Thailand Updates
Jirawat Tangkijngamwong (Jiro)

- Chairman - Thai Timber Association
- Chairman – Asean Forest Product Industry Council (AFPIC)
- Vice Chairman – Thai Furniture Industries Association
- Vice Chairman – Council of Asian Furniture Associations
- Chairman – Thai Bamboo Network
Jirawat Tangkijngamwong (Jiro)

• MD – Deesawat Designs Co., Ltd
• Dep MD & Creative Director – Deesawat Industries Co., Ltd
The Opportunities and Challenges of the timber sectors after political turmoil
6 years without Taksin

Red shirt and Yellow shirts were taking turns in control of elected governments.
Governmental policies were too political and with hidden agendas
The Biggest Rally/Demonstration ever in Thailand
Led by Mr. Suthep
The confrontation of the people and government leads to no solutions.
Military marching into the scene...quietly
Bunkers all over Bangkok
Then...
Coup Datat
Ceases all the demonstrations everywhere overnight!
What is the Aftermath?
What will happen to Thailand?
Facts
1.
Nobody knows exactly what was going on?

Anti democratization?

Anti Taksin?
2.
Thai people know how to capture opportunities
Demonstration places became the new shopping destination and the hang out places

New trendy stuffs related to demonstration were hot selling items especially with flag colors
Politics and Business are two separate issues

Only affected business is Tourism, Real Estate
Related industries
It’s the perfect time to change for new opportunities

We have been constrained for the past 6 years.

It’s about time to Stand Up.
OPPORTUNITIES?
Strengths of Thailand?
Value creation
Value addition
Craft + Urban + Eco + Natural design
1. DESIGN Platform
Exchange rate
Stock market
Debt Ratio
Infrastructure good relatively low labor low cost production land friendly investment policies
Strong tourism industry
Strong export based industry
Strong local consumption
Despite of the political turmoils in the past 6 years.
2. Strong Economic Platform
Thailand is in the middle of ASEAN logistically linking the Indochina.
Hi speed train and railway systems to connect to South China.
Physically connected with all the supply chain countries: Laos, Cambodia, Myanmar, Malaysia
Boarder Trade becomes the new trade channels and now economic policy of the country… to look closer.

150 boarder points.
3.

Hub Logistic Platform
Tourism hits 20 millions people/ year
New House Starts hits 600,000 units/ years
Boarder Trade hits 500,000 millions baht
A number of natural disasters
- tsunami
- floods
- earthquakes
4. Domestic Markets
Design Platform
Strong Economic Platform
Hub Logistic Platform
Domestic markets
Timber Sectors
Thailand wood consumption
...in a nutshell
Construction

• 6 million tons
• Import from Malaysia, Laos, USA, etc
• domestic
Furniture & millworks

• 9 million tons
• local plantations: teak, rubberwood, etc
• Domestic/ export
Pulp and Paper

• 5 million tons
• local/ imported: Eucalyptus, Acacia, etc
• Domestic/export
Energy

• 10 million tons
• Eucalyptus, Acacia, Rubberwood
• domestic
Thailand wood consumption
...in a nutshell

• 30 million tons
• Or 50 millions Cubic Meter
We are Wood Processing country

Not Wood Producing country.
We have to rely on imports.
How about Industry?
Furniture
Furniture

• Export Furniture enjoys about 1,200 millions US$/year
• Domestic use furniture enjoys about 2,000 millions US$/year
• Wood furniture is the biggest portion of the furniture group.
• 2014, despite all the troubles, growth rate for export furniture is 8%
• Main export market: JAPAN/ USA/ EU/ Australia
• AEC countries are growing rapidly
• China / Indonesia becomes new immersing markets
Wood construction materials
Construction materials (wood)

- Export Wood building materials enjoys about 2,000 millions US$/year
- Domestic Use Wood building materials enjoys about 3,000 millions US$/year
- 2014, despite all the troubles, growth rate is 5%
Renovation markets become strong demand opportunities

No conclusive figure
Assume around US$ 600 millions
How about Raw material?
• 51.3 millions hектors of land
• 64 millions population
• 33.44% forest estate.
• 41% agricultural land
  - last survey in 2008
  - Increase is from rubber wood/ teakwood plantation
4 economic timbers grown in Thailand
1. Teak
2. Eucalyptus
3. Rubberwood
Thai
Teak
Plantation Grown 10 – 40 years

100% Domestic use

recently some plots FSC certified

Not allowed to Export

Teak is the controlled wood
Eucalyptus
Skins:
biomass/energy

Meat: Pulp & Paper
Furniture
Grown area 2.5 millions acre

30% contract farming with large companies

A lot of technology involved

Advance Genetic Improvement
Capacity 11-12 millions tons/year
Export 3-4 millions tons/year (70% to china)
Local consumption 8-9 millions tons/yr. (not enough, need to import about 1 million tons/year)
Rubberwood

Hevea wood
Source: http:// คัดลอก จาก www2.diw.go.th/I_Standard/Web/pane_files/Industry3.asp#2 และ THA
## Hevea Wood Plantation in Thailand

<table>
<thead>
<tr>
<th>REGION</th>
<th>2012</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>South</td>
<td>2,243,974</td>
<td>2,229,997</td>
</tr>
<tr>
<td>Northeast</td>
<td>667,471</td>
<td>703,336</td>
</tr>
<tr>
<td>Central</td>
<td>418,542</td>
<td>418,203</td>
</tr>
<tr>
<td>North</td>
<td>183,349</td>
<td>196,738</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>3,513,336</strong></td>
<td><strong>3,548,274</strong></td>
</tr>
</tbody>
</table>

Source: http://www.rubberthai.com,
Hevea Wood Utilization

- Kiln dry Sawn Timber
  - Glued Laminated Timber, Glulam
    - Structural Lumber
  - Furniture & Toys, etc.
  - Pallet & Crate
  - Flooring & Parquet

- Sawmill
  - Rough Sawn Waste
    - Wood Plastic Composite
      - Charcoal
      - Wood Vinegar
      - Electricity
      - Heat

- Chip Factory
  - Wood Chips
    - Chemical Wood Products
      - Pulp & Paper
        - Door Skin
        - Medium Density Fiberboard; MDF
    - Cement Fiberboard
    - Particleboard
    - Cement Particleboard
    - Autobody Lining

- Peel/Chip Factory
  - Veneer
  - plywood
  - Laminated
  - Veneer Lumber; LVL)

- Bio Fertilizer Plant

- SMEs

- Large Industries

Symbol:
- Industry
- Development potential
- Developing to Industry
## Supply from Hevea Wood log

<table>
<thead>
<tr>
<th>Description</th>
<th>Output / Rai</th>
<th>Output /300,000 Rai</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Unit : Ton</td>
<td>Unit : Metric Ton</td>
</tr>
<tr>
<td>1 Branch</td>
<td>9</td>
<td>2.7</td>
</tr>
<tr>
<td>2 Slap from Sawmill</td>
<td>12</td>
<td>3.6</td>
</tr>
<tr>
<td>3 Log Ø &gt; 5 ”</td>
<td>30</td>
<td>9.0</td>
</tr>
<tr>
<td>4 Waste (Saw Dust)</td>
<td>3</td>
<td>0.9</td>
</tr>
<tr>
<td>5 Root</td>
<td>5</td>
<td>1.5</td>
</tr>
</tbody>
</table>

Remarks:
1. Average Total waste from item 2-5 are 8.7 Mil.ton/year
2. Average 70 Trees/Rai (1 Rai = 1,600 sq.m, 1 Acre = 2.5 Rai, 1 Hectare = 6.25 Rai (10,000 sq.m)
## Supply of Hevea Wood Sawn Timber

<table>
<thead>
<tr>
<th>Replanting Volume /year hectare</th>
<th>Output of Kiln Dry Sawn Timber ft.³ (m³)</th>
</tr>
</thead>
<tbody>
<tr>
<td>48,000</td>
<td>90,000,000 (2,548,500 m³)</td>
</tr>
<tr>
<td>56,000</td>
<td>105,000,000 (2,9373,325 m³)</td>
</tr>
<tr>
<td>64,000</td>
<td>120,000,000 (3,318,086 m³)</td>
</tr>
<tr>
<td>80,000</td>
<td>150,000,000 (4,247,500 m³)</td>
</tr>
</tbody>
</table>

**Note**: Mix Grade Sawn Timber Output: 300 ft.³ (8.495 m³) / rai (0.16 hectare)
Total Supply of Thailand Kiln Dry Sawn Hevea Wood

approx. 120,000,000 Cu.ft /year
(3,398,000 $m^3$)

Domestic Consumption about 1.2 millions $m^3$
# SPECIFICATION OF KILN DRY ROUGH SAWN TIMBER HEVEA WOOD

**Prepared by Thai Hevea Wood Association (T.H.A.)**

## Category of Hevea Wood

<table>
<thead>
<tr>
<th>Size</th>
<th>A</th>
<th>B</th>
</tr>
</thead>
<tbody>
<tr>
<td>Thickness</td>
<td>12, 16, 19, 22, 25, 32, 38, 50, 63, 75, 88, 100 Milimeter</td>
<td>Other than sizes which are not mentioned above</td>
</tr>
<tr>
<td>Width</td>
<td>22, 25, 38, 50, 63, 75, 88, 100, 125 Milimeter</td>
<td></td>
</tr>
<tr>
<td>Length</td>
<td>1.00, 1.10, 1.20, 1.25, 1.30, 1.50, 2.00 Meter</td>
<td></td>
</tr>
<tr>
<td>Special Size</td>
<td>Acceptable size for the thickness &amp; widthness is 0-5 mm and for the length is 0-50 mm.</td>
<td></td>
</tr>
<tr>
<td>Acceptable Size</td>
<td>Quality &amp; Characteristics for Grade of Rough Sawn Timber Hevea Wood</td>
<td></td>
</tr>
</tbody>
</table>

## Description & Specifications of Category of Rough Sawn Hevea Wood

- **A**
  - For those selected rough sawn timber Hevea wood after defects and the maximum length shall be more than or equal to 80% (provided 4 sides is clear) of the wood length as per sizes mentioned above.

- **B**
  - For those selected rough sawn timber Hevea wood after defects selection and the minimum length after cutting shall be more than 60% of the wood length as per sizes mentioned above.

## Moisture Content (MC)

| Maximum | 12% |

## Definitions:

1. **Timber** - means as Kiln Dried Rough Sawn Timber after has gone through the chemical treatment process.
2. **4 Sides Clear** - means 4 sides of the wood without any defects BUT EXCEPT the defects which is less than or equal to 5 mm. size is not counted / described as defects.
3. **Defects** - means such as: Black Knots, Cracks, Black Lines, Bad Fungus, Blue Stains, Bucks & Cores.

## Remarks:

If there is any insect holes found on the timber woods is considered Defects.
Export market
China 95%
Imports
Wood Processing Countries

We are not allowed to export hardwoods, except Eucalyptus and Rubber wood
Wood Imports (sawn timbers)

- 2012  Thailand imports 1.6 million CUM
- 2013  Thailand imports 0.66 million CUM
- 2014  Thailand imports 0.83 million CUM
## Import figure M3

### 4 largest suppliers to Thailand

<table>
<thead>
<tr>
<th></th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
<th>remarks</th>
</tr>
</thead>
<tbody>
<tr>
<td>Laos</td>
<td>1,200,000</td>
<td>177,237</td>
<td>73,497</td>
<td></td>
</tr>
<tr>
<td>Malaysia</td>
<td>255,753</td>
<td>214,005</td>
<td>145,814</td>
<td></td>
</tr>
<tr>
<td>USA</td>
<td>75,417</td>
<td>75,067</td>
<td>76,749</td>
<td></td>
</tr>
<tr>
<td>Myanmar</td>
<td>60,925</td>
<td>32,501</td>
<td>58,610</td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>1,609,075</strong></td>
<td><strong>655,590</strong></td>
<td><strong>831,433</strong></td>
<td></td>
</tr>
</tbody>
</table>
Laos

- Wood supplies from Laos are very seasonal and not regular. The timbers are from Dam construction.
Malaysia

• Woods from Malaysia are mainly for the real estate / construction which has been affected by the political turmoils
Myanmar

• Most expensive wood is Teak from Myanmar. The purchases are very regular. The wood is for the furniture and decoration industries.
USA

- Woods from USA are very steady at about 75,000 Cubic meter per year. Very consistant. 10% market shares and growing
TLAS in Thailand?

Timber Legality Assurance
Timber Legality

• Nation based
• License based
Laws involved in TLAS

- Forest Act, (Forest Product) B.E. 2484 (1941):
- Forest Act (Natural Reserve) B.E. 2507 (1964)
- Forest Act (Plantation forest) B.E. 2535 (1992)
- Forest Act (saw motor) B.E. 2545 (2002)
- Protocol on certification of timber, products and wood charcoal for export B.E. 2552 (2009)
- LOG BAN in B.E. 2530 (1987)
• Paper based in all process (logging – trading)

• License based in all process (logging – trading)
• Mobility license (wood license) valid 24 hours

• Soon to be upgraded to online system through single window
Due Diligence of the whole supply chain
To respond to

LACEY ACT
EU FLEGT
New Australian Timber Regulation
Sustainable Forestry Management Standard

มาตรฐานการจัดการสวนป่าอย่างยั่งยืน
สำนักงานมาตรฐานผลิตภัณฑ์อุตสาหกรรม
สมอ
SFM scheme for Thailand

- Modelled after ISO 14061/ FSC/ itto criteriors, we are developing the scheme on Sustainable Forestry Management certification scheme suitable to the situation in Thailand accommodating the rubberwood plantation and small lot plantation.
Standard for environmental friendly wood manufacturing

เกณฑ์การออกแบบและการผลิตเฟอร์นิเจอร์ไม้ที่เป็นมิตรกับสิ่งแวดล้อม กรมส่งเสริมสิ่งแวดล้อม
Green Label
- Rubber wood Products
- Plywood
- Rubber wood materials

Packaging

มาตรฐานฉลากเขียวเฟอร์นิเจอร์ไม้ยางพารา
Not only legality but also sustainability

Start with responsibility
Not only legality but also sustainability
Thailand: forest-responsible country
Thailand: Hub for the niche
Thank you

谢谢大家