

Malaysian Reserve

Malaysia committed to remain green



Friday, October 19th, 2018 at Money | News



Four decades ago, the timber industry was merely involved in the upstream processing activities, but today, it has become one of the major producers and exporters to over 160 countries

By SHAHEERA AZNAM SHAH / Pic By ISMAIL CHE RUS

Malaysia is committed in maintaining at least 50% of the forest to be covered in perpetuity as pledged at the 1992 Rio Earth Summit.

Primary Industries Minister Teresa Kok Suh Sim said more than 50% of Malaysia's land area has already been under the natural forest and the country owns more than 2,650 species of trees, many of which have intrinsic value.

"The rich biodiversity of our rainforest has given a rise to a multitude of timber species, which has made the timber industry a desirable one as it allows for the creation of beautiful nature-inspired structures, be it for indoor or outdoor use," she said at the Malaysian Timber Conference 2018 in Kuala Lumpur yesterday.

She said four decades ago, the timber industry was merely involved in the upstream processing activities with an export value of less than RM5 billion.

"Today, the industry has become one of the major producers and exporters to over 160 countries," she added.

She said Malaysia's timber and timber-based exports had reached RM14.57 billion as of August 2018.

She added that wooden furniture, plywood, sawn timber, fibreboard, builder's joinery and carpentry are the main export contributors of the local industry.

In 2017, the timber industry has contributed 1.7% to the national GDP with export earnings of RM23.3 billion

"Moving forward, the timber-based manufacturers must identify and overcome the common pitfalls associated with growth, so that their business can continue to grow," she said.

Meanwhile, Malaysia Timber Council (MTC) chairman Datuk Low Kian Chuan said the council has also raised the incentive for carpentry-based businesses under the Import Assistance Programme (IAP) from RM5 million to RM7 million in 2018.

"The IAP was set up to assist the local timber-based manufacturers to augment the supply of raw materials and encourage the development of small and medium-sized enterprises (SMEs) who are involved in manufacturing downstream value-added products," he said.

MTC also has launched the Financial Incentive for the Purchase of Machinery programme in December 2017 to encourage SMEs in the timber industry to adopt the enhanced technology in mechanisation and automation in their operation.

MTC has put aside RM3 million to be distributed over three years to provide partial reimbursement of the machine price and freight charges to the SMEs.

"We hope through mechanisation and automation, dependency on blue-collar labour and wastage of raw materials should be reduced while improving the product quality," Kok said.

On another note, experts from the ministry are expected to meet with their European Commission's counterpart, who will be in Kuala Lumpur for their maiden visit at the end of October.

Kok said the ministry's experts will also be joined by personnel from the Forest Research Institute Malaysia to discuss and address concerns over the sustainability of Malaysia's palm oil production.

She said the meeting is expected to shed some light on the industry and would give the European delegate a clearer perception of palm oil production in the country.

The visitors will be led by European Union (EU) Ambassador Maria Castillo Fernandez who is also expected to meet with Malaysian palm oil key stakeholders.

Discussion with the European legislators will also be attended by industry representatives from the Malaysian Palm Oil Board and Malaysia Palm Oil Council.

The meeting is pertinent to improve sentiment towards the commodity, in the wake of EU proposal to remove the usage of palm oil in motor fuels by 2021 as the European Parliament is revisiting its Renewable Energy Directive.

The EU is Malaysia's largest market for palm oil and palm-based products. In 2017, palm oil exports to the union were recorded at RM11.03 billion, representing 14.2% of Malaysia's global exports.