CBI MARKET SURVEY

THE DOMESTIC FURNITURE MARKET IN SPAIN

Publication date: September 2006

Report summary
This CBI market survey discusses, amongst others, the following highlights for the domestic furniture market in Spain:

- Spain's consumption of domestic furniture was valued at € 6,573 million in 2005, up by 7% since 2001, whereas production declined by 1%, valued at € 6,790 million.
- Imports were up by 92% since 2001, and were valued at € 1,725 million. Furniture parts were the largest product group.
- Developing countries account for 33% of all imports, up from approximately 22% since 2001. 83% of this is from Asia. The main supplier is China. Argentina is an important new supplier.

This survey provides exporters of domestic furniture with sector-specific market information related to gaining access to Spain. By focusing on a specific country, this survey provides additional information, complementary to the more general information and data provided in the CBI market survey 'The domestic furniture market in the EU', which covers the EU in general. That survey also contains an overview and explanation of the selected products dealt with, some general remarks on the statistics used as well as information on other available documents for this sector. It can be downloaded from http://www.cbi.nl/marketinfo

1. Market description: consumption and production

Consumption

Total market size
Spanish sales of domestic furniture increased by over 3% in 2005 to a value of € 6,573 million. This is more than the previous year's increase. Yet per capita consumption in Spain of € 153 is below the European average. Spain accounts for 8.6% of EU25 sales.

Table 1.1 Consumption of domestic furniture in Spain, 2001-2005, € million

	2001 €m	**2003** €m	**2005** €m	**Population** (million)	**Consumption per capita** €	**Households** (000's)	**Occupants per h/h**
Spain	6,103	6,186	6,573	43.0	153	15,500	2.8

Source: National Trade Associations, Euromonitor, Eurostat (2006)

There is a high level of home ownership in Spain, and this together with a continuing high level of new build homes (including for overseas residents) will continue to sustain the growth in the market. Growth rates in future are likely to be lower than recent levels.

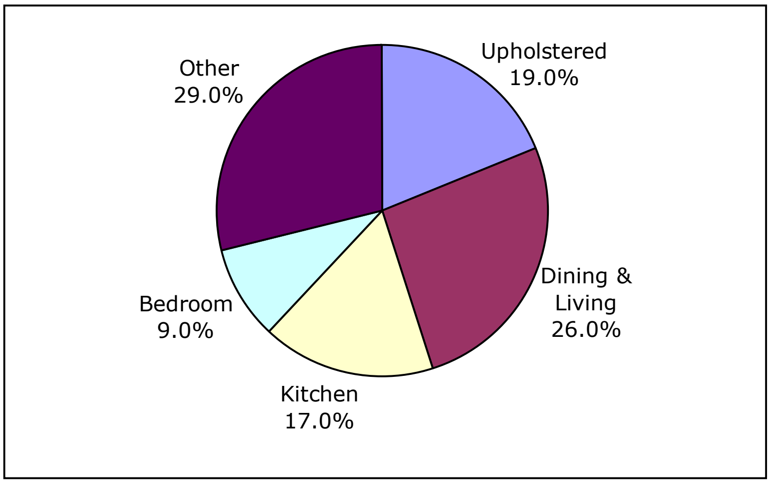
Product groups
Dining and living room furniture is the largest product group, valued at € 1,709 million and representing 26% of the market. This proportion is broadly unchanged and this sector is not growing. This is one of the highest proportions in the EU, and although the Spanish have become more interested in interior design, new products will primarily represent replacement rather than incremental purchases.

Upholstered furniture is valued at € 1,249 million. This sector is set to grow as new styles of chairs and seating are introduced onto the market. A recent study by Infurma, the international furniture and lighting magazine, highlighted that the sofa was the Spaniards' favourite piece of furniture. The first thing 80% of people do when entering their house is to take off their shoes and sit on the sofa.

Kitchen furniture is valued at € 1,117 million. This product group has increased more than any other over the last year. This is closely linked to the state of the construction industry that has been booming recently.

Bedroom furniture is valued at € 592 million. Further growth is expected in this sector, particularly from new family households in urban areas.

Figure 1.1 Spanish domestic furniture consumption by product group, % value, 2005



Source: Aidima, Euromonitor (2005/2006)

Market segmentation

- *Segmentation by lifestyle*: Unlike some other EU markets, where affluent households with mature families are an important segment, in Spain, the most dynamic sectors are young professionals in urban areas who are starting their first home, and affluent elderly couples who are retiring or soon will retire. Young single people tend to have a higher than average disposable income. Single person households tend to have less space, so furniture needs to be flexible in its usage. Young single people are interested in small, multi-functional furniture, as well as furniture which incorporates technological advantages, particularly for sound and vision systems. Older people are interested in furniture design which can assist with restricted mobility (see trends in consumption below). Those soon to retire are still active and seek out items that enhance their leisure.
- Traditional, regional furniture stills holds an important position in the market. However this is at odds with current thoughts about Spanish furniture by consumers. Around 42% of consumers prefer modern or contemporary style furniture; 24% designer furniture; 16% rustic; 10% traditional.

- *Segmentation by region*: Each of the major Spanish regions is a segment in its own right in terms of the strength of different regional furniture in each area. However this traditional view of looking at the market is changing. The most dynamic areas of the market are in urban areas and in coastal areas where there is a large expatriate population.

Exporters from developing countries should explore possibilities in each of these segments. In particular, the affluent older groups exist in other Southern European countries and they may also be interested in similar products.

Trends in consumption

- One of the most notable trends in the Spanish domestic furniture market is the increasing demand for “adapted” furniture. This is furniture that is specially designed to meet the needs of the rapidly increasing ageing population, including the large number of older

people from other European countries who are coming to retire to Spain because of its climate.
- In product terms this would include adjustable beds, reclining armchairs, bedside tables, closets and other furniture also suitable for disabled people. In the kitchen, it would include vertically adjustable cupboards and shelves, and variable depths to allow easier access for the elderly. The main aspect of the design is to prolong the independence and autonomy of the individuals concerned.
- This trend also incorporates the broader population, where the addition of a technical component to the furniture item brings improved use, e.g. furniture for home working and furniture with other ergonomic benefits.
- A further trend is the extension of rustic furniture into urban areas. Spain has a wide range of distinctive rustic styles from the Spanish regions. These styles have previously been restricted to these areas. Now, some of the styles are being adapted to urban living.
- A greater number of large international furniture retailers now exist on the Spanish market, particularly in urban and tourist areas. As well as changing the way products are presented and promoted, this is also generating an internationalisation of tastes.

Each of these trends are working together to an extent that, although the market is growing, it is growing in a way that has been different to previous times.

Production

Total production

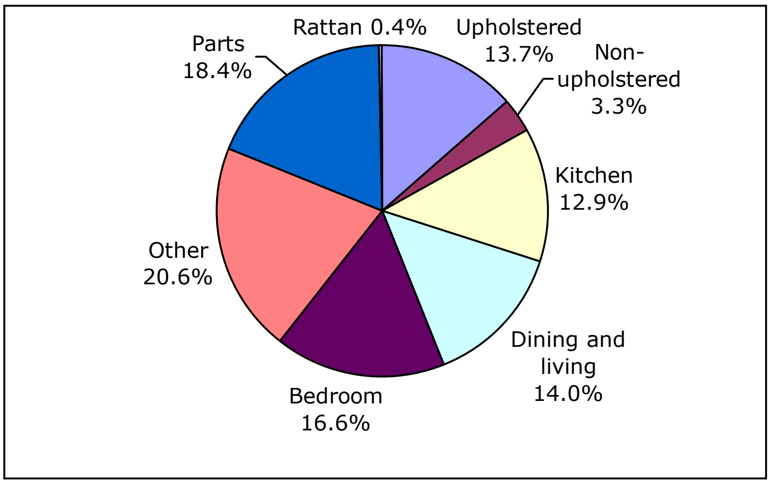
The value of domestic furniture production was estimated at € 6,790 million, down 1% since 2001, but an increase of 2% over the low point of 2003. According to Eurostat, the volume of Spanish production was 209.4 million items in 2003. Small increases in output are expected in the short term. The Spanish furniture industry is extremely fragmented and the average company size does not seem to be growing. Only 12% of companies have more than 20 workers.

Table 1.2 Production of domestic furniture by Spain , 2001- 2005, € million

	2001 value	2003 value	2005 value*	Average % change in value	Number of companies 2004	Number of employees 2004
Spain	6,857	6,673	6,790	-1.0	12,750	102,960

Source: UAE
*estimated

Figure 1.2 Production of furniture in Spain 2005, as % of total value



Source: Eurostat 2006

Furniture production in Spain accounts for 9.5% of the EU total and is the fourth largest in the EU, after Germany, Italy and France. It is similar in size of output to the UK. Between them, these top five producers account for 73% of all EU production.

- Furniture producers are mainly concentrated in the Valencia area (16.5%) and in Barcelona (13%) and Madrid (9%).
- The Valencia area works like an industrial cluster. It is home to the main trade associations and research institutes. 102,000 people are employed by a total of 12,750 companies.

As shown in figure 1.2, other furniture is the largest product group, followed by furniture parts. Production of dining and living room furniture is declining, whereas production of kitchen furniture is increasing.

Major players

The main producers of furniture in Spain are:

- Danona produce natural veneer furniture for living rooms and bedrooms (http://www.danona.com).
- Muebles Tapizados Granfort is a leading manufacturer of sofas and upholstered furniture (http://www.granfort.es).
- Xey is one of the leading manufacturers of kitchens in Spain (http://www.xey.es).

Trends in production

- Spanish furniture producers have previously preferred to produce all parts and components within their own factories. Recently however, they have started to make use of outsourcing for some parts and components.
- This has created good networks of sub-contractors in the major production areas. Work is also ongoing to improve workers' safety, as is work to reduce pollution and recover wood waste.
- The trend to multiple locations for Spanish manufacturers has improved international competitiveness and has demonstrated that the value chain gets larger when companies work in different markets.
- Other trends such as alliances with distributors and brand differentiation are also having a positive effect.

Opportunities and threats

- The main trend outlined above of the growth in "adaptive" furniture for older people is an opportunity for exporters from developing countries. However, there will be a significant technical component in some of these products and a major threat will be competition from domestic producers who have also targeted this sector as an opportunity to develop business that is not threatened by low cost imports.
- The other potential opportunity is to develop partnerships with regional producers. This would involve adapting existing rustic styles and providing them at a more competitive price in the urban market place. Many traditional regional styles have almost disappeared and they could be revived with an injection of contemporary styling and more efficient and low cost production.
- The internationalisation of the Spanish market also provides the basis for an opportunity. The Spanish industry is very export focussed. The domestic market is interested in new furniture styles and is receptive to new designs from overseas.

Useful sources

- The Spanish National Association of Furniture Manufacturers (ANIEME) can be found at http://www.anieme.com.
- Confemadera is the Confederation of Spanish Wood Manufacturers (http://www.confemadera.es).
- The Federation of Furniture Companies and Industries (FEDERMUEBLE) can be found at http://www.federmueble.org.
- AIDIMA (Instituto Technologico del Meuble, Madera, Embalaje y Afines) looks after quality

issues in the furniture industry (http://www.aidima.es).
- As well as production figures from Eurostat, they can also be found at the Spanish National Statistics Institute (http://www.ine.es).

2. Trade: imports and exports

Imports

Total imports
In 2005, Spain imported furniture valued at € 1,725 million, or 626,000 tonnes. This accounted for 5.8% of all EU imports by value and by volume. This represented an increase of 92% in value (136% in volume) since 2001. Spain is the fifth largest importer of domestic furniture in the EU after Germany, the UK, France and Belgium. Countries with similar levels of imports include Belgium, The Netherlands and Italy.

This growth in imports contrasts with a 16% reduction in exports. Spain's furniture imports exceeded exports for the first time in 2004. Currently imports exceed exports by 50% in value and by over 80% in volume. Production is down but consumption has been growing recently. Consequently the importance of imports in the market continues to grow.

France and Italy are the most important EU suppliers, accounting for a third of all supplies. Almost 63% of all imports are intra-EU. Poland is becoming an important supplier. Imports from most EU countries are up, with the exception of Denmark and Sweden.

- Developing countries account for 33% of all imports, over half of which come from China. Imports from developing countries are increasing rapidly year on year.
- All Asian countries are increasing imports, with the notable exception of the Philippines. Supplies from Brazil in particular are increasing significantly, as are imports from Colombia and Paraguay. However supplies from Mexico are in decline.
- South Africa, Morocco and Tunisia are the leading African suppliers.

Imports by product group
Furniture parts are the largest product group of imports to Spain. Valued at € 506 million in 2005, this group represented 29% of all imports in 2005 (22% by volume), a lower share than in 2001. This highlights the importance both of re-exports and the separation of production and assembly. Intra-EU trade dominates the supply of furniture parts. Half of all furniture parts come from Germany, France and Italy. While imports from Germany and Austria have increased considerably, imports from France, Portugal and the UK are down.

Developing country suppliers play a limited role in supplying parts to Spain. However, the contribution from developing countries is increasing rapidly. 43% is from Asia and 41% is from Africa or Middle Eastern countries. New suppliers include North Korea and Venezuela.

Other furniture is the next largest product group, valued at € 393 million in 2005, representing 23% of imports by value (29% by volume), a similar proportion as in 2001. France is the largest supplier of other furniture. 32% of all imports came from developing countries, up from 25% in 2001.

China is the largest developing country supplier. China's imports have doubled in volume since 2003 to 41,850 tonnes. Other Asian suppliers have also seen increased imports to Spain, with the exception of Thailand and the Philippines. Brazil and Mexico are the main Latin American suppliers, but Argentina and Colombia are increasing supplies. In Africa, supplies from Morocco have increased while other African suppliers including Tunisia, Egypt, Ghana and South Africa have decreased in volume.

Table 2.1 Imports by and leading suppliers to Spain, 2001-2005, share % value

Product	2001	2005	Leading suppliers in 2005 (share in %)	Share
Total domestic furniture	896 (€ mln)	1,725 (€ mln)	Intra-EU : France (19%), Italy (14%), Germany (11%) Ext EU excl DC*: USA (1%), Taiwan (1%), Romania DC* : China (17%), Indonesia (5%), Vietnam (3%) Brazil (2%), Turkey (1%), India (1%)	63% 4% 33%
Upholstered seating	68	184	Intra-EU : Italy (24%), France (19%), Germany (5%) Ext EU excl DC*: Taiwan (1%), USA (1%), Romania DC* : China (32%), Malaysia (2%), Indonesia (1%), Thailand (1%), Vietnam, Brazil	57% 3% 40%
Dining/living room	131	250	Intra-EU : France (23%), Italy (10%), Denmark (3%) Ext EU excl DC*: USA, Romania, Taiwan DC* : China (16%), Indonesia (16%), Brazil (5%), India (5%), Vietnam (2%), Malaysia	49% 1% 50%
Non-upholstered seating	85	182	Intra-EU : France (24%), Italy (8%), Germany (3%) Ext EU excl DC*: Romania (1%), Taiwan (1%), Japan DC* : China (34%), Vietnam (10%), Indonesia (5%), Thailand (2%), Malaysia (1%), Brazil (1%)	41% 5% 54%
Bedroom	45	101	Intra-EU : France (29%), Italy (14%), Germany (7%) Ext EU excl DC*: Taiwan, USA, Romania DC* : China (13%), Brazil (13%), Indonesia (3%), Malaysia, Vietnam, Mexico	67% 1% 32%
Kitchen	35	56	Intra-EU : Italy (36%), Germany (36%), France (13%), Ext EU excl DC*: USA, Romania, Switzerland DC* : China, Malaysia, Thailand, Brazil, Indonesia, India	94% 1% 5%
Rattan	34	52	Intra-EU : Italy (12%), France (10%), Germany (3%) Ext EU excl DC*: Taiwan (2%), USA, Switzerland DC* : Indonesia (31%), China (20%), Vietnam (9%), Philippines (5%), Thailand, India	30% 3% 67%
Other	210	393	Intra-EU : France (20%), Italy (15%), Germany (8%) Ext EU excl DC*: Taiwan (1%), USA (1%), Romania DC* : China (18%), Indonesia (5%), Vietnam (3%), India (2%), Brazil (1%), Mexico	60% 8% 32%
Parts	287	506	Intra-EU : Germany (22%), France (14%), Italy (13%) Ext EU excl DC*: USA (3%), Taiwan, Switzerland DC* : China (6%), Turkey (3%), South Africa (2%), Morocco (2%), Tunisia, Brazil	82% 4% 14%

Source: Eurostat (2006), *Developing Countries

Dining and living room furniture is the third largest product group, valued at € 250 million in 2005. France is the leading supplier but half of all imports are from developing countries.

China and Indonesia are the leading developing country suppliers, with imports increasing threefold over the period in the case of China. Asian suppliers dominate (85% of total), but Morocco, Tunisia, Argentina, Colombia and Paraguay are growing providers of dining and living room furniture to Spain. Supplies from Mexico and South Africa are down.

Imports of *upholstered seating* were valued at € 184 million in 2005 (11% by value and 7% by volume of all furniture imports). Around 40% by value (58% by volume) is from developing countries. This proportion is growing.

Asia supplies 95% of all developing country imports of upholstered furniture. China is the main developing country supplier, dominating supplies from Asia. Other countries also increased their supplies, with the exception of Mexico and the Philippines.

Non-upholstered seating had imports worth € 182 million in 2005, almost 54% of which came from developing countries (69% by volume). This product group has increased in importance over the period, as has the share from developing countries. The major supplier is China, followed by Italy and France. Increasing supplies are from Turkey, Brazil and all Asian suppliers, except the Philippines. Supplies from Morocco and South Africa are down.

Bedroom furniture imports are worth € 101 million. Developing country suppliers account for 32% of this, the majority of which is from China and Brazil. Supplies from Morocco, Mexico and Argentina are increasing, along with all Asian countries. Supplies from South Africa are decreasing.

Rattan furniture is the smallest category, and although developing countries account for 67% of all supplies this is valued at € 52 million in total. Only 5% of *kitchen furniture* comes from developing countries.

Exports
In 2005, Spain exported domestic furniture worth € 1,146 million, or 335,000 tonnes. This represents a decrease of 16% in value since 2001. Volumes were down by 8%. Over the period under review, only Ireland and the UK registered similar decreases in exports. This was the second worst export performance of all EU25 countries.

Spain ranks ninth in the list of the EU25 countries, according to the size of its exports. This is a similar value to the exports of Belgium, Austria and Sweden, although the volume of Austria's exports was significantly higher. As well as the large exporters (Italy, Germany and Poland), Denmark, France and the Czech Republic also export more than Spain. France (31%) and Portugal (15%) are the biggest EU markets for Spanish exports and were followed by the UK, Italy and Germany. Nearly 73% of exports were intra-EU.

Outside the EU, Spain's major export markets are the USA, Russia, Mexico and Saudi Arabia, followed by Switzerland, Japan, Morocco, Turkey, Canada, Norway and Cuba.

Re-exports are not a significant element in Spanish exports.

Other furniture accounted for 27% of exports by value (€ 315 million) but 34% by volume. France, Portugal and the UK were the principal destination countries. Other important destinations for these products outside of the EU were Russia, Mexico and the USA. Furniture parts represented 20% of exports. Main destinations for these products were France, Portugal, Italy and the UK.

Upholstered and dining and living room furniture exports were also sizeable product groups. Non-upholstered and bedroom furniture were the smallest groups. Rattan furniture exports were worth € 104 million, the second highest in the EU after Italy. Exports of other furniture and rattan were up over the period. Exports of bedroom, upholstered, non-upholstered and dining and living room furniture were down. Other product groups were broadly unchanged.

Opportunities and threats
Spain is an important market for exporters from developing countries. This has increased in recent years as imports have significantly exceeded exports and are now greater than exports. This is despite improved international recognition and acceptance of Spanish-produced furniture. The positive import performance should also be viewed in the context of a domestic market that has been performing higher than the European average.

- The main wood species used are beech and pine, but there is interest in some tropical woods including teak.
- There are close relationships in both trading and outsourcing with Spain's near neighbours, Italy and France. This will continue to pose a threat to developing country exporters.
- However, opportunities exist in most sectors, particularly other furniture, dining and living room furniture, and both upholstered and non-upholstered seating.

Useful sources

- EU Expanding Exports Helpdesk - http://export-help.cec.eu.int/
  Go to: trade statistics.
- Eurostat – official statistical office of the EU - http://epp.eurostat.cec.eu.int
  Go to: 'themes' on the left side of the home page - 'external trade' - 'data – full view' - 'external trade - detailed data'.
- National Statistics Institute – http://www.ine.es

3. Trade structure

Please refer to the CBI Market Survey "The domestic furniture market in the EU" for a detailed explanation of the trade channels in this sector.

Trade channels

Furniture distribution in Spain has previously been characterised by relatively low levels of competition on a national scale, due to the high level of retail fragmentation and the dominant position of non-chain independent outlets. This position is changing as large mixed retailers, hypermarkets and large chain outlet operators have developed clear marketing strategies and consequently increased their sales.

Most independent retailers have been supplied by local manufacturers, or by regional wholesalers. Although this market fragmentation provides opportunities for exporters from developing countries, consumers are also loyal to locally produced products.

The two principle Spanish furniture portals provide access to a number of importers of furniture of various styles. Infurma (http://www.infurma.es) and Meubles de Espana (http://www.meublesdeespana.es) are two important contact points. Another good portal is http://www.meubledevalencia.com as much of the furniture trade is in the Valencia region.

Some of the main players of interest to exporters would be:

- Tamalsa who import all kinds of woods, particularly with an ecological emphasis (http://www.tamalsa.com).
- Buying group Europameubles, responsible for a number of retail brands such as Tifon, Kiona and Dister (http://www.europameubles.com).
- Others include Joenfa Import Export (http://www.joenfa.es); Meubles Rulevi (http://www.mueblesrulevi.com); Alcar Mobel (http://www.alcarmobel.com); Mogart Mobel (http://www.mogart-sa.com) and http://www.massmeuble.com.

Retail trade

Over 16,000 outlets sell furniture in Spain. IKEA is the leading furniture specialist (http://www.ikea.es) with 12 outlets in 2005.

Table 3.1 Share of Retail Distribution in Spain, 2005, % value

Outlet type	% share
Specialists	**83%**
Independents	47%
Chain stores	16%
Franchised stores	11%
Buying groups	9%
Non-specialists	**17%**
Department stores	8%
Hypermarkets	2%
DIY	1%
Mail order	2%
Factory outlets	4%
Total	**100%**

Source: Euromonitor, Mintel (2005/2006)

To keep costs down, IKEA uses flat packaging and customers assemble the products at home. The next ranking specialist retailer is Conforama with 14 outlets (http://www.conforama.es). Other important furniture retailers are Galerias Tarragona (65 outlets), Merkameuble (57 stores, http://www.merkamueble.com), Moblerone (37 stores, http://www.moblerone.es), Roche Bobois (30 outlets) and Muebles Valencia (9 outlets).

The leading buying groups are Acem (http://www.acem.es) and Intermobil (http://www.intermobil.es). With regard to non-specialists, department stores are the biggest part. This is primarily due to the strength of El Corte Inglés (http://www.elcorteingles.es) in Spain. Over € 600 million of furniture was sold through their outlets in the last year. DIY outlets are still small in terms of sales, but they are selling increasing amounts of ready to assemble furniture that is particularly popular with young people.

Factory sales are not increasing and mail order has not taken hold in the Spanish market; these sales are also struggling against Internet sales from established retailers.

Trends
- Active promotion has been low in the furniture sector due to the fragmentation of the market, but it is noticeable that the larger chain stores are increasing their advertising expenditure in order to gain a competitive advantage. As most of the leading players are established on a regional rather than national basis, this means that advertising is done on a regional basis.
- In conjunction with this, product branding is starting to develop. Exporters from developing countries should appreciate how this phenomenon could affect them. Product branding is becoming important at the premium end of the market where branding can add value and justify higher pricing.
- Branding at retail level is also taking place, usually by means of forming private labels. The implication for exporters from developing countries is that they should carefully consider how they present their products to potential buyers, research how their products may be positioned in the market and develop products with this in mind.

Useful sources
Information on the structure of distribution channels in Spain can be found from:
- The Spanish Confederation of Furniture Retailers has information on trade channels (http://cecm.aecm.info/index.php).
- Euromonitor (http://www.euromonitor.com) publish country-specific reports on retailing, and also focus on the home furniture sector.
- Mintel (http://www.mintel.com) has information on the structure of Spanish trade in its European Retail Directory.
- The Furniture Industry Research Institute (http://www.csilmilano.com) publishes reports on the furniture distribution channels in Spain.

4. Prices and margins

Prices and margins
Furniture prices in Spain are below the European average. Retail sales are fairly flat which is causing retailers to adopt aggressive price promotions in order to attract customers who currently have other priorities for their household expenditure. The Spanish furniture industry is focussing a lot of attention on exports as the domestic market is static and importers are affecting domestic prices.

Pricing and frequency of promotions is more important to consumers in Spain than anywhere else in the EU. On a regional basis, locally produced furniture is maintaining its prices and factory outlets still survive. On a national level, the major cities and in tourist areas, international retailers and overseas buyers are helping to keep prices low.

Examples of retail prices from three leading retailers are given below:

Table 4.1 Examples of retail prices of furniture items in Spain, 2006

Ligne Roset		Roche Bobois		IKEA	
Brera Dining Table[1]	€ 1,705	Victorine Bed[3]	€ 1,831	Agen Rattan Chair[2]	€ 23.95
Extensia Dining Table[1]	€ 1,542	Victorine Bureau[3]	€ 1,523	Jokkmokk Table/4 Chairs[1]	€ 89
Libra Chair[2]	€ 328	Victorine Bedside Table[3]	€ 589	Kloffsta Dining Table[1]	€ 139
Zoe Chair[1]	€ 272	Honfleur Bed[3]	€ 2,309	Jussi Folding Table[1]	€ 89

Note: [1] = Modern style [2] = Contemporary style [3] = Provincial style

Source: European Consumer Centre, IKEA Spanish website 2006

Useful sources
The European Consumer Centre that regularly produces price checks and comparisons on a wide range of products can be reached at http://www.evz.de. The IKEA price list for each country can be found at http://www.ikea.com. The monthly Eurostat bulletin "Statistics in Focus" published a comparative furniture price index in November 2003. A new report is due in November 2006 (http://epp.eurostat.cec.eu). Also check the websites of the major furniture retailers, listed above in Chapter 3.

5. Market access requirements

As a manufacturer in a developing country preparing to access Spain, you should be aware of the market access requirements of your trading partners and the Spanish government. Requirements are demanded through legislation and through labels, codes and management systems. These requirements are based on environmental, consumer health and safety and social concerns.

Legislative requirements
National legislation in EU countries is compulsory for all products traded within the country concerned. Therefore, as an exporter in a developing country you have to comply with the legislative requirements that are applicable to your products. For information on legislation for domestic furniture go to 'Search CBI database' at http://www.cbi.nl/marketinfo, select your market sector, and the EU country of your interest in the category search, click on the search button and click on legislative requirements for an overview of all documents on legislation in your country of interest.

Non-legislative requirements
Social, environmental and quality related market requirements are of growing importance in international trade and are often requested by European buyers through labels, codes of conduct and management systems. For information on non-legislative requirements applicable to domestic furniture go to 'Search CBI database' at http://www.cbi.nl/marketinfo, select your market sector and the EU in the category search, click on the search button and click on your subject of interest under non-legislative requirements for an overview of all documents on the subject concerned.

Quality requirements in Spain are almost completely according to the European Norms (EN) that have replaced national standards. You can check at the Wood and Furniture Technical Centre (AIDIMA) which standards are relevant for your product. Buyers expect woods of an excellent quality e.g. kiln dried, free from pest, cracking, splitting and from full grown trees from well-managed forests. In the case of self-assembly, the material of the fittings should be of good quality and be correctly made so that all components match and fit well.

Social and environmental related market requirements are of growing importance in Spain.

- These may be requested by Spanish buyers through certificates (e.g. ISO 14001, EMAS) and management systems.
- In addition to the FSC label, wooden furniture with a PEFC label (Pan European Forest Certification scheme) is also well recognised in Spain.

Packaging, marking and labelling

Apart from the safety aspects and protection against damage, the focus of packaging is on environmentally friendly transport. You can download information on requirements on packaging, marking and labelling in specific EU markets from the CBI website. Go to 'Search CBI database' at http://www.cbi.nl/marketinfo.

Tariffs and quota

The global furniture trade is rather liberal and therefore most items are free from duties. Import duties in Spain are only payable on parts, seats/furniture of cane, osier, bamboo and kitchen furniture as shown below.

The Value Added Tax (VAT) for all furniture in Spain is 16% (standard rate).

There are no quantitative restrictions for imports of furniture in Spain.

Useful sources

- AIDIMA (Instituto Technologico del Meuble) - http://www.aidima.es.
- ANIEME (Spanish National Association of Furniture Manufacturers) - http://www.anieme.com.
- Confemadera (Confederation of Spanish Wood Manufacturers) - http://www.confemadera.es.
- Customs – http://www.aeat.es or http://ec.europa.eu/taxation_customs/dds/en/tarhome.htm

6. Business practices

General information on business practices can be found in the CBI Market Survey "The domestic furniture market in the EU". Some large firms have people who can do business in English but in general English is not widely spoken especially amongst smaller agents or distributors. Honour is particularly important. Avoid anything that could be seen as insulting.

Selecting a suitable trading partner

There are factors about Spanish business custom that furniture exporters need to be aware of before entering into any agreements with a new trading partner. Feelings and instinct count for as much as objective facts. Personal qualities are regarded above professional skills and personal contact is rated highly.

- Agents and distributors are widely used, but are often appointed on a regional basis.
- Trade fairs are important places for making new contacts. The main furniture trade fair takes place in Valencia each September. The furniture trade association can also provide advice on selecting contacts.
- It is your responsibility to ensure that your presentation is comprehensible and, during a meeting or presentation, you must try to ascertain whether your audience *really* understands you.
- Since loss of face is viewed so negatively in Spanish culture, people will not admit they are having difficulties in front of others. For this reason, it is always helpful if you can provide a printout of the executive summary of your presentation in Spanish.

Reaching an agreement with your trade partner

Patience is essential in all dealings with the Spanish. They like to make decisions on their own. It is important to have agreements detailed clearly in writing. Numbers can be particularly unreliable in a culture that is averse to budgets and action plans and prefers oral, face-to-face communication to putting anything in writing; written instructions, checks and controls are especially unpopular as they imply a lack of trust.

Much business is conducted by email but smaller agents and distributors prefer the telephone or fax. Be sure to find out which medium your contact prefers to use.

Common practices of drawing up an offer
Provide as much detail as possible to ensure that both parties are clear about the content of an order. A sample may be required but it is certainly advisable to supply a good photograph of the items in question.

Usual methods of payment
The most common method is open account. Here the exporter sends the customer an invoice and trusts them to pay as and when instructed. Credit is an important feature of the market. Many organisations work on 90-120 days, so an allowance for this should be made in the pricing structure.

Usual terms of delivery
Delivery is expected to be at the agreed date. Sea freight is via Algeciras in the south. Alternatively much furniture is delivered by road from France or by sea to Lisbon in Portugal and overland from there.

More information on payment and delivery terms can be found in CBI's *Export Planner.*

Sales promotion
Spanish should be used at all times in publicity material, written or spoken. Personal communication is very important in the furniture trade. If samples are sent with an accompanying letter, this should be followed up by a fax and phone call.

Trade fairs are also important. The main contact for the Valencia fair is http://fim.feriavalencia.com. The Spanish National Association of Furniture Manufacturers and Exporters can be reached at http://www.anieme.com.

The most important trade journal, which also has a very useful Internet portal with much news on the furniture trade is Infurma (http://www.infurma.es). Another publication is Meubles de Espana (http://www.meublesdeespana.es). El Sector del Mueble y La Madera is another (http://www.fevama.es).

More information can also be found in CBI's *Export Planner* and *Your Image Builder.*

This survey was compiled for CBI by ***Searce*** in collaboration with Mr. Johan Jonkers