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Timber sector short of 50,000 workers: MTIB

PUTRAJAYA: The Malaysian timber industry, which is targeting to raise exports of timber products to RM53 billion by 2020 from RM20.5 billion last year, is currently facing a shortage of some 50,000 workers with the furniture segment alone in need of an additional 23,000 staff.

The imposition of minimum wages, security bonds and increasing levy on foreign workers, inconsistent foreign labour policy and increasing runaway foreign labour in the furniture segment make it difficult to beef up the workforce. Malaysian Timber Industry Board (MTIB) director-general Dr Jalaluddin Harun said the industry lacked skilled local workers, and was also facing difficulty in getting foreign workers due to competition from markets like Vietnam and China.

He was speaking at the opening of the Malaysian Timber Dialogue 2011 recently, which was officiated by Minister of Plantation Industries and Commodities Tan Sri Bernard Dompok.

Besides human capital, Jalaluddin also touched on the issues of supply of raw materials, provision of incentives and insurance facilities, and market enhancement.

Dompok said the National Timber Industry Policy's (NATIP) targets are to achieve RM53 billion in exports of timber products by 2020 based on an annual export growth of 6.4pc with 60pc of exports to be derived from value-added products from the current 40pc.

"A recent study conducted by MTIB, FRIM (Forest Research Institute of Malaysia) and MTC (Malaysian Timber Council) revealed that a RM24 billion trade in timber was generated in the local market in 2009 through value-added process," he said.

Exports of timber and timber-based products for January to November 2010 amounted to RM18.8 billion, up 6.5pc from the previous corresponding period while the figure for the whole year is expected to reach RM20.5 billion.

With an annual export growth of 6.4pc, the industry is expected to record some RM21 billion to RM22 billion in exports this year.

Jalaluddin said 60pc of exports are currently derived from commodities and 40pc from value-added products. He added that to increase quality of products, the challenge is to overcome the lack of designers in the industry.

To increase the contribution of value-added products to 60pc which means increasing quality of products and volume of original design manufacturing (ODM) rather than original equipment manufacturing (OEM), MTIB runs training programmes for designers which are also held in collaboration with universities.

Other potential sources of growth for the industry include new or alternative raw materials such as biomass, fibre, rattan and bamboo; new markets and expansion of markets such as the Middle East, Russia, Australia and New Zealand; as well as design, innovation and technology such as sustainable designs, green finishing, biotechnology and nanotechnology.

"This is an opportunity for the industry to move up the value chain by using high technology to produce high value-added products, and reinventing into knowledge-based and skill-intensive industries which incorporate activities such as design and development, and research and development," said Dompok.