

**Italian Trade Commission  
Sydney Office**

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**Sector profile: FURNITURE**

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**Year : 2011**

**Trade analyst: Loredana Di Nunzio-Horlor**

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**Overview**

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**INDUSTRY OUTLOOK**

In an improving and resilient economy with rising consumer and business confidence, steady population growth and the prospect of a resumption of growth in new housing activity, the industry seems to have 'weathered the storm' for an outlook that is more optimistic than at any time in the economic crisis of the last two years. A full recovery will take time as the impact of commercial and domestic building activity and other key indicators invariably lag behind the general economy.

**MANUFACTURING TRENDS**

In constant prices (adjusted for inflation) estimated industry manufacturing revenue in 2008/09 retreated 4.3 percent on the prior year. In real terms industry turnover has not made significant headway in the last five years.

Industry gross product declined in the same period notwithstanding a strong economy until the global economic collapse occurred in late 2007. The immediate outlook is brighter with growth expected to resume over the next five years as the economy improves.

Industry employment has been flat with about 68,000 direct manufacturing jobs. Wages and salaries have also slipped marginally over the last five years in constant prices.

Manufacturing establishment and enterprise numbers are also slightly lower although the base remains substantial. A long standing inhibitor to a stronger more vibrant industry is that nearly half of all enterprises employ less than 50 persons and ninety percent employ less than 100 in the four core manufacturing classes.

In the main industry benchmarks, key operating ratios are less efficient than most other industries stemming from industry hallmarks of labour intensity and limited production runs. The relative capital and labour intensity of this industry varies according to the scale of the operations and the industry segment in which firms operate.

Recently acquired data confirms that kitchen installations in new homes, and renovations in existing homes, make up a sizable component of the industry and is one part of the industry that is less vulnerable to cheap imports.

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## **IMPORTS**

Furniture imports continued to grow in 2008/09 notwithstanding the economic downturn. Wooden and upholstered furniture imports from China continue to be the industry class that has been hardest hit. More than half of all furniture imports originate from China. The average cost per unit of wooden framed upholstered seating from China and other Asian countries remains considerably lower than traditional countries of origin such as Italy. Imports most impact the retail sector where about two thirds of furniture turnover is comprised of imported products.

## **EXPORTS**

Industry exports development has failed to materialise and remains a minor part of local production output. New Zealand is the only export market of any significance with about 40 percent of exports (valued at \$52 million) shipped to NZ in the last year.

## **RETAIL TURNOVER**

In constant prices, retail turnover fell 5 percent in 2008/09 on the prior year. Almost certainly this downturn would have been more severe were it not for government economic stimulus measures and historically low interest rates. These factors were offset by lower new housing activity, which makes up more than half of retail furniture turnover.

The decline was most severe in Victoria (-12.8%) and Queensland (-9.1%). Surprisingly, NSW defied the trend with modest growth on the previous year.

The number of specialist furniture retail establishments is slowly rationalising.

Imports share of retail turnover grew in a scenario that saw softer retail sales volumes with no abatement in imports volume entering the country.

## **WHOLESALE TURNOVER**

Whilst niche markets exist, the wholesale furniture sector has been static for an extended period in a climate in which retailers largely bypass wholesalers to source supplies directly from manufacturers and from overseas. Similarly wholesale transactions in the commercial furniture sector are limited by manufacturers absorbing the wholesale function to improve margins.

## **INDUSTRY ECONOMIC INDICATORS**

The drop in furniture and furnishings retail turnover has been about the same as floor coverings but sharper than electrical appliances and retail turnover as a whole.

At the same time Furniture & furnishings prices have not risen to any extent in five years other than a small lift in the most recent year.

Rising timber costs and other raw materials have added further pressure to industry profitability.

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**Volume of trade import/ export**


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**World Trade Atlas  
Australia - Imports  
9403900003 Furniture Parts  
Millions of Australian Dollars  
January - December**


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Rank	Country	2008	2009	2010	% Share			% Change	
					2008	2009	2010	- 10/09 -	-
0	-- World --	166,27	166,76	161,46	100	100	100	-3,18	
1	China	54,86	60,05	62,24	32,99	36,01	38,55	3,64	
2	Austria	14,76	16,60	23,98	8,88	9,96	14,85	44,43	
3	Germany	24,48	25,21	12,78	14,72	15,12	7,92	-49,29	
<b>4</b>	<b>Italy</b>	<b>12,36</b>	<b>11,12</b>	<b>11,05</b>	<b>7,44</b>	<b>6,67</b>	<b>6,84</b>	<b>-0,65</b>	
5	Taiwan	8,62	8,93	8,78	5,19	5,36	5,44	-1,65	
6	Malaysia	7,54	5,59	7,48	4,53	3,35	4,63	33,73	
7	Sweden	6,88	5,84	5,18	4,14	3,5	3,21	-11,2	
8	New Zealand	4,26	4,45	3,87	2,57	2,67	2,4	-13	
9	Hong Kong	3,11	3,45	3,24	1,87	2,07	2,01	-6,05	
10	Thailand	0,89	2,00	2,52	0,53	1,2	1,56	26,16	

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Source of Data: Australian Bureau of Statistics

**World Trade Atlas**  
**Australia - Imports from Italy**  
**Millions of Australian Dollars**  
**January - December**

HS	Description	2008	2009	2010	% Share			% Change
					2008	2009	2010	- 10/09
	<b>Italy</b>	<b>5334,44</b>	<b>4888,23</b>	<b>4892,79</b>	<b>2,36</b>	<b>2,44</b>	<b>2,33</b>	<b>0,09</b>
	94 Furniture; Bedding, Cushions Etc	168,56	130,76	122,36	3,16	2,68	2,5	-6,43
	9403 Other Furniture And Parts Ther	60,26	49,28	43,36	35,75	37,69	35,44	-12,01
940310	Office Furniture, Metal, Nes	0,82	1,17	1,03	1,37	2,37	2,38	-11,87
940320	Furniture, Metal, Nes	9,67	5,62	5,36	16,05	11,41	12,37	-4,6
940330	Office Furniture, Wooden, Nes	1,10	0,88	0,50	1,83	1,78	1,16	-42,63
940340	Kitchen Furniture, Wooden, Nes	3,27	3,03	2,18	5,42	6,14	5,03	-27,93
940350	Bedroom Furniture, Wooden, Nes	5,38	4,32	4,01	8,93	8,77	9,24	-7,34
940360	Furniture, Wooden, Nes	18,35	17,48	15,17	30,44	35,47	34,99	-13,23
940370	Furniture, Plastic, Nes	7,12	3,99	1,99	11,82	8,1	4,58	-50,19
940381	Furniture Of Bamboo Or Rattan, Nes Furniture Of Other Materials, Including Cane,	0,01	0,02	0,00	0,01	0,04	0	-100
940389	Osie	2,18	1,66	2,08	3,62	3,36	4,79	25,46
940390	Furniture Parts Nes	12,36	11,12	11,05	20,51	22,56	25,47	-0,65

Source of Data: Australian Bureau of Statistics

**World Trade Atlas**  
**Australia - Exports to Italy**  
**Millions of Australian Dollars**  
**January - December**

HS	Description	2008	2009	2010	% Share			% Change	
					2008	2009	2010	- 10/09	-
	<b>Italy</b>	<b>1687,78</b>	<b>1012,34</b>	<b>1134,53</b>	<b>0,76</b>	<b>0,52</b>	<b>0,49</b>	<b>12,07</b>	
	94 Furniture; Bedding, Cushions Etc	1,18	1,20	0,97	0,07	0,12	0,09	-19,34	
	9403 Other Furniture And Parts Ther	0,09	0,06	0,05	8,04	5,28	5,12	-21,74	
940320	Furniture, Metal, Nes	0,04	0,00	0,04	45,6	6,06	71,4	821,94	
940330	Office Furniture, Wooden, Nes	0	0,013	0	0,0	21,27	0	-100	
940340	Kitchen Furniture, Wooden, Nes	0,03	0	0	33,3	0	0	0	
940350	Bedroom Furniture, Wooden, Nes	0	0	0,00	0,0	0	2,55	0	
940360	Furniture, Wooden, Nes	0,00	0,01	0	2,9	9,63	0	-100	
940370	Furniture, Plastic, Nes	0,01	0,04	0	12,7	63,04	0	-100	
940390	Furniture Parts Nes	0,01	0	0,01	5,5	0	26	0	

Source of Data: Australian Bureau of Statistics

**World Trade Atlas**  
**Australia - Exports**  
**94039000 Parts Of Furniture Nes**  
**Millions of Australian Dollars**  
**January – December**

Rank	Country	2008	2009	2010	% Share			% Change	
					2008	2009	2010	- 10/09	-
0	-- World --	5,85	9,12	8,45	100	100	100	-7,33	
1	New Zealand	3,14	4,44	4,23	53,64	48,65	50,02	-4,73	
2	Singapore	0,10	0,16	1,14	1,79	1,75	13,47	615,33	
3	Japan	1,22	0,86	0,83	20,87	9,49	9,79	-4,35	
4	United States	0,38	0,36	0,70	6,5	3,96	8,23	92,69	
5	China	0,12	0,09	0,34	2,07	0,98	3,99	278,58	
6	United Kingdom	0,01	0,07	0,21	0,09	0,73	2,51	217,52	
7	Korea, South	0,00	0,26	0,19	0	2,91	2,26	-28,01	
8	Germany	0,18	0,15	0,15	3,16	1,66	1,77	-0,88	
9	United Arab Emirates	0,03	0,62	0,11	0,59	6,76	1,28	-82,53	
10	Fiji	0,18	0,11	0,10	3,02	1,24	1,22	-8,69	
<b>19</b>	<b>Italy</b>	<b>0,01</b>	<b>0</b>	<b>0,01</b>	<b>0,09</b>	<b>0</b>	<b>0,15</b>	<b>0</b>	

Source of Data: Australian Bureau of Statistics

## **Government policies & information**

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Links to Government Departments and their applicable legislations:  
<http://www.daff.gov.au/aqis/import/timber>

### Duties, customs & quarantine

QUARANTINE protects Australia from exotic pests and diseases that could devastate our agricultural industries and environment.

Auger beetles, powder post beetles, longhorn beetles and dry wood termites have caused significant damage in other countries: we don't want them in Australia.

Any of these pests could hitch a ride into Australia in timber and wooden items, emerging later to cause considerable

damage to our native forests and timber industries

as well as to furniture and wooden structures such as buildings.

Wood boring insects can remain undetected in wood used for construction or to make furniture and other items. Wooden items can also become infested in storage

prior to shipment. That's why Australia has stringent import conditions — and that's why importers must make sure consignments meet these import conditions.

Many wooden items need some kind of treatment to address pest and disease risks. You'll be given a range of options, but some requirements may be mandatory.

### Fumigation

Items can be fumigated offshore or on arrival. Offshore fumigation must be carried out by an AQIS approved treatment provider: if the fumigator isn't approved by AQIS, the items will have to be fumigated again in Australia. For more information go to [www.aqis.gov.au/treatmentproviders](http://www.aqis.gov.au/treatmentproviders)

### Heat treatment

Heat treatment may be required for items made from timber species that are hosts for diseases such as sudden oak death syndrome or pine pitch canker.

### Gamma irradiation

Gamma irradiation is routinely used for smaller articles brought in through airports or for items too thick for fumigants to penetrate.

### Inspection

Quarantine inspections may be performed to ensure items are free from bark and signs of pests or diseases. Risks aren't always visible, so goods may still have to be treated after inspection.

Suspect items will be inspected by AQIS and the goods may be ordered into quarantine. AQIS will then discuss the options available to address the situation including treatment, destruction or re-export of goods where necessary.

Quarantine conditions are subject to change. You should refer to the AQIS Import Conditions Database (ICON) for up-to-date import conditions for wooden items. Visit [www.aqis.gov.au/icon](http://www.aqis.gov.au/icon)

### More information

Contact the AQIS Timber and Timber Products National Co-ordination Centre:

Phone: (03) 8318 6929 (9 am – 4 pm weekdays)

Email: [timber.imports@aqis.gov.au](mailto:timber.imports@aqis.gov.au)

Web: [www.aqis.gov.au/timber](http://www.aqis.gov.au/timber)

## **Industrial associations**

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The Furnishing Industry of Australia (FIAA)  
<http://www.fiaa.com.au/>

The National Association of Furniture Agents  
<http://www.nafa.id.au/about.htm>

Australian Antique and Art Dealers Association  
<http://www.aada.org.au/>

Commercial Furniture Industry Association of Australia Ltd  
<http://www.cfiaa.com.au/>

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## **Website**

Furniture Australia Web Directory  
<http://www.furniture-australia.com/index.htm>

Archmedia  
<http://www.archmedia.com.au/>

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### **Trade fairs**

DesignEX, 22-24 April 2010  
Phone: 02 9267 0834  
Fax: 02 9267 5689  
Email: [designex@divexhibitions.com.au](mailto:designex@divexhibitions.com.au)  
Website: <http://www.designex.info/index.php>

AAADA Show. 8– 12 September 2010.  
Telephone 03 9576 2275  
Mobile 0401 995 501  
Email: [secaada@ozemail.com.au](mailto:secaada@ozemail.com.au)

Australian International Furniture Fair 2-4 February 2011  
Australian Exhibitions & Conferences  
Telephone: 03 9654 7773  
Email: [furniture@aec.net.au](mailto:furniture@aec.net.au)  
Website: [www.aiff.net.au](http://www.aiff.net.au)

Australian Woodworking Industry Suppliers Association Inc Biennial Exhibition (A.W.I.S.A),  
July 2012  
Geoff Holland  
General Manager  
Australian Woodworking Industry Suppliers Association Ltd  
ABN 44 134 548 253  
PO Box 925, Avalon NSW 2107  
Phone: 02 9918 3661  
Fax: 02 9918 7764  
Email: [info@awisa.com](mailto:info@awisa.com)  
Website: <http://www.awisa.com/>

### **Magazines & reviews**

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Furnishing International  
Website: [www.mdesignfurniture.com.au](http://www.mdesignfurniture.com.au)

Vogue Living Australia  
Website: <http://www.vogue.com.au/>

Architecture Australia  
Website: <http://www.archmedia.com.au/>

Houses  
Website: <http://www.archmedia.com.au/>

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