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Malaysia

Solid Wood Products

Annual

2006

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Report Highlights:

Malaysian imports of U.S. temperate hardwood lumber dropped 29% in 2005, reflecting purchase drawdowns following a big surge in purchase in 2004. Imports from the U.S. temperate softwood showed a 3.8% increase. The U.S. is the top supplier to the Malaysian temperate hard and softwood market. The 2006 outlook for US temperate hard and softwood is bright as the Malaysian furniture and interior sectors are set for further expansion.

The Malaysian timber industry performed very well in 2005. Overall export earnings from timber products rose 8.8% to US\$5.8 billion. In terms of volume, exports of hardwood log and lumber increased by 13% and 16% respectively. Malaysia's total round-wood production rose 2.4 percent to 22.6 million cum in 2005. With the GOM's policy on conservation, log production is expected to decline in 2006 and 2007.

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Executive Summary

Malaysian imports of temperate hardwood lumber declined by 17 percent in 2005 reflecting purchase draw-downs following a big surge in purchase in 2004. Imports from the U.S. showed a 29 percent drop but still the top supplier to the Malaysian temperate hardwood lumber market. Australia and China made significant inroads into the Malaysian market in recent years. Imports of softwood lumber also declined by 11 percent in 2005 although imports from the U.S. increased 3.8 percent and regained the position of the top softwood supplier. New Zealand and Finland remained the aggressive competitors. Emerging contenders include Ukraine, Slovenia and France.

The outlook for US temperate hardwood is bright. The Malaysian furniture and interior sectors are set for further expansion. Malaysia now has two furniture buying seasons in a year. The US wood industry, if properly positioned, would largely benefit from the development.

The Malaysian timber industry performed very well in 2005. Overall export earnings from timber products rose 8.8% to US\$5.8 billion in 2005. In terms of volume, exports of hardwood logs increased by 13 percent while exports of lumber rose 16 percent. Exports of plywood and veneer also recorded increase of 4% and 5% respectively. The furniture sector also fared better, chalking up an impressive 7% growth in export earnings.

Malaysia's total round-wood production rose 2.4 percent to 22.6 million cubic meters (cum) in 2005, mainly due to an increase in harvesting in the state of Sabah. The production of lumber for the whole of Malaysia rose nearly 8 percent to 5.3 million cum in 2005, reflecting an increase in overseas demand. Malaysia's plywood production also rose 5 percent to 5.2 million cum while veneer production recorded a 19 percent jump during the year.

With the GOM's policy on conservation, log production is expected to decline in 2006 and 2007. Under the recently launched Ninth Malaysia Plan (2006-2010), the GOM expects log output to decline progressively to 19.6 million cum by 2010. Exportable log surplus is likely to decline, as more logs are processed into value-added timber products such as lumber, plywood, molding and furniture.

Table below shows that the timber product sector remained as the country's third commodity export earner after petroleum products and palm oil/palm based products.

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

	2003	2004	2005
Total Exports of which,	398.8	480.7	533.8
Petroleum Products	23.9	33.8	44.5
Palm Oil/Palm Based Products	27.7	29.1	28.4
Timber Products	16.3	19.8	21.5
Rubber	3.6	5.2	5.8

Note: Exchange rate pegged at US\$1.00 = RM3.80 from Sept 1998 to July 2005
Jun 30 2006: US\$1.00 = RM3.68

Malaysia: Export of Major Timber Products, January-December 2004-2005
(FOB Value in RM million)

PRODUCTS	Peninsular Malaysia		Sabah		Sarawak		Malaysia	
	2004	2005	2004	2005	2004	2005	2004	2005
Logs	4	4	381	619	1685	1841	2070	2464
Lumber	1327	1693	664	785	852	969	2843	3447
Plywood	250	266	1614	1594	3781	3715	5645	5575
Veneer	17	17	131	127	223	276	371	420
Molding	409	463	141	156	96	79	646	698
Chipboard	142	169	17	19	37	45	196	233
M.D. Fiberboard	877	957	na	8	144	142	1021	1107
Wooden Frame	113	125	2	2	na	na	115	127
Building Joinery	845	799	26	35	225	327	1096	1161
Wooden Furniture	5339	5702	75	76	25	53	5439	5831
Rattan Furniture	48	57	na	6	na	na	48	63
Other Timber Products	208	285	28	35	40	61	276	381
Grand Total	9579	10537	3079	3462	7108	7508	19766	21507

Source: Monthly timber bulletin of Malaysian Timber Industry Board

Note: Exchange rate pegged at US\$1.00 = RM3.80 from Sept 1998 to July 2005
Jun 30 2006: US\$1.00 = RM3.68

Key Economic Indicators for Malaysia
(Value in US\$ million unless otherwise specified)

	2004	2005(e)	2006(f)
Income, Production, Employment:			
Population (millions)	26.0	26.7	27.2
GDP in 1987 Prices	65,514	68,788	75,143
Percent Growth	7.1%	5.0%	5.5%
GDP at Current Prices	111,858	121,986	134,578
Percent Growth	14.1%	9.6%	9.2%
Per Capita GDP (Curr. US\$)	4,373	4,669	5,052
Official Unemployment Rate	3.5%	3.5%	3.4%
Money and Prices:			
Inflation (CPI)	1.4%	3.0%	3.5-4.0%
Average Commercial Rate (BLR)	5.98%	6.20%	-
Balance of Payments:			
Merchandise Exports (FOB)	126,511	140,215	157,472
Merchandise Imports (CIF)	105,283	114,646	130,412
Exchange Rate (avg., per US\$)	3.80	3.80	3.76

Sources: Bank Negara Annual Report 2005/06, Ministry of Finance Economic Report 2005/06 and US Embassy Estimates.

Note: Exchange rate pegged at US\$1.00 = RM3.80 from Sept 1998 to July 2005
Jun 30 2006: US\$1.00 = RM3.68

Production

-The Forest Resource Base

Natural Forest

According to preliminary official data, the total area of natural forest in Malaysia at the end of 2005 was estimated to be 19.4 million hectares (MH) or 59% of the total land area. The proportion of forested land is higher in Sarawak and Sabah than in Peninsular Malaysia. Approximately, 9.2 million hectares are located in Sarawak, 5.7 MH in Peninsular Malaysia and 4.5 MH in Sabah.

Of the total natural forest, Malaysia has a total of 15.3 million hectares of forested land designated as the Permanent Forest Estate (PFE) that is under sustainable management. Approximately 11.9 million hectares of the Permanent Forest Estate are production forest with the remaining 3.4 million hectares being protected, non-commercial forest. In addition, 2.3 hectares of Stateland natural forest are available for logging or conversion to other uses such as crop cultivation or housing development.

Plantation Forests

Total planted forests in the country amounted to about 359,000 hectares by the end of 2005. Malaysia aims to double its planted forest to 500,000 hectares and the plan will include the participation of the private sector, government-linked companies and state governments. In November 2005, the GOM approved a US\$55 million grant for a forest plantation project. The funds will be enough to cover 40,000 hectares of plantation in about five states.

The State of Sabah leads in forest plantation with an area of 245,000 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 41,000 hectares with fast growing exotics and indigenous tree species. The Sarawak State Government has licensed about 1.5 million hectares of planted forest by the end of 2005 but the progress has been slow. 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 decrease to 72,200 ha in 2005. 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. The GOM is also encouraging the planting of a new specie, 'Kenaf', from the hibiscus family, in replantation project for production of fiberboard.

Sustainability of the Forest Resources

The Malaysian timber certification scheme, operated by the Malaysian Timber Certification Council (MTCC), continued to make some progress in 2005. To date, nine states have been awarded the Certificates for Forest Management and nearly 83 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. Denmark, the United Kingdom, New Zealand and the Netherlands have accepted the MTCC scheme as one of its accepted certification schemes in its Environmental Guidelines for Purchasing Tropical Timber. MTCC has on-going cooperation with other international timber certification schemes and is a member of the Program for the Endorsement of Forest Certification Schemes (PEFC).

Timber Products

--Production Trends

Malaysia's total round-wood production rose 2.4 percent to 22.6 million cubic meters (cum) in 2005, mainly due to an increase in harvesting in the state of Sabah. Log output in the state of Sarawak was marginally down as its Forest Department became a corporation that involved some major reorganizations while log output in Peninsular Malaysia was slightly up. The production of lumber for the whole of Malaysia rose nearly 8 percent to 5.3 million cum in 2005, reflecting an increase in overseas demand. Malaysia's plywood production also rose 5 percent to 5.2 million cum while veneer production recorded a 19 percent jump during the year.

With the GOM's policy on conservation by implementing sustainable forest management, log production is expected to decline in 2006 and 2007. Under the recently launched Ninth Malaysia Plan (2006-2010), the GOM expects log output to decline progressively to 19.6 million cum by 2010. Exportable log surplus is likely to decline, as more logs are processed into value-added timber products such as lumber, plywood, molding and furniture. As a result, the GOM expects higher export earnings from wood products in 2006 in anticipation of stronger overseas demand, particularly from China, India, the Middle East and Eastern European countries.

Market Section

--Construction Sector

Industry Outlook

The Malaysian construction sector contracted by 1.6 percent in 2005 due to the decline in civil engineering activities. However, construction activity in the residential and commercial sector showed a strong growth during the year.

Government expenditure in infrastructure projects slowed due to the completion of several privatized projects under the Eighth Malaysian Plan (2001-2005). On-going construction activities in the civil engineering sector were largely for power generation plant, roads, airports and sewerage projects. Construction activity in the oil and gas sector continued to be high, supported by new investments in oil rigs, following the discovery of several new oil fields offshore the state of Sabah.

Demand for residential property showed an increase albeit at a lower rate in 2005. The take-up rate during the first half of 2005 was 32.7% compared to 48% in 2004. In line with its effort to provide affordable houses to the low-income group, the Government has allocated US\$273 million for low-cost housing projects in the GOM's 2006 Budget.

Construction activity in the commercial sector continued its progress in 2005, driven largely by higher demand for office and retail space. Both completed office and retail space recorded increases in 2005 (see table for details) and occupancy rates improved to 83.8% and 80% respectively as at end-September 2005.

The construction sector is poised to grow under the recently launched Ninth Malaysia Plan (2006-2010). Under the Plan, the GOM will restart some projects that were previously put on hold after the 1998 economic crisis. Some key projects include the East Coast Highway Phase 2, Penang Bridge expansion and upgrade, National Sewerage Program, Pahang-Selangor water transfer and Langkat water treatment plant.

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 another strong performance in 2004. A total office area of 605,032 sq meters was completed in and around Kuala Lumpur during Jan-Sept 2005, a sharp increase from 2004. With the completion of several new shopping complexes, the retail sector also recorded an addition of 209,277 sq meters over the same

period. The condominium and apartment sector showed a similar trend, albeit at a much slower pace, with 4,113 units completed during the first 9 months of 2005. In addition, 15 new hotels/resorts were completed in 2005, bringing the total to 2,239 hotels with 149,106 rooms. Under the Ninth Malaysia Plan, an additional 872 hotels with 76,800 rooms are projected to be completed by 2010. The GOM is on track in building a new Administrative Center at Putrajaya. To date, most of the main government buildings, 2 hotels, residential units and a shopping mall have been completed. In the pipeline are commercial projects, diplomatic chanceries, sport and recreational components, and two more hotels. 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. All these developments provide opportunities for the expansion of the furniture/interiors sector and the increased use of US hardwood.

Malaysia is also fast becoming a base for engineered solid hardwood flooring for the domestic as well as overseas market. Ultraviolet-cured urethane coating system is used to form a durable and wear-resistance protection to the boards. Manufacturers are turning to use temperate hardwood and softwood veneer for the top layer.

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

	Office Space		Retail Space		Condominiums & Apartments
	Square Meters added	Occupancy rate (%)	Square Meters added	Occupancy rate (%)	Units
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	374,750	77.9	210,657	77.7	20,465
2003	169,548	80.0	507,637	77.9	21,335
2004 2/	248,328	82.1	319,441	79.6	14,399
2005 3/	605,032	83.8	209,277	80.0	4,113
1/ Refers to Kuala Lumpur & Selangor D. E.					
2/ Revised					
3/ 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 increased significantly, with export earnings rising 7.2 percent to RM5.8 billion (US\$1.6 billion) in 2005. The United States remains the largest single market for Malaysian wooden furniture (36%), with export earnings increasing by 15 percent. However, exports to most other major countries such as Japan, the United Kingdom and Australia recorded decreases.

The Malaysian furniture industry is more optimistic for 2006. Malaysia now has two furniture buying seasons in a year, namely in the month of March and September of each year. Beside the Malaysian International Furniture Fair (MIFF) held in Kuala Lumpur in early March 2006, the Malaysia Furniture Export Exhibition is scheduled to be held in Kuala Lumpur during early September, 2006. The GOM expects Malaysia's furniture export earnings to exceed US\$1.8 billion in 2006 and reach US\$2.7 billion by 2010.

Malaysia: Exports of Wooden Furniture
(in million RM)

	2003	2004	2005
U.S.A.	1,577	1,844	2,113
Japan	497	578	541
United Kingdom	495	556	465
Australia	357	505	465
Canada	186	205	205
U. A. Emirates	186	239	186
Singapore	319	188	165
Netherlands	57	79	99
Saudi Arabia	126	107	94
Ireland	57	84	86
Others	813	1,053	1,413
--Total	4,670	5,438	5,832

Note: Exchange rate pegged at US\$1.00 = RM3.80 from Sept 1998 to July 2005
Jun 30 2006: US\$1.00 = RM3.68

After an impressive surge in 2004, Malaysian imports of temperate hardwood lumber dropped 17 percent in 2005, reflecting over-purchasing in 2004. Although imports from the U.S. showed a sharper drop (minus 29 percent), the amount was about 10 percent higher than the 2003 level. Imports from the U.S. accounted for 51% of Malaysia's total temperate hardwood import market in 2005, compared to 60 percent in 2004. Australia and China made significant inroads into the Malaysian market in recent years. Malaysia is also looking towards to Eastern Europe such as Ukraine, Romania and Bulgaria as new sources of temperate lumber. In value terms, exports of U.S. temperate hardwood lumber to Malaysia recorded a 5% increase.

Imports of softwood lumber declined by 11 percent in 2005 although imports from the U.S. increased 3.6 percent and regained the position of the top softwood supplier to Malaysia. Decreases in imports from Finland and Canada were partially offset by increases from New Zealand and China. Emerging contenders include Ukraine, Slovenia and France.

Malaysia: Imports of Temperate Hardwood Lumber
(Cubic meter)

	2003	2004	2005
U.S.A.	21,388	33,179	23,515
Australia	763	4,705	5,184
China	388	2,041	3,615
Denmark	1,283	3,197	3,465
Canada	2,579	3,611	3,335
Germany	4,834	3,275	2,142
New Zealand	0	272	1,143
Finland	0	391	953
Austria	834	701	647
Netherlands	300	690	451
South Africa	788	984	364
Ukraine	387	624	263
Romania	222	0	233
France	0	562	160
Belgium	438	674	145
Bulgaria	0	172	85
Sweden	0	119	0
United Kingdom	233	0	0
-- Total	34,437	55,197	45,700

Malaysia: Imports of Temperate Softwood Lumber
(Cubic Meter)

	2003	2004	2005
U.S.A.	3,111	4,767	4,937
New Zealand	3,580	1,604	2,562
Finland	3,524	5,684	2,112
China	0	601	1,000
Austria	0	318	630
Ukraine	0	0	521
Canada	1,422	783	508
Slovenia	0	0	425
Brazil	110	282	364
Germany	1,339	850	325
Bulgaria	0	358	302
Denmark	228	214	281
South Africa	39	194	78
France	0	0	64
Netherlands	0	107	0
Estonia	0	102	0
Sweden	96	0	0
Italy	52	0	0
-- TOTAL	13,501	15,864	14,109

Market Impediments

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, paneling 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 interior designers and 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 2005/06, its main activities were participating in a major furniture show in Kuala Lumpur and conducting trade servicing in the country. Recently, AHEC and Post managed to target a new major buyer of hardwood lumber and veneer for the construction and interior design sector both in Malaysia and abroad. AHEC also held two regional 'Greater China and S.E.Asia' conferences involving speakers/panelists from Malaysia.

For the coming year, Post recommends the following:

1. Continue to 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. Another Pan Asian Architectural Seminar should be scheduled for Kuala Lumpur in 2007.
2. That AHEC bring another team of present/potential U.S. wood users/buyers to the States for an exposure/buying mission, probably to coincide with the Lumber and Building Material Expo or the International Builders' Show. This might address the constraint of the lack of a large, existing distribution network in Malaysia.
3. Encourage U.S. wood suppliers to 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.
4. There is an interest in using 'Gulam' for structure among the architects in Malaysia. AF&PA should look into the possibility of conducting a seminar in Malaysia in partnership with the Malaysian Institute of Architects in 2007.

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 market

Date: March 6-10, 2007
Event: Malaysian International Furniture Fair (MIFF) 2007
Venue: Kuala Lumpur Convention Center

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 2005. (For details, please e-mail info@miff.com.my)

Date: September 6-9, 2006
Event: Malaysian Furniture Export Exhibition (MAFEX) 2006
Venue: MINES Exhibition Center, Kuala Lumpur

As a second annual furniture show, it is organized by the Mines Exhibition Management Sdn. Bhd. on behalf of the Muar Furniture Association. AHEC has participated in this show in the past. The show's website is www.mafex.net.

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

--Materials Handling Sector

Industry Outlook

Materials handling is very much tied to the manufacturing sector. In 2005, manufacturing output recorded a 5.1 percent growth. The petroleum products sector recorded the strongest growth.

Manufacturing Production: Selected Indicators (2000=100)

	Index		Change in %	
	2004	2005	2004	2005
Electronics	136.0	143.0	25.6	5.2
Electrical Products	102.1	101.3	5.5	-0.8
Petroleum Products	127.4	141.2	9.8	10.8
Textiles, wearing apparel and footwear	81.4	84.1	-4.8	3.4
Wood and wood products	107.9	109.6	12.8	1.5
Rubber Products	134.3	133.8	8.1	-0.4
Food Products	120.5	129.7	2.0	7.6
Paper Products	110.7	119.0	4.2	7.5
Beverages	112.4	119.3	1.4	6.1
Tobacco Products	90.5	87.8	2.9	-3.0
Total	123.0	129.3	12.8	5.1

Market Impediments

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

For the near term, MTC is giving more attention to China (in view of it being the venue of the 2008 Olympic), Japan (a re-awakening market with prices for wooden products trending upwards), Saudi Arabia & the Middle East (with its current construction boom) and France (with a growing tropical hardwood parquet sector).

The State of Sarawak has increased its focus on India since the latter has emerged as the biggest market for its logs in 2005.

The following table provides a list of fairs and exhibitions that MTC planned to participate in 2006.

International Trade Fairs 2006	
Date	Event
March 28-30	DOMOTEX ASIA/CHINA FLOOR, Shanghai, China
April 4-7	MOSBUILD, Moscow, Russia
May 2-7	ARCHITECT, Bangkok, Thailand
August 4-6	CONSTRUCT, Colombo, Sri Lanka
September 6-9	KAZBUILD, Almaty, Kazakhstan
Sept. 13-17	INTER-FURN, Mumbai, India
Trade Missions 2006	
April	Ministerial Mission To U.K., Germany, Belgium & The Netherlands
June	Marketing Mission To China (Beijing, Shanghai & Guangzhou)
July	Marketing Mission To South Africa
September	Marketing Mission To Romania, Poland & Turkey
November	Marketing Mission To Saudi Arabia & Jordan

Promotion Booths 2006	
MTC Headquarter	
February 1-3	SURFACES 2006, Las Vegas, U.S.A.
February 9-11	LUMBER & BUILDING MATERIALS EXPO 2006, Boston, U.S.A.
May 4-7	HIA HOME & BUILDING EXPO 2006, Brisbane, Australia
TBA	IAPAX 2006, Karachi, Pakistan
MTC London Branch	
January 14-17	DOMOTEX 2006, Hannover, Germany
January 24-27	BUDMA 2006, Poznan, Poland
March 14-18	SAIEDUE 2006, Bologna, Italy
March 22-25	FENSTERBAU 2006, Nuremburg, Germany
April 4-8	CONSTRUMA 2006, Budapest, Hungary
April 23-27	INTERBUILD 2006, NEC Birmingham, U.K.
April 25-29	IBF 2006, Brno, Czech Republic
May 31- June 2	CARREFOUR BOIS 2006, Nantes, France
September 3-5	SPOGA 2006, Cologne, Germany

MTC Shanghai Branch	
March 22-30	INTERZUM 2006, Guangzhou, China
July 6-9	8 th China International Building & Decoration Fair 2006, Guangzhou, China
September 20-23	7 th China International Floor Coverings & Carpet Fair 2006, Beijing, China
September	KYUNGHYANG HOUSING FAIR, Pusan, South Korea
November	Japan Home & Building Show, Tokyo, Japan
November	3 rd ASEAN-CHINAEXPO 2006, Nanning, China
MTC Dubai	
April 3-6	REBUILD IRAQ 2006, Amman, Jordan
May 1-4	PROJECT QATAR 2006, Doha, Qatar
May 16-18	GULFBID 2006, Manama, Bahrain
June 6-10	PROJECT LEBANON 2006, Beirut, Lebanon
July 26-29	INTERBUILD AFRICA 2006, Johannesburg, South Africa
September 18 - 21	PROJECT QATAR, Doha, Qatar
November 7-11	INDEX 2006, Dubai, UAE
November 12-16	SAUDIBUILD 2006, Riyadh, Saudi Arabia
Technology Acquisition Mission	
Mar. 27-Apr. 1	Technology Acquisition Mission to China (in conjunction with Interzum, Guangzhou: March 27-30, 2006 plus factory visits)
May 15-25	Technology Acquisition Mission to Italy (in conjunction with

	Xylexpo/Sasmil: May 16-20, 2006 plus factory visits)
September 16-25	Technology Acquisition Mission to Sweden & Finland (in conjunction with Habitare 2006, Helsinki, Finland)

For details or updates, please visit website: www.mtc.com.my/fairs2006.htm

Trade Policy

The GOM has tightened the ban on exports of rubber-wood lumber to include fingered-jointed planks, effective August 11, 2006. On June 28 2005, the GOM imposed a ban on exports of rubber-wood lumber in an effort to ensure adequate supply of rubber-wood to the domestic furniture manufacturers.

Trade Section

Malaysia: Exports of Tropical Hardwood Logs, 2004
(1,000 cubic meters)

	Pen. M'sia	Sabah	Sarawak	Total
Japan	0	203	988	1,191
India	0	6	1,171	1,178
China	10	328	807	1,145
Taiwan	0	11	725	736
Vietnam	0	176	261	437
Indonesia	0	135	0	135
South Korea	0	18	108	125
Thailand	0	62	23	86
Hong Kong	0	15	32	47
Pakistan	0	0	15	15
Philippines	0	12	1	13
British Virgin Islands	0	4	0	4
Singapore	1	0	2	3
North Korea	0	2	0	2
Switzerland	0	1	0	1
-- TOTAL	11	974	4,133	5,118

Malaysia: Exports of Tropical Hardwood Logs, 2005
(1,000 cubic meters)

	Pen. M'sia	Sabah	Sarawak	Total
China	12	672	946	1,631
India	0	39	1,408	1,447
Japan	0	257	841	1,097
Taiwan	0	27	718	745
Vietnam	0	156	277	434
South Korea	0	18	99	118
Indonesia	0	99	0	99
Thailand	0	51	25	76
Philippines	0	63	7	70
Hong Kong	0	17	6	23
Pakistan	0	0	10	10
Saudi Arabia	0	0	4	4
North Korea	0	2	0	2
Yemen Rep. Of.	0	0	1	1
Singapore	1	0	0	1
South Africa	0	1	0	1
-- TOTAL	14	1,402	4,343	5,758

Malaysia: Exports of Tropical Hardwood Lumber, 2004
(1,000 cubic meters)

	Pen. M'sia	Sabah	Sarawak	Total
U.S.A.	19	5	2	26
Thailand	320	144	316	781
Taiwan	20	38	170	227
China	116	12	76	203
Netherlands	142	55	2	200
Singapore	110	5	50	165
Japan	44	86	19	150
Philippines	0	20	94	114
Yemen Rep. of	8	0	99	106
South Africa	14	65	26	105
Others	337	137	211	685
-- TOTAL	1,131	566	1,064	2,761

Malaysia: Exports of Tropical Hardwood Lumber, 2005
(1,000 cubic meters)

	Pen. M'sia	Sabah	Sarawak	Total
U.S.A.	15	2	2	19
Thailand	320	159	372	851
China	463	15	98	576
Taiwan	21	61	148	230
Netherlands	137	49	1	187
Singapore	92	8	60	160
Japan	42	84	25	151
Philippines	0	13	130	143
South Africa	36	74	28	138
U. A. Emirates	41	0	50	91
Others	312	155	203	669
-- Total	1,479	620	1,117	3,216

Malaysia: Exports of Tropical Hardwood Veneer, 2004
(1,000 cubic meters)

	Pen. M'sia	Sabah	Sarawak	Total
U.S.A.	0	0	0	0
South Korea	0	66	61	127
Taiwan	1	15	77	92
Philippines	0	10	43	53
Japan	0	20	28	48
China	0	4	22	26
Hong Kong	0	2	13	15
Thailand	0	0	7	7
Australia	1	0	0	1
Other's	3	2	19	24
-- TOTAL	5	120	269	394

Malaysia: Exports of Tropical Hardwood Veneer, 2005
(1,000 cubic meters)

	Pen.M'sia	Sabah	Sarawak	Total
U.S.A.	0	0	0	0
South Korea	0	59	75	134
Taiwan	0	13	75	89
Philippines	0	11	44	55
China	0	5	38	44
Japan	0	18	20	38
Indonesia	1	0	32	33
Hong Kong	0	0	7	7
Thailand	0	2	4	6
Other's	4	3	1	8
--TOTAL	6	111	297	414

Malaysia: Exports of Tropical Hardwood Plywood, 2004
(1,000 cubic meters)

	Pen. M'sia	Sabah	Sarawak	Total
U.S.A.	4	282	242	529
Japan	2	413	1,637	2,053
South Korea	0	204	207	411
Taiwan	3	136	185	323
United Kingdom	65	13	91	168
China	0	1	113	115
Hong Kong	0	19	63	82
Singapore	30	11	27	68
Thailand	15	30	17	62
Yemen Rep. of	0	0	25	25
Others	62	198	253	513
-- TOTAL	182	1,306	2,860	4,348

Malaysia: Exports of Tropical Hardwood Plywood, 2005
(1,000 cubic meters)

	Pen. M'sia	Sabah	Sarawak	Total
U.S.A.	1	272	221	494
Japan	2	382	1,724	2,108
South Korea	2	212	255	468
Taiwan	3	171	218	391
United Kingdom	69	15	65	149
China	2	1	109	112
Hong Kong	0	28	33	61
Singapore	19	15	31	65
Thailand	19	26	14	59
Yemen Rep. of	0	7	55	62
Others	79	203	285	567
-- Total	196	1,332	3,009	4,536

Tropical Hardwood Logs PS&D Table

PSD Table						
Country	Malaysia					
Commodity	Tropical Hardwood Logs				1000 CUBIC METERS	
	2005	Revised	2006	Estimate	2007	Forecast
	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]
Market Year Begin		01/2005		01/2006		01/2007
Production	22700	22572	23000	22200	0	22000
Imports	70	41	75	70	0	80
TOTAL SUPPLY	22770	22613	23075	22270	0	22080
Exports	5220	5758	5320	5200	0	4180
Domestic Consumption	17550	16855	17755	17070	0	17900
TOTAL DISTRIBUTION	22770	22613	23075	22270	0	22080

Tropical Hardwood Logs Import Trade Table

Import Trade Matrix			
Country	Malaysia		
Commodity	Tropical Hardwood Logs		
Time Period	Jan-Dec	Units:	1000 CUM
Imports for:	2004		2005
U.S.		U.S.	
Others		Others	
Burma	51	Burma	25
Philippines	7	Thailand	7
Thailand	3	Philippines	5
Indonesia	2	Indonesia	4
P. New Guinea	2		
Singapore	1		
Total for Others	66		41
Others not Listed	2		
Grand Total	68		41

Tropical Hardwood Logs Export Trade Table

Export Trade Matrix			
Country	Malaysia		
Commodity	Tropical Hardwood Logs		
Time Period	Jan-Dec	Units:	1000 CUM
Exports for:	2004		2005
U.S.		U.S.	
Others		Others	
Japan	1191	China	1631
India	1178	India	1447
China	1145	Japan	1097
Taiwan	736	Taiwan	745
Vietnam	437	Vietnam	434
Indonesia	135	South Korea	118
South Korea	125	Indonesia	99
Thailand	86	Thailand	76
Hong Kong	47	Philippines	70
Pakistan	15	Hong Kong	23
Total for Others	5095		5740
Others not Listed	23		18
Grand Total	5118		5758

Tropical Hardwood Lumber PS&D Table

PSD Table						
Country	Malaysia					
Commodity	Tropical Hardwood Lumber			1000 CUBIC METERS		
	2005	Revised	2006	Estimate	2007	Forecast
	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]
Market Year Begin		01/2005		01/2006		01/2007
Production	5080	5261	5235	5300	0	5400
Imports	600	507	650	650	0	700
TOTAL SUPPLY	5680	5768	5885	5950	0	6100
Exports	2520	3216	2280	3300	0	3400
Domestic Consumption	3160	2552	3605	2650	0	2700
TOTAL DISTRIBUTION	5680	5768	5885	5950	0	6100

Tropical Hardwood Lumber Import Trade Table

Import Trade Matrix			
Country	Malaysia		
Commodity	Tropical Hardwood Lumber		
Time Period	Jan-Dec	Units:	1000 CUM
Imports for:	2004		2005
U.S.		U.S.	
Others		Others	
Indonesia	413	Indonesia	377
Thailand	109	Thailand	96
Philippines	13	Philippines	18
Burma	8	Burma	12
Brazil	2	Brazil	2
Cambodia	2	P. New Guinea	1
Ghana	1	Singapore	1
Total for Others	548		507
Others not Listed			
Grand Total	548		507

Tropical Hardwood Lumber Export Trade Table

Export Trade Matrix			
Country	Malaysia		
Commodity	Tropical Hardwood Lumber		
Time Period	Jan-Dec	Units:	1000 CUM
Exports for:	2004		2005
U.S.	26	U.S.	19
Others		Others	
Thailand	781	Thailand	851
Taiwan	227	China	576
China	203	Taiwan	230
Netherlands	200	Netherlands	187
Singapore	165	Singapore	160
Japan	150	Japan	151
Philippines	114	Philippines	143
Yemen Rep. Of	106	South Africa	138
South Africa	105	U. A. Emirates	91
South Korea	86	South Korea	69
Total for Others	2137		2596
Others not Listed	598		601
Grand Total	2761		3216

Temperate Hardwood Lumber PS&D Table

PSD Table						
Country	Malaysia					
Commodity	Temperate Hardwood Lumber				1000 CUBIC METERS	
	2005	Revised	2006	Estimate	2007	Forecast
	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]
Market Year Begin		01/2005		01/2006		01/2007
Production	0	0	0	0	0	0
Imports	60	46	65	55	0	65
TOTAL SUPPLY	60	46	65	55	0	65
Exports	0	0	0	0	0	0
Domestic Consumption	60	46	65	55	0	65
TOTAL DISTRIBUTION	60	46	65	55	0	65

Temperate Hardwood Lumber Import Trade Matrix

Import Trade Matrix			
Country	Malaysia		
Commodity	Temperate Hardwood Lumber		
Time Period	Jan-Dec	Units:	CUM
Imports for:	2004		2005
U.S.	33179	U.S.	23515
Others		Others	
Australia	4705	Australia	5184
Canada	3611	China	3615
Germany	3275	Denmark	3465
Denmark	3197	Canada	3335
China	2041	Germany	2142
South Africa	984	New Zealand	1143
Austria	701	Finland	953
Netherlands	690	Austria	647
Belgium	674	Netherlands	451
Ukraine	624	South Africa	364
Total for Others	20502		21299
Others not Listed	1516		886
Grand Total	55197		45700

Hardwood Veneer PS&D Table

PSD Table						
Country	Malaysia					
Commodity	Hardwood Veneer				1000 CUBIC METERS	
	2005	Revised	2006	Estimate	2007	Forecast
	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]
Market Year Begin		01/2005		01/2006		01/2007
Production	560	580	0	600	0	620
Imports	0	26	0	30	0	30
TOTAL SUPPLY	560	606	0	630	0	650
Exports	400	414	0	420	0	430
Domestic Consumption	160	192	0	210	0	220
TOTAL DISTRIBUTION	560	606	0	630	0	650

Hardwood Veneer Import Trade Table

Import Trade Matrix			
Country	Malaysia		
Commodity	Hardwood Veneer		
Time Period	Jan-Dec	Units:	1000 CUM
Imports for:	2004		2005
U.S.	7	U.S.	3
Others		Others	
China	8	China	9
Germany	5	Finland	4
Taiwan	2	Taiwan	3
Canada	1	New Zealand	2
New Zealand	1	Germany	2
Singapore	1	Canada	1
Finland	1	Hong Kong	1
		Japan	1
Total for Others	19		23
Others not Listed	3		
Grand Total	29		26

Hardwood Veneer Export Trade Table

Export Trade Matrix			
Country	Malaysia		
Commodity	Hardwood Veneer		
Time Period	Jan-Dec	Units:	1000 CUM
Exports for:	2004		2005
U.S.		U.S.	
Others		Others	
South Korea	127	South Korea	134
Taiwan	92	Taiwan	89
Philippines	53	Philippines	55
Japan	48	China	44
China	26	Japan	38
Hong Kong	15	Indonesia	33
Thailand	7	Hong Kong	7
Australia	1	Thailand	6
Total for Others	369		406
Others not Listed	24		8
Grand Total	393		414

Hardwood Plywood PS&D Table

PSD Table						
Country	Malaysia					
Commodity	Hardwood Plywood				1000 CUBIC METERS	
	2005	Revised	2006	Estimate	2007	Forecast
	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]
Market Year Begin		01/2005		01/2006		01/2007
Production	5130	5243	5280	5300	0	5370
Imports	2	15	3	10	0	30
TOTAL SUPPLY	5132	5258	5283	5310	0	5400
Exports	4490	4536	4600	4650	0	4700
Domestic Consumption	642	722	683	660	0	700
TOTAL DISTRIBUTION	5132	5258	5283	5310	0	5400

Hardwood Plywood Import Trade Table

Import Trade Matrix			
Country	Malaysia		
Commodity	Hardwood Plywood		
Time Period	Jan-Dec	Units:	1000 CUM
Imports for:	2004		2005
U.S.		U.S.	
Others		Others	
China		2China	14
Total for Others		2	14
Others not Listed		1	1
Grand Total		3	15

Hardwood Plywood Export Trade Table

Export Trade Matrix			
Country	Malaysia		
Commodity	Hardwood Plywood		
Time Period	Jan-Dec	Units:	1000 CUM
Exports for:	2004		2005
U.S.	529	U.S.	494
Others		Others	
Japan	2053	Japan	2088
South Korea	411	South Korea	468
Taiwan	323	Taiwan	391
United Kingdom	168	United Kingdom	149
China	115	Egypt	114
Hong Kong	82	China	112
Singapore	68	Jordan	71
Thailand	62	Philippines	65
Yemen Rep. Of	25	Singapore	65
Saudi Arabia	17	U. A. Emirates	63
Total for Others	3324		3586
Others not Listed	495		456
Grand Total	4348		4536