



# MALAYSIA

COUNTRY OVERVIEW TO AID IMPLEMENTATION OF THE EUTR



<b>LAND AREA:</b>	33.06 million hectares <sup>1</sup>
<b>FORESTED AREA:</b>	18.12 million hectares <sup>1</sup> 54.82% of total land area <sup>1</sup>
<b>FOREST TYPE:</b>	22.7% primary <sup>2</sup> 68.4% naturally regenerated <sup>2</sup>
<b>FOREST OWNERSHIP:</b>	100% state owned <sup>1</sup>
<b>PROTECTED AREAS:</b>	8.4% of forests found in Protected Areas <sup>2</sup> 2.8 million hectares of protected forest <sup>3</sup>
<b>VPA STATUS:</b>	VPA negotiations started: January 2007. Stalled since 2014 <sup>4</sup> .

## ECONOMIC VALUE OF FOREST SECTOR:

USD 5.7 billion in 2011<sup>5</sup>  
 2.0% of the GDP in 2011<sup>5</sup>  
 26<sup>th</sup> highest exporter of EUTR products in 2018 by weight (kg)<sup>6</sup>  
 18<sup>th</sup> highest exporter of EUTR products in 2018 by value (USD)<sup>6</sup>

## TREE COVER CHANGE:

438 thousand hectares of tree cover loss in 2018 (194.3 kha from **Peninsular Malaysia**, 92.7 kha from **Sabah**, 151 kha from **Sarawak**); 53% from natural forest, 47% from plantations<sup>7</sup>. Average of 256 thousand hectares of natural forest lost per year 2014-2018<sup>7</sup> [noting that 'loss' may be of temporary nature and can be due to a variety of factors]. Total of 2.58 million hectares tree cover gain 2001 – 2012<sup>7</sup>.

## CERTIFIED FORESTS:

**National FSC certification:** 710 311 hectares (2019)<sup>8</sup>  
**PEFC certification: Peninsular Malaysia:** 3.4 million ha, **Sabah** 152 815 ha, **Sarawak:** 675 220 ha (2020)<sup>9</sup>  
**Dual FSC & PEFC certification:** 136 940 ha (2019)<sup>10</sup>

## CHAIN OF CUSTODY CERTIFICATION:

FSC certification: 176 CoC certificates (2019)<sup>8</sup>  
 PEFC certification: 358 CoC certificates (2019)<sup>11</sup>

## MAIN TIMBER SPECIES IN TRADE:

**Natural forests:** Damar Minyak (*Agathis* spp.), mersawa (*Anisoptera* spp.), bintangor (*Calophyllum* spp.), keruing (*Dipterocarpus* spp.), kapur (*Dryobalanops* spp.), jelutong (*Dyera* spp.) mengkulang (*Heritiera* spp.), merbau (*Intsia palembanica*), kempas (*Koompassia malaccensis*), mampening (*Lithocarpus* spp.), chengal (*Neobalanocarpus heimii*), gerutu (*Parashorea* spp.), nyatoh (*Palaquium* spp., *Payena* spp.), kasai (*Pometia* spp.), kembang semangkok (*Scaphium* spp.), balau/red balau/yellow meranti/dark red meranti/red seraya/yellow seraya/selangan batu/oba suluk (*Shorea* spp.), sepetir (*Sindora* spp.), and merpauh (*Swintonia* spp.)<sup>12,13,14</sup>

**Plantations:** Acacia (*Acacia* spp.), eucalyptus (*Eucalyptus* spp.) and rubberwood (*Hevea brasiliensis*)<sup>13</sup>

## CITES-LISTED TIMBER SPECIES:

66 species (all Appendix II): *Aquilaria beccariana*, *A. hirta*, *A. malaccensis*, *A. microcarpa*, *A. rostrata*; *Dalbergia beccarii*, *D. bintuluensis*, *D. borneensis*, *D. candenatensis*, *D. canescens*, *D. curtisii*, *D. discolor*, *D. falcata*, *D. havilandii*, *D. hoseana*, *D. hullettii*, *D. junghuhnii*, *D. kostermansii*, *D. kunstleri*, *D. latifolia*, *D. menoides*, *D. mimosella*, *D. oliveri*, *D. parviflora*, *D. pinnata*, *D. pseudo-sissoo*, *D. richardsii*, *D. rimosa*, *D. rostrata*, *D. sandakanensis*, *D. scortechinii*, *D. sissou*, *D. stercoracea*, *D. stipulacea*, *D. velutina*; *Diospyros ferrea*; *Gonystylus acuminatus*, *G. affinis*, *G. areolatus*, *G. augescens*, *G. bancanus*, *G. borneensis*, *G. brunnescens*, *G. calophylloides*, *G. calophyllus*, *G. confusus*, *G. consanguineus*, *G. costalis*, *G. decipiens*, *G. eximius*, *G. forbesii*, *G. keithii*, *G. lucidulus*, *G. macrophyllus*, *G. maingayi*, *G. micranthus*, *G. miquelianus*, *G. nervosus*, *G. nobilis*, *G. othmanii*, *G. pendulus*, *G. spectabilis*, *G. stenosepalus*, *G. velutinus*, *G. xylocarpus*; *Taxus chinensis*<sup>15</sup>.

## RANKINGS IN GLOBAL FREEDOM AND STABILITY INDICES:

<b>Rule of law index<sup>16</sup></b> 2 <sup>nd</sup> quarter 47/128 in 2020 (score: 0.58/1)	<b>Corruption perceptions index<sup>17</sup></b> 2 <sup>nd</sup> quarter 51/183 in 2019 (score: 53/100)	<b>Fragile states index<sup>18</sup></b> 2 <sup>nd</sup> quarter score: 60.5 in 2020 (rank: 58/172)	<b>Freedom in the world<sup>19</sup></b> 3 <sup>rd</sup> quarter 119/195 in 2020 (score: 52/100)
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# LEGAL TRADE FLOWS

In 2018, exports of EUTR-regulated products (timber and timber products to which the EUTR applies) from Malaysia totalled USD 6.29 billion, of which 8.8% was exported to the EU-28. Malaysia exported EUTR products to 185 different countries and territories<sup>20</sup>. The **main global markets for Malaysia's EUTR products in 2018** by value were the United States of America and Japan (Figure 1 a). The main EUTR product exported from Malaysia by HS code according to value in 2018 was plywood and veneered panels (HS 4412) (Figure 1 b).

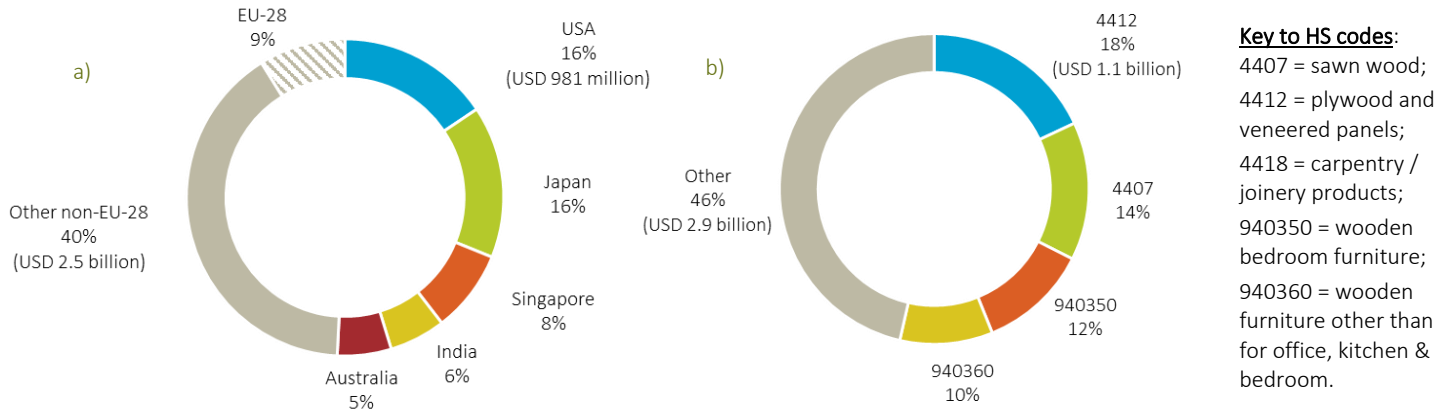


Figure 1: a) Main global markets for EUTR products exported from Malaysia in 2018 in USD; b) Main EUTR products by HS code exported from Malaysia in 2018 in USD. Produced using data from the UN Comtrade Database<sup>20</sup>.

The **main EUTR products imported into the EU from Malaysia in 2018** by value (Figure 2) were sawn wood (HS 4407) and carpentry/joinery products (HS 4418), and by weight (Figure 4) were sawn wood (HS 4407) and plywood and veneered panels (HS 4412). The main importers of EUTR products in 2018 were (in order of most imports) the United Kingdom, the Netherlands, France and Germany by value and the United Kingdom, the Netherlands, France and Belgium by weight.

The **total value of EU imports of EUTR-regulated products from Malaysia** each year has been relatively stable since 2013, (Figure 3), with sawn wood (HS4407) and carpentry/joinery products (HS 4418) making up the majority of EU imports by product.

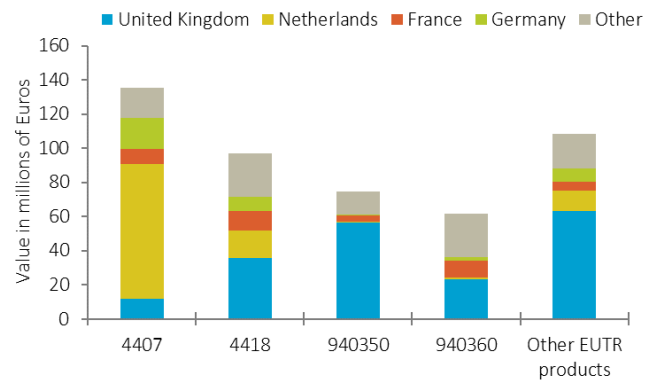


Figure 2: Main EUTR products by value in EUR imported into the EU from Malaysia in 2018. Produced using data from Eurostat<sup>21</sup>.

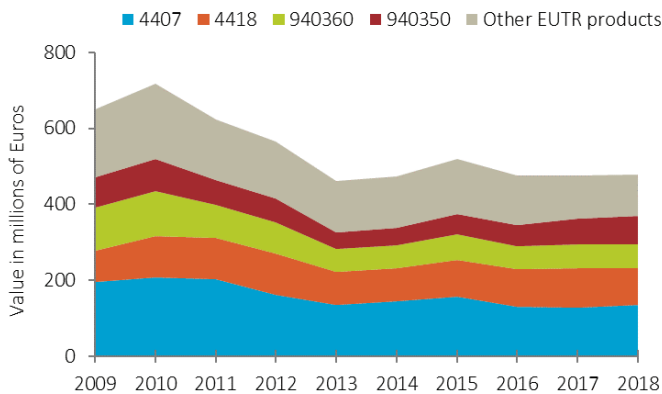


Figure 3: Value of total imports of EUTR products in EUR imported into the EU from Malaysia 2009-2018. Produced using data from Eurostat<sup>21</sup>.

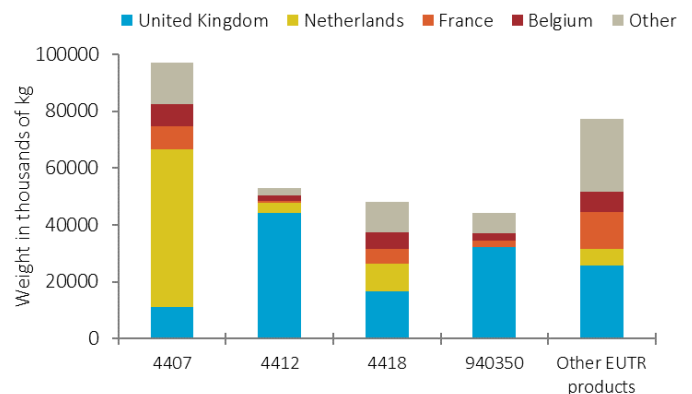


Figure 4: Main EUTR products by weight imported into the EU from Malaysia in 2018. Produced using data from Eurostat<sup>21</sup>.

The production and trade flows of wood products in Malaysia in 2015 (Table 1) show that production exceeded domestic consumption for logs, sawn wood, veneer and plywood.

Table 1: Production and trade flows of wood products in Malaysia in 2015<sup>13</sup>.

	Production (x 1000 m <sup>3</sup> )	Imports (x 1000 m <sup>3</sup> )	Domestic consumption (x 1000 m <sup>3</sup> )	Exports (x 1000 m <sup>3</sup> )
Logs (industrial roundwood)	20 357	33	17 395	2 995
Sawnwood	4 463	328	2 800	1 991
Veneer	632	42	447	227
Plywood	3 656	489	1 271	2 874

## KEY RISKS FOR ILLEGALITY

### COMPLIANCE WITH LEGISLATION:

Legislation differs between Peninsular Malaysia and the states of Sabah and Sarawak<sup>22</sup>. Issues with compliance with legislation are present across all states, but these differ in nature; corruption has been identified as an issue across Malaysia, but particularly in Sarawak. All three regions of Malaysia have introduced new policies to tackle corruption and improve the integrity of the supply, including the revision of the National Forestry Act 1984 in Peninsular Malaysia and new forest policies in Sabah and Sarawak<sup>23-30</sup>.

#### ILLEGAL HARVESTING OF SPECIFIC TREE SPECIES:

In Borneo, Ramin (*Gonystulus* spp., CITES App. II) has been highlighted as a particular concern for cross-border illegal trade between Sabah and Sarawak (Malaysia) and Kalimantan (Indonesia)<sup>31</sup>. Domestic and small-scale illegal harvesting of agarwood (*Aquilaria* spp., CITES App. II) has also been reported to be a problem<sup>32</sup>. Sabah has ceased and prohibited the extraction of ramin in its forest reserves<sup>25</sup>.

#### PREVALENCE OF ILLEGAL HARVESTING OF TIMBER:

Despite the implementation of a number of initiatives in recent years to support management and enforcement of timber harvesting<sup>31</sup> and a number of regulations and policies in place to ensure legal harvesting of timber<sup>24</sup>, including Timber Legality Assurance Systems (TLAS) for Peninsular, Sabah and Sarawak<sup>33-35</sup>, illegal harvesting persists<sup>36</sup>. Some sources estimate that around 22% of timber may have been illegally produced in 2007<sup>37</sup> and up to 35% in 2013<sup>36</sup>. Reported issues include illegal practice in the issuance of licenses for plantations, especially involving corruption<sup>23</sup> and the violation of native customary rights<sup>38</sup>, planning-, labour- and environmental protection laws<sup>23,39</sup>.

### COMPLEXITY OF THE SUPPLY CHAIN

Supply chains for solid wood products have been noted to be relatively simple, due in part to the prevalence of certification schemes<sup>31</sup>. However, supply chains for composite wood products and rubber wood (*Hevea brasiliensis*) have been noted to be more complex and less transparent due to a greater range of sourcing strategies for raw materials<sup>31</sup>. Rubber wood is produced from rubber plantations, usually felled when their life span for the production of latex is no longer viable; it is widely used in manufacturing and is considered less environmentally damaging<sup>40</sup>. The harvesting of rubber wood logs requires the consent of the smallholding or estate owner<sup>41</sup>. The legal requirements for harvesting rubber wood differs between the Peninsular, Sabah and Sarawak<sup>25,41,42</sup>.

### RESTRICTIONS ON TIMBER TRADE

**Sabah:** There are prohibitions against or restrictions on harvesting of more than 30 plant species<sup>12,43\*</sup>. Sabah reinstated a log export ban in May 2018<sup>44,45,46</sup>.

**Sarawak:** There are prohibitions against or restrictions on harvesting of more than 45 plant species<sup>47\*</sup>. Sarawak introduced a log reservation quota in 1988, currently meaning that 80% of log production must be processed in the state, and there are reports that the state is moving toward a total ban of log exports<sup>48-50</sup>.

**Peninsular Malaysia:** A complete ban on log exports has been in effect since 1985<sup>46</sup>. There are prohibitions against or restrictions on harvesting of 32 plant species<sup>51\*</sup>.

[\*Tables of protected species in each region are included at the end of this document].

Temporary nationwide export bans for rubberwood have been enacted a number of times over the years, as determined by the Malaysian Timber Industry Board; an export ban has been in place since 2017<sup>46,52</sup>. An export licence is required from the Malaysian Timber Industry Board/the Forestry Department of Sabah/Sarawak Timber Industry Development Corporation<sup>53</sup> for all timber products, including those covered by EUTR, with the exception of paper products<sup>54</sup>. For exports to the EU from Peninsular Malaysia, the Malaysian Timber Industry Board also issues a MYTLAS certificate<sup>55</sup>. For exports from Sabah and Sarawak, they may be supported by a Sabah TLAS certificate<sup>34</sup> and Statement of Audit (STLVS third party audit) respectively<sup>24</sup>.

No EU<sup>56</sup> or UN<sup>57</sup> sanctions on timber exports or imports.

### Timber trade in Malaysia

The Malaysian timber industry has grown over the last 50 years, owing in part to the vast diversity of timber-related sub-sectors in the country, including furniture, veneer and fibreboard, panelling and mouldings<sup>31</sup>. The Malaysian timber industry imported USD 1.3 billion and exported USD 5.5 billion of wood products in 2018<sup>58</sup>. Asia is the main market for Malaysian timber<sup>59,31</sup>. Unlike most timber-producing nations, Malaysia has slightly increased exports to ‘sensitive’ markets (i.e. those with laws governing sourcing of timber products, such as the EU and the United States), owing to the growth in paper exports to the EU<sup>36</sup>. Increasing trade with ‘sensitive’ markets is hoped to incentivise the development of timber legality assurance or verification systems in Malaysia<sup>36</sup>.

### Illegal trade

The proportion of timber stemming from illegal logging out of the total timber production in Malaysia has been estimated at 13% in an expert perception survey conducted by Chatham House in 2013, while a wood-balance analyses conducted in 2012 indicated a gap of 20% in legal supply<sup>36</sup>. Overall, the percentage of illegal timber exports are thought to have been declining in more recent years and the figures of illegal logging and methodologies behind them have been refuted by the Malaysian government<sup>24,36</sup>. Malaysia’s forestry, timber and timber products are governed by a range of laws and regulations covering the three regions of the country along the supply chain<sup>24</sup>. Reports by Forest Trends in 2014 and Chatham House in 2015 suggested that forest conversion was a source of illegal timber, although the scale of the issue was not known<sup>23,38</sup>. There have also been reports of frequent illegal logging activities relating to the violation of native customary rights<sup>60</sup>; native customary rights are enshrined in federal and state laws<sup>23,38,60,61</sup>. According to local communities and NGOs, logging and plantation licences have been allocated in violation of native customary land rights, although there are differing perceptions as to how these rights are interpreted in law<sup>38,61,62</sup>.

In **Peninsular Malaysia**, the National Auditor General expressed concern in 2008 that regulations in relation to conversion were not being followed<sup>38</sup>. Kelantan state Forest Management Unit has been found to not be conforming to the requirement of the MTCS standard with regard to the conversion of natural forest to other uses, exceeding the allowable limit under the certification standard<sup>63</sup>, leading to the suspension of its Malaysian Timber Certification Council (MTCC) certificate in 2016<sup>64,65</sup>. Also in 2016, Johor state FMU had its certificate suspended and in 2019 Kedah state FMU was similarly suspended<sup>66,67</sup>. However, auditors have verified that the decision by some states in Peninsular Malaysia not to follow the MTCS standard with regard to conversion thresholds of natural forest had been conducted in accordance with the state’s legal provisions but the suspensions are still in place<sup>9,65</sup>. Forest land conversion is determined at state level, in accordance with the Federal Constitution, and laws differ among them<sup>24</sup>. Federal intervention is limited to an advisory capacity to promote uniformity of laws and policies<sup>24</sup>.

Alleged illegalities in agro-conversion (including tropical timber plantations) documented in one study included corruption, the majority of which related to the issuance of licenses<sup>38</sup>. In the last few decades, high-ranking officials have been reported to be awarded logging concessions through political connections and to utilise these connections to avoid enforcement attention<sup>68</sup>. A 2019 report by Hutanwatch alleged that between 2015 and 2018, 6000 ha of Permanent Forest Reserve consisting of primary forest was logged in Pahang state’s Endau-Rompin State Park, with permission from the Malaysian Department of Environment, made possible by the forests being declared ‘degraded’<sup>69</sup>. In a rebuttal, the Pahang Forestry Department reported that there were a few logging concessions (involving 3811 ha) on land located outside the buffer zone, where logging has been approved, noting that maps used by Hutanwatch did not accurately reflect current boundaries of the park<sup>70</sup>.

Corruption has been reported particularly in **Sabah** and **Sarawak**, where two thirds of the remaining natural forests are located<sup>23,36,38,60</sup>. In **Sarawak** in particular, corruption was described as “entrenched” in 2014<sup>71</sup>. The Malaysian Anti-Corruption Commission (MACC) was reported as increasing their focus on the forest sector in 2015<sup>23</sup>. Since then, a number of national newspaper articles have been published on the successful identification of cases of corruption or illegal logging and trade<sup>72,73,74</sup>. In 2012, documents leaked from the MACC showed that the Chief Minister of **Sabah** had been investigated by MACC for alleged corruption relating to the issuance of logging and plantation licenses<sup>75</sup>; later anti-corruption investigations by NGOs linked the former Chief Minister of **Sarawak** with corruption related to the timber sector<sup>38,76</sup>.

Lack of transparency has been cited as a factor in corruption across Malaysia, resulting in a lack of clarity over compliance with laws and regulations in the issuance of licenses and in decision-making processes<sup>23,31,60</sup>, particularly in **Sarawak**<sup>23,60</sup>. Over the period 2004-2006, investigations by EIA and Telapak cited Malaysian businessmen, brokers and banks as involved in the illegal exploitation of Indonesian timber<sup>77-79</sup>. The Japanese construction industry, a major market for Malaysian timber, was also highlighted as sourcing timber from logging companies in **Sarawak** which environmental NGOs alleged to be involved in illegal practices in 2011 and 2014<sup>80,81</sup>.

In recent years there have been extensive efforts by the Sarawak State Government to tackle illegalities within the forestry sector, including the formation of an action committee made up of the Forest Department, Sarawak Forestry Corporation, Sarawak Timber Industry Development Corporation, Harwood Timber Sdn Bhd, Royal Malaysia Police, Armed Forces, Marine Police and Malaysian Anti-Corruption Commission<sup>24,82</sup>. The Sarawak Government has also established a number of laws, policies and regulations to combat illegalities and has carried out various measures to prevent corruption by developing and implementing Corruption Risk Management<sup>24,83</sup>.

In **Sabah**, the state has witnessed numerous changes since the new government was formed in May 2018<sup>24</sup>. The new Chief Minister of Sabah introduced a state-wide ban on log exports in May 2018<sup>44</sup>, to support domestic processing and increase local employment, and reactivated Sabah's Committee on Illegal Logging to strengthen the implementation and enforcement of laws to protect forest resources<sup>24,84</sup>. After the introduction of the export ban, the Sabah Government began investigations into multiple forestry offenses reportedly involving the previous government<sup>24,85</sup>.

In a 2018 risk assessment of timber legality in **Peninsular Malaysia**, NEPCon identified key risks relating to the legal rights to harvest, including corruption in the awarding of i) harvesting permits, ii) concession licences for Permanent Forest Reserve (PFR) and iii) grants for the privatisation of land for plantations (conversion of natural forest to plantations or non-forest uses)<sup>86</sup>. Further legality risks included: violation of legal rights of resident and migrant workers; environmental impact assessments not being conducted for forest clearance for oil palm and rubber plantations; and royalties not being paid on logs originating from clear-felled areas in natural forests<sup>86</sup>. NEPCon's 2018 risk assessment for **Sarawak** identified key legality risks including: corruption in the awarding of concession licences for PFR and the issuance of logging permits for all forest types; management and harvest planning requirements not being followed; logs lacking the legally required property hammer mark and removal pass; violation of the legal rights of migrant workers; and incorrect classification of timber species to avoid paying royalties and harvesting fees<sup>87</sup>. For **Sabah**, key legality risks included: corruption in the awarding of concession licenses and harvesting permits for PFR; not practicing Reduced Impact Logging in PFR (as legally required); not implementing mitigation measures identified in environmental impact assessments; and violating legal rights of migrant workers<sup>88</sup>. For rubberwood grown on agricultural land there was reported to be a lack of monitoring and enforcement, reportedly leading to lower levels of compliance<sup>88</sup>. However, most rubberwood from Sabah was reported to be extracted from alienated lands<sup>12</sup>, where this is not applicable as there are no planning requirements in place<sup>88</sup>. Legality risks relating to illegal harvesting of protected areas, third parties' rights and falsification of CITES permits were reported for **Peninsular Malaysia, Sabah and Sarawak**<sup>86-88</sup>. Most of the identified illegal trade cases reported by the Malaysian Timber Industry Board (MTIB) were reported to relate to trans-shipments and imports of timber, of which a high proportion were CITES-listed timber species<sup>86,88</sup>.

### Forestry management and legislation

Malaysia consists of 13 states and 3 federal territories on two large land masses across Peninsular Malaysia and Malaysian Borneo (Sabah and Sarawak)<sup>22</sup>. It has three categories of forest: Permanent Forest Reserve (PFR)/Permanent Forest Estate (PFE); state land forest and alienated land<sup>40</sup>. The Forestry Department Peninsular Malaysia (FDPM) and state forestry departments are responsible for the management of the PFR within **Peninsular Malaysia** and the state forestry departments have control over the removal of timber from state land and alienated land; the Sabah Forestry Department (SFD) is responsible for forest management and control of harvesting operations in **Sabah**; and the Forest Department Sarawak (FDS) and the Sarawak Forestry Corporation (SFC) are responsible for forest management in **Sarawak**<sup>40</sup>. Malaysia has reiterated its forest cover commitment to ensuring at least 50% of its land remains forested, as pledged at the 1992 UN Rio Earth Summit, and adheres to the principle of Sustainable Forest Management<sup>24,40</sup>.

Forest policy involves both the federal and state governments, but each state in Malaysia has prerogative rights to determine the administration, management, use and allocation of their forest resources<sup>22,23</sup>. All Malaysian states "have

jurisdiction over their lands, forests, fishery, agriculture, and water resources, including the power to decide on the administration, management, use and allocation of their forest resources”<sup>22</sup>. Two key national forest policies, the National Forestry Policy of 1978 (revised 1992)<sup>89</sup> and the National Forestry Act of 1984<sup>90</sup>, apply in all states which have adopted them. In addition, **Peninsular Malaysia, Sabah** and **Sarawak** have adopted a range of different territory-level regulations (see ‘relevant legislation and policy’). The combination of these decentralised and the overarching laws has been noted to result in differences in interpretation and implementation of legislation between regions<sup>36</sup>.

Malaysia developed a voluntary national forest management certification scheme, the Malaysia Timber Certification Scheme (MTCS) as well as a chain of custody certification scheme in 2001, which are governed by the Malaysian Timber Certification Council (MTCC)<sup>91</sup>. MTCS is based on third party auditing by Certification Bodies of forest management practices, to assess compliance with the requirements of a prescribed standard; peer reviewer is an integral part of the decision making process, providing a second independent opinion on the level of compliance of the forest management unit<sup>91</sup>. A review of the standard used for certification of natural forest started in 2016 but was put on hold pending completion of the review of the PEFC Sustainability Benchmark standard, it resumed in 2018<sup>24</sup>. MTCS was endorsed by the Programme for the Endorsement of Forest Certification (PEFC) in 2009 and re-endorsed in 2014<sup>92</sup>. Whilst conformity of MTCS with the Dutch government’s procurement criteria for timber was previously questioned<sup>93,94</sup>, it was subsequently accepted<sup>95</sup> and in January 2017, the Government of the Netherlands announced that they fully accepted the MTCS under the Dutch Public Procurement Policy for Sustainable Timber<sup>96</sup>. The Forest Stewardship Council (FSC) also has accredited Certification Bodies in Malaysia, but operates on a much smaller scale<sup>8</sup>.

Voluntary Partnership Agreement (VPA) negotiations between Malaysia and the EU began in January 2007. In the process, concerns were raised by civil society groups and indigenous peoples about the limited recognition of indigenous peoples’ rights by the government, corruption, and a lack of transparency<sup>4,23</sup>, while the government reported conducting extensive stakeholder consultation, including on forest law enforcement, governance and trade (FLEGT), and social forestry and empowerment of communities<sup>97,98</sup>.

The autonomy of Sabah and Sarawak in relation to forestry means three separate timber legal systems need to be brought together<sup>4</sup>. Malaysia has developed three separate Timber Legality Assurance Systems (TLAS), in **Peninsular Malaysia** (MYTLAS)<sup>33</sup>, **Sabah** (Sabah TLAS)<sup>34</sup> and **Sarawak** (STLVS)<sup>35</sup>. These initiatives have been implemented to assure the legality of all timber and timber products along the supply chain for export from Malaysia<sup>33,34,35</sup>. However, at present **Sarawak**, which has negligible direct timber exports to the EU, have reservations about the VPA and have stated that they will only join the implementation of the VPA once they are satisfied that it will benefit the state and its timber industry<sup>4,99</sup>. The VPA was expected to include all 3 territories, with Sarawak taking a phased approach<sup>99,100</sup>.

Malaysia-EU VPA negotiations are put on hold since 2014, with negotiation sessions held in 2014 and 2015 to make progress on technical and political aspects of the agreement<sup>4,101</sup>. In order to support the VPA negotiation process, the Malaysian Timber Industry Board announced an “Import Legality Regulation Under the Timber Legality Assurance System FLEGT-VPA” in December 2015<sup>102</sup>, with implementation delayed until 1 July 2017<sup>103</sup>. In June 2017, guidance was issued on the documents required for the legal import of logs (HS 4403), sawnwood (HS 4407) and plywood (HS 4412)<sup>103</sup>.

The legality definition and verification procedures in Malaysia are clustered under six principles: right to harvest; forest operations; statutory charges; other users’ rights; mill operations; and trade and customs<sup>33,34,35</sup>. The principles are further split into criteria that facilitate verification by responsible government agencies and can be used for auditing by third parties (26 for MYTLAS<sup>33</sup>, 23 for Sabah TLAS<sup>34</sup> and 18 for STLVS<sup>35</sup>). The legality definition and indicators for each TLAS are based on current state regulatory systems<sup>33,34,35</sup>. **Peninsular Malaysia** operates the MYTLAS licencing system on a voluntary basis, with licences indicating compliance with the system of Peninsular Malaysia. In **Sabah**, the Sabah TLAS licencing system is mandatory and, since August 2016, has been certified under ISO 9001:2018 by Bureau Veritas<sup>24,34</sup>. Compliance checks are conducted through a third party auditor, Global Forestry Services<sup>104</sup>. The MYTLAS and Sabah TLAS are not endorsed by the EU, given that VPA negotiations were put on hold<sup>31,34</sup>. In **Sarawak**, the State Government announced in November 2017 that internationally recognised forest management certification will be mandatory for all long term licences by 2022<sup>105,106,107</sup> and in 2018 they announced that by 2020 logging licences must go through third party auditing in order to be STLVS compliant<sup>108</sup>. STLVS is regulated by four agencies under the Ministry of Urban Development

and Natural Resources of Sarawak, namely, Forest Department Sarawak, Sarawak Forestry Corporation, Sarawak Timber Industry Development Corporation and Harwood Timber Sdn Bhd<sup>35,109</sup>. It is audited by third party auditors registered with Forest Department Sarawak<sup>24,35</sup>. Harwood Timber Sdn Bhd (HTSB), a subsidiary of Sarawak Timber Industry Development Corporation, is the authorised agency for issuing Export Clearance Certificates for export logs, as well as being authorised to inspect land transports of logs at Collection Distribution Centres between forest base camps and local mills or export points for the issuance of an Endorsement Clearance Certificate<sup>110</sup>.

## RELEVANT LEGISLATION AND POLICY

For further details on Malaysian legislation relevant to EUTR, see the legality definitions in the Timber Legality Assurance Systems for Peninsular Malaysia ([MYTLAS<sup>33</sup>](#)), Sabah (Sabah TLAS<sup>34</sup>) and Sarawak (STLVS<sup>35</sup>). See also: the Australian Government and the Government of Malaysia's country specific guidelines for Malaysia [separate guidelines for [Peninsular Malaysia<sup>41</sup>](#), [Sabah<sup>111</sup>](#) and [Sarawak<sup>112</sup>](#)], APEC (2018) 'Timber legality guidance template for Malaysia'<sup>40</sup>, NEPCon (2017) 'Timber legality risk assessments' for [Peninsular Malaysia<sup>86</sup>](#), [Sabah<sup>88</sup>](#) and [Sarawak<sup>87</sup>](#), and the [Malaysia country page on FAOLEX](#).

- [National Forestry Act of 1984](#) (amended in [1993](#)) (Peninsular)
- National Forest Policy of 1978 (updated in 1992) (Peninsular)
- [National Policy on Biological Diversity 2016-2025](#) (all territories)
- Customs Act 1967 [Act 235] (all territories)
- Customs Order (Prohibition of Exports) 2017 (all territories)
- Industrial Co-ordination Act 1975 (Act 156) (all territories)
- Malaysian Timber Industry Board (Incorporation) Act 1973 [Act 105] (Peninsular)
- Forest Rules of the different States
- [Sabah Forest Policy 2018](#) (Sabah)
- [Forest \(Timber\) Enactment 2015](#) (Sabah)
- Wood Based Industries Enactments and – Rules of the different States
- [International Trade in Endangered Species Act 2008](#) (Act 686) (all territories)
- Forest (Timber) (Registration) Regulations 2017 (Sabah)
- [National Land Code](#) 1965 (Act 56) (Peninsular)
- Wildlife Conservation Act 2010 (Act 716) (Peninsular)
- Environmental Quality Act 1974 (Act 127) (Peninsular)
- Forest Enactment 1968 (Sabah)
- Forest Rules 1969 (Sabah)
- Wildlife Conservation Enactment 1997 (Sabah)
- Environment Protection Enactment 2002 (Sabah)
- Environment Protection Order 2012 (Sabah)
- Fees Enactment 1981 (Sabah)
- [Land Ordinance](#) 1975 (Sabah)
- Biodiversity Enactment 2000 (Sabah)
- Environmental Impact Assessment (EIA) Guidelines for Logging and Forest Clearance Activities 2002 (Sabah)
- Forests Ordinance 2015 (Sarawak)
- Forest Rules 1962 (Sarawak)
- Wild Life Protection Ordinance 1998 (Sarawak)
- Customs Act 1967 (Act 235), Customs (Prohibition of Exports) (amendment) Order 2019 (Sarawak)
- Sarawak Timber Industry Development Corporation Ordinance 1973 (Sarawak)
- Sarawak Timber Industry (Registration) (Regulations 2008 (Sarawak)
- National Parks and Nature Reserves Ordinance 1988 (Cap. 27) (Sarawak)
- Natural Resource and Environment (Prescribed Activities) Order 1994 (Sarawak)
- Land Code (Cap. 81)

## LEGALLY REQUIRED DOCUMENTS

For further details on legally required documents relevant to EUTR, see: Australian Government and the Government of Malaysia's country specific guideline for Malaysia [separate guidelines for [Peninsular Malaysia](#)<sup>41</sup>, [Sabah](#)<sup>111</sup> and [Sarawak](#)<sup>112</sup>], APEC (2018) 'Timber legality guidance template for Malaysia'<sup>40</sup>, FSC (2018) 'Centralised national risk assessment for Malaysia'<sup>113</sup> and NEPCon (2017) 'Timber legality risk assessments' for [Peninsular Malaysia](#)<sup>86</sup>, [Sabah](#)<sup>88</sup> and [Sarawak](#)<sup>87</sup>.

### Harvesting/processing:

- **Peninsular:**
  - Harvest Permit/License
  - Concession Permit
  - Evidence of payment of all charges
  - Statement on Rubberwood Products
  - Environmental Impact Assessment
  - Record of monitoring by Forestry Department
  - Import permit, if applicable
  - Meeting legislative requirements regarding rights of indigenous people
- **Sabah:**
  - Harvest Permit/License (in the form of one of the following: Long term License agreement, Sustainable Forest Management License Agreement, Form I Licence or Form IIB)
  - Evidence of payment of all charges
  - Coupe Permit
  - Forest Management Plan and approved Annual Work Plan
  - Approved Comprehensive Harvesting Plan
  - Evidence of payment of royalties (Disposal Permit for Round Log – Form V)
  - Manufacturing licence for mills
  - Meeting legislative requirements regarding rights of indigenous people
  - Import licence if required
- **Sarawak:**
  - Forest Timber License
  - License for Planted Forest
  - General Harvesting Plan
  - Detailed Harvesting Plan
  - Permit to Enter Coupe
  - Harvest consent from Native Customary Rights land owners and approval of Director of Forests, where applicable
  - Mill License
  - Import License

### Transport:

- **Peninsular:**
  - Removal Pass Form 8
  - Exchange Removal Pass Form D if relevant
- **Sabah:**
  - Removal Pass or Disposal Permit Form IV (or Transit Pass Form VII)
  - Disposal Permit for Round logs Form V
- **Sarawak:**
  - Removal Pass (Royalty)
  - Removal Pass (Transit)
  - Endorsement Clearance Certificate
  - Shipping/Land Transportation Pass
  - Log Specification Summary
  - Log Specification Form

Log Specification Form

### Export

- **Peninsular:**
  - Timber Export License issued by MTIB
  - Custom Export Declaration Form CD2 (for furniture and other products which do not require an export licence)
  - Supporting documents (Grading Summary, Invoice, Packing Lists and CITES Permit where applicable)
  - Bill of Lading
- **Sabah:**
  - Registration as an exporter issued by Sabah Forestry Department
  - Export Licence issued by SFD
  - Customs Export Declaration Form K2 or K2 Chit
  - Bill of Lading
- **Sarawak:**
  - Export Clearance Certificate (ExCC) issued by Harwood Timber Sdn Bhd (logs)
  - Removal Pass (export) issued by SFC
  - Customs Export Declaration Form (K2) endorsed with Export Licence issued by STIDC



## PROTECTED TREE SPECIES IN PENINSULAR MALAYSIA

>32 taxa in Permanent Forest Reserves<sup>24,41,114</sup>

- *Aglaia* spp. – bekap
- *Archidendron bubalinum* – keredas
- *Archidendron jiringa* – jering
- *Ardisia* spp. – mata pelanduk
- *Artocarpus heterophyllus* – nangka
- *Artocarpus integer* – cempedak
- *Artocarpus rigidus* – temponek
- *Baccaurea maingayi* – tampoi
- *Baccaurea sumatrana* – tampoi
- *Barringtonia* spp. – putat
- *Bouea macrophylla* – kundang hutan
- *Castanopsis* spp. – berangan
- *Dialium* spp. – keranjai
- *Durio zibethinus* – durian
- *Dysoxylum* spp. – jarum-jarum
- *Eugenia* spp. – kelat jambu laut
- *Ficus* spp. – ara
- *Garcinia artoviridis* – asam gelugor
- *Irvingia malayana* – pauh
- *Knema* spp. – basong
- *Koompassia excelsa* – tualang
- *Lithocarpus cyclophorus* – mempening gajah
- *Mangifera indica* – manga/machang
- *Mangifera longipetiolata* – machang
- *Myristica* spp. – basong/penarahan
- *Nephelium lappaceum* – rambutan hutan
- *Parkia* spp. – petai
- *Podocarpus* spp. – podo
- *Sandoricum koetjape* – sentul
- *Santiria laevigata* – kedondong, gergaji, daun, licin
- *Sterculia foetida* – kelumpang jari
- *Sterculia parvifolia* – kelumpang

## PROTECTED TREE SPECIES IN SABAH

>30 taxa, in Permanent Forest Estates or Natural Forest Management Areas (unless specified)<sup>24,43,111,114,115,116</sup>

- *Aquilaria* spp. – gaharu
  - *Artocarpus* spp. – terap, paliu, timadang, timbangan
  - *Baccaurea* spp. – tampoi, belimbing hutan, kunau-kunau, limpaung, rambai hutan
  - *Castanopsis* spp. – chestnut
  - *Daryodes* spp. – kedondong\*
  - *Dracontomelon* spp. – sengkung
  - *Durio* spp. – durian
  - *Euphoria malaiensis* – mata kucing
  - *Eusideroxylon zwageri* – belian
  - *Gonystylus* spp. – ramin
  - *Intsia* spp. – merbau, ipil laut
  - *Koompassia* spp. – mengaris, tualang
  - *Lansium* spp. – langsung
  - *Lithorcapus* spp. – mempening
  - *Mangifera* spp. – machang, asam, figured asam
  - *Nephelium* spp. – rambutan, meritam, kelamondoi
  - *Paranephelium* spp. – mata kucing
  - *Paratocarpus* spp. – terap, paliu, timadang, timbangan
  - *Podocarpus* spp. – lampias, kayu china, rempayan
  - *Protoxylon malagangai* – belian malagangai
  - *Santiria* spp. – kedondong\*, kembayu, kerantai, pamatadon
  - *Shorea amplexicaulis*
  - *Shorea cristata*
  - *Shorea gysbertinana*
  - *Shorea macrophylla* – kawang jantan
  - *Shorea mecistopteryx*
  - *Shorea pilosa*
  - *Shorea pinangah* – engkabang langai bukit
  - *Sympetalandra borneensis* – merbau, bellotan, potai munjit
  - *Triomma* spp. – kedondong\*, kembayu, kerantai, pamatadon
  - All mangrove species – unless for use by Natives and for wood charcoal
  - Any trees marked by the Conservator of Forests for retention
  - Additional species listed in Schedule I Forest Rules 1969 of a diameter of less than 60 cm, unless marked by the Conservator of Forests for felling
- \* all kedondong species except *Canarium* spp.

## PROTECTED TREE SPECIES IN SARAWAK

### 31 taxa<sup>47,112</sup>

- *Aetoxylon sympetalum* – kayu gahru
- *Antiaris toxicaria* – ipoh
- *Aquilaria beccariana* – kayu gahru, engkaras
- *Aquilaria malaccensis* – kayu gahru
- *Aquilaria microcarpa* – kayu gahru
- *Avicennia alba* – api-api hitam
- *Avicennia lanata* – api-api
- *Avicennia marina* – api-api merah
- *Avicennia officinalis* – api-api sudu
- *Calophyllum lanigerum* – bintangor
- *Calophyllum teysmanii* – bintangor
- *Casuarina equisetifolia* – rhu laut
- *Didesmandra aspera*
- *Dipterocarpus obloglofolius* – ensurai (totally protected)
- *Ficus* spp. – pokok ara
- *Goniothalamus velutinus* – kayu hujan panas
- *Koompassia excelsa* – tapang
- *Koompassia malaccensis* – menggris
- *Lumnizera littorea* – terentum merah
- *Rhododendron* spp.
- *Shorea helmsleyana* – engkabang gading
- *Shorea macrophylla* – engkabang jantung
- *Shorea ochracea* – raw
- *Shorea palembanica* – engkabang asu
- *Shorea pinanga* – engkabang langai bukit
- *Shorea siminis* – engkabang terendak
- *Shorea splendida* – engkabang bintang
- *Shorea stenoptera* – engkabang rusa
- *Sonneratia alba* – perepat
- *Sonneratia caseolaris* – pedadaPeat swamp species of
- *Madhuca* – ketiau
- All plants listed in CITES Appendices I and II

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*These EU Timber Regulation country overviews support the work of EU Competent Authorities in assessing potential legality risks of timber and timber products from source countries of importance to the EU market. They were produced following a thorough review of the publicly available literature, as well as requesting additional information from Competent Authorities and experts. To ensure their accuracy, relevance and completeness, country overviews have been subject to comprehensive peer review, including consultation with relevant national ministries/agencies and in-country experts, the European Commission and Competent Authorities, with special thanks to expert input from EFI EU FLEGT Facility. These documents are updated periodically based on available information. Specific inputs can be sent to [timber@unep-wcmc.org](mailto:timber@unep-wcmc.org), for potential inclusion in the next update. Published overviews are available from [https://ec.europa.eu/environment/forests/timber\\_regulation.htm](https://ec.europa.eu/environment/forests/timber_regulation.htm).*