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Venue : KECHAU TUI, LIPIS, PAHANG
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Title : OPENING CEREMONY OF MIECO PLANT 3

SPEECH BY
YAB DATO' SRI MOHD NAJIB BIN TUN ABDUL RAZAK
DEPUTY PRIME MINISTER OF MALAYSIA
AT THE OPENING CEREMONY OF MIECO PLANT 3
AT KECHAU TUI, LIPIS
PAHANG DARUL MAKMUR
16TH JUNE 2005, THURSDAY,
12:00 NOON

YAB. Dato' Sri Adnan bin Yaakob, Menteri Besar Pahang Darul Makmur

YB. Datuk Anifah bin Haji Aman, Timbalan Menteri Perusahaan Perladangan dan Komoditi

YBhg. Dato' Mohamed Moiz bin JM Ali Moiz, Pengerusi MIECO Chipboard Berhad

Para hadirian yang dihormati sekalian,

Assalamualaikum Warahmatullahi Wabarakatuh dan Selamat Sejahtera.

Ladies and Gentlemen,

1. Firstly, I would like to thank MIECO Chipboard Berhad for inviting to officially open its new Plant 3 in Kechau Tui, Pahang Darul Makmur.

2. The timber industry in Malaysia is an important resource-based industry and continues to play an important role in Malaysia's socio-economic development. The contribution of the wood-based industry to Malaysia's overall economic performance is commendable.

3. In 2004, the export of timber and timber products recorded is over RM17 billion, an increase of 5 - 6 percent from the previous year and is estimated to increase by 10 percent this year. Currently, the industry contributes about five percent to the national GDP.

4. The wood-based industry is export oriented with export earnings amounting RM16.64 billion in 2003 out of total earnings of RM21.64 billion as compare to RM5.0 billion from the domestic market.

5. Traditionally, the industry has been dominated by the primary processing sectors, producing sawntimber, plywood and veneer. With strong, consistent support from the government, the industry has flourished and grown at a respectable rate. In order to remain relevant to ever-changing consumer demands, the industry has

successfully grown and diversified into downstream and peripheral activities to include higher value-added products such as mouldings, joinery and furniture.

6. Within this equation, the furniture sector has continued to be the significant contributor and is receiving more attention in the recent years because of its increasing importance as foreign exchange earner for the country. Furniture produced in Malaysia covers a broad spectrum of the market. Ranging from the traditional to the contemporary, it offers something for everyone's needs.

7. The export of local furniture is expected to increase about 10 per cent following the anti-dumping duties by US against China-made furniture. As such, Malaysia is set to enhance its global position as a provider of high quality furniture products.

8. The success rate of Malaysia on the global stage in the furniture and wood panel sector is phenomenal. A further indication of the country's success in this area is that Malaysia is the world's third largest exporter of wood-panel products.

9. More importantly, the wood and wood based industry in Malaysia is predominantly owned by local companies. It is therefore encouraging to note that our success can truly be attributed to homegrown talent within local organizations.

10. In this respect, MIECO Chipboard Berhad's success is very commendable. As a pioneer in the field of particleboard manufacturing in Malaysia and one of the top two particleboard manufacturers in the Asia Pacific region, MIECO Chipboard Berhad is a fine example of a successful Malaysian Brand achieving recognition in the competitive global market. This shows that Malaysians can and will continue to make a mark on the global stage provided they are prepared to work hard and willing to acquire knowledge.

Ladies and Gentlemen,

11. Malaysia is endowed with a rich bio-diversity and is recognized as one of the 12 mega bio-diverse countries in the world. However, as we leverage on our rich asset, we should not forget to invest in sustainable development of our timber resource. Without sustainable development, there is no hope for new factories to be built. This criteria should be the uppermost consideration when embarking on projects of this nature. Only with proper usage and management of this invaluable natural resource can we hope to continue to reap the fruits of its harvest.

12. In line with this, the Malaysian Timber Certification Council (MTCC) has made great strides. There are 7 states in Peninsular Malaysia certified with the Certificate for Forest Management by MTCC, which covers the area of 4.11 million hectares, and Pahang is one of the states.

13. The government hopes that MIECO Chipboard Berhad will continue to make a concerted effort to ensure that our natural resources are preserved amidst its expansion drive.

14. With two plants in full capacity operation, MIECO Chipboard Berhad has set up this third mammoth operation facility in Kechau Tui to meet the growing demand for its environment-friendly chipboard panels. This is indeed a testament to the company's consistent quality, state-of-the-art manufacturing and continuous research and development.

Ladies and Gentlemen,

15. The Malaysian government has also continuously worked to encourage local industry and entrepreneurship. One of the incentives towards these goals is the Reinvestment Incentives for the Resource-Based Industries which is offered to companies that are at least 51% Malaysian owned in the resource-based industries including the wood-based industries that have export potential. Companies reinvesting for expansion purposes are eligible for Pioneer Status or Investment Tax Allowance (ITA). Activities located in Sabah, Sarawak and designated "Eastern Corridor" of Peninsular Malaysia are eligible for higher level of exemption or allowance under Pioneer Status in accordance with that given for promoted areas.

16. Additionally, there is the Pre-Packaged Incentive for Forest Plantation Including Rubber Plantations whereby a company receives Pioneer Status with 100 percent tax exemption for 15 years, commencing on the first year the company registers profit; and an Investment Tax Allowance of 100 percent for 10 years. These and many other incentives are in place to continue to grow the industry.

17. I am confident that MIECO will continue to grow and bring increased innovation within its field to the world. With that, I am pleased to officially open MIECO Chipboard Berhad's Plant 3 in Kechau Tui, Pahang.

Thank you.

Wabillahi Taufiq Walhidayah Wassalamualaikum Warahmatullahi Wabarakatuh.