

Market Development

MARKET BRIEF ON
RATTAN FURNITURE

OVERVIEW OF THE EUROPEAN UNION
1994

ITC



INTERNATIONAL TRADE CENTRE UNCTAD/WTO

Rattan furniture - Overview of the European Union

Product description

HS 9401.50 Seats of cane, osier, bamboo or similar materials.
HS 9403.80 Furniture of materials, including cane, osier, bamboo or similar materials.

The term seats includes armchairs, chairs and sofas (ie all seating furniture) while the term 'furniture' refers to chests of drawers, sideboards, wardrobes and tables.

Production

Official statistics on production of rattan furniture within the European Union (EU) are not available. According to a major trade source, annual production is valued on average at ECU 300 million, but is declining constantly, mainly due to increasing labour costs and restrictions imposed on exports of raw and semi-finished cane and rattan by the major producing countries. Within the European Union, Italy is by far the largest producer, followed by France, Spain and Germany.

Imports(1)

Total EU imports of rattan seats and furniture

(V: ECU millions, Q: metric tons '000)

	1989		1990		1991		1992		1993 (a)	
	V	Q	V	Q	V	Q	V	Q	V	Q
Seats	99.2	25.5	106.1	28.1	129.8	33.1	140.5	37.8	124.6	34.5
Furn.	183.1	48.3	191.4	27.3	223.6	60.7	224.8	60.1	94.3	32.5
Total	282.3	73.8	297.6	55.4	353.4	93.8	365.4	97.9	218.9	67.0

Source: Eurostat

(a) Data for extra-EU trade only (see footnote 1).

Note: Totals may not add up due to rounding of data.

During the period 1989-1993, imports of rattan seats and furniture from non-EU suppliers showed an overall increase, with imports of seats showing a growth of 69% over the period, and 37% for furniture. Annex III provides a breakdown of EU imports by member country and by product group; as well as import data by country of origin for the EU as a whole.

(1) The method of data collection on trade flows between members of the EU was modified with the creation of the single European market (abolition of customs formalities between Member States) which came into effect on 1 January 1993; this has also delayed the compilation of intra-EU trade data for 1993. For purposes of comparison, therefore, data presented in annex III has been divided into intra-EU and extra-EU trade; commentary in this market brief will focus on imports from non-EU sources.

The percentages below are based on imports from non-EU suppliers.

Major importing countries and their share of total extra-EU imports, 1993

<u>Rattan seats</u>		<u>Rattan furniture</u>	
Germany	29.7%	Germany	21.5%
Netherlands	26.8%	France	19.3%
United Kingdom	13.0%	United Kingdom	18.4%
France	10.2%	Netherlands	11.8%

Most dynamic importers - percentage change 1993/1989 (% share of total extra-EU imports)

<u>Rattan seats</u>		<u>Rattan furniture</u>	
Portugal	418% (0.26%)	Portugal	504% (0.43%)
Greece	378% (0.67%)	Netherlands	315% (11.8%)
Netherlands	324% (26.8%)	Italy	202% (7.96%)
Germany	213% (29.7%)		

As shown in annex III, Italy ranks first among the suppliers of rattan furniture to the European Union, followed by Indonesia which is also the leading supplier of rattan seats. While imports from Indonesia have increased considerably over recent years, those from other developing countries have grown only moderately or decreased.

Market characteristics

Indonesia is the world's largest producer of rattan cane (followed by Malaysia and Vietnam) and exporter of rattan products. In 1986, Indonesia restricted the export of raw and semi-processed rattan cane in an attempt to strengthen domestic industry. This had serious consequences for the production of rattan furniture industry in Europe, prompting manufacturers to enter into joint-venture arrangements with the producing countries. The European Union imports both semi-finished and finished products. The major suppliers of rattan seats are Indonesia, the Philippines and China whereas the major supplier of rattan furniture is Italy followed by Indonesia.

The impact of the economic recession on consumer patterns led to a shift in consumer demand for high cost wooden furniture to cheaper products. To a certain extent, this has favored sales of rattan furniture. There are various uses of cane and rattan furniture; in Germany they are popular as bedroom, occasional living and dining room furniture, in France they are mainly used for the garden and for the country home, while in Italy they are largely used for city apartments and second residences.

Italy's style and design greatly influence the EU market, especially in the upper market segment. Generally speaking, rattan furniture is widely used as garden furniture, demand is higher in southern European countries where climatic conditions are favorable and allow for more outdoor living. In recent years, colored rattan cane furniture has become very fashionable. It is interesting to note that a new niche has developed for garden furniture of rattan mixed with metal. The main competitor of rattan garden furniture is plastic (PVC) furniture, but the former has the advantage of fitting in with the growing consumer preference for natural products.

Pricing

The following breakdown of Asian export prices obtained from the ASEAN Timber Technology Center were calculated on the basis of ex-factory prices shows to what extent direct sales to retailers can reduce import costs and final retail prices. Certain products like rattan garden furniture which suffer from competition with cheap plastic and metal furniture, will gain ground in the market if offered direct to importers/retailers.

Importers buying for resale:

Cost item	%	US\$
Freight, handling & insurance	11.0	11
Agent's commission	7.5	8
Landed cost to importer		119
Importer's mark-up	60.0	72
FOB importer's price		191
Transport to retailer	9.0	17
Retailer's delivered cost		208
Retailer's margin	100.0	208
Retail selling price		416

Retailers buying direct:

Cost item	%	US\$
Freight, handling & insurance	11.0	11
Landed cost to importer		111
Purchasing & warehousing	40.0	45
Retailer's warehouse price		156
Freight to retailer	11.0	17
Delivered cost to retailer		173
Retailer's margin	100.0	173
Retail selling price		346

Market access

EU member states apply the Common External Tariff (CET) rate which is 5.6% (base rate of duty) of the CIF value for imports of seats and rattan furniture. Under the Generalized System of Preferences (GSP), imports from developing countries are exempt from customs duties, except for Indonesia. Under Schedule LXXX of the European Communities, imports would be duty-free for countries with MFN status on the condition that the export restrictions imposed by Indonesia are eliminated.

Value added tax rates vary within the EU, from 15% in Germany to 25% in Denmark. Uniform rates are expected to come into force in the near future.

Quality standards are set by the European Union in cooperation with Comité Européen de Normalization (European Committee for Standardization - CEN).

Distribution channels

Seats and furniture of rattan are usually handled by specialized importers of furniture or imported direct by retailers or central buying groups.

The main retail outlets for rattan seats and furniture are general furniture stores, rattan furniture specialists, garden centers and department stores. The large specialized furniture distribution chains have steadily increased their share of the market in recent years. (See annex II for a list of importers and major retail buyers.)

Commercial practices

Orders are normally based on catalogues. Specialized international furniture trade fairs which take place in the EU throughout the year, can prove very useful for establishing trade contacts and for placing orders (see annex I for a list of useful addresses and specialized trade fairs).

Payment is generally by letter of credit and cash against documents. Retail sales are seasonal especially for garden furniture, occurring mostly during May and July.

Packaging and transport

Rattan furniture is wrapped in corrugated paper or packed in damp-proof wrapping. Products from developing countries are shipped in containers and those from European countries are delivered mainly by road.

Market prospects

The demand for rattan furniture and seats is increasing steadily and the market of rattan furniture in the EU should not be underestimated, in particular for low-priced, middle and low quality products. Some markets offer more opportunities than others, especially Italy, France and Germany.

Although Indonesia has gained the lions share of the market, other developing countries can enter the EU market on the condition that quality and design be improved.

Annex I

Useful addresses

Germany

Bundesstelle für Aussenhandels-
information (BfAI)
Agrippastrasse 87-93
50445 Cologne
Tel: (0221) 20570
Fax: (0221) 2057212

Bundesverband des Deutschen
Möbelhandels e.V.
Frangenheimstrasse 6
5000 Cologne
Tel: (0221) 40314

France

Union nationale des industries
de lameublement
28, bis av. Daumesnil
75012 Paris
Tel: (01) 45 28 68 61

Fédération nationale du négoce
de lameublement
59, rue St-Lazare
75009 Paris
Tel: (01) 42 85 87 55

Syndicat général de lameublement
104, rue La Fayette
75010 Paris
Tel: (01) 42 23 10 40

Syndicat général des articles
en bois et sièges de jardins
36, av. Hoche
75008 Paris
Tel: (01) 45 61 00 90

Belgium

Comité Européen du Meuble
36, rue de Stassart
1050 Brussels
Tel: (02) 519 6811

Italy

Federazione Nazionale
Commercianti del Mobile
Piazza C G Bellini
00153 Rome

List of specialized annual trade fairs

(Non-exhaustive)

The Furniture Show
Blenheim Events Ltd., Blenheim House
630 Chiswick High Road
London W4 5BG, United Kingdom
Tel: (081) 742 2828
Fax: (081) 747 3856

Thema Domus - International Frankfurt
Fair for Home Design
Messe Frankfurt GmbH
Postfach 150210
60062 Frankfurt/main, Germany
Tel: (069) 75750
Fax: (069) 7575 6433

Meuropam - European Furniture Fair
SepelCom
Boîte postale 87
69683 Chassieu cédex, France
Tel: 72 22 33 44
Fax: 72 22 32 70

SFF - Scandinavian Furniture Fair
Foreningen Dansk Mobelindustri
Bella Center, Center Boulevard 5
2300 Copenhagen S, Denmark
Tel: 2151 8000
Fax: 3151 8332

MOGAR - International Furniture
Trade Show
IFEMA
Parque Ferial Juan Carlos I
Apartado de Correos 67067
28067 Madrid, Spain
Tel: (01) 722 5000
Fax: (01) 722 5799

International Furniture Fair
Cosmit
Corso Magenta 96
20123 Milan, Italy
Tel: (02) 488 8716
Fax: (02) 481 3580

SM - Paris Furniture Exhibition
Compagnie d'Organisation des Salons
de Professions
22 av. Franklin Roosevelt
75008 Paris, France
Tel: (01) 40 76 45 00
Fax: (01) 45 63 78 24

SIMB - International Furniture Fair
Salon International du Meuble - ASBL
15, rue de l'Association
1000 Brussels, Belgium
Tel: (02) 218 2844
Fax: (02) 218 3844

Trade publications (Non-exhaustive)

Germany

Möbelmarkt
Postfach 2229
8500 Nürnberg
Tel: (0911) 37374

Möbel Kultur
Mexikoring 37
2000 Hamburg 60
Tel: (040) 632 0180

France

Maison et Jardin (monthly)
40, rue du Collisée
75008 Paris

Le Courrier du Meuble
23, rue Joubert
75009 Paris
Tel: (01) 48 74 52 50
Fax: (01) 40 16 43 65

Le Nouvel Officiel de l'Ameublement
88, bd. de Charonne
75540 Paris

Italy

Il Mobile
Via Carducci 32
20123 Milan

Linformobili
Via Luigi Barzini 20
20125 Milan

Annex II

List of importers

(Non-exhaustive)

Germany

Hamburg-Bergedorfer-Stuhlrohrfabrik
Stuhlrohrstrasse 10
Postfach 80 08 20
21008 Hamburg
Tel: (040) 721 2041
Fax: (040) 721 4879

Höfner Rattanmöbel
Amselweg 11
96328 Küps (Theisenort)
Tel: (09264) 76 86
Fax: (09264) 10 44

Locker GmbH
Korbwaren
Wallweg 4
96328 Küps
Tel: (09264) 563
Fax: (09264) 64 52

Gansberg Korbwaren GmbH
Postfach 105564
2800 Bremen 1
Tel: (0421) 399 5160
Tlx: 245308 rom d

Heinr. Kruger & Sohn GmbH & Co
An Der Kleimannbrücke 52
P.O. Box 4480
4400 Münster
Tel: (251) 328 060
Tlx: 892600

Streng Heinrich
Hauptstrasse 11
96242 Sonnefeld
Tel: (09266) 246
Fax: (09266) 87 82

France

Anbry Gaspard
3, rue de la Baugerie
544120 Baccarat
Tel: 83 75 12 68
Fax: 83 75 45 45

La Vannerie Nouvelle
Chemin des Marais
ZI Grand Marais
94000 Creteil
Tel: (01) 48 93 05 05
Fax: (01) 43 68 06 06

Comptoir Commercial France Indochine
32, bd. Boues
13003 Marseilles
Tel: 91 50 17 78
Fax: 91 84 53 62

Shogun
131, av. de Fontainebleau
77310 Pringy
Tel: 64 09 98 99

Société Internationale du siège
50, rue du Faubourg St Antoine
75012 Paris

Pier Import France
14, bd. Arago
91320 Wissons
Tel: 69 20 63 93
Tlx: 69 27 45 f

Italy

Bardola SPA
Via Milite Ignoto 11
16012 Busalla
Tel: (010) 96 40 791
Fax: (010) 96 4411 9116

Bornia Vittorio EC
Via Grave
31020 S. Maria del Paive
Tel: (04338) 289920

Norman Import di Pacionii A&C
C da Giardino 18
62010 Mogliano
Tel: (0733) 55 69 03

Sech Rattan spa
Via J F Kennedy 16
310053 Barbisano
Tel: (04338) 84 04 46

Roberti Rattan
Zona Industriale
31010 Corbanese di Tarzo
Tel: (0438) 58 49 22
Fax: (0438) 58 40 70

Annex III

IMPORTS OF RATTAN SEATS (V: ECU '000; Q: metric tons)

HS 9401.50	Trade flow	1989		1990		1991		1992		1993	
		V	Q	V	Q	V	Q	V	Q	V	Q
Total EU imports	Intra-	25662	3631	26577	4108	26220	4003	33116	5393	n.a	n.a
	Extra-	73577	21860	79551	24012	103534	29111	107426	32417	124609	34493
France	Intra-	6421	879	5277	709	4381	599	2760	379	n.a	n.a
	Extra-	14210	4354	13977	4116	14050	3710	11074	3134	12665	3349
Belgium- Luxembourg	Intra-	2771	266	3251	364	3425	581	3293	702	n.a	n.a
	Extra_	3540	998	3323	934	3915	1058	5274	1700	5173	1520
Netherlands	Intra_	2614	358	3243	466	3986	503	2918	315	n.a	n.a
	Extra_	10310	2638	18653	5223	26337	6950	26398	7508	33372	8574
Germany	Intra_	9435	1349	10707	1689	10134	1529	10697	1682	n.a	n.a
	Extra_	17372	4995	15906	4845	23007	6624	25763	7293	36992	10096
Italy	Intra_	385	33	354	43	385	66	307	73	n.a	n.a
	Extra_	3918	1035	3755	1104	6676	1717	6872	1793	7358	1878
United Kingdom	Intra_	1879	308	1443	271	2021	423	11384	1936	n.a	n.a
	Extra_	13762	5048	12398	4151	14031	4375	15958	5855	16230	4982
Ireland	Intra_	306	86	163	36	132	25	100	18	n.a	n.a
	Extra_	256	109	231	92	254	93	299	159	355	193
Denmark	Intra_	876	213	1087	265	608	130	502	142	n.a	n.a
	Extra_	5683	1588	6170	2114	8950	2953	9469	3266	6937	2293
Greece	Intra_	7	1	59	4	32	3	32	4	n.a	n.a
	Extra_	222	56	356	67	638	146	682	207	839	238
Portugal	Intra_	747	99	715	102	815	99	834	90	n.a	n.a
	Extra_	77	11	186	38	212	63	349	104	322	95
Spain	Intra_	221	39	258	159	301	45	289	52	n.a	n.a
	Extra_	4227	1028	4596	1328	5464	1422	5288	1398	4366	1275

IMPORTS OF RATTAN FURNITURE (V: ECU '000; Q: metric tons)

HS 9403.80	Trade Flow	1989		1990		1991		1992		1993	
		V	Q	V	Q	V	Q	V	Q	V	Q
Total EU imports	Intra_	114393	23838	125340	2787	133738	29107	138396	28661	n.a	n.a
	Extra_	68688	24470	66105	24498	89890	31582	86422	31443	94265	32494
France	Intra_	35401	8287	40135	8474	39883	803	44514	8587	n.a	n.a
	Extra_	16622	5907	15423	5439	18620	7042	15764	6682	18142	6947
Belgium-Luxembourg	Intra_	10805	2140	14006	3008	16743	3634	17391	3901	n.a	n.a
	Extra_	4283	1535	5203	2265	6704	2664	5315	1913	5914	2049
Netherlands	Intra_	8707	1462	10159	2078	11191	2860	10090	2521	n.a	n.a
	Extra_	3524	1130	5236	1646	8920	3171	9596	3777	11111	4209
Germany	Intra_	15299	3094	17526	3508	20184	4505	24810	4584	n.a	n.a
	Extra_	12362	4557	11832	4615	19426	6815	16813	5601	20278	6640
Italy	Intra_	2764	627	3244	622	3676	624	4871	842	n.a	n.a
	Extra_	3722	1202	4621	1452	8212	2586	8513	2624	7505	2085
United Kingdom	Intra_	11923	3232	12134	3532	12699	2512	8294	2028	n.a	n.a
	Extra_	16952	6992	14801	6003	14170	4992	14439	5466	17381	5927
Ireland	Intra_	1581	347	1830	470	1972	546	1654	400	n.a	n.a
	Extra_	501	181	410	180	544	244	376	153	418	199
Denmark	Intra_	1509	392	887	253	898	289	512	132	n.a	n.a
	Extra_	3956	1346	2966	1046	4330	1241	3594	1338	4944	1713
Greece	Intra_	762	116	1731	231	1516	243	1800	281	n.a	n.a
	Extra_	791	215	789	229	2461	731	1506	478	1242	354
Portugal	Intra_	1731	305	2144	415	2377	397	3096	518	n.a	n.a
	Extra_	81	18	123	49	275	81	316	107	408	120
Spain	Intra_	23911	3835	21544	5236	22599	5459	21364	4867	n.a	n.a
	Extra_	5894	1387	4701	1574	6228	2015	10190	3304	6922	2251

Source: Eurostat, CD-ROM Supplement 1_1994.

PRINCIPAL SUPPLIERS OF RATTAN FURNITURE TO THE EUROPEAN UNION

(V: ECU '000; Q: metric tons)

HS 9403.80	1989		1990		1991		1992		1993	
	V	Q	V	Q	V	Q	V	Q	V	Q
INTRA_EU	114393	23838	125340	27827	133738	29107	138396	28661	n.a.	n.a.
ITALY	56078	11382	54739	12099	59310	13453	63059	13615	n.a.	n.a.
SPAIN	15431	3245	17824	3707	18618	3731	18967	3752	n.a.	n.a.
FRANCE	12945	2531	18790	3337	19733	3382	15686	2587	n.a.	n.a.
NETHERLANDS	6113	1533	6686	1620	8094	1808	13546	2802	n.a.	n.a.
GERMANY	9370	1730	9804	2760	11069	2593	10236	2335	n.a.	n.a.
BELG.-LUX.	6761	1720	8295	2236	7402	1840	6006	1261	n.a.	n.a.
UK	3775	680	4439	805	4558	982	5755	1158	n.a.	n.a.
DENMARK	2641	642	3233	618	3424	745	3632	707	n.a.	n.a.
PORTUGAL	495	222	1264	543	1346	544	1179	355	n.a.	n.a.
IRELAND	619	124	178	80	161	24	269	68	n.a.	n.a.
GREECE	163	34	94	29	28	10	60	13	n.a.	n.a.
EXTRA-EU	68688	24470	66105	24498	89890	31582	86422	31443	94265	32494
INDONESIA	7933	2508	13150	4612	26929	8257	27681	8421	33347	9984
PHILIPPINES	17558	5856	17201	5631	20330	5569	16821	5034	16446	4496
CHINA	7030	3199	6007	3488	10319	5615	12777	7162	12636	6201
MALAYSIA	4493	1792	4373	2087	5683	2715	4862	2586	5242	2157
THAILAND	11910	3528	6801	2079	6024	1621	4920	1402	4657	1369
TAIWAN	5300	3134	3321	1781	5496	2822	3780	1718	4427	1998
SWEDEN	2743	768	2648	716	3463	1154	3223	1124	2626	999
USA	2116	284	1586	353	2080	433	2253	412	2130	372
SLOVENIA	0	0	0	0	0	0	79	27	1632	538
SWITZERLAND	1007	147	1115	123	1161	165	1457	194	1257	176
AUSTRIA	751	156	1120	208	803	150	740	116	1165	300
HONG KONG	1060	349	824	271	504	191	646	411	1110	863
POLAND	0	0	0	0	0	0	0	0	948	317
VIET NAM	6	0	3	1	42	16	518	212	926	372
SINGAPORE	506	163	396	271	366	154	443	177	875	352
INDIA	164	21	162	21	270	39	195	30	443	60
REP. OF KOREA	0	0	0	0	0	0	451	163	435	200
BRAZIL	253	26	179	132	359	290	405	149	424	234
TURKEY	255	282	116	148	327	258	408	505	381	405
SOUTH AFRICA	0	0	178	142	164	95	71	43	354	245
JAPAN	508	62	278	87	311	53	164	18	284	32
FINLAND	477	83	499	94	491	76	95	10	268	33
CANADA	184	86	137	52	475	116	353	131	248	62
NORWAY	233	50	171	42	93	14	175	23	191	25

Source: Eurostat, CD-ROM Supplement 1_1994.