

1.0 INTRODUCTION

The total forest area in Malaysia is estimated to be 20.4 million hectares or 61.8% of the total land area, with 8.5 million hectares in Peninsular Malaysia, 4.5 million hectares in Sabah and 9.4 million hectares in Sarawak. Although the rich timber resource is still subject to large scale land clearance for agricultural and urban development, a total of 12.7 million hectares of forested land has been earmarked as the Permanent Forest Estate (PFE) to be managed under sustained yield. Of this area approximately 4.7 million hectares are located in Peninsular Malaysia, 3.4 million hectares in Sabah and 4.6 million hectares in Sarawak. The remaining area will be planted with crops such as rubber and oil palm.

The forestry sector plays a major role in the socio-economic development of Malaysia. In 1988, this sector was responsible for 5.1% of the country's GDP, earning some M\$7.07 billion (US\$2.62 billion) or 12.8% of total export earnings. The sector also directly employs some 162,000 people. Government expenditures on forest management and development, including research, amounted to M\$172.94 million in 1988.

The most striking feature about the forest industry in Malaysia is the excess milling capacity in Peninsular Malaysia vis-a-vis raw material supply and the reverse in Sabah and Sarawak. All but 72,800 cubic metres of the 9.8 million cubic metres of logs produced in Peninsular Malaysia in 1987 were processed in the mills, mainly to meet expanded overseas demand. Most mills were running at more than one shift/day and many of them, especially the plywood mills, could have run at full capacity (3 shift/day) if more logs were available. In Sabah and Sarawak, where resources are abundant and processing mills are few and far between, unprocessed quality logs are sold directly overseas which leaves the local mills with raw materials of lower grades.

2.0 LOCATION OF THE TIMBER RESOURCE

Land use maps can be found on pages 16 and 17 in Appendix B - Malaysian Rain Forest, A Living Resource.