

SPEECH BY
YAB DATO' SERI ABDULLAH BIN HAJI AHMAD BADAWI
AT PERASMIAN PAMERAN PERABUT ANTARABANGSA MALAYSIA 2000
(MALAYSIAN INTERNATIONAL FURNITURE FAIR 2000 - MIFF 2000)
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Terlebih dahulu saya ingin mengucapkan terima kasih kepada pihak penganjur pameran MIFF 2000 kerana sudi menjemput saya untuk memberi ucapan serta merasmikan pembukaan pameran ini.

2. Saya difahamkan bahawa ini adalah kali keenam pameran perabot antarabangsa Malaysia atau MIFF diadakan, dan sehubungan itu saya ingin mengucapkan tahniah dan syabas kepada pihak Malaysia Furniture Industry Council (MFIC) di atas usaha gigihnya menganjurkan pameran perabot tempatan yang bertaraf antarabangsa ini.

Ladies and gentlemen,

3. First of all, I would like to bid our guests from other countries `selamat datang' and hope that besides having a productive visit to this furniture exhibition you will have the opportunity to enjoy the sights, sounds and of course, tastes, that Malaysia has to offer.

4. Malaysia is on the threshold of yet another major thrust in its economic development efforts. In fulfilling our vision of becoming a fully developed country by the year 2020, we are determined to pursue strategic industrial and technological developments not to only enhance the competitiveness of Malaysian goods and services globally but to also contribute towards upgrading the overall quality of life of ordinary Malaysians.

5. The forest and timber sector continues to play an important role in the Malaysian economy, being the most important foreign exchange earner among our commodities. For example, in 1999, exports of timber and timber products contributed RM 16 billion in exports, which constituted 10 percent of the country's gross domestic product (GDP). Furthermore, the industry provides direct employment to about 225,000 people which represents some 3 percent of the country's labour force.

6. The furniture industry is a significant component of the timber sector. Furniture exports from Malaysia experienced a period of rapid growth since 1986, the year the first industrial master plan (IMP) was launched. The success of the industry currently is by no means a small achievement. In 1999, total furniture exports is estimated to be worth RM 3.8 billion; a remarkable increase compared to exports of RM 27.6 million in 1986.

7. Despite this impressive achievement, the industry must focus its efforts on creating more competitive products that can cater for the international market. The industry needs to identify strategic programmes to stay ahead of its competitors as more manufacturers from other countries such as China and Vietnam, move into production for the low-end market segments and offer products at much lower prices. This does not mean that all manufacturers need to entirely switch away from

producing for the low-end market. But the more successful exporters must initiate moves to new markets and develop new products, preferably for the high-end market segments.

8. The quality and design of our furniture needs to be further improved in tandem with the knowledge-driven strategy identified in the second industrial master plan. This is imperative in order to offset our higher raw material and production costs as well as to position our furniture exports in the higher end market segments so as to move away from competing with the lower-cost producers.

9. In order to create furniture designs that targets specific markets, manufacturers need to work closely with designers familiar with these markets. In addition, manufacturers must combine technological skills and modern management techniques to make products with improved designs and higher quality of finishing which can be priced competitively in the world market. Manufacturers should also take steps to train and expose their designers to the requirements of the international markets through visits to well-known international furniture fairs such as the international furniture shows in Cologne, High Point and Milan. Such exposure to international competitors are necessary investments in human resources which will benefit the industry in the long run.

10. As the furniture industry further expands, one area of particular concern is raw material supply. The abundant supply of heveawood when it was first promoted has enabled the industry to take off into the export market. If the industry is to further expand, as desired, the continuous supply of heveawood must be ensured. In this context, I would like to urge the rubber industry smallholders development authority (Risda) and related agencies, to take necessary measures to ensure the continuous availability of heveawood for the local furniture manufacturers. I hope that the furniture manufacturers would play a more active role in ensuring adequate supply of heveawood and greater utilisation of other wood species required by the furniture sector. To sustain supply of raw materials, the manufacturers may consider possibilities such as setting up joint ventures with owners of hevea plantations or processors. This vertical integration in the planting - processing - manufacturing chain of heveawood may be able to create better synergies to face regional and international competition, especially when ceft for AFTA come into force in 2003.

11. To widen the furniture industry's resource base, research and development efforts should be channelled towards developing and adapting technology to minimise waste, efficiently process available raw material, and develop usage of appropriate wood or ligna-cellulose-based products, particularly reconstituted panel products such as medium density fibreboard.

12. Globally, the furniture industry is undergoing a transition as producers adapt to changes in raw material, processes and products. New and improved products are being introduced to the markets at increasingly shorter intervals, offered at more competitive prices and with greater consistency in quality. Other non-wood products or substitutes such as plastics and steel, are also gaining rapid ground in markets and applications where wood was previously used. The Malaysian furniture industry must therefore similarly brace itself for increasing competition from substitutes by exploring new markets and creating new products rather than focussing on traditional markets only.

Ladies and gentlemen,

13. The furniture industry must intensify its efforts at improving the design and quality of its products so we are able to position our exports in the high-end market and move away from competing against lower-cost producers. In the connection I am glad to note that local manufacturers are starting to pay more attention to market research as well as design improvements, so as to keep abreast of changing consumer preferences.

14. The shortage of skills and manpower required by the furniture industry is indeed pressing. Foreign labour for furniture factories should not be relied upon permanently. The shift towards creating an industry with greater focus on the high-end market should also be seen as an opportunity to employ and create more skilled local workers. I believe the dependence on foreign workers must be reduced and efforts should be taken to increase the use of capital machinery in the supply chain.

15. The production of consistently high quality furniture is not the end of the value chain. Testing and certification are also necessary to increase consumers' confidence in the products. Furniture manufacturers and exporters should regard certification as a marketing tool especially when targeting the European, American and Australian markets where consumers are more selective and demanding. The Forest Research Institute Malaysia (FRIM) will continue to provide the necessary assistance to upgrade the quality of timber products and furniture, particularly for the export market. The furniture testing centre under FRIM, is recognised by the Furniture Industry Research Association (FIRA) of the United Kingdom. Manufacturers should therefore take advantage of these facilities to market themselves in Europe and elsewhere. I would also like to encourage Malaysian manufacturers and exporters to obtain the ISO 9000 certification in order to attain recognition worldwide.

16. Another strategy to offset our rising material and production costs is to have joint-venture manufacturing facilities in countries where the cost of raw materials and production is lower. These foreign production and sourcing centres can manufacture components or sub- assemblies for the final products to be finished in Malaysia. Such an arrangement could serve as spring board in gaining market access in these countries. I am glad to note that some furniture manufacturers have started such joint ventures in countries such as Myanmar, Indonesia and China.

Ladies and gentlemen,

17. Your presence here as representatives of the industry, and the keen support shown by international buyers justifies the importance of holding this international furniture fair. I hope that this fair will grow in size and importance to achieve the standing of the Cologne international furniture fair, and the international home furnishing market at high point and thus be the focal point for the furniture industry in Asia. On this note, it gives me great pleasure and honour to declare the Malaysian international furniture fair 2000 open, and wish all participants a productive and profitable time at this exhibition.

Thank you.