

WOOD BASED INDUSTRY

- Major sub-sectors:
 - i. sawn timber, veneer and panel products which include plywood and other reconstituted panel products such as particleboard/chipboard/fibreboard,
 - ii. mouldings and builders' joinery and carpentry (BJC) such as doors/windows and its components panels and flooring board/parquet; and
 - iii. furniture and furniture components.

- The government has also set an annual growth target of 6.5% for wood based furniture, estimated to reach up to RM53 billion by year 2020. In recent years, the growth has shifted from producing general products towards designing its own, and this has been key in propelling Malaysia onto the international arena.

Sectoral Performance

i. Sawn Timber/Sawn Logs

An established industry with 1,019 sawmills in operation; (Peninsular Malaysia (671), Sabah (177) and Sarawak (171)). Exports of saw logs and sawn timber in 2011 amounted to RM5.2 billion with exports mainly to Thailand, the Netherlands, People's Republic of China, Japan and Republic of Singapore.

ii. Panel Products

Plywood/Veneer

In 2016, exports of plywood amounted to RM4.4 billion. The range of plywood produced includes common veneer-faced plywood, overlaid plywood such as printed paper and polyester plywood, plywood for concrete formwork and marine plywood. Malaysian plywood has achieved international standards such as Japan Agricultural Standards (JAS), British Standards (BS) and International Hardwood Products Association Standards (IHPA) for the US market and Harmonised European Standards (EN) for Europe market. Currently, Malaysia is the largest exporters of tropical plywood in the world with 183 mills in operation.

Particleboard

In view of the need to maximise the utilisation of wood resources, the industry has diversified into the production of high value-added reconstituted panel products such as particleboard and medium density fibreboard. The particleboard industry has grown and

currently there are 32 mills in operation. The industry, over the years has successfully exported its products particularly for use in the furniture industry.

Medium Density Fibreboard (MDF)

The MDF industry currently has 15 plants with a total annual installed capacity of 2.9 million cubic meter. In 2016, exports of MDF from Malaysia amounted to RM1.2 billion. The industry has started utilising *acacia mangium* and mixed hardwood to produce MDF as alternatives to rubber wood. Currently, Malaysia is the world's third largest exporter of MDF, after Germany and France. MDF for Malaysia has attained international standards such as BS, Asia-Pacific: Japan Australia and New Zealand (JANS), and EN standards. A number of companies have also ventured into the production of laminated / printed MDF.

Veneered Panels Products

Besides MDF, the industry has continued to develop engineered products from veneer such as laminated veneer lumber (LVL), laminated veneer cross-band (LVB) and laminated veneer sandwich (LVS) to meet the demand for structural and industrial applications. The industry combines modern technology with the efficient use of natural resources to produce these products for the export market. Besides being environmentally friendly, these products, with enhanced structural quality to meet different climatic conditions, are increasingly being used in the construction industry.

iii. Mouldings and Builders', Joinery & Carpentry (BJC)

BJC products include architectural mouldings (panelling, skirting, crowns, and chair rails), doors/windows and accessories, wooden flooring and wooden railings. Exports of mouldings and BJC are mostly to the Netherlands, Australia, Japan and Germany. In 2016, exports of mouldings amounted to RM820.1 million while exports of BJC valued at RM1.2 billion. The major products exported were wooden floorings and wooden doors. To date, there are more than 350 mouldings and joinery plants in Malaysia.

iv. Furniture and Fixtures

Ranked as the 10th largest exporter of furniture in the world, Malaysia exports around 80% of its production. With large markets in US, Japan and Australia, Malaysia has a strong position in the global furniture industry. With tremendous growth in exports to UAE, Saudi Arabia, the Philippines and Russia, Malaysia is now eyeing countries like Algeria, Greece, Puerto Rico and Libya. The government has set an annual growth target of 6.5% for wood based furniture, estimated to reach up to RM53 billion by year 2020. In recent years, the growth has shifted from producing general products towards

designing its own, and this has been key in propelling Malaysia onto the international arena.

v. **Biocomposites and Biomass**

Malaysia has vast amounts of untapped natural fibre materials available from the agricultural sector. These fibre and biomass materials range from rice husks, coconut trunk fibres, kenaf to oil palm biomass in the form of oil palm trunks (OPT), oil palm fronds (OPF) and empty fruit bunches (EFB). These alternative raw materials offer vast potentials for development. The Government encourages industry players to undertake more R&D to ensure the reliability of these alternative materials.

Production Index

Segment	2014	2015	2016
Wood And Wood Products	109.7	115.6	122.8
Wood Products	107.8	115.4	123.6
Sawmilling and planning of wood	107.8	115.4	123.6
Manufacture of veneer sheet and plywood	157.4	189.9	213.4
Manufacture of particle board and fibreboard	82.8	68.5	61.6
Manufacture of builders' carpentry	108.3	132.9	149.6
Manufacture of wooden containers	165.6	220.2	237.7
Manufacture of wooden and cane furniture	122.8	148.4	186.7
Paper products	114.5	116.2	120.8
Manufacture of pulp, paper and paperboard	117.7	119.3	102.5
Manufacture of corrugated paper and paperboard and of containers of paper	116.8	125.6	140.7

Segment	2014	2015	2016
and paperboard			
Manufacture of envelopes and letter-card	113.0	108.0	96.1
Manufacture of household and personal hygiene paper	103.4	101.1	111.4
Manufacture of gummed or adhesive paper in strips or rolls and labels and wall paper	110.7	85.9	86.7

Source: Department of Statistics, Malaysia

Employment

Segment	2014	2015	2016
Wood And Wood Products	101,995	99,159	95,864
Wood Products	77,817	74,465	70,590
Manufacture of veneer sheet and plywood	34,782	32,181	31,964
Manufacture of particle board and fibreboard	4,769	4,033	3,869
Manufacture of builders' carpentry	6,074	6,150	5,651
Manufacture of wooden and cane furniture	32,192	32,101	29,106
Paper products	24,178	24,694	25,274
Manufacture of pulp, paper and paperboard	6,347	6,138	6,127
Manufacture of corrugated paper and paperboard and of containers of paper	10,854	11,307	11,496

Segment	2014	2015	2016
and paperboard			
Manufacture of envelopes and letter-card	1,131	1,267	1,627
Manufacture of household and personal hygiene paper	3,565	3,925	4,373
Manufacture of gummed or adhesive paper in strips or rolls and labels and wall paper	2,281	2,057	1,651

Source: Department of Statistics, Malaysia

Sales

Segment	2014 (RM)	2015 (RM)	2016 (RM)
Wood And Wood Products	22,420,988	23,436,547	25,419,114
Wood Products	13,833,240	14,370,366	15,635,280
Manufacture of veneer sheet and plywood	6,850,142	6,973,672	8,055,270
Manufacture of particle board and fibreboard	1,881,219	1,841,704	1,527,187
Manufacture of builders' carpentry	835,706	1,092,720	1,130,456
Manufacture of wooden and cane furniture	4,266,173	4,462,270	4,922,367
Paper products	8,587,748	9,066,181	9,783,834
Manufacture of pulp, paper and paperboard	2,237,654	2,223,581	1,798,818
Manufacture of corrugated paper and paperboard and of containers of paper	3,501,661	3,538,141	3,440,563

Segment	2014 (RM)	2015 (RM)	2016 (RM)
and paperboard			
Manufacture of envelopes and letter-card	308,799	441,098	621,328
Manufacture of household and personal hygiene paper	1,717,055	1,994,805	2,940,197
Manufacture of gummed or adhesive paper in strips or rolls and labels and wall paper	822,579	868,556	982,928

Source: Department of Statistics, Malaysia

Exports

Product	2014 (RM)	2015 (RM)	2016 (RM)
Total	14,713,445,289	15,441,400,308	15,682,445,259
Bedroom wooden furniture	1,969,475,427	2,395,541,836	2,734,837,426
Builders' joinery & carpentry of wood	1,003,300,132	1,117,524,880	1,219,397,582
Cork manufactures	647,951	305,213	773,562
Densified wood & particle board, oriented strand board & similar board	350,655,258	381,961,389	410,926,026
Fibreboard	1,053,440,495	1,128,743,051	1,183,307,378
Kitchen wooden furniture	588,338,220	633,599,045	640,466,355
Manufactures of wood for domestic use (excl. furniture), & other articles of wood nes	187,635,720	226,945,723	237,584,804
Office wooden furniture	483,975,241	531,755,424	443,206,404

Product	2014 (RM)	2015 (RM)	2016 (RM)
Other wooden furniture	2,158,382,058	2,459,840,092	2,490,876,227
Packings & cable drums of wood, casks, barrels, vats, tubs etc. & parts	238,497,225	263,135,274	299,699,586
Plywood, veneered panels & similar laminated wood	5,195,146,161	4,681,227,305	4,370,286,268
Rattan or bamboo furniture	4,159,045	7,488,019	5,788,428
Seats with wooden frame	1,152,933,289	1,234,576,982	1,251,405,950
Sheets for veneering, for plywood etc, thickness not exceeding 6 mm, & wood simply shaped	326,859,067	378,756,075	393,889,263

Compiled by MITI

- Top 10 export destinations in 2016 were:
 - (i) Japan
 - (ii) United States Of America
 - (iii) Australia
 - (iv) Republic Of Singapore
 - (v) Republic Of Korea
 - (vi) United Kingdom
 - (vii) Taiwan
 - (viii) United Arab Emirates
 - (ix) India
 - (x) People's Republic Of China

Imports

Product	2014 (RM)	2015 (RM)	2016 (RM)
Total	1,794,754,671	2,399,823,379	2,729,198,380
Bedroom wooden furniture	54,813,084	105,426,142	176,164,647

Product	2014 (RM)	2015 (RM)	2016 (RM)
Builders' joinery & carpentry of wood	48,933,353	66,698,143	78,485,041
Cork manufactures	2,176,779	2,573,436	3,297,058
Densified wood & particle board, oriented strand board & similar board	245,148,613	254,910,577	301,919,678
Fibreboard	129,511,727	131,924,565	116,388,250
Kitchen wooden furniture	41,608,347	98,417,328	86,794,684
Manufactures of wood for domestic use (excl. furniture), & other articles of wood nes	124,760,407	193,672,925	227,496,298
Office wooden furniture	28,737,921	43,216,555	126,659,817
Other wooden furniture	253,016,249	400,854,103	412,448,962
Packings & cable drums of wood, casks, barrels, vats, tubs etc. & parts	11,686,462	16,277,172	23,045,267
Plywood, veneered panels & similar laminated wood	486,840,996	602,624,234	629,762,240
Rattan or bamboo furniture	1,208,459	2,714,448	4,261,671
Seats with wooden frame	92,639,244	121,390,295	145,932,489
Sheets for veneering, for plywood etc, thickness not exceeding 6 mm, & wood simply shaped	273,673,030	359,123,456	396,542,278

Compiled by MITI

- 10 main sources of imports in 2016:

- (i) People's Republic Of China
- (ii) Republic Of Indonesia

- (iii) Thailand
- (iv) Socialist Rep. Of Viet Nam
- (v) Australia
- (vi) Italy
- (vii) United States Of America
- (viii) New Zealand
- (ix) India
- (x) Brazil

Investment

Details of Approved Projects for Food Manufacturing

Description	2015	2016
No. of project approved	52	32
Total Investment (RM)	814,622,100	517,435,101
Foreign Direct Investments (RM)	221,787,587	128,951,934
Domestic Investments (RM)	592,834,513	388,483,167

Source: MIDA

Development

- The Promoted Products under the Promotion of Investment Act (PIA) 1986 was revised recently and is effective from March, 2012. The new promoted products for the wood-based industry are as follows:-
 - Design, development and production of wooden furniture
 - Engineered wood products excluding plywood
 - Agricultural waste or agricultural by-products
 - Kenaf-based products such as kenaf particle or fibre, reconstituted panel board (particleboard and MDF) and moulded products