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FURNITURE& HOMEEXPO

contents

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www.sarawaktimber.org.my

EDITORIAL TEAM

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General Manager

CHIEF EDITOR
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Deputy General Manager

EDITOR
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Corporate Affairs Manager

WRITER
Norman Botes Noma

MARKET PERFORMANCE / TRADE STATISTICS
Ermi Fariza Rambli

PUSAKA

SARAWAK TIMBER INDUSTRY DEVELOPMENT CORPORATION (STIDC)
Wisma Sumber Alam, Jalan Stadium, Petra Jaya,
93050 Kuching,
P.O.Box 194, 93702 Kuching, Sarawak, Malaysia.
Tel: 6082-473000 Fax: 6082-442691
E-mail: stidc@pusaka.gov.my

editorial

Two furniture shows were held in Kuching, Sarawak in July 2012 namely the Sarawak Furniture Expo 2012 and the STIDC Furniture Vendors Mega Sale. The overwhelming response from the local industry players and the public in the previous shows made this year's events imminent. The Sarawak Furniture Expo 2012 attracted over 10,000 visitors and concluded with the sales of RM2 million. Congratulations to the organisers and the participants for the work well done and keep it up.

Besides featuring the latest trend in furniture designing, the shows had also provided the perfect avenues for business networking. Here, furniture manufacturers and end users met face to face without going through the middlemen, thus allowing them to negotiate the price. Participants also had the golden opportunity to promote their products and expand the markets.

While it is heartened to note the success of the shows, it is hoped that the organisers would continue to strive for the best in future. Industry players, particularly the Bumiputera furniture vendors are also encouraged to participate actively in future shows either locally or internationally in order to bring your furniture business to greater height. Let us continue to strengthen this industry taking advantage of the immense opportunities in the global markets. This will help the local industry players to be at par with their international counterparts and remain as the mainstay of the state's economy.

SARAWAK FURNITURE HOME EXPO 2012
时尚家居博览会

FURNITURE & HOME EXPO 2012

The expo aimed to propel the growth of the local furniture industry and promote the local products

Once again end users were given the golden opportunity to meet the furniture manufacturers face to face and negotiate the price at the Furniture and Home Expo 2012. The four-day expo, 5th-8th July 2012 took place at Permata Exhibition Halls, Kuching, Sarawak and was launched by the President of the Malaysia Furniture Entrepreneur Association (MFEA), Mr. Lor Lean Sen.

The expo which entered its second year this year aimed to propel the growth of the local furniture industry and promote the local products. It also provided the avenue for the furniture manufacturers to interact with potential buyers and assess the trends of the desired products.

According to Mr. Lor, there is a need to enhance the growth of this industry through creative designing in order to boost demand. This could be achieved by grooming young designers through well-established designing institutes.

In line with this, he said the Malaysian Timber Industry Board had embarked on the Furniture and Wood-based Products Design Industry Roadmap where furniture manufacturers, academicians, professionals and officials of the related agencies were invited to deliberate a comprehensive plan to boost the growth of this industry based on the success stories of other countries.

On international scenario he said that Malaysia ranked the eighth largest furniture exporter in the world and the third largest in Asia. Presently, Malaysian furniture is exported to more than 160 countries. The latest statistics showed that Malaysian

furniture export registered a growth of 11.3% from RM1.6 billion to RM1.8 billion for the first quarter of 2012 against the corresponding period of last year. The USA, being the major purchaser had imported RM538 million worth of Malaysian furniture in the first quarter of 2012. This represented a growth of 25% compared with the same period last year which recorded RM431 million. This is followed by Japan who contributed RM194 million to the national export revenue, an increase of 17% compared with the same period last year which recorded RM166 million.

Undeniably, the global economic outlook remains challenging. The unresolved Euro crisis has some impact on the national furniture exports. However, there are some countries in Europe which have shown improvement. Statistics showed that France, Germany, Poland and others had increased their imports of furniture from Malaysia during the first quarter of 2012. Poland, Sweden and Finland recorded double-digit increase in terms of furniture imports from Malaysia, Mr. Lor said.

As a whole, he said the prospect of Malaysian furniture industry is promising. As such, he urged the industry players to strive towards achieving economies of scale particularly in terms of production and product quality.

Meanwhile, President of the Sarawak Furniture Industry Association (SFIA), Mr. Lai King Min reported that RM2 million worth of furniture was sold in this year's expo compared with RM1 million last year. He was pleased to note that more than 80% of last year's participants had come back to showcase their newest products. In view of this he said, SFIA is looking forward to a grander show next year.

The expo was organised by SFIA and participated by over 40 companies with over 150 booths compared with 120 booths last year. STIDC together with its furniture vendors did not miss this opportunity to make their presence in this expo. STIDC's participation was a clear testimony of its continuous efforts in helping the vendors to compete in an open market.

SUMMARY

- There is a need to enhance the growth of this industry through creative designing in order to boost demand
- MTIB had embarked on the Furniture and Wood-based Products Design Industry Roadmap to deliberate a comprehensive plan to boost the growth of this industry
- As a whole, he said the prospect of Malaysian furniture industry is promising

FURNITURE MEGA SALE

> "Providing guidance to encourage the active involvement of the Bumiputra entrepreneurs in furniture making"

The Furniture Vendor Development Programme is the initiative made by STIDC to help the Bumiputra entrepreneurs by providing guidance in order to encourage their active involvement in the wood-based sector particularly in furniture making. Undoubtedly, furniture making is a lucrative business which is yet to be fully exploited either at domestic or international level.

- *An array of the sale items*

• Some of the sale items

• A section of the sale items

• Datuk Mohd. Naroden Majais (centre) cutting the ribbon to officiate the Furniture Mega Sale 2012 while Datu Haji Sarudu (right) looks on

To bring the Bumiputra furniture entrepreneurs to new height, STIDC in collaboration with the State Financial Office and the Public Works Department had formulated a comprehensive plan since 1996. The plan includes the creation of opportunities for the entrepreneurs concerned to market their products at home and abroad.

In realisation of this plan, STIDC is providing a venue at D'Galeri in Kuching, Sarawak to enable the said entrepreneurs to display and sell their products directly to their customers. Every Ramadan (Muslims Fasting Month), the Furniture Vendors Mega Sale is being carried out here where the vendors gathered under one roof to have direct selling.

This year marked the seventh consecutive year of the Furniture Vendors Mega Sale. The one-month sale, 13th July-18th August 2012 was officiated by Datuk Mohamad Naroden Majais, Assistant Minister of Resource Planning and Bumiputra Entrepreneur Development.

Describing furniture as dynamic product, Datuk Mohamad Naroden urged the industry players particularly the Bumiputra furniture vendors to move in pace with the ever changing market trends and meet the customers' requirements. This will help to enhance their competitiveness and be at par with the global players.

Towards that end, he emphasised on the elements to create a resilient furniture industry in Sarawak including creativity, skilled workforce, innovative designing and sustainable supply of raw materials. These elements are imperative in helping our industry players to compete in the open market. In addition, Research and Development (R&D) on furniture designing and product development is equally important to improve the product quality.

He was pleased to note that STIDC had made an effort to embark on R&D using the Nibong *(Oncosperma spp)* wood and hoped that the industry would create a niche market using this product and go global.

Acknowledging STIDC's success in implementing the Furniture Vendor Development Programme, he disclosed that presently there are 44 Bumiputra furniture vendors statewide. The vendors play important role in meeting the needs of the customers including the State and the Federal Governments. To date, 15 of these vendors had successfully secured the contracts to supply the furniture with the annual contract value of RM30 million.

Undeniably, there is a promising prospect in the furniture industry. It is therefore vital for the industry players including the Bumiputra furniture vendors to keep abreast with the current market situation in meeting the customers' needs taking advantage of the friendly business environment, steady supply of raw materials and stronger purchasing power.

SUMMARY

- Furniture making is a lucrative business which is yet to be fully exploited
- The Bumiputra furniture vendors should move in pace with the ever changing market trends and meet the customers' requirements
- Elements to create a resilient furniture industry in Sarawak include creativity, skilled workforce, innovative designing and sustainable supply of raw materials

- *Datuk Amar Haji Awang Tengah Ali Hassan (3rd right) together with other VIPs launching the state level SME Week*

SME WEEK

> "To the local SMEs, it was a rare opportunity to acquire help and guidance from the participating agencies in order to strengthen their capacity and capability"

Small and Medium Entrepreneurs (SMEs) play important role in the national economy. Presently there are 548,267 SMEs in Malaysia where 60,000 of them are in Sarawak. Therefore, SMEs are becoming prominent revenue generators and employment providers.

In recognition of their contribution, the government had initiated the SME Master Plan which provides the roadmap for SMEs' development. The roadmap serves to strengthen this sector through productivity enhancement, innovation and modern technology.

In line with this, the government had approved the proposal for the annual SME Week nationwide. In Sarawak, this year's state-level SME Week was held on 24th-30th June 2012 at the Civic Centre, Kota Samarahan. The programme was officiated by Datuk Amar Haji Awang Tengah Ali Hassan, Second Minister of Resource Planning and Environment and Minister of Industrial Development and Public Utilities.

According to the minister, the government is providing financial assistance to help the SMEs to expand their business locally and internationally. This was evident by the signing of a Memorandum of Understanding (MoU) between the Ministry of Industrial Development (MID) and SME Bank in conjunction with the official opening ceremony of the SME Week. The MoU provides a special incentive package to Sarawak's SMEs.

The synergy between MID and SME Bank is poised to boost the trade and industrial sector particularly in Sarawak besides enhancing SMEs' competitiveness at home and abroad.

STIDC and its furniture vendors did not miss the opportunity to participate in the one-week programme. Besides promoting the furniture, STIDC's booth also featured the information on the efforts taken to develop the Bumiputra furniture entrepreneurs.

The STIDC Furniture Vendor Development Programme was initiated in 1996 in support of the government's aspiration to create the Bumiputra business community in Sarawak.

In implementing this programme, STIDC co-ordinates matters related to infrastructure, contract distribution, marketing and promotion, credit facilities, product development, technical services as well as trainings and human resource development.

Today, there are 50 Bumiputera furniture vendors in Sarawak with over 300 skilled and semi-skilled workers. At the same time, there are four furniture industrial complexes, each located in Kota Samarahan, Kuching, Miri and Tanjung Manis Divisions. These complexes housed 38 workshops to provide avenues for the vendors to run their business. A furniture gallery is also available in Kuching to promote the vendors' products. Festive seasons and stock clearance sales are among the main activities carried out at the gallery.

STIDC together with its furniture vendors also continued to participate in various promotional and marketing activities such as the furniture exhibitions, expositions and sales. Similarly, they had also involved actively in the skill enhancement programmes.

STIDC through the Entrepreneurial Development Section will continue to play proactive role in helping the vendors concerned to scale new height and penetrate the global market.

Signing the visitors book at the STIDC exhibition booth

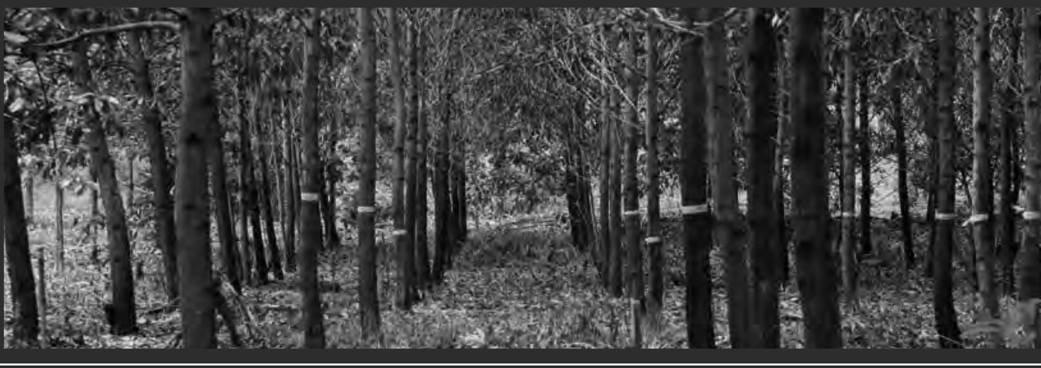
STIDC Corporate Affairs Manager, Mdm. Sharifah Norolah Wan Ahmad briefing The VIPs on the exhibition items

SUMMARY

- Small and Medium Entrepreneurs (SMEs) play important role in the national economy
- The government had initiated the SME Master Plan which provides the roadmap for SMEs' development
- The government is providing financial assistance to help the SMEs to expand their business





PLANTED FOREST ESTABLISHMENTS

An alternative source was imminent to ensure sustainable supply of raw materials for the local industry

Efforts on planted forest establishments in Sarawak were made following the ITTO's recommendation that the annual logs production from the Permanent Forest Estates (PFE) be reduced to 9.2 million m^3. In 1991, the state had produced 19.4 million m^3 of logs from the natural forests. Hence, an alternative source was imminent to ensure sustainable supply of raw materials for the local industry. In line with this, the government aspired to establish at least one million hectares of planted forests by 2020 through smart partnership with the private sector. Subsequently, The Forests (Planted Forests) Rules 1997 were formulated to provide the procedures and guidelines on commercial forest establishments. This was followed by the issuance of 43 Licences for Planted Forests (LPF) covering the area of 2.8 million hectares, in which 1.3 million hectares were suitable for planting. Among the tree species identified for the project were *Acacia mangium* (Mangium) , *Acacia hybrid* (Acacia), *Hevea brasiliensis* (rubber), *Neolamarkia cadamba* (Kelampayan), *Azadirachta excelsea* (Sentang), *Eucalyptus pellita* (Eucalyptus), *Eucalyptus deglupta* (Eucalyptus), *Eucalyptus grandis* (Eucalyptus), *Paraserianthes falcataria* (Batai) and *Shores macophylia* (Engkabang Jantung).

Among others, planted forest establishments in Sarawak aim to:

I. Ensure sustainable supply of raw materials for the local processing industries;
II. Provide an alternative source of raw materials;
III. Rehabilitate the logged over and cultivated (shifting cultivation) areas;
IV. Produce 15 million m^3 of raw materials from planted forests; and
V. Provide employment and business opportunities for the locals.

Until June 2012, 297,052 hectares or 30% had been planted.

Various issues were encountered by the industry players which influenced their efforts on planted forest establishments. The Native Customary Rights land including "Pemakai Menoa" (Communal/Territorial Domain) and "Pulau Galau" (Reserved Forest or Land) being very sensitive issue warrants mutual understanding and co-operation among the participating companies and the communities concerned. Other issues included land suitability for tree planting, labour shortage, inclement weather, finance, plant diseases as well as the current logging activities which affect the planting progress.

In handling these issues, the government through the related departments and agencies had made various initiatives by carrying stricter and systematic monitoring, imposing stringent Licence Terms and Enforcement Regulations, ensuring that LPF holders obey the terms, specifications and the prescribed schedule, and increasing the annual planting rate for 2012-2020 to 78,909 hectares per year.

In supporting the government's aspiration to establish one million hectares of planted forests by 2020, STIDC had acquired the licence from the Forestry Department, Sarawak to plant trees covering the area of 210,488 hectares at Tutoh in Miri Division (LPF11), Kakus in Bintulu Division (LPF12) and Belaga (LPF13). Parallel with this, STIDC had embarked on joint venture initiative with KTS Holdings Sendirian Berhad to form PUSAKA-KTS Forest Plantation Sendirian Berhad (PKTS) whose task was to develop the planted forests.

STIDC also plays pivotal role in encouraging optimum utilisation of raw materials from the planted forests. Thus, besides targeting the primary and secondary industries, STIDC had also made the initiative to establish pulp and paper industry which definitely will become the largest consumer of raw materials from the planted forests.

Located in Bintulu Division, Acacell which is the first pulp and paper mill in Sarawak is poised to operate in 2015. Plan is also in the pipeline to establish another pulp and paper mill in Bintulu.

SUMMARY

- The government aspired to establish at least one million hectares of planted forests by 2020 through smart partnership with the private sector
- STIDC had embarked on joint venture initiative to develop the planted forests
- STIDC plays pivotal role in ensuring optimum utilisation of raw materials from the planted forests

INDUSTRY UPDATE

The Timber Industry Update is part of STIDC's continuous effort to disseminate the latest information and to create awareness among the industry players

The Timber Industry Update is part of STIDC's continuous effort to disseminate the latest information and to create awareness among the industry players on market situation, trade practices, government policies and issues related to the timber industry.

Timber and timber products is the mainstay of the state's economy and the fourth largest income contributor after oil, gas and palm oil. It is therefore vital to keep abreast with the global market situation in order to move in pace with the current happenings and meet the market requirements.

This year's Industry Update was held on 19th July 2012 at the STIDC headquarters in Kuching. The half-day event was officiated by Datu Sudarsono Bin Osman, Permanent Secretary of Ministry of Resource Planning and Environment.

The event which focused on planted forest projects in Sarawak augured well with the state government's aspiration to establish one million hectares of planted forests by 2020.

To ensure the success of the projects, Datu Sudarsono said the government is embarking on smart partnership with the private sector to plant fast growing tree species such as Acacia mangium.

The planted forest establishments which can produce about 15 million cubic metres of raw materials per year reflects the government's commitment in ensuring a sustainable supply of raw materials for the local industry. It also complements the supply of raw materials from natural forests.

On the related issues, Datu Sudarsono said there are mounting pressures for legality and sustainability of timber supply from importing countries particularly the EU, the USA, Japan and Australia. The EU had implemented the EU Timber Regulation which is expected to be enforced on 1st January 2013. It requires Malaysian operators to provide legality evidence such as certification from either the Forest Stewardship Council or the Malaysian Timber Certification Council or other recognised certification schemes or a Forest Law Enforcement Governance and Trade to the European buyers. Legality and sustainability issues had also prompted other importing countries to introduce certain measures to ensure that they are

Datu Sudarsono (3rd left) together with the participants. Also seen are STIDC General Manager, Datu Haji Sarudu Haji Hoklai (2nd left) and his deputy, Haji Hashim Haji Bojet (4th left)

- *Welcoming remark by Datu Sudarsono*

- *STIDC Official, Mr. Nicholas Andrew Lissem presenting a paper on Electronic-Industrial Production Return (e-IPR)*

guaranteed with legal products. Similarly, the USA had introduced the LACEY ACT as a mean to curb illegal timber trade. Japan on the other hand had introduced the Japanese Agricultural Standards and the Japanese Industrial Standards that must be complied by the exporting countries including Malaysia. In the near future, Australia is going to implement a prohibition to limit only legal timber into its market. Besides, the Korean Trade Commission had also imposed anti-dumping duties on the import of Malaysian plywood.

Obviously, there is a need for the timber industry players particularly those in Sarawak to aggressively and consistently strengthen and promote the acceptance of our legality system among the consuming countries. At the same time, they should continue to work closely with the related government agencies in implementing the government policies as well as in addressing the current issues.

Attended by members of the timber industry in Sarawak, the Industry Update discussed topics on “Electronic-Industrial Production Return (e-IPR)”, “Forest Policy and Globalisation of Korea”, “Sabah Experience in Forest Plantation”, “Status of Sarawak Forest Plantation”, “Facilities and Services at Tanjung Manis Port for Timber and Timber Product Exporters” and “Opportunities and Challenges of Timber Trade in Kandla, Gugarat”.

SUMMARY

- Timber and timber products is the mainstay of the state’s economy and the fourth largest income contributor after oil, gas and palm oil
- The planted forest projects in Sarawak augured well with the state government’s aspiration to establish one million hectares of planted forests by 2020
- The planted forest establishments can produce about 15 million cubic metres of raw materials per year

Datu haji Sarudu (2nd right) signing the plaque to mark the official opening of STIDC Limbang Liaison office

Datu Haji Sarudu (seated right) signing the visitors' book at the official opening ceremony of STIDC Limbang Liaison office

Datu Haji Sarudu (2nd right) cutting the ribbon as a sign of the official opening of STIDC Limbang Liaison office

Datu Haji Sarudu (seated 4th left) together with the staff at the official opening ceremony of STIDC Limbang Liaison office

STIDC is committed to rendering quality services for customers' satisfaction

Being the leader and catalyst of the wood-based industry in Sarawak, STIDC is committed to rendering quality services for customers' satisfaction. In line with this objective, the Corporation is always striving for continuous improvement particularly in terms of service delivery.

In the efforts to improve the services, the Corporation had acquired its new office premises in Limbang Division, Sarawak on 8th June 2012. The official opening of the new office was graced by STIDC General Manager, Datu Haji Sarudu Haji Hiklai.

Datu Haji Sarudu highlighted that the acquisition of the new office premises is in tandem with the rapid pace of development in Limbang and Lawas Divisions. It also reflects the Corporation's readiness in serving the industry and the community.

STIDC Limbang, despite having limited resources continues to play its role in providing support services to the headquarters in Kuching and the Miri Divisional Office. Among its core activities include approving and issuing of Export and Import Licences, monitoring the log quota, facilitating the company registration, overseeing the STIDC Furniture Vendor Development Programme as well as carrying the timber grading and issuing the Grading Certificates.

Parallel with the technological advancement, STIDC Limbang is equipped with the e-government system to facilitate work processes particularly those related to company registration. This will definitely help to enhance the effectiveness especially in terms of delivery services.

The system which is hassle-free poised to benefit both STIDC and the industry as it promises efficiency, accuracy and convenience.

SUMMARY

- STIDC is always striving for continuous improvement particularly in terms of service delivery
- The acquisition of the new office premises is in tandem with the rapid pace of development
- The system promises efficiency, accuracy and convenience

GIVING BACK TO COMMUNITY

STIDC subscribes to the spirit of sharing and giving back to the community

STIDC subscribes to the spirit of sharing and giving back to the community. Guided by this principle, the Corporation had never failed to demonstrate its corporate social responsibility (CSR) towards the society particularly the needy.

Every Ramadan (Muslim fasting month), since 1982, the Corporation together with its subsidiaries contribute financial assistance to various organisations to support their activities and to care for the less fortunate.

This year, 54 NGOs benefited from the Corporation's CSR programme in the form of monetary aids. The ceremony for the presentation of the assistance was held at Wisma Sumber Alam, Kuching on 10th August 2012. The auspicious ceremony was graced by Datuk Amar Haji Awang Tengah Ali Hassan, Minister of Resource Planning & Environment II and Minister of Industrial Development and Public Utilities cum STIDC Chairman.

According to him, Ramadan is a time for Muslims to devote themselves to God and also a time of charity and outreach to the targeted groups of the society in line with our CSR and Islamic teaching. He also stressed that this is the season for self examination

- *Datuk Amar Haji Awang Tengah Ali Hassan (seated 5th left) together with VIPs posing with recipients of the monetary aids.*

and reminded the people to discard lackadaisical attitude and to ensure that their performance and integrity are at their best.

He added that this is a special time for us to renew and foster closer relationship and understanding among fellow members of the society to ensure unity. Despite the fact that Sarawak has a plural society, the minister said, we are one in God's sight. It is therefore important to sustain unity in diversity and let it be the strength for Sarawak.

Describing Sarawakians as fortunate for enjoying peace and harmony he attributed the situation to good governance compared with the global arena which is facing uncertainties due to political instability. In view of this, it is imperative to enhance team spirit in order to sustain prosperity.

The minister hoped that the recipients would make full use of the contribution and join the effort to build a caring society aside from safeguarding peace and harmony and developing Sarawak together.

Also present at the ceremony were members of STIDC Board of Management as well as STIDC General Manager, Datu Haji Sarudu Haji Hoklai and his Deputy, Haji Hashim Bojet.

Among the beneficiaries of the monetary aids were the Society for the Blind, Sarawak Association for the Welfare of Intellectually Disabled Children, Pertubuhan Kebajikan Anak-anak Yatim Sarawak, Sarawak Hun Nam Siang Tng, Lions Nursing Home, Anglican Foundation and Lembaga Amanah Kebajikan Islam Limbang.

SUMMARY

- Since 1982, STIDC together with its subsidiaries contribute financial assistance to various organisations to support their activities and to care for the less fortunate.
- This year, 54 NGOs benefited from the Corporation's CSR programme in the form of monetary aids
- Ramadan is not only the time for Muslims to devote themselves to God but also a time of charity and outreach.

JANUARY – JUNE

2012 market performance

Tarawak The values of logs and timber products exported for the first half of 2012 decreased by 0.2% worth RM3.705 billion compared to the same period last year at RM3.712 billion. There were increased in the overall values of timber products exported. Respective increase in export values were that of sawntimber (18%), veneer (13%), moulding (36%), dowel (39%), fibreboard (24%), blockboard (197%) and woodchips (51%). However, there were respective decrease in export value of logs (2.5%), plywood (5%), laminated board (4%) and particle board (10%).

Plywood remained the major contributor accounting for 54% @ RM2.0 billion of the total export value, with logs (24% @ RM890 million) and sawntimber (11% @RM398 million) as second and third place respectively. **(Table 1)**

LOGS

The volume of logs exported increased by 11.1% to 1.6 million m3 from 1.5 million m3 and its value decreased by 2.5% to RM890 million from RM913 million for the first half year 2012 in comparison with similar period in 2011. India remains the number one importer of the State's logs, followed by Taiwan, China, Japan and Vietnam.

There was an increase by 18% for logs exported to India at 1.1 million m3 valued at RM 585 million contributing 66% to the overall value of logs exported from January to June 2012 against that 0.9 million m3 exported for the corresponding period in 2011.

Top 3 log importing countries were India, Taiwan and China contributing 87% of the overall exported volume and value of the products in the first half year 2012.

Average price of logs decreased by 12% from RM615 per m3 to RM539 per m3 for the first half 2012 compared to similar period in 2011. **(Table 2)**

SAWN TIMBER

The volume of sawntimber exported increased by 12% to 0.42 million m3 from 0.37 million m3 and increased in value by 18% to RM398 million from RM338 million for January to June 2012 against that of similar period in 2011.

Thailand is still the traditional number one market for the State's sawn timber by purchasing volume of 131,908 m3 of the sawntimber with exported value at RM126 million, followed by Middle East (imported 88,769 m3 @ RM106 million) and Philippines (79,104 m3 @RM30 million).

The export volume of the sawntimber to Thailand increased by 10% compared to similar period of the previous year. This was followed by Middle East and Philippines which increased by 67% and 20% respectively.

Export of sawntimber to Thailand, Middle East and Philippines constituted 72% of the overall exported volume and contributed 68% to the overall value of the products in the first half year 2012.

Average price of the sawntimber increased by 5% from RM903 per m3 to RM951 per m3 for the first half 2012 compared to similar period in 2011. **(Table 3)**

PLYWOOD

Plywood exported for the first half 2012 was at 1.299 million m3 that was 0.34% higher than that of 1.295 million m3 exported during the corresponding period in 2011. Plywood sales amounting to RM 2 billion contributed 54% to the overall revenue obtained from the total export of logs and timber products for the first half of 2012.

Japan remains the number one importer of the State's plywood with the purchase of 0.7 million m3 or 55% of the volume exported with total value of RM2 billion for the first six month of 2012. There was a decrease by 15% in the volume of



plywood exported to Japan from January to June 2012 compared to that similar period, 2011. Other major plywood importers were Middle East (increased by 101% to 201,880 m3) and Korea (increased by 35% to 176,472 m3).

Export of plywood to Japan, Middle East and Korea contributed 81% of the overall exported volume and value of the products in the first half 2012.

Average price of plywood decreased by 5% from RM1,619 per m3 to RM1,540 per m3 for the first half 2012 compared to similar period in 2011. **(Table 4)**

OTHER TIMBER PRODUCTS

Other timber products includes veneer, dowels, mouldings, particle board, fibreboard, block board, laminated board/flooring, woodchip and other timber products as mentioned in Table 1. The export value of these products was at RM392 million accounted for 11% of the overall value of logs and timber products exported during the first half of 2012. There was respective increase in volumes of veneer (5%), moulding (22%), dowel (7%), and blockboard (356%) .However, there was a decrease in volume for laminated board/flooring (12%) and particle board (16%) for the first half 2012 compared to the corresponding period in 2011.

FUTURE OUTLOOK

Timber industry in Sarawak is still growing strong. Logs, sawntimber, plywood and veneer are still the main export commodities. These 4 main export commodities made up of 94% of the total export volume while the balance is made up of other value-added products.

Looking of the first six month this year, the export revenue indicated encouraging growth at RM3.7 billion. Conservatively, the export revenue for this year would be not less than RM7 billion.

This is supported by the fact that the volume of log exported to India has increased by 18% compared to the same period last year. It is believed that the log prices will remain firm at current prices due to the robust demand from India market.

It was also reported in Japan Lumber Journal (JLJ) that the reconstruction activities after the earthquake damaged areas in Japan were starting to gain pace. Based on the current pace of de-stocking the plywood inventory in Japan should return to normal level in a few months time. The plywood demand would be expected to pick up most likely by early next year 2013.

The emergence of big potential markets from Yemen, Kuwait, Bahrain, Saudi Arabia and UAE have certainly pushed up the demand for timber products significantly. With all that positive factors in favour of the timber industry, it is hoped that the timber industry can still overcome some global challenges and grow sustainably.

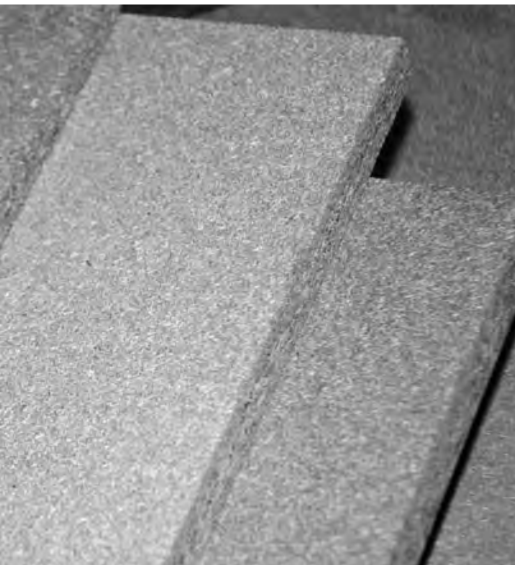


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TABLE 1
EXPORT SUMMARY OF TIMBER AND TIMBER PRODUCTS FROM SARAWAK

PRODUCTS	2012e January - June			2011e January - June			% Change 2012 / 2011	
	Volume (M³)	FOB Value (RM'000)	Value %	Volume (M³)	FOB Value (RM'000)	Value %	Volume	Value
LOG	1,649,753	889,947	24.02	1,484,947	912,792	24.59	11.10	(2.50)
SAWNTIMBER	418,137	397,747	10.73	373,777	337,668	9.10	11.87	17.79
PLYWOOD	1,299,634	2,001,288	54.01	1,295,287	2,096,425	56.47	0.34	(4.54)
VENEER	106,146	126,673	3.42	101,570	111,760	3.01	4.51	13.34
LAMINATED BOARD / FLOORING	9,715	23,844	0.64	11,057	24,766	0.67	(12.14)	(3.72)
MOULDING	4,194	10,080	0.27	3,444	7,386	0.20	21.75	36.47
DOWEL	566	2,427	0.07	530	1,740	0.05	6.75	39.48
FIBREBOARD	93,776	149,702	4.04	93,928	120,763	3.25	(0.16)	23.96
BLOCKBOARD	604	472	0.01	132	159	0.00	356.11	196.86
PARTICLE BOARD	50,796	26,689	0.72	60,385	29,550	0.80	(15.88)	(9.68)
OTHER PRODUCTS	46,728	63,732	1.72	40,749	60,888	1.64	14.67	4.67
WOODCHIP [Tonne]	79,300	12,663	0.34	68,038	8,362	0.23	16.55	51.44
TOTAL (M3) (RM)	**3,680,046**	**3,705,264**	**100**	**3,465,806**	**3,712,259**	**100**	**6.18**	**(0.19)**

***OTHER TIMBER PRODUCTS:**

- Biomas Partices
- Chopping board
- Densified wood
- Door & door frames
- Finger jointed
- Furniture and furniture parts
- Laminated beam
- Laminated post
- Laminated Veneer Lumber (LVL)
- Parquet flooring
- Railways sleepers
- Wooden fences
- Wooden gates
- Wooden pallet
- Wooden pegs & stakes
- Wooden pellet

Notes:
- Fibreboard include MDF and HDF
- Total of volume (m3) does not includes woodchips (tonne)
- e = estimated data

EXPORT VALUE OF MAJOR TIMBER & TIMBER PRODUCTS
FROM SARAWAK (RM'000) : 2012 / 2011

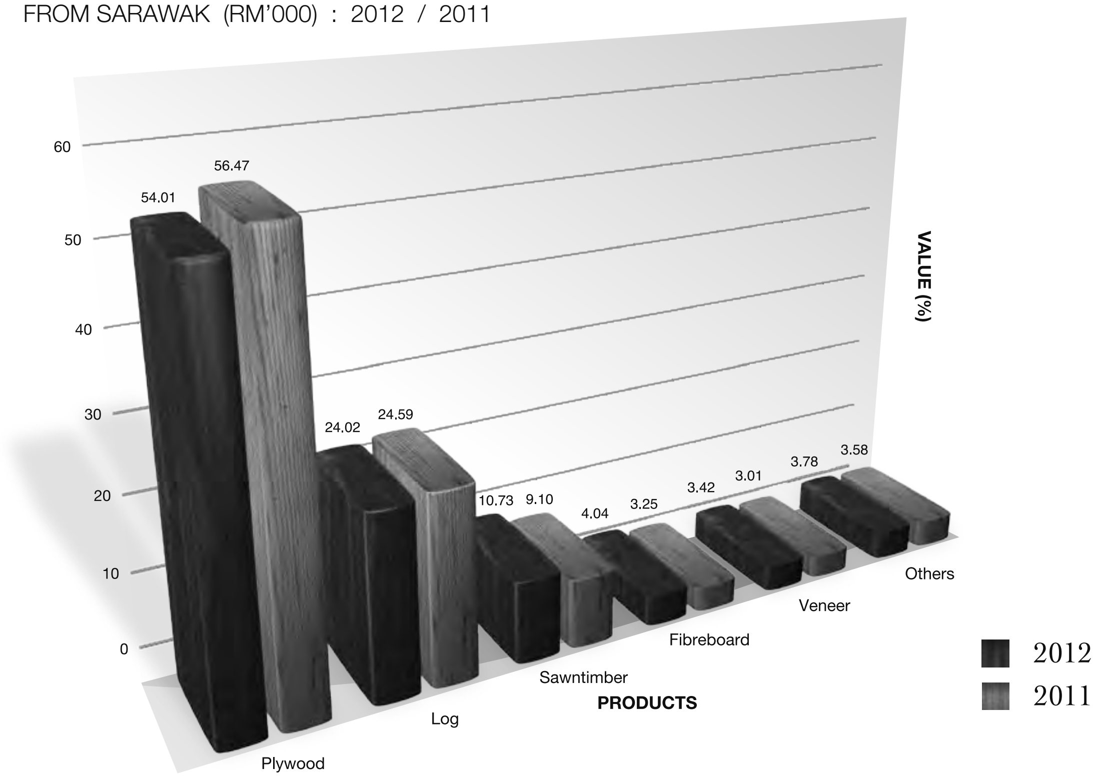


TABLE 2
EXPORT OF LOG BY COUNTRY OF DESTINATIONS

DESTINATIONS	2012e January - June			2011e January - June			% Change 2012 / 2011	
	Volume (M^3)	FOB Value (RM'000)	Value %	Volume (M^3)	FOB Value (RM'000)	Value %	Volume	Value
INDIA	1,087,358	585,175	65.75	921,617	582,712	63.84	17.98	0.42
TAIWAN	176,219	98,103	11.02	211,560	128,603	14.09	(16.70)	(23.72)
CHINA	168,047	86,757	9.75	117,499	61,503	6.74	43.02	41.06
JAPAN	85,741	54,897	6.17	131,541	88,969	9.75	(34.82)	(38.30)
VIETNAM	79,500	33,125	3.72	63,746	29,282	3.21	24.71	13.12
KOREA	33,698	19,615	2.20	19,563	10,466	1.15	72.25	87.42
PHILIPPINES	9,114	4,138	0.46	-	-	-	100.00	100.00
THAILAND	9,095	6,792	0.76	14,664	9,288	1.02	(37.98)	(26.87)
PAKISTAN	980	1,345	0.15	801	1,055	0.12	22.47	27.49
INDONESIA	-	-	-	3,956	914	0.10	(100.00)	(100.00)
TOTAL	**1,649,753**	**889,947**	**100**	**1,484,947**	**912,792**	**100**	**11.10**	**(2.50)**

EXPORT VALUE OF LOG TO MAJOR DESTINATIONS
(RM'000) : 2012 / 2011

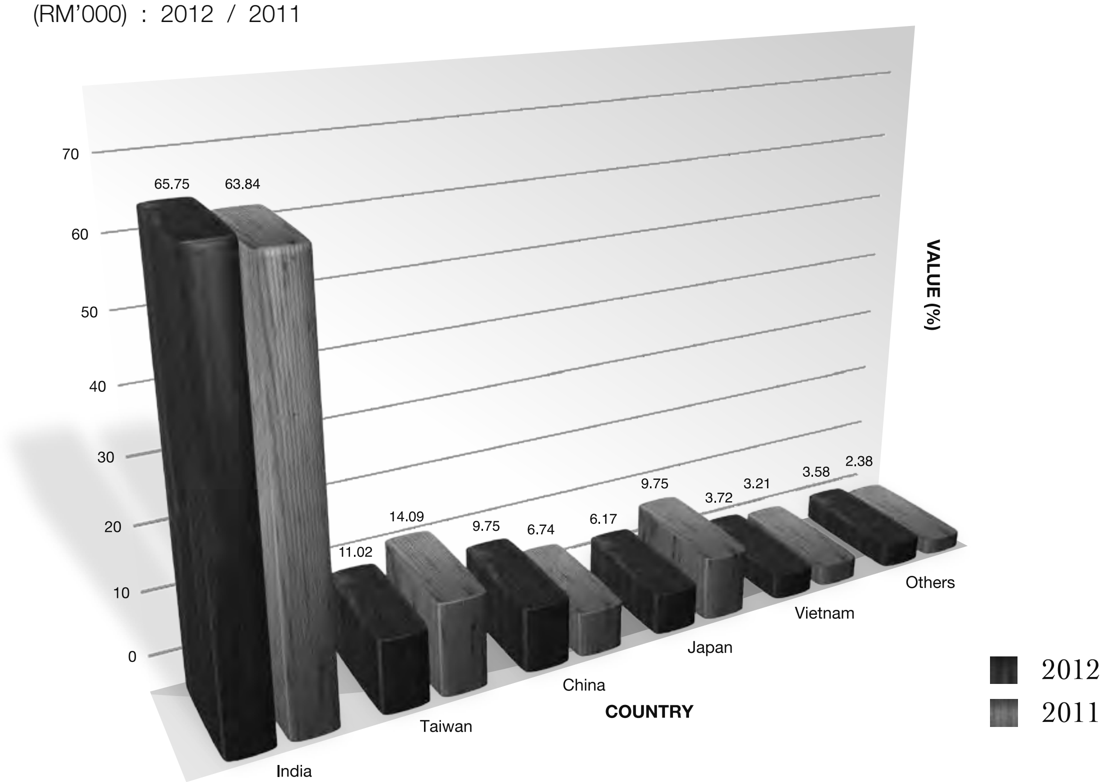


TABLE 3
EXPORT OF SAWNTIMBER BY COUNTRY OF DESTINATIONS

DESTINATIONS	2012e January - June			2011e January - June			% Change 2012 / 2011	
	Volume (M^3)	FOB Value (RM'000)	Value %	Volume (M^3)	FOB Value (RM'000)	Value %	Volume	Value
THAILAND	131,908	126,476	31.80	119,526	107,339	31.79	10.36	17.83
MIDDLE EAST	88,769	105,574	26.54	53,065	60,303	17.86	67.28	75.07
PHILIPPINES	79,104	29,963	7.53	65,948	24,575	7.28	19.95	21.92
TAIWAN	35,952	31,760	7.98	46,348	43,683	12.94	(22.43)	(27.29)
SINGAPORE	18,763	19,035	4.79	17,855	19,599	5.80	5.08	(2.88)
KOREA	16,343	19,346	4.86	12,196	11,331	3.36	34.00	70.74
JAPAN	12,938	23,371	5.88	12,307	19,535	5.79	5.12	19.64
CHINA	11,869	12,742	3.20	15,290	13,743	4.07	(22.38)	(7.28)
SRI LANKA	6,538	9,289	2.34	8,362	9,952	2.95	(21.82)	(6.66)
SOUTH AFRICA	5,389	5,817	1.46	7,975	9,006	2.67	(32.43)	(35.41)
OTHERS*	10,566	14,374	3.61	14,905	18,602	5.51	(29.11)	(22.73)
TOTAL	**418,137**	**397,747**	**100**	**373,777**	**337,668**	**100**	**11.87**	**17.79**

***OTHER DESTINATION:**
- AUSTRALIA
- BELGIUM
- BRUNEI
- FRANCE
- HONG KONG
- INDIA
- INDONESIA
- MALDIVES
- MAURITIUS
- NETHERLANDS
- REUNION
- SEYCHELLES
- UNITED KINGDOM
- UNITED STATES
- VIETNAM
- within MALAYSIA (Peninsular & Sabah)

EXPORT VALUE OF SAWNTIMBER TO MAJOR DESTINATIONS
(RM'000) : 2012 / 2011

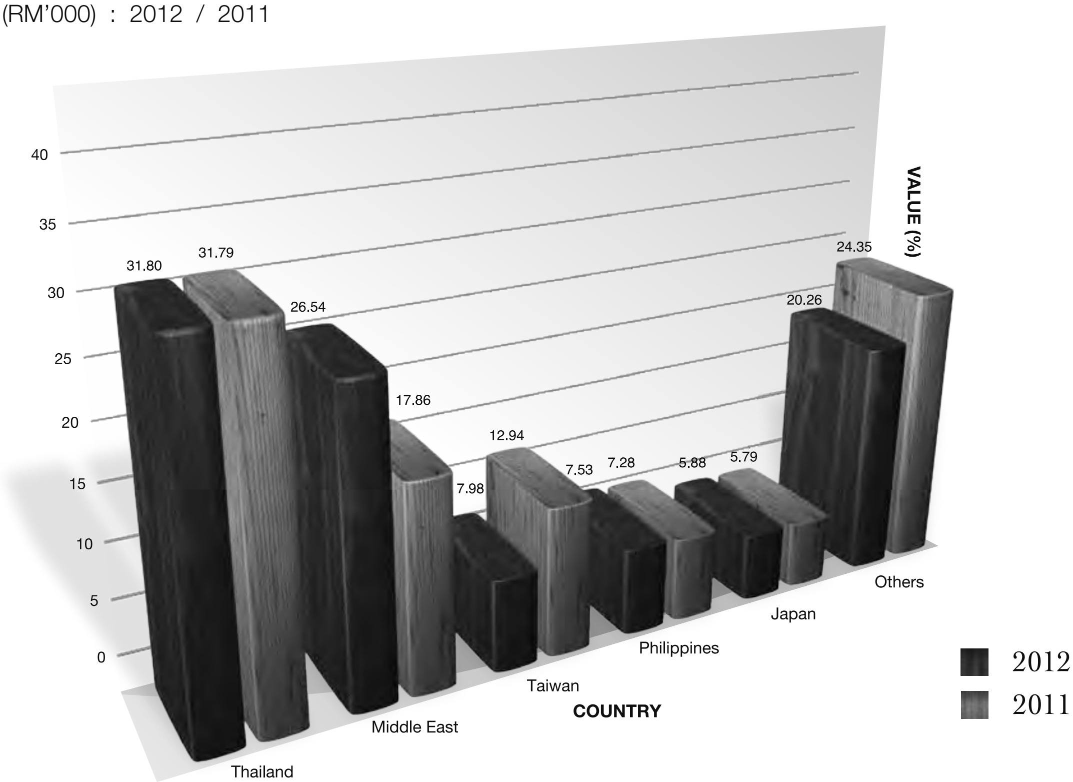


TABLE 4
EXPORT OF PLYWOOD BY COUNTRY OF DESTINATIONS

DESTINATIONS	2012ᵉ January - June			2011ᵉ January - June			% Change 2012 / 2011	
	Volume (M^3)	FOB Value (RM'000)	Value %	Volume (M^3)	FOB Value (RM'000)	Value %	Volume	Value
JAPAN	675,580	1,106,839	55.31	796,597	1,402,207	66.89	(15.19)	(21.06)
MIDDLE EAST	201,880	274,718	13.73	100,618	138,034	6.58	100.64	99.02
KOREA	176,472	230,055	11.50	130,672	162,465	7.75	35.05	41.60
TAIWAN	110,606	154,124	7.70	112,912	147,541	7.04	(2.04)	4.46
CHINA	29,098	49,870	2.49	23,583	35,271	1.68	23.39	41.39
UNITED STATES	26,287	57,225	2.86	23,015	41,643	1.99	14.22	37.42
PHILIPPINES	25,157	41,587	2.08	34,355	56,084	2.68	(26.77)	(25.85)
HONG KONG	13,565	19,521	0.98	20,563	27,194	1.30	(34.03)	(28.22)
SINGAPORE	10,650	13,927	0.70	8,626	10,679	0.51	23.47	30.41
BRUNEI DARUSSALAM	6,497	6,840	0.34	5,490	5,707	0.27	18.34	19.85
OTHERS*	23,841	46,582	2.33	38,858	69,600	3.32	(38.65)	(33.07)
TOTAL	**1,299,634**	**2,001,288**	**100**	**1,295,287**	**2,096,425**	**100**	**0.34**	**(4.54)**

***OTHER DESTINATION:**

- AUSTRALIA
- BRUNEI
- CANADA
- INDIA
- INDONESIA
- LIBERIA
- MALDIVES
- MAURITIUS
- MEXICO
- NEW ZEALAND
- SOUTH AFRICA
- SRI LANKA
- THAILAND
- VIETNAM

EXPORT VALUE OF PLYWOOD TO MAJOR DESTINATIONS

(RM'000) : 2012 / 2011

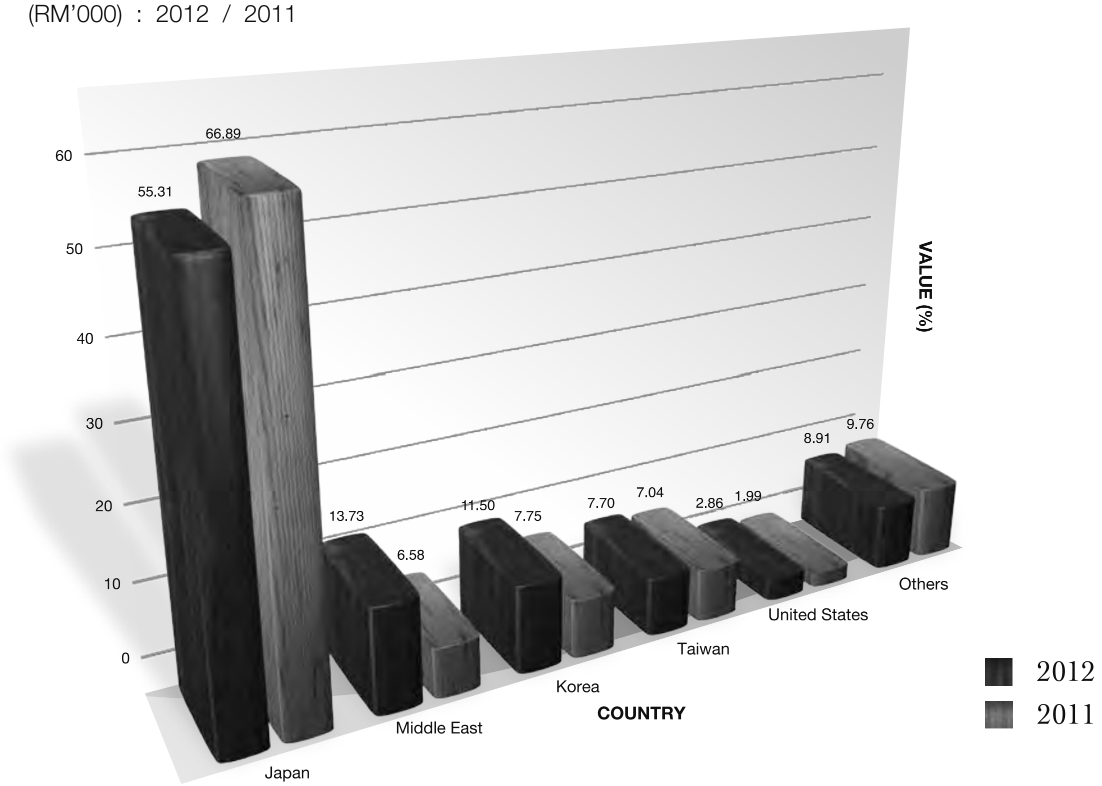


TABLE 5
EXPORT OF VENEER BY COUNTRY OF DESTINATIONS

DESTINATIONS	2012e January - June			2011e January - June			% Change 2012 / 2011	
	Volume (M^3)	FOB Value (RM'000)	Value %	Volume (M^3)	FOB Value (RM'000)	Value %	Volume	Value
TAIWAN	51,740	61,395	48.47	55,473	60,832	54.43	(6.73)	0.93
KOREA	26,859	29,071	22.95	11,384	12,592	11.27	135.93	130.87
CHINA	11,316	9,941	7.85	12,513	10,443	9.34	(9.57)	(4.81)
PHILIPPINES	9,835	14,710	11.61	16,106	16,880	15.10	(38.94)	(12.86)
JAPAN	3,765	6,639	5.24	4,986	7,520	6.73	(24.50)	(11.72)
THAILAND	1,574	1,325	1.05	66	70	0.06	2279.62	1792.86
AUSTRALIA	811	3,366	2.66	986	3,383	3.03	(17.78)	(0.50)
VIETNAM	213	202	0.16	-	-	-	100.00	100.00
SINGAPORE	34	24	0.02	54	40	0.04	(37.46)	(40.00)
TOTAL	**106,146**	**126,673**	**100**	**101,570**	**111,760**	**100**	**4.51**	**13.34**

EXPORT VALUE OF VENEER TO MAJOR DESTINATIONS
(RM'000) : 2012 / 2011

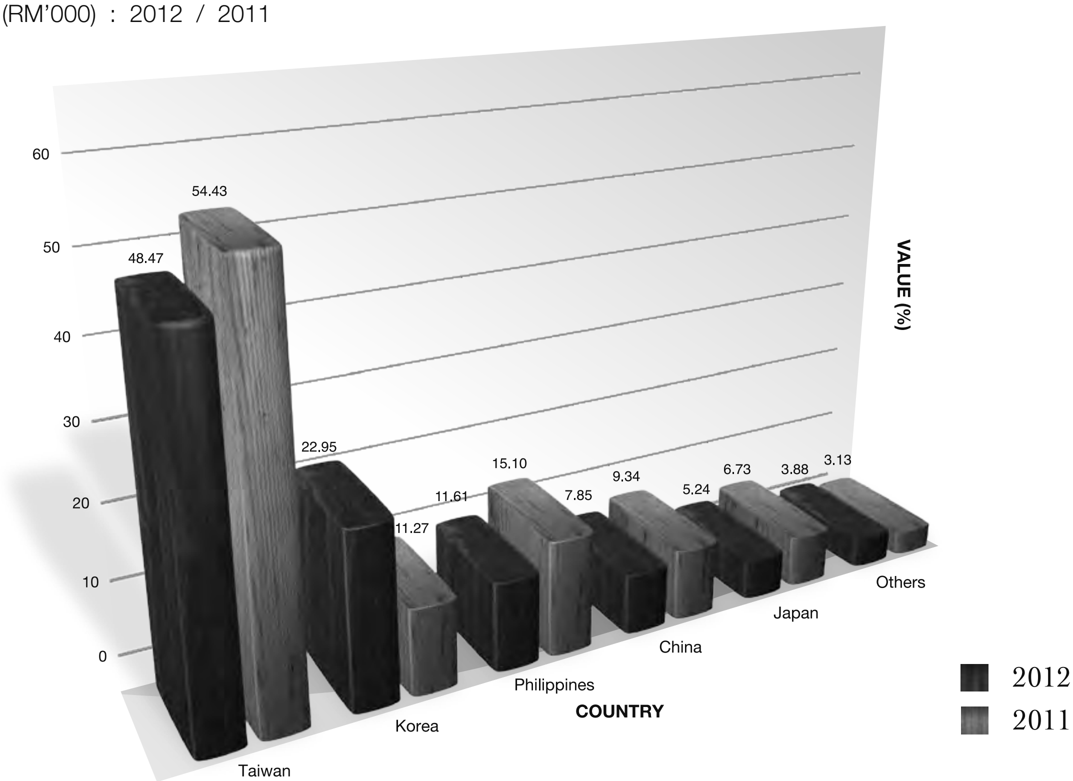


TABLE 6
EXPORT OF LAMINATED BOARD/FLOORING BY COUNTRY OF DESTINATIONS

DESTINATIONS	2012e January - June			2011e January - June			% Change 2012 / 2011	
	Volume (M^3)	FOB Value (RM'000)	Value %	Volume (M^3)	FOB Value (RM'000)	Value %	Volume	Value
UNITED STATES	4,735	15,638	65.58	5,958	17,308	69.89	(20.52)	(9.65)
TAIWAN	2,530	2,738	11.48	1,950	1,895	7.65	29.74	44.49
KOREA	1,232	1,614	6.77	1,768	2,110	8.52	(30.33)	(23.51)
EU	344	1,077	4.52	580	1,666	6.73	(40.62)	(35.35)
INDONESIA	223	652	2.73	-	-	-	100.00	100.00
BRUNEI DARUSSALAM	209	696	2.92	84	231	0.93	149.12	201.30
JAPAN	101	351	1.47	143	394	1.59	(29.50)	(10.91)
AUSTRALIA	87	389	1.63	-	-	-	100.00	100.00
SINGAPORE	82	274	1.15	120	309	1.25	(31.37)	(11.33)
THAILAND	66	157	0.66	314	648	2.62	(78.97)	(75.77)
OTHERS*	106	258	1.08	141	205	0.83	(24.63)	25.85
TOTAL	**9,715**	**23,844**	**100**	**11,057**	**24,766**	**100**	**(12.14)**	**(3.72)**

***OTHER DESTINATION:**
- CHINA
- SINGAPORE
- TURKEY
- VIETNAM

EXPORT VALUE OF LAMINATED BOARD/FLOORING TO MAJOR DESTINATIONS
(RM'000) : 2012 / 2011

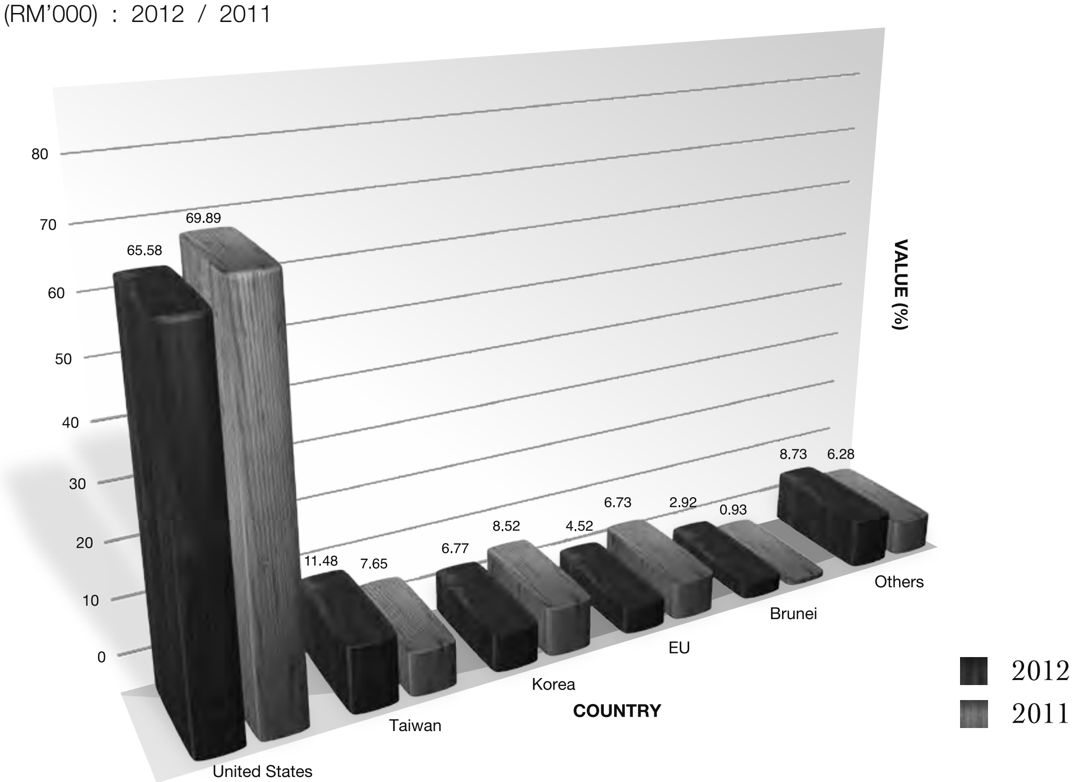


TABLE 7
EXPORT OF MOULDING BY COUNTRY OF DESTINATIONS

DESTINATIONS	2012e January - June			2011e January - June			% Change 2012 / 2011	
	Volume (M^3)	FOB Value (RM'000)	Value %	Volume (M^3)	FOB Value (RM'000)	Value %	Volume	Value
JAPAN	2,165	4,987	49.47	1,091	1,972	26.70	98.42	152.89
KOREA	796	1,694	16.81	638	1,253	16.96	24.63	35.20
AUSTRALIA	400	1,085	10.76	508	1,215	16.45	(21.23)	(10.70)
EU	291	594	5.89	416	979	13.25	(29.99)	(39.33)
TAIWAN	231	705	6.99	400	1,058	14.32	(42.13)	(33.36)
UNITED STATES	191	688	6.83	65	396	5.36	193.04	73.74
SOUTH AFRICA	39	70	0.69	42	75	1.02	(5.81)	(6.67)
CANADA	24	115	1.14	47	180	2.44	(50.00)	(36.11)
SINGAPORE	23	34	0.34	71	58	0.79	(67.19)	(41.38)
NEW ZEALAND	19	89	0.88	-	-	-	100.00	100.00
OTHERS*	15	19	0.19	166	200	2.71	(91.25)	(90.50)
TOTAL	**4,194**	**10,080**	**100**	**3,444**	**7,386**	**100**	**21.75**	**36.47**

***OTHER DESTINATION:**
- INDIA
- MAURITIUS
- SEYCHELLES
- TURKEY

EXPORT VALUE OF MOULDING TO MAJOR DESTINATIONS
(RM'000) : 2012 / 2011

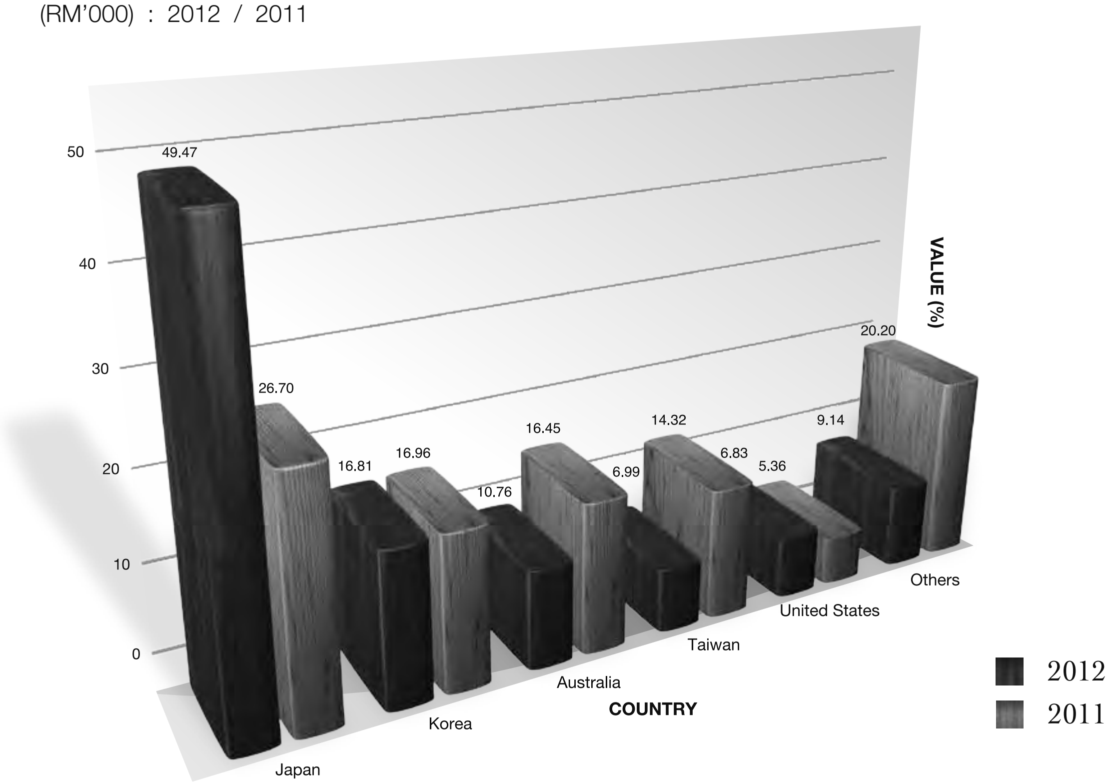


TABLE 8
EXPORT OF DOWEL BY COUNTRY OF DESTINATIONS

DESTINATIONS	2012e January - June			2011e January - June			% Change 2012 / 2011	
	Volume (M^3)	FOB Value (RM'000)	Value %	Volume (M^3)	FOB Value (RM'000)	Value %	Volume	Value
UNITED STATES	253	1,119	46.11	157	549	31.55	60.89	103.83
EU	141	725	29.87	129	490	28.16	9.65	47.96
SOUTH AFRICA	98	311	12.81	61	140	8.05	60.54	122.14
INDIA	33	119	4.90	36	146	8.39	(10.36)	(18.49)
CANADA	23	65	2.68	3	11	0.63	589.06	490.91
JAPAN	11	48	1.98	13	38	2.18	(19.45)	26.32
AUSTRALIA	7	40	1.65	93	226	12.99	(92.96)	(82.30)
SWITZERLAND	-	-	-	36	140	8.05	(100.00)	(100.00)
TOTAL	**566**	**2,427**	**100**	**530**	**1,740**	**100**	**6.75**	**39.48**

EXPORT VALUE OF DOWEL TO MAJOR DESTINATIONS
(RM'000) : 2012 / 2011

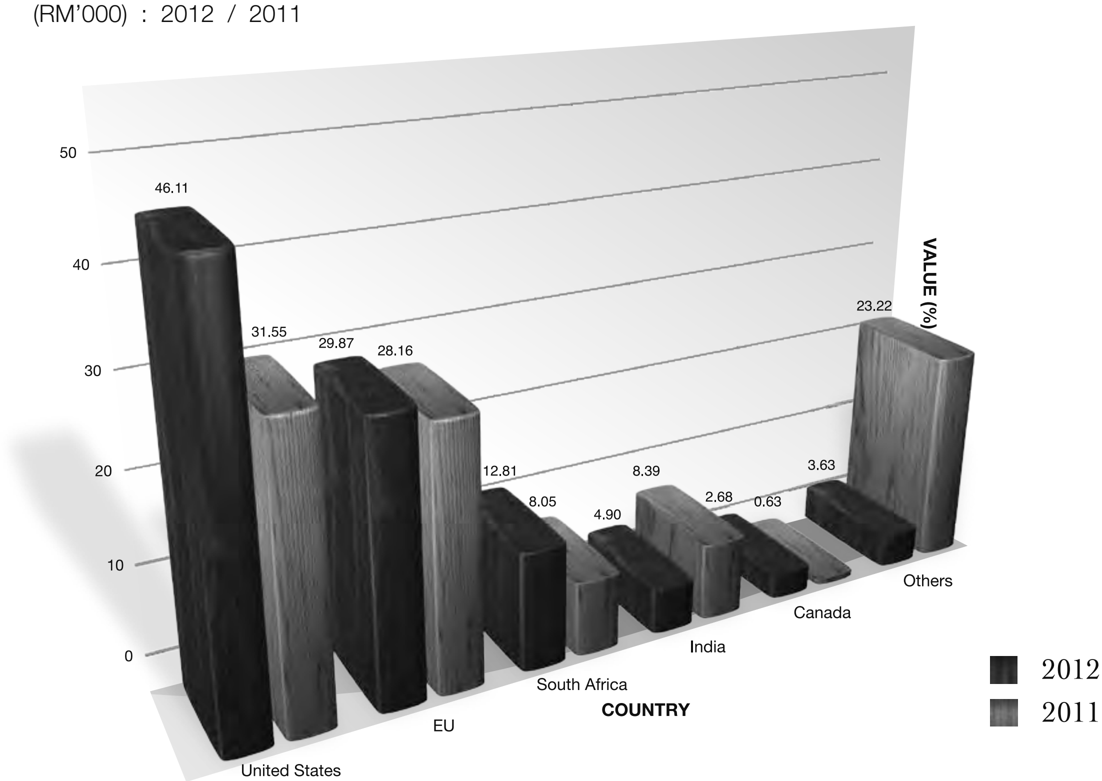


TABLE 9
EXPORT OF FIBREBOARD BY COUNTRY OF DESTINATIONS

DESTINATIONS	2012e January - June			2011e January - June			% Change 2012 / 2011	
	Volume (M^3)	FOB Value (RM'000)	Value %	Volume (M^3)	FOB Value (RM'000)	Value %	Volume	Value
JAPAN	77,705	129,628	86.59	68,485	97,720	80.92	13.46	32.65
INDONESIA	7,890	9,595	6.41	8,905	7,775	6.44	(11.40)	23.41
PHILIPPINES	5,107	6,066	4.05	4,625	3,950	3.27	10.43	53.57
TAIWAN	1,280	1,938	1.29	2,956	2,943	2.44	(56.71)	(34.15)
BRUNEI DARUSSALAM	579	564	0.38	766	654	0.54	(24.37)	(13.76)
NETHERLANDS	544	1,112	0.74	575	933	0.77	(5.31)	19.19
INDIA	350	331	0.22	625	451	0.37	(44.03)	(26.61)
CHINA	196	248	0.17	1,164	1,090	0.90	(83.19)	(77.25)
AUSTRALIA	126	220	0.15	167	234	0.19	(24.85)	(5.98)
THAILAND	-	-	-	2,815	2,520	2.09	(100.00)	(100.00)
OTHERS*	-	-	-	2,845	2,493	2.06	(100.00)	(100.00)
TOTAL	**93,776**	**149,702**	**100**	**93,928**	**120,763**	**100**	**(0.16)**	**23.96**

***OTHER DESTINATION:**
- SINGAPORE
- SOUTH AFRICA
- THAILAND
- VIETNAM

Notes:
- Fibreboard include MDF and HDF

EXPORT VALUE OF FIBREBOARD TO MAJOR DESTINATIONS
(RM'000) : 2012 / 2011

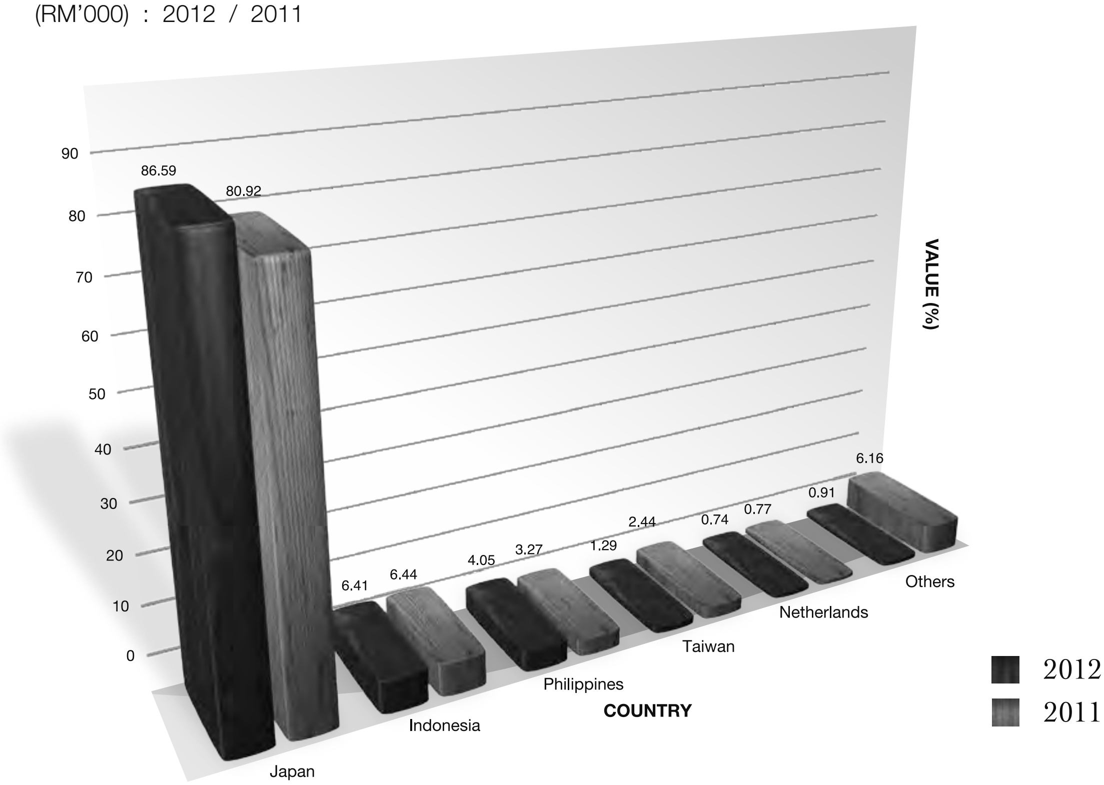
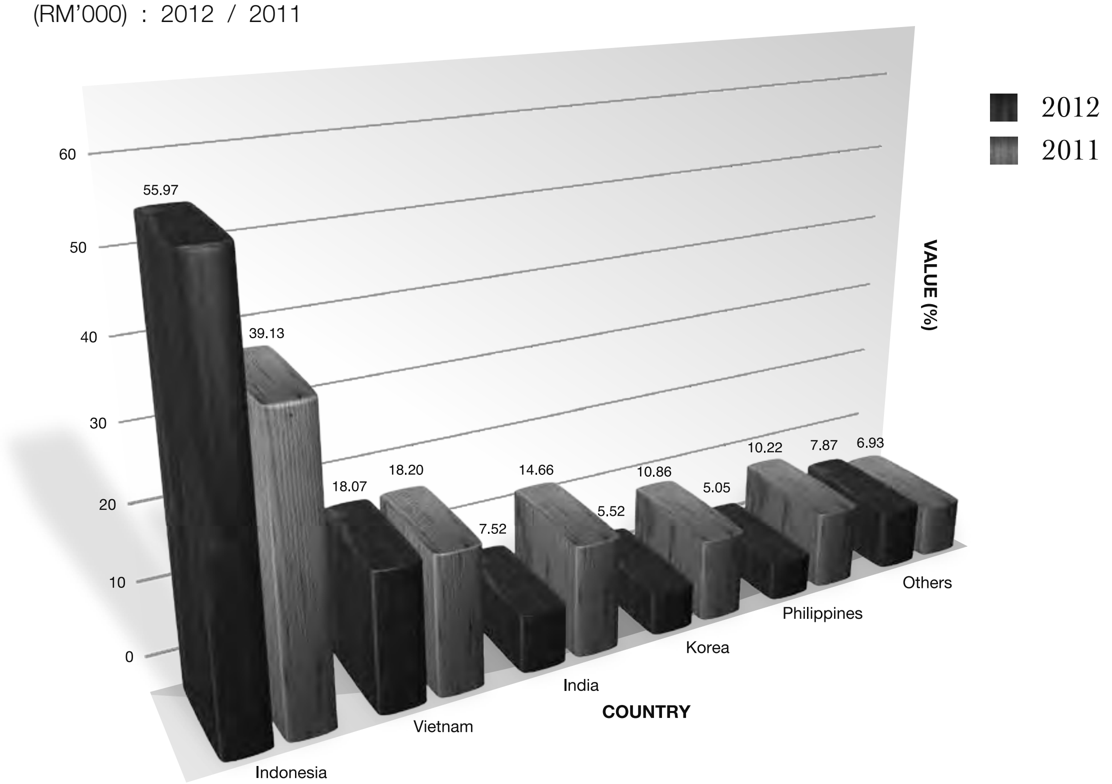


TABLE 10
EXPORT OF PARTICLE BOARD BY COUNTRY OF DESTINATIONS

DESTINATIONS	2012e January - June			2011e January - June			% Change 2012 / 2011	
	Volume (M^3)	FOB Value (RM'000)	Value %	Volume (M^3)	FOB Value (RM'000)	Value %	Volume	Value
INDONESIA	28,750	14,937	55.97	24,167	11,563	39.13	18.96	29.18
VIETNAM	9,720	4,823	18.07	11,769	5,378	18.20	(17.41)	(10.32)
INDIA	4,044	2,007	7.52	8,996	4,331	14.66	(55.05)	(53.66)
KOREA	2,473	1,473	5.52	5,488	3,208	10.86	(54.94)	(54.08)
PHILIPPINES	2,379	1,348	5.05	6,044	3,021	10.22	(60.64)	(55.38)
CHINA	1,554	985	3.69	509	363	1.23	205.37	171.35
JAPAN	708	440	1.65	1,515	920	3.11	(53.27)	(52.17)
BRUNEI	427	226	0.85	1,390	648	2.19	(69.25)	(65.12)
BANGLADESH	390	170	0.64	506.29	118.00	0.40	(22.94)	44.07
YEMEN	305	252	0.94	-	-	-	100.00	100.00
OTHERS*	45	28	0.10	-	-	-	100.00	100.00
TOTAL	**50,796**	**26,689**	**100**	**60,385**	**29,550**	**100**	**(15.88)**	**(9.68)**

***OTHER DESTINATION:**
- SINGAPORE
- TAIWAN

EXPORT VALUE OF PARTICLE BOARD TO MAJOR DESTINATIONS
(RM'000) : 2012 / 2011



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RM 25
Commercial Timber Species Of Sarawak (a set of 3)

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RM 10
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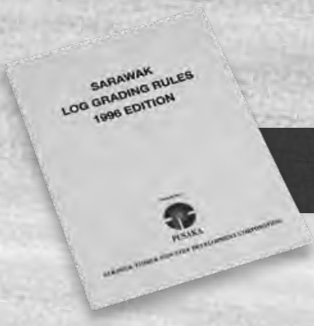

RM 5
Sarawak Log Grading Rules (SLGR) (English) (1996 Edition)

RM 40
Timber Sample Box (English Description)

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