

# STA Review

Volume 202

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Monthly Magazine of the Sarawak Timber Association

July 2010



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on Timber Market Regulations  
in the EU and the USA



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## REGULAR FEATURES

*Statistics*

*Rainfall*



### COVER IMAGE:

Protected Tree Species in Sarawak

Family : Fabaceae

Species : *Koompassia excelsa* (Becc.) Taubert.

Common Name : Tapang

Natural Habitat : Found in lowland mixed dipterocarps forests and hill mixed dipterocarp forests

# BUSINESS OPPORTUNITIES IN INDIA

The Malaysia External Trade Development Corporation (MATRADE) organised a briefing on "Business Opportunities In India" on 1 July 2010 at the Grand Continental Hotel, Kuching.

Encik Md Zainuddin A Jalil, the Trade Commissioner of MATRADE in Chennai, briefed participants on the economic aspects, the direction of trade and business opportunities and challenges in doing business in India. Bilateral trade between India and Malaysia stood at RM24.86 million; with total exports valued at RM16.99 million and total imports amounting to RM7.87 million in 2009.

According to Encik Md Zainuddin A Jalil, India is a country with promising business opportunities based on the following aspects:-

- It is an emerging market,
- It has been experiencing steady growth of 8 – 9% per annum,
- It has a rapidly increasing middle class population who are major consumers,
- Rural income has rapidly increased,
- Enormous domestic market (population of 1.17 billion in 2009),
- Big clusters of millionaires (350 million millionaires registered),
- Relatively high proportion of young population (x aging society, 16 – 64 age group registered 60% of its total population),
- Predominantly English-speaking population,
- Governed under the Common Law, and

- Sub-continent with diverse cultures and society – similar to Malaysia

The following websites provide useful information for those interested in doing business in India:-

- Government of India – [www.goindirectory.gov.nic.in](http://www.goindirectory.gov.nic.in)
- Ministry of Commerce and Industry, India – [www.commerce.nic](http://www.commerce.nic)
- Central Board of Excise and Customs – [www.cbec.gov.in](http://www.cbec.gov.in)
- Confederation of Indian Industry – [www.cii.org](http://www.cii.org)
- Federation of Indian Chamber of Commerce & Industry – [www.ficci.com](http://www.ficci.com)

Perbadanan Pembangunan Perdagangan Luar Malaysia (MATRADE) telah mengadakan taklimat "Peluang Perniagaan di India" pada 1 Julai 2010 di Hotel Grand Continental, Kuching.

Encik Md Zainuddin A Jalil, Pesuruhjaya Perdagangan MATRADE di Chennai, memberikan penerangan kepada para peserta tentang aspek ekonomi, arah perdagangan dan peluang perniagaan dan cabaran-cabaran dalam menjalankan perniagaan di India.

马来西亚外贸发展局 (MATRADE) 于2010年7月1日假古晋, 大洲酒店举办 "印度商业机会" 简报会。

MATRADE驻印度钦奈贸易专员, 再努丁先生 (译音) 为参与者讲解印度经济, 贸易方向和在印度经商的机会与挑战。

## MEF MEETING OF MEMBERS IN SARAWAK

The Malaysian Employer Federation (MEF) Meeting of Members in Sarawak was held at Pejabat Pusat Khidmat Dewan Usahawan Bumiputra Sarawak on 8 July 2010, attended by eighteen participants and chaired by Ms Josephine Li of Plastic Pipe Industries.

Encik Ab. Ghani Bin Ab. Karim, Deputy Assistant Director of Immigration briefed on the guidelines on immigration namely Entry Requirements for foreigners/ visitors into Malaysia for passes, permits and passport, Application Procedures, and Payment of Levy.

He highlighted that the delay in approving the work permit applications for the job vacancies by the Immigration Department was mostly caused by employers failing to include job vacancy advertisements in local newspapers and submit interview results. He further informed that new workers from Bangladesh will not be accepted into Sarawak.

Mesyuarat ahli-ahli Persekutuan Majikan-Majikan Malaysia (MEF) di Sarawak telah diadakan di Pejabat Pusat Khidmat Dewan Usahawan Bumiputra Sarawak pada 8 Julai 2010, dihadiri oleh lapan belas peserta dan dipengerusikan oleh Cik Josephine Li dari Plastic Pipe Industries.

Encik Ab. Ghani Bin Ab. Karim, Timbalan Penolong Pengarah Imigresen menekankan bahawa kelewatan dalam pengesahan permohonan permit kerja bagi kekosongan jawatan oleh Jabatan Imigresen adalah disebabkan oleh majikan gagal untuk menyertakan iklan-iklan kekosongan jawatan dalam akhbar tempatan dan mengemukakan hasil temuduga.

马来西亚雇主联盟 (MEF) 砂拉越会员会议于2010年7月8日假古晋, Dewan Usahawan Bumiputra Sarawak 服务总部召开。总共有18位会员出席这项由来自塑料管行业的约瑟芬李小姐 (译音) 所主持的会议。

移民厅副局长, 加尼先生 (译音) 特别指出移民厅在批准工作许可证的延误主要是由于雇主未能在本地报纸刊登职位空缺广告及提交面试结果所造成。

# MTC BRIEFING ON TIMBER MARKET REGULATIONS IN THE EUROPEAN UNION (EU) AND THE UNITED STATES OF AMERICA (USA)



Photo: Briefing in progress

The Malaysian Timber Council (MTC) organised a briefing on Timber Market Regulations in the European Union (EU) and the United States of America (USA) on 16 July 2010 at Menara PGRM, Kuala Lumpur. The objective of the briefing was ensure that organisations, agencies and members in the timber industries are aware of the regulations put in place by the two largest importers of timber products i.e. the EU and the USA.

The first speaker Mr Kris Kvols, Officer for the Environment, Science, Technology and Health, US Embassy Kuala Lumpur gave a brief overview on the Lacey Act, declaration requirements, violation of the Lacey Act and the practice of due care. He stressed that the Lacey Act is not equivalent to the certification process as generally assumed, and is fact-based and not document-based.

The second speaker Ms Nina Cinkole, the Third Secretary, Energy, Environment and Climate Change, European Union Delegation to Malaysia, spoke about the upcoming EU “Timber” Regulation proposed by the European Parliament. The objectives of the Regulation include banning the sale of illegally-harvested timber, along with traceability measures and sanctions, and reducing illegal deforestation, thus giving consumers better assurances on the products they buy. The European Parliament adopted the second reading of the Regulation on 7 July 2010 and MTC hopes to adopt the Regulation by the end of 2010. Should this transpire, there will be a 27-month period for application and the implementation is expected to be effective by 1 January 2013. European operators buying timber from Malaysia will then require Malaysian operators to provide legality evidence such as certification from either Forest Stewardship Council (FSC) or Malaysian Timber Certification Scheme (MTCS) or other recognised certification scheme, or a Forest Law Enforcement, Governance and Trade (FLEGT) license.

Under the EU “Timber” Regulation, legality is defined on the basis of the applicable legislation of the country of harvest, covering:

- Right to harvest within legally gazetted boundaries;
- Payments for harvest rights and timber, including duties related to timber harvesting;
- Timber harvesting, including environmental and forest legislation;
- Third parties’ legal rights concerning use and tenure affected by timber harvesting; and
- Forest sector-related trade and customs legislation.

More information can be obtained from the following websites.

- [www.aphis.usda.gov](http://www.aphis.usda.gov)
- [www.cbp.gov](http://www.cbp.gov)
- <http://plants.usda.gov/classification.html>
- [www.delmys.ec.europa.eu](http://www.delmys.ec.europa.eu)

Majlis Kayu Kayan Malaysia (MTC) telah mengadakan taklimat tentang Peraturan Pasaran Kayu Kayan di Kesatuan Eropah (EU) dan Amerika Syarikat (AS) pada 16 Julai 2010 di Menara PGRM, Kuala Lumpur. Objektif taklimat adalah untuk memastikan bahawa organisasi, agensi dan ahli-ahli dalam industri kayu kayan sedar tentang peraturan yang ditetapkan oleh pengimport produk kayu kayan kedua terbesar iaitu EU dan AS.

Parlimen Eropah mengadakan bacaan kali kedua peratuan “Kayu Kayan” EU pada 7 Julai 2010 dan Majlis berharap agar pelaksanaan peraturan tersebut dapat dilaksanakan pada penghujung tahun 2010 dan pelaksanaannya dijangka akan berkuatkuasa pada 1 Januari 2013.

马来西亚木材理事会(MTC)于2010年7月16日假吉隆坡, PGRM举办欧洲联盟(欧盟)和美国木材市场规例简报会。简报会的目的是确保木材相关组织,机构和行业的成员了解欧盟和美国两大木材产品进口商的规例。

欧洲议会于2010年7月7日通过欧盟木材法案二读。该理事会希望于2010年底实施此法案。预计这项法案将于2013年1月1日生效。

## NEW REGULATION ON FORMALDEHYDE EMISSION FROM COMPOSITE WOOD PRODUCTS TO US MARKET

The Association was informed by the Sarawak Timber Industry Development Corporation (STIDC) that the United States House of Representative is considering adopting a new regulation – an Act to amend the **Toxic Substances Control Act** to reduce the emissions of formaldehyde from composite wood products.

The Environment Protection Agency (EPA) is to set national emission levels of formaldehyde for composite wood products which will be based on the California model. EPA will disseminate the regulation by 1 January 2013. According to the California regulation, **S.1660 the Formaldehyde Standards for Composite Wood Products Act** requires third-party testing, certification and product labeling. EPA will also need to determine other items such as sell-through provisions, chain-of-custody and enforcement through rulemaking.

The S.1660 document can be downloaded through STIDC website at [http://www.sarawaktimber.org.my/timber\\_issue/1279173936-s1660\[1\].pdf](http://www.sarawaktimber.org.my/timber_issue/1279173936-s1660[1].pdf)

Persatuan telah diberitahu oleh Perbadanan Kemajuan Perusahaan Kayu Malaysia (PUSAKA) bahawa wakil dari Dewan Undangan Amerika Syarikat sedang mengemukakan peraturan baru - akta untuk mengubah **Akta Bahan Kawalan Toksik** untuk mengurangkan pengeluaran formaldehid daripada produk kayu komposit.

Agensi Perlindungan Alam Sekitar (EPA) diarahkan untuk menentukan tahap pengeluaran formaldehid nasional untuk produk kayu komposit berdasarkan kepada model California. EPA akan menyebarkan peraturan ini sebelum 1 Januari 2013.

美国众议院考虑通过新条例以减少木制品复合材料甲醛排放水平。

环境保护署(EPA)是根据加利福尼亚标准为基础规定全国的木制品复合材料甲醛排放水平。EPA将于2013年1月1日宣传该条例。

## BANK GUARANTEE FOR FOREIGN WORKERS REQUIRED BY DEPARTMENT OF LABOUR SARAWAK

On 28 July 2010, the Department of Labour Sarawak verbally informed the Sarawak Timber Association (STA) that Bank Guarantee for foreign workers will no longer be required by the Department when employers making new application and renewal of Labour Licence.

Pada 28 Julai 2010 Jabatan Buruh Sarawak secara lisan memaklumkan Persatuan Kayu Kayan Sarawak bahawa Jaminan Bank untuk buruh asing tidak lagi diperlukan oleh Jabatan apabila majikan membuat permohonan baru dan pembaharuan lesen buruh.

砂劳工部于2010年7月28日言语上告知本会雇主无需再提交银行保证书予该局在申请和更新劳工许可证。

## UPCOMING EVENTS

DATE	EVENTS	VENUE	ORGANISER
28 September – 1 October	EAGA Business Conference & Expo 2010	Borneo Convention Centre Kuching (BCKK)	BIMP-EAGA Malaysia Business Council (BEMBC) and BIMP Business Council (BIBC)
15 - 19 October	6 <sup>th</sup> Sabah International Expo 2010 (SIE2010)	1Borneo Hypermall, Kota Kinabalu, Sabah	Federation of Sabah Manufacturers (FSM) and the Malaysian International Chamber of Commerce & Industries (MICCI), Sabah Branch with the corporation of the Malaysia External Trade Development Corporation (MATRADE) and Ministry of Industrial Development (MID)
19 - 20 October	MTC Global WoodMart 2010	Kuala Lumpur Convention Centre (KLCC)	Malaysian Timber Council (MTC)
20 - 24 October	The 7 <sup>th</sup> China ASEAN Expo (CAEXPO)	Nanning International Convention and Exhibition Centre, Guangxi, China	The people's Government of GuangXi Zhuang Autonomous Region



## PGDIP : LEARNING TO MONITOR THE ENVIRONMENT – WATER AND WILDLIFE

A group of twelve students from the Postgraduate Diploma in Applied Science (Sustainable Tropical Forest Management) (PGDip), a degree run jointly by Lincoln University, New Zealand and the Sarawak Timber Association (STA) through its wholly-owned company STA Training Sdn Bhd, visited Kubah National Park, Kuching from 14 – 16 July 2010 led by Associate Professor Hugh Bigsby.

This part of the course requires the students to deal with the environmental aspects of sustainable forest management. One of the components is to develop an understanding about the importance of environmental indicators in forestry, and the ways to monitor the two key environmental parameters i.e. water and wildlife. With this understanding, forest managers will then be able to anticipate and deal with environmental issues related to certification and logging operations.



*Photo: Students collecting water samples*

Professor Lau Seng from University Malaysia Sarawak (UNIMAS) covered the topic on 'Measurement of Water Quality'. The students were required to carry out sampling works at a number of points along streams and rivers.

The topic on wildlife sampling was covered by staff from Sarawak Forestry Corporation (SFC), and the works included sampling techniques for mammals, amphibians, fish and birds.

The students will use the knowledge gained from this field trip to incorporate water and wildlife monitoring as part of the relevant criteria and indicators in the Malaysian Criteria and Indicators for Forest Management [MC&I (2002)] as required in one of the subjects in the PGDip course.

Sekumpulan dua belas pelajar dari kursus Diploma Lulusan Ijazah dalam Sains Gunaan (Pengurusan Hutan Tropika Mampan) (PGDip), kursus yang dijalankan dengan kerjasama Universiti Lincoln, New Zealand dan Persatuan Kayu Kayan Sarawak (STA) melalui anak syarikatnya STA Training Sdn Bhd, telah melawat Taman Negara Kubah, Kuching dari 14 – 16 Julai 2010 diketuai oleh Professor Madya Dr Hugh Bigsby.

Para pelajar akan menggunakan pengetahuan yang diperolehi dari lawatan ini untuk menggabungkan pemantauan air dan hidupan liar sebagai salah satu bahagian kriteria dan Indikator yang berkaitan dengan Kriteria dan Indikator Malaysia untuk Pengurusan Hutan [MC&I (2002)] yang diperlukan dalam salah satu subjek bagi kursus PGDip.

12位持续性热带森林管理，应用科学研究生在纽西兰林肯大学，休毕时彼副教授（译音）的带领下于2010年7月14日至16日前往古晋，库巴国家公园进行实地考察。

研究生学习如何监察清水和野生动物。所学习到的将有助于了解马来西亚标准和指标之森林管理[MC&I(2002)]部分相关标准和指标。这也是应用科学研究生文凭课程之一。

# BRIEFING ON CUSTOMS APPEAL TRIBUNAL

A briefing on Customs Appeal Tribunal was organised by the Royal Malaysian Customs Sarawak on 22 July 2010 at Dewan Undangan Negeri, Kuching.

The objective of this briefing was to inform industrial and business sectors about the roles and functions of Customs Appeal Tribunal. The briefing was attended by more than 200 participants from various government departments, trade associations, private sectors and Non-Governmental Organisations (NGOs).

The State Customs Director, Puan Jamaiah Jol in her opening speech stressed that tax administration is simple, transparent, and business and client friendly. The Customs Appeal Tribunal was first introduced under the 2007 Budget. It was subsequently established on 1 June 2007 with the aim to hear appeals against the decisions of the Director General of Customs. It was hoped that the set up of such Tribunal will enable smoother and more effective implementation of the tax administration and appeal system.

The briefing was conducted by the Chairman of Customs Appeal Tribunal, Mr Rungit Singh. The important points to draw from this briefing are as follows:-

## Filing of Appeal

Any person dissatisfied with the decisions of the Director General of Customs under the Customs Act 1967, Excise Act 1976, Sales Tax Act 1972 and the Service Tax Act 1975 except for matters relating to compound and subsection 128(3) of the Customs Act 1967 may appeal to Customs Appeal Tribunal.

## Hearing of Appeal

The Tribunal will fix the date, place and time for hearing. An advocate and solicitor shall not be allowed to represent an appellant at the hearing of an appeal under the Tribunal Section 141Q (1) of the Customs Act 1967. However, an appellant may hire an advocate or solicitor to prepare the paper for the hearing.

## Decision and Further Process

The Tribunal shall decide the appeal without delay, within 60 days from the first day of hearing.

## Negotiation for Settlement

The Tribunal may, where appropriate assist the parties to negotiate for a settlement and where such settlement cannot be reached; proceed with the hearing of the appeal.



Satu taklimat tentang Tribunal Rayuan Kastam telah dianjurkan oleh Kastam DiRaja Malaysia Sarawak pada 22 Julai 2010 di Dewan Undangan Negeri, Kuching. Objektif taklimat ini adalah untuk memaklumkan kepada sektor industri dan perniagaan tentang peranan dan fungsi Tribunal Rayuan Kastam.

Tribunal Rayuan Kastam telah ditubuhkan pada 1 Jun 2001 dengan tujuan untuk mendengar rayuan menentang keputusan Ketua Pengarah Kastam bagi membolehkan pelaksanaan pentadbiran cukai dan sistem rayuan yang lebih berkesan dan lancar.

大马皇家关税局于2010年7月22日举办关税上诉庭简报会。简报会旨于让各工业和商业了解关税上诉庭的任务和职能。

关税上诉庭于2007年6月1日成立，目的是作为聆审对大马关税局总监的决定所提出的上诉案件。上诉庭将有效的执行管理税务和上诉制度。

# STA CERTIFICATION COMMITTEE MEETING



The STA Certification Committee met on 29 July 2010 at Wisma STA, Kuching. The meeting was presided over by Dato Henry Lau, the Committee Chairman. Amongst the matters deliberated during the meeting were the progress on the review on the Malaysia Criteria and Indicators [MC&I (2002)], the Environmental Impact Assessment, Corporate Social Responsibility and issues related to Sustainable Forest Management (SFM).

Jawatankuasa Pensijilan STA telah mengadakan perjumpaan pada 29 Julai 2010 di Wisma STA, Kuching yang dipengerusikan oleh Dato Henry Lau, Pengerusi Jawatankuasa.

STA认证委员会于2010年7月29日在古晋召开会晤并由该委员会主席,拿督劉利康主持。

# STIDC INDUSTRY UPDATE 2010

Sarawak Timber Industry Development Corporation (STIDC) annual industry update was held on 26 July 2010 at the STIDC Theatre, Kuching.

It was attended by more than 150 participants from the timber industry in Sarawak, related agencies and the Sarawak Timber Association (STA) Secretariat.

Puan Dayang Nena Abang Bruce, Senior Assistant General Manager Trade Development STIDC, in her welcoming remarks explained that the four papers presented aim to update the timber industry on the latest developments while urging participants to provide their feedback and opinions.



Photo: Briefing in progress

The following papers presented:

- **Implementation of Electronic Industrial Production Return (e-IPR)**  
by Mr Awang Mentalli Awang Mohd Sulaiman, Manager of Industrial Planning, STIDC
- **Sarawak Chain of Custody (Sarawak CoC)**  
by Mr Mengga Mikui, Acting Deputy General Manager of Sarawak Forestry Corporation (SFC)
- **Online Customer Satisfactory Survey**  
by Mr Hishamudin Bin Abdul Aziz, Assistant Manager of NSW Value Add Service, DagangNet
- **Procedure of Importing Log and Sawm Timber**  
by Puan Wan Normah Wan Ismail, the Director of Plant Protection & Quarantine Division, Department of Agriculture (DoA) Malaysia

Taklimat "Industry Update" tahunan Perbadanan Kemajuan Perusahaan Kayu Sarawak (PUSAKA) telah diadakan pada 26 Julai 2010 di Theatre STIDC.

Puan Dayang Nena Abang Bruce, Penolong Pengurus Besar Kanan, Pembangunan Perdagangan, PUSAKA dalam ucapan alu-aluan beliau menerangkan bahawa keempat-empat kertas yang akan dibentangkan adalah bertujuan untuk mengemaskini industri kayu kayan tentang pembangunan terkini di samping menyeru peserta untuk berkongsi maklumbalas dan pendapat.

砂拉越木材工业发展机构(STIDC)于2010年7月26日假古晋, Wisma Sumber Alam举办2010工业汇报会。

STIDC贸易发展, 高级副总经理, 蕾娜女士(译音)告知汇报会旨在通知木材业的最新发展,同时敦促参与者分享他们的意见和看法。

## DIALOGUE ON THE IMPLEMENTATION OF PROCEDURES FOR FORESTRY

A dialogue between the Sarawak Forestry Corporation (SFC), Forest Department Sarawak (FDS), Harwood Timber Sdn Bhd and Sarawak Timber Association (STA), represented by its Certification Committee was held at Wisma STA, Kuching on 29 July 2010 to facilitate discussion on the implementation of Inter-Agency Standard Operating Procedures (SoP) for forestry functions in Sarawak, in particular the functional area of "Control of Log Movement". Thirty persons attended the dialogue which was presided over by Dato Henry Lau, Chairman of STA Certification Committee.

Participants were briefed on the roles to be played by each agency, the inter-facing procedures and documentation transfer amongst these three forestry agencies. The purposes of implementing this Inter-Agency SoP were highlighted as follows:

- To standardise, streamline and improve work flow;
- To enhance operational cost-effectiveness;
- To establish clarity of roles and responsibilities and thereby eliminate overlapping of execution and jurisdiction; and
- To maintain elements of check-and-balance

These Standard Operating Procedures will be applied to the following forestry functions or operations in Sarawak:



# LEGALITY TRAINING WORKSHOPS

The United States Agency International Development (USAID), the Responsible Asia Forestry and Trade (RAFT), World Wide Fund (WWF) and TRAFFIC, the wildlife trade monitoring network, organised a series of Legality Training Workshops in the three regions of Malaysia namely, in Kuala Lumpur on 27 July, Sibul, Sarawak on 28 July and Kota Kinabalu, Sabah on 29 July 2010.

As new product declarations under the Lacey Act are to be enforced in September 2010, a growing number of US-based forest product importers will seek assurances from suppliers that the product sourced overseas have been legally produced. Hence, these series of workshops aimed to educate the local forest product enterprises on complying with the relevant laws while assisting the US customers to practise due care.

During the workshop in Kuala Lumpur, Mr Chen Hin Keong, the Programme Leader of TRAFFIC covered the following:

- Introduction to the Lacey Act – History, Background, Purpose, Provision, Schedules
- Lacey Act Exemptions, Penalties, Enforcement, Due Care, Declaration Form, other Lacey Act Basics

- Due Care and General Guidance for Establishing Legality

The speaker highlighted on the following requirements for products exported to the US:

- Legality of the shipment
- Accuracy of the shipment's documentation and records
- Proper declaration of shipment under the Lacey Act

The speaker also reminded participants on the importance of putting into practice due care and highlighted that Lacey Act is fact-based not document-based. The person facing a particular set of circumstances must undertake reasonable steps to ensure that he/she is not violating the law. Failure to comply as a result of negligence would cause exporters to be prosecuted based on the severity of the offence.

A series of such workshops will also be held across Southeast Asia through July, August and September 2010.

Note: Further information and development on the Lacey Act Declaration can be sourced from [gftn.panda.org/training](http://gftn.panda.org/training).

Agensi Pembangunan Antarabangsa Amerika Syarikat (USAID), Responsible Asia Forestry and Trade (RAFT), World Wide Fund (WWF) dan TRAFFIC, jaringan pemantauan hidupan liar telah menganjurkan satu siri Bengkel Latihan Pengesahan di tiga wilayah di Malaysia iaitu Kuala Lumpur pada 27 Julai, Sibul, Sarawak pada 28 Julai dan Kota Kinabalu, Sabah pada 29 Julai 2010. Siri bengkel ini bertujuan untuk mendidik perusahaan-perusahaan produk hutan tempatan untuk mematuhi undang-undang berkaitan ketika membantu pelanggan-pelanggan AS.

野生动植物贸易监测网络,即美国国际开发署(USAID), 尽责亚洲林业和贸易(RAFT), 世界自然基金会(WWF)和TRAFFIC于7月27日在吉隆坡, 7月28日在砂拉越诗巫和7月29日在沙巴亚庇举办一系列合法性培训研讨会。这系列研讨会旨在教育本地林产品企业遵守与实践美国客户当地的相关法令。

## OF INTER-AGENCY STANDARD OPERATING PROCEDURE FUNCTIONS IN SARAWAK

- (i) Compliance with harvesting plan;
- (ii) Revenue collection;
- (iii) Control of log movement;
- (iv) Enforcement;
- (v) Issuance of permits;
- (vi) Total Protected Area (TPA) constitution;
- (vii) Wildlife conservation; and
- (viii) Control of import of sawn timber from West Kalimantan, Indonesia

With effect from 1 September 2010, Harwood Timber Sdn Bhd will conduct physical checking, inspection and verification of logs before these logs are transported from the log pond to other destinations.

Satu dialog telah diadakan antara Sarawak Forestry Corporation (SFC), Jabatan Hutan Sarawak (FDS), Harwood Timber Sdn Bhd dan Persatuan Kayu Kayan Sarawak (STA) pada 29 Julai 2010 untuk memudahkan perbincangan tentang pelaksanaan Prosedur Pengendalian Piawaian (SoP) antara agensi untuk fungsi perhutanan di Sarawak, khususnya dalam bidang yang berperanan untuk "Mengawal Pergerakan Balak". Berkuatkuasa 1 September 2010, Harwood Timber Sdn Bhd akan menjalankan pemeriksaan fizikal, memeriksa dan mengesahkan kayu balak sebelum ianya diangkut dari kolam balak ke destinasi-destinasi lain.

本会在认证委员会的代表下连同砂拉越林业机构(SFC), 砂州森林局(FDS)及Harwood Timber私人有限公司在2010年7月29日举行对话会于商讨实施砂拉越林业职责机构间作业程序标准(SOP), 特别是原木迁移管制实用区课题。于2010年9月1日起, Harwood Timber私人有限公司将进行原木贮木区的物质检查, 检查和核实这些原木转运到其他目的地之前的机构

# FORESTRY AGENCY OF JAPAN: TIMBER AND TIMBER PRODUCTS FROM SARAWAK ARE FROM LEGAL SOURCES

A meeting was convened between the Japan Lumber Importers' Association (JLIA) and the Sarawak Timber Association (STA) at Wisma STA, Kuching on 30 July 2010 to discuss the legality and sustainability requirements of the timber and timber products imported into Japan. The meeting was attended by 50 members from STA Certification Committee, STA Panel Products Category and representatives from Government Forestry Agencies.

The Meeting was informed on the Japanese Government intention to promote comprehensive measures against illegal logging and its associated trade. Such project has been implemented since 2006 when the Green Purchasing Law was amended for the public-sector to procure legality verified wood. This resulted in some measures of success such as the supply network of wood and wood products that are verified as coming from a legal and sustainable source (called "Goho-Wood") in Japan.

Subsequent to the Meeting, STA issued a press release on '**Forestry Agency Of Japan: Timber And Timber Products From Sarawak Are From Legal Sources**' to all the local/national newspapers on 3 August 2010. The press release is as follows:

*Japan has been our main trading partner for the last 50 years and it is important for the members of STA to understand the market requirements set down by Forestry Agency of Japan and The Council for Tackling Illegal Logging Issue. This was the objective of the meeting on 30 July 2010 in Kuching between Japan Lumber Importers' Association (JLIA) and Sarawak Timber Association (STA).*

*Mr. Akira Sekimoto, the Vice Chairman of the Japan Lumber Importers' Association (JLIA) led a delegation of five to discuss issues pertaining to legality verification of the timber and timber products imported into Japan with members of the Sarawak Timber Association (STA) on 30 July 2010. The meeting, chaired by Pemanca Datuk Wong Kie Yik, the Chairman of STA and was attended by Dato Henry Lau, the Chairman of the STA Certification Committee, Mr. Wong Kai Song, Chairman of STA Panel Products Committee, STA Council Members, Members of the STA Panel Products Category and STA Certification Committee and representatives from Forest Department Sarawak (FDS), Sarawak Forestry Corporation (SFC) and Sarawak Timber Industry Development Corporation (STIDC).*

*Mr. Yasuhiro Ohashi the Executive Director of JLIA, in his presentation entitled "Japan's Action for Tackling Illegal Logging and STA-JLIA Collaboration for Supplying Legally and Sustainably-verified Wood and Wood Products", told those present in the meeting that under the Basic Green Procurement Policy announced in 2006, the Japanese Government had passed the Green Purchasing Law which makes it mandatory for the Diet, Courts, Ministries and Agencies to establish and to publicise their procurement policy based on the Green Procurement Policy. Local Governments are recommended to establish their Green Procurement Policy while the private sector and the general public are encouraged to use eco-friendly products as far as possible. Amongst the other targeted wood products, this Green Purchasing Law applies to construction materials for public works, such as logs, sawn timber, plywood, laminated timber, fibreboard and particleboard.*

*and sustainability in the Guideline for Verification on Legality & Sustainability drawn up by the Forestry Agency of Japan. He added that Forestry Agency of Japan and The Council for Tackling Illegal Logging Issue recognize the verification method of Malaysian timber and further confirmed that timber and timber products imported from Sarawak, under the Sarawak Chain-of-Custody (Sarawak CoC) have complied with the guideline, and are therefore recognized as timber and timber products from legal sources. Mr. Yasuhiro Ohashi informed the Meeting that the Bill that requires wood products used in public buildings to have CoC certification or to be legally verified had been passed unanimously in the Diet early this year and will be promulgated within the year.*

*On the issue of sustainability, he pointed out that Japan will have to rely on third party verification, adding that Japan would prefer recognized certification schemes eg Forest Stewardship Council (FSC), Malaysian Timber Certification Scheme (MTCS) and Programme for Endorsement of Forest Certification (PEFC). He further encourages exporters from Sarawak to strive for certification and suggested that the State Government, through its relevant Agencies, works with the private sector to achieve certification. He pointed out that exporters from Sarawak may want to study the SGEN (Sustainable Green Ecosystem Council) forest certification scheme in Japan, which recently gained popularity in Japan. He cautioned that although there is no green premium for certified products at the moment, our trade in timber and timber products with Japan may be disadvantaged in the future if our timber and timber products remain uncertified, owing to the increasing level of green consumerism in Japan.*

*He said the current Democratic Party Government of Japan has set a target of 50% self-sufficiency of timber and timber products by the year 2020. Japan's forest area at 25.1 million ha comprises 30.6% national forests, 11.3% public forests and 58.1% privately owned forests. 44% of these forests are planted forests and 56% are natural forests.*

*He briefly described the three methods of verifying legality*

*He further emphasized that the trend in Japan is moving*

# TIMBER PRODUCTS FROM SARAWAK ARE FROM SUSTAINABLE SOURCES

towards eco products, adding that there is a preference by the Japanese consumers for products manufactured using timber from forest plantations, wood residues or recycled wood.

Mr. Mengga Mikui, the Acting Deputy General Manager of Sustainable Forestry and Compliance Division, Sarawak Forestry Corporation briefed the Meeting on the Sarawak Chain-of-Custody, a very comprehensive system of tracking the movement of logs in Sarawak that is tied in with the Log Tracking System (LOTS) whose application has been extended throughout the State.

Mr. Yasuhiro Ohashi, being a member of the committee formed by the Japan Lumber Inspection & Research Association (JLIRA) to study traceability tools for logs and timber products, then presented the 2-Dimensional Barcode system they had evaluated. According to Mr. Ohashi, this system can easily trace logs from the logging site to the end-user at low costs and JLIA offered to work with Sarawak on a similar system.

Later that afternoon, Members of the STA Panel Products Committee led by its Chairman, Mr. Wong Kai Song met the delegation from Japan Lumber Importers' Association. The Japanese shared market information on the value and volume of the imported plywood, statistics on local plywood production and their plywood inventory and the housing start situation in Japan. The Panel Products Committee shared statistics on the volume of plywood produced and exported. Exports to Japan for the first half of this year were high and on an increasing trend since March 2010, favoured by a stronger Japanese Yen against the Malaysian Ringgit. The STA Panel Products Committee warned however that export figures for July onwards may show a reversed trend due to shortage in the supply of labour and raw materials. The Meeting then focused discussion on the issue of eco products, with a resolution by STA Panel Products Members to produce greater quantity of eco-timber products.

Chairman  
Sarawak Timber Association  
3 August 2010



Photo: Group photo

Satu mesyuarat bersidang antara Persatuan Pengimport-Pengimport Kayu Jepun (JLIA) dan Persatuan Kayu Kayan Sarawak (STA) telah diadakan di Wisma STA, Kuching pada 30 Julai 2010 untuk membincangkan keperluan pengesahan dan kemampanan dipasaran Jepun.

Sehubungan dengan mesyuarat tersebut, Persatuan Kayu Kayan Sarawak (STA) telah mengeluarkan kenyataan akhbar mengenai "Agensi Hutan Jepun: Kayu Kayan dari Sarawak adalah dari Sumber yang Sah" kepada semua akhbar tempatan/nasional pada 3 Ogos 2010. Keratan akhbar adalah seperti berikut:

本会与日本木材输入协会 (JLIA) 于2010年7月30日假古晋, STA大厦召开会议讨论关于进口至日本的木材和木材产品合法性和可持续性的要求。

随后, 本会于2010年8月3日公布有关 "日本林业署:砂拉越木材和木材产品来自合法资源。" 新闻稿予国内各大传媒。该新闻稿如下:



Photo : Meeting between Japan Lumber Importers' Association (JLIA) and Sarawak Timber Association (STA)



Photo: Pemanca Datuk Wong Kie Yik, Chairman of STA presenting a momento to Mr. Akira Sekimoto, the Vice Chairman of the Japan Lumber Importers' Association (JLIA)

# TRADE AND INVESTMENT MISSION TO THE

The Trade and Investment Mission to Seoul and Busan in the Republic of Korea, organised by Malaysian Industrial Development Authority (MIDA) and Malaysia External Trade Development Corporation (MATRADE) was led by the Honourable Minister of International Trade and Industry Malaysia, Datuk Seri Mustapa Mohamed from 18 - 23 July 2010.

The delegation of fifty-five, comprises representatives from MIDA, MATRADE, Federal Government-related agencies (Ministry of International Trade and Industry (MITI), MIDA KL, MIDA Seoul and MATRADE South Korea), State Government-related agencies (East Coast Economic Region Development Council (ECERDEC), Invest Perak, Iskandar Regional Development Authority (IRDA), Iskandar Investment Berhad, Johor Corporation, Johor State Investment Centre (JSIC), Kuantan Port Authority, Malaysian Biotechnology Corporation Sdn Bhd, Malaysia Property Incorporated (MPI), Northern Corridor Implementation Authority (NCIA), Sarawak Timber Industry Development Corporation (STIDC), Senai Hi-tech Park Sdn Bhd and twenty participants from the private sector.

The delegation attended the following events:

## 1. Briefing on 'Ways to Enhance Productivity in the Manufacturing Sector' - The Korean Experience

The briefing was conducted by the Foreign Institutional Investors' Association (FIIA) of Korea and chaired by Mr John Choi, the Secretary General of FIIA. The briefing was delivered in three parts namely;

- Productivity enhancements and innovation in Malaysia – the Korean Experience by Mr Hwang Kyu June
- Introduction to Technology Edge – Relocation to Malaysia, and
- Sharing experience on Success on Productivity Enhancement

## 2. Seminar on Business Opportunities in Malaysia

Dato' Bryce Kwon Beang Ha (Chairman / Chief Executive Officer of Henikwon Corporation Sdn Bhd) chaired the Seminar which was attended by more than 350 participants with approximately 300 from Korean companies. Dato' Bryce Kwon informed the participants that there are a lot of opportunities for co-operation between the two countries, particularly in the field of heavy industries and machineries.

Mr Cho Young Jai, Secretary General of ASEAN-Korea Centre (AKC) highlighted that this year marked the 50th anniversary of diplomatic relation between Korea and Malaysia and felt that this visit by the Minister and his delegation is very meaningful. Malaysia, being a key member country of ASEAN has made significant progress with substantial growth in trade for the past five decades. He

attributed this to the wide range of business opportunities available, the strong commitment by the Government, the liberalisation of 29 sub-sectors for companies to promote investment, well developed infrastructure, highly trained workforce and favourable business environment. Areas for investment are green technology, biotech and Information Communication Technology (ICT). He hoped this Seminar would help potential investors make better informed decision to invest in Malaysia.

The Keynote Address by the Honourable Minister of International Trade and Industry Malaysia, Datuk Seri Mustapa Mohamed touched on the "Look East Policy" in 1984, the visits to the Republic of Korea by Cabinet Ministers and Members of Parliament, the forthcoming visit to Malaysia by the President of the Republic of Korea at the end of the year and the increasing number of Malaysian students in Korean Universities.

Dato' Lee Sang Bai, Chairman Korean Chamber of Commerce Malaysia (KOCHAM) and President Samsung Group Malaysia then shared his experience of Samsung Malaysia and quoted the potential of Malaysia for being a key and central player in the Organisation of Islamic Countries (OIC) and ASEAN.

Dato' Lee added that with the recent signing of the Free Trade Agreement (FTA) between Malaysia and with the Republic of Korea, Malaysia is considered the best partner for a Korean Investor. Foreign Investors are well treated and supported, and there is a One-stop Service Centre under the Prime Minister's Department to assist investors.

## 3. Roundtable Meeting with Captains of the Industry in Busan

The Honourable Minister of International Trade and Industry Malaysia, Datuk Seri Mustapa Mohamed commented that this was the first trade mission to the city of Busan, mainly to promote Korean investments in Malaysia.

Mr Ahn Hong, Vice-President of Small and Medium Business Corporation (SBC) welcomed the Minister and informed the participants from Malaysia that Busan is the second largest city in the Republic of Korea with 400,000 manufacturers.

Dato' Jalilah Baba, the Director General of Malaysian Industrial Development Authority (MIDA) briefed the meeting on roles and functions of MIDA as a one-stop centre, single window of entry to do business in Malaysia. This was followed by a brief presentation by the Ambassador of Malaysia to Korea, H.E. Dato' Ramlan bin Ibrahim on the strength of diplomatic ties and trade between the two countries.

Individual business meetings between representatives from the relevant companies and related agencies were arranged after the Meeting.

Misi Perdagangan dan Pelaburan ke Seoul dan Busan di Republik Korea, dianjurkan oleh Lembaga Kemajuan Perindustrian Malaysia (MIDA) dan Perbadanan Pembangunan Perdagangan Luar Malaysia (MATRADE) yang diketuai oleh Menteri Perdagangan Antarabangsa dan Industri Malaysia, Datuk Seri Mustapa Mohamed dari 18 – 23 Julai 2010.

Deligasi menghadiri peristiwa-peristiwa berikut:

1. Taklimat tentang 'Cara untuk meningkatkan Produktiviti dalam Sektor Pembuatan' - Pengalaman Korea.
2. Seminar mengenai Peluang Perniagaan di Malaysia
3. Mesyuarat Meja Bulat dengan Ketua-ketua dalam Industri

马来西亚工业发展局(MIDA)连同马来西亚外贸发展局(MATRADE)于2010年7月18日至23日, 联办一组贸易和投资代表团前往韩国, 首尔和釜山。国际贸易及工业部部长, 拿督斯里慕斯达化(译音)负责带领该代表团。

该团出席参与以下活动:-

1. " 韩国在提高制造业生产量相关经验" 简报会
2. 马来西亚商业机会研讨会
3. 业界巨头圆桌会议

## STA PANEL PRODUCTS COMMITTEE MEETING



Photo: Meeting in progress

The 23<sup>rd</sup> STA Panel Products Committee meeting was held on 29 July 2010 at Wisma STA, Kuching, presided over by Mr Wong Kai Song, the Committee Chairman.

The Meeting discussed and shared information on the current log situations in Sarawak, market reports, plywood prices and was briefed on the participation in the Trade and Investment Mission to the Republic of Korea organised by the Malaysian Industrial Development Authority (MIDA) and Malaysia External Trade Development Corporation (MATRADE) from 18 – 23 July 2010. In conjunction with the Mission, Sarawak Timber Association (STA) together with a Senior Officer from the Sarawak Timber Industry Development Corporation (STIDC) met up with Korean Counsels, Korea Trade Commission (KTC) and a group of Korean plywood importers. KTC had made preliminary determination on anti-dumping duties on Malaysian Plywood to Korea but has yet to impose the provisional duty due to insufficient data.



Photo: The participants at the Seminar on Business Opportunities in Malaysia



Photo: Business Meeting in Progress

Mesyuarat Jawatankuasa Produk Panel yang ke-23 telah diadakan pada 29 Julai 2010 di Wisma STA, Kuching. Mesyuarat telah dipengerusikan oleh Encik Wong Kai Song, Pengerusi Jawatankuasa.

Mesyuarat membincangkan dan berkongsi maklumat mengenai keadaan semasa kayu balak di Sarawak, laporan pasaran, harga papan lapis dan telah diberi taklimat ringkas tentang penyertaan Persatuan dalam misi perdagangan dan pelaburan di Republik Korea.

STA合板/人造板小组于2010年7月29日在 古晋, STA大厦召开第23届小组委员会会议。该会议由小组主席, 黄凯孙先生主持。

会议讨论和分享砂州当今原木供应局势, 市场资讯报告, 合板价格课题及前往韩国的贸易和投资代表团报告。

Wishing all Members and Readers

# HAPPY NATIONAL DAY, MALAYSIA

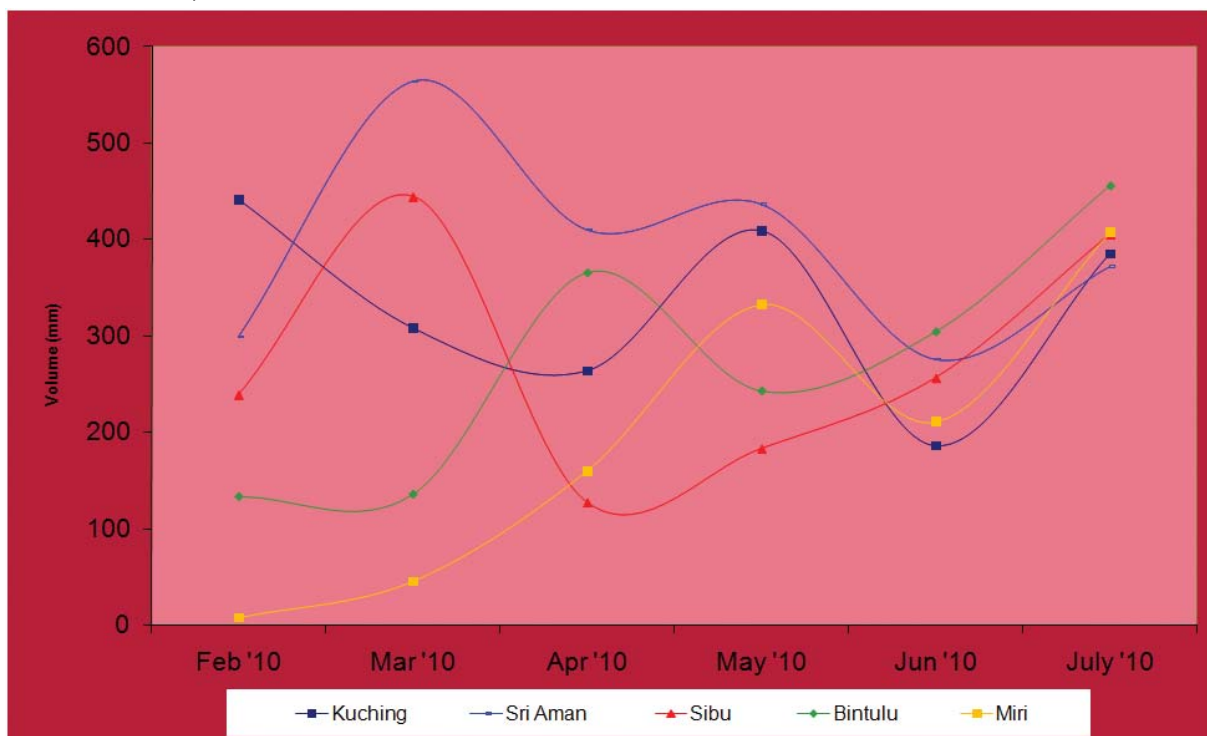
From the Chairman, Council Members and Management of STA

Pengerusi, Ahli-Ahli Majlis serta kakitangan STA ingin mengucapkan Selamat Hari Kebangsaan kepada semua ahli STA dan para pembaca

STA主席，理事会与职员在此祝愿所有会员和读者国庆日快乐



## RAINFALL : FEBRUARY - JULY '10 KADAR HUJAN BULANAN



Source : Malaysian Meteorological Services