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CURRENT STATUS OF THE FURNITURE AND 1/

JOINERY INDUSTRY IN KOREA

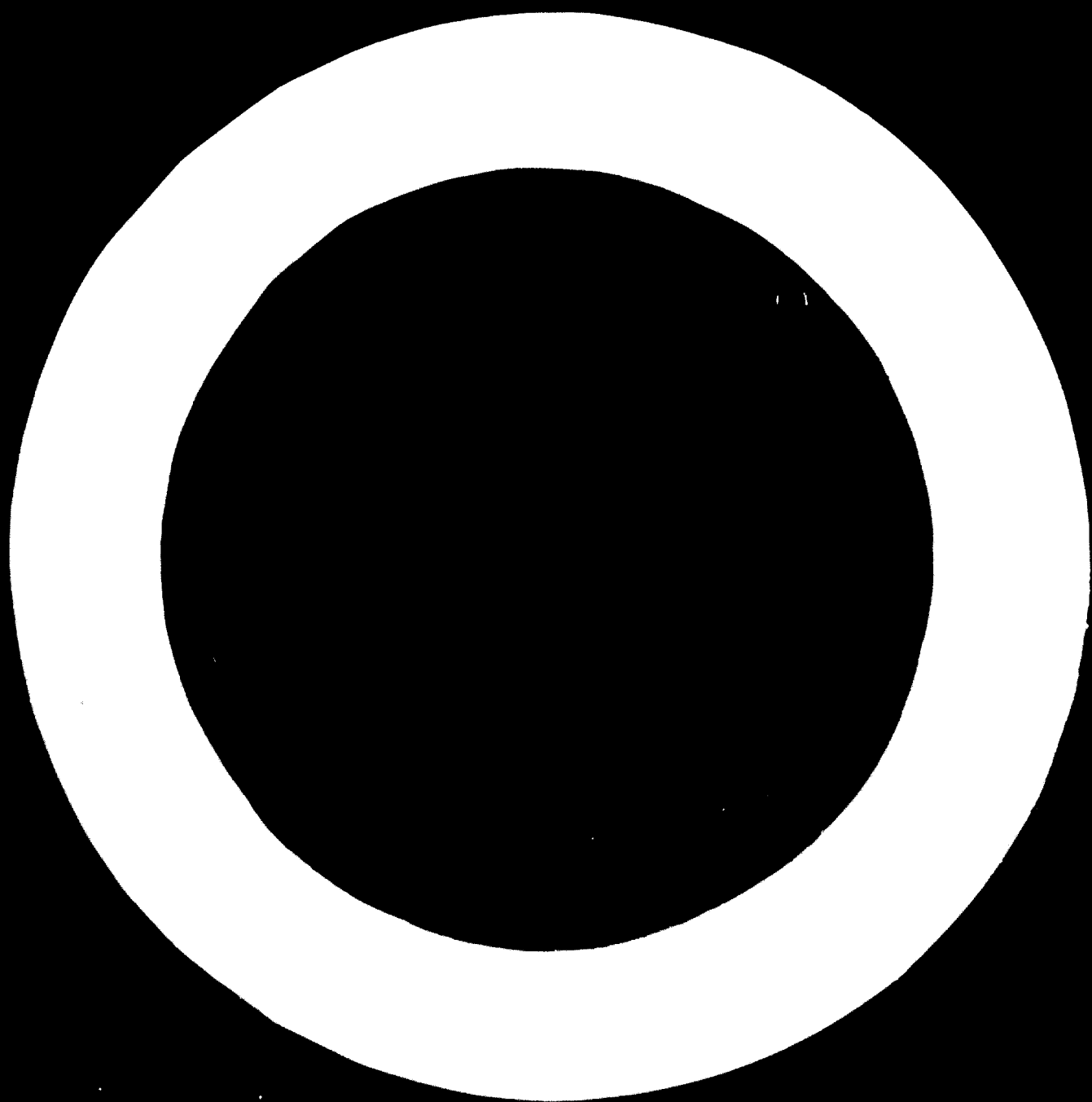
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CURRENT STATUS OF THE TEXTILE AND
JEWELRY INDUSTRIES IN KOREA

I. General

During the 1960's Korea's economic development was among the highest in developing countries through the first and the second five-year economic development plans. The Government is now implementing the Third Five Year Economic Development Plan (72-76) in which development led by industrialization which is in turn led by exports, constitutes the essence of development strategy. Accordingly the economic structure has been transformed rapidly from an agriculture-rural pattern to a semi-industrialized urban pattern.

Despite the rapid growth of exports during the Second Plan period, the trade deficit has swollen because of the high development demand accompanied by high economic growth. During the Third Plan period, however, the situation will be improved by increasing exports while restraining imports.

Commodity exports will be increased during the plan period at an average annual rate of 24.3 per cent to reach 3,510 million dollars in 1976. The annual export growth rate is designed to level off gradually from 33 per cent in 1972 to 18 per cent

in 1976. The projected average growth rate will be substantially stabilized in view of the average rate of 42.0 per cent experienced during the last 10 years.

Korea's share of exports in world trade is still very low, although it will increase from 0.3 per cent in 1970 to 0.8 per cent in 1976. There is room for further expansion of exports, both in major commodities and to major countries. On the supply side, the ratio of the export of manufactured goods to the output of the manufacturing sector will show an average of 22.9 per cent during the Plan period. In the export industries, however, many tasks lie ahead, such as expansion and modernization of production facilities, diversification of the market and improvement of export commodities. In order to attain the goal, therefore, effective policies should be developed and implemented for furthering international competitiveness and for providing more efficient supporting measures.

In the export of manufactured goods, the export rate for such major export items as plywood, textile goods, and wigs will continue to increase.

II. Status and Prospects

Korea has been putting all possible effort into upgrading its domestic economy, especially by placing great emphasis on international trade. Consequently high priority has been given to developing those countries which can contribute to the building up of such industries, especially those with a high growth rate potential.

In the last ten years both imports and exports have increased rapidly, to be specific: exports have increased at an annual average rate of 11.3% and imports at 21.8%. Korea exports at present to one hundred and three different countries, and it exports a total of 983 different products. Both of these figures are increasing yearly. The fact that of the exports 36.1% are industrial products indicates that, from the point of view of product structure, industrialization is proceeding at a rapid rate.

The Korean Government has established five major policies to encourage exports to reach its export goal of 2,350 million dollars by this year

1. strengthen export industry competitiveness
2. increase foreign currency earnings

3. a. set out new export markets
4. maintain a support system for export industry improvement
5. strengthen and maintain export agencies

An export industry of major importance since 1961 has been the plywood industry which has been accounting for over 10% of the total exports. The product capacity of this industry has been increasing rapidly so that at this point Korea ranks fifth in the world as a producer of this product with only the United States, Japan, Canada, and Finland surpassing its production rate. As production capacity has increased, costs have been reduced while product uniformity and quality have become well recognized.

An export goal of \$20,000,000 has been set for 1973 to supply high grade home furnishings, plywood, lacens, and solid woods for mobile homes in view of the activation of the U.S.A. Housing Act, as well as through the export policy for factories and construction, and through the facilitating of home building loans.

In view of increasing world population the demand both domestic and foreign for wood products such as furniture is increasing and is expected to continue to increase as is the

demand for other items such as lamps, paraphery and decorative items. Consequently there exists several problems in this area of industry and must aim at the following goals for its furniture industry:

1. the seeking out of new foreign markets as well as stabilizing and rationalizing its present markets
2. development and improvement of manufacturing techniques especially for high quality items
3. reducing excessive emphasis on criteria of American market demand and development of criteria of European markets plus establishment of proper policies for supplying small scale business
4. the improvement of marine transportation and of the terms for importing the raw materials required

The actual export results of the industry for 1971 were comparatively low, \$1,520,000, while import costs ran \$1,400,000; the countries to which goods exported totaled only eight, and this was largely limited to the U.S., Japan, and the Philippines, and the items were usually limited since they were largely chairs, tables, beds, and such.

To raise the level of the Korean Furniture Industry from the status of a homecraft industry the introduction of modern techniques

and of the automation of manufacturing are necessary to achieve mass production thus making the industry competitive in world markets. A new creativity and new designs are also essential.





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