

UEA NEWSLETTER

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EDITORIAL

The IP BASE is an important project awarded by the European Commission under the call for proposals "Intellectual Property Rights -IPR- Awareness and Enforcement Project". The UEA is participating in it. The main objective of the project is to raise awareness of and knowledge of IPR in particular for SMEs, with a view to: Raise SMEs' understanding of the need to integrate IP in their innovation strategies and their business planning Improve the protection of SMEs' IP rights through the increased registration of rights EU-wide and also internationally and increase the use of non-registered protection methods through the effective promotion of these methods;

Major results of the project include the following outputs and services:

The development of a toolbox of IPR awareness and enforcement materials will be broadly used throughout the project and afterwards. This toolbox will provide regular and innovative services according to needs of targets of users (SMEs, repliers, intermediaries, etc); A web portal, for SMEs and other interested users. This website will contain documents, case studies, practical information for SMEs and other useful information such as contacts and signposting to relevant services; Setting up local contact points (helpdesks) for European SMEs and their advisors providing first-line support in IP and enforcement issues; Development of strategies on local IP awareness and enforcement.

The main visible tool for the furniture manufacturers is the development of a sector Handbook regarding IPR, counterfeiting and piracy issues for the furniture sector covering the following countries: Bulgaria, the Czech Republic, France, Germany, Greece, Hungary, Lithuania, Italy, Poland, Portugal, Romania, Spain and the United Kingdom.

Calixto Valenti,
UEA President

THE FURNITURE INDUSTRY

THE FURNITURE INDUSTRY IN 2007

In 2007, the production value of furniture recorded a substantial growth (compared to the previous year) in many countries in Europe thanks to a buoyant domestic demand in almost all the countries and to strong exports both to EU countries and to non-EU countries. Some countries such as France and Portugal recorded growth but their production stagnated if expressed in volume. On the other hand many countries recorded growth rates approaching 10% and even more for Lithuania, Slovakia and Finland.

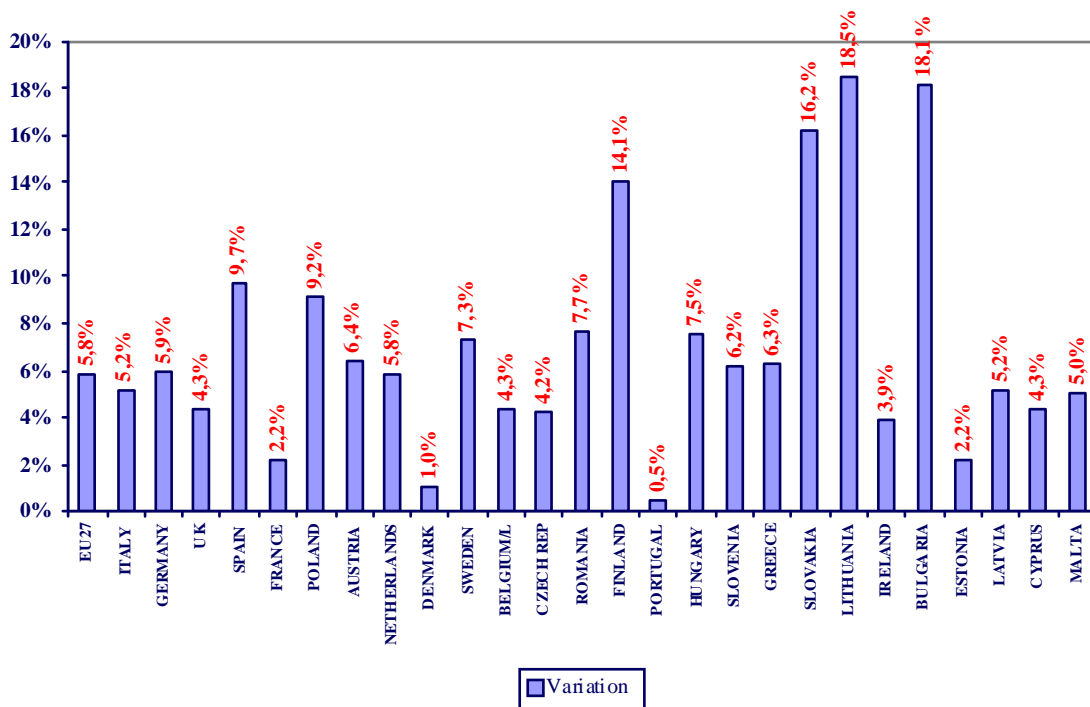
In **Italy**, the production value rose by 5.2% despite stagnating exports, the local demand driving this positive evolution.

In **Germany**, the production value reached almost 20 billion Euros (+5.8% compared with 2006). Highest growth rates were observed in the office furniture industry (+13%) and in the domestic industry (+7.7%). Production of kitchen furniture grew by 5.1%.

In the **UK**, the production value rose by 4.3% and imports continued their rising trend (+6.3%).

The **Spanish** furniture industry recorded one of the highest growths among the various industries in Spain. With an increase of 9.7%, furniture manufacturers fiercely compete with growing imports (+27% to 2.7 billions Euros) but are also more aggressive on foreign markets.

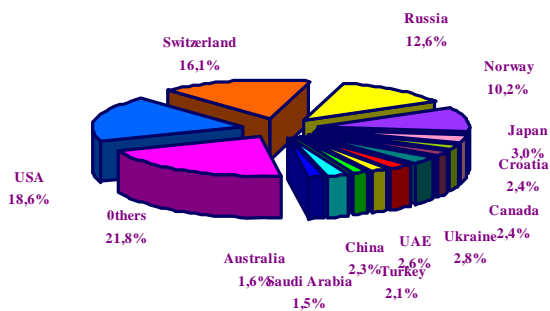
The **French** manufacturers are losing market



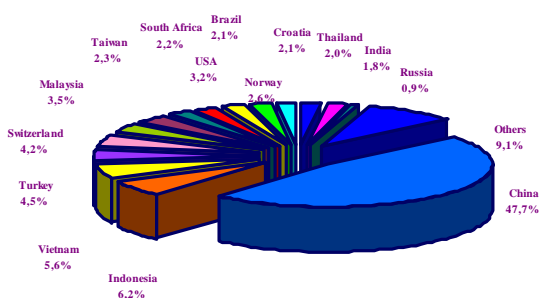
At the EU27 level, the production value rose by 5.8% to reach 105.1 billion Euros. The production prices increased by 2.3% at the EU level; inflation rates ranged from +0.5% to +16%, in certain new member states.

shares in their domestic and export markets. The production value increased by more than 2% but below the EU average. As usual **Poland** is around the 10% growth rate level (+9.2%). Polish companies are among the most competitive in the low end of the

market in export markets and develop ambitious export plans. The Netherlands witnessed an increase in the furniture production (+5.8%). In Austria, the furniture industry is performing well thanks to growing local demand and exports to neighbour markets. Production rose by more than 6%. The Czech Republic (+4.2%), Belgium



(+4.3%), Sweden (+7.3%) & Greece (+6.3%) are also surfing on a positive trends. Lithuania & Slovakia and Bulgaria have also excellent results (more than +15% growth rates). In Portugal, the production stagnated. The EU furniture manufacturers exported more than 43 billion Euros worth of furniture in 2007 (42% of their production). More than a quarter of these exports (11.1 billion Euros: +10.4%) were exported to non-EU countries. Despite a strong Euro, exports to USA increased by 4% (after 3 years of decline), to exceed again 2 billion Euros. Other major export markets included Switzerland (1.8 billion Euros: +8%), Russia (1.4 billion Euros: +22%) and Norway (1.1 billion Euros: +16%). Other growing markets (with growth rates above 30%) include Ukraine



(310 millions Euros), Arab emirates (290 millions Euros), Turkey (230 millions Euros) and China (250 millions Euros). EU manufacturers continue to lose market shares in Japan (strong Euro and competition from China). Once again, because of ever increasing imports from China (48% of total extra-EU imports), extra-EU25 imports reached record levels. Total extra-EU imports totalled 12,6 billion Euros (+10% compared with 2006), generating a trade deficit of more than 1.5 billion Euros. China (+31% to 6 billion Euros), Indonesia (stagnating imports) and Vietnam (+16%) are the outsourcing platforms outside Europe. Turkey is also becoming a major supplier to the EU27 with 568 million Euros worth of imported furniture (5% of imports).

THE FIRST PROJECT COMPLETED ITS PHASE 2

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.

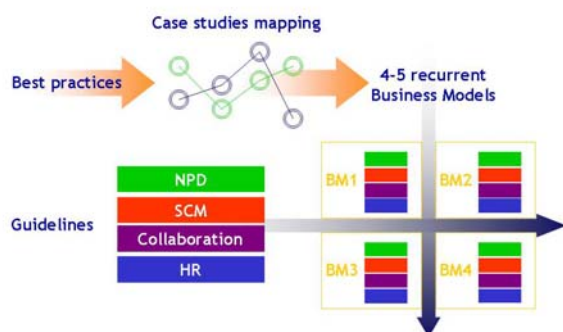
In particular this meant taking as guidelines what was written in the project proposal that stated that the methods to be developed should be based on the analyses conducted in the earlier phases of the project that looked at the costs, technology and manufacturing process, the supply chain management 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.

Development of the guidelines

Hence, the first phase of the development of the methods and tools involved an intense

data gathering phase in order to better understand how to develop the most appropriate methods and tools that companies would find useful in the light of the objectives of the project. This meant understanding what type of set of tools could be found useful and insightful for managers and entrepreneurs that do not have the time nor the necessary skills and competencies to read business manuals and reviews and translate them into potential business strategies and operations that can lead them to intelligently restructuring their enterprises to respond to the changing needs and times of business and of the consumer.

The result of this analysis was then followed by the development of a potential methods and tools format that was concretized into a set of simple and insightful guidelines related to five areas that the consortium deemed important. These areas include: New product development/Innovation, Supply chain management, Cooperation, Human resources and Outsourcing.



These in turn were further analyzed in order for the consortium to be able to develop 8 different guides/manuals related to:

- 1) Company positioning through innovation - related to the principles of innovation as a guiding light for companies wanting to differentiate themselves using product, process and service innovation as a competitive advantage in their restructuring;
- 2) Strategic cooperation - related to the principles pertaining to what it means for a company in

restructuring to take advantage of potential synergies in cooperation;

- 3) Supply chain management - related to the principles governing how to effectively manage a supply chain in restructuring;
- 4) In house manufacturing or outsourcing - a subset of guidelines related to supply chain management;
- 5) How to align a human resource strategy with respect to restructuring;
- 6) The ISO 10303 standards - a guideline on how to adopt and implement the standard
- 7) Managing the process of change in the furniture manufacturer on what it means to manage change during restructuring
- 8) A market driven approach in the furniture industry - related to better understanding the consumer and his/her domain and behavior in choosing product offerings in the furniture sector

Development of the online self-diagnostic tool

In addition to the coordination and development of the guideline's framework and the in depth analysis and development of the partners developed an online diagnostic tool that acts as the "fil rouge" to the overall methods and guidelines mentality adopted by the FIRST consortium in the development of a set of tools to support EU furniture industry companies.

In particular, the MEDIFA and MIP-Politecnico di Milano were responsible for the generation of the online diagnostic tool blueprint in which the step-by-step logic, sequence of interactions and linking to the guidelines framework were conceived to be then implemented by other partners of the consortium to then be used and evaluated during the testing phase of the FIRST project.

The overall objective in the development of this tool was not only to develop a user-friendly online diagnostic tool, but to more importantly make this self-diagnostic tool an integral part of what the FIRST consortium deemed to be important:

"The self-diagnostic tool must become the first tool a company approaching the

consortium uses to better understand its positioning with respect to the 5 areas of analysis identified during the course of the FIRST project (New product development/Innovation, Supply chain management, Cooperation, Human resources and Outsourcing. A first step that can then lead them to better understand the strengths and limitations that can then help us discuss with them how to improve their performance through the guidelines and one-to-one dialogues”

ECO-LABEL FOR FURNITURE

In December 2007, AFAQ/AFNOR (French standardisation body) published a draft for a Commission decision in view of establishing ecological criteria for the award of the Community eco-label to furniture. The UEA immediately reacted and sent its position. Currently there is no demand for an eco-label for furniture neither with the producers, retailers or consumers. Other eco-labels in the habitat area such as the one on mattresses are basically not used and fail in the sense of the eco-label as established and meant in the eco-label directive. Many furniture manufacturers are already recognized in the EMAS scheme and the promotion of the use of EMAS seems a more appropriate and comprehensive way to increase the ecological awareness of the furniture sector than an eco-label. The creation of an eco-label of wooden furniture prejudices all other types of furniture made of other materials by the giving the impression that other types of furniture cannot obtain such a label even though they may be more ecological or may be built according to sound ecological bases. If the Commission follows the reasoning that we need an eco-label for wooden furniture, we also need an eco-label for metal furniture, plastic furniture etc. In order to avoid prejudice such labels should be made available at the same time. Alternatively as

furniture is a composite, assembled product, we need to return to an eco-label for all furniture with a clear life cycle analysis of different materials used whereby certain materials can lead to an eco-label and others not. This would necessitate a similar analysis of what is apparently called wooden furniture: a clear distinction between wood and different types wood products used in furniture some of which are certainly less ecological than solid wood.

FURNITURE SECTOR SOCIAL DIALOGUE

On June 11th 2008, a social dialogue meeting was held in Brussels where union members and representatives of employers discussed various issues pertaining to the furniture industry. The issues discussed were the draft position on Formaldehyde which resulted in no agreement for this joint declaration. Other discussions held were about the current progress reports on the E-Wood and Valiwood projects, follow-up of the FAR (Furniture Accident Reduction) project and a presentation of a competitiveness commission by the European Commission. The final part of the meeting was about the FLEGT's additional legal options (see also below). The next meeting will be held on November 26th, 2008.

FIRST SELF-DIAGNOSTIC TOOL

The globalization is changing the structure of labor intensive industries such as the furniture industry. Increased imports at lower prices force the European manufacturers to look for competitive edges and if necessary to restructure their operations. Some looked at their business model, other at the product, the production, productivity or the relation with the final consumer or a combination of some or all of these different aspects. The solutions, some more successful than others they come up with are multiple. The FIRST

project has looked into this subject and has formulated some recommendations that may serve as inspiration to manufacturers. The work resulted in the formulation of eight guidelines around specific activities: product development and innovation, supply chain management, industrial co-operation, outsourcing, management of change, market-oriented behaviour, human resource management and electronic communications. To set up a new successful strategy through the implementation of a selection of these recommendations/guidelines and, it is preferable to answer to 30 basic questions (less than 10 minutes in <http://www.ueanet.com/first/enquete/audit.asp>). The analysis of your answers and their comparison with those of similar companies in our database will permit us to give you a short list of top priority guidelines among the full list, and even parts in some guidelines focusing on most probable successful strategies.

FIRST CONFERENCE IN BRUSSELS

On June 12th 2008, UEA arranged and had held a meeting in Brussels about the FIRST Project. The meeting held presentations about the guidelines provided on UEA's website (<http://www.ueanet.com/first/first-tools.htm>). Some presenters offered new topics to the website which includes 'The ISO 10303 standards: how to adopt & implement', 'Managing the process of change of the furniture manufacturer' and 'A Market driven approach in the furniture industry'. Presenters included several partners in the project which were MIP, AIDIMA, MEDIFA and BFM.

FIRST CONFERENCE IN NANTES

On June 13th, the partners involved in the FIRST project, presented the self-diagnostic

tool and the 8 guidelines to more than 30 French manufacturers in the region of Nantes.

FURNITURE STANDARDIZATION

The work of CEN/TC 207 (furniture) continued in 2007. The current strategy by CEN/TC 207 has led to the publication of 63 standards. The TC will continue its current method of work in order to finalise the work programme by 2011. There is an agreement within CEN/TC 207 to be very restrictive with the introduction of new work items. 14 standards are to be debated & or are under approval. Only one is under development and the work is to be finalized by mid-2011. In 2007, 6 standards were published after adoption or revision. They are in the next table.

REF N°	TITLE
EN 14703:2007	Furniture - Links for non-domestic seating linked together in a row - Strength requirements and test methods
EN 747-2:2007	Furniture - Bunk beds and high beds for domestic use - Part 2: Test methods
EN 747-1:2007	Furniture - Bunk beds and high beds for domestic use - Part 1: Safety, strength and durability requirements
EN 15338:2007	Hardware for furniture - Strength and durability of extension elements and their components
EN 15373:2007	Furniture - Strength, durability and safety - Requirements for non-domestic seating
EN 581-3:2007	Outdoor furniture - Seating and tables for camping, domestic and contract use - Part 3: Mechanical safety requirements and test methods for tables

EXTERNAL COSTS IN THE TRANSPORT SECTOR

The European Commission released a handbook with estimates of external costs in the transport sector. The handbook, jointly

prepared by several transport research institutes, summarizes the state of the art as regards the valuation of external costs. The Commission intends to make use of this handbook to prepare a communication on a strategy to internalize the external costs for all modes of transport.

MARKET ACCESS STRATEGY SEMINAR

On June 3, trade experts from all over Europe met in Brussels to reflect upon the implementation of the European Union's renewed Market Access Strategy, which was launched one year ago. The seminar entitled "The Market Access Partnership - what do you expect and how can you contribute?" was jointly organized by the Commission and the Slovenian Presidency to take stock and look to the future. The renewed Market Access Strategy places focus on a closer partnership between the Commission, Member States and EU Business, both in Brussels and on the ground in third countries. The idea is to join forces to identify barriers to trade and to coordinate steps towards their removal. Only one year on from its launch, this approach has already resulted in the removal of trade barriers in important markets such as Argentina, Turkey and Japan. The seminar was launched with a plenary session featuring high level participation from the Commission, Member States, business and the European Parliament. A series of workshops then focused on the more technical aspects of the Market Access Partnership, allowing participants the opportunity to discuss topics which have frequently been raised in the partnership as priority areas. While barriers in the area of sanitary and phytosanitary measures have been a focus point for the EU for some time, workshops also discussed the particular needs for small and medium sized enterprises when accessing neighbouring markets and the increasingly important topic of access to raw materials. A final workshop focused on the best way to organize support locally in third countries. Participants welcomed the progress achieved in removing barriers to trade and expressed strong support for continued cooperation between all members of the Market Access Partnership.