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VISION

Vision

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

MISSION

Mission

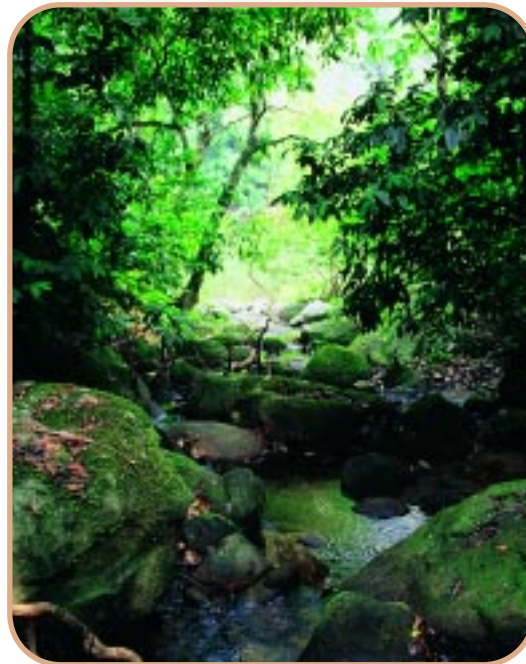
To establish and operate a credible
and internationally recognised
national timber certification scheme
towards promoting sustainable forest
management in Malaysia

CORPORATE PROFILE

The Malaysian Timber Certification Council (MTCC) is an independent 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.

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

- Operate a voluntary national 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
- Liaise closely with the national accreditation body and other certification organisations in matters related to timber certification
- 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 locally and internationally





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 2004 were:

Chairman

Dato' Dr. Freezailah Che Yeom

Member

Hajjah Fatimah Raya Nasron

Tuan Haji Mohd. Yusoff Haji Mydin

Dato' Leong Ah Hin @ Leong Swee Kong

Dato' Dr. Abdul Razak Mohd. Ali

Prof. Dr. Aminuddin Mohamad

Datuk Leo Chai

Dato' Sheikh Othman Sheikh Abdul Rahman

Tuan Haji Jamaluddin Mohd. Isa

Organisation

Ministry of Plantation Industries and Commodities
(w.e.f. 1 August 2004)

Ministry of Natural Resources and Environment

Ministry of Science, Technology and Innovation
(up to 31 May 2004)

Forest Research Institute Malaysia

Universiti Malaysia Sabah

Sarawak Timber Association

Malaysian Panel-Products Manufacturers' Association

Malay Forest Officers Union, Peninsular Malaysia



The Board of Trustees met four times in 2004 as follows:

- Twenty First Meeting - 18 March
- Twenty Second Meeting - 10 June
- Twenty Third Meeting - 9 September
- Twenty Fourth Meeting - 30 December



Twenty Third Meeting of Board of Trustees



Twenty Fourth Meeting of Board of Trustees

CERTIFICATION COMMITTEE

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

The members of the Certification Committee in 2004 were:-

Member

Tuan Haji Mohd. Yusoff Haji Mydin

Dato' Dr. Abdul Razak Mohd. Ali

Dato' Sheikh Othman Sheikh Abdul Rahman

Tuan Haji Jamaluddin Mohd. Isa

Organisation

Ministry of Natural Resources and Environment

Forest Research Institute Malaysia

Malaysian Panel-Products Manufacturers' Association

Malay Forest Officers Union, Peninsular Malaysia

The Certification Committee met six times in 2004 as follows:-

- Sixth Meeting - 18 March
- Seventh Meeting - 18 May
- Eighth Meeting - 5 July
- Ninth Meeting - 2 September
- Tenth Meeting - 18 October
- Eleventh Meeting - 30 December



Eleventh Meeting of Certification Committee



BOARD OF TRUSTEES



APPEALS COMMITTEE

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

The members of the Appeals Committee in 2004 were:-

Chairman

Dato' Dr. Freezailah Che Yeom

Member

Dato' Leong Ah Hin @ Leong Swee Kong

Hajjah Fatimah Raya Nasron

Prof. Dr. Aminuddin Mohamad

Datuk Leo Chai

Organisation

Ministry of Science, Technology and Innovation
(up to 31 May 2004)

Ministry of Plantation Industries and Commodities
(w.e.f. 1 August 2004)

Universiti Malaysia Sabah

Sarawak Timber Association

INVESTMENT COMMITTEE

The Investment Committee oversees 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 establishment of the Fund, the Committee is 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 is also responsible for ensuring that all audited annual statements and reports are duly submitted to the Ministry of Plantation Industries and Commodities and the Ministry of Finance.

The members of the Investment Committee in 2004 were:

Chairman

Dato' Dr. Freezailah Che Yeom

Member

Tuan Haji Mohd. Yusoff Haji Mydin

Mustafar Taib

Chew Lye Teng

Organisation

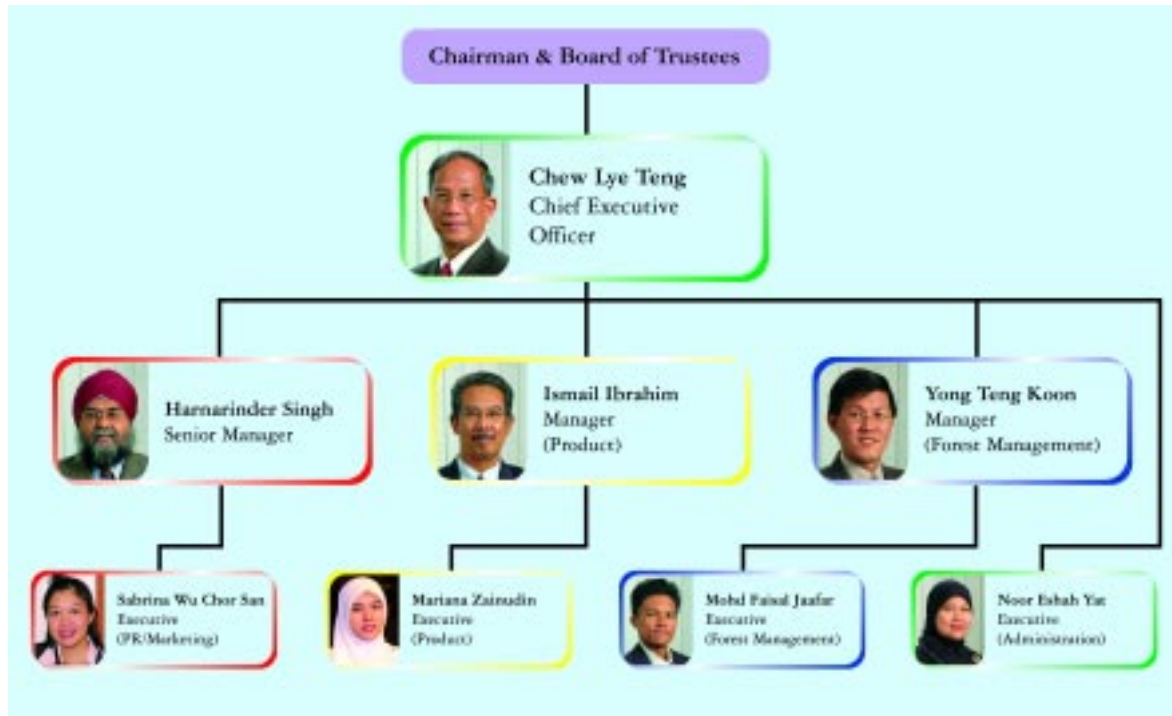
Ministry of Natural Resources and Environment

Ministry of Finance

Malaysian Timber Certification Council

ORGANISATION STRUCTURE

MANAGEMENT TEAM



IN-HOUSE INVESTMENT COMMITTEE

The In-House Investment Committee monitors the implementation of the decisions of the Investment Committee, as well as formulates investment recommendations for the consideration of the Investment Committee.

The members of the In-House Investment Committee in 2004 were:

Chew Lye Teng (*Chairman*)

Harnarinder Singh

Ismail Ibrahim

Yong Teng Koon

Noor Eshah Yat (*Secretary*)

Company Secretary	Company Auditors
Zainal Abidin Pit (MAICSA 7014057) ZAP Management Services Sdn. Bhd. 15B, 2nd Floor Jalan Tengku Ampuan Zabedah F9/F 40100 Shah Alam, Selangor	Moores Rowland (No. AF: 0539) Wisma Selangor Dredging 7th Floor, South Block 142-A, Jalan Ampang 50450 Kuala Lumpur



CHAIRMAN'S STATEMENT



I am pleased to present the Malaysian Timber Certification Council's Annual Report and Audited Accounts for the financial year ending 31 December 2004.

This Annual Report highlights the work and activities of the MTCC for the year 2004. I wish to note that the MTCC has made considerable progress in the implementation of forest and timber certification in Malaysia. This has contributed to the sustainable management of our valuable and bio-diversity rich forests which are not only important for sustainable timber production but also for vitally needed bio-diversity conservation and environmental values.

MTCC's progress during the year under review is attributable to the cooperation of all stakeholders, relevant government agencies and markets in certain developed countries. To all of them I wish to acknowledge their assistance and cooperation.

Equally, I am most grateful to all the Members of MTCC's Board of Trustees for their dedication and guidance to promote the work of the Council.

Forest certification has gathered further momentum worldwide and some 222 million hectares of forests have now been certified under various schemes; 55 per cent in North America, 40 per cent in Europe, 2 per cent in Asia-Pacific, 2 per cent in Latin America and 1 per cent in Africa. From this geographical coverage, it is clear that tropical forests account for only 5 per cent. Nevertheless, many countries in the three tropical regions are actively pursuing forest certification and are at various stages of developing and implementation of their certification schemes.

There is considerable on-going debate about the sustainable management and certification of tropical forests. How may the situation be improved? There is growing realisation on the complexity of the tropical ecosystem, when compared to temperate and boreal forests, in achieving sustainable management. Costs of implementing sustainable management and certification of tropical forests are higher. Greater skills are needed. Strong, well-funded and well-staffed institutions are needed. Problems related to poverty exacerbate the situation. And a green premium for certified timber is less than certain.

In view of the fore going, there is growing realisation on the need for a phased or step-wise approach in the implementation of sustainable management and

certification of tropical forests. Issues related to legal compliance are often stressed. It is encouraging that certain initiatives are now being discussed to implement certification in stages, the first of which will deal with legal compliance of all relevant laws and regulations. From the producer end, ASEAN is discussing on developing a regional certification scheme, focusing initially on legal issues. A scheme on voluntary partnership agreement is also being discussed. Obviously, in all these cases, the definition of 'legal timber' needs to be established. These on-going discussions and initiatives are indeed most encouraging and hopefully will result in arrangements which are pragmatic and cost-efficient and therefore implementable. And such progress will be highly dependent on a better understanding of the problems and issues being faced, and enhanced levels of cooperation amongst all stakeholders, cooperation between certification schemes and greater assistance from the international community. MTCC, based on its experience, will cooperate fully with all initiatives so that more tropical forests worldwide may be certified.



DATO' DR. FREEZAILAH CHE YEOM
Chairman

9 November 2005



CHAIRMAN'S STATEMENT



REVIEW OF OPERATIONS



In 2004, the MTCC timber certification scheme continued its steady growth. Two new Forest Management Units (FMUs) were awarded the *Certificate for Forest Management* including the first FMU in Ulu Baram, Sarawak. This brought the total number of MTCC-certified FMUs to nine. The number of holders of the *Certificate for Chain-of-Custody* similarly increased from 38 in 2003 to 57.

The monthly export of MTCC-certified timber products showed a marked increase compared to 2003; the markets continued to be countries in Europe (The Netherlands, United Kingdom, Germany, Belgium and France) and Australia.

In November, the MTCC scheme was assessed by the Central Point of Expertise on Timber (CPET) of the United Kingdom government timber procurement policy and was considered at this juncture to provide an assurance of legally harvested timber. This decision by CPET meant that MTCC-certified timber products would be accepted as legally sourced under the UK government timber procurement policy. MTCC was pleased to note that it was the only certification scheme from a developing tropical producing country among the five schemes that were assessed by the CPET. It should also be noted that this assessment was based on the use of the *Malaysian Criteria, Indicators, Activities and Standards of Performance for Forest Management Certification [MC&I (2001)]* by the scheme in 2004. I am confident that the MTCC certificate will be accepted by the CPET as providing assurance of legal and sustainably produced timber products once the scheme has made the change over to the use of its new standard, the *Malaysian Criteria and Indicators for Forest Management Certification [MC&I (2002)]*.

In line with the need for continual improvement of the standards used in the scheme, multi-stakeholder consultations were held to review the chain-of-custody standard, the *Requirements and Assessment Procedures for Chain-of-Custody Certification (RAP/COC)* to take into account the latest international developments in chain-of-custody certification. The use of the revised standard, entitled *Requirements for Chain-of-Custody Certification (RCOC)*, will be phased in gradually in 2005 and 2006. As preparation for this change, the assessment procedures for the use of the *RCOC* were also finalised.

With regard to the forest management standard, 2004 saw further work on preparations to change over to the use of the *MC&I (2002)*. This included the field-testing of the *MC&I (2002)* in Sabah, Sarawak and Peninsular Malaysia and preparation of the assessment procedures to be used in connection with the *MC&I (2002)*.

Efforts to promote and publicise the MTCC scheme continued to be given attention, through MTCC's participation in international and local timber trade exhibitions, presentations on the scheme in international and local fora as well as briefing sessions to the timber industry throughout the country. In this connection, I would like to acknowledge the assistance and cooperation extended by many organisations, in particular the Malaysian Timber Council (MTC), in the promotion of the MTCC scheme, and the Malaysian Timber Industry Board (MTIB) in monitoring of the exports of MTCC-certified timber products.

Among the promotion efforts, I would like to highlight the successful Parliamentary Evening which was jointly organized by MTC and MTCC in the Malaysian Embassy in Berlin as part of efforts to provide information on steps being made towards achieving sustainable forest management as well as the implementation of the MTCC scheme in Malaysia, to Members of Parliament and other key policy makers in Germany.

Therefore in 2004, in addition to promoting the MTCC scheme and monitoring it to ensure that it operated smoothly, the other priorities were on the changes needed to further strengthen the scheme. I am optimistic that the various actions taken in 2004 have enabled MTCC to be ready to implement these changes in the coming years.

All these efforts would not have been possible without the guidance of MTCC's Board of Trustees and the hard work put in by my team of managers and supporting staff. I therefore would like to express my appreciation for the continued guidance and support given by the Chairman and Board of Trustees. I would also like to thank the MTCC managers and supporting staff for their contributions in 2004 which have helped the MTCC scheme to make further progress in gaining market acceptance and confidence.



CHEW LYE TENG
Chief Executive Officer

9 November 2005

REVIEW OF OPERATIONS





OPERATIONS

FOREST MANAGEMENT CERTIFICATION

In line with the phased approach taken by the MTCC timber certification scheme, the forest management standard used in 2004 was the *Malaysian Criteria, Indicators, Activities and Standards of Performance for Forest Management Certification [MC&I (2001)]*.

In order to ensure that the forest management practices of the certified FMUs continue to comply with the requirements of the *MC&I (2001)*, all seven certified FMUs (i.e. Pahang, Selangor, Terengganu, Johor, Kedah, Perak and Negeri Sembilan) were subjected to surveillance visits in 2004. Based on the surveillance visits and the recommendations made by the independent assessors, the respective *Certificate for Forest Management* issued to the seven certified FMUs were maintained.

Additionally, two new certificates were issued in 2004 based on assessments/verifications conducted and recommendations made by the independent assessors. The Kelantan FMU was awarded with the *Certificate for Forest Management* with effect from 5 July, while the Sela'an-Linau FMU in Sarawak was awarded the certificate with effect from 18 October.



Aerial view of Sela'an Linau FMU



Consultation with indigenous people during assessment of Sela'an Linau FMU

Details of the assessments and surveillance visits carried out in 2004 are as shown in the table below:

No.	Forest Management Unit (FMU)	Date of Assessment/ Verification/Surveillance Visit
1.	Pahang FMU	20-24 September (Surveillance 02)
2.	Selangor FMU	19-21 July (Surveillance 02)
3.	Terengganu FMU	15-19 August (Surveillance 01)
4.	Johor FMU	2-7 August (Surveillance 01)
5.	Kedah FMU	16-19 August (Surveillance 01)
6.	Perak FMU	19-23 July (Surveillance 01)
7.	Negeri Sembilan FMU	18-20 October (Surveillance 01)
8.	Kelantan FMU	9-12 February (Verification)
9.	Sela'an-Linau FMU (Sarawak)	15-22 March (Assessment) 2-5 August (Verification)

Hence, as at 31 December, a total of nine FMUs i.e. eight FMUs in Peninsular Malaysia and one FMU in Sarawak, covering 4.73 million hectares of Permanent Reserved Forest (PRF), had been assessed and awarded the MTCC *Certificate for Forest Management* as shown in the table below.



No.	Forest Management Unit (FMU)	Certificate Number	Issuance Date	Area of FMU (ha)
1.	Pahang FMU	FMC 001	14 December 2001	1,524,132
2.	Selangor FMU	FMC 002	14 December 2001	233,781
3.	Terengganu FMU	FMC 003	14 December 2001	535,929
4.	Johor FMU	FMC 004	6 October 2003	356,922
5.	Kedah FMU	FMC 005	6 October 2003	344,530
6.	Perak FMU	FMC 006	6 October 2003	884,205
7.	Negeri Sembilan FMU	FMC 007	6 October 2003	165,639
8.	Kelantan FMU	FMC 008	5 July 2004	629,687
9.	Sela'an-Linau FMU (Sarawak)	FMC 009	18 October 2004	55,949
Total Certified Area:				4,730,774

CHAIN-OF-CUSTODY CERTIFICATION

In early 2004, the MTCC management initiated work to review the *Requirements and Assessment Procedures for Chain-of-Custody Certification (RAP/COC)*, the standard used in chain-of-custody (CoC) certification, with a view to take into account the latest international developments and to incorporate the best practices in CoC certification which are appropriate to local conditions in Malaysia.

For the review, the MTCC management proposed that the *RAP/COC* document be re-issued as two separate documents, i.e. *Requirements for Chain-of-Custody Certification*, which will set out the requirements for CoC certification, and *Assessment Procedures for Chain-of-Custody Certification* which will deal with the general procedures for assessors to follow in conducting assessments and surveillance for CoC certification.

The review process was initiated in February when the relevant stakeholder groups were informed of the proposed review and invited to submit their comments and proposals for amendments to the *RAP/COC*. MTCC, as the secretariat for the consultation, incorporated the comments received where appropriate in a new draft standard entitled *Requirements for Chain-of-Custody Certification (RCOC)*. The *RCOC* was circulated to all stakeholder groups in July, together with the invitation to participate in the national consultation to discuss the draft *RCOC* scheduled on 25-26 August in Kuala Lumpur. The draft *RCOC* was subsequently finalised during the two-day national consultation which was attended by 66 participants representing the various stakeholder groups.

The MTCC management also initiated work on the drafting of the *Assessment Procedures for Chain-of-Custody Certification (APCOC)*.



Dato' Dr. Freezailah chairing the national consultation to discuss the draft *RCOC*



Representatives from the timber industry (top) and social interest group speaking at the national consultation to discuss the draft *RCOC*



Following the finalisation of the *RCOC* in December, MTCC notified all stakeholder groups and holders of the *Certificate for Chain-of-Custody* regarding its plans to use the *RCOC*, including deadlines and arrangements to be complied with by the certificate holders and new applicants in order to ensure a smooth transition to the use of the *RCOC*. MTCC announced that it will start using the *RCOC* for the purpose of CoC certification with effect from 1 January 2006. New applications for certification against the *RAP/COC* must be received at the latest by 28 February 2005. For new applications received after 28 February 2005, the assessment will be conducted against the *RCOC*. It was envisaged that assessments to the requirements of the *RCOC* can be carried out after 1 April 2005. After this date, current holders of the *Certificate for Chain-of-Custody* undergoing surveillance against the *RAP/COC* could also, on a voluntarily basis, simultaneously undergo assessment against the *RCOC*.

MTCC received applications for CoC certification from twenty companies, out of which fourteen were assessed in 2004. MTCC also received an application from one company, which is a holder of an FSC certificate, to be considered for the issuance of the *Certificate for Chain-of-Custody* under the MTCC scheme.

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

- Leong Seng Sawmill Sdn. Bhd.
- Prominent Picture Frame Sdn. Bhd.
- Samling Plywood (Baramas) Sdn. Bhd.
- Papanjaya Sdn. Bhd.
- Sim Seng Huat Timber Industries Sdn. Bhd.
- Dyera Tim Sdn. Bhd.
- Guan Hin Sawmill & Hardware Sdn. Bhd.
- Strategi Mutiara (M) Sdn. Bhd.
- Kwong Yuen Sang Sawmill Sdn. Bhd.
- Low Fatt Wood Industries Sdn. Bhd.
- Finewood Forest Products Sdn. Bhd.
- Supreme Fame Sdn. Bhd.
- Lengkap Arif Sdn. Bhd.
- Star Lumber Sdn. Bhd.
- Maica Wood Industries Sdn. Bhd.
- Kilang Papan Jendela Baru Sdn. Bhd.
- Zeng Lee Trading Sdn. Bhd.
- Ivory Pearl Sdn. Bhd.
- Mediarex Sdn. Bhd.

The *Certificate for Chain-of-Custody* No. COC 025 that was issued to Sri Rawang Sdn. Bhd. was withdrawn with effect from 7 April at the company's request.



OPERATIONS

Hence, by the end of 2004, a total of 57 companies had been awarded the *Certificate for Chain-of-Custody*, as follows:

No.	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 timber and solid finger-jointed timber
5.	Pan Resources Sdn. Bhd.	COC 005	4 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



OPERATIONS

No.	Company	Certificate Number	Issuance Date	Scope
25.	Sri Rawang Sdn. Bhd.	COC 025 (Certificate has been withdrawn w.e.f. 7 April 2004 at the company's request)	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 Sawmill 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 sets, 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)
39.	Leong Seng Sawmill Sdn. Bhd.	COC 039	26 March 2004	Sawn timber
40.	Prominent Picture Frame Sdn. Bhd.	COC 040	26 March 2004	Assembled picture frames
41.	Samling Plywood (Baramas) Sdn. Bhd.	COC 041	31 March 2004	Plywood
42.	Papanjaya Sdn. Bhd.	COC 042	18 May 2004	Sawn timber
43.	Sim Seng Huat Timber Industries Sdn. Bhd.	COC 043	18 May 2004	Solid wood moulding including finger-jointed moulding
44.	Dyera Tim Sdn. Bhd.	COC 044	18 May 2004	Sawn timber and solid wood moulding



OPERATIONS

No.	Company	Certificate Number	Issuance Date	Scope
45.	Guan Hin Sawmill & Hardware Sdn. Bhd.	COC 045	18 May 2004	Sawn timber
46.	Strategi Mutiara (M) Sdn. Bhd.	COC 046	5 July 2004	Garden furniture and furniture components
47.	Kwong Yuen Sang Sawmill Sdn. Bhd.	COC 047	2 September 2004	Sawn timber
48.	Low Fatt Wood Industries Sdn. Bhd.	COC 048	2 September 2004	Sawn timber and solid wood mouldings
49.	Finewood Forest Products Sdn. Bhd.	COC 049	2 September 2004	Solid wood mouldings and joinery products
50.	Supreme Fame Sdn. Bhd.	COC 050	2 September 2004	Sawn timber and solid wood mouldings
51.	Lengkap Arif Sdn. Bhd.	COC 051	2 September 2004	Sawn timber
52.	Star Lumber Sdn. Bhd.	COC 052	2 September 2004	Sawn timber
53.	Maica Wood Industries Sdn. Bhd.	COC 053	18 October 2004	Solid wood mouldings and laminated boards
54.	Kilang Papan Jendela Baru Sdn. Bhd.	COC 054	18 October 2004	Sawn timber
55.	Zeng Lee Trading Sdn. Bhd.	COC 055	18 October 2004	Sawn timber
56.	Ivory Pearl Sdn. Bhd.	COC 056	29 December 2004	Solid wood doors and door frames
57.	Mediarex Sdn. Bhd.	COC 057	31 December 2004	Solid and finger-jointed mouldings, solid and finger-jointed S4S, graphic stand and picture frames, sawn timber

REGISTRATION OF INDEPENDENT ASSESSORS AND PEER REVIEWERS

Three new applications for registration as independent assessors for forest management certification were received and approved by the Certification Committee in 2004, bringing the total number of independent assessors registered under the MTCC scheme to eleven as follows:

- (i) SGS (Malaysia) Sdn. Bhd. (AS.FMC 01)
- (ii) Gaya Tunas Sdn. Bhd. (AS.FMC 02)
- (iii) Chemsain Konsultant Sdn. Bhd. (AS.FMC 03)
- (iv) TropBio Forest Sdn. Bhd. (AS.FMC 04)
- (v) Saytech General Inspection Services Sdn. Bhd. (AS.FMC 05)
- (vi) SIRIM QAS International Sdn. Bhd. (AS.FMC 06)
- (vii) Forest Research Institute Malaysia (AS.FMC 07)
- (viii) Faculty of Forestry, Universiti Putra Malaysia (AS.FMC 08)
- (ix) MJS Services Sdn. Bhd. (AS.FMC 09)
- (x) Global Forestry Services (Malaysia) Sdn. Bhd. (AS.FMC 010)
- (xi) Gunung-Ganang Corporation Sdn. Bhd. (AS.FMC 011)



The total number of companies registered as independent assessors for CoC certification increased from eleven in 2003 to thirteen in 2004 as follows:

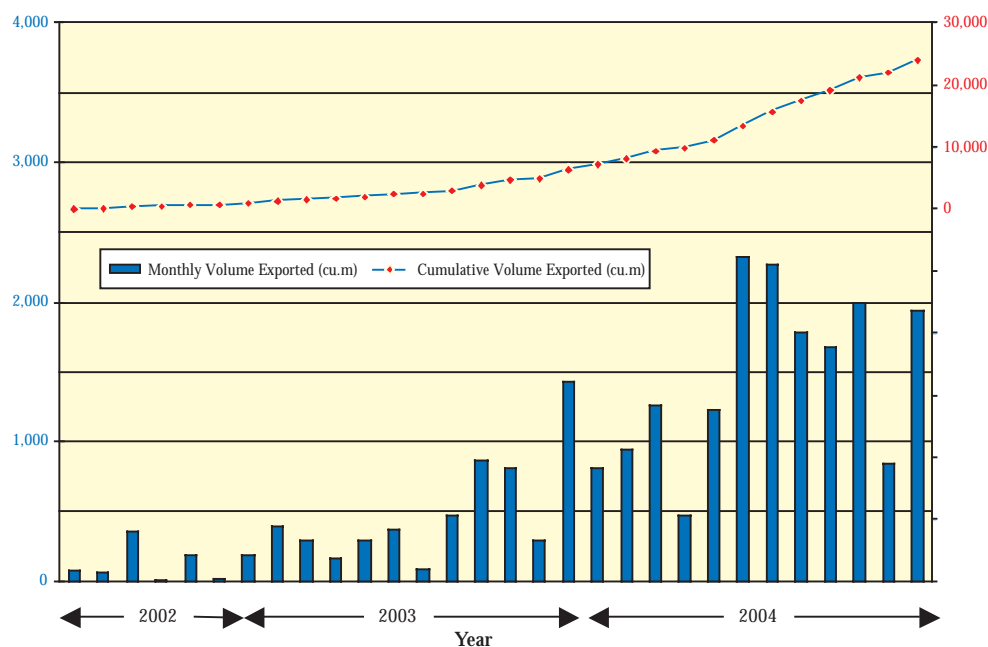
- (i) SGS (Malaysia) Sdn. Bhd. (AS.COC 01)
- (ii) SIRIM QAS International Sdn. Bhd. (AS.COC 02)
- (iii) Bureau Veritas (M) Sdn. Bhd. (AS.COC 03)
- (iv) TropBio Forest Sdn. Bhd. (AS.COC 04)
- (v) Chemsain Konsultant Sdn. Bhd. (AS.COC 05)
- (vi) Gaya Tunas Sdn. Bhd. (AS.COC 06)
- (vii) TQS Management Sdn. Bhd. (AS.COC 07)
- (viii) JB Agriculture Management Services (AS.COC 08)
- (ix) KiwiHing Wood Industry Consultants Sdn. Bhd. (AS.COC 09)
- (x) AOQC Moody (Malaysia) Sdn. Bhd. (AS.COC 10)
- (xi) Saytech General Inspection Services Sdn. Bhd. (AS.COC 11)
- (xii) MJS Services Sdn. Bhd. (AS.COC 12)
- (xiii) Global Forestry Services (Malaysia) Sdn. Bhd. (AS.COC 13)

One new peer reviewer was approved for registration by the Certification Committee, bringing the total number of peer reviewers registered with MTCC to fourteen.

EXPORT OF MTCC-CERTIFIED TIMBER PRODUCTS

The export of MTCC-certified timber continued to increase steadily in 2004. Another 17,585m³ of MTCC-certified timber products were exported to The Netherlands, Belgium, United Kingdom, Germany, Australia and France. Samling Plywood (Baramas) Sdn. Bhd., the first MTCC-certified company in Sarawak, began exporting its certified plywood to the UK in December. By the end of 2004, a cumulative total of 24,006 m³ of MTCC-certified timber products had been exported.

EXPORT OF MTCC-CERTIFIED TIMBER PRODUCTS UP TO DECEMBER 2004



Source: MTIB

PROMOTION

PARLIAMENTARY EVENING

As part of MTCC's promotion programme in Germany, MTCC has held one-to-one discussions with several federal, state and municipal authorities, politicians and decision-makers to provide information on the MTCC certification scheme with the aim of persuading these authorities to include the MTCC scheme in their timber procurement policies.

As a follow-up to these discussions and to provide more publicity to Malaysia's efforts towards achieving SFM and the MTCC scheme, especially among the federal-level politicians and decision-makers, MTCC and MTC jointly organised a Parliamentary Evening which was hosted by the Malaysian Ambassador in Germany on 16 June at the Malaysian Embassy in Berlin.

The main objective of the Parliamentary Evening was to inform German politicians, especially members of the Committee for Consumer Protection, Food and Agriculture, experts from the Bundestag (German Parliament), the ministries and other important bodies about the status of SFM and timber certification in Malaysia and to seek their support for the recognition of the MTCC timber certification scheme in the public procurement policies at the federal, state and municipality levels.

Thirty three German guests participated in the meeting, comprising eight Members of Parliament i.e. two from the Social Democrats (SPD), five from the Christian Democrats (CDU) and one from the Free Democrats (FDP), three Assistants of MPs, one from the scientific advisors of party groups, three from the Secretariat of the Committee for Consumer Protection, Food and Agriculture, five representatives from the Ministry, and 13 other experts and representatives.

The speakers on forestry and timber certification issues of SPD (Gabriele Hiller-Ohm), CDU (Cajus J. Caesar) and FDP (Dr. Christel Happach-Kasan) as well as the speakers on environmental issues of SPD (Gabriele Lösekrug-Möller) and CDU (Georg Schirmbeck) participated in the event.

The Malaysian side was represented by:-

- Dato' Kamal Ismaun, Ambassador, Malaysian Embassy in Germany
- Sudha Devi, Counsellor, Malaysian Embassy in Germany
- Mohamad Razdan Jamil, First Secretary, Malaysian Embassy in Germany
- Hajjah Fatimah Raya Nasron, Under Secretary, Timber Industries Division, Ministry of Plantation Industries and Commodities
- Tunku Tan Sri Dato' Osman Ahmad, Chairman, MTC
- Dato' Ismail Awang, CEO, MTC
- Tham Sing Khoo, Director, MTC London Office
- Suria Zainal, Director in MTC CEO's Office
- Dato' Dr. Freezailah Che Yeom, Chairman, MTCC
- Chew Lye Teng, CEO, MTCC

The Parliamentary Evening has further strengthened the dialogue and provided information about Malaysia's efforts in SFM to the key German policy makers and experts. The participants were appreciative of the difficulty of forestry in tropical regions and were interested in MTCC's phased approach. In particular, the MPs from FDP and the CDU supported Malaysia's efforts and are actively involved in encouraging the federal government to accept more certification schemes in public procurement.



Participants at the Parliamentary Evening in Germany



Q&A session during the Parliamentary Evening





As one of the results of the Parliamentary Evening, on 21 to 29 August, a two-member delegation from the Bundestag comprising MPs Cajus J. Caesar and Gabriele Lösekrug-Möller conducted a fact-finding mission to Malaysia and Indonesia to investigate the actual situation with regard to allegations of illegal logging and its associated trade.

The visit to Malaysia started on 27 August in Kuching with a briefing by the Sarawak Timber Industry Development Corporation (STIDC), which was also attended by representatives from the Sarawak Forestry Corporation Sdn. Bhd. (SFC) and the Sarawak Timber Association (STA). This was followed by a visit to the Sarawak-West Kalimantan border checkpoint at Tebedu to observe the entry of imported timber.

On 28 August, the delegation had a meeting with the Parliamentary Secretary of the Ministry of Plantation Industries and Commodities, Y.B. Ng Lip Yong and officials of the Ministry, MTCC, MTC, and forestry and timber agencies. The delegation proceeded to Terengganu, one of the MTCC-certified FMUs, by helicopter to witness forestry operations first-hand, including forest reserve boundary demarcation, alignment and construction of logging roads and skid trails, tree tagging, directional tree felling, log extraction, mother tree identification and marking, and demarcation of buffer zones and conservation areas.

MEETINGS WITH TIMBER IMPORTERS

Efforts to provide the latest information and to promote the MTCC certification scheme in the key importing countries were continued through meetings with the timber trade associations. In 2004, such meetings were jointly held by MTC and MTCC in Copenhagen on 15 June and in London on 22 June. During these meetings, the timber trade was given updates on developments in Malaysian forestry and timber trade and an update on the MTCC scheme.

BRIEFINGS TO AUTHORITIES AND COMPANIES IN IMPORTING COUNTRIES

The one-to-one briefings and discussions with key officials responsible for timber procurement in local authorities as well as in private companies in the importing countries were continued in 2004 in Germany with briefings conducted in Bremen on 22 January, followed by Potsdam, Hannover and Hamburg on 17 and 18 June. For the Australian market, MTCC conducted a briefing for key officials of Wesfarmers Limited and Bunnings Pty. Ltd. in Perth on 29 November. Bunnings Pty. Ltd. is the largest DIY company in Australia, and Wesfarmers Limited, one of Western Australia's largest public companies, is its parent company.

PUBLICITY

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

- Malaysian International Furniture Fair (MIFF) 2004 in Kuala Lumpur (March)
- Designbuild 2004 in Melbourne, Australia (June)



MPs Cajus J. Caesar and Gabriele Lösekrug-Möller visiting the Sarawak-West Kalimantan border checkpoint at Tebedu (top) and Forest Reserve in Terengganu (bottom)



German delegation meeting officials of the Ministry of Plantation Industries and Commodities and related agencies at Putrajaya



Discussion with Timber Trade Federation, United Kingdom



Meeting with Timber Trade in London

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

- DOMOTEX, Hannover, Germany (January)
- International Builders' Show (IBS 2004), Las Vegas, USA (January)
- SURFACES 2004, Las Vegas, USA (January)
- Lumber and Building Material Expo 2004, Boston, USA (February)
- Bautech, German International Trade Fair, Berlin, Germany (February)
- 2004 Wood Flooring Expo, North Carolina, USA (April)
- Carrefour International du Bois, Nantes, France (June)

Throughout 2004, 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, field testing of the MC&I (2002), notification on the use of the MC&I (2002) by the MTCC certification scheme, revision of the standard for Chain-of-Custody certification, and the assessment of the MTCC certification scheme by the Government of United Kingdom.



Visitors to MTCC booth at MIFF 2004



Visitors to MTCC booth at Designbuild 2004 exhibition in Melbourne

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 its certification scheme and other activities were made. These included the following:

- ◆ *Workshop on Timber Certification by the Certification Division, Science Technology Development Centre, 7-8 January, Beijing, China*
- ◆ *Third Meeting of Ad-Hoc Working Group on a Pan ASEAN Timber Certification Initiative, 8-9 January, Jakarta, Indonesia*
- ◆ *Conference of German Timber Importers Group, 23 January, Bremen, Germany*
- ◆ *Sixth Meeting of the Malaysia-The Netherlands Joint Working Group (JWG), 16 February, Kuala Lumpur*
- ◆ *Symposium on Approaches to a Pan-ASEAN System for Certification of Sustainable Forest Management, 5-6 April, Chiang Rai, Thailand*
- ◆ *Seminar-Workshop on Occupational Safety & Health (OSH) by Timber Employees Union Peninsular Malaysia (TEUPM) & The International Federation of Building and Wood Workers (IFBWW), 16-17 August, Kuala Lumpur*
- ◆ *ASEAN Workshop and Field Training on Forest Certification, 29 November - 3 December, Yangon, Myanmar*
- ◆ *Fourth Meeting of Ad-Hoc Working Group on a Pan ASEAN Timber Certification Initiative, 9-11 December, Manila, Philippines*



Fourth Meeting of Ad-Hoc Working Group on a Pan ASEAN Timber Certification Initiative

PRESENTATIONS / BRIEFING SESSIONS

MTCC also made presentations and conducted briefing sessions to representatives of stakeholder groups and other interested parties as follows:

- ◆ *Briefing to representatives from the Department of Orang Asli Affairs (JHEOA), Orang Asli Association of Peninsular Malaysia (POASM) and Centre for Orang Asli Concerns (COAC), 24 February, Kuala Lumpur*
- ◆ *Presentation on Certifying Malaysian Timber Products for the World Market at the Industry Seminar Series, Malaysian International Furniture Fair (MIFF) 2004, 2-6 March, Kuala Lumpur*
- ◆ *Briefing to representatives from the International Federation of Building and Wood Workers (IFBWW), Asia & Pacific, and Timber Employees Union Peninsular Malaysia (TEUPM), 7 April, Kuala Lumpur*
- ◆ *Briefing on Chain-of-Custody Certification for Staedtler (M) Bhd., Temerloh Industrial Park, Mentakab, 30 June, Pahang*
- ◆ *Briefing to Hilary Thompson, BBQ UK, 14 October, Chemor, Perak*



ACCEPTANCE BY UK GOVERNMENT TIMBER PROCUREMENT POLICY

In November, the UK Government decided to accept the certificate issued by MTCC as an assurance of legally harvested timber under its timber procurement policy. This decision was made based on a report commissioned by the CPET. The initiative has been undertaken by the UK Government to strengthen its efforts to buy legally harvested timber from sustainably-managed forests.

Five forest certification schemes were assessed by the CPET and they all were found to give assurance of legal harvesting. The MTCC scheme was the only certification scheme from a developing and tropical timber producing country that was assessed by the CPET. Two of the schemes also provide assurance that forests are being managed in a way that meets the Government's contract definition of SFM.

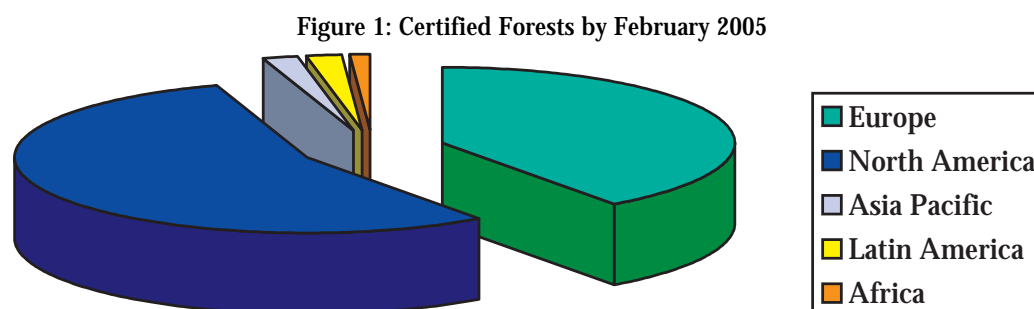
While welcoming the conclusion of the report that its scheme provides the assurance of legally harvested timber, MTCC is however disappointed that its scheme was considered as not providing adequate assurance towards fulfilling the UK Government's requirements for sustainable timber at this juncture.

Nevertheless, MTCC is optimistic that through the implementation of the next phase of its scheme using the MC&I (2002), the MTCC scheme will be accepted as providing an assurance of both legal and sustainable timber by the UK Government.

REVIEW OF INTERNATIONAL DEVELOPMENTS IN TIMBER CERTIFICATION

The steady pace in developments related to timber certification that prevailed in Europe and North America continued throughout 2004, while developing timber producing countries, notably tropical timber producers, continued to struggle with the development and implementation of timber certification schemes. The year saw further progress in the implementation of the FSC and PEFC schemes in the boreal and temperate forests of Europe and North America, while certification of the tropical forests remained largely slow, and limited without any significant change¹. As before, the share of developing countries remained well below 10%.

The total area of certified forests increased to more than 222.0 million hectares by February 2005², with the following geographical distribution: North America (55%), Europe (40%), Asia-Pacific (2%), Latin America (2%) and Africa (1%) (Figure 1)



¹ This review is extracted from *Forest Certification: 2004 Year in Review* by Sustainable Forestry & Certification Watch, Montreal, Canada.

² *Overview and Implementation of Phased Approaches*. Presentation by José Augusto A.K. Pinto de Abreu and Markku Simula at the ITTO International Workshop on Phased Approaches to Certification, 19-21 April 2005, Bern, Switzerland.

The highest area certified was 55.5 million hectares (25%) under the PEFC scheme; this was followed by the FSC scheme (51.1 million hectares), the Sustainable Forestry Initiative (SFI) (51.0 million hectares), Canadian Standards Association (CSA) (47.4 million hectares), American Tree Farm System (ATFS) (11.1 million hectares), MTCC scheme (4.7 million hectares) and Chilean Standard for Sustainable Forest Management (CERTFOR) (1.0 million hectares).

The following are the highlights of the international developments in 2004:

North America

In the US, a definite trend emerged as states got on the fast track to certification, with at least eight US states actively pursuing, passing or signing forest certification legislation in 2004. On the standards front, the SFI program underwent a review process and released two drafts of its new standards. The year 2004 also saw the corporate and environmental worlds converge as Office Depot and three environmental organisations (NatureServe, Conservation International and The Nature Conservancy) announced in March that they had formed the Forest & Biodiversity Conservation Alliance; and market campaigns shifted gear to target the catalogue industry.

In Canada, two Canadian provinces took steps towards making forest certification mandatory. Ontario declared that all sustainable licence holders be certified to an accepted performance standard by the end of 2007, while in Quebec, a government-commissioned study recommended that all of the province's public forests be certified or engaged in a certification process to an internationally recognised standard by the end of 2007. Canada's boreal forests figured prominently, as the Canadian Boreal Initiative launched the Boreal Forest Conservation Framework; FSC International approved the National Boreal Standard; and environmental groups launched a campaign targeting paper and lumber products from the boreal forest.

Certified areas for the three major schemes expanded by 40 per cent in North America in 2004. The bulk of that expansion occurred in Canada, which experienced a 53 per cent increase in certified area. CSA maintained its position as the dominant program in the country, with 47,380,000 hectares certified.

In the US, certified area grew by a modest three per cent, with the biggest increase recorded by FSC, which ended the year with 5,558,504 hectares certified. The SFI experienced a slight reduction in certified area but still has the most certified land in the US with 15,587,170 hectares certified.

Europe

The year 2004 saw the emergence of several initiatives with future ramifications. In Europe, in an effort to strengthen the government's efforts to buy legally harvested timber from sustainably-managed forests, the UK government assessed the five most prominent forest certification schemes. The European Union moved closer to establishing a timber licensing scheme, and the World Bank/WWF Alliance proceeded with testing of its *Questionnaire for Assessing the Comprehensiveness of Certification Schemes/System*, despite PEFC's refusal to participate.

Oceania

In Australia, the Australian Forestry Standard (AFS) granted its first certificate, and the often contentious debate over old-growth logging in Tasmania continued throughout the year, with several Japanese forest companies expressing concern.

Tropics

In Malaysia, MTCC field-tested and finalised the new standard for forest management certification [MC&I (2002)] and also reviewed the CoC standard, Japan's Sustainable Green Ecosystem Council (SGEC) issued its first certificates, Asia Pulp & Paper assessed forest using a High Conservation Value Forest Toolkit, and Indonesia drafted a legality standard to help combat illegal logging.

Africa saw agreement on a specific set of indicators to be used to track logging in the central part of the continent, while in Latin America, Brazil emerged as the country with the most FSC-certified forests.



COOPERATION

MALAYSIA-THE NETHERLANDS COOPERATION IN TIMBER CERTIFICATION

Although the Keurhout Foundation in The Netherlands ceased its operations in 31 December 2003, the operation of the Keurhout System, including the validation of certificates, was taken over by the Netherlands Timber Trade Association (NTTA) with effect from 1 January 2004.

Discussions between MTCC and the Board of Experts (BoE) of the Keurhout System were continued in relation to the evaluation of seven MTCC assessment reports by the BoE for the purpose of (i) issuance of the Keurhout Hallmark for sustainably produced timber and/or (ii) issuance of validation of legal timber under the Keurhout system.

Keurhout Hallmark

The BoE requested additional information in order to satisfy itself whether the arrangements for the assessment of the seven FMUs had met the Keurhout requirements. Such additional information was provided by both MTCC and the independent assessor, SGS (Malaysia) Sdn. Bhd.

Keurhout Validation of Legal Timber

MTCC was informed on 27 January on the BoE's decision to develop a protocol for the certification of legal timber and its willingness to give the MTCC scheme first priority under the new procedure. MTCC indicated its interest for the seven assessment reports to be considered under the new procedure.

MTCC was informed by the BoE on 1 November that the Protocol for the Validation of Claims of Legal Timber had been finalised and that the BoE will assess the assessment reports under this protocol.

Pilot Study on Dutch National Assessment Guidelines for Sustainable Forest Management (BRL)

At the Seventh Meeting of the Malaysia-The Netherlands Joint Working Group on Forestry held in The Hague on 8 December, Malaysia agreed to assist with the pilot study on the Dutch National Assessment Guidelines for Sustainable Forest Management or in short BRL to be conducted in Malaysia to test and assess its applicability. MTCC was the coordinator for the pilot study.

MTCC-FSC COOPERATION

Field-Test of MC&I (2002)

The MC&I (2002) was finalised and adopted as the standard for forest management certification at the National-Level Consultation held on 28-30 October 2002 in Kuala Lumpur. The National-Level Consultation also agreed that the MC&I (2002) be field-tested in the three regions of Malaysia so as to assess its practical application in assessing FMUs for the purpose of timber certification. This decision was endorsed by the Sixth NSC meeting held on 12 June 2003.



Field test of MC&I (2002)
in Deramakot Forest Reserve in Sabah



Field test of MC&I (2002)
in Perak FMU in Peninsular Malaysia



Field Test of MC&I (2002)
in Ulu Balui, Kapit in Sarawak

In 2004, the field tests of the *MC&I* (2002) were conducted in the three regions of Malaysia as follows:

Region	Site of Field-Test	Date	Assessor
Sabah	Deramakot Forest Reserve	9-13 February	SGS (Malaysia) Sdn. Bhd.
Peninsular Malaysia	Perak FMU	1-6 March	SIRIM QAS International Sdn. Bhd.
Sarawak	Timber Licence Area T/3236, Ulu Balui, Kapit	7-12 May	Forest Research Institute Malaysia (FRIM)

Besides the auditors from the assessor organisations, stakeholder representatives from the three regions also participated in the field tests and provided valuable inputs. The field tests in the three regions were assisted by resource persons from the respective forestry departments/ agencies who provided the necessary field information and logistic support.

The Seventh NSC meeting held on 10-11 August considered the recommendations of the three field tests and agreed to adopt the finalised *MC&I* (2002) as the standard for forest management certification. In addition, the *Assessment Procedures in Using the MC&I* (2002) were also drafted by MTCC for the three regions, and will be field-tested before being finalised.

Formation of National Working Group (NWG)

Following the decision of the Seventh NSC meeting to expedite the formation of the NWG, regional consultations for the formation of the Regional Working Group (RWG) for Peninsular Malaysia were held in Kuala Lumpur on 11 October while that for Sabah were held in Kota Kinabalu on 21 October. However, the regional consultation for Sarawak had not been conducted by the end of 2004.

The consultation in Peninsular Malaysia was attended by 28 participants while that in Sabah was attended by 43 participants.

On the occasion of the 10th anniversary celebrations of the FSC in September, Guntram Kaiser, MTCC's public relation representative in Germany, presented a pewter plaque with a congratulatory message to FSC International Executive Director, Heiko Liedeker. The presentation ceremony was held in Bonn and witnessed by about 300 participants.

MTCC-PEFC COOPERATION

MTCC participated in a number of events that were organised or supported by the Programme for the Endorsement of Forest Certification scheme (PEFC) Council. One such event was the two-day ENGO Symposium held in Orléans, France on 17-18 May organised by PEFC France and the France Nature Environnement in partnership with the PEFC Council. The main purpose of the symposium was to bring together ENGOs in PEFC Member Countries to exchange experiences regarding their involvement in the respective national PEFC schemes, and to explore the possibility of setting up a network which would enable them to consolidate their positions at the international level.

A total of 21 representatives of ENGOs from 16 countries, 17 PEFC National Secretaries and members from 11 countries attended the symposium. The



Seventh National Steering Committee Meeting



Representative from the timber industry making an intervention at the regional consultation on establishment of NWG



Guntram Kaiser presenting a plaque from MTCC to Heiko Liedeker on the occasion of FSC's 10th anniversary celebrations



MTCC participated at the 8th General Assembly of PEFC

COOPERATION



ENGO representatives from Malaysia were from the Malaysian Nature Society (MNS Sabah Branch) and the Socio-Economic and Environmental Research Institute (SERI). The representative of MNS Sabah presented a paper entitled *The Involvement of MNS in Formulating the Malaysian Criteria and Indicators for Forest Management Certification*.

Over the last three years, the PEFC National Secretaries have been meeting on an annual basis to be updated by the PEFC Council on the latest developments pertaining to the PEFC scheme, and also to exchange information and experiences regarding the development and implementation of their national certification schemes. MTCC participated in the 4th meeting that was convened from 20-21 May in Rome and attended by 23 National Secretaries.

The meeting was conducted by the PEFC Secretariat as a training session on a number of subject matters, including the PEFC registration system, PEFC Logo usage fees, financing NGBs, promotion and communication, revision of already endorsed schemes, changes in the PEFC requirements, PEFC requirements for accreditation and the work of the Board of Directors and associated meetings. The programme included a workshop on the new International Chain-of-Custody (CoC) that was being developed by the PEFC Council. Some of the current challenges in CoC certification include the development of an international CoC standard to harmonise the implementation of CoC, harmonisation of the CoC process through accreditation of the CBs, and enabling the usage of same CoC by schemes which are using their own logos and labels.



8th General Assembly of PEFC

At the Eighth General Assembly held in Santiago, Chile on 29 October, the International CoC standard entitled *Chain-of-Custody of Forest Based Products-Requirements* was presented. The General Assembly agreed to adopt the normative document. The new standard will come into effect beginning 1 April 2005.

At the General Assembly, the Australian, Chilean and Italian timber certification schemes were endorsed and presented with the endorsement certificates, while the National Council for Voluntary Forest Certification (RSFC) in Russia was accepted into the membership of the PEFC Council. The General Assembly was informed that the PEFC Council had been accepted by the International Accreditation Forum (IAF) as an associate member, and in the Economic and Social Council of the United Nations, allowing PEFC to participate in UNFF meetings in its own right. The General Assembly also unanimously agreed to approve the African Timber Organisation (ATO)/ITTO Principles, Criteria and Indicators (PCIs) for the sustainable management of African Natural Tropical Forests, as a reference base for the assessment of African Natural Tropical Forests against the PEFC Council requirements. Regarding Genetically Modified Organisms (GMOs), the members agreed to actively participate in a debate concerning GMOs aimed at providing a clear proposal to the next General Assembly. Three new directors were elected to the PEFC Board, namely Luis Costa Leal (PEFC Portugal), William Luddy (PEFC USA) and Professor Hans Köpp (PEFC Germany).



Haruyoshi Takeuchi briefing MTCC officials and representatives of timber trade associations

As part of effort to introduce and promote the PEFC Scheme in Malaysia, Haruyoshi Takeuchi, Manager of PEFC Asia Promotions visited Kuala Lumpur in April. He held a meeting with MTCC and representatives of timber trade associations to introduce PEFC Asia Promotions and promote its activities.

PAN ASEAN TIMBER CERTIFICATION INITIATIVE

Third Meeting of Ad-Hoc Working Group, 8-9 January, Jakarta

MTCC participated in the Third Meeting of the Ad-Hoc Working Group on a Pan ASEAN Timber Certification Initiative, which was held on 8-9 January in Jakarta. The meeting was attended by delegates from Brunei Darussalam, Indonesia, Malaysia, the Philippines and Thailand, observers from the European Union (EU), Japan, The Netherlands, International Tropical Timber Organization (ITTO), World Bank, Germany/GTZ and the ASEAN-German Regional Forest Programme (ReFOP), and representatives from the ASEAN Secretariat.



COOPERATION

At the Meeting, the following topics were discussed:

- a. Country reports on Criteria and Indicators used for sustainable forest management or forest management certification and/or implementation of timber certification.
- b. A report on the comparison of the ITTO C&I with national C&I.
- c. A report on the status of forest and forestry in Japan, level of awareness pertaining to certification and labeling among the consumers, forest industries and forest owners, government procurement policy with regard to the "Law on Promoting Green Purchasing" that was enacted in April 2001, certified forest in Japan, setting up of the Sustainable Green Ecosystem Council (SGEC), and finalisation of a set of FSC national criteria developed by a working group formed in January 2002.
- d. A presentation by Indonesia on the *Guidelines for a phased approach on sustainable forest management certification*.
- e. A report by Malaysia on the existing models and initiatives (producer approaches, buyer approaches and certification systems) for the implementation of a phased approach to certification.
- f. A report of the ITTO study on *The Potential Role of Phased Approaches to Certification in Tropical Timber Producing Countries as a Tool to Promote Sustainable Forest Management*.
- g. A presentation on the ASEAN-German Regional Forest Programme (ReFOP).
- h. A report on the ASEAN-Australia Project: *Eco labels and certification in forestry-Issues relevant to use of eco labels in ASEAN and to global standards*.

The meeting agreed that more information and analysis was required, particularly on the C&I of ASEAN Member Countries to complete the comparison matrix and information on the procurement policies and minimum requirements for timber certification from key consumer countries, if substantive discussions on the phased approach to be taken by ASEAN member countries were to take place.

Fourth Meeting of Ad-Hoc Working Group, 9-11 December, Manila

MTCC also participated in the Fourth Meeting of the Ad-Hoc Working Group, held on 9-11 December in Manila, which was attended by delegates from Brunei Darussalam, Indonesia, Malaysia and The Philippines, a consultant from GTZ-ReFOP, observers from the Indonesian Embassy in The Philippines, WWF Indonesia, Chamber of Furniture Industries of The Philippines and The Philippines Wood Producers Association, and a representative from the ASEAN Secretariat.

The Meeting discussed the following matters:

- a. Country reports on Criteria and Indicators used for sustainable forest management or forest management certification and/or implementation of timber certification.
- b. Report on the *Comparison of the Criteria and Indicators used for Forest Management Certification by ASEAN Member Countries*.
- c. Report on the *ReFOP-ASEAN Workshop and Field Training on Forest Certification*, Myanmar, 29 November - 3 December.
- d. A report on the *ASEAN-Australia Project on Eco Labels and Certification in Forestry*.
- e. A presentation on the *ASEAN Guidelines on Phased Approach to Forest Certification*.

The Meeting agreed that a sub-group or task force should be formed to make proposals on (i) minimum requirements to verify timber of legal origin as an initial step to a phased approach as part of SFM certification; and (ii) key elements of a phased approach to certification in ASEAN Member Countries.



SIGNIFICANT EVENTS

MTCC held discussions with the following visitors in 2004.

Visitors	Date
Bernhard von der Heyde and Prabianto Wibowo, ASEAN-German Regional Forest Programme (ReFOP)	4 February
Christian L. Jensen, Ministry of the Environment, Denmark	6 February
Mohd. Sayed bin Abdullah, Department of Orang Asli Affairs (JHEOA) Norya Abas, Orang Asli Association of Peninsular Malaysia (POASM) Dr. Colin Nicholas, Centre for Orang Asli Concerns (COAC)	24 February
Tove Maria Ryding, Nepenthes, Denmark	27 February
Mike Harrod, Chairman, PT Agencies, United Kingdom	1 March
E. J. Leeuw & Willem de Bruijne, Van Dam Bunnik, The Netherlands Drs. Thomas Trooster, Timber Trade Connections b.v., The Netherlands Ng Kay Yip, Maran Road Sawmill Sdn. Bhd.	3 March
Bernie Ryan and Ray Ripley, Finforest UK. Ltd., United Kingdom	4 March
Takashi Yamazaki & Koji Hattori, Embassy of Japan	16 March
Michael Moscoe, International Market Strategies Inc., USA Tan Hoo Eng, Dyera-Tim Sdn. Bhd.	24 March
Matsumoto Ryuhei, Tsuburaya Hiroyuki, Kenichi Suzuki, & Morita Kazuyuki, Ministry of Agriculture, Forestry and Fisheries (MAFF), Japan Koji Hattori, Embassy of Japan, Kuala Lumpur	5 April
Balan Nair & Apolinar Z. Tolentino Jr., International Federation of Building and Wood Workers, Asia & Pacific Mohd. Khalid Atan & Silam Hassan, Timber Employees Union Peninsular Malaysia	7 April
Haruyoshi Takeuchi, PEFC Asia Promotions, Japan	8 April
Janice Chow, GCI Worldwide Sdn. Bhd.	21 April
Rune Paulsen & Nils Hermann Ranum, Rainforest Foundation Norway Dr. Colin Nicholas, Centre for Orang Asli Concerns (COAC)	5 May
Keith S. Reynolds, James Latham PLC, United Kingdom & Hor Siew Fong, Samling Strategic Corporation Sdn. Bhd.	18 May
Russel Buckley & Ang Boo Hiang, Straits Timber Products Sdn. Bhd.	26 May
Study Tour to Malaysia by Senior Officers from Bhutan: <ul style="list-style-type: none"> Dasho Dawa Tsering, Department of Forestry Services, Ministry of Agriculture Abilal Baskota, Bhutan-German Sustainable Renewable Natural Resources Project D.B. Dhital, Department of Forestry Services, Ministry of Agriculture Sangay, Ministry of Agriculture Gyeltshen Dukpa, District Forest Officer, Wangdue-Phodrang District Gyem Tsering, Forest Development Corporation Ltd. Hans Beukeboom, Bhutan-German Sustainable Renewable Natural Resources Project 	1 June
James Sandom, FSC Regional Representative, Asia-Pacific Region	2 June
Uwe Kersken & Meike Hemschemeier, Gruppe 5, Germany	2 June



SIGNIFICANT EVENTS

Visitors	Date
Delegates from German Timber Trade Federation (TTF) Familiarisation Programme consisting of: <ul style="list-style-type: none"> • Hugo Habisreutinger, Chairman of German TTF • Martin Geiger, Treasurer of German TTF • Andreas Schael, Honorary Director of German TTF • Jens Blume, Honorary Director of German TTF • Dr. Rudolf Luers, CEO of German TTF 	7 June
Manfred Lewandrowski, Staedtler (Malaysia) Berhad	8 June
David Muniz, U.S. Embassy, Kuala Lumpur	30 June
Dr. Mohd. Shahwahid Haji Othman, Research Management Centre, Universiti Putra Malaysia (UPM)	6 July
Participants of MTC Familiarisation Programme for European Timber Trade Representatives: <ul style="list-style-type: none"> • Rosemary Urquhart, UK TTJ • Mark O'Brien, UK TTF • Rupert Olivier, Hardwoodmarket.com of UK • Josef Krauhausen, Holz-Zentralblatt, Germany • Geritt Tenkink, Houtkrant, Netherlands • Paul Van del Heuvel, Netherlands Timber Trade Association • Jakob Klaumann, Danish Timber Trade Federation • Pablo Gonzalez-Barba, Spanish Timber Association • Sergio Morasso, Italian Timber Trade Federation • Dr. Ludwig Arentz, Cologne City Council 	12 July
Anne Lai, Converging Knowledge Pte Ltd, Singapore	28 July
Allan Paplinski, World Zone, Malaysia Joanne Hirst, Focus Wickes, Cheshire, U.K. Peter Penlington, Rowlinson Garden Products, Cheshire, U.K.	16 August
Dato' Lau Chen Nai, Bormill Wood (Trengganu) Sdn. Bhd., Kuala Terengganu & Dennis Moyle, Moyle Bendale Timber Pty. Ltd., South Australia	13 September
Jaya Sarathy, British High Commission, Kuala Lumpur Lall Singh Gill, Malaysian Wood Moulding & Joinery Council (MWMJC)	19 September
Rolf Striffler, Referendariat in Forestry (Traineeship in Forest Department), Federal State of Rheinland-Pfalz, Germany	23 September
Dr. Nigel Sizer, Centre for International Forestry Research (CIFOR)	29 September
Sabine Gryselka, University of Hamburg, Germany	6 October
Russel Buckley & Ang Boo Hiang, Straits Timber Products Sdn. Bhd., Pahang, Malaysia	22 October
Thomas Kruchem, Autorenbüro, Germany	27 October
Delegation from the Ministry of Fisheries and Forests, Fiji <ul style="list-style-type: none"> • Mitieli Baleivanualala, Chief Executive Officer for Fisheries and Forests • Natitalai Naisoro, Chairman, Fiji Pine Group • Laiikini Jiko, Conservator of Forests • Susana Waqainabete, Acting Deputy Conservators of Forests 	1 November



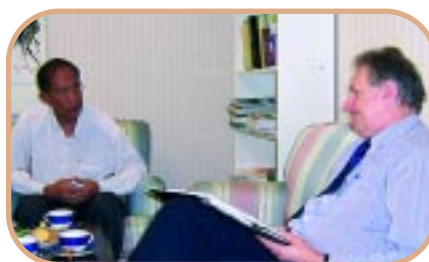
SIGNIFICANT EVENTS

Visitors	Date
<ul style="list-style-type: none"> Alec Chang, Fiji Pine Ltd, Tropic Woods & Fiji Forest Industries Sakiusi Rokovucago, Fiji Hardwood Corporation S. Qalobogidua, Fiji High Commission 	
Dale Lawrence & Matthew Carter, Herman Pacific Ltd. Auckland	2 November
Ahmad Fadzil Ghazali, Business Times, Malaysia	23 November
Delegation from WWF Madagascar <ul style="list-style-type: none"> Rakotonarivo Georges H., National Director Rakotoarivelo André, President of National Working Group Djianfary, Member of National Working Group, Youth and Sport Ministry Rakotondrabe Bernard, National Coordinator, CAF Project Andrianjatovo John, National Coordinator, CAF Project Ranaivomanantsoa Andry Fabien, Forestry Consultant Rakotovao Dimbiarisoa Gershon Livingston, Communications officer Tor Mooi See, WWF Malaysia 	25 November
Vietnamese Foresters Study Tour Programme* (Presentation was given at Forestry Department Peninsular Malaysia Headquarters)	4-11 December
Raymond K.S.Siew & Leong Voon Chong, Costraco Sdn. Bhd., Malaysia	22 December

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



Briefing to delegation from WWF Madagascar



Discussion with James Sandom, FSC representative for Asia-Pacific Region



Delegation from German Timber Trade Federation



Visitors from World Zone, Focus Wickes and Rowlinson Garden Products



MTCC participated in the following events in 2004.

International Conferences/Seminars/Workshops/Meetings	Date	Venue
Workshop on Timber Certification by the Certification Division, Science and Technology Development Centre*	7-8 January	Beijing, China
Third Meeting of <i>Ad-Hoc</i> Working Group on a Pan ASEAN Timber Certification Initiative*	8-9 January	Jakarta, Indonesia
Conference of German Timber Importers Group*	23 January	Bremen, Germany
6 th Meeting of the Malaysia-The Netherlands Joint Working Group (JWG)*	16 February	Kuala Lumpur
Symposium on Approaches to a Pan-ASEAN System for Certification of Sustainable Forest Management*	5-6 April	Chiang Rai, Thailand
International Conference on Sustainable Management of Tropical Forests - Private Sector Experiences	13-15 April	Kuala Lumpur
ENGO Symposium on PEFC Certification	17-18 May	Paris, France
4 th Meeting of the PEFC National Secretaries	20-21 May	Rome, Italy
7 th Meeting of ASEAN Senior Officials on Forestry (ASOF)	27-29 May	Brunei Darussalam
Meeting with WWF Denmark (jointly with MTC)	14 June	Copenhagen, Denmark
Meeting with the Danish Ministry of the Environment (jointly with MTC)	15 June	Copenhagen, Denmark
Meeting on Hamburg Project	17 June	Berlin, Germany
Meeting with authorities of State of Brandenburg	17 June	Potsdam, Germany
Meeting with authorities of the State of Lower Saxony	17 June	Hannover, Germany
Meeting with Otto (GmbH & co. KG)	18 June	Hamburg, Germany
Meeting with the Timber Trade Federation (TTF), UK (jointly with MTC)	21 June	London, UK
4 th Round of Negotiations of the Malaysia-Japan Economic Partnership Agreement (JMEPA)	19-21 July	Tokyo, Japan
Regional Workshop on Strengthening the Asia Forest Partnership (AFP)	30 August -1 September	Yogyakarta, Indonesia
Meeting of Tri-National Task Force on Trade in Ramin	7-8 September	Putrajaya
IFBWW 7 th Regional Conference	25-26 September	Kuala Lumpur
5 th Round of Negotiations of the Malaysia-Japan Economic Partnership Agreement (JMEPA)	25-27 September	Kuala Lumpur
Workshop on Public Procurement of Timber	27 September	Copenhagen, Denmark
The Forest Dialogue (TFD) - 2 nd International Stakeholder Dialogue on Forest Certification	19-21 October	Maidenhead, United Kingdom
Hamburg Round Table on the MTCC Timber Certification Scheme	22 October	Hamburg, Germany
8 th General Assembly of Programme for the Endorsement of Forest Certification Scheme (PEFC)	29 October	Santiago, Chile



SIGNIFICANT EVENTS

International Conferences/Seminars/Workshops/Meetings	Date	Venue
Regional Round Table Meeting on Commodity Development in Asia & The Pacific Region	23-26 November	Kuala Lumpur
Meeting with Westfarmers Limited and Bunnings Pty Ltd *	29 November	Perth, Australia
ASEAN Workshop and Field Training on Forest Certification*	29 November - 3 December	Yangon, Myanmar
7 th Meeting of the Malaysia - The Netherlands Joint Working Group (JWG) on Forestry	8 December	The Hague, Netherlands
Fourth Meeting of <i>Ad-Hoc</i> Working Group on a Pan ASEAN Timber Certification Initiative*	9-11 December	Manila, Philippines
4 th Meeting for the Promotion of Asia Forest Partnership (AFP)	8-10 December	Tokyo, Japan
37 th Session of the ITTC and Associated Sessions of the Committee	13-18 December	Yokohama, Japan

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

Local Conferences/Seminars/Workshops/Meetings	Date	Venue
Malaysian National Workshop - Trade in the Commercial Timber Species, Ramin	8 March	Kuala Lumpur
MTC Lecture Series - <i>Malaysia's Experience in Enforcing Regulations Relating to Import of Ramin & Timber from Indonesia</i>	14 May	Kuala Lumpur
Workshop on Planning and Implementation of Sustainable Forest Management & Management of Peat Swamp Forest	25-28 May	Penang
Briefing on Chain-of-Custody Certification for Staedtler (M) Berhad, Temerloh Industrial Park, Mentakab*	30 June	Pahang
Briefing on Regional Markets Updates (USA, Far East, Middle East, Europe) by MTC Regional Directors	13 July	Kuala Lumpur
MTC Marketing Seminar	15 July	Kuala Lumpur
WTO/TBT Agreement and Awareness Programme by SIRIM Bhd	12 August	Kuala Lumpur
Seminar-Workshop on Occupational Safety & Health (OSH) by Timber Employees Union Peninsular Malaysia (TEUPM) & The International Federation of Building and Wood Workers (IFBWW)*	16-17 August	Kuala Lumpur
Discussion with Sarawak Timber Industry Development Corporation (STIDC)	10 September	Kuching
Discussion with Sarawak Forestry Corporation (SFC)	10 September	Kuching
Discussion with Sarawak Timber Association (STA)	10 September	Kuching
Occupational Safety and Health in Logging Industry Seminar	30 September	Bangi, Selangor
International Conference on <i>The Future of Forests in East Asia and China: New Markets for Ecosystem Services, Regional Trends in Forest Trade and Finances</i>	7-8 October	Kuala Lumpur
Briefing to Hilary Thompson, BBQ UK*	14 October	Chemor, Perak
Meeting of 18 th National Forestry Council	4 November	Putrajaya
MTC Lecture Series - 'Latest Developments on CITES'	24 November	Kuala Lumpur

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

SIGNIFICANT EVENTS



Fairs/Exhibitions	Date	Venue
Exhibition in conjunction with the Seventh Meeting of the Conference of the Parties (COP-7) to the Convention on Biological Diversity (CBD)	9-13 February	Kuala Lumpur
Malaysian International Furniture Fair (MIFF) 2004 *	2-6 March	Kuala Lumpur
Designbuild Australia	20-23 June	Melbourne

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



Discussions with Danish Timber Trade Association



Discussions with STA in Kuching



MTCC booth at MIFF 2004



MTCC Trustees hold discussions with STIDC in Kuching



MTCC booth at Designbuild 2004, Australia

FINANCIAL STATEMENTS

BALANCE SHEET AS AT 31 DECEMBER 2004

	2004 RM	2003 RM
ENDOWMENT FUND	36,000,000	36,000,000
ACCUMULATED FUND	1,883,287	1,697,055
GOVERNMENT GRANT	1,349,112	2,569,183
	39,232,399	40,266,238
<i>Represented by:</i>		
PROPERTY, PLANT & EQUIPMENT	84,119	76,875
CURRENT ASSETS		
Trade receivables	30,363	44,043
Sundry receivables, deposits and prepayments	23,870	23,870
Fixed deposits with licensed banks	39,074,598	40,061,253
Cash and bank balances	137,354	191,387
	39,266,185	40,320,553
<i>Less :</i>		
CURRENT LIABILITIES		
Sundry payables and accruals	117,905	131,190
NET CURRENT ASSETS	39,148,280	40,189,363
	39,232,399	40,266,238





INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2004

	2004 RM	2003 RM
Revenue	426,399	139,797
Direct costs	(404,914)	(142,319)
Gross (loss) / profit	21,485	(2,522)
Other operating income	11,670	4,249
Administrative and general expenses	(2,271,791)	(1,930,903)
Amortisation of government grant	1,220,071	763,640
Deficit from operations	(1,018,565)	(1,165,536)
Interest income	1,204,797	1,461,428
NET SURPLUS FOR THE YEAR	186,232	295,892