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# 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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## Annual General Meeting

The Sarawak Timber Association (STA) Annual General Meeting (AGM) was held on 31 March 2011 at Wisma STA. It was chaired by Pemanca Datuk Wong Kie Yik, the Chairman of STA and was attended by committee chairpersons and council members as well as representatives from 162 member companies.

The Meeting dealt with matters related to the Association and its wholly-owned companies, namely STA Enterprises Sdn Bhd, STA Training Sdn Bhd, STA Mutual Sdn Bhd and STA Ventures Sdn Bhd.

In his speech, the Chairman highlighted that for the STA's training programme, there were a total of 803 trained trainers and operators as of 31 December 2010. The skill sets that are offered are Certificate in Tree Felling, Certificate in Log Extraction (Tractor), Certificate in Log Loading, Certificate in Clear-fell Site Preparation, Certificate in Mechanical Site Preparation (Excavator), Certificate in Tree and Log Identification and Certificate in Log and Timber Identification.

The STA Mutual Sdn Bhd (STAM) has been providing social and financial assistance to communities residing in the vicinity of forest concessions and as well as financial contributions to educational institutions. In addition, STAM also provides scholarships to needy students pursuing courses related to forestry and the timber industry. STAM also made a financial contribution of

RM350,000 to 14 private Chinese Secondary Schools in Sarawak and the Sarawak United Association of Private Chinese Secondary School Management Board.

The STA members are finding ways to help Penans who are affected by logging activities and forest plantation development. A team consists of officials from Sarawak Forestry Corporation (SFC) and staff from the STA Secretariat were on fact-finding trips to the Forest Timber License (FTL) and License for Planted Forest (LPF), in the Upper Belaga, the Apo-Tutoh and the Upper Baram areas. The final report should be ready by April 2011.

Throughout the year, STA continued to face challenges in terms of tightened requirements on standards and legality. Among others, the chairman highlighted STA efforts towards addressing the carbon emission issue where three of STA plywood members were invited by the Japan Lumber Importers' Association (JLIA) to participate in a study launched by the Japan Forestry Agency on the carbon footprint initiative in Japan. Other issues that the Association undertook were the International Standard for Phytosanitary Measures (ISPM) No. 15 and timber legality issues. STA participated in the International Symposium on Legality Verified Wood 2010 in Japan where the delegation from  
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Sarawak made a presentation on Legality Verification of Logs in Sarawak. The Association had also convened a meeting with Japan Lumber Importers' Association (JLIA) to discuss the legality and sustainability requirements of the timber and timber products into Japan.

The STA had been involved in the road shows on Inter-Agency Standard Operating Procedures (SOPs), revision of timber royalty rates and issues such as Sarawak Labour Ordinance (SLO), minimum wage and foreign labour in the timber industry. STA had also participated in the Forest Stewardship Council (FSC) national initiative, the conflict resolution guideline which was developed by Sarawak Forestry Corporation (SFC) and Forest Department Sarawak, with the assistance of social experts and stakeholders in Sarawak.

Besides this, the Association has been actively pursuing tax incentives to planted forest development. The Government had gazetted two tax incentives in 2009, namely Income Tax (Deduction for Investment in an Approved Forest Plantation Project) Rules 2009 and Income Tax (Exemption) (No. 10) Order 2009, which are deemed to have come into operation on 21 May 2003. However, technical interpretation of the two tax incentives by the Inland Revenue Board has rendered many companies undertaking forest plantation projects in Sarawak unable to qualify for the tax incentives as

they are intended for. A Dialogue Session among STA, Malaysian Timber Industry Board (MTIB) and Inland Revenue Board took place on 14 October 2010 at Wisma STA to discuss issues relating to the two tax incentives.

STA had participated in the joint meetings with Japan Lumber Importers' Association, Japan Plywood Manufacturers' Association, APKINDO, Malaysian Panel-Products Manufacturers' Association and STA, the forty-sixth session of the ITTC at Yokohama, Japan, and Anti-Dumping Investigation by Korea Trade Commission (KTC) on Malaysian Plywood, where the anti-dumping investigation was done by Korea Trade Commission (KTC).

As for trade and investment mission, the STA Secretariat had participated in the Dubai International Wood & Wood Products Show (Dubai WoodShow) from 13 - 15 April 2010 and Trade and Investment Mission to Korea organised by the Malaysian Industrial Development Authority (MIDA) and Malaysia External Trade Development Corporation (MATRADE).

Immediately after the AGM, an Extraordinary General Meeting (EGM) was convened to consider and approve the proposed amendments to the Articles of the Association of STA and the Memorandum and Articles of Association of STA Enterprises Sdn Bhd, STA Mutual Sdn Bhd and STA Training Sdn Bhd.



Picture: Meeting in progress



### Did you know that.....

According to the Wood Resource Quarterly Seattle, USA, the import demand of plywood, lumber and logs will increase in Japan due to the recent earthquake and tsunami in March 2011. The aftermath will lead to a significant need for construction materials over the next few years. WRQ also revealed that there have been demand for pre-fabricated houses, glue-laminated products and other pre-cut wood products that can be easily used for re-building efforts. A total of 30,000 temporary houses have been requested by the government within two months.

Source: MTIB News Extracts (Vol.14/04/11)

## Did you also know that....

The Indian Space Research Organisation (ISRO) is developing a family of forestry satellites to launch by the end of 2012 to monitoring green cover of India on real-time basis. Gram Sabhas will be leading the implementation of Green India Mission (GIM) with the forest service personal's managerial and technical support. The ministry is targeting to improve forest cover quality on 5mn hectare of non-forest lands, and raise 5mn hectare of forest and non forest land. The target would be hitting 10mn hectares in the 10 years.

Source: *The Hindu Business Line*, 28 Mar 2011



## Dialogue on Tax Incentives for Forest Plantation Development

Following the Dialogue Session on Tax Incentives for Forest Plantation Development with Malaysian Timber Industry Board (MTIB) and Inland Revenue Board (IRB) in October 2010 a similar dialogue with Senator Dato' Ir Donald Lim, the Deputy Minister of Finance was held at Wisma STA, Kuching on 23 March 2011. The purpose of this dialogue was to further clarify issues on the two (2) available tax incentives for companies investing or undertaking forest plantation projects, namely Income Tax (Deduction for Investment in an Approved Forest Plantation Project) Rules 2009 and Income Tax (Exemption) (No. 10) Order 2009.

The Dialogue commenced with welcoming remarks by Pemanca Datuk Wong Kie Yik, the Chairman of the Sarawak Timber Association (STA) and followed by an introduction on the background of tax incentives from Dato Henry Lau, Honorary Secretary of STA. Mr Philip Choo, the Honorary Treasurer of STA cum Chairman of the Working Committee on Tax Incentives for Forest Plantation Development made a presentation on the status forest plantation industry in Sarawak and presented the proposals by STA. STA Members from

the Forest Plantation category were also present to express their views and concerns during the dialogue session chaired by Senator Dato' Ir Donald Lim.

The Dialogue highlighted the concern on the interpretation of "first approved forest plantation", where IRB will only approve the applications made by companies which have not commenced their forest plantation projects, thus rendering many forest plantation companies in Sarawak ineligible for the two (2) tax incentives. Hence, STA Members requested that investments made from 21 May 2003 be eligible for deductions, in line with the tax incentives offered, as most companies had commenced their projects prior to 21 May 2003.

As the two tax incentives shall expire on 31 December 2011, the Deputy Minister of Finance advised STA to promptly go through the Ministry of Plantation Industries and Commodities to request for extension to the validity of the two tax incentives Act.



Photo: Group photo with the Deputy Minister of Finance



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## World Forestry Day



Picture: Tree planting by Datuk Amar Awang Tengah Ali Hassan

The State's World Forestry Day was held on 22 March 2011 at Similajau National Park, Bintulu with the theme "Forest for Community". The World Forestry Day, which is internationally celebrated on 21 March annually, was jointly organised by the Ministry of Planning and Resource Management, Forest Department Sarawak (FDS), Sarawak Forestry Corporation (SFC), Sarawak Timber Industry Development Corporation (STIDC),

Harwood Timber Sdn Bhd, Sarawak Planted Forest (SPF) and Sarawak Timber Association (STA).

The commemoration was officially launched by the Datuk Amar Awang Tengah Ali Hassan, Second Minister of State Planning and Resource Management. Also present at the ceremony were Encik Naroden Majais, the Assistant Minister for Planning and Resource Management; Datuk Talib Zulpilip, the Assistant Minister of Tourism; Dr Stephen Rundi, the Assistant Minister of Public Health and Utilities; Encik Ismail Mohd Hanis, the Resident of Bintulu and Datu Sarudu Hoklai, General Manager of STIDC.

Various activities were organised in conjunction with this year's commemoration, among others the Inter-Agencies Games (Bowling, Futsal, Badminton, and Golf Tournament), Tree Planting, launching of the "One Stop Centre" at Similajau National Park, exhibition on forestry, wood carving and fire fighting demonstration and blood donation. At the visit to the Special Children Centre after the commemoration, STA presented cheques to PERPIKAT Bintulu and PDK Gemilang. A total of 152 children in PERPIKAT and PDK Gemilang were also treated to KFC meal.