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MTIB



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- MTIB ENFORCEMENT STRATEGIC PLAN
2023 WORKSHOP
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FAMILIARISATION TOUR PROGRAM OF WOOD PLASTIC COMPOSITE TECHNOLOGY FOR CONSTRUCTION OF RUMAH FAST RAKYAT

Prepared by : DR LOH YUEH FENG

Fibre and Biocomposite Centre (FIDEC), MTIB organised a Familiarisation Tour programme entitled Wood Plastic Composite Technology for Construction of *Rumah* FAST Rakyat (FAST house) on 6 February 2024 at Perceptive Profile Sdn. Bhd., Ipoh. The event was attended by YB Datuk Larry Sng Wei Shien, Chairman of MTIB; YBrs. Ts. Dr. Mohd Nor Zamri bin Mat Amin, Director General of MTIB as well as Directors and Deputy Directors of all MTIB divisions.

This programme is an initiative to give exposure and encourage the use of biocomposite products that are green and environmentally friendly, especially in the domestic construction sector. The participants were taken on a tour to see the manufacturing and processing of wood plastic composite (WPC) products. They also had the opportunity to see a mock-up of a FAST house where the main building materials are made of WPC and metal reinforced WPC with Industrial Building System (IBS).

- F** = Friendly (Environment-friendly, user-friendly),
- A** = Affordable
- S** = System (IBS and Prefab)
- T** = Technology (Building materials and new construction methods).



Tour and discussion with Chairman and Director General MTIB in Mock Up FAST house



Briefing session by Perceptive Profile Sdn. Bhd. related to the WPC and FAST house project



Mr. Cheah from Perceptive Profile Sdn. Bhd. is explaining the prefabrication of WPC components in factory



MTIB delegates in front of the mock up FAST house

WPC is an alternative product to wood that is green and environmentally friendly, produced from two main materials, namely wood or natural fibre and plastic. The combination of these two materials forms a structure that resembles the natural wood and has a level of strength and structural support similar to hardwood. It even has advantages in terms of durability where it has resistance to moisture and termite attacks. Metal reinforced WPC, produced via a co-extrusion technique, is a building material for structural/load bearing applications in construction, such as in beams, columns and roof trusses. Consumers have started using WPC in order to preserve the environment, because it is made from recyclable materials, leaves less harmful waste and is a by-product of the wood industry.

The project is a research collaboration between FIDEC, Perceptive Profile Sdn. Bhd. and Universiti Putra Malaysia (UPM). One showcase unit of this FAST house will be constructed in a flood affected area by the end of 2024.





INDONESIA

FURNITURE AND CRAFT INDUSTRIES NEED ADVANCED TECHNOLOGIES

Competition in international markets for furniture and handicraft industries is getting tougher as Viet Nam and Malaysia strive to expand market share. The Chairman of the Indonesian Furniture and Crafts Industry Association (HIMKI), Abdul Sobur, stated that given the state of the global economy it is very important to improve the competitiveness of the national handicraft and furniture industries.

According to him, one of the things that must be done to improve competitiveness of the national furniture and handicraft industry is adoption of advanced technologies. The HIMKI has asked the Ministry of Industry to provide subsidies for the rejuvenation of technologies in the furniture and handicraft industry in the country.

The HIMKI is optimistic that the wood processing industry can grow by 5% to 6% this year even though several main export markets such as the UK and Japan are facing economic downturns. Abdul Sobur, said that his Association has developed strategies to realise market growth and one aspect is exploring exports to non-traditional markets.

Japan and the UK have been one of the main markets for furniture and craft although the market share for furniture exports to the United States is larger. Statistics Indonesia (BPS) noted that the value of furniture exports (HS 94) to Japan decreased from USD174.71 million in 2022 to USD141.15 in 2023. Meanwhile, furniture exports to England also decreased from USD58.34 million in 2022 to USD45.76 million last year.

<https://www.itto.int/>, 21 February 2024




VIETNAM

TARGET AT USD16 BILLION IN 2024

Viet Nam has targeted earning USD16 billion from the export of wood and wood products this year given the prospects in certain markets according the Ministry of Agriculture and Rural Development (MARD).

Viet Nam's key markets include China, the US, Japan, South Korea, and the EU. In the first month of this year wood and wood product exports to Europe saw positive growth. Those to the Netherlands fetched USD9.2 million, up 5% against December and almost double that in January 2023.

Wood exporters remain concerned about rising transportation costs as tensions in the Red Sea forced shipping lines to divert vessels to ensure safety. Transportation costs to the EU and the US have, however, begun to ease over the past few weeks. Chairman of the Viet Nam Timber Forestry Products (VIFOREST), Do Xuan Lap, said transportation costs for a 40-foot container from Viet Nam to the EU have come down to USD3,786.

<https://vneconomy.vn/>, 26 February 2024



CHINA

LOG IMPORT VOLUMES AND PRICES OVERVIEW

China Customs data shows log imports in 2023 totalled 38.03 million cubic metres valued at USD6.383 billion, a decline of 13% in volume and % in value year on year. The average price for imported logs was USD168 (CIF) per cubic metre, down 14% on 2022 levels.

Of total log imports in 2023, softwood log imports fell 10% to 28.1 million cubic meters, accounting for 74% of the national total, up 3% percentage points from 2022. The average price for imported softwood logs was USD134 (CIF) per cubic metre, down 16% on 2022. Hardwood log imports in 2023 declined 20% to 9.93 million cubic meters (26% of the national total log imports). The average price for imported hardwood logs in 2023 was USD264 (CIF) per cubic meter, down 7% on 2022.

Of total hardwood log imports, tropical log imports were 5.71 million cubic meters valued at USD1.516 billion, down 8% in volume and down 19% in value from 2022 and accounted for 15% of the national total import volume in 2023. The average price for tropical logs imports in 2023 was USD265 (CIF) per cubic meter, down 12% on 2022 levels.

The volume of log imports from Germany and Russia in 2023 declined sharply, dropping 40% and 27% year on year to 3.59 million cubic meters and 1.61 million cubic meters respectively. These declines were the main reason for the overall decline in log imports in 2023.

New Zealand was, once again, the top supplier of logs to China in 2023 accounting for 47% of the national total, up 6% from 2022.

China's log imports from New Zealand reached almost 18 million cubic metres valued at USD2.209 billion, up 2% in volume but down 18% in value, year on year. The average price for imported logs from New Zealand was USD123 (CIF) per cubic metre, down 19% on 2022 levels.

Germany ranked second for log imports to China in 2023 making up 9% of the national total, down 5% from 2022. China's log imports from Germany reached 3.3 million cubic metres valued at USD576 million, down 40% in volume and 44% in value, year on year. The average price for imported logs from Germany was USD160 (CIF) per cubic metre, down 7% on 2022 level.

China's log imports from Japan and Poland rose respectively 26% and 106% year on year to 1.41 million cubic metres and 1.11 million cubic metres in 2023. The average price for imported logs from Japan and Poland was USD120 (CIF) per cubic metre and USD151 (CIF) per cubic metre, down 20% and 10% on 2022 levels. Nearly 100% of China's log imports from Japan and Poland in 2023 were softwood logs.

Japan's log exports to China are on the rise and one end use for some of these imported logs is the manufacture of coffins. China's Cao County in Shandong Province has a virtual monopoly in

the production of coffins from milled Japanese logs. Coffins produced in Cao County account for around 90% the coffins shipped to Japan. The wood processing industry in Caodian County has a good future and the annual output from wood processing reached around RMB50 billion in 2023.

Hardwood log imports in 2023 fell 20% to 9.926 million cubic metres (26% of the national total log imports). PNG was the largest supplier of hardwood logs to China in 2023. China's hardwood log imports from PNG fell 3% to 2.268 million cubic metres valued at USD483 million, down 12% year on year. The average CIF price for hardwood log imports from PNG in 2023 fell 9% compared to levels in on 2022.

China's hardwood log imports from Russia were 1.613 million cubic metres valued at USD197 million, down 24% in both volume and in value in 2023. The average CIF price for hardwood logs from Russia fell 1%.

Over 60% of the national total log imports are from four countries, namely PNG (23%), Russia (16%), Solomon Islands (15%) and USA (8%).

China's hardwood log imports from the US declined by 7% year on year in 2023 to 781,000 cubic metres valued at USD444 million, down 4% on 2022. China's hardwood log imports from Brazil, France and Germany dropped 50%, 40% and 16% respectively.

<https://www.timberindustrynews.com/>, 28 February 2024



GERMAN

IMPLEMENTATION OF THE EUDR IS CURRENTLY IMPOSSIBLE

After the completion of the test phase for the implementation of the EU Deforestation Regulation (EUDR) last week and the renewed postponement of the vote on the EU Supply Chain Directive, the German Sawmill and Wood Industry Association (DeSH) reiterates its criticism of the projects and warns of distortions for the forest and wood industry.

During the company's test run, not only the legal but also technical gaps became clear and showed that it is currently not possible to implement the EUDR in practice, says DeSH. The association appeals to politicians to create the necessary conditions to ensure legally secure and practical implementation within a reasonable period of time.

"The test run in the participating companies in the sawmill and wood industry clearly showed that the implementation of the EUDR is currently not possible in practice," comments DeSH managing director Julia Möbus. "In addition to the lack of technical requirements, there are still open questions regarding the content requirements and the disproportionate bureaucratic effort threatens to lead to significant distortions along the entire value chain. We therefore appeal to politicians to take the industry's feedback and concerns seriously and to create the necessary conditions to ensure legally secure and practical implementation within a sufficient time frame."

With the introduction of the EUDR, the forestry and timber industry in Germany and Europe will also be affected by extensive verification and documentation obligations in the future, says DeSH. "We expressly support the EUDR's goal of counteracting global deforestation. However, we urgently urge a differentiated and, above all, practical implementation of the requirements in order to avoid negative effects on the climate protection potential of forests and wood," said Möbus.

Since there are still many unanswered questions about implementation in practice, companies are extremely unsettled: "In the current economic situation, the lack of legal certainty and unclear framework conditions are putting an additional burden on the economy. It is therefore urgently necessary to revise the deadline and requirements of the EUDR in such a way that the requirements for the domestic value chain are relaxed and can be implemented in a legally secure manner in order to avoid unnecessary bureaucracy," Möbus concludes.

<https://www.globalwoodmarketsinfo.com/>, 15 February 2024



UNITED KINGDOM

TIMBER IMPORTS ON SECOND HALF OF 2023

UK timber import statistics for November 2023 show the market continued to improve in 2023, relative to 2022, with total import volumes for the full year likely to be only slightly behind 2022's figures.

Import volumes in the month of November 2023 were 0.9% higher than in November 2022. The deficit in the cumulative annual volume of the deficit in the cumulative annual volume of the UK's timber and panel imports after 11 months of 2023, compared to the same period in 2022, reduced once again to stand at around 117,000 cubic metres – down from 123,000 cubic metres last month. This cumulative reduction in volume of all imports in 2023 to November over 2022 was 1.3%.

This is a significant improvement on earlier in the year, as during the spring import volumes were on track to be the lowest since 2013, but imports during the second half of the year allayed any fear of this being the case. The loss in volume peaked at 384,000 cubic metres in May 2023 and has reduced each month since to stand at 117,000 cubic metres, or just 1.3%, below 2022.

The 0.9% growth in the month of November completed six months of consecutive growth of the combined volume of the main timber, panels and engineered wood products imported by the UK. This better second-half performance has been realised largely through higher softwood, hardwood plywood, OSB and MDF imports. Solid wood imports over the first 11 months of 2023 remain less than 1% lower than over the same period in 2022, with imports of panel products around 3% lower.

Timber Development UK (TDUK) Head of Technical and Trade, Nick Boulton, said: "It's encouraging to see main timber import volumes have now seen six months of consecutive growth in the second half of 2023, with statistics for the year just 1.3% below 2022 levels. "This supports our belief – and the CPA forecasts – that while the market may be challenging for the coming

months, particularly in the core newbuild housing and RMI sectors, better times lie ahead.

"The industry is expected to see recovery begin in 2025 post-General Election, and we look forward to learning how the different political parties plan to support the move towards timber as a core low-carbon building material, as has already been set out in the Government's Timber in Construction Roadmap."

<https://www.furnitureproduction.net/>, 6 February 2024



AUSTRALIA

HARDWOOD IMPORTS RISE

The news that US hardwood timber exports to Australia increased by 22% in 2023 with nearly 9000 cubic metres of red oak coming into the country should not come as a surprise to anyone.

The end to native timber harvesting in Victoria and Western Australia has certainly had a massive flow-on effect. In Victoria alone, Australian Sustainable Hardwoods 30, 40-foot containers carrying American hardwood from the country's north-east arrives in Heyfield.

In 2017, ASH lost half its Vic Ash volume, which gradually diminished further to only 3% of its supply in 2023. The Victorian situation has certainly amplified the significance of imported hardwood in Australia's timber market.

With restrictions on native timber, the demand for imported hardwood has surged, leading to a complex interplay of economic, environmental, and social factors.

Conversely, Western Australia has continued with some native timber logging, albeit with stringent regulations aimed at sustainable forestry practices.

While the WA State Government has implemented measures to promote sustainable forestry practices, questions remain about the long-term viability of native timber logging in the face of environmental concerns and shifting consumer preferences towards sustainability.

The American Hardwood Export Council says that while it does not have data available linking the

end of native timber harvesting in Victoria and WA to the boost in exports to Australia, "we think that is a factor that has contributed to the increase in demand".

The importation of hardwood from the United States into Australia has obviously become a significant component of the timber industry. The demand for hardwood remains robust in various sectors, including construction, furniture manufacturing, and crafting. While Australia possesses its own native hardwood species, the allure of imported hardwood lies in its diverse range, quality, and sometimes lower cost.

However, the reliance on imported hardwood has sparked debates regarding its environmental implications. Critics argue that the transportation of hardwood across oceans contributes to carbon emissions and exacerbates climate change. Moreover, concerns have been raised regarding the sustainability practices in the source countries. Despite certification systems like the Forest Stewardship Council (FSC), ensuring sustainable logging practices, questions linger about the actual enforcement and efficacy of such measures.

Advocates of the ban argue that it encourages the exploration of sustainable alternatives, such as plantation-grown timber or innovative materials like bamboo. They contend that the ban serves as a pivotal step towards fostering a more sustainable and resilient timber industry, aligned with Australia's commitments to combat climate change and preserve its natural heritage.

However, critics argue that the ban merely shifts the environmental burden elsewhere, without addressing the underlying issues of consumption and resource management. They emphasize the need for comprehensive policies that tackle both the demand and supply sides of the timber industry, promoting responsible consumption while supporting sustainable forestry practices domestically and abroad.

In navigating this complex landscape, policymakers, industry stakeholders, and environmental advocates must strive to strike a balance between economic interests, environmental conservation, and social welfare. Collaborative efforts towards promoting sustainable practices, investing in research and development, and fostering community engagement are essential to steer the timber industry towards a more sustainable and equitable future, both in Australia and globally.

<https://www.timberbiz.com.au/>, 23 February 2024



NORTH AMERICA

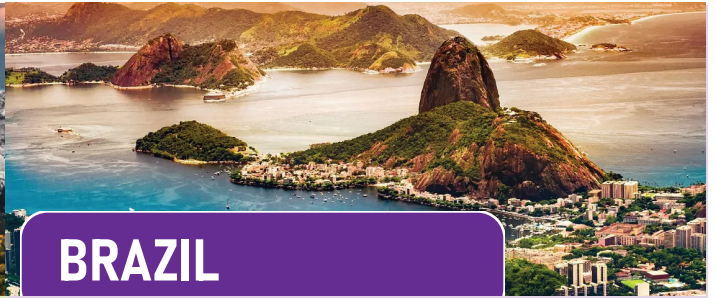
HOUSING STARTS DROP SINCE 2020

Construction of new US homes fell 14.8% in January on a sharp decline in multi-family construction while single-family production showed signs of improvement. Housing starts fell to a 1.33 million annual pace from 1.56 million in December, the lowest level since August 2023. The drop in January was the sharpest since April 2020, during the coronavirus pandemic, when starts fell by nearly 27%. Not including that pandemic drop, housing starts fell by the most since 2015. The only region where builders increased construction was the Northeast, where single-family starts rose 26.7%. Every other region posted a drop in January. While builders scaled back construction of new single-family homes by 4.7% in January, multi-family construction took a much sharper dive as construction of apartments fell 35.8%.

"We suspect the multi-family sector will continue to be a drag on new development this year, given the huge number of multi-family units already under construction," Thomas Ryan, property economist at Capital Economics, said. Building permits, a sign of future construction, fell 9% for apartments in January, while permits for single-family homes rose 1.6%.

In a recent survey of builders in January, builders were upbeat about future sales of new homes and optimistic about demand, as they expect interest rates to fall through the rest of the year. New home construction in Canada fell by 10% in January compared to December, as fewer multi-unit urban homes, such as townhouses, were built, according to the country's national housing agency. The Canada Mortgage and Housing Corporation reported that housing starts came in at 223,589 units in January, down 25,379 from December. Many economists had predicted there would be an increase.

<https://www.census.gov/>, 16 February 2024



BRAZIL

FURNITURE EXPORTS PROMOTING DIFFERENTIATION AND DESIGN

In 2023 the Brazilian furniture industry faced tough challenges as reflected in export earnings which fell by 11% compared to 2022 (USD735.3 million compared to the USD830.7 million in 2022). Global economic instability has had an impact on exports, particularly a decline in demand from the United States which accounted for 32% of total furniture exports in 2023.

Despite this, the sector's trade balance remained positive with a surplus of more than USD500.9 million. Market diversification strategies and participation in international events, such as the ICFF (International Contemporary Furniture Fair) in New York, are planned to boost exports in 2024. Although the national furniture sector faced challenges in 2023 it plans innovative strategies for 2024 that differentiate Brazilian products with the aim of increasing international competitiveness.

Brazil, renowned for producing quality furniture, is aiming for long-term growth in exports and promotes the high level of differentiation and design rather than just competing on price. The New Year has brought some optimism but export projections depend on the economies in target markets and specifically inflation control in the furniture production chain and the global geopolitical situation which have a direct impact on international commodity prices.

<http://abimovel.com/>, 15 February 2024





MTIB ENFORCEMENT STRATEGIC PLAN 2025 – 2030 WORKSHOP

Prepared by : ROHAIZA ABDUL KADIR ZAILANI

Based on Act 105, the Licensing and Inspectorate Division, MTIB plays a crucial role in enforcing import and export regulations and issuing the licenses, permits, and legality certificates needed to conduct business in the timber sector. Act 105 has adequately empowered MTIB to act as an enforcement body, constantly striving to guarantee that the industry complies with the laws that are in place, including the constantly changing requirements for international trade.

Thus, the MTIB Enforcement Strategic Plan 2025-2030 Workshop, was held on 21-23 February 2024. The purpose of this workshop was to develop a framework for MTIB Enforcement Strategic Plan 2025-2030. The strategic plan is a comprehensive and methodical programme aimed to enhance MTIB enforcement. The workshop addressed the problems and obstacles encountered during the enforcement process, parallel to the changes and evolution of the global timber trade. Additionally, the development of the strategic plan incorporates legislation and enforcement policies is in accordance with the MTIB Corporate Strategic Plan 2021-2025. Encik Mohd Nor Hasyimi bin Adam, Senior Assistant Director of Customs I, from Royal Malaysian Customs was invited to give an insight regarding the Customs Enforcement Strategic Plan.

The workshop was officiated by Encik Saiful Bahri bin Salleh, Deputy Director General (Management & Operations) at Colmar Tropicale Hotel in Bukit Tinggi, Pahang. He conveyed words of encouragement to the enforcement officers and expressed hopes that the MTIB enforcement team will continue to succeed. A total of 28 participants including the Director and Senior Deputy Director of Licensing and Inspectorate, as well as heads and representatives from the East, South, Central, and North MTIB regional offices attended this workshop.

JANUARY 2024

Malaysian timber and timber product exports in January 2024 decreased by 2% in value totalled at RM2.0 billion from RM2.04 billion in the previous month, December 2023. However, compared to year-on-year performance, export increased by 34% from RM1.5 billion in January 2023.

According to Global Wood Market Info, global timber prices have fallen by 10% in the world market, mainly due to supply of wood exceeding demand and persistently high interest rates that have significantly slowed down house building activities. The further recovery of timber prices that all market observers were expecting failed to materialise and even made an opposite turn. A key reason for the price slide is that timber production in North America continues to outpace supply, analysts say.

SAWNTIMBER

The total export of sawntimber in January 2024 increased by 33% in volume but decreased 27% in value to 133,399 m³ totalling at RM157.5 million as compared to the previous month. Meanwhile, cumulative exports for January 2024 increased by 118% in volume and 13% in value to 133.4 thousand m³ totalling at RM157.5 million over the previous corresponding period.

In Europe, exports to the UK decreased by 67% to 431 m³ from 1,302 m³ in the previous month. In the EU region, exports for the month were recorded at 3,620 m³, decreased by 16% as compared to 4,304 m³ in the previous month. The Netherlands as the main buyer also decreased import by 34% to 1,307 m³ from 1,975 m³ in the previous month. Meanwhile, export to Belgium and France increased by 9% and 6% to 804 m³ and 464 m³ respectively from 741 m³ and 439 m³ as recorded in the previous month.

Total export to South Asia decreased by 9% to 11,710 m³ from 12,880 m³ as recorded in the previous month. India as the main buyer from South Asia increased import by 19% to 7,949 m³ from 6,669 m³ as recorded in the previous month. Meanwhile, exports to Maldives decreased by 15% to 1,775 m³ followed by Sri Lanka with a decrease of 58%.

Total export to West Asia also decreased by 10% to 19,595 m³ from 21,879 m³ as recorded in the previous month. The UAE increased their exports

by 35% to 6,424 m³ from 4,777 m³ as recorded last month. Export to Oman also increased by 279% to 4,868 m³ compared to 1,284 m³ in the previous month whilst Iraq showed a slight decrease in buying with 2,407 m³.

Similarly, shipments to East Asia increased by 131% to 72,168 m³ from 31,240 m³ in December 2023. China as the main buyer increased purchases by 236% to 64,542 m³ from 19,214 m³ in the previous month. However, exports to Taiwan decreased by 58% to 3,409 m³ from 8,042 m³ last month followed by Japan with a slight increase at 2,425 m³.

Buying from ASEAN decreased by 5% to 21,286 m³ from 22,303 m³ as registered in the previous month. Thailand as the main buyer in ASEAN increased its intake by 14% to 8,085 m³ from 7,115 m³ as recorded in the previous month. Meanwhile, exports of sawntimber to the Philippines decreased by 53% to 4,230 m³ whilst Singapore increased buying by 52% to 8,153 m³ from 5,362 m³ last month.

Moving to the Africa region, imports decreased by 46% to 2,109 m³ compared to 3,918 m³ in the previous month. Demand from South Africa also decreased by 53% to 1,654 m³ from 3,501 m³ in the previous month. However, Mauritius increased buying by 38% to 455 m³ from 330 m³ in the previous month.

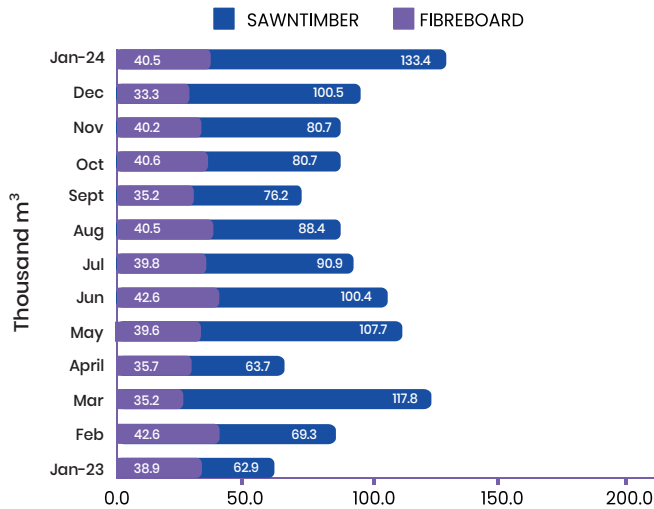
Export to the North America region decreased by 34% to 1,356 m³ from 2,050 m³ in the previous month. The USA as the major buyer decreased its intake by 31% to 1,285 m³ from 1,873 m³ followed by Canada with a decrease of 60% to 71 m³ from 177 m³ in the previous month.

Export to the Oceania/Pacific region increased by 66% to 1,058 m³ from 639 m³ in the previous month. Australia also increased its intake by 62% to 1,037 m³ from 639 m³ in the previous month.

The average FOB price of sawntimber decreased by 45% to 1,181 per m³ from 2,151 per m³ in the previous month. The price of Dark Red Meranti to the Netherlands increased by 6% to 3,795 per m³ from 3,569 per m³ in the previous month. Keruing was traded at 2,622 per m³, a decrease of 35% from 4,051 per m³ in the previous month.

The euro area economy stagnated at the end of 2023 amid tight financing conditions, subdued confidence, and past competitiveness losses. Incoming information suggests a slower recovery in the short run than was foreseen in the December 2023 projections. Nevertheless, economic growth is projected to gradually pick

Malaysia: Export of Sawntimber and MDF
Jan 2023 – Jan 2024



up during this year as real disposable income rises, amid declining inflation and robust wage growth, and as the terms of trade improve. With the current shipping disruptions in the Red Sea unlikely to cause significant renewed supply constraints, export growth is expected to catch up with strengthening foreign demand. Medium-term recovery is seen to also be supported by the gradual fading of the impact from the ECB's monetary policy tightening. Overall, annual average real GDP growth is expected to be 0.6% in 2024, and to strengthen to 1.5% in 2025 and 1.6% in 2026. Compared to the December 2023 projections, the outlook for GDP growth has been revised down for 2024, owing to carry-over effects from past negative data surprises and weaker incoming forward-looking information.

PLYWOOD

Export of plywood in January 2024 recorded an increase of 245% in volume at 322,680 m³ and 7% increase in value at RM228.7 million as compared to the previous month. The cumulative exports for the period of January 2024 also showed an improvement of 381% in volume to 322,680 m³ and 37% in value totalling at RM228.7 million over the previous corresponding period.

In Europe, exports recorded a decrease of 47% to 4,011 m³ from 7,631 m³ in the previous month. UK and Türkiye reduced their buying by 26% to 3,922 m³ and 96% to 89 m³ respectively. The EU region recorded a decrease of 94% from 578 m³ to 33 m³ with purchases from the Netherlands.

Moving to the East Asia market, import volume increased by 13% to 69,515 m³ from 61,570 m³ in December last year. Japan as the largest

importer in the region increased its buying by 17% to 56,873 m³ from 48,487 m³, followed by the Republic of Korea with an increase of 41% to 7,557 m³. Taiwan reduced import by 41% to 3,977 m³.

In the ASEAN region, imports decreased by 4% from 4,907 m³ to 4,727 m³. Plywood export to Thailand dropped by 26% to 1,614 m³ while Singapore and the Philippines increased buying by 1% to 1,789 m³ and 10% to 536 m³ each.

In the South Asia region, plywood purchases increased by 37% from 1,652 m³ to 2,257 m³. India increased its import by 40% to 2,174 m³ while Maldives decreased import by 32% to 44 m³. Pakistan resumed its purchase with 39 m³. The West Asia region also recorded increased buying by 33% to 4,016 m³ from 3,017 m³ in the previous month. Import performance in Yemen increased by 881% to 2,794 m³. However, the UAE and Oman decreased their purchases by 42% to 463 m³ and 61% to 374m³ each.

In the Africa region, purchases increased by 276% from 152 m³ to 572 m³. South Africa reduced its buying by 61% to 60 m³ while Somalia resumed its purchase with 512 m³. Meanwhile in the North America region, there was a significant increase in imports – 1842% from 12,087 m³ to 234,730 m³. The US as the main buyer increased purchases by 2463% to 233,592 m³, followed by Canada with an increase of 40% to 124 m³. Meanwhile, Mexico decreased its buying by 65% to 1,014m³. Likewise, plywood export to the Oceania/Pacific region recorded an increase of 46% to 2,819 m³ from 1,929 m³. New Zealand reduced buying by 71% to 41 m³ while Australia increased buying by 57% to 2,756 m³. French Polynesia resumed its buying with 21 m³.

The FOB price of plywood for January 2024 was at RM709 per m³, a decrease of 69% from RM2,286 per m³ from the previous month.

After increasing by more than 20% in 2023, spending on non-residential buildings will see a much more modest 4% increase in 2024, at a pace that will slow to just over 1% growth in 2025. Spending on commercial facilities will be flat in 2024 and 2025, and institutional construction will see mid-single digit gains for this year and next year. These are key conclusions from the AIA Consensus Construction Forecast panellists, a group comprised of the leading construction forecasters from the US. Recently enacted federal programmes provided some of the latest boosts to construction spending on buildings. The CHIPS and Science Act, enacted in August 2022 has boosted manufacturing spending by providing funding to high tech hubs and semiconductor manufacturing. The Inflation Adjustment Act also enacted in August 2022 has provided funding for

the electrification of homes as well as financial incentives for energy-efficient commercial reconstruction and building in USA. Finally, the Infrastructure Investment and Jobs Act enacted in November 2021 provides funding for traditional infrastructure, which eventually will encourage more building construction in conjunction with these infrastructure investments.

veneer

Export of veneer for January 2024 decreased in volume by 27% to 2,597 m³ but recorded an increase in value of 5% worth RM6.8 million as compared to the previous month. The cumulative exports for January 2024 showed an increase in volume of 38% to 2,597 m³ and 82% in value to RM6.8 million over the previous corresponding period.

ASEAN recorded a four-digit increment in veneer import by 9268% from 3 m³ to 281 m³. Singapore added up the import by 18% to 4 m³ while the Philippines resumed its buying with 278 m³. In East Asia, exports decreased by 37% from 2,878 m³ to 1,802 m³. Taiwan and China reduced their purchases by 36% to 1,140 m³ and 52% to 383 m³ respectively. Meanwhile, the Republic of Korea increased imports by 99% to 245 m³ from 123 m³.

Similarly, the South Asia region recorded a decrease in import performance of 56% to 210 m³ from 474 m³ in the previous month. Veneer purchases by India decreased by 59% to 180 m³ and Bangladesh purchased 29 m³.

Moving to North America, veneer import recorded an increase of 268% from 25 m³ to 92 m³. The US improved its purchases by 160% to 65 m³ while Canada resumed its purchase with 27 m³. Likewise, the Oceania/Pacific region also increased their purchases by 302% to 193 m³ from 48 m³ with the purchases being from Australia. However, South Africa also dropped imports by 88% from 122 m³ to 15 m³.

The average FOB price for veneer increased by 44% from RM1,830 per m³ to RM2,628 per m³ as compared to the previous month.

The construction industry in the Philippines expanded by 8.5% in 2023 supported by the government's focus on the development of the infrastructure and energy sectors. As part of the 2023 State Budget, around PHP5 trillion (USD89.4 billion) was allocated across all economic sectors by August 2023, equivalent to 95% of the total allocation. The construction industry is expected to record growth in 2024, registering an

annual growth of 7% supported by budgetary allocations as part of the 2024 Budget and a continued rise in the value of loans credit by the Philippines banking system for the implementation of construction activities.

MEDIUM DENSITY FIBREBOARD (MDF)

Export of MDF in January 2024 recorded 22% increase in volume at 40,533 m³ and 26% increase in value at RM76 million compared to the previous month. Similarly, cumulative exports for the period of January 2024 recorded an increase of 4% in volume to 40,533 m³ and 6% in value totalling at RM71.4 million as compared to the corresponding period in 2023.

Export to ASEAN increased by 123% from 2,589 m³ to 5,780 m³ in the previous month. The Philippines and Indonesia improved their imports by 254% and 165% to 3,594 m³ and 1,218 m³ respectively. Meanwhile, Viet Nam reduced buying by 35% to 586 m³ from 907 m³ in the previous month.

Elsewhere, East Asia improved MDF purchase by 3% from 12,465 m³ to 12,835 m³ in the previous month. MDF sales in Japan, Taiwan and the Republic of Korea recorded an increase of 3%, 8% and 167% to 12,174 m³, 349 m³ and 311 m³ each. Moving to the South Asia market, export increased by 34% to 6,288 m³ from 4,680 m³. Export performance to India and Sri Lanka rose by 132% to 3,268 m³ and 3843% to 707 m³ while Pakistan decreased its imports by 36% to 2,077 m³.

Export to the West Asia region recorded a decrease of 23% from 9,227 m³ to 7,056 m³ compared to previous month. The UAE reduced sales performance by 66% to 2,171 m³ but Oman increased import by 19% to 1,669 m³. Meanwhile, Yemen resumed its purchase with 3,147 m³. In Europe, France and Turkiye resumed their import with 4 m³ and 29 m³ each. Exports to the United Kingdom reduced by 83% from 128 m³ to 22 m³.

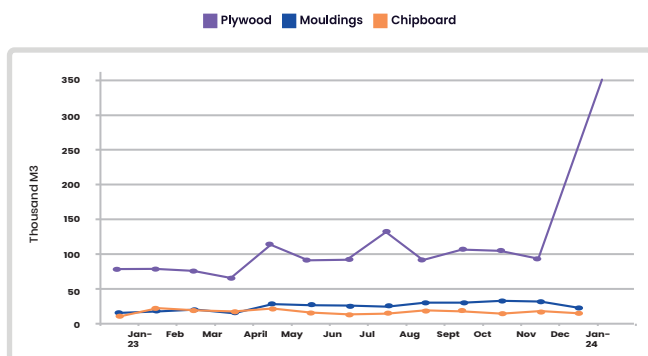
Export to the Oceania/Pacific region increased by 26% to 2,428 m³ from 1,928 m³. Australia and New Zealand added up their MDF purchases by 26% to 2,401 m³ and 13% to 24 m³ each. Meanwhile, Fiji resumed its buying with 3 m³.

MDF import in North America also showed an improvement of 264% from 1,619 m³ to 5,890 m³ compared to previous month. MDF purchases by the US and Mexico rose by 337% and 716% to 5,012 m³ and 522 m³ respectively. Meanwhile, Canada reduced purchases by 13% to 355 m³. In South

Africa, import decreased by 69% from 510 m³ to 158 m³. Likewise, export to Guatemala in Central America also reduced by 66% to 45 m³.

The FOB price of MDF increased by 4% to RM1,875 per m³ from RM1,808 per m³ in the previous month.

**Malaysia: Export of Major Timber Product
Jan 2023 – Jan 2024**



Based on an official report published by Central Bank of Sri Lanka, the Purchasing Managers' Index for Construction (PMI – Construction) indicates an expansion in construction activities in January 2024, as reflected by the Total Activity Index, which recorded an index value of 52.9. This marks the first time that the index exceeded the neutral threshold since January 2022. Many respondents stated that new construction work is gradually becoming available, while some suspended projects also recommenced on a limited scale during the month. New Orders increased in January compared to the previous month. Most of the respondents noted that, at the moment, the availability of both foreign-funded projects and privately funded local projects is higher. However, employment continued to contract, yet at a slower rate in January. Meanwhile, Quantity of Purchases rebounded during the month in line with the increase in Total Activity and New Orders. Nevertheless, increases in material prices were widely highlighted, mainly due to the impact of the amendments made to the Value Added Tax. Suppliers' Delivery Time remained lengthened during the month.

MOULDINGS

Export of mouldings decreased in volume by 27% to 23,167 m³ but increased in value by 16% worth RM83.2 million for the month of January.

Meanwhile, export of mouldings both increased 49% in volume from 15,582 m³ to 23,167 m³ and 20% in value from RM69.4 million to RM83.2 million year-on-year.

Export volume to ASEAN dropped by 45% to 621 m³ for the month from 1,121 m³ in December 2023. Singapore as the largest buyer in the region reduced its intake by 65% to 362 m³. Conversely, export to Viet Nam grew by 122% to 190 m³ while the Philippines resumed its intake with 54 m³. Likewise, export to the East Asia region also fell by 34% to 2,333 m³ for the month. Japan decreased its buying by 30% to 1,364 m³ from 1,945 m³ in the previous month. Similarly, both South Korea and China also reduced intake by 42% to 538 m³ and by 19% to 370 m³ respectively.

Moving to South Asia countries, export to Maldives recorded a 29% decrease in volume to 128 m³ while India increased its demand by 157% to 257 m³ for the month. Shifting to the West Asian region, the UAE decreased its intake by 56% to 20 m³ in the month of January 2024.

In Europe, the UK and Türkiye both recorded a decrease in intake by 71% to 336 m³ and by 86% to 40 m³ respectively. Export to the EU bloc for the month was recorded at 3,934 m³, a decrease of 56% over 8,994 m³ in the previous month. The Netherlands and Germany reduced buying by 66% to 1,814 m³ and 43% to 492 m³ respectively. However, France increased its purchase by 11% to 858 m³.

Being the largest buying region for mouldings, the North America region reduced purchases by 3% to 12,712 m³ from 13,058 m³ in the previous month, December 2023. The USA as the largest buyer in the region reduced its import by 5% to 12,343 m³ from 12,986 m³ in December 2023. Canada increased buying by 140% to 96 m³ while Guadeloupe resumed its intake with 273 m³.

Meanwhile, in the Oceania/Pacific region, export to Australia dropped by 24% to 2,230 m³. New Zealand and Guam resumed their intakes with 32 m³ and 17 m³ respectively. Elsewhere in the Africa region, South Africa and Mauritius expanded their buying by 11% to 144 m³ and 147% to 361 m³ for the month.

Average FOB unit value for mouldings increased by 59% to RM3,591 per m³ compared to RM2,257 per m³ in the previous month.

According to Currie & Brown (global provider of cost management, project management and advisory services) in its report "UK construction market outlook" published in April 2024, global growth is expected to be around 3% per annum for the next two years. This is a broadly positive outlook but does fall below the long-term average of 3.8%. EU growth is likely to be subdued, partly due to the regions' exposure to the ongoing conflict in Ukraine. Regions predicted to have

above average growth rates include China – based on possible government investment to support its floundering real estate sector; India – which should see growth of around 6.5% per annum through 2025; and MENA – in particular Saudi Arabia, which is in the middle of a major development pipeline to 2030. Much of this remains subject to risk of geo-political and weather shocks. Events in the Red Sea, and the prospects of wider Middle East conflict, will have an immediate ripple effect on resource availability, supply chains and freight and commodity prices, especially for European markets. UK's construction growth remains weak in 2024, before picking up in 2025 until 2027. Whilst falling inflation affords some relief on project costs, stifled growth and high government debt are creating headwinds. UK's data in new orders indicated that construction output will decline in 2024 before recovering in 2025 until 2027. Meanwhile, the price for material continues to ease and any rise is likely to be modest throughout 2024 and 2025. China has a significant impact on global supply markets and global market remains highly susceptible to geopolitical shocks.

BUILDERS JOINERY AND CARPENTRY (BJC)

Export of BJC for January 2024 grew by 20% in volume and 14% in value to 11.7 million kg worth RM111.8 million from last month, December 2023. Similarly, when compared year-on-year, export of BJC for the month recorded an increase of 36% and 26% in volume and value from 8.6 million kg worth RM89.1 million in January 2023.

Demand from the ASEAN region increased by 70% to RM11.8 million with Singapore as the highest buyer increasing its intake by 15% worth RM6.2 million, followed by Viet Nam with export multiplied significantly by a four-digit percent change worth RM3.1 million. Export to Thailand also grew by 72% to RM1.9 million for January 2024.

Meanwhile, export to East Asia countries expanded by 96% to RM9.7 million over RM5.0 million in the corresponding period in 2023. Japan was recorded as the highest buyer with an increase in intake by 110% to RM8.0 million while China and Taiwan multiplied its buying by 92% to RM0.6 million and 90% worth RM0.8 million respectively.

Intake from South Asia countries increased by 43% to RM5.3 million with India as the largest buyer expanding its buying by 71% to RM3.6

million. However, Bangladesh reduced intake by 79% to RM0.2 million while Sri Lanka resumed demand with RM1.3 million for the mentioned period, January 2024.

Moving on the West Asia countries, the UAE recorded a decrease of 51% to RM0.3 million from RM0.7 million over the same cumulative period in 2023. Saudi Arabia and Kuwait resumed their buying with RM76,239 and RM7,093 respectively.

In Europe, export to the UK decreased by 9% to RM9.2 million from RM10.1 million. However, export to Norway declined by 36% to RM0.9 million while Türkiye resumed its intake with RM0.4 million. Moving on to the European Union bloc, export of BJC increased by 20% worth RM24.9 million from RM20.9 million in the same corresponding period in 2023. Exports to the Netherlands and Belgium increased by 336% and 77% both worth RM9.1 million while purchases from Sweden reduced by 68% to RM2.0 million.

As the largest buyer of BJC for the period of January 2024, demand from the North America region was worth RM24.2 million, an increase of 36% from RM17.8 million in the same period in 2023. Export to the USA increased by 47% to RM23.7 million from RM16.1 million in the same period in 2023. Export to Canada exploded significantly to RM0.5 million from only RM124 in its corresponding period in January 2023.

Shifting to the Oceania/Pacific region, exports grew by 14% to RM24.7 million with Australia as the largest buyer also recording an increase in intake by 19% to RM22.1 million. Export to New Zealand was down by 4% to RM2.3 million, followed by Western Samoa with export down by 12% worth RM0.2 million for the stated month of January 2024. Elsewhere, export to South Africa dropped by 49% to RM0.3 million from RM0.6 million in its corresponding month, January 2023.

Houzz, the leading platform for home renovation and design based in UK, in its "2024 Houzz UK State of the Industry" reported that companies across UK industry sectors have higher expectations for business performance in 2024 compared to 2023, with nearly half anticipating that 2024 will be a good or very good year (48% versus 40% in the same report a year ago). Professionals forecast revenue growth along with improved demand for their services, despite rising costs of labour, products, and materials. Home industry professionals are somewhat more optimistic heading into 2024 than they were at this time last year. They are expecting to turn the tide following a challenging year in 2023, where economic conditions, such as inflation and rising costs of labour and materials, resulted in fewer

and smaller-scope projects. With positive signs that inflation is easing, and interest rates are stabilising, professionals anticipate an increase in demand for their services in 2024. Many industry players adopted new processes and became more selective with the types of projects they take on, making their businesses more resilient. The design and construction firms implemented a variety of strategies in response to the challenges they faced last year, and now more than half of businesses expect gross revenues to increase in 2024 (53%), with one in 5 businesses expecting revenues to increase by 25% or more (22%). Strategies include bringing in larger-budget projects, adjusting pricing structures, and offering new products and services.

Design and build firms are the most bullish: More than half of design and build firms expect that 2024 will be a good or very good year (53%), followed by interior designers and architects (52% and 48%, respectively).

Demand for services is expected to improve: More than 3 in 5 businesses across industry groups anticipate heightened demand for their services (62%), which is more than 10 percentage points higher than last year (52%). Interior designers are the most confident, with nearly three-quarters expecting increased demand (73%), compared to architects and design and build pros (59% and 57%, respectively).

Costs of doing business have risen: Nearly 4 in 5 firms across all the industry groups cited an increase in the cost of doing business in 2023 (79%), albeit slightly less than the previous year (82%). Product and material costs were the biggest drivers (70%) followed by business costs and subcontractor costs (38% and 34%, respectively). Architects were impacted the most significantly, with 4 in 5 citing an increase in the costs of doing business in 2023 (83%), followed by interior designers and design and build firms (74%, each).

Product and material availability are improving: More than 2 in 5 businesses expected the availability of products and materials to improve (41%), with interior designers most optimistic (55%), followed by architects and design and build firms (29%, each).

Professionals are implementing diverse business strategies: More than two-thirds of businesses plan to target larger budget projects (68%) and nearly as many plan to adjust pricing structures (65%) to achieve expected growth in 2024. Professionals also plan to offer new products and

services and expand their geographic area (38% and 32%, respectively).

FURNITURE

Export of wooden furniture for the month of January 2024 decreased by 1% to RM875.0 million from RM880.1 million in December 2023. Meanwhile, when compared year-on-year, export of wooden furniture has increased by 35% from RM649.2 million in its corresponding month 2023.

Export of wooden furniture to ASEAN expanded by 12% worth RM112.5 million from RM100.4 million in its corresponding period in 2023. Export to Singapore increased by 35% to RM73.8 million and followed by the Philippines with export increased by 18% to RM20.1 million. However, export to Thailand reduced by 59% to RM7.1 million for the stated period.

Moving to the East Asia region, export grew by 25% to RM59.3 million from RM47.5 million year-on-year 2023. Japan remained the highest buyer with export valued at RM48.1 million with a recorded increase in buying by 16%. Similarly, exports both to Taiwan and South Korea grew by 117% to RM4.6 million and by 58% to RM3.8 million, respectively over its corresponding period in 2023.

Exports to West Asia expanded by 19% to RM43.0 million from RM36.3 million in the corresponding period in 2023. Export to the UAE, the largest buyer in the region, improved by 37% to RM21.1 million. Similarly, export to Iraq increased significantly by 391% to RM1.6 million while demand from Saudi Arabia dropped by 3% worth RM14.9 million.

Malaysia: Export of Wooden Furniture 2022-2023^P



Moving to the South Asia region, export of wooden furniture to the region improved by 83% to RM15.9 million for the month. Amongst South Asian countries, India recorded the highest intake with imports valued at RM14.1 million with an increase in intake by 85%. Similarly, export to both Maldives and Sri Lanka grew by 105% to RM1.7 million and by 588% to RM0.1 million respectively.

Export to the Central Asia region increased by 78% to RM0.5 million whereas Kazakhstan and Armenia resumed their intake with RM0.3 million and RM0.2 million respectively. Meanwhile, intake from Uzbekistan dropped by 99% valued at RM3,907 for the month of January 2024 year-on-year.

In Europe, the United Kingdom as the largest buyer recorded an increase of 25% to RM39.6 million from RM31.7 million over its corresponding period in 2023. Similarly, exports to Georgia and Türkiye increased by 938% to RM2.1 million and by 384% to RM1.2 million respectively. Export to the European Union recorded an expansion of 12% to RM30.5 million from RM27.2 million over its corresponding period in 2023. Spain as the largest buyer in the economic bloc improved buying by 113% worth RM4.1 million, followed by Poland with export increased by 137% to RM3.6 million. Nevertheless, export to Belgium showed a decline of 19% to RM4.0 million for the stated period.

Export to the Oceania/Pacific region grew by 40% to RM49.1 million from RM35.2 million over its corresponding period in 2023. Australia remained as the top buyer in the archipelago with import valued at RM44.6 million at an increase of 36%. Similarly, both exports to New Zealand and Papua New Guinea expanded by 71% to RM3.4 million and by 98% to RM0.4 million respectively.

Moving to the Central America region, export of wooden furniture increased by 44% to RM4.0 million from RM2.7 million year-on-year. Both Costa Rica and Guatemala recorded an increase of sale by 36% to RM1.1 million and by 47% worth RM0.9 million respectively. Conversely, export to El Salvador dropped by 10% to RM0.8 million from RM0.9 million in January 2023.

Meanwhile, export to the North America region increased by 44% to RM493.4 million from RM343.0 million year-on-year. As Malaysia's largest wooden furniture buyer, the USA improved its buying by 39% to RM449.0 million from RM322.3 million in the corresponding month in 2023. Similarly, exports to Canada and Puerto Rico multiplied by 137% to RM36.1 million and 15% to RM3.6 million respectively.

Similarly, export of wooden furniture to the South America region recorded an increase of 131% worth RM10.2 million from RM4.4 million over its corresponding month, January 2023. Export to Chile improved by 93% to RM6.1 million from RM3.2 million in its corresponding month in 2023. Equally, export to Peru increased by 149% to RM1.6 million while Venezuela resumed its buying with RM1.5 million.

Moving to the Africa region, export to the region improved by 16% to RM12.1 million with South Africa garnering the largest market share with RM3.9 million. Intake from South Africa recorded an increase of 92% from RM2.0 million in its corresponding period in 2023. This was followed by Reunion Islands, with a recorded sale of RM1.6 million, imports grown by 17% from the previous corresponding period. Export to Ghana also multiplied by 38% to RM1.2 million for January 2024 from RM0.9 million in January 2023.

Rattan furniture shipments for January 2024 recorded a decrease of 17% valued at RM5.5 million from RM6.7 million in the previous month, December 2023. Nevertheless, based on year-on-year, export of rattan furniture for the month grew by 18% from RM4.7 million in January 2023.

Exports to ASEAN member countries were recorded at RM1.0 million, an increase of 180% for the mentioned period, January 2024 from RM0.3 million in the same period in 2023. The highest buyer, the Philippines recorded sales worth RM0.7 million at an increase of 423%. Similarly, export to Singapore grew by 75% to RM0.3 million, followed by Thailand with intake increased by 34% to RM36,907.

Meanwhile, exports to the East Asia region recorded a decline of 9% worth RM0.2 million with Japan reducing its intake by 39% to RM0.1 million. However, export to China increased by 39% to RM88,417 and Taiwan resumed intake with RM31,014. Moving on to South Asia countries, India was recorded as the highest buyer of rattan furniture worth RM3,520 despite a reduction in its buying by 99%.

Export to the West Asia region improved significantly by 193% to RM0.5 million from RM0.1 million over its corresponding period in 2023. The largest buying nation of rattan furniture in the West Asia countries, the UAE, increased its intake by 197% to RM0.2 million and similarly Saudi Arabia's imports increased significantly by 100% to RM98,867. Meanwhile, Iraq resumed its intake with RM27,911.

Moving to Europe, demand declined by 30% to RM0.6 million with the UK being the largest buyer

Red Sea Shipping Impacts to Be Felt This Summer



Supply chain's departure from "just-in-time" logistics since the COVID-19 is helping to limit short-term impacts from Red Sea shipping disruption, according to John Kartsonas, managing partner of Breakwave Advisors.

Kartsonas says Global supply chains are now stronger than they were before the COVID-19 pandemic, but he warns of potential impacts should Red Sea disruption continue for an extended period. Breakwave Advisors is known for being the Commodity Trading Advisor for the Breakwave Dry Bulk Shipping ETF (NYSE: BDRY) and the Breakwave Tanker Shipping ETF (NYSE: BWET).

Kartsonas explained that the "Just in Time" strategy has proven risky, especially considering the geopolitical conditions over the past few years. He noted that many companies have adapted by maintaining larger inventories, which helps to mitigate short-term disruptions, such as the current one in the Red Sea.

However, Kartsonas warned that if the Red Sea disruption continues for an extended period, there will be increased costs for delivered goods due to longer sailing distances and higher fuel consumption. This will particularly affect goods traded in the East-West corridor. "The impact will begin to be felt in the summer months," says Kartsonas.

He says importers will experience higher costs for finished goods moving from the East to West. However, he also emphasized that this will not be a global trend. Trades within Asia and between Asia and the US, for example, will be less affected.

He further commented that shipping costs, which encompass fuel costs, various passthrough costs (like insurance and seafarer salaries), and net

profit to shipping companies, will increase on routes affected by the Red Sea disruption due to longer sailing distances and higher insurance premiums. He says the consumer will start to bear some of these costs from the summer.

Speaking on the impact on commodities, Kartsonas pointed out that refined oil products are the most affected. Europe, which imports many refined products like gasoline and jet fuel, will likely turn to alternative sources in North and South America and West Africa. He noted that the short-term impact on freight costs has been substantial, pushing the net profit of shipping companies to multi-year highs. However, oil prices have been less affected, which helps to mitigate some of the increases in delivered prices.

"For the end users (ie fuel oil distributors) this is a passthrough cost to the consumer, but once again, the underlying oil price is a much more important element of the overall fuel cost than transportation and thus price increases will be muted," he said.

Source: gcaptain.com_February 1, 2024

The Fine Art Of Capturing The Lesser Spotted Freight Rate Increase



Contract setting season is approaching fast and with spot rates influencing contract settlements the battle is on to maintain spot rates at the highest possible level, if you're a carrier, whilst diminishing the external impacts felt from issues such as the Red Sea crisis, if you're a shipper.

On that basis Linerlytica's assertion: "The bullish market sentiment has not been dampened by the Lunar New Year break with carriers still retaining most of their recent rate gains, defying the predictions of a post-holiday correction," would put the analyst on the carriers' side of the equation.

According to Linerlytica: "Transpacific eastbound container volumes have rebounded by 16.9% in January 2024 and full year volumes are expected to record positive growth again after falling by 15.1% last year. Transpacific carriers have been able to take advantage of the strong cargo rebound with freight rates more than 200% higher compared to last year."

Xenata's chief analyst Peter Sand disagrees with that analysis: "What we see going into March is carriers are pushing for GRI to get implemented, that would lift rates - as of now, they don't seem to be very successful in doing that." Xenata point to a Pacific peak early in February and a slide in rates since, even though Sand concedes that rate levels eastbound on the Pacific are currently at \$4,700 per feu to the Westcoast, an 18-month high.

"Long term rates are up by 25% since end-September 2023. Carriers appears to be in a comfortable position - as compared to anything - but specifically due to Red Sea disruption," said Sand. Questions from Seatrade Maritime News to Linerlytica on their forecast saw the company row back to a certain extent. "We are not suggesting that freight rates are not going to fall. A post-holiday correction is certainly to be expected, but the key question is how sharp will the drop be and for how long."

At this point, rates are still holding up relatively well and the Red Sea diversions will keep capacity tight at least for the next three months," said a Linerlytica spokesperson. According to Linerlytica new capacity will add 8.9% to the supply side of the market, "spread over 12 months, and with carriers' ability to manage capacity through delaying arrivals back to Asia, this will "limit the anticipated rate correction".

That scenario is certainly being played out on the Asia - Europe trades with one freight forwarder arguing that carriers have cut sailings to manage capacity, but also some carriers are still suffering from scheduling challenges as a result of the diversion around the African Cape. "In the eight days between 15 and 23 March THE Alliance are expecting four vessels to arrive at Southampton from Asia, with a two-day turnaround these ships will be serviced back-to-back," said the forwarder. He went on to say that Ocean Alliance vessels had already successfully managed the diversion with ships arriving slightly late, but at the rate of once a week.

As a result, even with this ability to manage capacity James Hookham, director at the Global Shippers' Forum, believes there is "no fundamental pressure on rates". He added that his members are not talking about rates increasing at the moment, but rather that the situation has plateaued, and even peak season surcharges have moderated, which was also alluded to by the forwarder.

Hookham did warn shippers and forwarders to consider their options in fixing contracts because there is a belief that should carriers resume sailing via Suez, then contracts could leave shippers paying more. "Shippers should consider only signing three-month deals or adding a 'return to Suez rate' to the contract to cover this eventuality," said Hookham.

One of the key moments for the industry could be the mood when the contract season on the Pacific begins in earnest, in early March, with rates on these trades also affected by the continuing Red Sea crisis. "January supply estimates have gone up by 6.8% year-on-year, we have no solid numbers on demand for January yet - but if we go with 16.9% you would still not see demand higher than 2021 and 2022, and January '23 was at least a five-year low point," argues Sand.

Again, Linerlytica appears to row back a little on its original statement: "We are not suggesting that Transpacific demand will see significant growth this year, but just to highlight that the worst of the correction is over and we are looking at positive growth again. This, together with the increased teu-mile demand due to the Red Sea diversions, will provide support for freight rates."

Drewry argues that unlike some analysts it deals in facts based on the early annual contract bids, which Drewry runs for global shippers: "According to our Container Capacity Insight reports, between Feb and March, there will be a 14% rise in Asia-West Coast North America capacity, caused largely by a large reduction in cancelled sailings from 44 to 26 a month."

Even so Drewry does see some increase in demand, which will mean that utilisation remains largely the same, at a very high rate, therefore supporting, "a small increase in spot rates between Feb and March." However, Drewry considers that contract rates for the first half of 2024 will only show small increases from a year earlier. "Contracts for many shippers starting from

May 1 or June 1 will reflect some small year-on-year increases in the second half of 2024, having experienced reductions between 1H23 and 1H24,” concluded Drewry.

Source: seatrade-maritime.com_February 21, 2024

Unprecedented Shipping Disruptions Reshaping Global Trade, UN Report Warns



The recent attacks on Red Sea shipping coupled with existing geopolitical and climate-related challenges are reshaping global trade routes with the potential for major economic and environmental implications.

This is according to a new report from the United Nations Conference on Trade and Development (UNCTAD), titled “Navigating Troubled Waters. The Impact on Global Trade of Disruption of Shipping Routes in the Red Sea, The Black Sea and the Panama Canal”.

Maritime trade routes through the Suez Canal have become seriously disrupted due to recent Houthi attacks in the Red Sea, impacting the global trade landscape. This issue is aggravated by ongoing disruptions in the Black Sea due to the war in Ukraine, which have altered traditional oil and grain trade routes.

Compounding these issues is another challenge: the Panama Canal, a vital link between the Atlantic and Pacific Oceans, is facing dwindling water levels. Combined, these almost unprecedented situations have raised concerns about the long-term resilience of global supply chains, highlighting the vulnerability of the world's trade infrastructure.

The report reveals that Suez Canal transits have decreased by 42% compared to their peak volume. Major players in the shipping industry have temporarily suspended Suez transits,

leading to a 67% fall in weekly containership transits. Likewise, the Panama Canal has seen a 49% drop in total transits compared to its peak as the Panama Canal Authority continues to throttle daily transits in an effort to conserve water.

These disruptions are causing both economic and environmental costs, particularly impacting developing economies. The surge in average container spot freight rates has been substantial, reaching a record weekly increase of US\$500 in the last week of December. Average container shipping spot rates from Shanghai have more than doubled since early December, with a more than threefold increase to Europe and above average increase to the United States West coast, despite not going through Suez.

Ships are now avoiding the Suez and Panama Canals, which translates into longer cargo travel distances, rising trade costs, and increased insurance premiums. Moreover, greenhouse gas emissions are also growing due to the greater distances and speeds necessary to compensate for these detours.

UNCTAD warns of the potential far-reaching economic implications of these disruptions. Prolonged interruptions in container shipping threaten global supply chains and could delay deliveries, leading to higher costs and inflation. Additionally, energy prices are surging as gas transits are discontinued, directly impacting energy supplies and prices, and potentially global food prices.

The report also highlights the environmental impact of these disruptions. The shipping industry has been reducing speeds for over a decade to lower fuel costs and address greenhouse gas emissions. However, disruptions in key trade routes are leading to increased vessel speeds, which result in higher fuel consumption and greenhouse gas emissions. The increased fuel consumption could lead to a 70% rise in greenhouse gas emissions for a Singapore-Rotterdam round trip.

UNCTAD underscores that developing countries are particularly vulnerable to these disruptions. The organization is calling for swift adaptations from the shipping industry and robust international cooperation to manage the rapid reshaping of global trade, emphasizing the urgent need for sustainable solutions in support of countries more vulnerable to these shocks.

Source: gcaptain.com_February 22, 2024

Spain's Ports See Goods Traffic Rise as Red Sea Crisis Continues



The volume of goods moving through Spain's top ports rose by as much as 25% in January as attacks on shipping in the Red Sea caused companies to divert Europe-bound vessels around southern Africa instead.

Spain's northern ports have also seen volumes in transit jump by up to triple as traders opt to avoid moving goods by truck through Europe because of widespread blockades by farmers, Spanish retail and food industry association Aecoc says.

Ports such as Las Palmas in the Canary Islands and Barcelona saw a 25.4% and 7.6% increase in the volume of merchandise respectively, during the first month of 2023. Overall traffic of goods to Spanish ports – including merchandise, bulk liquids and dry bulk – increased by 3.4% in January

compared to a 3.3% decline in traffic last year, according to official figures. Spanish ports are important entry points to Europe for shipping companies that opt to sail around southern Africa rather than through the Red Sea to avoid attacks by Houthi rebels off Yemen.

The increase in traffic may be linked to the effects of the Red Sea crisis, the state-run ports agency told Reuters, but it would have to wait some months for a more accurate assessment. Volumes of merchandise in transit increased 2.8% in Spanish ports, but the rise is even more evident in northern Spanish ports such as Santander and Bilbao, which in the first 30 days of the year handled between two and three times the volume of goods in transit compared to January 2022.

The rise in volumes in Santander is also due to an expansion of the port's container terminal, its press office said. In recent weeks, some operators at the port of Santander have received enquiries and requests to send goods to Britain, the port also said.



Source: reuters, February 26, 2024

Shipments of Timber and Timber Products Through Ports in Peninsular Malaysia, JANUARY 2024

Products	Port Klang		Kuantan		Pasir Gudang		Tanjung Pelepas		Penang		Total all ports (m³)	% change Dec'23/Jan'24
	m³	% change	m³	% change	m³	% change	m³	% change	m³	% change		
Sawntimber	39,443	4	3,896	-14	841	66	272	-7	3,311	-29	47,763	-1
MDF	14,963	49	0	0	1,226	44	1,490	8	1,593	-66	19,272	13
Mouldings	15,900	35	47	40	1,227	67	1,899	95	360	-47	19,434	37
Plywood	2,734	-16	4	100	0	0	967	214	7,615	-14	11,316	-9
Veneer	986	20	0	0	0	100	18	100	674	-49	1,004	22
Particleboard	8,613	-30	0	0	36	-69	10	100	6,353	77	15,003	-7
Total	82,639	8	3,947	-13	3,331	50	4,655	58	19,907	-17	114,480	4

TIMBER CONSTRUCTION IN THE NETHERLANDS

Overview

The Netherlands borders the North Sea to the north and west, Belgium to the south, and Germany to the east, and shares maritime borders with Belgium, Germany and the United Kingdom. The Netherlands is a geographically low-lying country, with about 20% of its area and 21% of its population located below sea level, and 50% of its land lying less than one metre above sea level. This distinct feature contributes to the country's name: in Dutch (Nederland), English, and in many other European languages, its name literally means "The Low Countries" or "Low Country".

The Netherlands is a geographically small, densely populated (17.5 million people) country occupying a highly strategic commercial location. Over 170 million consumers (more than one-third of the population of the European Union) reside within a 300-mile radius of the Netherlands. The country is a key centre within the global business network, with advanced infrastructure geared towards the transportation of goods, people, and data. Its core distribution points include Rotterdam, Europe's largest port, and Amsterdam Schiphol Airport, the fourth largest airport in Europe for cargo. The country has capitalised on its location and advanced economy to become one of the top trading nations in the world.



Economy

The Dutch economy experienced a notable slowdown in 2023, witnessing a contraction in GDP throughout the initial three quarters. This deceleration was primarily attributed to the adverse effects of soaring inflation rates on households' disposable incomes, leading to a considerable decline in private consumption expenditure. Concurrently, export volumes dwindled due to a deceleration in economic activity among the Netherlands' key trading partners. Investments displayed volatility, maintaining a robust performance in the first half of the year but witnessing a reduction in spending by businesses during the third quarter.

The Dutch economy is expected to resume a moderate growth path after a period of turbulence, with expectations of normalisation in the years to come. Following the swift post-coronavirus crisis expansion, the economy encountered challenges such as supply chain overheating and unprecedented tightness in the labour market. The conflict in Ukraine exacerbated an energy crisis and triggered sharp increases in food prices. Despite a slight cooling in 2023 due to global inflationary pressures and central bank responses, the labour market remained notably tight. With rising real wages and sustained government expansionary measures, GDP growth is anticipated to rebound in 2024 and 2025, reaching 1.1% and 1.6% respectively.

The Netherlands is the seventeenth largest economy in the world and the fifth largest in the European Monetary Union (the Eurozone), with a gross domestic product (GDP) of just under USD1 trillion in 2022. The Netherlands consistently ranks highly on various international indexes. The 2022 IMD Competitive Index ranked the Netherlands as the fifth most competitive economy in the world. The Netherlands' top position in the ranking is attributed to its outstanding performance in areas conducive to innovation and sustainable prosperity, driven by investments in innovation infrastructure, access to talent, a competitive labour market, and a robust financial network, along with strong international trade links.

Forestry

One of the least forested countries in Europe, the Netherlands produces only about 10.8% of its wood requirements according to the U.N. FAO. Its forest mainly grows coniferous species while the dominant species are broadleaved, including beech and oaks. The Netherlands imports about 95% of its softwood lumber needs, mostly from Sweden, Finland, and Russia.

In 2023, Statistics Netherlands developed the European Forest Accounts (EFA) for the Netherlands. These accounts include information on the size of forest areas, timber production and its economic value. By describing this in a consistent manner, the forest accounts provide insight into the (economic) size of forests and wood resources in the Netherlands. In addition, forests provide various ecosystem services to society, such as air filtration, climate regulation and the possibility of nature recreation. These ecosystem services are mapped by Statistics Netherlands in the Natural Capital accounts according to international standards.

Timber Production

The production of timber and timber products in the Netherlands is increasing over the years. According to the FAO forest statistics in 2022, the Netherlands produced around 173,000 m³ of logs. Apart from log production, the country also produced 115,100 m³ of sawntimber. The total of timber production in 2022 was 288,200 m³, an increase of 9% from 263,349 m³ in 2021. The table below depicts the Netherlands' production of timber and timber products from 2018 – 2022.

THE NETHERLANDS: PRODUCTION OF TIMBER & TIMBER PRODUCTS, 2018 – 2022

Volume: m³

Product	2018	2019	2020	2021	2022
Sawlogs and veneer logs, coniferous	181,522	174,000	154,400	153,534	173,100
Sawntimber	82,423	90,000	94,900	109,815	115,100
TOTAL	263,945	264,000	249,300	263,349	288,200

*FAO estimate
Source: FAO Stats

Malaysia's Export of Timber and Timber Products to the Netherlands

In 2023, Malaysia exported RM587.0 million of timber and timber products to the Netherlands with mouldings garnering the largest market share with its export value. Malaysia exported mouldings worth RM206.0 million (68,351 m³) followed by sawntimber and BJC valued at RM92.0 million (22,767 m³) and RM58.8 million (5,398,019 m³) respectively. The Netherlands ranked 8th as Malaysia top export destinations as well as the biggest importer from the EU.

MALAYSIA: EXPORT OF TIMBER AND TIMBER PRODUCTS TO THE NETHERLANDS, 2019 – 2023

(Value RM)

Product	2019	2020	2021	2022	2023
Mouldings	219,504,054	226,795,913	251,545,168	286,542,254	206,007,982
Sawntimber	137,537,320	122,359,088	154,059,466	124,345,172	92,009,127
Builders Joinery & Carpentry	23,067,499	22,909,961	26,809,327	29,843,482	58,846,002
Wooden Furniture	29,083,147	34,240,459	33,349,604	38,544,973	26,322,757
Plywood	1,963,693	1,719,028	2,580,923	387,245	1,430,840
Chipboard/ Particleboard	0	0	1,198,688	0	0
Fibreboard	0	0	0	0	0
Veneer	66,516	0	0	177,903	0
Others	27,919,082	854,918	507,229	99,104,353	202,382,707
TOTAL	439,141,311	408,879,367	470,050,405	578,945,382	586,999,415

Source: MTIB & DOSM

Malaysia's Import of Timber and Timber Products from the Netherlands

In 2022, imports from the Netherlands into Malaysia registered a decrease of 32% to RM8.7 million from RM12.7 million in 2021. Major products imported in 2023 were sawntimber with a total value of RM2.2 million or 417 m³ in volume, followed by wooden furniture at RM1.3 million, mouldings at RM99 thousand and BJC at RM91 thousand.

MALAYSIA: IMPORT OF TIMBER AND TIMBER PRODUCTS FROM THE NETHERLANDS, 2019-2023

(Value RM)

Product	2019	2020	2021	2022	2023
Sawntimber	219,504,054	1,093,188	2,025,563	956,422	2,173,335
Wooden Furniture	582,890	436,479	594,081	501,838	1,266,529
Mouldings	0	1,422,589	0	280,054	99,282
Builders Joinery & Carpentry	519,609	32,341	85,114	101,020	90,552
Fibreboard	0	30,623	0	233,858	8,309
Plywood	6,656	0	206,632	0	4,009
Chipboard/ Particleboard	0	0	251,545,168	0	2,944
Logs	0	0	0	0	1
Veneer	0	261,224	347,868	0	0
Others	7,910,390	4,106,798	6,292,977	10,598,920	5,020,338
TOTAL	11,656,104	7,383,242	9,647,354	12,672,112	8,665,299

Source: MTIB & DOSM

The Netherlands's Export of Timber and Timber Products

The Netherlands's export of timber and timber products in 2022 decreased by 8% to USD4.5 billion from USD4.9 billion in the previous year. The country exports mainly furniture as well as logs, sawntimber and BJC. Export of furniture totalled at USD1.8 billion whilst logs totalled at USD364.3 million over the previous corresponding period. Meanwhile, export of sawntimber totalled at USD355.4 million followed by BJC and plywood at USD262.3 million and USD146.3 million respectively.

THE NETHERLANDS: EXPORT OF TIMBER AND TIMBER PRODUCTS TO THE WORLD, 2018-2022

(Value USD '000)

Product	2018	2019	2020	2021	2022
Furniture	1,381,436	1,406,572	1,549,517	2,093,083	1,846,612
Logs	68,489	78,265	144,444	541,648	364,329
Sawntimber	258,443	250,555	268,122	361,693	355,435
Builders' joinery & carpentry	255,215	248,671	227,500	279,824	262,263
Plywood	96,203	101,885	100,050	131,825	146,306
Fibreboard	85,306	87,455	2,917,815,663	120,094	141,929
Chipboard/ Particleboard	45,520	47,614	45,039	90,884	68,452
Mouldings	61,958	51,696	50,256	72,657	60,417
Wooden frames	22,646	20,258	19,243	23,846	35,518
Veneer	9,576	12,574	8,519	15,127	20,070
Others	762,711	773,352	808,484	1,122,869	1,153,052
TOTAL	3,047,503	3,078,897	3,312,955	4,853,550	4,454,383

Source: UN-Comtrade Statistics

The Netherlands's Import of Timber and Timber Products

The Netherlands's import of timber and timber products in 2022 decreased by 9% to USD11.7 billion over the corresponding period in 2021. The country imports mainly furniture, sawntimber, BJC and plywood. Imports of furniture and sawntimber totalled at USD6.4 billion and USD1.5 billion respectively. Meanwhile, imports of BJC totalled at USD581.8 million followed by plywood at USD572.3 million and particleboard at USD426.8 million.

THE NETHERLANDS: IMPORT OF TIMBER AND TIMBER PRODUCTS FROM THE WORLD, 2018-2022

(Value USD '000)

Product	2018	2019	2020	2021	2022
Furniture	4,849,015	4,978,001	5,395,671	6,921,513	6,400,513
Sawntimber	1,206,138	1,122,500	1,100,041	1,775,402	1,539,999
Builders' Joiner & Carpentry	454,066	469,086	513,470	641,964	1,539,999
Plywood	439,223	417,611	416,688	571,386	572,336
Particleboard	249,076	247,336	262,367	433,263	426,848

Fibreboard	319,586	305,316	341,480	418,307	416,127
Mouldings	92,100	106,027	122,870	199,420	141,077
Logs	157,746	130,515	156,980	217,623	116,290
Veneer	46,697	37,015	50,724	58,739	59,273
Wooden frames	26,433	23,302	22,029	27,631	30,099
Others	707,438	849,869	1,152,493	1,491,175	1,375,390
TOTAL	8,547,518	8,686,578	9,534,813	12,756,423	11,659,778

Source: UN-Comtrade Statistics

Import Tariffs

The Netherlands's import duty on timber and timber products range from 0 – 10% with plywood recording the highest duty of 6-10% followed by veneer (0-6%) and furniture (0-5.6%). The details are as follows:

THE NETHERLANDS: IMPORT TARIFF

(Value USD'000)

Code	Product	EU Tariff Rate (%)	Code	Product	EU Tariff Rate (%)
4401	Fuel wood	0	4414	Wooden frames	0 - 2.5
4402	Wood charcoal	0	4415	Packing cases	3 - 4
4403	Logs	0	4416	Casks, barrels, vats and tubs	0
4404	Hoopwood	0	4417	Tools, bodies and handles	0
4405	Wood wool & flour	0	4418	Builders' joinery and carpentry	0 - 3
4406	Railway sleepers	0	4419	Tableware and kitchenware	0
4407	Sawntimber	0 - 2.5	4420	Wood marquetry	0 - 4
4408	Veneer	0 - 6	4421	Other articles of wood	1 - 4
4409	Moulding	0	9403	Furniture & parts	0 - 5.6
4410	Particleboard	7			
4411	Fibreboard	7			
4412	Plywood	6 - 10			
4413	Densified wood	0			

Source: EU common tariff

PROSPECTS

The construction sector is projected to shrink by 2.5% in 2024, primarily due to the declining production of new-build homes. Despite this, economists note positive signals, stating, rising wages allow consumers to borrow more, enabling an increase in the selling prices of new builds. Prices of existing homes have been rising for several months. New construction projects that were previously unfeasible due to higher construction costs are now more often financially viable, although it remains complex.

In the period from September to November 2023, 29% more new-build homes were sold than in the same period a year earlier. However, this is significantly less than in the same months in previous years. The bottleneck for growth seems to be on the supply side in the number of issued permits for new construction in 2024. There is a structural shortage of building land, and the industry faces challenges with complex project development and legal delays.

Additionally, grid congestion, causing new residential areas to face delays in being connected to the electricity network, is becoming more common. It is estimated that the number of realised new-build homes in 2023 will be around 73,000, decreasing to 65,000 in 2024. The Netherlands' aim is to create a truly 'circular economy' in 2050, with an emphasis on using products and materials that can be re-used, recycled, and ultimately disposed of in an environmentally sound way.

To achieve these goals, the country has implemented the application of the Cross-laminated timber (CLT) in their high-rise buildings. CLT is a mass timber product that can replace concrete and steel in modern construction. As buildings become more sustainable and timber structures grow larger, CLT has become a popular solution for floors, roofs, walls, and stairs due to its strength, appearance, and versatility. CLT is an engineered timber product with good structural properties and low environmental impact (where sustainably sourced timber is used). It can provide dry, fast onsite construction. It shows good potential for airtightness and is a robust wall and floor structure suitable for most finishes internally and externally.



HAUT Amsterdam – Winner of the international BREEAM Award in the "Homes - Designs" category in 2018.

This trend is in line with the Netherlands' overall focus on environmental consciousness and sustainability. In terms of buying properties for investment versus living purposes, both trends are evident. However, in cities with high housing demand, there's a noticeable trend of buying properties as investments. Lastly, niche markets within the country are experiencing unique trends. The luxury property market, for instance, continues to attract both domestic and international buyers looking for high-end, unique properties. The market for eco-friendly and sustainable homes is also growing, driven by increasing environmental awareness and government incentives for energy-efficient housing.

Meanwhile the upcoming implementation of European Union Deforestation-Free Regulation (EUDR) at the end of December 2024 in the EU can be another challenge that both timber industry player in the Netherlands and Malaysia need to understand well; both for its benefit and

repercussions. More discussion and information on this regulation are needed for both parties to understand the additional work needed to ensure it does not jeopardize their mutually beneficial working relationship. Malaysia, which has always been a constant trading partner with the Netherlands in timber, is also facing strong competition from South Africa and Indonesia. Therefore, to sustain and improve trade as well as market share in the Netherlands, Malaysian exporters need to be competitive in terms of price and quality together with effective marketing and promotion strategies.

As a conclusion, Malaysian manufacturers need to enhance their presence in the Netherlands market. As a conclusion, Malaysian manufacturers need to enhance their presence in the Netherlands market through participation in technical



HAUT Amsterdam – The tallest hybrid building in the Netherlands

business and marketing missions to penetrate further into the Dutch market as well as through participating in major timber, furniture and construction exhibitions to create demand for Malaysia's value-added timber products. Through these activities, Malaysian timber exporters would be able to further develop their networking with Dutch timber importers while at the same time undertake market research on upcoming major construction projects in the country. Therefore, it is envisaged that with the above opportunities, timber trade for both countries especially in terms of export and import activities and investments in timber and timber products will be increased in the coming years. 

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TIMBER ROUND UP

Vol.2 Maskayu

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in the region. The UK reduced its buying by 36% to RM0.5 million, while Russia resumed its buying to RM45,824. In the European Union bloc, export was down 27% to RM0.4 million with France being the largest buyer amongst EU countries. Export to France increased by 126% to RM0.3 million, followed by Romania with intake growing by 140% worth RM64,425. Meanwhile, export to Sweden dropped by 66% to RM57,732 for the mentioned period.

Shipments to the Oceania/Pacific archipelago region dropped by 60% to RM0.3 million from RM0.7 million over the same period in 2023. Australia recorded a decline in intake by 76% to RM0.2 million, while Papua New Guinea and Fiji resumed their buying with RM61,044 and RM32,745 respectively.

Exports to the North America region increased by 76% to RM2.5 million from RM1.4 million over the same period in 2023. The USA being the largest buyer of rattan furniture recorded a surge in intake by 39% to RM2.0 million, while Canada and Puerto Rico resumed their buying with RM0.3 million and RM0.1 million respectively. Elsewhere, Kenya resumed its intake of rattan furniture with RM79,283 for January 2024.

According to CSIL in their latest quarterly issue of "World Furniture Online", 2024 prospects are slowly improving for the European wood furniture sector. The major challenges that have recently weighed heavily on the European furniture industry, such as price increases and supply chain disruptions, appear to be easing. Furniture demand is expected to gradually improve in the second quarter of 2024 and to recover in 2025. Based on interviews with European furniture companies, CSIL also identified key recent changes in the structure and strategies of the sector. Most furniture manufacturers said they were increasingly shortening supply chains by becoming more local (at country or regional level). Within Europe, Portugal, Italy, and Spain were identified as the main beneficiaries of this perspective. The relocation is driven by various reasons, including shortening time to market. However, business sustainability, liquidity and security of supply have emerged as key issues that are intensified by international events. 

LOGS

Overall, the present position of the average log price for January 2024 was reported to have little change, with 85%, or 17 of the 20 price reference species, not showing any price rise, with two of them recording price decreases and the rest, price increases. Keruing and Kempas from the Medium Hardwood Group were two species that recorded a loss of 8.7% and 3.3%, or RM195 and RM61 per tonne respectively, at their average prices. Despite the claimed price drop, both species were traded at an average price of RM2,058 and RM1,812 per tonne. The White Meranti species from the Light Hardwood Group became the only species to see a rise in average price, being offered into the sector for RM1,725 per tonne. The purchasing power factor in the current local and international wood sector marketplaces is still low, and the inconsistent demand rate is said to be one of the factors impacting log prices today.

PLYWOOD

The current average selling price of plywood goods for January 2024 is basically unchanged, with the four primary thickness sizes marketed maintaining the average price from the previous month. With the stated price retention, the current month's average plywood costs were RM19.40, RM23.66, RM38.25, and RM48.85 per piece for 4mm, 6mm, 9mm, and 12mm plywood, respectively. The greatest recorded price range for plywood is between RM19.40 and RM49.00, depending on the size traded.

SAWNTIMBER

The current trend in average prices for most species under sawntimber products for the month of January 2024 is reported to be very similar to the current position of the average price for log products, when the vast majority of them, at least 70% of species, showed a trend of price retention, with 20% recording lower prices and the remaining 10% recording price increases.

In the General Market Specification (GMS) production class, the Nyatoh species saw a 4.6% increase in average price, equivalent to RM71 per m³. The species was marketed at RM1,601 per m³, up from around RM1,530 m³ the previous month. The Dark Red Meranti species had the highest decrease in price per m³, dropping by RM353 per m³, followed by the Balau species at RM235 per m³. The Keruing and Red Meranti species also saw price drops of above RM50 per m³. Both species had price reductions of RM85 and RM110 per m³, respectively. The prices for four species decreased to RM2,278, RM3,055, RM2,987, and RM1,761 m³, respectively.

In the STRIPS production category, Chengal, Kempas, Tualang, and Nyatoh species had declines ranging from 2.0 to 10.7%, equal to RM 35 to RM 354 per m³. The Chengal species saw the greatest decline of RM435 per m³, followed by the Kempas species, which reduced by RM230 per m³. The remaining two species experienced reductions of no more than RM50 per m³. Compared to the previous month, these species were offered for RM4,590, RM1,924, RM1,748 and RM1,501 per m³ respectively in the current month. Under STRIPS, Keruing and Jelutong

saw price hikes of up to 2.3%, ranging from RM35 to RM47 per m³. In the prior month, both species were offered at RM2,445 and RM1,554 per m³, respectively.

Furthermore, in the Scantling category, 85% of the 20 species mentioned have seen price retention in the current month. Red Meranti has had a 2% price rise, equivalent to RM47 per m³, and is being offered to the industry for RM2,354 per m³. Meanwhile, the Kempas and White Meranti species had price drops of 2.8% and 16.1%, respectively. Both species are now available for RM2,472 and RM1,660 per m³, with price reductions ranging from RM70 to RM317 per m³.

MEDIUM DENSITY FIBERBOARD (MDF)

The average price retention scenario for panel items such as plywood in January 2024 also applies to MDF products when all four primary MDF sizes sold remain stable. This brings the average price of MDF with 4mm, 6mm, 9mm, and 12mm thicknesses to RM 12.90, RM23.66, RM31.49, and RM37.59 per piece, respectively, compared to the previous month, while the greatest price range of MDF offered in January 2024 was between RM12.90 and RM42.00.

INTRA-MALAYSIA TRADE*
- JANUARY 2024

In January, the overall volume of trade in timber products from Sabah to Peninsular Malaysia decreased by 2-37%, while the trade value decreased by 1-27%. In January, the trade value of wood products decreased by 27% from RM4.28 million to RM3.14 million, with a total trade volume of 11,664 m³. The value and trading volume of sawntimber products decreased by 37% and 27%, respectively, with a trade value of RM0.52 million and a volume of 236 m³. Plywood and veneer goods had a decrease in both trade value and volume. The trade value of these two items is said to have decreased by 17 and 2%, respectively, while the total volume exchanged decreased by 17 and 1%. The claimed impairment resulted in trade values of RM3.47 million and 0.48 million, respectively, based on trading volumes of 1,673 m³ and 167 m³.

Trading of timber products between Sarawak and Peninsular Malaysia remained stagnant for several months in a row, with only sawntimber, plywood, and veneer items moved in January 2024. Trading in plywood and veneer goods resulted in trade value impairments of 21 and 100%, respectively, while their trading volume decreased by 14 and 100%. The month's 100% decrease in veneer product sales was caused by the absence of any veneer product transactions. Despite the stated reduction, plywood goods produced a trade value of RM0.98 million with a trading volume of 978 m³. The trade value of sawn timber goods between the two areas climbed by 87%, from RM39 thousand to RM73 thousand, with a volume of 71 m³, up from 23 m³ the previous month.



* AVERAGE DOMESTIC PRICES OF LOGS, SAWN TIMBER, PLYWOOD AND MDF IN PENINSULAR MALAYSIA RINGGIT MALAYSIA 'JANUARY 2024					
SPECIES	LOGS/ton	SAWN TIMBER/M³			
	18" UP	GMS	STRIPS	SCANTLINGS	
HEAVY HARDWOOD					
Chengal	6,000	9,887	4,590	9,887	
Balau	3,480	3,055	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	1,104	1,344	1,092	1,246	
MEDIUM HARDWOOD					
Keruing	2,058	2,987	2,445	2,189	
Kempas	1,812	2,147	2,154	2,542	
Kapur	1,875	1,746	1,118	1,877	
Mengkulang	1,859	1,448	1,436	2,013	
Tualang	1,400	1,831	1,748	2,105	
LIGHT HARDWOOD					
Dark Red Meranti	2,210	2,278	1,942	3,566	
Red Meranti	2,267	1,761	1,801	2,354	
Yellow Meranti	1,720	1,836	1,389	1,977	
White Meranti	1,725	2,507	1,801	1,660	
Mersawa	1,833	2,013	1,565	2,154	
Nyato	1,532	1,601	1,501	1,412	
Sepetir	1,487	1,660	1,436	1,530Z	
Jelutong	1,250	2,048	1,589	1,819	
Mixed Light Hardwood	1,210	1,352	1,118	1,201	
MALAYSIAN RUBBERWOOD Heavy brasiliensis	LOGS/ton	SAWN TIMBER/M³			
	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					

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INTRA-MALAYSIA TRADE						
	Dec-23		Jan-24		% change in volume	% change in value
	Vol (m ³)	Val(' 000 RM)	Vol (m ³)	Val(' 000 RM)	DEC/JAN	DEC/JAN
Sabah						
Logs	15,893	4,275	11,664	3,138	-27	-27
Sawn Timber	378	707	236	516	-37	-27
Plywood	2,013	4,207	1,673	3,473	-17	-17
Veneer	171	488	167	482	-2	-1
Sarawak						
Logs	0	0	0	0	0	0
Sawn Timber	23	39	71	73	214	87
Plywood	1,130	1,241	974	981	-14	-21
Veneer	115	320	0	0	-100	-100

Source: Department of Statistics Malaysia

Tabulated: Malaysian Timber Industry Board

BOTANIC DESCRIPTION

PENAGA
FOR HEAVY DUTY USE

INTRODUCTION

Penaga is The Standard Malaysian Name as well as the ASEAN Standard Name for the timber of *Mesua ferrea* (family Guttiferae). Vernacular names applied include lenggapus (Peninsular Malaysia) and matopus (Peninsular Malaysia). This timber is mainly from one species, viz. *Mesua ferrea*. The generic name is after J. Mesue (777-857) and the specific epithet is from Latin meaning 'belonging to iron', in reference to its famed and very hard, durable timber.

It is also known as Bosneak (Cambodia); Mesua (India); Nagasari (Indonesia); Ka thang and Mai lek (Laos); Gangaw and Ngaw (Myanmar); Na (Sri Lanka); Bannak and Bunnak (Thailand); and Vap (Vietnam).

WOOD CHARACTERISTICS

The timber is very hard and heavy. The heartwood is red-brown with a purple tinge and the sapwood is pale yellow. The texture is fine and even. The grain is interlocked and spiral.

DRYING AND RELATIVE
MOVEMENT

Air drying of 15 mm and 40 mm boards takes 7 and 8 months respectively. Use of end-coating is strongly recommended to reduce incidences of end checks and splits; type IV movement.

MACHINING PROPERTIES

It is slightly difficult to resaw and cross-cut but easy to plane. The planed surface produced is smooth. Nailing property is rated poor.

DENSITY

The timber is very hard and very heavy with a density of 945-1,185 kg/m³ air dry. The timber is classified under Heavy Hardwood in Malaysia, strength grouping: A

NATURAL DURABILITY

The timber is moderately durable and is liable to be attacked by termites.

Wood colour and texture



Mesua ferrea is a medium-sized or fairly large ever-green tree up to 36 m tall. It is bole cylindrical to poorly shaped, up to 95 cm in diameter, often fluted at the base. The bark surface is smooth to adherently scaly, sometimes somewhat dippled, ochrous-brown revealing a bright orange layer below.

The leaves are opposite, simple and entire, usually elliptical to narrowly elliptical, glabrous or occasionally glaucous. They are shiny with numerous secondary veins, looping, running parallel nearly to the margin, frequently with equally prominent reticulating tertiary veins, sometimes with more or less persistent stipule-like interpetiolar modified leaves.

The flowers are terminal or axillary, bisexual, solitary or in an up to 9-flowered open panicle, pedicel with small paired bracts. Sepals are 4 decussate, suborbicular, persistent and variously enlarged and thickened in fruit. Petals are 4, white or pink. Stamens are numerous, free or connate only at the base, the ovary is superior (1-2 celled) and each cell has 1-2 axillary ovules. The style is slender with a peltate to 4-lobed stigma.

The fruit is a capsule, usually globose, often beaked, thinly woody, usually dehiscent with 2(-4) valves before falling, often exuding resinous droplets. One fruit contains 1-4 seeds.

USES

The timber is suitable for all forms of heavy construction, heavy duty furniture, flooring (heavy traffic), posts, beams, joists, rafters, joinery, cabinet making, pallets (permanent and heavy duty), tool handles (impact), staircase (angle block, rough bracket, carriage, newel, riser, stringer, tread, bullnose, round end and winder), columns (heavy duty) as well as telegraphic and power transmission posts and cross arms. In India, this timber has been used successfully as railway sleepers.

REFERENCES:

1. http://www.worldagroforestry.org/treedb/AFTPDFS/Mesua_ferrea.pdf
2. 100 Malaysia Timber 2010 MTIB.
3. Specifying Timber for Building Construction, <https://www.authentictimber.com/portfolio/penaga>
- 4.

6 - 8 FEBRUARY 2024



In-House Training Programme for Wood Processing and Finishing Technology Diploma Students by WISDEC Instructors at Slim River Vocational College (KVSR), Perak

14 - 16 FEBRUARY 2024



"Bengkel Sumbang Saran Pemeringkatan Kayu Gergaji Daripada Batang Kelapa Sawit (OPT) Siri 2" in Segamat

20 - 21 FEBRUARY 2024



ESG Essentials: Navigating Implementation in the Timber Industry workshop series continues in Southern Region at Classic Hotel, Muar, Johor

19 - 20 FEBRUARY 2024



Program Pembangunan Data Profiling Usahawan Perkayuan Bumiputera" at Hotel Mercure Living, Putrajaya

20 FEBRUARY 2024



YB Datuk Larry Sng Wei Shien, Chairman of MTIB receiving a return visit from Syarikat Oud Valley Sdn. Bhd.

23 - 25 FEBRUARY 2024



"PROGRAM MADANI RAKYAT 2024 (ZON TENGAH)" at Kuala Selangor Sports Complex