

## MALAYSIA



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# MIFF. A STRATEGIC PLATFORM FOR THE FURNITURE INDUSTRY

Malaysia is a major furniture exporter (it is the ninth exporting country in the world and the third in Asia, according to CSIL rankings), with exports exceeding US\$ 2.3 billion, directed to more than 150 countries, mainly to the United States, Japan, Singapore, Australia, the United Kingdom and India. The furniture sector is a significant contributor to the country's Gross Domestic Product and furniture exports account for about 1.1% of total Malaysian exports.

For the 543 furniture manufacturers and exporters attending MIFF 2017 as exhibitors, the Malaysian International Furniture Fair held in Kuala Lumpur from 8 to 11 March proved to be a great showcase with 80,000 sq. m. of exhibition space and 20,000 visitors from 140 countries.

## GOVERNMENT FACILITATES THE DEVELOPMENT OF THE FURNITURE SECTOR

Speaking at the MIFF opening ceremony, YB Datuk Seri Mah Siew Keong, Minister of Plantation Industries and Commodities, said that many furniture companies are taking steps to move away from mass production and build their own brands. He highlighted the importance of innovation for meeting the demand for quality and value added furniture products.

After having assured that the Ministry will continue to facilitate the development of the furniture industry to increase productivity, innovation and exports, he added: "While

making efforts to increase global market share, the industry should pay attention to the potential of other ASEAN countries, which, with a population exceeding 500 million people offer attractive opportunities with growth potential deriving from rapid urbanization and increasing purchasing power". The Malaysian Prime Minister declared 2017 the year of the Internet economy. Minister Datuk Seri Mah Siew Keong encouraged the furniture industry to explore new areas of growth and to develop new business models by taking advantage of the digital economy for a wider marketing.

## MALAYSIAN EXPORTS: GOOD RESULTS AND MAIN CHALLENGES

Malaysian furniture exports represent about two thirds of total furniture production. According to preliminary estimates for the year 2016, furniture exports further increased, although at a lower growth rate compared to the previous years.

Despite the challenges arisen in this period, Malaysia achieved a positive result in terms of furniture export growth, helped by a favourable exchange rate and fostered by investments in Research & Development and design, that allow companies to launch on the market 3 to 5 new products every year. Furthermore, furniture manufacturers have managed to implement and differentiate their commercial partners.

Next to traditional markets like the



MIFF 2017 Official Opening Ceremony



MIFF 2018 headline 'Design Connects People'



United States, Australia and Europe, Malaysian companies managed to increase trade towards Middle East and Africa. For sure MIFF is a good platform to develop new networks and to strengthen the existing ones.

The importance of exports for the furniture industry is evident when speaking to MIFF exhibitors, namely exhibitors of household furniture, outdoor furniture and office furniture (with 100 companies of the sector grouped in a dedicated section of the fair called MIFF OFFICE).

Although Malaysian furniture manufacturers remain committed to exports, some companies reported, that concerns are emerging.

The main challenges that furniture producers are facing are:

- The global economic environment, with increasing uncertainties, and with limited growth prospects for the economies of some Malaysia's trading partners and a stagnant global trade. Global balances are shifting, some trade agreements are changing, but other new trade options are arising and opportunities are to be seized.

- The increase of raw material costs. Malaysia, over the years, has succeeded in moving towards design products by investing in Research & Development, trying to build its own identity.

On the other hand, Malaysia is surrounded by other furniture manufacturing countries, some of them having lower labor costs. The competi-

tion is tight and the increasing of raw material costs has a negative impact on the operating results.

- Some scarcity of supply of some species of tropical wood in Malaysia. With more than 55% of the country under natural forest cover, Malaysia is one of the greenest countries in the world. In Malaysia there are more than 100 species of wood, 7 of which are widely applied. The problem is that not all these species are available in high quantity.

- The Malaysian Timber Council reported the challenge for companies to keep up with technical requirements (labels and certifications) in assuring the legality of wood used in the furniture manufacturing. Certifications needed can be different for different countries and they are changing in the time becoming more and more strict (for example, those concerning the environmental impact).

### INDUSTRY SEMINARS

Industry seminars were held at the fair, as in previous years. Among keynote speakers for this edition:

Mr Shinichi Mitsuki, MITSUI Designtec Co Ltd Japan; Professor Dr Jega Ratnasingam and Mr Lim Choon Liat, University Putra Malaysia; Mr Enrico G. Cleva, ec&co Italy; Mr Philip Yap, PYD Associates Malaysia & China; Dr Eric Leong, The One Academy Malaysia; Mr Tommaso R. Masera, Masera Design Italy; Ms Jamilah Ibrahim and Mr Md Mohd Hafizi Yusof, MATRADE Malaysia; Ms Adeline Tan, PanPageOnline Sdn Bhd, Malaysia.

### 2018: 'DESIGN CONNECTS PEOPLE' AND TWO NEW SECTIONS

Curtain is down on the 23rd edition of MIFF, but preparations for the next year are already in full effect. Design will be at the heart of MIFF 2018 edition under the headline: 'Design Connects People'. Design as point of connection between the offer of Malaysian furniture and the international demand.

Among expected news for 2018: the new and bigger venue, the Malaysia International Trade and Exhibition Centre (MITEC) in addition to the experienced location Putra World Trade Centre (PWTC). The 24th edition of MIFF taking place from 8 to 11 March 2018 in Kuala Lumpur will be also launching two new sections:

**MIFF Timber Mart** - a showcase dedicated to wood and wood related material

**DesignRena** - a hall dedicated to top Malaysian selected exhibitors.



International Press visiting the new MITEC venue in Kuala Lumpur