



EDITORIAL

In its more than fifty years of existence, the European Union has enacted a large volume of legislation on every subject that falls under its responsibility according to the different European Treaties. New Member States and candidate countries take over this 'acquis' and transpose it to their own national legislations for immediate application or for application after to a negotiated transition period. To succeed in the transposition of this vast body of EU legislation into national legislation in a timely and correct way is one of the major challenges for New Member States and candidate countries and the European Commission has and is providing all possible assistance to help them achieve this goal. The application of this in many cases new legislation is proving even more of a headache. Here also the European Commission has put in place many assistance programs that help prepare the national authorities of the new Member

States and candidate countries to control the application. Also towards the companies many efforts are being made to inform and prepare them to deal with the requirements of this legislation.

One such program developed by the European Commission is the Business Support Program which specifically addresses the problem of the transfer of the EU legislative acquis to companies and business representative organizations. In this program, the FACTS II project proposed by the Union Européenne de l'Ameublement has been selected. The UEA and its member organizations consider the integration of new Member States and candidate countries in the EU as a priority for the European furniture industry. The FACTS II project is the third such project executed by the UEA to help its members in candidate countries learn about the sector specific EU acquis. FACTS II is addressing Bulgaria and Romania and candidate countries Croatia and Turkey.

The program will both try and assist the federations with developing and helping their members better understand the EU sector acquis and where possible will get into detailed assistance to the manufacturers formulating the changes necessary for them to be completely in line with their legislative requirements once their country becomes an EU Member State.

On behalf of all partners but also of all the participants we would already like to express our sincere thanks to the Commission of the EU to have made this program possible.

We hope it is also useful to you

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NEWSLETTER 2

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Free movement of workers

In 2007, ten of the EU-15 Member States have opened their labour markets completely: the **United Kingdom, Ireland and Sweden** had already opened their labour markets during the first phase. They were followed by **Spain, Finland, Greece and Portugal** as of 1 May 2006 and, as of 27 July 2006, by Italy. The **Netherlands** lifted all restrictions from 1 May 2007 and **Luxembourg** from 1 November 2007. However, most of the EU-15 Member States that have maintained restrictions have simplified their procedures or have reduced restrictions in some sectors/professions (**Belgium, France, Denmark** and – as of 1 November 2007 – **Germany**). **Hungary** still applies reciprocal measures.

Slovenia ceased to apply reciprocity on 25 May 2006 and **Poland** on 17 January 2007. None of the new Member States have thus far resorted to the safeguard procedure, which would mean that EC law on free movement of workers continues to apply among these Member States. In 2007, ten EU-25 Member States (**Czech Republic, Estonia, Cyprus, Latvia, Lithuania, Poland, Slovenia, Slovakia, Finland** and **Sweden**) have liberalised access of Bulgarian and Romanian workers to their labour markets under national

law. The remaining EU-25 Member States have maintained work permit systems, albeit sometimes with modifications and simplified procedures. **Bulgaria** and **Romania** have decided not to restrict access to their labour markets for EU nationals from those EU-25 Member States which apply restrictions for Bulgarian and Romanian workers.

Tariff Liberalization in the Forest Products Sector Proposal

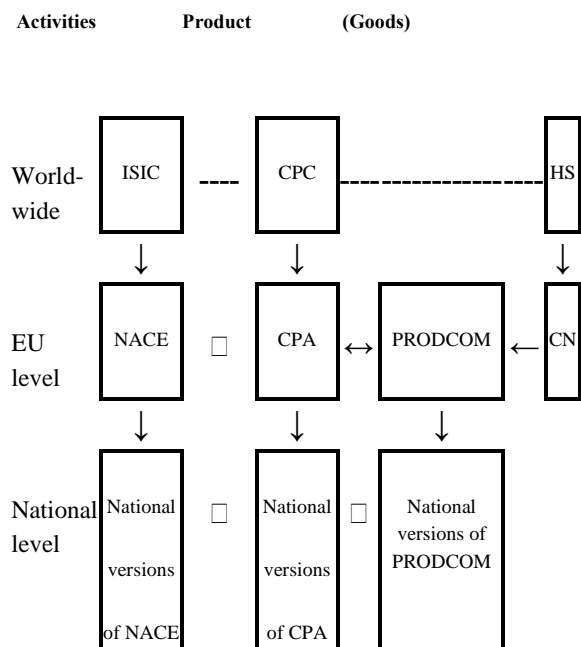
The governments of Canada, Hong Kong, China, New Zealand and the United States have tabled a proposal to the WTO in order to reduce and/or eliminate tariffs on forest products, including furniture. Liberalization of these products will yield great business gains for developed countries as well as for developing ones. The Santa Catalina group¹ in its proposal stipulates that developed countries would need to eliminate tariffs on all products on the first day of the year following the agreement. It also addresses the concerns of developing countries in the consequences of joining this scheme, by proposing special and differential treatment options. The first one consists on offering varied implementation periods, depending on the country, to accommodate their different needs. Secondly, the ‘zero for x’ option for some members to eliminate tariffs while others reduce and harmonize them. Finally, if agreed by participating states, limited product exemptions and participation credits could be allowed. Tariff liberalization in the forest product sector would help significantly the furniture industry by witting costs and allowing the use of a wider trade zone without barriers to the forest products sector. Some import tariffs on forest

¹ This group of countries (Canada, Hong Kong, China, New Zealand and the United States) are part of the International Council of Forest and Paper Associations (ICFPA) and they have been working together to promote global free trade in forest products as the “Santa Catalina Group”.

products can run as high as 7-10 percent on goods such as plywood. Consequently, this proposal and the decisions taken from it will be of benefit for all participating countries. Therefore, the UEA, as the representative voice of the furniture manufacturing industry supports and encourages the establishment and completion of these agreements, as we feel these will benefit the future of the furniture industry. The UEA is coordinating its activities with manufacturers (BEUC), consumers (BEUC), retailers (FENA) and wood importers (UCIB).

NACE Revision 2

NACE, the European classification of Economic Activities is the European reference framework for the production and dissemination of statistics related to economic activities. This integrated system allows comparability of statistics produced in different statistical domain. The NACE 2 revision is motivated by important changes in the economy since 1990 and is more relevant to the economic reality and more comparable with other international classifications.



The statistical Classification of Economic Activities (NACE) and the statistical Classification of Products by Activity (CPA) in the European Community are part of the integrated system of statistical classifications, which is represented in the scheme.

The manufacture of furniture changed from division class 36.1 to 31, splitting existing divisions and therefore elevating their components, which had existed at group level before to the division level now. Division class 31 Manufacture of furniture includes the manufacture of furniture and related products of any material except stone, concrete and ceramic. The processes used in the manufacture of furniture are standard methods of forming materials and assembling components, including cutting, moulding and laminating. The design of the article, for both aesthetic and functional qualities, is an important aspect of the production process.

Some of the processes used in furniture manufacturing are similar to processes that are used in other segments of manufacturing. For example, cutting and assembly occurs in the production of wood trusses that are classified in division 16 (Manufacture of wood and wood products). However, there are multiple processes that distinguish wood furniture manufacturing from wood product manufacturing.

An example of this revision is that the manufacture of furniture now doesn't include airplane or car seats because they are not the same manufacturers as other types of furniture. Illustrating this example is that currently manufacturers of car seats are under division class 29.32 which stands for manufacture of other parts and accessories for motor vehicles and 30.30 for the manufacturers of aircraft seats.

EU terminates anti-dumping review of Chinese plywood

The European Commission announced on Saturday it had terminated its partial interim review of anti-dumping measures against imports of okoume plywood from China. The commission said the decision was taken after the applicant withdrew its request for review, which was intended to extend the existing anti-dumping measures to more types of Chinese plywood products.

It was also decided the termination of the review would not be against the European Union (EU)'s interests. The EU imposed a definitive anti-dumping duty on imports of Chinese okoume plywood in 2004, ranging from 6.5 percent to 66.7 percent for different companies.

In April 2006, the European Federation of the Plywood Industry (EFPI) lodged a request with the commission for a partial interim review of the anti-dumping measures, aiming to bring some new product types into the scope of the measures. However, the EFPI withdrew its request in December last year.

The commission said with the review terminated, the existing anti-dumping measures would remain in force.²

Formaldehyde

Formaldehyde³ is a chemical used widely by industry to manufacture building materials and numerous household products. It is also a by-product of combustion and certain other natural processes. Thus, it may be present in

substantial concentrations both indoors and outdoors. The International Agency for Research on Cancer (IARC) reclassified formaldehyde from “probably carcinogenic to humans” to carcinogenic to humans” in 2004.

In the past two years, formaldehyde was classed as carcinogenic by the World Health Organization (WHO), and new legislations were enacted in European countries and in the US. In the EU the currently most frequently used panel in the furniture sector is classed as E1. However, most major panel producers commercially produce a lower emission panel (1/2 E1 roughly equivalent to the panel emission standard used in Japan).

Chinese manufacturers with no regulations to constrain them are selling cheap inferior formaldehyde laden products in the United States. As a consequence, California is concluding on an emission standard and a standardization test for formaldehyde. They are closing on establishing standards of equivalent or greater stringency than European E1 standard and of comparable stringency to the Japanese standard. California is also choosing the big chamber test procedure (ASTM E1333) and using a small chamber for on-site batch testing at the board manufacturer as a second option.

The furniture manufacturer's main concern is the health and safety of their workers and consumers. In the long term the UEA members want emission levels in wood based products to be on the same levels as natural wood. The UEA members have called on the European authorities to formulate a legislation requiring that all panels used in furniture put on the market in the EU have the lowest possible emission level based on the best available technology (today this means emissions equivalent to 1/2 E1). Furthermore, the UEA is calling for a European legislation in order to avoid distortions of trade within the EU and to assure that also the rapidly increasing import of products using panels gives the same level of safety to the consumers.

² http://news.xinhuanet.com/english/2008-02/17/content_7616195.htm

³ It is a colorless, pungent-smelling gas, can cause watery eyes, burning sensations in the eyes and throat, nausea, and difficulty in breathing in some humans exposed at elevated levels (above 0.1 parts per million). High concentrations may trigger attacks in people with asthma. There is evidence that some people can develop sensitivity to it. It has also been shown to cause cancer in animals and may cause cancer in humans. Health effects include eye, nose, and throat irritation; wheezing and coughing; fatigue; skin rash; severe allergic reactions.