

ANNUAL
REPORT
2003

CONTENTS

	Page
VISION AND MISSION	2
CORPORATE PROFILE	3
BOARD OF TRUSTEES	4
* Certification Committee	4
* Appeals Committee	5
* Investment Committee	5
ORGANISATION STRUCTURE	6
* Management Team	6
* In-House Investment Committee	6
CHAIRMAN'S STATEMENT	7
REVIEW OF OPERATIONS	8
OPERATIONS	10
* Forest Management Certification	10
* Chain-of-Custody Certification	11
* Registration of Independent Assessors and Peer Reviewers	14
* Export of MTCC-Certified Timber Products	14
PROMOTION	15
* Malaysian Timber Mission to Europe	15
* Publicity	16
* Participation in Conferences/Seminars/Workshops/Courses/Meetings	17
* Presentations/Briefing Sessions	17
GOVERNMENT OF DENMARK ACCEPTS MTCC SCHEME	18
REVIEW OF INTERNATIONAL DEVELOPMENTS IN TIMBER CERTIFICATION	19
COOPERATION	22
* Mutual Recognition	22
* Malaysia-The Netherlands Cooperation in Timber Certification	23
* MTCC-FSC Cooperation	23
* MTCC-PEFC Cooperation	25
* Pan ASEAN Timber Certification Initiative	25
SIGNIFICANT EVENTS	26
FINANCIAL STATEMENTS	32



VISION

To be recognised as the leading
timber certification organisation
for tropical forests

MISSION

To establish and operate a
credible and internationally
recognised national timber
certification scheme towards
promoting sustainable forest
management in *Malaysia*

Corporate Profile

The Malaysian Timber Certification Council (MTCC) is an independent non-profit organisation established in October 1998 to develop and operate a voluntary national timber certification scheme in Malaysia. Incorporated under the Companies Act 1965 as a company limited by guarantee, MTCC is governed by a Board of Trustees and started its operation in January 1999.

Timber certification was conceived as a market-linked tool to promote and encourage sustainable forest management as well as to provide an assurance to buyers that the timber products they buy come from sustainably managed forests.

In performing its role, MTCC's main activities are to:

- ☞ Serve as a forum for consultation among all stakeholders in Malaysia on the establishment and operation of a timber certification scheme
- ☞ Cooperate and liaise with the appropriate standards setting body in formulating standards related to timber certification and keeping them under review periodically
- ☞ Process applications for timber certification, exercise control over assessments of forest management and chain-of-custody in the applicant enterprises, and make decisions regarding the applications for certification
- ☞ Formulate procedures and guidelines for assessment of forest management and chain-of-custody
- ☞ Implement a system to monitor the operation of the certification scheme, including appeals procedures, surveillance mechanism for periodic review of compliance by certified enterprises, and rules for the use and issuance of certificates
- ☞ Coordinate with national, regional and international bodies related to timber certification to facilitate cooperation and mutual recognition arrangements
- ☞ Conduct programmes to promote and publicise the timber certification scheme, both internationally and locally



Board of Trustees

The Board of Trustees, comprising the Chairman and eight other members, is the governing body which decides the overall policy and direction in carrying out MTCC's activities. In addition to the Chairman, the members comprise two representatives each from academic and research institutions, the timber industry, non-governmental organisations (NGOs) and government agencies.

The members of the Board of Trustees in 2003 were:

Chairman

Dato' Dr. Freezailah bin Che Yeom

Member

Tuan Haji Mohd. Yusoff bin Haji Mydin

Dato' Leong Ah Hin @ Leong Swee Kong

Dato' Dr. Abdul Razak bin Mohd. Ali

Prof. Dato' Dr. Nik Muhamad bin Ab. Majid

Assoc. Prof. Dr. Aminuddin bin Mohamad

Datuk Leo Chai

Mr. Goh Chee Yew

Dato' Sheikh Othman bin Sheikh Abdul Rahman

Tuan Haji Jamaluddin bin Mohd. Isa

Organisation

Ministry of Primary Industries

Ministry of Science, Technology and the Environment

Forest Research Institute Malaysia

Universiti Putra Malaysia (up to 23 June 2003)

Universiti Malaysia Sabah (w.e.f. 23 June 2003)

Sarawak Timber Association

Malaysian Wood Industries Association (up to 23 June 2003)

Malaysian Panel-Products Manufacturers' Association
(w.e.f. 23 June 2003)

Malay Forest Officers Union, West Malaysia

The Board of Trustees met three times in 2003 as follows:

Eighteenth Meeting - 9 January

Nineteenth Meeting - 31 July

Twentieth Meeting - 21 October



*Eighteenth
Meeting of
Board of
Trustess*



Sitting left to right: Tuan Haji Mohd. Yusoff bin Haji Mydin, Dato' Dr. Freezailah bin Che Yeom, Dato' Sheikh Othman bin Sheikh Abdul Rahman

Standing left to right: Dato' Dr. Abdul Razak bin Mohd. Ali, Assoc. Prof. Dr. Aminuddin bin Mohamad, Tuan Haji Jamaluddin bin Mohd. Isa, Datuk Leo Chai

Absent: Dato' Leong Ah Hin

CERTIFICATION COMMITTEE

The Certification Committee continued to carry out the following functions: (i) to decide on the registration and de-registration of independent assessors, and (ii) to decide on applications for forest management and chain-of-custody certification based on assessment reports submitted by independent assessors; and (iii) to consider applications for registration as peer reviewers.

The members of the Certification Committee in 2003 were:-

Member	Organisation
Tuan Haji Mohd. Yusoff bin Haji Mydin	Ministry of Primary Industries
Dato' Dr. Abdul Razak bin Mohd. Ali	Forest Research Institute Malaysia
Mr. Goh Chee Yew	Malaysian Wood Industries Association (up to 23 June 2003)
Dato' Sheikh Othman Sheikh Abdul Rahman	Malaysian Panel-Products Manufacturers' Association (w.e.f. 23 June 2003)
Tuan Haji Jamaluddin bin Mohd. Isa	Malay Forest Officers Union, West Malaysia

The Certification Committee met twice in 2003 as follows:-

Fourth Meeting - 23 January

Fifth Meeting - 18 September

APPEALS COMMITTEE

An Appeals Committee has been established by the Board of Trustees to consider appeals from applicants for forest management and chain-of-custody certification against the decisions of the Certification Committee.

The members of the Appeals Committee in 2003 were:-

Chairman

Dato' Dr. Freezailah bin Che Yeom

Member

Dato' Leong Ah Hin @Leong Swee Kong
 Prof. Dato' Dr. Nik Muhamad bin Ab. Majid
 Assoc. Prof. Dr. Aminuddin bin Mohamad
 Datuk Leo Chai

Organisation

Ministry of Science, Technology and the Environment
 Universiti Putra Malaysia (up to 23 June 2003)
 Universiti Malaysia Sabah (w.e.f. 23 June 2003)
 Sarawak Timber Association

The Appeals Committee met for the first time on 21 October to consider an appeal from Samling DorFoHom Sdn. Bhd. against the decision made at the Fifth Meeting of the Certification Committee on its application for the MTCC *Certificate for Chain-of-Custody*.

INVESTMENT COMMITTEE

The Investment Committee was established by the Board of Trustees with the main objective of overseeing the overall implementation of MTCC's investment policy, particularly in the management of the Endowment Fund. In addition to the formulation of policies and procedures on matters related to the objectives of the establishment of the Fund, the Committee is also responsible for the selection and appointment of the professional Fund Managers, as well as determining the amount to be allocated to the appointed Fund Managers. The Committee reports periodically to the Board regarding its activities, and is also responsible for ensuring that all audited annual statements and reports are duly submitted to the Ministry of Primary Industries and the Ministry of Finance.

The members of the Investment Committee in 2003 were:

Chairman

Dato' Dr. Freezailah bin Che Yeom

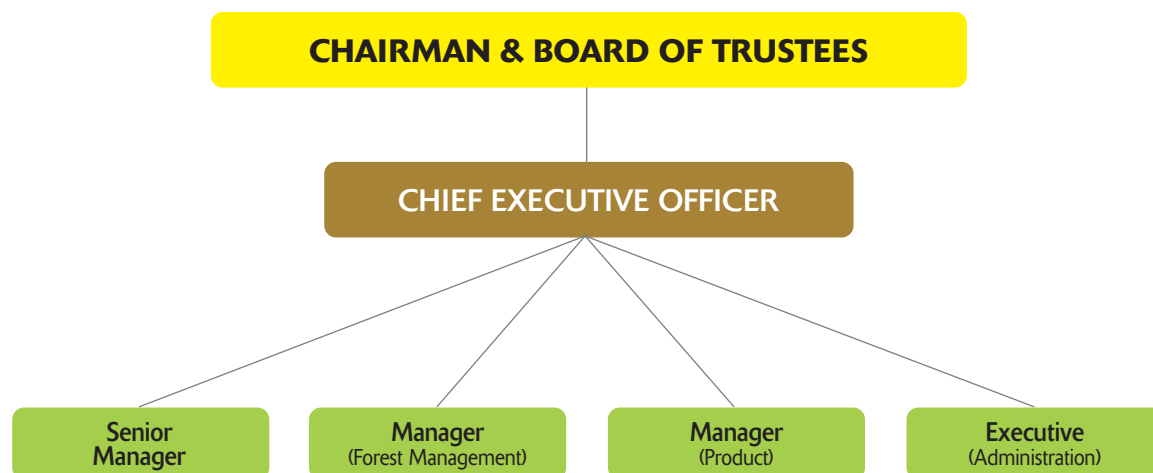
Member

Tuan Haji Mohd. Yusoff bin Haji Mydin
 Mr. Mustafar bin Taib
 Mr. Chew Lye Teng

Organisation

Ministry of Primary Industries
 Ministry of Finance
 Malaysian Timber Certification Council

Organisation Structure



Management Team

Mr. Chew Lye Teng - Chief Executive Officer
 Mr. Harnarinder Singh - Senior Manager
 Mr. Ismail bin Ibrahim - Manager (Product)
 Mr. Yong Teng Koon - Manager (Forest Management)
 Ms. Noor Eshah binti Yat - Executive (Administration)

In-House Investment Committee

The In-House Investment Committee was established with the main objective of monitoring the implementation of the decisions of the Investment Committee, as well as to formulate investment recommendations for the consideration of the Investment Committee. This Committee reports periodically to the Investment Committee.

The members of the In-House Investment Committee in 2003 were:-

Mr. Chew Lye Teng (Chairman)
 Mr. Harnarinder Singh
 Mr. Ismail bin Ibrahim
 Ms. Noor Eshah binti Yat (Secretary)



Left to right: Harnarinder Singh, Ismail bin Ibrahim, Chew Lye Teng, Yong Teng Koon, Noor Eshah bt Yat

Chairman's Statement

I am pleased to present the Malaysian Timber Certification Council's Annual Report and the Audited Accounts for the financial year ending 31 December 2003.

During 2003, the year under review, forest and timber certification gathered further momentum both worldwide and within Malaysia. Within this context, issues related to illegal logging and illegal timber trade were widely debated spawning a host of national, regional and international initiatives. Undoubtedly, timber certification can contribute to efforts to combat such malpractices.


By the end of the year, about 177.55 million hectares of the world's forests had been certified. But tropical forests accounted for only about four percent. This reflected amongst others, the complexity, difficulties and costs in the sustainable management of tropical forests and certification when compared to temperate and boreal forests. By the end of 2003, more than 4.11 million hectares of Malaysia's permanent reserved forests were MTCC-certified. This is indeed a tribute to the commitment of our Government, both at State and Federal levels, the hard work and dedication of our forest managers, and the cooperation and understanding of all stakeholders in Malaysia in the MTCC process.

Exports of MTCC-certified timber, though still relatively small, were made to The Netherlands, Germany, Belgium, the United Kingdom, France and Australia by the end of 2003. Also a total of 38 timber manufacturing and exporting companies have been awarded the *Certificate for Chain-of-Custody* under the MTCC Scheme.

An active campaign was mounted to promote the wider acceptance and recognition of the MTCC scheme, including a mission to Europe, led by the Honourable Dato' Seri Dr Lim Keng Yaik, Minister of Primary Industries. Although much remains to be done, I am nevertheless encouraged by the response from the international market to the MTCC scheme. In particular, the decision by the Danish Ministry of the Environment to accept and include the MTCC scheme in the environmental guidelines for procurement of tropical timber was most significant in that Denmark became the first country in Europe and the European Union (EU) to take this decision.

2003 was another busy year for MTCC with much challenges, progress and encouragement. Efforts to promote the scheme, cooperation with other schemes and the development of regional initiatives, in order to strengthen both the MTCC scheme and the MTCC process continued during the year. It is therefore with much optimism and greater confidence that MTCC embarked on the New Year of 2004, to chart further progress in its scheme to contribute to the sustainable management of Malaysia's rich tropical forests through timber certification.

I conclude this brief review of the year with my utmost gratitude to all members of the Board of Trustees for their guidance and wise counsel. To the management team of the MTCC and the supporting staff, ably led by Mr. Chew Lye Teng, its Chief Executive Officer, I wish to put on record my appreciation for their dedication and hard work.


Dato' Dr. Freezailah bin Che Yeom
Chairman
16 September 2004





Review of Operations

In 2003, the MTCC timber certification scheme entered its second year of operations and took further steps towards MTCC's mission of operating a credible and internationally recognized national timber certification scheme towards promoting sustainable forest management in Malaysia.

This was reflected in the inclusion of the MTCC scheme as the only scheme from tropical forest countries in the document issued by the Danish Ministry of the Environment entitled *Purchasing Tropical Timber - Environmental Guidelines* for the procurement of timber products by both the public and private sectors. Denmark therefore becomes the first country in Europe and the European Union (EU) to accord recognition to the MTCC scheme.

In Germany, MTCC continued its discussions with the Hamburg City authority on a conditional recognition of the scheme for public procurement purposes.

The increasing acceptance of the scheme and MTCC-certified timber products was also reflected in the increased exports of MTCC-certified products in 2003, with the total exports for the year being 5,942 cubic metres, in the form of mainly sawn timber and some mouldings, to The Netherlands, Germany, Belgium, United Kingdom, France and Australia.

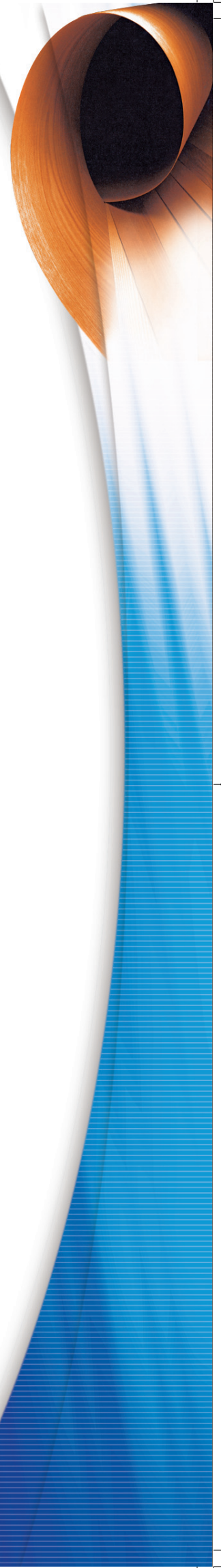
The total area of 4.11 million hectares of forest certified under the MTCC scheme accounted for 28.4% of Malaysia's total area of permanent reserved forests amounting to 14.45 million hectares. This certified area also accounted for a significant percentage of the total area of tropical forests certified throughout the world in 2003. It is however a matter of great concern that the tropical countries continue to lag behind in terms of the total area certified, compared to the boreal and temperate forests, although this is not surprising since the certification of tropical forests is much more complex, difficult and costly compared to temperate and boreal forest countries.

Efforts to promote and publicise the MTCC scheme were sustained throughout 2003, through participation in promotion missions, local and international exhibitions, conferences and seminars, regular updating of the website and in conducting presentations and briefing sessions. A key promotion activity was MTCC's participation in the Malaysian Timber Mission to Europe led by the Honourable Minister of Primary Industries, Y.B. Dato' Seri Dr. Lim Keng Yaik, which led to two important developments i.e. the decision by Denmark to include the MTCC scheme in its environmental guidelines, and the agreement with the European Commission to promote ASEAN-EU cooperation in timber certification.

MTCC continued to engage in discussions aimed at promoting cooperation in timber certification, both at regional and international levels.

Work on the MC&(2002), which is based on the Principles and Criteria (P&C) of the Forest Stewardship Council (FSC) as the template, made steady progress in the form of preparations for the field test of the MC&(2002) in Sabah, Sarawak and Peninsular Malaysia.





Review of Operations

Preparations were also made for the convening of regional consultations to be held in early 2004 in Sabah, Sarawak and Peninsular Malaysia regarding the formation of the FSC National Working Group (NWG).

In addition, a national workshop, which was attended by representatives of the various stakeholder groups, was held as the initial step towards the development of a standard for the assessment of plantation forests in Malaysia, using the P&C as the template.

During the year, MTCC also held discussions regarding the changes in institutional arrangements needed to enable the scheme to meet the requirements for endorsement by the Programme for Endorsement of Forest Certification (PEFC).

In 2003, the Pan ASEAN Timber Certification Initiative has become better known through the participation of representatives of key timber markets such as the EU and Japan, and through linkages to other regional projects such as the ASEAN-German Regional Forest Programme. Such a development will facilitate and speed up the efforts of the ASEAN Member Countries to establish an ASEAN timber certification scheme.

In summary, the year 2003 saw the consolidation of the MTCC certification scheme through the increased number of certified Forest Management Units (FMUs) and timber companies. The MTCC scheme has therefore put a larger area of Malaysia's permanent reserved forests under third party assessment and regular surveillance to ensure good forest management practices, while at the same time enabled more MTCC-certified timber products to be supplied to meet the demand from the environment-sensitive markets.

I would also like to thank the Chairman and members of the Board of Trustees for the continued guidance, support and encouragement given to the MTCC management in carrying out our activities. Last but not least, I would also like to express my sincere gratitude to my team of managers and supporting staff for their contributions towards our activities and achievements in 2003.

Chew Lye Teng
Chief Executive Officer
16 September 2004



Operations

Forest Management Certification

The MTCC timber certification scheme is being implemented using a phased approach. The standard currently used for assessing FMUs is the *MC&I* which is based on the 1998 ITTO *Criteria and Indicators*. It contains the key elements for forest management assessment covering economic, social, environmental and conservational aspects, and incorporates the corresponding standards of performance for Sabah, Sarawak and Peninsular Malaysia identified during the regional and national level consultations held in 1999.

MTCC will be using a new forest management standard, the *MC&I*(2002), in the next phase of its certification scheme beginning January 2005. The *MC&I*(2002) is based on the P&C of the FSC as template and was adopted at the National-level Consultation held on 28-30 October 2002 in Kuala Lumpur. It will undergo regional field tests before being finalised for implementation.

The Fifth Meeting of the Certification Committee held on 18 September agreed that the *Certificate for Forest Management* issued to the Terengganu FMU which was suspended on 1 November 2002 be lifted with effect from 18 September based on the verification conducted in April and the recommendation of the independent assessor, SGS (Malaysia) Sdn. Bhd.

The Fifth Meeting also agreed that the *Certificate for Forest Management* be awarded to four new FMUs, i.e. Johor, Kedah, Perak and Negeri Sembilan FMUs, with effect from 6 October. The decision was made based on the verifications on these FMUs conducted in February-June and the recommendations of SGS (Malaysia) Sdn. Bhd. However, as for the Kelantan FMU, the same meeting agreed that the FMU has not complied with the requirements of the *MC&I* and therefore was not eligible to be awarded the *Certificate for Forest Management*.

In addition, surveillance visits to ensure continued compliance to the *MC&I* were also conducted on the Pahang and Selangor FMUs in July-August by SGS (Malaysia) Sdn. Bhd., resulting in the recommendation that the *Certificates for Forest Management* issued to these two FMUs be maintained, as there were no major CARs raised during the surveillance visits.

Besides the above-mentioned FMUs, in September, the *MC&I* was also used for the pre-assessment of the Sela'an-Linau FMU in Sarawak which comprises 55,949 ha of permanent forest.

Details of the above mentioned verifications, surveillance visits and pre-assessments are shown in the table below.

Forest Management Unit (FMU) (Main Assessment/Surveillance/Verification/Pre-Assessment)	Date
Johor State FMU (verification)	24-28 February
Perak State FMU (verification)	10-14 March
Kedah State FMU (verification)	6-10 April
Negeri Sembilan State FMU (verification)	15-17 April & 17-18 June
Terengganu State FMU (verification)	21-24 April
Pahang State FMU (surveillance)	28 July-1 August
Selangor State FMU (surveillance)	13-15 August
Sela'an-Linau FMU No. 1, Baram, Sarawak (pre-assessment)	8-13 September



Mother tree marked with three yellow rings observed during verification of Pabang FMU



Boundary trees of Permanent Reserved Forest marked with two red rings

Hence, as of 31 December 2003, a total of seven FMUs in Peninsular Malaysia, covering 4.11 million ha of Permanent Reserved Forest (PRF), had been assessed and awarded the MTCC *Certificate for Forest Management*.



Closing meeting during verification of Johor FMU

Holders of MTCC Certificate for Forest Management

FMU	Certificate Number	Issuance Date	Area of FMU (ha)
1. Pahang State FMU	FMC 001	14 December 2001	1,517,594
2. Selangor State FMU	FMC 002	14 December 2001	235,312
3. Terengganu State FMU	FMC 003	14 December 2001	554,332
4. Johor State FMU	FMC 004	6 October 2003	323,675
5. Kedah State FMU	FMC 005	6 October 2003	310,951
6. Perak State FMU	FMC 006	6 October 2003	1,001,705
7. Negeri Sembilan State FMU	FMC 007	6 October 2003	167,837
Total Certified Area			4,111,406

Chain-of-Custody Certification

The Fourth Meeting of the Certification Committee held on 23 January considered the assessment reports on Aikbee Sawmill Sdn. Bhd., Pesama Timber Corporation Sdn. Bhd. and Gunung Seraya Wood Products Sdn. Bhd.

The application by Aikbee Sawmill Sdn. Bhd. was considered by the previous Certification Committee Meeting held on 29 August 2002, where it was decided that the four minor CARs issued by SIRIM QAS International Sdn. Bhd. be upgraded to major CARs. These major CARs should be closed-out prior to the company being considered for the issuance of the *Certificate for Chain-of-Custody* by MTCC.



Pre-assessment of Sela'an-Linau FMU in Sarawak

The Committee was satisfied with the corrective actions taken by Aikbee Sawmill Sdn. Bhd. to close out the major CARs and agreed that the *Certificate for Chain-of-Custody* be issued to the company. The Committee also decided to issue the *Certificate for Chain-of-Custody* to Pesama Timber Corporation Sdn. Bhd. and Gunung Seraya Wood Products Sdn. Bhd.

MTCC had also received 17 applications for chain-of-custody certification from the following companies:-

- ☞ Samling DorFoHom Sdn. Bhd.
- ☞ Straits Timber Products (Pahang) Sdn. Bhd.
- ☞ Yap Swee Thiam & Sons Industries Sdn. Bhd.
- ☞ CHG Plywood Sdn. Bhd.
- ☞ Kilang Papan Bukit Emas Sdn. Bhd.
- ☞ Low Fatt Wood Industries Sdn. Bhd.
- ☞ Asia Plywood Company Sdn. Bhd.
- ☞ Cymao Plywood Sdn. Bhd.
- ☞ Sangkil Makmur Sdn. Bhd.
- ☞ Samling Plywood (Baramas) Sdn. Bhd.
- ☞ Prominent Picture Frame Sdn. Bhd.

Operations

- ☞ Leong Seng Sawmill Sdn. Bhd.
- ☞ Strategi Mutiara (M) Sdn. Bhd.
- ☞ Sim Seng Huat Timber Industries Sdn. Bhd.
- ☞ Kwong Yuen Sang Sawmill Sdn. Bhd.
- ☞ Chang Kam Yee & Sons Sdn. Bhd.
- ☞ I Maskayu Industries Sdn. Bhd.

However, only five of these companies proceeded to the stage to select the independent assessor to carry out the assessment in 2003. The companies are as follows:-

- ☞ Samling DorFoHom Sdn. Bhd.
- ☞ Straits Timber Products (Pahang) Sdn. Bhd.
- ☞ Yap Swee Thiam & Sons Industries Sdn. Bhd.
- ☞ CHG Plywood Sdn. Bhd.
- ☞ Kilang Papan Bukit Emas Sdn. Bhd.

The assessment reports on the above companies and the following four companies, which had submitted their applications the previous year but were assessed in 2003, were tabled at the Fifth Meeting of the Certification Committee held on 18 September:-

- ☞ Hang Tuah Sawmills Berhad
- ☞ Syarikat Malaysia Wood Industries Sdn. Berhad
- ☞ Bormill Wood (Trengganu) Sdn. Bhd.
- ☞ P.I.F. Sdn. Bhd.

MTCC also received an application from Victory Enterprise Sdn. Bhd., which had been awarded the *Certificate of Approval for Chain-of-Custody* under the SGS Group's Forest Certification Programme accredited by the FSC, to be considered for the issuance of the *Certificate for Chain-of-Custody* under the MTCC scheme.

The Fifth Meeting of the Certification Committee considered these applications and decided to award the MTCC *Certificate for Chain-of-Custody* to the following 9 companies:-

- ☞ Samling DorFoHom Sdn. Bhd.
- ☞ Straits Timber Products (Pahang) Sdn. Bhd.
- ☞ Yap Swee Thiam & Sons Industries Sdn. Bhd.
- ☞ CHG Plywood Sdn. Bhd.
- ☞ Kilang Papan Bukit Emas Sdn. Bhd.
- ☞ Hang Tuah Sawmills Berhad
- ☞ Bormill Wood (Trengganu) Sdn. Bhd.
- ☞ P.I.F. Sdn. Bhd.
- ☞ Victory Enterprise Sdn. Bhd.



Use of MTCC labels on timber products

Hence, by the end of 2003, a total of 38 companies had been awarded the *Certificate for Chain-of-Custody* under the MTCC scheme.

Holders of MTCC Certificate for Chain-of-Custody

	Company	Certificate Number	Issuance Date	Scope
1.	Bortim Sdn. Bhd.	COC 001	14 December 2001	Sawn timber
2.	Mentakab Sawmill Sdn. Bhd.	COC 002	14 December 2001	Sawn timber
3.	United Trading & Sawmill Sdn. Bhd.	COC 003	14 December 2001	Sawn timber
4.	Maran Road Sawmill Sdn. Bhd.	COC 004	14 December 2001	Sawn timber, S4S and solid finger-jointed timber
5.	Pan Resources Sdn. Bhd.	COC 005	14 December 2001	Sawn timber
6.	Mahawangsa Timber Industries Sdn. Bhd.	COC 006	14 December 2001	Sawn timber
7.	Kilang Papan Datuk Wan Ahmad (Raub) Sdn. Bhd.	COC 007	14 December 2001	Sawn timber
8.	Asrama Raya Sdn. Bhd.	COC 008	14 December 2001	Sawn timber and S4S timber
9.	Lionex (M) Sdn. Bhd.	COC 009	14 December 2001	Sawn timber
10.	Exsell Corporation Sdn. Bhd.	COC 010	14 December 2001	Sawn timber
11.	Finewood Export Associates Sdn. Bhd.	COC 011	14 December 2001	Sawn timber
12.	Arif Jasa Industries Sdn. Bhd.	COC 012	14 December 2001	Sawn timber
13.	Arah Asia Sdn. Bhd.	COC 013	14 December 2001	Sawn timber
14.	Pesaka Terengganu Berhad	COC 014	14 December 2001	Sawn timber
15.	Leung Huat Timber Industries (M) Sdn. Bhd.	COC 015	14 December 2001	Sawn timber
16.	Besut Tsuda Industries Sdn. Bhd.	COC 016	14 December 2001	Sawn timber
17.	General Lumber Trading Sdn. Bhd.	COC 017	12 April 2002	Sawn timber
18.	Costraco Sdn. Bhd.	COC 018	12 April 2002	Sawn timber
19.	TSL Timber Sdn. Bhd.	COC 019	12 April 2002	Sawn timber
20.	Jerteh Timber Enterprise Sdn. Bhd.	COC 020	12 April 2002	Sawn timber
21.	Salak Soon Lee Sawmill Sdn. Bhd.	COC 021	12 April 2002	Sawn timber
22.	Seng Peng Sawmill Sdn. Bhd.	COC 022	12 April 2002	Sawn timber
23.	Lionvest Corporation Sdn. Bhd.	COC 023	12 April 2002	Sawn timber
24.	Suria Dayapi Timber Products Sdn. Bhd.	COC 024	12 April 2002	Sawn timber
25.	Sri Rawang Sdn. Bhd.	COC 025	12 April 2002	Sawn timber
26.	Legend Wood Sdn. Bhd.	COC 026	12 April 2002	Sawn timber
27.	Aikbee Sawmill Sdn. Bhd.	COC 027	1 March 2003	Sawn timber
28.	Pesama Timber Corporation Sdn. Bhd.	COC 028	1 March 2003	Sawn timber, solid wood moulding (including finger-jointed moulding)
29.	Gunung Seraya Wood Products Sdn. Bhd.	COC 029	1 March 2003	Sawn timber and solid wood moulding
30.	Hang Tuah Sawmills Berhad	COC 030	6 October 2003	Sawn timber
31.	Bormill Wood (Trengganu) Sdn. Bhd.	COC 031	6 October 2003	Sawn timber, S4S and solid wood moulding
32.	P.I.F. Sdn. Bhd.	COC 032	6 October 2003	Sawn timber
33.	Straits Timber Products (Pahang) Sdn. Bhd.	COC 033	6 October 2003	Solid wood moulding
34.	Yap Swee Thiam & Sons Industries Sdn. Bhd.	COC 034	6 October 2003	Solid wood moulding, door sets, window set solid wood components for conservatories, garden furniture and components
35.	CHG Plywood Sdn. Bhd.	COC 035	6 October 2003	Plywood and laminated veneer lumber
36.	Kilang Papan Bukit Emas Sdn. Bhd.	COC 036	6 October 2003	Sawn timber
37.	Victory Enterprise Sdn. Bhd.	COC 037	6 October 2003	Finger-jointed laminated core lumber, sawn timber, moulding and S4S (solid wood)
38.	Samling DorFoHom Sdn. Bhd.	COC 038	22 October 2003	Moulded door skin (fibre product)

Operations

Registration of Independent Assessors and Peer Reviewers

No new application for registration as independent assessor for forest management certification was received in 2003. Hence, the total number of independent assessors registered under the MTCC scheme remained at eight as follows:-

- ☞ SGS (Malaysia) Sdn. Bhd. (AS.FMC 01)
- ☞ Gaya Tunas Sdn. Bhd. (AS.FMC 02)
- ☞ Chemsain Konsultant Sdn. Bhd. (AS.FMC 03)
- ☞ TropBio Forest Sdn. Bhd. (AS.FMC 04)
- ☞ Saytech (Sarawak) Sdn. Bhd. (AS.FMC 05)
- ☞ SIRIM QAS Sdn. Bhd. (AS.FMC 06)
- ☞ Forest Research Institute Malaysia (AS.FMC 07)
- ☞ Faculty of Forestry, Universiti Putra Malaysia (AS.FMC 08)

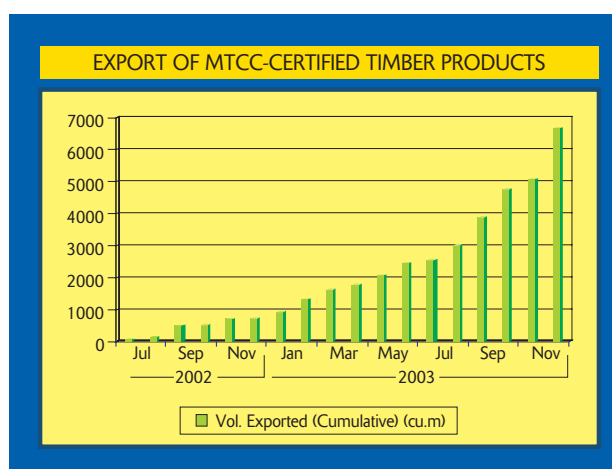
The total number of companies registered as independent assessors for chain-of-custody certification also remained at 11 as follows:

- ☞ SGS (Malaysia) Sdn. Bhd. (AS.COC 01)
- ☞ SIRIM QAS Sdn. Bhd. (AS.COC 02)
- ☞ Bureau Veritas (M) Sdn. Bhd. (AS.COC 03)
- ☞ TropBio Forest Sdn. Bhd. (AS.COC 04)
- ☞ Chemsain Konsultant Sdn. Bhd. (AS.COC 05)
- ☞ Gaya Tunas Sdn. Bhd. (AS.COC 06)
- ☞ TQS Management Sdn. Bhd. (AS.COC 07)
- ☞ JB Agriculture Management Services (AS.COC 08)
- ☞ KiwiHing Wood Industry Consultants Sdn. Bhd. (AS.COC 09)
- ☞ AOQC Moody (Malaysia) Sdn. Bhd. (AS.COC 10)
- ☞ Saytech (Sarawak) Sdn. Bhd. (AS.COC 11)

Under the MTCC scheme, peer review is part of the decision making process for forest management certification, where assessment reports prepared by independent assessors are reviewed by a panel of independent experts to obtain a second opinion on the compliance of the FMU to the requirements of the *MC&I*, prior to the issuance of the *Certificate for Forest Management*. Five new peer reviewers were approved for registration by the Certification Committee in 2003, bringing to thirteen the total number of peer reviewers registered with MTCC.

Export of MTCC-Certified Timber Products

The export of MTCC-certified timber products has been increasing steadily since the first shipment of 75 m³ of MTCC-certified sawn timber was made on 16 July 2002 to The Netherlands. In 2003, another 5,942 m³ of MTCC-certified sawn timber and wood mouldings were exported to The Netherlands, Belgium, Germany, the United Kingdom, France and Australia, bringing the total to 6,674 m³.



Promotion

MALAYSIAN TIMBER MISSION TO EUROPE

(Belgium, Germany, Norway, Denmark & Sweden)

The Malaysian Timber Certification Mission to Europe, which visited Germany, The Netherlands, Belgium and the United Kingdom, took place in June 2002. MTCC participated in this Mission, which was organised primarily to introduce and promote the recently launched MTCC timber certification scheme, and to provide an update on forest management in Malaysia.

As a follow-up to the 2002 Mission, another Mission was organised in 2003. The Malaysian Timber Mission to Europe visited Belgium, Germany, Norway, Denmark and Sweden from 26 May to 5 June to (i) promote trade of tropical timber in Europe; (ii) foster closer cooperation for the promotion of tropical timber trade; (iii) introduce and promote the MTCC certification scheme; and (iv) inform about forestry and sustainable forest management in Malaysia.

The Mission was led by the Honourable Minister of Primary Industries, Y.B. Dato' Seri Dr. Lim Keng Yaik, and comprised 12 delegates representing the Ministry of Primary Industries, MTCC, Forestry Departments of Peninsular Malaysia and Sarawak, Forest Research Institute Malaysia (FRIM), Malaysian Timber Industry Board (MTIB), Malaysian Timber Council (MTC) and Malaysian Palm Oil Promotion Council (MPOPC).

The Honourable Minister held discussions with the following European Commissioners and Ministers:-

- ☞ Mrs. Margot Wallstrom, European Commissioner for Environment;
- ☞ Mr. Borge Brende, Minister of Environment, Norway;
- ☞ Mr. Oluf Ulseth, State Secretary to the Minister of Trade and Industry and Mr. Leif Kongshaug, Parliamentary Secretary to the Minister of Agriculture, Norway;
- ☞ Mr. Bendt Bendtsen, Deputy Prime Minister and Minister of Finance, Trade and Industry, Denmark;
- ☞ Mr. Hans Chr. Schmidt, Minister of Environment, Denmark; and
- ☞ Mr. Lotta Fogde, State Secretary for the Ministry of Trade, Sweden

During these discussions, information was provided regarding forest management practices in Malaysia, the MTCC timber certification scheme and its operation in October 2001 using a phased approach. The European Commissioners and Ministers were urged to accept the MTCC scheme for public procurement of timber products. They were also informed of ongoing efforts by MTCC on cooperation and mutual recognition with other certification schemes such as the PEFC Council and FSC, including MTCC's intention to use an FSC-based MC&I and MTCC's membership of the PEFC Council.

Measures taken by Malaysia to combat illegal logging and to counter the trade in illegally harvested logs from neighbouring countries, such as the ban on imports of round log and large scantlings and squares of more than 60 square inches cross section from Indonesia, were explained. The Minister also informed about Malaysia's initiative in working with other ASEAN member countries towards establishing the Pan ASEAN Timber Certification Scheme.

On the issue of conversion of forests into oil palm plantations, the Minister explained that unlike in Indonesia, most of the oil palm plantations in Malaysia were established in the 70s and 80s; presently most of the oil palm plantations are converted from existing rubber plantations and there are no large-scale conversions of natural forests into oil palm plantations.



Dialogue sessions with timber importers, NGOs and governmental agencies in Oslo (top), Stockholm (above) and Copenhagen (bottom)

Promotion

During the Mission, dialogue sessions were held in Oslo, Copenhagen and Stockholm with timber importers and representatives of NGOs, governmental agencies and other relevant organisations, during which presentations on the national timber certification scheme implemented by MTCC and the forest management practices in Malaysia were made by MTCC CEO, Mr. Chew Lye Teng and Mr. Thang Hooi Chiew, Deputy Director General of the Forestry Department Peninsular Malaysia, respectively. Through these dialogue sessions, the Malaysian delegation was able to give a clearer picture of the efforts made towards sustainable management of our forest resources and the implementation of the MTCC certification scheme. Participants were also informed of the measures taken by Malaysia to address the issue of illegal logging and trade in illegal timber.



Y.B. Dato' Seri Dr. Lim leading discussions during dialogue session in Stockholm

These dialogue sessions have helped to correct the misleading picture given by some environmental NGOs in the countries visited regarding forest management practices in Malaysia. In Sweden, the delegation refuted the claim by WWF that the cultivation of oil palm has caused the massive destruction of our natural forests, thus destroying the habitat of the Orang Utan. Through the presentation of relevant data and information, the dialogue participants were informed of Malaysia's efforts to implement sustainable forest management, including maintenance of the biological diversity of our forests.

The outcome of the Mission has been very satisfactory and fruitful. The Mission was able to provide a clearer picture of Malaysia's forest management practices, the implementation of the MTCC scheme and measures taken to combat illegal logging and trade in illegal timber. From MTCC's viewpoint, the two most important developments resulting from these missions are the decision by the Government of Denmark to include the MTCC scheme as one of the accepted certification schemes in its document entitled *Purchasing Tropical Timber - Environmental Guidelines*, and the agreement with the European Commission to promote ASEAN-EU cooperation in timber certification.

PUBLICITY

The publicity brochure on the MTCC timber certification scheme as well as the standards for forest management and chain-of-custody certification were distributed during the fairs and exhibitions in which MTCC participated, such as:-

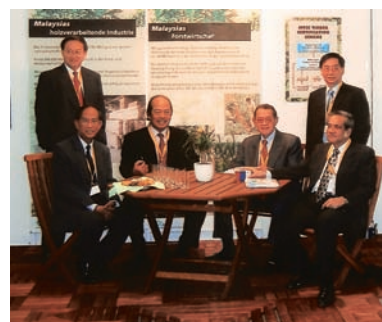
- ☞ Showcase Malaysia 2003 in conjunction with the 13th Non-Aligned Movement (NAM) Summit in Kuala Lumpur (in February)
- ☞ Malaysian International Furniture Fair (MIFF) 2003 in Kuala Lumpur (March)
- ☞ Exhibition in conjunction with the 25th Meeting of ASEAN Ministers of Agriculture and Forestry (AMAF) in Kuala Lumpur (August)
- ☞ EXPO OIC 2003 in conjunction with the 10th Organisation of the Islamic Conference Summit in Putrajaya (October)
- ☞ German Timber Day in Wiesbaden, Germany (October)



Visitors to MTCC booth at MIFF 2003



Dato' Dr. Freezailab and Mr. Chew Lye Teng during a meeting with members of the German Timber Trade Federation at Wiesbaden



MTC-MTCC booth at German Timber Day Exhibition in Wiesbaden

At the international level, the MTC provided assistance in distributing the brochure and standards in fairs and exhibitions such as:-

- ✿ DOMOTEX, Hannover, Germany (January)
- ✿ BAU, Munich, Germany (January)
- ✿ International Furniture Fair, Cologne, Germany (January)
- ✿ Garden & DIY Show, Earl's Court, London, United Kingdom (January)
- ✿ International Builders' Show (IBS 2003), Las Vegas, USA (January)
- ✿ SURFACES 2003, Las Vegas, USA (January)
- ✿ 109th NRLA Show, Boston, USA (February)
- ✿ Bouwbeurs 2003 Exhibition, Utrecht, The Netherlands (February)
- ✿ Interzum, Cologne, Germany (May)
- ✿ LignaPlus, Hannover, Germany (May)
- ✿ Designbuild Australia 2003, Sydney, Australia (May)
- ✿ SPOGA Fair, Cologne, Germany (August)
- ✿ Building Exhibition, Dublin, Ireland (September)



Briefing session to the timber industry held in Kuala Lumpur

Throughout 2003, the MTCC's website at <http://www.mtcc.com.my> was updated from time to time to provide the latest information on the MTCC certification scheme, including information on the FMUs and companies which have been awarded the *Certificate for Forest Management* and *Certificate for Chain-of-Custody* respectively, the development of the MC&I(2002) and the recognition of the MTCC certification scheme by the Government of Denmark.

PARTICIPATION IN CONFERENCES/ SEMINARS/ WORKSHOPS/ COURSES/ MEETINGS

MTCC also participated in a number of international and local conferences, seminars, workshops, courses and meetings during which presentations on MTCC's certification scheme and other activities were made. These included the following:-

- ✿ *Bengkel Pengurusan Hutan Secara Berkekalan di Semenanjung Malaysia - Isu dan Cabaran Pelaksanaan*, 1-2 April, Kepong, Selangor
- ✿ *Kursus Kriteria dan Petunjuk bagi Pengurusan Hutan Secara Berkekalan (G5 & G6)*, 5-7 May, Kuala Terengganu
- ✿ *Second Meeting of Ad-Hoc Working Group on a Pan ASEAN Timber Certification Initiative*, 7-8 July, Yogyakarta, Indonesia
- ✿ *Sixth Meeting of the ASEAN Senior Officials on Forestry (ASOF)*, 17-19 July, Ha Noi, Viet Nam
- ✿ *Preparatory Workshop for the Roundtable on Sustainable Palm Oil*, 24 July, Kuala Lumpur
- ✿ *Certification Watch Conference "Certification & World Forestry"*, 25 September, Quebec City, Canada
- ✿ *Second Meeting of Joint Study Group on Malaysia-Japan Closer Economic Partnership (CEP)*, 20 November, Kuala Lumpur
- ✿ *International Conference on Quality Timber Products of Teak From Sustainable Forest Management*, 2-5 December, Peechi, Kerala, India

PRESENTATIONS/BRIEFING SESSIONS

MTCC also made presentations and conducted briefing sessions to the timber industry as follows:

- ✿ Presentation on *Current Developments in Timber Certification in Malaysia* at the Industry Seminar Series, Malaysian International Furniture Fair (MIFF) 2003, 5 & 6 March, Kuala Lumpur
- ✿ *First Briefing Session to the Timber Industry on the Latest Development in the MTCC Timber Certification Scheme*, 8 May, Ipoh



Briefing session to the timber industry held in Ipoh (top) and Johor Babru (bottom)

Promotion

- ☞ *Second Briefing Session to the Timber Industry on the Latest Development in the MTCC Timber Certification Scheme*, 21 May, Johor Bahru
- ☞ *Briefing on the MTCC Timber Certification Scheme* to European Timber Trade Representatives during the MTC Familiarization Programme, 14 July, Kuala Lumpur
- ☞ *Third Briefing Session to the Timber Industry on the Latest Development in the MTCC Timber Certification Scheme*, 8 August, Kota Kinabalu
- ☞ Briefing to the Management Committee of the Timber Exporters' Association of Malaysia (TEAM) on *Latest Development on the Operation of the MTCC Timber Certification Scheme*, 11 August, Kuala Lumpur
- ☞ *Fourth Briefing Session to the Timber Industry on the Latest Development in the MTCC Timber Certification Scheme*, 23 October, Kuala Terengganu
- ☞ *Fifth Briefing Session to the Timber Industry on the Latest Development in the MTCC Timber Certification Scheme*, 18 December, Kuala Lumpur

GOVERNMENT OF DENMARK ACCEPTS MTCC SCHEME

In 2003, the Danish Ministry of the Environment decided to include the MTCC scheme as one of the accepted certification schemes in its document entitled *Purchasing Tropical Timber - Environmental Guidelines*.

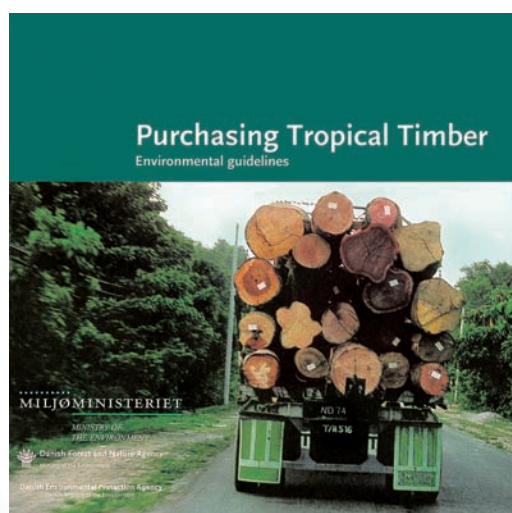
Published by the Danish Environmental Protection Agency and the Danish Forest and Nature Agency, the guidelines is the result of deliberation of an advisory steering committee comprising government agencies, NGOs, forest owners and the timber trade. The aim of the guidelines is to make it easier for public and semi-public organisations to ensure that the tropical timber they purchase is produced in a sustainable and legal manner. These guidelines are also meant to provide guidance to private institutions and individuals.

In the guidelines, it is mentioned that, besides the FSC scheme, there are national schemes that have been established, one of them being the MTCC scheme under which there are 2.3 million hectares of certified forest, divided between three certificates, all in natural forest *[Note: By the end of December 2003, MTCC Certificates had been issued to seven State Forest Management Units (FMUs) which account for a total area of 4.11 million hectares].*

Under the section on "Requirements and documentation" of the Guidelines, it is stated that

"MTCC is regarded as providing an adequate guarantee for legal forest management, on their way towards sustainability, whilst marketing of MTCC certified wood in Denmark will require the attachment of a CoC certificate from Malaysia".

The English translation of the Guidelines can be downloaded from www.skovognatur.dk.



Review of International Developments in Timber Certification

2003 was a busy and active year on the timber certification front. The steady pace in developments related to timber certification that prevailed in Europe and North America in 2002 continued throughout 2003, while developing timber producing countries, notably tropical timber producers, still continued to struggle with the development and implementation of certification schemes. Once again, the year saw further progress in the implementation of the FSC and PEFC certification schemes in the boreal and temperate forests of Europe and North America, while certification of the tropical forests remained largely slow, laboured and limited¹.

The total area of certified forests increased to 177.55 million hectares by December 2003. The highest area certified was 50.86 million hectares under the PEFC scheme; this was followed by the Sustainable Forestry Initiative (SFI) (42.29 million hectares), the FSC scheme (40.42 million hectares), Canadian Standards Association (CSA) (28.4 million hectares), American Tree Farm System (ATFS) (10.52 million hectares), MTCC scheme (4.11 million hectares) and Chilean Standard for Sustainable Forest Management (CERTFOR) (0.95 million hectares) (Figure 1).

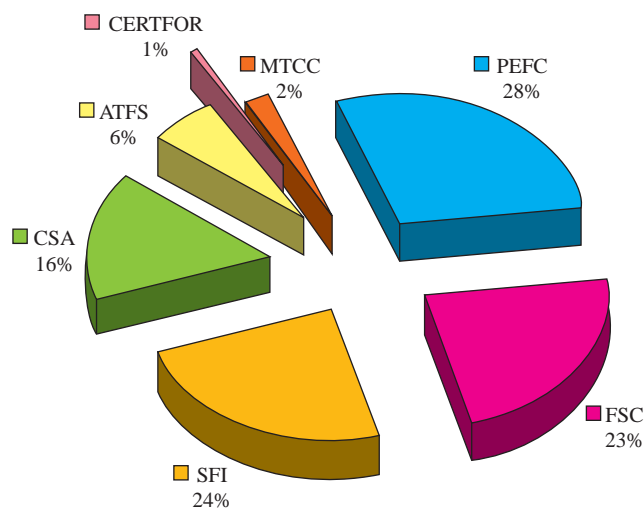


Figure 1: Certified Forests in the World by Scheme as at December 2003

The following are the highlights of the salient international developments over the year 2003:

North America

In the USA, a number of forest certification developments took place, including the approval of the FSC regional standards for the Pacific Coast and Southwest; the launch of the SFI promotional advertisement campaign, which garnered hostile reactions from selected environmental groups; the transition to the new standard of the American Tree Farm System and de-certification of selected tree farms; the introduction by FSC-accredited certifier Scientific Certification Systems (SCS) of its new Independent Forest Certification Program; the setting of the forest certification targets by the State of Maine; and the continuation of comparison work between SFI and FSC on both state and industrial forestlands.

In Canada, developments related to forest certification included the award of preliminary accreditation by the FSC to the BC standard and the release of the Boreal FSC standard; the award of the largest North American FSC certificate, and the first for the Canadian boreal, to Tembec's Gordon Cosens Forest in Northern Ontario, which covers over 2.0 million ha; the partnerships formed between WWF and two major corporations - Domtar and Abitibi-Consolidated - following the WWF-Tembec partnership announced in 2001; and the publication by CSA of its revised SFM standard, following the release of its on-product label in 2002.

¹ This review is extracted from *Forest Certification: 2003 Year in Review* by Sustainable Forestry & Certification Watch



Review of International Developments in Timber Certification

In terms of areas, the three major certification schemes experienced significant growth in Canada, where certified areas doubled in 2003 to reach 56.0 million hectares. The CSA-certified area increased significantly to become the dominant system in the country. SFI certified areas also increased in Canada and now exceed SFI certified areas in the USA, where in contrast, certification stagnated at approximately 29 million hectares, registering only modest increases in SFI and FSC-certified areas.

The trend by major companies and retailers of timber and paper products to announce their environmental purchasing policies and commitments continued in 2003. Home Depot released an update of its 1999 wood purchasing policy, paying significant attention to activities to “*promote certification in the industry*”. Time Inc., the world’s largest magazine publisher, unveiled its procurement policy whereby it expects 80% of the fibre it purchases to come from certified sustainably managed lands by 2006. Similarly, Office Depot, one of the largest sellers of office products in the world, announced its environmental paper procurement policy which, among other things, gives preference to third-party certified wood products. Other major companies included Kinko’s, a copy and office supply chain, which issued new requirements for forest product suppliers and set targets for recycled content, and Boise Cascade Corporation, an integrated manufacturer and distributor of paper, packaging and building materials, which released an environmental statement that attracted praise from the environmental group Rainforest Action Network (RAN).

Europe

Europe saw increases in certified area under both the PEFC and FSC endorsed schemes. An additional 7.6 million hectares (12% increase) were certified by the end of the year under both schemes, bringing the total certified area to 74.1 million hectares. PEFC-certified area reached 48.9 million hectares (up by 6%), while FSC-certified area totalled 25.2 million hectares (24% increase). FSC recorded growth in Eastern Europe and Russia, while PEFC made strides in France and Germany.

Most of the Scandinavian countries undertook revision of their standards in 2003. In Sweden, a revised FSC standard was released for public comment, while major forest companies including Holmen and StoraEnso declared intentions to seek PEFC certification. In Finland, the PEFC-accredited Finnish Forest Certification System started with its first standard revision since 1997, while Greenpeace continued its campaign against Finnish forestry companies. In Norway, the Living Forests Standards approved by the PEFC also underwent their first revision since 1998. In Denmark, the Ministry of the Environment released a document entitled *Purchasing Tropical Timber - Environmental Guidelines* to help ensure that public and semi-public institutions procure tropical timber that is produced in a legal and sustainable manner. The MTCC scheme was regarded as providing an adequate guarantee for legal forest management, and on its way to sustainability.

FSC certification made steady progress in the Eastern Europe/Baltics region, particularly in state-owned forest enterprises. In Poland, all state forests with the exception of one have been certified to FSC, whereas all the state forests in Latvia have been FSC-certified. In Lithuania, 14 remaining state forests signed contracts to undergo FSC assessments, a move destined to bring all the 42 state forests under FSC. In Estonia, an FSC-certified mill, the largest in the region, was accused of processing illegal timber.

In Germany, the environmental NGO Robin Wood continued its campaign against non-FSC certified tropical timber imports, particularly teak from Myanmar and Indonesia. In The Netherlands, the Board of the Keurhout Foundation, the “gatekeeper” for sustainably managed forest products entering the Dutch market, decided to liquidate the organisation by 31 December 2003, citing the on-going lack of financial resources as well as the lack of political and social support as “unfavourable” developments that led to the decision to cease activities.





Review of International Developments in Timber Certification

The UK Government announced plans to establish a "Central Point of Expertise on Timber" (CPET) to support its procurement operations. CPET will help implement the government's commitment to procure timber and wood products from legal and sustainable sources, a policy in place since July 2000. Timber companies including Jewson and Travis Perkins, two of the largest timber and builders' merchants in the UK, decided to phase out purchases of Indonesian plywood, in response to a campaign waged by Greenpeace over imports of illegal timber from Indonesia in the UK. The UK Timber Trade Federation (TTF) published a ten-point action plan to promote the sourcing of legal and sustainable Indonesian timber. The action plan aims to secure third-party audited legal timber for the UK market with the ultimate objective of sourcing certified sustainable timber.

To reflect the global nature of its work, the PEFC Council, which presently has 27 member countries, changed its name from the Pan European Forest Certification Council to the "Programme for the Endorsement of Forest Certification" schemes. This decision was taken at the 7th PEFC General Assembly in Luxembourg on 31 October, which also approved a new Board of Directors comprising members from Europe, Canada and the USA, and released a revised version of its technical document and annexes to reflect the global scope of the programme. PEFC has currently endorsed 13 national schemes, amounting to 48.0 million hectares, representing the most certified area of any certification scheme.

Oceania

In Australia, a study found the Australian Forestry Standard (AFS), particularly its standard setting criteria, to be compatible with the PEFC and the FSC. Meanwhile, in June, FSC International appointed an official contact person for the FSC Australia initiative which has yet to be established.

In New Zealand, public comment for a draft standard for plantations released in November 2002 was extended to March. The New Zealand certification initiative has planned to develop two separate standards, i.e. for plantations and indigenous forest. The progress toward a standard for indigenous forest has been stalled due to a lack of representation from environmental interests in the country. The National Initiative Working Group (NIWG) is built according to a four-chamber structure representing the economic, environmental, social and indigenous interests, but is not officially FSC endorsed. The NIWG is expected to meet in early 2004 to consider the adoption of the plantation standard.

Tropics

A new program verifying that wood is harvested following Reduced Impact Logging (RIL) techniques was introduced in Indonesia by the Tropical Forest Foundation (TFF) and partners including SmartWood, USAID, Home Depot, Caterpillar, Indonesian timber conglomerate Alas Kusuma and Plywood Tropics of USA. The first shipment of RIL verified timber was made to the USA in August and attracted support from WWF and criticism from RAN.

In Malaysia, MTCC finalised the *MC&I*(2002) which is based on the FSC P&C, and took action to field test the new standard. The Danish Government decided to accept the MTCC scheme as one of the acceptable schemes for public procurement, regarding it as proving an adequate guarantee for legal forest management, on its way towards sustainability.

In Africa, the WWF launched a new producers group for the Western and Central regions, while an independent evaluation report cast doubt on WWF's efficiency in implementing an EU funded project to promote sustainable forest management and certification in the Congo Basin.



Cooperation

MUTUAL RECOGNITION

The main development in 2003 related to efforts to encourage mutual recognition between the different certification schemes was the proposal of the “Legitimacy Thresholds Model (LTM)” by the World Business Council for Sustainable Development (WBCSD). Developed by a “mutual recognition action team” reporting to the Global Forest Industry CEO Forum and the International Forest Industry Roundtable (IFIR), the LTM model is reported as being based upon discussions with NGOs, inter-governmental organisations, certification system leaders, forest owners, industry, and customers.

According to a discussion paper from WBCSD², the term “mutual recognition” is perceived by NGOs to equate to “lowest common denominator” SFM standards - to them the term means downgrading FSC certification to the lower standards they feel other systems operate from.

The LTM is proposed as an alternative conceptual model to address the pressing issue of certification system proliferation, interaction and conflict.

“Required operational elements” of the LTM include a “code of conduct” between certification systems promoting fair competition within the market place; agreement on definitions of different credibility thresholds; transparency; and a methodology to assess the credibility of systems or suppliers against defined credibility thresholds. The model also calls for “an independent rating agency recognised and respected by stakeholder groups to periodically rate or benchmark systems or suppliers”.

The LTM is illustrated in Figure 2. It consists of:

- Q:** Vertical axis of increasing SFM “Quality” or range of SFM attributes and measures.
- T:** A range of transparent “thresholds” or benchmarks of legitimacy or credibility agreed to by defined stakeholder groups e.g. customers, government, NGOs and industry. To illustrate:
 - T1:** a “high” threshold of SFM, which certification systems must meet to be considered credible by a defined stakeholder group, such as customers for procurement. These might be standards that give effect to one of the recognised international SFM criteria and indicator sets, have been developed via a multi-stakeholder process, are subject to third party verification and provide chain-of-custody.
 - T2:** an agreed “mid-level” threshold of SFM which, for instance, small forest owners or developing country suppliers must achieve to be considered credible by a defined stakeholder group. This threshold could involve a limited number of SFM attributes compared to T1, reflecting the different capabilities of small forest owners or community forestry operations.
 - T3:** an agreed “minimum” threshold of SFM, such as legally sourced wood, which must be agreed by suppliers to be considered credible by a defined group of stakeholders.
- X:** location of different certification systems or individual suppliers independently and transparently mapped or rated against agreed defined thresholds of legitimacy. To illustrate:
 - X1-X6:** systems or suppliers that can verify that all wood fibre has come from legal sources
 - X1-X3:** “credible” systems or suppliers operating above a high legitimacy “threshold” (T1) fairly competing for market share.

² Forest certification systems and the Legitimacy Thresholds Models (LTM) - Paper presented by World Business Council for Sustainable Development at 4th Certification Watch Conference, Quebec City, Canada, 25 September 2003



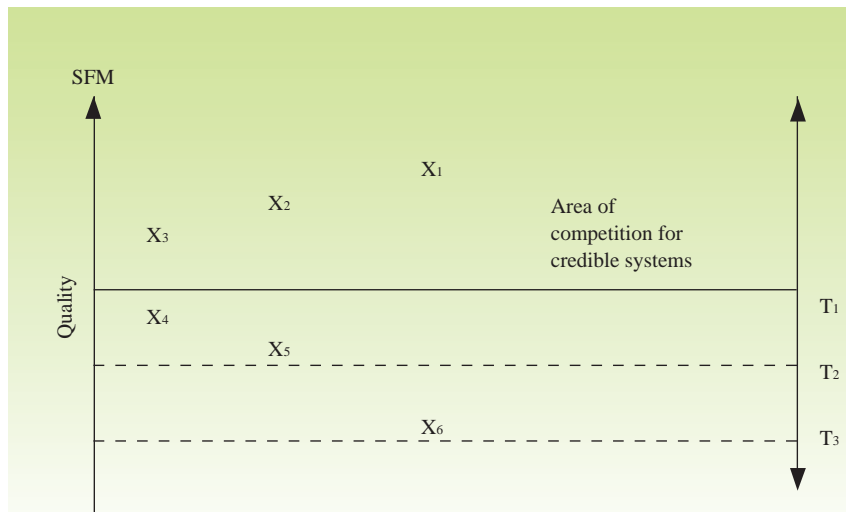


Figure 2: Legitimacy Thresholds Model

MALAYSIA-THE NETHERLANDS COOPERATION IN TIMBER CERTIFICATION

In 2003, more reports were submitted to the Keurhout Foundation for its consideration. The reassessment report for Terengganu FMU and the verification reports for the Johor and Negeri Sembilan FMUs were submitted in October, followed by the main assessment reports for the Johor, Kedah, Perak and Negeri Sembilan FMUs in November. However, by the end of 2003, the Keurhout Foundation had yet to make any clear-cut decision on all the reports submitted thus far, including the reassessment reports for the Pahang and Selangor FMUs together with the recommendation of the independent assessor to award the *SGS Certificate of Compliance* to the Keurhout Hallmark Programme, which were submitted in the middle of 2002.

In relation to this, in a statement released on 7 November, the Netherlands Timber Trade Association (NTTA), which is the umbrella organisation of some 300 Dutch timber wholesalers, announced that it will be taking over the validation of certificates for sustainable forestry from the Keurhout Foundation, which will cease its activities on 31 December 2003. NTTA members will be able to use the new inspection facility from 1 January 2004.

The Keurhout Foundation, which was established in 1996, is the gatekeeper for certificates for sustainable forestry that enter the Dutch market from all around the world. According to Keurhout, the ongoing lack of financial resources as well as the lack of political and social support led to the decision to cease activities of the Foundation. The NTTA will also take over the Keurhout logo from the Keurhout Foundation. However, it will maintain the Board of Experts which will decide whether a certificate qualifies for the Keurhout logo on the basis of the minimum requirements of the Dutch authorities.

MTCC-FSC COOPERATION

Visit of FSC Chairperson

The Chairperson of FSC, Dr. Åsa Tham, visited Malaysia on 17 March and held an informal discussion with MTCC and members of the multi-stakeholder National Steering Committee (NSC). Dr. Tham was briefed on the progress of the MTCC-FSC collaboration, particularly on the development of the *MC&K(2002)* which is based on the P&C of FSC, as well as the formation of the National Working Group (NWG) for Malaysia.



Cooperation

Development of *MC&I(2002)* Based on FSC Principles and Criteria

At the National-level Consultation held on 28-30 October 2002 in Kuala Lumpur which was attended by 113 participants representing all stakeholder groups, the *MC&I(2002)* was finalised and adopted as the standard for forest management certification with the proviso that discussion and clarification with certain stakeholder groups be made on some specific Verifiers. The National-level Consultation also agreed that the *MC&I(2002)* be field-tested in the three regions of Malaysia, i.e. Sabah, Sarawak and Peninsular Malaysia.

Following further discussions among certain stakeholder groups and clarification with relevant organisations and agencies to confirm some specific Verifiers, the Sixth NSC meeting held on 12 June endorsed the decision of the National-level Consultation that the *MC&I(2002)* should be field-tested in the three regions to assess its practical application in assessing FMUs for the purpose of forest management certification.

Subsequently, efforts to identify suitable sites for the field test of the *MC&I(2002)* were initiated and as of December, two sites were identified, i.e. the Deramakot Forest Reserve for Sabah and the Perak FMU for Peninsular Malaysia, while efforts to identify a suitable site in Sarawak were on-going. In addition, efforts were also made to identify regional representatives from all the stakeholder groups to participate in the field test of the *MC&I(2002)*.

Formation of National Working Group (NWG)

In line with the *Revised Schedule of Implementation of Activities for the Formation of NWG* which was adopted by the NSC at its Sixth Meeting, the first meeting of the Technical Working Group for the formation of the National Working Group [TWG(NWG)] was held on 5 August.

As a result of the meeting, a document entitled *Draft Proposal on the Establishment of the National Working Group (NWG) for Malaysia* was prepared by the TWG(NWG). The document was subsequently circulated to all members of the NSC for comments, prior to it being presented for further deliberation at the regional consultations to be held in early 2004 in Sabah, Sarawak and Peninsular Malaysia.

Formulation of Plantation Standard

As a result of the **National Workshop on Standard for Certification of Plantation Forests** held on 31 October 2002, the following recommendations were made:

- (i) a single standard be adopted for both the natural forest and plantation forest, covering Principles 1 to 10 of the FSC Principles and Criteria;
- (ii) an expanded NSC, comprising an additional seven members from the plantation sector be formed and be tasked to develop the standard for plantation standard; and
- (iii) under the expanded NSC, a Technical Working Group (TWG) will be formed to draft the plantation standard which shall in turn be deliberated by the NSC prior to adoption.

The recommendations of the Workshop were considered by the Sixth NSC Meeting. The Meeting agreed with the first recommendation, that a single standard be adopted for both the natural forest and plantation forest, covering Principles 1 to 10 of the FSC P&C.

However, on the second recommendation, instead of expanding the NSC by adding seven additional members from the plantation sector, the Meeting agreed on four additional members, one each from the social, environment and economic interest groups and direct resource managers. Four co-ordinators, one each from the four interest groups in the NSC were appointed to coordinate the appointment of the four new members.

The third recommendation on the formation of the TWG would be discussed at the next meeting of the NSC after the appointment of the four new members.



MTCC-PEFC COOPERATION

The PEFC scheme is a framework for the mutual recognition of national forest certification schemes. Since its inception in 1998, the PEFC Council has developed into an umbrella organisation of 27 national forest certification schemes from all parts of the world, including Canada, USA, Australia, Chile and Malaysia. Currently 13 national schemes have been endorsed by the PEFC Council. In 2003, the Italian and Chilean schemes were submitted to the PEFC Council for endorsement.

To reflect the global nature of its work, the PEFC Council decided at its 7th General Assembly in Luxembourg on 31 October to change its name from the Pan European Forest Certification Council to the "Programme for the Endorsement of Forest Certification".

Since being accepted as a member of the PEFC Council on 22 November 2002, MTCC has been taking steps to submit its scheme for endorsement. As part of the preparation, MTCC initiated discussions regarding the necessary changes in institutional arrangements so as to enable the MTCC scheme to meet the PEFC requirements, which will involve MTCC playing the role of a National Governing Body (NGB), with the independent assessors becoming Certification Bodies (CBs) who will carry out audits and issue certificates and be accredited with the national Accreditation Body (AB).



Mr. Chew Lye Teng at the 7th General Assembly of the PEFC Council. On his right is the delegate for PEFC Luxembourg, Mr Joseph Crochet



Mr. Henri Plaucbe Gillon, Chairman of the PEFC Council, addresses the 7th General Assembly in Luxembourg

PAN ASEAN TIMBER CERTIFICATION INITIATIVE

The Second Meeting of the *Ad-Hoc* Working Group on a Pan ASEAN Timber Certification Initiative, held on 7-8 July in Yogyakarta, was attended by delegates from Brunei Darussalam, Cambodia, Indonesia, Malaysia, the Philippines and Thailand, as well as representatives from the ITTO, EU and ASEAN Secretariat.

The ITTO representative briefed the meeting on the outcomes and recommendations related to timber certification adopted by the International Tropical Timber Council (ITTO) at its 34th Session held in Panama City in May, and indicated ITTO's readiness to work with ASEAN in their task of realising the Pan ASEAN Timber Certification Initiative, while the EU representative shared information regarding work on timber certification undertaken by the EU.

Country reports on the use of C&I were presented, which indicated that only Indonesia and Malaysia have operational certification schemes, while Brunei Darussalam, Cambodia, the Philippines and Thailand were still at the stage of discussing their C&I for SFM and had therefore not yet given attention to the C&I for certification.

A comparison report of the ITTO C&I with the national C&I of Brunei Darussalam, Malaysia, Myanmar and the Philippines, and the previous ASEAN C&I document was presented. The analysis showed that a total of 23 ITTO Indicators are common among the C&I of the four countries and the ASEAN document, and all of these Indicators are adopted at the FMU level. The Meeting noted that such a comparison provided information which could be useful in identifying a core set of C&I that might serve as the basis for an ASEAN C&I, and agreed that the C&I comparison matrix using information obtained from all Member Countries be completed.

The Meeting noted also that there was a need to seek the views of timber importing countries regarding their minimum requirements for implementing timber certification by phases, and agreed to undertake consultations with the EU and Japan to obtain the information on their procurement policies and minimum requirements for certification. The Meeting was also informed of the *ASEAN-German Regional Forest Programme (ReFOP)* and of the possibility to obtain technical assistance in the development and implementation of this initiative, and agreed that a presentation on the project be made at the next meeting.

Significant Events

MTCC organised/coordinated the following local events in 2003.

Local Events	Date	Venue
First Briefing Session to the Timber Industry on Latest Development in MTCC Timber Certification Scheme	8 May	Ipoh
Second Briefing Session to the Timber Industry on Latest Development in MTCC Timber Certification Scheme	21 May	Johor Bahru
Sixth Meeting of the National Steering Committee (NSC)	12 June	Kuala Lumpur
Third Briefing Session to the Timber Industry on Latest Development in MTCC Timber Certification Scheme	8 August	Kota Kinabalu
Briefing to the Management Committee of the Timber Exporters' Association of Malaysia (TEAM) on Latest Development on the Operation of the MTCC Timber Certification Scheme	11 August	Kuala Lumpur
Fourth Briefing Session to the Timber Industry on Latest Development in MTCC Timber Certification Scheme	23 October	Kuala Terengganu
Fifth Briefing Session to the Timber Industry on Latest Development in MTCC Timber Certification Scheme	18 December	Kuala Lumpur



Sixth National Steering Committee Meeting

Significant Events

MTCC held discussions with the following visitors in 2003.

Visitors	Date
Mr. Tan Seng Hock, Vice President, Marketing (Plywood), Samling Strategic Corporation Sdn. Bhd., Kuala Lumpur; Mr. Gerald W. White, Director and Mr. R. C. Newman, President, Plywood Tropics, USA	23 January
Mr. Sandy Swafford and Mr. Lingam, Stanton Swafford and Association (SWAFCO), Melaka; Mr. Lim Chik Lock, Director, Kilang Papan Wakaf Tapai Sdn. Bhd., Terengganu; and Mr. Robert W. Bycraft, Vice President, Sales & Marketing and Mr. Charles M. Pomeroy, Treasurer, Jack-post Corporation, USA	27 January
Visit by Senior Officials from the Kerala Forestry Department, India comprising of:- <ul style="list-style-type: none"> • Mr. V. Gopinathan, Chief Conservator of Forests (Wildlife) • Mr. O.P. Kaler, Conservator of Forests (Biodiversity) • Mr. Bennichen Thomas, Working Plan Officer 	18 February
Mr. Jeremy Pilmore-Bedford, Second Secretary (Economic) British High Commission, Malaysia	20 February
Visit by Forestry and Timber Technology Students from University of Hamburg, Germany accompanied by:- <ul style="list-style-type: none"> • Dr. Arno Frühwald, Professor, Head of the Institute for Wood Technology • Dr. Jochen Heuveldop, Professor, Federal Research Centre for Forestry and Wood Products • Dr. Jörg B. Ressel, Professor • Mr. Florian Herzog, Forest Scientist 	28 February
Dr. Åsa Tham, Chairperson, Forest Stewardship Council (FSC)	17 March
Mr. Duncan Yeong, Managing Director, Ivory Pearl Sdn. Bhd., Ipoh and Mr. Colin Thomas, Managing Director, Home & Leisure International Limited, United Kingdom	24 March
Mr. Arne Falck, H.F. Blom (Boards & Hardwoods), Norway	27 March
Mr. Bee Cher Chuan, Pelangi Technowood Sdn. Bhd., Port Klang	27 March
Mr. Tan Chung Joo, Managing Director, Tai Hong Mechanised Carpentry Sdn. Bhd., Ipoh	14 April
Mr. Lionel Liew Li Lung, Senior Executive, Quality Control, Samling DorFoHom Sdn. Bhd., Miri	18 April
Dato' Lau Chen Nai, Director, Bormill Wood (Terengganu) Sdn. Bhd., Kuala Terengganu and Mr. Dennis Moyle, Director, Moyle Bendale Timber Pty. Ltd., South Australia	22 April
Mr. Ricky Ong, Managing Director, Kilang Papan Bukit Emas Sdn. Bhd., Kuantan	19 May
Mr. Ron Usher, Managing Director, International Lumber Co., Western Australia	20 May
Mr. Tan Chung Joo, Managing Director, Tai Hong Mechanised Carpentry Sdn. Bhd., Ipoh and Mr. Ruud Meijer, Managing Director, Cadillon International, The Netherlands	22 May
Mr. T Aoyagi, President, Japan Plywood Inspection Corporation, Tokyo	23 June
Mr. Bernhard von der Heyde, Chief Technical Advisor and Mr. Prabianto Wibowo, Regional Programme Manager, ASEAN-German Regional Forest Programme (ReFOP), Jakarta	25 June
Visit by European Timber Trade Representatives during the MTC Familiarization Programme comprising of:- <ul style="list-style-type: none"> • Mr. Zoltán Horváth, Executive, Timber 95 Trading Ltd., Hungary • Mr. Jurgen de Vries, Senior Consultant, Weber Shandwick, The Netherlands • Mr. Guntram Kaiser, Managing Director, Kaiser Communications, Berlin, Germany • Dr. Rudolf Luers, Chief Executive Officer, German Timber Trade Federation, Germany • Mr. Andreas Neumeier, Managing Director, Pro-Timber Window, Germany • Mr. Andy Roby, Adviser, Corporate Social Responsibility, Timber Trade Federation (TTF), United Kingdom 	14 July
Mr. Hugh Blackett, Regional Co-ordinator, South East Asia, Tropical Forest Trust (TFT), Kuala Lumpur	16 July
Mr. Neville Jeffreys, Timber Import Manager, Homebush Bay Timber Pty. Ltd., Australia	16 July

Significant Events

Mr. Mauricio Castro Schmitz, ITTO Project Director, CIPAV/Ministry of the Environment; Mr. Diego Sandoval Peralta, Executive Director, Econometria and Ms. Martha Isabel Gutierrez, Market Expert, Econometria, Colombia	28 July
Mr. C.S. Tee, Export Director, Strategi Mutiara (M) Sdn. Bhd., Juaseh, Negeri Sembilan	29 July
Dr. Efransjah, Chief Technical Advisor, United Nations Development Programme (UNDP), Kuala Lumpur and Mr. Yamamoto Osamu, Chief Representative, The City of Yokohama, Kuala Lumpur Representative Office	7 August
Ms. May Maniam, Chief Executive Officer, eBridge Malaysia, Maryland, USA	25 August
Mr. Jeremy Pilmore-Bedford, Second Secretary (Economic), British High Commission, Malaysia and Ms. Amitee Parashar, London School of Economics, United Kingdom	27 August
Mr. Sunny Yong, General Manager, Seng Yip Furniture Sdn. Bhd., Semenyih, Selangor	12 September
Delegation on an Investigative Mission to explore the possibilities of a partnership under the Asia Forest Partnership (AFP) Programme comprising of:- <ul style="list-style-type: none"> • Dr Flip van Helden, Senior Policy Advisor, Department of Nature Management, Ministry of Agriculture, The Netherlands • Ir Arthur Ebregt, Independent Consultant, The Netherlands' Private Forest Owners' Association • Dr Dicky Simorangkir, Programme Team Leader, Tropical Forest Research TBI (Tropenbos), Indonesia • Mr Peter Noordemeer, Deputy Ambassador and Chargé d' Affairs, Royal Netherlands Embassy, Kuala Lumpur 	19 September
Mr. Campbell McInnes, State Manager, Asian Pacific Timber Marketing, Australia	23 September
Mr. Jens Fischer, Holz-Zentralblatt, Germany	23 September
Mr. Tan Leong Yeok, Sim Seng Huat Timber Industries Sdn. Bhd., Klang	16 October
Mr. Oscar Law In Seek, Managing Director, Lisco Enterprise, Kuala Lumpur and Mr. Brett Tyler, Managing Director and Mr. Adrian Summer, Group Purchasing Director, Timbmet Ltd., United Kingdom	16 October
Mr. James Sandom, Asia-Pacific Regional Representative, Forest Stewardship Council (FSC)	27 October
Delegation of Forestry Officers from Bhutan comprising of:- <ul style="list-style-type: none"> • Mr. B. P. Sharma, Forest Ranger, Department of Forestry • Mr. M. D. Tamang, Division Manager, Forest Development Cooperation • Mr. Chhloglay Namgay, Deputy Forest Ranger, BG-SRDP 	28 October
Dr. B. Hahn Schilling, General Director, International Forest Management Consultants GmbH, Germany	30 October
Mr. Tan Leong Yeok, Sim Seng Huat Timber Industries Sdn. Bhd., Klang	14 November
Mr. Thomas Edwards, Edwood Timber Marketing C.C., South Africa; Mr. Phil Flowers and Mr. Hugo Partridge, Moxwood, South Africa.	18 November



Mr Chew Lye Teng briefing forestry and timber technology students from University of Hamburg



Dr. Ása Tham, Chairperson of FSC having informal discussion with MTCC and members of the National Steering Committee

Significant Events

MTCC participated in the following events in 2003.

International Conferences and Meetings	Date	Venue
First Regional Workshop on Phased Approaches to Timber Certification	15-17 January	Jakarta, Indonesia
International Conference on the Contribution of Criteria and Indicators for Sustainable Forest Management : The Way Forward (CICI-2003)	3-7 February	Guatemala City, Guatemala
Industry Seminar Series, Malaysian International Furniture Fair (MIFF) 2003*	5-6 March	Kuala Lumpur
The Forests Dialogue - Certification CEO Meeting	8-9 May	London, United Kingdom
Third Regional Workshop on Phased Approaches to Timber Certification	9-10 May	Panama City, Panama
34 th Session of the International Tropical Timber Council (ITTC)	12-17 May	Panama City, Panama
Expert Consultation "Forest Certification - The Way Ahead"	17-18 June	Borgo Spante, Italy
Second Meeting of Ad-Hoc Working Group on a Pan ASEAN Timber Certification Initiative *	7-8 July	Yogyakarta, Indonesia
MTC Marketing Seminar "Timber Markets - The Changing Landscape"	15 July	Kuala Lumpur
Inception Meeting of ASEAN-Australia Development Cooperation Programme Project on Eco Labels and Certification in Forestry: Issues relevant to use of ecolabels in ASEAN and to global standards.	17 July	Ha Noi, Viet Nam
Sixth Meeting of the ASEAN Senior Officials on Forestry (ASOP)*	17-19 July	Ha Noi, Viet Nam
Thirteenth Meeting of the Plants Committee, Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES)	12-15 August	Geneva, Switzerland
First Meeting of Steering Group for ASEAN-Australia Project on Eco Labels and Certification in Forestry	5 September	Bangkok, Thailand
Certification Watch Conference "Certification & World Forestry"*	25 September	Quebec City, Canada
7 th General Assembly of Pan European Forest Certification Council (PEFC)	31 October	Luxembourg
35 th Session of the International Tropical Timber Council (ITTC)	3-8 November	Yokohama, Japan
International Expert Meeting on the Development and Implementation of National Codes of Practice for Forest Harvesting - Issues and Options	17-20 November	Kisarazu City, Japan
Second Meeting of Joint Study Group of Malaysia-Japan Closer Economic Partnership (CEP)*	20 November	Kuala Lumpur
Third Meeting of the Asia Forest Partnership (AFP)	21 November	Kisarazu City, Japan
International Conference on Quality Timber Products of Teak From Sustainable Forest Management*	2-5 December	Peechi, Kerala, India

* MTCC made presentation on its scheme and related activities at this event



Mr Chew Lye Teng making a presentation to members of the German Timber Trade Federation at Wiesbaden



Mr Chew Lye Teng making a presentation at Certification & World Forestry Conference in Quebec City

Significant Events

Missions/Visits/Discussions	Date	Venue
Malaysian Timber Mission to Europe	26 May-5 June	Belgium, Germany, Norway, Denmark & Sweden
Discussion on MTCC-Hamburg Project	6 June	Hamburg, Germany
Working Visit to Luxembourg, The Netherlands and Germany	14-17 October	Luxembourg, The Netherlands & Germany
Discussions with City and State Officials and Members of Bundestag on MTCC Scheme	29 October-7 November	Bonn, Cologne, Berlin & Dusseldorf, Germany
Discussion on MTCC-Hamburg Project	4 & 5 November	Hamburg, Germany



Mr Chew Lye Teng and MTCC PR representative in Germany, Mr Guntram Kaiser call on Executive Director of FSC, Mr Heiko Leideker at FSC Headquarters in Bonn



Meeting with representatives of Netherlands Timber Trade Association at Malaysian Embassy in The Hague

Significant Events

Fairs/Exhibitions	Date	Venue
Showcase Malaysia 2003 in conjunction with the 13 th Non-Aligned Movement (NAM) Summit	18-26 February	Kuala Lumpur
Malaysian International Furniture Fair (MIFF) 2003	4-8 March	Kuala Lumpur
Exhibition in conjunction with 25 th Meeting of ASEAN Ministers of Agriculture and Forestry (AMAF)	18-22 August	Kuala Lumpur
EXPO OIC 2003 in conjunction with the 10 th Organisation of the Islamic Conference Summit	14-19 October	Putrajaya
German Timber Day	16-17 October	Wiesbaden, Germany



MTCC booth at Showcase Malaysia 2003 in conjunction with 13th NAM Summit



MTCC booth at MIFF 2003

Local Conferences and Meetings	Date	Venue
Workshop on Agriculture Negotiations in WTO	16-17 January	Bangi, Selangor
Second Workshop on WTO Issues for Ministry of Primary Industries, Agencies and Departments	18 February	Kuala Lumpur
Third Workshop on WTO Issues for Ministry of Primary Industries, Agencies and Departments	20 March	Kuala Lumpur
Bengkel Pengurusan Hutan Secara Berkekalan di Semenanjung Malaysia - Isu dan Cabaran Pelaksanaan*	1-2 April	Kepong, Selangor
Kursus Kriteria dan Petunjuk bagi Pengurusan Hutan Secara Berkekalan (G5 & G6)*	5-7 May	Kuala Terengganu
Fifth Workshop on WTO Issues Related to Commodities	17 June	Kuala Lumpur
Producer Forest and Trade Network Seminar	24-25 June	Sandakan
High Conservation Value Forests Stakeholder Workshop	26-27 June	Sandakan
Preparatory Workshop for the Roundtable on Sustainable Palm Oil *	24 July	Kuala Lumpur
Roundtable on Sustainable Palm Oil	21-22 August	Kuala Lumpur
Seminar and Dialogue with H.E. Dr. Dorodjatun Kuntjoro, Minister of Economic Affairs, Indonesia	22 September	Kuala Lumpur
World Forestry Day (National Level)	27 September	Sandakan, Sabah
Seventh Workshop on WTO Issues Related to Commodities - Post Cancun	30 October	Kuala Lumpur

* MTCC made presentation on its scheme and related activities at this event

Financial Statements

BALANCE SHEET AS AT 31 DECEMBER 2003

	2003 RM	2002 RM
ENDOWMENT FUND	36,000,000	36,000,000
ACCUMULATED FUND	1,697,055	1,401,163
GOVERNMENT GRANT	2,569,183	3,332,823
	40,266,238	40,733,986
<i>Represented by:</i>		
PROPERTY, PLANT & EQUIPMENT	76,875	109,704
CURRENT ASSETS		
Trade receivables	44,043	–
Sundry receivables, deposits and prepayments	23,870	99,393
Fixed deposits with licensed banks	40,061,253	40,332,627
Cash and bank balances	191,387	307,679
	40,320,553	40,739,699
<i>Less :</i>		
CURRENT LIABILITIES		
Sundry payables and accruals	131,190	115,417
NET CURRENT ASSETS	40,189,363	40,624,282
	40,266,238	40,733,986

INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2003

	2003 RM	2002 RM
Revenue	139,797	21,126
Direct costs	(142,319)	(12,141)
Gross (loss)/profit	(2,522)	8,985
Other operating income	4,249	10,100
Administrative and general expenses	(1,930,903)	(1,792,457)
Amortisation of government grant	763,640	941,459
Deficit from operations	(1,165,536)	(831,913)
Interest income	1,461,428	1,153,223
Net Surplus for the year	295,892	321,310



Malaysian Timber Certification Council

19F, Level 19, Menara PGRM, No. 8, Jalan Pudu Ulu, Cheras, 56100 Kuala Lumpur, Malaysia.

Tel: 603-9200 5008 Fax: 603-9200 6008 E-mail: mtcc@tm.net.my Website: <http://www.mtcc.com.my>