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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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Occupational Safety and Health in Forestry and Timber Industry



Photo: Meeting in session.

The Department of Occupational Safety and Health (DOSH) Sarawak, Sarawak Timber Industry Development Corporation (STIDC) and STA met on 24 February 2020 at DOSH Office, Kuching, to discuss matters related to OSH in the forestry and timber industry of Sarawak.

The meeting was chaired by Ir Dr Nor Halim Bin Hasan, Director of DOSH Sarawak who stated that this year, DOSH will be focusing its attention to the logging industry in Sarawak.

He also acknowledged the good effort of DOSH, STIDC and STA in conducting series of Campaigns for the timber industry in Sarawak at logging camps since 2015.

The series of Campaigns with the objective to disseminate information on OSH at workplaces, provide training on OSH and conduct OSH compliance audit were commended as an example of good initiatives.

In view of the large number and locality of logging camps across Sarawak, Ir Dr Nor Halim proposed to explore other approaches which may be more effective in maintaining OSH compliance especially for logging camps located in the interior region.

He suggested to emulate the work done by the Sibu Shipyard Association to develop generic guidelines for hazard identification, risk assessment and risk control (HIRARC) which can be used by all shipyards operators.

The meeting agreed to develop an OSH module focusing on the logging industry which aims to reduce the rate of accident at workplace.

Another meeting has been scheduled to take place on 6 March 2020 in Sibu with the intention to further discuss matters pertaining to OSH which includes strategy planning among stakeholders and implementation of the Compliance Support Program.

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STA's Press Statement on Reviving the Ailing Timber Industry

The following Press Statement was issued by the Association in response to the current worrying economic climate and uncertainties that continue to shroud the timber industry.

REVIVING THE AILING TIMBER INDUSTRY CANNOT BE DONE ALONE

As the timber industry enters the year 2020, STA members remain deeply concerned about the gloomy outlook that continues to shroud the industry. The economic climate is not getting better, retrenchment and lay-off cases are surging, Sarawak sees a large scale layoff of 500 employees, mostly Sarawakians, in the recent termination of Lebuhraya Borneo Utara Sdn Bhd's project and the industry believes more of such cases are on the way if there is no intervention or measure taken by the Sarawak Government.

The industry is not spared from the current economic challenges and uncertainties, the industry has been struggling hard to re-align its operation strategies and re-allocate its key resources in order to keep businesses afloat. STA regretfully notes that the actions by the industry to sustain businesses included decisions which affected jobs.

The industry continues to be severely affected by cost increase arising from policy and administrative requirements such as increase in premium and cess as well as labour cost on top of existing high production cost. Many mills across Sarawak are in dire situations and have been forced to either scale down or shut down their operations. For mills that are still in operation, the industry sees a sharp drop of more than 50% in capacity utilised as of 2019 compared to 2018. At the same time, the industry is gradually losing its market share to countries such as Indonesia, Viet Nam and other ASEAN countries who have competitive edge over Sarawak because of favourable policies and strong government support.

STA is grateful that the Sarawak Government has been creating opportunities for the industry to provide its feedback and recommendations, but concerns and frustrations are raising among the industry players with no concrete actions in sight. Hence, STA reiterates that the Sarawak Government ought to conduct thorough assessment studies taking into consideration the actual situations affecting the industry, as well as working on advancing insights obtained from communicating with stakeholders including the industry players and other forestry agencies. Instead of introducing new policies such as additional fees, cesses and premiums which will further increase costs for the industry, STA hopes that the Sarawak Government will also look into implementing various measures which could include reduction in royalty and premiums for logs used in local processing, waiver on royalty for planted logs used in local processing, reduced levy for foreign workers in manufacturing sector, subsidies for automation of planted log processing, amongst others, to cushion the current difficult situation and to stimulate growth in the timber industry.

STA believes that reviving the ailing timber industry is no work to be done alone by the industry players. It requires the Sarawak Government to be the driving force joined by other stakeholders to overcome the challenges ahead in order for the industry to sustain and remain a vital contributor to the State's economy.

Sarawak Timber Association
22 February 2020

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Did you know that.....

The adversity of impact is not yet known but trade analysts in Malaysia anticipate "very bad business" as the disruptions from the latest coronavirus outbreak are weakening an already disrupted global market. This is especially so, given that China has been Malaysia's largest trading partner for a decade and trade reached over RM300 billion last year.

*Source: Tropical Timber Market Report, Volume 24, Number 3, 1st – 15th February 2020.
Available at https://www.itto.int/files/user/mis/MIS_1-15_Feb2020.pdf*

17th Meeting of APEC EGILAT

The 17th Meeting of Asia-Pacific Economic Cooperation Experts Group on Illegal Logging and Associated Trade (APEC EGILAT) was held at the Palm Garden Hotel, Putrajaya, Malaysia, from 6 to 7 February 2020.

Representatives from a total of twelve (12) member economies attended the Meeting, namely Australia, Brunei Darussalam, Chile, Indonesia, Japan, South Korea, Malaysia, New Zealand, Peru, Chinese Taipei, Thailand and the United States (US); while two (2) member economies, namely China and the Philippines, participated remotely via video conferencing. The Meeting was chaired by Ms Emma Hatcher, Director of International Forest Policy, Department of Agriculture and Water Resources, Australia.

In his Opening Remarks, Mr Ravi Muthayah, Secretary General of Ministry of Primary Industries (MPI), spoke on Malaysia's commitment in combatting illegal logging and promoting a sustainable trade ecosystem. He emphasised that the country remains committed in maintaining at least 50% of its land area under forest cover even though Malaysia is a timber producing economy.

He also highlighted that Malaysia has established its own timber legality assurance system, i.e. the Malaysia Timber Legality Assurance System (MYTLAS) for Peninsular Malaysia, Sabah Timber Legality Assurance System (TLAS) and Sarawak Timber Legality Verification System (STLVS).

According to Mr Ravi, there should be a balanced approach between protection of the environment and ensuring a competitive trade of forest products towards achieving shared prosperity in the APEC region. Therefore, he believed that promoting trade for legally harvested forest products should continue to be one of the important agenda for member economies.

Taking on the APEC 2020 theme "*Optimising Human Potential Towards a Future of Shared Prosperity*", Ms Sabariah Sofian, Officer of APEC 2020 Secretariat, briefed the member economies on three (3) priorities including (i) improving the narrative of trade and investment; (ii) inclusive economic participation through digital economy and technology; and (iii) driving innovative sustainability.

Ms Cindy Squires, Chief Executive of International Wood Products Association, US, highlighted the need to involve the timber industry in the design and implementation of legality measures as well as the importance of building capacity among small and medium-sized enterprises or SMEs to understand and participate in the trade of legal timber.

The Meeting received project updates from several

member economies including Malaysia where Dr Lee Soon Leong, Head of Genetics Laboratory (Forest Biotechnology Division), Forest Research Institute Malaysia, shared the DNA profiling and barcoding system for timber tracking and plant species identification. Meanwhile, South Korea made a presentation on "*Restricting Illegal Logging and Associated Trade: The Progress of Korea's New Regulation*".

In the cross-fora information exchange session, Malaysian Timber Certification Council, on behalf of the Programme for the Endorsement of Forest Certification highlighted opportunities for APEC member economies to utilise certification system to promote trade in legal timber.

The Meeting also discussed the possibility of a collaboration among the Anti-Corruption and Transparency Working Group, Sub-Committee on Customs Procedures as well as EGILAT involving a cross-fora policy dialogue in August 2020 in Penang where the next APEC EGILAT Meeting is to be held. The dialogue will focus on revisiting efforts to reduce illegal logging and wildlife trafficking, improving revenue collection of member economies, as well as combatting corruption.

Ms Annie Ting, Chief Executive Officer of STA, presented the challenges faced by the timber industry in Sarawak to produce legal timber and timber products in the Workshop on Advancing the Trade and Distribution of Legally Harvested Forest Products in the APEC Region.

She briefly introduced STA and spoke on the background of forestry in Sarawak where all matters relating to land and forests fall under the State's jurisdiction. She underlined challenges such as different levels of playing field, unverified reporting on "*illegal logging*", commitments versus competitiveness as well as unintentional "*trade barriers*". She also urged all stakeholders to be equally responsible in sharing the costs of managing forests towards meeting the United Nations Sustainable Development Goals as well as APEC's goal to increase forest cover and promote trade of legal timber.



Photo: Interactive discussion in progress.

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Engagement Session with Sarawak Timber Industry Development Corporation (STIDC)

On 14 February 2020, STA benefited from an engagement session with the Sarawak Timber Industry Development Corporation (STIDC) at Wisma Sumber Alam, Kuching.

The session was chaired by Mr Awang Mentali Bin Awang Mohamed Sulaiman, Assistant General Manager (Trade Control) of STIDC, and attended by officers from STA as well as the Registration Division and Trade Control Division of STIDC.

Various regulating issues affecting the trade of timber and timber products were highlighted by STA and thoroughly discussed by both parties during the session.

Among some of these issues are the plywood importation policy, anti-dumping duties imposed by South Korea on Malaysian plywood as well as the HS code classification for exporting value-added products.

In addition, a roadshow and awareness programme will be jointly organised by STIDC and STA to update the forestry and timber industry on current practices and

requirements by the regulating agencies relating to trade.

Both parties also agreed that engagement sessions shall be held regularly in the future in order to maintain proper communication between the two (2) agencies as they strive to achieve a common goal for the shared benefit of all parties in the forestry and timber industry.



Photo: Mr Awang Mentali (centre) presenting a memento to Ms Annie Ting, Chief Executive Officer of STA

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