Challenges, Opportunity & Threat for Indian Handicraft Exports

Furniture

Submitted by:

Indian Institute of Foreign Trade
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CHAPTER 1
BACKGROUND

NEED ASSESSMENT

The Covid-19 pandemic is taking a hard toll on the global economy and India is no exception to this. Handicraft industry, the largest second largest employer in the country after agriculture, which is largely informal, is severely affected witnessed by cancellations of existing export orders wherein around 30% of orders of labour-intensive sectors have got cancelled., default payments and lowering down the future business prospects in near future due to cancellation of few promising trade fairs including the 49th edition of IHGF – Delhi Fair Spring-2020 hampering the exports from major craft clusters like Moradabad, Saharanpur, Jodhpur, Jaipur, Agra, Narsapur, Firozabad, North-eastern region. Cancellation of key trade fairs in the US, Hong Kong and Jaipur has impacted the jewelry business.

A lockdown in India's major export destinations such as China and Europe is also impacting India's handicraft export earnings. India's exports contracted 1.5% to $292.9 billion in the 11 months to February 2020. The decline is likely to be much sharper going ahead. The country's labour-intensive export sectors such as leather, textiles, gems and jewelry, carpets and handicrafts have borne the brunt of the Covid-19 pandemic. About ₹7,600 crore of leather export orders have been cancelled, ₹2,000 crore carpet orders are stuck and handicraft sector losses are seen at ₹8,000 crore.

India will be the 10th most impacted economy due to supply chain disruptions in China, with agriculture, handicrafts, textiles and apparel at the forefront of the disruption.

Looking for trade opportunities beyond traditional markets of the USA and EU for Indian handicraft exports post COVID does make business sense due to the fact that while on one hand COVID crises seem to have brought forward obvious challenges for Indian exporters due to issues in these export markets, on the other hand appreciating the fact that the COVID crises have hit global markets, many of which have been competing suppliers for India in prime importing countries for Indian handicrafts, this current crises also seem to open newer prospects for Indian handicraft exports.

COVID crises in India's major export destinations such as China, USA and Europe has impacted India's handicraft export earnings. This entails the need for an immediate hunting and trade diversion towards newer destinations with relatively lesser COVID impact.

Assuming the fact that China being the epicenter of the COVID-19 crises; would bring a psychological shift in global procurement priorities from China to alternate sources.

COVID-19: EXPECTED ADVANTAGE FOR INDIAN HANDICRAFTS

As a result of the global COVID crises, it is witnessed that the western economies are badly battered while countries like India, Indonesia, etc. are not so battered. Emotional and Economic backlash against China is expected. Already, countries and companies are working on strategy to pivot away from China as part of their supply chains. Japan Govt has announced packages for its companies bringing back manufacturing home.

Consumer behavioral shift post COVID	Impact on Indian handicraft exports
For individuals, health and safety will become a priority area of consumer spending	Handicraft products like khadi mask, organic clothing, cotton textile wears etc. would gain edge
The ticket size of spending will drop for a while. People will spend on cheaper goods than on expensive goods, or delay spending for a while	Gift items and other high priced handicraft products would face a setback.
Extreme acceleration in digital economy	EPCH members needs to be promoted to have their own websites and look for rigorous E-commerce marketing. Councils needs to plan virtual trade fair
People will be less loyal towards brands as other aspects will take over. People will switch brands faster due to various other concerns like safety, etc.	Shift in brand loyalty would mean opportunity for MSMEs against bigger brands. Except for the fact that price competitiveness and design innovation will be most important focus. It's time for survival of the fittest.

Businesses need to keep this in mind and work accordingly. As a result of this, there is an expected shift in consumer behavior post COVID which might impact the purchasing behavior towards handicrafts. Indian businesses therefore need to try to become the contract manufacturer of the world, just like China is. India needs to make use of this opportunity smartly.

COVID impact is quite visible in shift of consumer preference

Global buyers are turning to India to source ceramics, homeware, fashion and lifestyle goods, textiles and furniture from the country as China grapples with the deadly coronavirus outbreak.

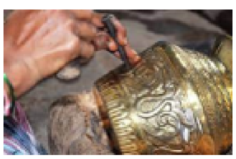
Cevisama 2020 ceramics fair in Spain, some 55 Indian companies have drummed up greater interest from buyers owing to muted competition from China.

Clients in the US and the EU have also set their sights on India for labour-intensive products such as garments. Indian exporters have received enquiries above Rs. 10 crore from the EU and US.

CHAPTER 2
INDIAN HANDICRAFTS EXPORTS:
PRE-COVID STATUS

INDIAN HANDICRAFT SECTOR: SNAPSHOT

The handicrafts sector is of importance to the Indian economy as it is one of the largest employment generators and account for a significant share in the country's export. The state and regional clusters contribute significantly to handicrafts export. The Indian handicrafts industry is fragmented with more than seven million regional artisans and over 67,000 exporters/export houses promoting regional art and craftsmanship in the domestic and global markets. Exports from the sector aggregated to Rs 24,500 crore. Handicrafts embody the rich cultural heritage and traditions of India. There are a total of 744 handicraft clusters in India engaging nearly 2,12,000 artisans, offering more than 35,000 products. The major clusters are in Surat, Bareilly, Varanasi, Agra, Hyderabad, Lucknow, Chennai, Ranipet, Mumbai, Kanpur, Farrukabad, Saharanpur, Etikoppaka, Jaipur, Asharikandi, etc. The table below shows the handicraft categories produced in India:

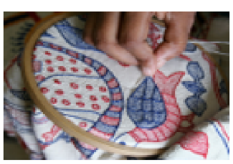


ARTWARE

Brass Metalware, Bidri work, Dhokra, Bell Metal, Bells & Chimes, Candle Holders, Candle Sconces, Fireplace, Flower Vases, Jewelry boxes, Utensils etc.

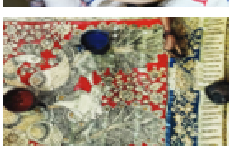
WOODWARE

Almirah, Beds, Cabinets, Chairs, Home Temples, Mirror Frames, Side Boards, Sofa sets, Stools, Tables etc.



EMBROIDERY & CROCHET GOODS

Zardozi, Parsi work, Kashmiri Crewel Embroidery work, Phulkari work, Kasuti, Chikankari, Crocheted work, Kantha Embroidery, Mirror Work



HANDPAINTED TEXTILES & SCARVES

Kalamkari, Tie and Dye, Block Printing, Bed covers, Carpets, Coverlets, Curtains, Cushion covers, Duvets, Kitchen Towels, Quilts, Rugs & Mats, Sofa

IMITATION JWELLERY

Anklets, Armlets, Bangles, Bracelets, Brooches, Chokers, Cufflinks, Earrings, Necklaces, Pearls, Pendants, Rings, Toe Rings etc.

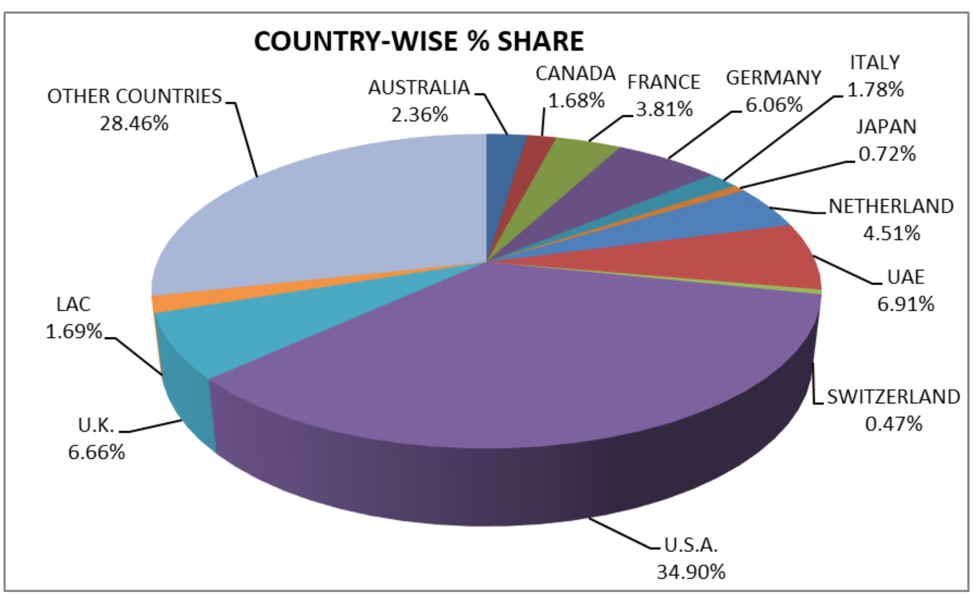
Out of these traditional production strengths, main handicraft items exported by India include house-ware, home textiles, furniture, glassware, bamboo goods, fashion jewelry and lamp and lighting.

Annexure I details out the entire list of 167 HS code divided into five categories:

- Lifestyle
- Fashion
- Home
- Textiles
- Furniture

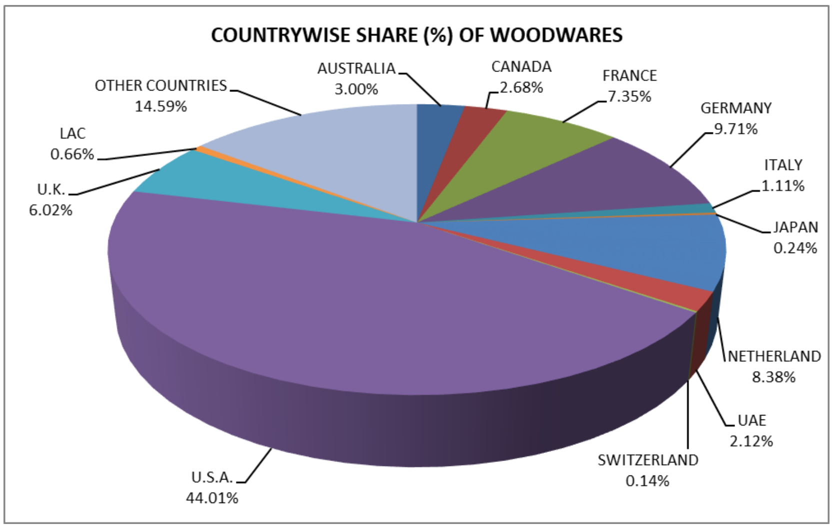
Major export destinations for domestic handicrafts items include the US, Europe, South America, Africa and China. Other markets include UAE, Australia, Canada and Japan. The US and Europe together account for about 60 per cent of the country's total handicraft exports.

INDIAN HANDICRAFTS: COUNTRY WISE EXPORT SHARE



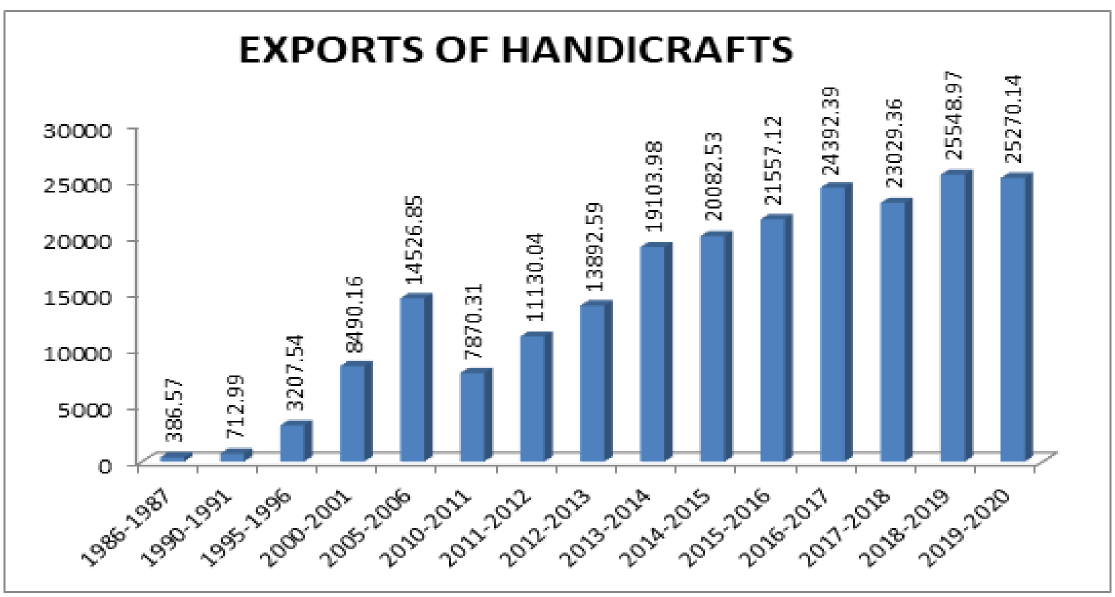
USA was the highest in importing of handicrafts among all the importing countries of the world, which was 34.90 percent share of the total export. Further, followed by UAE, UK, Germany, Netherland and France were having the percentage share of 6.91, 6.66, 6.06, 4.51 and 3.81 respectively in the import of handicrafts during the year. These five countries have more demand for the handicraft products produced by India, which was more than 64 percent of the total export during this year

Export Markets for Woodenware



Some of the centers for these crafts are in Saharanpur, Nagina, Hoshiarpur, Srinagar, Amritsar, Jaipur, Jodhpur, Jagdalpur, Bangalore, Mysore, Chennapatna, Madras, Kerala & Berhampur (WB). The USA was the highest importer with Rs 2418.50 Crore which was 44.01% of the total export from India and the second country was Germany.

Trend in Indian Handicraft exports (1986-2020)



Source: DGCIS, 2020

Handlooms and Handicrafts Sector craved for growth since quite a few years, which has now actually turned prolific. No doubt, India has an edge against its competitors like China, Philippines, Thailand, Taiwan and Korea who generally produce machine-made products. Indian handmade products have a niche market all over the world creating a distinct impact through exclusive designs, workmanship, finesse, colors and raw material.

"India is failing to raise its share in the global market, beyond 2% for a long time. confronting challenges due to increased competition from machine-made products of China."

However, despite these promising trends, India is failing to raise its share in the global market, which has remained at around 2% for a long time. Globalization has involved changes in economic structure, relative prices, consumption possibilities and pattern, which in turn affects the growth of the sector. The handicraft industry is confronting challenges due to the intervention of new technology and also increased competition from different countries and especially, from machine-made products. Indian products are now facing challenges of price competitiveness from other countries like China which have mixed craft with the latest technology.

India is still to introduce such innovative technologies in the handicraft sector. Appreciating the fact that the world handicraft market would be worth $ 1091.2 billion by 2024, expanding at 11%, annually compounded, during 2019-2024; it is worth exploring the status of India versus other global players especially China in each of the 167 HS codes carrying huge production strength for India.

WILL ANTI- CHINA SENTIMENTS GIVE ANY TRADE ADVANTAGE TO INDIAN HANDICRAFTS?

As analyzed, China have been losing its market share in countries like USA, EU, Latin America, GCC etc. which have been traditional export markets for Indian handicraft exports. Also, the products where it has lost market in handicraft category includes furniture, textiles and apparel and its accessories, iron and steel articles (wrought iron handicraft products), footwear, toys and games. Most of these product categories seem to be having great export potential across various handicraft clusters of India.

The section below therefore analyses the impact of all 167 HS codes of export interest to EPCH and compares India's export share with that of China versus other global exporters. The HS codes are then divided into three categories:

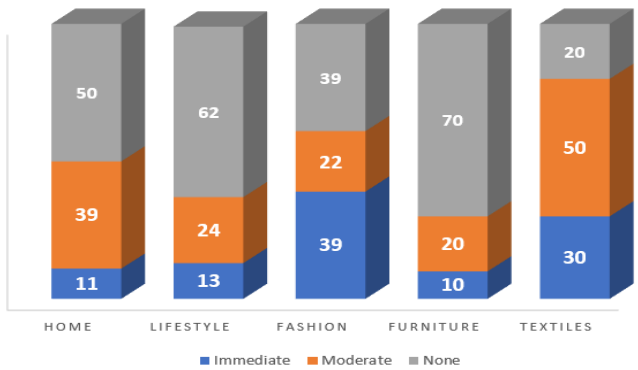
Anti-China sentiment would give immediate advantage to Indian exports.

If global players have equivalent share, anti-China sentiment will only extend moderate advantage to India.

- If China has not been the major player, anti-China sentiment will have no impact for India.
- Even if China is competitive but global players are stronger than India, advantage of the anti-China sentiment would be incurred by other competing players and not India.

As seen in the table below, immediate advantage goes to products in fashion (39%) and textiles (30%) categories, while moderate opportunity goes to handicraft products in home. (39%). Lifestyle and furniture category products are expected to have minimum opportunity.

TRADE OPPORTUNITY FOR INDIAN HANDICRAFTS: IMPACT ANALYSIS



Category	Total No of HS codes	% age of Tariff lines		
		Immediate	Moderate	None
Home	18	11	39	50
Lifestyle	45	13	24	62
Fashion	23	39	22	39
Furniture	10	10	20	70
Textiles	10	30	50	20

Source: Author's estimation as per ITC, 2021

Annexure II details out the analysis depicted in the table below. Many products including aggarbatti, table, kitchen and household articles captured a decent market share in the world just next to China and hence the fall of China is expected to shift the focus of global sourcing towards India. Similarly, in category of lifestyle products where Indian exporters should focus includes extracted oleoresins, wallets, purses, key-pouches, cigarette-cases, tobacco-pouches, handmade paper and worked vegetable or mineral carving material.

China's fall: India's Advantage? HS code wise analysis (Annexure III)

Category	Immediate	Moderate	None
Home	330741, 741810	442191,700992, 701349, 741999 830630, 960310, 960899	691110, 691190, 691200, 701328 701333, 701337, 701341, 970400 970500
Lifestyle	330190, 420231,460199, 480210, 960200, 961400	340600, 420229, 441400, 441919, 460219, 482390, 702000, 761510, 830610, 830621, 940550	330749, 392310, 420239, 442010, 460129, 482370, 660200, 691310, 691390, 701391, 701890, 830629, 920290, 920590, 920600, 940510, 940530, 950300, 950510, 950590, 960622, 970110, 970190, 970200,

			970300, 970400, 970500, 970600
Fashion	560500, 580900, 581010, 611710, 630790, 681599, 711311, 960190, 960200	580810, 581092, 701810, 711719, 711790	581100, 610431, 640320, 650400, 650500, 670100, 711711, 830890, 960110
Furniture	442090	940360, 940389	460211, 460212, 940330, 940350, 940390, 950300, '940382
Textiles	580430, 580500, 940490	581100, 630411, 630491, 630790, 640610	580410, 670290

Source: Author's estimation as per ITC, 2021

Products amongst fashion category where Indian exporters have immediate advantage includes; metallized yarn, woven fabrics of metal thread, embroidery on a textile fabric ground without visible ground, articles of stone, articles of jewelry and worked bone and tortoiseshell. Indian doesn't have any major advantage in furniture products where the only product worth considering includes wood marquetry and inlaid wood; caskets and cases for jewelry or cutlery. Textile sector carries maximum advantage amongst all the handicraft categories where products carrying utmost opportunity includes handmade laces, tapestries handmade, mattress support and bedding material.

GLOBAL COMPETITION FACED BY INDIAN HANDICRAFTS: APART FROM CHINA

The reason for product having either moderate or no advantage of the fall of China was attributed to strong presence of global competing players. While European nations were predominant competitors across almost all the product categories; even emerging markets of ASEAN, Asian Pacific including Korea and Japan and South Asian countries including Srilanka and Pakistan were found to be better market players as compared to India in most of the products. Hence if Indian government or Indian exporters intend to make their presence in the said products, they would need to cater to strong competition arising from these countries apart from China.

Figure below summarized from the data in the table below highlights the status of global competition faced by Indian exporters across different handicraft categories. Annexure I details it our further.

GLOBAL COMPETITORS (APART FROM EU) IN CATEGORY: FURNITURE

ASEAN		
HS code	**Product**	**Country**
460211	Basketwork, wickerwork from bamboo	
940330	Wooden furniture for offices (excluding seats)	
940350	Wooden furniture for bedrooms	Vietnam
460212	Basketwork, wickerwork from rattan	Indonesia, Vietnam
940382	Wooden of bamboo furniture used in bed	Indonesia

CHAPTER 3
SURVIVAL STRATEGY FOR INDIAN HANDICRAFTS

COMPARATIVE QUADRANT ANALYSIS FOR IDENTIFIED CATEGORIES

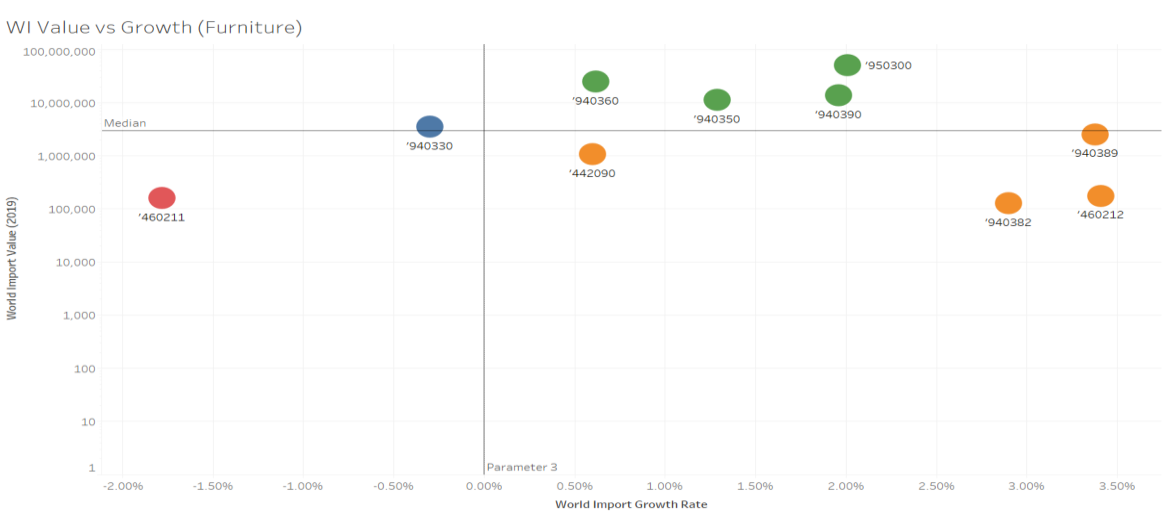
Based on the above rationale and category-wise analysis; corresponding policy suggestions are listed in the subsequent section. Graphs below illustrates the status of all the products across different categories, which have been organized as per their performance on the two parameters indicated above. Bubble graph on world imports in each of the categories; depicts status of individual products across four quadrants based on the above two parameters:

Color Coding	Growth 2014-20	Absolute value 2020
(orange)	High	High
(yellow)	High	Low
(blue)	Low	High
(red)	Low	Low

Once the HS codes in each category is distributed across 4 quadrants based on their status in world imports, the same products are then mapped across another 4 quadrants based on their status in India's exports. Finally; the policy recommendations HS code-wise is suggested as per the above-mentioned rationale.

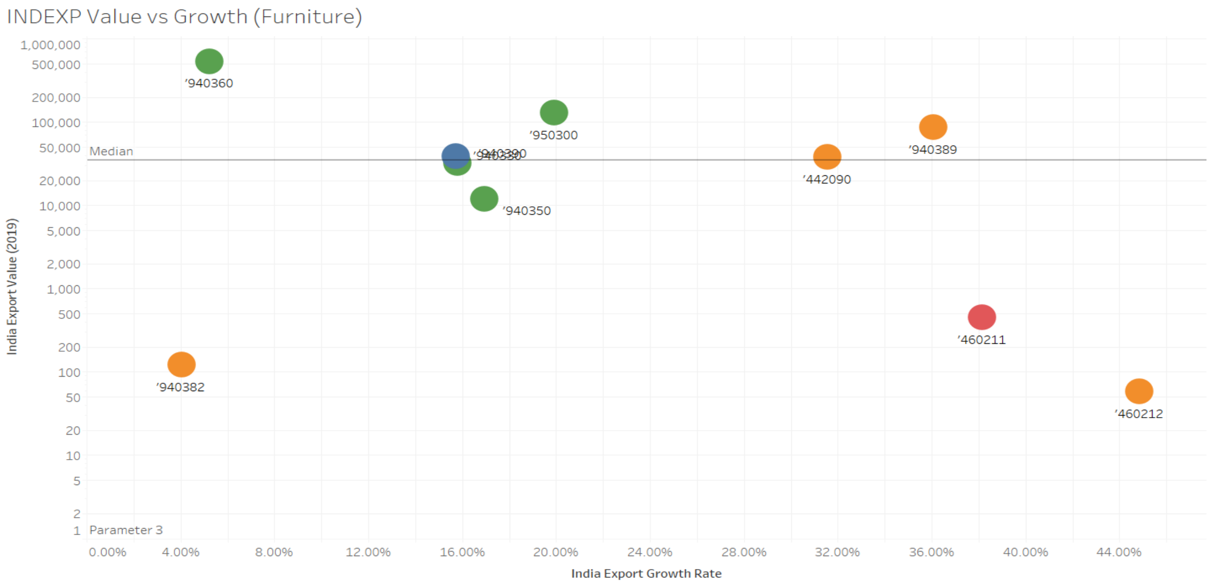
CATEGORY: FURNITURE

WORLD IMPORT VALUE VS GROWTH



Sum of World Import Growth Rate vs. sum of World Import Value (2019). Color shows details about Quadrant Color. The marks are labeled by Code1. The data is filtered on Category1, which keeps Furniture.

INDIAN EXPORT VALUES VS GROWTH



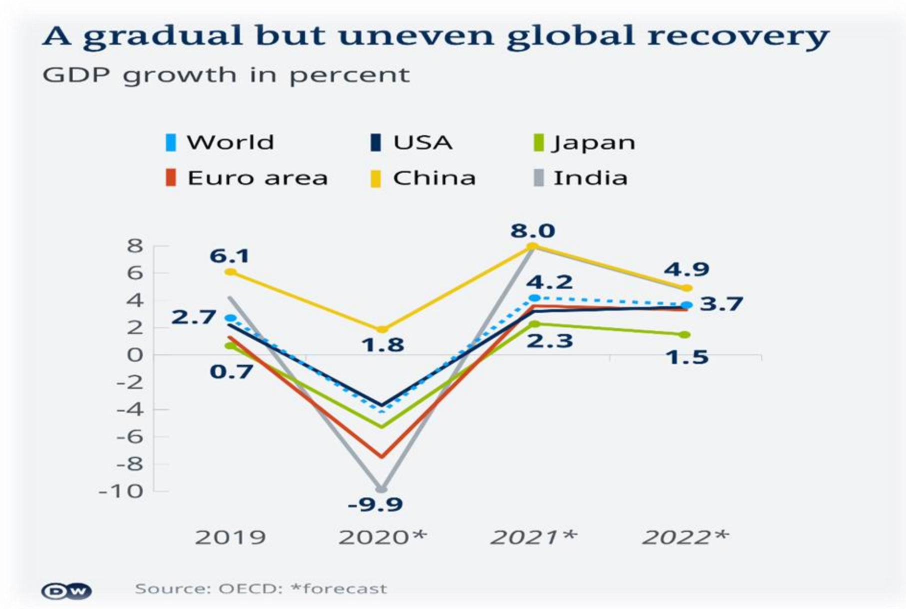
Sum of India Export Growth Rate vs. sum of India Export Value (2019). Color shows details about Quadrant Color. The marks are labeled by Code1. The data is filtered on Category1, which keeps Furniture.

CHAPTER 4
EXPORT PROMOTION FOCUS POST COVID

POST COVID DEMAND ANALYSIS: FORECAST 2025

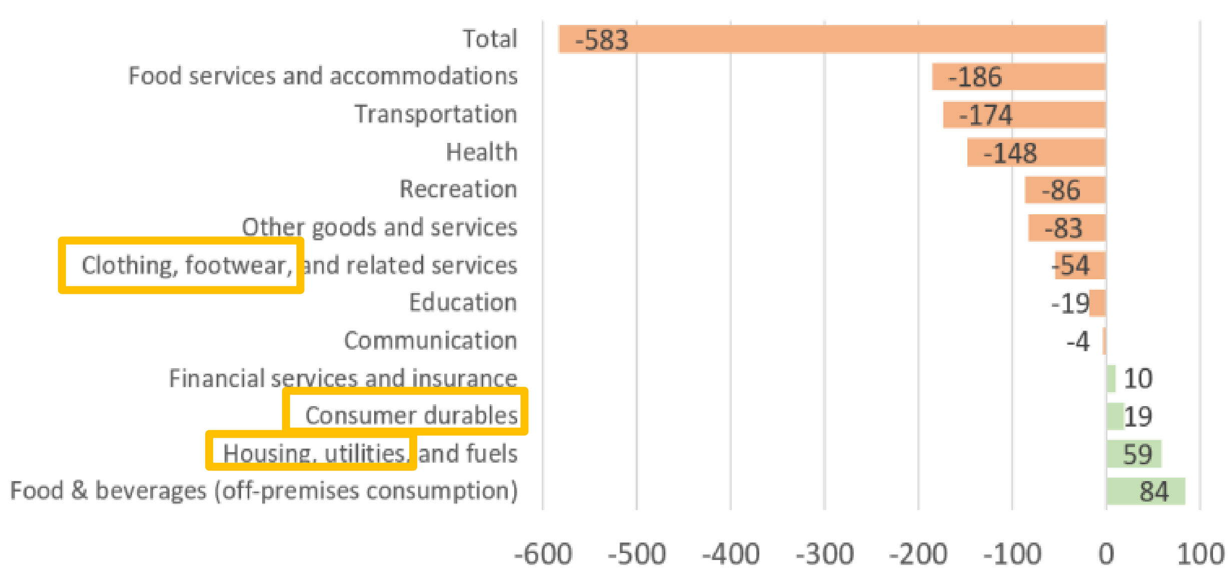
Since the COVID-19 crisis began, global GDP has fallen by 4.2%. Although the pandemic has had a devastating economic effect around the world, it is expected to return to pre-pandemic levels by the end of 2021. This revival of economy post covid would vary from one region to another. Europe is expected to see GDP growth of 5.2% in 2021, while for the United States, that figure is just 3.1%.

Asian countries, in contrast have recovered much faster and are projected to see GDP growth of 8% this year – in particular, China, which experienced only a moderate dip in 2020 and which the International Monetary Fund (IMF) predicts will see 8.2% in real GDP growth in 2021. The output in many other countries is projected to remain around 5% below pre-crisis expectations in 2022. OECD has projected global GDP to rise by around 4.2% in 2021 and by a further 3.7% in 2022.

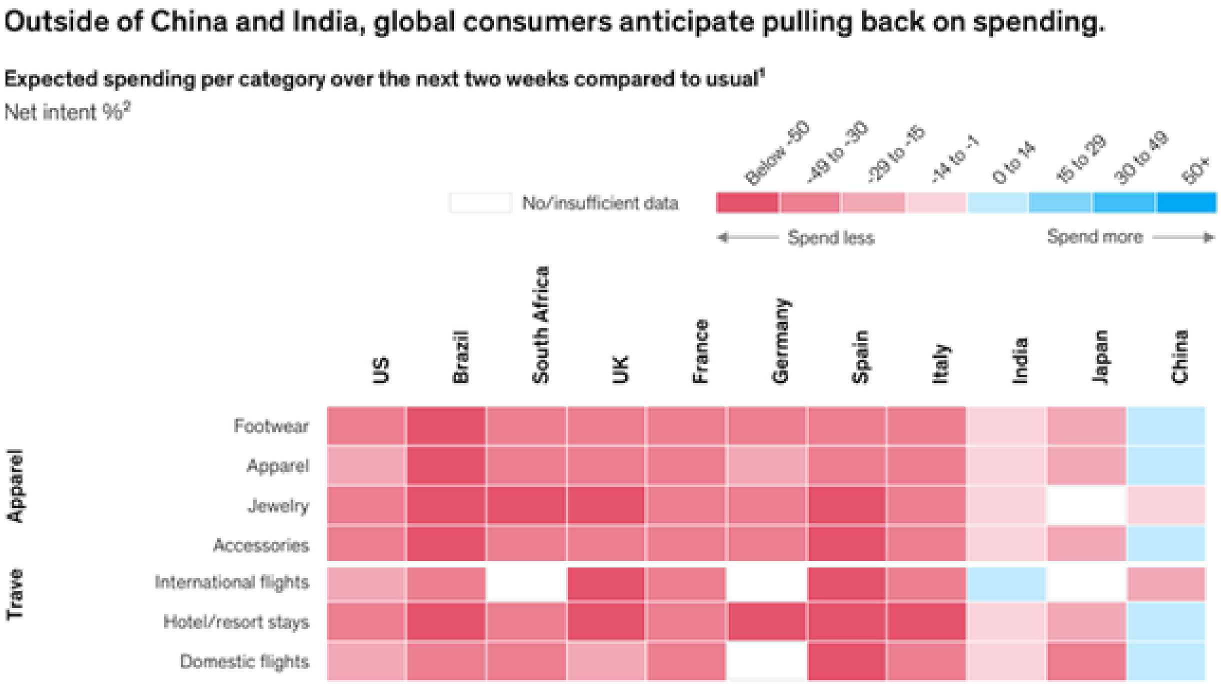


According to the Organization for Economic Development (OECD), while global GDP should rise by around 4¼% by the end of 2021, national bounce-back could be uneven. This would change the consumer spending across different countries.

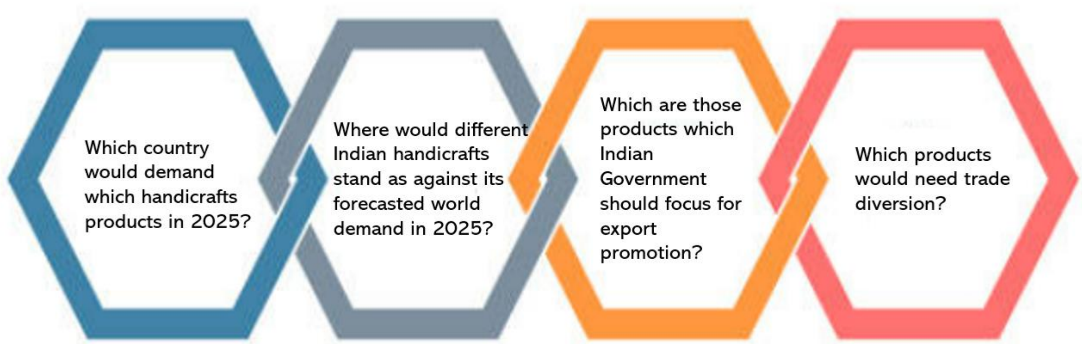
In 2020, American consumers shifted their spend from services to retail goods, with groceries and consumer durables like home appliances outpacing restaurants and travel as consumer spending held steady over the summer months.



But in Asian countries with greater optimism around a COVID-19 recovery, spending is higher on items such as clothing, cars and hotels, and consumers are more likely to shop differently to the way they did before the pandemic.

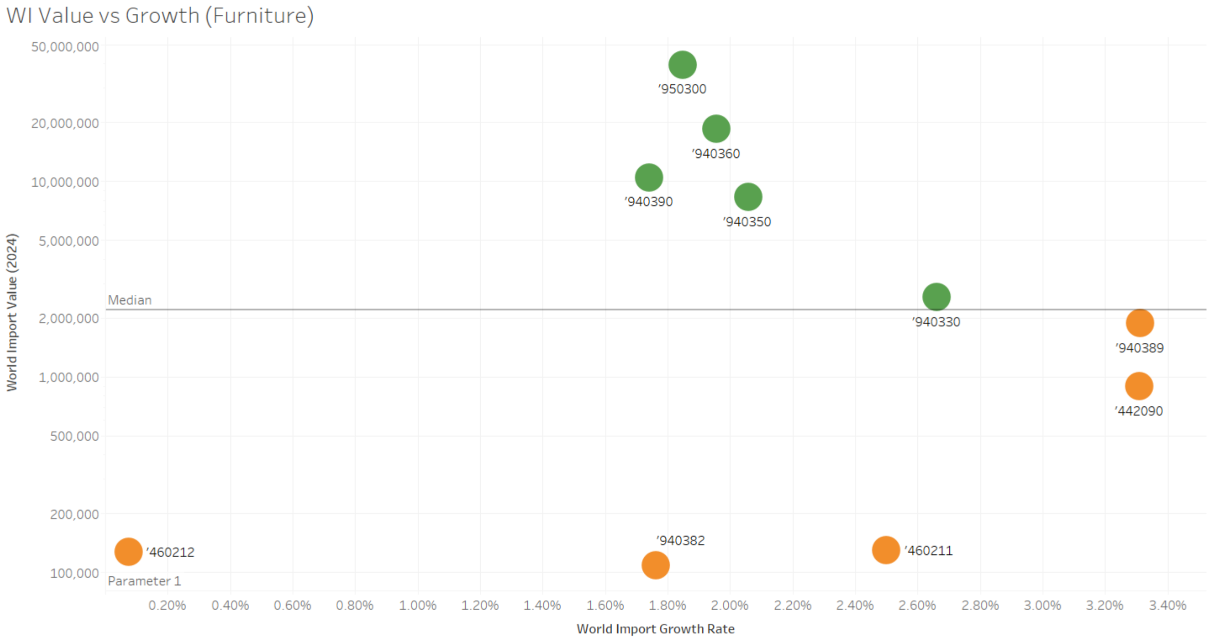


The above data highlights the fact that while global GDP should rise by around 4¼% by the end of 2021, national bounce-back could be uneven. This would change the consumer spending differently across different products and nations. This section therefore analyses the world import demand for handicraft products forecasted for 2025 across different categories. Analysis further dwells into an interesting comparison of the status of India's exports in 2025 as against that of the world. This would highlight the fact about:



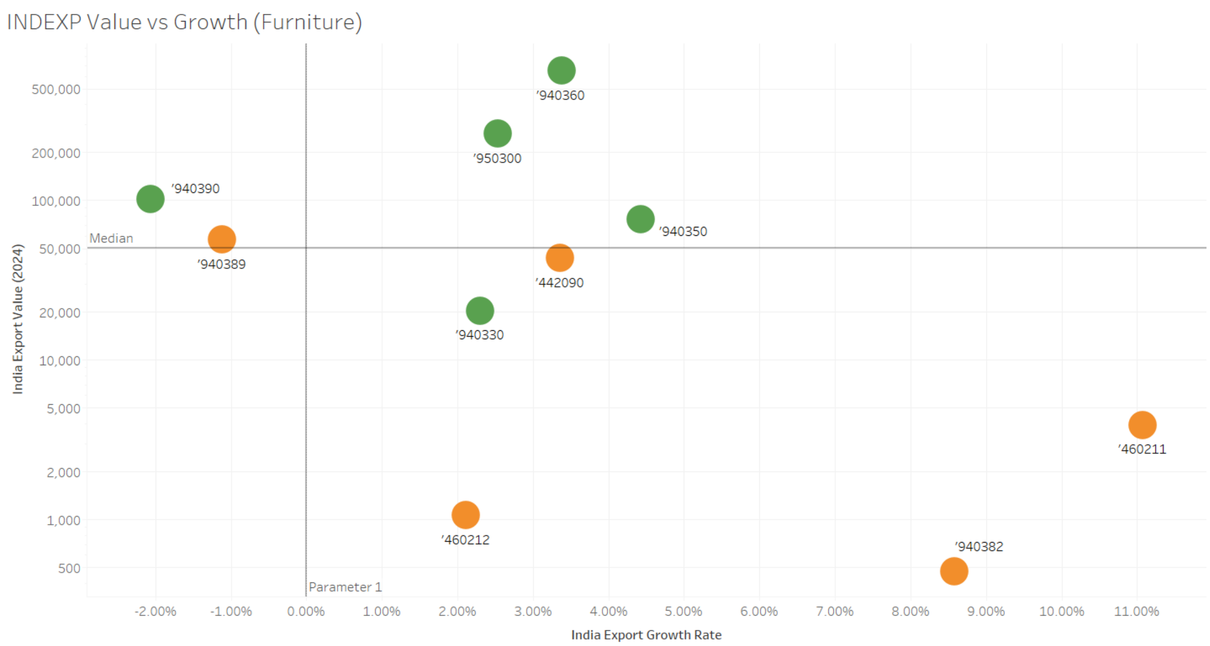
CATEGORY: FURNITURE

WORLD IMPORT VALUE VS GROWTH



Sum of World Import Growth Rate vs. sum of World Import Value (2024). Color shows details about Quadrant Color. The marks are labeled by Code1. The data is filtered on Category1, which keeps Furniture.

INDIAN EXPORT VALUES VS GROWTH



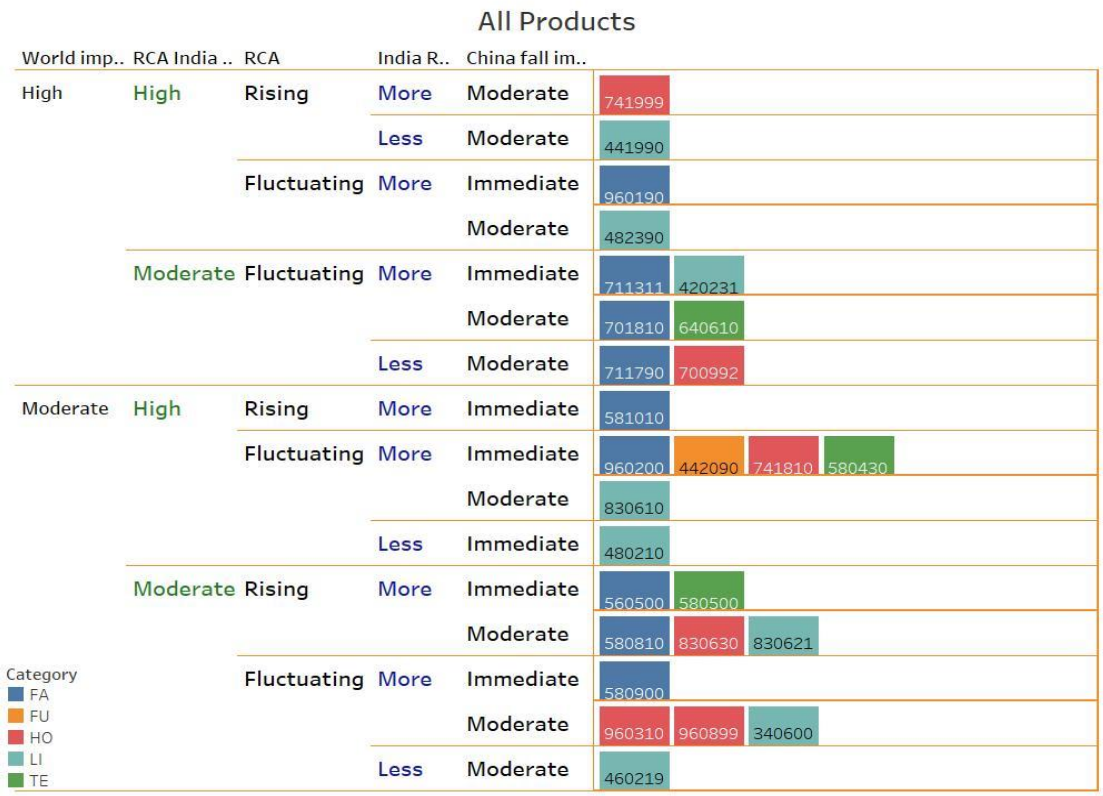
Sum of India Export Growth Rate vs. sum of India Export Value (2024). Color shows details about Quadrant Color. The marks are labeled by Code1. The data is filtered on Category1, which keeps Furniture.

Inference

- India should keep its focus on 940360 (Children’s Furniture – 94036000), 950300 (Toys-Wooden – 95030010), 940350 (Bed Stead - 94035010) assuming the global demand will be highest for these products amongst furniture category by 2025.
- For HS code 940330 (Wooden Cabinet for Office – 94033001), which is also promising product from global demand standpoint, India needs to improve its supply capacities to cater to high import demand by 2025.
- For 940390 (Furniture – 94039000) it is expected that Indian Govt. should focus on increasing the growth rate and combating the global competitors in case we would like to exploit high demand in global markets.
- For HS 940389 (Leather Furniture – 94038900), Indian exports by 2025 would be not in sync with the world demand. For India the export value will be higher indicating our enhanced supply side capabilities, however the world demand is not expected to pick up those huge volumes.

For rest of the products including 442090 (Wood Marquetry – 44209010), 460212 (Rattan Basket – 46021200), 940382 (Bamboo Furniture – 94038200) And 460211 (Eco-Friendly Products – 46021100), India is expected to be in comfortable situation as that of the world.

PRODUCT SELECTION OF UTMOST IMPORTANCE
CATEGORYWISE ANALYSIS

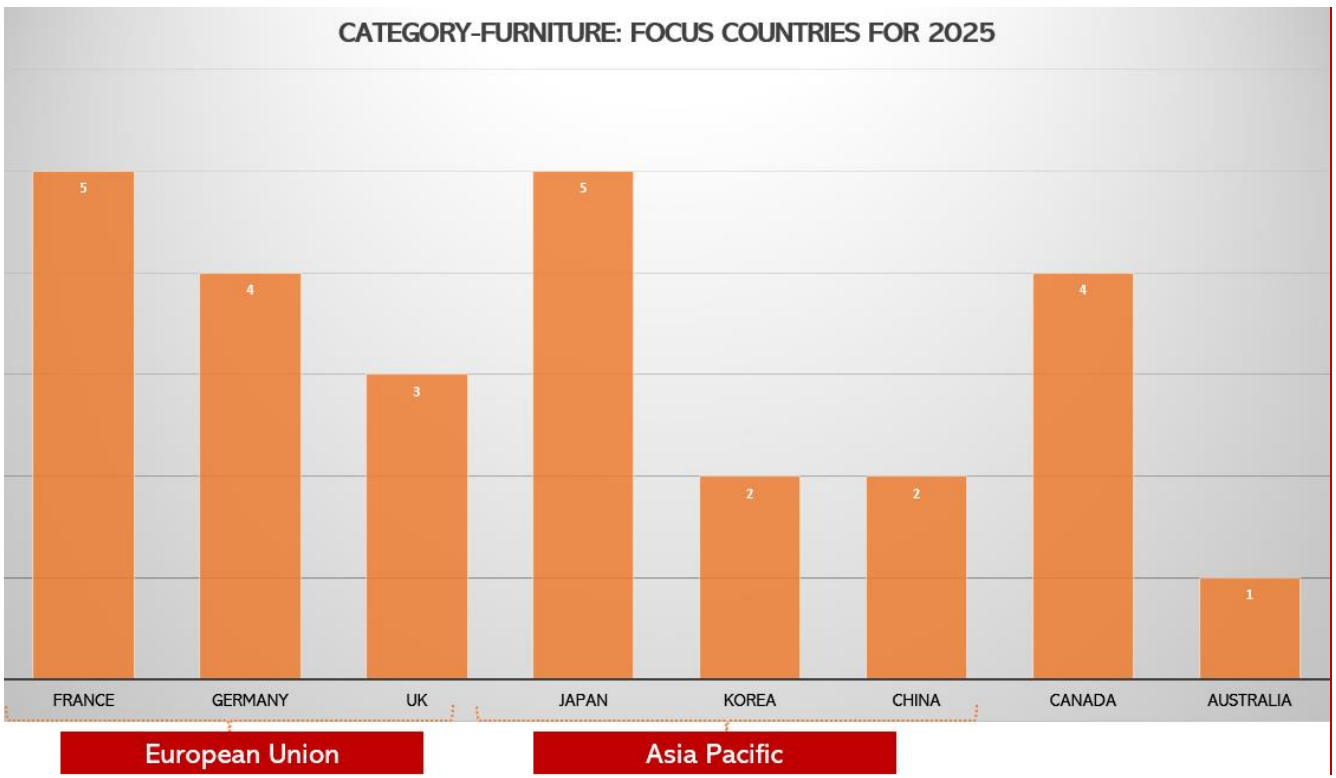


Above 27 HS codes are of utmost important and deserve a focused policy focus towards sustaining the market share. All these identified commodities fair quite well across all the parameters wherein Indian handicraft exporters as well as the Government can be assured of sustainable import demand in the global market by the end of 2025 with India having a great comparative advantage and expected to have a decent share of exports in global market. Other Important HS code

Furniture			
Order of selection	**Product**	**Order of selection**	**Product**
940360	CHILDERN'S FURNITURE - 94036000	940382	BAMBOO FURNITURE - 94038200
940389	LEATHER FURNITURE - 94038900	950300	TOYS-WOODEN - 95030010
940350	BEDROOM FURNITURE - 94035090	460211	ECO-FRIENDLY PRODUCTS - 46021100
460212	RATTAN BASKET - 46021200		
940330	CABINETWARE - 94033010		
940390	FURNITURE - 94039000		

MOVING BEYOND TRADITIONAL MARKETS: COUNTRY-CATEGORYWISE ANALYSIS

One of the reasons for poor comparative advantage or declining RCA values for past few years could be due to mismatch between India's prime export markets versus global markets where import demand is increasing. Hence a shift from old traditional destinations to newer emerging markets could help Indian exporters pick up the products in this category. Suggestions towards new possible markets for furniture is listed below:



CHAPTER 5
INDIA'S TRADE AGREEMENT

EX-POST ANALYSIS & WAY FORWARD FOR INDIAN HANDICRAFTS

COUNTRY-HSCODEWISE ANALYSIS

Reality Check: Indian export markets versus Prime global importers (HS code wise analysis)

Category: Furniture

HS code	Product	India's export destination not so promising	Top Global importers
460211	ECO-FRIENDLY PRODUCTS - 46021100	Maldives, USA, Denmark, Israel, France	USA, Germany, UK, Japan, France
460212	RATTAN BASKET - 46021200	USA, Netherlands, UAE, Japan, Brazil	USA, Germany, Netherlands, UK, Japan
940330	CABINETWARE - 94033010	USA, Netherlands, Germany, France, Australia	USA, Germany, France, UK, Netherlands
940350	BEDROOM FURNITURE - 94035090	USA, Canada, Germany, Australia, UK	USA, Germany, UK, Canada, France
940360	CHILDERN'S FURNITURE - 94036000	USA, Germany, Netherlands, France, UK	USA, Germany, UK, France, Japan
940382	BAMBOO FURNITURE - 94038200	USA, UAE, Spain, Portugal, Netherland, Sweden	USA, Germany, Canada, France, UK, Australia
940389	LEATHER FURNITURE - 94038900	USA, Netherlands, France, Germany, UK. Spain	USA, Canada, Korea, France, Germany, China
940390	FURNITURE - 94039000	USA, Netherland, Germany, UK, Sweden	USA, Germany, France, UK, Canada, Japan
950300	TOYS-WOODEN - 95030010	USA, UK, Germany, Netherlands, Poland	USA, Germany, UK, France, Japan, Canada

RTA ANALYSIS IN PRIME IMPORTING COUNTRIES

Appreciating the fact that trade agreements aim at reducing the import duty rates and hence are expected to make country's export more price competitive as against other competing suppliers in the importing country. This section hence compiles a comparative chart between the prime export markets for India versus the top 5 prime global importers in the same HS code. This would give us a reality check of India's future course of policy focus from old traditional destinations to new destination as emerging markets.

At the same time a feasibility analysis is done to check the existing status of India's export in prime importing country in each of the 80 HS codes where India does not seem to have a great comparative advantage (RCA less than 1 as in earlier section). Feasibility analysis has been done to check the acceptability of India's exports in the importing country as against competing suppliers and various factors associated with it as described later in this section.

Reality Check: Indian export markets versus Prime global importers (HS code wise analysis)

Category: Furniture

HS code	India's export destination not so promising	Top Global importers
460211	Maldives, USA, Denmark, Israel, France	USA, Germany, UK, Japan, France
460212	USA, Netherlands, UAE, Japan, Brazil	USA, Germany, Netherlands, UK, Japan
940330	USA, Netherlands, Germany, France, Australia	USA, Germany, France, UK, Netherlands
940350	USA, Canada, Germany, Australia, UK	USA, Germany, UK, Canada, France
940360	USA, Germany, Netherlands, France, UK	USA, Germany, UK, France, Japan
940382	USA, UAE, Spain, Portugal, Netherland, Sweden	USA, Germany, Canada, France, UK, Australia
940389	USA, Netherlands, France, Germany, UK. Spain	USA, Canada, Korea, France, Germany, China
940390	USA, Netherland, Germany, UK, Sweden	USA, Germany, France, UK, Canada, Japan
950300	USA, UK, Germany, Netherlands, Poland	USA, Germany, UK, France, Japan, Canada

Global importers marked in red against each product are the ones that Indian handicraft exporters should aim to shift to from its traditional export destinations considering high import demand of these products in these markets. While these markets should be the focus areas both for Indian Govt. as well as handicraft exporters; it is equally important to analyze the feasibility of Indian exporters to enter these new markets.

CATEGORY: FURNITURE

HS code	Importing Country	Signing RTA beneficial	Non Price Factors more prevalent	Price Sensitivity	Major Competitors	Fall of China Impact
460211	Germany	No	Yes	Yes	Poland	Positive
	UK	No	Yes	No	Spain / France	Positive
	Japan	No	Yes	Yes	Thailand/Bangladesh	Positive
460212	Germany	No	Unknown	Yes	Poland	Positive
	UK	No	Yes	No	Germany/Myanmar	Positive
	Japan	No	Yes	No	Italy	Positive
940350	France	No	Unknown	Yes	India / Italy	Positive
940360	Japan	No	Unknown	No	China/Vietnam/Indonesia	Positive
940389	Canada	No	Yes	No	USA/Vietnam	Positive
	China	No	Unknown	Yes	France/USA	Positive
	Korea	No	Yes	No	USA	Positive

[

CATEGORY: FURNITURE

940390	Parts of furniture, n.e.s. (excluding of seats and medical, surgical				USA, Germany, France, UK, Canada, Japan				
	Value imported	% Share	CIF price	Import Duty (actual)	Import Duty (If India signs RTA)	FLP 1	FLP 2	TII	Remarks
France									
Italy	253510	34.2	2994	0	0	2994	2994	2.57	India can only compete with China based on TII keeping the prices low and improving production efficiency.
Germany	123734	16.7	3129	0	0	3129	3129	1.50	
China	56080	7.6	3476	2.7	2.7	3570	3570	0.28	
Spain	46998	6.3	3006	0	0	3006	3006	1.08	
India	2522	0.3	2449	0	0	2449	2449	0.25	
Canada									
China	152177	30.5		0	0	0	0	0.74	Based on TII , India can take on China and USA but has to drastically improve non pricing factors
USA	130877	26.2		0	0	0	0	0.95	
Italy	45301	9.1		0	0	0	0	3.20	
Austria	23666	4.7		0	0	0	0	10.83	
India	2963	0.6		0	0	0	0	0.72	
Japan									
China	213183	43.1	2900	0	0	2900	2900	0.69	Market is not favourable, TII too low
Austria	83683	16.9	4233	0	0	4233	4233	15.66	
Viet Nam	37694	7.6	3794	0	0	3794	3794	0.64	
Taipei, Chinese	36251	7.3	3851	0	0	3851	3851	1.73	
India	66	0	11000	0	0	11000	11000	0.09	

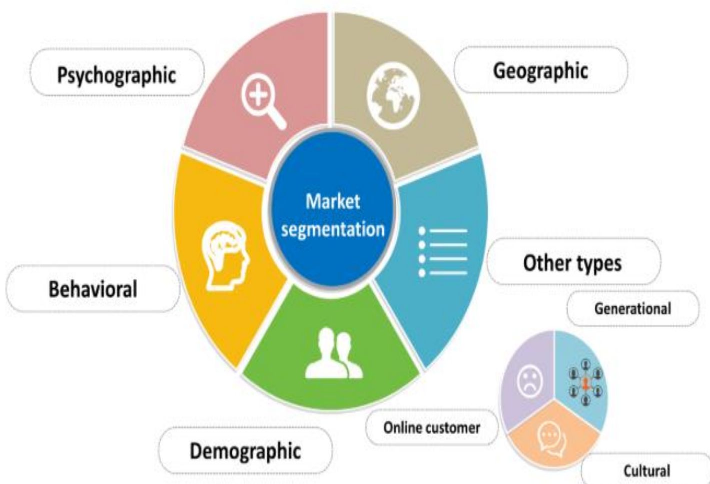
950300	Tricycles, scooters, pedal cars and similar wheeled toys; dolls' carriages					USA, Germany, UK, France, Japan, Canada			
	Value imported	% Share	CIF price	Import Duty (actual)	Import Duty (If India signs RTA)	FLP 1	FLP 2	TII	Remarks
France									
China	1087578	50.3	10267	1.8	1.8	10452	10452	1.14	FTA/RTA can bring down prices but TII still very high for others. Pricing has to be the key or else market will not be fabourable.
Czech Republic	216028	10	23607	0	0	23607	23607	2.16	
Germany	204519	9.5	17433	0	0	17433	17433	1.50	
India	6830	0.3	11346	0.4	0	11391	11346	0.51	
Japan									
China	1649764	80.5	16017	0	0	16017	16017	0.98	Based on TII, India can take on Thailand only if pricing can be competitive
Viet Nam	200029	9.8	16791	0	0	16791	16791	1.33	
Thailand	43779	2.1	14228	0	0	14228	14228	0.90	
India	823	0	14190	0	0	14190	14190	0.54	
Canada									
China	928314	66.6	NA	4	4	NA	NA	1.04	FTA/RTA will help lower prices, Can take on USA if other factors like production efficiency is aligned. Fall of China seems tough but will help in opening up the market but proactive approach needed to tackle Mexico.
Mexico	167032	12	NA	0	0	NA	NA	1.70	
USA	90435	6.5	NA	0	0	NA	NA	0.89	
India	5142	0.4	NA	4	0	NA	NA	1.13	

CHAPTER 6

GLOBAL CONSUMER BEHAVIOUR ANALYSIS

PRE AND POST COVID-19

In every market, consumers are the drivers of the market competitiveness, growth and economic integration. As indicated in the section above, there have been incidences where Indian handicraft products have been reasonably priced as against other competing players including China, ASEAN and African countries in the traditional export destinations of the USA and EU; still share of Indian handicrafts was found meagre in these countries; highlighting the fact that while being price competitive was important to combat global competition there are other non-price factors which are much more important in certain developed markets. This highlights the importance of Indian handicrafts exporters to customize their products as per the consumer behavior, custom,



customs and traditions, gifting etiquette, beliefs and taboos, demographic profile etc. to gain competitive advantage. Hence exploration of these factors through country case studies towards adoption of Indian handicraft products as per importing country becomes important.

With economic instability, consumers are also experiencing a transformation in behavior. The COVID-19 pandemic has upended life for individuals across the globe, from how they work to how they socialize and even how they shop. This section therefore also looks at how has consumer behavior changed considering COVID-19, what trends in consumer behavior and sentiment have been witnessed in the past few months, and what are consumers expecting as we move closer to a post-pandemic lifestyle.

Product Mix Analysis

WHERE DOES INDIA STAND IN GLOBAL FURNITURE?

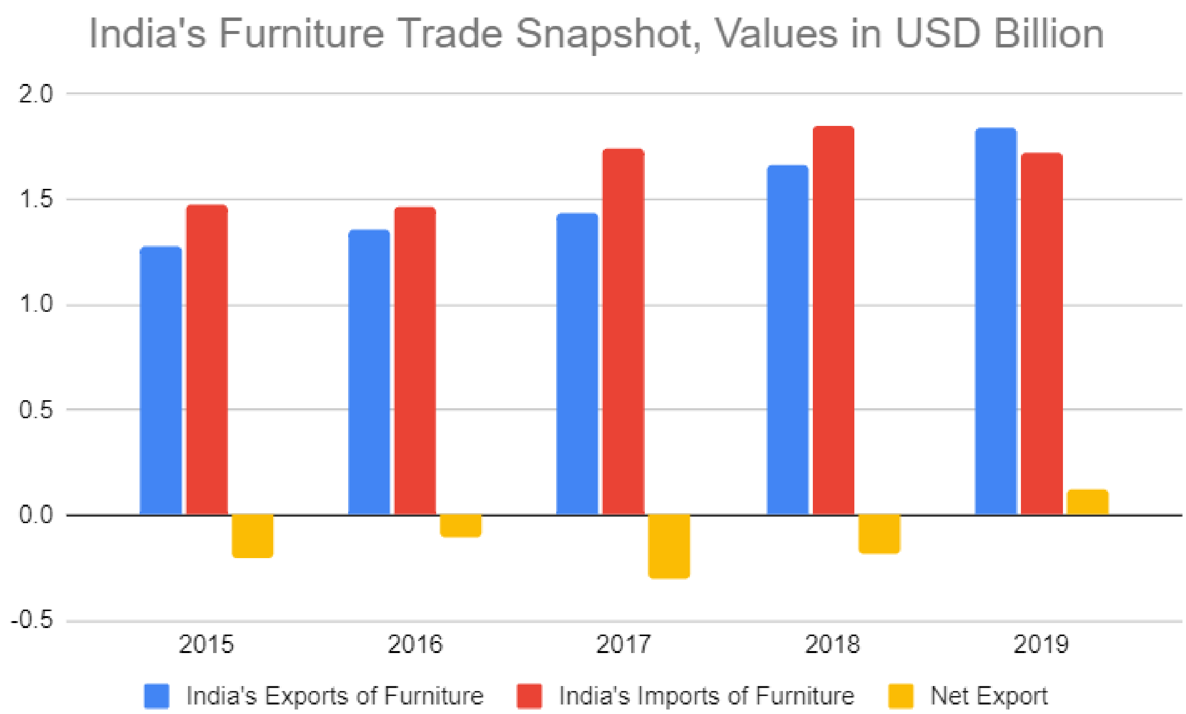
The size of the furniture industry in India is about USD 5 billion, and currently employs around 3.5 lakh people. With furniture contributing to around $1.5 billion, it amounts to only 0.5 per cent of Indian exports; despite growing at 11 per cent CAGR over FY2010-19. It has been observed that for 2018 and from 2014-18, India's furniture exports surged at CAGRs of 15% & 8.8% respectively, which is way higher than the world average.

There is a scope to further develop and increase furniture exports to an amount of USD 10 billion (about Rs 71,000 crore) from the existing USD 400 million (about Rs 2,800 crore) if market share grows to 1.2 per cent from 0.8 per cent and $8 billion if the share touches 2.4 per cent.

The Indian domestic furniture market is expected to expand at a CAGR of 12.91% during the period of 2020-2024.

Amongst the furniture category, the wooden furniture exports have seen a boost of nearly $40 million (Rs 292.5 crore) from $ 449.66 million in the year 2016-17 to $ 544.25 million in the 2019-20 registering a growth of 8.97%.

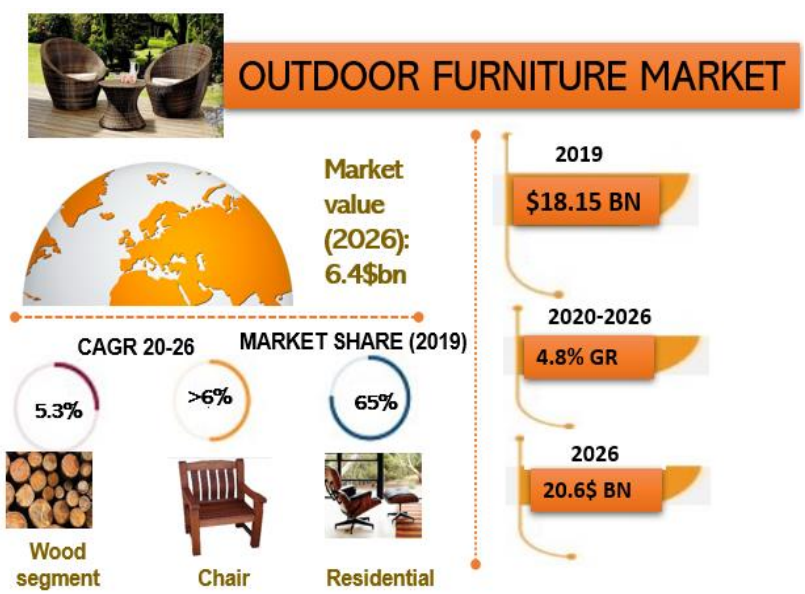
On one hand when our wooden furniture exports have been rising, wood furniture imports have also been growing since past two decades and the trend is continuing. Furniture imports have noted an increase of 2.5% with a value increase Rs 11.5 crore the total furniture import has touched Rs 473.10 crore in FY 2018 from 461.63 crore in its previous year. The rising trend has been continued two years later. Last year it had shown a huge boost of Rs 85 crore reaching to Rs 461.63 crore from Rs 376,68 crore which accounts nearly 20% rise.



India’s furniture imports are growing mainly because of lack of modernization and innovative design, dearth of skilled labor, limited market access and lack of quality control in the domestic furniture industry. These are also the reasons behind non-operation of furniture factories in India.

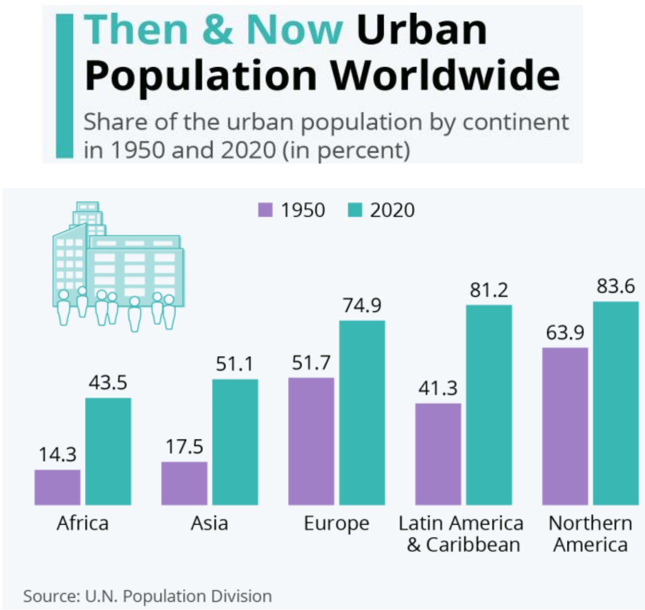
GLOBAL FURNITURE TREND: WAY FORWARD FOR INDIA

Furniture market size is estimated to surpass USD 750 billion by 2024. The residential furniture market is expected to expand at over 5% CAGR up to 2024 driven by socioeconomic development along with housing subsidies by governments along with increasing necessity to accommodate a rising population.



Outdoor Furniture Market size exceeded USD 18.15 billion in 2019 and will grow at a CAGR of over 4.8% from 2020 to 2026. Rapidly growing home improvement industry globally along with positive outlook for consumer spending in emerging nations is expected to drive the demand for outdoor furniture in the coming years.

WHY IS FURNITURE MARKET PROMISING?



Rapid urbanization coupled with an increasing urban population in emerging countries is strongly influencing the lifestyle pattern. The rising urban population has improved the construction of private residential buildings from rural and semi-urban cities. Migrant consumers are shifting to metro cities for an improved lifestyle and living trends.

Household renovations have observed a strong demand in the past and are anticipated to witness significant gains over the forecast timespan.

The rising need for relaxing, dining, and spending quality time are primarily fostering the market demand.

A modern lifestyle and rapid socializing trends including outdoor dining at gardens, social get together, grilling & barbeque events the backyard area are the factors driving the outdoor furniture demand.

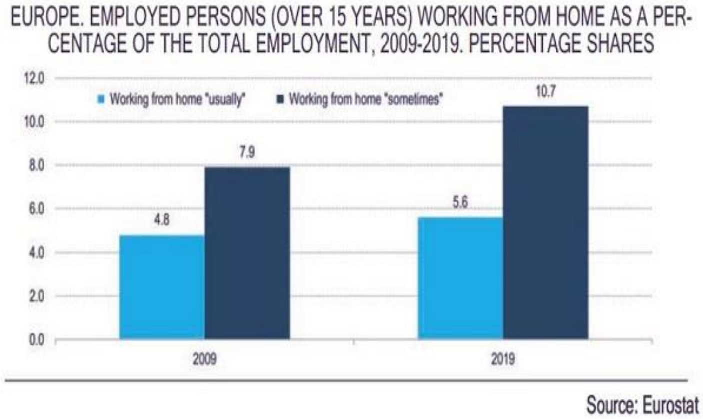
Moving beyond 2020: What product categories should India focus?

Wood segment likely to continue dominating the market share. Manufacturers are turning towards ecofriendly materials such as MOSO bamboo, which is stronger and harder than oak.

Wood segment held over 50% of outdoor furniture market revenue share in 2019 and is expected to witness 5.3% growth rate during 2020-2026. Manufacturers are turning towards ecofriendly materials such as MOSO bamboo, which is stronger and harder than oak. Wooden furniture is the most preferred material among its counterparts owing to natural appearances. Mahogany, redwood, teak, cedar, pine, eucalyptus, and composite materials are widely used for furniture making.

High durability and strength along with availability in lower price variants and higher-end segment will proliferate the wood material demand over the next few years. Preference in green buildings will positively influence the product sales. Chairs is fastest growing product segment and is projected to expand at 6% CAGR through 2026. Wood, metal, fabrics, plastics and textiles are among key materials that used in chair production. Chairs provide high comfort including materials and components used with waterproofing materials in the making. The increasing popularity owing to the color blends and high comfort are primarily fostering market growth. Residential end use segment held approximately 65% market share in 2019. Improved income levels in several countries are fueling purchase trends for product in residential and non-residential spaces. Urbanization is among the key drivers in increased demand for the outer seating arrangements and other furniture components.

HOME OFFICE. An opportunity in challenging times



The rapid development of the home office furniture segment is among the opportunities for manufacturers generated in these challenging times of pandemic. As customers will tend to invest more in their "home office furniture and work tools", the number of actors willing to play in this business will multiply from different categories like traditional manufacturers of office furniture, manufacturers of home furniture and upholstery (sometimes operating with their own/franchised retail networks), office chairs manufacturers and importers and RTA furniture manufacturers (operating in the low budget segment).

furniture and upholstery (sometimes operating with their own/franchised retail networks), office chairs manufacturers and importers and RTA furniture manufacturers (operating in the low budget segment).

Prospects for Indian furniture across Global Markets

Global furniture exports currently stand at USD 264 billion and half of the market share is controlled by five countries - China, Germany, Poland, Italy and Vietnam. Asia Pacific is expected to dominate the global furniture market, accounting at over USD 400 billion by 2024. China, India, Japan, and South Korea are the leading markets in the region. Easy availability of raw material and economical labor supported by the booming real estate sector are fueling business revenues.

Asia Pacific is expected to dominate the global furniture market, accounting at over USD 400 billion by 2024. China, India, Japan, and South Korea are the leading markets in the region.

The developing hospitality industry in Malaysia, Indonesia, India, and China will boost the industry's growth. Growing balcony and outdoor furniture demand along with government spending on public infrastructure will enhance the business landscape over the next few years.

The global furniture market share is highly competitive with the presence of a large number of domestic and global players. The key industry players include Ashley

Furniture Industries, Okamura Corporation, La-Z-Boy Inc., Haworth Inc. Steelcase, Inter IKEA Group, Kohler Co., and Global Furniture Group. Other prominent players include the Home Depot Inc., McCarthy Group Ltd, Heritage Home, Herman Miller, and Humanscale Corporation. The regional market size expansion is characterized by the presence of multiple players including Woodard, Bambrella, Polywood, Homecrest, Whiteall Products, Galtech Umbrellas, Uwharrie Chair, Ow Lee, Telescope Casual, and Lloyd Flanders.

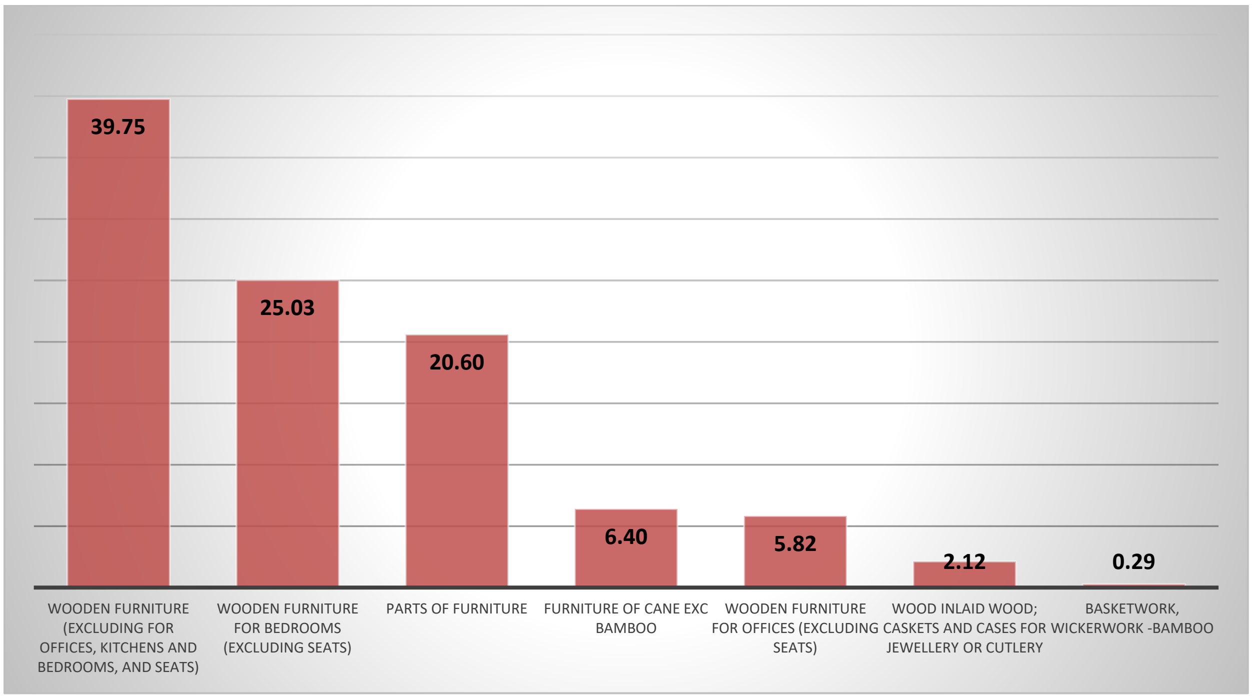
China is the market leader, but still falls behind traditionally strong competitors such as Italy and Germany in terms of quality and unit price. It is also experiencing a growing challenge from lower-income countries such as Poland and Vietnam. Moreover, China now faces more unfavourable macroeconomic circumstances such as rising cost, shrinking international demand, technology gap and escalating trade barriers. The current pandemic is further going to enervate their export position as these economies are deeply affected by COVID 19.

The EU furniture industry is facing a variety of economic, regulatory and environmental challenges. Increasing global competition with manufacturing growth in emerging markets, improved logistics and lower tariffs on foreign trade put increasing pressure on EU-based companies. In the domestic market, increased demand for low-cost items makes it difficult for companies focusing on long lasting and quality products to compete.

Several countries differ traditional and cultural trends, impacting the product demand. The U.S., China, Japan, India, and Brazil are among the potential countries for market growth. North America and Europe are among the major revenue generating regions owing to the higher product employment in gardens or outer spaces. North America and European countries have strong traditional houses with outdoor gardens and living spaces gardens. North America outdoor furniture industry valuation is anticipated to reach USD 6.4 billion by 2026.

UNITED STATES OF AMERICA

U.S. is the largest furniture importer globally, registered over USD 24.5 billion imports. Residential construction is the fastest growing segment in the North American construction market. Substantially lower lending rates coupled with higher consumer spending are among the major factors which make the region most lucrative for manufacturers.



Wooden furniture for bedrooms for household purpose captures a maximum share of 40% in total US imports and is also the fastest growing segment in the US. There is a moderate scope for bamboo furniture and hardly any for basketwork and wickerwork.

Code	Product label	2015	2016	2017	2018	2019	Trend
'940360	Wooden furniture (excluding for offices, kitchens and bedrooms, and seats)	5972165	5961843	6401057	6915055	6555336	
'940350	Wooden furniture for bedrooms (excluding seats)	3815477	3699492	4003271	4103835	4127454	
'940390	Parts of furniture, n.e.s. (excluding of seats and medical, surgical, dental or veterinary ...	2859690	3229759	3505251	3947200	3396639	
'940389	Furniture of other mareials, including cane, osier or similar materials (excluding of bamboo, ...	821986	865221	977254	1171898	1055177	
'940330	Wooden furniture for offices (excluding seats)	963703	1036529	1147854	1052201	959462	
'442090	Wood marquetry and inlaid wood; caskets and cases for jewellery or cutlery, and similar articles, ...	419209	418364	411412	421946	349604	
'460211	Basketwork, wickerwork and other articles, made directly to shape from bamboo plaiting materials ...	57466	50519	49504	51923	47193	

Imports of Wooden furniture in USA: Strict competition from China

China is currently the top trading partner to the U.S., with a total import value of $539.5 billion in 2018 and $106 billion for the first quarter (Q1) of 2019.3 Furniture products (HS Code 94) accounted for 6.5% of China's total exports to the U.S. and ranked third among China's U.S. exports, following electric machinery and equipment (HS Code 85) at 28.2% and industrial machinery (HS Code 84) at 21.6%.

	Value imported in 2019 (USD thousand)	Share in United States of America's imports (%)	Growth in imported value between 2015-2019 (%, p.a.)	Average tariff applied by USA (%)
China	2115916	32.3	-5	0
Viet Nam	1961836	29.9	17	0
Mexico	404687	6.2	9	0
Canada	343150	5.2	0	0
Indonesia	297258	4.5	5	0
India	276067	4.2	13	0

US imports from China has been declining due to US-China trade war. India needs to compete with Vietnam Furniture to market its hold in the growing market of USA.

With $34.8 billion in furniture imports in 2018 and $7.1 billion for Q1 20195, China ranks as the top exporter of furniture to the U.S. The most popular furniture products imported from China in 2018 mirrored the national totals with:

- 35.9% general furniture and furniture parts (HS Code 9403)
- 31.2% seats and seat parts (HS Code 9401)
- 22.2% lamps and lighting (HS Code 9405)
- 9.4% mattress supports and bedding (HS Code 9404)

Importing furniture from China is popular among large and small companies due to the affordability and high quality of Chinese-made furniture products. Even with high shipping costs, wholesale furniture imported from China offers an excellent return for buyers. Chinese-made furniture meets strict quality controls, and manufacturers often construct it without any glue, nails or screws, making it durable and long-lasting.

India is the ninth largest furniture exporter to the U.S., with $890 million in furniture imports in 2018 and $223.3 million for Q1 2019. General furniture and furniture pieces (HS Code 9403) accounted for 45.5% of total furniture imports to the U.S., and mattress supports and bedding (HS Code 9404) accounted for 25.6%. Seats and seat parts (HS Code 9401) were the third-largest furniture import from India at 14.3%.

Furniture from India is valuable for its intricate and ornate designs and high-quality artisan construction. Indian furniture is often hand-carved, making each piece unique. By importing furniture from India, furniture companies can also purchase luxury furniture pieces at affordable prices.

Trade war sees double-digit drops in U.S. furniture imports from China.

The trade war is having a major effect - causing a $53 billion decline in U.S. imports from China and a $14.5 billion decline in exports to China, according to recently released trade data. Both drops are just looking at the first nine months of the year. Chinese furniture exports to the U.S. fell in miscellaneous wood furniture (down 19 percent), wood seats (down 21 percent), and upholstered wood chairs (down 13 percent).

China's fall has led to the rise of other countries, particularly Taiwan, Vietnam and Malaysia, who all saw huge gains. Indian exporters can also take advantage of this downfall. One significant consideration when importing furniture from China is the time it takes for your products to arrive from the other side of the world. Transit time alone is typically between two weeks to two months, and the entire process may take up to three months. If weather delays or other unexpected interruptions occur, importing furniture from China may take even longer. If lead times are controlled, Indian can enhance their share of imports into the USA considering the fact that tariff rates are not an issue.

EUROPEAN UNION

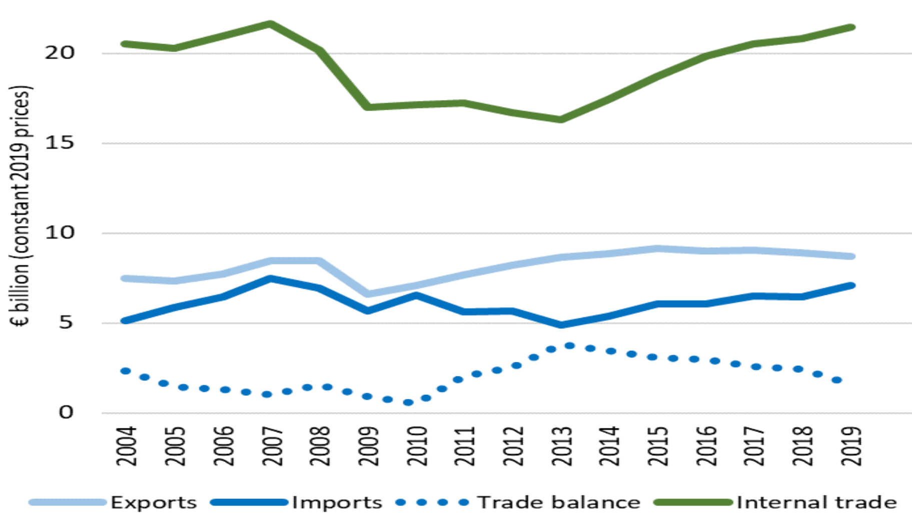
In 2019, just before the market chaos created by COVID-19, the EU recorded its strongest year for wood furniture imports and is slated to hit €178 bn by 2024. Most of this trade has been happening within the region with Germany, Italy, Poland, and France rank among the top 10 global manufacturers and cumulatively account for a 13% furniture market share. This is driven by greater integration of the EU furniture market and access to relatively lower cost manufacturing locations in the eastern EU help to explain the continuing dominance of EU-based manufacturers in the region.

This greater integration had also resulted in the shift in manufacturing from higher cost countries in the western EU to lower cost eastern locations, particularly Poland.

New residential construction
Developments in the housing market also affect the European market for home furniture. Between2017 and 2021, an increase in new-built housing is expected in **Europe, especially in Germany, Poland and Spain.**
These houses need to be furnished and decorated, which could indicate growth in consumption for the furniture, home decoration and household textiles sector, especially in those countries.

Increased Furniture imports into EU from outside EU: good news for Indian Furniture exporters

However, growth in EU imports from within the bloc was interrupted in the second half of 2018, particularly in the UK owing to Brexit uncertainty giving rise to imports of wood furniture from outside the bloc with a total value of €7.07 billion in 2019, 10% more than the previous year. More wood furniture imports into the EU from outside the region are funneled via larger ports in western Europe, particularly the Netherlands and Belgium, before being redistributed to other parts of the EU.



EU imported wood furniture from outside the bloc with a total value of €7.07 billion in 2019, 10% more than the previous year.

GLOBAL COMPETITION FOR INDIA IN EU

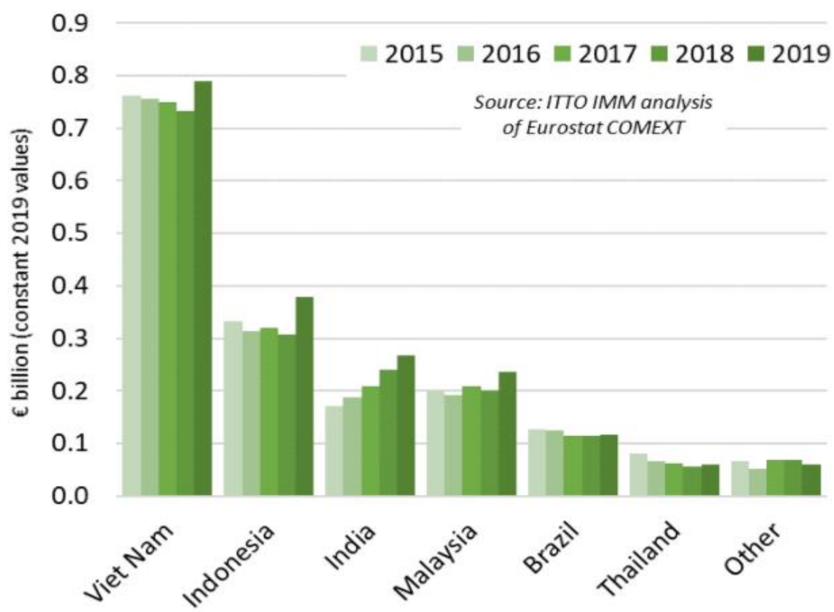
China became a dominant player amongst the supplier outside EU nations. As a consequence of trade dispute with the US during 2019, China has been aggressively targeting the EU market for its furniture products. EU wood furniture imports from China, by far the largest external supplier, surged 11% to €3.46 billion in 2019, the highest level since 2010. EU imports of upholstered seats with wooden frames from China increased 14% to €1367 million, while imports of wood dining room furniture were up 2% to €515 million, bedroom furniture increased 19% to €419 million, and non-upholstered seating increased 11% to €202 million. During 2019, imports of Chinese wood furniture were particularly strong into the UK, rising 14% to €1273 million, the Netherlands, where they increased 23% to €292 million, and Belgium with a 12% rise to €131 million.

Perhaps more surprising than for these countries which are traditionally large furniture traders was a sharp rise in imports of Chinese furniture last year by EU countries which are themselves large manufacturers. Imports increased by 20% to €130 million in Italy and by 28% to €102 million in Poland.

Meanwhile, several tropical suppliers – notably Vietnam and Indonesia have also been seeking to build on new investment in capacity and to diversify markets by targeting the EU. Last year EU imports of wood furniture also continued to rise from temperate countries other than China, mainly bordering the EU. Total EU imports from these countries increased 7% to €1.7 billion, double the level of only five years before.

Last year imports increased 21% from Turkey to €262 million, 5% from Bosnia to €239 million, 28% from Ukraine to €217 million, 17% from Serbia to €159 million, and 26% from Belarus to €149 million. The long-term trend towards increased imports from several neighboring countries on the Eastern borders of the EU, notably Turkey, Bosnia, Ukraine, Serbia and Belarus, also continued last year.

The EU imported wood furniture from tropical countries with a total value of €1.91 billion in 2019, up 11% compared to the previous year. The main South East Asian supply countries all followed a similar trajectory in the EU wood furniture market in the last five years. A period of flat or declining imports between 2015 and 2018 was followed by a sharp upturn in 2019.



Vietnam and Indonesia drive 11% rise in EU wood furniture imports from tropical countries

The largest category of EU import from Vietnam comprises dining room furniture, accounting for around one quarter of total EU imports from the country. This product group is likely to be manufactured from a mix of temperate and tropical plantation species, such as acacia and rubberwood.

Following a decline of 4% in 2018, EU imports of wood furniture from Indonesia increased 23% to €379 million in 2019. Unlike Vietnam, where other plantation wood and imported temperate hardwoods are widely used, most products imported into the EU from Indonesia comprise plantation teak. EU imports of Indonesian non-upholstered seating increased 39% to €109 million while imports of "other not elsewhere stated" wood furniture (i.e. primarily tables and other items for exterior use) increased 30% to €154 million.

The rapid increase in imports of Indonesian garden furniture products in 2019, a sector which has been a key focus of environmental campaigning in the past, suggests that FLEGT licensing may be playing an important role to increase their competitiveness in the EU market, particularly following efforts by EU authorities to tighten implementation of the EU Timber Regulation in recent years.

EU imports of wood furniture from Malaysia, which mainly comprises rubberwood product for interior use at the lower end of the price spectrum, increased 18% to €236 million in 2019. EU imports for Malaysia of wood bedroom furniture increased 27% to €96 million, wood dining furniture was up 23% to €48 million, while non-upholstered seating rose 13% to €48 million.

EU wood furniture imports from India continued to rise last year, up 11% to €268 million building on a 15% gain in 2018. Imports from India mainly consist of products made from local plantation species such as mango, sheesham, acacia and rubberwood, often in rustic style which are hand-crafted and for which formal quality standards were not high. Usage of sheesham for Indian furniture manufacturing has been declining, as it is a CITES-listed Dalbergia species, while use of mango has been rising in recent years.

What is EU importing?

Code	Product label	2015	2016	2017	2018	2019	Trend
'940360	Wooden furniture (excluding for offices, kitchens and bedrooms, and seats)	8844179	8929955	9743599	10406236	10417213	
'940390	Parts of furniture	5321897	5372703	5956206	6447863	6438903	
'940350	Wooden furniture for bedrooms (excluding seats)	2707578	2844235	3060353	3293818	3508299	
'940330	Wooden furniture for offices (excluding seats)	945944	987422	1024254	1128684	1249502	
'940389	Furniture of cane exc bamboo	343740	368035	391325	395793	412997	
'442090	Wood inlaid wood; caskets and cases for jewellery or cutlery	266295	288826	321426	360377	367353	
'460211	Basketwork, wickerwork -bamboo	59723	58070	54921	53106	59653	

There were also shifts in the destinations for wood furniture imported into the EU from tropical countries in 2019. Imports in the UK, by far the largest market, were €703 million last year, 11% more than in 2018. There was also a particularly large rise in imports by Germany, up 29% to €256 million, with significant gains in German imports from Vietnam, India and Indonesia.

Imports of tropical wood furniture into the Netherlands increased 14% to €252 million last years, with imports from Indonesia up nearly 70% at €117 million. Imports of tropical wood furniture into Belgium were up 30% in 2019, with imports from Indonesia rising 28% to €41 million. Imports of tropical wood furniture into France were level at €261 million last year. Germany and France are the largest importers of wooden furniture within EU. However, Netherlands, Romania and Czech Republic are highest growing markets which Indian furniture exporters should target. Germany, UK and France have been a constant market amongst EU nations to absorb highest amount of furniture import across all product categories including bedroom furniture, cane furniture and other parts of the furniture. Basketwork and wickerwork did not find any space as major import interest to any of the EU nations.

Demand for dinnerware driven by “Social Dining” and “MasterChef”

The concepts of “Social Dining” and “MasterChef” are increasing the popularity of home cooking in European countries. This is shaping new developments and generating demand for dinnerware. In fact, these trends have contributed to the European market growing at a rate of 15% annually.

Northern European countries are increasingly developing a table culture

Shared Living drives typical demand for furniture design

Rapid urbanisation, rising housing prices and increasing social isolation are forces that are driving customers into a new form of living. According to Global Real Estate Experts, communal living seems like a natural response to the current market and affordability concerns.

- Furniture and accessories for the communal spaces will need to be more flexible.
- Besides, product values related to convenience and multipurpose will become more important in homeproduct innovations.
- As a result, there will be an increased demand for products that are lightweight (easy to move), collapsible, flat-packed and easy to store.

LATIN AMERICA

Furniture consumption in Latin America and the Caribbean

Revenue is expected to show an annual growth rate (CAGR 2021-2025) of 9.1%, resulting in a projected market volume of US$6,579m by 2025

Revenue in the Furniture & Homeware segment is projected to reach US$4,644m in 2021.

User penetration will be 11.5% in 2021 and is expected to hit 16.3% by 2025.

The average revenue per user (ARPU) is expected to amount to US$99.64.

The total furniture market size in Latin America and the Caribbean currently exceeds USD 16 billion.

The largest 5 markets are Brazil, Mexico, Chile, Peru and Colombia.

LATIN AMERICAN FURNITURE MARKET: A SNAPSHOT

Mexico is living in turbulent times awaiting the negotiation of NAFTA.

The **Panama** furniture industry is satisfied by import. Several leading distributors belong to foreign chains. Opportunity for Indian companies lies in wood category in most used type of woods which are cedar, laurel, and teak wood, which traditionally had a significant diffusion due to its peculiar durability in humid environments.

Ecuador SWOT
The market is relatively less open than the average for the South America and Caribbean region, its import penetration being around 20%. However, imports have been increasing in the last years.

Competition for India
Over 650 companies are part of the Ecuadorian Forestry and Wood Processing sector, including furniture manufacturers. The local furniture industry can count on the presence of significant local wood-based panel producers who satisfy the majority of the total demand of panels from the industry. Novopan and Aglomerados Cotopaxi are the largest ones. Among the main furniture producers in the industry there is Colineal, which is also a key player in furniture retail.

Production in Chile has grown by 8% annually during the last 7 year.

Costa Rica's furniture sector counts approximately 200 registered companies, mainly by micro and small enterprises. Also in this country many furniture producers are focused to a significant extent on solid wood. Most of the country's market is satisfied by import. The country's distribution system includes direct sales of local producers to consumers, stores specialized in furniture (as for example La Artística), and large chains non specialized in furniture, as homeware/household goods stores, home improvement stores, supermarkets.

Uruguay shows a relevant higher per capita furniture consumption than its neighboring countries. The country' distribution system is marked by the key role played by importers, which include both furniture shops, and companies operating both as wholesalers and retailers. The share of import out of total furniture consumption ha: increased over the last decades.

Competition for India
The Uruguayan furniture industry is much fragmented an lacks large producers. Nearly 90% of firms employ less than 4 workers, and only 2% have more than 20 workers About 40% out of total local production is exported (mainly to Argentina), whereas the domestic market absorbs 60%

Argentina SWOT

In the last couple of years, the country's industry has been experiencing a period of crisis, mainly due to the decline of its internal market, as well as the erosion of profitability determined by high interest rates and the higher costs of dollarized components. On the other hand, the Argentinian industry can count on significant structural assets, including for example its large endowment of forestry resources, the existence of production clusters, the presence of dynamic sector associations. Imported furniture is estimated to account for around 20% out of the total Argentinian market, China accounting for the majority of this.

Competition for India
The **Argentina** furniture industry counts over 2,000 registered companies, 90% of which are SMEs. Leading players in the industry include companies as Fontenla, Ricchezze (home furniture segment), Fiplasto, Cuyoplacas/ Platinum (RTA), Johnson Acero, Amoblamientos Reno (kitchen furniture), Color Living (upholstered furniture).

- Argentina, Brazil and Chile have a combined furniture production worth more than US$ 6,250 million. Brazil is the leading furniture producer and the largest furniture market in the area.
- Economic growth of these countries in recent years and the potential of its furniture sector which is estimated to be more than 8 bn USD, will result in good business opportunity.
- However, Indian exporters should need to realise that furniture sector is not a consumer commodity in Latin America and households do not renew furniture and their spending priorities do not go through furniture.
- In Europe where furniture prices are high, idea of paying less in return for having to assemble your own furniture is well received. But LAC buyers will not accept the concept of assembling and the same time the market is too price conscious.
    - Five Latin American countries – Colombia, Ecuador, Bolivia, Peru and Mexico – are on the list of the 10 nations in the world where the household size will fall most between 2008 and 2020, following the trend toward a reduction in family size in developed countries.
    - The increase in the number of single-person households, the ever-greater delay in the age when couples decide to begin having children and the reduction in the number of children per family will be the causes of this downward trend in household size in Latin America.
    - Colombia, with an average of 3.9 people per household in 2008, is the country that will reduce the size of its families the most, with the figure dropping to 3.2 people by 2020.
    - Meanwhile, Chile will also show a marked reduction in family size of 9.8 percent, falling from 3.6 people per household in 2008 to 3.3 in 2020

In Brazilian culture, living in a community is vital, maintain a high level of social involvement, and consider personal relations of primary importance in all human interactions.

Due to the fact Brazilians are highly involved with social life, many friends, family members, or business partners join togetheto associate.

Import Trends of Furniture in Latin America: HScode wise analysis

Product : 940350 Wooden furniture for bedrooms (excluding seats)

	Value imported in 2019 (USD thousand)	Unit value (USD/unit)	Annual growth in value between 2015-2019 (%)	Average tariff (estimated) applied by the country (%)
Mexico	37920	131	4	8
Chile	33601	2400	1	3.2
Peru	24669	1029	-4	5.3
Dominican Republic	20632	3891	19	18.5
Uruguay	15246	1019	-3	17.2
Costa Rica	7239	2129	3	12.6
Paraguay	7036	1145	3	17.2
Jamaica	6954	2323	-2	18.7
Colombia	6591	1185	12	12.2
Ecuador	3655	1286	8	27.7
Brazil	1828	3391	11	17.2
Argentina	1735	1129	-10	17.2

Mexico, Chile and Peru are the best shortlisted markets for wooden furniture imports within Latin America considering high absolute imports with lower import tariff rates.

On the other hand, Indian exporters should avoid targeting Ecuador, Brazil and Argentina.

Product : 940360 Wooden furniture (excluding for offices)

	Value imported in 2019 (USD thousand)	Unit value (USD/unit)	Annual growth in value between 2015-2019 (%)	Average tariff (estimated) applied by the country (%)
Mexico	120378		-4	11
Chile	68321	2213	3	3.2
Peru	21175	2038	-3	5.3
Colombia	19514	2853	0	11.7
Guatemala	13600	2232	-4	14
Uruguay	12536	1934	2	17.1
Costa Rica	12178	2584	6	12.4
Brazil	10995	3495	-3	17.1
El Salvador	7621	2633	2	13.3
Ecuador	7210	2349	14	28.2
Paraguay	7184	2536	2	17.2
Argentina	6084	2626	3	17.1

For wooden furniture for residential use, best market for India turns out to be Chile. Mexico although is largest importer, however facing very high tariff rate of 11% and negative growth rate in imports for past 5 years.

Markets to be avoided: Brazil, Ecuador, Guatemala and Peru.

Product : 940389 Cane Furniture

	Value imported in 2019 (USD thousand)	Unit value (USD/unit)	Annual growth in value between 2015-2019 (%)	Average tariff (estimated) applied by the country (%)
Mexico	40927		24	12
Colombia	10697	2019	0	12.2
Chile	6252	358	9	3.2
Peru	4541	3344	19	5.3
Costa Rica	1931	5122	-13	12
Guatemala	1757	2127	-6	13.7
Brazil	1367	1514	12	17.1
Ecuador	1104	2359	2	27.6

Chilean market is best for Cane furniture import with decent volume of imports and low rate of import duty. Indian companies can also explore Indo-Chile trade agreement.

Markets to be avoided: Costa Rica, Brazil and Ecuador

Product : 460211 Basketwork, wickerwork

	Value imported in 2019 (USD thousand)	Unit value (USD/unit)	Annual growth in value between 2015-2019 (%)	Average tariff (estimated) applied by the country (%)
Brazil	1115	2942	-3	11.4
Chile	548	891	-22	3.2
Mexico	527	3253	-14	11.9
Argentina	217	4173	-9	11.4
Colombia	180	6000	-3	12.4
Peru	170	3269	0	5.2

Latin American market is not promising for basketwork and wickerwork. Imports have been declining across all LAC with very high import duty rates.

The only market worth considering is Peru.

Product : 442090 Wood marquetry and inlaid wood; caskets

	Value imported in 2019 (USD thousand)	Unit value (USD/unit)	Annual growth in value between 2015-2019 (%)	Average tariff (estimated) applied by the country (%)
Mexico	6792		2	11.9
Brazil	2486	3878	1	13.3
Chile	1246	3054	6	3.2
Dominican Republic	1241	6566	36	17.1
Peru	893	2918	6	5.3
Colombia	802	3856	-9	13.2
Ecuador	633	3367	16	27.5
Argentina	322	4411	-15	13.3

Chilean market is the best import destination for wooden casket. Considerable market Mexico and Brazil.

Difficult market:

Columbia, Ecuador, Argentina

CIS

CIS members include Kyrgyzstan, Armenia, Kazakhstan, Turkmenistan and Belarus. The trade between India and CIS countries such as Russia and Ukraine is expected to touch $ 30 billion by 2021 where wood and furniture products will play a key role to strengthen trade.

Product: 940360 Wooden furniture (excluding for offices)

	Value imported in 2019 (USD thousand)	Unit value (USD/unit)	Annual growth in value between 2015-2019 (%)	Average tariff (estimated) applied by the country (%)
Russian Federation	253687	2167	-4	12
Kazakhstan	77071	1218	-1	12.2
Belarus	34829	1897	20	8.9
Ukraine	28734	2658	9	0
Georgia	23227	2723	7	0
Azerbaijan	22306	3695	-10	14.4
Moldova	9997	1923	4	8.7
Armenia	9183	1872	19	10.9
Kyrgyzstan	3582	2584	-6	10.9

Ukraine and Georgia are growing markets for wooden furniture with 0% tariff rate. Russia has been high on imports but declining level of imports clubbed by high import duty rate of 12% depicts a challenge of sustenance for India exporters for Russia.

Market to be avoided: Azerbaijan, Kazakhstan and Kyrgyzstan

Product: 940350 Wooden furniture for bedrooms

	Value imported in 2019 (USD thousand)	Unit value (USD/unit)	Annual growth in value between 2015-2019 (%)	Average tariff (estimated) applied by the country (%)
Russian Federation	51737	2060	-10	11.7
Kazakhstan	37769	1534	-4	12.6
Azerbaijan	17063	2159	32	14.4
Georgia	12467	1832	-1	0
Belarus	8156	1576	17	8.8
Armenia	7380	1615	21	10.2
Moldova	6132	2405	2	8.7
Ukraine	5444	3322	1	0
Kyrgyzstan	3320	1895	-1	13.8
Tajikistan	2751		-4	12.9

Indian exporters of wooden furniture for bedrooms should target CIS markets of Azerbaijan and Georgia, Ukraine with latter extending duty free entry.

Markets to be avoided: Russia and Kazakhstan.

Product: 940389 Cane Furniture

	Value imported in 2019 (USD thousand)	Unit value (USD/unit)	Annual growth in value between 2015-2019 (%)	Average tariff (estimated) applied by the country (%)
Russian Federation	28926	3886	4	6.5
Ukraine	7788	3894	28	0
Belarus	5202	2543	36	7.1
Kazakhstan	3697	4259	4	6.6
Tajikistan	3505	637	29	12.9
Azerbaijan	2079	4801	-13	14.4
Georgia	2022	2024	17	0
Moldova	1199	2595	2	8.7
Uzbekistan	899	4610		25.7

Cane furniture exporters from India should target Russia, Belarus and Tajikistan which are great on absolute level of imports along with low import duty and high on import demand.

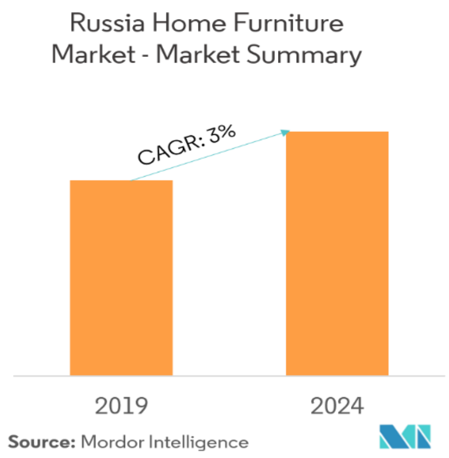
Ukraine and Georgia offers duty free access to cane furniture.

Difficult markets: Azerbaijan and Uzbekistan

Rattan furniture exporters from India will find market of classic rattan furniture due to high demand from buyer from Russia and other ex Uni Soviet countries such as Belarus, Ukraine, Armenia, Uzbekistan, Azerbaizan, etc.Items such as Papasan, Mamasan, Agent Set or Kelek Set, Bahama Set, Rainbow Set, Swivel Rocker and Papasan Rocker are still best seller. Modifications from these models are also popular.

The value of exports of commodity group 4602 "Basketwork, wickerwork and other articles, made directly to shape from plaiting materials or made up from goods of heading 46.01; articles of loofah." from Russia totaled $ 496 thousand in 2019. Sales of commodity group 4602 from Russia went up by 42% compared to 2018: exports of commodity group 4602 "Basketwork, wickerwork and other articles, made directly to shape from plaiting materials or made up from goods of heading 46.01; articles of loofah." went up by $ 149 thousand (cumulative exports of commodity group 4602 from Russia amounted $346 thousand in 2018) The global Wicker Chairs market size is projected to reach USD million by 2026, from USD million in 2020, at a CAGR during 2021-2026.

Russian Furniture highlights: OPPORTUNITY ANALYSIS FOR INDIA



The Russian home furniture market is expected to register a CAGR of 3% during the forecast period. One of the major drivers of the industry's growth is the boom in the construction industry over recent years. One of the reasons for the growing demand for furniture in Russia is the import of high-quality furniture from China at a low price.

Revenue in the Furniture & Homeware segment is projected to reach US$1,152m in 2021.

An annual growth rate (CAGR 2021-2025) of 6.8%, resulting in a projected market volume of US$1,499m by 2025.

In the Furniture & Homeware segment, the User penetration will be 10.4% in 2021 and is expected to hit 13.6% by 2025. Number of users is expected to amount to 19.8m by 2025

In the Furniture & Homeware segment, 3% of total market revenue will be generated through online sales by 2023.

In the year 2020 a share of 30.0% of users is 35-44 years old

The Russian furniture and mattresses import numbers increased by 25%, up to USD 1.7 billion, while in 2018 imports rose by another 21% thus amounting to almost USD 2 billion in the report period. Due to significant increase in imports, Russian furniture market in general is growing faster than domestic furniture production.

The Association of Furniture and Woodworking Industry of Russia asks the Russian government to renew the decree number 1072, which previously forbade state and municipal institutions to buy foreign-made furniture. in 2018 more than 14 billion rubles ($220 million) worth of furniture was purchased for budgetary needs under the state order – this is about 15% of all furniture produced in Russia in a year.

Competition to Indian furniture in Russia

Growing furniture imports into Russia does give Indian furniture exporters an export opportunity. While at the same time they need to be wary of rising competition from other competing countries since in 2018, all the key countries supplying furniture to Russia enhanced their importation volume.

- Germany showed the most spectacular growth of 29.8% (country's share of imports reached 7%).
- China, making the lion's share of furniture imports to Russia (23%), increased its supplies by 25.8%.
- Imports from Belarus increased by 14.5%, and this country continues to hold the second rank in terms of importation volume in Russia
- Italian furniture companies increased their import to Russia at a moderate pace of 4%, reaching the share of 9%.

The overall share of these 4 leading importing countries totaled 52% of the Russian furniture imports pie.

Considering other countries, where the furniture industry is highly developed, we notice a significant increase in the supply of furniture to Russia from Poland – by 40%, from Romania – by 37%, from Vietnam – by 36%.

IKEA largest furniture factory in Russia starts its operation

Apart from other competing countries, local furniture industry in Russia would also give immense competition to Indian companies. The furniture industry in Russia is one of the most competitive industries. Furniture products are manufactured in 79 regions of the Russian Federation in seven Federal districts. Innovative technologies, production modernization, use of new high-quality materials, gives industry an added edge.

Association of furniture and woodworking industry of Russia has asked the government to renew the ban on the purchase of foreign furniture for public use. Otherwise, Russian companies may lose 10 billion roubles in 2020. The Association has asked the government to renew the decree No. 1072, which prohibited state and municipal institutions to buy furniture of foreign manufacture, notes TASS. The order was valid from 1 December 2017 to 30 November 2019, the Association has offered to extend the ban on foreign purchases of furniture for corporations, but did not receive support.

Opportunities for Indian Furniture in Kazakhstan

Increased demand for furniture in Kazakhstan along with decline in the production by 27% has given an opportunity for Indian exporters to explore business opportunity for India furniture in Kazakhstan. This opportunity has been witnessed highest for laminated chipboard and MDF (which serve for the cabinet furniture production) where prices have been increasing by over 60% due to the shortage of materials and accessories. Currently been imported from Russia and Belarus In Kazakhstan, MDF is not produced, and there is little production of laminated chipboard, and the quality leaves much to be desired.

Furniture production in 2020 reached KZT 43.1 billion, which is 13.7% more in value terms than a year earlier. At the same time, the IPP was only 89%, which indicates a decline in output in real terms. In physical terms, a decline is evident in most segments.

- Production of stools and other seating furniture with a metal frame decreased by 20.9%, to 803.1 thousand pieces.
- Production of wooden office furniture fell by 15.7% to 242.7 thousand pieces;
- Production of kitchen furniture fell by 15.3% - up to 87.3 thousand pieces;
- Production of wooden furniture for dining rooms and living rooms fell by 1.2% - up to 65 thousand pieces.

Local competition

The household furniture market is dominated by upholstered and cabinet-type furniture that produce about 60% of turnover in the industry. Another 30% is owned by kitchen and bedroom furniture, the demand for which is closely linked to the development of housing construction. Hall furniture occupies 3-4% of the market and is being gradually replaced by built-in closets. The supply of furniture for teenagers and young people as well as bathroom furniture has been increasing recently as well.

JAPAN

The Japanese furniture industry has evolved from a tiny market of around 50 billion yen to nearly 3.5 trillion yen in 2019.Revenue in the Furniture market is projected to reach US$103,208m in 2022. The market is expected to grow annually by 3.0% (CAGR 2021-2025). Per person revenues of US$818.78 will be generated in 2022 with total revenue in the Furniture market projected to reach US$103,208m in 2022.

A significant feature of Japanese furniture consumption is the popularity of high-end furniture and luxury furniture. The country is witnessing increased construction activity which has led to the expansion of residential real estate with a significant increase in the number of households in the country. This is boosting the demand for furniture products such as living room and bedroom furniture. Japan is also witnessing an increasing demand for exquisite and durable high-end solid wood furniture when setting up a new family which is boosting the market growth further. The market share of imported furniture in Japan has risen significantly in the last few years.

Japan is currently witnessing a high demand for home furniture which includes the living room and dining room furniture, bedroom furniture and kitchen furniture. The country is witnessing expanded construction activity with new housing units being built across the country and an increase in the per capita disposable income on consumers which is increasing the demand for home furniture. Among imported furniture, wooden furniture occupies the largest proportion, followed by furniture accessories, metal furniture, plastic furniture, etc.

Code	Product label	2016	2017	2018	2019	2020	Trend
	Furniture	3964748	4091384	4278273	4338153	4071028	
'950300	Tricycles, scooters, pedal cars and similar wheeled toys	2000005	2127142	2286518	2296681	2050078	
'940360	Wooden furniture (excluding for offices)	1098141	1115972	1138172	1154829	1136014	
'940390	Parts of furniture, n.e.s.	515811	505015	503575	516756	494599	
'940350	Wooden furniture for bedrooms	213714	202542	215066	228885	248244	
'442090	Wood marquetry and inlaid wood; caskets and cases for jewellery or cutlery	56489	56597	57173	54906	55742	
'940389	Furniture of other materials, including cane	28960	27664	29187	35061	39170	
'940330	Wooden furniture for offices	25611	25692	22002	23149	21771	
'460212	Basketwork, wickerwork	10472	12221	11377	12700	11595	
'460211	Basketwork, wickerwork and other articles, made directly to shape from bamboo plaiting materials ...	15545	15629	12952	11926	9400	
'940382	Furniture of bamboo	0	2910	2251	3260	4415	

COMPETITION IN JAPAN FOR INDIAN FURNITURE EXPORT

The Japan Furniture Market is fragmented with the presence of local and international players such as Nitori, Muji, Karimoku, Sankou, and Ikea. The manufacturers are offering a range of styles from traditional Japanese to Scandinavian styles and are focusing on offering products with varied color options and simple designs at reasonable prices.

Japan imports nearly bedroom furniture from China, Vietnam and other Southeast Asian countries. With low labour costs, China has become Japan's largest furniture importer accounting for nearly 40% of the total Japanese wooden furniture imports. Some of the other importers of furniture products in Japan are Thailand, Vietnam, Malaysia, the Philippines, Indonesia, Germany and Italy.

Product: 940360 Wooden furniture (excluding for offices

Code	Product label	2016	2017	2018	2019	2020	Trend
'940360190	Other	997706	1024653	1040604	1055752	1053038	
'940360110	Buddhist altar	76763	67320	63402	63779	54287	
'940360010	furniture (excluding cupboards and bookcases), designed to ...	21599	23517	33021	35461	29591	

	Value imported in 2019 (USD thousand)	Share in Japan's imports (%)	Quantity imported in 2019	Unit value (USD/unit)	Growth in imported value between 2015-2019 (%, p.a.)	Average tariff (estimated) applied by Japan (%)
China	482768	41.8	149957	3219	0	0
Viet Nam	265745	23	102691	2588	2	0
Malaysia	107432	9.3	80770	1330	-5	0
Indonesia	85813	7.4	33763	2542	1	0
Philippines	45715	4	6462	7074	22	0
Thailand	43950	3.8	29440	1493	-2	0
Cambodia	4413	0.4	465	9490	94	0
Korea	3625	0.3	277	13087	-2	0
India	1920	0.2	277	6931	10	0

Product: 940350 Wooden furniture for bedrooms

	Value imported in 2019 (USD thousand)	Share in Japan's imports (%)	Quantity imported in 2019	Unit value (USD/unit)	Growth in imported value between 2015-2019 (%, p.a.)	Average tariff (estimated) applied by Japan (%)
China	125645	54.9	57962	2168	2	0
Viet Nam	79899	34.9	44039	1814	9	0
Thailand	8324	3.6	5241	1588	1	0
Malaysia	5803	2.5	2605	2228	3	0
India	22	0	1	22000	37	0

CONSUMER TRENDS ACROSS JAPAN

The rise in the number of household units and population migration are also contributing to this growth. The household spending on dining-room furniture in the country is also fairly stable although relatively small compared with spending on bedroom items. The rise in the number of household units and population migration are also contributing to this growth.

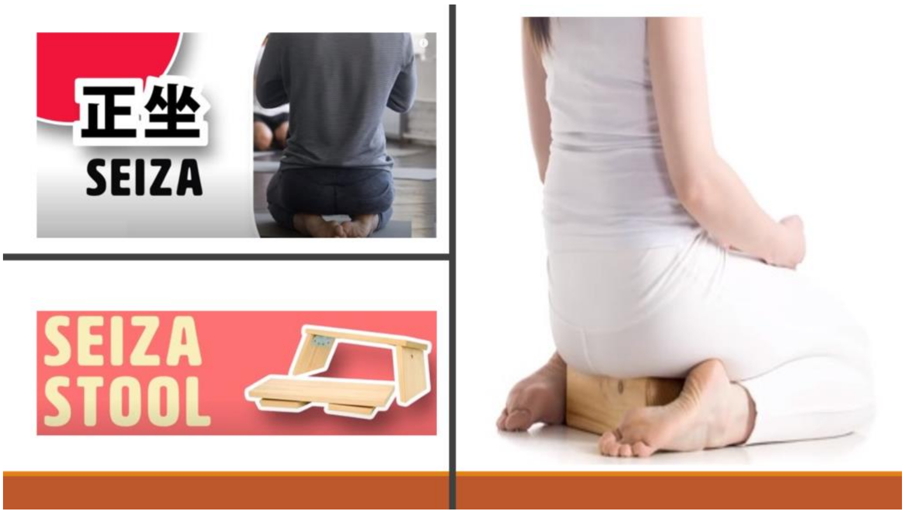
The current upward trend in the country is an increasing number of one-person households in the country which are driven by changes in culture and lifestyles, which is one of the major forces to influence furniture demand in the country.

Single-person households are the fastest-growing household group in the country and will eventually become the largest such group in Japan. Singles need less space and can, therefore, save on rent and house-building costs.

Due to limited space, furniture needs to be both pleasing and practical. Storage cabinets are popular among singles in small homes, and many other portable furniture may witness increased demand.

There is potential for segments of the Japanese furniture market to grow, especially for competitively priced items designed for singles in small spaces, such as drawers, cabinets, fold-away dining tables and dining chairs which is expected to increase the demand for furniture products in the country.

Seiza involves sitting down on the floor and not on a chair. In traditional Japanese architecture, floors in various rooms designed for comfort have tatami floors. Seiza thus is closely connected with tatami flooring. There are circumstances, however, when people sit seiza-style on carpeted and hardwood floors.



Special seiza stools are available in Japan. They are folding stools, small enough to be carried in a handbag, which are placed between the feet and on which one rests the buttocks when sitting seiza-style.

An izakaya is a typical Japanese bar-restaurant where people enjoy coming for a drink and a bite to eat. the welcome is warm, and the atmosphere always cheerful. It is where employees meet after a day's work to relieve stress and unwind together. going to an izakaya with colleagues after work is a cultural habit in Japan.

BATH TUBS IS MANDATORY FOR JAPANESE HOUSEHOLDS AND HOTELS
& COULD YOU BELIEVE THEY ARE WOODEN AND NOT CERAMICS

The ***genkan*** (玄関, げんかん) in a Japanese home is the place where you remove your shoes before you enter the main part of the house. In a typical Japanese studio apartment, the genkan is smaller. A typical one looks like the one pictured below.

The cabinet to the left of the door is the "shoe box" (shoe cabinet). According to traditional Feng Shui (wind & water) the wind brings the positive energy (chi) into the home, and water makes it stay. Neither shoes nor slippers should be left lying outside the main door of the house.

One aspect of the Japanese home that truly separates it from its Western counterpart is the lack of a designated use for the main rooms. While the bathroom and kitchen are fixed, the living spaces are fluid, with bedrooms, living rooms, studies and guest rooms all interchangeable. This is due the tradition of minimal furniture and the use of large storage cupboards called *oshiire*—where everything from fans to futons can be stored during the day to open up spaces for more general use.

The rooms themselves have either wooden or tatami flooring, with many modern houses having a traditional Japanese room called a *washitsu*. This room is distinguished by tatami flooring, and often a low table called a *chabudai* for family meals.

The chabudai is one major piece of furniture found in most traditional Japanese homes, be it a tea or low dining table. Most times, these tables come with a height of 15 inches, and this is because, most times, they a used on tatami mats in combination with floor cushions and chairs, or zabuton and zaisu respectively.

A chabudai (チャブダイ) is a short-legged table used in traditional Japanese homes. The original chabudai ranged in height from just 15 cm to a maximum height of 30 cm. People seated at a chabudai may sit on zabuton or tatami rather than on chairs. The four legs of a chabudai are generally collapsible so that the table may be moved and stored easily.

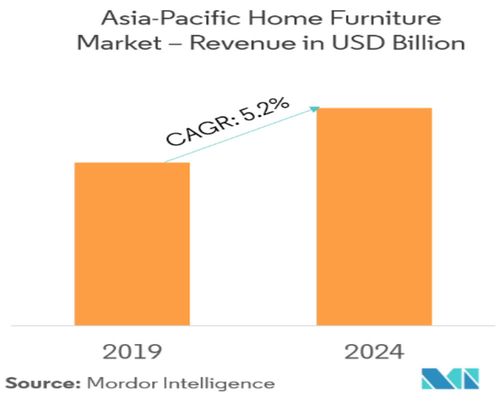
Chabudai are used for various purposes, such as study tables, work benches, or dinner tables (shokutaku (食卓、しょくたく)).

Heated Chabudai Table In the winter, **the chabudai is often replaced by a kotatsu**, another type of short-legged table equipped with a removable top and a heater underneath.
In Japan, especially in Tokyo, electricity costs can be compared to those of large cities in kwh costs. Therefore, during the winter months, Kotatsu is great for couples as well as singles to keep them insulated and warm while indoors.
If used with an electric heater, this heated Chabudai table can save some electricity costs; about $2 to $3 dollars daily. Another great feature of this table is that it is totally reversible.

ASEAN

The global furniture industry is expected to grow from S$631 billion in 2017 to S$766 billion in 2021, with the highest growth coming from Asia. With a population of over 600 million, rapid economic growth and increasing income, South-East Asia is a huge market with high demand and purchasing power. Revenue in the Furniture market is projected to reach US$613,865m in 2021. The market is expected to grow annually by 4.9% (CAGR

2021-2025). In relation to total population figures, per person revenues of US$137.78 will be generated in 2021. Vietnam, Malaysia, Indonesia, Thailand, and the Philippines are fast growing furniture suppliers.



The Asia Pacific outdoor furniture market was valued at US$ 4,137.69 Million in 2018 and it is expected to grow at a CAGR of 4. 9% during 2019–2027, to reach US$ 6,383. 64 million by 2027. Outdoor furniture such as chairs, tables, seating sets, dining sets, loungers, daybeds, hammocks, and others are quite popular among both the residential and commercial customers.

Moving beyond 2020: What product categories should India focus?

Singapore		Value imported in 2019 (USD thousand)	Annual growth in value between 2015-2019 (%, p.a.)	Average tariff (estimated) applied by Singapore (%)
'940360	Wooden furniture (excluding for offices, kitchens and bedrooms, and seats)	137218	-9	0
'940390	Parts of furniture, n.e.s. (excluding of seats and medical, surgical, dental or veterinary ...	63955	1	0
'940350	Wooden furniture for bedrooms (excluding seats)	31767	6	0
'940389	Furniture of other mareials, including cane, osier or similar materials (excluding of bamboo, ...	24625	-7	0
'442090	Wood marquetry and inlaid wood; caskets and cases for jewellery or cutlery	19277	1	0
'940330	Wooden furniture for offices (excluding seats)	18414	-17	0
'460211	Basketwork, wickerwork and other articles, made directly to shape from bamboo plaiting materials ...	738	-2	0

Highest imported furniture item in Singapore is wooden furniture for bedroom. However, import duty is zero across all furniture segments.

Malaysia		Value imported in 2019 (USD thousand)	Annual growth in value between 2015-2019 (%, p.a.)	Average tariff (estimated) applied by Malaysia (%)
'940360	**Wooden furniture (excluding for offices, kitchens and bedrooms, and seats)**	**142518**	**10**	**0**
'940390	Parts of furniture, n.e.s. (excluding of seats and medical, surgical, dental or veterinary ...	78759	4	0
'940330	**Wooden furniture for offices (excluding seats)**	**32699**	**29**	**0**
'940350	Wooden furniture for bedrooms (excluding seats)	27952	-4	0
'940389	Furniture of other mareials, including cane, osier or similar materials (excluding of bamboo, ...	10261	4	0
'442090	Wood marquetry and inlaid wood; caskets and cases for jewellery or cutlery	3179	-4	12.8
'460211	Basketwork, wickerwork and other articles	845	-9	18.6

Highest imported furniture item in Malaysia is wooden furniture for offices but excluding kitchen and home. Indian exporters should avoid inlaid wood products and basketwork.

Indonesia		Value imported in 2019 (USD thousand)	Annual growth in value between 2015-2019 (%, p.a.)	Average tariff (estimated) applied by Indonesia (%)
'940360	Wooden furniture (excluding for offices, kitchens and bedrooms, and seats)	58915	23	18.8
'940389	Furniture of other mareials, including cane, osier or similar materials (excluding of bamboo, ...	24425	161	9.4
'940350	Wooden furniture for bedrooms (excluding seats)	23797	15	18.8
'940330	**Wooden furniture for offices (excluding seats)**	**16534**	**21**	**4.7**
'940390	Parts of furniture, n.e.s. (excluding of seats and medical, surgical, dental or veterinary ...	9499	-8	14.3
'442090	Wood marquetry and inlaid wood; caskets and cases for jewellery or cutlery, and similar articles, ...	638	-14	23.4
'460211	Basketwork, wickerwork and other articles, made directly to shape from bamboo plaiting materials ...	246	-26	23.4

Indonesian market does not offer duty free access to any of the furniture products. The only segment that attracts minimum import duty of 4% growing at the rate of 21% is wooden furniture for office.

Philippines		Value imported in 2019 (USD thousand)	Annual growth in value between 2015-2019 (%, p.a.)	Average tariff (estimated) applied by Philippines (%)
'940360	Wooden furniture (excluding for offices, kitchens and bedrooms, and seats)	118432	20	13.8
'940350	Wooden furniture for bedrooms (excluding seats)	34259	24	13.8
'940330	Wooden furniture for offices (excluding seats)	32709	23	13.8
'940390	Parts of furniture, n.e.s. (excluding of seats and medical, surgical, dental or veterinary ...	19788	-5	11.5
'940389	Furniture of other mareials, including cane, osier or similar materials (excluding of bamboo, ...	19044	25	13.8
'442090	**Wood marquetry and inlaid wood; caskets and cases for jewellery or cutlery, and similar articles, ...**	**1335**	**10**	**9.2**

Philippines market does not offer duty free access to any of the furniture products. The only segment that attracts minimum import duty of 9% growing at the rate of 10% is inlaid wooden caskets.

Thailand		Value imported in 2019 (USD thousand)	Annual growth in value between 2015-2019 (%, p.a.)	Average tariff (estimated) applied by Thailand (%)
'940360	Wooden furniture (excluding for offices, kitchens and bedrooms, and seats)	65831	5	14.9
'940390	Parts of furniture, n.e.s. (excluding of seats and medical, surgical, dental or veterinary ...	37635	17	7.4
'940350	Wooden furniture for bedrooms	18741	13	14.9
'940330	Wooden furniture for offices	14260	17	14.9
'940389	Furniture of other mareials, including cane	13198	-14	14.9
'442090	Wood marquetry and inlaid wood; caskets and cases for jewellery or cutlery, and similar articles, ...	1881	-13	14.9
'460211	Basketwork, wickerwork and other articles, made directly to shape from bamboo plaiting materials ...	428	-8	22.4

Thailand does not offer duty free access to any of the furniture products. The only segment that attracts minimum import duty of 7.4% growing at the rate of 17% is furniture parts.

CONSUMER TRENDS ACROSS ASEAN

- The rise in focus towards attractive garden and lounge areas has perpetually driven the demand for aesthetic items such as chairs, tables, and other accessories. It is expected to have a positive impact upon market growth.
- Factors including the rise in consumer spending & traveling trends resulted in a rise in the number of tourists across ASEAN. These factors are mostly observed in tourist spots, beach sides, and hill stations, thereby leading to multiplying counts of motels, hotels, guest houses, resorts, open spaces, and public gardens.
- The rise in focus towards attractive garden and lounge areas has perpetually driven the demand for aesthetic items such as chairs, tables, and other accessories. It is expected to have a positive impact upon market growth.
- The shift in consumer spending towards better living backed by rise in per capita and disposable income has augmented the growth of outdoor furniture market.
- renovations in old residential building along with new constructions have also channelized the demand for the better outdoor furniture facilities such as table, chairs or combination sets.
- In current era, consumers are looking out for outdoor furniture which offers the same level of comfort as that provided by the indoor furniture which has proliferated the demand for seating sets in the Asia Pacific outdoor garden furniture market.

Wood segment dominated the Asia Pacific outdoor furniture market. Usage of wood in production of outdoor garden furniture has also gained prominence with the growing focus over sustainability as well as aesthetic appearance.

Thai furniture designers and manufacturers draw upon the county's bountiful natural woods and fibers to create furniture that is innovative, attractive, and functional. Green living design, a concept in which Thailand is leading the way in Southeast Asia.

Case analysis of OSISU

OSISU is Thailand's leading eco design furniture company where each OSISU product is "hand-crafted from materials left to waste at construction sites or discarded from manufacturing processes and exemplifies "a commitment to environmentally responsible design while meeting functional requirements. Among the scrap products OSISU has fashioned into interesting furniture and furnishings are construction steel, leather, and plastics. In addition, he created a compressed board substrate from chip bags, which were mulched and heated to form a material that is being used to manufacture cabinets, shelves, and furniture.

Case analysis of Deesawat

Another award-winning manufacturer is Deesawat, whose motto is, "where quality comes naturally." Deesawat is one of the leaders of Thailand's thriving wood industry. In addition to fine craftsmanship and high precision, Deesawat is recognized for innovative designs in outdoor furniture, flooring, decking, furnishings, and doors. While the company originally made its mark with teak, it has branched out into aluminum, stainless steel, Batyline® (100 percent recyclable composite fabrics), Sunbrella (UV-stable fabrics), and synthetic rattan.

Case analysis of Yothaka International

Yothaka International pioneered the use of water hyacinths in the Thai furniture manufacturing industry. Thailand was the first country to recognize the potential value of this tropical weed, which was choking off waterways in much of Southeast Asia, and transform into a useful fiber and a sustainable cash crop. From the water hyacinth, Yothaka's creative artists and master craftsmen created hand-made furniture with aesthetically simple designs.

Case analysis of Yan Lipao

Yan Lipao, a forest fern traditionally used in Thai baskets, is another easily renewable agricultural fiber the company uses, and its "New Asian Style Concept Furniture" includes chairs, stools, and benches made from pineapple fiber paper.

Case analysis of Yothaka

Yothaka also produces home accessories such as boxes, baskets, stationery, and photo frames catering to high-end audiences. Since 1989, the manufacturer has been known for its originality, inimitable design, and contemporary elegance "offering a perfect balance between aesthetic innovation and timeless rules of beauty." Made of eco-friendly materials, Yothaka products are sold in the United States, Japan, Europe, Australia, New Zealand, and the Middle East.

Case of Terra Motif

Terra Motif Lifestyle produces outdoor classical and contemporary furniture and accessories – mainly tables, chairs, and sofas – woven from rattan, environmentally friendly synthetic wicker, or 100 percent recycled plastics. The company currently distributes its furniture only in Thailand and Indonesia.

Case of Bua Bhat

Since 1987, Bua Bhat has been manufacturing eco-friendly, hand-hooked rugs, wall hangings, and pillows. Following a traditional Thai village lifestyle, Bua Bhat's all-women workforce produces the home furnishings from new fibers salvaged from the edges of garments. The factory, in Chiangmai, maintains high quality control but operates as a cottage industry, providing a comfortable and ecologically sound environment for the employees.

Case of Korakot Aromdee

Inspired by the environment to use natural materials such as bamboo and hemp rope, and using the techniques of traditional kite making, Korakot Aromdee, manager of Korakot International, creates distinctive home furnishings such as lamps, trays, and wall hangings for the home, hotels, and office buildings.

Case of Green River Thailand

More than half of the furniture made in Thailand is wood, some teak, but primarily rubberwood. A byproduct of Thailand's rubber industry, rubberwood is the most ecologically friendly of all lumber used to manufacture furniture. When a rubber tree is about 30 years old and has stopped yielding sufficient latex to be viable, it may be harvested for wood. A member of the maple family, the rubber tree produces a beautiful, dense-grain, durable lumber that is used to make high-quality furniture. To help preserve Thailand's natural forests and provide a sustainable wood alternative, the government has worked with the Thai Furniture Association and other groups such as Green River Thailand to improve rubberwood production, harvesting, and marketing.

Case of Kan Thai Decor

Kan Thai Decor specializes in creating simple, unique, natural wood furniture and decorative items such as end tables, benches, chairs, wall panels, and tables, primarily carved from sustainable monkey pod wood. Skilled craftsmen from Chiangmai also carve the company's pieces from farmed teak and mango wood. Replanted almost continuously, mango trees are sustainable.

Case of Leowood Intertrade Co.

Thailand's largest wooden furniture manufacturer, Leowood Intertrade Co., combines advanced technology from Germany and fine Thai wood to create a variety of products. Leowood has developed eco-friendly, engineered wood, under the Tekwood brand, for outdoor furniture that can last up to 25 years. Its rubberwood products have been designed for indoor use as floors, stairs, doors, windows, and frames.