---|---|---|---|---|---|---|---|
| | | Volume ($m^3$) | Value (RM '000) | Volume ($m^3$) | Value (RM '000) | AUG 2012/JULY 2012 | AUG 2012/JULY 2012 |
| SABAH | Logs | 0 | 0 | 0 | 0 | 0 | 0 |
| | Sawntimber | 925 | 1,426 | 603 | 823 | -35 | -42 |
| | Plywood | 7,391 | 11,588 | 5,872 | 9,159 | -21 | -21 |
| | Veneer | 0 | 0 | 79 | 108 | 100 | 100 |
| SARAWAK | Logs | 0 | 0 | 0 | 0 | 0 | 0 |
| | Sawntimber | 1,684 | 1,264 | 1,275 | 1,073 | -24 | -15 |
| | Plywood | 16,352 | 18,690 | 11,852 | 13,913 | -28 | -26 |
| | Veneer | 5,661 | 5,951 | 5,616 | 5,078 | -1 | -15 |

*Source : Department of Statistics, Malaysia*

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***AVERAGE DOMESTIC PRICES OF LOGS, SAWNTIMBER, PLYWOOD AND MDF IN PENINSULAR MALAYSIA AUGUST 2012 (VALUE IN RM)**

| SPECIES | LOGS/tonne | SAWNTIMBER/m³ | | |
|---|---|---|---|---|
| | 18" UP | GMS | STRIPS | SCANTLINGS |
| **HEAVY HARDWOOD** | | | | |
| Chengal | 6,800 | 8,120 | 4,235 | 6,250 |
| Balau | 2,820 | 3,500 | 2,470 | 3,180 |
| Red Balau | 2,780 | 2,965 | 2,540 | 2,895 |
| Merbau | 2,400 | 3,670 | 2,895 | 2,965 |
| Mixed Heavy Hardwood | 750 | 1,130 | 940 | 1,130 |
| **MEDIUM HARDWOOD** | | | | |
| Keruing | 1,650 | 2,155 | 1,305 | 2,410 |
| Kempas | 1,460 | 1,980 | 1,555 | 1,905 |
| Kapur | 2,200 | 1,980 | 1,060 | 1,975 |
| Mengkulang | 1,310 | 1,410 | 1,235 | 1,975 |
| Tualang | 1,420 | 1,730 | 535 | 2,155 |
| **LIGHT HARDWOOD** | | | | |
| Dark Red Meranti | 1,600 | 2,400 | 1,270 | 2,830 |
| Red Meranti | 1,260 | 1,910 | 1,410 | 2,540 |
| Yellow Meranti | 1,150 | 2,825 | 1,115 | 2,895 |
| White Meranti | 1,080 | 1,520 | 2,260 | 1,695 |
| Mersawa | 1,380 | 3,105 | 2,190 | 1,340 |
| Nyatoh | 870 | 1,130 | 1,340 | 1,200 |
| Sepetir | 1,000 | 1,270 | 2,260 | 1,270 |
| Jelutong | 1,040 | 1,560 | 1,200 | 1,375 |
| Mixed Light Hardwood | 760 | 855 | 785 | 845 |

| MALAYSIAN RUBBERWOOD *Hevea brasiliensis* | LOGS/tonne | SAWNTIMBER/m³ | | | |
|---|---|---|---|---|---|
| | | 1" X 1" | 2" X 2" | 3" X 3" | 4" X 4" |
| | 180 | 1,035 | 1,090 | 1,100 | 1,230 |

| | | | | |
|---|---|---|---|---|
| **PLYWOOD 4' X 8'** (RM per piece) | **4mm** | **6mm** | **9mm** | **12mm** |
| | 16.00 | 25.00 | 35.00 | 44.00 |
| **MDF 4' X 8'** (RM per piece) | **4mm** | **6mm** | **9mm** | **12mm** |
| | 14.50 | 20.50 | 27.50 | 36.00 |

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 2012 rose 6% compared to the corresponding period of 2011. Total shipments recorded RM4.3 billion against RM4.0 billion in 2011.

Purchase of wooden furniture from Malaysia for the January to August 2012 duration increased 14% from RM3.7 billion to RM4.2 billion compared to the same period in 2011. There has been an increase of consumption of wooden furniture across most major markets for this period. This is a sign of the improvement in the major economies furniture buying; particularly the US and the EU.

Imports of wooden furniture by the US expanded 14% from RM1.2 billion to RM1.3 billion despite increasing awareness to buy "Made in America" products. Japan recorded a consumption hike of 20% from RM293.5 million to RM353.3 million.

The UK imports saw a growth of 11% from RM229.9 million to RM255.7 million. Intake by Australia remained positive with a 15% increase from RM238.8 million in 2011 to RM274.8 million in the first eight months of 2012.

Shipments to Singapore picked up 14% in 2012 to RM224.7 million. Canada's uptake of wooden furniture strengthened with an increase of 14% to reach RM197.3 million. UAE posted an increase of 12% with an intake of RM129.5 million. India saw an increase of 12% to RM100.8 million. Saudi Arabia managed to record an increase of 14% to RM81.9 million.

Germany boosted its wooden furniture consumption 10% with a purchase of RM64.3 million in for the first eight months of 2012 from RM58.4 million in 2011. Russia's consumption of furniture increase about 17% from RM72.6 million to RM85.0 million. Norway and Spain increase their furniture consumption by 11% and 15% respectively.

Rattan furniture shipments slid to RM13.6 million for the January to August of 2012 period compared to RM15.9 million in the first eight months of 2011, a drop of 15%.

Main buyer Singapore absorbed RM3.0 million, thus reducing its buying by 19%. The UK cuts back on its consumption by 48.0%, spiralling downwards from RM1.6 million in 2011 to RM823,000. Meanwhile both the US and Germany saw positive improvements with 876% and 229% or into RM1.6 million and RM615,000 respectively. In addition, there was an increase of consumption of rattan furniture of 7% from RM938,000 to RM999,000 from China.

# SABAH : A POTENTIAL HUB FOR OUTDOOR FURNITURE


*YAB Datuk Seri Panglima Haji Musa Haji Aman, Chief Minister of Sabah (centre) and other guests of honour prior to officiating the event.*

In its effort to improve and increase the value-addition percentage of Sabah timber industry contribution, MTIB in collaboration with Malaysian Timber Council, Malaysian Furniture Promotion Council, Sabah Timber Industries Association and Sabah Furniture Association organised a seminar entitled 'Sabah Furniture Industry – A Potential Hub for Outdoor Furniture' on 24 September in Kota Kinabalu, Sabah. The seminar was officiated by YAB Datuk Seri Panglima Haji Musa Haji Aman, Chief Minister of Sabah.

YB Tan Sri Bernard Dompok, Minister of Plantation Industries and Commodities, in his welcoming remarks mentioned that the source of raw materials and energy use in Sabah is believed to be able to meet the needs of the timber industry. He highlighted that the state government would give full support to the efforts to develop the industry in Sabah. He also stated that the timber sector contributes about 3% or RM20.03 billion to the country's export earnings last year and provides employment to about 300,000 people. Total investment in the timber industry in the past year amounted to RM304.2 million, while investment in the furniture industry was RM428.1 million. From the export markets' perpective, Japan was the largest buyer of timber and timber products from Malaysia with a total of RM4.6 billion, followed by the European Union (RM2.3 billion) and USA (RM2.2 billion).

The Chief Minister of Sabah in his opening remarks said that the timber industry is the backbone of the socio-economic in Sabah and one of the main contributors to the state income. Forestry area covers 60% or 4.3 million hectares of the state land contributing RM100 million to the state revenue and offering 50,000 jobs to the locals.

He also said that the furniture sector has a very bright prospect as the world furniture trade is estimated to be worth USD107 billion currently. As such Sabah's furniture industry has the potential for further developed and capture a bigger portion of the global market. Thus, the state welcomes any initiative to improve the local timber sector, particularly in meeting the objectives of the National Timber Industry Policy (NATIP).

He also praised MTIB through WISDEC Sabah for its efforts in helping to provide skilled manpower that can improve product development, design and innovation in the industry. In addition, the establishment of the Furniture Industrial Park in Sabah by MTIB has also helped the SME especially Bumiputera entrepreneurs to participate in the development of the furniture industry in the state.

The Chief Minister then called on the participants to take advantage of the programme, to exchange opinions and ideas and expand their network. He believed the seminar would help boost the development of the timber industry to increase its potential for distinctive furnishings and push the Sabah's furniture and timber industry to a higher ranking.

Nine papers were presented during the seminar and the guest speakers were Cik Hjh. Robiyah Hj. Husin of MTIB. She spoke on 'The Furniture Industry in Malaysia – Status and Market

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*A section of participants.*

*One of the participants posing a question.*

Prospects'. Encik Andurus Abi of Sabah Forestry Department spoke on 'Availability of Raw Materials for Downstream Processing in Sabah'. Puan Emmeline Patrick of Ministry of Industrial Development Sabah delivered on 'Development of the Furniture Industry in Sabah - Direction and Perspective'. Encik Khairul Anwar and also Mr. Volker Lange from Malaysian Timber Council spoke on 'Market for Outdoor Furniture in Middle East and Europe'. Encik Au Leck Chai of Malaysian Furniture Promotion Council delivered his presentation on 'New Quality to Mark Malaysian Furniture - Malaysian Pride', whilst Encik Simon See Yu Siong of Innovatory Furniture Sdn. Bhd. and Encik Tan Yong Chuan of LY Furniture Sdn. Bhd. presented papers on 'Furniture Manufacturing and Export : Sharing of Experience and Knowledge'. Encik S. Rajan of MTIB then spoke on 'Initiatives Related to Illegal Logging and its Associated Trade - An Update'.

A total of 200 participants comprising representatives from local timber industries, government agencies and educational institutions attended the seminar. The seminar was followed by a plenary session chaired by Dr. Hassan bin Mad, Secretary-General of Malay Consultative Council.

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*MTIB booth.*

Growth Area). Besides local companies, SIE 2012 also attracted participation from United Kingdom, China, Japan, Ireland, Germany, Switzerland, Canada, South Africa, Poland, Singapore, Philippines and Brunei.

Meanwhile, under the pavilion of MTIB were Sabah Furniture Industrial Park, Series Supplies (M) Sdn. Bhd., Sabah Furniture Association, Adhwa Bersaudara Sdn. Bhd. and Superwood Industries Sdn. Bhd. The pavilion displayed products such as garden furniture, kitchen cabinet, doors, wall panelling, timber decking, biocomposites materials and carved items. MTIB Timber Verification Services were also provided. In addition, quizzes and games were organised to attract visitors to the booth. SIE 2012 managed to attract a total of 45,000 visitors. MTIB was declared the winner of the Best Booth competition in the Services Category and received a trophy.

# DESIGNING YOUR FUTURE WITH BAMBOO


YB Dato' Hamzah Zainudin, Deputy Minister of Pantation Industries and Commodities (second from left) officiating the event.

World Bamboo Day (WBD) is an annual event celebrated worldwide on the 18 September. It was first declared by the World Bamboo Organisation (WBO) during the 8th World Bamboo Congress held in 2009 in Thailand. WBO comprises 43 countries and Malaysia is represented by Forest Research Institute Malaysia (FRIM). In 2010, nine countries celebrated the event. In 2012, WBD was celebrated in 26 countries, including Malaysia for the first time. Malaysia held a six-day programme from 18-23 September in Kuala Lumpur to commemorate the event. The objectives of WBD are as follows :

a) To increase the awareness of bamboo globally

b) To protect natural resources and the environment

c) To ensure sustainable utilisation

d) To promote new cultivation of bamboo for new industries

e) To promote traditional uses locally and for community economic development

WBD 2012 was jointly hosted by MTIB as the lead organiser, FRIM, Universiti Putra Malaysia, Global Innovation and Entrepreneurship Foundation (GIEF), and 1Mont Kiara Mall. The event themed "Design Your Future with Bamboo" included a seminar, a forum, a bamboo design competition and exhibitions showcasing a wide range of bamboo products. WBD 2012 was officiated by YB Dato' Hamzah Zainudin, Deputy Minister of Plantation Industries and Commodities (MPIC) on 19 September. Also in attendance were Datin Paduka Nurmala Abd Rahim, Secretary-General of MPIC; Puan Hjh. Norchahaya Hashim, MTIB Deputy Director-General; Dato' Dr. Abdul Latif Mohmod, Director-General of FRIM; Dato' Ghazi Sheikh Ramli from GIEF; Prof. Dr. Paridah Md. Tahir from UPM and Cik May Chee representing managements of 1Mont Kiara Mall.

Dato' Hamzah emphasised on the need to explore the potential of bamboo as a non-wood forest material. Bamboo, recognised as an eco-friendly building material, is sturdy solid and fast-growing. However, the Malaysian bamboo industry has yet to enter into the production of high-value products as currently the local industry mainly produce handicrafts and interior finishings. On average annual export of bamboo products for the past 10 years was only RM250,000. It is considered very small if compared to China whose export of bamboo products for 2011 was RM30.33 billion *(Sources: International Network for Bamboo and Rattan (INBAR))*. Thus, MTIB has taken the initiative to expand the industry through the National Bamboo Roadmap 2011-2021 which emphasiseson five strategic

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# CREATING AWARENESS IN BAMBOO


*Dato' Ghazi Sheikh Ramli, Founder of Global Innovation and Entrepreneurship Foundation delivering his remarks during the soft launch of World Bamboo Day.*

A seminar on Bamboo Industry in Malaysia was held on the 18 September in conjunction with the World Bamboo Day 2012. It was officiated during the soft launch of WBD by Dato' Ghazi Sheikh Ramli, Founder of Global Innovation and Entrepreneurship Foundation (GIEF). The seminar consisted of two sessions which discussed the upstream and downstream activities of the bamboo industry.

The morning session focussed on the downstream industry. Encik Rahim Ismail of Design Principle Sdn. Bhd. deliberated on Bamboo-based Product Designs; Encik Najib Arrifin then talked about Aesthetic Bamboo Structure Designs. Tuan Hj. Mahpar Atan from MTIB explained the National Bamboo Roadmap, while Tuan Hj. Kamaruzaman Othman presented on Funding Opportunities in Establishing Bamboo Plantation.

The evening session was conducted by a group of FRIM researchers. Encik Razak Othman gave an overview of bamboo and Dr. Wan Tarmeze Wan Arrifin talked about bamboo innovations; Dr. Mohd Tarmizi Mustafa presented Traditional and Modern Methods in Preserving Bamboo while Encik Puad Elham explained the Charcoal and Activated Carbon from Bamboo.

The seminar was one of the main activities in Strategic Thrust 2 : Development of Human Capital (Malaysia Bamboo Industry Development Action Plan 2011-2020). Forty-five participants attended the seminar. MTIB will be organising another bamboo seminar on 26-27 November 2012 in MTIB, Kuala Lumpur.



*Tuan Hj. Mahpar Atan, MTIB Director of Industry Development (left) and Tuan Hj. Kamaruzaman Othman, MTIB Director of Forest Plantation (right) presenting their talks.*

# NATIP BRAINSTORMING 2012

*Dr. Jalaluddin Harun, MTIB Director-General (centre) in a discussion with one of the groups during the Brainstorming session.*

The National Timber Industry Policy (NATIP) has entered its fourth year in the implementation phase of its action plans to meet the export target of RM53 billion by 2020. MTIB as the lead agency for the development of the timber industry in Malaysia held the NATIP Brainstorming 2012 session on 6-8 September in Port Dickson, Negeri Sembilan. It was attended by 69 participants in accordance to their expertise in respective NATIP Technical Committee (JKT). They included representatives from the industry, government agencies and relevant institutions such as banking and finance institutions.

The objective of the Brainstorming was to consolidate synergy among JKT in executing scheduled activities in NATIP and to ensure all projects and activities implemented were in the line with NATIP's target.

Tuan Hj. Mohd Sanuri Mohd Shahid, Deputy Secretary-General (Development) of MPIC, delivered the keynote on behalf of the Secretary-General of MPIC. He urged the participants to give a new perspective and a paradigm shift in developing appropriate activities towards achieving the goals of NATIP. He also hoped that the NATIP Brainstorming session held will open new dimensions for the timber industry to continue as a significant contributor to the national economy. The overall performance of NATIP since its inception was then presented by Dr. Jalaluddin Harun, MTIB Director-General.

Upon deliberation among JKT members, each JKT proposed High Impact Programmes to be implemented within NATIP. Those High Impact Programmes are expected to accelerate existing JKT's activities towards achieving respective JKT's ultimate aim. Due to the current NATIP performance, the Secretary-General stated the need to establish Entry Point Projects (EPP) to steer the growth of the timber industry. Hence, based on the High Impact Programmes, seven EPPs were proposed. They are as follows:

- **Furniture Manufacturing.** It comes along with policy framework, incentives provision, human resource development, which encompasses capacity building such as vocational training. It has to be across the states, particularly to enhance downstream activities in Sabah and Sarawak.
- **Developing the Biocomposite Industry.** This alternative material is to address material shortage. However, there is a need to look into the availability of this alternative material/fibre.
- **Supplying Parts and Components for Ship Building.** This looks into supplying components for boat building, particularly for the interior. It is a niche high value market and a lucrative industry.
- **Promoting Timber IBS for Construction.** This is to boost usage of timber components for construction purposes, within the modular coordination stipulated in quality specification.
- **E-Timberpolis.** This hopes to boost Bumiputera contribution to timber industry economy, this new approach is targeted for holistic Bumiputera entrepreneur development.
- **Optimising Productivity and Efficiency of Plywood Industry.** This aims to value add plywood as one of the major contributors of timber export earnings.
- **Developing BJC and the Value-added Industry.** This targets towards value adding sawntimber, for instance lamscant, and other engineered timber products.

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*Datin Paduka Numala Abdul Rahim, Secretary-General of MPIC (right) leading a discussion on EPPs.*

*Another group discussion.*

The EPPs will be further deliberated among MTIB, MPIC as well as the industry, so as to lead the High Impact Programme in line with the EPPs. Relevant task forces will be established to look into respective EPPs thoroughly. Upon deliberation, it has been decided that the export target value of RM53 billion should maintained.

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thrusts; The Establishment of Bamboo Plantations and Preserving Existing Natural Resources, Development of Human Capital, Development of Downstream Activities, Research and Development, Promotion and Trade.

The WBD event launch was livened up with a musical show performed from music instruments made of bamboo which included the violin, the guitar and drums. The highlight of the event was a fashion show which presented models attired in creatively-designed outfits made of bamboo fabric from the collections of Victor Khoo, Tze Ai and Nik Intan.

The main attraction at the exhibition was a *gazebo* which were jointly built by Design Principle Sdn. Bhd., Bamboo Bio-Composite Sdn. Bhd. and IRM Composite. Design Principle Sdn. Bhd. created the *gazebo* design and structure, Bamboo Bio-Composite Sdn. Bhd. laid the semi-finished laminated bamboo flooring, while IRM Composite built the outdoor decking using bamboo plastic composite (BPC). The three companies were part of the INBAR Bamboo Trip to China. The experiences they gained during the trip inspired them to design and create the unique *gazebo*. The structure was officiated by YB Deputy Minister of MPIC. The fully completed *gazebo* is targeted to be launched during MTIB's 40$^{th}$ anniversary celebration next year.

WBD 2012 managed to attract more than 1,000 visitors. The event also managed to create awareness and revive the popularity of bamboo for domestic and industrial usage.

*YB Dato' Hamzah Zainudin, Deputy Minister of Plantation Industries and Commodities being briefed on a* gazebo *made from bamboo.*

*Attendees at the official opening ceremony.*

# WBD 2012 FORUM : EXPLORING BAMBOO VERSATALITY

*Panel of speakers comprising Datuk Dr. Marzalina Mansur of FRIM (left), Mr. Markus Roselieb of the ChiangMai Life Construction, Thailand (centre) and Prof. Dr. Paridah Md Tahir of UPM (right).*

A forum themed "Design Your Future With Bamboo" was held in Kuala Lumpur on 19 September in conjunction with the World Bamboo Day 2012 (WBD). The forum, moderated by Dato' Ghazi Sheikh Ramli, Chairman of Global Innovation and Entrepreneurship Foundation (GIEF) aimed to discuss the development of the bamboo industry in Malaysia. It was one of the main activities of the WBD 2012 which was held for the first time in Malaysia to raise awareness on the importance of the bamboo industry. This is also in line with the objectives spelt out under the National Timber Industry Policy (NATIP) which give due emphasis to the development of non-wood forest products as important contributors to the country's timber export earnings.

*Participants attending the forum.*

A panel of three speakers comprising of Datuk Dr. Marzalina Mansor of FRIM, Prof. Dr. Paridah Md Tahir of UPM and Mr. Markus Roselieb of the ChiangMai Life Construction, Thailand spoke respectively on the topics "Bamboo Health", "The Versatile Green Material" and "Bamboo: A Sustainable Construction Material of the Future". In her presentation, Datuk Dr. Marzalina spoke on the various products of bamboo from the shoots, vinegar, charcoal, salt and leaves and emphasised the various health benefits of those products with their rich nutrient contents and very high medicinal value. For example, she cited bamboo salt as being effective in removing toxin from the body while bamboo leaves can act as an effective aphrodisiac. Also, according to her, the bamboo stem contains substances that act as natural flavours and preservatives.

Prof. Dr. Paridah Md Tahir, meanwhile, explained on the versatility of bamboo as a green material in terms of traditional, modern and future usage. She also explained on the various types of commercial bamboo species available in Malaysia. In terms of traditional usage, bamboo has been widely used for making kites, fishing rod, landscape plant, scaffolding, bridges and some houses in rural areas. The usage of bamboo has evolved into multiple uses such as for modern structural designs in construction, vehicle, furniture and musical instruments.

The third speaker, Mr. Markus Roselieb talked on the topic of Bamboo as the Amazing Sustainable Construction Material of the Future. In his presentation, he highlighted the efforts he undertook to establish a school built from green materials in Thailand. Panyaden is a green school, built from sand, clay and bamboo, located in a village outside Chiangmai.

The two-hour forum attracted about 60 participants from the public, private organisations and institutions of higher learning. The Q&A session followed generated a lot of interest and active participation.

# INNOVATIVE APPLICATIONS FOR FUTURISTIC BAMBOO DESIGNS


*The winners holding their mock cheques and their winning creations.*

A Bamboo Design Competition with the theme "Futuristic Application in Bamboo" was organised by MTIB on 20 September in Kuala Lumpur, to select innovative designs which have the potential to be promoted as commercial products. The competition aimed to invigorate local designers to create exciting designs that can be taken up by the Malaysian bamboo industry.

The competition was held as part of the activities organised in conjunction with the hosting of the week-long "World Bamboo Festival" which was held from 18 to 23 September. The participants were requested to design a product with bamboo as the main material which could inspire local bamboo product manufacturers into integrating the designs in their existing production.

*Several participants concentrating on their sketchings.*

*The winning entries.*

The judges were Dr. Mohamad Yazah Raschid from UPM and production designers, Puan Jamilah Abu Bakar and Encik Rahim Ismail. Submissions were judged on their innovativeness and the creative conceptualisation of ideas, functional aspects, emotional and artistic elements visibly portrayed through symbols and messages, quality of innovation as well as ergonomic considerations. The judges were impressed by the creativity shown especially by the design which featured a unique tiered shelf system. Encik Lai Tzy Herr from Universiti Teknologi Malaysia (UTM), Kuala Lumpur took home the coveted prize of RM1,000. Prizes for the runners-up of RM500 and RM300 were also awarded to design students Cik Siti Norjihan Hussain and Encik Mohamad Syafiq Mohd Hashim, also from UTM.

# THE ASIAN REGIONAL OF GLOBAL NATURAL FIBRES FORUM

*Participants attending the symposium.*

The Asian Regional Symposium of Global Natural Fibres Forum was held on 25-27 September in Bangalore, India. The Global Natural Fibres Forum (GNFF) is an international network of stakeholders interested in promoting the development and propagation of natural fibres and assisting small producers improve livelihoods across the globe.

The GNFF Asia chapter was organised by the commonwealth secretariat (UK) and facilitated by Industree Craft Foundation, a social entrepreneurship based in Bangalore. The symposium was attended by delegations from Asian countries namely Bangladesh, India, Sri Lanka, Pakistan, Thailand and Malaysia which are natural fibres producer countries. GNFF also has chapters in Africa, the Caribbean and the Pacific.

At the opening ceremony, Mr. Watipaso, Advisor and Acting Head of Enterprise Development Commonwealth secretariat delivered his welcoming remarks followed by the opening by Mrs. Neelam Chiber, Managing Trustee of Industree Craft Foundation. In his welcoming speech, Mr. Watipaso said that through its network, GNFF was created as a platform to disseminate knowledge, share information and technology and increase commerce between the natural fibres producer countries. It also serves as a platform in addressing various issues on the natural fibre industry especially as a weapon to fight poverty.

A total of 30 papers were presented during the three-day symposium and the topics covered were the intervention of the government policy, current research and technology, development of new fibres industries as well as marketing strategies. Each country presented its own experiences in managing and developing its main natural fibres through current technologies and policies as well as issues it currently faces from a particular fibre. For instance, India and Sri Lanka are major coir fibre producers and both countries have different fibre extraction methods and types of coir products. All the commercial products from the natural fibre still focus on the low end and conventional methods of production. The issues raised in the forum were taken into consideration by the regional GNFF secretariat and will be addressed in the next regional forum and GNFF.

The craft industry is considered an important industry that uses natural fibres in countries such as India, Sri Lanka and Bangladesh. From the presentation and forum discussion, the

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# MALAYSIA DESIGN FOR THE WORLD

The DDEC Design Summit 2012 was held at the Kuala Lumpur Convention Centre from 24 to 25 September. This event was organised by the Design Development Centre (DDEC), a subsidiary of the Majlis Amanah Rakyat, an agency under the Ministry of Rural Development. The Summit launch was officiated by Datuk Md. Othman Yusuf, Chairman of DDEC, on behalf of Tun Dr. Mahathir Mohamad, former Prime Minister of Malaysia.

With this year's theme of 'Design X – Change', this Summit acted as a platform for designers, experts and entrepreneurs to network and share ideas. It is also aimed at creating awareness in local entrepreneurs of the importance of product branding, design and innovative animation.

The Summit was among the highlights of several events held in conjunction with the launch of Malaysia Design Year 2012. This government initiative hoped to create greater awareness about the development and the vibrancy of the local design industry.

Besides the design exhibition, several working papers were also presented by renowned local and international designers in the conference held during the Summit. Among the international presenters were Mr. Giorgio Lavelli from Radar, Mr. Emanuele De Dominicis from Dedomix srl, Mr. Masayuki Yoshida from Muji World and Mr. Nishiyama Kohei from Elephant Design while the local speakers were Encik Syukor Yahya from Kufi Rhapsody, Encik Azlan Othman from Proton and Cik Serina Hijjas from Hijjas Kasturi Architect. Panel discussions and informal briefings were also conducted at the exhibition area.

MTIB was represented by Puan Norpaezah Mohd Dahalan from Bumiputera Entrepreneur Development and Puan Nik Zuraihah Nik Muhammad from Industry Development.

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*Cik Noor Intan Saffinaz Anuar of MTIB (third from left) with other speakers during the first session of the forum.*

participants learned that an effective model used in the natural fibres craft industry will be really helpful in reducing poverty in India. The mechanised extraction method, efficient fibre treatments and good marketing strategies are the key factors that were identified to elevate the industry and render it more effective in the future.

Malaysia was represented by a delegation from MTIB and the National Kenaf and Tobacco Board. A paper entitled Natural Fibre Composite - An Emerging Technology in Malaysia was presented by Cik Noor Intan Saffinaz Anuar of MTIB during the first session of the forum. The paper elaborated on the roles of MTIB as a coordinator in the Development of Natural Fibre and Biocomposite through the commercialisation of R&D activities as well as promotion related to the application of various types of natural fibre that are available in Malaysia. Compared to the other countries, Malaysia seemed to be more focusing on the high value products of biocomposite instead of the craft in the development of natural fibres based on its strength in the wood-based industry. The progress of the commercialisation of R&D in natural fibre composite from Malaysia such as palm fibre, rice husk and kenaf fibres was shared in the forum.

Various types of biocomposite and craft products were also exhibited during the symposium. The local craftsman demonstrated the extracting and weaving of the fibre turning it into craft products. Among the products showcased were palm basket, banana leaves begs and jute table runner. The forum ended with presentations of countries chapter presented by a representative from each country. Each country briefed GNFF, the strategies of effective GNFF and the structure of GNFF at the country level. The next GNFF will be held next year at a global level.

# DEMAND FOR WOOD-BASED PANEL PRODUCTS IN INDIA ON THE RISE

The wood-based industry in India, which is dependent on natural forests for their raw material requirement earlier, is on the threshold of a crisis in view of the restrictions on timber extraction owing to environment considerations. The supply of industrial and domestic wood from forest areas for wood-based industries has declined and as such many are largely depending on either farm-grown or imported wood. The wood-based panel manufactured in India is plywood, particle board, fibreboard and medium density fibreboard (MDF). Plywood which is the most common and accounts for about 93% of the quantity of all boards produced are facing a crisis of raw material. Unlike the general world trend, growth of particleboard in India has been sluggish due to high production cost, strongly influenced by economies of scale as well as high cost of petroleum-based resin adhesives and resistance of carpenters to work this material.


*Dato' Dr. Abd. Latif Mohmod, Director-General of FRIM (right) and Encik Zulkepli Abd. Rani, Director of Fibre and Biocomposite Centre of MTIB (left) were speakers from Malaysia.*

To deliberate on the above-mentioned issues, the Indian Plywood Industries Research and Training Institute (IPIRTI), Bangalore organised an International Conference on "Future of Panel Industry-Challenges and Key Issues". The conference was held on 26–28 September at IPIRTI campus, Bangalore, India to commemorate the Golden Jubilee Year of the Institute.

The objective of the conference was to gather experts from the Scientific, Technical and Industrial communities, to encourage the exchange of knowledge and dissemination of information on the latest advances and future challenges in the fields of plywood and panel industries. Lead speakers from India and abroad were invited to present Scientific Research papers on the theme of the Conference.

Speaking to the press, Mr. C.N. Pandey Director IPIRTI said that demand for wood-based panel products in India are on the rise. Growing population and economic development are the main reasons for the rise in demand. Latest technologies should be adopted to overcome the raw material crisis and bridge the gap between production and demand for wood-based panel productions.

*Panel of speakers from India and abroad.*

Papers presented in the conference were in accordance to the themes. The themes were country status, raw material demand and supply, technological innovation and value addition, certification, policy and legal issues and marketing.

A common issue discussed was the demand of wood-based panels globally which are expected to rise and sustained due to the reduced supply of timber from natural forest. Most countries have taken action to reduce the production of timber from their natural forest and considering banning export of raw material. With the galloping scarcity of raw material and the increased demand for panel products, the world is facing a gap in demand and supply. The world is focusing the production of wood based panel such as plywood, particleboard, fibreboard and non-wood based panel using bamboo, rice husk, bagasse and cotton stalk.

Other issues highlighted were shortage of skilled manpower, slow adoption of advanced technologies, emphasis on R&D, certification and environmental requirements.

The conference was attended by more than 200 participants and presented more than 30 speakers. The conference ended with several recommendations made for the betterment of the wood-based panel product industry in India. It was suggested that the waste land in India be allocated for short rotation plantations of fast growing species besides utilisation of non-wood materials such as agro residues and bamboo.

Speakers from Malaysia were Dato' Dr. Abd Latif Mohmod, Director-General of Forest Research Institute Malaysia (FRIM) and Encik Zulkepli Abd Rani, Director of Fibre and Biocomposite Centre, MTIB.

# TIMBER INDUSTRY IN MEXICO

## Quick Facts

| | |
|---|---|
| Official Name of Country | The United Mexican States |
| National or Regional Currency | New Mexican Peso, MXN |
| Population | 113,724,226 (July 2011 est.) |
| Area: | • Total: 1,964,375 sq km<br>• Land: 1,943,945 sq km<br>• Water: 20,430 sq km |
| Natural Resources | Petroleum, silver, copper, gold, lead, zinc, natural gas, timber |
| Capital City | Mexico City |


## Country Overview

Mexico is a federal constitutional republic located in North America. It is bordered on the north by the United States of America; on the south and west by the Pacific Ocean; on the southeast by Guatemala, Belize and the Caribbean Sea; and on the east by the Gulf of Mexico. Mexico is the fifth largest country in the Americas by a total area covering almost two million square kilometres and it is also the 13th largest nation in the world. In addition, Mexico is the world's 11th most populous country and the most populous Spanish-speaking country. Furthermore, Mexico's economy is part of the North American Free Trade Agreement (NAFTA), a trilateral trade bloc in the region comprising the US, Canada and Mexico.

Mexico has a free market economy in the trillion-dollar class. It contains a mixture of modern and outmoded industry and agriculture, fisheries and farming, increasingly dominated by the private sector. The government has expanded competition in seaports, rail transportation networks, telecommunications, electric power generation, natural gas distribution, and airports. The government faces many economic problems including the need to upgrade infrastructure and facilities, modernise workforce laws, and low private investment in the energy sectors.

In 2009, the economic profile for Mexico took a turn for the worse. Widespread disease in the form of a flu outbreak added to the failing economy in 2009. Policy stimulus proved inadequate against the background of limited fiscal stimulus and monetary relaxation. From an all-time low rate of annual inflation of 3.3% in 2005, this rate has only recently displayed signs of reducing from 6.4% in 2008 to 5.4%. These fluctuations are largely caused by Mexico's close association with US business and trade.

## Recovery Process: Mexican Economy 2010

For the year 2010, the growth figures pertaining to the Mexican economy indicated signs of a recovery. The Mexican Finance Ministry increased the growth figures from 3% to 3.9%. This upswing was the result of significant improvement in Mexico's exports, automobile production, manufacturing and increased imports of consumer goods. Employment was also on the rise alongside an increase in foreign and domestic demand, despite a deep divide in economic distribution, where 32% of the top earners take in 55% of the country's total income.

As an export orientated country, Mexico is the 15th largest exporter in the world. It is also the US second largest export market, making about 12.21% of US total exports in 2009. With the signing of the North American Free Trade Agreement (NAFTA) in 1994 with the US, Mexico's trade economy is heavily linked to the US, with as high as 80.5% for Mexico's exports going to the US.

As a result, Mexico's economy suffered greatly during the 2008 global financial crisis and the US economic downturn, due to a drop in US demand of exports. Mexico's exports to the US fell from USD234.6 billion in 2008 to USD184.9 billion in 2009. Mexico's GDP also posted a negative 5.25% growth in 2009, a drop from USD1.553 trillion in 2008 to USD1.471 trillion in 2009.

Mexico has also built an extensive network of free trade agreements with over 40 countries, such as the European Union, Japan, Israel, and countries in South and Central America. These agreements liberalise the trade tariffs between countries and regions, and have made Mexico one of the most open country to trade with. The US and Canada are the two biggest importers of Mexico's goods.

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## Forest Profile

Mexico is moderately forested with around 30% forest and woodland cover. Mexico is rich in temperate and tropical forests. Mexico possesses 1.3% of the world's total forest resource, with one quarter of Mexico's total land area classified as forest lands. Mexico is exceptionally rich in Pines: there are in total 72 species, varieties and forms, more than any other country in the world.

## Forest Distribution

Of 192 million ha total land area, approximately 50 million ha are wooded, made up of both coniferous and broad-leaved forests. Mexico has, however, a broad range of climatic zones and these give rise to a broad range of vegetation and forest types. More than 70% of the country is classified as semi-arid, or drier, but Mexico also has wet humid zones, as well as montane and alpine vegetation. Lowland forest is mainly broadleaved, with significant areas of dry and arid-tropical forest, particularly on the west coast, and moist tropical forest on the southern Yucatan peninsula. Inland montane regions, notably in the Sierra Madre ranges, have large areas of mixed coniferous forest, dominated by Pine and Fir species, but also with significant proportions of Oak. Mexico has a moderate area of, mainly Pine species, plantations. Mexico has more than 2.5 million ha of forest in protected areas, approximately 4% of the country´s total forest area.

The coniferous and broad-leaved forests, located in temperate-cold climate, total about 26 million ha, and account for 90% of Mexico's forest production. The largest areas of temperate-cold forest can be found in the states of Chihuahua, Durango, Jalisco, Michoacan, Oaxaca, Chiapas and Guerrero. At 24 million ha, tropical and subtropical forests are comparable in size, but they account for only 10% of Mexican forest production. Tropical forests are located in the states of Chiapas, Quintana Roo, Yucatan, Campeche, Tabasco and Oaxaca.

## Products and Trade

The majority of production is softwood sawnwood and wood-based panels. Most of the softwood production is used in domestic construction - mainly concrete forming. Other important uses include finishing work such as mouldings and parquet flooring, doors, windows and furniture. Over 90% of all hardwood consumed in Mexico goes to the furniture manufacturing industry.

Mexico produces significant quantities of wood and paper products, mainly for domestic consumption. Mexico´s paper industry relies on secondary fibres from recycling for 80% of its fibre needs. The country imports moderate quantities of forest products, most notably pulp and paper. Important non-wood forest products found in Mexico include resins, waxes, fibres and latex. Mexico tariff rates for furniture product ranges from 0% - 15%.

## Malaysia's Export of Timber Products to Mexico

The majority of timber products exported from Malaysia to Mexico is plywood. Its export value was increasing from 2007 to 2010 (it recorded the highest at RM1.21 million), however, the value slipped in 2011, due to Mexico still recovering from its economic crisis. The second highest product in terms of value is wooden furniture which recorded RM12.1 million in 2011, a decrease of 44.7% compared to 2010, which recorded RM21.8 million.

Due to the location, Malaysia does not import large quantities of timber or timber products from Mexico.

## Imports of Major Timber Products and Furniture

The total import of major timber products and furniture for Mexico is increasing from 2009 to 2011 with USD3.0 million recorded in 2011. The highest import is wooden furniture products with a market share of 61.96% or USD1.8 million in terms of value in 2011, an increase of 17.18% from USD1.5 million from 2010. Other notable import was sawntimber with a market share of 14.53% or USD431,000 in 2011, an increase of 10.23% from 2010. There has been a notable increase across almost all major timber products and furniture, except for wooden frames which has recorded a downward trend since 2009.

**Export of Major Timber Products from Malaysia to Mexico, 2007 – 2011**

| Year | 2007 | 2008 | 2009 | 2010 | 2011 | % Change in 2011/ 2010 |
|---|---|---|---|---|---|---|
| Products | RM | RM | RM | RM | RM | |
| Plywood | 95,947,686 | 100,535,916 | 119,681,439 | 121,417,106 | 88,582,728 | -27 |
| Fibreboard | 0 | 0 | 348,931 | 714,718 | 1,010,561 | 41.4 |
| Mouldings | 0 | 0 | 4,834,228 | 162,601 | 364,961 | 124.5 |
| Wooden Frames | 0 | 1,858,060 | 82,635 | 7,432,601 | 8,852,309 | 19.1 |
| Wooden Furniture | 35,095,473 | 37,000,607 | 23,959,980 | 21,825,053 | 12,073,822 | -44.7 |
| **Total** | **131,043,159** | **139,394,583** | **148,907,213** | **151,552,079** | **110,884,381** | **-26.8** |

*Source: DOSM and MTIB*

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**Mexico : Import of Major Timber Products and Furniture from the World (2009-2011)**
**(Value: USD million)**

| Products | 2009 | 2010 | 2011 | % of Market Share 2011 | % Change 2011/2010 |
|---|---|---|---|---|---|
| Logs | 7.96 | 7.82 | 8.19 | 0.28 | 4.72 |
| Sawntimber | 335.42 | 390.99 | 430.98 | 14.53 | 10.23 |
| Veneer | 48.96 | 56.70 | 57.57 | 1.94 | 1.53 |
| Mouldings | 42.03 | 49.38 | 70.49 | 2.38 | 42.75 |
| Particleboard | 43.03 | 43.47 | 44.82 | 1.51 | 3.11 |
| Fibreboard | 152.79 | 169.89 | 176.19 | 5.94 | 3.70 |
| Plywood | 222.73 | 276.79 | 283.55 | 9.56 | 2.44 |
| Wooden Frames | 4.48 | 4.64 | 4.34 | 0.15 | -6.65 |
| BJC | 34.36 | 42.90 | 52.09 | 1.76 | 21.42 |
| Wooden Furniture | 1,156.34 | 1,567.95 | 1,837.38 | 61.96 | 17.18 |
| **TOTAL** | **2,048.10** | **2,610.54** | **2,965.59** | **100.00** | **13.60** |

*Source: WTA*

**Mexico : Export of Major Timber Products and Furniture to the World, 2009-2011**
**(Value: USD million)**

| Products | 2009 Value | 2010 Value | 2011 Value | % of Market Share 2011 | % Change 2011/2010 |
|---|---|---|---|---|---|
| Logs | 1.78 | 2.11 | 4.69 | 0.10 | 122.84 |
| Sawntimber | 10.78 | 11.05 | 12.96 | 0.28 | 17.29 |
| Veneer | 2.93 | 2.95 | 2.23 | 0.05 | -24.45 |
| Mouldings | 37.89 | 49.35 | 49.60 | 1.05 | 0.52 |
| Particleboard | 14.35 | 11.83 | 13.27 | 0.28 | 12.17 |
| Fibreboard | 0.58 | 0.44 | 1.33 | 0.03 | 204.35 |
| Plywood | 1.66 | 1.35 | 2.03 | 0.04 | 50.37 |
| Wooden Frames | 18.38 | 11.19 | 10.31 | 0.22 | -7.89 |
| BJC | 58.65 | 47.46 | 46.54 | 0.99 | -1.93 |
| Wooden Furniture | 2,961.95 | 4,116.73 | 4,562.40 | 96.96 | 10.83 |
| **TOTAL** | **3,108.95** | **4,254.44** | **4,705.36** | **100.00** | **10.60** |

*Source: WTA*

## Mexico's Export of Major Timber Products and Furniture

The majority of the major timber products and furniture that Mexico are exporting to the world are furniture products which occupied 96.96% of the market share in 2011, an increase of 10.83% from 2010. Furthermore, exports of furniture by Mexico were on an upward trend from 2009 until 2011, and were recorded at USD4.6 million.

## Mexico Timber and Furniture Industry

Mexico is a country where production in general is based on a high content of manual labour, due to the low salaries. The market requires large volume production and quality standards that people cannot achieve by themselves without the use of machines. Global international markets and the lack of acquisition power of national consumers have resultant the Mexican furniture manufacturers to the following alternatives:

- Acquiring high-tech equipment in order to improve their competitiveness
- Promoting the production of traditional furniture with attractive designs at low prices.

The industrial plants in the furniture sector in Mexico are composed of 86% micro and small companies (being almost 90% micro), and approximately 11.5% are medium size, and the rest, classified as big industries. The installed capacity is profited in an average of 60%. Production is basically artistic, even in those designs which could be manufactured with machines. That is why on this line Mexican products are out of competence on price and quality.

Fifty percent of the production is devoted to house wooden furniture, 20% to office and kitchen furniture and the rest to other articles. Manufacturing of furniture is located mainly in 10 states: Distrito Federal, Estado de Mexico, Jalisco, Baja California, Chihuahua, Nuevo Leon and San Luis Potosi (all of these exporters) and Aguascalientes, Sonora and Durango.

Mexico imports wooden furniture such as bedrooms, dining sets, entertainment centres, office, kitchen furniture; metal:

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counters and exhibiting furniture. One of the biggest problems faced by the Mexican wood furniture industry is the lack of a stable supply of quality timber products at competitive prices. Mexico only produces one seventh of its plywood and veneer consumption.

## Malaysia's Prospects in Mexico

For the Malaysian wooden furniture exporter, the medium priced furniture (dining rooms and office seats) could have a good reception in the Mexican market. Another advantage of Malaysian wood furniture manufacturers is the difficulties faced among Mexican companies to offer a high and stable volume of wooden furniture to big domestic distributors.

In addition, Malaysian manufacturers may take advantage of the assembling and finishing of high quality furniture in Mexico in order to secure access to the North American markets and take advantage of the low labour cost there as well. There are practically no import tariffs for Mexican-made furniture in the US if the NAFTA's regional content requirements are fulfilled. Not only that, Mexican exporting companies and big manufacturers of wood furniture offer a great potential for Malaysian timber exports such as plywood and veneer.

In 1999, Mexico was the third furniture supplier of the world. The furniture industry had more than 20,000 companies, and employed almost 150,000 people. The lost quota has since been taken by China. From the total of Mexican exports, 70% was wooden and the rest, metal and iron forged furniture. Ninety percent goes to the US, and in a marginal way to Europe, Caribbean and Central America. Another fact that affected the industry was supplying to countries such as Brazil, Chile, Poland and Taiwan, and exporting finished furniture instead of just exporting raw materials.

The companies devoted exclusively to the distribution of wooden furniture had a higher bargaining power than the producers. Some big producers of furniture (Riviera, International Kitchens, Burton, Grupo Dixy, Lopez Morton, Galerias Chipendale, Industrias Quetzal and Esquerro y Catala) had developed their own points of sale throughout the country to reach the final consumers. Most of the other producers reached their final consumers through big department and retail stores such as Palacio de Hierro, Liverpool, Sears, Salinas y Rocha, and Dico (for the medium and high end market), and Viana and Elektra (for the medium-low end market segments).

Since 1994, with the coming into force of NAFTA some big international apartment stores have entered the market (Wal-Mart, Office Depot, Home Depot and Office Max) and the consumer has begun to purchase furniture, especially office furniture, of medium or low quality at low prices and a limited variety.

To find a distributor of wooden furniture in Mexico, it is a common business practice to participate in trade shows and to conduct personal visits to furniture distributors and departmental stores. Large distributing companies prefer to negotiate directly with the foreign manufacturer. Medium, small and micro distributors usually prefer to deal with a representative based in Mexico, which could be one of the many trading companies with ample knowledge about import regulations.

Since most wooden furniture sold in Mexico are made out of Pine and quality varies very much, Malaysian tropical woods are highly appreciated for their higher quality and price, although some furniture manufacturers are not aware nor familiar with Malaysian timber products. Few companies are importing directly from Malaysia and have indicated that the Malaysian medium-priced furniture (dining rooms, bedrooms and office seats) could have a good reception in the Mexican market. Another advantage for Malaysian companies is the lack of capacity of most Mexican firms to supply large volumes to big medium-priced furniture distributors.

Malaysian products in the high quality market however would face stiff competition from the big office and home furniture producers that have their own points of sale, know-how and abundant cheap labour. According to some consultants the market is saturated and highly competitive.

Due to the shrinking Mexican market, producers are focusing on foreign markets instead of the local market, specially the US and Central America. In this sector (Mexican exporting companies) could be a good market for Malaysian timber products.

In order to access the North American markets, some producers are taking advantage of the low labour costs to assemble furniture parts in Mexico and carry out other labour intensive activities like polishing, carving, marqueterie and varnishing. The design of the furniture, alongside its parts originates from the US. There are practically no import tariffs for Mexican furniture in the US. This scheme could be used by Malaysian companies already exporting to the US in order to secure access to the North American markets and lowering production costs.

Malaysia should also expand on trading furniture products with Mexico. There is demand for imported furniture from the increasing middle class in Mexico which is currently made up of about 20% of the country's population. Furthermore, Malaysia's export of furniture to Mexico has reduced from RM21.8 million to RM12 million for the year 2010 to 2011. Mexico is the largest importer of Malaysian furniture in the Americas after the US and Canada. Malaysian furniture industry should therefore target specialised furniture stores, furniture boutiques, department stores and supermarket chains as these are where wooden furniture are sold.

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# RANGGU - SUITABLE FOR MEDIUM CONSTRUCTION

## Introduction

*The Standard Malaysian Name for the timber of* Koordersiodendron pinnatum (Anacardiaceae). *The ASEAN Standard Name, which is of Indonesian origin, is Mugis. Vernacular names applied include Ranggu (Sabah and Sarawak), although in Sarawak, Ranggu is also applicable to certain species of the family* Meliaceae. *This species is found in the Malaysian states of Sabah and Sarawak and is absent in the Peninsular. This is a monospecific timber. The sapwood is white to pale pink and is clearly defined from the heartwood, which is pink-brown to red-brown and darkens on exposure.*

*Also known as Bugis (Indonesia) and Amugis (Philippine).*

| | | |
|---|---|---|
| **Country** | : | Indonesia, Malaysia, Philippines |
| **Botanical Name** | : | *Koordersiodendron pinnatum.* |
| **Family** | : | *Anacardiaceae* |
| **Distribution** | : | The trees are well-distributed in the lowland forests of Sabah, extending into undulating land in north Sarawak. |

## General Description

Its sapwood is white to pale pink and is clearly defined from the heartwood which is pink-brown to red-brown and darkening on exposure. The grain is straight to interlocked, texture is rather fine and even. Its vessels are medium-sized, almost entirely solitary and evenly distributed. Tyloses are abundant.

Wood parenchyma is paratracheal, as narrow, indistinct vasicentric rings. Its rays are fine while intercellular canals are very small, visible on tangential section as occlusions in occasional rays.

## Density

The timber is moderately hard and moderately heavy to heavy with a density of 690-915 kg/m$^3$ air dry. The timber is classified under Medium Hardwood in Malaysia.

## Natural Durability

The timber is moderately durable under exposed conditions.

## Texture

Its texture is rather fine and even, with straight to interlocked grain.

## Strength Properties

The timber falls into Strength Group B (Burgess, 1958) or SG3 (MS 544: Part 2:2001).

*Wood colour and texture.*

## Machining Properties

It is reported to be easy to saw and works well with all tools, although there is a slight tendency for grain pick-up on radial surface.

## Nailing Property

The nailing property ranges from good to poor.

## Air Drying

The timber is reputed to season slowly, with moderate staining, slight bowing and end-checking as the main sources of degrade. 13 mm thick boards take approximately five months to air dry, while 38 mm thick boards take six months.

## Shrinkage

Shrinkage is fairly high, with radial shrinkage averaging 1.7% and tangential shrinkage averaging 2.6%.

## Physical Properties

| | | |
|---|---|---|
| **Air-Dry Density** | : | 690 - 915 kg/m$^3$ |
| **Shrinkage Radial** | : | 1.7 % |
| **Tangential** | : | 2.6 % |
| **Seasoning** | : | Seasons well but care is needed to prevent cupping, warping and checking |

**Recommended Kiln Schedule : ** K

## Mechanical Properties

| | | |
|---|---|---|
| **Strength Group** | : | B |
| **Static Bending MOE** | : | 16,600 N/mm$^2$ |
| **MOR** | : | 146 N/mm$^2$ |
| **Compression Strength** | | |
| **Perpendicular to Grain** | : | n.a. |
| **Parallel to Grain** | : | 74.20 N/mm$^2$ |
| **Shear Strength** | : | 17.30 N/mm$^2$ |

## Durability

It's moderately durable.

## Treatability

Treatability is categorised as difficult.

## Working Properties

Both planing and boring produce a good finish and the timber can also be turned cleanly; nailing property is rated as poor and therefore pre-boring is required.

## Uses

The timber is suitable for medium construction, flooring, interior construction, furniture, cabinet making, general joinery, door panels and turneries.

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# MTIB Moments

MTIB Hari Raya Celebration and Excellence Day was held on 11 September 2012 at its premise in Kuala Lumpur. Seen here were Datuk Madius Tangau, MTIB Chairman (centre); Dr. Jalaluddin Harun, MTIB Director-General (on his right) and other guests of honour.

Datuk Madius Tangau, MTIB Chairman (centre); Dr. Jalaluddin Harun, MTIB Director-General (on his right) posing with MTIB personnel who received their Excellent Service Award 2011. The event was held on 11 September 2012 at MTIB, Kuala Lumpur.


LH Group from MTIB won third placing during the Innovative and Creative Group Convention (ICC) at the Ministry level. The event was held on 12-13 September 2012 at MPIC, Putrajaya.


YB Dato' Hamzah Zainudin, Deputy Minister of MPIC (front row, third from left); Datin Paduka Nurmala Abdul Rahim, Secretary-General of MPIC (on his right); Dr. Jalaluddin Harun, MTIB Director-General (second from right) and other participants took part in the Walk for Health Programme. It was organised by Ministry of Plantation Industries and Commodities which was held on 29 September 2012 at Putrajaya.

MTIB participated in the Jelajah Janji DiTepati Programme which was held in Paroi, Negeri Sembilan on 29 September 2012. Several timber products were displayed and numerous enquiries were also received.