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## Malaysia

### Solid Wood Products

### Annual

### 2004

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**Report Highlights:**

Malaysian imports of U.S. temperate hardwood lumber dropped 25% reflecting purchase drawdowns following a sharp 58% surge in purchase in 2002. There are potential opportunities for U.S. hardwood in the furniture, interiors and flooring sector.

The Malaysian timber industry performed very well in 2003. Log output rose 3.5% than a year ago while lumber output was down marginally. Overall export earnings from timber products rose 7% with the furniture sector chalking up an impressive 12% growth.

The 2004 outlook is optimistic with an expected further increase in overseas demand for logs and timber products (including furniture), not only from East Asia, but also from India.

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Includes PSD Changes: Yes

Includes Trade Matrix: Yes

Annual Report

Kuala Lumpur [MY1]

[MY]

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## Executive Summary

Malaysian imports of temperate hardwood lumber declined by 31 percent in 2003 reflecting purchase draw downs following a big surge in purchase in 2002. In tandem, imports from the U.S. showed a 25 percent drop compared to a 58 percent increase in 2002. However, U.S. exports accounted for 62 percent of Malaysia's total temperate hardwood import market in 2003. In value terms, exports of U.S. logs and lumber to Malaysia recorded a 2.5% and 3.6% increase respectively. Imports of softwood lumber also declined by 16 percent in 2003 reflecting a sharp drop in overseas demand for softwood furniture. However, imports from the US rose 7.3 percent. New Zealand and Finland remained the top two sources of temperate softwood lumber to Malaysia.

The Malaysian timber industry performed very well in 2003. Overall export earnings from timber products rose 6.9% to US\$4.3 billion in 2003 from a year ago. In terms of volume, exports of hardwood logs increased by 7 percent while exports of lumber rose about one percent. A 23% drop in exports of veneer reflecting lower overseas demand, especially from Hong Kong and South Korea more than offset the 4 percent increase in plywood exports. The furniture sector fared better, chalking up an impressive 12% growth in export earnings.

Malaysia's total round-wood production rose 3.5% to 21.4 million cubic meters (cum) in 2003 while lumber output was down by marginally to 4.6 million cum. Malaysia's plywood production was rose by 8.4 percent to 4.4 million cum. Veneer production recorded a small drop during the year.

The outlook for log production in 2004 is more optimistic with an expected further increase in overseas demand for log and timber products. Higher overseas demand is expected not only from East Asia but also from India. The furniture industry is hopeful of an increase in demand as shown in another successful International Furniture Fair held in Kuala Lumpur in early March 2004. Considering the growing competition, American wood product suppliers must be price competitive and move aggressively into the Malaysian market in order to increase market share. There are potential opportunities for U.S. hardwood in the furniture, interiors and flooring sector.

Export earnings from the timber (including furniture) sector rose to RM16.3 billion (US\$4.3 billion) in 2003. The timber product sector remained as the third commodity export earner after palm oil/palm based products and petroleum products (see table below). With the rapid development of down stream activities, the combined earnings from wood panel and furniture exports have far surpassed those from logs and lumber.

Malaysia's Export Earnings by Major Commodities  
(RM billion)

	2001	2002	2003
Total Exports of which,	334.3	354.4	382.3
Palm Oil/Palm Based Products	15.1	20.8	27.7
Petroleum Products	18.7	18.3	23.9
Timber Products 1/	14.3	15.3	16.3
Rubber	1.9	2.5	3.7

Malaysia: Export of Major Timber Products, January-December 2002-2003  
(FOB Value in RM million)

PRODUCTS	Peninsular Malaysia		Sabah		Sarawak		Total	
	2002	2003	2002	2003	2002	2003	2002	2003
Logs	na	na	171	312	1641	1689	1812	2001
Lumber	992	1051	445	470	758	784	2194	2306
Plywood	237	193	1139	1172	2445	2699	3821	4064
Veneer	12	14	141	132	281	212	434	358
Molding	381	359	200	166	72	69	654	594
Dressed Timber	176	199	87	64	na	na	262	263
Woodchips	na	na	na	na	20	18	20	18
Chipboard	70	86	6	11	40	5	116	102
M.D.Fibreboard	741	848	na	na	126	131	867	979
Wooden Frame	92	101	2	3	na	na	94	104
Building Joinery	611	677	5	7	130	120	746	804
Wooden Furniture	4107	4545	44	109	23	16	4174	4670
Rattan Furniture	68	53	na	na	na	na	68	53
Grand Total:	7487	8126	2240	2445	5536	5745	15262	16316

Source: Monthly timber bulletin of Malaysian Timber Industry Board

Note: Exchange rate pegged at US\$1.00 = RM3.80 since Sept. 1998

## Key Economic Indicators for Malaysia

(Value in US\$ million unless otherwise specified)

	2002	2003	2004(f)
Income, Production, Employment:			
Population (millions)	24.5	25.1	25.6
GDP in 1987 Prices	57,713	60,339	63,628
Percent Growth	4.1%	4.5%	5.5-6.0%
GDP at Current Prices	88,315	94,542	100,666
Percent Growth	8.7%	7.1%	6.5%
Per Capita GDP (Curr. US\$)	3,601	3,774	3,935
Official Unemployment Rate	3.5%	3.5%	3.4%
Money and Prices:			
Inflation (CPI)	1.8%	1.2%	1.5%
Average Commercial Rate	4.4%	5.7%	-
Balance of Payments:			
Merchandise Exports (FOB)	94,132	104,974	116,658
Merchandise Imports (FOB)	79,763	83,605	96,526
Exchange Rate (avg., per US\$)	3.80	3.80	3.80

Sources: Bank Negara Annual Report 2003/04, Ministry of Finance Economic Report 2003/04 and US Embassy Estimates.

Note: Exchange rate pegged at US\$1.00 = RM3.80 since Sept. 1998

## Production

-The Forest Resource Base

### Natural Forest

The total area of natural forest in Malaysia at the end of 2003 was estimated to be 17.8 million hectares or 54% of the total land area. The proportion of forested land is higher in Sabah and Sarawak than in Peninsular Malaysia. Approximately, 5.8 million hectares (MH) are located in Peninsular Malaysia, 8.0 MH in Sarawak and 4.0 MH in Sabah.

Of the total natural forest, Malaysia has a total of 15.0 million hectares of forested land designated as the Permanent Forest Estate (PFE) which is under sustainable management. Approximately 10.5 million hectares of the Permanent Forest Estate are production forest with the remaining 4.5 million hectares being protected, non-commercial forest.

### Plantation Forests

Total planted forests in the country amounted to about 189,000 hectares by the end of 2003. Some of the harvested area during 2003 were not replanted. The State of Sabah leads in forest plantation with an area of 92,000 hectares. The three companies namely, Sabah Forest Industries, Sabah Softwoods Sdn.Bhd, and Safoda accounted for 90 percent of the planted area.

Sarawak has planted about 24,000 hectares with fast growing exotics and indigenous tree species. The Sarawak State Government set a target to establish about 1.4 million hectares of planted forest in the next 20 years. Investment incentives were given in the form of pioneer status, investment tax allowance, agriculture allowance, low annual land rental and reduced annual fee for planted forest license.

Planted forest in Peninsular Malaysia recorded a slight increase to 74,080 ha in 2003. In order to promote the rubberwood-based furniture industry, the GOM is undertaking the planting of 25,000 ha of rubber per year for 15 years. For this purpose, the GOM has established a Rubber Forest Plantation Fund with an initial allocation of US\$52.6 million in the form of soft loans.

### Sustainability of the Forest Resources

The Malaysian timber certification scheme, operated by the Malaysian Timber Certification Council (MTCC), continued to make some progress in 2003. To date, seven states have been awarded the Certificates for Forest Management and 38 timber companies have been given permits to use the MTCC logo to provide assurance of sustainable and legal source of forest products to buyers of Malaysian timber products. During 2003, Denmark accepted the MTCC scheme as one of its accepted certification schemes in its Environmental Guidelines for Purchasing Tropical Timber. However, the Norwegian government imposed restriction on imports of tropical timber for public projects unless certified by the Forest Stewardship Council (FSC).

## Timber Products

## --Production Trends

Malaysia's total round-wood production rose 3.5 percent to 21.4 million cubic meters (cum) in 2003, mainly due to an increase in opening of forestland in Peninsula Malaysia as well as in East Malaysia for logging. As more logs were exported or processed into plywood/veneer, the production of lumber for the whole of Malaysia was down marginally to 4.6 million cum in 2003. Malaysia's plywood production rose 8.4 percent to 4.4 million cum. Veneer production recorded a small drop during the year.

The outlook for log production in 2004 is more optimistic with an expected further increase in overseas demand for log and timber products. Output in the state of Sarawak will show a big increase while the output in the Peninsula and Sabah should also grow albeit at a slower rate. The expected increase in log output will have a strong positive impact on output of lumber, veneer and plywood in 2004.

## Market Section

### --Construction Sector

#### Industry Outlook

The Malaysian construction sector grew 1.9 percent in 2003 compared to 2.3 percent in 2002. While the demand for residential property contributed to the growth, government expenditure in infrastructure projects slowed due to the completion of several privatized projects. Construction activity in the non-residential sector consolidated further due to the oversupply of commercial buildings and retail space.

In 2003, the GOM continued to provide stimulus packages to increase house ownership. The Government provided income tax relief on interest payments for new buyers of completed houses and first-time owners of houses ranging from RM100,000 to RM180,000; stamp duty waiver on the Sale and Purchase agreements, loan and transfer documents for houses costing RM180,000 and below; subsidy of RM600 for new buyers of houses costing below RM100,000; and exemption from real property gains tax.

Apart from undertaking major on-going projects, namely the Kajang Ring Road, the Butterworth Outer Ring Road, the new Pantai Expressway and the development of the new Administrative Center at Putrajaya, the Government has initiated the SMART Intelligent Tunnel for Flood Mitigation in Kuala Lumpur and the new Kuala Lumpur Convention Center.

#### Market Impediments

Given the fact that Malaysia is one of the largest producers of hardwood in the world, U.S. wood products are unlikely to penetrate into the Malaysian construction sector. Moreover, Malaysia is in close proximity to timber-rich countries like Indonesia and Papua New Guinea.

#### Market Opportunities

Unless the timber resources in Malaysia, Indonesia and P.N.Guinea are exhausted, market opportunities for U.S. wood products in the construction sector are extremely limited.

### --Furniture/Interiors Sector

#### Industry Outlook

The Malaysian furniture/interiors sector showed strong resilience in 2003, with a significant increase in overseas demand for Malaysian-made furniture. A total office area of 92,800 sq meters was completed in and around Kuala Lumpur during Jan-Sept 2003, a sharp drop following a big increase in the previous year. However, the retail sector recorded a 60 percent growth with the completion of several big shopping malls. The condominium and apartment sector showed a similar increase with 19,060 units completed, a 66 percent growth from the past year. In addition, 111 new hotels/resorts with an additional 7,838 rooms were completed throughout Malaysia in 2003. The GOM is on track in building a new Administrative Center at Putrajaya. Additional new facilities include a brand new boutique hotel and a grand convention center. Next to Putrajaya is Cyberjaya, the new 'intelligent' city which is the base for international multimedia companies. Recently completed projects in Cyberjaya include the Multimedia University, NTT R&D Center, Shell Company, DHL center and up-scale homes. In addition, in May 2003, the Government launched the BioValley of



Malaysia, a brand-new city to support the development of the biotechnological industry. Although the project has a slow start, the Government has expressed renewed interest in its development in recent months. All these developments still provide opportunities for the expansion of the furniture/interiors sector and the increased use of US hardwood.

**Supply of Office Space, Retail Space, Condominiums and Apartments in Klang Valley<sup>1</sup>**

	Office Space		Retail Space		Condominiums & Apartments
	Square meters	Occupancy rate (%)	Square meters	Occupancy rate (%)	Units
1993	332,246	91.5	130,345	97.3	18,232
1994	192,808	94.3	117,340	98.5	9,331
1995	362,851	94.9	341,091	96.1	17,822
1996	296,742	95.5	136,964	92.8	14,568
1997	869,394	94.9	362,574	90.5	5,473
1998	1,158,776	79.9	364,027	61.7	14,380
1999	265,645	76.2	89,787	76.6	9,547
2000	1,374,452	76.9	218,562	78.5	5,466
2001	134,826	74.7	24,096	79.7	17,067
2002 /1	200,195	75.5	141,644	83.0	20,465
2003 /2	92,800	77.2	190,175	83.3	19,060
<sup>1</sup> Refers to Kuala Lumpur & Selangor D. E.					
1/ Revised					
2/ Jan-Sept.					
Source: NAPIC, Valuation and Property Services Department					

Malaysia is within the top 10 exporters of furniture in the world. The demand for Malaysian furniture exports increase significantly, with export earnings rising 10 percent to RM4.7 billion (US\$1.23 billion) in 2003. The United States remains the largest single market for Malaysian wooden furniture (34%), with export earnings increasing by 5 percent. With the exceptions of the Japan and South Korea, exports to most other countries recorded increases.

The industry is more optimistic for 2004 and expects overseas demand to further expand during the latter half of the year. The tenth annual Malaysian International Furniture Fair (MIFF) 2004, held in Kuala Lumpur in early March 2004, showcased the best of Malaysian manufactured furniture. With about 400 exhibitors occupying 60,000 sq. meters of exhibition space, MIFF 2004 attracted more than 16,194 visitors, of which 6,593 were international buyers. RM2.05 billion (US\$539 million) in sales, an increase of 4 per cent from the preceding year, was generated at the show.

Malaysia: Exports of Wooden Furniture  
(in million RM)

	2001	2002	2003
U.S.A.	1213	1508	1577
Japan	654	556	497
United Kingdom	420	448	495
Australia	235	274	357
Singapore	243	225	319
Canada	118	174	186
U.A. Emirates	113	130	186
Saudi Arabia	73	99	126
South Korea	66	85	74
Netherlands	48	37	57
Others	596	638	796
--Total	3779	4174	4670

#### Market Impediments

Malaysian imports of temperate hardwood lumber declined by 31 percent in 2003 reflecting purchase draw downs following a big surge in purchase in 2002. In tandem, imports from the U.S. showed a 25 percent drop compared to a 58 percent increase in 2002. U.S. exports accounted for 62 percent of Malaysia's total temperate hardwood import market in 2003. Germany, Canada and Denmark were the top competitors. New emerging competing countries include Ukraine, the Netherlands, United Kingdom and Romania. In value terms, exports of U.S. logs and lumber to Malaysia recorded a 2.5% and 3.6% increase respectively.

Imports of softwood lumber also declined by 16 percent in 2003 reflecting a sharp drop in overseas demand for softwood furniture. Imports from the U.S. rose 7.3 percent. New Zealand and Finland remained the top two sources of temperate softwood lumber to Malaysia.

Lack of knowledge of U.S. hardwood and softwood is still a constraint, especially the technical application of popular U.S. hardwoods in making furniture and flooring in Malaysia. Lack of linkage between Malaysian importers/users and US wood suppliers is often cited as another constraint. There is also still a need to reach a wider range of potential users such as housing, shopping, restaurants and hotel/resort developers.

#### Market Opportunities

Much of the success of the Malaysian furniture industry is directly attributable to coupling cheaper native woods, such as rubberwood and particleboards, with high-value veneers from the U.S. Strong increases in market share of U.S. temperate hardwood veneer and hardwood logs in past years confirms this trend. As Malaysia moves into the top ten furniture exporters in the world, the U.S. wood industry, if properly positioned, would largely benefit from the development.

The American Hardwood Export Council (AHEC) has done a commendable job of increasing the awareness of U.S. hardwoods in Malaysia. In 2003/04, its main activities were participating in trade shows, conducting a technical seminar, holding two regional conferences involving speaker/panelist from Malaysia and co-organizing a Malaysian interior/architect mission to the U.S. in July 2003 to meet with their peers in leading architectural and design firms and to see applications of U.S. hardwoods in large scale convention and hospitality settings.

Post recommends the following:

1. Conduct technical seminars in Malaysia on a yearly basis in order to increase the level of technical knowledge and application of U.S. hardwoods in making furniture and flooring. A Pan Asian Architectural Seminar is scheduled for Kuala Lumpur in 2005.
2. That American Forest and Paper Association bring another team of present/potential U.S. wood users to the States for an exposure/buying mission. This might address the constraint of the lack of a large, existing distribution network in Malaysia.
3. Support AHEC's proposed 'Quality Samples Program (K Lumpur Convention Center)' as a follow-up activity to the architect mission to the US in 2003. The new state-of-the-art convention center will be the premier and most prestigious convention center in the country. The project provides a tremendous opportunity for AHEC to influence the specifiers to use U.S. hardwood in its interior. The interior designers are determined to use the very best materials. If we succeed, the Center could very well become a showcase for American hardwoods not only to Malaysia but also to the region and beyond.
4. U.S. wood suppliers should team up with AHEC to participate at trade shows in order to increase their visibility in the local market and to make direct contact with local furniture manufacturers.

Without concerted marketing efforts, U.S. market share will be slowly eroded by aggressive competitors, i.e. Australia, Germany and Canada for hardwood; and New Zealand, Russia, Canada and the Scandinavian countries for softwood.

The following events will provide opportunities for U.S. trade associations and firms to learn more about, and to be involved in the Malaysian furniture/interior decoration market

Dat: March 1-5, 2005

Event: Malaysian International Furniture Fair (MIFF) 2005

Venue: Putra World Trade Center, Kuala Lumpur

MIFF is developing into a premium international furniture fair in the region and had received full accreditation since November 2000 from the Union des Foires Internationales (UFI), the world's leading authority on trade fairs. This export-oriented exhibition, showcasing the latest designs for the world-wide market, represents the largest collection of Malaysian furniture for the global market. It accounts for about 40 percent of Malaysia's total annual furniture exports. AHEC (S.E.Asia) was the only foreign timber association to have the privilege of participating in MIFF 2004. (For details, please e-mail [info@miff.com.my](mailto:info@miff.com.my))

Date: March 2 - 6, 2005  
 Event: Muar Furniture Association Show, 2005  
 Venue: MINES Exhibition Center, Kuala Lumpur

A smaller show, organized by the Muar Furniture Association, is offered around the same time as the MIFF. AHEC has participated in this show in the past. The show's website is [www.muarfurniture.net](http://www.muarfurniture.net) and trade show organizers can be contacted at [muarfurn@tm.net.my](mailto:muarfurn@tm.net.my)

Malaysia: Imports of Temperate Hardwood Lumber  
 (cubic meter)

	2001	2002	2003
U.S.A.	18,078	28,636	21,388
Germany	3,816	8,832	4,834
Canada	3,854	3,743	2,579
Denmark	3,478	3,914	1,283
Austria	8,791	2,613	834
South Africa	0	0	788
Australia	345	999	763
Belgium	0	589	438
China	1,203	506	388
Ukraine	0	0	387
Netherlands	0	0	300
United Kingdom	0	0	233
Romania	0	0	222
Sweden	613	149	0
--Total	40,178	49,981	34,437

Malaysia: Imports of Temperate Softwood Lumber  
(Cubic Meter)

	2001	2002	2003
U.S.A.	3,803	2,900	3,111
New Zealand	3,758	4,369	3,580
Finland	548	4,280	3,524
Canada	2,361	1,608	1,422
Germany	2,799	352	1,339
Denmark	1,210	0	228
Brazil	2,306	496	110
Sweden	101	1,412	96
Italy	0	403	52
South Africa	878	305	39
Japan	0	0	0
Australia	502	0	0
Austria	561	0	0
Chile	0	0	0
France	0	0	0
China	388	0	0
TOTAL	19,215	16,125	13,501

## --Materials Handling Sector

## Industry Outlook

Materials handling is very much tied to the manufacturing sector. In 2003, manufacturing output recorded a 4.5 percent growth. The beverage and electronic sectors recorded the strongest growth.

Manufacturing Production: Selected Indicators (1993=100)

	Index		Change in %	
	2002	2003	2002	2003
Radio and television sets	157.4	134.4	-7.8	-14.6
Electronics	305.2	315.3	13.4	15.1
Manufacture of office, computing and accounting machinery	176.1	156.6	-22.5	-11.1
Manufacture of refrigerating, exhaust, ventilating and air-conditioning machinery	161.8	180.6	22.2	11.6
Textiles and wearing apparel	111.4	109.0	-6.2	-2.2
Wood and wood products	98.6	99.5	-6.0	0.9
Food Products	168.2	183.0	8.7	8.8
Beverages	121.9	147.3	-11.9	20.8
Tobacco Products	148.0	153.8	-10.0	3.9

## Market Impediments

Malaysia has an ample supply of low-priced timber for making packaging, pallets, and crates. Furthermore, there are plenty of saw tailings for this sector.

## Market Opportunities

For the near term, market opportunities for US products are nil.

--Export Sector

### Competitor Activities

The Malaysian Timber Council (MTC) together with the Malaysian Timber Industry Board (MTIB) in Peninsular Malaysia, the Sarawak Timber Industry Development Corporation (STIDC), and the Timber Association of Sabah are involved in efforts to promote the use of Malaysian timber products.

Malaysian Timber Council now has three regional marketing offices located in London, Shanghai and Dubai.

The following table provides a list of fairs and exhibitions that MTC planned to participate in 2004.

<b>International Trade Fairs 2004</b>	
Date	Event
January 17-20	DOMOTEX, Hannover, Germany
January 19-25	International Furniture Fair, Cologne, Germany
January 28-30	SURFACES 2004, Las Vegas, U.S.A.
April 14-17	2004 Wood Flooring Expo, North Carolina, U.S.A.
May 11-15	PROJECT LEBANON 2004, Beirut, Lebanon
June 2-4	Carrefour International du Bois, Nantes, France
June 20-23	Designbuild Australia 2004, Melbourne, Australia
August 4-7	INTERBUILD AFRICA 2004, Johannesburg, South Africa
September 5-7	SPOGA Fair, Cologne, Germany
September 27-30	5 <sup>th</sup> China International Floor Coverings & Carpet Fair, Beijing, China
October 13-17	INTER-FURN India, Mumbai, India
October 21-23	NAWLA, Chicago, U.S.A.
<b>Trade Missions 2004</b>	
September/October	Joint MTC/MTCC Promotional Mission to Australia
October/November	Marketing mission to Poland, Hungary and Czech Republic
<b>Promotion Booths 2004</b>	
<b>MTC HQ</b>	
January 19-22	International Builders' Show 2004, Las Vegas, U.S.A.
February 5-7	Lumber and Building Material Expo 2004, Boston U.S.A.

April 28-May 2	Architect 2004, Bangkok, Thailand
<b>MTC London Branch</b>	
February 17-21	Bautec, Berlin, Germany
March 4	In Touch with, Timber – Exhibition of Timber Building Products, London, United Kingdom
March 17-21	SAIEDUE Fair, Bolongna, Italy
March 31-April 3	FENSTERBAU, Nuremburg, Germany
April 20-24	IBF, Brno, Czech Republic
May 11-14	Meble/Drema Fair, Poznan, Poland
August 25-28	Elmia Timber, Sweden
September 14-17	BATIMAT Fair, St. Peterburg, Russia
October/November	Dutch Timber Day, Utrecht, The Netherlands
<b>MTC Dubai Branch</b>	
January 6-10	International Exhibition of Forestry & Wood Industry, Tehran, Iran
January 19-23	REBUILD IRAQ 2004, Mishref, Kuwait
May 9-14	BUILDEX 2004, Damascus, Syria
June 17-21	Inter Build 2004, Cairo, Egypt
September 19-23	PROJECT QATAR, Doha, Qatar
September 22-26	INDEX 2004, Dubai, U.A.E.
October 10-14	SAUDI BUILD 2004, Riyadh, Saudi Arabia
<b>MTC Shanghai Branch</b>	
February 6-11	KyungHyang, Seoul, South Korea
February 17-20	Woodmac China, Shanghai, China
July 10-13	2004 China International Building & Decoration Fair, Guangzhou, China
<b>Marketing Seminar 2004</b>	
July 15	Annual Marketing Seminar

For details or updates, please visit website: [www.mtc.com.my/fairs2004.htm](http://www.mtc.com.my/fairs2004.htm)



## Trade Policy

On February 2004, the Environmental Protection Agency (EPA) labeled Malaysia as a 'laundering' center for illegal logs and pointed that a cargo of Indonesian Ramin lumber was transshipped through the Free Trade Zone of Pasir Gudang in southern Malaysia. However Malaysia's current legislations covering the FTZ area do not allow the confiscation and disposal of cargos that are not in the prohibitive list of the FTZ area. The GOM is still trying to find an amiable solution to the problem.

## Trade Section

Malaysia: Exports of Tropical Hardwood Logs, 2002  
(1,000 cubic meters)

	Pen. M'sia	Sabah	Sarawak	Total
Japan	0	144	1,446	1,590
China	1	127	976	1,103
India	0	13	982	995
Taiwan	0	1	648	650
Vietnam	0	96	92	187
Hong Kong	0	10	176	186
South Korea	0	18	140	158
Indonesia	0	127	0	127
Thailand	0	9	29	38
Philippines	0	30	6	36
Pakistan	0	0	18	18
Bangladesh	0	0	2	2
--TOTAL	1	574	4,517	5,092

Malaysia: Exports of Tropical Hardwood Logs, 2003  
(1,000 cubic meters)

	Pen. M'sia	Sabah	Sarawak	Total
India	0	88	1,276	1,364
Japan	0	187	1,148	1,334
China	0	158	1,159	1,317
Taiwan	0	27	673	700
Vietnam	0	130	202	332
South Korea	0	22	117	139
Hong Kong	0	7	97	104
Thailand	0	18	41	59
Indonesia	0	49	0	49
Philippines	0	27	6	33
Pakistan	0	8	15	23
Bangladesh	0	4	3	7
Saudi Arabia	0	0	3	3
South Africa	0	2	0	2
Kuwait	0	1	0	1
Singapore	0	0	0	0
Switzerland	0	0	0	0
--TOTAL	0	727	4,742	5,468

Malaysia: Exports of Tropical Hardwood Lumber, 2002  
(1,000 cubic meters)

	Pen. M'sia	Sabah	Sarawak	Malaysia
U.S.A.	3	3	2	7
Thailand	239	100	269	607
Taiwan	15	32	140	188
Netherlands	137	40	5	181
Philippines	2	24	148	174
Singapore	104	3	48	155
China	42	10	85	138
Hong Kong	86	26	24	136
Japan	38	45	31	115
South Korea	12	26	57	94
Yemen Rep. of	12	1	56	69
Other's	246	103	123	472
--TOTAL	935	413	987	2,336

Malaysia: Exports of Tropical Hardwood Lumber, 2003  
(1,000 cubic meters)

	Pen. M'sia	Sabah	Sarawak	Total
U.S.A.	3	3	1	7
Thailand	270	88	316	674
Taiwan	18	40	150	207
Netherlands	144	44	4	193
China	60	9	84	153
Singapore	101	4	47	152
Philippines	0	11	106	117
Japan	36	40	21	97
Hong Kong	42	33	17	92
South Korea	10	20	52	82
Yemen Rep. of	11	1	67	79
Others	237	132	134	503
--TOTAL	932	423	999	2,354

Malaysia: Exports of Tropical Hardwood Veneer, 2002  
(1,000 cubic meters)

Destination	Pen. M'sia	Sabah	Sarawak	Total
U.S.A.	0	1	0	1
South Korea	0	88	80	168
Hong Kong	0	2	155	158
Taiwan	0	22	74	97
Philippines	0	6	59	65
Japan	0	17	38	56
China	1	1	46	48
Thailand	0	1	2	3
Australia	1	1	0	2
Singapore	0	0	0	0
Syria	0	0	0	0
Other's	2	1	1	4
--TOTAL	5	140	457	601

Malaysia: Exports of Tropical Hardwood Veneer, 2003  
(1,000 cubic meters)

	Pen. M'sia	Sabah	Sarawak	Total
U.S.A.	0	1	0	1
South Korea	0	69	58	126
Taiwan	1	21	56	78
Philippines	0	12	65	77
Hong Kong	0	4	57	61
Japan	0	20	32	52
China	1	6	39	46
Thailand	0	0	5	5
Denmark	0	0	5	5
Saudi Arabia	0	0	3	3
Australia	1	1	0	3
Other's	3	1	1	5
--TOTAL	6	135	321	462

Malaysia: Exports of Tropical Hardwood Plywood, 2002  
(1,000 cubic meters)

	Pen. M'sia	Sabah	Sarawak	Total
U.S.A.	7	225	202	435
Japan	11	350	1,355	1,717
South Korea	4	183	256	443
Taiwan	5	89	102	197
Singapore	56	15	47	118
Hong Kong	2	18	96	116
U.K.	47	5	52	103
China	0	13	53	66
Thailand	2	32	10	44
U.A.E.	1	0	26	28
Yemen Rep. of	0	0	16	16
Saudi Arabia	1	0	3	4
Other's	64	111	153	328
--TOTAL	200	1,043	2,371	3,614



Malaysia: Exports of Tropical Hardwood Plywood, 2003  
(1,000 cubic meters)

	Pen. M'sia	Sabah	Sarawak	Total
U.S.A.	4	209	181	394
Japan	3	285	1,486	1,775
South Korea	4	209	292	505
Taiwan	4	96	136	237
Hong Kong	2	24	99	125
Egypt	0	57	34	91
Singapore	38	17	29	85
U.K.	32	8	44	84
Mexico	0	41	37	78
China	0	1	69	71
Thailand	6	35	26	67
Others	60	39	161	260
--TOTAL	155	1,022	2,594	3,771

## Tropical Hardwood Logs PS&amp;D Tables

PSD Table						
Country	Malaysia					
Commodity	Tropical Hardwood Logs				1000 CUBIC METERS	
	2003	Revised	2004	Estimate	2005	Forecast
	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]
Market Year Begin		01/2003		01/2004		01/2005
Production	22000	21400	21000	22500	0	22000
Imports	100	63	100	100	0	100
TOTAL SUPPLY	22100	21463	21100	22600	0	22100
Exports	5500	5468	4100	5650	0	5700
Domestic Consumption	16600	15995	17000	16950	0	16400
TOTAL DISTRIBUTION	22100	21463	21100	22600	0	22100

## Tropical Hardwood Logs Export Trade Table

<b>Export Trade Matrix</b>			
<b>Country</b>	Malaysia		
<b>Commodity</b>	Tropical Hardwood Logs		
Time Period	Jan-Dec	Units:	1000 CUM
Exports for:	2002		2003
U.S.		U.S.	
Others		Others	
Japan	1590	India	1364
China	1103	Japan	1334
India	995	China	1317
Taiwan	650	Taiwan	700
Vietnam	187	Vietnam	332
Hong Kong	186	South Korea	139
South Korea	158	Hong Kong	104
Indonesia	127	Thailand	59
Thailand	38	Indonesia	49
Philippines	36	Philippines	33
Total for Others	5070		5431
Others not Listed	22		37
Grand Total	5092		5468

## Tropical Hardwood Logs Import Trade Table

Import Trade Matrix			
Country	Malaysia		
Commodity	Tropical Hardwood Logs		
Time Period	Jan-Dec	Units:	1000 CUM
Imports for:	2002		2003
U.S.		U.S.	
Others		Others	
Indonesia	249	Burma	29
Burma	37	Indonesia	18
Philippines	30	Solomon Island	10
Slovenia	10	P. New Guinea	4
P. New Guinea	6	Philippines	1
Solomon Island	6	Singapore	1
Vietnam	5		
Singapore	3		
Gabon	2		
Total for Others	348		63
Others not Listed			
Grand Total	348		63

## Tropical Hardwood Lumber PS&amp;D Table

PSD Table						
Country	Malaysia					
Commodity	Tropical Hardwood Lumber				1000 CUBIC METERS	
	2003	Revised	2004	Estimate	2005	Forecast
	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]
Market Year Begin		01/2003		01/2004		01/2005
Production	4950	4568	5070	4900	0	5200
Imports	500	549	600	600	0	700
TOTAL SUPPLY	5450	5117	5670	5500	0	5900
Exports	2800	2356	2900	2800	0	3000
Domestic Consumption	2650	2761	2770	2700	0	2900
TOTAL DISTRIBUTION	5450	5117	5670	5500	0	5900

## Tropical Hardwood Lumber Export Trade Table

Export Trade Matrix			
Country	Malaysia		
Commodity	Tropical Hardwood Lumber		
Time Period	Jan-Dec	Units:	1000 CUM
Exports for:	2002		2003
U.S.	7	U.S.	7
Others		Others	
Thailand	607	Thailand	674
Taiwan	188	Taiwan	207
Netherlands	181	Netherlands	193
Philippines	174	China	153
Singapore	155	Singapore	152
China	138	Philippines	117
Hong Kong	136	Japan	97
Japan	115	Hong Kong	92
South Korea	94	South Korea	82
Yemen Rep. Of	69	Yemen Rep. Of	79
Total for Others	1857		1846
Others not Listed	472		503
Grand Total	2336		2356

**Tropical Hardwood Lumber Import Trade Table**

<b>Import Trade Matrix</b>			
<b>Country</b>	Malaysia		
<b>Commodity</b>	Tropical Hardwood Lumber		
Time Period	Jan-Dec	Units:	1000 CUM
Imports for:	2002		2003
U.S.		U.S.	
Others		Others	
Indonesia	397	Indonesia	1910
Thailand	24	Thailand	25
Burma	4	Burma	4
Philippines	2	Philippines	4
Total for Others	427		1943
Others not Listed			
Grand Total	427		1943

## Temperate Harwood Lumber PS&amp;D Table

PSD Table						
Country	Malaysia					
Commodity	Temperate Hardwood Lumber				1000 CUBIC METERS	
	2003	Revised	2004	Estimate	2005	Forecast
	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]
Market Year Begin		01/2003		01/2004		01/2005
Production	0	0	0	0	0	0
Imports	60	34	70	50	0	60
TOTAL SUPPLY	60	34	70	50	0	60
Exports	0	0	0	0	0	0
Domestic Consumption	60	34	70	50	0	60
TOTAL DISTRIBUTION	60	34	70	50	0	60



## Temperate Hardwood Lumber Import Trade Table

Import Trade Matrix			
Country	Malaysia		
Commodity	Temperate Hardwood Lumber		
Time Period	Jan-Dec	Units:	CUM
Imports for:	2002		2003
U.S.	28636	U.S.	21388
Others		Others	
Germany	8832	Germany	4834
Denmark	3914	Canada	2579
Canada	3743	Denmark	1283
Austria	2613	Austria	834
Australia	999	South Africa	788
Belgium	589	Australia	763
China	506	Belgium	438
Sweden	149	China	388
		Ukraine	387
		Netherlands	300
Total for Others	21345		12594
Others not Listed			455
Grand Total	49981		34437

## Hardwood Veneer PS&amp;D Table

PSD Table						
Country	Malaysia					
Commodity	Hardwood Veneer				1000 CUBIC METERS	
	2003	Revised	2004	Estimate	2005	Forecast
	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]
Market Year Begin		01/2003		01/2004		01/2005
Production	730	610	760	605	0	560
Imports	0	0	0	0	0	0
TOTAL SUPPLY	730	610	760	605	0	560
Exports	580	462	600	450	0	400
Domestic Consumption	150	148	160	155	0	160
TOTAL DISTRIBUTION	730	610	760	605	0	560

## Hardwood Veneer Export Trade Table

Export Trade Matrix			
Country	Malaysia		
Commodity	Hardwood Veneer		
Time Period	Jan-Dec	Units:	1000 CUM
Exports for:	2002		2003
U.S.	1	U.S.	1
Others		Others	
South Korea	168	South Korea	126
Hong Kong	158	Taiwan	78
Taiwan	97	Philippines	77
Philippines	65	Hong Kong	61
Japan	56	Japan	52
China	48	China	46
Thailand	3	Thailand	5
Australia	2	Denmark	5
		Saudi Arabia	3
		Australia	3
Total for Others	597		456
Others not Listed	4		5
Grand Total	602		462

## Hardwood Plywood PS&amp;D Table

PSD Table						
Country	Malaysia					
Commodity	Hardwood Plywood				1000 CUBIC METERS	
	2003	Revised	2004	Estimate	2005	Forecast
	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]
Market Year Begin		01/2003		01/2004		01/2005
Production	4450	4404	4500	4600	0	4700
Imports	3	1	3	2	0	2
TOTAL SUPPLY	4453	4405	4503	4602	0	4702
Exports	3650	3771	3500	3850	0	3900
Domestic Consumption	803	634	1003	752	0	802
TOTAL DISTRIBUTION	4453	4405	4503	4602	0	4702

## Hardwood Plywood Export Trade Table

Export Trade Matrix			
Country	Malaysia		
Commodity	Hardwood Plywood		
Time Period	Jan-Dec	Units:	1000 CUM
Exports for:	2002		2003
U.S.	435	U.S.	394
Others		Others	
Japan	1717	Japan	1775
South Korea	443	South Korea	505
Taiwan	197	Taiwan	237
Singapore	118	Hong Kong	125
Hong Kong	116	Egypt	91
United Kingdom	103	Singapore	85
China	66	United Kingdom	84
Thailand	44	Mexico	78
U.A. Emirates	28	China	71
Yemen Rep. Of	16	Thailand	67
Total for Others	2848		3118
Others not Listed	331		260
Grand Total	3614		3772

Hardwood Plywood Import Trade Table

Import Trade Matrix			
Country	Malaysia		
Commodity	Hardwood Plywood		
Time Period	Jan-Dec	Units:	1000 CUM
Imports for:	2002		2003
U.S.		U.S.	
Others		Others	
Indonesia		2 Indonesia	1
Total for Others		2	1
Others not Listed			
Grand Total		2	1

<b>STRATEGIC INDICATOR TABLE: FOREST AREA (million hectares/million cum)</b>			
<b>Country:Malaysia</b>			
<b>Report Year:</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>
Total Land Area	32.9	32.9	32.9
Total Forest Area	17.8	17.6	17.5
--of which, Commercial	13.4	13.3	13.2
----of commercial, tropical hardwood	13.4	13.3	13.2
----of commercial, temperate hardwood	na	na	na
----of commercial, softwood	na	na	na
--of forest area, non-commercial	4.3	4.3	4.3
Forest Type			
--Of which, virgin	3.3	3.1	3.0
--Of which, plantation	0.2	0.2	0.3
--Of which, other commercial (regrowth)	14.4	14.3	14.0
Forest Ownership			
--Nationally owned and no commercial access	4.8	4.7	4.6
--Nationally owned, commercial logging permitted	13.0	12.9	12.9
--Other publicly owned land, no commercial access	4.8	4.7	4.6
--Other publicly owned, logging permitted	13.0	12.9	12.9
--privately owned commercial forest	0.0	0.0	0.0
Total Volume of Standing Timber	na	na	na
--Of which, Commercial Timber	na	na	na
Annual Timber Removal 1/	For 2003, 4.41 million cum (For Peninsular Malaysia only)		
Annual Timber Growth Rate	2.0-2.5cum/ha/yr (For Pen.Msia only)		
Annual Allowable Cut	42,870 ha (For Pen Msia only)		
1/ If Removals exceeds growth rate, analyze impact in text.			

<b>STRATEGIC INDICATOR TABLE: CONSTRUCTION MARKET</b>			
<b>Country:Malaysia</b>			
<b>Report Year:</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>
Total Housing Starts (number of units)	na	na	na
--Of which, wood frame	na	na	na
--Of which, steel, masonry, other materials	na	na	na
--Of total starts, residential	na	na	na
----Of residential, single family	na	na	na
----Of residential, multi-family	na	na	na
--Of total starts, commercial	na	na	na
Total Value of Commercial Construction Market (\$US million)	na	na	na
Total Value of Repair and Remodeling Market (\$US million)	na	na	na
Are tariffs on softwood from the United States higher, equal or lower than softwood imported from other countries? 1/	Equal		
Are tariffs on plywood from the United States higher, equal or lower than plywood imported from other countries? 1/	Equal		
Are non-tariff barriers on softwood from the United States higher, equal or lower than softwood imported from other countries? 1/	Equal		
Are non-tariff barriers on plywood from the United States higher, equal or lower than plywood imported from other countries? 1/	Equal		
Are there market development programs for construction, softwood or plywood imports funded by foreign governments?	None		
If yes, identify the following:			
--Country(ies)			
--Form(s) of competition: Export subsidy, trade show, trade servicing, permanent market representative (number), permanent office (location), or other. 2/			
--Estimated annual market expansion outlay (\$US million) by country			



<p>Is the acceptability of U.S. style timber frame construction (i.e., per building codes, mortgage availability, etc.) high, medium or low? 3/</p>	<p>Medium</p>		
<p>Are consumer preferences for solid wood materials vis-a-vis non-wood materials in construction high, medium or low? 3/</p>	<p>Medium</p>		
<p>From Post's experience, is the willingness of U.S. suppliers to deliver product per importers' specifications low, medium or high? 3/</p>	<p>High</p>		
<p>If price quotes for construction and structural wood products are available, identify the leading source(s)</p>	<p>Malaysian Institute of Architects and Malaysian Institute of Interior Designers</p>		
<p>1/ If other than equal, explain in report text.</p>			
<p>2/ If "other", then explain in report text.</p>			
<p>3/ If low or medium, explain in report text.</p>			

<b>STRATEGIC INDICATORS TABLE: FURNITURE &amp; INTERIORS MARKET</b>			
<b>Country: Malaysia</b>			
<b>Report Year:</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>
Total Housing Starts (number of units)	na	na	na
Total Number of Households)	na	na	na
Furniture Production (\$US million)	na	na	na
Interiors Market Size (\$US million)	na	na	na
Total Furniture Imports (\$US million)	120.0	120.0	135.0
Total Furniture Exports (\$US million)	1230	1800	1800
Are tariffs on hardwood from the United States higher, equal or lower than hardwood imported from other countries? 1/			
Are non-tariff barriers on hardwood from the United States higher, equal or lower than hardwood imported from other countries? 1/			
Are there market development programs for furniture or interiors market expansion funded by foreign governments?			
If yes, identify the following:			
--Country(ies) 2/			
--Form(s) of competition: Export subsidy, trade show, trade servicing, permanent market representative (number), permanent office (location), or other. 3/			
--Estimated annual market expansion outlay (\$US million) by country			
From Post's experience, is the willingness of U.S. suppliers to deliver product per importers' specifications low, medium or high? 4/			
If price quotes for furniture and interiors products are available, identify the leading source(s)	Malaysian Furniture Industry Council		
1/ If other than equal, explain in text.			
2/ If more than one country, report each country individually.			

3/ If "other", explain form of subsidy in text.			
4/ If low or medium, explain in test.			

<b>STRATEGIC INDICATOR TABLE: WOOD PRODUCTS SUBSIDIES</b>			
<b>Country:Malaysia</b>			
<b>Report Year:</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>
Total Solid Wood Export Subsidy Outlay (\$US million)	None	None	None
Is there a ban on the export of logs, lumber, or veneer? If yes, which?	Yes- Logs from Pen. M'sia and quota for East M'sia		
Are there export taxes (yes/no)? 1/	Yes		
If yes, for which products? (Identify export tax level in tariff table)	see table on tariff		
Source(s) of Export Subsidy Information	Not relevant		
Total Wood Production Subsidy Outlay (\$US million)	Not relevant		
Are there any programs favoring the development of commercial forestry?	Yes		
If yes, Post best estimate of scope (thousands of hectares)	See text		
If yes, Post's best estimate of financial outlay (\$US million)	na		
Source(s) of Production Subsidy Information	Not relevant		
Does the country support export expansion activities similar to the Cooperator Program?	Yes		
--Which country markets are targeted?	China, Japan, Middle East & India		
--Which products are targeted?	Mainly lumber, furniture and moldings		
Are there significant wood products export expansion activities at the provincial or regional level?	None		
-- If yes, identify key players			
-- If yes, identify key market segments			
-- If yes, identify key country markets			

-- If yes, identify key products			
--Post's estimate for combined outlay (\$US million)			
Source(s) of Provincial/Regional Support Information			
Are there other wood products export expansion activities? If yes, describe in report.	Yes		

<b>STRATEGIC INDICATOR TABLE: FOREST PRODUCT TARIFFS AND TAXES (percent)</b>						
		Tariff	Tariff	Other		
Country:	Product	Current	Following	Import	Total Cost	Export
Report Year:	Description 1/	Year	Year	Taxes/Fees	of Import	Tax
4401	Fuel Wood	20%	20%			0
4403	Wood in rough	0	0			0 to 15%
4404	Poles/piles	10 to 20%	10 to 20%			0
4405	Wood wood/flour	5 to 20%	5 to 20%			0
4406	Rail Sleepers	5%	5%			0
4407	Lumber, sawn lengthwise	0	0			0
4408	Veneer/plywood	0 to 20%	0 to 20%			0
4409	Lumber, molded and rounded	20%	20%			0
4410	Particle Board	20%	20%			0
4411	Fibreboard of wood	20%	20%			0
4412	Veneered Panel	25 to 40%	25 to 40%			0
4413	Densified wood	20%	20%			0
4414	Wooden frames	20%	20%			0
4415	Packing cases/pallets	20%	20%			0
4416	Cask/Barrel/Vat/Tub	20%	20%			0
4417	Tool/handles	20%	20%			0
4418	Builders' joinery	20%	20%			0
4419	Wooden tableware	20%	20%			0
4420	Jewellery cases	0 to 20%	0 to 20%			0
4421	Other wooden articles	0 to 20%	0 to 20%			0
4422	na					
4423	na					
4424	na					
4425	na					

Pre-fabricated Houses, a subsection under chapter 96						
9406	Prefab building-wood25%	5 to 30%	25%			0
1/ Insert additional lines for Commodity tariff identification should tariffs vary within the four-digit designation.						

<b>STRATEGIC INDICATOR TABLE: MATERIAL HANDLING MARKET</b>			
<b>Country:Malaysia</b>			
<b>Report Year:</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>
Total Value of Industrial Output (\$US million)	18.8	20.7	22.0
New Pallet Production (million units)	na	na	na
Are consumer preferences for solid wood pallets and packaging materials vis-a-vis non-wood materials high, medium or low? 1/	High		
Are industry/trade preferences for repaired/recycled pallets over new pallets low, medium or high? 1/	Low		
From Post's experience, is the willingness of U.S. suppliers to deliver product per importers' specifications low, medium or high? 1/	na	na	na
Identify leading source(s) of price quotes:	Malaysian Packaging Association		
Are there market development programs for the materials handling market expansion funded by foreign governments?	None		
If yes, identify the following:			
-- Which Countries?			
--Form(s) of competition: Export subsidy, trade show, trade servicing, permanent market representative (number), permanent office (location), or other. 2/			
-- Estimated annual market expansion outlay (\$US million) by country			
1/ If low or medium, explain in text of report.			
2/ If "other", explain in text of report.			