

Briefing On The Australian Illegal Logging Prohibition Act (ILPA) 2012 And The Malaysian Country Specific Guideline: Peninsular Malaysia (MCSG)

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KETUA PENGARAH,
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BRIEFING ON THE AUSTRALIAN ILLEGAL LOGGING PROHIBITION ACT (ILPA) 2012 AND THE
MALAYSIAN COUNTRY SPECIFIC GUIDELINE: PENINSULAR MALAYSIA (MCSG)
PADA 2 JUN 2014

Terima kasih saudari Pengacara Majlis,
Ahli – ahli Jemaah Lembaga MTIB,
Mr. Tom Black, Councillor of Agriculture (ASEAN) daripada Department of Agriculture, Australia,
Pegawai-pegawai kanan MPIC,
Barisan Pengurusan MTIB,
Wakil-wakil, Agensi dan Persatuan Kayu Kayan,
Yang Berbahagia Datuk/Dato'/Datin,
Tuan-tuan, Puan-puan yang saya hormati sekalian.

Assalamualaikum W.M. W.B.

Selamat pagi, salam sejahtera dan Salam 1 Malaysia.

Alhamdulillah dengan limpah kurniaNya dapat kita bertemu di majlis ini. Terlebih dahulu saya mengucapkan selamat datang kepada para hadirin yang telah dapat meluangkan masa menghadiri majlis " BRIEFING ON THE AUSTRALIAN ILLEGAL LOGGING PROHIBITION ACT (ILPA) 2012 AND THE MALAYSIAN COUNTRY SPECIFIC GUIDELINE: PENINSULAR MALAYSIA (MCSG)" anjuran MTIB dengan kerjasama Department of Agriculture of Australia (DoA) dan Kementerian Perusahaan Perladangan dan Komoditi (MPIC). Izinkan saya untuk meneruskan ucapan saya selanjutnya dalam Bahasa Inggeris.

Distinguished Guests, Ladies and Gentlemen,

First and foremost I wish to extend a warm welcome to all of you for attending today's briefing on the Australian Illegal Logging Prohibition Act (ILPA 2012) and the 'Malaysian Country Specific Guideline Part 1: Peninsular Malaysia' which we have prepared to assist our trade in timber with Australia. I must take this opportunity to express my appreciation to the Australian Government, in particular its Department of Agriculture (DoA) which has been working very closely with Malaysia providing information from the stage of drafting of the Bill to the eventual finalisation of the "Country Specific Guideline for Malaysia (MCSG). Australia's continued support was further demonstrated during the recent Malaysia-Australia Agricultural Cooperation Working Group (MAACWG) – Eight Meeting of the Forestry and Timber Sub-Working Group (SWG) when it agreed to assist Malaysia in disseminating information on the ILPA 2012 and its associated Illegal Logging Prohibition Amendment Regulation (ILPAR) 2013 to the Malaysian timber industry.

We are pleased to have Mr. Tom Black from Australia with us for the next few days during which time he will assist us to conduct the briefing sessions in Peninsular Malaysia, Sabah and Sarawak.

The objective of today's briefing is to inform the Malaysian timber industry on the latest developments and requirements to export timber and timber products to Australia as outlined in the Australian Illegal Logging Prohibition Act (ILPA) 2012 and to explain the contents of the MCSG for Peninsular Malaysia and the link between the ILPA 2012 and the MCSG. I would like to encourage the industry to take this opportunity to seek any clarification you may have regarding the Act and what is expected or required of Malaysian exporters to meet the requirements of the Act and its Regulation.

Distinguished Guests, Ladies and Gentlemen,

In 2013, Malaysia exported timber and timber products valued at RM 20 billion, with Japan and USA respectively being the major export markets, valued at RM 4 billion and RM 2 billion. Among the major timber and timber products being exported were wooden furniture (29% or RM 6 billion), plywood (27% or RM 5 billion) sawntimber (12% or RM 2.4 billion), fibreboard (5% or RM 1 billion), BJC (5% or RM 950 million), and mouldings (3% or RM 619 million).

Australia is one of Malaysia's most important markets for timber and timber products. In 2013, Malaysia exported timber products valued at (RM 844 million) ranking it as our 7th major market.

Malaysia's exports included products such as wooden furniture (50% or RM 425 million) followed by builders' joinery & carpentry/BJC (15% or RM 124 million), mouldings (13% or RM 106 million), plywood (9% or RM 80 million) and sawntimber (5% or RM 48 million).

Malaysia also imports significant quantities of timber products from Australia. In 2013, imports were valued at RM 87 million. This made Australia as Malaysia's 7th import partner. Our major import has been veneer accounting for about 61% (RM 53 million) followed by sawntimber (33% or RM 29 million).

Distinguished Guests, Ladies and Gentlemen,

The Malaysia-Australia Free Trade Agreement (MAFTA), which came into effect from 1st January 2013, provides for extensive tariff liberalisation and encourages increased bilateral trade. The Agreement outlines commitments of both countries on liberalisation of trade in goods and services. Australia has eliminated 100% of its import tariffs upon entry-into-force on 1st January 2013 while Malaysia has committed to progressively reduce or eliminate import tariffs on 99% of its tariff lines by 2020. Malaysia is confident that with the implementation of MAFTA coupled with our capacity to comply with the ILPA 2012 will help to boost timber trade between Malaysia and Australia.

Further, Australia's positive economic outlook, with its economic growth forecasted between 2% - 3% for the 2014/2015 fiscal year, augers well for strengthening bilateral trade. It is now left to the business community to forge closer alliances and strategic partnerships with Australian timber importers and Malaysian exporters to scale up our bilateral trade in timber.

Distinguished Guests, Ladies and Gentlemen,

The Australian government is committed to promote the trade in legally harvested timber and timber products in Australia. The enactment of the Act and its Regulation are aimed at providing the legal framework for it to achieve this noble objective. It is a noble objective because its known fact that illegal logging and its associated trade is harmful to environmental, and have negative social and economic impacts on the nation. I understand that the Act provides for stiff fines and jail terms as well as forfeiture of goods and imposes obligations on Australian importers to ensure the legality of their timber and timber products. Since the drafting of the Act was headed by the Department of Agriculture (DoA), formerly known as the Department of Agriculture, Fisheries and Forestry (DAFF), we are privileged to have a representative none other than DoA to speak to us on the Act. In essence, the Regulation requires an Australian importer of a regulated timber product to observe due diligence through a credible system.

For your information, the Regulation will come into effect from 30th November 2014, by which time it is imperative that Australian importers of regulated timber products have a due diligence system that is agreeable to the authorities.

Distinguished Guests, Ladies and Gentlemen,

In order to facilitate unhindered trade between Malaysia and Australia, both Governments have agreed to formulate the "MCSG" as the guidance document to assist Australian importers to seek for necessary information that would eliminate or avoid entry of illegal timber.

Therefore, today we are indeed fortunate to have the opportunity to hear in greater details on ILPA 2012, its Regulation and the MCSG for Peninsular Malaysia from our esteemed speakers. We also hope that you will fully utilise today's Q & A session as it will be participated by Mr. Tom Black and Jabatan Perhutanan Semenanjung Malaysia (JPSM), which who has been extremely instrumental in assisting to draft the MCSG. I personally believe that this is a rare opportunity for you to directly address any query you may have on the Act and the MCSG.

Distinguished Guests, Ladies and Gentlemen,

In this regard, Malaysia is conscious of the need for our exports to be in compliance with the requirements of ILPA 2012 and its supporting Regulation. Malaysia is thankful to the Australian government for allowing us to be involved with the drafting process since 2012 which permitted us to provide feedbacks on the Bill as well as certain parts of its content such as the list of regulated timber and timber products and due diligence principle. The Malaysian government feedback was coordinated through the Malaysian Working Group which consists of the related Ministries, related government departments and agencies, and timber trade associations of Malaysia. This included being invited to attend a public hearing at the Parliament of Australia which was conducted on May 2012 in Canberra and to attend five drafting workshops as well as two consultation meetings and information sessions which were held in concluding the Act and its Regulation since 2012. The provision of Country Specific Guideline (CSG) Template by the Australian government has helped Malaysia to draft the MCSG. The MCSG Peninsular Malaysia, which was drafted by the MCSG Peninsular Malaysia Task Force, was subjected to several extensive consultations with the related Ministries, related government departments and agencies and timber trade associations of Peninsular Malaysia. A draft of this guideline was presented at the Malaysia-Australia Agricultural Cooperation Working Group (MAACWG) – Eight Meeting of the Forestry and Timber Sub-Working Group (SWG) on 11th November 2013 in Canberra, Australia to gauge the Australian government's feedback.

As an outcome, Australia is appreciative of the MCSG and in principle agreed to its content. Australia also commended on the fact that Malaysia was the first country to present its CSG.

After a revision of the MCSG based on the feedbacks of the Australian, the Malaysian government later submitted the first draft of the Country Specific Guideline for Malaysia (MCSG) to the Australian government in December 2013. After referring to the MCSG Task Force and further consultations with the Malaysian timber industry, the MCSG had been revised again (mostly formatting changes) based on the requirements of the Australian government. The latest version of the MCSG Peninsular Malaysia will be presented to you later today. For your information, MCSG Sabah and MCSG Sarawak will be presented by their respective timber licensing authorities namely Forestry Department of Sabah and STIDC in Kota Kinabalu tomorrow and Kuching on 4th June.

Distinguished Guests, Ladies and Gentlemen,

It is my hope that today's briefing will be beneficial to all participants especially in creating a better understanding of ILPA 2012 and the MCSG Peninsular Malaysia. Last but not least, I wish to thank the organiser, MTIB and collaborators, MPIC and the Australian government especially Mr. Tom Black and JPSM. To the participants, I would like to once again express my gratitude and thank you for supporting this briefing and I wish you success in your future endeavors.

Thank you.