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# MASKAYU

**TIMBER INDUSTRY BRIEFING  
AND CONSULTATION 2014**

**PRIME MINISTER'S GOLDEN  
HAND AWARD 2013**

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### Cover:

Encik Ng Wei Siang's love for wood compelled him to submit his entry for the MTIB photography competition held in mid 2013. Entitled "Light of Timber", his shot won the third prize.



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## Contents

- 3 Timber Industry Briefing and Consultation 2014
- 12 Prime Minister's Golden Hand Award 2013
- 14 Retreat on the Use of Timber in Construction
- 15 Enhancing Testing Skills for JAS and JIS Standard
- 16 FRIM HTD Forum
- 19 Achieving Competitive Advantage through a Quality Management System MS ISO 9001: 2008
- 23 Timber Industry in Myanmar
- 26 Coming Events – June and July 2014
- 27 Chengal – Suitable for Carving

## Highlights



## Regular Features

- 4 Timber World in Brief
- 10 Domestic Trade News
- 6 Shipping News
- 28 MTIB Moments
- 8 Timber Round-Up

## TIMBER INDUSTRY BRIEFING AND CONSULTATION 2014



MPIC

*Encik M. Nagarajan, Deputy Secretary-General (Plantation and Commodities) of MPIC (front row, second from left), Dr. Jalaluddin Harun, MTIB Director-General (on his left) and other invited guests at the briefing.*

Being committed to developing the timber industry, it is thus MTIB's responsibility to support and facilitate its growth in order to achieve the target outlined by the National Timber Industry Policy (NATIP) which is to generate RM53 billion of export revenues by 2020, of which 60% is export from value added products.

A concerted and structured plan is necessary to guide industry players as to where the industry is heading and actions that have to be taken to ensure the sustainability of the industry.

As such, the implementation of NATIP is vital as it addresses concerns regarding the factors and issues that will affect the achievements of NATIP's target. For the successful implementation of the policy, Ministry of Plantation Industries and Commodities (MPIC) and MTIB organised a Briefing and Consultation on Timber Industry on 9 January in Bangi, Selangor.

The issues discussed during the consultation session were FLEGT-VPA, Forest Development Cess Collection, and Entry Point Project and NATIP.

During the event, five Entry Point Projects were presented to get the industry's opinion on the implementation of those projects. The projects were as follows:

- Enhancing Design, Branding and Exports of Malaysian Furniture
- Enhancing of Mechanisation and Automation in Timber Industry
- Development of Products from Oil Palm Trunk

- Sabah Garden Furniture Hub
- Malaysian Gaharu Hub

These five EPPs were agreed upon by the industry because of their impact to the timber industry as a whole.

In his opening remarks, Datuk M. Nagarajan, Deputy Secretary-General (Plantation and Commodities) of MPIC underlined that the focus of the consultation on FLEGT VPA which is related to the industry in view of the inclusion of Malaysia under the Forest Law Enforcement Governance and Trade - Voluntary Partnership Agreement (VPA). This agreement aims to ensure that timber products exported to the EU are from a legitimate source.

Products listed under the FLEGT VPA will need to comply with the Timber Legality Assurance System (TLAS) to obtain a FLEGT Licence; the TLAS is formulated based on the existing regulations governing timber harvesting, processing and trade. FLEGT Licensed timber products under the VPA will be officially recognised and accepted by the EU as legal products.

Dato' Dr. Freezailah Che Yeom, Advisor FLEGT VPA, in his presentation, highlighted the essentials of TLAS which is formulated based on existing licensing procedures for Permanent Forest, State Land and Alienated Land being implemented by State Forestry Departments and developed on a regional basis due to differences in legislation and related procedures in Peninsular Malaysia, Sabah and Sarawak. As decided by the Cabinet, the implementation of TLAS will be in phases with Peninsular and Sabah in the first phase. The importance of FLEGT VPA mainly focuses on the timber trade with the EU, increasing demand for legal timber by other major markets such as the US and Australia. FLEGT VPA is to ensure

*Cont. on page 13*



## TIMBER WORLD IN BRIEF

### AUSTRALIA

#### The Tasmanian Government Plans to Extend Validity of Pulp Mill Licenses

The Tasmania state government of Australia is planning to extend validity of a pulp mill licenses in Tamar Valley from four to 10 years. The extension of permit validity period means license owners can delay starting construction until 2017. The government will have to get the Pulp Mill Assessment Amendment Bill passed before the license period can be extended.

ABC News (Australia), 21 January

### CANADA

#### GDP Forecast to Grow 1.8%, Lumber Set to be Top Investment Pick

In 2013, Canada's gross domestic product (GDP) is projected to grow by 1.8%, compared to an estimated 2% growth in 2012, according to most predictions. A 2.4% GDP growth is forecast by RBC Dominion Securities. Economists at Bank of Nova Scotia (Scotiabank) expect that the top commodities for investment in 2013 are lumber and wood-board products. It is expected that Canada's economic growth will be much affected with the decision over the US "fiscal cliff", which calls for tax hikes and spending reductions in view of the country's budget deficit.

Globe & Mail, 1 January

### CHINA

#### Guangdong's Furniture Output, Sales Value Expected to Increase Over 10%

China's Guangdong Furniture Association predicted that the furniture production and sales value in Guangdong province will grow over 10% to CNY330 billion (EUR39.68 billion, USD53.06 billion) in 2013. During 2012, Guangdong's furniture industry recorded a 7.1% growth in output value to CNY300 billion and a 10.4% rise in domestic sales to CNY201 billion. The furniture exports value of the province rose 2% to USD15.23 billion (EUR11.39 billion).

Wood168, 18 January

### DENMARK

#### Competition in the Kitchen Furniture Market Tightens

Competition in the Danish kitchen furniture market has tightened. There are too many players in the sector struggling for a falling number of customers who renew their kitchen

furniture on average at 12-13 years' intervals compared with seven-year intervals a couple of years ago. Several players in the sector believe that it is only a matter of time before the number of suppliers in the sector starts decreasing. In terms of customer volumes, Ikea is today the leading player in Denmark followed by Swedish Nobia and Danish Kvik. Nobia's top executive Morten Falkenberg says the Danish kitchen furniture market has shrunk by 30% since 2007. Nobia, according to him, regards Danish companies as too small and "somewhat uninteresting" and is not interested in acquisitions in the Danish market today.

Børsen, 11 January

### EUROPE

#### Sawn Hardwood Demand to Increase Slightly

The UNECE Timber Committee forecasts the consumption of sawn hardwood in the 31 European UNECE countries in 2014 at 11.27 million m<sup>3</sup>.

For 2013, the Committee estimates a consumption of 11.05 million m<sup>3</sup>, a slight increase from 2012. The largest market, Turkey, is estimated to have shrunk to 2.33 million m<sup>3</sup>, while consumption in France is expected to have increased from 1 million m<sup>3</sup> to 1.14 million m<sup>3</sup> and in Romania from 1.04 million m<sup>3</sup> to 1.09 million m<sup>3</sup>. These three countries are the largest sawn hardwood consumers among the 31 countries.

Eurid Holz, 10 January

### ESTONIA

#### Wood Houses Manufacturers Target Growth in 2013

Estonia's timber-frame and log houses manufacturers export 85% of the total output. The nearly non-existent competition among the manufacturers on the domestic market contributes to joining forces with secondary industries such as the makers of windows and doors as well as furniture, to promote export. Estonia is the fourth largest exporting country of log houses in Europe, with a third of the export targeting Norway. Measured by units or tonnes, Estonia could be the second after Finland.

The domestic log houses manufacturers expect a 10% y/y growth whereas commercial banks are predicting a 3% growth for the Estonian economy in 2013. Nordic Houses targets even a 20% y/y growth in 2013. The optimism of wood houses manufacturers is confirmed by the vigorous expansion of Matek, Estnor, and Timbeco in 2012. Nordic Houses, strong in the export of summer log houses, will expand into the segment of urban log houses. The company has established the subsidiary Nordic Urban Houses. Nordic Houses' production facility at Kuusalu makes module and timber-frame log houses under the Bueni trademark. Matek invested in 2012 EUR3.5 million the 7,700 m<sup>2</sup> new factory in Pärnu which allows the company to double production volumes. Estnor, that manufactures hand-made log houses and modular houses, has invested nearly EUR900,000 in a new production facility, and Timbeco

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Woodhouse will complete its new wood houses making facility in H1 2013.

Eesti Päevaleht, 2 January

### **FRANCE** **Furniture Retailers Attempt to Compete with Ikea**

Furniture retailers are attempting to compete with Swedish group Ikea as the market is expected to decline again in 2014. With the market having contracted 3.8% in 2012 and 2.6% as of October 2013, only 24% of French consumers intend to buy furniture in 2014, down from 29% in 2013. All retailers have been affected, with Ikea seeing a 4.3% decline in turnover during its previous fiscal year (ending August 2013).

Retailers hope to use Ikea's near absence in the online market to regain market share. Ikea only generates 2% of its sales online. Ikea expects to invest heavily in online activity in the coming years. The Swedish retailer is also focusing on launching capsule collections in a bid to renew its appeal.

Le Monde, 20 January

### **GERMANY** **Furniture Worth EUR16.2 Billion Produced in 2013**

According to preliminary figures given by Germany's Federal Statistics Office, Destatis, the value of furniture produced in Germany in 2013 decreased by 3.0% in nominal terms to around EUR16.20 billion (USD22.15 billion) compared to 2012. The production of wooden kitchen furniture rose by 1%, while the production of office and shop furniture decreased by 2.5%, the production of seating furniture declined by 3.9% and of other furniture (including e.g. wooden bedroom, dining and sitting room furniture as well as metal and plastic furniture), dipped by 4.5%.

Seating furniture accounted for a share of 29% of the overall value of furniture produced in Germany in 2013; other furniture 27%; wooden kitchen furniture, 24%; office and shop furniture 16% and mattresses 4%.

Statistisches Bundesamt, 13 January

### **Veneer and Board Manufacturers See Downturn**

German manufacturers of veneer and chipboard saw a downturn in their markets in December 2012; 80% of veneer manufacturers and 60% of chipboard manufacturers described their business situation as poor in an Ifo report. However, in the other sectors of the wood industry the situation was judged to be generally satisfactory. However, some 84% of sawn softwood, 52% of sawn hardwood and 88% of CLV manufacturers saw their incoming orders fall. Some 30% of wholesalers said that prices had fallen for raw and sawn wood.

Holz-Zentralblatt, 11 January

### **INDONESIA** **Plantation-based Timber Sector is Ready for AEC**

The Indonesian government announced that the local plantation-based timber sector is ready for the ASEAN Economic Community (AEC) that will be implemented in the Association of Southeast Asian Nations (ASEAN) region in 2015.

Thirty farmer groups consisting of 20 to 30 people per group have become partners to manage their timber operations. In the timber sector, investments worth IDR54.90 trillion (EUR3.32 billion, USD4.54 billion) have been made and 282,878 people have been employed until 2013.

Demand for raw materials from plantation-based timber sector has expanded to 39.8 million m<sup>3</sup> in 2013 from 11.2 million m<sup>3</sup> in 2005.

Bisnis Indonesia, 22 January

### **JAPAN** **Growth in Japan Projected at 0.8% in 2013**

The World Bank has slashed the economic growth forecast for Japan from 1.5% to 0.8% in 2013. The reduction is being attributed to the territorial dispute with China as well as Japan's growing fiscal debt. Growth projection for 2015 is revealed for the first time at 1.5% while growth in 2014 is projected at 1.2%, down from 1.5% projected earlier. The World Bank has also projected the global economy to grow at 2.4%, down from the projection in June 2012 at 3%. According to the President of World Bank, Jim Yong Kim, the recovery of the world economy is uncertain and fragile. The economy in Eurozone is projected to contract by 0.1%, down from a growth of 0.7% projected earlier. The growth forecast for the US is at 1.9% in 2013, lower than the 2.4% growth projected earlier.

The Mainichi, 16 January

### **SWEDEN** **Mixed Forest Positive for Forest Services**

Mixed forests can have a positive impact on both forestry and nature conservation. This is according to a study from the Swedish University of Agricultural Sciences (SLU) and Future Forests. The study found that mixed forests had a positive effect on services, including tree growth, compared with monocultures. A higher proportion of Spruce is linked to tree growth, Pine to Berry production, and Birch to higher carbon storage. Only 7.5% of Swedish forest was mixed forest in 2011.

SR Ekot, 10 January

## DECEMBER 2013

## SHIPPING NEWS



### Malaysian Logistics Council (MLC) Made a Comeback

Through the newly revived MLC, logistics players were once again hoping that the government would give more support to the sector long ignored for its contribution to Malaysia's economy. Indeed, many were disappointed that the logistics sector did not make the cut as a key focus area in the Government Transformation Programme and the Economic Transformation Programme (ETP).

MLC's steering committee member Dr. Mohamed Amin Kassim, said a study carried out by the council in 2009 revealed that the local freight logistics sector had a RM62 billion a year effected on the economy, of which 25% was conducted by third-party logistics service providers (outsourcing) and the rest by the companies themselves. It was also revealed that logistics spent in relation to the gross domestic product (GDP) was between 7%-9% in developed countries, while it ranged from 13%-20% in developing countries. In Malaysia, the logistics spent as a proportion of the GDP was estimated at 13%. Furthermore, the freight logistics sector was also the top three employers in the country. In terms of attracting foreign investment to the country, a critical area that investors

look at is how good the country's logistics and supply chain system are.

The establishment of the new MLC would now be the platform to address major issues like the ASEAN integration and how it would impact Malaysia's logistics sector. The council has a newly revised organisational structure that includes a steering committee and four focus groups, namely on transport and infrastructure; institutional framework and regulatory; industry, best practices and development initiatives; and trade facilitation.

MLC members have been meeting and having discussions. One of the topics being discussed is the Port Klang road system, which had earlier been identified in the roadmap for the development of freight logistics drawn up (by the MLC back in 2010 under the Third Industrial Master Plan 2006-2020), but nothing has yet happened. The access for freight logistics need to be improved as it is the "first and last mile". There is also a need to improve the connectivity between the rail and road networks with the ports so that traffic congestion would not happen. That can be followed by work on improve multimodal transportation networks, for example, linking land, sea and air routes. The linkages must be done properly and now is the right time to put the action plan to work.

Source: The Sun Daily, 16 December

### Shipments of Timber and Timber Products through Ports in Peninsular Malaysia, December 2013

| Products          | Port Klang     |                                                   | Kuantan        |                                                   | Pasir Gudang   |                                                   | Tanjung Pelepas |                                                   | Penang         |                                                   | Total all ports<br>m <sup>3</sup> | % Change<br>December<br>2013/<br>November<br>2013 |
|-------------------|----------------|---------------------------------------------------|----------------|---------------------------------------------------|----------------|---------------------------------------------------|-----------------|---------------------------------------------------|----------------|---------------------------------------------------|-----------------------------------|---------------------------------------------------|
|                   | m <sup>3</sup> | % Change<br>December<br>2013/<br>November<br>2013 | m <sup>3</sup> | % Change<br>December<br>2013/<br>November<br>2013 | m <sup>3</sup> | % Change<br>December<br>2013/<br>November<br>2013 | m <sup>3</sup>  | % Change<br>December<br>2013/<br>November<br>2013 | m <sup>3</sup> | % Change<br>December<br>2013/<br>November<br>2013 |                                   |                                                   |
| Sawntimber        | 18,989         | -41                                               | 2,045          | -70                                               | 626            | -69                                               | 84              | -20                                               | 2,036          | -75                                               | 23,780                            | -52                                               |
| MDF               | 5,840          | -69                                               | -              | -                                                 | 2,894          | -79                                               | 3,072           | -78                                               | 2,504          | -75                                               | 14,310                            | -75                                               |
| Mouldings         | 3,813          | -55                                               | 87             | -76                                               | 871            | -41                                               | 505             | 1                                                 | 830            | -50                                               | 6,106                             | -51                                               |
| Dressed<br>Timber | 1,802          | 42                                                | 76             | -64                                               | 892            | -42                                               | 110             | 358                                               | 14             | -97                                               | 2,894                             | -18                                               |
| Plywood           | 1,168          | -74                                               | -              | -                                                 | -              | -                                                 | -               | -                                                 | 3,135          | -69                                               | 4,303                             | -71                                               |
| Veneer            | 27             | -66                                               | 6              | -                                                 | -              | -                                                 | -               | -                                                 | 66             | -50                                               | 99                                | -56                                               |
| Particleboard     | 14,266         | -55                                               | 612            | -44                                               | 110            | -29                                               | 698             | -69                                               | -              | -                                                 | 15,686                            | -56                                               |
| <b>TOTAL</b>      | <b>45,905</b>  | <b>-53</b>                                        | <b>2,826</b>   | <b>-69</b>                                        | <b>5,393</b>   | <b>-71</b>                                        | <b>4,469</b>    | <b>-74</b>                                        | <b>8,585</b>   | <b>-72</b>                                        | <b>67,178</b>                     | <b>-61</b>                                        |

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

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### Westports Secures 30 Years Lease Extension Till 2054

To remove any future uncertainty, the Malaysian government and Port Klang Authority (PKA) have agreed to extend Westports Holdings Bhd. concession period by another 30 years subject to the fulfilment of the following conditions namely the completion of the reclamation of the land and incidental works for container terminal 6 to CT9 on or before 1 January 2014.

Westports said in a stock market filing that while it already has the right to develop and operate the port until 31 August 2024, the infrastructure investments would remain secure with the further extension out till 2054. Westports has also been granted an extension for completion of the land reclamation and incidental works by six months from 1 January 2014 until 30 June 2014.

Source: Seatrade Global, 23 December

### POLA-POLB Saw Annual Volume Gained in November

The two largest ports in the United States, the Port of Los Angeles (POLA) and the Port of Long Beach (POLB) both reported volume gain for the month of November. POLB which primarily imports consumer goods, imported 296,638 TEU (Twenty-foot Equivalent Units) up by 6.5% annually, representing the highest level for November imports over the last five years. Meanwhile, POLB exports which primarily comprise raw materials, increased 9.9% annually to 151,950 TEU, standing as POLB's third highest exports level in 2013 behind March and August. Total November POLB volumes were up by 2.5% at 569,599 TEU with emptied down by 12.7% at 121,011 TEU. POLB officials said with imports outpacing exports, most empties were sent overseas to be refilled with goods and in most months the total of export plus empties was nearly equal to import. In November, POLB said when exports spiked, empties headed downward.

However, total November volumes at the Port of Los Angeles (POLA) rose by 17.3% to 683,849 TEU. Imports headed up by 18.7% to 342,247 TEU and were behind October's 346,137 TEU while export increased by 23.3% to 179,175 TEU. POLA officials said the annual increased for imports and exports in November were due largely to larger vessels calling at POLA in conjunction with the US economy improving.

POLA had previously seen declines in volumes in the form of losing some market share to POLB due to a new service line between ocean carriers MSC and CMA CGM that moved from POLA to neighboring POLB commencing early 2013. Empties rose by 8.7% to 162,426 TEU and total TEU through November at 7,215,223 was down by 3.66%

Source : Logistic Management News, 17 December

### Shipping Ministry Gives Green Signal for Cargo Berth at Ennore Port

The Shipping Ministry of India has approved the construction of a multi-purpose cargo handling berth at Ennore Port on a public-private partnership mode at a cost of Rs151 crore. The Ministry gave its approval on December 20 to construct the berth with a quay length of 270 metre. It would have an annual handling capacity of two million tones. The berth would be built next to the planned container terminal berth and offered to a private company for 30 years. It would have a depth of 16 meter and would be ready in the next two years. Ennore Port already has a multi-purpose cargo berth. However, nearly 70% of it is being used for export of cars. It would become 100% in a couple of years necessitating the need for an additional multi-cargo handling berth.

The target commodities for the new cargo berth include granite, timber logs, grain, bagged cargoes, including sugar, cobble stone, steel and project cargo, he said. The need for a multi-cargo terminal catering to cargoes that do not generate much dust or pollution during handling has been felt. In addition, the project and over dimensional cargo shippers and importers have also felt the need for such a terminal, he said.

Source: The Hindu Business Line, 27 December

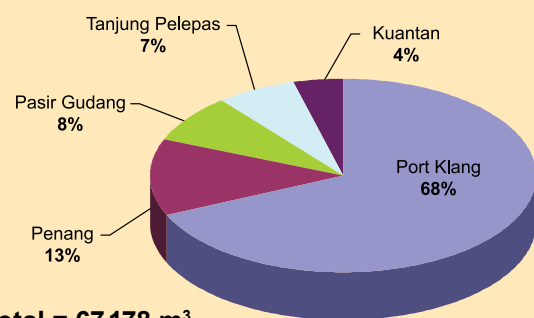
### Singapore Port on Track to Handle Higher Box Volumes in 2013

The port of Singapore is on track to move higher box throughput in 2013 over the 31.65 TEU recorded in 2012, as volumes in the first 11 months of 2013 reached 29.82 TEU. Total throughput in the first 11 months in 2013 was 1.83 TEU shy of the annual volumes attained last year, according to preliminary estimates from Maritime and Port Authority of Singapore (MPA). In November, Singapore handled 2.69 TEU of throughput an increase of 3.9% year-on-year. Last month's volumes, however, dipped 4.6% month-on-month.

China's Shanghai Port meanwhile was likely to retain the crown of being the world's busiest container port with throughput recorded at 30.92 million TEU in the first 11 months.

Source : Daily Shipping Times, 30 December

### Shipments of Timber and Timber Products through Ports in Peninsular Malaysia, December 2013



## DECEMBER 2013

**T**otal export of timber and timber products from Peninsular Malaysia in December decreased 60% in volume and 56% in value to 86,014 m<sup>3</sup> amounted RM112.5 million over the previous month. Cumulative export for the period of January to December decreased 3% in volume and value to 2.6 million m<sup>3</sup> with a value of RM3.1 billion against the previous corresponding period.

### Sawntimber

Sawntimber exports for the month decreased 55% in volume and 49% in value to 35,052 m<sup>3</sup> valued at RM56.3 million. Total exports for January to December decreased 5% in volume however increased 9% in value to 939,132 m<sup>3</sup> with a value of RM1.4 billion over the previous corresponding period.

Exports to the EU for the month decreased 6% to 6,413 m<sup>3</sup> from 6,795 m<sup>3</sup> in the previous month due to declining purchases made by Germany. Export of sawntimber to Germany decreased 73% to 408 m<sup>3</sup> from 1,509 m<sup>3</sup> in the previous month. On the other hand, export to the Netherlands, UK and France increased 1%, 37% and 21% to 2,723 m<sup>3</sup>, 999 m<sup>3</sup> and 791 m<sup>3</sup> respectively. Similarly, export to Belgium increased 2% to 756 m<sup>3</sup> from 743 m<sup>3</sup> in the previous month.

Total exports to West Asia decreased 63% to 4,988 m<sup>3</sup> due to reduced purchases by major market in the region. Export of sawntimber to the UAE and Saudi Arabia decreased 46% to 1,945 m<sup>3</sup> and 67% to 739 m<sup>3</sup> respectively. Export to Kuwait and Bahrain declining as well by 22% and 33% to 705 m<sup>3</sup> and 353 m<sup>3</sup> respectively from 903 m<sup>3</sup> and 526 m<sup>3</sup> recorded in the previous month.

Buying from ASEAN decreased 61% to 12,851 m<sup>3</sup> over the previous corresponding period. Export of sawntimber to Thailand and Singapore declined 63% to 7,625 m<sup>3</sup> and 56% to 4,697 m<sup>3</sup> respectively. Likewise, shipments to East Asia decreased 63% to 6,042 m<sup>3</sup> as a result of reduced purchases made by China and Japan. Export to China and Japan decrease by 65% and 50% to 4,231 m<sup>3</sup> and 1,237 m<sup>3</sup> respectively.

Elsewhere, exports to the US decreased 23% to 902 m<sup>3</sup> while intake by Australia declined 51% to 306 m<sup>3</sup>. Demand from South Africa also decreased 24% to 966 m<sup>3</sup> from 1,269 m<sup>3</sup> in the previous month.

The average FOB price of sawntimber increased 14% to RM1,605 per m<sup>3</sup> from RM1,409 per m<sup>3</sup> in the previous month. Price of Dark Red Meranti (DRM) increased 3% to RM2,550 per m<sup>3</sup> from RM 2,472 per m<sup>3</sup> in the previous month. Price of DRM to the Netherlands increased 4% to RM2,696 per m<sup>3</sup> from RM 2,586 per m<sup>3</sup> in the previous month. Keruing was traded at RM 1,851 per m<sup>3</sup>, an increase of 24% from RM 1,492 per m<sup>3</sup> in the previous month.

### Plywood

Plywood exports in December 2013 were at 5,191 m<sup>3</sup> and valued at RM8.3 million. Cumulative exports for the period January to December showed an increase of 4% in volume and 1% in value to 192,693 m<sup>3</sup> valued at RM309 million respectively from the previous corresponding period.

Total exports to EU decreased 68% to 3,594 m<sup>3</sup>. Similarly shipments to Ireland, the Netherlands and UK decreased

46%, 40%, and 68% to 257 m<sup>3</sup>, 386 m<sup>3</sup> and 2,693 m<sup>3</sup> respectively. On the other hand, Denmark increased its intake by 1% to 172 m<sup>3</sup>. However, Belgium, France, Germany and Italy did not make any purchase in December 2013.

Exports to ASEAN region decreased as Singapore and Thailand intake of plywood decreased by 78% and 72% to 651 m<sup>3</sup> and 237 m<sup>3</sup> respectively, whereas, Indonesia and Brunei did not make any purchases in December 2013. Similarly, in East Asia, China, Hong Kong, Japan, South Korea and Taiwan did not make any purchase in December 2013.

Total exports to West Asia also decreased by 88% to 150 m<sup>3</sup> from 1,263 m<sup>3</sup> in the previous month. Similarly export to Bahrain decreased by 45% to 107 m<sup>3</sup> whilst Saudi Arabia, Kuwait, Yemen and Qatar did not make any purchase in December 2013. However, UAE increase its intake by 2% to 43 m<sup>3</sup> in December 2013.

Elsewhere, exports of plywood to South Africa increased by 67% to 110 m<sup>3</sup> whilst New Zealand resumed its intake in December 2013, whereas, Algeria, Tanzania, US, Puerto Rico, Netherlands Antilles, Norway and Turkey did not make any purchases in December 2013. On the other hand, exports to Australia decreased by 55% to 342 m<sup>3</sup> whilst New Zealand resumed its purchases in December.

The FOB price of plywood increased to RM1,602 per m<sup>3</sup> from RM1,555 per m<sup>3</sup> in the previous month, an increase of 3% from the previous month.

### Veneer

Total exports of veneer for December 2013 showed a decreased of 57% in volume and 50% in value to 99 m<sup>3</sup> at RM0.26 million compared to the previous month. Similarly, the cumulative exports from January to December decreased by 29% in volume and 12% in value to 3,611 m<sup>3</sup> valued at RM8.3 million respectively from the corresponding period last year. Unfortunately, no major import countries bought veneer from Malaysia in December 2013.

The FOB price of veneer increased to RM2,616 per m<sup>3</sup> from RM2,256 per m<sup>3</sup> in the previous month, an increase of 16% from the previous month.

### Medium Density Fibreboard (MDF)

Peninsular Malaysia's exports of MDF for December 2013 decrease 68% in volume and 64% in value. Export totalled 21,842 m<sup>3</sup> worth RM19.7 million.

Exports to East Asia registered a decrease of 61% to 923 m<sup>3</sup> from 2,336 m<sup>3</sup> in the previous month. Exports to Taiwan grew by 18% to 366 m<sup>3</sup> whilst exports to China (including Hong Kong), South Korea and Japan recorded a negative growth with a decreased of 57% to 338 m<sup>3</sup>, 75% to 88 m<sup>3</sup> and 85% to 131 m<sup>3</sup> respectively.

Meanwhile exports to West Asia for the month also decreased 64% to 11,344 m<sup>3</sup> from 31,140 m<sup>3</sup> in the previous month. Export to Iran recorded a positive growth of 72% to 1,011 m<sup>3</sup> followed by Jordan at 10% increased to 1,714 m<sup>3</sup>, and Oman at 3% increased to 965 m<sup>3</sup>. Meanwhile export to UAE and Saudi Arabia dropped by 71% to 4,089 m<sup>3</sup> and 91% to 801 m<sup>3</sup> respectively.

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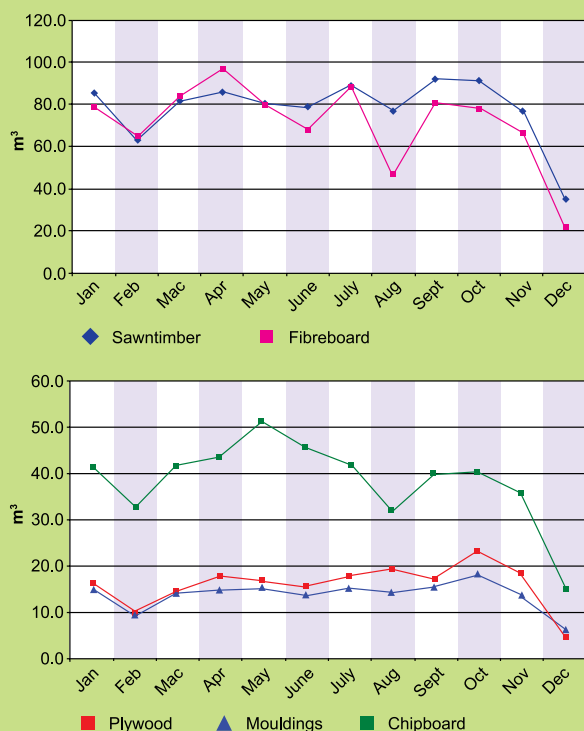
Elsewhere, exports to South Africa increase by 236% to 1,116 m<sup>3</sup>. However, export to Australia and US fell 6% to 1,564 m<sup>3</sup> and 1,544 m<sup>3</sup> respectively.

In ASEAN, total export to ASEAN region for the month of December decreased by 73% to 4,604 m<sup>3</sup> from 17,321 m<sup>3</sup> in the previous month with export to major countries shows negative growth. Exports to Singapore, Viet Nam, Indonesia and Philippines decreased by 56% to 86 m<sup>3</sup>, 62% to 3,967 m<sup>3</sup>, 90% to 520 m<sup>3</sup> and 97% to 31 m<sup>3</sup> respectively.

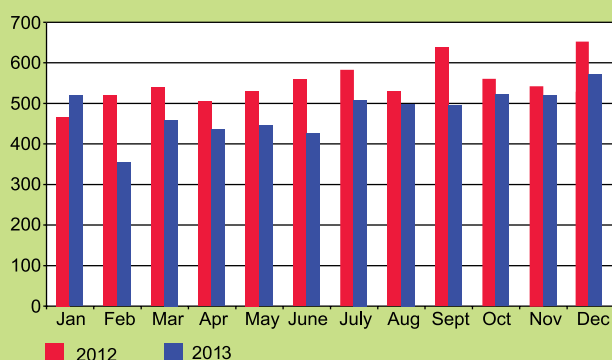
## Mouldings

Exports of mouldings for the month decreased by 50% in volume and 49% in value to 6,881 m<sup>3</sup> and RM19.71 million respectively. Similarly, the cumulative exports from January to December decreased by 13% in volume and 11% in value over the previous corresponding period to 165,793 m<sup>3</sup> with a value of RM476.2 million.

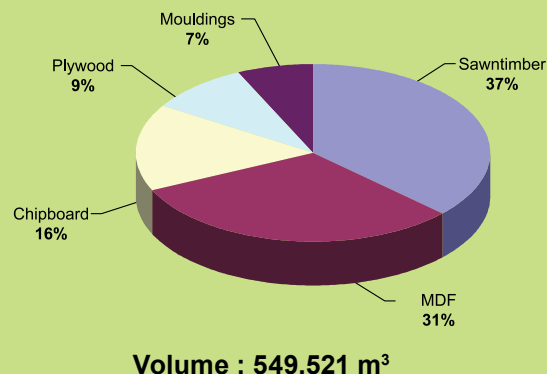
**Export of Selected Products from Peninsular Malaysia**  
(January - December 2013) / Volume ('000 m<sup>3</sup>)



**Malaysia: Export of Wooden Furniture**  
(January 2012 - December 2013) / Value (RM Million)



**Export of Major Timber Products From Peninsular Malaysia**  
(October - December 2013)



Exports to the EU for the month recorded at 3,195 m<sup>3</sup>, a decrease of 47% compared to the previous month. Similarly, shipments to Belgium, Germany, Netherlands and UK decreased by 46%, 60%, 51% and 46% to 278 m<sup>3</sup>, 445 m<sup>3</sup>, 1,532 m<sup>3</sup> and 262 m<sup>3</sup> respectively, whilst Italy did not make any purchase in December 2013.

Exports to the ASEAN region decreased as Viet Nam, Indonesia and Singapore intake of mouldings decreased by 89%, 96% and 62% to 12 m<sup>3</sup>, 2 m<sup>3</sup> and 398 m<sup>3</sup> respectively.

Exports to Japan, South Korea and Hong Kong decreased 62%, 74% and 59% to 635 m<sup>3</sup>, 257 m<sup>3</sup> and 18 m<sup>3</sup> respectively. Meanwhile, export to Taiwan and China increased 404% and 17% to 257 m<sup>3</sup> and 620 m<sup>3</sup> respectively.

Elsewhere, export to Australia and US decreased by 49% and 24% to 777 m<sup>3</sup> and 699 m<sup>3</sup> respectively. Canada intake remained at 14 m<sup>3</sup> in December 2013.

FOB unit value increased 1% from RM2,834 per m<sup>3</sup> in the previous month to RM2,864 per m<sup>3</sup> in December 2013.

## Builders Joinery and Carpentry (BJC)

Total BJC cumulative exports from January to December 2013 declined slightly 4% to RM949.6 million as compared to RM993.1 million in 2012. Similarly, demand from France, Italy, Denmark, Netherlands, Norway, Germany, Sweden and Turkey decreased by 6%, 68%, 2%, 72%, 39%, 22%, 9%, and 82% to RM34.0 million, RM5.0 million, RM25.9 million, RM0.98 million, RM4.3 million, RM13.6 million, RM13.9 million and RM1.6 million respectively. However, exports to UK and Belgium increased by 12% and 2% to RM114.5 and RM49.2 million over the previous corresponding period.

In Asia, exports to Iran, Singapore, Viet Nam and Taiwan grew 129%, 3%, 37% and 3% valued at RM2.3 million, RM115.2 million, RM27.8 million and RM15.1 million respectively. However, exports to Japan, India, UAE, Thailand, Pakistan, and South Korea decreased by 16%, 7%, 57%, 1%, 9% and 41% to RM95.3 million, RM56.9 million, RM10.8 million, RM30.5 million, RM25.5 million and RM3.5 million respectively.

Exports to the Australia increased 7% to RM124.3 million. However, purchases by the US, Maldives and South Africa decreased by 18%, 35% and 18% to RM55.4 million, RM7.7 million and RM14.3 million respectively.

Cont. on page 11

## DECEMBER 2013



## Logs

Trading activities remained stable in the month of December due to rainy season coupled with existing slow activities in the market. Some areas were flooded and this affected logging activities.

Log prices for the species of Chengal and Balau dropped 10% and 2% to RM3,600 per tonne and RM2,426 per tonne respectively. Meanwhile, Red Balau and Merbau rose by 28% and 7% to RM2,527 per tonne and RM2,243 per tonne respectively compared to the previous month. Similarly, prices of Keruing also increased by 15% to RM1,158 per tonne whilst Kempas decreased by 3% to RM1,320 per tonne. Prices for Dark Red Meranti and Mersawa were quoted at RM1,430 per tonne and RM1,302 per tonne respectively. Prices for Nyatoh and Sepetir remained at RM1,200 per tonne and RM850 per tonne respectively. Both prices for Mixed Heavy Hardwood slightly increased by 3% and 16% over last month and were traded at RM1,006 per tonne and RM693 per tonne.

## Sawntimber

The average sawntimber prices for the month of December showed positive growth especially for the Heavy and Medium Hardwood species.

The price of Chengal sawntimber remained firm at RM6,638 per m<sup>3</sup>. Red Balau and Merbau were traded at RM2,966 per m<sup>3</sup> and RM4,002 per m<sup>3</sup>, recording an increase of 16% and 7% respectively over the previous month. Similarly, prices of Keruing and Kempas also rose by 7% and 3% compared to last month to RM1,537 per m<sup>3</sup> and RM2,684 per m<sup>3</sup> respectively. Prices of Dark Red Meranti and Nyatoh stood firm at RM2,189 per m<sup>3</sup> and RM1,010 per m<sup>3</sup>. Meanwhile, prices for Red Meranti and Yellow Meranti grew by 6% and 5% to RM1,813 per m<sup>3</sup> and RM1,448 per m<sup>3</sup> respectively. On the other hand, sawntimber prices of Mixed Heavy Hardwood remained at RM989 per m<sup>3</sup> whilst Mixed Light Hardwood prices decreased by 1% to RM756 per m<sup>3</sup> compared to the previous month.

## Plywood

The supply of plywood to the domestic market was reported to be sufficient. Prices of plywood remained unchanged as log prices remained stable. Plywood of 4mm, 6mm, 9mm and 12mm of thicknesses continued to be traded at RM15.00, RM22.00, RM34.00 and RM43.00 per piece respectively.

## Medium Density Fibreboard (MDF)

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

## Intra-Malaysia Trade \* – December 2013

In December, sawntimber shipments from Sabah to Peninsular Malaysia decreased further by 48% to 340 m<sup>3</sup> valued at RM0.5 million. Exports of logs and veneer charted a tremendous decrease with more than half percent both in volume and value to 73 m<sup>3</sup> and 31 m<sup>3</sup>, worth at RM16,000 and RM46,000 respectively compared to last month. Meanwhile, shipments of plywood increased slightly to 22% with the volume of 11,477 m<sup>3</sup> valued at RM17.8 million.

In Sarawak, export of sawntimber to Peninsular Malaysia continued to decrease by another 1% in volume and 5% in value to be recorded at 698 m<sup>3</sup>, worth at M0.53 million. Similarly, export of plywood fell by 19% to 10,452 m<sup>3</sup> valued at RM13 million. Shipments of veneer, however, rose by 34% in volume and 11% in value to 6,795 m<sup>3</sup> worth at RM6.7 million.

*No intra trade from Peninsular Malaysia to Sabah and Sarawak was recorded in December 2013.*

\* Source: Department of Statistics, Malaysia 

### INTRA-MALAYSIA TRADE – DECEMBER 2013

| From    | Products   | NOVEMBER 2013            |                 | DECEMBER 2013            |                 | % Change in Volume<br>Dec 2013/Nov 2013 | % Change in Volume<br>Dec 2013/Nov 2013 |
|---------|------------|--------------------------|-----------------|--------------------------|-----------------|-----------------------------------------|-----------------------------------------|
|         |            | Volume (m <sup>3</sup> ) | Value (RM '000) | Volume (m <sup>3</sup> ) | Value (RM '000) |                                         |                                         |
| SABAH   | Logs       | 6,283                    | 948             | 73                       | 16              | -99                                     | -98                                     |
|         | Sawntimber | 660                      | 1,044           | 340                      | 523             | -48                                     | -50                                     |
|         | Plywood    | 9,426                    | 14,337          | 11,477                   | 17,826          | 22                                      | 24                                      |
|         | Veneer     | 77                       | 81              | 31                       | 46              | -60                                     | -43                                     |
| SARAWAK | Logs       | 12                       | 3               | 0                        | 0               | -100                                    | -100                                    |
|         | Sawntimber | 702                      | 559             | 698                      | 529             | -1                                      | -5                                      |
|         | Plywood    | 12,896                   | 16,372          | 10,452                   | 13,061          | -19                                     | -20                                     |
|         | Veneer     | 5,066                    | 6,051           | 6,795                    | 6,708           | 34                                      | 11                                      |

Source : Department of Statistics, Malaysia

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**\*AVERAGE DOMESTIC PRICES OF LOGS, SAWNTIMBER, PLYWOOD AND MDF IN PENINSULAR MALAYSIA  
DECEMBER 2013 (VALUE IN RM)**

| SPECIES                                           | LOGS/tonne | SAWNTIMBER/m³ |         |         |            |
|---------------------------------------------------|------------|---------------|---------|---------|------------|
|                                                   | 18" UP     | GMS           | STRIPS  |         | SCANTLINGS |
| HEAVY HARDWOOD                                    |            |               |         |         |            |
| Chengal                                           | 3,600      | 6,638         | 2,472   |         | 8,828      |
| Balau                                             | 2,426      | 3,884         | 1,564   |         | 3,058      |
| Red Balau                                         | 2,527      | 2,966         | 1,977   |         | 3,231      |
| Merbau                                            | 2,243      | 4,002         | 2,373   |         | 2,878      |
| Mixed Heavy Hardwood                              | 1,006      | 989           | 1,017   |         | 918        |
| MEDIUM HARDWOOD                                   |            |               |         |         |            |
| Keruing                                           | 1,158      | 1,537         | 1,095   |         | 1,645      |
| Kempas                                            | 1,320      | 2,684         | 1,448   |         | 2,112      |
| Kapur                                             | 1,433      | 2,119         | 982     |         | 2,472      |
| Mengkulang                                        | 1,106      | 1,695         | 1,377   |         | 1,575      |
| Tualang                                           | 1,387      | 2,225         | 1,766   |         | 2,225      |
| LIGHT HARDWOOD                                    |            |               |         |         |            |
| Dark Red Meranti                                  | 1,430      | 2,189         | 1,201   |         | 2,189      |
| Red Meranti                                       | 1,365      | 1,813         | 1,112   |         | 2,408      |
| Yellow Meranti                                    | 1,000      | 1,448         | 1,095   |         | 1,960      |
| White Meranti                                     | 986        | 1,448         | 565     |         | 1,695      |
| Mersawa                                           | 1,302      | 3,107         | 2,189   |         | 2,684      |
| Nyato                                             | 1,200      | 1,010         | 734     |         | 1,201      |
| Sepetir                                           | 850        | 1,095         | 918     |         | 1,095      |
| Jelutong                                          | 1,096      | 1,577         | 1,208   |         | 1,610      |
| Mixed Light Hardwood                              | 693        | 756           | 726     |         | 657        |
| MALAYSIAN RUBBERWOOD<br><i>Hevea brasiliensis</i> | LOGS/tonne | SAWNTIMBER/m³ |         |         |            |
|                                                   | 165        | 1" X 1"       | 2" X 2" | 3" X 3" | 4" X 4"    |
|                                                   |            | 850           | 1,045   | 1,165   | 1,232      |
| PLYWOOD 4' X 8'<br>(RM per piece)                 | 4mm        | 6mm           | 9mm     |         | 12mm       |
|                                                   | 15.00      | 22.00         | 34.00   |         | 43.00      |
| MDF 4' X 8'<br>(RM per piece)                     | 4mm        | 6mm           | 9mm     |         | 12mm       |
|                                                   | 13.50      | 20.50         | 27.80   |         | 37.20      |

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

\* Prices are only indicative

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## TIMBER ROUND-UP

### Furniture

Exports of wooden furniture for 2013 decreased 12% compared to 2012. Total shipments recorded RM5.7 billion against RM6.5 billion in 2012.

Imports of wooden furniture by the US, which is Malaysia's top import partner, decreased 8% from RM 2.0 billion to RM1.8 billion. Japan, the second highest importer of Malaysian wooden furniture, reduced its consumption by 18% from RM693.8 million to RM571.3 million.

Intake by Australia slightly reduced by 1% from RM427.8 million in 2012 to RM424.9 million in 2013. The UK imports saw a decreased of 30% from RM377.6 million to RM 264.4 million as it still reeling in the effects of the economic recession. Singapore's purchase of wooden furniture dropped 16% to RM285.4 million.

Canada's reduces its intake of wooden furniture by 25% to reach RM206.0 million. There is no change in terms of percentages for UAE intake of wooden which recorded at RM206.6 million.

India's intake of Malaysian wooden furniture had decreased by 28% reaching RM108.9 million. Saudi Arabia slightly increased its wooden furniture intake by 1% to reach RM123.6 million.

Russia reduced its consumption by 28% from RM128.6 million to RM92.8 million. Germany reduced its wooden furniture consumption by 21% with a purchase of RM66.1 million in 2013 from RM83.8 million in 2012. Export to South Korea increased by 45% to RM95.7 million.

Rattan furniture shipments increased by 29% to RM27.4 million in 2013 compared to RM21.2 million in 2012.

Singapore is the top importer of rattan furniture with a huge increase of 66% to RM7.4 million compared to RM4.4 million during the same period in 2012. The US is the second highest buyer with an increase of 32% to RM5.1 million compared to RM3.8 million in 2012. China came in third with a slight increased of consumption of 4% to RM1.7 million.

## PRIME MINISTER'S GOLDEN HAND AWARD 2013



*YAB Dato' Sri Mohd Najib bin Tun Haji Abdul Razak, Prime Minister of Malaysia (standing, eighth from right) posing with the award winners.*

Human capital development is greatly emphasized in the National Timber Industry Policy (NATIP). In fact, human resource development is a vital element in effort to enhance the industry's viability. In line with that, MTIB has worked very closely with the Department of Skill Development (DSD) in promoting skill competitions at both national and international levels. On 23 January, Ministry of Human Resource held a ceremony on the Prime Minister's Golden Hand Award 2013. The event, which was held at Malaysia Agro Exposition Park Serdang, Selangor, was officiated by YAB Dato' Sri Mohd Najib bin Tun Haji Abdul Razak, Prime Minister of Malaysia. During the ceremony, the Prime Minister handed over the awards to the competition's winners. A total of 200 candidates from 22 trade skill areas who took part in the competition received their awards from the Prime Minister. The competition was divided into two categories – one for vocational students (Malaysian Skills Competition) and one for instructors (MySkills).

The best of the competitors among the two categories were given the Prime Minister's Golden Hand Award which is the

highest recognition given to the winner. Encik Muhammad Hafiz Brahim from Advance Technology Training Centre (ADTEC) Melaka won the Prime Minister's Golden Award for the teacher's category and Encik Muhammad Izzat Sulaiman from Kolej Kemahiran Tinggi MARA, Rembau won the student's category. Both of them received cheques worth RM5,000 and RM7,000 and certificates respectively. These competitions are held annually and are open to both students and teachers from both private and government institutions as a means to measure the skills level produced to the highest level.

Earlier, YB Dato' Sri Richard Riot Jaem, Minister of Human Resource (MOHR), in his speech noted that the idea for the skills competition was mooted by Tun Dr. Mahathir Mohamad, former Prime Minister of Malaysia and the first Skills Competition was introduced in 1990. He said that a total of 15,000 youths and teachers had already taken part in these competitions. He also added that the skills competitions; will transpire all the various skill area and information available to be learnt by the public and these will act as a benchmark in skills achievements in Malaysia. The Minister also noted that the Malaysian Skills Competition held by MOHR and Ministry of Work has successfully attracted other members of the private sector such as PROTON, FeMAC and Enter Corridor Sdn. Bhd. to join in and carry out their own competitions.

The Prime Minister also presented gold, silver and bronze medals to all the 22 skill trade winners/competitors, including the joinery trade in which everyone received RM5,000, RM3,000 and RM1,000 and certificates respectively. Encik Taqiyuddin bin Bahrul who took part in the joinery trade, also received a cheque worth RM5,000 together with certificate from the Prime Minister. He was trained by WISDEC under the Apprenticeship Programme. The winner of the competition will be taking part in the ASEAN Skills Competition in Hanoi, Viet Nam before taking part in the 43<sup>rd</sup> WorldSkills in São Paulo, Brazil in 2015.



*Dr. Jalaluddin Harun, MTIB Director-General (second from left) posing with Encik Taqiyuddin bin Bahrul (on his left) and other WISDEC officials.*

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YAB Dato' Sri Mohd Najib bin Tun Haji Abdul Razak, Prime Minister of Malaysia presenting an award to Encik Taqiyuddin bin Bahrul.

During the ceremony, the Prime Minister also launched "WorldSkills Malaysia" to replace the former brand "Malaysian Skills Competition" and the Project Road to WorldSkills Competition. YB Datuk Sri Fadillah bin Yusuf, Minister of Work, and his Deputy YB Datuk Rosnah Abdul Rashid Shirlin were present at the ceremony, along with Dr. Jalaluddin Harun, MTIB Director-General and MTIB officials. Prior to the official ceremony, visitors were able to view the skills exhibition that took place along the walkway while the multimedia presentation on the Carnival of the National Skills Expo (KEKK) 2013 was held in the main hall. The event attracted more than 8,000 visitors which included vocational students and government officials.

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continued socio-economic benefits from the timbers sector and to enhance Malaysia's green credentials.

In addition, Dato' Dr. Freezailah highlighted the importance of the industry in the implementation of the VPA where they are cited in 24 of the TLAS Tables for Peninsular Malaysia related to timber harvesting, processing and the trade. The relevant Tables are as follows:

- 16 Tables (1 to 16) for compliance by logging companies
- 3 Tables (17 to 19) for compliance by wood processing industry (plywood mills, sawmills, furniture mills etc)
- 5 Tables (20 to 24) for compliance by trading companies (exporters and importers)

TLAS was implemented as an interim measure since February 2013 in Peninsular Malaysia but designated as MYTLAS (Peninsular Malaysia) to meet the due diligence requirement of EUTR. From February to December 2013, as 10,075 MYTLAS was issued for exportation timber and timber products to EU.

The scope of presentation was also focused on the issues and problems in the furniture sector such as:

- furniture in products scope of VPA
- mills without JPSM licence which is located on non-industrial land

- implementation of TLAS will would involve additional cost
- due diligence being easier than FLEGT VPA
- monitoring the entry of Sarawak timber into Peninsular Malaysia with regard to Table 23 – TLAS

Among the concerns raised by the industry was the suggestion that FLEGT VPA should only focus on upstream activities. In this regard, the government needs to work out a common position with other Asian countries and to discuss this with EU. Furniture association claimed that Malaysian furniture market shares for EU are only 10%, and the industry seeks to hold the inclusion of furniture products in the FLEGT VPA. They further highlighted that the furniture industry preferred the EUTR through consignment basis. The industry also clarified further information on the implications of other products listed in the FLEGT VPA negotiations if furniture is excluded. The main reason the furniture industry was not ready to be included in the product scope was due to eco-structure of the industry where many supplier chains were not complying with the legal requirements. In conclusion, the FLEGT VPA represents the Malaysian government's support in facing global concerns on illegal logging and trade in illegal timber. This is a critical time to the government to make important decision on the way forward and taking into account the interest of the country and the industry, based on views from all stakeholders.



Attendees at the event.

## RETREAT ON THE USE OF TIMBER IN CONSTRUCTION

Malaysia is the second largest tropical timber production supplier and exporter in the world. The timber industry contributes to various sectors namely logs, sawntimber, panel products (plywood, particleboard, MDF, veneer), furniture and components, mouldings and joinery, and the construction especially roof trusses. Most Malaysian buildings adopt the timber roof truss system because of its availability, economics, simple design and fast installation due to the prefabricated method. However, there are some challenges faced by the construction industry such as the impact from the use of alternative materials such as steel trusses, PVC and concrete; insufficient skilled workers; depletion of raw material supply as well as the application of technology and techniques in the construction industry. The National Timber Industry Policy (NATIP) which was launched in 2009 by the then Deputy Prime Minister of Malaysia, YAB Dato' Sri Mohd Najib Tun Abdul Razak, has also identified the domestic market as one of the areas to be strengthened through intensive promotional activities.

Despite several efforts being carried out by agencies such as MTIB, FRIM and MTC to encourage the use of timber in domestic construction, the percentages of timber used in construction is still low compared to other materials. Recognising several challenges facing by the timber industry, MTIB, FRIM and MTC recently organised a retreat from 20 to 22 January in Port Dickson, Negeri Sembilan to discuss the challenges as well as to recommend several activities to overcome those challenges.

As a result of the retreat, A Roadmap for Timber in Construction (2014-2015) was established to reflect continuous tasks to

be carried out by relevant agencies. The strategic thrust was divided into two parts i.e. technical and promotion. Five strategic thrusts were identified under technical i.e. improving performance of timber products; improving supply for the mass market in particular to standardise the sizes of door and window frames; enhancing the use of new structural engineered timber products in the domestic market to develop and promote the use of new structural engineered timber products – Glulam, LVL, CLT; exploring alternative building systems such as the use of timber frame housing and strengthening quality assurance by implementing Quality Assurance Scheme. As for promotion, a total of two strategic thrusts were identified i.e. government procurement policy and knowledge dissemination. One of the strong recommendations from the retreat was for the National Committee on Use of Timber in Construction (NCUTC) through the Ministry of Plantation Industries and Commodities to prepare a policy paper for the Cabinet to propose certain percentages of timber to be used in public buildings in order to enhance the use of timber in the domestic market.

A total of 28 participants took part in the retreat which comprised several agencies such as MPIC, KETTHA, MTIB, FRIM, MTC, JKR, UiTM, USM, PAM, PIAM, CTCS as well as timber associations namely TEAM, MWIA, MWMJC and PEKA. MTIB was represented by Tuan Hj. Mahpar Atan, Puan Hj. Mahsuri Mat Dris, Encik Mohd. Adawi Ton Omar and Encik Muhamad Shaiful Nordin from Industry Development as well as Puan Hj. Noor Laila Mohamed Halip from Strategic Planning and Corporate Affairs.



*Discussion in progress.*

## ENHANCING TESTING SKILLS FOR JAS AND JIS STANDARD



Group photo of MTIB officials and Mr. Oshima (second from left), trainer for mechanical testing at JTCCM, Japan.

In October 2010, MTIB developed the National Product Certification system for timber products produced locally. Then, MTIB was officially recognised as the Accredited Certifying Body (ACB) for timber products in accordance to ISO/IEC Guide 65:2000, an international standard for ensuring competence to those organisations performing product certifications. This accreditation, given on 3 April 2012 by Standard Malaysia, has placed MTIB as the sixth organisation in Malaysia to gain the status. Now MTIB is planning to expand its role to become an international certification body which conforms to overseas standards or product schemes based on the standard ISO/IEC 17065:2012

As an ACB, function of product testing is important. This is to ensure that the product manufactured by a company complies with the standards set out in the applicable product certification scheme. Therefore, MTIB sent his officers to undergo training at Japan Testing Centre for Construction Material (JTCCM). JTCCM is a testing body which conducts testing and evaluation to ensure products entering Japan comply to standards enforced by Japanese Authority. As a third party testing organisation, JTCCM provides services such as general testing, research, performance evaluation, product certification and registration, assessment and registration of ISO management for the building sectors including materials and application in Japan.

The training involved officers in two divisions in MTIB. The divisions were the Fibre and

Biocomposite Centre, a testing division in MTIB and MTIB CB unit. The intensive training programme conducted in JTCCM focused on wood-based panel testing which refers to Japanese Agriculture Standard (JAS) and Japanese Industrial Standard (JIS). The technical training was aimed to develop participant understanding and knowledge as well as technical skills in the testing service of wood-based panel products. The training also included theoretical lectures by Mr. Kawakami, Deputy Director of JTCCM on understanding the testing requirement under JAS for plywood and JIS for particleboard.

Technical training was conducted in two sessions - mechanical testing and Formaldehyde emission testing. Mechanical testing was conducted by Mr. Oshima while Mr. Kikuchi conducted the



The MTIB team at JTCCM.

## FRIM HTD FORUM



YB Dato' Sri James Dawos Mamit, Deputy Minister of Natural Resources and Environment (centre) launching the FRIM HTD Trademark, on behalf of the NRE Minister.

Forest Research Institute Malaysia (FRIM) in collaboration with MTIB and Malaysian Timber Council (MTC) organised a special forum in Kepong on 7 January to introduce its award-winning High Temperature Drying (HTD) system for wood treatment.

The forum which was held at the FRIM Auditorium was attended by 150 participants from local wood-related industries, which included local Rubberwood suppliers, wood-based product manufacturers and kiln-drying operators.

Over 10 years ago, the EU decided that the present process of treatment of Rubberwood sawntimber with borax base chemical was no longer acceptable due to active volatile material, believed to be harmful to humans. To safeguard the potential of Rubberwood furniture industry, the Malaysian government had given the task to FRIM to look into other alternatives in the processing and treatment of Rubberwood. Since then, FRIM together with other related agencies has worked to find a drying method to address these market requirements.

Today HTD technology, which does not use chemicals (only the heat and humidity systems) offers an ideal solution to the concerns of the Rubberwood furniture manufacturers and the timber trade industry with regard to the increasingly stringent requirements for environmental-friendly products imposed by developed countries. The new process which is very promising is not only chemical-free, but it also enhances timber stability and greatly reduces the processing time from 12 to two days and is proven in controlling infestation.

The HTD technology has, incidentally, won numerous awards including: National Innovation Awards 2013 (Product Category) – Malaysia; Green Invention Order of Merit Award 2013 – World Inventor Award Festival – Korea; and Forestry Order of Merit Award 2013 – World Inventor Award Festival – Korea. Following its outstanding potential, FRIM successfully obtained the patent for the HTD system from the United States in March 2013 and Malaysia in October 2013. It has filed for patent in six other countries namely Singapore, Thailand, Viet Nam, Indonesia, China and India.



Encik Mohd Khairuddin Mohd Rani, MTIB Director of Trade Development spoke on 'Rubberwood and Challenges'.



Participants at the forum.

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The forum kicked-off with Encik Mohd Kheiruddin Mohd Rani, MTIB Director of Trade Development, speaking on "Rubberwood : Status and Challenges"; whilst Dr. Sik Huei Shing, FRIM Research Officer made a presentation on the HTD System, highlighting its many advantages. She is one of the two main researchers responsible for developing the HTD system through a research project, financed by the levy fund managed by MTIB; e-Science fund under Ministry of Science, Technology and Innovation; and CRDF-1 fund under Malaysian Technology Development Corporation (MTDC).

The event also saw the exchange of licensing agreements signed between FRIM and Advanced Low Pressure System (ALPS) Sdn. Bhd. for the commercialisation of the technology in Malaysia and Thailand. FRIM was represented by Dato' Dr. Abd. Latif Mohmod, Director-General of FRIM and ALPS by Encik Richard Lee, Technical Director.

There was also a panel discussion on challenges faced by the industry, where participants were encouraged to provide

feedback, ask questions and seek more information on the HTD system. The three-member panel, chaired by Dr Rahim Sudin, FRIM Director of Forest Products Division comprised Encik Mohd Kheiruddin (MTIB), Dr. Sik (FRIM), and Encik Wong Tuck Meng (MTC).

YB Dato' Sri Dr. James Dawos Mamit, Deputy Minister of Natural Resources and Environment officiated the opening of the forum and launched the FRIM HTD Trademark, on behalf of the Minister. Also present at the ceremony were Tuan Hj. Mahpar Atan, MTIB Director of Industry Development; Encik Abdullah Abdul Malek, MTC Raw Material Supply Director; Dr. Wong Tuck Meng, MTC Timber Industries Development Director; and Mr. Mark Rozario, CEO of National Agency for Innovation.

The FRIM HTD project team also conducted a meet-the-client session with interested parties after the forum. 

*Cont. from page 15*

formaldehyde emission testing. The scope covered sample preparation, apparatus, equipment, and work procedure for mechanical, physical, formaldehyde emission tests. The participants were allowed to handle the testing equipment themselves in performing mechanical and formaldehyde tests.

Meetings to assess the training performance were conducted during the last session of the training programme. During the discussion, the participants were informed by JTCCM representative about the problems and experiences they had encountered before JTCCM is well established. At the end of the discussion, the representative of JTCCM expressed their willingness to assist in enhancing the testing skills of MTIB officers and provide technical advise on the setting up of testing labs.

The technical training which was held from 14 to 17 January was attended by MTIB officials namely Dr. Loh Yueh Feng, Encik Yeoh Beng Hoong, Cik Noor Intan Saffinaz Anuar, Puan Norjihan A. Bakar, Encik Wan Suhaimi Wan Chek and Encik Mohamad Fu'ad Ishak.

In addition, a meeting was held with Food and Agricultural Materials Inspection Centre, JTCCM to discuss and exchange views on product certification and current issues. JTCCM is the body responsible for carrying out inspection and audit of any organisation seeking to become a certification body under the JAS standard. Encik Zulkepli Abd. Rani, Director of FIDEC and Cik Farydatul Nazly Mohd Zin, MTIB Deputy Director from Certificate Body Unit attended the meeting. 



*Training on the testing of formaldehyde emission based on JAS plywood.*



*Intensive discussion during the training.*

Cont. from page 5

### THAILAND

#### RFD to Start Reforestation Initiative in 2013

In 2013, the Thai Royal Forest Department (RFD) will be launching a 60-month reforestation programme across Thailand, where a total of 150,000-rai [1-rai = 1,600sqm] of degraded forests will be rehabilitated in 17 basin rivers nationwide. The programme will be getting an allocation worth THB15 billion (EUR378.02 million, USD493.50 million) from the National Water and Flood Management Policy Office, which also manages the THB350 billion flood prevention programme. According to the Forest Planting Promotion Office's Chief, Chanatip Gooldilok, the reforestation will involve a combined area of around 70,000 rai in Tak, Lampang and Phrae and another 10,000 rai will be in Chiang Mai. During the initial stage that is due for 2013 commencement, the reforestation program will cover six river basins, namely Sakae Krang, Pasak, Nan, Yom, Wang and Ping, before being extended to the remainder 11 river basins during the second stage. Representatives from the state agencies, private sector and the local community in every province will be united in a committee to oversee their respective provincial reforestation programme. Areas that will be chosen by RFD for reforestation will be those that are conflicts-free between the forest dwellers and state forestry officials over the land use, where the forest dwellers will then be employed to plant the trees that will be costing THB19 each.

Bangkok Post, 8 January

### UNITED KINGDOM

#### Experian Reports on Construction Market Output

UK construction market output declined in 2012 by 8.5%, according to Experian, which stated in autumn that full-year output would fall by 7.5%. The information services firm said the revision was due to waning public sector work, coupled with infrastructure, commercial and private housing weakness. It expects output to fall in 2013 by 3.5%, with growth of 0.8% forecast for 2014. Experian sees public housing prospects are still poor, with output over the year expected to decline by 22% and carry on falling well into 2013.

Building, 11 January

### UNITED STATES

#### Official Says Federal Reserve May Need to Do More to Help Economy

In a speech, President of the Federal Reserve Bank of Minneapolis, Narayana Kocherlakota, said that the US monetary policy is "too tight, not too easy" despite unemployment will continue to be high and inflation in the coming two years will continue to be low, staying under the 2% target set by the Federal Reserve. Therefore, he suggested the Federal Reserve may need to execute more actions to support the economy. Kocherlakota expects unemployment to fall slightly to 7.5% by late 2013 from the current 7.8%, and in 2014 will fall to 7%. He said price index for personal consumption spending will rise to 1.6% in 2013 and 1.9% in 2014, while the GDP in 2013 will increase by 2.3% and later by 3% in 2014.

Wall Street Journal, 11 January



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# ACHIEVING COMPETITIVE ADVANTAGE THROUGH A QUALITY MANAGEMENT SYSTEM MS ISO 9001: 2008

*In the era of tough competition in the present globalised and liberalised world, only companies which are more competitive and perseverant will be able to survive in the market place. Changing economies are inevitable. Being able to adopt and adapt to the changes hold greater and promising future for further growth.*

In offering goods and services, quality assurance is a crucial factor for achieving competitive advantage. The ability to maintain internationally recognised quality would enable easy market accessibility and acceptance to the global market. One such quality system is the Quality Management System MS ISO 9001:2008.

## Quality Management System

The quality management system (QMS) is a collection of business processes that focuses on achieving quality policy and quality objectives with the end goal of meeting the customers' wants and needs therefore fulfilling their satisfaction. It is expressed as the organisational structure, policies, procedures, processes and resources needed to implement quality management.

The international organisation for standardisation's ISO 9001:2008 series describes standards for a QMS addressing the principles and processes surrounding the design, development and delivery of a general product or services.



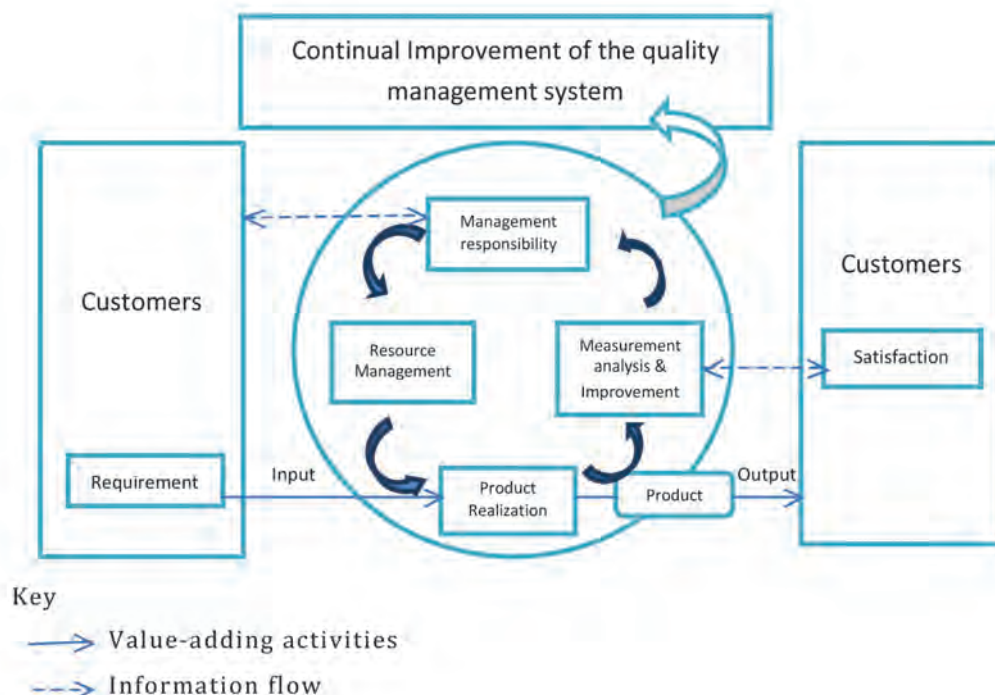
Dongwha Fibreboard Sdn. Bhd.

Front view of Dongwha Fibreboard Sdn. Bhd.

Organisations can participate in a continuing certification process to ISO 9001:2008 to demonstrate their compliance with the standard, which includes a requirement for continual improvement of the QMS.

A QMS process which is an element of an organisation QMS and the ISO 9001:2008 standard, requires organisations seeking compliance or certification to define the processes which form the QMS and the sequence and interaction of these processes.

Figure 1: Model of a Process-based Quality Management System



*Cont. from previous page*

Examples of such processes include order processing, production planning measurement of product/service/ process compliance with specified requirements including statistical techniques such as statistical process control and measurement systems analysis, calibration, internal audit corrective action, preventive action, identification, labelling and control of non-conforming product to preclude its inadvertent use, delivery or processing.

ISO 9001 requires that the performance of these processes be measured, analysed and continually improved, and the results of this form an input into the management review process.

The model of a process-based quality management system illustrates the process linkages of clauses 4-8. It shows that customers play a significant role in defining requirements as inputs. Monitoring of customer satisfaction requires the evaluation of information relating to customer perception as to whether the organisation has met customer requirements. The model covers all the requirements of the International Standard ISO 9001 but does not show processes at a detailed level.

Clause 4 – Quality Management System Requirement

Clause 5 – Management Responsibility

Clause 6 – Provision of Resources

Clause 7 – Product Realisation

Clause 8 – Measurement, Analysis and Improvement

## ISO 9001

As it is internationally recognised and used widely all over the world, possessing the ISO 9001 would assist in demonstrating an organisation's ability to maintain quality in products and services and meeting the requirements of customers and regulations. There have been reports of better financial performance of businesses, increased international trade and

domestic market share, in addition to the internal benefits such as customer satisfaction, interdepartmental communications, work processes, and customer/supplier partnerships derived. All these far exceed any and all initial investment.

As such, more and more companies are fast engaging in the quality management system and this includes quite a few wood-based companies. In early 2014, the Malaysian Certified which is SIRIM Directory Services showed that eleven wood-based companies have acquired MS ISO 9001:2008. Mainly export oriented, these companies are large which have been in existence for more than 10 years. Dongwha Fibreboard Sdn. Bhd. is an example of a company which has shown a steady growth upon acquiring the MS ISO quality management system. It has succeeded to instil quality which shows in its products.

## Dongwha Fibreboard Sdn. Bhd.

Dongwha began its presence in Malaysia in October 2003 with one MDF line. Since then, it has aggressively expanded its MDF business in Malaysia. Currently the company owns four MDF lines, two MFB lines, one LPM line and one resin factory and has become one of the largest MDF Company in Malaysia.

Dongwha has always maintained customer expectation in delivering quality products and services. The company focuses on producing products and delivering services of the highest quality without compromise.

In its early years of establishment, Dongwha acquired several companies namely Golden Hope Fibreboard (Nilai) in 2003, Merbok MDF (Merbok) in 2006 and Guthrie MDF (Kulim) in 2007.

Prior to the acquisition, Golden Hope Fibreboard was already certified with MS ISO 9001:2000 in 2002 while Guthrie MDF was certified with MS ISO 9002:1994 in 1997 and acquired MS ISO 9001:2000 in 2002.



*Control room.*



*Quality inspection in progress.*

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Following the revision of MS ISO in 2008, Dongwha Fibreboard (Nilai) and Dongwha Kulim were certified with MS ISO 9001:2008.

Sales, however, were not apparent due to the duration spent in achieving MS ISO. Nevertheless, the influence of having a good management system in place did contribute to customer satisfaction and indirectly helped increase sales.

### Benefits of MS ISO to the Company

The MS ISO 9001:2008 certification has benefitted Dongwha Fibreboard in such that it has assisted the company to be more organised with written procedures and work instructions. The key documents are better controlled and records are kept more systematically, checking and audits are conducted at regular intervals, faults are identified and corrected, and prevention steps are taken. Lastly, communication has improved.

For the organisation, the ISO provides:

- Well defined responsibilities across the organisation
- Senior management with an efficient management process
- Marketing opportunities
- Systematically managed deficiencies
- Reduced costs
- Enhanced communication to staffs and customers
- Continuous assessment and improvement

In addition, the ISO may be mandatory if tendered for some work with the public sector.



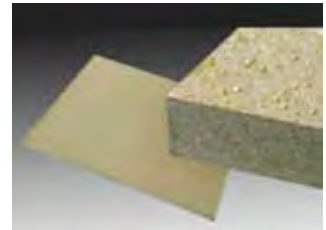
*Medium Density Fibreboard (MDF)*



*MDF Latex Free*



*MDF Lamination Grade*



*MDF Moisture Resistance*



*High Density Fibreboard (HDF)*



*Low Density Fibreboard (LDF)*



*Melamine Faced Board (MFB)*



*Coated Paper Overlaid Board (COB)*

*Dongwha Fibreboard Sdn. Bhd.*



*Dongwha fibreboard plant in Nilai, Negeri Sembilan.*

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### List of Wood-based Companies Accredited to MS ISO 9001:2008

| No | Companies                              | State                | Products                                                                                           |
|----|----------------------------------------|----------------------|----------------------------------------------------------------------------------------------------|
| 1  | B.K.B. Hevea Products Sdn. Bhd.        | Perak                | Manufacture of 3-Layer Parquet                                                                     |
| 2  | Dongwha Fibreboard/MDF Sdn. Bhd.       | Negeri Sembilan      | Manufacture of Fibreboard and MDF                                                                  |
| 3  | Evergreen Fibreboard (Nilai) Sdn. Bhd. | Negeri Sembilan      | Manufacture of MDF and its Related Products                                                        |
| 4  | Innoprise Wood Products Sdn. Bhd       | Kota Kinabalu, Sabah | Production of Wooden Garden Furniture                                                              |
| 5  | Lii Hen Furnitures Sdn. Bhd            | Johor                | Manufacture of Wooden Furniture                                                                    |
| 6  | Robina Flooring Sdn. Bhd.              | Pahang               | Manufacture of HDF Flooring                                                                        |
| 7  | Samling Plywood (Baramas) Sdn. Bhd     | Sarawak              | Manufacture of Hardwood Plywood                                                                    |
| 8  | Shin Yang Laminated Board Sdn. Bhd.    | Sarawak              | Manufacture of Plywood and Laminated Board                                                         |
| 9  | Sinora Sdn. Bhd.                       | Sandakan, Sabah      | Manufacture of Plywood and Veneer                                                                  |
| 10 | Woodlandor Wood Products Sdn. Bhd.     | Semenyih, Selangor   | Design and Development and Manufacture of Wooden Furniture, Manufacture of Fire Resistant Doorsets |
| 11 | Zedtee Plywood Sdn. Bhd.               | Bintulu, Sarawak     | Manufacture of Plywood and Veneer                                                                  |

For the customers, the ISO:

- Inculcates a DO IT RIGHT FIRST TIME attitude
- Ensures delivery in full and on time
- Ensures improved quality and service
- Reduces product complaint and returned cargo

In addition, the independent audit demonstrates commitment to quality.

### Conclusion

In a nutshell, MS ISO provides the tool for an organisation to demonstrate their ability to deliver products that the customer wants on a continuous basis. It provides the system for enhancing customer satisfaction. This means that the management team must be fully responsible and committed, having adequate resources such as a competent workforce, suitable infrastructure, work environment as well as a controlled product creation process and an improvement continual method. In fulfilling all these requirements, a QMS is then completed.

Provision and management of financial resources is also necessary for the QMS to operate successfully as every business would require capital for its operational expenditure.

Maximum benefits will be gained by an organisation with a purposeful implementation of ISO coupled with a practical approach as the adopted QMS should not be seen just as a set of procedures that the employees would find hard to manage.

An organisation that wishes to implement the ISO should also ensure that they have a buy-in from their senior management so that all areas of the organisation are aware of the importance of the ISO accreditation process.

#### References:

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- International Standard ISO 9001-Quality Management Systems-Requirements
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- [www.iso.org/iso/qmp\\_2012.pdf](http://www.iso.org/iso/qmp_2012.pdf)
- <http://www.iso9001consultant.org>





## TIMBER INDUSTRY IN MYANMAR

### Timber Industry in Myanmar

Myanmar is rich in a vast variety of natural resources, both renewable and non-renewable. Among them, the forest resource is one of the most critical and principal suppliers for the livelihood of the people and the national economy as well. There are various types of forests such as tidal, beach and dune; swamp forests; tropical evergreen forests; mixed deciduous forests; dry forests; deciduous dipterocarp forests; and hill and temperate evergreen forests. Indeed, Myanmar is home to the best quality Teak which is one of the most valued and sought after tropical timbers in the world. Moreover, it is asserted that extensive and beautiful natural Teak (*Tectona grandis*) stands can be seen only in Myanmar today.

The timber industry in Myanmar was initiated in the year 1824 and the nationalisation of the forestry industry was in 1948. The State Timber Extraction Organisation was developed to monitor Myanmar's timber industry. At a later stage, the State Timber Board, the prelude to the Myanmar Timber Enterprise was created. Currently, there are two major organisations under the Ministry of Forestry namely the Forestry Department, responsible for the development of the sector in Myanmar and the Myanmar Timber Enterprise (MTE) which looks after the harvesting, processing and marketing of timber products. The wood-based industry is dominated by both the government and private sector. MTE owns nine Teak sawmills, 72 non-Teak sawmills, four plywood factories, three mouldings factories, two veneer factories and eight furniture factories. The private sector of which the majority are small and medium scale industries, owns 254 sawmills, nine plywood and veneer mills, 1,497 recutting mills and 1,588 small products factories.

### Forest Resources

Forest covers 32.4 million hectares or 52% of Myanmar's total land area of 676,577 square kilometer. Timber ranks second after agriculture as a major export earner for the country. Teak and hardwood timbers are the most important export products and Myanmar commands about 90% of the world's commercial supply of Teak. Logs remain the major export item. Besides Teak, other popular hardwood species include Padauk, Pyinkado, Kanyin, Tahung Tahyet and Pine. Myanmar has a large number of timber species; there are 85 recognised and accepted species which yield premium quality timber and some 100 lesser known species.

The area of planted forests is estimated at 710,000 hectares, 31% (227,060 hectares) of which is Teak. Special Teak plantation projects have been implemented since 1998 in various divisions such as in Sagaing, Mandalay, Magway, Bago, Tangon and Ayeyarwaddy. The Annual plantation target is 20,000 acres for a 40-year period. By 2038, an expected total of 800,000 acres will be planted with 1.8 million m<sup>3</sup> of



Teak, churning USD1.1 billion. The agro industrial plantation also includes 110,000 hectares of rubber.

Myanmar lost an estimated 5.2 million hectares of forest between 1990 and 2000, an annual deforestation rate of 520,000 hectares (1.4%). There has also been apparent degradation of remaining forests; the average volume of woody material in the growing stock fell from 145 m<sup>3</sup> per hectare in 1990 to 33 m<sup>3</sup> per hectare in 2000, and the quantity of above-ground biomass fell from 217 tonnes per hectare to 57 tonnes per hectare during the same period.

The natural-forest, Permanent Forest Estate (PFE) comprises an estimated 13.0 million hectares 62% of the PFE's boundaries have been demarcated. Within the PFE, 9.7 million hectares are designated as production forest, 8.3 million hectares being mixed deciduous and 1.4 million hectares, evergreen forests.

The area of planted forests in 2000 was an estimated 710,000 hectares, 35% of which (291,000 hectares) was Teak . Agro-industrial plantations include 110,000 hectares of Rubber trees (*Hevea brasiliensis*).

### Timber Production

The Forest Department selects mature trees for harvesting while the MTE is responsible for the actual harvesting of both Teak and other hardwoods. The MTE operates 38 extraction and rafting agencies throughout the country. Most log-

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skidding is done by elephants; they have been shown to do less damage to the forest than machines, and wastage is less. Mechanical extraction is not favoured as it is not considered economically feasible under the Myanmar Selection System, it is only used in limited areas. So far, heavy equipment has been used mainly for road construction, the loading and unloading of logs, and for transportation.

The area harvested annually has, over the past five years, averaged about 411,000 hectares; 52% of logging areas are under management plans or harvesting schemes. Logging is guided by the National Code of Practice for Forest Harvesting, which includes detailed guidelines for work such as: the alignment and construction of extraction roads, skid trails and stream crossings; the mapping of tree positions; climber cutting before felling; and the directional felling of selectively marked trees.

Forest management in general and Teak management in particular has various constraints and problems. At present, timber extraction is concentrated on only a few species. This 'creaming' of the forest, if unabated, will lead to the devaluation of the forests in the long run through a decrease of valuable species. Other problems are: timber theft and the illegal logging of trees for commercial use; the extension of pasture land and widen agriculture; and over-harvesting for firewood and charcoal.

The political situation in remote areas creates an environment that allows wasteful and unplanned logging and possible illegal cross-border trade. The Forest Department is undertaking remedial measures to conserve the natural forests – such as updating district-level forest management plans, surveys, boundary demarcation, fire protection, logging codes, forest reservation, and establishment of a PFE and community involvement, but lacks adequate resources, particularly to exercise control in remote areas (Global Witness 2003). Logging in Kachin state, on the border with China (and outside the tropics) has reportedly had serious environmental impacts.

## Malaysia's Timber Trade with Myanmar

### Export

In 2013, Malaysia's export of timber and timber products to Myanmar improved 9.5% to RM8.2 million from RM7.5 million in the previous year. Major products exported to Myanmar, which included sawntimber, BJC, and furniture, showed a positive growth.

Export of plywood reached its highest in 2012 at RM144 thousand but registered a decrease of 73.6% in 2013 whereas, export of BJC increased 19.6% to RM256,000 in 2013.

Export of furniture has been on the increasing trend over the years, reaching its highest in 2013 at RM5.2 million. However, exports of fibreboard and particleboard decreased by 44.2% and 9.2% to RM343,000 and RM2.3 million respectively.

## Malaysia: Export of Timber and Timber Products to Myanmar, 2009-2013

(Value: RM `000)

| Product       | 2009         | 2010         | 2011         | 2012         | 2013         |
|---------------|--------------|--------------|--------------|--------------|--------------|
| Logs          | 0            | 0            | 0            | 0            | 0            |
| Sawntimber    | 0            | 0            | 0            | 0            | 18           |
| Plywood       | 0            | 0            | 59           | 144          | 38           |
| Veneer        | 0            | 0            | 0            | 0            | 0            |
| Mouldings     | 0            | 0            | 0            | 0            | 0            |
| BJC           | 113          | 117          | 244          | 214          | 256          |
| Furniture     | 919          | 2,362        | 4,347        | 3,991        | 5,245        |
| Fibreboard    | 0            | 81           | 656          | 615          | 343          |
| Particleboard | 702          | 648          | 2,253        | 2,494        | 2,265        |
| <b>TOTAL</b>  | <b>1,734</b> | <b>3,208</b> | <b>7,559</b> | <b>7,458</b> | <b>8,165</b> |

Source: Department of Statistics, Malaysia and MTIB

(Volume : m³)

| Products   | 2009 | 2010 | 2011 | 2012 | 2013 |
|------------|------|------|------|------|------|
| Logs       | 0    | 0    | 0    | 0    | 0    |
| Sawntimber | 0    | 0    | 0    | 0    | 16   |
| Plywood    | 0    | 0    | 58   | 102  | 21   |
| Veneer     | 0    | 0    | 0    | 0    | 0    |

Source: Department of Statistics, Malaysia and MTIB

## Malaysia: Import of Timber and Timber Products from Myanmar, 2009-2013

(Value: RM `000)

| Product       | 2009          | 2010          | 2011          | 2012          | 2013          |
|---------------|---------------|---------------|---------------|---------------|---------------|
| Logs          | 15,055        | 22,793        | 12,981        | 12,789        | 4,520         |
| Sawntimber    | 35,660        | 48,519        | 45,324        | 48,555        | 58,594        |
| Plywood       | 13            | 0             | 280           | 5             | 0             |
| Veneer        | 156           | 262           | 6             | 69            | 331           |
| Mouldings     | 2,459         | 3,942         | 3,527         | 1,332         | 333           |
| BJC           | 212           | 147           | 1,003         | 0             | 6             |
| Furniture     | 230           | 211           | 0             | 13            | 42            |
| Fibreboard    | 0             | 0             | 0             | 0             | 0             |
| Particleboard | 0             | 0             | 0             | 0             | 164           |
| Wooden frames | 0             | 0             | 0             | 16            | 0             |
| Others        | 870           | 65            | 1,587         | 786           | 110           |
| <b>TOTAL</b>  | <b>54,655</b> | <b>75,939</b> | <b>64,708</b> | <b>62,965</b> | <b>64,100</b> |

Source: Department of Statistics, Malaysia

(Volume : m³)

| Products   | 2009   | 2010   | 2011   | 2012   | 2013   |
|------------|--------|--------|--------|--------|--------|
| Logs       | 11,421 | 7,036  | 2,840  | 6,034  | 1,754  |
| Sawntimber | 17,363 | 15,330 | 15,160 | 14,958 | 17,271 |
| Plywood    | 9      | 0      | 25     | 8      | 0      |
| Veneer     | 110    | 138    | 9      | 31     | 206    |
| Fibreboard | 0      | 0      | 0      | 0      | 0      |

Source: Department of Statistics, Malaysia

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### Import

In 2013, Malaysia's import of timber and timber products from Myanmar improved 1.7% to RM64.1 million from RM63 million in the previous year. Major products imported from Myanmar, including furniture, sawntimber, veneer, BJC, and particleboard, showed positive growth.

Import of logs reached its highest in 2010 at RM22.8 million but registered a decrease in 2013 whereas, export of sawntimber increased 20.7% to RM58.6 million in 2013.

Import of furniture has been on the decreasing trend over the years, reaching its highest in 2009 at RM230,000 and import of plywood decreased by 100% to RM5,000 in 2012.

Import of veneer and particleboard increased by 379.7% and 100% to RM331,000 and RM164,000 respectively.

### Production, Export and Import of Timber and Timber Products

Annual production of industrial roundwood from 2009 until 2012 increased from 4.3 million m<sup>3</sup> to 5 million m<sup>3</sup> in 2012 whereas production of logs maintained at 2.8 million m<sup>3</sup> only to increase to 3.1 million m<sup>3</sup> in 2012.

### Conclusion

Teak and hardwood logs are significant exports of Myanmar and will continue to contribute to the country's export earnings. Although the government encourages exporting processed timber products, logs and sawntimber are expected to remain as the major export item. The wood-based industry needs to be developed quickly, gearing towards production of high value-added products in order to gain more value for its timber rather than focusing on export of primary products.

Coupled with appropriate measures taken to improve the wood-based industry, the abundant possession of raw materials could also place Myanmar in a better position as compared to neighbouring countries to become the leading exporter of timber and timber products to the world market in the future.

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<http://en.wikipedia.org/wiki/myanmar>

[http://www.myanmar-timber-association.org/about\\_myanmar.html](http://www.myanmar-timber-association.org/about_myanmar.html)

World Furniture Outlook 2011/2012, CSIL

MTIB's statistics 

### Myanmar: Production of Timber and Timber Products

(Volume: '000 m<sup>3</sup>)

| Products/Year        | 2008  | 2009  | 2010  | 2011  | 2012  |
|----------------------|-------|-------|-------|-------|-------|
| Industrial Roundwood | 4,262 | 4,262 | 4,171 | 4,739 | 5,078 |
| Sawntimber           | 1,601 | 1,610 | 1,610 | 1,610 | 1,610 |
| Plywood              | 116   | 116   | 116   | 116   | 116   |
| Veneer               | 32    | 33    | 33    | 36    | 36    |
| Logs                 | 2,849 | 2,849 | 2,849 | 2,758 | 3,134 |

Source: FAO Yearbook





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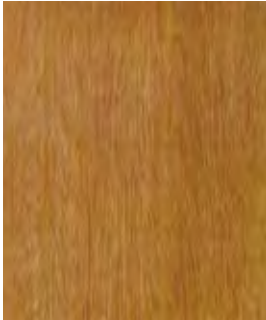
## COMING EVENTS – JUNE 2014

| DATE  | EVENT                                                                                         | VENUE                                                                     | ORGANISER                                                                                                                        |
|-------|-----------------------------------------------------------------------------------------------|---------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------|
| 5-7   | <b>WOODEX FOR AFRICA JOHANNESBURG SHOW 2014</b><br>Professional in Wood Processing Industry   | Gallagher Convention Centre, Johannesburg, South Africa                   | Acropolis Exhibition (Pty) Ltd.<br>Tel : + 27 (0) 12 7517 604<br>Fax : + 27 (0) 86 2160 557<br>E-mail : info@woodexforafrica.com |
| 17-19 | <b>THE FACILITIES SHOW 2014</b><br>Office Facilities Including Furniture, Flooring and Travel | Ex Cel One Western Gateway<br>Royal Victoria Dock, United Kingdom         | United Business Media (UBM)<br>Tel : + 31 34 65 59444<br>Fax : + 31 34 65 59444<br>E-mail : JBlack@cmpinformation.com            |
| 17-20 | <b>LIFF 2014</b><br>Libya International Furniture Fair                                        | Tripoli Internation Exhibition Centre, Libya                              | Pyramids Group<br>Tel : + 20 2 2455 1177<br>Fax : + 20 2 2455 1188<br>E-mail : info@pyramidsfair.com                             |
| 20-22 | <b>HOMEDec-JOHOR BAHRU 2014</b><br>Home Decoration Exhibition                                 | Persanda Johor International Convention Centre, Johor Bahru, Malaysia     | CIS Network Sdn. Bhd.<br>Tel : + 603 7982 4668<br>Fax : + 603 7982 1648<br>E-mail : info@cisnetwork.com                          |
| 25-28 | <b>ARCHIDec 2014</b><br>Malaysia Architecture, Interior Design and Building Exhibition        | Kuala Lumpur Convention Centre (KLCC), Kuala Lumpur City Centre, Malaysia | CIS Network Sdn. Bhd.<br>Tel : + 603 7982 4668<br>Fax : + 603 7982 1648<br>E-mail : info@cisnetwork.com                          |
| 26-28 | <b>CIF 2014</b><br>China Furniture Wood Working 2014                                          | Suzhou International Expo Centre, China                                   | Zhao Yixue Exhibition Planning Studio<br>Tel : + 86 512 6576 5333<br>Fax : + 86 512 6575 6666<br>E-mail : 8445210@99.com         |

## COMING EVENTS – JULY 2014

| DATE       | EVENT                                                                                                                       | VENUE                                                         | ORGANISER                                                                                                                                  |
|------------|-----------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------|
| 8-11       | <b>CBD 2014</b><br>China International Building @ Decoration Fair                                                           | China Import and Export Fair Pazhou Complex, Guangzhou, China | China Foreign Trade Guangzhou Exhibition Corp.<br>Tel : + 86 20 26088888<br>Fax : + 86 20 86665851<br>E-mail : marketing@fairwindow.com.my |
| 9-11       | <b>TABLEWARE EXPO 2014</b><br>Decoration, Home and Office Design, and Furniture Exhibition                                  | Tokyo International Exhibition Centre, Japan                  | Reed Exhibitions Japan<br>Tel : + 81 (0) 3 3349 8501<br>Fax : + 81 (0) 3 3349 8599<br>E-mail : info@reedexpo.com.jp                        |
| 10-13      | <b>FURNITEX 2014</b><br>Wood Working Industries, Design, Furniture Exhibition                                               | Melbourne Exhibition and Convention Centre, Australia         | Informa Australia<br>Tel : + 613 8672 1200<br>Fax : + 612 9313 3010<br>E-mail : mail@informa.com                                           |
| 14-20      | <b>INTERFOREST 2014</b><br>International Trade for Forestry and Log Timber Technology Conferences, Special Show and Display | New Munich Trade Fair Centre Munchen, Germany                 | Messe Munchen GmbH<br>Tel : + 49 (89) 949 207 20<br>Fax : + 49 (89) 949 207 29<br>E-mail : info@messe-munchen.de                           |
| 21-24      | <b>MOVINTER 2014</b><br>International Furniture Fair, Decoration, Home and Office Design                                    | Interior Eventos Exhibition Centre, Mirassol, Brazil          | Reed Exhibition Alcantara Machado<br>Tel : + 55 11 3060 5000<br>Fax : + 55 11 3060 5001<br>E-mail : info@alcantara.com.br                  |
| 29 – 1 Aug | <b>FORMOBILE 2014</b><br>International Furniture Industry Trade Show                                                        | Parque Auhembi Exhibition Centre, Sao Paulo, Brazil           | BTS Informa<br>Tel : + 971 4 4380 355<br>Fax : + 971 4 4380 361<br>E-mail : flario.lemos@btsmedia.biz                                      |

## CHENGAL – SUITABLE FOR CARVING



Wood colour and texture

Chengal is one of the most famous Malaysian Heavy Hardwood due to its special characteristics. Several buildings which were constructed by using Chengal timber are still well-preserved.

Chengal falls under the Heavy Hardwoods category on Malaysian Hardwood Timbers, with a density of 915–980 kg/m<sup>3</sup>. Chengal is the product of a single species, *Neobalanocarpus*

*heimii*, in Peninsular Malaysia. The timber seasons slowly with moderate end-check and surface checking as the main sources of degrade. The only flaw in this wood is the numerous “pin holes” which are the galleries of dead Ambrosia beetles that attack almost all living trees of Chengal. However, the strength of the wood is never significantly affected by these “pin holes”.

### Wood Anatomy

Chengal sapwood is well defined. When freshly sawn the heartwood is light yellow-brown with a distinct greenish tinge, darkening on exposure to dark purple-brown or rust red. It has very prominent ripple marks. The grain is interlocked whilst the texture is fine and even. Vessels are with simple perforations and medium-sized, mostly solitary but with a few arranged radially in radial pairs and multiples of two to four; evenly distributed without any clear arrangement and filled with tyloses.

The wood parenchyma is abundant, consisting of both apotracheal and paratracheal types. Apotracheal type consists of irregularly spaced bands of variable thickness and short closely spaced tangential lines extending from ray to ray.

Paratracheal parenchyma is sparse, as incomplete narrow borders, not clearly visible with hand lens. The rays are moderately fine to medium-sized, visible to the naked eye on the cross section. The ripple marks are characteristics and very distinct. Intercellular canals are vertical and typically smaller than vessels, in concentric formation.

### Mechanical Properties

Chengal is classified into Strength Group 1 and durable timber. The static bending modulus of elasticity (MOE) value is 19,600 N/mm<sup>2</sup> and the modulus of rupture is 149 N/mm<sup>2</sup>. The compression strength perpendicular to grain value is 12 N/mm<sup>2</sup>, parallel to grain is 75.20 N/mm<sup>2</sup> and shear strength is 13.90 N/mm<sup>2</sup>.

### Uses

Chengal timber is suitable for marine construction, heavy construction, bridges, boat construction, heavy-duty flooring, lorry and truck bodywork as well as carving work.

In Malaysia, one noted example of a building made from Chengal is the *Masjid Kayu* in Seberang Jertih, Besut Kuala Terengganu. The mosque also uses Nyatoh and Balau timber. The total construction cost was RM12 million. It can accommodate a congregation of up to a maximum of 2,000 at one time.

Another building constructed from Chengal is Kelantan Islamic Museum. The building is a former office of a Religious and Malay Custom, Kelantan and it is one of the buildings that have features unique design in the city of Kota Bharu. The building has been renovated to transform it into an Islamic Museum. The building is made from the selected Chengal species and bricks. A variety of carvings decorates every door, window and space. In some places, these carvings fence verses of the Holy Quran which are composed of beautiful and attractive architecture and calligraphy.

Another historical building made from Chengal is *Istana Satu* which was built by the late Sultan Zainal Abidin III, Sultan of Terengganu in 1884, inside Maziah Palace, Kuala Terengganu. Building from this Chengal wooden architecture oriented traditional Malay house emulated the State of “The Twelve Pillars Rajasthan Home”.

### References:

- 100 Malaysian Timbers (2010 Edition), MTIB
- Artikel - 100 Peratus Kayu oleh Azman Mahmood (19/2/2012) [www.bharian.com.my/bharian/articles/100peratuskyu/Article/index](http://www.bharian.com.my/bharian/articles/100peratuskyu/Article/index)
- Artikel – Muzium Islam (Portal Rasmi Perbadanan Muzium Negeri Kelantan) [www.muzium.kelantan.gov.my/muzium\\_islam.php](http://www.muzium.kelantan.gov.my/muzium_islam.php)
- Artikel – Istana Satu (Portal Muzium Negara) [www.muziumnegara.gov.my/gallery/items/Istana\\_Satu\\_28](http://www.muziumnegara.gov.my/gallery/items/Istana_Satu_28)



Chengal is one of the timber species being used in the Masjid Kayu, in Seberang Jertih, Terengganu.

## MTIB Moments



MTIB participated in the Maulidur Rasul procession under the banner of Ministry of Plantation Industries and Commodities. It was held on 14 January 2014 in Putrajaya.



A factory visit to Tisisit Corporation (M) Sdn. Bhd. in Muar, Johor was organised for Bumiputera furniture manufacturers on 21 January 2014.



Dato' Kamariah Hussain, Chairman of PUSPANITA MTIB (seventh from right) and Puan Hj. Norchahaya Hashim, Deputy Director-General of MTIB (on her left) posing with new committee members of 2014/2015 during the 24<sup>th</sup> AGM. It was held on 24 January 2014 at MTIB, Kuala Lumpur.



MTIB organised a Workshop on the Development of Written Instructional Materials (WIM) for Malaysian Skills Certification from 27 to 30 January 2014 at WISDEC Selangor in Banting.



MTIB presenting a wooden multipurpose house to the villagers of FELDA Sg. Klah, Sungkai, Perak on 28 January 2014 under the Corporate Social Responsibility programme. The species used were Red Balau, Meranti, Melantai and Kempas. Seen at the construction site are officials from MTIB HQ, UiTM Shah Alam and Village Head of FELDA Sg. Klah.