

TIMBER OUTLOOK FOR 2016: MALAYSIA'S PERSPECTIVE

Asia-Pacific Forestry Week 2016 Pathways to
Prosperity: Future Trade and Markets

Clark Freeport, Pampanga, Philippines 22-26 February 2016

Mr. Khairul Anwar
Director, Market Promotion
Malaysian Timber Council

Content



MTC – Background



MTC's Core Functions



Forestry in Malaysia



Malaysia's Timber Trade



MTC Projects



Issues & Challenges

MTC – Board of Trustees



**Ministry of Plantation Industries
and Commodities (MPIC)**



**Malaysian Timber
Industry Board
(MTIB)**



**Forestry
Department
Peninsular
Malaysia (FDHQ)**



**Malaysian Wood
Industries
Association (MWIA)**



**The Malaysian Panel-
Products Manufacturers'
Association (MPMA)**



**Malaysian Wood
Moulding & Joinery
Council (MWMJC)**



**Malaysian
Furniture Industry
Council (MFIC)**



**The Timber
Exporters'
Association of
Malaysia (TEAM)**

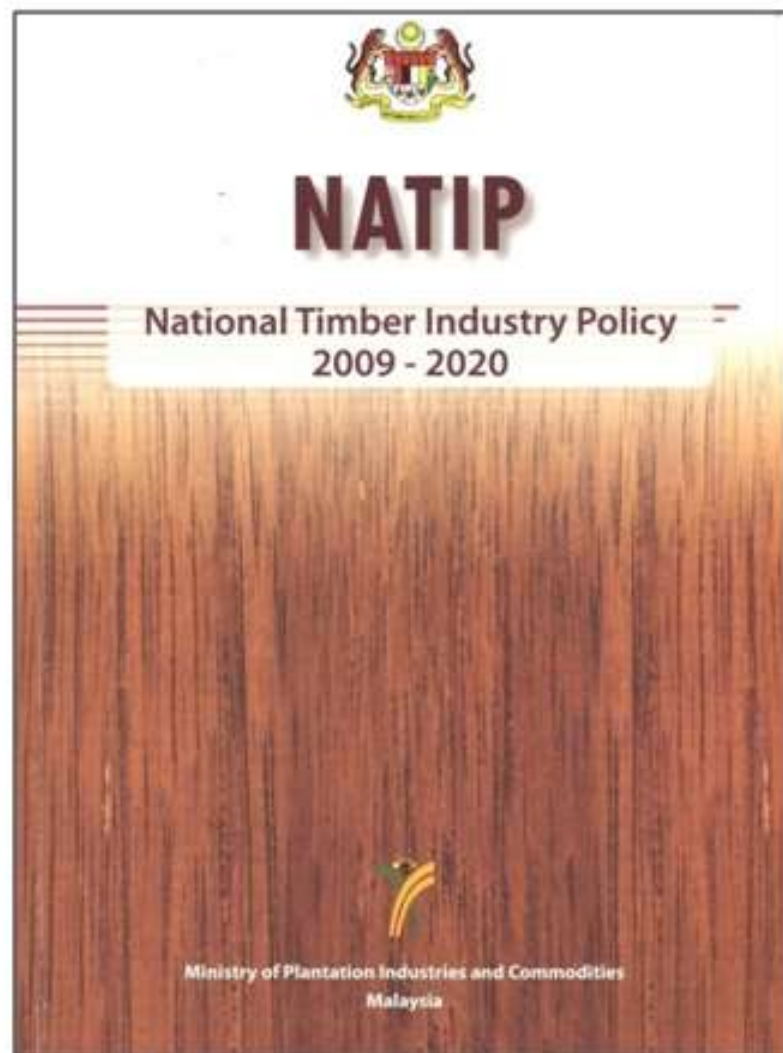


**Association of
Malaysian Bumiputra
Timber and Furniture
Entrepreneurs (PEKA)**

Core Functions



National Timber Industry Policy [NATIP]



Forestry in Malaysia

Malaysia is a Federation of 13 states + 2 Federal Territories



Features of Malaysia's Forest:

- Amongst the most species-rich in the world
- Over 2500 species
- One of the oldest rainforest in the world



Forest management unit in Malaysia:

- Forestry Department of Peninsular Malaysia
- Sabah Forestry Department
- Sarawak Forestry Department



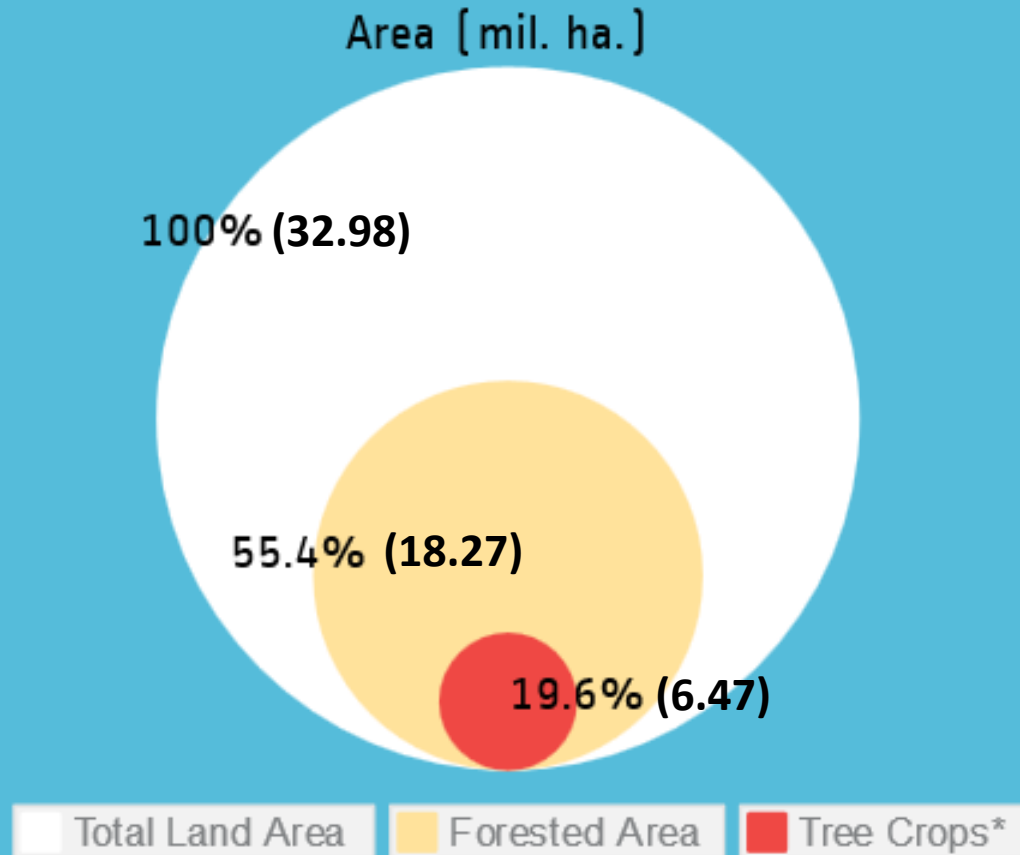
Land, and anything connected thereto (e.g. forest), is a state matter

- Policies formulated at federal level but each state has significant autonomy



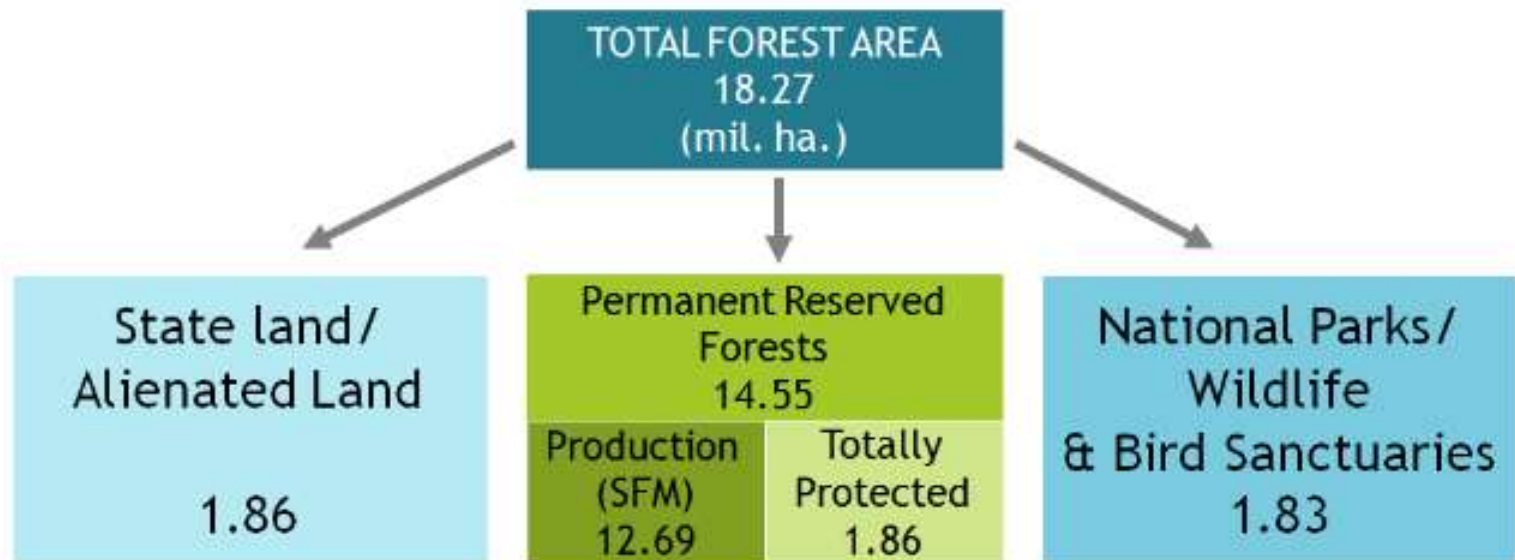
Forests & Tree Cover in Malaysia

Total Forested Area & Area Under Tree Crops (2014)

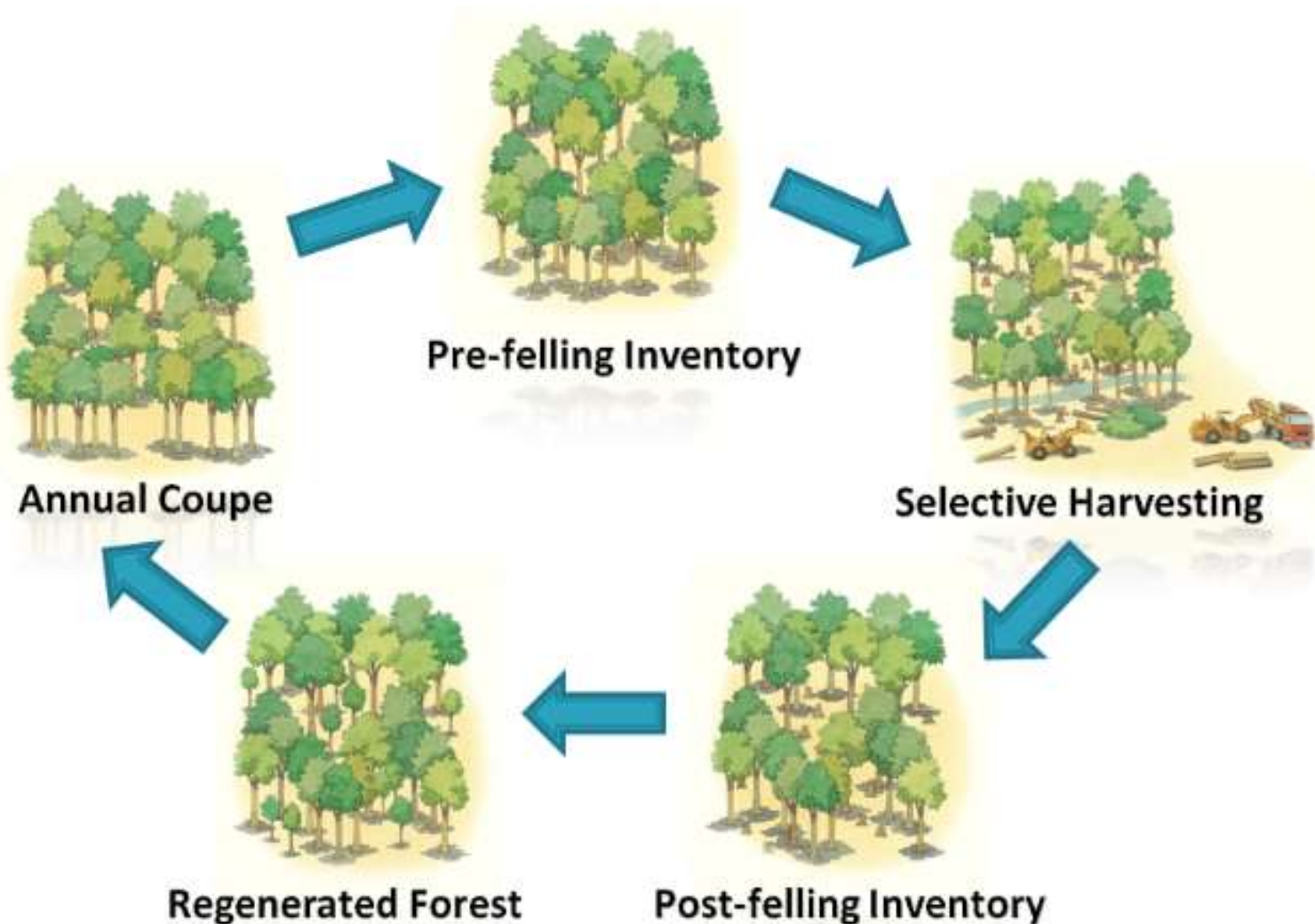


*Palm Oil, Rubber and Cocoa

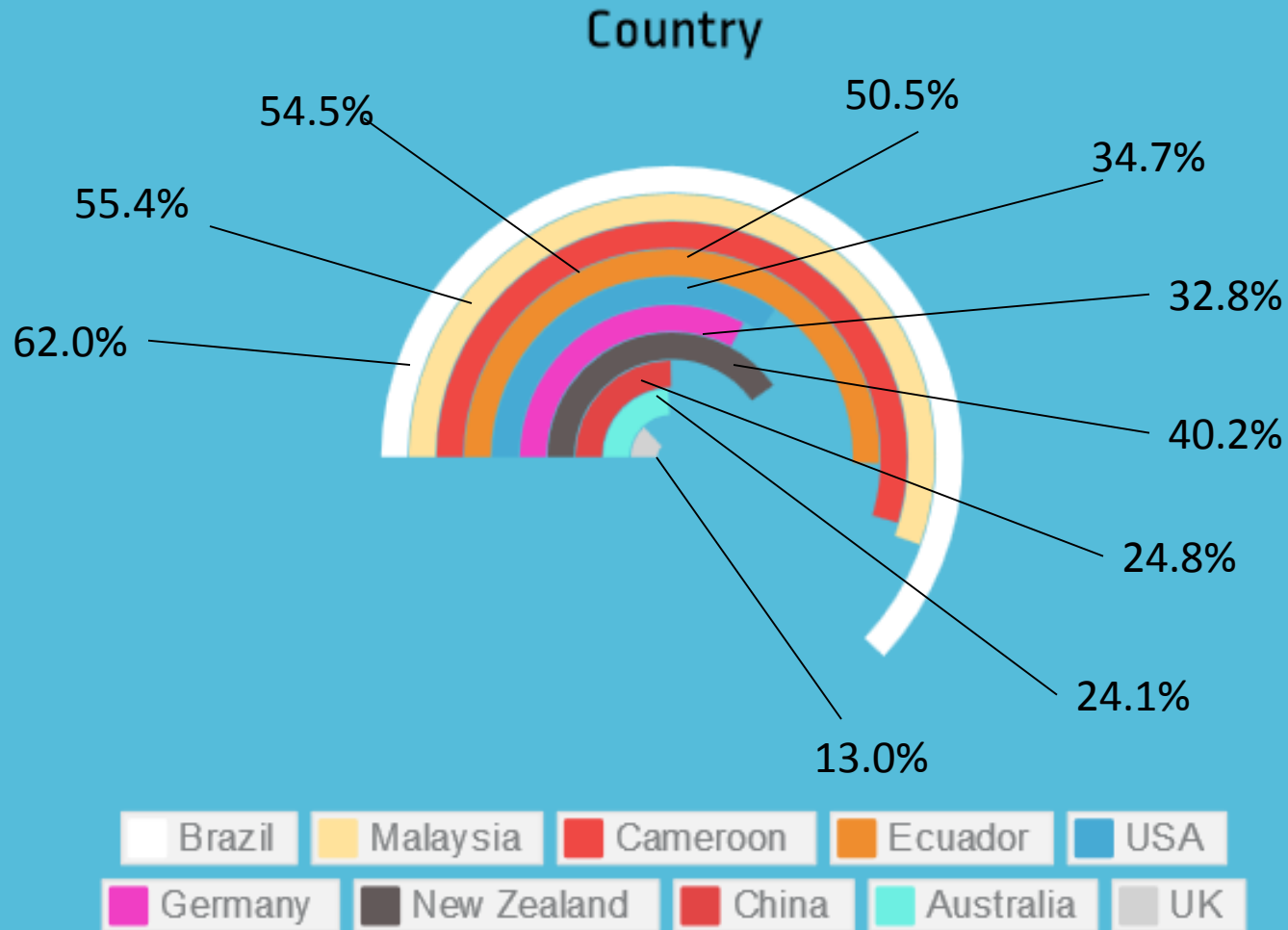
Forest Cover in Malaysia 2014 [mil ha]



Sustainable Forestry Management Practices in Malaysia

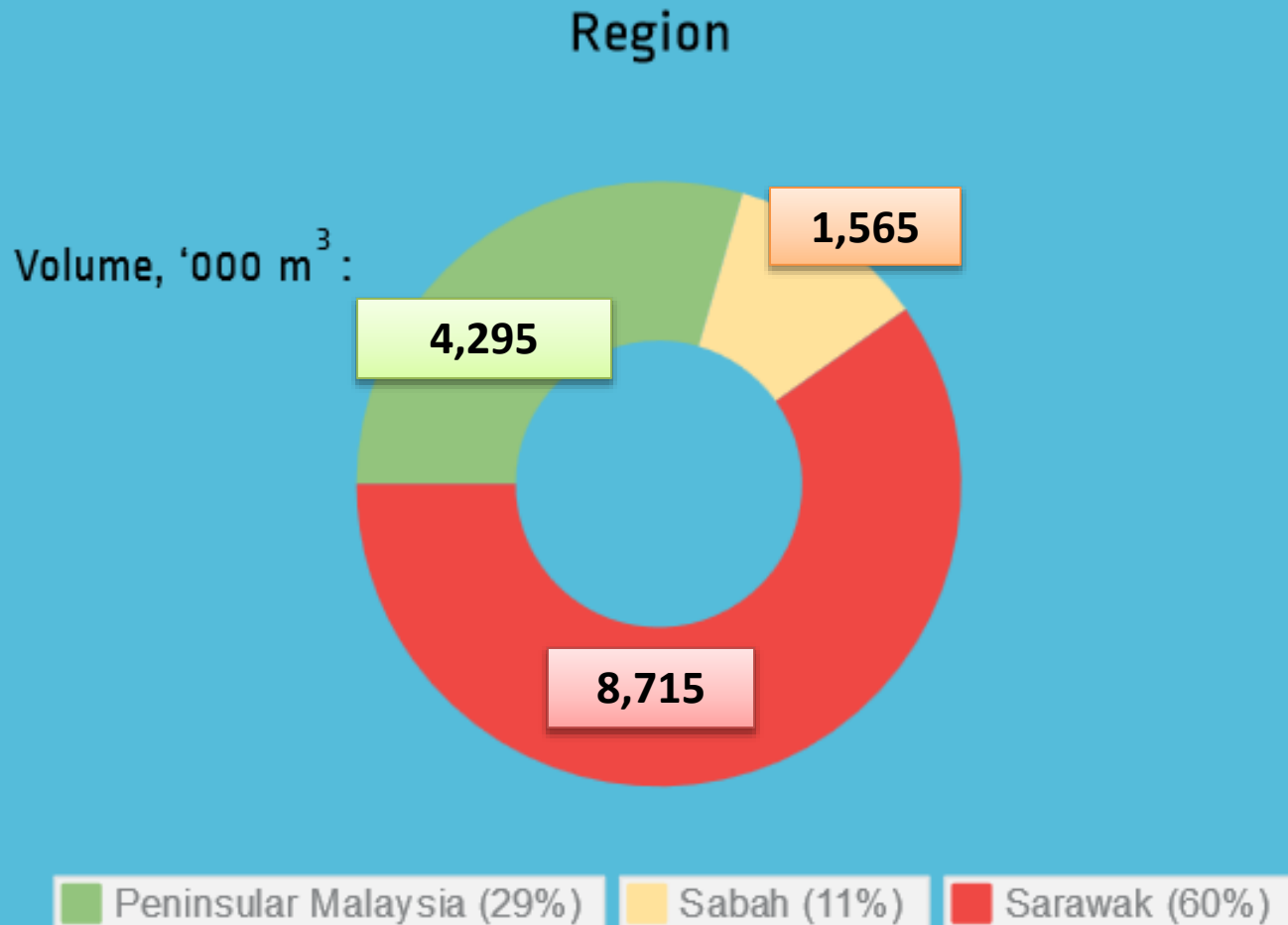


Percentage of Forested Land Area 2015



Source: FAO

Production of Logs, 2014



Source: Ministry of Plantation Industries and Commodities, Malaysia

Timber Industry's Contribution to the Malaysian Economy [2014]

1



Export Revenue US\$6.3 billion (RM20.5 billion)

2



1.8% of GDP

3



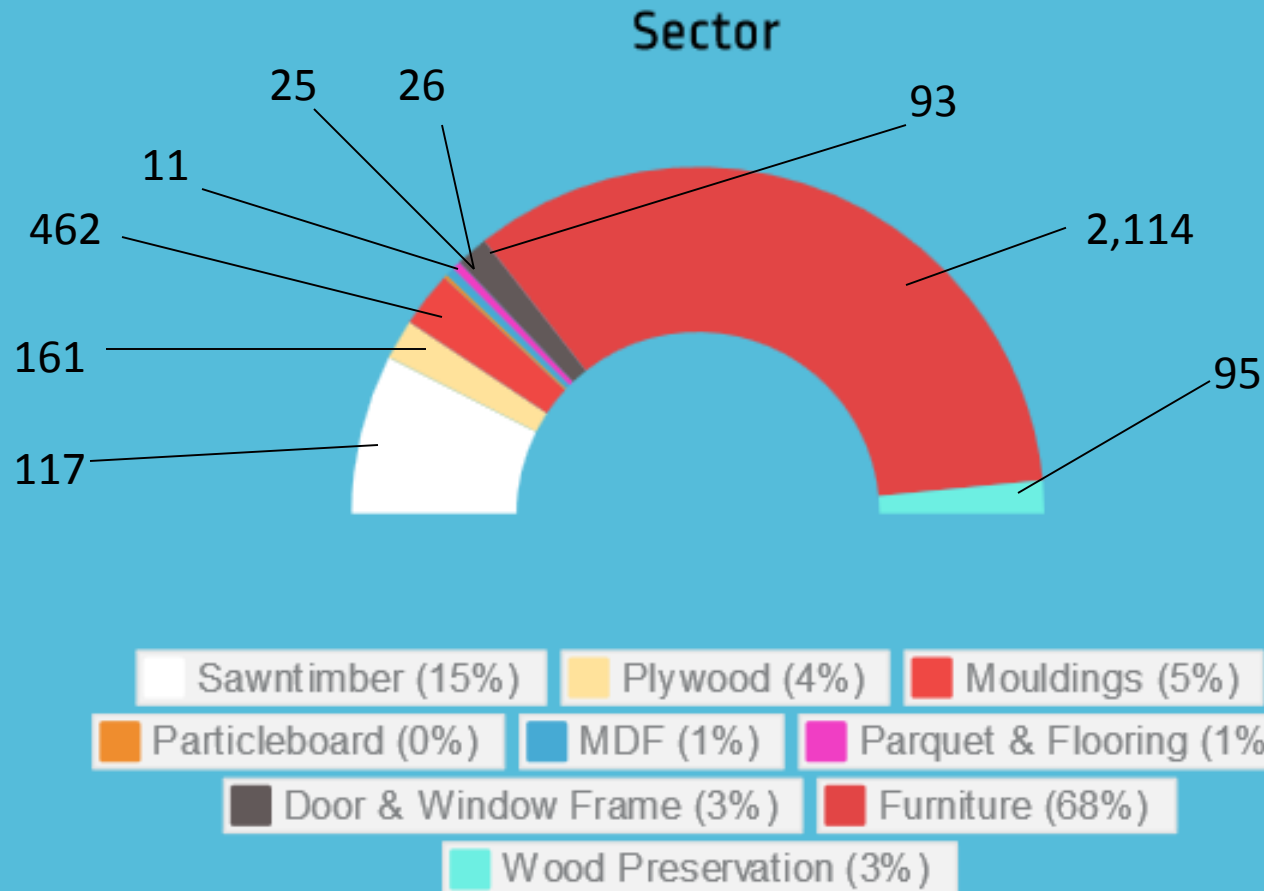
2.7% of Total Merchandise Exports

4

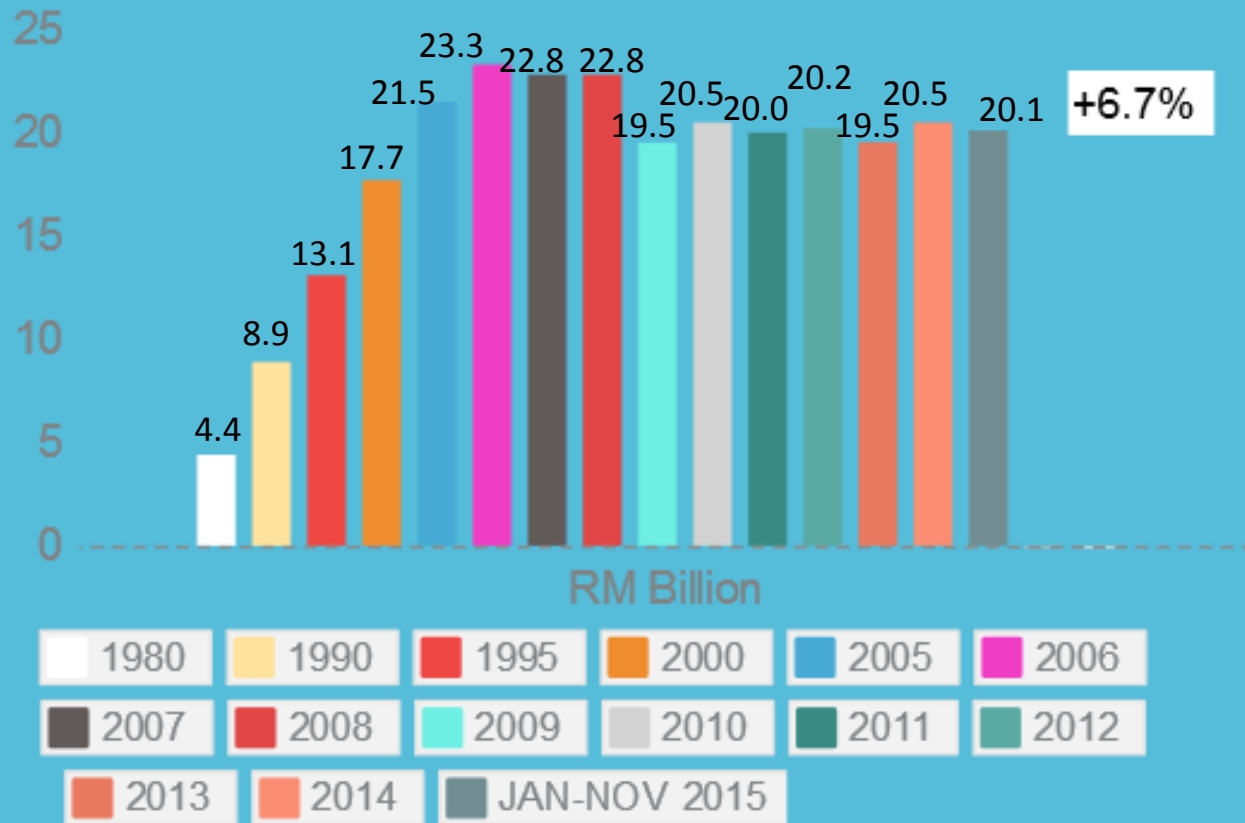


133,100 workers or 1% of total employment

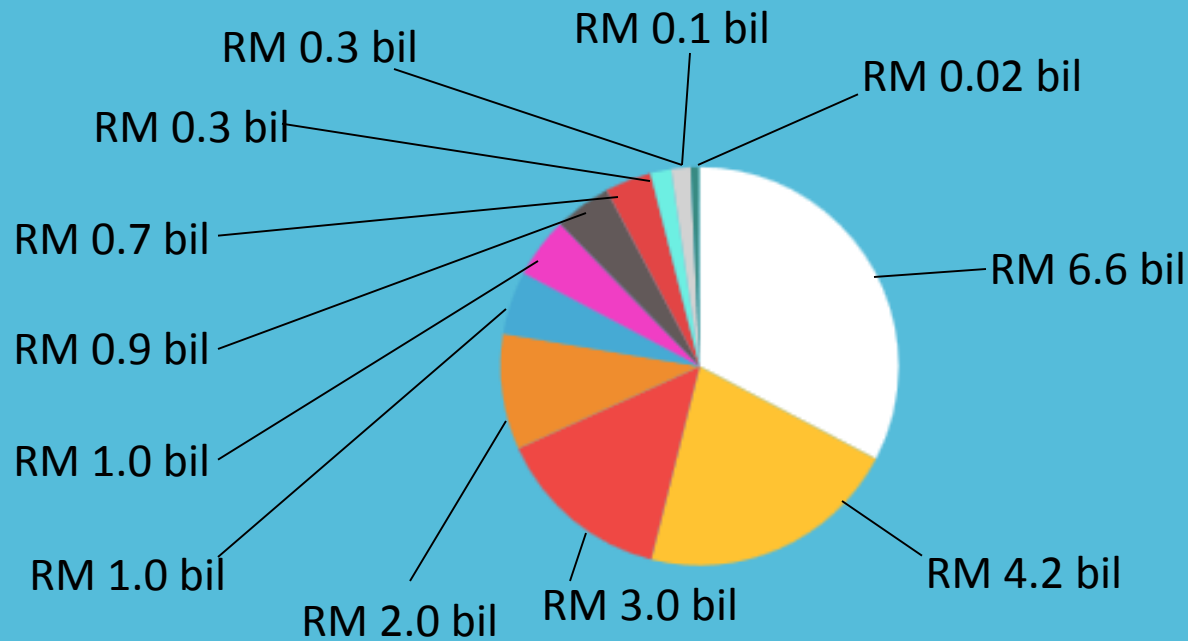
Wood Processing Mills/Plants in Malaysia [2014]



Malaysia's Timber Exports - Growth



Malaysia: Export of Major Timber Products Jan-Nov 2015 [RM20.1 billion]



Wooden Furniture (33%)

Plywood (21%)

Sawntimber (14%)

Logs (9%)

MDF (5%)

BJC (5%)

Other products (5%)

Mouldings (4%)

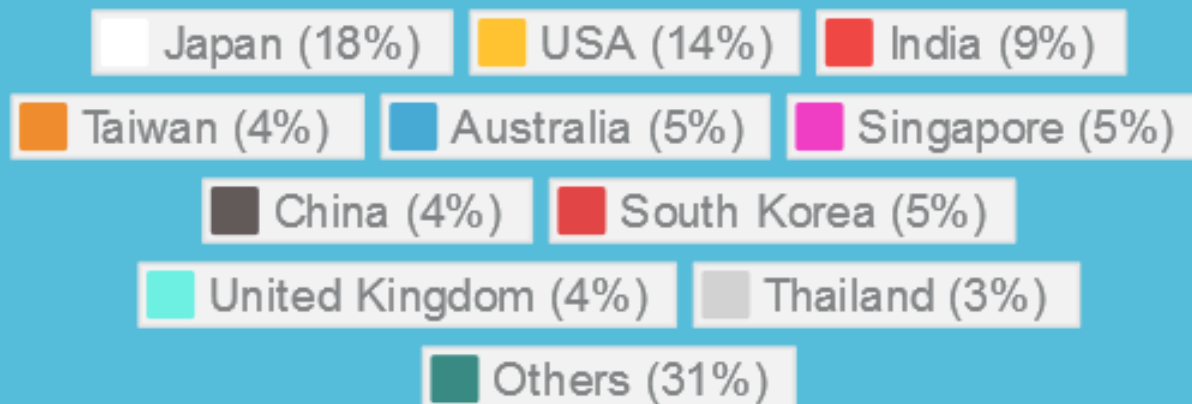
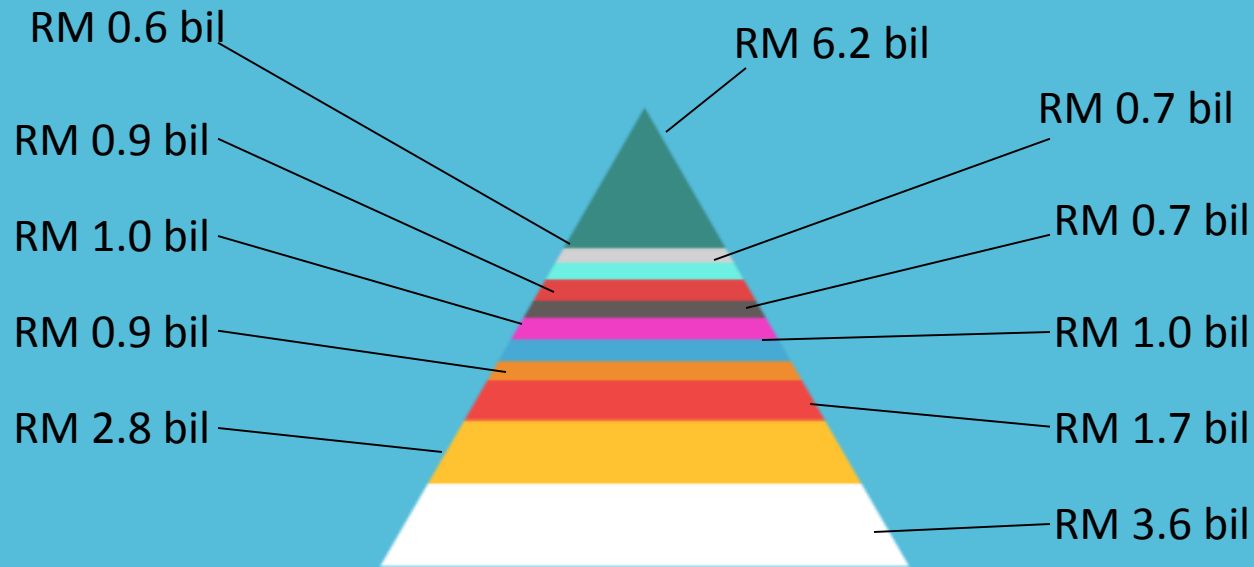
Chipboard/Particleboard (2%)

Veneer (2%)

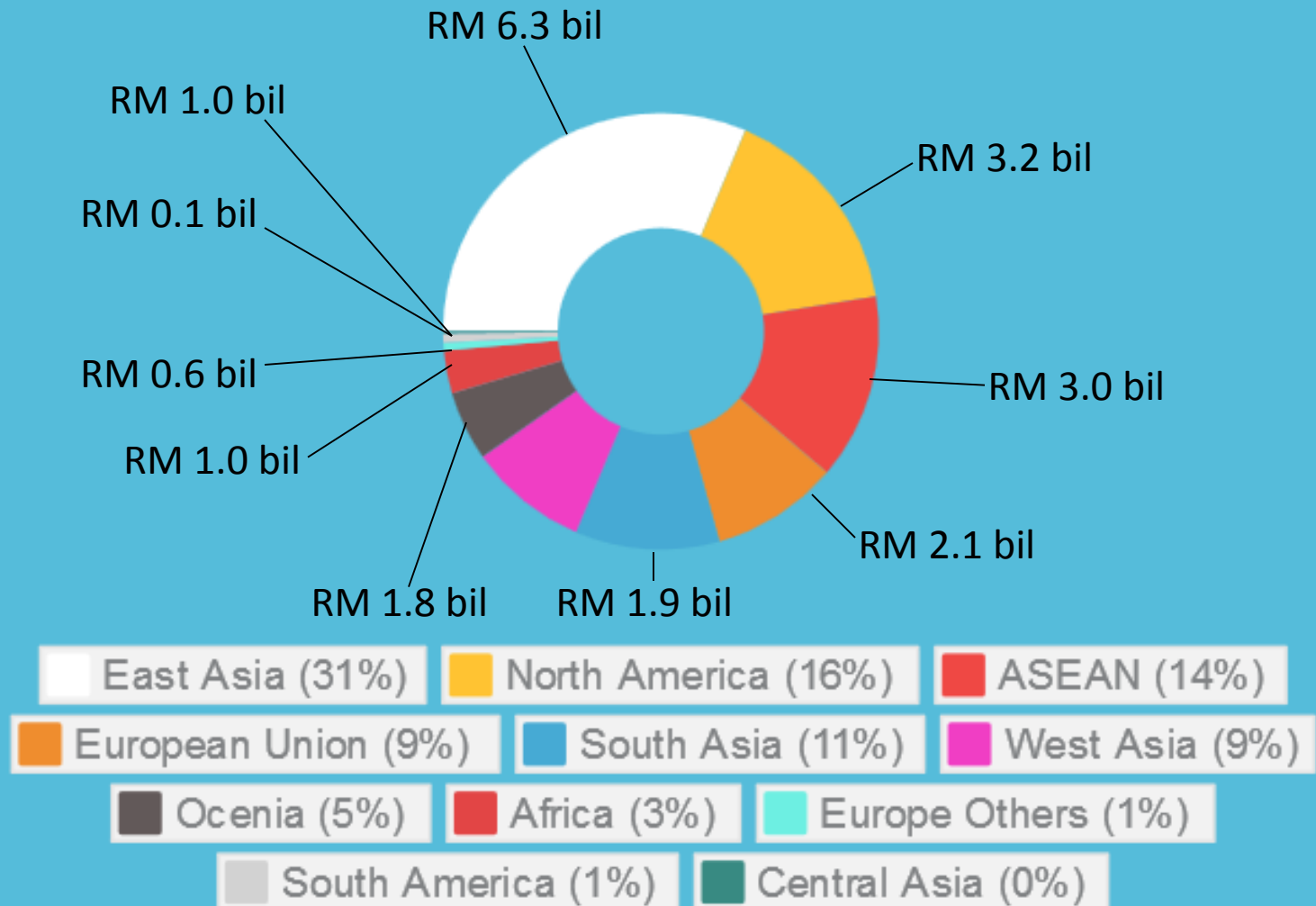
Wooden Frame (1%)

Rattan Furniture (0%)

Malaysia: Top 10 Markets Jan-Nov 2015 [RM20.1 billion]



Malaysia: Markets by Region Jan-Nov 2015 (RM20.1 billion)



MTC PROJECTS

Glue Laminated Timber (Glulam)

Type of structural timber product composed of several layer of dimensioned timber glued together.

Used as vertical columns/ horizontal beams- curved and arched shapes.

The technology was introduced to Malaysia in early 1960s when Forest Research Institute Malaysia (FRIM) constructed a single span arch bridge

Glulam provides a better strength-to-weight ratio than steel, allowing it to be used in a wide range of applications



MTC PROJECT GLULAM BRIDGE IN PUTRAJAYA

As an advocate of Glulam since 2005, the Council is spearheading the promotion of engineered timber in building designs in Malaysia particularly as it offers advantages such as stability, durability, strength, fire-resistance, sustainability and flexibility

Together with Putrajaya Holdings, MTC has also championed and initiated projects which will showcase the benefits of Glulam in structures such as pedestrian bridges and buildings.



Timber Certification in Malaysia

MTCC



Started operations in January 1999



A voluntary and independent timber certification scheme



Malaysian Timber Certification Scheme (MTCS)



Two components under the MTCS:

- Forest Management Certification (FMC)
- Chain of Custody Certification (CoC)

PEFC



Endorsement by Programme for the Endorsement of Forest Certification Scheme (PEFC) May 2009 and re-endorsed in July 2014



Recognised internationally



Mutual recognition with 36 other PEFC endorsed schemes



Chain of Custody Certification [CoC]



Standard used - PEFC International CoC standard, the PEFC Technical Document Annex 4 (Chain of Custody of Forest Based Products – Requirements)



350 timber companies issued with PEFC CoC Certificate under MTCS (January 2016)



Only timber companies which have signed the PEFC Logo Usage License Agreement are eligible to use the PEFC Logo on their PEFC-certified timber products

Export of Certified Timber Products Under MTCS



1,047,046 m³ of certified timber products exported to 47 countries (2015).



Sawntimber
Plywood
Mouldings
laminated blocks
laminated scantlings
paper-based products
laminated finger-jointed products

Issues & Challenges

Major issues and challenges

1

Slow global economic recovery

2

Increasing government regulations on sustainable and legal timber imports [e.g.EU Forest Law Enforcement, Governance and Trade (FLEGT), US Lacey Act, EUTR, Australian Illegal Logging Prohibition Act 2012]

3

Negative Campaigns and Allegations by Environmental NGOs

4

Compliance with international standards and codes [JAS/JIS Standard in Japan, EPA & CARB formaldehyde standard in USA, CE Marking in EU

5

Low cost competitors [China & Vietnam]

Major issues and challenges

Maintain resilience & adapting to the changing market scenario.

1

Focus on new emerging markets

2

Increase PEFC-MTCS CoC certified timber suppliers

3

Explore alternative sources of timber supply e.g. Oil Palm Biomass.

4

Well-trained local workforce

5

Technology advancement and its applications

Malaysia's Effort

Asserting positive environmental image and commitment to SFM

Involvement in EU FLEGT VPA, TTAP consultations, Verified Legal Compliance [VLC] and Global Forest & Trade Network [GFTN]

Engaging with various stakeholders e.g. NGO, media

Proactive action by PR agencies in the Netherlands & Germany

Networking with overseas trade associations

**THANK
YOU**