

SIRIM, MTIB EXPLORE INDUSTRY 4.0, FABRICATION OF MACHINERY & EQUIPMENT FOR LOCAL TIMBER INDUSTRY



**VIRTUAL TOWNHALL PROGRAMME ON FOREST
PLANTATION DEVELOPMENT PROGRAMME (FPDP)**



**SUCCESSFUL JOURNEY OF THE FURNITURE INDUSTRY
IN MALAYSIA AND ITS FURTHER GROWTH POTENTIAL**

ISSN 0126-771X



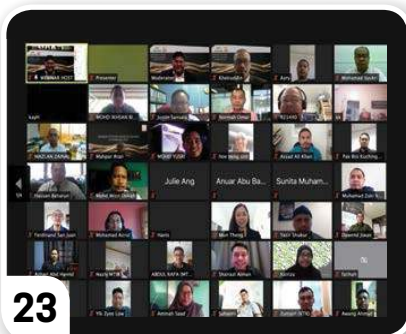
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3



10



23



CONTENTS

HIGHLIGHTS

3 Virtual Townhall Programme On Forest Plantation Development Programme (FPDP)

10 SIRIM, MTIB Explore Industry 4.0, Fabrication Of Machinery & Equipment For Local Timber Industry

21 Webinar On Agarwood Industry Potential In Malaysia



REGULAR FEATURES

5 Timber World in Brief

20 Domestic Trade News

13 Shipping News

24 Market Profile : Germany - Timber Industry Outlook

16 Timber Round-Up

32 MTIB Moments

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Cover : For more details, please read page 10

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CERT. NO. QMS 01285

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VIRTUAL TOWNHALL PROGRAMME ON FOREST PLANTATION DEVELOPMENT PROGRAMME (FPDP)

A Virtual Townhall Programme for the companies involved in the Forest Plantation Development Programme (FPDP) was held on 2nd February 2021. The programme was held to streamline the companies' operational management systems and the management of the FPDP.

The objectives of the programme were as follows:

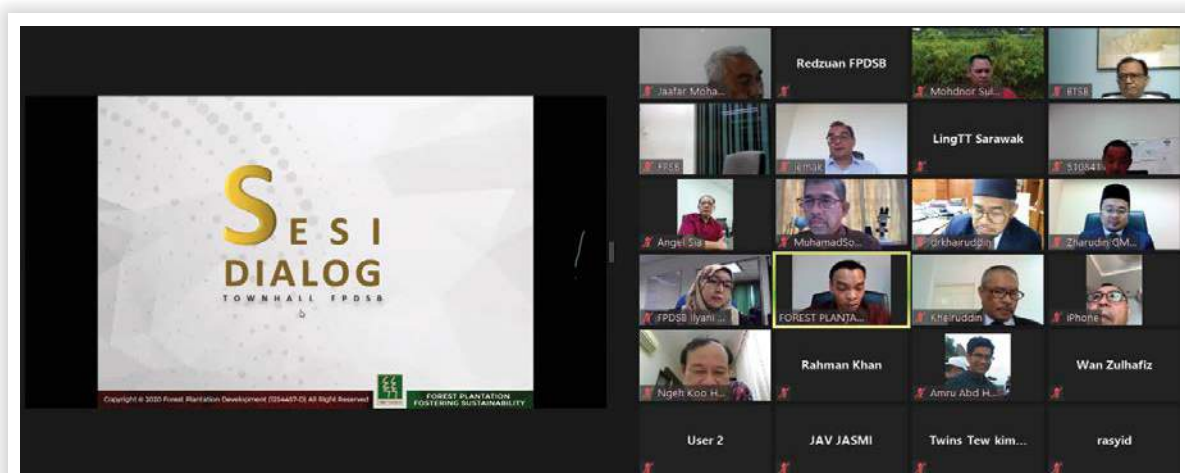
- Sharing the latest information related to forest plantation development
- Issues and challenges of borrowers under FPDP
- Lessons learned by the borrowing companies from the FPDP 1.0 programme
- Strengthening cooperation and network between all FPDP borrowers and Forest Plantation Development Sdn. Bhd. (FPDSB) in the success of Forest Plantation Development Programme



YB Dato' Minister gave his opening speech

The programme began with a welcome speech by Haji Muhammad Sobri Bin Osman, the Chairman of FPDSB. In his speech he talked about the initiatives and efforts implemented by FPDSB with the assistance of the Ministry and MTIB in helping to resolve current issues and problems regarding FPDP. This is in line with the main purpose of the establishment of FPDSB which was to facilitate FPDP. Among the efforts that were implemented were the addition of new species for FPDP and improvements in terms of policies for FPDP 2.0.

The programme was followed by a briefing from Encik Zharudin Bin Narudin the FPDSB General Manager on the background and status of the programme. FPDP, up to 31 December 2020, currently covers 82 agreements, involving 70 companies.



Among the participants for the dialogue session

The programme was then officiated by the Honorable Minister of Plantation Industries and Commodities, YB Dato' Dr Mohd Khairuddin Bin Aman Razali. In his speech, the YB Minister stated that to ensure the timber sector's continuity in the future, the Government through KPPK has provided a loan of RM500 million for PPLH 2.0 under the Government through KPPK has provided a loan of RM500 million for PPLH 2.0 under the 12th Malaysian Plan. PPLH 2.0 is different from the previous PPLH where the financing method will be Shariah-compliant. KPPK, together with MTIB and FPDSB, is in the process of drafting the terms and criteria of FPDP 2.0 financing and it will be announced in the near future. From 2017 until now, 13 companies have made latex payments while 12 new companies started tapping activities in 2019. Two (2) companies made the initial payment of the felling proceeds before the grace period ended and another three (3) FPDP companies will be carrying out the initial harvesting of their respective plantation by the end of this year. YB Minister also stressed that smooth repayment is important to ensure the continuity of FPDP. The programme would from Peninsular Malaysia, Sabah and Sarawak.



YBrs. Director General of MTIB gave the closing remarks.

The programme has successfully established a closer network of cooperation between the industry and the Government, especially for the implementation of the FPDP programme. A total of 62 participants participated in the programme consisting of KPPK, MTIB, FPDSB and 32 borrowing companies. PPLH 2.0 implementation procedures could be improved with suggestions or recommendations from the borrowing company. The programme should be continued in the future because it is the best platform between the Government and borrowing companies to discuss and resolve existing problems. The session closed with a speech by the YBrs. Tuan Mohd Kheiruddin Mohd Rani, the Director General of MTIB.

The programme was attended by YB Dato' Dr Mohd Khairuddin Bin Aman Razali, the Honorable Minister of Plantation Industries and Commodities (KPPK) and attended by KPPK Senior Officers, YBrs. Director General of MTIB, YBrs. Chairman of FPDSB, MTIB Forest Plantation Division officers, FPDSB officers and Managing Directors as representatives of the FPDP-borrowing companies.



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VIETNAM

USD14 BILLION WOOD PRODUCT EXPORT TARGET FOR 2021

At a recent press conference the Head of the Vietnam Administration of Forestry, Nguyen Quoc Tri, said wood and wood products exports topped USD13.22 billion last year the highest in the history of the timber sector.

For 2021 the forestry sector export target is USD14 billion and revenue from forest environmental services is estimated at VND2.8 trillion. In 2021 there are plans, said Nguyen Quoc Tri, to plant 230,000 hectares of forests, comprising protection, special-use, and production forests.

In related news, the Deputy Minister of Agriculture and Rural Development, Ha Cong Tuan, has said over the next five years wood and wood product exports should reach USD20 billion.

In that five year period, he said, the sector will work to sustain the forest cover at 42%, expand and diversify markets, develop long-term trade partnerships and promptly address international trade issues.

Vietnam now ranks fifth globally, second in Asia and first in Southeast Asia in terms of wood and wood product exports shipping to over 120 countries and territories worldwide. Vietnam has more than 5,500 companies operating in timber processing.

Fordaq, February 5, 2021



CHINA

THE MARKET OUTLOOK FOR PARTICLEBOARD IS PROMISING

The market outlook for particleboard is promising. According to merchants, although the particleboard market will be relatively deserted due to the unoptimistic situation of the custom furniture market in 2020, industry insiders are still optimistic about the market outlook for particleboard because particleboard has become the first material for custom furniture.

After entering 2021, the overall domestic economy recovery will be accelerated to a large extent, and the customized furniture market will also usher in an improvement, which will drive the rebound in the popularity of the particleboard market.

Chinatimber.org, 4 February 2021



JAPAN

IMPORTS OF BUILDERS' JOINERY AND CARPENTRY DECLINE

The value of Japan's imports of Builders' Joinery and Carpentry Decline (HS441820, 441810 and 441871-79) declined in 2020 as could be expected given the various restrictions on businesses as a result of efforts to contain the spread of the corona virus.

Compared to the value of imports in 2019 wooden door imports in 2020 were down 18%. Imports of wooden windows dropped 24% year on year in 2020 and the value of imports of assembled wooden flooring dropped 20%.

For wooden doors (HS441820) two countries, China and the Philippines accounted for over 80% of the value of Japan's wooden door imports in 2019 and 2020. In the case of wooden windows (HS441810) China was the main supplier in 2019 and 2020 with the Philippines and the US accounting for most of the balance. In 2020 Vietnam emerged in the list of top 20 suppliers of wooden windows for the first time.

Japan's imports of assembled wooden flooring (HS441871-79 in 2019 and 2020 were dominated by suppliers from China. Other longer term suppliers in SE Asia such as Malaysia, Indonesia and Thailand had growing competition from shippers in Vietnam.

ITTO TTM Report, 1 - 15 February 2021



INDIA

PVC BOARD INDUSTRY RUNNING AT 50% CAPACITY

IWPC/PVC board industry is heavily impacted and compelled to even shut down plants. The reported production can be estimated to be around 50 % due to steep price rise of its raw materials. The entire eco-system of this emerging product category looks jeopardized with no sign of relief for next 2 to 3 months. PVC resins prices rising from Rs. 75 to Rs.140 in last 6 months, is actually no match for the miniscule rise that industry has passed on. The manufacturing industries have increased the prices of WPC/PVC boards by mere 20 % whereas impact is more than market can visibly handle in one go.

PVC resin prices are shooting up almost every day, making it impossible for industry to pass on the prices of finished goods on day to day basis. Manufacturers are clear that running plant today is not viable, especially on its full capacity. A sharp increase in finished goods prices would be challenging task and also to maintain the products share thus it is wise to either shut the plant and wait or run the plant as minimum to minimize losses. Till writing this news, A number of PVC board's producers are temporarily shut its boards production, where as some has shifted its production to Doors and Choukhat manufacturing. This issue is having a detailed story on PVC edge tape segment that is also impacted with the crisis on same note.

It is noted that WPC/PVC board industry is at nascent stage in India, but it has been the fastest growing sector, which accounts almost 2000 crores business (Pre-Covid) annually with number of good brands from the house of Alstone, Century Ply, Greenply, Amulya, Austin, Archid ply, Black Cobra, Floresta, Ecoste, Flexibond, Jain Irrigation, Reliance Industries, Echon etc. It is calculated that India has approx 125 manufacturing establishments, and more than 200 brands.

Plyreporter.com, February 2021

INDIAN FURNITURE MANUFACTURERS NEED MORE CERTIFIED WOOD AT AFFORDABLE PRICE

Wood being one of the primary materials required for construction and furniture industry. A major void created by demand & supply gap of wood due to growing real estate and housing sector. Architects preferences/suggestions on using more of wood (a sign of luxury) etc. is going to increase the demand of wood in India and it's expected to grow more than 10% every year w.r.t to current supply. A certified wood is & will be major void filler so its demand is going to increase helping many industries to sustain their businesses for longer period. Although, imports of softwood in India in FY 19-20 were majorly from New Zealand followed by USA, Germany, Uruguay and Canada, the Finnish sawmills can be the reliable suppliers of customer-driven recyclable and lowcarbon footprint sawn softwood from sustainable and renewable resources. Two specie SPRUCE (a white

wood with density of 540 to 560 kg/cubic metres) and PINE (red wood wood with density of 500 to 550 kg/cubic metres) are exported from Finland.

"The imports of certified wood have increased to nearly more than double in 2017-18 from 23,000 cubic metres to 52,000 cubic metres. "The availability of certified hardwood is less so the softwood imports are drastically increasing for furniture and kitchen manufacturing. We engineer the soft wood and create into long lasting by finger joining. The furniture industry is getting organized with time so the demand of certified wood is definitely going to increase. There will be good scope for Finnish saw millers," said Mr Abrar Ahmed, Vice President, Total Environment Building Pvt Ltd, Bangalore.

"We need good timber as in India only UP, Tripura and Gujarat has availability of FSC certified timber so a number of customers are looking towards Finland but the price should be competitive. India has vast ready market with increasing demand for logs and custom sized sawn wood for pallets. There is likely to be a 15% growth in imports every year. India is developing country with increasing uses of wood in different industries but there is lack of adequate seasoning plant. Finland has 3/4th land area under forests, which can be used sustainably. It has customized sawn wood in grade 2 and 3 (KD) for pallets, which has a high demand in India. Finland has excellent quality of lumber and logs for which India has a vast market," said Mr Naval Kedia, President, Federation of All India Tiber Merchant Saw Millers & Allied industries.

Plyreporter.com, February 2021



SOFTWOOD LUMBER EXPORTS TO CHINA RISE 12% IN 2020

Despite the coronavirus pandemic which first hit China and then spread all over the world, European softwood lumber exports to China managed to rise in volume by 12% in 2020. However, the growth is still considerably lower as in 2019, when exports increased by 37% as compared to 2018.

The European Union countries sent 3.93 million cubic metres of softwood lumber to China, during 2020, as compared to the 3.4 million cubic metres that they've sent in 2019. In value, European exports went up by 8% in 2020 and reached EUR 576 million (2019: EUR 532 million).

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The biggest exporter was still Finland, although its shipments decreased by -20% as compared to January-December 2020.

Sweden, Germany and Belgium topped the highest growths in exports to China. Swedish exports rose by 16%, up to 825 thousand cubic metres. The German softwood lumber exports to China had a great 2020, and increased by 29%, up to 767 thousand cubic metres. Belgium's deliveries, though at a lower volume, hiked by 137%, up to 381 thousand cubic metres.

GWMI, February 9, 2021

The very positive year as a whole should not hide the fact that companies that specialize in wood-based materials have struggled considerably and that wood retailing is characterized by considerable uncertainty between the boom and the closure of stores. In addition, there are sometimes long delivery times, so that procurement issues are often more in the focus of companies than sales issues.

The first weeks of 2021 apparently developed well in wholesale. However, the timber retail is urgently waiting for the shops to open in order to be able to start the spring business in the garden timber range, but also in others. Foreign trade reports a good business situation with only regionally restricted supply chains. However, a significant increase in sea freight rates / container prices makes it difficult for many importers to calculate.

Fordaq, February 11, 2021



GERMAN

TIMBER TRADE RECORDED STRONG SALES GROWTH IN 2020

According General Association of German Timber Trade (GD Holz), sales in the German timber trade increased by 7.6% in 2020. December delivered a considerable boost with an increase of over 30%. All the main product ranges grew by double digits this month.

Sales of garden wood products and planed goods were particularly strong in the course of the year. Both ranges increased by over 20% in 2020. Wood-based materials declined in the year as a whole, with trade fair construction as a sales driver and probably also shopfitting in many areas. Due to the pandemic and lockdown, there will be an unusually large spread in sales of the product ranges for the timber trade in 2020. The overall average of plus 7.6%, however, averages this spread at a high level. In the past year, sales in the timber retail trade developed much more strongly than sales in the timber wholesale trade, corresponding to the garden wood range as a specialist store range and wood-based materials as a typical wholesale range.

At the top of the sales development in 2020 is garden wood with + 28%, followed by planed goods with an increase of 20%. This is followed by finishing products and floors with + 12%, building elements with a plus of 10% and sawn timber with + 5%. Wood-based materials, on the other hand, are down by 1%.



ROMANIA

UPDATED VERSION OF TIMBER TRACKING SYSTEM SUMAL LAUNCHED

The updated version of Romania's timber tracking system SUMAL was put into use on the night of January 30, the Environment Ministry announced.

The authorities say that SUMAL 2.0 will discourage illegal logging and bring multiple benefits to the entire forestry sector.

"In addition to significant improvements in terms of tracking the wood, the new system includes an extensive process to debureaucratize the sector by removing several records and documents, as well as by automating data flows that, until now, were done manually," the Environment Ministry said.

By Sunday, January 31, at 14:00, over 20,000 users and over 9,000 economic agents registered in the new system, the ministry also announced. At the same time, more than 5,800 vehicles and 4,179 warehouses were also registered in SUMAL 2.0, and 34 transport permits were issued.

Our colleagues from across the country offer support to the economic agents for the correct use of the new SUMAL. For them, a national call center was opened at the telephone number 0314337799," the ministry said.

romania-insider.com, 1 February 2021



UK

FLOORING COMPANY SEES SALES RISE BY 43%

Yorkshire flooring company has announced that it has seen sales soar by more than 40 per cent over the past year. Stories Flooring, based in Leeds, has seen sales increase by 43 per cent as lockdown drives demand for home improvement. The company has also recorded a 63 per cent increase in organic traffic, coinciding with the firm's rebrand from Lifestyle Flooring UK.

Yarl Christie, founder of Stories Flooring, commented: "The past year has been a rollercoaster ride unlike any other, but we've been overwhelmed with the public interest in interior design and the feedback we've had since we rebranded back in October.

"Our new site has allowed us to connect with our customers on a personal level and allows them to tell their own story by finding the perfect flooring solutions for their living space.

"We've had customers tell us that DIY has been a form of escape during difficult times, and the only thing that's kept them sane.

"There's also been a marked rise in the number of people building their very own bars at home, which is unsurprising given the fact that our favourite bars and restaurants have been closed for the best part of a year.

"It's also been great to help do our bit in boosting the local economy with our recent recruitment drive and I'm confident our new team is more than capable of taking Stories to the next level.

"Transforming homes into something our customers can be proud of is our number one priority and partnerships with the likes of Kahrs enables us to deliver the all-important wow-factor.

"I'm optimistic that 2021 will end up being a better year for all of us and look forward to growing the team over the next few years."

globalwood.org 1 February 2021

NEW NATIONAL CONSTRUCTION PRODUCTS REGULATOR

The new body will have the power to remove any product from the market that presents a significant safety risk and to prosecute any companies that flout the rules on product safety.

SR Timber has welcomed the setting up of a new Government regulator – a division of the Office for Product Safety and Standards that will have the power to remove any product from the market that presents a significant safety risk and to prosecute any companies that flout the rules on product safety – but believes is long overdue.

SR Timber believes the Government is going to get tough on poor-quality materials being used in housebuilding as the new body will be given up to £10 million in funding to work closely with the Building Safety Regulator and Trading Standards.

However, the leading importer of timber products and the UK's largest importer of roofing batten says that reputable businesses within the construction industry have been crying out for such a body for years and that it's such a shame that the terrible tragedy of the Grenfell Tower fire is one the reasons that has prompted the government to act.

The company has long championed the use of quality products that are compliant with British Standards and it has also been outspoken in its criticism of the ease with which poor-quality or even fake materials can be used as part of the construction of a house – with no real policing of standards.

SR Timber Trading Director, Shaun Revill, said: "The Government must be commended for setting up the new division of the OPSS, and hopefully it will have the teeth required to put an end to poor-quality materials being used in the construction sector – particularly for houses and apartment blocks.

"On the flipside, the fact that the Government has been forced to act does suggest that this problem could be just the tip of the iceberg and that, despite the best intentions of agencies such as BSI, the rules are being systematically flouted. This makes a mockery of the accreditations that this country has in place, which are supposed to set the highest standards around quality and usage.

"I have seen first-hand examples of roofing batten being used as part of the construction of houses that does not meet the requirements of British Standard BS 5534:2014+A2:2018 – and it's so frustrating that there hasn't been anything done about it.

"Until now, the system has relied on eagle-eyed Building Inspectors or calls to Trading Standards about clear and obvious cases of materials that aren't compliant with the relevant standards."

Adding a note of caution, Mr Reville hopes that there's genuine substance to the Government's commitment to stamping out poor-quality building materials.

"I sincerely hope that the establishment of the OPSS's new division isn't just a knee-jerk response so that the government can be seen to be acting in light of recent tragic events," he said. "The introduction of the division could herald a new era for UK construction and the standards that are in place, and, in so doing, improve the quality of all the homes we build in this country."

Buildersmerchantsnews.co.uk 1 February 2021

TROPICAL SAWN HARDWOOD IMPORTS INCREASED IN THE SECOND HALF OF 2020

The total quantity of UK imports of tropical sawnwood was 75,300 cubic metres in the first 11 months of 2020, 20% less than the same period in 2019. While the UK trade in sawn tropical sawnwood fell sharply in May and June last year, there was some recovery between July and November.

By the end of November last year, UK imports were up on the same period in 2019 from Cameroon (+13% to 24,000 cubic metres), Brazil (+14% to 5,000 cubic metres) and Guyana (+110% to 4300 cubic metres).

However, imports from all other supplying countries were still trailing, with declining imports from Malaysia (-24% to 11,700 cubic metres), Republic of Congo (-68% to 5,200 cubic metres), Côte d'Ivoire (-28% to 3,200 cubic metres), Ghana (-41% to 1,300 cubic metres) and DRC (-82% to 1,100 cubic metres).

The UK imported 15,600 cubic metres of tropical sawnwood indirectly from EU countries in the first eleven months of 2020, 17% less than in the same period in 2019. Imports fell 10% from the Netherlands to 8,800 cubic metres and 50% from Ireland to 400 cubic metres.

However, imports increased 14% from Germany to 1,700 cubic metres and 9% from Belgium to 1,600 cubic metres. Imports from Italy were stable at 1,500 cubic metres.

The UK imported 6,700 tonnes of tropical mouldings/decking in the first 11 months of 2020, 40% less than the same period in 2019. Imports were down 47% from Indonesia at 3,100 tonnes, 36% from Malaysia at 1,900 cubic metres and 50% from Brazil at 900 cubic metres.

There was significant growth from Ghana and Vietnam, but from a small base, respectively rising 30% to 300 cubic metres and 400% to 300 cubic metres.

Fordaq, February 8, 2021

TIMBER IMPORTS REACHED 13-YEAR MONTHLY HIGH IN NOVEMBER 2020

Timber and panel imports reached 1.08 million cubic metres in November 2020, which was the highest monthly total since the October 2007 volume of 1.04 million cubic metres.

This was the second consecutive month where imports of the main timber and panel products were above the 1 million cubic metres mark.

The growth in the imports of the main timber and panel products in November 2020 of nearly 37% is in stark contrast to the 39% reduction in volume in April 2020.

David Hopkins, CEO of the Timber Trade Federation, said: "This demonstrates that the timber supply chain has been working at full steam trying to meet the unprecedented demand. Record volumes of timber are being brought in and absorbed by the market as quickly as they are coming off the dock, often by previous allocation.

"We can expect construction and renovation to play a large role in these plans, putting extra pressure on supply chains in terms of availability and inflation.

"This has caused problems across the supply chain, particularly the merchant-to-builder route, causing strain and shortages in certain areas."

BMN, 16 February, 2021

AHA HADID ARCHITECTS GETS APPROVAL TO BUILD WORLD'S FIRST TIMBER FOOTBALL STADIUM

The English Football League has approved proposals by Forest Green Rovers to move into the 5,000-seat all-timber football stadium designed by Zaha Hadid Architects.

When completed, Ecopark Stadium will become the new home of Forest Green Rovers Football Club with important new facilities for its local community.

With the team's community and supporters at its core, fans will be as close as five metres from the pitch. The stadium's continuous spectator bowl will maximise matchday atmosphere and incorporate the club's future growth.

Establishing a holistic vision for the site, Ecopark Stadium will embody low carbon construction methods and operational processes, and will be the first all-wood football stadium – with almost every element made of sustainably sourced timber. As a building material, laminated timber is highly durable, safe and recyclable.

Dale Vince, chairman of the club, explained to Sky Sports TV: "From an environment point of view, 75% of the carbon footprint of all stadia in their entire

lifetime comes from the materials they're made from. It's not about the energy used to run them, it's embedded on day one. We'll have the lowest carbon footprint of any stadium anywhere in the world since the Romans invested concrete."

Forest Green Rovers' Ecopark Stadium aims to be carbon neutral (or even carbon negative with the provision of on-site renewable energy generation), demonstrating that sustainable architecture can be dynamic and beautiful.

Zaha Hadid Architects, 16 February 2021



BELARUS

EXPORT OF TIMBER INDUSTRY CONCERN UP BY 5% IN 2020

In 2020, the companies affiliated with the Belarusian timber, woodworking, pulp and paper industry concern Bellesbumprom increased export by 5% year-on-year, BelTA learned from Bellesbumprom's spokesperson Ruzhena Novitskaya.

"Despite the difficult situation due to the coronavirus pandemic, Bellesbumprom's companies were able to increase supplies to foreign markets to \$608.5 million, up by \$30 million, or 5%, year-on-year," Ruzhena Novitskaya said.

In 2020, Bellesbumprom ramp up supplies to non-CIS countries. Export to these markets in 2020 went up by 11.4% over 2019 (to the EU member states – by 5.4%). In addition, export to China surged by almost 1.3 folds. Supplies to Russia rose by 5.2% and to Ukraine by 7%. Bellesbumprom's also reported growing exports to such non-CIS countries as the USA, Canada, Austria, the UK, Switzerland, Finland, Turkey, India, and Indonesia.

In 2020, Bellesbumprom resumed shipments to Albania, Ireland, Iceland, Cyprus, Mexico, and some other countries. "All in all, in 2020 our companies exported their products to 70 countries, which was a record number of export markets. In 2020, Bellesbumprom sold 76.2% of its output abroad, which was record high," Ruzhena Novitskaya noted.

eng.belta.by, 9 February 2021

RUSSIA

INDUSTRIAL DEVELOPMENT FUND HAS PROVIDED MORE THAN 13 BILLION RUBLES TO SUPPORT TIMBER INDUSTRY

The Russian Industrial Development Fund announced a new policy for the timber industry, greatly increasing the scope and amount of preferential loans for timber processing companies.

According to the forest industry project plan launched in December last year, the Supervisory Board of the Russian Industrial Development Fund expanded the list of equipment under the lease project plan. This will enable wood processing companies not only to rent wood processing equipment at a preferential loan interest rate, but also to lease wood cutting equipment and transportation.

Under this plan, federal and regional funds provide a joint loan of 20 to 100 million rubles at a rate of 1% or 3% per year. The federal fund accounts for 70% and the regional fund accounts for 30%.

For the implementation of large-scale projects, forestry companies can use the "development projects" of the Development Fund to obtain financial support and obtain loans of 50 million to 500 million rubles. All these measures are designed to ensure that when the log export ban is implemented in 2022, companies previously involved in logging can concentrate their production facilities on deep processing of wood to promote the development of the high value-added wood industry.

The Russian Industrial Development Fund was established for the modernization of Russian industry. The fund was launched in 2014 under the initiative of the Ministry of Industry and Trade of the Russian Federation. Used to support the development of new industrial sectors and support import substitution. The foundation provides 7-year target loans with an annual interest rate of 1%, 3% and 5%, amounting to 5 million to 750 million rubles, while stimulating direct investment inflows from the real economy to implement new industrial projects.

As of January 2021, the Russian Industrial Development Fund has issued more than 60 loans for the reported timber industry financing projects to build new timber processing plants or upgrade existing production equipment, with a cumulative amount of 13 billion rubles. 

China Wood network, 4 February 2021



SIRIM, MTIB EXPLORE INDUSTRY 4.0, FABRICATION OF MACHINERY & EQUIPMENT FOR LOCAL TIMBER INDUSTRY

The Malaysian timber industry is a major revenue contributor to the country's economy. In 2020, timber and timber products contributed exports worth RM22.02 billion and provided employment to more than 140,000 workforce.

Malaysia is one of the world's largest exporters of tropical timber products and has established itself as a major producer and exporter of sawn timber, panel products (plywood, medium density fibreboard and particleboard), flooring, doors and other joinery products. Malaysia is also considered as a top producer and exporter of furniture products at the international market.

The Malaysian Timber Industry Board (MTIB) and SIRIM Berhad recently signed a Memorandum of Understanding (MoU) to support the local timber industry in achieving global competitiveness and production efficiency through Industry 4.0 technology, mechanisation and automation, technology transfer and adoption of green technology. The MoU, among other things, emphasised on co-operation between both parties, with SIRIM, as the technical and solution provider under the Ministry of International Trade and Industry (MITI), collaborating with MTIB on exploring areas of technology which include Industry 4.0, fabrication of machinery and equipment and renewable

energy and environment.

Several projects to be implemented with the collaboration of timber industry associations, have been identified:

- Hybrid Green Energy Kiln Drying of Malaysian Timbers for Sustainable Future (*Hybrid Tenaga Hijau Pengerangan Kayu-Kayan Tempatan ke Arah Industri Mapan*)
- Automated Visual Inspection System for Inspection on Wood Colour, Size and Defect (*Pemeriksaan Visual Secara Automasi Bagi Pemeriksaan Warna dan Kecacatan Kayu ke Arah Smart Manufacturing Untuk Industri Perkayuan di Malaysia*)
- Carbon Footprint Calculation for Oil Palm Trunk Plywood.

The MoU was signed at a virtual ceremony. MTIB was represented by Director General Tuan Mohd Kheiruddin Mohd Rani and SIRIM, by its President and Group Chief Executive Datuk Ir. Dr. Ahmad Fadzil Mohamad Hani.

Tuan Mohd Kheiruddin, in his speech, said the timber industry sector currently faces challenges which include the COVID-19 pandemic, inadequate supply of raw materials, uncertainty of global economic scenario, competition as well as heavy reliance on foreign workers and low productivity. "Lack of investment in innovation, automation, mechanisation and Research, Development and Commercialisation (R&D&C), has also restricted the potential growth of the industry," he added.

He noted that according to the 12th Malaysia Plan, the value of timber and timber products exports is expected to reach RM28 billion in 2025 while the value-added to primary product exports ratio is expected to be 65%:35%. The demand for timber and timber products in domestic market is also expected to grow to RM20 billion by 2025.

In his speech, Datuk Ir Dr Ahmad Fadzil Mohamad Hani said SIRIM and MTIB would also be looking into the possibility of technology transfer or training and joint- technology development in terms of joint-technical service to industries and pursuing and executing projects together as a team. "This platform will enable the provision of consultancy and technical assistance to assist the timber industry in Malaysia in areas of technology, proposals and intervention plans for nurturing the upstream, middle and downstream industry. It should also facilitate the promotion of SIRIM's technology and innovative solutions or adoption of other technology used to a specific target group," he said.

Datuk Ir. Dr. Ahmad Fadzil said in one of the ongoing initiatives, in the Hybrid Green Energy Kiln Drying of Malaysian Timbers for Sustainable Future project, undertaken by SIRIM and Malaysian Bumiputera Timber & Furniture Entrepreneurs Association (PEKA), SIRIM will introduce three technology interventions to improve energy efficiency and reduce electricity bills and boiler fuels at the PEKA factory. The outcome of the project would result in a net saving of up to 60% of the overall energy cost for drying operations, estimated at RM230,000 per annum, he added. 

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MALAYSIA

Surge in transshipment traffic pushes port of Tanjung Pelepas to a new record

Malaysia's port of Tanjung Pelepas (PTP) saw an 8% growth in 2020, to a record-breaking 9.8m TEU, making it an outlier among South-east Asia's competing transshipment hubs.

The growth of the port, which is operated by Maersk subsidiary APM Terminals as the carrier's key transshipment hub in the region, came despite global economic uncertainties and the Covid-crisis.

PTP CEO Marco Neelsen explained the reasons: "A surge in extra transshipment volumes, due to increased demand in Asia and Europe, and requests from customers to increase their throughput at PTP."

He said the second-half of the year had seen the opening of more borders and the revival of the global trade economy for the China, transpacific and Europe regions.

Khalib Mohamad Noh, PTP chairman, added that the port had strengthened its position due to its investments in new equipment and efforts to improve container handling capacity. PTP purchased eight super post-panamax quay cranes, 10 electrified rubber-tyred gantries and dredged the navigation channel to "ensure the new generation of ultra-large container vessels can safely navigate to our port".

Indeed, HJ Tan, an independent container shipping consultant, told The Loadstar : "PTP was less affected by the blanked sailings during the the first-half, with carriers dropping fewer South-east Asia calls yjam to North Asia, and also benefited from the rebound in the second-half, with more relay and empty repositioning requirements."

The region's competing hubs didn't fare as well, however. In Singapore, PSA volumes saw a 0.9% drop.

Mr Tan said at the time it was natural for HMM to hub at Singapore, since most of the alliance's transshipment volumes were handled by PSA. But he added: "The bigger battle will be for Evergreen, whose current arrangement at PTP will be expiring."

At Malaysia's Port Klang, PTP's national rival for South-east Asia's famously "footloose" transshipment cargo, terminal operator Westports is also expected to report a reduction in volumes, once its final figures are tallied.

Affin Hwang Capital said, in a research note: "We forecast Westports' 2020 container throughput at 10.5m teu, a 3% decline due to lower transshipment volumes, partly cushioned by higher gateway throughput. Furthermore, we expect its Q4 20 container throughput to decline by 6%, quarter on quarter, due to lower transshipment of empty container boxes and lower operating efficiencies in December as a result of port congestion."

Source: <https://theloadstar.com>

Westports anticipates low single-digit growth in box throughput in 2021

Malaysian port operator Westports says it expects a low single-digit growth rate in container throughput in 2021 despite the Covid-19 pandemic showing little signs of abating.

However, group managing director Datuk Ruben Emir Gnanalingam said the realistic target could be higher if the situation improved. But, if the current unprecedented crisis persisted, the global supply chain could continue to be disrupted.

In an interview with the New Straits Times, he said: "Things are not going to recover very fast. But some areas are going to recover and some will not. Therefore, I believe there will be slower growth than anticipated for 2021."

Westports' container throughput eased about 3% to 10.5 million TEU last year, from 10.9 million TEU recorded in 2019, due to lower transshipment volume.

Mr Ruben said Westports might record or surpass the pre-Covid-19 level beginning in 2022 once the country's economy began to fully recover, backed by the government's Covid-19 vaccines programme and containment measures to combat the pandemic.

"Previously, a lot of consumptions were being held back. I believe the recovery will be driven by consumption. I do not think consumption will bounce back as quickly in 2021, but rather it will bounce back stronger beginning 2022. Hence, we predict a small growth in TEU this year but stronger growth next year."

He said Westports would set aside between MYR400 million (US\$98.9 million) and MYR500 million in capital expenditure for the financial year ending December 31, 2021 to acquire quay cranes and build a new yard.

The investments will raise the total terminal handling capacity from about 13.5 million to 15 million TEU by the end of 2023 with the net addition of seven more quay cranes.

Source: Asian Shipper

Timber Shipments Through Malaysia's Ports January 2021



UNITED STATES

Covid crisis surge hurts productivity at LA and Long Beach ports

RISING docker infection rates have contributed to a reduction in terminal productivity at the Ports of Los Angeles and Long Beach while cargo-handling activity won't be interrupted, reports IHS Media.

There have been more than 600 known cases of the coronavirus at the ports of Los Angeles and Long Beach, as well as 12 deaths since December 1.

"Longshore workers have been working every day through the pandemic to keep cargo moving despite the exposure to a life-threatening virus they face every day," said International Longshore and Warehouse Union (ILWU) coast committeeman Frank Ponce De Leon.

Longshore workers are showing up more than five days a week, while terminals in Los Angeles and Long Beach will continue to receive enough labour to handle record volumes.

There are 12,000 registered and casual ILWU workers in Southern California, meaning there's enough labour for many cargo-handling activities.

"However, full work gangs can be dispatched only if there are enough longshore workers that have been trained to operate the cranes that move containers within the terminal yards. Those crane operators lift containers into and out of the stacks and onto trucks. Yard crane operators have been in short supply since the port complex was inundated with imports last summer," said Pacific Maritime Association (PMA) president Jim McKenna.

The shortage of trained equipment operators is due to abnormal cargo volumes at the two ports since late June.

"There are huge challenges getting labour with this high demand. It's never been more challenging to operate a warehouse," said Mr McKenna.

Source: Asian Shipper

EUROPE

Rotterdam port to speed up shore power uptake within the decade

THE Port of Rotterdam in collaboration with the Municipality of Rotterdam are to install up to 10 new shore power systems in the next five years and then speed up the uptake of shore power in the second part of the decade.

However, the parties will require direct project subsidies to cover the non-profitable shore power projects. "Putting a price on shipping emissions would considerably improve the business case for shore power while also boosting usage rates. Whereas a permanent tax exemption for shore power and zero emission fuels is needed to create a level playing field with tax exempted fossil fuels," the Port of Rotterdam said.

While the emissions of berthed ships account for only 2% of the total emissions of logistics chains via Rotterdam, the reduction of emissions in the port is important, especially to improve the living environment in surrounding residential areas, reports Seatrade Maritime News, Colchester, UK.

"Shore power has large socio-economic benefits to deliver, but is certainly not a 'no regret' measure that works everywhere; for certain segments and port areas, other measures such as the use of low and zero emission fuels could be far more cost effective in terms of emission reduction," the authority stated.

The Port of Rotterdam added that it supports the European Green Deal, with the European Commission aiming to become the first climate neutral continent by 2050.

"The reduction of emissions by the shipping industry is part of that ambition," the port authority said.

The authority says it prefers a value chain approach for the rollout of shore power in European ports, based on cooperation and stimulation, rather than top-down regulations.

Shipments of Timber and Timber Products Through Ports in Peninsular Malaysia, January 2021

Products	Port Klang		Kuantan		Pasir Gudang		Tanjung Pelepas		Penang		M3	% Change Jan 2021 / Dec 2020
	M3	% Change Jan 2021 / Dec 2020	M3	% Change Jan 2021 / Dec 2020	M3	% Change Jan 2021 / Dec 2020	M3	% Change Jan 2021 / Dec 2020	M3	% Change Jan 2021 / Dec 2020		
Sawntimber	45,556	-21	10,058	5	741	-55	413	-18	1,735	-64	58,504	-21
MDF	13,398	6	514	100	2,294	-20	1,187	-7	1,858	-35	19,251	-2
Mouldings	10,300	-8	142	18	1,399	-9	944	-25	1,109	24	13,893	-8
Plywood	2,935	-18	196	63	65	472	372	-29	5,667	-20	9,235	-18
Veneer	603	22	0	0	0	0	99	-4	3,577	-6	4,278	-3
Particleboard	12,164	-18	167	-28	154	-68	0	0	8,545	23	21,029	-7
TOTAL	84,957	-16	11,077	11	4,653	-29	3,014	-18	22,490	-15	126,190	-14

Source: MTIB

By 2030, Rotterdam port aims to supply 90% of the ships visiting public quays in the urban area with shore power, or cold ironing systems.

For ro-ros, ferries, offshore vessels and cruise ships, Rotterdam wants to supply 90% of the visits with shore power by 2030. For large container vessels over 10,000 TEU in capacity, the aim is set at 50%. For more complex shipping segments such as bulk shipping, the aim is to provide support in the field of innovation and standardisation.

Source: Asian Shipper

The port's annual container throughput surpassed 28.7 million TEU last year, ranking third globally. Both cargo and container throughputs registered year-on-year growth of over four per cent, official statistics show.

The port's annual sea-rail transport container handling volume also saw robust growth, exceeding one million TEU for the first time in 2020, up 24.2 per cent over the previous year.

The port's sea-rail transport services link the port by rail with other parts of China and other countries. It currently has 19 railway routes linking cities in 15 provincial-level regions across China.

Despite Covid-19, the port saw year-on-year service increases of over 15 per cent and over 30 per cent in the first and second halves of 2020, respectively, contributing to businesses' work resumption as well as the recovery of logistics and industrial chains.

Source: Asian Shipper

CHINA

East China port's 2020 overall cargo throughput ranks top

CHINA's busiest port area, Ningbo-Zhoushan in the eastern province of Zhejiang, saw its cargo throughput exceed 1.17 billion tonnes in 2020, ranking first in the world for the 12th consecutive year, reports Beijing's China Economic Net.

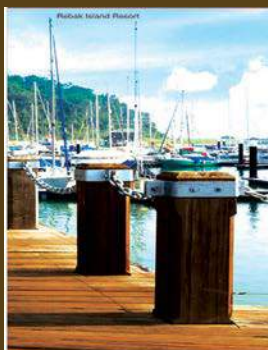
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JANUARY 2021

Total export of Malaysian timber and timber products in January 2021 decreased 13% valued at RM1.9 billion over the previous month. However, cumulative export for the period of January 2021 decreased 2% valued at RM1.9 billion over the previous corresponding period.

SAWNTIMBER

Total export of sawntimber in January 2021 decreased both in volume at 108,226 m³ and in value at RM209.0 million as compared to the previous month. Cumulative exports for the period of January 2021 both decreased by 17% in volume and 20% in value to 91,109 m³ totalling RM103.1 million over the previous corresponding period.

Exports of sawntimber to the EU for the month increased by 6% to 3,493 m³ over the previous month as a result of higher demand from major countries in the region. The Netherlands as the main buyer increased 38% to 2,894 m³ from 2,091 m³ in the previous month. Meanwhile, exports to Germany decreased by 28% to 137 m³ from 190 m³ recorded in the previous month followed by France decreased 75% to 106 m³. Similarly, export to Italy and Belgium also decreased by 71% and 27% to 40 m³ and 275 m³ respectively from 139 m³ and 374 m³ recorded in the previous month. Meanwhile in other European countries, exports to the UK also decreased by 96% to 8 m³ from 187 m³ in the previous month.

Total export to West Asia decreased by 23% to 17,993 m³ from 23,217 m³ recorded in the previous month. Yemen as the main buyer from West Asia decreased by 29% to 6,400 m³ from 9,027 m³ recorded last month. Similarly, exports to Saudi Arabia decreased by 60% to 963 m³ from 2,391 m³ recorded in the previous month followed by Iraq and Bahrain by 52% and 57% lower to 1,314 m³ and 431 m³. Both exports to Oman and Qatar increased by 22% to 3,473 m³ and 1,396 m³ from 2,856 m³ and 1,144 m³ recorded in the last month. However, exports to the UAE decreased by 18% to 3,360 m³ respectively from 4,078 m³ recorded in the previous month.

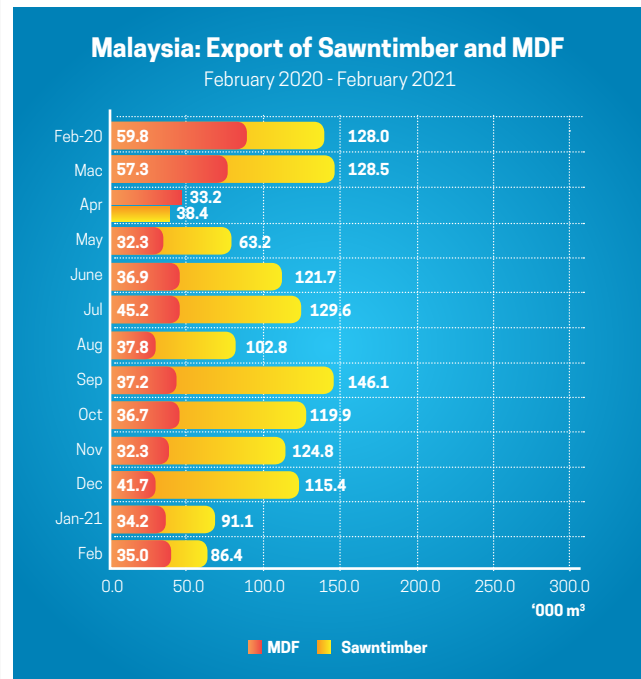
Elsewhere, buying from ASEAN increased slightly to 33,709 m³ from 33,647 m³ as registered in the previous month. Thailand as the main buyer in ASEAN decreased its intake by 7% to 12,866 m³ from 13,853 m³ as recorded in the previous month. Exports to the Philippines increased by 14% to 13,369 m³ from 11,711 m³ as recorded in the previous month followed by Viet Nam 28% to 1,173 m³ meanwhile intake by Singapore and Indonesia decreased by 1% and 41% to 6,121 m³ and 180 m³.

Similarly, shipments to East Asia also decreased by 49% to 13,938 m³ from 27,121 m³ in December 2020. China as the main buyer decrease their purchases to 5,855 m³ from 15,915 m³ in the previous month.

Similarly, Taiwan decreased by 27% to 3,411 m³ from 4,687 m³ in the previous month followed by South Korea 28% to 1,501 m³ respectively. Similarly, exports to Japan and Hong Kong also decreased by 26% and 74% to 3,109 m³ and 62 m³ respectively from 4,195 m³ and 238 m³ as recorded last month.

Elsewhere, exports to the USA and Australia increased 28% and 58% to 1,156 m³ and 913 m³ compared from the previous month. However, demand from South Africa also decreased by 167% to 4,610 m³ from 1,724 m³ recorded in the previous month.

The average FOB price of sawntimber increased slightly to 1,790 per m³ from 1,752 per m³ in the previous month. Meanwhile, price of Dark Red Meranti to the Netherlands also increased by 11% to 3,638 per m³ from 3,282 per m³ previously. Keruing was traded at 2,031 per m³, increased by 11% from 1,831 per m³ in the previous month.



PLYWOOD

Export of plywood in January 2021 both decreased in volume and value by 19% and 15% to 108,226 m³ totalled RM209.0 million compared to the previous month. Similarly, cumulative export for the month based on year-on-year reduced in volume by 33% and in value by 30% over the previous corresponding period.

Export of plywood to the EU decreased by 71% to 151 m³ for the month from 514 m³ in the previous month. Ireland reduced its intake by 74% to 113 m³ while Italy continued its intake by 38 m³. Belgium, Denmark, France, Germany and the Netherlands didn't make any purchases for the month. Apart from EU countries, export to the UK increased by 70% to 3,196 m³ for the month from 1,885 m³ in the previous month.

Moving to ASEAN and East Asia region, the region recorded a decrease of 31% to 73,045 m³ compared to 105,219 m³ in the previous month. Japan as the main importer of Malaysian plywood decreased its intake by 34% to 51,088 m³ followed by South Korea 21% to 8,709 m³ and Taiwan 13% to 6,345 m³. Similarly, exports to China and Hong Kong reduced to 69% to 448 m³ and 52% to 339 m³ respectively. Meanwhile, Malaysia's plywood trade with its ASEAN partners showed mixed trend for the month. The major buyer in ASEAN region, Singapore increased its intake by 51% to 2,970 m³ for the month. However, export to Thailand reduced to 60% to 1,335 m³, followed by the Philippines 14% to 741 m³ and Brunei Darussalam 55% to 444 m³. Indonesia does not make any purchase for the month.

Export to West Asian region also reduced to 33% to 4,438 m³ from 6,592 m³ in the previous month. Yemen as the major buyer in the region reduced its intake by 7% to 3,334 m³, followed by Saudi Arabia 90% to 86 m³ and UAE 97% to 40 m³. Meanwhile, Bahrain increased its intake by 100% to 89 m³ and both Kuwait and Qatar did not make any purchases for the month.

Meanwhile, export to the African region recorded an increase of 47% to 1,324 m³ over 902 m³ in the previous month. Both South Africa and Mauritius resumed their intake to 171 m³ and 86 m³ respectively. Export to Morocco reduced to 728 m³ and Sierra Leone does not make any purchases for the month. Moving to our main buyer in the Americas region, the USA increased its intake of plywood by 93% to 19,158 m³ from 9,935 m³ last month. However, exports to Mexico and Canada decreased by 49% to 2,206 m³ and 2% to 86 m³ respectively. While in the Oceania region, exports to Australia and New Zealand increased by 33% to 3,544 m³ and 105% to 43 m³ respectively.

The FOB price of plywood has increased by 6% to RM1,931 per m³ from RM1,828 per m³ in the previous month.

VENEER

Export of veneer for January 2021 reduced both in volume by 58% to 2,557 m³ and 54% in value worth RM4.4 million as compared to the previous month. Similarly, cumulative export for the month based on year-on-year showed a decrease in volume by 63% and in value by 57% over the previous corresponding period.

Export to China decreased by 42% to 1,022 m³, followed by the Philippines 28% to 422 m³, India 27% to 393 m³ and Taiwan 86% to 188 m³. Similarly, exports to South Korea, Australia and Canada also reduced by 87% to 183 m³, 41% to 54 m³ and 71% to 16 m³ respectively. However, export to Singapore increased by 100% to 3 m³ for the month. The USA, Italy and Viet Nam and Viet Nam did not make any purchases for the month.

The FOB price of veneer for January 2021 is at RM1,722 per m³, an increase of 9% from RM1,578 per m³ on the previous month.

MEDIUM DENSITY FIBREBOARD (MDF)

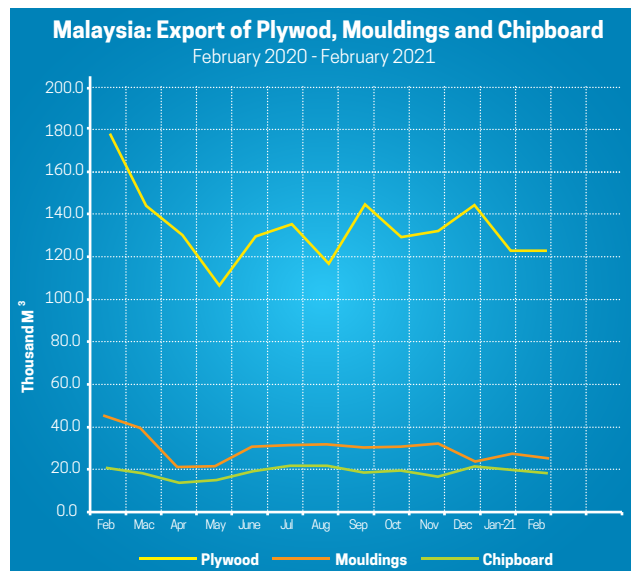
Export of MDF in January 2021 decreased both in volume and value by 18% and 10% to 34,228 m³ worth RM55.9 million compared to the previous month. Similarly, cumulative export for the month based on year-on-year also recorded a decrease in volume by 36% and in value by 22% million over the previous corresponding period.

Export performance to ASEAN member countries increased by 25% to 8,510 m³ from 6,799 m³ in the previous month. Export to the Philippines increased by 59% to 3,867 m³, followed by Indonesia 8% to 3,425 m³, Viet Nam 1% to 805 m³ and Singapore 15% to 166 m³. Moving to East Asia region, export to the region decreased by 46% to 9,366 m³ for the month from 17,231 m³ in the previous month. Japan as the major importer of MDF reduced its intake by 44% to 8,637 m³, followed by China including Hong Kong, export declined by 51% to 371 m³, Taiwan 69% to 261 m³ and South Korea 50% to 97 m³ for the month.

Shifting to South Asian region, export to the region improved by 2% to 5,265 m³ for the month. Exports to Bangladesh and Pakistan increased by 90% to 1,285 m³ and 1% to 2,289 m³ respectively. Meanwhile, Sri Lanka resumed its buying to 321 m³ and India reduced its intake by 40% to 1,337 m³ for the month. Export to West Asian region recorded a decline by 49% to 2,650 m³ from 5,220 m³ in the previous month. Export to UAE decreased by 6% to 1,400 m³, followed by Oman 73% to 599 m³, Jordan 4% to 545 m³ and Qatar 73% to 106 m³. Bahrain, Iran, Kuwait, Lebanon, Saudi Arabia and Syria did not make any purchases for the month.

Elsewhere, exports to the USA and Australia increased by 17% to 2,098 m³ and 706% to 3,641 m³ respectively. However, exports to South Africa and Sudan reduced by 46% to 621 m³ and 71% to 515 m³ respectively while UK does not make any purchase for the month.

The FOB price of MDF improved by 9% to RM1,632 per m³ from RM1,494 per m³ from the previous month.



MOULDINGS

Exports of mouldings for the month decreased by 11% in volume and 7% in value to 16,122 m³ worth at RM63.5 million. However, cumulative exports for the period of January 2021 decreased by 5% in volume and 2% in value to 16,122 m³ worth at RM63.5 million as compared to the previous corresponding period in 2020.

Exports to the EU for the month recorded at 5,276 m³, decreased 18% as compared to the previous month. Belgium, Germany and the Netherlands decreased their purchases by 53%, 40% and 9% to 312 m³, 454 m³ and 3,818 m³ respectively. However, Italy did not make any purchases. Meanwhile, the UK recorded a decrease of 0.3% to 350 m³ for the month.

Exports to ASEAN region increased as Singapore increased their purchases by 28% to 945 m³. However, Viet Nam reduced its intake by 62% to 164 m³ compared to the previous month. Meanwhile, Indonesia resumed its intake to 3 m³.

Likewise, China increased its intakes by 27% to 124 m³ compared to the previous month. However, Hong Kong, South Korea and Japan decreased their intakes by 46%, 22% and 6% to 104 m³, 1,069 m³ and 1,359 m³ respectively. Meanwhile, Taiwan did not make any purchases.

Elsewhere, export to Australia decreased by 92% to 184 m³ compared to the previous month. However, the US and Canada did not make any purchases.

Average FOB unit value for mouldings increased marginally to RM3,937 per m³ compared to RM3,773 per m³ in the previous month.

BUILDERS JOINERY AND CARPENTRY (BJC)

Export of BJC for Jan 2021 recorded an increase of 4% in volume and 2% in value to 12,172,730 m³ worth RM89.9 million from last month. Total BJC cumulative exports for the same corresponding period last year increased 0.1% to RM89.9 million as compared to RM89.8 million. Export to the EU decreased 116% to RM13.4 million. Export to the Netherlands, Denmark and Sweden increased by 184%, 11% and 9% to RM3.2 million, RM1.9 million and RM2.2 million respectively. However, export to Germany, France and Belgium decreased by 79%, 53% and 24% to RM328,011, RM716,909 and RM3.7 million respectively. Export to the UK, however decreased by 44% to RM7.3 million from last year. Meanwhile, Italy and Turkey did not make any purchases.

In Asia, Qatar and Pakistan increased by 100%, Singapore, Viet Nam, and Taiwan increased by 0.3%, 270% and 39% to RM682,656, RM127,301, RM4.6 million, RM2.2 million and RM717,965 respectively. However, exports to Japan, India and Thailand decreased by 4%, 28% and 11% to RM3.9 million, RM3.1 million and RM1.7 million compared to the previous month. Meanwhile,

South Korea, Bahrain, Egypt, UAE and Saudi Arabia did not make any purchases.

Export to the US increase by 47% to RM27.2 million compared to the previous month. Meanwhile, South Africa and Australia decreased by 24% and 10% to RM668,872 and RM16.2 million respectively. However, Mauritius did not make any purchases.

FURNITURE

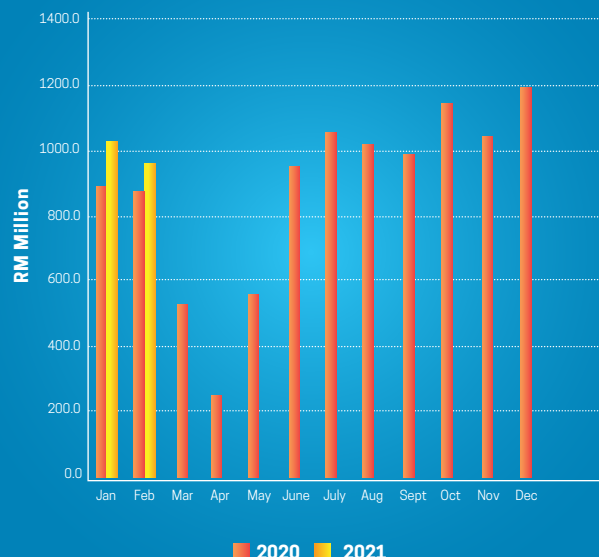
Exports of wooden and rattan furniture for the period of January 2021 recorded an increased of 13% to RM1.0 billion from RM901.3 million in the previous corresponding period. The USA as a main buyer of wooden furniture has increased purchases by 22% to RM614.7 million from RM505.2 million in the corresponding period in 2020. In Europe, shipments to Germany decreased by 21% to RM4.0 million, while exports to the Netherlands increased by 11% to RM1.8 million compared to RM2.0 million in the previous corresponding period. Export to Greece also decreased by 40% to RM1.8 million compared to RM3.0 million in the previous year.

Shipments to the UK also decreased by 45% to RM26.4 million for the month. Similarly, purchases by Russia declined by 30% to RM796,965 from RM1.1 million in the same period last year. Demand from Canada also decreased by 4% to RM27.2 million whilst Australia increased by 31% to RM52.0 million.

In East Asia, exports to Japan reduced by 17% to RM50.6 million from RM60.7 million in the same period last year. However, South Korea increased consumption by 12% to RM9.7 million followed with China increased by 32% to RM8.4 million. Exports to India also increased by 11% to RM20.6 million from RM18.5 million in the previous corresponding period.

In the ASEAN region, exports to the Philippines and Singapore recorded at RM11.0 million and RM40.9 million respectively. Elsewhere, exports to Saudi Arabia

Malaysia: Export of Wooden Furniture
February 2020 - February 2021



and the UAE also increased by 34% to RM21.5 million and 51% to RM14.6 million respectively. Meanwhile, Qatar also reduced buying by 4% to RM630,634 followed by Kuwait reduced by 6% to RM4.3 million whilst Oman increased by 131% to RM2.4 million respectively.

Rattan furniture shipments for January 2021 recorded at RM8.7 billion from RM9.0 million in the previous corresponding period. Exports to the USA has increased by 45% to RM3.5 million from RM2.4 million in the last corresponding period in 2020. Elsewhere, exports to Canada decreased by 58% to RM172,745 while Australia increased by 34% to RM551,448 compared from the previous month.

In Europe, exports to the UK and the Netherlands decreased by 26% and 3% to RM745,615 and RM59,439 respectively compared from the previous corresponding period. Export to Russia increased by 337% to RM236,041 followed Germany by 7% to RM164,276 and Poland 100% to RM78,111. However, purchases by France declined by 24% to RM163,662 from RM213,841 in the same period last year. Elsewhere in North Africa, Algeria didn't make any purchase compared to the previous corresponding period in 2020.

In East Asia, exports to Japan increased by 72% to RM188,409 from RM109,421 recorded in the same period last year. However, China improved their intake by 340% to RM585,174 whilst India reduced their buying by 24% to RM508,346. Meanwhile in the ASEAN region, exports to Singapore and Thailand recorded at RM163,368 and RM90,957 respectively.

Elsewhere in the Middle East, the UAE resume their purchases to RM20,052 whilst Viet Nam, Cote D'Ivoire, Sri Lanka and Oman didn't make any purchases compared to the previous corresponding period in 2020. 

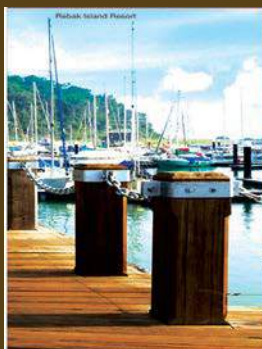
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JANUARY 2021

LOGS

The average prices of logs for some species were reported to have increased marginally. The supply of logs were sufficient to cater to the demands of the local markets.

Log prices for the species of Chengal stood firm at RM5,040 per ton whilst Red Balau fell slightly by 0.9% at RM3,400 per ton respectively. The price for Kempas and Tualang increased by 6.3% and 7.6% at RM1,700 per ton and RM1,550 per ton. The prices for Dark Red Meranti and Red Meranti remained at RM1,880 per ton and RM1,750 per ton respectively. On the other hand, prices for Mixed Heavy Hardwood and Mixed Light Hardwood logs remained at RM1,160 per ton and RM1,120 per ton.

MEDIUM DENSITY FIBREBOARD (MDF)

The domestic supply of MDF remained stable as prices continued to chart at last month's level. MDF of 4mm, 6mm, 9mm and 12mm thicknesses were traded at RM12.90, RM16.20, RM22.00 and RM29.10 per piece respectively.

SAWN TIMBER

The average sawntimber prices for most of the species in the domestic market continued to remain firm.

Prices of Chengal sawntimber remained at RM7,274 per m³ whilst Red Balau dropped by 2.4% at RM2,825 per m³. The prices for Keruing remained stable at RM2,119 per m³ whilst Kempas increased by 0.6% to RM2,521 per m³ respectively. The prices of Dark Red Meranti and Red Meranti continued to be recorded at RM2,154 per m³ and RM1,836 per m³ respectively. On the other hand, prices of Mixed Heavy Hardwood and Mixed Light Hardwood sawntimber stayed at RM1,059 per m³ and RM953 per m³ for this month.

PLYWOOD

The supply of plywood in the domestic market remained adequate for the month under review. The prices of plywood with the thicknesses of 4mm, 6mm, 9mm and 12mm continued to be traded at RM14.80, RM22.20, RM38.35 and RM48.50 per piece respectively.

INTRA-MALAYSIA TRADE * - JANUARY 2021

The shipments of sawn timber from Sabah to Peninsular Malaysia for the month under review increased by 6% in volume from 54 m³ to 57 m³, valued at RM113,000. Meanwhile, trade of plywood fell by 34% in volume from 4,845 m³ to 3,216 m³ valued at RM5.5 million.

Trade of sawn timber from Sarawak to Peninsular Malaysia rose in volume from 497 m³ to 681 m³, an increase of 37% worth at RM1.1 million. Meanwhile, shipments of plywood fell in volume from 5,797 m³ to 3,716 m³, totalling at RM3.7 million.

No intra-trade from Peninsular Malaysia to Sabah and Sarawak was recorded in January 2021.

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

SUCCESSFUL JOURNEY OF THE FURNITURE INDUSTRY IN MALAYSIA AND ITS FURTHER GROWTH POTENTIAL

Overview

Ranked amongst the top 15 largest exporters of furniture in the world, Malaysia is exporting about 80% of its furniture production. With largest markets are in US, Japan and Australia, Malaysia has a strong position in the global furniture industry. With tremendous growth in exports to the UK, the UAE, Saudi Arabia, the Philippines and Russia, Malaysia is now eyeing countries like Algeria, Greece, Puerto Rico and Libya.

The Malaysian wood furniture industry's success owes much to the survival story of the humble rubber tree. From enjoying the spotlight as the world's biggest resource for rubber on the international stage previously, to its decline to number three in the 1980's and the emerging growth of the oil palm industry, it appeared that the rubber tree had lost its importance in the Malaysian economy. However, like a phoenix rising from the ashes, the rubber tree has reasserted its value.

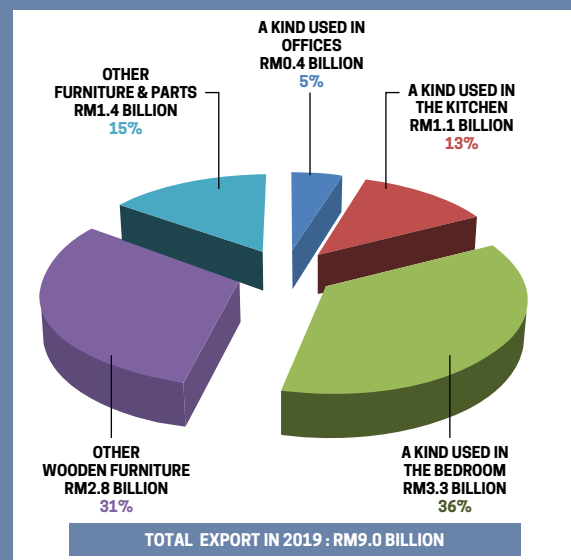
This full cycle of the rubber tree's lifespan has helped drive the Malaysian wood furniture from a cottage industry to the multi-billion-ringgit export industry it is today. With the emergence of rubberwood as an alternative source of timber for the wood industry – and value-added products through the efforts of the Forest Research Institute of Malaysia (FRIM) as far back as 1978 – Malaysia is now among the leading producers and exporters of wood furniture to more than 160 countries worldwide.

The Government continues to support the development of the local furniture industry through various initiatives to ensure its rapid and sustainable growth. In recent years, the growth has shifted from producing general products towards designing its own, and this has been key in propelling Malaysia to the international arena. Popular with overseas buyers of the middle to high category, they now look at Malaysia for manufacturers who can meet their high production demand.

Competition in Global Trade War

The Malaysian furniture industry has its advantages when it comes to product creativity as designers are able to churn out unique designs and therefore attract furniture retailers and theme decorators despite charging the premium margin. The industry manufactures several types of furniture products such as wooden and cane furniture, metal furniture and upholstered furniture. However, in terms of value of gross output, wooden and cane furniture is the largest segment due to the abundance of tropical wood found in Malaysia especially from the rubberwood species.

Prior to the trade war between the USA and China, Malaysia furniture exports were growing at eight per cent with cumulative annual growth rate (CAGR) of 3.3 per cent between 2009-2017, in tandem with the growth in the global furniture market. According to US Census Bureau, the furniture industry had been growing steadily at a CAGR of 5.7 per cent in between 2010 to 2019. Demand for furniture is still robust as US furniture imports have been on a steady rise. Meanwhile, according to Statista, the US furniture market is expected to grow at a CAGR of 4. per cent from 2020 to 2023 on the back of the uptick in US homeownership as it has been recovering gradually post the subprime mortgage crisis.



The furniture industry has consistently contributed between 0.3 to 0.4 per cent to Malaysia's GDP. Malaysia has always been a net furniture exporter and is ranked amongst one of the top 15 largest furniture exporters worldwide. In 2019, Malaysia was the 8th largest furniture exporter in the world and had been exporting a total of RM9.0 billion furniture around the world. Around 80 per cent of Malaysia's furniture production is exported to the US, Japan and Australia, Malaysia's major export markets.

Issues and Challenges in Furniture Industry

Despite numerous economic downturns, the industry is still supported by a strong global demand. While lower priced furniture from China and Viet Nam pose strong competition, Malaysian furniture continues to set itself apart with original designs that place importance on aesthetics as well as good work ethics.

With a business-friendly environment, good quality products and a high potential market, the Malaysian furniture industry is poised to exceed expectations and to continue its exponential growth. The government through MPIC, MTIB also plays an important role in nurturing the industry. With the Pioneer Status for tax exemption and Investment Tax Allowance, the pro-business environment makes doing business easier.

Furniture makers have the opportunity to thrive in the global furniture demand which is on the rise due to population growth, urbanisation, disposable income and high real estate. An increase in furniture demand globally signifies growth opportunities for the furniture industry in Malaysia as consumers may opt to purchase imported furniture due to favourable factors such as product pricing, design and quality.

Time to Shine

One of the primary hiccups during the Movement Control Order (MCO) was the supply disruption of timber raw materials which was swiftly resolved during the Conditional Movement Control Order (CMCO) when the government allowed the transportation of logs from the landing sites to the respective factories. Since then timber-based manufacturers have been assured of regular supply of raw materials for their operations. These

timber-based manufacturers are also revisiting their business plans and actively relooking at digitalisation and automation options to further improve their operations.

The timber sector has been literally up and running during the MCO and CMCO with 90 per cent of manufacturers having resumed operations and more than 60 per cent have begun exporting their products. It is therefore very clear that the Malaysian furniture industry must make an effort to develop better quality products by investing in product design diversity, and marketing and communication strategies. Future consumers definitely will be more demanding and local furniture makers will need to enhance their product quality and furniture design. Malaysian furniture exporters are also urged to venture into new avenues, and plan new marketing and communication strategies to cater to customer demand.

MTIB with its role and obligation to the timber industry has taken the necessary steps to transform its operation models and activities to suit the current and post-Covid-19 business needs. Together with the cooperation and collaboration between various ministries, agencies and the private sector, MTIB will play its part to ensure that the Malaysian economy through the timber industry will be more resilient, post-Covid-19. 

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WEBINAR

ON AGARWOOD INDUSTRY POTENTIAL IN MALAYSIA



Agarwood, locally known as Gaharu, is an important non-timber forest product. It has been used for hundreds of years as medicine and as the base material in producing perfumes. Today the Gaharu trade scenario is rapidly changing and involves almost 18 countries with trade worth millions of US dollars annually. Indeed, due to the growth in population and the affluence of Gaharu-consuming markets, the demand for gaharu has risen significantly over the past 30 years. However, the increase in demand has led to the over-exploitation of our natural Gaharu resources. In addition, the uncontrolled gaharu trade may cause some gaharu-producing species to become extinct. The Convention on International Trade of Endangered Species of Wild Flora and Fauna (CITES) has therefore listed gaharu-producing species; *Aquilaria* under Appendix II of CITES due to the threat posed by trade to the survivability of the species.

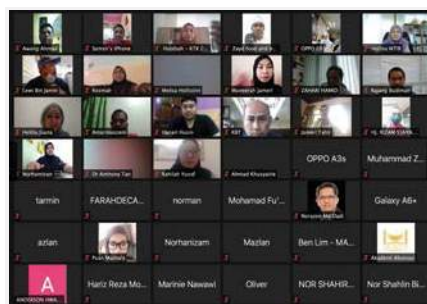
In an effort to strengthen the Agarwood industry in Malaysia, MTIB recently organized an online seminar, Webinar on Potential of Agarwood Industry in Malaysia, on 24th February 2021. The objectives of the webinar were to disseminate the latest information on the Agarwood industry, focusing on policies and related regulations, providing a platform to share the recent developments of the industry and current issues raised by industry players. Besides that, the seminar provided a platform for discussions between industry players and relevant government agencies regarding the direction of Agarwood industry in Malaysia. The seminar was one of the initiatives by MTIB in its effort to strengthen and transform the Agarwood Industry into becoming competitive and viable as outlined in the National Karas and Gaharu Industry Development Action Plan 2011-2021.

En. Mohd Kheiruddin Mohd Rani, Director General of MTIB officiated the webinar. In his opening speech, he spoke on the trade of Agarwood which is governed under CITES regulations and the role of MTIB as a Management Authority to monitor and facilitate the trade of Agarwood products. He said that the trade of gaharu is subject to quota and currently only 150,000 kg is allowed for export annually. He also stated that the value of Agarwood products exported in 2020 decreased to RM1.85 million from RM8.8 million in 2019. The decreasing of export value last year was mainly due to the worldwide Covid-19 pandemic that affected the entire Agarwood product trade chain. As such, he also noted that it was very important for the industry to get a continuous supply of Agarwood from plantation sources in the near future.



Encik Mohd Zamakhsyary Mustapa from MTIB deliver his presentation during the webinar

A total of 160 participants comprising individuals and representatives from both the government and private sectors attended this one day webinar where 9 papers were presented. The papers were: Policy on Agarwood Industry by Forestry Department of Peninsular Malaysia, Sarawak and Sabah; Policy and CITES implementation by MTIB; Inoculation of Karas tree by MTIB; Financial support in Agarwood Industry by GAHARU Association; Classification of Agarwood by MTIB; and Experience in Agarwood Industry by Gaharu Lestary Resources.



Among the participants of the webinar

GERMANY - TIMBER INDUSTRY OUTLOOK



Overview

The Federal Republic of Germany is located in central Europe. This country is bordered by the Netherlands in northwest, Belgium, Luxembourg and France in the west and southwest, Denmark in the north, the Czech Republic and Poland in the east and Switzerland and Austria in the south and southeast. The country shares its coastline with the Baltic Sea in the north and the North Sea in the northwest. It has a 2,389-kilometre long coastline and spans over an area of 357,022 sqm.

Economy

Germany is the largest economy in the European Union (EU) and the fourth largest in the world after the US, China, and Japan. The German economy has its great innovativeness and a strong focus on exports due to its competitiveness and global networking. Positive economic momentum has led to a favourable trend in the labour market. Germany has highest employment rates in the EU and is the country with the lowest youth unemployment percentage. Germany is one of the 12 countries which introduced the Euro in 2002.

Germany's economic freedom score is 72.5, making its economy the 29th freest in the 2021 Index. Its overall score has decreased by 1.0 point, primarily because of a decline in judicial effectiveness. Germany is ranked 16th among 45 countries in the Europe region, and its overall score is above the regional and world averages. The German economy remains in the lower reaches of the mostly free ranks again this year. The potential for greater economic freedom is stymied by systemically high government spending as well as costly and rigid labor laws. Unfortunately, government spending is likely to increase rather than decrease in the near future.

Forest Resources

Germany ranks among the densely wooded countries in Europe. Around 11 million hectares, corresponding to one third of the national territory, are covered with forests. German forests are composed of approximately 60% coniferous forests and 40% deciduous forests. About 73% of German forests consist of mixed stands. Spruce accounts for the largest share among the tree species (28%), followed by Pine (23%), Beech (15%) and Oak (10%). The tree species proportions vary and depend on the specific natural features and site conditions as well as on different historic developments. The majority of German forest areas have been certified according to leading international systems such as PEFC or FSC.

Timber Industry

The forest and timber industries, including processing and paper as well as printing and publishing, comprise nearly 1.3 million jobs with an annual turnover of about Euro170 billion. Forest-based industries play a major role notably for regional economic and rural employment structures because they are mainly composed of small and medium sized enterprises and are mostly located in rural areas. Over the past five decades forests in Germany have increased by more than one million hectares and timber stocks account for 336 m³ per hectare, with an annual timber increment totalling around 76 million m³. Timber growth is around 121.6 million m³ per year. Therefore, Germany occupies a leading place compared with other European countries.

Timber Production

According to FAO's latest forest statistics, Germany produced around 40.7 million m³ of logs in 2019, a decrease of 2% from 2018. Apart from log production, in 2019 the country produced 24.6 million m³ of sawntimber, 5.7 million m³ of particleboard and 5.5 million m³ of fibreboard.

Quantity: M3

PRODUCT	2015	2016	2017	2018	2019
Sawlogs and veneer	34,827,318	32,739,771	32,755,853	41,625,878	40,713,106
Sawnwood	21,489,849	22,197,245	23,167,680	23,769,456	24,573,352
Veneer sheets	89,599	86,906	88,850	88,247	97,740
Plywood	107,674	114,486	99,845	117,786	111,162
Particle board	5,530,587	5,617,619	5,759,450	5,757,411	5,714,719
Fibreboard	4,870,631	5,038,025	5,398,120	5,276,534	5,497,837
Total	66,915,658	65,794,052	67,269,798	76,635,312	76,707,916

Source: FAO Forest Stats

Germany's Export of Timber and Timber Products

Germany's export of timber and timber products in 2019 decreased 2% to USD17.1 billion from USD17.6 billion in the previous corresponding period. Germany's major products exported were wooden furniture with a total of USD7.95 billion, slightly decreased from USD8.0 billion in 2018. Meanwhile, exports of sawntimber and fibreboard also registered a slight decrease to USD2.3 billion and USD1.8 billion from USD2.5 billion and USD2.0 billion respectively. Other products exported by Germany were builder's joinery and carpentry (BJC), logs and particleboard.

Germany : Export of Timber and Timber Products, 2015-2019

Code	Product	2015	2016	2017	2018	2019
9403	Furniture & parts	6,981,127	7,319,759	7,514,432	8,011,243	7,951,498
4407	Sawntimber	1,748,456	1,875,006	2,148,111	2,519,259	2,320,019
4411	Fibreboard	1,769,020	1,808,161	1,925,834	1,989,258	1,805,427
4418	Builders' joinery and carpentry	1,206,885	1,227,114	1,340,580	1,366,298	1,372,468
4403	Logs	364,043	381,009	421,805	543,992	769,717
4410	Particleboard	644,591	643,383	680,062	761,369	680,536
4421	Other articles of wood	305,020	329,144	396,014	461,691	454,864
4401	Fuel wood	321,903	284,870	329,196	397,902	404,034
4415	Packing cases	294,340	304,721	348,114	409,019	361,178
4412	Plywood	253,560	279,579	309,854	333,287	297,951
4409	Moulding	187,563	197,056	234,105	261,909	251,846
4408	Veneer	163,126	160,578	163,623	168,394	157,086
4420	Wood marquetry	66,531	73,522	75,470	85,335	82,829
4419	Tableware and kitchenware	50,502	59,236	57,972	64,872	72,034
4414	Wooden frames	25,127	26,010	24,113	32,299	32,657
4413	Densified wood	38,441	42,658	33,726	31,914	32,233
4405	Wood wool & flour	27,914	28,738	32,727	33,738	30,798
4402	Wood charcoal	15,608	17,527	20,907	27,478	24,070
4417	Tools, bodies and handles	14,412	15,007	15,943	17,167	14,928
4406	Railway sleepers	8,693	12,946	18,387	18,537	12,971
4404	Hoopwood	10,120	10,882	7,909	12,650	10,424
4416	Casks, barrels, vats and tubs	3,597	3,600	3,858	3,760	4,272
Total		14,500,579	15,100,506	16,102,742	17,551,371	17,143,840

Source: Un- Comtrade data

Value:USD'000

Germany's Import of Timber and Timber Products

Germany's import of timber and timber products in 2019 decreased 4% to USD14.4 billion over the previous year. Germany imported mainly furniture, sawntimber, BJC and plywood in 2019. Imports of furniture increased 3% to USD6.4 billion compared to USD6.2 billion in 2018. Meanwhile, imports of sawntimber, BJC and plywood in 2019 declined 13%, 0.4% and 12% to USD1.4 billion, USD1.3 billion and USD887.3 million respectively as compared to the previous year. In 2019, the majority of furniture imported by Germany was mainly from Poland and China. Imports of furniture from Poland and China amounted to USD1.7 billion and USD1.1 billion, an increase of 8% and 9% respectively over the previous year. Malaysia ranked 32rd as Germany's import partner for furniture.

Germany: Import of Timber and Timber Products, 2015-2019

	Product	2015	2016	2017	2018	2019
9403	Furniture & parts	5,424,572	5,622,971	5,770,250	6,194,429	6,362,397
4407	Sawntimber	1,257,223	1,334,735	1,379,757	1,567,679	1,358,808
4418	Builders' joinery and carpentry	1,015,770	1,093,513	1,192,651	1,336,433	1,331,602
4412	Plywood	781,165	788,765	880,223	1,004,716	887,257
4421	Other articles of wood	718,971	721,944	718,949	811,680	802,218
4410	Particleboard	754,614	749,039	765,175	881,975	787,791
4415	Packing cases	514,973	525,684	583,078	666,694	596,963
4403	Logs	666,040	645,128	639,183	628,492	477,427
4411	Fibreboard	410,537	431,414	439,321	483,972	465,909
4409	Moulding	254,369	254,422	270,090	283,415	271,666
4401	Fuel wood	286,734	246,218	288,322	308,927	237,672
4420	Wood marquetry	161,678	164,884	177,317	187,196	186,924
4408	Veneer	158,511	177,314	176,574	182,081	168,774
4419	Tableware and kitchenware	93,813	97,273	104,428	113,749	128,442
4402	Wood charcoal	109,110	105,438	115,339	130,422	117,357
4414	Wooden frames	73,132	67,328	68,818	86,981	81,104
4417	Tools, bodies and handles	32,648	34,321	35,808	39,895	36,596
4413	Densified wood	22,680	23,234	17,891	19,423	17,452
4406	Railway sleepers	12,399	14,075	11,235	18,604	12,510
4404	Hoopwood	7,693	8,502	8,588	9,398	10,433
4416	Casks, barrels, vats and tubs	8,569	7,792	9,317	9,218	9,114
4405	Wood wool & flour	2,382	2,589	2,941	3,564	3,843
Total		12,767,583	13,116,583	13,655,255	14,968,943	14,352,259

Source: Un- Comtrade date
Value:USD'000

Germany: Import of Furniture and Parts, 2015-2019

Rank	Country	2015	2016	2017	2018	2019
	World	5,424,572	5,622,971	5,770,250	6,194,429	6,362,397
1	Poland	1,217,457	1,330,575	1,435,741	1,572,741	1,700,041
2	China	933,372	902,023	921,711	972,147	1,056,022
3	Italy	622,782	594,759	604,295	674,082	646,518
4	Austria	253,767	250,015	251,565	235,751	215,365
5	Czech Republic	192,480	211,601	207,326	200,789	210,951
6	Switzerland	216,431	207,147	209,306	194,290	182,675
7	Lithuania	121,472	123,911	131,505	161,768	174,937
8	Sweden	154,126	146,692	131,566	148,937	164,391
9	France	137,883	153,469	154,137	172,430	162,437
10	Netherlands	162,141	169,695	160,559	173,082	144,322
32	Malaysia	12,552	14,999	16,768	22,119	20,869

Note: Import from 114 countries
Value:USD'000

Source: Un- Comtrade date

Malaysia's Export of Timber and Timber Products to Germany

In 2020, exports of Malaysian timber and timber products to Germany decreased 14% to RM125.3 million from RM146.5 million in the previous corresponding period. Main products exported to the Germany market were wooden furniture. Exports of wooden furniture to Germany for the year 2020 recorded at RM47.9 million, a decrease of 9% from RM52.5 million in 2019. Mouldings and sawntimber export recorded at RM29.4 million and RM25.5 million in 2019, dropped 5% and 17% from RM30.8 million and RM30.6 million in 2018.

Malaysia: Export of Timber and Timber Products to Germany, 2015-2019

Value: RM

Products	2016	2017	2018	2019	2020
Logs	-	73,920	-	-	-
Sawntimber	41,296,182	41,877,981	46,406,090	30,625,214	25,541,846
Plywood	227,871	334,918	183,315	146,696	363,290
Veneer	-	232,084	179,587	584,317	1,274,536
Mouldings	48,638,232	45,001,059	42,493,362	30,792,316	29,383,519
Chipboard/Particleboard	-	-	-	97,551	-
Fibreboard	-	-	60,226	25,416	-
Builders Joinery & Carpentry	28,845,420	31,604,630	26,346,823	29,384,448	19,814,095
Wooden Furniture	58,600,725	59,558,809	50,613,011	52,494,678	47,867,378
Other Products	2,006,894	2,864,989	1,952,400	2,394,054	1,095,929
Total	179,615,324	181,548,390	168,234,814	146,544,690	125,340,593

Note: Wooden Furniture include Rattan and Bamboo Furniture

Source: DOSM

Malaysia's Import of Timber and Timber Products from Germany

Imports of timber and timber products from Germany in 2020 totalled RM43.9 million, an increase of 3% over the previous corresponding period. Major products imported from Germany were sawntimber. In 2020, Malaysia imported RM23.9 million worth of sawntimber from Germany, an increase of 10% over the previous corresponding period. Other products imported by Malaysia were wooden furniture and veneer valued at RM5.41 million and RM3.8 million respectively as compared to RM5.39 million and RM4.4 million in 2019.

Malaysia: Import of Timber and Timber Products from Germany, 2015-2019

Value: RM

Products	2016	2017	2018	2019	2020
Logs	1,547,985	1,216,482	1,314,295	752,515	755,208
Sawntimber	29,624,728	43,747,952	34,200,894	21,699,064	23,936,317
Plywood	1,201,949	243,885	388,447	306,519	453,982
Veneer	3,319,705	8,720,594	3,789,970	4,360,588	3,779,470
Mouldings	-	245,890	83,818	400,851	-
Chipboard/Particleboard	1,658,960	790,831	302,815	955,865	878,647
Fibreboard	331,391	193,206	73,138	-	180,636
Builders Joinery & Carpentry	1,492,720	3,323,873	2,143,313	1,141,206	621,118
Wooden Furniture	12,141,073	13,129,908	7,680,025	5,398,427	5,419,467
Other Products	7,100,174	8,129,866	9,176,834	7,762,342	7,843,340
Total	58,418,685	79,742,487	59,153,549	42,777,377	43,868,185

Note: Wooden Furniture include Rattan and Bamboo Furniture

Source: DOSM

Import Tariff

Germany's import duty on timber and timber products ranges from 0 - 10%. Import duty details are as follows:

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

Source: WTO

Prospect

The Eurostat Construction Production Index shows that the EU construction sector activity turned upward in the last quarter of 2015 and the rising trend continued towards the first quarter of 2016. Strong construction activities in Germany contributed to the positive trend and helped to offset weakening activity in the UK and Poland. In addition, the level of building permits for both residential and non-residential construction was very stable throughout the year 2018 and 2019, therefore, suggesting continuing improvement in the sector activities.

Construction output in Germany expanded by 4.1% quarter on quarter in the first three months of 2020, according to data released by the German stats office. Construction was the fastest growing sector in the first quarter. While the German economy has entered a recession following a 2.2% decline in GDP growth in the first quarter, the German economy has outperformed its European peers, largely due to strong growth in the construction sector. While construction sites were closed across much of Europe, the German construction sector has been one of the exceptions with works largely unaffected. The strong construction growth figures have vindicated the government's decision to keep construction sites open during the pandemic.

Despite the positive outlook of the construction sector in Germany, the high cost for domestically sourced logs have driven sawmills to increasingly source raw materials from neighbouring countries where the log prices are much lower. Germany is the world's second largest importer of softwood logs and the import trend has substantially increased over the past five years. In addition, tropical wood imports into Germany were also rising consistently in 2019 and towards the first quarter of 2020.

Based on the positive outlook and opportunities in the country, Malaysian exporters should take full advantage of the rising trend in the residential and non-residential construction activities along with the increased preference for wood in construction projects to further promote Malaysian timber and timber products especially value-added products such as furniture, BJC and mouldings, in addition to only promoting building materials namely sawntimber and plywood. Malaysian timber exporters need to enhance their presence in the market and continue to improve networking with Germany's timber importers through various promotional activities.

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MENARONG (*TREMA ORIENTALIS*) - FAST GROWING NATIVE TREE



Menarong Wood Colour
And Texture

Menarong is the common Malaysian name for the trees and timber of *Trema* spp. (Ulmaceae). The Standard ASEAN Name, which is of Philippine origin, is ANABIONG. Vernacular names applied include lindagong (Sabah and Sarawak), lundagong (Sabah), menerong (Peninsular Malaysia), mengkirai (Peninsular Malaysia), randagong (Peninsular Malaysia and Sabah), rondogong (Sabah), tikam (Sabah), towi (Sarawak) and suku baroh (Sarawak). Major species include *T. angustifolia*, *T. orientalis* and *T. tomentosa*. The sapwood is straw-coloured and is sharply differentiated from the heartwood, which is light brown with a grey tinge.

It's also known as Anggerung Besar, Kurai, Mawa, Ngawoi and Siapo (Indonesia); and Anabiong (Philippines).

The wood is widely used as firewood and provides excellent charcoal which is even suitable for making gunpowder and fireworks. Menarong is often planted as a shade tree in coffee and cocoa plantations and also with other crops in Asia and Africa. Being a pioneer species, it is suitable for planting on poor soils to reforest denuded or disturbed areas. It is common as a fallow species in shifting cultivation. In South Africa it is planted to reforest riverine areas, thereby functioning as the first species in a succession of trees. In the Philippines, Menarong silage is fed to cattle, buffaloes and goats while the bark is used for making ropes and as a source of tannin. The use of leaf meal in feeds is usually limited by the high fibre content and toxins. However, these limitations can be overcome by extracting protein from the leaves. In Malaysia, Indonesia and India, the wood is used in manufacturing panel products such as medium density fibre board (MDF) and particle boards, and also for making paper.

PROPERTIES

The wood of Menarong has a fairly low density (415-465 kg/m³) and a relatively low energy value (18 900 kJ/kg). However, it is an attractive fuel because of its high heating value and negligible ash content. Silage made from its foliage has a high crude protein content (18.9 g/100 g dry matter) which is comparable to the amount found in common concentrates.



Bark of Menarong

The wood is soft and light, its texture is even, but moderately coarse, with straight or interlocked grain. The sapwood is not distinct from the buff heartwood. Sawing and planing are moderately easy although the surface produced is rough. The wood seasons fairly rapidly, shrinkage is average, but it suffers severe cupping, twist, staining and bowing. It is not durable under exposed conditions. The average length of wood fibres from 7-year-old trees is over 1.6 mm, which compares favourably with that of poplars (*Populus* spp.) commonly used in the United States for paper manufacture. Fibres are longer in taller trees than in smaller ones and length increases from the pith towards the bark and from the butt to the top of the tree. Paper made of Menarong has good tensile strength and folding endurance.

DESCRIPTION

It is from a deciduous, usually monoecious shrub to a large tree, up to 36m tall, with open crown and spreading branches. Its bole can measure up to 90cm in diameter, sometimes with buttresses up to 1.2m high; its bark is smooth to finely fissured, lenticellate, greyish. Branchlets, stipules, petioles, and inflorescences are densely set with appressed and matted or erect 1-celled, silvery to glaucous hairs and short, multicellular glandular hairs completely covering the epidermis.

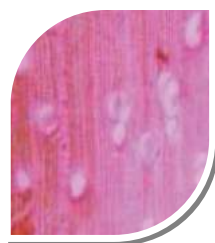
Leaves alternate while stipules are linear-lanceolate to ovate-acute, 3-4mm × 1-2mm; petiole 1-1.5cm long, often pinkish-purplish; blade ovate to lanceolate, (6-)10-15(-20) cm × (1.5-)2.5-6(-10) cm, often slightly asymmetrical, thinly or thickly leathery, often rigid and brittle, dark green above and glaucous beneath, base cordate, rounded, or sometimes truncate, often contracted, margin serrate to denticulate, apex acute to acuminate-caudate, upper surface scabrid and sparsely set with bulbous-based hairs, lower surface densely covered with matted star-shaped and simple erect hairs; primary and secondary veins sunken above and prominent beneath. Inflorescence a much branched panicle or thyrs, either male or female, borne on separate vegetative branches, at anthesis lax or condensed; axes 1-2mm thick; bracts ovate-acute, 2-3mm × 1mm; flowers 5-merous, tiny, greenish-cream; male inflorescence 2.5(-5) cm long, 20-100-flowered, male flower 1.5-2mm in diameter, perianth lobes ciliate, 1.5-2mm × 1mm, filaments 1-1.5mm long, anthers about 1 mm × 0.5 mm, pistillode obovoid-conical, compressed; female inflorescence 5-15 flowered, 1.5-2.5 cm long, female flower 2-3mm × 1-2mm, perianth lobes ovate, acute, 1.5mm × 0.5 mm, ciliate and densely short-pubescent, glabrescent, staminodes absent, ovary ovoid-conical, about 2mm × 1mm, with 2 slender spreading stigmatic arms. Its fruit is an ovoid drupe, 5-8mm × 4-5mm, glabrous, green turning red, then black, tipped by 2 short styles, seated on the persistent but not enlarged calyx, generally in clusters. Seedling occurs with epigeal germination.



Wood Macro Photo
Tangential Plane



Wood Micro Photo
Of Transversal Section



Menarong
Transverse Section



Menarong
Tangential Section

NATURE DURABILITY

The timber is non-durable under exposed conditions.

STRENGTH PROPERTIES

The timber falls under Strength Group D (Burgess, 1958).

Locality of Growth	Moisture Content (%)	Density g/cm ³		Bending Strength (MPa)		Maximum Crushing Strength (MPa)	
		Basic Density	Air Dry Density				
Philippines	12	0.36	0.432	60.3	60.3	26.7	24.7

Hardness		Shear Parallel to Grain (MPa)		Stress at Limit Proportionality (MPa)		Modulus of Elasticity (GPa)	
Side Grain	End Grain	R	T				
2450	3360	8.64	8.93	3.65	3.16	6.37	5.48

Table Of Physical And Mechanical Properties

AIR DRYING

The timber seasons fairly rapidly but suffers severe cupping, bowing, twisting and staining. 13 mm thick boards take approximately 2 months to air dry, while 38 mm thick boards take 3 months.

USES

This timber is not obtainable in large dimensions. Its adverse seasoning characteristics demand extreme care in handling. The timber may be suited as a source of short fibred pulp for paper and rayon manufacture.

REFERENCES

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- Wong, T. M. 1982. A Dictionary of Malaysian Timbers. Revised by Lim, S. C. & Chung, R. C. K. Malayan Forest Record No. 30. Forest Research Institute Malaysia Kuala Lumpur. 201 pp. International Legume Database & Information Service: *Pterocarpus indicus*.
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- Lasmarías, V.B., Semana, J.A. & Ballon, C.H., 1981. Effects of wood and pulp properties of wet-formed hardwoods. NSDB (National Science and Development Board) Technology Journal 6: 42-51.
- Lin, K.C., 1980. Study on biomass and nutrient content of *Trema orientalis* (L.) Bl. Quarterly Journal of Chinese Forestry 13: 2, 77-85.

EXTERNAL LINKS

- [https://uses.plantnet-project.org/en/Trema_orientalis_\(PROSEA\)](https://uses.plantnet-project.org/en/Trema_orientalis_(PROSEA))
- <http://mtc.com.my/resources-WoodWizard.php> 

**Malaysian Wood**
Standing on Excellence



*Technical Visit and Site Inspection of the Nursery and Tissue Culture Laboratory Project,
Perak, 17 February 2021*



*Timber Verification Services conducted at
Surau Istana Seri Menanti, Negeri Sembilan,
23 Februari 2021*