

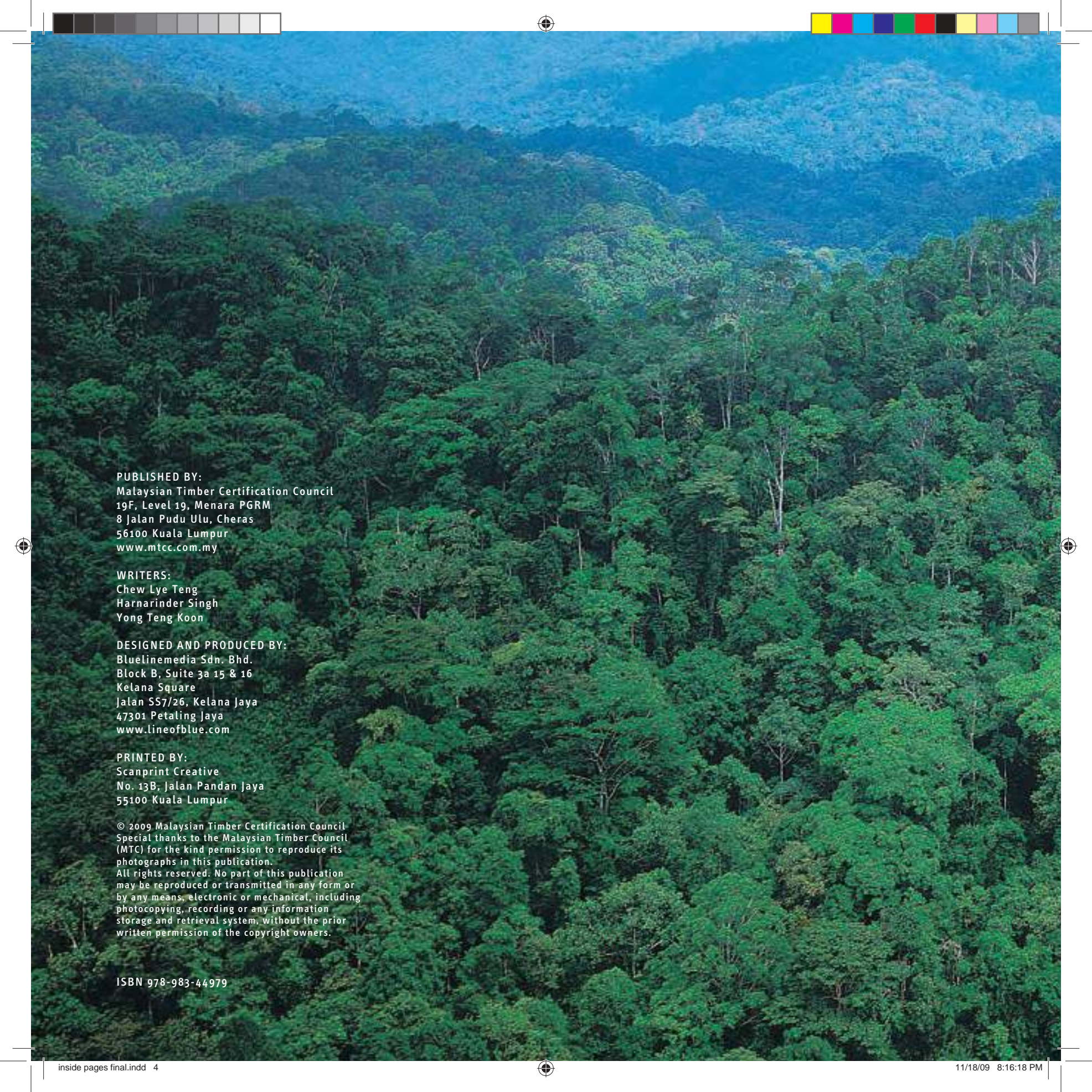






THE FIRST TEN YEARS





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FOREWORD

I would like to congratulate the Board and management of the MTCC on the occasion of the tenth anniversary of its operation, which provides an excellent opportunity for MTCC to assess and review its overall growth and development, as well as progress in implementing the Malaysian Timber Certification Scheme (MTCS). In doing so, I am fully aware that the implementation of timber certification is to a large extent linked to efforts to achieve sustainable forest management, which is a very challenging task in view of the rich biological diversity and complex ecosystems found in our tropical natural forests and the presence of native communities which live within and adjacent to these forests.

Taking this into consideration, MTCC's achievements over the past ten years are highly commendable, given that certification was a new requirement and the difficult situation in the market when it started its operation. I am happy to note that currently 4.43 million hectares or 33% of the Permanent Reserved Forests in Malaysia are certified under the MTCS. Having become the first tropical timber certification scheme in the Asia Pacific region to be endorsed under the Programme for the Endorsement of Forest Certification schemes (PEFC), I consider that MTCC to a large extent has achieved its vision to be recognised as the leading timber certification organisation for tropical forests, and its mission to operate a credible and internationally recognised national timber certification scheme to promote sustainable forest management in Malaysia. Nevertheless, the achievement of sustainable forest management throughout Malaysia's Permanent Reserved Forests remains a very challenging task in which timber certification, as a market-linked tool, can play an important role. It is my hope that more forest areas would be subjected to audits and be successful in obtaining certification under the MTCS.

Under my Ministry, Malaysia has embarked on an ambitious programme to support the expansion of the forest plantations to supplement our natural forests as the source of round logs for the wood-based industries. In order to ensure that the products manufactured using raw materials from forest plantations are widely accepted in the international market, my Ministry would like to see as much of these forest plantations certified under the MTCS.

I am optimistic that the demand for certified timber products by the market will continue to grow, judging by the current international concerns and debates about conservation of the earth's threatened biological diversity, deforestation, forest degradation and the multi-faceted effects of climate change. The work of the MTCC in encouraging and helping to ensure the sustainable management of our forest resources, both natural and planted, will hence continue to be a vital component of Malaysia's efforts to manage its resources so as to continue providing the goods and services needed by the Malaysian public, as well as to be in line with the expectations of the international market.

TAN SRI BERNARD GILUK DOMPOK

MINISTER OF PLANTATION INDUSTRIES AND COMMODITIES, MALAYSIA



Confucius, the great Chinese philosopher said that a journey of a thousand miles begins with the first step. The long journey to sustainably manage Malaysia's mega-biodiversity forests began in 1901 with the appointment of A. M. Burn-Murdoch as the first Forest Officer. On this journey the establishment of MTCC, a decade ago, was a defining milestone which has contributed in placing Malaysia in the forefront of tropical forestry.

Timber certification was then a new concept and thus, controversial. Its need was questioned, its cost blamed as being burdensome and the process of standard setting through multi-stakeholder consultation had to be initiated and accepted. MTCC had to start from scratch, learning and adopting approaches and experiences on forest certification of temperate and boreal forests.

The complexity of the tropical forest eco-system and related socio-economic issues are now better understood in the context of certification just as the need for strong institutions, knowledge and resources, both financial and human. All these are in short supply in developing countries. Taking into account its situation and constraints, MTCC decided, against strong opposition, to adopt a phased approach. This was a strategic decision that paid dividends.

MTCC's journey during its first ten years had been more than challenging, fraught with teething problems, controversies over technical issues, divergent interests, and expectations of stakeholders. The stakeholder consultation process which has to be open, transparent and participatory to



MESSAGE

determine certification standards is in itself a new experience. Many of us had certainly underestimated the complexity of such a consultation to develop forest certification standards for sustainability, embracing social, environmental and economic dimensions.

The development and promotion of the stakeholder consultation process is perhaps one of the most important contributions which may be attributable to MTCC. Everyone's views, no matter how divergent and radical, must be heard, but all stakeholders understand that no one can expect to dominate the process and where divergences occur, no one group can get what it wants one hundred percent. It is also appreciated that forest managers have constraints in terms of skills, resources and institutional capacity. Sustainable forest management and standards for certification must take into consideration these factors. Such understanding and cooperation amongst stakeholders have enabled both the MC&I(2001) and MC&I(2002) to be adopted by consensus.

MTCC would not have been created without the vision of Tun Dr. Lim Keng Yaik, the then Minister of Primary Industries. Equally, it is my pleasure to acknowledge the strong and sustained support from Tan Sri Bernard Dompok, our Minister of Plantation Industries and Commodities and his predecessor, Datuk Peter Chin Fah Kui. I must also not fail to acknowledge the generous assistance of so many Ministry officials.

A special tribute must also be paid to the members of MTCC's Board of Trustees, past and present. Their

guidance and wisdom in providing policy direction has been most invaluable. In this context, I wish to note the special contributions of Datuk Haron Siraj and Dato' Haji Abdul Rashid Mat Amin.

In my career, I have experienced working directly with many people in various capacities, but none in my view, would be comparable to the MTCC secretariat, currently comprising of thirteen persons. Ably led by its dedicated Chief Executive Officer, Chew Lye Teng and supported by his senior members, Harnarinder Singh, Yong Teng Koon and Noor Eshah Yat, the performance of the MTCC secretariat is most exemplary. Indeed, they all deserve a special tribute.

In the expanding and dynamic world of forest certification, what is the future of MTCC? If it has a future, where does that future lie? I believe MTCC must continue its long journey in line with its Vision and Mission. It will face a challenging future in tandem with the evolving objectives and priorities of sustainable forest management. MTCC must always remain alert to emerging issues and the need for certification in new areas dealing with carbon, biodiversity, water catchment, ecotourism and other forest values. Our rich forests must contribute to the well-being of all Malaysians. This is where the exciting future of MTCC lies. With the sustained support of all stakeholders and the Government's commitment to care and protect Malaysia's forest heritage, MTCC looks forward to playing its role, with greater confidence as it celebrates its tenth anniversary.

DATO' DR. FREEZAILAH CHE YEOM

CHAIRMAN

9





The initial years of the operation of MTCC were fraught with many difficulties and uncertainties, since it was embarking on a new endeavour of setting up a national timber certification scheme in a tropical timber producing country amidst great concerns about deforestation and degradation of tropical forests. Timber certification at that stage was mainly driven by the major international environmental non-governmental organisations which wanted only one scheme to be accepted throughout the world. The promotion of the Malaysian Timber Certification Scheme (MTCS) in the international market therefore was a huge challenge for MTCC.

In addition, the convening of multi-stakeholder consultations as part of the standard setting process was a new experience in Malaysia. Adjustments were necessary among the different stakeholder groups which had hitherto not had so much close interaction with one another. MTCC itself was on a steep learning curve in facilitating and coordinating these multi-stakeholder consultations for developing certification standards.

Furthermore the concept and requirements of timber certification were still new to the forest managers



MESSAGE

and the timber industry. Hence there was an urgent need to raise awareness and familiarise them on the various aspects of timber certification.

Another key component of the scheme, the independent assessors, needed to be nurtured through training programmes for their auditors on the scheme standards and their corresponding assessment procedures. Individuals with suitable expertise and experience also had to be identified and registered by MTCC to serve as peer reviewers for forest management certification.

It is therefore most gratifying to note that over the past ten years, MTCC has been able to gradually and systematically overcome these challenges to make improvements to the certification standards used, the standard setting process, the scheme documentation and the institutional arrangement and governance for the scheme, to the point that the MTCS has now been endorsed by the Programme for the Endorsement of Forest Certification schemes (PEFC), as well as acceptance in the public procurement policies of many key timber importing countries.

This tenth anniversary commemorative book documents the key events that led to the establishment

of the MTCC, the challenges faced, and the various activities carried out to ensure a credible timber certification scheme and promote it to the international market, while at the same time take into account the challenges faced by the forest managers in managing the forest resources in a sustainable manner, as Malaysia makes progress towards achieving developed nation status by 2020.

The growth and development of both MTCC and the MTCS in the first ten years would not have been possible without the understanding, support and contributions from all the stakeholder groups interested in ensuring the sustainable management of Malaysia's precious forest resources. MTCC is indeed grateful to the stakeholder groups for their invaluable inputs which have helped to develop and strengthen the scheme. As MTCC continues on its journey, taking on emerging and future challenges, I hope that the stakeholder groups will continue to provide the feedback and inputs which are needed for the MTCC and the MTCS to respond to the stakeholders' expectations on how Malaysia's forest resources should be managed.

CHEW LYE TENG

CHIEF EXECUTIVE OFFICER

II





THE NATIONAL DISCUSSION ON TIMBER CERTIFICATION AND BEGINNINGS OF MTCC

Committee on Timber Certification

The national discussion on timber certification in Malaysia started during the *Seminar on Trade of Timber from Sustainably Managed Forest*, an event jointly organised by the Ministry of Primary Industries (MPI) and the Malaysian Timber Council (MTC) (which was then the Malaysian Timber Industry Development Council or MTIDC) on 5 to 6 April 1994 in Kuala Lumpur. In his address at this seminar, Dato' Seri Dr. Lim Keng Yaik, Minister of Primary Industries, stressed that *'To be equitable and realistic, labelling must fulfil the following conditions: Labelling must be applied to all types of timber and possibly to materials which are timber substitutes as well. Labelling must be based on internationally agreed standards and criteria of sustainable forest management and not merely on individual country standards. Labelling must be predicated on a suitable time frame for the attainment of sustainable forest management, such a time frame, together with standards and criteria, to be agreed to collectively among producing and consuming countries. All other actions not consistent with the foregoing should be revoked or abrogated.'*

Following this seminar, which was attended by representatives from relevant Ministries, government departments and agencies, research organisations, tertiary

institutions, timber trade associations, professional bodies and environmental non-governmental organisations (NGOs), the Malaysian Timber Industry Board (MTIB) was given the task to work towards the establishment and operation of a timber certification scheme in Malaysia.

At that juncture, the pressure to implement timber certification was linked to the *Year 2000 Objective* set by the International Tropical Timber Organisation (ITTO) for sustainability of all types of forests to be attained, and for only timber products from sustainably managed sources to be supplied to the international market. Additionally, companies in key timber importing markets were starting to request for certified products mainly due to pressure from environmental NGOs. Another important factor was the news from Indonesia, in 1994, of the proposal to establish the Lembaga Ekolabel Indonesia.

MTIB prepared a *Paper on the Concept and Implementation of a Timber Certification Scheme in Malaysia* which was discussed at a meeting convened on 5 July 1994 and attended by representatives from relevant Ministries, government departments and agencies, research organisations,

Seminar on Trade of Timber from Sustainably Managed Forest, Kuala Lumpur, 5-6 April 1994



Participants of the Seminar



The Opening Ceremony



Panel discussion



Dato' Seri Dr. Lim delivering Opening Address



Dato' Seri Dr. Lim interacting with participants

MEMBERS OF THE Committee on Timber Certification

Ministry of Primary Industries
Ministry of Foreign Affairs
Malaysian Timber Industry Board
Forest Research Institute Malaysia
Department of Environment
Forestry Department Peninsular Malaysia
Forest Department Sarawak
Forestry Department Sabah
Faculty of Forestry, Universiti Pertanian Malaysia
Malaysian Timber Council
Sarawak Timber Industry Development Corporation
Standards and Industrial Research Institute Malaysia
Timber Exporters' Association of Malaysia
Timber Trade Federation of Malaysia
Malaysian Panel-Products Manufacturers' Association
Malaysian Wood Moulding Council
Malaysian Furniture Industry Council
Persatuan Pengusaha-Pengusaha Kayu-Kayan Bumiputera Malaysia
Timber Association of Sabah
Sabah Timber Industries Association
Sarawak Timber Association
World Wide Fund for Nature Malaysia
Malaysian Nature Society

tertiary institutions, timber trade associations and one environmental NGO, the World Wide Fund for Nature Malaysia (WWFM). The meeting supported the proposal to form a Pro Tem Committee on Timber Certification (Pro Tem CTC), which would be given responsibility to make recommendations regarding the establishment of a National Timber Certification Centre (Centre).

The MPI agreed to the formation of the Pro Tem CTC and the establishment of the Centre, and during its first meeting on 19 April 1995, the Pro Tem CTC considered proposals regarding the functions and responsibilities, manpower and office space requirements, estimated establishment and operational costs, certification procedures and the schedule for various activities leading to the establishment and operation of the Centre.

Other issues subsequently discussed by the CTC were the criteria and indicators to be used for assessing forest management practices, the determination of the forest management unit (FMU) and the categories of forests to be assessed.

In order to expedite the implementation of the certification scheme, the CTC meeting on 17 October 1995 agreed that priority should be given to the establishment and operation of the Centre, and MTIB was requested to prepare a paper to examine the options available.

The options considered by the CTC for the establishment of the Centre ranged from being established under the MTIB Act, or as a company limited by guarantee and not having a share capital, or as a foundation on the initiative of the timber trade associations, such as the Malaysian Timber Organisation (MTO), the umbrella organisation of the timber trade in Malaysia.

The MTIB was advised by the MPI legal adviser that the Centre could not be established under the MTIB Act since timber certification activities are not listed under the MTIB's functions. This problem aside, establishment of the Centre under the MTIB may impose constraints on its operations,



Govt to certify timber goods

Resistance to NGOs' demand badly affected overseas sales

By THEAN IRRAWADDI

INDIANY industries will initially not produce products which originate from sustainable management forests to improve sales overseas, Primary Industries Minister Datuk Seri Dr Lim Hong Anh said.

He said the country's resistance to certification demanded by foreign governments is hurting its timber exports.

(NGOs) had successfully forced sales.

"Malaysia's export of plywood and veneer has been affected," he said.

"It is a matter of if you don't have sales, you can't have money," he said.

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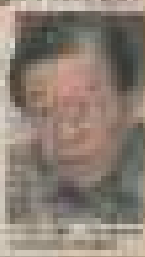
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No problem certifying local timber products



Certifying timber products

FROM PAGE ONE

Earth Summit in Rio de Janeiro.

Members of the task force comprise officials from the ministries of Science, Technology and Environment, Forestry and Primary Industries as well as the Malaysian Timber Council.

Dr Lim, who chairs the task force, also said he

will raise the timber certification matter at the International Tropical Timber Organisation's (ITTO) meeting in Yokohama, Japan, this November.

The minister added that he will inform the NGOs at the meeting that their anti-timber campaign are making consumers turn to timber

substitutes.

"But they (NGOs) fail to realise that substitutes such as steel and plastics are not environment-friendly."

Dr Lim said the NGOs "are barking up the wrong tree" and their extreme campaign will cause more harm to the environment.

Keng Yaik: Don't use timber certification as non-tariff barrier

By TAN KAN PHONG in London

EUROPEAN countries should not use certification of timber as a non-tariff barrier, Primary Industries Minister Datuk Seri Dr Lim Hong Anh said in London last Monday.

His ministerial colleague for Malaysia timber at a disadvantage compared to temperate and forested nations and highlighted, he said, when visiting the Malaysian Timber Council's office building in St James Park.

"We all know that due to the action of NGOs and governmental organisations in Europe there is now a demand for the certification of timber. There is an erroneous perception that certified timber will lose jobs and lead to unsustainable forest management," he said.

"Even though we have our doubts, we are prepared to take the economic steps to meet the demands of the marketplace, including certification."

Speaking to Malaysian journalists, Dr Lim stressed earlier Western needs of trying to gain an edge in the Asian market, including Malaysia's logging in the forestry industry in Latin America.

"I put it down to jealousy. These people are not our friends and they are in the sensitive forestry industry," he said.

"We have told Malaysian logging companies, investing overseas to follow the rules and not to break the

law. They should introduce standards for forestry management. In short, be good corporate citizens."

Dr Lim was referring to a front-page report in the Wall Street Journal Europe on May 22 which, he said, painted a negative picture of Asian logging companies, including those from Malaysia.

The report said: "Having cut through their own tropical forests, South East Asian loggers are now taking on the Americas... Because a Malaysian-United States joint venture, is aggressively courting the price for opportunities. And it isn't alone."

"In the past few months alone, the amount of American forest under concession in Asian forest has nearly quadrupled to about 12 million hectares," according to government and environmentalists.

In reply to Dr Lim's question, the President Minister of Forestry said the government was keen to have foreign investments in the forestry and timber sectors.

"Many of the Latin American countries need cost-competitive loggers with capital and expertise. Loggers from America have made a name for themselves worldwide for their expertise in logging," he said.

"Our officials at transparency have convinced people that we are on the right track. Our position as

LOCAL NEWS

Form centre to certify timber now, Govt told

By ADRI WONG in London

Timber industry associations agreed to the formation of the joint government timber certification centre (JTCC) to work out a certification system for tropical timber, according to the Singaporean newspaper, The Straits Times.

The JTCC will be headed by the Singaporean government and the Malaysian government.

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Malaysia to label its timber products

By FADIL GHANIZALI

IN proceeding to introduce its new timber certification process, Malaysia is opening a new chapter in its struggle to champion sustainable forest management.

The decision to label Malaysian-made timber products as coming from sustainably managed forests was approved by the National Forestry Council yesterday.

Acting Prime Minister and Finance Minister Datuk Seri Anwar Ibrahim said in line with the initiative, a national timber certifica-

tion council (NTCC) will be established.

It is understood that the NTCC will take the form of a national committee.

"Now that the timber certification has been approved by the council, the Primary Industries Ministry will do the necessary to work out the details," he said.

He said the country is a member of the International Tropical Timber Organisation (ITTO).

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since it will be subject to the rules and regulations governing MTIB as a statutory body. In addition, the acceptability of a Centre established under the MTIB Act was questioned since it would be perceived as being influenced by the government.

The option of the Centre being established by the MTO was considered to give more flexibility to the Centre in dealing with matters related to its establishment and operations. However, a MTO Exco Special Meeting on 30 January 1996 could not reach a consensus on a proposal for the MTO to manage the establishment of the Centre. The MTO meeting in fact supported the option of the Centre being established as a company limited by guarantee and not having a share capital.

With regard to the criteria and indicators to be used, the CTC emphasised that the approach taken must not compromise the country's stance at the ITTO, i.e. that sustainable forest management (SFM) should be based on the ITTO Criteria and Indicators (ITTO C&I), and

that certification should be applicable to all types of timber, and should be based on internationally agreed criteria and indicators. Neither should it jeopardise Malaysia's right to refer trade-related issues, such as timber certification, to the World Trade Organisation (WTO) should this be necessary.

The CTC however did consider two alternatives. Firstly, for the timber trade to use the Forest Stewardship Council (FSC) Principles and Criteria (P&C) to assess forest management practices, as it recognised that the FSC P&C did enjoy acceptance in the market from consumers and NGOs. The second alternative was to use the Hallmark system for sustainable timber operated by the Keurhout Foundation in The Netherlands. In doing so, the CTC recognised that both the FSC and the Hallmark system were already applicable at the FMU level while the ITTO had not given any positive indication of its willingness to recognise any organisation which applied its criteria and indicators. Another system which was considered, the standards of the International Organisation for Standardisation (ISO), was however deemed to be still at the developmental stage.

With regard to the level at which timber certification should be applied, Malaysia's position was that certification should be applied at the national level, while voluntary certification at the FMU level should be allowed. In taking this position, the CTC noted that previous studies had shown that certification of forest management at the FMU level would be most credible but the costs would also be accordingly higher. The CTC therefore proposed that a dual approach be taken where the ITTO C&I for SFM at the national level will continue to be the basis for assessment of SFM and for reporting, but at the same time, the ITTO C&I will be further elaborated and fine-tuned for assessing SFM at the FMU level.

In its progress report in November 1995, the CTC recommended the formation of the Centre as a company limited by guarantee and not having a share capital. At the



same time, the CTC recognised that the form and timing of its follow up actions were to a large extent related to, and dependent on, decisions related to the work of the National Committee on Sustainable Forest Management (NCSFM), particularly pertaining to the criteria, indicators and activities to be applied at the national, regional, state or FMU level.

The NCSFM had been established earlier by the MPI in February 1994 to ensure that the elaborated ITTO *Criteria for the Measurement of Sustainable Tropical Forest Management* were fully implemented. The CTC noted that the NCSFM had identified 84 activities to be accorded priority in the achievement of SFM at FMU level. The CTC felt that it was important for the identified criteria, indicators and activities to be tested out in the field as soon as possible in order to assess the practical aspects of their application, and that such testing could help to establish the assessment format or system for certification of SFM.

National Committee on Sustainable Forest Management (NCSFM)

In June 1996, the NCSFM agreed with the recommendations of the CTC, and proposed that the Centre be established and operated as an independent organisation, with an initial launching grant from the government, supplemented by contributions from the trade associations in Peninsular Malaysia, Sabah and Sarawak. The governing body of the Centre would comprise representatives from government agencies, timber trade associations, research institutions, universities and environmental NGOs, with the composition to ensure a good balance between the different interests involved in SFM.

The NCSFM agreed that timber certification would be based on internationally agreed criteria and indicators for SFM for all types of forests, and that a credible and workable certification scheme will require a realistic time frame for implementation and should not be sooner than the year 2000.

MEMBERS OF THE
**National Committee
on Sustainable Forest
Management**

- Ministry of Primary Industries
- Malaysian Timber Industry Board
- Forest Research Institute Malaysia
- Forestry Department Peninsular Malaysia
- Forest Department Sarawak
- Forestry Department Sabah
- Faculty of Forestry, Universiti Pertanian Malaysia
- Malaysian Timber Council

To implement the NCSFM decisions, it was proposed by MTIB in May 1997 that the timber certification organisation be established as the National Timber Certification Council (NTCC), an independent company limited by guarantee and not having a share capital. The proposal by MTIB also dealt with the key aspects of the timber certification scheme, such as the institutional arrangement for certification, members of the NTCC, financing arrangement, estimated costs and the action plan for the establishment and operation of the scheme.

On 4 July 1997, the Thirteenth Meeting of the National Forestry Council (NFC) endorsed the proposal to establish the NTCC as the organisation responsible for the planning and operation of the national timber certification scheme in Malaysia. The operation of the NTCC would be supported by a launching grant. Thus the vision of Dato’ Seri Dr. Lim, for



Launching of the MTCC scheme by Dato' Seri Dr. Lim on 31 January 2002

the establishment of a national timber certification scheme, was realised when NTCC was incorporated on 29 October 1998 under the Registrar of Companies as the National Timber Certification Council, Malaysia (NTCC Malaysia), an independent and non-profit company limited by guarantee and not having a share capital, and started operating on 1 January 1999. The founding Trustees and Members of NTCC Malaysia, with effect from 21 October 1998, were Datuk Haron Siraj, Secretary-General of MPI, and Dato' Haji Abdul Rashid Mat Amin, Director-General of MTIB. The first Board meeting of NTCC Malaysia which took place on 13 November 1998 made the decision for NTCC Malaysia to start its operations on 1 January 1999 with Chew Lye Teng as the first Chief Executive Officer. NTCC Malaysia was re-named the Malaysian Timber Certification Council (MTCC) on 30 June 2001.

Founding Trustees and Members: Datuk Haron Siraj (Left) and Dato' Hj Abdul Rashid Mat Amin (Right)



Datuk Haron served as the Interim Chairman and appointed the first set of Trustees on 1 April 1999, while MTCC's first Chairman, Dato' Dr. Freezailah Che Yeom, was appointed by Dato' Seri Dr. Lim on 17 May 1999. Under the Chairman and pioneer Board, and following a period of nearly three years of preparation, which included the convening of multi-stakeholder consultations to develop the certification standards, field-testing of the standards, development of assessment procedures, training of auditors, registration of independent assessor companies, registration of peer reviewers, formulation of rules governing the use of the MTCC logo, appeals mechanism, and familiarisation of potential certification applicants (i.e. forest managers and timber companies) on the scheme and its certification requirements, it was decided that the MTCC scheme (which was named as the Malaysian Timber Certification Scheme or MTCS in 2008) would be implemented in October 2001 using a phased approach. On 31 January 2002, the timber certification scheme was officially launched by Dato' Seri Dr. Lim in a ceremony, during which three FMUs and 16 timber companies were issued with the *Certificate for Forest Management* and the *Certificate for Chain of Custody* respectively.



NTCC Malaysia renamed as MTCC on 30 June 2001





CHAPTER 2



PHASED APPROACH TO CERTIFICATION



Harnarinder Singh
Senior
Manager
(Product)

Rationale for Phased Approach

In implementing timber certification in Malaysia, MTCC is mindful that Malaysia is one of the twelve countries in the world with mega biological diversity, most of which is located in its complex tropical rainforests. In addition, Malaysia is a developing country with forest-dependent people and local communities living within and adjacent to forest areas. In view of this situation, MTCC felt that it would be appropriate for it to take a phased or stepwise approach in implementing the MTCS. The phased approach involves requiring the FMU to comply with a smaller set of criteria and indicators contained in the forest management standard during the initial phase of the scheme. In this way, the FMU manager is given the time

and opportunity to improve its documentation and practices, as well to build its capacity for implementation of SFM before being subjected to the requirements of a more stringent set of criteria and indicators.

Operationalising the ITTO Criteria and Indicators

Prior to the establishment of the MTCC, Malaysia as a producing member country of the ITTO had taken action to elaborate and operationalise the *ITTO Guidelines for the Sustainable Management of Natural Tropical Forests* and the *Criteria for the Measurement of Sustainable Tropical Forest Management* to make progress towards the sustainable management of its natural forests by the year 2000.



TOP: Key ITTO technical documents

LEFT: Second Meeting of the Malaysia - The Netherlands Joint Working Group, The Hague, 27 - 30 June 1994





Malaysia - The Netherlands *Ad-Hoc* Working Group Meeting, Kuala Lumpur, 22 - 25 June 1999

In this connection, the NCSFM was established by MPI in 1994 to ensure that the elaborated ITTO C&I were fully implemented. To support the NCSFM's work, the State Forestry Departments in Peninsular Malaysia formed a *Working Party on Sustainable Natural Forest Management, Peninsular Malaysia* at the Forestry Department Peninsular Malaysia (FDPM) Headquarters, also in February 1994. After a series of meetings, the NCSFM had formulated a total of 92 activities to operationalise ITTO's five criteria and 27 indicators for assessment of SFM at national level, and 84 activities to be implemented at the FMU level under six criteria and 23 indicators. For each of the activities identified, the respective State Forestry Departments had formulated the management specifications or standards of performance for effective monitoring and evaluation of the activities.

For the purpose of forest management certification (FMC) at the FMU level, a sub-set of the activities and management specifications formulated for SFM at the FMU level was adopted for use in Peninsular Malaysia. This encompassed 164 management specifications covering 71 activities under six criteria and 28 indicators. The resulting document was entitled *Malaysian Criteria, Indicators, Activities and Management Specifications for Forest Management Certification* or MC&I.

Malaysia-The Netherlands Cooperation Programme

Under the Malaysia-Netherlands Joint Working Group on Forestry (JWG), the third meeting of the JWG on 15-17 May 1996 agreed that a pilot study on timber

certification be carried out. MTIB and the Netherlands Timber Trade Association (NTTA) were the focal points for the study. Three FMUs in Peninsular Malaysia and four timber companies covering three timber products, i.e. sawn timber, plywood and mouldings, were subjected to assessment, following which, during the initial phase, the 'audited timber' products entered the market in The Netherlands with 'Declarations' issued by the Keurhout Foundation. It was agreed that the assessment of forest management practices would be to the requirements of the MC&I.

Under this initiative, the FMUs which met the requirements of the Keurhout Foundation would be awarded a Hallmark and timber sourced from these FMUs could be marketed as sustainable timber in The Netherlands.

As a follow-up to the pilot study, the fourth meeting of the JWG in April 1998 set up an *Ad-Hoc Working Group* to discuss further on developments under the cooperation programme.

In December 1999, the *Ad-Hoc Working Group* discussed the following developments - adoption of the *Dutch Minimum Requirements* in The Netherlands; adoption of the 1998 ITTO *Criteria and Indicators for Sustainable Forest Management of Natural Tropical Forests* in Malaysia, and the results of regional and national-level

consultations among the stakeholder groups held in 1999 to develop a national standard for forest management certification, which was coordinated and facilitated by MTCC.

Parallel to the developments related to the JWG, with the appointment of Dato' Dr. Freezailah and the full Board in 1999, steps were initiated by MTCC



MEMBERS OF THE *Ad-Hoc Working Group*

MALAYSIA

Ministry of Primary Industries
Forest Research Institute Malaysia
Forestry Department Peninsular Malaysia
Forest Department Sarawak
Forestry Department Sabah
Malaysian Timber Council
National Timber Certification Council, Malaysia
Timber Exporters' Association of Malaysia
Timber Trade Federation of Malaysia
Malaysian Panel-Products Manufacturers' Association
Malaysian Wood Moulding and Joinery Council
Malaysian Furniture Industry Council
Persatuan Pengusaha Kayu dan Perabot Bumiputera Malaysia
Timber Association of Sabah
Malaysian Nature Society

THE NETHERLANDS

Netherlands Timber Trade Association
Institute of Forestry and Nature Research, Wageningen URS

to establish and implement the scheme for natural forests, in which the immediate action was to develop the standard to be used for assessing the quality of forest management practices. The views of various stakeholder groups in Peninsular Malaysia, Sabah and Sarawak were sought in this process.

The formal consultations to develop the standard for natural forests, for the purpose of FMC, took place from July to October 1999 and resulted in the document entitled *Malaysian Criteria, Indicators, Activities and Standards of Performance (MC&I) for Forest Management Certification (Forest Management Unit Level)* dated 29 December 1999, which contains 50 indicators (hereinafter referred to as the "50-Indicator MC&I").

Convergence of the Initiatives

In view of the existence of these two parallel initiatives, i.e. the Malaysia-The Netherlands JWG, and the multi-stakeholder consultation process to develop the standard for FMC, it was decided that the two initiatives should be combined to avoid duplication of efforts and confusion



Thirteenth
Board Meeting,
4 October 2001

MALAYSIAN TIMBER CERTIFICATION COUNCIL



within the timber industry and its overseas market. The convergence of the initiatives in December 1999 resulted in the document entitled *Malaysian Criteria, Indicators, Activities and Standards of Performance (MC&I) for Forest Management Certification (Forest Management Unit Level) Peninsular Malaysia (Malaysia-The Netherlands Ad-Hoc Working Group)* dated 23 December 1999 (hereinafter referred to as the “29-Indicator MC&I”). After incorporating the corresponding standards of performance for Peninsular Malaysia, Sabah and Sarawak agreed during the regional and national level consultations in 1999, this document was re-named the *Malaysian Criteria, Indicators, Activities and Standards of Performance for Forest Management Certification (MC&I)* dated 4 October 2001 or MC&I (2001). This was done following the Thirteenth MTCC Board Meeting on 4 October 2001 which decided to start the operation of the scheme using the 29-Indicator MC&I.

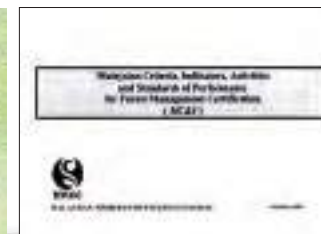
It is pertinent to highlight that during the period between the finalisation of the 29-Indicator MC&I in December 1999 and the decision to start the operation of the scheme in October 2001, the Malaysia-The Netherlands programme had entered a very difficult phase, during which the Keurhout Foundation was regarded as ‘shifting the goalpost’ on more than one occasion by refusing to award its Hallmark to the FMUs despite the recommendations of the independent assessor (such as the imposition of the Schedule of Conditions as a requirement in addition to the 29-Indicator MC&I).

During the Thirteenth MTCC Board Meeting on 4 October 2001, there was a lengthy deliberation regarding the standard to be used for FMC under the scheme. The majority of the Trustees were of the view that, in line with the phased approach, it would be more appropriate to use the 29-Indicator MC&I during the first phase of the scheme. These Trustees agreed that the 50-Indicator MC&I could be the reference document in developing an FSC-compatible MC&I which would be used in the next phase of the scheme. The Board noted that three FMUs (Pahang, Selangor and Terengganu) would be eligible to receive the

50-Indicator MC&I



MC&I(2001)



Certificate for Forest Management based on the audits carried out by the independent assessor, if the 29-Indicator MC&I was used. However the WWFM representative felt that the 50-Indicator MC&I resulting from the consultations held in 1999 should be used immediately in the scheme. In response to WWFM’s stand that the 29-Indicator MC&I was meant specifically for the Dutch market, the other Trustees held the view that this should not pose a problem if other countries accepted this standard.

The decision by the Board to start the operation of the scheme using the 29-Indicator MC&I and to award certificates to the FMUs which had met the requirements of this standard, as well as the decision to officially launch the scheme on 31 January 2002, resulted in WWFM deciding to withdraw its representative from the Board with effect from 30 January 2002.

Although the withdrawal of the WWFM from the Board was considered a setback, MTCC nevertheless continued with the phased approach in implementing the scheme. In line with this approach, in 2005 a new standard based on the FSC P&C as a template and developed through multi-stakeholder consultations, entitled the *Malaysian Criteria and Indicators for Forest Management Certification* dated 11 August 2004 [MC&I(2002)], was adopted as the FMC standard under the scheme. The successful transition of the majority of the certified FMUs from compliance with the requirements of the MC&I(2001) to compliance with the MC&I(2002) is clear testimony that the phased approach was successful in encouraging the FMUs to improve their practices and documentation towards managing their forest resources in a sustainable manner.





STANDARD SETTING PROCESS AND STAKEHOLDER CONSULTATIONS



Yong Teng Koon
Senior
Manager
(Forest
Management)

From the outset, MTCC recognised that a key component of the scheme would be the forest management and chain of custody (CoC) standards that it uses. It also recognised that these standards would need to be developed with inputs from the various stakeholder groups through multi-stakeholder consultations.

As the operator of the MTCS, MTCC is responsible for facilitating and coordinating the standard setting process by serving as the Secretariat. This particular aspect of MTCC's work ranks high on our list of the challenging tasks faced in the operations of the MTCS.

STANDARD SETTING PROCESS

MTCC has facilitated the standard setting processes, involving multi-stakeholder consultations, resulting in the development of three forest management standards, i.e. the *MC&I(2001)*, *MC&I(2002)* and *Malaysian Criteria and Indicators for Forest Management Certification (Forest Plantations)* [*MC&I(Forest Plantations)*], and two standards for CoC certification, i.e. the *Requirements and Assessment Procedures for Chain of Custody Certification (RAP/COC)* and *Requirements for Chain of Custody Certification (RCOC)*.

Development of MC&I(2001)

The *MC&I(2001)* which contains 6 Criteria and 29 Indicators was the result of two different initiatives on timber certification that took place during the period leading to the year 2001. The first initiative was the cooperation on timber certification under the Malaysia-The Netherlands JWG under which a standard comprising criteria, indicators, activities and standards of performance was developed by Malaysian and Dutch experts. The Malaysian focal point of this initiative was the MTIB but this role was taken over by MTCC in 1999.

The second initiative was started by MTCC to develop a FMC standard as part of its action plan towards the operation of its certification scheme. The initiative involved a series of informal and formal consultations involving stakeholder groups and resulted in the 50-Indicator *MC&I*.

To bring about convergence of these two initiatives, the corresponding standards of performance for Peninsular Malaysia, Sabah and Sarawak agreed during the consultation held in 1999 were incorporated into the *MC&I* used under the Malaysia-The Netherlands programme. This resulted in the 29-Indicator *MC&I* which was later renamed as the *MC&I(2001)*.

Given the difficult scenario described and the fact that the



Regional consultation on the development of 50-Indicator *MC&I*,
Kuala Lumpur, 8 September 1999



National-level consultation on the development of
50-Indicator *MC&I*, Kuala Lumpur, 18-21 October 1999



Regional consultations on the
development of *MC&I*(2002) in
Peninsular Malaysia, Sarawak and
Sabah (Top to bottom)



standard setting process for timber certification was a new process then, the development of the *MC&I*(2001) provided a valuable learning experience to MTCC with regard to the standard setting process and the multi-stakeholder consultations.

Development of *MC&I*(2002)

The development of the *MC&I*(2002) was a result of the collaboration between MTCC and the FSC which was initiated in 1999. Following the *MTCC-FSC Workshop on Forest Certification*, the multi-stakeholder National Steering Committee (NSC) was formed, with one of its tasks being to revise the *MC&I*(2001) so as to be compatible with the requirements of the FSC. The NSC comprised members representing the various stakeholder groups, namely the environmental, social and economic groups, as well as the relevant government agencies.

The Second Meeting of the NSC held on 14 August 2001

made the decision to adopt the P&C format of the FSC as the template for the development of the *MC&I*(2002). To facilitate the standard development process, a four-member Technical Working Group (TWG) (with a member representing each stakeholder group) was formed in October 2001 to prepare the initial draft of the *MC&I*(2002) up to the indicator level. Additionally, three regional TWGs (with four members each) were formed in January 2002 to facilitate the development of verifiers at regional level. The need to formulate verifiers separately for the three regions in Malaysia was to take into account the different conditions as well as the legislation guiding the administration and management of forest resources in the respective region.

Regional consultations were held in April-July 2002 to





National-level consultation on the development of *MC&I*(2002), Kuala Lumpur 28 - 30 October 2002



Field tests of *MC&I*(2002) in Perak FMU, Deramakot Forest Reserve in Sabah and Ulu Balui, Kapit in Sarawak (Left to right)

finalise the verifiers. The final draft *MC&I*(2002) incorporating the verifiers was adopted by the Fifth NSC meeting held on 14-15 August 2002.

The *MC&I*(2002) was finalised at a national-level consultation held on 28-30 October 2002 and attended by 113 participants representing the stakeholder groups. The consultation also recommended that the *MC&I*(2002) be field-tested.

The field tests were conducted by independent assessors in the Deramakot Forest Reserve in Sabah on 9-13 February 2004, in Perak FMU on 1-6 March 2004 and in Timber Licence Area T/3236, Ulu Balui, Kapit in Sarawak on 7-12 May 2004. The Seventh NSC meeting held on 10-11 August 2004 considered the amendments made to the standard based on the outcomes of the three field tests, and agreed to adopt the *MC&I*(2002) as the standard for FMC in Malaysia by consensus.



The MC&I(2002) was used under the MTCS beginning October 2005. As with the other certification schemes, the certification standard used in the MTCS is subject to a review at least every five years in the light of new scientific knowledge and practical experience in order to ensure continuous improvement. In this connection, the process of reviewing the MC&I(2002) was initiated in April 2009 and is envisaged to be completed by July 2010.

Development of MC&I(Forest Plantations)

The need to develop a standard for certification of forest plantations was mooted during the Fourth Meeting of the NSC held on 25-26 January 2002, taking cognisance of the increasing importance of forest plantations as a source of raw materials for the wood-based industry. A *National Workshop on Standard for Certification of Plantation Forests* was held in Kuala Lumpur on 31 October 2002 to ascertain the level of interest from the stakeholder groups to develop such a standard, as well as to discuss the way forward.

The Sixth Meeting of the NSC held on 12 June 2003 agreed that a twelve-member TWG with representation by stakeholder groups and regions be formed to develop the standard. To facilitate the work of the TWG, a consultant was appointed in March-April 2006 to prepare a Working Document of the draft standard up to the verifier level. The Working Document was subjected to review by an expert group meeting in May 2006 prior to its submission for the consideration of the TWG.

Utilising the Working Document, the TWG met on 5-6 July and 7 August 2006 to develop the first draft of the MC&I(Forest Plantations) which was subjected to deliberation by stakeholder groups at the regional consultations held in Sarawak (18-19 September 2006), Sabah (11-12 October 2006) and Peninsular Malaysia (15-16 November 2006).

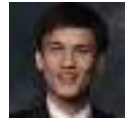
The Third Meeting of the TWG held on 7 February 2007

considered and consolidated the various amendments made at the regional consultations, resulting in the second draft of the MC&I(Forest Plantations). The recommendations of the TWG were considered by the Tenth Meeting of the NSC held on 27 March 2007, resulting in the third draft. The NSC agreed that this draft be subjected to public comment over a 60-day period, in line with the agreed standard setting process.

The comments received during the public consultation held from 30 April to 30 June 2007 were considered by the Fourth Meeting of the TWG held on 21 August 2007, resulting in the fourth draft which was subjected to field testing conducted by independent assessors in the forest plantations managed by Sabah Forest Industries Sdn. Bhd. in Sipitang (10-13 June 2008), Sarawak Planted Forests Sdn. Bhd. in Bintulu (22-25 July 2008), and Asiaprima RCF Sdn. Bhd. in the Kemasul Forest Reserve, Mentakab (28-31 July 2008).

The Fifth Meeting of the TWG held on 4-5 November 2008 considered the various recommendations made following the field tests to further consolidate and streamline these recommendations into the final draft national standard.

The final draft was considered by the Eleventh Meeting of the NSC held on 25 November 2008, which made minor amendments and agreed to adopt the MC&I(Forest Plantations) as the standard for the certification of forest plantations. The MC&I(Forest Plantations) was adopted by the MTCC Board as the standard for certification of forest plantations under the MTCS in February 2009.



Lim Teck Wyn
Manager (Forest Management)
[February 1999 - July 2000]



National Workshop on
Standard for Certification
of Plantation Forests, Kuala
Lumpur, 31 October 2002



LEFT TO RIGHT: Regional
consultations on the
development of *MC&I*(Forest
Plantations) in Peninsular
Malaysia, Sabah and Sarawak



LEFT TO RIGHT: Field tests of *MC&I*(Forest Plantations) in Sarawak, Sabah and Pahang

Development of RAP/COC

Preparatory work by MTCC on the development of a standard for CoC certification started in early 2000, with a preliminary meeting organised on 9-10 January 2000 in Kuching, with the assistance of the Sarawak Timber Association (STA), which was attended by representatives from the timber trade associations and forestry departments of Sabah, Sarawak and Peninsular Malaysia, MTC, MTIB and the Sarawak Timber Industry Development Corporation (STIDC). The existing procedures and documentation systems that could be used for the purpose of CoC certification were discussed together with the implementation problems and possible solutions to overcome these problems.

A draft *Guidelines for Chain-of-Custody Certification* was prepared, taking into consideration the outcome of the meeting. References were made to existing documents such as the *Malaysian Timber Certification Manual, Part II: Guidelines for Implementation of Chain-of-Custody for Certification* dated 31 March 1997 prepared by SGS (Malaysia) Sdn. Bhd. under the Malaysia–The Netherlands pilot study on timber certification, and the *SmartWood Chain-of-Custody Assessment Guidelines* dated 9 September 1999.

In May 2000, the guidelines were reviewed in the light of developments pertaining to percentage-based claims in other certification schemes, particularly the FSC scheme and the Pan European Forest Certification (PEFC) scheme. The document was also renamed as *Requirements and Assessment Procedures for Chain-of-Custody Certification (RAP/COC)* in order to reflect its purpose and contents.

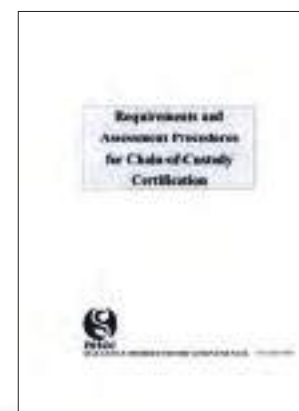
It was decided that the RAP/COC should be subjected to comments by the stakeholder groups and for this purpose a meeting was convened on 7 July 2000. More organisations were invited to this meeting, including representatives from the Forest Research Institute Malaysia (FRIM), Universiti Pertanian Malaysia (UPM), WWFM and Malaysian Nature Society (MNS). The document was revised to incorporate the comments

received and the resulting document was the RAP/COC dated 10 July 2000.

MTCC organised briefing sessions with timber product manufacturers and exporters as well as with potential independent assessors in Sarawak (13 July 2000), Sabah (14 July 2000) and Peninsular Malaysia (20 July 2000) to explain the contents of the latest document and to obtain feedback. The regional briefings in Sabah and Peninsular Malaysia were also attended by NGOs from the respective region.

The document was revised to incorporate the latest ideas from other schemes, where they were found to be suitable and relevant to local conditions. The resulting document was the RAP/COC dated 4 October 2000.

In October 2000, a project funded by the German Agency for Technical Cooperation (GTZ) was initiated to further revise the document. Under this project, the following activities were conducted - field study and research involving on-site visits to wood processing facilities and company/organisation offices to obtain information on existing systems and documentation for establishment of the CoC for the major timber products,



Participants at the preliminary meeting on guidelines for chain of custody certification in Kuching, 9 - 10 January 2000





National Consultation on the Review of RAP/COC, Kuala Lumpur, 25 - 26 August 2004



review and redrafting of the existing RAP/COC based on the analysis of the field study and through trial CoC assessments and preparation of a training manual and training programme for potential auditors and/or interested clients.

The project was completed in May 2001 and resulted in the RAP/COC Rev. 4 which was the CoC standard used when the MTCS became operational in October 2001.

Development of RCOC

In February 2004, MTCC initiated work to review the RAP/COC to take into account the latest international developments and to incorporate the best practices in CoC certification. MTCC proposed that the RAP/COC be re-issued as two separate documents, i.e. *Requirements for Chain-of-Custody Certification* as the standard which will set out the requirements for CoC certification, and *Assessment Procedures for Chain-of-Custody Certification* which will deal with the general procedures for assessors to follow in conducting assessments and surveillance for CoC certification.

As MTCC had become a member of the PEFC on November 2002, the review complied with the requirement that the process should be through a forum involving all relevant stakeholder groups whose views shall be documented and considered in an open and transparent way. The review process started with MTCC informing the stakeholder groups of the review, and inviting them to submit their comments and proposals for amendments to the RAP/COC. MTCC, as the Secretariat for the process, considered the comments received and incorporated them where appropriate in a new draft standard entitled *Requirements for Chain-of-Custody Certification* (RCOC). In July 2004, the draft RCOC was circulated to all stakeholder groups which were also informed of the national consultation on the draft which had been scheduled on 25-26 August 2004 in Kuala Lumpur. The draft RCOC was finalised during the national consultation which was attended by 66 participants representing the various stakeholder groups.



Stakeholder Consultations

The standard setting process under the MTCS therefore involves multi-stakeholder consultations that comprises four main groups: economic, environmental and social groups and the relevant government agencies which represent the forest owners, i.e. the States. The participatory process required for the development of standards is to ensure that the inputs and views from all relevant and interested parties are considered. Financial assistance was provided by MTCC to enable the participation of the smaller NGOs.

In this connection, MTCC has always strived to ensure that the standard setting processes under the MTCS are transparent, participatory and balanced, to provide a forum for all stakeholder groups to deliberate and arrive at decisions with regard to the requirements in the certification standards taking into account the three pillars of sustainability, i.e. the social, environmental and economic aspects.

However, the process of facilitating the multi-stakeholder consultations is indeed very challenging, as MTCC's experience over the last ten years has shown. It involves managing a very diverse group of organisations and individuals, representing different interests, with often varying levels of understanding and expectations from the certification process. The consultation process should try

to accommodate the different proposals and views in a balanced manner through a spirit of compromise, and at the same time ensure that the standard is pragmatic and auditable. For the process to be more effective, there is a need to build stronger understanding and trust between the stakeholder groups. In this process, MTCC has encountered groups or individuals which had unrealistic expectations from the timber certification process, such as expecting the certification standard to change the existing laws. In addition, there are some parties which have doubts as to what certification could achieve, and hold the view that it would merely legitimise the continuation of unsustainable forest harvesting practices.

This aspect of MTCC's work has been very difficult at times. We have encountered setbacks in our endeavour when, for example, some social NGOs decided to walk out of the NSC consultation process in 2001 and, despite repeated appeals, did not rejoin the process. Nevertheless, MTCC will continue to engage with these groups and hopes that through the progress made under the MTCS, in terms of improved forest management practices on the ground, these groups will be convinced of the benefits of timber certification and be encouraged to participate in future standard setting processes and consultations.





RAISING AWARENESS AND CAPACITY BUILDING



**Ismail
Ibrahim**
Manager
(Product)
[February 1999
- September
2007]

Providing Training to Certification Bodies and Potential Certificate Holders

As an organisation operating a newly developed certification scheme, it became essential for MTCC to provide training for both forest management and CoC certification to enable potential auditors to acquire a comprehensive understanding of the certification standards and assessment procedures used in the MTCS. MTCC saw the need to build and nurture a large enough pool of competent auditors who would be able to audit FMUs and timber companies for the purpose of certification under the MTCS. At the same time, MTCC was equally mindful of the need for the forest managers and timber companies to have a good understanding of the requirements of the certification standards and the assessment procedures that would be employed by the auditors while carrying out audits of the forest areas or facilities.

With this in mind, it was as early as 2000 that MTCC started organising training programmes for potential auditors, when it initiated work to identify and register suitable companies and organisations as independent assessors to carry out audits for forest management and CoC certification. The first training programme was conducted in March 2000, when MTCC and the SmartWood Programme jointly organised

the *Assessor Training Programme on Forest Certification for Southeast Asian Countries* in Kuala Berang, Terengganu, with financial assistance from GTZ. The main objective of this programme was to provide training to professionals from potential assessor companies and organisations to become auditors for FMC. A total of 22 participants were involved, with twelve from Malaysia, six from Indonesia and four from Vietnam.

In 2001, MTCC organised its first *Training Programme on Chain-of-Custody Certification* at the Wood Industry Skills Development Centre on 15-17 August in Banting, Selangor, as part of its capacity building efforts to create a pool of trained local auditors for CoC certification under the scheme. 14 participants (ten from Peninsular Malaysia, three from Sarawak and one from Sabah) attended the programme, which was conducted by the SmartWood Programme and SIRIM QAS Sdn. Bhd.

Programmes continued to be organised by MTCC to train more potential auditors to meet the competency requirements to carry out audits for forest management and CoC certification. Many of the courses were held when new standards for forest management or CoC certification were introduced, with the main focus of providing the auditors with the knowledge and skills to conduct audits using the new standards.





Assessor Training Programme on Forest Certification for Southeast Asian Countries, Terengganu, 20 - 24 March 2000

For example, when the *MC&I*(2001) was adopted as the standard for FMC for the first phase of the MTCS, an *Auditor Training Programme on Forest Management Certification* was held on 16-20 September 2002 in Kuala Lumpur to provide auditors with a better understanding of the requirements of the *MC&I*(2001), as well as the assessment procedures for using the standard.

Similar training sessions were also held for FMU managers and field staff. One of the first training courses undertaken by MTCC was the *Kursus Kriteria dan Petunjuk bagi Pengurusan Hutan Secara Berkekalan* that was held on 5-7 May 2003 in Kuala Terengganu for the field staff (forest rangers and foresters) of the State Forestry Departments.

With the introduction of the new standard, *MC&I*(2002), a series of training sessions were held in various locations in Peninsular Malaysia, Sarawak and Sabah throughout 2005 to provide details on the new standard and the means of compliance with the stipulated verifiers.

In Peninsular Malaysia, the training sessions for senior officers of the State Forestry Departments were held in Seremban (24-25 February), Ipoh (10-11 March), Kuantan (15-16 March) and Kuala Lumpur (25-26 March). Similar training for FMU managers in Sarawak and Sabah was

held in Kuching (29-30 March) and Kota Kinabalu (26-27 April) respectively. This was followed by training held in June-August 2005 for the forest rangers and foresters of the State Forestry Departments.

MTCC also provided training to its registered auditors and peer reviewers to undertake audits and peer reviews respectively for compliance with the *MC&I*(2002) through a training session held on 4-5 May 2005 in Kuala Lumpur.

LEFT COLUMN, FROM TOP: Training Programme on Chain-of-Custody Certification for Potential Auditors, Selangor, 15 - 17 August 2001; MTCC Auditor Training Programme on Forest Management Certification, Kuala Lumpur, 16 - 20 September 2002

RIGHT: Training on *MC&I*(2002) for Forest Rangers of Pahang Forestry Department





TRAINING / BRIEFING SESSIONS:

TOP ROW, FROM LEFT:
PEFC Annex 4 – Ipoh, Kuching

BOTTOM: New Institutional
Arrangement – for members of
Sarawak Timber Association



**Auditor Training Course on
MC&I(2002), Kuala Lipis,
Pahang, 30 March – 2 April
2009**



**Noor Eshah
Yat**
Senior
Executive
(Administra-
tion/ Finance)

The year 2005 also witnessed the use of the revised standard for CoC certification, the RCOC. In order for auditors and timber companies to become familiar with this document, two training programmes were held in the same year on 30 March and 28 June, both in Kuala Lumpur.

To meet the requirements under the new institutional arrangement, the Certification Bodies (CBs) have to obtain accreditation from the Department of Standards Malaysia (STANDARDS MALAYSIA) to be recognised as accredited CBs and be able to issue accredited certificates for forest management or CoC certification. Part of the accreditation process involves the carrying out of witness audits on the applicant CBs by the auditors of STANDARDS MALAYSIA. To provide a good understanding of the MTCS and the auditing process, including the certification standards used, a *Training for STANDARDS MALAYSIA Auditors on Forest Management and Chain of Custody (COC) Certification* was held on 16-17 May 2006 in Putrajaya.

With the use of the PEFC international CoC standard, Technical Document Annex 4, under the MTCS beginning 1 July 2008, MTCC saw the need to provide guidance to the

existing CoC certificate holders on the requirements of the new standard. For this purpose, a series of training sessions on the use of Annex 4 were held all over the country during the second half of 2008, in Kuala Lumpur (16 June), Ipoh (18 June), Kuantan (20 June), Kuching (19 August) and Kota Kinabalu (24 September).

One of the requirements for CBs to obtain accreditation from STANDARDS MALAYSIA for FMC is that the auditors of the CBs shall have undergone a course on the forest management standard and its related assessment procedures conducted by MTCC. In line with this requirement, MTCC conducted an *Auditor Training Programme on Forest Management Certification* which was attended by 13 auditors from two CBs on 30 March - 2 April 2009 in Kuala Lipis.

Similarly, with the adoption of the certification standard for forest plantations under the MTCS, and in line with the accreditation requirements, MTCC conducted an *Auditor Training Course on MC&I (Forest Plantations)* on 3-5 August 2009 in Temerloh which was attended by 13 auditors from two CBs.





IMPLEMENTING CERTIFICATION

Given that certification under the MTCS is a voluntary process, the fact that certification is a journey less travelled by the forest managers in Malaysia is reflected by the progress made in terms of the number of FMUs certified under the MTCS since its operation in October 2001.

Besides being a voluntary process, the other major contributing factor hindering the progress would be the more stringent requirements that the certification standard places on FMUs aspiring for certification. Besides the direct cost of certification which can be substantial, the FMU managers are made aware of the considerable preparatory work that must be done prior to undergoing certification. Among others, the need to strengthen their documentation, to 'walk the talk' by implementing forest management practices as stipulated in the certification standard, to give due consideration to the social and environmental aspects of forest management which hitherto may not have been given emphasis, as well as the

challenging task of changing the mindset of their staff to accept the 'certification culture' and to look at timber certification in a positive manner as a tool which promotes SFM, rather than perceiving it as something that is being imposed on them.

Forest Management Certification

Building on the certification experience gained from the pilot study under the Malaysia-The Netherlands cooperation programme and the other activities carried out under this programme, the three participating FMUs (Pahang, Selangor and Terengganu) that had complied with the MC&I(2001) became the first FMUs to be awarded with the *Certificate for Forest Management* by MTCC, following the first meeting of MTCC's Certification Committee held on 11 December 2001.

The *Certificates* issued to the Pahang and Selangor FMUs were maintained when these FMUs were assessed and found to comply with the requirements of the MC&I(2001) in 2002. However, the *Certificate* issued to the Terengganu FMU was suspended from



*Certificate for Forest Management,
Pahang FMU*



**Mohd Faisal
Jaafar**
Executive
(Forest
Management)





Dato' Seri Dr. Lim presenting *Certificate for Forest Management* to Razani Ujang, the Director of Selangor Forestry Department



Presentation of MTCS *Certificate for Forest Management* to Negeri Sembilan, Pahang, Kelantan, Perak, Kedah and Terengganu FMUs by Dato' Suboh Mohd Yassin, Secretary General, Ministry of Natural Resources and Environment

1 November 2002 to 18 September 2003 due to the issuance of a major non-compliance which was only closed-out in 2003.

Towards the end of 2001, four more FMUs, (Johor, Perak, Kedah and Negeri Sembilan) were assessed to the requirements of the *MC&I*(2001) and issued with major non-compliances that required corrective actions to be taken. Verifications to assess and close out these major non-compliances could only be conducted in 2003. All four FMUs were able to address the major non-compliances and were therefore found to comply with the requirements of the *MC&I*(2001), resulting in them being awarded with the *Certificate for Forest Management* on 6 October 2003.

Assessments on two other FMUs (Kelantan and Sela'an-Linau) were conducted in September 2002 and March 2004 respectively. Both were issued with major non-compliances that were only addressed during the respective verifications conducted in 2004. The Kelantan FMU was therefore awarded the *Certificate for Forest Management* on 5 July 2004 and the Sela'an-Linau FMU on 18 October 2004, bringing the total number of FMUs certified against the *MC&I*(2001) to nine FMUs.

No new FMUs were certified against the *MC&I*(2001) after 2004, in line with the decision of the MTCC Board which

had set a target date of 1 January 2005 to use the *MC&I*(2002) for FMC. However, to ensure a smooth transition in the use of the new standard, the assessments of the various certified FMUs to the requirements of the *MC&I*(2002) were conducted concurrently with the surveillance audits of the FMUs to the requirements of the *MC&I*(2001).

This transitional measure proved to be a correct move as most of the FMUs (with the exception of Negeri Sembilan FMU) were not able to comply with the new standard in their first attempt. For example, the Kedah FMU was assessed under the *MC&I*(2002) in March 2006 and took some 23 months to address the major non-compliances in February 2008, and was awarded the *Certificate for Forest Management* on 30 June 2008.

The Negeri Sembilan FMU which was assessed in April 2007 became the first FMU to be awarded with the *Certificate for Forest Management* on 30 August 2007 for compliance with the *MC&I*(2002). It was followed by the Pahang FMU which was awarded the *Certificate* on 13 November 2007. The Kelantan FMU became the third FMU to be awarded the *Certificate* on 18 January 2008, followed by the Perak FMU and Anap-Muput FMU (located in Sarawak) on 19 February 2008, Kedah FMU on 4 June 2008 and the Selangor and

Terengganu FMUs on 30 June 2008, bringing to eight the total number of FMUs certified against the MC&I(2002).

With the issuance of the new certificates, MTCC withdrew the *Certificates* issued earlier to these FMUs against the requirements of the MC&I(2001). Two FMUs (Johor and Sela'an-Linau) were not able to comply with the MC&I(2002) but confirmed their continued compliance to the MC&I(2001). The validity of the *Certificate* for the Johor FMU has since expired on 5 October 2008 while that for the Sela'an-Linau FMU expired on 17 October 2009.

Chain of Custody Certification

The Board's decision in October 2001 to start the operation of the MTCS included a decision to award MTCC's *Certificate for Chain of Custody* to holders of the *Certificate of Timber Tracking for the Stichting Keurhout Hallmark Declaration* issued by SGS (Malaysia) Sdn. Bhd. under the Malaysia-The Netherlands cooperation programme. MTCC subsequently received applications for CoC certification from 16 companies which had been awarded the SGS certificate. These 16 companies became the pioneer batch of companies to be certified under the MTCS when they were awarded with the *Certificate for Chain of Custody* by the Certification Committee following its meeting on 11 December 2001.

Compared with FMC, there is more interest in CoC certification by the timber companies judging by the number of companies seeking certification under the MTCS. This is not surprising as the timber product manufacturers and exporters have direct contact with the international market and are under pressure to manufacture and export certified timber products to ensure continued market access in the environmentally sensitive markets such as in Europe.

The number of CoC *Certificates* awarded has increased gradually from 16 in 2001 to a cumulative total of 157 as of September 2009. The numbers are expected to grow with more markets now requiring certified products as well as



Dato' Seri Dr. Lim presenting *Certificate for Chain of Custody* to Tai Koon Yen of Bortim Sdn. Bhd.

the improved marketability of the MTCS as a result of its endorsement by the PEFC.

From October 2001 to December 2005, the CoC certification standard used was the RAP/COC. Following the adoption of the RCOC in December 2004, MTCC notified all stakeholder groups and holders of the *Certificate for Chain of Custody* of the use of the RCOC beginning 1 January 2006. A cut-off date for new applications for certification against the RAP/COC was set at 28 February 2005, after which all new applications would be assessed against the RCOC.

In line with the new institutional arrangement beginning 1 July 2008, MTCS-notified CBs started to issue the *Certificate for Chain of Custody* against the PEFC Technical Document Annex 4: *Chain of Custody of Forest Based Products – Requirements*. Of the total 157 certificates currently issued, 103 certificates are issued based on the PEFC Annex 4 and the balance under the RCOC.

Impacts of Certification

On MTCC's 10th anniversary, it would be appropriate to assess whether the certification process under the MTCS has made a positive impact on forest management practices in Malaysia. In MTCC's view, there are six key areas where the overall planning and implementation of SFM has improved as a result of FMC.

1

DOCUMENTATION

As documentation review is one of the key activities of FMC, the process has contributed to the improved compilation, maintenance and updating of all documents related to relevant legislation, forestry manuals, guidelines, procedures, statistics, etc by the FMU.

2

CONSULTATIONS AND INVOLVEMENT OF STAKEHOLDER GROUPS

FMU managers are now more active in consulting and engaging with affected stakeholders prior to implementation of forest harvesting activities. As media reports and complaints received pertaining to any certified FMU are compiled by MTCC and submitted to the CB to be investigated during subsequent surveillance visits, this has also encouraged the FMU managers to address issues of public interest and therefore, further increase transparency in the management of the forest. Additionally, greater efforts have now been taken by FMU managers to give preference to local communities with respect to job and training opportunities in forestry-related activities.

3

IMPLEMENTATION AND ENFORCEMENT

FMC is an effective catalyst in further enhancing the implementation and enforcement of sustainable forestry activities. The certified FMUs now have well-documented guidelines and procedures for implementation of forestry activities. The certification process serves to verify that the

stipulated guidelines and procedures are properly implemented on the ground and thereby helps in providing another form of oversight of the work of the FMU staff and private contractors. For example, the logging contractors are now more aware of the need to comply with specifications stipulated in road construction guidelines, or face the possibility of causing the FMU to be issued with non-compliances during the assessment or surveillance audits.

4

ENVIRONMENTAL CONSERVATION AND PROTECTION

FMC has led to a higher level of planning and monitoring of the forest environment. For example, there is now stricter enforcement of prescribed guidelines for road construction, forest harvesting, protection of buffer strips along waterways, and planting of open areas (*matau*, camp sites, skid trails) carried out after harvesting. To minimise the negative impacts of logging, the FMUs are also experimenting with and implementing new environment-friendly harvesting technologies (e.g. long haulage cable system, helicopter logging).

One notable outcome of FMC is the conduct of environmental impacts assessments at landscape level by the certified FMUs in Peninsular Malaysia, which is praiseworthy since it is not mandated by the Environmental Quality Act 1974, but is the proactive action taken by the FMUs to comply with the MC&I(2002).

5

CONSERVATION OF BIOLOGICAL DIVERSITY

Biological diversity conservation aspects have been given greater consideration during forest

management planning and implementation. For example, the FDPM has instituted procedures to monitor the presence of wildlife immediately after harvesting (use of *Monitoring Form C on Environment*) as well as efforts to identify and protect the endangered, rare and threatened flora and fauna species (e.g. the protection of *Rafflesia spp.*, tualang, fig trees). The certification process also promotes the conduct of comparative analysis between the pre-felling and post-felling forest inventory data to monitor changes in biological diversity in harvested forests. Additionally, the FDPM conducts inventory to assess the floristic composition of the Virgin Jungle Reserves to provide baseline estimates for comparison of change in biological diversity with comparable logged-over forest areas.

Another notable outcome is the realisation of the need for multi-disciplinary approach to forestry and the need for collaboration between the various agencies and NGOs to address some requirements of the certification standard. The collaboration between FDPM, Department of Wildlife and National Parks (PERHILITAN), WWFM and MTCC on the *Wildlife Assessment and Monitoring for SFM* project to address wildlife assessment and monitoring in SFM is a case in point.

6

IDENTIFICATION OF GAPS FOR RESEARCH AND DEVELOPMENT

The implementation of FMC has also helped to identify areas, based on the requirements of the MC&I(2002), which require research and development inputs to further enhance the practice and implementation of SFM.



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



Media reports



Documentation check: Verification of details of Removal Pass against Tree Tagging Record



Evidence of well-constructed skid trail and good residual stand



Feeder road constructed according to specifications



Inspection of lorry transporting logs during assessment of Johor FMU

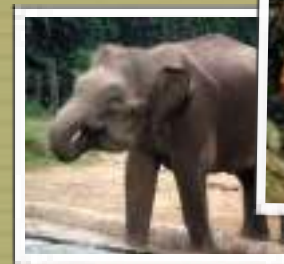


Use of long cable haulage system



Well-constructed skid trail

Conservation of biological diversity



Elephant

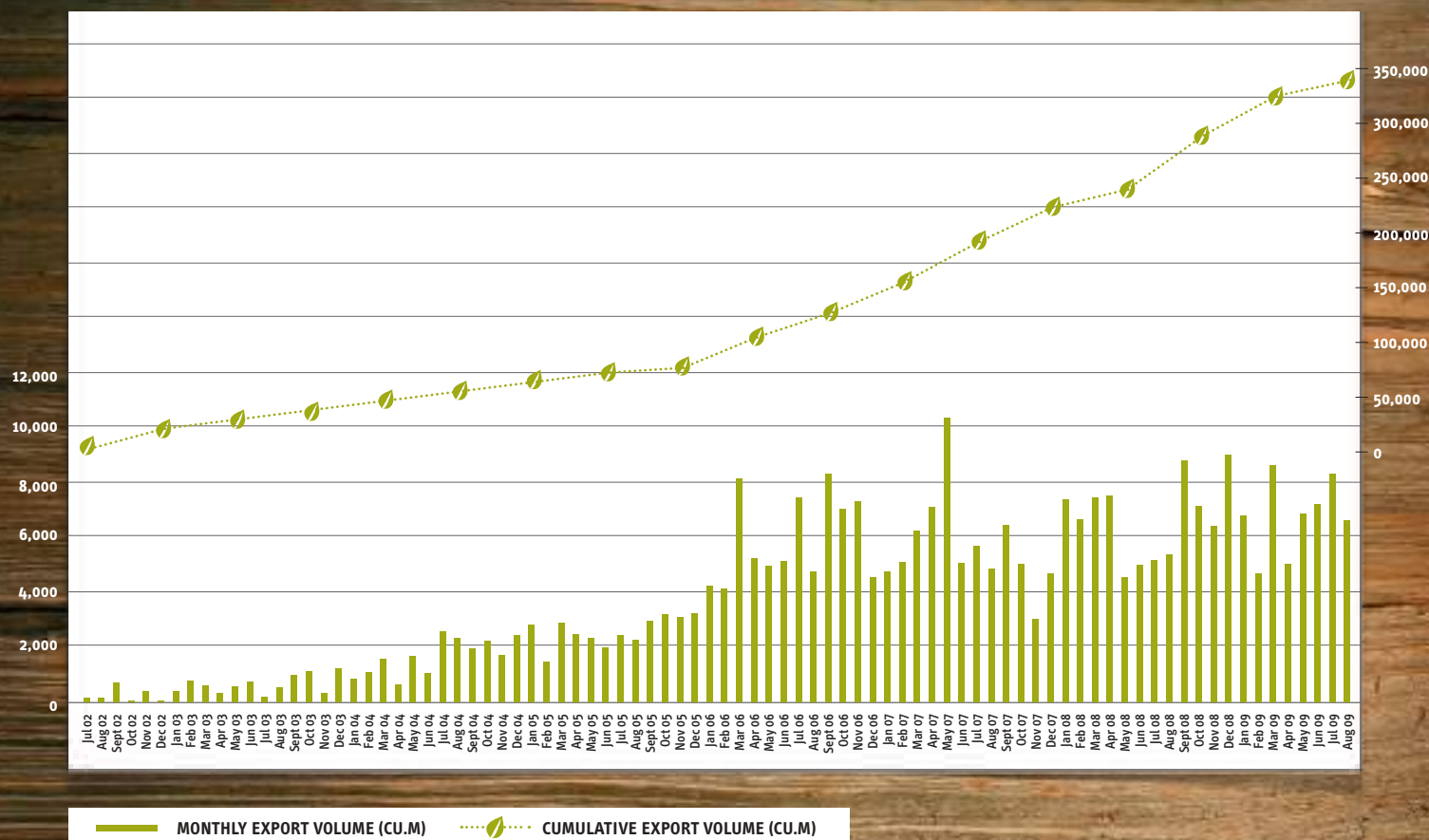


Rafflesia

Export of MTCS - Certified Timber Products from July 2002-August 2009

MONTHLY EXPORT VOLUME (CU.M)

CUMULATIVE EXPORT VOLUME (CU.M)



Export of MTCS-certified Timber Products

16 July 2002 was another milestone for the MTCS when the first shipment of about 75 m³ of MTCS-certified sawn timber was exported to The Netherlands. Since then, the export of MTCS-certified timber products has shown an increasing trend, both in terms of quantity of export, as well as the number of market destinations.

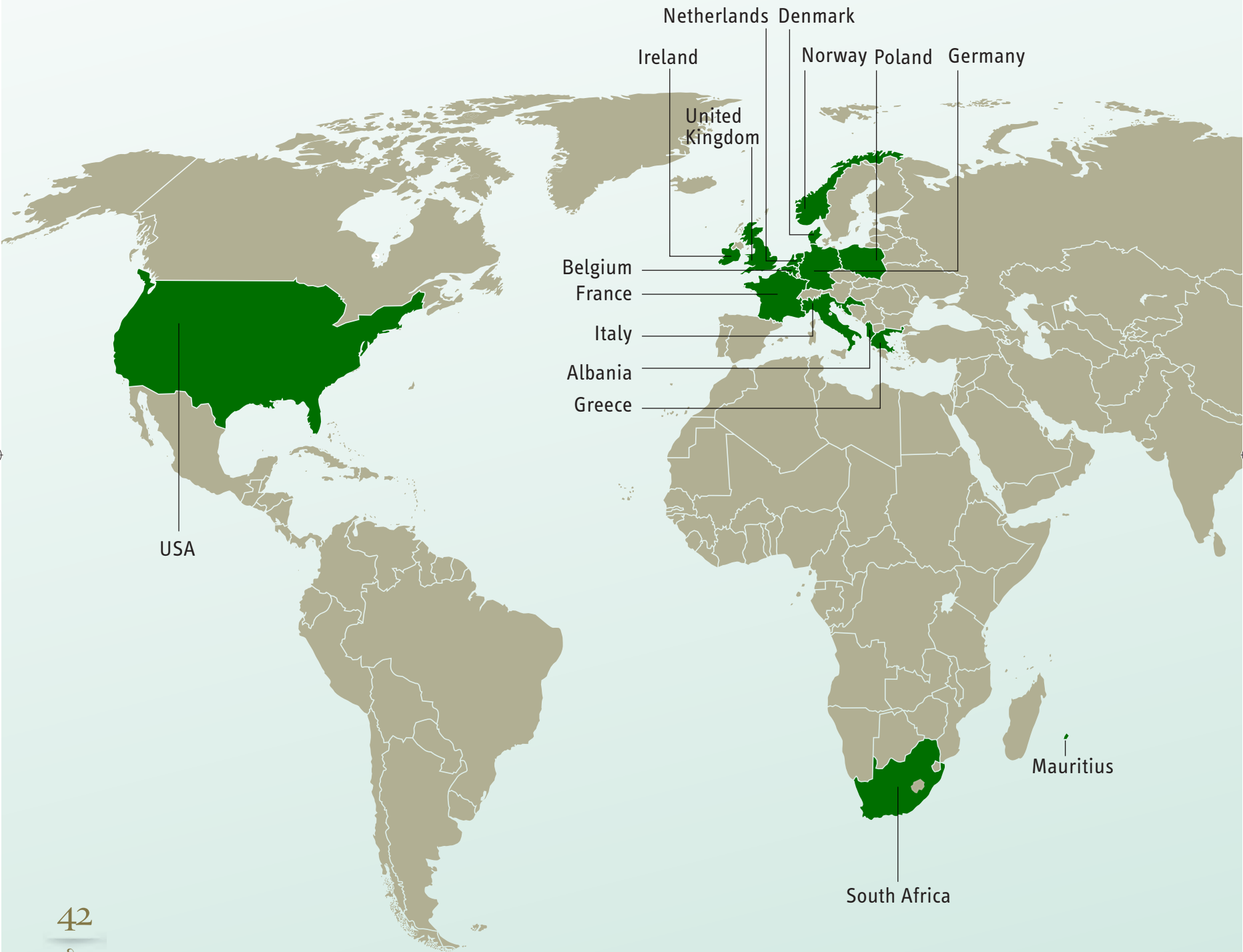
The export of MTCS-certified timber products increased from a mere 732 m³ in 2002 to 5,942 m³ in 2003,

and thereafter rose to 17,585 m³ in 2004, 31,844 m³ in 2005, 75,279 m³ in 2006, 70,385 m³ in 2007 and 81,399 m³ in 2008, bringing the total cumulative export of MTCS-certified timber products as of December 2008 to 282,605 m³. Up to August 2009, the volume of MTCS-certified timber products exported has reached 339,550 m³.

The range of timber products exported has grown from a single timber product, sawn timber, to include nine other products, namely laminated finger-jointed timber, mouldings,



Market Destinations





THE FIRST TEN YEARS 1999-2009



MTCS-certified
timber products



plywood, veneer, finger-jointed dressed timber (S4S), furniture and furniture components, door and window components, picture frames and parquet flooring. Of these products, sawn timber is the major product exported accounting for about 56% of the total export volume, followed by plywood (38%) and mouldings (4%).

In terms of market destinations, the list has grown from The Netherlands in 2002 to include 20 other destinations i.e. Belgium, Germany, the United Kingdom, France, Australia, Greece, Denmark, Poland, Italy, Norway, Indonesia, New Zealand, South Africa, South Korea, United States of America, Japan, Mauritius, Albania, Ireland and Singapore. The Netherlands remains the major export destination for MTCS-certified timber products accounting for about 47% of the total export volume, followed by the United Kingdom (34%) and Belgium (7%).





INTERNATIONAL COOPERATION



**Sabrina Wu
Chor San**
Executive
(PR/
Marketing)

COOPERATION WITH FSC

Since it began operation, MTCC had given high priority to networking and coordination with other national, regional and international organisations dealing with timber certification to facilitate cooperation and, where possible, allow for mutual recognition of schemes.

One such organisation was the FSC, which in the early years of MTCC's operations was regarded as the leading international scheme, especially by the environmental NGOs and the buyers' groups in key markets for Malaysian timber products, particularly in Europe. This preference by the buyers' groups for timber products certified under the FSC scheme to a large extent influenced MTCC's decision to cooperate with the FSC.

Therefore, in early 1999, MTCC initiated discussions with the FSC to explore areas of cooperation. Discussions were held with the then Executive Director of FSC, Dr. Timothy Synott, when he visited Malaysia in March and September of that year.

The discussions initiated in 1999 were primarily aimed at promoting cooperation, including the possible involvement of the FSC's representatives in the national level consultation

on the standard for FMC, comparison between the national standard and the FSC P&C to ensure compatibility, and the possible issuance of certificates bearing the joint logos of MTCC and the FSC when compatibility had been established.

The MTCC-FSC Joint Study

The cooperation with the FSC was further strengthened in 2000, when both parties agreed to jointly fund an independent study to compare the 50-Indicator MC&I with the FSC P&C, as well as to form a Working Group to formulate an FSC-compatible standard for FSC endorsement. The joint study was subsequently carried out in early 2001, with the FSC and MTCC each funding the

Courtesy call on Dato' Seri Dr. Lim by Dr. Timothy Synott, the Executive Director of FSC, accompanied by Dr. H.S. Leng and Chew Lye Teng





Presentation of results of MTCC-FSC joint study

cost of one independent consultant.

In April 2001, consultants Dr. Markku Simula and James Sandom presented a draft report entitled *Assessment of Compatibility of Malaysian Criteria and Indicators for Forest Certification with FSC Requirements* to representatives of stakeholder groups. The report was finalised in September 2001 and gave recommendations on how MTCC could achieve greater compliance with the FSC development process, and how compatibility could be achieved between the 50-Indicator MC&I and the FSC P&C. The report also gave recommendations to the FSC to strengthen its system.

MTCC-FSC Workshop on Forest Certification

To initiate work towards the formation of the Working Group, MTCC and FSC, together with the Tropical Forest Trust (TFT), WWFM and GTZ, jointly organised a *Workshop on Forest Certification* on 6-7 December 2000 in Kuala Lumpur to provide information on the MTCC and FSC schemes to the Malaysian stakeholders, as well as to explain the purpose and requirements to be satisfied in forming the Working Group.

The *Workshop* was attended by 188 participants from 86 organisations, representing the economic, social and environmental stakeholder groups, research and academic institutions, and government departments and agencies. A high-level delegation from the FSC attended the *Workshop*, led by its Chairman, Mauricio Castro, incoming Executive Director, Dr. Maharaj Muthoo, Board Member Mok Sian Tuan and Executive Director of FSC-USA, Hank Cauley. Also present was Dr. Stephen Howard, Chairman of TFT

and Head of WWF's Global Forests and Trade Initiative.

After lengthy discussions, the *Workshop* participants agreed to give a mandate for MTCC to continue with its collaboration with the FSC; to form the NSC to examine the terms and conditions for further FSC-MTCC collaboration; to allow the facilitator of each of the four stakeholder groups to consult their respective groups to nominate six persons to form the NSC; and to allow MTCC to subsequently consult with the FSC on the terms and conditions for further collaboration based on the recommendations of the NSC.

National Steering Committee (NSC)

The multi-stakeholder NSC was formed in early 2001 to encourage and facilitate the cooperation between MTCC and the FSC, with the immediate task of examining the terms and conditions to further the cooperation, including the revision of the existing standard for FMC [MC&I(2001)] so as to be compatible with the requirements of the FSC.

Comprising 28 members, the NSC represented the various stakeholder groups. Nomination of representatives as members of the NSC was coordinated by the facilitators of the respective stakeholder groups from Sabah, Sarawak and Peninsular Malaysia, who had been appointed during the *Workshop* in December 2000.

The NSC met for the first time on 24 April 2001 in Kuala Lumpur, where the members held preliminary discussions on various aspects of the cooperation between MTCC and the FSC, particularly those pertaining to the setting up of a FSC National Working Group (NWG).



MTCC-FSC Workshop on Forest Certification



Unfortunately in July 2001, even before the NSC could meet for the second time to initiate discussions on substantive issues, five of the eight representatives of the social stakeholder groups (representing three organisations) announced their withdrawal from the NSC. In response, the NSC explained to these representatives that the majority of the issues raised by them could be addressed by the NSC process, while others were beyond the jurisdiction of the NSC and MTCC. A number of appeals were also made by the NSC Chairman and members to these representatives to return to the consultation process but to no avail.

The NSC continued to keep these five representatives informed of the progress in its work and the door was at all times kept open for them to return to the process. The many drafts of the FSC-compatible standard were also sent to them for their perusal and comments.

Over a period of seven and a half years, from the time of its formation and first meeting on 24 April 2001 till the last meeting on 25 November 2008, the NSC met a total of 11 times. The most significant outcomes of the NSC included the development and adoption of two certification standards [MC&I(2002) and MC&I(Forest Plantations)]. With the adoption of both these standards, the NSC had achieved one

of the important objectives for which it was established.

However, the MTCC-FSC cooperation in other aspects have not been able to achieve similar results, due primarily to the differences in the institutional arrangements between the FSC scheme and the MTCS, as well as the difficulty of complying strictly with the three-chamber FSC system, since there is a need for a fourth 'chamber' to cater for the forest owners in Malaysia (i.e. the States) which could not be easily slotted into any of the three chambers. Nevertheless, the discussions held under the NSC laid the foundation for the establishment of the FSC NWG, which will be responsible for the development of FSC certification standards in Malaysia.

Mutual Recognition

As early as 2000, many of the governing bodies of various certification schemes and other interested parties expressed keen interest to establish a framework for the mutual recognition of credible timber certification schemes. This important international development in certification led to initiatives towards mutual recognition which were spearheaded by organisations such as the PEFC Council, the International Forest Industry Roundtable (IFIR) which is



a grouping of national associations for the forest, pulp and paper industries, and the Confederation of European Paper Industries (CEPI).

IFIR was concerned that without mutual recognition, the proliferation of certification systems and related trademarks at that time would lead to misinformation and confusion in the market, besides imposing additional costs as businesses attempt to meet the requirements of multiple systems and work towards obtaining certification under

various schemes. In addressing this concern, IFIR put together the core components of an international framework for mutual recognition, and promoted the framework at various international fora.

MTCC supported such efforts as the establishment of an international framework for mutual recognition of credible certification schemes would be very helpful to national schemes from timber producer countries, such as the MTCS, to gain recognition from the international market.

Meetings of the National Steering Committee

First meeting, 24 April 2001



Second meeting,
14 August 2001



Fifth meeting, 15 August 2002



Seventh meeting, 10 August 2004



Eighth meeting, 25 June 2005



Ninth meeting, 16 February 2006



MTCC therefore participated in a number of seminars held to exchange views on the requirements and options for mechanisms or institutional arrangements for mutual recognition.

One such seminar, a follow-up of the two earlier seminars held in Brussels in 2000, was the *FAO-GTZ-ITTO Seminar on Building Confidence among Forest Certification Schemes and their Supporters* held in Rome on 19-20 February 2001. However, the seminar participants were not able to bridge the different viewpoints between those organisations which favoured the establishment of such an international framework and those who were against it, concluding that further dialogue at the international level would be needed and that organisations such as ITTO, FAO and GTZ should continue to facilitate this dialogue.

The year 2002 however saw less activity in the area of encouraging mutual recognition between the different schemes. Nevertheless, the *International Workshop on Comparability and Equivalence of Forest Certification Schemes* organised by ITTO in Kuala Lumpur in April 2002 reviewed the progress made

towards comparability and equivalence of certification schemes. There was much support shown by the participants towards the idea of mutual recognition between schemes as a means to reduce confusion among buyers and consumers, although those who did not support the idea saw more merit in competition between schemes. It was realised that mutual recognition requires rigorous technical analysis and such an initiative should not lead to the lowering of standards. The need for an international framework for evaluation and validation of certification schemes, eventually leading to mutual recognition, was emphasised.

It was also at this workshop that a phased approach was proposed as a potentially feasible option for tropical timber producers in gaining recognition for their efforts to implement certification, and the need for in-depth analysis and discussions with stakeholders to design it in a way which would make it acceptable to the market, producers and other interested parties and stakeholders.

Efforts to encourage mutual recognition were continued into the following year where the main development was the



MTCC's participation at the International Workshop on Comparability and Equivalence of Forest Certification Schemes in Kuala Lumpur on April 2002



Malaysian delegation meeting members of PEFC Council in Brussels



proposal of the *Legitimacy Thresholds Model* (LTM) by the World Business Council for Sustainable Development (WBCSD). Developed by a *mutual recognition action team* reporting to the Global Industry Forest Industry CEO Forum and IFIR, the LTM model was based on the outcome of discussions held with NGOs, inter-governmental organisations, certification system leaders, forest owners, industry and customers. The LTM was proposed as an alternative conceptual model to address the pressing issue of certification system proliferation, interaction and conflict.

The various initiatives for mutual recognition have however not made any further progress since then, and the initiative may be considered to be of less importance now, given that the two major schemes, PEFC and FSC, are no longer giving it any priority.

Cooperation with PEFC

Traditionally, the European market has been an important market for Malaysian timber products. With the operation of the MTCS in October 2001 and its official launch in January 2002, it therefore became imperative that buyers and interested parties in Europe were informed about the scheme.

Hence, a Malaysian Timber Certification Mission to Europe led by the Minister of Primary Industries, Dato' Seri Dr.

Lim, was undertaken to introduce and promote the MTCS.

The mission to Germany, The Netherlands, Belgium and the United Kingdom took place from 1-10 June 2002 and held dialogues with the timber-based sector, government agencies and NGOs in the countries visited. It was at the dialogue session in Brussels with the PEFC Council, headed by its Chairman Henri Plauche-Gillon, that the PEFC representatives were briefed on the MTCS and informed of Malaysia's interest to know more about the PEFC scheme. In appreciating the MTCC's work and viewing Malaysia as a leader in tropical forestry and timber certification in the region, the PEFC Chairman expressed his desire to hold further discussions with MTCC. This meeting in Brussels marked the beginning of the cooperation between MTCC and the PEFC Council.

The PEFC is a framework for the mutual recognition of national forest certification schemes from all over the world. It involves the assessment and endorsement of certification systems that have been developed based on internationally recognised requirements for sustainable forest management. To reflect the global nature of its work, the PEFC Council decided at its 7th General Assembly in Luxembourg on 31 October 2002 to change its name to the Programme for the Endorsement of Forest Certification schemes. Since





Discussion with Jaroslav Tymrak,
PEFC Secretariat in Luxembourg on
14 April 2008



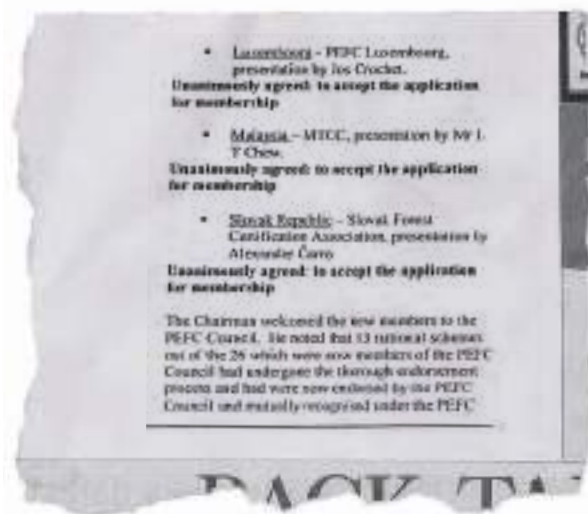
11th General Assembly , 5 October
2007, Germany



12th General Assembly , 31 October
2008, Australia



Mariana
Zainudin
Executive
(Product)
[July 2004 -
August 2007]



its launch in 1999, the PEFC has become the largest forest certification organisation in the world, with 35 independent schemes of which 28 are endorsed.

MTCC was accepted as a member of the PEFC on 22 November 2002 and started taking preparatory steps to submit the MTCS for endorsement by initiating discussions regarding the necessary changes in the institutional arrangement.

After more than five years of intensive work to streamline the MTCS documentation, procedures and institutional arrangement with the requirements of the PEFC, MTCC officially submitted its application for the endorsement of the MTCS by the PEFC Council on 28 March 2008. To facilitate the conformity assessment of the MTCS, MTCC

submitted various documents to the PEFC Council and also posted them on its website. These included the overall document on the MTCS and its implementation under the new institutional arrangement, rules on the standard setting process for development of certification standards, certification standards for forest management and CoC, procedures for dispute resolution, procedures for MTCS and PEFC notification of CBs and rules for the use of the MTCC and PEFC Logos.

To carry out the conformity assessment, in June 2008, the PEFC Council appointed a consultant firm, Indufor Oy based in Helsinki, Finland. Through a press release posted on its website on 23 July 2008, the PEFC Council officially announced the start of the 60-day public consultation of the MTCS, which is an important aspect of its endorsement process, and allows interested parties to input into the process. MTCC also invited the stakeholder groups in Malaysia to submit their inputs and comments on the assessment process



Ben Gunneberg,
Secretary
General of PEFC
visited MTCC on
26 March 2009



Hanna Nikinmaa holding discussions with Certification Bodies and stakeholder groups during the evaluation of MTCS for PEFC endorsement

directly to the consultant. The consultant for Indufor Oy, Hanna Nikinmaa, visited Malaysia in September 2008 and held discussions with the MTCC management and different stakeholder groups.

In response to the comments from the consultant, MTCC made appropriate amendments to the MTCS documents to provide greater clarity and improve compliance with the PEFC requirements, and submitted the revised documents on 17 September 2008. The consultant's report was finalised on 8 December 2008 and submitted to the PEFC Board of Directors for a decision.

The decision to endorse the MTCS was announced by the PEFC Council in a press release on 5 May 2009, following the outcome of the General Assembly vote among the PEFC members on the recommendation of the Board of Directors.

The MTCS therefore became the first tropical timber certification scheme in the Asia Pacific region, and the second in the world after the Gabonese Forest Certification Scheme, to be endorsed by the PEFC Council. With the endorsement, the MTCS became mutually recognised with another 27 endorsed schemes from all parts of the world including Canada, USA, Australia, Chile and Brazil under the PEFC framework for mutual recognition.

PEFC INTERNATIONAL PEFC Press Release 2009/05/05

Endorsement of Malaysian scheme gives buyers confidence about tropical wood

The Malaysian Timber Certification Scheme (MTCS) has become the first tropical timber certification scheme in the Asia Pacific region, and the second in the world after the Gabonese Forest Certification Scheme, to be endorsed by the Programme for the Endorsement of Forest Certification schemes (PEFC).

"The endorsement of MTCS is a significant achievement for the sustainable forest management community as whole. While the certification movement has its origins in efforts to protect tropical forests, over 90% of the world's certification today takes place in the temperate forests of Europe and North America", explained Ben Gunneberg, PEFC Secretary General. "Yet tropical forests in the Southern hemisphere offer the most benefits to tackling some of society's biggest challenges, including climate change, combating deforestation and forest degradation, and maintaining the world's precious biodiversity".

Dato' Dr. Freezailah Che Yeom, Chairman of the Malaysian Timber Certification Council (MTCC), which operates the MTCS, said, "MTCC is indeed pleased and proud to have obtained the PEFC endorsement, which shows that the various aspects of the MTCS, such as the institutional arrangement and certification standards used, have met the stringent requirements of the PEFC. It gives further assurance that forests certified under the MTCS are implementing the best management practices and contributing towards the challenging efforts to ensure sustainable forest management, particularly for the tropical rainforests".

Dr. Freezailah added that the endorsement enables the MTCS to achieve mutual recognition with 26 other PEFC-endorsed certification schemes. This means that the MTCS-certified timber product manufacturers and exporters will soon be able to combine PEFC-certified material from Malaysia with other PEFC-certified material under the PEFC logo.

The decision to endorse the 2002 *Malaysian Criteria and Indicators for Forest Management Certification* was announced on 5 May 2009 following the outcome of the General Assembly vote among the PEFC members on the recommendation of the Board of Directors, based on an assessment of the MTCS by an independent assessor appointed by the PEFC Council.

The endorsement is valid for a five-year period, with periodic review to ensure the continued compliance of the MTCS. The full report of the conformity assessment of the MTCS can be obtained from the PEFC website at www.pefc.org



PEFC/01-09-01
PEFC - Promoting Sustainable Forest Management

Certificate of Endorsement

This is to certify that the

Malaysian Timber Certification Scheme

submitted by the Malaysian Timber Certification Council
has been endorsed by the PEFC Council as meeting the
PEFC Council requirements.

The compliance has been verified through an independent
consultant assessment including public consultation and was
approved by the PEFC General Assembly members
on 1st May 2009.

This endorsement is subject to ongoing PEFC membership and is
valid for the version of the scheme as approved on 1st May 2009
and for a maximum of 5 years as the PEFC Council requires a
periodic revision of schemes. Any revision of the scheme has to be
submitted to the PEFC Council for endorsement.

Michael Clark
Chairman, PEFC Council

Ben Gunneberg
Secretary General, PEFC Council

PEFC is a non-profit international membership organization for the promotion of forest certification schemes.
Further information is available at the PEFC Council website: www.pefc.org



Representatives of the MTCC-Hamburg project partners

MTCC-Hamburg Project

The MTCC-Hamburg Project was mooted in June 2002 during the Malaysian Timber Certification Mission to Europe led by the Minister of Primary Industries, Dato' Seri Dr. Lim. During a discussion with Gunnar Uldall, the Senator for Economy and Employment in the Hamburg State Legislative Assembly, Dato' Seri Dr. Lim urged the Hamburg Authority to review the policy regarding public procurement of tropical timber to include certified timber products from other certification schemes, including the MTCS.

Many more follow-up discussions were held including meetings of the 'Hamburg Round Table on the MTCS', and between the Hamburg Authority and MTCC in June 2003, which culminated in the conception of the MTCC-Hamburg Project.

However, the project took a further three more years before it could be finalised and implemented in June 2006, due to administrative requirements, as well as the need to secure funding from the four project partners, i.e. the Free and Hanseatic City of Hamburg (FHH), German Timber Trade Federation (GTTF), GTZ and MTCC. The project implementation also involved the University of Hamburg (UHH) which provided technical inputs for the project and seconded a scientific assistant, Andreas Knoell to MTCC from August 2006 to March 2008.

The main objective of the project was to provide 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 in the field.

The commencement of the project in June 2006 was another milestone for MTCC, as the FHH became the first city authority in Germany to grant a conditional recognition of the MTCS in its procurement policy over the two-year project period until 31 May 2008.

The project saw the engagement of four consultants to look at specific aspects of the *MC&I*(2002) relating to forest management (Dr. Bernd Hahn-Schilling), social (Dr. Alexander Hinrichs), policy, legal and institutional framework (Dr. Andrea Tuttle), and forest conservation (Dr. Melvin Gumat).

Project consultants (Left to Right): Dr Alexander Hinrichs, Dr. Bernd Han-Schilling, Dr. Melvin Gumat and Dr. Andrea Tuttle





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



Final workshop held in Hamburg on 16-17 April 2008

Inception Workshop held in Kuala Lumpur on 9 January 2007



Mid-term Workshop held in Kuala Lumpur on 26 June 2007

Besides conducting desk studies, these consultants also participated in the field assessments of some FMUs to assess the practical application of the *MC&I*(2002), and conducted interviews with various stakeholder groups to obtain their feedback on the joint project and the implementation of the MTCS. In addition, a fifth consultant (Tor Mooi See) was engaged to conduct a verifier check on the *MC&I*(2002) with a view to identify thresholds and propose refinements to the standard.

During the project, an Inception Workshop and three Regional Workshops in Malaysia, and one Final Workshop in Germany were held to disseminate the findings and outputs of the project by these consultants, as well as the recommendations of the Joint Project Team to both the Malaysian and German stakeholders. The Final Workshop in Hamburg on 16 April 2008 was attended by 29 participants from both Malaysia and Germany.

Besides the Workshop, two other meetings were held on 17 April 2008, i.e. among the four project partners (MTCC, FHH, GTTF and GTZ), and between MTCC and FHH. Representatives from UHH were present at both the meetings to provide scientific support and feedback with regard to the project.

Arising from the Final Workshop and meetings, it was agreed that MTCC would implement the new institutional arrangement fully by 1 July 2008, and the FHH would continue granting conditional recognition to the MTCS, while a full recognition will be granted when the MTCS is endorsed by the PEFC.

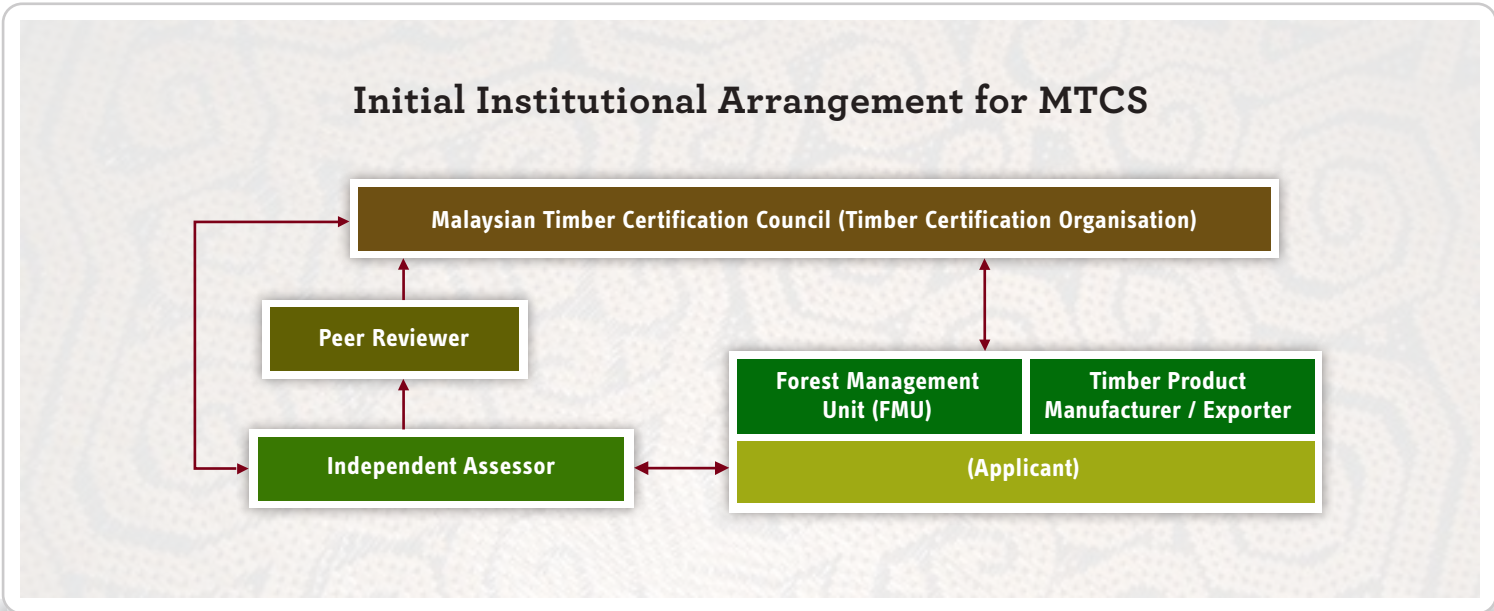
In this connection, MTCC has implemented the new institutional arrangement on 1 July 2008 and the MTCS has been endorsed by the PEFC Council on 1 May 2009, thus resulting in the full recognition of the MTCS by the Hamburg Authority. This is another milestone for the MTCS.



THE NEW INSTITUTIONAL ARRANGEMENT

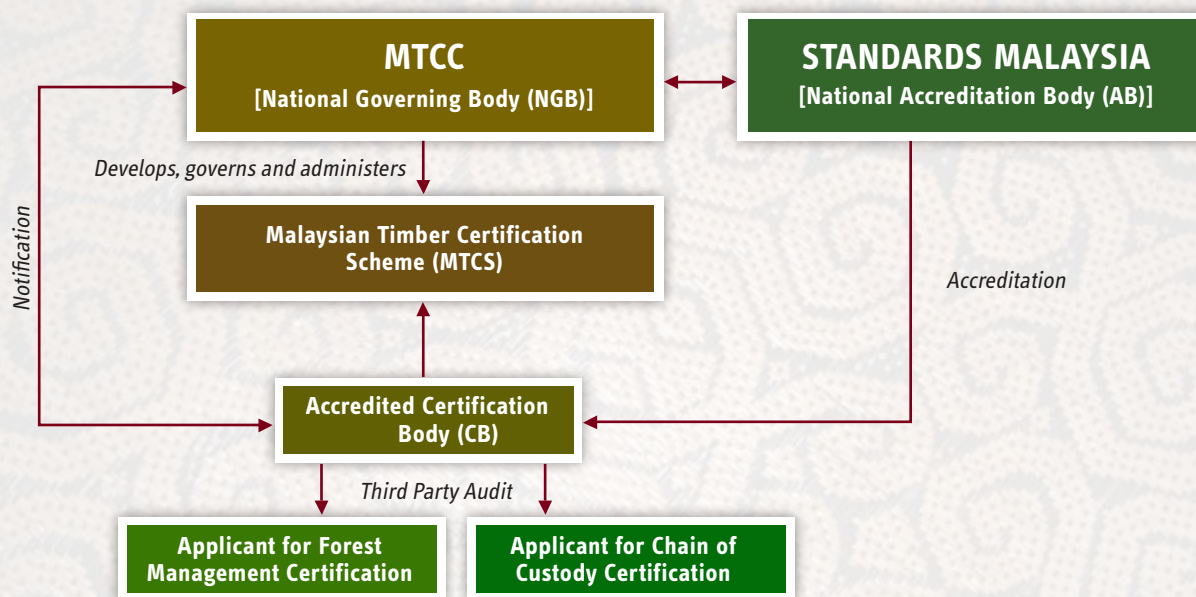
When the MTCS was implemented in October 2001, MTCC played the role of both the National Government Body (NGB), being overall in charge of the scheme, as well as the role of the certificate issuing body. MTCC received and processed

applications for forest management and CoC certification, arranged for audits to be carried out by its registered independent assessors, and decided on all such applications, based on the audit reports of the assessors. FMUs or timber companies which have complied with the requirements





Current Institutional Arrangement for MTCS



of the certification standards based on assessments by the assessors were issued with the MTCS certificates by MTCC. MTCC also provided an appeals procedure, should there be parties who are not satisfied with its decisions.

To strengthen and enhance the acceptance of the MTCS to meet the public timber procurement policies of key importing countries of Malaysian timber products, and as part of the preparations for the submission of the MTCS for the endorsement of the PEFC Council, MTCC implemented a new institutional arrangement for the MTCS beginning 1 July 2008.

Under the new institutional arrangement, MTCC

continues to play the role of the NGB for the scheme, while the independent assessors become the CBs, which have to obtain accreditation from the STANDARDS MALAYSIA, which is the national accreditation body (AB), to operate FMC or CoC certification under the MTCS.

Besides being overall responsible for the operation of the scheme, MTCC as the NGB is also responsible for the notification of CBs which will enable the accredited CBs to issue accredited certificates recognised by MTCC and the PEFC Council. The NGB is also responsible for setting rules related to the use of the logos and their related claims by holders of certificates issued by the notified CBs.





PROMOTING MTCC AND THE SCHEME

From the onset of its operations in January 1999, MTCC has given due attention to publicity and promotion programmes to make itself and the MTCS well known, especially in the international market. MTCC deemed this to be necessary in view of the many certification schemes that were already in operation and those being planned in various countries.

In January 1999, MTCC was introduced to the international market through its participation in a mission to Europe led by the Minister of Primary Industries, Dato' Seri Dr. Lim. Important contacts were made with key players in the European certification scene.

In conducting these promotional programmes, MTCC has worked very closely with the MTC, particularly the MTC London office. To further strengthen the promotional programme, in early 2003, MTCC appointed two agencies to carry out public relations activities on its behalf of MTCC, i.e. Kaiser Communication GmbH based in Berlin for the German market, and Weber Shandwick Netherlands B.V. based in The Hague for the Dutch market. Both these agencies also liaise closely with the MTC London office.

As the FSC, the first timber certification scheme which became operational in 1993, was the initiative of the major

environmental NGOs, these NGOs therefore promoted the FSC scheme aggressively in the important timber markets, especially targeting the larger retail chains, do-it-yourself (DIY) chains, major timber importers and wholesalers.

As a result, in the early 1990s, a number of buyers' groups had been established in these markets where the members showed a preference for products certified under the FSC scheme. These buyers' groups included the WWF 1995+ Group in the UK, Hart Voor Hout in The Netherlands,



**Sabrina Hj
Mawasi**
Executive
(Product)



**Chew Lye Teng at the WWF Millennium Forests for Life
Conference Annual Conference, United Kingdom, 6 -7 June 2000**





Gruppe 98 in Germany and Austria, and Club 1997 in Belgium. It therefore was important for MTCC to make efforts to cooperate with the FSC and the buyers' groups.

In line with this approach, in June 1999, MTCC participated in the *Annual Conference of the WWF 1995+ Group* that was held in London where it informed members of the Group regarding the progress made in developing the national standard for FMC as well as on the cooperation efforts with the FSC.

In November 1999, MTCC participated in the *27th Session of the International Tropical Timber Council (ITTC)* in Yokohama, the *World Bank-WWF Alliance Workshop on Forest Certification/Verification Systems* in Washington D.C. and the *Meeting on International Cooperation on Certification and Labelling* in New York.

In 2000, MTCC continued to attend international seminars and workshops such as the *Technical Seminar on Mutual Recognition* held in Brussels on 26-27 June, the *UNDP PROFOR Guyana Forest Certification Workshop* held in Georgetown, Guyana on 10-13 July, the *Second International Seminar on the Mutual Recognition of Credible Forest Certification Systems* held in Brussels on 28-29 November, as well as the *28th and 29th Sessions of the ITTC* held in Lima, Peru (on 24-30 May) and Yokohama (30 October-4 November) respectively. MTCC also took part in the *WWF Millennium Forests for Life Conference* in London on 6-7 June, where discussions were held with a number of NGOs regarding the MTCS.

With the operation of the MTCS in October 2001, MTCC continued with its efforts to publicise and promote the MTCS and its certified timber products, particularly in Europe and Australia.

In 2001, MTCC drew up a strategy and programme for three years (2002 to 2004) to promote the MTCS, its certificates and label, which took into account that manufacturers and exporters of Malaysian timber products were facing increasing pressure to supply certified products especially to markets in Western Europe, Australia and the USA; that the market preference was for FSC-certified products; that the FSC-compatible forest management standard [MC&I(2002)]

could only be finalised by the end of 2002; and that there was some uncertainty regarding the future of the Malaysia-The Netherlands cooperation programme in timber certification.

It was agreed that the strategy would highlight that the forest management standards used in the MTCS are based on internationally agreed frameworks, and that the certification standards are developed through multi-stakeholder consultations; that the audits for forest management and chain of custody certification are carried out by independent bodies; and that the MTCS is being implemented in two phases.

With such a strategy in place, MTCC embarked on a number of promotional activities that included the official launching of the MTCS, participation in timber missions, working visits, parliamentary evenings, meetings with ministries and authorities in key importing countries, participation in overseas and local exhibitions, distribution of publicity brochures, conducting of seminars and briefing sessions for interested parties, presentations in international and local conferences, seminars, workshops, courses and meetings, advertisements, issuance of press releases and information updates, and contribution of articles for publication in overseas magazines and journals.

Official Launching of MTCS

The MTCS was officially launched by the Minister of Primary Industries, Dato' Seri Dr. Lim on 31 January 2002 in a ceremony in Kuala Lumpur, which was attended by 250 guests that included foreign dignitaries and representatives of the timber trade, environmental and social NGOs, academic and research institutions, and government agencies.

MTCC Chairman, Dato' Dr. Freezailah delivered the welcoming remarks where he highlighted the activities carried out by MTCC, emphasising that the MTCS is being implemented using a phased approach.

Dato' Seri Dr. Lim elaborated on Malaysia's 100 years of systematic forest management, involving balancing optimal utilisation and conservation to ensure sustainability of the



Launching Ceremony of the MTCC Timber Certification Scheme, Kuala Lumpur, 31 January 2002



TOP ROW, FROM LEFT: Dato' Dr. Freezailah giving his welcoming speech; Panel discussion
BOTTOM ROW, FROM LEFT: Dato' Seri Dr. Lim delivering Opening Address and launching the MTCC Scheme; Participants attending the Launching Ceremony

forest resources, pointing out that despite having to set aside land for socio-economic development, through a century of systematic forest management, Malaysia still has more than 20.0 million hectares or 60% of its total land area under natural forest, both for production and protection, with 14.4 million hectares designated as Permanent Reserved Forests secured by law and kept under permanent forest cover. The Minister also outlined the steps taken to achieve SFM, including the setting up of MTCC and the pragmatic approach taken to implement the MTCS in phases, which recognises that the achievement of SFM is a process, with continuous improvement as a guiding principle.

At the launch, Dato' Seri Dr. Lim presented certificates to the pioneer batch of successful applicants under the MTCS. Three FMUs (Pahang, Selangor and Terengganu) were awarded the *Certificate for Forest Management*, while 16 timber product manufacturers and exporters received the *Certificate*

for *Chain of Custody*. A seminar was also held to disseminate information on the various aspects of the scheme, including assessment procedures for FMC, and details on the CoC certification and rules on the use of the MTCC logo.

TIMBER MISSIONS TO PROMOTE MTCS

Various programmes have been conducted, particularly in the environment-sensitive markets in Europe and Australia, to promote the MTCS and its certified timber products, and at the same time provide an update on forest management in Malaysia. These include timber missions to Europe in 2002, 2003 and 2006 and to Australia and New Zealand in 2005. MTCC participated in these missions.

Malaysian Timber Certification Mission to Europe in 2002

The mission in 2002 to Europe was aimed at introducing and

Government Of Denmark Accepts MTCS

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

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

In the guidelines, it is mentioned that, besides the FSC scheme, there are national schemes that have been established, one of them being the MTCS.

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

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

promoting MTCS to buyers so that they could be informed regarding the newly launched MTCS and its implementation. The mission took place from 1-10 June 2002 to Germany, The Netherlands, Belgium and the United Kingdom, and was led by the Minister of Primary Industries, Dato' Seri Dr. Lim.

The discussions held between the Minister and Senator Gunner Uldall of the Hamburg State Legislative Assembly in Hamburg during the mission was of particular significance to MTCC as it paved the way for the MTCC-Hamburg Project. Similarly, the dialogue session with the Chairman and representatives of the PEFC Council in Brussels marked the beginning of MTCC's cooperation with the PEFC.

Malaysian Timber Mission to Europe in 2003

A follow-up mission to Belgium, Germany, Norway, Denmark and Sweden took place from 26 May to 5 June 2003 to promote trade of tropical timber, foster closer cooperation and promote the MTCS, and provide information about forestry and SFM in Malaysia.

The mission was led by Dato' Seri Dr. Lim, whose discussion with Margot Wallstrom, European Commissioner for Environment laid the foundation for the negotiations between Malaysia and the European Union (EU) under the Forest Law Enforcement Governance and Trade Voluntary Partnership Agreement (FLEGT VPA). Another discussion which bore fruit was with Hans Chr. Schmidt, Minister of Environment of Denmark, as it led to the decision by the Danish Government to include the MTCS as one of the accepted certification schemes in its document entitled *Purchasing Tropical Timber-Environmental Guidelines*.

Economic and Technical Timber Mission to New Zealand and Australia in 2005

In 2005, Datuk Peter Chin Fah Kui, the Minister of the newly established Ministry of Plantation Industries and Commodities (MPIC), led an Economic and Technical Timber Mission to New Zealand and Australia on 1-12 April, with the objective of fostering closer cooperation in forestry and timber issues,

Malaysian Timber Certification Mission to Europe in 2002



Discussion with
Keurhout Foundation



Briefing session in
Hamburg



Briefing session in
London

Malaysian Timber Mission to Europe in 2003



FROM LEFT: Dialogue sessions with timber importers, NGOs and government agencies in Copenhagen and in Oslo



FROM LEFT: Dialogue session in Stockholm

promoting trade in timber and timber products, exchanging information and sharing experiences in the development of forest plantations, and promoting the MTCS.

The Minister held discussions with Jim Anderton, Minister of Agriculture and Forestry of New Zealand, and Senator Ian McDonald, Federal Minister of Fisheries, Forestry and Conservation of Australia.

The Mission noted that guidelines specifically related to timber will be included in a New Zealand Government approved new interim timber procurement policy to encourage government agencies to move their procurement approach towards sourcing sustainably-produced timber products. It was noted that MTCC was among the seven certification schemes listed in the *New Zealand Timber and Timber Products Procurement Policy Guidelines*.

Malaysian Timber Mission to Europe in 2006

On 24 to 30 September 2006, Datuk Peter Chin led a timber mission to Belgium, The Netherlands and Germany to provide an update on forestry and SFM practices in Malaysia, and promote the MTCS and trade in tropical timber.

In Brussels, the Minister met with the EU Commissioner for Development, Louis Michel, and Commissioner for Environment, Stavros Dimas, where a joint press release was made to announce the decision by Malaysia and the EU to proceed with formal discussions on a EU-FLEGT VPA.

The delegation also met with Paul van Snick, Head of Cabinet of the Belgian Ministry of Environment and Pensions, and Ulrik Lenaerts, the Advisor to the Minister on environmental matters, where the discussions focused mainly on the recently announced Belgian Timber Procurement



Policy which accepts only sustainably produced timber but had not included the MTCS.

In The Netherlands, Datuk Peter Chin met Cees Veerman, Minister of Agriculture, Nature and Food Quality who informed the meeting that the Dutch assessment guidelines for sustainably produced timber were being finalised and would be used to assess the acceptability of various schemes in relation to its public procurement policy.

In Germany, the Minister held discussions with the German partners on the MTCC-Hamburg Project where he described the step taken by the Hamburg authority to be the first to recognise the MTCS as a brave move.

WORKING VISITS

Over the years, MTCC has also participated in a number of working visits to Australia to promote the MTCS to the Australian timber industry players, government officials and policy makers.

MTC Regional Market Committee Visit to Australia in 2002

The first working visit was the MTC Regional Marketing Committee Visit to Brisbane, Sydney and Melbourne on 13-24 October 2002 to publicise the MTCS at the various

dialogue sessions with Australian timber traders and meetings with policy makers.

This visit made the timber associations, importers, wholesalers, manufacturers, retailers and public sector officials aware of the efforts taken by Malaysia towards SFM and in particular, the operation of MTCS.

Working Visit to Australia in 2007

In 2007, Datuk Peter Chin led a delegation to Australia for a working visit on 20-24 August with the objective of having discussions with his ministerial counterparts on efforts to combat illegal logging and trade in illegal timber products, timber trade, SFM and timber certification, aimed at enhancing cooperation between Malaysia and Australia in these fields.

The discussion that was held with the Australian Forestry Standard Limited (AFSL), the NGB of the PEFC-endorsed Australian Forest Certification Scheme (AFCS), strengthened the MTCC-AFSL cooperation which greatly benefited MTCC's efforts towards achieving PEFC endorsement.

Malaysian Timber Seminar and Business Visit to Australia in 2008

MTCC participated in the Malaysian Timber Seminar and Business Visit to Australia on 22-29 June 2008, which was

Malaysian Timber Mission to Europe in 2006 led by Datuk Peter Chin





Malaysian Timber Seminar and Business Visit in Sydney and Melbourne. Picture on right: Yong Teng Koon making a presentation during the seminar

organised by MTC and supported by the Australian Timber Importers Federation.

The presentations on the MTCS at the seminars conducted in Sydney and Melbourne resulted in greater awareness among Australian timber importers on initiatives taken by Malaysia on SFM and timber certification.

PARLIAMENTARY EVENINGS

To supplement the missions and working visits, MTCC has seen the need to hold separate discussions with key legislators and policy makers to inform them of the operation of the MTCS and availability of MTCS-certified timber products, and this led to the holding of a number of parliamentary evenings in the key importing countries of Malaysian timber products in Europe.

German Parliamentary Evening in Berlin

As part of MTCC's promotion programme in Germany, MTCC has conducted one-to-one discussions with several federal, state and municipal authorities, legislators and policy makers to provide information on the MTCS and discuss the possibility of reviewing their existing public procurement policies, both at national and sub-national levels, to accept MTCS-certified timber products.

As a follow-up, MTCC and MTC jointly organised a Parliamentary Evening with the federal-level legislators and policy makers on 16 June 2004 at the Malaysian Embassy in Berlin. The event was hosted by the Malaysian Ambassador in

Germany, Dato' Kamal Ismaun.

The main aim of the Parliamentary Evening was to inform the German legislators, especially members of the Committee for Consumer Protection, Food and Agriculture, experts from the Bundestag (German Parliament), the ministries and other important bodies about Malaysia's efforts towards achieving SFM and the implementation of timber certification, and specifically to seek their support for the recognition of the MTCS in the public procurement policies at the federal, state and municipality levels.

A total of 33 German guests attended the Parliamentary Evening, comprising Members of Parliament (MPs), Assistants of MPs, a scientific advisor of the party groups, the Secretariat of the Committee for Consumer Protection, Food and Agriculture, Ministry representatives and other experts. The MPs included the speakers on forestry and timber certification issues of the Social Democrats (SPD), Gabriele Hiller-Ohm, the Christian Democrats (CDU), Cajus J. Caesar and the Free Democrats (FDP), Dr. Christel Happach-Kasan, as well as the speakers on environmental issues of the SPD, Gabriele Lösekrug-Möller and the CDU, Georg Schirmbeck.

As one of the results of the Parliamentary Evening, a two-member delegation from the Bundestag comprising Gabriele Lösekrug-Möller and Cajus J. Caesar subsequently conducted a fact-finding mission to Malaysia and Indonesia on 21 to 29 August 2004 to investigate the actual situation with regard to allegations of illegal logging and its associated

Parliamentary Evenings

Berlin



FROM LEFT: Q&A session during the Parliamentary Evening in Berlin, Germany; Chew Lye Teng giving a presentation; participants at the Parliamentary Evening



The Hague

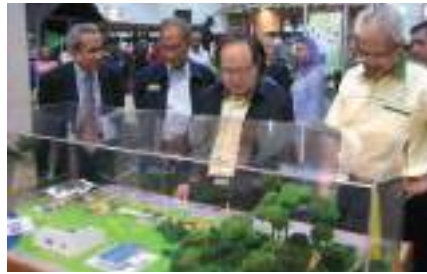


FROM LEFT: Participants at the Parliamentary Evening in The Hague; Chew Lye Teng giving a presentation

London



FROM LEFT: Panel discussion at the Parliamentary Evening in London; Chew Lye Teng giving a presentation; representatives of MTC and UK TTF at the Parliamentary Evening



FROM LEFT: MTCC's participation at MIFF 2005; Tan Sri Bernard Dompok visiting MTCC booth during MICCOS 2009; MTCS-certified timber products exhibited at MICCOS 2009

trade. This fact-finding mission was found to be very useful in providing a clearer picture of the actual situation in Malaysia with regard to forest management practices.

UK Parliamentary Evening in London

Following the successful German Parliamentary Evening in 2004, MTCC and MTC jointly organised a similar event on 24 January 2005 in London. Hosted by the Malaysian High Commissioner to the UK, Dato' Abdul Aziz Mohammed, the event was attended by three MPs and 17 senior officials representing the national government and local authorities.

The main points discussed during the Evening focused on the efforts made in Malaysia to establish more forest plantations and the development of a standard for the certification of forest plantations, the difficulties in implementing certification in tropical forests, the lack of a green premium for certified timber and the need to adopt a phased approach in timber certification in tropical forest countries.

Dutch Parliamentary Evening in The Hague

MTCC and MTC followed up on the Parliamentary Evening in London with a similar event in The Netherlands. Held at The Nieuwe of Litteraire Societeit De Witte near the Parliament Building in The Hague on 16 November 2005, the Parliamentary Evening was officiated by the Malaysian Ambassador to The Netherlands, Dato' Noor Farida Ariffin.

The event was attended by 16 participants who comprised of senior officials and representatives of the relevant Dutch Ministries, local municipalities, NTTA, Centrum Hout and the Keurhout Board of Experts.

The discussions covered Malaysia's efforts towards SFM and in combating illegal logging and illegal trade in timber, the discussions on the EU FLEGT VPA, the MTCS and its latest developments.

Participation in Overseas and Local Exhibitions

Since 1999, MTCC has been participating in exhibitions to disseminate information about itself and the MTCS. In the early years, due to budget constraints, MTCC could only participate in local exhibitions, such as at the Malaysian International Furniture Fair and MTC's Malaysian Timber Marketing Convention. At the international level, MTC provided assistance in distributing MTCC's publicity brochures and certification standards in exhibitions in which MTC participated, mainly in Europe, USA, Australia, China, Japan and India.

As its financial situation improved, MTCC started to participate in timber exhibitions in key importing countries such as The Netherlands, Germany, UK, USA and Australia, to provide information on the MTCS and distribute its brochures and standards. The exhibitions include the German Timber Day, International Green Week Fair and Spoga in Germany, Designbuild, Interbuild and HIA Home & Building Expo in Australia, Bouwbeurs Exhibition in The Netherlands, National Building Products Exposition and Lumber & Building Material Expo in USA, and Interbuild in the UK. MTCC has also participated in the Commodity Week in 2005 and the Malaysia International Commodity Conference and Showcase (MICCOS) in 2007 and 2009 organised under MPIC.





Premalatha
Mogan
Executive
(Product)

Participation in Conferences, Seminars, Workshops, Training Courses and Meetings

Over the years, MTCC has participated in various international and local conferences, seminars, workshops, training courses and meetings where MTCC's publicity brochures and other publications were distributed. At some of the events, MTCC made presentations on its activities and the progress and challenges of implementing timber certification.

Presentations and Briefing Sessions

MTCC has also made many presentations and conducted briefing sessions to representatives of the local timber industry and other stakeholder groups on the implementation of the MTCS and the standards and assessment procedures used for both forest management and CoC certification.

Website and Newsletter

In March 2000, MTCC launched its web site at <http://www.mtcc.com.my> to provide an additional channel to publicise MTCC and its activities, as well as on the progress of timber certification in Malaysia. To better project its profile and activities in operating the MTCS, MTCC revamped its website in 2005.

In August 2006, MTCC produced the inaugural issue of its newsletter, *MTCC News* to keep certificate holders and

stakeholder groups updated on the latest developments in the MTCS and matters related to timber certification and SFM in Malaysia.

Advertisements, Articles, Press Releases and Information Updates

Since 2005, MTCC has been placing advertisements in local and overseas publications to provide information and updates on the MTCS and issues related to the implementation of timber certification in Malaysia. These include national newspapers, directories of local timber trade associations (Malaysian Wood Industries Association, Timber Exporters' Association of Malaysia, Malaysian Wood Moulding and Joinery Council) and timber journals published in the UK, Germany, USA, Australia and New Zealand.

MTCC has also been contributing articles on the MTCS to both local and overseas publications. Amongst the publications are the MTC's *Timber Malaysia*, *Malaysia Furniture 2006*, *MTIB's Maskayu*, *Asian Timber*, *Timber Trade Journal* and *Timber in Construction* in UK, *Commonwealth Forestry News* and the *PEFC Newsletter*.

MTCC has also been issuing press releases and information updates for distribution and also uploading in the MTCC website from time to time. Much of the information has also been published in the MTCC News on a regular basis. MTCC's public relations representatives have also been issuing press releases related to the MTCC and the MTCS in their respective market.

Editorials and special feature reports on MTCC have also been featured in a number of publications in the UK, Germany, New Zealand and Australia. Some of the publications that have carried such reports include the *Timber Trade Journal* and *Timber in Construction* in the UK, *Neue Landwirtschaft* in Germany, and *Inwood Magazine* in New Zealand and Australia. Special feature reports have also appeared in the local dailies such as the *New Straits Times* and *China Press*.

MTCC News



MTCC Website



Recognition of MTCS

AS A RESULT OF MTCC'S CONTINUOUS EFFORTS TO PROMOTE AND SEEK RECOGNITION OF ITS SCHEME, AUTHORITIES IN THE FOLLOWING COUNTRIES HAVE RECOGNISED THE MTCS:



The Danish Ministry of the Environment has included

the MTCS 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 (October 2003).



The Ministry of Agriculture and Forestry, New Zealand has listed the MTCS as one of the seven certification schemes in its *Timber and Timber Products Procurement Policy Guidelines* (November 2003).



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 second review by the CPET in 2008 has acknowledged that since the MTCS is in the process of introducing revised requirements, it will be able to provide evidence of sustainability once these revisions are fully in place (November 2004).



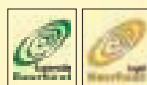
The Royal Horticultural Society of UK has listed the MTCS as one of the seven recognised certification schemes in its *Conservation and Environment Guidelines* (May 2005).

The French Ministry of Environment and Sustainable Development and the Ministry of Agriculture, Food and Rural Affairs have listed the MTCS 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* (December 2005).



The MTCS 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 (April 2006).

As at 10 March 2009, MTCS has been accepted under The Netherlands *Keurhout Legal Origin* (KH-LET). In addition, six certified Forest Management Units (FMUs) and eleven holders of the MTCS Certificate for *Chain-of-Custody* have been accepted under the *Keurhout Sustainable System* (KH-SFM).



The Dutch Ministry of Housing, Spatial Planning and Environment (VROM) has accepted the MTCS certificate as meeting the requirements for legality of timber (April 2007).



The City of Hamburg, Germany has given recognition to the MTCS since June 2006 through the implementation of the MTCC-Hamburg Joint Project. Based on the outcome of the joint project, the recognition of the MTCS has been extended until the end of December 2009.



REGIONAL INITIATIVES



Aznira Kasim
Executive
(Accounts)

Working Group on Pan ASEAN Timber Certification Initiative

MTCC's strategy and promotional programme had identified regional cooperation in timber certification as one of the activities to be given attention. The importance of strengthening regional cooperation was further emphasised during the Malaysian Timber Certification Mission to Europe in June 2002, particularly during the discussions with the European Commission (EC) and the PEFC Council.

The EC had indicated that it was considering the development of a EU certification scheme which would incorporate mutual recognition for other national schemes based on the use of appropriate agreed minimum standards, and that a regional approach would be preferred in such mutual recognition arrangements between the EU and other countries.

MTCC therefore felt that it should play the leading role in promoting a regional approach in implementing timber certification, and that this should start at the ASEAN level to facilitate a common stand which would enable ASEAN to achieve a critical mass in terms of certified tropical forests. MTCC hence attended the relevant ASEAN-level meetings to provide information on the MTCS and at the same time

promote the idea of an ASEAN timber certification scheme.

The first time the idea was presented by MTCC was at the 3rd ASEAN Seminar on Current International Issues Affecting Forestry and Forest Products on 12-13 July 2002 in Chiang Mai. The seminar participants supported the proposal and agreed to make a recommendation to the 5th meeting of the ASEAN Senior Officials on Forestry (ASOF) to form the proposed *Ad-hoc Working Group on the Pan ASEAN Timber Certification Scheme*.

Malaysia subsequently presented the proposal during the 5th ASOF meeting on 15-17 July 2002 in Chiang Mai, which agreed with the proposal and requested Malaysia to convene the *Ad-hoc Working Group* to undertake the necessary work.

At the first meeting of the *Ad-hoc Working Group* convened from 17-19 December 2002 in Kuala Lumpur, after a lengthy deliberation on a proposal from Indonesia, it was agreed that the title *Pan ASEAN Timber Certification Scheme* be amended to *Pan ASEAN Timber Certification Initiative* so as to avoid misinterpretations. The meeting also adopted the terms of reference, rules of procedures and a work plan.

One of the first tasks undertaken by the *Ad-hoc Working Group* was the comparison of the ITTO C&I with the C&I used for SFM or FMC by the ASEAN Member States, to





Malaysian delegates during the Fourth Meeting of the *Ad-Hoc* Working Group



Chew Lye Teng (Picture left) and Dato' Dr. Freezailah (Picture right) at the Fifth Meeting of the *Ad-Hoc* Working Group



identify a core set of C&I applicable to all Member States that might serve as the basis for an ASEAN C&I.

The 3rd *Ad-Hoc* Working Group meeting held on 8-9 January 2004 in Jakarta was informed that a preliminary analysis had identified 23 ITTO indicators adopted at the FMU level that were common among five country standards and the ASEAN C&I document. A consultant was appointed under the ASEAN-German Regional Forest Programme (ReFOP) to support the *Ad-hoc* Working Group in implementing its activities, and the work on the comparison was completed and reported at the 4th *Ad-Hoc* Working Group meeting on 9-11 December 2004 in Manila. However, more technical work was still needed to develop an ASEAN core set of C&I for forest certification, and it was agreed that a sub-working group (SWG) be formed to look into steps to be taken to implement a phased approach under the initiative.

At the 8th ASOF meeting held on 18-20 August 2005 in Phnom Penh, Indonesia had introduced a draft *ASEAN Guidelines on Phased Approach to Forest Certification* which aimed at providing a reference framework on the implementation of a phased approach in the ASEAN Member States. In the light of this development, the ASOF meeting agreed that this draft

document should also be deliberated by the same SWG.

Malaysia participated actively in the SWG that met on 21 November 2005 in Cisarua, Bogor, to determine the minimum requirements to verify timber of legal origin as the first step in a phased approach to certification and the key elements to be included in the definition of legality of timber. Malaysia informed the meeting that the definition of legal timber usually contained four elements, viz: that the timber must be legally harvested by parties which have the necessary rights and permits to carry out logging of the given tree species, grades and dimensions within the given time frame and region, that there is compliance with all relevant laws on forest management, that there is payment of all royalties, duties and taxes, and that there is compliance to the CITES requirements.

The outcome of the SWG meeting was further deliberated at the 5th *Ad-Hoc* Working Group meeting held on 13-14 December 2005 in Chiang Mai, where of the six elements proposed to be included in the definition of the legality of timber by the SWG, the *Ad-Hoc* Working Group reached agreement on only three elements.

In view of the urgent need to finalise the draft





Dato' Dr. Freezailah (Left) and Malaysian delegation (Bottom) at the Sixth Meeting of the *Ad-Hoc* Working Group



Seventh Meeting of the Working Group of a Pan ASEAN Timber Certification Initiative: Malaysian Delegates (Top) and Chew Lye Teng giving a presentation

guidelines, the *Ad-Hoc* Working Group proceeded with e-discussion sessions, followed by a consultative meeting among the key players and other interested members which was held back-to-back with the 6th *Ad-Hoc* Working Group meeting in Hanoi in June 2007. Efforts were made to find a common position with regard to the three pending elements. However, only one more element was agreed to, while some divergence of views still remained with regard to the two remaining elements.

At this stage, the need for the timber producing countries to address the issues regarding legality of timber were even more pertinent in the light of the developments related to the EU-FLEGT to combat illegal logging and trade in illegal timber. The ASEAN Member States acknowledged that the emergence of the EU-FLEGT and the involvement of countries in the VPA process had prompted authorities in key

markets for tropical timber to implement policies to ensure that only sustainably and/or legally produced timber products were purchased under their procurement policies.

In July 2007 in Vientiane, the 10th ASOF meeting decided to include action on the development of a regional reference framework on phased-approach to forest certification by 2015 as part of the ASEAN Economic Community Blueprint. To realise the action, the ad-hoc status of the *Ad-Hoc* Working Group was upgraded to a permanent status and formally renamed as the *Working Group on a Pan ASEAN Timber Certification Initiative*.

A more consolidated effort was made to finalise the six elements for legality of timber, and this was achieved in Nay Pyi Taw when the Working Group met at its 7th meeting on 2-3 April 2008 and agreed on the remaining two elements. With this agreement, all the six elements identified had been

resolved and incorporated in the draft *ASEAN Guidelines on Phased Approach to Forest Certification*.

The Working Group then embarked on developing indicators for the agreed legality elements and developing ASEAN guidelines on chain of custody certification for legal as well as sustainable timber, with consultancies provided by ReFOP and The Nature Conservancy. As part of the agreed programme, a *Training Workshop on Timber Verification of Legality Systems* was organised in Brunei Darussalam on 21-23 July 2008 with a field visit to Miri in Sarawak, which was coordinated by MTCC.

Another significant step towards the realisation of the initiative came at the 8th Working Group meeting on 8-9 April 2009 in Bandar Seri Begawan, where two draft documents, the *ASEAN Criteria and Indicators for Legality of Timber* and the *ASEAN Guideline on Phased Approach to Forest Certification*, were finalised. These two documents were subsequently presented by MTCC, representing Malaysia as the lead country of the initiative, at the 12th ASOF meeting, where they were endorsed for submission to the 31st AMAF meeting for adoption. Another two draft documents on the ASEAN CoC guidelines for legal timber and sustainable timber are expected to be finalised by early 2010.



Participants of the Training Workshop on Timber Verification of Legality Systems

Throughout the seven years since the inception of the Working Group in December 2002, MTCC as the lead agency has played a key role in the development of the main documents by the Working Group, particularly in providing useful guidance, feedback and comments on the various drafts. This has been made possible by the experience gained in the implementation of the MTCS and the handling of various issues and challenges encountered pertaining to certification. It is envisaged that MTCC will continue to play an important role in further work related to the *Pan ASEAN Timber Certification Initiative*.



Eighth Meeting of the Working Group on a Pan ASEAN Timber Certification Initiative



FUTURE CHALLENGES

Just as with the other timber certification schemes, MTCC must continue to ensure that the MTCS keeps abreast of international and local developments related to SFM and timber certification, so that the MTCS remains credible and relevant to the interests of the different stakeholder groups as well as the market. In particular the standards for forest management and chain of custody certification need to be reviewed at least once every five years so as to incorporate improvements resulting from experience in applying the standards, new data and information derived from research and development, and new issues and concerns relevant to forest management and chain of custody.

In the international arena, the issues being discussed at various fora, such as the United Nations Framework Convention on Climate Change and Convention on Biological Diversity would have an impact on efforts to manage the world's forest resources in a sustainable manner, in relation to the issues discussed, and therefore need to be closely monitored. For example, at this juncture, the connection between the initiative on Reducing Emissions from Deforestation and Forest Degradation (REDD) and SFM is still evolving.

In addition, the discussions related to the issue of the customary rights of indigenous peoples and local communities which are affected by activities related to the management of natural forests as well as the establishment and management of forest plantations, will have important implications on efforts at achieving SFM and timber certification.

The issues related to human rights and workers' rights, including compliance with the conventions of the International Labour Organisation are also likely to have impacts on the standards used in the MTCS, as the nation makes progress towards achieving Vision 2020.

In an increasingly globalised world, it is inevitable that the aforementioned issues would resonate among the population and stakeholder groups within Malaysia. Therefore, it can be expected that the international issues relevant to the context of SFM and timber certification within Malaysia would be raised by the local stakeholder groups.

In addition there will be local issues, such as those linked to projects and programmes proposed by the Federal or State governments related to infrastructure and socio-economic development, which have impacts and implications on the forests and the surrounding environment, and therefore cause





concern among certain stakeholder groups. The stakeholder groups may therefore look towards timber certification as one of the mechanisms or tools to address their concerns.

These future challenges therefore reinforce MTCC's observation that timber certification in Malaysia is both market-driven and country-driven. It is market-driven since the timber industry is export-oriented and therefore needs to meet the requirements of markets which have a demand for certified timber. At the same time, timber certification is country-driven in the sense that with an increasing standard of living, Malaysians want a better quality of life, which includes a clean, pleasant and healthy environment for both the present and future generations. The sustainable management of our precious forest resources is a key component and contributor to the environment that is desired.

In the final analysis, the most important challenge is for the different stakeholder groups to recognise that continued dialogue is important, that a spirit of cooperation and compromise is necessary in addressing the various complex issues related to SFM and timber certification, and that the standards used in the MTCS will be subject to review at regular intervals.







The Board Of Trustees



FROM LEFT (TOP): Nurmala Abd. Rahim;
Dato' Dr. Abdul Latif Mohmod; Dato' Dr.
Freezailah Che Yeom; Tan Chin Tong; Dr
Henry Chok;

FROM LEFT (BOTTOM): Dr. Banabas Tapin;
Datuk James Hwong; Abdul Wahid Abu
Salim; Emeritus Prof. Dato' Dr. Abdul Latif
Mohamad; Elbson Marajan Pengeran; Low
Ching Cheong

The Board of Trustees, comprising the Chairman and ten other members, is the governing body that decides the overall policy and direction of MTCC. The number of Trustees was increased from nine to eleven members in 2007 to better reflect and accommodate representation from all the stakeholder groups, i.e. the academic and research institutions, timber industry, social and environmental NGOs, and government agencies.

MTCC has come a long way since its inception in 1999. The important milestones achieved by MTCC over the past ten years would not have been possible without the guidance and support given by the Trustees, with their wealth of experience and knowledge in their respective fields of expertise. MTCC greatly appreciates the invaluable contributions of the Trustees to its work and the implementation of the MTCS.

In particular, MTCC wishes to make a special tribute to the founding Chairman, Dato' Dr. Freezailah Che Yeom, who has been closely involved in the work of MTCC since its inception – nurturing and laying the foundation in its early years, and helping to steer its progress in the later years. With his wealth of knowledge and experience in forestry and forest-related matters, and having served as the Deputy Director General of Forestry, FDPM and as the founding Executive Director of the ITTO, Dato' Dr. Freezailah was handpicked for the post upon returning from ITTO.

Over the past ten years, Dato' Dr. Freezailah's dedication and commitment to guide the growth and development of MTCC has been remarkable. Employing his wide experience in the international arena, he has been able to provide invaluable guidance and direction to the Board and the MTCC management.



The Board Of Trustees

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Dato' Dr. Abdul Razak
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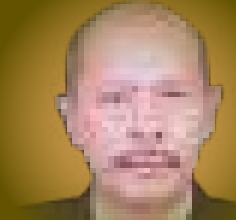
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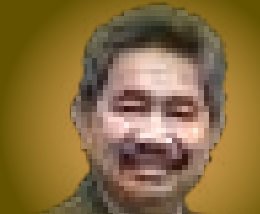
Haji Mohd.
Yusoff Mydin



Ding Seling



Aziyah Mohamad



Ir. Hj. Wahid Jaafar



Prof. Dr. Aminuddin Mohamad



William Yeoh Keat Hin



Jayl Langub



Azhar Noraini

Milestones

1998

- Incorporation of NTCC Malaysia - 29 October
- Datuk Haron Siraj and Dato' Haji Abdul Rashid Mat Amin appointed as founding Members and Trustees - 29 October

1999

- MTCC starts operation - 1 January
- Chew Lye Teng appointed as the first Chief Executive Officer - 1 January
- Ministerial Mission to Europe - 13 to 21 January
- MTCC takes over the role as Malaysian focal point for the Malaysia-Netherlands cooperation in timber certification - March
- Discussions with FSC Executive Director, Dr. Timothy Synnott on cooperation - 4 March, 6 and 8 September
- Appointment of Trustees by the Interim Chairman, Datuk Haron Siraj - 1 April
- Dato' Dr. Freezailah Che Yeom appointed as first Chairman of MTCC - 17 May
- Development and adoption of *Malaysian Criteria, Indicators, Activities and Standards of Performance (MC&I) for Forest Management Certification (Forest Management Unit Level)* dated 29 December 1999 ("50-Indicator MC&I") - October

2000

- MTCC starts registration of independent assessors - January
- Start of discussion to develop *Requirements and Assessment Procedures for Chain of Custody Certification (RAP/COC)*, standard for chain of custody certification - January
- First Assessor Training Programme on Forest Certification for Southeast Asian countries jointly organised by MTCC, Smartwood Programme and GTZ - 20 to 24 March
- MTCC launches its website - March
- *Assessment Procedures in Using the MC&I for Forest Management Certification* finalised - May
- Assessment of Pahang, Selangor and Terengganu FMUs under the Malaysia-The Netherlands Cooperation Programme on Timber Certification using the *Malaysian Criteria, Indicators, Activities and Standards of Performance (MC&I) for Forest Management Certification (Forest Management Unit Level)*, *Peninsular Malaysia (Malaysia-The Netherlands Ad-Hoc Working Group)* dated 23 December 1999 ("29-Indicator MC&I") - June to August
- Field test using the *Assessment Procedures* together with the 50-Indicator MC&I - August
- GTZ project to further refine the RAP/COC - October
- MTCC-FSC Workshop on Forest Certification - 6 to 7 December

• 2001 •

- First meeting of multi-stakeholder National Steering Committee (NSC) – 24 April
- Presentation of Joint Study to Compare *MC&I* with FSC P&C – 15 April
- Finalisation of *RAP/COC* as the CoC standard – May
- NTCC Malaysia re-named as MTCC - 30 June
- MTCC Board decides to start operation of the timber certification scheme with 29-Indicator *MC&I*, which was renamed as *Malaysian Criteria, Indicators, Activities and Standards of Performance for Forest Management Certification [MC&I(2001)]* - 4 October
- MTCC's Certification Committee holds its first meeting and issues *Certificate for Forest Management* to Pahang, Selangor and Terengganu FMUs and *Certificate for Chain of Custody* to 16 companies - 11 December
- Regional multi-stakeholder consultations in Sabah, Sarawak and Peninsular Malaysia agreed on verifiers for FSC-compatible *MC&I* - May to July
- First shipment of MTCC-certified timber products exported to The Netherlands - 16 July
- National-Level Consultation finalised and adopted the draft *MC&I* using FSC Principles & Criteria (P&C) as the template, henceforth known as *MC&I(2002)* – 28 to 30 October
- National Workshop on Standard for Certification of Plantation Forests - 31 October
- MTCC becomes member of PEFC - 22 November
- First Meeting of *Ad-Hoc Working Group on a Pan ASEAN Timber Certification Scheme* - 17 to 19 December

• 2002 •

- Launching ceremony of MTCC scheme officiated by Dato' Seri Dr. Lim Keng Yaik, Minister of Primary Industries - 31 January
- Regional Technical Working Groups formed under the NSC to formulate proposed verifiers for draft FSC-compatible *MC&I* and facilitate regional consultations - April to June
- Malaysian Timber Certification Mission to Europe - 4 to 10 June

• 2003 •

- Malaysian Timber Mission to Europe – 26 May to 5 June
- Issuance of MTCC *Certificate for Forest Management* to Johor, Perak, Negeri Sembilan & Kedah FMUs [using *MC&I (2001)*] - 6 October
- MTCC scheme listed by Danish Ministry of the Environment in *Purchasing Tropical Timber Environmental Guidelines* - October
- MTCC scheme listed by Ministry of Agriculture & Forestry, New Zealand in its *Timber and Timber Products Procurement Policy Guidelines* - November

Milestones

2004

- Field tests of MC&I(2002) in Peninsular Malaysia, Sabah and Sarawak - February to May
- Parliamentary Evening in Berlin - 16 June
- National Consultation on the Review of RAP/COC and finalisation of new standard, the *Requirements for Chain-of-Custody Certification (RCOC)* - 25 to 26 August
- Issuance of MTCC *Certificate for Forest Management* to Kelantan and Sela'an Linau FMUs [using MC&I (2001)] - 5 July & 18 October
- MTCC scheme accepted by Central Point of Expertise on Timber (CPET), United Kingdom, as providing assurance of legally harvested timber - November

2005

- *Assessment Procedures in using the Requirements for Chain of Custody Certification (RCOC)* finalised - January
- Parliamentary Evening in London - 24 January
- Economic and Technical Timber Mission to New Zealand and Australia - 1 to 12 April
- MTCC scheme listed by Royal Horticultural Society (RHS) of UK in its *Conservation & Environment Guidelines* - May
- Regional consultations to nominate a twelve-member Technical Working group (TWG) to formulate draft standard for certification of forest plantations - June
- MTCC Certificates accepted under Keurhout Protocol for Legal Origin in The Netherlands - September
- Use of MC&I(2002) as forest management standard - October

- Parliamentary Evening in The Hague - 16 November
- MTCC scheme listed by French Ministry of Environment & Sustainable Development and Ministry of Agriculture, Food & Rural Affairs in the *French National Timber Procurement Policy* - December

2006

- Use of RCOC as CoC standard - 1 January
- MTCC scheme listed by Forestry Agency, Ministry of Agriculture, Forestry and Fisheries, Japan in the *Guideline for Verification on Legality and Sustainability of Wood and Wood Product* - February
- Announcement on implementation of new institutional arrangement for MTCC scheme - 30 June
- Conditional recognition of MTCC scheme by Hamburg Authority and commencement of MTCC-Hamburg Project - 1 June
- First meeting of TWG for Development of MC&I(Forest Plantations) - 5 to 6 July
- First issue of newsletter, *MTCC News* - 31 August
- Malaysian Timber Mission to Europe - 24 to 30 September
- Draft MC&I(Forest Plantations) subject to consultation at regional and national level - September to November
- Expansion of the Board of Trustees from 9 to 11 members - October
- First review of MTCC scheme by CPET, UK. All MTCC-certified timber products considered to meet the requirement for legality - 18 December

• 2007 •

- Inception Workshop on MTCC-Hamburg Project – 9 January
- Draft *MC&I* (Forest Plantations) subjected to public comment - 30 April - 30 June
- MTCC scheme included in public procurement policy of The Netherlands – April
- Mid-Term Workshop on MTCC-Hamburg Project – 26 to 27 June
- Negeri Sembilan becomes first FMU to be awarded new *Certificate for Forest Management* under *MC&I* (2002) - 30 August
- Forest management certification accreditation programme under STANDARDS MALAYSIA starts - October
- Issuance of *Certificate for Forest Management* under *MC&I* (2002) to Pahang FMU - 13 November

• 2008 •

- MTCC scheme named as Malaysian Timber Certification Scheme (MTCS) – January
- Issuance of *Certificate for Forest Management* under *MC&I* (2002) to Kelantan FMU - 18 January
- Issuance of *Certificate for Forest Management* under *MC&I* (2002) to Perak and Anap-Muput FMU - 19 February
- Regional Workshops on MTCC-Hamburg Project – 25 February to 3 March

- MTCS submitted for endorsement of the PEFC Council - 28 March
- Two FMUs accepted under Keurhout Protocol for Sustainable Forest Management in The Netherlands – April
- Final Workshop on MTCC-Hamburg Project (in Hamburg) – 16 April
- Issuance of *Certificate for Forest Management* under *MC&I* (2002) to Kedah (4 June), Selangor and Terengganu FMU (30 June)
- Field test of final draft *MC&I* (Forest Plantations) in Sabah, Sarawak and Peninsular Malaysia – June to July
- Implementation of new institutional arrangement for MTCS - 1 July
- Second review of CPET, UK continues to recognise MTCS as providing assurance of legality – October
- NSC adopts *MC&I* (Forest Plantations) as the standard for certification of forest plantations - 25 November

• 2009 •

- *MC&I* (Forest Plantations) adopted as standard for certification of forest plantations under MTCS - 17 February
- MTCS accepted under the Netherlands Keurhout Legal System - 10 March
- Review of the *MC&I* (2002) starts - 1 April
- MTCS becomes the first tropical timber certification scheme in the Asia Pacific region to be endorsed by the PEFC - 1 May



List of Acronyms and Abbreviations

AB	Accreditation Body	MWIA	Malaysian Wood Industries Association
ASEAN	Association of South East Asian Nations	MWMJC	Malaysian Wood Moulding and Joinery Council
ASOF	ASEAN Senior Officials on Forestry	NCSFM	National Committee for Sustainable Forest Management
CB	Certification Body	NFC	National Forestry Council
Centre	National Timber Certification Centre	NGB	National Governing Body
CEPI	Confederation of European Paper Industries	NGO	Non-Governmental Organisations
CoC	Chain of Custody	NSC	National Steering Committee
CTC/Pro Tem CTC	Committee on Timber Certification	NTTA	Netherlands Timber Trade Association
C&I	Criteria and Indicators	NTCC	National Timber Certification Council
EC	European Commission	NTCC Malaysia	National Timber Certification Council Malaysia
EU	European Union	NWG	National Working Group
FAO	Food and Agriculture Organization	OUNA	Orang Ulu National Association
FDPM	Forestry Department Peninsular Malaysia	PEFC	Pan European Forest Certification scheme/Programme for the Endorsement of Forest Certification schemes
FHH	Free and Hanseatic City of Hamburg	PEKA	Persatuan Pengusaha-Pengusaha Kayu-Kayan dan Perabot Bumiputera Malaysia (Association of Malaysia Bumiputera Timber and Furniture Entrepreneurs)
FMC	Forest Management Certification	PERHILITAN	Department of Wildlife and National Parks
FMU	Forest Management Unit	RAP/COC	Requirements and Assessment Procedures for Chain of Custody Certification
FRIM	Forest Research Institute Malaysia	RCOC	Requirements for Chain of Custody Certification
FSC	Forest Stewardship Council	ReFOP	ASEAN-German Regional Forest Programme
FSC P&C	FSC Principles and Criteria	SDNU	Sarawak Dayak National Union
GTTF	German Timber Trade Federation	SEPA	Sabah Environmental Protection Association
GTZ	German Agency for Technical Cooperation	SFM	Sustainable Forest Management
IFIR	International Forest Industry Roundtable	STA	Sarawak Timber Association
ISO	International Organisation for Standardization	STANDARDS	
ITTC	International Tropical Timber Council	MALAYSIA	Department of Standards Malaysia
ITTO	International Tropical Timber Organization	STIA	Sabah Timber Industries Association
ITTO C&I	ITTO Criteria and Indicators	STIDC	Sarawak Timber Industry Development Corporation
JWG	Malaysia-The Netherlands Joint Working Group on Forestry	SWG	Sub Working Group
KDCA	Kadazandusun Cultural Association	TEAM	Timber Exporters' Association of Malaysia
KPHMMB	Kesatuan Pegawai-Pegawai Hutan Melayu Malaysia Barat (Malay Forest Officers Union, West Malaysia)	TFT	Tropical Forest Trust
LTM	Legitimacy Thresholds Model	TWG	Technical Working Group
MC&I	Malaysian Criteria, Indicators, Activities and Management Specifications for Forest Management Certification	UHH	University of Hamburg
MC&I(2001)	Malaysian Criteria, Indicators, Activities and Standards of Performance for Forest Management Certification (MC&I) dated 4 October 2001	UKM	Universiti Kebangsaan Malaysia
MC&I(2002)	Malaysian Criteria and Indicators for Forest Management Certification [MC&I(2002)] dated 11 August 2004	UMS	Universiti Malaysia Sabah
MC&I(Forest Plantations)	Malaysian Criteria and Indicators for Forest Management Certification (Forest Plantations) dated 25 November 2008	UNIMAS	Universiti Malaysia Sarawak
MNRE	Ministry of Natural Resources and Environment	UPM	Universiti Pertanian Malaysia/ Universiti Putra Malaysia
MNS	Malaysian Nature Society	WBCSD	World Business Council for Sustainable Development
MOSTE	Ministry of Science, Technology and the Environment	WTO	World Trade Organisation
MP	Member of Parliament	WWFM	World Wide Fund for Nature Malaysia/WWF Malaysia
MPI	Ministry of Primary Industries	29-Indicator MC&I	Malaysian Criteria, Indicators, Activities and Standards of Performance (MC&I) for Forest Management Certification (Forest Management Unit Level) Peninsular Malaysia (Malaysia-The Netherlands Ad-Hoc Working Group) dated 23 December 1999
MPIC	Ministry of Plantation Industries and Commodities	50-Indicator MC&I	Malaysian Criteria, Indicators, Activities and Standards of Performance (MC&I) for Forest Management Certification (Forest Management Unit Level) dated 29 December 1999
MPMA	Malaysian Panel-Product Manufacturers' Association		
MTC / MTIDC	Malaysian Timber Council		
MTCC	Malaysian Timber Certification Council		
MTCS	Malaysian Timber Certification Scheme		
MTIB	Malaysian Timber Industry Board		
MTO	Malaysian Timber Organisation		

