

UEA NEWSLETTER

CONTENT

- EDITORIAL
- THE WORLD FURNITURE INDUSTRY IN 2007
- FIRST
- WORKING CONDITIONS
- FLEGT
- NEW COMPETENCIES
- WORLD FURNITURE CONFEDERATION

Periodical September 2008

uea Communications asbl.

Rue de la Loi 26

B - 1040 Brussels

www.ueanet.com

secretariat@uea.be

Publisher

Bart De Turck

Bodegemstraat 43A

B - 1000 Brussels

deturck@uea.be

Editorial Committee

Calixto Valenti

Pavlos Kímtsarís,

Bart De Turck

EDITORIAL

In the past two years, formaldehyde was classed as carcinogenic by the WHO, 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). The first concern of the furniture manufacturers is the health and safety of their workers and their 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 call 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). Similar legislations exist elsewhere (US: California clean air act) 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. "We know from our discussions with the European Panel Federation (EPF) that the European panel producers are not against a European legislation and we hope that they will support our efforts to make their premium product the legal standard in Europe" UEA president Calixto Valenti said. The UEA is coordinating this effort with the BEUC, the European Consumers' Organization and with FENA, the European Furniture Retailers Organization who both support such legislation. Discussions for support for this measure are also ongoing with the EFBWW, the European organization representing the workers in the furniture industry.

Calixto Valenti,
UEA President

THE FURNITURE INDUSTRY

THE WORLD FURNITURE INDUSTRY

In 2007, the furniture global production reached 274.3 billion Euros or an increase of 6.1% in value compared with 2006. The EU-27 furniture manufacturers produced 105.1 billion Euros worth of furniture or an increase of 5.6% compared with 2006. This production accounted for some 38.4% of the global production. The Asia zone produced the equivalent of 75.8 billion Euros (+15% compared with 2006 or the fastest growing furniture producing area) with China (40.7 billion Euros / +15%) and Japan (15.4 billion Euros) being the major producers in the area. The NAFTA zone (USA, Canada and Mexico) was responsible for 26.5% of the global production (76.1 billion Euros). The production of Latin American countries exceeded 5.5 billion Euros with Brazil accounting for two thirds of the production. By country, the USA with 61.5 billion Euros, accounted for some 23% of the world production. The top 25 furniture producing countries account for some 90% of the world production. Out of them, 13 countries are European, 7 are Asian, 4 American and 1 Oceanian.

In 2007, the global furniture trade amounted to 87.3 billion Euros or an increase of 10.1% compared with 2006. Almost all major exporting countries recorded growth rates between 5 and 15%. The EU furniture manufacturers exported 43.4 billion Euros of furniture (40% of their production and almost 50% of the world total). More than 80% of the total EU27 exports are intra-zone trade. The Asian countries are now the second largest furniture exporting region. They exported

some 26.5 billion Euros (+12%) and accounted for almost 31% of total exports. China has definitively become the leading exporting country with some 16.4 billion Euros (+16%). Contrary to the NAFTA zone (this zone exported 11.7 billion Euros) where the exports are mainly intra-zone, the Asian exports are mainly shipped to the EU and the USA. Intra-zone trade mainly concerns exports to Japan. The NAFTA zone was the largest furniture importing zone with total imports totalling 27.5 billion Euros (of which 22.6 billion Euros into USA). Almost half of the imports of the USA are originated from China. Two thirds of its total imports were shipped from Asian countries. The EU is the second furniture importing zone with a total of 12.6 billion Euros (+ 18% - not including intra-EU-27 zone exports). As for the USA, more than 65% of imports are Asian furniture. EU extra-EU imports from China accounted for some 55% of total EU imports. The top 25 furniture exporting countries are responsible 85% of world furniture trade. By country, China has become the largest furniture exporting with 19% of global exports. Italy follows with 11% of world total. Germany, Poland and the USA complete the top five. The largest importing countries are the USA (22.6 billion Euros and a deficit of 18 billion Euros), Germany (7.6 billion Euros), the UK (6.3 billion Euros) and France (5.6 billion Euros). These countries also show the largest trade deficits. The largest furniture market was the EU-27 zone with a total apparent consumption of 106.6 billion Euros or 216 Euros per inhabitant. The imports from third countries represented 11.8% of the EU market (but 15% in volume). The level of consumption is quite different from country to country with consumption in Nordic and German-speaking countries exceeding 300 Euros per inhabitant and the new member states with a consumption of around 50 Euros per


inhabitant. The second largest furniture market is the NAFTA zone with a total of 89.6 billion Euros. Imports in this zone have a 32% market share. Per inhabitant some 205 Euros worth of furniture are annually consumed. The furniture market in Asia amounted to 59.8 billion Euros. The Japanese market represented 31% and the Chinese one 42%. In the EFTA countries the penetration rate of imports exceeds 50% amounting at 68% (415 Euros/inhabitant). In Latin America, the apparent consumption amounted at 5.4 billion Euros or 13 Euros/inhabitant. Brazilian market accounts for 55% of the total.

IMPROVING WORKING ENVIRONMENT IN THE FURNITURE INDUSTRY

Motivated by the success of the FAR project on accident reduction in the furniture sector, the social partners in the furniture sector have decided to expand their activity to include the work place environment in the furniture sector. The purpose of the project is twofold: to compare how European legislations on health and safety in the furniture sector have been transposed into national legislations in the EU countries and whether specifically for those legislations that have limit values, different more strict national values are applied in individual EU member countries and secondly to examine and present best practices on the application of these legislations and especially how national authorities and organizations are helping companies and workers to deal with the requirements of the different legislations. Although the list of relevant legislations still has to be compiled, a number of important legislations such as wood dust exposure, noise exposure, VOC and formaldehyde exposure will certainly be among those considered. The project is co-funded by the European Commission and by UEA and its partners. Workers organizations in the project are represented through EFBWW, the European

Federation of Building and Wood Workers. EFIC will represent its members. The final event will take place in Paris during the French EU presidency on December 12 in the conference rooms of the FCBA, the French Wood and Furniture Research Centre. The seminar is addressing representatives of workers organizations and of employers' organizations, as well as individual manufacturers and workers in the sector and the press. Participation is free. Registrations will be made on a first come first serve basis. For the availability of space please or for more information contact the UEA at secretariat@uea.be.

FIRST HAS DEVELOPED THE GUIDELINES

 The partners of the FIRST project have finalized its second phase. During phase 2 of the FIRST project, the partners were involved in the activities related to the development of tools to assist the furniture manufacturers to face changes and restructuring phases.

In particular this meant taking as guidelines what was written in the project proposal that stated that the methods to be developed should be based on the analyses conducted in the earlier phases of the project that looked at the costs, technology and manufacturing process, the supply chain management and logistics and also the support systems that are typically used in companies operating in the furniture industry. In particular, the scope of the proposed methodologies developed during this phase of the project was to provide criteria to evaluate the challenges companies face and then to understand how to make decisions with respect to restructuring. You can already have a look in the website under <http://www.ueanet.com/first/default.htm>

FLEGT - FOREST LAW ENFORCEMENT, GOVERNANCE & TRADE

FLEGT (Forest Law Enforcement on Governance and Trade) was the first initiative from the EU, in 2003, to respond to the growing international issue of illegal logging and its trade. By the impediment of illegal importation of timber and forest products to the EU, the EU has laid out the most comprehensive and ambitious attempt to use the power of consumer countries to reduce the extent of illegal logging. This growing problem of illegal logging and deforestation brings many issues, the main one being environmental damage, and also other important issues. Some examples are the impoverishment of rural communities that depend in forests for their survival, the retarding of sustainable development for some poor countries, the costs of government's lost in billions of dollars in revenues, promotion of corruption, the undermining of the rule of law and good governance and in some countries it has financed armed conflict. Nevertheless, the real question lies whether this attempt is enough or even effective enough to fight against this issue of uttermost importance. This action plan is being taken in the areas of public procurement and the private sector. A voluntary scheme has been placed in 2005 by a Council regulation, ensuring that only legally harvested timber enters in the EU from countries agreeing to take part on this plan. This is going to be set up by bilateral FLEGT Voluntary Partnership Agreements (VPA) with producer countries suffering from problems of illegal logging and poor forest governance with the EU. These will include commitments from both sides to halt illegal timber trade which includes a license scheme to verify its legality. Also these agreements will also promote the better enforcement of forest law and an inclusive approach involving civil society and the private sector.

The Commission has the mandate from the council of ministers to conduct negotiations in view of concluding such FLEGT VPA's. The private sector timber trade federations have made commitments through codes of conduct to eliminate illegally harvested timber from their supply chains, as well as some major banks that are assuring as well that clients are not associated with illegal logging activities. Furniture should be targeted and one approach has the preference of stakeholders is the "due diligence" requesting importers to know about the legality of wooden materials used in furniture when imported in the EU.

EMERGING COMPETENCIES IN THE FURNITURE INDUSTRY

The furniture industry is analyzed in the study: "Comprehensive Sectoral Analysis of Emerging Competences and Economic Activities in the European Union - Lot 9: Furniture industry". The study is part of a series of sector studies which are all based on the same foresight methodology - as developed by Prof. Rodrigues and further operationalized by the TNO-SEOR-ZSI consortium on request of European Commission. The overall objective of this study is to provide a comprehensive analysis of emerging competences and economic activities in the furniture sector. It is scenario-based, has an exploratory nature, and is both forward-looking (up to 2015) and backward-looking, i.e. analysing recent developments and trends providing the fundamentals and building blocks for the scenario analysis. The study should be placed against the background of the EU's renewed Lisbon strategy in which securing and improving the EU's competitiveness and redeploying the European economy to new activities with more value-added and new and better jobs are keys. Skills and jobs are of vital importance for the future of the European economy and have recently gained increasing

attention, both at national and EU level – cf. the EU's New Skills for New Jobs Initiative. The results of the study should support possible future (policy and other) actions and contribute to improving the strategic management of human resources in the furniture sector. The UEA is regularly consulted to provide its expertise on the sector.

WORLD FURNITURE CONFEDERATION

Hosted by the Decorate Life Fair, the World Furniture Confederation held its committee meetings and General Assembly meeting in Frankfurt on July 4th. On proposal of its directors' board, the members of the World Furniture Confederation choose Mr. Jia Qwen, Mr. Andy Counts, Mr. Valentin Zverev and Mr. Chan Huang Choi as vice presidents of the organizations during the meeting of its general assembly. Mr. Jia Qwen is president of the CNFA, the Chinese manufacturing organization that is celebrating its 20 anniversary this year. Mr. Andy Counts is CEO of the AHFA, the American Home Furnishings Alliance which represents the interests of the furniture manufacturers in the United States. Mr. Valentin Zverev is president of Amedoro, the Russian furniture manufacturers' federation. Mr. Chang Huang Choi is president of KFFIC, the Korean Furniture Manufacturers' organizations and also president of Capfa, the Confederation of Asia Pacific Furniture Associations. Mr. Mohsen Sellami, president of UTICA, the Tunisian Wood and Furniture federation was chosen as convener of the Technical and Environment Committee. The general assembly also ratified the choice of Moscow as the venue of the third World Furniture Congress. The congress will be organized by Amedoro and will take place on 10 - 11 November 2009. The members of the general assembly also approved two new resolutions proposed by the directors' board and by the technical and environmental

committee. Resolution 3 of the WFC appeals to the national and transnational standards bodies to work on the harmonization of a standard to measure the emissions of formaldehyde from panels. Currently several European, American and Chinese standards are being used. This is seriously complicating the trade of furniture specifically considering the various legislations on this subject that are being enacted all over the world. Resolution 4 of the WFC endorses the international ISO standard 10303 - 236 as electronic communications standard for the furniture sector. It suggests the use of this open standard in software used in the international furniture trade. The members also discussed the illegal harvesting of timber and legislative efforts to reduce this such as the Lacey Act in the US which renders all import of illegally cut wood and wood products a criminal act or the similar EU initiative that is being discussed in the European Union.