As you are aware, the Government has implemented an export levy and quota on sawn timber, veneer and selected timber products from Peninsular Malaysia with the aim of ensuring adequate supplies at reasonable prices for the downstream wood processing sectors, especially furniture, joinery and mouldings. This measure has succeeded in reducing the exports of these products and assisted the downstream processing sectors in obtaining the required raw materials. With the implementation of the export levy and quota, exports of value-added products from Peninsular Malaysia have increased.

However, feedback from the industry indicates that there is an increasing tendency, especially among plywood manufacturers, to use logs of timber species required by the local downstream processing sectors, especially Rubberwood, in plywood manufacture as core veneer. This situation has given rise to unhealthy competition between plywood manufacturers and sawmills which need logs of the right species to supply the sawn timber required by the downstream processing sectors.

In the overall interest of the timber industry, and to ensure the achievement of the Government’s aim, the plywood sector is requested not to use the timber species which are required by the downstream processing sectors. The cooperation of the plywood sector is requested so that the Government’s aim of optimising the use of the different timber species by the various sectors of the timber industry is achieved, and the downstream processing sectors can continue to expand. The timber species required by the downstream processing sectors are those listed in group A, Appendix I of T.E.B. 11/87 (Revised 0596) (enclosed) and Rubberwood.