Review of the development of the furniture industry in the EAEU member states

The furniture industry plays a key role in the economies of countries, providing not only the vital needs of the population, but also contributing to the development of related industries such as wood processing, fabrics and accessories. In recent years, the countries of the Eurasian Economic Union (EAEU) have been actively developing their furniture markets in an effort to strengthen domestic production, reduce dependence on imports and increase competitiveness in the international arena.

In the EAEU countries - Russia, Belarus, Kazakhstan, Armenia and Kyrgyzstan - there is a significant development of the furniture industry, which is due to a complex of factors: import substitution policy, growth of domestic demand, introduction of innovative technologies and striving for environmental sustainability.

According to Trade Map data, in 2019-2023, furniture imports to EAEU countries showed a 35% decrease in volumes. The volume of exports also decreased - by 56%.

Volume of furniture exports and imports of EAEU member states, $mln

	Exports					Import				
	2019	**2020**	**2021**	**2022**	**2023**	**2019**	**2020**	**2021**	**2022**	**2023**
EAEU	**1 061,8**	**1 132,8**	**1 612,4**	**704,7**	**467,7**	**2 583,6**	**2 470,9**	**3 216,3**	**1 635,3**	**1 683,1**
Russia	454,6	464,2	664,6	343,9	218,3	1 965,7	1 867,9	2 463,3	1 053,3	1 043,3
Kazakhstan	8,3	5,5	8,3	10,8	14,6	326,8	334	436,2	419,1	436,6
Belarus	592,2	646,6	929,9	332,4	207	222,4	213,2	254,8	77,3	94,5
Armenia	4,5	14,2	5,8	11,1	23,1	48,2	44	42	58,3	79,4
Kyrgyzstan	2,1	2,2	3,6	6,5	4,8	20,6	11,9	20,1	27,3	29,3

Kazakhstan

Kazakhstan's furniture industry has shown significant growth in recent years. According to statistics, the production volume of furniture products for 2023 amounted to 82.6 billion tenge, up 28% compared to 2022. This is due to the successful implementation of new projects such as Unitex VOSTOK LLP, Ideal Turkistan, JV Turan Furniture.

The domestic market for consumption of furniture products in 2023 amounted to 245.2 billion tenge ($537.4 million). The share of domestic production reached 31.1%.

Domestic manufacturers invest significant funds in the development of the industry. Last year, the volume of investments in fixed assets of the furniture industry amounted to 17.2 billion tenge. In production

In Kazakhstan, 10.6 billion tenge was invested in the production of other furniture, and 6.5 billion tenge was invested in the production of furniture for offices and trade enterprises. Thanks to investments, Kazakhstani furniture companies are significantly improving their production processes, which in turn contributes to the growth of their competitiveness in the market.

Furniture industry exports totaled $14.6 million in 2023, showing an increase of 74.5% over 2019.

Imports products furniture industry from Kazakhstan totaled $436.6 million in 2023, up 33.6% from 2019. Government support plays key role в development of the furniture industry, providing enterprises with resources and incentives for growth and modernization. There are a number of state support measures and instruments investment incentives for domestic Enterprises.

Development Bank of Kazakhstan JSC:

1. export crediting - stimulation of export of works and services performed by residents of the Republic of Kazakhstan, as well as export of products manufactured on the territory of the country;
2. provision of guarantees - issuance of a bank guarantee, surety and (or) acceptance of other obligations on behalf of third parties providing for fulfillment in monetary form (guarantee of return of advance payment, fulfillment of contract, loan);
3. lending of investment projects - medium- and long-term financing of investment projects aimed at creation of new, expansion and renovation of existing production facilities, including acquisition of assets, blocks of shares (participatory interests), property complexes.

Damu Entrepreneurship Development Fund JSC:

1. guaranteeing loans from development banks;
2. interest rate subsidies;
3. preferential lending, etc.

Kazakhstan Industry and Export Center "QazIndustry" JSC renders measures of state support to subjects of industrial and innovative activity on reimbursement of expenses on increase of labor productivity (increase of enterprise competence, development or expertise of complex plan of industrial and innovative project); improvement of technological processes; increase of efficiency of production organization.

QazTrade JSC reimburses the costs of promotion of domestic processed goods to foreign markets (export): participation in foreign exhibitions and forums, advertising, registration and other.

KazakhExport Export Credit Insurance Corporation JSC provides the following support to manufacturing industry enterprises: pre-export financing, advance payment insurance, loan insurance and others.

There are **14 special economic zones** in Kazakhstan**.** The FEZ regime provides benefits and preferences for potential investors: exemption from corporate income tax, land and property taxes, land plot use fees, customs duties on goods intended for placement or use by participants; VAT rate of «0» on goods sold to the FEZ territory, the possibility of concluding a special investment contract and others.

There are **45 industrial zones** on the territory of the Republic**:** 13 zones of republican significance, 25 - of regional significance and seven private ones. The advantages for IZ participants are: provision of land plots, ready infrastructure, long-term lease or purchase of land plots, possibility to conclude an investment contract with the MID RK, absence of industry restrictions.

The national project «Comfortable School» implemented in the country does not focus directly on the furniture industry, but its objectives and directions affect this sector. In particular, the project involves construction of schools, including renovation of interiors, which includes the purchase of furniture. In addition, increased demand for furniture stimulates the introduction of new technologies and solutions in the production of school furniture.

Kazakhstani furniture companies are increasingly introducing **environmentally friendly materials** into their production processes. This trend becomes especially relevant in light of global efforts on sustainable development and environmental responsibility. The transition to eco-materials not only meets market requirements, but also opens up new opportunities to improve product quality and increase competitiveness.

For example, the company «ECOMAF» in Astana actively introduces environmentally friendly technologies and sustainable materials. It specializes in the production of garden and park furniture and small architectural forms made of polymer-sand composite. This material is created based on the use of used plastic, as well as sand and colorants. In addition, the company is engaged in recycling of waste plastic.

Russia

The **furniture industry in Russia** represents an important segment of the economy. In recent years, this industry has undergone significant changes.

Manufactured products in 2023 totaled $5.1 billion, up 14.8% from 2019. The export volume of furniture industry products in 2023 reached $218.3 million, showing a 52% decline from 2019. Imports of furniture industry products from Russia totaled $1,043.3 million in 2023, down 47% from 2019.

The Russian furniture industry is represented by both large production holdings and many small and medium-sized enterprises. The largest companies are actively implementing modern automated control systems, 3D printing, smart furniture systems and adaptive modules, which allows them to improve the quality and expand the product range.

Furniture companies began to look more actively for alternative sources of materials and expand domestic production. With limited imports, manufacturers have increased their focus on developing new technologies and utilizing domestic resources.

In recent years, the Russian authorities have taken a number of measures to stimulate the growth of local production, including tax incentives, subsidies for equipment modernization and export support programs. These measures help strengthen the position of Russian producers and stimulate investment in the industry.

One of the key measures of state support is subsidizing interest rates for the creation of off-season furniture stocks, as well as financing of research and development and experimental design work at early stages of production. In addition, project financing through the Industrial Development Fund and support for priority investment projects in the field of logging are envisaged.

In 2030, it is planned to introduce a number of measures to promote innovative technologies aimed at sustainable forest management and efficient forestry. This is related to current problems, such as protection of forests from fires, pests, illegal felling of trees.

In order to increase wood processing capacity, Russia intends to launch a program of preferential lending for small and medium-sized businesses engaged in the harvesting and export of raw and rough timber. This will be possible thanks to the Industrial Development Fund, as the current state of the enterprises' equipment leaves much to be desired.

Russia has several specialized programs and state support initiatives for the furniture industry. The main ones are the leasing program for small and medium- sized businesses, the national project "Small and medium-sized entrepreneurship and support of individual entrepreneurial initiative until 2030", the state program "Development of industry and its competitiveness".

Belarus

The **furniture industry in Belarus** has significant potential and demonstrates stable development. There are both large production enterprises and many small and medium-sized ones operating in the country

companies, with main centers in Minsk, Brest, Gomel and other major cities.

In recent years, Belarusian manufacturers have been emphasizing the quality and design of their products, which is reflected in the use of both natural and modern composite materials. Design trends include minimalism, functionality and ergonomics. Sustainability is becoming an important aspect: the use of eco- friendly materials and technologies reduces the negative impact on the environment.

Belarusian companies are actively introducing the latest technologies, including automation and digitalization, which improves product quality and speeds up production processes. Belarusian furniture exports are successfully developing the CIS and Eastern European markets with key partners in Russia, Ukraine, Kazakhstan and Poland.

According to the statistics, the production volume in 2020 was $954.6 million, showing an increase of 2% over 2019. Export volume of products furniture industry reached $207 million in 2023, showing a decline of 65% to 2019. Imports of products furniture industries from Belarus in 2023 amounted to $94.5 million, which is 57.5% lower than in 2019.

The government of Belarus has been proactive in supporting the furniture industry by creating and implementing a variety of state programs. These measures are aimed at stimulating growth and modernizing the sector, which is especially important in the context of economic instability and global competition.

The government has developed the program "Belarusian Forest" for 2021- 2025, aimed at increasing the efficiency, competitiveness and improvement of logging, woodworking, furniture, pulp and paper and wood-chemical industries.

A program was adopted to improve the production of woodworking and furniture industries of the giant concern "Bellesbumprom" until 2025. The main directions of the program are to expand the output of products complying with international standards, create jobs, increase labor productivity by value added, and build up export potential.

Belarus has a state program "Social and Economic Development of the Republic of Belarus for 2021-2025", which provides support measures for the furniture industry covering several key areas.

Support measures include financial and tax incentives for furniture companies, support for investment projects and development of new production facilities, grants and subsidies for startups and innovative projects, creation and modernization of production facilities, as well as a number of other support measures.

sites, development of industrial parks and technoparks for the furniture industry.

Armenia

The **furniture industry in Armenia is** mainly represented by small and medium-sized businesses, with the main production centers in Yerevan and some other major cities. There are both large production companies and many small enterprises specializing in the creation of furniture in the country. In recent years, there has been a growing interest in local manufacturers due to their ability to offer original and customized solutions.

There are several large furniture manufacturers in Armenia, which are engaged in both serial production and customization.

Armenian manufacturers emphasize unique design solutions that often incorporate elements of traditional Armenian art and cultural heritage. In recent years, there has been a growing interest in modern and functional solutions, as well as in eco-friendly and sustainable materials, reflecting global trends in the industry.

According to statistics, the volume produced in 2023 was $40.5 million, up 2.7 times from 2019.

The Armenian furniture industry is largely oriented towards the domestic market, but export destinations also play an important role. The main export markets include CIS countries and neighboring regions. Despite small export volumes compared to more developed countries, Armenian manufacturers are actively developing export directions in an effort to enter new international markets.

Exports of furniture industry products totaled $23.1 million in 2023, showing a 5.2-fold increase over 2019. Imports of products furniture industry from Armenia in 2023 amounted to $79.4 million, which is 64.9% higher than in 2019.

Armenian manufacturers are actively introducing innovations to meet the requirements of the time. The development prospects of the furniture industry are related to further growth of export potential, improvement of product quality and diversity, as well as introduction of new technologies and materials.

Kyrgyzstan

The **furniture industry in Kyrgyzstan is** mainly represented by small and medium-sized enterprises located in the major cities of Bishkek, Osh and Jalal- Abad. The enterprises produce a wide range of furniture - from simple and practical models to more complex design solutions. The main production facilities are concentrated in the capital

and other large communities where both private companies and family businesses operate.

According to the statistical data, in 2023, production was $14.8 million, showing an increase of 16.5% over 2019.

Furniture manufacturers in Kyrgyzstan offer a variety of products, including cabinet furniture, upholstered furniture, and specialized samples for offices. In recent years, there has been a growing interest in environmentally friendly and recyclable materials, which is linked to global trends in sustainable development.

The furniture industry of Kyrgyzstan is oriented both to the domestic market and to export. The main export destinations include Central Asian countries such as Kazakhstan and Uzbekistan. Despite the growing export potential, domestic demand for furniture is still high, which stimulates the development of local production.

The volume of exports of furniture industry products in 2023 amounted to

$4.8 million, showing a 2.2-fold growth by 2019. Imports of furniture industry products from Kyrgyzstan in 2023 amounted to $29.3 million, which is 42.5% higher than in 2019.

Kyrgyzstan has subsidy programs and tax incentives aimed at modernizing production, developing new technologies and expanding export opportunities. These measures contribute to improving the business climate and creating favorable conditions for the growth and development of the furniture industry.

The national development program until 2026 provides the furniture industry with such state support measures as subsidies and grants for modernization, preferential loans for new and existing furniture companies, tax vacations and reduction of the tax base for investments in new equipment, creation of industrial zones, grants for the development and introduction of new technologies and materials, subsidies for participation in international exhibitions and assistance in entering foreign markets.

Thus, the furniture industry of the EAEU countries demonstrates a number of common trends due to both domestic economic conditions and global trends. These trends reflect the countries' aspirations to improve the quality of their products, enhance international competitiveness and meet the growing domestic demand.

Increased production and import substitution: many EAEU countries are strengthening domestic furniture production to reduce dependence on imports. This movement is supported by government programs aimed at stimulating investment in production and the development of local brands.

Adoption of innovative technologies: the furniture industry is beginning to actively integrate modern technologies such as

process automation, 3D printing and the use of environmentally friendly materials. This contributes to increasing production efficiency, improving product quality and expanding the product range.

Focus on sustainability and environmental friendliness: in the context of growing attention to environmental issues and sustainable development, furniture companies in the EAEU countries are starting to use recycled materials and reduce the negative impact on the environment.

Active development of export markets: companies from the EAEU countries are actively entering international markets, which is associated with the need to diversify income and search for new growth opportunities. This requires manufacturers to comply with international quality standards and adapt their products to the requirements of foreign consumers.

