

ANNUAL REPORT
2006



mtcc 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 2006 were:

Chairman

Dato' Dr. Freezailah Che Yeom

Members

Hajjah Fatimah Raya Nasron (up to 10 March 2006)

Mohd Aminuddin Hashim (w.e.f. 10 March 2006)

Aziyah Mohamad

Prof. Dr. Aminuddin Mohamad

Datuk Leo Chai

William Yeoh Keat Hin

Jayl Langub

Anthony Sebastian

Ding Seling



Sitting left to right:

Prof. Dr. Aminuddin Mohamad,
Mohd. Aminuddin Hashim,
Dato' Dr. Freezailah Che Yeom,
Datuk Leo Chai,
Aziyah Mohamad

Standing left to right:

Anthony Sebastian,
William Yeoh Keat Hin,
Ding Seling,
Jayl Langub

The Board of Trustees met four times in 2006 as follows:

Twenty Eighth Meeting	–	16 March
Twenty Ninth Meeting	–	15 June
Thirtieth Meeting	–	7 September
Thirty First Meeting	–	21 December



Twenty Eighth Meeting of Board of Trustees



Twenty Ninth Meeting of Board of Trustees



Thirty First Meeting of Board of Trustees



CERTIFICATION COMMITTEE

The Board of Trustees (BOT) at its Twenty-Seventh meeting held on 9 December 2005 decided that the MTCC management will perform the functions of the Certification Committee, with the full Board serving as the Appeals Committee, with effect from 1 January 2006. Under this new arrangement, the Certification Committee continued to carry out the following functions: (i) to decide on applications for forest management and chain-of-custody (CoC) 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 Certification Committee met ten times in 2006 as follows:

Sixteenth Meeting	–	7 February	Twenty-First Meeting	–	3 November
Seventeenth Meeting	–	3 March	Twenty-Second Meeting	–	8 November
Eighteenth Meeting	–	10 April	Twenty-Third Meeting	–	30 November
Nineteenth Meeting	–	10 May	Twenty-Fourth Meeting	–	11 December
Twentieth Meeting	–	14 June	Twenty-Fifth Meeting	–	20 December

APPEALS COMMITTEE

The Appeals Committee, made up of the full Board, is responsible for dealing with appeals related to applications for forest management and CoC certification.

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 2006 were:

Chairman

Dato' Dr. Freezailah Che Yeom

Members

Mohd Aminuddin Hashim

Mustafar Taib

Chew Lye Teng

ANNUAL GENERAL MEETING

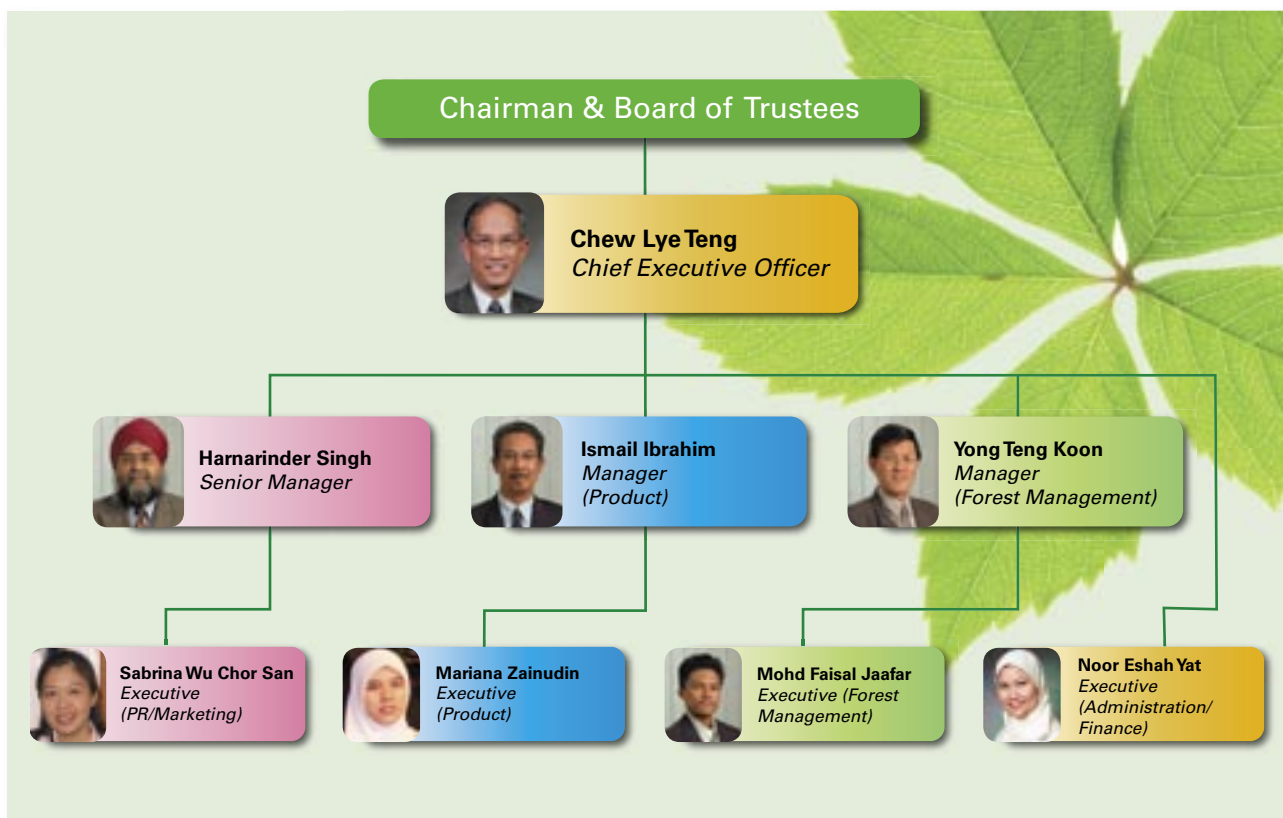
The Seventh Annual General Meeting was held on 20 June during which the Audited Accounts for the financial year ended 31 December 2005, Reports of the Trustees and Auditors and the Annual Report for the year 2005, were tabled and adopted by the Members. Issues pertaining to the investment of the Endowment Fund and the decision to expand the membership of the MTCC were deliberated.



Seventh 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 2006 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

It is with much pleasure that I present the Malaysian Timber Certification Council's (MTCC) eighth Annual Report for the year ending 31 December 2006, highlighting the organisation's operational activities and other significant events as it progresses to achieve its vision, 'to be recognized as the leading timber certification organization for tropical forests'.

Although the MTCC is home-grown it has benefited from the work of other international organizations and initiatives. The *Malaysian Criteria, Indicators, Activities and Standards of Performance for Forest Management Certification* [MC&I(2001)] is based on the 1998 ITTO Criteria and Indicators whilst its *Malaysian Criteria and Indicators for Forest Management Certification* [MC&I(2002)], which is currently being phased in, is based on the Forest Stewardship Council's (FSC) principles and criteria as a template. Similarly, MTCC's CoC certification is based on internationally accepted procedures and principles with certain changes and even additional elements to reflect local conditions and needs. MTCC's CoC certification for example, has a social criterion in its standard, to meet stakeholder requirements.

By the end of the year under review, some 294.0 million ha of the world's forests were certified, accounting for about 10% of the total global commercial forests. The bulk of the certified forests were temperate and boreal located in North America (58%) and in Europe (29%). Worldwide, the share of certified tropical forests remained small with the bulk in Malaysia, certified under the MTCC (4.73 million ha) and the FSC (59,999 ha) schemes totalling 33% of Malaysia's permanent reserved forest.

Forest certification is a complex process which is relatively recent and its implementation must be accepted as an evolving process. MTCC's standard for forest management certification evolved from the MC&I(2001) to MC&I(2002) standards. During the year, in addition to undergoing the surveillance visit using the MC&I(2001) standard, some of the certified Forest Management Units (FMUs) were also assessed to the requirements of the MC&I(2002) standard. The year under review therefore continued the transition to the new standard which began in late 2005. In terms of institutional arrangement, various initiatives were undertaken by MTCC in cooperation with the Department of Standards Malaysia and certification bodies to ensure the separation of functions in accordance with international norms and principles. These changes will lead to MTCC being confined to the role of a National Governing Body (NGB), the Department of Standards Malaysia (DSM) as the Accreditation Body (AB) and independent assessors, accredited to the AB, will function as the Certification Bodies (CBs).

Established in 1998, and commencing operations in 2001, MTCC has come a long way as a national timber certification scheme in a tropical country and is gaining growing respect as a credible scheme. It is of course, not free from criticisms. But MTCC welcomes them and is responsive to those which are constructive from responsible quarters so that remedial measures may be considered and taken from time to time to strengthen the scheme. MTCC looks forward to achieve further progress next year working cooperatively with all stakeholders.

A handwritten signature in black ink, belonging to Dato' Dr. Freezailah b Che Yeom.

Dato' Dr. Freezailah b Che Yeom

Chairman

18 September 2007



REVIEW OF OPERATIONS

Following the extensive preparations made in 2005 for the change over to the use of the new certification standards, that is, the *MC&I(2002)* for forest management, and the *Requirements for Chain-of-Custody Certification (RCOC)* for chain-of-custody, the year 2006 saw the transition to the use of these two standards in the MTCC scheme.

Use of the *RCOC* started in January while six of the certified FMUs were assessed to the requirements of the *MC&I(2002)* during the year. The timber product manufacturers and/exporters were generally able to meet the requirements of the *RCOC*, and were therefore able to qualify for new certificates based on the *RCOC*. However the situation with the assessments for forest management certification was quite different; none of the assessed FMUs qualified for new certificates under the *MC&I(2002)*, which contains more stringent requirements. Nevertheless the results of these assessments should prove to be very useful to the managers of the FMUs concerned, since they have identified the gaps that need to be addressed, as the managers prepare for the follow-up assessment.

During the year, seven of the certified FMUs successfully underwent the annual surveillance visit to assess their continued compliance with the requirements of the *MC&I(2001)*. The number of holders of the *Certificate for Chain-of-Custody* increased from 83 in 2005 to 99 in 2006 (an increase of 16 companies). A total of 75,279 cubic metres of MTCC-certified timber products were exported, an increase of 136% compared to 31,844 cubic metres in 2005. This brought the cumulative total exported since July 2002 to 130,881 cubic metres. It is heartening to note that with this big increase, the exports of MTCC-certified sawn timber to Europe, the most environment-sensitive market, constituted 11% of Malaysia's total sawn timber exports to Europe, while MTCC-certified plywood accounted for 9.2% of the total plywood exports to Europe.

Efforts to promote the scheme were continued, with the highlight of the promotion programme being the Malaysian Timber Mission to Europe, covering Belgium, The Netherlands and Germany. Among the results of these promotion efforts, supplemented by in-depth discussions with key players, was the implementation of the MTCC-Hamburg Project, which is a public-private partnership project involving MTCC and three other partners from Germany, i.e. Hamburg City, the German Timber Trade Federation and the German Agency for Technical Cooperation, under which Hamburg City will permit the use of MTCC-certified timber products in its public projects over a two-year project period, while scientific support will be provided to refine the *MC&I(2002)* to fully meet the requirements of Hamburg City.

In 2006, steady progress was achieved in the implementation of measures to establish the new institutional arrangement for the MTCC scheme. A Technical Working Group (TWG) was formed by the DSM, the national Accreditation Body, to develop the accreditation programmes for CBs to carry out assessments for forest management certification and chain-of-custody certification. Briefing sessions were conducted to the independent assessors registered with MTCC, so as to prepare them to play the role as future CBs, as well as to the MTCC certificate holders, to update them of the developments in the new



institutional arrangement. A training session was conducted for the auditors of the DSM to familiarize them with the MTCC scheme, its certification standards and assessment process for forest management and chain-of-custody certification. All these activities were important in maintaining the momentum needed to expedite the implementation of the new institutional arrangement.

Another important activity was the formation of the multi-stakeholder TWG and its work in developing the first draft of the standard for the certification of forest plantations, which was subsequently subjected to regional consultations in Sabah, Sarawak and Peninsular Malaysia.

MTCC is also pleased to work with specific stakeholder organizations in other activities which, directly or indirectly, contribute towards sustainable forest management and the further improvement of MTCC's certification standards and timber certification scheme. These activities include the project on Wildlife Assessment and Monitoring for Sustainable Forest Management (WAMSFM) and the Malaysian Forest Dialogue (MFD).

In all these efforts, I remain most grateful for the cooperation and support that we receive from the forest managers, timber companies, facilitators and representatives of the environmental, social and economic stakeholder groups in Sabah, Sarawak and Peninsular Malaysia.

I wish to thank the Chairman and members of the Board of Trustees for their continued guidance and support to the MTCC management in operating the MTCC certification scheme. Last but not least, I would like to thank my team - the MTCC managers, executives and supporting staff, for the diligence and commitment that they have shown throughout 2006 which has enabled the MTCC scheme to achieve further progress and improvements.

Chew Lye Teng
Chief Executive Officer
18 September 2007

OPERATIONS

FOREST MANAGEMENT CERTIFICATION

Since late 2005, MTCC has started using the new forest management standard, i.e. the *Malaysian Criteria and Indicators for Forest Management Certification* [MC&I(2002)] in assessing FMUs for forest management certification. To ensure a smooth transition from the use of the *Malaysian Criteria, Indicators, Activities and Standards of Performance for Forest Management Certification* [MC&I(2001)] to MC&I(2002) and to avoid an abrupt stop in the supply of MTCC-certified products to the markets, the Board decided that all FMUs should continue to be assessed to MC&I(2001).

The assessments/surveillance visits of the various FMUs to the requirements of the MC&I(2001) and MC&I(2002) are as follows:

Forest Management Unit (FMU)		Assessment to MC&I(2002)	Surveillance to MC&I(2001)
1.	Pahang FMU	17 - 27 April	2 - 6 October (04)
2.	Selangor FMU	13 - 17 November	13 - 17 November (04)
3.	Terengganu FMU	3 - 7 September	-
4.	Johor FMU	-	13 - 16 November (03)
5.	Kedah FMU	5 - 9 March	13 - 16 November (03)
6.	Perak FMU	6 - 14 September	16 - 18 October (03)
7.	Negeri Sembilan FMU	-	20 - 22 December (03)
8.	Kelantan FMU	19 - 28 November	19 - 28 November (03)
9.	Sela'an-Linau FMU	-	-



Skid trail in Perak FMU



Assessment of Terengganu FMU



Marking of mother tree observed during assessment in Kelantan FMU

All seven FMUs assessed to the MC&I(2001) were found to have complied with the requirements of MC&I(2001). For the Terengganu FMU, the validity of the *Certificate for Forest Management* expired on 13 December. The validity of the Certificate was not extended as the surveillance visit required to assess the continued compliance of the FMU was not conducted on schedule. As for the Sela'an-Linau FMU, its assessment to the requirements of the MC&I(2002) was conducted at the end of 2005 and the surveillance visit to MC&I(2001) will be conducted in early 2007.

The six FMUs assessed to the requirements of the MC&I(2002) were issued with Major Corrective Action Requests (CARs) and hence did not qualify to be certified under the MC&I(2002).

At the end of December, the area of Permanent Reserved Forest (PRF) awarded the MTCC *Certificate for Forest Management* remained at 4.73 million hectares (ha) 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 (Certificate suspended w.e.f. 14 December 2006)	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



Trustees and Managers with Penan children during briefing session and field visit to Long Sait in Sela'an-Linau FMU



Yong Teng Koon (left) explaining MTCC timber certification scheme during briefing session and field visit to Anap-Muput FMU

CHAIN-OF-CUSTODY CERTIFICATION

Société Forestière du Maine SA and its subsidiary J.P. Beurier SAS based in Le Mans, France become the first two timber companies in Europe to be awarded the *Certificate for Chain-of-Custody* under the MTCC scheme in 8 December.

The Certification Committee considered the applications and decided to award the MTCC *Certificate for Chain-of-Custody* to the following 16 companies in 2006:

- Kilang Papan Lim Ah Soon Sdn. Bhd.
- Kim Teck Leong Import & Export Sdn. Bhd.
- Komill Corporation Sdn. Bhd.
- Mentakab Veneer & Plywood Sdn. Bhd.
- Pekan Sawmill Sdn. Bhd.
- Furni-World (Malaysia) Sdn. Bhd.
- Carl Ronnow (Malaysia) Sdn. Bhd.
- Kim Hiap Seng Furniture Co. Sdn. Bhd.
- Wasaniaga Sdn. Bhd.
- B.K.B Hevea Products Sdn. Bhd.
- Société Forestière du Maine SA
- J.P. Beurier SAS
- Wood Village Industries Sdn. Bhd.
- Lam Yang Furniture Manufacturer Sdn. Bhd.
- Hok Lai Timber (M) Sdn. Bhd.
- Plus Intervest Sdn. Bhd.



Harnarinder Singh presenting the Certificate for Chain-of-Custody to Emmanuel Groutel, General Manager of Société Forestière du Maine SA

Hence, by the end of 2006, a total of 99 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	3 November 2006	Sawn timber
2.	Mentakab Sawmill Sdn. Bhd.	COC 002	3 November 2006	Sawn timber
3.	United Trading & Sawmill Sdn. Bhd.	COC 003	3 November 2006	Sawn timber
4.	Maran Road Sawmill Sdn. Bhd.	COC 004	11 December 2006	Sawn timber, S4S timber and solid finger-jointed timber
5.	Pan Resources Sdn. Bhd.	COC 005	8 November 2006	Sawn timber
6.	Mahawangsa Timber Industries Sdn. Bhd.	COC 006	30 November 2006	Sawn timber
7.	Kilang Papan Datuk Wan Ahmad (Raub) Sdn. Bhd.	COC 007	30 November 2006	Sawn timber
8.	Asrama Raya Sdn. Bhd.	COC 008	8 November 2006	Sawn timber and S4S timber
9.	Lionex (M) Sdn. Bhd.	COC 009	11 December 2006	Sawn timber
10.	Exsell Corporation Sdn. Bhd.	COC 010	30 November 2006	Sawn timber
11.	Finewood Export Associates Sdn. Bhd.	COC 011	3 November 2006	Sawn timber
12.	Arif Jasa Industries Sdn. Bhd.	COC 012	11 December 2006	Sawn timber
13.	Arah Asia Sdn. Bhd.	COC 013 <i>(Certificate suspended w.e.f. 26 October 2005 at company's request)</i>	14 December 2001	Sawn timber
14.	Pesaka Terengganu Berhad	COC 014	11 December 2006	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 <i>(Certificate suspended w.e.f. 26 October 2005 at company's request)</i>	14 December 2001	Sawn timber
17.	General Lumber Trading Sdn. Bhd.	COC 017 <i>(Certificate withdrawn w.e.f. 26 October 2005 at company's request)</i>	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



No.	Company	Certificate Number	Issuance Date	Scope
23.	Lionvest Corporation Sdn. Bhd.	COC 023	12 April 2002	Sawn timber
24.	Suria Dayapi Timber Products Sdn. Bhd.	COC 024	12 April 2002	Sawn timber
25.	Sri Rawang Sdn. Bhd.	COC 025 (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
44.	Dyera Tim Sdn. Bhd.	COC 044	18 May 2004	Sawn timber and solid wood moulding

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
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
67.	Timber Tech Wood Industries Sdn. Bhd.	COC 067	11 April 2005	Sawn timber and solid wood mouldings (including S4S)



No.	Company	Certificate Number	Issuance Date	Scope
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
84.	Kilang Papan Lim Ah Soon Sdn. Bhd.	COC 084	7 February 2006	Sawn timber, finger-jointed and/or laminated moulding and timber, and sliced-laminated veneer
85.	Kim Teck Leong Import & Export Sdn. Bhd.	COC 085	3 March 2006	Sawn timber
86.	Komill Corporation Sdn. Bhd.	COC 086	3 March 2006	Sawn timber, dressed timber, solid wood mouldings, and finger-jointed and laminated mouldings
87.	Mentakab Veneer & Plywood Sdn. Bhd.	COC 087	10 May 2006	Plywood
88.	Pekan Sawmill Sdn. Bhd.	COC 088	14 June 2006	Sawn timber
89.	Furni-World (Malaysia) Sdn. Bhd.	COC 089	14 June 2006	Solid wood outdoor furniture, furniture components and solid wood flooring
90.	Carl Ronnow (Malaysia) Sdn. Bhd.	COC 090	14 June 2006	Sawn timber
91.	Kim Hiap Seng Furniture Co. Sdn. Bhd.	COC 091	14 June 2006	Solid wooden furniture and furniture components
92.	Wasaniaga Sdn. Bhd.	COC 092	14 June 2006	Solid wooden furniture
93.	B.K.B. Hevea Products Sdn. Bhd.	COC 093	8 November 2006	Three-layered solid wood parquet
94.	Société Forestière du Maine SA	COC 094	8 November 2006	Sawn timber

No.	Company	Certificate Number	Issuance Date	Scope
95.	J.P. Beurier SAS	COC 095	8 November 2006	Sawn timber
96.	Wood Village Industries Sdn. Bhd.	COC 096	8 November 2006	Solid wood moulding and furniture
97.	Lam Yang Furniture Manufacturer Sdn. Bhd.	COC 097	3 November 2006	Solid wood outdoor furniture
98.	Hok Lai Timber (M) Sdn. Bhd.	COC 098	3 November 2006	Sawn timber
99.	Plus Intervest Sdn. Bhd.	COC 099	3 November 2006	Veneer and plywood

REGISTRATION OF INDEPENDENT ASSESSORS AND PEER REVIEWERS

There was no new application for registration as independent assessor for forest management and CoC certification in 2006. However, MJS services Sdn. Bhd. (AS FMC 09) did not renew its status as registered assessor under the MTCC scheme. Hence, the total number of independent assessors registered under the MTCC scheme for forest management certification is ten and CoC certification is thirteen.

Independent assessors for Forest Management Certification

- (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) Global Forestry Services (Malaysia) Sdn. Bhd. (AS FMC 010)
- (x) Gunung-Ganang Corporation Sdn. Bhd. (AS FMC 011)

Independent assossors for Chain-of-Custody Certification

- (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) AOOC Moody (Malaysia) Sdn. Bhd. (AS.COC 10)
- (xi) Saytech General Inspection Services Sdn. Bhd. (AS.COC 11)
- (xii) Global Forestry Services (Malaysia) Sdn. Bhd. (AS COC 13)
- (xiii) NEPCon (Nature, Ecology and People Consult (AS COC 14)

Two new peer reviewers were added to the MTCC's list of registered Peer Reviewers in 2006 bringing the total number to 16.

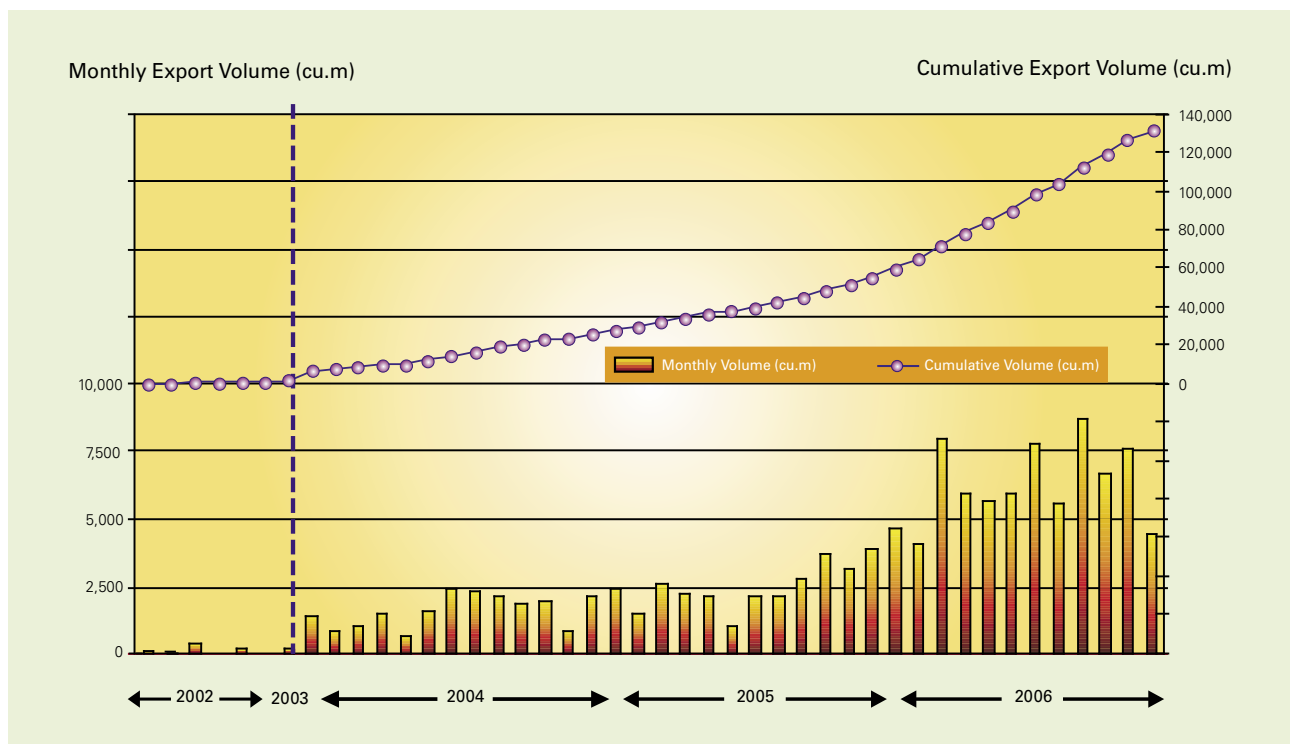


EXPORT OF MTCC-CERTIFIED TIMBER PRODUCTS

The export of MTCC-certified timber continued to increase steadily in 2006. A total 75,279 cubic metres (cu.m) of MTCC-certified timber products were exported to The Netherlands, Belgium, Germany, the United Kingdom, France, Australia, Greece, Denmark, Poland, Italy, Norway and Indonesia. The Netherlands is currently the biggest market for MTCC-certified timber products, accounting for 41,407 m³ (or 65.8%) of total quantity exported.

Hence, by the end of 2006, a total cumulative of 130,881m³ of MTCC-certified timber products had been exported. A wide range of MTCC-certified timber products, such as sawn timber, moulding, laminated finger-jointed timber, plywood and finger-jointed dressed timber (S4S), furniture and furniture components, picture frames, flooring, and door and window components, are available in the market.

EXPORT OF MTCC-CERTIFIED TIMBER PRODUCTS JULY 2002- DECEMBER 2006



Source: MTIB & MTCC

DEVELOPMENT OF *MALAYSIAN CRITERIA AND INDICATORS FOR FOREST MANAGEMENT CERTIFICATION*(FOREST PLANTATIONS)

Through nominations at regional consultations conducted in Sabah, Sarawak and Peninsular Malaysia, a 12-member TWG comprising four members from each region, representing the social, environmental and economic stakeholder groups and relevant government agencies was formed and mandated by the Ninth Meeting of the National Steering Committee (NSC) held on 16 February to develop the draft *Malaysian Criteria and Indicators for Forest Management Certification*(Forest Plantations) or in short the [MC&I(Forest Plantations)], utilising the Principles and Criteria of the FSC as the template.



Technical Working Group on the development of MC&I(Forest Plantations)



Regional consultations, i.e. Sarawak, Peninsular Malaysia and Sabah, on MC&I(Forest Plantations) (left to right)

In order to facilitate the work of the TWG, a consultant was appointed in April to prepare a Working Document of the draft MC&I(Forest Plantations). In May, the Working Document was subjected to a review by an expert group comprising of forest plantation experts and practitioners before it was submitted to the TWG.

Utilising the Working Document, the TWG met twice, i.e. on 5 - 6 July and 7 August, to develop the first draft of the MC&I(Forest Plantations) up to the Verifier level. This first draft was subsequently subjected to further deliberation by the stakeholders in the three regions of Malaysia i.e. on 18 - 19 September in Sarawak, 11 - 12 October in Sabah and 15 - 16 November in Peninsular Malaysia.

PROMOTION

MALAYSIAN TIMBER MISSION TO EUROPE (BELGIUM, THE NETHERLANDS AND GERMANY)

The Malaysian Timber Mission to Europe, led by Datuk Peter Chin Fah Kui, the Honourable Minister of Plantation Industries and Commodities, visited Belgium, The Netherlands and Germany from 24 to 30 September, with the following objectives: (i) to provide an update on forestry and sustainable forest management practices in Malaysia; (ii) to promote trade in tropical timber with Europe; and (iii) to promote the MTCC scheme.

The 20-member delegation included a Senator and a member of the Kedah State Exco as well as representatives from the Ministry of Plantation Industries and Commodities (MPIC), related government departments and agencies, timber trade associations and MTCC, which was represented by the Chairman and CEO.



Discussion with European Commission Officials

During the mission, the Minister held discussions with his counterparts in the three countries visited as well as with the relevant Commissioners of the European Union (EU) in Brussels. During the discussion with Mr. Louis Michel, Commissioner for Development and Mr. Stavros Dimas, Commissioner for Environment on 25 September, a joint press release was made to announce the decision by Malaysia and the EU to proceed with formal discussions on a Voluntary Partnership Agreement (VPA) under the EU Forest Law Enforcement Governance and Trade (EUFLEGT) Action Plan.

Both the Commissioners expressed their appreciation of the decision taken by Malaysia to enter into formal discussions on a VPA under the EUFLEGT process. They recognised that Malaysia is an important player in the tropical timber trade and that the decision of Malaysia to work with the EU on combating the illegal timber trade problem will have an important influence on other tropical timber countries. The Commissioners agreed that the VPA negotiations should be transparent, pragmatic and build upon existing systems in Malaysia.

Datuk Peter Chin reiterated that Malaysia is committed to exporting only timber from legal sources. Even though Malaysia had a long history in systematically managing its forest resources, continuous efforts are nevertheless being made towards improving its forestry practices.

During the discussions with the EU Director-General for Environment, Mr. Mogens Peter Carl, and Mr. Stefano Manservigi, Director-General for Development, it was agreed that the EUFLEGT process provided an opportunity for Malaysia to project a positive image for Malaysian timber products in the European market. The discussion with Ms. Petra Erler, Head of Cabinet, and Mr. Jeremy Wall, from the Forest-Based Industries Division of the European Commission (EC) for Enterprise and Industry, re-affirmed the need to ensure continued close cooperation between the timber industries in the EU and Malaysia to ensure the success of the VPA.



Datuk Peter Chin meeting with Cees Veerman, Minister of Agriculture, Nature and Food Quality of The Netherlands

The delegation also met with Mr. Paul van Snick, Head of Cabinet of the Belgian Ministry of Environment and Pensions, and Mr. Ulrik Lenaerts, the Advisor to the Minister on environmental matters. The discussion was mainly on the recently announced Belgian Timber Procurement Policy which currently accepts only sustainably produced timber. The policy is expected to be reviewed in 2007.

In The Netherlands, Datuk Peter Chin met Mr. Cees Veerman, the Minister of Agriculture, Nature and Food Quality who welcomed the announcement by Malaysia and the EU to embark on formal discussions on the EUFLEGT VPA, and expressed the readiness of the Dutch government to provide assistance to Malaysia in activities related to the VPA. The meeting was informed that the Dutch assessment guidelines for sustainably produced timber (BRL) were being finalised and would be used to assess the acceptability of various schemes in relation to its public procurement policy.

The delegation also met the representatives of the Netherlands Timber Trade Association (NTTA). Both parties noted that the cooperation between the Malaysian timber exporters with the NTTA had been going on for more than 20 years, and that imports from Malaysia occupy an important niche in the market, particularly for certified tropical timber. However, there was a need for the Malaysian timber trade, MTCC and NTTA to work closely to promote MTCC-certified timber.

In Germany, Datuk Peter Chin held discussions with the German partners on the MTCC-Hamburg Project, describing the step taken by the Hamburg authority to be the first authority to recognise the MTCC scheme as a brave move.

The Minister also had meetings with four different German ministries. Mr. Peter Hintze, Parliamentary State Secretary for the Ministry of Economics and Technology, acknowledged Malaysia's achievements especially its economic growth and export performance. He looked forward to Malaysia's cooperation with regard to the new International Tropical Timber Agreement (ITTA). Datuk Peter Chin informed Mr. Hintze of the steps taken in Malaysia to control illegal logging and to implement the MTCC scheme, including the MTCC-Hamburg project.

The discussion with Ms. Astrid Klug, Parliamentary State Secretary for the Ministry of Environment, Nature Conservation and Nuclear Safety, dealt with the problem of illegal logging and how it would be overcome through the EUFLEGT VPA. With Mr. Peter Paziorek, Parliamentary State Secretary for Food, Agriculture and Consumer Protection, the discussion covered Malaysia's efforts at engaging the NGOs related to its efforts to achieve SFM, as well as on the EUFLEGT VPA. The discussion with Mr. Erich Stather, State Secretary for the Ministry of Economic Cooperation and Development, noted that this Ministry was supportive of the need to give recognition to more than one certification scheme.



Dialogue session in Brussels

Dialogue sessions were also held in Brussels, The Hague and Berlin with timber importers, timber trade associations, consultants, governmental agencies, research and academic institutions, and environmental and social NGOs, during which the latest updates on developments in Malaysia related to forest management practices, the timber trade and industry, and the national timber certification scheme implemented by MTCC were presented by the Forestry Department Peninsular Malaysia (FDPM), Malaysian Timber Industry Board (MTIB) and MTCC respectively.

The sessions generated considerable discussions, particularly on the MTCC scheme, the announcement of the start of formal discussions on the EUFLEGT VPA, and how the social aspects of forest management, especially the native customary rights of the indigenous peoples, are taken into account in forest management and timber certification. It was stressed that only a duly gazetted and licensed forest area with an approved forest management plan is accepted to undergo assessments for certification under the MTCC scheme.



Dialogue session in The Hague



Dialogue session in Berlin

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:

- Lumber & Building Material Expo 2006 (LBME 2006), Boston, U.S.A (February)
- Malaysian International Furniture Fair 2006 (MIFF 2006), Kuala Lumpur (March)
- Interbuild 2006, Birmingham, UK (April)
- HIA Home & Building Expo 2006, Brisbane, Australia (May)
- Exhibition in conjunction with Opening Ceremony of WISDEC Sabah, Kota Kinabalu (June)
- Exhibition in conjunction with the 39th ASEAN Ministerial Meeting (AMM), Kuala Lumpur (July)
- Malaysia Agriculture, Horticulture & Agrotourism Show 2006 (MAHA 2006), Kuala Lumpur (November)

At the international level, the Malaysian Timber Council (MTC) provided assistance in distributing the brochures and standards in fairs and exhibitions such as:-

- Domotex 2006, Hannover, Germany (January)
- Budma 2006, Poznan, Poland (January)
- SURFACES, Las Vegas, USA (February)
- SAIEDUE, Bologna, Italy (March)
- Fensterbau, Nuremberg, Germany (March)
- Domotex Asia / China Floor, Shanghai, China (March)
- Interzum Guangzhou 2006, Guangzhou, China (March)
- MOSBUILD, Moscow, Russia (April)
- Construma Trade Fair, Budapest, Hungary (April)
- IBF Brno Trade Fair, Brno, Czech Republic (April)
- Carrefour International Du Bois, Nantes, France (May / June)
- CONSTRUCT, Colombo, Sri Lanka (August)
- The China International Interior Decoration Expo 2006, Beijing, China (August)
- Spoga Trade Fair, Cologne, Germany (September)
- Irish Building Exhibition 2006, Dublin, Ireland (September)
- The 7th China International Floor Covering and Carpet Fair, Beijing, China (September)
- The 3rd China-ASEAN Expo, Nanning, China (October / November)
- Japan Home & Building Show 2006, Tokyo, Japan (November)

In August, MTCC produced the inaugural issue of its newsletter, *MTCC News* to keep certificate holders and stakeholder groups updated on the latest developments in the MTCC timber certification scheme and matters related to timber certification and Sustainable Forest Management (SFM) in Malaysia.



MTCC-MTCC booth at LBME 2006 in USA



MTCC booth at MIFF 2006 in Kuala Lumpur



MTCC booth at Interbuild 2006 in UK



MTCC booth during Exhibition at ASEAN Ministerial Meeting in Kuala Lumpur



MTCC booth at HIA Home & Building Expo in Brisbane



MTCC booth at MAHA 2006 in Kuala Lumpur



Inaugural issue of MTCC News

ADVERTISEMENTS

In 2006, MTCC placed advertisements in the following local and overseas publications:

- Timber Trade Journal, UK
- Timber in Construction, UK
- Government Business, UK
- Holz-Zentralblatt, Germany

MTCC contributed articles to the following publications:

- Timber Trade Journal, UK
- Timber in Construction, UK
- PEFC Newsletter
- Malaysia Furniture 2006
- Maskayu (MTIB Newsletter)

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

- Danish company NEPCon becomes first overseas-based assessor to be registered with MTCC
- MTCC certificates accepted under *The Netherlands Keurhout Protocol for Legal Origin (KH-LET)*
- Implementation of New Institutional Arrangement for MTCC Scheme
- First Timber Company in Sabah Awarded MTCC *Certificate for Chain-of-Custody*
- Development of *MC&I*(Forest Plantations)
- The Joint Project Between MTCC and The City of Hamburg, Germany on *MC&I*(2002)
- Regional Consultations on *MC&I*(Forest Plantations)
- Pahang, Selangor Certificates extended, Terengganu Certificate expires

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:-

- *Presentation on MTCC – Certifying Malaysian Timber Products for the World Market at the Malaysian International Furniture Fair 2006- Industry Seminar Series, 10 March, Kuala Lumpur*
- *Talk on Timber Certification in Malaysia: Status and Research Needs at the Rainforest Academy, Universiti Putra Malaysia (UPM), 24 January, Kuala Lumpur*
- *Eighth Meeting of Malaysia-The Netherlands Joint Working Group on Forestry, 15 May, Kuala Lumpur*
- *Environmental Impact Assessment (EIA) Technical Workshop organised by Forestry Department Pahang, 6 June, Kuantan*
- *Consultative Session with Sarawak Timber Association (STA) Panel Products members on legality verification, 16 June, Kuching*
- *United Nation Development Programme (UNDP) / Global Environmental Fund (GEF) Workshop on Peat Swamp Forest, 27 - 29 June & 18 August, Kepong & Kuantan*
- *MTC Familiarization Program, 3-14 July, Kuala Lumpur*
- *Building and Wood Workers International (BWI) and LO-TCO (Swedish Trade Union Confederation and Swedish Confederation of Professional Employees), South East Asia Forestry Project, Sustainable Forest Management Workshop, 13-14 & 16-18 October, Miri & Subang Jaya*



Yong Teng Koon giving presentation at MIFF 2006



Yong Teng Koon giving presentation at the UNDP/ GEF Workshop on Peat Swamp Forest



MTC Familiarization Programme



SFM Workshop organised by BWI and LO-TCO South East Asia

PRESENTATIONS / BRIEFING SESSIONS

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

- *Joint MTC-MTCC Dialogue session with Certificate holders on promotion of MTCC Certified timber products, 17 February, Kuala Lumpur*
- *Briefing to Royal Norwegian Embassy, 3 March, Kuala Lumpur*
- *Briefing session on Implementation of New Institutional Arrangement for the MTCC Timber Certification scheme to Assessors, 16 March, Kuala Lumpur*
- *Briefing and field visit to Sela'an-Linau FMU for indigenous communities living adjacent and within the FMU, 15-22 April, Ulu Baram, Miri*
- *Discussion with Sabah Forestry Department, 2 May, Sandakan*
- *Training for DSM auditors on Forest Management and CoC Certification, 16-17 May, Putrajaya*
- *Briefing to Indigenous Communities on MC&I(2002) in Anap-Muput FMU, 12-13 June, Tatau, Bintulu*
- *Briefing on Forest Management Certification of Sela'an-Linau FMU to Resident's Office, 19 June, Miri*
- *Meeting on Implementation of New Institutional Arrangement for the MTCC Timber Certification Scheme for Certificate Holders, 27 June, Kuala Lumpur*
- *Briefing on RCOC to Shin Yang Plywood Sdn. Bhd., 21 September, Miri*
- *First Joint Project Team (JPT) meeting for MTCC-Hamburg project, 25 September, Kuala Lumpur*
- *Malaysian Forest Dialogue (MFD), 7-8 December, Kuala Lumpur*
- *Briefing on Timber Certification and MTCC Timber Certification Scheme to School of International Tropical Forestry, Universiti Malaysia Sabah (UMS) undergraduates, 21 December, Kota Kinabalu*



MTC-MTCC Dialogue session with Certificate Holders



Ding Seling, MTCC Trustee, during briefing & field visit to Sela'an-Linau FMU



Briefing to Indigenous Communities on MC&I(2002) in Anap-Muput FMU



Briefing on Implementation of New Institutional Arrangement for MTCC scheme to Assessors



Briefing to UMS undergraduates

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 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 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 first review by the CPET in 2006 continued to accept the MTCC scheme. In addition, CPET recognises that **all** MTCC-certified timber products meet the requirements for legality where previously only products containing 100% certified raw materials are recognised.



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*.

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.

By December, seven FMUs and 28 Holders of the MTCC *Certificate for Chain-of-Custody* have been accepted under the *Keurhout Protocol for Legal Origin* in The Netherlands.



The City of Hamburg, Germany has given a conditional recognition of the MTCC scheme for a two-year period beginning June 2006

IMPLEMENTATION OF NEW INSTITUTIONAL ARRANGEMENT FOR MTCC SCHEME

In 2006, MTCC continued taking action towards establishing a new institutional arrangement for its certification scheme that was initiated in 2005 as an important measure to further enhance the acceptance of the MTCC scheme in the international market. Under the new institutional arrangement, MTCC will continue to play the role of the National Governing Body (NGB) in the certification scheme, with the independent assessors taking on the role of Certification Bodies (CBs) which would need to be accredited to the Department of Standards Malaysia (DSM), the national Accreditation Body (AB).

The new institutional arrangement is necessary as part of MTCC's preparations for the submission of its scheme to the Programme for the Endorsement of Forest Certification (PEFC) Council for endorsement, as well as meet the requirements of the public procurement policies for timber of key importing countries of Malaysian timber products (i.e. the United Kingdom, Germany and The Netherlands).

As a result of the discussions held with the DSM in 2005 regarding the requirements for the accreditation of CBs, a TWG was formed to develop the accreditation programmes for CBs operating forest management certification and CoC certification. The TWG met once in 2006 to prepare the work plan and identify the standards, procedures and supporting documents needed to develop and operate the two accreditation programmes.

A briefing by MTCC and the DSM to the independent assessors registered with MTCC was held on 16 March in Kuala Lumpur to inform them of the proposed change in the institutional arrangement, the future role of the assessors as CBs in the MTCC scheme, requirements to be fulfilled by the CBs including their tasks and competence, details of the certification and accreditation process (including the ISO guides to be used in accreditation), and the costs involved.

MTCC also held a training session on 16-17 May in Putrajaya to familiarise the DSM auditors with the operation of the MTCC scheme, implementation of the new institutional arrangement, role of MTCC as the NGB in Malaysia, requirements for CBs, certification standards used and assessment process for forest management and CoC certification.

A briefing session was also held on 27 June in Kuala Lumpur for holders of the MTCC certificates to update them on the implementation of the new institutional arrangement.



Training to DSM auditors



Briefing session to Certificate Holders



CERTIFIED FORESTS UNDER VARIOUS CERTIFICATION SCHEMES

The total area of certified forest worldwide continued to expand at a steady pace, reaching nearly 294.0 million ha by the end of 2006, an increase of more than 9% over the 2005 figure. However, the trend of more forest areas in the boreal and temperate forests of Europe and North America being certified under the FSC and PEFC schemes continued to prevail in 2006.

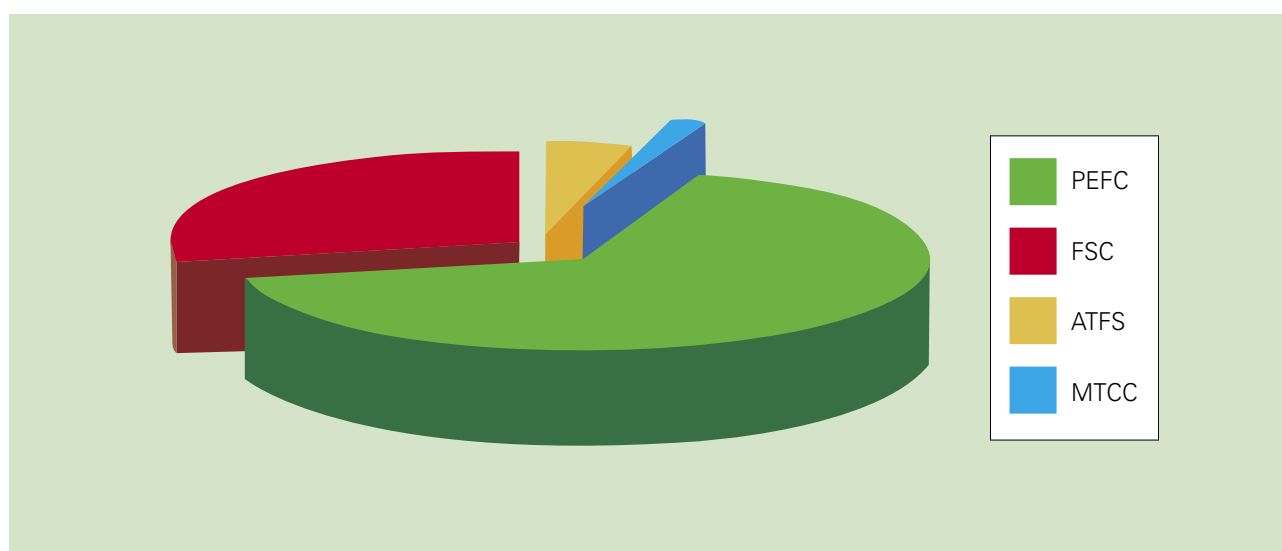
Of the nearly 294.0 million ha certified globally, which represent nearly 10% of the total global commercial forest area, more than 193.82 million ha (65.9%) are certified under the PEFC scheme, 84.29 million ha (28.7%) under the FSC scheme, 11.13 million ha (3.8%) under the American Tree Farm System (ATFS) and 4.73 million ha (1.6%) under the MTCC scheme (Figure 1) *.

The forests certified under the PEFC scheme also include 73.97 million ha under the Canadian Standards Association (CSA), 54.38 million ha under the Sustainable Forestry Initiative (SFI) of USA, 5.73 million ha under the Australian Forestry Standard (AFS), 1.53 million ha under the Chilean Standard for Sustainable Forest Management (CERTFOR) and 0.76 million ha under the Brazilian Programme of Forest Certification (CERFLOR) #.

In terms of geographical distribution, more than half (58%) of the world's certified forests are located in North America, with around one-third (29%) in the EU/EFTA region. It is reported that North America's share of the certified forest has remained almost unchanged since 2005, while the proportion in the EU/EFTA region is falling relative to increases in the share of other European countries, Russia, Latin America and Oceania. Nevertheless, even with this change, the certified forest area that lies outside the EU/EFTA region and North America still only accounts for 12% of the global total, of which 2% is in the Asia-Pacific region.

The potential roundwood supply from the world's certified forests in 2006 is estimated at approximately 370 million m³, which is 8% more than in 2005. This equates to approximately 25% of the world's production of industrial roundwood, or 40% of the industrial roundwood production of North America and Europe (excluding Russia) where 87% of the world's certified forests are situated. It is also reported that the vast majority of the certified forest products, as in previous years, are marketed without any reference to certification +.

FIGURE 1: CERTIFIED FORESTS BY SCHEMES



* The figures are based on the information available at the homepage of the particular certification scheme mentioned (as of September 2007).

Source: PEFC Council Annual Review 2006

+ Source: GTZ-Forest Certification Newsletter No. 11, August 2007

COOPERATION

MTCC-PEFC COOPERATION

As a member of the 31-member PEFC Council, MTCC participated in the 10th PEFC Council General Assembly held on 27 October in Portland, Oregon, USA and hosted by the Sustainable Forestry Board and two national certification systems, the ATFS and the SFI. The PEFC scheme is a framework for the assessment and mutual recognition of national forest certification schemes which meet the PEFC requirements.

29 member countries, extraordinary members, invited guests and members of the Board of Directors of the PEFC Council attended the General Assembly. The keynote speech for this General Assembly was delivered by Peter Seligmann, Co-founder, Chairman of the Board and CEO of Conservation International. He underlined the importance of forest certification and the use of certified products to promote the sustainable management of forests, and pointed out that future challenges included how to increase the area of sustainable forest management, and the inclusion of small land owners and local peoples in forest certification.

Henri Plauche Gillon, the PEFC Chairman, in his report, highlighted PEFC's continued expansion, with members in currently 31 countries. PEFC-certified area globally has increased by almost 65 million hectares, a growth of more than 50%, and the number of PEFC CoC holders has increased by more than a fifth. PEFC is rapidly approaching the mark of 200 million hectares of PEFC certified forests, with more than 18,000 PEFC logo users and more than 2,800 certified enterprises.

He reported that the PEFC continues to be the world's largest resource of certified wood and more and more governments have issued procurement policies and statements which accept PEFC certified products. In 2006, this has included Belgium, Japan, Denmark, the United Kingdom and the EU Parliament, adding on to the list of countries that includes France, Germany, Switzerland and New Zealand. There is a growing demand for PEFC certified paper and a greater awareness of PEFC.

The General Assembly discussed and approved papers dealing with a number of key issues – a funding mechanism to promote the PEFC in the market place based on the area certified and CoC certificates for each member scheme, and the inclusion of appendices to cover the avoidance of controversial sources and to recognise non-wood forest products into the PEFC CoC standard. Other important papers discussed were the inclusion of ITTO guidelines as a basis for assessment of forest certification schemes for relevant countries, the recognition of one Russian member due to a partnership of the two current members and the acceptance of the European Tissue Symposium (ETS) as an extraordinary member. The General Assembly also witnessed the retirement of the founding Chairman, Henri Plauche Gillon, and the election of the new Chairman, Michael Clark of PEFC United Kingdom.



Chew Lye Teng at the 10th General Assembly of PEFC

During the General Assembly, a report entitled *Compatibility of the ITTO Provisions for the Management of Natural and Planted Forests with the PEOLG* was presented by the consultants Savcor-Indufor. The report made a comparison between the PEOLG (Pan European Operational Level Guidelines) which are used as the reference for the purpose of endorsement of applicant schemes and three ITTO guidelines, i.e. (i) *Guidelines on the Sustainable Management of Natural Tropical Forests (1992)*; (ii) *Guidelines on the Conservation of Biological Diversity in Tropical Production Forests (1993)*; and (iii) *Guidelines for the Establishment and Sustainable Management of Planted Tropical Forests (1993)*. It was found that the three ITTO guidelines are compatible with the requirements of the PEOLG except for six additional aspects for natural forests, and four additional aspects for planted forests, which should be included in national standards that are developed based on the ITTO guidelines in order to be compatible with the PEOLG.

Based on these findings by the consultants, appropriate amendments were made to the relevant PEFC Technical Documents. The availability of this report and the changes made to the documents is a step forward towards the endorsement of schemes which are covered by the ITTO guidelines, such as the MTCC scheme.

A paper to propose the funding mechanism for raising the necessary development funds needed by the PEFC Council for communications and to promote the scheme more aggressively in the market was also presented at the General Assembly. The proposed mechanism for raising the funds is through a process of 'notification' by the NGB to the accredited CBs to collect the funds from the FMUs or companies certified by them, if these FMUs/companies intend to use the PEFC logo to inform the market that they are certified under a PEFC-endorsed scheme.

In 2006, MTCC also provided comments, suggestions and inputs on a number of draft documents to the PEFC Council, which included the following:-

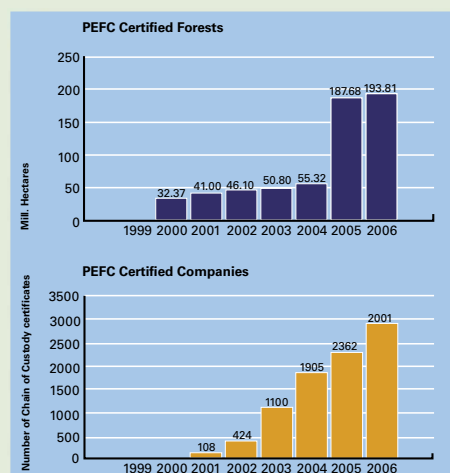
- i. Basic principles paper on controversial sources in PEFC Chain of Custody rules
- ii. Basic principles paper – financing of PEFC development
- iii. Basic principles paper on certification and labelling of non-wood products
- iv. SWOT analysis of the PEFC
- v. Consultation paper on Equitable Funding Mechanism for Development of PEFC Council

PEFC COUNCIL MILESTONES IN 2006



PEFC is a global platform for the mutual recognition of forest certification systems. The area of PEFC-certified forests reached nearly 200 million hectares globally in 2006, increasing by more than 6 million hectares in 2006 alone. This means that nearly two thirds of all certified forests globally have received endorsement by PEFC, making it the world's largest resource of certified wood, accounting for nearly 70% market share of the area supply.

A fast growing number of companies with paper and timber products have chosen a PEFC CoC certification for their businesses. In 2006, the number increased by another 600 enterprises, with a total of about 3,000 globally now, an increase of nearly 20%. A new trend was the certification of processing and trading companies in Asia and Africa, which became PEFC-certified. Countries included China, Malaysia and Morocco. All PEFC certified companies are listed in the PEFC Council database, which is available at www.pefc.org. The database contains forest and CoC certificate holders, PEFC logo users, PEFC notified certification bodies and summary information by country.



In October, the European Tissue Symposium (ETS) became an Extraordinary Member of the PEFC Council. Five certification systems, i.e. Austrian Forest Certification Scheme, Czech Forest Certification Scheme, French Forest Certification Scheme, Swedish Forest Certification Scheme, Norway Living Forests Standards and Swiss Q-Label Wood Certification Scheme, underwent their first periodic review and revision process that all PEFC endorsed systems have to undergo every 5 years. These schemes were re-endorsed by the PEFC Council after an assessment process undertaken by external assessors. The Swiss Q-Label certification system was re-instated to the endorsed status at the beginning of 2006, after a temporary suspension.

Following mediated talks through PEFC, the two national initiatives for forest certification in Russia came together under a new umbrella in the PEFC Council. The National Council of Voluntary Forest Certification in Russia (RSFC) and the Russian Council for Forest Certification in Russia (RNCF) will be represented in PEFC through the organisation "Partnership on the Development of PEFC Forest Certification".

To help timber and paper companies prevent wood from controversial sources finding its way into their products, the PEFC Council published a new mandatory guidance for the avoidance of controversial sources, referred to as Appendix 7 (*Implementation of requirements for the avoidance of the procurement of raw material from controversial sources*) to Annex 4 of the PEFC Technical Documents. The document introduces safeguard mechanisms against procuring illegally logged wood and complements the international PEFC CoC wood tracking system.



In 2006, the PEFC Council adopted the following ITTO guidelines as a benchmark for the endorsement of forest certification systems in tropical countries:

- *ITTO guidelines on the sustainable management of natural tropical forests (1992)*
- *ITTO guidelines on the conservation of biological diversity in tropical production forests (1993)*
- *ITTO guideline for the establishment and sustainable management of planted tropical forests (1993)*



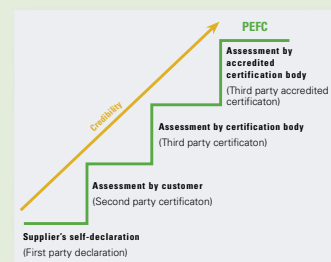
As a contribution to the ongoing debate, on how developing countries can participate in international forest certification systems and demonstrate their gradual compliance with the standards through a series of pre-determined steps and timelines, the PEFC Council published a PEFC Position Paper on a Phased Approach to Forest Certification in January 2006. The paper describes key issues and requirements needed for such an approach to be successful and meaningful.



Indigenous peoples' issues continue to be an important part in PEFC's requirements. Following the publication of PEFC's Position Paper on Indigenous People in 2005, the Swedish member organisation in 2006 published a special policy on Sami Reindeer Herding, to ensure a balance between forestry and reindeer herding interests in the Swedish PEFC certification system. The policy defines how dialogue and collaboration between reindeer herders and the forestry sector takes place.

As part of its continuous improvement, the PEFC Council regularly develops and amends its extensive requirements that forest certification systems need to fulfill for their PEFC endorsement. In 2006, the following new documents were published:

- Interpretation of the PEFC Council Requirements for Consensus in the Standard Setting Process (GL5/2006)
- PEFC Notification of certification bodies operating chain of custody certification in countries without a PEFC National Governing Body (GL 6/2006)
- Nomination for election of Chairman, Vice Chairmen and members of the Board of Directors (GL 3/2006)
- Methods for calculating the PEFC Membership Fee (GL 4/2006)





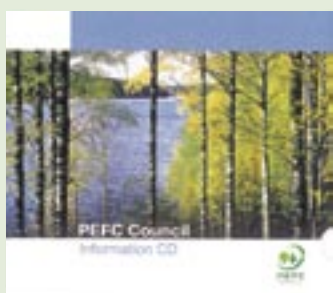
The governments of Belgium, Japan and the United Kingdom in 2006 chose PEFC certification as proof of legal and sustainable sourcing of certified products in their Public Timber Procurement Policy. PEFC certified products receive preferred status compared to uncertified materials in public tendering processes in several countries, among them Belgium, Denmark, France, Germany, Japan, Switzerland, New Zealand and the United Kingdom.

Governmental Shopper's Guides for consumers and public procurement makers have been published in Belgium, Germany and the United Kingdom recommending PEFC to consumers and public procurement makers as a source of legal and sustainable timber products. The European Parliament in February 2006 passed a resolution recommending PEFC certification as *"suitable to give consumers assurances concerning sustainable forest management"*. The *Stiftung Soziale Gesellschaft – Nachhaltige Entwicklung*, a Foundation for Social Society – Sustainable Development of the German trade union IG BAU, undertook a comparative study in 2006, which praised PEFC for its social criteria.

The 10th PEFC Council General Assembly was held in Portland, USA and was attended by Extraordinary Members and national delegates of 29 member countries, guest speakers, invited guests, representatives of international organisations and members of the Board of Directors of the PEFC Council. In a ceremony during the General Assembly, the outgoing Founding Chairman and Vice Chairman, Henri Plauche Gillon and Hannu Valtanen were honoured and members thanked them for their long service since 1999 and their achievements for PEFC.



Peter Seligmann, Chair of Conservation International, speaking at the PEFC Council General Assembly in Portland.



Source: PEFC Council Annual Review 2006

MTCC-HAMBURG PROJECT

The MTCC-Hamburg joint project is one of the outcomes of the Malaysian Timber Certification Mission to Europe in 2002 led by the then Honourable Minister of Primary Industries i.e. Dato' Seri Dr. Lim Keng Yaik who held a discussion with Mr. Gunnar Uldall, Senator for Economy and Employment in the Hamburg State Legislative Assembly. At the discussion, the Hamburg Authority was urged to review its policy regarding public procurement of tropical timber to include the MTCC scheme.

Subsequently, many follow up discussions (described as the Hamburg round table on the MTCC scheme) were held in Germany culminating in the proposal for a joint project to be undertaken between the MTCC and the Free and Hanseatic city of Hamburg (FHH) with the main objective of providing scientific support to refine the MC&I(2002) to fulfil the requirements of the FHH for the use of tropical timber, as well as to ensure its practical application. With the implementation of the project, FHH has accepted on a preliminary basis the MTCC scheme using the MC&I(2001) and will permit the use of MTCC-certified timber products in its public projects over a two-year period.

This joint project, which is a public-private partnership project involving MTCC and three other partners from Germany i.e. FHH, German Timber Trade Federation (GTTF) and German Agency for Technical Cooperation (GTZ), commenced on 1 June for a two-year duration ending 31 May 2008. To provide technical inputs for the project, a scientist from the University of Hamburg (UHH), Mr. Andreas Knoell, was seconded to MTCC in August.

One of main activities of the project would be to conduct a gap analysis of the MC&I(2002) against the requirements of the FHH. In this connection, a total of four consultants to cover specific aspects of the MC&I(2002), i.e. forest management, social aspects, forest conservation, and legal, policy and institutional framework, would be engaged under the project. In 2006, two of the consultants were engaged, i.e. Dr. Bernd Hahn-Schilling (Forest Management) and Dr. Alexander Hinrichs (Social Aspects).

Besides conducting the desk study (gap analyses), Dr. Hahn-Schilling together with Mr. Knoell also participated in the field assessment of three FMUs against the requirements of MC&I(2002), i.e. the Perak, Selangor and Kelantan FMUs.

In order to provide the necessary expertise and advice for the implementation of the joint project, a JPT comprising members from the UHH, MTCC, Forestry Department Peninsular Malaysia, Sabah Forestry Department, Sarawak Forestry Corporation (SFC) and Forest Research Institute Malaysia (FRIM) was formed and held its inception meeting on 25 September.

In addition, to coordinate, plan and monitor the implementation of project activities, a three-member Joint Project Group (JPG) comprising representatives from UHH and MTCC was formed and met four times in 2006.



Meeting with Andreas Knoell, UHH and Dr. Rudolf Luers, GTTF

EU FOREST LAW ENFORCEMENT, GOVERNANCE AND TRADE VOLUNTARY PARTNERSHIP AGREEMENT (EUFLEGT VPA)

As a result of concerns regarding illegal logging and the trade in associated timber products, the EU launched its proposal for a FLEGT Action Plan in May 2003. The Action Plan proposes voluntary, bilateral agreements (Voluntary Partnership Agreements or VPAs) between producing countries (EUFLEGT Partner Countries) and the EU which set out the commitments and actions of both parties to tackle illegal logging. Under the VPA, legally-produced timber exported to the EU can be identified using licences issued by Partner Countries. These licences will be underpinned by timber legality verification systems developed or agreed upon under the VPA.

In the case of Malaysia, after about two years of discussions, a joint statement was released on 25 September 2006 by the EU and Malaysia to start the formal discussion for the EUFLEGT VPA, aimed at ensuring that timber exports from Malaysia to the EU are from legal sources.

The discussions with regard to the positions to be taken and the process to be followed by Malaysia with regard to specific aspects of the VPA is being led by the Ministry of Plantation Industries and Commodities (MPIC). MTCC is participating in these discussions to share its experience and expertise in operating the timber certification scheme, as there are many similarities between the timber certification process and the legality verification system required under the VPA.



WILDLIFE ASSESSMENT AND MONITORING FOR SUSTAINABLE FOREST MANAGEMENT (WAMSFM)

The MTCC certification process has resulted in greater realisation for a multi-disciplinary approach to forestry and hence the need for collaboration between the various organisations, including NGOs, to address some of the requirements of the certification standard, particularly the MC&I(2002).

One such collaboration project was the WAMSFM project between the Forestry Department Peninsular Malaysia, Department of Wildlife and National Parks, WWF Malaysia and MTCC. The project aims to address the issue of wildlife assessment and monitoring as required under MC&I(2002). A Working Group comprising members from the various collaborating organizations was formed and met three times in 2006 to deliberate on the suitable methodology or guidelines for assessing and monitoring of wildlife particularly in the production forest of the Permanent Reserved Forests.



Discussion with WWF Malaysia

MALAYSIAN FOREST DIALOGUE (MFD)

The first MFD, a partnership initiative of HSBC Bank Malaysia Berhad, MTC, Business Council for Sustainable Development Malaysia (BCSDM), WWF Malaysia, Malaysian Nature Society (MNS) and MTCC, was held on 7-8 December in Kuala Lumpur. The objectives of the MFD is to enhance awareness and share information on aspects affecting the forestry business, to highlight the changing market opportunities and expectations, to discuss the practical realities of implementing and financing sustainable forestry management, as well as to encourage and promote active and constructive engagement amongst the various stakeholders within the Malaysian forestry and financial sectors.

The wide range of topics covered by the presentations made at the Dialogue by the various stakeholder groups enabled the participants to obtain a better understanding of the global perspective, the driving forces and market requirements, and the practical realities of implementing SFM and timber certification in Malaysia. MTCC CEO Chew Lye Teng presented a paper entitled *Challenges in Implementing Timber Certification*, in which he provided an update on the MTCC scheme and highlighted the rational for, and the challenges faced, in the implementation of the scheme, and the steps that have been taken to address these challenges.



Participants at the Malaysian Forest Dialogue



Chew Lye Teng giving presentation at the Malaysian Forest Dialogue

The MFD participants noted that sustainable management of tropical forests needs to take into account social, environmental and economic considerations. Forest managers face tremendous challenges in managing these forest resources in a sustainable manner. The Dialogue also discussed the problems faced by the indigenous communities who reside in areas managed by the forest managers, and noted that while the MTCC scheme abides to Malaysian national and state laws, some stakeholder groups consider these laws to be inadequate or unfair, especially with respect to native customary rights (NCR) over forested land.

Other issues that were raised touched on the acceptability of the MTCC scheme particularly by financial institutions, the availability of a green premium for certified timber products, and the role of financial institutions and investors in the timber industry. It was emphasised that responsible investment and financing have become increasingly important factors that will impact on the ability of the timber industry to secure substantial long term financing.

SIGNIFICANT EVENTS

MTCC organised/coordinated the following local events in 2006:

Local Events	Date	Venue
Regional Consultation on Technical Working Group for Development of Certification Standard for Plantation Forests (Peninsular Malaysia)	20 January	Kuala Lumpur
Regional Consultation on Technical Working Group for Development of Certification Standard for Plantation Forests (Sabah)	7 February	Kota Kinabalu
Ninth Meeting of the National Steering Committee	16 February	Kuala Lumpur
Joint MTC-MTCC Dialogue session with Certificate holders on <i>Promotion of MTCC-Certified Timber Products*</i>	17 February	Kuala Lumpur
Briefing to Royal Norwegian Embassy*	3 March	Kuala Lumpur
Briefing session on <i>Implementation of New Institutional Arrangement for the MTCC Timber Certification Scheme</i> to assessors*	16 March	Kuala Lumpur
Briefing and field visit to Sela'an Linau FMU for indigenous communities living adjacent and within the FMU*	15 - 22 April	Ulu Baram, Miri
Discussion with Sabah Forestry Department*	2 May	Sandakan
Training for DSM auditors on Forest Management and CoC Certification*	16 - 17 May	Putrajaya
Briefing to Indigenous Communities on <i>MC&I(2002)</i> in Anap-Muput FMU*	12 - 13 June	Tatau, Bintulu
Briefing on <i>Forest Management Certification of Sela'an Linau FMU</i> to Resident's Office, Miri*	19 June	Miri
Meeting on <i>Implementation of New Institutional Arrangement for the MTCC Timber Certification Scheme</i> for Certificate Holders*	27 June	Kuala Lumpur
First Meeting of Technical Working Group for Development of <i>MC&I(Forest Plantations)</i>	5 - 6 July	Kuala Lumpur
Second Meeting of Technical Working Group for Development of <i>MC&I(Forest Plantations)</i>	7 August	Kuala Lumpur
Regional Consultation on <i>MC&I(Forest Plantations)</i> (Sarawak)	18 - 19 September	Kuching
Briefing on <i>RCOC</i> to ShinYang Plywood Sdn. Bhd.*	21 September	Miri
First Joint Project Team (JPT) meeting for MTCC-Hamburg project*	25 September	Kuala Lumpur
Regional Consultation on <i>MC&I(Forest Plantations)</i> (Sabah)	11 - 12 October	Kota Kinabalu
Meeting on Review of MTCC Timber Certification Scheme by DEFRA, United Kingdom	19 October	Kuala Lumpur
Regional Consultation on <i>MC&I(Forest Plantations)</i> (Peninsular Malaysia)	15 - 16 November	Kuala Lumpur
Malaysian Forest Dialogue – (jointly with HSBC Malaysia, MTC, BCSDM, WWF Malaysia & MNS)*	7 - 8 December	Kuala Lumpur
Briefing on <i>Timber Certification and MTCC Timber Certification Scheme</i> to School of International Tropical Forestry, Universiti Malaysia Sabah (UMS) undergraduates*	21 December	Kota Kinabalu

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



MTCC organised or participated in the following international events in 2006:

Missions / Visits/Discussions	Date	Venue
Discussion with UK Timber Trade Federation (UK TTF)*	25 April	London
Discussion with Department for Environment Food & Rural Affairs (DEFRA) & Central Point of Expertise on Timber (CPET)	25 April	London
Malaysian Timber Mission to Europe*	24 - 30 September	Belgium, The Netherlands & Germany
Discussion with Travis Perkins, UK*	2 October	London
Discussion with UK TTF	2 October	London
Discussion with Department for Environment Food and Rural Affairs (DEFRA)	3 October	London
Discussion with Forestry Agency, Ministry of Agriculture, Forestry and Fisheries, Japan	6 November	Yokohama

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



Meeting on Review of MTCC Scheme by CPET of DEFRA, UK



Briefing to Indigenous Communities on MC&I(2002) in Anap-Muput FMU



Ninth NSC Meeting

MTCC held discussions with the following visitors in 2006:

Visitors	Date
Norway timber importers: <ul style="list-style-type: none"> • Arne Falck, H.F. Blom • Dag-Roar Tangen, Erling Hustvest AS 	18 January
Delegation from Department of Forestry, Cambodia (jointly with MTC):* <ul style="list-style-type: none"> • Bun Radar, Forestry and Wildlife Training Center • Ham Saravuth, Forestry Industries Development and Trade Office, • Chuk Sam Ath, Chikreng Forestry Administration Division 	24 January
Bruce Telfer, SGS Papua New Guinea Ltd.	9 February
Daniel Liang Abdullah, Epson Precision, Johor, Mohd Radzi Abdul Aziz, Epson Precision, Johor	10 February
Abdul Wahab Abdullah, Union of Forest Employees of Sarawak (UFES)	15 February
Millicent Danker, Perception Management Sdn. Bhd. Roger Hayes, Perception Management (UK) Ltd.	20 February

Visitors	Date
Ai Kawamura, Sustainable Society Group, EX Corporation Japan Ryoichi Miyoshi, Eco-friendly Grassroots Assistance Organizers (EGAO), Kota Kinabalu	22 February
Mohd Muslimin Hashim, Malaysian Palm Oil Promotion Council Razita Abdul Razak, Malaysian Palm Oil Promotion Council	20 March
Friends of the Earth (FOE): <ul style="list-style-type: none"> • Junichi Mishiba, FOE, Japan • Ayako Nezu, Global Environmental Forum • Henry Scheyvens, Institute for Global Environmental Strategies 	27 March
Dr. Reinhold Glauner, Federal Research Institute of Forest and Forest Products, Hamburg, Germany	27 March
Charlotte Breinholt Andersen, Junckers Industrier A/S Lee Ah Keat, Kim Teck Lee Timber Flooring Sdn. Bhd.	29 March
Adrian Wells, Overseas Development Institute (ODI), United Kingdom	30 March
Technical Delegation from Ghana (jointly with MPIC, MTIB and MTC): <ul style="list-style-type: none"> • Honourable Andrews Adjei-Yeboah, Deputy Minister, Ministry of Lands, Forestry and Mines • Chris Beeko, Project Coordinator of the Validation of Legal Timber Programme, Forestry Commission • Alhassan N. Attah, Timber Industry Development Division, Forestry Commission • Mark Parren, SGS Project Team Leader of the Validation of Legal Timber Programme, Forestry Commission 	5 April
European Union Technical Mission on EU-FLEGT Voluntary Partnership Agreement (VPA):* <ul style="list-style-type: none"> • Luc Schillings, Royal Netherlands Embassy, Malaysia • Hugh Speechly, UK Department for International Development (DFID) • Vincent van den Berk, European Commission Delegation to Malaysia • Cristiana Famea, European Commission Delegation to Malaysia • Flip van Helden, Ministry of Agriculture, Nature and Food Quality, The Netherlands • Herman Savenije, Ministry of Agriculture, Nature and Food Quality, The Netherlands • K.C. Chong, Royal Netherlands Embassy, Singapore 	5 May
Field visit to Lanchang Forest Reserve Checking Station and Maran Road Sawmill Sdn. Bhd. <ul style="list-style-type: none"> • Janneke de Jong, Ministry of Housing, Spatial Planning and the Environment, The Netherlands • Vincent van den Berk, European Commission Delegation to Malaysia 	17 - 18 May
Rachel Butler, Finnforest UK Ltd.	22 May
Andrew Hewett, Kingfisher Plc, United Kingdom Marinella Giacobbe, Castorama, France Hilary Thompson, Tropical Forest Trust, United Kingdom Hugh Blackett, Tropical Forest Trust	9 June
Don Wijewardana, Tironi (NZ) Ltd, New Zealand	12 June
Hugh Blackett, Tropical Forest Trust Patrick Newton, Helveta Limited, United Kingdom	13 June



Visitors	Date
U.S. Delegation (jointly with MTC): <ul style="list-style-type: none"> Peter Dyaico, US Embassy Kuala Lumpur Dr. Susan W. Marino, Office of Environmental Policy, US Department of State Mara M. Burr, US Trade Representative for Environment and Natural Resources Tiffany A. Prather, Environmental Protection Agency 	15 June
Ir. W.G. Vermeer, INDOFIN GROUP (Member of the Board of NTTA) Marco Poot, Lionex (M) Sdn. Bhd.	29 June
Vincent van den Berk, European Commission Delegation to Malaysia Dr. Ir. P.J. Peter van der Meer, University of Wageningen, The Netherlands	12 July
Apolinar Z. Tolentino Jr., Building and Wood Workers' International	19 July
Adrie de Roo, Royal Netherlands Embassy, Malaysia (jointly with MTC) K.C. Chong, Royal Netherlands Embassy, Singapore	20 July
Heikal b. Abdul Mutadir, Malaysian Business, Berita Publishing Sdn. Bhd.	31 July
Emmanuel Groutel, Forestiere Du Maine, France	18 August
Keith H. Christie, Environmental, Energy and Sustainable Development Bureau (GDD), Foreign Affairs Canada Sharon Fam, Government of Canada Trade Commissioner Service	28 August
Alan Oxley, International Trade Strategies (ITS) Global, Australia (jointly with MPIC, MTIB and MTC):	6 September
Anders Elghorn, Wood Workers Magazine, Sweden	3 October
Darius Sarshar, Global Forest & Trade Network, WWF Ivy Wong Abdullah, WWF Malaysia	16 October
Field visit to Ulu Selangor District Forest Office, Forest Checking Station at Belata Forest Reserve, Selangor FMU and Hong Seng Sawmill, Serendah: <ul style="list-style-type: none"> Neil Judd, ProForest, United Kingdom (CPET, UK) Darius Sarshar, Global Forest & Trade Network, WWF 	17 October
Paul Hillegers, ALTERRA, Wageningen, The Netherlands	20 October
Delegation from the National Forestry Agency of Mexico (CONAFOR):* <ul style="list-style-type: none"> Manuel Reed Saul Monreal 	9 November
Delegation from Myanmar Timber Enterprise (MTE) (jointly with MTIB and MTC):* <ul style="list-style-type: none"> Kyaw San Oo, Ministry of Forestry Myanmar Timber Enterprise U Aung Lwin, The Union of Myanmar Federation of Chambers of Commerce & Industry Aye Kyaw, Myanmar Timber Enterprise U Nya Lay, Beautiful Wood Industry Co. Ltd. Thein Win, Myanmar MayKaung Wood Based Industry Co. Ltd. Koh Seow Bean, TPS Wooden Industries Sdn. Bhd. Chew Sweet Houg, SCK Wooden Industries Sdn. Bhd. Khoo Chin Leong, Solid Lumber Sdn. Bhd. Chong L.H., ME Industries Sdn. Bhd. 	9 November

Visitors	Date
<p>Interns from Sweden (Attached to Thai Heng Sawmill Sdn. Bhd.):*</p> <ul style="list-style-type: none"> Charlotte Barthelson, University of Kalmar, Sweden Emma Hakansson, University of Kalmar, Sweden 	22 November
Emmanuel Groutel, Société Forestière du Maine SA, France	8 December
<p>Study Tour Programme by Forestry Officials from Vietnam (jointly with MTIB and MTC):*</p> <ul style="list-style-type: none"> Luong Van Linh, Agricultural Department Vu Thanh Nam, Forestry Department Le Minh Tuyen, Forestry Department Duong Quang Thong, Forest Product Processing and Salt Production Department Nguyen Ton Quyen, VIFOREST Association Pham Quoc Tuan, Forestry Programme Nguyen Can Thuy, Administration Vo Viet Ouong, Interpreter Ha Duc Hung, DARD & Provincial Management Board (PMB), Yen Bai Province Pham Manh Doai, PMB, Yen Bai Province Tran Minh Thoa, PMB, Yen Bai Province Tran Vinh Duc, PMB, Quang Binh Province Tran Duc Ba, PMB, Quang Binh Province Nguyen Yruong Hai, Quang Binh Province Nguyen Huu Hai, DARD Kon Tum Province Le Van Ouong, PMB, Kon Tum Province Ho Thi Quy Phi, PMB, Kon Tum Province Nguyen Van xuan, DRD, Dak Lak Province Tan Van Nhat, Dak Lak Province Do Thanh Hai, Dak Lak Province Bui Anh Tuan, Ninh Thuan Province Le Quang Dung, Ninh Thuan Province Nguyen Dinh Thuan, Ninh Thuan Province 	12 December
Chris Knight, WWF Consultant, UK	18 December
Hon. Ms. Riita Myller, Member of the European Parliament	23 December



Meeting
with Don
Wijewardana,
Tironi (NZ) Ltd,
New Zealand



Briefing
to FOE,
Japan



Field visit to
Forest Checking
Station at
Belata Forest
Reserve



Field visit
to Forest
Checking
Station at
Lancang
Reserve
Forest



MTCC participated in the following events in 2006:

Fairs / Exhibitions	Date	Venue
Lumber & Building Material Expo 2006 (LBME 20 06)	9 - 11 February	Boston, U.S.A
Malaysian International Furniture Fair 2006 (MIFF 2006)	7 - 11 March	Kuala Lumpur
Interbuild 2006*	23 - 27 April	Birmingham, UK
Housing Industry Association (HIA) Home & Building Expo 2006	4 - 7 May	Brisbane, Australia
Exhibition in conjunction with the Opening Ceremony of <i>Wood Industry Skill Development Centre</i> (WISDEC) Sabah	21 - 22 June	Kota Kinabalu
Exhibition in conjunction with the 39 th ASEAN Ministerial Meeting (AMM)	22 - 28 July	Kuala Lumpur
Malaysia Agricultural, Horticultural and Agro-tourism (MAHA) Show 2006	21 - 27 November	Kuala Lumpur

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

International Conferences / Seminars / Workshops / Meetings	Date	Venue
World Forestry Day organised by Sabah Forestry Department	2 May	Sandakan
Presentation on MTCC – Certifying Malaysian Timber Products for the World Market at the Malaysian International Furniture Fair 2006-Industry Series*	10 March	Kuala Lumpur
TREATI (Trans-Regional EU-ASEAN Trade Initiative) Workshop on Trade in Wood Products in South-East Asia	24 - 25 May	Kuala Lumpur
40 th Session of the International Tropical Timber Council (ITTC)	29 May - 2 June	Merida, Mexico
Seminar on Malaysia-USA Free Trade Agreement (MUSFTA): Environmental Sector	7 June	Putrajaya
Seventh Seminar on Current International Issues Affecting Forestry and Forest Products	16 August	Bali, Indonesia
9 th Meeting of The ASEAN Senior Officials on Forestry (ASOF)	17 - 18 August	Bali, Indonesia
Sixth Meeting for the Promotion of Asia Forest Partnership (AFP6)	6 - 8 September	Jog Jakarta, Indonesia
10 th PEFC General Assembly 2006	26 - 28 October	Oregon, USA
41 st Session of the International Tropical Timber Council (ITTC)	6 - 11 November	Yokohama, Japan

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

Local Conferences / Seminars / Workshops / Meetings	Date	Venue
Draft National Convention on International Trade in Endangered Species (CITES) Law Workshop organised by Ministry of Natural Resources and Environment, Malaysia	16 - 18 January	Johor Bahru
Workshop on Principle 10 of Rio Summit hosted by British High Commission, Kuala Lumpur	18 - 19 January	Kuala Lumpur
Talk on <i>Timber Certification in Malaysia: Status and Research Needs</i> at the Rainforest Academy, Universiti Putra Malaysia (UPM)*	24 January	Kuala Lumpur
Dialogue with Rubberwood Furniture Association at Malaysian Rubber Board	16 February	Kuala Lumpur
MTC Timber Talk Series – “Understanding the Nature of Wood”	28 February	Kuala Lumpur
Workshop on the Trade Dynamics of Agarwood in Malaysia and consideration of CITES non-detriment findings	1 - 2 March	Kepong
Brainstorming Session MPIC 2006	8 - 10 March	Bukit Tinggi, Pahang
Majlis Ramah Mesra Sektor Kewangan Dengan MTIB dan Industri Perakayuan	18 April	Kuala Lumpur
Eighth Meeting of Malaysia-The Netherlands Joint Working Group on Forestry*	15 May	Kuala Lumpur
Environmental Impact Assessment (EIA) Technical Workshop organised by Forestry Department Pahang*	6 June	Kuantan
Consultative Session with Sarawak Timber Association (STA) Panel Products members on Legality Verification*	16 June	Kuching
Thirteenth SFM Liaison Committee Meeting (Sela'an Linau FMU)	19 - 21 June	Kelesa Camp, Ulu Baram
United Nation Development Programme (UNDP) / Global Environmental Fund (GEF) Workshop on Peat Swamp Forest*	27 - 29 June	Kepong
MTC Familiarization program*	3 - 14 July	Kuala Lumpur
Division Forestry Committee Meeting	19 July	Miri, Sarawak
United Nation Development Programme (UNDP) / Global Environmental Fund (GEF) Workshop on Peat Swamp Forest*	18 August	Kuantan
Dialogue with Certification Bodies (CBs) organised by Department of Standards Malaysia	22 September	Putrajaya
20 th Meeting of National Forestry Council	26 September	Putrajaya
Building and Wood Workers International (BWI) and LO-TCO (<i>Swedish Trade Union Confederation and Swedish Confederation of Professional Employees</i>) South East Asia Forestry Project, Sustainable Forest Management Workshop*	13 - 14 October	Miri
Building and Wood Workers International (BWI) and LO-TCO (<i>Swedish Trade Union Confederation and Swedish Confederation of Professional Employees</i>) South East Asia Forestry Project, Sustainable Forest Management Workshop*	16 - 18 October	Subang Jaya
Malayan Tiger Conservation Workshop	7 - 9 November	Lanchang, Pahang

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



Chew Lye Teng giving presentation at Interbuild 2006, UK



Yong Teng Koon giving presentation at the UNDP/GEF Workshop on Peat Swamp Forest



Eighth Meeting of the ASEAN Senior Officials on Forestry (ASOF)



SFM Workshop organised by BWI and LO-TCO South East Asia



13th SFM Liaison Committee Meeting



Ismail Ibrahim and other participants during MTC Familiarization Programme

FINANCIAL STATEMENTS

BALANCE SHEET AS AT 31 DECEMBER 2006

	2006 RM	2005 RM
ASSETS		
Non-current asset		
Property, plant and equipment	164,686	170,218
Current assets		
Trade receivables	74,730	32,984
Sundry receivables and deposits	46,286	23,870
Fixed deposits with licensed banks	86,175,592	86,474,145
Cash and bank balances	158,961	250,105
	86,455,569	86,781,104
TOTAL ASSETS	86,620,255	86,951,322
EQUITY AND LIABILITIES		
Equity		
Endowment fund	84,000,000	84,000,000
Accumulated fund	2,178,318	2,462,309
Total equity	86,178,318	86,462,309
Current liability		
Sundry payables and accruals	441,937	489,013
TOTAL EQUITY AND LIABILITIES	86,620,255	86,951,322



INCOME AND EXPENDITURE STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2006

	2006 RM	2005 RM
Revenue	771,644	490,946
Direct costs	(743,963)	(469,072)
Gross (loss) / profit	27,681	21,874
Other operating income	27,896	108,120
Administrative and general expenses	(2,625,758)	(2,554,454)
Amortisation of government grant	-	1,349,112
Deficit from operations	(2,570,181)	(1,075,348)
Interest income	2,286,190	1,654,370
NET SURPLUS FOR THE YEAR	(283,991)	579,022



Malaysian Timber Certification Council

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