

## **THE OFFICIAL OPENING OF THE INTERNATIONAL TIMBER CONFERENCE 1998**

NIKKO HOTEL, KUALA LUMPUR, 5 MARCH 1998

First and foremost, I would like to thank the organisers, The Malaysian Timber Board and the Malaysian Timber Council for inviting me to officiate the launch of this 1998 International Timber Conference. I would also like to welcome the foreign participants at this conference. As you may have noticed we are trying our best to sustain and even grow our economy. We believe that the economic prosperity of any country is good for other countries. We believe in our prosperity benefiting others and vice-versa. We do not believe in impoverishing others in order to enrich ourselves.

2. I also wish to congratulate the organisers for their effort in organising this conference, which is held in conjunction with the 'Malaysian International Furniture Fair'.

3. It is a pleasure and an honour for me to be with you to deliver this address to such a distinguished gathering of timber industrialists and experts at this 1998 International Timber Conference which has been appropriately given the theme 'Globalisation of the Timber Industry in the Next Millennium'. To our foreign guests I would also like to take this opportunity to bid all of you a very warm welcome and wish you 'Selamat Datang' and hope that you will also take this opportunity to enjoy the many touristic sites which Malaysia has to offer including our natural forests.

4. The conference theme and the various topics to be discussed over the next two days are appropriate and timely considering the numerous challenges and opportunities that are brought about by globalisation and liberalisation of international trade particularly in forest products. And we have also to examine market prospects arising from liberalisation under the Uruguay Round in view of the concern about the environment and sustainable development, which if improperly translated into trade policies and measures could restrict the export earnings of developing countries.

5. The sustainable management of the forests and the utilisation of timber products constitute fundamental components of the overall socio-economic development of many timber-producing countries including Malaysia. It has been estimated that the total world forest cover in 1995, comprising natural and plantation forests was 3.4 billion hectares with 50 percent of this located in the developing countries comprising mainly tropical forest. The tropical forest cover has unfortunately declined from 1.79 billion hectares in 1990 to 1.73 billion hectares in 1995, as countries with tropical forests have recently been utilising their forest resources as a source of revenue for their largely poverty-stricken countries.

6. The United Nations Conference on Environment and Development (UNCED) in 1992 highlighted the critical role of the forests for environmental conservation and sustainable economic development. This recognition is also reflected in

international conventions such as the international convention on biological diversity, the international convention to combat desertification and the framework convention on global climate change.

7. Unfortunately the commitments made at UNCED and post UNCED agreements by the developed countries to provide new additional financial resources and environmentally-sound technology transfer to developing countries for the management of their forest resources have yet to be realised. The extent of global concern over forestry and its impact on the global environment has certainly not been matched by any determined action programme of operationalising and implementing the UNCED forest principles and forest related chapters of Agenda 21. Whilst the establishment of the global environment facility (GEF) was a major achievement, its funding levels have not been sufficient to meet its objectives, thus rendering it ineffective. The United Nations General Assembly Special Session (UNGASS) which was convened in June last year, to review the implementation of Agenda 21, noted that the global environment has continued to deteriorate although some countries have succeeded in curbing pollution and slowing the rate of resource degradation.

8. In this regard, I would like to urge the developed countries to re-affirm and put into action the commitments to provide concrete assistance to developing countries to achieve sustainable management of their forest resources. In addition, sustainable forest management should be promoted through mutually supportive trade and environmental policies. Malaysia remains convinced that an international forest convention would provide the necessary legal framework for ensuring an equitable, transparent and comprehensive mechanism that balances sustainable forest management, biodiversity and economic growth. Such a convention can remedy the problems of legal uncertainty and lack of predictability currently faced in international regulation of global forestry. In this respect, I would like to reiterate that Malaysia will continue to examine, identify and implement the commitments made under Agenda 21, especially those related to combating deforestation and conservation of biological diversity.

9. Recent trends which reflect the increased emphasis on environmental roles of forests include management of forests as ecosystems, the adoption of environment- friendly logging systems and restrictions on timber harvesting in some countries. Environmental concerns have also led to certain developed countries putting pressure for timber certification schemes, effectively restricting importation and utilisation of tropical timber.

10. We cannot afford to ignore these changes in the global perceptions of forest and forestry. We accept that forests are no longer just a source of timber. They also play an important role in regulating the climate and in the absorption of carbon dioxide and other wastes. They are also a source of biodiversity and contribute towards medicinal products. Hence, the greatest challenge to mankind in the coming century will be to strike a balance between the need to conserve forests for environmental protection and biodiversity, while trying to meet the need for living space as well as timber as a source of wealth for poor countries

especially.

11. Indeed, we need to come to terms with reality: that forest resources could be utilised on a sustainable basis if the global community is committed to safeguarding this important natural heritage. Currently, there are many efforts being pursued by both governments and non-governmental organisations (NGOs), at national, regional and international levels to promote sustainable forest management. I would like to call upon the global community to accelerate regional and international cooperation in matters related to sustainable forest management and development. In addition, countries must also forge greater strategic alliances to exchange experiences and knowledge on sustainable forest management.

12. For sustainable forest management, countries will have to forego potential wealth and plough back considerable resources into the forestry sector. Poor countries cannot be expected to do this unassisted. Besides, if they are to provide a carbon sink for the world, including for the rich countries, it is only right that there should be cost sharing between them and the rich countries. This has become even more necessary as some of these countries have been made poorer through the activities of rich traders from rich countries. Malaysia has established its own fund for the purpose of carrying out activities related to sustainable forest management but the campaign against tropical timber is depriving the country of revenue needed to sustain the fund.

13. Malaysia is against unilateral actions taken by the major developed consumer markets to restrict or boycott the use of tropical timber. Such actions only render the forests valueless as a source of income and consequently the forests are being cleared for agricultural and other purposes. Of course no money will be spent on preserving the forests. In short, restrictions on trade in timber products will not help to reduce deforestation in the developing countries. In fact, if efforts are taken by the major markets to provide greater market access and higher value to timber products, producer countries would be in a better position to undertake sustainable management of their forests.

14. The global trade in forest products, is estimated at US\$114 billion and continues to increase in volume. However, the developed countries dominate this trade, accounting for about 80 percent of the timber trade. The developing countries have entered this field but their share of the trade is still small.

15. The Food and Agriculture Organisation (FAO) has estimated that world timber consumption would reach 3.8 billion cubic metres by the year 2010.

16. A global outlook study on trends to the year 2020 by the FAO also indicates that long term adequacy of supply of timber products will depend upon the sustainable management of forest resources. The world population is expected to grow to about 10 billion by the middle of the next century and this will create greater demand for timber and timber products.

17. Malaysia believes and supports globalisation and greater liberalisation in

trade and investment both at regional as well as international levels. We believe they would contribute towards growth and development. Malaysia is one of the strong proponents of a more open economy and greater cross-border flow of capital and trade. We welcome foreign direct investments. However we believe that cross-border flows, liberalisation and globalisation must not be regarded as ends in themselves. They should contribute toward equitable distribution of wealth for all. Unilateral actions to achieve these objectives are not likely to benefit anyone else other than the party concerned.

18. The Uruguay Round Agreement aimed at reducing tariff and non-tariff barriers requires all participating countries to follow common trading rules. For the timber products category, although a general consensus has been reached to reduce tariffs, the schedule of implementation has not been finalised. In the meantime local authorities are negating the commitments made by their countries towards tariff reductions and fair trade by imposing their own rules on the usage of timber within their jurisdiction. This renders international agreements meaningless.

19. At the last Asia-Pacific Economic Cooperation (APEC) meeting in Vancouver, member countries had reaffirmed their commitment to further market-openings in trade and investments. It is gratifying to note that under the agreed Early Voluntary Sectoral Liberalisation, APEC leaders had endorsed the selection of product sectors which had the support from members for early trade liberalisation measures. Among them is the forest products sector. Malaysia welcomes such positive developments as these efforts will provide increased market access, particularly for products from the developing countries in APEC. In this regard, developed countries should allow more room for the developing countries to adjust themselves and to pursue national goals effectively before forcing upon them liberalisation measures which they are not prepared for as yet.

20. I am also glad to note that the initiatives undertaken at the ASEAN, WTO and APEC meetings have led to the dismantling of tariff barriers for timber products. Unfortunately the recent forced lifting of restrictions on the export of unprocessed timber in order to liberalise trade has resulted in the erosion of incomes for timber exporting countries. Impoverishing countries through certain means also have the effect of forcing them to export unprocessed, low value-added timber in order to earn much needed foreign exchange.

21. I am happy to note that a number of Malaysian timber companies have ventured into foreign countries to establish strategic alliances and partnerships with local companies in the management of their forest resources. Malaysian companies believe in smart partnerships which result in equitable benefits for all the parties involved. Accordingly these Malaysian companies have not only extracted timber but have helped to develop infrastructural facilities such as schools, hospitals and other social amenities. They have of course practised sustainable forest management in order to preserve the timber resources of these countries. Unfortunately there have been accusations that they are "environmental marauders" even when they have not even ventured into certain countries. That Malaysia today still has 50 percent forest cover bears testimony

to the efficiency and care of Malaysian timber companies when extracting timber. By contrast certain countries which have become developed have lost almost all their forest cover.

22. Timber as construction material has been used since the beginning of time. It is one of the most beautiful materials for furniture and other products. Over the years wastage from processing has been reduced so much that almost nothing is left unutilised. The maximisation of the use of timber has resulted in lesser need to extract timber.

23. The best way to reduce the felling of trees and destruction of the forests is to make every tree felled to yield maximum returns. This can be done by increasing the price of timber, by reducing the cost of extraction, by adding value to the maximum before exporting. If all these are done then countries which depend on timber for their economic development need not extract timber in an unsustainable way. The worst thing to do if we want to minimise timber extraction is to impoverish timber-producing countries. Therefore, there is need for the appropriate global policies to be put in place to ensure fair and equitable international trading practices and market access particularly for timber products.

24. Finally, I would like to call upon all participants to make full use of the conference to obtain as much information as possible from the speakers and panelists who I am told have vast experience and are experts in their respective fields. To all foreign participants I wish you a pleasant stay in Kuala Lumpur. I am confident that you will have a fruitful deliberation in this conference. On this note, I have great pleasure in declaring open the International Timber Conference 1998.