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IMPORT PROFILE

Investment Opportunities

WOODEN LIVING ROOM/HALL FURNITURE,
NOT UPHOLSTERED

Pub. No: 35-85

November 1985



Government
of Canada

Gouvernement
du Canada

Regional Industrial
Expansion

Expansion industrielle
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OR

The nearest DRIE Regional Office.
These offices are listed on page 8
of this publication.

REFERENCE SOURCES

Department of Regional Industrial Expansion

Statistics Canada

Revenue Canada

Supply and Services Canada

EXPLANATORY NOTES

Valuation

Imports are generally recorded at the values established for customs duty purposes according to the provisions of the Customs Act. Customs values are identical to selling prices for most transactions between non-affiliated firms, but customs values exceed selling prices for many transactions between affiliated firms. All values are reported in Canadian dollars and do not include duty.

Average Growth Rate

Growth rates are calculated on the basis of annual compounding.

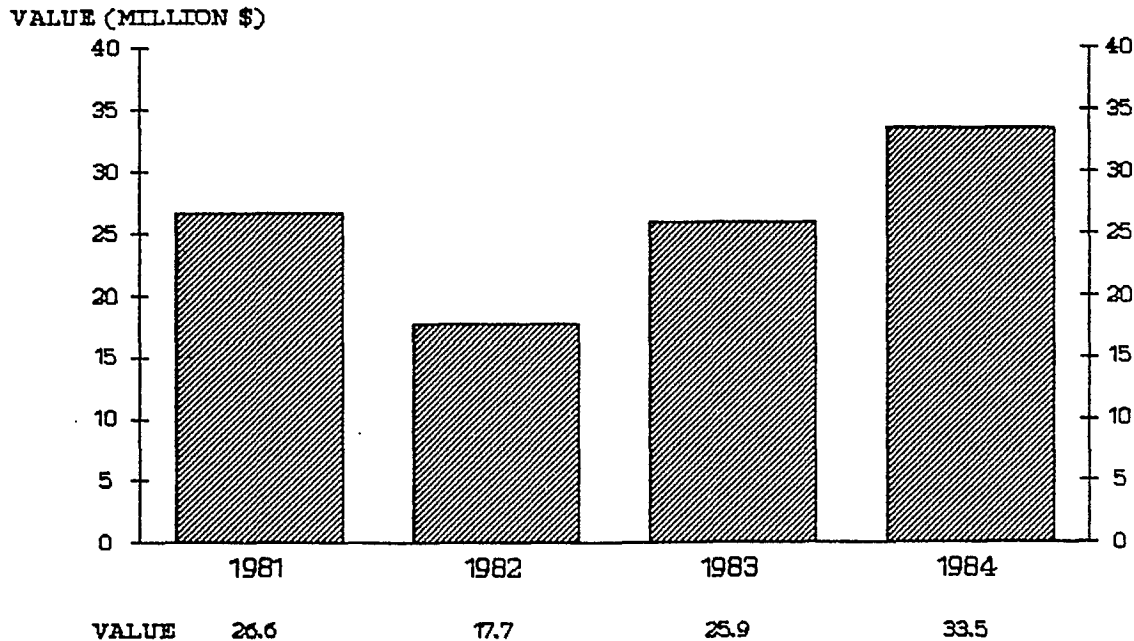
CANADIAN MARKET OPPORTUNITIES - IMPORT PROFILE

WOODEN LIVING ROOM/HALL FURNITURE,
NOT UPHOLSTERED

This report is one of a continuing series designed to increase business awareness of the potential existing for domestic production and to stimulate Canadian business to further explore potential opportunities in both the Canadian and export markets. It is important to emphasize that this report does not attempt any assessment as to the feasibility of manufacturing or competing in a particular market and should be treated as an indicator or starting point for the manufacturer or entrepreneur.

This import class includes household wooden bookcases. Additional information on household wooden furniture, not upholstered, can be found in profile numbers 36-85, Wooden Bedroom Furniture, Not Upholstered, and 37-85, Wooden Dining Room Furniture, Not Upholstered.

IMPORT TRENDS



Imports of wooden living room/hall furniture, not upholstered, declined sharply from 1981 to 1982, as did the general economy and imports of many other items. Subsequently, imports of these furniture products grew vigorously, almost doubling between 1982 and 1984.

IMPORTS BY MAJOR FOREIGN COUNTRY OF EXPORT

| <u>FOREIGN COUNTRY OF EXPORT</u> | <u>1981</u> | <u>1982</u> | <u>1983</u> | <u>1984</u> | <u>AVERAGE ANNUAL GROWTH RATE 1981-1984 %</u> | <u>PER CENT CHANGE 1983-1984 %</u> |
|--------------------------------------|---------------|---------------|---------------|---------------|---|--|
| UNITED STATES VALUE (\$000) | 14 159 | 8 666 | 12 227 | 13 614 | -1 | 11 |
| TAIWAN VALUE (\$000) | 2 377 | 1 688 | 3 805 | 6 889 | 43 | 81 |
| DENMARK VALUE (\$000) | 3 388 | 2 962 | 4 435 | 5 121 | 15 | 15 |
| ITALY VALUE (\$000) | 762 | 871 | 982 | 2 060 | 39 | 110 |
| JAPAN VALUE (\$000) | 437 | 332 | 705 | 639 | 14 | -9 |
| OTHER VALUE (\$000) | 5 513 | 3 152 | 3 782 | 5 171 | -2 | 37 |
| TOTAL | 26 636 | 17 671 | 25 936 | 33 494 | 8 | 29 |

Imports of wooden living room/hall furniture, not upholstered, in 1984 totalled \$33.5 million, an increase of 29 per cent over 1983.

The United States has consistently been the major exporter to Canada, accounting for 41 per cent of the value in 1984. Until 1983, the second major country of export to Canada was Denmark (17 per cent of the value in that year), but in 1984 second place was taken over by Taiwan with 21 per cent.

Imports for the first six months of 1985 totalled \$14.6 million compared to \$16 million during the same period in 1984.

IMPORT MARKET CONCENTRATION
(BY % OF TOTAL 1984 VALUE)

| <u>TOP 5 IMPORTERS</u> | <u>TOP 10 IMPORTERS</u> | <u>TOP 40 IMPORTERS</u> | <u>TOP 60 IMPORTERS</u> |
|------------------------|-------------------------|-------------------------|-------------------------|
| 28 | 35 | 52 | 62 |

The 10 top importers accounted for 35 per cent of the total imports for 1984. Eight were retailers and two were wholesalers. Five of the 10 top importers were situated in the Western Provinces, three in Ontario and two in Quebec. Details on the type and location of the 127 top known importers are given below.

(NOTE: "Top importers" are the importers with the largest imports by value in 1984.)

TYPE AND LOCATION OF THE 127 TOP KNOWN IMPORTERS - 1984
(79% OF TOTAL IMPORT VALUE)

| <u>IMPORTER LOCATION</u> | <u>MANUFACTURERS</u> | | <u>WHOLESALEERS</u> | | <u>RETAILERS</u> | | <u>OTHER</u> | | <u>TOTAL</u> | |
|------------------------------|-------------------------|----------------------|-------------------------|----------------------|-------------------------|----------------------|-------------------------|----------------------|-------------------------|----------------------|
| | <u>NO. OF IMPORTERS</u> | <u>VALUE (\$000)</u> | <u>NO. OF IMPORTERS</u> | <u>VALUE (\$000)</u> | <u>NO. OF IMPORTERS</u> | <u>VALUE (\$000)</u> | <u>NO. OF IMPORTERS</u> | <u>VALUE (\$000)</u> | <u>NO. OF IMPORTERS</u> | <u>VALUE (\$000)</u> |
| Ontario | 10 | 1 156 | 11 | 1 645 | 27 | 7 109 | 4 | 595 | 52 | 10 505 |
| Quebec | 5 | 893 | 4 | 514 | 18 | 3 047 | 3 | 329 | 30 | 4 783 |
| Western Provinces | 3 | 425 | 6 | 1 381 | | | 3 | 281 | 45 | 11 144 |
| British Columbia | | | | | 14 | 2 577 | | | | |
| Alberta | | | | | 14 | 6 053 | | | | |
| Saskatchewan | | | | | 5* | 427* | | | | |
| Manitoba | | | | | | | | | | |
| Atlantic Provinces | - | - | - | - | - | - | - | - | - | - |
| TOTAL | 18 | 2 474 | 21 | 3 540 | 78 | 19 213 | 10 | 1 205 | 127 | 26 432 |
| Per cent of 1984 Total Value | | 8% | | 11% | | 57% | | 4% | | 79% |

* Saskatchewan and Manitoba aggregated to preserve confidentiality

There were at least 553 known importers during 1984. The top 127 importers accounted for \$26.4 million, or 79 per cent of the total import value. Seventy-eight of these importers were retailers representing 57 per cent of the import total; 21 were wholesalers with 11 per cent; and 18 were manufacturers with 8 per cent.

This product group is purchased largely for consumer use as witnessed by the fact that retailers and wholesalers account for over two-thirds of imports. Atlantic firms do not import these products directly on a significant scale; the market for imports in the Atlantic Provinces may be met by regional retailers getting goods from wholesalers or by local outlets of national retailers.

CANADIAN PRODUCTION

There are at least 70 Canadian manufacturers of living room/hall wooden furniture, not upholstered. At least 10 manufacture this type of product exclusively while the others also produce other types of furniture. Statistics Canada reports shipments of \$117 million for products of this category for 1983, the last year for which information is available.

EXPORTS

Canadian statistics are not available for exports of living room/hall furniture. However, Canadian wall unit manufacturers have been quite successful in foreign markets, particularly in the United States.

CANADIAN TARIFFS, 1985

| TARIFF ITEM | DESCRIPTION | % OF TOTAL IMPORT VALUE (1984) | TARIFF TREATMENT | | | | |
|----------------|---|--|---|--------------------------|---|------------------------|---|
| | | | BRITISH PREFER- ENTIAL TARIFF % | U.K. AND IRELAND % | MOST FAVOURED NATION TARIFF % | GENERAL TARIFF % | GENERAL PREFER- ENTIAL TARIFF % |
| 51901-01 | House, office, cabinet or store furniture of wood, iron or other material, and parts thereof, not to include forgings, castings, and stampings of metal, in the rough | 100 | 15 | 15 | 16.3 | 45 | 10.5 |
| | <u>Future Scheduled Rates:</u> | | | | | | |
| | January 1, 1986 | | | | 15.6 | | |
| | January 1, 1987 | | | | 15.0 | | |

Tariff Arrangements and Foreign Countries of Export:

MOST FAVOURED NATION: UNITED STATES, TAIWAN, DENMARK, ITALY, JAPAN

ENQUIRIES CONCERNING TARIFFS SHOULD BE DIRECTED TO THE NEAREST CUSTOMS AND EXCISE OFFICE OR TO:

TARIFF PROGRAMS
REVENUE CANADA
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OTTAWA, ONTARIO
K1A 0L5
TEL: (613) 996-9491

MARKET SUMMARY

The wooden living room/hall furniture category is composed mainly of curios, occasional tables, end tables, bookcases and wall units.

The total Canadian market for this product category was estimated to be \$160 million for 1984. Imports now account for about 25 per cent of the Canadian market. Traditionally, domestic production has been sold in Canada. Imports were not significant until the beginning of the 1970s. Imports from the United States in this particular product group cover a broad spectrum of products, styles and prices. Italy has increased its share of market with high-quality lacquered furniture. Denmark and other Scandinavian countries have been active in exporting ready-to-assemble furniture as well as typical Scandinavian design furniture. Taiwan has also rapidly increased its export sales, mostly in ready-to-assemble occasional tables.

The main growth opportunity for the Canadian furniture industry currently lies in the marketing of wall units. Canadian firms have developed substantial expertise in producing attractive products in different styles and price brackets. This market has not yet reached maturity, and Canadian wall units are well received in both domestic and foreign markets. Considerations should be given by Canadian manufacturers to shipping these products unassembled, similar to what is currently done by Taiwan and other countries.

This report was prepared by:

The Market Development Branch of
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