

## Improved outlook for Taiwan's office furniture makers



According to the Taiwan Furniture Manufacturers' Association (TFMA), Taiwan's exports of metal office furniture grew by a strong 36% in 2017 to reach US\$108.6 million.

The main export markets for Taiwan's office furniture are the United States, Japan, and China, in that order. The United States is all but certain to maintain its top spot, given that office furniture is on the Trump administration's list of Chinese goods that were made subject to additional 10% tariffs in September. According to the Trump administration's original plan, a further 25% in tariffs was to become effective January 1, 2019. That increase has now been postponed. But if it is imposed later, it would add a significant US\$30 to the typical ex-factory price of about US\$120 for an office chair.

"The U.S. market has grown a lot in the past three years amid robust economic growth there, and we are expecting many more U.S. orders, as U.S. President Donald Trump's new tariffs on Chinese competitors translate into increased sourcing from Taiwan as well as Taiwanese-owned factories in Vietnam," said TFMA secretary Ariel Su. Interviewed at Orgatec, the leading European fair for office furniture, held in October 2018 in Cologne, Germany, she said that "factories in Vietnam and Taiwan are also getting a tailwind because furniture-making in China is under pressure from rising wages, social insurance contributions, and taxes."

Lawrence Lu, a manager at Chiayi-based office-chair manufacturer Chueng Shine Co., said that a key objective of attending Orgatec was to allow the company's designers to get more familiar with current trends in European design. A major take-



away this year is the European preference for roundness – in contrast to the American emphasis on angularity. Another difference between the two markets is the seat width, with U.S. customers typically demanding a few extra inches.

“Changing designs isn’t difficult, but you must see such things in real life – simply looking at product photos on the web while sitting in your office in Taiwan is no substitute,” Lu said. “The other vital aspect to our overseas competitiveness is the materials we use, and this clearly differentiates us from Chinese and Southeast Asian competitors.” Chueng Shine’s office chairs are made of nylon rather than less durable plastic, as well as steel sourced from the Kaohsiung-based China Steel Corp., which he considers superior to steel made in China.

The level of quality, he says, is evidenced by the performance of Chueng Shine’s chairs in third-party testing by such international service providers as BIFMA, SGS, and TÜV. Because of the use of nylon and Taiwanese steel, Lu says, his chairs can easily pass a “24/7” back-tilt test in which a robotic arm pushes on the back of the chair around 300,000 times.

The busiest Taiwanese booth at Orgatec seemed to be that of Changhua-based Kadeya Enterprise Co., a maker of sit-stand furniture for offices and classrooms. All the exhibited pieces, such as lecture and pupils’ desks, are easily height-adjustable, enabling the user to either sit or stand.

The booth was managed by Kadeya General Manager Jesse Liao, formerly IKEA’s legal representative in Taiwan. “People all over the world are now thinking that constant sitting is unhealthy, and this translates into rapidly increasing demand for sit-stand solutions,” Liao said. “Even some public schools in the U.S., UK, and Germany are already using sit-stand desks.”

Kadeya continues to manufacture entirely in Taiwan, since it is difficult to source high-quality steel, castings, coatings, and electric components in Vietnam, Liao says.

Another exhibitor, Taipei-based Kelly International Corp., specializes in sit-stand desks that it calls workstations. Kelly’s operations in China have been complicated in recent years by rising labor costs and stricter labor regulations, as well as the need for an increasing number of environmental certifications in line with China’s anti-



pollution drive.

In addition, a Chinese regulation now stipulates that the load value of each export container may not exceed US\$60,000, a rule presumably aimed at countering tax evasion. “Taiwan does not have such a value ceiling for export containers, which means that it is better for us to produce high-value items in our Taiwan factory, as opposed to our China factory,” explained Emma Lee, Kelly’s sales manager. The U.S.-China trade war is also causing the company to consider shifting more orders from the China factory to Taiwan, she said.

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