

WOODDUAL - OUTPUT 1

Open study and analysis on labour market trends in wood
and furniture sector and companies needs

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European GDP and Unemployment trends

The EU economies, including those most heavily hit by the crisis, appear to be turning the corner after many years of low and uneven growth. The economic recovery of the euro area and the EU is now entering its third year and is forecast to continue.

The slowdown in emerging market economies and the recent sharp fall in global trade growth, however, are set to take their toll, and downside risks related to the external environment have increased. As expected, the recovery in the euro area has been supported this year by a conjunction of positive factors including low oil prices, a relatively weak external value of the euro, and policy support, in particular the European Central Bank's very accommodative monetary policy and a broadly neutral fiscal stance.

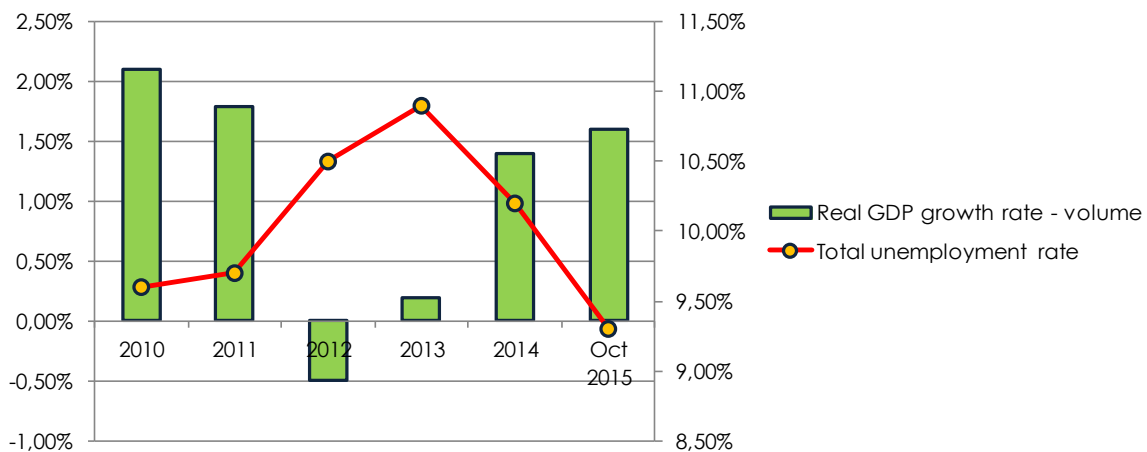


Fig. 1- GDP and unemployment rate (EU-28)
Source: Eurostat

These tailwinds have visibly stimulated private consumption and exports but the pace of economic growth overall remains relatively muted considering the strength of these factors. Investment activity, in particular, is still lagging despite favourable financing conditions due to economic and policy uncertainty. In some Member States, leveraging pressures still linger. While the economic growth should still benefit from these tailwinds, its strength is expected to fade and the euro area and EU economy now face headwinds from the slowdown in emerging market economies (EMEs), increased global uncertainty, and persistent geopolitical tensions.

The growth outlook for the euro area is thus likely to remain modest over the forecast horizon.

GDP growth rate

Country	2010	2011	2012	2013	2014	Oct. 2015
Belgium	●	●	●	●	●	●
Bulgaria	●	●	●	●	●	●
Czech Republic	●	●	●	●	●	●
Denmark	●	●	●	●	●	●
Germany	●	●	●	●	●	●
Estonia	●	●	●	●	●	●
Ireland	●	●	●	●	●	●
Greece	●	●	●	●	●	●
Spain	●	●	●	●	●	●
France	●	●	●	●	●	●
Croatia	●	●	●	●	●	●
Italy	●	●	●	●	●	●
Cyprus	●	●	●	●	●	●
Latvia	●	●	●	●	●	●
Lithuania	●	●	●	●	●	●
Luxembourg	●	●	●	●	●	●
Hungary	●	●	●	●	●	●
Malta	●	●	●	●	●	●
Netherlands	●	●	●	●	●	●
Austria	●	●	●	●	●	●
Poland	●	●	●	●	●	●
Portugal	●	●	●	●	●	●
Romania	●	●	●	●	●	●
Slovenia	●	●	●	●	●	●
Slovakia	●	●	●	●	●	●
Finland	●	●	●	●	●	●
Sweden	●	●	●	●	●	●
United Kingdom	●	●	●	●	●	●

Legend:

Percentage greater than 1% ●

Percentage between 0% and 1% ●

Percentage lower than 0% ●

Fig. 2 - GDP trend rate (EU-28)

Source: Eurostat

As the tailwinds fade, other factors will come to play a larger role in driving economic growth in 2016 and 2017. Monetary policy is set to remain highly accommodative and fiscal policy to remain broadly neutral. Credit constraints are clearly receding and market funding will continue to play an increasing role in supporting investment, which should progressively become a stronger driver of GDP growth.

Real GDP in the EU-28 area is grown by 1.6% in October 2015, stable compared to 1.4% in 2014, and up from 0.2 % in 2013 (Fig. 1). This result is due to the positive trend of few Member States that finally reached a GDP greater than 1% after years of economic stagnation. The greatest growth rates in October 2015 were recorded in Ireland (6.0 %), Malta (4.3 %) and Poland (3.5 %), and the lowest in Greece (-1.4 %), Finland (0.3 %) and Italy (0.9 %). Compared with a year ago, the GDP rate in October 2015 increased in nineteen States and fell or remained the same in nine. The largest increases were registered in Cyprus (-2.5 % to 1.2 %), Spain (1.4 % to 3.1 %), Croatia (-0.4 % to 1.1 %) and Italy (-0.4 % to 0.9 %). The decreases were registered in Greece (0.7 % to -1.4 %), Lithuania (3.0 % to 1.7 %), Estonia (2.9 % to 1.9 %) and Luxemburg (4.1 % to 3.1 %).

In 2012, the States with a GDP growth rate greater than 1% were eight, whereas in October 2015 were 24 (Fig.2).

In the same time the EU-28 unemployment rate was 9.3 % in October 2015, stable compared to September 2015, and down from 10.1 % in October 2014 (Fig. 1).

Among the Member States, the lowest unemployment rates in October 2015 were recorded in Germany (4.5 %), the Czech Republic (4.7 %) and Malta (5.1 %), and the highest in Greece (24.6 %) and Spain (21.6 %). Compared with a year ago, the unemployment rate in October 2015 fell in twenty-four Member States and increased in four. The largest decreases were registered in Spain (23.9 % to 21.6 %), Slovakia (12.7 % to 10.7 %), Ireland (10.7 % to 8.9 %) and Croatia (17.6 % to 15.8 %). The increases were registered in Finland (9.0 % to 9.5 %), France (10.5 % to 10.8 %), Belgium (8.6 % to 8.7 %) and Romania (6.7 % to 6.8 %).

Unemployment rate

Country	2010	2011	2012	2013	2014	Oct. 2015
Belgium	●	●	●	●	●	●
Bulgaria	●	●	●	●	●	●
Czech Republic	●	●	●	●	●	●
Denmark	●	●	●	●	●	●
Germany	●	●	●	●	●	●
Estonia	●	●	●	●	●	●
Ireland	●	●	●	●	●	●
Greece	●	●	●	●	●	●
Spain	●	●	●	●	●	●
France	●	●	●	●	●	●
Croatia	●	●	●	●	●	●
Italy	●	●	●	●	●	●
Cyprus	●	●	●	●	●	●
Latvia	●	●	●	●	●	●
Lithuania	●	●	●	●	●	●
Luxembourg	●	●	●	●	●	●
Hungary	●	●	●	●	●	●
Malta	●	●	●	●	●	●
Netherlands	●	●	●	●	●	●
Austria	●	●	●	●	●	●
Poland	●	●	●	●	●	●
Portugal	●	●	●	●	●	●
Romania	●	●	●	●	●	●
Slovenia	●	●	●	●	●	●
Slovakia	●	●	●	●	●	●
Finland	●	●	●	●	●	●
Sweden	●	●	●	●	●	●
United Kingdom	●	●	●	●	●	●

Legend:

- Percentage greater than 15% ●
- Percentage between 10% and 15% ●
- Percentage lower than 10% ●

Fig. 3 - Unemployment trend rate (EU-28)

Source: Eurostat

In 2012, the States with an unemployment rate lower than 10% were thirteen, instead in October they 2015 were eighteen (Fig.3).

In October 2015, the unemployment rate in the United States was 5.0 %, down from 5.1 % in September 2015 and from 5.7 % in October 2014.

Eurostat estimates that 22.497 million men and women in the EU-28, of whom 17.240 million in the euro area (EA-19), were unemployed in October 2015. Compared with September 2015, the number of persons unemployed decreased by 36.000 in the EU-28 and by 13.000 in the euro area. Compared with October 2014, unemployment fell by 1.942.000 in the EU-28 and by 1.302.000 in the euro area.

In October 2015, 4.530 million young persons (under 25) were unemployed in the EU-28, of whom 3.148 million in the euro area. Compared with October 2014, youth unemployment decreased by 466.000 in the EU-28 and by 191.000 in the euro area. In October 2015, the youth unemployment rate was 20.0 % in the EU-28 and 22.3 % in the euro area, compared with 21.7 % and 23.3 % respectively in October 2014. In October 2015, the lowest rates were observed in Germany (7.1 %), Austria (10.4 %), Denmark (10.9 %) and the Netherlands (11.6 %), and the highest in Greece (47.9 % in August 2015), Spain (47.7 %), Croatia (43.1 % in the third quarter 2015) and Italy (39.8 %).

Forecasts

The growth outlook for the euro area is thus likely to remain modest over the forecast horizon. As the tailwinds fade, other factors will come to play a larger role in driving economic growth in 2016 and 2017. Monetary policy is set to remain highly accommodative and fiscal policy to remain broadly neutral. Credit constraints are clearly receding and market funding will continue to play an increasing role in supporting investment, which should progressively become a stronger driver of GDP growth. Deleveraging pressures and a high share of non-performing loans remain in some

Some Member States and unemployment remains high in the euro area as a whole. However, progress in overcoming these legacies of the crisis should increasingly support growth. The strengthening of global economic activity from next year on is likely to be gradual and should support European exports, but less than expected in spring. In some Member States, the fruits of recent structural reforms will become increasingly tangible but in the euro area as a whole, and in some core countries, structural reforms implemented so far have not been enough to significantly increase growth potential. Eventually, the increased inflow of asylum seekers into the EU should result in additional government spending in several Member States, adding to aggregate demand.

Real GDP in the euro area is projected to grow by 1.6% in 2015 and to pick up to 1.8% in 2016 and 1.9% in 2017. In the EU, GDP growth is forecast to rise from 1.9% in 2015 to 2.0% in 2016 and 2.1% in 2017. This implies somewhat stronger growth in the Member States not belonging to the euro area, which reflects renewed catching-up in some Central and Eastern-European Member States, but also the more advanced cyclical position of the UK and strong growth in Poland and Sweden.

Overview - the autumn 2015 forecast

	Real GDP			Inflation			Unemployment rate		
	2015	2016	2017	2015	2016	2017	2015	2016	2017
Belgium	1.3	1.3	1.7	0.6	1.7	1.5	8.6	8.4	7.9
Germany	1.7	1.9	1.9	0.2	1.0	1.7	4.7	4.9	5.2
Estonia	1.9	2.6	2.6	0.1	1.8	2.9	6.5	6.5	7.6
Ireland	6.0	4.5	3.5	0.3	1.4	1.6	9.5	8.7	7.9
Greece	-1.4	-1.3	2.7	-1.0	1.0	0.9	25.7	25.8	24.4
Spain	3.1	2.7	2.4	-0.5	0.7	1.2	22.3	20.5	19.0
France	1.1	1.4	1.7	0.1	0.9	1.3	10.4	10.4	10.2
Italy	0.9	1.5	1.4	0.2	1.0	1.9	12.2	11.8	11.6
Cyprus	1.2	1.4	2.0	-1.6	0.6	1.3	15.6	14.6	13.3
Latvia	2.4	3.0	3.3	0.2	1.4	2.1	10.1	9.5	8.8
Lithuania	1.7	2.9	3.4	-0.8	0.6	2.2	9.4	8.6	8.1
Luxembourg	3.1	3.2	3.0	0.3	1.7	1.7	5.9	5.8	5.8
Malta	4.3	3.6	3.1	1.1	1.8	2.2	5.8	5.7	5.8
Netherlands	2.0	2.1	2.3	0.2	1.2	1.5	6.9	6.6	6.3
Austria	0.6	1.5	1.4	0.9	1.8	2.0	6.1	6.1	6.0
Portugal	1.7	1.7	1.8	0.5	1.1	1.3	12.6	11.7	10.8
Slovenia	2.6	1.9	2.5	-0.6	0.8	1.4	9.4	9.2	8.7
Slovakia	3.2	2.9	3.3	-0.2	1.0	1.6	11.6	10.5	9.6
Finland	0.3	0.7	1.1	-0.2	0.6	1.5	9.6	9.5	9.4
Euro area	1.6	1.8	1.9	0.1	1.0	1.6	11.0	10.6	10.3
Bulgaria	1.7	1.5	2.0	-0.8	0.7	1.1	10.1	9.4	8.8
Czech Republic	4.3	2.2	2.7	0.4	1.0	1.6	5.2	5.0	4.8
Denmark	1.6	2.0	1.8	0.4	1.5	1.9	6.1	5.8	5.5
Croatia	1.1	1.4	1.7	-0.1	0.9	1.7	16.2	15.6	14.7
Hungary	2.9	2.2	2.5	0.1	1.9	2.5	7.1	6.7	6.2
Poland	3.5	3.5	3.5	-0.6	1.4	1.9	7.6	7.2	6.8
Romania	3.5	4.1	3.6	-0.4	-0.3	2.3	6.7	6.6	6.5
Sweden	3.0	2.8	2.7	0.8	1.5	1.7	7.7	7.7	7.4
United Kingdom	2.5	2.4	2.2	0.1	1.5	1.7	5.4	5.4	5.5
EU	1.9	2.0	2.1	0.0	1.1	1.6	9.5	9.2	8.9
USA	2.6	2.8	2.7	0.2	2.1	2.3	5.3	4.8	4.6
Japan	0.7	1.1	0.5	0.8	0.7	1.8	3.4	3.3	3.3
China	6.8	6.5	6.2	:	:	:	:	:	:
World	3.1	3.5	3.7	:	:	:	:	:	:

Fig. 4 – The autumn 2015 forecast (GDP, Inflation, Unemployment rate)

Source: Eurostat

Labour market conditions continue to make slow but steady improvements in line with rising economic activity. The unemployment rate however, is declining only gradually and disparities across Member States remains substantial. As the recovery strengthens, business confidence improves and wage growth remains restrained, more jobs will be created. Hard-hit countries, which have implemented labour market reforms, should see further gains in employment growth. In the euro area, employment is expected to grow by 0.9 % this year and next and to pick up to 1% in 2017. In the EU, employment is set to increase by 0.9% in 2016 and 2017. However, the pace of economic growth and job creation looks unlikely to reduce unemployment rates to below pre-crisis levels. The rather modest decline in unemployment also reflects a more rapid increase

in the labour force. In 2017, unemployment is expected to reach 10.3% in the euro area and 8.9% in the EU.

Global Wood and Furniture trends

In 2012, the global production of furniture was worth €361 billion. Over the last decade world furniture production has increased year on year with the exception of 2008 and 2009. In 2012 world furniture production was 60% higher than ten years before. In 2012, high-income countries provided 41% of total world furniture production. Within this group, the furniture production of the seven major industrial economies is worth €120 billion, accounting for one third of world furniture production (compared to two thirds ten years ago).

More specifically, in 2012, 80% of world production is concentrated in ten countries, with China alone accounting for 40% of global production. The United States rank second, while two EU Member States (Germany and Italy) follow at some distance (Fig. 5).

In the last decade, the growth of the Chinese furniture market has been impressive, turning China into the world leader, as far as furniture production is concerned. India and Brazil more than doubled their production values over the last decade. Poland moved from 9th position in the ranking to 7th. Conversely and with the exception of Germany, among the major advanced economies included in the top ten, production levels are now lower than a decade ago (USA, Italy, Japan and Canada) or almost stable (France).

Country	2003		2012	
	M€	%share	M€	%share
China	22,555	0,1	145,318	40%
USA	60,677	27%	51,642	14%
Germany	15,492	7%	17,738	5%
Italy	19,338	9%	15,95	4%
India	5,386	2%	11,624	3%
Japan	11,925	5%	10,743	3%
Poland	4,393	2%	8,323	2%
Canada	8,385	4%	8,262	2%
Brazil	3,168	1%	7,97	2%
France	7,817	4%	7,929	2%
Top 10	159,137	0,71	285,499	79%
Others	63,877	0,29	75,363	21%
World	223,014	1	360,862	100%

Fig. 5 – World furniture production

Source: CSIL processing data Nov. 2014

The changing geography of production on a global scale, global sourcing strategies pursued at both the retail and the manufacturing level, and the international fragmentation of production are shifting the operating boundaries of companies far from their headquarters, to countries where the cost of labour, resources and other inputs is more convenient.

On the other hand, greater market openness and the increasing importance of fast growing markets along with traditional ones, further reinforce the process. These processes had changed also the geography of export trading during the last decade.

In 2014 Asia was the first player in furniture export with a share of 49%, followed by Europe and North America (Fig. 6).

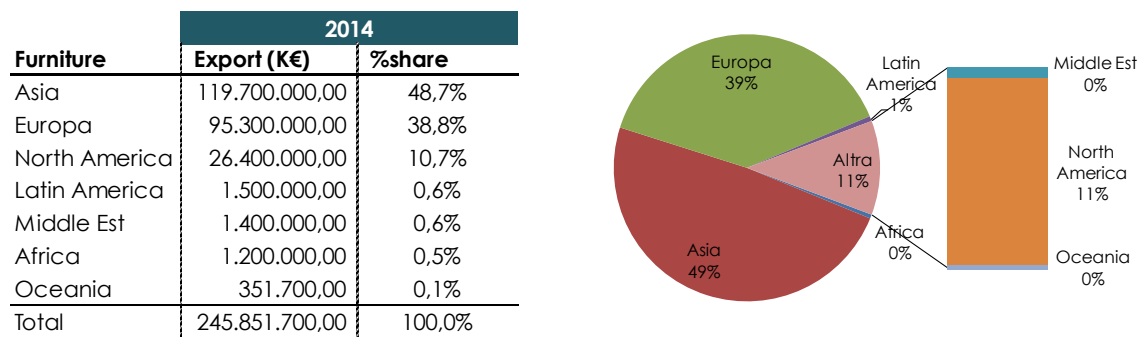


Fig. 6 – Global furniture export
Source: Eurostat

However, a different scenario is configured to the wood export market. In fact, in 2014 Europa maintained the leadership in wood export with a share of 41%, followed by Asia and North America (Fig. 7).

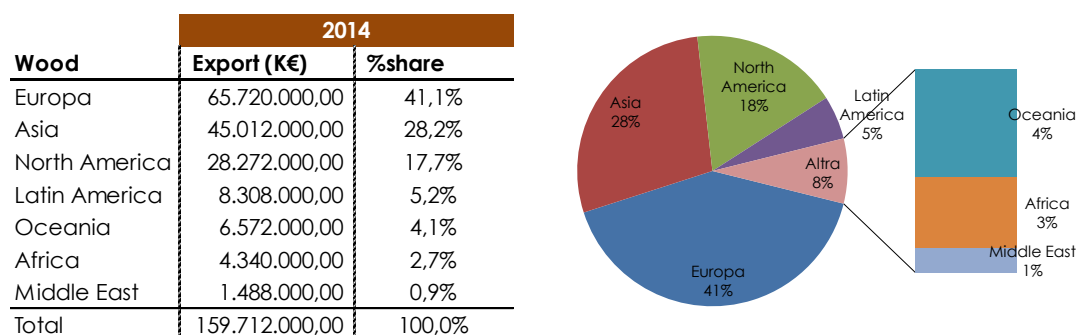


Fig. 7 – Global furniture export
Source: Eurostat

The European wood and furniture industry

The European wood and furniture sector comprised 291.600 enterprises in the EU-28 in 2013. Together they employed 1.940.000 persons. The analysis of the structural business statistics points out that the sector appears to be turning the corner after many years of low and uneven growth. The economic recovery started in 2013 is forecast to continue.

The analysed SBS's indicators are the following:

- **Number of enterprises:** a count of the number of enterprises active during at least a part of the reference period
- **Production value:** measures the amount actually produced by the unit, based on sales, including changes in stocks and the resale of goods and services.
- **Value added at factor costs:** is the gross income from operating activities after adjusting for operating subsidies and indirect taxes. Value adjustments (such as depreciation) are not subtracted.
- **Gross investment in tangible goods** is defined as investment during the reference period in all tangible goods.
- **Number of employees** is defined as those persons who work for an employer and who have a contract of employment and receive compensation in the form of wages, salaries, fees, gratuities, piecework pay or remuneration in kind.

The **number of enterprises** is growing in many Member States. The distribution of the growing rate from 2013 to 2014 is centred in the range from 0% to 2% (Fig. 8). For many States the growth is positive but it is weak.

Poland and Belgium registered the highest rate (6%) followed by United Kingdom (4.1%). Italy and France registered a negative rate yet.

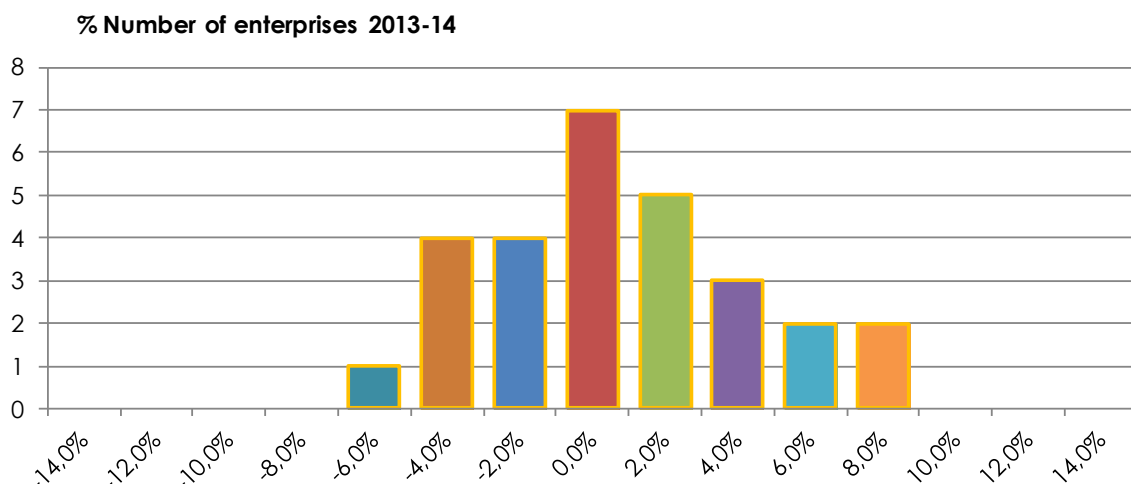


Fig. 8 – % Growing rate of enterprises 2013-14 (EU-28)

Source: Eurostat

In term of the absolute trend values from 2010 to 2014, Italy remains the country with the largest number of companies (about 30K) followed by Czech Republic and Poland. France recorded an important growing from about 9k to 11k companies.

	2010	2011	2012	2013	2014
Italy	33.541,00	33.779,00	31.720,00	31.216,00	na
Czech Republic	28.848,00	29.575,00	29.405,00	27.849,00	27.284,00
Poland	16.600,00	17.442,00	16.628,00	15.507,00	16.442,00
France	9.854,00	9.643,00	9.612,00	11.822,00	11.043,00
Germany	12.105,00	12.537,00	12.075,00	11.556,00	11.550,00
Slovakia	13.323,00	13.477,00	12.226,00	11.170,00	10.725,00
Spain	12.793,00	12.329,00	11.535,00	10.094,00	10.536,00
United Kingdom	7.585,00	7.322,00	7.108,00	7.328,00	7.630,00
Portugal	6.580,00	6.290,00	5.825,00	5.526,00	5.416,00
Sweden	5.951,00	5.848,00	5.651,00	5.401,00	5.311,00
Romania	5.767,00	5.202,00	5.269,00	5.286,00	5.345,00
Hungary	3.834,00	3.694,00	3.458,00	3.238,00	3.195,00
Greece	6.011,00	5.605,00	4.908,00	3.172,00	3.024,00
Lithuania	2.758,00	3.013,00	3.180,00	3.074,00	3.151,00
Austria	2.854,00	2.787,00	2.722,00	2.750,00	2.774,00
Netherlands	2.173,00	2.188,00	2.250,00	2.432,00	2.450,00

Fig. 9 – Number of enterprises – Top 16 (EU-28)

Source: Eurostat

The **production value** is growing with greater intensity. The distribution of the growing rate from 2013 to 2014 is centred in the range from 5% to 10% (Fig. 10). For many States the growth is very positive and strong, some of them reached a value greater than 10%.

Slovakia (43.2%) and United Kingdom (19.1%) registered the highest rate followed by Estonia (16.6%). Germany and France registered a negative rate. The worse is Greece with -14.2%.

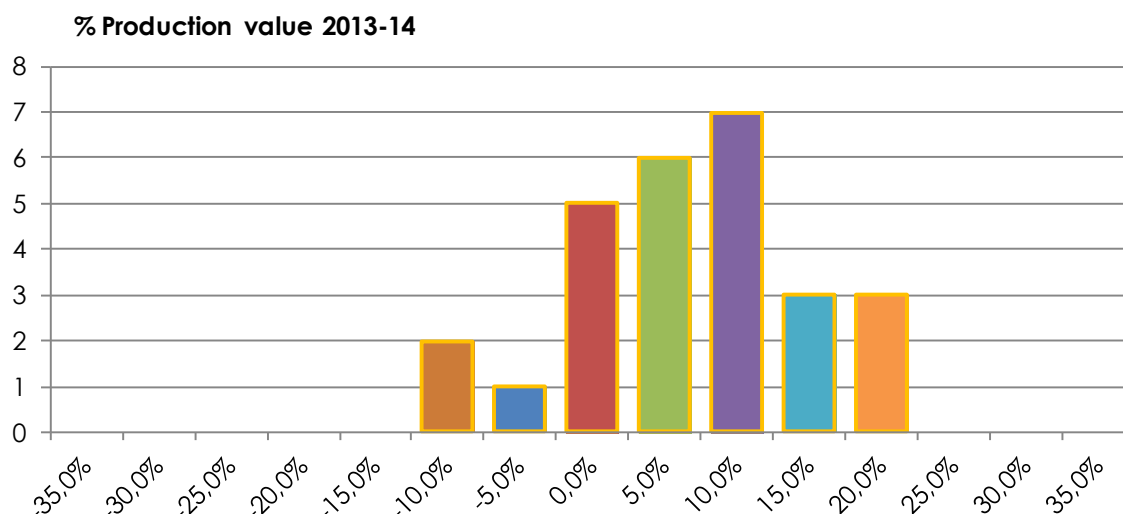


Fig. 10 – % Growing rate of production value 2013-14 (EU-28)

Source: Eurostat

In term of the absolute trend values from 2010 to 2014, Germany remains the country with the best production value (about 23K) followed by Italy and France. Italy recorded a significant decreasing of production from about 15k to 13k millions of euro.

	2010	2011	2012	2013	2014
Germany	21.324,70	22.470,00	22.640,80	23.406,20	23.214,90
Italy	15.680,00	17.322,70	14.639,00	13.223,70	na
France	10.414,40	11.335,10	10.992,90	10.578,90	10.446,60
Sweden	8.890,50	9.390,10	8.998,50	8.583,70	8.942,90
United Kingdom	7.630,80	7.040,20	7.835,60	7.841,90	9.336,60
Austria	6.857,20	7.570,70	7.490,40	7.442,80	7.454,60
Poland	6.052,60	6.591,10	6.682,30	6.944,20	7.641,00
Finland	5.401,80	5.645,90	5.465,30	5.465,90	5.406,00
Spain	6.572,40	6.320,70	5.483,10	4.999,30	5.404,40
Czech Republic	3.112,20	3.369,70	3.171,30	3.044,60	3.055,20
Belgium	2.909,20	3.091,30	3.090,30	2.941,60	3.224,60
Romania	2.098,90	2.476,20	2.645,60	2.851,00	2.945,30
Portugal	2.529,00	2.551,90	2.550,20	2.506,40	2.695,20
Netherlands	2.584,30	2.716,40	2.417,50	2.208,30	2.224,70
Latvia	1.342,60	1.621,00	1.680,40	1.828,70	1.933,60
Estonia	1.132,00	1.332,40	1.360,70	1.554,10	1.812,50

Fig. 11 – Production value – Top 16 (EU-28)

Source: Eurostat

The **value added at factor cost** is growing some Member States but not for many others. The distribution of the growing rate from 2012 to 2013 is centred in the range from 5% to 10% (Fig. 12) but there is a second peak in the range from -5% to 0%. Lithuania (19.5.2%) and Poland (11.5%) registered the highest rate followed by Bulgaria (8.9%). Italy, United Kingdom and France registered a negative rate. The worse is Greece with -45.9%.

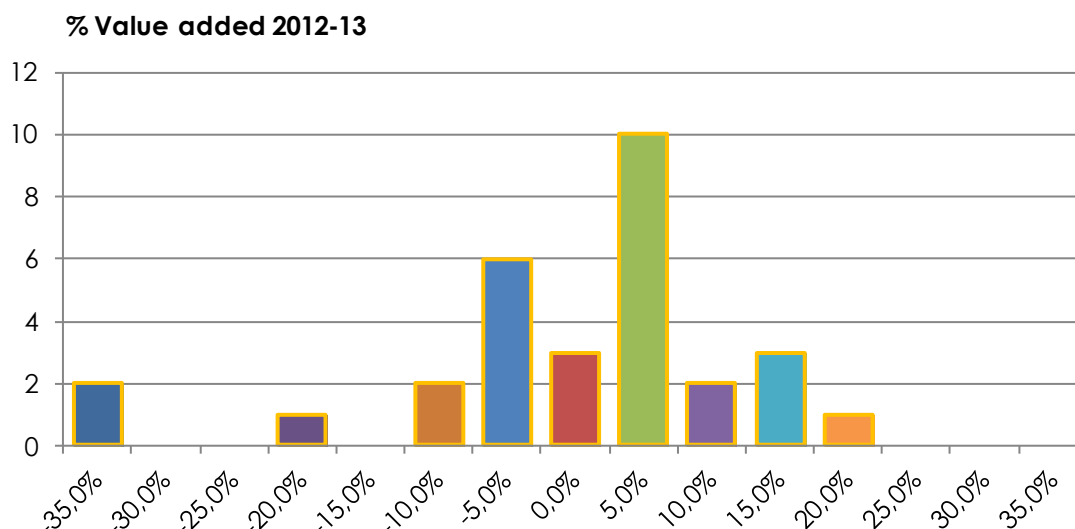


Fig. 12 – % value added 2012-13 (EU-28)

Source: Eurostat

	2010	2011	2012	2013
Germany	5.975,40	6.191,20	5.744,20	5.889,50
Italy	4.147,70	4.354,40	3.752,70	3.626,90
United Kingdom	2.662,70	2.709,80	3.236,40	2.997,80
France	3.086,50	3.195,20	3.046,50	2.923,60
Austria	1.994,30	2.079,20	1.930,30	1.959,90
Sweden	2.055,30	1.869,80	1.775,70	1.848,70
Spain	2.047,00	1.831,20	1.583,70	1.471,60
Poland	1.612,50	1.705,50	1.547,20	1.725,60
Finland	1.146,60	1.129,10	1.091,60	1.124,00
Netherlands	858,00	921,70	836,10	668,50
Czech Republic	811,20	828,20	823,30	765,90
Belgium	762,40	798,00	777,80	714,40
Portugal	690,10	634,30	603,00	613,80
Romania	522,60	590,10	601,70	610,30
Denmark	515,10	497,50	509,10	506,60
Latvia	384,30	397,40	418,10	429,50

Fig. 13 – Value added at factor costs – Top 16 (EU-28)
Source: Eurostat

In term of the absolute trend values from 2010 to 2013, Germany remains the country with the best value added (about 6K) followed by Italy and United Kingdom. United Kingdom recorded a significant growing of value added and in 2012 moved from 4th position in the ranking to 3th surpassing France.

The **gross investment in tangible goods** is growing with greater intensity. The distribution of the growing rate from 2013 to 2014 is centred in the range from 10% to 20% (Fig. 11) but there are two peaks in the range from 20% to 40%. This fact points out that companies are inclined to make investment and innovation.

Estonia (65.0%) and Finland (45.8%) registered the highest rate followed by Bulgaria (37.2%). Germany and France registered a negative rate. The worse is Cyprus with -54.5%.

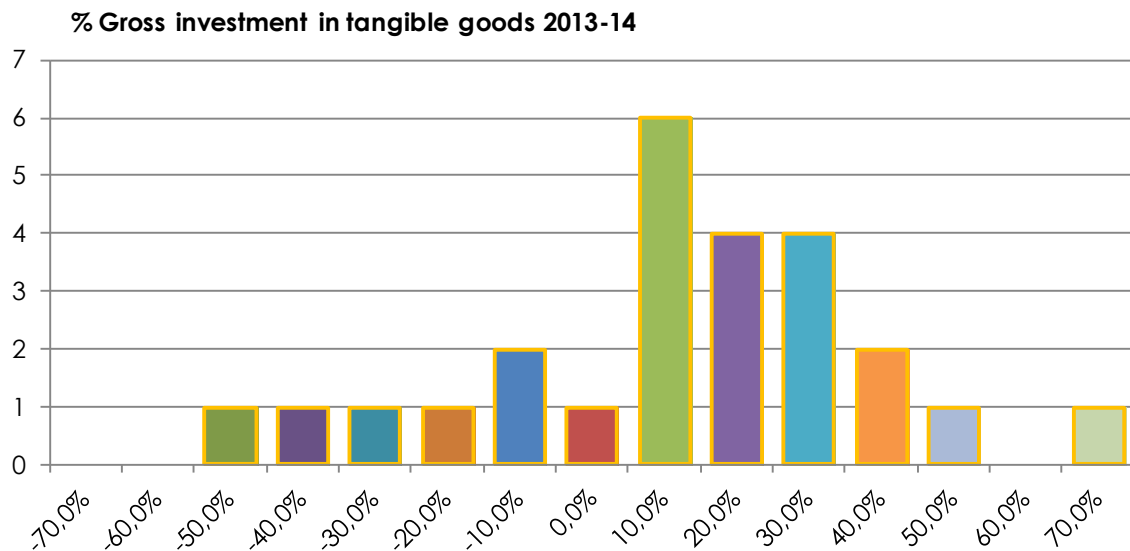


Fig. 11 – % gross investment in tangible goods 2013-14 (EU-28)
Source: Eurostat

In term of the absolute trend values from 2010 to 2014, Italy remains the country with the greatest gross investment in tangible goods (about 800) followed by Germany and France. Sweden recorded a significant decreasing a value of about 500 millions of euro to 189.

	2010	2011	2012	2013	2014
Italy	877,70	556,10	496,00	768,70	na
Germany	757,90	693,90	702,10	689,50	761,30
France	631,00	624,20	574,20	461,80	527,00
Poland	301,60	480,20	329,20	355,00	458,60
Romania	314,30	430,10	337,40	341,10	341,50
United Kingdom	186,70	221,60	211,60	275,20	286,80
Sweden	492,70	516,50	384,80	266,60	189,80
Austria	234,60	321,90	289,20	234,40	257,10
Belgium	151,10	149,10	217,30	179,80	224,80
Spain	181,90	189,60	123,60	136,50	152,70
Czech Republic	157,30	176,40	141,70	136,30	155,30
Portugal	105,70	117,40	96,60	133,10	161,30
Finland	144,10	222,90	157,60	127,20	185,40
Latvia	102,30	152,20	126,70	119,30	148,50
Hungary	38,30	36,20	63,30	85,90	59,00

Fig. 12 – Gross investment in tangible goods – Top 16 (EU-28)
Source: Eurostat

The **number of persons employed** is growing in many Member States. The distribution of the growing rate from 2013 to 2014 is centered in the range from 0% to 5% (Fig. 13). This fact points out that companies are inclined to make investment in human capital.

Slovakia (23.7%) and United Kingdom (23.3%) registered the highest rate followed by Lithuania (11.8%). Germany and Spain registered a negative rate. The worse is Cyprus with -8.9%.

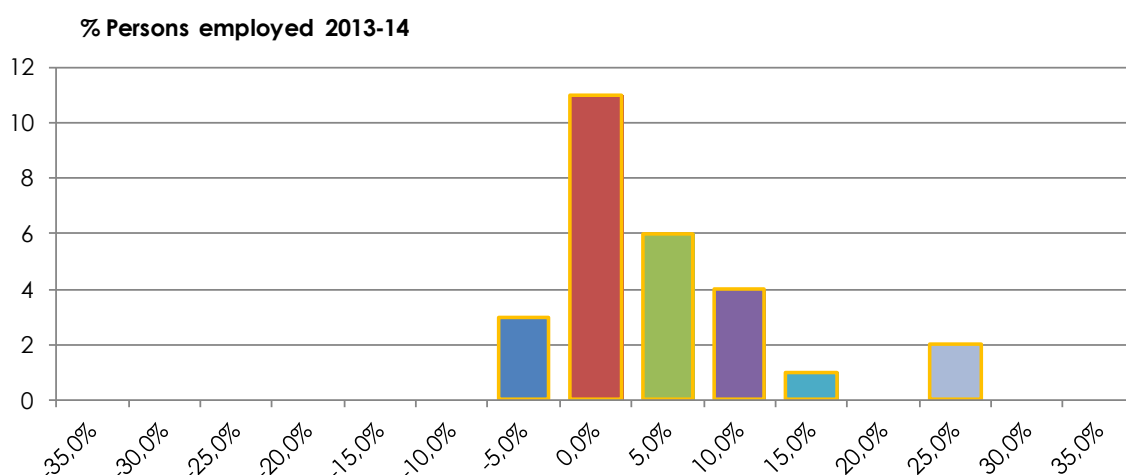


Fig. 13 – % persons employed 2013-14 (EU-28)
Source: Eurostat

In term of the absolute trend values from 2010 to 2014, Germany became the country with the greatest persons employed (about 135K) surpassing Italy in 2012. In fact Italy recorded a significant decreasing of persons employed from about 140K to 120K. It is notifiable the constant increasing of Lithuania value with a mean growing rate of 5% every year.

	2010	2011	2012	2013	2014
Germany	133.397,00	137.164,00	133.126,00	135.350,00	134.959,00
Italy	138.554,00	140.424,00	129.023,00	121.228,00	na
Poland	124.754,00	121.777,00	115.443,00	113.926,00	120.810,00
France	76.152,00	71.564,00	68.418,00	67.221,00	na
United Kingdom	76.093,00	58.159,00	65.866,00	63.985,00	78.871,00
Romania	54.586,00	58.541,00	58.672,00	58.599,00	56.654,00
Czech Republic	61.184,00	60.417,00	59.180,00	55.408,00	54.282,00
Spain	67.741,00	61.943,00	54.026,00	48.066,00	47.590,00
Austria	33.640,00	34.102,00	34.304,00	33.546,00	32.896,00
Sweden	36.513,00	36.611,00	34.370,00	31.878,00	32.038,00
Portugal	33.653,00	32.608,00	30.130,00	28.389,00	28.605,00
Latvia	21.141,00	22.428,00	23.283,00	24.342,00	24.249,00
Finland	24.949,00	24.827,00	23.712,00	22.134,00	21.357,00
Lithuania	19.506,00	20.591,00	20.801,00	21.058,00	23.547,00
Slovakia	28.083,00	27.865,00	22.943,00	20.102,00	24.871,00
Bulgaria	15.781,00	16.169,00	16.229,00	17.029,00	16.862,00

Fig. 14 – Persons employed – Top 16 (EU-28)

Source: Eurostat

European Demographic trends

The world's population has grown considerably in the last 60 years: according to the United Nations, the number of inhabitants increased from 2.5 billion in 1950 to pass 7 billion at the end of October 2011. As of 1 January 2015, the world's population was estimated to be 7.3 billion inhabitants, and is forecast to continue rising, albeit at a slower pace, through to the early 2060s when the number of inhabitants is projected to top 10 billion. Most of the population growth over the next 50 years is expected to take place in some of the world's poorest developing countries.

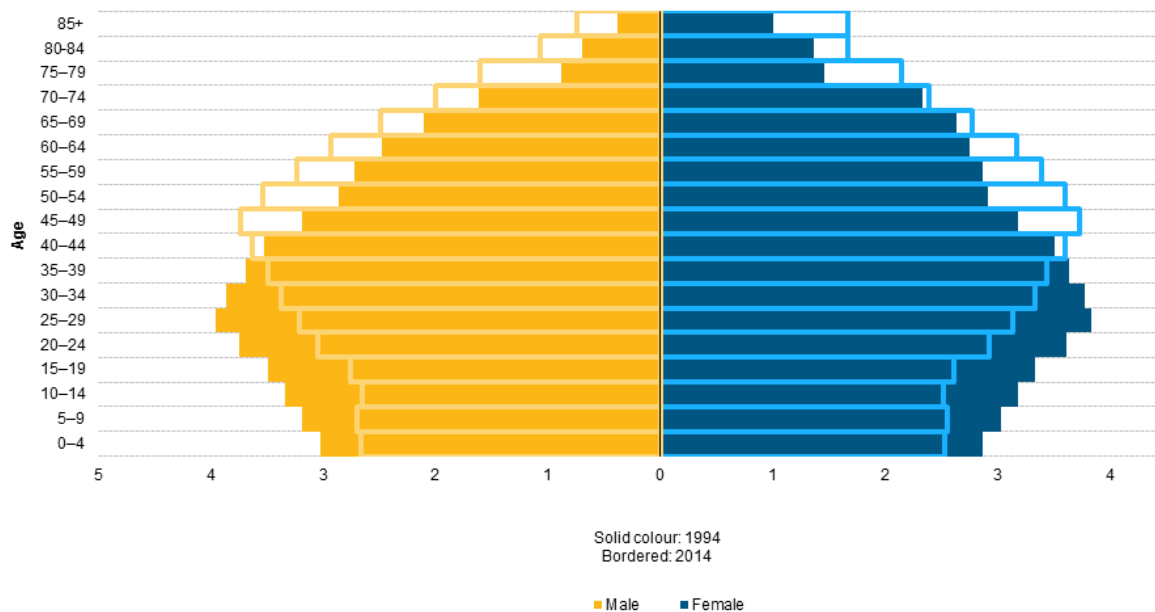


Fig. 15 – Demographic changes

Source: Eurostat

Against this background of rising global population, there has been a considerable slowdown in the pace of population expansion within the EU. This pattern has been repeated in most other developed world economies. Nevertheless, aside from Japan, the EU is the world's most rapidly ageing region. There were 506.8 million inhabitants in the EU-28 as of 1 January 2014. This equated to just over 7 % of the world total, compared with a share that was almost twice as high some five decades earlier. The pace of population growth in the EU-28 is expected to slow further, such that within the next 30–40 years the total number of inhabitants in the EU-28 is projected to stagnate and subsequently decline.

Europop2013 projections indicate that the EU-28's population will grow overall by 2.6 % between 2014 and 2080, with the number of inhabitants increasing by 13.2 million persons. The EU's population is projected to peak around 2050, reaching 526 million persons, an increase of 18.7 million (or 3.7 %) compared with the situation in 2014. The size of the EU's population is then

projected to fall to reach a low of 519.8 million by 2075, after which a modest increase is projected through to 2080, when the EU-28's population is projected to still be around 520 million persons.

The median age of the EU-28's population is projected to increase by 4.2 years, from 42.2 years in 2014 to 46.4 years in 2080 (Fig. 16). Decomposed by sex, the median age is projected to increase for men by 4.4 years (from 40.8 to 45.2 years), while for women the projected increase is 4.0 years (from 43.6 to 47.6 years). Although the total population of the EU-28 is projected to increase modestly during the period 2014 to 2080, the relative and absolute sizes of the different population age groups are expected to follow contrasting developments.

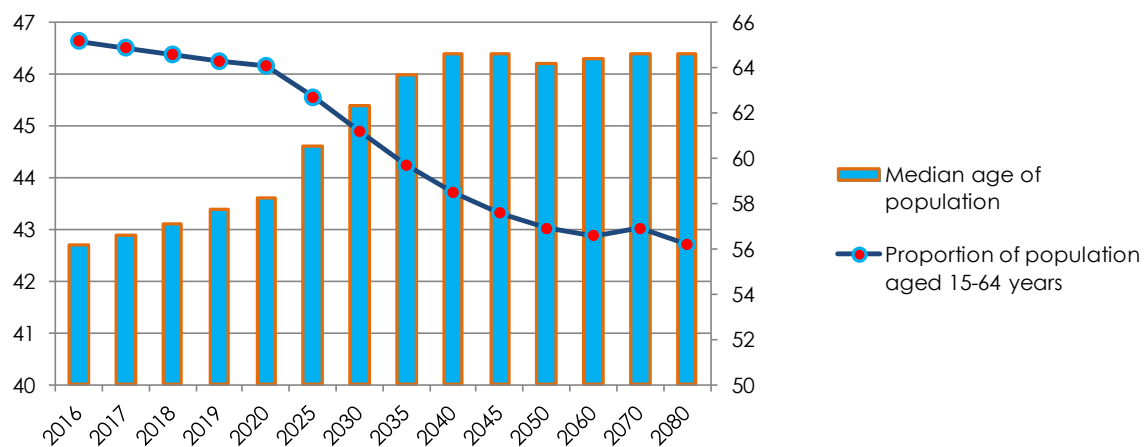


Fig. 16 – Median age and portion aged 15-64 population (EU-28)

Source: Eurostat

The proportion of children in the EU-28's population is projected to decrease slightly in both relative and absolute terms from a share of 15.6 % (or 79.1 million children) in 2014 to 15.1 % (or 78.7 million children) by 2080, with the share falling to a low of 14.6 % during the period 2035 to 2041 before recovering somewhat.

The proportion of the EU-28's working-age population in the total population is also expected to decrease in size, falling from 333.8 million persons in 2014 (or 65.9 % of the total population) to 292.3 million persons in 2080 (56.2 %); the overall reduction in the working-age population during the next six and a half decades is therefore projected to be equivalent to 41.5 million persons. The share of the working-age population in the total population is projected to fall below the threshold of 60 % in 2035 and to remain below this level through to 2080 (Fig. 16).

Wood and Furniture Demographic trends

The ageing of the European population is having a clear effect on the demographic situation of the employment in both the wood and furniture industry. In 2014 about 38% of the employees were between 25 and 39 while this was still 45% in 2005. When in 2005 only 9% of the workforce was older than 55, this has increased to almost 15% in 2014 (Fig.17).

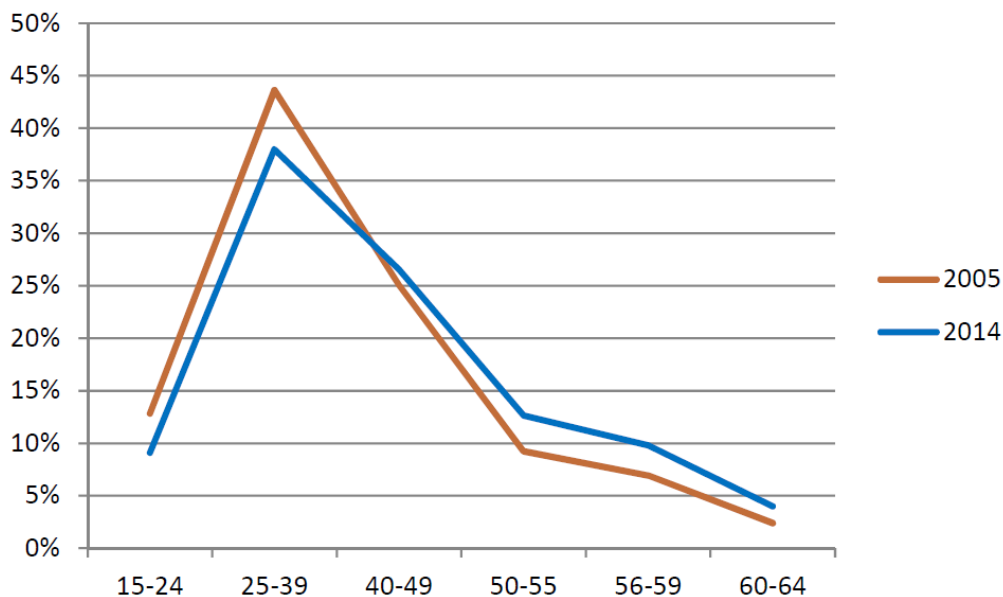


Fig. 17 – Wood and Furniture demographic scenario (EU-28)

Source: Eurostat, CEI-Bois

This situation is affecting mostly the developed countries and, paradoxically, the ones with more number of companies in the wood and working sector.

In Italy in 2014 the 83,7% of the employees were between 25 and 55 while only the 5,1% were below 25. In Germany in 2015 the 71,6% of the employees were between 25 and 55 while only the 13,2% were below 25 (Fig.18).

The number of young employees is decreasing because of:

- decreasing of children in the population;
- lack of interest from young people towards skilled manual occupation;

and the age of employees is growing up because of:

- low turnover of the working force;

- the average exit age from the labour market is increased.

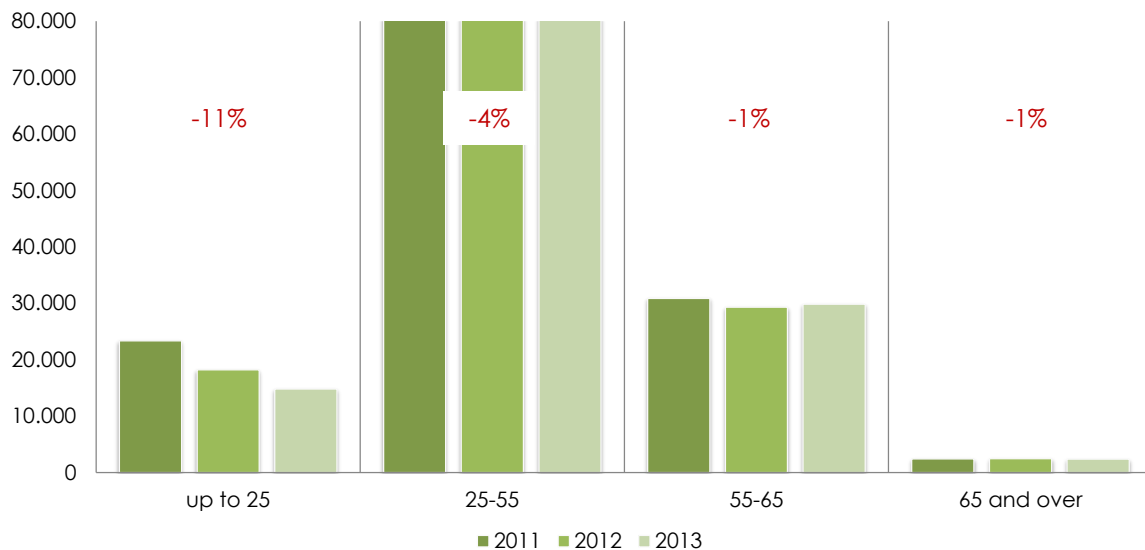


Fig. 18 – Demographic scenario – Italy and Germany

Source: INPS (IT), Bundesagentur für Arbeit (DE)

For these reasons, the wood and furniture demographic scenario is affected by:

- a bottom drift in the range of age < 25
- a right drift in the range of age 25 – 55

The questionnaire: FUTURE SKILLS AND DEMAND ANALYSIS FOR DUAL LEARNING

In order to better understand the real company needs of companies, a desk research on labour market trends in the furniture sectors will be carried out. An EU-wide report and further investigations will be also carried out in order to point out the current European situation. This will be completed by interviews to companies (both SME and bigger-size companies), in order to get direct insight on the asking them new competences and skills required and to validate the result of the desk research.

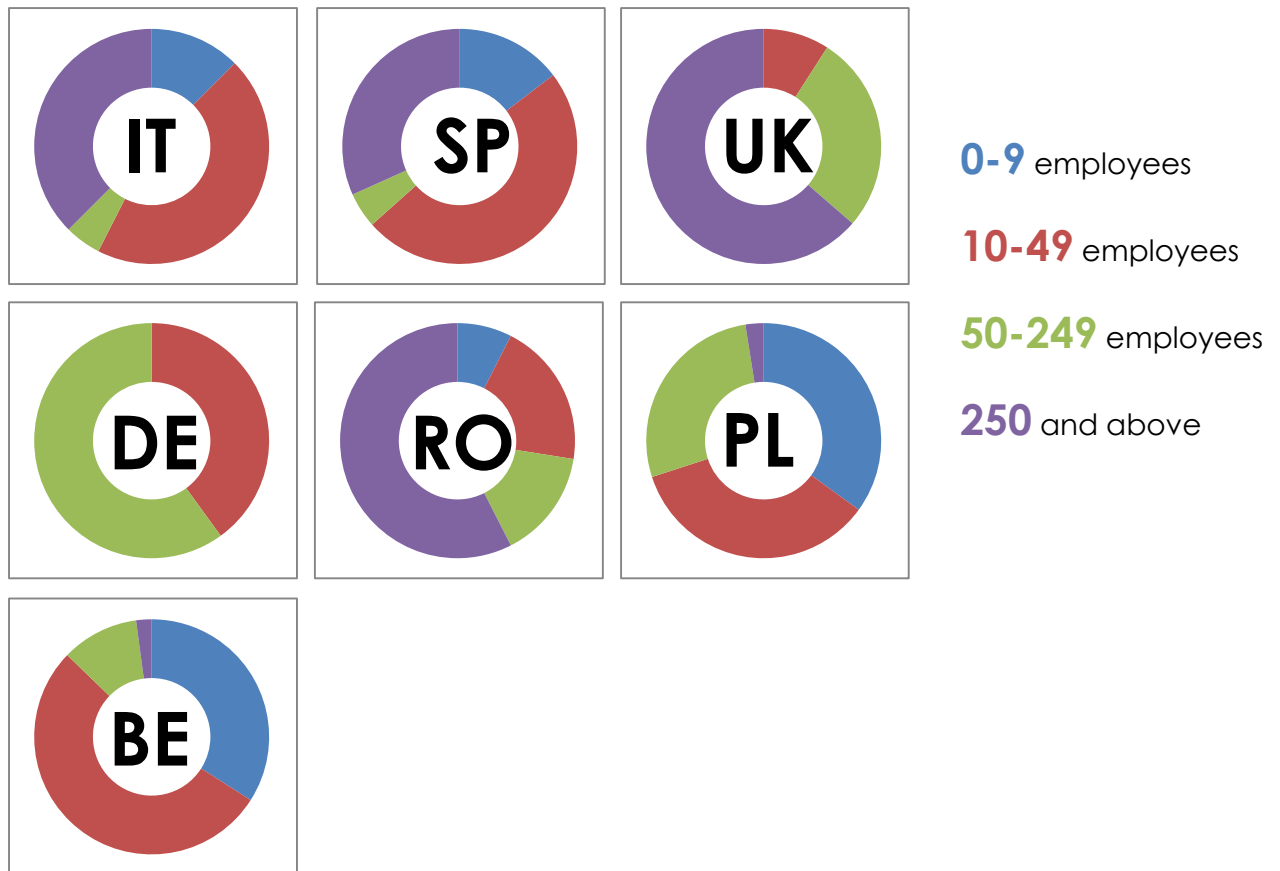
SECTION 1 “TRENDS – ABOUT YOUR BUSINESS AND EMPLOYEES” AND “COMPANY NEEDS - ABOUT FUTURE SKILLS”

The first section of the questionnaire focuses on general information regarding the main features of the companies: the questions concern the type and size of the business and the company's perspective on the main sectorial trends. This first information provides the general background for further investigation on the individual company's needs.

Then the questionnaire goes deeper into the issue of the current and future skills required by the company, through a number of questions targeted at assessing the perceived importance of different sets of skills (manual, ICT, soft skills, design), the trends regarding workforce supply and the ability of the company to train the workforce according to their requirements and needs.

Results

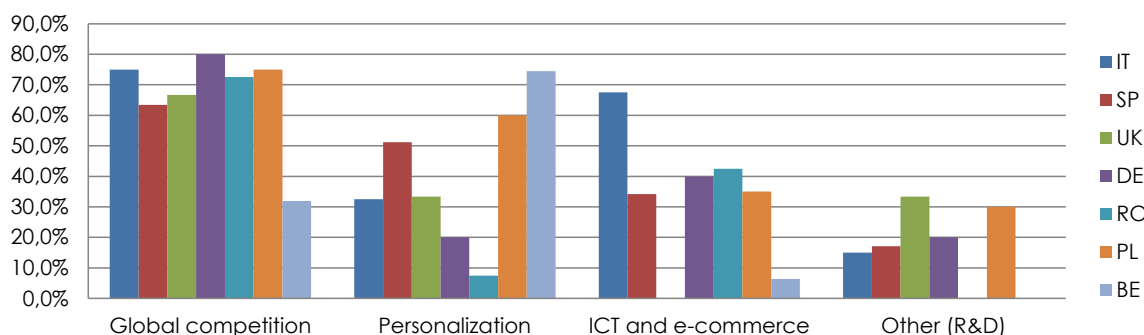
Question 02: Which is the approximate size of your company?



The graphs show that the majority of companies answering the questionnaire in the United Kingdom and in Romania are large companies with more than 250 employees. In Italy and Spain the approximate size of the companies which took part at the survey are mostly small enterprises, 10-49 employees, followed by a relevant percentage of large companies and some medium and micro companies. An interesting situation is depicted in Germany, where only large companies (over 50%) and small companies answered the questionnaire, and in Poland, where micro, small and medium companies are represented in an equal way, but no answer from large companies was registered.

Question 03: what are the main trends affecting the wood and furniture industry seen from your company perspective

what are the main trends affecting the wood and furniture industry

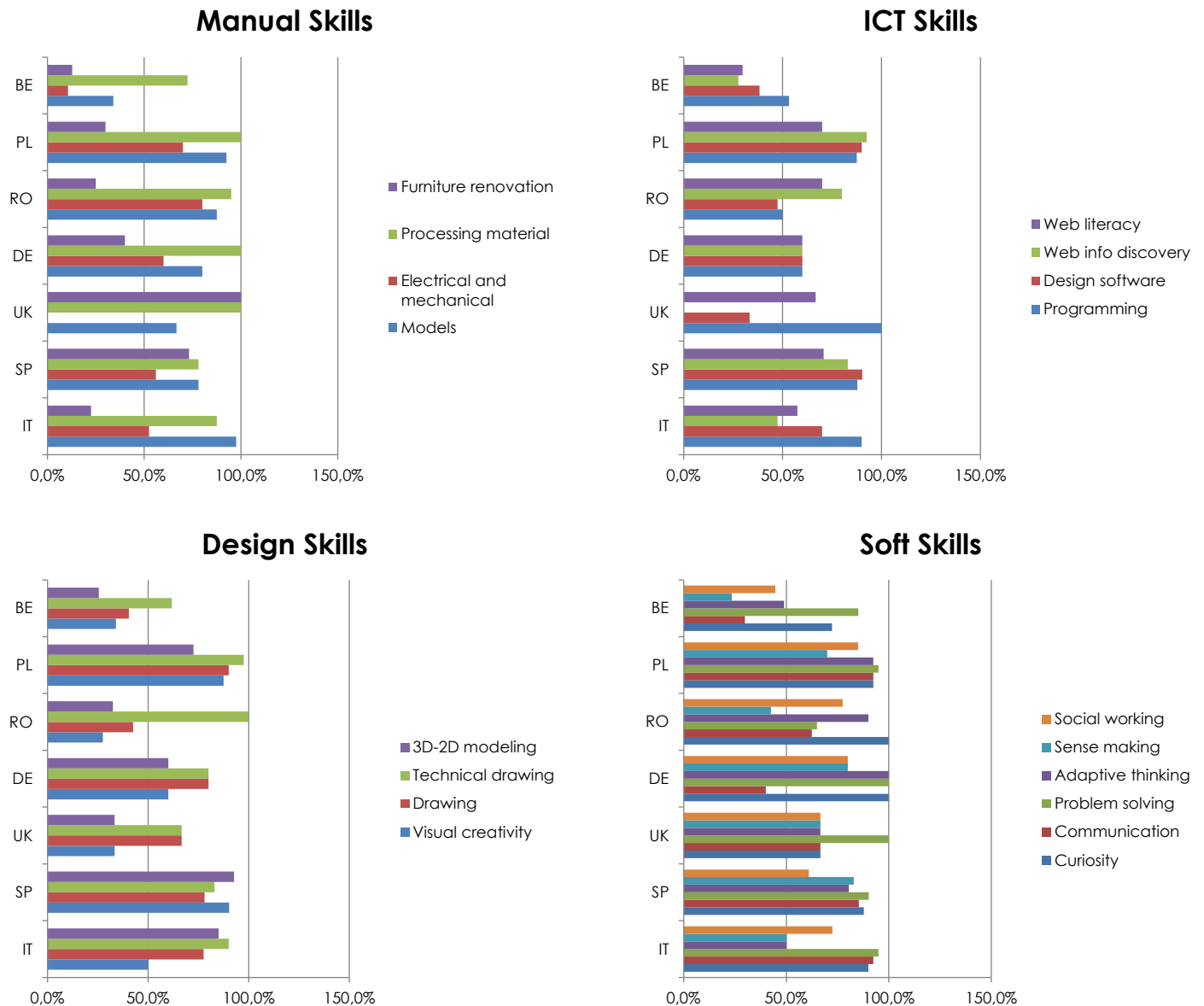


The figures reveal that all countries surveyed, even if Belgium with a lower percentage, agree that the main trend affecting the wood and furniture industry is the global competition. Moreover, what stands out is that Italy and Belgium give great importance to ICT and E-commerce, by contrast Poland and UK find this aspect completely irrelevant for the industry. The graph shows also that the ability to personalize the products is recognized by almost every country to be quite crucial in the future. However, countries like Poland and Belgium underline that other trends such as R&D shouldn't be underestimated.

Question 03: Do you see as very important these skills?

Skills	IT	SP	UK	DE	RO	PL	BE
Processing material [Manual]	●	●	●	●	●	●	●
Problem solving [Soft]	●	●	●	●	◐	●	●
Curiosity [Soft]	●	●	●	●	●	●	●
Technical drawing [Design]	●	●	●	●	●	●	●
Models [Design]	●	●	●	●	●	●	◐
Adaptive thinking [Soft]	◐	●	●	●	●	●	◐
Programming [ICT]	●	●	●	◐	◐	●	◐
Social working [Soft]	◐	○	●	●	●	●	◐
Drawing [Design]	●	●	●	●	◐	●	◐
Communication [Soft]	●	●	●	○	◐	●	◐
Design software [ICT]	●	●	◐	◐	◐	●	◐
Web literacy [ICT]	◐	◐	●	◐	●	◐	◐
Sense making [Soft]	◐	●	●	●	◐	◐	○
3D-2D modeling [ICT]	●	●	◐	◐	○	●	◐
Web info discovery [Design]	◐	●	○	◐	●	●	◐
Visual creativity [Design]	◐	●	◐	◐	○	●	◐
Electrical and mechanical [Manual]	◐	○	○	◐	●	◐	○
Furniture renovation [Manual]	○	◐	●	○	○	○	○

Details by countries:

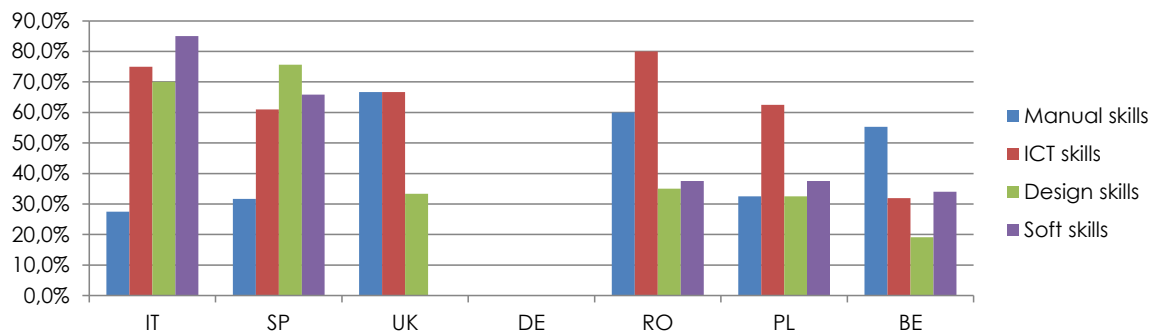


As showed in the table, all countries see problem solving, processing material and curiosity as very important skills in the wood and furniture sector. By contrast furniture renovation is considered an insignificant skill. The only exception to this is UK, and in part Spain, where the trend is in reverse. In general, technical drawing, adaptive thinking, models, programming, social working, drawing and communication are also seen in a positive way. Contrasting opinions between countries can be registered for competences like design software, web literacy, sense making and web info discovery. A very clear separation it is observed for 3D, 2D modeling, visual

creativity and electrical and mechanical skills since these skills are either of great importance or almost irrelevant for that country. Taking into account the different categories of skills, the graphs show that soft skills are seen as very important by all countries, followed by ICT, manual and in the last place design skills.

Question 4: Where do you think additional training is needed in your business (on-going need or newly needed) over the next 24 months?

where additional training is needed in your business



It can be seen from the chart that companies in all countries surveyed, except for Germany, believe that additional training in ICT skills as well as in design skills is needed. According to the figures, in general manual skills should be improved too. While the so-called soft skills seem to be a critical point for Italian, Belgian, Spanish and Romanian businesses. It is noteworthy to underline that in Germany the surveyed companies state that there is no need for additional training in any skills category in their business.

SECTION 2 “ATTITUDE TOWARDS DUAL LEARNING AND MOBILITY”

Section 2 focuses on the company’s perspective on dual learning programs, and especially on their possible benefits (e.g. quality of training results, employability) and current limits (as for example the lack of perceived interest by the students, contractual conditions, the possible impact of dual learning modules on businesses’ human and time resources). Specific questions are devoted to the issue of the mobility of apprentices and the related benefits and limits, as seen by the company’s point of view. Businesses are thus encouraged to share their views on mobility programs current rules, appeal on students, and impact on young people’s employability. The section finally asks businesses to assess the concrete outcomes of the training programs already undergone in terms of productivity, innovation, etc. The questionnaire also intends to gather information on the reasons behind the decision of not involving the organization in dual learning programs.

Results

Question 5: What are the benefits you see in apprenticeship and dual learning?

Question 6: What are the limitations of apprenticeship and dual learning?

benefits in apprenticeship and dual learning	IT	SP	UK	DE	RO	PL	BE
Better link education- company	●	●	○	●	●	●	●
Increases employability	●	◐	●	◐	◐	◐	◐
Better quality of education	●	●	◐	◐	○	○	○
Economic convenience	○	○	○	○	○	●	○
limitations of apprenticeship and dual learning							
Current rules are not adequate	●	●	◐	●	●	●	◐
Small companies cannot loose productive time	◐	○	◐	●	○	●	●
Apprenticeship does not appeal	○	◐	●	●	◐	○	◐
There are better contractual forms	○	○	○	○	◐	○	○
Other	○	◐	○	◐	○	○	○

According to the companies, the main advantages related to apprenticeship and dual learning are a better link education-company and an increase in the employability. Another benefit is the improvement in the quality of education, while only Belgian and Polish companies underline the economic convenience of these programmes. On the other hand, the main obstacles are the lack of clear rules and the time-shortage and difficulty for small companies to manage and train unqualified people. In addition, in some countries it is believed that apprenticeship isn’t even an appealing alternative.

1- current rules are not clear

2- no time and difficulty to manage and train unqualified people

Question 7: What are the benefits you see in apprenticeship and mobility?

Question 8: What are the limitations of apprenticeship and mobility?

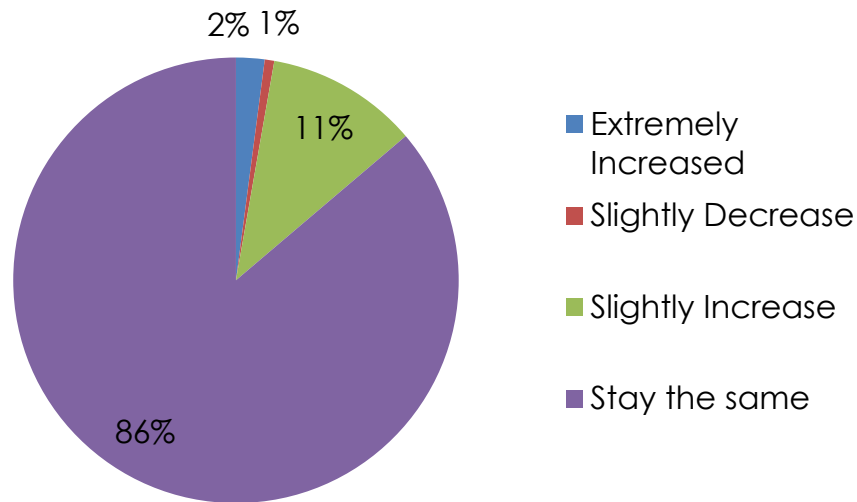
benefits in international mobility for apprenticeship	IT	SP	UK	DE	RO	PL	BE
Being able to face new situations	●	◐	○	●	●	◐	●
Becoming familiar with production partners	○	○	○	●	◐	◐	◐
Increases employability	◐	○	○	◐	○	○	●
Better quality of education	◐	○	●	○	○	●	○
Learning foreign languages	○	●	○	○	◐	●	○
limitations of apprenticeship and mobility							
Current rules are not adequate	●	◐	◐	◐	●	●	◐
Small companies cannot loose productive time	◐	●	◐	●	○	●	●
Apprenticeship does not appeal	◐	○	●	◐	◐	○	◐
There are better contractual forms	○	○	○	○	◐	◐	○
Other	○	○	○	◐	○	○	○

Among the benefits of international mobility for apprenticeship becoming familiar with production partner is in first place, followed by being able to face new situations. As stated in the previous question, the big limitations to apprenticeship mobility have also to be linked to the unclear current rules and the impossibility of losing productive time for small companies. In countries like Spain, Germany, UK and Italy the lack of appeal of apprenticeship is considered as another obstacle.

1- current rules are not clear

2- no time and difficulty to manage and train unqualified people

Question 9: To what extent the dual learning programme has changed the business performance of your company, if any? (e.g. for sales, revenue, productivity, profit)



As the pie chart shows, the great majority of the companies state that the dual learning programme hasn't changed the business performance. Indeed, only 11% of the enterprises have registered a slightly increase in their activity. Anyway, the positive fact is that almost any company has experienced a decrease in its performance since the introduction of the dual learning programme.