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MALAYSIAN TIMBER INDUSTRY BOARD
MTIB
VOL 3
MARCH 2021

NEW BUMIPUTERA ENTREPRENEUR AWARD AND MOA SIGNING CEREMONY

- FOREST PLANTATION DEVELOPMENT SDN BHD (FPDSB) REJUVENATION WORKSHOP
- BOLSTERING OPPORTUNITIES FOR MALAYSIAN TIMBER PRODUCTS IN SOUTH KOREA

ISSN 0126-771X
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QUALITY SYSTEM SIRIM
UKAS QUALITY MANAGEMENT 074
CERTIFIED TO ISO 9001 : 2015
CERT. NO. QMS 01285

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FOREST PLANTATION DEVELOPMENT SDN BHD (FPDSB) REJUVENATION WORKSHOP

The participants of the workshop posing for a photo op

The FPDSB Rejuvenation Workshop was organised by FPDSB and was held on 12-14 March 2021. The workshop was attended by officers from MPIC's Minister's Office and MTIB's Forest Plantation Division.

The objectives of the workshop were as follows :

- To empower FPDSB based on a 5-year strategic plan
- To develop a business plan for the Forest Plantation Development Programme (PPLH) 2.0

FPDSB presented the Business Model and Implementation Plan for PPLH 2.0 which included Lessons Learned from PPLH 1.0 to get additional ideas and recommendations from MPIC and MTIB especially on matters related to sales price.

According to FPDSB, the aim of the PPLH 2.0 Business Model is to expand the implementation of the forest plantation programme to ensure timber supply sustainability to meet the raw material needs of the country's timber industry and to strengthen its business governance to achieve the goal of establishing national forest plantations and explore new opportunities to expand FPDSB's businesses. Another aim of the PPLH 2.0 Business Model is to ensure that the implementation of the financing process complies with the conditions and guidelines for the development of forest plantations.

FPDSB also stated that the PPLH 2.0 Business Model and the PPLH 2.0 Financing Implementation Plan were first prepared and developed during the Shariah Financing Business Model Workshop on 18-20 December 2020. The Shariah Financing of PPLH 2.0 is expected to be implemented by April 2021.

In addition, FPDSB also presented a strategic plan and income initiative to empower the organisation in managing the operations of PPLH 2.0. A complete organisational chart had been drafted for approval by the FPDSB Board Members.

The programme successfully fulfilled its role as a platform between MPIC and MTIB as stakeholders with FPDSB to develop an effective implementation policy for PPLH 2.0 and FPDSB operations. The event concluded with a closing speech by the Chairman of FPDSB.

INDONESIA

EXPORTS OF WOOD PRODUCTS BETTER THAN EXPECTED

Indonesia's exports of forest and wood products to all destinations held up better than expected in 2020. According to a statement in January 2021 by Bambang Hendroyono, the Secretary General in the Indonesian Ministry of Environment and Forestry, Indonesia's 2020 export target for forest and wood products was projected to be exceeded despite the impact of the corona pandemic on production and trade.

Early in 2020 the export target was lowered from USD10 billion to USD7 billion to take account of the anticipated disruption of business. However, export earnings in 2020 are expected to exceed USD11 billion, even more than the original target and only 5% below that of 2019. The Secretary General emphasised that Indonesian Government incentives and relaxation of regulations helped achieve this success.

With growth in January 2021 of 6.3% compared to January 2020 prospects for the year look positive. The strongest growth in terms of export value was by the furniture sector. Reacting to the positive growth level attained by forestry exports in January the Association of Indonesian Forest Entrepreneurs (APHI) Chairman, Indroyono Soesilo, said he anticipates 2021 export earnings by the forestry sector will be USD2 billion.

ITTO/Fordaq, 2 Mac 2021

VIETNAM

FORESTRY PRODUCTS EXPORTS UP

Vietnam's forest product exports are expected to rise to USD14.5 billion this year, up 12% against 2020. This was announced by the Deputy Minister of Agriculture and Rural Development, Ha Cong Tuan, in an interview with the Lao Dong newspaper. Exports are likely to reach USD20 billion in 2025.

Over the next five years efforts will be made to sustain the forest cover at 42% expand markets, develop long-term trade partnerships and promptly address trade issues for mutual benefits in line with international commitments.

The minister mentioned that despite COVID-19 the timber industry had a good year. Vietnam exported forest products worth over USD13.22 billion, up 16.9% year on year almost 6% higher than targeted. Vietnam ranks fifth globally, second in Asia, and first in Southeast Asia in terms of forestry exports.

He pointed out that the US, Japan, China, the EU and the Republic of Korea are the top five importers of Vietnam's timber and the combined value exceeded USD11 billion or about 90% total forestry exports last year. Vietnam has more than 5,500 companies operating in wood and forest product processing, benefitswhich generate millions of jobs.

Globalwood.org, 17 March 2021

CHINA

ANALYSIS OF CURRENT TIMBER MARKET PRICES FLUCTUATION

Many members of China's timber associations have reported increases in timber prices are of concern as they impact production costs. The most serious price fluctuations have been for softwood logs, at present prices for hardwood logs are relatively stable. The secretariat of the China Wood Protection Industry Association (CWPIA) undertook an analysis and this is summarised below.

The first cause of price increases is the pandemic. Demand for wood products in the United States, Canada and parts of Europe has increased. Raw material suppliers to China see an opportunity to raise prices on the back of growing demand. Second is the impact of land and sea freight. The pandemic has had a significant impact on international trade. Port inspections and quarantine have become stricter and the flow of containers has been disrupted and shipping companies have raised container shipping costs. The third is the impact of supply and demand. In 2020, China's timber imports totaled 108.02 million cubic metres, down about 5% year on year. The main suppliers of timber such as Russia, New Zealand and Canada saw demand fall. Stocks in supply countries and in China have fallen leading to a temporary imbalance between the supply and demand of timber which has pushed up prices.

The Association suggests that eventually the pandemic will gradually be controlled and production and exports will gradually recover in the main timber production countries.

Timber industries news.com, 19 March 2021

TRENDS IN CHINA'S FIBREBOARD PRODUCTION CAPACITY

China's fibreboard sector is characterised as follows: 15 fibreboard production lines were built in 2020 adding 2.76 million cubic metres per year of capacity. There were 392 fibreboard manufacture enterprises, 454 production lines in China distributed across 25 provinces, cities and regions by the end of 2020. Total production capacity was 51.76 million cubic metres, down 1.3% from the end of 2019. The capacity per production line rose to 114,000 cubic metres per year.

The top 10 provinces in terms of fibreboard production capacity are Shandong (7.98 million cubic metres per year), Hebei (5.66 million cubic metres per year), Guangxi (5.35 million cubic metres per year), Jiangsu, Guangdong, Anhui, Henan, Hubei, Sichuan and Yunnan provinces. The total production capacity of fibreboard in China declined slightly after two consecutive years of growth showing a general trend of the number of enterprises, the number of production lines. China shut down, dismantle or stopped production in about 118 fibreboard production lines in 2020 eliminating about 7.88 million cubic metres of production capacity per year.

A total of 781 fibreboard production lines had been shut down, dismantled or stopped production by the end of 2020 eliminating 33.16 million cubic metres of production capacity per year. There were 136 continuous flat-pressed fibreboard production lines in China by the end of 2020 with a total production capacity of 26.92 million cubic metres per year, accounting for 52% of the national total fibreboard production capacity. Mills are distributed in 19 provinces (regions). The top seven are Shandong, Guangxi, Hebei,Hubei, Anhui, Guangdong and Henan.

22 national fibreboard production lines were being built in early 2021 with the total production capacity of 4.86 million cubic metres per year, fibreboard production lines are under construction in the East China, south China, Central China, northwest, North China and Northeast regions except Southwest region. The fibreboard production lines under construction will be put into operation from 2021 to 2022 and it is expected that the national total fibreboard production capacity will reach 55 million cubic metres per year by the end of 2021.

ITTO/Fordaq, 19 March 2021

JAPAN

JAPAN'S WOOD PRODUCTS EXPORT INCREASED 2020

Export of both Japanese logs and lumber in 2020 exceeded 2019 and marked record high.

Strong demand by China for logs and by the U.S.A. for lumber contributed the increase and the export prices also climbed. According to the statistics the Japanese Ministry of Agriculture, Forestry and Fisheries, export value of forest products is 38 billion yen, 2.8% more than 2019.

Growth of logs and lumber export is double digit on volume and value. While export of logs and lumber increased, export of other products like plywood declined. The government has been promoting export of forest products with subsidy. Log export increased by 250,000 cubic metres and lumber did by 25,000 cubic metres. Log export to China was 1,157,000 cubic metres, 210,000 cubic metres more than 2019. China increased purchase of New Zealand radiat pine logs after it stopped buying Australian logs so New Zealand export prices increased by nearly 20% in one year. Japanese cedar log prices are USD5-10 lower than radiate pine logs but climbed as New Zealand log prices increase. Lumber export to China is almost flat with 65,000 cubic metres but the export to the USA increased to 53,000 cubic metres. With a busy housing market in the USA, demand for exterior materials is strong and the demand for Japanese cedar lumber seems to continue.

Globawood.org.com, 23 March 2021

EUROPEAN UNION (EU)

PRODUCTION IN CONSTRUCTION UP

In January 2021 compared with December 2020, seasonally adjusted production in the construction sector increased by 0.8% in the euro area and by 0.9% in the EU, according to first estimates from Eurostat, the statistical office of the European Union. In December 2020, production in construction fell by 1.5% in the euro area and by 1.3% in the EU. In January 2021 compared with January 2020, production in construction decreased by 1.9% in the euro area and by 1.8% in the EU.

Monthly comparison by construction sector and by Member State

In the euro area in January 2021, compared with December 2020, building construction increased by 1.3% and civil engineering by 0.1%. In the EU, building construction increased by 1.1% and civil engineering by 0.8%. Among Member States for which data are available, the highest increases in production in construction were observed in France (+16.3%), Slovenia (+8.4%) and Hungary (+7.4%). Decreases were recorded in Germany (-12.2%), Slovakia (-2.3%) and Bulgaria (-1.3%).

Annual comparison by construction sector and by Member State

In the euro area in January 2021, compared with January 2020, civil engineering decreased by 7.4% and building construction by 0.4%. In the EU civil engineering decreased by 6.5% and building construction by 0.7%. Among Member States for which data are available, the largest decreases in production in construction were observed in Slovakia (-14.5%), Germany (-8.7%) and Austria (-8.5%). The highest increases were recorded in Hungary (+11.0%), France (+4.3%) and Slovenia (+4.2%).

ITTO/Fordaq, 23 March 2021

GERMANY

BUILDING PERMITS UP IN 2020

With 368,400 apartments approved for construction, the number of building permits issued in Germany rose by almost 8,000 or 2.2% compared to the previous year. The figures include both building permits for new buildings and construction work on existing buildings. As reported by the Federal Statistical Office (Destatis), the number of approved apartments is still at a high level in a time comparison. There were more approved apartments than in 2020 since the turn of the millennium, only in 2016 with 375,400.

Around 320,200 apartments were approved in 2020 in new residential buildings. That was 2.9% more than in the previous year. This is due in particular to the development of two-family houses (+4400 or +20.5%). The number of building permits for single-family houses rose by 2.4% and that for apartment buildings by 0.4%. In December 2020, however, the number of approved apartments was 36,530, 11.0% below the figure for the same month last year. In newly constructed residential buildings, around 11.5% fewer apartments were approved in December 2020 than in December 2019. This is mainly due to the decrease in the number of permits for apartment buildings (-17.4%). The number of building permits for single-family houses rose by 9.1% and that for two-family houses by 39.3%.

CEIC data.com, 22 March 2021

UNITED KINGDOM (UK)

CONSTRUCTION SECTOR STRONG GROWTH

A positive factor for the UK timber trade in 2020 was that the initial downturn in construction sector activity, which is a key driver of timber demand, during the first “great lockdown” was short and followed by a stronger rebound than other areas of the economy.

Although the rebound in UK construction lost momentum in the last quarter of 2020, by the end of the year construction activity in new infra-structure and repair and maintenance, both for housing and non-housing, was slightly higher than before the pandemic.

Activity in the new housing sector was only marginally down on the pre-pandemic level . In January 2021, construction was the only main sector of the UK economy to register growth, rising 0.9% compared to the previous month.

Sales figures of UK builders' merchants follow the general trend in construction. The BMF's Builders Merchants Building Index (BMBI) reported a strong performance in the third quarter of 2020 with sales returning to near normal levels after the first Covid lockdown greatly reduced sales in the second quarter.

This positive overall trend continued into the fourth quarter, with total builders' merchants' sales 5.4% ahead of the same period the previous year.

For the tropical hardwood sector, it is notable that the fourth quarter year-on-year increase in merchant's sales was driven by strong performances in Landscaping (+22.9%) and Timber & Joinery (+12.7%). Concerted efforts to build timber stocks at a time when supply was low and prices high was a key factor behind the rise in the value of trade during the period.

Taking 2020 as a whole, UK Builders Merchant's sales were down by -10.7% compared to 2019. Given the public's focus on their gardens during the first lockdown, it is no surprise that Landscaping was the only category to show an annual increase in sales value (+5.4%). In contrast, sales for interior improvement were amongst the worst performers including Kitchens & Bathrooms (- 18.1%) and Decorating (-16.5%).

BMF chief executive John Newcomb said: "Given widespread site closures both at the start of the pandemic and for extended Christmas shut down periods, the continued year-on year growth seen in the final quarter of 2020 provides a positive indicator of the building industry's recovery. No doubt the Covid effect, including its impact on product availability, will be felt for some time to come. But the adaptability to enforced changes demonstrated by merchants and their trade customers over the past 12 months gives me a cautious degree of optimism for the coming year."

ITTO/Fordaq, 25 March 2021

UNITED STATES (US)

GROWTH IN WOODEN FURNITURE IMPORTS CONTINUE

US imports of wooden furniture continued a growth streak, rising for the eighth straight month, up 2% in January. Imports rose above USD2.1 billion for the month as imports from most countries showed steady growth. Imports from Vietnam and Canada both rose 6% while imports from Indonesia rose 5%. Due to the steady growth, imports from Vietnam were 45% higher than January 2020. Total imports of wooden furniture were up 27% in January over the previous year.

The overall residential furniture market continues to grow but has slowed somewhat according to the Smith Leonard Furniture Insights report. Furniture orders slowed from increases of more than 40% to a 17% increase in the November 2019 to November 2020 comparison while December 2020 orders were up 27% over December 2019. Some 84% of survey participants reported increased orders for the month. The increase in December brought total orders for the year to 15% over those of 2019. Shipments in December were only up 5% over December 2019. The increase in December resulted in a decrease in shipments for the year of 6%. Approximately 78% of the participants reported declines in shipments for the year.

Globalwood.org 22 March 2021

VIETNAM

Rising maritime transport cost in Vietnam makes exports difficult

Maritime transport costs have skyrocketed in recent months as the impact of the Covid-19 pandemic takes its toll, pushing import-export companies into a lot of difficulties.

Maritime transport costs increased by up to ten fold since the third quarter of 2020, together with the shortage of containers for packing. "We had to consider transporting 20 containers which had already been transported to the port back to the warehouse, " said Vũ Trang Nhung from Vitaly in the southern province of Bình Dương. Her company exports ceramic tiles to Malaysia, Yemen and Bahrain.

The freight rates increased dramatically from the end of 2020. Specifically, fees from Cát Lái Port (HCM City) to Aden Port (Yemen) increased from US$1,500 to US$2,500 per 20-feet container in mid-December then jumped to US$4,500 in early January 2021. Adding to this, containers were not always transported immediately but had to wait at the ports, pushing up costs, Nhung said.

Trần Lam Sơn from the Handicraft and Wood Industry Association of HCM City said that maritime transport costs kept rising. The cost to Hamburg (Germany) rose from US$2,000 per container to US8,000. Vietnam could not take control over the freight rates due to a lack of competitive fleet and the rates were mainly decided by foreign shipping lines.

Trương Đình Hòe, General Secretary of the Vietnam Association of Seafood Exporters and Producers, said that maritime shipping costs from Vietnam to other countries increased by between two to 10 times from November. He also pointed out that the shortage of containers also caused delays in shipment which pushing up costs for export companies. The shortage of containers also caused difficulties for the importation of raw materials for production, disrupting the supply chains and many industries.

According to Sơn, the congestion of export goods dramatically affected production, especially storage and most companies had limited financial and storage capacity, they were forced to reduce production. Another problem was that importers were also hesitant to place new orders while the shipping costs remained high.

Deputy Minister of Transport Nguyễn Nhật said that due to the impact of the Covid-19 pandemic, containers at a number of ports in Europe and the US could not be freed up in time. When the demand for freight by sea increased, the rates would increase, this was the way of the market, he said, adding that the increase in maritime transport costs was a global problem and the Government could not force shipping lines to transfer containers to Vietnam nor produce containers to help in the interim.

Currently, Vietnam has 1,516 seagoing vessels, 1,049 of which were cargo ships. Just 3.7 per cent of cargo ships were container ships. As a result, more than 90 per cent of imported and exported goods must rely on foreign shipping lines. The Government only managed the disclosure of fees of shipping lines and some seaport services charges, he said, adding that the rates were decided by the market.

Source: https://www.thestar.com.my/aseanplus/aseanplus-news/2021/03/22/rising-maritime-transport-cost-in-vietnam-makes-exports-difficult

THAILAND

Shipping container crisis to be resolved by second half of 2021: CIMB Thai Bank

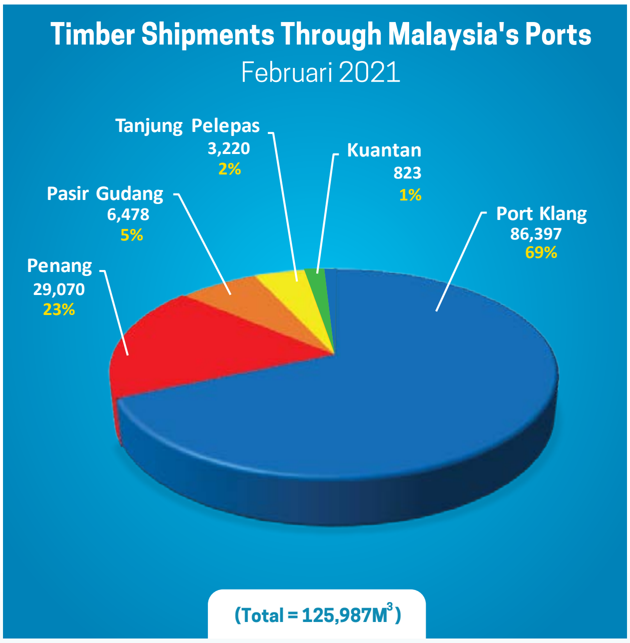
The worldwide container shortage pinching global trade will be relieved in the second half of this year as trade picks up, according to CIMB Thai Bank's research office.

The shortage crisis blew up in mid-2020 when containers shipped to North America and Europe were stranded there by Covid-19 restrictions that meant almost nothing moved in the opposite direction.

For every 10 containers shipped to North America, only four were returning to Asia, causing a huge imbalance. The resulting shortage saw freight charges soar from about US$1,500 (Bt46,000) to US$6,000 - US$9,000 per container in February this year, according to shippers.

Thailand is currently facing its own shortage of containers, which have been redirected to meet demand in China and Vietnam, said CIMB researchers. The research office said the container shortage and high freight charges would hit exporters throughout the first half of 2021. They added that the container crisis would resolve in the second half of 2021, however, as Covid-19 vaccination in the US and Europe lifted levels of exports from the West.

Source: https://www.thestar.com.my/aseanplus/aseanplus-news /2021/03/18 /shipping-container-crisis-to-be-resolved-by-second-half-of-2021-cimb-thai-bank



SINGAPORE

Singapore's PSA and CDAS join to launch digitised SmartBooking

Singapore's PSA Corporation and the Container Depot and Logistics Association (CDAS) have launched "SmartBooking" - an integrated one-stop booking platform for container depots, terminals, hauliers and logistics facilities across Singapore.

"By bringing players across the supply chain to a single platform, PSA connects the port, depots, warehouses and plants, driving interoperability and strengthening Singapore as a logistics hub," said Seow Hwee, PSA cargo solutions chief for southeast Asia.

Supported by Enterprise Singapore (ESG), Infocomm Media Development Authority (IMDA) and Smart Nation and Digital Government Office (SNDGO), this initiative will play a major role in Singapore's logistics ecosystem digitisation roadmap, and is part of the National Artificial Intelligence (AI) Strategy to facilitate data exchange and enable the deployment of AI solutions, said the press release.

Developed by PSA, SmartBooking is an online service platform which supports digitisation efforts by seamlessly connecting stakeholders across the supply chain and logistics value chain in Singapore. Through the single end-to-end platform, users gain higher visibility of the entire logistics flow, obtaining easy access to information such as vessel schedules, container movement events and planned activities.

SmartBooking allows processes to be further streamlined, with the optimisation of assets and resources, leading to a more efficient logistics ecosystem and an overall reduction in carbon footprint.

Said CDAS deputy president Ricky Loo: "Our local container depot operators and transport operators look forward to embracing new and innovative solutions like 2 SmartBooking and iBOX, which will not only improve our efficiency and the competitiveness of Singapore."

Said ESG deputy CEO Ted Tan: "ESG is pleased to work with PSA and CDAS to support the sector's adoption of digital solutions such as SmartBooking and iBOX to enhance Singapore's logistics ecosystem."

Source: Asian Shipper

EUROPE

Rotterdam still top port at 14.3 million TEU despite 3.2pc decline

The Port of Rotterdam clung to its title as Europe's busiest container port, despite a 3.2 per cent year on year decline in throughput to 14.3 million TEU in 2020. This kept the Dutch gateway ahead of its chief Belgian rival, the Port of Antwerp, despite its year on year 1.3 per cent increase in container throughput to 12 million TEU for the first time.

"In an exceptional year, the Port of Rotterdam was fully operational, allowing goods and raw materials to continue finding their way to consumers and businesses," said Port of Rotterdam Authority CEO Allard Castelein.

A strong second-half recovery at the Port of Rotterdam partially offset the sharp drop in demand in the first six months of 2020, but was unable to prevent full-year volume declining 3.2 per cent to 14.34 million TEU.

Rotterdam reported a seven per cent decline in first-half volume to seven million TEU, but a resurgent Chinese economy and rising demand in Europe saw volume in the third quarter of 2020 recover.

The first half decline followed by second half recovery, full or partial, was often repeated. The Haropa ports of Le Havre, Rouen, and Paris handled 2.4 million TEU in 2020, down 14 per cent in the first half, but rebounded in the summer with December being the best month of the year.

European demand has shown some signs of slowing in the last few weeks, with volumes pulling back in December and spot rates coming down from record highs in January. However, carriers and forwarders have warned shippers to expect disruption to continue at least through the first half.

Source: Asian Shipper

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

Products	Port Klang		Kuantan		Pasir Gudang		Tanjung Pelepas		Penang		(m3)	% change Jan/Feb
	m3	% Change	m3	% Change	m3	% Change	m3	% Change	m3	% Change		
Sawntimber	45,407	0	77	-99	830	12	276	-33	4,492	159	51,082	-13
MDF	11,536	-14	386	-25	4,604	101	1,448	22	2,979	60	20,953	9
Mouldings	9,277	-10	52	-63	878	-37	1,333	41	660	-41	12,199	-12
Plywood	1,372	-53	78	-60	1	-99	162	-56	8,244	45	9,857	7
Veneer	523	-13	0	0	0	0	0	-100	2,236	-37	2,759	-36
Particleboard	18,282	50	230	38	165	8	0	0	10,459	22	29,137	39
TOTAL	**86,397**	2	**823**	-93	**6,478**	39	**3,220**	7	**29,070**	29	**125,987**	0

Note : Indicates percent change over the previous month

Source : MTIB

CHINA

China's mega ports continue to surpass rivals in box volume

China's growing in global trade was reflected in 2020 statistics as its major container ports continued to grow despite the Covid crisis, reports London's Lloyd's Loading List.

Chinese ports are on six of the top eight spots in Alphaliner's ranking of the world's biggest 25 container hubs in 2020. Shanghai retained its position as the world's largest box port in 2020, with volumes rising 0.5 percent. The Port of Ningbo-Zhoushan fell 4.4 percent, Shenzhen dropped three percent, Qingdao fell 4.7 percent and Tianjin dropped 6.1 percent.

"With booming transpacific trade volumes, Qingdao moved up to sixth place during the year, while number one Shanghai pulled further ahead of its nearest competitor, Singapore, increasing its ead by nearly 10 percent to 6.7 million TEU," said Alphaliner.

Shanghai's throughput rose to 43.5 million TEU compared with Singapore's 36.9 million TEU, a drop of 0.9 percent.

Malaysia's Port Kelang and Tanjung Pelepas and Los Angeles/Long Beach and New York/Newark were the only other countries with more than one port in the top 25.

The top 25 container ports handled a combined 395.7 million TEU, a rise of 0.55 per cent versus the 393.5 million recorded in 2019.

Source: Asian Shipper

UNITED KINGDOM

Port of Helsinki sees slight cargo volume drop in challenging year

The Port of Helsinki saw near flat cargo volumes cross the docks in 2020 in a challenging year, reports London's Sea News. Most of Finland consumer goods, raw materials, and supplies for industrial purposes are transported through the port.

"The impact of the Covid crisis on cargo traffic was less severe than expected. In April and May, there was significantly less traffic, but towards the end of the year, cargo traffic picked up again and we managed to achieve the volumes of last year in the final months of the year," said port CEO Ville Haapasaari.

"Port of Helsinki cargo traffic totalled 13.3 million tonnes. Although this is 8.5 percent less than last year, we are satisfied with it, all things considered." The unitised traffic on the Tallinn route increased six percent compared to last year," said Mr Haapasaari.

Once the Covid crisis reached Finland, the country set strict travel restrictions in place and began to control the borders with the Schengen area.

Ship travel recovered by summer, but as the Covid crisis worsened in autumn, the conditions for travelling were made stricter. In the summer, ship travel recovered somewhat, but in the autumn the Covid situation worsened and the conditions for traveling were made more restrictive.

"Now that the vaccinations against Covid are beginning, we are cautiously optimistic that the restrictions for ship travel will be slowly lifted by the summer, allowing passengers to embark once again. We believe that the year 2021 will be a year of recovery from Covid and we will return to the pre-crisis level in 2023, at the latest," said Mr Haapasaari. MTIB

Source: Asian Shipper

FEBRUARY 2021

Total export of Malaysian timber and timber products in February 2021 decreased 4% valued at RM1.9 billion over the previous month. In addition, cumulative export for the period of February 2021 decreased 3% valued at RM3.8 billion over the previous corresponding period.

SAWNTIMBER

Total export of sawntimber in February 2021 decreased in volume at 86,383 m³ but increased in valued RM167.4 million as compared to the previous month. Cumulative exports for the period of February 2021 both decreased by 26% in volume and 25% in value to 177,492 m³ totalling RM330.8 million over the previous corresponding period.

Exports of sawntimber to the EU for the month increased by 44% to 5,013 m³ over the previous month as a result of lower demand from major countries in the region. The Netherlands as the main buyer increased 3% to 2,969 m³ from 2,894 m³ in the previous month. Exports to Germany also increased by 818% to 1,258 m³ from 137 m³ recorded in the previous month followed by France increased 67% to 177 m³. Similarly, export to Italy and Belgium also increased by 43% and 24% to 57 m³ and 340 m³ respectively from 40 m³ and 275 m³ recorded in the previous month. Meanwhile in other European countries, exports to the UK also increased significantly to 101 m³ from only 8 m³ in the previous month.

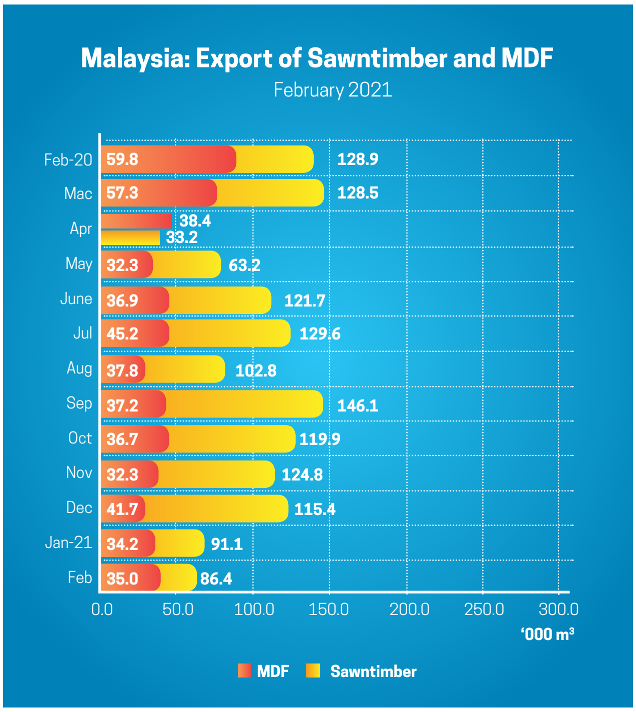
Total export to West Asia decreased by 28% to 13,013 m³ from 17,993 m³ recorded in the previous month. However, exports to Saudi Arabia increased by 143% to 2,337 m³ from 963 m³ recorded in the previous month followed the UAE and Bahrain by 100% and 4% higher to 6,716 m³ and 450 m³. Meanwhile, both exports to Oman and Qatar decreased by 61% and 51% to 1,362 m³ and 678 m³ from 3,473 m³ and 1,396 m³ recorded in the last month. Similarly, exports to Iraq decreased by 16% to 1,101 m³ from 1,314 m³ recorded in the previous month. However, Yemen as the main buyer from West Asia didn't make any purchase compared to the previous corresponding period in 2020.

Elsewhere, buying from ASEAN decreased by 45% to 18,681 m³ from 33,709 m³ as registered in the previous month. Thailand as the main buyer in ASEAN decrease its intake by 36% to 8,274 m³ from 12,866 m³ as recorded in the previous month. Exports to the Philippines also decreased by 71% to 3,895 m³ from 13,369 m³ as recorded in the previous month. Meanwhile intake by Singapore and Indonesia decreased by 16% and 20% to 5,116 m³ and 144 m³. Exports of sawntimber to Viet Nam increased by 7% to 1,252 m³ from 1,173 m³ last month.

Meanwhile, shipments to East Asia increased by 54% to 21,442 m³ from 13,938 m³ in February 2020. China as the main buyer increase their purchases to 11,220 m³ from 5,855 m³ in the previous month. Similarly, Taiwan increased by 70% to 5,793 m³ from 3,411 m³ in the previous month followed by South Korea 22% to 1,823 m³ respectively. Similarly, exports to Hong Kong also increased by 58% to 98 m³ from 62 m³ as recorded last month whilst exports to Japan decreased by 20% to 2,475 m³ from 3,109 m³ in the previous month.

Elsewhere, exports to the USA and Australia decreased 23% and 55% to 886 m³ and 415 m³ compared from the previous month. Similarly, demand from South Africa also decreased by 45% to 2,521 m³ from 4,610 m³ recorded in the previous month.

The average FOB price of sawntimber increased 8% to 1,941 per m³ from 1,790 per m³ in the previous month. Meanwhile, price of Dark Red Meranti to the Netherlands decreased slightly to 3,544 per m³ from 3,638 per m³ previously. Keruing was traded at 1,997 per m³, decreased slightly from 2,031 per m³ in the previous month.



PLYWOOD

Export of plywood in February 2021 both decreased in volume and value by 0.1% and 1% to 108,159 m³ totalled RM207 million compared to the previous month. Similarly, cumulative export for January-February 2021 based on year-on-year reduced in volume by 35% to 216,385 m3 and in value by 32% worth RM416.1 million over the previous corresponding period.

Export of plywood to the EU increased by 70% to 501 m³ for the month from 151 m³ in the previous month. Ireland increased its intake by 76% to 463 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 UK increased by 69% to 10,435 m³ for the month from 3,196 m³ in the previous month meanwhile Turkey does not make any purchase for the month.

Moving to ASEAN and East Asia region, the region recorded a decrease of 6% to 68,907 m³ compared to 73,045 m³ in the previous month. Japan as the main importer of Malaysian plywood decreased its intake by 9% to 46,943 m³ and followed by Taiwan 71% to 3,715 m³. Nevertheless, export to South Korea increased by 8% to 9,439 m³, followed by China by 76% to 1,843 m³ and Hong Kong by 55% to 758 m³ . Meanwhile, Malaysia's plywood trade with its ASEAN partners showed mixed trend for the month. The major buyer in ASEAN region, Singapore decreased its intake by 50% to 1,984 m³ for the month. Similarly, export to the Philippines reduced by 40% to 741 m³. However, exports to Thailand and Brunei increased by 54% to 2,885 m³ and 11% to 500 m³ respectively. Indonesia does not make any purchase for the month.

Export to West Asian region also reduced to 270% to 1,199 m³ from 4,438 m³ in the previous month. Bahrain, Qatar and Yemen didn't make any purchases for the month. While export to Saudi Arabia reduced by 8% to 80 m³, exports to UAE and Kuwait had increased by 95% to 846 m³ and 100% to 273 m³ respectively.

Meanwhile, export to the African region recorded a decrease of intake by 12% to 1,167 m³ over 1,324 m³ in the previous month. Export to Morocco reduced by 4% to 696 m³ while export to South Africa increased by 175 % to 471 m³. Mauritius and Sierra Leon did not make any purchases for the month. Moving to our main buyer in the Americas region, the USA reduced its intake of plywood by 23% to 14,733 m³ from 19,158 m³ last month. However, exports to Mexico and Canada increased by 186% to 6,309 m³ and 343% to 381 m³ respectively. While in the Oceania region, exports to Australia and New Zealand decreased by 36% to 2,278 m³ and 51% to 21 m³ respectively. The FOB price of plywood has decreased by 1% to RM1,914 per m³ from RM1,931 per m³ in the previous month.

VENEER

Export of veneer for February 2021 increased both in volume by 26% to 3,222 m³ and 33% in value worth RM5.9 million as compared to the previous month. However, cumulative export for January-February 2021 based on year-on-year showed a decrease in volume by 56% to 5,779 m³ and in value by 49% to RM10.3 million over the previous corresponding period.

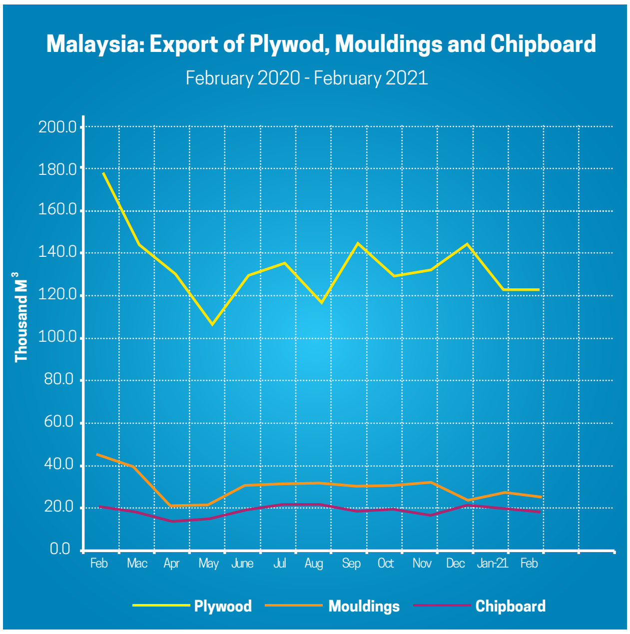
Export to Taiwan increased by 375% to 892 m³, followed by South Korea 45% to 266 m³, and Canada 131% to 37 m³. Meanwhile, USA and Vietnam resumed its intake by 57 m³ and 86 m³ respectively for the month. However, exports to China, India and the Philippines reduced by 18% to 839 m³, 7% to 365 m³ and 24% to 319 m³ respectively. Singapore, Australia and Italy did not make any purchases for the month.

The FOB price of veneer for February 2021 is at RM1,818 per m³, an increase of 6% from RM1,722 per m³ on the previous month.

MEDIUM DENSITY FIBREBOARD (MDF)

Export of MDF in February 2021 increased in volume by 2% to 34,992 m³ but reduced in value by 4% worth RM53.8 million compared to the previous month. Meanwhile, cumulative export for January – February 2021 based on year-on-year recorded a decrease in volume by 39% to 69,220 m3 and in value by 27% to RM109.7 million over the previous corresponding period.

Export performance to ASEAN member countries decreased by 17% to 7,066 m³ from 8,510 m³ in the previous month. Export to Indonesia reduced by 21% to 2,722 m³, followed by the Philippines 42% to 2,263 m³ and Singapore 74% to 43 m³. In contrast, Vietnam increased its intake by 96% to 1,575 m³ for the month. Moving to East Asia region, export to the region increased by 12% to 10,449 m³ for the month from 9,366 m³ in the previous month. Japan as the major importer of MDF increase its intake by 18% to 10,160 m³ for the month. However, exports to Taiwan and China including Hong Kong declined by 7% to 243 m³ and 88% to 46 m³ respectively. South Korea does not make any purchase for the month.



Moving to South Asian region, export to the region improved by 62% to 8,516 m³ for the month. Exports to India, Pakistan and Sri Lanka increased by 130% to 3,076 m³, 26% to 2,874 m³ and 513% to 1,966 m³ respectively. Meanwhile, Bangladesh reduced its intake by 53% to 600 m³ for the month. Export to West Asian region also recorded an increase of 46% to 3,856 m³ from 2,650 m³ in the previous month. Export to Oman increased by 163% to 1,575 m³ , followed by Jordan 20% to 654 m³ and Qatar 60% to 170 m³. Bahrain, Iran, Lebanon, Saudi Arabia and Syria did not make any purchases for the month.

Elsewhere, exports to the USA and South Africa increased by 3% to 2,163 m³ and 71% to 1,061 m³ respectively. However, export to Australia reduced by 89% to 385 m³ while UK and Sudan did not make any purchases for the month.

The FOB price of MDF decreased by 6% to RM1,538 per m³ from RM1,632 per m³ from the previous month.

MOULDINGS

Exports of mouldings for the month decreased by 10% in volume and 11% in value to 14,441 m³ worth at RM56.3 million. However, cumulative exports for the period of January - February 2021 decreased by 11% in volume and 8% in value to 30,563 m³ worth at RM119.8 million as compared to the previous corresponding period in 2020.

Exports to the EU for the month recorded at 5,912 m³, increased 12% as compared to the previous month. Germany and the Netherlands increased their purchases by 36% and 16% to 615 m³ and 4,444 m³ respectively while Belgium decrease its intake by 46% to 170 m³. However, Italy did not make any purchases. Meanwhile, the UK recorded a decrease of 0.3% to 349 m³ for the month.

Exports to ASEAN region increased as Indonesia and Viet Nam increased their purchases by 967% and 296% to 32 m³ and 649 m³. However, Singapore reduced its intake by 36% to 609 m³ compared to the previous month.

Likewise, Hong Kong increased its intake by 19% to 124 m³ compared to the previous month. However, South Korea, China and Japan decreased their intakes by 32%, 26% and 20% to 725 m³, 92 m³ and 1,093 m³ respectively. Meanwhile, Taiwan resumed its intake to 17 m³.

Elsewhere, export to Australia increased by 654% to 1,387 m³ compared to the previous month. However, the US and Canada resumed their intakes to 2,736 m³ and 174 m³.

Average FOB unit value for mouldings increased marginally to RM3,901 per m³ compared to RM3,937 per m³ in the previous month.

BUILDERS JOINERY AND CARPENTRY (BJC)

Export of BJC for Feb 2021 recorded a decrease of 4% in volume but increase 5% in value to 11,719,240 kg worth RM94.8 million from last month. Total BJC cumulative exports for the same corresponding period last year increased 6% to RM184.7 million as compared to RM174.4 million. Export to the EU decreased 25% to RM32.6 million. Export to the Netherlands, Sweden and Denmark increased by 115%, 40% and 36% to RM6.2 million, RM5.9 million and RM4.9 million respectively. However, export to France Belgium and Germany decreased by 34%, 3% and 1% to RM2.2 million, RM6.9 million and RM2.9 million respectively. Export to the UK, however decreased by 2% to RM25.4 million from last year. Meanwhile, Italy and Turkey did not make any purchases.

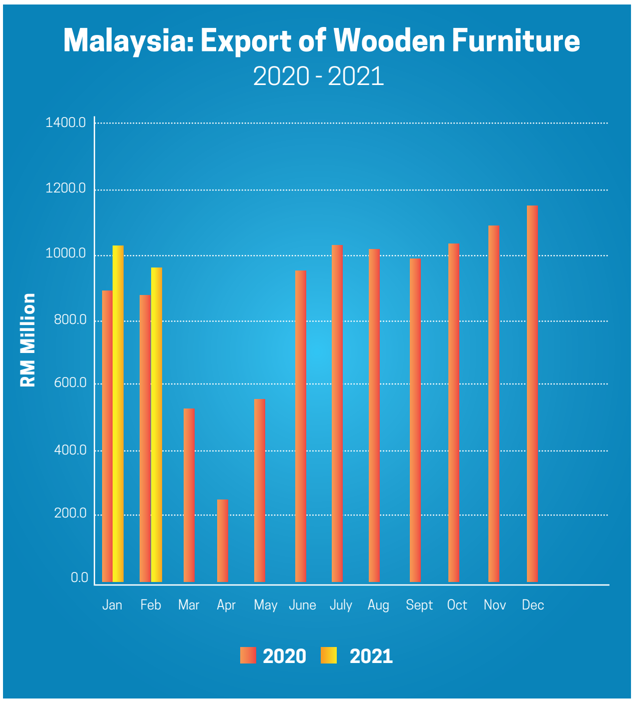
In Asia, Qatar and Bahrain increased buying by 100%, Pakistan, Vietnam and UAE increased by 134%, 85% and 49% to RM1.0 million, RM221,831, RM334,554, RM2.5 million and RM332,215 compared to the previous month. However, exports to India, Thailand, Japan, Taiwan and Singapore decreased by 28%, 27%, 21%, 10% and 8% to RM6.5 million, RM2.9 million and RM7.1 million, RM1.2 million and RM8.4 million respectively. Meanwhile, South Korea, Egypt and Saudi Arabia did not make any purchases.

Export to the US increase by 46% to RM49.6 million compared to the previous month. Meanwhile, Mauritius, South Africa and Australia decreased by 51%, 38% and 17% to RM 168,881, RM1.3 million and RM29.9 million respectively.

FURNITURE

Exports of wooden and rattan furniture for the period of January - February 2021 recorded an increased of 11% to RM2.0 billion from RM1.8 billion in the previous corresponding period. The USA as a main buyer of wooden furniture increased purchases by 20% to RM1.2 billion from RM1.0 billion in the corresponding period in 2020. In Europe, shipments to Greece decreased by 44% to RM3.4 million, while exports to the Netherlands increased by 43% to RM6.5 million from RM4.6 million compared to the previous corresponding period. Export to Germany also increased by 6% to RM9.9 million, France increased by 33% to RM9.9 million and Poland increased by 11% to RM6.6 million.

Shipments to the UK decreased by 22% to RM66.4 million for the month. Similarly, purchases by Russia declined by 42% to RM1.4 million from RM2.3 million in the same period last year. Demand from Canada increased slightly to RM55.0 million whilst Australia increased by 17% to RM91.1 million.



In East Asia, exports to Japan reduced by 14% to RM92.9 million from RM108.0 million in the same period last year. Similarly, South Korea also decreased consumption by 10% to RM16.6 million followed by China decreased by 28% to RM11.1 million. However, exports to India increased slightly to RM35.5 million from RM35.4 million in the previous corresponding period.

In the ASEAN region, exports to the Philippines and Singapore recorded at RM18.7 million and RM64.0 million respectively. Elsewhere, exports to Saudi Arabia and Oman increased by 3% to RM37.0 million and 95% to RM5.6 million respectively. The Qatar also reduced buying by 12% to RM1.4 million whilst the UAE increased buying 36% to RM30.6 million followed with Kuwait increases by 20% to RM9.3 million respectively.

Rattan furniture shipments for January - February 2021 were recorded at RM15.8 million from RM17.5 million in the previous corresponding period. Exports to the USA has increased by 9% to RM6.1 million from RM5.6 million in the previous corresponding period in 2020. Elsewhere, exports to Canada decreased by 51% to RM393,990 while Australia increased by 66% to RM935,581 compared from the previous month.

In Europe, exports to France and the Netherlands decreased by 59% and 41% to RM209,923 and RM130,214 respectively compared from the previous corresponding period. Export to Russia increased by 288% to RM385,425 followed with Germany by 127% to RM379,520 while Poland resume buying at RM78,111. Purchases by the UK also increased by 23% to RM1.9 million from RM1.6 million in the same corresponding period last year. Elsewhere in North Africa, Algeria didn't make any purchase for the month.

In East Asia, exports to Japan increased by 32% to RM236,819 from RM179,665 recorded in the same corresponding period last year. However, China improved their intake by 125% to RM868,506 followed by India with 17% to RM1.0 million. In the ASEAN region, exports to Singapore and Thailand recorded at RM297,676 and RM90,957 respectively.

Elsewhere in the Middle East, the UAE decreased their purchases by 55% to RM57,682 from RM128,330 in the previous corresponding period. Meanwhile, Turkey, American Samoa, Hong Kong, Vietnam, Cote D'lvore, Sri Lanka and South Africa didn't make any purchase compared to the previous corresponding period in 2020. MTIB

FEBRUARY 2021

LOGS

The average prices of logs reported to drop slightly due to unpredictable weather conditions. The rainy season particularly has limited the supply of logs.

Log prices for the species of Chengal, Balau and Merbau decreased by 0.8%, 1.5% and 2.5% at RM5,000 per ton, RM3,350 per ton and RM3,500 per ton respectively. Similarly, the price for Mengkulang declined by 5.8% at RM1,300 per ton whilst Tualang stood firm at RM1,550 per ton. Likewise, the prices for Dark Red Meranti lessened by 1.6% at RM 1,850 per ton whilst Red Meranti remained at RM1,750 per ton. On the other hand, logs prices for Mixed Heavy Hardwood increased by 3.4% at RM1,200 per ton whilst Mixed Light Hardwood remained at RM1,120 per ton.

MEDIUM DENSITY FIBREBOARD (MDF)

Domestic supply of MDF remained stable as prices continued to chart at last month's level. The MDF of 4mm, 6mm, 9mm and 12mm of 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 firm whilst some of the species were experiencing slight downturn. Sawn timber continued to be in demand but supply was affected by the loods, namely in the East Coast region.

The sawn timber prices of Chengal dropped by 2.9% to RM7,062 per m³. Supply was reported to be effected by floood in East Coast region while the price Balau dropped by 4.0% to RM3,390 per m³. The prices for Keruing and Kempas remained stable at RM2,119 per m³ and RM2,521 per m³ respectively. Meanwhile, the prices of Dark Red Meranti recorded at RM2,154 per m³ whilst Red Meranti charted at RM1,836 per m³. On the other hand, sawn timber prices of Mixed Heavy Hardwood and Mixed Light Hardwood increased by 4.7% and 3.7% to RM1,109 per m³ and RM989 pe

PLYWOOD

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

INTRA-MALAYSIA TRADE * - FEBRUARY 2021

The shipments of logs from Sabah to Peninsular Malaysia for the month under review increased in volume to 756 m3 worth at RM234,000. However, the freight of plywood fell sharply by 54% in volume from 3,216 m³ to 1,490 m³ valued at RM2.7 million.

Trade of sawn timber from Sarawak to Peninsular Malaysia fell significantly in volume by 93% from 681 m³ to 48 m³ worth at RM51,000. Similarly, shipment of plywood deacreased in volume from 3,716 m³ to 651 m³, totalled at RM669,000.

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

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

*AVERAGE DOMESTIC PRICES OF LOGS, SAWN TIMBER, PLYWOOD AND MDF IN PENINSULAR MALAYSIA, FEBRUARY 2021 (RINGGIT MALAYSIA)

	LOGS/tonne	SAWNTIMBER/m³		
SPECIES	**18" UP**	**GMS**	**STRIPS**	**SCANTLINGS/m³**
HEAVY HARDWOOD				
Cengal	5,000	7,062	5,650	8,475
Balau	3,350	3,390	3,143	3,602
Red Balau	2,250	3,178	2,754	3,531
Merbau	3,500	4,698	3,948	4,308
Mixed Heavy Hardwood	1,200	1,109	1,045	1,250
MEDIUM HARDWOOD				
Keruing	1,750	2,119	1,391	2,225
Kempas	1,700	2,521	2,260	2,542
Kapur	1,750	1,730	1,412	1,836
Mengkulang	1,300	2,338	1,624	2,323
Tualang	1,550	2,542	2,331	2,542
LIGHT HARDWOOD				
Dark Red Meranti	1,850	2,154	1,815	2,684
Red Meranti	1,750	1,836	1,483	2,083
Yellow Meranti	1,310	1,554	1,236	1,716
White Meranti	1,495	2,472	1,342	2,507
Mersawa	1,770	1,907	1,624	1,977
Nyatoh	1,430	1,716	1,448	1,554
Sepetir	1,350	1,695	1,194	1,758
Jelutong	1,150	1,815	1,215	1,836
Mixed Light Hardwood	1,120	989	862	1,088

MALAYSIAN RUBBERWOOD *Hevea brasilienses*	LOGS/tonne	SAWNTIMBER/m³			
		1" X 1"	**2" X 2"**	**3" X 3"**	**4" X 4"**
	205	1,262	1,294	1,390	1,590

PLYWOOD 4' X 8'	**4 mm**	**6 mm**	**9 mm**	**12 mm**
(RM per piece)	14.80	22.20	38.35	48.50
MDF 4' X 8'	**4 mm**	**6mm**	**9 mm**	**12 mm**
(RM per piece)	12.90	16.20	22.00	29.10

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

NEW BUMIPUTERA ENTREPRENEUR AWARD AND MOA SIGNING CEREMONY

The New Bumiputera Entrepreneur Award Ceremony for the Timber Sector was held in conjunction with the Signing Ceremony of the Memorandum of Agreement (MOA) with the Industry, on 23 March 2021 at The Everly Hotel, Putrajaya. The event, organized by the Malaysian Timber Industry Board (MTIB) was officiated by the Minister of Plantation Industries and Commodities Malaysia, YB Dato Dr. Mohd Khairuddin Bin Aman Razali who was represented by the Deputy Minister of Plantation Industries and Commodities Malaysia, YB Dato 'Sri Dr. Wee Jeck Seng.

YB Dato Dr. Mohd Khairuddin in his opening remarks said that the timber industry stands as one of the major contributors to the Malaysian economy. Therefore, to ensure its continuity, it is critical to have a comprehensive and structured strategic plan to ensure the competitiveness and sustainability of the industry both locally and globally. Therefore, the implementation of the National Timber Industry Strategic Plan (2021-2025) is timely as it focuses on markets, technology, raw materials, human capital and other key factors that are important for the continued viability of resource-based industries such as the timber-based sector.

YB Dato Dr. Mohd Khairuddin further added that although Malaysia's exports of timber products and furniture are performing very well in the world market, the contribution of Bumiputera entrepreneurs in the value of timber exports is still lagging behind. Currently, the contribution of the export value of timber and timber products by Bumiputera entrepreneurs is less than 1% with a total ownership of 471 Bumiputera timber companies out of an estimated 5,000 companies in Malaysia. However, the minister believes that Bumiputera entrepreneurs actually have great potential to participate and be more active in the industry.

In addition, various schemes and programmes are being carried out by government agencies such as TERAJU, SME Corp, and Kraftangan Malaysia to create new Bumiputera entrepreneurs. The Minister hoped that through such programmes, the number of Bumiputera entreprenuers will be increased to 600 companies and also the export value of Malaysian timber and timber products to hit RM28 billion by 2025, as outlined in the National Agricommodity Policy (DAKN).

The VenTureS programme was implemented with the aim of developing new Bumiputera sub-contractor entrepreneurs in the local timber and furniture industry. It is through a match between the Maincon company and the participant, and at the end of the programme, the participant is expected to be able to register his company with the Companies Commission of Malaysia (SSM) and obtain a job contract directly from the Maincon. Participants of this programme will undergo intensive training in factories producing wood and furniture products to gain knowledge and experience from those who are much more experienced.

The Smart-Partnership programme, on the other hand, was implemented to create new Bumiputera entrepreneurs in the furniture export market through a 'sub contracting' system; guiding the Bumiputera Subcon to be directly involved to add experience, knowledge and improve quality in the national furniture industry chain; and developing the Bumiputera economy by providing the concept of sub-contracting to obtain work contracts via non-Bumiputera companies. The aim of this programme is to encourage participants to learn from non-Bumiputera furniture companies who have been successful and subsequently start a business by becoming a furniture vendor or subcon.

The New Bumiputera Entreprenuers Awards Ceremony showcased the presentation of Certificates of Participation to 20 participants and 6 strategic partner companies of the VenTures Programme. The highlight was the presentation of the Best Participant Awards. The Best Participant award went to Encik Ahmad Raizal Bin Lokman; the Second Best Participant award, Encik Abdullah Bin Jumat; Best Female Participant, Puan Nurul Shafira Binti Shaari; and Best Young Participant, Encik Muhammad Syazwan Bin Muhamad Isa.

At the same time, the MoA Signing Ceremony was for the Smart-Partnership Programme which involved two companies namely Promptcon Enterprise Sdn. Bhd.YBrs. and Pusan Furniture Industries (M) Sdn. Bhd. Both companies, represented by their participants, Mr. Borhanudin Bin Yusof and Mr. Norijali Bin Mansor respectively, signed with MTIB, represented by Director General of MTIB, YBrs En. Mohd Kheiruddin Mohd Rani. The signing was witnessed by YB Dato 'Sri Dr. Wee Jeck Seng and President of the Malaysian Furniture Council (MFC), Mr. Khoo Yeow Chong.

The programme is expected to help develop skilled Bumiputera entrepreneurs to enter the furniture export market through the sub-contract method from non-Bumiputera Maincons. Participants who have been guided to become entrepreneurs from this programme will continue to be supported by MTIB with appropriate programmes to further enhance their capabilities.

BOLSTERING OPPORTUNITIES FOR MALAYSIAN TIMBER PRODUCTS IN SOUTH KOREA

Overview

South Korea, officially known as the Republic of Korea (ROK), is a sovereign state in East Asia, constituting the southern part of the Korean Peninsula. The country shares one of the world's most heavily militarized borders with North Korea.

For over four decades, this country has demonstrated incredible economic growth and global integration to become a high-tech industrialized economy. This growth was driven primarily by the development of export-oriented industries and the abundance of highly skilled and educated labour, fostered by favourable policy directions for economic development. Given its limited geographical size, insufficient natural resources and a population size of 51.8 million in 2020, the country has devoted special attention to technology development and innovation to promote growth, growing from a predominantly rural, agricultural nation into an urban, industrialized country. South Korea's history of economic success is sustained by its ability to adapt to the accelerating pace of global change. Its massive transformation after the end of the Korean War in 1953 turned the country into an industrial powerhouse and opened its gates to foreign economies.

South Korea received a score of 84.0 in the World Bank's Ease of Doing Business 2020 report, securing the 5th place out of 190 countries. The South Korean economy ranked first in its ICT adoption list of the 2020 special edition of the Global Competitiveness Report. Additionally, South Korea ranked 24th with a score of 74.0 in the Heritage Foundation's 2021 Index of Economic Freedom, maintaining its spot in the "mostly free" category. South Korea is a member of the Organisation for Economic Cooperation and Development (OECD), the G-20 and the Paris Club. South Korea is also included in the group of Next Eleven countries as having the potential to play a dominant role in the global economy by the middle of the 21st century.

Economy

South Korea ranked 10th among the world's largest economic powers and 4th in Asia in 2021. This country grew from one of the poorest countries in the world, in the 1960s to a developed, high-income country in the millennium in just one generation. During the global financial crisis of 2007-2008, the country maintained a stable economy and even experienced economic growth during the peak of the crisis. However, the South Korean economy is on track for one of its worst two-year growth periods in more than half a century, battered by China's economic slowdown and uncertainties over the trade war between Beijing and Washington, and the global effects of the COVID-19 pandemic.

In 2020, the country's economy contracted 1% from 2019 due to global economic slowdown, sluggish business sentiments and restrictions and movement control measures due to the COVID-19 pandemic that stalled economy activities. OECD reported that South Korea's nominal GDP reached USD1.62 trillion in 2020 and has forecast that South Korea's GDP will grow to 3.3% in 2021 and 3.1% in 2022. This positive outlook comes as the country's exports remain robust amid the pandemic and global economic recovery. The Finance Ministry of South Korea reported that the country's economy is widely expected to return to the pre-pandemic level in 2021, becoming one of seven nations to do so among the Group of 20 (G20) economies. In terms of labour, as of February 2021, the country's labour force increased to 61.6% compared with 60.9% in the previous month. Meanwhile, unemployment rate dropped to 4.0 % in February 2021.

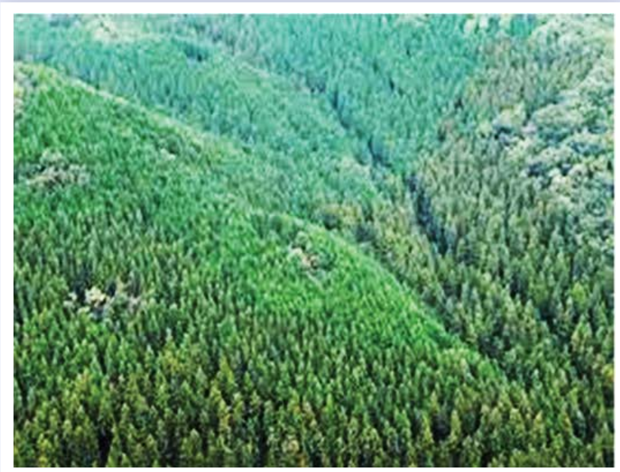
The service sector is the largest and fastest growing economic sector, accounting for 56.8% of GDP and employing 70.2% of the active population, the bulk of it coming from the information and communication technology, retail and store chains, tourism and entertainment sectors. Meanwhile, the industrial and manufacturing sectors, such as textile, steel, car manufacturing, shipbuilding and electronics industries represent 33% of the GDP. Its top major export products are semiconductors and related products, motor vehicles, vessels and parts for motor vehicles and refined petroleum products.

Stung by the protracted coronavirus outbreak, the country scrambled to launch a massive government-led programme to foster growth in new tech industries and to help the country's transition into a net-zero emissions economy. Thus, in 2021, South Korea has set a goal to turn around the country's exports this year with trade financing of KRW167 trillion (USD150 billion) and launch the massive Korean New Deal, a blueprint for economic growth. Beyond an immediate stimulus to the economy, the New Deal constitutes an opportunity to boost productivity, inclusiveness and green growth. Korean New Deal projects are centred on green energy and digital projects to speed up economic recovery in 2021. In addition, large-scale projects that will drive private sector investments related to Korean New Deal will be implemented in full.

Alarmed by steeply rising apartment prices and the shortage of supply in Seoul and its surrounding cities, the Korean government will be injected KRW26.4 trillion to build new towns in Incheon, a city bordering Seoul and Hanam, a city in Gyeonggi Province. The construction of a railroad linking Pohang and Samcheok in Gangwon Province as well as a highway connecting Hamyang County in South Gyeongsang Province and the Ulsan Metropolitan City will be included in the social overhead capital (SOC) projects. The New Deal GDP is projected to grow at about 3% per annum in 2021 and 2022, but the recovery remains vulnerable to a further spread of the virus in South Korea or abroad until an effective vaccine is deployed in the latter half of 2021. With the boost of South Korea's infrastructure and residential construction activities in 2021, there will be abundance of potential for Malaysian timber and timber products such as plywood, MDF, mouldings, BJC and furniture to expand its market share in the country.

Forest Sustainability and Resources

The Korean peninsula is located between 33°7′ and 43°1′ in the northern latitude, and 124°11′ and 131°53′ in the eastern longitude at the heart of the North Western Pacific, sharing a border with China and Russia to the north and lying near the Japanese archipelago to the south. The peninsula encompasses 221,000 km², 45% of which makes up South Korea. Although forest land is larger in North Korea, the forest stock is denser in South Korea. Twenty percent of the total land area in South Korea is used for agriculture while forests cover 63.4%. The Korean forests can be divided into warm-temperate, cool-temperate and sub boreal forest zones. Around 85% of the forests are cool temperate forests. Meanwhile, forest types in South Korea have been classified into three categories which are conifers, broad-leaf and mixed forests, the largest type being conifers, occupying 44% of the while area.



South Korea's model of reforestation

The increased demand for forest resources continued to put pressure on forest lands. Thus, the South Korean government established the 10-Year Forest Rehabilitation Plans in 1973. In total, the plan aimed to restore 39% of total forest land in the country, totalling 2,637,000 hectares of forests. The First Plan was completed in 1978 and was followed by the Second Plan (1979-1987) and following that, the Third National Forest Resource Plan (1988-1997). Under the Fourth National Forest Plan, sustainable forest management was reflected on forest policies and activities. The Fifth National Forest Plan (2008-2017) was designed to further expand the implementation of sustainable forest management in pursuit of maximizing forest functions. Tandemly, the Forest Resources Act was enacted in 2006 for the goal of promoting sustainable conservation and usage of forests and utilization of various forest functions through the creation and management of forest resources. The act is continuously amended for establishment and implementation of policies, related to South Korea's own sustainable forest management certification system in 2017 and forest rehabilitation system in 2019. Furthermore, the Timber Use Act was enacted in 2012 with the goal of responding to climate change by improving the carbon storage function of timbers and by sustainable use of timbers. The key goal is to increase the self-sufficiency of timber from 2% to 7% (2015-2020). As of 2018, the self-sufficiency of timber has increased to 5%.

Timber Production

According to FAO, the forestry industry contributed KRW221 trillion (USD195 billion), about 11.7% of the GDP, in 2018. South Korea has implemented major reforestation programmes in the recent decades. As a result, from 6.3 million hectare of forest area, approximately 1.01 billion cubic metre was available in 2019, an increase of 2.2% from 995.1 million cubic metre in 2018. The table below depicts South Korea's forest area and growing stock.

South Korea : Forest Area and Growing Stock

Year	Forest Area (hectare)	Growing Stock (m3)	% of Forest Area	Growing Stock per ha
2013	6,339,368	872,612,975	63.23	137.7
2014	6,342,194	901,816,414	63.24	142.2
2015	6,334,615	924,809,875	63.16	146.0
2016 (estimated)	6,326,285	950,485,691	63.05	150.2
2017 (estimated)	6,318,007	973,599,553	62.95	154.1
2018 (estimated)	6,306,000	995,079,000	62.8	157.8
2019 (estimated)	6,299,000	1,016,996,000	62.7	161.4

Source: Korea Forest Service

The South Korea reforestation is considered still growing and thus, its timber industry still depends on imports of timber and timber products for its raw material and wood processing supplies. An estimated 10% of total consumption of timber and timber materials originate from domestic wood, whereas the balance of the raw material is imported. Details of the production are as described in the table below: -

South Korea : Production of Timber Products, 2015-2019

Product / Year	2015	2016	2017	2018	2019
Sawlog	1,282,000	950,000	874,000	852,000	852,000
Sawnwood	2,417,000	2,293,000	2,188,000	2,052,000	2,052,000
Wood Pellet	120,000	120,000	68,000	188,000	188,000
Veneer	230,000	240,000	217,130	116,000	116,000
Plywood	478,000	464,000	441,000	286,000	243,000
Particleboard & OSB	820,000	815,000	855,000	843,000	807,000
MDF/HDF	1,901,000	1,859,000	1,840,000	1,740,000	1,529,000

Source: FAO Stats

Source: Korea Forest Service

South Korea's Export of Timber & Timber Products

South Korea relies heavily on imported timber and timber products for its commercial and industrial use. The country is also one of the largest producers of paper and paperboard and contributes about 3% of global production.

In 2020, South Korea exported about USD274.05 million of timber and timber products. It is a slight decrease of 1% from USD270.23 million in 2019. Furniture & parts remain the major contributor to South Korea's exports at USD196.52 million followed by fibreboard at USD11.89 million, sawntimber (USD11.08 million), BJC (USD6.48 million and plywood (USD4.57 million). Despite a reduction in its export value by 34%, Japan continued to be the major export market for South Korea's timber and timber products totalled at USD21.15 million in 2020. This was followed by USA (USD14.15 million), China (USD11.64 million), Viet Nam (USD4.82 million) and Indonesia (USD4.23 million).

South Korea: Export of Timber and Timber Products, 2016 - 2020

Product / Year	2016	2017	2018	2019	2020
Logs	195	374	643	332	418
Sawntimber	23,078	22,068	20,612	23,103	11,076
BJC	7,910	6,189	5,925	6,807	6,483
Moulding	195	259	491	170	68
Veneer	1,937	2,904	3,273	3,655	3,941
Plywood	4,517	3,431	3,563	4,891	4,573
MDF	23,235	21,746	19,576	15,818	11,887
Particleboard	1,947	1,523	1,462	1,149	993

Wooden Frame	1,012	1,510	863	1,136	1,566
Furniture & Parts	157,285	173,799	179,834	182,829	196,524
Others Products	26,296	27,578	32,396	30,341	36,519
TOTAL	**247,607**	**261,381**	**268,638**	**270,231**	**274,048**

In USD Thousand ('000) *Source: UN Comtrade*

Top Ten Export Destinations for South Korea's Timber and Timber Products, 2016-2020

Countries	2016	2017	2018	2019	2020
World	90,322	87,582	88,806	87,401	77,524
Japan	38,040	34,299	33,347	32,067	21,150
United States of America	6,054	6,307	7,789	9,273	14,150
China	7,975	9,838	10,859	10,070	11,639
Vietnam	5,665	6,682	4,386	5,153	4,817
Indonesia	2,421	3,024	3,915	3,342	4,235
Taipei, Chinese	1,173	1,164	1,651	1,637	2,371
Philippines	1,820	2,318	2,551	2,427	1,809
Germany	1,704	1,690	1,925	1,841	1,500
Netherlands	90	323	525	1,101	1,462
Mexico	3,984	2,667	2,183	1,581	1,368
Malaysia*	1,924	1354	825	675	460

In USD Thousand ('000) *Source: UN-Comtrade Statistics*
Malaysia ranked 20th from 145 countries.

South Korea's Import of Timber and Timber Products

South Korea is one of the world's largest importers of timber and timber products. The country depends on imports from over 100 countries for more than 80% of its consumption for commercial and industrial use. In 2020, South Korea has imported about USD4.03 billion of timber and timber products and its top five major suppliers are Vietnam, Indonesia, China, New Zealand and Malaysia. Furniture still remains the top timber product imported by South Korea with a total value of USD1.08 billion, followed by plywood (USD716.86 million), sawntimber (USD575.84 million) and logs (USD368.91 million). The table below details imports of timber and timber products by South Korea from 2016-2020.

South Korea : Import of Timber and Timber Products, 2016-2020

Product	2016	2017	2018	2019	2020
Plywood	756,052	777,598	897,209	723,635	716,860
Sawntimber	615,695	709,254	724,465	626,512	575,841
Logs	578,027	586,155	515,979	406,590	368,907
Particle Board	198,760	282,210	257,669	173,951	166,849
Moulding	149,427	183,754	189,648	168,875	159,436
Veneer	114,335	97,875	89,766	65,354	78,435
BJC	52,548	55,701	51,008	61,605	60,145
MDF	50,413	55,022	92,570	76,190	55,324
Wooden Frame	7,024	6,330	6,031	5,519	5,020
Furniture & Parts	795,723	864,515	908,976	972,461	1,081,939
Others Product	576,960	678,501	963,299	805,833	759,951
TOTAL	**3,894,964**	**4,296,915**	**4,696,620**	**4,086,525**	**4,028,707**

In USD Thousand ('000) *Source: UN-Comtrade Statistics*

Top Ten Major Supplying Countries for South Korea's Timber and Timber Products (HS44), 2016-2020

Product	2016	2017	2018	2019	2020
World	3,099,242	3,432,400	3,787,644	3,114,066	2,946,769
Vietnam	425,358	508,327	789,132	654,201	626,786
Indonesia	327,488	362,237	458,360	421,526	420,339
China	589,670	533,370	490,554	434,878	409,600
New Zealand	344,090	359,984	335,829	258,867	159,436
Malaysia	**265,701**	**285,044**	**311,379**	**202,745**	**161,999**
Thailand	150,131	213,674	271,558	187,363	156,050
Russian Federation	135,703	155,040	167,958	143,666	145,721
Chile	113,986	135,605	141,449	133,089	103,495
Canada	199,376	200,815	166,426	100,780	88,436
United States of America	105,427	121,050	111,326	88,688	79,022

Malaysia ranked 5th from 134 countries. *Source: UN COMTRADE*

The spread of the COVID-19 pandemic and various control movement measures implemented by the government has changed the Korean lifestyle. With more people studying, working and staying home because of the outbreak, the demand for furniture is rising, especially for home-based working and studying. There is rising consumer interest in high quality products such as home offices and multipurpose furniture. China remains the major supplier of furniture while Malaysia ranked 8th largest supplier to South Korea. The table below depicts the major suppliers of furniture to South Korea for the period of 2016-2020.

South Korea: Import of Furniture Parts (9403) from the World, 2016-2020

Product	2016	2017	2018	2019	2020
World	795,723	864,515	908,976	972,461	1,081,939
China	467,174	502,804	523,177	549,893	655,047
Vietnam	111,813	118,960	144,185	153,255	165,908
Italy	38,365	39,696	47,792	60,710	63,997
Germany	23,911	49,377	28,060	43,880	43,856
Indonesia	34,267	32,032	34,468	30,164	29,329
Taipei, Chinese	15,117	14,349	14,409	15,095	13,171
Poland	11,028	12,007	14,057	13,053	13,006
Malaysia	**18,381**	**16,263**	**14,359**	**13,875**	**12,515**
France	5,007	4,689	5,205	12,737	9,000
Thailand	11,282	10,066	9,214	7,768	7,846

In USD Thousand ('000) *Source: UN Comtrade*
Malaysia ranked 8th from 108 countries

Malaysia's Export of Timber and Timber Products to South Korea

South Korea is one of the top ten major markets for Malaysian timber and timber products. Total export of timber and timber products to South Korea reduced by 18.4% to RM674.58 million in 2020 compared to RM826.79 million in 2019 due to pandemic-induced sluggishness and slow growth of the construction industry in the country. Primary timber products remain the most demanded items from Malaysia. In 2020, plywood remains the major product exported to South Korea at RM216.49 million followed by wooden furniture (RM97.69 million), sawntimber (RM49.11 million), chipboard/ particleboard (RM38.97 million) and mouldings (RM35.85 million). The table below details Malaysia's export of timber

Malaysia : Export of Timber and Timber Products to South Korea

Product	2016	2017	2018	2019	2020
Logs	17,001,012	15,126,673	5,974,274	3,088,832	2,886,369
Sawntimber	74,481,694	64,520,807	60,932,994	66,062,518	49,109,468
Plywood	480,604,166	566,571,909	444,182,874	266,790,373	216,491,648
Veneer	147,048,955	117,016,611	103,502,958	19,345,969	15,457,495
Mouldings	43,572,594	51,356,106	48,049,775	49,402,480	35,846,456

Chipboard/Particleboard	60,857,525	79,633,984	101,637,462	48,427,689	38,969,407
Fibreboard	9,128,447	11,524,304	6,549,096	6,046,008	3,944,380
Wooden Frame	0	24,732	0	126,411	0
BJC	2,733,267	1,964,428	1,061,766	11,545,477	2,032,722
Wooden Furniture	124,037,180	111,746,015	91,119,992	89,734,522	97,687,169
Rattan Furniture	139,574	459,195	1,085,034	2,371,307	0
Other Products	135,789,451	236,369,381	370,940,748	263,850,705	212,156,070
TOTAL	**1,095,393,865**	**1,256,314,145**	**1,235,036,973**	**826,792,291**	**674,581,184**

(Value: RM) *Source: MTIB & DOSM*

Malaysia's Import of Timber and Timber Products from South Korea

South Korea is ranked 44th among the major supplying countries to Malaysia with a value of RM4.47 million, about 0.6% of market share. South Korean wooden furniture is gaining demand from Malaysian consumers in recent years. There is an increasing trend since 2016 which recorded the total value of imported wooden furniture worth RM2.01 million in 2020. Malaysia has imported RM4.47 million of timber and timber products in 2020, a decrease of 39.6% from 2019, due to slow economic activities, stringent lockdown measures and disruption in supply chain movement. The table below depicts Malaysia's import of timber and timber products from South Korea from 2016-2020.

Malaysia : Import of Timber and Timber Products from South Korea

Product	2016	2017	2018	2019	2020
Sawntimber	1,146,224	0	0	74,121	0
Plywood	1,597,046	37,678	24,098	-	0
BJC	45,807	0	52,152	556,451	0
Veneer	23,672	0	0	0	0
Fibreboard	6,527,520	3,688,216	616,923	99,546	79,014
Moulding	112,636	0	0	0	143,760
Chipboard/Particleboard	0	0	23,673	0	304,572
Wooden Frame	46,388	0	0	11,311	0
Rattan Furniture	265,813	16,240	0	6,062	0
Wooden Furniture	1,743,146	669,553	1,700,715	1,811,142	2,009,978
Other Products	1,132,744	1,287,512	3,475,909	4,845,605	1,937,156
TOTAL	**12,640,996**	**5,699,199**	**5,893,470**	**7,404,238**	**4,474,480**

(Value: RM) *Source: MTIB & DOSM*

Import Tariff

The ASEAN-Korea Free Trade Agreement (AKFTA) came into effect on 1 January 2010 to strengthen and deepen economic integration and to help to build capacity through sharing of available resources and expertise. According to AKFTA, Malaysian timber and timber products including furniture and parts enjoy 0% tariff except for sawntimber (HS4407) and metallised wood (HS4413) on which are imposed an import tariff of 5%. The details are as below:-

South Korea Import Tariff

Product	Description	MFN Rate	ASEAN KOREA FTA (AKFTA) Duty Rate
4401	Fuel wood	0 - 2	0
4402	Coniferous	2	0
4403	Logs	0	0
4404	Hoopwood; split poles; piles	5	0
4405	Wood wool; wood flour	5	0
4406	Railway or tramway sleepers	5	0
4407	Sawntimber	5	5
4408	Veneer	3.6 - 4.8	0
4409	Moulding	8	0
4410	Particle board/Chipboard	8	0
4411	Fibreboard	8	0
4412	Plywood	0 - 5	0
4413	Metallised wood and other densified wood	8	5
4414	Wooden frames	8	0
4415	Packing cases, boxes	8	0
4416	Casks, barrels, vats, tubs	8	0
4417	Tools, tool bodies, tool handles	8	0
4418	Builders' joinery and carpentry	0 - 5	0
4419	Tableware and kitchenware, of wood	8	0
4420	Wood marquetry and inlaid wood	8	0
4421	Other articles of wood, n.e.s.	8	0
9401	Furniture Seats	0 - 8	0
9403	Furniture and parts thereof, n.e.s.	0 - 8	0

The imposition of Anti-Dumping Duty on Malaysian Plywood

South Korea imposed an Anti-Dumping (AD) duty on Malaysian plywood more than six (6) mm in thickness (4412.31, 4412.33 and 4412.43) from March 2011, for five years, until February 2014. The imports of Malaysian plywood have decreased significantly since the AD imposition. The average growth rate on year-on-year export of Malaysian plywood to South Korea from 2011 to 2020 was -5.6%. Despite the claim made by Korean plywood consumers that Malaysian plywood is of better quality and more environmental-friendly compared to the Korean plywood, the South Korean Trade Commission (KTC) decided to extend anti-dumping duties on Malaysian plywood, starting from 5 September 2014 to 4 September 2017. The country imposed anti-dumping duties from 5.12% to 38.10% on Malaysian plywood. Later, through Decree No. 622, the Ministry of Strategy and Finance, South Korea stated that the anti-dumping duties on Malaysian plywood had been extended for another three years, starting from 8th May 2017 to 7th May 2020.

On 6 November 2020, KTC through the Ministry of Trade, Industry and Energy announced to extend the anti-dumping duties on Malaysian plywood for another three years and that the AD duties are applicable for imported Malaysian plywood declared after 8th May 2020. With the decision, South Korea imposed anti-dumping tariffs on Malaysian plywood, ranging from 4.80% to 38.10%.

Prospects

Being a significant user of timber and timber products and with recent changes in government economic development plans, timber and timber-based products' demand will be increasing in the coming years. Furthermore, as response to a fast-changing trade order, the South Korean government will seek export expansions related to the Regional Comprehensive Economic Partnership (RCEP), review its participation in the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) and accelerate negotiations for free trade agreements in line with its New Southern and New Northern policies. Thus, it will widen the market access for Malaysian timber products to penetrate the South Korean market, particularly for furniture and wood pellets.

In January 2012, the Renewable Portfolio Standard (RPS) replaced the previous feed-in tariff system to accelerate South Korea's goal to create a competitive market environment for renewable energy. The RPS programme requires 13 of the largest power companies (those with installed power capacity larger than 500 MW) to steadily increase their renewable energy mix in total power generation from 2012 - 2024. Thus, this creates an increasing demand for imported wood pellets in the renewable energy industry. Japan and South Korea are the emerging markets for increased global wood pellet and fuel chip demand. FAO reported that South Korea was the third largest wood pellet importer, driving up wood pellet production in Viet Nam, Malaysia, Indonesia and Thailand, consuming 8% of the global consumption in 2019.

Amid the COVID-19 crisis, the global market for furniture, estimated at USD509.8 billion in the year 2020, is projected to reach a revised size of USD650.7 billion by 2027, growing at a CAGR of 3.5%. Growth in the wood segment is readjusted to a revised 4% CAGR for the next 7-year period, contributing to 37.9% share of the global furniture market. In South Korea, the revenue in the furniture and homeware segment is projected to reach USD7,880 million in 2021. A further shift towards home-based working and studying means stronger demand, at least in the short term, for products like home office furniture and storage solutions, with an uptake in ergonomic chairs and modular desks. However, price will play a more important role as consumers are more selective in their purchases.

Furthermore, increasing online spending of consumers is also expected to positively impact the growth of the South Korean office furniture market. Factors, such as increasing internet penetration among the population and the rising number of vendors offering their products through online stores is anticipated to drive the growth of the market. For example, Ikea Seoul reported that their online sales of home office furniture, including desks and chairs, kitchen products and gardening products rose in the first half of 2020. Many local and prominent manufacturers are adopting online retail strategies to decrease product display costs and increase the overall profit margin. Moreover, the number of online furniture stores have increased considerably.

The growing drivers for wooden furniture are mainly due to change in consumer buying behaviour along with the presence of large-scale manufacturers, growing renovation and remodeling investments, rise in outdoor furniture trends, increased spending on new residential construction, and technological advancements and robust growth in the construction sector. Furthermore, increased construction and infrastructural activities in South Korea especially with the Korean New Deal 2021 projects, has bolstered the demand for wood-based panels in the country. At the same time, home renovation and home-based office and school in South Korea also indicates positive growth. Thus, Malaysian timber and timber product producers should tap into this huge market by producing a variety of high-quality durable products with competitive prices that would be able to meet the demand of the South Korean consumer market. Malaysian timber and furniture exports should also enhance their presence and improve business networking with Korean importers by participating in relevant fairs and exhibitions in the country as well as organising specialised selling missions to cater to the market demand. The Malaysian timber industry may also want to increase their presence in online trade platforms as Koreans are clearly increasing their online spending and changing their lifestyle due to the pandemic.

Some of the South Korean market trends in 2021 - tables suitable for small spaces and wicker furniture.

The majority of South Korean demand for timber and timber products are supplied by imports from China and Southeast Asian countries such as Viet Nam, Indonesia, Malaysia and Thailand. This is due to the countries' ability to provide competitive prices and to meet customer specifications as compared to other supplying countries. Thus, with this advantage, Southeast Asian countries especially Malaysia, should take the opportunity to gain better market access into the South Korean market. MTIB

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Agarwood Producing Species in Malaysia

INTRODUCTION

Overall, throughout the world, there are 22 species of *Aquilaria*. According to Olfield et al, (1998), Bangladesh, Bhutan, India, Indonesia, Iran, Myanmar, Philippines, Singapore, Thailand and Malaysia are countries where these species could be found. In Malaysia itself, there are five species of *Aquilaria* namely; *A. beccariana* Van. Tiegh., *A. hirta* Ridl., *A. malaccensis* Lam., *A. microcarpa* Baill., *A. rostrata* Ridl.

High demand for this forest product has led to injudicious and rampant felling of trees deep in the forests. While this causes great loss in terms of taxes to the country, it is also a big loss to the rainforest biodiversity. Due to the illegal harvests, *Aquilaria* population in the forests of Southeast Asia is dwindling, prompting it into being categorized as an endangered species and placed in Appendix II of CITES (Convention on International Trade in Endangered Species of Wild Flora and Fauna) (Barden et. al. 2000). As stated in Appendix II, its trade must be controlled in order to shun utilization incompatible with the survival of the species.

GENERAL BACKGROUND

As a member of the family Thymelaeaceae, *Aquilaria* is a relatively slow-growing, medium-sized tree, on average 15–25 m tall; more than 15 species (e.g., *A. microcarpa*) reach heights of as much as 40 m. Having a moderately straight stem, it can achieve a diameter (dbh) of up to 250 cm, although some species remain considerably smaller and more shrub-like, e.g., *A. khasiana*. Most *Aquilaria* species have smooth, thin, white bark with dense, dark foliage of shiny elliptical to oblong leaves (7.5–12 cm long by 2.5–5.5 cm wide) (Ding Hou, 1960). The small, pale blooms flowering in clusters on the short stalks of the leaf stems produce 3–5 cm long, bi-valved fruit capsules in July.

Aquilaria regenerates freely under natural conditions as seedlings around the mother tree or sprouts from the stumps of harvested trees. However, mother trees are becoming scarce in many areas because of over-exploitation. Although this condition may not lead to local extinction of the species, it may severely affect the availability of the product and, thus, the local 'gaharu' economy.

A shade-tolerant tree, *Aquilaria* is an under-story tree of mature evergreen and semi-evergreen forest occurring at low to medium altitudes, generally up to 1000m above sea leveldepending on the species. The occurrence of the tree itself does not guarantee the presence of the resin.

Scientists estimate that only 10% of the *Aquilaria* trees in the forest may contain Gaharu. The resin forms in response to wounding and subsequent fungal infection, and is found in many parts of the tree, according to some sources, in the bark and the roots as well as the heartwood. Under natural conditions, the resin is more commonly found in trees of about 20 years or older, with trees more than 50 years old reportedly having the highest concentration. A "good" tree may yield several kilograms of the valuable dark, heavy resinous wood with the characteristic 'kemenyan'-like scent.

Distributed broadly through Southeast Asia, the genus *Aquilaria* has been found in Bhutan and northeastern India across to southern China and then south as far as the island of New Guinea (Burkill 1966, Whitemore 1972). Little detailed information exists, however, on its distribution, exploitation, or use in the southeastern edge of its range. In some of the earlier exploited areas, several species are thought to be extremely rare if not extinct in the wild, for example, in Bangladesh and Java.

SPECIES DESCRIPTION

A) *Aquilaria beccariana* Van. Tiegh.

This species is considered to be a medium tree with a height of 15-25 meters. Spot character of the species is the secondary veins that are strongly raised and can be seen clearly. Size of the leaves is differ from other species of *Aquilaria*. It could be up to 15 cm long and 5 cm wide if compared with other *Aquilaria* spp.

The leaf of all *Aquilaria* is almost similar with cellulose-like strands when torn. The colour of the leaves is green-greyish and not shinning. Its bark and inner-bark of the tree are white. Its flowers' characteristics are green pedicel, pale yellow corolla tube, white petal and yellow stamen. Its fruit is green.

A. beccariana could only be found in the primary lowland forest of south Johor, Sabah and Sarawak up to 825m a.s.l.

B) *Aquilaria hirta* Ridl.

Morphologically, this species is considered also to be a small tree of around 15-25 meters. Its buds are silky. The shape of the leaves is oblong-ovate with the presence of tomentose under the leaf-surfaces. The fruits, flowers, and the petioles are considered to be hairy. The petioles are thick and long. It can be found in the East-coast of Peninsular Malaysia (Terengganu, Kelantan, Pahang and Johor), Sabah and Sarawak.

C) *Aquilaria malaccensis* Lamk.

This species is stated to be a big tree with a height of 15-30 meters. The leaves are chartaceous, glabrous, shining and oblong-lanceolate. The flowers are white in colour. A. malaccensis is listed as threatened by the IUCN-Red List Categories because of the major harvesting of these trees. It is believed that this species can produce first-grade 'Gaharu'.

This species is widely distributed within Malaysia. It can be found easily in all states, except in Perlis. It grows on lowland forests and sometimes on the hillsides and ridges up to 750m a.s.l.

D) *Aquilaria microcarpa* Baill.

A. microcarpa is considered a big tree of 25-36 meters. The fruit is heart-shaped and small. It is called 'microcarpa' because of the size of the fruits which is smaller if compared with all Aquilaria spp. It is distributed in the south of Johor and is commonly found in Sabah and Sarawak.

E) *Aquilaria rostrata* Ridl.

This species of *Aquilaria* is considered a montane species. It was found in 1890 in Kemaman and then again in 1911 at the Wrays Camp, Gunung Tahan by H.N Ridley. Its branchlet is a bit hairy and more to the characteristics of *A. malaccensis*.

CHARACTER OF THE SPECIES IN ITS ECOSYSTEM

The *Aquilaria* species has adapted to live in various habitats, including those that are rocky, sandy or calcareous, well-drained slopes and ridges and land near swamps.

This shade tolerant plant when young may regenerate in almost pure patches underneath mother trees. Pattern and seedling distribution indicate that few seeds are distributed more than a few meters from the adult tree.

The trees are never found in a single dominant stand, but they are mostly found in uneven dispersal throughout the habitat. Therefore, finding the tree (by collectors) would probably need expertise and experience.

USAGE OF *Aquilaria* spp. AND GAHARU FORMATION

Gaharu also locally known as karas or agarwood, aloeswood, and eaglewood elsewhere, is from the genus of *Aquilaria*, family of Thymeleaceae (Mabberley, 1997).

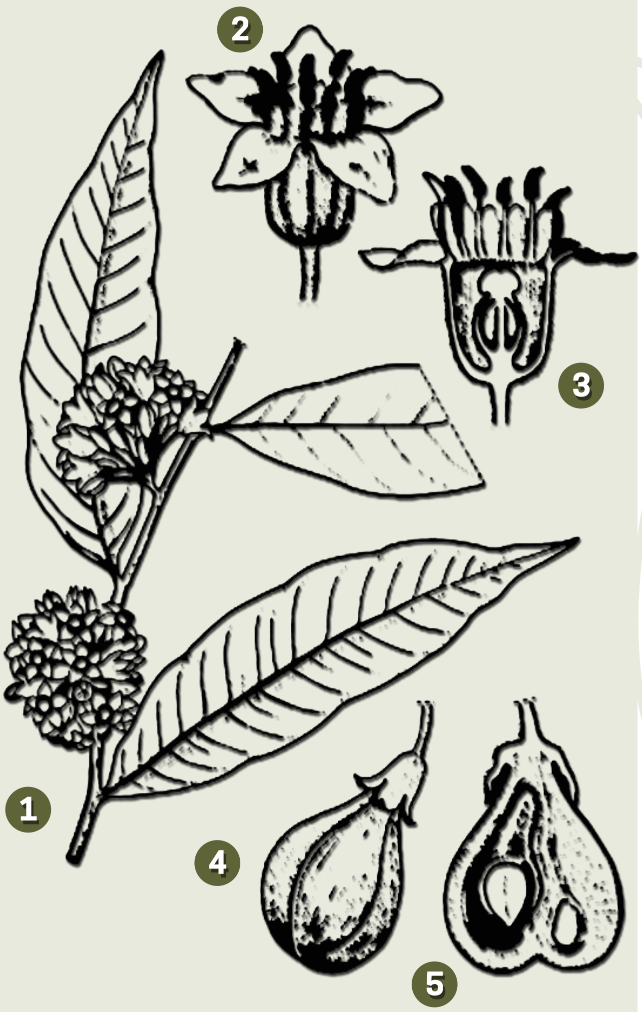
Gaharu is a fragrant resin produced from *Aquilaria* trees and is formed when an injured or wounded tree is attacked by a fungus or certain insects.

Gaharu serves as raw material for the production of many aromatic medicinal products such as stimulants, tonic and carminatives medicines.

The essential oil extracted from the wood also serves as constituents for medicine while the scented wood is used as incense. It is also highly sought for perfumes and cosmetics.

Three hypotheses exist regarding gaharu formation, namely that it is the result of pathological, wounding or pathological and non-pathological processes. According to Ng et al. (1997), studies have not provided conclusive evidence for any of these hypotheses. Oldfield et al. (1998) stated that resin production is in response to fungal infection. On the other hand, Heuveling van Beek (1999) stated that gaharu formation is in response to wounding. He added that fungal infection can increase resin production as the host responds to increased damage due to fungal growth.

Aquilaria trees are naturally infected by a variety of fungi including *Aspergillus* spp., *Botryodyplodia* spp., and *Diplodia* spp. The ecological interaction between the host tree and the wound in order to produce gaharu is poorly understood. Other factors such as the age of the tree, differences in the tree caused by seasonal variation, environmental variation and genetic variation of *Aquilaria* spp. may also play an important role in gaharu formation.



***Aquilaria malaccensis* LAMK - 1 flowering branch; 2, flower; 3, longitudinal section through flower; 4, flruit; 5, longitudinal section through fruit.**

Official working visit by YB Dato' Sri Dr. Wee Jeck Seng, Deputy Ministry of Plantation Industry and Commodity to NZA Wood Trading Sdn. Bhd.


Field Visit for the Malaysian Grading Rules for Sawn Hardwood Timber (MGR) Rantau Panjang, Terengganu 15-18 March 2021

Working Visit to Jus Reservoir Karas Plantation, Melaka, 9 March 2021