

06/03/1998

Dr Lim: Timber sector faces double jeopardy

THE local timber sector has suffered double jeopardy, namely depreciating currency and worsening terms of trade, following the economic downturn since last year, Primary Industries Minister Datuk Seri Dr Lim Keng Yaik said yesterday.

Despite the severe depreciation of Asean currencies against the US dollar and many European currencies, the sector has not benefitted from its exports.

"Instead, buyers have been demanding discounts on their purchases of these products, effectively lowering or even depreciating the real value of our timber exports.

"In short, we are suffering double jeopardy - depreciating currency and worsening terms of trade," he said in Kuala Lumpur yesterday at the 1998 International Timber Conference which was opened by Prime Minister Datuk Seri Dr Mahathir Mohamad.

Nonetheless, Dr Lim said he has strong confidence in the resilience of the timber industry, demonstrated by its ability to overcome its many challenges in the past.

He added that the Malaysian timber industry has achieved steady growth over the last decade to reach its current status, and today, it ranks as the top commodity foreign exchange earner for the country.

Last year, the industry contributed some RM14.1 billion of the export value or 5 per cent of the year's gross national product.

Dr Lim said to further develop the industry, the Government has implemented various strategies as indentified under the Second Industrial Master Plan covering the period between 1996 and 2005.

He added that the "manufacturing plus plus" approach, for example, aims to enhance and widen the country's industrial base. The focus will shift beyond manufacturing operations to include research and development, allowing manufacturers to be fully integrated in their operations.

Meanwhile, World Bank's Global Forestry chief Jim Douglas said the private sector has a key role to play in developing and implementing workable solutions in the survival of tropical forests.

In his joint paper prepared with another World Bank official, Mr Blaser Juergen, tabled at the conference, he suggested four points that could go a long way in assisting the private sector to assume this important role.

Firstly, governments begin to value and price their respective forest resources appropriately and manage them accordingly.

Secondly, international agencies, non-Governmental organisations and other interest groups apply their influence on and access to economic decision-makers to the issue of building both awareness on the merits of sustainability.

Thirdly, the international private forestry sector takes up the role of a good corporate citizen by working directly with counterpart companies in forest rich developing countries on operational and market-based improvements to sustainability.

Lastly, a wider group of international consumers could be brought to bear on the matter of financing sustainable management in forests.

American Hardwood Export Council director Robert Owens said there is more wood growing across the US today than at any time in the past century because of the country's improved forest management programmes.

Through sustainable forestry, the US can continue to reward investors,

create jobs and extend sound forest management for the benefit of future generations.

"It is a serious commitment with significant implications. You can count on the US to meet the challenge of this commitment," he said in his working paper "Sustainability of Supply from Temperate/Boreal Forests."

Owens said other nations know that the US stands ready to transfer its experiences to all who wish to work together, and the country is looking forward to long-term partnerships in areas of sustainable forest management.

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