5. Furniture

1. Definition of Category

Movable devices relative to a fixed building structure, as well as indoor and outdoor furnishings and their parts, not including devices used for medical purposes.

HS Numbers	Commodity
9401.61, 69 / 9403.30~60	Wooden furniture
9401.30-020, 40-020, 50-010 / 9403.80-100	Rattan furniture
9401.71, 79 / 9403.10, 20	Metal furniture
9401.30-010, 30-030, 40-010, 40-090, 50-020, 80 / 9403 70, 80-210, 80-290	Other furniture
9401.90, 9403.90	Furniture parts

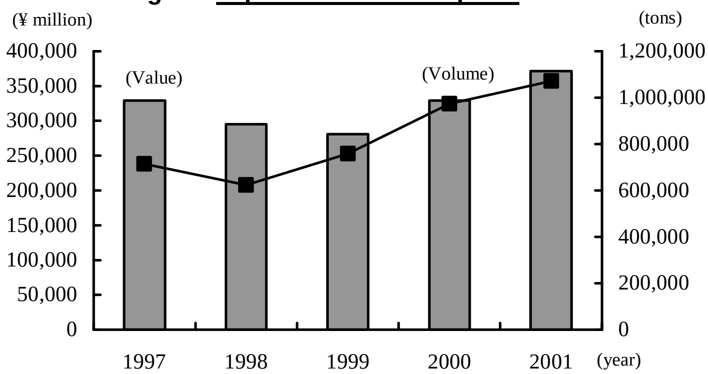
2. Import Trends

(1) Recent Trends in Furniture Imports

Furniture imports as a whole are trending upward. Imports sagged under the impact of the drop in new housing starts in 1998. However, furniture imports recovered quickly, and in 2001 imports topped the 1.0 million-ton mark for the first time, finishing 1.07 million tons (up 10.2% from the year before), for a new all-time record. These imports were worth a total of ¥371 billion (up 12.8%) for a new all-time record as well.

Except for rattan furniture, all other furniture material types have posted gains on both a volume and value basis. Wooden furniture imports totaled ¥186.6 billion (up 15.4% from the year before), while metal furniture imports totaled ¥72.1 billion (up 10.3%). Furniture parts imports made up 22.2% of total furniture imports, and were worth some ¥82.5 billion (up 11.9%). The reasons for the growth in furniture imports were the increase in licensed production and knockdown production overseas for domestic furniture makers. These trends are expected to continue in the future.

Fig. 1 Japan's furniture imports



	1997		1998		1999		2000		2001	
	Volume	Value	Volume	Value	Volume	Value	Volume	Value	Volume	Value
Wooden furniture	328,636	164,594	306,365	138,884	383,486	134,862	506,532	161,680	586,071	186,574
Rattan furniture	20,561	10,680	16,347	7,964	16,316	6,556	15,450	5,961	15,442	6,269
Metal furniture	165,040	57,998	163,958	57,082	200,727	56,047	260,114	65,403	276,319	72,139
Other furniture	44,059	20,827	41,224	18,413	53,118	18,184	67,843	22,398	69,235	23,951
Parts of furniture	155,298	75,044	94,734	72,562	104,739	65,233	122,934	73,671	125,160	82,454
TOTAL	713,594	329,143	622,629	294,906	758,386	280,882	972,873	329,113	1,072,226	371,387

Units: tons, ¥ million *Source: Japan Exports and Imports*

(2) Imports by Place of Origin

Generally speaking, low-priced wooden furniture is imported from China, Taiwan and ASEAN countries, while imports of high-priced products come from Europe and the United States. Imports from China have grown rapidly in all product categories of late. 2000 marked the first year when China led in wood furniture, and in 2001 China moved past Taiwan into first place in metal furniture as well.

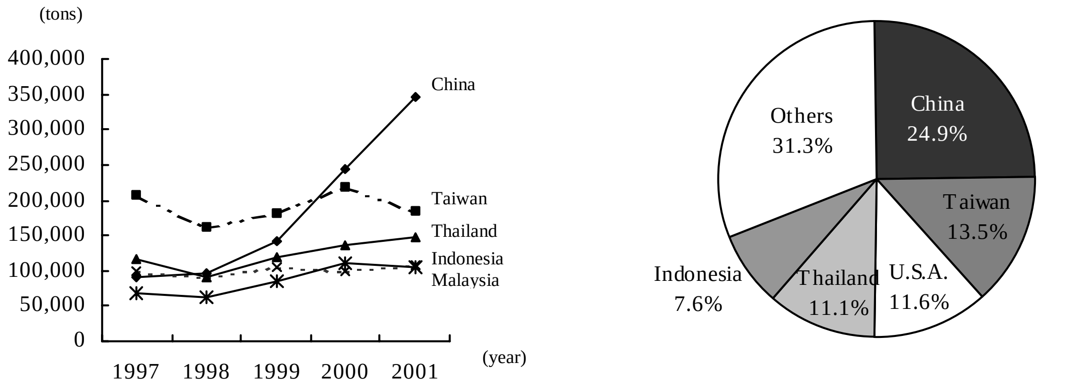
This shows that China is solidifying its position as a manufacturing platform for export to Japan not only for apparel and other textile products but also for furniture. Imports have also been rising steadily from Thailand, Indonesia and other ASEAN countries. Among the top-ranked exporters to Japan, only Taiwan has seen a substantial decline (down 15.7% on a volume basis) in 2001. This reflects the fact that Taiwanese furniture makers have also been shifting production to China.

Recently, imports from the United States have been showing stable growth, being ranked third position with a share of 11.6% of total import value (¥43.1 billion). The main factors for increase in imports from the United States include (1) stronger interest by U.S. manufacturers in the Japanese market and (2) reduction of retail price levels of U.S.-made furniture in the Japanese market due to efforts by Japan's importers and retailers to lower distribution costs, resulting in higher price competitiveness of U.S. furniture against domestically produced products. Consumers began showing stronger interest not only in building materials from North America, but also in furniture from the region, resulting in increased furniture imports from the United States. European exporters also have had good results, with Italian exports up 19.4% to ¥20.6 billion (share 5.6%, seventh ranking) in 2001. Germany, Austria and Denmark have also seen growth in their exports to Japan, resulting in a more diversified import market.

In the category of wooden furniture, China (28.7%), Thailand (20.3%), Malaysia (13.8%), and Indonesia (11.8%) were competing each other. Most of metal furniture came from China (51.0%) and Taiwan (32.3%), while nearly 90% of rattan furniture came from Indonesia.

Fig. 2 Principal exporters of furniture to Japan

Trends in import volume by leading exporters **Shares of furniture imports in 2001 (value basis)**



	1997	1998	1999	2000		2001			
	Volume	Volume	Volume	Volume	Value	Volume		Value	
China	90,205	96,094	140,816	242,714	63,897	346,801	32.3%	92,485	24.9%
Taiwan	206,296	162,928	182,297	218,971	55,096	184,636	17.2%	50,105	13.5%
Thailand	117,129	91,152	118,063	137,547	39,059	147,338	13.7%	41,374	11.1%
Indonesia	99,799	90,966	104,178	100,390	25,407	107,164	10.0%	28,040	7.6%
Malaysia	66,957	62,916	86,031	110,778	27,081	105,876	9.9%	26,724	7.2%
Other	133,209	118,572	127,000	162,472	118,573	180,411	16.8%	132,658	35.7%
TOTAL	713,594	622,629	758,386	972,873	329,113	1,072,226	100.0%	371,387	100.0%
(E U)	54,485	46,026	41,820	59,532	43,221	67,635	6.3%	50,717	13.7%

Units: tons, ¥ million *Source: Japan Exports and Imports*

Fig. 3 Leading exporters of furniture by product category (2001)

		Total volume	First	Share	Yearly change	Second	Share	Yearly change
Volume	Wooden furniture	586,071	China	28.7%	145.2	Thailand	20.3%	118.2
	Rattan furniture	15,442	Indonesia	87.6%	98.2	China	6.8%	132.9
	Metal furniture	276,319	China	51.0%	145.4	Taiwan	32.3%	80.4
	Other furniture	69,235	Taiwan	43.1%	94.0	China	26.2%	132.1
Value	Wooden furniture	186,574	China	26.9%	146.2	Thailand	17.9%	112.4
	Rattan furniture	6,269	Indonesia	85.4%	103.4	China	6.4%	146.5
	Metal furniture	72,139	China	40.2%	146.4	Taiwan	31.3%	87.3
	Other furniture	23,951	Taiwan	38.1%	99.8	China	19.0%	138.2

Unit: tons, ¥ million *Source: Japan Exports and Imports*

(3) Imports' Market Share in Japan

Because of discrepancies in statistical gathering methods between domestic and imported furniture products, it is impossible to calculate imports' precise market share. It is clear, however, from government statistics that sales of domestically produced furniture are down sharply in recent years, in diametrical contrast to import sales. Based on the import totals cited above, it is estimated that imports have about 37% of the market in wooden furniture and about 10% of the metal furniture market, with these percentages rising every year.

Some reasons for the increased share of imports are listed below.

- Progress in the shift of production for low priced products to Southeast Asia where labor costs are low and raw materials for furniture can be easily sourced.
- Overall decline in import costs
- Efforts by the industry in Japan to lower distribution costs allowed importers to sell imported European and U.S. furniture in the market segment for middle priced items which has the largest sales volume.

Fig. 4 Sales of domestically produced furniture (reference)

	1997	1998	1999	2000
Metal furniture (Total)	604,534	499,255	465,050	509,183
Desks	86,483	67,941	62,205	69,951
Chairs	70,997	57,235	52,934	57,036
Filing cabinets	17,484	13,424	12,469	13,818
Storage cabinets	42,970	35,694	32,540	35,891
Fire-resistive containers	11,417	10,883	9,615	11,334
Beds	32,197	28,276	28,585	27,249
Shelves	37,049	31,580	24,856	28,902
Partition	80,197	69,990	69,501	75,907
System kitchen	108,317	86,555	86,157	107,038
Other	117,423	97,677	86,188	82,057

	1997	1998	1999	2000
Wooden furniture (Total)	402,632	43,962	35,089	272,965
Chest of drawers	58,373	33,471	30,496	28,064
Dresser	37,489	63,504	58,374	31,009
Shelves	82,270	15,485	13,341	55,439
Desks	18,641	22,043	20,068	12,248
Tables	29,023	55,964	50,980	19,657
Chairs	69,476	41,370	39,470	48,065
Beds	46,980	9,032	8,269	36,750
System cabinets	11,268	41,103	34,435	8,174
Other	49,112	43,962	35,089	33,559

Unit: ¥ million

Source: Yearbook of Miscellaneous Goods Statistics

3. Key Considerations related to Importing

(1) Regulations and Procedural Requirements at the Time of Importation

Furniture imports are essentially unregulated. However, under terms of the Washington Convention (Convention on International Trade in Endangered Species of Wild Fauna and Flora, so-called CITES), the Foreign Exchange and Foreign Trade Law regulates importing of species of wild fauna and flora listed in the Appendix to the Convention. Furniture that uses leather from certain wild animal species or *bekko* may be subject to import restrictions. For more information on the specific content and applicability of these classifications, please contact the Trade Licensing Division, Trade and Economic Cooperation Bureau, Ministry of Economy, Trade and Industry.

(2) Regulations and Procedural Requirements at the Time of Sale

Some furniture products are subject to provisions of the Household Goods Quality Labeling Law and the Consumer Products Safety Law. Furniture that uses leather from certain wild animal species or *bekko* may be subject to provisions of the Law for Conservation of Endangered Species of Wild Fauna and Flora. For more details, please consult the Wildlife Division, Nature Conservation Bureau, Ministry of the Environment.

1) Household Goods Quality Labeling Law

Products subject to labeling requirements of the Law include a) desks and tables, b) chairs and legless chairs, and c) dressers. These products must bear labeling as specified by the Household Goods Quality Labeling Law. Products may not be sold without labels. (see 4. Labeling)

2) Consumer Products Safety Law

The Law designates some consumer products whose structure, materials or mode of usage pose special safety problem as "specific products." Specific products must be self-confirmed for compliance with government safety standards, and display the PS Mark on their label. Products that are not labeled in accordance with the Law may not be sold in Japan. In furniture, baby cribs are designated as a "special specific product" because they pose a greater risk of danger, and therefore must undergo compliance testing performed by a third party organization.

(3) Competent Agencies

- Foreign Exchange and Foreign Trade Law (Washington Convention)
  Trade Licensing Division, Trade and Economic Cooperation Bureau, Ministry of Economy, Trade and Industry
  TEL: 03-3501-1511 http://www.meti.go.jp
- Household Goods Quality Labeling Law
  Consumer Affairs Policy Division, Consumer Affairs Department, Commerce and Information Policy Bureau, Ministry of Economy, Trade and Industry
  TEL: 03-3501-1511 http://www.meti.go.jp
- Consumer Products Safety Law
  Product Safety Division, Commerce and Information Policy Bureau, Ministry of Economy, Trade and Industry
  TEL: 03-3501-1511 http://www.meti.go.jp
- Law for Conservation of Endangered Species of Wild Fauna and Flora
  Wildlife Division, Nature Conservation Bureau, Ministry of the Environment
  TEL: 03-3581-3351 http://www.env.go.jp

4. Labeling

(1) Legally Required Labeling

1) Household Goods Quality Labeling Law

The Miscellaneous Industrial Product Labeling Standards based on the Household Goods Quality Labeling Law specify both the label content and format. Labeling items required by the Law are as follows.

Fig. 5 Labeling items required by the Law

Products	Labeling items
Desks and table	1) Exterior dimensions, 2) Desktop or table top surface material, 3) Surface finishing (if any), 4) Usage cautions, 5) Name of the labeler and information contact (address or telephone number)
Chairs and legless chairs	1) Dimensions, 2) Structure material, 3) Surface finishing (if any), 4) Cover material, 5) Cushion material, 6) Usage cautions, 7) Name of the labeler and information contact (address or telephone number)
Dressers	1) Dimensions, 2) Surface material, 3) Surface finishing (if any), 4) Cover material, 5) Usage cautions, 6) Name of the labeler and information contact (address or telephone number)

2) Consumer Products Safety Law

Baby cribs are designated as “special specific products” under provisions of the Law. Therefore they must undergo compliance testing performed by a third party organization, and stuck the PS Mark on its product label, thereby indicating compliance with technical standards.

PS Mark
(Special specific products)

(2) Voluntary Labeling based on Provisions of Law

1) Industrial Standardization Law (JIS Mark)

JIS Mark

Under the Industrial Standardization Law, standards are set for the quality of industrial products. Products meeting the JIS standards may be labeled with the JIS mark of approval. Products are designated which may be so labeled among the products covered by the JIS (“JIS Mark Labeling System”). In furniture, desks and tables for office, chairs for office, and bunk beds, among others are designated.

- Japanese Standards Association TEL: 03-3583-8005 http://www.jsa.or.jp

(3) Voluntary Industry Labeling

1) SG Mark

SG Mark

Products that comply with safety criteria established by the Consumer Product Safety Association are eligible to display the SG (Safety Goods) Mark. In furniture, SG Mark applies to bunk beds, cupboards, children’s dressers, chairs, etc. When consumers are injured during the use of a SG-approved product, each injured party is eligible to receive up to ¥100 million in damages. The guarantee is only valid, however, for personal injuries.

- Consumer Product Safety Association TEL: 03-5255-3631 http://www.sg-mark.org

5. Taxes

(1) Customs Duties

Fig. 6 presents tariff rates on furniture.

Fig. 6 Customs duties on furniture

HS No.	Description	Rate of Duty (%)			
		General	WTO	Preferential	Temporary
9401	Seats				
30	1. Swivel seats				
-010	(1) Covered with leather	4.3%	Free	Free	
-020, -030	(2) Other swivel seats	Free	(Free)		
40	2. Seats for than garden seats or camping equipment, convertible into beds		Free		
-010	(1) Covered with leather	3.8%	Free	Free	
-020, 090	(2) Other seats convertible into beds	Free	(Free)		
50	3. Seats of cane, osier, bamboo or similar materials	Free	(Free)		
	4. Other seats, with wooden frames				
61	(1) Upholstered	Free	(Free)		
69	(2) Other seats, with wooden frames	Free	(Free)		
	5. Other seats, with metal frames				
71	(1) Upholstered				
-010	a. Covered with leather	3.8%	Free	Free	
-090	b. Other than the above	Free	(Free)		
79	(2) Other seats, with metal frames				
-010	a. Covered with leather	3.8%	Free	Free	
-090	b. Other than above	Free	(Free)		
	6. Other seats				
80	(1) Covered with leather	3.8%		Free	
-011	a. Of marble		Free		
-091	b. Other than the above		Free		
-012, -099	(2) Other seats, excluding covered with leather	Free	(Free)		
90	7. Parts				
-020	(1) Of leather	3.8%	(3.8%)	Free	
-010, -090	(2) Of other materials	Free	(Free)		
9403	Other Furniture and parts thereof				
10~50	1. Wooden or metal furniture of a kind used in offices, the kitchen or the bedroom	Free	(Free)		
60	2. Other wooden furniture	Free	(Free)		
70	3. Furniture of plastics	Free	(Free)		
80	4. Furniture of other materials	Free	(Free)		
90	Parts	Free	(Free)		

Note: Refer to "Customs Tariff Schedules of Japan" (published by Japan Tariff Association) etc. for interpretation of tariff table.

(2) Consumption Tax

(CIF + Customs duties) x 5%

6. Product Characteristics

(1) Characteristics or Products from Different Countries/Regions

Earlier, imported furniture in the Japanese market consisted mainly of luxury-grade products from Europe and the United States and mass-market products from other Asian countries. In recent years, many American and European products are being sold at mid-price ranges due to efforts by importers to cut distribution costs. European and American furniture appeal to purchasers for their excellent styling, product quality and features as well as for the prestige of their brand names. Many Asian imports are OEM products (so-called "development imports") or output from offshore facilities of Japanese manufacturers. These products differ little in terms of design from furniture made in Japan. While ASEAN countries have made many improvements in product quality and styling, they still need to undergo careful checking when they are brought into Japan.

• Italy

Elegant styling has made Italian furniture the most popular furniture in Japan today. Italian furniture features modern and classic styling at reasonable prices, and this has boosted Italy's exports to Japan.

• Germany
Despite relatively higher prices, German products features high quality and superior performance.

• United States
Recently American manufacturers have actively sought to enter the Japanese market. From the United States, a variety of wood furniture with modern and traditional styling is being imported. Many American products are reasonably priced.

• Scandinavia
Scandinavian furniture is noted for its simple yet modern styling. Best-known, perhaps, is its unvarnished wood furniture. The worldwide Scandinavian furniture fad has now passed, however, and Japanese imports are declining.

• China
China exports a large amount of low-priced wooden and metal furniture, most of which is OEM products or so-called “development imports” of Japanese manufacturers.

• Taiwan
Main category of Taiwan is wooden furniture and metal furniture. They are competing with Japanese products both in quality and design.

• Indonesia
Abundant supplies of rattan have made Indonesia a major producer or rattan furniture, and its rattan furniture exports to Japan have been growing.

• Thailand
Thailand produces large amounts of mass-market furniture from rubber tree wood. Some manufacturers produce reasonably priced furniture for export to Japan at their very modern mass production factories.

7. Domestic Distribution System and Business Practices

(1) Domestic Market Conditions

A number of factors have combined to bring about a significant shrinkage in the size of the Japanese furniture market, which has contracted on a retail price basis from ¥6.0 trillion in 1991 to ¥3.5 trillion in 2001. These factors include the impact of the recession, which has cut into both public and private sector construction, along with the decline in new housing starts, the declining birth rate, and shrinking demand for wedding furniture. Sales of luxury-grade furniture products were off considerably. As a result, the fall in price is very remarkable, including prices for products for home use. Demand for wedding furniture has been showing a remarkable decline in recent years due to increased houses with built-in furniture such as walk-in closets. With the population of young people expected to decline, demand for wedding furniture is expected to show a continued drop. Many furniture manufacturers will face a very severe market environment because many of them had depended on higher priced and profitable wedding furniture.

Nevertheless, imports set a new all-time record in 2001 both on a value and volume basis. Reasons for imported furniture growth amid the depressed furniture market include that existing domestic furniture alone cannot respond to diversification and particularization of consumer needs and demands for better balance between cost and quality. Today more consumers purchase furniture that fits with their life styles, irrespective of brand label or country of origin. As a result, many of imported products are original products developed through business partnerships with distributors in Japan, not upscale brand names.

(2) Distribution Channels

1) Household furniture distribution channels (Japanese-made furniture)

Distribution channels for household furniture have become diversified and highly developed in recent years. Some specialty wholesalers have begun opening retail outlets of their own, and major furniture makers have gone into the wholesaling business, thereby acquiring manufacturer wholesaler capabilities. (see Fig. 7)

2) Contract market furniture distribution channels (Japanese-made furniture)

Distribution channels for furniture used by businesses and public facilities have grown increasingly complex. Most customers are corporations and government agencies, and ordinary dealerships and retail outlets cannot handle their large-lot orders. The proliferation of these channels has led to greater complexity in the institutional furniture distribution system. (see Fig. 8)

Fig. 7 Household furniture distribution channels (Japanese-made furniture)

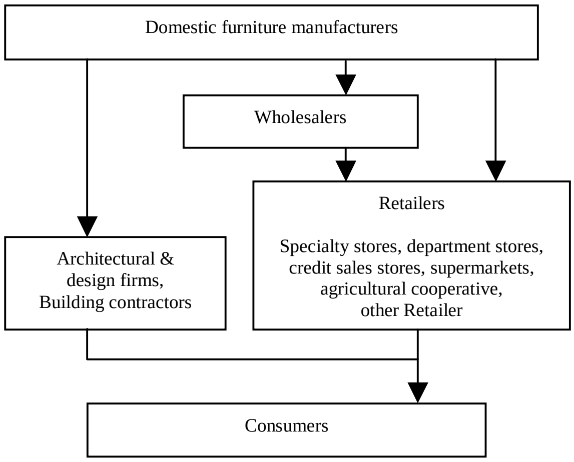
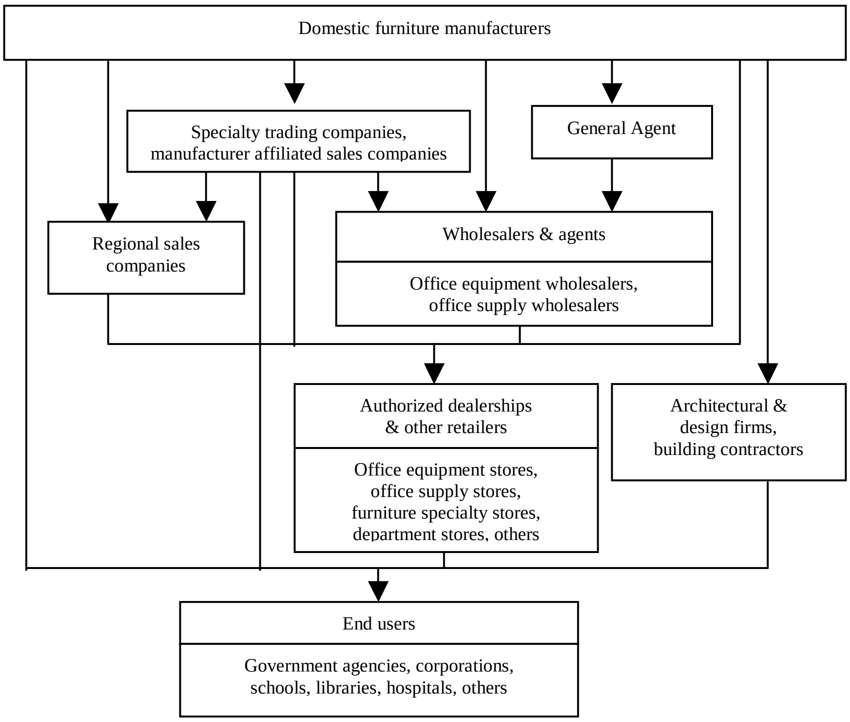


Fig. 8 Contract market furniture distribution channels (Japanese-made furniture)



3) Imported furniture distribution channels

Wholesalers and leading furniture retailers have added maker-type capabilities by venturing into development production themselves. This has increased the number of players in the imported furniture market and expanded distribution channels. Japanese furniture distributors have acquired the marketing strength to sell consumers on the merits of the products of foreign makers that do not have well-known brand labels. The problem facing furniture importers consists of which segment of the Japanese distribution system to try and work with. Importers should select the most appropriate distribution channel based on the type of product and the volume of merchandise involved. (see Fig. 9)

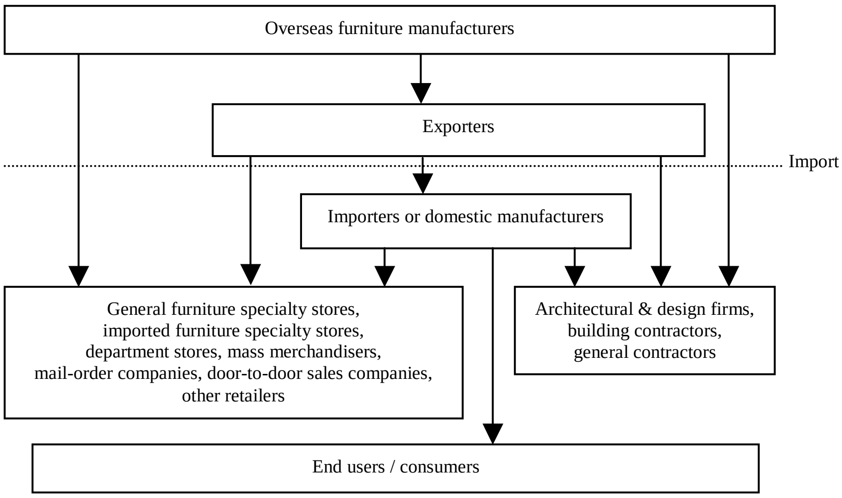
(3) Key Considerations for entering the Japanese Market

Natural wood and rattan materials used in furniture can expand or shrink due to humidity. Mold can grow on these materials, and they can suffer insect damage. Thus, wood and rattan need to be properly dried and treated for potential pests. Metal furniture also needs to be treated with an anti-rust agent.

Furniture made in other countries often does not match Japanese consumer preferences in terms of size, functionality and color. Manufacturers need to develop more products that are suited to the small rooms in Japanese dwellings and to tatami-covered floors and other aspects of traditional Japanese housing culture.

Because imported furniture is often bulky in relation to its price, techniques need to be developed for transporting and storing imported furniture efficiently in smaller spaces. It is difficult to initiate business relationships in the furniture industry using catalogs alone. Foreign suppliers need to get their products in front of potential customers. One of the effective ways to do this is to exhibit at the International furniture Fair Tokyo or another trade fair in Japan.

Fig. 9 Imported furniture distribution channels



8. After-Sales Service

<Warranties>

An explicit warranty statement only rarely accompanies furniture sold in Japan. However, it is customary in the industry that the retailer and manufacturer warrant products against manufacturing defects for a period of one year after purchase. Since consumers usually check the product's performance and quality features prior to purchase, customer complaints rarely arise unless damage occurs during delivery. On the other hand, furniture sold in large lots to institutions usually does come with an explicit warranty statement. Warranties generally run 1 to 3 years, with the most common warranty provision being refunds or replacement at no cost.

<Repair Service>

Most companies bill for repair at the actual cost of providing the service.

9. Related Product Categories

Please refer to the sections of "Carpets" (V-1), "Curtains" (V-2), and "Household Electrical Appliances" (V-6) in this guidebook for more information about these product categories.

10. Direct Imports by Individuals

There are no limitations on direct imports by individuals in terms of price, quantity or regulatory requirements (except for compliance with the Washington Convention). Due to its bulk, furniture is treated as a form of cargo. Transportation costs can be substantial, and administrative procedures at customs are complicated. Consequently, most individuals make use of the services of an agent who specializes in expediting the process.

11. Related Organizations

- International Development Association of the Furniture Industry of Japan — TEL: 03-5261-9401, http://www.idafij.or.jp/IDAFIJ
- Federation of Japan Furniture Manufacturers Association — TEL: 03-5566-9706