

# UEA NEWSLETTER

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## EDITORIAL

The large majority of the world furniture industry was represented during the World Furniture Congress the UEA organised in Palma de Mallorca from 23 to 25 May 2006. What was even more remarkable was the enthusiasm with which almost all national representatives subscribed the goal of this conference: to evaluate the possibility to start a World Furniture Organisation. Some organizations such as the Capfa or CFNA even proposed detailed solutions for structures and organisation. Even during the congress itself, five countries/organisations proposed to organise the next edition of the World Furniture Congress during which the official creation of the World Furniture Organisation should take place. International co-operation was the leitmotiv, although the format of such co-operation was clearly not always shared by all participants. For the European furniture industry, globalisation has become a reality these past years. The dominant position of the retail and the cost of the Euro are two of the main elements that have made this evolution irreversible. So the UEA keeps on working, internally and externally together with the European Commission, on strategies that will allow the European companies to prosper and survive. And also here co-operation is the key word. Specifically the co-operation between old and new Member States has the potential to maintain Europe as leading furniture producer in the world. But also for companies that have no ambition to exceed their national frontiers, successful strategies can be developed integrating user centred innovation in the manufacturing process to come to ever more personalised interior decoration solutions. In the end, as always it is the individual company that will have to do the work to succeed, but if international co-operation is chosen, I appeal to all companies to look first in their European back yard before going any further.

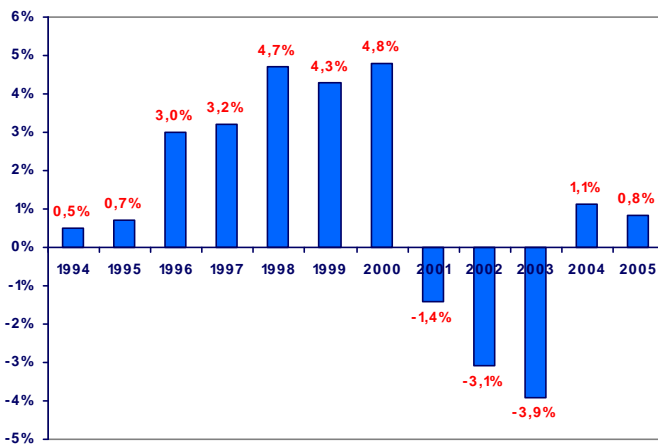
Calixto Valenti,

UEA President

## THE FURNITURE INDUSTRY

### FURNITURE PRODUCTION & TRADE IN 2005

As the year 2004, 2005 started in various ways for individual countries. However with the exception of East European countries and Austria and the Netherlands, the other European witnessed either a slight increase or decrease in the furniture production value. Globally, the production value rose by just 0.8% to reach 93.8 million Euros.



Annual variation of production value in the EU

Furniture manufacturers exported the equivalent of 38 billion Euros (+3.2% in comparison with 2004). Almost a quarter of these exports were shipped to countries outside the EU25 (9.3 billion Euros; +3.7%). Exports to the USA (still the first market) dropped by 8% to 2.1 billion Euros. On the contrary, exports to Russia rose by almost 20% to exceed 900 million Euros. Other important increases were recorded in exports to traditional markets such as Norway and Switzerland (+12% to 850 millions Euros and +6% to 1540 million Euros). Exports to Romania increased by 33% to 200 million Euros.

Imports continued to rise (+13.5% to 12.3 billion Euros). Asian countries represented 60% of imports. As in 2004, imports from China recorded exceptional growth: +37% to 3.7 billion Euros; they accounted for more than a third of the total imports from outside EU25. Imports from other Asian countries also rose but at a lower rate (around 10% for countries such as Indonesia, Vietnam, Malaysia, Thailand and India). Imports from Romania rose by 10% to 0.9 billion Euros whilst imports from Turkey slightly increased to 362 million Euros.

The trade balance deficit was just above the billion Euros mark.

### THE WORLD FURNITURE CONGRESS



Three days of presentations, discussions, meetings. More than 300 participants from 40 different nationalities, more than 60 presidents and directors of Furniture

manufacturers' organizations.

Already only based on these figures we can conclude the first World Furniture Congress (WFC) has been a huge success.

The opportunity to meet so many experts from so many countries has been incomparable for the participants.



Right to left: Mr. Rodrigo Rodriguez, honorary president UEA chairing the World Furniture Organisation session, sided by Mr; Bart De Turck, UEA secretary General and Mr. Calixto Valenti, UEA president

An impressive amount of information was shared in the presentations and in the discussion groups. After starting with macro economic information that yes, on world level there are some good years ahead, the participants then obtained a good overview of the furniture industry in the world. From sessions on production flexibility and branding, on logistics and business co-operation, on the state of the art in retailing, in product development and in information technologies, from presentations on corporate strategy, on the integration of disabled in furniture design, or on the strategic challenges of the industry in specific countries, even those that have been working in the furniture sector for many years could pick up many new ideas.

Two of most noticeable concepts that kept coming back almost everywhere were the need to place the consumer at the center and the need to co-operate among manufacturers, whether it be on the local level or internationally.

A separate session around the possibility to create international co-operation was attended by around 60 presidents and directors of furniture federations from all over the world and the participants created a workgroup of volunteers to summarize the various proposals on how a world furniture organizations should be created, what its statutes or bylaws should be and what its specific task will be. By the end of October 2006 a first version will be adopted that will be the basis for the formal creation of a World Furniture Organization during the next World Furniture Congress. As the congress was considered a huge success by all participants and by the organizers, the workgroup will also evaluate the various proposals that were made to organize the World Furniture Congress next year and choose a destination based on the quality of the offers. Already during the congress, China, Brazil, USA, and Egypt offered to host the next congress. The UEA president Calixto Valenti thanked all participants, speakers, day chairman, sponsors and most specifically the various partner organizations of the UEA especially AIDIMA for having made this first congress the huge success it was. More info: [secretariat@uea.be](mailto:secretariat@uea.be).

## LATIN-AMERICAN MANUFACTURERS MET EU PARTNERS - FINE PROJECT

Before the WFC, 53 companies (from EU and Latin-America) expressed an interest in meeting counterparts during face-to-face meetings organized during the WFC. Five companies also expressed their interest during the WFC.

The 58 companies are originated from 17 countries. 305 meetings were planned and agendas were prepared for each of the participating companies (6 meetings per company in average). 60% of the pre-arranged meetings (186) were effectively held and the large majority of held meetings were assessed as positive for future agreements by participants. Negotiations mainly concerned commercial agreements, sub-contracting activities and transfer of know how.



Partners involved in the preparation and management of meeting were: UEA, UNIDO Italy, AIDIMA, CETEBAL, ANIEME, UNIFA, CBM, Austrian Furniture, FIESC, Eurocentro Bancomext.

## UEA GENERAL COUNCIL

During their general council in Palma de Majorca on May 25, the UEA members unanimously accepted the request of the Turkish and Greek furniture industry associations to become member of the UEA.

**Π.Ο.Β.Σ.Κ.Ξ** The Panellinia Omospondia Viotechnicon Somation Katergasias Xylou (POVSKX or Greek Federation of Woodworking Enterprises) represents the furniture and woodworking industries in Greece.

The total turnover of the Greek furniture industry exceeded 1 billion Euros in 2005. Exports are quite limited: they amounted to 31 million Euros in 2005. Imports (452 million Euros in 2005: -5%) accounted for 35% of the apparent consumption. Half of imports are imported by manufacturers. Some 8,000 companies (90% of which are very small companies) employ more than 22,000 employees in the sector.



The MOBDER is one of the Turkish associations representing the furniture industry. Turkey is an important furniture producing country with a production value of 1.4 billion Euros. Thirty percent of the production is exported mainly to the EU25 and to Middle East countries. EU imports from Turkey amounted to 361 million Euros (+2%) or almost 3% of EU imports. They have triple within 5 years. EU exports rose by 40% in 2006 to reach 161 million Euros.

The structure of the industry is characterized by small family-owned units: there are more than 100,000 small enterprises employing 300,000 persons in the country. They are concentrated around the large urban areas.

## UEA POSITIONS ON BBC WORLD BUSINESS

The UEA secretary general Bart De Turck has been interviewed by BBC World about the UEA position on anti dumping and on the proposal to replace labor taxes with a consumption tax. The proposal is being discussed on several levels among different industries in France and the UK. According to UEA calculations the proposal can result in both an increase of cost competitiveness of up to 15% for the manufacturers and in a cost reduction for furniture spending for the consumers of up to

The interview took place in the Brussels Dominique Rigo design galerie which represents all of the major European design brands such as Cassina, Vitra, B&B, Roset and many others. Also the retailer, Mr. Rigo sees in the proposal a reinforcement of the European furniture. Extracts of the interview ran repeatedly on May 22 2006



registered design since 2003. These intellectual property rights are valid in all the countries of the EU. The OHIM's purpose is to examine, register and administer Community trade marks and designs. The Community trade mark and the Community registered design are the gateway to a single market. Their unitary nature means that formalities and management can be kept simple: a single application, a single administrative centre and a single file to be managed. A uniform law applies to trade marks and designs, thereby providing strong and unique protection throughout the European Union. A Community design automatically offers protection to a design across all member states, provided that the design fulfils the necessary criteria; this protection extends to any product or part of a product incorporating the design or a substantially similar design. A Community design may be registered or unregistered. Either way, there are three essential prerequisites to obtaining and maintaining a Community design: the design must fall within the specific definition of a 'design', be new and have individual character.

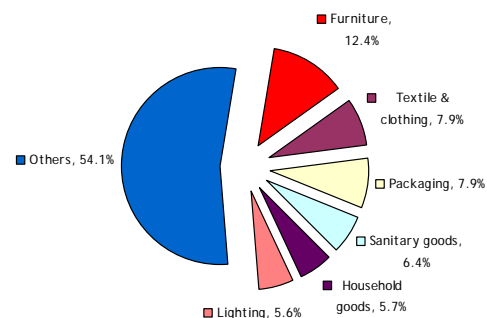
## INTERNAL MARKET

### ORIGIN MARKING

The European Commission has adopted a proposal for a Regulation on the indication of the country of origin of certain products imported from third countries. It concerns only certain imported (from outside the EU) products listed in the annex. Furniture is included in the list (as proposed by the UEA to the Commission). The proposal has been transmitted to the Council and it is now discussed at the level of EU member States and the member federation of UEA are actively lobbying for the Regulation being adopted. If adopted, details such as how to display the "Made in ..." (on furniture, on each part of furniture, on packaging, already in displayed furniture in stores or not, ...).

### THE EU FURNITURE INDUSTRY LEADER IN REGISTRATIONS FOR A COMMUNITY DESIGN

The Office for Harmonization in the Internal Market (OHIM) is the official European Union authority carrying out the procedures for the Community trade marks since 1996 and for the Community



To obtain a registered Community design, a proprietor must apply to register the design with the OHIM, which then processes and administers the application. OHIM takes around three months and quotes a fee of €350 to register one design. OHIM will conduct an examination to ensure compliance with certain formalities, but will not look at whether a design is new or has individual character. A registered Community design provides the proprietor with an exclusive right to prevent

Country	Registrations	In %	Country	Registrations	In %
Italy	6,682	29.6%	Czech Rep.	124	0.5%
Germany	5,473	24.2%	Finland	79	0.3%
Netherlands	2,400	10.6%	Ireland	59	0.3%
Spain	1,713	7.6%	Lithuania	42	0.2%
France	1,625	7.2%	Cyprus	28	0.1%
UK	1,368	6.1%	Greece	26	0.1%
Denmark	1,029	4.6%	Luxemb.	24	0.1%
Belgium	715	3.2%	Slovakia	15	0.1%
Portugal	391	1.7%	Latvia	11	0.0%
Austria	321	1.4%	Slovenia	8	0.0%
Sweden	270	1.2%	Estonia	3	0.0%
Poland	198	0.9%	Hungary	1	0.0%
			EU 25	22,605	100.0%

infringement across the European Community. A single registration will give protection for an initial term of five years, capable of renewal for up to four further five-year periods - 25 years in total - on payment of renewal fees. Proprietors can register several designs under a single application as long as they fall within the same class of the International Classification for Industrial Designs. A proprietor that has made a multiple registration will be able to treat each design as an individual right for licensing and infringement purposes.

The *furniture industry* is strongly represented in the number of registrations for a Community design protection. Over the past 3 years, more than 23,000 applications for EU wide design protection came in from the European furniture sector that provides nearly 13% of the total volume of design registrations with OHIM. The furniture sector is the leading industry well ahead of the textile & clothing industry (8% of the registrations) and the packaging industry (8%).

An analysis by country shows that Italian furniture manufacturers have been responsible for 30% of the registrations these last three years, German manufacturers for a quarter of the registrations. The Netherlands are also on the podium with more than 10% of registrations.

This is clearly a successful story that started more than 10 years ago when the UEA under the presidency and with the active participation of M. Rodriquez, was among the most dynamic trade association that cooperated with the European Commission and led the inter sector group to develop EU legislation for the design and model protection as well as for the creation of a Community design. The possibility for the individual manufacturers to protect and actively defend their design right has become an important tool in defending their competitiveness and depends more and more on the willingness of the company to spend the necessary efforts. Weak points are the non application of the design protection directive in - of all places - ITALY and the limited control possibilities for products entering the EU market.

industrial technologies. Departing from the insight that manufacturing industry in Europe will most likely engage into ever closer interaction with users and customers throughout innovation processes, the project is outlining how various elements such as technologies, skills, organisational concepts need to come together to enable manufacturers to realise this interaction. For this purpose the partners in the project are developing roadmaps outlining pathways towards various possible realisations of user-centred innovation. Because of its importance for Europe, current challenges and its long tradition in customer orientation, the furniture industry has been selected for this road mapping exercise; the approach is also product-oriented and does not privilege any type of material. The UEA has participated in the discussions with as main concern to choose path ways that serve the manufacturing industry in Europe rather than privilege other solutions. R&D in customization and personalization of furniture is considered by the UEA as a priority for the sector. After many years of requests by the UEA in that direction, the European Commission is starting to pay increasing attention to the product oriented research.

EVAN



The 80-page booklet presenting the "Design Driven Toolbox" that describes a methodology for new radical product development in concrete and pragmatic terms is now available. Copies are available for free either hard copy version or electronic version (only in English - send your requests to [secretariat@uea.be](mailto:secretariat@uea.be)). We can also send you by post (for fee) a design management anti-manual which provides some tentative guidelines for design-driven companies ...

## ENVIRONMENTAL & TECHNICAL ISSUES

### USER-CENTRED INNOVATION IN MANUFACTURING - UCIM



The UCIM is a European research project initiated by the European Commission to support the European

Commission in defining future oriented priorities for their research funding activities in the field of