

Stringent policies concerning the use of locally sourced wood are prompting the indoor furniture sector in Indonesia to adopt only legally obtained raw materials.

The government has started requiring manufacturers to obtain certification verifying that the lumber they utilize is procured from accredited vendors. Different types of assistance are provided by the administration to ensure compliance. Besides promoting sustainability and environmental protection, these efforts are in line with the growing global demand for pieces constructed using eco-friendly components and processes.

Exports of furniture rose last year and are predicted to keep growing over the next 12 months. Demand from alternative markets is supporting the industry's development while revenue from traditional destinations continues to remain unstable.

Key findings

1. Suppliers overwhelmingly expect foreign turnover to increase this year as a result of burgeoning demand for midrange and upscale models from Asia-Pacific region and the Middle East. Sales to North America and the EU are predicted to be limited as these markets have yet to fully recover from the economic crisis.
2. There are no clear indications on price movements over the next six months. Manufacturers featured in this report are equally divided on increasing or keeping quotes the same. None plan to lower export prices.
3. The furniture industry benefits from the widespread availability of skilled manpower in Indonesia's various sourcing centers. Enterprises typically subcontract processes such as weaving, carving and embroidery to highly skilled craftsmen. Another edge possessed by the sector is lower labor expenditure compared with other supply zones in East and Southeast Asia.
4. The rising domestic consumption of raw materials such as rattan and hardwood is the main challenge confronting companies. In addition to high demand for these inputs, supply is becoming restricted as the government enforces policies aimed at controlling illegal logging.
5. Basic designs with minimal detail will dominate product lines. Makers diversify their range, however, by featuring various decorative elements, including woven, carved and gilded motifs.

Objective, methodology & scope

This Indonesia Sourcing Report is part of a series designed to provide buyers with information on new products from export manufacturers in supply markets that specialize in handmade merchandise.

The Developing Country Sourcing Report series is part of Global Sources' corporate social responsibility initiatives. It is offered in conjunction with the Hinrich Foundation, whose mission is promoting sustainable global trade. One of its objectives is to help create jobs in developing Asia through export promotion.

To produce this report, large, midsize and emerging manufacturers, all with substantial export experience, were surveyed. The selection of suppliers is designed to reflect the composition of the industry in Indonesia in terms of geographic location, materials used and range of products offered.

For in-depth profiles, our researchers visited the facilities of each company and interviewed senior executives who discussed their recent performance and provided forecasts for the next 12 months. All other makers in this report were either visited or contacted by phone.

In each case, companies were required to answer specific questions designed to verify their manufacturing and export credentials, including a breakdown of exports by product type and market. Suppliers also participated in a survey designed to provide insight into the industry.

This report covers different classifications of indoor furniture available in Indonesia, including living room, bedroom, dining, and bar and bistro pieces. Each product category has its own price guide that describes features of low-end, midrange and high-end models.

In this report

- 18 in-depth company profiles
- 15 short company profiles
- 180 top-selling export products
- Supplier demographics
- Supplier survey
- Industry statistics and charts

The Industry Overview section discusses key issues affecting export manufacturers. It provides insight on the composition of the industry and elaborates on the important supply centers within Indonesia.

The Products & Prices section details the features and price ranges of furniture. It also examines the design and manufacturing processes, main materials used, and sourcing centers where components are procured.