

A study of downstream and upstream timber industry: The contribution to Sarawak's economy

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Introduction

Sarawak blessed with large area of tropical rainforest make up a essential support of the timber and wood based industry. This industry play an important role as the contributor in driving the state economy as it contributed 5.3 per cent in Sarawak export or RM5.3 billion to the overall annual in 2018. Despite the many challenges it now faced and even with the growing contribution of others industry such as oil and gas, manufacturing, services and construction, timber remains a key node to the state socio-economics growth.

Objectives of the study

1. To analyze the contribution of downstream and upstream timber industry to Sarawak's economy.
2. To evaluate the significant of timber industry in Sarawak economy performance.

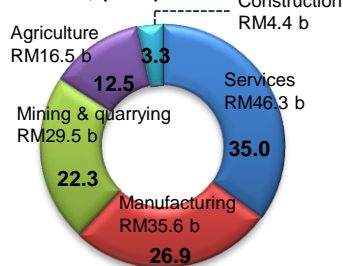
Data method

Data used in this study is in various sources such as Sarawak Socio Economic Report 2018, Annual Economic Statistics for Agriculture and Manufacturing Sector 2017, Sarawak External Trade 2018 and Timber Products Statistics 2010-2018 of Sarawak Timber Industry Development Corporation (STIDC).

Result and discussion

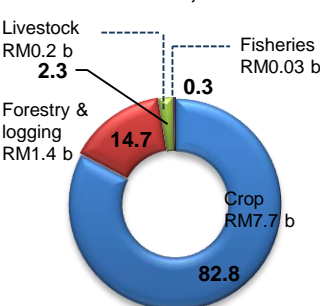
In 2018 Gross Domestics Products (GDP) Sarawak economy mostly contributed by services sector accounted for 35.0 per cent meanwhile agriculture sector contributed 12.5 per cent.

Chart 1: Sarawak Gross Domestics Products, (GDP) 2018



Sarawak agriculture sub-sector value added mostly contributed by crop sub-sector accounted for 82.8 per cent meanwhile forestry and logging sub-sector contributed 14.7 per cent according to Annual Economic Statistics 2017.

Chart 2: Sarawak agriculture sector value added, 2017



Export contribution to total Sarawak for both upstream and downstream timber products continuously decline as depicted in chart 3. In 2018 upstream industry recorded 3.8 per cent compared to 4.7 per cent in 2015. Meanwhile for downstream industry, registered 1.5 per cent in 2018 compared to 2.9 per cent in 2015.

Chart 3: Sarawak export of upstream and downstream timber industry contribution (%)

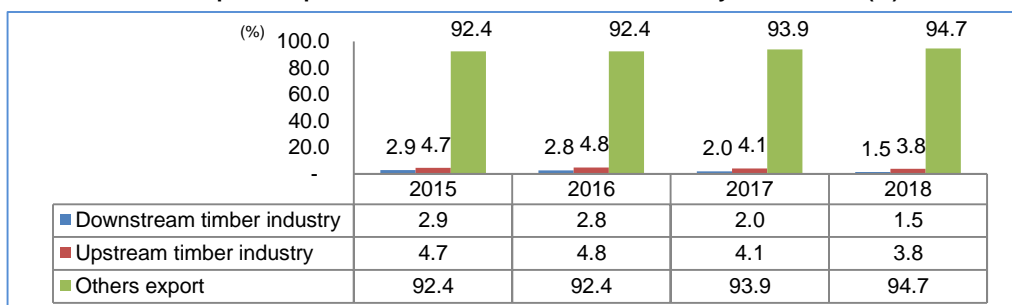
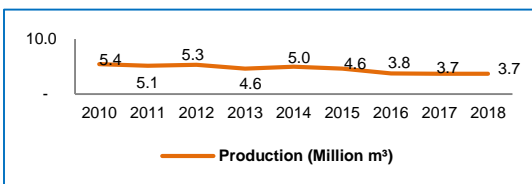


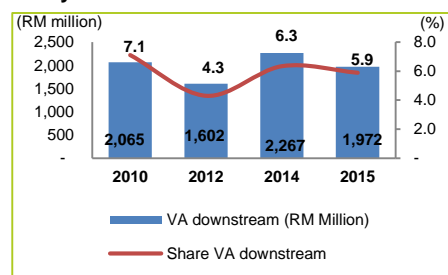
Chart 4: Production of timber and timber products, Sarawak 2010-2018



In line with the deterioration of export, production of timber and timber products also continue to portray a downward trend with production of 3.7 million cubic metres in 2018 compared to 5.4 million cubic metres in 2010.

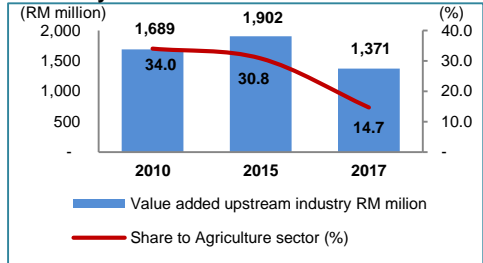
Chart 5 show the downstream value added of timber industry contribution to manufacturing industry. In 2015, it contribute 5.9 per cent compare to 6.3 per cent in 2014.

Chart 5: Value added of downstream timber industry



Sarawak upstream timber industry value added share to agriculture sector recorded a downward trend since 2015 with 2017 registered 14.7 per cent compared to 34.0 per cent in 2010.

Chart 6: Value added of upstream timber industry



Conclusion

In conclusion, even though the downstream and upstream of timber industry in Sarawak seem to be in the downward trend nevertheless, this industry still play an important role in influencing Sarawak economic growth. Therefore, this industry has to transform from focusing the primary processing to producing more diversified and high value added products in order to remain competitive.

References

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2. Report of Economic Census 2011 and 2016, DOSM
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4. Laporan Sosio Ekonomi Negeri Sarawak 2017 dan 2018, DOSM
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