



STA dan Rakan2

October 2012

For Private Circulation Only

Issue 172

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

While every effort has been made to ensure that the information printed in this news bulletin is accurate and correct, neither STA nor its Officers, Members or Employees shall assume any responsibilities or be made liable for any inaccuracies and errors printed; nor is such publication unless otherwise stated necessarily the views of STA, its Officers, Members or Employees.

The news bulletin is circulated to designated readers free of charge.

Editorial Board

Chief Editor:
Dr Peter C.S. Kho

Editor/Secretary:
Jaime Chan

Members:
Law Hui Chau
Salfa Kamazura

Visit to the Forest Plantation Industry of Sabah



Photo (left): Courtesy call to the Deputy Director of Sabah Forestry Department

Photo (right): Tree plantation harvesting using cable yarding system



A delegation of fifteen (15) members comprising representatives from Forest Department Sarawak (FDS), Sarawak Forestry Corporation (SFC), Sarawak Timber Industry Development Corporation (STIDC), Harwood Timber Sdn Bhd, the Forest Plantation category of Sarawak Timber Association (STA) and the STA Secretariat visited the Sabah Forestry Department and a few forest plantation sites from 8 to 13 October 2012. The visit, hosted by the Sabah Forestry Department, was aimed at understanding the role of the Department in the forest plantation industry, as well as the operating procedures and equipment used for the harvesting and movement of plantation logs, including cess assessment procedures.

The delegation paid a courtesy call to the Deputy Director of Forests

(DoF) Sabah, Mr Fidelis Edwin Bajau in Sandakan, who provided an overview on the history and development of forest plantation in Sabah. As of June 2012 an area of 238,000 ha out of a targeted area of 400,000 ha had been planted. The species planted in Sabah are rubber, *Acacia mangium*, *Eucalyptus grandis*, *Paraserianthes falcataria*, Laran, *Dipterocarp* spp. Sabah's log production from forest plantation surpassed a million m³ in 2011. Members then visited the Hutan Lipur Khazanah and the Gum-Gum Plantation Research Station of Forest Research Centre of SFD. There are 50 research plots covering spacing and tree improvement trials of 12 indigenous and 22 exotic species in this Research Station.

(Continue on page 2)

Sabah's FLEGT Kick Start Workshop and Consultation

The Sabah's FLEGT Kick Start Workshop and Consultation was organised by Sabah Forestry Department on 8 October 2012 at Le Meridien Hotel, Kota Kinabalu, Sabah. Approximately seventy (70) participants from the Sabah timber industry and related Government agencies attended this Workshop.

In the opening remarks by Datuk Sam Mannan, the Director of Sabah Forestry Department, he informed the participants that Sabah's cabinet decision must be respected and that the terms and conditions set by Sabah must be met in order for Sabah to be part of the Forest Law Enforcement Governance and Trade, Voluntary Partnership Agreement (FLEGT VPA). He also informed the participants that Sabah will continue with developing their own Timber Legality Assurance System (TLAS) even if they are not joining the Peninsular Malaysia in signing the VPA.

Four papers were presented during the Workshop. They were:

1. *2003 – 2013: The EU Forest Law Enforcement Governance and Trade (FLEGT) Action Plan, Almost fully operational* by Mr Vincent van den Berk, Programme

Coordinator, FLEGT Asia

2. *Updates on FLEGT VPA and TLAS Negotiation Process* by Madam Loke Sim Wah, PROTEM Secretariat FLEGT

3. *Development of Sabah TLAS* by Mr Andurus Abi, Sabah Forestry Department and Dr Kevin Grace, GFS Sdn Bhd

4. *WWF FLEGT Project in Sabah* by Madam Ivy Wong, World Wide Fund for Nature (WWF) Malaysia

Mr Frederick Kugan of Sabah Forestry Department facilitated the discussion on the next steps for FLEGT in Sabah. Some of the matters that were discussed were the revision of Sabah's TLAS (Principle 1: Right to harvest, Principle 2: Forest operations, Principle 3: Statutory charges and Principle 4: Other users' rights) and to expand the scope of TLAS to include two (2) new principles i.e. Principle 5: Mill Operations and Principle 6: Trade and Customs. The participants also discussed on auditing of the Sustainable Forest Management License Agreement (SFMLA), coordination of funding and pilot projects.

* * * * *

(Continued from page 1)

Visits to forest plantation sites were made over the next few days. The delegation visited Sabah Softwood Berhad (SSB) at Brumas in Tawau where the delegates were shown the mobile chipping machine and a cable yarding system for harvesting plantation logs. They also visited the thinning trial plot of *Eucalyptus pellita* as well as its chip and small logs processing mill.

On the next day, members of the delegation visited Sabah Forest Industries Sdn Bhd (SFI) and its forest plantation at Sipitang where they were shown the harvesting process of tree plantation and were briefed by the enforcement officer of SFD on the process of royalty assessment.

On the last day of the visit, the delegation paid a visit to Forest Management Unit (FMU) No.11 located at Sook in Keningau which is operated by Bornion Timber Sdn Bhd (BT). They visited the Nursery Labau where the process of budding rubber trees was demonstrated. They were then brought to a few plots of the rubber plantation of different ages as well as to a rubber tapping area. The visit culminated with a discussion on the process of royalty assessment for plantation logs in Sabah.



Did you know that.....

In October 2012, an environmental tax will be introduced in Japan by the government to control carbon dioxide emissions throughout the country. The new tax on natural gas, coal, oil and other fossil fuels is aimed at cutting down emissions of the heat-trapping gas. The move may cause the price for plastic, electricity and other products to increase. The government will levy the green tax as an extra charge on the existing coal and oil tax and it will increase in April 2014, as well as increase once more in April 2016

Source: The Japan Times, 29 Sep 2012

Did you also know that....

A forest plantation scheme has received MYR 1.04 billion (EUR 262.13 million/USD 339.82 million) allocation from the government of Malaysia. This was done through the Plantation Industries and Commodities Ministry. Out of the total, MYR 650 million has been disbursed as soft loan to 40 participating firms.

Source: The Star, 25 Oct 2012



Discussion on EUTR and its related matter

A discussion on the European Union Timber Regulation (EUTR) and its related matter with the industry was organised by the Malaysian Timber Council (MTC) on 16 October 2012 at Menara PGRM, Kuala Lumpur.

The Discussion was moderated by Datuk Yeo Heng Hau, a Senior Director of the Public & Corporate Affairs Division of MTC. He shared with the participants that Malaysia has embarked on a Forest Law Enforcement Governance and Trade (FLEGT) Voluntary Partnership Agreement (VPA) negotiation with the European Union (EU) since September 2006. This includes the establishment of the Timber Legality Assurance System (TLAS) to ensure that only legal timber will be exported to the EU. He also mentioned that the VPA negotiation is currently in its final stage. However, upon signing the VPA, there will be an interim period before FLEGT license can be officially issued and timber exports from Malaysia then might still be subjected to the due diligence system.

Ms Sheam Satkuru-Granzella, a Director from MTC London briefed on the EUTR and the impact on the timber industry. The EUTR will come into force on 3 March 2013. All imports into the EU and timber products within the EU are subjected to requirements of the EUTR. The EU Regulation No 995/2010 was adopted in 2010 to support the EU FLEGT VPA process which is applicable to non-VPA supplying countries and inter-EU.

The due diligence under the EUTR includes the three main elements i.e. (i) access to information, (ii) risk assessment and (iii) risk mitigation (of risk identified).

Risk assessment is conducted to minimise the risk of sourcing illegally harvested timber and wood products. The operators (importers) in the EU are obliged to conduct risk assessment on suppliers. These operators will rely on suppliers to supply the required information in proving the legality/sustainability of source. The European timber trade federations, national member state timber trade federations and monitoring organisations are all coming up with risk assessment procedures to assist their members in fulfilling the requirements of the EUTR. They are also on harmonising these procedures among

themselves.

Risk mitigation is steps taken by the operators and their suppliers to ensure to their best ability that the timber and/or timber products have been legally harvested in accordance with applicable national legislation in the country of harvest. Operators and suppliers need to work together to ensure that timber from unknown sources have not entered the supply chain by using documentation to prove the source. These records must be kept for five (5) years.

Ms Sheam Satkuru-Granzella also mentioned that certification or other 3rd party verification scheme that include verification of compliance with national legislation in country of harvest may be accepted in the risk assessment procedure. These schemes include Programme for the Endorsement of Forest Certification (PEFC), Forest Stewardship Council (FSC), Verified Legal Compliance (VLC) and Forest Trust's Timber Trade Action Plan (TTAP).

Mr Rajan Samikanoo, Director of Enforcement and Licensing of Malaysian Timber Industry Board (MTIB) spoke on the status of the FLEGT VPA and the measures which have been taken to prepare for the impending implementation of the EUTR. He mentioned that the timber legality assurance system (TLAS) is at the final stage of discussion with the EU. He also informed that a work plan for the implementation for TLAS and issuance of FLEGT Licence has been prepared. The Guidelines for application of FLEGT Licence has been completed, however not ready for circulation. MTIB shall be having four (4) dialogues on the Guidelines with the industry in Kuala Lumpur, Penang, Kuala Terengganu and Johor Bahru. The trial run for the TLAS shall be done by December 2012. He further informed the participants that the interim measure for the EUTR pending signing of VPA is the proposal for MTIB to issue MYTLAS Licence, which is based on the TLAS for exports to EU.



Persatuan Kayu Kayan Sarawak Sarawak Timber Association

11 Floor, Wisma STA, Jalan Datuk Abang Abdul Rahim, 93450 Kuching, Sarawak, Malaysia.
Telephone: ++(60 82) 332 222 Facsimile: ++(60 82) 487 888, 487 999
E-mail: sta@sta.org.my Website: www.sta.org.my

Sarawak Timber Industry Lab



Photo: Lab in session

The fifth series of Sarawak Timber Industry Lab (STIL) is a continuation from the previous four labs which was held from July to August 2012. These labs were organised by the Sarawak Timber Industry Development Corporation (STIDC), facilitated by Training Hub Sdn Bhd. The fifth lab was held from 22 to 25 October 2012 at Riverside Majestic Hotel, Kuching in conjunction with the recommendation from the Panel Members in the fourth lab held from 1 to 2 August 2012 and was attended by approximately fifty five (55) participants from various agencies. The objective was to finalise the lab findings

and formulate the policy for the timber industry which is expected to be implemented by 2013.

Participants were divided in groups to review the current Sarawak Timber Industry (STI) status against other competitors to determine the causes of the gap and recommended appropriate solutions. The participants also deliberated the causes that delayed the achievement of the targeted 1 million ha of planted forest by 2020 and suggested recommendations to the State and Federal Government to solve the plantation issues. Lastly, participants summarised the specific actions to develop policy statement prior to the determination of industry growth rate and projection. The policy statements covered Natural Forest, Plantation Forest, Marketing, Manpower, Downstream Industry Development and Research and Development.

The participants were informed that a presentation on lab findings to the Panel Members will be held on 26 November 2012 at STIDC, Wisma Sumber Alam in Kuching.