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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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Sarawak Timber Industry Lab

Sarawak Timber Industry Development Corporation (STIDC) with assistance from Training Hub Sdn Bhd organised a series of Sarawak Timber Industry Labs (STIL); on 2 - 4 July 2012, 16 - 17 July 2012 and 24 - 26 July 2012 respectively at Riverside Majestic Hotel, Kuching. Approximately eighty five (85) participants from various federal government agencies, state related forestry agencies, furniture industries, academics, and Sarawak Timber Association (STA) members representing the upstream and downstream industry players attended the Labs.

The objectives of the Lab are to establish Sarawak timber industry development policies and objectives to ensure a sustainable growth at a rate consistent with the overall interest of the country and the availability of managed resources; and to determine primary specific development initiatives for implementation towards ensuring achievement of the policies. More importantly, the findings from the Labs will be formulated as policies towards development of the timber industry in Sarawak.

The STIL was officiated by Tuan Haji Hashim bin Haji Bojet, the Deputy General Manager of STIDC on 2 July 2012. During the first lab, five papers were presented by various agencies to provide general information and update on current scenario related to Sarawak timber industry. The presented papers were as follows:

1. 'Markets for Sarawak Timber and Timber Products' by *Dr Peter Kho*, STA

2. 'Manpower Issues and Challenges Faced by Sarawak's Forest and Timber Industry Employers' by *Ms Peggy Chew*, STA
3. 'Timber Industry in Sarawak: An Overview' by *Mr Nicholas Andrew Lisse*, STIDC
4. 'Investment Opportunities and Incentives in Sarawak' by *Puan Rozaini bt Mohammad Zahir*, Ministry of Industrial Development Sarawak (MID)
5. 'Supply of Logs for the Development of Timber Industry in Sarawak' by *Encik Abdul Wahab Hj Bujang*, Forest Department Sarawak (FDS)

In the STIL Lab, participants were divided into groups to discuss and contribute ideas through independent individual, team and multi-teams ideas generation and collaboration.

Participants for the first STIL identified and focused on macroeconomic approach in all analysis to gain general perspectives of timber industry in Sarawak. The participants discussed projection for the next ten years on raw materials and also the export earnings. The Lab also identified the constraints; among them are labour shortcomings, inadequate timber resource supply, coherent Government policies, market pressure, lack of Research and Development, etc.

Ideas and findings generated from Lab 1 were used to provide a platform for subsequent

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analysis and also as inputs to the next Lab.

The second STIL continued with the identification of timber resources available to support the selected attractive markets, sectors and products growth needs in future based on current market condition. Besides that, participants also carried out current market structure for all timber products in Sarawak. Outputs from this Lab were

used to determine timber resources requirement to support selected attractive markets, sectors and product growth needs in year 2020 and 2030.

In the third STIL, participants identified the main issues faced by the industry, such as inadequate timber resources supply, labour shortage as well as marketing and promotion, and proposed solutions to overcome them. The final STIL Lab will be held from 1 to 2 August 2012.

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The 8th Stakeholder Consultation on the Malaysia – European Union FLEGT VPA

The eighth (8th) Stakeholder Consultation on the Malaysia – European Union Forest Laws Enforcement, Governance and Trade Voluntary Partnership Agreement (FLEGT VPA) organised by the Ministry of Plantation Industries and Commodities (MPIC) was held on 31 July 2012 in Kuala Lumpur.

Encik Wan Mazlan Wan Mahmood, the Undersecretary to the Strategic Planning and International Division of MPIC, in his welcoming address reiterated the purpose for Malaysia to enter the FLEGT VPA with EU.

Professor Emeritus Dato' Dr Abdul Latiff Mohamad, the moderator in his opening remarks emphasised on the importance of the three regions of Malaysia to move in tandem with each other when addressing matters related to FLEGT VPA with the European Union (EU) for the mutual benefits. He highlighted the programme which included the four presentations, namely:

- (1) 'Update on EU Timber Regulation' by *Mr Vincent van den Berk, the Programme Coordinator of the EFI-FLEGT Asia Programme;*
- (2) 'Product Scope (Annex I of VPA)' by *Ms Loke Sim Wah of the Protem Secretariat for the Malaysia-EU FLEGT VPA;*
- (3) 'Timber Legality Assurance System (TLAS)' by *Mr Rajan Samikannoo, the Director of Licensing and Enforcement Division of the Malaysian Timber Industry*

Board (MTIB); and

- (4) 'Information for Public Disclosure' by *Ms Loke Sim Wah of the Protem Secretariat for the Malaysia-EU FLEGT VPA.*

Mr Vincent van den Berk informed the participants that the EU Timber Regulation will come into force on 3 March 2013 and highlighted its three main obligations; namely to

- (1) prohibit the placing in the EU market of illegally harvested timber and timber products;
- (2) require EU traders who place timber products on the EU market for the first time to exercise 'due diligence'; and
- (3) require other traders further down the supply chain to keep records of their suppliers and customers.

The definition of legal timber is based on the laws of the country of harvest. He also mentioned that under the EU Timber Regulation a timber operator in EU has the following four options namely:

- (1) Go for FLEGT Licensed timber;
- (2) Private sector initiatives (e.g. forest certification and legality verification);
- (3) Develop own due diligence system providing information on legality (together with other industry members); and



Did you know that.....

Asia Pulp & Paper (APP) has become the first company to certify mills according to the SVLK (Timber Legality Verification System) that was established by the Indonesian Government in 2009. Three of APP's mills in Jakarta have been certified. The system was established to ensure that only timber from legal sources is used. The origin of all exported products should be traceable.

Source: MTIB News Extracts (Vol.32/08/12)

Did you also know that....

In 2011, timber exports of Thailand amounted to THB 80 billion (EUR 2.06 billion USD 2.52 billion). The exports of furniture were at THB 34 billion. For the six months to June 2012, furniture exports decreased by nearly 20%. In 2012, the furniture exports is predicted to dip by 5% while timber exports expanded by 10%. Additionally, the furniture and timber sector may see falling revenue once the Asean Economic Community (AEC) takes place, which is slated to happen in 2015.

Source: Bangkok Post, 13 July 2012



(4) Use the due diligence system of a monitoring organisation.

The participants were informed of the expansion of product scope to include moulding, builders' joinery and carpentry (BJC), wood-based furniture (WBF), fibreboard, particle board, wooden frames and railway sleepers. The original four products are log, sawntimber, plywood and veneer. Participants raised concerns on the readiness of the control procedures for these additional value-added products.

Mr Rajan Samikannoo, presented the TLAS of Peninsular Malaysia and highlighted the recent changes to the format of TLAS Table as suggested by the EU representatives.

The participants raised a few concerns, amongst others, on the different control procedures for timber from non-FLEGT countries and Sarawak (which opted to enter VPA with EU later) to enter the Peninsular Malaysia market.

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STIDC Industry Update

The Sarawak Timber Industry Development Corporation (STIDC) Industry Update was held on 19 July 2012 at Wisma Sumber Alam, Kuching. Approximately one hundred (100) participants attended the update. The participants were those involved in production and marketing, timber exporters, importers, manufacturers and individuals who are interested in updating their knowledge on the timber industries.

The welcoming remark was delivered by Datu Sudarsono Bin Osman, the Permanent Secretary of Ministry of Resource Planning and Environment. Datu Sudarsono said that the aim of the Industry Update is to inform the participants on the current market situation, issues affecting the timber industry, create awareness on the latest trade practices and share information on Government Policies, Regulations as well as Procedures.

There were six (6) papers presented during the briefing. The two (2) speakers from Korea and India were invited following the STIDC Timber Selling Missions to India and Korea recently. The following papers were presented at the Industry Update:

Paper 1: Electronic-Industrial Production Return (e-IPR)
- by Mr Nicholas Andrew Lisse, Industrial Planning Manager, STIDC

Paper 2: Forest Policy and Globalization of Korea
- by Mr Lee Chi-Myeung, Team Manager International Forest Cooperation Office / Trade Negotiation Team, Korea Forest Service

Paper 3: Sabah Experience in Forest Plantation
- by Mr Jeflus S. Sinajin, Division Head of Sustainable Forest Management, Forest Department, Sabah

Paper 4: Status of Sarawak Forest Plantation
- by Mr Hii Tow Peck, Senior Assistant Director, Planted Forest Division, Forest Department Sarawak

Paper 5: Facilities and Services at Tanjung Manis Port (TMP) for Timber and Timber Products Exporters
- by Ms Sadih Tu, Senior Assistant General Manager, Project Development, STIDC

Paper 6: Opportunities and Challenges of Timber Trade in Kandla, Gugarat, India
- by Mr Navneet R Gajjar, President, Kandla Timber Association, India



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Weight Scaling of *Acacia mangium* Study



Photo: (Top) Meeting in progress and (bottom) Logs scaling activity

As part of the study on weight scaling of *Acacia mangium* for the purpose of royalty and cess assessment, field verification of the conversion factor determined experimentally was carried out by relevant staff from the Applied Forest Science & Industry Development (AFSID) Unit of Sarawak Forestry Corporation (SFC), Forest Department Sarawak

(FDS), Sarawak Planted Forest Sdn Bhd (SPF) and Sarawak Timber Association (STA) in Bintulu from 18 to 19 July 2012, with assistance from Daiken Sarawak Sdn Bhd and Syarikat Samling Timber Sdn Bhd. STA members participating in this field verification included Grand Perfect Sdn Bhd, Borneo Tree Seeds & Seedlings Supplies Sdn Bhd and PUSAKA KTS Forests Plantation Sdn Bhd.

Four batches of 30 logs each from two different sites namely, LPF 0014 and LPF 0003 felled 2 and 4 weeks earlier were used in this field verification study on *Acacia mangium* and "superbulk" *Acacia mangium*. Logs were individually scaled to determine the volume of each log. The weight of the 30 pieces of logs was determined using a commercial weighbridge. The logs were then debarked and reweighed to determine the bark content of these logs.

The group concurred that the conversion constant derived from this field verification study is consistent with that determined experimentally. The results will be further deliberated before this conversion constant for the weight scaling of *Acacia mangium* is proposed to the Director of Forests Sarawak for adoption in royalty and cess assessment of *Acacia mangium*.