



Official Working Visit By The Minister of Plantation and Commodities to MTIB

- ◆ MARKET PROFILE INDIA : STIMULATING GROWTH IN FURNITURE AND TIMBER INDUSTRY
- ◆ TIMBER SPECIES : GERUTU

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Official Working Visit By The Minister Of Plantation and Commodities for MTIB



On 8 January 2024, YB Datuk Seri Johari Abdul Ghani, along with the delegation from the Ministry of Plantation and Commodities (KPK) conducted an official working visit to the Malaysian Timber Industry Board (MTIB) head office in Kuala Lumpur, following YB Datuk Seri Johari's appointment as the new Minister of Plantation and Commodities. The visit aimed to enable the delegation to gain insights into the sector's current challenges and opportunities as well as to address key issues.

During the visit, YB Datuk Seri Johari was briefed by the Director General of MTIB, YBrs. Ts. Dr. Mohd Nor Zamri Mat Amin on MTIB's roles and functions. The highlight of the visit was the Mini Exhibition - showcasing Wood Plastic Composite (WPC) products, sample species of timber under the Forest Plantation Programme, live demonstrations of Timber Verification Services (TVS) which provide assurance of wood quality for specifiers, users, contractors, architects, and other stakeholders in the timber industry. The live demonstration highlighted the meticulous process involved in timber verification, which emphasises the importance of ensuring that wood materials meet specified timber standards and certifications.



The Minister was accompanied by the Deputy Minister of Plantation and Commodities, YB Datuk Chan Foong Hin; Secretary-General KPK, YBhg. Dato' Haji Mad Zaidi Mohd Karli; Deputy Secretary - General (Plantation & Commodities), YBhg. Dato' Zailani Haji Hashim; and Deputy Secretary-General (Strategic Planning & Management), YBrs. Encik Abdul Hadi Omar. 



VIETNAM

FORESTRY INDUSTRY AIMS FOR USD18 BILLION EXPORTS IN 2024

The forestry industry has set an export target of USD17.5 billion to contribute 23 million cubic metres of wood from planted forests in 2024. This aim was revealed by Trieu Van Luc, deputy director of the forestry department under the Agriculture and Rural Development Ministry, at the conference about the sector's performance 2023 and to outline development orientations for 2024.

Luc highlighted that the sector would advance the multipurpose value of forest ecosystems and create a sustainable forestry economy through efficient use and management of forest resources. It would also protect and sustainably develop 100% of the existing forest area, while diversifying production under green, sustainable and circular practices. This effort would be supported by developing collaboration and association structures within the forestry supply chain.

The industry would also strengthen the quality management of forestry plant varieties that contribute to the ecosystem to increase the productivity and output of planted forests, developing large timber production forests.

In 2023, the forestry sector marked a significant milestone when the processes were completed to transfer 10.3 million tonnes of carbon emission reduction to the Forest Carbon Partnership Facility through the World Bank at a unit price of USD5 per tonne of CO₂, amounting to USD51.5 million.

The Vietnam Forest Protection and Development Fund recently received the first payment of USD41.2 million from the World Bank and already disbursed the payment to the provinces, making urgent plans to pay forest owners in six provinces. The department estimated that forest product exports reached USD14.39 billion in 2023, down 15.8% compared to 2022. This decline was caused by market instability, affected by the Russia-Ukraine conflict and tightening spending in the United States and European Union (EU)

markets on non-essential products, including wood. Moreover, Vietnamese businesses also faced difficulties when the EU added many new regulations such as the carbon border adjustment mechanism, including the wood industry and the EU's Anti-Deforestation Regulation.

To boost wood and forest product exports in the upcoming time, the industry aims to develop legal sources of wood from planted forests to meet production standards by developing concentrated planted forests and sustainably grown forests. It also encourages creating conditions for EU suppliers to promote raw materials in Viet Nam while controlling imports from high-risk areas. In addition, a green economy model is being piloted in the wood industry with net-zero commitments.

Along with the EU, many other markets have also set new and strict policies, causing many difficulties for wood export activities. The US market requires an increase in the frequency of investigations applying trade remedies to the industry, and also compliance with labour and employment regulations. Japan also requires Vietnamese wood products to have sustainability certificates.

The German Supply Chain Due Diligence Act is also indirectly impacting Vietnamese exporters. German importers require Vietnamese exporters to provide additional certificates related to product origin, employment status, wages, waste treatment and other related certificates.

Meanwhile, Canada currently tends to put forward more environmental regulations in its product design, manufacturing and marketing strategies. Recently, the Canadian Government published a regulatory framework to establish mandatory requirements for recycled content and labelling for plastic products, which will have some impacts on most of Vietnam's export commodity groups, from consumer goods packaging to other key export sectors.

<https://www.globalwood.org>, 1 January 2024



INDONESIA

WOOD AND WOOD PRODUCTS EXPORT TO EU FALL SHARPLY

The Association of Indonesian Forest Concession Holders (APHI) is hoping for more promotion of the Legality and Sustainability Verification System (SVLK) in international markets. Indroyono Soesilo, the chairperson of APHI, said the SVLK system has gained worldwide recognition as a reliable means of ensuring that the wood products purchased are derived from sustainably managed forests.

The implementation of SVLK indirectly supports Indonesia's Forestry and Other Land Uses (FoLU) Net Sink 2030 by reducing the occurrence of deforestation and illegal logging while simultaneously expanding the legal timber market, he added.

Krisdianto, the Director of Forest Product Processing and Marketing Development at the Ministry of Environment and Forestry, stated that rebranding and strengthening the SVLK is a strategic step in ensuring the legality and sustainability of wood products. This is particularly important as many countries are now implementing regulations to ensure that imported wood products come from sustainably managed forests and not from areas deforested or degraded.

<https://www.globalwood.org>, 21 January 2024



CHINA

NOTABLE ACHIEVEMENTS IN AFFORESTATION IN 2023

China reported significant achievements in afforestation in 2023, according to the country's forestry and grassland authorities.

The country planted 125 million mu (about 8.33 million hectares) of trees and grass in 2023, said Guan Zhi'ou, an official with the National Forestry and Grassland Administration, at a video conference. In 2023, China also tackled 28.57 million mu of decertified land, said Guan.

Efforts should be made to ensure a holistic approach to the conservation and management of mountains, waters, forests, farmlands, grasslands and deserts, and support forestry economy and ecological tourism in the future, Guan said.

<https://www.fordaq.com>, 23 January 2024



GERMANY

WOOD INDUSTRY MORE OPTIMISTIC

The mood in the German wood industry improved slightly in December 2023 compared to the previous month. Although companies were less satisfied with the current business situation than in the previous month, they were more optimistic about the first half of 2024.

The assessment of the current situation fell slightly to -28.9 points (previous month: -27.9 points). The outlook for the next six months, however, has brightened significantly; the current value is -25 points (previous month: -33.8 points). Overall, the Main Association of the German Woodworking Industries (HDH) economic indicator rose slightly to -27 points in December 2023 (previous month: -30.9 points).

Compared to the entire manufacturing sector, the business climate in the German wood industry continued to be weaker. The value for the manufacturing sector calculated by the Institute fell to -17.2 points in December (previous month: -13.8 points) and was therefore still above the corresponding value for the wood industry (-27 points).

The mood in the wood industry segments remained mixed in the reporting month. Business expectations in the furniture industry (-9.9 points) and in the wood-based materials industry (-9.4 points) were significantly more

optimistic than a month ago. The mood in the wood industry segments remained mixed in the reporting month. Business expectations in the furniture industry (-9.9 points) and in the wood-based materials industry (-9.4 points) were significantly more optimistic than a month ago. At the same time, expectations in the construction-related segments indicated negative developments in the coming months. In particular, prefabricated timber construction (-56.7 points) and the sawmill industry (-45.6 points) are currently worried about the future: These segments expect a significant deterioration in the business situation in the next six months.

From the HDH's perspective, this is primarily due to the declining demand for construction as a result of increased construction costs, poorer financing conditions and unclear funding conditions. Positive: consumer sentiment brightened again, which was also reflected in the stabilization of demand for furniture.

<https://www.globalwoodmarketsinfo.com/>, 23 January 2024



AUSTRALIA

COMMERCIAL NATIVE LOGGINGS ENDS

Western Australia has become one of the first States in Australia to end commercial logging of native forests. The State Government's historic decision to stop the unsustainable practice under the Forest Management Plan 2024-2033 will protect nearly 2 million hectares of native karri, jarrah, and wandoo forests for future generations. Following the move to end commercial native forest logging two years ago, the State Government committed to an USD80 million Native Forest Transition Plan that included significant industry restructure payments, which have now been made to all eligible sawmills. Millions of dollars have also been made available through various grants, for community development projects, business diversification, and to attract new industries.

Western Australia's largest commercial timber mills have now exited the industry and the Cook Government is committed to working with the smaller sustainable mills that will play a valuable role into the future. Under the new Forest Management Plan, native timbers will only be available by ecologically thinning, which promotes forest health and resilience from drought and bushfires.

The Cook Government is also investing a record USD350 million dollars in Western Australia's softwood pine plantations, which will support thousands of South West jobs. Pine from softwood timber plantations is extensively used in the construction of WA homes. Additionally, the plantations capture carbon dioxide from the atmosphere, helping to fight climate change.

"More than two decades after the Gallop Government ended old-growth logging, the Cook Government has delivered on its commitment to end commercial logging in Western Australia's native forests. Our State is now one of the first in Australia to end native logging, a move which will promote conservation and resilience throughout our natural environment", said the Environment Minister Reece Whitby. Meanwhile, the Forestry Minister Jackie Jarvis said, "This historic decision, reflects the changing climate and community attitudes, and will safeguard our iconic forests for years to come. This is a new era for our South West and I am proud to be part of a Government that is prioritising forest health and supporting the local industry to diversify and grow."

<https://www.miragenews.com/>, 1 January 2024



BRAZIL

DISCUSSION ON CERTIFICATION AND EUDR

In early December 2023, ABIMCI (Brazilian Association of the Mechanically Processed Timber Industry) hosted a meeting with representatives of PEFC International along with representatives of FIEP (Federation of Industries of Paraná State) to discuss optimising forest certification for small forest owners.

ABIMCI stressed the importance of collaboration and exchange of information to better understand the new market regulations especially the EUDR. Representatives from PEFC International said the PEFC Standards address aspects of protecting forests and halting deforestation, addressing climate change and protecting sustainable livelihoods which is at the core of the EU Timber Regulation and that PEFC is committed to achieving alignment with the EUDR through Standard adjustments.

PEFC shared data on its global presence in 56 countries reporting that as of September 2023 more than 288 million hectares of forest was PEFC certified (80% of global forests, of which Brazil accounts for 35%) excluding Russia and Belarus.

<https://www.globalwood.org>, 21 January 2024



GLOBAL

CHANGING TRENDS IN THE GLOBAL FOREST INDUSTRY IN 2023

Lumber trade has become more global over the past few decades with an increased flow of wood products from forest-rich countries to regions lacking domestic forests to supply the local markets. One good example is Sweden, where lumber manufacturers have expanded their sales far outside the markets they supplied in the past. Fifteen years ago, almost 80% of the country's lumber export volume was shipped to European markets. That share has declined to about 55%.

Combined softwood lumber production in Canada and the US in the first three quarters of 2023 totaled 73 million cubic metres, down from 77 million cubic metres in the same period in 2022. Canada accounted for 25 million cubic metres, and US production accounted for 48 million cubic metres.

Canada is still the top lumber supplier to the US, with 83% of the US market in 2023. However, volumes imported from Germany have steadily risen since 2019 to take almost 7% of the market

share in 2023, and Swedish lumber now commands around 3% of the US lumber import market. The remaining 7% were smaller, supplying countries in Europe, Latin America, and New Zealand.

Russia was the world's largest exporter of softwood lumber in 2020 and 2021. In 2022, shipments fell dramatically because of Russia's invasion of Ukraine and the boycott of Russian forest products. Export volumes from Russia have dropped from a record high of over 31 million cubic metres in 2020 to less than 21 million cubic metres in 2023. Over the past year and a half, Russian lumber export prices have plunged by almost 50% in US dollar terms, from an all-time high of USD310/ cubic metres in early 2022 to USD163/cubic metres in the 3Q/23.

Log and lumber imports to China in the 4Q/23 increased from the previous quarter, but the estimated annual importation for 2023 was still the lowest in 11 years. The most significant decline in imports has been for logs, while lumber imports have fallen less in comparison over the past two years.

EUROPEAN SAWLOG MARKET

Europe's sawlog market has been turbulent over the past three years, with wood demand falling, log flows shifting, and sawlog prices going through unprecedented swings. The European Sawlog Price Index (ESPI) fell 12% quarter-over-quarter (q-o-q) in the 3Q/2023, with the most significant declines occurring in Central Europe.

In the Nordic countries, prices have remained practically unchanged the past year except for Sweden, where spruce prices were up almost 10% from the 3Q/2022 to the 3Q/2023. The change was driven by a slowing of log deliveries by private forest owners, mostly in the southern region of the country.

Sawlog prices fell in Central Europe during the first nine months of 2023 due to reduced production levels at the sawmills in Austria, the Czech Republic, and Germany.

GLOBAL WOOD FIBRE MARKETS

The supply of hardwood pulplogs tightened in 2023, primarily because of Russia's invasion of Ukraine. This supply interruption has led to a 44% surge in the Global Hardwood Fiber Price Index (HFPI) since late 2020. This upward trajectory continued into the 3Q/2023, during which the index reached its highest level in over ten years.

DECEMBER 2023

The total export of Malaysian timber and timber products in December 2023 increased by 3% in value totalled at RM2.05 billion from RM1.99 billion in the previous month while the cumulative exports for the period of January to December 2023 reduced by 13% valued at RM21.8 billion over RM25.2 billion in the previous corresponding period. According to Global Wood Market Info, the Red Sea conflict is affecting global economic stability and shipping, thereby impacting the timber industry. Timber businesses from Brazil, China, Indonesia, and Malaysia reported increased transportation costs, reduced shipment volumes, and slower transport speeds. Not only are order volumes decreasing and transportation issues are increasing, production in timber-producing countries is also shrinking in the last two years, particularly in 2023, with a noticeable decline in global production, mainly in Europe, North America, and Africa. Intermittent operations in sector timber mills have led to increased equipment costs, but timber export prices fail to offset this cost increase. Challenges faced by the international timber market in 2023 mainly revolve around production, demand, and transportation, and are likely to persist into 2024. High global interest rates continue to strain many industries around the globe. The construction industry is affected ahead of all others. As this industry is the primary consumer of timber worldwide, this development has a global impact on the timber market. Despite the sluggish performance in the international timber market, some countries have made significant progress in legislation, sustainable development, and management in the timber sector.

SAWNTIMBER

The total export of sawntimber in December 2023 increased by 25% both in volume and value to 100,516 m³ totalling at RM216.2 million as compared to the previous month. Cumulative exports for the period of January to December 2023 decreased by 11% in volume and 14% in value to 1,036,261 m³ totalling at RM2.3 billion over the previous corresponding period.

In Europe, exports to the UK increased by 53% to 1,302 m³ from 854 m³ in the previous month. Export

to the EU for the month was recorded at 4,304 m³, an increase of 10% as compared to 3,904 m³ in the previous month. The Netherlands as the main buyer increased purchases by 50% to 1,975 m³ from 1,314 m³ in the previous month. Export to Greece also increased by 3% to 408 m³ from 397 m³ whilst Belgium decreased imports by 22% to 741 m³ from 954 m³ as recorded in the previous month.

The total export to South Asia increased slightly to 12,880 m³ from 12,878 m³ as recorded in the previous month. India as the main buyer from South Asia decreased imports by 9% to 6,669 m³ followed by Maldives with a decrease of 12% to 2,091 m³ whilst Sri Lanka increased purchases by 84% to 3,007 m³.

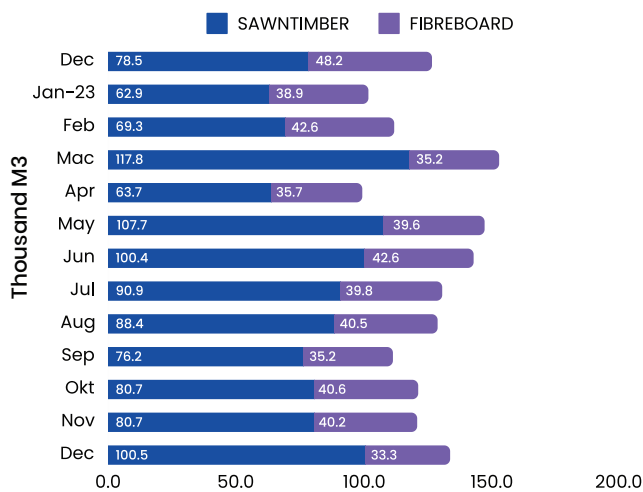
Meanwhile, the total export to West Asia increased by 59% to 21,879 m³ from 13,769 m³ as recorded in the previous month. Export to Yemen increased significantly to 11,016 m³ compared to only 1,394 m³ in the previous month followed by Iraq with an increase of 98% to 2,418 m³. However, the UAE decreased their exports by 17% to 4,777 m³ from 5,731 m³ recorded last month.

Similarly, shipments to East Asia increased by 40% to 31,240 m³ from 22,330 m³ in November. China as the main buyer increased purchases by 46% to 19,214 m³ from 13,155 m³ in the previous month. Likewise, export to Taiwan also increased by 69% to 8,042 m³ from 4,770 m³ last month followed by Japan with an increase of 7% to 2,400 m³.

Buying from ASEAN decreased by 8% to 22,303 m³ from 24,213 m³ as registered in the previous month. Thailand as the main buyer in ASEAN decreased its intake by 12% to 7,115 m³ from 8,077 m³ as recorded in the previous month. Meanwhile, export of sawntimber to the Philippines increased by 8% to 8,935 m³ whilst Singapore decreased buying by 28% to 5,362 m³ from 7,458 m³ last month.

Moving to the Africa region, export to Africa increased by 551% to 3,918 m³ as compared from 602 m³ in the previous month. Demand from South Africa increased significantly to 3,501 m³ from only 159 m³ in the previous month. However, Mauritius decreased buying by 18% to 330 m³ from 401 m³ whilst Somalia resumed its intake with 87 m³.

Malaysia: Export of Sawntimber and MDF
Dec 2022 - Dec 2023



Exports to North America increased by 37% to 2,050 m³ from 1,495 m³ in the previous month. The USA as a major buyer increased its intake by 50% to 1,873 m³ from 1,253 m³ whilst Canada decreased buying by 27% to 177 m³ from 242 m³ in the previous month.

Export to the Oceania/Pacific region increased by 3% to 639 m³ from 621 m³ in the previous month. Australia increased its intake by 8% to 639 m³ from 590 m³ in the previous month.

The average FOB price of sawntimber decreased slightly to 2,151 per m³ from 2,152 per m³ in the previous month. The price of Dark Red Meranti to the Netherlands increased by 4% to 3,569 per m³ from 3,426 from the previous month. Keruing was traded at 4,051 per m³, an increase of 15% from 3,516 per m³ in the previous month.

Geopolitical tensions are another global economic development with a negative impact on growth and employment. After the global economic crisis of 2008/9, numerous countries took protection measures that dampened the growth of global trade. In addition, more and more countries are now using their economic power to increase their geopolitical influence. The result, trade-restrictive measures such as punitive tariffs, export bans, economic sanctions are increasingly being used. The associated restrictions on cross-border trade are affecting export-oriented economies, including many European countries. Large economies such as the US are less dependent on foreign trade relations due to the size of their domestic market. Therefore, they suffer less from the

slower pace of global exports. The two factors mentioned above are dampening economic recovery in the Euro area. In a phase of economic weakness, governments often support economic growth with credit financed stimulus packages. Given the high public debt incurred during the COVID-19 pandemic and the war in Ukraine, the government's ability to stabilise the economy is diminishing. Europe can therefore hope for government stimulus to strengthen the economy, especially not in those particularly heavily indebted countries.

PLYWOOD

The export for plywood in December 2023 recorded a decrease of 10% in volume at 93,574 m³ and an 11% decrease in value to RM213.9 million as compared to the previous month. The cumulative exports for the period of January to December 2023 decreased by 15% in volume to 1,072,267 m³ and 25% in value totalling at RM2.5 billion over the previous corresponding period.

In the East Asia market, the volume intake decreased by 15% to 61,570 m³ from 72,061 m³ in November. Japan as the largest importer from the region reduced buying by 16% to 48,487 m³ from 57,901 m³, followed by Taiwan and the Republic of Korea with a decrease of 7% to 6,730 m³ and 14% to 5,351 m³ respectively. In the ASEAN region, imports increased by 49% from 3,294 m³ to 4,907 m³. Plywood export to Thailand, Singapore and the Philippines increased by 104% to 2,178 m³, 11% to 1,776 m³ and 418% to 487 m³ respectively.

In Europe, exports recorded an increase of 25% to 7,631 m³ from 6,111 m³ in the previous month. The UK increased buying by 168% to 5,317 m³ while Turkiye reduced import by 44% to 2,314 m³. The EU region recorded a decrease for plywood export by 16% from 689 m³ to 578 m³. Ireland reduced purchases by 1% to 370 m³ while Denmark and Malta resumed their purchases with 86 m³ and 43 m³ respectively.

In the South Asia region, plywood purchases decreased by 15% from 1,943 m³ to 1,652 m³. Maldives increased its import by 3% to 64 m³ while India decreased imports by 14% to 1,555 m³. Sri Lanka resumed its purchase with 33 m³. The West Asia region recorded an increase of 28% to 3,017 m³ from 2,353 m³ in the previous month.

Import performance in the UAE increased by 289% to 792 m³, followed by Oman and Jordan with purchases increased by 170% to 955 m³ and 372% to 573 m³.

In the Africa region, purchases by South Africa decreased by 11% from 172 m³ to 152 m³. Meanwhile in North America, imports showed a decrease of 13% from 13,965 m³ to 12,087 m³. The US as the main buyer reduced purchases by 32% to 9,113 m³, followed by Canada with a decrease of 35% to 89 m³. Meanwhile, Mexico increased buying by 471% to 2,885 m³. Likewise, plywood exports in the Oceania/Pacific region recorded a decrease of 44% to 1,929 m³ from 3,469 m³. Australia reduced buying by 48% to 1,756 m³ from 3,385 m³. New Zealand increased buying by 247% to 143 while Western Samoa resumed its buying with 21 m³.

The FOB price of plywood for December 2023 was at RM2,286 per m³, a decrease of 1% from RM2,318 per m³ from the previous month.

The construction sector in Mexico was driven by three main trends in 2023: the federal government's major infrastructure projects, increasing industrial and basic infrastructure demand owing to nearshoring and the need for sustainability related infrastructure projects. These trends are set to continue over the next few years, representing both opportunities and challenges for the private sectors. Among the projects are the Mayan Train and the Interoceanic Corridor of the Isthmus of Tehuantepec (CIIT) with cost of USD2.8 billion.

VENEER

The export of veneer for December 2023 decreased in volume by 21% to 3,562 m³ and 15% in value worth RM6.5 million as compared to the previous month. Similarly, cumulative exports for December 2023 shows a decrease in volume of 24% to 39,647 m³ and 25% in value at RM80.7 million over the previous corresponding period.

ASEAN recorded a decrease in veneer import by 98% from 134 m³ to 3 m³ with purchases from Singapore. In East Asia, import also decreased by 23% from 3,735 m³ to 2,878 m³. Taiwan reduced its purchases by 34% to 1,766 m³ while China and Japan recorded an increase of 84% and 52% to 790 m³ and 199 m³ respectively.

However, the South Asia region recorded an increase in import performance by 32% to 474 m³ from 360 m³ in the previous month. Veneer purchase by India increased by 47% to 443 m³ while Bangladesh reduced purchases by 50% to 29 m³. Sri Lanka resumed its purchase with 2 m³.

Moving to North America, veneer import recorded a decrease of 66% from 74 m³ to 25 m³. The US reduced its purchases by 14% to 25 m³ while Canada did not make any purchase for the month. Likewise, Oceania/Pacific also reduced their purchases by 79% to 48 m³ from 230 m³. Australia decreased imports by 88% to 27 m³ while New Zealand improved imports by 900% to 20 m³.

The average FOB price for veneer increased by 8% from RM1,697 per m³ to RM1,830 per m³ as compared to the previous month.

Industry analysis on the Australian and New Zealand flooring market reveals a projected ascension to USD6.3 billion by 2030, powered by a CAGR of 5.3% during the forecast period. The allure of wooden flooring continues unabated, with the segment capturing a substantial market presence. Wooden floors, known for their strength, aesthetics and environmental benefits are witnessing augmented demand in upscale construction projects and luxury living spaces. The trend towards bulk purchase allows for cost-effective procurement, thereby attracting a cohort of professional builders and architects intent on acquiring high-quality floor coverings.

MEDIUM DENSITY FIBREBOARD (MDF)

Exports of MDF in December 2023 recorded a 17% decrease in volume at 33,276 m³ and a 16% decrease in value at RM60.2 million compared to the previous month. Similarly, cumulative exports for the period of December 2023 recorded a decrease in volume of 7% to 460,010 m³ and a 13% decrease in value totalling at RM820.2 million as compared to the corresponding period in 2022.

Export to ASEAN decreased by 47% from 4,894 m³ to 2,589 m³ in the previous month. Viet Nam, the Philippines and Indonesia reduced imports by 25%, 51% and 63% to 907 m³, 1,016 m³ and 459 m³ respectively.

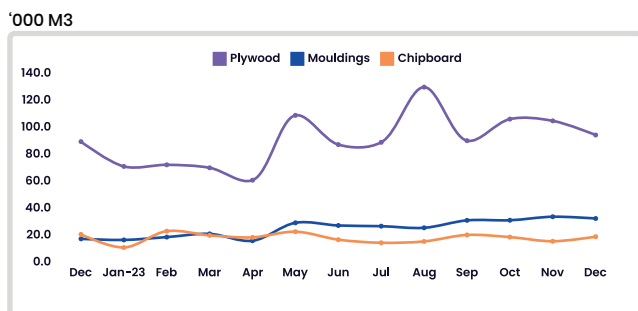
Elsewhere, East Asia improved MDF purchases by 2% from 12,179 m³ to 12,465 m³ in the previous month. MDF sales in Japan and China recorded an increase of 3% and 640% to 11,850 m³ and 155 m³ each. Meanwhile, Taiwan reduced its purchase by 50% to 323 m³. Moving to the South Asia market, export decreased by 26% to 4,680 m³ from 6,335 m³. Pakistan's import performance rose by 30% to 3,235 m³ while India and Sri Lanka decreased imports by 46% to 1,408 m³ and 98% to 18 m³ respectively.

Export to the West Asia region also recorded a decrease of 23% from 11,940 m³ to 9,227 m³ compared to previous month. The UAE and Oman reduced their sales performance by 11% and 48% to 6,469 m³ and 1,399 m³ each. Meanwhile, Qatar resumed its purchase with 633 m³.

Export to Oceania/Pacific decreased by 15% to 1,928 m³ from 2,254 m³. Australia and New Zealand reduced their MDF purchases by 13% to 1,907 m³ and 67% to 21 m³. Meanwhile, the UK resumed its buying with 128 m³.

MDF imports into North America decreased by 35% from 2,500 m³ to 1,619 m³ compared to the previous month. MDF purchases by the USA and Mexico dropped down by 36% and 86% to 1,146 m³ and 64 m³ respectively. Meanwhile, Canada increased purchases by 60% to 408 m³. In the Africa region, exports improved by 322% from 121 m³ to 510 m³, mainly to South Africa.

Malaysia: Export of Plywood, Mouldings and Chipboard
Dec 2022 - Dec 2023



The FOB price of MDF increased by 2% to RM1,808 per m³ from RM1,778 per m³ in the previous month.

The global market for MDF is projected to continue growing at a steady pace, with the Asia-Pacific region leading the way in terms of production and consumption. China, in particular, has emerged as a major player in the MDF industry, with numerous large-scale MDF manufacturing facilities. However,

the industry also faces challenges, including fluctuations in raw material prices and increasing competition from alternative materials. Nevertheless, the continued development of new technologies and the increasing focus on sustainability are expected to drive the growth of the MDF industry in the coming years.

MOULDINGS

Export of mouldings for the month decreased both in volume, by 4% to 31,722 m³ and in value, by 9% at RM71.6 million. Meanwhile, for the cumulative period of January – December 2023, export of mouldings increased in volume by 52% to 298,536 m³ but decreased in term of value by 9% at RM849.4 million.

Export volume to ASEAN increased by 47% to 1,121 m³ for the month from 764 m³ in November 2023. Singapore as the largest buyer in the region increased its intake by 69% to 1,025 m³. Conversely, exports to Viet Nam and Thailand decreased by 35% to 86 m³ and by 58% to 11 m³ respectively. Meanwhile, export to the East Asian region dropped by 24% to 3,546 m³ for the month. Japan decreased its buying by 17% to 1,945 m³ from 2,330 m³ in the previous month. South Korea also reduced its intake by 43% to 927 m³ while China expanded its import by 41% to 458 m³.

Moving to South Asia countries, export to Maldives recorded a decrease in volume by 10% to 180 m³ while India also reduced its demand by 69% to 100 m³ for the month. Shifting to the West Asian region, the UAE increased its intake by 105% to 45 m³ in the month of December 2023.

In Europe, export to the UK recorded an increase of 81% to 1,148 m³ while Turkiye resumed its intake with 277 m³ for the month. Export to the EU bloc for the month was recorded at 8,994 m³, an increase of 0.2% over 8,978 m³ in the previous month. The Netherlands and Belgium increased its intake by 4% to 5,322 m³ and 76% to 1,507 m³ respectively. However, France dropped its purchases by 6% to 775 m³.

Despite being the largest buying region for mouldings, export to the North America region dropped by 8% to 13,058 m³ from 14,174 m³ in the previous month 2023. The USA as the largest buyer in the region reduced its imports by 7% to 12,986 m³ from 13,943 m³ in November 2023. Canada also decreased its buying by 56% to 40 m³ while Mexico resumed its intake with 31 m³.

Meanwhile, in the Oceania/Pacific region, export to Australia grew by 10% to 2,919 m³. Elsewhere, in the Africa region, South Africa and Mauritius decreased their purchases by 25% to 129 m³ and 67% to 146 m³ for the month. Seychelles resumed its intake with 58 m³.

Average FOB unit value for mouldings decreased by 5% to RM2,257 per m³ compared to RM2,370 per m³ in the previous month.

ResearchAndMarkets.com reported that the construction industry in the USA was expected to grow by 6.3% to reach USD1,424,474 million in 2023. Despite near-term challenges in certain construction sectors, medium to long term growth story in United States remains intact. The construction industry in United States is expected to grow steadily over the next four quarters. The growth momentum is expected to continue with a CAGR of 5.3% during 2023-2027. The construction output in the country is expected to reach USD 1,749,898.1 million by 2027. The market growth will be also supported by increasing infrastructure investment. Private firms have also announced significant investments in the commercial construction segment over the next five to seven years. All of these factors combined are expected to support the growth trajectory of the United States construction industry from the short to medium-term perspective.

BUILDERS JOINERY AND CARPENTRY (BJC)

Export of BJC for December 2023 dropped by 8% in volume and 7% in value to 9.7 million kg worth RM98.0 million from last month. The total export of BJC for the cumulative period of January – December 2023 recorded a decrease of 13% and 7% in value to 128.9 million kg worth RM1.3 billion over its corresponding period in 2022.

Demand from the ASEAN region increased by 25% to RM158.3 million with Singapore as the highest buyer increasing its intake by 43% worth RM122.7 million, followed by the Philippines with import growing by 131% to RM11.0 million for the cumulative period of January – December 2023. However, export to Viet Nam dropped by 40% to RM11.1 million in 2023.

Meanwhile, export to East Asian countries weakened by 10% to RM94.2 million from RM105.1 million in the corresponding period in 2022. Japan was recorded as the highest buyer with an increase in intake of 6%

to RM62.0 million while China and Taiwan reduced buying by 47% to RM13.2 million and 12% worth RM9.9 million respectively.

Despite being the largest buyer amongst the South Asian countries, India reduced its buying by 39% to RM22.2 million. However, Maldives and Sri Lanka increased their intake by 58% to RM7.2 million and 311% to RM2.6 million for the cumulative period of January – December 2023. Moving to on West Asian countries, the UAE recorded an increase of 66% to RM3.8 million from RM2.3 million over the same cumulative period in 2022. Exports to Saudi Arabia dropped by 68% worth RM218,319 million while Iran resumed its buying with RM180,293 for the period of January – December 2023.

Moving on to Europe, export to the UK increased by 13% to RM124.9 million from RM110.9 million. However, exports to both Norway and Turkey decreased by 95% to RM1.8 million and 20% to RM1.6 million respectively. In the EU bloc, export of BJC increased by 11% worth RM285.8 million from RM258.4 million in the same corresponding period in 2022. Intake from Belgium increased by 37% to RM90.0 million followed by the Netherlands with import increased by 97% to RM58.8 million and Sweden, by 25% to RM47.6 million.

As the largest buyer of BJC for the period of January to December 2023, export to the North America region was valued at RM325.7 million, a decrease of 17% from RM390.4 million in the same period in 2022. Export to the USA dropped by 17% to RM307.3 million from RM370.5 million in the same period in 2022. Export to Mexico decreased by 15% to RM15.2 million, while export to Canada increased by 49% to RM3.2 million for the same cumulative period. Meanwhile, exports to Uruguay also increased by 7% to RM1.3 million while Columbia resumed its intake with RM138,450.

Shifting to the Oceania/Pacific region, export reduced by 17% to RM237.4 million with Australia being the largest buyer, recording a decrease in intake by 15% to RM211.4 million. Export to New Zealand was also down by 39% to RM20.5 million. However, intake from Western Samoa increased by 53% worth RM1.2 million for the cumulative period of January – December 2023. Elsewhere, export to South Africa dropped by 27% to RM5.2 million, while Seychelles and Mauritius increased their intake by 66% to RM2.7 million and 59% to RM1.3 million respectively.

The US Department of Commerce reported that US single-family homebuilding surged to more than a 1-1/2-year high in December 2023 and could gain further momentum, with declining mortgage rates and incentives from builders likely to draw potential buyers back into the housing market. Permits for future construction of single-family housing have increased to the highest level since May 2022. However, a jump in mortgage rates has dampened new construction activity in recent months. The new housing market remains underpinned by an acute shortage of previously owned homes available for sale.

In 2023, the US residential market is faced with various challenges such as high mortgage rates, that leads to high home prices and thus reduced new home buying. But with a frozen market for existing homes comes opportunity for homebuilders. For some stretches of 2023, new builds made up one-third of home sales, far above the norm of 10% to 20%. Recent numbers show that the value of residential construction projects is going up: The monthly total is inching toward a historic high of USD1 trillion. Economists have raised their fourth-quarter gross domestic product (GDP) growth estimates and predicted that the housing market would help the economy avoid a recession next year. "American housing demand is permanently higher than before the pandemic since people are spending more time at home. As long-term interest rates fall, builders will add more supply to the housing market to meet that demand, fuelling economic growth," said Bill Adams, chief economist at Comerica Bank in Dallas.

FURNITURE

Export of wooden furniture for the month of December 2023 increased by 2% to RM880.1 million from RM860.9 million in November 2023. Meanwhile, the export of wooden furniture for the cumulative period of January to December 2023 recorded an export value worth RM9.1 billion, a decrease of 18% from RM11.1 billion in its corresponding period in 2022.

Export of wooden furniture to ASEAN expanded by 9% worth RM1.2 billion from RM1.1 billion in its corresponding period in 2022. Export to Singapore increased by 26% to RM769.3 million from RM608.9 million in the cumulative period of January–December 2023. Similarly, export to Indonesia rose by 19% to RM110.7 million. However export to the Philippines decreased by 13% to RM217.5 million for the stated period.

Moving to the East Asian region, export was down by 24% to RM636.1 million from RM837.3 million year-on-year in 2022. Japan remained the highest buyer with export valued at RM479.7 million despite a reduction in its buying by 20%. Similarly, exports both to Taiwan and China were reduced by 47% to RM52.0 million and by 16% to RM51.3 million respectively over its corresponding period in 2022.

Exports to West Asia expanded by 17% to RM523.5 million from RM446.9 million in the corresponding period in 2022. Export to the UAE, the largest buyer in the region, improved by 27% to RM267.0 million. Similarly, export to Saudi Arabia increased by 24% to RM182.8 million. However, export to Kuwait declined by 42% to RM20.8 million.

Moving to the South Asia region, export of wooden furniture to the region decreased by 44% to RM129.0 million for the month. Amongst South Asian countries, India recorded the highest intake with an export value worth RM116.3 million despite a decrease in intake by 46%. Similarly, export to Maldives was down by 0.3% to RM10.3 million, followed by Bangladesh with intake down by 28% to RM1.2 million.

Export to the Central Asia region dropped by 15% to RM3.9 million with intake from Kazakhstan reduced by 36% worth RM2.6 million from RM4.1 million in the previous corresponding period. Meanwhile, intake from Armenia increased by 192% worth RM515,706 while Tajikistan resumed its intake with RM459,410 for the cumulative period of January to December 2023.

In Europe, the United Kingdom as the largest buyer recorded an increase of 7% to RM423.7 million from RM397.8 million over its corresponding period in 2022. Similarly, exports to Switzerland and Georgia increased by 92% to RM10.5 million and by 46% to RM10.1 million respectively. Export to the EU bloc recorded a decrease of 8% to RM340.2 million from RM369.3 million over its corresponding period in 2022. Germany as the largest buyer in the economic bloc reduced buying by 29% worth RM39.4 million, followed by France with imports down by 22% to RM35.2 million. Nevertheless, export to Belgium showed an improvement of 15% to RM37.6 million for the cumulative period.

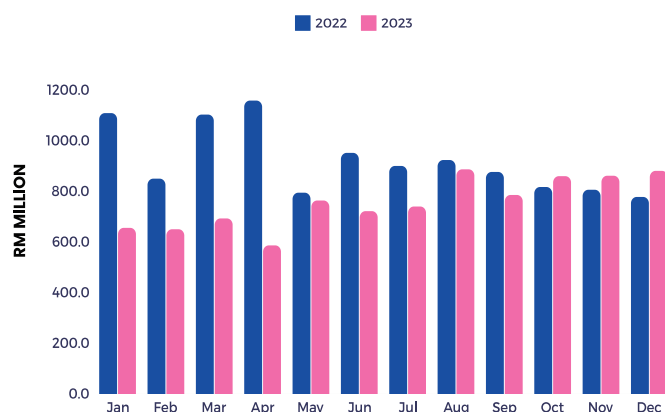
Export to Oceania/Pacific decreased by 11% to RM516.3 million from RM580.4 million over its corresponding period in 2022. Australia remained as the top buyer in the archipelago region with an export value worth RM457.5 million despite a loss of 10%. Similarly, both exports to New Zealand and Papua New Guinea decreased by 10% to RM37.7 million and by 19% to RM8.4 million respectively.

Moving to the Central America region, export of wooden furniture increased by 30% to RM39.6 million over its corresponding period in 2022. Panama and El Salvador both recorded an increase of sale by 40% to RM11.7 million and RM8.3 million respectively. Similarly, export to Guatemala grew by 42% to RM8.1 million from RM5.7 million in the same cumulative period in 2022.

Meanwhile, export to the North America region dropped by 27% to RM4.9 billion from RM6.7 billion in its corresponding period in 2022. Despite the USA being Malaysia's largest wooden furniture buyer, the country recorded a reduction in sales by 28% to RM4.5 billion from RM6.2 billion in its corresponding period in 2022. Similarly, exports to Canada and Puerto Rico declined by 3% to RM330.1 million and 30% to RM59.7 million respectively.

Export of wooden furniture to the South America region recorded a decrease of 6% worth RM86.2 million from RM91.9 million over its corresponding period in 2022. Export to Chile decreased by 35% to RM41.7 million from RM64.0 million in the same corresponding period. Nevertheless, exports to Peru and Uruguay increased by 33% to RM16.7 million and by 308% to RM8.6 million respectively.

Malaysia: Export of Wooden Furniture 2022-2023^P



Moving to the Africa region, export to the region recorded a decrease of 13% to RM154.9 million with South Africa garnering the largest market share with RM41.4 million. Intake from South Africa recorded a decrease of 16% from RM49.3 million in its corresponding period in 2022, followed by Kenya, with recorded sale worth RM18.5 million, a decrease of 5% from the previous corresponding period. However, export to Mauritius rose by 32% to RM14.0 million for the period of January – December 2023.

Rattan furniture shipments for December 2023 recorded a decrease of 28% valued at RM6.7 million from RM5.2 million in the previous month. Likewise, export of rattan furniture for the cumulative period of January – December 2023 also declined by 18% to RM77.6 million from RM94.4 million in the corresponding period in 2022.

Exports to ASEAN member countries were recorded at RM6.7 million, an increase of 24% for the cumulative period of January – December 2023 over the same period in 2022. The highest buyer, the Philippines recorded sales of RM4.1 million with an increase of 27%. Similarly, export to Singapore grew by 81% to RM1.8 million. However, export to Thailand decreased by 25% to RM678,582.

Export to the East Asia region was worth RM5.9 million, a reduction of 45% from RM10.8 million over its corresponding period. China reduced its intake by 49% to RM3.6 million, followed by Japan with import reduced by 26% to RM1.5 million. However, Taiwan improved its buying by 2% to RM251,482.

Moving on to South Asia countries, India was recorded as the highest buyer of rattan furniture in the region with import valued at RM3.2 million despite a reduction in its buying by 40%. Bangladesh also reduced its buying by 85% to RM2,456, while Maldives resumed its intake with RM238.

Export to the West Asia region improved significantly by 138% to RM4.6 million from RM1.9 million over its corresponding period in 2022. The largest buying nation of rattan furniture in the West Asia countries, the UAE, increased its intake by 53% to RM2.2 million. Similarly Saudi Arabia increased import significantly by 443% to RM1.6 million. Meanwhile, Iran resumed its intake with RM428,095.

Moving to Europe, demand expanded by 7% to RM10.5 million with the UK being the largest buyer in the region. The UK increased its buying by 10% to RM8.2 million. Similarly, Russia increased its buying by 10% to RM2.3 million from RM2.0 million over its corresponding period in 2022. However, Georgia reduced its intake by 15% to RM98,010. Moving to the EU bloc, import was down 1% to RM11.1 million with France being the largest buyer amongst EU countries. Export to France increased by 40% to RM2.7 million from RM1.9 million over its corresponding period in 2022. Meanwhile, exports to Ireland and Sweden dropped by 12% to RM2.3 million and by 22% to RM1.2 million respectively for the mentioned period.

Shipments to the Oceania/Pacific archipelago region dropped by 25% to RM6.7 million from RM8.9 million over the same period in 2022. Australia recorded a decline in intake by 36% to RM5.1 million. However, export to New Zealand grew by 46% to RM1.1 million, while Fiji resumed its buying with RM292,072.

Exports to the North America region decreased by 27% to RM27.2 million from RM37.4 million over the same period in 2022. The USA being the largest buyer for rattan furniture recorded a decline in intake by 27% to RM23.9 million, followed by Canada with import down by 58% to RM1.2 million. The Dominican Republic increased its intake by 16% to RM1.6 million. Amongst South America countries, Chile recorded an increase in buying by 17% worth RM356,752, followed by Uruguay with imports up by 103% to RM146,360. Meanwhile, Central American countries such as Guatemala and Panama resumed their intake with RM42,004 and RM7,522 respectively.

Intake of rattan furniture by the Africa region also declined by 62% to RM1.1 million while Cote D'Ivoire resumed its buying with RM198,656. Meanwhile, export to South Africa decreased by 64% to RM186,177 and Mauritius improved its intake by 2,734% to RM232,940 for the mentioned period.

As published in www.homenewsnow.com, furniture imports were battered in 2023, largely the result of lacklustre consumer demand that impacted the entire industry. According to recent figures from investment banking firm Mann, Armistead & Epperson, household furniture imports fell 21.6% last year to USD32.4 billion, from USD41.4 billion in 2022. This was partly led by double-digit decreases in product shipped from China, Viet Nam and Malaysia, to name a few key resources. China's shipments to the U.S. totalled at USD9.4 billion, down 29.7% from the USD13.3 billion reported in 2022. The next largest exporter of furniture to the U.S. was Viet Nam, which shipped USD8.6 billion, down 19.8% from USD10.7 billion a year earlier. Mexico was the third largest exporter, but its shipments were down 6% to USD3.2 billion, from USD3.4 billion in 2023.

Also ranking in the Top 5 shippers to the U.S. market was Canada, the only country in the Top 10 with an increase. But it was relatively small at 1.5%, bumping the shipments to the U.S. market to USD2.2 billion, from USD2.15 billion in 2023.

Next on the list was Italy, which saw its shipments decline 13.2% to USD1.3 billion, from USD1.5 billion in 2022. Despite the decreases, the first half of the list of source countries shows the market depended on a diversified sourcing strategy not just from Asia, but also Europe and North America. While China and Viet Nam shipments were among the largest, Mexico, Canada and Italy remained important resources because of a mix of capabilities — largely wooden furniture and some upholstery in the case of Mexico and Canada, and largely leather upholstery and a smaller amount of wood furniture from Italy. As expected, the remaining top sources on the list were from Asia, led by Indonesia in the No. 6 spot, with USD1.3 billion in shipments, down 30% from the USD1.8 billion it shipped in 2022. Its specialty areas include wood furniture as well as mixed-media accents.

Next in order of importance was Malaysia, whose shipments totalled USD1.1 billion, down 36.6% from USD1.7 billion in 2022, marking the largest percentage drop of those in the Top 10. It largely supplies lower-cost wood bedroom and dining room furniture to the U.S. market, along with some upholstery, an indication that demand has fallen off sharply in some of the lower price points. India, which is largely known as a resource for case goods, occasional and accent furniture made with indigenous wood species such as sheesham, acacia and mango, saw its shipments fall 20.7% to USD676 million, from USD852 million a year earlier. Taiwan saw its shipments fall 23.8% to USD666 million, from USD874 million. This former case goods producing country saw much of its production shift to China in the mid-to-late 1990s and early 2000s. Today it is mainly known for producing occasional, entertainment and office furniture made with mixed-media elements such as metal and glass.

Last within the Top 10 exporting countries was Thailand, whose shipments to the U.S. dropped 33.9% last year, to USD527 million from USD797 million in 2022. It largely produces furniture using wood species and natural mixed-media elements that are indigenous to Indonesia. While overall household furniture imports were down in both 2022 (USD41.4 billion) and 2021 (USD38.6 billion), the numbers showed they were still well above early pandemic and pre-pandemic levels of USD30.7 billion in 2020, USD29.8 billion in 2019, USD32.2 billion in 2018, USD29.5 billion in 2017 and USD26.7 billion in 2016.

Container Spot Rates Soar on Red Sea Threats



Short-term rates for container shipping between Asia, Europe and the US are climbing on reduced capacity caused by the threats to cargo vessels in the Red Sea.

The spot rate for shipping goods in a 40-foot container from Asia to northern Europe now tops \$4,000, a 173% jump from just before the diversions started in mid-December, Freightos.com, a cargo booking and payment platform, said late Wednesday.

The cost for goods from Asia to the Mediterranean increased to \$5,175, Freightos said, adding that some carriers have announced prices above \$6,000 for this route starting in mid-January. Rates from Asia to North America's East Coast have risen 55% to \$3,900 for a 40-foot container.

Services from Asia to northern Europe and to the Mediterranean both cost more than twice their levels in January 2019, but are still well below their peaks during the Covid-19 pandemic, said Judah Levine, head of research at Freightos.

A separate gauge of spot container rates released Thursday also showed a surge. According to the Drewry World Container Index, rates from China to Europe have more than doubled since Dec. 21, and those from Shanghai to Los Angeles rose 30%.

The rate spike is part of the fallout from a slowdown in Suez Canal traffic, which has slumped by more than a quarter in recent days as vessels take longer routes to avoid missile strikes from Yemen's Iran-backed Houthi militants. The Houthis say they are going after any vessels that have a connection with Israel, although those purported links have looked increasingly tenuous.

Shipping lines raise their prices when capacity is stretched, and add surcharges for the extra time it takes to deliver the goods and during busier-than-normal periods of the year.

Meanwhile, blasts near the grave of Iranian commander Qassem Soleimani, which killed nearly a 100 people, threaten to widen the Middle East conflict. Tehran has said the attacks were carried out to punish its stance against Israel, although the US said neither Israel nor itself were involved.

"This is no longer taking place during the holiday lull either — demand may be increasing as shippers start to pull forward volumes to make up for longer transit times and in preparation for China's Lunar New Year holiday in early February," Levine said in a blog post. "Together, this could increase the risk of congestion."

In the 10 days through Jan. 2, the number of Suez transits was down 28% from a year earlier, according to figures released Wednesday by the International Monetary Fund's PortWatch platform, which is produced with Oxford University. That's consistent with 3.1% of global commerce being diverted away from the Red Sea, according to the data.

The IMF called the Red Sea a "systemically important" shipping lane that handles more than 19,000 vessel transits a year. Reduced traffic has been observed since Dec. 16, the Washington-based institution said in the note.

For cargo owners seeing their freight costs rise, the risk is that spot rates will stay elevated and leave them with less leverage when they're negotiating long-term contracts, which typically takes place between March and May. Most ocean freight moves on rates set in these contracts. The impact goes beyond the container sector.

Oil tanker markets have also seen some gains, shipbroker Braemar wrote in a research report, mostly for vessels hauling refined fuels like gasoline and diesel. Earnings for ships hauling refined fuels from the Mediterranean to Japan via the canal have climbed from about \$8,000 a day in early December, to \$26,000 this week. "Any route involving the Red Sea is red hot," the Braemar analysts said.

Source: Bloomberg; January 4, 2024

Record Wave of New Containerships Expected to Push Global Fleet Above 30 Million EU



The global containership fleet is set to exceed the 30-million TEU mark for the first time in history in 2024, as a wave of new containerships hit the water, according to BIMCO. The global fleet grew by 8% last year with the delivery of 350 new container ships representing a record 2.2 million TEU, beating the previous record set in 2015 when 1.7 million TEU hit the water.

In 2024, however, a staggering 478 container ships with a capacity of 3.1 million TEU are scheduled for delivery, beating the 2023's record by 41%. As a result, the container fleet capacity is expected to grow by 10% in 2024. While recycling of ships is anticipated to increase in 2024, the fleet could still grow by nearly 2.8 million TEU, surpassing the 30-million TEU milestone by the end of 2024 for the first time ever.

Ships larger than 15,000 TEU are dominating deliveries. According to BIMCO, the segment grew 28% last year with 1.3 million TEU delivered and additional 83 ships are expected to be delivered in 2024, adding 1.4 million TEU to the segment's capacity and doubling its capacity in just four years.

BIMCO's report also highlights that Chinese yards have officially solidified their position as the premiere builders of containerships, accounting for nearly 55% of the capacity delivered in 2023 and 2024—beating South Korea's 38% share of capacity. The fleet capacity growth comes as the growth in container trades is expected to be significantly slower, with a projected 3-4% increase in demand for ship capacity in 2024. Meanwhile, BIMCO points out that the average sailing speed of container ships decreased in 2023 and could potentially fall even further in 2024, reducing fleet efficiency and requiring an additional 3-4% capacity to accommodate the volume increase in 2024.

Bottom line is the supply and demand imbalance is expected to widen in 2024, but prolonged disruption in the Red Sea could potentially tighten the balance as containerships embark on longer voyages around the Cape of Good Hope, masking overcapacity in the market. But the delivery of 3 million TEU in 2025-2026 and the lack of recycling could lead to overcapacity if the Red Sea situation is resolved.

Source: Gcaptain.com; January 10, 2024

What Does Red Sea Disruption Mean for Europe's Economy?



Weeks of attacks by Iranian-backed Houthi militants on vessels in the Red Sea have disrupted shipping in the Suez Canal, the fastest sea route between Asia and Europe, carrying around 15% of global sea trade.

For the European economy, already skirting a mild recession as it tries to shake off high inflation, prolonged trade disruption could derail plans by central banks to start cutting interest rates this year. Here are some factors policymakers are considering as they assess the implications of the disruptions.

WHAT HAS BEEN THE IMPACT ON THE EUROPEAN ECONOMY SO FAR?

In macroeconomic terms, small to negligible. Germany's Economy Ministry said last week the only noticeable impact on output so far was a few cases of stretched delivery times. Bank of England chief Andrew Bailey concurred, telling a parliamentary hearing it "hasn't actually had the effect that I sort of feared it might," though uncertainties remained. No impact from the attacks has yet turned up in Europe's main economic indicators, including December inflation numbers, which ticked up slightly.

That might change – watch Wednesday's preliminary PMI readings for activity in European economies in January, and Feb. 1's first estimate of euro zone inflation for the same month. ECB President Christine Lagarde may well broach the subject at a news conference after Thursday's rate-setting meeting.

WHY ISN'T IT FEEDING THROUGH TO THE ECONOMY YET?

The global economy is still performing below par, suggesting plenty of slack around the system. Take oil prices, the most obvious channel through which Middle East troubles could hit economies in Europe and beyond.

They haven't taken off yet because, as International Energy Agency executive director Fatih Birol told Reuters last week, supplies are solid and demand growth is slowing. "I don't expect a major change in the oil price because we have an ample amount of oil coming in the market," he said.

German logistics giant DHL said it still had available air freight capacity – not an option for everyone – because the global economy was "not really pumping yet." This subdued economic picture makes it harder for companies to pass on any related higher costs to consumers, for example, by having to re-route around Africa. Many of them have rebuilt margins in the past year and accept they might simply have to suck this one up.

Furniture retailer IKEA even said it would stick to planned price cuts and had the stocks to absorb any supply chain shocks. As long as that remains the case for enough companies, the disruption will not move the dial on consumer price inflation.

CAN EUROPEAN POLICYMAKERS SIMPLY LOOK THROUGH THIS?

No. The longer the disruption goes on, the more it will take a toll on firms and the economy. U.S. EV-maker Tesla plans to suspend much of its auto production at its German factory from Jan. 29 to Feb. 11 due to a lack of components. Sweden's Volvo halted output at its Belgium plant for three days last month.

The impact is likely more for imports than exports: nearly one quarter of goods coming into Europe travel by sea from Asia while the same route accounts for just 10% of Europe's exports. Using an IMF estimate of the impact of freight cost rises, Oxford Economics in a Jan. 4 note estimated gains in container transport prices would add 0.6 percentage points to inflation in a year's time. The ECB is expecting euro zone inflation to fall from 5.4% in 2023 to 2.7% this year.

"While this suggests that a sustained closure of the Red Sea wouldn't prevent inflation from falling, it would slow the speed at which it returns to normal," Oxford Economics said.

It did not see this preventing an expected pivot to lower interest rates, however. In the longer term, the situation may encourage companies to advance

plans – drawn up after the COVID-19 pandemic disrupted trade – for alternative, more predictable supply routes.

That could involve longer but more secure trade paths and "near-shoring" or "re-shoring" to bring production closer to key markets. But whatever options are explored, the likelihood is that they all have one thing in common – higher costs.

Source: Reuters; January 23, 2024

Port of Los Angeles' Empty Container Charge Could Spark Negative Reaction from Carriers



US hauliers fear an empty-container dwell charge at the port of Los Angeles will see shipping lines delay the return of boxes to the port. Executive director Gene Seroka announced in mid-December that such a fee was under consideration and on 30 December, the port announced charges on long-dwelling empties would be imposed from 30 January.

However, drayage firms are concerned this could prompt ocean liners to adopt a more restrictive stance on accepting empty boxes and have reported problems with returning empty containers before. The Harbor Trucking Association said many terminals did not accept the return of empty boxes and pick-up of loaded import units if they belonged to different ocean carriers.

The proposed fee requires the approval of the Los Angeles Harbor Commission at its next board meeting on 13 January. While the commission is expected to give its blessing, this does not mean the fees will happen.

Both Los Angeles and Long Beach ports formally adopted the plan to levy charges on long-dwelling import containers in October, an effort to reduce the number of boxes at the ports and, today, both port authorities announced they would defer implementation yet again, citing ongoing improvements in congestion.

Shipping lines have avoided a fee on long-dwelling import containers at Los Angeles for another week, but the port authority is now bent on charging them for empties sitting on its docks. "While we have seen significant success reducing import containers on our docks in the past two months, too many empty containers are sitting on marine terminals," said Mr Seroka.

According to the Harbor Trucking Association, more than 100,000 empty boxes are stuck at the port complex of Los Angeles and Long Beach. Starting 30 January, the port of Los Angeles intends to levy the October-announced charge of \$100 for every empty container on the premises for nine days or more. The fee will increase by \$100 increments every day until the box leaves the port.

"Just like the import dwell fee, the objective with this empty container programme is not to collect fees, but to free-up valuable space on our docks, clearing the way for more ships and improving fluidity," said Mr Seroka.

According to the ports, the number of long-dwelling boxes at the complex has fallen 53% since fees were announced on 24 October. Los Angeles and Long Beach have moved in lockstep on these measures. Hence, the latter is widely expected to follow suit on the other port's move on empty containers. 

Source: The Loadstar; January 4, 2024

Shipments of Timber and Timber Products Through Ports in Peninsular Malaysia, **DECEMBER 2023**

Products	Port Klang		Kuantan		Pasir Gudang		Tanjung Pelepas		Penang		Total all ports (m³)	% change Oct'23/Nov'23
	m³	% change	m³	% change	m³	% change	m³	% change	m³	% change		
Sawntimber	38,028	8	4,514	-65	507	-33	291	-44	4,669	-8	48,009	-12
MDF	10,054	-41	0	0	853	-9	1,375	23	4,698	-9	16,981	-30
Mouldings	11,788	-2	34	505	735	-34	973	-49	682	0	14,212	-10
Plywood	3,255	13	0	0	2	100	308	1	8,885	-8	12,450	-3
Veneer	825	149	0	0	2	100	0	0	1,318	475	825	142
Particleboard	12,341	7	0	0	118	174	0	0	3,593	-8	16,053	4
TOTAL	76,290	-3	4,548	-65	2,219	-22	2,947	-28	23,846	-3	109,849	-11

TIMBER WORLD IN BRIEF

Vol.1 Maskayu

CONTINUE FROM PAGE 7

In contrast to the hardwood market, the recent dynamics for softwood wood fiber have been different. Lower pulp production in North America and Europe and declining prices for softwood pulp globally have reduced demand for wood fiber. This decrease reduced the Softwood Fiber Price Index (SFPI) by 4.5% q-o-q in the 3Q/2023.

During the first eight months of 2023, hardwood chip trade in Asia declined substantially (over 12%), with China reducing purchasing by 26% year-over-year (y-o-y). Japanese pulpmills bucked the trend and had a strong 2023, with the most significant chip import volumes in four years.

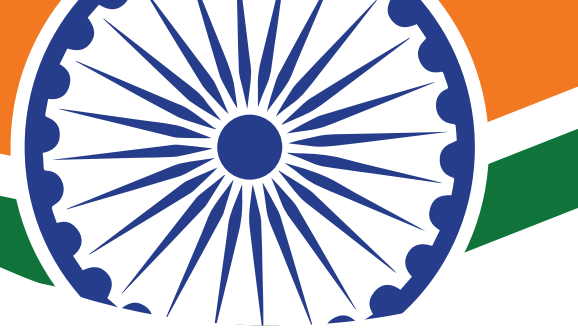
GLOBAL BIOMASS MARKETS

The US is the world's largest wood pellet exporter, with shipments steadily increasing for over ten years. During the first nine months of 2023, export volumes were 7% higher than the same period in 2022, and the total for the year will likely be over 9.5 million tons, 50% more than five years ago.

Residential wood pellet prices in Europe were substantially lower in the 4Q/2023 than during the same quarter in 2022 after Russia's invasion of Ukraine, which created much uncertainty in the European energy market. By the end of 2023, prices in Central Europe averaged EUR370/ton, their lowest level in almost two years. In Sweden, prices have fluctuated less, with only modest declines in 2023. 

<https://www.globalwoodmarketsinfo.com/>, 17 January 2024

INDIA



STIMULATING GROWTH IN FURNITURE AND TIMBER INDUSTRY

Country Overview

India, officially the Republic of India, is one of the oldest civilisations in the world with a kaleidoscopic variety and rich cultural heritage. Located in South Asia, it is the seventh-largest country by area and the most populous country with estimated population of 1.4 billion as of June 2023 according to the United Nations in which 29% are population living in urban areas. Stretching from the snow-covered Himalayan heights to the tropical rain forest in the south, it has an area of 1,269,346 square miles. It shares its border with China, Nepal, Bhutan to the north, Bangladesh and Myanmar to the north-east and Pakistan to the north-west. India is made up of 28 states and eight union territories, and its national capital is New Delhi that serves as India's administrative centre. Its government is a constitutional republic that represents a highly diverse population consisting of thousands of ethnic groups and hundreds of languages.



Economic Performance and Outlook

Since gaining its independence, India has shown overall socioeconomic improvement. India is currently among the world's most industrialised nations and self-sufficient in agricultural output. According to the International Monetary Fund (IMF), the Indian economy in 2023 was nominally worth USD3.8 trillion; it was the fifth-largest economy by market exchange rates and the third-largest by purchasing power parity (PPP). Nearly 70% of India's GDP is driven by domestic consumption and it remains the world's fourth-largest consumer market. Apart from private consumption, India's GDP is also fueled by government spending, investments and exports. In 2022, India was the world's 8th largest importer and the 10th largest exporter. IMF mentioned in a report that growth in India is projected to remain strong at 6.5% in 2024 and 2025, reflecting resilience in domestic demand.

Forest Resources

Forests play a significant role in the vast mosaic of India's social, cultural and political landscape. They are sacred to some, essential for sustenance for many, a trove of exploitable natural resources for others and an avenue for development projects for the powers that be. As per the India State of Forest Report 2021, forest and tree cover in the country increased by 2,261 square kilometres since the last assessment in 2019. India's total forest and tree cover was 80.9 million hectares, which accounted for 25% of the geographical area of the country. The report said 17 states and union territories had more than 33% of their area under forest cover. Madhya Pradesh had the largest forest cover, followed by Arunachal Pradesh, Chhattisgarh, Odisha and Maharashtra. The important species in rural areas are mango, kikar, eucalyptus, rubber, shisham and poplar.

Timber Production

According to the FAO forest statistics, India's productions are mainly from plywood with 11.9 million cubic metres in 2022, followed by sawlogs and veneer logs coniferous with 5.8 million cubic metres. Production of MDF/HDF, particleboard and veneer sheets were recorded at 2.0 million cubic metres, 1.5 million cubic metres and 291 thousand cubic metres accordingly.

INDIA: PRODUCTION QUANTITY 2018-2022

Volume: m³

Product	2018	2019	2020	2021	2022
Plywood	9,500,000	10,000,000	10,800,000	10,900,000	11,900,000
Sawlogs and veneer logs, coniferous	5,754,000	5,754,000	5,754,000	5,754,000	5,754,000
MDF/HDF	950,000	1,000,000	1,060,000	1,260,000	2,000,000
Particleboard	1,140,000	1,200,000	1,280,000	1,360,000	1,500,000
Veneer sheets	295,000	295,000	291,038	291,038	291,038
Sawnwood, coniferous	258,000	190,000	190,000	190,000	190,000
Other industrial roundwood, coniferous (production)	97,000	97,000	97,000	97,000	97,000
Other	3,000	3,000	3,000	3,000	3,000

Source: FAO Stats

India: Export of Timber and Timber Products

The export trend for timber and timber products from India to the world has been fluctuating for the past five years. The export value in 2021 soared by 66% to USD707.2 million compared to USD423.9 million in the previous year. However, in 2022 the export decreased again by 4% to USD679.3 million over the previous year. The country exported mainly furniture, plywood and fibreboard totalled at USD450.8 million (an increase of 18%), USD77.6 million (an increase of 21%) and USD56.9 million (an increase of 18%) respectively in that year.

INDIA: EXPORT OF TIMBER & TIMBER PRODUCT TO THE WORLD, 2018-2022

USD '000

Product	2018	2019	2020	2021	2022
Furnitur	617,613	567,673	350,396	382,396	450,833
Plywood	31,600	33,549	32,951	64,141	77,633
Fibreboard	20,541	31,529	32,416	48,321	56,886
Venee	19,775	21,030	19,924	32,058	37,729
Builders' joinery and carpentry	16,044	20,472	16,524	17,609	19,549
Wooden frames	17,239	17,244	14,249	19,234	14,035
Particle board/Chipboard	6,831	4,476	4,005	7,113	10,194
Mouldings	3,895	2,929	2,160	5,349	9,703
Sawntimber	5,394	3,474	3,147	5,979	8,708
Logs	54,308	55,778	6,378	32,848	7,883
Others	259,899	287,440	292,096	474,589	436,946
Total	435,525	477,651	423,850	707,241	679,266

Source: ITC Stats



According to the International Trade Centre (ITC), India is the 19th largest exporter of furniture and parts (HS9403) in the world with total exports of USD450.8 million in 2022. Export of furniture from India destined mainly to the US (USD200.2 million), the Netherlands (USD68.0 million), Germany (USD43.9 million), France (USD21.0 million) and UK (USD19.6 million) respectively. Malaysia was placed at 23rd from total of 165 countries with export value of furniture USD2.9 million.

INDIA: EXPORT OF FURNITURE AND PARTS (HS9403) BY COUNTRIES, 2018-2022

USD '000

Rank	Importers	2018	2019	2020	2021	2022
	World	617,613	567,673	350,396	382,396	450,833
1.	United States of America	333,364	293,310	177,004	177,043	200,203
2.	Netherlands	80,202	69,728	39,096	44,726	68,020
3.	Germany	45,848	46,927	33,802	39,565	43,886
4.	France	27,118	21,411	10,793	16,445	20,996
5.	United Kingdom	16,724	17,475	12,125	17,256	19,565
6.	Canada	27,750	25,868	15,913	18,653	18,588
7.	Australia	5,704	3,522	3,833	7,574	10,304
8.	United Arab Emirates	9,356	10,316	6,828	5,975	8,301
9.	Spain	4,665	5,275	3,249	4,258	5,442
10.	Belgium	1,499	2,761	2,789	4,771	5,095
23.	Malaysia	2,967	3,268	727	3,818	2,860
	Others	65,381	71,076	44,965	46,133	50,431

Source: ITC Stats

India: Import of Timber and Timber Products

The change in the import performance of timber and timber products to India in the last five years is not very significant whereby imports began to decrease in 2019 and 2020 before increasing again in 2021 and 2022. According to the latest ITC statistics, India's import of timber and timber products in 2022 increased by 11% to USD2.7 billion over the previous year. India imported mainly logs, sawntimber and furniture totalled at USD1.0 billion (an increase of 1%), USD500.5 million (an increase of 28%) and USD450.8 million (an increase of 18%).

INDIA: IMPORT OF TIMBER & TIMBER PRODUCTS FROM WOLRD, 2018-2022

USD '000

Product	2018	2019	2020	2021	2022
Logs	1,113,989	999,990	649,040	1,039,367	1,049,048
Sawntimber	423,740	469,667	356,196	391,608	500,537
Furniture	617,613	567,673	350,396	382,396	450,833

Veneer	234,422	283,015	169,370	294,843	270,806
Plywood	121,210	108,457	78,870	101,636	125,564
Fibreboard	121,249	104,167	54,348	59,058	78,548
Builders' joinery and carpentry	55,077	46,722	32,521	41,803	61,218
Mouldings	34,750	38,637	35,673	43,559	44,754
Particle board	40,138	44,315	28,963	24,734	29,255
Wooden frames	1,299	983	471	791	1,423
Others	81,338	82,503	53,855	63,346	99,042
Total	2,844,825	2,746,129	1,809,703	2,443,141	2,711,028

Source: ITC Stats

In 2022, India imported timber and timber products (HS44) mainly from Malaysia, followed by Indonesia and Uruguay totalled USD231.9 million, USD166.8 million and USD164.1 million respectively. Malaysia was the top exporter of timber and timber products to India from 122 supplying countries in 2022 due to the demand for timber and timber products such as logs, sawntimber and furniture increasing in India when the COVID-19 pandemic hit globally.

INDIA: IMPORT OF TIMBER & TIMBER PRODUCTS (HS44) BY COUNTRIES FROM WORLD, 2018-2022

USD '000

Rank	Exporters	2018	2019	2020	2021	2022
	World	2,227,210	2,178,453	1,459,306	2,060,746	2,260,195
1.	Malaysia	326,897	297,515	297,515	239,056	231,911
2.	Indonesia	148,697	139,290	118,130	171,530	166,822
3.	Uruguay	382	10,270	77,175	149,929	164,092
4.	China	128,514	136,868	97,726	137,217	155,086
5.	Germany	100,138	100,563	71,836	85,177	136,343
6.	United States of America	54,685	65,090	36,229	53,773	96,117
7.	Ecuador	68,553	84,646	56,374	115,622	93,364
8.	Ghana	64,877	76,190	48,223	62,474	85,655
9.	Gabon	43,025	100,208	45,077	88,029	84,977
10.	Australia	1,708	1,206	1,581	114,494	81,333
11.	Others	1,289,739	1,166,614	724,173	846,451	964,495

Source: ITC Stats



Malaysia: Export of Timber and Timber Products to India

Timber and timber-based industries in India are growing rapidly with the increased demand for furniture, housing, construction material, packaging, agriculture goods, sports goods and other similar products. India has always been a traditional and significant timber trade partner for Malaysia. In 2023, exports recorded a decrease of 17% to RM838.2 million from RM1.0 billion in 2022. Logs were the main exported timber product, valued at RM457.1 million (an increase of 0.2%), followed by sawntimber at RM140.5 million (decrease of 18%) and wooden furniture at RM110.7 million (decrease of 50%). The export performance to India decreased due to several challenges including tough geopolitical situations, upcoming general elections, prospects of slowing global trade growth and the trajectory of inflation.

MALAYSIA: EXPORT OF TIMBER & TIMBER PRODUCTS TO INDIA, 2019-2023

FOB Value: RM

Products	2019	2020	2021	2022	2023
Logs	475,699,519	315,021,98	461,851,128	456,141,964	457,055,483
Sawntimber	344,022,007	219,984,615	173,177,831	171,074,848	140,517,493
Wooden Furniture	249,938,938	132,881,323	171,619,799	222,257,139	110,683,066
Fibreboard	62,984,176	32,063,746	30,636,565	52,580,135	46,480,348
Plywood	50,386,261	25,237,696	20,574,292	35,318,677	40,299,429
BJC	40,057,514	32,427,056	30,338,520	36,277,367	20,291,355
Veneer	10,193,831	6,869,314	11,202,142	7,840,353	7,739,453
Mouldings	8,792,414	4,118,642	683,804	6,338,774	6,435,848
Chipboard/Particleboard	23,275,456	7,662,129	10,174,330	11,355,965	3,091,703
Other Products	11,254,194	5,205,016	9,571,805	14,023,189	5,593,750
Total	1,276,604,310	781,471,522	919,830,216	1,013,208,411	838,187,928

Source: MTIB & DOSM

Malaysia: Import of Timber and Timber Products from India

Malaysia's timber and timber products import trend from India is significantly higher with improvements of 51% from RM35.2 million to RM53.4 million in 2023. Wooden furniture was the main product imported with a total value of RM40.0 million (increase of 124%), followed by fibreboard at RM8.7 million (increase of 37%) and builders joinery and carpentry at RM909 thousand (decrease of 55%). The increase of imports from India is due to the demand for furniture products including indoor and outdoor furniture for home, office and industrial use. They include beds, coffee tables, sofa beds, dining chairs, dressing tables, kitchen cabinets and racks and shelving.

MALAYSIA: IMPORT OF TIMBER & TIMBER PRODUCTS FROM INDIA, 2019-2023

FOB Value: RM

Product	2019	2020	2021	2022	2023
Wooden Furniture	49,443,758	19,166,687	20,074,163	17,863,212	39,989,888
Fibreboard	6,099,388	8,260,895	9,341,723	6,376,719	8,707,507
Builders Joinery and Carpentry	4,838,669	3,342,232	1,525,626	2,021,743	909,066
Plywood	706,709	302,024	35,513	186,991	344,800
Chipboard/Particleboard	0	9,688	0	50,514	190,213
Mouldings	0	0	0	0	611
Sawntimber	5,253	223,934	0	0	0
Veneer	4,809,820	2,319,513	29,405	7,486	0
Other Products	4,649,348	3,420,011	5,848,744	8,817,815	3,295,968
Total	70,552,945	37,044,984	36,855,174	35,324,480	53,438,053

Source: MTIB & DOSM

Import Tariff

The Malaysia-India Comprehensive Economic Cooperation Agreement (MICECA) was signed on 18 February 2011 and came into force on 1 July 2011. Under MICECA Free Trade Agreement, the timber and timber products import tariff is 0% for all products while the India import duties on timber and timber products under Most Favourite Nation (MFN) range from 5% - 25%. The signing of the ASEAN-India Trade in Goods Agreement (AITIGA) on 13 August 2009 in Bangkok, Thailand paves the way for the creation of one of the world's largest free trade areas with almost 1.8 billion people and a combined Gross Domestic Product (GDP) of USD4.5 trillion. The AITIGA entered into force on 1 January 2010.

INDIA: TARIFF DUTY

HS CODE	Product	MFN Tariff Duty %	Malaysia-India (MICECA) %	ASEAN-INDIA %
4403	Logs	5	0	0
4407	Sawntimber	10	0	0
4408	Veneer	10	0	0
4409	Mouldings	10	0	0
4410	Particleboard/Chipboard	10	0	0
4411	Fibreboard	10	0	0
4412	Plywood	10	0	0
4414	Wooden Frames	10	0	0



4418	BJC	10	0	0
9403	Furniture	25	0	0
9401	Seats & Pars There of	25	0	0

Source: WTO

Trade Barriers

Anti-Dumping Duty

On 20 July 2021, the Government of India decided not to impose anti-dumping duty on imports of a certain type of fibreboard used to make furniture and cabinets from Viet Nam, Malaysia, Thailand and Indonesia. The commerce ministry's investigation arm, Directorate General of Trade Remedies (DGTR) in April 2021 recommended imposition of the duty for five years on 'plain medium density fibreboard has thickness less than 6mm' after concluding in a probe that the domestic industry was impacted due to dumping of the goods from these countries. The probe was conducted following a complaint by domestic manufacturers.

Mandatory Bureau of Indian Standard

On 29 August 2023, the Department for Promotion of Industry & Internal Trade through Ministry of Commerce and Industry published the Gazette Notification on the Mandatory Bureau of Indian Standards (BIS) certificate required for export of panel products to India. The notification will come into effect on 1 March 2024 for foreign manufacturing plant as per gazette publication dated 31 August 2023. It is mandatory for plywood, particleboard, chipboard and other panel products to be BIS compliant.

Outlook and Prospect

The India furniture market size reached USD23.9 billion in 2023. Looking forward, according to IMARC Group the market expects to reach USD54.3 billion by 2032, exhibiting a growth rate (CAGR) of 9.3% during 2024-2032. The analysis indicates a significant surge in consumer demand for functional and aesthetically pleasing furniture, driven by an increased focus on home spaces influenced by remote work trends and changing lifestyle patterns.

As environmental consciousness takes center stage, there is a palpable shift towards furniture crafted with eco-friendly materials and manufacturing processes. This presents an opportunity for both local and global manufacturers to align with these evolving preferences and contribute to a greener future. One notable trend is the increasing collaboration between Indian furniture companies and global manufacturers to introduce a diverse range of products that blend cultural aesthetics with contemporary design sensibilities. This synergistic approach not only enriches the local market but also opens up avenues for global manufacturers to tap into the rich tapestry of India's design heritage. Malaysia is very well known for its unique and authentic design of various wooden furniture and furniture parts, thus we must take this opportunity to widen the export trade with India since the demand is high and expanding. Participation of Malaysian exhibitors, manufacturers, traders and designers in world expos such as India International Furniture Fair (IIFF), Hindustan International Furniture Fair (HIFF) and World Furniture Expo (WOFX) provides excellent opportunities for exporters to study more about the demand and trends in the Indian market.

Moreover, the incorporation of advanced technologies such as augmented reality (AR) and virtual reality (VR) in the furniture retail experience is expected to gain traction. This innovation not only enhances the customer shopping experience but also allows global manufacturers to showcase their diverse product portfolios in immersive and interactive ways.



Year 2024 promises to be a landmark year for the Indian furniture industry, marked by innovation, sustainability, and collaborative efforts between local and global players. The research-backed insights underscore the need for adaptability and foresight as the industry navigates through a landscape shaped by changing consumer expectations and global influences. As global manufacturers contribute their expertise and innovations to this growth journey, the Indian furniture industry stands at the threshold of an exciting era of transformation. Malaysian timber and furniture exporters should enhance their presence and improve business networking with Indian importers by participating in relevant fairs and exhibitions in the country as well as organising specialized selling missions to cater to the market demand.

Meanwhile in 2023, MDF consumption in India is estimated at around 7,000 cubic metres per day and looking ahead it is anticipated that the sector will expand capacity as the market outlook is positive. The production capacity for MDF in India is expected to grow at a faster rate in 2024 compared to 2023 fuelled by the arrival of bigger plants and new production lines. Additionally, it is anticipated there will be increased consumer acceptance of domestically produced MDF products, in part stemming from the implementation of BIS regulations on quality effective from February 2024.

India has also seen tremendous urban progress. It is estimated that by 2030, more than 400 million people will be living in cities in India. The demand for residential properties has been fuelled by India's expanding urban population, rising household incomes and decade-long low loan rates which have increased sales volume. Estimates suggest that the housing market could continue to perform well for another three to four years. Based on Reuters Report, property analysts expect growth to be driven by higher earners snapping up newly built luxury residence in cities. Housing demand has also picked up significantly in smaller cities in the southern states of Tamil Nadu, Karnataka and Gujarat, spurred by migration of workers from rural areas.



There is a steady demand for particleboard in India and production capacity has grown. The industry has seen very good growth in 2023 in terms of capacity addition but the market of particleboard did not show good demand especially in the retail segment. With BIS panel regulations coming into force, imported particleboard will face a hurdle that will also create a space for the domestic particleboard industry in India. It is anticipated that improved awareness of particleboard quality standards will rise among consumers driving demand higher. Therefore, Malaysian manufacturers and exporters need to be more proactive and be prepared with trade barriers requirements like this since there is a good demand despite the need to comply with the country's regulations.

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LOGS

The average price of logs on the local market for most species used as a price reference in December 2023 was apparently hardly altered, with 70 %, or 14 of the 20 species, trading at the same price as the previous month. Only three species reported an average price rise of 1.2–2.2 %, or roughly RM20–RM34 per tonne, while the remaining three species reported price declines of 1.6–4.8 %, or around RM50–RM95 per tonne.

Red Meranti, White Meranti, and Nyatoh from the Light Hardwood Group are said to have seen price increases. Based on the percentage rise in prices recorded, these three species were traded at an average price of RM2,267, RM1,700 and RM1,532 per tonne, respectively. Merbau from the Heavy Hardwood Group, Mengkulang, and Tualang from the Medium Hardwood Group all experienced price decreases. All three species were sold at the local market for RM3,000, RM1,866 and RM1,400 per tonne. In comparison to the previous month, all the species recorded gains and losses, being marketed at RM2,240, RM1,680, RM1,498, RM3,050, RM1,961 and RM1,433 per tonne.

The current reported market performance for most timber products is expected to continue to influence log prices as the majority of species continue to record price retention, with only a small number of species recording decreases and average price increases on the timber industry's primary raw materials.

PLYWOOD

The average price of plywood goods in the local market for the four primary sizes was reported to be unchanged in December 2023. With price retention as reported, the average price for each piece of plywood with a thickness of 4mm, 6mm, 9mm, and 12mm is RM19.40, RM26.00, RM38.25 and 48.85. The current month's highest plywood trading price in the local market for the four primary sizes was reported as RM19.40, RM27.00, RM38.50 and RM49.00 per piece.

MEDIUM DENSITY FIBERBOARD (MDF)

For the current month of December 2023, the average price of MDF panel goods in the local market is expected to be unchanged from the previous month. As a result, the average price for MDF with thicknesses of 4mm, 6mm, 9mm, and 12mm was RM12.90, RM23.66, RM31.49 and RM37.59 per piece, respectively, while the maximum price reported for the four primary sizes was RM12.90, RM26.00, RM37.00 and RM42.00 per piece.

SAWNTIMBER

The average pricing scenario for sawn wood products in the local market for most species under its three production classes, General Market Specification (GMS), STRIPS, and Scantling, for June 2023, is similar to the current condition of log market prices. According to reports, at least 90 %, or 18 out of 20 species from all three classes of sawn wood product manufacturing, have not changed prices and were traded at the same selling price as the previous month.

In the GMS production class, the average price for 18 out of 20 species remained steady. Only two species, Jelutong and Kempas, had price declines ranging from 1.7 to 1.9 %, or around RM36 to RM43 per m³. In the current month, both species were traded in the local market at an average price of RM2,083 and RM2,189 per m³, compared to the previous month's RM2,119 and RM2,232 per m³.

Under the STRIPS production class, around 95 %, or 14 of the 20 species, reported maintaining the same average price as the previous month. Tualang, a medium hardwood species, had a price decline of around 2% or RM35 per m³. Tualang sawn wood is now available in the local market at RM1,748 per m³, following a price decline for the sole species in this production class. Compared to the previous month, the species is now on the market at RM1,783 per m³. However, the total of 20 species used as a price reference in the Scantling production class had average price retention similar to the previous month.

INTRA-MALAYSIA TRADE* -DECEMBER 2023

In December 2023, the trade value of logs, sawntimber, plywood, and veneer from Sabah to Peninsular Malaysia was RM9.68 million, with a volume of 18,455 m³. Logs and plywood were the greatest contributors to trade value this month, accounting for RM4.28 million and RM4.21 million, respectively. Although plywood goods were among the top contributors to trade value, they registered an 8 % fall from the previous month, from RM4.56 million to RM4.21 million. Total trading volume also decreased by 6 % from 2,132 m³ to 2,013 m³. However, trade value for logs, sawntimber, and veneer increased by 57 %, 72 %, and 3 %, respectively. The overall volume of these three items increased by 124 %, 53 %, and 2 % respectively, from the previous month.

In December 2023, the trade value of timber goods from Sarawak to Peninsular Malaysia reached RM1.60 million. The trade volume was 1,268 m³ and included sawn timber, plywood, and veneer. Plywood goods were found to be the major trading contributor between the two sectors, with a trade value of RM1.24 million, up 5 % from the previous month. Total volume climbed 12 % from 1005 m³ to 1,130 m³ in the current month. Sawntimber and veneer goods, on the other hand, experienced trade value impairments of 89 and 12 % respectively, while their total volume decreased by 88 and 60 %. For the record, as in the previous month, no log products were documented to be traded between these two districts.



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

*** AVERAGE DOMESTIC PRICES OF LOGS, SAWN TIMBER, PLYWOOD AND MDF
IN PENINSULAR MALAYSIA**

RINGGIT MALAYSIA

DECEMBER 2023

SPECIES	LOGS/ton	SAWN TIMBER/M ³			
	18" UP	GMS	STRIPS	SCANTLINGS	
HEAVY HARDWOOD					
Chengal	6,000	9,887	4,944	9,887	
Balau	3,477	3,290	2,059	3,857	
Red Balau	2,425	2,754	2,472	2,419	
Merbau	3,000	3,754	3,072	3,725	
Mixed Heavy Hardwood	1,100	1,344	1,092	1,246	
MEDIUM HARDWOOD					
Keruing	2,253	3,072	2,445	2,189	
Kempas	1,873	2,189	2,154	2,542	
Kapur	1,875	1,746	1,118	1,877	
Mengkulang	1,866	1,434	1,436	2,013	
Tualang	1,400	1,820	1,748	2,105	
LIGHT HARDWOOD					
Dark Red Meranti	2,210	2,631	1,942	3,566	
Red Meranti	2,267	1,871	1,801	2,307	
Yellow Meranti	1,720	1,836	1,389	1,977	
White Meranti	1,700	2,507	1,801	1,977	
Mersawa	1,833	1,989	1,565	2,154	
Nyatoh	1,532	1,530	1,548	1,412	
Sepetir	1,487	1,707	1,436	1,520	
Jelutong	1,250	2,083	1,554	1,819	
Mixed Light Hardwood	1,210	1,352	1,118	1,201	
MALAYSIAN RUBBERWOOD Heavy brasiliensis	LOGS/ton	SAWN TIMBER/M ³			
	190	1" X 1"	2" X 2"	3" X 3"	4" X 4"
		1,256	1,305	1,380	1,490
PLYWOOD 4' X 8' (RM per price)	4mm	6mm	9mm	12mm	
	19.40	26.00	38.25	48.85	
MDF 4' X 8' (RM per price)	4mm	6mm	9mm	12mm	
	12.90	23.66	31.49	37.59	

Note: log prices ex-matau, Sawn timber, plywood, MDF and Malaysian Rubberwood (Hevea brasiliensis) prices ex-mill

*Prices are only indicative

INTRA-MALAYSIA TRADE						
	Nov-23		Dec-23		% change in volume	% change in value
	Vol (m3)	Val(' 000 RM)	Vol (m3)	Val(' 000 RM)	NOV/DEC	NOV/DEC
Sabah						
Logs	7,099	2,726	15,893	4,275	124	57
Sawn Timber	247	410	378	707	53	72
Plywood	2,132	4,564	2,013	4,207	-6	-8
Veneer	167	472	171	488	2	3
Sarawak						
Logs	0	0	0	0	0	0
Sawn Timber	196	359	23	39	-88	-89
Plywood	1,005	1,177	1,130	1,241	12	5
Veneer	289	363	115	320	-60	-12

Source: Department of Statistics Malaysia

Tabulated: Malaysian Timber Industry Board

GERUTU (LIGHT HARDWOOD)



Wood Color and
Texture

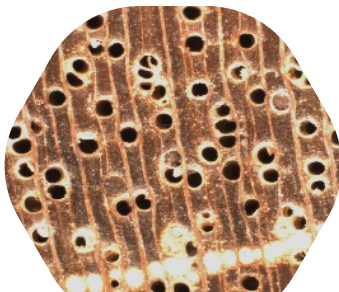
INTRODUCTION

The Standard Malaysian Name for the timber of the heavier species of *Parashorea* (Dipterocarpaceae). Vernacular names applied include gerutu (Peninsular Malaysia) with various epithets, heavy white seraya (Sabah), meranti gerutu (Peninsular Malaysia) and other localised names which are too numerous to be listed here. Major species include *P. densiflora*, *P. globosa* and *P. stellata* from Peninsular Malaysia, and *P. parvifolia* and *P. smythiesii* from Sabah and Sarawak.

Family: Dipterocarpaceae

Botanical Name: *Parashorea* spp. (Heavy species)

Distribution: Commonly found in the lowlands and hill dipterocarp forests.



Cross Section

GENERAL DESCRIPTION

Sapwood is whitish yellow and is moderately distinct from the heartwood, which is light golden brown and darkening to a deep brown on exposure.

Grain is interlocked.

Texture is moderately coarse but even.

Vessels are with simple perforations, medium-sized to very large, mostly moderately large; round to distinctly oval, very few to moderately few but usually few. They are evenly distributed but with a tendency to radial arrangement, predominantly solitary, but with some radial or oblique pairs and multiples of three, occasionally clustered. Tyloses are generally present.

Wood parenchyma is moderately abundant to abundant, vasicentric and tending to become aliform or confluent, the latter consisting of rather narrow layers that link up a few vessels tangentially, and as occasional layers containing intercellular canals.

Rays are very fine to moderately broad, visible to the naked eye on a tangential surface.

Preservative Treatment

The timber is difficult to treat with preservatives.

Natural Durability

From the standard graveyard test of untreated *P. stellata* carried out at the Forest Research Institute Malaysia (FRIM) based on test sticks with dimensions of 50 mm x 50 mm x 600 mm, it was observed that 60% of the test sticks were destroyed within the first year. Subsequently, in the second and third year, 70% and 90% of the test sticks were destroyed respectively. All the test sticks were destroyed in the fifth year of service (Jackson, 1965). Under such circumstances, gerutu is classified as not durable. In a later series of test, Dahlan & Tam (1986, in press) also reported that *P. stellata* gave an average service life of 1.9 years, thus confirming the results obtained by Jackson (1965). However, treated specimens of *P. stellata* gave an average service life of about 14 to 17.2 years, and about 14 years for *P. densiflora*.

Machining Properties

It is slightly difficult to saw but is fairly easy to cross-cut. Planing, boring and turning are easy and the planed surface is smooth.



Trunk



Leaf

Texture

Texture is moderately coarse and even, with interlocked grain.

Density

The timber is a Light Hardwood with a density of 640–880 kg/m³ air dried.

Air Drying

The timber seasons slowly with moderate end-checking and surface-checking and staining as the main sources of degrade. There are also slight splitting and insect attacks during drying. 13 mm thick boards take 4 months to air dry, while 38 mm thick boards take about 6 months.

Shrinkage

Shrinkage is high, with radial shrinkage averaging 1.8% and tangential shrinkage averaging 3.5%.

Strength Properties

The timber falls into Strength Group C (Engku, 1988b) or SG 5 (MS 544:Part

Uses

The timber is used in light to medium construction under cover, in panelling, mouldings, partitioning, flooring, staircase (apron lining, handrails, sprandrel framings and risers), joinery, cabinet making, furniture, railway sleepers, plywood, pallets (expendable type), packing boxes and crates as well as tool handles (non-impact purpose).

References

1. Burgess, P. F. 1966. *Timbers of Sabah. Sabah For. Rec. No. 6.*
2. Choo, K. T. & Lim, S. C. 1986. *Malaysian Timbers - Gerutu. Timber Trade Leaflet No. 101. The Malaysian Timber Industry Board and Forest Research Institute Malaysia, Kuala Lumpur. 8 pp.*
3. Dahlan b. Jantan & Tam, M. K. 1986. *Natural Durability of Some Malaysian Timbers by Stake Test. (in press).* Engku Abdul Rahman Chik. 1988b. *Basic and Grade Stresses for Strength Groups of Malaysian Timbers. Malayan Forest Service Trade Leaflet No. 38. The Malaysian Timber Industry Board and Forest Research Institute Malaysia, Kuala Lumpur. 13 pp.*

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2 JANUARY 2024



Visit from students of Ergonomics and Users, UPM to the Fiber and Biocomposite Centre (FIDEC) Banting, Selangor

4 JANUARY 2024



MTIB on a working Visit to Institut Kemahiran Mara (IKM) Alor Setar, Kedah

10 JANUARY 2024



Strategic Cooperation Discussion between IKEA Supply (M) Sdn. Bhd (ISMY) and MTIB at Menara PGRM.

11 JANUARY 2024



"Program Bicara Perkongsian Projek Pembangunan dan Penyelidikan (R&D) untuk Industri Perkayuan" at The Everly, Putrajaya

15-18 JANUARY 2024



"Kursus Suaikhas Aplikasi Epoxy dalam Pembuatan Perabot" at WISDEC Selangor.

29 JANUARY 2024



Working visit of Deputy Director General (Management and Operations) MTIB to Setiu Kiln Drying Plant, Terengganu