

# EUROPEAN FURNITURE INDUSTRY

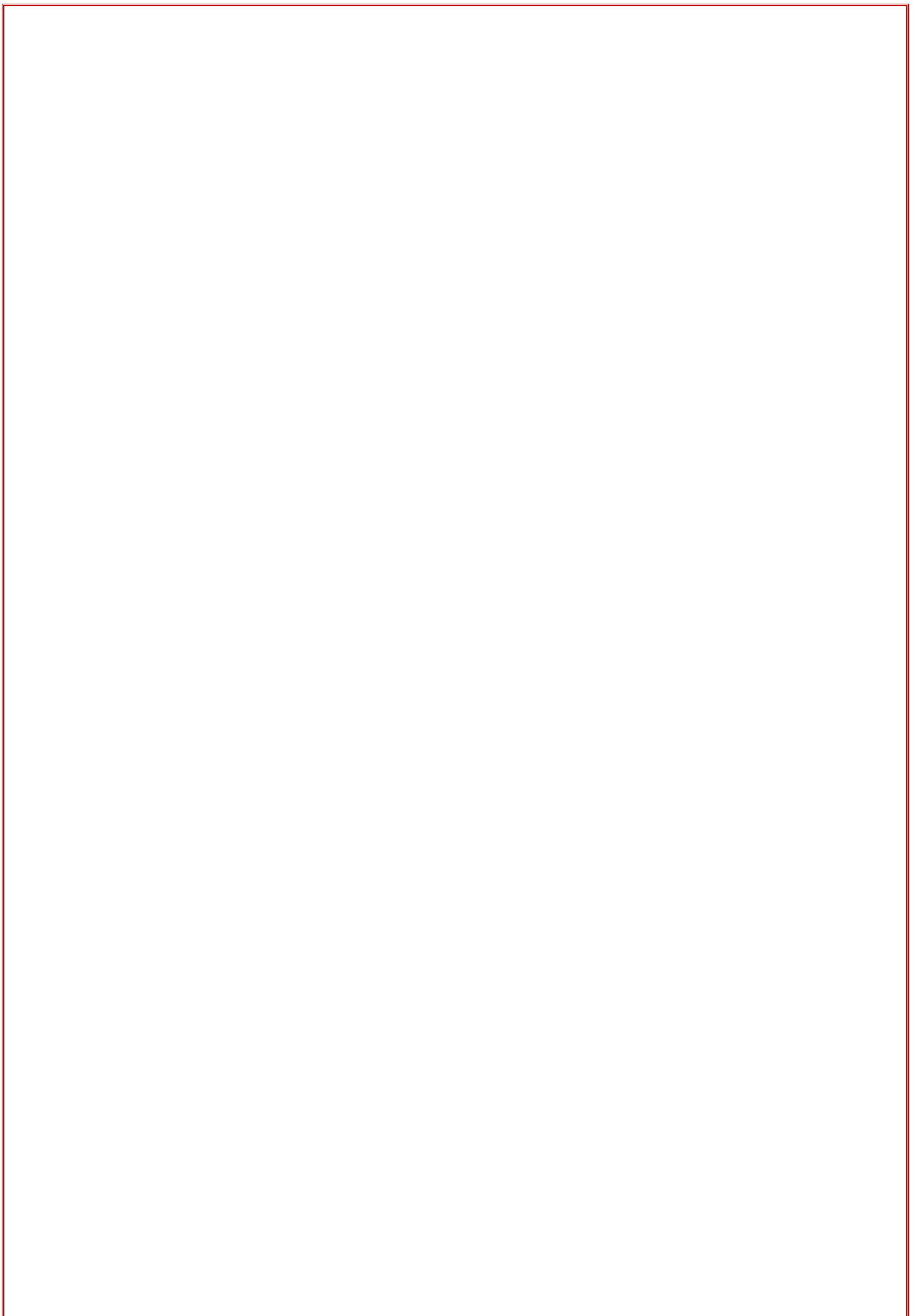
*OUR CONTRIBUTION TO THE NEW EU LEGISLATIVE TERM*

## PROPOSALS AND APPEALS

*Manifesto 2015-2019*

**E#IC**

European Furniture Industries Confederation



## ***A NEW START FOR EUROPE***

*In the past five years the European Union has been facing extremely hard conditions and great challenges: the economic crisis swamped Europe in a blaze of recession, extreme difficulties for companies and a dramatic loss of jobs.*

*Still, this climate of emergency is not behind us and much further effort is needed.*

*On the one hand, Europe must increase its competitiveness in the international context and effective new policies aimed at bringing Europe back to growth have to be pursued.*

*On the other hand, a careful approach is needed so as not to waste those actions already started in the past legislative term that could have a positive impact and bring some benefits to us all.*

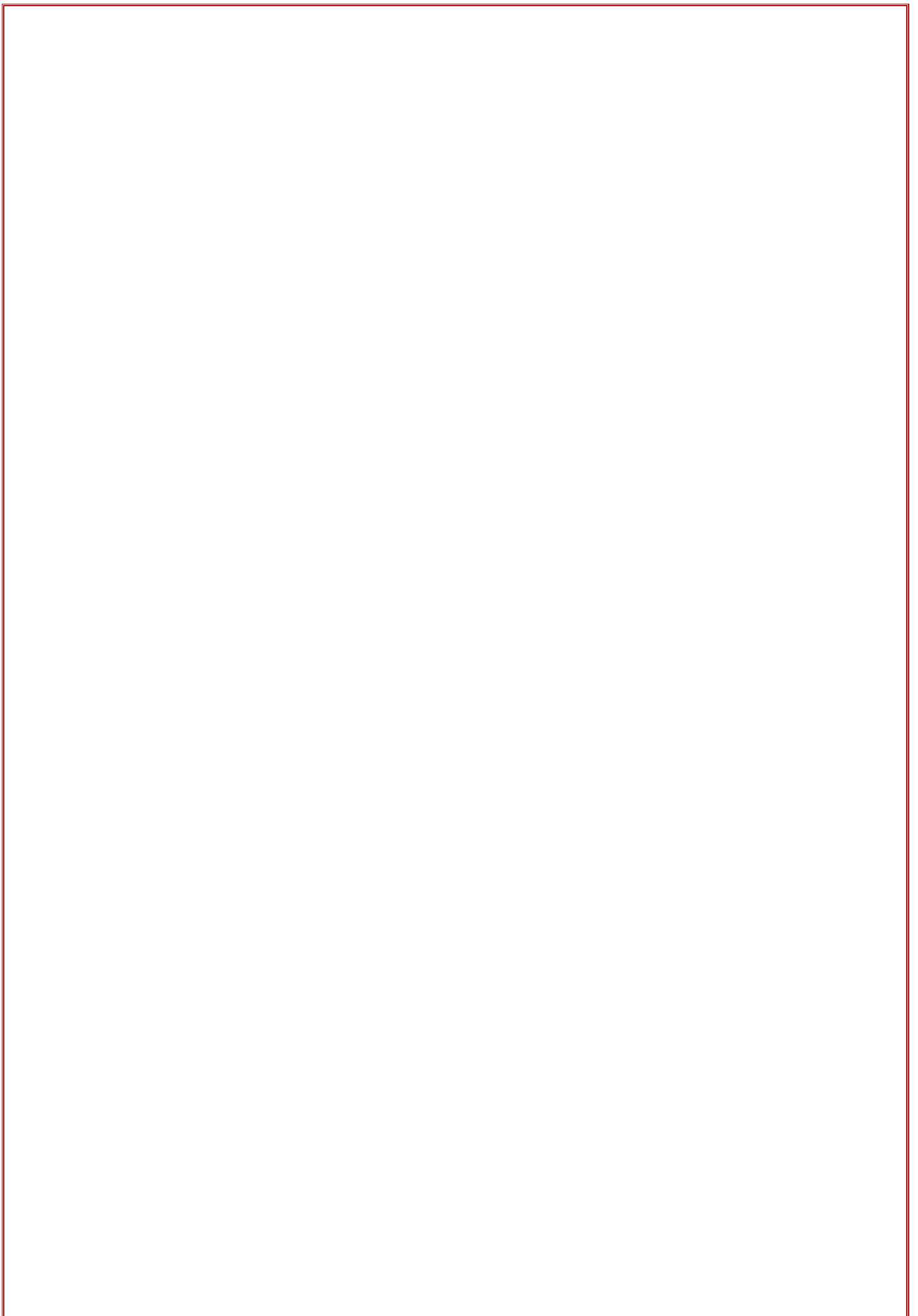
*In order to gain this result, “we need to maintain and reinforce a strong and high-performing industrial base” because “it is mainly companies that create jobs” - as stated by President Jean-Claude Juncker in his Political Guidelines for the new European Commission. However – we wish to add - companies cannot be left alone and the creation of the right regulatory, financial and legislative framework is the conditio sine qua non for making EU growth a concrete target.*

*To this extent, our Manifesto is meant to bring to the attention of the EU Commission, Parliament and Council some actions needed for the benefit of our sector, in the spirit of a strict collaboration that we wish to be stable and continuing.*

*Our sector has been struggling with great challenges and we strongly believe that enhancing the value of a highly recognised EU manufacturing and creative sector is in the interests of us all, companies, employees, and citizens alike.*



*Markus Wiesner  
EFIC President*



## **WHO WE ARE**

### *Our Industrial sector*

The EU furniture industry is a dynamic and labour-intensive sector with a long history, substantial technological advances and established markets.

The EU furniture manufacturing industry makes a significant contribution to the European economy: nowadays it provides **1.1 million jobs** in close to **130,000 enterprises**, mainly micro and small sized, generating an annual turnover of around **EUR 96 billion**.

Moreover, one quarter of the world's furniture is produced in the EU and in most of the European countries the furniture sector represents between **2** and **4%** of the production value of the overall manufacturing sector.

The role of the EU furniture sector further increases when its position in international trade is considered: the EU accounts for about **45%** of **total world trade**; for about **40-45%** of **world furniture imports**; and for around **30-35%** of **world furniture exports**. The majority of this quota (about 85%) is represented by intra-EU trade.

EU furniture manufacturers are widely known and esteemed worldwide and the EU furniture sector still remains one of the most integrated and best differentiated in terms of product variety in the world.

Because of its importance, the performance of the sector can be considered a driving force for EU economic growth.

### *Our Confederation*

**EFIC** – the European Furniture Industries Confederation - is the voice of the jointly united European Furniture industries.

The Confederation is fully active in promoting the industry's interests and in undertaking dialogue with EU institutions and other stakeholders.

EFIC was founded in 2006 by seven national federations representing the furniture industries in Belgium, Denmark, Germany, Italy, Slovakia, Spain and Turkey and it was later joined by Portugal, Sweden, Austria, Russia and Norway. Furthermore, Hungary and The Netherlands decided to join EFIC in 2015.

EFIC now represents about the **70% of the total turnover** of the furniture industries in Europe.

From November 2011 the chair of the Confederation has been **Mr Markus Wiesner** of the Austrian Furniture Industry.

The **EFIC General Assembly** establishes a common view on European matters, while the day-to-day management is undertaken by its **Secretariat** in Brussels and its Secretary-General Ms. Roberta Dessì. A **Board** and a General Assembly monitor this work and a group of **Technical Experts** is established in order to support the Secretariat on the most technical issues.

# ***OUR ROLE IN EUROPE***

## *The competitiveness factors of the EU furniture industry*

### ***TRADITIONAL EUROPE'S ARTISTIC AND CULTURAL PATRIMONY***

We represent an EU manufacturing sector that incorporates major values other than price. European furniture products are appreciated and recognized worldwide because of their cultural heritage, quality and the excellence of the artisanal skills used to create them.

### ***SIGNIFICANT CONTRIBUTION TO THE EUROPEAN ECONOMY***

We provide 1.1 million jobs, in close to 130,000 enterprises - mainly micro and small sized - generating an annual turnover of around EUR 96 billion. In most EU countries, the furniture sector represents between 2 and 4% of the production value of the overall manufacturing sector and the possibilities for further development of our industrial capacity are still significant.

### ***LABOUR INTENSIVE SECTOR***

We produce goods that require a large workforce with a wide range of professional backgrounds: from industrial workers to manufacturers, designers, suppliers and entrepreneurs. Moreover, our industries are often situated in smaller cities and rural areas, promoting employment in areas where a job may typically not be easy to find.

### ***EDUCATION AND TRAINING***

We duly promote the training of workers and the exchange of best practices, in the framework of a mutual collaboration with Social Partners in order to achieve the best results for our industries and workers.

### ***PROMOTION OF SMES***

Our sector is mainly composed of SMEs, or even micro companies, so we are constantly engaged in developing strategies and promoting policies aimed at supporting EU small and medium sized manufacturers and facilitating their growth, innovation and internationalization.

### ***SOLID PRESENCE IN EU INTERNAL MARKET***

The furniture industry is very active in intra-EU exchange and EU citizens are major consumers. This provides positive support to other sectors of the furniture production value chain that are present within the EU.

### ***STRONG IMPACT ON EU EXTERNAL MARKET***

The EU accounts for about 40-50% of world furniture imports, 30-35% of exports and 45% of total world trade. EU furniture products remain at the top-level in terms of exports to other countries thanks to the quality of our products.

### ***FOSTERING CREATIVITY, INNOVATION AND TECHNOLOGY***

EU furniture production technology is advanced and companies operating in the woodworking machinery industry are global leaders. Furthermore, all leading design and research centres are located in the EU and EU furniture manufacturers are global trendsetters.

### ***RESPECT FOR HIGH HEALTH AND ENVIRONMENTAL STANDARDS***

The EU furniture industry has always embraced high ecological standards and furniture products manufactured in the EU are top performers in terms of environmental and social sustainability. Furniture itself makes great use of sustainable materials, such as wood, with a strong positive influence on climate change.

### ***DIRECT CONTRIBUTION TO THE SOCIETY***

Last but not least, one major aim of the furniture sector is to create better lives for people: as a furniture industry we offer a great added value and contribution to society by improving the quality of everyday life for everyone; creating more ergonomic products; more efficient spaces; better organized offices and more secure hospitals.

## **CHALLENGES FOR OUR SECTOR**

### *The main challenges for the EU furniture industry*

#### **THE FINANCIAL AND ECONOMIC CRISIS**

Our sector was one of the hardest hit by the financial and economic crisis and it has not yet recovered. In the period 2007- 2009, the number of EU furniture companies dropped significantly, 280,000 jobs were lost and the turnover decreased by 34%, reducing from an estimated €136 billion to €90 billion.

#### **IMPORT PRESSURE FROM LOW WAGE ECONOMIES**

Whereas EU companies must comply with strict and costly regulations, they must compete – also on their own internal market - with non-EU companies whose production does not have to abide by such high social, safety and environmental standards. In the last decade, the Chinese furniture market increased to 40% of the global furniture market, without making use of any comparable standards while benefiting from state-aid measures.

#### **PROTECTIONIST MEASURES ON EXPORT MARKETS**

While the EU is the most open market globally, protectionist measures exist in other international markets, with tariffs applied on EU furniture exports, such as those existing in South America, India, Pakistan, the USA and Japan.

#### **ABSENCE OF CONSUMER AWARENESS**

Increasing and expensive efforts by EU furniture manufacturers to improve furniture products and ensure high quality standard, risk being fruitless unless accompanied with sufficient consumer information; today's consumers are not provided with sufficient tools to understand and compare the characteristics of furniture products.

#### **LIMITED ACCESS TO FINANCIAL RESOURCES**

The main furniture demand determinants in the domestic market are weak: public spending levels are notably reduced, investment in residential construction is lower than in the past and income available to consumers has diminished. Moreover, our sector is mostly composed of SMEs with limited access to financial resources.

#### **LACK OF HARMONIZATION IN EU MARKET CREATING BARRIERS**

The existence of different national regulations, together with many national schemes and labels, create a concrete barrier for EU producers who operate in the internal market and must comply with a high number of different complex national rules.

#### **INSUFFICIENT EU-LEVEL IPRs PROTECTION**

Our competitiveness strongly depends on the protection of products with high intangible contents, such as brands, patents, design and copyright, as the only effective tool against counterfeiting. National IP protection is too complex, limited, and costly for industries that operate in the Internal Market, as it requires expensive individual requirements to be met for IP protection in each and every Member State. Through EU-level protection of IPRs, significant costs and administrative hurdles would disappear and the protection of intellectual property would be facilitated.

#### **STRUCTURAL PROBLEMS – LABOR FORCE**

We are confronted by a number of structural problems, such as the lack of a skilled work force, high labour costs, ageing workers and difficulties in attracting young people. We need the EU labour market to be more dynamic and harmonised. Proceeding with the current status could lead to a loss in jobs; traditions; artisanship; craftsmanship and culture.

#### **NEED FOR A MAJOR MARKET SURVEILLANCE**

We need to enforce uniform and stronger market surveillance at the EU level. No regulation will work properly work unless accompanied by effective implementation and controls. We need a major degree of market surveillance and high cooperation among customs authorities at the EU level, as the only productive tool against counterfeiting and the illegal trade in goods.

#### **OLIGOPOLISTIC TENDENCIES ON THE SUPPLIERS AND DISTRIBUTORS SIDE**

Our sector suffers from oligopolistic tendencies which existing both among suppliers and in the market; this leads to a great pressure on producers and an undesirable rise in costs.

# CALL FOR ACTION

## *Within EU Ongoing Legislative Work*

### **1. COMPULSORY ORIGIN MARKING (OM)**

**EFIC stresses the importance of the mandatory origin marking of products, as required by Art. 7 of the Commission proposal for a Regulation on Consumer Product Safety. We strongly believe that consumers have the right to information about the origin of a product in order to make informed choices.**

- ✓ From the industrial side, OM is a fundamental tool for fostering a level playing field for all producers at the international level.
- ✓ Introducing a mandatory OM in Europe is also a question of reciprocity in trade: mandatory OM on consumer products would be fully compatible with WTO rules and they already exist in markets such as the USA, Japan and China. Introducing it at EU level would simply put European companies on an equal footing vis-à-vis their foreign counterparts.
- ✓ Moreover, the additional costs for companies - if any - in applying the indication of origin will not outweigh the benefits it would bring.
- ✓ It is widely known that consumers associate the country of origin with certain social and environmental standards: compulsory information on the origin of products would be of great benefit for European manufacturers who would benefit from their application of high and sustainable EU standards.
- ✓ The introduction of an EU-wide OM scheme would reduce fragmentation in the internal market: in fact, a variety of labelling initiatives are already being promoted in several EU countries and indelible OM is already applied in several sectors.
- ✓ Introducing a mandatory indication of origin on consumer products will contribute to improving the traceability of unsafe products to the benefit of consumers and the general public.

### **2. EU ECO-LABEL AND GREEN PUBLIC PROCUREMENT (GPP) CRITERIA**

**EFIC asks for a deeper analysis and harmonization of national Eco labels to be based on realistic and smart requirements and on the technologies concretely available for our industries.**

We recognize the importance of EU level rules for granting labels such as an Eco-label for furniture products. However, the existing great number of voluntary labelling schemes is an obstacle for the internal market as it prevents consumers fully understanding the meaning of labelling and the investments and efforts behind it.

**EFIC urgently calls for a formulation of GPP criteria guaranteeing fair access to public procurements, which are vital for our industries.**

The GPP criteria will have general application in the EU market and a strong impact for our industries:

- ✓ as requirements transferable in public tenders, the GPP criteria will apply to a significantly high percentage of furniture goods, such as, for example, office furniture, furniture for contract use and furniture for educational institutions, which are commonly involved in public procurement selections;
- ✓ by establishing pre-conditions for participation in public tenders, they will have a general transnational application and involve the possibility of including and/or excluding a certain amount of EU furniture industries depending on their content.

To this extent, setting suitable and affordable environmentally friendly criteria is fundamental in order to guarantee real and fair competition to the benefit of the industry, public authorities and society in general.

### **3. REVISION OF THE SMALL BUSINESS ACT FOR EUROPE**

**EFIC needs an ambitious plan for SME internationalization and valorization.**

We actively participated in the EU consultation on the SBA revision and we strongly believe in the EU “*Think small first*” principle. As duly affirmed by EU Institutions, SMEs are the backbone of our society and they constitute a major contributor to the EU economy. Our sector is mainly composed of SMEs and we are fully involved in their promotion and growth.

### **4. IMPLEMENTATION OF THE EU PATENT**

**EFIC urges the rapid implementation of the planned EU patent**

The current system is extremely expensive for companies and it involves bureaucracy: securing European-wide patent protection still requires registration in each individual country. This is not affordable for companies, in particular for our small and medium sized companies. The EU patent legal title, which makes the uniform protection of an invention possible in over 25 member states on the basis of a “one stop shop”, is of enormous importance for the furniture industry: significant costs and administrative hurdles would disappear and the protection of intellectual property would be facilitated.



# CALL FOR ACTION

## *Moving forward: the next steps needed*

### **1. INFORMATION TO CONSUMERS ON CHARACTERISTICS AND ATTRIBUTES OF FURNITURE PRODUCTS**

**EFIC** urgently calls for the introduction of an EU level mandatory measure containing information about the characteristics and attributes of furniture products.

The EU furniture industry constantly seeks to upgrade the quality of its products by investing in innovation and research to the benefit of consumers in Europe and abroad. However, in the absence of a general mandatory rule governing the information to be provided by producers, it is extremely hard – even for the most attentive and careful consumer – to understand the variations among furniture pieces in terms of best/worst quality and cheaper/higher price. To impose such an obligation is to recognise the added value of well-made furniture products; to promote fair competition among industries; to protect consumers from unfair and unsafe practices and – last but not least – it will enhance a fair EU internal market while strengthening the freedom of choice for EU consumers and citizens.

### **2. A FURTHER HARMONIZATION OF EU INTERNAL MARKET**

**EFIC** strongly demands a further deepening of the EU Internal Market, so that the circulation of goods in the EU common space can effectively be considered free of additional burdens for EU industries.

At the present stage, European furniture industries acting in the internal market have to comply with too many national regulations and different certification schemes. This situation leads to direct and indirect costs to industries and a concrete barrier for the development of intra-EU trade business, particularly affecting SMEs. Therefore:

- ✓ We need to progress further in substituting national standardization and certification procedures with EU level procedures;
- ✓ To achieve this, voluntary schemes are in most cases not a good option because they simply multiply the number of (different) rules applicable to all operators in the EU market;
- ✓ Common binding EU schemes would decrease the costs for industries and allow consumers to compare and differentiate furniture products on the basis of the same certification requirements.

A good starting point in this process would be, for example, the harmonization of flame retardant regulations, which vary from country to country and hamper the circulation of goods in the internal market. At the present time, due to the absence of EU regulation on flammability tests, EU producers must perform different tests before selling their products in the internal market and comply with different national regulations. This brings no added value to the EU consumer and generates huge costs for individual companies.

### **3. A SMART ENVIRONMENTAL AND SAFETY REGULATION**

**EFIC** welcomes EU advanced standards for the protection of the environment and human health and their further development, but calls for the adoption of smart and realistic standards.

The EU furniture industry is fully engaged in the collaboration with EU authorities aimed at regulating the use of substances in the production chain and to grant the best available health and safety standards. However, each regulation on the use of materials must be accompanied by a comprehensive scientific approach that takes into account the best technologies available in providing evidence and an assessed cost-benefit analysis.

### **4. OVERALL STRENGTHENING OF EU INTELLECTUAL PROPERTY RIGHTS PROTECTION**

**EFIC** urgently asks for the full and concrete implementation of the EU Action Plan on enforcement of IPRs and of the strategy for the protection and enforcement of IPRs in third countries.

IPR infringements constitute a major harm for both the industry and the economy at large, as they jeopardize the benefits of innovation and creativity. As a consequence, EU initiatives to counter this phenomenon are most welcome. In particular, it is of vital importance to provide policy tools that target the economic revenue of IPR infringers. Special efforts should be devoted to combat illegal e-commerce practices aimed at placing counterfeit products on the market, through, for example, improved cooperation with internet service providers. Moreover, our sector has a compelling need for higher EU-level design and patent protection, accompanied by better controls on counterfeit goods both inside the EU market and at its borders. A major issue is that copyright protection is not implemented homogeneously across EU Member States. Better consultation with stakeholders, including manufacturers, would be also welcomed on these points.

## **5. A STRONG FINANCIAL SUPPORT FOR INNOVATION AND PRODUCT DEVELOPMENT**

**EFIC calls for strong financial support for innovation and product development as a key competitive factor.** Looking at furniture products solely in terms of consumers' consumption and fashion design is restrictive and inappropriate. Our work directly contributes to the benefit and progress of society:

- ✓ Design development is not only about adding aesthetical added value to a product but it also concerns utility, the fostering of creative ideas and an innovative way of living.
- ✓ Above all, good quality and innovative furniture products create more secure and better-organized spaces and healthier and smarter tools for everyday life, including, for instance, ergonomic or recyclable products.
- ✓ In the global context, EU furniture production technology is advanced and innovative and this leadership is essential both to future increases in productivity and in terms of product differentiation.

To this extent, special attention should be paid to SMEs. The major problem our SMEs face is attempting to combine the high cost of product development with limited access to credit. For this reason, we call for better access to EU framework programmes in order to fully exploit the huge potential of our Small and Medium companies, as the backbone of our economy. A part of the EU funds could be reserved to design and product development to promote fundamental skills within EU manufacturing industries: further investment in our sector would greatly help in achieving outcomes that will benefit the daily lives of consumers.

## **6. PROMOTE EDUCATIONAL AND TRAINING PROGRAMS AND LABOUR MOBILITY**

**EFIC supports initiatives aimed at adapting traditional training systems to the new labour market**

The increasing pressure on EU furniture manufacturers affects their capacity to rely on properly skilled human resources. Unfortunately, the ageing workforce and the inability to attract young workers create a dangerous gap: the risk of a loss in jobs represents also a loss of tradition, artisanship, craftsmanship and culture. The furniture industry stresses the need to develop new methods of strengthening the ties among technical teaching institutes, design institutes and companies. To this extent, promoting wider relations with local schools, universities and colleges to develop and foster design and innovation would be highly appreciated.

## **7. REDUCTION OF ADMINISTRATIVE BURDENS**

**EFIC underlines the importance of removing the existing administrative burdens which have a negative impact on the development of EU industries, and urges greater European standardization.**

A comprehensive approach is needed aimed at detecting those challenges the industry faces sector-by-sector and coherently distinguishing between national and European opportunities for intervention. Currently, our sector is highly regulated at too many different levels and the area of action and influence for Member States is still significant. Governance should be more co-ordinated. Technical and administrative burdens should be removed and varied national regulations should be rationalised and simplified. European standardization is essential in order to overcome legislative and technical barriers hindering the internal market: missing European standards, and too many different national ones, lead to disproportionate costs for companies.

## **8. EU INTERNATIONAL TRADE**

**EFIC calls for balanced EU actions aimed at guaranteeing fair and equal conditions in EU International trade practices and agreements.**

The European market is known for being one of the most open markets in the global system compared to our main international competitors. While such openness can generate a major flow of trade, a market which is too open may be vulnerable to unsustainable and unbalanced foreign competitive practices. We must consider that the world trade balance has changed considerably over the last ten years: China has moved to the 1<sup>st</sup> position, becoming the leading exporter, and Vietnam from 15<sup>th</sup> to 6<sup>th</sup>. To this extent, EFIC is in favour of an open market but one the condition that the same rules apply to all the operators in a fair and informed environment:

- ✓ Strict compliance with European rules and standards for furniture circulating in the internal market is absolutely imperative. Importers should be obliged to declare their compliance with EU rules for their imported products and information should also be given regarding the observance of social, environmental and health standards
- ✓ In this regard, the provision of a compulsory declaration of origin and quality in relation to products has always been an extremely useful tool in the hands of consumers as it leads to greater transparency and has a strong positive impact on informed consumer choice;
- ✓ One of the strongest assets for EU producers and exporters is origin labelling: "*Dutch design*", "*Made in Germany*" or "*Made in Italy*" labels are reported to give a competitive advantage. As an example, Swedish "*Möbelfakta*" labelling draws a particular focus on quality and on environmental and social responsibility.
- ✓ Finally, new action aimed at promoting exports should be envisaged but thus must follow careful reflection of each sector's assets and needs.

## **CLOSING REMARKS**

*Enhancing the competitiveness of the EU Furniture Industry is important on many levels: to take forward the European Industrial Renaissance called for by the EU institutions; to make a tangible promotion of EU businesses and the creation of new jobs; to create a policy environment that values the contribution of SMEs and EU manufacturers to the overall growth of EU economy and - last but not least - to preserve Europe's artistic proud tradition and cultural patrimony.*

*The European Commission has an ambitious target for the near future, which is to return Europe to growth, create jobs and bring its industries' weight in EU's GDP back to 20% by 2020. To this extent, all EU institutions cannot forget the fundamental role of the European tradition of manufacturing industries and their substantial contribution to the EU economy.*

*The time to act is now and EFIC is ready to be engaged and active in working in full collaboration with all MEPs, representatives of Member States and the European Commission.*

*With this opening contribution, we wish to give to EU institutions and all interested parties an overall picture of the current status of our industries. We want to help our industries but we also want to assist the competent authorities in helping us.*

*Further and continuing cooperation will ensure that our willingness to bring our voice to the table will be constantly maintained with the passing of time and, we trust, that the EU authorities will respond positively and engage with actions that correspond to our joint aspirations.*



**EFIC President**  
Mr. Markus Wiesner



**EFIC Secretary General**  
Ms. Roberta Dessì



**EFIC Board members**



European Furniture Industries Confederation

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