Market Brief
2003

The Market for Candles in the European Union

Special Focus on the German Market

ITC

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CHARTS

ABBREVIATIONS

ATO	Alternative Trade Organization
CBI	Centrum tot Bevordering van de Import uit Ontwikkelingslanden (Centre for the Promotion of Imports from Developing Countries)
CEN	Comité Européen de Normalisation (European Committee for Standardization)
DIN	Deutsches Institut für Normung (German Institut for Standardization)
EU	European Union
EUR	Euro (1 Euro = 100 Cent)
EUROSTAT	Statistical Office of the European Union
GfK	Gesellschaft für Konsumforschung (Germany's leading market research company)
GmbH	Gesellschaft mit beschränkter Haftung (limited (ltd.): private limited company)
HS	Harmonized System nomenclature
ISO	International Standards Organization
ITC	International Trade Centre UNCTAD/WTO
UK	United Kingdom
UNCTAD	United Nations Conference on Trade and Development
UNESCO	United Nations Educational, Scientific and Cultural Organization
US	United States of America
USD	US Dollar
RAL	Deutsches Institut für Gütesicherung und Kennzeichnung e.V. (German Institut for Quality Assurance and Marking)
WTO	World Trade Organization

EXECUTIVE SUMMARY

World trade in candles is considerable, amounting to USD 1.3 billion in imports. In the five-year-period between 1997 and 2001 it was, on average, growing about 12% per year.

This market brief focuses on the leading market for candles – the European Union – with special emphasis on Germany, which is both the world's second producer as well as the main EU importer.

Developing countries played a pivotal role in supplying the EU between 1997 and 2001. Supply was largely dominated by China, which is the leading supplier to the EU and second in supplying the German market. Other developing countries, such as Indonesia, Mexico, Thailand and India, follow at a considerable distance. Indonesia was especially successful in targeting the German market, managing to increase its market share in the last two years while total candle imports decreased. Developing countries are increasingly facing competition from Eastern European countries, Poland and Hungary in particular, which are gaining importance as suppliers.

In all three market segments - plain candles, decorated or scented candles including tapers, night-lights and the like - fierce price competition is the norm. But as German consumers have recently become very quality-sensitive, exporters must focus on quality to survive in this highly competitive market.

Since the market seems saturated it is very important to come up with innovative ideas regarding shapes, decorations or scents. Other opportunities lie in the increasing concern of consumers for health and environmental issues, not only in production but also in the marketing of the export product.

Following a detailed product description and an examination of the performance of the candle trade, especially in the German market, this Market Brief describes consumer preferences and patterns including the quality concerns of German consumers. It also provides information on seasonal peaks in the candle business, as well as, on quality standards and requirements for packaging and labelling, which should be considered by exporters in order to facilitate market access.

In addition, this Brief includes a chapter on typical distribution channels for candles in Germany and gives information on trade fairs and publications with particular relevance to candle exporters.

A last paragraph summarizes the most important findings by giving recommendations on the market segments exporters should focus on, as they might offer good business prospects.

A. PRODUCT DESCRIPTION

This Market Brief covers candles, classified under the following codes:

HS	34.06	Candles, tapers and the like

This heading includes candles, tapers (including ball or coiled tapers) commodities that are made of tallow, stearin, paraffin wax, or other waxes, whether or not coloured, decorated or perfumed. It also covers night-lights fitted with a float.

Excluded are:

(1) Anti-asthmatic candles (HS 30.04)

(2) Wax matches or vestas (HS 36.05)

(3) Sulphur-treated bands, wicks and candles (HS 38.08)

The Combined Nomenclature of the European Union further distinguishes the following codes:

CN	34.06-0011	Candles, plain, unperfumed
CN	34.06-0019	Candles, whether or not perfumed (excl. plain)
CN	34.06-0090	Tapers, night-lights and the like (excl. candles)

The American Society for Testing and Materials defines a candle as follows:

"One or more combustible wicks supported by a material that constitutes a fuel which is solid, semi-solid or quasi-rigid at room temperature (20 to 26° C). It can also contain additives which are used for colour, odour, stability, or to modify the burning characteristics; the combined function of which is to sustain a light-producing flame."

The most common types of candles used by consumers are the following:

Taper Candles: Slender candles with a diameter of 18 to 26mm and a height of 170 to 400mm, that require a special fitting taper holder. Sometimes also referred to as **dinner candles**.

Pillar or Column Candles: Rigid, freestanding candles that are thick in diameter, between 35 and 100mm, with one or more wicks. Despite the name these candles can be round, square, hexagonal, triangle, star, etc.

Votive Candles: Small cylindrical candles, typically about 38mm in diameter and about 50 to 76mm high. These are produced for use within a votive holder that must be capable of containing the candle, which is made to completely liquefy when burning. Originally, votives were produced as white unscented candles for religious ceremonies.

Tea lights: Like small votives, typically 38mm in diameter and 17mm in height. Usually they are filled in their own holder made of metal or glass.

Container, Jar or Filled Candles: Candles that are poured into a container of any type made of glass, tin or pottery designed to withstand the heat.

Floating Candles: A shallow candle with a slightly convex bottom designed to float on water.

Gel Candles: Transparent candles of quasi-rigid property, made primarily from gelled mineral oils or gelled synthetic hydrocarbons, poured into a decorative vessel.

Specialty Candles: Irregularly shaped freestanding candles, made by moulding, sculpting and/or pouring into a shaped mould. Often painted to depict a three-dimensional object or designed to be viewed as a decorative artwork.

Three main raw materials are used in the manufacturing of candles: paraffin wax, stearin and beeswax.

Paraffin wax is a petroleum by-product. Through refinement, distillation, deoiling and filtration, crude oil is converted to a non-toxic, white and scentless substance. The congealing point of paraffin wax is between 45 and 70° C. Because of its good processing properties it is the most frequently used raw material in the production of candles. A special advantage of this wax is that it is equally suitable in all methods of candle production and has a very good burning quality. It is traded in liquid form in heated oil tanks or in powder form, pearls or blocks.

Stearin is obtained from natural (vegetable or animal) oils and fats. The melting point is between 52 and 60° C. Stearin candles have a good temperature stability because the melting point is almost identical to the congealing point whereas with paraffin there can be a difference of 20° C between the two. This makes stearin candles burn with minimal dripping, however it also makes them harder and therefore fragile. It is available in pearl or flake form, as well as in liquid form when ordered in large quantities. It has a share of about 3 to 4% in world candle production and even higher in a few countries like Norway and Sweden.

Palm wax, or Carnauba, is the hardest of natural waxes and has the highest melting point. It is often used in candle-making kits. Natural colours range from pale yellow to a greenish brown depending on the age of palm leaves used.

Recently, **soy wax** is becoming popular in candle production. This wax, made from soybean oil, burns 30 to 50% longer than paraffin candles and is price competitive. Another advantage is that soy wax is water-soluble, so it is easy to remove from glass, tin, fabrics and other materials.

Beeswax is obtained from the melting of a honeycomb after honey extraction. This raw wax is then cleaned through bleaching and contact filtering. It stays chemically unchanged and keeps the typical honey smell. Depending on the intensity of the cleaning process the colour of beeswax can be light to golden yellow, brown or ivory. The melting point of this wax is very high. Because of its viscosity, not all processing methods can be used to produce beeswax candles. It is not possible to use the traction or the compression method. It is a scarce raw material and therefore expensive.

Traction and Compression are two of the most typical methods used to produce candles. These and two other popular methods are briefly described here:

Traction: A long wick strand (a few hundred meters) is winded around two cylinders that are standing opposite each other at a distance of a few meters and are rotating. Thereby the strand goes through a wax bath and grows one layer stronger with each pass.

Compression: Candles are pressed with help of a hydraulic, rotary or mechanical press. For this process one needs wax in powder form.

Moulding: Fluid wax is poured into moulds. A wick is stretched up the middle.

Dipping of wicks into liquefied wax.

The **wick** has to be able to absorb the liquid wax in the burning zone of the candle. It must be made in accordance with the type of candle, its diameter and the raw material and production method used. Preferably the wick is braided from cotton fibres. One can distinguish flat and square braid wicks. Both are eligible for the production of paraffin and stearin candles, while beeswax candles always have a cored wick even if only part of the wax used is beeswax.

Metal, such as lead, zinc or tin is put in some wick cores to keep the wick standing when the surrounding wax begins to melt and to prolong the burning time of the candle. While the burning of candles with lead wicks was shown to emit lead at concentrations that could pose human health risks, zinc and tin were found to emit concentrations that do not raise concerns when burned indoors. In Australia lead wicks have been forbidden since September 1999, whereas in the US the candle manufacturing industry voluntarily agreed to discontinue use of lead in wicks in 1974. The members of the Quality Association Candles in Germany (Guetegemeinschaft Kerzen e.V.), which account for more than 80% of German candle production are not producing candles with lead wicks either (see D. MARKET ACCESS). There are, however, still candles with lead wicks on the market, but most of these are imported from China, Hong Kong, Taiwan and Mexico.

B. PRODUCTION, FOREIGN TRADE AND CONSUMPTION

Production

Following the US, Germany, with a production of more than 122,000 tons in 2001, is the world's second largest producer of candles. In Germany more than 90% of all candles are made of paraffin wax. The share of stearin is estimated to be about 4 to 5%, while the share of beeswax candles in candle production is only 1 to 2%.

More than 95% of all candles in Germany are produced by the 40 companies that are members of the Association of German Candle Producers, whereas in the US the National Candles Association reports that 70% of their members represent roughly 80% of the market.

Table 1 shows that while German production steadily increased during the last decade (except for a reduction in 2000), the value of candles varied between 2,076 EUR per ton in 1995 and 2,540 EUR per ton in 1993. The downturn in 2000 did not continue over 2001 due to large orders from large markets to meet booming Christmas sales.

Table 1

The Production of Candles in Germany

Source: Federal Statistical Office, Germany based on a survey of 29 companies, Candles, Tapers and the Like, April 2002

Year	Quantity (tons)	Value (m EUR)	Unit Value (EUR/ton)
1991	81,560	197	2,414
1992	84,280	199	2,366
1993	89,790	228	2,540
1994	98,760	242	2,449
1995	110,070	229	2,076
1996	117,160	244	2,086
1997	124,520	265	2,127
1998	131,500	291	2,216
1999	132,600	280	2,113
2000	118,800	260	2,186
2001	122,200	261	2,138

Foreign trade

Total world imports of candles were estimated at about USD 1,335 million in 2001. The principal import markets were the EU and the US, which together amounted to more than two thirds of total world imports in 2001. Looking at the data at the national level shows that the US is the largest import market with a share of 35% in world imports, followed by Germany and the UK at a considerable distance with a share of 11% and 6% respectively. Besides EU member countries, Canada, Hong Kong, Switzerland, Japan and Norway are among the 15 top importers of candles. In the period between 1997 and 2001 world imports grew in terms of value, on average, about 12% annually, with a downturn of 8% in 2001.

China, the Netherlands, Germany, Canada and the US are the main suppliers of candles in world trade. Together they account for more than 50% of world exports. China's exports show a very good performance in the five-year-period between 1997 and 2001 with an annual growth rate of about 21% in value and 23% in quantity. Four other countries experienced a comparably good performance in the same period of time. With a low share of about 3 to 4% in world exports, Poland, the UK and Israel show annual export growth rates of 26%, 14% and 23% in value and 31%, 58% and 28% in quantity respectively. At the same time Mexico's exports were growing at a rate of only 3% p.a. in terms of value, while in terms of quantity they reached a rate of 130% per year.

Imports

The EU Market

With a share of 40% of world imports in 2001, corresponding to more than USD 530 million, the EU constitutes the world's largest import market for candles. Within the EU, Germany (28%), the UK (14.7%) and the Netherlands (9.5%) are the main import markets in terms of value.

Regarding Intra-EU trade the same three countries, i.e. the Netherlands, Germany and the UK are also the main suppliers to the EU market with shares of 15.8%, 13.5% and 4.5% of total EU imports in terms of value. However, the picture looks different in terms of quantity: Here, with a share of 32,6% Germany is the main supplier of the EU ahead of the Netherlands (23.4%), followed by Portugal (13.3%) and the UK (6.4%). Concerning Extra-EU trade China and Poland are the main suppliers in terms of value with China supplying almost as much as the Netherlands and Germany together, and Poland ranking number 4 ahead of the UK in terms of value and ahead of Portugal in terms of quantity.

China was able to increase its share of EU candle imports from 16.6% in 1996 to 32.4% in 2000. Since 1998 it has been the leading supplier of candles to the EU market replacing Germany.

While EU imports from the world were growing very strongly in the period from 1996 to 1999 (by 168%) and decreased by about 21% in 2000 and another nearly 8% in 2001, the share of developing countries in EU imports was steadily increasing during the same period of time from a share of 21% in 1996 to 36% in 2000. In particular, developing countries could gain market share by supplying Germany, Spain and Greece.
Also, East European producers are becoming increasingly important for the European market. There are two East European countries among the top ten suppliers of candles to the EU, Poland and Hungary. Here, Poland was able to not only maintain the exported value, but also increase it while most of the other supplying countries experienced a decrease in terms of value.

A glance at the different product groups reveals that plain and unperfumed candles (CN 34.06-0011) constitute the largest group with a share of more than 40% of total EU candle imports, closely followed by candles, whether or not perfumed, excl. plain candles (CN 34.06-0019) with a share of 36%. The smallest group is tapers, night-lights and the like (CN 34.06-0090) with about 20%.[1]

As Table 2 shows China is the top supplier to the EU market in both large categories and number three in the third category, but the majority of candles imported from China are decorated or scented.

Table 2

Main suppliers to the EU market by type of candle in 2000

(Quantity: in Metric Tons)

Plain candles (CN 34.06-0011)			Decorated or scented candles (CN 34.06-0019)			Tapers, night-lights and the like (CN 34.06-0090)		
1	China	32,187	1	China	46,237	1	Germany	16,341
2	Germany	16,989	2	Germany	8,369	2	Netherlands	14,192
3	Portugal	14,395	3	Netherlands	8,012	3	China	12,884
4	Poland	13,525	4	UK	6,741	4	Poland	4,666
5	Netherlands	7,828	5	Hungary	4,624	5	Hungary	1,400
6	Sweden	5,975	6	Poland	3,233	6	Estonia	1,310
7	Hungary	4,951	7	France	2,190	7	Croatia	1,130
8	Belgium	4,109	8	Belgium	2,010	8	Italy	1,121
9	Italy	3,558	9	Portugal	1,939	9	Belgium	999
10	Israel	3,048	10	USA	1,492	10	France	740
11	Denmark	1,739	11	Switzerland	1,416	11	Portugal	713
12	Czech Rep.	1,525	12	Denmark	1,406	12	Israel	681
13	Indonesia	1,181	13	Italy	1,322	13	UK	680
14	France	1,079	14	Latvia	1,283	14	USA	456
15	Norway	983	15	Israel	1,264	15	Sweden	434

Source: **EUROSTAT**

Besides China and EU member countries, important suppliers of plain candles to the EU are Poland, Hungary, Israel, the Czech Republic and Indonesia. Except for the Czech Republic all of these countries were able to increase their exports to the EU every year during the period under review. In particular, Indonesia, Israel and Hungary managed to improve their ranking among EU suppliers considerably.

Decorated or scented candles, aside from China and EU member countries, mainly come from Hungary, Poland, the US, Switzerland, Latvia and Israel. Here, Hungary and Latvia have been very successful in entering the EU market. Both managed to increase their share in EU imports at a considerable pace and are now among the fifteen main EU suppliers, while in 1996 they ranked number 14 and 38 respectively.

Concerning the Extra-EU-trade of tapers, night-lights and the like Croatia, Estonia and Poland have been most successful in targeting the EU market, while imports from the US have been decreasing since 1998 and imports from Israel experienced a drop of far more than 50% in 1999.

[1] Hereafter candles grouped under the heading 34.06-0011 will be referred to as plain candles while candles grouped under the heading 34.06-0019 will be referred to as decorated or scented candles.

The German Market

As stated above Germany is the second largest national import market for candles. Germany's three market segments for imported candles – plain candles, decorated or scented candles and tapers, night-lights and the like – amounted to USD 149 million in terms of value in 2001, corresponding to a share of 11% of world imports and 28% of EU purchases. In spite of a sharp drop in 2001, both in terms of value (-9%) and in terms of quantity (-20%), German candle imports have been averaging strong growth rates of 15% and 10% p.a. respectively between 1997 and 2001.

The top five candle suppliers to Germany are the Netherlands, China, Poland, Portugal and Hungary. Together they account for almost 90% of German candle imports in all three product categories (see Table 3 below).

As can be observed in Germany, as in the rest of the EU, Eastern European suppliers play an increasingly important role in candle imports. Poland, Hungary and the Czech Republic are among the six most important candle suppliers. However, regarding product categories, it is worth noting that those three countries, Poland and Hungary in particular, are mainly supplying plain candles to the German market.

While imports from almost all countries under review dropped in 2000, Poland, Portugal, the UK and Indonesia either maintained or increased their export value. This was especially true for Indonesia whose supply of plain candles to Germany almost doubled in terms of value.

German import figures by product group indicate that plain candles, with a share of more than 50% in terms of quantity, represent the most important market segment. Nevertheless, it is decorated and scented candles, which are gaining preference among German consumers. Despite sharp price increases (see Table 4 below) this segment gained a share of 29% of the volume of German total imports in 2000. This market development is occurring at the expense of tapers, night-lights and the like whose share of this segment dropped almost 50% in spite of price-cutting.

The main players in the German market differ according to the three different market segments.

With a share of about 45% in terms of quantity, China dominates the decorated and scented candles segment, practicing what appears to be a consistent price cutting strategy. Its main competitors are the Netherlands, Portugal, Poland and Switzerland. While the Netherlands seems to compete on quality, as the purchased quantity is growing in spite of a recent increase in prices of more than 60%, the other three countries pose a threat to China by trying to maintain their market shares by reducing prices.

Portugal, Poland and China are struggling to dominate the German market for plain candles. Together, they account for about three-quarters of this market segment, with Hungary following close behind and rapidly expanding its share. In this low technology segment fierce price competition is the norm. Portugal, with the lowest prices, has reduced prices by more than 50% in the last five years. Facing fierce competition, Poland and China have also been reducing their prices for plain candles, but at a much lower rate than Portugal. China, especially, seems to have problems competing with Portugal without eroding its profit margins, increasing prices in 2000, which led to an immediate fall in market share.

The German market for tapers, night-lights and the like, which is loosing relative importance, also shows severe price competition among the main players, the Netherlands, China and Poland. Here, it is interesting to note that in spite of a sharp drop in supply from the Netherlands the country is still the leading supplier to the German market. Similar to the market for plain candles, the main players in this market segment are competing on price. Despite this, the unit value of Chinese products in this category is still almost twice as high as the unit value of its competitors. While China and the Netherlands are loosing market share in spite of price reductions, Poland's strategy seems to be successful. In 2000, Poland increased its share in this market segment by about 150%, although at the cost of a price reduction of about 35%.

Table 3

Origin of Candle Imports to Germany (Top 10)

(Value: in 000 USD, Quantity: in Metric Tons)

		1996		1997		1998		1999		2000	
		V	Q	V	Q	V	Q	V	Q	V	Q
Netherlands	**34.06-00**	**26,065**	**17,418**	**18,079**	**12,278**	**18,567**	**13,696**	**61,847**	**33,189**	**51,675**	**12,692**
	34.06-0011	7,283	3,686	6,224	3,103	3,880	1,936	9,035	3,019	5,017	1,305
	34.06-0019	2,176	944	2,612	1,223	2,738	935	25,311	2,886	39,091	2,983
	34.06-0090	16,605	12,788	9,244	7,952	11,950	10,825	27,501	27,284	7,566	8,404
China	**34.06-00**	**18,966**	**7,011**	**18,762**	**6,948**	**26,426**	**12,589**	**47,563**	**25,239**	**40,407**	**20,782**
	34.06-0011	5,996	2,114	7,351	2,675	10,292	5,414	17,961	10,446	15,288	7,684
	34.06-0019	9,625	3,462	8,790	3,185	12,228	5,387	23,366	11,566	20,254	10,566
	34.06-0090	3,346	1,435	2,621	1,088	3,907	1,788	6,236	3,227	4,865	2,532
Poland	**34.06-00**	**11,126**	**6,750**	**10,957**	**7,398**	**16,882**	**10,773**	**21,960**	**13,575**	**22,672**	**16,807**
	34.06-0011	7,687	5,041	7,290	5,247	10,588	7,547	15,353	10,288	16,164	12,152
	34.06-0019	3,167	1,584	2,888	1,544	4,765	2,324	5,216	2,441	4,303	2,563
	34.06-0090	273	125	779	607	1,530	902	1,392	846	2,205	2,092
Portugal	**34.06-00**	**21,522**	**8,850**	**11,109**	**5,594**	**13,054**	**8,116**	**18,752**	**12,665**	**19,357**	**15,179**
	34.06-0011	19,446	7,408	11,043	5,579	12,104	7,816	14,478	10,797	14,556	12,857
	34.06-0019	127	83	12	2	240	81	3,088	1,156	3,861	1,719
	34.06-0090	1,949	1,359	53	13	710	219	1,187	712	940	603
Hungary	**34.06-00**	**768**	**464**	**1,605**	**1,048**	**3,590**	**2,529**	**7,314**	**5,144**	**6,849**	**5,126**
	34.06-0011	519	291	711	464	1,427	1,021	6,098	4,373	5,481	4,211
	34.06-0019	246	172	683	471	2,068	1,443	1,188	748	1,284	878
	34.06-0090	3	1	211	113	94	65	28	23	84	37
Czech Rep.	**34.06-00**	**3,503**	**1,875**	**3,594**	**2,200**	**4,420**	**2,610**	**3,855**	**2,330**	**2,926**	**1,939**
	34.06-0011	2,675	1,462	2,161	1,315	2,196	1,275	2,031	1,206	1,584	1,016
	34.06-0019	721	360	1,301	804	2,015	1,188	1,723	1,078	1,299	902
	34.06-0090	107	53	132	81	210	147	100	46	43	21
UK	**34.06-00**	**208**	**32**	**223**	**77**	**406**	**106**	**2,366**	**606**	**2,475**	**860**
	34.06-0011	33	9	67	33	37	9	178	38	130	45
	34.06-0019	122	18	110	34	321	85	2,054	533	2,082	730
	34.06-0090	53	5	46	10	48	12	134	35	264	85
Denmark	**34.06-00**	**3,044**	**880**	**2,821**	**1,066**	**2,334**	**778**	**2,658**	**1,056**	**2,089**	**898**
	34.06-0011	965	232	1,955	621	1,511	500	1,197	412	1,182	550
	34.06-0019	460	81	391	108	386	101	762	332	868	337
	34.06-0090	1,619	567	475	337	437	177	699	312	39	11
Indonesia	**34.06-00**	**9**	**0**	**28**	**11**	**573**	**312**	**1,033**	**596**	**2,046**	**1,195**
	34.06-0011	4	0	-	-	500	279	1,026	592	1,979	1,162
	34.06-0019	4	0	25	11	47	22	5	4	51	27
	34.06-0090	1	0	3	0	26	11	1	0	16	6
Switzerland	**34.06-00**	**5,650**	**2,613**	**2,936**	**1,480**	**2,895**	**1,651**	**2,962**	**2,028**	**1,809**	**1,387**
	34.06-0011	481	214	41	15	127	41	94	60	58	37
	34.06-0019	5,106	2,373	2,758	1,416	2,633	1,579	2,744	1,941	1,612	1,308
	34.06-0090	63	26	137	49	135	31	124	27	139	42
Total	**34.06-00**	**109,150**	**52,942**	**89,079**	**46,108**	**113,170**	**63,951**	**188,754**	**104,770**	**163,749**	**82,813**
	34.06-0011	52,897	24,169	42,991	22,185	51,243	30,932	75,583	45,506	66,298	44,071
	34.06-0019	29,802	11,554	28,299	11,635	39,860	17,315	73,007	25,631	79,839	23,953
	34.06-0090	26,452	17,219	17,789	12,288	22,066	15,704	40,164	33,633	17,612	14,789

Source: EUROSTAT

Table 4

Unit Value of Main Candle Imports to Germany

		Unit Value (USD/Ton)				
		1996	1997	1998	1999	2000
Total	**34.06-00**	**2,062**	**1,932**	**1,770**	**1,802**	**1,977**
	34.06-0011	2,189	1,938	1,657	1,661	1,504
	34.06-0019	2,579	2,432	2,302	2,848	3,333
	34.06-0090	1,536	1,448	1,405	1,194	1,191
Netherlands	**34.06-00**	**1,496**	**1,472**	**1,356**	**1,863**	**4,071**
	34.06-0011	1,976	2,006	2,004	2,993	3,845
	34.06-0019	2,305	2,135	2,928	8,770	13,105
	34.06-0090	1,298	1162	1,104	1,008	900
China	**34.06-00**	**2,705**	**2,700**	**2,099**	**1,884**	**1,944**
	34.06-0011	2,836	2,748	1,901	1,719	1,990
	34.06-0019	2,780	2,760	2,270	2,020	1,917
	34.06-0090	2,331	2,409	2,185	1,932	1,921
Poland	**34.06-00**	**1,648**	**1,481**	**1,567**	**1,618**	**1,349**
	34.06-0011	1,525	1,389	1,403	1,492	1,330
	34.06-0019	1,999	1,871	2,050	2,137	1,679
	34.06-0090	2,184	1,284	1,697	1,645	1,054
Portugal	**34.06-00**	**2,432**	**1,986**	**1,608**	**1,481**	**1,275**
	34.06-0011	2,625	1,979	1,549	1,341	1,132
	34.06-0019	1,530	6,237	2,962	2,671	2,246
	34.06-0090	1,434	4,100	3,240	1,668	1,559
Switzerland	**34.06-00**	**2'162**	**1'984**	**1'753**	**1'460**	**1'304**
	34.06-0011	2'249	2'722	3'090	1'563	1'570
	34.06-0019	2'152	1'948	1'668	1'414	1'232
	34.06-0090	2'442	2'800	4'340	4'579	3'315

Source: **Own calculations based on EUROSTAT data**

Exports

The EU does not only constitute the world's largest import market for candles, it is also the major exporter of candles representing about 37% of world exports in 2001, corresponding to more than USD 413 million. The Netherlands accounts for one quarter of EU exports, followed by Germany with a share of about 23% in EU exports. In world exports, these two countries rank number two and three behind China, the world's major candle exporter. While the Netherlands is a net exporter, largely to Germany (consuming 60% of its candle exports), Germany is a net importer of candles. It was only in 1998 that Germany's exports exceeded its imports in terms of value and its exports are more spread. In 2001 Germany exported about half of its overall candle production to Austria (15%), Switzerland (15%), the Netherlands (10%) and Denmark (9%). German exports experienced a steep increase in 1998, when they rose by about 58% in terms of value and 43% in terms of quantity as compared to 1997. Since then, they have been declining by an average of 7.5% per year.

Apparent Consumption

In general, the development of the consumer climate is rather negative in Germany. According to the GfK consumer climate survey in December 2002 (see http://www.gfk.com) the sharp decline in the German consumer mood, which started in October 2002 is marked by a certain degree of pessimism and caution for such reasons as the weak labour market, uncertainty about the impact of new taxes and social security contribution increases on income, the impending conflict in the Gulf region and rising oil prices. Sustained improvements in the consumer climate are not expected until at least mid 2003.

Regarding the domestic consumption of candles, trends are difficult to quantify. A comparison of German production and trade data (Table 5) shows that there is substantial consumption of domestically produced candles. However, it also shows that both German net imports and German production have been declining over the last two years indicating that demand for candles is decreasing. This does not seem to be true for all market segments (see C. on Market Characteristics).

Table 5

Apparent Consumption in Terms of Quantity

(Quantity: in Metric Tons)

	1996	1997	1998	1999	2000	2001
Production	117,160	124,520	131,500	132,600	118,800	122,200
Net Imports	17,983	6,682	7,552	45,907	15,173	8,281
Apparent Consumption	135,143	131,202	139,052	178,507	133,973	130,481

Source: **Own calculations based on data provided by the Association of German Candle Producers (Production) and EUROSTAT (Net Imports)**

C. MARKET CHARACTERISTICS

While candles sell well all year, the market is seasonal. In Germany the Christmas season is the best selling time. This also includes the four weeks before Christmas Day (December 25th), when the majority of German households follow the tradition of the Advent season, which means that each Sunday they celebrate the coming of Christmas Day by lighting candles.

However, new seasonal focal points are emerging. Driven by a rising importance of festivities like Easter (in March/April), Mother's Day (in May), garden parties in summertime and, since last year, Halloween (October 31st), a large variety of new candle shapes and colours is appearing.

Regarding colours, in general, pastels are more of a summertime favourite while darker candles are more popular in wintertime. The Tendence 2002[2] showed that for Christmas, candles in deep red and purple with accents in gold tones have been consumer favourites, as well as candles in glaring pink and green, which have been very popular. Another trend has been toward creations in black and white following a trend in lifestyle. Ambiente 2003[3], which is considered a trendsetter in the German giftware market, will give an indication in February of what the new trends for 2003 will be. For spring and Easter 2003 the German Candle Guild is expecting that a great variety of candles in pastel colours, especially light green, lavender, rose and soft yellow, will emerge. It also assumes that there will be a demand for traditionally decorated Easter candles, as well as for egg-shaped candles. In general, good indicators for future trends in tableware, including the candle market, are the fashion and textile sectors. Colour schemes that gain popularity in these sectors will be reflected in tableware six months to a year later.[4] Another good trend indicator seems to be the North American market.

According to the Association of German Candle Producers, demand for mass-products is growing in Germany, while demand for decorated candles remains stable due to a lack of innovations. Demand is decreasing for big candles with more wicks and for wind light candles, while turnover of scented candles and tea lights is still growing.

One reason for the popularity of scented candles is the health and wellness trend, which is expected to continue in the coming years. In addition, it is becoming widely accepted that everyone has emotional and physical responses to certain scents. More and more consumers believe that a certain scent can enhance their well being by having a calming, relaxing or anti-depressing effect. A result of this trend is that consumers can now purchase scented candles in the cosmetics department as candles are increasingly appearing in bath/body lines.

Also due to the increasing understanding of health-related issues and nourished by media and consumer-oriented institutions, consumers are becoming increasingly concerned about the effects burning candles can have on their health. They are seeking information and favouring quality controlled products. That is why, as shown above, there was a decline in demand for cheap imports of those candles, especially from China. Therefore, the more information a seller offers with the product, the greater the chances of winning consumer confidence. Together, this focus on personal well being and a rising consumer awareness for "natural" products could be driving the demand for candles made of soy, bees- or other natural waxes, those that are scented with pure essential oils and dyed with organic pigments or candles with a quality mark (see D. MARKET ACCESS).

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[2] Tendence is an international consumer-goods fair, which takes place in Frankfurt am Main in Germany every year by the end of August (http://www1.tendence-lifestyle.messefrankfurt.com/tendence_lifestyle). As of 2003 the fair's name will change to Tendence Lifestyle.

[3] Ambiente is the world's largest consumer-goods fair, which takes place in Frankfurt am Main, Germany every year in February (http://www1.ambiente-frankfurt.de/amb_brand).

[4] CBI: EU Market Survey, Gifts and Decorative Articles, December 2000.

Another trend that affects demand for candles is the "nesting" trend, also referred to as cocooning. A trend that was predicted by Faith Popcorn in 1981 and which describes people's desire to make their homes a safe haven to escape society's ills and increasing stress in their lives.[5]

According to a survey, about 83% of Germans find it important to be able to relax in their homes, as there is a clear trend to find a better balance between work and the rest of life. Thus, making one's home a place of comfort has become a big business and candles are a big part of this business. Consumers purchase scented candles and aromatherapy products to create environments of tranquillity and hominess. Also, certain fragrances can banish unwanted and unpleasant smells like stale cigarette smoke.

However, as mentioned above, after the boom in the mid 1990s the growth of the candle market slowed down due to a saturated market, a slowing economy and a decrease in consumer confidence. In addition, electric diffusers are becoming strong competitors in the home fragrance market. Nevertheless, it is to be expected that candles will remain important in this market, and will remain a popular decorative article and home furnishing accessory. No longer thought of as a utilitarian necessity, candles offer a quick and easy way to decorate a house. They also add to the festive atmosphere of dinner parties or other celebrations. And, as there is a huge variety of candles, they can also be given as a gift for any occasion. Some people also consider candles in animal or figure shape as collectibles.

[5] More on Faith Popcorn and her predictions can be found on http://www.faithpopcorn.com.

D. MARKET ACCESS

All candles classified under the heading HS 34.06 enter the European Union free of any import duties and quotas.

It is however important to bear in mind that at the EU border point of entry a 16% import turnover tax (Einfuhrumsatzsteuer) must be paid. Even if this tax does not represent a cost factor for importing companies, as it is passed on to the end-user in the form of a value added tax, it can affect the price competitiveness of the exported product.

There are no official quality standards or regulations with regard to candles. However, to ensure candle quality the Gütegemeinschaft Kerzen e.V. (Quality Association Candles) has developed a special label RAL "Quality Mark Candles", which was presented to the public for the first time in 1998. It applies to candles of all formats including tea lights and sanctuary candles. Only products that have proven to be environment and health compatible in a comprehensive initial inspection by "DEKRA Umwelt GmbH", one of Germany's most important inspection companies, are awarded the quality certificate and are allowed to mark their products with the label shown below:

To guarantee a permanent quality standard for these candles the manufacturer is obliged to regularly monitor its products. Additionally, at least once a year an independent inspector visits the site of the manufacturer. In case of any infringement the quality mark can be withdrawn.

The General and respective Special Quality and Inspection Specifications are laid down under RAL-GZ 041. They assure that candles bearing the label have an optimal burning behaviour with minimized dripping and sooting, that they show constant and reliable measurements and burn as long as indicated on their package and that contamination of room air is minimized and that no hazardous additives were used in their production. For example, the heavy metal content of candle lacquers has to be considerably below the European Norm EN 71-3:1994/A1:2000/AC:2000, Safety of toys – Part 3: Migration of certain elements. Also, the guidelines define strict criteria of purity for paraffin waxes, stearic acids, beeswax, and candlewicks. A detailed explanation of the RAL quality guidelines for candles can be found on the website of the Quality Association Candles at http://www.kerzenguete.com/english/gueprüf.htm. Experts expect that this quality mark will be enforced as a European standard.

Furthermore, there are the following Guidelines and Specifications by the American Society for Testing and Materials, related to candles and candle accessories, which are distributed by the Beuth Verlag GmbH (http://www.beuth.de), a subsidiary of DIN Deutsches Institut für Normung e.V. (German Institute for Standardization):

- **ASTM F 1972**, Standard Guide for Terminology Relating to Candles and Associated Accessory Items. Publication date: 1999.
- **ASTM F 2179**, Standard Specification for Annealed Soda-Lime-Silicate Glass Containers that are Produced for Use as Candle Containers. Publication date: 2002.

As already stated all these standards are not legally required. Nevertheless, fulfilling standards and especially having the quality label is an important marketing advantage because it helps to gain the confidence of the increasingly quality-sensitive German consumer. Any national or international candle manufacturer is free to apply for certification by contacting the Gütegemeinschaft Kerzen e.V. (Quality Association Candles). However, as the requirements are very high and the applicant must cover the costs of the inspections, it is highly recommended that interested manufacturers become familiar with all the inspection and monitoring specifications and quality guidelines before applying. They should also be prepared to convince the association that their product is of a high quality and is likely to pass the inspections as another reason for introducing the quality mark was to protect the German market from cheap low quality candle imports (for contact details see J. IMPORTANT ADDRESSES).

E. PRICES

As there is a large variety of candles on the market, also prices vary considerably. Variables such as the type and quality of raw material and additives used in candle production, as well as have design and the type of shop where they are sold, have a great influence on prices. For instance, specialized stores or more exclusive shops tend to demand higher prices and as already mentioned candles of bees- or soy wax tend to be more expensive than paraffin candles because of the difference in raw material prices.

To get an idea of what prices are charged in the different market segments, visiting various retailers is recommended. A glance at the retail prices charged by the members of the Association Quality Candle, the members of the Association of German Candle Producers and a number of other candle producers, which have their price-information online for the most common candle types reveals the following price ranges:

Table 6

Retail Prices for Candles

Type of Candle	Raw Material	Size of Candle (diameter x height) in cm	Price Range in EUR
Taper	Paraffin	2.1 – 2.5 x 18.0 – 25.0	0.22 – 2.45
	Beeswax	1.5 – 2.7 x 17.5 – 35.0	1.00 – 4.00
Pillar	Paraffin	4.0 – 8.0 x 8.0 – 60.0	0.50 – 23.20
	Beeswax	4.0 – 8.2 x 8.0 – 20.0	2.30 – 16.20
Tea light	Paraffin	Standard 3.8 x 1.8	0.074
	Beeswax	Standard 3.8 x 1.8	0.50

Table 6 shows that candles in Germany can range in retail price from 7.4 Cent for a tea light to EUR 23.20 for a large pillar candle. But of course there are also more expensive candles on the market, e.g. candles for special occasions like baptisms or a weddings. For a baptism candle of 6 – 9 cm in diameter and 25 – 30 cm in height, candle producers usually charge up to EUR 44, or even EUR 196 for a height of 100 cm. While it is clear that prices vary according to the size of a candle, the prices given in this table also depend on colour, scent and decoration. Prices also vary seasonally, since for Christmas and other festivities (see C. MARKET CHARACTERISTICS) mainly decorated candles are sold.

The seasonality of prices (for decorated candles in particular) can also be seen in Chart 1 below, which shows monthly unit import values for the period from January 2000 to 2002. Even if these do not represent real prices, and there may be inaccuracies in reporting, unit import values do indicate trends.

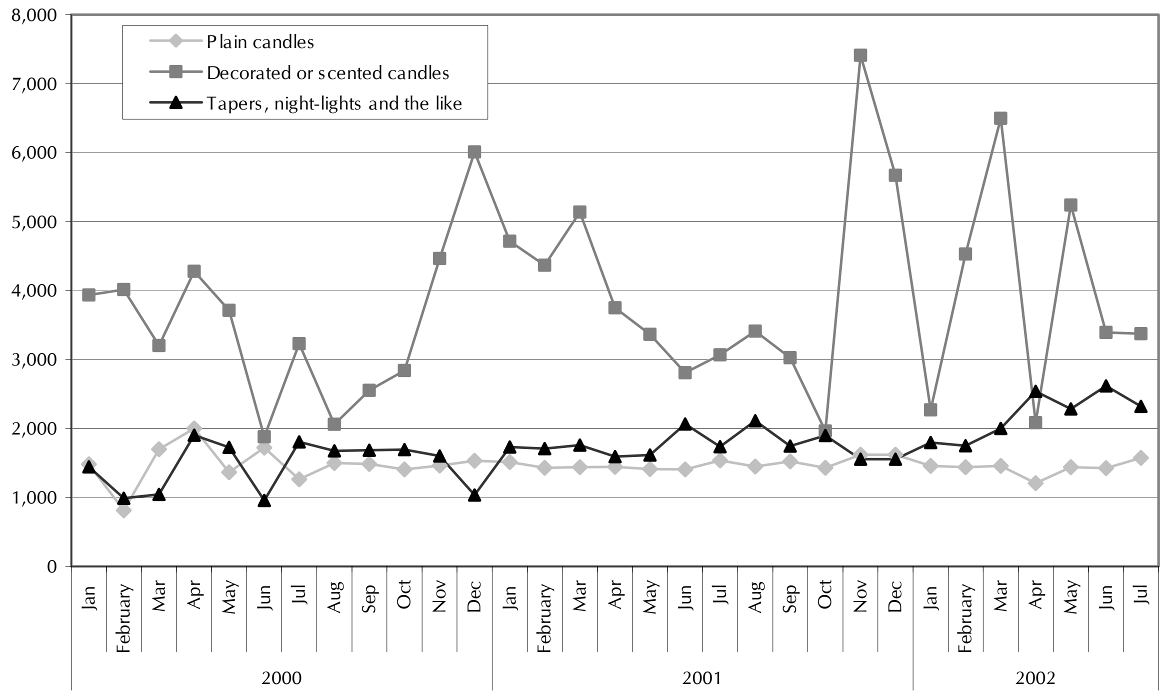
While the performance of the unit import values of plain candles appears to be very stable (perhaps due to competition or because they are not used for festivities) and that of tapers, night-lights and the like shows a growing trend, especially in the first half of 2002, the development of unit values of decorated or scented candles indicated a strong seasonality in prices. All major peaks can be traced back to a certain festivity.

The highest peak is always around Christmas time in November/December, still being high in January, but decreasing. The second highest peak can be observed in March/April, thus in spring, corresponding to the celebration of Easter in this time of the year. Another peak can be observed in July/August, usually the hottest months in Germany, and can probably be traced back to the use of candles for garden parties in summertime.

Chart 1

Monthly Unit Import Values by Product Category

(Unit Value: in USD)



Source: **Own calculations based on COMTRADE data**

It is interesting to note, that while the performance of unit values in 2000 corresponds quite well with the performance in the following year, unit values have become very unstable in 2002. Here, the year started with an extremely low value in January, rose very strongly in the following two months and then fell back to a comparably very low level again.

F. DISTRIBUTION CHANNELS

In Germany giftware in general is distributed through the following five major channels: importers/distributors, department stores, commercial agents (Handelsagenturen), mail order and Internet sales.

There are approximately 45,000 giftware retailers in Germany that buy from importers and distributors, although some of the larger retailers, such as major department stores tend to have their own import departments in order to reduce costs. According to CBI, for suppliers it is not easy to do business with them since they are strict in their demands, request sharp prices, large volume and just-in-time delivery. Nevertheless, they are looking for suppliers who can uphold the company's image of reliability, quality and high moral standards regarding social and environmental concerns in the market and to build long lasting partnerships. However, many of those large retailers (such as Kaufhof, Karstadt, IKEA, Real, REWE) have already built up such relationships and also have purchasing departments in countries they are importing most of their products from, so they are reluctant to receive requests from new suppliers.

Serving as intermediaries between the manufacturer and the retailer, commercial agents usually operate regionally on a 15% commission and concentrate on specialist retailers and department stores.

Germany is the largest mail order and distance selling market in Europe. The total volume for mail orders in the EU market was estimated at EUR 52.4 billion in 2001 with Germany's share being about 40%.[6] Like large department stores, mail order companies also tend to import directly from manufacturers. However, none of the large mail order companies offer a broad range of candles. Still, distance selling is an important channel for the candle business as it offers further distribution opportunities to suppliers. The use of the Internet as a sales channel has become and is expected to be increasingly important. Findings of a survey carried out by GfK (see gfk-webgauge, 2002) in six European countries including Germany show that the number of e-consumers, as well as the overall volume of online orders, is still growing.

Aside from the Internet, on the retail side candles can be purchased in department stores, supermarkets, candle specialty boutiques, drug stores, card and gift stores, florist shops and garden centres, and increasingly also in home decoration and furnishing stores. IKEA, for example, a chain store specialised in furniture, offers a big variety of decorative articles as well. Recently, the PR agent of IKEA Germany even stated that today hardly any consumer leaves the store without purchasing tea lights or other candles. According to trade sources IKEA today is one of the largest purchasers of German candles and, in recent years, such large retailers and retail chains are becoming increasingly important for the candle business, while specialised candle shops and drug stores are loosing relevance. In addition, even famous designer labels like Joop, Cerruti and Rosenthal are beginning to include candles in their product lines in order to expand their brand name.

Moreover, in Germany, there exist so-called "Weltläden" (World stores), which offer products from developing countries with the aim to improve the situation in those countries. Almost exclusively they draw their products, including candles, from Alternative Trade Organisations (ATO). Only a few import directly from projects that they are supporting. In order to be eligible, these import organisations should follow certain rules regarding their trading practices to ensure that manufacturers receive a fair share of the profits, as well as with regard to environmental and social concerns.

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[6] See EMOTA, the European Mail Order and Distance Selling Trade Association (http://www.emota-aevpc.org).

More than half of the about 700 Weltläden in Germany are associated with the nation wide Umbrella Association of World stores (Weltladen-Dachverband, http://www.weltlaeden.de), which in 2001 conducted a survey on the eligibility of ATOs to assist their members in finding a Trade Promotion Organization that complies with fair trade criteria. Of altogether 30 of the most important ATOs assessed by the Weltladen-Dachverband, 20 were found to fulfil their fair trade criteria. Of those, two are trading candles. Contact details of these ATOs as well as a list of selected importers and large retailers can be found under J. IMPORTANT ADDRESSES.

G. PACKAGING AND LABELLING

There are no prescriptive standards for packaging candles, however, to avoid damage of the product and to be able to promote sales through packaging, it is important to consider the following issues:

- Through cushioning, candles and fragile decorations should be protected from pressure, scratching, shock, and vibration. If more candles are packaged together it is important to bear in mind that impact between them could be damaging as well. As mentioned above (see A. PRODUCT DESCRIPTION) stearin candles are more sensitive to breaking than candles made of other raw materials. Therefore, they require special treatment.
- To preserve the quality and the colour of the candles, they should be protected from moisture and direct sunlight. It should also be taken into account that long exposure to high temperatures could destroy the candles or at least their decorations.
- Scented candles eventually need packaging that is able to preserve the aroma.
- Last but not least purchasers' requirements should be taken into account. Retail packaging should also be seen as a means of sales promotion. Hereby, it should be considered that a candle is a product that the purchaser wants to see directly. Hence, the packaging should be chosen with regard to this need. Film bags with appended or included labels, or folding boxes with windows could be suitable in this regard. For scented candles, where the purchaser likes to have the opportunity not only to see, but also to handle them directly to get a clear idea of the scent, the display packaging could be no more than a stick-on or tie-on label, possibly with an information leaflet given with the purchase. Another possibility is to pack the candles in a way that they are not visible to the consumer, but then to have one sample product unwrapped on the shelf. For printing and marking it is recommended to use the traditional patterns and designs of the country wherever possible.

With regard to labelling and sales promotion it is worth thinking about what information should be put on the label in order not to overload it. In some cases, especially when selling to the above mentioned Weltläden (see F. DISTRIBUTION CHANNELS), explanations about the origin of the product and other peculiarities of the product are likely to encourage the purchaser to buy the product. One example of this is eco-labelling. As mentioned above, consumers and retailers in industrialised countries are increasingly taking environmental effects into account when making their purchase decision. If candles are made and packed in an environmentally friendly manner it should be made known to consumers and retailers that the product satisfies voluntary and regulatory environmental requirements. Of course, the endorsement of such claims by independent third-party organizations adds to their credibility. European standards that support the use of environmental labels and declarations are EN ISO 14020, 21 and 24.[7] They provide guiding principles and procedures for self-declared environmental claims and environmental label schemes in general.

A number of general packaging requirements are reflected in various standards across Europe. All these standards, as well as the other standards mentioned, can be found on the CEN On-line Catalogue (http://www.cenorm.be/catweb/cwsen.htm). By entering the search term "packaging" one gets all the standards whether related to terminology or the packaging and distribution of goods in general.

For example, in order to get higher efficiency out of transportation units, packaging dimensions should be selected to suit the dimensions of standard outer packaging. An outer box bottom measurement of 60 x 40cm (or fractions thereof) is frequently used and fits both, the standard EUR-pallet with measurements of 80 x 120cm and the other main common pallet size of 100 x 120cm. Of course, these measurements also have to be taken into account when deciding on retail packaging.

[7] As these and all other standards mentioned in this paragraph have their equivalents in Germany, they are distributed by the Beuth Verlag GmbH (http://www.beuth.de),like the standards referred to under D. MARKET ACCESS.

Both the unit/retail and outer box should at least include the product name, country of origin and name of manufacturer/importer. In addition, the outer box should have shipping and handling instructions.

To avoid language problems when marking transport packaging with such instructions, internationally recognised pictorial symbols offer a better possibility of ensuring correct handling. The European standard for symbols is EN ISO 780:1999. It includes symbols for messages as "fragile", "keep away from rain", and so on.

The best general approach, however, to ensure EU market access is to meet the essential requirements in Directive 94/62/EC on Packaging and Packaging Waste, which aims to minimize the impact of packaging on the environment. EUROPEN, the European Organization for Packaging and Environment, has issued a useful guide, which is explaining how companies can assess compliance with this EU Directive.[8]

Based on this directive, CEN, the European Committee for Standardization, published six European Standards[9]:

EN 13427:2000	Packaging - Requirements for the use of European standards in the field of packaging and packaging waste
EN 13428:2000	Packaging – Requirements specific to manufacturing and composition – Prevention by source reduction
EN 13429:2000	Packaging – Reuse
EN 13430:2000	Packaging – Requirements for packaging recoverable by material recycling
EN 13431:2000	Packaging – Requirements for packaging recoverable in the form of energy recovery, including specification of minimum inferior caloric value
EN 13432:2000	Packaging – Requirements for packaging recoverable through composting and biodegradation – Test scheme and evaluation criteria for the final acceptance of packaging

The Directive also contains a legal requirement that the concentration of heavy metals (cadmium, hexavalent, chromium, lead and mercury) present in packaging shall be below stated limits.

Another important issue with which the Directive deals, is that importers on the national market have to pay fees for imported products based on packaging weight, volume and type of packaging material. As those fees add to the product cost, exporters should take them into account.

However, neither the standards nor the fees are fully harmonized yet and remaining national differences are significant.

In Germany, so far, a shortened form of the essential requirements, the heavy metal limits, as well as the material identification numbers and abbreviations has been transformed into legislation.

The German Packaging Ordinance, which was implemented in stages between December 1991 and September 1993, obliges manufacturers and suppliers of goods to take back or arrange for the collection and recycling of all transport packaging. The same applies to retail packaging. In the case of retail packaging, manufacturers or retailers can only be exempted from this obligation if they join Duales System Deutschland AG, the German scheme for the collection, sorting and recycling of used sales packages. Licensees of the Dual System have the right to mark their packaging with the "Der Grüne Punkt" (The Green Dot) symbol. The licence fee depends on the type of packaging material, its weight and the number of items sold. As the weight-related fee varies substantially according to the material used it is important to think about different packaging options. For example, the weight-related fee for a paper, cardboard or carton package is 20.4 Cents/kg, while a box that is 80% paper, 10%

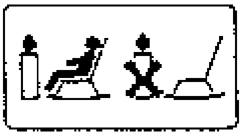
[8] EUROPEN is making the guide available free of charge on its website http://www.europen.be.

[9] At present, CEN is revising these standards. It is to be expected that the revised standards will be published in April 2004. For further information see http://www.cenorm.be/sectors/sw_res/transport/packaging.htm.

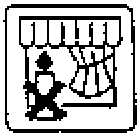
plastic and 10% metal is considered composite, which makes the weight-related fee rise up to 107.30 Cent/kg.[10]

With regard to labelling, there is no German or European standard that deals with candles directly. However, the Association of German Candle Producers and the Quality Association Candles set up a committee to develop a DIN standard (eventually also a CEN standard) for burning instructions for consumer safety reasons.[11] The idea is to develop pictograms, which consumers can easily understand.

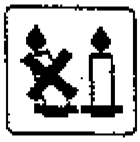
In 1990 the University of Utrecht, Netherlands already developed and tested the acceptance of a number of pictograms for burning instructions and the safe use of candles on behalf of the European umbrella association of candle producers associations. The following pictograms were understood by at least 67% of the test persons and are now most commonly used by associations and candle producers.



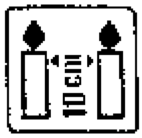
Do not leave a burning candle unattended.



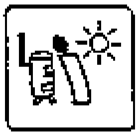
Take care that candles are well away from curtains or other flammable items.



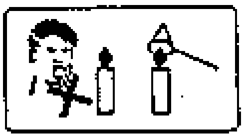
Ensure that candles are upright.



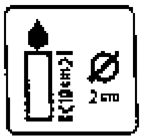
The recommended distance between burning candles is at least 10 cm.



Do not burn a candle on warm places and keep out of direct sunlight.



Do not extinguish a candle by blowing.



The candle is 10 cm in height and 2 cm in diameter.

The weight of each candle is 50 gram.

It is to be expected that the standard, which will be developed in the near future, will include those or at least very similar pictograms.

A standard that deals with the same issues already exists in the US:

ASTM F 2058, Standard Specification for Cautionary Labelling for Candles Burned in a Home, Publication date: 2000.

More detailed information on packaging and labelling in general is available on the website for Export Packaging of the International Trade Centre UNCTAD/WTO (http://www.intracen.org/ep/) and here the recently published PACKit, an Integrated Export Packaging Information Kit, should be mentioned.

However, to be sure about what packaging or labelling is required, asking the potential buyer in advance is recommended.

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[10] More detailed information on the Green Dot and related packaging fees can be obtained from the website of "Der Grüner Punkt – Duales System Deutschland AG" (http://www.gruener-punkt.de).

[11] Besides representatives of the two associations members of the committee are also representatives of IKEA and the METRO Group on behalf of distributors, DIN on behalf of consumers, and Sasol Wax, the largest German supplier of paraffin wax (http://www.sasolwax.com). Another issue the committee is working on is the development of standards for methods to measure the soot emissions of candles.

H. SALES PROMOTION

A very cost-effective way of sales promotion is participation in a trade fair. A visit to a trade fair can provide the exporter with valuable information on, for example competitors' products, pricing and promotional techniques, developments in production technology, as well as import legislation, other relevant regulations and market trends. It also is a way of testing new product designs and their suitability to the target market and getting into direct contact with business agents or distributors. Furthermore, the product can be directly shown to the buyer to prove its quality or uniqueness.

Due to the international significance of German trade fairs, especially in the consumer goods sector, and the fact that they always have a large number of visitors from all over the world, they can serve as a gateway also to other markets, the EU and Eastern Europe in particular.

Nevertheless, good preparation is required for a positive effect. Together with the Commonwealth Secretariat and UNESCO, the International Trade Centre UNCTAD/WTO published a practical guide for international craft trade fairs to provide exporters with a practical methodology to budget, plan and implement successful participation in any trade fair and to take advantage of the many opportunities to obtain market information that arise at such events.[12]

The following trade fairs/exhibitions are the main ones of interest to the decorative articles and giftware industry including candles:

Title/URL	Place	Frequency	Dates in 2003
Ambiente http://www1.ambiente-frankfurt.de/amb_brand	Frankfurt	Annual	14. - 18. Feb.
Tendence Lifestyle http://www1.tendence-lifestyle.messefrankfurt.com/tendence_lifestyle	Frankfurt	Annual	22. - 26. Aug.
ChristmasWorld http://www1.christmasworld-premiere.de/chris_brand	Frankfurt	Annual	25. - 30. Jan.
Cadeaux http://www.cadeaux-leipzig.de	Leipzig	Biannual	01. - 03. Mar. 06. - 08. Sep.
Import Shop Berlin http://www.importshop-berlin.de	Berlin	Annual	12. - 16. Nov.
BioFach 2003 - World Organic Trade Fair http://www.biofach.de	Nürnberg	Annual	13. - 16. Feb.
TrendSet http://www.messe-trendset.de/	München	Biannual	04. – 06. Jan. 12. - 14. Jul.
Fascination Asia http://www.fascination-asia.com	Offenbach	First time in 2003	14. – 18. Feb.
Mode Heim Handwerk http://mhh.messe-essen.de	Essen	Annual	01. – 09. Nov.
INNOWA! http://www.innowa-dortmund.de	Dortmund	Biannual	10. – 13. Jan. 04. – 07. Jul.

Additionally, Biofach 2003, the World Organic Trade Fair (http://www.biofach.de), could be of interest to producers of beeswax or stearin candles. It takes place in Nürnberg, every year in February.

[12] International Trade Centre UNCTAD/WTO, Commonwealth Secretariat, UNESCO: International Craft Trade Fairs. A Practical Guide, 2001 (http://www.intracen.org/mds/sectors/artisanal).

Another means of sales promotion is advertising in trade publications. The major international trade magazine for table, kitchen, gifts and lifestyle is **stil&markt**, which offers comprehensive information on news and trends in these sectors and informs about developments on the market. It is published monthly with each issue having a special focus. The topic of the fifth issue in May 2003 will be candle and wellness trends. More detailed information and rates for advertisement are available at http://www.stilundmarkt.de.[13]

There is another sector specific trade journal called **DIGEST**, which is specialized in the German-speaking European market. It is published six times a year in accordance to the dates of the most important German consumer goods fairs (Ambiente, Tendence Lifestyle and ChristmasWorld). Its target groups are, among others, buying cooperatives, retailers and wholesalers of gift articles, mail order companies and department stores. More information can be found at http://digest-online.de, however, only in German.

In addition, the trade journal series **Festival** could be of interest (http://www.nostheide.de/festival). The following three of the four publications are relevant for giftware articles and candles:

FESTIVAL Christmas is published every year in November and January and covers the design, material, and colour trends of the forthcoming season.

FESTIVAL Spring & Summer is an annually published trade journal (August) devoted to festivities after the Christmas season. It informs about trends and new product lines for a broad range of products including candles and reaches a large number of garden centres and furnishing houses in Germany.

FESTIVAL Gifts – Souvenirs – Trophies is the international trade journal for Fan & Fun, Trophies & Promotion, Festive & Party Items and Licensing. It is published four times per year.

[13] For full contact details of all trade publications referred to in this paragraph see J. IMPORTANT ADDRESSES.

I. MARKET PROSPECTS

As was shown above, after a boom in the mid 1990s and especially in 1998 and 1999, the performance of the candle market slowed down with decreases in German production and an even stronger decline in German imports in all three segments. That is why continued market growth will mainly depend on the ability of manufacturers to come up with new and innovative candle offerings. This is especially true for the segment of decorated candles. There are fewer problems in the promotion of scented candles as they are part of the on-going health and wellness trend. And even if they face competition from other products in the home fragrance market, it is expected that candles will remain important in this area as they have the advantage of adding to the atmosphere of a room, as well as being a decorative home furnishing accessory.

Furthermore, for successfully targeting the German market, it is interesting to note that while in 1998/1999 the German market showed a strong demand for low-priced candles and thus imports from China and Poland rose substantially, today, demand is rather oriented towards quality, because consumers were disappointed by the low quality of those products. The best way to gain the confidence of the increasingly quality-sensitive German consumer is to apply for certification as described under D. MARKET ACCESS.

Not only does quality concern the German consumer, but there is also a growing interest in health aspects. Especially during the boom period various magazines were informing their readers about the health risks of lighting paraffin candles. So the industry had to defend itself by conducting research on this topic. Even though studies seem to prove that burning a candle is not a danger to health if candles are handled properly, some consumers remain confused. In addition, consumers also show concern and preference for animal- and environmentally friendly products and hence do not really trust candles that are made of paraffin, a petroleum by-product.

In order to respond to these concerns, exporters could target the European market with candles made of other raw materials. One alternative to paraffin is beeswax, but it is too scarce and expensive resulting in high production costs and also high consumer prices. As a consequence, beeswax candles have a share of less than 2% in German candle production. The other, much more promising alternative is stearin, which is obtained from natural (vegetable or animal) oils and fats and amounts to only a small share of 4 – 5% of candle production.

Aside from candles made of animal fats, which are rejected by a great number of vegetarian consumers, and candles made of palm or coco wax, a rather new discovery is soy wax candles. They have the following advantages, which can be easily explored for marketing purposes: they burn cleaner and more evenly than paraffin candles, burn up to 50% longer and produce less soot. Moreover, they are made from a natural and renewable resource and are biodegradable and water-soluble. Additionally, in contrast to beeswax, soy wax is price competitive with paraffin. For 1kg of soy wax a producer has to pay only a fraction of the price for paraffin wax, which in turn is about half the price of beeswax.

In Europe there are only very few soy candle manufacturers so far and in Germany itself none of the major German candle manufacturers is engaged in soy candle business. Up to now soy candles are almost exclusively available in specialized stores, which are selling eco-friendly or vegan products, so competition is not high in this sub-sector yet. According to trade sources, however, German candle producers are thinking about the use of other raw materials because of the expectation that prices for paraffin, that rose by 15 to 20% in the year 2000 and rose twice in 2001 as well, will continue to increase. The main reason for that is the change in technology of modern refineries, which do not produce the petroleum by-product anymore from which paraffin wax is made. So it is to be expected that in the longer term paraffin wax will become a scarce product, and thus increasingly expensive.

Nevertheless, many German candle producers are still hesitating to shift production from paraffin to stearin candles because of high costs that would be a consequence of such a shift. Since stearin chemically is a long-chain fatty acid the machinery for candle production has to be made of stainless steel, while paraffin candles can be produced by machinery made of cheaper ordinary steel.

Another cost factor comes from the fact that the melting point of stearin is higher than that of paraffin, which means that cooling down takes more time resulting in higher production costs.

In the US, the major producer (49% of world production in 2000) and exporter of soybeans, the soy candle business was basically unheard of until two years ago. Since then an increasing number of candle manufacturers is producing soy candles marketing them as a support for the "American Farmer", in addition to all the advantages of soy candles mentioned above.

Major soy producing countries like Brazil (20% of world production), Argentina (12%) and China (9%), as well as smaller producers like Paraguay, India and Indonesia could eventually take advantage of these niche market opportunities, as well as a few soy producing Eastern European countries like Romania, Bulgaria and Ukraine. China and Indonesia are already important candle exporters. China as the leading candle supplier, which competes on price and suffers from a low quality reputation, could eventually improve its standing with a new product. Indonesia, on the other hand, which was very successful in placing its products in the German market in recent years, could eventually try to enlarge its product variety.

J. IMPORTANT ADDRESSES

Associations

Germany	
Association of German Candle Producers **Verband Deutscher Kerzenhersteller** Karlstrasse 19 - 21 D - 60329 Frankfurt/M. Tel: +49 69 2556 1366 Fax: +49 69 2556 1618 E-mail: braun@vci.de Internet: http://www.kerzenverband.de	Quality Association Candles **Gütegemeinschaft Kerzen e.V.** Heinestrasse 169 D - 70597 Stuttgart Tel: +49 711 97 65 8 0 Fax: +49 711 97 65 8 30 Contact: Mrs. Constanze Gillé Internet: http://www.kerzenguete.com
National Tableware, Household Goods and Lifestyle Association **Bundesverband für den gedeckten Tisch, Hausrat und Wohnkultur e.V.** Frangenheimstr. 6 D - 50931 Köln Tel: +49 221 94060 20 Fax: +49 221 94060 90 E-mail: gpk@einzelhandel.de Internet: http://www.gpk-online.de	National Handicrafts, Giftware and Interior Design Association **Bundesverband Kunstgewerbe, Geschenkartikel und Wohndesign e.V. (BKG)** Max-Joseph Str. 5 D - 80333 München Tel: +49 89 557 701 Fax: +49 89 593 015 E-mail: info@bkg.org Internet: http://www.bkg.org
National Association Handicraft Art Design **Bundesverband Kunsthandwerk** **Berufsverband Handwerk Kunst Design e.V.** Windmühlstraße 3 D - 60329 Frankfurt am Main E-Mail: info@bundesverband-kunsthandwerk.de Internet: http://www.bundesverband-kunsthandwerk.de	Umbrella Association of World stores **Weltladen-Dachverband** Hindenburgplatz 2 D - 55118 Mainz Telefon: 06131/68907-80 Fax: 06131/68907-99 E-Mail: info@weltlaeden.de Internet: http://www.weltlaeden.de
German Candle Guild **Bayerische Wachszieher Innung** **Bundesinnung** Maria-Hilf-Strasse 23 D - 86391 Stadtbergen Tel: +49 821 43 66 06 Fax: +49 821 43 69 93 E-mail: reich.stadtbergen@t-online.de Internet: http://www.kerzeninnung.de	National Mail Order Association **Bundesverband des Deutschen Versandhandels e.V. (BVH)** Johann-Klotz Str. 12 D - 60528 Frankfurt, Germany Tel: +49 69 67 50 47 Fax: +49 69 67 50 98 E-mail: info@bvh-versandhandel.de Internet: http://www.versandhandel.org

United Kingdom
British Candlemakers Federation Tallow Chandlers Hall 4 Dowgate Hill GB - London EC4R 2SH Tel: +44 2 7484726 Fax: +44 2 72360844 Internet: http://www.britishcandlemakers.org

Standards Organizations

International	
ISO - International Standardization Organization P O Box 56 CH - 1211 Geneva Tel: +41 22 749 01 11 Fax: +41 22 733 34 30 E-mail: central@iso.org Internet: http://www.iso.ch	
Europe	
CEN - The European Committee for Standardization Central Secretariat 36, rue de Stassart B - 1050 Brussels Tel: +32 2 511 9136 Fax: +32 2 550 0819 E-mail: infodesk@cenclcbel.be Internet: http://www.cenorm.be	
Germany	
DIN - Deutsches Institut für Normung e.V. Postfach D - 10772 Berlin Tel: +49 30 26 010 Fax: +49 30 26 01 1231 Internet: http://www.din.de	**Beuth Verlag GmbH** Burggrafenstraße 6 D - 10787 Berlin Tel: +49 30 2601 2260 E-mail: info@beuth.de Internet: http://www2.beuth.de
German Information Centre for Technical Regulations - Enquiry Point to respond to requests for information regarding national technical regulations, standards and conformity assessment procedures. **Deutsches Informationszentrum für technische Regeln (DITR)** Postfach 1107 D - 10787 Berlin Tel: +49 30 26 01 26 00 Fax: +49 30 26 28 125 E-mail: zimmermann@ditr.din.de	

Trade Publications

Germany	
stil&markt Meisenbach GmbH Postfach 20 69 D - 96011 Bamberg Tel: +49 951 861 0 Fax: +49 951 861 187 E-mail: stil&markt@meisenbach.de Internet: http://www.stilundmarkt.de	**Digest** Verlag Wareninformation GmbH Postfach 30 10 10 D - 40410 Düsseldorf Tel: +49 211 516049 0 Fax: +49 211 516049 50 E-mail: digest@t-online.de Internet: http://www.digest-online.de
FESTIVAL w. nostheide verlag gmbh Bahnhofstraße 22 D - 96117 Memmelsdorf Tel: +49-951-40666-0 Fax : +49-951-40666-49 E-mail: nostheide@nostheide.de Internet : http://www.nostheide.de	

Other Useful Addresses

International
International Trade Centre Palais des Nations P.O. Box 10 CH - 1211 Geneva 10 Tel: +41 22 730 0111 Fax: +41 22 733 4439 Internet: http://www.intracen.org see also http://www.p-maps.org
Europe
EUROPEN **European Organization for Packaging and the Environment** Avenue de l'Armée, 6 B - 1040 Brussels Belgium Tel: +32 2 736 3600 Fax: +32 2 736 3521 E-mail: packaging@europen.be

<table>
<tr><th colspan="2">Germany</th></tr>
<tr><td>German Office for Foreign Trade

Bundesagentur für Außenwirtschaft (bfai)
Postfach 10 05 22
D - 50445 Cologne
Tel: +49 221 2057 0
Fax: +49 221 2057 212
E-Mail: info@bfai.de
Internet: http://www.bfai.com</td><td>German Chambers of Commerce abroad

Die deutschen Auslandshandelskammern (AHK)

Deutscher Industrie- und Handelskammertag (DIHK)
Breite Strasse 29
D - 10178 Berlin
Tel: +49 30 20308 0
Fax: +49 30 20308 1000
E-mail: dihk@berlin.dihk.de
Internet: http://www.ahk.de</td></tr>
<tr><td>The Green Dot

Der Grüne Punkt –
Duales System Deutschland AG
D - Frankfurter Strasse 720-726
51145 Köln
Tel.: +49 22 03937 0
Fax: +49 22 03937 190
Internet: http://www.gruener-punkt.de</td><td>Germany's leading market research company

GfK AG
Nordwestring 101
D - 90319 Nürnberg
Tel: +49 911 395 0
Fax: +49 911 395 2209
E-mail: public.affairs@gfk.com
Internet: http://www.gfk.com</td></tr>
<tr><th colspan="2">Netherlands</th></tr>
<tr><td colspan="2">CBI - Centre for the Promotion of Imports from
Developing Countries
P O Box 30009
NL - 3001 DA Rotterdam
Tel: +31 10 201 3434
Fax: +31 10 411 4081
Internet: http://www.cbi.nl</td></tr>
</table>

Germany - Producers and Importers	
Bolsius Deutschland GmbH Adolf-Kolping-Str. 19 D - 74731 Walldürn Tel: +49 6282 780 Fax: +49 6282 782 00 Internet: http://www.bolsius.com	Dressel & Balthasar GmbH & Co KG Walter-Freitag-Str. 9 D - 42899 Remscheid Tel. +49 2191 956 40 Fax: +49 2191 956 420 E-mail: dressel-balthasar@t-online.de
Franz Steinhart Wachswaren GmbH Im Farchet 24 D - 83646 Bad Tölz Tel: +49 8041 7849 0 Fax: +49 8041 7849 50 Internet: http://www.franzsteinhart.com	Karl Wiedemann Wachswarenfabrik GmbH Postfach 2030 D - 94460 Deggendorf Tel: +49 991 37070 0 Fax: +49 991 30213 E-mail: info@kerzen.de Internet: http://www.kerzen.de
Germany - Importers	
Dauerbrenner Kerzen Wittelsbacherweg 12 D - 85570 Markt Schwaben Tel: +49 8121 22599 44 Fax: +49 8121 22599 43 Email: info@kerzen-web.de Internet: http://www.kerzen-web.de	Duni GmbH & Co. KG Robert-Bosch-Strasse 4 D - 49565 Bramsche Tel: +49 5461 82 0 Fax: +49 5461 82 201 E-mail: bernd-ulrich.hoveling@duni.org Internet : http://www.duni.de
HOFF Interieur Wetzlarer Strasse 26 D - 90427 Nürnberg Tel: +49 911 93060 0 Fax: +49 911 93060 57 E-mail: info@hoff-interieur.de Internet: http://www.hoff-interieur.de	Kaheku Schönes Wohnen GmbH Käthe-Paulus-Strasse 11 D - 31137 Hildesheim Tel: +49 5121 7540 0 Fax: +49 5121 7540 80 E-mail: info@kaheku.com Internet: http://www.kaheku.com
Germany - Alternative Trade Organizations	
Dritte Welt Partner GmbH Deisenfangstr. 31 D - 88212 Ravensburg Tel: +49 751 3615523 Contact: Mr. M. Helling E-mail: m.helling@dwp-rv.de Internet: http://www.dwp-rv.de	El Puente Import & Vertrieb GmbH Hildesheimer Str. 59 D - 31177 Asel-Harsum Tel: +49 5127 98860 0 Contact: Mrs. Lepa Internet: http://www.el-puente.de

Netherlands	
Appletree BV Wilhelminakanaal Zuid 140 NL - 4903 RA Oosterhout (NB) Tel: +31 162 447 111 Fax: +31 162 447 117	Bolsius International B.V. Postbus 47 NL - 5480 AA Schijndel Tel: +31 73 543 3000 Fax: +31 73 543 3350 E-mail: sales@nl.bolsius.com Internet: http://www.bolsius.com
Kaarsenfabriek Cobbenhagen BV Prinses Ireneweg 24 NL - 6271 JB Gulpen Tel: +31 43 450 1507 Fax: +31 43 450 3300	
United Kingdom	
Ancient Wisdom Lancelot Works Prospect Road GB - Sheffield S23 EN Tel: +44 114 2299 635 Fax: +44 114 2862 143 E-mail: mail@AncientWisdom.biz Internet: http://ancientwisdom.biz	Custom Candles Ltd. Cross Lane Coal Aston Dronfield GB - Derbys S18 3AL Tel: +44 1246 414740 Fax: +44 1246 290012 Internet: http://www.customcandles.co.uk
Northern Candles Ltd. 10 Carrickrovaddy Road Newry GB - Co Down BT 34 1SN Tel: +44 283 0821 424 Fax: +44 28 30821 424	Pehrson's Candles Limited Units 3 & 4, Building Seven Saxon Way Melbourn GB - Cambs SG8 6DN Tel: +44 1763 2626 33 Fax: +44 1763 2626 75 Internet: http://www.pehrsons-candles.co.uk

Large Retailers

Germany	
IKEA Deutschland GmbH Am Wandersmann 2-4 D - 65719 Hofheim Tel: +49 180 53534 35 Fax: +49 180 53534 36 Internet: http://www.ikea.de	**Karstadt Warenhaus AG** Theodor-Althoff-Str. 2 D - 45133 Essen Tel: +49 201 727 1 Fax: +49 201 727 5216 Internet : http://www.karstadt.de
Kaufhof Warenhaus AG Leonhard-Tietz-Str. 1 D - 50676 Köln Tel: +49 221 223 0 Fax: +49 221 223 2800 Internet: http://www.galeria-kaufhof.de Belongs to the METRO Group Internet: http://www.metro.de	**real,- SB-Warenhaus GmbH** Reyerhütte 51 D - 41065 Mönchengladbach Tel: +49 2161 403 0 Fax: +49 2161 403 406 Internet: http://www.real.de Belongs to the METRO Group Internet: http://www.metro.de
REWE Domstrasse 20 D - 50668 Köln Tel: +49 221 149 0 Fax: +49 221 149 9000 Internet: http://www.rewe.de	

K. LIST OF SOURCES

Publications:

- ARGUS, ACR, Carl Bro (2001): European Commission DGVI.E.3, European Packaging Waste Management Systems (http://europa.eu.int/comm/environment/waste/studies/packaging/epwms.htm).
- International Trade Centre UNCTAD/WTO (April 1995): Packdata Factsheet No. 28, The European Packaging Directive (EPD).
- Korea Design & Packaging Center (1986): Export Packaging Development in Asia and the Pacific, Packaging of Handicrafts.
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- International Trade Centre UNCTAD/WTO, Commonwealth Secretariat, UNESCO (2001): International craft trade fairs. A Practical guide.
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- European Commission COM (2001) 729: Proposal for a Directive of the European Parliament and of the Council amending Directive 94/62/EC on packaging and packaging waste (http://europa.eu.int/comm/environment/docum/o1729_en.htm).

Websites:

- The Candle Cauldron – A Guide to Candle Making: http://www.candlecauldron.com
- The E-Trade-Center - central data pool for business co-operations, goods and consulting on the Internet, which was set up by the German Chambers of Commerce abroad (AHKs) and the German Chambers of Commerce in Germany (IHKs): http://www.e-trade-center.com
- National Candle Association (US): http://www.candles.org
- Ablaze Candles (Unique Gift Ideas): http://www.ablazecandles.com
- JEG Candle Packaging: http://www.jegmoldedpulp.com/Candle.htm