Sustainable forest management practices and West Malaysian log market.

ABSTRACT

The global demand for timber products will continue to grow in line with increasing population and economic development especially in many developing countries. Simultaneously, forest ecosystem plays important roles in the environmental services such as carbon sequestration, recreational, water catchments, wildlife reserve and soil protection. Therefore, Malaysia is committed in implementing Sustainable Forest Management (SFM). The forest are harvested in a sustainable manner by adopting the method of reduce impact logging practices. This resulted to diminishing supply of logs to downstream timber industry. The West Malaysian log supply is in deficit since 1995. This has significant impact on major timber products. They have moved from resources surplus to one of deficit in Malaysia. Therefore, it is interesting to know the behaviour of West Malaysian log market with the implementation of SFM policy. The results indicate that full adoption of SFM could lead to substantial reduction of supply. Furthermore, a sustained price increase in the long run does not seem to have significant impact on the demand side. In conclusion, the ongoing adaptation of West Malaysian forestry to the standards of the SFM certification programs could have substantial effects only on the log supply. This will probably influence the scheme of forest plantation establishment in sustaining the West Malaysian forest sector.

Keyword: Sustainable Forest Management (SFM); Supply and demand of logs; Autoregressive Distribution Lag(ARDL).