



Furniture

Why Trade Matters

INDUSTRY SECTOR REPORT

General information on exports. U.S. exports of furniture totaled almost \$5 billion in 2000, up from \$3.3 billion in 1996.

Market development. World markets are increasingly important to the furniture industry. However, the industry is just beginning to realize its export potential. On

average, U.S. manufacturers export less than 10 percent of domestic production. Latin America, particularly Venezuela, Brazil, and Argentina, represents an area of strong export potential in the event that additional market access could be achieved.

Tariffs. Tariffs are the most prohibitive trade barrier affecting U.S. furniture exports. Tariff rates can range as high as 30 percent in Malaysia and 21 percent in Brazil and Argentina.

Nontariff barriers. There are no significant nontariff barriers affecting this sector.





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Small and medium-sized enterprises. Only 8.8 percent of establishments in the household furniture industry and 15 percent in the office furniture industry had more than 100 employees in 1997.

Employment opportunities. Since 1992, total employment in the industry has increased by 80,500 jobs, a compound annual increase of 1.82 percent. Total employment in 2000 was approximately 558,200.

Key producing states. North Carolina, Mississippi, Virginia, California, Tennessee, Ohio, Indiana, Florida, Michigan

The sector. The furniture sector, as defined by the Uruguay Round zero-for-zero agreement, includes wood and metal household and office furniture as well as certain aircraft furniture and parts thereof.

BENEFITS AND EFFECTS FROM PREVIOUS TRADE AGREEMENTS:

- ▶ Evidence of the efficacy of market opening initiatives is demonstrated by the tremendous growth in exports that occurred following the reduction in tariffs under the Canada Free Trade Agreement (CFTA) and NAFTA. Prior to these trade agreements, Canada and Mexico levied furniture tariffs of 15 and 20 percent, respectively.

Since the CFTA in 1989, U.S. exports of household and office furniture to Canada increased at a compound annual growth rate of 15.8 percent. After the implementation of NAFTA in 1994, U.S. exports to Mexico increased at a compound annual growth rate of 6.8 percent. Canada and Mexico are now the largest U.S. export markets for household furniture.

The industry also benefited from tariff elimination in key developed markets during the Uruguay Round.