

STATUS AND TRENDS OF MALAYSIAN TIMBER RESOURCES AND TRADE

THE INTERNATIONAL WORKSHOP OF GLOBAL GREEN SUPPLY CHAIN OF TROPICAL FOREST PRODUCTS

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BEIJING, CHINA

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MALAYSIAN TIMBER INDUSTRY BOARD (MTIB)



SCOPE OF PRESENTATION



CONTRIBUTION OF MALAYSIAN TIMBER INDUSTRY 2017



EXPORT CONTRIBUTION

2.5% from RM 935.39 billion

* Source : DOSM, MTIB



MARKET

RM 43.01 billion

Export : RM 23.21 billion

Import : RM 4.7 billion

Trade Surplus : RM 18.51 billion

Domestic : RM 19.8 billion

* Source : DOSM, MTIB



INVESTMENT

RM 648.2 million

Domestic : RM 503.7 million

FDI : RM 144.5 million

* Source : MIDA



WORKFORCE

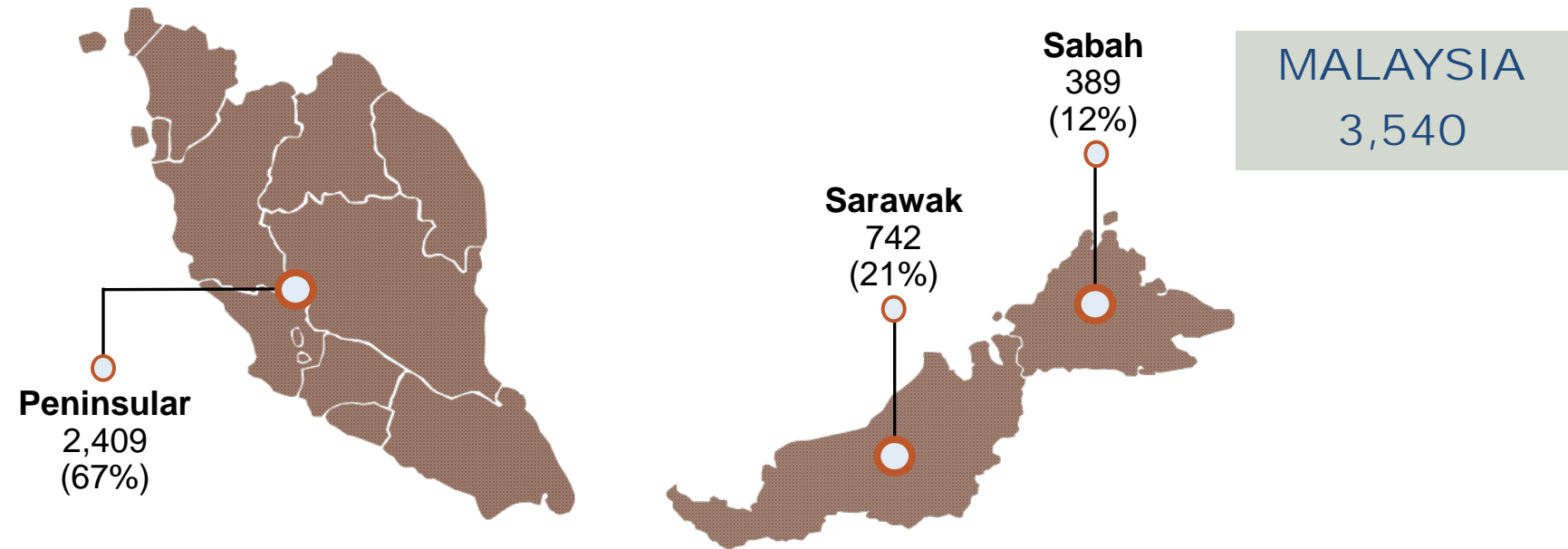
240,000 workers

58% Foreign workers

42% local people

* Source : MTIB

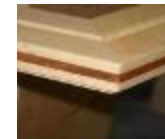
MALAYSIA: WOOD-BASED MILLS 2017



Furniture
1,710 (48%)



**Plywood / Veneer /
polyply / blockboard /
laminated board**
201 (6%)



**Builder's Joinery &
Carpentry (BJC)**
12 (0.3%)



Sawmills
970 (27%)



**Kiln Drying/
Preservation plants**
302 (9%)



Medium Density Fiberboard (MDF)
5 (0.1%)



Mouldings
271 (8%)

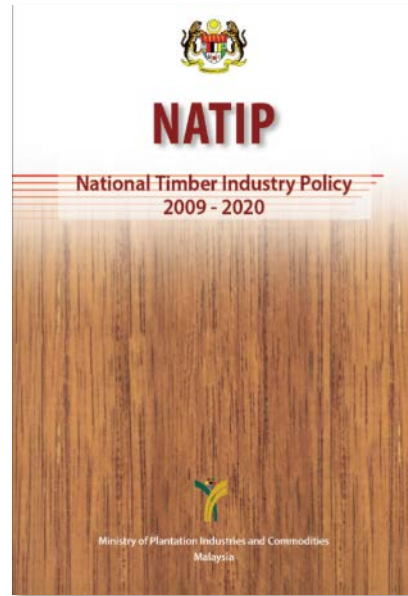


**Woodchip/ Particleboard/
Chipboard**
46 (1%)



***Others**
(Comprising pulp & paper, matches,
pencil, wooden pallet)
23 (0.6%)

NATIONAL TIMBER INDUSTRY POLICY (NATIP), 2009 - 2020



Export
2020 = RM25 billion

60%
High Value Added : 40%
Primary



MALAYSIA GLOBAL PLAYER TIMBER & TIMBER PRODUCTS - 2017

PRODUCTS	GLOBAL RANKING	Tropical species ranking
Plywood	4	● → 2
Logs	12	● → 3
Sawntimber	9	● → 2
Veneer	15	● → 3
Wooden Frame	5	
Mouldings	8	
Furniture	9	
Medium Density Fiberboard	13	
Builder Joinery & Carpentry	16	
Particleboard / Chipboard	20	

STATUS & TREND OF TIMBER RESOURCES

Forested Areas in Malaysia (1990-2016)

Year	Permanent Reserve Forest (mil ha)	State land Forest (mil ha)	Protected Areas (mil ha)	Total Forested Area (mil ha)	Percentage of forest cover (%)
1990	12.49	5.23	1.06	18.78	56.9
1991	12.55	5.03	1.13	18.71	56.7
1992	12.50	4.96	1.13	18.59	56.4
1993	12.46	4.98	1.13	18.57	56.3
1994	12.65	4.19	1.13	17.97	54.5
1995	12.61	4.22	1.13	17.96	54.4
1996	14.28	1.99	1.83	18.10	54.9
1997	14.33	2.31	1.83	18.47	56.0
1998	14.33	2.24	1.83	18.40	55.8
1999	14.45	2.16	1.83	18.44	55.9
2000	14.43	1.94	1.83	18.20	55.2
2001	14.44	1.83	1.83	18.10	54.9
2002	14.43	1.78	1.83	18.04	54.7
2003	14.42	1.77	1.83	18.02	54.6
2004	14.40	1.74	1.83	17.97	54.5
2005	14.43	1.52	1.86	17.81	54.0
2006	14.45	1.48	1.86	17.79	53.9
2007	14.42	1.43	1.86	17.71	53.7
2008	14.41	1.41	1.86	17.68	53.6
2009	14.54	1.32	1.86	17.71	53.7
2010	14.53	1.55	1.86	17.93	54.4
2011	14.52	1.55	1.86	17.93	54.4
2012	14.50	1.55	1.86	18.01	54.6
2013	14.55	1.65	1.86	18.06	54.8
2014	14.55	1.86	1.86	18.27	55.4
2015	14.55	1.86	1.86	18.27	55.4
2016	14.55	1.86	1.86	18.27	55.4

Total forested area, 2016

**Total forested areas
18.27 million ha**

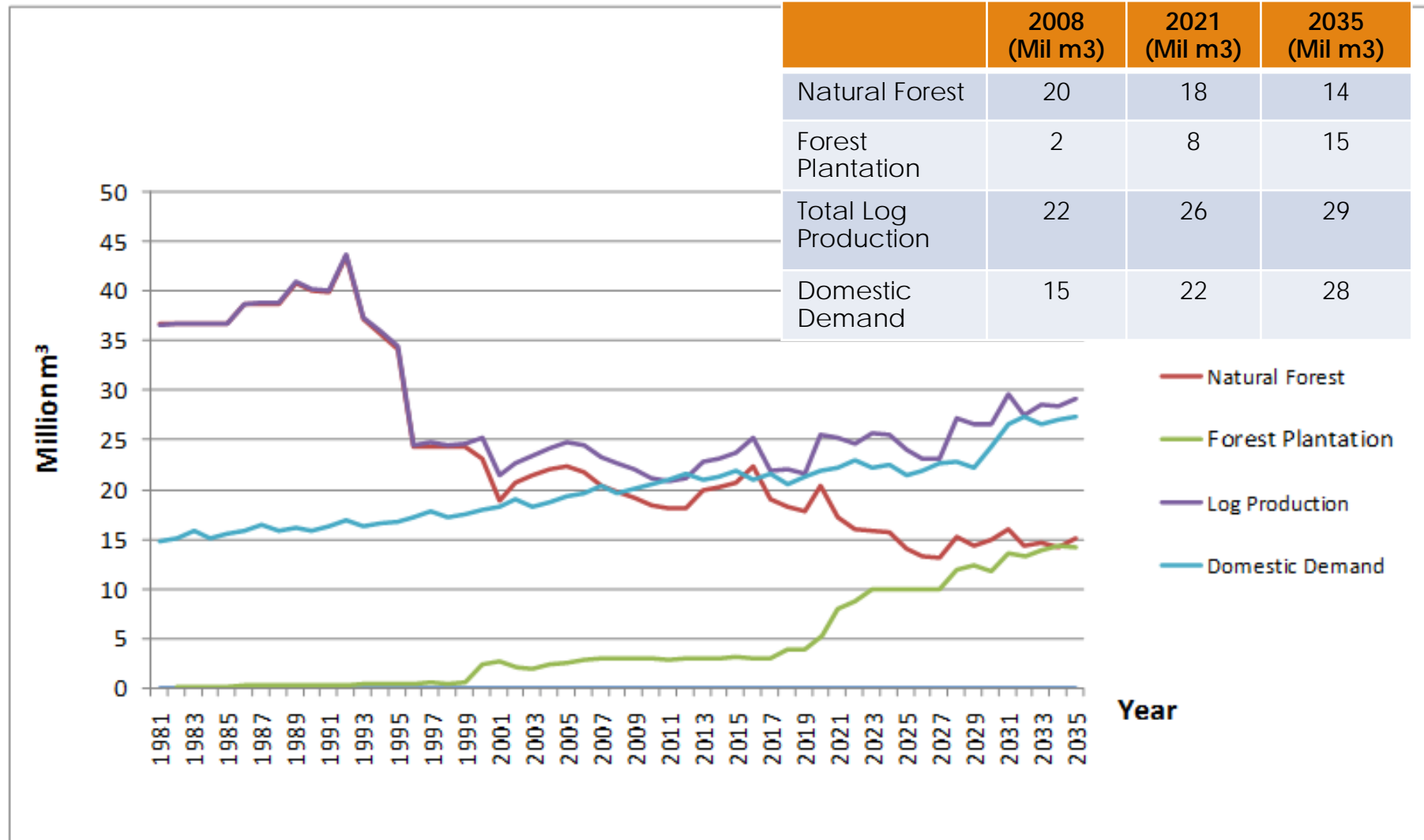
Permanent Reserved
Forest (PRF)
14.55 million ha

State land forest
(SL)
1.86 million ha

Protected areas
1.86 million ha

PROJECTION OF TIMBER RAW MATERIAL PRODUCTION & DOMESTIC DEMAND FOR TIMBER INDUSTRY

(1981 - 2035)



POLICY ENSURING SUFFICIENT RAW MATERIAL SUPPLY



PENINSULAR MALAYSIA

- Log export ban (effective 1972)
- Temporary ban on rubberwood sawntimber export (effective July 2017)



SABAH

- Temporary log export ban (effective May 2018)



SARAWAK

- Logs exportation is allowed with quota 80% local, 20% export (effective 2016)



Forest Plantation Development Programme (FPDP)

- Provision of soft loans with low interest rate under FPDP has encouraged more participation of private sectors.



Encouraging Importation of Raw Materials

- MTC Import Assistance Programme (IAP), an off-shore sourcing programme for timber raw materials.



Encouraging utilisation of other alternative materials

Oil Palm Trunk (OPT)/ Rubberwood/ Bamboo/ Kenaf/ biomass, etc.

MALAYSIA : FOREST PLANTATION HECTARAGE, 2017



Source : Forestry Department, Peninsular Malaysia
Sabah Forestry Department
Sarawak Forestry Department

MTIB's Forest Plantation Development Programme (FPDP)

Until March 2018: 113,993.26
hectares planted

Target 2020: 130,000 hectares

- ❖ Nine species recommended under FPDP are:
 - ✓ *Hevea brasiliensis* (**Rubber TLC**)
 - ✓ *Acacia mangium* & hybrids (**Acacia**)
 - ✓ *Octomeles sumatrana* (**Binuang**)
 - ✓ *Azadirachta excelsa* (**Sentang**)
 - ✓ *Paraserianthes falcataria* (**Batai**)
 - ✓ *Neolamarckia cadamba* (**Kelampayan/Laran**)
 - ✓ *Khaya ivorensis* (**African Mahagony**)
 - ✓ *Tectona grandis* (**Teak**)
 - ✓ Bamboo
- ❖ Continuity of FPDP ensures
 - ✓ improvement in future log supply situation;
 - ✓ achieve the Nation's target (NATIP) of being self-sufficient in the production of raw materials for the local wood industries;
 - ✓ reduce pressure towards SFM of Natural Forests;
 - ✓ Public and private partnership



3 year-old Hevea plantation



3 year-old Acacia plantation



3 year-old African mahogany plantation

ALTERNATIVE RAW MATERIALS, 2017



OIL PALM TRUNK (OPT)
5.81 million hectares



RUBBERWOOD
1.08 million hectares



BAMBOO
329,000 hectares
(867 million standing culms)

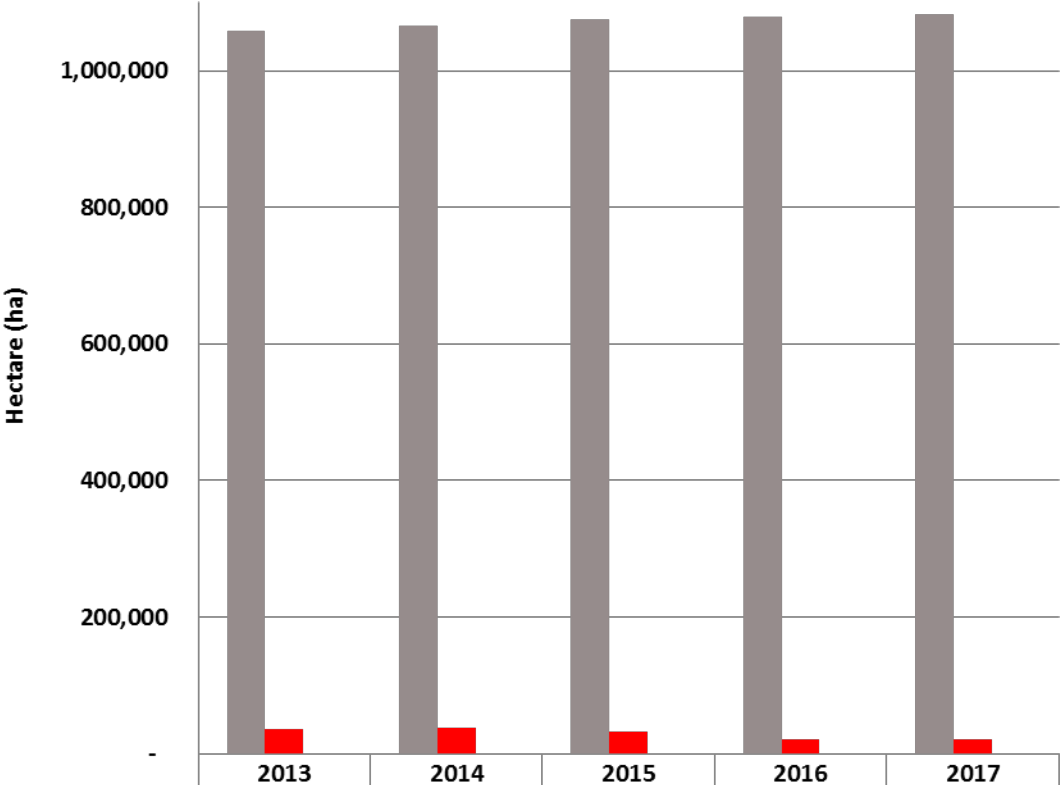


KENAF
2,300 hectares



RUBBERWOOD

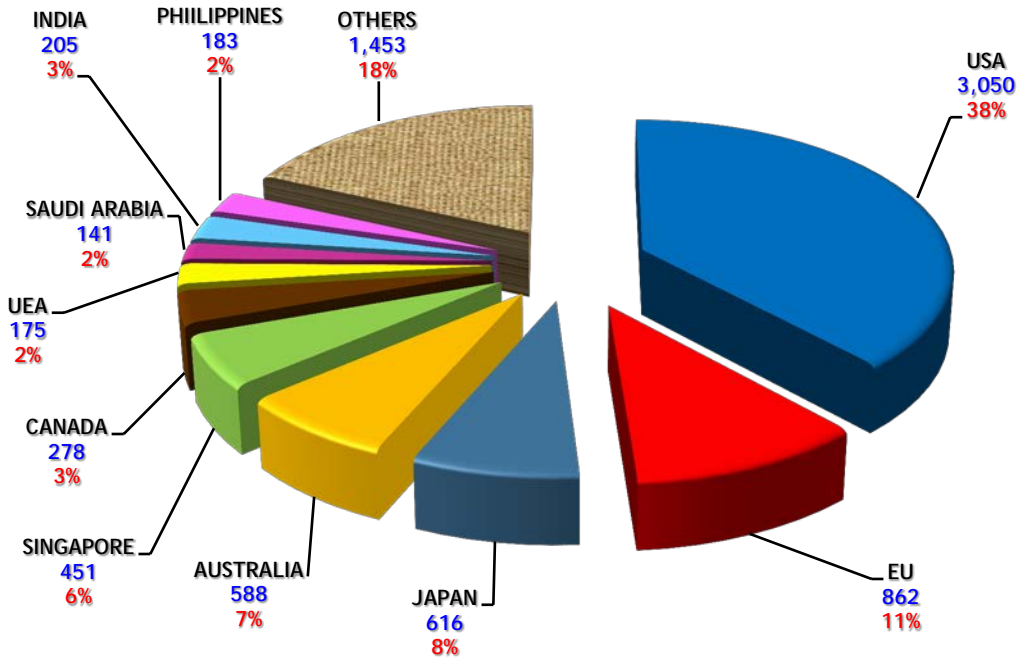
AVAILABILITY OF RUBBERWOOD, 2013-2017



■ Malaysia Total Planted (ha)	1,058,800	1,065,800	1,074,400	1,078,000	1,081,900
■ Malaysia Total Replanting (ha)	36,650	38,000	33,099	21,547	20,300
Total Availability of Logs (m3)	6,597,000	6,840,000	5,957,820	3,878,460	3,654,000

Note : Availability of logs 180 m3/hectare

MALAYSIA : EXPORT OF WOODEN FURNITURE BY MAJOR DESTINATION 2017



Export of Wooden Furniture : RM8.1 Bil

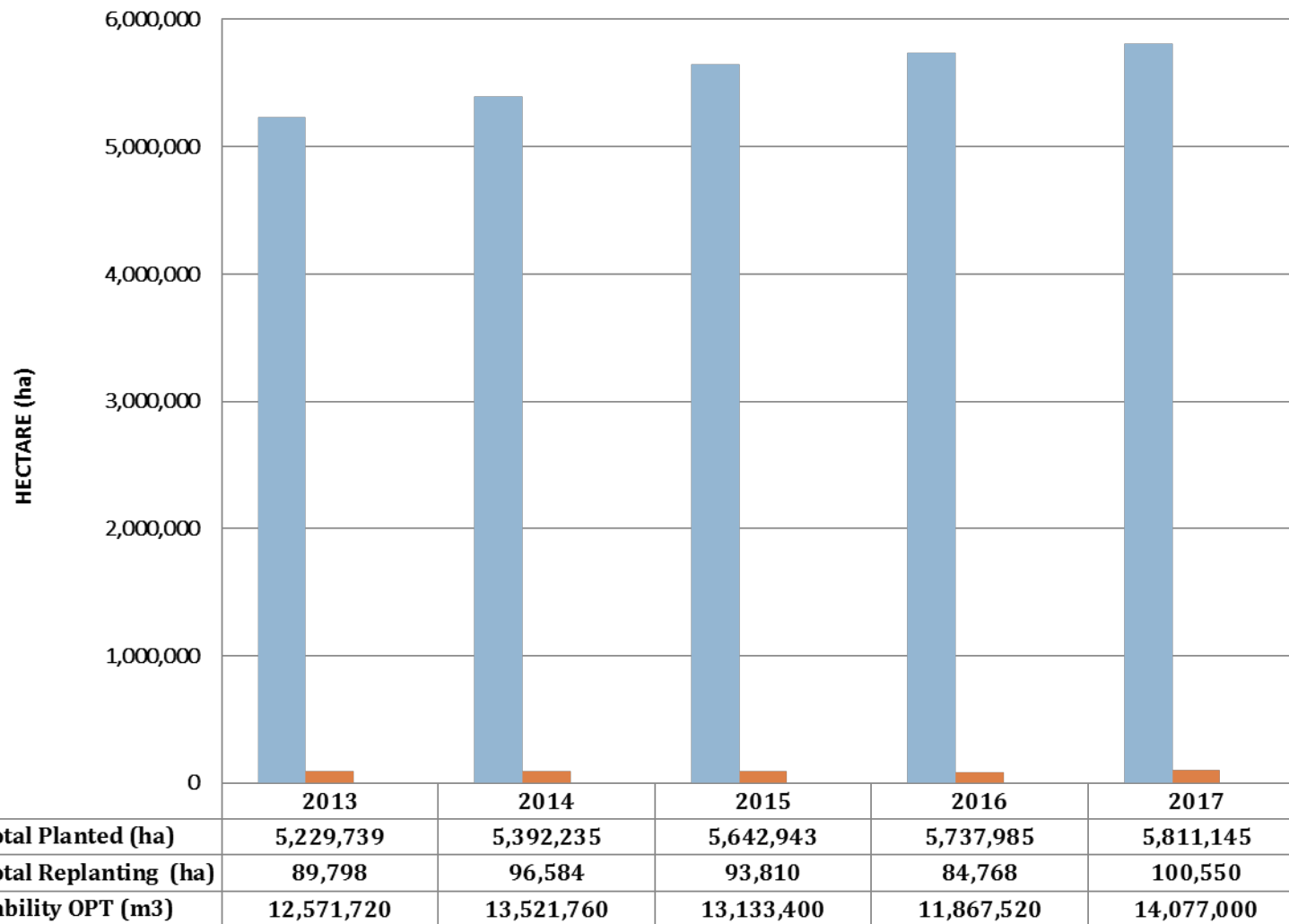
Export Rubberwood Furniture : RM6.4billion (80%)

Source : MTIB

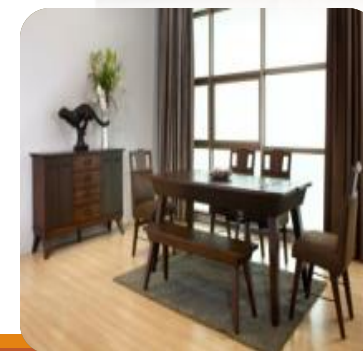
Source : MTIB / RISDA / MPIC / DOSM / MRM

OIL PALM TRUNK (OPT)

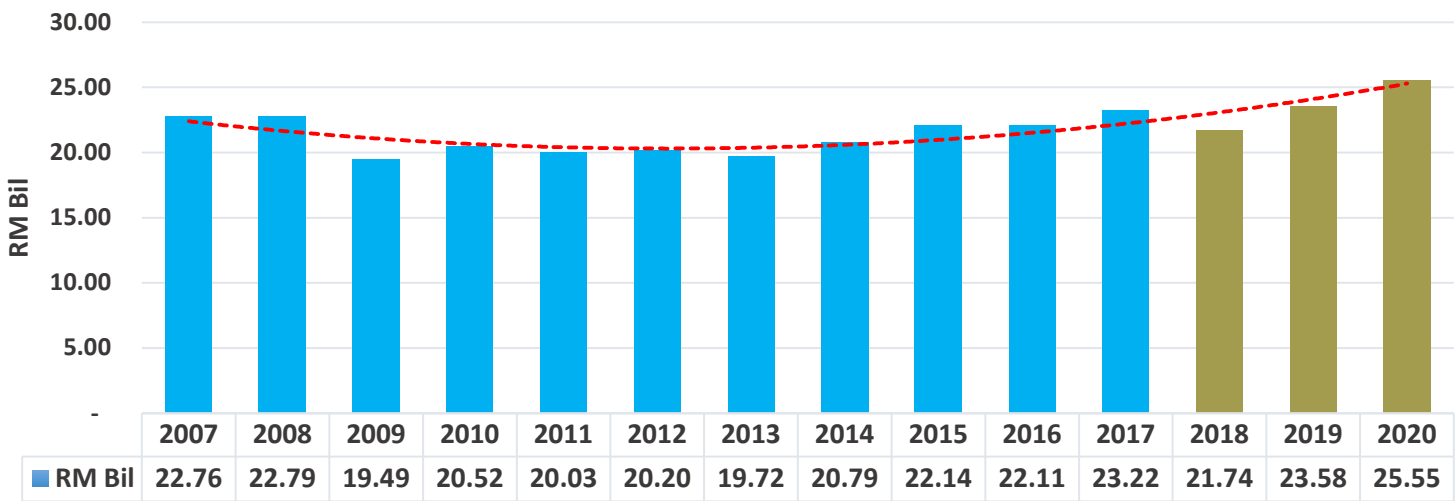
AVAILABILITY OF OPT, 2013-2017



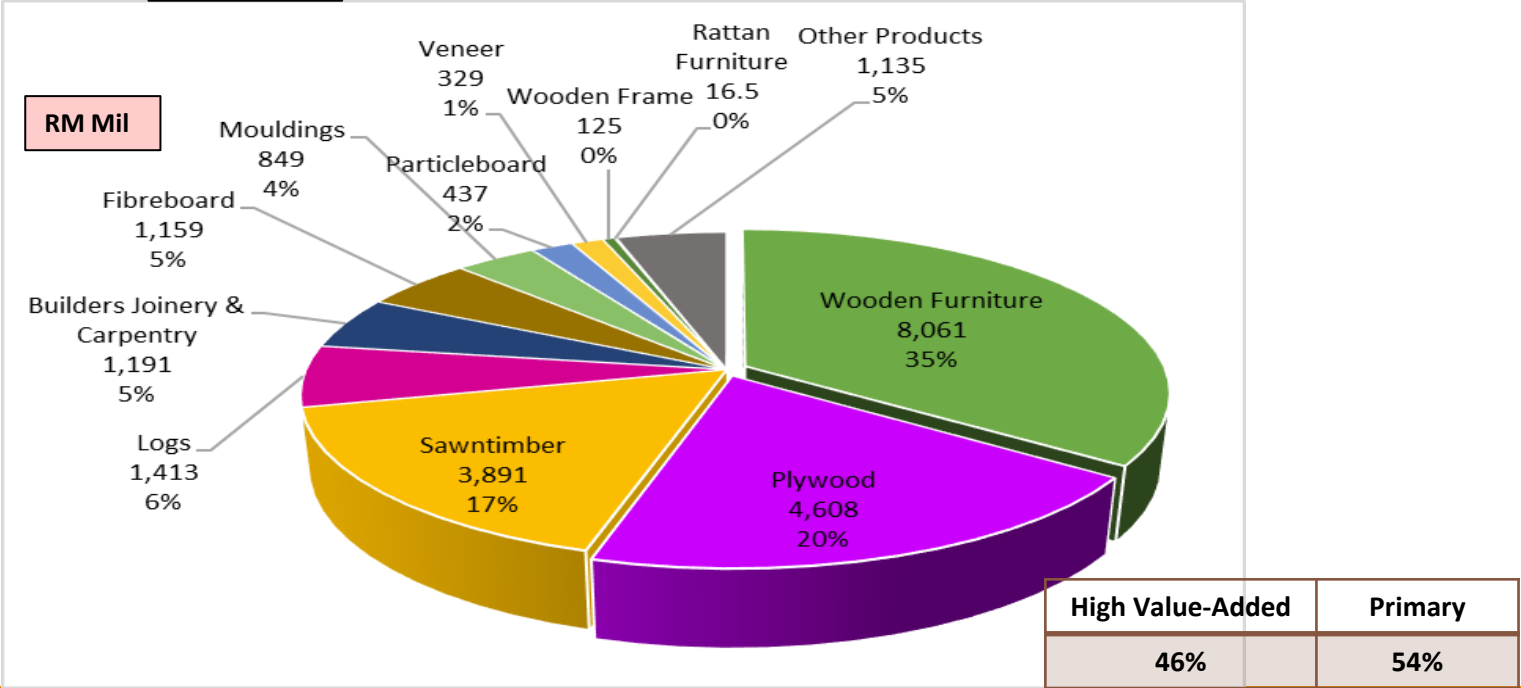
Note : Availability OPT logs 140 m3/hectare



MALAYSIA: EXPORT OF TIMBER & TIMBER PRODUCTS

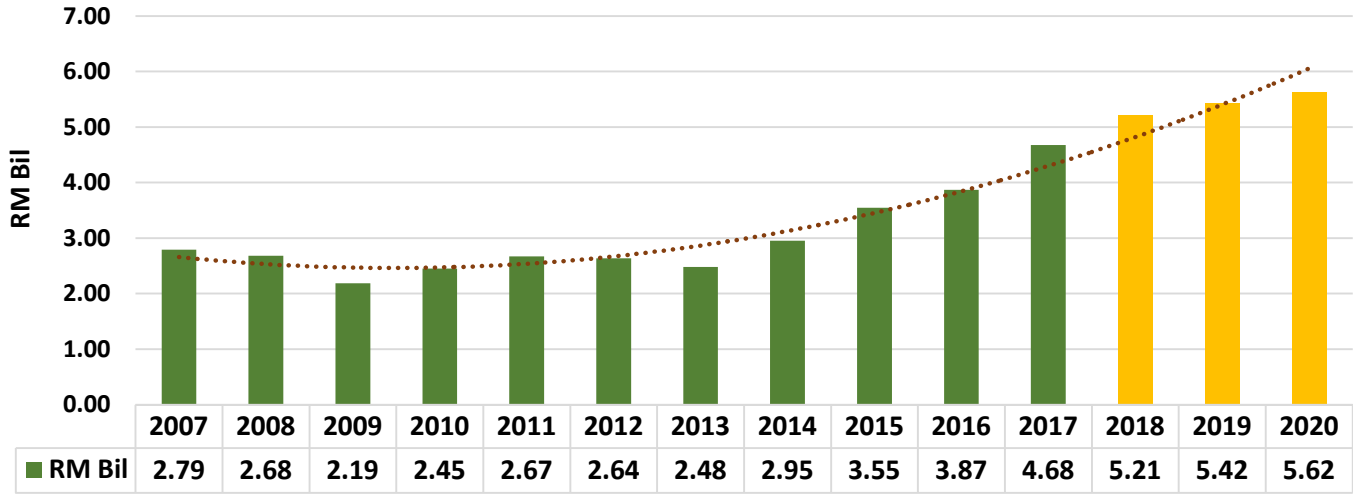


Jan-Dec 2017

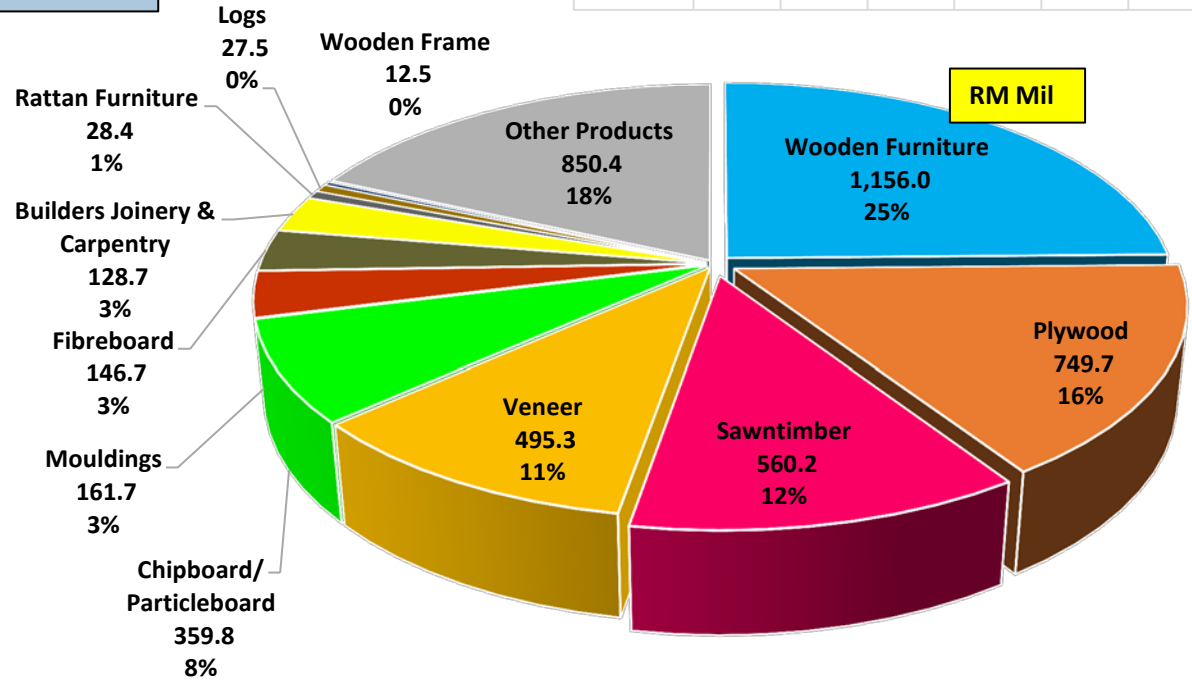


Destination	Jan – Dec 2017 (RM Million)	Market Share (%)
1. Japan	3,935	19
2. USA	3,694	16
3. EU	2,221	10
4. India	1,611	7
5. South Korea	1,255	5
6. Australia	1,159	5
7. China	1,117	5
8. Singapore	1,108	5
9. Thailand	785	3
10. Philippines	733	3

MALAYSIA: IMPORT OF TIMBER & TIMBER PRODUCTS



Jan-Dec 2017



Origin	Jan – Dec 2017 (RM Million)	Market Share (%)
1. China	1,489	32
2. Indonesia	629	13
3. Thailand	471	10
4. EU	383	8
5. Viet Nam	355	8
6. USA	349	7
7. Australia	208	4
8. Brazil	187	4
9. New Zealand	138	3
10. Chile	57	1

PRODUCT DEVELOPMENT

Innovation on IBS Engineered timber products



glulam, CLT,
laminated veneer
lumber(LVL

TANGGAM®



MALAYSIAN TRANSFORMATION IN FURNITURE INDUSTRY (ODM & OBM)

2007: 33%

2012: 53%

2020: 70%

ODM – Own Design Manufacturing
OBM – Own Brand Manufacturing



Alternative Material in Construction



Wood Plastic
Composite



Wood wool in construction



INDUSTRIAL DEVELOPMENT

MUAR FURNITURE PARK (MFP)

- 1**
 - a) 897 acres of land consists of 180 Muar furniture manufacturers
 - b) 20 acres of land for exhibition hall and permanent showroom

- 2** **MFP Main Criteria:**
 - Export oriented
 - Automation & Mechanisation
 - Lean Management / 5S/GMP
 - Furniture design (Original Design Manufacturer (ODM) & Original Brand Manufacturer (OBM)

MFP Capacity :
180 factories
Average revenue :
RM 6 million

Potential revenue :
 $180 \times \text{RM } 6 \text{ million}$
 $= \text{RM } 1.08 \text{ billion}$



MARKET ACCESS

Involvement in FTAs

13 FTAs concluded & implemented	Bilateral: Malaysia with Japan, Pakistan, New Zealand, India, Chile, Australia & Turkey
	Regional: ASEAN Free Trade Agreement (AFTA), ASEAN with Australia & New Zealand, China, Japan, Korea & India
4 FTAs still in negotiations	Bilateral: Malaysia with European Union (28 countries), European Free Trade Association (EFTA – 4 countries), Iran & Regional Comprehensive Economic Partnership (RCEP - 16 countries)
Signed but Pending Ratification and Entry into Force	ASEAN-Hong Kong Free Trade Agreement (AHKFTA) – signed on 12 November 2017, target entry into force in 2019
	Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) - signed on 8 March 2018

Compliance to International Standard

93 Malaysian Standards (MS) for timber, timber products and timber structure. i.e: Wood Based Panels, Timber Structure, Timber & Rattan and Bamboo

Compliance to legality requirement & Public Procurement Policy

EU Timber Regulation (EUTR), US Lacey Act, Australia Illegal Logging Prohibition Act, Japan Clean Wood Act, etc

MTIB AS STANDARDS DEVELOPMENT AGENCY

Seminar/promotional of MS/
Industry consultation

93 Malaysian Standards (MS) for timber,
timber products and timber structure

**4. CAPACITY
BUILDING FOR
INDUSTRY**

**1.DEVELOPMENT
OF
MALAYSIAN
STANDARD (MS)**

**3.DEVELOPMENT
OF STANDARDS
AT
INTERNATIONAL
AND REGIONAL
FORA**

**2. MANAGEMENT
OF
INFRASTRUCTURE
ON STANDARDS
DEVELOPMENT AT
NATIONAL LEVEL**

INTERNATIONAL/ISO

- ISO/TC 89:WOOD BASED PANELS
- ISO TC/89-SC1 PARTICLEBOARD
- ISO/TC 89-SC2-FIBREBOARD
- ISO/TC 89-SC3-PLYWOOD
- ISO/TC 165:TIMBER STRUCTURE
- ISO/TC 218:TIMBER
- ISO/TC 296:RATTAN & BAMBOO
- ISO/PC 287:COC ON WOOD BASED PRODUCTS

REGIONAL/ASEAN

- ACCSQ WG1- CHAIRMAN ON TASK FORCE ON WOOD BASED PRODUCTS(TFWBP)
- MEMBER IN TASK FORCE ON BUILDING AND CONSTRUCTION(TFBC)
- ASEAN WORKING GROUP ON FOREST PRODUCTS DEVELOPMENT(AWGFPD)

- 1 - Industry Standard Committee (ISC)
- 4- Technical Committees (TCs)
 - TC ON WOOD BASED PANELS
 - TC ON TIMBER STRUCTURES
 - TC ON TIMBER
 - TC ON RATTAN & BAMBOO
- 10- Working Groups (WG)



MTIB was appointed as Standards Developments Agency (SDA) by Standards Malaysia on 21 August 2013



LEGALITY AND CERTIFICATION

LEGALITY

- **EUROPEAN UNION TIMBER REGULATION (EUTR)**
 - FLEGT VPA: MYTLAS (Peninsular Malaysia)
 - As of **31st May 2018**, a total of **60,448 MYTLAS licences** issued by MTIB for the EU market.
- **AUSTRALIA ILLEGAL LOGGING PROHIBITION ACT (AILPA)**
 - Malaysia Country Specific Guideline (MCSG) for Australian market

CERTIFICATION

- **Malaysian Timber Certification Scheme (MTCS)**
 - developed & operated by the Malaysian Timber Certification Council (MTCC)
 - endorsed by Programme for the Endorsement of Forest Certification (PEFC)
 - Certified forest areas:
 - 6 Forest Management Units (FMUs) & 2 Forest Plantation Management Units (FPMUs)
 - 3.97 million hectares (**13% of world's certified tropical forests**)
 - Certified companies:
 - 356 timber manufacturers and exporters
 - mainly sawn timber, plywood, mouldings & laminated finger-jointed
 - major market (Europe, Australia, Japan, Middle East, New Zealand & USA)

CONCLUSION



Sustainable Raw Materials



Standard & Quality Products



Transformation of Furniture Industry



Automation and Mechanisation



High Value-Added Products



Legality & Certification

THANK YOU
