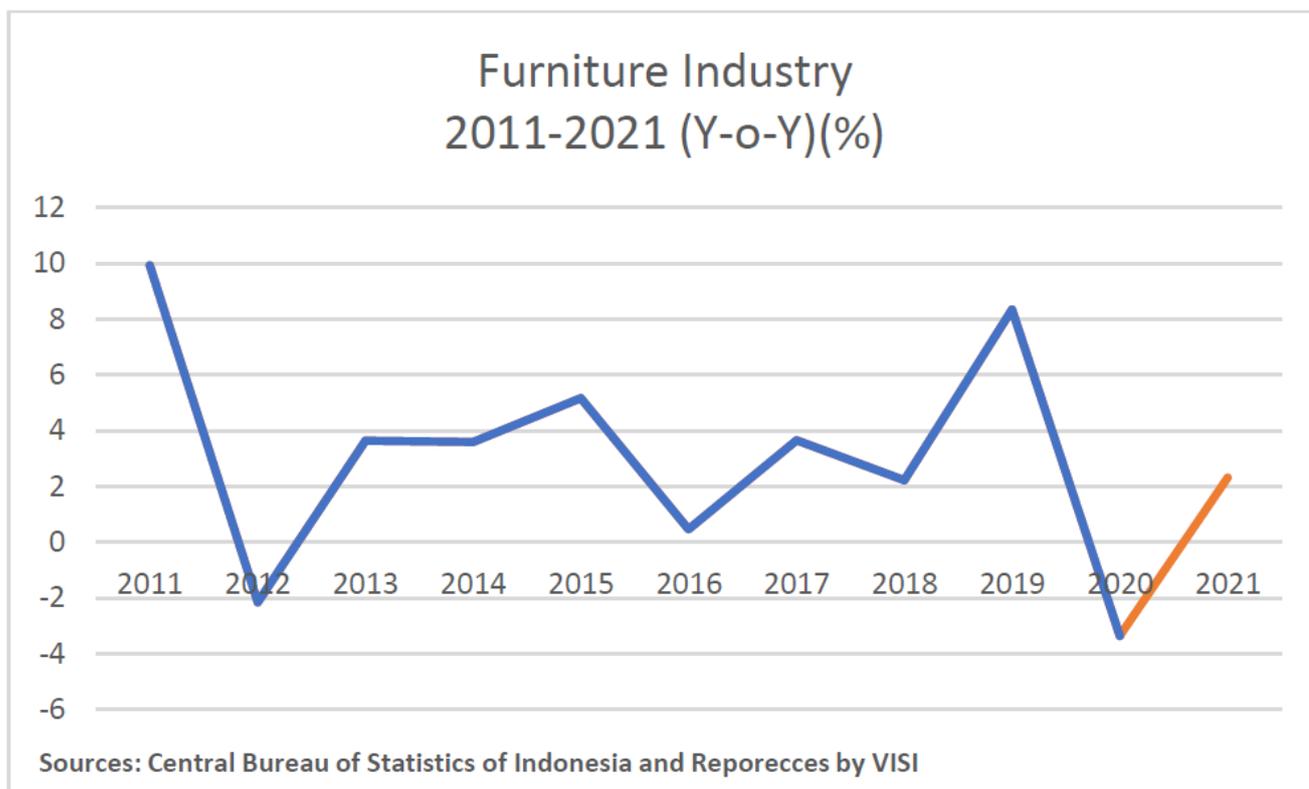


# PT CRIF STUDY: FURNITURE SECTOR DEVELOPMENT IN INDONESIA, THE DROPS IN EXPORTS AND GROWTH



The furniture industry in Indonesia plays an important role in meeting the need for furniture in domestic and export. Domestic furniture production plays a role in the fulfilment of wood-based household furniture. Meanwhile, furniture exports contributed significantly to the country's foreign exchange income.

Based on data from the Central Bureau of Statistics (BPS), there was a decrease in growth in 2020 by 11.78 points to -3.36% (Y-o-Y). This was caused by the Covid-19 pandemic which hampered the production and trade processes, both domestic and export. In 2020, the target of increasing exports by 12-16% for furniture and handicraft products was not met.



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Even so, the conditions will return to normal after the Covid-19 vaccine is consumed by most people in 2021.

The Indonesian Furniture and Handicraft Industry Association (HIMKI) targets the value of furniture exports to the United States to increase by 71.4% to 114.28% to USD 1.2 billion or USD 1.5 billion in 2025. Last year (2020), furniture exports to the United States recorded USD 700 million or by contributing about 38.8% of the total value of national furniture exports.

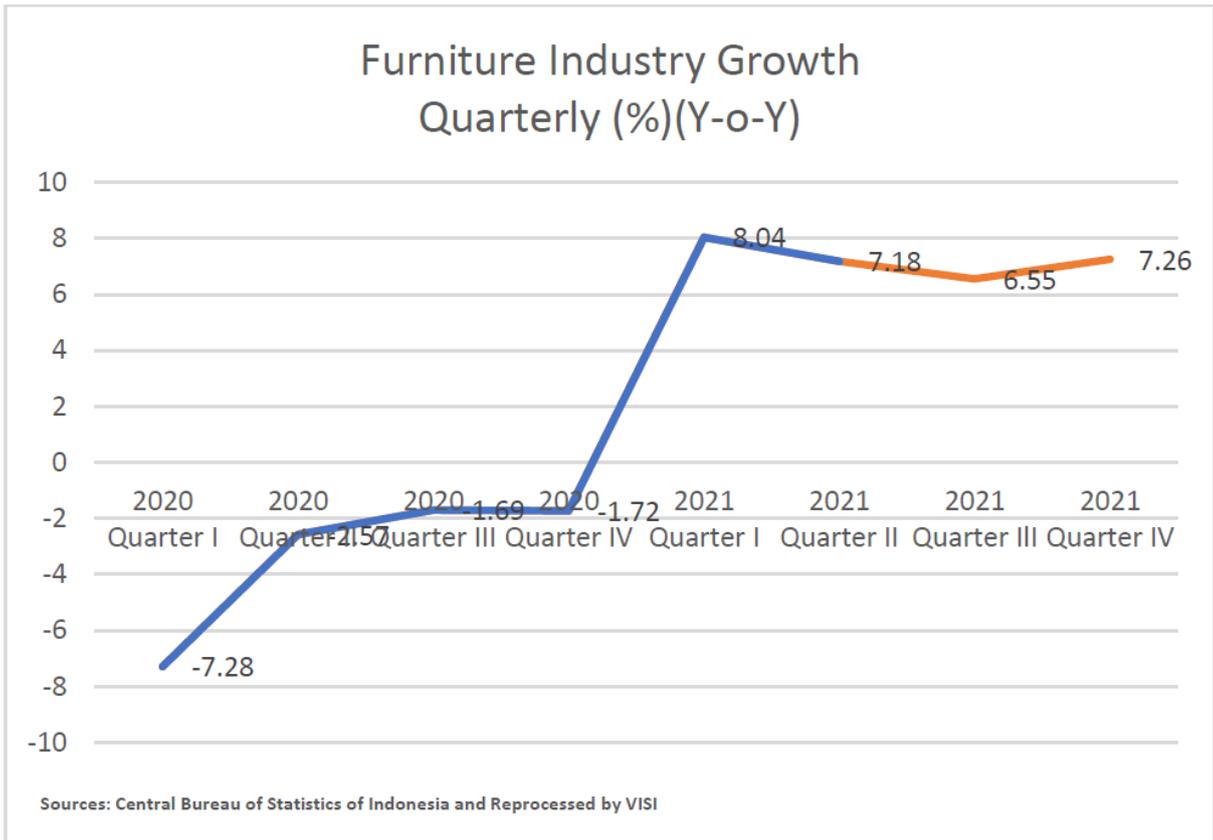
Previously, HIMKI had targeted furniture and handicraft exports of USD 5 billion in 2024, meaning that in the next 4 years the average export growth should be above 17% per year.

With the enactment of the Omnibus Law (Cipta Kerja), it is hoped that the government can provide even greater opportunities for local products to be able to compete with imported products.

## Furniture Sector Development in 2021

During January-April 2021, Indonesia's furniture exports to the world increased 39.5% to USD 853.9 million compared to the same period the previous year. Meanwhile, based on quarterly growth, there was a significant increase in Q1/2021 when compared to 2020, which was 8.04% (Y-o-Y). However, growth is still predicted to be unstable and decreased again in Q2/2021 by 0.86 points to 7.18% (Y-o-Y).

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In addition, based on its growth in the last few quarters, VISI predicts that in Q3/2021 the furniture sector will still experience a decrease to 6.55% and increase again at the end of the year to 7.26% in line with increasing demand ahead of Christmas and New Year 2022 holidays. This is also influenced by sales in the United States export market which are very large due to the work from home (WFH) program where these rules are strictly adhered to and supported by a qualified infrastructure so that WFH is carried out properly.