

May 2009

STA/ STIA Dialogue with Minister of Plantation Industries & Commodities

Pada 15 Mei 2009, satu sesi dialog antara Persatuan Industri Kayu Kayan Sabah dan STA bersama Menteri Perusahaan Perladangan & Komoditi, Y.B. Tan Sri Bernard Giluk Dompok telah diadakan di Kota Kinabalu, Sabah. Dato Henry Lau, mewakili STIA dan STA membentangkan pandangan industri kayu kayan yerhadap perundingan Malaysia mengenai Forest Law Enforcement, Governance and Trade - Voluntary Partnership Agreement dengan EU serta isu-isu lain yang dihadapi oleh industri perkayuan di Sabah dan Sarawak.

A dialogue session was jointly organised by the Sabah Timber Industries Association (STIA) and Sarawak Timber Association (STA) Minister of Plantation with the Industries and Commodities, Y.B. Tan Sri Bernard Giluk Dompok on 15 May 2009 at a reknown hotel in Kota Kinabalu. Sabah. The STIA delegation was led by its President, Datuk James Hwong You Chuaang while the STA delegation was led by its Chairman, Datuk Wong Kie Yik. The Dialogue was also attended by representatives from the Ministry of Plantation Industries Commodities; Dr. Jalaluddin Harun, Director-General of the Malaysian Timber Industry Board; Mr. Cheah Kam Huan, Chief Executive Officer of the Malaysian Timber Council; Mr. Chew Lye Teng, Chief Executive Officer of the Malaysian Timber Certification Council, and members of STIA and STA.

Dato Henry Lau, Honorary Secretary of STA, on behalf of STIA and STA, presented the views of timber industry pertaining Malaysia's negotiations on the Forest Law Enforcement, Governance and Voluntary Trade Partnership Agreement (FLEGT - VPA) with the European Union (EU). Associations are of the opinion that the economic benefits for Malaysia

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Members from STIA and STA with representatives from the Ministry, MTIB, MTC and MTCC with the Minister of Plantation Industries and Commodities, Y.B. Tan Sri Bernard Giluk Dompok

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must remain a crucial consideration for Malaysia to enter into this VPA. The volatility and fluidity of market condition must also be recognized as imminent forces for a successful and sustainable **FLEGT** Licensing Scheme.

Mr. Stephen Chaw, Secretary -General of STIA, on behalf of STIA and STA presented the following four issues faced by the timber industries in Sabah and Sarawak:

- Foreign Labour Force
- High Cost of Doing Business in the Timber Industry
- Criteria for Loan Application for the Forest Plantation Development, and
- Technical Market and Requirements for Timber Products.



Presentation to the YB Minister

Seminar to Boost Forest Plantation Activities

STA Training Sdn Bhd (STAT) and Sarawak Forestry Corporation (SFC) jointly organised a one-day seminar on Viability Assessment of Indigenous Tree Species and Propagation Techniques for Planted Forest Development in Sarawak on 21 May 2009 at Wisma STA, Kuching.

In his speech while officiating the event, Datu Haji Len Talif Salleh, Deputy Permanent Secretary of the Ministry of Planning and Resource Management cum Director of Forests Sarawak and Managing Director of Sarawak Forestry Corporation Sdn Bhd said that the State Government has targeted the establishment of 1 million hectares of planted forests by the year 2020 to satisfy the growing demand in both local and international market for timber. To achieve this target, it is estimated that 30 million seedlings will be required annually and there is an urgent need to produce quality planting materials to meet this requirement.

He also said that a total of 42 Planted Forest Licenses has been issued, covering an area of 2.8 million hectares with plantable areas of approximately 1.4 million hectares. The main species that is being planted is Acacia mangium. On another note, he urged forest industry players to intensify their efforts in preparing their plantations for certification under the Malaysian Criteria and Indicators for Forest Plantation. This is because certification not only provides access to closed market but will elevate the

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Seminar bertajuk Viability Assessment of Indigenous Tree Species and Propagation Techniques for Planted Forest Development vang dianjurkan bersama antara STA Training Sdn Bhd (STAT) dan Sarawak Forestry Corporation (SFC) telah diadakan pada 21 May 2009 di Wisma STA, Kuching.

Seminar itu dihadiri oleh 80 orang peserta, mengemukakan hasil kerja tiga tahun oleh kakitangan SFC dan pembekal perkhidmatanya tentang penilaian daya maju dan

pembiakan empat spesis pokok tempatan iaitu Kapur bukit, Kelampayan, Sawih dan Meranti sarang punai.

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company as the owner of "green premium" products.

Dato Henry Lau Lee Kong, in representing the STA Chairman, Honorary Secretary of STA, gave an insight into the role of STA Training Sdn Bhd (STAT) as an active player in the research and development. STA supports the research and development activities of its member companies and research activities by approved private individuals and bodies whose majority shareholders are Sarawak residents through the Research & Development Financial Contributions Scheme set up by STAT. This Scheme helps promote scientific and industrial research and development in areas of importance to the timber trade and industry in Sarawak. In addition, the Scheme also supports research investigation into methods of assessment and

economic evaluation of biodiversity in general and non-timber forest products in particular.

The association hopes that members will utilize the results obtained from the research projects to their advantage and to strengthen the Association's continuing support on research and development activities that will not only add knowledge to forestry science but will also benefit the members of STA, the forest and timber industries and the State.

The seminar, attended by 80 participants, presented results from nearly three years of work carried out by SFC staff and its service providers on the assessment of the viability and propagation of four indigenous tree species namely Kapur bukit, Kelampayan, Sawih and Meranti sarang punai.



Left: Dato Henry Lau Lee Kong, Honorary Secretary of STA presenting the Proceedings of the Seminar to Datu Haji Len Talif Salleh. Looking on is Dr. Lee Hua Seng, Chief Executive Officer of STA





STA Certification Committee Meeting

For the month of May, the STA Certification Committee met a few times, on 19, 26 and 27 at Wisma STA, Kuching. The meeting on 19 May 2009 was chaired by the Committee Chairman, Dato Henry Lau Lee Kong. Members were updated on the development of the Malaysia European Union Forest Law Enforcement, Governance and Trade - Voluntary Partnership Agreement (FLEGT - VPA). They were also informed that the Malaysian Criteria and Indicators for Forest Management Certification [MC&I (2002)] will be undergoing a review process which will take 16 months and Members were urged to

contribute their opinions towards the process. Other issues that were discussed included the draft National Toolkit for High Conservation Value Forest and the Lacey Act.

The Committee met again on 26 May 2009 to review and discuss the MC&I(2002) for Forest Management. The discussion went through each Principle and Criterion as well as the Verifiers for the whole document. On 27 May 2009, the Committee had a meeting cum discussion with the relevant government agencies to discuss the suggestions to be put forward to MTCC for the revision of the MC&I (2002).

Jawatankuasa Pensijilan STA telah bermesyuarat beberapa kali dalam bulan Mei, iaitu pada 19, 26 dan 27 haribulan di Wisma STA, Kuching. Mesyuarat pada 19 Mei 2009 melaporkan perkembangan terbaru Forest Law Enforcement, Governance and Trade -Voluntary Partnership Agreement, semakan Kriteria dan Indikator Malaysia untuk Pensijilan Pengurusan Hutan [MC&I (2002)], draf 'Toolkit' Kebangsaan Hutan Bernilai Pemeliharaan Tinggi dan Akta Lacey.

Jawatankuasa juga bermesyuarat pada 26 dan 27 Mei untuk mengkaji semula dan membincangkan hal-hal MC&I(2002) untuk Pengurusan Hutan.



Meeting in session

Briefing on the Revision of Malaysian Criteria & Indicators 2002

The Malaysian Timber Certification Council (MTCC) announced in March 2009 that the Malaysian Criteria and Indicators for Forest Management Certification [MC&I(2002)] will be undergoing a 16-month review process beginning April 2009 and ending in July 2010.

STA has arranged a briefing session on the reviewed process of the MC&I(2002) by MTCC on 18 May

2009 at Wisma STA, Kuching. The session was attended by Members of the STA Certification Committee with participation from Forest Department Sarawak and Sarawak Forestry Corporation. Mr. Yong Teng Koon, Senior Manager (Forest Management) of MTCC was on hand to give the briefing.

The MC&I(2002) have been used since October 2005 as the standard

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Majlis Pensijilan Kayu
Malaysia (MTCC) pada Mac
2009 telah mengumumkan
bahawa Kriteria dan
Indikator Malaysia untuk
Pensijilan Pengurusan
Hutan [MC&I(2002)] akan
menjalani proses semakan
mulai April 2009. Dengan ini,
STA telah mengatur satu
taklimat mengenai

penyemakan MC&I (2002) oleh MTCC pada 18 Mei 2009 di Wisma STA, Kuching bagi ahli-ahlinya. MC&I(2002) telah digunakan sejak Oktober 2005 sebagai piawaian untuk pensijilan pengurusan hutan. Seperti skim pensijilan yang lain, piawaian skim perlu disemak setiap lima tahun dan dengan itu, semakan MC&I (2002) telah bermula pada April 2009. Proses semakan ini akan mengambil masa selama 16 bulan dan dijadualkan akan tamat pada Julai 2010.

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for forest management certification. Like all other certification schemes, the standard of the schemes is subject for revision once every five years. The review is conducted in line with the Malaysian Timber Certification Scheme (MTCS) document SSP1/2008: Rules on Standard Setting Process for Development of Timber Certification Standards.

The Standards Review Committee (SRC) will be the main body to review the MC&I(2002) and to develop the revised standard. This Committee will serve as the multi-stakeholder "Forum" and its members will comprise representatives nominated by their respective stakeholder groups i.e. the social, environmental and economic interest groups, and the relevant government agencies, from the three regions of Malaysia, i.e. Sabah, Sarawak and Peninsular Malaysia. The SRC shall comprise a total of 15 members. The MTCC management will serve as the Secretariat for the SRC.

To assist the Secretariat in its work, a Panel of Experts (PoE) will be established. The PoE will comprise experts in the economic, environmental and social aspects of

forest management who can provide advice on how comments and proposals received from stakeholder groups related to the Principles, Criteria, Indicators and Verifiers in the MC&I(2002) can be incorporated into the revised standard.

During this period, the following major activities will be conducted;

- Soliciting public comments from the stakeholder groups at various stages during the review process by placing the MC&I(2002) and drafts of the revised standard on the MTCC website;
- Compilation of public comments by the Secretariat;
- Convening meeting of the PoE to prepare and refine the draft standard based on the comments received;
- Consideration of the drafts of the revised standard by the SRC; and
- Consultations to discuss the draft standard with the relevant stakeholder groups in the three regions of Malaysia.



Members of the STA Certification Committee and representatives from Sarawak Forestry Corporation and Forest Department Sarawak at the briefing

Briefing on the Implication of PEFC Endorsement of the Malaysian Timber Certification Scheme

A briefing session on the implication of the Programme for the Endorsement of Forest Certification schemes (PEFC) endorsement of the Malaysian Timber Certification Scheme (MTCS) was organised for members of STA on 18 May 2009 at Wisma STA, Kuching. The session was attended by approximately 30 representatives from Member Companies. They were briefed by Mr. Yong Teng Koon, Senior Manager (Forest Management) of the Malaysian Timber Certification Council.

The briefing session aimed to provide a better understanding on the implications of the endorsement of MTCS and the steps that need to be taken. Topics covered were;

- Update on the Implementation of the New Institutional Arrangement for MTCS and information on PEFC endorsement of the MTCS
- Implications to MTCS Notified Certification Bodies
- Implications to MTCS Certificate Holders

A similar briefing session was also held in Kuala Lumpur on 21 May 2009. The session was attended by approximately 150 participants from the Forest Management Units and Chain-of-Custody holders, Government agencies, timber trade associations and certification bodies.

The MTCS was endorsed by PEFC on 1 May 2009. Through this endorsement, MTCS will receive mutual recognition with 25 other endorsed schemes under PEFC. MTCS-certified products are allowed to use the PEFC logo along with the

MTCC logo. This would mean that there will be implications for the MTCS-notified CBs and MTCS certificate holders.

Thus far, two Certification Bodies (CBs) namely SGS (Malaysia) Sdn Bhd and SIRIM QAS International Sdn Bhd had been notified by MTCC for forest management certification. Both CBs are currently undergoing the process of witness audit for Stage 1 and 2 to fulfill one of the accreditation requirements stipulated by Standards Malaysia, the national Accreditation Body.

The decision on the accreditation application of these two CBs is expected to be made by Standards Malaysia by the end of 2009. For chain of custody certification, MTCC has notified three CBs, namely SGS (Malaysia) Sdn Bhd, SIRIM QAS International Sdn Bhd and Moody International Certification (Malaysia) Sdn Bhd. However, this accreditation programme is unavailable at this moment.

The Forest Management Units (FMUs) that had been certified under the MTCS are required to apply to any of the MTCS-notified CBs for an audit against the requirements of the MC&I(2002) before 30 June 2009 and undergo the audit by 31 December 2009. Failure to do so will result in the Certification for Forest Management issued by MTCC being suspended for a stipulated period (1 month). The certificate will be withdrawn should the FMU not react during the suspension period.

All holders of the Certificate for Chain-of-Custody issued by MTCC in accordance to the Requirements for Chain of Custody Certificate (RCoC)

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Satu taklimat telah diberi oleh Majlis Pensijilan Kayu Malaysia tentang implikasi pengesahan Skim Pensijilan Kayu Malaysia (MTCS) oleh Programme for the Endorsement of Forest Certification (PEFC) kepada ahli-ahli STA pada 18 Mei 2009 di Wisma STA, Kuching.

Taklimat ini bertujuan memberi kesedaran terperinci implikasi terhadap pengesahan MTCS dan langkah-langkah yang perlu diambil.

MTCS telah disahkan oleh PEFC pada 1 Mei 2009. Dengan pengesahan ini, MTCS akan menerima pengiktirafan bersama-sama 25 skim lain di bawah PEFC. Produk yang disahkan oleh MTCS boleh menggunakan logo PEFC bersama-sama dengan logo MTCC.

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will have to apply to a MTCS-notified CBs to obtain certification in accordance to the new standard which is the PEFC Technical Document Annex 4 before 30 June 2009. Failure to do so will also result in suspension of certificate for a stipulated time period (1 month). The certificate will be withdrawn if no action is taken by the certificate holder during the suspension period.

Presently, the holder of the new Certificate for Chain of Custody issued by the MTCS-notified CB in accordance to the PEFC Annex 4 will only be eligible to use the MTCC logo, and not the PEFC logo. The PEFC logo can only be used by a holder of an accredited certificate issued by a PEFC-notified CB. The holder of the accreditation certificate can only use the PEFC logo after signing a Logo Usage Licence Agreement with MTCC.



Mr. Yong Teng Koon of MTCC giving the briefing

Incentive for Forest Plantation Sector

STA menerima surat dari Kementerian Perusahaan Perladangan & Komoditi mengenai insentif untuk Perladangan Hutan. Kementerian Kewangan telah meneliti semula syaratsyarat insentif cukai untuk projek perladangan hutan.

STA received a letter Ref. No. KPPK19(03)765/4KLT 28(29) dated 28 May 2009 from the Ministry Plantation Industries and Commodities with regards to incentives available for Forest Plantation.

Under the Economic Stimulus package in May 2003, the Government had announced the tax incentive for forest plantation project. One of the qualifying conditions imposed by the Forest Plantation Incentive Evaluation Committee for this incentive was only one company from each group will be given tax incentive. The other companies in that same group carrying out the same activity are not eligible for the incentive.

The Ministry of Finance has decided to review this condition and after taken into consideration the high risk and long gestation period involved in forest plantation establishment which discourages any further development. To boost and intensify forest plantation, the Ministry has decided that three new companies instead of one company from the same group can apply for this incentive.

MEF National Conference 2009 & MEF 50th Anniversary Dinner

In conjunction with its 50th Anniversary celebrations, the Malaysian Employers Federation (MEF) had organised the MEF National Conference 2009 at the Sunway Lagoon Resort Hotel in Petaling Jaya on 12-13 May, 2009. The MEF National Conference had attracted more than 130 participants.

The two-day Conference was followed by the MEF 50th Anniversary Dinner, held at the same venue and graced by the Deputy Prime Minister Y.A.B. Tan Sri Dato' Haji Muhyiddin Mohd Yassin and his wife Y.A.Bhg. Puan Sri Norainee Abdul Rahman. More than 1,000 guests participated in the celebrations.

Members of STA Labour and Industrial Relations Committee and representatives from Secretariat attended the two-day Conference and the MEF 50th Anniversary Dinner. Datuk Wong Kie Yik. Chairman of the Association together with Dato Henry Lau, Honorary Secretary of the Association, who is also the Council Member of MEF also attended the MEF 50th Anniversary Dinner.

The theme of the MEF National Conference 2009 was "Economic Uncertainties - HR Challenges and Responses" and it aimed to address the critical needs of businesses in optimising human resource functions to deliver strategic results in turbulent times.

The Deputy Minister of Human Resources Y.B. Senator Dato' Maznah Mazlan was invited to deliver keynote address on the opening day of the MEF National Conference 2009. Y.B. Senator Dato' Maznah launched MEF's latest publication in its industrial relations series entitled "Guide to Redundancy and Retrenchment" at the same event.

As stated by the MEF Executive Director Hj. Shamsuddin Bardan, the MEF National Conference was usually held towards the end of the year but it was purposely brought forward this time around in view of current economic situation. However, he emphasised that it was not the intention of the Conference to encourage employers to lay off its staff as MEF was of the view that retrenchment should be the last be option to considered by employers.

The Speakers and Panellists for the two-day Conference comprised prominent corporate leaders. government officials, industrial relations experts and academicians. speakers shared their respective experiences on human resources challenges and responses with the participants and many issues concerning industrial relations were highlighted during the Conference.

Speakers included YBhg Prof. Datuk Dr. Noor Azlan Gazali, Director of Malaysian Development Institute (MDI) (a national development policy think-tank of the Economic Planning Unit) presented a paper entitled "Meeting Human Capital Needs for the New Economy"; Puan Nora Manaf, MEF Council Member & Head of Group Human Capital, Maybank Group & President of Malaysian Commercial Banks' Association who presented a paper entitled "HR Strategies -Managing Human Resources to Avoid Retrenchment"; Mr. Simon Sim Thai Fong, MEF Council Bersempena dengan sambutan Ulangtahun ke-50nya, MEF telah menganjurkan Persidangan MEF 2009 dari 12 hingga 13 Mei 2009 di Petaling Jaya.

Bertemakan "Keadaan Ekonomi Tidak Tertentu - Cabaran dan Tindakan Sumber Manusia", persidangan ini bertujuan mengenalpasti keperluan kritikal untuk memaksimumkan fungsi sumber manusia untuk memberi kesan yang strategik pada masa yang agak mencabar kini.

Penceramah dan panel untuk sidang ini terdiri daripada pemimpin korporat yang terkemuka, pegawai kerajaan, pakar perhubungan perindustrian dan ahli akademik. Mereka berkongsi pengalaman dalam isu mengenai cabaran sumber manusia dan pelbagai isu lain berhubung industri.

国家生产力局砂州分局于 2009年5月4日假古晋, (Continued from Page 18)

Member and General Manager. Human Capital & Corporate Affairs F&N Coca-Cola (M) Sdn Bhd who presented paper entitled а "Strategic Labour Market Restructuring" - Present and future YBhg Dato' Zamzamzairani and Mohd Isa, Managing Director/ GROUP Chief Executive Officer. Telekom Malaysia Bhd who presented entitled paper Turnaround Strategies in Difficult Economic Environment - CEO's perspective".

Note: Materials from the Conference are available from the STA Secretariat.

Seminar on Sustaining Malaysia Competitiveness

Pejabat Sarawak Perbadanan Produktiviti Malaysia (MPC) telah mengadakan Seminar Sustaining Malaysia's Competitiveness pada 4 Mei 2009 di Kuching. Seminar ini bertujuan memberi maklumat tentang keadaan ekonomi Malaysia, tahap persaingan dan inisiatif untuk mempertingkatkan persaingan nasional dan industri di peringkat antarabangsa.

Seminar ini dibahagikan kepada dua sesi di mana tiga kertas kerja dibentangkan dalam sesi pertama disusuli perbincangan panel pada sesi kedua.

The Malaysia Productivity Corporation Sarawak organised the Seminar on Sustaining Malaysia's Competitiveness on 4 May 2009 at the Hilton Hotel, Kuching. objective of this seminar was to provide updates on Malaysia's economic scenario, competitiveness performance and initiatives made in competitiveness enhancing national and industry level. The by seminar attended was representatives from various government agencies, NGOs, trade associations and private sectors.

The Senior Director of Malaysia Productivity Corporation, Ms. Lee Saw Hoon, in her welcoming remarks, said the public service delivery system, as а kev component national competitiveness will continue to be upgraded to meet the expectations of the private sectors. She pointed out MPC had set-up its Efficiency Enhancing Clinic, operating every Thursday from 9.00am to 4.00pm. The Private sector is encouraged to make full use of this facility to be more effective and competitive particularly with the current global economic crisis.

The seminar was divided into two sessions. The first session comprised presentation of papers followed by a panel discussion

during the second session.

The following are the papers presented:

- Paper **Updates** 1: on Malaysia's Economy by Encik Muhammad Abdul Rahman. Deputy Director of Macroeconomics Section, Economic Planning Unit which provided the current global scenario, the impact of it on the Malaysian economy and the policies and strategies to face the impact.
- Paper 2: Assessing Malaysia's Competitiveness: Lessons from the Global Competitveness Report 2008-2009 by Ms. Jennifer Blanke, Senior Economist and Director, Global Competitiveness Network, World Economic Forum. In her paper. Ms. Blanke represented Global Competitiveness the Report 2008-2009 released by the World Economic Forum (WEF) where Malaysia ranked at the 21st position in overall performance out of 134 countries (1-7 scale score, scored 5.0). It was noted that Malaysia has benefitted from the excellent functioning of its goods, labour and especially in the financial sectors. Labour markets are

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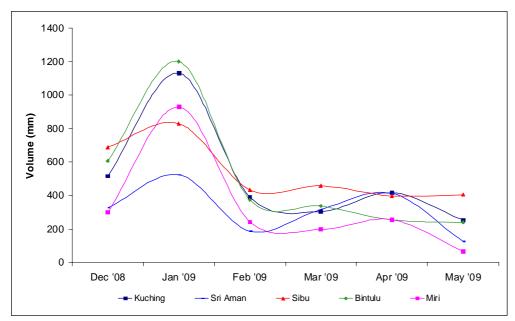
efficient (ranked 19th) and at 23rd position, the goods market also functions well, with healthy competition. The financial market is ranked 16th for its sophistication, backed by sound banking sector and a relative ease of access to various forms of finance for development. business Malaysia's infrastructure ranked 23rd and its strong business sophistication innovative potential, both ranked 22nd, have also contributed greatly to the country's growth over recent years.

Sarawak Competitiveness in Challenging Global Economic Crisis - SMA's Experience by Mr. Joseph Lau, Secretary-General, Sarawak Manufacturers Association (SMA) highlighted some of the challenges such as land issues, infrastructure and increase in various costs, faced by the various industries in Sarawak making it a challenge for Sarawak to be competitive at the global level.

Note: Presentation papers available for reference in STA Resource Centre.

• Paper 3: Strengthening

Rainfall : December '08 - May '09 Kadar Hujan Bulanan



Source: Malaysian Meteorological Services.

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