

The secret hero in furniture: Woodworking, Furnishing Machinery and Side Industries

As the driving power meeting the machinery need and helping the development of the main sector of furniture, the woodworking machinery and side industries has a remarkable track record over a period of 15 years with its main sector of furniture. In 2014 the sector attained a 4 percent share in the European market with a production of around \$190mn and has made an impression not only with sales around \$300mn but also with machinery export to many countries in the world totaling an amount of \$83mn.

The woodworking machinery sector emerged as a handicraft work in the Anatolian regions where forest and wood are used extensively and turned into an industry in time, which introduced a key progress over the years by combining experience of the past with technology. First as the driving power meeting the machinery need and helping the development of its main sector of furniture in the domestic market, the woodworking machinery and side industries now sell machinery to many countries in the world beyond the domestic market.

Even though the woodworking machinery and side industries date back to long ago, its industrialization started in 1980s. By the early 1980s, the sector was dominated by fixed machinery and handicraft work processing solid furnishings. However, as different raw materials and elements started to be used in the manufacturing of furnishings over time, different machinery was manufactured for woodworking. The introduction of panel manufacturing by using tree branches, which is known today as chipboard and MDF, revolutionized the concept of furniture in the early 1980s. First the interest of the US and then Europe increased in the panels due to mass production and economic raw material costs. This resulted in the need for the machinery for direct processing of materials.

Following this process closely, the Turkish sector started with small machinery production in this field. 1980s were the years for attempt to adopt this type of applications while 1990s are remembered as the period of imported products entering our country in an extensive manner. Manufacturers affected from the winds of import first revisited their production inspired by these products and immediately started manufacturing this type of products thereafter. Machines with advanced technology emerged as some of the essential machines were manufactured as the side industries developed. To sum up, the 1990s were busy and bright years for the sector. The Turkish market grew very fast and developed. During 2000s, encouraged by the support of side industries to the sector and international manufacturers started production activities in Turkey, the sector began manufacturing products with higher kilogram values and added value.

At this point, the contribution of the woodworking machinery and side industries to the Turkish machinery sector increases every day thanks to its

advanced technology, increased production and exports. Attaining a 4 percent share in the European market with a production of around \$190mn, the sector is expected to reach a production value of \$210mn by the end of 2015. The sector keeps the bar high for its 2023 targets. In line with these targets, the production and export in the sector are expected to increase to \$300mn and \$150mn, respectively.

Exports in the sector increased 760 percent in 15 years

It would be sufficient to look at the production, export and import numbers realized by the sector over the last 15 years in order to recognize the development achieved. While the woodworking machinery production was at a level of \$59mn in 2000, it grew 200 percent as of the end of 2014 despite the crisis of 2009, reaching \$190mn. In 2014 the sector increased its production over the previous year of 2014 by 4 percent.

The increase in the exports of the sector is even more striking. The sector representatives realized an export of \$9m in 2000, this increased by 760% as of the end of 2014 with exports reaching \$83mn. Comparing 2014 against 2013, we see that the exports decreased by 14% due to global crisis experienced and domestic disturbances in neighbor countries.

The import in the sector was \$35mn in 2000. This number reached \$208mn after a 370% increase at the end of 2013. Comparing 2014 against 2013, the number indicate that the import decreased by ten percent.

Machinery with total value of \$294mn sold to furniture sector in 2013

Looking at the domestic sale numbers in the sector, we see that they follow a fluctuating course. The domestic sale number of the sector increased to \$331mn in 2008 from \$89mn in 2000 and dropped to the level of \$140mn during the crisis of 2009. Sales were realized as \$467mn in 2011, which was the highest number over the last 15 years. The sector closed the 2014 year-end with domestic sales number of \$293mn. This reflects that the sector increased its domestic sales by 230% from 2000 to 2014 year-end.

According to the Furniture Sector Report by the Central Anatolian Exporters Union (OAIB), the woodworking machinery sector sold machinery with a total value of \$294mn to the furniture sector which realized a production of \$19bn in 2013. In summary, the woodworking machinery sector contributed directly to the furniture production with its domestic machinery sales.

Starting point of production: cutting tools and saws

Even though the furniture sector with a value of \$19bn is manufactured directly using the woodworking machinery, it is clear that the machinery would not be capable of production without attachments such as cutting tools and saws. Looking at the export numbers it is recognized that this side industry, which is as important as the machinery, has made a significant progress like the main industry.

In 2000 there was scarcely any side industry export in the sector at the level of \$80,000, and the side industries exports reached \$2.5mn in 2014. Looking at the import numbers, it is seen that the numbers increased from \$4.7mn in 2000 to \$29mn as of the end of 2014.

Turkey's global trade increase every year

From a global perspective, total export of the sector reached \$7.1bn in 2014. The top three countries Germany, Italy and China realize exports of \$1.9bn, \$1.2bn, and \$900mn, respectively. These countries account for around 60% of the overall export.

In the light of such information, Turkey ranked 14th globally and 7th among European countries with \$83mn in 2014, delivering 1% of the overall exports. At the end of 2014, Turkey exported to Iran, Iraq, Bulgaria and Libya the most. The total value of exports to these countries reached \$35mn, accounting for 40% of the exports.

Looking at the global sector imports, we see that it is realized as \$7.2bn in 2014. Among the top three countries, the US, Russia and China realized exports of \$940mn, \$690mn, and \$440mn, respectively, making up 29% of the overall imports.

In the light of such information, Turkey ranked 7th globally and 4th among European countries with \$280mn in 2014, delivering 3% of the overall imports. Looking at the import numbers as of 2014, Turkey imported the most from Germany, Italy, China, Austria and Spain. Imports from these 5 markets account for 90% of our overall imports which was delivered as \$175mn.

Sector provides employment for 10,000 people

The woodworking machinery and side industries provides employment for around 10,000 people with 300 companies operating in the sector. According to the sectoral database, this employment includes 500 engineers, 700 technicians and 1,000 foremen, whom we recognize as self-educated people.

Considering these numbers, it draws attention that more engineers and qualified personnel or technicians must be employed in order to produce technological products to compete with imported products. Firms employing engineers and technicians are mainly located in Istanbul, Bursa, Ankara and Izmir. If calculated by cities, Istanbul employs 3,300 people while Bursa, Ankara and Izmir employ 1,600, 1,200, and 400 people, respectively.

Economy to shrink, sectoral turnovers to drop, say members

According to the result of the research conducted by AIMSAD members, the estimates have gained strength that the USD will be 2.84 TL, EUR will be 3.15 TL and EUR/USD parity will be 1.11 TL by the end of 2015. The research result also suggests that Turkey's GDP will grow by 3 percent while inflation will decrease

by 10 percent. On the other hand, majority of the members stated that the turnovers will decrease across the sector, caused by the shrinkage in the European market and the expectation of recession in the global economy.

Statistical table covering 15 years in the sector				
Year	Export (USD)	Import (USD)	Production (USD)	Domestic Sales (USD)
2000	9,689,613	39,417,115	59,000,000	88,727,502
2001	9,671,875	40,085,144	63,050,000	93,463,269
2002	11,202,931	39,809,538	76,700,000	105,306,607
2003	17,668,507	107,148,819	92,950,000	182,430,312
2004	26,032,270	181,444,235	113,750,000	269,161,965
2005	34,762,143	214,460,846	115,050,000	294,748,703
2006	55,842,899	153,188,336	130,650,000	227,995,437
2007	77,750,112	204,267,587	139,100,000	265,617,475
2008	87,671,887	287,156,639	131,950,000	331,434,752
2009	52,391,684	98,899,353	102,050,000	148,557,669
2010	65,052,503	130,363,107	135,200,000	200,510,604
2011	84,806,297	386,566,863	165,100,000	466,860,566
2012	92,002,781	173,591,177	169,650,000	251,238,396
2013	95,960,521	208,000,030	181,675,000	293,714,509
2014	82,494,801	185,894,068	189,605,000	293,004,267
Source: Production figures are estimates of AIMSAD. Export and Import figures are taken from TUIK.				
Domestic Sales are calculated using the formula (Import + production) - Export.				

Cutting Tools, saw and Attachments • Statistical table		
Year	Export (USD)	Import (USD)
2000	81,951	4,755,937
2001	146,791	3,381,133
2002	224,268	5,756,164
2003	390,219	8,110,794
2004	737,798	11,273,594
2005	902,707	13,558,397

2006	1,369,536	15,942,592
2007	1,433,376	19,380,067
2008	1,420,602	19,470,585
2009	1,147,550	13,423,414
2010	1,408,019	23,400,936
2011	2,465,968	32,114,899
2012	2,123,206	28,798,684
2013	1,653,719	28,431,189
2014	2,542,275	28,740,957
Source: Export and Import figures are taken from TUIK.		