

# UEA NEWSLETTER

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## EDITORIAL

Every year, the EU furniture industry uses over 2.5 billion € worth of MDF panels. These panels are supplied by a very limited number of EU producers of this product. There is relatively little import of this product limiting the competition even further.

One of the reasons for the low level of imports is the still existing EU import duty of 7% on these products. This brings us to a very incongruous situation: furniture produced in these panels can be imported duty free into the EU whereas the panels to be used by an EU manufacturer in his production are taxed. So producers as the Chinese furniture manufacturers have not only an advantage in the labour costs and regulation cost, with China having become the largest producer of MDF in the world, they also have their semi finished raw materials less expensive than the furniture producers in the EU. Even if it is not well seen by our friends and suppliers in the woodworking industry, I have asked Trade Commissioner Mandelson to try and reduce this level of import duty for our manufacturers. We are convinced that a cancellation of the import duty on MDF panels will also reduce the overall price of these products which currently are up to 30% less expensive outside of Europe. The competitive pressure of additional supply should help our manufacturers to reduce their material cost and become a little bit more price competitive. The fact that this import duty has been maintained against the interest of the furniture manufacturers with support of the wood working organizations is actually another excellent example of the frequently opposite interests of the wood working and furniture industries. I hope that 2006 brings us good news in this and I wish each and every one of you a happy New Year and a successful 2006.

Calixto Valenti,  
UEA President

## THE FURNITURE INDUSTRY

### THE FURNITURE INDUSTRY IN 2006

The furniture industry of the 27 EU countries (EU27) represents some 4% of the production value of the manufacturing sector. It is one of the largest industries (99.1 billion Euro worth of turnover in 2006: +4.1% compared with 2005). It accounted for about 37% of the world furniture production (271.2 billion Euros in 2006). 2006 was the third year in a row, when the production value increased in the EU thanks to the general recovery. It is forecasted that the EU27 industry should grow by 4 to 6% in 2007 and in 2008 benefiting from buoyant demand and strong exports. At the global level, countries where the highest growth rates were recorded are in Asia. EU27 countries accounted (with 40 billion Euros worth of furniture exports) for more than half of the global furniture exports which totalled 79.3 billion Euros in 2006. EU27 manufacturers are facing harsh competition from Asian countries on global markets. The EU manufacturers exported more than 10 billion Euros out of the EU27 (+9.7%).

#### EU27 - EXTRA-EU TRADE

MIL. EUROS	Exp 2006	06/05	In %
USA	1980	-4,3%	19,7%
Switzerland	1665	8,0%	16,6%
Russia	1152	27,0%	11,5%
Norway	966	14,2%	9,6%
Japan	386	-4,2%	3,8%
Croatia	262	21,9%	2,6%
Canada	258	-26,7%	2,6%
Ukraine	228	33,3%	2,3%
UAE	225	14,8%	2,2%
Turkey	186	15,5%	1,9%
Australia	161	10,3%	1,6%
China	154	10,8%	1,5%
Saudi Arabia	148	8,8%	1,5%
S. Korea	121	30,1%	1,2%
Mexico	105	14,1%	1,0%
Others	2042	21,3%	20,3%
<b>TOTAL</b>	<b>10039</b>	<b>9,7%</b>	<b>100,0%</b>

Exports were mainly shipped to the USA, Switzerland (+8%), Russia (+27%) and Norway (+14%). Other very positive markets were Ukraine, Arab United Emirates and Croatia.

#### EU27 - EXTRA-EU TRADE

MIL. EUROS	Imp 2006	06/05	In %
China	4602	25,4%	43,2%
Indonesia	799	-4,9%	7,5%
Vietnam	588	16,4%	5,5%
Switzerland	490	4,0%	4,6%
Malaysia	396	6,5%	3,7%
Turkey	439	13,1%	4,1%
USA	425	18,7%	4,0%
Norway	311	10,3%	2,9%
South Africa	307	-10,0%	2,9%
Brazil	274	-9,3%	2,6%
Taiwan	263	6,0%	2,5%
Thailand	231	-7,2%	2,2%
Croatia	229	21,8%	2,2%
India	190	9,2%	1,8%
Russia	116	-2,5%	1,1%
Others	986	7,8%	9,3%
<b>TOTAL</b>	<b>10646</b>	<b>13,0%</b>	<b>100,0%</b>

two thirds of total imports.

The EU27 imported for a total of 10.6 billion Euros worth of furniture. As in 2005, China was the largest supplier (4.6 billion Euros / +25%) and the Asian countries accounted for

### 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 EU apparent consumption (production minus exports plus imports) was 201 Euros per inhabitant.

FURNITURE PRODUCING COUNTRIES	Production 2006 € Mil.		Exports 2006 € Mil.		Imports 2006 € Mil.		App. Cons. € Mil.	App. Cons. €/Inh
<b>EU</b>	<b>99284</b>	<b>%</b>	<b>10039</b>	<b>%</b>	<b>10646</b>	<b>%</b>	<b>99891</b>	<b>201</b>
ITALY	20577	2,9%	8680	4,1%	1624	15,5%	13521	229
GERMANY	18586	6,8%	6498	15,6%	7338	7,5%	19426	236
UK	11881	3,1%	1275	12,3%	5935	7,6%	16541	275
FRANCE	9012	-0,1%	2256	8,6%	5142	4,2%	11898	186
SPAIN	8898	14,0%	1334	-3,9%	2020	1,6%	9583	212
POLAND	5546	11,5%	4899	11,8%	749	12,1%	1396	37
AUSTRIA	2792	8,1%	1521	-0,1%	1548	-2,1%	2820	340
DENMARK	2686	1,0%	2139	-1,1%	1155	5,5%	1702	304
NETHERLANDS	2675	8,2%	1107	14,9%	2160	17,6%	3728	227
SWEDEN	2488	6,7%	1548	18,0%	1390	13,3%	2330	253
BELGIUM/L	2419	2,9%	1572	-0,7%	2443	1,2%	3290	296
CZECH REP	1691	4,3%	1538	2,2%	808	17,6%	962	93
ROMANIA	1604	5,4%	963	7,6%	295	28,8%	936	44
PORTUGAL	1290	2,3%	726	1,9%	502	26,8%	1066	101
FINLAND	1185	1,7%	210	-3,1%	398	13,4%	1373	254
HUNGARY	1106	12,5%	1052	8,4%	444	8,3%	798	80
SLOVENIA	1101	7,8%	1067	8,1%	439	23,0%	473	237
GREECE	1005	7,9%	38	22,6%	491	11,1%	1458	130
SLOVAKIA	688	5,4%	578	10,6%	456	49,5%	566	107
LITHUANIA	608	21,0%	510	21,3%	113	36,1%	212	62
IRELAND	512	7,8%	140	54,8%	581	25,2%	953	227
ESTONIA	299	5,5%	213	14,0%	83	40,7%	169	130
BULGARIA	298	8,7%	158	14,1%	110	52,8%	250	33
LATVIA	187	4,6%	141	10,9%	112	49,3%	158	69
CYPRUS	95	2,2%	8	13,0%	120	16,5%	207	230
MALTA	55	0,5%	5	47,1%	39	-7,1%	89	223

The highest amounts are noticed in Austria, in Denmark and in Belgium and the lowest in Poland Bulgaria 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.

### 2nd WORLD FURNITURE CONGRESS



The Second World Furniture Congress will be held on September 11-12, 2007 at the Shanghai International Convention Center. Registration

begins on Monday September 10, 2007. This event is organized by the World Furniture Confederation and the China National Furniture Association. The Congress will be able to reflect concerns and preoccupations that the furniture manufacturers have in common all over the world. For more information visit

<http://www.worldfurniture-congress.com/> .

Before the congress, the founding members of the World Furniture Confederation will officially adopt the statutes of the confederation during a signature ceremony on Monday 10 of September.

### UEA GENERAL COUNCIL IN CYPRUS

On April 27, 2007, the UEA held a meeting of its general council in Limassol (Cyprus). After the approval of the 2007 report and budget, the secretariat presented the activities of 2007. The participants then discussed in detail the draft common position under preparation: the social VAT that could replace labour and income taxes in the sector (responsible country: France), the formaldehyde issue, the EDI use by the sector, the fire safety problem and the feasibility for an environmental import tax. The secretariat finally presented the various projects in which the UEA is involved as a coordinator or a partner. The next meeting of the general council is planned on December 13, 2007 in Porto.

### FIRST PROJECT



The partners in the FIRST project have finalized 27 case studies, each analyzing the factors of success of companies having faced some challenges or changes in the recent past. Based on these best practices and on answers received from companies answering a simple questionnaire, the partners are now mapping the companies considering various scenarios and variables. They are also preparing some guidelines to assist companies in the furniture sector to manage change and face challenges. Six strategies have been defined and for each of them, guidelines are prepared: new product development, cooperation with other companies, outsourcing, skills and competencies development, electronic data management and new approaches for distribution. They should be available for free by the end of October 2007. You can already visit the FIRST website and get some information ([www.ueanet.com/first](http://www.ueanet.com/first)).

## INTERNAL MARKET

### 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 reduction of the fees charged by OHIM, in particular of the fees for the application, registration and renewal of Community trade marks; the proposal should be accompanied by a comprehensive impact assessment.

### WOOD & PRE-PACKAGING DIRECTIVE

The EU Council accepted to repeal "knots" in the wood Directive and agreed to simplify the pre-packaging directive. This Directive regulates the quality and size of wood in detail at the EU level. The member States agreed to simplify EU legislation on pre-packaged goods, allowing free packaging sizes for all products, except for wines and spirits. This simplifies regulation on nominal quantities by merging two directives and by combining regulation on metrological control of pre-packed products.

### ACCESS TO EU DOCUMENTS

The Commission started a consultation on the review of Regulation (EC) No 1049/2001. The review consists of public access to European Parliament, Council and Commission documents. The starting point for this consultation is the Green Paper which will allow any individual citizen, interested party, non governmental organization, association, economic operator or any other organization to have a say on this matter. This consultation closed on 15 July 2007. The Commission is now analyzing the results and is considering possible enhancements to Regulation 1049/2001 seeking to enhance transparency in European Institutions.

## SOCIAL AFFAIRS & TRAINING

### REDUCTION OF ACCIDENTS IN THE FURNITURE INDUSTRY

The furniture and wood working industries are among the most accident prone sectors in the EU industry according to the Eurostat statistics. It is estimated that yearly more than 100.000 workers are injured in work related accidents in furniture factories all over Europe with, apart from the human tragedy and social cost, a loss of 3% to 5% of the working days. The European Commission has decided to co-fund a 200.000€ project proposed by the UEA to promote best practices to reduce accidents in the workplace in the furniture sector. The project which builds on the "EU COM (2007)62 Community Strategy 2007 - 2012 on health and safety at work", aims to establish whether the incidence of accidents in the furniture industry is indeed similar to those in the wood working industry and will identify best practices of accident reduction initiatives in the different EU member states. A selected number of best practices will be presented during a seminar to be held in Portugal during the Portuguese EU presidency on December 15, 2007 in Porto. The goal is to have these initiatives multiplied as much as possible all over Europe. The project is executed in co-operation with the EFBWW, the European organization representing the workers in the furniture industry. Also Italy and Germany will collaborate in the project by presenting best practices through their EFIC organization.

### 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 negotiated 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)).

### COMMON MEETINGS WITH TRADE UNIONS

The UEA recently organized three common meetings with trade unions in Croatia, Turkey and Bulgaria. The UEA and its national member associations met the European Building and Wood Workers Federation representatives as well as local unionists. It was an opportunity to present a brochure detailing the collective bargaining agreements in the EU 27 countries and in Croatia and in Turkey and to sign common declarations between national social partners. The Croatian social partners declared to be ready to foster the social dialogue and the Bulgarian ones that they would like their sectoral agreement to become "erga omnes" (i.e. applicable to all companies and not only to signatory ones).

## ENVIRONMENTAL & TECHNICAL ISSUES

### NEW EU CHEMICALS 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.europe.eu](http://www.echa.europe.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.

### AMENDMENTS OF THE 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.

#### INNIOVAFUN



INTEREST GROUP

In the framework of the INNIOVAFUN project, the UEA has prepared a report in which are considered the opportunities for using electronic data management. This report is available for free in an electronic format at [secretariat@uea.be](mailto:secretariat@uea.be).