



## EDITORIAL

The European Commission has signed a contract to co-fund the UEA project FACTS II to assist the companies in Romania, Bulgaria, Croatia and Turkey in adapting to the EU acquis in the field of furniture production.

During the first FACTS (Furniture Acquis Communautaire Transfer System) project it had become clear that many companies in the new Member States and candidate countries are not complying with the EU legislative acquis as it applies to furniture manufacturers. The results of information audits performed were very worrying. The reasons concerned lack of awareness, lack of knowledge and lack of resources. Aware of the problem, the European Commission made additional efforts possible through its Business Support Program for

Romania and Bulgaria and for the candidate countries Croatia and Turkey.

The 1 million Euro project will make it possible to make an in depth analysis of the needs of 25 companies in Romania and Bulgaria with recommendations for actions and a financial analysis of the cost. In Croatia and Turkey 60 information audits will take place to increase the awareness of the problems that the manufacturers will encounter. At the same time, seminars and training sessions will disseminate the knowledge of the EU community acquis in the field of furniture manufacturing and will provide additional training to the furniture federation on how to advise their members.

Local partners in the project are APMR from Romania, BBCWFI from Bulgaria, HUP from Croatia and MOBDER from Turkey.

For more information contact the UEA secretariat [secretariat@uea.be](mailto:secretariat@uea.be).

Bart De Turck  
UEA Secretary General  
FACTS II Project manager



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### NEWSLETTER 1

Responsible editor  
UEA  
Rue de la loi 26  
B – 1040 Brussels  
[secretariat@uea.be](mailto:secretariat@uea.be)

B De Turck  
Bodegemstraat 43A  
B - 1000 Brussels

## FACTS I Project Results

The FACTS I Project (Furniture Acquis Communautaire Transfer System) was completed successfully thanks to the support of the European Commission under the Phare BSPII program. It was the result of the joint efforts of the UEA, CEI-Bois, EIAS and their CEECs partners. The project was carried out in a 24 month period and resulted in the development of over 600 informative audits to identify the compliance of furniture companies with the EU community acquis in 9 new member states and the previous candidate countries of Romania and Bulgaria, now member states of the EU. These audits provided the opportunity to inform the companies about the possible solutions, investments and also risks if measures were not taken to tackle issues. The project in addition developed self auditing tools that allowed the companies to establish the work needed in order to conform to the requirements

of the EU directives concerning health, safety and environment. They consisted on 22 questionnaires (FACTSOOLS), one for each directive and these results of are based on declarations of the manager companies. The UEA at the same time developed a certification

system that assured the anonymity of the company, only making identifiable the country of origin, type of production and size of the company. Overall the results of FACTSTOOLS show that for some of the most important directives the compliance is far from satisfactory. The project also demonstrated that in general companies are not prepared to follow regularization required in the acquis, especially new member states and candidate countries because of lack of awareness, knowledge and resources. Aware of these issues the European Commission made additional efforts possible through its Business Support Programme for Romania and Bulgaria and for candidate countries of Croatia and Turkey to finance the new FACTS II project.

## Official creation of the World Furniture Confederation



On September 10, 2007, in Shanghai, the 19 founding members (two supra national federations – the UEA and the CAPFA – and 17 national

ones) officially adopted & signed the statutes of the World Furniture Confederation (WFC) during a signature ceremony. The WFC also adopted two resolutions: one to eliminate all import and export duties on furniture and materials used and another one that requests member companies of the WFC member organizations to respect, recognize and refrain from interfering with, or in any way or any manner taking unfair advantage of, either directly or indirectly, intellectual property rights ("IPR") owned by any member company of the other WFC



member organizations. Bulgaria, Romania and Turkey are amongst the 19 founding members.

### Furniture apparent consumption

The UEA has compiled furniture production and trade figures for the major countries all over the world for 2006. It appears that globally the demand for furniture was quite buoyant in almost all the industrialized countries. The growth rates ranged from 5 to 20%. East European countries (including the new member states) recorded exceptional growth rates of their internal demand clearly showing that local households are furnishing their houses with new furniture given their increasing purchasing power. The average apparent consumption (production minus exports plus imports) was 201 Euros per EU inhabitant. The highest amounts are noticed in Austria, in Denmark and in Belgium and the lowest in Poland and in Bulgaria. At the global level, in the NAFTA countries, the furniture consumption amounted to 181 Euros per inhabitant and in Asia to 22 Euros per inhabitant.

### Furniture & Inflation

According to Eurostat, the annual inflation for the EU27 at the end of November 2007 was +2.1%. The weight of furniture prices accounts for 2.59% in the Harmonized Index of Consumer Prices (compared with 4.51% for cars and 5.35% for garments). Furniture prices (at retail level) have annually increased by 0.6% at the end of November 2007 (at the EU27 level). The highest increases were recorded in the Baltic States whilst decreases were observed in several countries (see table).

### ANNUAL INFLATION RATES

Country	Furn.	Gen.	Country	Furn.	Gen.
EU25	0,6%	2,1%	Hungary	-2,1%	6,4%
Belgium	0,9%	2,0%	Malta	0,6%	0,9%
Czech Rep.	-1,0%	1,0%	Netherlands	0,8%	1,6%
Denmark	0,1%	1,8%	Austria	1,0%	1,6%
Germany	0,5%	1,5%	Poland	0,6%	1,3%
Estonia	6,1%	4,7%	Portugal	1,2%	2,6%
Greece	2,2%	3,2%	Slovenia	4,0%	2,4%
Spain	3,7%	2,7%	Slovakia	-2,1%	3,7%
France	0,3%	1,6%	Finland	1,1%	1,3%
Ireland	-4,1%	2,4%	Sweden	-1,4%	1,5%
Italy	1,7%	2,0%	UK	0,1%	2,7%
Cyprus	2,5%	1,3%	Bulgaria	2,7%	6,1%
Latvia	4,9%	6,3%	Romania	2,5%	4,7%
Lithuania	3,2%	4,4%	Turkey	4,9%	9,8%
Luxembourg	0,9%	1,8%	Norway	-0,7%	2,8%

### Fees reduction for design protection

During a recent meeting, the Competitiveness Council noted that the work of Office for Harmonization in the Internal Market (OHIM) has been very well received by all stake holders and that the number of trademark applications and models and designs registrations at OHIM has exceeded the most optimistic predictions. As a result, OHIM has experienced annual budget surpluses which, by the end of 2006, resulted in cumulative cash reserves of more than €200 million despite a reduction of the applicable fees which took effect in 2005. It called the Commission to immediately propose a new reduction of the fees charged by OHIM, in particular of the fees for the application, registration and renewal of Community trade marks and designs; the proposal should be accompanied by a

comprehensive impact assessment. Currently the fees for registration are 350 Euros for a 5-year period registration.

### **New EU chemical agency**

The new European chemicals legislation, REACH (Registration, Evaluation, Authorization and restrictions of Chemicals) entered into force on June 1<sup>st</sup>, 2007, and with it the new European Chemicals Agency started operations in Helsinki. The REACH regulation will significantly improve protection of human health and the environment while encouraging innovation and keeping the EU's chemical industry competitive. The Agency, which is responsible for managing the implementation of the new requirements, launched a website ([www.echa.europa.eu](http://www.echa.europa.eu)) providing key information such as guidance documents, helpdesks and other tools relating to REACH. The Agency will have to work hard to become fully operational on 1 June 2008, when companies will begin on-line submission of pre-registrations and registration dossiers.

### **Revised Machinery Directive**

The revised Machinery Directive 2006/42/EC does not create any new changes compared to the current Machinery Directive 98/37/EC. But, it focuses to unite the achievements of the Machinery Directive in terms of free circulation and safety of machinery while improving its application. The provisions of the new Directive will be applicable from 29 December 2009. Until then, the current Machinery Directive provisions continue to apply. The new Machinery Directive includes an obligation that all Member States need to monitor the performance of Notified Bodies and to suspend the notification if a Body fails to carry out duties properly.

### **Collective agreements in the furniture industry**

The UEA and the European Federation of Building and Wood Workers have prepared a survey of the collective agreements (C.A.) in the furniture sector that exist in the EU member states (including Romania and Bulgaria) and in the candidate countries (Croatia and Turkey). The survey was prepared with answers to a questionnaire with questions covering all bargained aspects of a collective agreement (16 groups of questions each related with a specific part of the agreement). The covered themes were: general Information on the furniture sector; classification & coverage of the agreement; wages, inflation & productivity; other types of remuneration; minimum wage; regular working time and time off; shift works & breaks; overtime; overtime premium; working time arrangements; retirement pension; notice of redundancy: workers & blue-collar workers; rules for illness and work-related accidents; maternity and paternity leaves; supplementary training of workers and status of temporary employees.

The results have been published in a brochure that can be sent for free (hard copy or electronic version) on demand ([secretariat@uea.be](mailto:secretariat@uea.be)).