CONDUCTING A SURVEY OF THE EXPORT FURNITURE INDUSTRY IN JORDAN 2010

For Jordan Furniture Exporters and Manufacturers Association, JFEMA

January 25, 2010

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USAID JORDAN ECONOMIC DEVELOPMENT PROGRAM

CONTRACT NUMBER:

DELOITTE CONSULTING LLP

USAID/ECONOMIC GROWTH OFFICE (EG)

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Background:

Jordan Furniture Exporters and Manufacturers Association, JFEMA, is a nonprofit association established in the 2004. The core purpose of JFEMA is to solely represent the Jordanian furniture exporters and manufacturers in Jordan on a regional and on an international level. It does that through delivering a wide range of needed services including sector promotion and marketing, export readiness consultation, networking, workforce training and maintaining information system.

JFEMA Board of Directors requested assistance from USAID Jordan Economic Development Program (SABEQ) to support conducting a market survey on the furniture sector in Jordan by MultiLink Consultants.

MultiLink Consultants conducted preliminary meetings with **JFEMA** members and other non JFEMA members and:

a. Discussed and reviewed the sector's strategic objectives and obtained a clear understanding of the specific goals and objectives of the mission.
b. MultiLink Consultants conducted a Marketing Research in the local market, gathered market intelligence, and conducted surveys.

Industry Overview:

The furniture industry in Jordan dates back to the early fifties. It started in the form of small workshops that played an important role in producing handmade furniture. The production was mainly focused on household furniture products.

Currently, furniture is produced both in workshops and on a large industrial-scale manufacturing operations. This remarkable development has resulted in introducing new lines of furniture products. Distributed through local and foreign markets such products include: kitchens, office furniture, school and auditorium furniture, medical furniture, wooden decorations, and hotel furniture etc. It is estimated that there are around 4,000 furniture manufacturers operating in Jordan today, directly employing an estimated 10,000 employees, which makes this industry the largest in Jordan. The Jordanian furniture industry is estimated to employ both directly and indirectly an estimated 100,000 people, mainly in the major cities of Amman, Zarqa, and Irbid.

Due to the high quality, durability and reliability of the Jordanian furniture products, this sector is considered **one of the most promising industrial sectors in Jordan**. With its designers and architects combined with its flexible production capacity, the Jordanian furniture industry is now capable of satisfying market requirements throughout the world.

In 2009, Jordan exported furniture to more than 8 countries. The main markets for Jordanian furniture exports are the Arabian Gulf countries and Iraq.

Jordanian furniture manufacturers utilize state-of-the-art technologies and modern machinery to produce contemporary, classical, and traditional furniture products that meet international quality standards and satisfy customer tastes the world over.

Most of the companies have already obtained ISO 9000 certification and other required quality certificates.

Main Objectives of the Market Survey:

1- Assess the sector in terms of its export potential and readiness to enter foreign markets by collecting available sector information and by conducting a questionnaire. The questionnaire collects information that reflects the capability and capacity of the producing entity. Such as production size, product line, plant size, registered capital.

2- Explore all trade facilitation such as trade agreements that could help Jordanian exporters to gain/ lose a competitive advantage in the export target market.

3- Set the ground for the creation of a supply chain and relationship among the companies for increasing their exports and set the grounds to establishing a consortium / joint ventures that could also benefit even from smaller furniture producers, and exploring cross industry linkages.

4- Explore the means to declare the sector as an “infant industry” and take action towards gaining this status.

5- Communication Workshop: Communicate the findings of the study, and get a feedback from participants, follow up, and produce a final report.

6- Recommendations

Chapter 1

1.1 Conducting a Sector Capability and Capacity Study

A sub-Sector Capacity and Capability Assessment on the wooden furniture exporters was conducted. Results have been stored in a web-enabled knowledgebase accessible to JFEMA members.

Questionnaire:

Sector assessment in terms of its export potential and readiness to enter foreign markets has been explored and evaluated by collecting available sector information, conducting a questionnaire, and analyzing the findings. The questionnaire collected information that reflected the capability and capacity of the producing entities. This included and not limited to production size, product line, plant size, registered capital.

Other information was obtained from the Ministry of Industry and Trade, Department of Statistics, and the Customs Department.

1.2 Questionnaire Format:

JFEMA Jordan Furniture Exporters & Manufacturers Association

JFEMA Survey-Questionnaire / Oct.2009

Survey Questionnaire

Num	Question	Entry Format
1	**Date**	mm/dd/yyyy
3	**Company Name**	Text
4	**JFEMA Member Y or N**	Y or N
5	**Filled by**	Text
6	**You Position**	Text
7	**General Manager Name**	Text
8	**General Manager e-mail**	Text
9	**Tel. No. 1**	962 6 123 4567
10	**Tel. No. 2**	962 6 123 4567
11	**Fax No.**	962 6 123 4567
12	**e-mail**	Text
13	**Website**	Text
14	**Company Start Date**	mm/dd/yyyy
15	**Years To Date in Business**	Generated
16	**Paid in Capital JD.**	Number
17	**Working Capital JD.**	Number
18	**Company Legal Status -** Please Choose all applicable numbers from 1 - 11	
19	**Operating Under Investment Law**	Y or N

Survey Questionnaire

Num	Question	Entry Format
20	**Majority Ownership – Jordanian**	Y or N
21	**City Location**	Text
22	**Any Affiliation with foreign Manufacturers**	Y or N
23	**Any Representation offices Abroad**	Y or N
24	**Production Category -** Please Choose all applicable numbers from 1 - 11	
25	**Production Facility Total Area In sq. meters**	Number
26	**Total Plant Area In sq. meters**	Number
27	**Latest Export Value JD.**	Number
28	**Latest Import Value JD**	Number
29	**Export Production Category** Please Choose all applicable numbers from 1 - 11	
30	**Export Market Countries**	Text
31	**Import Market Countries**	Text
32	**Import Product Item** Please Choose all applicable numbers from 1 - 11	
33	**Total Annual Sales JD.**	Number
34	**Local Sales % to Total Sales**	Number
35	**Export Sales % to Total Sales**	Number
36	**Showroom in Amman**	Text
37	**Jordanian workforce %**	Number
38	**No. of Designers / Drafters**	Number
39	**Design Programs Used**	Text
40	**No. of Sales Force**	Number
41	**No. of Maintenance staff**	Number
42	**No. of Quality Assurance Staff**	Number
43	**Total Number of Employees**	Number
44	**Number of Engineers**	Number
45	**No. of Staff with University Degrees**	Number
46	**No. of employees offered external training per year**	Number
47	**No. of Skilled Labors**	Number
48	**No. of Unskilled Labors "Cleaning & Handling"**	Number
49	**Doctor onboard**	Text
50	**HR Department?**	Y or N
51	**Accounting Package Name**	Text
52	**Costing Method**	Cost Accounting or Other costing method
53	**Internet Availability Y / N**	Y or N
54	**No. of Computers in Production Plant**	Number
55	**ERP / Production System exist**	Y or N
56	**Name of System or Brand**	Text

Survey Questionnaire

Num	Question	Entry Format
57	**ISO Y or N**	Y or N
58	**ISO since: xxxx**	yyyy
59	**Other Standards or Certifications**	Text
60	**No. of CNC machines**	Number
61	**No. of Manual Machines**	Number
62	**Total No. of machines in production line**	Number
63	**How many International Exhibition Attended to date**	Number
64	**Would you like to participate in international exhibition?**	Y or N
65	**Would you consider being a part of a consortium in Jordan?**	Y or N
66	**Do you have an electrical Generator – Power? KW**	Y or N
67	**Remarks by the Company**	Text

Options:

1	2	3	4	5	6
Home Furniture	**Office Furniture**	**Laboratory Furniture**	**Partitions and Doors**	**Educational Furniture**	**Auditorium Theater**
7	**8**	**9**	**10**	**11**	
Kitchen	**Prefab**	**Metal Furniture**	**Raw Material**	**Other**	

JFEMA Survey letter in Arabic that was sent with the Questionnaire:

JFEMA
Jordan Furniture Exporters
& Manufacturers Association

2009/11/4

السادة الشركات أعضاء جمعية مصدري ومنتجي الأثاث الأردنية و منتسبي القطاع المحترمين.

سعادة المدير العام المحترم

الموضوع: إعداد دراسة عن قطاع الأثاث والصناعات الخشبية العاملة في السوق المحلي

تحية طيبة وبعد،،،،

أرجو أن أحيط سعادتكم علما بأن جمعية مصدري ومنتجى الأثاث الأردنية بصدد إعداد دراسة محدثة عن واقع شركات الأثاث والصناعات الخشبية العاملة في السوق المحلي، حيث قامت الجمعية بتكليف الشركة الإستشارية MultiLink Consultants للعمل على إعداد هذه الدراسة وذلك بجمع البيانات المتعلقة بالشركات الأردنية وفرزها وتصنيفها للوقوف على البيانات والأرقام الحقيقية والمعلومات فيما يتعلق بهذا القطاع.

وبهذا الصدد، فإننا لنرجو من سعادتكم التكرم بالموافقة والإيعاز لمن يلزم من طرفكم بالتعاون التام مع الشركة المعينة فيما يتعلق بهذا الخصوص وملء الإستبيان المعد من قبل الشركة لهذا الغرض بكل موضوعية للخروج بنتائج حقيقية تخدم الأهداف الموضوعة لإعداد هذه الدراسة.

هذا و سيتم إعلام و دعوة حضراتكم لحضور ورشة العمل المنوي إقامتها حيث سيتم إطلاعكم على نتائج و مخرجات الدراسة.

شاكرين لكم حسن تعاونكم وتجاوبكم معنا بهذا الخصوص آمليين أن يصلنا ردكم في أقرب وقت ممكن.

وتفضلوا بقبول فائق الاحترام

ملاحظة: الرجاء تحميل نموذج الاستبيان وتعبئته وارساله على الايميل التالي :

jfemaSurvey@consultmultilink.com

لمزيد من المعلومات الرجاء الإتصال على الرقم التالي 2840 533 من الساعة 9:00 صباحا إلى 4:00 مساءا.

المدير التنفيذي لجمعية مصدري ومنتجي الأثاث الأردنية

علي خرينو

Workmanship & Technology To Impress The World

Tel/Fax: 06-56 88 363 / Email: info@jfema.org / www.jfema.org

Questionnaire's Response:

Survey Status Table: Wednesday, Nov. 18th, 2009	**Total**
JFEMA Members Successfully Completed the Survey out of 41	**35**
Non-JFEMA Members Successfully Completed the Survey	**215**
Total (SAMPLE): Total Number of Companies Surveyed	**250**

1.3 Summary of Questionnaire Findings:

Sample Output Report * 2010

Furniture Plant Content Description	JFEMA Reports			Non-JFEMA Reports			JFEMA & Non-JFEMA Reports		
	No. of Companies	Detail Link	Value Count	No. of Companies	Detail Link	Value Count	No. of Companies	Detail Link	Value Count
1. CNC Machines	11	Detail	31	14	Detail	35	25	Detail	66
2. Manual Machines	20	Detail	591	75	Detail	497	95	Detail	1,088
3. Designers / Drafters	22	Detail	62	22	Detail	49	44	Detail	111
4. Employees	29	Detail	1,969	80	Detail	999	109	Detail	2,968
5. Engineers	25	Detail	114	17	Detail	34	42	Detail	148
6. Annual Int'l Exhibition Attended	27	Detail	374	18	Detail	279	45	Detail	653
7. Machines in the Production line	22	Detail	516	77	Detail	523	99	Detail	1,039
8. Maintenance Staff	23	Detail	77	29	Detail	177	52	Detail	254
9. Production Facility Area M2	14	Detail	48,566	2	Detail	3,650	16	Detail	52,216
10. QA Staff	22	Detail	64	27	Detail	96	49	Detail	160
11. Sales Force	28	Detail	183	26	Detail	76	54	Detail	259
12. Skilled Labors	28	Detail	834	73	Detail	482	101	Detail	1,316
13. Unskilled Labors	26	Detail	358	22	Detail	115	48	Detail	473
14. Staff External Training / year	12	Detail	68	10	Detail	57	22	Detail	125
15. Staff with Univ. Degree	29	Detail	240	24	Detail	95	53	Detail	335
16. Total Plant Area M^2	15	Detail	97,022	1	Detail	1,000	16	Detail	98,022

- **Links are Not Activated**

Chapter 2

2.1 Jordan's Trade Facilitation and Trade Agreements

	NO.	26 Trade Agreements	ROO	COO	EXP	Enforce	Countries
2	1	Economic Agreement between Jordan and Saudi Arabia	R	C	EXP	1962/10/30	Related countries
	2	Economic Agreement between Jordan and Iraq with its revises	R	C	EXP	1966/02/21	Related countries
	3	Commercial Agreement between Government of Jordan and Libya	R	C	EXP	1993/04/13	Related countries
	4	Commercial and Economic Agreement between Jordan and Oman	R	C	EXP	1993/05/15	Related countries
	5	Commercial Agreement between Government of Jordan and Lebanon	R	C	EXP	1993/07/23	Related countries
	6	The Cooperation Agreement in the trade affairs between Jordan and Palestine and its revises	R	C	EXP	1995/06/08	Related countries
	7	The Commercial Cooperation Agreement between Government of Jordan and Yemen	R	C	EXP	1997/12/28	Related countries
10		The executive program for facilitating and developing the trade exchange Program between the Arab countries to establish huge free Arabic trade zone GAFTA	R	C	EXP	1998/03/01	Related countries
	9	The Commercial Cooperation Agreement between Government of Jordan and Algeria	R	C	EXP	1999/01/31	Related countries
	10	Free Trade Zone Agreement between Government of Jordan and Tunisia	R	C	EXP	1999/06/16	Related countries
	11	Free Exchange between Government of Jordan and Morocco	R	C	EXP	1999/10/21	Related countries
	12	Free Trade Exchange Agreement between Government of Jordan and Egypt	R	C	EXP	1999/12/28	Related countries
	13	Jordan has become the 136th member of the WTO April 2000	R	C	EXP	2000/04/11	Related Countries
	14	An agreement for establishing Free Trade Zone between Government of Jordan and United Arab Emirates	R	C	EXP	2001/11/24	Related countries
	15	The Free Trade Zone Agreement between Government of Jordan and the USA - FTA	R	C	EXP	2001/12/17	Related countries
	16	The Free Trade Agreement between Jordan and the countries of European Free Trade Agreement (EFTA)	R	C	EXP	2002/01/01	Related countries
	17	The European Mediterranean Agreement between the European group and its members on the one hand and Jordan on the other AA	R	C	EXP	2002/05/01	Related countries
14		An agreement for establishing Free Trade Zone between Government of Jordan and Syria.	R	C	EXP	2002/05/21	Related countries
	19	The Commercial and Economic Agreement between Government of Jordan and Bahrain and its revises	R	C	EXP	2002/05/29	Related countries
	20	An agreement for establishing Free Trade Zone between Government of Jordan and Sudan.	R	C	EXP	2003/08/29	Related countries
	21	The Economic, Commercial and Technical Cooperation Agreement between Government of Jordan and Kuwait.	R	C	EXP	2005/04/09	Related countries
	22	The Singaporean Agreement.	R	C	EXP	2005/08/22	Related countries
	23	An agreement for Commercial and Economic Cooperation between Jordan and Israel.	R	C	EXP	2005/09/23	Related countries
	24	Aghadir Agreement	R	C	EXP	2007/04/27	Related countries
	25	FTA Canada	R	C	EXP	2009	Related countries
	26	Turkey FTA -	R	C	EXP	Pending	Related Countries

- **Links are Not Activated Upon JFEMA's Request**

Jordan's 26 trade agreements constitute an important factor in formulating a successful export strategy. This strategy shall guide the industrial sectors to the right profitable markets with the right product and trade partners.

Instead of considering Turkey as a threat to the local market, Turkey could be an ally and a trade partner that could facilitate the entry of Jordanian products to the EU. This could be realized by the utilization the System of Pan-Euro-Med cumulation of origin, which is an extension of a previous system of Pan-European cumulation. It therefore operates between the EC and the Member States of the European Free Trade Association (Iceland, Liechtenstein, Norway and Switzerland) and Turkey and countries which signed the Barcelona Declaration, namely Algeria, Egypt, Israel, Jordan, Lebanon, Morocco, Syria, Tunisia and the Palestinian Authority of the West Bank and Gaza Strip.

The Euro-Mediterranean Partnership was launched with a joint declaration of the Foreign Ministers from the European Union and Mediterranean Partners in Barcelona in November 1995 - hence also called the **"Barcelona Process".** Its overall objective is to provide a framework for strengthened dialogue and comprehensive co-operation in the Mediterranean.

http://ec.europa.eu/taxation_customs/customs/customs_duties/rules_origin/preferential/article_783_en.htm

JFEMA Members Interest to Explore USA Market Potential:
Leading Jordanian furniture manufacturers – through their business association JFEMA – have acknowledged this challenge, and are adamant to identify new opportunities made available through the various components of the industry local and international value chain.

The starting premise is that the beneficiaries are already established manufacturers/exporters and are ready and willing to expand in a sustainable manner. Therefore, and through JFEMA, the intention is to invest time and resources to establish supply chains and relationships. The new strategy that will be pursued includes:

1. A careful selection of target markets by utilizing Jordan's Trade Agreements,
2. The development of good market knowledge,
3. Enhancing the sector database with specialized information,
4. The establishment of close relationships with foreign suppliers and distributors, in Turkey mainly and USA.
5. Maintaining regular contact with distributors and importers, and continuously,
6. Reaffirming a full commitment to export activities in their own rights.

Competitive advantage of the Furniture Export Sector:

The Furniture Export Sector has a great opportunity with an expected growth rate of 50% annually starting in 2011.

Sector Export Maturity: It is very clear that the sector with its key stakeholders are realizing that clustering and unified activities produce an overall better business outcome. Sector leadership has evolved in a manner that reflects the maturity of their decision making process, going beyond **ego** to actual **trust-building** collaborative activities. This is the global best practice at sector level that is a key driver that will deliver an enhanced collective competitiveness at sector level

Excellent Hub Location: Potential market segments – "A non-traditional approach"

Identifying US manufacturers interested in selling to the Gulf Cooperation Council (GCC) markets and utilizing Jordan as an "outsourcing venue"/"value-adding /production" hub in the Middle East for USA companies.

JFEMA has identified that attending and/or visiting specialized trade-shows as the appropriate market research field is a priority. The advantages of these venues are many, some of which are listed below:

1. A plethora of leading manufacturers and importers from all over the world are present in one location.
2. The latest market trends (design, style, color themes and associated philosophies) can be observed, discussed and further developed on.
3. B2B contacts and potential opportunities are made easier as already serious business opportunities readily present themselves at such events.
4. Manufacturing technologies and new innovations may be observed, evaluated and purchased.

JFEMA members have also been able to identify their targeted markets through understanding the rules of origin requirements. To guide its selection, focus is made on utilizing preferential market access provided to Jordanian made products. This preferential treatment is guaranteed by the presence of a large number of bilateral (e.g. Jordan-US FTA), regional (GAFTA, EU Association Agreement and EFTA) and multilateral trade agreements (e.g. WTO).

Two priority international trade fairs have accordingly been undertaken. These are:

1. **Neocon** / **Chicago** – every June 2010 USA, www.**neocon**.com
2. **Milan Italy** – April 2010, http://www.nuovopolofieramilano.it

http://www.sviluppsistemafiera.it/

With the assistance of a specialized consulting company, a selective group of leading JFEMA members shall visit the **Neocon/Chicago** trade fair, and in their capacity as **industry experts** will carry out a firsthand holistic market research, meet various exhibitors, establish contacts, identify manufacturing and trading opportunities and potentially arrange for pilot cooperation schemes under the most promising sub-sectors of the value chain. This is a best practice approach to the undertaking.

It is worthwhile to note that although in the past these members have participated in some of these trade shows (whether as exhibitors or visitors), the novel introduction that this project approach provides the upcoming events, JFEMA members are physically undertaking this task as a group with a unified objective of creating and seizing business opportunities, not as competitors, but as a unified production platform with a competitive advantage and with the aim of utilizing "now known" available economies of scale.

This approach will start with an implementation while attending the **Neocon**/ **Chicago**/USA in June 2010. Amongst other benefits, this will allow the Jordanian furniture industry to:

- Leverage the quality level of locally made products,
- Learn from the global leaders in the industry and adapt it locally,
- Overcome the problem that maybe would be faced in terms of planning and coordination,
- Acquire/ Franchise brands, whereby the name of the brand is adopted, yet production is done locally. Local labor will be trained to develop high quality standard furniture, as well as equipment and the necessary technology to be purchased to achieve the standards needed.

The above process could be monitored, controlled and developed accordingly once brands are selected and contracts agreed on. A specialized database will be developed to nourish the sector's knowledgebase.

Please refer to: Appendix I: U.S. Furniture Industry Basics

Chapter 3

3.1 Sector in Figures:

The survey conducted covered exported products mainly from JFEMA's members that constituted almost 50% of all wooden exports, and covered the following HS Codes:

94 013000000
94 015900000
94 016100000
94 017100000
94 017900000
94 019000000
94 019010000
94 019010000
94 019090000
94 020000000
94 029000000
94 031000000
94 032000000
94 033000000
94 034000000
94 035000000
94 038000000
94 039000000
94 039010000
94 039090000

Other information was obtained from the Amman Chamber of Industry and includes the following for all exporters that obtained a certificate of origin:

الفرق Difference JD	الصـــــــــادرات بالدينار Exports JD		Furniture Description	الوصف
	2009	2008		
597,564-	6,045,640	6,643,204	Office / Wooden	اثاث خشبي للمكاتب
117,690	5,552,609	5,434,919	Garden	اثاث حدائق
502,775	3,892,440	3,389,665	Sitting Room	اطقم جلوس خشبيه
891,267-	2,468,829	3,360,096	Kitchen	مطابخ خشبيه
884,839-	1,651,084	2,535,923	Panel	صفائح من الخشب
169,615-	1,583,389	1,753,004	Office / Metal	اثاث معدني للمكاتب
996,626-	1,445,197	2,441,823	School	اثاث مدرسي
69,393-	1,232,349	1,301,742	Decoration	اعمال النجاره والديكور
75,585	1,203,628	1,128,043	Contract	اعمال الموبيليا حسب الطلب
735,332-	1,110,344	1,845,676	Doors / Windows	ابواب وشبابيك خشبيه

الفرق Difference JD	الصـــــــــادرات بالدينار Exports JD		Furniture Description	الوصف
	2009	2008		
1,930,058-	1,041,060	2,971,118	Laboratory	اثاث مستشفيات ومختبرات
13,903	934,688	920,785	Bed room	غرف نوم خشبيه
25,348-	819,488	844,836	/ Wooden Seats	مقاعد خشبيه
596,533	813,992	217,459	Crafted	خشب منقوش وخشب
95,225	768,794	673,569	Panel Formica	صفائح خشبيه ملبسة فورمايكا
471,047	486,042	14,995	Buffett	بوفيهات خشبيه
102,771-	243,729	346,500	Seats / Metal	مقاعد معدنيه
35,867-	228,092	263,959	Rooms Dining	غرف سفره خشبيه
91,780-	130,697	222,477	Wooden Layers	صفائح من قشره الخشب
886,582-	109,822	996,404	Hotel	اثاث فنادق
285,825-	85,614	371,439	Sitting rooms / Metal	اطقم جلوس معدنيه
45,441-	80,244	125,685	Metal Components	اجزاء معدنيه للاثاث
29,927-	47,400	77,327	Wooden Sofa	صوفات خشبية
6,947-	19,620	26,567	Wood covered with plastic	صفائح خشبية ملبسة بلاستيك
5,138	18,962	13,824	Parts of Wood	بكرات خشبيه
18,916	18,916	0	Umbrellas	مظلات حدائق
16,323-	9,562	25,885	Metal Bed Rooms	غرف نوم معدنيه
245,645-	7,644	253,289	Wooden panel covered with Metal	صفائح خشبية ملبسة معادن
6,150,338-	**32,049,875**	**38,200,213**		المجموع الكلي **Total**

The images in the following pages are details of the above table and could be accessed from the Amman Chamber of Industry.

لتقارير الاحصائية
الخارجية تقرير حركات التجارة

كشف الصادرات بالدينار الأردني موزعة حسب القطاع والسلعة من واقع شهادات المنشأ الصادرة عن غرفة صناعة عمان
من تاريخ 2009/01/01 إلى تاريخ 2009/12/31 مقارنة بالفترة من تاريخ 2008/01/01 إلى 2008/12/31

الوصف	الصـــــــادرات	الصـــــــادرات	الفرق
الصناعات الخشبية والاثاث	**42,968,653**	**36,250,861**	**(6,717,792)**
صفائح من الخشب	2,535,923	1,651,084	**(884,839)**
صفائح خشبيه ملبسة فورمايكا	673,569	768,794	**95,225**
صفائح من قشره الخشب	222,477	130,697	**(91,780)**
صفائح خشبية ملبسة بلاستيك	26,567	19,620	**(6,947)**
صفائح خشبية ملبسة معادن	253,289	7,644	**(245,645)**
اجزاء معدنيه للاثاث	125,685	80,244	**(45,441)**
اعمال الموبيليا حسب الطلب	1,128,043	1,203,628	**75,585**
صيانة الموبيليا	0	9,763	**9,763**
اعمال النجاره والديكور	1,301,742	1,232,349	**(69,394)**
ابواب وشبابيك خشبيه	1,845,676	1,110,344	**(735,332)**
بكرات خشبيه	13,824	18,962	**5,138**
خشب منقوش وخشب مطعم _تحف شرقيه مصدفه(	217,459	813,992	**596,533**
صورمحفورةاومطبوعةبالحجر_ليتوغرافيا(	211,954	104,302	**(107,652)**
مقاعد معدنيه	346,500	243,729	**(102,771)**
غرف نوم معدنيه	25,885	9,562	**(16,323)**
اطقم جلوس معدنيه	287,133	85,614	**(201,518)**
صالونات معدنيه	84,306	0	**(84,306)**
اثاث معدني للمكاتب	1,753,004	1,583,389	**(169,615)**
مقاعد خشبيه	844,836	819,488	**(25,349)**
غرف نوم خشبيه	920,785	934,688	**13,903**
غرف سفره خشبيه	263,959	228,092	**(35,867)**
اطقم جلوس خشبيه	3,253,079	3,718,416	**465,337**
صالونات خشبيه	136,586	174,024	**37,438**
بوفيهات خشبيه	14,995	486,042	**471,046**
اثاث خشبي للمكاتب	6,643,204	6,045,640	**(597,564)**

(29,927)	47,400	77,327	صوفات خشبية
(891,268)	2,468,829	3,360,096	مطابخ خشبيه
(2,550)	0	2,550	مطابخ ميلامين
263,129	528,862	265,733	مطابخ المنيوم
(336,391)	1,732,877	2,069,269	مقاعد بلاستيكية
(5,325)	0	5,325	مقاعد للحلاقين
(996,626)	1,445,197	2,441,823	اثاث مدرسي
(886,582)	109,822	996,404	اثاث فنادق
(1,930,057)	1,041,060	2,971,118	اثاث مستشفيات ومختبرات
(39,591)	4,700	44,291	اثاث من الفيبر جلاس
117,690	5,552,609	5,434,919	اثاث حدائق
18,916	18,916	0	مظلات حدائق
(6,656)	5,879	12,535	خزائن بلاستيكية
(6,717,792)	**36,250,861**	**42,968,653**	**المجموع الكلي**

الخارجية تقرير حركات التجارة

كشف الصادرات بالدينار الأردني موزعة حسب الدولة المصدر لها من واقع شهادات المنشأ الصادرة عن غرفة صناعة عمان
من تاريخ 2009/01/01 إلى تاريخ 2009/12/31 مقارنة بالفترة من تاريخ 2008/01/01 إلى 2008/12/31

الوصف	الصـــــــــادرات	الصـــــــــادرات	الفرق
السعودية	8,313,011	9,117,106	**804,095**
سوريا	4,144,688	3,870,853	**(273,835)**
العراق	1,995,254	3,328,260	**1,333,007**
الاردن	3,544,776	2,305,130	**(1,239,646)**
الكويت	5,896,461	1,402,907	**(4,493,554)**
الامارات العربية	2,023,715	1,192,067	**(831,648)**
قطر	2,301,957	1,156,151	**(1,145,806)**
الولايات المتحدة	175,208	440,912	**265,704**
مصر	337,240	359,351	**22,111**
ليبيا	238,691	182,810	**(55,881)**
السودان	163,546	181,385	**17,838**
فلسطين	159,932	102,281	**(57,650)**
اليمن	133,474	91,825	**(41,649)**
البحرين	174,264	83,958	**(90,306)**
عمان	126,678	66,050	**(60,628)**
المغرب	0	61,330	**61,330**
لبنان	27,413	53,630	**26,217**
تونس	27,991	45,383	**17,392**
استراليا	4,938	33,718	**28,780**
اسرائيل	62,521	33,368	**(29,153)**
المكسيك	213	31,720	**31,507**
بريطانيا	1,003	29,163	**28,160**
الغابون	0	27,378	**27,378**
الجزائر	42,823	25,425	**(17,398)**
كندا	33,346	24,987	**(8,359)**
اسبانيا	1,654	23,570	**21,915**
اندونيسيا	0	22,950	**22,950**
روسيا	355	20,788	**20,433**

9,285	17,992	8,707	فرنسا
3,980	16,700	12,720	رومانيا
14,129	15,804	1,675	هولندا
10,114	15,791	5,677	ايطاليا
12,988	14,264	1,275	بلجيكا
7,971	10,220	2,250	المانيا
8,256	8,574	319	قبرص
7,200	7,200	0	اليابان
5,833	6,182	349	النمسا
6,081	6,081	0	سويسرا
5,749	5,749	0	البرازيل
2,900	2,900	0	الهند
2,440	2,440	0	الدنمارك
775	2,000	1,225	تشيلي
1,755	1,755	0	نيوزيلندا
1,679	1,679	0	كينيا
1,633	1,633	0	بولندا
775	1,272	497	الفلبين
(343)	1,159	1,501	بلدان اخرى
500	500	0	افغانستان
355	355	0	الصين
349	349	0	بيرو
284	284	0	تايلاند _سيام
(855)	213	1,068	البرتغال
213	213	0	فنلندا
0	142	142	اليونان
142	142	0	النرويج
142	142	0	دومينيك
(27,314)	0	27,314	تركيا
(107)	0	107	سنغافورة
(1,999)	0	1,999	هونغ كونغ
(22,576)	0	22,576	اوغندا
(26,089)	0	26,089	نيجيريا
(142)	0	142	ايرلندا
(23,991)	0	23,991	اوكرانيا
(142)	0	142	لاتفيا
(45,298)	0	45,298	فنزويلا
5,660,024)	**24,456,191**	**30,116,215**	**المجموع الكلي**

الاحصائية التقارير
الخارجية تقرير حركات التجارة

كشف الصادرات بالدينار الأردني موزعة حسب السلعة من واقع شهادات المنشأ الصادرة عن غرفة صناعة عمان
من تاريخ 2009/01/01 إلى تاريخ 2009/12/31 مقارنة بالفترة من تاريخ 2008/01/01 إلى 2008/12/31

الوصف	الصـــــــــادرات	الصـــــــــادرات	الفرق
اثاث خشبي للمكاتب	6,643,204	6,045,640	**(597,564)**
اطقم جلوس خشبيه	3,253,079	3,718,416	**465,337**
مطابخ خشبيه	3,360,096	2,468,829	**(891,268)**
صفائح من الخشب	2,535,923	1,651,084	**(884,839)**
اثاث مدرسي	2,441,823	1,445,197	**(996,626)**
اعمال النجاره والديكور	1,301,742	1,232,349	**(69,394)**
اعمال الموبيليا حسب الطلب	1,128,043	1,203,628	**75,585**
ابواب وشبابيك خشبيه	1,845,676	1,110,344	**(735,332)**
اثاث مستشفيات ومختبرات	2,971,118	1,041,060	**(1,930,057)**
غرف نوم خشبيه	920,785	934,688	**13,903**
مقاعد خشبيه	844,836	819,488	**(25,349)**
خشب منقوش وخشب مطعم _تحف شرقيه مصدفه(	217,459	813,992	**596,533**
صفائح خشبيه ملبسة فورمايكا	673,569	768,794	**95,225**
بوفيهات خشبيه	14,995	486,042	**471,046**
غرف سفره خشبيه	263,959	228,092	**(35,867)**
صالونات خشبيه	136,586	174,024	**37,438**
صفائح من قشره الخشب	222,477	130,697	**(91,780)**
اثاث فنادق	996,404	109,822	**(886,582)**
صوفات خشبية	77,327	47,400	**(29,927)**
بكرات خشبيه	13,824	18,962	**5,138**
صفائح خشبية ملبسة معادن	253,289	7,644	**(245,645)**
مسامير الخشب للبناء	0	0	**0**
المجموع الكلي	**30,116,215**	**24,456,191**	**(5,660,024)**

الاحصائية التقارير
الخارجية تقرير حركات التجارة

كشف الصادرات بالدينار الأردني موزعة حسب الدولة المصدر لها من واقع شهادات المنشأ الصادرة عن غرفة صناعة عمان
من تاريخ 2009/01/01 إلى تاريخ 2009/12/31 مقارنة بالفترة من تاريخ 2008/01/01 إلى 2008/12/31

الوصف	الصـــــــــادرات	الصـــــــــادرات	الفرق
السعودية	9,886,695	11,239,922	**1,353,226**
العراق	8,703,953	9,097,585	**393,632**
سوريا	4,284,086	4,211,136	**(72,950)**
الاردن	3,794,035	2,504,063	**(1,289,972)**
الكويت	6,863,455	1,740,497	**(5,122,958)**
الامارات العربية	2,293,774	1,421,300	**(872,474)**
فلسطين	1,425,110	1,389,560	**(35,550)**
قطر	2,501,947	1,382,083	**(1,119,865)**
الولايات المتحدة	344,593	678,152	**333,559**
مصر	665,063	592,164	**(72,899)**
ليبيا	293,772	246,209	**(47,563)**
تونس	202,253	227,644	**25,391**
لبنان	134,206	198,019	**63,813**
السودان	195,728	189,751	**(5,976)**
اسرائيل	279,072	171,045	**(108,027)**
الجزائر	88,211	138,290	**50,079**
البحرين	179,113	129,663	**(49,451)**
اليمن	320,881	115,829	**(205,052)**
المغرب	71	100,189	**100,118**
عمان	126,749	80,612	**(46,137)**
استراليا	7,204	38,452	**31,247**
المكسيك	3,035	32,209	**29,174**
بريطانيا	5,292	30,720	**25,427**
الغابون	60,388	27,378	**(33,011)**
كندا	37,812	26,991	**(10,821)**
فرنسا	12,774	25,881	**13,107**
اسبانيا	5,851	24,848	**18,997**
اندونيسيا	355	22,950	**22,595**

16,496	22,918	6,423	روسيا
5,716	17,184	11,468	ايطاليا
14,307	16,763	2,456	هولندا
3,980	16,700	12,720	رومانيا
11,931	15,080	3,150	بلجيكا
2,352	11,918	9,566	المانيا
(23,595)	8,874	32,469	قبرص
7,976	7,976	0	افغانستان
7,342	7,342	0	اليابان
3,629	6,731	3,101	النمسا
3,988	6,436	2,448	سويسرا
4,104	5,855	1,751	البرازيل
3,454	3,539	85	الهند
2,795	2,795	0	الدنمارك
1,032	2,300	1,268	تشيلي
564	2,288	1,724	نيوزيلندا
888	1,846	959	بولندا
(1,897)	1,719	3,616	الفلبين
1,679	1,679	0	كينيا
(520)	1,336	1,856	بلدان اخرى
994	994	0	ايران
(23,175)	817	23,991	اوكرانيا
229	669	440	سنغافورة
256	639	383	الصين
426	568	142	اليونان
143	442	298	ايرلندا
(784)	391	1,174	البرتغال
349	349	0	بيرو
284	284	0	تايلاند_سيام
(51)	249	300	النرويج
213	213	0	فنلندا
142	142	0	ارمينيا
(2,698)	142	2,840	ماليزيا
142	142	0	ايستونيا
142	142	0	دومينيك

107	107	0	موريشيوش
85	85	0	بلغاريا
(809)	71	880	السويد
(85)	0	85	تايوان
(27,506)	0	27,506	تركيا
(213)	0	213	كوريا الجنوبية
(3,473)	0	3,473	هونغ كونغ
(22,576)	0	22,576	اوغندا
(291)	0	291	جنوب افريقيا
(284)	0	284	ساحل العاج
(26,089)	0	26,089	نيجيريا
(71)	0	71	سلوفاكيا
(1,420)	0	1,420	سلوفانيا
(71)	0	71	كرواتيا
(142)	0	142	لاتفيا
(45,358)	0	45,358	فنزويلا
(85)	0	85	كولومبيا

كشف الصادرات بالدينار الأردني موزعة حسب الاتفاقية من واقع شهادات المنشأ الصادرة عن غرفة صناعة عمان من تاريخ 2009/01/01 إلى تاريخ 2009/12/31 مقارنة بالفترة من تاريخ 2008/01/01 إلى 2008/12/31			
الفرق	الصـــــــادرات	الصـــــــادرات	**الوصف**
7,826,944	18,937,154	11,110,209	جامعة الدول العربية الجديدة
(3,121,708)	17,313,708	20,435,416	لا توجد اتفاقية معتمدة
(3,906)	0	3,906	اتفاقية التبادل التجاري الحر بين حكومة المملكة الاردنية الهاشمية وحكومة جمهورية مصر العربية
(11,419,122)	0	11,419,122	منطقة التجارة الحرة العربية الكبرى
0	0	0	نظام الأفضليات المعمم
(6,717,792)	**36,250,861**	**42,968,653**	**المجموع الكلي**

Chapter 4

4.1 The Jordanian Wooden Furniture Industry Overview Presentation

Jordan

Wooden-Metal Furniture Industry

2010

JFEMA
Jordan Furniture Exporters & Manufacturers Association

MultiLink Consultants

USAID FROM THE AMERICAN PEOPLE

Agenda

1- Introduction

2- Objectives

3- Methodology

4- Study Structure

5- Results

6- Recommendations

7- Next Steps

8- Q & A

FEMA
Jordan Furniture Exporters & Manufacturers Association

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USAID Jordan Economic Development Program (SABEQ)

1- Introduction

Sector Definition:

Products: Home / Kitchen /Education / Office / Desks / Chairs / Shelves / Safe / Storage Solutions / Theater / Laboratory / Plastic / Decoration / Contract / Partitions / Doors

Study Focus: Wooden- Metal Furniture Producers ONLY

DIRECT Effect On the National Economy

- **Contribution to the National Economy**
- **Export Opportunities**
- **Creation of more jobs in the supply chain and thus contribute positively to the GDP.**

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MultiLink Consultants

USAID Jordan Economic Development Program (SABEQ)

The Size of the Furniture Industry

in Jordan is estimated at:

JD. 204,000,000

Produced for Local Market:

JD. 165,000,000

Plus

JD. 39,000,000 Exported from Jordan

JD. 69,000,000 Imported into Jordan 2008

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Sector Local Demand Mix	JD.
Schools	3,000,000
Newly Wed 65,000 / Yr	32,000,000
Sector Expenditure	115,000,000
Laboratory	2,000,000
Universities	3,000,000
Contract Furniture	10,000,000
Total	165,000,000

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USAID Jordan Economic Development Program (SABEQ)

Number of Labor in the Sector:

10,220

Number of Registered Establishments:

2,861

عجلون	جرش	المفرق	اربد	مأدبا	الزرقاء	البلقاء	العاصمة	متوسط إنفاق الفرد السنوي
13.8	18.9	12.5	26.4	20.2	14	20.9	25.9	الأثاث والسجاد والمفارش
8.2	12.4	5.4	13.5	9.6	7.5	8.8	10.7	التجهيزات المنزليه
22	31.3	17.9	39.9	29.8	21.5	29.7	36.6	المجموع

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USAID Jordan Economic Development Program (SABEQ)

Imports 2007

Origin	قيمـــة دينار	% Share	Origin
China	10,239,817	31.28%	الصين
Turkey	4,184,658	12.78%	تركيا
USA	4,013,969	12.26%	الولايات المتحدة
Lebanon	2,458,415	7.51%	لبنان
Egypt	2,070,338	6.32%	مصر
Italy	1,866,256	5.70%	ايطاليا
Malaysia	1,624,247	4.96%	ماليزيا
EU	1,555,852	4.75%	السوق الاوروبية
Others	4,720,647	14.42%	أخرى
Total	32,734,199	100.00%	مجموع

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USAID Jordan Economic Development Program (SABEQ)

Destination	Exports JD. Nov.2009	Share %	ACC %
1. Saudi Arabia	5,777,036	43.52%	43.52%
2. Iraq	1,987,233	14.97%	58.48%
3. Economic Zone	1,141,899	8.60%	67.08%
4. Kuwait	1,089,429	8.21%	75.29%
5. UAE	861,493	6.49%	81.78%
6. Qatar	779,492	5.87%	87.65%
7. Syria	402,966	3.04%	90.69%
8. Egypt	252,861	1.90%	92.59%
9. Palestine	188,126	1.42%	94.01%
10. Zarqa Zone	114,879	0.87%	94.87%
11. Others	680,547	5.13%	100.00%
Total	13,275,961	100.00%	

FEMA Jordan Furniture Exporters & Manufacturers Association

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USAID Jordan Economic Development Program (SABEQ)

3-Methodology

- Development of a questionnaire to Conduct a survey on JFEMA and Non-JFEMA members

- Data Collection / DOS / Customs / MIT

- Analysis Software Development

- Design a **Knowledgebase for the Sector**

JFEMA Jordan Furniture Exporters & Manufacturers Association

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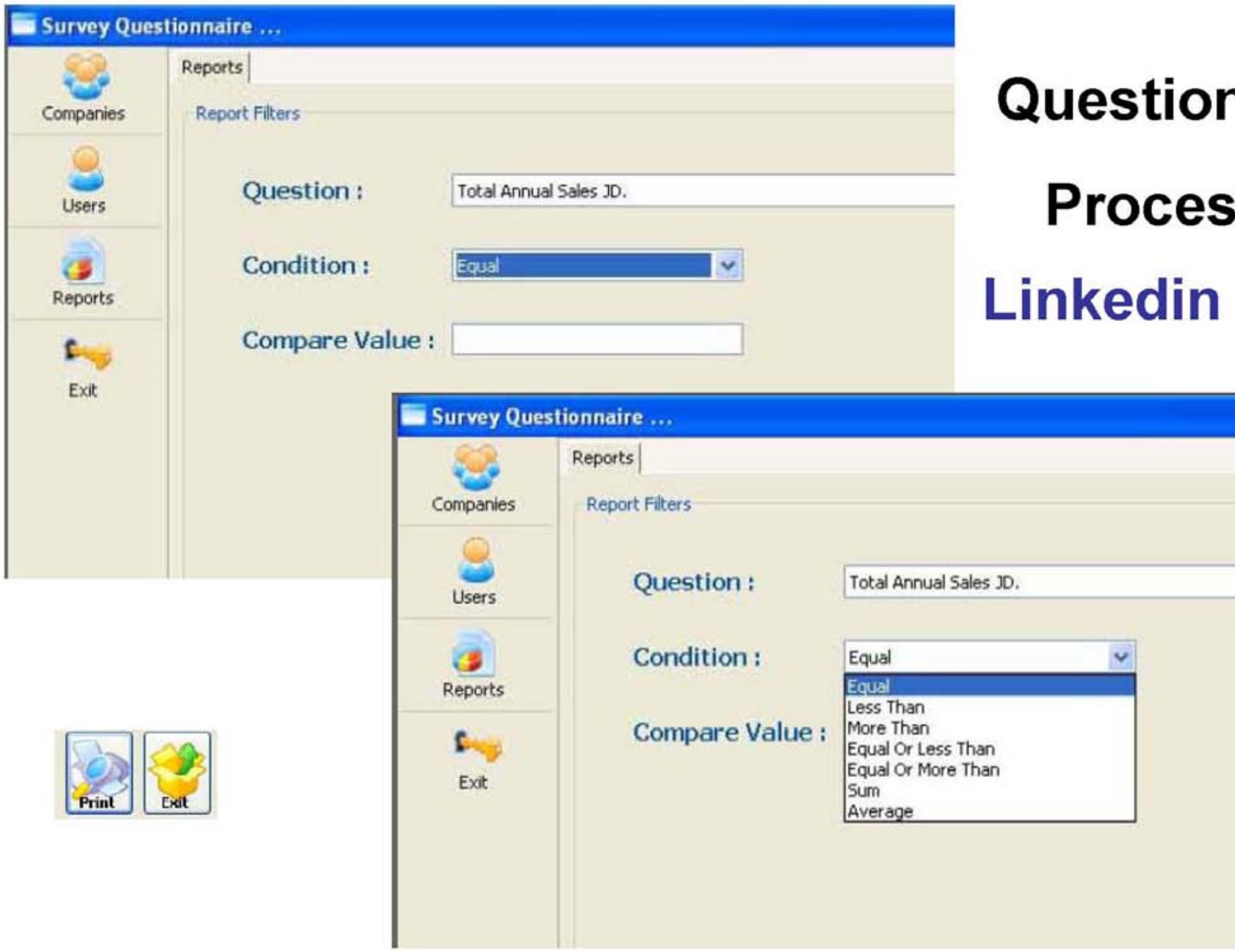
USAID Jordan Economic Development Program (SABEQ)

Questionnaire

Processed

Linkedin Model



FEMA Jordan Furniture Exporters & Manufacturers Association

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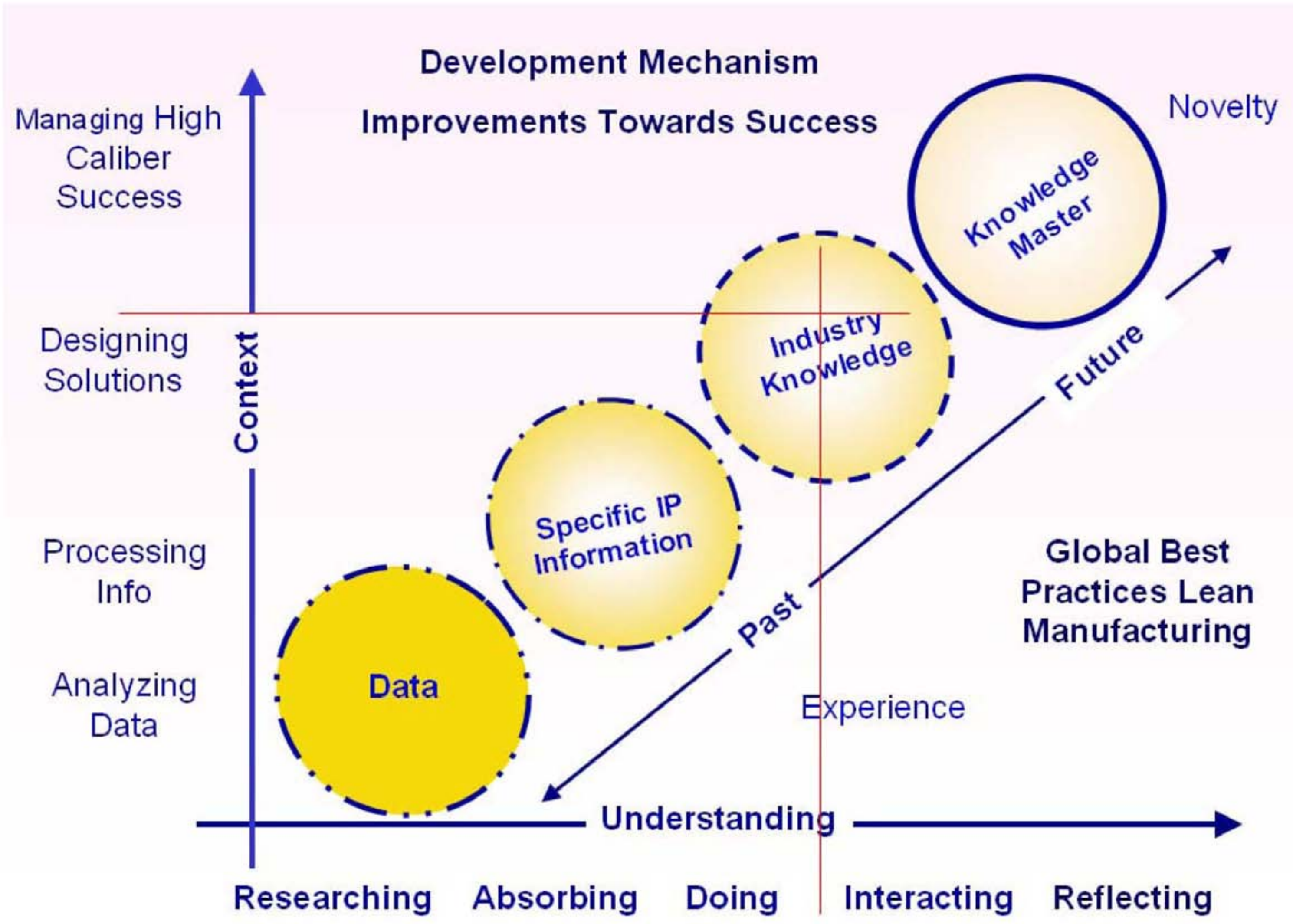
USAID

USAID Jordan Economic Development Program (SABEQ)


Development Mechanism
Improvements Towards Success
Managing High Caliber Success
Designing Solutions
Processing Info
Analyzing Data
Context
Novelty
Knowledge Master
Industry Knowledge
Specific IP Information
Data
Future
Past
Global Best Practices Lean Manufacturing
Experience
Understanding
Researching
Absorbing
Doing
Interacting
Reflecting

World Trade Regime

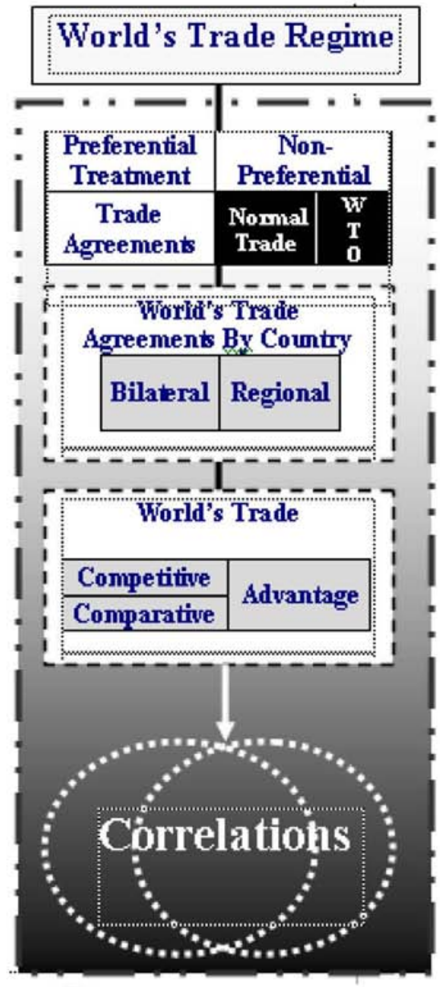
Applied Tariff Rates

A- By Date of Transaction

B- Tariff Reduction Schedule

C- Quota Liberalization Schedule

D- GSP Item



FEMA Jordan Furniture Exporters & Manufacturers Association

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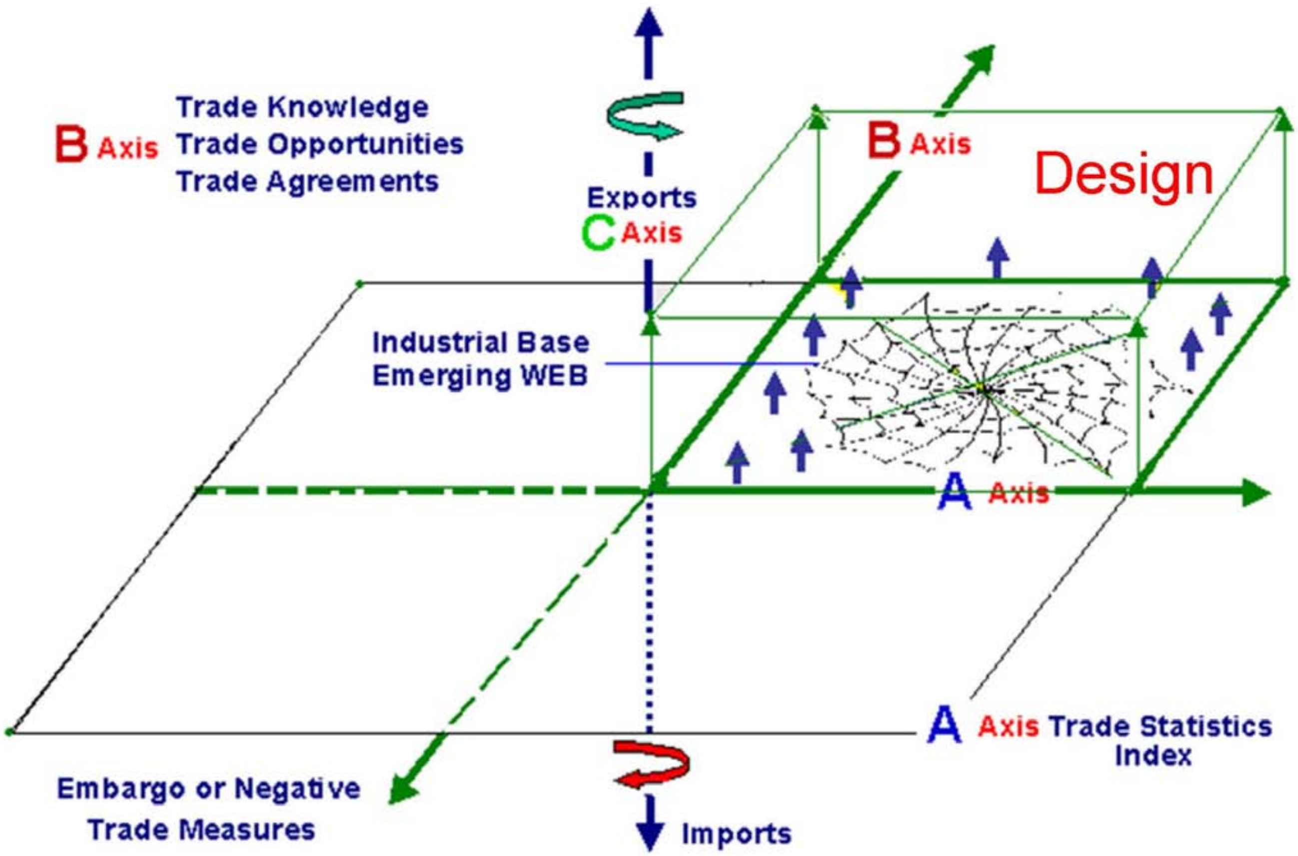
USAID

USAID Jordan Economic Development Program (SABEQ)



FEMA Jordan Furniture Exporters & Manufacturers Association MultiLink Consultants USAID USAID Jordan Economic Development Program (SABEQ)

5- Results - Export Figures

Wooden / Metal Furniture Sector Exports Chairs / Lab / Office / Kitchen / Components	
Year	**Exported Value JD.**
2006	9,800,000
2007	10,500,000
2008	21,500,000
2009 Ending Nov. 2009	13,200,000

FEMA Jordan Furniture Exporters & Manufacturers Association MultiLink Consultants USAID USAID Jordan Economic Development Program (SABEQ)

Jordan Wooden & Metal Furniture Exports 2009 for Period Ending Nov. 30. 2009			
ACC. %	Share %	Total Entity Jd.	Entity
22.47%	22.47%	2,983,418	1
32.65%	10.18%	1,351,286	2
42.60%	9.95%	1,321,193	3
51.97%	9.36%	1,243,050	4
57.91%	5.94%	789,011	5
62.27%	4.37%	579,509	6
69.45%	3.51%	466,378	7
72.67%	3.21%	426,590	8
75.74%	3.07%	407,504	9
78.57%	2.83%	376,272	10
81.11%	2.54%	336,566	11
83.13%	2.02%	268,548	12
84.90%	1.77%	235,450	13
86.28%	1.38%	182,783	14
87.48%	1.20%	158,755	15
88.66%	1.19%	157,424	16
89.61%	0.95%	126,085	17
90.45%	0.84%	111,670	18
91.22%	0.77%	102,174	19
91.94%	0.72%	96,033	20

Destination	Exports JD. Nov.2009	Share %	ACC %
1. Saudi Arabia	5,777,036	43.52%	43.52%
2. Iraq	1,987,233	14.97%	58.48%
3. Economic Zone	1,141,899	8.60%	67.08%
4. Kuwait	1,089,429	8.21%	75.29%
5. UAE	861,493	6.49%	81.78%
6. Qatar	779,492	5.87%	87.65%
7. Syria	402,966	3.04%	90.69%
8. Egypt	252,861	1.90%	92.59%
9. Palestine	188,126	1.42%	94.01%
10. Zarqa Zone	114,879	0.87%	94.87%
11. Others	680,547	5.13%	100.00%
Total	13,275,961	100.00%	

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Furniture Exports 2007			
Destination	%	القيمة دأ	المقصد
Saudi Arabia	40.96%	4,288,019	السعوديه
Iraq	9.35%	978,761	العراق
UAE	8.94%	935,499	الامارات العربية
Kuwait	8.33%	872,341	الكويت
Qatar	6.68%	699,749	قطر
Syria	4.98%	521,309	سورية
Aqaba	3.70%	387,652	منطقةالعقبة
PNA	3.41%	357,084	السلطة الوطنية
Free Zone	2.35%	246,310	المنطقة الحرة
Bahrain	1.95%	204,276	البحرين
Egypt	1.81%	189,104	مصر
Sudan	0.83%	86,799	السودان
Israel	0.82%	85,808	اسرائيل
Others	5.88%	615,683	أخرى
Total	100.00%	10,468,393	إجمالي

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90% of exports are made by 20 Companies 2007

Acc. %	%	إجمالي القيمـة لكبار المصدرين JD Total Exports for main Exporters	Exporter المصدر
20.35%	20.35%	2,130,815	1
34.41%	14.05%	1,471,018	2
41.95%	7.54%	789,210	3
49.09%	7.14%	747,915	4
54.95%	5.86%	613,413	5
60.81%	5.86%	613,099	6
65.69%	4.88%	510,970	7
70.51%	4.83%	505,269	8
74.59%	4.08%	427,007	9
77.88%	3.29%	344,132	10

Acc. %	%	إجمالي القيمـة لكبار المصدرين JD Total Exports for main Exporters	Exporter المصدر
80.32%	2.44%	255,765	11
81.94%	1.61%	169,008	12
83.53%	1.59%	166,315	13
85.02%	1.49%	156,101	14
86.14%	1.13%	117,949	15
87.16%	1.01%	105,871	16
88.01%	0.86%	89,689	17
88.86%	0.85%	89,121	18
89.67%	0.80%	83,927	19
90.38%	0.72%	75,098	20

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Furniture Exports 2006

تراكمي %	%	قيمة جمركية دينار	المقصد
92.05%	19.19%	1,875,583	الامارات العربية
	17.58%	1,718,213	العراق
	15.99%	1,561,954	السعوديه
	11.50%	1,123,852	قطر
	8.89%	868,944	الكويت
	5.99%	585,445	سورية
	4.96%	484,916	منطقةالعقبة
	2.96%	289,396	مصر
	2.69%	263,201	الولايات المتحدة
	2.28%	222,928	تركيا

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5- Results – Capability & Capacity Link

5- Results – Trade Agreements Overview Link

It is no more about tariff and ROO but about:

Technical Barriers to Trade

Standards,

Design,

Power Pricing,

Management, Kaizen and **LEAN**….

It is now Consumer / Market Driven and Not Business Dictated!

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5- Results – "Infant Industry Status"

Jordan could use the **infant industry argument** as it could be supported by trade figures. But the main immediate threat has been Turkey. The Jordan – Turkey FTA that will go into effect very soon, has a Negative LIST that includes Furniture. This enables the sector to get ready in 13 years Period… Thanks MIT.

Revealed Comparative Advantage and Effective Rate of Protection Tools Could be used.

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5- Results – Industry SWOT - Strength

It is very clear that the sector with its key stakeholders are realizing that clustering and unified activities produce an overall better business outcome. Sector leadership has evolved in a manner that reflects the maturity of their decision making process, going beyond **ego** to actual **trust-building** collaborative activities. This is the global best practice at sector level that is a key driver that will deliver an enhanced collective competitiveness at sector level.

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5- Results – Industry SWOT - Strength

Sector Strength:

Production Capability

HR Engineering Capacity

Trade Regime Competitive Advantage

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5- Results – Industry SWOT - Opportunity

Potential market segments – "A non-traditional approach"

Identifying US manufacturers interested in selling to the Gulf Cooperation Council (GCC) markets

Jordan as an "outsourcing venue"/"value-adding /production" hub in the Middle East for US companies.

Utilizing Jordan - Turkey FTA –

Accumulation of Origin with relatively low cost / high quality

Tech. Transfer

Jordan- EU Association Agreement

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6- Recommendations:

Funding the establishment of a Marketing Function in JFEMA in order to:

Facilitate Trade LEADS to members

Organize Trade Exhibitions

Organize Trade Missions

Establishing a Supply Chain and relationship amongst the interested and qualified companies for increasing their exports to selected markets and associated segments- mainly in the USA, and setting the grounds for establishing a **consortium** that could also benefit from smaller furniture producers.
Cross industry linkages will be explored in a manner that will utilize **inter and intra industry trade**.

Establish TRUST among Companies.

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6- Recommendations:

Establish a higher Level Dialogue with the Government and the COI and COC in order to solve the Industry Problems:

Foreign labor issue

Facilitate better treatment at Customs in SA, Sudan, Libya, Egypt

Certificate of Origin Problems at Customs of GAFTA

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6- Recommendations:

Review and evaluate other countries subsidies to exports like Turkey and Egypt.

Transport Facilitation and Labeling problems on each component at Customs of SA – Establish a Gold List in coordination with SA.

Establish a Laboratory to examine and certify sector production and upgrade the industry. FIRA / CATAS

Link 111 drafters to Design Jordan and facilitate capability and capacity building in Design.

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6- Recommendations:

Seek representation at JE, JIB, through Chambers

Create a mechanism to monitor goods coming from abroad without having an reliable origination status and exploiting FTAs of other countries. USTR

Formulate a Promotional Strategy for the Sector.

Pronounce the Sector as the Industrial Sector of 2010

Enhance and Support the Sector new Knowledge base and work towards linking it with other sectors.

FEMA Jordan Furniture Exporters & Manufacturers Association   MultiLink Consultants   USAID   USAID Jordan Economic Development Program (SABEQ)

6- Recommendations

Create a marketing Department at JFEMA

Linked-in approach and a mechanism to create synergies amongst sector players – i.e. business Web based Model / Profiling

Building a knowledge base and ensuring sustainability. Model can be extended and applied to other industrial and manufacturing sectors in Jordan

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7- Next Steps

2010 Performance Indicators / KPIs

Reinforce and grow number of Export markets
Generate **15%** new employment opportunities
Expand JFEMA membership by **100% (40** new members)
Establish 2 joint-ventures
A "Furniture Exporter Award" –
Largest Exporter Category
Best internal chain suppliers (group)
Attending **NeoCon® Milan World's Libya March**

JFEMA Jordan Furniture Exporters & Manufacturers Association — MultiLink Consultants — USAID — USAID Jordan Economic Development Program (SABEQ)

Chapter 5

5.1 Sector Supply Chain

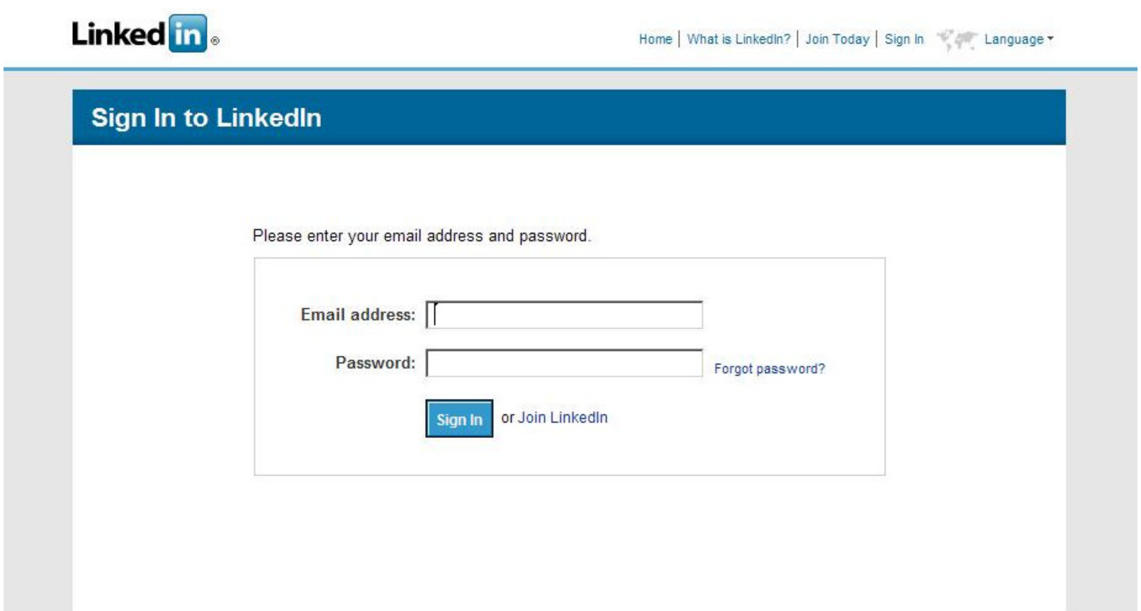
- Set The Ground For The Creation of a Supply Chain And Relationship Among The Companies For Increasing Their Exports And Set The Grounds To Establishing A Consortium / Joint Ventures That Could Also Benefit Even From Smaller Furniture Producers, And Exploring Cross Industry Linkages.

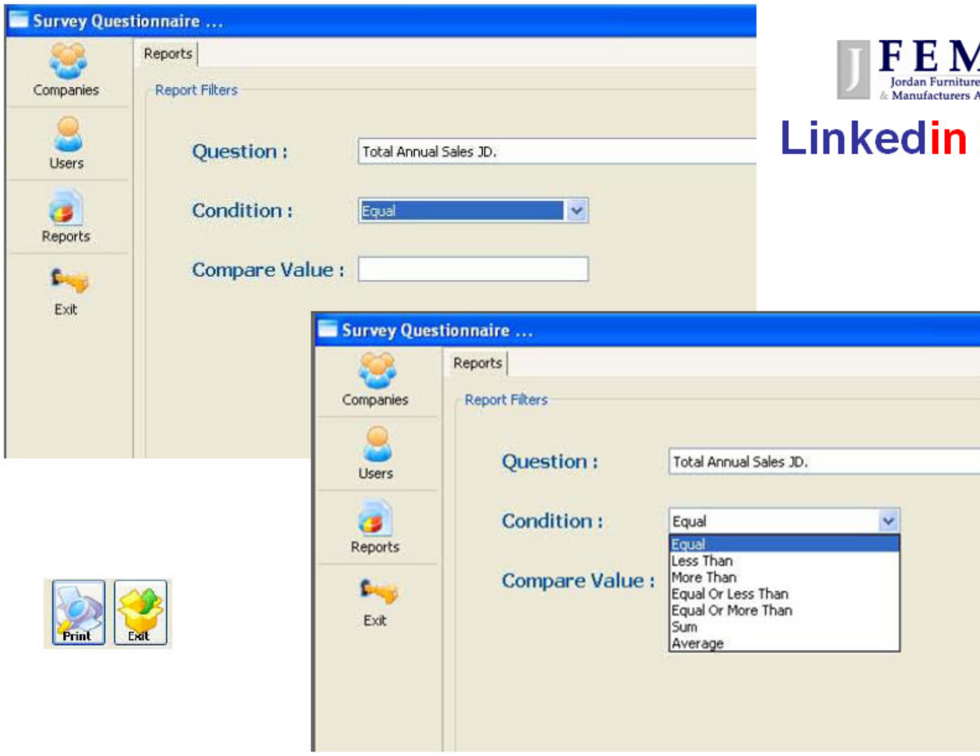
In this assignment an initiative has been taken towards establishing an electronic network among JFEMA's members to exchange information and share capability and capacity profiles.

The information obtained from the questionnaire was stored in Microsoft SQL Server Database with queries for reporting findings.

It is suggested that a **LinkedIn** type system developed in order to strengthen and extends network of members of the supply chain. **LinkedIn** is a networking tool that facilitates exploring and developing cooperation and build trust, explore mutual cooperation possibilities, joint ventures, develop synergy in effect, and create more exporting opportunities, strengthen the industrial base by enhancing backward and forward linkages. www.**linkedin**.com

The basic work has been done for the Furniture industry and it is aspired that this effort will be further developed to include other industrial and commercial sectors.





Linkedin Model

The extended web based model shall include multiple sectors and a smart identification process to match and link stakeholders. IT will be the first step towards establishing an accessible knowledgebase containing the Multi-Sector vital information.

Please see Annex II Page 80

Chapter 6

6.1 Why the "Infant Industry" Proposition

The Business Dictionary definition of infant industry is:

"New Industry in its early stages of development, and in need of protection from predatory competition through tariff and non-tariff barriers until it is established."

This report proposes that Jordan should consider the "Furniture sector" as 'infant" and therefore offer it incentives and permissible protection measures, for a limited period of time' until it is well established and able to partner with winners in the sector value chains, find buyers, and compete in the global market place.

The Argument for "Infant Industry"

The infant industry argument is an economic reason for protectionism. The root of the argument is that nascent industries often do not have the economies of scale that their older competitors from other countries may have, and thus need to be protected until they can attain similar economies of scale. It was first used by Alexander Hamilton in 1790 and later by Friedrich List, in 1841, to support protection for German manufacturing against the British industry.

Protectionism allows an industry to develop until it is able to compete in international trade. History provides numerous examples of the benefits of protecting infant industries. In the 1830s the average tariff of the USA was 40%, the highest in the world, allowing the development of manufacturing industries until World War II when the manufacturing supremacy of the USA was absolute. More recently in 1939 Japan kicked out General Motors to protect Toyota which at the time was uncompetitive in the global market. The economic miracle of Taiwan has occurred with a state sector one and a half times the world average. Another good example is the agreement signed between EEC and Japan in July 1991. It put a temporary protection for big auto groups (until Dec. 31st, 1999) in order to allow them to modernize and then be able to confront Japanese competition.

Argument against Protectionism

Infant industries are by definition those that are not strong enough to survive open competition – they are dependent on government subsidies and protectionism in order to survive. At a given point in time, protectionist policy, along with inefficient industries leads to higher prices and lower quality goods for the consumer than if the good or service produced by the industry was produced competitively on the international market.

For these reasons the infant industry argument is often criticized. Firstly it is hard for government to know which industries will ultimately turn out to have growth potential. A lack of domestic capacity or unforeseen emergence of (even more superior) foreign rivals may, in fact, prohibit industries from becoming competitive in the long run. It is often the case that rather than developing or innovating, the protected industry becomes complacent, due to a lack of competition from the international market.

Furthermore, since countries that put up barriers to imports will often face retaliatory barriers to exports, protectionism could hurt certain infant industries because the size of their potential market would be smaller.

For developing countries like Jordan, international economic integration is both an opportunity and a challenge. On the one hand, trade liberalization is a great pressure and incentive to change, and if this influence is properly guided and utilized, the country can enter a new age of dynamism and prosperity. On the other hand, facing this powerful force without adequate preparations is risky and may lead to socioeconomic instability.

In either case, policy makers of countries that opt to liberalize their economies, bear a very heavy responsibility. Integration must surely be pursued, and reinforced with a readiness to maximize its benefits and minimize its costs. Integration should be paced in a manner that stimulates realistic domestic reforms.

What is being proposed for Jordan?

In order to justify industrial promotion through temporary import protection, Jordan, as a developing country should improve the capability of domestic enterprises. **Their capability should be nurtured—and externally demonstrated—primarily through presenting concrete and reasonable promotion strategies.**

Free trade invigorates the national economy through the following channels (provided that at least some domestic enterprises can meet the challenge):

- Improving static efficiency of resource allocation
- Forced exit of inefficient producers
- Disciplinary effect on surviving industries for constant improvement
- Importing more effective rules and systems from abroad
- Defeating domestic monopoly (whether natural or policy-created)
- Protect the government against political capture by interest groups
- Avoiding retaliatory trade measures by other countries (reciprocity)

In order for Jordan to identify prospective industries to benefit from an ' infant industry' classification, it may consider the following list of general criteria by which to choose candidate industries. For example,

- Labor intensity and employment impact
- Forward and backward industrial linkage
- Possibility of rapid productivity growth and technology absorption
- High income and price elasticity's of demand (domestic and overseas)
- International market conditions and competitors' behavior
- Balance of payments impact
- Possibility of use of domestically available raw materials (Cumulation of Origin)

The furniture sector meets the above criteria, thus the proposition being made.

Another possible approach is to infer the competitiveness of each industry from a relatively simple indicator, such as the price gap between domestic and foreign products or the current level of import protection.

It is clearly understood that under the regional obligation of GAFTA and the global obligation of the WTO, permanent protection of any industry is out of question, and as such, all industries should be prepared to compete in a free trade environment. Exceptions may arise in very special circumstances that may include temporary protection of a limited number of industries for the reason of either:

(i) industrial promotion under a very specific and realistic development plan; or

(ii) severe injury of domestic producers due to sudden penetration of imports.

It is this report's proposal to include the "furniture sector" as a beneficiary industry of these exceptional circumstances. As such, it is proposed that protection may be conducted within the framework of the 26 signed trade agreements that Jordan has committed to, and most especially JOR-USA FTA, the JOR-EU Association Agreement, the JOR-Turkey FTA and the WTO.

In the view of the above analysis, Jordan could use positively the Infant Industry Argument to extend a time protection for the Wooden Furniture Sector. Revealed comparative advantage, along with the effective rate of protection (ERP)[1] could both constitute solid grounds for this proposed approach in negotiating a minimum of ten years protection period for the furniture industry when negotiating free trade agreements with other countries (Pakistan being in the pipeline).

Case: Effective Rate of Protection Jordan- USA FTA

ERP calculations for Jordan's wood furniture industry demonstrate the extent to which the industry will be susceptible to foreign competition when protection to the industry is eliminated. Although tariffs on the industry's two major inputs, sawn wood and veneer wood and plywood, are zero, there are high tariffs on the more processed carpentry wood, paints and hardware, woven fabrics and textiles, and moderate tariffs on chemicals, tools, leather and oils. Overall, the trade-weighted average of these tariffs is over 5 percent for inputs. As a result, the estimated ERP for furniture is nearly 50 percent in Jordan.

Since there is a large amount of two-way trade in many traded products, the elimination of trade barriers between Jordan and the United States will favor the most efficient producers. In Jordan, inefficient industries with particularly high levels of protection will be most vulnerable, and the FTA will liberate valuable resources from less productive sectors for use in Jordan's true comparative advantage industries. Estimates calculated of the ERP for the furniture sector demonstrates that the level of protection in this one industry is larger than simple nominal rates of protection would reveal. This type of information would be valuable to both the private and public sectors in adjusting to the FTA.

To illustrate: Furniture is produced using only one tradable input, wood. Let US$100 worth of furniture require US$55 worth of wood without any tariff distortions. Under free trade, the value added would be US$45. With an existing tariff of 30 percent applied to the final product, then furniture would now sell for US$130 in the domestic market.

Using the ERP formula[2], the value-added available for profits and non-tradable inputs is found to be much higher at 66 percent (the 30 percent tariff divided by the 45 percent

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1 In economics, the effective rate of protection is a measure of the total effect of the entire tariff structure on the value added per unit of output in each industry, when both intermediate and final goods are imported. This statistic is used by economists to measure the real amount of protection afforded to a particular industry by import duties, tariffs or other trade restrictions.

2 In practice, calculation of the ERP is based on the measurement of the difference between the observed value added with the existing tariff structure and that estimated for the industry under free trade. The value added under free trade is calculated by deducting from the observed value added the revenue equivalent of the tariff on the industry's output and the cost equivalent of the tariffs affecting intermediate inputs used in production. Specifically, the ERP for a product is the percentage excess of domestic value added, V, over the international market value added, W, that value added that would have been realized in the absence of the existing tariff structure. The difference between V and W, expressed as a percentage of W is the ERP, i.e. ERP = (V - W) / W.

domestic value added). Naturally, this profit would be eroded if the tradable input were also subject to a tariff. For input tariffs of 10, 20 and 30 percent the ERP would successively fall to 54, 42 and 30 percent. Thus the ERP shows the extent to which an industry is afforded a relative advantage because of a graduated tariffs structure over one that is uniform.

The current nominal tariff of 30 percent applies to imports of nearly all types of furniture listed in the Table adjacent.

Imports for modernization and renewal of hotels and hospitals, however, are exempt from duties and taxes on furniture once every seven years (U.S. Department of State, 2001). This is an immediate market opportunity for furniture designers and manufacturers to target!

HS Code	Product Description
940360	Other wooden furniture
940340	Wooden furniture used in kitchen
940370	Furniture of plastics
940320	Other metal furniture
940330	Wooden furniture used in offices
940310	Metal furniture used in offices
940350	Wooden furniture used in bedroom
940380	Furniture of other materials

Jordan's Effective Rate of Protection in the Furniture Industry

	Nominal Rate of Protection	Input Coefficient with Tariff	Input Coefficient without Tariff
Finished Product	30%		
Tradable material inputs			
Sawn wood, polishing pads	0%	0.182	0.236
Veneer and plywood	0%	0.150	0.195
Wood and carpentry wood	30%	0.078	0.078
Paints and hardware	30%	0.069	0.069
Industrial chemicals	10%	0.027	0.032
Petroleum oils and residues	5%	0.021	0.026
Tools and saw blades	10%	0.011	0.013
Industrial machinery	0%	0.004	0.005
Woven fabrics	30%	0.004	0.004
Woodworking machinery	0%	0.002	0.003
Leather, abrasive products	10%	0.002	0.002
Textile goods	30%	0.001	0.001
Plastics products	0%	0.001	0.002
Effective Rate of Protection (%)	49%		

Note: See Annex A for methodology and input-output coefficient sources.

Chapter 7

7.1 Communication Workshop:

A Communication workshop was held in order to communicate the findings of the study, and get a feedback from participants, follow up, and produce a final report.

On Jan. 12th, 2010, the workshop was held to communicate results and recommend steps need to be taken assist and strengthen the Furniture sector.

The Minister of Industry and Trade, his Excellency Engineer Amer Al-Hadidi, attended and pledged Jd. 1,000,000 in support to the sector. The Fund shall be allocated from Jordan Enterprise.

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تحت رعاية معالي وزير الصناعة والتجارة الأكرم

معـالي المهنـدس عـامـر الحـديـدي

تتشـرف

جمعية مصدري ومنتجي الأثاث الأردنية وبرنامج التنمية الإقتصادية (سابق)

الممول من الوكالة الأمريكية للتنمية الدولية في الأردن

بدعوتكـم

لحضور ورشة العمل الخاصة بالدراسة التصديرية التي أعدتها الجمعية عن الشركات التصديرية

الأردنية العاملة في قطاع الأثاث والصناعات الخشبية والتي ستقام في فندق الميريديان-عمان

في تمام الساعة الثانية عشرة ظهراً من يوم الثلاثاء الموافق 12 / 1 / 2010

يتخللها حفل غداء على شرف المشاركين

الدعوة شخصية

للإعتذار: هاتف رقم (0796633778)

The following recommendations were presented and his Excellency Minister was forthcoming and showed an immense support for the sector along with the strong support of his Excellency Dr. Hatem Al-Halawani the President of Amman Chamber of Industry.

Around 85 people representing the sector attended the three hours workshop and listened to the Minister, USAID Economic Desk Chief, Dr. Ruba Jaradat, the ACI President and to the Furniture Industry sector Representative at ACI. After that Mr. Musa Hammudeh, presented the study findings and recommendations and Questions & Answers session started.

The workshop was concluded and lunch was served. The workshop was covered by three local newspapers and by the Jordan TV.

Chapter 8

8.1 Recommendations

The following recommendations were adopted by the sector:

Point Description	Action
Industry Problems and Export Constraints: Labor issue	Coordinate with MOL and MIT to facilitate a Time Formula based solution that allows industrial entities to temporarily obtain foreign labor as a percentage of local labor for a limited period of time / نظام إحلالي
Utilizing Trade Agreements **In combination with the System of Pan-Euro-Med cumulation of origin / Turkey FTA**	**Excellent Hub Location: Potential market segments – "A non-traditional approach"** Identifying US manufacturers interested in selling to the Gulf Cooperation Council (GCC) markets and utilizing Jordan as an "outsourcing venue"/"value-adding /production" hub in the Middle East for USA companies. **Utilizing Jordan - Turkey FTA – Tech. Transfer and Source of low price EU standard Component that is used in accumulating an origination status to benefit from Jordan- EU Association Agreement**
More Representation for the sector in Governmental international missions	Promote the sector by having sector representation in these missions like the IT and pharmaceutical sectors.
Industry Problems and export Constraints: Transport and Customs issues in SA / Sudan / Egypt/ Libya	Coordinate with Dr. Luay Suhwail at MIT to Solve the problem and explore the opportunity of establishing an Export Golden List with the Saudis
Industry Problems and Export Constraints: **Technical Barriers: Lack of** Standards, Design	Establish a Laboratory to examine and certify sector production and upgrade the industry. FIRA England / CATAS Italy
Evaluate unfair competition procedures by governments of regional countries in subsidizing export.	Conduct a comparative analysis on subsidies and other incentive schemes done by governments or NGOs. Turkey and Egypt
Trade Agreements utilization to deploy capacity &	**FTA** -Conduct a marketing study and a mission to explore USA Industry major Players including attendance of

Point Description	Action
capability of existing entities.	Chicago NeoCon® Furniture Fair
	Association Agreement - Milan Furniture Fair
	GAFTA + Libya Bilateral Libya Agreement / Attend Trade Mission
	JFEMA study and tour to Turkey
Create a mechanism to monitor goods coming from abroad without having an reliable origination status and exploiting FTAs of other countries	Initiate a process to prevent abuse of FTA and protect the sector from unfair competition. MIT / Customs / USTR http://www.ustr.gov
Establish a higher Level Dialogue with the Government and the COI and COC in order to solve the Industry Problems	Establish more representation and provide more input from the sector most especially in negotiating trade agreements and in formulating laws concerning the industry
Assign more trade representatives in target markets. Enhancing Saudi Arabia market share for all entities through joint ventures.	A study to identify methods to enhance market share and identify main contractors involved in Gov. projects. MIT involvement is desired.
Infant Industry Status	Conduct a study to declare the sector as an **Infant Industry** to protect it for the next 15 years

Arabic Draft Text of the Letter to the Minister of Industry and Trade that his Excellency requested:

االتاريخ 2010/1/19

معالي وزير الصناعة و التجارة الاكرم

تحية طيبه واحترام و بعد،،،،

اشارة الى ورشة العمل التى نظمتها جمعية مصدري ومنتجى الاثاث الاردنية بتاريخ 2010/1/12 والتى حظيت برعاية معاليكم والتى تم خلالها مناقشة الدراسة التصديرية التى اعدتها الجمعية عن الشركات التصديرية الاردنية في قطاع الاثاث والصناعات الخشبية بدعم من الوكالة الامريكية للتنمية الدولية في الاردن (مشروع سابق)، واشارة الي توجيهات معاليكم باطلاعكم على التوصيات ونتائج هذة الدراسة بهدف اعداد برنامج عمل يخدم مصالح الشركات العاملة في هذا القطاع، فارجو ان نقدم لمعاليكم بعض الحقائق التى وفرتها هذه الدراسة بالاضافة الى اهم المعوقات والصعوبات التى نتطلع إلى دعم معاليكم لتوفير الاجراءات المناسبة للتعامل معها.

<u>مقدمة</u>:-
ان قطاع الاثاث والصناعات الخشبية يعتبر رافدا اساسيا للاقتصاد الوطني حيث يسهم بما يقارب ب (204) مليون دينارا سنويا من الناتج القومى الاجمالي، اضافة الي ما يوفره من فرص عمل وترابطات مع قطاعات الاقتصاد الوطني الاخرى وكذلك توفيره لبدائل منافسة تحجم من المستوردات وتعزز بذلك الميزان التجاري، كما ان قطاع الاثاث والصناعات الخشبية يعتبر قطاعا واعدا تحقق صادراتة زيادة سنوية بنسبة 20% تقريبا.

هذا واشارة لورشة العمل انفة الذكر وما تم خلالها من استعراض لابرز المعوقات والصعوبات التى تواجة هذا القطاع والشركات التصديرية، فستجدون ادناه ابرز هذة المعوقات والتى لا بد من ايجاد حلول لها لتعزيز تنافسية المنتج وزيادة الصادرات وهي:-

اولا:- العمالة:-وحول هذا البند نقترح الاتى:-

1-التوجة لانشاء نظام عمالة احلالي بالتنسيق مع وزارة الصناعة والتجارة و وزارة العمل وذلك على النحو التالي:-

ا- يقوم كل مصنع باستقدام عمالة أجنبية بنسبة لا تتعدى 20% من العمالة لديه و حسب قوائم الضمان الإجتماعي و لمدة أقصاها ثلاث سنوات و ذلك للقيام بتدريب العمالة المحلية لديه و إحلالها بدل العمالة الوافدة.

ب-على كل مصنع تفعيل هذه الإتفاقية مع و زارة العمل خلال فترة 18 شهرا من تاريخ اعتماد العمل بهذا الأتفاق.

ثانيا:- زيادة و تفعيل دور الممثليين التجاريين في عدد من الدول المستهدفة و تحديدا لدى كل من (المملكة العربية السعودية،الجزائر، ليبيا، السودان، العراق، قطر ودولة الامارات العربية) وذلك من قبل المؤسسة الاردنية لتطوير المشاريع الاقتصادية و تدريب كوادرها على تمثيل و خدمة القطاع و تحديد الفرص التجارية لهم في هذه الدول.

ثالثا:- وضع الية مناسبة لتمثيل القطاع مع الوفود الرسمية في مهامها الخارجية.

رابعا:- وضع الية لتحفيز الاستفادة من الاتفاقية التجارية المبرمة مع تركيا للاستفادة من تراكم المنشا (System of Pan-Euro-Mediterranean cumulation) تمهيدا لدخول الأسواق الأوربية و استغلال الفرص المتاحة من اتفاقية الشراكة الاوروبية من خلال الاستفادة من المواصفات و التصاميم والخبرات التركية في هذا المجال.

خامسا:- وضع الية بالتنسيق مع مديرية التنمية الصناعية – وزارة الصناعة والتجارة - لحل كافة المعيقات والمشاكل التي تواجه المصدريين عند النقاط الحدودية لا سيما لدي كل من (المملكة العربية السعودية، السودان، ليبيا، مصر).

سادسا:- ارساء استراتيجية وطنية لانشاء مختبرات فحص للسلع والمنتجات على غرار مختبرات FIRA/England و CATAS/Italy (كما في التجربة المصرية في هذا المجال).

سابعا:- التنسيق ما بين جمعية مصدري ومنتجي الاثاث الاردنية و وزارة الصناعة والتجارة وغرفة الصناعة على دراسة إمكانية إدراج الصناعات الخشبية والاثاث كصناعة وليدة Infant Industry والذي يتيح للقطاع الإستفادة من الدعم المسموح به حماية للصناعات الناشئة و لمدة زمنية معينة بالتوافق مع تشريعات منظمة التجارة العالمية.

ثامنا:- وضع الية لتمثيل القطاع من خلال الجمعية كعضو مراقب لحضور اجتماعات اللجان التنفيذية للمؤسسة الاردنية لتطوير المشاريع الاقتصادية و مؤسسة تشجيع الاستثمار.

تاسعا:- ايجاد الية وفقا لمقترح معاليكم بتخصيص مليون دينارا من البرامج الدعم الأوروبية التابع للمؤسسة الاردنية لتطوير المشاريع الاقتصادية لدعم القطاع.

التوصيات :-

1- اصدار توصية من قبل وزارة الصناعة والتجارة للجهات المانحة و الداعمة الوطنية والاجنبية بضرورة تسهيل المهام التالية للقطاع والجمعية معا:-

ا- القيام بعمل دراسة مبدئية لقطاع الاثاث والصناعات الخشبية و الصناعات المساندة لها في تركيا من اجل التعرف على مجالات التعاون المشترك وبحثها لما من شانة ايجاد فرص تصديرية لاسواق مستهدفة في اوروبا والولايات المتحدة وكندا.

ب- التوجية و الإيعاز لمشروع سابق والمؤسسة الاردنية لتطوير المشاريع الاقتصادية بدعم طلب جمعية مصدري ومنتجي الاثاث الاردنية للقيام ببعثة تجارية لزيارة معرض Necon في مدينة شيكاغو الامريكية، و ذلك لدراسة هذا المعرض المتخصص الذي سيقام خلال شهر حزيران **2010** والتعرف من خلالة على السوق الامريكى و من ثم العمل على استهداف سوق الخليج بمنتجات مصنعة محليا بمدخل أمريكي (تصميم / مواد خام / رخص تصنيع).

ج- دعم طلب مشاركة الجمعية للمشاركة في زيارة ممثليين عن القطاع والجمعية وغرفة الصناعة لزيارة معرض ميلانو الدولي للفترة من**14-2010/4/19** وذلك بالتنسيق والتعاون مع المؤسسة الاردنية لتطوير المشاريع الاقتصادية وغرفة صناعة عمان والاردن.

د- التنسيق مع وزارة الصناعة والتجارة مع (USTR (United States Trade Representative الممثلة التجارية الامريكية لضبط البضائع القادمة من امريكا ذات منشا غير امريكي، و طلب المعونة الفنية من الجمارك الامريكية من خلال دائرة الجمارك الاردنية للتعاون بهذا الخصوص.
امليين من معاليكم التكرم بايلاء هذه المواضيع جل اهتمامكم،

شاكرين لمعاليكم دوام و حسن تعاونكم و تفضلوا معاليكم بقبول فائق الاحترام

رئيس جمعية مصدري ومنتجي الاثاث الاردنية

حمدي أبو الذهب

Appendixes

Appendix I : U.S. Furniture Industry Basics

Appendix II : LinkedIn Features

Appendix I

U.S. Furniture Industry Basics

Export Opportunities for
Jordan's Furniture Makers

Gerald Berstell

SABEQ-Jordan
4 June 2008

U.S. Furniture Industry Basics

A. Residential:

- Industry is geographically focused in High Point, North Carolina.
- Industry association is the American Home Furnishings Alliance (AHFA). It used to be the American Furniture Manufacturers Association, but this name no longer applied when industry went to outsourcing.
- Products are distributed primarily through department and furniture retail stores. Financing plans are a primary tool for attracting customers. In a project several decades ago, I interviewed the owner of a major Chicago furniture store. He said, "This may look like a furniture store to you, but it's really a financial institution. Furniture is merely the way we attract people to take out multi-year loans.
- Wood products are generally made to stock. Purchases are made from inventories.
- Upholstered products are commonly made to order, according to the customer's taste in fabrics.

B. Office/Institutional ("Contract"):

- Industry is geographically focused in Grand Rapids, Michigan.
- Industry association is Association is the Business and Institutional Furniture Manufacturers Association (BIFMA).
- Medium and large companies generally buy products from dealers who sell, deliver, assemble and reconfigure the products. They may manage the customer's inventory of components, and stock custom parts to be used in future reconfigurations. Configuring and re-configuring "systems furniture" is complicated and labor-intensive.

Many ways to segment the residential and office/institutional markets:

A. By product type:

Case goods, e.g., bookshelves, file cabinets, credenzas, desks, tables

Seating, e.g., executive, task, guest, lounge, dining, conference, auditorium

B. By facility type, e.g., educational, laboratory, medical, executive office, back office, call center, hotel

C. By product features, e.g., stackable chairs, lumbar support chairs, reclining chairs

D. Price point

E. Design style, e.g., traditional, contemporary, Danish

F. Materials, e.g., wood, wood veneer, laminates, upholstery.

Industry Drivers and Trends

A. Technology drivers:

- New technology in homes, offices, and other settings drives the need for furniture changes that accommodate it, e.g., plasma/LCD televisions, LCD computer monitors, home theater systems. For a long time, televisions required ever growing "entertainment units" to support them. Now they've moved to the walls, and there's a growing need for heavy duty brackets to hold them up there, as well as sophisticated carrying cases when they're relocated.

- Modular "pole-and-panel" systems office furniture has long overtaken freestanding furniture in U.S. offices. New electrical and communications technology is increasingly part of the furniture. This has not occurred to as great an extent in the residential market, but it may be coming. People are increasingly using what used to be office technology, in their homes.

- Increasing wire-management within systems furniture makes reconfiguration more difficult, costing about $1,000 to take apart and rebuild each workstation. To save this expense, some companies are moving to more egalitarian office layouts, where everyone has the same size and configuration no matter what their rank in the company. This way, when a person is moved or promoted, there is no need for reconfiguration.

B. Economic drivers:

- Furniture industry activity is closely linked with construction levels, in both residential and commercial sectors. "Consumer durables" like furniture are a cyclical industry. The US is currently experiencing a significant contraction in home building, which is strongly impacting furniture sales. Two of America's largest furniture chains have recently gone into bankruptcy (Levitz – 11/07, and Wickes, 2/08).

- Office furniture sales are closely linked with the unemployment rate. When companies aren't hiring new employees, sales plunge. If employers move jobs offshore, domestic office furniture sales decline while foreign ones climb.

C. Safety and environmental concerns:

- The "Green Revolution" is becoming a major driver of the furniture industry. Independent, non-governmental certifications are arising for elements such as the chemical emissions from product fabrics and finishes. Buyers want to see that production processes are environmentally friendly, and that products can be easily recycled when they are no longer usable.

- Children's furniture especially is subject to safety concerns, e.g., paint content, balance, safety hazards. Yesterday's news described a new study of injuries suffered by children and students in bunk beds. It will likely lead to new rules/designs for this product.

- Ergonomics are a growing consideration for office furniture, much less so for residential. Insurance claims for back and wrist problems drive a lot of this. About 10 years ago, I did a project on work surfaces with "sit/stand adjustability," that allows the user to constantly move his body in ergonomic ways as he works at his desk. Ergonomists universally praise this capability, but it still has not gained broad acceptance.

- Really unusual standards: Once I did a study of chairs marketed to prisons. Prisons need furniture (especially chairs) which cannot be broken into pieces that can be used as weapons. At the time I did this study, the only company that supplied a chair that met both this requirement and fire resistance standards, was an Australian company. Prisons represent a large and (unfortunately) fast-growing American market, and much of their business was going to an Australian exporter. Such is the power of a strong niche position!

- GSA standards. The GSA is the U.S. Federal Government General Services Administration, which is responsible for all government facilities, including furniture. The GSA won't buy products made in non-friendly countries. Many manufacturers apply these GSA standards to all products, no matter who the customer. This way they won't have to have separate sourcing and production rules for this one big market. The Jordan-US Free Trade Agreement is definitely a big plus in this area.

D. Outsourcing:

- Fifteen years ago, virtually no furniture sold in America was made anyplace but the USA. Now, estimates are that 60-80% of wood furniture sold in the USA is made in China, Egypt, Brazil, Vietnam, Mexico, Taiwan and Indonesia. The explanation is easy: Chinese wages of $0.69/hour vs. $14.00/hour within the U.S. There are apparently few opportunities to use technology to reduce the number of labor hours to make a piece of furniture. The only way to reduce labor cost per piece is to source where labor is cheaper.

- Outsourcing works well for standard case goods and other components requiring little variation. It does NOT work well for upholstered pieces requiring infinite fabric choices. These have to be made on a special-order basis, whose lead times become prohibitive when adding 4-6 weeks of transit time from China.

E. Design/materials:

Design is always an issue in this industry. Big name architects/designers have made inroads into furniture and product design. It is a fashion industry

F. Demographics:

The average American buys furniture only once every 4-5 years, but this is a function of age. Furniture is purchased mostly by younger people – young people in their 20's and 30's forming households. People in the 40's and 50's are less frequent buyers. Those retiring in their current communities have little reason to buy furniture at that milestone. People retiring to Florida and Arizona have traditionally bought new furniture because it's so expensive to move furniture across the country, and because "northern" furniture doesn't match the architecture and styles of the South and Southwest. Florida and Arizona are in a severe housing slump, so don't expect many furniture purchases by the "Baby Boomers."

G. Distribution Channels:

- Unlike other forms of shopping, people don't shop for furniture for the fun of it. Americans go to furniture stores only when they really need something. Wal-Mart has become America's largest furniture retailer not only because of low prices, but also because people it makes people think of furniture when they're buying the many daily staples that Wal-Mart sells. Meanwhile, Levitz and Wickes have gone bankrupt.

- "Big box" office supply stores like Staples, OfficeMax and Office Depot have gotten a big share of business with home offices and small businesses. Conventional office furniture distributors don't reach this market very well.

Three Major Exporting Strategies:

A. Market a proprietary brand (current domestic brand, or new brands created for different markets) in other new markets.

- This is the most challenging and costly new market entry strategy.
- You'll need to create a brand with a clear meaning. For what should a Jordanian brand stand? What segment/niche should it target?
- A big name designer could help create a brand, e.g., Zia Haddad (but she's from Iraq, and is already very busy)
- Need to recruit/train sales capabilities.
- Cultural and language issues can be obstacles to effective advertising and marketing communication – much less so in the Gulf region.
- Need to find distribution channels (dealers) in the new market. Dealers generally sell the products of many manufacturers. It's not easy to gain their loyalty to your product.
- May need to set up significant inventories in the USA when starting business.
- The office furniture industry has a large number of competitors with great quality. Great quality is standard in this industry, not a big advantage.

Poor quality could be fatal, unless you find a special niche that requires something else.

B. Produce complete "private label" products for another manufacturer or distributor. Sell a line to someone else to brand, possibly designed by the partner, or possibly designed in Jordan. The major office stores (Office Depot, Office Max, and Staples) move a huge volume of products to the small business/home office market. But they may already be economically sourcing from the Chinese.

C. Produce components, e.g., bent wood chair frames, for American OEMs (Original Equipment Manufacturers) to be integrated into complete products. What Jordanian components have unique design, production, or cost advantages for what kinds of components?

The Free Trade Agreement will be a big plus for all of these strategies. Shipping times may be problematic for contract/made-to-order business.

Finding & Developing Contacts

Once you have a tentative niche and a strategy, you'll need personal contacts to build bridges to the personal partnerships that will realize them.

A. Example: Jordanian Stone Exports for Australian swimming pools (Ziad elaborate)

B. Trade Associations: BIFMA and AHFA. Association managers and staff have contacts throughout the industry. Tell them what you're trying to do, and they may know who will be interested, even providing names and introductions. They also have lots of industry data on their websites or at their disposal. For instance, look for the AHFA "resource guide" at www.ahfasupplierresourceguide.com.

C. Trade Shows:

- Neocon 2008 (every June in Chicago) is the largest contract furniture show in the world with 52,000 attendees, but Dubai's Index show (in December) is also huge, and probably key to business in this region.

  These shows are the best places to see latest trends, and also what individual companies are doing. All kinds of people in each company work the displays – not only salespeople. If you see something of interest at the show, you can ask anyone for the person best able to tell you about it. Sometimes they will not be available, but you can get a name and contact information to pursue later.

- The residential furniture industry does not appear to sponsor an international show comparable to **Neocon**. This sector tends to have regional shows and theme shows, like "casual furniture." There are several furniture "marts" around the country where a large number of manufacturers maintain showrooms on a year-round basis, e.g., Atlanta, Dallas, Los Angeles, Chicago, and New York. Unfortunately, these showrooms are not always attended.

D. Directories:

- AHFA and BIFMA do not provide directories of their members online, but may respond to personal requests.

- The Thomas Register is the classic directory of American manufacturing, and definitely lists makers of furniture and furniture components.

- An online search will uncover countless directories and databases for this and any other industry. The sources and quality of this information is not always assured.

- The Neocon list of exhibitors shows almost 700 companies, whose websites will not be hard to find.

- If you're trying to sell components to a company, the person most applicable might have the title of "Global Sourcing Manager."

E. Contact through Existing Jordanian/Middle Eastern Sales/Representation Arms

- Knoll has long been an industry leader, and its website lists Image as its dealer in Jordan (K. Wassin). Can this relationship be expanded to include Image as a supplier of components or products to Knoll?

- I also see that in Jordan, David Tawil represents Hon, Allsteel, and Gunlocke (all owned by the same large company). Can JFEMA members access the Hon family of companies through him?

- Global Total Office has a large billboard over the 5th Circle underpass, demonstrating interest in this market. George Ambrail in Dubai represents this major industry player. Might he provide introductions to this company?

Appendix II

LinkedIn Features

The purpose of the site is to allow registered users to maintain a list of contact details of people they know and trust in business. The people in the list are called *Connections*. Users can invite anyone to become a connection.

This list of connections can then be used in a number of ways:

- A contact network is built up consisting of their direct connections, the connections of each of their connections and also the connections of second-degree connections. This can be used to gain an introduction to someone a person wishes to know through a mutual, trusted contact.
- It can then be used to find jobs, people and business opportunities recommended by someone in one's contact network.
- Employers can list jobs and search for potential candidates.
- Job seekers can review the profile of hiring managers and discover which of their existing contacts can introduce them.

The "gated-access approach" (where contact with any professional requires either a preexisting relationship or the intervention of a contact of theirs) is intended to build trust among the service's users. LinkedIn participates in EU's International Safe Harbor Privacy Principles.

LinkedIn also allows users to research companies with which they may be interested in working. When typing the name of a given company in the search box, statistics about the company are provided. These may include the ratio of female to male employees, the percentage of the most common titles/positions held within the company, the location of the company's headquarters and offices, or a list of present, past, and former employees.

The feature LinkedIn Answers, similar to Google Answers or Yahoo! Answers, allows users to ask questions for the community to answer. This feature is free and the main differences from the latter two services are that questions are potentially more business-oriented, and the identity of the people asking and answering questions is known.

The searchable LinkedIn Groups, feature allows users to establish new business relationships by joining alumni, industry, or professional and other relevant groups. LinkedIn groups can be created in any subjects and by any member of LinkedIn. Some groups are specialized groups dealing with a narrow domain or industry whereas others are very broad and generic in nature. These groups add an unique element to the networking site in that it provides connections on a more personal basis. Professionals are more likely to want to connect with you online if they are somehow connected with you in life. These groups may include: alumni associations, greek affiliations, professional societies, sports team connections, etc. These groups also allow for professionals to post job openings or answer questions concerning a professional hardship. The connections made through LinkedIn Groups may be more beneficial than an unknown connection.

The newest LinkedIn feature is **LinkedIn Polls**, still in alpha.

A mobile version of the site was launched in February 2008 which gives access to a reduced feature set over a mobile phone. The mobile service is available in six languages: Chinese, English, French, German, Japanese and Spanish.

In mid-2008, LinkedIn launched LinkedIn DirectAds as a form of sponsored advertising.

In October, 2008, LinkedIn revealed plans to opening its social network of 30 million professionals globally as a potential sample for business-to-business research. And, in doing so it's testing a potential social-network revenue model-research that to some appears more promising than advertising.

In October, 2008, LinkedIn enabled an "applications platform" that allows other online services to be embedded within a member's profile page. For example, among the initial applications were an Amazon Reading List that allows LinkedIn members to display books they are reading and a Six Apart, WordPress and TypePad application that allows members to display their latest blog postings within their LinkedIn profile.

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