

ANNUAL REPORT **2005**

MALAYSIAN TIMBER CERTIFICATION COUNCIL



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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 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 2005 were:

Chairman

Dato' Dr. Freezailah Che Yeom

Members

Hajjah Fatimah Raya Nasron

Tuan Haji Mohd. Yusoff Haji Mydin
(up to 5 September 2005)

Aziyah Mohamad
(w.e.f. 5 September 2005)

Dato' Dr. Abdul Razak Mohd Ali
(up to 5 September 2005)

Prof. Dr. Aminuddin Mohamad

Dato' Sheikh Othman Sheikh Abdul Rahman
(up to 5 September 2005)

Datuk Leo Chai

William Yeoh Keat Hin
(w.e.f. 5 September 2005)

Tuan Haji Jamaluddin Mohd. Isa
(up to 5 September 2005)

Jayl Langub
(w.e.f. 5 September 2005)

Anthony Sebastian
(w.e.f. 5 September 2005)

Dato' Peter Minos
(5 September to 13 October 2005)

Ding Seling
(w.e.f. 14 November 2005)



Sitting left to right:
Aziyah Mohamad, Dato' Dr. Freezailah Che Yeom, Hajjah Fatimah Raya Nasron

Standing left to right:
Jayl Langub, Prof. Dr. Aminuddin Mohamad, Anthony Sebastian, William Yeoh Keat Hin, Datuk Leo Chai, Dato' Peter Minos

The Board of Trustees met three times in 2005 as follows:

Twenty Fifth Meeting – 28 March

Twenty Sixth Meeting – 5 September

Twenty Seventh Meeting – 9 December



Twenty Fifth Meeting of Board of Trustees



Twenty Sixth Meeting of Board of Trustees



Twenty Seventh 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 2005 were:

Tuan Haji Mohd. Yusoff Haji Mydin (up to 5 September 2005)

Hajjah Fatimah Raya Nasron (w.e.f. 5 September 2005)

Dato' Sheikh Othman Sheikh Abdul Rahman (up to 5 September 2005)

William Yeoh Keat Hin (w.e.f. 5 September 2005)

Dato' Dr. Abdul Razak Mohd. Ali (up to 5 September 2005)

Prof. Dr. Aminuddin Mohamad (w.e.f. 5 September 2005)

Tuan Haji Jamaluddin Mohd. Isa (up to 5 September 2005)

Dato' Peter Minos (5 September to 13 October 2005)

The Certification Committee met four times in 2005 as follows:

Twelfth Meeting – 17 February

Thirteenth Meeting – 11 April

Fourteenth Meeting – 26 October

Fifteenth Meeting – 13 December

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 2005 were:

Chairman

Dato' Dr. Freezailah Che Yeom

Members

Aziyah Mohamad (w.e.f. 5 September 2005)

Datuk Leo Chai

Jayl Langub (w.e.f. 5 September 2005)

INVESTMENT COMMITTEE

The Investment Committee oversees the overall implementation of MTCC's investment policy, particularly in the management of the Endowment Fund. The Committee is also responsible for the formulation of policies and procedures on matters related to the establishment of the Fund.

The members of the Investment Committee in 2005 were:

Chairman

Dato' Dr. Freezailah Che Yeom

Members

Hajjah Fatimah Raya Nasron

Mustafar Taib

Chew Lye Teng

ANNUAL GENERAL MEETING

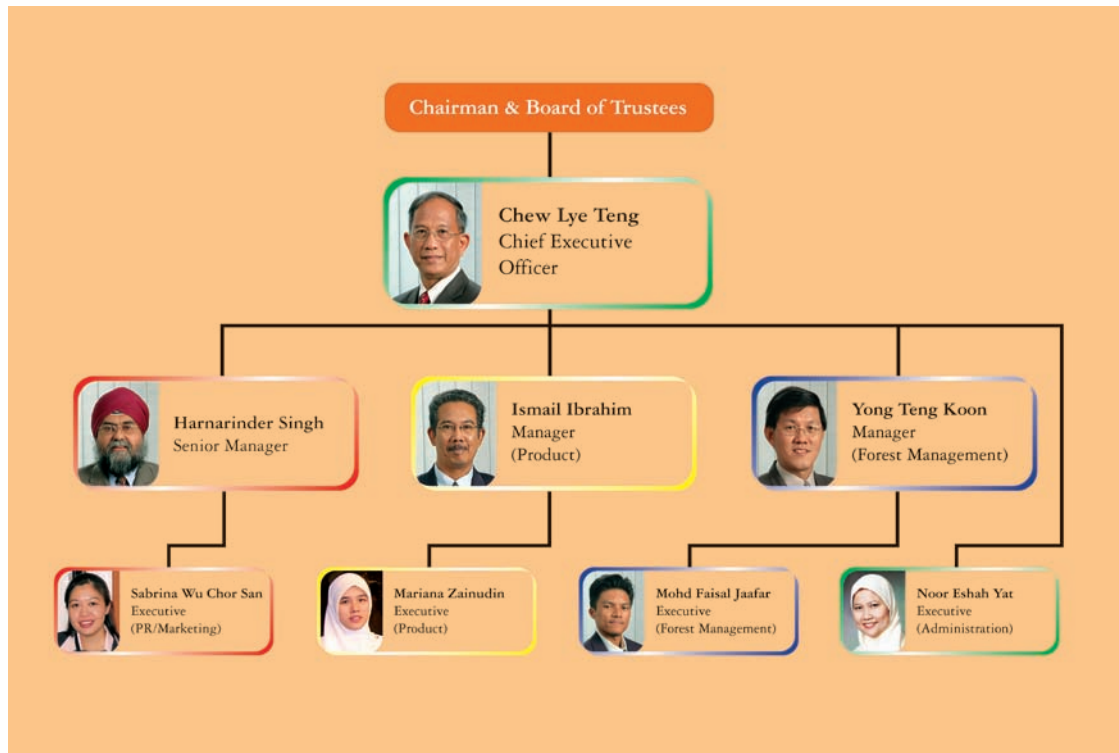
The Sixth Annual General Meeting was held on 11 October during which the Audited Accounts for the financial year ended 31 December, Reports of the Trustees and Auditors and the Annual Report for the year 2004, were tabled and adopted by the Members. Issues pertaining to the investment of the Endowment Fund were deliberated. The Members also provided suggestions of ways to promote the MTCC scheme to further enhance the acceptance of MTCC-certified timber products.



Sixth Annual General Meeting

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 2005 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, 2 nd Floor Jalan Tengku Ampuan Zabedah F9/F 40100 Shah Alam, Selangor	Moores Rowland (No. AF: 0539) Wisma Selangor Dredging 7 th Floor, South Block 142-A, Jalan Ampang 50450 Kuala Lumpur

CHAIRMAN'S STATEMENT



This statement in the Annual Report for 2005 is the seventh I am presenting as Chairman of the Malaysian Timber Certification Council (MTCC). The year was eventful for the Council with further progress being achieved in the implementation of timber certification in Malaysia, thanks to the cooperation and dedication of the members of the Board of Trustees, the forest managers in the Forestry Departments of Peninsular Malaysia, Sabah and Sarawak and all other stakeholders. I wish also to acknowledge the tireless efforts of the small band of the MTCC Secretariat ably led by Chew Lye Teng, its Chief Executive Officer.

With the restructuring of cabinet portfolios, the forestry and timber sectors are now under two different Ministries; forestry under the Ministry of Natural Resources and Environment, and timber and other commodities under the Ministry of Plantation Industries and Commodities. The membership of the MTCC Board of Trustees reflects this change with both Ministries being represented on the Board. We welcome new members, Aziyah Mohamad (Ministry of Natural Resources and Environment), Mohd Aminuddin Hashim (Ministry of Plantation Industries and Commodities), William Yeoh Keat Hin (Industry), Jayl Langub (Academic), Anthony Sebastian (Environmental NGO), and Ding Seling (Social NGO). Let me take this opportunity to thank our out-going Board Members Fatimah Raya Nasron, Mohd Yusoff Haji Mydin, Dato' Dr. Abdul Razak Mohd Ali, Dato' Sheikh Abdul Rahman, Tuan Haji Jamaluddin Mohd. Isa and Dato' Peter Minos for their most valuable contributions.

The state of forest management certification and chain-of-custody certification under the MTCC scheme is detailed in this Report. The total area of MTCC certified forests stood at more than 4.73 million hectares or 33% of the Permanent Reserved Forests in Malaysia. This represents the bulk of certified natural tropical forests in the world. It is also with much satisfaction that we note the increasing recognition of the MTCC scheme even though some of these are at the level of legal timber certification progressing towards sustainable forest management.

In preparation for the implementation of the new *Malaysian Criteria and Indicators for Forest Management Certification [MC&I(2002)]* based on the FSC template, briefings and training courses were undertaken to familiarize forest managers and assessors on the new requirements. Hopefully assessments in certain FMUs may be undertaken in the following year.

Discussions were also held during the year with the Department of Standards Malaysia (DSM) to restructure institutional arrangements for timber certification in accordance with international norms and principles. This will result in the MTCC playing the role of a national governing body and certification bodies being accredited to the DSM. This is taking more time than anticipated because timber certification is an entirely new field for the DSM. MTCC will pursue this development next year so that, the MTCC scheme may be submitted to the Programme for the Endorsement of Forest Certification (PEFC) under its programme for mutual recognition.

Apart from the domestic front, MTCC was also kept busy with regional and international initiatives on timber certification. The Fifth Meeting of the *Ad-Hoc Working Group* on the Pan ASEAN Timber Certification Initiative was held at the end of the year for which

MTCC continued to play an active role. Guidelines on the principles for developing a phased approach to certification were agreed whilst the definition of legal timber would need further discussions.

The year under review also saw much discussions and indeed growing acceptance on a phased approach to timber certification, due to the complexity of issues involved, the difficulties in implementing sustainable forest management and the costs involved. Many public procurement policies now adopt timber certification by phases with the first phase dealing with verification for legality. Indeed the EU is now implementing its Action Plan within the framework of its FLEGT. A major element in this Action Plan is to conclude bilateral VPAs between the EU and timber exporting countries to ensure that only legal timber enters the EU market. The VPA will focus on verification of timber legality. Discussions were initiated on this issue between Malaysia and the EU and further consultations are expected to be followed-up in 2006 in view of Malaysia's positive response to this EU initiative. In these informal discussions, led by the Ministry of Plantation Industries and Commodities, the MTCC was actively involved.

2005 was therefore a busy and eventful year for MTCC which we can look back with much satisfaction and encouragement. We can also look forward to the new year with confidence to sustain MTCC's further growth, development and recognition which will demand greater efforts and enhanced level of cooperation and understanding amongst all stakeholders in Malaysia and consumers in importing countries.



DATO' DR. FREEZAILAH CHE YEOM
Chairman

8 September 2006

REVIEW OF OPERATIONS



In 2005, the preparatory work which was initiated in 2004 to change over to the use of the new certification standards, that is, the *Malaysian Criteria and Indicators for Forest Management Certification [MC&I(2002)]* for forest management, and the *Requirements for Chain-of-Custody Certification (RCOC)* for chain-of-custody, was continued and further consolidated. Extensive briefing sessions to familiarize both managers and field staff of certified FMUs, as well as assessors and peer reviewers, with the requirements of the MC&I(2002) were conducted in Sarawak, Sabah and Peninsular Malaysia. Similarly, holders of the CoC certificate and assessors were briefed on the requirements of the RCOC. These briefing sessions are important in preparing the assessors and particularly the FMU managers and timber product companies regarding the requirements of the new standards.

The number of certified FMUs remained at nine. These nine certified FMUs were all subjected to surveillance visits and were successful in maintaining their certificates. The number of holders of the *Certificate for Chain-of-Custody* increased from 57 in 2004 to 83 in 2005 (an increase of 46%), reflecting the increased interest among the timber companies to manufacture and/or export MTCC-certified products. A total of 31,844 cubic metres of MTCC-certified timber products were exported, bringing the cumulative total exported since July 2002 to 55,850 cubic metres.

Efforts to promote the scheme were continued, with the highlights of the promotion programme being the Economic and Technical Timber Mission to New Zealand and Australia, and the Parliamentary Evenings in London and The Hague.

These promotion efforts contributed to the expanding list of authorities in key markets which have given recognition to the MTCC scheme, with the latest additions being the Keurhout system in The Netherlands, the French Ministry of Environment and Sustainable Development and Ministry of Agriculture, Food and Rural Affairs, and the Forestry Agency, Ministry of Agriculture, Forestry and Fisheries, Japan. The recognition in The Netherlands and Japan is of particular importance since these two countries are among the biggest importers of high value Malaysian timber products.

In 2005, MTCC also initiated steps in two key activities which will feature more prominently in the coming years. The first activity was the discussion with the Department of Standards Malaysia (DSM), the national accreditation organization, regarding cooperation between DSM and MTCC in the development of a forest management and chain-of-custody certification accreditation programme by the DSM. The implementation of this proposed accreditation programme would require the establishment of a new institutional arrangement for the MTCC scheme which will also be aligned towards the requirements for PEFC endorsement. Under the new institutional arrangement, MTCC will retain its role as the National Governing Body (NGB) for the scheme, but its role as the Certification Body (CB) will be taken over by the CBs accredited to DSM under the accreditation programme.

The second activity involved the multi-stakeholder consultations, coordinated by MTCC in its capacity as the secretariat for the National Steering Committee, towards the development of a standard for the certification of forest plantations. The key role of

forest plantations in supplementing raw material supply from the natural forest, and therefore in easing pressure on these valuable resources, has been recognized and it is therefore appropriate that a certification standard for forest plantations should be developed so as to ensure that these plantations are planned and managed in a sustainable manner.

In all the discussions and consultations related to the work of the MTCC, I am most grateful for the cooperation and support that we continue to receive from the forest managers, timber companies, facilitators and representatives of the environmental, social and economic stakeholder groups in Sabah, Sarawak and Peninsular Malaysia.

The challenges in operating the MTCC timber certification scheme have been made easier through the continued guidance and support of the Chairman and members of the MTCC Board of Trustees, which is gratefully acknowledged and appreciated. To the MTCC managers, executives and supporting staff, I wish to thank them for their hard work, ideas and other contributions which helped to further strengthen the MTCC scheme throughout 2005.



CHEW LYE TENG
Chief Executive Officer

8 September 2006

OPERATIONS

FOREST MANAGEMENT CERTIFICATION

All nine certified FMUs (i.e. Pahang, Selangor, Terengganu, Johor, Kedah, Perak, Negeri Sembilan, Kelantan and Sela'an-Linau) were subjected to surveillance visits in 2005 to ensure that the forest management practices in these FMUs continue to comply with the requirements of the *Malaysian Criteria, Indicators, Activities and Standards of Performance for Forest Management Certification* [MC&I(2001)]. As a result of the surveillance visits and based on the recommendations of the independent assessors, MTCC has maintained the *Certificate for Forest Management* issued to these FMUs. No new application for forest management certification was received in 2005.



Surveillance visit of Sela'an Linau FMU in Sarawak

Details of the surveillance visits of the certified FMUs are as shown in the table below:

Forest Management Unit (FMU)		Date of Surveillance Visit
1	Pahang FMU	26-29 September and 3-4 October (Surveillance 03)
2	Selangor FMU	17-20 October (Surveillance 03)
3	Terengganu FMU	2-6 October (Surveillance 02)
4	Johor FMU	14-17 November (Surveillance 02)
5	Kedah FMU	19-24 September (Surveillance 02)
6	Perak FMU	19-23 September (Surveillance 02)
7	Negeri Sembilan FMU	28-30 November (Surveillance 02)
8	Kelantan FMU	1-6 October (Surveillance 01)
9	Sela'an-Linau FMU (Sarawak)	10-18 October (Surveillance 01)



Y. Bhg. Datuk Peter Chin Fah Kui, Minister of Plantation Industries and Commodities speaking at the award presentation ceremony of MTCC Certificate for Forest Management and Certificate for Chain-of-Custody to Sela'an Linau FMU and Samling Plywood (Baramas) Sdn. Bhd. respectively on 4 January at Miri, Sarawak



Y. Bhg. Datuk Peter Chin presenting MTCC Certificates to CEO of Samling Group of Companies, Yaw Chee Ming, as Dato' Dr. Freezallah (left) and Sarawak Forestry Corporation Managing Director, Datu Cheong Ek Choon look on

As at December 2005, a total of 4.73 million ha of Permanent Reserved Forest (PRF) or 33.3% of the total PRFs in Malaysia have been assessed and awarded the MTCC *Certificate for Forest Management* as shown in the table below:

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



Consultation with indigenous people during surveillance visit of Sela'an Linau FMU



Verification visit of Terengganu FMU

BRIEFING SESSIONS ON IMPLEMENTATION OF MC&I(2002)

Beginning 2006, MTCC plans to use a new forest management standard entitled *Malaysian Criteria and Indicators for Forest Management Certification* or in short MC&I(2002) which is based on the Principles and Criteria (P&C) of the Forest Stewardship Council (FSC) as the template.

In order to ensure a smooth transition in the use of the MC&I(2002), MTCC conducted numerous briefing sessions for both the FMU managers (staff of the regional Forestry Departments and timber concessionaires) as well as assessors and peer reviewers in 2005.



Briefing session on MC&I(2002) in Kedah



Briefing session on MC&I(2002) in Pahang

Details of the briefing sessions conducted are as shown in the table below:

Activity	Date	Venue	No. of Participants
<u>Briefing to Senior Forestry Officers of State Forestry Departments/Agencies</u>			
Johor, Negeri Sembilan and Forestry Department Headquarters, Kuala Lumpur	24-25 February	Seremban	40
Perak, Kedah, Selangor, Penang, Perlis and Forestry Department Headquarters, Kuala Lumpur	10-11 March	Ipoh	41
Pahang, Kelantan, Terengganu, Kedah, Johor, Negeri Sembilan, Perak and Forestry Department Headquarters, Kuala Lumpur	15-16 March	Kuantan	68
Round up briefing to State Forestry Departments and Forestry Department Headquarters, Kuala Lumpur	25-26 March	Kuala Lumpur	49
Sarawak	29-30 March	Kuching	64
Sabah	26-27 April	Kota Kinabalu	58
<u>Briefing to Forest Rangers and Foresters</u>			
Pahang	20-21 June	Kuantan	58
Johor and Negeri Sembilan	11-12 July	Johor Bahru	72
Kedah	18-19 July	Bedong	43
Kelantan and Terengganu	25-26 July	Kota Bharu	70
Perak and Selangor	1-2 August	Ipoh	74
<u>Briefing to Assessors and Peer Reviewers</u>			
Assessors and Peer Reviewers registered with MTCC	4-5 May	Kuala Lumpur	35



Briefing session on MC&I(2002) in Kelantan



Briefing session on MC&I(2002) in Perak



Briefing session on MC&I(2002) in Sarawak



Briefing session on MC&I(2002) in Sabah

CHAIN-OF-CUSTODY CERTIFICATION

The *Assessment Procedures for Chain-of-Custody Certification (APCOC)* document which sets out the procedures to be followed by assessors in conducting assessments to the requirements of the *RCOC* was finalized in January. Following this, MTCC conducted a briefing session for all the registered assessor companies/organisations in March on the *Requirements for Chain-of-Custody (RCOC)* and the *APCOC*. A briefing to the holders of the *Certificate for Chain-of-Custody* on the *RCOC* was conducted in June. Assessments for chain-of-custody (CoC) certification against the requirements of the *RCOC* began in July.



Briefing session on *RCOC* and *APCOC*

The Certification Committee considered the applications and decided to award the MTCC *Certificate for Chain-of-Custody* to the following 26 companies in 2005:

- Global Wood Products Sdn. Bhd.
- Yee Poh Timber Sdn. Bhd.
- Ekowood International Berhad
- Rosewood Corporation Sdn. Bhd.
- Maju Weko Timber Industries Sdn. Bhd.
- Asia Plywood Company Sdn. Bhd.
- Straits Timber Products Sdn. Bhd.
- Select Door Industries Sdn. Bhd.
- Euro Asia Timber Export Sdn. Bhd.
- Timbertech Wood Industries Sdn. Bhd.
- Chye Hin Sawmill Sdn. Bhd.
- Kim Ban Huat Sdn. Bhd.
- R. J. Timur Sdn. Bhd.
- PTC Timber Sdn. Bhd.
- Firmwood Sdn. Bhd.
- Shin Yang Plywood Sdn. Bhd.
- Zedtee Plywood Sdn. Bhd.
- Kim Teck Lee Timber Flooring Sdn. Bhd.
- Forescom Plywood Sdn. Bhd.
- Shin Yang Plywood (Bintulu) Sdn. Bhd.
- Goodwood Resources Sdn. Bhd.
- Golden Pharos Doors Sdn. Bhd.
- Besgrade Products Sdn. Bhd.
- Zhen Chen Thai Plywood Sdn. Bhd.
- Asiaprima Resources Sdn. Bhd.
- PIO Hardwoods (M) Sdn. Bhd.



Y. Bhg. Datuk Peter Chin presenting the MTCC *Certificate for Chain-of-Custody* to Tan Sri Dato' Dr. Abdullah Tahir, Executive Director of Ekowood International Berhad at the award presentation ceremony on 7 June in Kuala Lumpur, as (left to right) Datuk Kelvin Tan, Managing Director of Ekowood International Berhad, Datu Dr. Michael D. Lunjew, Secretary-General of Ministry of Plantation Industries and Commodities, and Dato' Dr. Freezailah look on

In 2005, on the company's request, the *Certificates for Chain-of-Custody* issued to Arah Asia Sdn. Bhd. (COC 013) and Besut Tsuda Industries Sdn. Bhd. (COC 016) were suspended, while that issued to General Lumber Trading Sdn. Bhd. (COC 017) was withdrawn.

MTCC directed Asia Plywood Company Sdn. Bhd. (APC), holder of *Certificate for Chain-of-Custody* No. 063, to cease describing its plywood as "MTCC-certified" with effect from 29 July due to non-compliance with the *RAP/COC*. Following a surveillance visit by an independent assessor to verify the corrective actions taken by APC, MTCC lifted the directive issued to APC with effect from 9 November, based on the evaluation and recommendation of the assessor.

Hence, by the end of 2005, a total of 83 companies had been awarded the *Certificate for Chain-of-Custody*.


HOLDERS OF MTCC CERTIFICATE FOR CHAIN-OF-CUSTODY

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	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 (Certificate suspended w.e.f. 26 October 2005 at company's request)	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 (Certificate suspended w.e.f. 26 October 2005 at company's request)	14 December 2001	Sawn timber
17.	General Lumber Trading Sdn. Bhd.	COC 017 (Certificate withdrawn w.e.f. 26 October 2005 at company's request)	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

No.	Company	Certificate Number	Issuance Date	Scope
25.	Sri Rawang Sdn. Bhd.	COC 025 (Certificate withdrawn w.e.f. 7 April 2004 at 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



No.	Company	Certificate Number	Issuance Date	Scope
44.	Dyera Tim Sdn. Bhd.	COC 044	18 May 2004	Sawn timber and solid wood moulding
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
58.	Global Wood Products Sdn. Bhd.	COC 058	17 February 2005	Solid wood mouldings and S4S
59.	Yee Poh Timber Sdn. Bhd.	COC 059	17 February 2005	Sawn timber
60.	Ekowood International Bhd.	COC 060	17 February 2005	Engineered solid hardwood flooring
61.	Rosewood Corporation Sdn. Bhd.	COC 061	17 February 2005	Sawn timber
62.	Maju Weko Timber Industries Sdn. Bhd.	COC 062	17 February 2005	Sawn timber, solid wood mouldings and laminated timber
63.	Asia Plywood Company Sdn. Bhd.	COC 063	17 February 2005	Plywood
64.	Straits Timber Products Sdn. Bhd.	COC 064	17 February 2005	Solid wood mouldings, door and window components, door frame components
65.	Select Door Industries Sdn. Bhd.	COC 065	17 February 2005	Solid wood doors and door components
66.	Euro Asia Timber Export Sdn. Bhd.	COC 066	11 April 2005	Sawn timber

No.	Company	Certificate Number	Issuance Date	Scope
67.	Timbertech Wood Industries Sdn. Bhd.	COC 067	11 April 2005	Sawn timber and solid wood mouldings (including S4S)
68.	Chye Hin Sawmill Sdn. Bhd.	COC 068	26 October 2005	Sawn timber
69.	Kim Ban Huat Sdn. Bhd.	COC 069	26 October 2005	Sawn timber
70.	R. J. Timur Sdn. Bhd.	COC 070	26 October 2005	Sawn timber
71.	PTC Timber Sdn. Bhd.	COC 071	26 October 2005	Sawn timber
72.	Firmwood Sdn. Bhd.	COC 072	26 October 2005	Sawn timber
73.	Shin Yang Plywood Sdn. Bhd.	COC 073	26 October 2005	Plywood and laminated veneer lumber
74.	Zedtee Plywood Sdn. Bhd.	COC 074	26 October 2005	Plywood
75.	Kim Teck Lee Timber Flooring Sdn. Bhd.	COC 075	26 October 2005	Solid wood flooring, finger-jointed and/or laminated wood moulding (flooring)
76.	Forescom Plywood Berhad	COC 076	26 October 2005	Plywood and veneer
77.	Shin Yang Plywood (Bintulu) Sdn. Bhd.	COC 077	26 October 2005	Plywood
78.	Goodwood Resources Sdn. Bhd.	COC 078	13 December 2005	Laminated timber products
79.	Golden Pharos Doors Sdn. Bhd.	COC 079	13 December 2005	Engineered doors and door frames
80.	Besgrade Products Sdn. Bhd.	COC 080	13 December 2005	Plywood
81.	Zhen Chen Thai Plywood Sdn. Bhd.	COC 081	13 December 2005	Plywood
82.	Asiaprima Resources Sdn. Bhd.	COC 082	13 December 2005	Logs, sawn timber and sawmill off-cuts
83.	PIO Hardwoods (M) Sdn. Bhd.	COC 083	13 December 2005	Sawn timber

REGISTRATION OF INDEPENDENT ASSESSORS AND PEER REVIEWERS

There was no new application for registration as independent assessor for forest management certification in 2005. Hence, the total number of independent assessors registered under the MTCC scheme remained at 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)

An application by a Danish company NEPCon (Nature, Ecology and People Consult), for registration as an assessor for CoC certification was approved at the Fifteenth Meeting of the Certification Committee held on 13 December, making it the first overseas-based independent assessor under the MTCC scheme.

Therefore the total number of companies registered as independent assessors for CoC certification increased to 14 as follows:

- | | |
|---|---|
| (i) SGS (Malaysia) Sdn. Bhd. (AS.COC 01) | (x) AOQC Moody (Malaysia) Sdn. Bhd. (AS.COC 10) |
| (ii) SIRIM QAS International Sdn. Bhd. (AS.COC 02) | (xi) Saytech General Inspection Services Sdn. Bhd. (AS.COC 11) |
| (iii) Bureau Veritas (M) Sdn. Bhd. (AS.COC 03) | (xii) MJS Services Sdn. Bhd. (AS. COC 12) |
| (iv) TropBio Forest Sdn. Bhd. (AS.COC 04) | (xiii) Global Forestry Services (Malaysia) Sdn. Bhd. (AS. COC 13) |
| (v) Chemsain Konsultant Sdn. Bhd. (AS.COC 05) | (xiv) NEPCon (Nature, Ecology and People Consult) (AS. COC 14) |
| (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) | |

The number of Peer Reviewers registered under the MTCC scheme remained at 14.

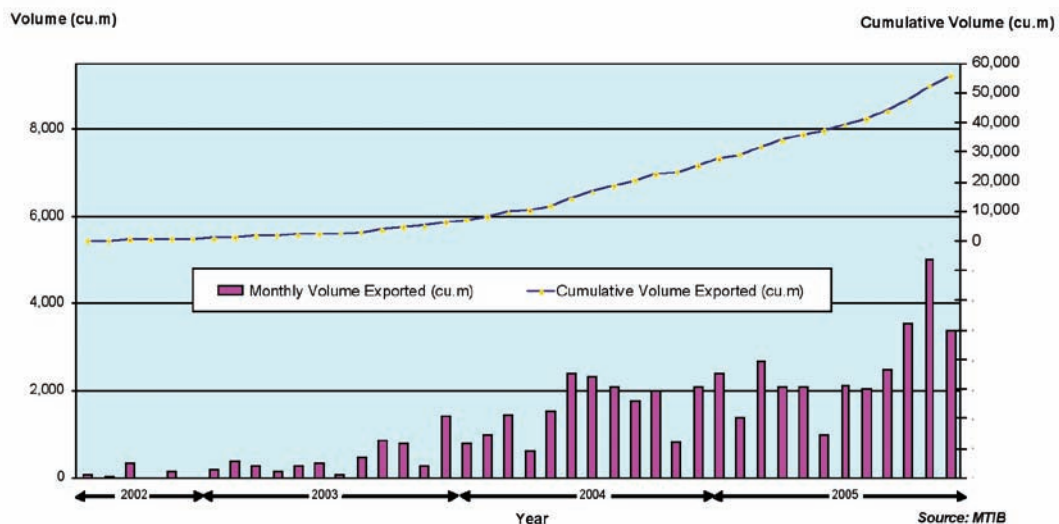
EXPORT OF MTCC-CERTIFIED TIMBER PRODUCTS

The export of MTCC-certified timber products continued at a steady rate, particularly to countries in Europe. A wide range of MTCC-certified timber products, such as sawn timber, mouldings, laminated finger-jointed timber, plywood and garden furniture, was exported to The Netherlands, Belgium, United Kingdom, Germany, Australia, France, Greece, Denmark, Poland and Italy. Strategi Mutiara (M) Sdn. Bhd. began exporting its certified garden furniture to the UK from January. By the end of 2005, a cumulative total of 55,850 cubic metres of MTCC-certified timber products had been exported.



MTCC-certified timber products

EXPORT OF MTCC-CERTIFIED TIMBER PRODUCTS



PROMOTION

ECONOMIC AND TECHNICAL TIMBER MISSION TO NEW ZEALAND AND AUSTRALIA

The Economic and Technical Timber Mission to New Zealand and Australia on 1-12 April was led by Y.B. Datuk Peter Chin Fah Kui, the Honourable Minister of Plantation Industries and Commodities and had the following objectives: i) to foster closer cooperation in forestry and timber issues; ii) to promote trade in timber and timber products; iii) to exchange information and share experience in the development of forest plantations; and iv) to promote SFM and the MTCC scheme.

The 20 mission members comprised representatives from the Ministry of Plantation Industries and Commodities, related government agencies, timber trade associations and MTCC.

During the mission, the Minister held discussions with his Ministerial counterparts in New Zealand and Australia as follows:-

- (i) Mr. Jim Anderton, Minister of Agriculture and Forestry, New Zealand; and
- (ii) Senator Ian McDonald, Federal Minister of Fisheries, Forestry and Conservation.



Y. Bhg. Datuk Peter Chin speaking at dialogue session in Sydney

Discussions were also held with the Forest Research Institute (Rotorua), Waiariki Institute of Technology (Tangaratua), Ministry of Agriculture and Forestry, the New Zealand Forest Industries Council (NZFIC), New Zealand Farm Forestry Association and the New Zealand Imported Tropical Timber Group (NZITTG). The delegation also held two dialogue sessions in Melbourne and Sydney with timber importers, governmental agencies and other relevant organizations.

The Mission noted that under a new interim timber procurement policy for government agencies approved by the New Zealand Government, interim guidelines specifically related to timber will be included to encourage government agencies to move their procurement approach towards sourcing sustainably-produced timber products from either New Zealand forests or from similarly managed overseas forests, with a preference for certified timber where available. MTCC is among the seven certification schemes listed in the *New Zealand Timber and Timber Products Procurement Policy Guidelines*.

Discussions were also held with the NZITTG which represents approximately 80 percent of New Zealand's sawn timber importers and timber retailers, furniture importers and manufacturers. Although the NZITTG currently has a preference for FSC-certified timber, the members expressed hope that the MTCC scheme would be able to make further progress in implementing its phased approach so as to obtain the broader support that would enable NZITTG to consider accepting the MTCC scheme.

In Australia, the Minister informed the Australian Federal Minister of Fisheries, Forestry and Conservation, H.E. Senator Ian McDonald about the measures taken by Malaysia to stop illegal logs from Indonesia from entering Malaysia, and about the MTCC scheme and its operation. Mr. McDonald informed that Australia had also implemented its own certification scheme based on The Australian Forestry Standard (AFS) which has been endorsed by the PEFC. The Australian government has no preference for any particular certification scheme in its public procurement policy. From this development, it was encouraging to note that MTCC is currently a member of the PEFC and making preparations to submit its scheme for endorsement. The endorsement of the MTCC scheme by the PEFC will result in mutual recognition between the AFS and MTCC schemes.



Discussion with New Zealand Imported Tropical Timber Group (NZITTG) in Wellington, New Zealand

At present the Australian Federal Government does not have any timber procurement policy for the public sector. However, at the sub-national level, some states and local councils have imposed restrictions on the use of tropical timber in public projects. For example, the state government of New South Wales has a policy to use only local Australian timbers and restricted the use of rainforest timbers unless they were certified or were sourced from plantation forests. Another development is the policy adopted by Bunnings Pty Limited, the largest DIY chain for building products in Australia, to ensure that all wood products sold in its stores are obtained from well-managed and legally operating forests. Bunnings has stated a preference for FSC-certified products but other comparable systems will be accepted.

The two dialogue sessions held in Melbourne and Sydney were attended by representatives from timber importers, timber associations and relevant government agencies. The dialogue session in Sydney was also attended by the environmental NGO, Greenpeace Australia Pacific. With regard to the MTCC scheme, among the questions raised were regarding the labelling requirements, differences between the MC&I(2001) and MC&I(2002) and the role of Malaysian NGOs in the consultation process. Discussions were also held regarding illegal logging in Malaysia, importation of timber products by Malaysia from neighbouring countries, cooperation between Indonesia and Malaysia in addressing the issue of illegal logging and the trade in illegal timber especially from Indonesia and the activities of Malaysian timber companies overseas.

This mission has pointed to the need for MTCC to focus on its efforts to change over to the use of the MC&I(2002) and to keep the relevant parties in New Zealand and Australia informed of its progress.

UK PARLIAMENTARY EVENING IN LONDON, 24 JANUARY

Following the successful holding of the German Parliamentary Evening in Berlin in 2004, Malaysian Timber Council (MTC) and MTCC jointly organised a similar event on 24 January in London. The event hosted by the Malaysian High Commissioner to UK, Dato' Abdul Aziz Mohammed, was attended by three Members of Parliament (MPs) and 17 senior officials representing the national government and local authorities.

The main points discussed during the Evening included the following:

- Efforts made in Malaysia to establish more forest plantation and the development of a standard for the certification of forest plantations;
- The difficulties in implementing certification in tropical forests, the disadvantages faced by tropical developing countries in their efforts towards achieving SFM, and the lack of a green premium for certified timber; and
- The need to adopt a phased approach in timber certification in tropical forest countries.



Chew Lye Teng giving his presentation during the Parliamentary Evening in London



Panel discussion during the Parliamentary Evening in London

DUTCH PARLIAMENTARY EVENING IN THE HAGUE, 16 NOVEMBER

A similar Parliamentary Evening was jointly organised by MTC and MTCC in The Netherlands. Held at The Nieuwe of Litteraire Societeit De Witte near the Parliament Building in The Hague on 16 November 2005, the Parliamentary Evening was officiated by the Malaysian Ambassador to The Netherlands, Dato' Noor Farida Ariffin. The event was attended by 16 participants which comprised of senior officials and representatives of the relevant Dutch Ministries, local municipalities, The Netherlands Timber Trade Association (NTTA), Centrum Hout and the Keurhout Board of Experts.

The main topics discussed during the Parliamentary Evening included the following:

- Malaysia's SFM and on-going efforts to combat illegal logging and illegal trade in timber
- Malaysia's on-going collaboration with the European Union on the EU FLEGT Action Plan, including a Voluntary Partnership Agreement (VPA) and the European Timber Trade Action Plan (TTAP)
- MTCC timber certification scheme and its latest development



Malaysian Ambassador to The Netherlands Dato' Noor Farida Ariffin presenting her opening remarks during the Parliamentary Evening in The Hague



Participants at the Parliamentary Evening in The Hague

MEETINGS WITH MINISTRIES AND AUTHORITIES IN IMPORTING COUNTRIES

To provide information on the latest development and keep key officials responsible for timber procurement policies in the importing countries updated on the MTCC scheme, meetings and discussions were held with the Federal Ministry of Consumer Protection, Food and Agriculture in Germany on 26 January and the Ministry of the Environment in Denmark on 18 November. These meetings facilitated information exchange on timber certification, SFM, timber procurement policies and issue on illegal logging between MTCC and key officials of the countries concerned. The meeting between MTCC and the Danish Ministry also discussed matters relating to the review of the Ministry's *Environmental Guidelines for Purchasing Tropical Timber*.

In addition, MTCC together with the Malaysian Embassy in Berlin, Germany coordinated a promotional event on 23 June for 16 German Laenders to brief and update them on the MTCC scheme. Discussion was also held with the Hamburg local authority on 14 November regarding the conditional recognition of the MTCC scheme.

PUBLICITY

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

- Bouwbeurs Exhibition 2005 in Utrecht, The Netherlands (February)
- Malaysian International Furniture Fair (MIFF) 2005 in Kuala Lumpur (March)
- Designbuild 2005 in Sydney, Australia (June)
- German Timber Day in Wiesbaden, Germany (October)
- 14th Malaysian Forestry Conference, Kota Kinabalu (September)



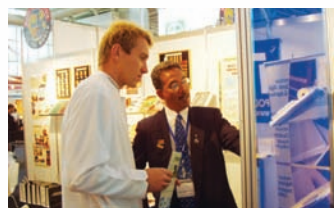
MTCC-MTCC booth at Bouwbeurs Exhibition 2005 in The Netherlands

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

- DOMOTEX 2005, Hanover, Germany (January)
- BAU, Munich, Germany (January)
- Budma, Poznan, Poland (January)
- SURFACES 2005 (January)
- Lumber & Building Material Expo 2005, Boston, USA (February)
- SAIEDUE 2005, Bologna, Italy (March)
- Construma, Budapest, Hungary (April)
- IBF, Brno, Czech Rep. (April)
- INTERZUM 2005, Cologne, Germany (April/May)
- SPOGA Fair, Cologne, Germany (September)
- Maderalia, Valencia, Spain (October)
- BATIMAT, Paris, France (November)
- LIGNA Plus, Hanover, Germany (May)



Y. Bhg. Datuk Peter Chin visits MTCC booth at MIFF 2005



MTCC-MTCC booth at Designbuild 2005 exhibition in Sydney



MTCC-MTCC booth at German Timber Day exhibition in Wiesbaden

In 2005, MTCC revamped its website at <http://www.mtcc.com.my> to better portray its profile and activities in operating the MTCC scheme.



Welcome page of revamped MTCC website



MTCC-MTCC booth at German Timber Day exhibition in Wiesbaden

ADVERTISEMENTS

In 2005, MTCC placed advertisements in the following local and overseas publications:

- National newspapers (Nanyang Siang Pau, New Straits Times, Sarawak Tribune, Daily Express, See Hua, United Daily News and China Press)
- Timber Trade Journal, UK
- Imported Wood Magazine, USA
- Timber in Construction, UK
- Inwood Magazine, New Zealand and Australia

MTCC contributed articles to the following publications:

- Asian Timber Magazine
- PEFC Newsletter
- Commonwealth Forestry News
- Timber in Construction, UK

The following press releases and information updates were issued by MTCC:

- Implementation of the MTCC Timber Certification Scheme
- Sela'an Linau FMU First to be MTCC-certified in Sarawak
- Asia Plywood Company Sdn. Bhd.
- MTIB-MTCC's response to Greenpeace International's report "Missing Link"

MTCC was featured in the following publications:

- Inwood Magazine, New Zealand and Australia
- Timber Trade Journal, UK
- China Press

Advertisements, Editorials and Special Feature Reports on MTCC



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:-

- ◆ *International Wood Product Association 49th Annual Convention, 9-11 March, Savannah, Georgia, U.S.A.*
- ◆ *International Conference on Governing for Sustainability in the Asia Pacific, 12-14 April, Putrajaya*
- ◆ *ITTO Workshop on Phased Approaches to Certification, 19-21 April, Bern, Switzerland.*
- ◆ *Expert Workshop on Public Procurement and Forest Certification: Assessing the Implication for Policy, Law and International Trade, 7-8 June, Berlin, Germany*
- ◆ *Interactive Dialogue Event: Malaysia – Leader in the Certification of Legal and Sustainable Tropical Forestry, 23 June, Berlin, Germany*
- ◆ *Seminar on Life Cycle Assessment & Environmental Information on Products, 27 June, Penang*
- ◆ *Timber Employees Union Peninsular Malaysia Forest Certification Seminar, 27 September, Pulau Langkawi*
- ◆ *Second Workshop on Wildlife Assessment & Monitoring in Sustainable Forest Management in Peninsular Malaysia, 29 September, Seremban*
- ◆ *Fifth Meeting of Ad-Hoc Working Group on a Pan ASEAN Timber Certification Initiative, 13-14 December, Chiang Mai, Thailand*
- ◆ *Workshop on Timber Trade, TRAFFIC East Asia-Japan, 10 November, Tokyo, Japan*
- ◆ *Fifth Meeting for the Promotion of Asia Forest Partnership (AFP5), 13-15 November, Yokohama, Japan*

PRESENTATIONS/ BRIEFING SESSIONS

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

- ◆ *Briefing to major forest concessionaires in Sarawak on MTCC timber certification scheme, 15-18 February, Sarawak*
- ◆ *Presentation on MTCC - Certifying Malaysian Timber Products for the World Market at the Industry Seminar Series, Malaysian International Furniture Fair (MIFF) 2005, 3 March, Kuala Lumpur*
- ◆ *Briefing to Golden Pharos Doors Sdn. Bhd., 9 May, Klang*
- ◆ *Briefing to Tony Neilson, Editor of Inwood Magazine, New Zealand, 27 June, Kuala Lumpur*
- ◆ *Update on the MTCC Timber Certification Scheme to European Timber Trade Representatives during the MTC's Familiarisation Programme, 6 July, Kuala Lumpur*



Briefing sessions to major forest concessionaires in Miri (left) and Sibul (right)



Tony Neilson, editor of Inwood Magazine during the field visit to a MTCC-certified forest

RECOGNITION OF MTCC SCHEME

As a result of MTCC's continuous efforts to promote and seek recognition of its scheme, authorities in the following countries have recognised the MTCC scheme:



The Danish Ministry of the Environment has included the MTCC scheme as one of the accepted certification schemes in its document entitled *Purchasing Tropical Timber - Environmental Guidelines*, describing the MTCC certificate as providing a good guarantee of legal forest management, on its way towards becoming sustainable.

The report commissioned by the United Kingdom's Central Point of Expertise on Timber (CPET), an expert group appointed by the Department for Environment, Food and Rural Affairs (DEFRA), United Kingdom has concluded that the MTCC certificate provides the assurance of legally harvested timber.



The Royal Horticultural Society of UK has listed the MTCC scheme as one of the seven recognised certification schemes in its *Conservation and Environment Guidelines*.

By December 2005, seven FMUs and 16 holders of the MTCC *Certificate for Chain-of-Custody* have been accepted under the *Keurhout Protocol for Legal Origin* in The Netherlands.



The Ministry of Agriculture and Forestry, New Zealand has listed the MTCC scheme as one of the seven certification schemes in its *Timber and Timber Products Procurement Policy Guidelines*.

The French Ministry of Environment and Sustainable Development and the Ministry of Agriculture, Food and Rural Affairs have listed the MTCC scheme as one of the acceptable certification schemes in the French Policy on Public Procurement of Timber and Wood Products entitled *French National Timber Procurement Policy*.



The MTCC scheme has been listed as one of the accepted certification schemes in the *Guideline for Verification on Legality and Sustainability of Wood and Wood Products* issued by the Forestry Agency, Ministry of Agriculture, Forestry and Fisheries, Japan.

IMPLEMENTATION OF NEW INSTITUTIONAL ARRANGEMENT FOR MTCC SCHEME

As an important measure to further strengthen and enhance the acceptance of the MTCC scheme in the international market, MTCC, in 2005, initiated action towards establishing a new institutional arrangement for its certification scheme. The new institutional arrangement is one of the measures taken to meet the requirements for endorsement by the PEFC, as well as the requirements of the timber procurement policies that have been implemented or are in the process of being finalised by key importing countries of Malaysian timber products (such as the United Kingdom, Denmark, Germany, The Netherlands and France).

As the first step towards the implementation of this process, MTCC held discussions with DSM on 14 June to discuss the requirements for the accreditation of certification bodies and other related matters.

CERTIFIED FORESTS UNDER VARIOUS CERTIFICATION SCHEMES

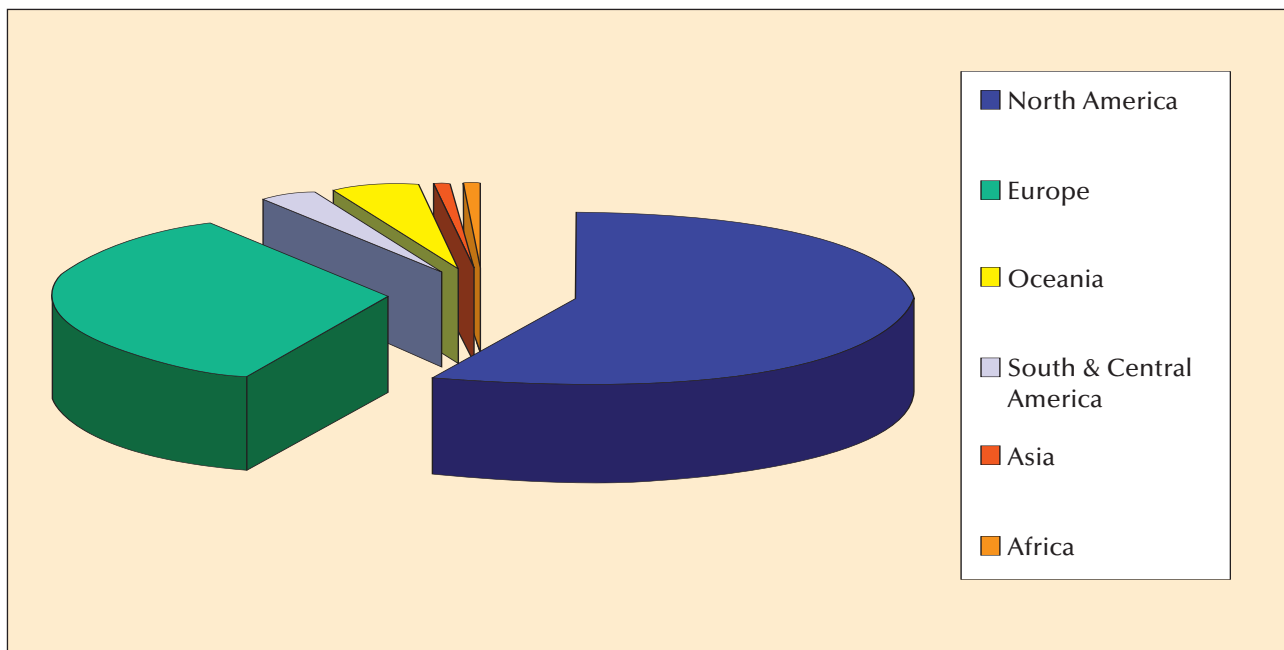
Throughout 2005, more forest areas in the boreal and temperate forests in Europe and North America continued to be certified under the FSC and PEFC schemes, a continuation of the trend that had prevailed over the last couple of years. The total area of certified forests increased to more than 9% of the total global commercial forest area by the end of 2005¹.

By the end of January 2006, a total of 271.0 million ha had been certified globally, with 186.1 ha (68.7%) under PEFC, 68.1 million ha (25.1%) under FSC, 12.0 million ha (4.5 %) under the American Tree Farm System (ATFS) and 4.7 million ha (1.7%) under MTCC².

Despite the difficulties encountered in the development and implementation of timber certification, the share of developing countries improved to 13% compared to less than 10% in 2004.

The geographical distribution of the total area of certified forests by January 2006 was as follows: North America (57%), Europe (34%), Oceania (4%), South and Central America (3%), Asia (1%) and Africa (1%) (**Figure 1**)

Figure 1: Certified Forests



¹ Paper entitled *Trends in Wood Procurement Policy* presented by Rupert Oliver, Director, Forest Industries Intelligence, ITTO Market Discussion 31 May 2006, Mexico City.

² Paper entitled *Challenges facing certification and eco-labelling of forest products in developing countries* by P.B. Durst, P.J. McKenzie, C.L. Brown and S. Appanah, FAO Regional Office for Asia and the Pacific, International Forestry Review Vol. 8 (2), 2006 pp 193-200.

PROGRAMME FOR THE ENDORSEMENT OF FOREST CERTIFICATION (PEFC)



PEFC endorsed certified forest area tripled in 2005, reaching a total of 187.68 million ha. This area is equivalent to two thirds of all the certified forest area globally, making PEFC the world's largest resource of certified wood. More than 260 million ha (or 6%) of the world's forest area are now certified under various certification schemes, accounting for over 20% of the global industrial roundwood production.

More than 600 new timber and paper trading and processing companies had their businesses independently audited as responsibly sourcing their products from PEFC-certified suppliers and forests, bringing the total number of PEFC certified companies to 2,362 by the end of 2005. Details on all PEFC endorsed schemes as well as the consultants reports on which the PEFC Council's decisions are based are available at www.pefc.org

In addition to the rapid growth of certified area and of PEFC-certified raw material, PEFC's recognition in government and private procurement policies and in the market place also grew in 2005. For example, France and the UK have recognized PEFC for their public timber procurement policies, which will serve to give PEFC certified timber and paper products preference in public tendering processes.

PEFC continued to strengthen its role as the global benchmark of independent national forest certification systems. By the end of 2005, a total of 32 member certification schemes from six continents had joined the PEFC Council, the latest being the national forest certification systems from Belarus and Slovenia. Of these, 21 schemes had been endorsed full membership status. Only PEFC endorsed certification systems can participate in the global trade of PEFC certified products and use the PEFC logo on their products.

In 2005, CERFLOR, the Brazilian Program of Forest Certification became the first tropical forest certification scheme to receive endorsement by the PEFC Council. The other four national schemes which received PEFC endorsement were the two major North American certification systems, the Canadian Standards Association (CSA) Sustainable Forest Management Program and the Sustainable Forestry Initiative (SFI) Program for the US and Canada, the Luxembourg Forest Certification Scheme and the Slovak Forest Certification Scheme.

2005 also saw the undertaking of the first periodic review and revision process of two PEFC endorsed schemes, i.e. the Finnish Forest Certification System (FFCS) and the PEFC Germany, which were re-endorsed by the PEFC Council after a lengthy assessment process undertaken by external consultants.

The PEFC Council members in 2005 further developed and amended the extensive PEFC Council standards and requirements that forest certification systems need to fulfil for PEFC endorsement. Amongst others, PEFC now requires making a summary of certification audit reports publicly available, and having a public consultation, for each individual forest certification.

In 2005, PEFC agreed to a new option for recycled material. Through a combined label, it is now possible to include recycled material under the PEFC scheme. The new category "PEFC recycled raw material" is separated from "PEFC certified material" and the aim is to promote sustainable forest management and recycling at the same time. The new combined logo includes the PEFC logo and the "Mobius loop", inside which the percentage of the recycled material has to be clearly stated inside.



A PEFC position paper on *Tribal and Indigenous people, local people, local communities and forest dependent communities* was published in December 2005. The PEFC Council also helped to facilitate the establishment of an international platform of environmental ENGOs supporting, participating or interested in PEFC certification and forest certification in general. The aim of the platform is to strengthen dialogue and participation with the ENGO community. France Nature Environnement (FNE), the French ENGO umbrella organization, is the platform's secretariat.

The PEFC Council also started a long-term action to develop the presence of PEFC within the UK market. The marketing and promotions initiative aims to raise the visibility and public awareness for PEFC certified timber and paper products in the UK, as a major import market.

The 9th General Assembly of the PEFC Council was held in Brussels on 28 October and was attended by representatives of the member countries, potential new members, government officials and international organizations involved in forest certification.

COOPERATION

MALAYSIA-THE NETHERLANDS COOPERATION IN TIMBER CERTIFICATION

Keurhout Protocol for the Validation of Claims of Legal Timber (KH-LET)

Discussions between MTCC and the Keurhout Board of Experts (BoE) were continued in relation to the evaluation of 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. In this regard, assessment/surveillance reports for eight certified FMUs in Peninsular Malaysia and 32 timber companies holding the MTCC *Certificate for Chain-of-Custody* were submitted for the consideration of the BoE.

Based on the assessment by the BoE, by the end of 2005, a total of seven certified FMUs and 16 holders of the MTCC *Certificate for Chain-of-Custody* had been accepted under the KH-LET with some of these FMUs and timber companies being admitted with specified conditions. As the KH-LET system would only accept timber products containing 100% certified materials, the scope is therefore limited to validation of products which use the physical separation system, i.e. sawn timber and mouldings.

Pilot Study on the Assessment Guidelines for Certification of Sustainable Forest Management and the Chain of Custody of Wood from Sustainably Managed Forests (BRL)

The pilot study on the BRL in Malaysia was conducted by a team comprising two consultants from PricewaterhouseCoopers Advisory N.V. and a representative of the Ministry of Housing Spatial Planning and the Environment (VROM), The Netherlands on 10-12 May. The aim of the pilot study was to field test the applicability of the BRL and its related Verification Protocol for certification systems for SFM and CoC certification. Prior to Malaysia, the BRL was also field-tested in Brazil (FSC-certified forest), Canada (CSA), Finland (PEFC) and The Netherlands (FSC group certification).

The pilot study in Malaysia was conducted in the Selangor FMU and involved desk study at the Selangor State Forestry Department, field visits to MTCC-certified forests as well as site visit to a MTCC-certified CoC company in Selangor.



Team members of the pilot study on the BRL in Malaysia

MTCC-PEFC COOPERATION

As a member of the PEFC Council, MTCC participated in the Ninth PEFC General Assembly that was held in Brussels on 28 October. The PEFC scheme is a framework for the assessment and mutual recognition of national forest certification schemes which meet PEFC requirements.

At the General Assembly, Dr Wulf Killmann, Director of the Forest Products and Economics Division of the Food and Agriculture Organization of the United Nations (FAO), delivered the keynote address.



Chew Lye Teng at the 9th General Assembly of PEFC

The General Assembly unanimously approved the application of the Belarusian Association of Forest Certification (BAFCS) for PEFC Council membership. Together with the PAFC Gabon and the Institute for Forest Certification representing Slovenia which had joined the PEFC in January, the PEFC Council had 32 member countries on six continents by the end of the year. The General Assembly also accepted the Association of Manufacturers of Educational and Commercial Stationery in Europe (MECSEA) as an extraordinary member of the PEFC Council.



Dr. Killman delivering his keynote address at the 9th General Assembly of PEFC

The PEFC Council also announced the official endorsement of the Brazilian forest certification system CERFLOR at the General Assembly. By the end of 2005, there were 21 schemes endorsed by the PEFC Council. This includes the Canadian Standards Association (CSA) Sustainable Forest Management Program, the Sustainable Forestry Initiative (SFI) Program for the US and Canada, the Luxembourg Forest Certification Scheme and the Slovak Forest Certification Scheme which also received endorsement in 2005.

At the General Assembly, the PEFC member countries approved several changes to the PEFC Council Technical Document relating to public consultation during certification audits, making publicly available the summary of individual audit results, clarification of re-endorsement procedures, clarifications on the PEFC CoC certification, the use of the PEFC Logo by enterprises with CoC certificates in more than one country, as well as some editorial changes. A new certifying and labelling option for recycled material in the PEFC CoC system was approved. For the assessment of national standards seeking PEFC endorsement, a new Minimum Requirements Checklist was developed.

Two members (Kathy Bradley of Confederation of European Paper Industries' (CEPI) and Michael Clark of PEFC UK) were re-elected, while one new member (Bob Simpson of American Forest Foundation) was elected to the PEFC Council Board.



Participants at the 9th General Assembly of PEFC

MTCC-FSC COOPERATION

Formation of National Working Group (NWG)

Following the decision of the Eighth National Steering Committee (NSC) meeting held on 28 April to expedite the formation of the NWG, regional consultation for the formation of the Regional Working Group (RWG) for Sarawak was held in Kuching on 25 June while that for Peninsular Malaysia was reconvened on 27 July. The three regional consultations held in Sabah, Sarawak and Peninsular Malaysia resulted in the formation of a pro-tem 9-member NWG with 18 Alternate Members.



Eighth NSC Meeting

Formulation of Standard for Certification of Forest Plantations

The Eighth NSC meeting also agreed that a 12-member Technical Working Group (TWG) with balanced representation by stakeholder groups and regions be formed to formulate the draft standard for certification of forest plantations. A regional consultation to nominate the four members from Sarawak was held in Kuching on 25 June while the regional consultations in Sabah and Peninsular Malaysia were scheduled for early 2006.

PAN ASEAN TIMBER CERTIFICATION INITIATIVE

Fifth Meeting of Ad-Hoc Working Group, 13-14 December, Chiang Mai

MTCC participated in the Fifth Meeting of the Ad-Hoc Working Group (AHWG) on a Pan ASEAN Timber Certification Initiative, which was held on 13-14 December in Chiang Mai. The meeting was hosted by the Royal Forest Department of Thailand and attended by delegates from Brunei Darussalam, Cambodia, Indonesia, Lao PDR, Malaysia and Thailand, and representatives from the ASEAN Secretariat and the ASEAN-German Regional Forest Programme (ReFOP).



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

At the Meeting, the following matters were discussed:

- Country reports of the progress in the development and implementation of criteria and indicators (C&I) for SFM or forest management certification.
- A report by Indonesia on the outcome of the Sub-Working Group (SWG) Meeting on the development of *ASEAN Guideline on Phased Approach to Forest Certification*.
- A report by Indonesia on the results of the e-discussion on ASEAN Phased Approach to Forest Certification.



Chew Lye Teng making his presentation at the Fifth Meeting of the Ad-Hoc Working Group

- d. Discussion on the draft *ASEAN Guideline on Phased Approach to Forest Certification*.
- e. Discussion on the report prepared by the GTZ-ReFOP consultant on the comparison of the C&I used for forest management certification by ASEAN Member Countries that was presented at the Fourth AHWG Meeting in Manila.
- f. A presentation by the GTZ-ReFOP consultant on the procurement policies and minimum requirements for timber certification in the European market.
- g. Two project proposals presented by the ASEAN Secretariat, viz: ASEAN-Australia proposal entitled “Towards an ASEAN Framework for a Phased Approach to Forest Certification”; and ASEAN-SENSA-Sweden proposal entitled “Support to the Development of Regional Framework Standard (a core set of C&I) for Sustainable Forest Management”.

After some lengthy discussion on the draft *ASEAN Guideline on Phased Approach to Forest Certification* prepared by the SWG, the Meeting agreed on the following six principles for phased approach to certification (PACt):

- **Clear goal:** Full certification on SFM should be the ultimate goal of the phased-approach to forest certification; all phases should lead to SFM.
- **Clear standard:** FMUs should use a standard for SFM certification based on widely accepted principles and definitions.
- **Clear threshold:** A minimum requirement should be adopted as a condition of eligibility to enter a phased-approach process. Legal compliance must be the minimum requirement.
- **Clear phasing** (number of phases, milestones, schedules, action plans): Number of phases and a rational time table for each phase within the PACt program should be determined for each FMU and implemented.
- **Time limit:** PACt program should have a maximum time limit of 5 (five) years.
- **Clear communication of consequences:** Incentives, rules and measures should be determined and accordingly communicated if milestones could or could not be accomplished as scheduled.



Dato' Dr. Freezailah chairing the Fifth Meeting of the Ad-Hoc Working Group

The verification of legality of timber which is the minimum requirement under the principle on *clear threshold* was discussed by the AHWG. The Meeting discussed six elements to be included in the definition of legality of timber, and was able to agree on the following three elements:

- Compliance with all relevant forest laws and regulations
- Payment of all statutory charges
- CITES compliance

It was agreed that further discussions would be held regarding the following three elements:

- Employing a system of logs transportation administration for the assessment of chain of custody
- Possessing work plans that addresses the social and environmental problems
- The timber must be harvested by parties who have the legal rights to carry out the logging within sustainable yield at the designated forest area



SIGNIFICANT EVENTS

MTCC organised/coordinated the following events in 2005:

Events	Date	Venue
Certificate Presentation Ceremony for Samling Plywood (Baramas) Sdn. Bhd.	4 January	Miri
Discussion with Wildlife Conservation Society (WCS)	15 February	Kuching
Briefing to major forest concessionaire in Sarawak on MTCC timber certification scheme (KTS Group)*	15 February	Kuching
Briefing to major forest concessionaires in Sarawak on MTCC timber certification scheme (Rimbunan Hijau Group; Ta Ann Holdings Berhad; WTK Group)*	16-17 February	Sibu
Briefing to major forest concessionaire in Sarawak on MTCC timber certification scheme (Shin Yang Forestry Sdn Bhd)*	18 February	Miri
Briefing on the Malaysian Criteria and Indicators for Forest Management Certification [MC&I(2002)] for Forestry Officers (Johor; Negeri Sembilan; Forestry Dept. HQ)*	24-25 February	Seremban
Briefing on the Malaysian Criteria and Indicators for Forest Management Certification [MC&I(2002)] for Forestry Officers (Perak; Kedah; Selangor; Penang; Perlis; Forestry Dept. HQ)*	10-11 March	Ipoh
Briefing on the Malaysian Criteria and Indicators for Forest Management Certification [MC&I(2002)] for Forestry Officers (Pahang; Kelantan; Terengganu; Kedah; Johor; Negeri Sembilan; Perak; Forestry Dept. HQ)*	15-16 March	Kuantan
Briefing to forest concessionaires on MTCC timber certification scheme (other Sarawak timber companies)*	17 March	Kuching
Briefing on the Malaysian Criteria and Indicators for Forest Management Certification [MC&I(2002)] for Forestry Officers (Forestry Dept. Peninsular Malaysia)*	25-26 March	Kuala Lumpur
Briefing on the Malaysian Criteria and Indicators for Forest Management Certification [MC&I(2002)]*	29-30 March	Kuching
Training programme on <i>Requirements for Chain-of-Custody Certification (RCOC)</i> *	30 March	Kuala Lumpur
Briefing on the Malaysian Criteria and Indicators for Forest Management Certification [MC&I(2002)]*	26-27 April	Kota Kinabalu
Eighth Meeting of the National Steering Committee	28 April	Kuala Lumpur
Briefing on the Malaysian Criteria and Indicators for Forest Management Certification [MC&I(2002)] – Assessors and Peer Reviewers*	4-5 May	Kuala Lumpur
Briefing to Golden Pharos Doors Sdn. Bhd.*	9 May	Klang
Pilot Study on the Dutch National Assessment Guidelines on Sustainable Forest Management (BRL)	10-12 May	Selangor & Kuala Lumpur
Certificate Presentation for Ekowood International Berhad	7 June	Kuala Lumpur
Briefing on the Malaysian Criteria and Indicators for Forest Management Certification [MC&I(2002)] for Forest Rangers and Foresters (Pahang)*	20-21 June	Kuantan

Events	Date	Venue
Discussion with Council for Customs and Traditions (<i>Majlis Adat Istiadat</i>), Sarawak	23 June	Kuching
Regional consultation on formation of Technical Working Group (TWG) for development of certification standard for plantation forest in Sabah	25 June	Kota Kinabalu
Training programme on <i>Requirements for Chain-of-Custody Certification (RCOC)*</i>	28 June	Kuala Lumpur
Briefing on the Malaysian Criteria and Indicators for Forest Management Certification [MC&I(2002)] for Forest Rangers and Foresters (Johor and Negeri Sembilan)*	11-12 July	Johor Bharu
Briefing on the Malaysian Criteria and Indicators for Forest Management Certification [MC&I(2002)] for Forest Rangers and Foresters (Kedah)*	18-19 July	Bedong, Kedah
Briefing on the Malaysian Criteria and Indicators for Forest Management Certification [MC&I(2002)] for Forest Rangers and Foresters (Kelantan and Terengganu)*	25-26 July	Kota Bharu
Briefing on the Malaysian Criteria and Indicators for Forest Management Certification [MC&I(2002)] for Forest Rangers and Foresters (Perak and Selangor)*	1-2 August	Ipoh
Discussion with Sabah Foundation (Yayasan Sabah)	5 September	Kota Kinabalu
Discussion with Council of Malaysian Nature Society (MNS)*	10 October	Kuala Lumpur
Discussion with H.E. Bruce Cleghorn, British High Commissioner	18 October	Kuala Lumpur
Meeting with Netherlands Timber Trade Association/ Keurhout Board of Experts	17 November	Amsterdam, The Netherlands

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

MTCC organised or participated in the following international events in 2005:

Missions/Visits/Discussions	Date	Venue
Parliamentary Evening (jointly with MTC)*	24 January	London, United Kingdom
Discussion with Department for Environment Food and Rural Affairs (DEFRA)	25 January	London, United Kingdom
Discussion with FSC International Centre	26 January	Bonn, Germany
Discussion with Federal Ministry of Consumer Protection, Food and Agriculture, Germany	26 January	Bonn, Germany
Economic and Technical Timber Mission to New Zealand and Australia*	1-12 April	Rotorua, Wellington, Melbourne, Sydney
Malaysian Timber Lunch	14 November	Hamburg, Germany
Discussion on MTCC – Hamburg Project	14 November	Hamburg, Germany
Malaysian Timber Lunch	16 November	The Hague, The Netherlands
Parliamentary Evening (jointly with MTC)*	16 November	The Hague, The Netherlands
Meeting with Danish Timber Trade Federation	18 November	Copenhagen, Denmark
Meeting with Danish Ministry of Environment	18 November	Copenhagen, Denmark

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



MTCC held discussions with the following visitors in 2005:

Visitors	Date
Dr. Nigel Sizer, The Nature Conservancy (jointly with MTC)	11 January
Lucas Kwan, Kiara Makmur Sdn. Bhd., Kota Kinabalu	28 January
May Maniam, eBridgeMalaysia	28 January
Forest Management Bureau, Philippines (jointly with MTC) <ul style="list-style-type: none"> Mayumi Ma Quintos-Natividad Maria Lovella P. Segayo Alex A. Cheng - Forest Economics Division 	2 February
Soo Weng Heng, Timber System Marketing Sdn. Bhd. John Aitken, GBI Timber & Plywood Pty Ltd, Belmont, Western Australia	16 February
Rod de Vries, World President of the International Federation of Building and Wood Workers (IFBWW) S. Santhanasamy, Union of Employees in Construction Industry	17 February
Wolfgang Trautwein, Embassy of the Federal Republic of Germany, Malaysia	22 March
Ken B. K. Goh, HSBC Malaysia Berhad Simon Harris, HSBC Bank Malaysia Berhad	24 March
Review of the Development and Implementation of Codes of Practice for Forest Harvesting in ASEAN Member Countries: <ul style="list-style-type: none"> Prof. Dr. Ir. Elias – Indonesia Lic Vuthy – Cambodia 	8 April
Sapuan Haji Ahmad, Sarawak Forest Department	11 April
Richard Yong, Anrobois (Sabah) Sdn. Bhd., Kota Kinabalu	13 April
Joseph Bruntz, The Garvin School of International Management, Phoenix, USA	20 April
Marjorie Olibere, OLV Business & Media Solutions	26 April
Pilot Study on Dutch National Assessment Guidelines on BRL <ul style="list-style-type: none"> Hugo Kuijer, Ministry of Housing, Spatial Planning and Environment, The Netherlands Jeroen Kruid, PriceWaterhouseCoopers, The Netherlands Hein Grafhorst, PriceWaterhouseCoopers, The Netherlands Erniza Hani Dato' Hj. Karim, PriceWaterhouseCoopers, Malaysia 	11 May
Paul Lim, DLH Nordisk, Denmark Peter K. Kristensen, DLH Group, Denmark	24 May
Marc Hiller, Tropical Forest Trust	26 May
European Commission Preparatory Mission on EU FLEGT Action Plan: <ul style="list-style-type: none"> Vincent van den Berk, Ministry of Agriculture, Nature & Food Quality Herman J. F. Savenije, Ministry of Agriculture, Nature & Food Quality Hugh Speechly, Department of International Development (DFID), UK K.C. Chong, Royal Netherlands Embassy, Singapore Cristiana Famea, Delegation of European Commission, Kuala Lumpur 	8 June

Visitors	Date
Russel Buckley and Ang Boon Hiang, Straits Timber Products Sdn. Bhd.	13 June
Dato' Lau Chen Nai, Bormill Wood Norm Harrison, Australian Timber Industries (ATI)	14 June
Jon D Williams, HSBC Holdings Plc, UK Mark Bennett, The Hongkong and Shanghai Banking Corporation Limited, Hong Kong Francis Sullivan, HSBC Holdings Plc, UK Simon Harris, HSBC Bank Malaysia Berhad	21 June
Tony Neilson, Editor of Inwood Magazine, New Zealand*	27 June
Chong Wei Kwong, HSBC Malaysia Marc Hiller, Tropical Forest Trust	29 June
MTC's Familiarisation Programme for Timber Trade Representatives* <ul style="list-style-type: none"> • Eric Boiley, French Timber Trade Federation • Carlos Castello, Le'Echo de Bois (Belgium) • Nick Boulton, UK Timber Trade Federation • Florian Keller, EUWID (Germany) • Klaus Schwarz, German Timber Trade Federation • Eric de Munck, Centrum Hout (Netherlands) • Richard Lambert, British Woodworking Federation • Mark Edwards, Australian Forestry Standard Ltd • Antonio Romito, Italian Timber Trade Federation • Gianluca De Crescenzo, Italian Timber Trade Federation 	6 July
Detlef Drosihn, Albert-Ludwig Universitat Freiburg, Faculty of Forestry and Environmental Science	23 August
Emmanuel Groutel, Forestiere Du Maine(SFM), France	6 September
Neil Judd, SGS - member of CPET UK (jointly with MTC)	19 September
Adrian Wells, VERIFOR (jointly with MTC)	21 September
Gerry Gardiner, Director, Australian Timber Importers Association, Brisbane	22 September
Hussain Bin Abd. Manap and Alfred Yong Chin Keong, Komill Corporation Sdn. Bhd.	3 October
Sanath Kumaran, WWF Malaysia Darius Sarshar, Global Forest & Trade Network (GFTN)	17 October
China Academy of Forestry:* <ul style="list-style-type: none"> • Profesor Shi Kunshan • Profesor Lin Fengming • Associate Professor Chen Jie • Assistant Professor Chen Yong 	28 November

Visitors	Date
Jacky Ridewood, B&Q Tony Pell, Jeld-Wen United Kingdom*	29 November
Delegation from the Indonesia Forest Concession Holders Association (APHI)- (Presentation was given at Forestry Department Peninsular Malaysia Headquarters)* <ul style="list-style-type: none"> • Nana Suparma – Head of delegation • Hadi Aryanti • Nawang Ropardi • Heryadi Karto 	7 December
Delegation from International Centre for Integrated Mountain Development (ICIMOD)- Study/Observation Tour on Organic cultivation/certification to Malaysia* <ul style="list-style-type: none"> • Dr. A.K. Singh • Alok Katiyar • Dr Damodar P. Parajuli 	8 December

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

MTCC participated in the following events in 2005:

Fairs/Exhibitions	Date	Venue
Bouwbeurs Exhibition 2005	21-26 February	Utrecht, The Netherlands
Malaysian International Furniture Fair 2005	1-5 March	Kuala Lumpur
Designbuild Australia	5-8 June	Sydney, Australia
14 th Malaysian Forestry Exhibition	12-16 September	Kota Kinabalu
German Timber Day	19-21 October	Wiesbaden, Germany



Ismail Ibrahim giving presentation at MIFF 2005 during the Industry Seminar Series



MTCC booth at MIFF 2005



Briefing to delegation from International Centre for Integrated Mountain Development (ICIMOD), Nepal



MTCC CEO explaining to Y.B. Datuk Seri Panglima Joseph Pairin Kitingan, Sabah Deputy Chief Minister I and Minister of Rural Development about MTCC scheme



Display of MTCC posters at 14th Malaysian Forestry Conference, Kota Kinabalu

International Conferences/Seminars/Workshops/Meetings	Date	Venue
Malaysian International Furniture Fair 2005 -Industry Seminar Series*	3 March	Kuala Lumpur
International Wood Product Association 49 th Annual Convention*	9-11 March	Savannah, Georgia, U.S.A
ITTO Workshop on Phased Approaches to Certification*	19-21 April	Bern, Switzerland
In Touch with Timber 2005	10 May	London, UK
Expert Workshop on Public Procurement and Forest Certification: Assessing the Implications for Policy, Law and International Trade*	7-8 June	Berlin, Germany
38 th Session of the International Tropical Timber Council (ITTC)	18-22 June	Brazzaville, Republic of Congo
Interactive Dialogue Event: Malaysia – Leader in the Certification of Legal and Sustainable Tropical Forestry *	23 June	Berlin, Germany
8 th Meeting of The ASEAN Senior Officials on Forestry (SOM)	18-20 August	Phnom Penh, Cambodia
Interactive Forest & Nature Policy in Practice: Managing multi-stakeholder learning in sector-wide approaches and national forest programmes	12 September-1 October	Wageningen, The Netherlands
ITTO International Tropical Plywood Conference	26-28 September	Beijing, China
9 th PEFC General Assembly 2005	28 October	Brussels, Belgium
Workshop on Timber Trade, TRAFFIC East Asia-Japan*	10 November	Tokyo, Japan
Fifth Meeting for the Promotion of Asia Forest Partnership (AFP5)*	13 -15 November	Yokohama, Japan
39 th Session of the International Tropical Timber Council (ITTC)	17-12 November	Yokohama, Japan
Sub Working Group Meeting on a Pan ASEAN Timber Certification Initiative	21 November	Bogor, Indonesia
International Media & Environment Summit 2005	30 November-2 December	Kuching
Fifth Meeting of Ad-Hoc Working Group on a Pan ASEAN Timber Certification Initiative*	13-14 December	Chiang Mai, Thailand

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

Local Conferences/Seminars/Workshops/Meetings	Date	Venue
Workshop on Developing Sustainable Management Guidelines for Peat Swamp Forest	11 January	Kuantan
First Workshop on Wildlife Assessment & Monitoring in Sustainable Forest Management in Peninsular Malaysia	12 January	Petaling Jaya
International Conference on Governing for Sustainability in the Asia Pacific*	12-14 April	Putrajaya



Local Conferences/Seminars/Workshops/Meetings	Date	Venue
National Workshop on "Developing a National Forest Programme for Malaysia: Process, Planning & Implementation"	6-8 June	Kuala Lumpur
National Conference & Exhibition on Sustainability, Malaysia 2005 (SM2005)	6-8 June	Kuala Lumpur
Sarawak Regional Meeting on FSC National Working Group (NWG)	25 June	Kuching
Seminar on Life Cycle Assessment & Environmental Information of Products* (SIRIM)	27 June	Penang
Seminar on the Status of Biological Diversity and Workshop on Threat Assessment of Plant Species in Malaysia	28-30 June	Kuala Lumpur
EU Timber Tropical Action Plan (TTAP) briefing at MTC	6 July	Kuala Lumpur
12 th Meeting of Liaison Committee (Sela'an Linau)	15 July	Ulu Baram, Miri
MTC Roadshow 2005	15 July	Kuala Lumpur
Peninsular Malaysia Regional Consultation on FSC NWG	27 July	Kuala Lumpur
Commodity Week / Malaysian Commodities Showcase 2005 organised by Ministry of Plantation Industries and Commodities	8-12 August	Kuala Lumpur
6 th Seminar on Current International Issues Affecting the Forestry & Forest Products	17 August	Phnom Penh
19 th Meeting of National Forestry Council	30 August	Putrajaya
Plant Diversity in the 21 st Century – Lecture by Sir Peter Crane, Director of the Royal Botanic Gardens, Kew	3 September	Kuala Lumpur
Seminar on Government Incentives and Services for the Timber Industry	6 September	Kuala Lumpur
Malaysian – German Technical Cooperation (GTZ) Tropical Forest Management – Best Management Practices for Achieving Sustainable Forest management	7-8 September	Kuala Lumpur
14 th Malaysian Forestry Conference	12-16 September	Kota Kinabalu
Timber Employees Union Peninsular Malaysia Forest Certification Seminar*	27 September	Pulau Langkawi
Second Workshop on Wildlife Assessment & Monitoring in Sustainable Forest Management in Peninsular Malaysia *	29 September	Seremban
Conference on Forestry and Forest Products Research (CFFPR 2005)	22-24 November	Kuala Lumpur
National Consultation on National Timber Industry Policy (NATIP)	24 November	Kuala Lumpur
MTC Timber Talk Series - Perception Management: Tropical Timber Issues	15 December	Kuala Lumpur

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

FINANCIAL STATEMENTS

BALANCE SHEET AS AT 31 DECEMBER 2005

	2005 RM	2004 RM
ENDOWMENT FUND	84,000,000	36,000,000
ACCUMULATED FUND	2,462,309	1,883,287
GOVERNMENT GRANT	-	1,349,112
	86,462,309	39,232,399
<i>Represented by:</i>		
PROPERTY, PLANT & EQUIPMENT	170,218	84,119
CURRENT ASSETS		
Trade receivables	32,984	30,363
Sundry deposits	23,870	23,870
Fixed deposits with licensed banks	86,474,145	39,074,598
Cash and bank balances	250,105	137,354
	86,781,104	39,266,185
<i>Less :</i>		
CURRENT LIABILITIES		
Sundry payables and accruals	489,013	117,905
NET CURRENT ASSETS	86,292,091	39,148,280
	86,462,309	39,232,399



INCOME AND EXPENDITURE STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2005

	2005 RM	2004 RM
Revenue	490,946	426,399
Direct costs	(469,072)	(404,914)
Gross (loss) / profit	21,874	21,485
Other operating income	108,120	11,670
Administrative and general expenses	(2,554,454)	(2,271,791)
Amortisation of government grant	1,349,112	1,220,071
Deficit from operations	(1,075,348)	(1,018,565)
Interest income	1,654,370	1,204,797
NET SURPLUS FOR THE YEAR	579,022	186,232



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