

## **The influence of global economic crisis on import and export of furniture in Poland**

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**Abstract:** Polish furniture industry plays a significant role in foreign trade, which is manifested by the leading place of Poland among world furniture exporters. Apart from indisputable benefits, strong dependence of the industry on the economic situation abroad results in an increase in management risk. Negative consequences of the global economic crisis are tangible in most sectors. They have influenced economic situation on the Polish and world furniture market as well. The following article presents the tendencies of changes in values of import and export in the years 2007-2011.

*Keywords:* furniture industry, industrial processing, economic crisis, import and export of furniture

### INTRODUCTION

China has been the biggest external supplier of furniture for the EU for many years. Since 2008 more than 50% of the whole import to Europe came from China. European furniture import from China is today by 46.9% more extensive than in 2005 although the value of the whole furniture import increased only by 12.6% which manifests China's advantage [Zbořil, Pesci 2011]. Apart from China, over the last 15 years furniture industry has been developing extensively also in Poland. Considerable increase in furniture manufacture in China happened mostly due to low labour costs and demand for cheap furniture, however, in Poland it developed, next to relatively lower labour costs also on account of foreign investments in Polish companies and production technology [Biuletyn Informacyjny OIGPM 2012].

In 2012 Poland ranked fourth in the world as regards the value of exported furniture; only China, Italy and Germany ranked higher, and when considering only European exporters, Poland ranks third – next to Germany and Italy [Grzegorzewska et al. 2012]. Poland sends abroad one third more of furniture than Germany or Italy, but domestic producers receive at least half less money for it [Stabryła 2013].

Economic crisis, which most countries have been fighting with to a greater or lesser degree for a few years, significantly influences economic situation in foreign trade. Resent years have been unfavourable for most industries of Polish economy. Negative consequences of the crisis have been tangible for Polish producers of furniture as well. However, prognoses for the year 2013 are more optimistic. According to Central Statistical Office - GUS, in May this year the dynamics of sold production compared to May 2012 amounted to 6.7% which were the highest in all industries [Polscy meblarze... 2013].

### OBJECTIVE AND RESEARCH METHODOLOGY

The article objective is the analysis of foreign trade in furniture industry in Poland compared to the whole processing sector. The analysis comprises the years 2007-2012. Data has been obtained from reports „Statistical Yearbooks of Foreign Trade” (“*Roczniki Handlu Zagranicznego*”) published annually by GUS.

## RESEARCH FINDINGS

From the research it follows that China has been the leader in the world as regards goods export. In 2011 the value of export amounted to 1 899 billion USD and was higher by 20% than in the previous year (table 1). The next places were occupied by the USA (1481 billion USD), Germany (1474 billion USD), Japan (823 billion USD) and Holland (660 billion USD). Poland with the exported value of 187 billion USD ranked 27<sup>th</sup> in the world. It needs to be emphasized that the level of export increased at that time by 19%, which can be treated as a positive phenomenon.

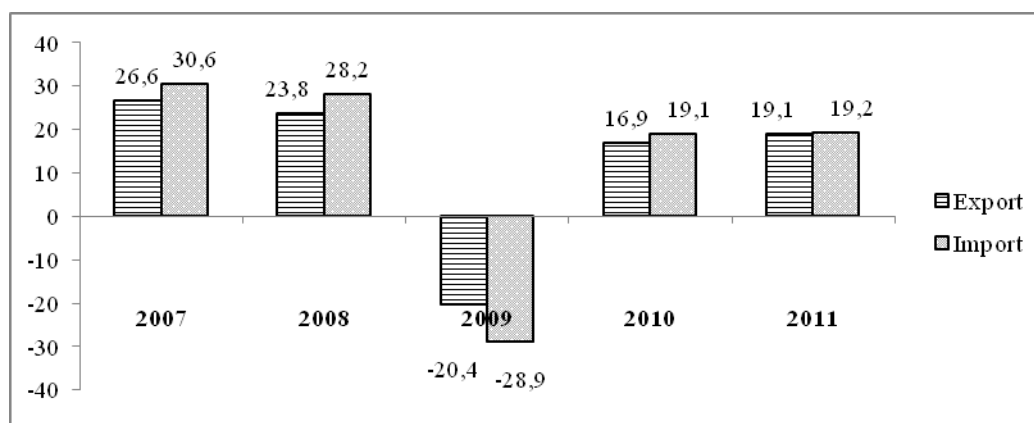
The leader in imported goods, on the other hand, is the USA (2265 billion USD), and its share in the world import amounted in 2011 to 12.3%. In the lead there are as well: China (1743 billion USD), Germany (1254 billion USD), Japan (854 billion USD) and France (715 billion USD). The greatest growth dynamics were noted in China and Japan – 25% and 23% respectively in comparison to the previous year. The value of Polish import amounted to 208 billion USD in 2011, due to which Poland ranked 24<sup>th</sup>.

**Table 1.** The biggest exporters and importers in the world in 2011.

Export					Import				
Position	Country	Value/ worth [billion USD]	Percentage share [%]	Annual change [%]	Position	Country	Value/ worth [billion USD]	Percentage share [%]	Annual change [%]
1	China	1 899	10.4	20	1	USA	2 265	12.3	15
2	USA	1 481	8.1	16	2	China	1743	9.15	25
3	Germany	1 474	8.1	17	3	Germany	1 254	6.8	19
4	Japan	823	4.5	7	4	Japan	854	4.6	23
5	Holland	660	3.6	15	5	France	715	3.9	17
27	Poland	187	1	17	24	Poland	208	1.1	17
	The world	18 215	100	19		The world	18380	100	19

Source: Own compilation on the basis of „Poland 2012. Report on foreign trade” („Polska 2012. Raport o stanie handlu zagranicznego”)

Negative consequences of the world economic crisis, which began in the United States in 2007, were tangible in Poland in the later time. It is borne out by the analysis of export and import of goods (figure1). At the beginning of the analysed period the greatest dynamics of export and import were noted (26.6% and 30.6%). A year ago the pace of change was slower, but still it was positive. In 2009 the value of Polish import and export decreased (20.4% and 28.9%). Those tendencies were extremely unfavourable for the domestic economy. Consecutive years again brought a positive pace of changes for the value of imported and exported goods, still the growth was much smaller than in the years 2007-2008.



**Figure1.** The pace of changes in export and import in Poland in US dollars in the years 2007-2011 [%]

Source: own compilation on the basis of "Poland 2012. Report on foreign trade" („Polska 2012. Raport o stanie handlu zagranicznego")

Polish furniture is an important export commodity of domestic economy, and Poland ranks in the lead among world exporters. For that reason the following article draws attention to furniture industry.

According to the research by GUS it follows that in 2007 the value of furniture export amounted to 21.7 billion PLN. A year later a decrease by 2.5% in the level of exported furniture was noted. In consecutive years an increasing tendency was noted. The greatest dynamics (115%) were observed in the last year, which may manifest a recovery of both world and Polish furniture market. The value of imported furniture was much lower – in 2007 it amounted to 3.80 billion PLN and four years later it was 4.38 billion PLN. It needs to be noted that in the years 2008-2009 a negative pace of value increase of imported furniture was observed.

As regards processing industry, a positive pace of changes of export values was observed, however, it needs to be emphasized that in the years 2008-2009 the pace was much slower than in 2010-2011 when it amounted to several percent. Similar tendencies were noted as regards imported goods in processing industry, still it needs to be emphasized that in 2009 their value was smaller by 7% than a year ago.

**Table 2.** Furniture import and export values compared to processing industry in the years 2007-2012 [million PLN].

Itemisation	2007	2008	2009	2010	2011
Furniture manufacture					
Export value	21713.5	21179.5	22258.4	23918.4	27689.1
Import value	3800.3	4222.8	4079.5	3847.9	4380.4
Balance	17913.2	16956.7	18178.9	20070.5	23308.7
Processing industry altogether					
Export value	386555.6	405383.1	423242.0	481058.2	558739.0
Import value	456828.4	497028.3	463382.6	536220.6	623372.7
Balance	-70272.8	-91645.2	-40140.6	-55162.4	-64633.7

Source: own compilation on the basis of „Statistical yearbook of foreign trade" („Rocznik handlu zagranicznego") for the years 2008-2012.

Apart from imported and exported goods an important element when assessing condition of foreign trade are consumer price indexes compiled on the basis of a monthly survey of prices obtained from C-05 reports (report on the prices of goods in foreign trade) actually received or paid by economic subjects operating in Polish foreign trade.

In furniture industry the export prices index below 100% was noted in the years: 2008 and 2010, which means that average prices of goods obtained by economic subjects fell (table 3). At the end of the analysed period the prices of furniture sent abroad were on average higher by 3.6 percentage points. The same tendencies were observed as regards imported furniture.

**Table 3.** Import and export prices index in furniture industry compared to processing industry in the years 2008-2011 [%].

Itemisation	2008	2009	2010	2011
Furniture manufacture				
Export	96.3	107.3	95.9	103.6
Import	95.4	118.1	98.4	100.2
Processing industry altogether				
Export	98.1	109.9	98.9	107.5
Import	98.2	109.0	102.1	109.7

Source: own compilation on the basis of "Statistical yearbook of foreign trade" (*„Rocznik handlu zagranicznego”*) for the years 2008-2012.

In economic subjects operating in processing industry price indexes for exported goods below 100% were noted in the years 2008 and 2010, however, the falls in prices were smaller than on the furniture market and they amounted to 2.9 percentage points and 2.1 percentage points respectively. The rise of prices of imported goods was observed throughout the analysed period excluding the year 2008.

## CONCLUSION

1. Global economic crisis has had a negative influence on economic situation in Poland. It is also borne out by the analysis of foreign trade. A record fall in the value of exported and imported goods was noted in 2009. It amounted to 20.4% as regards goods sent abroad, and 28.9% in terms of imported goods.
2. Poland is in the world lead as regards furniture export. Domestic furniture industry ranks fourth (after China, Germany and Italy), but Poland ranks only 27<sup>th</sup> in terms of the value of all goods sent abroad, and it ranks 24<sup>th</sup> as regards imported goods.
3. Furniture market, similar to other industries, has experienced negative consequences of the crisis. Crisis events have influenced foreign exchanges in furniture as well. It is confirmed by the lessening value of exported furniture in 2008 and the index of export prices in 2008 and 2010.

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Streszczenie: *Wpływ kryzysu gospodarczego na kondycję polskiego importu i eksportu mebli.* Polska branża meblarska odgrywa szczególną rolę w handlu zagranicznym, a potwierdza to miejsce rodzimego kraju w ścisłej czołówce światowych eksporterów mebli. Obok niekwestionowanych korzyści, silne uzależnienie branży od koniunktury za granicą powoduje wzrost ryzyka gospodarowania. Negatywne skutki globalnego kryzysu gospodarczego ujawniły się w większości sektorów. Wpłynęły one również na koniunkturę gospodarczą na polskim i światowym rynku meblarskim. W niniejszym artykule zaprezentowano tendencje zmian wartości importu i eksportu w latach 2007-2011.

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