

Brief on Forestry and Timber Trade Issues in Malaysia

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THAILAND
Kangar
Alor Setar
Kota Bharu
George Town
Taiping
Ipoh
Teluk Intan
Malay Peninsula
Kuantan
Kuala Lumpur
Klang
Seremban
Malacca
Mersing
Kluang
Johor Bahru
SINGAPORE

South China Sea

Mount Kinabalu
13,455 ft.
(4,101 m)
Kota Kinabalu
Labuan
BRUNEI
Miri
Bintulu
Sibu
Rajang
Kuching
Bandar Seri Aman
Crocker Range
Banggi
Kadat
Sulu Sea
Sandakan
Lahad Datu
Tawau

Kepulauan
Natuna
Besar
Kepulauan
Anambas

Celebes Sea

Borneo

I N D O N E S I A

Sumatra

Lingga

Bangka

Bellitung

Makassar Strait

Celebes (Sulawesi)

Java Sea

Malaysia



108° E 112° E 116° E 120° E

4° N

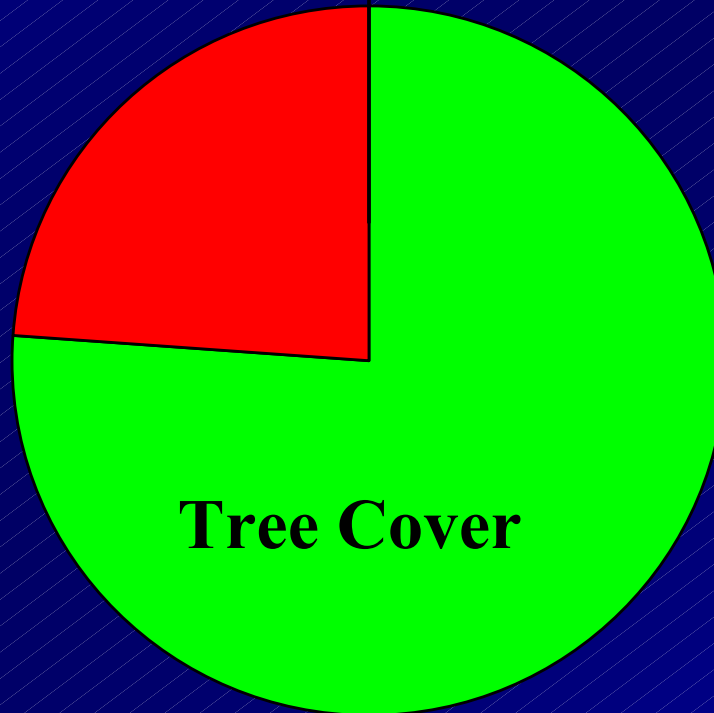
Equator 0°

4° S

- **GDP Growth : 4.9% (2003) - expected 7% in 2004**
- **Population : 24.5 million (2003)**
- **Inflation : 1.5% (2003^f)**
- **Unemployment : 3.4% (2003^f)**
- **Contribution of timber sector to GDP : approx. 4 - 5 %**

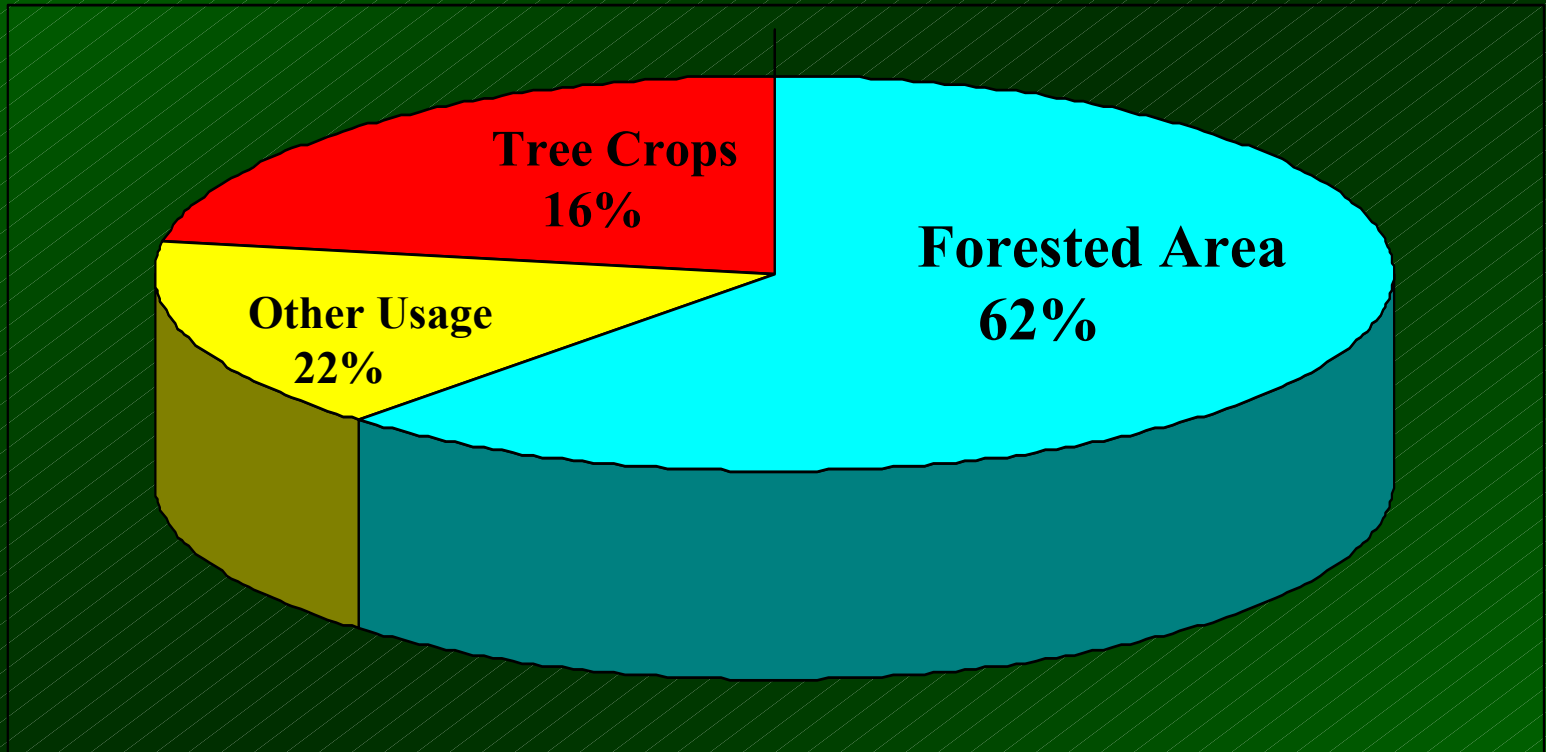


GREEN MALAYSIA

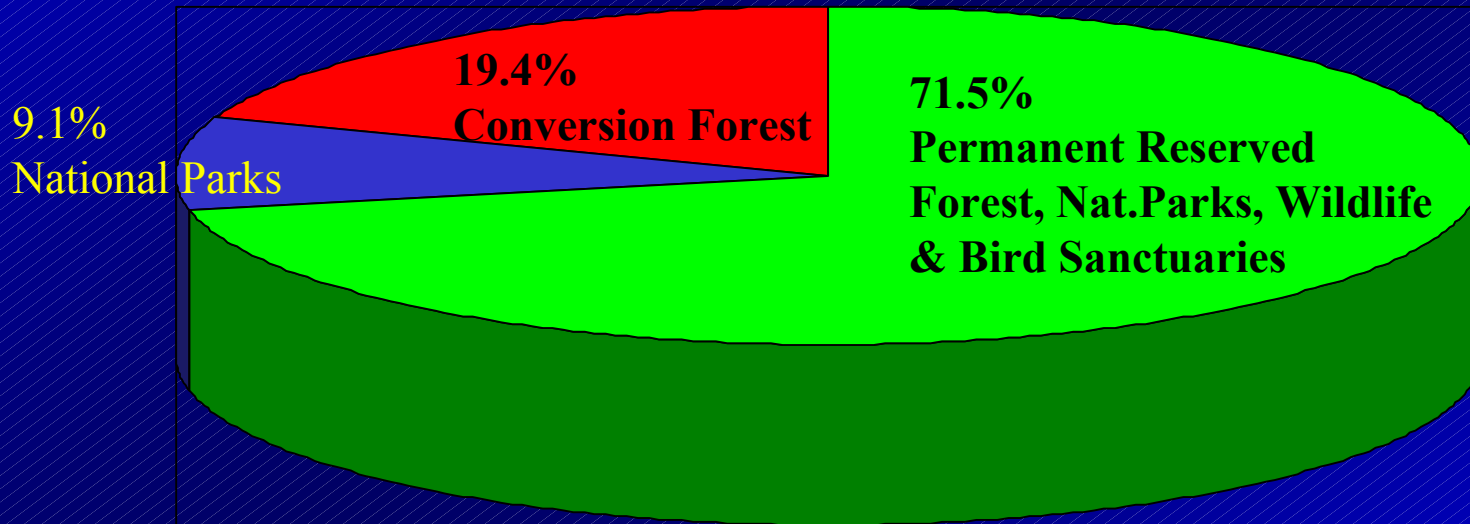


Over 75 % of Malaysia is under tree cover

Land Use in Malaysia - 2001



Forest Land Use in Malaysia - 2001



National Parks, Wildlife & Bird Sanctuaries and Protected Forests

**National Parks, Wildlife
& Bird Sanctuaries outside PRF - 1.83 m.ha**

**National Parks, Wildlife
& Bird Sanctuaries within PRF - 0.32 m. ha**

Protection Forest - 3.81 m. ha

Total - 5.96 m. ha

(29.5% of total forested land)

Increase in Forest Areas in Malaysia

1990

2001

Permanent Reserved Forests

12.72 m. ha

increased to

14.45 m.ha

(+13.6%)

National Parks & Wildlife Sanctuaries

1.50 m. ha

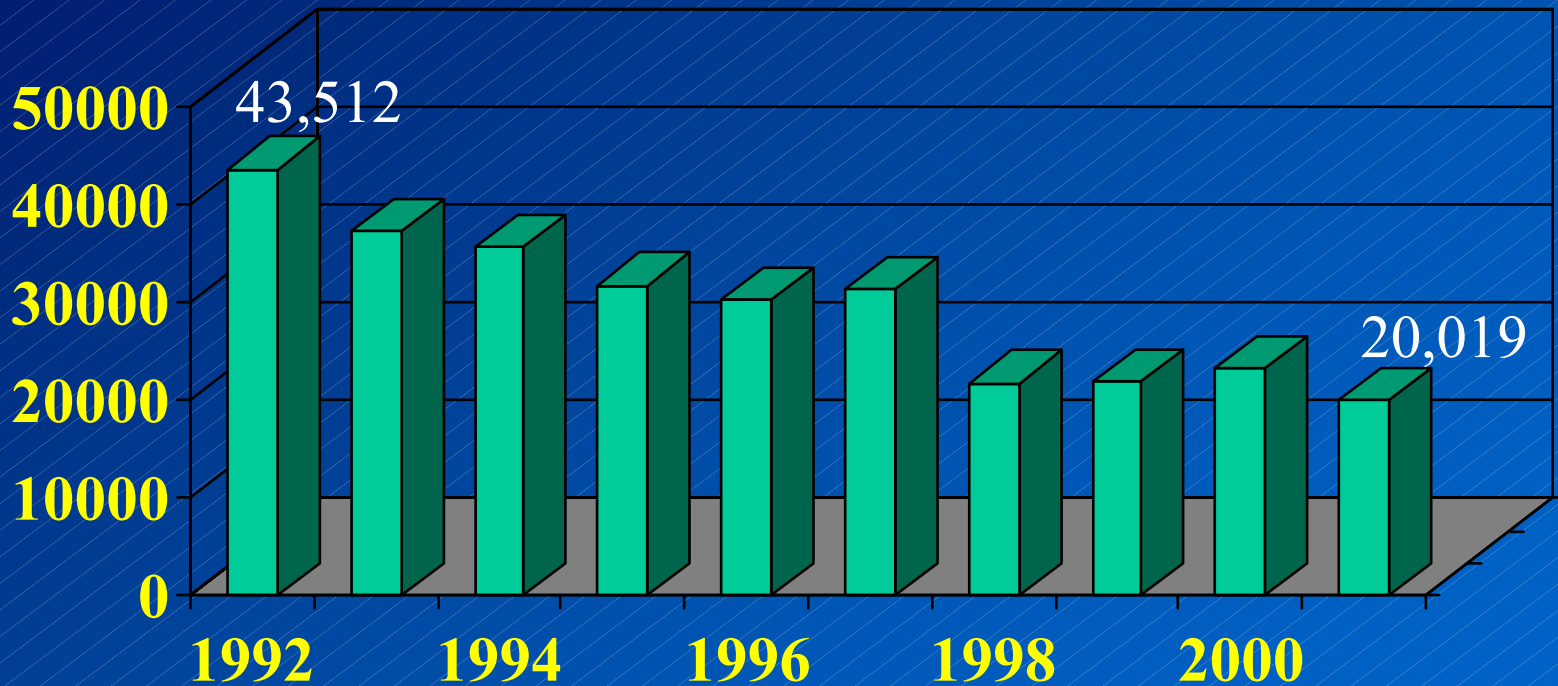
increased to

2.15 m. ha

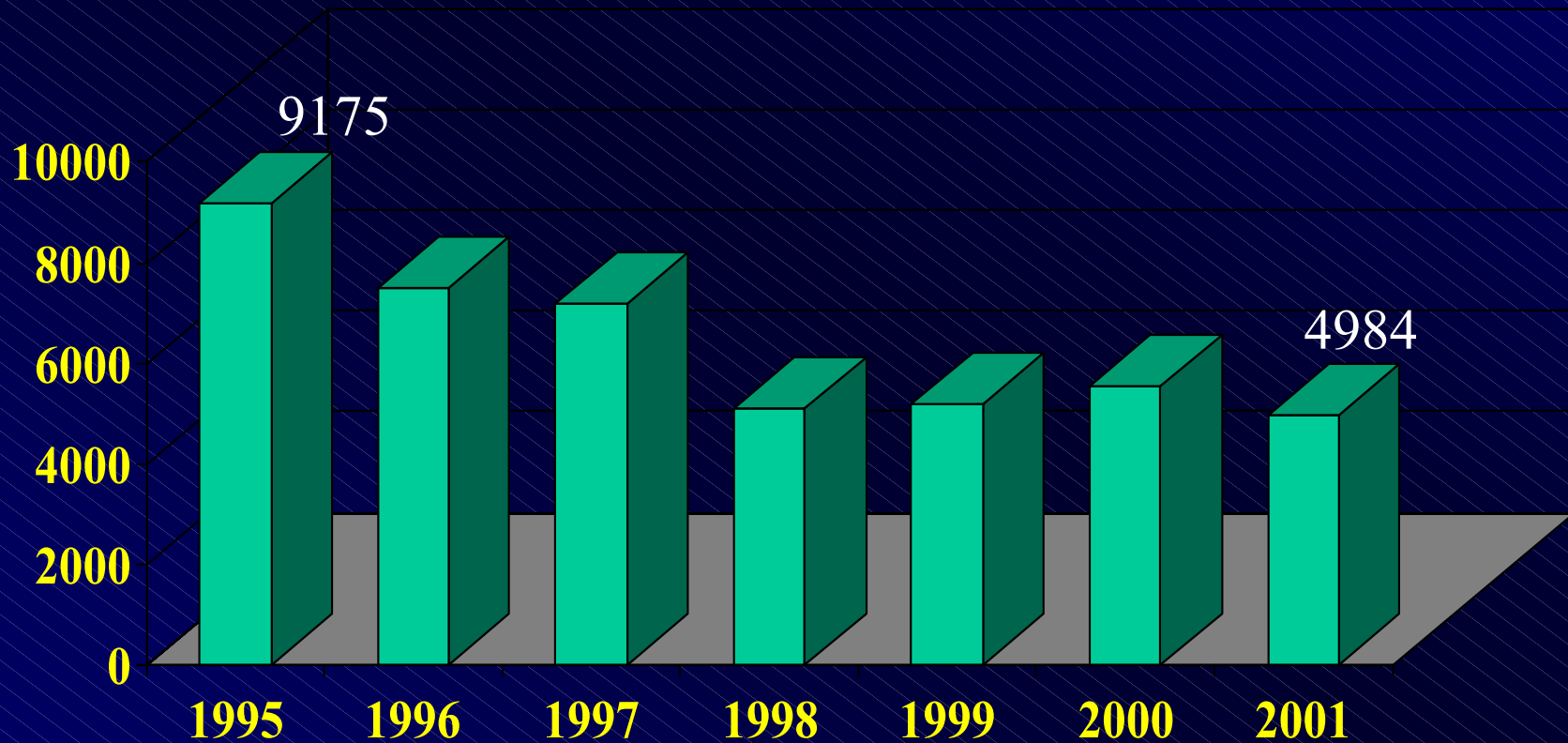
(+43.3%)

Malaysia : Production of Logs

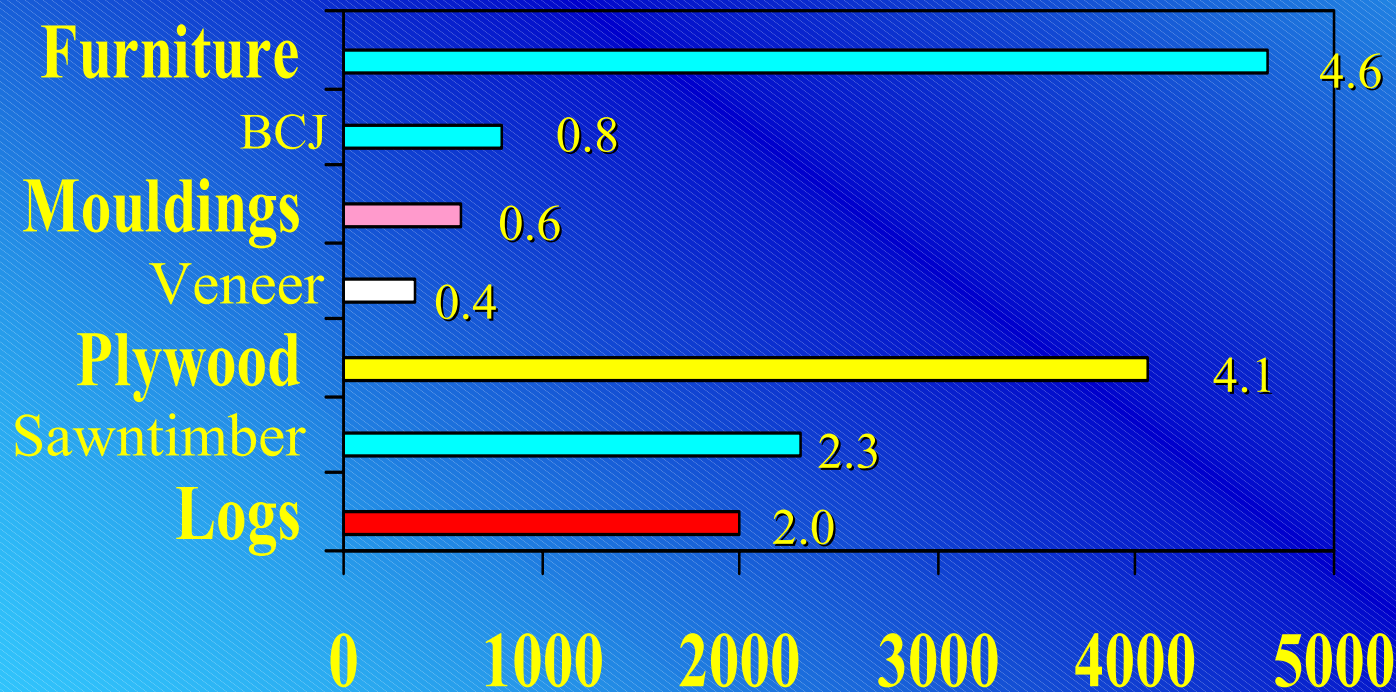
('000 cubic metres)



Malaysia : Production of Sawntimber ('000 cubic metres)

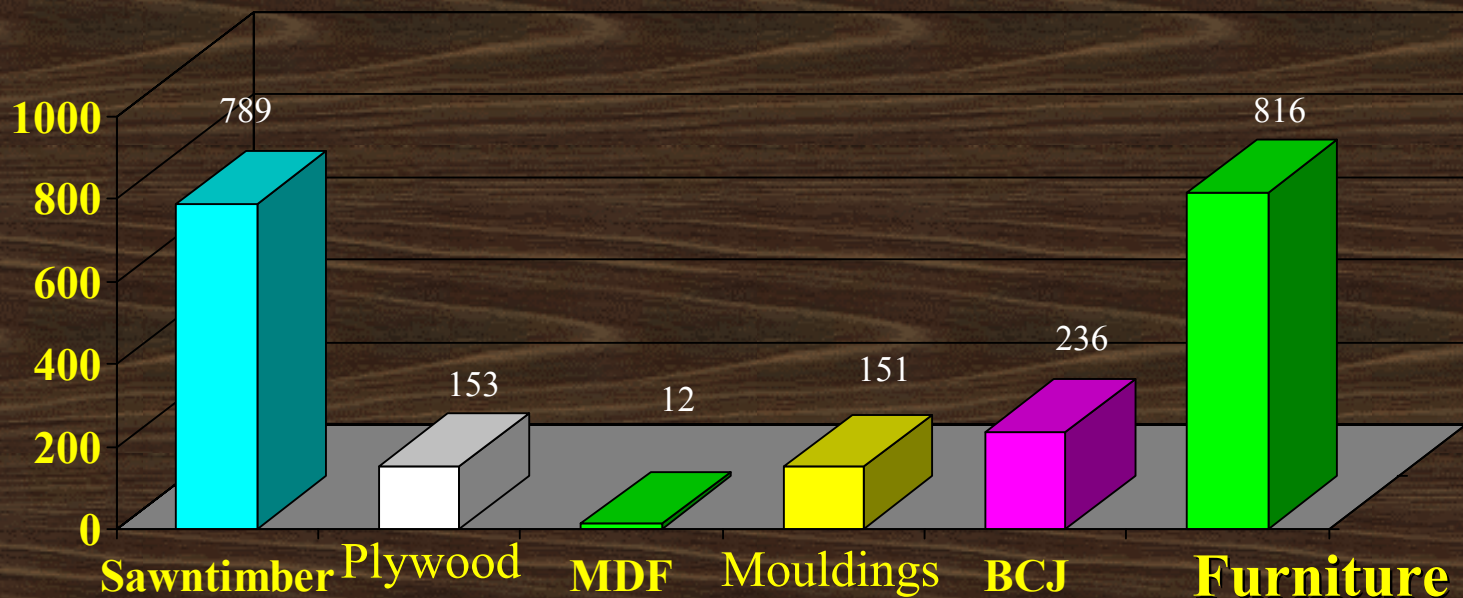


Malaysia : Export of Major Timber Products - 2003 (RM billion)

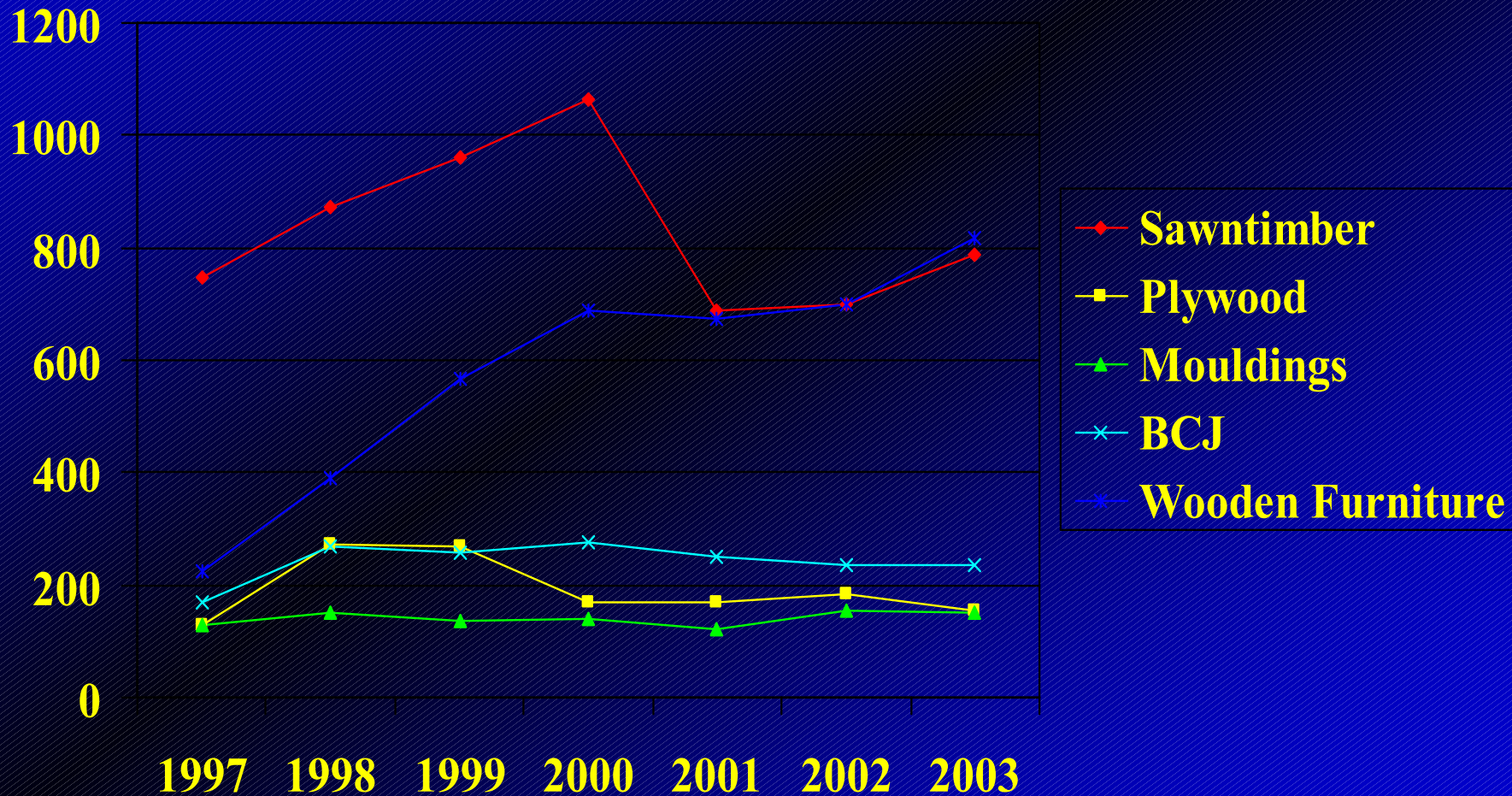


Source: MTIB

Malaysia : Exports of Timber Products to the European Union - 2003 (RM million)



Malaysia : Trend of Exports to the EU (RM million)



Sustainable Forestry Management in Malaysia

- **Long history of forest management – since 1901**
- **Malaysia is one of the leading countries in tropical forestry management**
- **Malaysia has committed to ensure that at least 50% of its land will remain permanently under forest**
- **Has implemented ITTO Guidelines for SFM**
- **Implemented Certification of its forests**
- **Signatory to ITTA, Convention on Biological Diversity, Convention on Climate Change and CITES**

Expenditure on Forest Management Services in Malaysia

1991 - RM 54.18 m. (US\$ 14.2 m.)

2000 - RM 104.51m. (US\$ 27.5 m.)

Representing an increase of + 92.9%

Restructure of Ministry responsible for forestry and timber industry

- **Formerly Ministry of Primary Industries responsible for both forestry management and the timber industry**
- **Under the new Government headed by Prime Minister Dato' Seri Abdullah Ahmad Badawi, forestry management and timber industry are now handled by two ministries:**
- **Ministry of Natural Resources and Environment is now responsible for forestry management**
(Minister : HE Datuk Seri Adenan Satem)
- **Ministry of Plantation Industries and Commodities is now responsible for the timber industry**
(Minister : HE Datuk Peter Chin)

Illegal Logging in Malaysia

- **WWF/World Bank Study 2001 : “Illegal logging in Malaysia less than 1%”**
- **Stepping up enforcement measures to combat illegal logging activities**
- **Malaysia has tough laws against illegal logging:**
 - **mandatory minimum jail sentence of 1 year which can be extended to 20 years**
 - **fine of RM 500,000 (US\$ 131,579)**

Measures to combat illegal trade and smuggling of timber

- **Source of problem : rampant and uncontrolled illegal logging in Indonesia**
- **Malaysia has banned importation of logs and squared logs (> 60 sq.in.) from Indonesia**
- **Enforcement measures stepped up to combat smuggling of illegal logs and sawntimber via jetties and FTZ ports in Malaysia**
- **Restrictions of import licences to only those who can show proof of bona fide sources other than Indonesia**
- **Looking into ways to address legislative gaps in Malaysian law to enable more effective implementation of CITES commitments and combat illegal timber transit within the FTZ ports.**

FOREST LAW ENFORCEMENT

PREVENTION OF ILLEGAL LOGGING IN MALAYSIA

Annual Allowable Cuts (AAC) for the Production Forests within the Permanent Reserved Forests are pre-determined to ensure the success of Sustainable Forest Management. Effective mechanisms exist to prevent "leakage" from the AAC.

Illegal logging by unlicensed party:

- Setting up of 'Enforcement Teams' within State Forestry Departments to patrol sensitive areas, occasionally by helicopters.
- Encouraging public informants to report illegal activities to the relevant Forestry Department, by putting up posters and giving rewards. Complaints are acted upon within three days.
- Checking Station System where all log-carrying lorries are required to carry '(log) removal passes' which are issued by the checking stations at all times. Roadblocks setup by the Enforcement Team from time to time.
- Deterrent sentences — the National Forestry Act, 1984 which was revised in 1993 has greatly increased pecuniary penalties and include mandatory jail sentences for offenders. The revised Act also enables the Forestry Departments whenever necessary, to enlist the help of the Police & Armed Forces in countering problems with illegal logging.

Illegal logging by licensed party outside licensed areas or felling of prohibited trees:

- A detail boundary-marking system clearly designates boundaries of licensed areas that can be easily re-checked and prevents boundary alteration. Field officers tasked with measuring and marking boundaries are given 'personalized hammer-marks' to mark trees used to delineate boundaries.**
- Reference points for logging blocks are accurately determined using permanent features in the topography map or benchmarks used by the Department of Survey and Mapping.**
- Trees to be cut, above a minimum diameter are determined using a Pre-Felling Inventory which is a standard procedure in Selective Management System. Control is enhanced through the use of a tree marking and tagging system. Logs that go through the checking stations must carry its original tag and it must tally with the pre-deposited record.**

*Illegal Indonesian Logs and LSS confiscated
by Malaysian Customs Authorities up till
early March 2004*

Peninsular Malaysia	10,065 cu.m.
Sabah	4,489 cu.m.
Sarawak	4,251 cu.m.
Total volume	18,805 cu.m.

Sarawak – enforcement of cross border import of timber

- Banned imports of Indonesian logs
- Import of Indonesian timber products only allowed with valid documents issued by the Indonesian authorities and only through 5 designated entry points
- Enforcement stepped up
- From 2000 – April 2004, STIDC seized 4,251 m³ of illegal timber products that entered Sarawak



Malaysia is committed to CITES

- **Malaysia is a signatory to CITES**
- **Following Indonesia's listing of Ramin in CITES Appendix 111, Malaysia entered an official reservation**
- **This means that Malaysia would enforce all CITES regulations on Ramin logs and sawntimber but not on processed products.**
- **Malaysian Ramin can be exported but require a CITES Certificate of Origin from MTIB or the Sarawak Forestry Corporation**
- **MTIB is liaising with CITES MA of Indonesia on enforcement measures**
- **Between August 2001 and 3 March 2004, 31 cases of Ramin smuggling have been intercepted in Peninsular Malaysia, involving 3,520 m³ of logs, LSS and sawntimber.**

Meeting with EIA and other ENGOs

- **Meeting between EIA and other NGOs with the Malaysian Minister of Primary Industries held in Malaysia on 18 Feb 2004**
- **Malaysia do not agree with to EIA proposal to ban trading of ramin for a year to allow amendment of FTZ law**
- **Malaysia will investigate allegations made by EIA and appropriate action will be taken**
- **Minister agreed to cooperate with the EIA to find a solution**

Cooperation with Indonesia

- **Malaysia has consistently voiced its willingness to work with Indonesia to combat the illegal trade in timber**
- **Despite repeated requests, Indonesia has not agreed to meeting at Ministerial level**
- **Several meetings have taken place at official level**
- **Efforts made to revive bilateral Joint Working Group on Forestry**
- **Cooperation continuing with Indonesia within ASEAN and ITTO on forestry and certification matters.**
- **In Jan 2004, Prime Minister of Malaysia and President of Indonesia issued joint statement renewing efforts to prevent smuggling, including the smuggling of timber**

Cooperation with EU and European Timber Trade on illegal trade in timber

- **Malaysia agreed in principle to support EU FLEGT process**
- **EU consultation mission visited Malaysia on 12 May 2004 – discussed Voluntary (FLEGT) Partnership Agreement**
- **MTC has joined the UK TTF and timber federations of Netherlands and Belgium in an initiative to import legally sourced timber from Malaysia and other tropical countries**



MTCC Scheme started operation in October 2001 using phased approach

**Current standard used (MC&I 2001)
Based on 1998 ITTO Criteria and Indicators for Sustainable Management of Natural Tropical Forests**

Next phase (from 1 Jan. 2005) will use new standard (MC&I 2002) based on Principles and Criteria of the Forest Stewardship Council (FSC)

At the end of April 2004 – 12,412 cu. m.of MTCC-certified timber exported to Europe (UK, Netherlands, Belgium, France, Germany) and Australia

MTCC Certificates

Two types of Certificates are issued:

1. **Certificate for Forest Management** for Forest Management Units (FMUs)
(8 certificates issued for 8 FMUs in Peninsular Malaysia - 4.74 million ha.)
2. **Certificate for Chain-of –Custody (CoC)** for timber product manufacturers or exporters
(45 certificates issued)

Cooperation between MTCC and other certification Schemes

- **MTCC – FSC cooperation since 1999**
- **MTCC is a member of PEFC since November 2002**
- **MTCC supports the principle of mutual recognition between credible certification schemes**

MTCC – FSC Cooperation

- **MC&I 2002 based on FSC Principles & Criteria developed by multi-stakeholder National Steering Committee (NSC) comprising of social, environmental and economic stakeholder groups**
- **MC&I 2002 finalised and adopted by consensus of above groups in Oct. 2002**
- **Action Plan adopted by NSC on formation of a FSC National Working Group (NWG) to advance work of the NSC by developing standard to be submitted to FSC for endorsement**

Increasing Recognition and Acceptance of MTCC Scheme

- **Danish Government has included MTCC as an accepted scheme in its Environmental Guidelines for purchasing tropical timber**
- **MTCC is gaining recognition from various authorities and companies in Europe as a credible proof of “legality progressing towards sustainability”**

Malaysia's Position

- **Malaysia is committed to the sustainable management of its forests and conservation of bio-diversity**
- **Sustainable development of its timber industry**
- **Committed to the certification of its forests and to the concept of mutual recognition of certification schemes**
- **Committed to eliminating illegal logging within its borders and to combating the smuggling and trade in illegal timber**
- **Committed to the European market and to work with its trade partners and the EC to ensure that all timber products exported are legal and sustainable**
- **While a lot of progress has been achieved, recognize that more can be done and will continue to do so within constraints of limited manpower and resources**

Thank You