China and Asia Pacific: Forest Markets for sustainable livelihoods and Forests

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Country Situation observation:
Malaysia

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Background

- 1 country 3 system – Peninsular Malaysia, Sabah and Sarawak
- Land and forests are State matter
- National Forestry Council – chaired by Deputy Prime Minister – set Annual Allowable Cut (AAC)
- AAC 2001 – 2005
  - Peninsular 42,870 ha yield of 2.75 million m3 of logs
  - Sabah 60,000 ha with yield of 2.89 million m3
  - Sarawak 170,000 ha with yield of 9.5 million m3

Sources of wood

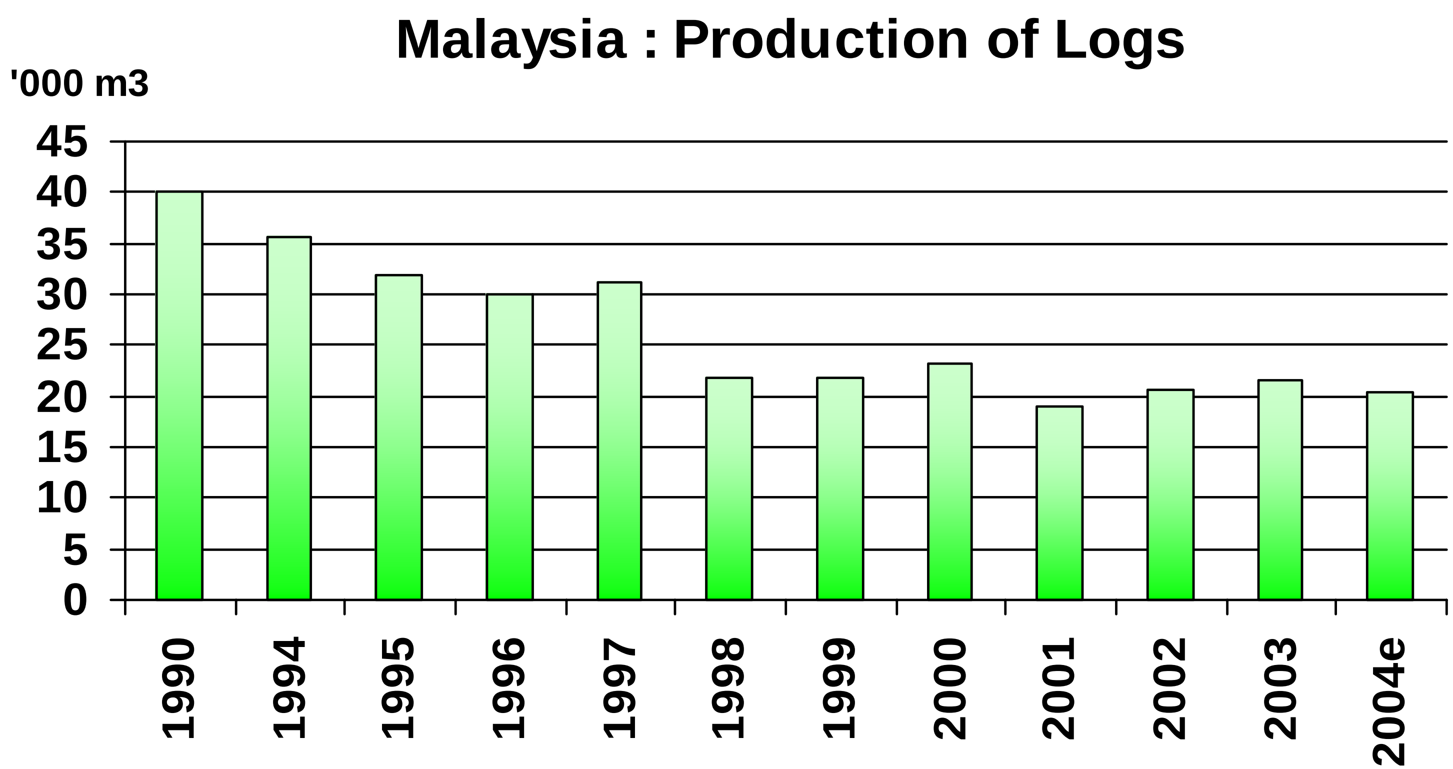
- Permanent Forest Estate
- Stateland
- Import – legal and smuggled
- Plantation – include rubber
- Private / conversion by Statutory bodies

Forest resources of Malaysia (2003)(million ha)

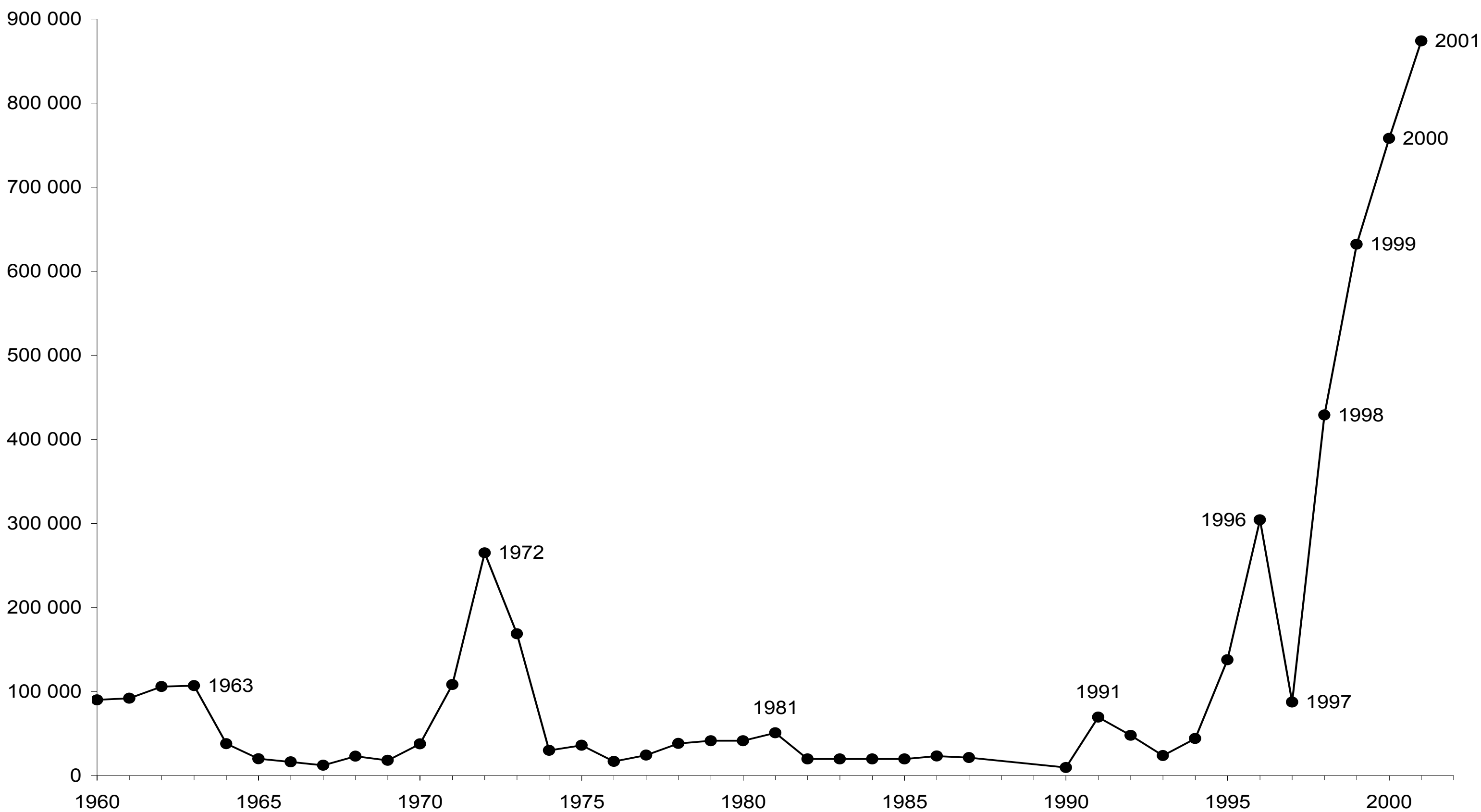
Region	Protection forests	Production forests	Total PRF	Land area	% of Total Land Area
Peninsular Malaysia	1.52	3.18	4.70	13.15	35.70
Sabah	0.59	3.00	3.59	7.37	48.70
Sarawak	1.10	5.00	6.10	12.30	49.60
Malaysia	3.21	11.18	14.39	32.82	43.90

Forest resources statistics

- Production

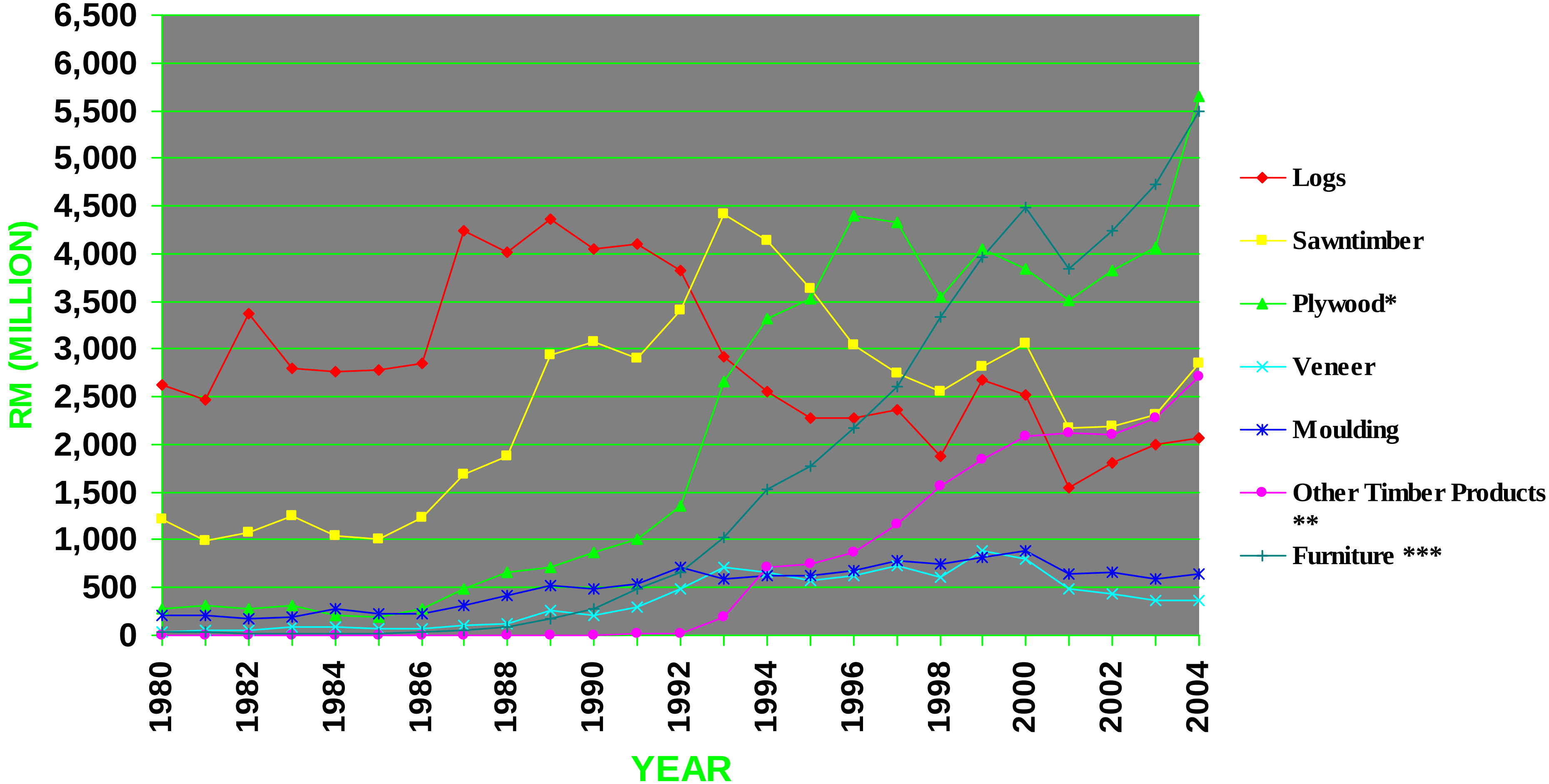


Log imports (all species) into Malaysia from 1960 - 2001



FAOSTAT database

MALAYSIA: EXPORT OF MAJOR TIMBER PRODUCTS (RM MILLION)



* include blockboard

** include dress timber, woodchips, chipboard / particleboard, MDF & BCJ.
For 2004 figure, also include fuel wood, wood charcoal, hoop wood, wood wool, wood flour, packing cases, casks, barrels, vats and tubs, tool bodies& handles, tableware & kitchenware, wood marquetry, other articles of wood

*** include wooden & rattan

MALAYSIA: EXPORT OF MAJOR TIMBER PRODUCTS

(Vol. ‘000 m3 / ‘000 kg, Value RM Million)

PRODUCTS	1990		1995		2003		2004	
	Vol	Value	Vol	Value	Vol	Value	Vol	Value
LOGS	20,355.2	4,041.4	7,863.9	2,272.8	5,468.2	2,001.1	5,118.1	2,070.2
SAWNTIMBER	5,283.1	3,071.0	4,151.3	3,625.6	2,355.5	2,305.9	2,761.5	2,842.9
PLYWOOD*	1,017.0	863.0	3,461.7	3,520.8	3,875.0	4,064.3	4,349.3	5,645.5
VENEER	332.4	202.9	586.5	575.0	461.9	357.8	395.7	370.8
MOULDINGS	n.a.	487.8	n.a.	618.2	n.a.	594.4	315.2	646.5
BCJ**	n.a.	n.a.	n.a.	338.9	n.a.	803.7	1,262.8	1,020.9
MDF	n.a.	n.a.	250.9	217.8	1,190.1	978.6	n.a.	1,094.9
FURNITURE ***	n.a.	269.5	n.a.	1,765.3	n.a	4,722.8	n.a.	5,486.7
Other Products****	n.a.	n.a.	n.a.	186.6	n.a.	486.8	n.a.	8,205.0
TOTAL		8,935.6		13,121.0		16,315.4		19,765.7

Source : Malaysian Timber Industry Board (MTIB)

* *include blockboard*

** *unit in ‘000 KG for year 2004*

** *include wooden & rattan*

*** *include dressed timber, woodchips, chipboard/particleboard & wooden frame*
For 2004 figure, also include fuel wood, wood charcoal, hoop wood, wood wool, wood flour, packing cases, casks, barrels, vats and tubs, tool bodies& handles, tableware & kitchenware, wood marquetry, other articles of wood

Export of Major timber products from Malaysia 2003

Notes

- Malaysia is the world’s largest exporter of tropical hardwood logs and sawn timber and is also a major exporter of tropical plywood, veneer and mouldings.
- Malaysia’s export of timber and timber products has been increasing steadily over the last decade, from US$3.57 billion in 1990 to US$4.65 billion in 2000.
- In terms of export volume and product range, there has been a shift from the traditional dominance of logs, sawn timber and plywood to a more varied mix including mouldings, furniture and wood-based panels.
- Number of mills and factories increased from 2,050 in 1992 to over 5,300 in 2000 with over 3,000 furniture factories.

Observations on trends

- Permanent Forest Estate – stable production, but little history for 2nd rotation
- Stateland - ↓↓ as land is converted
- Import – legal ↓↓ and stablise as forest land decrease, with possible increase from plantation sources. Smuggled ↔ due to enforcement on both sides
- Plantation – rubber ↔, exotic spp ↑↑ but where will investment comes from
- Private / conversion by Statutory bodies ↓↓
- Production/industry – as raw material ↓↓ shift in down stream processing, closure of many plants, furniture sector will consolidate, higher end. Plywood will consolidate and focus on being competitive through meeting CPD, CE and JAS certification

Drivers of change

- SFM but subject to market demands and conditionalities. Licensing duration, consolidation
- Certification – Malaysian Timber Certification Council (MTCC), phase approach, international and mutual recognition
- Value added, upstream support and subsidies
- Indigenous and ethnic minority issues
- Labour supply – Indonesian migrant workers in the industry and logging operations
- Environmental considerations