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Chinese Furniture Industry Viewpoint

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Report Highlights:

Cao Yingchao, secretary-general of the China National Furniture Association, provides an assessment of the changes needed for the domestic industry to take advantage of growing domestic demand.

Includes PSD changes:
Includes Trade Matrix:

Introduction

China's furniture industry is entering a period of increasing challenges and opportunities, with growing foreign competition and declining domestic lumber supplies on the one hand, and increased domestic consumption and lower tariffs on imported wood products on the other. In the following article, culled from the official newspaper, China Daily, the secretary-general of the China National Furniture Association, Cao Yingchao, outlines the changes he believes necessary for China's industry to meet the growing challenges.

Furniture faces foreign gauntlet

By Ye Yongjian

Chinese furniture makers need to sharpen their competitive edge to hold their ground on the domestic market, say industry experts. Seeing great potential in the Chinese market, many foreign furniture businesses have arrived in search of a piece of the action. Furniture makers in East Asian countries are targeting the low and medium-grade furniture markets, while those from the European Union and the USA are aiming at the high-class sector.

According to industry experts, domestic furniture enterprises lag behind their overseas counterparts mainly in technology, design and after-sales services. And with the constant increase in Chinese people's income and living standards in recent years, they are looking for much more than just practical attributes in their furniture, gradually shifting attention to the style, materials and processing technology. Thanks to their fine design and high quality, some foreign brands of furnitures have won considerable popularity with Chinese consumers. Imported furniture has increased its market share in China in recent years.

Cao Yingchao, secretary-general of the China National Furniture Association (CNFA), said domestic enterprises had to modernize their production process and improve design standards, because the two biggest problems in the industry were backward technology and equipment and the lack of professional designers. The outdated technology and equipment lowers production efficiency and turns out furniture which is unsuitable for a modern life style. And the shortage of top designers leaves domestic products lacking special Chinese characteristics.

To deal with the foreign challenge, China's furniture makers need to attach importance to making technical innovations by themselves as well as introducing advanced foreign technologies and equipment. In the meantime, Cao called for them to emphasize design work and increase investment in training industry designers. The CNFA plans to play a coordinating and organizing role in this field. This year has been declared "design year" by the CNFA, said Cao. He argued that the Chinese market had great potential to be explored as the housing reform gradually deepens and more people purchase their own homes.

Per capita spending on furniture is predicted to exceed 100 yuan (US\$12) by 2000, and annual spending to reach 100 billion yuan (US\$12 billion). "In the coming decade, each year about 20 million people will move into new homes. The spending on furniture for new bedrooms, kitchens, dining rooms and living rooms will surpass 10 billion yuan (US\$1.2 billion)," said Cao.

In addition, since many multinational corporations are increasing their investment in China, office furniture will be a hot consumption item in the coming decade, with annual expenditure expected to reach 30 billion yuan (US\$3.6 billion).