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- WEBINAR BRIEFING ON EXPORT AND IMPORT LICENSING PROCESSES OF WOOD PRODUCTS - NEW POLICIES AND REQUIREMENTS
- REFRESHER COURSE FOR MTIB KARAS AUDITORS

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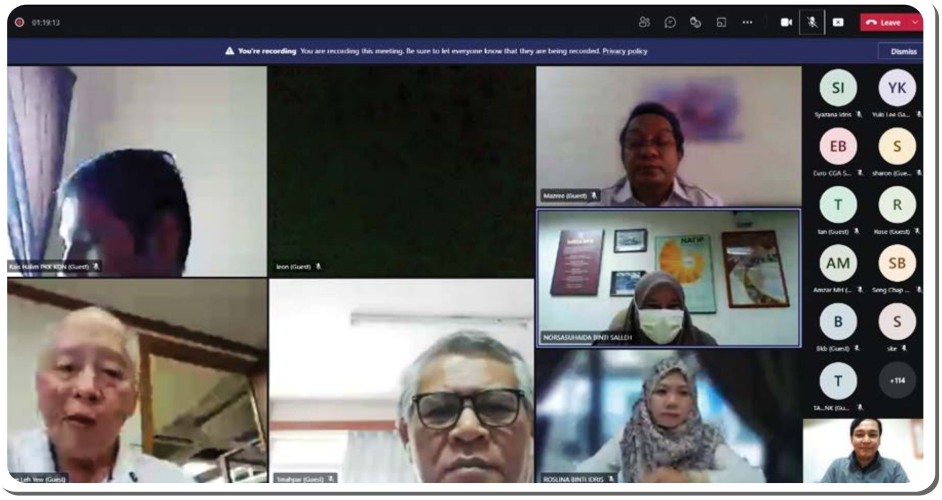
WEBINAR BRIEFING ON EXPORT AND IMPORT LICENSING PROCESSES OF WOOD PRODUCTS - NEW POLICIES AND REQUIREMENTS

A series of briefings entitled Briefings on Export and Import Licensing Processes of Wood Products - New Policies and Requirements were organised by MTIB in order to notify the industry of such new processes and amendments to MTIB's policies with regard to processes and activities in registration, licensing, enforcement, grading and payment methods. The briefings also aimed to introduce a new online application system for licensing process - iTimber. This system will be implemented to replace the existing MTIB Core System and it is expected go live in October 2021.

Held in 4 virtual sessions, 10th May 2021, 26th May 2021, 16th June 2021 and 28th July 2021 respectively, the briefings provided information on the new processes and amendments in line with the introduction of iTimber, the new licensing and enforcement electronic application system. The third session was officiated by Deputy Director General (Management and Operations), Haji Kamaruzaman Othman while the last session was officiated by Deputy Director General (Development and Commercial), Haji Mahpar Atan.



In general, the procedures for import and export activities involves licensing and compliance requirements before shipping of goods, arranging of transportation and warehousing after the unloading of goods, and getting customs clearance as well as paying taxes before the release of goods. MTIB, as the regulatory body, is responsible for the issuance of export and import permits so all license issuance processes need to be well regulated.

Other new policies and requirements presented by MTIB included the registration process, licensing process, enforcement matters, timber grading requirement as well as payment methods and finance matters. MTIB is taking steps to ensure that the processes along the timber industry chain function smoothly.

The briefing sessions also acted as a platform for timber industry players to raise any issues pertaining to their business and relevant activities. All briefing sessions were slotted with Question and Answer (Q&A) sessions to ensure that the information is delivered as effectively as possible and that it is understood and accepted by the industry.

During the last webinar session on 28th July 2021, MTIB apprised the participants on the Movement Control Order (MCO) under the National Recovery Plan (PPN) and MTIB's Licensing Management role in reflecting the move. It was explained in detail on the compliances that has been implemented by MTIB within respective territories of Enhanced Movement Control Order (EMCO), Phase One and Phase Two of MCO under the PPN.

More than 900 participants showed their interest and registered to participate the respective sessions. The timber industry was clearly supportive of the move, particularly in simplifying the entire licensing process, acknowledging MTIB as a regulatory agency. The virtual sessions were conducted by a team led by Hajah Roslina Haji Idris, Director of the Licensing and Inspectorate Division. The sessions were attended mostly by industry players, traders and government agencies as well as MTIB personnel.

Banner of 4th session of the Webinar

MYANMAR

EXPORTS OF WOOD PRODUCTS SUSPENDED

The government procedures for monitoring exports of wood products were suspended by Forest Department after the government announced the closure of government departments in response to the recent surge in corona infections across the country. The result of this action is that timber exports are stalled. The Myanmar Timber Enterprise has not resumed the tender sale of logs. The Myanmar Port Authority (MPA) issued a statement saying port operations will continue handling incoming international shipments .

ITTO Tropical Timber Market (TTM) 16 – 31 July 2021

INDONESIAN

AMBASSADOR VISITS UK TIMBER COMPANIES

In a bid to encourage UK timber importers to increase their purchase of wood products from Indonesia, a delegation from the Embassy in the UK led by Indonesian Ambassador, Desra Percaya, recently visited a number of timber companies in the country. During the visits the Ambassador said there is an opportunity to gain from the UK-Indonesia FLEGT-VPA and ensure that high-quality timbers remain firmly established in UK industry's supply chain.

Green Deal and Fit For 55 Climate Package

The European Union Ambassador to Indonesia, Vincent Piket, in speaking with the press explained the European Green Deal and the Fit for 55 Climate package. In July this year the European Commission adopted a package of proposals to make the EU's climate, energy, land use, transport and taxation policies fit for reducing net greenhouse gas emissions by at least 55% by 2030, compared to 1990 levels. Achieving these emission reductions in the next decade is crucial to Europe becoming the world's first climateneutral continent by 2050 and making the European Green Deal a reality. The Commission presented the legislative tools to deliver on the targets agreed in the European Climate Law and fundamentally transform the economy and society for a fair, green and prosperous future. The Ambassador said this would not affect trade with Indonesia or the Comprehensive Economic Partnership Agreement (CEPA) free trade negotiations with Indonesia. But mentioned it is possible that there will be additional regulations to prevent the entry into the EU of products that damage the environment.

www.ttjonline.com, 19 July 2021

INDIA

HOME SALES REMAIN SLUGGISH

Home sales in the second quarter (April to June 2021) fell sharply as potential buyers delayed investments. Sales in Delhi NCR, Mumbai, Bangalore and Pune were especially badly hit. Overall, sales were down over 50% compared to the previous quarter and it was in the Tier II and III cities that the steepest declines were seen. However, enquiries from potential buyers improved in June as the rate of corona infections dropped allowing some lock-down measures to be lifted. Analysts anticipate a higher rate of sales in the 3 months after June supported by stable interest rates and subsidies on stamp duty and registration charges. Building companies have been kept afloat during the pandemic by government initiatives in loan restructuring and tax rebates. This support has helped builders complete ongoing projects but with an unsold housing stock and weak demand house prices are under pressure.

ITTO Tropical Timber Market (TTM) 16 – 31 July 2021

CHINA

RISE IN CHINA'S HARDWOOD LOG IMPORTS

According to China's Customs data hardwood log imports from the main suppliers rose 21% to 131,154 cubic metres in the first quarter 2020.

The US still is the main supplier of hardwood logs to China and hardwood log imports from the US rose 26% to 115,353 cubic metres which resulted in an increase in total import volumes. The average CIF for China's imported North America hardwood logs grew 12% to USD 477 per cubic metre.

It's worth noting that the volumes of China's hardwood log imports from Serbia surged about 400% to 405 cubic metres in quarter one 2021. This result benefits better trade cooperation between China and Serbia, especially One Belt One Road initiatives. It has been reported that the total value of bilateral goods import and export between China and Serbia rose 52% to USD122.188 billion in 2020.

www.globalwood.org. 16-31 July 2021

JAPAN

IMPORTS OF WOODEN WINDOW

The value of Japan's wooden window imports continued to rise in May. Compared to a month earlier, the value of May imports were 7% up on year on year, May imports were 15% higher. There has been a steady rise in the value of wooden window imports between January and May this year bring average monthly imports back around the same level as in 2020 but well below the value in the same period in 2019 before the impact of the pandemic.

For the first time in years shippers in the US emerged as the top shippers in May accounting for 43% of Japan's imports of wooden windows (HS441810). Shippers in China accounted for a further 37% of May imports followed by the Philippines at 19%.

www.globalwood.org, 1-15 July 2021

QATAR

CONSTRUCTION IN QATAR, KEY TRENDS AND OPPORTUNITIES TO 2025

Qatar's construction industry had slowed down markedly ahead of the Coronavirus (COVID-19) pandemic, with growth averaging 0.4% between 2017-2019.

In 2020, due to the COVID-19 outbreak and the subsequent lockdown measures imposed in the country, the industry declined by 4.2% in real terms in 2020. According to the Planning and Statistics Authority (PSA), the construction industry declined by 4.8% year on year in the fourth quarter of 2020, preceded by declines of 4.6% in quarter three and 4.3% in quarter two 2020.

The publisher expects the industry to recover in 2021, growing by 2.8% in real terms, supported by an improvement in the energy sector, a rebound in the global economy and the ending of the economic blockade of Qatar from January 2021. The blockade had been in place since June 2017, when four Arab countries - Saudi Arabia, the United Arab Emirates, Bahrain and Egypt - cut diplomatic and trade ties with Qatar, and imposed a sea, land and air blockade on the country, claiming it was too close to Iran, and supported terrorism.

Construction output is forecast to record an annual average growth of 4.2% between 2022 and 2025, supported by the Qatar National Vision 2030, under which QAR60 billion (USD 16.4 billion) will be invested in infrastructure and real estate projects by 2025. In addition, the country's plan to increase the Liquified Natural Gas (LNG) production capacity will support investments in oil and gas projects.

The ratification of a new law regulating public-private partnership (PPP) will attract private sector investment in the development of infrastructure, schools and healthcare projects, supporting the industry's growth over the forecast period (2021-2025).

www.businesswire.com, 21 July 2021

GERMANY

RISE IN TIMBER CONSTRUCTION REVENUE

After an increase of 6.0% in sales revenue to EURO 8.3 billion for 2020, the German timber-construction association within the umbrella association of the German building trade (ZDB) is expecting to see a slowing in the growth of sales revenue for 2021. According to the status report "Lagebericht 2021" published on 17 June, the association is anticipating an increase of 3.5% this year to what will then be

EURO 8.6 billion. For weeks now, the increase in purchasing prices for sawnwood and timber-construction products in particular as well as occasional bottlenecks in supply have been causing businesses major costing and predictability problems. In spite of a continuing brisk pace of economic activity in the timber-construction sector, the business prospects are turning out to be more subdued than a few months ago. As in early 2020, the latest survey, performed amongst 470 businesses and thus significantly more than last year, also shows that laborious and bureaucratic authorisation procedures are rated as the biggest obstacles to growth in timber construction. The item of inadequate numbers of skilled labour and employees meanwhile takes second place, and new at third place are problems connected with digitalisation. As such, businesses are faced with the problem that although construction and assembly software have already become standard, entire work processes must be digitalised in the meantime.

Last year, the association counted 11,864 businesses with a total of 71,561 employees. As such, each business had an average of 6 employees. By size, in 2019, the majority of the businesses, 58%, had 1-4 employees, followed by companies with 5-9 employees at roughly 25% and those with 10-19 employees at 14%. Companies with more than 20 employees only accounted for 4% of the total. Businesses with 10-19 employees had the highest proportion of employees in the industry in 2020 at 22,260, accounting for a share of almost 32%.

www.euwid-wood-products.com, 5 July 2021

IRELAND

86 FORESTRY LICENCES ISSUED IN JULY AS TIMBER IMPORTS CONTINUE

Just 86 forestry licences have been processed so far this month despite departmental assurances that 100 licences would be processed on a weekly basis to clear the chronic backlog of applications.

Independent TD Michael Fitzmaurice has described the situation as “a national scandal” as sawmills around the country continue to desperately rely on shipments of timber imports to keep several rural businesses operational.

It comes as the first interim report on the implementation of Project Woodland has recommended a regulatory review on forestry licencing in Ireland; and ahead of yet another Agriculture Committee meeting on the matter.

“The fact that mills around Ireland are being forced to import timber from abroad in order to keep the show on the road is mind boggling, given the amount of timber which is fit to cut around this island,” said the Roscommon-Galway representative.

“There are thousands of licences currently submitted to the Forestry Service of the Department of Agriculture – across clear felling, thinning, roads and afforestation – with applicants yet to receive a decision.

“In the first three full weeks of this month, only 86 licences have been processed. Coillte felling licences amounted to 19, private felling added up to 37, road licences reached 18 and afforestation licences equalled a paltry 12.

Ireland's tree planting level has collapsed back to the rate reached in 1936

“This is despite senior representatives within the Forest Service previously citing a target of processing 100 licences a week in order to reach their annual goal of 4,500.

“Senior representatives and Minister Pippa Hackett may point to hiring more ecologists and the establishment of Project Woodland, but where are the real results?

“We are seven months into the year and only 2,722 hactares of afforestation has been licence – which is a long way from the 8,000 hactares target that we have failed to meet continuously in recent years. The level of incompetency amounts to a national scandal,” the deputy said.

Earlier this week Minister of State at the Departmen of Agriculture Pippa Hackett published the first interim report on the implementation of Project Woodland.

The purpose of the interim reports is to give feedback to members of the working groups across the scope of the project, to keep stakeholders and the general public apprised of developments, and to make recommendations to the minister on next steps.

The report presented two recommendations in particular as requiring immediate action: The need for a regulatory review on forestry licencing in Ireland – a tender for a review team comprising legal, planning and environmental expertise is being published this week on the Government’s eTenders website; plus, a consultation plan for the development of a new National Forest Strategy.

www.independent.ie, 30 July 2021

CANADA

BUILDING CONSTRUCTION PRICES CONTINUE TO BREAK RECORDS

Statscan reports residential building construction prices rose 7.5% in quarter two 2021—the largest increase since the series began in 2017—accelerating from a 4.9% increase in the first quarter.

Non-residential building construction prices (+3.7%) grew at their fastest pace since the second quarter of 2008.

Construction costs for single-detached houses and apartment buildings contributed the most to the residential building construction price growth in the second quarter. The price increase for non-residential construction was mostly attributable to office buildings, warehouses and shopping centres.

Higher residential building construction prices in quarter two were largely due to record-high lumber and wood product prices. Prices for lumber and other wood products increased by 27.9% from the first to the second quarter of 2021.

This price surge was due to ongoing supply chain constraints, combined with high demand for new houses and renovations, as well as low interest rates, Statscan suggests. The supply chain constraints included ongoing operational delays at sawmills, as well as transportation difficulties.

Additional demand from across the border-reflected by higher values of exports of forestry products and building and packaging materials (+8.9%) in May-further added to building material shortages domestically.

In quarter two 2021, residential building construction prices rose in every census metropolitan area (CMA) covered by the survey, mainly driven by higher costs to build single-detached houses in Toronto, Calgary and Ottawa.

Higher prices for single-detached houses were partly related to the demand for more living space during the lockdowns for a home office or remote learning, and because of the increased need for lumber in building a single-detached house, relative to a multi-family dwelling.

Non-residential building construction price increases were driven by higher construction costs in Toronto, Vancouver and Montreal.

Demand for warehouse space continued to climb with retail e-commerce sales increasing by 4.8% from February to May. This increased demand, combined with supply shortages particularly of concrete and structural steel—raised costs for non-residential construction in the second quarter.

Nationally, residential construction building prices increased 18.8% year-over-year in the second quarter which the largest increase since the data series began in 2017 and it led by higher construction costs for single-detached houses (+23.9%).

Construction costs for residential buildings rose at the fastest pace in Calgary (+31.4%), Ottawa (+28.4%), as well as in Toronto and Edmonton (both up 22.4%) in the second quarter.

Non-residential construction building prices rose 5.7% year-over-year which the largest increase since the fourth quarter of 2008.

www.ebmag.com, 28 July 2021

UNITED STATES (US)

HOUSING STARTS RISE IN JUNE, WHILE BUILDING PERMITS FALL SHARPLY

U.S homebuilding increased more than expected in June, though expensive lumber, as well as shortages of labor and land, continued to constrain builders' ability to fully take advantage of robust demand for housing.

Housing starts rose 6.3% to a seasonally adjusted annual rate of 1.643 million units last month, the Commerce Department said. Data for May was revised down to a rate of 1.546 million units from the previously reported 1.572 million units.

Economists polled by Reuters had forecast starts rising to a rate of 1.590 million units. Despite last month's increase, starts remained below March's rate of 1.725 million units, which was the highest level since June 2006.

Permits for future homebuilding fell 5.1% to a rate of 1.598 million units in June.

Though lumber futures have dropped nearly 70% from a record high in early May, softwood lumber prices increased 125.3% year-on-year in June, according to the latest producer price data.

Demand for housing is being driven by low interest rates and a migration from cities in search of spacious accommodations in the suburbs and other low-density areas for home offices and schooling during the

COVID-19 pandemic. But that tailwind is gradually fading as vaccinations allow companies to recall workers back to offices in city centers.

The supply of previously owned homes is near record lows, leading to double-digit growth in the median house price.

A survey from the National Association of Home Builders on Monday showed confidence among single-family homebuilders fell to an 11 month low in July. The NAHB noted that "builders continue to grapple with elevated building material prices and supply shortages, particularly the price of oriented strand board, which has skyrocketed more than 500% above its January 2020 level."

Homebuilders and a group of other stakeholders met last Friday with White House officials, including Commerce Secretary Gina Raimondo and Housing and Urban Development Secretary Marcia Fudge, to discuss strategies to address the short-term supply chain disruptions in the homebuilding sector.

www.cnbc.com, 20 July 2021

AUSTRALIA

BUILDING COSTS TO RUN AHEAD OF INFLATION

Building costs across all major Australian markets are growing faster than inflation – a trend that looks set to continue for years due to construction demand outstripping supply for both labour and materials.

Disruptions caused by COVID-19 are largely to blame with global supply chain issues negatively impacting both material delivery and pricing, while state and international borders have led to intractable labour shortages.

These are among the findings of the 12th International Construction Market Survey from Turner & Townsend, which reveals that government money and low interest rates are fuelling a global construction boom.

Of the 90 markets surveyed just six were deemed "cold" based on current construction tendering conditions compared with 53 that are either "warm, hot or overheating". The rest are "lukewarm".

All Australian state capitals are "warm" with a positive outlook over the next few years, notwithstanding the ever looming uncertainty of COVID-19. Matt Billingham, Australian real estate lead for Turner & Townsend, said it's difficult to calculate the longer-term impact of the current two-week Sydney construction lockdown, which ends on July 31.

"It remains to be seen how clients and contractors react to that, whether it leads to a significant amount of claims either way for delays," Mr Billingham said.

"With regard to prices going forwards, our view is that contractors are going to be [increasingly] pricing in schedule risk."

COVID-19 shutdowns aside. The report predicts the Sydney, Perth and Brisbane markets will experience annual construction cost hikes of more than 3% up to the end of 2023.

More modest yearly increases of 2.5 per cent are expected in Melbourne and Adelaide.

Sydney remains the most expensive place to build in Australia even though it has slipped from position 13 to 45 in the rankings, a reflection of rapidly rising costs elsewhere.

The average cost to build in Sydney is USD 2640 square meter – less than half the rate of Tokyo, the most costly city in which to undertake construction at USD 5465 square meter, followed by Hong Kong (USD 5317 square meter) and San Francisco (USD 5080).

Melbourne building costs are USD 2576 square meter, followed by Brisbane (USD 2448 square meter,), Perth (USD 2142 square meter) and Adelaide (USD 2070 square meter).

Mr Billingham said demand for both labour and materials is outstripping supply.

"There's an infrastructure boom going on across Australia with a huge amount of investment in road and rail," he said.

"We're seeing a lot of government stimulus and invest ment in education, health and social infrastructure."

He said private sector development has been patchy to date but expects it to accelerate, spurred by low interests rates.

"There's a worsening situation with labour shortages across all of our key markets," Mr Billingham said. "Ordinarily when the borders are open our pressure relief valve is immigration but that's not an option now.

"That's having an impact on labour costs, which are going up.

"It also creates problems for contracting organisations and their ability to deliver projects on time."

The other big issue is building material costs.

According to Turner & Townsend data, in Sydney over the past 12 months the cost of steel has risen 10%, while timber prices have soared 24%.

"And we're anticipating further prices increases with global supply chain issues expected to continue through 2022," Mr Billingham said.

www.commercialrealestate.com.au, 27 July 2021

MALAYSIA

Freight forwarders call for govt intervention as logistic rates soar

Freight forwarding industry needs the government to intervene to help bring down overseas logistics rates which have escalated almost 10 times compared to pre-COVID-19 period, said an industry member. Freight forwarder Mory-Tnte Mondial Express Sdn Bhd Chief operating officer, N. Thaswin said a 40-footer container that goes to the United States (US) during pre-COVID-19 would be in the range of US$3,000 to US$4,000 per container and the same container amounts to about US$22,000 to US$23,000 currently.

"It (the freight costs) is ridiculous. Other countries are getting involved whereby they've conducted dialogues with carriers where they're given incentives for a possibility to reduce their freighting cost. "Malaysia manufacturing companies are among the biggest in South East Asia and there is a lot of foreign direct investments involved and these (high freighting rates) are taking a toll on manufacturers because even though they're able to manufacture goods, but due to increase in freight costs they're unable to export.

"We hope the government will be able to intervene in escalating logistics cost to see how they (the government) can help the logistics companies," he told Bernama after witnessing the arrival of MV Tonsberg, one of the biggest roll-on/roll-off ships, at Westports here today. Shipping lines are monopolising because of losses that were incurred to them during COVID-19, particularly in the first six months of world economy lockdown.

"They're unable to operate and move goods, so now they're trying to recover that. Most of the shipping lines are in an alliance so they have a general rate increase every month which has to be complied by all the shipping lines that are in alliance group, " he said.

He cited Westports as an example, saying that the government will be able to work with Westports to give certain incentives to shipping lines that come into Port Klang where by those shipping lines will be considered giving more competitive, interesting and cheaper rates compared to other shipping lines in other countries.

Source:The Star, 17 August

CHINA

Yantian sets new volume-handling records for single vessel in China

HUTCHISON Ports Yantian (Yantian) has achieved new records for the largest number of moves handled for a single vessel within two days.

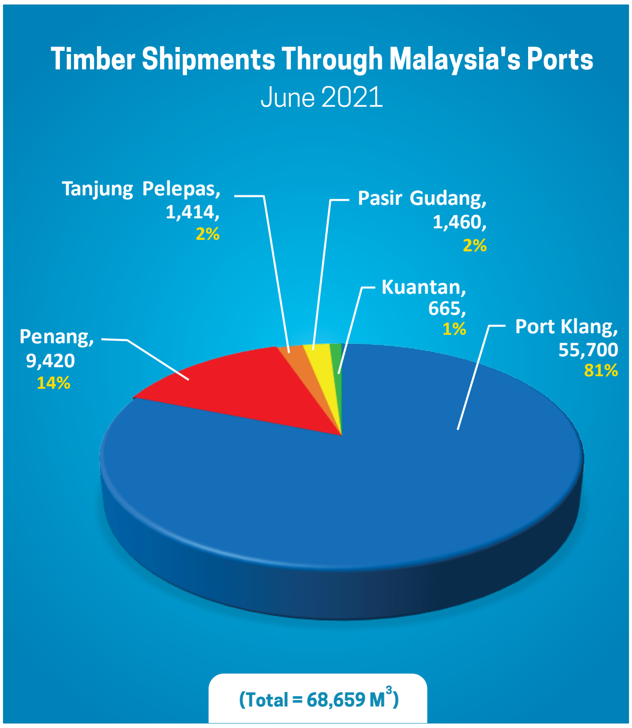
The port said it handled 22,398 TEU, marking a record-breaking of moves in China when serving Mediterranean Shipping Company's MSC FLAVIA.

Two days prior to setting the country's record, Yantian loaded and unloaded 21,472 TEU during the stay of APL Raffles under CMA CGM Group, which has exceeded Yantian's previous record of 18,447 TEU in 2020 by 16%.

Commenting on the achievement, Lawrence Shum, managing director of Yantian, said: "It is indeed a great challenge to handle such huge volume of containers in a short timeframe swiftly and smoothly, while up-keeping stringent Covid preventive and control measures at the port.

"Thanks to our team's restless efforts and dedication, we made this happen and broke the record two times in a row. I would also like to thank shipping lines and shippers' continuous confidence in Yantian's capabilities, efficiency and service level."

Source: Asian Shipper



EUROPE

Container shipping giant freezes spot rates amid trade chaos

The world's third-largest container carrier said it's capping spot rates for ocean freight for the next five months, yielding to pressure from some customers and regulators concerned that global trade disruptions have pushed the cost of shipping too high.

"Although these market-driven rate increases are expected to continue in the coming months, the group has decided to put any further increases in spot freight rates on hold for all services operated under its brands," CMA CGM SA said in a statement on its website.

The decision, which will resonate throughout the industry, took effect Thursday and runs through Feb. 1. Based in Marseille, France, the company said it's "prioritizing its long-term relationship with customers in the face of an unprecedented situation in the shipping industry." The cost of shipping a 40-foot container from Shanghai to Los Angeles reached $11,569 in the past week, nearly eight times higher than pre-pandemic levels, according to the Drewry World Container Index.

Global supply chains, with container shipping as their backbone, are struggling to keep pace with the demand for goods and overcome labor disruptions caused by Covid outbreaks. One illustration of the strained system is the queue of ships outside the twin California ports of L.A. and Long Beach, which jumped to a record 49 vessels.

The Federal Maritime Commission in Washington announced the membership of its newly formed National Shipper Advisory Committee. The panel of 24 members representing exporters and importers will "advise the commission on policies relating to the competitiveness, reliability, integrity, and fairness of the international ocean freight delivery system."

Source: The Edge Markets, 10 September

JAPAN

Japanese Bulker Breaks Apart After Stranding off Japan

A Japanese dry bulk carrier transporting wood chips grounded during a storm and later broke apart off the port of Hachinohe on the northeast coast of Japan's main island of Honshu. The Japan Coast Guard successfully evacuated the crew without incident and initially reported that the vessel was not in danger.

The 39,910 gross ton Crimson Polaris operated by NYK Line was reported to be inbound on August 11 from Thailand fully loaded with 44,000 tons of wood chips when the vessel encountered a steering problem. It was washed ashore by strong winds. Media reports indicated that the captain reported losing control although NYK said in a statement that the vessel had anchored outside the port due to the severe weather.

In its first report NYK said that some cargo had leaked from the vessel due to damage to the hull. The Japan Coast Guard reported that it had not seen an oil spill and they believed the vessel was safe. However, at 4:15 a.m. on August 12 the Crimson Polaris broke in two The vessel was built in 2008 and owned by MI-Das Line just forward of the deckhouse. The wreck is approximately 2.5 miles offshore. An undetermined amount of oil has reportedly spilled with an investigation and containment efforts underway.

The vessel was built in 2008 and owned by MI-Das Line (Doun Kisen) and registered in Panama. It was managed by Misuka Kaiun. It was a dedicated wood chip carrier with dimensions of 656 feet in length and a 106-foot beam.

Source: The Maritime Executive, 11 August

UNITED STATES

Port Houston posts best month ever for box traffic in July

PORT Houston says July was the biggest month ever recorded for container units, with 297,621 TEU moved, surpassing the previous record set in March by more than 73,000. July saw a 27% increase in TEU year over year and was the fifth month of 2021 recording double-digit growth compared to last year.

Executive director of Port Houston, Roger Guenther, said consumers are spending at unprecedented levels, driving an increase in cargo across all commodities even as the global supply chain experiences significant challenges like schedule disruptions and vessels backed up waiting to get into ports .

"Port Houston is not immune to many of the challenges facing our industry, and we are committed to addressing these head-on, " Mr Guenther said in a statement. "We continue to invest in our infrastructure so we are ready for future growth." In July, the port commission approved a US$37 million contract to purchase three new dockside electric container cranes for Wharf No 6 at the Bayport Container Terminal, which is currently under construction.

Port Houston also recently received five new hybrid rubber-tired gantry cranes, and another four cranes are expected to arrive by the end of the month. The additional cranes are part of a strategic plan to optimise infrastructure at the port to increase capacity along the Houston Ship Channel, officials said.

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

Products	Port Klang		Kuantan		Pasir Gudang		Tanjung Pelepas		Penang		(m3)	% change May/June
	m3	% Change	m3	% Change	m3	% Change	m3	% Change	m3	% Change		
Sawntimber	26,656	-48	79	-99	109	-84	85	-82	1,465	-73	28,394	-58
MDF	8,857	-26	0	-100	550	-84	560	-54	1,972	-60	11,939	-46
Mouldings	5,060	-48	1	-98	801	-47	729	3	173	-86	6,765	-49
Plywood	10,008	195	584	89	0	-100	0	-100	1,648	-65	12,240	39
Veneer	302	-64	0	0	0	0	40	-41	847	-62	1,189	-62
Particleboard	4,818	-71	0	0	0	-100	0	0	3,314	-53	8,131	-67
TOTAL	55,700	-41	665	-93	1,460	-78	1,414	-44	9,420	-63	68,659	-51

Note : Indicates percent change over the previous month

Source : MTIB

Despite coronavirus-caused supply chain disruptions, total import tonnes crossing all of Port Houston's docks in July increased 25% year over year to 2.1 million, while total export tonnes decreased 1% to 2.2 million. Movement of empty export containers at the port surged 522% year over year to 75,964 TEU, compared to 12,212 in July 2020 , while empty import containers decreased 58% to 9,003 TEU.

There is a global shortage of containers, with many shippers repositioning empty containers back to Asia as quickly as possible, reports New York's FreightWaves.

Source : Asian Shipper

Record backlog of cargo ships at California ports

Some 65 cargo ships have been forced to queue outside two of America's biggest ports, in the latest sign of supply chain disruption hitting the US. The ships are stuck outside the ports of Los Angeles and Long Beach, California, which handle 40% of all cargo containers entering the country.

Before Covid, it was unusual for more than one to wait for a berth. The backlog is linked to surging demand for imports as the US economy has reopened. Retailers and manufacturers have rushed to place orders and restock their inventories, but the global shipping system is struggling to keep up.

It's contributed to shortages of children's toys, timber, new clothes and pet food, while also pushing up consumer prices. Gene Seroka, head of the Port of LA, last week warned that a "significant volume" of cargo was "headed our way throughout this year and into 2022". "We continue to monitor a host of variables; disruptions continue at every node in the supply chain," he said.

Source : BBC News, 21 September

JUNE 2021

Total export of Malaysian timber and timber products in Jun 2021 decreased by 26% in valued totalled RM1.4 billion from RM1.9 billion in the previous month. However, cumulative export for the period of January to Jun 2021 increased 21% valued at RM11.6 billion over the previous corresponding period.

SAWNTIMBER

Total export of sawntimber in Jun 2021 decreased by 48% in volume at 55,565 m³ and 28% in value at RM106.5 million as compared to the previous month. However, cumulative exports for the period of January to June 2021 increased by 4% in volume and 8% in value to 605,132 m³ totalling RM1.2 billion over the previous corresponding period.

Exports of sawntimber to the EU for the month decreased by 48% to 3,010 m³ over the previous month as a result of the low demand from major countries in the region. Exports to Germany decreased by 68% to 221 m³ from 680 m³ recorded in the previous month followed by Italy and Greece decreased 93% and 79% to 35 m³ and 40 m³ respectively. Similarly, the Netherlands as the main buyer also decreased 38% to 1,682 m³ from 2,722 m³ in the previous month. Belgium and Italy recorded negative growth at 45% and 93% to 966 m³ and 534 m³ for the month. Meanwhile in other European countries, exports to the UK increased significantly to 288 m³ from only 59 m³ in the previous month.

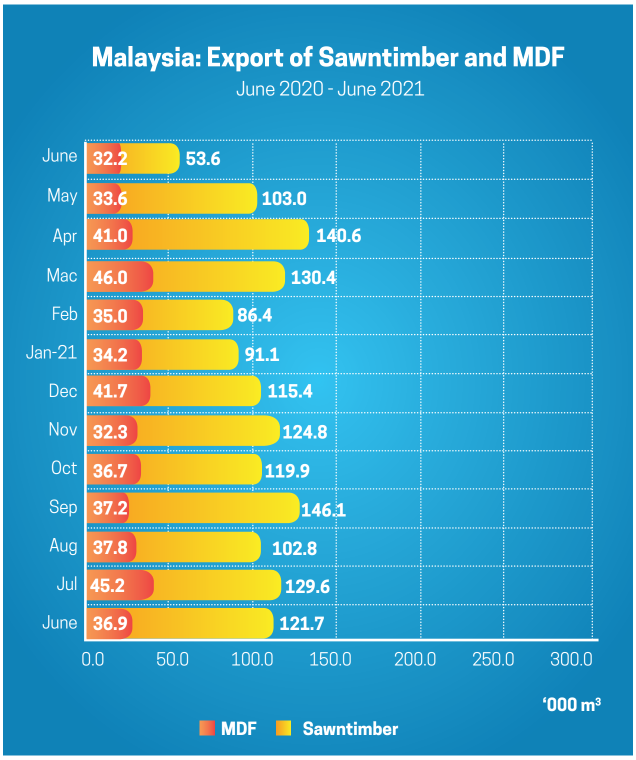
Similarly, total export to West Asia also decreased by 44% to 11,202 m³ from 19,882 m³ recorded in the previous month. Yemen as the main buyer from West Asia decreased by 58% to 4,492 m³ from 10,575 m³ recorded last month. Similarly, exports to Iraq also decreased by 89% to 187 m³ from 1,751 m³ followed with Oman by 39% to 850 m³ from 1,401 m³ recorded in the previous month. Exports to the UAE also decreased by 2% to 4,281 m³ from 4,351 m³ recorded last month followed with Qatar by 70% lower to 336 m³. Meanwhile, exports to Saudi Arabia increased significantly to 925 m³ from only 123 m³ recorded in the last month.

Elsewhere, buying from ASEAN decreased by 77% to 8,098 m³ from 34,795 m³ as registered in the previous month. Thailand as the main buyer in ASEAN decrease its intake by 93% to 1,035 m³ from 14,629 m³ as recorded in the previous month. Similarly, exports of sawntimber to the Philippines decreased by 72% to 3,453 m³ from 12,254 m³ last month. Exports to Singapore also decreased by 53% to 3,012 m³ from 6,360 m³ as recorded in the previous month followed by Viet Nam and Indonesia lower 45% and 88% to 513 m³ and 74 m³ respectively from 940 m³ and 612 m³ recorded in the previous month.

Similarly, shipments to East Asia also decreased by 24% to 17,488 m³ from 23,095 m³ in May. China as the main buyer decrease purchases by 13% to 10,686 m³ from 12,338 m³ in the previous month. Likewise, exports to Taiwan and Japan also decreased by 51% and 20% to 2,911 m³ and 2,170 m³ respectively from 5,920 m³ and 2,699 m³ as recorded in the previous month followed by South Korea declined 28% to 1,458 m³. Meanwhile, Hong Kong's intake increased significantly to 263 m³ from only 96 m³ last month.

Exports to the USA decreased by 93% to 216 m³ followed with Australia by 38% to 519 m³ compared from 834 m³ in the previous month. Similarly, demand from South Africa also decreased by 47% to 1,272 m³ from 2,381 m³ recorded in the previous month.

The average FOB price of sawntimber increased by 5% to 1,988 per m³ from 1,893 per m³ in the previous month. Meanwhile, price of Dark Red Meranti to the Netherlands decreased by 43% to 1,373 per m³ from 2,392 per m³ previously. Keruing was traded at 2,226 per m³, decreased slightly from 2,256 per m³ in the previous month.



PLYWOOD

Export of plywood in June 2021 recorded an increase both in volume by 7% to 133,237 m³ and in value by 20% totalled RM300.0 million compared to the previous month. Meanwhile, cumulative export for January-June 2021 based on year-on-year reduced in volume by 4% to 760,003 m³ but recorded an increase in value by 3% worth RM1.5 billion over the previous corresponding period.

Export of plywood to the EU increased by 91% to 453 m³ for the month from 237 m³ in the previous month. Denmark and Ireland increased its buying to 86 m³ and 338 m³ for the month. However, Belgium, France, Germany, Italy and the Netherlands didn't make any purchases for the month. Export to UK increased by 11% to 10,454 m³ and Turkey doesn't make any purchase for the month.

Moving to ASEAN and East Asia region, the region recorded an increase in volume by 9% to 90,986 m³ compared to 83,567 m³ in the previous month. Japan as the main importer of Malaysian plywood increased its stock intake by 30% to 74,565 m³ from 57,262 m³ in the previous month. Hong Kong increased its buying by 4% to 1,043 m³. Exports to China, South Korea and Taiwan reduced by 55% to 1,436 m3, 44% to 7,536 m³ and 6% to 3,141 m³ respectively. Meanwhile, Malaysia's plywood trade with its ASEAN partners showed mixed trend for the month. Singapore decreased its intake by 50% to 1,038 m³ for the month, followed by Thailand 60% to 716 m³ and the Philippines 48% to 434 m³. Brunei increased its buying by 185% to 665 m³ and Indonesia does not make any purchase for the month.

Plywood export performance in West Asian region were down by 77% to 2,606 m³ for the month. Being the largest importer of Malaysian plywood in the region for the month, Yemen recorded a decrease in intake by 76% to 1,870 m³. Similarly, Saudi Arabia and UAE also reduced its buying by 93% to 21 m³ and 70% to 373 m³ respectively. Meanwhile, Bahrain, Kuwait and Qatar didn't make any purchase for the month.

Export to the African region recorded an increase of intake by 361% to 549 m³ over 119 m³ in the previous month. Despite reduced export in the region, exports to Morocco and South Africa increased to 420 m³ and 129 m³ respectively. Meanwhile, Mauritius and Sierra Leone did not make any purchases for the month. Moving to our main buyer in the Americas region, the USA increased its intake of plywood by 70% to 25,551 m³ from 15,000 m³ last month. Canada also increased its intake by 118% to 519 m³ for the month. Meanwhile, Mexico reduced its export by 43% to 1,142 m³. While in the Oceania region, export to Australia decreased by 63% to 684 m³ and New Zealand resumed its intake to 64 m³ for the month.

The FOB price of plywood has increased by 12% to RM2,251 per m³ fro RM2,002 per m³ in the previous month.

VENEER

Export of veneer for June 2021 reduced both in volume by 15% to 3,245 m³ and in value by 28% worth RM5.0 million as compared to the previous month. Similarly, cumulative export for January-June 2021 recorded a decrease both in volume by 4% to 27,712 m³ and in value by 3% to RM44.7 million over the previous corresponding period.

Export to China decreased by 53% to 550 m³, followed by Taiwan, export down by 91% to 72 m³, India 68% to 112 m³ and South Korea 33% to 451 m3. However, USA and Australia increased their buying by 200% to 210 m³ and 66% to 91 m³ respectively. The Philippines also increased its intake by 163% to 737 m³ for the month. Singapore, Canada, Italy and Vietnam did not make any purchases for the month.

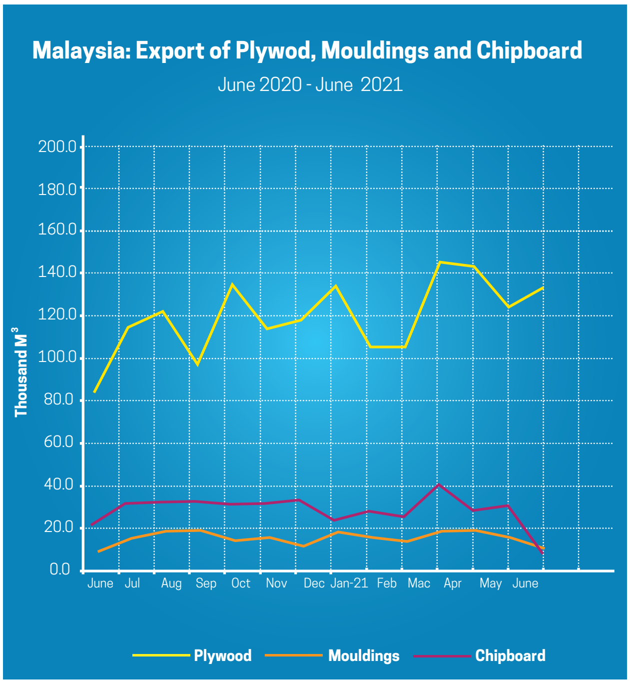
The FOB price of veneer for June 2021 is at RM1,536 per m³, a decrease by 15% from RM1,810 per m³ on the previous month.

MEDIUM DENSITY FIBREBOARD (MDF)

Export of MDF in June 2021 recorded a decrease in volume by 4% to 32,220 m³ but increased in value by 4% worth RM55.9 million compared to the previous month. Similarly, cumulative export for January-June 2021 based on year-on-year reduced in volume by 20% to 221,984 m³ and in value by 8% to RM350.1 million over the previous corresponding period.

Export performance to ASEAN member countries decreased by 3% to 8,072 m³ from 8,305 m³ in the previous month. Export to the Philippines increased by 25% to 4,983 m³ for the month. However, exports to Indonesia and Viet Nam reduced by 32% to 1,687 m³ and 17% to 1,236 m³ respectively. Meanwhile, Singapore does not make any purchase for the month. Moving to East Asia region, export to the region decreased by 5% to 11,165 m³ for the month from 11,758 m³ in the previous month. Japan as the major importer of MDF in the region has decreased its buying by 7% to 9,485 m³. Similarly, export to South Korea reduced by 10% to 590 m³ for the month. Meanwhile, exports to Taiwan and China including Hong Kong increased by 12% to 706 m³ and 31% to 384 m³ respectively.

Shifting to South Asian region, export to the region increased by 10% to 5,521 m³ for the month. Exports to Bangladesh and Pakistan increased to 994 m³ and 2,797 m³ respectively. However, India and Sri Lanka decreased its intake by 34% to 1,345 m³ and 40% to 385 m³ respectively. Similarly, export to West Asian region recorded an increase by 144% to 4,049 m³ from 1,661 m³ the previous month. Exports to Oman, UAE and Qatar increased by 946% to 2,239 m³, 12% to 1,411 m³ and 293% to 169 m³ respectively. Kuwait resumed its intake to 230 m³ for the month. Meanwhile, Bahrain, Iran, Jordan, Lebanon, Saudi Arabia and Syria did not make any purchases for the month.



Elsewhere, exports to USA and South Africa increased by 556% to 332 m³ and 11% to 1,064 m³ respectively, for the month. Export to Australia increased by 47% to 1,076 m³ while Sudan and UK did not make any purchases for the month.

The FOB price of MDF increased by 8% to RM1,737 per m³ from RM1,606 per m³ from the previous month.

MOULDINGS

Exports of mouldings for the month decreased by 27% in volume and 24% in value to 11,697 m³ worth at RM47.5 million. However, cumulative exports for the period of January – June 2021 increased by 14% in volume and 22% in value to 95,729 m³ worth at RM380.7 million as compared to the previous corresponding period in 2020.

Exports to the EU for the month recorded at 4,087 m³, decreased 32% as compared to the previous month. The Netherlands and Germany decreased their purchases by 35% and 28% to 2,691 m³ and 487 m³ respectively while Belgium increase by 155% to 597 m³ compared to the previous month. However, Italy did not make any purchases. Meanwhile, the UK recorded a decrease of 67% to 127 m³ for the month.

Exports to ASEAN region increased as Viet Nam, Singapore and Thailand decreased their purchases by 77%, 58% and 41% to 165 m³, 282 m³ and 45 m³. Meanwhile, Indonesia did not make any purchases.

Likewise, China and Hong Kong increased its intake by 269% and 190% to 487 m³ and 304 m³ compared to the previous month. However, Taiwan, South Korea and Japan decreased their purchases by 64%, 44% and 28% to 47 m³, 581 and 781 m³ respectively.

Elsewhere, export to Canada and the US increased by 98% and 12% to 85 m³ and 3,390 m³ respectively. However, Australia decreased their purchases by 28% to 781 m³ compared to the previous month.

Average FOB unit value for mouldings increased marginally to RM4,054 per m³ compared to RM3,913 per m³ in the previous month.

BUILDERS JOINERY AND CARPENTRY (BJC)

Export of BJC for June 2021 recorded a decrease by 49% in volume and 44% in value to 5,703,983 kg worth RM47.7 million from last month. Total BJC cumulative exports for the same corresponding period last year increased 23% to RM520.0 million as compared to RM424.3 million. Export to the EU decreased 5% to RM97.7 million. Export to Turkey, the Netherlands, Sweden and Belgium increased by 429%, 89%, 39% and 5% to RM376,828, RM15.7 million, RM13.2 million and RM26.4 million respectively. However, export to Italy, France, Germany and Denmark decreased by 70%, 21%, 15% and 10% to RM802,378 RM7.0 million, RM8.2 million and RM10.1 million compared to the previous month. Export to the UK, however increased by 32% to RM71.4 million from last year.

In Asia, Qatar and Bahrain increased both by 100% to RM1.1 million respectively. Similarly, UAE, Pakistan, Singapore, Viet Nam and Egypt increased by 116%, 75%, 51%, 41% and 18% to RM812,981, RM1.1 million, RM23.4 million, RM9.2 million and RM628,308 respectively. However, exports to South Korea, Taiwan, Thailand, Japan and India decreased by 56% 24%, 23%, 16% and 5%, to RM566,247, RM4.6 million, RM8.2 million, RM21.1 million and RM15.9 million compared to the previous month. Meanwhile, Saudi Arabia did not make any purchases for the month.

Export to the US, Australia and South Africa increase by 56%, 18% and 5% to RM128.2 million, RM90.5 million and RM4.3 million respectively. Meanwhile, Mauritius decreased by 35% to RM 327,626 compared to the previous month.

FURNITURE

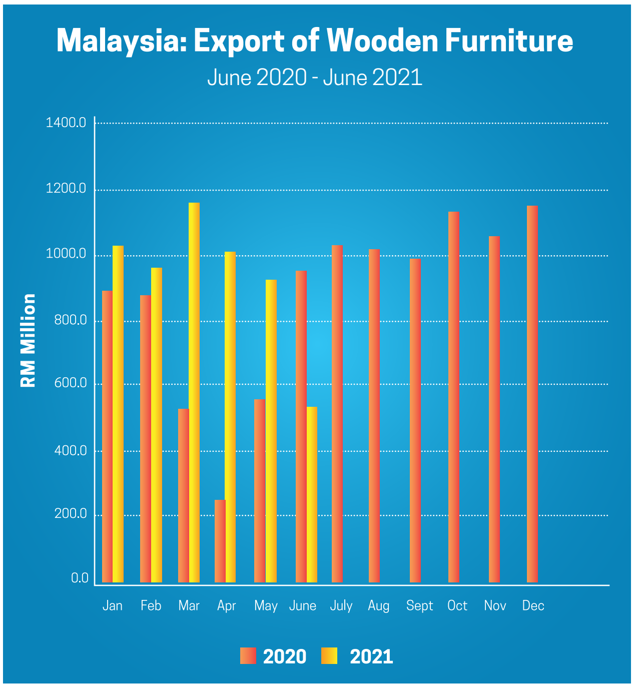
Exports of wooden and rattan furniture for the period of January to June 2021 recorded an increased by 35% to RM5.5 billion from RM4.1 billion in the previous corresponding period. The USA as the main buyer of wooden furniture has increased purchases by 40% to RM3.5 billion from RM2.5 billion in the same corresponding period in 2020. In Europe, shipments to Germany increased by 40% to RM28.1 million from RM20.1 million followed by the Netherlands increased by 11% to RM17.2 million from RM15.6 million compared to the previous corresponding period. Export to Greece also increased by 16% to RM11.7 million, France 36% to RM27.4 million and Poland 38% to RM17.8 million respectively.

Shipments to the UK also increased by 24% to RM224.4 million for the month. Meanwhile, purchases by Russia decreased significantly to RM6.1 million from RM6.2 million in the same period last year. Both demand from Canada and Australia also increased by 22% and 30% to RM128.7 million and RM217.3 million respectively.

Similarly in East Asia, exports to Japan increased by 81% to RM235.4 million from RM217.7 million in the same period last year. Exports to India also increased by 37% to RM78.6 million from RM57.6 million in the previous corresponding period. Meanwhile, South Korea decreased consumption by 4% to RM45.0 million followed by China decreased by 27% to RM43.0 million.

In the ASEAN region, exports to the Philippines and Singapore recorded at RM58.6 million and RM190.6 million respectively. Similarly, exports to Saudi Arabia and Qatar also increased by 39% to RM90.9 million and 134% to RM7.1 million respectively. The UAE also increased their buying by 58% to RM76.2 million followed by Kuwait with 92% higher to RM23.1 million and Oman by 137% to RM11.3 million respectively.

Rattan furniture shipments for January to June 2021 recorded at RM44.5 million from RM39.8 million in the previous corresponding period. Exports to the USA has increased by 40% to RM17.1 million from RM9.1 million in the corresponding period in 2020. Elsewhere, exports to Australia increased by 102% to RM2.9 million whilst Canada decreased by 14% to RM1.1 million compared to the previous month.



In Europe, exports to the UK increased by 17% to RM3.9 million compared to RM3.3 million in the previous corresponding period. Exports to Russia also increased by 69% to RM1.5 million followed with Spain by 18% to RM220,374 and Poland 96% to RM156,470. However, purchases by France and the Netherlands declined 57% and 42% to RM 383,366 and RM217,812 in the same period last year. Meanwhile in North Africa, Algeria also decreased their buying by 82% to RM402,225 from RM2.3 million in the previous corresponding period. Elsewhere, South Africa also decreased slightly to RM167,033 from RM 168,247 in the previous corresponding period.

Meanwhile in East Asia, exports to Japan decreased slightly to RM621,327 from RM640,204 recorded in the same period last year. India increased their intake by 173% to RM3.0 million from RM1.1 million whilst China decreased by 39% to RM3.5 million compared to RM5.6 million in the previous corresponding period. In the ASEAN region, exports to Singapore and Thailand recorded at RM647,307 and RM415,483 respectively.

Elsewhere in the Middle East, exports to the UAE increased by 41% to RM337,662 from RM238,786 recorded in the same period 2020. Meanwhile, Vietnam, Cote D' Ivore, American Samoa, Sri Lanka and Turkey didn't make any purchases compared to the previous corresponding period in 2020.

REFRESHER COURSE FOR MTIB KARAS AUDITORS

Agarwood or gaharu produces a unique aroma that brings a sense of tranquility, healing and spiritual cleansing in many traditions of the world. In modern times, it is used as an ingredient in therapeutic medicines and perfumeries. The source of this precious wood comes from members of Aquilaria (Karas) and Gyrinops, two important genera in the plant family Thymelaeaceae. Due to popularity and profit, the plants are under threat.

As such, the Convention on International Trade of Endangered Species of Wild Flora and Fauna (CITES) has listed Gaharu-producing species; Aquilaria under Appendix II of CITES due to the threat posed by trade to the survivability of the species. These resources are under threat because of unsustainable production of agarwood – common methods include direct harvesting and indiscriminate felling of trees from natural forests. To lift the pressure off natural resources and to meet market demand, domestication efforts are currently on-going. Selected species are being planted in mass plantations. In many sourcing countries, agarwood is moving from a simple forest-dependant livelihood source for the local people, into industrial scale operations. In the coming years, agarwood source will shift from wild forests to plantations.

The establishment of Karas plantations is an economic approach to overcome the problem of depleting resources from natural forests. Current statistics show that there are about 2,500 hectares of Karas plantations in Malaysia with almost 2.3 million planted trees. However, compared to neighbouring countries such as Thailand, Vietnam, Cambodia and Indonesia, Malaysia is still lacking in terms of Karas plantation establishment and Gaharu production. Trade of agarwood in Malaysia is also subject to an annual quota and currently only 150,000 kg is allowed for export. The value of Agarwood products exported in 2020 decreased to RM1.85 million from RM8.8 million in 2019. The decrease in export value last year was mainly due to the worldwide Covid-19 pandemic that affected the entire global Agarwood product trade chain.

In an effort to further enhance the standard of MTIB's Karas Auditors, MTIB recently organised a Webinar entitled Refresher Courses for MTIB Karas Auditors. The course was held online on 8 July 2021. The one-day seminar aimed to provide the latest information on the Agarwood industry in Malaysia, its policies and CITES implementations, classification of Agarwood, establishment of a Karas plantation, inoculation of the Agarwood tree, an Aquilaria plantation auditing process and distillation of Agarwood to produce Agarwood essential oils. It was also a platform for MTIB auditors and relevant subject matter experts on Agarwood to exchange information and experiences about the Karas and Gaharu industry in Malaysia.

Tuan Haji Mahpar Atan, Deputy Director General of MTIB officiated the webinar. In his opening speech, he highlighted the importance of developing the Karas and Agarwood industry further into becoming an important income generator for the country as Agarwood products have long been used for aromatherapy, perfumes, soap and for other traditional uses in Asia and the Middle East. Since 2005, this industry has seen a significant growth with the increasing number of Karas plantations in Malaysia that could prove to be a sustainable source of Gaharu in the future.

A total of 54 participants comprising MTIB Karas Auditors and MTIB officers attended this one day webinar where 8 papers were presented.

Creative Furniture Design

Soon Her Sing Industries (M) Sdn Bhd

Established in 1992, Soon Her Sing Industries (M) Sdn Bhd has evolved from a small traditional cottage furniture maker in Muar, Johor to a leading export manufacturer with more than 500 skilled workers on its payroll. This growth is also reflected in the size of its production location which started off as a small factory to the present 20-acre industrial site complete with production plants and warehouse.

The company has invested in the furniture panel machinery panel from Austria, Germany, Italy, and Taiwan to cater to consistent and quality mass production thus enhancing their capacity to achieve customer satisfaction.

Production Overview

Machineries / Technologies in Soon Her Sing Industries (M) Sdn. Bhd.

Design Concept

Their office furniture sets are designed with the theme of “Classical Cutting in Modern Setting” whilst their home furniture are deeming to have a “Homely Environment” with the tagline; Creative Furniture Design.

Office Furniture and Home Furniture by Soon Her Sing Industries (M) Sdn. Bhd.

Awards & Certificates

A handful of International Certificates and an Honesty Enterprise Award from Keris Award 2008 underline the impressive achievements of Soon Her Sing Industries. Other achievements include FIRA Certificate, PSB Test Certificate, MS ISO 9001: 2015, 1st Prize Category Malaysia Furniture Export Exhibition- Best Products Design Competition Office Furniture, Malaysia Pride 2010, Good Design Malaysia and ACMI Brand.

The Company won the first prize in the Lean Creanova 2019 Competition organised by MTIB and showed their consistency in the implementation of the 5S and Lean Manufacturing culture in their organisation to increase their competitive edge in the world furniture markets.

Corporate Social Responsibility (CSR)

The company also has a CSR club - ACMI Care Club - that does volunteer work in Hospital Pakar Sultanah Fatimah on a monthly basis. The staff helps repair existing furniture and replace old ones with new furniture, and donate wheelchairs and medical necessities. They also celebrate festive seasons with Angpow giveaway programmes.

Activities at Hospital Pakar Sultanah Fatimah Before The Pandemic

During the pandemic, the company has shown their CSR efforts to help the Malaysia community via donating personal protective equipment (PPE), medical masks, furniture, food, drinks, and oxygen tanks to frontliners, hospitals, PPV centres, government agencies and Covid-19 quarantine centres.

Donation of PPE to Hospital Pakar Sultanah Fatimah and District Health Clinic

Donation of Food for Sahur to Frontliners during Ramadhan

Challenges During Covid-19

Production operations was stopped for one and a half months last year; this year operations have been restrained since 1 June. Despite the high order demand abroad, the company works hand in hand with the government to curb the spread of the virus. Although some on-hand orders were cancelled by some overseas buyers due to uncertainty of the economy reopening in our country, General Manager Mdm SL Lim shared her view and said, “We remain positive, realistic, vigilant and productive during this challenging time”. She emphasized that they believe if they can overcome the Covid challenge this time, together with the nation, then they should be more capable to cope with any other future challenges.

For more details and enquiries please contact Soon Her Sing Industries (M) Sdn Bhd at:

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- https://acmi.net/
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- Interviewed with Mdm. SL Lim on 4 & 8 August 2021

EGYPT - A REGIONAL AND GLOBAL LEADER IN THE FURNITURE INDUSTRY

Overview

Egypt is a country situated mainly within North Africa, with its Sinai Peninsula forming a land bridge in Southwest Asia, making it a transcontinental state. Covering an area of about 1,010,000 square km, Egypt is bordered by the Mediterranean Sea to the north, the Gaza Strip and Israel to the northeast, the Red Sea to the east, Sudan to the south and Libya to the west.

Egypt is one of the most populous countries in Africa and the Middle East and the 15th most populated in the world. The great majority of its over 82 million people live near the banks of the Nile River, where the only arable land is found, in an area of about 40,000 square km. The large regions of the Sahara Desert, which constitute most of Egypt's territory, are sparsely inhabited. About half of Egypt's residents live in urban areas, with mostly spread across the densely populated centres of greater Cairo, Alexandria and other major cities in the Nile Delta.

Economy

Egypt's recent macroeconomic and structural reforms stabilized the economy and have allowed the country to enter the global COVID-19 crisis with improving fiscal and external accounts. However, the adverse repercussions of the pandemic have since undermined this recent progress, shedding light on longstanding challenges. These include sluggish private sector activities and job-creation especially in the formal sector, underperforming non-oil exports and Foreign Direct Investment (FDI), elevated government debt-to-GDP ratio (despite its significant reduction in recent years), below-potential revenue mobilization, and an unfavourable budget structure, with limited allocations to key sectors, such as health and education.

The economy of Egypt used to be a highly centralized economy focused on import substitution under president Gamal Abdel Nasser (1954–1970). During the rule of president Abdelfattah el-Sisi (2014–present), following Egypt's 2030 Vision, which is aimed at diversifying Egypt's economy, the country's economy became the second largest in Africa after Nigeria in terms of nominal GDP and 34th in worldwide ranking as of 2021.

Since the 2000s, the pace of structural reforms, including fiscal, monetary policies, taxation, privatisation and new business legislations, has helped Egypt move towards a more market-oriented economy and prompted increased foreign investments. The reforms and policies have strengthened macroeconomic annual growth results.

The country benefits from political stability and proximity to Europe, increased exports and enjoys a strong currency. From an investor perspective, Egypt is stable and well-supported by external stakeholders.

Forest Resources

Egypt has virtually no natural forests. Most growing trees are introduced. There only a few indigenous species such as Acacia nilotica, Balanitus aegyptiaca, Ficus sycamorus, Tamarix aphylla and mulberries. Areas of mangroves occur around the Red Sea and palms fringe parts of the country's coastline. The arid Sahara and Sinai deserts, which constitute 96 percent of the country's area, have sparse and scattered scrub vegetation. Relict woodland occurs on the slopes of Gabal Elba. Egypt has about a dozen protected areas, the largest being the 20,000 hectares of Gabel Elba conservation area.

Forested area in Egypt is estimated at 2,500 hectares, mostly planted with Casuarina, Eucalyptus, Cupressus, Pinus and Khaya trees by both the governmental and the private sectors for the purpose of protecting soils, water-courses and farms from winds and storms. The government has directed its efforts for afforestation aiming at magnifying the afforestated (green) stretch through the use of treated sewage water in establishing forest-plantations (man-made forests), selecting some poplar and new varieties plus some of the fast growing timber trees, using new advanced techniques in irrigating and propagating timber trees such as drip-irrigation and modified surface irrigation and lastly by expansion in planting tropical trees in Upper Egypt like Khaya, Teak and Neem.

Timber industry

Egypt is a large importer and user of softwood. Since Egypt lacks a saw-milling industry, most of its needs of softwood are imported as lumber. Some logs are imported for the plywood and match industries. Russian and Scandinavian redwood and white wood, (i.e., spruce and fir) are the major types of softwood lumber imported. Softwood consumption is split into 75%/25%, as red woods over white woods. However, Chilean lumber continues to be the cheapest in the market although it has inferior quality compared to Scandinavian lumber.

Although concrete, rather than wood, is the main structural building material, softwoods including some plywood are used extensively for scaffolding, forming and joinery. Approximately 70% of softwood is consumed by the construction industry and the balance is used by the furniture industry and for making doors and windows. The increasing trend towards using more softwood in the furniture industry is attributed to its relatively low price compared with hardwood.

However, limited quantities of wood are burned as fuel in Egypt. The country has limited paper production based on non-wood fibres. Demand for industrial wood products and most paper products are met by imports which constitute a large drain of foreign currency. Important non-wood forest products in Egypt include essential oils, honey and medicinal and aromatic plants.

Egypt's Export of Timber and Timber Products

Egypt's export of timber and timber products in 2020 decreased 12% to USD227.1 million over the previous corresponding period. Egypt exported mainly furniture, BJC and sawntimber totaling at USD201.1 million, USD2.2 million and USD1.8 million respectively. Egypt exported furniture mainly to Saudi Arabia amounting USD201.1 million while BJC and sawntimber export mainly to Sudan amounting to USD2.2 million and USD1.7 million respectively.

Egypt: Export Of Timber & Timber Products To World, 2016-2020

Product	2016	2017	2018	2019	2020
Furniture	352,437	307,508	295,059	230,724	201,096
BJC	1,745	2,280	1,780	2,942	2,177
Sawntimber	47	46	281	640	1,834
Mouldings	9,584	2,676	7,987	2,110	1,463
Fibreboard	2,176	275	492	885	1,188
Veneer	425	729	671	688	666
Plywood	823	1,103	3,447	1,411	574
Particleboard	1,880	1,571	88	494	154
Logs	56	188	4	49	147
Wooden frames	135	133	177	99	31
Others	27,310	21,318	18,086	19,459	17,737
TOTAL	**397,049**	**337,827**	**328,072**	**259,501**	**227,067**

Source: ITC Stats *USD'000*

Egypt's Import of Timber and Timber Products

According to the latest ITC statistics, Egypt's import of timber and timber products in 2020 decreased 19% to USD1.3 billion over the previous corresponding period. Egypt imported mainly sawntimber, plywood and fibreboard totalled at USD737.3 million (a decrease of 22%), USD169.7 million (a decrease of 27%) and USD149.8 million (an increase of 14%) respectively. Major import sources for Egypt are Russia, Sweden and Finland.

Egypt: Export Of Timber & Timber Products To World, 2016-2020

Product	2016	2017	2018	2019	2020
Sawntimber	965,651	886,099	1,041,923	943,976	737,299
Plywood	245,916	192,124	259,956	232,080	169,676
Fibreboard	104,110	117,584	133,504	131,221	149,784
Furniture	126,542	89,935	85,942	114,540	85,354
Logs	62,540	48,892	60,215	47,923	40,542
Veneer	38,746	32,183	33,037	33,103	27,920
BJC	11,030	11,644	11,474	14,780	14,088
Particle board	7,023	5,713	7,969	7,569	6,965
Mouldings	1,881	808	1,818	1,221	1,287
Wooden frames	451	325	288	370	182
Others	21,172	22,531	30,713	26,116	20,907
TOTAL	**1,585,062**	**1,407,838**	**1,666,839**	**1,552,899**	**1,254,004**

Source: ITC Stats *USD'000*

Malaysia's Export of Timber and Timber Products to Egypt

Egypt has always been an important timber trade partner for Malaysia within North Africa region. However, in 2020, exports of Malaysian timber and timber products to Egypt registered a decrease of 39% to RM14.6 million from RM24.0 million in 2019. Egypt ranked 53rd with 0.07% of Malaysia's total export share. MDF was the main product exported with a total value of RM7.5 million, followed by wooden furniture at RM3.2 million and BJC at RM1.4 million.

Malaysia: Export Of Timber & Timber Products To Egypt, 2016-2020

Product	2016	2017	2018	2019	2020
MDF	4,769,122	16,400,750	28,609,162	19,188,060	7,532,627
Wooden Furniture	1,833,158	907,288	694,389	433,993	3,226,736
BJC	0	0	0	597,835	1,446,058
Sawntimber	283,699	0	223,776	631,597	347,730
MouldingS	0	0	34,952	0	231,029
Plywood	57,562,999	72,526	5,102,147	277,780	0
Particleboard	0	0	3,024,083	0	0
Rattan Furniture	0	0	0	0	0
Others	900,732	1,361,775	46,711	2,867,518	1,785,627
TOTAL	**65,349,710**	**18,742,339**	**37,735,220**	**23,996,783**	**14,569,807**

Source: MTIB & DOSM *Value: RM*

Malaysia's Import of Timber and Timber Products from Egypt

In 2020, imports of Malaysian timber and timber products from Egypt showed an increase of 14% to RM121,461 from RM106,284 in 2019. Plywood was the main product imported with a total value of RM111,109 and followed by other products at RM10,352.

Malaysia: Import Of Timber & Timber Products From Egypt, 2016-2020

Product	2016	2017	2018	2019	2020
Plywood		0	116,347	62,497	111,109
Wooden Furniture	58,596	0	0	43,787	0
Fiberboard	0	0	0	0	0
Wooden frame	0	0	0	0	0
BJC	0	0	0	0	0
Others	0	0	51,257		10,352
TOTAL	**58,596**	**0**	**167,604**	**106,284**	**121,461**

Source: MTIB & DOSM *Value: RM*

Import Tariffs

The Egypt's import duties on timber and timber products under MFN are as follows:

Product	MFN Tariff Duty %
Logs	2
Sawntimber	0
Veneer	5
Mouldings	20
Particleboard/Chipboard	10
Fibreboard	10
Plywood	10
Wooden Frames	40
BJC	30
Furniture	60

Source: WTO

Egypt Furniture Industry Prospects

Egypt is keen on improving the furniture industry, especially with the establishment of the Damietta Furniture City. It is planned that the city will become an integrated and specialised centre for the furniture industry, in order to meet the needs of the local market, and to open prospects for exporting furniture.

African countries boast many competitive advantages, natural resources, and raw materials that can create industrial opportunities and provide great economic resources to improve the living conditions of their people.

With benefits from the natural resources found in Africa and to add value to the countries across the continent, Egyptian furniture industries will open new markets in West African countries as Egypt is a regional and global leader in the furniture industry.

The Egyptian government is actively investing in large-scale infrastructure projects. One of the sectors which show potential is the furniture industry centered around the triangle of Damietta, Alexandria and Cairo. The furniture industry consumes huge volumes of solid wood, importing substantial volumes of beech and Spruce-Pine-Fir from Romania as well as oak from the Balkan states. Egypt is the largest market for softwood timber in the Middle East and North Africa. Timber demand is set to rise sharply over the coming years as its economy improves and several large-scale urban development projects are planned in the near future.

Malaysia, which has always been an important trading partner with Egypt in timber, is also facing strong competition from Russia and Sweden. Therefore, in order to sustain and improve trade as well as market share in Egypt, Malaysian exporters need to be competitive in terms of price and product quality together with effective marketing and promotion strategies.

Malaysian manufacturers also need to enhance their presence in Egypt market to create demand for Malaysian value-added timber products materialized with the assistance of Matrade Egypt and Embassy of Malaysia Cairo. Malaysian engineered timber products also can be further promoted since there are opportunities to fulfill future demand in Egypt as well as an excellent opportunity for Malaysian timber and furniture exporters to enhance networking and explore business opportunity among the Egypt's counterpart.

Through those activities, Malaysian timber exporters would be able to further develop their networking with Egypt's timber and furniture importers while at the same time undertake market research on current Egyptians importers' market preferences and taste. Therefore, it is hoped that with the above opportunities, timber trade for both countries especially in terms of export and import activities and investments in timber and timber products will be increased in the coming years.

Ancient Egyptian furniture, Pharaonic furniture

Egyptian Coffee Table

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Raw material verification review for disbursement

ENHANCING BUMIPUTERA COMPANIES THROUGH FINANCING IN RAW MATERIAL SUPPORT PROGRAMME

The Raw Material Support Programme is a government initiative to increase the participation of Bumiputera entrepreneurs in the timber industry. RM16.0 million has been allocated as a revolving fund from the Tenth and Eleventh Malaysia Plan. In this programme, MTIB offers interest-free loans to SMEs for the procurement of raw materials to process finished products for work contracts that have been secured.

The programme was launched in 2012 and as of 31 December 2020, work contracts worth RM151.03 million with a total loan of RM25.7 million have been approved.

The minimum loan limit is RM5,000 for enterprises and RM20,000 for private limited companies, while the maximum loan limit is RM20,000 for enterprises and RM500,000 for private limited companies. In addition, the maximum approval limit for loan for school furniture contracts under the Ministry of Education (MOE), foreign contracts and main contractor is up to RM1,000,000.00.

The loan financing amount will be granted according to the cost value of the raw materials as recommended by the Technical Committee and approved by the Steering Committee subject to the minimum and maximum limits of the loan. The estimated cost of wood raw materials to be considered is 70-80% for solid furniture and 50-60% for panel furniture. The service charge is 1.5% of the total loan value.

Approval is subject to the availability of the remaining loan upon submission of the application. A letter of approval will be issued to the applicant after the application is approved by the Steering Committee. Subsequently, the loan disbursements will be paid to the suppliers of the raw materials after MTIB validates the raw materials in the applicant's factory.

The repayment of the loan will be effective 3 or 6 months after disbursement of the loan and remittence is to be made once the work has been completed and payment has been received. Loan repayment must be made (agreed amount) within the stipulated time frame according to the loan agreement.

Overall, this initiative has greatly helped entrepreneurs in realizing the work contracts received especially considering the financial constraints in obtaining raw materials. MTIB hopes that the programme will continue to assist Bumiputera entrepreneurs in facing challenges within the timber industry.

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Raw material

JUNE 2021

LOGS

The average domestic prices of logs for the month under review were reported to have maintained at last month's level. The supplies of logs were reported to be sufficiently available.

Log prices for the species of Chengal and Balau remained at RM5,000 per ton and RM3,400 per ton respectivey. The prices for Keruing and Kempas continued to be traded at RM1,600 per ton and RM1,750 per ton. Similarly, the prices for Dark Red Meranti and Red Meranti remained at RM1,950 per ton and RM1,900 per ton. On the other hand, logs prices for Mixed Heavy Hardwood and Mixed Light Hardwood remained stable at RM1,200 per ton and RM1,120 per ton respectively.

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 sawn timber prices for most of the species in the domestic market continued to remain firm. Demand from the importing countries continued to be weak as reported by the industry due to spike of freight rate charges.

The sawn timber prices of Chengal and Balau remained stable at RM7,062 per m³ and RM3,390 per m³ respectively. Likewise, prices for Keruing and Kempas continued to be traded at RM2,119 per m³ and RM2,472 per m3. On the other hand, the prices of Dark Red Meranti and Red Meranti recorded at RM1,977 per m³ and RM1,907 per m³. The sawn timber prices of Mixed Heavy Hardwood and Mixed Light Hardwood stood at RM1,109 per m³ and RM989 per m³ for eachly for this month.

PLYWOOD

In June, the supply of plywood reported to remain adequate to serve the demand of the domestic market. 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 * - JUNE 2021

The shipments of logs from Sabah to Peninsular Malaysia for the month under review recorded in volume 3,654 m³ worth at RM1.2 million. The shipment of sawn timber fell sharply by 78% in volume from 209 m³ to 46 m³ worth at RM102,000. Likewise, the trade of plywood dropped in volume by 19% from 3,887 m³ to 3,136 m³ valued at RM6.3 million as compared to the previous month.

Meanwhile, shipment of plywood from Sarawak to Peninsular Malaysia fell sharply by 15% from 1,840 m³ to 1,704 m3 worth at RM15,000. The shipment of logs, sawn timber and veneer was no intra trade recorded for this month.

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

	LOGS/ton	SAWNTIMBER/m³		
SPECIES	**18" UP**	**GMS**	**STRIPS**	**SCANTLINGS**
HEAVY HARDWOOD				
Chengal	5,000	7,062	5,650	8,475
Balau	3,400	3,390	3,107	3,602
Red Balau	2,250	2,966	2,754	3,390
Merbau	3,500	4,696	3,948	4,343
Mixed Heavy Hardwood	1,200	1,109	1,045	1,236
MEDIUM HARDWOOD				
Keruing	1,600	2,119	1,271	2,203
Kempas	1,750	2,472	2,260	2,542
Kapur	1,680	1,746	1,412	1,836
Mengkulang	1,300	2,260	1,766	2,331
Tualang	1,550	2,507	2,331	2,542
LIGHT HARDWOOD				
Dark Red Meranti	1,950	1,977	1,660	2,684
Red Meranti	1,900	1,907	1,518	2,097
Yellow Meranti	1,250	1,554	1,236	1,716
White Meranti	1,500	2,472	1,321	2,507
Mersawa	1,700	1,871	1,624	1,977
Nyatoh	1,430	1,713	1,448	1,730
Sepetir	1,250	1,695	1,165	1,758
Jelutong	1,100	1,780	1,215	1,836
Mixed Light Hardwood	1,120	989	862	1,088

MALAYSIAN RUBBERWOOD *Hevea brasilienses*	LOGS/ton	SAWNTIMBER/m³			
		1" X 1"	**2" X 2"**	**3" X 3"**	**4" X 4"**
	205	1,262	1,356	1,409	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*

INTRA-MALAYSIA TRADE - JUNE 2021

	May-21		June-21		% change in volume	% change in value
	Vol(m3)	Val(' 000 RM)	Vol(m3)	Val(' 000 RM)	May/June	May/June
Sabah						
Logs	0	0	3,654	1,197	100	100
Sawn Timber	209	531	46	102	-78	-81
Plywood	3,887	7,715	3,136	6,298	-19	-18
Veneer	0	0	275	728	0	0
Sarawak						
Logs	0	0	0	0	0	0
Sawn Timber	348	615	0	0	-100	-100
Plywood	1,840	1,941	1,565	1,704	-15	-12
Veneer	79	239	0	0	-100	-100

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

PETAI

PARKIA LEGUMINOSAE

Wood colour and texture

Petai is the standard Malaysian name as well as the ASEAN standard name for the timber of Parkia spp. (Leguminosae). Aside from petai (Peninsular Malaysia and Sarawak), other vernacular names include kupang (Sabah), kerayong (Peninsular Malaysia) with various epithets. Major species include P. timoriana, P. Singularis and P. speciosa. The sapwood is white to yellow-brown and is extremely wide. The heartwood is seldom developed but if found is dark brown in colour. It's also known as petai in Brunei; royong in Cambodia; olimbopo, petai and soga (Indonesia); and sa to (Thailand).

Petai Tree

Strength Properties

The timber falls into Strength Group D (Burgess, 1958) or SG5 (MS 544:Part 2:2001).

Test Condition	Modulus of Elasticity (MPa)	Modulus of Rupture (MPa)	Compression parallel to grain (MPa)	Compression perpendicular to grain (MPa)	Shear Strength (MPa)
Green	9,600	49	24.3	-	8.3
Air Dry	10,700	55	30.8	-	7.4

Density

The timber is soft to moderately hard and is light to moderately heavy with a density of 415-815 kg/m^3 air dry. The timber is classified under Light Hardwood in Malaysia.

Natural Durability

Durability tests of P.speciosa have been carried out at the Forest Research Institute Malaysia (FRIM). The results show that its natural durability is 1 year and it is thus classified as non-durable. From the graveyard test of treated petai using creosote, it was found that the timber is still sound after 15 years (Tam, 1983).

Preservative Treatment

The timber has been found to be extremely easy to treat.

Texture

The timber texture is rather coarse and uneven, with straight or shallowly interlocked grain.

Machining Properties

It is easy to saw and work and produces a smooth planed surface.

Test Condition	Sawing		Planing		Boring		Turning	
	Re-sawing	Cross cutting	Ease of planing	Quality if finish	Ease of boring	Quality of finish	Ease of turning	Quality of fininsh
Green	easy	easy	easy	smooth	easy	rough	-	-
Air Dry	easy	easy	easy	smooth	easy	rough	easy	rough

Nailing Property

The nailing property is rated as excellent.

Air Drying

The timber seasons fairly slowly with moderate amount of end-checking, insect and fungal attacks, slight amount of cupping, bowing, twisting and splitting. 13 mm thick boards take approximately 3.5 months to air dry, while 38mm thick boards take 5 months.

Shrinkage

Shrinkage is rather low with radial shrinkage averaging 1.1% and tangential shrinkage averaging 1.9%.

Working Properties

Planing	: Easy	**Finish**	: Smooth
Boring	: Easy	**Finish**	: Rough
Turning	: Easy	**Finish**	: Rough
Nailing	: Excellent		
Gluing	: Easy		
Finishing	: Easy		

Defects

The logs of petai are free from the more usual defects, like 'spongy heart' and borer damage, but are very knotty near the pith. Desch (1941) states that all samples in the Kepong wood collection were infected by blue-stain fungi and some had been attacked by powder-post beetles. Schneider, as quoted by Desch (1941) adds that the timber of P. javanica is rarely attacked by borers.

Uses

Although the genus is more famous for its edible fruits, its timber, has long been successfully used in the manufacture of plywood as well as packing boxes and crates. The timber is also suitable for some interior works, like partitioning, stair railings and skirtings as well as furniture, joinery, cabinets, disposable chopsticks and other temporary light constructional works.

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During the implementation of the National Recovery Plan, led by the authorities, MTIB participated in "Operasi Ops Patuh" to ensure that the members of the timber based industry abides by the SOP.