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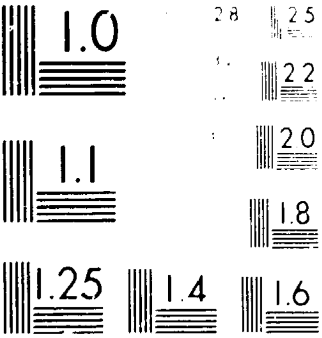
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THE FURNITURE INDUSTRY OF JAMAICA*

by

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Introduction

The furniture industry in Jamaica has evolved from a "cottage indsutry" type background. In the past, the furniture producer was known as a "cabinet maker", using simple tools and producing all his furniture by hand.

It was not until the early 1960's that the sector developed commercially with the introduction of fairly sophisticated machinery into the industry. Today there are innumerable small enterprises in this sector, with perhaps less than 20 fairly sophisticated companies which are equipped to expand into exports (see Table 1). In fact, the furniture industry could be classified as follows:

- Less than 20 major companies with relatively high standards of operation and which have the greatest potential for export development. Employment levels in these firms vary from over 250 persons down to 30. (1977)

- An estimated 100 firms or more, producing to less vigorous standards with limited facilities. These firms cater predominantly for the domestic market and each company employs between 10 to 30 persons. (1977)

- Approximately 700 or more enterprises conducting a mixed furniture business on a small scale basis, mainly as unregistered proprietorships. The traditional type of furniture produced by these companies is Antique Reproduction Designs, made mostly of Mahogany.

A listing of the major manufacturers of furniture and fixtures can be found in Table 1 on the following page.

Table 1

Company	Type of Furniture
(1) Mayfair Furniture Manuf. Co.	Household Furniture
(2) Reliable Joiners Ltd.	Household and Office Equipment
(3) C.M.P. Metal Products Ltd.	Metal Furniture
(4) Jamaica Office Equipment	Metal and Upholstered Furniture
(5) Marshall Furniture Manuf. Ltd.	Household Furniture
(6) Wickercraft Jamaica Ltd.	" "
(7) Steel Craft Limited	Metal Furniture
(8) Fairway Furniture Factory	Household Furniture
(9) Modern Furnishing	" "
(10) Caribbean Woodcraft Manuf.	" "
(11) Chen's Furniture	" "
(12) Things Jamaican	" "
(13) G.E. McIntosh	" "
(14) Dean's Manufacturing Co.	Wood and Metal Furniture
(15) Lewis Woodcraft and Joinery	Household Furniture
(16) Kelly's Furniture Industry	" "
(17) Dayor Bedding Co.	Mattress
(18) Sealy Mattress Ltd.	"
(19) Castings and Mouldings Ltd.	Patio Furniture

In terms of the types of furniture that are produced, this can be defined as follows:

(a) Manufacture of solid wood furniture
(b) " " rattan "
(c) " " wicker "
(d) Manufacture of metal furniture
(e) " " bedding and bed supplies
(f) " " upholstered furniture
(g) " ' doors and fixtures

Generally, furniture manufacturing can be seen as comprising production, on the one hand of high quality items for both exports and local markets and on the other hand, production of a medium to cheap range of lower quality items mainly for local consumption.

Raw Materials

As previously mentioned, wooden furniture is made mostly from mahogany, the bulk of which is imported from Belize. For the metal furniture, material imports are high. Cast metal furniture use waste material and have a low import margin. Of all the types of furniture produced, wicker is the only one that uses an indigenous raw material. However, due to the lack of controlled replanting, the question of how long supplies will last is foremost in the minds of its users.

Design and Finish

Within the industry, the design of furniture is generally mediocre and much improvement is needed to satisfy export requirements. The same applies to colour and finishing quality.

Production

The majority of the industry are all doing, or attempting to produce, more or less the same type or furniture with the end result that unless the operation is large enough, economies of scale are not achieved. In addition to this, the industry has difficulties with tool servicing and machine maintenance thus hindering any serious attempt by many companies to expand into exports. In many factories, production expertise in actually producing goods and reducing time is lacking. Supervision is generally poor or incorrect and there appears to be very little training in quality checking - this could be as a result of ignorance, on the part of the manufacturers, of not only the available services of the Bureau of Standards, but also the standards established by this body.

Exports

Jamaica is not a traditional exporter of furniture, as manufacturers were in the past content to service the domestic market with some exports to the Caribbean area. However, with the decline of the domestic market, furniture manufacturers who were previously quite secure in producing for a thriving local market began taking an interest in exports. Hence, there exists plant capacity for entrance into the export market (Table 2).

Table 2

Jamaica's exports of Furniture

1974 - 1978

Year	Quantity	Per cent Change	Value J$	Per cent Change Over Previous Year
1974	4,292	-	553,785	-
1975	2,758	- 35	411,154	- 26
1976	7,130	+ 159	817,831	+ 99
1977	400,116	+ 5,511	1,830,881	+ 114
1978	N.A.	-	3,455,597	+ 89

However, such entry has been retarded because of the following reasons listed on the next page.

(a) Failure to effectively utilize the identified North American and Canadian markets i.e. because of the sophistication required to successfully market one's goods on these markets, Jamaican manufacturers have been content to concentrate on the Caricom market where less sophisticated marketing skills are required, and in particular Trinidad, Barbados, Guyana and Antigua, (Table 3).

Table 3

Direction of exports of Jamaican Furniture with Caricom (in percentage of total exports) 1/

1974 - 1977

Year	Antigua	Guyana	Barbados	Trinidad and Tobago
1974	2.3	13.9	21.9	44.7
1975	4.9	47.8	16.2	20.3
1976	1.19	31.4	29.1	35.8
1977	2.4	2.6	22.5	68.0

(b) Quality standards

(i) The moisture of lumber that is not kiln dried is in the region of 12 per cent whereas countries such as North America and Canada require a range of 4 - 8 per cent. Very few of the furniture manufacturers have any access to a kiln, and the government owned one (situated at Things Jamaica) is rarely in working order.

(ii) As previously mentioned, the poor quality of the finishing material and their application does not meet foreign standards.

(iii) Again, the design and style of the Jamaican furniture needs improvement.
Most manufacturers produce what they think the market wants and this in many instances does not coincide with the needs of the foreign market.

1/ Based on dollar value of Jamaican exports of furniture.

(c) Because of inefficient manufacturing techniques, prices are often uncompetitive.

Despite the problems besetting the furniture industry, exports have been increasing over the years (see Table 2). As mentioned above, the Caricom region receives most of its furniture exports during the period 1974 - 1978, these exports increased by 318 per cent over the 1974 figure. (This is based on the dollar value of exports and one should make allowance for the devaluation of the Jamaican dollar). In terms of Caribbean countries outside of the Caricom group, furniture was exported to the Cayman Islands, Bermuda and the Bahamas on a continuous basis. Other countries include Cuba (one shipment) and Haiti.

It is interesting to note that over the years, until 1976, Jamaica exported more metal than wooden furniture. However, in 1977 wooden furniture exports increased over that of metal, (see Table 4 below). Such a movement was a result of not only the raw materials importation restrictions imposed by the Government which affected metal supplies, but also the increasing awareness by manufacturers of the demand for wooden furniture, especially Mahogany and Jamaica's proximity to the best sources of such lumber supplies which gives it a definite advantage over foreign competitors.

Table 4

Type of Furniture exported as a percentage of total exports of Furniture

	1974	1975	1976	1977
Metal Furniture	41.5	66.9	52.3	36.1
Wooden Furniture	22.0	11.2	30.9	44.4

If quality and productivity could be improved, the United States, because of its size, offers the best potential market. The Jamaican manufacturer need not be concerned with the total size of the US furniture market. The breakdown (as given on the following page) into various sub-groups shows that any of the sub-groups are large enough to absorb any output which the Jamaican furniture industry could export.

The US Furniture Market

Breakdown of U.S.A. Market by Sub-Product Group

1972

Sub-Product Group	Value(US$ million)	Percentage of Market
Wooden Household Furniture	2,660	24.0
Upholstered "	1,974	18.0
Metal Household "	843	7.6
Mattresses Bedspring	1.062	9.6
Wooden TV and Radio Cabinets	281	2.5
Household Furniture N.E.C.*	185	1.6
Other Furniture	4,047	36.7
Total	11,052	100.0

* Breakdown of this grouping is not available

(Source: Stevenson and Kellog Report)

Estimate of Historical Share of U.S.A. Market held by Imports

(Millions of US Dollars)

Year	Imports	Total Market	Imports - as a Percentage of the Total Market
1970	231.0	9,251	2.5
1971	261.0	9,957	2.6
1972	360.2	11,052	3.3
1973	425.0	12,599	3.4
1974	454.8	13,481	3.4

In 1974, Jamaica's share of the total import market of the U.S.A. amounted to 0.005 per cent and 0.00018 per cent of the total furniture market in the United States. Imports of furniture into the United States amounted to less than 4 per cent of the total market with the following countries having the largest market share: Japan (12 per cent), Yugoslavia (11 per cent), Italy (9 per cent), Taiwan (8 per cent) and Canada (18 per cent).

As can be seen, Jamaica has been exporting small amounts of furniture to the U.S.A. In 1977, this amount was increased by 171 per cent. A closer study of the categories of furniture revealed that while these were increased in almost all categories (the only exception being Medical and Dental Beds), wooden and wicker furniture showed by far the largest increases.

Exports to the U.S.A.
(Based on Quantity)

	1974	1975	1976	1977
Wooden Furniture	270	13	136	19,307
Wicker Furniture	2	6	19	3,521
Total	272			22,828

Several reasons can be given for this:

(a) Manufacturers are becoming more aware of the U.S.A. as a potential market, given not only our proximity which provides an advantage in the area of shipping links but also under the U.S. G.S.P.* scheme. Jamaican furniture enters the U.S.A. duty-free providing the 35 per cent local-value added criteria is met. (The only exception to this is wicker furniture which does not qualify for duty-free treatment, hence attracts a duty of 16 per cent (see Table 5).

(b) Proximity of Jamaica to the mahogany sources in Belize gives our manufacturers an advantage over their competitors as solid mahogany supplies are declining world-wide.

(c) There has been an increasing trend towards the "natural look" in furniture, hence materials such as wicker and rattan became very popular (despite the 16 per cent duty).

* General System of References.

Although 1979 is being considered mediocre year for the US furniture industry, it is considered that they will be starting their most prosperous decade next year. There are several reasons for this belief:

- During the next ten years of the 30-39 years old age group, which is considered to spend more money per capita on furniture than any other group, will emerge as the largest segment of the US population. (In 1978, this group spent roughly US $ 260 per household compared with only US$ 216 by people in their twenties).

- Oil shortage will be a boon to furniture sales. It is felt that the uncertainty over the availability of gasoline and its soaring price has already started to limit much of people's leisure time to activities to home. This will result in increased furniture expenditure and the continuing trend to two incomes per household will enable families to make more expensive purchases.

- An increasing amount of families will be moving into permanent homes.

It should be noted, however, that consumer performances are also undergoing a change. Because of inflation, there has been a shrinkage in the sizes of new homes, hence there will be merging of dens, dining rooms and living rooms into single multiple use areas. Hence, there is a move not only to multiple-use furniture, but also to smaller sized furniture, (e.g. convertible sofas, etc.).

The Canadian Market

Again, as with the US market, the Jamaican manufacturer need not be concerned with the total size of the Canadian market, however, unlike the USA, not all Canadian sub-product groups are large enough to abosrb Jamaica's total output for exports. The Canadian market for products such as mattresses, bedsprings,etc. is small and consequently, the demand can be met by domestic production. A breakdown of the Canadian import group by sub-product group can be seen on the following page.

Breakdown of Canadian Import Market by Sub-Product Group for 1976

Sub-Product Group	Value (Can. $000's)	Percentage of Market
Wooden Household Furniture	75,821	39.1
Metal " "	7,007	3.6
Upholstered " "	16,324	8.4
Other Household Furniture	43,494	22.4
Wooden and Metal Office "	11,758	6.1
Mattresses and Springs	2,469	1.3
Electric Lamps and Shades	5,312	2.7
Furniture Components and Parts	15,022	7.7
Total	194,018	100.0

Imports of household furniture to Canada has grown from $ 130.4 million in 1974 to $ 158.2 million in 1977, with approximately 66 per cent of imports coming from the USA and the remainder from Denmark, Taiwan, Italy and Sweden. With hardwoods such as mahogany being in scarce supply, US sources are being used to supply their own domestic production demands, hence Canadian importers are beginning to look elsewhere to supply their furniture needs.

Estimate of Historical Share of the Canadian Market held by Imports

(Millions of Canadian Dollars)

Year	Imports	Total Market	Imports as a Percentage of the Total Market
1970	26.4	376.2	(4.5)
1971	31.5	427.4	13.6
1972	49.9	498.0	16.5
1973	81.0	587.0	17.[illegible]
1974	130.4	597.6	21.8

In 1974, Jamaica's exports into Canada amounted to J$ 420. (This amount has increased to J$ 71.087 in 1978). Here, as in the U.S.A., furniture receives preferential treatment if the goods are (1) wholly produced or (2) the value of the imported inputs do not exceed 40 per cent of the ex-factory price of the goods.

The movement by manufacturers into these markets can be seen as an effort to move away from total concentration on the Caricom area coupled with an increasing awareness of the existence of these growing markets. To effectively assess how successfully Jamaican furniture manufacturers are performing in these markets, their performance will have to be closely observed especially in the United Kingdom where the now closed Jamaica Heritage was the strongest of the Jamaican furniture exporters. Again, as in the USA and in Canada, imports of furniture (especially wooden furniture) have increased sharply in the UK, with most of the furniture coming from the EEC countries.