

Good afternoon.

I am Hisayuki Hashimoto of the Secretariat of the Federation of Japan Furniture Manufacturers' Association.

This Federation is the sole organization of the wooden furniture makers in Japan, which was organized as a corporate juridical person in 1966.

At present, it has 25 member organizations and about 1,000 member companies across the country. The main products are furniture for the home, school and public facilities as well as custom-ordered and OEM furniture and so forth.

Now, according to the industrial statistics of the Ministry of Economy, Trade and Industry, in the wooden furniture manufacturing industry, most of the companies are medium, small and minute in corporate scale, business establishments employing 29 workers or less accounting for 96% of all.

The value of the wooden furniture manufactured and shipped in 2005 is about 990 billion yen, the amount having fallen to less than half in comparison to that at the peak (1991).

With the burst of the economic bubble, lower price has been severely requested for furniture which is a consumer durable commodity, and the demand for domestically manufactured furniture has been continuously reduced due to the buying restraint and increase in the import of low-priced furniture from Asian countries including China. In addition, it has become difficult for us to absorb by corporate efforts alone the increase in cost due to the rise in the price of furniture-related materials and so forth, spurred by the recent soaring oil price. As a result, companies have continuously gone into bankruptcy or out of business up to this date.

Under such severe circumstances, the path to follow in the future is to promote product development to specialize in high-quality furniture, made specially with excellent domestic technique and refined design, and it is urgently required to develop effective domestic and overseas strategies however small.

In this connection, wood resources are precious for our industry. As we recognize that the mass consumption of wood resources to surpass the growth of forests is the principal cause for bringing about the aggravation of the global environment, we will produce only the necessary quantity of furniture of fine quality and promote the activities for extending the useful life of furniture by repairing and recycling as required.

With respect to the wooden furniture involved in the government procurement under the Law on Promoting Green Purchasing put into effect last year and the use of verified

legal wood, our Federation has been conducting the certification of the organization since August last year. At present 24 companies across the country, having been certified, are tackling the problem.

Since these companies that have just started their efforts, are mainly delivering furniture related to public facilities, they have not yet supplied to the general furniture market.

In order to promote the use of verified legal wood, the efforts of countries and measures for cooperation among the government, domestic wood-related business operators and material consumers are necessary. Though it may take time, as modest but steady activities are required in addition to such efforts, we will continue to exert such efforts.

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