



Furniture Industry of Pakistan:

Trade, Obstacles and Opportunities

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Abbreviations and Acronyms

APFA	All Pakistan Furniture Association
HS	Harmonized System of Coding
US	United States
UAE	United Arab Emirates
USD	US Dollar
MDF	Medium Density Fiberboard
FTA	Free Trade Agreement
GST	General Sales Tax
CD	Custom Duty
ACD	Additional Custom Duty
RD	Regulatory Duty
PRAL	Pakistan Revenue Automation (Private) Limited
NTC	National Tariff Commission
NOC	Non Objection Certificate
TEVTA	Technical Education & Vocational Training Authority
MoU	Memorandum of Understanding
CNC	Computer Numerical Control
ANF	Anti-Narcotics Force
EPZs	Export Processing Zones
CAGR	Combined Annual Growth Rate
DTRE	Duty & Tax Remission for Export
EFS	Export Facilitation Scheme
Ltd.	Limited

Executive Summary

Nowadays, modern and contemporary designs are flexible, it is constructed according to room space, feasibility, and individual's requirements. The design and building of furniture are related to both architecture and interior design. While, traditional and classical style furniture represented the luxuriousness of living, and remained adjacent to solid wood e.g. rosewood walnut, oak wood, yellow pine etc. However, with the emerging furniture demands in modern world, the industry has switched its focus more on engineered wood to embrace the modern living standards.

Pakistan's furniture market is consisted on more than fifteen thousand small and medium units across the country, and it is believed to be worth around \$3 billion (Pakistan & Gulf economist, 2019). While, Pakistan also imports a large amount of furniture, in comparison to its exports. In 2017, imports of furniture have been recorded as \$28.5 million, which has been sharply reduced to \$6.6 million in 2020, and raised to \$9 million in 2021. While, exports remained only \$4 million over the years, and doubled in 2021.

Our study will focus on boosting furniture exports by government-industry cooperation. This study will rationalize tariff on furniture machinery by fetching it under the fifth schedule of custom act 1969 (section iv). While, upholstery and other necessary accessories are bought under Duty & Tax Remission for Export (DTRE), and Export Financing Scheme (EFS) to facilitate exporters. It will reimburse all duties and taxes to furniture exporters. Additionally, the study will identify the issues in exports of furniture industry.

Furniture industry requires a large number of raw materials (other than wood/engineered wood) to enhance durability and feasibility of furniture usage e.g. upholstery, locks, handles, channels/sliders, and hinges etc. These items improve the comfortability and luxuriousness of furniture and some of them are subject to heavy duties and taxes. Although, the study finds an efficient practice of tariffs by National Tariff Commission (NTC). However, some of the respondents have claimed that both commercial importers and manufacturers are facing similar tariffs on imports of furniture and furniture parts. According to them, the govt. should provide relief to manufacturers, as they bear labor cost, rent, and utilities.



The study concludes that the furniture exporters are facing several problems including heavy tariffs on imports of machinery (as tariffs are imposed on machinery's weight). While other unprofessional handling of furniture at port, no access to foreign customers, higher transportation cost and increasing wood prices are also major issues in furniture exports. Finally, the study suggests that furniture exporters (manufacturers cum exporters) should be supported to participate in international exhibitions. Additionally, an online platform should be established for furniture industry to reach foreign buyers.



Chapter 1 Introduction

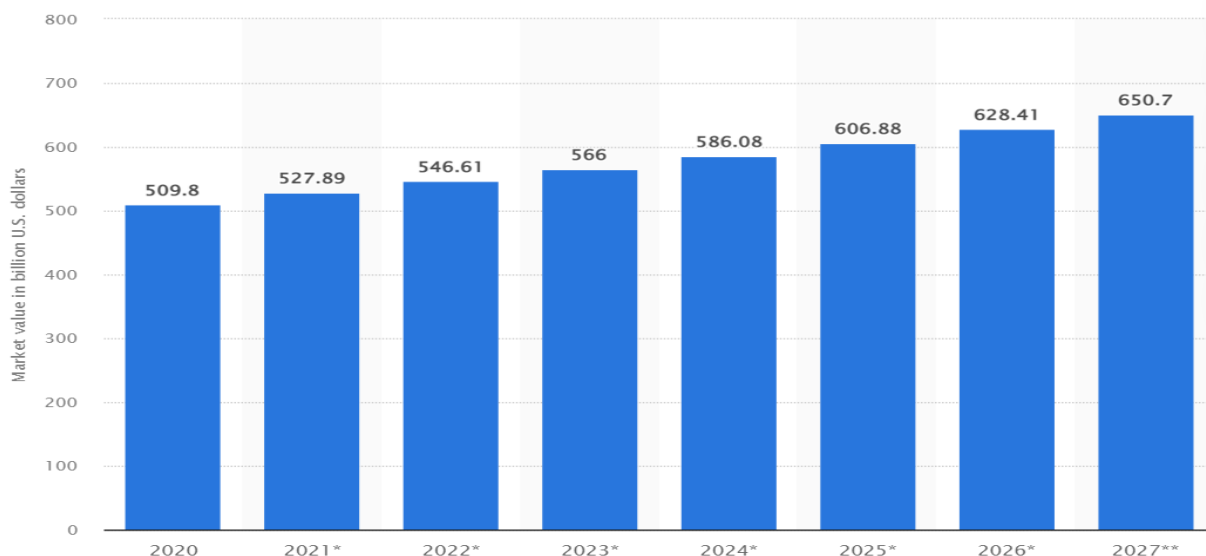
Furniture equipment are designed for a variety of purposes. It may be made of wood, metal, plastics, marble, glass, fabrics, and related materials. It ranges from the simple pine chest or country chair to the elaborate marquetry-work cabinet or gilded console table. It is usually movable e.g. beds, chairs, sofa or recliner, though it can be built-in, as are kitchen cabinets and bookcases. Nowadays, modern and contemporary designs are flexible, it is constructed according to room space, feasibility, and individual's requirements. The design and building of furniture are related to both architecture and interior design. Throughout the history the functional and decorative aspects of furniture have been influenced by economy and fashion.

With the changing world, the increasing demands are also moving from traditional/classical designs towards the modern and contemporary styles. A similar trend is also seemed in Pakistan. As the modern furniture are relatively less expensive than their modern and contemporary counterparts. Because, most of modern and contemporary furniture utilize engineered wood e.g. veneer/MDF, particle/chip board, & lamination in comparison to traditional or classical design furniture utilize solid wood e.g. walnut, rosewood etc.

Global Overview

The global market value of furniture was estimated to be \$527.89 billion U.S. dollars in 2021, and was expected to increase every year to reach a forecasted value of approximately \$650.7 billion U.S. dollars by 2027. The growth in the market is generally spurred by construction sector alongside growing disposable incomes across the globe. The outbreak of the COVID-19 pandemic hampered the global furniture market due to supply chain disruptions and decline in consumption resulting from lockdowns, all over the world.

Figure 1 Global furniture production



Source: Statista

The estimated trade volume of furniture (HS Code 94) has surpassed \$263 billion. China is largest exporter, contributing 41 percent of total furniture exports by exporting \$109 billion in 2020, followed by Germany, Poland, and Italy, contributing \$16 billion, \$14 billion and \$12 billion, respectively.

Table 1 Global Exports of furniture (HS code 94)

Year	Trade Flow	Reporter	Commodity	Trade Value (US\$)
2020	Export	China	Furniture	\$ 109,394,364,251
2020	Export	Germany	Furniture	\$ 16,509,677,223
2020	Export	Poland	Furniture	\$ 14,394,281,145
2020	Export	Italy	Furniture	\$ 12,597,242,710
2020	Export	Viet Nam	Furniture	\$ 11,982,026,304

Source: Comtrade

While, United States is largest net importer of furniture, exhibiting imports of \$65 billion in 2020. The United States imports of furniture has reached to \$81 billion in 2021. While, Germany is the second largest importer, imports around \$21 billion, followed by France and United Kingdom. The furniture (HS Code 94) includes; (Furniture; bedding, mattresses, mattress supports, cushions and similar stuffed furnishings; lamps and lighting fittings, n.e.c.; illuminated signs, illuminated name-plates and the like; prefabricated buildings).

Table 2 Global Exports of furniture (HS code 94)

Year	Trade Flow	Reporter	Commodity	Trade Value (US\$)
2020	Import	USA	Furniture	\$ 65,480,039,196
2020	Import	Germany	Furniture	\$ 21,192,384,033
2020	Import	France	Furniture	\$ 11,395,979,558
2020	Import	United Kingdom	Furniture	\$ 10,547,371,879

Source: Comtrade

State of Pakistan Furniture Sector

Pakistan's furniture market is believed to be worth around \$3 billion (Pakistan & Gulf economist, 2019). It is consisted on more than fifteen thousand small and medium units across the country. Pakistan's furniture sector has variety of traditional (Classical) style furniture e.g. Antique, Chinioti, Mughal, Oriental etc. While, domestic furniture market is sharply moving towards modern (Italic) designs. As the traditional (Antique & Chinioti) solid wood furniture is relatively expensive, in comparison to modern designs MDF (medium density fiberboard) furniture.

The total imports of furniture sector are \$160 million and exports accounts for \$200 million, during 2021. Pakistan's trade balance for furniture (HS Code 94) surplus since 2020, although, trade balance for furniture remained negative throughout the years. The improvement in trade balance was due to Mattress and Bedding articles (HS Code 9404), as it grew significantly from \$87 million in 2019 to \$134 million in 2020. Recently in 2021, the immense growth has been recorded, the figure for Mattress and Bedding articles (HS Code 9404) exports has surpassed \$188 million. A deeper view reflects that all of the growth is belong to a single commodity quilts, eider downs, cushions pouffes, and pillows (HS Code 940490)¹, having an exports of \$182 million.

¹ The (HS code 9404.90) is the textile product and it involves only the textile producers and exporters in its exports. According to the furniture product officer (Muhammad Zahid), this product has nothing to do with the furniture industry, it includes foam covers or related material exported by the top textile manufacturers in Pakistan.

Table 3 Pakistan trade statistics of furniture (HS code 94)

Year	HS Code	Import Value (US\$)	Export Value (US\$)
2017	940490	\$ 270,172,523	\$ 96,979,580
2018	940490	\$ 205,147,407	\$ 102,116,925
2019	940490	\$ 138,967,225	\$ 94,949,595
2020	940490	\$ 96,493,020	\$ 144,560,395
2021	940490	\$ 160,009,280	\$ 200,058,039

Source: Comtrade

The furniture & parts (HS Code 9403) has witnessed sharp decline in imports from \$28.5 million in 2017 to \$6.6 million in 2020. However, the import bill has again rise to \$9 million in 2021. On the other hand, exports remain stagnant around \$4 million since 2017. However, the exports of furniture & parts have sudden rise of hundred percent in 2021, taking exports to \$8 million. The furniture & parts (HS Code 9403) consists on wooden, metal and plastic furniture for various usage e.g. office, kitchen, bedroom & others. A narrow view may highlight that only (HS Code 940360) wooden furniture other than office, kitchen & bedroom.

Table 4 Pakistan's trade statistics of wooden furniture other than office, kitchen, & bedroom

Year	HS Code	Import	Export
2017	940360	\$ 2,410,864	\$ 2,419,256
2018	940360	\$ 3,267,343	\$ 2,601,732
2019	940360	\$ 1,735,121	\$ 1,860,430
2020	940360	\$ 1,104,823	\$ 1,564,336
2021	940360	\$ 1,228,249	\$ 2,456,883

Source: Comtrade

Furniture parts (HS Code 940390) have higher exports than \$2 million and they also exhibit trade surplus, while other does not have any significant value. One of the respondent (furniture exporter) highlighted that the rise in furniture; parts (HS code 940390) exports, is because of the rise in exports of wooden sofa frames. He further explained that most of furniture manufacturers / commercial exporters in Punjab (Gujrat, Chiniot, and Lahore) do not export proper manufactured sofa (upholstered sofa). They are only exporting solid wood sofa frames, made of rosewood and walnut etc.

Table 5 Pakistan's trade statistics of furniture; parts

Period	HS Code	Import Value (US\$)	Export Value (US\$)
2017	940390	\$ 1,149,186	\$ 234,493
2018	940390	\$ 1,341,675	\$ 184,326
2019	940390	\$ 949,601	\$ 103,438
2020	940390	\$ 646,025	\$ 19,428
2021	940390	\$ 733,613	\$ 2,247,486

Source: Comtrade

Problem Statement

The furniture exports are under serious threat, and it is all due to unprofessionally handling of furniture at the port, during drug inspection. Almost all of the respondents highlighted that Anti-Narcotics Force (ANF) staff usually keep it in open air, under sun for 2 to 3 days. Which spoils its polish. The ANF staff drills furniture and its various parts. This would eventually decline the quality of furniture or even spoil its attraction.

Another major problem with furniture exports is lack of furniture products promotion in the foreign markets. The industry has limited resources (As most of them are too small enterprises) that they are not capable of participating in international exhibition. Additionally, a large number of furniture manufacturers do not know, how to exports.

One the respondent has also highlighted that cost of shipment/cargo is too high. The fare of 40 feet container has increased from 3 hundred thousand rupees to 1 million and 5 hundred thousand rupees (reported as of May 23rd, 2022).

Objective of the Study

The study aims to contribute in several ways, to boost furniture exports. First, the study aims to survey the furniture exporters (manufacturer cum exporters), furniture associations, and other potential furniture manufacturers or dealers. The survey will identify the hindrances and complications in furniture exports. The study will recommend the possible steps for elimination of these hurdles through the govt. policy improvement, and cooperation of associations.

Second, the study will examine the existing exports potentials and will attempt to identify further opportunities. It may attempt to encounter the following issues discussed above. Third, the study also aims to review the tariffs rationalization on imports of raw materials (upholstery fabrics & fancy handles, hydraulics and locks) and machinery used in furniture manufacturing.

Finally, the study will also examine the international demand for specific types of furniture and may intend to recommend for design upgrades, and move forward for some western styles furniture, and will try encounter all market requirement. Additionally, the study may suggest to establish a strong e-commerce network for foreign as well as domestic customers, it will probably enhance the demand for exports of furniture.

Significance of the Study

The study may enhance furniture exports by pushing the productivity and skills of the individuals in modern and contemporary furniture. And, it is possible through the imports of machinery with zero duty and tax.

The study aims at improving the trade balance reducing imports of furniture and increasing exports to United States, Canada, Europe, Gulf countries, and African nations.

The study aims to establish the furniture zones / exports processing zones for furniture. It will improve the quality of furniture production, and it will also attract or create new investment opportunities in the area of furniture exports, as well as in the furniture supporting industry e.g. upholstery, handles, locks, hydraulics etc.

Chapter 2 Description of Furniture Raw Materials

Furniture industry requires a large number of raw materials (other than wood/MDF) to enhance durability and feasibility of furniture usage. And, remaining accessories may improve comfortability and luxuriousness of furniture. Following section includes a list of raw materials descriptions, imported for furniture manufacturing.

Furniture Items:

HS Code	Descriptions	C.D	ADC	RD	AIT	ST
9401.9090	Chair Raw Ply, Gas Cylinder, Mechanism, Chrome Base, Arm Rest, & Plastic seats and backs.	20%	6%	0%	11%	17%
9401.9090	Chair's parts, Foam, Frame Legs (made of stainless non-magnetic steel), Sofa Recliner parts made of metal, Sofa Recliner 1/2/3 sitter made of artificial leather, Sofa parts fittings / accessories (metal & plastic parts).	20%	6%	0%	11%	17%
9401.6100	Dining Chair made of wood.	20%	6%	5%	11%	17%
9401.8000	Sofa set made of artificial leather.	20%	6%	5%	11%	17%
9403.5020	Luxury Bed fiber/wooden beds.	20%	6%	45%	11%	17%
9403.5030	Single Coffee table with marble top, made of metal, Rose Gold/SS	20%	6%	45%	11%	17%
9403.9000 (91/99)	Furniture Decoration Accessories / Furniture Parts (wood or other).	20%	6%	15%	11%	17%
8301.3000	Locks.	20%	6%	5%	11%	17%
8205.5900	Hardware tools consisting.	11%	2%	0%	11%	17%
8302.4200	Drawer Handle (Assorted), Drawer Channel / Slider (made of metal).	20%	6%	0%	11%	17%
8302.4900	Handles.	20%	6%	0%	11%	17%
8302.1090	Hinges.	20%	6%	0%	11%	17%
8453.8000	Sewing machines with all standard accessories for skin, hides, and leathers.	0%	2%	0%	11%	17%
8465.9900	Wood working machines with all accessories.	0%	2%	0%	11%	17%
8510.3000	Hair-removing Appliances, with self-contained electric motor.	0%	2%	0%	11%	17%
7604.1090	Aluminum, bars, rods & profile.	20%	6%	0%	11%	17%
7317.0020	Sofa thumb tacks (made of iron steel assorted).	20%	6%	0%	11%	17%
7318.1200	Threaded wooded screw, other than coach screws (iron & steel).	20%	6%	25%	11%	17%
7308.9090	Manual roller conveyer Assembly.	20%	6%	5%	11%	17%

6001.	Pile fabrics (long and terry pile fabrics).	11%	2%	0%	11%	17%
5801.	Woven Pile & Chenille fabrics.	11%	2%	0%	11%	17%
5804.1000	Tulles & other net fabrics (Mesh fabric).	11%	2%	0%	11%	17%
5514.	Woven fabric of Synthetic staple fiber.	11%	2%	2%	11%	17%
5408.	Woven fabric of Artificial filament.	11%	2%	0%	11%	17%
5402.2000	Sewing Thread (Yarn of high tenacity of PSF) in Cones.	11%	2%	0%	11%	17%
5309.	Woven fabric of flax.	16%	4%	0%	11%	17%
5211.	Woven fabric of cotton, containing less than 85%.	11%	2%	0%	11%	17%
5007.	Woven fabric of silk.	16%	4%	0%	11%	17%
4418.7900	Wood; Assembled flooring panels; MDF profile strips (Assorted).	20%	6%	0%	11%	17%
3926.9099	PVC profile strips (Assorted), Plastics; other Articles.	20%	6%	10%	11%	17%
3925.9000	PVC profile strips (Assorted), Builder's ware.	20%	6%	0%	11%	17%
3920.4990	PVC edge bending (Assorted), Plastics.	16%	4%	0%	11%	17%
3920.4300	Printed PVC (Polymer of Vinyl Chloride) Sheet Roll	20%	6%	0%	11%	17%
3506.9190	Glue Liquid Granular	16%	4%	0%	11%	17%
3405.2000	Furniture Polishes & Creams other than Waxes.	11%	2%	0%	11%	17%

Source: Author's survey collection and FBR duty Calculator

Raw Material Imports:

Machinery

There are several types of machines used in manufacturing modern luxury furniture e.g. CNC router, spindle molder, panel saw, auto edge bander, press (cold/hot/vacuum membrane) machines etc. These all machines are imported from abroad e.g. China. These machines are included in HS code 8465. Imports of furniture machinery are subject 2% additional custom duty. While, there is 17% GST (General sales tax), and 11% advance income tax on imports of furniture manufacturing machines.

According to a couple of respondents, these extreme taxes are paid before any income generation. They have advised that imports of machinery must be zero rated. A zero rated imports of furniture machines will greatly enhance modern furniture output, it will also improve labor productivity, and reduce per unit cost of their output.

Solid Wood

Solid wood is widely used in classical style furniture. And, it is more luxurious than contemporary furniture. There are several types of wood used in the classical furniture industry. It includes rosewood, walnut, kekar, jamun, mango wood, oak wood, pine yellow wood, Burma teak, American walnut etc. Although, rosewood, and walnut is the primary wood used in classical furniture industry. While, our furniture exports also solely consist of rosewood.

An exporter to a renowned UK furniture company (Jhoola.co.uk) has highlighted that rosewood resources are rapidly depleting. And, there is sharp rise in the price of rosewood. According to him, every year the industry has to bear a 30% increase in rosewood price. The exports of rosewood furniture also require a special NOC, from Punjab Forestry Department, due to the rapid depletion of rosewood resources.

One of the respondent also suggested the removal of duties and taxes on imports of wood, such as solid wood imports are subject to additional custom duties of 2%, sales tax 17% and advance income tax of 11%. It may lower the burden on domestic on domestic solid wood demand.

Engineered Wood

Engineered wood caters several items e.g. veneer (MDF), lamination (Patex), plywood, particle board (chipboard) etc. Pakistan produces quality engineered wood at competitive prices in comparison to Turkey (All of the respondents were agreed to this statement). It provides competitive edge to our industry in global furniture market, for modern furniture exports.

Upholstery Fabric

Upholstery is massively consumed in modern furniture e.g. bed, and upholstered sofa. Most of the quality upholstery fabric used in furniture is imported from abroad e.g Turkish fabric (velvet). While, Pakistan also produces domestically and exports to several countries. Pakistan also restricts its import by imposing tariff ranges from 13% to 20% on almost every type of upholstery. Upholstery fabrics include several textile items used in manufacturing furniture e.g. bed, sofa, recliner, office / bedroom chairs etc.

Pakistan imports woven fabric of silk (HS code 5007), woven fabric of cotton, containing less than 85% (HS code 5211), woven fabric of flax (HS code 5309), woven fabric of artificial filament (HS code 5408), woven fabric of synthetic staple fiber (HS code 5514), Tullies and other net fabrics (Mesh fabrics) (HS code 5804.1000), woven fabric of pile & chenille (HS code 5801), and woven fabric of pile (long and terry) (HS code 6001).

Handle/Lock/Hydraulic

Furniture accessories are the important part of furniture. Pakistan imports large amount of locks (HS code 8301.3000), hinges (8302.4200), sliders/channels (8302.4200/4900). Pakistan imposes huge tariffs and duties. The following items are subject to 20% custom duties. While, an additional custom duty of 16%, other than GST (General Sales Tax) of 17%, and advance income tax of 11%. Locks are also subject to 5% regulatory duty.

These accessories are the main imported items used in furniture manufacturing. They are mostly made of stainless steel, while Pakistan's accessories are not. Pakistan's furniture accessories are usually made of brass, and they are too old fashioned.

Various of Furniture Products

Office Chair

There are several office furniture manufacturers in Pakistan. They produce office chairs and office tables by utilizing domestic and imported raw materials. The furniture industry uses several imported raw materials in producing office chairs, as they are not available domestically at all. These raw materials include chair raw ply, Plastic Seat & Back, Arm rest, gas cylinder, Mechanism, Chrome Base, and Wheels etc. These all items are included in HS Code 9401.9090, and are entitled to pay Custom duty of 20%, and an Additional custom duty of 6% on each raw material.

Additionally, there are two other raw materials Mesh fabric (HS Code 5840.1000) and Glue (HS Code 3506.9190), which are also necessary for domestic office furniture manufacturers to produce office chairs. Mesh fabric imports are entitled with 11% of custom duty and an additional custom duty of 2%. While, imports of glue are imposed with 16% of custom duty and an additional custom duty of 4%. These all items or raw materials are also liable to pay Income tax, and sales tax of 11% and 17% respectively.

Most of furniture manufacturers claim that equal duty is charged from the commercial importers of office furniture as well as from office furniture. The imports of office chairs (HS Code 9401.3000) is subject to custom duty of 20 percent & additional custom duty of percent, which is similar to the imports of their raw materials (HS Code 9401.9090), discussed above. While, commercial importers do not have to bear the labor cost, higher utility bills, and land rent for manufacturing.

Office Table

Office table is the key item of office furniture. Most of manufacturer utilize MDF/lamination, chipboard, and sometime solid wood as a basic feedstock to produce office tables. The

following raw materials are available domestically at competitive prices. Although there are some other imported raw materials used in manufacturing office tables e.g. locks (HS code 8301.3000), handles (HS Code 8302.4900), hinges (HS Code 8302.1090), and sliders (HS Code 8302.4200).

The govt. has imposed 20 percent custom duty and an additional custom duty of 6 percent on imports of locks, handles, hinges, and sliders. The govt. has also imposed 5 percent regulatory duty on imports of locks. While, each imported item is also subjected to pay sales tax and advance income tax of 17 percent and 11 percent respectively.

Sofa / Bedroom Chairs / Recliner

Sofa seats, bedroom chairs and recliners are part of home and office furniture utilities. They reflect seating with comfort in home lounge and office spaces. Recliner uses similar accessories mentioned in use in office chairs (mentioned in HS code 9401.9090). While, sofa seats and bedroom chairs utilize leather e.g. (HS code 9401.8000 Artificial Leather), and upholstery e.g. (HS code 5007. Silk Fiber), (HS code 5211. Cotton fiber less than 85%), (HS code 5309. Flax fabric), (HS code 5408. Artificial fabric), (HS code 5514. Woven Synthetic staple fiber), (HS code 5804.1000 Tules & net (Mesh fabric)), (HS code 5801. Pile & Chenille fabrics), and (HS code 6001. Woven Pile fabric) as a major component for manufacturing.

One of the respondent (furniture exporter) highlighted that Pakistan is becoming uncompetitive in manufacturing upholstered sofa set. According to him, China is exporting upholstered sofa around at \$450. While, in Pakistan export quality upholstered sofa is produced at more than \$500 per set. And, he further explained that it is all because of high tariff rate and duties on imports of raw material including upholstery, polish & waxes, and other related accessories.

Additionally, he has discussed that there is a billion US dollar industry of upholstered sofa. And, China, Thailand, Malaysia, and Turkey are the major exporters of upholstered sofa. While, it has been already discussed that Pakistan mostly export sofa frames. Most of commercial exporters from Punjab exports sofa frames of solid wood e.g. rosewood, walnut etc.

Bed

Bed is main and important part of home furniture. Pakistan manufactures quality home furniture including luxury beds in classical or traditional, as well as western style. However, a few numbers of manufacturers exports to Europe, United States, Africa and Gulf countries. On

the other hand, a couple respondents were found as sole importers of beds. One of them imports beds and other home furniture items from Thailand (Koncept furniture).

Modern beds require MDF / Lamination / chipboard to as a raw material in comparison with classical designs, which utilize solid wood for all type of furniture. Domestic availability of this key raw material is available at competitive prices. While, several other accessories are imported from abroad. Which include e.g. locks (HS code 8301.3000), handles (HS Code 8302.4900), hinges (HS Code 8302.1090), and sliders (HS Code 8302.4200). These are mostly used in side tables, which are part of home beds.

Closet / Wardrobe

Closet is the key item of home furniture. It is the part of bedroom furniture, as well as, used in kitchen, as crockery cabinet. It is also utilizing in office for file keeping and other similar and suitable usage. Modern furniture utilizes MDF or chipboard, while, classical furniture utilizes solid wood e.g. rosewood, and walnut etc. Classical manufacturers also use rosewood board (sheesham board or PATEX) slightly.

Closet in all forms (whether modern or not) utilize accessories e.g. locks (HS code 8301.3000), handles (HS Code 8302.4900), hinges (HS Code 8302.1090), and sliders (HS Code 8302.4200).

Dresser

Modern dresser is a luxury part of home decoration. It widely uses MDF / lamination and chipboard, and partially utilize solid wood for providing base. Other imported accessories include e.g. locks (HS code 8301.3000), handles (HS Code 8302.4900), hinges (HS Code 8302.1090), sliders (HS Code 8302.4200), and several furniture decoration accessories (HS Code 9403.9000).

Table / Dining Table

The heading includes all tables used as home furniture e.g. dining table, coffee table, center table, and console table etc. Pakistan imports luxury dining and coffee tables with marble tops (HS Code 9403.5030), and notably imports tables with epoxy tops. According to couple of respondents, Pakistan has a very few manufacturers that can produce epoxy tops of tables.

Chapter 3 Conclusions

The study may exhibit several outcome and also provide list of recommendations;

First, many of the respondents have suggested to remove tariffs and duties on imports of machinery and equipment used in furniture industry. It will reduce the cost of production, and will increase profitability. However, it is optimal to bring furniture machinery under the fifth schedule of custom act, 1969, to remove all duties. It will attract new investments in furniture sector, enhancing furniture output and improve its export competitiveness.

While, removing duties and taxes on upholstery and other accessories (handles, sliders, locks and hinges) may increase the import bill tremendously, in comparison to its export. Although, the govt. should bring these two items under DTRE (Duty and Tax Remission for Export) or EFS (Export Facilitation Scheme, 2021) for manufacturer cum exporters.

Under these two schemes, all of their duties (custom duty, additional custom duty, regulatory duty, federal excise duty) and taxes (sales tax, advance income tax, withholding tax) will be reimbursed. And, it will directly facilitate furniture exporters (not commercial exporters), and it will be considered an opportunity for other manufacturers to move for foreign markets.

Most of furniture exporters or manufacturer cum exporters have advised to developed export processing zones. Which will attract new investments in furniture industry. It will also improve quality of furniture, by attracting high skilled labor. It will also attract investors to invest in raw materials for furniture, as well as manufacturers of furniture accessories. It will open the gateway for raw materials and accessories of furniture at competitive prices.

On the other hand, Drug smuggling is the main issue that confines furniture exports. the installation of smart scanners is necessary to eliminate such issues. Additionally, it is also suggested that an ANF-supervised packaging facility can eliminate the need for repackaging and inspection through breaking and drilling of furniture. And, it will enhance furniture exports with zero drug smuggling.

Chapter 4 Recommendations

Although Pakistan is on the improving track for manufacturing modern furniture and has the potential to fetch due share in the world market, but one of the dynamics i.e. to participate in the international furniture exhibitions is missing. It is required that the furniture business community should be supported to participate in the furniture specific international exhibitions.

One of the furniture association has already signed MoUs with TEVTA (Technical Education & Vocational Training Authority) to retrieve training programs for furniture manufacturing. It will bring skillful labor force to the industry, and will help to reap foreign demand for modern furniture. And, it will reduce the demand pressure of solid wood.

Manufacturers need to be educated on how to export furniture and meet government regulations. For this purpose, TDAP need to arrange workshops for furniture manufacturers, as well as for other small and medium businesses. Finally, TDAP should organize furniture exhibitions globally to promote Pakistan Made Furniture. And, an online forum can be established to reach foreign customers, as the leading furniture businesses have already moved toward e-commerce.



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