



## PRESS RELEASE

### STA AND STIDC TO COLLABORATE TO REVIVE THE TIMBER INDUSTRY

A meeting between Sarawak Timber Association (STA) plywood members and Sarawak Timber Industry Development Corporation (STIDC) was chaired by Tuan Haji Hashim bin Haji Bojet, STIDC General Manager on 16 October 2019. The 15-member delegation from STA was led by Dato' Sri Patrick Wong Haw Yeong, STA Permanent Council Member. The objective of the meeting was to discuss the critical issues faced the timber industry and how best the state government and STA members can work together to overcome the challenges faced.

The biggest market for Sarawak plywood manufacturers is Japan. However, Sarawak is gradually losing its market share to countries such as Indonesia, Vietnam and China who are able to sell plywood at cheaper price. On top of that, production of domestic plywood in Japan is increasing, incentivised by the Japanese Government.

Over the last few years, our plywood production cost has skyrocketed due to increase in costs for raw materials and labour. Log cost has escalated by at least 22% since 2017 because of increase in Hill Timber Premium from RM0.80/m<sup>3</sup> to RM5.00/m<sup>3</sup> (hill timber species), Timber Premium (Rehabilitation & Development) from RM0.60/m<sup>3</sup> to RM5.00/m<sup>3</sup>; glue cost has increased by 12%, and administrative & distribution costs increased by 59% due to significant reduction in production volume. Moreover, the minimum wage rate for Sarawak has increased from RM920.00 to RM1,100.00 in 2019, and may increase further to RM1,200.00 in 2020. Effective 1 January 2018, new ruling requires employers to bear the levy for foreign workers at RM1,010.00 per worker. Previously, the cost was borne by employees themselves. Such ruling has resulted in the increase in the cost of workers recruitment.

The members are unable to pass on the added costs to their buyers. The only option for the industry to survive is to reduce cost. In order to achieve this, support and assistance from the Sarawak government is of paramount importance to restore the competitive edge of the industry.

STA is grateful to STIDC for their understanding and support to STA's proposals of way forward at this very difficult juncture. It is essential for the Sarawak Government to assist and support the needs of the industry at this critical time to achieve a win-win outcome to sustain the well-being of the industry, as well as to generate greater stream of revenue for the Sarawak Government and its people.



Caption: Tuan Haji Hashim bin Haji Bojet (seated, centre), Dato' Sri Patrick Wong How Yeong (seated, 2<sup>nd</sup> from right), Alvin Yii Heng Kee (seated, 1<sup>st</sup> from right), Datuk Amar Abdul Hamed bin Haji Sepawi (seated, 3<sup>rd</sup> from right), Dato Wong Kuo Hea (seated, 3<sup>rd</sup> from left), Annie Ting Yien Ding (seated, 2<sup>nd</sup> from right), Vincent Chieng Ai Ung (seated, 1<sup>st</sup> from left)