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STA dan Rakan2

This monthly news bulletin is produced by Sarawak Timber Association (STA) to disseminate information to our counterparts on training, research and other relevant areas.

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MNRE – FLEGT Asia Meeting on Mapping of Stakeholder Consultation in Malaysia

The Ministry of Natural Resources and Environment (MNRE) and the European Forest Institute (EFI) FLEGT Asia Regional Support Programme (FLEGT Asia) co-organised a meeting on Mapping of Stakeholder Consultation in Malaysia. The Meeting was held on 15 June 2011 at the Renaissance Hotel, Kuala Lumpur attended by twenty-nine representatives from various Ministries, Government Departments/Agencies, Trade Associations, and Environment NGOs of three regions in Malaysia.

The Meeting was presided by Datuk Azyah Mohamed, the Deputy Secretary-General of the MNRE. She expressed the importance of documenting the stakeholder consultation processes in public policy decision-making for transparency purposes, however she also recognised the complexities of the process. She welcomed the initiative on mapping of stakeholder consultation processes to rectify incomplete records but must keep it simple.

The purpose of the half-day Meeting was to discuss how to catalogue the different stakeholder processes that had taken place in Malaysia with the aim to capture feedback and suggestions for the selected consultant to prepare the catalogue of stakeholder consultation processes that had occurred and to take these into account when preparing the final report. The

Meeting was informed that an EFI FLEGT Asia report will be published in collaboration with the two Ministries, namely MNRE and the Ministry of Plantation Industries and Commodities (MPIC). It will be a one-off initiative, facilitated by the EFI FLEGT Asia, which will commence in August 2011 for four months.

Ms Aimi Lee Abdullah of EFI gave a short presentation on the concept of “Mapping of stakeholder Consultation Processes in Malaysia” and followed by the proposed Terms of Reference (ToR), timeline/workplan and format of listing.

The Meeting agreed that this initiative should not lose sight of the original objectives and should just be a straightforward cataloging exercise without complicated by subjective assessments.

Financial study on Tax Incentives for Forest Plantation Development

On 17 June 2011, Sarawak Timber Association (STA) briefed Datuk Wilfred Madius Tangau, the Chairman of the Malaysian Timber Industry Board (MTIB), Prof Madya Dr Jalaluddin Harun, the Director-General of MTIB, Mr Low Yew Eng, the Divisional Secretary of Timber, Tobacco and Kenaf Industries Development Division of the Ministry of Plantation Industries and Commodities and senior staff from the Forest Plantation Division, MTIB on the Financial Study on Tax Incentives for Forest Plantation Development based on the scenario that the proposals on the two new tax incentives; namely the Income Tax (Deduction for Investment in an Approved Forest Plantation Project) Rules 2009 P.U. (A) 475/2009 and Income Tax (Exemption) (No. 10) Order 2009 P.U. (A) 473/2009 submitted to the Minister of Plantation Industries and Commodities on 25 April 2011 are accepted.

This presentation was in response to the question raised by Tan Sri Bernard Giluk Dompok, the Minister of Plantation Industries and Commodities on the financial aspects of the two new tax incentives that the Government would have to give to the forest plantation industry, if the Joint Proposals by the Sabah Timber

Industries Association (STIA), Timber Association of Sabah (TAS), Sarawak Timber Association (STA) and Forest Management Unit License Holders (FMULH) were to be approved, and also the tax to be collected by the Government from the output of the forest plantation industry.

Mr Philip Choo, the Chairman of STA Working Committee on Tax Incentives for Forest Plantation Development cum Honorary Treasurer of STA started the briefing by giving the background of the events pertaining to the two new tax incentives. Dr Bryan Lim Choon Yang, a member of the Committee on Tax Incentives for Forest Plantation Development then outlined the 2 models used, which were focused on Kelampayan (15-year cycle, and planted for timbers) and Acacia mangium (7-year cycle, planted for woodchips) for a 50,000-ha area. The presentation summarised the results of the total deduction and exemption tax incentives and net tax to be collected by the Government obtained from the above two models which was then extrapolated to cover the total area of the 26 LPFs which currently do not enjoy any form of tax incentives.

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Presentation of Loan Agreement and the Launching of the “Technical Standard Operating Procedure (SOP) for Non-Rubber Timber Species”

The Malaysian Timber Industry Board (MTIB), through its Forest Plantation Division organised a ceremony on 29 June 2011 to hand over the Loan Agreement under the Forest Plantation Development programme to eleven small/medium companies and seven big scale commercial forest plantation companies and the Launching of the “Technical Standard Operating Procedure (SOP) for Non-Rubber Timber Species”. This function was officiated by the Minister of Plantation Industries

and Commodities, Tan Sri Bernard Giluk Dompok.

Datuk Wilfred Madius Tangau, the Chairman of MTIB highlighted that forest plantation will provide a continuous source of raw material which under one of the thrust of the National Timber Industry Policy (NATIP) aims to achieve RM53 billion in export value by the year 2020. He said the Government is serious in helping the industry and as such two labs had
(continued on page 2)



Did you know that.....

President of Indonesia has signed a moratorium on new permits to clear primary forests in the country. Under the moratorium, government agencies cannot issue new permits to convert or log primary forests and peatlands. Norway will give USD 1bn (EUR 697.99mn) to Indonesia in exchange for signing the moratorium. The moratorium runs for two years.

Source: MTIB News Extracts 21/05/2011

Did you also know that....

The Malaysian Agricultural Research and Development Institute (MARDI) has succeeded in developing Kenaf Polymer Composite (KPC) as a 'green' material for construction and industrial applications. Kenaf is regarded as a suitable substitute for timber products as it is a short term fibre crop, thus mitigating the need to harvest timber for wood-based product applications. Presently, samples of KPC have been sent to the EU for further testing and certification of its durability and properties.

Source: ITTO report 16 - 31 May 11



MTCC Annual General Meeting

The Annual General Meeting (AGM) of the Malaysian Timber Certification Council (MTCC) was held on 30 June 2011 in Kuala Lumpur.

The Meeting was presided by its Chairman, Dato' Dr. Freezailah Che Yeom with the presence of six Members, namely the Forest Research Institute Malaysia (FRIM), Malaysian Furniture Promotion Council (MFIC), Malaysian Timber Council (MTC), Malaysian Timber Industry Board (MTIB), Sabah Timber Industries Association (STIA) and Sarawak Timber Association (STA).

The Meeting adopted the Annual Report for the period ended 31 December 2010 highlighting all activities carried out during the year 2010 including

the moving to the current own office premises in June; operations matters with regard to Forest Management Certification, Chain of Custody Certification, issuance of MTCC and PEFC Logo Usage Licences and Notification of Certification Bodies; export of MTCS and PEFC-Certified timber products; certification standards; training; promotion; recognition of MTCS; certified forests under various certification schemes and cooperation events.

The Meeting approved the Financial Reports of the Company for the financial year ended 31 December 2010 together with the Reports of the Trustees and Auditors. Dato' Dr. Freezailah Che Yeom was re-appointed by the Meeting as a Trustee of the Company to hold the office until its next AGM.

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been conducted, with one planned for Sarawak soon.

The Minister congratulated the recipients of the soft loans as well as MTIB for coming out with the "Technical Standard Operating Procedure (SOP) for Non-Rubber Timber Species". He also highlighted the importance of the timber industry by presenting some trade statistics, leading to the formation of the special purpose vehicle, Forest Plantation Development Sdn Bhd to oversee the development of forest plantations. With RM1.045 billion of funds for the loan scheme, the company hopes to have 375,000 ha of forest plantations by year 2020 producing an annual volume of 5 million m³.

He also took the opportunity to announce that the Ministry, from the feedback received from the forest plantation companies, will forward the following recommendations to the Ministry of Finance for consideration: (i) the review of the interpretation of "new forest plantation project" to enable the companies carrying out first forest plantation projects including

those which had commenced forest plantation projects at the time of applications to qualify for 100% tax exemption for 10 consecutive years, (ii) the review of the requirement for minimum equity holding of 70% for investing companies on companies undertaking forest plantation projects, and (iii) to extend the period of tax incentives for new forest plantation projects for another 5 years until 31 December 2016.



Photo: Representative from WTK Reforestation Sdn Bhd receiving the loan agreement from the Minister of MPIC



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Conflict Resolution Guidelines for Sustainable Forest Management

The Sarawak Forestry Corporation (SFC) through consultation workshop with member companies of STA and other stakeholders has developed the Conflict Resolution Guidelines (CRG) to address the social impact of forest management operations. The State government has adopted this initiative as a Key Focus Activity (KFA) as it is crucial to the development of forestry industry in the State.

The said instrument is in the midst of field testing stage. SFC key personnel led by Dr Henry Chan visited a few Penan communities in Long Kepang, Ba' Keramok and Long Sabai in the Sela'an Linau Forest Management Unit (FMU), Ulu Baram, Miri from 12 to 25 June 2011 to conduct consultation sessions with the communities to generate better understanding and acceptance among community leaders on the CRG subsequent to these consultative sessions, the Community Representative Committee (CRC) were formed at Long Lellang A, Long Lellang B and Long Main.

The formation of the CRC is a formal forum for the headman and one elected representative from each village to address grievances on socio-economics matters pertaining to Sustainable Forest Management (SFM). For

effective operation of CRC, the members need to elect an executive/standing committee.

The election process of the CRC was conducted on 28 June 2011 at Long Lellang A and the formation of the CRC ended with the establishment of a draft on the Memorandum of Understanding for the CRC stipulating the terms of reference, the list of elected executive/standing members of the committee and minutes of meeting of the CRC formation.



Photo: Group photo with the representatives of the villages