



April 2011

For Private Circulation Only

Issue 154

STA dan Rakan2

This monthly news bulletin is produced by Sarawak Timber Association (STA) to disseminate information to our counterparts on training, research and other relevant areas.

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Joint Meeting On Tax Incentives For Forest Plantation Development



Photo: Meeting in progress

In September 2009, the Government introduced two (2) tax incentives to accelerate the development of forest plantations in the country as the continuous supply of adequate timber as raw material for our furniture and other value-added timber products has been identified as one of the main stumbling blocks from achieving the target export value of RM53 billion under the National Timber Industry Policy (NATIP). The two (2) tax incentives are gazetted under the following Gazette Orders:

- (i) Income Tax (Deduction for Investment in an Approved Forest Plantation Project) Rules 2009
- (ii) Income Tax (Exemption) (No.10) Order 2009

Unfortunately, the interpretations by the Government officials on some vital interpretations of the two Gazette Orders have rendered many forest plantation companies ineligible to qualify.

Sarawak Timber Association (STA), Sabah Timber Industries

Association (STIA), Timber Association of Sabah (TAS) and Forest Management Unit License Holders Sabah (FMULH) had organised a Joint Meeting with Tan Sri Bernard Giluk Dompok, the Minister of Plantation Industries and Commodities on 25 April 2011 at The Pacific Sutera, Kota Kinabalu. The meeting was also attended by representatives from the Ministry of Plantation Industries and Commodities (MPIC), Malaysia Timber Industry Board (MTIB) and Forestry Department Sabah.

The meeting commenced with Datuk James Hwang, President of STIA welcoming Tan Sri Bernard Giluk Dompok to the Joint Meeting. After the opening remarks from Tan Sri Bernard Giluk Dompok, three presentations were made; namely Status of Forest Plantation Development in Sarawak by Mr Philip Choo from STA, Status of Forest Plantation Development in Sabah by Encik Andurus Abi of

(Continue on page 2)

(Continued from page 1)

Forestry Department Sabah and Joint Proposals and Request by STIA, TAS, STA and FMULH, Sabah on Tax Incentives for Forest Plantation Development by Dr Lim Choon Yang of STA. Request was made to Tan Sri Bernard Giluk Dompok to extend the validity of the two (2) Gazette Orders by another twelve (12) months to 31 December 2012 in view of the unresolved issues on the technical interpretations on the provisions of the two (2) Gazette Orders.

All the three Associations and FMULH hoped that MPIC would consider favourably and endorse the joint proposals and request, and work together with the Ministry of Finance (MOF) to speedily resolve outstanding issues for the benefit of the forest plantation industry in Malaysia, particularly Sabah and Sarawak, as both Gazette Orders shall expire by 31 December 2011. Tan Sri Bernard Giluk Dompok in his concluding remarks, informed that ensuring sustainability of timber is one of the objective of MPIC in view of depleting resources from the natural forests and gave his assurance that MPIC shall study the joint proposals seriously before making recommendations to MOF and the Federal Cabinet.



Photo: Representatives from STIA, TAS and STA handing over the Joint Proposals and Request to Tan Sri Bernard Giluk Dompok.

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MTC Business Visit to USA

The Malaysian Timber Council (MTC) organised a business visit to the United States of America (USA) from 9 - 20 April 2011. The programme comprised business networking with potential US timber buyers and factory visits in Los Angeles (California), New Orleans (Louisiana) and Memphis (Tennessee) as well as participation in the International Wood Products Association (IWPA) 55th Annual Convention at Loews, New Orleans.

A delegation of eleven members was led by Mr Tham Sing Khoo, the Deputy Chief Executive Officer of MTC. Sarawak Timber Association (STA) was represented by its Senior Manager, Ms Annie Ting in this business visit.

The business visit aimed at (i) strengthening

Malaysia's presence in the US timber market, (ii) facilitating Malaysian timber companies to promote their products through business networking with the key and potential US timber buyers, (iii) looking into remanufacturing opportunities with US manufacturers and (iv) exploring the possibilities of sourcing American hardwoods.

The Malaysian delegation presented the overview of the Malaysian Timber Industry, the Malaysian Timber Certification Scheme and its latest development as well as Malaysian Timber Usage and Application to the US potential importers in these three places.



Did you know that.....

The EU and Indonesia signed an agreement on 4 May 2011 in Jakarta on that aims to keep illegally logged wood from reaching the European market. This is the first Voluntary Partnership Agreement (VPA) signed by an Asian nation with the EU and is seen as a considerable step forward on the fight against the illegal logging worldwide.

Source: mongabay.com
04 May 2011

Did you also know that....

The Bank of Japan (BOJ) has predicted the local economy will decline by 3% in current quarter of 2011 but will enlarge in second half of 2011. Also, damage from earthquake and tsunami is estimated to account for JPY 16tn (EUR 136.26bn USD 194bn) to JPY 25tn or 3% to 5% of nominal GDP.

Source: *The Japan Times*, 17 Apr 2011



MTC Global WoodMart

The MTC Global WoodMart (MGW) 2012, second in the series after the highly successful inaugural MGW 2010, was launched by Tan Sri Bernard Dompok, the Minister of Plantation Industries and Commodities in a ceremony attended by representatives from the industry, timber-related associations and as well as government agencies on 4 April 2012 at the Kuala Lumpur Convention Centre. He was represented by Datin Paduka Nurmala Abdul Rahim, the Secretary-General of the Ministry of Plantation Industries and Commodities (MPIC).

The Minister, through his speech read by Datin Paduka Nurmala Abdul Rahim congratulated MTC for organising the second MGW which will be the event for one-stop selling, buying and networking trade fair for temperate, boreal and tropical timbers under one roof. According to him, MTC has also doubled the exhibition space for MGW 2012 to 2,000 m² and extended the show duration to three days. Representatives from 13 companies and organisations which had confirmed participation in MGW 2012 signed Letters of Understanding during the launch witnessed by Datin Paduka Nurmala Abdul Rahim, Datuk Aaron Ago Dagang, the Chairman of MTC and Mr Cheah Kam Huan the CEO of MTC.

Datuk Aaron Ago Dagang, the Chairman of MTC, in his welcoming remarks, said that MTC is confident that the MGW 2012 will be another outstanding and successful event, based on the positive feedback from exhibitors and visitors.

MTC is currently carrying out international promotional efforts through its offices in London, Shanghai and Dubai to bring prospective buyers from traditional markets in Europe, the USA, Japan and Australia, as well as emerging markets such as China, Russia and countries in Eastern Europe, the Middle East and Latin America to the MGW 2012. MGW 2012 will feature a wide selection of tropical and temperate hardwood and softwood products such as logs, sawntimber, plywood and panel products, wooden flooring, wooden decking, doors and windows, mouldings and furniture components.

For more information on the MTC Global WoodMart (MWG) 2012, please visit this website <http://www.globalwoodmart.my/>

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Plantation Cess and Royalty Rate

The Forest Department Sarawak has informed the Association via DF Circular No 1/2011 dated 4 May 2011 that the Majlis Mesyuarat Kerajaan Negeri on 20 January 2011 had approved the cess rate at RM5.00 per m³ and royalty rate at RM5.00 per m³ for timber from harvested planted forests.

DF Circular is to be effective from 1 January 2011 onwards.



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Roadshows on CSR Exercise



Photo: Briefing to members in Sibul

The Sarawak Timber Association is carrying out a six-month exercise on the collation of information pertaining to the Corporate Social Responsibility (CSR) initiatives of STA member companies. The objective of this exercise is to identify and document the CSR initiatives of STA member companies. The CSR exercise is expected to be completed by the end of September 2011.

The benefits of the CSR Exercise are to make known the efforts of member companies' CSR initiatives

and to better promote member companies' image and reputation. The rationale of documenting Member Companies' CSR initiatives or practices are to provide a clearer and balanced picture of the CSR initiatives of Member Companies, and to identify the next probable course of action on CSR initiatives.

Four roadshows were held on 18,19,20 and 25 April 2011 in Sibul, Bintulu, Miri and Kuching respectively. The roadshows have proven to be a useful avenue for the representatives of the companies to raise their concerns on the CSR exercise and their doubts in filling up the CSR Form. In a nutshell, the participants from STA member companies gained better understanding on the information and substantiated documents to be provided to STA, the importance of keeping proper records of CSR initiatives or community development projects, and assured their cooperation for the CSR Exercise.