

Tropical Hardwood Markets from a Malaysian Perspective

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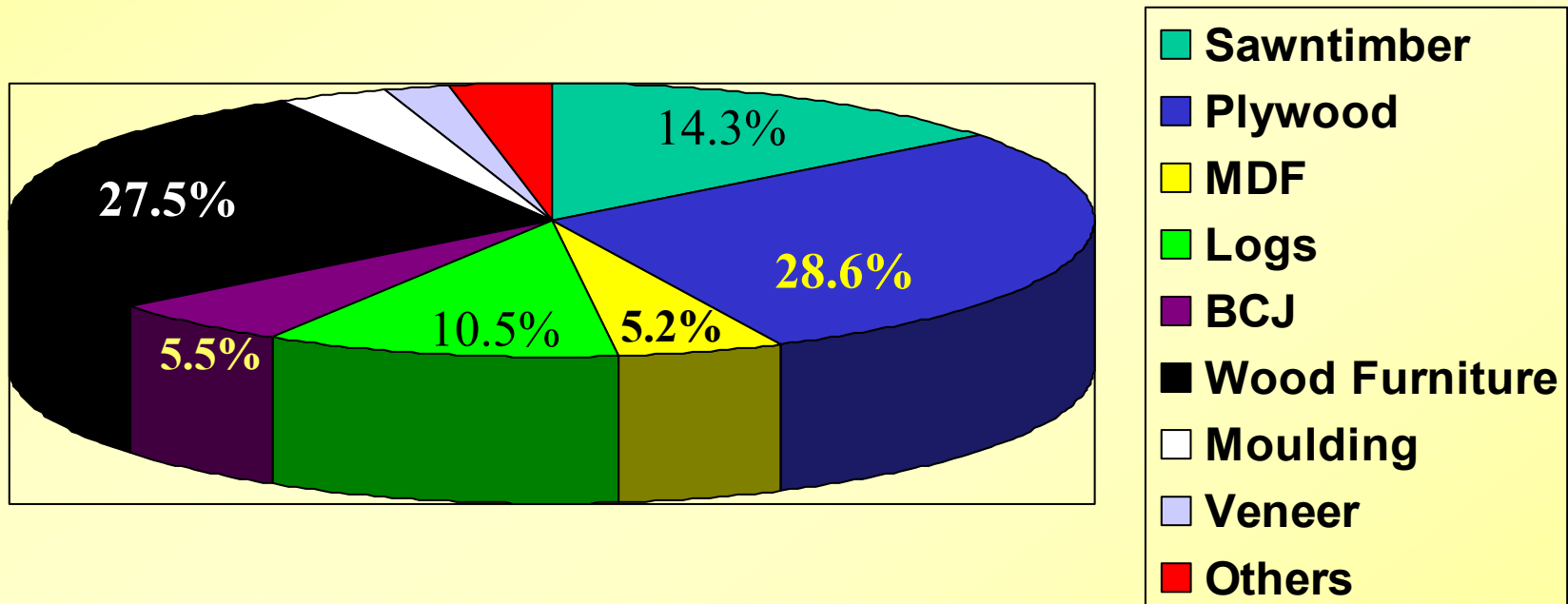
INTRODUCTION

MALAYSIAN TIMBER INDUSTRY

- ❖ **Contributes significantly to the economy (4.3 % to GDP in 2004)**
- ❖ **Major source of foreign exchange**
- ❖ **Timber exports = Euros 3.3 billion in 2004**
- ❖ **Provides employment - 337,300 persons (3.5 % of total employment) (2003)**

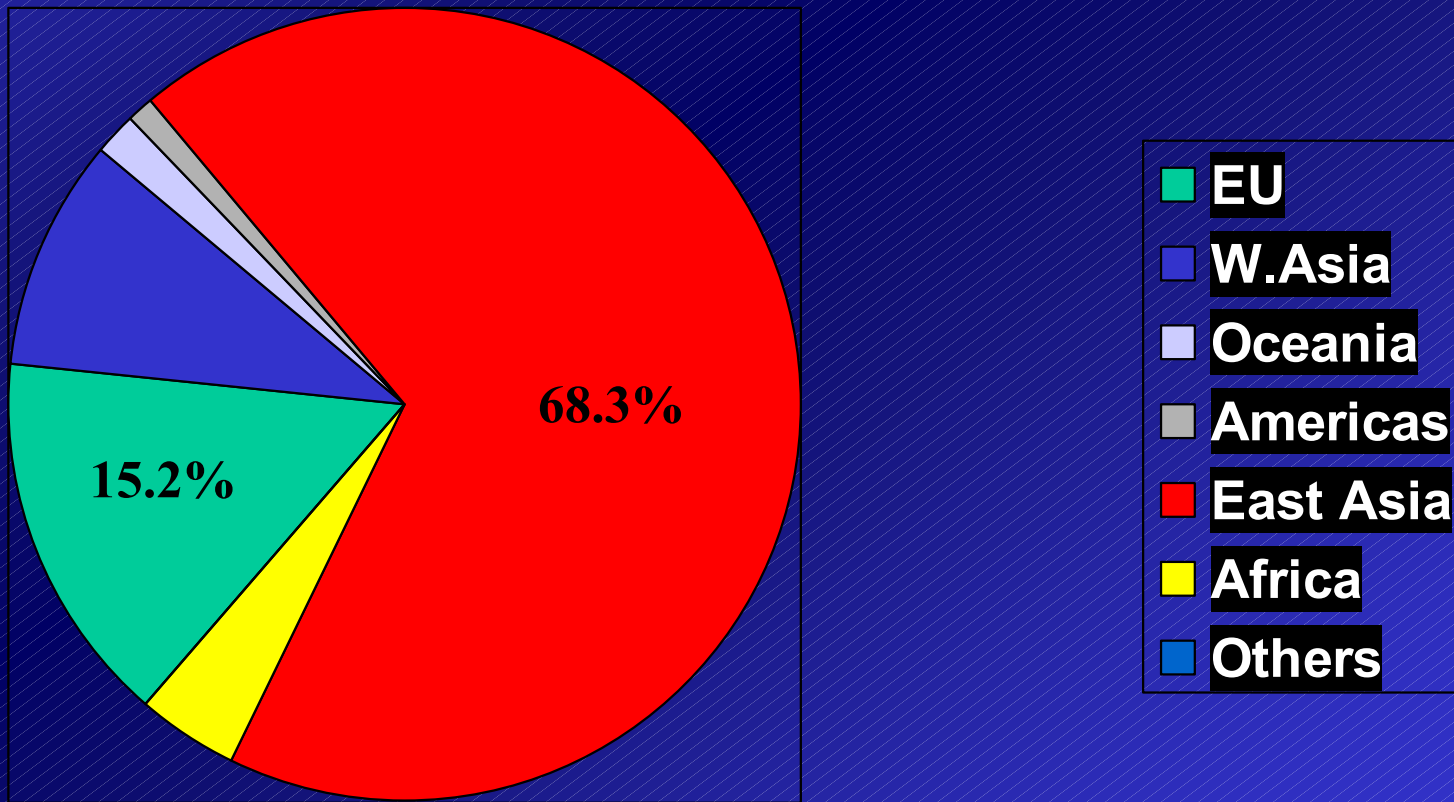


Malaysia: Exports of Major Timber Products (RM million)



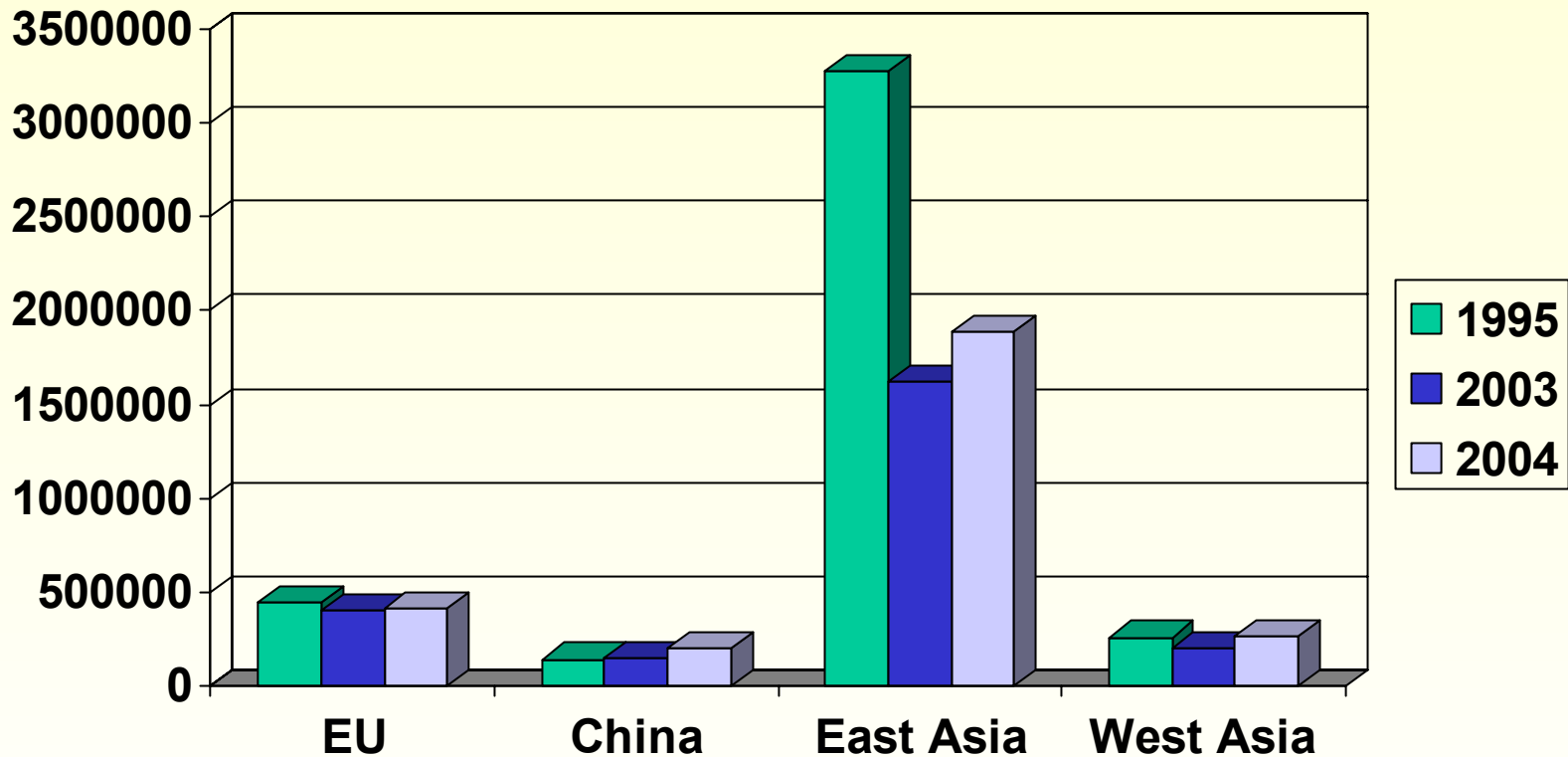
Total Exports : RM 19.8 billion Malaysian Ringgits
(US\$5.5 billion)

Malaysia: Exports of sawn timber by volume (2004)



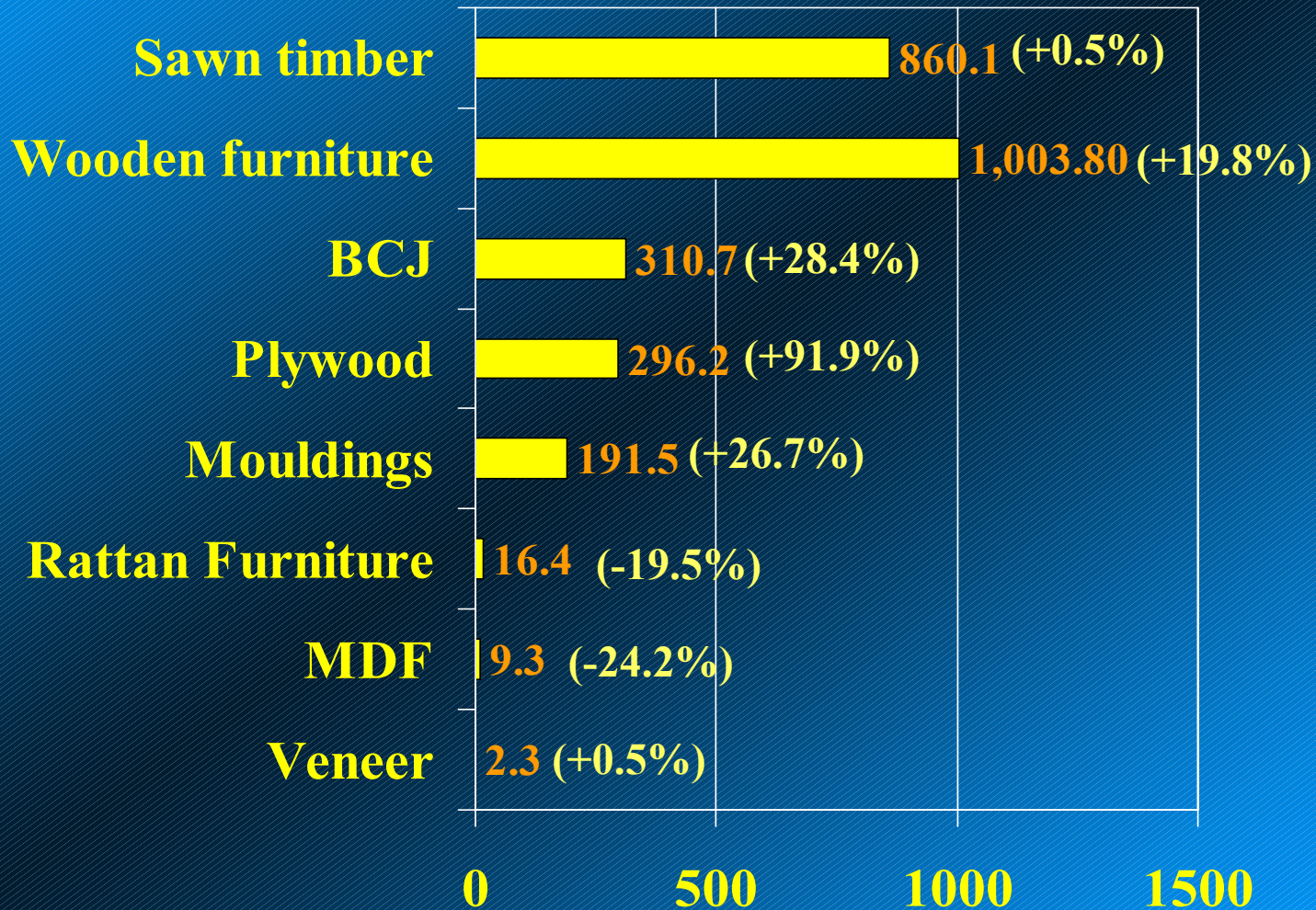
Total Exports : 2.76 million m3 (RM 2.84 billion)

Malaysia: Exports of sawn timber (cubic metres)



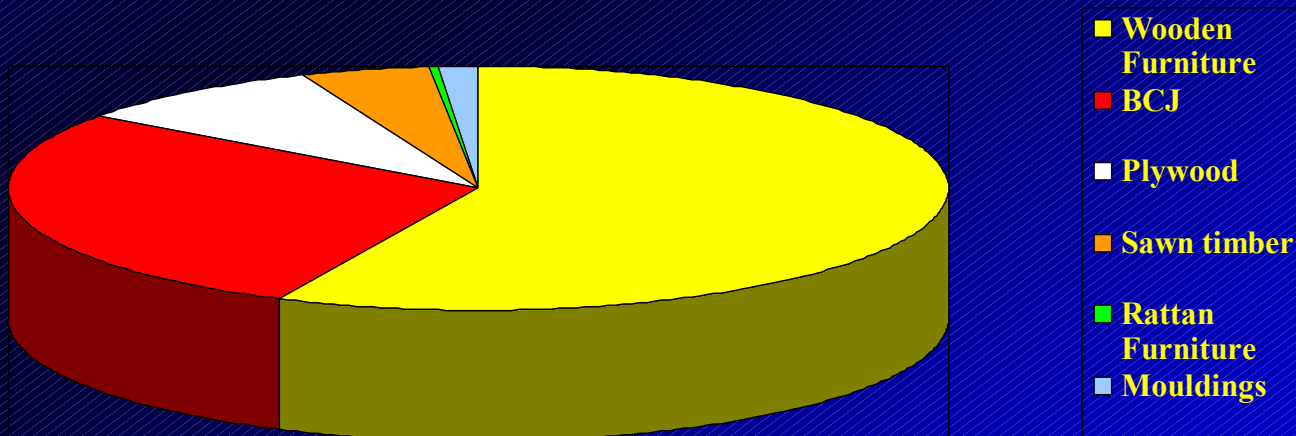
Malaysia's Exports of Timber Products to the European Union (RM million)

2004

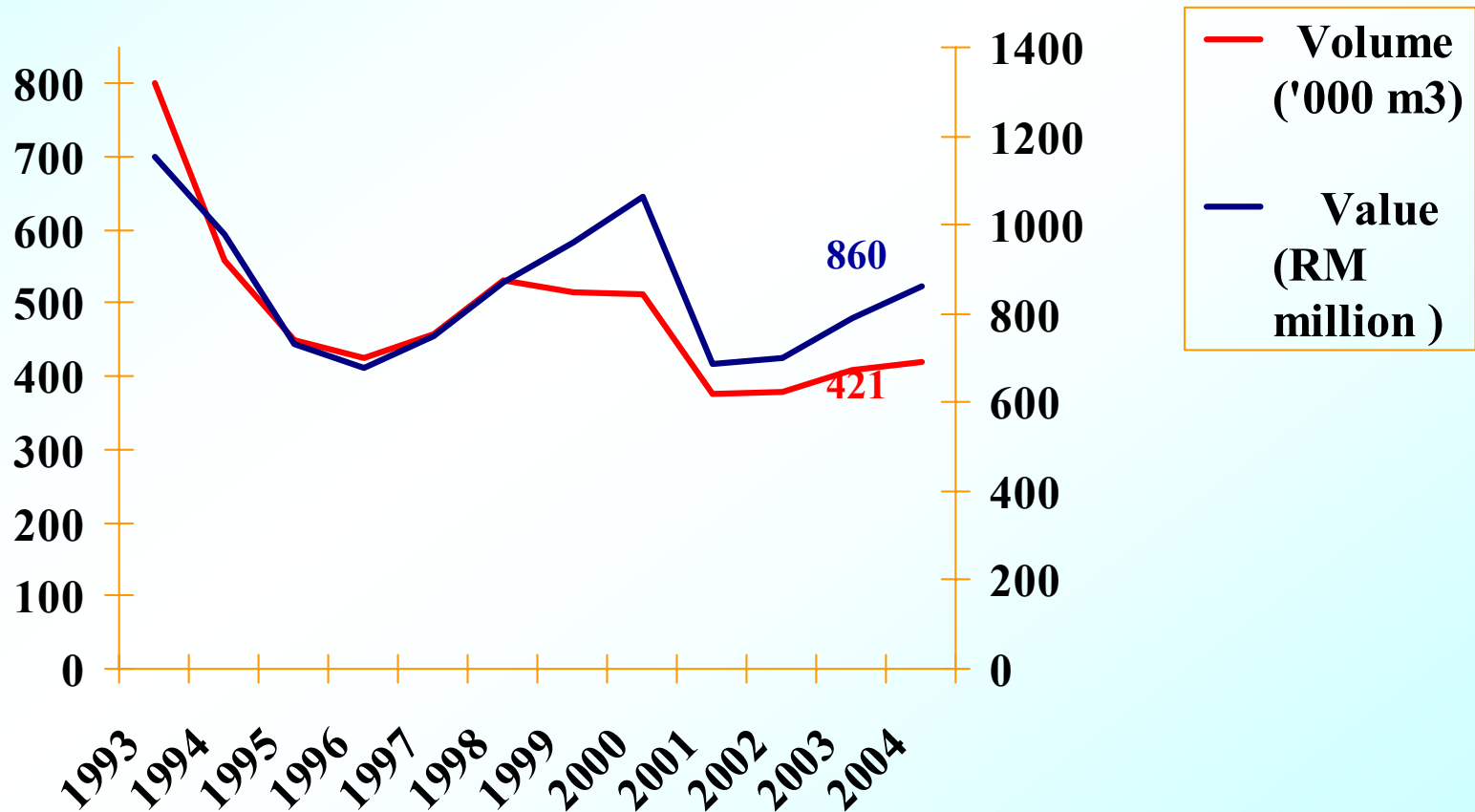


Malaysia : Exports of Timber Products to Other (Non-EU) European Countries (2004)

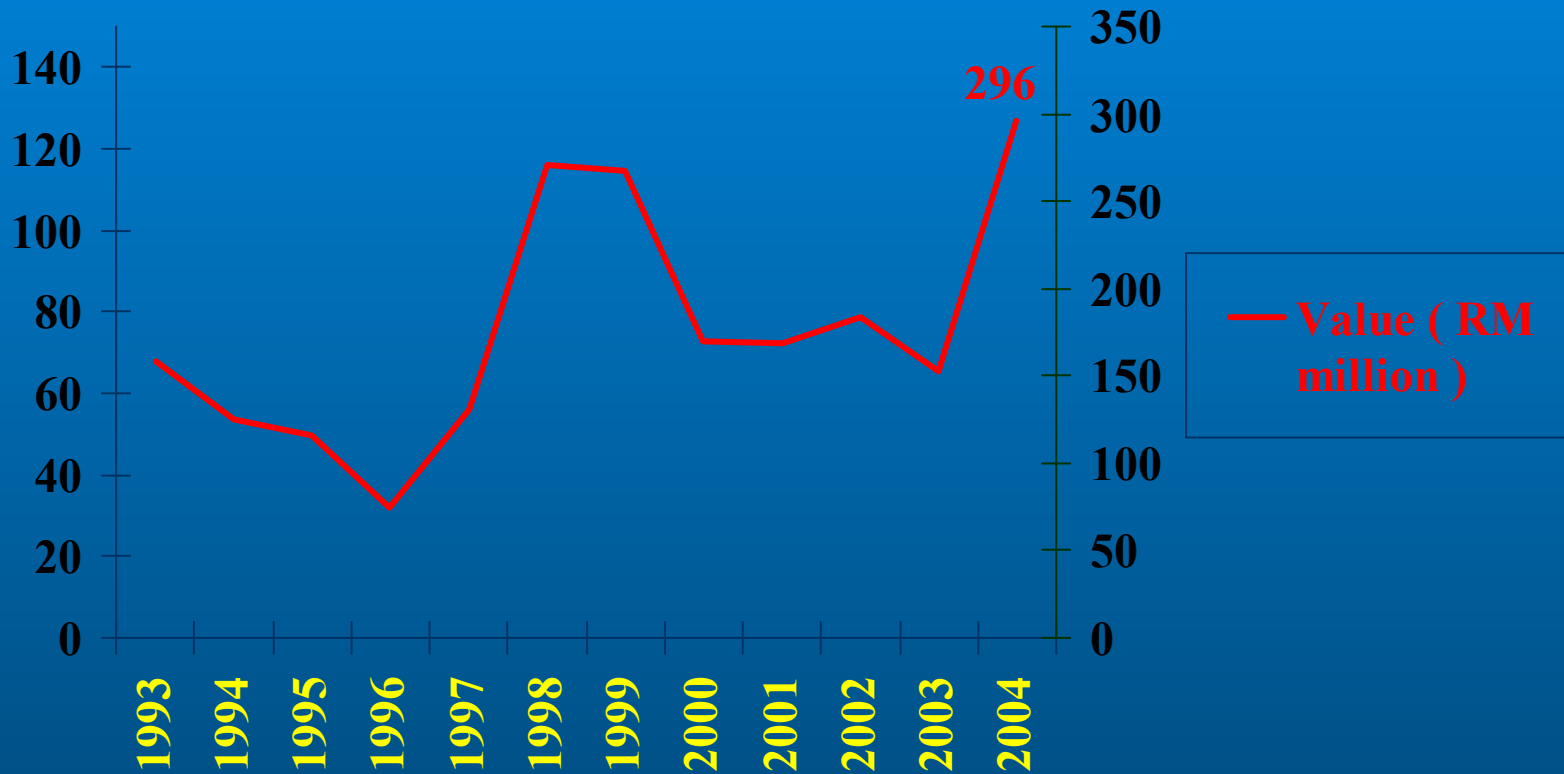
Product	Value (RM million) fob	% Change 04/03
Wooden Furniture	60.7	+26.5
BCJ	30.0	+27
Plywood	9.4	+16
Sawn timber	4.7	+22.8
Rattan Furniture	0.4	+21.8
Mouldings	1.5	-14.4



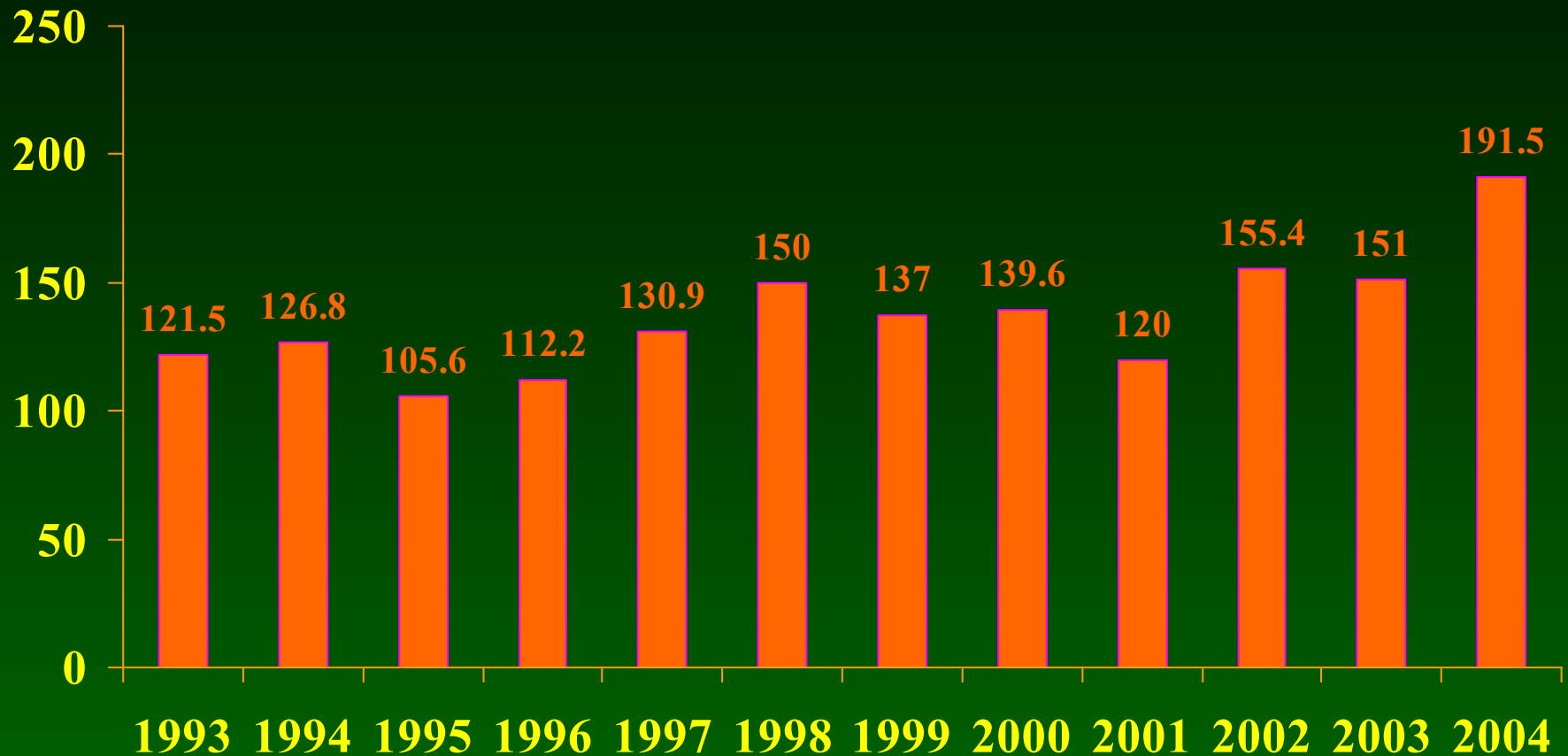
Export of Sawn Timber to European Union by Malaysia



Export of Plywood to European Union by Malaysia



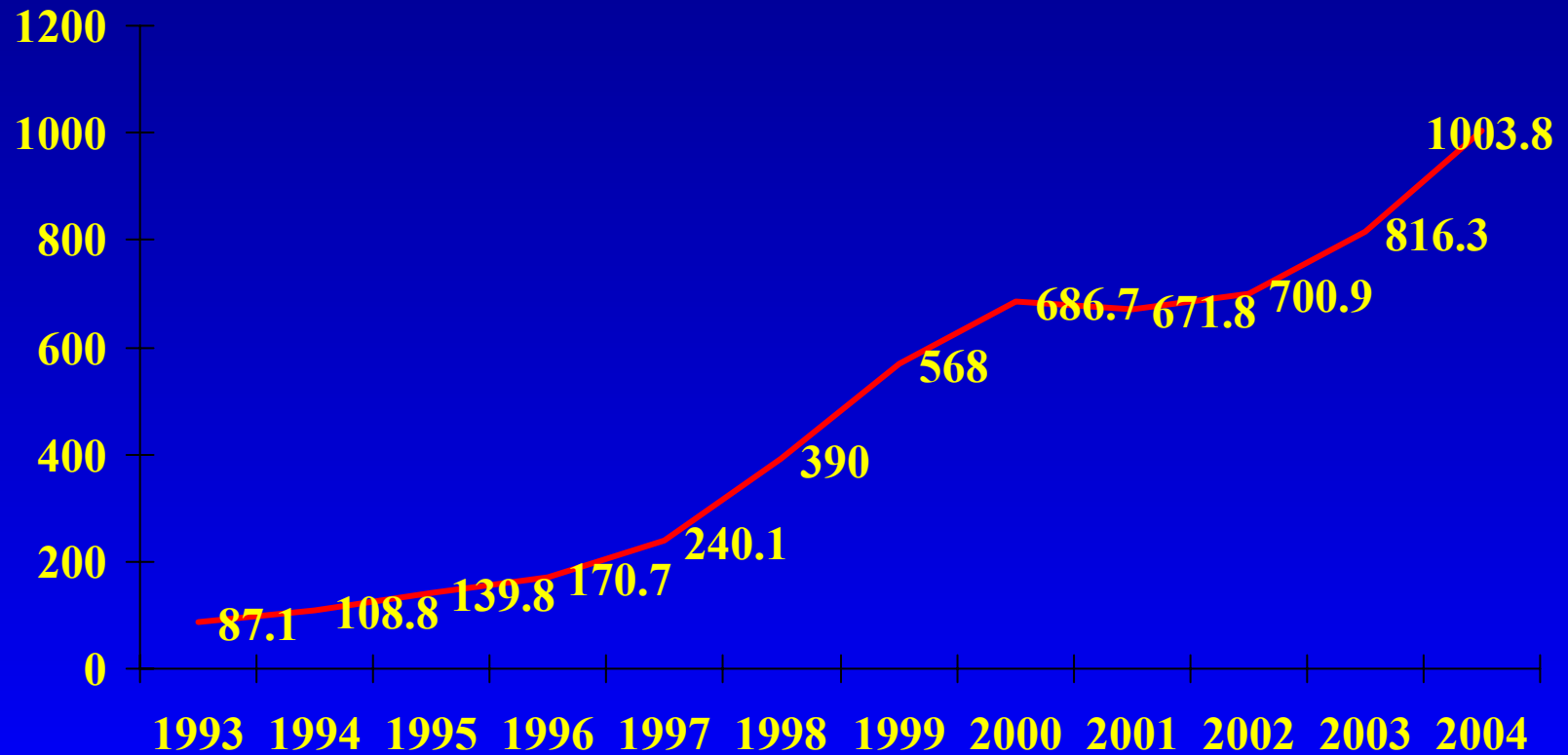
Export of Mouldings to European Union by Malaysia (RM million)



Exports of Builders, Carpentry and Joinery (BCJ) to European Union by Malaysia (RM million)



Export of Wooden Furniture to European Union by Malaysia (RM million)

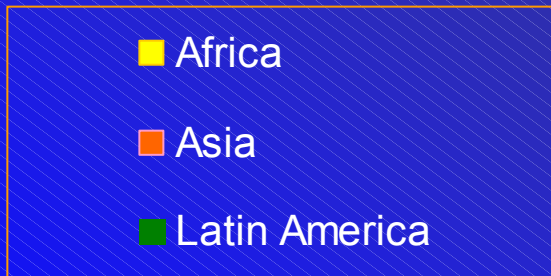
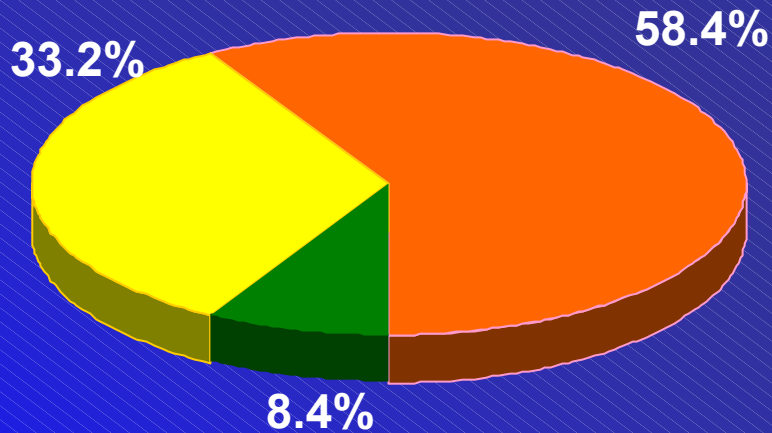


EU Market - % share of overall Malaysian timber exports (by value)

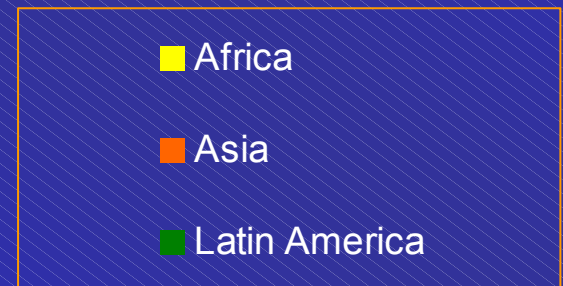
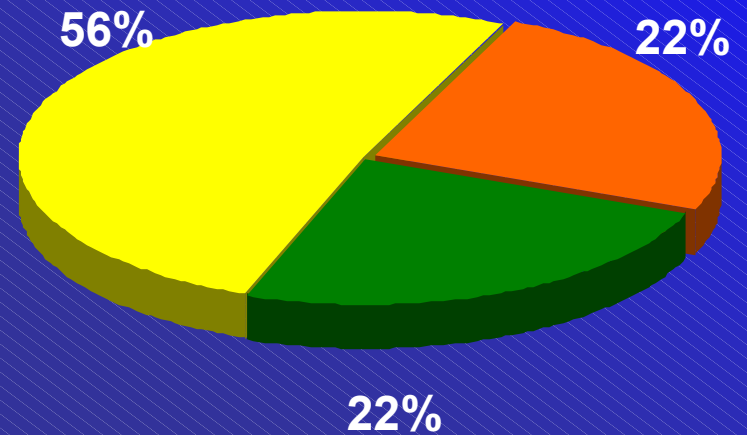
	1998	2004
Sawn Timber	34%	30.1%
BCJ	40.4%	28.0%
Mouldings	20.2%	30.0%
Wooden Furniture	12.0%	18.5%
Rattan Furniture	36.6%	33.0%
Plywood	7.6%	5.2%
MDF	N.A.	1.0%

EU 's SOURCES OF TROPICAL SAWN TIMBER

1992



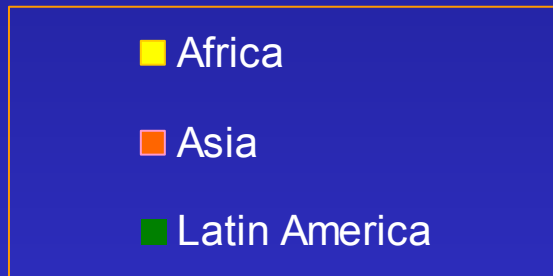
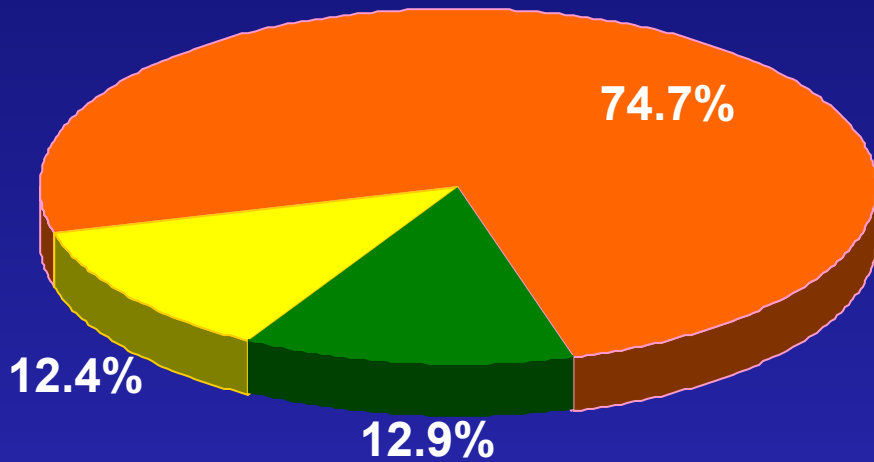
2003



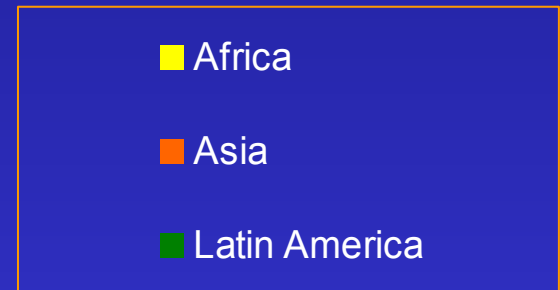
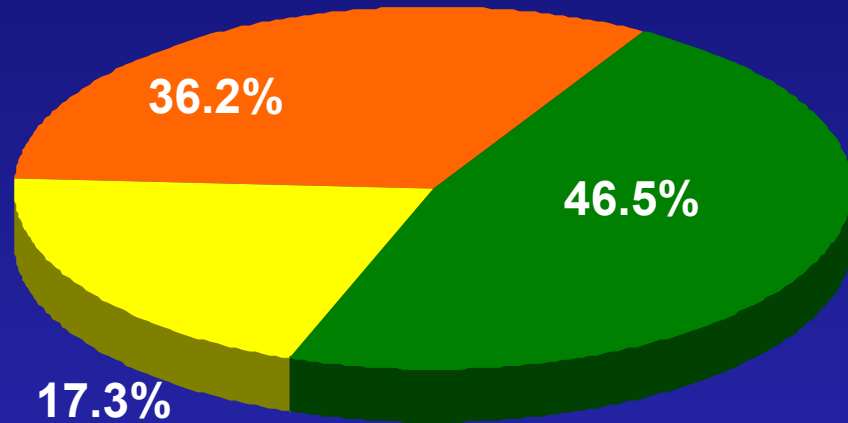
Source: U.C.B.D.

EU's Sources of Tropical Plywood

1992

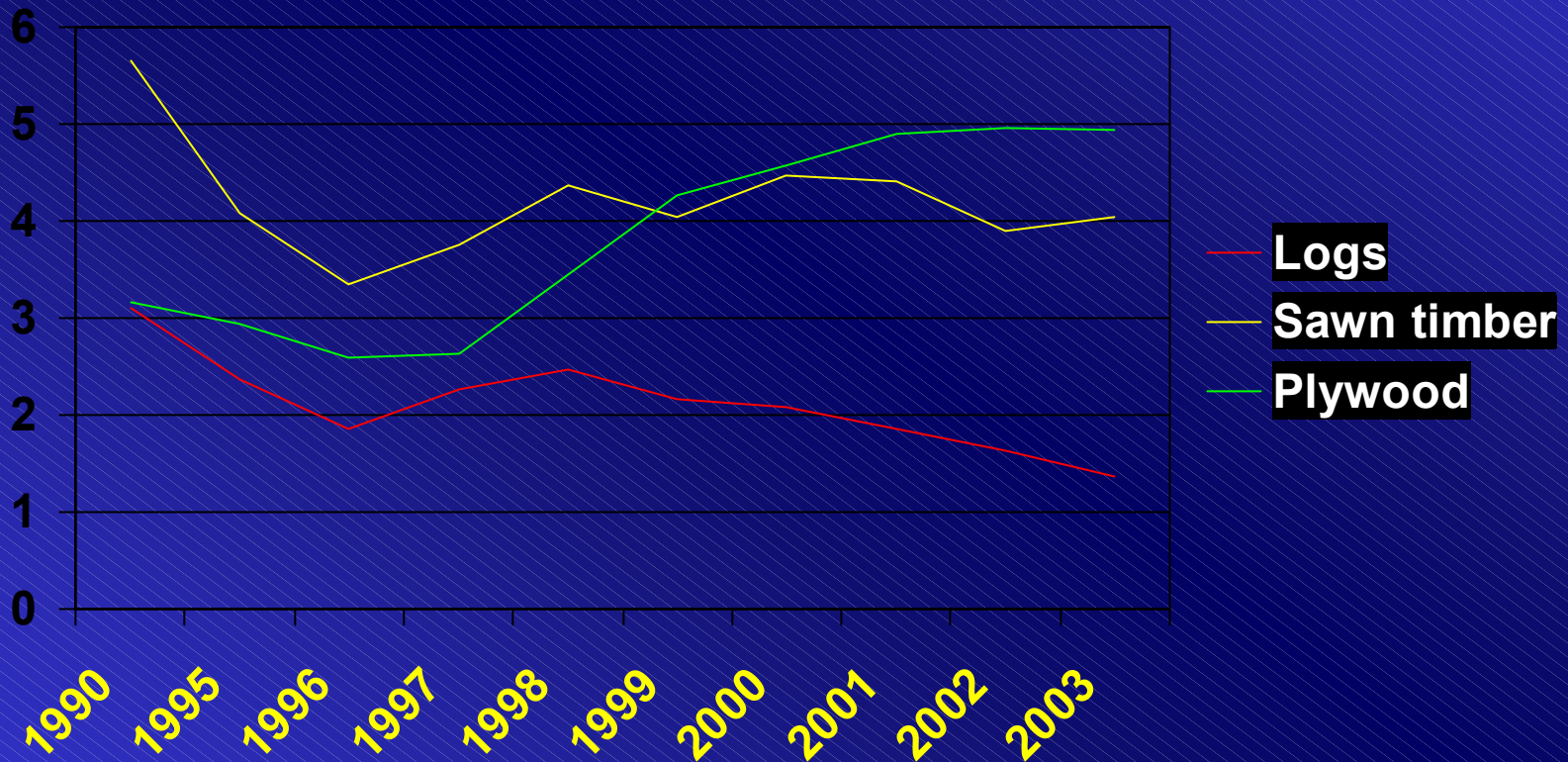


2003



Source: U.C.B.D.

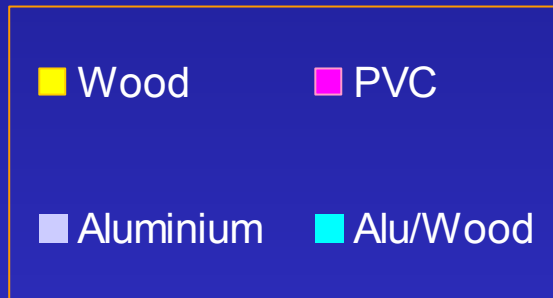
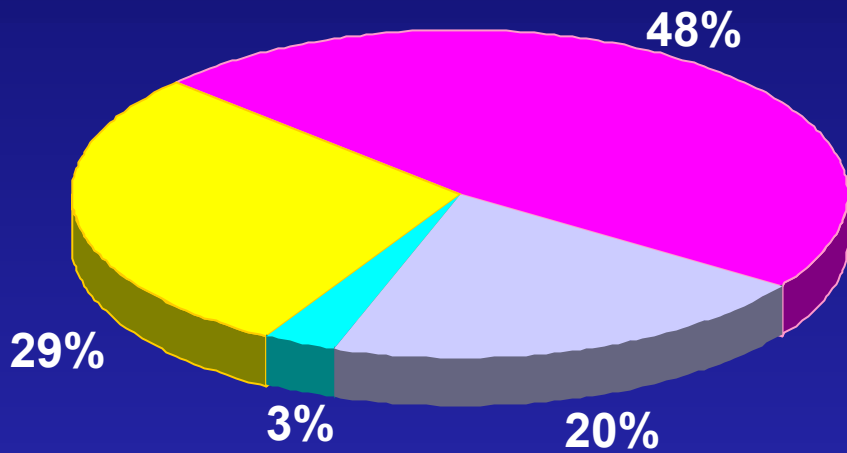
European Imports of Tropical Timber (million m³ – R.E.)



Source: U.C.B.D.

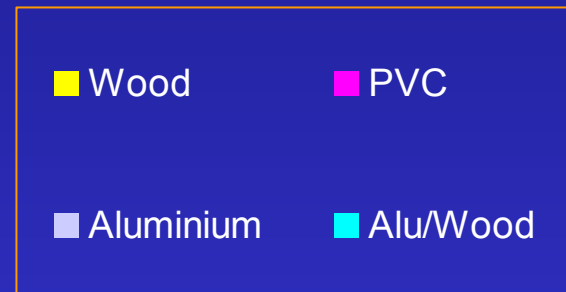
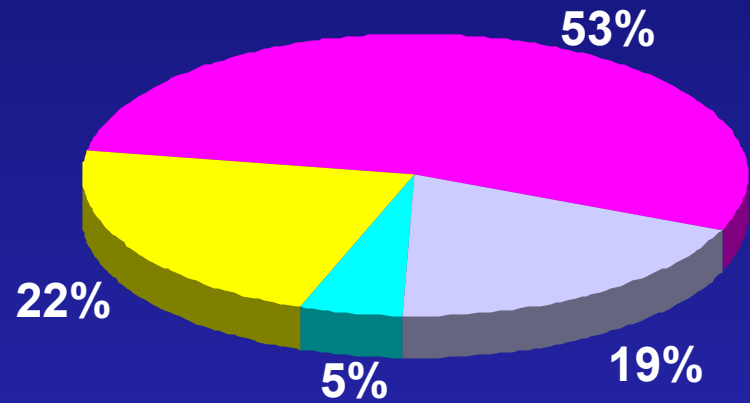
The German Window Joinery Market

1995



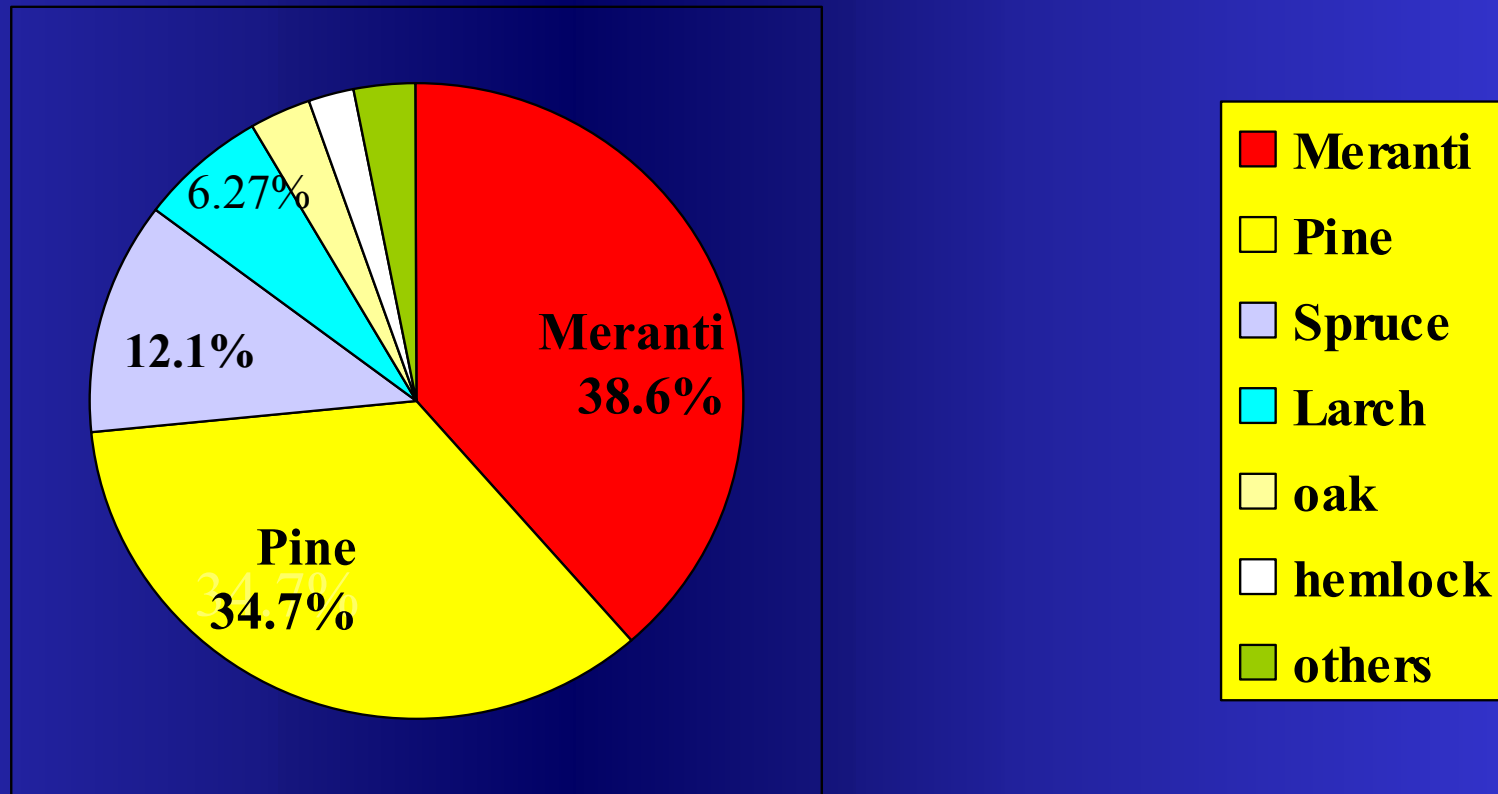
25.5 Mio. WU

2003e

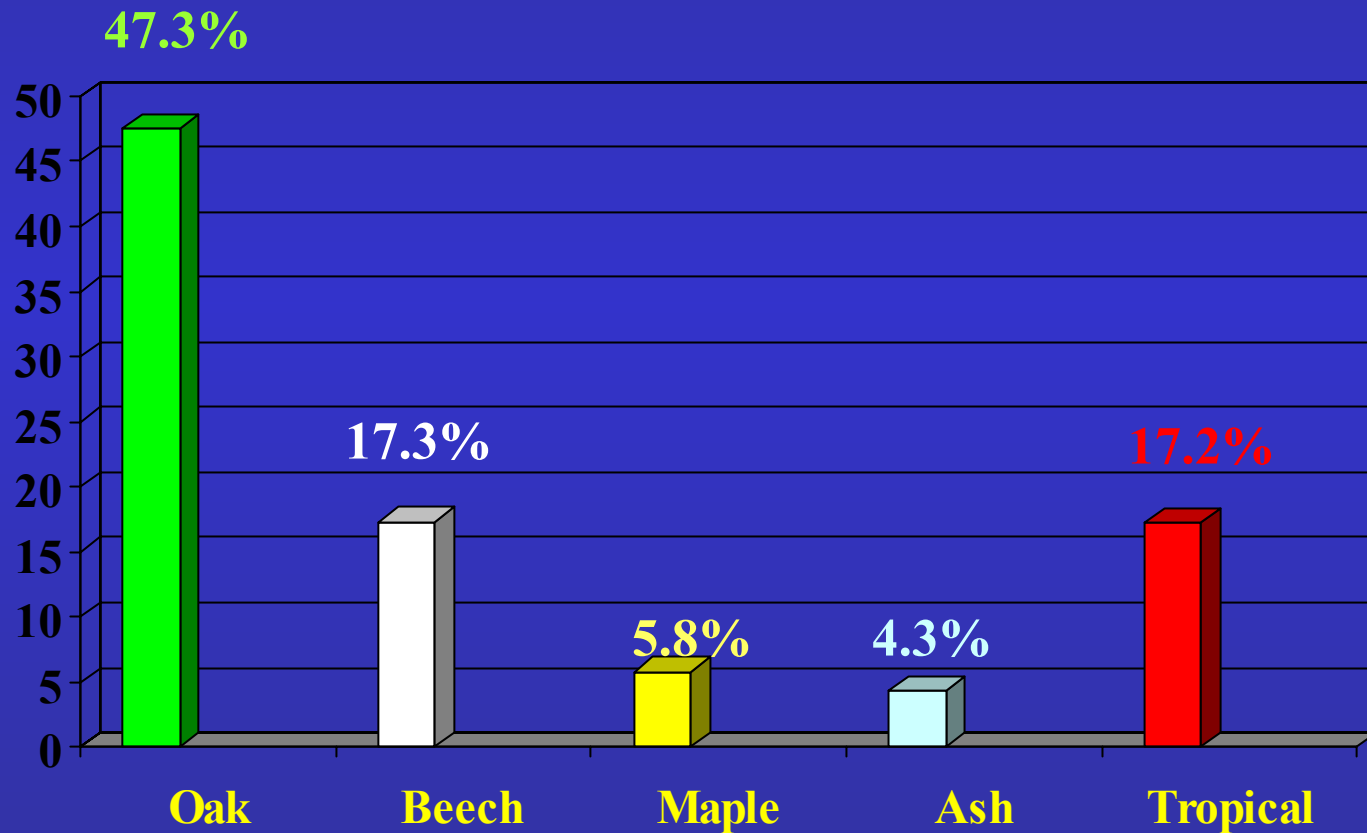


13.1 Mio. WU

Share of Timber Species in German Window Market - 2002

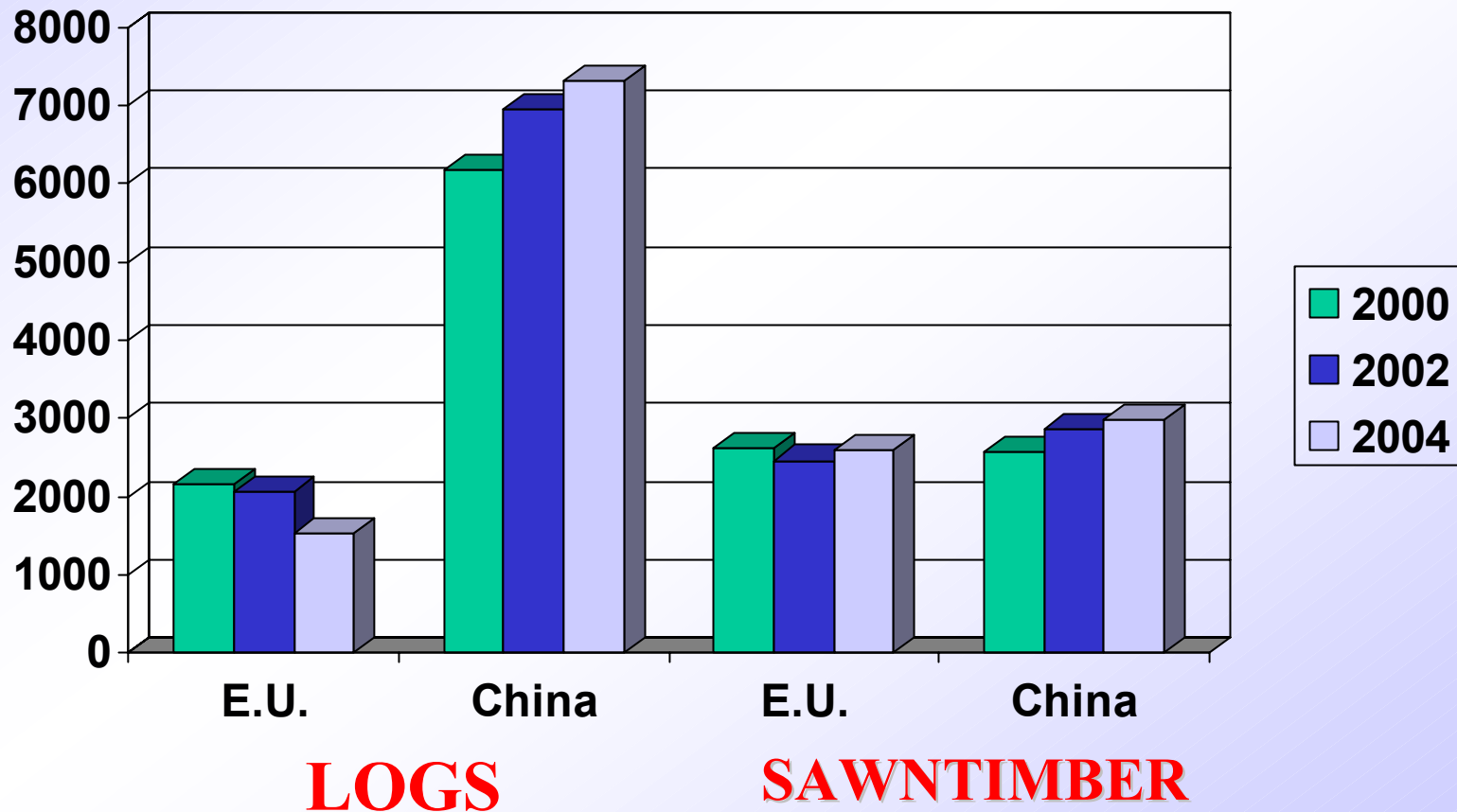


Use of Wood Species in European Parquet Production - 2003



Source: FEP (European Parquet Federation)

Imports of Tropical Timber by E.U. and China (1000 m3)



Source : ITTO



Malaysia's Exports of Certified Timber

**To date, 8 states in Peninsular Malaysia certified under MTCC –
4.74 million hectares**

In Sarawak, 55,949 hectares certified

First shipment of MTCC certified timber in July 2002

**End of May 2005 – total of 32,975 cu.m. exported to
Netherlands, UK, Belgium, France, Germany and Australia**

Emerging Trends in Tropical Timber Trade

- Move towards timber certification and proof of legality
- Increasing imports of tropical logs and sawn timber by China and increasing exports of tropical timber products (plywood, parquet and furniture) by China. China is now the world's largest importer of tropical logs and sawn timber
- Decreasing use of tropical timber in environmentally sensitive European countries especially by public and local authorities

Emerging Trends in Tropical Timber Trade

- Move towards more value-added timber products by producing countries
- Increasing consumption of tropical timber by Central and Eastern European countries
- Darker coloured timbers coming back into fashion in some European markets
- Development of plantation timber by tropical timber countries

Barriers to Tropical Timber Trade

- Prevailing negative perception of tropical timber among many European consumers
- Continuing campaign against tropical timber by environmental NGOs
- Continuing restrictions against the use of tropical timber by local authorities in Western Europe
- Insistence by certain DIY chains and retailers on only FSC certified tropical timber products

Barriers to Tropical Timber Trade

- Refusal by NGOs and other parties to recognize progress made by tropical timber countries in SFM and certification
- EU FLEGT, official timber purchasing policies, requirements for proof of legality, certification
- Uneven playing field between tropical timber and temperate/boreal timber in Western European market.

Closing Remarks

- **Shift in exports of tropical timber away from environmentally restrictive European markets to less restrictive markets like China, India, other East and West Asian countries will continue unless there is a change in attitude and policies against tropical timber**
- **Shift in trade of tropical timber away from high value, environmentally sensitive markets to low value, non-environmentally sensitive markets will accelerate the destruction of tropical forests by encouraging conversion to other land use and plantations and over logging**
- **Need to recognize progress in tropical timber countries and credible national certification schemes to encourage SFM**
- **A phased approach towards SFM and certification for tropical timber countries is essential to take into account different levels of development and needs**
- **Developed countries and NGOs should provide more development aid and technical assistance to lesser-developed tropical countries to help them achieve SFM and certification instead of just putting up more barriers and restrictions to tropical timber trade**

Thank You