EU Furniture Market Study – Summary

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EU Furniture Market Study – Summary

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Assumptions and limitations

a) This is the summary of the report "EU Household Furniture Market Overview in France, Germany, Italy, United Kingdom and Ireland," which was prepared by AGRCo Team in April 2006 (contract number: AFP-1-00-03-00029-00, Task order number: 800).

b) The authors used the following source documents for producing this Summary (the file names are in brackets):

- A Market Overview – United Kingdom [3UK MarketStudy April06-PR.doc]
- Appendices for the Furniture Market Overviews – EU Country Markets of France; Germany; Italy; United Kingdom; Ireland [Appendix 1 Product Groups.doc]
- A Market Overview – France [MS-France-Apr06-PR.doc]
- A Market Overview – Italy [MS-Italy3.doc]
- A Market Overview – United Kingdom [UnitedKingdom MARKET OVERVIEW (2a).ppt]
- A Market Overview – Germany [Germany MARKET OVERVIEW (3).ppt

In addition, the following files were obtained:

- EU Market Survey summary prepared by David King [EU Furniture Market Survey – King – Apr-06.ppt]
- Lists of fairs in BiH and abroad [Copy of List of Fairs.xls, Copy of list of fairs eng.xls, Grazz Messe Info – Nail – Apr-06.pdf, Messen Holz.doc]

c) Except where stated otherwise, this document has been prepared solely on the basis of the information contained in the original report.

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EXECUTIVE SUMMARY

This document is the summary of the overview of EU household furniture market. The overview is based on several large documents. Besides presenting the general information, the overview focuses on the four major markets in the EU, namely the UK, Italy, France and Germany. These four countries represent 66% of total consumption, 60% of total production and 70% of total imports of household furniture in the EU.

The purpose of this document is to inform the members of the cluster of wood-processing and forrestry of the possibilities and opportunities that could be explored in the EU furniture market, and in these four countries in particular. In addition, this summary provides some basic information and guidelines needed for starting the process of establishing international agents network for BiH wood-processing industry.

The market is enormous – it is based in 25 countries where in total 456 million people live. In 2004, the EU total consumption of furniture was €68 billion or €162 per capita. Prices are generally stable, not least because of movement of furniture production abroad. In the past several years, most EU countries have been going through macro-economic difficulties, which puts additional pressure on prices, as well as on consumer demand.

Furthermore, prices are under pressure because of increased and more diversified competition, and proliferation of various distribution channels and outlets. Competition from Asia, and especially China, has been a major factor. Increased product variety and choice has made consumers increasingly demanding in terms of prices, quality, design and delivery options.

The Internet has been bringing further changes, giving the consumers more choices and information, as well as the option of online purchasing. E-commerce has been profoundly changing the whole distribution process, and this trend is expected to continue.

BiH furniture producers are currently exempt from any tariffs on furniture and most other wood products in the EU. Non-tariff trade barriers are present, mostly in form of various quality and safety standards required by the EU legislation. For more information, please refer to "Tehnički vodič za izvoznike proizvoda od drveta" (a technical guide for wood product exporters), which is available at USAID CCA.

Following are some key facts regarding the furniture markets in the four major EU countries, as well as potential opportunities for BiH producers. The countries are provisionally ranked by accessibility and attractiveness for BiH producers to these markets.

Germany

- Market worth: €16,7 billion, 23% of the EU market
- Furniture production value: €15,7 billion

- Imports are decreasing, except for parts
- Buying groups dominate furniture distribution (55%)

Opportunities:

- Light-coloured woods are popular, even with beech.
- Dining/living room beech sector is thriving in Germany.

Italy

- Market worth: €12,3 billion, 17% of the EU market
- High consumption of furniture, well above EU average
- Production value: €15 billion
- Production is fragmented into large number of small family firms; chairs main product
- Independent shops dominate furniture distribution (49%)

Opportunities:

- Imports increasing, especially of parts
- RTA furniture growing
- Large consumption of solid wood for furniture parts

France

- Market worth: €8,7 billion; 12% of EU market
- Fragile market, poor macro-economic outlook
- Production value: €7,1 billion
- Chain stores (28%) and franchises (22%) dominate furniture distribution

Opportunities:

- Modern and contemporary furniture dominate the market (67%)
- Ready-to-Assemble sector is an important sector.
- Imports from developing countries are increasing (19% from 2001 to 2003)
- Imports of furniture parts and kitchens/kitchen parts are also increasing

UK

- Market worth: €10,1 billion; 14% of EU market
- Production value: €6,7 billion
- Chain stores (39%) and buying groups (20%) dominate furniture distribution

Opportunities:

- Demand is increasing for occasional tables, accent storage items and small pieces for informal dining, units for home office and home entertainment equipment
- Producers are aggressively sourcing off-shore

CONCLUSIONS AND IMPLICATIONS

Although the EU furniture market is difficult and demanding, the Overview outlines some positive trends for BiH WOOD-PROCESSING FIRMS. MORE SPECIFICALLY:

- Outsourcing for furniture parts has been increasing for the past several years
- Many firms in the Eastern Europe have moved up the value chain, starting from supplying elements and parts and moving up to producing finished furniture
- B&H is uniquely geographically located, very close to the EU market, giving is substantial advantage to Chinese and other Asian competitors
- B&H is abundant with high quality forests, especially beech

In order to make the most of these trends, BiH firms should base their export strategies on the following:

1. **Beech niches**

   BiH producers should focus on niches where beech is superior to other kinds (furniture parts, bedrooms, kitchens). Also, beech requires a new image to meet consumer demands for alternatives to light and figured oak. Steamed beech could help in this colour/fashion business.

2. **Other hard wood**

   Besides beach, use should also be made of the local BiH and Balkan availability of quantities of oak, ash, maple, cherry and fruit woods. Sensible use of these scarcer, and yet possibly more attractively figured wood, will enhance the scope of the skilled cost-effective manufacturing base.

3. **Board furniture**

   Processing board materials and exporting them as finished furniture is a real opportunity, due to positive factors such as location and available production capacity. Establishing domestic production of raw materials would make this segment even more important.

4. **IT-based fast response**

   This strategy relates to offering excellent design and supply services for kitchen and bedroom specialists, plus servicing the growing bathroom cabinet sector. The strategy is based on the fast response, 10 day turnaround. However, it requires investments in the IT infrastructure as well educating the workers and management within the wood-processing sector.

Agents network development

Based on the information regarding the furniture distribution channels given in the Overview, the following important factors should be considered when establishing the agents network:

- Chain stores are the most important channel for furniture sales in the four major markets. Therefore, experience in dealing with the chain stores should be an important consideration in the agents search and selection process.

- Rise of “manu-retailers” indicates opportunities for B&H companies to become integrated with the major EU retail chains. Again, agents search and selection process should focus on agents familiar with the process.
- E-commerce and online communication is crucial in the process of forming the network. In this respect, the agents network and BiH firms must be provided efficient and practical internet support.

1. INTRODUCTION

1.1 PROJECT BACKGROUND

During the implementation of the cluster of wood-processing and forrestry it has become obvious that further growth of sales at foreign markets is the essential part of the BiH wood sector development. A need for improvement in this area has been recognized at cluster conferences and confirmed by the majority of BH wood-processing firms' representatives.

As a part of the process of finding solution for this process, USAID CCA has undertaken, among other activities, the following steps.

- It contracted AGRCo, a consulting firm from the US, to produce an overview report giving information on EU household furniture market (from this point onward, "the Overview").

- It hired StrikConsulting to implement the project of forming an international agents network in order to increase access of BH wood products at the international markets (primarily the EU).

The purpose of the Overview was also to give a starting point for the process of forming the network. Therefore, the project of establishing the agents network also included producing an accessible summary of the original Overview (from this point onward, "the Summary").

1.2 ABOUT THE ORIGINAL OVERVIEW

Besides giving general information of the complete EU market, the Overview focuses on the four major countries – namely, the UK, Italy, France and Germany. These four markets represent 66% of total consumption, 60% of total production and 70% of total imports of household furniture in the EU.

The original report consisted of one document providing general market information for the whole EU market, and five separate documents related to the four major markets (written reports for the UK, France and Italy, and slide presentations for Germany and the UK).

The original purpose of the Overview was to provide relevant information for BiH companies interested in exporting to those four countries.

1.3 ABOUT THIS SUMMARY

The purpose of this Summary is to present the information from the Overview in a concise and accessible form, as well as to present some conclusions relevant for forming the agents network.

Below are some points on the methodology and principles that were used for summarising the information in the original documents:

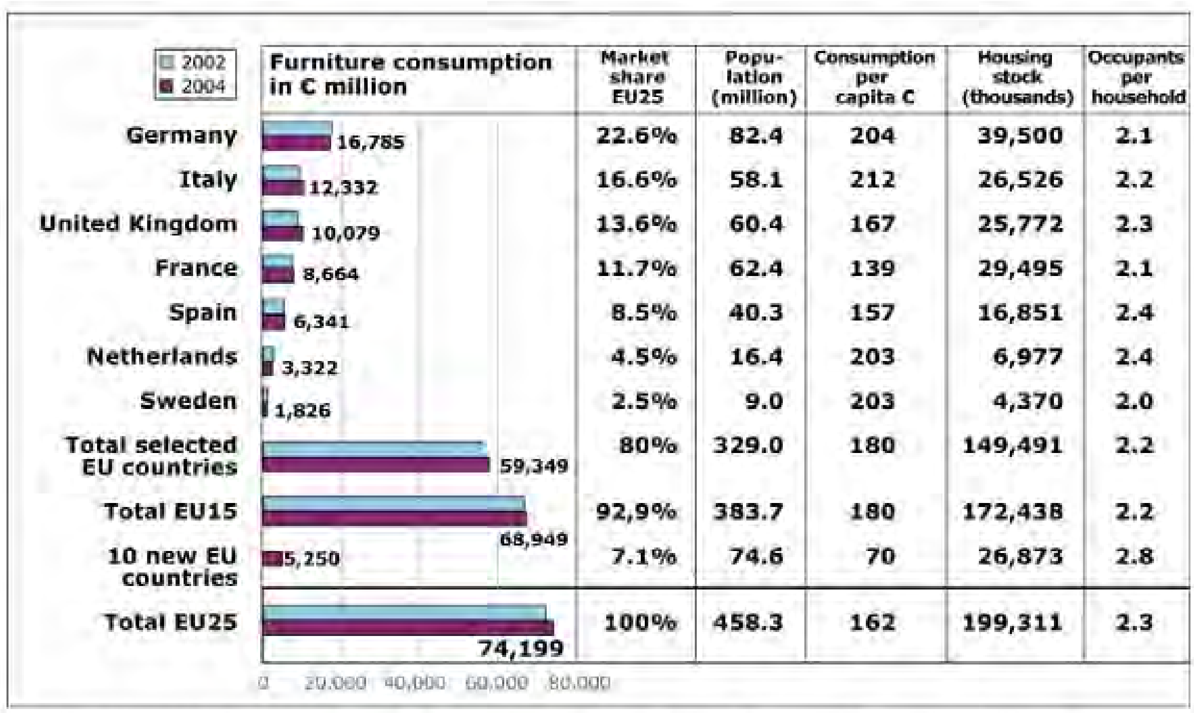
- The Summary was to be prepared by judging the usefulness of the information from the perspective of a wood-processing firm manager
- All repetitions were to be avoided

- All irrelevant information on exports of furniture from particular countries were to be excluded
- As defined in the Purchase Order, the document should consist of at most 30 pages

2. GENERAL TRENDS IN THE EU MARKET

2.1 About the EU market

The EU market is huge – it is based in 25 countries where in total 458 million people live. In 2004, the EU total consumption of furniture was €74 billion or €162 per capita. Due to its size, purchasing power, and proximity, it is a very logical market for the BiH wood-processing firms.



	Furniture consumption in € million (2002 / 2004)	Market share EU25	Population (million)	Consumption per capita €	Housing stock (thousands)	Occupants per household
Germany	16,785	22.6%	82.4	204	39,500	2.1
Italy	12,332	16.6%	58.1	212	26,526	2.2
United Kingdom	10,079	13.6%	60.4	167	25,772	2.3
France	8,664	11.7%	62.4	139	29,495	2.1
Spain	6,341	8.5%	40.3	157	16,851	2.4
Netherlands	3,322	4.5%	16.4	203	6,977	2.4
Sweden	1,826	2.5%	9.0	203	4,370	2.0
Total selected EU countries	59,349	80%	329.0	180	149,491	2.2
Total EU15	68,949	92,9%	383.7	180	172,438	2.2
10 new EU countries	5,250	7.1%	74.6	70	26,873	2.8
Total EU25	74,199	100%	458.3	162	199,311	2.3

Source: Euromonitor, National Associations, Csil, National Report on Housing Developments in European Countries (2005)

Figure 1 - Furniture consumption in EU (2002-2004)

2.2 Price Developments

Consumer prices of furniture in EU countries are relatively stable, even though increases in materials, energy and wages in 2005 have affected manufacturing profitability. These increases are being held in check and margins for manufacturing in the Main EU countries are suffering. The margins at the retail level are holding up, mainly due to the influx of competitively priced products with improving quality.

During the 1990s to 2005, the movement of furniture production from the original EU countries the new countries and beyond into what is remaining of East Europe and the Balkans ensured that prices did not rise dramatically. Price elasticity has fallen, sales offers occur throughout the year and overall like-for-like product prices have declined over the last 10 years. The furniture offer is as almost a 'commodity purchase' in the same manner as electrical household products. It is more so now, with the next industrial move to sourcing large scale imports from Asia, mostly from India and China. Bulk buying has become the norm with extended delivery routes and times.

Attempts by manufacturers to increase their prices and the prolonged EU economic recession in major mainland EU economies have made consumers more critical on price. Now, they shop around and use the internet to source the latest models, designs, brands, (foreign) prices, and get sound delivery service. A ‘snowball’ effect will increase this move over the next few years before e-sourcing stabilisation and increased prices from China lead to a further review of buyer and consumer sourcing.

The oversupply of low - to medium range furniture items has resulted in prices being under pressure at all levels in the supply chain. Especially at retail level where price cutting and early clearance sales have become regular features of the trade, fuelling intensified competition. This has led to bankruptcies of at least 3 UK major furniture chains, the failure of branded furniture manufacturers; the collapse of French and German retailers and manufacturers and the demise of many Italian factories and small independent outlets.

After a wave of mergers and acquisitions at retail in 2005, it was the international chain stores and buying groups who were able to keep their position in this competitive environment. Some department stores and especially non-specialist retailers have entered the furniture sector to add value to their hyper-store ‘shopping experience’. That increases their buying power, forcing prices down further and seeking strong settlement discounts because of their wide coverage and effective volume business. This move also requires large manufacturing resources and effective storage, handling and distribution warehouse systems to cope with these demands.

In short, furniture prices are under pressure because of:

- More non-specialist outlets selling furniture (e.g. “Do-It-Yourself” - DIY stores, discounters, hypermarkets, mail order catalogues and catalogue shops).
- Direct sales by manufacturers with Flagship stores, factory outlets, manu-retailers, E-commerce etc.
- Consumers are more demanding in design and delivery, plus they often expect a discount.
- Faster changes in interior fashion have shortened the lifespan of a furniture item. Hence consumers are less prepared to pay high prices, as they use the items for a shorter time.

Below is a table showing retail prices of selected furniture items in the UK in 2005.

Photo no./ Style	Product group	Item	Material	Retail price in € (incl. 17.5% VAT) Specialist	IKEA
1. Classic	Living room	Cabinet	Cherry	1,000 - 1,750	
		Coffee table	Walnut	800 - 1,500	
		Chair	Walnut	400 - 600	
2. Colonial	Bedroom	Bed	Teak	1,200 - 1,700	
		Table	Cherry	500 - 800	
		Basket	Rattan	70 - 120	
3. Country / Baroque	Living room	Low table	Pine	500 - 900	100 - 150
		Chair	Upholstered	700 - 1,200	100 - 200
		Chair	Upholstered	500 - 1,000	80 - 120
		Recliner	Upholstered	500 - 1,100	
4. Country	Bedroom Veranda	Bed	Teak / Wengé	800 - 1,400	700 - 900
		Chair	Teak	250 - 350	100 - 200
		Dining set	Teak	500 - 800	400 - 700
5. Contemporary Bohem. chic	Living room	Cabinets	Beech/Birch	500 - 1,000	
		Sofa	Upholstered	1,000 - 2,000	
		Dresser	Walnut	1,200 - 2,000	
6. Ethnic / Baroque	Dining room	Table	Oak	800 - 1,200	
		Chair	Teak	600 - 900	
		Dresser	Teak	800 - 1,000	
7. Contemporary	Living room	Sofa (3)	Light Oak (Uph.)	1,000 - 1,400	400 - 800
		Sofa (2)	Oak (Uph.)	700 - 1,000	250 - 500
		Low table	Teak	300 - 650	
8. Contemporary	Living room	Open shelf cupboard	MDF/Plastic	1,700 - 2,500	900 - 1,500
9. Contemporary	Bedroom	Bed	Oak/Beech	800 - 1,300	300 - 700
		Shelves	Metal/glass	200 - 400	150 - 300
10. Contemp./ Modern	Bedroom	Reclining chair	Leather	1,400 - 2,000	
		Cabinets	MDF/Plastic	650 - 900	300 - 500
		Bed	Birch/Metal	500 - 700	200 - 400

Source: Store checks – John Lewis, Furniture Village, Habitat, Multiyork, IKEA (July 2005)

Figure 2 - Furniture prices in UK, 2005.

Price variations

It is important to note that furniture prices within the EU are very variable. According to Eurostat, differences in consumer prices of furniture between the selected EU countries and the new EU countries (except Malta and Cyprus) were almost double in 2002. Prices in the UK were about twice that of the Czech Republic and the Baltic/Balkan States. However, already furniture prices are rising in the new EU countries as these markets will continue to grow, especially in the medium price range.

Consumers are seeking;

- stable prices, linked to their perception of quality for the product.
- household products to enhance their ‘home-enjoyment’.

- new products and innovative designs for electronic storage
- home delivery at specific times
- design input with discussion and pictures
- various levels of product life-span to suit their home environment

In response, EU retailers are:

- not accepting higher prices from suppliers,
- seeking to maintain own margins and make consumer sales
- responding to the consumer demands.

More specifically, retailers are:

- taking their designs offshore and manufacturing to licence.
- branding their own outlets, with own label products
- offering in-house or on-line design services
- offering faster home delivery, even ‘next-day’ delivery for selected items
- ensuring products are ‘fit-for-purpose’ and setting up communications to ensure product safety and recall procedures should that be needed.

2.3 Distribution within the EU market

Below is a basic model of the furniture distribution channels within the EU. Most of the EU countries follow this route to a lesser or greater extent.

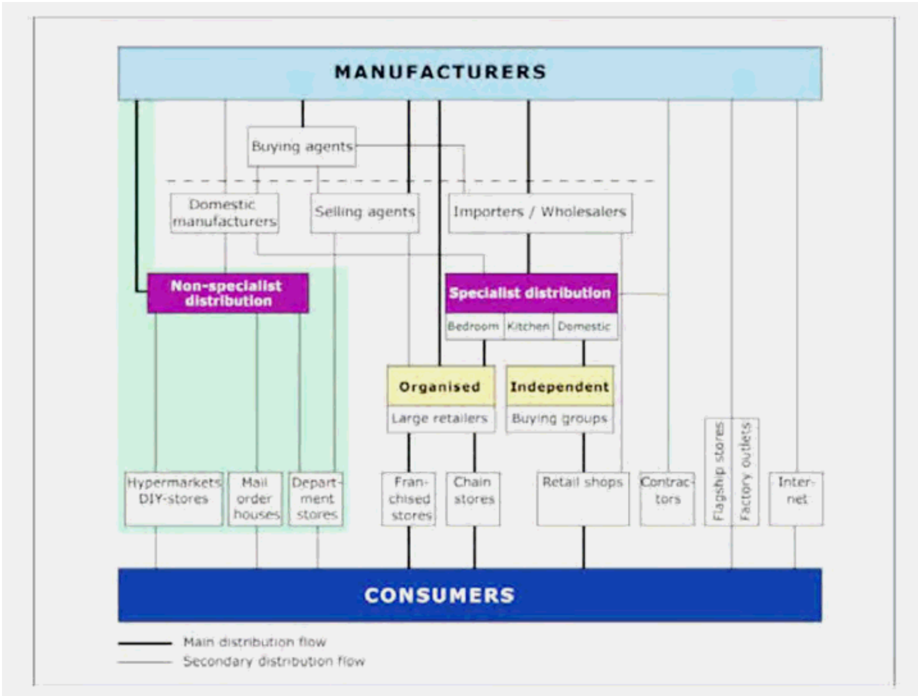


Figure 3 - Furniture distribution channels in the EU

What is not developed here is the growth and interplay of the **e-retailing system** and its supply source. The straight line shown as 'internet' does not cover the more intricate situation as this route that has now developed.

Most certainly the full system of distribution makes strong use of the internet for:

- manufacturers;
- agents - importers/wholesalers;
- non-specialist and specialist outlets;
- buying groups;
- warehousing, importers and distributors
- the actual high-street or out-of-town retail stores.

The Internet and the Information Technology can be used for many purposes, including increasing the visibility of product, style, design and materials, as well as for ordering and delivery. The internet now operates to benefit all consumers, at whatever level of input and expected output.

2.4 Trade barriers

Trade barriers can be in the form of tariffs and non-tariff ones. The EU and thus the 25 countries within the EU has few trade barriers for furniture products. Most tariffs are at zero and for countries trading with the EU, a 'most favoured nation' status exists with specific volumes and/or arrangements for zero duty entry. BiH is exempt from tariffs on furniture and most wood products in the EU.

Non-tariff barriers include laws, regulations, policies and practices that either protect domestically produced goods form the full impact of foreign competition, or artificially stimulate the exports of domestic products.

The global furniture trade is rather liberal and therefore most items are free from duties. Import duties are only payable on parts, seats/furniture of cane, osier, bamboo and some kitchen parts. Most of wood products from BiH are exempt from customs duties in the EU.

2.5 Product Quality and Safety in the EU

Quality standards

There is no official EU quality standard for domestic furniture. However, the CEN, the European Committee for Standardisation, published through its technical committee the CEN/TC 207. This includes some voluntary quality standards, which may become official EU standards in the near future. Therefore, *n*ational quality standards and test methods still apply in many cases. Some countries, such as the United Kingdom, Ireland and Sweden, already legally require compliance with flame residency tests for upholstered furniture (the 'smouldering cigarette' and the 'burning match' test) and France has a similar law.

The main quality standards relate to:

- assessment of the ignitability of upholstered furniture
- stability of seating
- co-ordinating sizes for kitchen furniture
- safety requirements and testing of foldaway beds, and bunk beds
- safety requirements of domestic cribs and cradles, cots and high chairs
- strength, durability and safety of tables
- safety and test requirements of beds, mattresses and storage furniture
- mechanical and structural safety requirements of seating and tables
- durability of mechanisms for convertible sofa beds

This list does not contain standards for office furniture.

Product testing

Currently 15 Institutes and Centres for product testing are recognised in the EU, essentially one for each major EU country with new ones welcomed as they evolve.

The following are the key Tests for Furniture products:

- Testing for Tables and Chairs
- Testing for Storage Furniture
- Surface Finishing Testing
- Glass items Tests for Furniture
- Testing for Beds & Mattresses
- Nursery and Children’s Furniture

General product safety

For all items of furniture, safety is a very important requirement and legislation is in force at both EU and national level to ensure that no unsafe products are offered for sale to consumers. The General Product Safety Directive defines a 'safe product' as follows: a product that under reasonably foreseeable conditions of use does not present any risk or minimum risk compatible with the product’s use. An exporter, or his representative in the EU, can in most cases be held liable for compensation for possible damage. Fire safety also falls under this category. As the importer will be regarded as the supplier, he will require a contract with the exporter to cover his exposure to any of the above-mentioned potential risks.

Environmental requirements

Related to dangerous substances and environmental issues concerning furniture industry, the EU has enforced many various directives aiming at regulating these matters. Differences in environmental legislation exist within the EU. Regular changes in legislation require legislation to be checked in each selected EU country, which can be found at the **CBI AccessGuide**, (http://www.cbi.nl/accessguide), which monitors the product legislation for the furniture industry.

2.6 Competition from China

A recent report from the Chinese Furniture Association (CFA), indicated that the country’s furniture industry developed rapidly during Tenth Five-Year Plan period (2001-2005). The total output value of the furniture industry rose 27% to €37.5 billion in 2005, up almost threefold from 2000. The annual average growth rate exceeded 20% over the last five years.

The export value of all type of furniture grew 33% to €11.2 billion in 2005, three times as much as in 2000. Meanwhile, imports of furniture fell in 2005 in spite of import duty tariffs close to zero. The value of furniture imports declined 13.4% to €457.5 million in January-October 2005.

The following factors were indicative of the last Five Year Plan:

- The industry scale is large and continues to expand.
- The quality of furniture has improved significantly, involving the manufacture of middle and high grade furniture. There are five dominant and well-positioned brands in China.
- Furniture designing has improved.
- Eight feature regions and mature furniture industry zones are well established.
- The level of management has improved markedly, with family-run business being now transformed into modern enterprises.
- The impact of furniture expositions in Shanghai and Guangzhou have expanded to a world level. China is becoming an international procurement centre of furniture.
- The modernization of transportation and distribution industry has facilitated the flow of products.

Some challenges are identified:

- The fast expansion of production capacity has affected quality in middle and lower grade furniture while competition has become strong.
- There are still gaps in productivity of labour, management, design and technical level compared with developed countries.
- The regional development of the furniture industry is uneven.
- Imitation and copying are still prevailing in furniture manufacturing.

China’s furniture industry expects both output and exports of furniture to double in the next five years at a projected annual average growth rate of 15%.

3. MARKET INFORMATION FOR THE UK, FRANCE, ITALY AND GERMANY

In this chapter summary information on the four major markets will be presented. The first two sections (on solid wood furniture and distribution) are written only once for all four markets.

3.1 FURNITURE WITH SOLID WOOD AND SEMI-FINISHED ELEMENTS

The following table outlines the position of solid-wood sector in the four major EU markets:

Country	UK	France	Italy	Germany
Consumption value of furniture containing solid wood in proportion to total national consumption	42% (€4,2 b.)	43.6% (€3,7 b.)	42.3% (€5,2 b.)	43% (€7,4 b.)
Consumption value of furniture containing solid wood in proportion to total EU market	5,7%	5,1% (Parts of solid wood account for 10.5% of this sector [€910 million])	7%	10%

Today solid wood from various world temperature zone sources is available across most price bands and distribution networks. It is usually in these groups:

- That of design orientated, often more expensive, items in a variety of woods, many exotic or fruit woods, or design based developments of beech, ash, various temperate and tropical wood mixes and wood/metal.
- Reproduction, modern and contemporary furniture in various European styles, mainly of oak and beech.
- The pine solid wood sector, usually in the low-mid price bands.

None of these categories is exclusive and often they overlap. With the fading of the solid pine phenomenon across most of Europe, the industry has been searching for other solid woods to provide its main design resource.

The Solid Wood Markets and Opportunities For Importers

The importance of the solid wood and semi-finished sector can be seen in the level of use for the EU market. Some comments apply:

- Solid wood is not all high or upper price sectors,
- Much of the volume is for mainstream products in everyday use

- A large volume at various price points is found as semi-finished items. Whilst covering solid wood mouldings, lippings, underframes and legs, these include finished doors and drawer fronts for the kitchen, bedroom and living room sectors plus that of home office.

Over decades, solid beech has been a strong contender, but was easily copied in quantity across many price points and tended towards blandness compared to the striking figured choices and staining offered by pine during the last 20 years. Beech also became available in a wide range of paper foils, laminates and melamine surfaces, mainly to surface the modern core boards. Its exclusivity in appearance and design became invalid. In the last 3 years Pine as a prime choice begins its decline.

The consumer required an interim species. Solid oak in its various forms, colours, finishes, treatments and also affected the popularity of beech. The rise of oak has been credited to the availability in the last ten years of extensive and price positive lower cost manufacturing facilities being transferred to East Europe and especially that of China, both targeted at different consumer societies – the EU and the USA respectively. China has the overall lower production cost advantage at the moment, although Vietnam is increasingly offering an alternative. India could follow.

In an attempt to keep the oak price points stable, other solid woods are now being passed off as 'oak'. These are often Asian woods, sometimes marketed as Asian oak (but not sunkai, a true Asian oak species).

A resurgence for beech is forecast, but this will require design-led marketing techniques in order to deal with the oak phenomenon.

As a result of current consumer demand, the need for beech in EU markets is muted.

Some relevant statistics follow:

- The share of dining/living room sector in national solid wood furniture consumption is quite high (UK: 25%, France: 29%, Italy: 27.3%).

- Ready-to-Assemble sector is an important sector in **France** and accounts for 24.1% of household furniture in the country. In kitchens it takes 41.4% of that sector and 31.6% for home office and other furniture.

- In **Italy**, at least 42.9% of the frames (mostly hidden) sector uses solid wood. It is sourced as completely finished made-to-order, wrapped or boxed frames and add-ons to ensure firm prices and delivery to Italian factories. The 135% increase in imports indicates the move to off-shore sourcing.

- Regarding bedroom furniture, for all major markets, a high proportion of the head/footboards and of the bedside cabinets and bed-bases are in solid wood. That market reaches €75 m. (UK), €65 m. (France), and €75 m. (Italy); and offers opportunities for independent items, including 'lattoflex' type bases.

- Regarding kitchens and usage of solid wood, the visible fronts of units are the most important and used the most. Storage units take small amounts of solid wood due to the preponderance of board materials.

- In **Italy**, kitchens are required to be of excellent quality. Italian kitchens and their door/drawer elements are renowned for quality. So off-shore sourcing for door/drawers and wood worktops, pelmets and free-standing units will need to be quality-driven.

3.2 Distribution

The 'manu-retailer' concept

A factor, often not understood in furniture marketing, is that major manufacturers are firmly placed in retailing. Either the manufacturer has set up and developed their own store systems or franchises as a direct route for consumer sales. Alternatively, a retailer may find it is practical to secure sound manufacturing facilities for their specific product and quality, so they purchase or merge with a manufacturer. For example, IKEA, with 225 stores in 33 countries (including 26 in the USA) is the world's largest direct 'manu-retailer' business; MFI is a prime UK example with 202 stores remaining.

Wholesalers/Distributors

The shift in manufacturing and sourcing to SE Asia and China has opened up a relatively strong set of trading partners acting as importers. Retailers and factories deal directly with the new sources, or they work through the importers. Many smaller retailers cannot order sufficient quantities of the correct shapes, sizes and quality of any product and need to rely on 'split-loads' or warehousing for a consistent supplies.

e-Retailing

Online furniture retailing has seen a significant increase in trade in the last 2 years. The sector is competing directly with market shares of some non-specialists. Currently it is the retailers that are making headway, the manufacturers and suppliers not really entering into the web business yet with direct sales.

3.3 United Kingdom

3.3.1 Consumption

The **United Kingdom** furniture market was worth € 10,079 million in 2004 (average per capita consumption was €167), and was the third largest in the EU with a share of 14 %. Minimal growth occurred in 2005. During 2006/7, prices should remain stable, with little need for increases, as the availability of competitively priced furniture from China and Vietnam continues to affect the retail sourcing from current East European and EU suppliers. Also, the following is forecast:

- Demand is increasing for space saving, multifunctional and combination units (clever shelving systems).
- Oak is strong, solid pine continues to decline, but changes towards beech may develop, backed by advertising campaigns to push this excellent wood.
- Demand is increasing for occasional tables, accent storage items and small pieces for informal dining, and home entertainment equipment.
- Demand for units for home office is especially increasing (research suggests that 30% already work part of the week at home and this is expected to rise to 50%).

3.3.2 Production

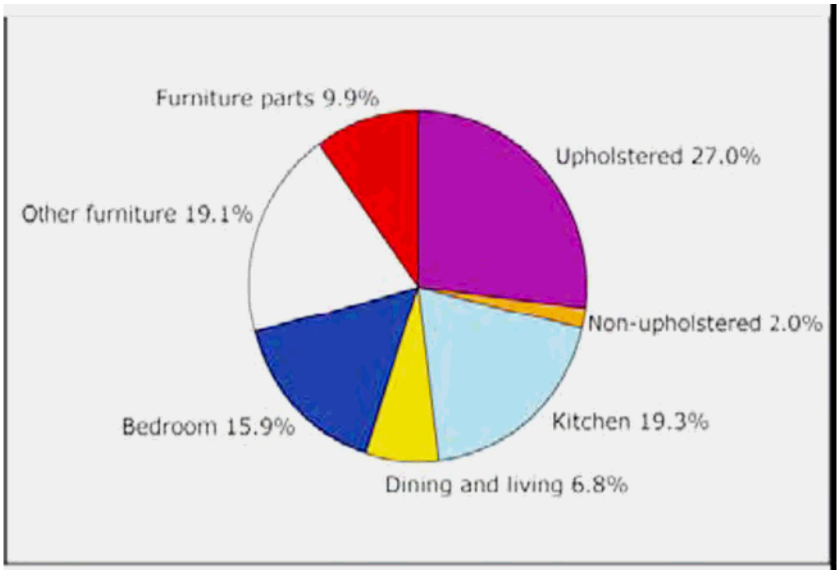


Figure 4 - Furniture production in the UK (2004)

The UK represented about 5% of world furniture production in 2004. 6,300 companies employed approximately 90,000 people to produce € 6,743 million worth of furniture. This represented a 2% increase over 2003 with a nominal 1% indicated each year for 2005 and the 2006/7 period. 20% of production is exported. A decreasing number of major manufacturers support mass-market products. They are aggressively sourcing off-shore, as are many small businesses that assemble units for other manufacturers.

3.3.3 Imports

The UK accounted for 18 % of EU imports of furniture in 2003, valued at € 4,379 million. Overall British importers sourced 22 % of their requirements from Extra-EU countries. Between 2001 and 2003, imports rose by 16 % in volume and 29 % in value. They continue to increase by at least 15% a year. Trade comment from the 2006 Birmingham International Furniture Fair is that 80% of the seating product on show was imported. UK factories are importing, sometimes adding some 'local' artefacts and then reselling. Others are simply importing and passing the goods through their delivery systems at prices below their own production possibilities.

Some additional points follow:

- Imports from China are increasing. Similar quality products from China sell at prices that are 1/3 to a quarter less than product from Italy and other EU countries.
- Imports of kitchens have been decreasing
- Imports for bedroom and dining/living room furniture indicate a healthy market, especially during the 'pine-design' period, which is now declining. Even so, the choice of oak has helped the strong supply from the recent EU/East European countries with market penetration to at least 35.8% of supply.
- For Seats and similar products, imports for 2004 were €1.2 billion; 61.8% sourced from the EU.

- Imports of furniture parts was worth €342 million in 2003. This was an increase of 69.8% since 2001. For as UK manufacturing in parts declines significantly in last four years, a major part of the supply now needs to be imported, mainly from the EU and mostly from the new EU countries of East Europe and the Baltic.
- Furniture imports from developing countries have been increasing.
- Most imported furniture was sourced from China (€605 m), Malaysia (€171 m) and Indonesia (€106 m). Other leading furniture suppliers from developing countries include Thailand (€ 92 m), Vietnam (€ 85 m), South Africa (€ 71 m), Brazil (€ 68 m), India (€ 38 m), Turkey and Philippines.

3.3.4 Distribution

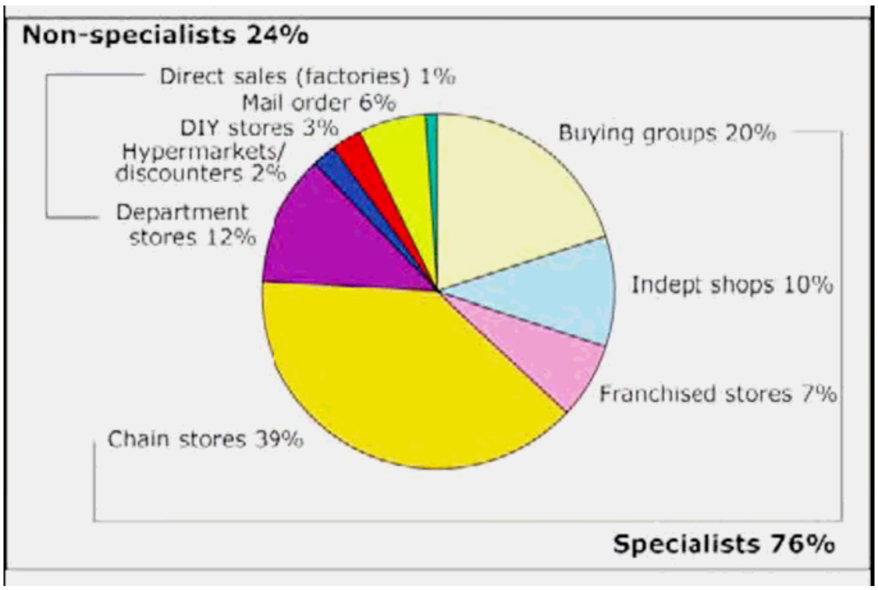


Figure 5 - Retail distribution of furniture in the UK (2004)

The number of companies operating in the furniture distribution sector was about 12,200 in 2000. Outlets had decreased to under 10,000 by 2004, however the development of other non-specialists has seen the figure grow again, albeit as mezzanine floors in large DIY centres.

All retailers face stiff competition from non-specialists such as Argos (now the second largest in the industry) and the DIY chains entering this mainstream furniture market. Other important retailers are MFI, Habitat, Heals, etc.

3.4 France

3.4.1 Consumption

The furniture market in France was worth € 8.664 million in 2004, and was the fourth largest in the EU with a share of 12%. Minimal growth occurred in 2005. This was mainly in volume rather than value, as the price points responded to meet lower consumer demands and low-price imports. During 2006/7, prices should remain stable, with little need for increases, as the availability of competitively priced furniture from China and Vietnam continues to affect the retail sourcing from current East European and EU suppliers. The market is weak, according to Trade Associations. The per capita consumption of €139 in 2004 was well below the EU average of €162 and little change is expected over the next few years.

Sales of bedroom and upholstered furniture increased in 2004. Seating, sofas, footstools, reclining chairs (for Home Cinema) and occasional furniture items such as TV/DVD cabinets and storage units performed well. Modern and contemporary-style furniture dominate the sector (67% of sales), whilst rustic and classic-style items have lost popularity.

France has been affected by recession, unemployment and inflation since 2001. The forecast for 2006/7 is not good, although it is expected that increase of imports from China might boost sales to some extent.

3.4.2 Production

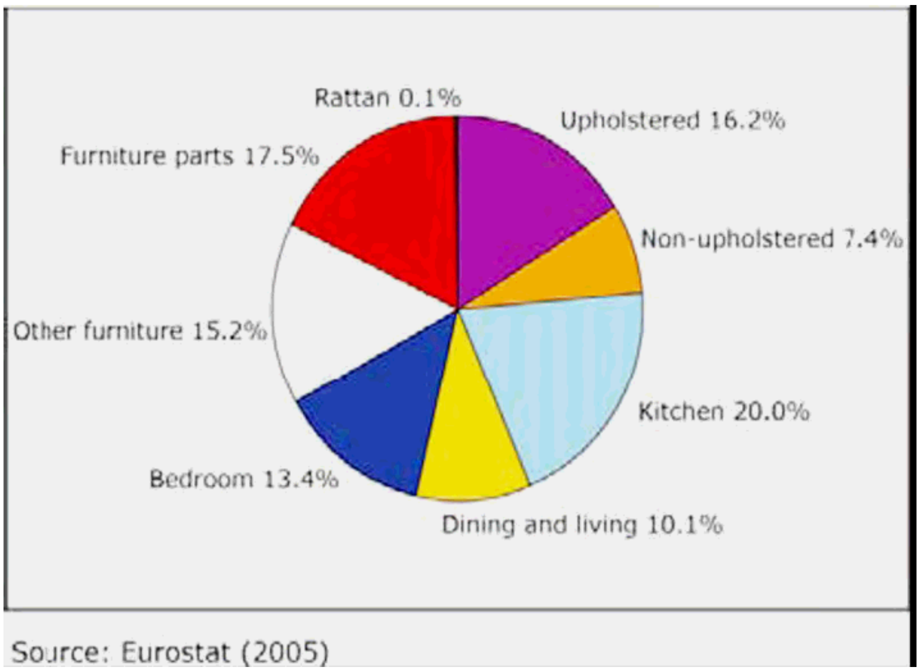


Figure 6 - Furniture production in France (2004)

French production represents about 4% of world furniture production. Ex-factory sales are declining, especially in upholstered seating. Kitchens are successful, but the large increase in Parts imported is a factor affecting the local production. Exports are decreasing as China copies and replaces French markets in the USA. A decreasing number of major manufacturers support mass-market products. They are aggressively sourcing off-shore, as are many small businesses that assemble units for other manufacturers. Some specialise in supplying highly crafted bespoke furniture pieces.

Production in 2004 was virtually unchanged compared with the previous year at € 7,145 million at ex-factory prices. 64,500 people are employed in 7,500 companies in the furniture industry. This number has decreased rapidly in the last few years and will continue to do so, as even large companies move towards major sourcing for products.

Furniture parts accounted for 17% (or €1,2 billion) of total production in 2004. Of this figure at least 75% is of solid wood, much of which can be sourced more cheaply in East Europe for oak, beech and possibly maple. It is only in French oak, chestnut and fruit woods that France excels.

3.4.3 Imports

In 2003, French imports amounted to €4.5 billion, making imports at least 35% of the French consumption. France imported almost two-thirds (65%) from other EU countries. Only 17% of French furniture imports came from Extra-EU sources and 18% from developing countries.

Like other EU countries, imported furniture from China became more popular. In addition, French furniture production was shifting to Eastern Europe especially to Poland and Romania. Now it moves to China and Vietnam with increasing choice for consumers at better prices.

The imports of Parts will reach at least €1.2 billion in 2006, although the increased sourcing of cheaper completely finished furniture may see a slow-down.

In 2003, most of French imported furniture came from Italy (€ 853 million, or 24% of total value of imports), followed by Germany (€ 434 million, 12%), Belgium (€ 322 million, 9%), Spain (€ 297 million, 8%), Poland (€ 223 million, 6%), Portugal (€ 150 million, 4%), Romania (€ 128 million, 4%), Denmark (€ 72 million, 2%), the United Kingdom (€ 62 million, 2%) and other EU and Eastern European sources.

Imports from developing countries were valued at € 627 million in 2003, and increased by 19 % between 2001 and 2003. Their strongest growth being in furniture parts at 56%. **This should continue and a is a good target for BiH products to work with.**

Opportunities for BiH kitchen producers

In the last 10 years, the value of kitchen imports grew strongly mostly from within the EU, and from the East Europe to some extent. Currently kitchen imports account for almost 20% of the French market.

This sector is increasing and requires effective delivery and proven quality at a given price. **It is a target for BiH factories.** Flat pack designs with solid wood of foils for door/drawers can be an advantage given the re-vitalisation of beech, along with some use of maple and ash.

3.4.4 Distribution

Figure 7 - Retail distribution of furniture in France (2004)

In France, furniture sold through 12,400 outlets with an estimated total selling space of 18 million m² in 2004. Furniture specialists, accounted for 82% of furniture sales, of which 33% were by franchised companies.

A number of stores are 'multispecialists', selling furniture, white and brown goods, plus electricals, such as Conforama (market share of 22%), and But (market share of 6%). Other important retailers are Fly, Habitat, Crozatier, Roche Bobois, IKEA, etc.

3.5 Italy

3.5.1 Consumption

Italy is the second largest EU market for furniture with a sales value of €12,332 million in 2004, accounting for 17% of the EU furniture market. The country is a leader in furniture design and has a large manufacturing and exporting industry. Consumption per capita in 2004 was €212, well above the EU average (€162). Research in 2003 suggested that 25% of purchases are in the upper and medium price sectors and these represent 40% of the market value (€4.9 billion).

The Italian economy was weak during 2005. Consumer spending was feeble on the back of sluggish economic activities and wage moderation.

Economic growth in 2006/7 is expected to strengthen moderately as consumer spending becomes more stable, given a gradually improving economic environment and to some extent the recent income tax cuts.

3.5.2 Production

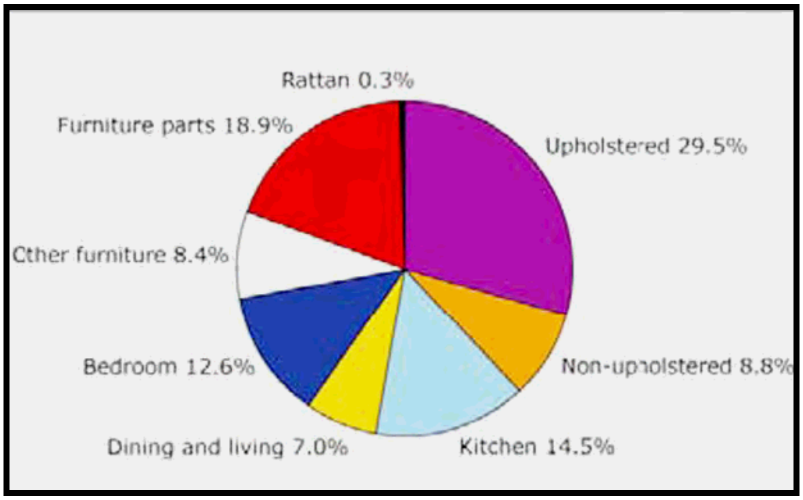


Figure 8 - Furniture production in Italy (2004)

In 2004 Italy was number 2 with 9.2% of world furniture production but China, then 8.8%, has since taken this position. A crisis is occurring in the Italian method of dispersed furniture production with sourcing from smaller family enterprises.

Rising manufacturing and energy costs have created problems, and future growth will depend on how successfully individual manufacturers retain their competitive edge through innovation. Overall furniture production is down 2.2% for 2005, suggesting a €14.7 billion turnover.

Experts say a shakeout has already begun. Some 3,000 tiny furniture companies have gone bankrupt over the past three years. Furniture designers are looking to deep-pocketed investors for help. Investment funds are buying up big-name furniture brands such as B&B Italia and Cappellini, injecting them with fresh capital.

3.5.3. Imports

Furniture domestic demand was covered mainly by Italian production. Nevertheless, Italy imported 408 thousand tonnes of goods, valued at €946 million in 2003. In 2004, imports increased to €1.3 billion and in 2005. they increased to €1.45 billion. This indicates that the production in Italy is gradually shifting to other countries.

38 % of imports were sourced inside the EU, while 30% came from developing countries. Being the largest EU manufacturer, Italy imports many Parts. In 2004 parts were €418 million, 18% up on 2003 and 38% on 2002. Non-upholstered and upholstered seats, rattan, other furniture and dining and living were more in demand between 2001 and 2003. Bedrooms and kitchens had import growth of 50% and 26% respectively.

In 2003, most Italian imports came from Austria (12% of total value of imports). Other suppliers were China (11%), Germany (10%), Romania (9%), Indonesia (6%), France (5%), Spain (5%), Switzerland (5%), Poland (5%), Slovenia (4%), Croatia (3%), Vietnam (2%), USA, Hungary, Thailand, India, UK, Taiwan, Denmark and Portugal.

Imports of furniture from developing countries rose by 48 % from € 175 to 260 million, between 2001 and 2003. In terms of volume, imports from developing countries rose by 62%. Next to China and Indonesia, important suppliers were Vietnam, India, Thailand, Serbia Montenegro, Bosnia & Herzegovina, Malaysia and Philippines.

3.5.4 Distribution

The EU country with the most furniture retailers is Italy, with more than 23,000 outlets and a total selling area of 7.8 million m².

Figure 9 - Retail distribution of furniture in Italy (2004)

In Italy, as most furniture is made to order, that implies consumers can choose exactly what they want, in terms of type of wood, colour and texture. This usual method is declining as the recession and growing price competition develops and independent shops are being forced to join buying groups or franchise organisations in order to comply with the growing power of the large furniture chains.

Divani & Divani is a leading chain, especially for upholstered furniture, which is franchised by Natuzzi (http://www.divaniedivani.it). Other important Italian specialist chains include Mercatone Uno Service (84 outlets), Eurocasa (31 outlets), Emmezeta (17 outlets, franchised and owned by the French Conforama), etc. Dada, Schiffini, Scavolini and Febal as branded kitchen specialists are other well known retailers. Almost 70% of kitchen furniture sold in Italy was distributed by specialists.

A growth market is RTA furniture. Distribution of RTA furniture is carried out through large-scale organised distributors to meet the regular daily off-take from store stock.

3.6 Germany

3.6.1 Consumption

In Germany, household furniture sector was worth €16,785 million in 2004, 23% of the EU. Growth in 2005 was around 2%. The same rate is projected for 2006. Average per capita furniture production was €204 in 2004 (well above the EU average of €162).

The consumption in this sector consisted of: Seating/upholstery 25%; Dining/living room 23%; Kitchen 20%; Bedroom 10%; and other. Demand increased for occasional and wall storage and flat-pack furniture.

3.6.2 Production

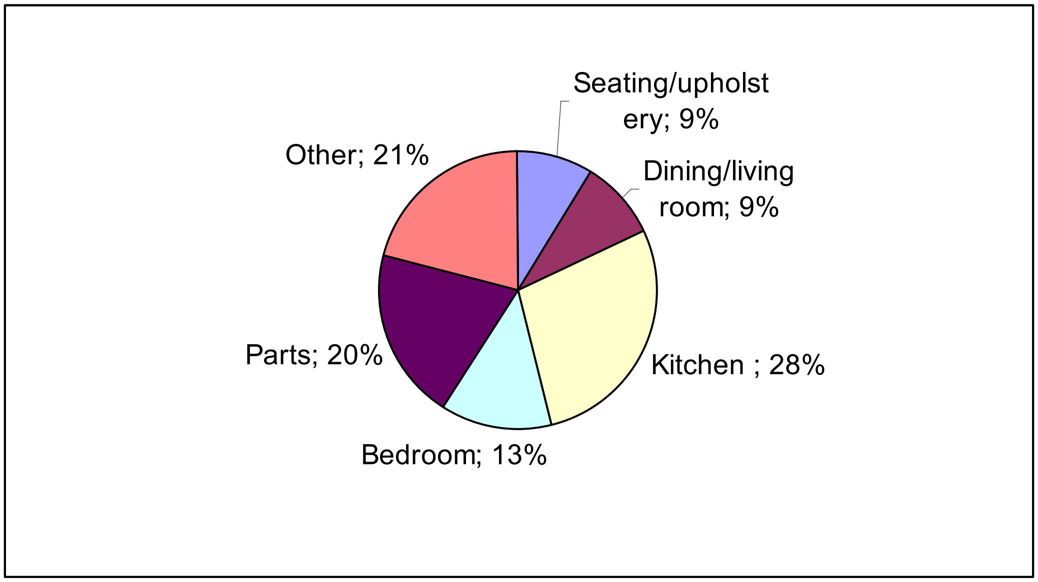


Figure 10 - Furniture production in Germany (2004)

For all furniture, the market strengthened in 2005. Medium-sized companies accounted for €17,1 billion. This represented growth of 1.9% (€300 million) from 2004.

For household furniture, major manufacturers have aggressively sourced in East Europe for a decade. Now that former suppliers are within the EU, sourcing is moving to Balkans and Asia.

This sector was worth €15,753 million at ex-factory prices. Over 100,000 people are employed in 1,200 firms. The sector consisted of Seating/upholstery 9%; Dining/living room 9%; Kitchen 28%; Bedroom 13%; Parts 20%.

3.6.3 Imports

In 2003, imports were valued at €6,348 million, 27% of total EU imports in 2003. Since then imports have fallen by 10% to €5.7 billion for 2005.

Most sectors show falls in imports, ranging from 4% to 15%. Imports of parts still thrive, this process continued in 2005 and early 2006.

3.6.4 Distribution

There are 15,000 furniture outlets with a total floor area of around 23 million m² in 2004. E-retailing has seen a strong increase in trade and is currently worth over €750m. Buying groups took 2/3rds of sales and the top 10 had 56% of furniture retail sales. The big 5 holds a 41% share. Important distributors include Begros; VME; Union; Atlas

Figure 11 – Retail distribution of furniture in Germany (2005)

4. CONCLUSIONS

4.1 EU FURNITURE MARKET CONDITIONS SUMMARY

The Overview outlines the following key characteristics of the EU furniture market:

- The market is extremely difficult and demanding
- The competition from Asia (most importantly, China) is intensifying, and the pressure on prices is enormous
- Requirements regarding the quality of products, flexibility of production, design, delivery and payments options (moving to 120 days), are becoming increasingly difficult
- Economic growth in most of the EU is slow, which depresses aggregate demand and pushes furniture down the priority list of the majority of European consumers

However, the Overview also confirms that:

- Outsourcing for furniture parts has been increasing for the past several years
- Many firms in the Eastern Europe have moved up the value chain, starting from supplying elements and parts, moving up to producing finished furniture
- B&H is uniquely geographically located, very close to the EU market, giving is substantial advantage to Chinese and other Asian competitors
- B&H is abundant with high quality forests, especially beech

Based on these conditions, the appropriate export strategies for BiH firms are outlined in the next section.

4.2 EXPORT STRATEGY FOR BIH WOOD-PROCESSING FIRMS

The export strategy of BiH should be based on specific market niches, in order to make the most of the comparative advantages. The Overview defines the following:

1. Beech niches

BiH manufacturers need to target selected and specific market sectors. They need well designed new niche products for consumer markets using manu-retailers, should these buyers major on beech solids. The BiH seating/sofa sector is leading the way on this promotional approach. Beech requires a new image to meet consumer demands for alternatives to light and figured oak. Steamed beech could help in this colour/fashion business. BiH is well placed to offer this opportunity for a selection of new designs based on beech.

The market sectors for beach are:

- Bedrooms, including dresser and bedside units, head/foot boards, bed bases and ‘flex’ fitted panels. The BiH industry can offer all these elements for individual items and for a comprehensive bedroom (branded and designed) product group.

- Kitchen – here the need is for modern kitchen door/drawer combinations, accessories and worktops. These would be marketed with modern design and finished lacquer combinations to suit kitchen specialist retailers seeking these elements.

- The Dining/Living beech sector will suffer unless the beech is used only for structures and under-trays. Currently for buyers, beech has to be secondary to oak or ash/maple combinations for the prime veneer or visible top surface solid sourced. Dining chairs are not affected as the beech frames offer a small visible surface and the current trend is for a fabric/leather cover of varying length. Beech chairs will always offer scope for trading, but they must be competitive to Italian factories and dealers using Slovenian and Bulgarian sources.

- Furniture Parts and components – the search for parts has become a major route for EU 15 factories suffering from heavy cost implications to defray their costs. The demand is for lower priced parts or components; the bargaining mechanism allows for major quality and training, even an investment opportunity, for the supplier.

2. Other hard wood

Besides beach, use should also be made of the local BiH and Balkan availability of quantities of oak, ash, maple, cherry and fruit woods. Sensible use of these scarcer, and yet possibly more attractively figured wood, will enhance the scope of the skilled cost-effective manufacturing base.

This opportunity requires organised approach, focusing on quality and latest design trends. Long-term co-operation with specialised companies from Europe is one way to achieve this. When established, the agents network will open more possibilities for these activities.

3. Board furniture

Another feasible strategy is to import modern board materials, process them, and export as finished furniture. This process can additionally include applying veneer, foils, melamine, and especially solid wood parts. This strategy is most suitable for bedroom and kitchen furniture, although the other types should not be neglected. A number of BiH factories have started implementing this strategy and have already achieved significant export growth. This process should be pushed further, and the agent network will certainly facilitate it.

4. IT-based fast-response strategy

This strategy relates to offering excellent design and supply services for kitchen and bedroom specialists, plus servicing the growing bathroom cabinet sector. The strategy is based on the fast response, 10 day turnaround. This could be made possible by fast computer links. B&H could become a supply base to EU specialists, because of high market pressures on them to improve their market presence and meet firm consumer delivery dates. This way, the ‘instant’ demands of consumers could be met. Furthermore, design on the web may offer additional possibilities as this service moves forwards. For flexible and small deliveries, it is the proximity of B&H to major EU markets that gives its wood-processing firms a crucial advantage over the Asian competitors.

However, it is very difficult to implement this strategy at this point, because of lacking infrastructure and low computer skills of the work-force. USAID CCA should seriously consider investing in stronger support for these areas. Creative ways how to overcome the gap and make use of the advantages should be devised. IT education and modern IT infrastructure are the most crucial factors necessary for increasing competitiveness of the B&H economy.

4.3 Markets with best accessibility for BH wood-processing companies

A list of markets, provisionally ranked by accessibility and attractiveness for BH wood-processing companies, is presented below. However, it should be noted that the purpose of this list just to give a general sense of the position of these markets towards Bosnian producers. For example, the position of the UK market does not mean that it should be neglected. Existing examples of the successful B&H exporters to the UK confirm this.

1. **Germany**
   - Strong increase of imports from the Balkans, replacing Eastern Europe.
   - Light-coloured woods are popular, even with beech.
   - Dining/living room beech sector is thriving in Germany.
   - The consumption of furniture in Germany is the highest in the whole EU (€16,8 billion, or 23% of total EU furniture consumption in 2004).
2. **Italy**
   - Strong increase of imports, replacing domestic production, especially for dining/living rooms, bedrooms, chairs.
   - Italy is the second largest consumer of furniture in the EU (€12,3 billion, or 17% in 2004).
   - Italy is a very close market to B&H, and has a long tradition of importing wood and wood products from B&H.
   - Italy is the biggest EU furniture producer, and a big importer of furniture parts.
3. **France**
   - France is the biggest importer of furniture parts in the EU (€1 billion in 2003).
   - Imports of solid wood parts are particularly high and growing in France (43% of the market is solid wood).
   - French furniture market is the fourth largest in the EU (€8,7 billion, or 12% in 2004).
4. **UK**
   - Strong growth of imports; 30% of imports is from the developing countries
   - Imports particularly high for dining/living room, chairs.
   - Opportunities for upholstered furniture
   - UK furniture market is the third largest in the EU (€10 billion, or 14% in 2004)

4.4 Agents network development

This section will summarise the implications of the Overview on the development of the agents network, and outline the approach and steps which need to be taken in the first phase of the network development.

Based on the information presented in the Overview, the following observations can be made about the furniture distribution channels within the EU:

- “Manu-retailers” are becoming increasingly important, blurring the line between the manufacturers and the retailers
- The shift in manufacturing and sourcing abroad has opened up a relatively strong set of trading partners (wholesalers) because many smaller retailers cannot order sufficient quantities of the correct shapes, sizes and quality of any product
- Online furniture retailing has seen a significant increase in trade in the last 2 years

Furthermore, the structure of major retail outlets in the four markets follows:

- UK: chain stores (39%), buying groups (20%), department stores (12%)
- France: franchised stores (33%), chain stores (28%), independent shops (12%)
- Italy, independent shops (49%), chain stores (17%) buying groups (7%)
- Germany: buying groups (55%), chain stores (16%), independent shops (10%)

These factors should be taken in the account when developing the agents network. More specifically, it can be concluded that:

- Chain stores are the most important channel for furniture sales in these four markets. Therefore, experience in dealing with the chain stores should be an important consideration in the agents search and selection process
- As the buying groups are dominant in Germany, in this country focus should be on agents who are familiar with this segment of distribution of furniture
- Similar principles should be used for the other countries as well
- Rise of "manu-retailers" indicates opportunities for B&H companies to become integrated with the major EU retail chains. Again, agents search and selection process will focus on agents familiar with these procedures
- E-commerce and online communication is crucial in the process of forming the network. In this respect, BH Wood Cluster web-site will be developed.

Taking the above statements into consideration (especially regarding the agents screening criteria), the first phase of the network development process will consist of these three major steps:

A – Agents research:

1. Direct contacts with agents already established in this business, using StrikConsulting private contacts and USAID CCA contacts
2. Company interviews – selecting and interviewing a sample of BH companies who are successful in exporting and obtaining information on their agents
3. European agents direct research – engaging BHF Geneva, who would explore already established contacts and proposed agents in the following countries: Switzerland, Austria, Germany, Italy, Netherlands and Belgium.
4. Contacting foreign chambers of commerce and professional associations in order to obtain information on contact details of foreign agents' associations and similar groups.

B – Advertising:

Advertising for agent search - in order to get maximum interest from prospective agents, adverts and notices about the project will be posted at:

a. Specialised internet sites
b. specialised magazines
c. newspapers

C – Agents selection process

This step includes the following activities:

1. Establishing a project web-site in order to maximise efficiency of the agents search and selection process
2. Establishing a simple electronic data-base, in order to efficiently organise information about the interested agents
3. Define the best way of communication and cooperation between the firms and the agents, based on the agents' suggestions
4. Together with the USAID CCA team, establishing selection criteria for the agents (especially taking the above statements intro consideration)

5. APPENDICES

APPENDIX 1: TRADE FAIR INFORMATION

This section outlines the information about trade fairs that was contained in the Overview, as well as from other sources obtained from USAID CCA.

UK

Date	**Title**	**Place/city**	**Web address**
January 2007	Main Furniture Fair	NEC Birmingham	www.interiorsevent.com
July 2-4 2006	London Interiors	Earls Court	www.londoninteriorsevent.com
July16/19. 2006.	BFM – regional	G-MEX Manchester	www.manchesterfurnitureshow.com
September/2006	100% Design	Earls Court	www.100design.co.uk

France

Date	**Title**	**Place/city**	**Web address**
January 2007	Salon du Meuble de Paris	Paris	www.salondumeuble.com
November 5-9 2006	Equip'Hôtel exhibition	Paris-Nord Villepinte Centre	www.equiphotel.fr
14-17 February	Eurexpo/Eurobois	Lion	N/A

Italy

Date	Title	Place/city	Web address
April 2006	Saloni Milano	Milan	www.cosmit.it
May 2006	Xylexpo-Sasmil 2006	Expo Centre Milan	www.xylexpo.com
October 2006	Zow	Pordenone	www.zow.it
9-12 September 2006	Promosedia International chair exhibition	Udine	N/A

Germany

Date	Title	Place/city	Web address
15-21 January 2007	IMM	Cologne	www.imm-cologne.de
14-18 May 2007	Ligna	Hannover	www.ligna.de
12-16 July	Interforst	Munich	www.interforst.de

Austria

01.02.2006 - 04.02.2006		**Salzburg** CASA - International fair for creative homes, gifts and lifestyle
10.02.2006 - 12.02.2006		**Klagenfurt** building and homes
11.03.2006 - 19.03.2006		**Wien** homes and interiors
31.08.2006 - 03.09.2006		**Klagenfurt** INTERNATIONAL WOOD FAIR – for forestry and sawmilling, wood supply, wood trade and wood working
28.04.2006.-		**Graz**

01.05.2006.		Lebernsart
18.01.2007.- 21.01.2007.		**Graz** Hauslbauer

Other European Fairs

Place	Copenhagen, Denmark	Moscow, Russia	Moscow, Russia
Type	International Fair of Furniture and Design	All types of furniture	International Architectural and Civil Engineering Fair
Name	Copenhagen International Furniture Fair	Furniture Club2006	WOODBUILD
Time	10-13 May 2006	8-12 November2006	05-08 April 2007
Place	Brno, Czech Republic	Madrid, Spain	Brno, Czech
Type	Furniture Fair and Interior Design	Tools and materials for furniture industry, interior design and wood industry	International Fair of Tools, Equipment and Materials for Wood Industry
Name	MOBITEX	ZOW	WOOD-TEC
Time	14-18 March 2007	12-15 June 2007	11-14 September 2007

Regional fairs

Place	Zagreb, Croatia	Ljubljana, Slovenia	Belgrade, Serbia	Split, Croatia	Budva, Monte Negro
Type	International Furniture, Interior Design and Accessories Fair	International Furniture, Equipment and Design Fair	International Fair of Furniture, Interior Decoration and Machines for Wood Processing	(One of four exhibition events) International Fair of Hotel and Catering Equipment	Furniture, Hotel Equipment, Office Furniture and Interior Design Fair
Name	Ambienta 2006	Ljubljana Home Ware Fair	UFI	GAST	31st Furniture Fair
Time	11-15 October 2006	11-12November 2006	13-19 November 2006	March (¨?) 2007	04-08 April 2007

Fairs in BiH

Place	Bihać	Zenica	Mostar	Sarajevo	Banja Luka	Banja Luka
Type	EKO wood processing (and other industries)	General	General	15th International Fair of Furniture and Interior Design and 15th Fair of Wood Industry Accessories	International Fair of Civil Engineering	International Furniture Fair
Name	4th International Fair EKO BIS-2006.	BIH ZEPS 2006	10th International Economy Fair	Interior	GRAMES	SAN

Time	07-10 September 2006	03-08 October 2006.	27-31 March 2007	March (?) 2007	March (?) 2007	June (?) 2007

APPENDIX 2: INFORMATION ON TEST CENTRES

This section outlines the basic contact information about product test centres that was contained in the Overview.

UK

FIRA International Ltd.

Maxwell Road, Stevenage Hertfordshire.

SG1 2EW. UK

t +44 (0)1438 777700

f +44 (0)1438 777800

www.fira.co.uk

SATRA House

Rockingham Road, Kettering,

Northamptonshire,

NN16 9JH, UK

Tel: +44 (0)1536 410000

Fax: +44 (0)1536 410626
e-mail: info@satra.co.ukjohns@satra.co.uk

http://www.satra.co.uk

France

CTBA - Centre Technique du Bois et de l'Ameublement

(Technical Center of Wood& Furniture),

10, av de Saint-Mande,

Paris 75012. France

Tel. : +33 1 40 19 48 36.

Fax: +33 1 44 74 65 20.

Website: www.ctba.fr

Italy

CATAS http://www.catas.it