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Furniture industry poised for growth

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MALAYSIA will continue to do well in the commodities export sector in the future, with more focus on processed and manufactured products, Deputy Primary Industries Minister Datuk Hishammuddin Tun Hussein said yesterday.

The nation's export earnings from primary commodities (excluding petroleum and gas) reached RM22.34 billion for the first half of the year, a 32 per cent increase from last year's figures, he added.

Speaking in Kuala Lumpur, he said: "However, within the timber industry, there has been a shift as furniture mouldings, joinery, and engineered wood products have increased.

"This increase makes up for the drop in export earnings from the more traditional products such as logs, sawn timber, plywood and veneer.

"This trend is very clear, the future lies in downstream and value added products," he said.

Figures available show that exports of downstream forest products, such as furniture, hit RM1.97 billion for the first half of the year, an increase of 37 per cent compared to last year.

He stressed the primary commodities sector will continue to do well with continued exports and concentration on downstream products.

"With furniture doing particularly well, I am confident that our furniture exports can reach RM4 billion by the year 2000," he said.

He said this in his address when officiating the launch of the computerised product costing system for wood products manufacturers.

While efforts of local manufacturers in putting Malaysia on the world stage in furniture trade was laudable, Hishammuddin reminded industry players to be mindful of challenges in the international market.

"Lower cost producers such as China and Vietnam, even Indonesia, are posing a strong competition to our products.

"We are a relatively small player considering that we barely account for one per cent of the global furniture trade, estimated at RM200 billion."

To remain competitive, the Deputy Minister added, we have to pay close attention to certain key factors as there was room for improvement.

One key area, he elaborated, that has to be addressed was the need to move away from the mainly Original Equipment Manufacturing towards more Original Design Manufacturing or Original Brand Manufacturing.

"By coming up with original designs, we can position ourselves to penetrate the upper market segments as well as niche markets.

"Our future marketing strategy must be one based on higher value added items of original designs rather than selling on volume and price to buyers' specifications."

To do this, Hishammuddin said "we need to develop our design expertise and create a corps of local designers."

The launch of the Malaysian Furniture Design Centre by Prime Minister Datuk Seri Dr Mahathir Mohamad recently would play a key role in helping the furniture industry's design needs, including providing design expertise as well as training local designers.

Another key area, Hishammuddin said, which needs to be addressed by the industry was streamlining its costs-structure.

"Lower market prices and ever-rising costs of labour and raw materials are shaving margins to the bone.

"With closer attention to production costs in relation to the range of products, profitability can be enhanced."

To achieve this objective, he added, the computerised wood products costing system would help calculate costs accurately and speedily.

"It would also be used to identify weaknesses such as production bottlenecks and other inefficiencies," he added.

The system, developed by MTC and the private sector, would help launch the Malaysian furniture industry towards more value-added furniture items.

"We should also not lose sight that technological advances can help maintain our competitive edge in the market place," Hishammuddin said.

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