



# MASKAYU



**MALAYSIAN CONTESTANTS WIN  
MEDALS IN CABINET MAKING  
AND JOINERY IN 10<sup>TH</sup> ASC**

**FURNITURE MANUFACTURER FOR  
EDUCATIONAL INSTITUTIONS**

ISSN 0126-771X



9 770126 771009

# Editorial Board

## Chief Editor

Dr. Jalaluddin Harun  
*Director-General*

## Editorial Members

Puan Hj. Norchahaya Hashim  
Puan Hj. Noor Laila Mohamed Halip  
Puan Fatahiah Mustafa  
Encik Mohd Kheiruddin Mohd Rani  
Puan Hj. Zaibi Yakin  
Tuan Hj. Mahpar Atan  
Tuan Hj. Zulkepli Abdul Rani  
Tuan Hj. Kamaruzaman Othman  
Encik Mohd Nor Zamri Mat Amin  
Encik Kamaruddin Othman  
Cik Hj. Noor Zakiah Othman  
Puan Afrinawati Abu Bakar  
Puan Hafsa Hasbi

## Publisher

LEMBAGA PERINDUSTRIAN KAYU MALAYSIA  
(MALAYSIAN TIMBER INDUSTRY BOARD)  
Level 13 - 17, Menara PGRM,  
8, Jalan Pudu Ulu, Cheras, P.O. Box 10887,  
50728 Kuala Lumpur, Malaysia  
Tel : 603-9282 2235  
Fax : 603-9200 3769 / 9283 9792  
E-mail : info@mtib.gov.my  
Website : www.mtib.gov.my

## Printer

Abadi Ilmu Sdn. Bhd.  
No. 6A & 6B, Jalan SS4D/14,  
47301 Petaling Jaya,  
Selangor Darul Ehsan, Malaysia  
Tel : 03-7804 4588 / 7888 6158  
Fax : 03-7804 4152  
E-mail : abadiilmu@gmail.com  
Website : www.abadiilmu.com



**Cover:** Edu World Services Sdn. Bhd. specialises in the manufacturing of furniture for educational institutions and office environments. More about the company on pages 27-29.

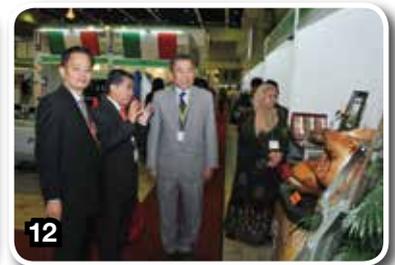


Read eMASKAYU at  
[www.mtib.gov.my](http://www.mtib.gov.my)

## Contents

- 3 Malaysian Contestants Win Medals in Cabinet Making and Joinery in 10<sup>th</sup> ASC
- 12 ASEANWOOD-WOODTECH 2014
- 14 Lean Management for Higher Productivity
- 15 Sabah International Expo 2014
- 16 Working Visit to Woodworking Machinery Companies and SMEs in Taiwan
- 18 Fourth Sub-Regional Training Workshop on Timber Legality Assurance
- 20 EPP-Silviculture Technique of Forest Plantation, Japan
- 22 Building a Smart, Future Ready Nation
- 24 13<sup>th</sup> Meeting ISO/TC 218: Timber
- 25 IGEM 2014
- 26 ISO Conference on Infrastructure
- 27 Furniture Manufacturer for Educational Institutions
- 30 The Growing Importance of New Zealand Forestry Sector
- 34 Coming Events – April 2015
- 35 Petai Belalang – For Biomass Production

## Highlights



## Regular Features

- 4 Timber World in Brief
- 6 Shipping News
- 8 Timber Round-Up
- 10 Domestic Trade News
- 36 MTIB Moments

## MALAYSIAN CONTESTANTS WIN MEDALS IN CABINET MAKING AND JOINERY IN 10<sup>TH</sup> ASC



*MTIB officials posing with Malaysian contestants in cabinet making and joinery.*

The Malaysian contingent participated in the 10<sup>th</sup> ASEAN Skills Competition (ASC) at the National Convention Centre in Hanoi, Viet Nam from 19 to 29 October. More than 50 contestants from various local skills institutes in Malaysia participated in the ASC 2014. There were more than 25 trade areas or fields of skill in the ASC 2014, such as IT software solution for business, industrial automation, cabinet making and joinery.

Overall, the Malaysian contingent managed to win nine gold medals, four silver medals and four bronze medals. In the cabinet making trade category, Malaysia won one silver medal and one medallion of excellence, whereby in the joinery trade, Malaysia got one medallion of excellence. The gold medal winner for the cabinet making trade was Viet Nam while Indonesia won the gold medal in the joinery trade.

ASC 2014 attracted nearly 300 contestants from 10 ASEAN member countries and thousands of international guests,

experts, observers and students. The ASEAN member countries comprised Brunei, Cambodia, Indonesia, Lao PDR, Malaysia, Myanmar, the Philippines, Singapore, Thailand and Viet Nam. ASC was initiated in 1993 at the ILO/APSDEP meeting in Japan. It is a biennial skills competition among ASEAN member countries. This competition aims to promote and upgrade skills standards in the region and ultimately to prepare local talents to compete in the international arena.

The objectives of the ASC are:

- To foster technical cooperation in vocational/technical education and training between member countries
- To encourage close cooperation among government, industries, employers, workers organisation and vocational training institutes
- To promote the development of quality vocational and technical and work values among the youth and skill workers



*One of the Malaysian contestants in the joinery trade category.*



*One of the Malaysian contestants in the cabinet making trade category.*



## TIMBER WORLD IN BRIEF

### AFRICA

#### EUTR Might Trigger Negative Attitude Towards Tropical Timber in EU

Producers report that demand from European buyers remains very quiet with not a hint of the usual autumn up-tick in purchases. Overall, exporters in West Africa are not at all optimistic of prospects for any growth in demand in EU markets. Current demand in northern Europe is heavily concentrated on Ayous, Sipo and Sapele sawnwood. The slow response of some EU members to enforcement of the EU Timber Regulations (EUTR) is attracting the attention of green activists who seem set to put pressure on authorities to ensure stricter adherence to the regulation. News such as this further dampened the enthusiasm of both producers and importers who believed the EUTR would unwind the negative attitudes to tropical timber in the EU. Trade with Middle East countries is strong and Okoume sawnwood continues to be the favourite such that demand is supporting Okoume prices at moderately high levels. The price conscious Middle East buyers are beginning to show some interest in a mix of heavier density species, say analysts.

*Fordaq.com, 24 October*

### CANADA

#### 'Tree Ottawa' Initiative to Plant One Million Trees

Ahead of the 150<sup>th</sup> anniversary of Canada in 2017, the Ecology Ottawa organisation planted the first out of the one million trees to be planted by community groups and schools over the coming three years in Ottawa, Canada. The 'Tree Ottawa' initiative, which has a projected cost that could reach up to CAD40 million (EUR27.97 million/USD35.35 million), is supported by 91% surveyed municipal election candidates. Community groups and schools that are to pay and plant trees in their surroundings are Blackburn Community Association, Scouts Canada and Rideau Valley Conservation Authority among others. A range of trees comprising large Caliper trees, Oak and Maple that cost just few dollar for each to up to CAD500 million (EUR349.60 million/USD441.83 million) will be planted as a part of the project.

*Metro News, 14 October*

### CHINA

#### WTO Complaint Filed by Canada Wood Pulp Exports

A complaint over dumping duties imposed by China against Canadian exports of wood pulp used in rayon production has been filed by Canada to the World Trade Organisation (WTO). Import duties were first filed by China against Canada, Brazil and the US in November 2013 over claims that imports affected its local pulp market. The duties, which go up to 23.7% against Canada-produced dissolving pulp were later made permanent in April 2014. China has imposed the duties, which begin at 13% against Canadian firms like Tembec and Fortress Paper.

*Montreal Gazette, 15 October*

### FINLAND

#### Use of Wood Chips to Grow

Finnish Pellervo Economic Research PTT estimates that the use of wood chips will increase in Finland in 2014 and in 2015

as anticipated. This will be impacted by subsidies that the Government plans to raise. According to official targets, the use of wood chips should grow to about 13 million m<sup>3</sup> by 2020. In 2013, a total of 8.7 million m<sup>3</sup> were used.

*Maaseudun Tulevaisuus, 13 October*

### INDIA

#### Plywood Industry Survival at Risk Due to Log Supply Shortage

Plywood manufacturers in India are facing huge difficulties in securing logs to maintain production. Recently log imports from Sarawak have increased and this has eased the situation but the steadily rising prices for Sarawak logs are undermining the profitability of Indian plymills. Plywood manufacturers in India are accustomed to using tropical hardwoods for face and core veneers and, until the log export ban by Myanmar, relied heavily on imports of gurjan (type of plywood quite popular in India and other South-East Asian countries). Temperate hardwood logs such as Beech and Poplar have found a market in India, it has also Eucalyptus from South America. Other sources of hardwood raw materials being tapped by Indian plymills include Papua New Guinea, Solomon Islands, Viet Nam, Cambodia, Liberia and Cameroon.

Average landed prices for logs from PNG and Solomon Islands were USD300-320 per m<sup>3</sup>. Okoume logs were landed at USD470-480 per m<sup>3</sup> but, despite the higher price, the yield of veneer from Okoume logs is high and compensates for the higher price. The Indian Federation of Plywood and Panel Industries has said survival of the industry is at risk as log supplies become harder to secure and more expensive to import. The Federation estimates that the 1,000 or more plywood manufacturers in India generated around Rs.800 billion in revenue during the 2013-14 financial year despite the domestic housing sector slowdown.

In response to the log supply problem some of the bigger companies have established manufacturing facilities in Myanmar and Malaysia and more companies are preparing to do likewise. Other companies wishing to continue production in India are exploring sources from overseas plantations. Within India the area under plantations is increasing. Species such as Poplar, Eucalyptus, Casuarinas, Melia Dubia and various acacias are being planted to meet the ever increasing demand from local wood-based industries.

*Fordaq.com, 24 October*

### INDONESIA

#### Further Mapping for 12 Tariff Lines of Imported Papers

The Indonesian government has planned further mapping of the 12 tariff lines for imported papers because it's not necessary that the entire import is coated papers. Investigation on rising imports of papers and coated papers started in June 2014 following a complaint filed by local paper maker Asia Pulp and Paper (APP). APP had asked the government to implement a safeguard measure due to increasing paper imports.

*Bisnis Indonesia, 14 October*

#### MOU Sealed to Curb Corruption in Forestry Sector

In an attempt to curb corruption in the forestry sector, the Corruption Eradication Commission has sealed a Memorandum of Understanding with several ministries including the National Land Agency, the Public Works Ministry, the Forestry Ministry

*Cont. next page*

Cont. from previous page

and the Home Affairs Ministry. The anti graft agency said the country's forests is one of the agency's main concerns. The agency hopes to put an end to corrupt practices by heads of local governments in misusing national land for personal benefits.

Jakarta Globe, 18 October

### **KAZAKHSTAN** **20,200 Residential and 2,100** **Non-Residential Premises Built**

According to the National Statistics Agency, an area of 5.1 million of residential property, including 2.94 million built by citizens, were commissioned in January-September 2014. A total of 20,213 apartment buildings were launched during the stated period. Some 2,080 non-residential buildings, including 66 schools, 50 pre-school institutions, 59 polyclinics, and two hospitals were put in operation. The construction costs totalled KZT1.71 trillion (EUR7.37 billion/USD9.44 billion) over nine months, up 4.3% in first and second quarter 2013.

Russian Real Estate, 17 October

### **PANAMA** **Government Announces** **Reforestation Plan**

The Panamanian government has announced a reforestation plan to plant 1 million hectares over the coming 20 years. The National Environmental Authority (ANAM), the Ministry for Agricultural Development, the National Association of Reforestation Companies and the National Association of Nature Preservation will all be part of this plan. Incentives will be given to those who plant the trees. There are international loans of USD20 million (EUR15.60 million) available. A team will be set up to identify the areas where trees will be planted. According to pre-assessments, two million hectares have been identified. The aim is to plant 50,000 hectares annually. Each year 20,000 hectares are deforested in the country.

La Prensa de Panama, 16 October

### **RUSSIA** **Falling Ruble Might Help** **Russian Wood Industry**

Wood industry in Russia might benefit from the country's status as a financial pariah, with domestic wood manufacture improving and exports to some markets growing as the Ruble falls in value against world currencies, according to a Woodworking Network report. At the moment, Russia supplies about 40% of softwood lumber to the Chinese market. Exports to China rose 32% in the second quarter of this year, while the overall Chinese imports of logs and lumber increased by 19% in the same period.

In Europe, despite the recent political and economical tensions caused by the Ukrainian dispute, wood products trade between the two parties (EU-Russia) seem unaffected. According to the latest Eurostat data, Russia exported wood products (under HS code 44) to the EU worth USD1.91 billion in the first seven months of 2014, a 10% increase over the same period of last year. Moreover, large companies in the wood industry performed well on the Russian market. For example, in latest financial report, the Italian woodworking technology company, Biesse said that Russia and China were the largest contributors to its 14.8% sales gains among the BRIC countries (Brazil, Russia, India and China). Also, Swiss investors recently targeted Russia's Sudoma lumber mill for investment after the Russian

government named it a 'strategic project'.

Fordaq.com, 27 October

### **SOUTH KOREA** **Penalty Imposed on Paper over** **Price Fixing**

A financial penalty of KRW10.70 billion (EUR7.94 million/USD10.04 million) has been imposed by the Fair Trade Commission on six paper manufacturers over price fixing in South Korea. Through dozens of online communication and secret meetings between August 2007 and April 2012, the firms were accused of fixing prices on paper used to manufacture disposable cups. The antitrust agency imposed a financial penalty of KRW279 million on Hansol Artone, KRW553 million on Korea Green Paper and KRW862 million on Hanchang Paper. The Fair Trade Commission also imposed a financial penalty of KRW1.24 billion on Moorim Paper, KRW3.16 billion on Hansol and KRW4.67 billion on KleanNara.

Maeil Business Newspaper, 14 October

### **SWEDEN** **Recovery in Forest Industry**

The Swedish forest industry has begun recovering in 2014 after a weak year of 2013. The export value of forest industry products increased by 4% in the period of January-July, according to figures from trade association Skogsindustrierna. For sawntimber products, the export value increased by as much as 17% (January-June). In volume, the exports of sawntimber were up by 8%, and production increased by 10%. Pulp exports increased by 5% in January-August, and production was up by 2%. Production of packaging paper increased by 3% in the eight months period, and is now back to the level from 2007-2008. However, production of graphic paper dropped by 13%, and production of newsprint decreased by 30%.

Land Lantbruk, 10 October

### **Skelleftea Promotes Construction** **with Wood**

Swedish municipality Skellefteå has decided that municipality-owned companies must give an explanation for not choosing wood as a construction material, and also show that they meet required sustainability standards if not using wood. The decision is aimed at increasing the motivation among the municipality's developers to choose wood. Project leader at Trästad Skellefteå municipality says, wood is an important part of sustainable construction.

Woodnet, 15 October

### **UNITED KINGDOM** **Joinery Sales Increased**

In the UK, the members of the British Woodworking Federation saw their joinery sales volumes increase in 2014. More than half of the respondents in the State of Trade survey are operating at over 80% capacity. Most are predicting a rise in sales volumes until 2015. Almost half of respondents are planning to increase their investments in manufacturing equipment and product improvements. Nearly two third of respondents have reported increasing labour costs and a quarter sees labour availability as a constraining factor. Slow payment by customers is causing cash flow problems.

TTJ Timber Trades Journal, 14 October



SEPTEMBER 2014

## SHIPPING NEWS



### PTP to Up Annual Capacity by 25% with Capacity Expansion

Port of Tanjung Pelepas (PTP) which completed phase two of its master plan through a recent capacity expansion, is looking to raise its annual handling capacity by 25% to 10.5 million twenty-foot equivalent units (TEU).

According to Chief Executive Officer of PTP, Mr. Glen Hilton, PTP has been gearing up its terminal capacity and facilities to accommodate the additional volumes projection. The latest berth construction (Berth 13 and Berth 14) will provide PTP with an additional 720 metres of quay length which are already in operations in early May 2014.

The expansion will not only raise PTP's annual handling capacity but also increase the number of berths to 14 with total quay length of more than 5.0 kilometres. PTP is confident that the 2014 target will be achieved with the gearing up of the terminal capacity and facility to accommodate the anticipated additional volumes and drive more new volumes into PTP.

PTP's expansion costs RM1.4 billion involving the building of the two new berths and three blocks of containers yards, purchasing of new quay cranes and as well as electrifying

existing rubber-tyred gantries (ERTGS). The port's new berths and new equipment will be able to handle the Maersk Line Triple-E vessels, a new generation container ship with 18,000 TEUs capacity which will start calling at PTP starting from this year. Only a few ports globally are able to handle these mega container vessels and PTP is one of them.

For 2014, PTP is targeting a volume growth of about 8.6 million TEUs versus 7.6 million TEUs last year. PTP, which is the busiest port in Malaysia currently, is also ranked the 19<sup>th</sup> busiest port in the world. Among world's top five shipping lines that use PTP include Maersk, CMA-CGM and Evergreen.

PTP's Free Zone area has successfully, over the years attracted big brand names such as contact lens manufacturer Ciba Vision, manufacturer of electronic components Flextronics and manufacturer of sub-sea oil and gas drilling equipment Cameron International.

Source: Bernama, 15 September

### Global Logistics Ports Could Handle 840 million TEU a Year by 2018

The world's logistics ports are expected to handle more than 840 million TEU a year by 2018 as annual growth rates

#### Shipments of Timber and Timber Products through Ports in Peninsular Malaysia, September 2014

Products	Port Klang		Kuantan		Pasir Gudang		Tanjung Pelepas		Penang		Total all ports m <sup>3</sup>	% Change Sept 2014/ Aug 2014
	m <sup>3</sup>	% Change Sept 2014/ Aug 2014	m <sup>3</sup>	% Change Sept 2014/ Aug 2014	m <sup>3</sup>	% Change Sept 2014/ Aug 2014	m <sup>3</sup>	% Change Sept 2014/ Aug 2014	m <sup>3</sup>	% Change Sept 2014/ Aug 2014		
Sawntimber	51,887	15	4,633	28	1,797	0	313	291	8,412	-13	67,042	11
MDF	32,129	40	578	100	11,804	72	10,440	-1	16,134	3	71,085	27
Mouldings	12,910	2	288	-6	2,245	13	647	-7	1,818	2	17,908	2
Dressed Timber	1,070	-56	19	-76	1,024	-15	131	100	450	-1	2,694	-35
Plywood	7,201	36	0	0	104	100	48	-49	9,667	8	17,020	19
Veneer	185	54	0	0	3	100	24	71	389	22	601	33
Particleboard	37,067	1	1,156	13	343	227	39	-47	114	153	38,719	2
<b>TOTAL</b>	<b>142,449</b>	<b>14</b>	<b>6,674</b>	<b>32</b>	<b>17,320</b>	<b>45</b>	<b>11,642</b>	<b>2</b>	<b>36,984</b>	<b>0</b>	<b>215,069</b>	<b>13</b>

Source : MTIB

Cont. from previous page

continue to accelerate. The 2018 forecast is double that of the 2004 throughput figure of 363 million TEU.

The combination of faster traffic growth and strong profit levels is attracting aggressive new players to enter the container terminal-operator business, according to the 11<sup>th</sup> Global Container Terminal Operators Annual Review and Forecast report. The report said that Africa and Greater China are the regions that would see the most rapid growth.

In total, growth rates are expected to average at an annual 5.6% in the five years to 2018, compared with 3.4% in 2013. This is expected to boost average terminal utilisation from 67% today to 75% in 2018. The sector's strong financial performance and accelerating growth are encouraging new market entrants and renewed merger and acquisition activities in the container ports sector. Financial investors are particularly active, attracted by typical EBITDA margins of between 20% and 45%.

Two companies that have also been added to the league table of terminal operators are China Merchants Holdings International and Bolloré Group. Other operators, including Gulftainer and Yilport, are also expanding rapidly and are challenging for inclusion in the league table.

All port and terminal operators are experiencing a number of key industry trends, some of which have wide ramifications. The most important trends are deployment of ever-larger containerships, expansion of shipping-line alliances, financial pressures on shipping lines, rapid emergence of international terminal operators and owners, and financial investors as well as the gathering pace of terminal automation.

Source: Port News, 10 September

### Freight Rates Staying Under Pressure

Shanghai Containerised Freight Index reveals Asia-Europe trade prices are on their lowest since October 2013, marking a 9.5% drop to USD822 per TEU. Similarly, Asia-Mediterranean route rates declined by 9.1%, to USD1,125. However, this year's low prices are still above the prices recorded for the same period last year, with Europe-Asia and Mediterranean-Asia rates recorded at USD765 and USD837, respectively.

Asia-US routes are also continuing a downward trend. Shanghai to US west coast rates dropped another 7.5%, and are currently USD1,930 per TEU. The US east coast-Asia Freight rates declined by 5%, now standing at USD4,085 per TEU.

Drewry's Hong Kong-Los Angeles container freight rate benchmark is down by around 10%, now at USD1,875 per forty-foot equivalent units (FEU). The China's Golden Week however, decreased by just short of 10%, to USD1,875 per FEU. Drewry is expecting rates to remain under pressure as the industry's peak season is winding down.

Source: World Maritime, 30 September

### China to Revamp its Shipping Industry

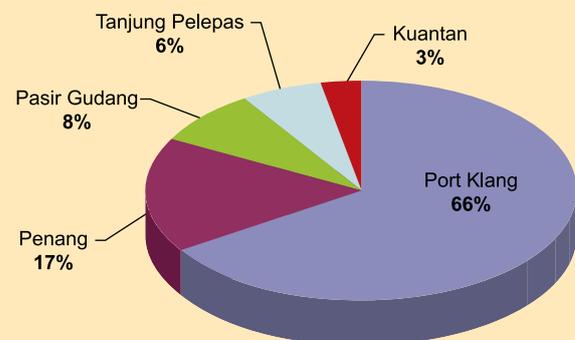
Under the new set of guidelines, Chinese shipping companies would have to rejuvenate their fleets by 2020, making them as environmental friendly and safe as possible. Under the new regulatory reforms China plans to introduce, owners would be encouraged to retire their outdated vessels and improve their corporate structure so as to catch up with the competitors. The regulatory reforms are expected to include tax benefits as well.

Chinese shipping companies has suffered considerable losses when compared to their international competitors. Nevertheless, as reported by Reuters, the announcement has seen shares in state-backed China Shipping grow 6.8%, while Hong Kong-listed shares in China COSCO were 1.2% higher. China International Marine Containers Group Ltd. was trading 7.6% higher, Reuters reports.

China's total shipping capacity totalling 142 million deadweight tonnage (DWT) occupies fourth place on a global scale.

Source: World Maritime News, 4 September

### Shipments of Timber and Timber Products through Ports in Peninsular Malaysia, September 2014



Total = 215,069 m<sup>3</sup>

## SEPTEMBER 2014

Total export of Malaysian timber and timber products in September 2014 increased 0.5% in value to RM1.7 billion over the previous month. Cumulative export for the period of January to September 2014 also increased 2% to RM14.7 billion over the previous corresponding period.

### Sawntimber

Export of sawntimber in September 2014 increased 7% in volume and 9% in value to 169,010 m<sup>3</sup> with a value of RM2,227.4 million over the previous month. Cumulative export for the first nine months of 2014 decreased 3% in volume however increased 4% in value to 1.4 million m<sup>3</sup> totalling RM1.9 billion over the previous corresponding period.

Exports to the EU for the month increased 15% to 13,735 m<sup>3</sup> from 11,908 m<sup>3</sup> in the previous month. Export of sawntimber to the Netherlands and Germany improved 25% and 12% to 6,701 m<sup>3</sup> and 1,500 m<sup>3</sup> respectively. Similarly, export to France and Belgium increased 66% and 28% to 1,119 m<sup>3</sup> and 1,496 m<sup>3</sup> respectively. However, export to the UK declined 32% to 1,693 m<sup>3</sup> from 2,490 m<sup>3</sup> in the previous month.

Total exports to West Asia increased 4% to 26,313 m<sup>3</sup> from 25,289 m<sup>3</sup> recorded in the previous month due to improved purchases by Yemen, Oman and Qatar. Export to Yemen and Oman increased 71% and 20% to 8,657 m<sup>3</sup> and 4,042 m<sup>3</sup> respectively. Demand of sawntimber from Qatar also grew 74% to 1,216 m<sup>3</sup> from 701 m<sup>3</sup> in the previous month. In the meanwhile, export to the UAE, Saudi Arabia and Bahrain declined 14%, 48% and 30% to 6,439 m<sup>3</sup>, 2,496 m<sup>3</sup> and 1,061 m<sup>3</sup> respectively.

Buying from ASEAN increased 118% to 145,307 m<sup>3</sup> due to increasing demand from Thailand, major market of sawntimber in the region. Export to Thailand grew 11% to 38,866 m<sup>3</sup> from 35,158 m<sup>3</sup> registered in the previous month. However, export of sawntimber to Singapore decreased 1% to 12,023 m<sup>3</sup> from 12,133 m<sup>3</sup> recorded in the previous month.

Shipments to East Asia increased 29% to 45,725 m<sup>3</sup> from 35,582 m<sup>3</sup> in the previous month as a result of increasing demand from China, Taiwan, Japan and Hong Kong. Export to China and Taiwan improved 12% and 86% to 20,230 m<sup>3</sup> and 14,171 m<sup>3</sup> respectively. In addition, Japan and Hong Kong improved purchases by 30% and 21% to 6,758 m<sup>3</sup> and 1,347 m<sup>3</sup> respectively. However, export to South Korea decreased 7% to 3,219 m<sup>3</sup> from 3,469 m<sup>3</sup> recorded in the previous month.

Elsewhere, the US bought 1,989 m<sup>3</sup> worth of sawntimber, an increase of 17% from the previous month. Intake by Australia and South Africa decreased 17% and 10% to 1,185 m<sup>3</sup> and 5,752 m<sup>3</sup> respectively.

The average FOB price of sawntimber increased 2% to RM1,345 per m<sup>3</sup> from RM1,316 per m<sup>3</sup> in the previous month. Price of Dark Red Meranti (DRM) decreased 1% to RM931 per m<sup>3</sup> from RM940 per m<sup>3</sup> in the previous month. However, price of DRM to the Netherlands increased marginally to RM2,814 per m<sup>3</sup> from RM2,813 per m<sup>3</sup> in the previous month. Keruing was traded at RM1,554 per m<sup>3</sup>, an increase of 12% from the previous month.

### Plywood

Total export of plywood in September increased 2% in volume and 3% in value to 245,662 m<sup>3</sup> valued at RM404.1 million as compared to the previous month.

Total exports to the EU increased 67% to 15,436 m<sup>3</sup>. Similarly, shipments to Germany, Italy and UK increased 409%, 5% and

152% to 219 m<sup>3</sup>, 21 m<sup>3</sup> and 13,573 m<sup>3</sup> respectively. However, Belgium, Denmark and Netherlands reduced its intake by 74%, 69% and 27% to 132 m<sup>3</sup>, 257 m<sup>3</sup> and 1,100 m<sup>3</sup> whilst France and Ireland did not make any purchases.

Exports to ASEAN region increased as Thailand intake of plywood increased 37% to 5,932 m<sup>3</sup> whilst Indonesia resumed its intake. However, Singapore reduced its intake by 28% to 3,382 m<sup>3</sup>. In East Asia, exports to Japan and South Korea increased by 10% and 44% to 109,327 m<sup>3</sup> and 32,610 m<sup>3</sup> respectively. On the other hand, China and Hong Kong reduced their intake by 4% and 50% to 4,421 m<sup>3</sup> and 3,247 m<sup>3</sup> respectively.

Overall, exports to West Asia decreased by 38% as compared to the previous month. This is due to the decrease of intake by major markets namely the UAE, Qatar and Yemen by 41%, 19% and 35% to 4,340 m<sup>3</sup>, 479 m<sup>3</sup> and 12,438 m<sup>3</sup> respectively. However, Saudi Arabia and Kuwait increased their intake by 5% and 40% to 1,146 m<sup>3</sup> and 652 m<sup>3</sup> respectively whilst Bahrain resumed its intake.

Elsewhere, exports of plywood to the US, Mexico and Canada increased by 176%, 296% and 145% to 7,124 m<sup>3</sup>, 3,778 m<sup>3</sup> and 394 m<sup>3</sup> respectively. However, South Africa, Australia and New Zealand reduced their intake by 2%, 23% and 85% to 645 m<sup>3</sup>, 3,381 m<sup>3</sup> and 21 m<sup>3</sup> respectively. On the other hand, Tanzania, Norway and Turkey did not make any purchases.

The FOB price of plywood increased by 1% to RM1,644 per m<sup>3</sup> from RM1,627 per m<sup>3</sup> in the previous month.

### Veneer

Export of veneer for September 2014 showed a decrease of 9% in volume and 13% in value to 17,566 m<sup>3</sup> at RM23.7 million as compared to the previous month. Exports to China, Taiwan, Indonesia, Viet Nam and Australia decreased by 50%, 13%, 84%, 76% and 38% to 356 m<sup>3</sup>, 8,521 m<sup>3</sup>, 13 m<sup>3</sup>, 37 m<sup>3</sup> and 125 m<sup>3</sup> respectively. Meanwhile, Singapore and South Korea increased their intake by 40% and 37% to 7 m<sup>3</sup> and 6,844 m<sup>3</sup> respectively, whilst Canada, Sri Lanka and the UK did not make any purchases.

The FOB price of veneer decreased to RM1,351 per m<sup>3</sup> from RM1,420 per m<sup>3</sup>, a decrease of 5% from the previous month.

### Medium Density Fibreboard (MDF)

Malaysia's exports of MDF for September 2014 showed a decrease of 3% in volume and 6% in value from the previous month. Export totalled 75,707 m<sup>3</sup> at RM77.9 million.

Exports to East Asia registered a decrease of 21% to 11,909 m<sup>3</sup> from 15,017 m<sup>3</sup> in the previous month. Exports to South Korea grew by 244% to 1,052 m<sup>3</sup> and export to China including Hong Kong increased by 21% to 477 m<sup>3</sup>. However, export to Taiwan decreased by 7% to 981 m<sup>3</sup> and export to Japan drop 29% to 9,399 m<sup>3</sup>.

Meanwhile, exports to West Asia market recorded positive growth with an increase of 16% in volume to 33,183 m<sup>3</sup> from 28,613 m<sup>3</sup> in the previous month. Export to Lebanon recorded a massive increase of 1,123% to 5,196 m<sup>3</sup> followed by Oman at 257% to 1,299 m<sup>3</sup>, Saudi Arabia at 106% to 6,570 m<sup>3</sup>, the UAE at 67% to 14,780 m<sup>3</sup> and Jordan at 67% to 381 m<sup>3</sup>. On the other hand, export to Bahrain and Syria showed negative growth by 5% to 1,103 m<sup>3</sup> and 89% to 575 m<sup>3</sup> respectively from the previous month.

Furthermore, export to South Asia recorded positive growth by 12%. Export to Bangladesh recorded an increase of 127%

Cont. from previous page

to 1,392 m<sup>3</sup> followed by India at 122% to 1,141 m<sup>3</sup> and Sri Lanka at 22% to 1,655 m<sup>3</sup>. Only export to Pakistan reduced 11% to 5,411 m<sup>3</sup>.

Export to the UK, South Africa, and US showed positive growth by 297% to 1,875 m<sup>3</sup>, 85% to 1,105 m<sup>3</sup> and 42% to 1,922 m<sup>3</sup> respectively. Nevertheless, Australia showed negative growth by 38% to 1,719 m<sup>3</sup>.

Export to ASEAN for this month showed negative growth by 15% to 14,098 m<sup>3</sup> from 16,651 m<sup>3</sup> in the previous month. Statistics show exports to Singapore increased by 223% to 365 m<sup>3</sup>. However, export to Viet Nam decreased by 12% to 8,825 m<sup>3</sup>, export to Indonesia reduced by 19% to 3,297 m<sup>3</sup> and to Philippines decreased by 31% to 1,529 m<sup>3</sup>.

### Mouldings

Exports of mouldings for the month decreased by 2% in volume and 3% in value to 22,717 m<sup>3</sup> and RM63.5 million respectively. The cumulative exports increased by 15% in volume and 17% in value to 187,660 m<sup>3</sup> and RM524.6 million respectively as compared to the previous corresponding period in 2013.

Exports to the EU for the month recorded at 7,910 m<sup>3</sup>, a decrease of 14% compared to the previous month. Shipments to Belgium, Germany, the Netherlands, UK and Italy decreased by 42%, 11%, 1%, 38% and 27% to 510 m<sup>3</sup>, 1,486 m<sup>3</sup>, 4,061 m<sup>3</sup>, 673 m<sup>3</sup> and 47 m<sup>3</sup> respectively.

Exports to the ASEAN region increased as Singapore intake of mouldings increased by 17% to 1,564 m<sup>3</sup>. However, Viet Nam and Indonesia did not make any purchases.

Meanwhile, exports to Japan, South Korea and Hong Kong increased 31%, 34% and 17% to 2,869 m<sup>3</sup>, 1,907 m<sup>3</sup> and 198 m<sup>3</sup> respectively. On the other hand, exports to Taiwan and China decreased 51% and 50% to 379 m<sup>3</sup> and 243 m<sup>3</sup> respectively.

Elsewhere, export to Australia increased by 8% to 3,617 m<sup>3</sup> whereas exports to the US and Canada reduced by 1% and 64% to 2,327 m<sup>3</sup> and 42 m<sup>3</sup> respectively.

FOB unit value decreased 1% from RM2,819 per m<sup>3</sup> in the previous month to RM2,794 per m<sup>3</sup> in September 2014.

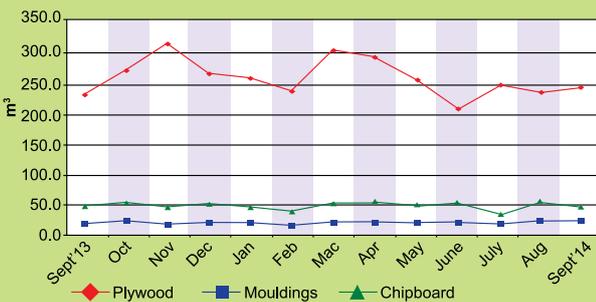
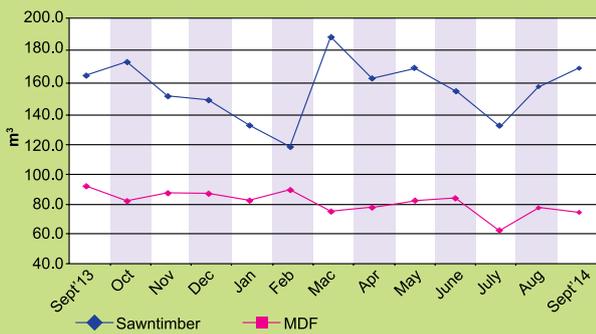
### Builders Joinery and Carpentry (BJC)

Total BJC cumulative exports from January to September increased 9% to RM755.0 million as compared to RM693.3 million in the corresponding period last year. Cumulative import from January to September by EU increased 2% to RM208.2 million. Similarly, demand by the UK, Belgium, Italy, Netherlands and Turkey increased by 20%, 28%, 1%, 80% and 127% to RM105.5 million, RM42.4 million, RM4.0 million, RM1.3 million and RM2.8 million respectively. Whereas, exports to France, Denmark, Norway, Germany, Sweden and Spain decreased by 43%, 21%, 92%, 30%, 32% and 16% to RM15.8 million, RM14.2 million, RM0.33 million, RM8.4 million, RM7.0 million and RM5.2 million respectively over the previous corresponding period.

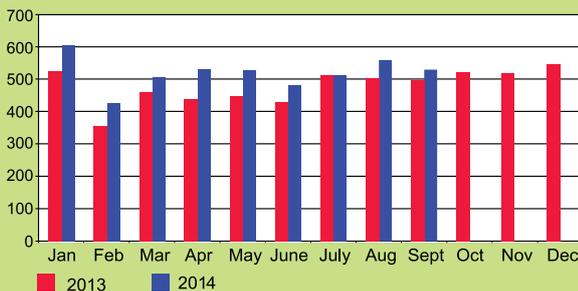
In Asia, exports to Singapore, India, Thailand, Pakistan, South Korea, Taiwan and Bahrain grew 9%, 15%, 6%, 62%, 3%, 27% and 82% valued at RM90.3 million, RM48.6 million, RM24.2 million, RM24.4 million, RM2.7 million, RM13.5 million and RM3.2 million respectively. However, exports to Iran, Japan, the UAE and Viet Nam decreased by 75%, 14%, 8% and 7% to RM0.45 million, RM58.4 million, RM9.4 million and RM17.4 million respectively.

Exports to Australia and the US increased by 15% and 51% to RM99.5 million and RM61.9 million respectively. However, Maldives, South Africa and Russia reduced their intake by 30%, 20% and 58% to RM4.5 million, RM8.8 million and RM5.2 million respectively.

**Export of Selected Products from Malaysia**  
(September 2013 - September 2014) / Volume ('000 m<sup>3</sup>)

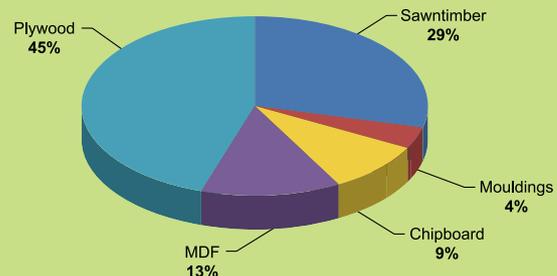


**Malaysia: Export of Wooden Furniture**  
(January 2013 - September 2014) / Value (RM Million)



Source : Department of Statistics, Malaysia

**Export of Major Timber Products from Malaysia**  
(July - September 2014)



Volume : 1,618,325 m<sup>3</sup>

## SEPTEMBER 2014



## DOMESTIC TRADE NEWS

## Logs

The supplies of logs were reported to be sufficiently available and accessible for the month particularly in Peninsular Malaysia. The average domestic prices of logs for most of the species stood firm whilst some of the species experiencing some price reduction.

Log prices for the species of Chengal remained at RM4,000 per tonne, whilst Red Balau and Merbau continued to be traded at RM2,500 per tonne respectively. However, the price of Balau species declined by 7% to RM2,466 per tonne from RM2,663 per tonne recorded last month. Similarly, price for Kempas dropped by 4% to RM1,171 per tonne. Prices for Keruing, Kapur and Mengkulang stood at RM1,150 per tonne, RM1,700 per tonne and RM1,100 per tonne respectively. Prices for the species of Dark Red Meranti were quoted at RM1,350 per tonne, a decrease of 13% over the previous month. Meanwhile, prices of Red Meranti improved by 5% to RM1,341 per tonne. The average prices of Mixed Heavy Hardwood and Mixed Light Hardwood remained at RM983 per tonne and RM665 per tonne respectively.

## Sawntimber

Domestically, the average sawntimber prices stood firm although some species recorded significant changes in their prices. However, the demand from abroad reported to remained fragile.

Prices of Chengal, Red Balau and Merbau sawntimber were quoted at RM6,638 per m<sup>3</sup>, RM2,966 per m<sup>3</sup> and RM3,460 per m<sup>3</sup> respectively. Balau was quoted at RM3,107 per m<sup>3</sup>, an increase of 9% over the previous month. Likewise, Kempas prices improved by 2% to RM1,836 per m<sup>3</sup>. Sawntimber prices of Dark Red Meranti, White Meranti and Sepetir remained firm at RM2,189 per m<sup>3</sup>, RM1,448 per m<sup>3</sup> and RM1,095 per m<sup>3</sup> respectively. Meanwhile, prices of Red Meranti and Yellow Meranti fell sharply by 10% and 4% to RM1,412 per m<sup>3</sup> for both species. Sawntimber prices of Mixed Heavy Hardwood jumped by 9% to RM883 per m<sup>3</sup>, whilst Mixed Light Hardwood prices stood at RM777 per m<sup>3</sup>.

## Plywood

The supply of plywood to the domestic market reported to be sufficient. Prices of plywood reported to stable and fetching at the last month's level. Plywood prices for 4mm, 6mm and 12mm of thicknesses were traded at RM14.60, RM22.00 and RM41.50 per piece respectively. Plywood with the thickness of 9mm, however, fetched a higher price at RM34.50 per piece, an increase of 1.5% compared to the previous month.

## Medium Density Fibreboard (MDF)

Domestic supply of MDF remained suffice while prices were kept at last month's level. MDF demand domestically reported to be stagnant. Prices for MDF of 4mm, 6mm, 9mm and 12mm of thicknesses were reported to chart at RM12.10, RM15.80, RM21.70 and RM28.10 per piece respectively.

## Intra-Malaysia Trade \* – September 2014

Shipments of sawntimber from Sabah to Peninsular Malaysia jumped significantly by 69% to 680 m<sup>3</sup> valued at RM1.1 million. Shipment of plywood, however, decreased further by 6% to 7,233 m<sup>3</sup> worth at RM11.4 million. Export of increased significantly by triple digits or by 184% as compared to the previous month to 108 m<sup>3</sup>, worth at RM167,000.

Meanwhile, export of sawntimber from Sarawak to Peninsular Malaysia declined sharply by 45% to 579 m<sup>3</sup> and valued at RM378,000. Similarly, shipment of plywood fell by 5% in volume but increased 2% in value to 10,566 m<sup>3</sup> worth RM12.9 million as compared to the previous month. Export of veneer also dropped by 5% to 3,592 m<sup>3</sup> but increased in value by 7% to RM4.4 million.

*No intra trade from Peninsular Malaysia to Sabah and Sarawak was recorded in September 2014.*

\* Source: Department of Statistics, Malaysia 

### INTRA-MALAYSIA TRADE – SEPTEMBER 2014

From	Products	AUGUST 2014		SEPTEMBER 2014		% Change in Volume Sept 2014/Aug 2014	% Change in Value Sept 2014/Aug 2014
		Volume (m <sup>3</sup> )	Value (RM '000)	Volume (m <sup>3</sup> )	Value (RM '000)		
SABAH	Logs	0	0	0	0	0	0
	Sawntimber	403	683	680	1,113	69	63
	Plywood	7,724	12,409	7,233	11,440	-6	-8
	Veneer	38	59	108	167	184	183
SARAWAK	Logs	0	0	0	0	0	0
	Sawntimber	1,061	660	579	378	-45	-43
	Plywood	11,102	12,631	10,566	12,895	-5	2
	Veneer	3,786	4,144	3,592	4,416	-5	7

Source : Department of Statistics, Malaysia

Cont. next page

Cont. from previous page

**\*AVERAGE DOMESTIC PRICES OF LOGS, SAWNTIMBER, PLYWOOD AND MDF IN PENINSULAR MALAYSIA  
SEPTEMBER 2014 (VALUE IN RM)**

SPECIES	LOGS/tonne	SAWNTIMBER/m <sup>3</sup>			
	18" UP	GMS	STRIPS	SCANTLINGS	
<b>HEAVY HARDWOOD</b>					
Chengal	4,000	6,638	2,966	8,828	
Balau	2,466	3,107	2,126	3,884	
Red Balau	2,500	2,966	1,977	3,178	
Merbau	2,500	3,460	2,825	2,790	
Mixed Heavy Hardwood	983	883	742	918	
<b>MEDIUM HARDWOOD</b>					
Keruing	1,150	1,483	812	2,203	
Kempas	1,171	1,836	812	2,225	
Kapur	1,700	2,472	727	2,472	
Mengkulang	1,100	1,412	925	1,575	
Tualang	1,256	2,331	2,225	2,225	
<b>LIGHT HARDWOOD</b>					
Dark Red Meranti	1,350	2,189	1,448	2,062	
Red Meranti	1,341	1,412	1,201	2,542	
Yellow Meranti	1,100	1,412	1,130	1,448	
White Meranti	993	1,448	565	1,695	
Mersawa	1,193	1,342	918	1,412	
Nyatoh	900	777	565	1,201	
Sepetir	850	1,095	918	1,165	
Jelutong	996	1,412	1,130	1,532	
Mixed Light Hardwood	665	777	614	657	
<b>MALAYSIAN RUBBERWOOD</b>	<b>LOGS/tonne</b>	<b>SAWNTIMBER/m<sup>3</sup></b>			
<i>Hevea brasiliensis</i>	160	<b>1" X 1"</b>	<b>2" X 2"</b>	<b>3" X 3"</b>	<b>4" X 4"</b>
		706	1,052	1,172	1,236
<b>PLYWOOD 4' X 8'</b>	<b>4mm</b>	<b>6mm</b>	<b>9mm</b>	<b>12mm</b>	
(RM per piece)	14.60	22.00	34.50	41.50	
<b>MDF 4' X 8'</b>	<b>4mm</b>	<b>6mm</b>	<b>9mm</b>	<b>12mm</b>	
(RM per piece)	12.10	15.80	21.70	28.10	

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

Cont. from page 9

## TIMBER ROUND-UP

### Furniture

Exports of wooden and rattan furniture for the period under review in 2014 increased 12% compared to the corresponding period of 2013. Total shipments recorded RM4.68 billion against RM4.18 billion in 2013.

Purchase of wooden furniture from Malaysia for the January to September 2014 duration increased 12% from RM4.16 billion to RM4.65 billion compared to the same period in 2013. Demand for wooden furniture was positive across most major markets.

Imports of wooden furniture by the US increased 12% from RM1.3 billion to RM1.4 billion. Japan slightly increased its import by 1% from RM384.2 million to RM388.0 million.

The UK imports increased 23% from RM188.1 million to RM231.4 million. Intake by Australia increased by 1% from RM305.5 million in 2013 to RM309.6 million in the first nine months of 2014. Singapore consumed an increase of 18% from RM218.4 million to RM258.7 million.

Canada's ups its intake of wooden furniture by 28% to reach RM203.1 million. The UAE recorded an increase of 13% to reach RM165.9 million. Saudi Arabia wooden furniture intake increased by 20% to RM110.5 million. India's intake increased by 25% to reach RM99.6 million in 2014.

South Korea had increased its wooden furniture consumption by 20% with a purchase of RM85.1 million in for the first nine months of 2014 from RM70.9 million in 2013. Russia's also improved its consumption by 34% from RM 62.7 million to RM84.0 million.

Rattan furniture shipments increased by 37% to reach RM26.8 million for the January to September 2014 period.

Singapore remains as the top importer as its demand jumped to RM7.2 million in 2014. India emerges as the highest increase of intake of rattan furniture with RM6.1 million being recorded in this year, leaped from RM119,000 in 2013 while import by the UK increased as well by 73% to reach RM1.9 million in 2014.

## ASEANWOOD-WOODTECH 2014



*Dr. Jalaluddin Harun, MTIB Director-General (second from left) briefed the VIPs on the timber products displayed at MTIB booth.*

was definitely in line with the government's goal to promote mechanisation and automation in the timber industry. "As we are aware, all commodities need to be resourced, planted, collected and processed, and undergo many stages before becoming ready for sale or import. Therefore, countless benefit can be gained from using the latest techniques, understanding the latest industry development and keeping abreast of technological advancements and machinery" he added. He noted that, ASEANWOOD-WOODTECH 2014 had gained international recognition and the exhibition had attracted a huge number of international buyers, especially from ASEAN countries as well as China and India.

The ASEANWOOD-WOODTECH Malaysia 2014 was held at Putra World Trade Centre, Kuala Lumpur from 8 to 11 October. The exhibition was the only exhibition in South East Asia to be endorsed and supported by the European Federation of Woodworking Machinery Manufacturers (EUMABOIS) and it also received full support from worldwide associations thus giving the exhibition international recognition.

ASEANWOOD-WOODTECH was officiated by Datuk Himmat Singh, Secretary-General of Ministry of Plantation Industries and Commodities on behalf of the Minister, YB Datuk Amar Douglas Uggah Embas. In his opening speech, Datuk Himmat stated that local manufacturers should explore the diverse technologies and products exhibited at the event. This

To further enhance and promote the opportunities and prospects available in the timber sector, MTIB participated in the ASEANWOOD-WOODTECH 2014 to educate the public on the important roles played by the timber industry domestically and internationally as well as to encourage them on the uses and right applications of timber and timber products. Besides information dissemination activities, MTIB took the opportunity to promote its design initiative programme, TANGGAM. The programme was launched by MTIB in 2012 and it aimed to nurture and promote outstanding young designers. The current theme, "Happiness through Design" was clearly reflected in their unique furniture designs. The four-day event was reported to successfully attracted 10,000 local and international visitors. 



*International and local visitors at MTIB booth.*

Cont. from page 3

ASC is an activity where ASEAN member countries can cooperate and work together at regional level in terms of skills development, to achieve international standard. ASC consequently, will pave the way for work excellence and the development of high skilled workers. The rules of the competition are as follows:

- The competition will be held every two years and the member countries will take turns to host through voting resolutions
- ASEAN member countries have agreed to use the latest test projects of the latest WorldSkills Competition (A biennial skill competition with about 50 member countries) for the ASC test project. WorldSkills test project was drafted by skills area experts, leaders from different industrial sectors. The test project element must reflect the latest technology and skill needed and are amended before every competition. Thus, by using WorldSkills test project as a basis for developing the ASC test project, the youths of ASEAN member countries will be kept up to date with the world skills standard.
- Contestants or competitors must not be over 22 years old. Each country can send only two competitors for each skill area.

There has been 10 ASEAN Skills Competition:

- 1<sup>st</sup> ASC hosted by Malaysia from 12-23 August 1995
- 2<sup>nd</sup> ASC hosted by Philippines from 10-17 December 1996
- 3<sup>rd</sup> ASC hosted by Thailand from 16-18 March 2001
- 4<sup>th</sup> ASC hosted by Indonesia form 1-10 October 2002
- 5<sup>th</sup> ASC hosted by Viet Nam from 21-30 September 2004
- 6<sup>th</sup> ASC hosted by Brunei Darussalam from 3-12 September 2006
- 7<sup>th</sup> ASC hosted by Malaysia from 10-19 November 2008
- 8<sup>th</sup> ASC hosted by Thailand form 14-24 November 2010
- 9<sup>th</sup> ASC hosted by Indonesia form 11-20 November 2012
- 10<sup>th</sup> ASC hosted by Viet Nam form 19-29 October 2014

MTIB through WISDEC has been involved in the skills competition since 10 years ago. To develop human capital in the timber industry, MTIB was appointed as Industry Lead Body (ILB) by Department of Skills Development, Ministry of Human Resources in 2012. As ILB, MTIB has undertaken training programmes and activities, aimed to elevate the level of skills in human resources in the timber industry. Prior to the participation in the ASC 2014, the four contestants in the cabinet making and joinery trade categories (two for each trade category) had undergone intensive training at MTIB's training centre, WISDEC in Banting, Selangor.

A cabinet maker produces furniture, cabinetry and architectural millwork from a variety of natural and manufactured materials for both the commercial and residential markets. In the cabinet making trade, cabinet makers specialise in working



MTIB officials with the winners in the cabinet making and joinery trade.

with wood and other construction materials to fabricate useful and decorative items. They must master a combination of traditional and contemporary techniques using hand tools such as chisels and mallets and modern tools such as electronic and even computerised woodworking equipment. A cabinet maker should be able to:

- identify various types of wood and composite materials
- safely operate hand and power tools
- use woodworking machines and perform detailed milling
- perform material breakouts, case work assembly, gluing and laminating
- construct staircases, sashes, doors, mouldings, furniture and cabinets
- execute specialty work involving bends and curves

The joinery trade, on the other hand, involves the process of connecting or joining two or more pieces of wood together through the use of various forms of wood joints. In fine woodworking, common forms of joinery include dovetail joints, mortise-and-tenon joints biscuit joints, lap joints, and spline joints. Joiners should be able to construct doors, windows, stairs and other architectural objects. Joinery involves work both by hand and machine.

In the ASC 2014, the Malaysian contingent was led by YB Dato' Ismail bin Abdul Mutallib, Deputy Minister of Human Resources. Deputy Minister congratulated and praised to the Malaysian team for their hard work and commitment during the competition. He urged future Malaysia competitors to aim for even higher success in the next 43<sup>rd</sup> WorldSkills Competition (WSC) which to be held in Sao Paolo, Brazil in 2015. According to him, Malaysia's participation in the ASC and WSC is in line with the objectives of the 10<sup>th</sup> Malaysia Plan to have 33% skilled workers by 2015, and 50% by 2020, on par with countries such as Singapore, Taiwan and South Korea. The 11<sup>th</sup> ASC will be hosted by Malaysia in 2016.

## LEAN MANAGEMENT FOR HIGHER PRODUCTIVITY

The hue and cry about worker issues has ignited the need for the timber industry to gear itself towards ways to reduce dependency on labour; in particular, foreign workers. A proper layout to ease production flow, a systematic production management and control, coupled with the move towards reducing wastage are among measures that the industry needs to look into.

One appropriate tool to address the workers issues can be seen in lean management. It is necessary to uplift the position of the timber industry in the face of growing challenges from a highly competitive environment. One of the major benefits of lean management is getting more done with less people. With standardised work and increased efficiencies, the ability to do the job with less people has become a very real possibility. With the right level of commitment and planning, some benefits can be seen in a short period of time. The concept of lean would have these freed-up people utilised to perform further kaizen activities; training to enhance skill level, or conducting maintenance of the system once it is implemented. MTIB introduced the concept to the timber industry to ensure further industrial growth, particularly the furniture industry.

In order to have a better understanding and insight into the various aspects pertaining to lean management, MTIB participated in a Study Mission on Lean Management and Korea Production System. The Study Mission was held from 27 October to 1 November and was conducted by the

Malaysia Productivity Corporation, in collaboration with Korea Productivity Centre.

The aim of the mission was to provide an in depth knowledge on lean management in Korean companies and implement it in the local timber industry. The mission also aimed at equipping participants with the application tools and techniques of the Korea Production System (KPS) and studying the best practices and innovative business strategies of Korea companies in penetrating the global market.

Company visits and discussions were the highlights of the programme. The participants visited Korea Productivity Centre, Samsung Innovation Museum, Korea Tourism Organisation, Yonsei Severance Hospital, DBI Inc and Hyundai-KIA Motors.

Korea has specific mechanisms and measures to address the workers and productivity issues, which is the KPS. KPS reflects the characteristics of the Korean manufacturing industry. It is a methodology for manufacturing innovation, suitable to the Korean industrial culture and brings innovation to productivity. KPS also refers to other global systems, such as the World Class Manufacturing System Meister System (Germany), Toyota Production System Monozukuri (Japan) and Lean Production System (USA).

KPS has benefitted many Korean companies, which has been innovative in many fields of business, especially in



*"Time waste differs from material waste in that there can be no salvage. The easiest of all wastes and the hardest to correct is the waste of time, because wasted time does not litter the floor like wasted material..." ~Henry Ford*

Cont. from previous page

raising productivity and quality level in both manufacturing and service sector. Unlike the 6-sigma, KPS enhances overall manufacturing and operation levels, supported by its constant implementation and development. The 6-sigma does not apply to the entire manufacturing and operation systems. The implementation of KPS depends on business type and it differs in accordance to the size of companies, characteristics as well as culture of the industry.

Based on the visit and briefings, below are some of the key points of recommendations on LEAN:

**Quality** – A lot of the activities in a lean environment are geared towards improving quality. As quality issues arise, problem solving techniques are used to root out the cause the problem. From there, mistake proofing is put in place to strengthen the process and prevent recurrence.

**Visual Management** – Another benefit of lean manufacturing is management by sight. If work is done correctly, any mill can be set up and an entire area be evaluated with a visual scan. Any abnormalities will stand out and be easily identified as the problem.

**Increased Efficiency** – Line balancing will ensure each person in the process is working in the most efficient manner. Standardised work will ensure they are doing it correctly following the same method every time. This leads to repeatability and increased efficiencies.

**Manpower Reductions** – This is the main concern of the timber industry and also the major benefits of lean - getting more done with less people. With standardised work and increased efficiencies, the ability to do the job with less people becomes a very real possibility. The concept of lean would have these freed-up people utilised to perform further kaizen activities.

**Easier to Manage** – The work instructions and standardised work let people know what they have to do and when. This makes managing an area much easier. Problems may still arise but they will be much easier to deal with in a team environment where the support groups are eager to help solve problems.

**Total Company Involvement** – Lean is meant to involve the whole company. It is not intended to be put into action in only one area. It is a management philosophy which should include every part of the organisation. This helps promote the concept that everyone in the company is part of the team.

**Problem Elimination** – Lean manufacturing is to attack an issue and continue to investigate it until it is eliminated. Root cause analysis and cross-functional teams, as implemented in DBI Inc, are crucial to ensure a problem receives the level of attention it deserves to correct it.

**Reduced Space** – As part of the waste reduction process, space will be created. Reduction of finished and raw inventory will save space vertically in the racks as well as horizontally across the floor. This can be found in Hyundai. Space is utilised at the very optimum level.

**Safer Work Environment** – As found in Hyundai, visual management and 5S will help identify when things are out of place. When unnecessary elements are removed from the operation, the workplace becomes more organised. And an organised work environment is a safe work environment. This is a very necessary factor for the timber industry, as it may slowly but surely address the negative perception by public towards the industry.

**Improved Employee Morale** – This is a benefit that may not be realised during the initial stages. Employee involvement and empowerment will make all members of your company feel like a contributing part of the team. And the reduction of uncertainty in the workplace, as a result of lean, will reduce stress within the team members and lead to improved employee morale. The Severance Hospital is seen applying this.

The participants comprised 20 representatives from various agencies in Malaysia. MTIB was represented by Puan Roslina Idris from Strategic Planning and Corporate Affairs, and Encik Mohd Asmawi Mohd Afandi from Bumiputera Economy Empowerment.



**Malaysian Wood**  
Standing on Excellence

**Tak Lapuk Dek Hujan, Tak Lekang Dek Panas**  
Timeless, Enduring

Resak Vatica spp.

www.mtib.gov.my



## WORKING VISIT TO WOODWORKING MACHINERY COMPANIES AND SMES IN TAIWAN



*Delegates at Leadermac Machinery Co. Ltd.*

Largely export-driven and consisting mostly of small and medium manufacturing enterprises, the machine tools industry in Taiwan has built an unrivalled reputation for its industrial cluster. The industrial cluster, mostly located in the Taichung region, has a stable corporate synergy system and a complete industrial chain, from the upstream ball screws production to the assembly of machine tools. In 2013, Taiwan was ranked as one of the world's largest machine tool exporter after Germany, Japan and Italy.

Based on Taiwan's expertise in manufacturing woodworking machineries, MTIB held a working visit to the companies as well as to SME companies from 19 to 24 October 2014. The working visit was also in line with MTIB's Capacity and Enhancement Programme for SME Bumiputera entrepreneurs. A total of 13 participants comprising MTIB officers and entrepreneurs attended the working visit to enhance their knowledge on the usage of woodworking machinery and the latest technology applied by the SMEs in Taiwan. It is hoped that the visit would help the delegates to improve the utilisation of their machines at a competitive production level.

Most of the machinery companies are family-owned and they design and produce their machinery based on industry needs. The delegates visited Leadermac Machinery Co. Ltd., situated at Taichung which is the center for the machinery industry. Established in 1972, the company is family-owned and produces 4 side-moulders, multiple rip saws and automatic

cutter grinders. The company is renowned for their 4 side moulder so much so that they ranked second after Germany. Their series of machinery are the Smartmac, Platinum, Compact, Planermac, Hypermac, Thundermac, Super Thundermac and Grindermac. Covering an area of 35,000 sq metres, the company has established a modern production system which has resulted in increasing production capacity while lowering production cost.

To date, they have sold over 8,000 units of machinery to over 60 countries worldwide where the machinery are in compliance with the various standards imposed by the said countries. The company is committed in their after sales the staff manning it are very competent. Apart from producing woodworking machinery, the company also produces flooring which is popular in North America. The flooring is widely used in theatres and opera houses because of its durability.

The delegates were then taken to visit a flooring company, Ua Wood Floors Inc. which produces eco-friendly flooring using environmental friendly materials. They import Teak from Asia, Sapele from Africa, Red Oak from North Africa and Acacia domestically for the production of their flooring. Their products are mostly exported to Canada and the US. The company was established in 1992 and has acquired various standards and certifications namely FSC, EN, JIS and CARB. They have a workforce of 100 workers comprising locals, Thais and Indonesians.

*Cont. from previous page*

In 2011, they developed and patented the Far-Infrared Ray (FIR) technology in wood flooring which ionises and activates the water molecules in the cells and blood, thus improving blood circulation.

CYWWM Machinery Co., Ltd., a family-owned business was the next company that the delegates visited. Established 35 years ago, the company produces the high-tech angular saw, heavy duty panel saw, boring machine, high speed computer beam saw and acrylic panel polisher. With a workforce of 10 people, they can produce four machineries in two months and their machineries are exported to 38 countries worldwide.

The delegates visited another family-owned company, Extend Light Machinery Co. Ltd. Established in 1991, the company manufactures high performance frame saws which cuts 2 mm panels for doors and flooring. The frame saw is equipped with an exclusive patented synchronous servo feed system and is able to reduce wastage of timber. Apart from the frame saw, the company also produces auto double surface planers of which 3,000 units have been sold to 15 countries including Malaysia.

The delegates also visited Woodwise Technology Co. Ltd. which manufactures the CNC machine with advanced CNC technologies. The company has successfully produced CNC machines with electro spindles, multi-spindle boring heads and IPC-based control system. The CNC working center produced by Woodwise is capable of routing, drilling, grooving and sizing all types of solid wood, MDF, particle board, plywood, plastic and other non-ferrous materials. In 2011, they acquired ISO 9001 : 2008. The range of CNC machines produced by Woodwise bears the NR series, M series, MOT series and the working centre.

Apart from visiting the woodworking machinery companies, the delegates also visited two furniture component companies,

Diebold Wood Craft Co. Ltd and Wei Dipu Cabinet Systems Ltd. The factories produces components for the bedroom; door frames; cabinets for kitchen, books and television; computer desks; and wardrobes. They supply these products to the local market.

A tour to the Sanyi Wood Sculpture Museum was also held. This is the only public museum showcases wood sculpture in Taiwan. Built in 1990, the exhibits are categorised into nine different sections. Among the categories are Introduction of Wood Sculpture, Styles of Chinese Dynasties, Austronesian Tribe Wood Sculpture, Origins of Sanyi Wood Sculpture, Temples Deities, Architecture and Furniture.

Delegates were also taken to visit the New Taipei Expo Furniture Showroom which showcases world-class furniture for high end market. Some of the furniture displayed in the showroom originated from Australia, Italy and Malaysia.

The delegates paid a courtesy call to Puan Jamaliah Jamaludin, MATRADE Trade Commissioner in Taiwan. She gave a briefing on Malaysia-Taiwan trade in various sectors.

Among the observations made by the delegates were:

- Most of the woodworking machines that are being produced are high-tech but the prices are cheaper compared to the machines produced in Europe
- The woodworking machines are compatible to the production of Malaysian SME furniture
- Prior to purchasing some of the woodworking machinery, the factory has to be operating on a line production system in order to optimise production

MTIB was represented by Datin Hj. Khalidah Hj. Yaakub, Puan Julia Pon and Puan Faiezah Noor Adam from Bumiputera Economy Empowerment.



*CNC Machinery.*



*Woodworking moulding machine.*

## FOURTH SUB-REGIONAL TRAINING WORKSHOP ON TIMBER LEGALITY ASSURANCE

The ASEAN Secretariat, European Forest Institute (EFI) through the EU FLEGT Facility and the Government of Lao PDR successfully organised the Fourth Sub-Regional Training Workshop on Timber Legality Assurance, in response to illegal logging and its causes and associated trade. In line with this, options such as legal timber regulatory, voluntary agreement mechanisms and tools have been created to address these issues particularly for the environmental sensitive markets. In order to address the demand side of the timber trade as well as supply side, the producing and supplying countries are required by new requirements to define and document the legality of their timber and timber products in their supply chain processes.

This 4<sup>th</sup> session of the training workshop, which has been conducted since 2010, served as a continuity of the above mentioned activities, aimed to provide a platform to explore options for increased timber legality and exchange lessons learnt in FLEGT VPA processes, targeting at the increased implementation of credible Timber Legality Assurance Systems in the ASEAN region. Moreover, collaboration between customs and enforcement agencies within ASEAN was also looked up in completing the information exchange and implementation of the legality process along the supply chain. The workshop was also a means of enhancing the capacity of AMS, in particular the Mekong countries, to develop and implement Timber Legality Assurance System (TLAS) based on the ASEAN framework and the FLEGT VPA initiative. It also provided a platform to exchange practical experiences on VPAs and timber legality assurance between AMS, increase multi-stakeholder collaboration amongst AMS on forestry issues and contribute to the development of an ASEAN position on timber legality and associated trade.

Mr. Thongphath Vongmany, Director-General of Department of Forestry, Lao PDR in his welcoming remarks welcomed all participants from nine AMS, including India and Australia to the workshop. He reiterated that the FLEGT VPA was an important agenda to the EU and the agreement also would be directly applied to non-EU countries which they believed would not be discriminating to trade. In order to sustain in the EU market which had implemented the EU Timber Regulation (EUTR), the surest and quickest way was to buy or deal with FLEGT licensed timber. He also noted that good governance will give good opportunity and add value to the timber trade, hence, will increase the export market performance for the individual country.

Mr. Stefan Schleuning of the EU delegation spoke on the background of the EUTR, an integral part of the FLEGT Action plan which was introduced 11 years ago to combat illegal logging which had contributed to unfair competition to the market players, unfair price cutting and at the same time lessened the producing countries tax collection. The EU government was also pressured by the Non-Governmental Organisations (NGOs) and social environmental communities to stop being a market of illegal timber and timber products. The introduction of EUTR pictured a similar initiative to that of the US Lacey Act introduced in 2008 and the Australia Illegal Logging Prohibition Act in 2014.

Speaking from the ASEAN's perspective, Mr. Dian Sukmajaya from the ASEAN Secretariat informed the participants on the several steps undertaken by the secretariat from year 1997 until the year 2025 for ASEAN integration which was targeted to boost development of economy for the region. He also mentioned that capacity building programmes were an important



Group photo of the participants and organisers of the workshop.

Cont. from previous page



Panelist for opening ceremony: From L to R: Mr. Stefan Schleuning (EU Delegation), Mr. Thongphath Vongmany (Director-General of Lao PDR Department of Forestry), Mr. Dian Sukmajaya (ASEAN Secretariat) and Dr. Alexander Hinrichs (EFI).



Puan Sunita Muhamad presented her paper entitled: Update of VPA Work / TLAS Development in Malaysia on MY- EU FLEGT VPA.

component for legality development via the ASEAN Economic Community (AEC) by 2015 and an AEC Blueprint had been developed to increase ASEAN cooperation in the region.

Indonesian representatives shared their experiences in the FLEGT negotiations which had been signed in 2007 and currently in the implementation phase. They were currently awaiting ratification from the EU. While awaiting the ratification, Indonesia is planning to conduct the second stage of VPA Joint Assessment and drafting the Timber Import Regulation in order to fulfill the requirement of the FLEGT VPA.

Puan Sunita Muhamad of Malaysia presented the status of the negotiation which started with formal negotiations in 2006. The Malaysian Timber Legality Assurance System (TLAS) is based on Federal and State Legislations, using closely the current licensing systems and procedures governing forest harvesting, mill processing, as well as import and export of timber products. It is anticipated that, once the TLAS is fully operational, all timber products exported to the EU will be accompanied by a valid FLEGT Licence. To that, the TLAS has undergone 11 National Stakeholder Consultations and six Joint Expert Meetings (JEM). TLAS will also be subject to a Third Party Monitoring (TPM) that involves eight Implementing Agencies from five different Ministries of Peninsular Malaysia. Pending the conclusion and signing of the VPA, Peninsular Malaysia has implemented MYTLAS of Peninsular Malaysia on 1 February 2013 purely as Malaysia's own initiative in order to meet EU Timber Regulation requirements.

For the case of Viet Nam, they have been in the early negotiation stage with the EU since 2010. To date, seven technical meetings (JEM), three high level negotiation rounds (TWG) and several video conferences meeting have been held. Currently Viet Nam has sent their VPA Legal text to EU for consideration. They envisaged to conclude the FLEGT VPA negotiation by the end of 2014. Meantime for Thailand, they are in the early stages of negotiations and was currently developing the timber flow, supply chain controls models and stakeholder mapping studies in order to facilitate the negotiation.

Countries such as Lao PDR, Cambodia and Myanmar have shown their interest and were still negotiating with the EU.

These countries have conducted baseline and timber flow studies to better understand their forestry system in order to facilitate discussion with the EU. In the case of the Philippines, they were awaiting the decision from their Government to enter FLEGT VPA negotiation. Currently, they are using the ASEAN Economic Blueprint as a minimum requirement to verify legal origin of timber as a guideline.

Other participants of the workshop included representatives from the industries and private sectors. They provided their comments during the Group Work, which comprised 'Small and Medium Entrepreneurs', 'Ensuring Legality through Imports Procedures', 'Communication Process' and 'Civil Society Engagement'.

A field visit was carried out on the final day, to Lao Furniture KM5 Co. Ltd, located 25 km from Vientiane. Mr. Thongsavanh, Director of Lao Furniture said that the majority of Teak used in the furniture manufacturing was sourced from their sawmill in Lao Prabang. They also dealt with FSC logs and plantation timber to produce among others, parquet, flooring, lamination board, door/window frame and garden furniture. Their main market was mainly Thailand, Viet Nam and China. Their export to the EU was rather small. Mr. Thongsavanh also informed the participants that in 2010 they stopped exporting their products in order to focus more on domestic market. This was also due to the high cost in transportation and packaging, compiled with problems of unskilled workers and fluctuating exchange rate.

In conclusion, the workshop successfully met its objective as a platform to exchange experiences and lesson learnt from AMS with regards to their progress in the FLEGT VPA negotiation.

The workshop comprised a two-day classroom session and a half-a-day field trip. About 90 participants attended the event. Malaysia was represented by Puan Josephine Anak Merdu (NRE), Encik Foong Lai Hoy (FDPM), Puan Hamidah Bujing (Sabah FD), Encik Hamden Bin Mohammad (Sarawak FD), Puan Sunita Muhamad (MTIB), Encik Chng De Vern (MTC), Encik Han Kwai Hin (WWF) and Puan Emie Syarina Norizan (Protem Secretariat). 

## EPP-SILVICULTURE TECHNIQUE OF FOREST PLANTATION, JAPAN



Participants were given the opportunity in handling grafting seedlings techniques on *Abies* species.



Participants at the Manabe Garden.

The Economic Partnership Programme (EPP): Silviculture Techniques of Forest Plantation was held from 6 to 18 October. The training, conducted by Japan International Cooperation Agency (JICA) in collaboration with the Public Service Department (JPA), aimed to enhance knowledge in silviculture techniques in forest plantations. The sessions focused on tree nursery management, seed technology, soil analysis, storage and processing of wood, the role of the government sector and the importance of biodiversity. Eight officers from MTIB and two officers from the Faculty of Forestry, Universiti Putra Malaysia (UPM) officers participated and the programme which was led by Puan Sunita Muhammad, Senior Assistant Director of Licensing and Enforcement.

Silviculture is the practice of controlling the creation, growth, composition, health, and quality of forests to meet diverse

needs and values. Silviculture also focuses on making sure that the treatment of forest stands are used to preserve and to better their productivity. Active management is required for silviculture, whereas forestry can be a natural, conserved land without a single stand level treatment being applied. A common taxonomy divides silviculture into regenerating, tending and harvesting techniques.

In countries such as Japan, silviculture practice is an important factor in ensuring forest stands provide the best returns over a decade after it is invested in a cutting cycle. Japan has embarked on a strategy to open large-scale reforestation areas since 1950. Most of the forest plantation area is privately owned, and much of it is distributed among a large number of relatively small holders. The rest is publicly owned, especially those that were excessively logged before and during World War II.



Participants at JICA, Tokyo, Japan.

*Cont. from previous page*

The location of the training was around Tokyo and Hokkaido, in Forestry and Forest Products Research Institute (FFPRI), Forest Tree Breeding Centre, Mount of Mitake, Museum of Wood and Plywood, Yamazaki Private Forest, Manabe Garden, Tokachi Eastern Regional Forestry Office, Honbetsu Cooperative Forest, Forest Tokachi Co. Ltd., Sato Co. Ltd., Hitachi and Osaka Ringyo Nursery.

In Tokyo participants were exposed to Outline of Forests and Forestry in Japan. Japan has a number of large-scale softwood plantations, growing Cedar and Cypress, which were established in order to meet growing domestic wood demand. Now plantations account for 40% of Japanese forests. Maintenance such as weeding, cleaning cutting, thinning and pruning is needed for plantation management. However, demand for domestic wood is low and maintenance such as thinning is not put into practice. The result is that overcrowded, poor-growing, thin trees are left and the minimal sunlight in the dense forest limits undergrowth, cause surface soil erosion. The situation not only disturbs efficient use of timber resources, but also leaves forests vulnerable to disease and pests and can cause disasters such as landslides in heavy rain. Reforestation is not put into practice after logging, making the situation even more serious. The most common trees species used in Japan for the timber industry are Japanese Cedar, Japanese Cypress and Japanese Larch.

The participants visited the Forests and Forestry Products Research Institute (FFPRI), in Tsukuba and the Tree Breeding Centre, where they observed tree breeding using the developed genetic breeding process. They were later taken to the Nursery for further understanding of the tree breeding techniques. The centre also housed its own Gene Bank which contains the DNA from various species. The participants were given the opportunity to perform grafting seedlings techniques on the *Abies* species.

The group then visited Yamazaki Private Forest, located in Ome, Tokyo. This private forest was a family business and was currently under the care of Ms Yamazaki, an 18th generation Yamazaki. The total area of the private forest was 370 hectares, and it was covered which Cheddar and Cypress trees.

The participants proceeded on to the Museum of Wood and Plywood in Kiba, Tokyo. A detailed explanation was presented by Professor Okano an expert in the plywood industry. The museum was built to provide education and knowledge to all levels of society on the importance of the forest to human life. The participants then got to see a demonstration of veneer manufacturing.

In Hokkaido, the participants visited to the Manabe Garden, Japan's largest conifer garden. The garden was managed by Mr. Manabe, a forestry worker since 1896. Currently the garden was in its fourth generation, covering an area of 24,000



*Site visit to Forest Tokachi Co. Ltd & Satoh Co. Ltd.*

square metres. The garden comprised European, Japanese and natural forest trees.

The group next went to the Eastern Regional Forestry Office Tokachi, headed by Mr. Yokoyama. The Office was responsible for managing the registration of compartments, specifying the areas of natural forest to be converted into productive forests, giving instructions and monitoring activities related to the forest management branch office. The forest area provides protection for wildlife such as owls and a kind of wild flowers. The participants also visited Akan National Park and Onnetoh Lake area.

The participants then met the cooperative forest owners, Honbetsu Forest Cooperative. The Forest Cooperative was established in 1941 and had 7,408 hectares of forest. Aside from helping members of the cooperative in purchasing seedlings, giving advice and motivation on planting, silviculture and harvesting, they also conduct preventive measures on forest pesticide such as deer and rodents.

The participants then visited Satoh Cooperative, a sawmill company specialising in domestic Japanese Larch products. The Head Office and factory are located in Nishi Kita Obihiro, Hokkaido. The company was established in June 1947 (67 years in business) with 87 employees. The company has a large timber storage and several sawmills. The company manufactures wood products such as garage, cabin, terrace and fence. The participants observed the process of wood pallet production.

This programme was a success as it clearly increased knowledge on silviculture practices and provided a basic understanding on forest plantation management. In an effort towards realising the National Timber Industry Policy (NATIP), the ability to continuously supply raw materials is crucial.

## BUILDING A SMART, FUTURE READY NATION

The fourth edition of BuildTech Asia 2014, the region's leading trade show for the building and construction industry was held from 14 to 16 October at the Singapore Expo. This was part of a week-long series of events under the Singapore Construction Productivity Week organised by Sphere Exhibits and hosted by the Building and Construction Authority (BCA) of Singapore. The trade show dealt with all aspects of construction including power generation, transmission and distribution, water and sanitation, pharmaceutical, petrochemical and manufacturing.

BuildTech Asia 2014 provided a platform for the exchange of knowledge and ideas for a more streamlined workflow, from sourcing of building materials to management of building facilities. This was in order to address the productivity challenges faced by the industry as it coped with a tightened supply of foreign workers and evolving standards.

This year, BuildTech Asia focused on advanced productive technologies and processes that had been identified to play important roles in transforming construction productivity. Among the latest technologies, products and updates shown were Building Information Modelling (BIM), Prefabricated Pre-finished Volumetric Construction (PPVC), Cross Laminated Timber (CLT) and Prefabricated Bathroom Unit (PBU).

Over 200 exhibiting brands from nine countries including Australia, China, Germany, Ireland, Hong Kong, Malaysia, Korea, Singapore and Taiwan showcased a wide array of products, machineries and cutting edge technologies from Autodesk, Bonco Enterprise, High Trading, Hydro Dynamic Engineering, Shihhan Tech Engineering, Straits Construction, Zuuse and Land Lease of Australia among many at the trade show's area of over 12,500 sqm of floor space. The trade

exhibition attracted more than 6,300 visitors from within Singapore and around the region.

The event was officially opened by Ms Grace Fu, Minister at the Prime Minister's Office cum Second Minister for the Environment and Water Resources and Second Minister for Foreign Affairs, Singapore. In her opening speech, she outlined three areas to further transform the building sector. These included making prefabrication more prevalent, raising the quality of the construction workforce and promoting greater integration across the construction value chain. The BCA is also working on the second Construction Productivity Roadmap, which will be released next year to bring the sector's productivity drive to the next level.

The key technologies BCA will focus on are those recommended by Singapore's International Panel of Experts (IPE) – prefabricated pre-finished volumetric construction (PPVC), cross laminated timber (CLT) and glued laminated timber (GLT).

According to BCA's Chief Executive Officer, Mr. John Keung, the adoption of these, "game-changing technologies" (PPVC, CLT, and more) will yield more significant manpower and time savings, and bring about intangible benefits such as less noise and dust during construction, safer workplaces and better quality homes.

At the opening ceremony, Ms Grace Fu gave out the inaugural BIM Awards to recognise 11 outstanding project teams that have implemented the three-dimensional modelling technology in their projects from the design to construction stages.



Cross laminated timber showcased at BuildTech Asia 2014.



Floor decking made from bamboo.

*Cont. from previous page*

This was then followed by Build Smart Conference 2014. The two-day conference provided an excellent platform for industrial practitioners and academics from around the world to share and learn about the trends in construction productivity. The aim of the conference was to keep the industry updated on innovative construction technologies, raise industry awareness on productivity and showcase projects that have successfully adopted productive methods of construction. This year's conference focused on two distinctive themes: "Productivity with Modern Technologies and Processes" and "Innovate-Intergrate-Transform with BIM"



*Participants at the conference.*

The keynote speech was given by Mr. Kwek Leng Joo, Deputy Chairman for City Developments Limited (CDL), Singapore. In his speech, he touched upon the key roles played by developers in driving productivity and he highlighted CDL's motivation in pushing for higher productivity. The evening session was later divided into two tracks namely Landscape Changing Productivity Technologies and Process Transformation-Innovation and Productivity. A total of 13 speakers and over 300 delegates participated in the conference.

One notable speaker was Mr. Karl-Heinz Weiss who spoke on the developments of CLT and GLT in Europe. He also shared on the advancement of CLT Technology and touched on the design specifications, manufacturing, logistics, installation, testing, inspection and maintenance as well as performance based solutions. He also used several commercial and residential projects as case studies such as BMW Seminar Hotel, Austria and G3 Shopping Centre in

Gerasdorf, Vienna. This is to illustrate on how CLT can be used to boost productivity, buildability and constructability in the built environment sector. It is expected for standard on CLT to be finalised by year 2018.

Networking sessions with building and timber fraternity were also conducted in conjunction with both BuildTech Asia 2014, and Buildsmart Conference 2014. Among notable organisations present during the session were the Institution of Engineers (Singapore), Society of Project Managers (Singapore), Mafi Singapore and the Singapore Timber Association (STA). MTIB was also invited by STA to visit Tat Hin Timber Builders Pte. Ltd. factory.

MTIB was represented by Cik Hjh. Robiyah Husin and Encik Shamsul Azman Abdul Aziz from Trade Development.

**Malaysian Wood**  
Standing on Excellence

**Lukisan Seribu Makna, Kayu Eratkan Semua**  
*A Picture Paints a Thousand Words. Wood Binds Them All*

www.mtib.gov.my

## 13<sup>TH</sup> MEETING ISO/TC 218: TIMBER

The 13<sup>th</sup> Meeting of the ISO TC 218: Timber was held in Paris, France from 29 September to 3 October, gathering 27 participants from 15 countries namely Malaysia, China, Japan, Ukraine, Canada, USA, France and New Zealand. The meeting was hosted by Standardisation Institute Technologique (FCBA), Paris. The FCBA Technologique Institute is an industrial technical centre which serves French sectors of forestry, logging, wood, sawmill, pulp and paper, packaging, cellulose, wood construction, wood processing and furniture.

The opening of the meeting was chaired by Ms Liuba Poliakova from Ukraine. The meetings of the different Working Groups (WG's) under the Technical Committee were held from 29 September to 3 October. Each Convener reported WG activities and the status of the standards that were being developed. The comments and amendments on the standards were further deliberated in the respective WG meetings. Six working groups presented their ISO standard drafts as below:-

- Working Group 1 – Terminology
- Working Group 2 – Round timber

- Working Group 3 – Sawn and processed timber
- Working Group 4 – Test methods
- Working Group 6 – Wooden products
- Working Group 7 – Wood residue and post consumer products.

During the WG 4 Meeting, a total of 15 documents were identified to be look through by members. They were as follows:-

- Deliberation on ISO/FDIS 13061 – Part 1, 2
- Deliberation on ISO/FDIS 13061 – Part 3, 4, 6, 7
- Deliberations on ISO/CD 13061 – Part 5, 10, 11, 12, 17
- Deliberations on ISO/CD 13061 – Part 13, 14
- Deliberations on ISO/WD 13061 – Part 15, 16
- All corrected drafts should be submitted to Malaysia before 30 November 2014.



Visit to one of the french forest, The Fontainebleau Clump



Delegates from Malaysia (From left ):  
Encik Awang Mentali (STIDC), Prof. Dr Paridah Md Tahir (UPM),  
Puan Syafinaz Abd Rashad (MTIB) and  
Assoc. Prof. Dr. H'ng Paik San (UPM)

Other than that, the representative from ISO/IEC Directives, Mr. Francesco Dadaglio (Project Manager/Technical Policy ISO Central Secretariat) gave a presentation on the changes in the new edition of ISO/IEC Directives. ISO/TC 218 also introduced a new member, the European Plant Protection and Organisation (EPPO). EPPO, an inter-governmental organisation responsible for plant protection in the European and Mediterranean regions then gave a briefing to explain their responsibilities and roles. The secretariat also presented on the Nomenclature of standards in the scope of ISO/TC 218. The members were instructed to give feedback, comments and proposals for the document by June 2015.

During the technical tour, members of the meeting visited the French forest, The Fontainebleau Clump. The present area of the French forest has reached 16.4 millions hectares. The forest mainly contains hardwood at about 65% and 35% of softwood with 136 different species. 44% of the area is covered with Oak.

Four Malaysian delegates, which included representatives from MTIB, Universiti Putra Malaysia (UPM) and Sarawak Timber Industry Development Corporation, attended the meeting. MTIB was represented by Puan Syafinaz Abd Rashad from Industry Development. UPM was represented by Prof. Paridah Md Tahir who acted as convener for WG4. Assoc. Prof. Dr. Ng Paik San who is currently the Chair for WG 5, the WG on Flooring under TC: Timber, was nominated by Malaysia as Expert on Flooring.

## IGEM 2014



Visitors at MTIB booth.



International Green Technology and Eco Products Exhibition and Conference Malaysia (IGEM) is an annual exhibition and conference first held in 2010. The IGEM 2014 was held on the 16 to 19 October at the Kuala Lumpur Convention Centre. The four-day event was officiated by YAB Tan Sri Muhyiddin Yassin, Deputy Prime Minister of Malaysia. The event this year, highlighted the theme 'Creating Green Wealth'. IGEM 2014's main aims were to help encourage the adoption of green technology which is an emerging driver in delivering a double impact of sustainable economic growth as well as addressing environmental and energy security issues. The Ministry of Energy, Green Technology and Water was the main organiser while Malaysia Green Technology Cooperation and Expomal International Sdn. Bhd. were co-organisers cum project secretariats. The Green Productivity Association Malaysia and the Malaysian Green Productivity Association Malaysia were supporting organisers.

IGEM 2014 occupied a display area of more than 1,000 sqm comprising 600 outlets. The majority of the companies that participated were from established local companies. International companies from European Union, Japan (JETRO), Korea, Singapore, China, Germany and Taiwan also took part in the exhibition. The exhibition featured six main sectors: renewable energy and energy efficiency, water and waste management; green transportation and logistics, eco-products and services, green buildings and interiors, and green ICT.

As for MTIB participation, this was the fourth time. This time MTIB worked with four composite industry players which comprised Bamboo Malaysia Sdn. Bhd., One Tech (M) Sdn. Bhd., Diamond Bamboo Enterprise and Advance Building Concept Sdn. Bhd. to promote biocomposite materials and products to both domestic and international users.

It was indeed a great opportunity for the companies to showcase their latest innovations and creative development of green technology and eco products for sustainable consumption and production and to generate commercial opportunities for industry players not only to those who have a collaboration with MTIB but also to others involved in the biocomposite industry.

GEM 2014 provided a platform to expand business horizons as the event acted as a medium for green product buyers and sellers to interact, transact and forge new partnership as well as cross – border collaboration. The event was also a strategic platform to promote and reinforce Malaysia as a regional green economic hub for green technology and eco product and services on green fields like green transportation and logistics, green energy especially renewable energy and energy efficiency, green building and interiors, water and waste management, eco products and services and also green IT and finance.

This Fifth IGEM 2014 attracted almost 60,000 visitors from 60 countries. 



Encik Mohamed Shahir Jaffril of MTIB (left) explaining to a visitor on the biocomposite products.

## ISO CONFERENCE ON INFRASTRUCTURE



*Participants during the conference and roundtable session.*

The ISO Conference on Infrastructure was organised by The Standards, Productivity and Innovation Board, a statutory board under the Ministry of Trade and Industry of Singapore (SPRING Singapore) on 14 October with the theme “A Vision for Infrastructure”. The conference was launched by Mr. Rob Steele, ISO Secretary-General.

In his speech, Mr Steele highlighted that infrastructure is being recognised as one of the key enablers of economic recovery. In this context, each country would require industry specifications, standards and codes and hence all relevant authorities must publish their own specifications as guidance and references. The conference brought together experts, government bodies, regulators, academia, funders as well as product suppliers to share and exchange views on how standards were playing a key role in driving the infrastructure performance and the major challenges facing the sectors. “Eighty percent of all infrastructure investment is construction, therefore the construction sector is bigger than automotive, aerospace and energy combined” says Mr. Terry Hill, ISO President in his introduction speech. He added that the ISO International Standards would ensure that products and services were safe, reliable and good quality.

The conference was divided into four sessions: infrastructure projects, drivers of research and innovation, project management in a building information modeling and disaster mitigation and communication. Each session addressed the following topics:

- Singapore public housing
- Singapore transport planning
- Water management in Singapore

- Research, innovation and infrastructure, the Jurong Rock Carverns
- Smart Cities and BIM
- Smart and livable cities
- Flood risk management
- Earthquake disaster prevention

In summary, standards play a strategic role in adding value to our economy and improving the quality of our lives. Standards also facilitate trade, improve quality, raise productivity and efficiency, catalyse technological innovations, share good management systems and best practices as well as boost consumers’ confidence in products and services. In addition, Standards could also improve safety and health, and provide environmental protection.

Besides the conference, roundtable discussions were also held in order to exchange views among the speakers, facilitators and the participants on the issues such as the new updates on technology, the planning of the infrastructure in Singapore to cater to its new environment called ‘green mark’.

The conference was attended by more than 100 participants including representatives from Standards Malaysia and MTIB. MTIB was represented by Puan Syafinaz Abd Rashad and Puan Nor Shahira Mat Nasir from Industry Development. This is in line with MTIB roles as a Standards Development Agency (SDA) being responsible for the managing and developing of standards at national, regional as well as international levels. 

# FURNITURE MANUFACTURER FOR EDUCATIONAL INSTITUTIONS

**E**du World Services Sdn. Bhd. was established in 1997 in Malaysia and it specialises in the manufacturing of furniture for educational institutions and office environments. It is located at Sungai Buloh, Selangor.

## Background

Since 1997, Edu-World has been involved in manufacturing furniture for the needs of educational institutions from early learning to university level and office environments for government and private institutions throughout Malaysia and the ASEAN Region. The company's R&D department continues to improve on product design and quality, leading to an ever-growing customer base.

## Company Vision

The company aims to be the leading Furniture Manufacturer for Educational Institutions in the Global Marketplace via consistent satisfaction of clients, creative designs to suit the needs of customers, cost control and the best price for the best furniture.

## Manufacturing Facilities

A large investment has been made in the development of manufacturing capabilities including machinery, equipment and management system which has been instrumental in reducing production costs while maintaining the highest standards of product quality.

## Green Products

Edu-World's commitment to the environment consists of careful selection of raw product materials and the continuous evolution of manufacturing processes.

Over 95% of their products consist of melamine board substrate made from plantation timber and forest timber waste. Reconstituted engineered wood products like melamine board are preferred over regular lumber because it has a lower impact on the environment. Engineered wood products such as melamine board substrate are solely made from waste products, the leftover scraps that would otherwise be dumped in a landfill.

All metal based components are from recycled materials whenever possible but this is NOT a significant part of their manufacturing activity.

Water based glue is used in the lamination processes. Glue is hydrocarbon solvent free. Hot-melt glued does NOT use any solvents.

Furniture items that are supplied by the Edu-World include high quality and colourful pre-school furniture such as children's chairs, tables, cabinets and other classroom infrastructure items. They also supply furniture for colleges, hostels, auditoriums and seminar halls for universities and offices, as well as filling cabinets, office desks, library storage, computer labs, cafeteria and workstations.

## Social Obligation Responsibility

Throughout the year, many students from various higher learning educational institutions, technical colleges and youth skills training centres are engaged in hands-on practical training in the company.

## Customer Satisfaction

Many of the clientele consist of institutional owners, consultants, architects and project designers. They are comfortable dealing with Edu-World Services Sdn. Bhd. due to their vast experience and in-house production facilities. Edu World has enjoyed a comfortable growth in business over the past few years as many of the clientele are referrals from satisfied customers.

Edu-World believe in starting each project with honesty and transparency bringing benefits to all parties involved. Edu-World thus hopes to continue to grow with the customers in both domestic and global markets.

Edu-World customers satisfied with their products and services include: -

- Community Development Department
- Department of Education
- Community Development Department
- National Defence University of Malaysia
- Nexus World-School
- St. Christopher's International Primary School, Penang

## Future Planning

Edu World Services Sdn Bhd gained recognition with its SCORE 4-star rating in 2013 and also as a company under TERAS. The company currently provides more focus on

Cont. from previous page



Pre-school furniture.



Furniture for Higher Learning Institution.



Office furniture.



Local Exhibition.



International Exhibition.

Cont. on next page

*Cont. from previous page*

design, manufacture and marketing of educational furniture for the local market and neighbouring countries. Considering the market potential the company hopes to increase production capacity by four times compared to the current capacity to increase sales in both local and international markets.

Through increased production capacity, the company can open up job opportunities to local youths who have certificates of proficiency in relevant fields and ultimately reduce dependence on foreign workers.

The company also believes it will be able to bring in more investors from abroad in the supply of goods made locally and can be an example of a successful Bumiputera companies to young entrepreneurs who are keen to be involved in the business, particularly in the furniture manufacturing industry.

With the assistance of high-tech machines, which will be provided by MTIB at the end of this year, Edu-World expects the company's growth to increase by 8 to 10% per year and an increase in company sales in 2020.

## International Market

Edu-World has expanded its merchandise market to penetrate the overseas markets. Edu-World has been exporting furniture to the United States, Saudi Arabia and Singapore.

## MTIB Protege

Edu-World has been under the guidance of MTIB since 2005. The company was first given the opportunity to participate in an international exhibition in 2005 and it has continued to do so. Until 2013, it has participated in events such as MIFF (2005-2013), INDEX Mumbai (2011) and EFE (2013). Participation in those exhibitions provided the avenue for the company to

penetrate the global market. MTIB also provided assistance to the company to participate in local exhibitions like HOMEDEC 2011, KLCC (29 April – 2 May 2011); Muslim Bizz World, PWTC (8-11 June 2011) and HOMEDEC 2012, KLCC (28-30 October 2012) to strengthen the competitiveness of companies in the local market.

The company has also been entrusted to promote pre-school furniture in MTIB's Furniture Promotion Centre in Kota Damansara (2008 – 2013) and Alamesra, Kota Kinabalu (2012-2013). Edu-World has been given a variety of incentives in several programmes such as the Economic Stimulus Package 1 in 2006 on procuring support machines which contributed to its growth.

In addition, MTIB also provide training assistance throughout the year, based on the company's needs.

Through its involvement in exhibitions, the company has recorded impressive sales, averaging more than RM2 million a year.

## Award and Recognition

Edu-World has received a lot of attention from several organisations and bodies. Some of the awards and recognition received by the company are as follows:

- Young entrepreneur award for the national furniture manufacturer, MARA 2007
- Best Vendor award certificates, FITEC 2007/2008

### References:

Company's Brochure 



**Malaysian Wood**  
Standing on Excellence

**Dari Mata Turun ke Hati**  
Appealing to the Eye, Capturing the Heart

www.mtib.gov.my   



## THE GROWING IMPORTANCE OF NEW ZEALAND FORESTRY SECTOR

### Country Overview

New Zealand is a parliamentary democracy situated in the South Pacific Ocean, 6,500 kilometres southwest of Hawaii and 1,900 kilometres to the east of Australia. With a land area of 268,000 square kilometres it is similar in size to Japan or Britain. It comprised of two main adjacent islands, the North Island and South Island, and a number of small outlying islands. Because these islands are widely dispersed, New Zealand has a relatively large exclusive maritime economic zone of 4.1 million square kilometres.

New Zealand's resident population is estimated at 4,433,100. With an estimated population of 1,486,000 people, the Greater Auckland Region is home to 33 out of every 100 New Zealanders and is one of the fastest growing regions in the country.

New Zealand has a small open economy which operates on free market principles. It has a sizable manufacturing and service sectors complementing a highly efficient export-oriented agricultural sector. New Zealand is highly dependent on the primary sector with commodities accounting for around half of total goods exports. Exports of goods and services account for around one third of its real expenditure Gross Domestic Product (GDP).

Its main exports are dairy products, meat, wood and wood products, fish and machinery. In 2013, its main export partners were Australia (20.2%), China (18.0%), USA (8.9%) and Japan (6.1%). New Zealand imports mainly machinery and equipment, vehicles and aircraft, petroleum, electronics, textiles and plastics. Its main trading partners were China (17.4%), Australia



(14.0%), USA (9.2%), Japan (6.2%) and Germany (4.5%). In April 2008 it became the first Western country to sign a free trade deal with China.

### Forest Profile

Over half of New Zealand's total land area is pasture and arable land and more than a quarter is under forest cover, including 1.7 million hectares of planted production forest. It is predominantly mountainous and hilly, with 13% of the total area consisting of alpine terrain, including many peaks exceeding 3,000 metres. Lakes and rivers cover 1% of the land. Most of the rivers are swift and seldom navigable, but many are valuable sources of hydro-electric power. The climate is temperate and relatively mild.

New Zealand has a total forest cover of 8.2 million hectares, approximately 30% of the country's land area of 26.9 million hectares. There are 6.5 million hectares of natural forests, and 1.8 million hectares of plantation forest. Eighty-nine percent



New Zealand has a total forest cover of 8.2 million hectares.

Cont. from previous page

of its plantation forest is Radiata Pine (1.6 million hectares) and 6% (113,000 hectares) are Douglas Fir. One-third of the world's Radiata forests are grown in New Zealand. Other major producers are Australia and Chile. The balance is mainly of other hardwoods (3%) and softwoods (2%). Plantation forests account for more than 99% of New Zealand's total timber production. Plantation forest ownership is mostly dominated by registered private companies (79%) and registered public companies (14%). The rests are owned by local government bodies, central government and state owned enterprises. Plantation areas are mainly located in Central, North Island, Otago/Southland, Northland and Nelson/Malborough.

The New Zealand plantation industry is generally considered an environmentally responsible land use with recognised benefits in water quality, carbon sequestration, recreation and biodiversity. However, this is contingent on maintaining good practices, which are promoted within the national standard. Good practice is also underpinned by a robust legal framework and industry specific agreements and guides such as the Environmental Code of Practice for Plantation Forestry, Approved Code of Practice for Safety and Health in Forest Operations, Forest Accord, Principles for Commercial Plantation Forest Management in New Zealand, Forest Road Engineering Manual, Log Transport Safety Accord and Climate Change Accord. All of which provided a strong existing platform with stakeholder involvement to formulate a national standard.

Forestry and logging makes up around 1.1% of GDP and is the basis of an important export industry. Almost 70% of wood from the planted production forests is exported in a variety of forms, including logs, wood chips, sawntimber, panel products, pulp and paper, and further manufactured wooden products including furniture.

China, Australia and Japan were the largest markets for forestry products. China was the largest market for logs and wood chips, sawntimber and pulp. Japan was the largest market for panels and Australia the largest market for paper and paperboard.

New Zealand's climate and soils are well-suited to the growth of planted production forests. These forests cover an area of 1.8 million hectares and produce over 99% of the country's wood.

Radiata Pine, which makes up 90% of the plantation estate, matures in 25 to 30 years, more than twice as fast as in its natural habitat of California. This species has had considerable research investment and has demonstrated its versatility for a wide range of uses. The second most important species is Douglas Fir, which makes up 6% of the planted forest area.

A relatively stable harvest of 26 to 28 million m<sup>3</sup> a year is forecast for the period to 2016. Wood availability is then forecast to

increase rapidly to 35 million m<sup>3</sup> per annum between 2016 and 2025. Market conditions and logistical constraints (availability of logging crews, transport and wood processing capacity) will dictate how quickly the additional wood can be harvested.

Logs, wood and wood article export values have increased, owing to a rise in the world price of forestry products and high demand from China.

### New Zealand Timber Trade

The total export of major timber and timber products for New Zealand has been increasing from 2012 with USD3.3 billion recorded in 2013. The highest export in terms of value was logs with a market share of 59% or USD2.0 billion which was an increase of 51% from USD1.3 billion in 2012. Log's main market included China (73%) and South Korea (14%). New Zealand dollar prices for export logs are expected to remain elevated with strong demand from China and low supply from competitors. Other notable export also included sawntimber with a market share of 27%, which recorded USD662.9 million, an increase of 9% from previous year. Among sawntimber's main market are China (20%), Australia (20%) and USA (17%).

**New Zealand:  
Export of Major Timber and Timber Products, 2011 – 2013**  
(Value: USD '000)

Products	2011	2012	2013
Logs	1,308,559	1,276,221	1,928,883
Sawntimber	593,325	638,483	662,853
Fibreboard	190,153	211,605	188,797
Furniture	154,658	120,119	109,722
Mouldings	90,073	89,896	88,697
Plywood	110,148	108,043	79,983
Builders Joinery and Carpentry (BJC)	74,158	85,751	77,696
Veneer	46,812	43,144	35,634
Chipboard / Particleboard	33,670	33,484	34,467
Wooden Frames	530	361	211
Other Products	80,577	74,140	59,498
<b>Total</b>	<b>2,682,663</b>	<b>2,681,247</b>	<b>3,266,441</b>

Source: UN Stats

Cont. next page

Cont. from previous page

**New Zealand:****Import of Major Timber and Timber Products, 2011 – 2013**  
(Value: USD '000)

Products	2011	2012	2013
Wooden Furniture	183,644	235,321	266,925
Sawntimber	37,917	38,853	50,855
Plywood	23,971	26,524	25,932
BJC	14,268	16,247	18,534
Mouldings	12,238	15,026	16,662
Fibreboard	5,324	6,822	7,455
Logs	2,905	3,668	4,947
Wooden Frames	2,347	2,663	3,273
Veneer	2,492	2,826	2,153
Chipboard / Particleboard	1,229	819	1,096
Other Products	9,673	11,453	15,507
<b>Total</b>	<b>296,008</b>	<b>360,222</b>	<b>413,339</b>

Source: UN Stats

In 2013, the total import of major timber and timber products by New Zealand has increased about 15% to USD413.4 million. The highest import in terms of value was wooden furniture with a market share of 65% or USD267.0 million, an increase of 13% from USD235.3 million in 2012. Other notable import was sawntimber with a market share of 12% or USD50.9 million in 2013, a decrease of 31% from 2012. Major sources of import for the product included Canada (47%), Indonesia (10%) and USA (8%).

**Bilateral Timber Trade with Malaysia**

In 2013, Malaysia only exported RM50.7 million of timber and timber products to New Zealand. The highest product in terms of value is wooden furniture which recorded RM39.7 million, an increase of 10.3% compared to 2012, which recorded RM32.4 million followed by plywood which also saw an increase of 9.9% compared to the same period.

In 2013, Malaysia imported RM110.7 million of timber and timber products from New Zealand which decreased by 14.9% since 2012. This largely consists of other products, which consists of mainly railway sleepers. The next highest was sawntimber, valued at RM33.3 million, an increase of 6.4% from the previous year. This is followed by veneer (RM16.7 million) and fibreboard (RM15.4 million).

**Malaysia: Export of Major Timber and Timber Products to New Zealand, 2008 – 2013**

(Value in RM)

Product	2008	2009	2010	2011	2012	2013
Sawntimber	1,477,777	572,715	591,543	894,639	799,411	581,180
Plywood	1,132,908	583,269	1,546,474	2,121,112	2,488,182	2,735,653
Mouldings	559,742	1,090,015	163,384	549,986	961,775	456,779
Chipboard / Particleboard	0	0	21,841	0	25,792	25,491
MDF	657,679	403,267	612,187	289,737	772,239	1,100,491
Wooden Frame	483,983	531,774	810,437	1,223,593	1,376,369	1,480,457
BJC	4,272,936	3,516,096	3,831,750	5,035,894	3,973,367	3,635,465
Wooden Furniture	47,247,838	37,962,468	34,457,739	32,381,058	36,025,825	39,746,285
Rattan Furniture	66,390	31,552	75,080	0	5,000	125,341
Other Products	514,460	599,919	530,266	889,765	797,303	767,437
<b>Total</b>	<b>56,413,713</b>	<b>45,291,075</b>	<b>42,640,701</b>	<b>43,385,784</b>	<b>47,225,263</b>	<b>50,654,579</b>

Source: MTIB and DOSM

Cont. next page

Cont. from previous page

**Malaysia: Major Timber and Timber Products Imported from New Zealand, 2008 – 2013**

(Value in RM)

Product	2008	2009	2010	2011	2012	2013
Logs	18,262,174	1,364,153	458,252	19,154	303,164	167,670
Sawntimber	16,986,750	17,485,726	22,263,430	31,463,017	31,326,829	33,337,373
Plywood	159,569	166,775	264,963	5,846,334	10,717,229	347,673
Veneer	244,916	139,583	19,431,841	12,956,187	17,421,631	16,665,117
Mouldings	47,307	0	0	286,062	154,806	0
Chipboard / Particleboard	48,500	249,233	146,117	46,688	0	0
Fibreboard	7,069,554	11,618,826	17,392,517	15,432,160	14,933,206	15,407,565
Builders Joinery and Carpentry	0	0	0	0	0	73,953
Wooden Furniture	13,499	3,201	5,050	8,996	139,732	5,358
Rattan Furniture	0	0	8,814	63,773	0	0
Other Products	51,151,443	40,118,670	56,467,021	54,819,893	55,038,609	44,700,924
<b>Total</b>	<b>93,983,712</b>	<b>71,146,167</b>	<b>116,438,005</b>	<b>120,942,264</b>	<b>130,035,206</b>	<b>110,705,633</b>

Source: MTIB and DOSM

**Import Duty**

Malaysia is currently enjoying zeroised tariff preferential treatment for all major timber and timber products with New Zealand. However, New Zealand import duty for major timber and timber products for most countries are as follows:

HS Code	Timber and Timber Products	Common External Tariff (%)
4403	Logs	0
4407	Sawntimber	0 – 5
4408	Veneer	0 – 5
4409	Mouldings	0 – 5
4410	Particleboard	5
4411	Fibreboard	5
4412	Plywood	5
4418	BJC	5
9401	Seats	5 – 12.5
9403	Other Furniture	0 – 5

Source: New Zealand Customs Service

**Prospects**

The New Zealand forestry sector is expected to remain as one of the country's leading export industry and the country aims to be one of the top five global suppliers by 2025. Annual harvest from plantation is set to double by 2025. The industry plans to process half of that amount, adding value to the log harvest. Due to a combination of growing global population, increasing global demand for sustainable produced wood

products and existence of vast areas of New Zealand forest plantation which will reach a harvestable age, New Zealand will continue to be an important supplier of wood particularly for Radiata Pine. In addition, New Zealand plantation timbers is benefiting to the world's increasing demand for certified timber as many New Zealand lumber sawmills and manufacturers have acquired certification.

Malaysia exporters are encouraged to not only continue, but to enhance the existing bilateral timber trade relationship with New Zealand particularly the exports of value-added product such as furniture. The entering into force of the Malaysia – New Zealand Free Trade Agreement (MNZFTA) since 1 August 2010 and as well as the ASEAN-Australia New Zealand Free Trade Agreement (AANZFTA) since 1 January 2010 have improved the trade relationship between the two countries and therefore should be further utilised by all sectors.

Lastly, the upcoming signage of Trans-Pacific Partnership Agreement (TPPA) will open an even bigger market for both countries.

**References:**

- Ministry of Primary Industries New Zealand
- NZ Forest Owners Association
- CIA Factsheet on New Zealand
- World Trade Atlas
- Department of Statistics Malaysia
- <https://ic.fsc.org/new-zealand.594.htm>
- New Zealand Customs Service
- MTIB's statistics 

## COMING EVENTS – APRIL 2015

DATE	EVENT	VENUE	ORGANISER
1-4	<b>UMIDS 2015</b> International Trade Fair Wood Processing, Furniture and Forestry Industries	Krasnodar Expo Centre, Russia	Krasnodar Expo Ltd. Tel : + 7 (861) 210 9892 Fax : + 7 (861) 210 9893 E-mail : welcome@krasnodarexpo.ru
14-19	<b>SALONE INTERNAZIONALE DEL MOBILE 2015</b> Milan Furniture Fair	Fiera Milano Exhibition Centre, Italy	Federlegno Arredo Eventi Spa. Tel : + 1 3902 7259 41 Fax : + 1 3902 890 1156 E-mail : info@salonemilano.it
16-19	<b>DOMEXPO NITRA 2015</b> Slovakia International Home and Design Expo	Agrokomplex Nitra, Slovakia	Agrokomplex – Vystavnictro Nitra Tel : + 421 37 6572 111 Fax : + 421 37 6572 114 E-mail : agrokomplex@agrokomplex.sk
20-23	<b>FIDEXPO 2015</b> International Furniture Expo from Europe, Asia and Russia	All-Russian Exhibition Centre, Moscow, Russia	Restec Exhibition Company Tel : + 7 (812) 320 6363 Fax : + 7 (812) 320 8090 E-mail : main@restec.ru
21-25	<b>WORLD OF RURNITURE 2015</b> Bulgaria Furniture Exhibition	Inter Expo Centre, Sofia, Bulgaria	Bulgarreklama Agency Tel : + 359 (2) 9655 220 Fax : + 359 (2) 9655 230 E-mail : bul-reklama@bulgarreklama.com
22-25	<b>MOBITEX 2015</b> International Fair of Furniture and Interior Accessories	Brno Exhibition Centre, Czech Republic	BVV Tel : + 420 541 151 111 Fax : + 420 541 153 070 E-mail : info@bv.cz



# Malaysian Wood

Standing on Excellence



**MTIB**  
Malaysian Timber Industry Board  
(Ministry of Plantation Industries and Commodities)



**MINISTRY OF PLANTATION INDUSTRIES AND COMMODITIES**

**Multiple Uses, Variable Styles**

Incomparable Malaysian Wood. Choice for those with exclusive preference. Pushing the frontier of imagination and creativity. Our Heritage, Our Pride.



**Malaysian Timber Industry Board**  
(Ministry of Plantation Industries and Commodities)

Level 13-17, Menara PGRM, No. 8, Jalan Pudu Ulu, Cheras, P.O. Box 10887, 50728 Kuala Lumpur, Malaysia.  
Tel : 603 - 9282 2235 • Fax : 603 - 9285 1477 / 9200 3769 • E-mail : info@mtib.gov.my • www.mtib.gov.my

# PETAI BELALANG – FOR BIOMASS PRODUCTION

## Common Names

Petai Belalang (Malaysia), *Leucaena*, koa haole (Hawaii), ipil-ipil (Philippines), Acacia bella rosa, Aroma Blanco, Jumbie bean, Vaivai.

## Status

Petai Belalang (*Leucaena Leucocephala*) has been classified as the lesser known timber species in Malaysia. *L. leucocephala* is considered one of the 100 worst invasive species by the Invasive Species Specialist Group of the IUCN Species Survival Commission.

Petai Belalang is grown for non-forage uses throughout the tropics. It was developed as forage in Hawaii (Takahashi and Ripperton 1949) and has been studied since the thirties. Increased interest and research in the pre-war period led to its development as a fodder in commercial farming in the Australian tropics and in many parts of tropical Asia.

Although widespread in Africa the conditions which best suit its growth are also those which favour the tse tse fly. During the 1970s and early 1980s, *Leucaena* was known as the 'miracle tree' because of its worldwide success as long-lived and highly nutritious forage, and its great variety of other uses. It is the best known species of *Leucaena*; there are at least 22 species in the genus. The taxonomy of *Leucaena* is reviewed by Hughes (1998).

## Description

*Leucaena leucocephala* is a thornless long-living shrub or tree which may grow to heights of 7-20 m. Leaves are bipinnate with six to eight pairs of pinnae bearing 11-23 pairs of leaflets 8-16 mm long. The inflorescence is a cream coloured globular shape which produces a cluster of flat brown pods 13-18 mm long containing 15-30 seeds. Three morphological types are noted by Domergues et al. (1999).

## Environmental Adaptation



Petai Belalang wood and bark.



Petai Belalang leaves.

*Leucaena* is a very free-seeding, colonising plant which spreads to a very wide range of sites which are more or less frost-free, and has naturalised itself in many areas, some far outside the tropics. In East Africa it will grow up to about 1,900 metres with growth slowing as altitude increases. It is found as far north as the Punjab and the Himalayan foothills and occasionally in North Africa. It is also seen in many semi-arid areas provided that it can

find some soil moisture. To be grown as forage, however, it needs a long warm, moist growing season. *Leucaena*, Petai Belalang can be found performing well in a wide range of rainfall environments from 650 to 3,000 mm.

## Uses

Petai Belalang has been considered for biomass production, as its reported yield of foliage corresponds to a dried mass of 2,000–20,000 kg/ha/year, and that of wood 30–40 m<sup>3</sup>/ha/year, with up to twice those amounts in favourable climates. It is also efficient in nitrogen fixation, more than 500 kg/ha/year. It has a very fast growth rate; young trees reach a height of more than 20 ft in two to three years.

Some research shows that the *Leucaena* trunk is being used in wood-based biocomposite products. The trunk and branch can be used as material in composite production. The *Leucaena* trunk and branch are suitable in making Oriented Strand Board (OSB), particleboard and fibreboard. But lots of research needs to be done in order to utilise the *Leucaena* timber. Bigger potential can be seen in utilising Petai Belalang, as this timber is suitable for plantation forest.

Petai belalang can also give us a lots of benefits in order to sustain the wood-based industry as the industry currently faces a shortage of timber material. This species will help the wood industry gain new material to produce quality products. Due to the constraint and large changes in wood utilisation technology, tropical fast growing species have greater potential as a component of wood-based composite products. In the fast changing technology era, a lot of wood material resources need to be found. Species of low commercial value and the local supply of fast growing wood species from planted forest are the best options to increase the wood industry economy by producing wood composite products.

## Other Limitations

This species is susceptible to insect infestations. In the 1980s, a widespread loss in Southeast Asia was due to pest attack by psyllids. In India, this tree was initially promoted for a forestation due to its fast-growing nature. However, it is now considered unsuitable for urban planting because of its tendency to get uprooted in rain and wind. The seeds contain mimosine, an amino acid known to be toxic to non-ruminant vertebrates.

## References :

- Benjamin, A. et al. (1991); Bray, R.A. and Woodroffe, T.D. (1991)
- Brewbaker, J.L. and Sorensson, C.T. (1990)
- Brewbaker, J.L. et al. (1985)
- Brewbaker, J.L. et al. (1972)
- Dommergues, Y. E. et al. (1999)
- Gutteridge R. C. and M. Shelton (1998); Hughes C.E. (1998)
- Isarasenee, A. et al. (1984)
- Jones, R.J. (1979); Jones, R.M. and Jones, R.J. (1984)
- Kendall J. et al. (1989)
- Larsen, P.H. (1998)
- Moog F.A. et al. (1998), NFTA (1985)
- Shelton, H.M. et al. (1995); Shelton H.M. et al. (1998)
- Takahashi, M. and Ripperton, J. C. (1949), J.M. Suttie <http://www.fao.org/ag/agg/AGPC/doc/Gbase/DATA/PI000158.htm>

## MTIB Moments



MTIB participated in the Buildtech Exhibition which was held on 8-10 October 2014 at Putra World Trade Centre, Kuala Lumpur.



Forty-four MTIB personnel attended a Course on Mind Transformation and First Class Work Culture from 17 to 19 October 2014 in Perak.



A Workshop on Gaharu Processing was held on 20-21 October 2014 in Sungai Buloh, Selangor.



MTIB organised a Course on Pre-Retirement for its personnel in Langkawi, Kedah. It was held from 30 October to 1 November 2014.