

new processing plants with gradually reduced quotas for log export. The Industrial Master Plan (IMP) has proposed to set up "timber processing zones" in Sabah and Sarawak to facilitate the establishment of a large production base in both states through an integrated approach.

The key strategies recommended in the IMP include the following :

- designate both moulding and furniture as priority products which qualify them to receive a range of incentives under the Industrial Coordination Act (see Appendix C at pages 3 to 8 for details of incentives);
- designate the joinery/mouldings and furniture industries as priority industries;
- designate the sawmill and plywood/veneer industries as those requiring restructuring and rationalization;
- encourage greater utilization of existing forest resources, including rubberwood, for which the establishment of an integrated rubberwood processing plant is proposed;
- concentrate efforts on expanding the higher value added products, i.e., joinery/mouldings and furniture, through the export market;
- undertake active marketing for high visibility of the proposed furniture complex in Peninsular Malaysia as well as the timber processing zones in Sabah and Sarawak.
- strengthen the Forest Research Institute of Malaysia (FRIM) with more staff and equipment to carry out applied research for product development in order to provide more active support to the industry;
- enlarge the role of the Malaysia Timber Industry Board for planning and developing the industry on a national basis, including Sabah and Sarawak, while not violating the vested rights of the states.