

SAFI calls for the expedited reopening of the furniture manufacturing sector

The South African Furniture Initiative (SAFI) approached government to request the expedited reopening of the furniture sector, including limited retail operations. It did this through a letter to the President and submissions to the Risk Adjusted Strategy of the Department of Trade, Industry and Competition (DTIC).

At present, furniture manufacturers are considered among the “other” manufacturing sectors that will be allowed to operate at 30% of capacity under Level 4 lockdown regulations. Although these regulations create the impression that the furniture manufacturing sector is being allowed to gradually return to normal economic activity, it does not consider the offset of produced goods, an issue that was highlighted by other manufacturing sectors.

“If furniture manufacturers have no one to sell their products to because furniture retailers are not allowed to operate, the level 4 lockdown regulations will have the same financial effect as the total shutdown of the economy. Only at Level 2 restrictions will the industry then be able to return to work and earn an income, which we believe will have a devastating effect on the sector,” says Bernadette Isaacs, Managing Director of SAFI.

“We understand that the furniture manufacturing sector is but one of many sectors that are suffering at the moment. Unfortunately, given the history of this sector and the fact that it consists of a disproportionate number of small enterprises, it is unlikely that it will survive extended restrictions on manufacturing and trading.”

Isaacs explains that most of the 2 200 members represented by SAFI are considered small enterprises, with an average employment per company of only 12 people. Together, the industry employs around 26 000 people and it contributes 1% to South Africa’s manufacturing gross domestic product (GDP).

The sector has been in decline for over two decades, with recent research showing a 23% drop in the local demand for furniture in the period between 2002 and 2018 and a concomitant decline of 46% in the export of locally manufactured furniture during the same period.

“Prior to the nationwide lockdown, we were finalising the first draft of the Furniture Industry Master Plan (FIMP) for submission to the Department of Trade, Industry and Competition (DTIC). The FIMP clearly shows that the industry will only survive with the help of the public and private sectors,” says Isaacs.

Among the many recommendations listed in the FIMP is the requirement that the South African government and state-owned enterprises buy all their furniture from local manufacturers. This includes medical and related furniture, which are almost exclusively imported from abroad.

“In 2018, government and private sector purchased in excess of R5 billion of imported furniture, mostly from China and Vietnam. By channelling these purchases to local suppliers and allowing them to produce critical medical equipment, we can help stave off the otherwise inevitable wave of insolvencies in this sector. To start, however, we need our members to start producing furniture again as quickly as possible,” says Isaacs.

Prior to the lockdown, stakeholders participated in a series of regional forums to engage with local furniture manufacturers, share the various government policies and incentives available to them and gain feedback on the draft requirements listed in the FIMP.

“Our engagement with manufacturers across South Africa reaffirmed that the furniture manufacturing sector is an ideal sector to promote entrepreneurship, manufacturing and black economic transformation.

“The government has been very supportive of these regional meetings and of the creation of the FIMP, and understood the compound challenges that this industry faces. We will continue to support the government as they fight this pandemic, but we hope that they will heed our call to allow furniture manufacturers to reopen with sufficient capacity as soon as possible.”

Ends

Issued on behalf of the South African Furniture Initiative by Panthera Media. For more information, please contact Leo Kok at leo@pantheramedia.co.za or 082 327 2762.