

UEA NEWSLETTER

CONTENT

- EDITORIAL
- THE FURNITURE INDUSTRY IN 2006
- FURNITURE APPARENT CONSUMPTION
- CREATION OF THE WFC
- THE 2ND WORLD FURNITURE CONGRESS
- UEA GENERAL COUNCIL
- FIRST
- FEES REDUCTION TO PROTECT DESIGN
- WOOD & PRE-PACKAGING DIRECTIVE
- ACCESS TO EU DOCUMENTS
- REDUCTION OF ACCIDENTS IN THE FURNITURE INDUSTRY
- COLLECTIVE AGREEMENTS
- MEETINGS WITH TRADE UNIONS
- NEW EU CHEMICALS AGENCY
- AMENDMENTS IN THE MACHINERY DIRECTIVE
- INNOVAFUN

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EDITORIAL

On September 10th at 18.00hrs, two supra national organizations and 17 national organizations representing furniture manufacturers in their respective regions or countries signed the founding act of the World Furniture Confederation. The event took place in the Pearl Room of the Shanghai International Conference Centre and was hosted by the China National Furniture Association, one of the founding members. The initiative had been launched by the UEA during the 1st World Furniture Congress that the UEA organized in Palma de Majorca last year and was taken on board enthusiastically by representatives of furniture manufacturing organizations all over the world. I had the honour of being chosen as the first president for a period of three years. For the UEA this is the recognition of the leading role the UEA and the European furniture industry play on international level.

The goal of the UEA in the involvement in this initiative is multiple: we wish to promote the co-operation possibilities for the European manufacturers by providing a more institutionalised environment to achieve co-operation between national organisations, we also wish to obtain international support in levelling all import duties on furniture everywhere. With the EU applying a zero tariff for furniture it is in our interest that other countries do the same and the World Confederation can provide political support for this. It should also help us in obtaining a reduction on the import tariffs of materials used in furniture. It is difficult to understand that the EU furniture manufacturer has to pay import duties on materials he uses such as textiles, hardware or panels but that the finished product can come into the EU without any tariff. We will also work towards a more generalised acceptance of rules on environment and other subjects that make the international playing field a little more level. I insisted on already taking some crucial resolutions on free trade and design protection as it is important that we show the world that it is our intention to be serious about this organisation and to make the voice of the furniture industry heard. Immediately taking a resolution about the free trade and about the protection of design shows where our priorities lie and we want the authorities on international and national level to be aware of this.

You will find further information on these resolutions in this Newsletter. With the creation of the World Furniture Confederation, the UEA has given itself another tool to achieve more political influence to defend the interests of its member organisations and of the European Furniture industry

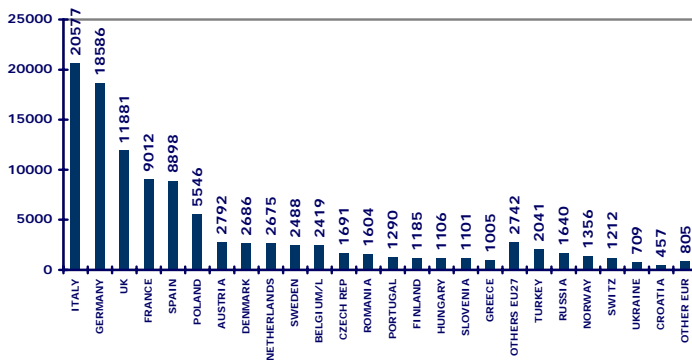
Calixto Valenti,
UEA & WFC president

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

FURNITURE PRODUCTION VALUE BY COUNTRY. MIO €. 2006.



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%). 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. 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 two thirds of total imports.

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 apparent consumption (production minus exports plus imports) was 201 Euros per EU inhabitant. The highest amounts are noticed in Austria, in Denmark and in Belgium and the lowest in Poland 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.

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.



2nd WORLD FURNITURE CONGRESS

The Second World Furniture Congress was held on September 11-12, 2007 at the Shanghai International Convention Center. This event was organized by the World Furniture Confederation and the China National Furniture Association. The Congress gathered more than 500 participants. Various topics were presented and discussed among which the evolution of the furniture sector



in the different parts of the world and at the global level; the effects of globalization, the opportunities in China; design, intellectual property rights and standardization; wood

supply & the environment; quality management; case studies of Chinese companies; ...

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).

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 new reduction of the fees charged by OHIM, in particular of the fees for the application, registration and renewal of Community trade marks and designs; the proposal should be accompanied by a comprehensive impact assessment. Currently the fees for registration are 350 Euros for a 5-year period registration.

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.

INTERNAL MARKET

FEES REDUCTION FOR DESIGN PROTECTION

During a recent meeting, the Competitiveness Council noted that the work of Office for

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 14, 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 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).

COMMON MEETINGS WITH TRADE UNIONS

The UEA recently organized four common meetings with trade unions in Croatia, Turkey, Bulgaria and Romania. 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, 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). The Romanian social partners signed a joint declaration in which they request the national authorities more delay to implement the health & safety and the environment legislation.

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 1st, 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.europa.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.

INNOVAFUN



In the framework of the INNOVAFUN 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. You can find also information on INNOVAFUN in the following website: www.funstep.org.

The UEA is also planning to organize information meetings to present ISO 10303 - 236: Furniture catalogue and Interior design a part of the ISO 10303 standard, also known as STEP (Standard for the Exchange of Product data). STEP is a multi-part open-standard for the computer-interpretable representation of product information and for the exchange of product data under the manufacturing domain.