HIMKI
Himpunan Industri Mebel dan Kerajinan Indonesia
*Indonesia Furniture and Craft Industry Association*

**HIMKI Profile**

www.himki-indonesia.com
Thousands of Indonesia heritage characteristics scattered in almost every Indonesian island, become our inspiration.
Indonesia Furniture and Craft Industry Association (HIMKI) is a merger organization between Indonesia Furniture and Craft Association (AMKRI) and Indonesia Furniture Industry and Handicraft Association (ASMINDO), which is held by an extraordinary ruled conference on May 31st, 2016, at Holiday Inn Hotel, Jakarta, Indonesia. This combination is intended to so that Indonesia only has one big, solid and strong association as a main partner of government to bring forward the national furniture industry and handicraft to compete in the global market. Therefore Indonesia Furniture and Craft Industry has a concept to reach the growth plan of USD 4 billion until the end of the year 2024 with our strategic working program as below:

INNOVATIVE DESIGN

Design and product development are the key to successfully compete in the global market. The availability of supporting facilities to undertake the development activities (design center) as well as design protection (intellectual property rights) in the regions of production basis as a condition for the occurrence of self-sufficiency in terms of the design comprehensively and sustainably managed. It is absolutely necessary as the main condition of the formation of the main industry competitiveness is supported by a viable product design quality market.
Rejuvenation of Equipment and Production Technology

Subsidy regulation of production equipment renewal in order to compete in the global market. It needs government subsidies in the procurement of tools and technologies so that rejuvenation process goes quickly. The affordability of purchasing the latest production equipment required by industry players with a specification as needed, advanced, in order to sustain the acceleration and the efficiency of the process.

Traditional process in making furniture based of wood and rattan material that become uniqueness of products which is produced by SME in Indonesia

Modern Industrial Cluster

Regulation of infrastructure development integrated industrial zones in three provinces, namely West Java, Central Java and East Java. The whole infrastructures that support the productivity and the efficiency of streamlined furniture industry and handicraft is absolutely necessary as the basis for the creation of the ability of the industry’s competitiveness in order to afford the competition in the global market, namely the development and improvement of the industrial.

Area of furniture and crafts in the region’s industrial base by managing modern, integrated procurement by the stage of supplying quality raw materials, standardization and delivery services.

Location Plan of Industrial Cluster in Central Java

Indonesia Cluster Concept: We got the TECHNOLOGY to give better ECOLOGY for Industrial Park in Java Island.
HUMAN RESOURCE TRAINING

Provision and development of skilled human resources. Promoting the availability of skilled and worked-ready labors to work in the furniture and craft industry through education and certified skills training that focuses on the formation of skill-specific expertise needed in the furniture and craft industry mainly based on the skill of processing wood and rattan and other materials that owned.

PROMOTION AND EXHIBITION

Marketing promotions and market penetration as a strategic move to increase the value and to introduce and sell products directly to the global markets. The occurrence of promotional activities and marketing which are managed properly, conducted in the side country as well as abroad with a programmed schedule (according to the recommendations attached) throughout the year to target markets around the world, especially for countries that become the main market targets.

The availability of outlets or permanent facilities displayed and retail sales conducted throughout the year around the world, especially in countries with emerging economies and main target countries.

That become the main target market of Indonesia furniture and handicraft as recommended which is managed professionally.

Mr. Joko Widodo, The President of Indonesia launched the rattan product in March 2015 IFEX, rattan as evidence of the government’s commitment to support rattan industry to be the best and the biggest in the global market.
INTERNATIONAL SCALE EXHIBITION ACTIVITIES

At least there should be three major exhibitions in the country to support the expected growth, including organized in March, namely ASEAN Furniture Exhibition Circuit (IFEX), and in September) focus on hotels and restaurants, property and lifestyle design. Products shown consists of an indoor wood product, teak outdoor furniture, rattan synthetic wicker, metal outdoor furniture, upholstery furniture, office furniture and products featured crafts, artwork and stationary. With the market targets are exporters, business hotels, restaurant, cafe and residential, including apartments and government institutions, consultants, contractors, and others. Considering the outstanding national property growth, this market share must be filled by Indonesia’s own products so that they become the host of its own country.

Beside the international scale exhibitions held in the country, HIMKI also recommends and follows other international exhibitions furniture and craft in foreign countries such as;

International Exhibition
- IMM Cologne, Germany in January
- Ambiente Frankfrut, Germany in February
- CIFF Guangzhou, China in March
- CIFF Shanghai, China in Septembers
- Index Dubai, UAE in May
- LVM Las Vegas, Nevada, the United States in August
- Spoga Cologne, Germany in September
- Maison & Objet Paris, France in September

Priority International Market Penetration
- Nanning, Shenzhen, Lecong, and Shanghai in Mainland China
- Dubai Uni Emirates Arab
- South Africa
- Las Vegas United States of America

Emerging markets exhibition is important to enter the markets of Africa, Latin America, India, Russia which has been the weak point of the Indonesian furniture market target. This potential markets should be worked out so that the market shares of Indonesian furniture and handicraft products can be upgraded to regional growing countries.

The working visit of the President of Indonesia Mr. Joko Widodo to Indonesia International Furniture Expo (IFEX) in Jakarta, March 11, Mr. Joko Widodo, The President of Indonesia, Mr. Enggartiasto Lukita, The Minister of Industry of Indonesia and Ir. Soenoto
TAX RATE REDUCTION
Import material tax abolition and supporting industry or tax reduction so that the competitiveness of domestic furniture products especially for the domestic market has a strong competitive edge against the invasion of imported furniture products.

LAW ENFORCEMENT
Eradicate and eliminate illegal logging practices. Eliminate the practice of smuggling (illegal logging). Particularly, wood and rattan raw materials in different areas in Indonesia. It is very important, beside disrupting the stability of supply of raw materials to industry so that it would not become a policy modus, namely strengthening industry rivals because they have the access to raw materials in a way that is not legal.

FUTURE INDUSTRY
National furniture industries and handicrafts have an important role and very strategic to the growth of the Indonesian economy, especially contributed to:

Absorbing Employment (labor-intensive)
Currently more than 500,000 direct labors absorbed in factories and 2.5 million indirect labor which is the worker of outsourcing and indirect labor of related supporting industries workers are the backbone and become one of the national economy bearing which has been proven very strongly. Assuming that each export growth can potentially create USD 1 billion, 400,000-500,000 new jobs, especially male workers.

Performer of the State Foreign Exchange
The furniture industry is currently producing a foreign exchange of USD 2.8 billion.

POTENTIAL OWNED BY INDONESIA
Indonesia has the opportunity to be the largest manufacturer of furniture and crafts in the region today, and specifically for rattan - based products. Indonesia can become the largest industry in the world. It is supported because Indonesia has a great comparative advantage in the form of:

1. The availability of land and forest raw materials which is the third in the world after Brazil and Congo,

2. The second greatest human resource after China in Asia and are already skilled experts,

3. The investment growth climate can still be improved with relatively competitive labor costs and continuous improvement regulation in order to provide convenience for the business world.

Potential Indonesian furniture and craft industry currently consists of 3000 business units registered as an authorized exporter incorporated in HIMKI scattered industrial base on the island of Java, Bali, East Nusa Tenggara, Sumatra, Kalimantan and Sulawesi with the realization of national exports of USD 2.5 billion consisting of USD 1.7 billion to furniture and USD 800 million of crafts.
HIMKI has pioneered tree planting for furniture industry and handicraft since 10 years ago especially mahogany, teak and mindi in Java and Kalimantan area.

**SUPPORTING MATERIAL SUPPLY**

Regulatory incentives for supporting material industry (supporting industry).
All the needs of supporting materials including principal components and accessories for the national furniture industry and craft fulfilled in the short, medium and long term is no longer dependent on imports from developed countries by encouraging the establishment of production bases supporting industry in the nation.

**Production Forest Area (84.5 million ha)**

<table>
<thead>
<tr>
<th>Region</th>
<th>Main Woods</th>
<th>Area (in million m³)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sumatera</td>
<td>Rattan, Acacia wood, Rubber wood</td>
<td>36,586,681.87 m³</td>
</tr>
<tr>
<td>Jawa</td>
<td>Mahogany wood, Rubber wood</td>
<td>6,551,726.82 m³</td>
</tr>
<tr>
<td>Kalimantan</td>
<td>Mahogany, Teak, Meranti, Mindi, Sengon/Albizia, Kruing, Merbabu, Eucalyptus wood</td>
<td>11,974,029.26 m³</td>
</tr>
<tr>
<td>Sulawesi</td>
<td>Rattan, Mixed Forest wood, Teak wood, Meranti, Pine wood</td>
<td>185,488.97 m³</td>
</tr>
<tr>
<td>Maluku dan Papua</td>
<td>Rattan, Mahogany, Teak, Meranti, Mindi, Mixed Forest, Kruing, Merbabu, Eucalyptus</td>
<td>1,786,958.16 m³</td>
</tr>
<tr>
<td>Bali and Nusa Tenggara</td>
<td>Rattan, Pogonatheruma wood, Teak wood, Mixed Forest, Mahogany wood</td>
<td>86,234.60 m³</td>
</tr>
</tbody>
</table>
INTEREST RATE REDUCTION PLANNING

The decline in lending rate regulation of national banks. Bank Indonesia policy and the Financial Services Authority (FSA) in order to lower the interest rate on a bank loan at a reasonable level and to compete with other countries around the world. This is very important as the basis for the realization of the competitiveness of the industry and a competitive price in the global market.

MATERIAL SUPPLY ADEQUACY

Regulation as securing raw materials supply industry to guarantee the supply of finished goods. The entire requirement of raw materials, especially wood and rattan for national furniture industry and crafts is fulfilled in the short, medium and long term by realizing the concept of the downstream (according to the Law Industry No. 3 of Article 32 in 2014) supported by regulations requiring timber planting material for HPH, maintaining the regulation for forbidding the export of raw materials and reducing the cross-sectional area of wood that can be exported, as well as eliminate mandatory (SVLK)

HIMKI and the Government have committed to make Indonesia become the largest famous furniture industry and crafts in the region. The short-term target is to reach the growth of national export realization in 5 years at USD 3 billion or growth of over 8-10% on average per year. To achieve this we need the right strategy and synergies together with other regional associations that are incorporated in the AFIC and associations belonging Asian level in CAFA and among stakeholders in Indonesia so that the plan can be realized through the work main programs and regulation proclaimed as below:

Recapitulation of Furniture and Handicraft Industry Growth Projection for the next 5 Years Ahead

<table>
<thead>
<tr>
<th>Year</th>
<th>Furniture</th>
<th>Handicraft</th>
</tr>
</thead>
<tbody>
<tr>
<td>2019</td>
<td>800</td>
<td>1.80</td>
</tr>
<tr>
<td>2020</td>
<td>864</td>
<td>1.94</td>
</tr>
<tr>
<td>2021</td>
<td>933</td>
<td>2.09</td>
</tr>
<tr>
<td>2022</td>
<td>1.00</td>
<td>2.26</td>
</tr>
<tr>
<td>2023</td>
<td>1.08</td>
<td>2.44</td>
</tr>
<tr>
<td>2024</td>
<td>1.17</td>
<td>2.64</td>
</tr>
</tbody>
</table>

Notes: Raw material need, especially wood and rattan, is projected will be increase 15% per year the existing need of wood is USD 6 million/M³ and rattan is fifty thousand ton.
Rattan Nursery And Sustainable Harvesting Process as Implementation of a Sustainability Forest
Indonesian forest as the lungs of the world that must be preserved