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 :

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- 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 eroub was elects. ing tables were to 8 for details of incentives):
- designate the joinery/mouldings and furniture industries as priority industries; power fled and
- designate the sawmill and plywood/veneer industries as those Lage Legalerias requiring restructuring and rationalization;
- encourage greater utilization of existing forest resources, helia evad 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 seads off So. en export market; rentures by the
- 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 sup--of suping and port 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.

In Fenineular Malaysia, the princey proceeding industry his eqtablished processing cosmolly in excess of present log sucpet. Hence the Covernment has stopped approxing the erection of new prisery processing allie or the expansion of exterior allie behar oone are Josmeozicer spinose bus noiszainzebos zevecel -avorged voneighte alls no smoot like expensed excitationer laprovesents and technology in the area of downstress processing to the longer term the industry is also encouraged to examine technical reduce for appl lasigess research-lises butseeperg rol vacion

On the orner hand, there is exill room for expansion of the primary propositing industry for Sabah and Sarawak since only upproximately 20x of the total energy log production is ensured domestically. The State Governments of noth Subah and Parawak to snewholidate ent minimission al essats theburg a bescabe evad