



**“WOOD-BASE INDUSTRY IN SARAWAK –FURNITURE
MAKING; THE LEVEL OF READINESS OF THE BUMIPUTERA
FURNITURE MAKERS OF THE KUCHING DIVISION,
SARAWAK IN FACING AFTA”**

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EXECUTIVE SUMMARY

In this research, one set of structured questionnaires was used. The set of questionnaires consisted of four sections namely Section A, B, C, D and E. Each of these sections require the respondent to answer regarding their Industrial Profile, Production Profile, Marketing, Awareness on AFTA and Entrepreneurs Profile and nine establishments responded to the questionnaires.

The research was mainly confined to those establishments in the Kuching Division only. As the research were only focused to those within the Furniture Vendor Development Program which registered with Sarawak Timber Industries Development Corporation who are only sixteen in number. Out of these sixteen establishments four of them were not active and one was wholly owned by government agency. The said five establishments were not included in the research. 11 sets of questionnaires were distributed and nine have responded while the other two respondents have not returned the questionnaires.

In terms of ownership structure of these establishments, 44.4% is owned as private limited companies, 33.3% are sole-proprietorships and 22.2% are partnerships.

The research carried out only on the Bumiputera entrepreneurs and the location of their business were within the industrial estate namely Demak Laut, Pending and Semariang Wood Industries Village.

1.0 INTRODUCTION

The strength of Sarawak's economy has always been the primary sector because it has been blessed with abundance of natural resources. However, within the primary sector there was a shift in importance from an agro-based economy to oil and gas-based economy from the mid-eighties. A close look at the sectoral contribution has shown that the manufacturing sector is second in importance, bypassing the agricultural sector in the Sarawak economy since the nineties.

The manufacturing sector is the most dynamic sector in Sarawak, just like for Malaysia as a whole. In 1978, it contributed 6.5 percent to the GDP and in 1993 it increased to 16.8 percent, and by 1996 to 21.3 percent (Statistic Department, 1998). It is presently the second biggest sector in Sarawak, next to mining and quarrying, although its contribution to total manufacturing output or manufacturing employment in Malaysia is below 5 percent.

It would be useful to discuss briefly the wood-based industry in the Malaysian economy. The wood-based industry includes all wood manufactured and can be classified into four major sub-sectors, namely:

- Sawn wood
- Panel Products (veneer, plywood, particle board and block board)

2.0 LITERATURE REVIEW

All ASEAN nations have taken appropriate steps to protect their interest in the implementation of AFTA. Various comments were read in newspapers, magazines, electronic media, Internet and so forth. The challenges lying ahead are seen to be stiff especially for our Malaysians business communities in whatever sector they participate.

2.1 AFTA has become the hot topics among ASEAN countries including those newly member such as Vietnam, Laos, Myanmar and Cambodia. Their head government has given comment and point-of-view regarding AFTA. Vietnamese Trade Minister Vu Khan has been interviewed by Vietnam News Agency correspondent Le Thanh Huyen about the possible impact on domestic enterprises of the country entering AFTA in 2006. "Opportunities from integration into AFTA will be great for those entrepreneurs with the awareness and ability to take advantage of them to restructure their production and business", (<http://vietnamnews.vnagency.com.vn/2002-02/05/Columns/Interview.htm>).

2.2 The challenges of furniture marketing in the 1990s must be viewed within the Malaysian context: availability of raw materials, human resources, means of production, economic policies, manufacturers customs and practices, reliable market information, etc. Dr. Marc Koo Sin Lin, Managing Director of Laval Furniture Sdn Bhd in his paper The Challenge of Furniture Marketing in the 1990s, presented during the penal session at local business seminar in Kuching.