

THE TRADE DIRECTION OF MALAYSIAN WOOD AND WOOD-BASED PRODUCTS IN 2000

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ABSTRACT

Wood and wood-based products play an important role in national income generation. Of the total 373.3 billion of national export in 2000, RM17.6 billion (4.7%) was derived from wood and wood-based products. This value was equivalent to that of RM17.4 billion (4.7%) generated by primary agricultural products.

The six main wood products exported are sawntimber, sawlogs, veneer, plywood, furniture and moulding. Of the total RM17.6 billion of wood products exports in 2000, the share were 25% furniture, 22% plywood, 17% sawntimber, 14% logs, 5% moulding and 11% others wood products.

The wood-based products export market destination depends on the products. Top Malaysian country markets for each of these wood products are identified and new potential markets suggested. For example, China is a potential market for sawntimber.

Japan consumed the highest Malaysian wood and wood-based products from Malaysia, which amounted to RM 4.375 billion or 24.8% for 2000. USA was the second major importing country for Malaysian wood and wood-based products, which was RM 2.029 billion or 11.5%. These were followed by China RM 1.129 billion (6.4%), Taiwan RM 0.880 billion (5 %) and South Korea RM 0.738 billion (4.2%). The total export earning from the first five leading importers of wood and wood-based industries was about RM 9.153 billion or equivalent 51.9% of the total export. It is essential for Malaysia to at least maintain the traditional markets and in the meantime opening up new markets.

Keywords: trade, wood and wood-based products

INTRODUCTION

The world economic slow down, which began in Thailand in mid-1997 and around the world, is the most significant external economic shock that Malaysia has experienced in history (Department of Foreign Affairs and Trade Australia 1998). All the Asean countries face their most serious economic challenge during the post-1997 period.

Since mid-1977 the prospects for global growth have weakened significantly, led by a marked slowdown in the United States, stalling recovery in Japan, and moderating growth in Europe and in a number of emerging market countries.

Trade in wood and wood-based industries products worldwide is increasing regularly and faster than trade in general. Wood and wood-based products are more sensitive

to this period of crisis. Its rate of increase might be slow in future. Nevertheless, it has been found that, out of 170 major countries in the world, only 30 are self-sufficient in wood and wood products. For this reason, international trade in wood and wood-based products is important and will remain so in the future (World Trade Organization, 1998).

In the context of the above scenario, this paper examines the trade direction of Malaysian wood and wood-based industries in year 2000.

MALAYSIAN ECONOMY IN BRIEF

Economic activities in Malaysia for the year 2000 continued to expand due to export growth as well as rising domestic expenditure as reported by Bank Negara Malaysia. Despite the regional economic slow down, Malaysia achieved the GDP target of 7% set for the Second Outline Perspective Plan (OPP2 1991-2000) for the Seventh Malaysian Plan (7MP 1996-2000) period, the economy recorded an average annual growth rate of 4.7%, surpassing the revised 3% growth target set for the plan (Bank Negara Malaysia, 2000).

The external trade balance in 2000 registered a surplus of RM 60.9 billion, which decreased slightly from RM 73.1 billion as compared with the previous year. There was a decrease of balance of trade by RM 12.1 billion or equivalent to -16.7%. This decrease was due to a higher positive growth in import, which had increased by 25.7% or RM 63.9 billion, while an export grew at a much slower rate by 16.1% or RM 51.7 billion. The total exports and imports for the current year amounted to RM 373.3 billion and RM 312.4 billion respectively (Table 1).

Table 1: Malaysian trade balance

Items	1999 (RM million)	2000 (RM million)	Change	
			RM million	%
Export (fob)	321,560	373,307	51,747	16.1
Imports (cif)	248,477	312,364	63,887	25.7
Balance of trade	73,083	60,944	-12,138	-16.7

Source: Department of Statistics Malaysia, 2001

The primary commodity-based products have played an important role in the Malaysian economic development, which has contributed about 4.72% (excluding petroleum and gas) of total Malaysian export in year 2000. Timber is one of the primary commodities, beside palm oil, rubber and cocoa, which reflect the significance of these products in complementing and supporting the overall industrial development of the country for value-added activities. This had been highlighted in the Second Industrial Master Plan (IMP2) as well as under the Third National Agricultural Policy (NAP3 1998-2010). As such, these commodities will be further developed and sustained to support the development of the resource-based industry of the country.

Forestry Products & wood based Industry contributed RM17.6 billion to the total Malaysian export value for year 2000 as compared to RM17.1 billion in the previous year. There was an increase of 3.25 % in total export value (Department of Forestry, 2001; Department of Statistics Malaysia, 2001 and MTIB 2001). This increase was due to the increase of total export value by sawntimber by 8.78%, moulding by 8.48%, furniture by 13.3% and other wood based product by 9.53%. Whereas, the

total export value for sawlogs, plywood and veneer had decreased by -6.09%, -5.15% and -10.03% respectively as compared to the previous year (Table 2). It implies that, Malaysian exporters therefore demonstrated their capacity to improve the sales in the world market even in a very difficult situation.

Table 2: Export of major and selected Malaysian commodities 1999 & 2000 (RM Million)

ITEMS	2000		1999		% change 2000/1999
	Value	%	Value	%	
Primary agriculture products	17,472.40	4.68	22,369.20	6.96	-21.89
Metal and minerals	33,211.00	8.90	20,845.70	6.48	59.32
Forestry products & wood base industry#	17,630.15	4.72	17,074.54	5.31	3.25
Sawlogs	2,518.33	0.67	2,681.60	0.83	-6.09
Sawn timber	3,067.15	0.82	2,819.60	0.88	8.78
Mouldings	894.87	0.24	824.94	0.26	8.48
Veneer sheets	805.29	0.22	895.05	0.28	-10.03
Plywood	3,842.45	1.03	4,051.20	1.26	-5.15
Furniture	4,418.99	1.18	3,900.26	1.21	13.30
Other wood base products	2,083.07	0.56	1,901.88	0.59	9.53
Marine products	626.80	0.17	468.10	0.15	33.90
Organic chemicals	173.70	0.05	95.00	0.03	82.84
Articles of apparel & clothing	5,253.60	1.41	4,901.20	1.52	7.19
Other manufactured products	185,606.65	49.72	162,750.67	50.61	14.04
Export < RM 5,000 n.e.s	2,032.70	0.54	1,909.10	0.59	6.47
Other exports	111,300.30	29.81	91,146.00	28.34	22.11
TOTAL EXPORTS	373,307.30	100.00	321,559.50	100.00	16.09

* = includes palm kernel oil, oleo chemicals & palm kernel cake

n.e.s. = not elsewhere specified

Sources: Department of Statistic, Department of Forestry, # Maskayu (2000 & 2001)

The selected of total export value in term of percentage for wood and wood-based products in 2000 is shown in Table 3.

a) Furniture contributed the highest total export value in the forestry sector, which are followed by plywood, sawntimber, sawlogs, moulding and veneer. In real value, furniture contributed about RM4.4 billion or 25.06% from the forestry sector export earning.

b) Plywood was the next highest export earning in the forestry sector, which contributed about RM 3.8 billion or equivalent to 21.79%.

c) Sawntimber and sawlogs contributed about RM 3.1 billion (17.4%) and RM 2.5 billion (14.3%) respectively.

d) Export earning for veneer and moulding have contributed less than RM 1 billion.

Table 3: Malaysian selected total export value of wood and wood-based products export, 2000

Items	Export Value (RM Million)	%
Furniture	4,418.99	25.06
Plywood	3,842.45	21.79
Sawntimber	3,067.15	17.40
Logs	2,518.33	14.28
Moulding	894.87	5.08
Veneer	805.29	4.57
Others	2,083.07	11.82
Total	17,630.15	100.00

Source: Malaysian Timber Industrial Board (2001)

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Sawntimber export

The list of the top six sawn-timber importing countries are as shown in the Table 4. The total Malaysian export trade volume of sawntimber for the year 2000 was 2,901,220 m³. Thailand, Netherlands, Philippines, Japan, Taiwan and Singapore are the six major importing countries.

were followed Thailand was the major country importing Malaysian sawntimber, which was equivalent to 563,029 m³ or 19.41% of the total sawntimber export volume. These by Netherlands 278,329 m³ (9.59%) and subsequently followed by Philippines 274,033 m³ (9.45%), Japan 267,875 m³ (9.23%), Taiwan 228,606 m³ (8.20%) and Singapore 220,388 m³ (7.91%).

Netherlands was one of the leading countries imported sawntimber from Malaysia in terms of value. She alone has imported about RM 616 million worth of sawntimber or 20.10% from Malaysian total export value of sawntimber. These were followed by Japan RM411 million (13.4%), Thailand about RM 352 million (11.48%), Philippines 145 million (4.75%), Taiwan 167 million (5.46%) and Singapore RM 129 million (4.22%).

Table 4: Malaysian total export for sawntimber year 2000

Countries	Vol (M3)	%	Value (RM)	%
Thailand	563,029	19.41	352,181,707	11.48
Netherlands	278,329	9.59	616,353,556	20.1
Philippines	274,033	9.45	145,275,897	4.74
Japan	267,875	9.23	411,061,547	13.4
Taiwan	228,606	7.88	167,339,397	5.46
Singapore	220,388	7.6	129,449,227	4.22
Others	1,068,960	36.85	1,245,484,735	40.59
GRAND			3,067,146,066	
TOTAL	2,901,220	100		100

Source: Malaysian Timber Industrial Board (2001)

Sawlogs export

Malaysia has been exporting of sawlogs since early 1960's. Overtime the government has realised that the consumption for local manufacturing industries has kept on increasing from time to time. Due to this reason, in early 1990's, the government has gradually restricted exporting sawlogs out of the country. This was only applied only to the Peninsular Malaysia, however Sabah and Sarawak was not affected with this government policy as mentioned earlier.

In 2000, Malaysia exported about 6.803 million m³ of sawlogs. Japan was the major customer importing our sawlogs, which was a total of 2.265 million m³ or equivalent to 33.30% from our total sawlogs export quantity. These were followed by China 1.244 million m³ (18.29%), Taiwan 0.905 million m³ (13.31%) and India 0.876 million m³ (12.89%). It has shown not a good sign for sawlogs industries (Table 5).

Table 5: Malaysian export of logs 2000

Countries	Vol (M3)	%	Value (RM)	%
Japan	2,265,500	33.30	966,296,756	38.37
China	1,244,402	18.29	414,783,186	16.47
Taiwan	905,408	13.31	322,613,833	12.81
India	876,980	12.89	371,969,326	14.77
Hong Kong	533,752	7.84	155,942,351	6.19
Indonesia	470,372	6.91	45,793,623	1.82
South Korea	341,539	5.02	152,103,474	6.04
Thailand	106,484	1.57	36,010,338	1.43
Others	59,314	0.87	52,818,679	2.10
TOTAL	6,803,751	100.00	2,518,331,566	100.00

Source: Malaysian Timber Industrial Board (2001)

Japan was the leading country importing our sawlogs in term of value. Japan alone has imported about RM 966.29 million of our sawlogs that was equivalent to 38.37% of Malaysian total export. These were followed by China 414.78 million (16.47%), India 371.96 million (14.77%) and Taiwan 322.61 million (12.81%). In fact the total import value of sawlogs from these four major countries were amounted to RM

2,075.5 million or equivalent to 82.42% of Malaysian sawlogs total export value, the rest of the importing countries were about 5% or less.

Veneer export

For the year 2000, China was the leading country importing Malaysian veneer in terms of volume, which was amounting to 402,182 m³. This volume of import was equivalent to 44.58% of Malaysian total export of veneer. This followed by Philippines 122,577 m³ (13.57%), South Korea 117,572 m³ (13.03%), and Taiwan 115,774 m³ (12.83%). Four of these importing countries had consumed 758,105 m³ of Malaysian total export veneer, which was equivalent to 84.04% of Malaysian total export of veneer (Table 6).

During this period, direction of Malaysian export of veneer is on the right track, as commented by International Tropical Timber Organization (2001). The world demand for veneer keeps on increase steadily for about 28%, this increased was due to a jump in import by China for about 508,000 m³ for the year 2000. European countries had also absorbed quite a substantial amount of veneer of 246,000 m³ for 1999 and 2000. Unlike Japan has declining in import for veneer by 12% for year 2000.

Table 6: Malaysian total export of veneer year 2000

Countries	Vol (M3)	%	Value (RM)	%
China	402,182	44.58	364,012,146	45.2
Philippines	122,577	13.59	76,677,086	9.52
South Korea	117,572	13.03	100,003,478	12.42
Taiwan	115,774	12.83	112,689,501	13.99
Hong Kong	71,712	7.95	53,333,609	6.62
Japan	61,957	6.87	75,373,759	9.36
Others	10,351	1.14	23,203,785	2.88
GRAND TOTAL	902,125	100.00	805,293,364	100.00

Source: MTIB, Maskayu various issues.

In the year 2000, Malaysian total veneer export value was RM 805 million. China alone has contributed about RM 364 million or 45.2% of Malaysian total export of veneer; these were followed by Taiwan RM112.68 million (13.99%) and South Korea RM 100 million (12.42%) and Philippine RM 76.677 (9.52%). The total export value of veneer from these four major countries was about to RM 653 million or 81.14% (Table 6).

Plywood Export

For 2000, Japan was the leading country imported our plywood in term of volume, which was equivalent to 1.663 million m³ or 49.57% Malaysian total export for plywood. These were followed by USA 334 million m³ (9.98%), South Korea 0.256 million (7.66%) and Hong Kong 0.216 million m³ (6.46%) as shown in Table 7. The rest of the countries imported less the 5% of total export volume for Malaysian plywood.

Table 7: Malaysian Total Export for Plywood for Year 2000

Countries	Vol (M3)	%	Value (RM)	%
Japan	1,663,033	49.57	1,939,416,225	50.47
U.S.A.	334,976	9.98	358,080,944	9.32
South Korea	256,991	7.66	294,804,005	7.67
Hong Kong	216,812	6.46	228,863,991	5.96
China	153,368	4.57	195,733,464	5.09
Singapore	153,284	4.57	163,661,525	4.26
Taiwan	145,435	4.33	150,435,500	3.92
United Kingdom	72,777	2.17	84,894,307	2.21
Others	358,298	11.20	426,562,024	11.09
GRAND TOTAL	3,354,974	100.00	3,842,451,985	100.00

Source: MTIB, Maskayu various issues.

In 2000, the total export value of plywood was RM 3.842 billion. Out of this, RM 3.016 billion from five major importing countries, including Japan, USA, South Korea, Hong Kong and China or equivalent to 78.51% of Malaysian total export value for plywood (Table 7).

Furniture export

USA is the major country consumed Malaysian furniture. In 2000, USA imported RM 1.495 billion worth of Malaysian furniture or about 35.85% of Malaysian total export. Japan was the next highest countries imported Malaysian furniture worth of RM 0.763 billion or 17.27%. These were followed by United Kingdom RM0.408 billion (9.24%), Singapore RM0.329 billion (8.78%) and Australia RM 0.267 billion (6.86%). The total value Malaysian furniture imported by these countries was amounted to RM 2.963 billion or 75.91% of total Malaysian furniture exports value. Other countries imported Malaysian furniture less than 5% of the Malaysian total furniture export.

Table 8: Malaysian total export for furniturYear 2000

Countries	Total Furniture	%
U.S.A.	1,495,956,025	33.85
Japan	763,235,535	17.27
United Kingdom	408,451,713	9.24
Singapore	329,692,549	7.46
Australia	305,802,217	6.92
U.A.E.	124,719,978	2.82
Canada	101,700,937	2.30
Saudi Arabia	94,150,564	2.13
Others	795,281,854	10.52
GRAND TOTAL	4,418,991,372	100.00

Source: MTIB, Maskayu various issues.

Moulding export

The physical volumes for moulding are not available for Sarawak, but there are available for Peninsular Malaysia and Sabah. Based from Peninsular Malaysia and Sabah figures, the total volume of Malaysian moulding export has shown a decreased from 411,396 m³ in 1995 to 398,956 m³ in 1998. Nevertheless, it has been increased again up to 464,951 m³ in 2000.

In 2000, the total moulding export volume destination, it has been found that Hong Kong imported the highest volume of Malaysian moulding amounted to 97,648 m³ or 21.0% of Malaysian total moulding export. These were followed by Japan 88,275 m³ (18.99%), Taiwan 78,272 m³ (16.83%), U.S.A. 40,187 m³ (8.64%), and Australia 37,773 m³ (8.12%). These five countries total import were equal to 342,155 m³ or 73.59% of Malaysian total moulding export (Table 9).

Table 9: Total Export of Moulding 2000

Countries	Vol. (M3)*	%	Value (RM)#	%
Hong Kong	97,648	21.00	112,317,424	12.55
Japan	88,275	18.99	219,899,568	24.57
Taiwan	78,272	16.83	95,580,750	10.68
U.S.A.	40,187	8.64	132,771,282	14.84
Australia	37,773	8.12	84,179,966	9.41
Netherlands	20,128	4.33	50,356,253	5.63
Singapore	13,266	2.85	21,701,684	2.43
Belgium	12,839	2.76	27,773,530	3.10
South Korea	11,066	2.38	14,496,521	1.62
United Kingdom	9,652	2.08	26,765,039	2.99
Germany	5,576	1.20	14,084,749	1.57
Thailand	3,911	0.84	2,369,946	0.26
Others	46,358	9.97	92,574,881	10.35
GRAND TOTAL	464,951	100.00	894,871,593	100.00

* Figure of Peninsular Malaysia and # Figure for Malaysia.

Source: MTIB, Maskayu various issues.

In the year 2000, Japan was the leading countries imported Malaysian moulding in term of value. She has imported about RM 219 million worth of Malaysian moulding, which was equivalent to 24.57% of Malaysian total moulding export. USA was the next leading countries imported Malaysian moulding that was about RM 132 million or 14.84% of Malaysia total export. These were followed by Hong Kong RM 95 million (10.68%), Hong Kong RM 95 million (10.68%) and Australia RM 84 million (9.41%) see the detailed in Table 9.

DISCUSSION

All in all, Japan consumed the highest Malaysian wood and wood - based products from Malaysia, which amounted to RM 4.375 billion or 24.8% for 2000. USA was the second major importing country for Malaysian wood and wood-based products, which was about RM 2.029 billion or 11.5%. These were followed by China RM 1.129 billion (6.4%), Taiwan RM 0.880 billion (5 %) and South Korea RM 0.738 billion (4.2%). The total export earning from the first five leading importers of wood and wood-based industries was about RM 9.153 billion or equivalent 51.9%.

USA accounts for about one-fifth of world output and absorbs about 19% of world exports, its slowdown is expected to affect the economies of other countries (Bank Negara Malaysia, 2001). With a very strong local consumption demand, China seems to be doing quite well in the economics development.

Judging the current situation, most of the major importing countries are picking up for their economics activities even at a slow phase. It is essential for Malaysia to at least maintain the traditional markets and in the meantime opening up new markets. The potential new markets for various products are: sawntimber (China), sawlogs (Russia and China), veneer (China and Europe), plywood (USA), furniture (Middle East) and moulding (China).

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