ISSN 0126-771X

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MALAYSIAN TIMBER INDUSTRY BOARD

MTIB

AUGUST 2022

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- HS CODE 2022 HARMONISED WORKSHOP OF MALAYSIAN TIMBER INDUSTRY BOARD (MTIB)
- CONGRATULATIONS YBRS. ENCIK SAIFUL BAHRI SALLEH, DEPUTY DIRECTOR GENERAL (MANAGEMENT AND OPERATIONS)

ISSN 0126-771X
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CONGRATULATIONS YBRS. ENCIK SAIFUL BAHRI SALLEH, DEPUTY DIRECTOR GENERAL (MANAGEMENT AND OPERATIONS)

Malaysian Timber Industry Board (MTIB) has appointed YBrs. Encik Saiful Bahri Salleh as Deputy Director General (Management and Operations), effective August 1 2022. Prior to his appointment, Encik Saiful Bahri, who holds a bachelor's degree (Hons) in Economy from University of Malaya had served MTIB for 21 years beginning his career as Administrative Officer in Jun 2002. He has served in several divisions, namely Industrial Development Division, Bumiputera Development Division and Management Services. The last position he held was Director of Forest Plantation Division.

Encik Saiful Bahri has extensive experience in various aspects of the timber industry such as in the areas of Research and Development (R&D) of plantations as well as in management encompassing human resource, finance, and administration. One of his achievements was leading the delegation of the 10th ESRI Asia Pacific User Conference in Hong Kong on January 26 - 29 2015.

MTIB Boards Members and the management team would like to congratulate YBrs. Encik Saiful Bahri on his appointment as Deputy Director General (Management and Operations) and look forward to working as a team in bringing MTIB to the next level.

VIET NAM

WOOD PRODUCT EXPORTS DOWN IN JUNE 2022

Viet Nam's export earnings from wood and wood products (W&WP) in June 2022 reached USD 1.4 billion, down 10.9% compared to June 2021. Of this, WP exports reached USD 936.5 million, down 25% compared to June 2021. For the first 6 months of 2022, W&WP exports reached USD 8.4 billion, up 1.7% over the same period in 2021.

The W&WP exports to Japan in June 2022 reached USD 166 million, up 3% compared to June 2021. In the first half of 2022 W&WP exports to Japan reached USD 844.3 million, a rise of almost 20% over the same period in 2021.

In June 2022 exports of wooden bedroom furniture earned USD 205.2 million, down 12% compared to June 2021. In the first 6 months of 2022 earnings from the export of wooden bedroom furniture reached USD 1.28 billion, up 3.4% over the same period in 2021.

W&WP imports in June 2022 reached USD 303 million, down 5.4% compared to May 2022 but compared to June 2021 it increased by 13%. In the first 6 months of 2022, imports reached USD 1,577 billion, up 2.0% over the same period in 2021.

Viet Nam's imports of ash wood in June 2022 were estimated at 36,700 cubic metres, worth USD 8.8 million, but down 2% in volume and 5.4% in value compared to May 2022. Compared to June 2021, imports were up 7.4% in volume and 8.8% in value. Imports of logs and sawnwood from the US in May 2022 reached 56,310 cubic metres, worth USD 28.54 million, up 33.8% in volume and 35.6% in value compared to April 2022, but down 2.3% in volume, while up 11.0% in value compared to May 2021.

In general, in the first 5 months of 2022, imports of logs and sawnwood from the US reached 211,285 cubic metres, worth USD 102.01 million, down 33.9% in volume and 21% in value over the same period in 2021.

www.fordaq.com, 03 August 2022

CHINA

SHARP DECLINE IN SAWNWOOD

In the first five months of 2022, China's sawnwood imports totalled 10.78 million cubic metres valued at USD 3.129, down 6% in volume but up 8% in value.

China's sawnwood imports from Ukraine fell 66% to 160,000 cubic metres and the import value fell 58% to USD 37 million in the first five months of 2022.

Russia, as the largest provider of China's sawnwood imports, saw its exports to China drop 4% to 4.9 million cubic metres in the first five months of 2022. However, Thailand, as the second largest supplier of sawnwood to China, saw its export volume and value rise 16% and 6% respectively in the first five months of 2022.

China's sawnwood imports from Austria surged 162% to 120,000 cubic metres, valued at USD 17 million, up 39% in the first five months of 2022.

www.fordaq.com, 02 August 2022

BELGIUM

PRICES ON THE WOOD RISE

Wood traders in Belgium are currently experiencing an unusually high demand for firewood. The reason for this is the high prices for electricity and gas.

"There is indeed a rush for firewood. The prices for electricity and gas are exploding. People are starting to burn wood again because it is still very cheap in comparison," comments Peleman from the Pelemen sawmill in Puurs-Sint-Amands and explains the increasing demand. If electricity and gas prices fell tomorrow, he believes, demand would also fall.

Mathieu Depuydt from the timber dealer Michels in Deinze reports that his company is currently "twice as busy" as usual: "We have noticed that people are stocking up more and more because they are afraid that there will be no more wood." Because Depuydt fears this himself, he currently only delivers to customers in the Deinze region. "We can no longer procure our raw materials ourselves because the industry pays too much for wood".

The newspaper "De Tijd" even writes of a "price explosion" with regard to the current prices for wood. The Belgian timber association does not want to confirm this. "Timber sales in the forests will start in a few weeks, so we won't be able to give concrete numbers until later," says General Secretary François De Meersman. "Prices may go up, but I don't think there will be an explosion."

Depuydt and Peleman have already increased their prices anyway. Peleman speaks of an increase of about 20%. Depuydt sums it up: "Everything is getting more expensive, including transport costs, so we have to keep up."

www.globalwoodmarketsinfo.com, 02 August 2022

FINLAND

FINNISH TIMBER TRADE FALLS BY 30%

Between January and July 2022, the volume of timber trade in Finland fell by 30% compared to a year ago. Compared to the previous five years, sawlog trade was down 12% and pulpwood trade was down 18%. Currently, the prices of logs and pulpwood are still on the rise.

Russia is a major supplier of natural gas. After the Russia-Ukraine war, Europe stopped its import and export trade with Russia, resulting in tight energy supply and demand and rising prices in Europe this year. Increased demand for energy wood in Europe has also led to higher production costs in Finnish forestry. However, Finnish roundwood prices continued to rise in July 2022, approaching their peak levels a year ago, with the average price of Finnish spruce and pine logs rising by 1% in a month.

Finland, the world's second largest exporter of paper and cardboard, still relies on imported wood. Last year, Finland imported about 9 million cubic metres of wood and wood chips from Russia for the pulpwood industry, accounting for about three-quarters of imports. Under the influence of the Russia-Ukraine incident this year, Finland had to relieve the immediate pressure by increasing the local logging volume and importing wood from other countries. The wholesale market was affected by the increase in demand for pulp wood, which raised the price of wood.

It is expected that in the next few years, due to the increasing demand for production capacity in Finland, local harvesting and timber imports will continue to increase.

www.globalwoodmarketsinfo.com, 29 August 2022

FRANCE

DOMINATES CHINA'S OAK LOG IMPORTS

Because of firm demand for oak flooring and furniture oak imports have been increasing, exceeding 1 million cubic metres annually in recent years, France dominates China's oak log imports. In 2021, imports of oak reached 1.351 million cubic metres, up 33% year on year.

France has been the largest supplier of oak to China since 2010 to 2021 (except in 2010 and 2013). China's oak imports from France in 2021 were the largest ever at 425,230 cubic metres, up 43% year on year. The top three suppliers of China's oak imports were France, United States and Russia. The proportions of the top three suppliers for China's oak imports are around 70% of the national total from 2010 to 2021 (81% in 2013 and 79% in 2016).

In the first half of 2022, France was the top supplier of oak followed by the United States. However, in the first half of 2022, Russia is no longer a major supplier of oak to China.

China's oak imports from Russia were only 1,174 cubic metres valued at USD 392,507, down 99% both in volume and value in the first half of 2022. In addition, China's oak imports from Bosnia and Herzegovina (BIH, over 1,000%) and the Czech Republic rose sharply in the first half of 2022.

www.globalmarketsinfo.com, 18 August 2022

GERMAN

TIMBER INDUSTRY GENERATED 20% MORE SALES

Sales in the German wood industry increased by 19.7% to EUR 23.3 billion from January to June 2022 compared to the first half of 2021, according to an analysis by the German Wood Industry Association (HDH) based on statistical data Federal Office shows.

The sales growth was quite different in the individual sectors with sometimes considerable increases in procurement costs. In the wood packaging industry, sales increased by around 56%, thus the strongest, followed by the sawmill industry with an increase of 33% and the wood-based materials industry with 25%.

Although sales in the construction-related area of the timber industry (+15.5%) and in the furniture industry (+13.4%) were also above the previous year's level, the rates of increase here were significantly lower.

www.fordaq.com, 30 August 2022

UNITED KINGDOM

TROPICAL WOOD PRODUCT IMPORTS UP 34%

The import value of tropical wood and wood furniture into the UK in the opening five months of this year was USD 711 million, 34% more than the same period last year.

This was by far the strongest start to a year in terms of UK import value of tropical wood and wood furniture products since the 2008 financial crises. It compares to an average import value of less than USD 500 million for the January to May period throughout the whole decade prior to the onset of the pandemic in 2020.

The rise in UK import quantity of tropical wood and wood furniture was much less dramatic than the rise in import value in the first five months of this year, at 228,000 tonnes just 10% more than the same period in 2021. This shows that price inflation was the major factor behind the rise in import value.

Significant weakening of the value of the GBP on foreign exchange markets since the end of April, combined with the wider geo-political situation, implies that price inflation will remain a key issue for UK importers in the months ahead. It also indicates that, the current boom in UK imports may well be short-lived.

Availability of hardwood and furniture products from the UK's traditionally largest suppliers in Europe has become even more challenging since Russia's invasion of Ukraine in the last week of February, encouraging UK importers to look more to tropical products. COVID lockdowns have also seriously disrupted availability of manufactured wood products from China.

www.fordaq.com, 16 August 2022

RUSSIA

PLYWOOD INDUSTRY IN CRISIS

The Russian plywood industry, hit hardest by EU sanctions, continued to decline. Russia's domestic plywood market has seen excess capacity as exports fell by 16%.

Analysts say the situation could lead to the collapse of small businesses. Even with the Russian government's pledge to prevent bankruptcy, experts don't expect the situation to stabilize until the end of the year.

In the first half of this year, retail prices of certain types of plywood dropped by as much as 25%, according to statistics from relevant agencies. Specifically, the sale price of birch plywood 1525 x 1525 with a thickness of 10 mm fell to the range of 19 to 22 thousand rubles (EUR 317 to 368) per cubic metre (excluding VAT).

As the experts explain, this product is one of the least profitable among wood-based panels. The price of laminated plywood in 1220 x 2440 size, 18 mm thick is 3.4 to 3.6 thousand rubles per cubic metre (EUR 58 to 61).

The drop in prices is the result of lower exports due to Western sanctions, which took effect nominally on July 10 but have been in effect since April. Prior to this, of the 4 million cubic metres of plywood produced in Russia, 3 million cubic metres were exported, 60% of which was exported to the EU.

In the first half of this year, Russian plywood production fell by nearly 1.9 million cubic metres, a drop of as much as 15%. According to Rosstat, the production of plywood in June was only 2.745 million cubic metres, also a record low.

Some market analysts believe that this downward trend will continue throughout the year. Russia's plywood exports fell by 21% in the first half of this year, according to agency estimates. In the current situation, it cannot be ruled out that some small companies may leave the market.

Cutbacks in the plywood industry are affecting the entire value chain; producers continue to reduce their purchases of wood, as do suppliers. As a result, in the first few months of autumn, the supply of wood may become scarce and the cost of the final product will rise.

Alexei Mordashov's Sveza company, which is also under US sanctions, mentioned that all of the group's factories are operating, but at a reduced workload (capacity utilization was only 30% to 35% at the end of June).

This is related to severe external restrictions and the de facto closure of Western markets for products of the Russian wood industry.

Russia's Ministry of Industry and Trade said it was aware of the situation at the plywood factories, and that changes in production volumes were reported weekly by regions. Every effort will be made to prevent factory closures and bankruptcies and help these companies get through difficult times with minimal losses.

The Ministry of Industry and Trade is also working to amend some bills to stimulate exports, and to remove bottlenecks in the transport of goods - rolling stock (both sea and rail) for timber companies.

www.globalwoodmarketsinfo.com, 24 August 2022

CANADA

CHALLENGE U.S. SOFTWOOD LUMBER DUTIES

Canadian Trade Minister, Mary Ng says Canada is formally initiating a challenge of “unwarranted and unfair” United States duties on Canadian softwood lumber.

The Canadian government filed notice of the challenge today under the U.S.-Mexico-Canada trade agreement’s dispute resolution system.

Ng says in a statement that the duties harm Canadian businesses and workers but also serve as a tax on U.S. consumers already dealing with inflation and supply-chain issues.

The U.S. cut its anti-dumping and countervailing duty rate in half earlier this month to 8.59% from 17.61%, but Ng signalled that Canada would still fight the measures.

www.globalwoodmarketsinfo.com, 30 August 2022

UNITED STATES

HARDWOOD PLYWOOD IMPORTS CONTINUE SLIDE

US imports of hardwood plywood fell for the second month in a row as volume retreated from a record high in March. At 325,924 cubic metres, in May, volumes slid 18% from the previous month to its lowest volume of the year. Imports from Viet Nam plunged 65% to their lowest level in more than a year.

Despite the fall, imports from Viet Nam are still more than double 2021 volume year to date through May. Imports from China fell 46% and imports from Russia. sank 32% in May, their lowest volume since May 2019.

While we may finally be seeing some impact from United States - Russia trade tensions due to the invasion of Ukraine, imports from Russia remain up 25% year to date. Overall hardwood plywood import volume is up 50% year to date over 2021.

Imports of tropical hardwood veneer jumped 50% in May after slumping in April. Much of the increase was due to imports from Ghana which rose more than 500% in May to their highest total since September 2019.

Imports from Ghana are now up 70% year to date. Imports from Cote d’Ivoire, Cameroon and India were also up sharply, while imports from Italy (the top supplier to the U.S.) fell 13%. Total tropical hardwood veneer imports were ahead of last year by 47% through May.

Imports of wooden furniture rose 8% to set a new record, breaking the one set in March. Imports from Viet Nam alone came just under the USD 1 billion mark as the US imported more than USD 2.51 billion of wooden furniture in May.

Imports from Viet Nam jumped 17% in May and moved ahead of 2021 year to date by 1%. Imports from China, Mexico and Canada also saw increases but of less than 10%. Total import of wooden furniture remained up 11% year to date.

www.fordaq.com, 02 August 2022

JULY 2022

The total export of Malaysian timber and timber products in July 2022 decreased by 4% in value totalled at RM2.1 billion from RM2.2 billion in the previous month. However, cumulative exports for the period of January – July 2022 increased by 19% valued at RM15.3 billion over RM12.9 billion in the previous corresponding period. Surging exports have in turn helped drive manufacturing activity, with PMI manufacturing indices staying in expansion for all of 2022. S&P Global stated that Malaysian manufacturers reported a further improvement in operating conditions at the start of the third quarter of 2022. The firm also stated that Malaysia Manufacturing Purchasing Managers' Index (PMI) rose from 50.4 in July to 50.6 in July 2022.

SAWNTIMBER

The total export of sawntimber in July 2022 decreased by 11% in volume and 12% in value to 93,859 m³ totalling at RM214.7 million as compared to the previous month. Cumulative exports for the period of January-July 2022 increased by 3% in volume and 21% in value to 704,197 m³ totalling at RM1.6 billion over the previous corresponding period.

Exports to the EU for the month were recorded at 3,518 m³, a decrease by 24% as compared to the previous month. The Netherlands as the main buyer reduced its intake by 22% to 1,431 m³ from 1,827 m³ in the previous month. Imports from Germany and Belgium decreased by 24% to 754 m³ from 992 m³ and 26% to 462 m³ from 620 m³ recorded in the previous month. Meanwhile, in another Europe country, exports to the UK increased by 14% to 1,226 m³ from 1,072 m³ in the previous month.

The total export to the South Asian region decreased by 6% to 10,875 m³ from 11,555 m³ recorded in the previous month. India as the main buyer from South Asia increased imports by 6% to 7,884 m³ whilst Maldives and Pakistan decreased by 32% to 1,774 m³ and 20% to 1,106 m³ for the month.

Moving to the West Asian region, the total export to the region recorded a reduction by 31% to 10,884 m³ from 15,781 m³ in the previous month. The UAE as the largest buyer in the region showed a decrease in buying by 64% to 2,629 m³ and similarly with Iraq, exports fell by 34% to 1,582 m³ for the month. Meanwhile, exports to Oman increased by 92% to 4,650 m³ from 2,425 m3 in the previous month.

Elsewhere, shipments to East Asia decreased by 5% to 35,679 m³ from 37,615 m³ in June 2022. China as the main buyer increased purchases by 1% to 21,661 m³ from 21,399 m³ in the previous month. However, exports to Taiwan decreased by 39% to 5,969 m³ and whilst exports to Japan increased by 31% to 5,097 m³ respectively.

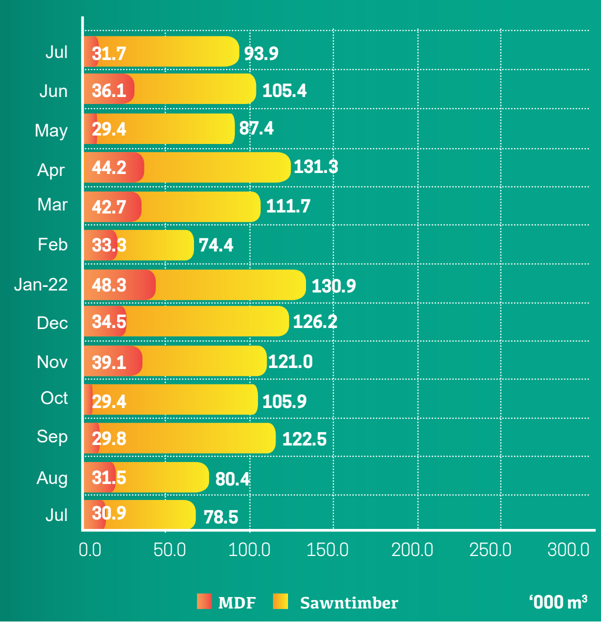
Meanwhile, ASEAN imports decreased by 3% to 27,079 m³ from 27,899 m³ as registered in the previous month. Thailand as the main buyer in ASEAN decreased its intake by 17% to 11,093 m³ from 13,373 m³ as recorded in the previous month. Meanwhile, exports of sawntimber to the Singapore and the Philippines grew by 2% to 6,502 m³ and 19% to 8,553 m³.

Moving to the African region, exports improved by 31% to 1,733 m³ compared from 2,509 m³ in the previous month. Demand from South Africa fell by 37% to 1,145 m³ from 1,819 m³ recorded last month. Exports to Nigeria decreased by 60% to 126 m³ however exports to Mauritius were down by 251% to 435 m³ from 124 m³ in the previous month.

Exports to North America decreased by 44% to 1,938 m³ from 3,461 m³ in the previous month. The USA as a major buyer from North America decreased its intake by 53% to 1,481 m³ whilst exports to Canada increased by 44% to 457 m³ from 317 m³ last month. In the Oceania/Pacific region, exports to Australia increased by 26% to 891 m³ from 706 m³ in the previous month.

Malaysia: Export of Sawntimber and MDF

July 2021 - July 2022



The average FOB price of sawntimber decreased by 1% to 2,288 per m³ from 2,312 per m³ in the previous month. The price of Dark Red Meranti to the Netherlands increased by 3% to 4,786 per m³ from 4,481 per m³ previously. Keruing was traded at 2,748 per m³, a decrease of 8% from 2,980 per m³ in the previous month.

PLYWOOD

Exports for plywood in July 2022 recorded a decrease by 12% in volume at 92,961 m³ and 8% in value at RM287.4 million as compared to the previous month. Cumulative exports for the period of July 2022 decreased by 10% in volume but increased by 25% in value to 790,385 m³ totalling at RM2.2 billion over the previous corresponding period.

The EU union region recorded an increase for plywood exports by 82% from 163 m³ to 297 m³. Denmark resumed purchase to 257 m³, followed by France with 40 m³. The UK also showed a dramatic increase of 1806% to 5,641 m³.

Moving to the East Asian market, exports slightly decreased by 3% to 68,379 m³ from 70,405 m³ in the previous month. Japan as the biggest buyer increased its import performance by 3% to 60,612 m³. However, the Republic of Korea reduced purchases by 34% to 3,519 m³, followed by Taiwan with a decrease of 38% to 3,350 m³. In South Asia, exports of plywood jumped by 53% from 1,156 m³ to 1,771 m³. hIndia and Maldives increased their buying by 44% and 379% to 1,613 m³ and 158 m³ respectively.

Elsewhere, the West Asia region recorded a decrease by 66% from 5,517 m³ to 1,905 m³ in the previous month. Jordan, Oman and the UAE resumed their buying to 856 m³, 645 m³ and 221 m³ respectively. Plywood export to the ASEAN region declined by 32% to 3,074 m³ from 4,545 m³. Singapore and Thailand decreased imports by 11% and 54% to 1,734 m³ and 769 m³ respectively. Meanwhile, Viet Nam showed an increase by 28% to 279 m³.

Plywood purchases in Oceania/Pacific decreased by 44% to 1,334 m³ from 2,375 m³. Australia recorded a fall of 41% to 1,313 m³ followed by New Zealand with decrease of 84% to 21 m³. North American regions decreased imports of plywood by 50% to 10,351 m³ from 20,658 m³. The USA as the main buyer dropped purchases by 44% to 9,633 m³, followed by Mexico with a decrease of 90% to 333 m³. Canada increased the imports tremendously by 394% to 385 m³.

Meanwhile in the African regions, plywood import a recorded decrease by 12% to 209 m³. Both South Africa and Mauritius increased purchases by 108% and 1500% to 129 m³ and 80 m³.

The FOB price of plywood for July 2022 was at RM3,092 per m³, an increase of 5% from RM2,942 per m³ from the previous month.

GlobalData expects the construction industry in the UK to expand by 3.4% in real terms this year, supported by a sharp rise in new construction orders, progress on new constructions, and repair and maintenance works. Despite registering strong growth in the first four months of 2022, over the remaining part of the year, the construction industry is expected to witness headwind due to rising inflation, higher interest rates, rising construction material prices, labour shortages and supply chain disruptions. According to the Construction Industry Training Board (CITB) in mid-June 2022, 53,200 additional workers will be required annually to meet the UK construction demand by 2026 – up from last year's figure of 43,000.

VENEER

The export of veneer for July 2022 increased in volume by 58% to 4,263 m³ and in value by 18% to RM8.0 million as compared to the previous month. Cumulative exports for July 2022 however showed a decrease in both volume and value by 30% to 22,861 m³ and 9% to RM47.3 millioncv over the previous corresponding period.

In East Asia, veneer purchase increased by 85% to 3,636 m³ from 1,962 m³ in the previous month. Taiwan, Republic of Korea and China increased their veneer buying by 245%, 85% and 6% to 1,586 m³, 1,423 m³ and 627 m³ each. For the ASEAN region, exports also jumped by 19% to 301 m³ supported by purchases from The Philippines and Singapore at 298 m³ and 3 m³. On the other hand, South Asia region showed a decrease of 15% to 205 m³ from 241 m³. India dropped the buying by 21% to 145 m³ but Bangladesh increased buying slightly by 5% to 61 m³.

Exports to Australia plummeted by 84% to 22 m³ from 135 m³. Meanwhile, Germany and South Africa have resumed their buying at 68 m³ and 31 m³.

The average FOB price for veneer decreased by 25% from RM2,499 per m³ to RM1,874 per m³ as compared to previous month.

The India wood and laminated flooring market size was estimated at USD76.9 million in 2021 and is expected to expand at a compound annual growth rate (CAGR) of 4.4% from 2022 to 2030. The rising disposable income of consumers and growing preference to enhance the look and appeal of interiors have augmented the demand for premium or luxury construction materials in India. The expanding construction industry is a key contributor to the rapidly growing industry for wood and laminate flooring.

MEDIUM DENSITY FIBREBOARD (MDF)

Exports of MDF in July 2022 recorded a 12% decrease in volume at 31,695 m³ and 9% in value at RM69.6 million compared to the previous month. Cumulative exports for the period of July 2022 however showed an increase in both volume and value at 4% and 30% to 261,455 m³ with total of RM522.0 million as compared to the corresponding period in 2021.

Exports to ASEAN decreased by 10% from 7,854 m³ to 7,073 m³ in the previous month. The Philippines reduced buying by 21% to 3,700 m³, followed by Viet Nam with a decrease of 33% to 590 m³. Meanwhile, MDF purchases in Indonesia increased by 29% to 2,423 m³. Elsewhere, East Asia showed a decrease by 5% from 12,561 m³ to 11,976 m³ in the previous month. Exports to Taiwan rose by 13% to 1,049 m³.

Japan and South Korea recorded a decrease by 1% and 66% to 10,747 m³ and 121 m³ respectively. Moving to the South Asian market, exports have increased by 28% to 5,447 m³ from 4,249 m³. Export performance to India and Pakistan hiked up by 45% and 11% to 3,762 m³ and 1,136 m³ respectively. However, shipping to Bangladesh recorded a decrease of 38% to 386 m³.

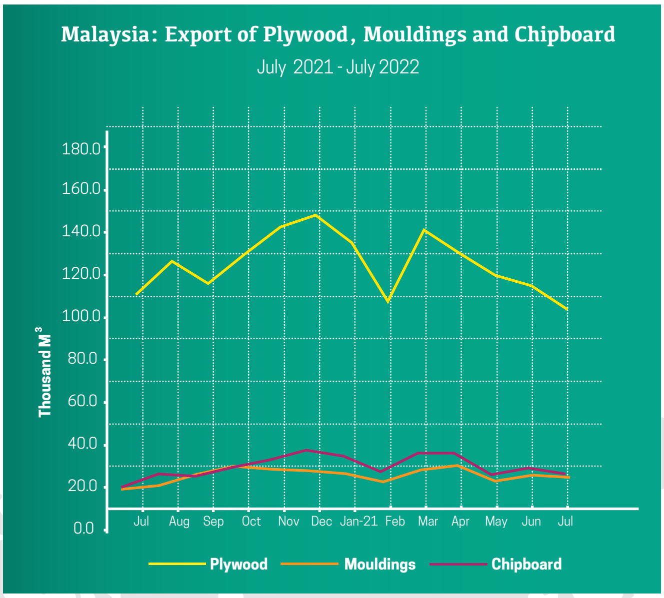
Meanwhile, exports to the West Asian region reported a decrease by 92% from 4,986 m³ to 426 m³ compared to previous month. UAE and Oman showed a decrease of MDF purchases by 32% and 92% to 361 m³ and 64 m³ each.

In the North American region, sales increased by 22% to 3,342 m³ from 2,737 m³. The USA and Mexico increased their buying by 44% and 118% to 2,044 m³ and 882 m³ respectively. However, Canada dropped imports by 54% to 416 m³. Exports to the Oceania/Pacific region recorded an increase of 95% from 1,676 m³ to 3,259 m³. Australia raised import demand by 89% to 3,005 m³ while New Zealand reduced MDF imports by 2% at 83 m³. Fiji has resumed its intake to 171 m³.

In the African region, buying dropped by 91% to 172 m³ from 1,898 m³ in the previous month. Kenya and South Africa decreased imports of MDF by 13% and 77% to 107 m³ and 64 m³ respectively.

The FOB price of MDF increased by 4% to RM2,197 per m³ from RM2,123 per m³ from the previous month.

The Asia Pacific region will witness around 5% CAGR through 2027 and this can be attributed to the growing construction output in major countries including China, India, Japan and South Korea. The region is experiencing an increase in sales of decorative films in furniture and bath & kitchen sectors owing to increasing consumer focus on aesthetically appealing housing. Furthermore, rising affinity toward luxurious homes along with increasing expenditure of homeowners on decorative products is expected to boost the MDF decorative overlays market demand by 2027.



MOULDINGS

Exports of mouldings for the month decreased by 8% in volume and 5% in value to 14,865 m3 worth at RM75.3 million. However, cumulative exports for the period of July 2022 increased by 9% in volume and increased by 29% in value to 113,682 m3 worth at RM537.4 million as compared to the previous corresponding period in 2021.

Exports to the EU for the month were recorded at 5,376 m³, decreased by 12% as compared to the previous month. Germany and France decreased their purchases by 41% and 4% to 630 m³ and 903 m³ while the Netherlands increased its purchases by 0.2% to 3,310 m³ respectively.

Meanwhile, the UK recorded an increase of 31% to 557 m³ while Turkey resumed its purchases to 80 m³ for the month.

In Asia, exports to Singapore and Viet Nam decreased by 22% and 20% to 1,032 m³ and 268 m³ respectively. Meanwhile Hong Kong, Maldives and India also decreased their purchases by 54%, 48% and 12% to 106 m³, 41 m³ and 201 m³. However, Japan and Korea increase their intakes by 79% and 63% to1,283 m³ and 861 m³ respectively while the UAE resumed its purchases to 19 m³ for the month.

Meanwhile, in the Oceania/Pacific region, exports to Australia decreased by 13% to 1,795 m³ while New Zealand resumed its purchases to 37 m³ for the month. Similarly, in the American region, exports to the US and Canada decreased by 34% and 13% to 2,384 m³ and 73 m³ respectively while Mexico increased its purchases by 203% to 91 m³ for the month.

Elsewhere, exports to the African region, Mauritius and South Africa increased by 180% and 42% to 434 m³ and 153 m³ respectively.

Average FOB unit value for mouldings increased marginally to RM5,063 per m³ compared to RM4,919 per m³ in the previous month.

The global construction industry thrives on predictability but it continues to grapple with numerous challenges and volatility, making estimating and managing costs more difficult. Tension from both global demand and supply is responsible for the rise in construction costs. Global demand is high for residential housing, infrastructure projects and logistics facilities, such as warehouses, while material costs have risen due to constrained production during the pandemic. Global shipping costs have also increased and the war in Ukraine has further strained supplies of materials.

BUILDERS JOINERY AND CARPENTRY (BJC)

Exports of BJC for July 2022 recorded a decrease of 0.4% in volume and 2% in value to 13,261,056 kg worth RM128.7 million from last month. Total BJC cumulative exports for the same corresponding period last year increased by 48% to RM826.8 million as compared to RM557.9 million last month.

Exports to the EU increased by 40% to RM137.8 million compared RM98.8 million in the previous corresponding period. Exports to Germany, Belgium and the Netherlands increased by 124%, 31% and 7% to RM19.3 million, RM35.1 million and RM17.5 million respectively. Meanwhile, exports to Turkey and Norway also increased by 388% and 98% to RM1.8 million and RM25.8 million respectively. Exports to the UK, however decreased by 6% to RM71.0 million from last year.

In Asia, exports to Singapore and Viet Nam recorded an increase of 89% and 22% to RM45.7 million and RM11.3 million respectively while Thailand decreased its intake by 19% to RM7.4 million for the month.

Exports to China, Taiwan and Japan increased by 77%, 24% and 22% to RM16.3 million, RM6.2 million and RM31.8 million respectively. Nevertheless, exports to Maldives, India and Pakistan also increased by 77%, 62% and 21% to RM2.1 million, RM25.9 million and RM1.7 million respectively. Meanwhile, Qatar and the UAE decreased imports by 68% and 2% to RM340,939 and RM965,530 while Saudi Arabia resumed its intakes to RM224,453 for the month.

Meanwhile, in the Oceania/Pacific region, exports to Papua New Guinea, Australia and New Zealand increased by 91%, 54% and 44% to RM497,837, RM145.3 million and RM14.5 million respectively. In the American region, Canada, Uruguay and the US also increased their intakes by 132%, 101% and 78% to RM751,639, RM570,495 and RM249.5 million respectively. However, Mexico resumed its intake to RM9.7 million for the month.

Elsewhere, in the African region, Egypt and South Africa increased their intakes by 24% and 1% to RM781,719 and RM4.7 million while Mauritius decreased by 12% to RM500,418 respectively.

The execution of construction projects has been severely affected by supply chain delays, shortages and higher costs related largely to the pandemic and the war in Ukraine. Corruption and irregular procurement have become endemic in the construction sector. Shortages of building materials, compounded by soaring transport costs and inflation, are driving up construction costs and resulting in cost overruns.

FURNITURE

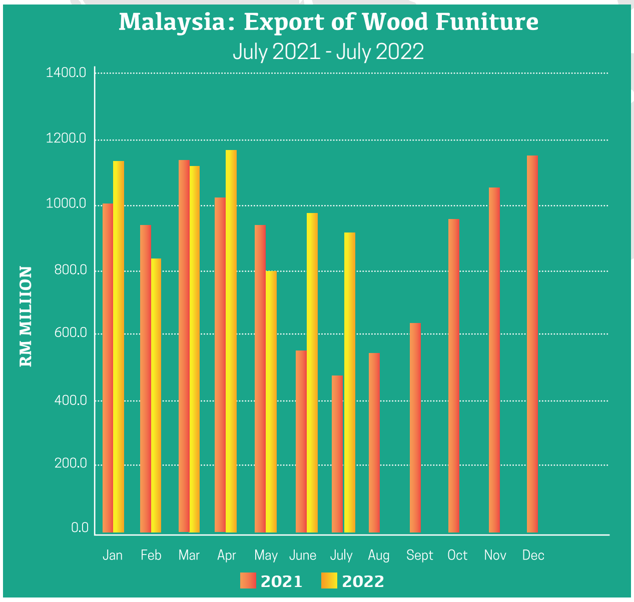
Exports of wooden furniture for the month of July 2022 slowed by 5% to RM899.0 million and similarly, rattan furniture exports decreased by 25% to RM6.4 million respectively from the previous month, June 2022. Meanwhile, exports of wooden furniture for the cumulative period of January to July 2022 recorded an export value worth RM6.9 billion, an increase of 15% from its corresponding period in 2021. Meanwhile, demand for rattan furniture increased by 29% year-on-year to RM59.6 million from RM46.1 million over its corresponding period 2021.

Exports of wooden furniture to ASEAN expanded by 69% worth RM603.4 million over its corresponding period in 2021. Singapore was recorded as the highest buyer with RM323.4 million, an increase of 54%. This followed by the Philippines, with exports increased significantly by 118% to RM130.8 million and Indonesia, by 51% to RM47.3 million.

Moving to the East Asian region, exports rose by 32% to RM506.0 million. Japan remained the highest buyer with an export value of RM363.4 million, an increase of 45%. This was followed by Taiwan, with an increase of 59% to RM54.3 million. However, exports to China reduced by 14% to RM38.5 million over its corresponding period in 2021.

Exports to West Asia rose by 8% to RM245.5 million from RM228.5 million in its corresponding period in 2021. Exports to the UAE, the largest buyer in the region, increased by 29% to RM103.3 million. However, exports to Saudi Arabia decreased by 5% to RM89.0 million for the cumulative period. Exports to Kuwait increased by 11% to RM25.7 million from RM23.2 million over its corresponding period in 2021.

Meanwhile, the South Asian region recorded an increase of wooden furniture intake of 30% to RM113.9 million for the month. Amongst South Asian countries, India recorded the highest intake with exports valued at RM107.9 million, an increase of 31%. Similarly, exports to Maldives and Bangladesh improved by 1% to RM4.2 million and 83% to RM1.1 million respectively.



Exports to the Central Asian region dropped by 42% to RM2.6 million with exports to Azerbaijan decreased by 41% to RM2.3 million. Meanwhile, exports to Kazakhstan and Azerbaijan were recorded at RM176,445 and RM103,012 respectively for the mentioned period.

Exports to the European Union (EU27) recorded an increase by 11% to RM247.2 million from RM222.2 million over its corresponding period in 2021. Germany as the highest buyer in the bloc recorded an increase in buying by 52% to RM44.0 million, followed by Denmark whose exports rose by 84% to RM27.1 million. However, exports to France decreased by 7% to RM26.2 million.

As for Europe-other countries, exports reduced by 4% to RM250.1 million. Exports to the United Kingdom and Georgia both decreased by 2% to RM234.7 million and RM3.5 million respectively. However, exports to Turkey were up by 41% to RM4.5 million from RM3.2 million over the same corresponding period in 2021.

Exports to the Oceania/Pacific region rose by 34% to RM345.1 million from RM258.2 million over its corresponding period in 2021. All major buyers of wooden furniture recorded an increase of buying for the cumulative period of January to July 2022. Australia remained the top buyer in the archipelago region with an export value of RM301.1 million, an increase of 33%. Exports to New Zealand also rose by 12% to RM26.5 million. Similarly, exports to Papua New Guinea recorded an increase by 101% to RM6.1 million from RM3.0 million over the same period 2021.

Moving to the Central American region, exports of wooden furniture reduced by 20% to RM17.6 million over its corresponding period in 2021. Exports to Panama and Costa Rica increased by 24% to RM5.6 million and 43% to RM4.4 million respectively. However, exports to El Salvador reduced by 58% to RM3.4 million for the cumulative period of January - July 2022.

Meanwhile, exports to the North American region rose slightly by 8% to RM4.4 billion with sales to USA, the largest wooden furniture buyer, increased by 5% to RM4.0 billion from RM3.8 billion in its corresponding period in 2021. Similarly, exports to Canada and Puerto Rico increased by 56% to RM210.2 million and 41% to RM60.1 million respectively.

Exports of wooden furniture to the South American region recorded an increase of 26% worth RM64.9 million from RM51.6 million in its corresponding year in 2021. Although exports to Chile increased by 40% to RM49.3 million, exports to Peru and Columbia reduced by 9% to RM6.2 million and 26% to RM2.7 million respectively.

Export to the African region recorded an increase of 37% to RM103.5 million with South Africa garnering the largest market share with RM29.2 million. It is an increase of 14% from its corresponding period in 2021. This was followed by Kenya, with a recorded sale of RM11.8 million, an increase of 87%. Exports to Reunion Islands also increased by 14% to RM8.4 million.

Rattan furniture shipments for July 2022 recorded a decrease of 25% valued at RM6.4 million from RM8.5 million in the previous month. However, exports of rattan furniture for the cumulative period of January – July 2022 recorded an increase of 29% to RM59.6 million from RM46.1 million in the corresponding period in 2021.

Exports to ASEAN member countries were recorded at RM3.0 million, an increase of 43% for the cumulative period of Jan - July 2022. The highest buyer was the Philippines with recorded sales of RM1.4 million, an increase of 101%. Similarly, exports to Thailand rose by 54% to RM637,916 but exports to Singapore reduced by 0.1% to RM691,508 for the said period.

Likewise, the East Asian region also increased its shipments by 33% to RM6.6 million. China as the largest buyer in the region increased its intake by 15% to RM4.0 million. Likewise, Japan and Mongolia also increased their buying by 91% to RM1.2 million and by 104% to RM778,990 respectively.

India as the largest buyer amongst South Asian countries recorded a decrease of 16% to RM2.8 million from RM3.3 million in the corresponding period in 2021. Bangladesh resumed its intake to RM16,447 for the cumulative period of January to July 2022. Exports to the West Asian region reduced by 31% to RM419,661 from RM609,707 over its corresponding period in 2021. The largest buying nation of rattan furniture in the West Asian countries, the UAE, reduced its intake by 20% to RM268,886. Similarly, exports to Saudi Arabia also decreased by 54% to RM57,313. However, exports to Jordan increased by 56% to RM93,462 from RM60,048 in its corresponding period in 2021.

Meanwhile, exports to the European Union recorded an an increase of 52% to RM7.7 million with Ireland being the largest buyer amongst EU27 countries. Exports to Ireland rose by 11% to RM1.7 million. Similarly, exports to Sweden boomed by 136% to RM1.5 million from RM655,392 over its corresponding period 2021. Similarly, demand from France also increased by 205% to RM1.2 million. Moving to Europe-Other countries, demand from the United Kingdom slowed by 6% to RM3.7 million, followed by Russia with a decrease of 4% to RM1.4 million over its corresponding period in 2021. Demand from Ukraine also slowed by 66% to RM122,916.

Shipments to the Oceania/Pacific archipelago region increased by 40% to RM5.1 million from RM3.6 million over the same period in 2021. Australia recorded an increase of 64% to RM4.7 million and likewise, exports to Western Samoa increased significantly by 138% to RM68,143. However, exports to New Zealand declined by 61% to RM245,172.

Exports to the North American region increased by 36% to RM26.2 million from RM19.3 million over the same period in 2021. The USA being the largest buyer for rattan furniture recorded an increase of 31% to RM23.0 million, followed by Canada with 71% to RM2.1 million and Dominican Republic 281% to RM787,826. Amongst the South American countries, exports to Chile increased by 53% to RM267,425. Similarly, Uruguay also increased its buying by 553% to RM35,213 and Argentina resumed its intake by RM167,482 for the cumulative period of January to July 2022.

Intake of rattan furniture in the African region increased by 106% to RM2.0 million where the largest buyer, Algeria increased its buying by 237% to RM1.4 million. South Africa also increased its intake by 12% to RM187,328 while Tanzania resumed its buying to RM143,741.

Transparency Market Research Inc in its latest September report predicted that global children furniture market will reach USD178.3 billion by 2031. The global kids' furniture market was valued at USD105.7 billion in 2021 and it is estimated to grow at a CAGR of 5.6% from 2022 to 2031. As the number of parents with dual incomes rises, so does the opportunity to purchase items for the home, especially furniture for kids. The market for kids' furniture is predicted to expand as a result of urbanization. Urban areas have high concentrations of parents who are exposed to a variety of appealing kid's furniture items. As a result, urbanization and the rise in the number of dual-income families will drive up demand for children's furnishings. The demand for kids' furniture is also anticipated to grow as consumers' preferences toward sustainable and eco-friendly furniture increase. Players in the market are progressively refocusing their efforts to fulfil the rising demand for this kind of furniture. In order to diversify their sources of income, major market players are putting a lot of emphasis on diversifying their product portfolios with the introduction of a variety of appealing products. The expansion of preschools and day-care facilities is anticipated to increase the size of the kids' furniture market in the forthcoming years. By providing contemporary furniture that improves the entire look and feel of a house, luxury furniture companies are increasingly focusing on the kids' market. This factor is anticipated to significantly influence the market in the near future.

CWSB MOU SIGNING CEREMONY

Chairman CWSB Muhammad Saiful Bahari Sahari, MTIB Director General Haji Kamaruzaman Othman and MTIB Deputy Director General Hajah Roslina Idris waiting for the arrival of Ybhg Datuk Hajah Zuraida Binti Kamaruddin, the Ministry of MPIC.

O On the 22 August, CTCS Worldwide Sdn Berhad held a Memorandum of Understanding (MOU) Signing Ceremony witnessed by the Minister of Plantation Industries and Commodities, the Honorable Datuk Hajah Zuraida Kamaruddin at Royale Chulan Hotel, Kuala Lumpur.

CWSB signed a total of seven (7) MoUs with the following entities: MTIB, Langkawi Development Authority (LADA), Terengganu Timber Training Industry Center (TTITC), Universiti Tun Hussein Onn Malaysia (UTHM), Furniture and Wood Association-Kayan Bumiputera Malaysia (PEKA), Muar Furniture Association (MFA) through its subsidiary MFA Event Sdn Bhd, and Universiti Putra Malaysia (UPM) along with its partners MyTeakWood Holdings Sdn. Bhd. and Green Afforestation International Network Sdn. Bhd.

Among the objectives of the MoU were to encourage the participation of Bumiputera entrepreneurs in promotional programmes and exhibitions, to improve the skills of Bumiputera vendors through development and skills training and to develop support for the furniture industry ecosystem in the Southern Region.

During the speech by YB Datuk Hajah Zuraida, she stated that the government is committed towards ensuring that the development efforts of Bumiputera entrepreneurs are translated into long-term plans through strategic cooperation. Thus, the Memorandum of Understanding (MoU) between CWSB and related parties reflects the commitment of all parties towards the development of the entire timber ecosystem chain, including Bumiputera entrepreneurs.

Also present during this MoU ceremony was the Deputy Secretary General (Plantation and Commodities), YBrs. Mr. Mad Zaidi bin Mohd Karli; the Chairman of the Malaysian Timber Industry Board (MTIB), YB Datuk Hishamuddin bin Abdul Karim; the Director General of MTIB, and YBrs. Tuan Haji Kamaruzaman Othman.

Ybhg Datuk Hajah Zuraida Binti Kamaruddin, the Ministry of MPIC heading towards the event of Memorandum of Understanding (MoUs) at Hotel Royale Chulan, Kuala Lumpur.

Memorandum of Understandings (MoU) signing between CTCS Worldwide Sdn Bhd and seven stakeholders.

MALAYSIA

Port Of Tanjung Pelepas Becomes First Container Terminal in Malaysia To Surpass One Million Teus In A Month

Port of Tanjung Pelepas (PTP), a joint venture between Malaysian-based MMC Group and Netherlands-based APM Terminals hit a historic milestone by becoming the first container terminal in Malaysia to surpass 1 million TEUs in a month.

The milestone was recorded on 31 July 2022 at approximately 11.45 pm during the loading process at MTT CEBU vessel, with final monthly throughput volume registered at 1,001,819 million TEUs.

Commenting on this achievement, Transport Minister, YB Datuk Seri Ir Dr Wee Ka Siong lauded PTP for its sterling performance in achieving the latest record despite the current challenging business environment, especially due to rising freight costs, port congestions, impact of Ukraine war on global shipping, and equipment and manpower shortages.

"This latest record-breaking milestone and various other accomplishments set by PTP over the years underline the value of the maritime sector to Malaysia's economic well-being and the importance of trade to the nation."

"PTP's strategic approach to continuously enhance efficiency and optimise its footprint has served tremendously in keeping the nation's competitive advantage in an increasingly competitive global market."

Tan Sri Che Khalib Mohamad Noh, PTP Chairman stated that this latest milestone has further underscored PTP's position as the busiest container terminal in Malaysia. "This achievement is the result of outstanding dedication and commitment from everyone to set up the right and sustainable business conditions especially in applying advanced technological strategy in our day-to-day operations and focus on delivering integrated customer services to our stakeholders."

Marco Neelsen, PTP Chief Executive Officer explained that PTP continuously reviews and refines its strategic direction and initiatives to ensure sustainable growth. "Our concerted efforts to grow is accompanied by significant emphasis on our port asset upgrades and infrastructure works aligned with our ESG agenda and digital strategy roadmap," said Neelsen.

Over the years, PTP has implemented various sustainable solutions including efforts to reduce carbon footprint by electrifying its equipment, introducing various automation initiatives such as the Asset Digitisation Programme, collaborating with local academia on studies of the Prime Mover Automation project as well as introducing the women empowerment agenda to attract more local female talents into its workforce especially as terminal equipment drivers.

PTP has also recently partnered with United Nations Global Compact Network (UNGC) to further embed sustainability practices in all areas of PTP's business and operation.

Earlier this year, PTP became the first container terminal in Malaysia to surpass 11 million TEUs throughput volume in a year, further strengthened PTP's position as one of the top 15 global ports.

Source: *hellenicshippingnews.com August 10, 2022*

EUROPE

Container Spot Rates Keep Falling, But What Will Be The Floor?

Spot container freight rates are continuing to fall dropping 5% on the transpacific trade over the last week according to Drewry. Drewry's World Container Index (WCI) dropped 3% to $6,223.82 per feu for the week ending 18 August. This represented a 35% drop compared to the same week last year.

On the key transpacific trade Shanghai – Los Angeles and Shanghai – Rotterdam dropped 5% each to $6,521 and $8,430 per feu respectively. Notably the Port of Los Angeles where congestion was the stuff of mainstream headlines a year ago, was this week talking about have capacity for more services.

Looking at Asia – Europe Rotterdam – Shanghai decreased 1% to $1,187 per feu. Rates into the US East Coast, where ports have seen more congestion, were higher though and New York – Rotterdam gained 1% to $1,298 per feu.

Spot rates form a small proportion of most carriers' overall business so immediate impact is small as has been seen in most lines Q2 results. An exception is the niche long-haul carrier ZIM Line where falling spot rates have resulted in lower average freight rates in Q2 2022 versus Q1 this year. In Q1 2022 ZIM reported an average freight rate of $3,848 per teu, but this number fell to $3,596 per teu in Q2 2022. The impact of this could be seen in ZIM's quarterly earnings as while second quarter net profits of $1.34bn were up over 50% year-on-year they were down compared to the line's record Q1 net profit of $1.7bn.

"Over the past several weeks, we have seen a gradual decline in freight rates, including in the transpacific trades, despite continued port congestion and resilient demand, driven by macroeconomic and geopolitical uncertainties," Eli Glickman, ZIM President and CEO.

Most container line's revenues come from long term contracts, which have lagged considerably behind spot rates as adjustments only came when contracts came up for renegotiation. And even though spot rates had started to soften at the point of recent negotiations the contract rates agreed reflected the exceptionally high spot rates seen over proceeding months and the impact of severe supply chain disruption.

Indeed, lines have been successful in locking in more customers into long term contracts as is shown by figures from Maersk that share of long-haul volumes on contract in Q2 2022 was 72% up from 70% previously. Lower spot rates will be factor in the next round contract rate negotiations giving more leverage to customers, who in the last two years have had little choice but accept what rates have been offered to them.

The question is how much more spot rates will continue to decline, and at what level they will settle? Current spot rates remain far above historical averages. Drewry's WCI composite index may now be 40% lower than the peak of $10,377 per feu it hit in September 2021, but it remains 71% higher than the five-year average of $3,631 per feu.

While the situation has improved for US West Coast ports supply chain disruption is far from over. There is growing congestion at US East Coast ports, a week-long strike looming at the UK's largest port of Felixstowe following disruption at other major Europe ports such as Hamburg. China's zero-Covid policy means continued uncertainty over full operation of its key export facilities. Full normalisation of the supply chain remains a long way off.

All these factors, combined with a fear of further black swan events, should provide a strong floor to spot rates with lines continuing to be able lock in significant contract rates at the next round of negotiations, if not at the heights seen at present.

Source: *seatrade-maritime.com, August 26, 2022*

UNITED STATES

North Europe Port Congestion Eases as Demand Falls and Strikes and Holidays End

Shipments of Timber and Timber Products Through Ports in Peninsular Malaysia, July 2022

Products	Port Klang		Kuantan		Pasir Gudang		Tanjung Pelepas		Penang		Total all ports (m3)	% Change Jun/ Jul'22
	m3	% Change	m3	% Change	m3	% Change	m3	% Change	m3	% Change		
Sawntimber	40,134	-1	1,364	2	769	28	317	8	2,154	2	44,738	-1
MDF	11,219	23	161	-17	1,830	7	2,325	-7	1,083	55	16,618	17
Mouldings	9,663	-7	38	-44	1,655	38	919	-16	643	-32	12,918	-5
Plywood	1,330	-76	0	0	7	100	255	-31	3,693	-7	5,287	-47
Veneer	241	-64	0	0	0	0	61	24	649	-67	950	-64
Particleboard	11,112	6	0	0	30	100	0	0	1,990	-72	13,133	-25
TOTAL	**73,700**	**-4**	**1,563**	**-2**	**4,292**	**22**	**3,877**	**-10**	**10,213**	**-39**	**93,644**	**-9**

Note : Indicates percent change over the previous month

Source : MTIB

A combination of improved labour availability, due to the end of the school holidays and a reduction in Asian imports, has eased congestion at North Europe's container hubs. Moreover, a wage settlement last week at German ports is also expected to relieve the high yard density at Hamburg's box terminals in the coming weeks.

According to new weekly data produced by supply chain intelligence company eeSea for the port of Rotterdam, congestion at the Dutch gateway and neighbouring Antwerp has declined significantly in the past few weeks. The eeSea data provides an insight into the berthing wait times for container vessels at Rotterdam, Antwerp-Bruges, Hamburg and Bremerhaven, tracking waiting vessels and waiting days.

It shows the longest wait time for a containership to berth at Rotterdam's terminals plunged from 23.3 days, on 22 August, to just four days on 29 August. At Antwerp-Bruges, the longest wait times, which had already reduced to 4.8 days by 22 August, were further improved to 2.1 days on 29 August.

However, the longest wait time at Hamburg was still extremely high on 29 August, at 26.7 days, having reduced from 31.1 days on 22 August. But that is expected to improve substantially as the high yard density eases in the wake of industrial action and a greater take-up of volunteer weekend labour.

The latest ocean carrier operational advisories are also more positive on the terminal congestion issues at the hubs that have plagued their networks for months. Hapag-Lloyd said the increase in labour at ECT Rotterdam was "visible, leading to faster turnarounds of vessels". And at PSA Antwerp, the carrier reported that although yard utilisation at berths 869 and 913 remained high, the terminals were performing "within operational limits".

It was also optimistic about an improvement in congestion at Hamburg, following the new pay deal agreement, reporting "an increased number of gangs during the week", and particularly upbeat about operations at its main UK hubs at Southampton and London Gateway.

It said the labour situation at Southampton, which serves THE Alliance vessels, was "stable", with yard utilisation levels "high but manageable". It added that there were no issues with berth availability and that "all vessels have their agreed berth windows", which suggests a return to operational discipline by carriers.

At London Gateway, Hapag-Lloyd said, "stable gang availability continues" and yard utilisation "remains at a good level", adding: "The terminal has a busy berth line-up, but all vessels have a berth window."

And feeders are also getting served promptly at the DP World-operated facilities, according to one operator, who told The Loadstar waiting times had "eased significantly". "We are back to allocated berthing windows at Gateway and Southampton, and that is a massive help to our schedules," said the contact.

Source: *theloadstar.com August 30, 2022*

CHINA

Chinese Firms' Development Plans for Ports Will Heat up East Africa Competition

Ningbo-Zhoushan Port Co and China Merchants Port Holdings (CMPH) are to invest around $2.22bn in three port projects in Africa and the Mediterranean. It forms part of the Belt and Road initiative in what has become a competition hot-spot on the African continent.

Yesterday's announcement of a link-up between India's Adani Group and Abu Dhabi Ports to develop a port and logistics hub in Tanzania today was matched by China's second-busiest container port operator and CMPH to also develop hub facilities in Tanzania, as well as in neighbour Kenya.

Ningbo-Zhoushan Port announced that its first project will be in Tanzania's Bagamoyo Special Economic Zone, East Africa's main transport channel and the country's main export gateway. The investment cost is estimated at $740m.

The potential in Tanzania mainly stems from its "gateway access" to cargo volumes moving in and out of the six land-locked countries of Malawi, Zambia, Democratic Republic of Congo, Burundi, Rwanda and Uganda.

Ningbo-Zhoushan Port intends to build an urban compound in Tanzania, modelled on the industrial zone around China's Shekou (Shenzhen) port, including logistics parks, tourism parks, industrial parks, international airports, banks, railway hubs and warehouses.

The second project, estimated at $787m, is said to be at Kenya's Lamu port, which the government is hoping to develop to alleviate pressure on the country's main port, Mombasa, more than 300km away. One of the flagship developments of Kenya Vision 2030, launched by President Mwai Kibaki in 2008, is a transport corridor linking Lamu Port, Ethiopia and South Sudan, including road, rail and oil pipelines, deep into the African hinterland.

Lamu Port has a 10km coastline, can accommodate 23 berths, and has a water depth of 17.5 metres, compared with 15 metres in Mombasa, enabling it to handle large containerships. The port will serve as a transhipment hub, competing with Durban and Djibouti to strengthen Kenya's position as a logistics hub in East Africa. Lamu is expected to handle 23.7m tonnes of cargo by 2030.

In 2019, the Kenyan government received a public-private investment proposal from CMPH to jointly develop the Lamu Special Economic Zone, which included the construction, management and operation of Berths 1-3 at Lamu Port and the development of the new Lamu Industrial City.

Ningbo-Zhoushan Port divulged little about the third project, except that it is in the Mediterranean and a gateway into Eastern Europe and West Asia, offering a bridge to east-west tradelanes. Chinese media reports suggest it could be a Turkish port development, and the investment cost is estimated at $696m.

Ningbo-Zhoushan Port expects the new projects to bring in an annual revenue of $250m. It said CMPH "has a deep grasp of the Belt and Road initiative", with a port network covering 50 ports in six continents and 25 countries and regions. Last year, container throughput from ports in CMPH's portfolio stood at 33.57m teu, up from 20.84m teu in 2019.

Source: *theloadstar.com August 10, 2022*

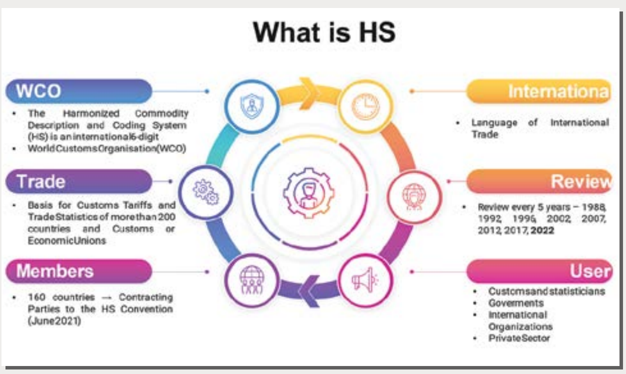
HS CODE 2022 HARMONISED WORKSHOP OF MALAYSIAN TIMBER INDUSTRY BOARD (MTIB)

The Ministry of Finance (MOF) issued the new Customs Duties Order 2022 on April 15, 2022, which will supersede the existing Customs Duties Order 2017, effective June 1, 2022. The World Customs Organization (WCO) just released the seventh edition of the Harmonized System (HS) 2022, which is in line with the new Customs Duties Order 2022 (PDK).

PDK is an official document used by the Royal Malaysian Customs Department (JKDM) to levy duties and taxes. PDK contains a list of commodity tariff codes along with duty and tax rates. PDK 2022 is based on the Harmonized System (HS) issued by the ASEAN Harmonized Tariff Nomenclature (AHTN) every five (5) years. Its primary goal is to adapt to the most recent changes in trade with new technological changes on a product, as well as to ensure the consistency of PDK 2022 implementation procedures across the country. It has been updated with a total of 351 sets of amendments covering different emerging products and 38 sets of amendments involving the HS code of wood and forest products.

Malaysia, as a member of WCO and ASEAN, needs to use the latest HS and AHTN for the coordination of customs activities, especially import and export. The Malaysian Timber Industry Board (MTIB), as the agency responsible for issuing timber import and export permits, needs to adapt to the latest changes in current trade by updating the HS Codes on MTIB's online licencing system in line with PDK and Customs Prohibition Order (PLK) 2022 of JKDM and WCO. MTIB also needs to ensure that the mapping and migration of the HS 2022 Codes are accurate and updated in MTIB's licencing system, namely MTIB Core System (MCS).

In line with that, MTIB organised the HS 2022 Harmonize Workshop on August 10–12, 2022. The goal was to learn about the implementation of PDK and PLK 2022, including the harmonising and mapping the HS Code of wood products according to PDK 2022 in MTIB's Online Licensing system. This workshop was attended by a total of 23 participants, consisting of Task Force members and 2 representatives from the Royal Malaysian Customs Department as speakers. The workshop was led by En Saiful Bahri Salleh, Deputy Director General of MTIB.



AUSTRALIA
BOOSTING TRADE OPPORTUNITIES BETWEEN MALAYSIA AND AUSTRALIA

Overview

Australia is the largest country in Oceania and the world's sixth-largest country by total area with a landmass of 7,617,930 square kilometres. Its population - 26.2 million, is highly urbanised and heavily concentrated on the eastern seaboard. Australia is home to just 0.3% of the world's population, but accounts for 1.7% of the global economy. Australia is set to become the world's 12th largest economy in 2023, according to the IMF. Its nominal GDP will be around AUD2.5 trillion (USD1.8 trillion). Australia's growth rate is expected to remain strong at 4.2% in 2022, according to the IMF. This follows a solid rebound of 4.7% in 2021. Australia's rapid recovery compares well internationally. Its GDP is projected to be 6.7% larger by the end of 2022 than in pre-pandemic 2019. This increase over the pre-COVID-19 level in 2019 is higher than the average for advanced economies (3.7%). Tax incentives will encourage a forecast boom in business investments. Australia is a member of the United Nations, G20, Commonwealth of Nations, ANZUS, Organisation for Economic Co-operation and Development (OECD), World Trade Organization, Asia-Pacific Economic Cooperation, Pacific Islands Forum, and the ASEAN Plus Six mechanism.

The Australian economy grew 0.8% during the March quarter 2022, and 3.3% over the past year. Its strength came from household consumption, which grew 1.5%, and from a record AUD7.5 billion ramp-up in inventories. The inventory build-up largely reflects the business community replenishing stocks. According to the Australian Bureau of Statistics' (ABS) latest report in September 2022, it's indicated that the country's Gross Domestic Product (GDP) rose 0.9% in seasonally adjusted chain volume terms in the June quarter 2022 and was up 3.6% through the year 2022. It was mainly from household consumption, which grew 2.2%, and exports. Export volumes surged, growing 5.5% during the quarter, the fastest rate of growth since September 2000. Growth was driven by rural goods such as wool, meat and cereals, as well as mineral ores such as iron ore and lithium. It was the third consecutive quarter of economic growth, following a contraction in the September quarter 2021, which was impacted by the Delta outbreak.

The boost to Australia's economic output was driven by an increase in household spending and growth in exports, partly propelled by the return of international students and tourists. But construction was one of four sectors, including manufacturing, whose economic growth went backwards. In its latest September report on Australia's Engineering Construction Activity, the ABS reported that the seasonally adjusted estimate for the value of total engineering construction work done fell 1.7% in the June quarter to AUS22,801.6 million while the seasonally adjusted estimate for the value of work done for the private sector fell 2.7% in the June quarter to AUD12,679.2 million. The seasonally adjusted estimate for the value of work done for the public sector fell 0.5% in the June quarter to AUS10,122.4 million. The value of work commenced in the June quarter was AUD21,662.1 million in original terms, a decrease of 31.2% from the March quarter. Australia's construction industry has taken a hit despite the economy building overall momentum. Skills shortages, supply chain disruptions and inflation driving up the price of materials combined to take a toll on the building industry in the June quarter. The skyrocketing price of building supplies has also badly affected the Australian construction companies since the end of 2021 and left some of their customers with unfinished homes. ABS data shows that over the 2021-2022 financial year, the prices of timber, board and joinery jumped by 24.2% and metal-based supplies such as steel rose by 18.4%.

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Forestry and Timber and Timber-Based Production

Australia has 134 million hectares of forest, which is 17% of Australia's land area. This is about 3% of the world's forest area, and the seventh-largest reported forest area worldwide. Forests extend across Australia's northern tropical regions, east coast subtropical regions, and warm and cool temperate zones in the south-east. They are also found in Mediterranean climate zones in the south-east and south-west. In some regions, forests extend from the wetter coastal and sub-coastal areas into drier parts of the continent, and into sub-alpine and alpine zones. They grow on a range of soils, from ancient, fragile and infertile soils to more recent, fertile soils of volcanic origin.

Queensland has the largest area of Australia's forest (51.8 million hectares—39% of Australia's forest), with the Northern Territory (23.7 million hectares—18%), Western Australia (21.0 million hectares—16%), and New South Wales (20.4 million hectares—15%), making up much of the balance. Australian forests comprises of:-

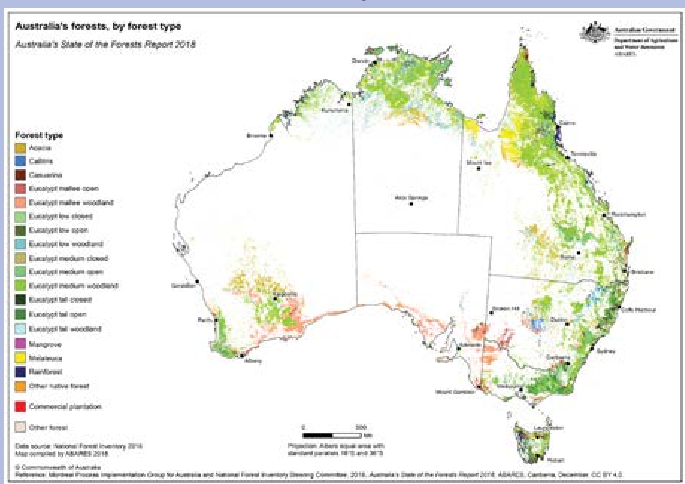
i - **Native forests - 132 million hectares (98%)**
Native forests are categorised into eight national forest types namely: Acacia, Callitris, Casuarina, Eucalypt, Mangrove, Melaleuca, Rainforest, and Other native forest (which includes a range of minor native forest types that are named after their dominant genera, including Agonis, Atalaya, Banksia, Hakea, Grevillea, Heterodendron, Leptospermum, Lophostemon and Syncarpia). Across the wide range of rainfall and soil conditions that support. forest, most of Australia's 'Native forest' category of forest is dominated by eucalypts (77%) and acacias (8%).

ii - **Commercial plantations - 1.95 million hectares**
Australia's commercial plantations are a major source of commercial wood products. It covered a total of 1.95 million hectares in 2016 (or 2% of Australia's total forest area), including 1.02 million hectares of softwood species (mostly exotic pines), 0.92 million hectares of hardwood species (mostly eucalypts) and 0.01 million hectares of unknown or mixed species.

Australia's commercial plantations comprise both softwood species (predominantly radiata pine, Pinus radiata) and hardwood species (most commonly blue gum, Eucalyptus globulus). Their primary purpose is for commercial wood production, and they produce most of the volume of logs harvested annually in Australia. Commercial plantations also provide a range of environmental services, such as salinity and erosion control, and support regional employments. Plantations provide habitat for some native flora and fauna species that generally do not inhabit cleared agricultural land, although the population densities of forest-dwelling species are usually lower in plantations than in native forests.

iii - **Other forests - 0.47 million hectares**
These are small areas of mostly non-industrial plantations and planted forests of various types including sandalwood plantations, small farm forestry and agroforestry plantations, plantations within the reserve system, and plantations regarded as non-commercial. Non-planted forest dominated by introduced species are also categorised as 'other forests'.

Australia : Coverage by Forest Type



Source: Department of Agriculture, Fisheries and Forestry, Australia

Australian Bureau of Agricultural and Resource Economics and Sciences (ABARES) estimates that the total commercial plantation estate may decrease by around 80,000 to 100,000 hectares over the next 10 to 15 years as new plantation establishments will not be sufficient to offset removals of low commerciality plantations unless there are new drivers to expand or maintain the current plantation estates.

Australia: Forest Area, 1990-2020

Product	1990	1992	2000	2010	2015	2016	2017	2018	2019	2020
Forest area	1,776	1,770	1,746	1,716	1,701	1698	1,695	1,692	1,689	1,686
Other wooded land	20	20	20	20	20	20	20	20	20	20
Other Land	604	610	614	664	679	685	688	691	691	694
Total Land Area	2,400	2,400	2,400	2,400	2,400	2,400	2,400	2,400	2,400	2,400

Area (1,000 ha) *Source: Global Forest Resources Assessments 2020*

Australia's forests are recognised and valued for their diverse ecosystems and unique biodiversity and for their provision of products such as wood. They perform important environmental functions, including storing carbon and protecting soil and water. Forests are also places with cultural, aesthetic and heritage values and provide recreational opportunities.

However, Australia's forests are subject to many pressures, including land clearing for agriculture; urban development; mining and infrastructure; extreme weather; drought; climate change; invasive weeds, pests and diseases; changed fire regimes; urban development; agricultural management practices such as grazing; and the legacy of previous land management practices.

According to the FAO, in 2020, Australia produced around 14.9 million m^3 of woodchips, followed by logs 10.4 million m^3, sawntimber 3.8 million m^3 and particleboard 968 thousand m^3.

Australia: Production of Timber and Timber Products, 2016-2020

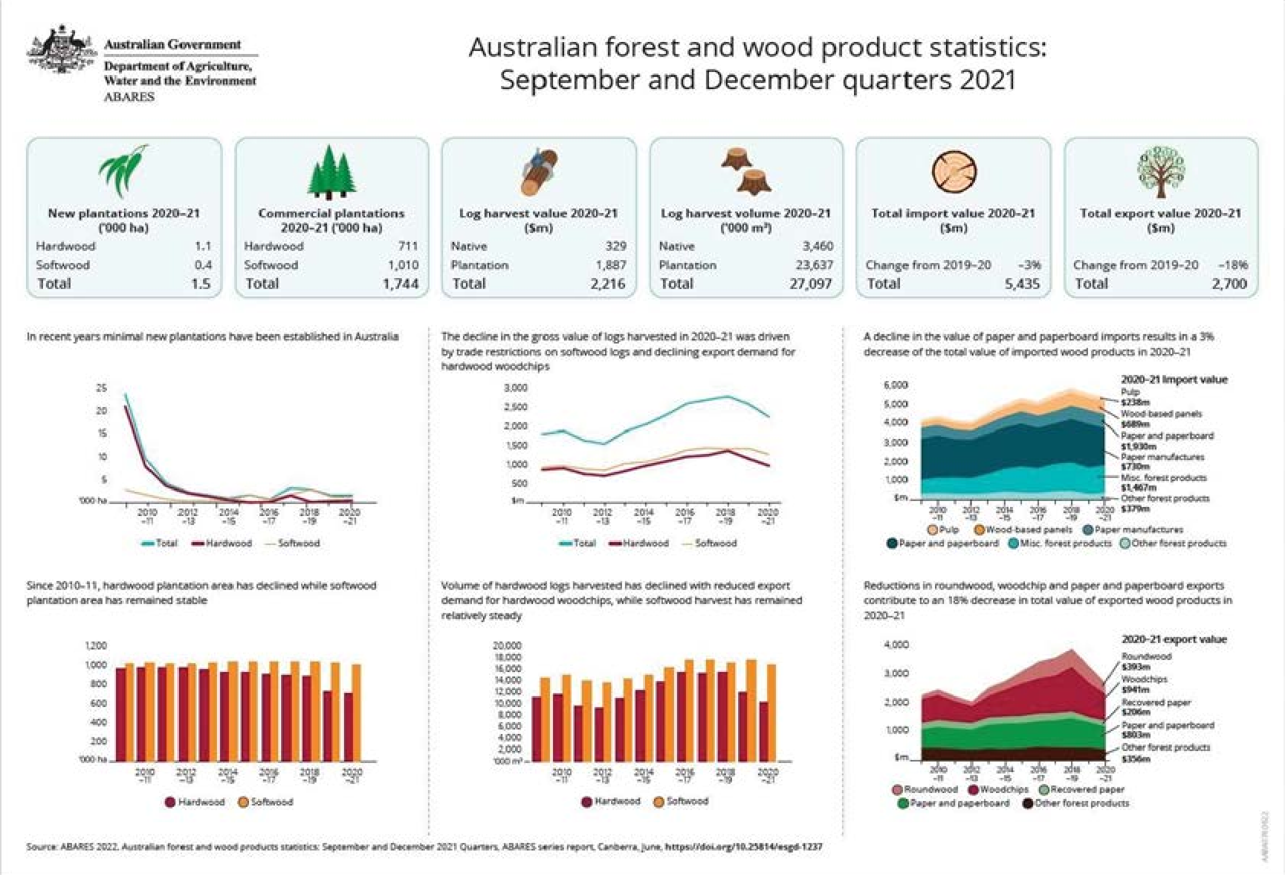
Products	2016	2017	2018	2019	2020
Sawlogs and veneer logs, coniferous	10,155,178	10,858,276	10,840,456	10,352,215	10,352,215
Other industrial roundwood, coniferous (production)	333,013	315,558	392,294	448,568	448,568
Wood chips and particles	16,122,563	17,963,522	17,958,215	18,186,119	14,858,293
Sawnwood, coniferous	4,430,000	3,970,000	3,920 ,000	3,760,000	3,751,339
Veneer sheets	122,000	122,000	122,000	122,500	110,500
Plywood	160,126	170,668	170,668	170,668	116,000
Particle board	968,000	967,675	967,675	967,675	967,675
MDF/HDF	593,000	593,333	593,333	593,333	593,333

(unit m^3) *Source: FAOSTAT DATA*

International trade in timber products has become increasingly important over the past 30 years. Global wood products trade increased 143% to USD244 billion between 1990 and 2019 (FAO 2021). The largest contributor to this expansion in trade has been economic growth and demand from China with imports of wood products to China increasing 760% to USD49 billion (FAO 2021). Responding to global market forces, the Australian forest sector has become increasingly internationally focused, with trade increasing strongly in recent years. Timber and timber-based products make substantial contributions to the Australian economy and provide significant job opportunities in rural and regional Australia. Their timber and timber products comprise of four sub-sectors, namely sawmilling and processing, timber manufactured products, wood panel and board production and timber merchandising.

Roughly half of all logs harvested in Australia were exported either as roundwood or woodchips in 2019. As a proportion of domestic log production, Australia has one of the most trade exposed forestry sectors in the world. Consequently, future changes in global trade flows, and regional and country level trade balances will have significant implications for Australia's forestry sector. Global consumption of roundwood is likely to increase by about 10% to 2.2 billion cubic metres by 2030, supported by strong economic and population growth in Asia. Similarly, woodchip consumption is also expected to increase by about 40% to 350 million cubic metres by 2030.

Globally, the sustainable harvest of existing wood fibre resources is expected to be sufficient to meet rising global consumption out to 2030, with wood prices increasing modestly at a rate of 1% annually in nominal terms. Large shifts towards imports of roundwood and woodchips in Asia is expected by 2030 as the sustainable yield of local supplies reach capacity. It is expected that these imports will be supplied by producers in Europe and North America, increasing the amount of interregional trade in global wood markets. Roundwood production and exports from Australia and New Zealand are expected to be stable and remain constrained by the sustainable yield of existing forest resources.



Australia: Legal Timber Policies and Collaboration

Australia's forests are recognised and valued for their diverse ecosystems and unique biodiversity and for their provision of products such as wood. They perform important environmental functions, including storing carbon and protecting soil and water. Forests are also places with cultural, aesthetic and heritage values and provide recreational opportunities. However, Australia's forests are subject to many pressures, including land clearing for agriculture; urban development; mining and infrastructure; extreme weather; drought; climate change; invasive weeds, pests and diseases; changed fire regimes; urban development; agricultural management practices such as grazing; and the legacy of previous land management practices.

Therefore, Australia has created a well-established framework for forest management, guided by a National Forest Policy Statement, including policy and legislative instruments and codes of forest practice. All states and territories have legislation that supports the conservation and sustainable management of Australia's forests on public and private lands. Certification of forest management and forest products assures

Australian and international buyers that the forest products they purchase come from sustainably managed and legally harvested native forests and plantations. Several private, accredited bodies conduct forest management and supply chain certification in Australia. The Responsible Wood Certification Scheme and the Forest Stewardship Council scheme certify forest management and provide chain-of-custody certificates for tracking timber products. As of June 2018, approximately 8.9 million hectares of native forests and plantations have been certified for forest management under either scheme, with some forests and plantations certified under both schemes. Also, a total of 189 chain-of-custody certificates for tracking timber from the forest to the final product have been issued under the Responsible Wood Certification Scheme, and 258 chain-of-custody certificates have been issued under the Forest Stewardship Council scheme.

Australia's Illegal Logging Prohibition Act 2012 (the Act) restricts the movement of illegally logged timber into Australia at the border, for imported timber and timber products, and at timber processing mills, for domestically grown raw logs. The Act defines 'illegally logged' as: 'in relation to timber, means harvested in contravention of laws in force in the place (whether or not in Australia) where the timber was harvested.' The Illegal Logging Prohibition Amendment Regulation 2013 (the Regulation) prescribes due diligence for timber importers and Australian processors of domestic raw logs. Under the Regulation, the regulated community must undertake a due diligence process to minimise the risk of sourcing illegal logged timber. Currently, the Australian Government is reviewing the Illegal Logging Prohibition Regulation 2012. The Regulation is due to no longer have effect (sunset) on 1 April 2023.

Malaysia and Australia are involved in the Malaysia-Australia Agriculture Cooperation Working Group (MAACWG) – Forestry and Timber Technical Working Group (FTTWG). The aim of this Working Group is to strengthen and further develop cooperation in the forest and timber industries between the two countries. The 9th FTTWG-MAACWG was held on 25 June 2021 during which Malaysia proposed two collaborations with Australia namely: the Furniture Design Development with Australian Organisations/Furniture Industry (proposed by MTIB) and the International Collaboration on Forest Plantation (Sarawak Forest Department). Currently, Australia is reviewing the proposals. Malaysia and Australia had developed the Malaysia Country Specific Guideline (MCSG) and it was first released in February 2015. The guideline is intended to assist both countries' timber industry players on the requirements to import regulated timber products from Malaysia into Australia and to create a better understanding of the regulatory framework in Malaysia in order for them to carry out their due diligence obligations under the Illegal Logging Prohibition Amendment Regulation 2013, which supports the Illegal Logging Prohibition Act 2012. Currently, the Country Specific Guideline for Malaysia has reviewed by both countries but has not been endorsed. Apart from Malaysia, Australia also developed CSGs with Canada, Chile, Finland, Indonesia, Italy, New Zealand, Papua New Guinea, Republic of Korea and Thailand.

Malaysia's Export Of Timber and Timber Products To Australia

Australia has been one of Malaysia's longest trading partners. In 2021, Australia ranked 6th as Malaysia top export destinations. Wooden furniture, BJC and plywood are the timber products most exported to Australia. Wooden furniture was recorded at RM381.6 million in 2021, a decrease of 12%, followed by BJC, with a decrease of 3% to RM158.4 million and plywood, down by 12% to RM100.0 million.

Malaysia: Export of Timber and Timber Products to Australia, 2017 - 2021

Products	2017	2018	2019	2020	2021
Wooden Furniture	590,189,268	531,263,762	478,906,962	435,529,828	381,608,044
BJC	205,130,618	203,088,998	203,004,042	162,620,114	158,365,323
Plywood	114,116,431	118,476,464	100,718,668	113,272,694	99,987,967
Mouldings	124,303,922	118,696,536	109,666,373	84,414,566	93,092,569
Sawntimber	30,122,403	30,026,796	28,973,442	25,776,821	41,792,295
Fibreboard	52,647,197	62,391,980	57,988,808	26,838,054	38,697,149
Veneer	9,224,276	5,864,312	6,136,770	3,832,663	4,203,108
Chipboard/Particleboard	2,178,820	3,436,097	2,620,800	1,877,913	2,541,071
Logs	0	0	0	0	0
Others	30,572,434	30,019,585	33,125,105	25,784,423	30,956,758
Total	**1,158,485,369**	**1,103,264,530**	**1,021,140,970**	**879,947,076**	**851,244,284**

(in RM) *Source: MTIB & DOSM*

Malaysia's Import of Timber and Timber Products From Australia

Malaysia's import of timber products from Australia showed a fluctuating trend. In 2021, Australia ranked as 6th largest timber and timber products supplier to Malaysia. Logs, sawntimber and veneer are the timber products most imported from Australia. Imports of logs and sawntimber increased by 64% to RM175.3 million and by 36% to RM61.7 million respectively. However, imports of veneer declined by 76% to RM10.5 million in 2021.

Malaysia: Import of Timber and Timber Products from Australia, 2017-2021

Products	2017	2018	2019	2020	2021
Logs	976,563	117,522,018	54,778,623	106,888,591	175,342,699
Sawntimber	59,275,568	61,288,897	65,969,591	45,280,864	61,677,609
Veneer	144,096,210	105,806,578	85,742,804	42,849,872	10,477,851
Wooden Furniture	417,261	359,754	143,825	166,577	228,206
Fibreboard	986,404	815,809	728,710	638,159	171,976
BJC	155,897	861,383	700,231	761,629	63,664
Chipboard/Particleboard	720,983	0	0	0	0
Mouldings	41,533	149,528	196,064	118,326	0
Plywood	93,824	78,136	0	0	0
Others	1,470,172	1,550,833	3,425,065	2,799,204	3,560,135
Total	**208,234,415**	**288,432,936**	**211,684,913**	**199,503,222**	**251,522,140**

(in RM) *Source: MTIB & DOSM*

Australia's Export of Timber and Timber Products

Australia's timber export has been booming on the back of robust demand from Asian countries such as India, Malaysia, Japan, South Korea, New Zealand, USA and China especially for its logs, furniture and parts and sawntimber.

Australia: Export of Timber and Timber Products to the World, 2017-2021

Product	2017	2018	2019	2020	2021
Logs	513,493	550,420	532,463	513,396	183,885
Furniture and parts	57,991	62,459	65,677	48,432	61,009
Sawntimber	84,020	68,112	66,301	60,649	56,158
Fibreboard	18,309	17,125	20,333	23,287	15,523
BJC	13,824	12,706	12,393	12,373	15,101
Veneer	30,036	20,165	17,418	12,901	7,945
Plywood	4,592	4,243	5,167	6,338	5,420
Mouldings	2,975	1,974	2,084	1,631	2,670
Particle board	2,120	2,124	1,914	2,132	2,505
Wooden frames	1,427	1,163	953	585	512
Others	985,138	1,125,055	1,041,431	720,408	844,234
Total	**1,713,925**	**1,865,546**	**1,766,134**	**1,402,132**	**1,194,962**

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

Australia's Import of Timber and Timber Products

Imports of timber and timber products by Australia show a positive trend due to its high consumption from growing demand of urbanisation and domestic consumption, rising population and growth of construction sector. Australia imported mainly furniture parts, BJC, plywood, mouldings and sawntimber and its main suppliers are China, Indonesia, New Zealand, Malaysia and USA.

Australia: Import of Timber and Timber Products from around the World, 2017-2021

Product	2017	2018	2019	2020	2021
Furniture	1,625,225	1,813,870	1,736,677	1,729,087	2,070,073
Plywood	307,156	352,825	311,336	314,644	447,369
Sawntimber	291,821	402,480	249,357	219,141	384,483
Mouldings	328,919	352,088	289,667	309,277	381,038
BJC	351,711	380,600	339,020	267,473	340,756
Fibreboard	101,575	114,722	95,929	88,932	96,345
Particle board	43,117	52,232	33,298	28,618	36,128
Wooden frames	21,754	25,645	23,352	25,559	27,374
Veneer	16,148	13,805	10,556	10,501	11,645
Logs	1,925	2,424	2,267	809	1,628
Others	215,510	232,200	219,197	221,049	294,608
Total	**3,304,861**	**3,742,891**	**3,310,656**	**3,215,090**	**4,091,447**

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

Australia Tariff Rates Under Fta

Malaysia has signed a free trade agreement with Australia (MAFTA), which reduces the tariff rate for timber and timber products to 0%. The Malaysia-Australia Free Trade Agreement (MAFTA) came into effect on 1 January 2013. MAFTA marks another important milestone in Malaysia-Australia economic relations, complementing the already established ASEAN-Australia-New Zealand FTA (AANZFTA).

Australia Tariff Rates Under Fta (Bilateral, Regional and Multilateral)

HS CODE	PRODUCT	% MFN TARIFF RATE	% RCEP	% MAFTA	ASEAN, Australia and New Zealand Free Trade Area (AANZFTA)
4403	Logs	0	0	0	
4407	Sawntimber	0 - 5	0 - 5	0	0
4408	Veneer	0 - 5	0 - 5	0	0
4409	Mouldings	5	0 - 5	0	0
4410	Particleboard	5	0 - 5	0	0
4411	Fibreboard	5	0 - 5	0	0 - 5
4412	Plywood	0 - 5	0 - 5	0	0
4414	Wooden Frame	5	0 - 5	0	0
4418	BJC	5	0 - 5	0	0
9403	Furniture	5	0 - 5	0	0

Source: WTO

Outlook and Prospects

According to the Australian Bureau of Statistics (ABS), the total value of construction work done in Australia rose by 3.6% year-on-year (YoY) in Q3 2021, supported by an improvement in both civil engineering activities (4.3% YoY) and building construction works (3.2% YoY). Cumulatively, value rose by 1.5% YoY in the first three quarters of 2021. The industry is expected to expand by 4.7% in 2022, surpassing its pre-pandemic output levels. Australian construction output in 2022 will be supported in part by expenditure, which was delayed during the second half of last year, due to lockdown restrictions. Encouraging growth in leading indicators lends further support to the industry's positive outlook, with building permits recording double-digit growth through the first nine months of 2021. Furthermore, the conflict of trade worldwide such as Australia-China, US-China and Ukraine-Russia are expected to provide several benefits to the Malaysian economy to fill in the empty space in trading activities. It is hope that inward investment and outward shipment activities within the timber industry can be predicted between the two countries soon. In the case of the timber industry, China has banned the import of logs from Australia after a China agriculture officer found bark beetle from logs imported from Victoria, Queensland, Tasmania and South Australia at the end of 2020. Thus, it opened opportunities for Malaysian importers and exporters to widen their market access into Australia.

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On 14 April 2022, the Prime Minister announced that the Australian Government will be providing AUD112.9 million over four years from 2022-23, to co-invest with wood processors to adopt new and upgraded wood processing facilities. Grants will be available to wood processors to upgrade or adopt innovative technology that will improve domestic wood processing efficiency and capacity – producing higher value products and to utilise more from our wood resources. The programme will offer co-funding of up to 40% of total project costs, with the remaining 60% to be met by the applicant. The Australian Forest Products Association reported in its April 2022 Interim Report that Australia needs an additional 468,000 hectares of softwood plantations before 2050 to cope with demand. Until the required trees are in the ground, government contribution will allow the industry to develop the concrete and steel of the next generation, adding value to traditionally low-value fibres.

The Australian Government is confident that Australia can be self-sufficient for its timber demand in 10 to 15 years, when its plantation base is expected to be able to supply sufficient timber in a sustainable way. Their forest industry has the potential to develop more with a dynamic expansion of manufacturing capacities, backed by the encouraging government policies, dynamic economic growth, high demand for forest products, increased domestic timber supply as a result of plantation investment, strengthened domestic manufacturing capacities and improved product quality that leads industry expansion and market driven. It is expected to result in decreased annual growth rate of forest products imports after 2015. Nevertheless, in the long term, even when Australia may be self-sufficient in forest products, it will still import selected products, such as large-diameter tropical hardwood for high-quality furniture, plywood, mouldings and BJC that are mainly used for residential construction and home renovation.

Despite the gloomy outlook, Malaysian timber players should take advantage of existing innovations and exploring new markets within Australia itself. There are still vast opportunities for Malaysian value-added timber products such as furniture, mouldings and BJC in Australian markets. It is necessary to enhance cooperation in the construction industry, fulfilling market requirements in supplying legal timber, venturing into e-commerce and adapting to Australia's market environment to further increase its market share in Australia and the global timber trade.

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July 2022

LOGS

By using the price report submitted by the MTIB-appointed timber price panel company, it was discovered that the industry demand for the timber supply of most species was not very encouraging in July 2022, but that it was still at an acceptable level of capacity for the purpose of supplying industry needs. Most companies reported that log prices were stable across all producing regions. The average price for the majority of the 21 species listed under the three main hardwood categories was mixed, with the vast majority reporting no price change and some reporting a slight decrease.

Out of the 21 species reported, 10 species had no price change, eight species had an average price decline of up to 13%, and the remaining had an increase of between 2% and 15%. Red Balau (Membatu) increased by 15%, Mix Light Hardwood by 3.7%, and Keruing by 2%, with market prices trading at RM3300, RM1110, and RM1970 per tonne respectively, compared to the previous month.

SAWNTIMBER

The mixed average price situation in July 2022 also had an impact on the average price of sawntimber for the three main production class categories, namely General Market Specification (GMS), Strips, and Scantling. On average, more than 70% of the 21 species listed under each reported production class category did not show any price increase, whereas 17% of the species showed an increase of between 1.2 and 7.5%, and the remaining 11% showed a decrease of around 1.2 to 12.3% per m³.

Under the GMS production class category, the average price for Keruing species increased by 7.3%, changing from RM2041 to RM2189 per m³, while the average price for Sepetir, Mix Heavy Hardwood, Red Meranti, Merbau, and Nyatoh declined by 2.8%–7.0% compared to the previous month, considering the average market price of the current market traded for all these species: RM1709, RM1116, RM1928, RM3100, and RM145, respectively.

In the STRIPS production class category, 17 species experienced no price change, with two species, Jelutong and Keruing, experiencing slight increases of 2.4% and 5.4%, trading at RM1518 and RM2016 per m³ respectively. The Nyatoh and Mix Heavy Hardwood species, on the other hand, could see average price declines of 7% and 12.3% respectively, and were traded at RM1299 and RM1006 per m³ in the current month under review. Only the Red Meranti species reported the highest price increase of around 7% in the Scantling category, trading at RM2048 per m³ compared to RM1907 per m³ in the previous month.

PLYWOOD

The average plywood prices of the four main sizes traded in July 2022 reportedly did not change, with the trading price remaining unchanged from the previous month. Furthermore, the average price for plywood with thicknesses of 4 mm, 6 mm, 9 mm, and 12 mm was RM19.40, RM27.15, RM41.75, and RM49.85 per piece, respectively.

MEDIUM DENSITY FIBREBOARD (MDF)

Similarly with regard to the trading price of panel products in the plywood category, the average price of MDF products for July 2022 was reported have not changed in the current month, while the average price of MDF in July was reported to have been traded at RM14.90 for 4mm, RM23.35 for 6mm, RM32.80 for 9mm, and RM39.40 for 12mm thickness per piece respectively.

INTRA-MALAYSIA TRADE* - JULY 2022

For the entire month of July, trade in timber and timber products from Sabah to Peninsula Malaysia increased in all categories of traded timber products. Despite a relatively small total value of RM2,000 and a volume capacity of 3 m³, the transaction for log trade was recorded this month after being reported to be absent for several months. The value and volume of sawntimber, plywood, and veneer trades increased in both trading segments. The trade value of these three products increased by 26%, 19%, and 329%, to RM0.86 million, RM7.07 million, and RM0.40 million, respectively, compared to the previous month.

Unlike Sabah, trade in timber and timber products between Sarawak and Peninsula Malaysia seemed to have declined in both value and volume. The current month's trade in logs and veneer products has yet to be reported. Only two major products, sawntimber and plywood, were traded between Sarawak and Peninsular Malaysia. However, trading of these two products was reported to have continued to decline in both of its trading segments, especially regarding volume and trade value. Sawntimber trade reportedly dropped 36% in volume and 38% in trading value, whereas plywood fell 10% in volume and 15% in trade value, for a total trading value of RM0.35 million and RM1.11 million, respectively.

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

*AVERAGE DOMESTIC PRICES OF LOGS, SAWN TIMBER, PLYWOOD AND MDF IN PENINSULAR MALAYSIA, JULY 2022 (RINGGIT MALAYSIA)

	LOGS/ton	SAWNTIMBER/m³		
SPECIES	**18" UP**	**GMS**	**STRIPS**	**SCANTLINGS**
HEAVY HARDWOOD				
Chengal	5,000	6,003	3,531	9,887
Balau	3,030	3,030	2,429	3,249
Red Balau	3,300	2,860	2,578	2,595
Merbau	3,250	3,100	3,143	2,825
Mixed Heavy Hardwood	1,237	1,116	1,006	1,222
MEDIUM HARDWOOD				
Keruing	1,970	2,189	2,016	1,857
Kempas	2,210	2,137	2,260	2,444
Kapur	1,930	1,751	1,462	1,864
Mengkulang	1,610	1,469	1,638	2,154
Tualang	1,260	1,900	1,995	2,041
LIGHT HARDWOOD				
Dark Red Meranti	2,185	2,066	1,783	3,129
Red Meranti	2,300	1,928	1,617	2,048
Yellow Meranti	1,885	1,688	1,254	1,977
White Meranti	1,500	2,507	1,801	1,977
Mersawa	1,630	1,780	1,748	2,020
Nyatoh	1,420	1,455	1,299	1,391
Sepetir	1,210	1,709	1,292	1,907
Jelutong	1,075	1,836	1,518	1,737
Mixed Light Hardwood	1,110	1,059	1,377	1,059

MALAYSIAN RUBBERWOOD *Hevea brasilienses*	LOGS/ton	SAWNTIMBER/m³			
		1" X 1"	**2" X 2"**	**3" X 3"**	**4" X 4"**
	220	1,310	1,415	1,460	1,580
PLYWOOD 4' X 8'	**4 mm**	**6 mm**	**9 mm**		**12 mm**
(RM per piece)	19.40	27.15	41.75		49.85
MDF 4' X 8'	**4 mm**	**6mm**	**9 mm**		**12 mm**
(RM per piece)	14.90	23.35	32.80		39.40

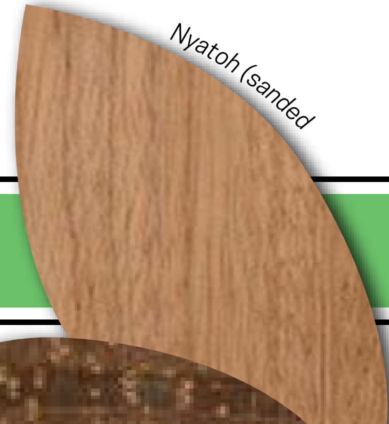
Note: Log prices ex-batau. Sawn timber, plywood, MDF and Malaysian Rubberwood (Hevea brasiliensis) prices ex-mill
** Prices are only indicative*

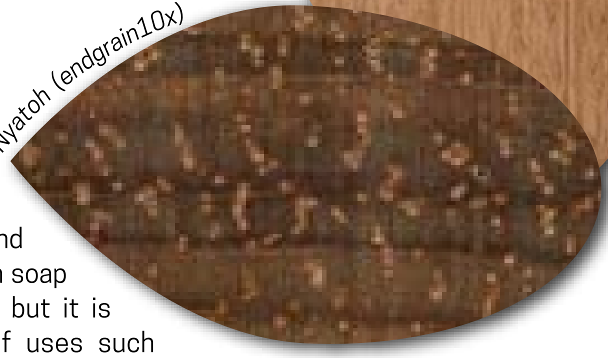
INTRA-MALAYSIA TRADE- JULY 2022

	Jun-22		Jul-22		% change in volume	% change in value
	Vol(m³)	Val(' 000 RM)	Vol(m³)	Val(' 000 RM)	June/July	June/July
Sabah						
Logs	0	0	3	2	100	100
Sawn Timber	382	680	432	857	13	26
Plywood	2,049	5,956	2,882	7,071	41	19
Veneer	70	93	187	399	167	329
Sarawak						
Logs	0	0	0	0	0	0
Sawn Timber	435	562	276	347	-36	-38
Plywood	1,064	1,306	960	1,113	-10	-15
Veneer	0	0	0	0	0	0

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

Palaquium gutta





INTRODUCTION :

Known for its latex, Gutta-Percha or *Palaquium gutta* is a tree found in Sumatra, Malaysia, Singapore, and Borneo. It grows up to 40 - 45 m in height. The bark is cracked and reddish brown. The leaves are thickly papery, oval, and have reddish-brown hairs underneath. The inflorescence is comprised of up to 12 flowers. The fruits are round or ellipsoidal. The seeds contain fat which can be used in cooking and in soap and candle making. There is no known medicinal uses of this plant but it is the main source of gutta-percha latex which has a wide range of uses such as insulting material, core of golf balls, tooth fillings, ornate furniture, jewelry, etc. The wood is used for planks, panelling, decorative doors, furniture, and veneer. The plant is classified as 'Near Threatened' in the IUCN Red List of Threatened Species(2018).

FAMILY : Sapotaceae

COMMON NAMES :
Getah Merah, Taban Merah, Taban, Nyatoh taban merah, Balam (Malaysia), Gutta Percha (Latin) Nyatoh (Brunei), Chorni (Cambodia); Bauvudi (Fiji); Mahua, Pali and Tali (India); Chonte, Nyatoh and Nyatuh (Indonesia); Jambadung (Laos); Kanzwe (Myanmar); Pencil cedar (Papua New Guinea); Alakaak, Kalipaya, Long-leafed nato, Malak-malak, Maniknik, Mindanao nato, Nato, Palak-palak, Red nato, Tagatoi and Tipurus (Philippines); Kirihembiliya and Tawenna (Sri Lanka); and Chik Nom, Chik-khao, Phikun-nok, Phikun-pa, Phikun-thuan and Tabun Dam (Thailand).

SCIENTIFIC NAME SYNONYMS : Palaquium spp., Payena spp.

HABITATS :
It grows mainly in lowland and hill forest. It usually occurs scattered in lowland forest, but can be found at elevations up to 1,600 metres.

GENERAL CHARACTERISTIC :
It is a tree that grows up to 30 m tall. The foliage is spirally arranged, stalked, and has leathery leaf blades that are dark green above, golden coppery below, drop-shaped to narrowly drop-shaped, and 7.5–12.5 by 3.8–6.3 cm, with 20 veins or more. Its flowers are in clusters of 4–5, axillary on the bare parts of branches. Its 6 sepals are brown and covered with fine hair. Its petals are white and 6 mm long. It grows in forests, up to 1600 m altitude and it occurs locally in Bukit Timah Nature Reserve, Pulau Sakijang Pelepah, Sentosa, and a few other sites.

WOOD IDENTIFICATION :
The sapwood is lighter colored, and not clearly delineated from the heartwood while the heartwood can be pale pink to reddish or purplish brown. The texture is moderately fine and has a typically straight to shallowly interlocking grain. This wood is frequently low in luster. The timber is reported to work easily and produces a smooth finish. It seasons fairly slowly, without any serious defects except for some insect attacks. It is reported to give off a sour smell when being worked. The wood diffuses porous with medium to very large pores in radial or diagonal arrangement, very few to few, and commonly in radial multiples of 2-3. The tyloses and other reddish brown gum deposits are occasionally present. The growth rings are indistinct with narrow rays that are not visible without a lens, its spacing is normal to fairly close. The parenchyma diffuse-in-aggregates, and depending on species, marginal.

Nyatoh (endgrain)

NATURAL DURABILITY :
Nyatoh shows variable natural durability in accordance with the species. Most of the species would fall into the moderately durable class but Palaquium gutta is classified as not durable with 1.7 years of average life span. The results were obtained from the graveyard tests conducted at the Forest Research Institute Malaysia (FRIM) on the nyatoh species. The timber is subject to termite attacks and is also susceptible to fungal attacks. However, it is rarely susceptible to powder-post beetle attacks.

DENSITY :
The timber is a Light Hardwood with a density of 400-1,075 kg/m³ air dry.

AIR DRYING :
Shrinkage is fairly low, with radial shrinkage averaging 1% and tangential shrinkage averaging 1.9%. 13mm boards take approximately 2 months to air dry, while 38mm boards take 4 months. The timber is reputed to be moderately durable. Drying defects for this wood insect attack and cupping and bowing are the main sources of degradation.

WOOD MECHANICAL PROPERTIES :

Type of strength	Bending strength (mor),12%mc	Stiffness (moe) 12%mc	Compression parallel to fiber 12%mc	Shear strength radial 12%mc	Janka hardness (side) 12%mc
Unit (kgf/cm²)	688	91812	420	85	356

WORKABILITY :

Species	Test Condition	Sawing		Planing		Boring		Turning	
		Sawing Re-sawing	Cross Cutting	Ease of planing	Quality of finish	Ease of boring	Quality of finish	Ease of turning	Quality of finish
Palaquium gutta	Green	easy to slightly difficult	easy	easy	smooth	easy	smooth	-	-
	Air dry	slightly difficult	easy	easy	smooth	easy	smooth	easy	smooth

NAILING PROPERTY :
Nailing property ranges from good to excellent.


Gutta percha root canal treatment process


P. gutta wood table

USES :

The timber is suitable for plants and paneling, and for the manufacture of fine furniture, decorative doors, and veneers.

The seeds contain a fat that is used for manufacture of soap and candles, and sometimes used for cooking.

The timber is tapped for its latex (gutta percha). Gutta percha has been used extensively for submarine and underground cables owing to its non-conductivity for electricity and heat, and imperviousness to water. It has been used for the manufacturing of golf balls. It has been also used for making medical and chemical instruments, in dentistry, for making transmission belts and acid-resistant receptacles, as an adhesive, as a water-proofing agent and as an ingredient of chewing gum.
Its main application is for protecting wounds and in dental clinics where it is useful for people allergic to synthetic fillers.

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1-3 August 2022
Bamboo Farm Model Industrial Potential and Plantation at Terengganu Timber Industry Training Centre (TTITC), Kuala Berang, Terengganu.

2-4 August 2022
Loose Furniture Making Course, Upper Secondary Vocational Education (PVMA) of the Ministry of Education Malaysia (KPM) at WISDEC Banting.

1-5 August 2022
Basic Wood Carving Course Series 2/2021 located at Inakraf Workshop, Kampung Bangau Tanjung, Temerloh, Pahang.

8 August 2022
Working visit by Director General MTIB to Peka Consortium Kiln Drying Factory Sdn. Bhd. at Lanchang Pahang.

12 August 2022
Visit to Lth Timber Eksport Imports (M) SDN. BHD. and Berjayapak SDN. BHD. in Pulau Pinang.

8 August 2022
Opening Ceremony of Karas Farm By YBrs. Tuan Haji Kamaruzaman Othman, Director General Of MTIB In Kemasul Forest Farm Area, Pahang.

20 August 2022
Do It Yourself (DIY) 1.0 programme for 2022 at Wisdec Banting