



9 - 12 March 2019 KLCC • KUALA LUMPUR, MALAYSIA

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World Furniture

International Markets Review
78 June 2018 - Year 20
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INSIGHTS
MALAYSIA

by Giulia Tavaglia
CSIL Industry Studies

EFE 2018 TO BOOST MALAYSIAN FURNITURE EXPORTS WORLDWIDE

On 12 March 2018, the 14th edition of Export Furniture Exhibition (EFE) concluded its four days of exhibition, organized by EFE Expo and presented by the Malaysian Furniture Council (MFC). Held at Kuala Lumpur Convention Centre (KLCC) in the heart of Kuala Lumpur, the exhibition recorded a great success, as shown by the participation of over 12,000 visitors (+11.2% on the 2017 edition), of which 7,854 were international buyers from 140 countries. The fair-ground covered around 32,000 square metres (+9% over 2017) and hosted more than 320 exhibitors from Malaysia, China, Singapore, India, Korea and Indonesia.

EFE is recognized as an important sourcing hub for Malaysian furniture exports both for local and Asian furniture manufacturers. Looking at the furniture trade data, Malaysia continued to grow in the last five years and it ranks among the top 10 furniture exporters worldwide, reaching US\$ 2.3 billion in 2017 (source: CSIL, "World Furniture Outlook 2018").

EFE benefits from a large endorsement by the Government together with its agencies, such as the Ministry of Plantation Industries and Commodities (MPIC), the Malaysia External Trade and Development (MATRADE) and the Malaysian Timber Council (MTC). The latter continued during the 2018 edition its supporting to timber-based SMEs by sponsoring 280 sq. m. of floor space both at EFE and MIFF (Malaysian International Furniture Fair). In 2018 MTC also sponsored 15 furniture manufacturers to exhibit at MTC's Export to Asia Pavilion,

with the aim to focus on favourable markets for timber-based manufacturers. The Asian market represents a huge potential for local manufacturers, as confirmed by the increasing wooden furniture exports value to Asia, which reached RM 2.6 bil-



CSIL Interview with Mr. Richard Yu Tuan Chong, CEO of the Malaysian Timber Council (MTC)



EFE 2018 Opening Ceremony

lion in 2017. Malaysia exported RM 8.1 billion and is forecasted to achieve RM 12 billion of furniture exports by 2020 according to the National Timber Industry Policy (NATIP) plan.

TALKING WITH KEY PLAYERS AT EFE

According to MTC CEO, Mr. Richard Yu Tuan Chong, the furniture sector is one of the major contributors to the domestic timber industry, which is facing important challenges, including the issue of raw material supply, especially for many furniture manufacturers who have been highly dependent on rubber wood. During the interview at MTC booth

in EFE, Mr. Yu stressed that one of MTC's aim is to transform the industry challenges into new opportunities. Thus, in response to the shortage of skilled workers and the dwindling of raw material supply, MTC introduced its first financial incentive consisting in an allocation of RM 3 million over a period of three years to support SMEs to adopt new machineries and increase their mechanization and automation in the production process. This incentive programme (Financial Incentive for Purchase of Machinery programme, FIPM) aims at improving production efficiency of SMEs, which represent a large portion of Malaysia's furniture and timber-based industry. These are good premises for a fast development of the Malaysia's furniture industry together with the increasing role of EFE as a strategic hub for exports.

According to Mr. Chua Chun Chai, President of Malaysian Furniture Council (MFC) and Chairman of EFE, the exhibition will grow further also in 2019 and will attract an increasing number of Asian buyers, in particular from China and India.

INCREASING ATTENTION PAID TO DESIGN

A strategic future objective of the Malaysian furniture industry is the development from OEM (Original Equipment Manufacture) to the ODM (Original Design Manufacture) business and EFE, by hosting the third edition of Professional Designers Programme (PDP), supported it.

Mr. Ivan Teo, General Manager of First Flames, stressed the impor-

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CSIL Interview with Mr. Chua Chun Chai, President of Malaysian Furniture Council (MFC) and Chairman of EFE

tance of investing in design to develop new product for different countries. His company was established in 2006 in Muar (one of the most important Malaysian furniture district) and it is now a leading upholstery manufacturer, specialised in dining chairs in rubber wood. The company exports mainly to Asian countries, such as Philippines, Thailand, Japan and China, with new target markets Europe and the United States.

Value Plus exports nearly the whole production mainly to China, the United States and Japan. According to Mr. J.X Tan, Executive Director of the company, the company has been traditionally focused on solid wood production and during EFE 2018 they introduced a new collection of dining furniture made up by solid wood and a layer of walnut wood (imported from the U.S.). The company employs about 450 workers in its factory located in Muar.

MATTRESS AND SOFA SEGMENTS WELL REPRESENTED AT EFE 2018

Goodnite International is among the leading Malaysian manufacturers of high resilience and memory foam mattresses. Mr. Kelvin Tan, Export Manager of the company, said that Goodnite is trying to develop a full

natural latex mattress collection since he forecasts an increasing demand for such kind of products in the next future. The company has a workforce of about 250 employees.

Aerofoam is among the leading latex mattress manufacturers in Malaysia. The company was established in 1969 and now has more than 200 employees manufacturing about 50,000 mattresses per year. The company exports about 40% of its total turnover, mainly to China and Japan. Together with its own brand "mylatex", Aerofoam is the manufacturer and distributor of "Therapeutic" products in Malaysia. The increasing importance of the relationships between Malaysia and China is stressed by the presence of leading Chinese manufacturers, such as Zolano, Zoy and Quanyu Furniture.

The latter is a very large furniture producer of sofas, mattresses, living, bedroom and kitchen furniture. Together with the manufacturing activity, the company operates about 5,000 showrooms, of which 8 across Malaysia, as reported by Mr. Sam Stone, Deputy Director of the company.

WF - June 2018 17