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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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Briefing and Consultation Session on FLEGT-VPA, Cess for Forest Development and Entry Point Project for National Timber Industry Policy

The Ministry of Plantation, Industry and Commodities (MPIC) organised a briefing and consultation session on Forest Law Enforcement, Governance and Trade-Voluntary Partnership Agreement (FLEGT-VPA) between Malaysia and European Union (EU), Cess for Forest Development and Entry Point Project for National Timber Industry Policy (NATIP) on 9 January 2014 in Selangor.

The objectives of the briefing were to:

- (i) update the participants on negotiation to conclude the Forest Law Enforcement, Governance and Trade-Voluntary Partnership Agreement (FLEGT-VPA) between Malaysia and European Union (EU) and the Timber Legality Assurance System (TLAS) under the FLEGT VPA;
- (ii) inform participants in the role of the timber industry in the implementation of FLEGT VPA/TLAS; and
- (iii) seek the support and views of the industry on FLEGT VPA.

Mr M Nagarajan, Deputy Secretary General (Commodities) of MPIC chaired the briefing session. Dato' Dr Freezailah Che Yeom, the Advisor for FLEGT VPAMalaysia, made a presentation covering the status of FLEGT VPA, importance of FLEGT VPA, essentials of TLAS and the role of industry, implementation of Malaysia TLAS (MYTLAS), issues on industry feedbacks on FLEGT-VPA i.e product

scope, licensing of mills, cost of implementation, due diligence versus FLEGT Licence and consideration of timber from Sarawak if Malaysia signs the VPA with Sarawak going for a phased-approach.

Participants from the furniture industry raised their strong objection to the Malaysia's proposal to include furniture in the product scope of the Malaysia-EU FLEGT VPA as the costs of such implementation will seriously affect their industry and furthermore not many of them export their furniture to EU Market.

Participants from Sarawak reiterated that Sarawak has already in place a legality verification system to ensure its timber and timber products are legally sourced and exported to a final destination, a process which is in compliance with the requirements of the existing forestry laws and regulations. This has been accepted by the international markets. It was further pointed out that Sarawak's licensing authority, i.e. Sarawak Timber Industry Development Corporation (STIDC), will not be in a position to issue FLEGT Licence timber when Malaysia signs the FLEGT VPA with EU, this is mainly because Sarawak is taking a phased-approach in this VPA. In view of this, representatives from Sarawak strongly requested that the existing "MYTLAS", which is very misleading,

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Forum on High Temperature Drying (HTD) System for Wood Treatment

Forest Research Institute Malaysia (FRIM) organised a special forum in Kepong on 7 January 2014 to introduce its High Temperature Drying (HTD) system for wood treatment to local wood suppliers, wood-based product manufacturers, kiln drying operators and interested parties. The forum, co-organised with Malaysian Timber Industry Board (MTIB) and Malaysian Timber Council (MTC), was attended by approximately 150 participants from wood-related industries in the country.

There were two (2) presentations at the forum:

1. "Rubberwood: Status and Challenges"
– by Encik Mohd Kheiruddin Mohd Rani, MTIB Trade Development Director
2. "High Temperature Drying (HTD) System"
– by Dr Sik Huei Shing, FRIM Research Officer

The Deputy Minister of Natural Resources and Environment (NRE), Dato' Sri Dr James Dawos Mamit, officiated the opening of the Forum and launching of the FRIM HTD Trademark, on behalf of Datuk Seri G Palanivel, the Minister of NRE. The Deputy Minister also witnessed the exchange of licensing agreements signed between FRIM and Advanced Low

Pressure System (ALPS) Sdn Bhd for commercialisation of the technology in Malaysia and Thailand. FRIM was represented by Director-General Dato' Dr Abdul Latif Mohmod and ALPS by Technical Director, Mr Richard Lee. Also present at the ceremony were MTIB Industry Development Director, Mr Mahpar Atan; MTC Raw Material Supply Director, Encik Abdullah Abdul Malek; MTC Timber Industries Development Division Director, Dr Wong Tuck Meng; and National Agency for Innovation Chief Executive Officer, Mr Mark Rozario.

There was also a panel discussion on challenges faced by the industry, where participants were encouraged to provide feedback, ask questions and seek more information on the HTD system. The three-member panel, chaired by FRIM Forest Products Division Director Dr Rahim Sudin, comprised Encik Mohd Kheiruddin (MTIB), Dr Sik Huei Shing (FRIM), and Dr Wong Tuck Meng (MTC). The FRIM HTD project team also conducted a meet-the-clients session with interested parties after the Forum.

The HTD system is environmentally-friendly as it does not use any chemicals and the process of drying has been found to enhance timber stability. It also greatly reduces the processing time from 12 to 2 days, depending on the species.

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Technical Committee Meeting of Forest Plantation Development No 1/2014

The Technical Committee Meeting of Forest Plantation Development No 1/2014 called by the Malaysian Timber Industry Board (MTIB), chaired by Dr Jalaluddin Harun, the Director-General of MTIB, was held on 21 January 2014 at Menara PGRM in Kuala Lumpur. It was attended by a total of nineteen (19) members and support staff from MTIB.

Dr Jalaluddin Harun welcomed all members and highlighted the forest plantation development has progressed quite well despite facing a few challenges. The soft loan was first made available in 2007, and

currently 83% or 83,000 ha of the 112,000 ha approved have been planted. He attributed this progress to the hard work of staff from the Forest Plantation Development Sdn Bhd (FPDSB) of MTIB. The current species mix of the forest plantations is 55% rubber trees, 38% acacia and the rest other species. With the pay back of the soft loan expected to start in 2020, FPDSB is currently working on a proposal for a revolving fund be set up for these repayments to ensure the perpetuity of forest plantations.

According to Dr Jalaluddin, acacia in Germany

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Did you know that.....

An agreement between FSC Brazil and the Olympic organising committee for Rio 2016 provides for all wood products used for event venues to be certified. Certified, in this case is defined as complying with the FSC principles and criteria that go beyond the compliance with existing law and is said to include workers rights, indigenous people issues and local community's rights. This initiative has precedent in the 2012 London Games in which more than two-thirds of the wood products in the Olympic Park and over 90% of the wood products used in the Olympic Village were FSC certified. The aim of the Brazilian Olympic Committee is to demonstrate leadership with new standards of sustainability management.

Source: ITTO Report dd 1 - 15 Jan 14

Did you also know that....

A 12-month postponement would be effected by the government of Indonesia for the compulsory requirement of the domestic timber legality verification system for SMEs. Originally planned to be in place from the beginning of January 2014, the delay is to provide enough time for SMEs to adhere to the requirement, said a Trade Ministry official. A new regulation to legitimise the deal would be issued by the ministry in the near future. Based on information from the Indonesia Rattan Furniture and Craft Association, 637 SME companies of the 3,500 such firms that produce timber products and timber have received the certificates.

Source: Jakarta Post, 2 January 2014



Dialogue on Procedures of Inspection and Endorsement of Logs from Licence for Planted Forests



Photo (left) : Group photo with all the participants in the Dialogue

A Dialogue on Procedures of Inspection and Endorsement of Logs from Licence for Planted Forests was held on 22 January 2014 at Wisma STA in Kuching. The Inspection and Endorsement of Logs from Licence for Planted Forests was implemented on 1 January 2014. A total of forty (40) representatives from forestry stakeholders i.e. Harwood Timber Sdn Bhd (HTSB), Forest Department Sarawak (FDS), Sarawak Timber Industry Development Corporation (STIDC), Sarawak Forestry Corporation (SFC) and member companies of STA attended this Dialogue.

Mr Ishak Haji Bohari of HTSB briefed all participants of the dialogue on the procedures and the documents required for the Inspection and Endorsement of Logs from Licence for Planted Forests. Members expressed their concerns on the implementation of the procedures i.e. if not done efficiently and systematically, will add costs to the logging operations. Members also requested officers of HTSB and SFC to work closely to ensure a smooth implementation. Issues of concern pertaining to the procedures raised by members of the Association were deliberated and resolved at the Dialogue.

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Workshop on Eleventh Malaysia Plan

The Ministry of Plantations Industries and Commodities organised a Workshop on Eleventh Malaysia Plan (EMP) on 10 - 11 January 2014 at Selangor. The EMP is the final plan before the year 2020 when Malaysia is targeted to attain a high-income advanced nation status. The Plan will take into account current challenges and emerging medium and long-term global trends as well as the New Economic Model and the National Transformation Agenda, which are at various stages of implementation. This Workshop provided a platform for the commodity industries to provide comments and suggestions related to the commodity industries for the period 2016 – 2020.

The participants were divided into four groups to brain storm on the topics i.e (i) value chain, (ii) investment, (iii) productivity and (iv) Research and Development, Innovation and human capital.

It was noted that more workshops on the EMP will be organised to get feedbacks from stakeholders before the year 2015.



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to be amended accordingly to reflect the correct situation.

It was also highlighted at the session that this VPA is only to provide a green lane for expeditious import of timber and timber products into the EU but does not confer any commitment to a guaranteed market share which is a very important reciprocal act by the EU for the continuous survival of the timber industry. Mr M Nagarajan agreed to look into all the concerns raised at the session and to take the necessary follow-up actions.

The participants were also briefed by Dato' Professor Dr Hj Abdul Rahman, the Director-General of Forestry, Peninsular Malaysia on the cess for forest development. The objective of this briefing was to keep the wood industry informed on the implementation of a new forest development cess rate of RM30.00 per cubic meter of round wood in all states of Peninsular Malaysia. This was effective 1 January 2014 and has been approved by the 69th National Land Council meeting held on 10 December 2013. The rate was last raised in 1996 from RM2.80 to RM10.00 per cubic meter of wood.

The last briefing was presented by Dr Jalaluddin Harun, the Director- General of MTIB on Entry Point Project (EPP). The five (5) proposed EPP to help achieve NATIP's target are:

1. Enhancing design, branding and exports of Malaysian furniture
2. Enhancing mechanisation and automation in the timber industry
3. Development of products from oil palm trunk
4. Sabah garden furniture hub
5. Malaysian gaharu hub

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now fetch a better value, hence the next challenge for planters of acacia is to enhance the downstream industry by looking into value-add processing, improving the wood quality, including the extraction of tannins from acacia bark for the manufacture of bio-adhesives.

The Standard Operating Procedure for Forest Tree Nursery was circulated to the members for discussion as well as the makeup of members for this Committee. The Committee was also briefed on a paper proposing the minimum area for establishing bamboo forests under the Forest Plantation Development programme, including the seven (7) options of financial assessment in terms of area on a 15-year project rotation.

Members were also updated on the status of the soft loan and the development of forest plantation, including a discussion paper on petai belalang, a species proposed for biomass project.