

## **Malaysia Furniture Makers Urged To Win More Furniture Market Share As China Costs Rise** **Bernama**

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**By Jason Tan Lin King**

KUALA LUMPUR, March 9 (Bernama) -- As China grapples with rising wages that eat into the competitiveness of its furniture industry, Malaysia should take the chance to grab a larger slice of the pie, industry players say.

"China's consumer items are still cheap but when it comes to furniture, we are on par already," said Malaysian International Furniture Fair (MIFF) Chairman Datuk Dr Tan Chin Huat.

As costs rise in China, Asia's largest furniture exporter, many international buyers are setting their sights on alternative sources which offer the same quality, but at lower prices, he said.

"This is a good time to draw their interest towards us in Southeast Asia," Tan said.

Malaysia will enjoy an upper hand as it has earned a reputation for quality, skills and timely delivery which meet the industry's standards, he said.

Anji Yangtze Furniture Co Ltd, a Zhejiang, China-based maker, has seen a three-fold jump in wages for its factory workers over the past 15 years.

Its workers were paid 1,500 yuan (RM800) a month 15 years ago, but now they bring home 4,500 yuan, said its Sales Manager Alex Chan.

That is taking a hit on the competitiveness of China-made furniture as their price tags are no longer low, he told Bernama during the five-day MIFF here. The fair ended on Saturday.

This in turn opens up opportunities for Asean, a furniture production hub with Vietnam being Asia's second-largest furniture exporter and Malaysia the third-largest.

"Malaysian companies have been selling their furniture to the United States and Europe. These buyers are picky and if you can supply to them, your products are good," Chan said.

Malaysian makers should set their sights elsewhere, such as China, by coming up with the right designs and product sizes for different markets, he said.

For example, Malaysia can eye a larger share in solid wood furniture, which it is well-known for, and promote those offerings more aggressively, he said.

Hikari Global Trading Co, Japan's leading wholesaler which spends US\$500 million a year sourcing overseas furniture, is looking to buy more from Malaysia.

It currently imports 50 per cent of its furniture from China and 50 per cent from Asean, but will increase purchases from the latter, said its Managing Director Chie Kikuchi.

"We have seen an increase in prices from China products, and faced some challenges because the market there has a different culture and business practices," she said.

If Malaysian makers can churn out products with creativity and sizes catering to Japanese consumers' taste, Hikari will increase sourcing from here, she said.

Meanwhile, the Ministry of International Trade and Industry has urged local makers to adopt new technology to produce more diverse and higher value-added products.

To stay competitive, they should also move up the value chain from being original equipment manufacturers to original brand or design manufacturers, it said.

Malaysia exported RM7.4 billion worth of furniture in 2013, with the United States, Japan, Australia, Singapore and the United Kingdom being the top buyers.

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