

MTC appoints Muhtar Suhaili as new CEO



MTC

Malaysia is a major exporter of timber to South Africa. The Malaysian Timber Council (MTC) recently appointed Muhtar Suhaili as the new CEO. In the aftermath of Covid-19 the Malaysian timber industry faces many challenges, but it is not all doom and gloom, Suhaili tells **Leon Louw**.

The Malaysian Timber Council (MTC) was established in January 1992 to promote the development and growth of the Malaysian timber industry globally. According to Suhaili, MTC's main objectives are to promote the Malaysian timber trade and to develop the market for timber products

globally, to promote the development of the industry by upgrading the industry's manufacturing technology base and to augment the supply of raw materials. "Furthermore, MTC will aim to provide information services and to protect and improve the Malaysian timber industry's global image," says Suhaili.

Suhaili, 39, who has a master's degree in petroleum technology from Curtin University of Technology, Australia, and a bachelor's degree in mechatronics engineering from the International Islamic University of Malaysia (IIUM), is currently pursuing his doctoral degree (PhD) in business administration.

Prior to joining MTC, Muhtar was the lead project engineer in Shell Malaysia where he worked for 15 years, and with Perodua Auto Corporation Sdn Bhd prior to that. He was also the chairman of Malaysian Palm Oil Certification Council (MPOCC) for a brief period in 2020.

Muhtar has extensive knowledge in managing mega projects, business planning, business improvement initiatives, manpower planning and human resource development. Having work exposure in The Netherlands and Germany, he also has experience in managing engineering design offices.

"I highly believe with his vast experience and knowledge within various industries and multinational organisations, Muhtar will be instrumental in enhancing MTC's efforts in bringing the Malaysian timber industry to greater heights," says MTC Chairman Tuan Haji Mazli Zakuan Mohd Noor.

A humanitarian at heart, Muhtar has devoted much of his time in voluntary social work which centres on education and healthcare issues, among others. He has also presented papers and spoken at international arenas on industrial development and people empowerment, especially the youth. In an exclusive interview with *Timber iQ*, Suhaili tells us about the challenges and opportunities for the timber industry in Malaysia.

What specific challenges have you identified to be addressed by the Malaysian timber industry?

The major challenges that we face in Malaysia are the supply of raw materials, technological advancements, product innovation and design. In addition, I would say that labour issues is another major challenge.

The continuity of timber raw material supply is fundamental to the development of the timber industry. The development and promotion of value-added products with original design concepts is also crucial. There is a need for the manufacturers to progress towards becoming Original Design Manufacturers and Original Brand Manufacturers to be more competitive. It is also important to leverage on automation and mechanisation to improve production efficiency.

This is in line with the Fourth Industry Revolution (IR4.0) such as the use of robots and components of IoT (sensors, vision system), simulation, real time data collection and analytics in the timber industry.

There is also a need to strengthen the competency and knowledge of the local workers in the timber industry to facilitate the adoption of cutting-edge technologies which will improve productivity and reduce the high dependency on unskilled foreign workers.

In view of these challenges, MTC, via its 5-Year Plan for 2019-2023, has laid out its strategic approach in transforming the timber industry in the country. The plan is made up of four Key Thrusts and fourteen Focus Areas to address the above challenges.

Some of the activities formulated include:

- a. Import Assistance Programme (IAP) which helps with the augmentation of raw materials to produce value-added products.
- b. Financial Incentive for Purchase of Machinery (FIPM) which encourages the timber-based manufacturers to automate and adopt the latest technology.
- c. Design Incubator Programme which is a collaboration between Malaysian timber and furniture manufacturers with designers/architects for the development of Malaysian-made high-value branded products with design concepts.
- d. Business Succession Programme which will help the second generation of the family to run the companies.
- e. Factory Automation & Smart Manufacturing, a programme focusing on intensifying efforts towards the adoption of automation and digitalisation as a prelude to IR4.0. It includes the Purchase of Software to Digitalise Business Processes; Smart Manufacturing Consultation and Process Line Automation, among others.
- f. Engineer Placement in Industry is a programme designed to prepare engineers with customised training for the timber industry.
- g. Product Development which will promote the utilisation of local timber species, for example, Merpauh and Sepetir for the production of high-value products. This includes the Bumiputera Development Programme which MTC would collaborate with The Malaysian Timber Industry Board.
- h. Various dialogues to be conducted regularly with its foreign counterparts via online on probable business opportunities and continues to participate in international trade exhibitions and missions, virtually too.
- i. At the same time, MTC also delve into the field of digital marketing and communication where we will promote the adoption and implementation of digital solutions to improve the marketing aspects of timber companies to prepare themselves in the new business environment post-pandemic.
- j. In the area of elevating Malaysian brands, MTC would also have programmes to assist industry branding.

How many members does the MTC represent?

MTC represents the interest of members of the Malaysian timber industry from the following six timber associations:

- Malaysian Wood Industries Association (MWIA)
- The Timber Exporters' Association of Malaysia (TEAM)
- The Malaysian Panel-Products Manufacturers Association (MPMA)
- Malaysian Wood Moulding & Joinery Council (MWMJC)
- Malaysian Furniture Council (MFC)
- Association of Malaysian Bumiputera Timber and Furniture Entrepreneurs (PEKA).

What are the opportunities in the Malaysian timber industry?

The timber industry provides employment opportunities to more than 100 000 workers. With over 1 900 mills in Malaysia, the industry offers a wide range of timber products such as sawntimber; panel products like plywood, Medium-Density Fibreboard (MDF), particleboard, chipboard and Laminated Veneer Lumber (LVL); mouldings; joinery products like decking, wooden flooring, doors, staircases, lamscant, window frames and picture frames and indoor, office and outdoor furniture.

Engage, Connect and Grow with the Malaysian timber industry's trusted companion



Your go-to consociate for business opportunities with Malaysian wood-based manufacturers



The industry is actively progressing towards creating higher value-added products such as mouldings, joinery products and wooden furniture for more revenue with better incorporation of automation and mechanisation. These products are mostly exported to developed countries such as the US and Europe. Timbers for panel products such as plywood, fibreboard and particleboard will also have a greater degree of recovery rate. There will be no room for wastage as the residues will be used for woodchips and sawdust. These products are mostly exported to Japan, the US, and South Korea.

Malaysia recently signed the Regional Comprehensive Economic Partnership (RCEP), a free trade agreement in the Asia Pacific region, to strengthen regional economic resilience without unnecessary barriers to trade or disruption to global supply chain. It was the largest FTA ever with its signatories to include Brunei, Cambodia, Indonesia, Laos, Malaysia, Myanmar, the Philippines, Singapore, Thailand, Vietnam, Australia, China, Japan, New Zealand, and South Korea.

Other than that, Malaysia has bilateral and multilateral FTAs with various countries such as Japan, South Korea, Australia, New Zealand, Pakistan, India, China, and Chile.

Malaysia is blessed with a variety of timber species and many of them have potential to be developed and commercialised for both the local and export markets.

Accelerating into e-commerce platforms is currently a strategic priority for the timber industry to improve market access and business profitability.

Moreover, Malaysian timber-based manufacturers have the capacity and capability to produce products from the conceptualisation and design stages to manufacturing them and complying with international standards; as our products are exported to more than 160 countries.

How has the Covid-19 restrictions and lockdowns affected the Malaysian timber industry?

MTC together with many public and private sector organisations played a key role in facilitating the smooth operation of the timber sector during the Movement Control Order (MCO) implemented in March 2020, by analysing and channeling feedback from the industry players to the relevant ministries (such as the Ministry of Plantation Industries and Commodities and Ministry of International Trade and Industry).

Two surveys were conducted by MTC in April and June 2020 on the impact of the MCO on the Malaysian timber industry. Findings from these surveys as well as consultation sessions with the timber industry members were used in formulating inputs and suggestions for the policymakers about policy matters and special assistance for businesses during the pandemic.

In addition, the findings from the surveys and consultation sessions have been crucial for MTC towards making a realistic change to its operation model and revision of its activities to help the industry build resilience during this crisis and sustain their business.

Furthermore, quick response and strong support from the government to stimulate the economy through various stimulus packages also helped the industry to weather the impact of the pandemic.

How has Covid-19 affected Malaysia's timber exports around the globe, especially to South Africa?

The overall export of timber products from January to October 2020 from Malaysia was USD4.2 billion, down by 5.5% compared to the same period in 2019. The export of all major timber products, except wooden furniture, suffered varying degree of decline for the period, as the global demand of timber products was interrupted by lockdowns around the world.

The total Malaysian export of timber products to South Africa from January to October 2020 was USD27.9-million, down by 40.3% compared to the same period last year.

The total Malaysian export of timber products to South Africa from January to October 2020 was USD27.9-million, down by 40.3% compared to the same period last year.

Export by product (Jan-Oct 2020):

- Sawntimber: USD11.0-million (-46.8%)
- Wooden furniture: USD10.7-million (-30.0%)
- BJC: USD2.1-million (-44.8%)
- Fibreboard: USD1.9-million (-43.4%)
- Mouldings: USD1.1-million (-45.9%)
- Plywood: USD0.6-million (-27.0%)
- Veneer: USD0.05-million (-67.6%)
- Other products: USD0.4-million (-17.8%)

South Africa contributed about 0.7% of the total of Malaysia's export of timber products from Jan-Oct 2020. The majority of the sawntimber species being exported from Malaysia to South Africa is Dark Red Meranti.

Please give us some background and more detailed information about the Malaysian timber and forestry industry.

Malaysia has a total forested area of 18.27 million ha of which 10.92 million hectares are permanent reserve forest and 3.31 million hectares are totally protected areas.

Currently, log production in Malaysia is 12.7 million m³, sawntimber 3.5 million m³, plywood 2.6 million m³ and veneer 0.6 million m³.

The country is moving towards forest plantation and raw material importation to create alternative sources for raw material and encourage value-added manufacturing.

Under its Forest Plantation Development Programme, the total area planted to-date is 124 767ha with the first harvest expected in 2022.

How does MTC ensure that the forestry and timber industries in Malaysia will remain sustainable in the future?

-Malaysia has kept its promise that was made at the Rio Earth Summit in 1992. Malaysia is committed to maintaining over 50% of its total land area under forest cover. The country has, to date, maintained 55.3% of its land area under forest cover.

The national Annual Allowable Cut has been revised from 276 000ha for the period of 1996-2000 to 246 888ha for 2016-2020 to ensure the sustainability of the timber supply from natural forests remains intact. As a major producer and exporter of timber products, tremendous efforts have been made to ensure that it is able to supply timber products that are sourced from sustainably managed forests. For this

FEATURES

purpose, the Malaysian Timber Certification Council (MTCC) was set up in 1998 as an independent organisation to develop and operate the Malaysian Timber Certification Scheme (MTCS).

MTC has always been promoting Malaysia's legal and sustainable timber products. The Council has been working with MTCC over the years to spread awareness on the sustainable practices implemented in the timber industry and forestry sector in Malaysia.

The MTCS has become the first tropical timber certification scheme in the Asia Pacific region to be endorsed by the Programme for the Endorsement of Forest Certification (PEFC) since 1 May 2009. The endorsement gives further assurance and credence that forests certified under the MTCS are implementing best management practices and contributing to the challenging efforts to achieve SFM at the global level. As of 16 November 2020, Malaysia has 5.27 million hectares of MTCS-PEFC certified forest

How important is the timber sector for the country?

The timber industry is an important contributor to the Malaysian economy. In 2019, it achieved USD5.4-billion in exports which is 2.3% of the country's total merchandise export and contributed 1.6% to the country's GDP. The industry attracted a total investment worth USD170.8-million in 2019.

Based on global export rankings in 2019, Malaysia is the fourth largest exporter of plywood; sixth largest for both wooden furniture and wooden frames; eighth for mouldings and 10th for sawntimber. Malaysia is also amongst the top 20 exporters of fibreboard, builder joinery and carpentry, and veneer. 



Muhtar Suhaili, new CEO of the Malaysian Timber Council (MTC).



MORE THAN 150 YEARS IN HARDWARE

When it comes to hardware, Trust **VORMANN SA** to deliver the best service, the best quality and the best products

Vormann is a **trusted name** that stands out when it comes to **exceptional hardware**. Look for Vormann products at these major retail outlets nationwide – Builders Warehouse, Builders Express, Builders Trade Depot, Mica, Mega Mica, Buco, Timber city, Bright's, Chamberlain's, Burmeister's and other independent hardware stores.

Vormann products include: hinges, fittings, timber connecting pieces, supporting shoes, angles, connectors, supports, hooks, chains, ropes, wall brackets, shelving systems and -brackets, wide range of stainless steel products, handrail system, specialised hardware accessories and more.



Unit 54, Ivory Crescent, Tamsui Industrial, George, 6529
Tel: +27 44 878 1441 | Email: info@vormann.co.za
www.vormann.co.za