

Wooden Flooring & Decking

Essential sourcing intelligence

November 2013

US\$150

Myanmar supplier profiles

Detailed profiles of 25 suppliers with verified manufacturing and export credentials

Product gallery

Specifications and full-color images of 148 top-selling export products ranging from plank flooring to decking tiles

Industry trends

Coverage of current issues, plus insights into supply centers, products and pricing



promoting sustainable global trade

hinrich foundation

Global Sources is offering this series of *Developing Country Sourcing Reports* as part of its corporate social responsibility undertakings in partnership with the Hinrich Foundation, a philanthropic development organization whose mission is promoting sustainable global trade.

The aim is to give international buyers new sourcing opportunities from experienced exporters, generating orders and creating lasting jobs in developing economies.

Supplier capability in Myanmar

WOODEN FLOORING & DECKING

Social and economic reforms instituted by the government are driving the growth of the wooden flooring and decking industry in Myanmar. Although exports remain low, suppliers generally forecast outbound shipments to surge in the next few years as trade restrictions imposed locally and overseas are lifted.

Foreign sales have been steadily increasing over the past three years because of demand from neighboring countries in South and Southeast Asia. Once completely opened up to markets in the West in the coming years, the sector is expected to enjoy further expansion and rapid development.

Although various difficulties hamper its improvement, the industry benefits from a number of strengths. Myanmar is indigenous to hardwood suitable for flooring and decking. Labor cost is also lower compared with other supply zones in Asia.

Key findings

1. Manufacturers interviewed for this report are almost equally split between those that expect to raise prices and those that intend to keep them stable. Higher quotes are mainly caused by rising expenditure on raw materials. Enterprises that will not adjust prices will do so to ensure competitiveness.
2. The sociopolitical transformation currently underway in the country is seen to have minimal impact on the industry's short-term development. As such, the majority of makers predict exports to remain flat in the coming year. Companies forecast revenue gains to become more pronounced only after two to three years.
3. The most critical challenge facing the sector is insufficient capital, which keeps suppliers from expanding their capacity and enhancing operations. High interest rates are typically imposed by domestic lending institutions on small manufacturers.
4. Makers emphasize models that come in conventional and basic designs. This trend mirrors the financial condition of several overseas markets, which remain budget-conscious. Products are generally aimed at the low end as most enterprises are unable to meet strict quality standards.
5. The capital, Yangon, is home to the majority of companies in the line. The central province of Mandalay is another key sourcing center. Both locations benefit from a deep labor pool.

Objective, methodology & scope

This Myanmar Sourcing Report is part of a series designed to provide buyers with information on new products from export manufacturers in supply markets that specialize in handmade merchandise.

The Developing Country Sourcing Report series is part of Global Sources' corporate social responsibility initiatives. It is offered in conjunction with the Hinrich Foundation, whose mission is promoting sustainable global trade. One of its objectives is to help create jobs in developing Asia through export promotion.

To produce this report, large, midsize and emerging manufacturers, all with substantial export experience, were surveyed. The selection of suppliers is designed to reflect the composition of the industry in Myanmar in terms of geographic location, materials used and range of products offered.

For in-depth profiles, our researchers visited the facilities of each company and interviewed senior executives who discussed their recent performance and provided forecasts for the next 12 months. All other makers in this report were either visited or contacted by phone.

In each case, companies were required to answer specific questions designed to verify their manufacturing and export credentials, including a breakdown of exports by product type and market. Suppliers also participated in a survey designed to provide insight into the industry.

This report covers different classifications of wooden flooring and decking available in Myanmar, including models made of solid hardwood and engineered materials. Each product category has its own price guide that describes features of low-end, midrange and high-end models.

In this report

- 18 in-depth company profiles
- 7 short company profiles
- 148 top-selling export products
- Supplier demographics
- Supplier survey
- Industry statistics and charts

The Industry Overview section discusses key issues affecting export manufacturers. It provides insight on the composition of the industry and elaborates on the important supply centers within Myanmar.

The Products & Prices section details the features and price ranges of wooden flooring and decking. It also examines the design and manufacturing processes, main materials used, and sourcing centers where components are procured.

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Industry Overview

Wooden flooring and decking suppliers in Myanmar enjoy a positive outlook amid the series of economic and political reforms implemented by the national government.

Makers anticipate more orders from major markets in the West as the EU and the US lifted sanctions on the country after it shifted to a civilian democracy. This development is expected to have a significant impact on the sector, which suffered from low profitability during the junta's rule.

Statistics from the Myanmar Timber Merchants Association indicate that wooden flooring exports grew 5 percent to \$30 million last year. Decking shipments, on the other hand, totaled \$1.5 million in 2012, up 5 percent from the previous period. As the country continues to resume international trade, experts predict overseas revenue to climb up to 50 percent in the year ahead, barring any unforeseen developments. Suppliers are confident of registering higher sales in the coming months as buyers who stopped purchasing from Myanmar have already expressed interest in resuming ties with domestic companies.

After embargoes were slapped by the US on Myanmar in 2003, a significant number of enterprises were forced to halt production while some closed shop and ventured into other industries. Those who remained in business circumvented the restrictions by sending their items to a third-party country such as China, India and Singapore. Their contacts abroad will then forward the commodities to clients in the US and the EU. Some of the top destinations in the latter are France, Italy, Belgium, the UK and Germany. Other manufacturers turned their attention to the local market. The shift, however, resulted in sharp decline in earnings.

Challenges

Despite the improving political and economic situation in Myanmar, the sector is still confronted by a number of difficulties. Chief of these is the lack of capital, particularly among small suppliers. Steep interest rates set by several banks also add to this problem. To assist SMEs, the government, in

cooperation with foreign lenders, is extending loans with lower interest rates to help them prop up businesses or resume operations.

Strict timber policies are also identified as a major concern. Because the government controls the sale and distribution of wood in Myanmar,

Country facts

Myanmar

Capital	Yangon
Area	676,578sqkm (40 th)
Population	55.2 mn (25 th)
Median age	27.6 years
Literacy rates (2011)	95% (male) 90% (female)
Major language	Burmese
Government	Unitary presidential constitutional republic
Administrative divisions	7 regions and 7 states
Fiscal year	April 1 - March 31
Labor force	33 mn
Unemployment rate	5.4%
Population below poverty line (2007)	33%
GDP	\$90.9 bn (77 th)
GDP per capita	\$1,400 (205 th)
GDP growth	6.3%
Inflation rate	1.5%
Lending interest rate (2011)	16.3%
Economic revenue sources	Services: 42% Agriculture: 39% Industry: 19%
Total exports	\$8.2 bn
Key export industries	Natural gas, wood products, pulses, beans, fish, rice, garments and gems
Top export markets	Thailand: 41% India: 15% China: 14%
Lead time to export, median case	4.6 days
Container port traffic (2011)	166,608 TEUs
Natural resources	Petroleum, timber, tin, antimony, zinc, copper, tungsten, lead, coal, marble, limestone, precious stones, natural gas, hydropower

Figures in italics denote rank in world. All figures as of 2012 unless otherwise specified
Sources: CIA The World Factbook, The World Bank & Asian Development Bank

SUPPLIER MATRIX

Company	Year established	Head office location	Factory location(s)	Ownership	Full-time employees	Part-time employees
In-depth profiles						
[REDACTED]	1998	Yangon (Yangon)	Yangon (Yangon)	Locally owned	60	
[REDACTED]	1994	Yangon (Yangon)	Yangon (Yangon)	Locally owned	150	50
[REDACTED]	1993	Yangon (Yangon)	Yangon (Yangon)	Locally owned	400	
[REDACTED]	1990	Yangon (Yangon)	Yangon (Yangon)	Locally owned	50	
[REDACTED]	2000	Yangon (Yangon)	Yangon (Yangon)	Locally owned	30	
[REDACTED]	2001	Yangon (Yangon)	Yangon (Yangon)	Locally owned	30	
[REDACTED]	1991	Yangon (Yangon)	Yangon (Yangon)	Locally owned	500	
[REDACTED]	1990	Yangon (Yangon)	Yangon (Yangon)	Locally owned	200	
[REDACTED]	2002	Yangon (Yangon)	Yangon (Yangon)	Locally owned	150	
[REDACTED]	1989	Yangon (Yangon)	Yangon (Yangon)	Locally owned	100	
[REDACTED]	2000	Yangon (Yangon)	Yangon (Yangon)	Locally owned	250	
[REDACTED]	1999	Yangon (Yangon)	Yangon (Yangon)	Locally owned	60	
[REDACTED]	2000	Yangon (Yangon)	Yangon (Yangon)	Locally owned	100	
[REDACTED]	2006	Yangon (Yangon)	Yangon (Yangon)	Locally owned	50	
[REDACTED]	1996	Yangon (Yangon)	Yangon (Yangon)	Locally owned	50	
[REDACTED]	2004	Yangon (Yangon)	Yangon (Yangon)	Locally owned	30	
[REDACTED]	1990	Yangon (Yangon)	Yangon (Yangon)	Locally owned	40	
[REDACTED]	1992	Yangon (Yangon)	Yangon (Yangon)	Locally owned	30	

Galleon Co. Ltd

INQUIRE NOW

Galleon was established in 1998 and started exporting in 2000. It manufactures flooring and decking boards.

The main overseas market is France, accounting for one-half of shipments. The rest goes to Japan and Malaysia.

OEM orders take up 100 percent of turnover.

The company targets all price segments. The best-sellers are tongue-and-groove flooring. Quotes are from \$2,600 to \$5,800 per ton, depending on the size and materials used.

Hardwood such as teak, padauk, pyinkado and thinwin are the components adopted. They are sourced from the Myanmar Timber Enterprise.

The owner coordinates with buyers for sampling. Prototypes are normally completed within a week.

Galleon runs an 8,093sqm factory in Yangon. The plant is equipped with sawmills, band saws, molders and planers bought from Taiwan. All production processes are done in-house.

The workshop can roll out 200 tons every month. The average monthly output is 160 tons.

There are 60 permanent employees. Three inspectors conduct checks during each manufacturing step.

Plastic bags and cartons are normally used as packaging. The minimum order requirement is one TEU. Delivery time is 60 days.

Galleon is a member of the Myanmar Timber Merchants Association. It plans to expand its market reach in the EU over the year ahead. Upcoming models will feature environment-friendly compounds and finishes.

Capability

Materials used

Teak	✓
Pyinkado	✓
Htauk kyant	✓
Other wood types	✗

Exports by product

Solid hardwood flooring	50%
Engineered flooring	25%
Decking tiles	–
Decking boards	25%

Exports by market

North America	–
EU	50%
Europe (non-EU)	–
Asia-Pacific	50%
Middle East	–
Other	–

Company facts

Year established	1998
Head office location	Yangon (Yangon)
Factory location(s)	Yangon (Yangon)
Ownership	Locally owned
Full-time employees	60
Total annual sales (all products)	•

Sales & output: Wooden flooring & decking

Annual sales	•
Share of total sales	•
Annual export sales	•
Total monthly capacity	200 tons
Average monthly output	160 tons
Capacity utilized	80%
Average monthly exports	160 tons
Export ratio	100%

• Information not disclosed

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Popular export models



Model: Galleon 1
MOQ: TEU
Packaging: Carton
Delivery: 60 days
Price: \$2,600 to \$5,800 per ton
Description: Teak flooring; tongue-and-groove-jointed; rustic finish; 22x140x900 to 22x140x1,800mm



Model: Galleon 2
MOQ: TEU
Packaging: Carton
Delivery: 60 days
Price: \$2,600 to \$5,800 per ton
Description: Teak flooring; tongue-and-groove-jointed; rustic finish; 22x185x900 to 22x185x1,800mm



Model: Galleon 3
MOQ: TEU
Packaging: Carton
Delivery: 60 days
Price: \$2,600 to \$5,800 per ton
Description: Pyinkado flooring; tongue-and-groove-jointed; 10x70x300 to 10x70x1,200mm



Model: Galleon 5
MOQ: TEU
Packaging: Carton
Delivery: 60 days
Price: \$2,600 to \$5,800 per ton
Description: Teak flooring; tongue-and-groove-jointed; 12x90x300 to 12x90x1,200mm



Model: Galleon 6
MOQ: TEU
Packaging: Carton
Delivery: 60 days
Price: \$2,600 to \$5,800 per ton
Description: Padauk flooring; tongue-and-groove-jointed; 10x70x300 to 10x70x1,200mm



Model: Galleon 7
MOQ: TEU
Packaging: Carton
Delivery: 60 days
Price: \$2,600 to \$5,800 per ton
Description: Thinwin flooring; tongue-and-groove-jointed; 10x70x300 to 10x70x1,200mm

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