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2002

POTENTIALS OF EXPORTING SARAWAK SAWNTIMBER TO THE  
PEOPLE'S REPUBLIC OF CHINA (PRC)

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SEPTEMBER 2002



## TABLE OF CONTENTS

	<u>PAGE</u>
ACKNOWLEDGEMENTS	iv
TABLE OF CONTENTS	v-vi
1. INTRODUCTION	
1.1. Background and Scope of Study	1 - 2
1.2. Objectives	3
1.2.1. Course Requirement	3
1.2.2. Research Objectives	3
1.3. Research Questions	5
1.4. Limitations	6
1.5. Definition of Terms and Abbreviations	7
2. LITERATURE REVIEW	
2.1. Overview of Timber Industry in Sarawak	8
2.1.1. Status of Wood-Based Industry in Sarawak	9
2.1.2. Overview of Sarawak Timber Export by Volume (cubic metre)	11
2.1.3. Export Volume (cubic metre) and Volume (cubic metre) and Value (RM'000) of Sawn Timber by Country of Destination	12
2.1.4. Export of Sawn Timber to China (1996-200)	13
2.1.5. Sawn Timber Average Price (RM/cubic metre)	14
2.1.6. Sawn Timber Quality	17
2.1.7. Sarawak-China Timber Trade	18



# 1. INTRODUCTION

## 1.1. Background and Scope of Study

Within the Asian region, China is slowly emerging as a formidable economic power. The country with a population of 1.3 billion people in the year 2000, offers the single biggest market place in the world. In this context, it is not surprising to note that potential in its infant stage. Foreign direct investment (FDI), which is a measure of investor confidence and interest in a particular country, provides ample evidence of these positive attitudes towards China.

China, which has just gained membership into the World Trade Organization (WTO) in December 2001, offers tremendous potential for all investors, as she provides several distinct advantages. Firstly, she has a large domestic market with an increasing spending power. Secondly, her rapidly growing industrial sector stands out as a producer of all types of products, which are bound for export markets around the world. Thirdly, China has the potential to change the direction of global trade patterns, as she is the seventh leading exporter and eight largest importer of merchandise in the world. It is therefore obvious that China will remain highly attractive to investors for many more years to come.

## 2. LITERATURE REVIEW

### 2.1 Overview Of Timber Industry In Sarawak

Sarawak is renowned for its rich and verdant tropical forests. Over 76 percent of its total land area of 12.4 million hectares is still forested. Hence it is a natural forestry treasury where tens of thousands of species of flora and fauna are found and the forest where sources of abundant wealth that contribute to the growth and strength of the state's economy are tapped - timber.

Since time immemorial, timber has played a very important and influential role in the life, customs and tradition of the peoples of diverse ethnic groups in the state. From timber, their traditional and daily implements are produced. And, it is from timber too that state's timber industry flourishes to become the pillar of its economy.

The forest resources of Sarawak have been systematically managed since the beginning of the century. Over the years ecologically and environmentally sound forest conservation practices have been developed to ensure sustainable management of the forest. Production of logs will be maintained at 9.2 million cubic meter per annum from the permanent forest estate in line with the Government's policy to sustain the production

### 3. METHODOLOGY

The research design is classified into:

- (i) Exploratory Research - one type of research design that has as its primary objective the provision of insights into a comprehension of the problem situation confronting the researcher. It is used in cases when one must define the problem more precisely, identify relevant courses of action or gain additional insights before an approach can be developed. The information needed is only loosely defined, and the research process that is adopted is flexible and unstructured.

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- (ii) Descriptive Research - a type of conclusive research which has as its major objective the description of something - usually market characteristics or functions. It is typically based on large representative samples.

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- (iii) Causal Research - a type of conclusive research in which the major objectives is to obtain evidence regarding cause-and-effect (causal) relationships.

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