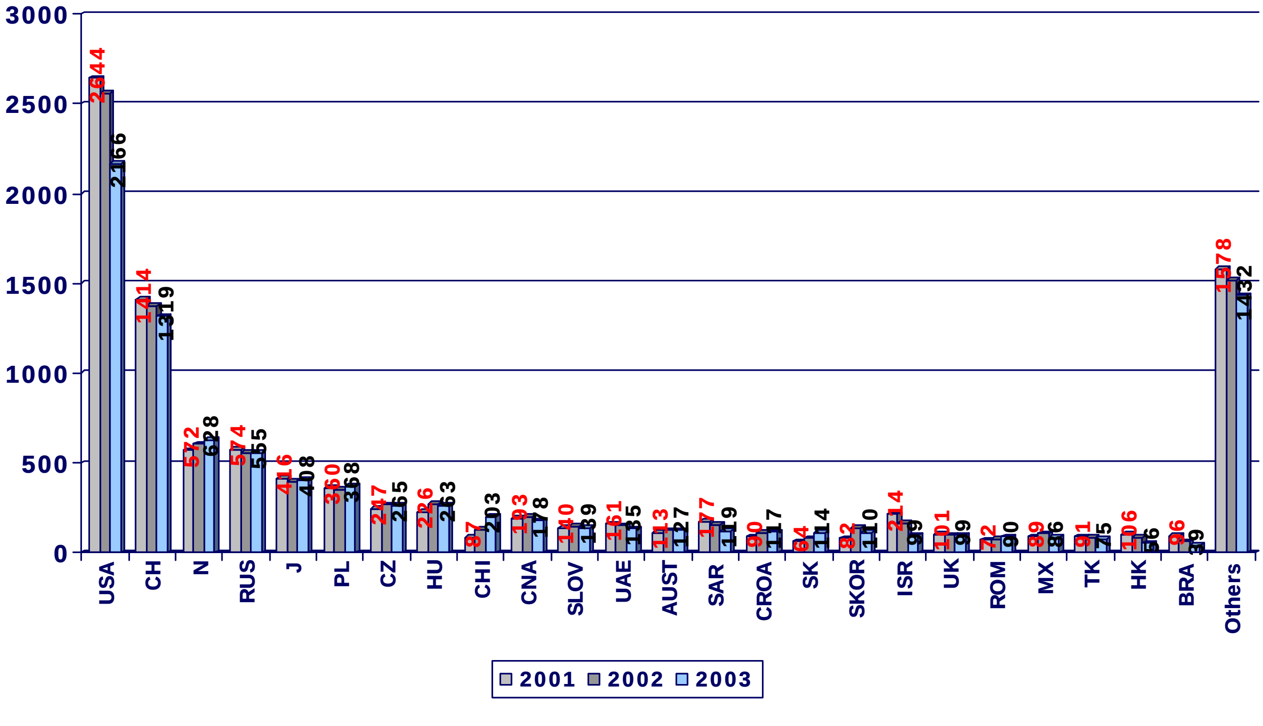
TRENDS IN EUROPEAN FURNITURE INDUSTRY 2003

The EU furniture industry recorded a decrease in its production value in 2003 compared with the previous year (-2.3%). The production value reached the value of 80.6 billion Euros.
It is the second consecutive decline (-5% in volume). It is due to the stagnating demand in the majority of EU countries and to eroding exports to main traditional extra-EU markets.
Almost all the major EU producing countries recorded negative trends in 2003.

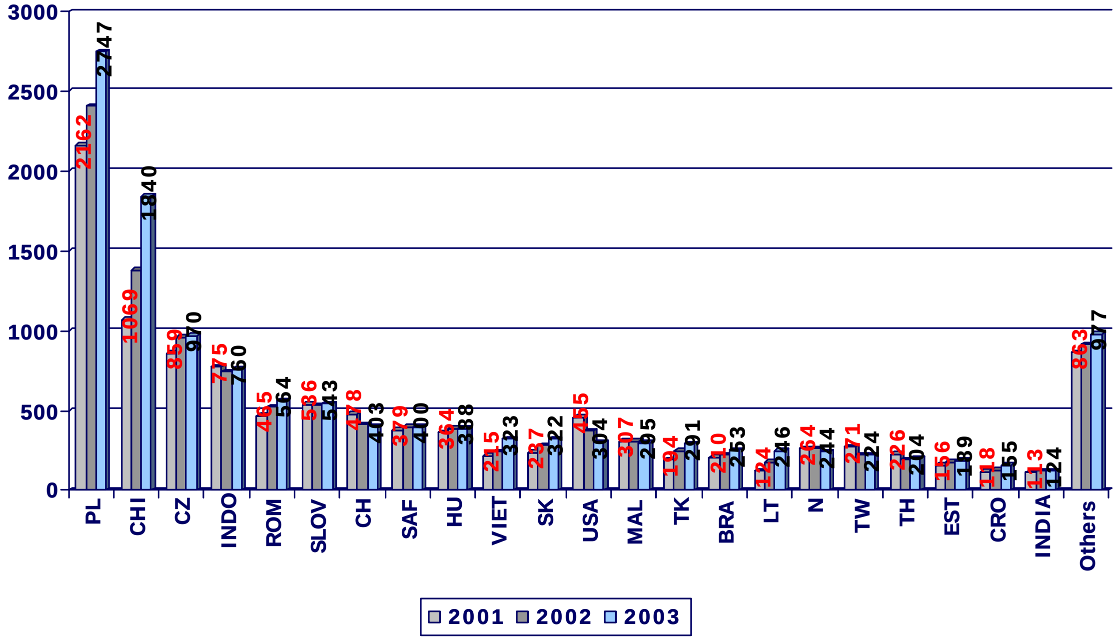
In 2003, exports of furniture to extra-EU countries continued to decrease (-6.5% to 9,191 million Euros). By partner country, the situation can be quite different. Norway, China and Japan and at a lesser, the new member states remained interesting markets. However exports to the USA (a quarter of exports) continued their decline (-15% in value and -4% in volume).



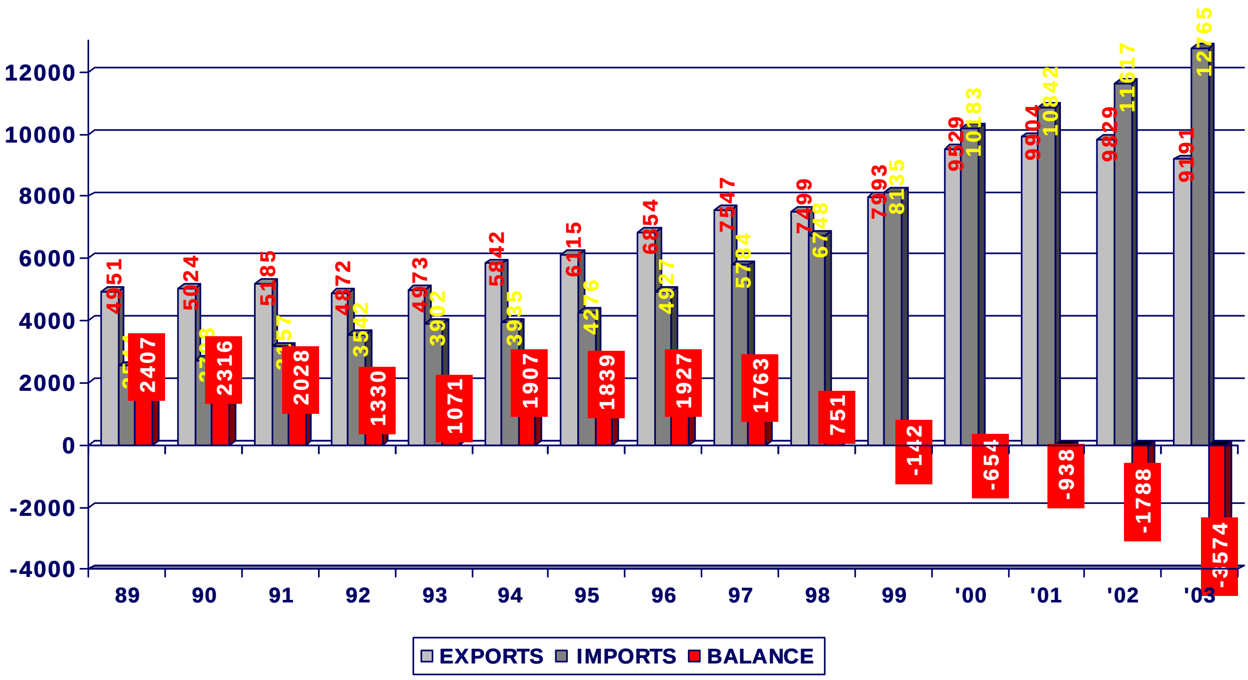
Extra-EU furniture exports. 2003. Million Euros

In total imports equalled 12,765 million Euros (+10% compared with 2003).
Imports from Poland and China, the two main suppliers of EU rose by more than 10% whilst imports from other countries recorded limited

growth. Imports from Poland rose by about 14% in value (and in volume) and amounted to 2,746 million Euros in 2003.
Imports from China exploded (+33.4% in value and +45% in volume). They reached 1,840 million Euros in 2003.
Other impressive growth rates were recorded for imports from Vietnam, Brazil, Lithuania, Turkey and Croatia.



Extra-EU furniture imports. 2003. Million Euros



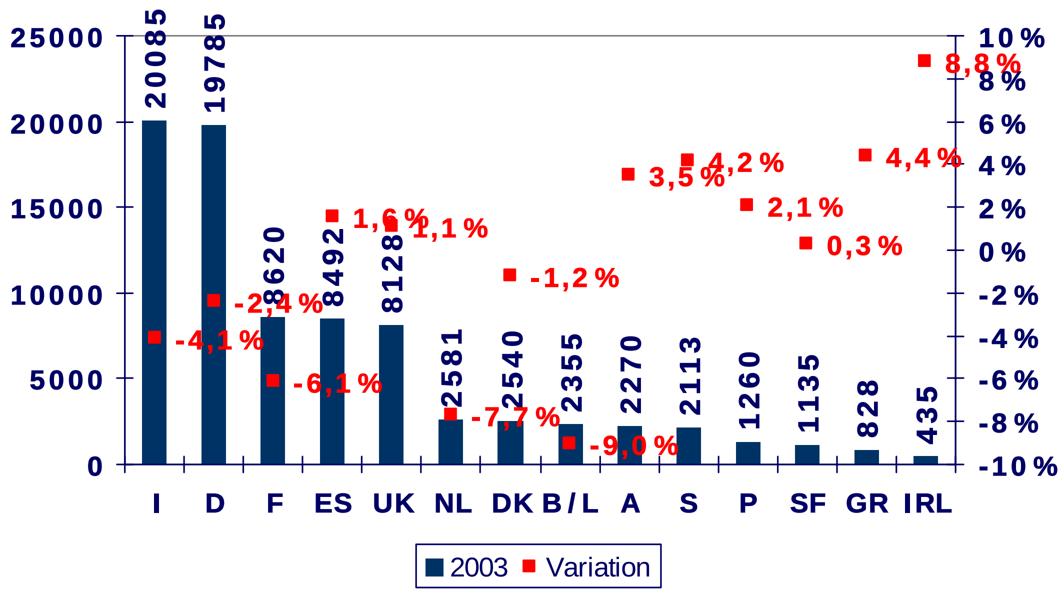
Extra-EU furniture trade in million Euros

As in previous years, the pace of growth of imports was positive whilst the exports trends are in a structural decline.
The deficit of the trade balance worsened and amounted at 3,574 million Euros.

However, with the adhesion of the new member states, former external trade with these countries will be considered as internal trade (within the EU). The deficit with Asian countries and Romania should be balanced by the surplus of trade made with USA, Japan and EFTA countries.

In 2003, the production value of the **Italian** furniture industry decreased by 4.1% compared with 2002 to reach 20.1 billion Euros. This was due to a strong decline in exports: exports fell by 6.7% to 8.4 billion Euros (declining markets in USA, Russia, EU but positive trends in the UK and in some enlargement countries). The imports rose by 3.8% to 1.1 billion Euros. The apparent consumption declined by 1.7% to reach 12.8 billion Euros.

In 2003, the production value of the **German** furniture industry decreased by just 2.4% compared with 2002 (a slight decrease if compared with the almost 10% decrease the previous two years. The upholstered furniture sector and the mattresses sectors recorded growth (+2.3% & +5%) whilst the production value of the kitchen and domestic furniture sectors continued to fall. The office furniture sector is still suffering (-12.8%).
Exports stagnated 4,989 million Euros whilst imports grew by 6.7% to 6,882 million Euros (strong imports from Poland and Asian countries).



Furniture production in the EU countries in million Euros. Variations 03/02.

In **France,** the furniture production value decreased by 6.1% compared with the same period in 2002. Weak domestic demand and exports (-5.9% to 2,040 million Euros) have badly affected all the sub-sectors with the exception of kitchen furniture sector.
The imports of France maintained their steady growth rate (+2.7% at 4,057 million Euros): imports from extra-EU countries even rose by 6.8% and account now for a third of all imports. The enlargement countries, China and Indonesia account for some 60% of these imports.

In **Spain**, the furniture production value slightly rose by 1.3% to 8,492 million Euros. Furniture exports stagnated. The Spanish furniture manufacturers suffered in their extra-EU market but performed quite well in the EU countries. Main client countries were France (29% of exports) followed by Portugal (15%) and UK (7%). Imports rocketed to almost the same amount as exports (+37%) showing for the first time a trade balance approaching zero: strong imports from China (12% of total imports) and Portugal (10%) partly explains this new situation.

In the **U.K.** the production value of furniture rose by 1.1% to 8.1 billion Euros. This increase was due to the private consumption (the UK seems to avoid the recession, the apparent consumption increased by 1.7%). The exports are in a structural decline and they just reached 1 billion Euros. Important growth was noted for imports especially from Italy, China and Poland. Imports accounted for more than 40% of the domestic market.

In the **Netherlands,** the production value of furniture decreased by 7.7% in 2003 (2.6 billion Euros).
Exports rose by 6.9% to 783 million Euros (especially within the EU) with Belgium and Germany being the largest trade partners (29% of total imports and 24%).
Imports increased by just 1.2% to 1,758 million Euros. The imports from extra-EU countries rose by higher rates (+8.3%) and account now for 46% of total imports.

In **Denmark**, the furniture production value decreased by 1.2% to 2.5 billion Euros. The Danish manufacturers exported 82% of their production (+2.4% compared with previous year despite difficult markets). The imports rose by 9% and imports from extra-EU countries (now more than 50% of imports: +22%).

In **Belgium**, the turnover in the furniture industry dropped by 9% to reach 2.4 billion Euros: this decrease is due to a difficult situation in the home and office furniture sectors and to the recession affecting its traditional markets. Exports, which represent 70% of the production, fell by 6.8% to 1,657 million Euros. Imports stagnated at 2,086 million Euros, but imports from extra-EU countries (30% of imports) rose by 5.2%. The domestic demand decreased by almost 3%.

In **Austria**, the production of furniture recorded positive growth rate (+3.5% to 2.3 billion Euros). These good figures were explained by strong exports. Almost three quarters of the production was exported (+7%: good performances in Germany and in Italy). Imports, which account for some 73% of the apparent consumption, grew by 5.9% (to 1,623 million Euros).

In **Sweden**, the production value of furniture production stagnated in 2003 at 2,113 million Euros. Exports slightly decreased to 1,232 million Euros (-1.4%) whilst imports exceeded 1.1 billion Euros (+4.6% compared with 2002 / stagnation for intra-EU imports; +9.3% for extra-EU imports).

In **Finland**, the production stagnated at 1,135 million Euros. Exports rose by 3.3% (245 million Euros with Sweden and Russia as main trade partners). Imports topped 307 million Euros (+2.8%) and Sweden and Estonia accounted for half of imports.

Thanks to an impressive growth rate in furniture export (+35% to 651 million Euros or more than half of the production), the **Portuguese** manufacturers could compensate the really difficult conditions in their home market.

In **Poland**, the furniture industry performed well in 2003, mainly because the Euro (that gained 25% against the Zlotys that meant cheaper exports to the EU). Exports (to the EU) represented three quarters of the production and rose by 14%. The production value rose by 12% to 3.5 billion Euros. Imports (50% of the domestic market) reached almost half a million Euros.

In **Czech Republic,** the furniture production value reached 1.5 billion Euros (+5.6% compared with 2002). Two thirds of the production (1,100 million Euros: -1.8% compared with 2002) is exported mainly to Germany and to Belgium. Imports rose by 11% to 400 million Euros (35% from Germany, 30% from Russia and CEI states and 20% from Poland).

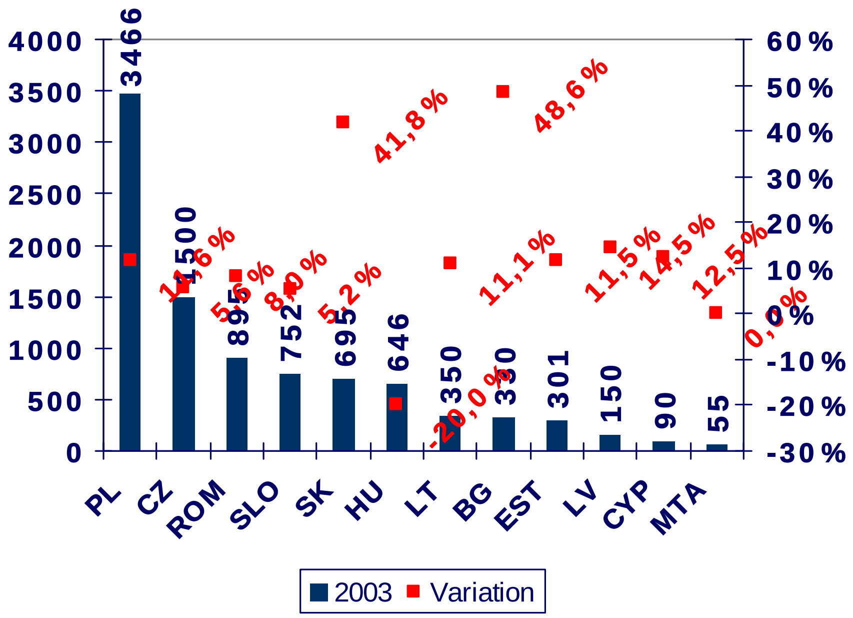
In **Romania**, the production value recorded one of the highest growth rate (+7.3% to 895 million Euros) thanks to strong exports mainly to the EU (total of 699 million Euros: +7.1%). Imports continued the boom recorded the previous years with a total of 125 million Euros (+19%, mainly from Italy, Poland and Germany).

In the last three years, **Slovakia** has one of the fastest growing furniture industries in the world. In 2003, the production rocketed by 41% to 695 million Euros. The explicative element is ever increasing exports (475 million Euros in 2003) mainly to Czech Republic and to the EU. Imports also rose by 35.6% to 266 million Euros, essentially from Poland.

In **Bulgaria**, the situation in the furniture industry is quite positive. The production value rose by 48% in 2003 to amount to 330 million Euros. Exports equalled 128.5 million Euros (+72%).

Hungary saw its furniture production value drop by 20% to below 700 million Euros in 2003. It was a particularly bad year after four years of continuous increase. Exports fell by 25% to 495 million Euros.

In **Lithuania**, the furniture industry should record a quite high growth of rate (+11% to 350 million Euros). Exports increased by 36% to 285 million Euros whilst imports rose to 75 million Euros.



Furniture production in the enlargement countries in millions Euros

The production value of the **Latvian** furniture industry amounted to 150 million Euros or an increase of 14.5% compared with 2002. Exports accounted for 70% of the production (115 million Euros) and were mainly shipped to Denmark, Germany and the UK. Imports reached 81 million Euros.