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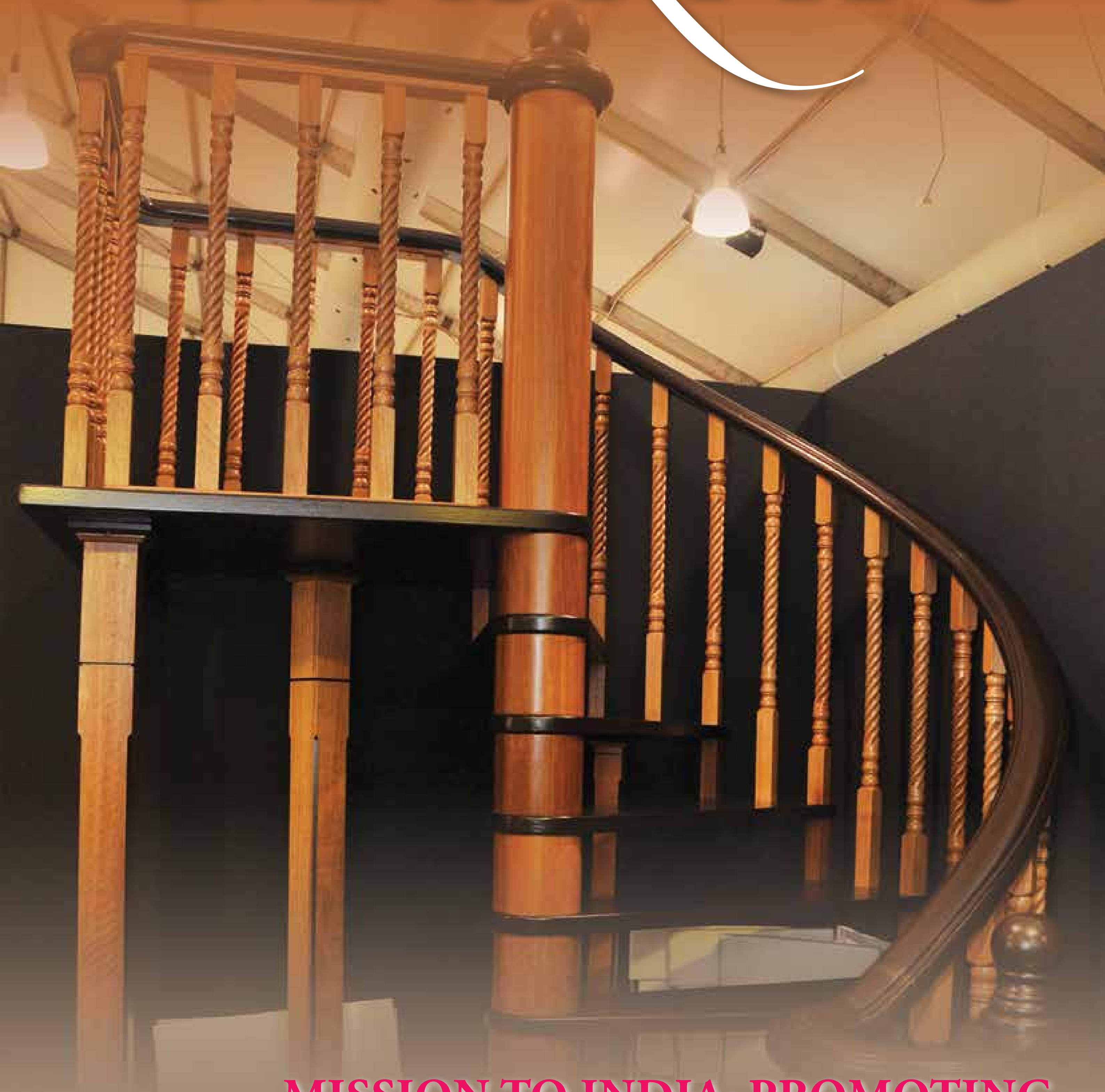

MISSION TO INDIA: PROMOTING MALAYSIAN COMMODITIES

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Cover: *Timber staircase manufactured by Phung Mun Yow Furniture was displayed at ARCHIDEX 2014. See page 20 for details.*

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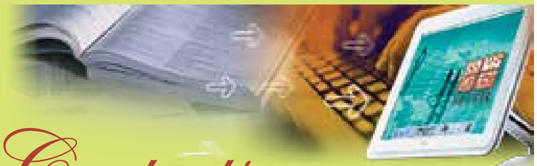
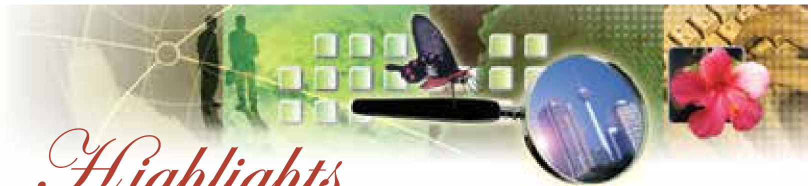


Contents



Highlights

Regular Features

MISSION TO INDIA: PROMOTING MALAYSIAN COMMODITIES

Attendees at the roundtable discussion.

In line with NATIP's timber and timber products export target of RM53 billion by 2020, MTIB joined a Ministerial promotion mission to India from 26 June to 1 July. India is seen as a major market for Malaysia's timber and timber products and currently ranks as the fourth largest market for Malaysian timber after Japan, USA and the EU. Export of Malaysian timber and timber products to India amounted to RM1.5 billion in 2013 and major products exported were logs, wooden furniture, builders' joinery and carpentry (BJC), chipboard/particleboard, plywood, veneer, sawntimber, and medium density fibreboard (MDF). The mission was led by YB Datuk Amar Douglas Uggah Embas, Minister of Plantation Industries and Commodities (MPIC), Malaysia.

In Mumbai, the mission visited a Palm Oil Trade Fair and Seminar, and roundtable discussions with relevant associations which included the Rubber and Rubber Products Association, and with Mumbai Timber Merchant Association Ltd. The delegation also attended the Palm Oil Consumer Programme and visited a furniture showroom, Durian Industries Ltd. In Kerala, the programme involved visits to Indian Rubber Board, Apollo Tyres and Spice Board India.

The roundtable discussion with Mumbai Timber Merchant Association Ltd., Timber Importers Association and the Association of Furniture Manufacturers of India was held at the ITC Maratha Hotel on 28 June. The discussion aimed to develop possible joint-ventures related to the manufacturing and marketing of timber products, as well as strengthening exports of timber products to India. The roundtable discussion was attended by 30 participants comprising India's timber importers, agents and merchants, manufacturers and end -users of timber and timber products.

In his welcoming remarks, Datuk Amar Douglas stated that the objective of the mission was to promote collaboration in the commodity sector between the private sectors in India and Malaysia. He believed that there are ample opportunities to further promote and strengthen bilateral trade in timber products. These include furniture products from Malaysia where currently furniture from Malaysia is exported to more than 150 countries globally.

Enquiries received were on the equivalent species of Malaysian timber and Indian timber, the grade of Malaysian sawntimber, high quality face veneer, used railway sleepers and the exportation of Malaysian logs for the Indian plywood industry.

Visit furniture showroom at Durian Industries Ltd.

Cont. on page 13

AMERICA
Growth in North American Lumber Output Stalled

The long and hard North American winter had an impact not only on the region's consumption of lumber and panels, but also on production as mills struggled with frozen logs and processing equipment. Total North American softwood lumber production in the first quarter of 2014 at 32.3 million m^3, while 3% above the fourth quarter of 2013, was essentially unchanged from the year-earlier production pace of 32.2 million m^3. Lumber output in each of Canada and the US were similarly affected. Consequently, US and Canadian production shares were largely unchanged, with the US accounting for 55% of the North American total and Canada for 45%.

www.euwid-wood-products.com, 23 June

AUSTRIA
Increase Lumber Exports by 10%

In the first quarter of 2014, 35,000 m^3 of sawntimber were exported by Austrian companies, according to statistics provided by FHP (Austrian cooperation platform for forestry-wood paper). Compared to the same quarter last year, this represents an increase of 10%. Most of the lumber products (31,000 m^3) were shipped to destinations within Europe; only 4,000 m^3 to Asia. The export value was €19 million, up 14% over the first quarter of 2013, according to FHP statistics.

Import of hardwood lumber declined by 21% to 38,000 m^3 in the first three months. The largest single market was Hungary with 11,000 m^3 of hardwood lumber imported. From Germany came 5,000 m^3 – only half the amount of last year. The value of imports in that sector was €23 million – down 15%, as FHP statistics suggest.

timber-online, 16 June

BRAZIL
Increased Exports of Tropical Sawnwood

In April 2014, wood product exports (except pulp and paper) increased 1.4% in terms of value compared to April 2013, from USD217 million to USD220 million. Pine sawnwood exports increased 35% in value in April 2014 compared to April 2013, from USD14 million to USD18.9 million. In terms of volume, exports rose 27.8%, from 64,400 m^3 to 82,300 m^3 over the same period. Tropical sawnwood exports increased 6.9% in volume, from 26,200 m^3 in April 2013 to 28,000 m^3 in April 2014. In value, exports increased 3.6% from USD14 million to USD14.5 million over the same period.

Pine plywood exports expanded 4.4% in value in April 2014 compared to April 2013, from USD36.4 million to USD38 million. The volume of exports increased 6.6%, from 95,900 m^3 to 102,200 m^3, during the same period. On the other hand, tropical plywood exports fell 17% from 4,100 m^3 in April 2013 to 3,400 m^3 in April 2014. In terms of value, tropical plywood exports fell 16%, from USD2.5 million in April 2013 to USD2.1 million in April 2014. Wooden furniture exports fell marginally in April from USD38.8 million in April 2013 to USD38.2 million in April 2014.

globalwood.org, 1 June

EUROPEAN UNION
Europe's Tropical Timber Imports Fall Slightly

The improving economic confidence in the EU is filtering only very slowly into the European tropical hardwood trade. According to ITTO's latest Tropical Timber Market Report, EU imports of tropical hardwood products in the first four months of 2014 were 1.385 million m^3 in roundwood equivalent, down 1% on the same period last year.

Although imports of tropical sawnwood and veneer increased by 3% and 14% respectively, this was offset by declines in tropical logs (-34%), mouldings and decking (-3%), plywood (-8%) and glulam/window scantlings (-6%). Shipments to Europe's largest importers - Belgium and France - were down 7% and 5% respectively, but the Netherlands, the UK, Spain and Portugal, all bought more. Although the UK's tropical hardwood imports rose by 8%, ITTO says there are signs that tropical timber may be losing market share to temperate hardwood.

In addition to lower demand, the European market suffered supply constraints as issues at Douala Port affected shipments from Cameroon and Congo.

ttjonline.com, 17 June

FINLAND
Enhances Lumber Exports by 14% Compared to Previous Year

Finnish exports rose by 14% to 1.65 million m^3 of softwood lumber and planed timber from January to March compared to the previous year, according to figures provided by the Finnish Forest Industries Federation. Of all Finnish lumber exports, 844,000 m^3 (+18%) remained within Europe. In this region, exports into all countries increased. The largest consumer in Europe in the first three months was France with 176,000 m^3 (+25%), followed by the UK (173,000 m^3; +3%) and Germany (134,000 m^3; +13%).

About 258,000 m^3 of Finnish softwood lumber (+26%) landed in Egypt in the first quarter. With 239,000 m^3, Japan reduced imports by 5% from the same period last year. However, this decline was offset, for example, by higher sales to Algeria (134,000 m^3; +54%).

timber-online, 6 June

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MYANMAR
Seeks to Export Timber Products to EU

After banning timber exports, Myanmar is now working to export finished wood products to the European Union (EU), according to the Ministry of Environmental Conservation and Forestry. To legally export wood products to the EU, the government has to become a member of the Forest Law Enforcement Governance and Trade (FLEGT) and through a voluntary partnership or VPA that includes commitments and actions to halt trade in illegal timber.

The government will sell 60,000 tonnes of Teak this fiscal year and is inviting an open tender system to local entrepreneurs to export plywood and finished wood rather than exporting the raw product. Over 300,000 tonnes of Teak were exported in previous years, much of it illegally, and the government says it earned USD947 million in timber exports last year, according to reports released by the Ministry of Commerce.

Uncontrolled and illegal exports of lucrative Teak and other hardwood have led to increased deforestation in Myanmar. Despite these difficulties, international firms are now eyeing to invest in local wood-based furniture industry and the government is keen on being able to expand the local timber industry.

Myanmar has illegally exported 16.5 million logs worth USD5.7 billion starting from 2001 to 2013, due to bribery and corruption; according to a report by the Environmental Investigation Agency (EIA). The EIA's report also says that Myanmar exported 72% of its timber illegally whereas the Ministry of Environment and Forestry insisted it was only 28%.

elevenmyanmar.com, 2 June

RUSSIA
Sawmills' Stocks Only Low in Most Cases

The majority of northwest Russian sawmills' stocks of softwood sawlogs are currently at a lower level than otherwise usual at this time of year. Shippers based in the Archangelsk region can replenish their stocks at the moment because the log rafts arrived at the sawmills recently. As the ice drift on the Dwina began earlier than usual, rafting was able to begin correspondingly earlier. This enabled production to be resumed earlier as well. As the rafted volume of logs remained largely stable at last year's level, however, part of the stocks will probably be exhausted by the beginning of September and thus before winter felling operations begin.

www.euwid-wood-products.com, 20 June

SWEDEN
Swedish Lumber Exports Almost 9%

Swedish shippers exported a total of around 1.03 m^3 in March 2014, which equates to an increase of roughly 2.7% against the same month of last year. A look at the individual delivery regions reveals substantial differences, however. Whilst exports to buyers within Europe were raised disproportionately by almost 15% to 680,400 m^3, a reduction of over 15% was registered in exports outside Europe to a total of 344,600 m^3. According to the foreign trade statistics published by the Swedish Forest Industries Federation, Swedish exporters benefited from receptive markets in Scandinavia, the Benelux countries, and the UK. Exports to British buyers increased 12.5% in March to 220,500 cubic meters whereas exports to Germany only registered minor growth of 1.8% to 89,300 m^3. The latest foreign trade statistics reveal a sharp slump in exports to Egypt, which fell by almost 62% to 39,900 m^3. Swedish exports of softwood lumber in the first quarter of 2014 showed year-on-year growth of 8.9% to 3,003 m^3. Deliveries to European and African countries rose by 11.2% and by 13.1% respectively, whilst exports to Asian buyer decreased by 3.4%.

www.euwid-wood-products.com, 13 June

UNITED STATES
Demand to Jump More Than 10% Annually

US demand for wood-plastic composite and plastic lumber is expected to increase more than 10% annually to USD8.4 billion in 2018, creating a market for nearly four billion pounds of plastic. A rebound in new housing completions from the low 2013 level and gains in residential improvement and repair expenditures will generate increases in demand. Demand gains will also be boosted by increased market penetration in decking applications, the predominant use for composite and plastic lumber.

globalwood.org, 3 June

Sawlog Prices Revert to Downtrend After Three Years

With the demand for logs from both domestic sawmills and the export market in Asia weakening during the second quarter, sawlog prices started to fall in both the US South and the West after having trended upward for over three years. In May, prices for sawlogs were down between 5-15%, depending on species and region, as compared to the beginning of the year, Wood Resource Quarterly reports.

The sawmilling sector in the US has been in a steady comeback mode ever since the global financial crisis struck in 2008. From 2009 to 2013, production had gone up every year, and the total production increased 28% over this four-year period, at about the same pace in the South and the West. During the first quarter of 2014, however, production fell in the South by 1.1% as compared to the same period in 2013, while production was up 2.1% in the West. Also, lumber imports increased by 5% in the first quarter with Canada (+6%) and Germany (+104%) accounting for the biggest volume gains compared to the first quarter 2013.

timber-online, 11 June

MAY 2014

Westports Would Bid for Third Port, if Tenders Were Called

Westports Holdings Bhd., which is targeting a rise of 5% to 10% in container throughput growth for 2014, is keen to bid for the third port in Port Klang if there is a tender exercise for it. The idea of a third port for Port Klang was first mooted in a study done in 2010, as part of the 2010-2013 Port Klang Development Master Plan.

In the masterplan, five locations were identified namely Carey Island, Che Mat Zin Island, the Klang Bar Channel, the Old Klang Bar Channel, and Kampung Batu Laut. As recent as February 2014 however, YB Datuk Seri Abd Aziz Kaprawi, Deputy Minister of Transport said feasibility studies for two sites were being done and were expected to be completed in 2015. According to him, the new port would have a handling capacity of 30 million twenty-foot equivalent units (TEUs) per year.

Encik Ruben Emir Gnanalingam, CEO of Westports however explained that currently Northport and Westports have sufficient capacity to cater to the throughput demand in Port Klang for at least 10 to 15 years, adding that there was no immediate need for a new port.

On growth for this year, Encik Ruben expects Westports to register a commendable growth driven by stronger trade flows despite seeing some impact on operations from the P3 alliance. The P3 alliance is a grouping of Maersk Line, a unit of A.P. Moller-Maersk, Switzerland-based MSC Mediterranean Shipping Company and France's CMA CGM to pool about 250 vessels to operate on three trade routes: Asia-Europe, trans-Pacific and trans-Atlantic. The alliance is expected to reduce the number of liners calling at Westports and Northport.

Encik Ruben further added that the expansion of Container Terminal 7 (CT7) has been progressing well, and is expected to be operational by the end of the year with delivery of seven ship-to-shores cranes, which would add 1.5 million TEUs to total 11 million TEUs. The ports' utilisation rate would drop to 70% after CT7 becomes fully operational. The port operator would consider its next phase of expansion if the utilisation rate bounces back to 75%. Normally the utilisation rate would be in the range of 70% to 80%. He also said that the company has always been looking to raise the container tariff, which has not been revised upwards in the past 11 years, despite fuel and electricity costs going up. Westports has managed to maintain its profit margin at about 38% due to better economies of scale.

Source : The Sun Daily, 1 May

Privatisation of Penang Port Hoped to Increase Competitiveness

Penang State Federal Action Council hoped that the privatisation of the Penang Port Sdn. Bhd. (PPSB) would increase the competitiveness of the port.

Its Chairman, Datuk Zainal Abidin Osman also hoped that the acquisition of PPSB by Seaport Terminal (Johor) Sdn. Bhd. would improve the company's financial performance. Seaport Terminal has 19 years of experience and is committed

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

Products	Port Klang		Kuantan		Pasir Gudang		Tanjung Pelepas		Penang		Total all ports m^3	% Change May 2014/ April 2014
	m^3	% Change May 2014/ April 2014	m^3	% Change May 2014/ April 2014	m^3	% Change May 2014/ April 2014	m^3	% Change May 2014/ April 2014	m^3	% Change May 2014/ April 2014		
Sawntimber	46,234	-13	4,705	0	1,478	-19	100	-64	9,312	8	61,829	-10
MDF	22,192	26	514	0	11,761	-14	9,323	-24	15,482	20	59,272	4
Mouldings	12,108	-2	322	0	1,816	-6	762	3	1,329	-16	16,337	-4
Dressed Timber	1,757	-7	145	303	769	18	123	-53	36	-88	2,830	-10
Plywood	8,221	27	-	-	-	0	24	-50	8,784	-10	17,029	4
Veneer	92	88	4	0	-	-	-	-	637	56	733	59
Particleboard	41,194	-1	861	0	37	-8	-	-	-	-	42,092	-1
TOTAL	**131,798**	**-1**	**6,551**	**2**	**15,861**	**-13**	**10,332**	**-25**	**35,580**	**6**	**200,122**	**-3**

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

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to increase the standard of PPSB. He also said that the PSB privatisation plan aimed to develop the oldest port in the country which is now ranked 96 in the top 100 container ports in the world.

On the plans to deepen the sea bed to ease ship navigation, Datuk Zainal said he was leaving the matter to the Seaport Terminal. Besides that, he said that the council would continue to monitor all projects under the 10th Malaysia Plan.

Up to 15 May, some 16.25%, which was RM130 million out of the RM800 million allocation slated for 121 projects, has been used.

PPSB is now in the initial preparation phase for the 11th Malaysia Plan which focuses on the five key areas of which the first was implementing undertaken project that had not been completed yet. The next one, he said, is to focus on the well-being of the people, in particular poverty alleviation among the urban poor.

Source: BERNAMA, 29 May

Shipping Firms in India Hope Freight Market Would Improve After July

Shipping companies had to navigate a sedate freight market in the last three months after experiencing some spikes in the tanker and dry bulk rates during the December-January period. Shrinking trade volumes, especially those from China, and the glut in the shipping tonnage due to addition of new vessels led to the fall in freight rates.

Mr. AR Ramakrishnan, Managing Director of Essar Shipping, expects the markets to pick up from the current low levels after July-August, as there are indications that the Chinese export-import trade could gather some momentum. Last quarter earnings would thus be under pressure for most shipping companies, especially those which have substantial presence in the spot market, where rates were lower than long-term charter rates, analysts say.

Touching an average of 2,155 in December last, the Baltic Dry Index, which measures shipping cost of dry bulk cargo across key routes, fell to below 1,000 levels in the second half of April. A capesize ship that fetched USD25,000 to USD30,000 a day in December got hardly USD10,000 in the spot market. Similarly, the rate for a very large crude carrier which peaked to an average of USD45,000 a day in December, has now slumped to below USD15,000 levels. The rates were slightly better in the long-term charter market. Essar, for instance, has about 25% of its fleet in the spot market and is now focusing more on short-term charters of between three and six months, expecting signs of revival in the latter half of the year.

Additions of new ships to the existing fleet continued to keep the freight market flat. Last fiscal saw the addition of some 80 million deadweight tonnage to the global shipping fleet to the extent of creating a glut in tonnage, as cargoes shrank. Asset prices rose from their low levels for instance, a capesize that was available for USD40 million some months ago today has a tag of between USD55 million and USD60 million.

Source: Daily Shipping Times, 8 May

MAY 2014

China's Container Port-Handling Volume Rose in April

China's container ports in April registered their biggest gains in port-handling volumes so far this year. The measure indicated the nation's export trade remains robust despite concerns of slowdown. Handling volumes at the nation's 10 busiest container ports grew more than 7% in April from a year earlier, accelerating from a 6.5% growth rate the previous month, according to preliminary data compiled by data provider Chineseport. Chinese ports would announce April data on an individual basis soon.

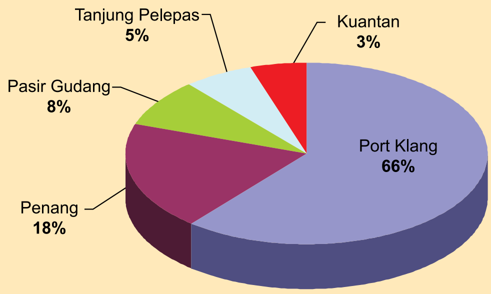
Most exports of manufactured consumer goods such as electronics, furniture and garment were shipped in containers. The figure complements China's positive trade data and offers the latest sign that a slowdown in the world's No. 2 economy might be nearing an end. Though the nation's exports in April rose by a modest 0.9% from a year earlier, that compared with a 6.6% declined in March. Chinese port operators say they have seen a pickup in trade activity over the past month, thanks to steady growth in the US, continued economic recovery in Europe and strong demand for trade within Asia.

Mr. Yu Liming, Executive Director at Chinese port investor, China Merchants Holdings (International) Co. said the company has port investments nationwide and abroad. They also have seen particularly strong growth in eastern coastal Chinese ports which handle more high-end manufacturing goods for exports. Exports from central Chinese cities, shipped through rivers to eastern ports also contributed to growth during the month. The eastern Port of Ningbo registered more than a 20% rose in container-handling volume in April, while the Port of Shanghai, China's biggest and most well-established port, saw the measured rise of about 6%, according to Chineseport.

Shipping rates across the Pacific Ocean also increased. Container-shipping lines for trans-Pacific trades are planning to levy a peak season surcharge of USD400 per a standard 40-foot-equivalent unit (a common shipment size) to all shipments to the US from mid-June. This is coupled with a general rate increase of up to USD400 from 15 May, according to the Transpacific Stabilisation Agreement, an industry group of 15 major container-shipping lines that operate between Asia and North America.

Source: Daily Shipping Times, 15 May

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



Total = 200,122 m³

MAY 2014

Total export of Malaysian timber and timber products in May 2014 decreased 1% in value to RM1.84 billion over the previous month. Cumulative export for the period of January to May however increased 8% to RM8.64 billion over the corresponding period.

Sawntimber

Export of sawntimber in May 2014 increased 5% in volume however decreased 1% in value to 168,195 m^3 with a value of RM219.8 million compared to the previous month. Cumulative export for the first five months of 2014 decreased 6% in volume however increased 4% in value to 763,673 m^3 totalled RM1.0 billion over the previous corresponding period.

Exports to the EU for the month decreased 13% to 14,226 m^3 from 16,400 m^3 recorded in the previous month. Similarly, export to the Netherlands and UK decreased 18% and 12% to 6,983 m^3 and 1,750 m^3 respectively. Demand by France also declined 43% to 1,018 m^3 from 1,791 m^3 in the previous month. However, export to Germany improved 19% to 1,908 m^3 from 1,609 m^3 in the previous month.

Total exports to West Asia increased 28% to 32,417 m^3 from 25,368 m^3 in the previous month. Export of sawntimber to Yemen rose significantly to 12,529 m^3 from 4,074 m^3 in the previous month. Likewise, export to the UAE and Oman increased 0.4% and 18% to 6,656 m^3 and 3,431 m^3 respectively. Extensive construction sector activities in the region enhanced demand of sawntimber from Malaysia. Meanwhile, export to Saudi Arabia and Bahrain declined 10% and 27% to 5,048 m^3 and 1,165 m^3 respectively.

Buying from ASEAN increased 6% to 64,613 m^3 due to increasing demand from Indonesia and Singapore. Export to Singapore increased 8% to 13,179 m^3 from 12,230 m^3 in the previous month. However, export to Thailand decreased 15% to 27,607 m^3. Slower economic growth due to prolong political conflicts affected the construction industry in the country.

Likewise, shipments to East Asia declined marginally to 40,104 m^3 from 40,505 m^3 in the previous month as a result of decreasing demand from China and Taiwan. Export to China and Taiwan decreased 7% and 1% to 18,179 m^3 and 10,034 m^3 respectively. Meanwhile, export to South Korea increased 89% to 5,135 m^3 from 2,715 m^3 recorded in the previous month.

Elsewhere, exports to the US decreased 40% to 1,039 m^3 whilst intake by Australia increased 6% to 1,219 m^3. Demand from South Africa increased to 6,715 m^3 from 6,112 m^3 recorded in the previous month.

The average FOB price of sawntimber decreased 5% to RM1,306 per m^3 from RM1,381 per m^3 in the previous month. Price of Dark Red Meranti (DRM) decreased 9% to RM1,275 per m^3 from RM1,407 per m^3 in the previous month. Price of DRM to the Netherlands increased 10% to RM2,779 per m^3 from RM2,538 per m^3 in the previous month. Keruing was traded at RM1,495 per m^3, an increase of 11% from the previous month.

Plywood

Total export of plywood in May decreased 10% in volume and 12% in value to 257,972 m^3 valued at RM436.32 million respectively as compared to the previous month.

Total exports to EU increased by 14% to 13,974 m^3. Similarly shipments to Belgium, Germany, Netherlands and UK increased 275%, 163%, 7% and 9% to 1,308 m^3, 612 m^3, 1,376 m^3 and 9,878 m^3 respectively, whilst France resumed its intake in May 2014. However, Denmark and Ireland reduced their intake by 61% and 9% to 300 m^3 and 273 m^3 respectively and Italy did not make any purchases.

Exports to ASEAN region increased as Thailand intake of plywood increased by 56% to 6,614 m^3, whilst Brunei maintained its intake at 957 m^3 and Indonesia resumed its purchases in May 2014. However, Singapore reduced its intake by 32% to 2,770 m^3. In East Asia, exports to Hong Kong, Japan, South Korea and Taiwan decreased by 14%, 22%, 25% and 15% to 3,100 m^3, 116,194 m^3, 22,110 m^3 and 21,865 m^3 respectively. On the other hand, China increased its intake by 32% to 4,300 m^3.

Exports to West Asia increased as Bahrain, Qatar and Yemen increased their intake by 754%, 790%, and 223% to 393 m^3, 721 m^3, and 27,041 m^3 respectively. However, Saudi Arabia and UAE reduced their intake by 13% and 40% to 1,346 m^3 and 2,673 m^3 respectively, whilst Kuwait did not make any purchases.

Elsewhere, exports of plywood to South Africa, US, Canada and Australia decreased by 66%, 64%, 7% and 3% to 201 m^3, 1,795 m^3, 522 m^3 and 3,625 m^3 respectively. However, Mexico and New Zealand increased their intake by 13% and 116% to 3,749 m^3 and 138 m^3 respectively, whilst Turkey resumed its intake in May 2014. On the other hand, Algeria, Tanzania and Norway did not make any purchases.

The FOB price of plywood decreased to RM1,691 per m^3 from RM1,717 per m^3 in the previous month, a decrease of 2% from the previous month.

Veneer

Exports of veneer for May 2014 showed an increase of 7% in volume and also in value to 22,288 m^3 at RM31.59 million as compared to the previous month respectively. Similarly, exports to China and Singapore increased by 120% and 8,450% to 4,720 m^3 and 171 m^3 respectively. Meanwhile, Australia, Taiwan, and Indonesia decreased their intake by 35%, 7% and 50% to 205 m^3, 8,420 m^3 and 14 m^3 respectively. Meanwhile, Canada, Sri Lanka and UK did not make any purchases.

The FOB price of veneer decreased to RM1,417 per m^3 from RM1,420 per m^3 in the previous month, a reduction of 0.2% from the previous month.

Medium Density Fibreboard (MDF)

Malaysia's exports of MDF for May 2014 showed an increase of 6% in volume and 5% in value from the previous month. Export totalled 81,685 m^3 at RM84.3 million.

Exports to East Asia registered an increased of 8.2% to 13,698 m^3 from 12,659 m^3 in the previous month. Exports to South Korea grew by 34% to 598 m^3 and export to Japan also increased by 13% to 12,299 m^3. However, export to Taiwan decreased by 14% to 501 m^3 followed by China including Hong Kong declined by 61% to 300 m^3.

Similarly, exports to West Asia market also recorded a positive growth with an increase of 21% in volume to 39,858 m^3 from 32,858 m^3 in the previous month. Export to Jordan recorded

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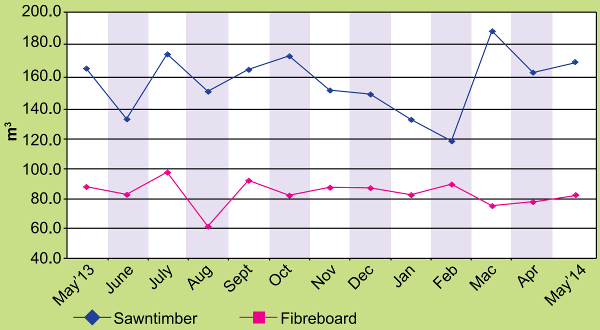
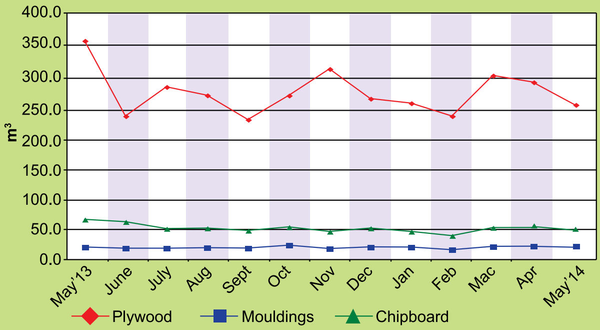
a high increased of 191% to 61 m³ followed by Kuwait at 99% to 2,612 m³ and UAE at 72% to 19,717 m³. On the other hand, export to Saudi Arabia and Bahrain showed negative growth by 24% to 6,834 m³ and 48% to 702 m³ respectively from the previous month.

Furthermore, export to South Asia also recorded negative growth by 8%. Export to India increased by 25% to 914 m³, followed by Pakistan increased by 23% to 5,739 m³. However, export to Bangladesh decreased by 21% to 1,590 m³ and export to Sri Lanka down by 94% to 104 m³.

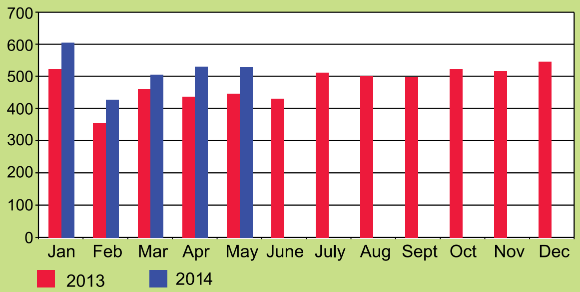
Export to South Africa showed an increase by 26% to 1,198 m³. Export to the US recorded negative growth by 17% to 1,860 m³ due to the decline of USA GDP in the first quarter of 2014. Australia and UK also dropped by 29% to 1,836 m³ and 51% to 100 m³ respectively.

Export of Selected Products from Peninsular Malaysia
(May 2013 - May 2014) / Volume ('000 m³)





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



Source : Department of Statistics, Malaysia

MAY 2014

In ASEAN, total export to ASEAN region for this month decreased by 9% to 12,811 m³ from 14,040 m³ in the previous month. Statistics show exports to Philippines increased by 34% to 3,214 m³ and Indonesia also increased by 14% to 4,000 m³. Export to Viet Nam and Singapore registered negative growth by 26% to 5,448 m³ and 96% to 10 m³ respectively.

Mouldings

Exports of mouldings for the month decreased by 4% in volume and 1% in value to 20,943 m³ and RM58.99 million respectively. However, the cumulative exports increased by 4% in volume and 139% in value to 100,827 m³ and RM284.76 million respectively as compared to the previous corresponding period in 2013.

Exports to the EU for the month recorded at 7,775 m³, a reduction of 7% compared to the previous month. Similarly, shipments to Belgium, Germany and Netherlands decreased by 3%, 25% and 11% to 795 m³, 1,123 m³ and 4,043 m³ respectively, whilst Italy did not make any purchases. However, UK increased its intake by 18% to 617 m³.

Exports to the ASEAN region increased as Viet Nam and Singapore intake of mouldings increased by 62% and 2% to 55 m³ and 1,344 m³ respectively, whilst Indonesia did not make any purchase.

In Asia, exports to Taiwan and China increased 437% and 65% to 290 m³ and 559 m³ respectively. Meanwhile, exports to Japan, South Korea and Hong Kong decreased 5%, 17% and 49% to 2,682 m³, 1,708 m³ and 133 m³ respectively.

Elsewhere, export to the US increased by 10% to 2,169 m³, whilst export to Australia and Canada decreased 13% and 62% to 3,075 m³ and 43 m³ respectively.

FOB unit value increased 3% from RM2,739 per m³ in the previous month to RM2,817 per m³ in May 2014.

Builders Joinery and Carpentry (BJC)

Total BJC cumulative exports from January to May increased 10% to RM417.29 million as compared to RM380.32 million in the corresponding period last year. Cumulative import from January to May by EU decreased 6% to RM115.27 million. Similarly, demand by France, Italy, Norway, Germany and Denmark decreased by 42%, 17%, 89%, 43% and 20% to RM9.85 million, RM2.08 million, RM0.33 million, RM4.93 million and RM9 million respectively. Whereas, exports to Belgium, Netherlands, Sweden and Turkey increased by 5%, 390%, 44% and 169% to RM20.59 million, RM0.62 million, RM5.48 million and RM1.39 million respectively over the previous corresponding period.

In Asia, exports to Japan, India, Pakistan, Taiwan, Singapore and Thailand grew 3%, 11%, 114%, 26%, 7% and 17% valued at RM34.77 million, RM26.79 million, RM16.85 million, RM7.14 million, RM47.86 million and RM14.35 million respectively. However, exports to UAE, South Korea and Viet Nam decreased by 9%, 6% and 17% to RM6 million, RM1.68 million and RM8.47 million respectively.

Exports to Australia and US increased by 18% and 49% to RM54.65 million and RM33.12 million respectively. However, Maldives and South Africa reduced their intake by 43% and 9% to RM1.29 million and RM4.81 million respectively.

Cont. on page 11

MAY 2014

Logs

The supplies of logs were sufficient and accessible especially in Pahang and Johor. The overall domestic prices of logs for most of the species were reported to maintain at last month's level. However, Mixed Light Hardwood recorded a surge in price due to increasing demand.

Log prices for the species of Chengal stood firm at RM3,600 per tonne whilst prices of Merbau logs increased by 15% to RM2,650 per tonne. Prices for Red Balau also remained at RM2,500 per tonne. Similarly, log prices of Keruing and Kapur fixed at RM1,170 per tonne and RM1,700 per tonne respectively. Prices for Kempas, on the other hand, rose by 4% to RM1,226 per tonne. Dark Red Meranti was traded at RM1,460 per tonne, unchanged from last month's level. Prices of Mersawa and Yellow Meranti grew by 11% and 14% to be traded at RM1,283 per tonne and RM1,140 per tonne respectively. Prices of Mixed Heavy Hardwood were charted at RM988 per tonne, whilst Mixed Light Hardwood posted a 10% growth to be traded at RM675 per tonne.

Sawntimber

The average sawntimber prices remained firm in the domestic market. Demand from Singapore's construction sector was also seen to increase especially for Mixed Light Hardwood species.

Prices of Chengal and Red Balau sawntimber continuously charted at RM6,638 per m^3 and RM2,966 per m^3 respectively. Balau prices however, increased significantly by 21% to RM3,799 per m^3 whilst prices for Merbau dropped by 4% to RM3,531 per m^3 over the previous month. Sawntimber of Kempas grew by 12% to RM1,607 per m^3. Prices for Keruing and Kapur remained firm at RM1,695 per m^3 and RM2,472 per m^3. Meanwhile, prices for Dark Red Meranti and Yellow Meranti sawntimber stood at RM2,189 per m^3 and RM1,448 per m^3 respectively. Prices for Red Meranti sawntimber reported to decline by 4% to RM1,246 per m^3 as compared to last month's level. Sawntimber prices of Mixed Heavy Hardwood was quoted at RM812 per m^3 while Mixed Light Hardwood charted an increase of 8% to RM777 per m^3.

Plywood

The supply of plywood to the domestic market continued to suffice to cater the need of the local demand. Prices of plywood remained stable and hovering around last month's level. Plywood of 4mm, 6mm, 9mm and 12mm of thicknesses were traded at RM14.60, RM22.00, RM34.00 and RM41.00 per piece respectively.

Medium Density Fibreboard (MDF)

Prices of MDF continued to weaken this month due to slow demand from the domestic market. Prices for MDF with 6mm, 9mm and 12mm of thicknesses fell averagely by 3% to 4% as compared to the previous month and were traded at RM16.40, RM22.40 and RM30.10 per piece respectively. Price of MDF of 4mm, however, dropped marginally by 0.4% to RM12.10 per piece.

Intra-Malaysia Trade * – May 2014

Shipments of sawntimber from Sabah to Peninsular Malaysia in May this year posted a sharp decrease of 39% as compared to the previous month to 499 m^3, valued at RM425,000. On the other hand, shipments of plywood grew by 9% in volume from 9,598 m^3 to 10,501 m^3 valued at RM17 million.

From Sarawak, shipments of sawntimber to Peninsular Malaysia fell by 19% in volume and 48% in value to 620 m^3 worth at RM413,000. Similarly, export of veneer also dropped significantly by 23% to 4,618 m^3 valued at RM5.2 million. Plywood export to Peninsular Malaysia rose by 10% in volume to 11,585 m^3 valued at RM14.1 million.

No intra trade from Peninsular Malaysia to Sabah and Sarawak was recorded in May 2014.

** Source: Department of Statistics, Malaysia*

INTRA-MALAYSIA TRADE – MAY 2014

From	Products	APRIL 2014		MAY 2014		% Change in Volume May 2014/April 2014	% Change in Value May 2014/April 2014
		Volume (m^3)	Value (RM '000)	Volume (m^3)	Value (RM '000)		
SABAH	Logs	0	0	0	0	0	0
	Sawntimber	822	1,168	499	425	-39	-64
	Plywood	9,598	15,485	10,501	16,971	9	10
	Veneer	108	181	0	0	-100	-100
SARAWAK	Logs	0	0	0	0	0	0
	Sawntimber	764	801	620	413	-19	-48
	Plywood	10,532	13,300	11,585	14,147	10	6
	Veneer	5,987	7,730	4,618	5,158	-23	-33

Source : Department of Statistics, Malaysia

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MAY 2014

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

SPECIES	LOGS/tonne	SAWNTIMBER/m³		
	18" UP	GMS	STRIPS	SCANTLINGS
HEAVY HARDWOOD				
Chengal	3,600	6,638	2,684	8,828
Balau	2,666	3,799	1,783	2,860
Red Balau	2,500	2,966	1,977	3,178
Merbau	2,650	3,531	3,319	2,472
Mixed Heavy Hardwood	988	812	748	918
MEDIUM HARDWOOD				
Keruing	1,170	1,695	812	2,203
Kempas	1,226	1,607	953	1,880
Kapur	1,700	2,472	727	2,472
Mengkulang	1,100	1,412	925	1,575
Tualang	1,240	2,436	2,225	2,225
LIGHT HARDWOOD				
Dark Red Meranti	1,460	2,189	1,342	2,062
Red Meranti	1,236	1,246	1,117	2,408
Yellow Meranti	1,140	1,448	1,165	1,324
White Meranti	983	1,448	565	1,695
Mersawa	1,283	1,554	1,342	2,648
Nyatoh	900	777	565	1,201
Sepetir	850	1,130	918	1,165
Jelutong	945	1,544	1,236	1,554
Mixed Light Hardwood	675	777	614	657

	LOGS/tonne	SAWNTIMBER/m³			
		1" X 1"	2" X 2"	3" X 3"	4" X 4"
MALAYSIAN RUBBERWOOD *Hevea brasiliensis*	160	852	1,045	1,172	1,236

	4mm	6mm	9mm	12mm
PLYWOOD 4' X 8' (RM per piece)	14.60	22.00	34.00	41.00
MDF 4' X 8' (RM per piece)	12.10	16.40	22.40	30.10

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

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TIMBER ROUND-UP

Furniture

Exports of wooden and rattan furniture for the period under review in 2014 increased 17% compared to the corresponding period of 2013. Total shipments recorded RM2.61 billion against RM2.23 billion in 2013.

Purchase of wooden furniture from Malaysia for the January to May 2014 duration increased 17% from RM2.22 billion to RM2.59 billion compared to the same period in 2013. Demand for wooden furniture for May 2014 was positive across most major markets.

Imports of wooden furniture by the US increased by 16% from RM701.5 million to RM814.4 million. Japan also follow suit with an increase of 14% from RM187 million to RM212.5 million.

Intake by Australia increased by 5% from RM158.1 million in 2013 to RM166.2 million in the first five months of 2014. Singapore consume an additional 15% from RM122.7 million to RM141.2 million. The UK imports also increased by 27% from RM108.5 million to RM138.3 million.

Canada's ups its intake of wooden furniture by 32% to reach RM113.4 million. The UAE recorded an increase of 40% to reach RM104.4 million. Saudi Arabia wooden furniture intakes also increased to RM63.0 million.

Russia's also improved its consumption by 38% from RM38.6 million to RM53.3 million. South Korea had increased its wooden furniture consumption by 33% with a purchase of RM49.2 million for the first five months of 2014 from RM37.1 million in 2013. Moreover, India's intake increased by 14% to reach RM47.8 million in 2014.

Rattan furniture shipments increased by 32% to reach RM15.5 million for the January to May 2014 period.

Singapore remains as the top importer as its demand more than doubled to RM4.5 million in 2014. India emerges as the highest increase of intake of rattan furniture, with RM3.5 million being recorded in this year. The import by UK increased as well by 72% to reach RM1.9 million in 2014.

LEADING CHANGE SWO TO SDA

Encik Ridzwan Kasim (left) on behalf of the Director-General of Standards Malaysia expressed his appreciation of MTIB's efforts towards promoting its new role as the SDA to the relevant industry and stakeholders.

We live in a world that is increasingly becoming more reliant on standards. Standards will provide assurance to consumers on the quality and safety in all products, be it the food we eat, the toys our children play with as well as the houses we live in. The need for standards has also grown in tandem with the era of globalisation and markets development.

In recognition of MTIB's role in successfully ensuring high quality and high value-added timber products for the world market, MTIB has been entrusted with developing standards for timber and timber products since 25 May 1999. This is part of MTIB's scope as a Standards Writing Organisation (SWO) appointed by SIRIM Berhad. Recognising MTIB as an active SWO among the 24 SWOs in the country, Standards Malaysia has appointed MTIB as the new Standards Development Agency (SDA) for timber and timber-based products effective from 1st September 2013.

In line with that, MTIB and Standards Malaysia organised a half day Briefing on MTIB as A Standards Development Agency (SDA) on 24 June in Kuala Lumpur. The objectives of the briefing were to inform the industry, regulators, higher learning institutions and users, on the new role of MTIB as an SDA; to disseminate information on Malaysian Standards (MS) related to wood-based panels, timber and timber structure; to promote and update experience sharing and create better understanding on respective requirements; as well as to encourage active participation from the private and public sectors in standards development activities.

Q & A Session.

This briefing was officiated by Encik Ridzwan bin Kasim on behalf of the Director-General of Standards Malaysia. He expressed his appreciation of MTIB's efforts towards promoting its new role as the SDA to the relevant industry and stakeholders. Encik Ridzwan added that the main task of the SDA is to ensure that the development of Malaysian Standards is aligned with National Sectoral Policies through continuously developing world class MS, monitoring and participating in international standards developmental activities.

Three papers were deliberated during the briefing: one paper from MTIB and two papers from Standards Malaysia. The first paper was presented by Puan Nor Faezah Mohamad Arif from Standards Malaysia in which she shared the importance of developing and promoting Malaysian Standards. She further explained the need for standards in our everyday life; to ensure that the appliances, devices and tools we use are compatible to certain standards required by the consumers and to give consumers the assurance that the products and services are safe, reliable and will do the job that they are intended for.

Puan Hjh. Mahsuri Mat Dris from MTIB then explained MTIB's new role as a SDA and the process involved in the development of Malaysian Standards (MS) to enable MTIB to comply with

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Participants at the briefing.

the new time line set by PEMANDU. She also emphasised on the importance of participation and management of standards at both national and international levels in order to protect Malaysia's interest during standardisation activities.

The third paper, presented by Encik Mohd Noor Hafiz Mohd Nasir from Standards Malaysia, focused on the principles of World Trade Organisation/Technical Barriers to Trade Agreement. He stated that technical regulations and products standards may vary from country to country, and having different regulations and standards makes life difficult for producers and exporters. Therefore, The Agreement on Technical Barriers to Trade is to ensure that regulations, standards, testing and certification procedures do not create unnecessary obstacles, while also providing members with the right to implement measures to achieve legitimate policy objectives, such as the protection of human health and safety, or environment.

A total of 60 participants attended the briefing representing relevant government agencies such as Public Works Department, Forest Research Institutes Malaysia, Malaysian Investment Development Authority; timber industry representatives and regulators; higher learning institutions such as Universiti Putra Malaysia and Universiti Teknologi MARA as well as end-users.

Cont. from page 3

The Timber Importers Association also sought clarification on producers and policies on exporting of timber and timber products from Malaysia as a whole and its region i.e. Peninsular Malaysia, Sabah and Sarawak.

In addition to log exports, the Malaysian delegation also promoted Malaysian sawntimber, BJC, mouldings and furniture. At the same time, India offered to share with Malaysia on plantation of Teak in view of India's successful experience in producing high quality Teak logs. MTIB was willing to take up the offer since Teak is one of the species listed in its Forest Plantation Development Programme. The Indian delegation also talked about their experience in using coconut tree and Rubberwood.

The delegates visited the Durian Furniture showroom in Mumbai which displayed furniture imported from Malaysia, China, Indonesia, Thailand, Italy and Taiwan. The representative, stated that Durian Furniture imports Malaysian furniture, namely sofas made from PU and leather, office furniture and bedroom sets. The company was also interested in importing MDF, plywood and veneer for its newly established furniture factory.

The mission was well-received by the industry players in India. One of the results is that MTIB and MTC will take the initiative

The roundtable discussion with Mumbai Timber Merchant Association Ltd, Timber Importers Association and the Association of Furniture Manufacturers of India.

to produce a reference booklet on timber names in Malaysia for use by timber merchants in India.

The mission delegation comprised senior officials from MPIC, Malaysian Palm Oil Board, Malaysian Rubber Board, Malaysian Pepper Board, Malaysian Palm Oil Council, Malaysian Timber Council (MTC), Malaysian Rubber Export Promotion Council and MTIB.

MTIB was represented by Puan Hjh. Norchahaya Hashim, Deputy Director-General and Encik Mohd Afthar Amir, Senior Assistant Director of Trade Development.

KEEPING UP WITH THE LATEST DEVELOPMENTS OF ILPA 2012

Dr. Jalaluddin Harun, MTIB Director-General delivering his welcoming remark.

Mr. Tom Black, Counsellor (Agriculture) – ASEAN from Department of Agriculture, Australia presenting ILPA 2012 to the audience.

The Australian Illegal Logging Prohibition Act (ILPA) 2012 is designed to promote trade in legally harvested timber and timber products in Australia. ILPA 2012 was passed through the Australian Parliament on 19 November 2012 and received Royal Assent on 28 November 2012. Although the prohibition is now in force, ILPA's Regulation will only come into effect from 30 November 2014 onwards. The Regulation, known as the Illegal Logging Prohibition Amendment Regulation (ILPAR) 2013 has detailed the methods which Australian importers and Malaysian exporters need to fulfill the due diligence requirements. One of those methods is through the Country Specific Guideline for Malaysia (MCSG). Realising the importance of how ILPA 2012 will affect the Malaysian timber industry, MPIC, MTIB and the Australian government have jointly organised "Briefing on the Australian Illegal Logging Prohibition Act 2012 and the Malaysian Country Specific Guideline: Peninsular Malaysia (MCSG)" on 2 June at MTIB, Kuala Lumpur.

The purpose of the briefing was to inform the Peninsular Malaysian timber industry on the latest developments and requirements to export timber and timber products to Australia under ILPA 2012 as well as the contents of the MCSG Part 1: Peninsular Malaysia.

The welcoming remark was given by Dr. Jalaluddin Harun, MTIB Director-General. He welcomed all speakers and participants to the session, noting their commitment in strengthening the bilateral trade relationship between Australia and Malaysia. He added that in 2013 Malaysia had exported RM844.1 million worth of timber and timber products to Australia, making Australia as Malaysia's seventh major market for timber and timber products. Malaysia's major exports are wooden furniture (50%), BJC (15%), mouldings (13%), plywood (9%) and sawntimber (5%).

He expressed his hopes that the participants would fully benefit from the briefing session and use the opportunity to clarify any queries or doubts they might have regarding the implementation of ILPA 2012.

The first speaker was Mr. Tom Black, Counsellor (Agriculture) for the ASEAN Region from the Department of Agriculture (DoA) of Australia. He gave a briefing on Australia's illegal logging regulations and country specific guidelines. He gave a brief background of ILPA 2012 and ILPAR 2013, and also explained the list of regulated products. He also spoke on the due diligence processes which requires Australian importers of timber or timber products to gather information about the products that they are importing and assess whether the products had been illegally logged. This can be done by using a Timber Legality Framework or Country Specific Guideline, where appropriate. The timber importers will also have to undertake extra steps to reduce the risk of importing illegally logged timbers.

He further described the MCSG which was co-developed by Australia and Malaysia in 2013. The MCSG will enable businesses exporting to Australia to recognise what legal timber 'looks like' in Malaysia. The MCSG includes the timber legality guidelines of the Malaysia's three regions namely Peninsular Malaysia, Sabah and Sarawak. He added that there will be an associated Quick Reference Guide. All the documents will be available on the DoA website.

The next speaker was Cik Hjh. Robiyah Hj. Husin, MTIB Senior Deputy Director of Trade Development. She presented on the Country Specific Guideline for Malaysia Part 1: Peninsular Malaysia. She said that inputs on MCSG were collated based on consultations with related Ministries, government departments, agencies and councils, and timber trade associations of Peninsular Malaysia. Furthermore, MCSG's text was coordinated and prepared by the three timber licensing authorities in Malaysia namely Peninsular Malaysia (MTIB), Sabah (Sabah Forestry Department) and Sarawak (Sarawak Timber Industry Development Corporation).

MTIB had created an MCSG Drafting Task Force, with members being incorporated from MPIC, Ministry of Natural Resources and Environment, Ministry of International Trade and Industry, Forestry Department of Peninsular Malaysia (JPSM) and Malaysian Investment Development Authority. She presented the latest version of the MCSG, which had been subjected to extensive consultations and adjustments.

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BIOMASS ASIA CONFERENCE 2014

Biomass Asia Conference 2014 (BAC2014) opened its doors on 9-11 June at MATRADE Exhibition and Convention Centre, Kuala Lumpur, welcoming more than 300 delegates and high-level speakers to its pre-conference seminar and exhibition. The Biomass Asia Conference was organised by EU-Malaysia Biomass Sustainable Production Initiative (Biomass –SP) and the Malaysia Biomass Industries Confederation, with support from the European Union SWITCH-Asia Programme, Malaysia Industry-Government Group for High Technology, and Ministry of Science, Technology and Innovation.

The biomass industry represents several different industries brought together by utilisation of renewable organic matters including oil palm waste, timber waste, rice husk, coconut trunk fibre, municipal solid waste and sugar cane bagasse. Organic materials have the potential to be used in the generation of renewable energy, in biomass power plant projects, in liquid biofuel such as diesel and ethanol and in the manufacturing of value-added eco-products as well as the development of valuable green chemical precursors (such as sugar alcohols, ethanol and lactic acid).

BAC2014 served to highlight updates, key issues and market potential in the biomass sector locally and also regionally with 31 subject matter experts from prominent research institutions and universities from Malaysia, Singapore, China, Japan and Europe. Besides the dedicated pre-conference seminar which was specially organised to update the biomass companies in green technology commercialisation and financing landscape, another international conference was held concurrently. The conference focused on different specialised sectors in the biomass industry i.e. biomass policies framework/development, renewable energy, high-value chemicals/advanced materials and agriculture. This made BAC2014 truly a one-stop networking opportunity for biomass related products, services and technologies, as well as a meeting of minds for producers of bioenergy and bio-based products with biomass traders, technology providers, equipment manufacturers, investors, researchers and policy-makers.

More than 30 papers related to the biomass industry were presented in the conference. Among the speakers were Datuk Zainal Abidin Mohamed, Chairman of Shariah Compliant SME Financing Scheme, Association of Islamic Banking Institution Malaysia (AIBIM); Encik Lok Choon Hong, Founder Director IP Pintas Group; Encik Aminuddin Mohamed, Senior Manager of SME Corporation Malaysia (SMECorp); and Encik Azman Hood, Senior Manager of Investment, Cradle Fund. The event provided a platform for the delegates to engage with top-notch speakers and explore partnership opportunities with local and regional biomass industry players.

As prelude to the three-day conference, a dedicated Pre-Conference Seminar on Green Technology Financing and Biomass Commercialisation was held on 9 June, bringing together top level representatives from MQMA Capital, Malaysian Green Technology Corporation, Malaysian Investment Development Authority and Intellectual Property Corporation of Malaysia to share experiences and perspectives on biomass and green technology projects financing.

The delegates who attended the international event were from across the board; from palm oil and sawmills to renewable energy technology providers and biomass traders; and from entrepreneurs in the biocomposite, eco-products, biochemical and solid biofuel industries to certification bodies, investors, research institutions and universities as well as government authorities.

MTIB was represented by Cik Zamzarina Ahmad and Encik Mohd Azuar Husin.

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Panelists during Q&A session. From left to right; Mr. Tom Black, Dato' Hj. Nik Mohammad Shah B. Nik Mustafa, Encik Mohd Kheiruddin Mohd. Rani and Cik Hjh. Robiyah Hj. Husin.

Participants requesting clarifications from the panelists during Q&A session.

During the Q&A session which was moderated by Encik Mohd. Kheiruddin Mohd. Rani, MTIB Director of Trade Development, participants posed numerous queries concerning the implementation of the Act as well as requested clarification on certain contents of the MCSG. Joining him on the panel was Mr. Tom Black, Cik Hjh. Robiyah Hj. Husin and Dato' Hj. Nik Mohammad Shah Bin Nik Mustafa, Deputy Director-General of Forestry (Operations and Technical), JPSM.

The briefing was well attended by over 80 participants comprising representatives of the timber industry and associations, related government agencies and councils.

WORKING VISIT TO SOUTH KOREA: BAMBOO INDUSTRY DEVELOPMENT

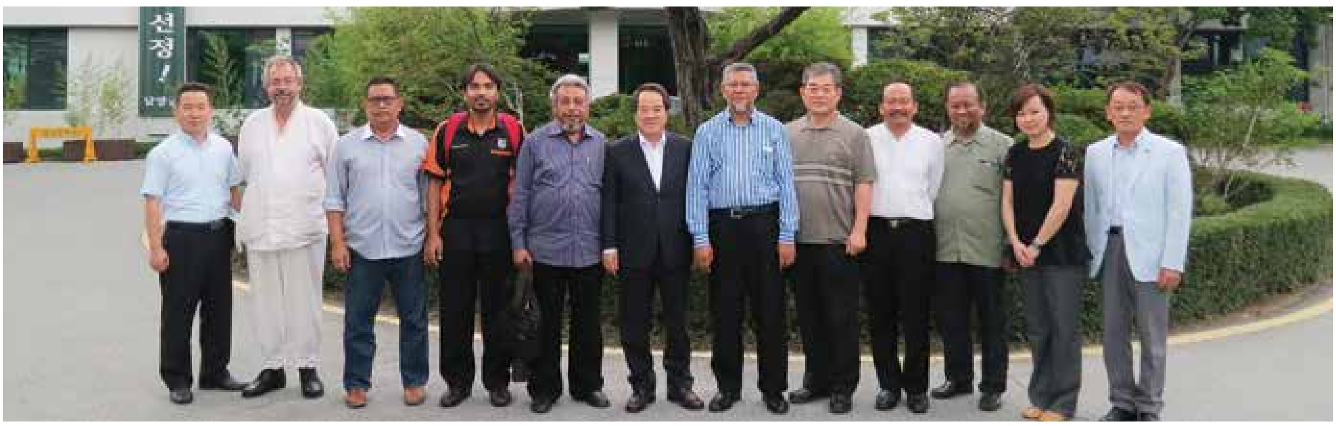
One of the most used and commercially grown bamboos (Phyllostachys edulis) *in Korea.*

The bamboo industry in Malaysia has the potential to develop and penetrate into the International market. Cultivation of the elite species and management of the natural stands of bamboo is the key in determining the continued supply of raw material for the development of the industry. In the National Timber Industry Policy (NATIP), bamboo and rattan have been identified as two major sources of non-wood forest products (NWFPs). Bamboo, as a fibre source, represents an average of 7% of the total NWFPs in the country. There are 70 species of bamboo found in Malaysia out of 1,250 species worldwide. Thirteen bamboo species have been commercialised. Bamboo can be found widely distributed in logged-over and protected forests in Malaysia. The growth habit of Malaysian bamboo is sympodial. Bamboos that are commonly found in Malaysia are Buluh Betong, Semantan, Beting and Brang. Presently bamboo is widely utilised by the cottage industry to produce products for the domestic market such as basketry, furniture and handicraft.

To ensure the development of the bamboo industry, MTIB launched the “Malaysia Bamboo Development Action Plan 2011-2020”. In this action plan, MTIB has identified five strategies for the bamboo industry in Malaysia to contribute a significant export earning. The strategies as outlined in the action plan are as follows:

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

In order to further develop the bamboo industry in Malaysia, MTIB recently organised a working visit to South Korea from 22 to 27 June. The main objectives of the visit were to get a better understanding of the bamboo industry in South Korea. The group also visited universities and research institutions to look at the progress of their R&D.



Moment with Governor of Damyang (sixth from left) and Malaysian delegates.

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WORKSHOP ON ENHANCING THE WOOD CARVING INDUSTRY

One of the speakers presenting his paper.

Speakers and participants posing for the camera.

To assist the wood carvers in promoting their products during exhibitions or trade fairs, a Workshop on Communication Skills and Marketing was held on 3-4 June at Rumah Melaka, Bukit Katil, Melaka. The workshop was aimed at enhancing the knowledge of the carvers on various types of communication and marketing skills as well as information on green technology. The participants were from the Southern Region and Klang Valley.

During the workshop, Encik Ahmad Ziyad Maricar from Venture Edge Solution spoke on the various technique of communication especially during negotiation on purchase of a product. He emphasised on the importance of building rapport with a buyer in order to gain their confidence. Role playing was also held during the workshop where participants were taught on the skills of communication with a buyer.

A paper on Green Technology in Carving Industry was presented by Encik Ismail Abdullah from Green Depot Technology Sdn. Bhd. He spoke on the usage of certified timber resources in the production of carving products as well as to save energy in the production process.

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Malaysian group with the bamboo bicycle made in Korea.

In Seoul, the group visited the Malaysia Tourism Office and the Korean International Advance Technology Centre (KIAT). At KIAT, delegates were briefed on the potential of obtaining financial support for the clusters of Advance Green Technology Products that could be developed between Malaysia and Korea. Any projects proposed should be a joint-venture programme between a Malaysian company and a Korean company.

The delegates then visited Damyang which is the host for the WBC 2015 and World Bamboo Fair (WBF) 2015. WBF will be held from 27 June to 15 August 2015 while WBC will be held from 27 June to 1 July 2015. The delegates were also brought to the Bamboo Park in Damyang. The Bamboo Park was developed six years ago by converting existing pine-plantation forest into a bamboo forest. Two main species of bamboo planted here are Moso-Bamboo *(Phyllostachys edulis)* and *Phyllostachys nigra*. Besides that, they also visited the Bamboo Museum, Bamboo Crafts Market, Bamboo Swordsmen House and Bamboo Tea Factory.

The group made a courtesy visit to the Governor of Damyang where they exchanged information on the bamboo industry. The Governor of Damyang welcomed Malaysia's participation in both WBC and WBF 2015.

MTIB was represented by Tuan Hj Mahpar Atan, Director of Industry Development and Encik Mohd Zamakhsyary Mustapa from Forest Plantation.

17TH ASOF AND ITS RELATED MEETINGS

ASEAN Senior Officials on Forestry (ASOF) meet annually to formulate and implement regional cooperation activities in support of the following strategic thrusts: ensuring sustainable forest management and conservation of natural resources, strengthening ASEAN cooperation and joint approaches in addressing international and regional forestry issues, promoting intra and extra ASEAN trade in forest products and private sector participation, increasing productivity and efficient utilisation of forest products, and capacity building and human resources development.

The 17th Meeting of ASOF was held on 12-13 June in Siem Reap, Cambodia. H.E. Dr. Chheng Kimsun, Head of Forestry Administration, Ministry of Agriculture, Forestry and Fisheries of Cambodia, on behalf of the Royal Government of Cambodia, welcomed all delegates and expressed his appreciation for the honour accorded to Cambodia in being the host of the 17th ASOF and its related Meetings.

He noted that forestry issues under the ASEAN agenda are considered to be of critical importance to the economic, ecological, and social development of the region. A considerable number of people, especially those who live in and around forest areas, depend primarily on forest resources and forest products for their livelihoods. The trade in forest products has contributed significantly to economic development in ASEAN and there is great opportunity to expand forest products' trade in the years ahead.

He hoped that the 17th ASOF Meeting would further enhance ASEAN cooperation and support the establishment of a common position on issues related to forestry and the development of sustainable timber industries. He also requested for active involvement and interaction among the Meeting's participants and wished for a successful 17th ASOF Meeting.

The 17th ASOF Meeting was held in plenary and closed sessions and several important issues were highlighted and deliberated. The issues included progress in the implementation of policy framework related to ASEAN cooperation in forestry, roadmap for an ASEAN community (2009-2015), strategic plan of action (SPA) of ASEAN cooperation in forestry (2011-2015), joint consultation with the chairman of ASEAN on prevention of forest fire in the ASEAN region, sustainable forest management in ASEAN, ASEAN cooperation programmes and projects in forestry, joint ASEAN positions and approaches on regional and international forestry issues, ASEAN forest and environment issues, and ASEANROK cooperation in forestry.

Malaysia updated the members on the Project for Strengthening Capacity Building in ASEAN Member States to Conform to International Legality Requirements for Timber Trade. Malaysia also informed the Meeting that the proposal had been revised and presented during the 11th Meeting of ASEAN-Japan Comprehensive Partnership Joint Committee and related meetings on 17-21 March 2014, at Nay Pyi Taw, Myanmar. The project is to be implemented in three phases.

In conjunction with the ASOF meeting, the Sixth Meeting of the ASEAN Experts Group on Forest Products Development (AEG-FPD) was held on 9-10 June at the same venue. The meeting discussed the decision, progress, and follow up actions made during the last ASOF, SOM-AMAF, AMAF Meetings

Malaysian delegates posing with 17th ASOF Meeting Chairman H.E. Dr. Chheng Kimsun, Head of Forestry Administration, Ministry of Agriculture, Forestry and Fisheries of Cambodia.

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Malaysian delegates at the 17th ASEAN Senior Officials on Forestry Meeting.

and the ASEAN Summit which included the Roadmap for an ASEAN Community (2009-2015) and the ASEAN Economic Community (AEC),

Some of the issues updated were as follows:

- Identification and support of project proposals and accelerate possible areas of cooperation for forest products development and trade
- Establishment of networking among ASEAN research and trade promotion institutions to facilitate exchange of information, transfer of technology, and sharing of expertise in forest product development and trade
- Development of regional knowledge network on forest products development; promotion of quality standards and innovation the diversification of forest products
- Updating, monitoring and deliberating issues pertaining to common trade barriers by importing countries and adopt ASEAN common position
- Strengthening cooperation in human resources development in forest products development
- Compilation and exchange of information on institutions providing capacity building in each AMS on forest products industry
- Exchange of information and harmonise technical regulations to facilitate trade
- Support aligning national standards and testing protocols in line with existing internationally recognised standards
- Development of national standards among others through the adoption or modification of ISO Standard
- Documentation of best practices, establish and maintain a database for forest products development information system

In addition, the meeting welcomed the International Network for Bamboo and Rattan (INBAR) to collaborate with ASEAN in its upcoming Bamboo Utilisation Regional Workshop by providing technical expertise.

Ensuing to the AEG-FPD meeting, the 15th Seminar on Current International Issues Affecting Forestry and Forest Products: REDD+ Financing Mechanism, SFM and Livelihoods was also held on 11 June. The seminar focused on two main topics i.e. Improving Sustainable Forest Management and Livelihoods: Challenge and Future Direction, and REDD+ Update: From National Implementation and International Negotiation and Lessons Learned in Accessing Support from Public and Private Funding.

The AEG-FPD, the seminar and the ASOF Meeting were attended by representatives from nine ASEAN Member States (AMS) comprising Brunei Darussalam, Cambodia, Indonesia, Lao PDR, Malaysia, Myanmar, Philippines, Thailand and Viet Nam as well as the ASEAN Secretariat; and their respective delegations. Representatives from the Korea Forest Cooperation Secretariat the ASEAN-Swiss Partnership on Social Forestry and Climate Change (ASFCC), and the ASEAN-German Programme on Response to Climate Change (GAP-CC) were also in attendance. The meeting was also informed that Indonesia will host the 18th ASOF and its related Meetings in 2015.

The Malaysian delegation to the 17th ASOF Meeting was led by Puan Wan Asmah Wan Mohd, Under-Secretary, Ministry of Natural Resources and Environment. MTIB was represented by Cik Hjh. Robiyah Hj. Husin, Senior Deputy Director of Trade Development.

Delegates at the Sixth Meeting of the ASEAN Experts Group on Forest Products Development (AEG-FPD).

ARCHIDEX 2014

Visitors at MTIB booth.

The 15th International Architecture, Interior Design and Building Exhibition (ARCHIDEX) was held at Kuala Lumpur Convention Centre (KLCC) on 25-28 June. ARCHIDEX 2014 was jointly organised by PAM and CIS Network Sdn. Bhd. It is an annual trade exhibition and being the most anticipated annual event in the architecture and building industry, it is a strategic ground for industry professionals across the region to gather and exchange information.

The venue covered nine exhibition halls, filled with 1,520 exhibition booths, represented by over 550 local and international companies of which 32% were new. In addition to Malaysia, 16 other countries participated in the event : Austria, Australia, China, Estonia, France, Germany, Hong Kong, Indonesia, Japan, South Korea, Singapore, Spain, Switzerland, Thailand, Turkey and the UAE.

ARCHIDEX is known as the perfect platform for industry professionals to explore and source the latest, emerging innovations or related information and facts-spanning from new contacts, new materials or products, systems, technologies and other features related to the architecture, interior design and building industry. The latest methods, expertise as well as the newest sustainable materials and products for various applications were shared among the professionals during the four-day exhibition.

MTIB also participated in the ARCHIDEX 2014 to promote its Prototype Programme Furniture Design and Making (FDM) as well as to promote timber and timber products such as doors, timber staircase, bamboo house and also biocomposites products. Six companies joined MTIB at this exhibition namely Design Principles Sdn. Bhd., Grandoor Manufacturing Sdn. Bhd., Phung Mun Yow Furniture, Greenwood Composite Sdn. Bhd., Duralite (M) Sdn. Bhd. and Advance Building Concept Sdn. Bhd.

Products displayed at MTIB booth.

Prototypes from young designers at "Tanggam by MTIB" booth.

THE 13TH MEETING OF THE WORKING GROUP ON A PAN ASEAN TIMBER CERTIFICATION INITIATIVE

The 13th Meeting of the Working Group on a Pan ASEAN Timber Certification Initiative (WG-PATCI) was held on 3-4 June in Nay Pyi Taw, Myanmar. The meeting was attended by delegates from Brunei Darussalam, Indonesia, Lao PDR, Malaysia, Myanmar, Philippines, and Thailand. Representatives from the European Forest Institute (EFI), and the European Union Forest Law Enforcement and Governance and Trade (EU-FLEGT) Facility and the ASEAN Secretariat were also present at the meeting.

Delegation from Malaysia.

H.E. U Win Htun, the Union Minister of Environmental Conservation and Forestry (MOECAF), on behalf of the host country of the 13th WG-PATCI Meeting, officiated the meeting. He highlighted the importance of forest certification post-Earth Summit 1992 and the Rio Forest Certification Declaration in 2010. He further emphasised the growing demand for certified timber products which has resulted in stricter requirements for sustainable forest management. He acknowledged and applauded the achievements of the WG-PATCI such as the development of the ASEAN Guidelines on Phased Approach to Forest Certification, the ASEAN Criteria and Indicators for Legality of Timber and the ASEAN Guidelines for Chain of Custody of Legal Timber and Sustainable Timber.

The Working Group has achieved its main tasks with its primary outputs being:

- The ASEAN Guidelines on Phased Approach to Forest Certification
- The ASEAN Criteria and Indicators for Legality of Timber
- The ASEAN Guidelines for Chain of Custody of Legal Timber and Sustainable Timber

During the meeting, discussions focused on the progress of the implementation of the Policy Framework related to ASEAN Cooperation in forestry and matters arising from the 16th Meeting of the ASEAN Senior Officials on Forestry (ASOF) and Roadmap for an ASEAN Community (2009-2015).

All countries presented their progress reports on Criteria and Indicators (C&I) for legality of timber or forest management certification and/or implementation of timber certification and legality assurance systems as well as ASEAN CoC Guidelines. The European Forest Institute presented the progress of the preparation of the Fourth Sub-Regional Training Workshop on Timber Legality Assurance, October 2014 at Lao PDR.

All ASEAN Member States were then presented with the 'Exchange of Information and Experiences on Country Preparation for Negotiation with the EU on a Voluntary Partnership Agreement (VPA)' and 'Exchange of Information on the Lacey Act Under the US Law and its Impact on Timber Exporting Countries'.

The Malaysian delegation was led by Encik Yong Teng Koon, CEO of Malaysian Timber Certification Council. Other representatives were from the Ministry of Natural Resources and Environment, Forestry Department Peninsular Malaysia Headquarters, MTIB, Malaysian Timber Council, Sarawak Timber Association and Sarawak Forestry Corporation.

The meeting was informed by the Philippines that the 14th Meeting of the Working Group on Pan ASEAN Timber Certification Initiative (14th WG-PATCI) had tentatively been scheduled to be held in Manila. MTIB was represented by Puan Sunita Muhamad from Licensing and Enforcement.

Delegation of 13th Meeting of the Working Group on a Pan ASEAN Timber Certification Initiative.

TECHNICAL TRAINING FOR SABAH TIMBER INDUSTRY IN SINGAPORE

Sabah's timber industry is expected to shift from primary processing to the production of high value-added timber products in the near future. As such, a high technology woodworking machineries would play an important role in ensuring that the industry can meet market demand. This is in line with the third thrust of NATIP, innovation and technology, which would help the timber industry to maintain and enhance its competitive edge in the global market.

WISDEC Sabah thus organised a technical training for Sabah's timber industry players from 2 to 6 June. The training was held at Weinig Asia, Singapore and the main focus was the 6-head moulder machine technology.

A wood moulder is a machine used to shape wood with profiled cutters which include planer blades and cutterheads. Most moulders require the blades to be secured into a cutterhead that is mounted on the machine shaft. However, some machines such as the Williams & Hussey and the Shop Fox require the blades to be bolted directly onto the shaft.

A 6-head moulder machine can produce small parts, profiles, planned goods, windows and door parts in high speed control. For deep cuts in heavy profiles, a 6-head moulder offers better capacity than a 5-head unit and below. As an established training centre, WISDEC Sabah has bought the 6-head moulder machine with its powerful technology and multifunction system to continue to provide the latest excellent industrial training for members of the timber industry.

The training consists of several particular topics including:

- Machine operation
- Machine and tools setting
- Spindle calibration
- Cutter blade grinding and making
- Tools installation

Briefing on the machine.

Applying knowledge to the machine.

Weinig Asia was selected as a training venue because of its reputation in selling machineries in over 100 countries. It is well-known for its high technology and reliable machineries which meet industry demand. This training was conducted in collaboration with the Sabah Timber Industry Association.

The training gave a clear insight on how the system works and on the best ways to install a similar machine in a factory. The technical training was conducted by Mr. Nick Harrison and Mr. Simon Neo from Weinig Asia. Besides the Sabah timber industry players, the training was also attended by Encik Mohd Hilmi Shamsuri, Assistant Director and Encik Md Jaidi Jaafar, Technical Officer both from WISDEC Sabah.

The group in front of the Weinig training centre.

The participants of the training programme.

WOOD – A PREFERRED BUILDING MATERIAL

Wood is far more than merely a traditional building product. Its beauty, adaptability and design flexibility make it suitable for a wide range of building types and applications. It's the natural choice, it's renewable, it promotes indoor air quality and it's energy-efficient. With the load strength and span-width capabilities of new engineered wood products, and wood's lighter weight compared to concrete, wood is enabling architects to design dramatic vaulted ceilings, long span bridges, and buildings that rise six storeys and higher.

Across the world, countries such as Japan, Finland, France and New Zealand are developing a culture of wood. In October 2009, the government of British Columbia moved to facilitate a culture of wood for new constructions through an Act that requires wood to be considered as the primary building material in all new publicly-funded buildings, such as schools, libraries or sports complexes.

Wood buildings are easy to renovate, expand and adapt to changing uses.

Why Wood?

There are many reasons why wood is a preferred building material. Wood costs less and delivers more. Wood is a renewable and responsible choice that helps reduce our environmental footprint. Wood outperforms concrete and steel in terms of embodied energy, air and water pollution, and carbon footprint. Wood buildings are easy to renovate, expand and adapt to changing uses.

Buildings consume great quantities of materials, energy and other resources. This generates significant environmental impact during construction, operation and eventual demolition. The aim of an environmentally sustainable and responsible building is to consume less resources, particularly less energy, and to minimise adverse environmental impacts.

Using timber throughout a building is a good choice as timber is natural.

Bring the Nature to You

Using timber throughout a building is a good choice as timber is natural.

Also, in general, timber is not toxic, does not leak chemical vapour into the building and is safe to handle and touch. It also means that as timber ages, it does so naturally and doesn't break down into environmentally damaging materials. It is also renewable and people have been building with timber for thousands of years. Timber is continually being grown in our forests and plantations. As long as new trees are planted to replace those harvested, timber will continue to be available.

Timber is also low in production energy. It takes very little energy to convert the wood in trees to the timber used in building. This means that the embodied energy in timber is very low, the lowest of almost all common building materials. Timber is made from carbon drawn from the atmosphere. This carbon would otherwise be adding to the greenhouse effect. Using timber in buildings stores the carbon for as long as the building stands or the timber is used.

In reducing the amount of energy used to heat and operate a building, insulation is very important. Timber is a natural

Timber is versatile and can be used in a wide variety of ways.

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Timber is a natural insulator and can reduce energy needs especially when it is used in windows, doors and floors.

insulator and can reduce energy needs especially when it is used in windows, doors and floors.

Economic Contribution

Timber is milled all over Malaysia and is often used close to where it is produced. This promotes local economies and reduces the energy needed to transport materials long distances.

Another factor to use timber as building material is it is versatile and can be used in a wide variety of ways. Being light, it is easy to install and can be worked with simple equipment. This reduces the energy needed for construction.

Conclusion

There are always pros and cons in using timber as building material. Anyone who considers using a structural timber frame will probably want to compare it to the alternatives, principally brick and block construction in Malaysia. Generally speaking, no one system of construction is inherently better than another because it depends upon the requirements of a project and the preferences of the self-builder, as well many other factors such as the location and constraints of the site.

However, as building regulations are being updated all over the world, we are clearly constantly searching for better thermal values, noise reduction and energy efficiency whilst building, without adding additional costs to tight the self-build budgets. In fact 90% of the US and European properties are built using timber frames. It is the safe, simple, versatile and ecologically sound alternative to traditional techniques for self-build, developers and builders.

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INVESTING IN THE ARGENTINEAN FOREST INDUSTRY

Country Overview

Argentina is a federal republic located in the southeastern South American continent. Covering most of the Southern Cone, it is bordered by Bolivia and Paraguay to the north, Brazil to the northeast, Uruguay and the South Atlantic Ocean to the east, Chile to the west and the Drake Passage to the south.

With a Gross Domestic Product (GDP) of more than USD490 billion and a population of 41.09 million, Argentina is one of the largest economies in Latin America. In recent years, President Cristina Fernandez has focused on promoting economic development with social inclusion.

On the international front, Argentina enjoys good relations with most of the countries in the region, particularly Brazil and Venezuela. The country also has a leading role in advocating the region's policy stance, as it represents Latin America at the G-20, jointly with Mexico and Brazil.

Argentina's economy is characterised by its valuable natural resources, leading the country to be one of the main producers of food, thanks to agriculture and cattle breeding. Argentina is one of the largest exporters of beef in the world and the top world producer of sunflower crops, yerba mate, lemons, and soybean oil. The opening of the Chinese market represents a boost in the consolidation of an export profile.

In 2013, Argentina had a primary deficit of 0.9% of GDP and an overall deficit of 2.5% of GDP. Revenue increased by 30.4% (year by year) and expenditure by 29.1% (year by year). According to new estimates, GDP growth rate for 2013 was 3% (base year 2004). In this context, the forecasts for the growth rate for 2014 range from 0.9% to 2.5%.

Forest Profile

Argentina is a large country and has extensive forested areas. There are around 33 million hectares of natural forests and 1.2 million hectares of cultivated forests of which 80% are located in the Mesopotamia Region (Provinces of Misiones, Corrientes, and Entre Ríos) as well as other areas such as Entre Ríos Delta, Buenos Aires, Neuquén, and Río Negro. Cultivated forests generate more than 500,000 jobs (directly and indirectly), turning forestry into an important industry for the country.

Argentina's forestry sector has recently implemented a new productive system, called silvopastoral. This system produces food and raw materials combining livestock with annual and perennial cropping, making both systems interact on the same land. The main goals are to provide light shade, boost soil enrichment by retention of nutrients, increase land productivity, reduce soil erosion, increase biodiversity, protect land from further degradation and maintaining its sustainability. There are 10 million tonnes of wood per year produced in the country. Cultivated species are:

- Pines: 54% – *Pinus elliottii,* and *Pinus taeda.* There are others such us *Araucaria angustifolia, Pinus ponderosa* and *Pseudotzuga menziesii*.
- Eucalyptus: 32% – *Eucalyptus grandis* and *Eucalyptus saligna* are the most cultivated species. *Eucalyptus camandulensis, Eucalyptus tereticornis, Eucalyptus viminalis* and *Eucalyptus globules* can also be found.
- Salix – populus: 11% – *Populus deltoides* and *Populus x euroamericana* are the most cultivated species among *Populus. Salix babilónica var. sacramenta, Salix nigra, Salix babilónica x Salix alba* and *Salix matsudana x Salix alba* are the Salix species most cultivated.
- Others: 3% – *Grevillea* sp., *Paulownia* sp., *Melia* sp., Robinia sp., *Prosopis* sp. and *Toona* sp.

A large portion of the planted forests were established along the last two to three decades in the Provinces of Misiones, Corrientes and Entre Rios. The Government of Argentina has developed an incentive programme to support the expansion of planted forests, and at the moment the programme focus is on the support of the establishment of planted forests in small and medium size properties.

Existing planted forests have an estimated sustainable production capacity of 20-25 million m^3 per year, while the current annual consumption of plantation timber is 8 million m^3 (90% of the Argentina industrial wood consumption). This indicates that the plantation production capacity has a surplus of more than 10 million m^3 per year. The wood surplus is a result of the high productivity of the planted forests and a relatively small demand, mainly due to lack of investments in

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the industrial development. The imports of forest products are larger than exports, and the county faces a trade deficit.

The solid wood industry needs to gain scale and move into value-added products, developing for example, the furniture industry to replace imports. Other local demands for wood are limited. As a result of the current wood surplus, market prices for logs are quite low. Prices of logs in Argentina are around half the price of similar logs in Brazil and Chile, and are also lower than prices in Uruguay. Furthermore, the pulp and paper industry in the country is also small and needs to be modernised and enlarged.

Forestry Production

Forestry development in Argentina is significant, since this country produces 10 million tonnes of wood every year. Due to lack of infrastructure and lack of investments in the sector, production exceeds the industry capacity. Therefore, much of the wood is finally used as charcoal instead of being processed into value-added products.

The Argentine government encourages forestry production with programmes, subsidies, and grants, but the absence of national policies and long-term plans has had a negative impact on the development of the forestry sector in the country. Furthermore, current import barriers make access to new technology and therefore production improvement very difficult. Given this scenario, the outlook for the forestry sector is not positive in the short-term.

Challenges

The lack of adequate infrastructure is one of the main difficulties this sector has to face. Imports are restricted, discouraging the use of new innovative technologies and techniques by producers. The expansion of agricultural activity is another threat, since soybean production is expanding towards areas that were used for forestry.

Furthermore, given Argentina's current restrictive financial policies, the official exchange rate does not benefit producers for a competitive trade: Argentina's currency is known as the peso, which since 2011 trades against the US Dollar and other currencies at a rate that is monitored and controlled closely by the Argentine government, so as to keep as much of the country's dollar reserves as possible. Since the amount of dollars anyone can obtain is limited by the government, an informal and parallel market exists where people may exchange pesos for dollars.

People are willing to pay more for each dollar in the informal market than is required in the formal market. This informal exchange rate is known as the blue rate, or the "dólar blue". The blue rate represents a more reasonable value of the Argentine peso compared to other currencies than the official rate quoted by the government. The blue dollar rate is only valid in Argentina, creating a mismatch between costs generated at blue dollar rate, and earnings at official dollar rate. Costs of production are higher, and therefore producers are forced to increase their prices in the market, reducing competitiveness among producers of other countries.

In addition, currently Argentina does not have an explicit forestry policy expressed in a national forestry plan. The Secretariat for the Environment and Sustainable Development is the institution responsible for directing activities at the national level through practical measures such as laws and decrees. It has national responsibility for the conservation, rehabilitation and protection of native forest.

The Secretariat for Agriculture, through the Forestry Division, is responsible for cultivated forests, while the Secretariat for Tourism and Sport is responsible for national parks administration. Each province can develop its own rules or follow the national laws, since there is no national planning body, and coordination between the sectors is usually carried out through the Ministry of Finance or the National Cabinet Office.

As such, it is important to create and implement a forestry development programme, at national or at province level, which could improve business climate and attract new investments.

This will require:

- A direct and strong commitment of the higher authorities to consider the forest sector as an important element for the socio-economic development of selected provinces/ regions
- Mobilising stakeholders and identifying critical factors limiting the development of the forestry sector
- Creating a programme to implement actions to remove restrictions, create facilities and conditions to attract new investments

This can be done at national level, but to work at province level may be more efficient. Local stakeholders need to create and manage the programme, but at an initial stage external support from an international organisation might be important.

Solid Wood Products Outlook

According to the Argentine Forestry Association (AFOA), the current planting rate is estimated to be about 65,000 hectares per year. Sawmills and related industries, including furniture manufacturers, are generally small-scale. Other forest products are fuel wood, posts, railway sleepers and charcoal. Tannin is also an important industry.

Wood factories and sawmills are located close to forestry production areas, such as Mesopotamia Region and Buenos Aires Province whilst value added products such as furniture are established closer to final consumer areas, like Buenos Aires, Santa Fe, and Cordoba Provinces.

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Benefits of Investing in Forestry Production in Argentina:

- High growing rates and less time between cuttings - as the growing speed is higher than in other competitor countries, the cutting shifts are smaller
- Investments supported by Law 25.080, which also provides fiscal stability for investments made in the sector for 30 years
- Land availability suitable for production at low cost in comparison to other countries
- Wide diversity on weather, soil and species
- Rich lands available for production
- Development on genetics research as well as certified forestry seed registration
- Low production costs and lower input prices
- Development of paper and wood industries, providing opportunities to export value-added products
- Certified hectares by Forest Stewardship Council ensuring solid forestry management

Bilateral Timber Trade with Malaysia

In 2013, Malaysia only exported wooden furniture and BJC to Argentina. The total export value has increased from 2012 to 2013 by 27%. The highest product in terms of value is wooden furniture which recorded RM2.89 million in 2013, a decrease of 14% compared to 2012, which recorded RM3.35 million followed by BJC which recorded a massive increase in importation to RM1.40 million in 2013, compared to RM32,000 in 2012.

In 2013, Malaysia imported RM2.19 million of timber and timber products from Argentina which increased by 21% since 2012. This largely consisted of sawntimber valued at RM1.88 million. This was a slight increased by 3% compared to the previous year. Malaysia also imported wooden frames (RM290,000) from Argentina. Other products imported comprised other articles of wood (RM21,000).

Malaysia : Export of Major Timber and Timber Products to Argentina, 2009 – 2013

(Value in RM)

Products	2009	2010	2011	2012	2013
Builders Joinery and Carpentry (BJC)	0	29,926	51,408	32,244	1,396,632
Wooden Furniture	6,366,116	10,402,382	8,343,489	3,347,836	2,886,527
Rattan Furniture	48,829	145,183	0	0	0
Others	874,139	0	0	0	0
Total	**7,289,084**	**10,577,491**	**8,394,897**	**3,380,080**	**4,283,159**

Source: MTIB and DOSM

Malaysia : Import of Major Timber and Timber Products from Argentina, 2009 – 2013

(Value in RM)

Products	2009	2010	2011	2012	2013
Sawntimber	0	296,228	593,975	1,814,985	1,876,945
Veneer	0	209,858	211,316	0	0
Wooden Frame	0	0	0	0	289,680
Others	0	0	0	0	21,084
Total	**0**	**506,086**	**805,291**	**1,814,985**	**2,187,709**

Source: MTIB and DOSM

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Argentina: Export of Major Timber and Timber Products, 2009 – 2013

(Value: USD '000)

Products	2009	2010	2011	2012	2013
Fibreboard	71,772	90,158	92,539	67,636	83,773
Sawntimber	41,210	50,247	37,626	27,169	36,188
Mouldings	23,947	29,092	28,152	25,006	24,444
Particleboard	31,229	35,509	31,294	13,516	8,976
Plywood	3,604	3,036	1,079	1,791	3,644
Logs	2,630	3,833	3,523	2,956	2,386
Veneer	1,552	1,581	1,824	1,628	1,522
BJC	1,067	1,480	1,303	1,407	1,445
Wooden Frames	52	55	83	16	19
Furniture	69,673	71,204	75,836	72,946	61,299
Others	67,035	59,821	63,894	45,997	34,978
Total	**313,771**	**346,016**	**337,153**	**260,068**	**258,674**

Source: UN Stats

The total export of major timber and timber products for Argentina has been decreasing since 2010 with USD258.7 million recorded in 2013. The highest export in terms of value was fibreboard with a market share of 32% or USD83.8 million which was an increase of 24% from USD67.6 million in 2012. Fibreboard's main market included Brazil (29%), Canada (29%) and Mexico (21%). Other notable export was sawntimber with a market share of 14% or USD36.2 million in 2013, an increase of 33% from 2012. Sawntimber's main market included China (62%), Viet Nam (11%) and the Dominican Republic (5%).

In 2013, the total import of major timber and timber products by Argentina slightly decreased by about 4% to USD425.5 million. The highest import in terms of value was furniture products with a market share of 70% or USD299.5 million, an increase of 4% from USD254.5 million in 2012. Major sources of import for the product included Brazil (47%), China (24%) and Uruguay (13%). Other notable import was fibreboard with a market share of 4% or USD17.4 million in 2013, a decrease of 33% from 2012. Major sources of import for the product included China (32%), Germany (27%) and Austria (27%).

Argentina: Import of Major Timber and Timber Products, 2009 – 2013

(Value: USD '000)

Products	2009	2010	2011	2012	2013
Fibreboard	13,084	21,253	26,990	25,782	17,402
Sawntimber	16,561	15,900	18,836	19,098	15,484
Particleboard	6,693	9,240	10,620	11,636	11,626
Veneer	7,298	8,671	10,187	9,286	7,950
BJC	3,670	6,019	10,503	5,827	5,210
Mouldings	5,519	4,870	5,017	3,754	3,223
Wooden Frames	950	1,270	1,365	1,277	1,078
Logs	42	110	334	150	-
Furniture	173,934	277,977	330,611	286,868	299,513
Others	55,826	69,343	85,863	78,822	63,986
Total	**283,577**	**414,653**	**500,326**	**442,500**	**425,472**

Source: UN Stats

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Furniture and Interiors Sector

In Argentina, furniture production is a small scale industry. The main products demanded domestically are seats, dormitory furniture, and office furniture. Preferred species are Pine, Eucalyptus, and Native Guatambu, and the current trend is to use wengue colour. The sector is very informal when it comes to manufacturing processes and data availability.

International Argentine Furniture Show (FIMAR – Feria Internacional del Mueble Argentino) is a trade show organised by the furniture sector, which provides an opportunity to show Argentina's production, setting an environment of potential business among companies. It is organised by the Wood Chamber of Argentina annually. This year in April, the event took place in the Cordoba Province.

Commercial impediments are current import barriers, which discourage the access of new technologies, products and introduction of new species to the country's furniture industry. Due to adverse exchange rate in Argentina, imported wood has become expensive for local manufacturers. Native woods, such as carob tree or lenga, as well as cultivated species like Pines and Eucalyptus, are the current alternatives to imported wood.

Market Access

Argentina has signed trade agreements with 21 other countries through the São Paulo Round of the Global System of Trade Preferences among Developing Countries (GSTP). In addition, Argentina is a member of MERCOSUR (Mercado Comun del Sur which brings together Argentina, Brazil, Paraguay, Uruguay and Venezuela), and whose aim is to create a free trade area, a common foreign tariff and an area of free movement of goods, services, capital and persons. Customs duties between the member countries were theoretically abolished in 1994, with many exceptions however, according to the Regimen de adecuacion/Adaptation Regime. Certain products are protected such as sugar, textiles, steel, cars and car parts. This protectionism is applied through customs restrictions and high customs duties among MERCOSUR countries.

Argentinean Common External Tariff Rates

HS Code	Timber and Timber Products	Common External Tariff (%)
4403	Logs	2
4407	Sawntimber	6
4408	Veneer	6 – 10
4409	Mouldings	10
4410	Particleboard	10
4411	Fibreboard	10
4412	Plywood	10
4418	BJC	14
9401	Seats	18
9403	Other Furniture	18

Source: International Customs Tariff Bureau

Argentina Import Procedures

The regulations in force in Argentina state that in order to carry out an international trade transaction, it is necessary to be registered as an importer or exporter with the Argentine Customs. This obligatory registration is carried out with a "single fiscal identification key" at the Directorate General of Taxes.

Prospects

Argentina is a country with a large potential to develop a highly competitive forestry industry. The country has a significant forested area, planted forests are quite productive, and there is land and appropriate technology to expand the planted forests. The country possess the potential to be developed, indicated by the current timber surplus and the low prices of logs, and this would require attracting new investments.

There are opportunities for the Malaysian timber product industry to export BJC, wooden furniture and fibreboard as there are markets for these products in Argentina. Furthermore, Malaysian exporters should forge closer alliance and strategic partnerships with Argentinean timber importers as well as seriously consider the Argentinean forest industry to enhance Malaysia's existing market share in Argentina.

In addition, participation in prestigious timber trade fairs is highly encouraged to obtain more information on the Argentinean tastes and market preferences. Lastly, Malaysian timber exporters should utilise neighbouring country Chile as a hub to export Malaysian timber and timber products to Argentina through the Malaysia – Chile Free Trade Agreement (MCFTA), since there is preferential tariff rates enjoyed by Malaysian exporters. This renders Malaysian exports via Chile more competitive in the Argentinean market.

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- *http://www.slideshare.net/gabii_ts/andean-markets-project-teak-wood-to-argentina*
- *http://www.fao.org/forestry/trade/85164/en/*
- *http://malaysia.smetoolkit.org/malaysia/en/content/en/7478/Argentina-Selling-and-buying*
- *International Customs Tariff Bureau*
- *MTIB's statistics*

MAHANG – CLASSIFIED AS LIGHT HARDWOOD

Wood colour and texture

The Standard Malaysian Name as well as the ASEAN Standard Name for the timber of Macaranga *spp. is Mahang Gajah* (Macaranga gigantea Mull. Arg.) *included in the family* Euphorbiacea. *Vernacular names include Benuah (Sarawak), Kubin (Peninsular Malaysia), Linkabong (Sabah), Mahang (Peninsular Malaysia) with various epithets, Marakubong (Sabah), Merkabong (Sabah), Mesepat (Peninsular Malaysia) and Sedaman (Sabah) with various epithets.*

It is also known as Mavu (Fiji), Mahang Kapur and Mahang Manggong (Indonesia), Petawaing (Myanmar), Macaranga (Papua New Guinea), Hamindang (Philippines), Lau-pata (Samoa Islands), and Lo (Thailand).

Its wood classification is as follows: Mahang Regnum *(Plantae/plantarum),* Division *(Spermatophyta),* Sub-division *(Angiospermae),* Class *(Dicotyledoneae),* Order *(Geraniales),* Family *(Euphorbiacea),* Genus *(Macaranga).* Major species include *M. beccarianus, M. hosei, M. hypoleuca, M. lowii, M. pruinosa* and *M. winkleri.*

General Characteristics

Macaranga gigantea has a broad ecological range; from lowland coastal forests to swampy forests up til 1000 m. It is one of the earliest colonisers of degraded land but it is also found in large gaps in primary forests. This tree has been found to be dominant 20–30 years after shifting cultivation.

Sub-canopy tree up to 28 m tall and 50 cm dbh.

The sapwood is not differentiated from the heartwood, which is light yellow-brown, occasionally with a pink tinge.

Stipules ca. is 43 mm long. Leaves are huge, alternate, simple, three-lobed, palmately veined, peltate, toothed margin and have a hairy lower surface. Flowers ca. is 0.5 mm diameter, greenish, placed in bundles within bracts which are part of large branched inflorescences.

Fruits ca. is 7 mm diameter, green-yellow-browninsh, two-lobed, dehiscent capsules, seeds with purple aril.

It is a natural pioneer species in its native environment, where it rapidly invades disturbed areas and is very fast growing. It is regularly found to be one of the dominant tree species in regenerating forests after 10 - 20 years following the abandonment of shifting cultivation. It could be used in reforestation projects to restore native forest.

Density

The timber is soft to moderately hard and light to moderately heavy, with density of most species ranging from 270-495 kg/m^3 air dry. The timber is classified under Light Hardwood in Malaysia.

Natural Durability

The timber is reputed to be non-durable. However, although the wood is not durable, the fibrous texture is very nice with straight chimes.

Texture

Texture is moderately fine and even, with straight to shallowly interlocked grain. The sap wood is red and does not have a distinctive smell and taste fresh. Fibre direction straight. It has a somewhat smooth texture and veins are not visible to the naked eye.

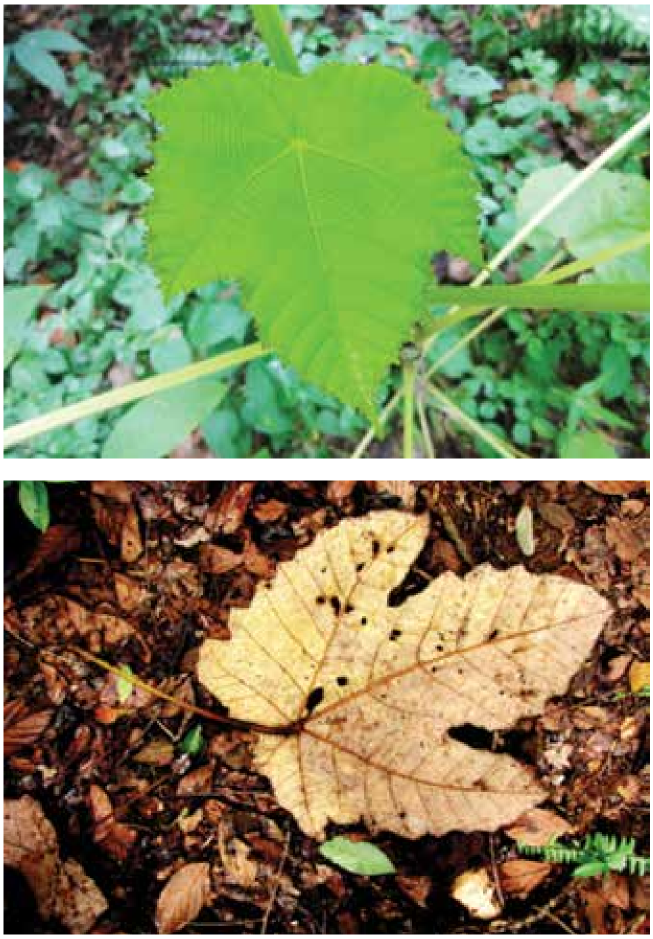
Machining Properties

The timber is reported to be very easy to work on.

Uses

The timber is suitable for the manufacture of match splints, match boxes, pulp and paper, particleboard, wood wool cement-bonded board and buoys and canoes as well as for

Trunks are straight, rounded, not buttressed, smooth-skinned with light brown colour grey.



Leaves of Mahang.

light framing, interior or trim, mouldings as well as packing boxes and crates. In the Philippines, it is a favourite wood for wooden shoes.

Mahang wood pulp can be produced for manufacturing high-quality plywood. Peeled Mahang poles are frequently used for temporary construction, especially for parts of native houses, which are not in contact with the ground.

The charcoal briquettes from Mahang are good as fuel because of the high calorific value, but they are not resistant to pressure and can cause a crash that crumbles the briquettes. The reddish brown sap of the tree is used as a wood glue by locals.

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- *Whitmore, T. C. 1972. Tree Flora of Malaya. Vol. 2. Malayan Forest Records No. 26. Longman, Kuala Lumpur, Malaysia. 444 pp*
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- *http://www.nationaalherbarium.nl/euphorbs/specM/Macaranga.htm*

MTIB Moments

A Course on Rattan Furniture Manufacturing (Advance) specially for Prison Department personnel on 8-14 June 2014, organised by WISDEC, was held at Rinaat Cane Sdn. Bhd., Perak.

Members of PUSPANITA MTIB at Rumah Kanak-Kanak Rembau, Negeri Sembilan during the Go Green and IM4U Programme held on 17 June 2014.

Committee members of PUSPANITA MTIB led by Dato' Kamariah Hussain, Chairman of PUSPANITA MTIB (seated, third from left) visiting FIDEC Banting, Selangor on 23 June 2014.

A Talk on GST for Timber Industry, organised by MTIB on 24 June 2014 at Galeri Glulam, Johor Bahru.

An opening meeting prior to the Surveillance Audit MS ISO 9001: 2008, held at MTIB, Kuala Lumpur on 30 June 2014. Puan Lee Lay Kuan from SIRIM QAS International Sdn. Bhd. and her team were involved in auditing from 30 June to 2 July 2014.