

UEA NEWSLETTER

CONTENT

- EDITORIAL:
- FACTS1 PROJECT'S RESULTS
- FIRST
- THE WORLD FURNITURE CONFEDERATION
- FURNITURE APPARENT CONSUMPTION
- FURNITURE & INFLATION
- REDUCED FEES FOR DESIGN PROTECTION
- EUROPEAN CHEMICAL AGENCY
- REVISED MACHINERY DIRECTIVE
- COLLECTIVE AGREEMENTS

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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.

Calixto Valenti,
UEA President

THE FURNITURE INDUSTRY

FACTS I PROJECT'S RESULTS

The FACTS I Project (Furniture Acquis Communautaire Transfer System) was completed successfully thanks to the support of the European Commission under the Phare BSP II 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.

FIRST PROJECT

The FIRST project has completed its phase 1. It was the phase for the creation of a map of existing experiences and best practices used at the SME and its supply chain levels. In fact, during this first phase, based on the outcome of the various decisions taken, the partners:

- 1) defined criteria to be used as a base for the development of a research framework. In particular, the partners decided the research methodology to be used and gave the consortium the necessary input to then together develop the research framework that could support the consortium during the data gathering phase of the FIRST project;
- 2) defined the criteria to select the companies that should be contacted during the data gathering phase in order to base the results of the project on "good" practices from within the furniture industry. The partners discussed the selection of a list of companies that the consortium deemed to be key to understanding how these companies were able to stay competitive within an ever changing business and consumer landscape.
- 3) selected the companies based on prior defined criteria to be involved in the data gathering phase of the FIRST project.
- 4) developed the case study and questionnaire methodology that became at the heart of the subsequent data gathering phase. They developed both a case study and questionnaire methodology subsequently used during the data gathering phase that were geared to gather information from a sample of companies of the EU furniture

industry related to the five areas of analysis that the consortium deemed important. These areas were (i) New product development/Innovation; (ii) Supply chain management; (iii) Cooperation; (iv) Human resource management; (v) Outsourcing. Consequently, the partners generated all the necessary material for the consortium to subsequently contact the sample set of companies and carry out an analysis of these five areas of the companies with the intention to gather data from different typologies of companies that could then be analyzed in the second phase of the FIRST project.

- 5) Fine-tuned the case study and questionnaire methodology based on feedback obtained from both the consortium partners and, more importantly, the consortium's steering committee: A committee that was chaired by the prime contracting partner and project coordinator and saw the proactive involvement of a panel of furniture manufacturers who were involved to support the consortium towards the better analysis and development of methods and tools that could be usable by SME's in the furniture industry.
- 6) Conducted several case studies based on the methodology it developed in the furniture industry sector. They were proactively involved in the identification of EU companies that could be interesting to analyze for the FIRST project, contact these companies and subsequently conduct the detailed analyses related to the case study and questionnaire methodologies defined and developed within the first phases of the data gathering process of the FIRST project.
- 7) Drafted case study reports format that were then used by the consortium to gather in a uniform way the information gathered during the data gathering phase

These results are essential for the future phases of the project that should use them to

develop tools easily understandable and usable by the furniture manufacturers.

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 & 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%

RENEWED LISBON GROWTH & JOBS STRATEGY

Three years after it was launched in 2005, the Lisbon Growth and Jobs Strategy is working. That is the main conclusion of the Commission's Strategic Report on economic reform across Europe, published today. The report demonstrates that the Lisbon Strategy is contributing to the recent much improved performance of the EU economy. Structural reforms are also starting to raise potential future growth, improving the long-term prospects for prosperity. However, some Member States have responded more robustly than others and some signs of "reform fatigue" have become apparent over the last twelve months. Europe will need to press ahead with further economic reforms at both Community and national level in the next cycle of the Lisbon Strategy to help it weather the impacts of global financial turmoil and higher commodity prices. The report sets out a series of new policy initiatives to respond to this challenge and to reinforce Europe's efforts to shape and respond to globalization. It will be submitted to the Spring European Council in March 2008.

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).

EU TRADE POLICY FOR 2008

EU Trade Commissioner Peter Mandelson has set out a policy platform for EU trade policy in 2008. He argued that 2008 confronted the EU with a year of global economic uncertainty and political transition in China, Russia and the United States. He said the "need to build stability and continuity through these changes will be one of the EU's core diplomatic challenges in 2008". He set out the following priorities for the EU's foreign economic policy in 2008:

- Underwrite the benefits of open trade for Europe and the developing world by keeping the European economy open.
- Secure a WTO Doha trade agreement as a boost to global trade and as a guard against future protectionism.
- Engage the US in the same defence of equitable globalization,
- Continue to take a proactive and hard-headed approach to market access problems for EU businesses, through multilateral and bilateral trade agreements and by building on the early successes of the EU's renewed Market Access Strategy.
- Mandelson argued that although the EU was
- Continue to work to extend the benefits of globalization to the world's poorest, especially in Africa.
- Move to an increasingly normal and frank trade partnership with China, welcoming its growing role in the global economy and expecting it to meet its WTO obligations.
- Deepen economic integration with Russia and Ukraine.