

International Hardwood
Conference 28 October 2022

Market challenges and opportunities in the furniture sector

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on behalf of







EFIC | European Furniture Industries Confederation



Agenda

- 1) EU furniture industry & EFIC
- 2) Furniture & value chain complexity
- 3) Disruptions caused by pandemic and War in Ukraine, including wood availability
- 4) Mitigation measures and increased collaboration in supply chain
- 5) EU Sustainability and circular economy agenda
- 6) Some trends in the furniture sector – Use of wood
- 7) Closure

1) EU Furniture industry

					
1 MILLION EMPLOYEES	120.000 ENTERPRISES VAST MAJORITY SMEs & MICROENTERPRISES	PRODUCTION ~ 120.000 MILLION US DOLLARS (~ 23% OF WORLD FURNITURE PRODUCTION)	EXPORTS ~ 73.000 MILLION US DOLLARS (~ 36% OF WOLRD FURNITURE EXPORTS)	IMPORTS ~ 82.000 MILLION US DOLLARS (~46% OF WORLD FURNITURE IMPORTS)	CONSUMPTION ~ 128.000 MILLION US DOLLARS (~ 26% OF WORLD FURNITURE CONSUMPTION)

Source for production, trade and consumption figures: @CSIL 2021

1) About EFIC

Represents about 70% of the total turnover of the European furniture industries

Full members – 16 national associations representing furniture manufacturers

Austria  austrian furniture industry

Belgium  Fedustria

Bulgaria  BULGARIAN BRANCH CHAMBER OF WOODWORKING AND FURNITURE INDUSTRY

Cyprus  ΠΑΕΥΒΕΕ

Denmark  tmi Træ- og Møbelindustrien

France  l'Ameublement français

Germany  VDM

Hungary  Fabunio Hungarian Wood and Furniture Union

Ireland  IWIN Irish Wood & Interiors Network

Italy  FLA FEDERLEGNOARREDO

Latvia  FURNITURE PRODUCERS ASSOCIATION IN LATVIA

Norway  Norsk Industri

Netherlands  CBM

Portugal  aimmp

Sweden  tmf TRÄ- OCH MÖBELFÖRETAGEN VI BYGGER. OCH INREDER. SVERIGE

Turkey  MOSFED Federation of Furniture Associations

Associated members

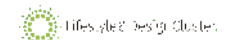
Companies



Associations



Cluster of Clusters



1) About EFIC

Key interest areas

Single Market

Environment &
Circular Economy

International Trade

Social Dialogue

Transversal topics,
Standardisation, Intellectual
Property, etc.

EFIC advocates for a deeper harmonisation of the EU Single Market and a level playing field, for advancing the circular economy agenda and promoting circular business practices, for free but rules-based international trade and for a strong Social Dialogue to tackle skills and worker safety needs.

See also: <https://www.efic.eu/our-priorities>

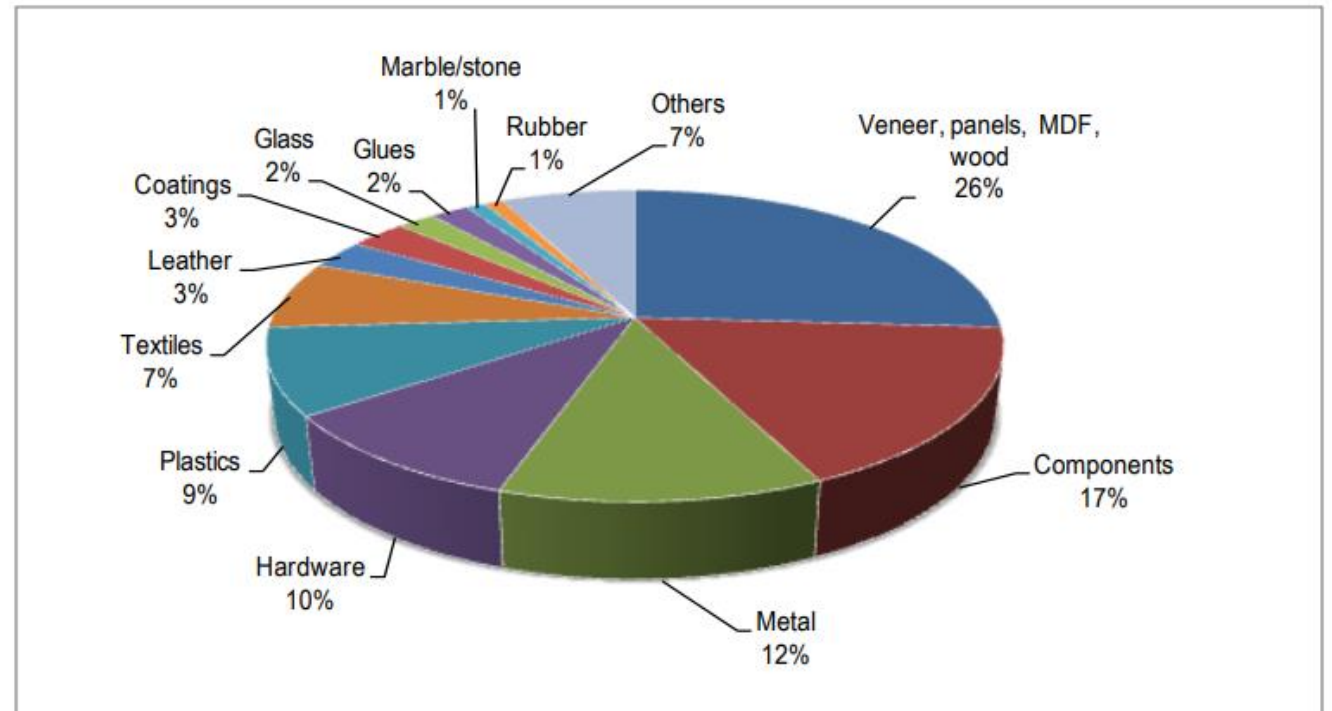
2) Furniture & value chain complexity

The furniture industry and value chain is complex



- Furniture product range is **very varied**
- Many **different materials and suppliers**
- **Retail** specificities

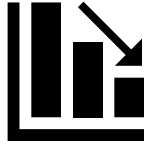
Figure 10 EU28, Share of materials used in furniture production (by value)⁴⁹



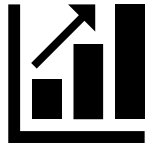
Source: European Commission.

Wood and wood-based products represent the highest share of materials used in the industry

3) Disruptions caused by pandemic and War in Ukraine



Complexity visible with **coronavirus pandemic** which brought many disruptions to supply chains



→ Covid also brought a new focus on homes and indoors.



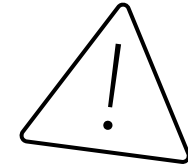
Russian war on Ukraine bringing uncertainty and exacerbating previously faced difficulties.

3) Disruptions caused by pandemic and War in Ukraine

The war in Ukraine affects the industry in many ways

- Shortages of raw materials / delays in obtaining them
 - Logs volumes compromised + third countries imposing export bans
 - Since 2018, availability of logs, especially hardwood (oak), on the EU market has been declining, in parallel with an increase of exports → Consequences on the downstream markets
 - Increase in energy prices impacting production (even if furniture industry not-energy intensive), price of furniture components, materials and logistics (transportation)
- ↓
- Increase in furniture retail prices
 - Decrease in demand and consumer confidence, (low and middle-end segments), inflation

→ Slow down of the market all over Europe since June 2022

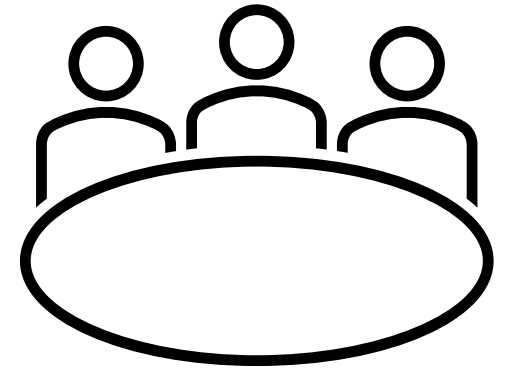


What to expect for 2023

- Raw materials procurement difficulties will persist, and further price raises are expected
- A further market slowdown is expected

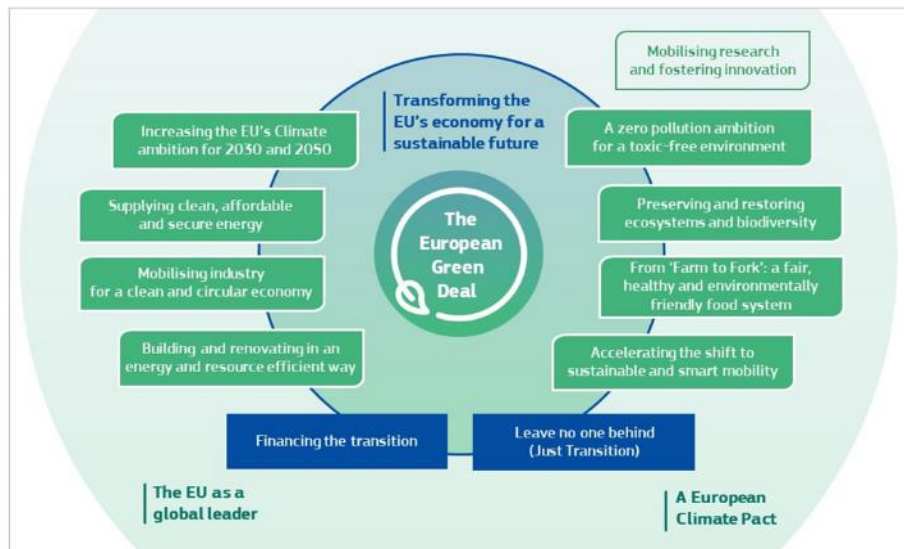
4) Mitigation measures and collaboration in supply chain

- Securing stable and affordable energy supplies
- Ensuring wood security for the EU, to ensure that our industries' competitiveness is preserved in a context of growing global competition and that they can optimally contribute to the EU's climate and circular economy ambitions
- All possibilities for ensuring wood security for the EU should be looked into, including trade measures
- Increased integration, flexibility and communication in supply chain model to better address fluctuations in demand (result of Furniture Day 2022)
- Potential of the circular economy to alleviate material procurement difficulties, keeping materials for a longer in use and ensuring that at the end of the useful life of a product used materials, such as wood, are available to the industry for further material recycling.

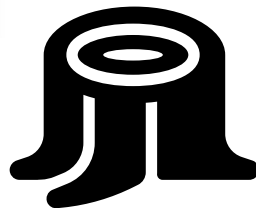


5) EU Sustainability and circular economy agenda

Growing EU policy agenda



©image European Commission



- ✓ Many initiatives expected aimed at making **industries more circular and more digitalised**, among others.
- ✓ EFIC welcomes circular economy initiatives. Many best practices already exist in the furniture industry, which promotes **circular design principles and business models** based on the **extension of the lifetime of products** such as **repair, refurbishment or remanufacturing**.

✓ Wood promoting circularity Benefits of wood in products

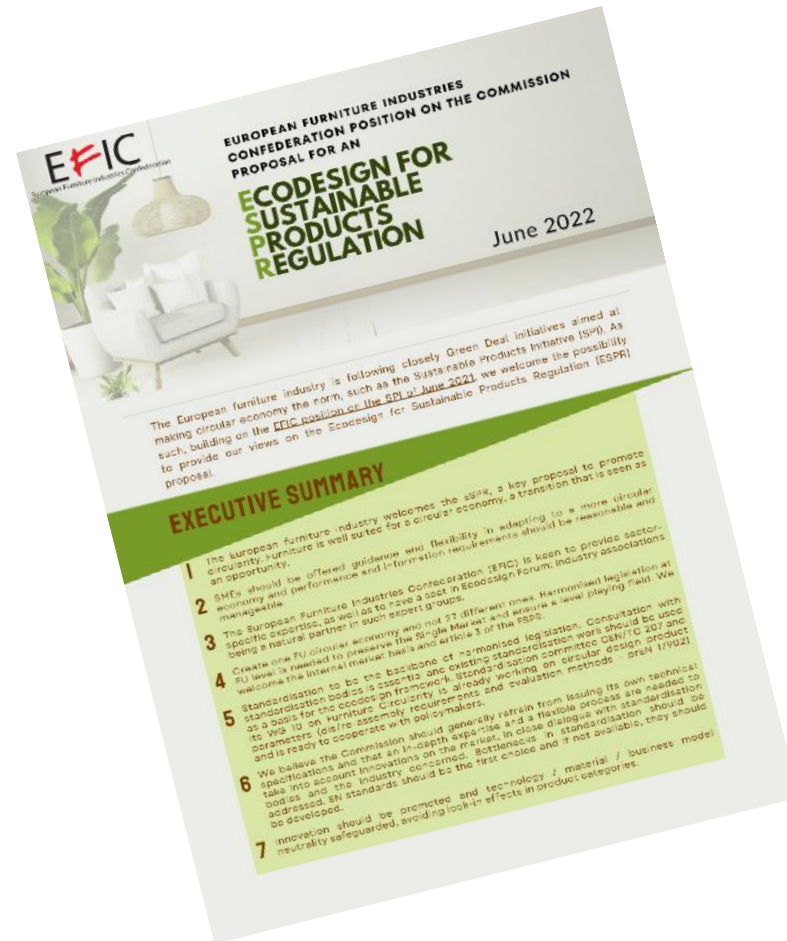
- ✓ Limiting emission of greenhouse gases → i.e., One tonne of wood binds two tonnes of carbon dioxide
- ✓ Has a carbon storage effect
- ✓ Long-lasting products
- ✓ It is possible to upcycle wood waste into valuable products rather than using it for incineration

5) EU Sustainability and circular economy agenda

Ecodesign for Sustainable Products Regulation

- **Ecodesign for Sustainable Products Regulation, published on 30 March 2022, including the introduction of digital product passports**

The proposal sets new rules for almost all physical goods on the EU market to make them more friendly to the environment, circular, and energy efficient throughout their whole lifecycle from the design phase through to daily use, repurposing and end-of-life.



EFIC position

- Industry welcomes ESPR
- Need for harmonised rules at EU level
- Consider complexities of furniture and value chain
- Ecodesign requirements: consider renewable content as a criterion, among others

<https://www.efic.eu/efic-position-proposal-regulation-ecodesign-sustainable-products>

6) Trends in the furniture sector 2022 – use of wood

- Natural “organic” forms
- Use of natural materials: natural fibers, **wood**
- Textured surfaces

6) Trends in the furniture sector 2022 – use of wood


- Use of sustainable materials such as wood
 - Combining aesthetics with ecology
 - Linking function and sustainability
- Use of **dark** wood, dark colours (providing a warm atmosphere)
 - Chestnut, teak, acacia, ebony
 - Oak or oaklook, often coloured

6) Trends in the furniture sector 2022 – use of wood

Example from Belgium (Fedustria): focus on use of wood with positive argument – “Better starts with”

**BACK TO
THE FUTURE**

Beter begint bij hout.



Beter voor het klimaat | **Beter te recycleren** | **Beter voor het interieur**

**STAPEL-
GIEK**

Beter begint bij hout.



Beter voor het klimaat | **Beter voor de sfeer** | **Beter voor je spullen**

6) Trends in the furniture sector 2022 – use of wood

KOM MAAR
OP MET DIE
ZOMER!

Beter begint
bij hout.



Beter voor
het klimaat

Beter voor
de uitstraling

Beter voor een
zwoele avond

7) Closure



- Collaboration among supply chain partners is key
- Better integration in the supply chain, more flexibility and communication
- Joint actions to secure wood availability and preserve competitiveness of our industries

Thank you!



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