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# TIMBER TRADE ENFORCEMENT - MALAYSIA'S EXPERIENCE

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# **IMPORT POLICY**

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- As of June 2002 the Government of Malaysia enforced an import ban on logs from Indonesia**
  - On 1st June 2003 the imports of Large Scantlings and Squares from Indonesia were also banned**
  - Import of logs and LSS from other countries are allowed with proof of bona-fide sources**
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**Ramin listed in Appendix III in August 2001**

**MTIB and Sarawak Forestry Department appointed as the Management Authority effective in August 2001**

**Export of Ramin sawn timber originated from Malaysia should be accompanied with CITES Certificate of Origin whilst import must furnish the CITES Export Certificate or re export certificate from the exporting country**

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# How is it Regulated..

- ❖ **Import of logs, roughly squared logs and LSS (44.03) are subject to Customs Import Prohibition Order – second schedule**
- ❖ **Import is allowed subject to an Import License issued by MTIB**
- ❖ **Import can be made only at ports, legal landing place including private jetty registered with Customs Department**
- ❖ **Import prohibition and customs procedures also apply at barter trade areas/zone**



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- **Inspection is required prior to the issuance of import licence for logs and LSS and the license issued valid for two months**
  - **Timber smuggling cases taken by customs under section 135-penalty for various smugglings offences – importing or exporting any prohibited goods**
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# CONFISCATION CASES

( 2002 - 2004 )

YEAR	CASES	LOGS (M3)	LSS (M3)	SAWN TIMBER (M3)	TOTAL (M3)
2002 <i>(June)</i>	6	107	-	-	107
2003	55	1,395	593	593	2,582
2004 <i>(Jan-Aug)</i>	42	4,887	834	2,388	8,110



# **FREE ZONE**

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**Under Section 2 of Customs Act 1967, Excise Act 1976, Sales Tax Act 1972, Service Tax Act 1975 –the FTZ is deemed to be a place outside Malaysia which is allowed to conduct direct transshipment, consolidation, trading/resale distribution and storage.**

**Article VII of CITES exempts transshipment cargoes from the requirements of CITES.**

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# **CITES Commitment**

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**Malaysia will be taking measures to address the legislative gaps to cater for the implementation of her CITES commitments within the FTZ. While the SA is looking into a national legislative to cover CITES regulated specimens the MA is also consulting with the Ministry of Finance and the Royal Malaysia Customs on the need to include Ramin under Customs Prohibition Order.**

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# **Current Amendment To Import Prohibition Order, Customs Act 1967**

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- **Import of Logs and LSS from Indonesia - under Schedule 1**
  - **Import of Logs and LSS from other countries other than Indonesia - Schedule 4 Part 1**
  - **Import of Logs, LSS, parts and derivatives of Ramin - Schedule 4 Part 1**
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# EFFECT AFTER BAN

- ❑ No license issued for imports of logs and LSS from Indonesia since policy on ban were imposed**
- ❑ Import of logs and LSS has dropped drastically as compared from 2001 (before ban) and the following years (effective on logs ban)**
- ❑ Import from Indonesia used to contribute 80 to 90 % of total import (before ban) reduce to 46 % (in 2002) and subsequently to about 17 % in 2003**



# CHECKS AND MONITORING

- ❖ **Regular checks and inspection to ports and private jetties as well as in free trade zone**
- ❖ **Common entry points for Indonesian timber: Kuala Linggi and Sungai Rambai in Melaka; Muar and Batu Pahat in Johor and few private jetties in Port Klang**
- ❖ **Main species: Sawn timber of Bintangor, Nyatoh, Kempas, Meranti Merah and Ramin.**



# STEPS TOWARDS EFFECTIVE ENFORCEMENT

- **Enhance enforcement/regular checks and monitoring at ports/jetties.**
- **Enhance cooperation/collaboration with other enforcement agencies, customs, port authorities, marine police and jetty operators.**
- **Joint operation activities between enforcement agencies of two countries**



# **IMPORTATION INTO SABAH**

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- **Subject to same policy and procedures**
  - **Importers are required to register with State Forestry Department**
  - **Import is centered in Tawau with control post manned by Forestry Department**
  - **Cases of illegal entry of logs were handled by Customs Dept.**
  - **Customs carry out joint operation to curb goods smuggling (East Kalimantan) under the auspices of SOSEK-MALINDO**
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# More Collaboration

- ❑ To date MTIB issued more than 30 verification letters on the CITES certificates issued particularly consignment destined for Hong Kong and Taiwan
- ❑ Information exchange between MA's pertaining to the CITES documentations and records
- ❑ MTIB to conduct courses on Ramin identification to authorities in Singapore
- ❑ Tri-nation task force between Malaysia, Indonesia and Singapore on Ramin trade



THANK YOU