

PRESS RELEASE

TIMBER INDUSTRY IN BUSINESS DURING PANDEMIC

The timber sector has been operating largely unhindered during the MCO and CMCO, thanks to the government's swift response and strong support

KUALA LUMPUR (9 JUNE 2020): The Covid-19 pandemic brought much of the world economies to a grinding halt. It was tough for businesses to keep their financial wheels turning and the impact of lockdowns were particularly brutal for companies with little reserves for managing sudden slumps.

Malaysia was not spared as the economic indicators showed a worrying trend during the Movement Control Order (MCO) when it was first implemented from 18-31 March 2020 to contain the pandemic.

As many companies faced mounting challenges to survive as supply and demand for both overseas and domestic markets were disrupted, the government of Malaysia had promptly rolled out the "Prihatin Stimulus Package" of over RM260 billion (USD61 billion) to weather the financial crisis brought on by Covid-19.

Numerous consultation sessions among the various ministries, government agencies and the private sectors took place throughout the MCO to discuss and finetune the implementation of the regulations and SOPs for businesses that were given approval to operate during the MCO.

As many industries were contemplating a shutdown, the timber sector received special approval from the Ministry of Health through the Ministry of Plantation Industries and Commodities (MPIC) to operate under strict adherence to the SOPs during the MCO. More than 500 timber-based companies were granted approvals of which over 70% were furniture and moulding manufacturers.

The Malaysian Timber Council (MTC), together with many public and private sector organisations, played a key role in facilitating the smooth operation of the timber sector by analysing and channelling feedback from the industry players to the government through consultation sessions.

MTC had also conducted an industry-wide survey. Among the findings of the survey were concerns over the slowing global and domestic demands, cashflow management, order fulfilling issues and workforce sustenance.

The MCO was extended in stages and on 4 May 2020 the government implemented the Conditional Movement Control Order (CMCO), which is effective till 9 June 2020 and allowed most economic sectors, including the timber sector, to operate based on regulated SOPs.

One of the primary hiccups during the MCO involved the supply disruption of timber raw materials which was swiftly resolved during the CMCO when the government granted permission for the transportation of logs from the landing sites to the respective factories. Since then timber-based manufacturers were assured of regular supply of raw materials for their operations.

The timber sector has been literally up and running during the MCO and CMCO with 90% of manufacturers having resumed operations and more than 60% had begun exporting their products. These timber-based manufacturers are also revisiting their business plans and actively relooking at digitalisation and automation options to further fortify their operations.

The timber industry is an important contributor to the Malaysian economy. In 2019, it achieved RM22.5 billion in exports which is 2.2% of the country's total merchandise export. The industry attracted a total investment worth RM1.1 billion in 2018 and has a domestic market worth RM13.6 billion. The industry also provides employment to more than 50,000 local workers.

The timber sector in Malaysia has been largely operating unhindered, thanks to the quick response and strong support from the government which has also signalled of more assistance to stimulate the economy to enable businesses to weather the pandemic storm.

MTC, too, in line with its role and obligation to the timber industry has taken the necessary steps to transform its operation model and activities to suit the current and post-Covid-19 business needs.

"It's a digital push we are looking at now. We simply cannot ignore this fact and businesses must now consider operating on e-platforms," said MTC Acting CEO Mr Wong Kah Cane, who also assured buyers of Malaysian timber products that any order will be readily met by local manufacturers and suppliers.

“Together with the cooperation and collaboration among various ministries, agencies and the private sector, MTC will do its part to ensure that the Malaysian economy and timber industry will be more resilient post-Covid-19,” said Wong.

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About the Malaysian Timber Council

The Malaysian Timber Council (MTC) was established in January 1992 to promote the development and growth of the Malaysian timber industry globally. MTC's main objectives are to promote the Malaysian timber trade and develop the market for timber products globally, to promote the development of the industry by upgrading the industry's manufacturing technology base, to augment the supply of raw materials, to provide information services and to protect and improve the Malaysian timber industry's global image. Further information on the Council's activities can be obtained from www.mtc.com.my.

Issued by the Malaysian Timber Council

For details, contact:

Noraihan Abdul Rahman
Corporate Communications Division
Tel: 03-92811999 ext 700
E-mail : noraihan@mtc.com.my

Vijaya Kasinathan
Corporate Communications Division
Tel: 03-92811999 ext 703
E-mail : vijaya@mtc.com.my