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Have own designs, Dr M tells furniture makers

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KUALA LUMPUR, Fri. - With the furniture industry seeing rapid growth and exports rising to RM2.9 billion last year, Prime Minister Datuk Seri Dr Mahathir Mohamad says it is time for furniture makers to change their approach.

Dr Mahathir said the industry should shift from a "volume-strategy" to "value-strategy", and come up with its own designs instead of operating on the basis of Original Equipment Manufacturer.

Under OEM, local manufacturers use designs provided by foreign buyers who also determine prices.

The Prime Minister said this today when he opened the Malaysian Furniture Design Centre at Menara PGRM in Cheras.

Jointly set up by the Malaysian Timber Council and the Malaysian Furniture Industry Council, the centre will be for exhibiting products and promoting distinctive designs. It will also have a training school.

This year the industry has continued to expand with RM1.97 billion worth of exports in the first six months of this year. Back in 1990, the figure was RM269.5 million and the target is to increase exports to RM7 billion by the year 2005.

Elaborating on his call, Dr Mahathir said the industry was, to a large extent, still dependent on designs given by foreign buyers who also determine prices.

"This results in continued depressed prices with low-cost manufacturers in the region coming out with cheap and competitive products," he said.

And during the economic downturn, the buyers have asked for discounts given the depreciation of the Ringgit.

Dr Mahathir said local manufacturers and exporters of furniture had to oblige in order to secure the market, and thus might be able to retain short-term profits.

"However when the Ringgit strengthens, there is no guarantee the local exporters will get back the old prices, giving the local industry all sorts of problems," he said.

The Prime Minister said as a long-term strategy, makers have to be able to compete in terms of quality, designs and innovative marketing.

"Producers have to shift from OEM to Original Design Manufacture in an aggressive manner and come up with distinctive designs and brands," he said.

Primary Industries Minister Datuk Seri Dr Lim Keng Yaik told reporters later that the prices determined by foreign buyers were low. Citing an example, he said a type of chair made under the OEM would only be sold at US\$7 (RM26.60) to foreign buyers, who in turn, will sell it for US\$45.

In his speech, the Prime Minister also touched on networking, developed through smart partnerships with buyers and importers in other countries, which will also create extensive spin-offs.

Dr Mahathir added that the product-range had to be diversified, from low and medium-cost to those that would fetch higher prices.

On the need for a "value-strategy", Dr Mahathir said local makers have to come up with high-quality products, which were functional and feature attractive designs. This should be done on a consistent basis.

He said he hoped that since the new centre was open to all manufacturers, exporters and businessmen, people in the industry would utilise the facilities.

As of last year, there were 3,009 furniture and woodwork factories nation-wide but only between 500 and 600 of them were exporting, he said.

Given this backdrop, he encouraged small and medium-scale furniture industries to also seize a portion of the world-wide US\$55 billion furniture export business.

Dr Mahathir said the furniture SMIs could start off by supplying specific components to other exporters.

The Prime Minister also touched on the need to protect intellectual property rights.

Dr Lim later told reporters that the fear of having their designs taken up by others had compelled some makers not to exhibit their products.

He said the furniture council was working with the authorities on intellectual property rights.

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