

Timber Supply and Green Supply Chain: Producer's View



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Introduction

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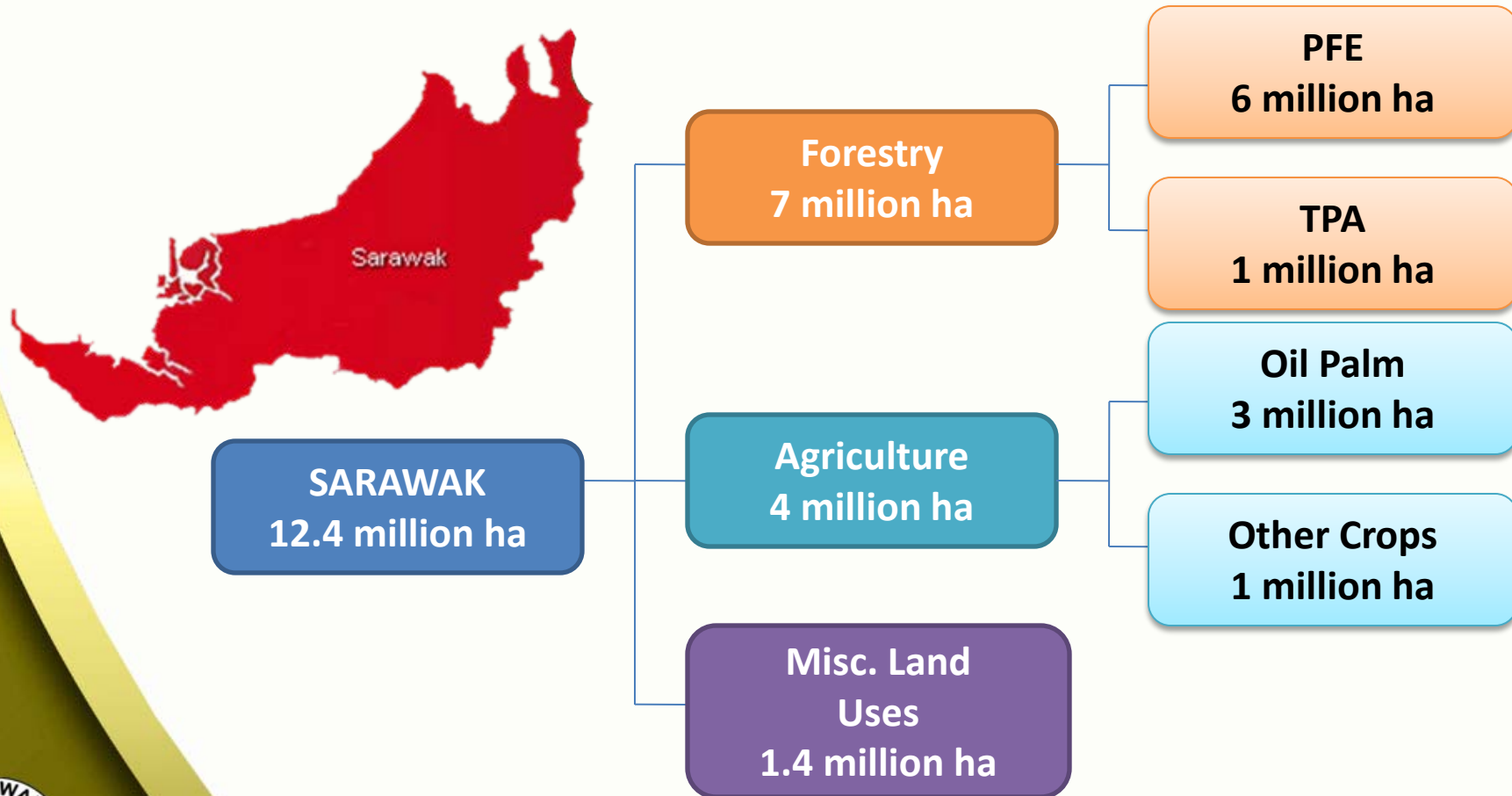
This presentation aims to highlight the effort of Sarawak as one of the tropical producers in ensuring a supply chain to produce legal and sustainable timber and timber products while safeguarding the environment.

2

A full working system for green supply chain is currently not in place in Sarawak.



Sarawak's Approach to Sustainable Development - The Land Use



Source: Ministry of Resource Planning and Environment Sarawak, 2016

Logs Productions

Logs production from Natural Forests & Planted Forests in Sarawak from 2015 to 2017

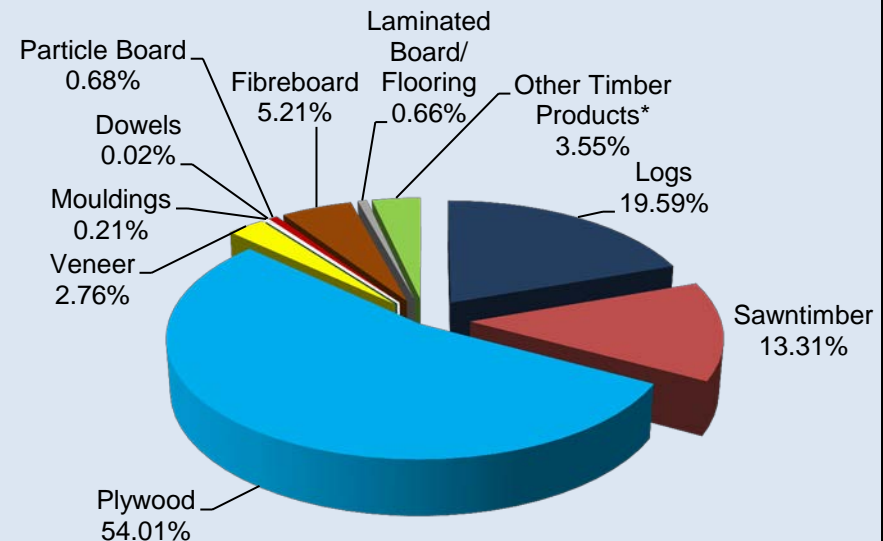
Year	Volume (m ³)		
	2015	2016	2017
Natural Forests	8,200,719	7,413,526	5,490,084
Planted Forests	911,192	1,304,234	1,634,841
Total	9,111,911	8,717,760	7,124,925



Export of Logs & Timber Products from Sarawak by Products for the Year 2017

Products	Sarawak		
	Volume (m ³)	Value (RM)	Value (CNY)
Logs	2,155,031	1,146,929,962	1,840,788,181
Sawntimber	495,291	779,440,275	1,250,978,258
Plywood	1,672,617	3,161,653,316	5,074,358,723
Veneer	105,785	161,445,881	259,115,796
Mouldings	5,598	12,225,074	19,620,877
Dowels	260	1,006,730	1,615,771
Particle Board	60,205	39,893,320	64,027,582
Fibreboard	171,361	304,866,300	489,301,266
Laminated Board/ Flooring	16,328	38,803,630	62,278,662
Other Timber Products*	n.a.	208,099,561	333,993,552
Total:		5,854,364,049	9,396,078,668

Export of Logs & Timber Products from Sarawak by Products for the Year 2017

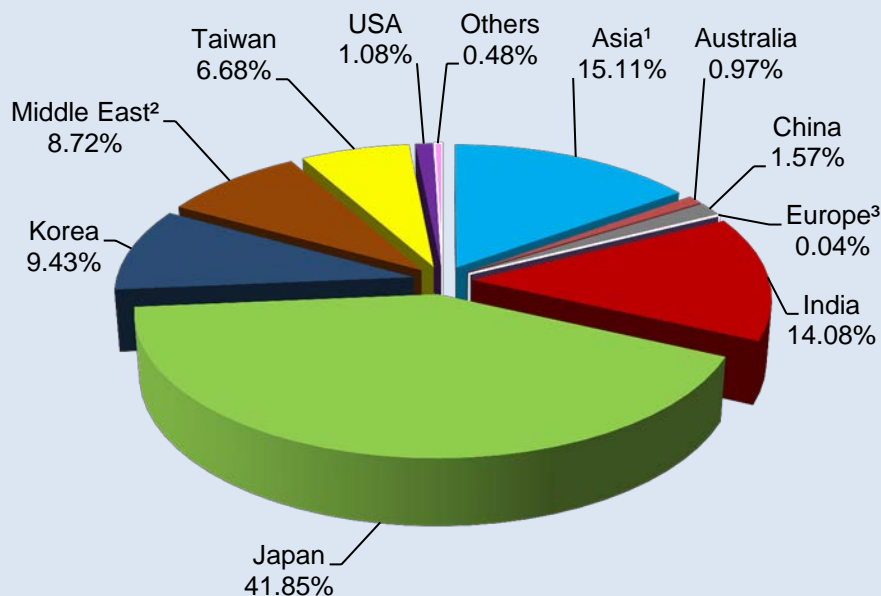


- Other Timber Products comprised railway sleepers, finger-jointed, laminated veneer lumber, densified wood, door & their frames, furniture, parquet, other (wooden) & laminated beam/ post.
- Source: Sarawak Timber Industry Development Corporation
- Source: XE Currency Converter. Conversion rate as of 14 June 2018 is 1 MYR = 1.60497 CNY

Export of Timber Products from Sarawak by Destinations for the Year 2017

Products	Sarawak		
	Volume (m³)	Value (RM)	Value (CNY)
Asia¹	1,613,739	884,841,197	1,420,143,576
Australia	23,204	56,549,880	90,760,861
China	72,824	92,050,416	147,738,156
Europe³	1,572	2,570,150	4,125,014
India	843,738	824,121,439	1,322,690,186
Japan	1,393,250	2,449,798,007	3,931,852,307
Korea	372,960	551,986,627	885,921,977
Middle East²	302,614	510,293,260	819,005,374
Taiwan	296,809	391,043,844	627,613,638
USA	25,747	63,259,839	101,530,144
Others	n.a.	27,849,390	44,697,435
Total		5,854,364,049	9,396,078,668

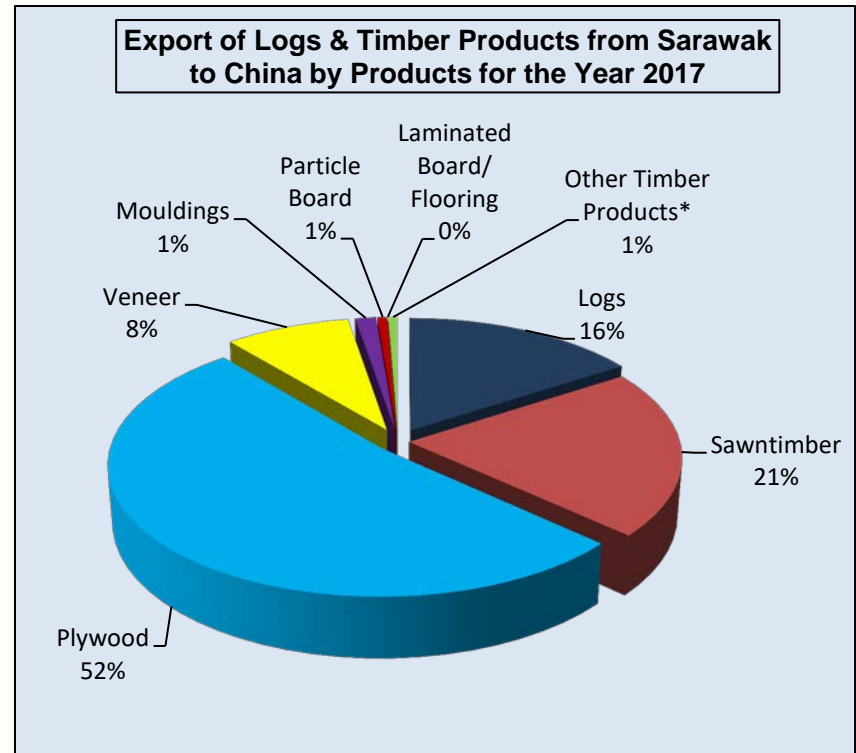
**Export of Timber Products from Sarawak
by Destinations for the Year 2017**



- Other Countries* Bangladesh, Brunei, Hong Kong, Indonesia, Maldives, Myanmar, Pakistan, Philippines, Singapore, Sri Lanka, Thailand, Vietnam, Fiji, New Zealand, Russian Federation, Canada, Northern, Mariana Islands, Mexico, Djibouti, Mauritius, Reunion Islands, Seychelles, Somalia, South Africa and Zimbabwe
- Source: Sarawak Timber Industry Development Corporation
- Source: XE Currency Converter. Conversion rate as of 14 June 2018 is 1 MYR = 1.60497 CNY

Export of Logs & Timber Products from Sarawak to China by Products for the Year 2017

Products	From Sarawak to China		
	Volume (m³)	Value (RM)	Value (CNY)
Logs	22,693	14,598,050	23,429,432
Sawntimber	15,715	19,190,803	30,800,663
Plywood	25,937	48,027,726	77,083,059
Veneer	6,020	7,772,680	12,474,918
Mouldings	1,286	1,282,157	2,057,824
Particle Board	900	597,743	959,360
Laminated Board / Flooring	1	2,332	3,743
Other Timber Products*	271	578,924	929,156
Total:		92,050,416	147,738,156



- Other Timber Products comprised railway sleepers, finger-jointed, laminated veneer lumber, densified wood, door & their frames, furniture, parquet, other (wooden) & laminated beam/ post.
- Source: Sarawak Timber Industry Development Corporation
- Source: XE Currency Converter. Conversion rate as of 14 June 2018 is 1 MYR = 1.60497 CNY

Management of Forests in Sarawak - Legality

- ❑ Known as Sarawak Timber Legality Verification System (STLVS) regulated by Forest Department Sarawak, Sarawak Forestry Corporation, Sarawak Timber Industry Development Corporation, Harwood Timber Sdn Bhd under the Ministry of Urban Development and Natural Resources.
- ❑ *STLVS Standard for Verification of Forest Management, Mill Operations, Trade & Customs covering Principles 1-6* was developed to allow third party verification for compliance to legality.



Management of Forests in Sarawak - Legality (cont')

- ❑ This Standard consists of 6 Principles and 18 criteria that reflects the regulatory requirements:
 - management of forest resources;
 - community recognition and benefits;
 - **environmental protection**; and
 - traceability of material from the forest to timber products.

- ❑ The environmental protection includes
 - Environmental Impact Assessment (EIA),
 - protection of environmental elements (buffer zones, riparian zones, steep slopes) within licensed area, and
 - mitigation measures for sanitation and scheduled wastes.



Management of Forests in Sarawak - Environment

- ☐ EIA study is required to identify and protect the environment under the Natural Resources and Environment Ordinance, 1993.
- ☐ The State government promotes self regulation in environmental management through the implementation of NRE (Audit) Rules, 2008.
- ☐ Capacity building within the companies through various training e.g water quality monitoring, environmental auditor.



Management of Forests in Sarawak

- Forest Management Certification

- ❑ Three (3) Forest Management Units and five (5) Forest Plantation Management Units are certified under Malaysian Timber Certification Scheme (MTCS) endorsed by Programme for Endorsement of Forest Certification (PEFC).



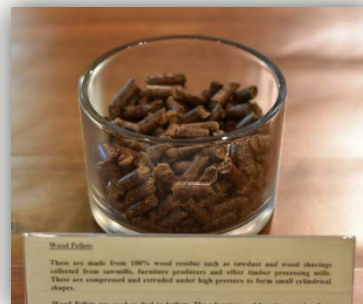
Formaldehyde Emission Standard

- ❑ Sarawak is one of the world's biggest suppliers of tropical plywood.
- ❑ Our plywood is very environmental friendly – manufactured to low level of formaldehyde in compliance with internationally recognised standard such as Australian Standard, Japan Agriculture Standard (JAS), British Standard (BS), European Standard (EN), US Formaldehyde Emissions Regulation for composite Wood Products – Toxic Substances Control Act (TSCA) Title VI and California Air Resources Board (CARB).
- ❑ Malaysian Standard for Plywood Specification (MS228:2015).



Zero Waste

- ❑ Full utilisation of resources to minimise waste:
 - Medium Density Fibreboard
 - Charcoal briquette
 - Particle board
 - Pellets
 - Chips
 - Energy generation (Boiler, turbine generator)



Challenges

- ❑ Tropical timber producers are mostly from developing countries
 - lack of infrastructure and technology support.
 - Criticism from NGO every time forest areas are converted for economic development – to improve livelihood of local community.
- ❑ High cost of producing green timber.



Conclusions

- ❑ Partnership between China and Malaysia to enhance timber and timber products trade.
- ❑ In order to produce green timber and remain competitive, the costs of implementing green supply chain needs to be recognised and shared with the consumer countries.



Thank You

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