CBI MARKET SURVEY

The natural stone and stone products market in Germany

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Report summary
This CBI market survey discusses the following highlights for the natural stone and stone products market in Germany:

- In 2008, German consumption of finished stone products was € 613 million and production was € 273 million. Germany is ranked 5th in the EU based on consumption and on production. Between 2004 and 2008 total consumption decreased at an annual average rate of 5.0% per year. Over the same period German production decreased at an average rate of 8.8% per year.
- In 2008, Germany imported about € 526 million of natural stone products making it the largest importer in the EU. German imports increased between 2004 and 2006, but in 2008 dropped back to the same level of 2004.
- Developing countries (DC) are becoming increasingly important as suppliers of low priced products. Between 2004 and 2008 the market share of DC increased from 33% to 49% In 2008, China, India and Turkey were the most important DC supplying to Germany with a market share of 29%, 11% and 3.4% respectively.
- Growth of the German natural stone market in coming years is expected to decline. The main reason is the economic crisis affecting the construction sector and the consumer market. Germany however remains to be the most important importer providing excellent opportunities for DC suppliers of high quality natural stone and stone products.

This survey provides exporters of natural stone and stone products with sector-specific market information related to gaining access to Germany. 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 natural stone and stone products market in the EU’, which covers the EU market 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.eu/marketinfo

Note: In Chapter 1 Market description: consumption and production, the following product groups are addressed:

- blocks & slabs
- landscape design
- monumental and funeral

Monumental & funeral is an aggregate of flooring & cladding and funeral & other arts sub products groups which are disaggregated and dealt with separately in the Import/Export section. For more information about the product groupings, please refer to Appendix A in the CBI survey ‘The natural stone and stone products market in the EU’.

1 Market description: consumption and production

Consumption

In 2008, the German consumption of natural stone and stone products represented € 650 million, of which € 613 million consisted of finished stone products[1]. German consumption of

[1] Finished stone products is the sum of the product groups landscape design and monumental & funeral. Due to incomplete data of other countries comparison in this section is only possible for finished stone products.

finished stone products has decreased at an average rate of 5.0% per year. Germany is ranked 5th accounting for 10% of total EU consumption of finished stone, above Belgium (3.4%) and Ireland (3.0%) and below France (12%) and the UK (10%).

Table 1.1 German consumption of natural stone and stone products per product group 2004 – 2008, € million / 1'000 tonnes

	2004		2006		2008		CAGR*
Product group:	**Value**	**Volume**	**Value**	**Volume**	**Value**	**Volume**	
Blocks & slabs	n.a.	n.a.	78	101	37	65	n.a.
Landscape design	71	797	79	901	73	741	0.5%
Monumental & funeral	680	6'253	722	5'351	540	4'755	-5.6%

*CAGR: Compounded annual growth rate
Source: Eurostat (2009)

Economic growth in Germany has been low between 2004 and 2008 peaking in 2006 with 3.2%. In 2008, growth was still only 1.3%. In addition the growth in the construction sector, the largest consumer of natural stone in Germany, has been unstable and even declining in several years in the last decade. This has lead to a strong decrease of most product groups. Since 2006, a drop in demand has been reported for all product groups.

In Germany, as in most other West European countries, the demand for intermediate products (blocks & slabs) is dropping. This development can be explained by the fact that processing of raw material into finished stone products is increasingly taking place in low-wage countries. Germany is consuming more finished stone products at the expense of intermediate products. With the growing amount of foreign suppliers on the German market this is expected to continue.

The short-term future for the natural stone market does not look good. Due to the economic slowdown and worldwide economic crisis the turnover growth in the construction sector. The economy is excepted to slowly recover in 2010 (+1.2%) and 2011 (1.7%)[2]. Despite a recovering construction industry the downturn in demand is likely to continue to drop in 2010. The main reason is that natural stone mostly is not installed until the final stages of a construction or renovation project. As a result the recovery of the natural stone sector will not be complete until some time after the construction sector has recovered.

Market segmentation

The German natural stone and stone products market can be divided into the following user segments:

- Building industry; by far the biggest consumer of natural stone in Germany. It consists of some 35,000 construction companies.
- Natural stone processing industry; it still plays an important role in the domestic market because of Germany's increased appreciation for craftsmanship. The technological know-how and focus on quality of the German industry are world-renowned.
- Funeral industry; it is a large retail sector that sells funerary art to the consumer, such as tombstones, gravestones and urns. Natural stone for funeral art is very common in Germany especially tombstones. The increased popularity of cremation in Germany has led, however, to an increased demand for urns.
- Consumer market; other retailers including Do-It-Yourself (DIY) outlets, garden centres and tiles specialists are gaining importance in selling directly to the consumer.

The segmentation is generally similar to the trade channels discussed in this survey. Therefore for more information regarding these segments in Germany please refer to chapter 2. For more information on market segmentation in the EU please refer to chapter 1 of the CBI survey 'The natural stone and stone products market in the EU'.

[2] Source: Eurostat

Consumption trends and developments

- ***Appreciation of high quality:*** There is wide-spread appreciation of natural stone by the German consumer who is willing to invest in quality and craftsmanship. Whether used in flooring or cladding or for funerary art, natural stone is bought for the long-term.
- ***Colour, size and finish:*** because of the durability consumers tend to stay on the safe side when it comes to colours. Brown tones in addition to cream and beige remain the most popular colours. In recent years black has also came into fashion, however, this colour is usually used in certain parts of the house like bathrooms and kitchens.
- ***Larger sized tiles:*** the current trend of bigger sized tiles for interior and exterior flooring and cladding is also noticeable in Germany with the exception of the exceptionally large tiles of 1m x 1m which are more fashionable in other parts of Europe. Another trend is the combination of different kind of materials: for example natural stone with glass, metal or wood.
- ***The use of tiles:*** most of the natural stones in Germany are still used on the ground: 80% indoors and 20% outdoors. About 15% of tiles end up on exterior facades, especially as solid or profiled work pieces. There is a growing demand for natural stone used in horticulture and landscape forming. Schools are equipped with yards having imaginative corners, fountains and step arrangements made of cut ashlars. In private gardens natural stone also enjoys increasing popularity, either in the form of paths made of high quality slabs, in the form of walls and slopes for landscape structuring or in the form works of art.
- ***Alternatives:*** alternatives materials have been growing in popularity; such as composite materials like quartz for tiles and kitchen. The advantages of composite include a wider colour range, its durability and weight (lighter than natural stone). Although the price is often similar or even higher than natural stone quartz is becoming a serious competitor for natural stone. The quartz market is dominated by two brands Silestone and Caesarstone. Rossitis (www.rossistis.de) a large German importer, has the exclusive right to sell Caesarstone on the German market. Composite is processed by the same machines as natural stone. Moreover, it often has the same trade channels in the EU as natural stone. Processors and exporters in DC can therefore decide to focus on both markets.
- ***Renovation on the rise***: Due to a dropping housing market the renovation of houses is expected to pick up. Instead of buying new properties people are now investing in their existing house. Products often used in renovations are therefore expected to be more in demand. For example, 10mm tiles that can be laid on existing floors without having to make adjustments to the doors.
- ***Ageing population:*** almost 20% is over 65 years. By 2030, German demographers project their country will have 8.5 million people of retirement age. This target group is generally wealthy. This has positive influence on the consumption of natural stone in one form or another (interior design, art, or gardens). In the long term there will also be an increased demand for funerary art (i.e. tombstones and urns).
- ***Funerary art in development:*** cremation now makes up 50% of all funerals. Therefore, the popularity of gravestones in Germany is slowly decreasing to the benefit of urns. Note that there are large differences between rural and urban areas. It is safe to say that the general tendency is away from the traditional burial. There is an increasing demand for hand-made unique works of art. The aim is to incorporate more than just a name or photo of the deceased on the stone.
- ***Sustainability*:** German consumers are increasingly interested in authentic, natural and sustainable production and sourcing. The German organisation Fair Stone has created an international standard for the natural stone industry that includes environmental, social and health & safety issues. For an overview of German companies that purchase natural stone conforming to the Fair Stone standard please go to fair stone traders section of the website of Fair Stone (http://fairstone.win--win.com/traders.htm). DC exporters that take a pro-active approach to the issue sustainability might find market openings easier.

Sustainable supply chain
A sustainable natural stone supply chain demands large investments by multiple parties and is a long process. DC exporters can take a pro-active approach to the matter and map out the sustainability issues related to their own organisation and of possible suppliers. In this way it is possible to work towards a better situation and be able to respond to possible questions coming from importers and consumers in the EU.

Production

In 2008, the German production of natural stone was almost 4.1 million tonnes or € 286 million, of which € 273 million consisted of finished stone products. German production of finished stone products has decreased at an average rate of 8.8% per year. Germany is ranked 5th accounting for 3.8% of total EU production of finished stone, above Portugal (3.8%) and Greece (2.6%) and below France (7.1%) and the UK (5.0%). Italy (44%) and Spain (24%) are the biggest producing countries.

Table 1.2 German production per product group between 2004 – 2008, € million / 1'000 tonnes

	2004		2006		2008		CAGR*
Product group:	**Value**	**Volume**	**Value**	**Volume**	**Value**	**Volume**	
Blocks & slabs	n.a.	n.a.	42	219	13	225	n.a.
Landscape design	10	102	5.9	75	9.3	72	-2.8%
Monumental & funeral	385	5'571	401	4'584	264	4'027	-9.0%

*CAGR: Compounded annual growth rate
Source: Eurostat (2009)

In recent years, German processing companies have had fierce competition from suppliers of finished natural stone products from DC. Low prices (low wages), improved quality (improved technology) and the rising number of suppliers have made it difficult for natural stone processing companies in Germany to maintain their market positions.

This is shown by the declining production figures: landscape design (-2.8% per year) and monumental & funeral (-9.0%). Consumption has also not been favourable for natural stone companies in Germany. In 2008 however there were some signs of improvement for the production of landscape design. Nevertheless, it is expected that due to increased globalisation of the natural stone market and improved international communication, the German natural stone processing sector will face hard times in the next few years.

Nevertheless, the natural stone industry still plays an important role in Germany. Extraction takes place on a large scale mainly in the Bavaria region. Specifically, the Jura region in Bavaria is the home of a large number (35) of extraction and processing companies with a workforce of 1,600 people. There are a large number of types of natural stone extracted in Germany. The most extracted stones are marble, granite and Solenhofen limestone.

Alternatives
If you offer natural stone that is similar to local stone you might be able to compete with local suppliers on price. Therefore it good to be well informed before approaching buyers. For more information about the natural stone types extracted in Germany visit the website of the German Natural Stone Association (http://www.natursteinverband.de/contents/natursteine.php).

Production trends and development

- ***Computer numerical control (CNC)***: German processing companies are increasingly working with slates of natural stone that have been calibrated in such a way that they are ready to be processed by CNC machines. CNC machines can do labour-intensive work more accurate and faster and thereby open up new markets. DC exporters should therefore look

into the possibilities of supplying calibrated slates and/or in invest CNC machines to compete with their EU counterparts.
- ***Forming of alliances*****:** there is a growing tendency in the German stone sector to form alliances in order to compete with the increasing number of international suppliers on the market. The JMS Group for example is a group-company owned by several producers and has its own quarries with a full production line. In addition to national alliances there are also initiatives to form alliances with producers from other German speaking countries (Austria and Switzerland). This will make it harder for DC exporters to compete with German companies. On the other hand it also provides opportunities for supplying stone as these large parties might have enough resources to import semi-finished products directly from DC.

Find listed below some German natural stone processing companies:
- Jura Marble Suppliers (JMS) Group - http://www.juramarble.com - a group-company owned by several stone producers with own quarries and a full production line
- Grasyma Steinbruch – http://www.b-i-werbung.de/kunden/grasyma/bruchbereich.html - extractor of blue granite in the North of Bavaria, which can be used for all kinds of applications
- Solnhofen Stone Group - http://www.solnhofenstone.com - extractor and processor and Germany's one leading stone producer of natural stone, Jura limestone and greenstone
- Ernst Naturstein – http://www.boehm-natursteine.de - producer of exclusive stone products for interior design purposes
- Thiele Granit - http://www.thiele-granit.de – company that extracts its own natural stone as well as source products from abroad

Opportunities and threats

+ The size of its market makes Germany an attractive target country in the EU.
+ Germany has a long tradition with natural stone and therefore quality standards in Germany are high. Suppliers of high quality and, especially, exclusive stone will therefore be able to find market openings easier.
+ In recent years the demand for finished stone products is increasing at the expense of intermediate stone products. This trend is expected to extend into the future.
+ DC exporters that calibrate slabs in such a way that they can be processed by CNC machines have better chances of supplying the German processing industry.
+ The growth of consumer awareness has lead to an increased interest in products from sustainable sources. DC manufacturers who take a pro-active approach to environmental and social production norms will have a competitor-advantage.

± The economic crisis will have a great impact on the natural stone market mainly due to the drop in construction activity and consumer spending. However, suppliers of products often used in renovations of existing residential and non-residential structures might find market openings easier.

- The German market is hard to penetrate. DC suppliers are up against strong and professional German producers that are increasingly working together to fend off competition.

Note that the above-mentioned developments and trends can be an opportunity for one exporter and a threat for another. Therefore, exporters should analyse the developments and trends discussed in the previous chapters to make their own analyses. For an example of such an analysis, please refer to Chapter 7 of the CBI market survey 'The natural stone and stone products market in the EU'.

Useful sources

- Nature Stone Association - http://www.natursteinverband.de ➔ go to 'Aktuelles' for trends and developments regarding natural stone
- Graniteland - http://www.graniteland.de ➔ go to 'Fachinfos' to look for trends in the natural stone sector (in German)

- Federal Guild Federation of Stone Cutter, Stone and Wood Sculptor Handicrafts - http://www.biv-steinmetz.de ➔ go to 'News' to find information about the production of natural stone (in German)
- Stein - http://www.s-stein.com – magazine published monthly that includes articles and background stories on the German market

2 Trade channels for market entry

Trade channels

Wholesaler and importers buy their natural stone directly from supplying countries. The German market is dominated by a few major players with a long history in the German market. These players are mainly focussed on the Western part of the country and Berlin and its surroundings. The origin of stone is not very important for most players, however exclusivity and quality can be crucial for them. Smaller suppliers mainly cater the rest of Eastern Germany. In recent years, more importers have become active on the German market because it is becoming easier to import stone from foreign countries. These newcomers do not always survive due to the tough competition and limited resources. Below some large importers active on the German market are listed:

- Rossittis - http://www.rossittis.de – large importer of natural stone and stone products from all over the world
- HABU importer - http://www.habu.de – large importer of natural stone active throughout the country
- Milas Naturstein - http://milas-naturstein.de – importer and retailer of natural stone (especially marble and granite) products from India, China, Africa, Italy and Spain
- OCT Naturstein - http://www.octnaturstein.com - natural importer from China
- Naturstein Donderer - http://www.natursteinedonderer.de – wholesaler that specifically focuses on the funeral sector

Travelling importers

There are natural stone importers in Germany that have staff that travel the world in search of good priced quality natural stone and new materials. These importers are usually larger companies with a large network and resources. A lot of the business therefore takes place in DC and **not** in Germany. Therefore setting up warehouses and investing heavily in establishing yourself in Germany is not always the best way of working. It might be easier to find out what importers are active in your country and invite them to your facility. They might be able to drop by on their next visit to your country.

The natural stone processing industry in Germany buys from wholesalers/importers, quarries their own stones or, depending on the size of the company, buys directly from supplying countries. The natural processing industry in Germany is still very important largely due to the appreciation of craftsmanship by German consumers. The processing industry processes raw material and/or semi-finished products and supplies the retail market. Germany's natural stone sector has a world-renowned building know-how and a considerable number of natural stones from its own local deposit that meets the key requirements of the building industry. This is especially important for renovation/restoration projects. For other projects other types of stone are often used. DC exporters should however be aware of the high appreciation of quality the German consumers have. Because the processing industry is still important in Germany, it is often an important link between importer and retailer. In recent years however Germany is importing more semi-finished products instead of processing raw material locally. Some specialized processing companies are given below:

- Meures Natural Stone - http://www.meures.de – small processor with products that are mainly used outside (garden, streets and art)
- Westerwald-Trachyt - http://www.trachyt.de – processor that provides various products including flooring & cladding, landscape design, natural stone art and slates
- Steinmetz Krieger - http://www.steinmetz-krieger.de – specialised processor that supplies the high-end of the market with funeral products and special designs

Processing partners
German processors should not only be looked upon as competition. Large processors will often import directly without the use of an importer. They will seek for partners abroad that are able to offer a large and continuous supply of natural stone. These demands will be harder to meet for smaller suppliers in DC.

Retailers like DIY stores and tiles specialists buy mainly from wholesalers/importers, although the larger DIY stores are also known for buying from exporters directly. Retailers mainly focus on the consumer market but installers and contractors also get their material from retailers.

In recent years DIY outlets have become a more popular trade channel for natural stone products, especially tiles. The German DIY segment has also been affected by the economic crisis. However due to the growing importance of price and the increasing numbers of renovations the DIY segments in gaining market share. Find below some retailers active in the German market:

- Hagebau - http://www.hagebau.de – DIY chain with stores throughout Germany
- OBI - http://www.obi.de – DIY chain with stores throughout Germany
- Hornbach - http://www.hornbach.de – DIY chain with stores throughout Germany
- Domotex- http://www.domotex.de – large retailer natural stone and ceramic tiles
- Meylahn Nature Stone - http://www.meylahn-naturstein.de - retailer of natural stone
- Jona Stone - http://www.natursteine-shop.de - online-shop of natural stone
- Weiland - http://www.wieland-naturstein.de – retailer of a large variety of natural stone products

Independent buyers in Germany are major companies (e.g. construction companies) or governmental organisations often buying directly from supplying countries for large building projects. In Germany, decision makers are usually architects and engineers and deal either directly with the quarries or with agents working for the quarries. Find below some examples of large independent buyers:

- Federal German Building Agency - http://www.bbr.bund.de/EN/Home/homepage__node.html?__nnn=true
- Hochtief - http://www.hochtief.com
- Mabua - http://www.mabau.de - specialises in the use of high quality materials, in particular top quality natural stone, for modern urban landscaping

Price structure
Throughout the various trade channels, different prices and margins apply. In Germany the margins for the various trade channels are:

Table 2.1 Margins in Germany throughout trade channels

Wholesaler/importer	20%-30%
Stone processor	20%-30%
DIY outlet	5%-10%
Tile specialist	20%-25%

Source: Rossittis

The economic crisis has forced some importers to lower their margins because they are not able to sell their supply of stone. Especially small importers that do not have a lot of resources can be forced to sell cheap in order to survive. Most large importers however are not reducing their margins because they have the financial reserves to wait for better times. Moreover, the large surplus of unsold stone on the world market means importers can also buy their products cheaper.

For more information about price structure please refer to chapter 3 of the CBI survey ‘The natural stone and stone products market in the EU’.

Selecting a suitable trading partner
Selecting a suitable trading partner can be started by contacting a Chamber of Commerce (http://www.dihk.de) or a related business support organization. If you want to be represented on the German market you can appoint a distributor. A distributorship arrangement might prove hard to arrange but the German associate will purchase the product which is to be sold, thus sharing the marketing risk. Please note however that under German law it can be difficult and costly to terminate the arrangement.

Larger importers might be interested in investing in a long-term relationship but will demand exclusive rights to sell the stone. The focus will be on more efficient extraction methods and quality improvement by investing in technology and know-how.

There are various ways to come into contact with importers and other possible trading partners in the German market. Attending trade fairs is one of the most important ways to get exposure. Visiting trade fairs in related markets is also a way to get into contact with German companies. You can either choose between specific trade fairs for the natural stone products or more general fairs (e.g. construction, home decoration).

In a market where competition is fierce and margins are small, it is becoming increasingly important to be a reliable partner. Delivery time is an important issue for German buyers. Delivering according to agreements and effective communication are crucial for your trading partner. Moreover, investing in relationships by regularly visits and a professional attitude are necessary for developing a long-term business relationship.

DC exporters, especially newcomers, are often constrained by long delivery times (often 12 weeks) which might cause problems (i.e. liquidity) for their German buyers, especially in these times of economic turmoil. In order to avoid problems later, it might be useful to know as much about the company as possible before sending off products. The local Chamber of Commerce is able to provide general information about the company as well as annual reports. There are also commercial companies specialised in company information on their credit and debtor management.

Listed below are websites where you can find possible trading partners:
- Graniteland - http://www.graniteland.de ➔ go to 'Naturstein-Betreibe' and select a category
- Federal Guild Federation of Stone Cutter, Stone and Wood Sculptor Handicrafts - http://www.biv-steinmetz.de ➔ go to 'Firmenverzeichnis' to find a search engine for German companies active in the natural stone sector
- Stonetrade - http://www.natursteinnet.de/stonetrade/index.htm - have to be a paying member in order to search for trading partners
- Natural stone business directory - http://natursteinonline.de/stonemarket
- German Exchange for Stone - http://www.xstone.de
- Abraxas - http://www.abraxas-verlag.de – natural stone database
- Naturstein online - http://www.natursteinonline.de ➔ go to 'Stone market' and fill in your search criteria
- German Natural Stone and Stonecutters Association - http://www.zdnw.de – ➔ go to 'Fachbetreibe' to find possible trading partners
- Stone contact - http://www.stonecontact.com ➔ go to 'Companies' ➔ write down 'Stone' and press 'Search' ➔ go to the box that says 'All countries' and click on it to select Germany for an overview of a several natural stone companies
- Europages - http://www.europages.com – international directory that includes natural stone companies in Germany ➔ fill in 'natural stone' and select Germany

3 Trade: imports and exports

Imports

Total imports

Germany imported € 526 million worth of natural stone and stone products in 2008, around 2.1 million tonnes. Although German imports grew between 2004-2006, in 2008 dropped to the same level as in 2004. In comparison, EU imports increased at a faster pace (+4.7% per year). Germany, together with Italy, is the largest importer in the EU accounting for 14% of total EU imports. Other important importers are the UK (13%) and France (13%).

Table 3.1 German imports of natural stone and stone products between 2004 - 2008, € million / 1'000 tonnes

2004		2006		2008		CAGR*
Value	**Volume**	**Value**	**Volume**	**Value**	**Volume**	
526	2'064	573	2'201	526	2'107	0%

*CAGR: Compounded annual growth rate
Source: Eurostat (2009)

Although consumption (-5.0%) and production (-8.8%) of finished stone products dropped between 2004-2008, imports grew albeit only minimal (0.1%). This supports the assumption that Germany is becoming more reliant on imported natural stone at the expense of German processors.

48% of the total value of German imports comes from intra-EU countries. This comes down to € 255 million with a volume of 895 thousand tonnes. The most important intra-EU suppliers in value are: Italy (21%), Spain (11%) and The Netherlands (4.4%). The market share of intra-EU countries has gone down by 14% between 2004-2008. The market shares Italy (-8.8%), Spain (-2.1%) and The Netherlands (-1.1%) have all gone down.

Imports by product group

Please find below a table with imports of natural stone and stone products divided into different product groups:

Table 3.2 Imports by leading suppliers to Germany, 2004 - 2008, share in % of value

	2004 € mln	2006 € mln	2008 € mln	Leading suppliers in 2008 Share in %	Share (%)
Total natural stone and stone products	330	335	255	Intra EU: Italy (21%); Spain (11%); The Netherlands (4.4%); Portugal (3.7); Austria (1.8%)	48%
	23	17	14	Extra EU ex. DC*: Norway (1.3%); Switzerland (1.1%); Israel (0.2%); Taiwan (0.1%); USA (0.1%)	2.7%
	173	221	256	DC*: China (29%); India (11%); Turkey (3.4%); Brazil (2.2%); Vietnam (0.8%); Indonesia (0.5%); South Africa (0.3%); Egypt (0.3%); Pakistan (0.2%); Croatia (0.2%)	49%
Funeral & other art	153	165	112	Intra EU: Italy (30%); The Netherlands (2.5%); Spain (1.7%); Finland (1.2%); Portugal (1.0%)	40%
	5.4	5.4	4.7	Extra EU ex. DC*: Switzerland (1.1%); Taiwan (0.2%); Israel (0.1%); Hong Kong (0.1%); USA (0.05%)	1.6%

	2004 € mln	2006 € mln	2008 € mln	Leading suppliers in 2008 Share in %	Share (%)
	103	129	166	DC*: China (36%); India (17%); Turkey (1.9%); Brazil (1.1%); Vietnam (0.9%); Indonesia (0.7%); Pakistan (0.4%); South Africa (0.2%); Egypt (0.2%); Kenya (0.2%)	59%
Flooring & cladding	97	95	79	Intra EU: Spain (53%); Italy (15%); Austria (2.7%); The Netherlands (1.7%); France (1.2%)	79%
	4	3.1	1.9	Extra EU ex. DC*: Switzerland (1.0%); Norway (0.5%); Israel (0.4%); USA (0.04%); Taiwan (0.03%)	1.9%
	19	21	19	DC*: China (8.6%); Brazil (4.7%); Turkey (3.5%); India (1.4%); Egypt (0.5%); Indonesia (0.3%); Vietnam (0.1%); Croatia (0.1%); Philippines (0.04%); Iran (0.02%)	19%
Landscape design	39	44	38	Intra EU: Portugal (12%); The Netherlands (10%); Italy (5.2%); Belgium (2.7%); Czech Republic (2.6%)	40%
	0.1	0.2	0.2	Extra EU ex. DC*: Switzerland (0.1); Hong Kong (0.04%); Israel (0.04%); Norway (0.02%); Singapore (0.01%)	0.2%
	38	54	58	DC*: China (44%); Turkey (7.9%); India (6.1%); Vietnam (1.4%); Brazil (0.8%); Brazil (0.8%); Croatia (0.2%); Egypt (0.1%); South Africa (0.03%0; Ukraine (0.02%); Indonesia (0.01%)	60%
Blocks & slabs	41	32	26	Intra EU: Italy (18%); The Netherlands (9.5%); Portugal (7.7%); France (5.1%); Austria (4.9%)	57%
	13	8.2	7.6	Extra EU ex. DC*: Norway (13%); Switzerland (2.8%); USA (0.4%); Russia (0.1%); Canada (0.1%)	16%
	14	16	13	DC*: Brazil (6.2%); India (5.6%); China (4.3%); Turkey (3.6%); South Africa (2.0%); Croatia (1.5%); Angola (0.9%); Egypt (0.7%); Argentina (0.5%); Zimbabwe (0.3%0	27%

Source: Eurostat (2009)
*Developing Countries

The most imported intermediate stone products in 2007 were siliceous blocks & slabs (5.8%) and calcareous blocks & slabs (2.2%). Imports of finished stone products mostly consisted of siliceous funeral art (42%), setts, curbstones and flagstones (18%) slate monumental or building stones (11%).

The total imported value did not grow between 2004 and 2008. The imports of the various finished stone products groups shows a mixed image: landscape design (+6.0% per year), funeral and other art (+2.0%) and flooring & cladding (-4.5%). The import of blocks & slabs decreased (-9.1% per year) and now accounts for only 8.9% of total German imports. The reason behind this is that DC are supplying the EU market with finished stone products at the expense of German producers and processors.

Import from DC

In 2008, more than € 256 million (49%) originated in DC with a volume exceeding 1.1 million tonnes (52%). The overall market share of DC has grown from 33% to 49% over the period from 2004 to 2008. The market share of DC in Germany is however lower than the DC share in the EU (53%). China (29%), India (11%) and Turkey (3.4%) are the most important DC suppliers to German market. Most of the important DC supplying to Germany have increased their imports substantially between 2004 and 2008: Vietnam (+45% per year), Indonesia (+34%) and Turkey (+21%). Table 3.2 shows the growth of DC imports per product group between 2004 and 2008. Identified is the average growth per year between 2004 and 2008:

- Funeral and other art (+13% per year)
- Landscape design (+11%)
- Flooring & cladding (-0.2%)
- Blocks & slabs (-2.2%)

The dropping demand will also influence the level of imports. However, DC imports (+15% per year) have grown well above the average level (+2.0%) of growth. Therefore, imports of DC are expected to perform better than imports from other countries.

Exports

In 2008, Germany exported a total of 870 thousand tonnes of natural stone products which represented a value of € 162 million. This makes Germany the 5th largest exporter in the EU with a market share of 4.2%. Neighbouring countries The Netherlands and Belgium account for 1.9% and 5.2% respectively.

Table 3.3 German export of natural stone and stone products between 2004 - 2008, € million / 1'000 tonnes

2004		2006		2008		CAGR*
Value	Volume	Value	Volume	Value	Volume	
117	585	141	725	162	870	8.5%

*CAGR: Compounded annual growth rate
Source: Eurostat (2009)

German producers are more and more forced to look for market opportunities on the international market which leads to increased exports. German exports increased at a higher rate than consumption and production. Increased re-exporting by Germany might be one of the reasons for this development.

Future growth will be depending on the development of foreign markets. Since 62% of German exports go to other EU countries and another 31% to other developed countries expectations are that exports will go down due to the negative economic situation worldwide.

Opportunities and threats

+ Germany is the largest importer in the EU.
+ The market share of DC has increased in all product groups, most notably in the finished stone products categories. This development is expected to extend into the future.
+ The German market is becoming more reliant on DC importers.
+ The percentage of finished products imports is increasing at the expense of blocks & slabs
+ The increased popularity of the DIY trade channel favours products from DC. Moreover, the economic crisis is expected to expand the market share of the DIY channel.
- The average prices of imported natural stone has decreased in Germany. Moreover, products imported from DC dropped the most. The increased competition is putting pressure on the prices.
- Large German buyers often only deal with suppliers with a long and excellent track record.
- The negative prospects for the German natural stone market are also expected to affect the import of natural stone.

<u>Note that</u> the above-mentioned developments and trends can be an opportunity for one exporter and a threat for another. Therefore, exporters should analyse the developments and trends discussed in the previous chapters to make their own analyses. For an example of such

an analysis, please refer to Chapter 7 of the CBI market survey 'The natural stone and stone products market in the EU'.

Useful sources
- EU Expanding Exports Helpdesk - http://exporthelp.europa.eu ➔ go to: trade statistics
- Eurostat – http://ec.europa.eu/eurostat - official statistical office of the EU

➔ go to 'themes' on the left side of the home page
➔ go to 'external trade'
➔ go to 'data – full view'
➔ go to 'external trade - detailed data'

- Understanding Eurostat: Quick guide to easy Comext - http://www.eds-destatis.de/en/database/download/Handbook_Comext_Database.pdf

4 Price developments

Import figures show that the average price of natural stone and stone products dropped by 0.5% per year. In comparison, prices in the EU increased by only 6.3% per year. German prices increased in the following product groups: landscape design (+3.6% per year), flooring & cladding (+1.0%). Prices dropped however in the product groups funeral and other art (-3.5% per year) and blocks & slabs (-2.0%). Prices of imported natural stone form DC increased by 0.2% per year. In comparison stone imported from intra-EU countries and extra-EU countries increased by 2.1% and dropped by 25% per year respectively.

Despite the increase price of imports from DC, prices are under pressure because of the increased international competition. In recent years technology and know-how have slowly transferred to low-wage countries. Some manufacturers of raw material in important supplying countries like China and India are now able to produce according to the quality demands of the German market. These countries are also in the comfortable position of having the first pick of raw material giving them an important competitor advantage. As a result Germany will increasingly import cheap but quality stone.

The current economic slowdown, especially in the EU and US, is also affecting the natural stone market. It has lead to a large surplus of natural stone that now is being dumped on the EU market. This is true for low as well high quality stone. The German consumer benefits from this development.

Find listed below some websites for price information:
- Allstone Nature Stone Trade - http://www.allstone.de ➔ go to 'Sorten und preizen'
- Nature stone agent - http://www.naturstein-agentur.de ➔ select a product and press 'Go'
- German Exchange for Stone - http://www.xstone.de ➔ go to 'Market' ➔ select the product of interest to view prices
- Weiland Naturstein - http://www.wieland-naturstein.de ➔ go to 'Preistipps'
- Stone contact - http://www.stonecontact.com ➔ go to 'Pricelist' ➔ write down 'Stone' and press 'Search' ➔ go to the box that says 'All countries' and click on it to select Germany for an overview of a several Germany natural stone companies that display there prices online
- Stone source - http://www.stoneource.com go to 'stone selector' in the left side ➔ make a selection per material, price range or other criteria

5 Market access requirements

As a manufacturer in a developing country preparing to access Germany, you should be aware of the market access requirements of your trading partners and the German 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. You need to comply with EU legislation and have to be aware of the additional non-legislative requirements that your trading partners in the EU might request.

For information on legislative and non-legislative requirements, go to 'Search CBI database' at http://www.cbi.eu/marketinfo, select your market sector and Germany in the category search, click on the search button and click on market access requirements.

Additional information on packaging can be found at the website of ITC on export packaging: http://www.intracen.org/ep/packit.htm

Green Dot
The Green Dot label is increasingly essential for marketing products in the EU countries due to growth of waste and disposal problem concerns. The license fees paid to use the symbol finance the separate collection, sorting and – in the case of plastics – recycling of sales packaging. Besides Germany having been the initiator, to date, 19 countries are already using the Green Dot as financing mark for the collection, sorting and recycling of sales packaging. Exporters from third countries cannot apply for a license and they should have recourse to the importer from the European economic area, the latter being enabled to apply for it. More information on Green Dot can be found at http://www.gruener-punkt.de.

Tariffs and quota
In general, products entering the EU are subject to import duties. For beneficiary countries under the Generalised System of Preferences (GSP), however, reduced tariffs, or no tariffs, are applied. The list of beneficiary countries is regularly updated. For natural stone and stone products, a zero-tariff applies for exports from beneficiary countries of the GSP. Information on the required value added tax (VAT), please consult the following website: http://ec.europa.eu/taxation_customs/common/about/welcome/index_en.htm.

Information on tariffs and quota can be found at http://export-help.cec.eu.int

6 Doing business

General information on doing business like approaching potential business partners, building up a relationship, drawing up an offer, handling the contract (methods of payment, and terms of delivery) can be found in CBI's export manuals 'Export Planner' and 'Your image builder'. Furthermore cultural awareness is a critical skill in securing success as an exporter. Information on cultural differences in the EU can be found in chapter 3 of CBI's export manual 'Exporting to the EU'. These manuals can be downloaded from http://www.cbi.eu/marketinfo - go to search publications.

Trade promotion
Agents, importers and wholesalers promote the products of their clientele at trade shows. Producers can also participate in these trade shows, however often indirectly through a German player. The most important trade show in Germany is Stone Tec. This is a world-renowned trade fair with professionals visiting from all over the world. Another way to get your product/company noticed is advertising in magazines. Germany has several important magazines that are also read in other German speaking countries (Austria and Switzerland).

Surrounding markets
The German market is related to several surrounding markets. Therefore, displaying products at Belgian, Dutch, Polish and Austrian trade shows might also help to establish a relationship with players in the German market.

Large companies (e.g. importers and wholesalers) often organise open days where there invite their business relations. For example, the largest German importer Rossistis organises an event every year. Therefore carefully approaching strategic buyers and asking about their next business event is a good way to get in contact with potential buyers.

Trade associations

- Nature Stone network - http://www.naturstein-netz.de
- German Natural Stone and Stonecutters Association - http://www.zdnw.de
- Nature Stone Association - http://www.natursteinverband.de

Trade fairs

- Stone Tec - http://www.stone-tec.com – largest European trade fair held biennially in Nuremberg Germany: next expo 22-25 June 2011
- Domotex - http://www.domotex.de **–** large flooring trade fair held biennially in Hannover: next expo 15-18 January 2011
- Bautec - www.bautec.com – international trade fair for the construction sector held biennially in Hannover: next expo February 2011

Trade Press

- Stein - http://www.s-stein.com – important German natural stone magazine published monthly
- Naturstein Magazine - http://www.natursteinonline.com – German natural stone magazine published monthly
- German Natural Stone magazine - http://www.stoneplus.de - online natural stone magazine

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