

YARDSTICKS FOR FURNITURE

Graham Raux maps the way forward for furniture manufacturing

Q: How would you describe the furniture industry at present?

A: The current trend in construction vis-à-vis tourism and infrastructure augurs well. Infrastructure development is improving access to distant areas, and making the transport of material and finished products more efficient.

However, while the local market has grown significantly, with per capita income levels rising, most of Sri Lanka's saw mills are aged and use manual labour.

Q: What are the strengths of the furniture trade?

A: The Sri Lankan market is small. The industry can compete in a niche market for handcrafted furniture. Our roots are in solid wood furniture manufacture.

Highly skilled craftspeople combine fine materials, traditional joinery, handcraft and advanced technology to produce designs to the highest standard. But these skills have cascaded through generations and will become a dying art unless the market is more sustainable. The way forward is for these products to expand in both overseas and local markets.

Q: Can we meet modern furniture requirements competitively?

A: We are certainly not at a competitive advantage, especially for large-scale projects, due to a lack of resources and scale of production. There are a few players in the KDF (Knock-Down Furniture) business, but most components are imported and value addition is limited. Therefore, the only way Sri Lanka can compete is via low-cost labour and automated production.

Value addition in this industry stems from timber and other components such as brass, stainless steel, moulded plastic, fabric, leather and glass, most of which have to be imported. Some components can be manufactured in Sri Lanka, but we lack scale to be competitive and the industry doesn't have access to long-term finance at concessionary rates.

The Government must enable and incentivise the industry with access to long-term funding, technology transfers and value added components being imported at low or zero tariffs.

Q: Does the local industry have the



MEDIA SERVICES PHOTOFILE (RAUX BROTHERS)

fewer knots. This produces exceptionally strong, high-quality planks – and the timber has an FAS (First and Seconds) grade, which is the highest grade wood available.

Q: Do you think we have sufficient raw materials, technology and knowledge to sustain the industry?

A: Ninety-five percent of the furniture industry is private sector driven. It is fragmented and needs consolidation. These entities are primarily backyard trades which lack funding for expansion, so a concerted effort is needed to bring them into more productive lines of furniture.

In 2012, the Moratuwa-based Apprenticeship Training Institute (ATI) – which is financed by the Ministry of Industry and Commerce – established technology-oriented training at a cost of US\$ 9 million. This was a first by the ministry to upgrade Sri Lanka's woodcraft skill base.

Q: Is there a level playing field in the furniture industry?

A: The industry doesn't have proper representation, with no chambers or exposure to new markets to sustain itself. A handful of production houses obtain expertise and know-how using their own resources, paving the way for medium-term success.

Access to raw materials is also a challenge, while proper in-house kiln drying facilities would ensure better control over the quality of timber.

Q: Where do you see the industry 10 years from now?

A: The furniture industry, though it is large, doesn't have proper channels in place for it to thrive. Therefore, importation will be widespread to fulfil large-scale projects with short turnaround times. However, importation is not a sustainable solution, as it drains foreign exchange. Encouraging value addition is more pragmatic than imposing entry barriers.

Given that we are in a transitional phase, some form of protection would be desirable until Sri Lanka's furniture industry consolidates, infuses technology, develops its skill base and financing is established, to compete in the region.

necessary designs and innovation to develop?

A: Sourcing local materials is limited, as there is a lack of quality and innovation. Labour isn't cheap, making us regionally uncompetitive. For instance, local cane/rattan and bamboo products are manufactured with no visible innovation.

Although we produce furniture using rattan and even reed, the innovation and quality cannot match Indonesia or the Philippines – they have made major inroads into overseas markets, using the same materials.

Q: Can Sri Lanka's furniture industry aspire to be as developed as in Indonesia or Malaysia?

A: Malaysia has access to markets, built scale and innovation. Meanwhile, Sri Lanka though expensive, can command premium prices in niche markets. But for this, we need a growing skill base, access to larger markets and the import of technology made easier.

We also lack commercialised logging, as there's no organised logging sector apart from 'plantation timbers.' In Malaysia and Indonesia, Red Balau, Kempas, Burmese Teak and Ironwood are grown on a commercial scale, with trees pruned regularly to ensure consistent grain patterns and

The interviewee is the Managing Director of Raux Brothers