



Home Textiles

A survey of the market for Home Textiles in Denmark

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DIPO

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The aim of DIPO is to provide service to exporters in the developing countries in their endeavours to enter the Danish market. The office can assist with market information and with establishing contacts to Danish importers. Business offers are published free of charge at DIPO's website (www.dipo.dk) and in DIPO's newsletter *UlandsHandel*, which is published five times annually and distributed to Danish importers.

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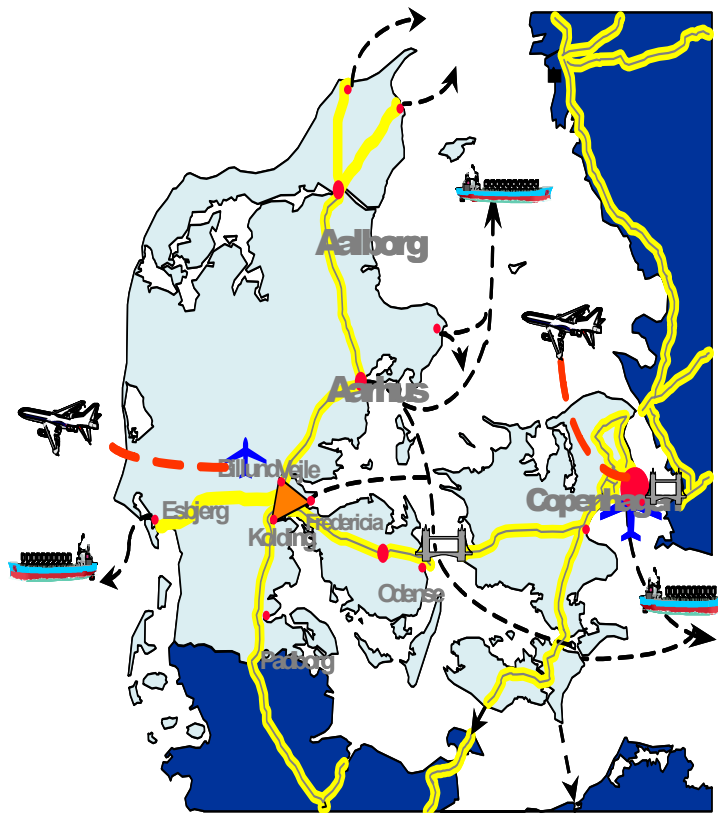
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Map of Denmark



Facts about Denmark

Area: 43,095 sq. kilometers
Population: 5.4 million
Capital: Copenhagen: 1.5 million inhabitants
Language: Danish
Government: Democracy
GDP (2000) : DKK 1,188,196 million
GDP per capita (2002): DKK 220,975
Currency: Krone, DKK (1DKK = 100 øre)
 Denmark has not adopted the common currency EURO
Exchange Rate, US\$: 1US\$ = 7.01 DKK (March 21st 2003)
Time Zone: Central European Time Zone
 One hour ahead of GMT
Business Hours: Monday to Friday
 9.00 a.m. to 5.00 p.m.
Weight and Measures: The Metric System
Climate: 4 seasons: spring, summer, autumn, and winter
Member of International Organizations:
 EU, NATO, WTO, OECD, UN

Other Large Cities:

Aarhus: 500,000 inhabitants
 Odense: 200,000 inhabitants
 Aalborg: 160,000 inhabitants

Distances:

Copenhagen – Aarhus: 300 kilometers
 Copenhagen – Odense: 165 kilometers
 Copenhagen – Aalborg: 400 kilometers

Public Holidays, 2003:

New Year's Day	January 1 st
Maundy Thursday	April 17 th
Good Friday	April 18 th
Easter Monday	April 20 th
Prayer Day	May 16 th
Ascension Day	May 29 th
Constitution Day	June 5 th
Whitsunday	June 8 th + 9 th
Christmas Eve	December 24 th
Christmas Day	December 25 th
Boxing Day	December 26 th
New Year's Eve	December 31 st

1. Introduction to Denmark

Standard of Living

With a high GDP per capita as well as a highly prioritized welfare system, the Danish standard of living is among the highest in the world. Income is evenly distributed among the population and, normally, both men and women work full time.

Membership of the EU

As a member of the EU, Denmark enjoys open market access to the other EU countries. Within the EU a Customs Union has been formed, allowing goods to move freely across borders without customs or taxes. For non-EU countries, however, specific rules apply (please refer to chapter 7 “Customs Duty and Import Regulations”).

Denmark also enjoys membership of international organizations such as the OECD and the WTO and is traditionally striving to actively remove obstacles to free trade within these frameworks.

General Trade Figures

The Danish economy is highly dependent on trade with other countries due to the country's size and location in one of the world's most dynamic regions.

More than two thirds of the Danish foreign trade is carried out with other EU countries. With regards to total imports to Denmark (only goods) in 2002, imports from other EU countries accounted for 71.8 percent. Other European countries accounted for 12.9 percent, Asia accounted for 8.5 percent, the Americas for 6.3 percent, and only 0.5 percent of total imports came from Africa.

Industrial Pattern

Small and medium sized companies characterize the Danish industry. Compared to other industrialized countries, even the largest Danish companies are -with few exceptions- only medium sized.

Except for heavy industries such as mining, car and plane industries etc., practically all business sectors exist in Denmark. Due to an increasing specialization, division of tasks, and seasonality, however, a large range of products is also imported to Denmark. The Danish industry is mainly constituted of light manufacturing and reprocessing, and production is often characterized by a high degree of specialization in a particular, well-defined field. Products, which have made Denmark known internationally, are primarily meat and dairy products, pharmaceuticals, furniture, beer, electronic products and advanced metal industry.

Infrastructure

The Danish infrastructure is highly developed. The road network is of high standard, the railway system connects almost every town with more than 10,000 inhabitants, there are many easily accessible harbours, and Denmark has several domestic airports. Copenhagen Airport is the largest airport in Northern Europe being served by most international carriers. Ferries, tunnels and a number of bridges interconnect the islands of Denmark and, furthermore, a bridge connects Denmark to Sweden (see map on page 3).

Means of communication are excellent as well. The postal service is efficient and reliable, and telephone, fax service and email are available throughout the country.

Climate

The Danish climate consists of four seasons: spring, summer, autumn and winter. The average temperature in July ranges from 12 to 20 degrees Celsius, opposed to the average temperature of January, which ranges from -3 to +2 degrees Celsius. Some snow can be expected from December to March, and rainfall is common with about 700 mm precipitation annually.

Households

Danes spend the majority of their time in-door and, generally, much attention is given to furnishing the home. No exact numbers for spending on home textiles exist for the Danish market, but more than six percent of household income is spent on furnishing and domestic services.

2. Market Definition

This market survey covers household and furnishing textiles:

- Household textiles include bath linen (bath mats, bath rugs, towels, washing gloves, etc.), bed linen (bedspreads, blankets, pillowcases, quilts, sheets, etc.) and kitchen linen (table linen, dish towels etc.).
- Furnishing textiles includes window covering (curtains and drapes), wall and ceiling coverings, upholstery, other (decorative pillows, throw rugs, etc.).

Other household products (rags, mops), soft floor covering (carpets and carpet underlays), or home furnishing products such as mattresses, pillows and quilts, are not covered by this survey.

In order to avoid misunderstandings the classification of home textiles in this market survey will be based on the Combined Nomenclature.

The Combined Nomenclature (CN) is the 8-digit trade classification system used by the European Union for tariff purposes. The system is directly linked to the 6-digit Harmonized System (HS) used by the vast majority of trading nations throughout the world. The CN codes that will be used in this market brief are:

CN Code	Description
63.01	Blankets and travelling rugs
63.01.10.00	Electric blankets of all types of textile materials
63.01.20.00	Blankets and travelling rugs of wool or fine animal hair (excl. electric)
63.01.30.00	Blankets and travelling rugs of cotton (excl. electric)
63.01.40.00	Blankets and travelling rugs of synthetic fibres (excl. electric)
63.01.90.00	Blankets and travelling rugs of textile materials (excl. electric)
63.02	Bed-linen, table linen, toilet linen, kitchen linen, and similar products
63.02.10.00	Bed-linen, knitted or crocheted
63.02.21.00	Printed bed-linen of cotton
63.02.22.00	Printed bed-linen of chemo-fibres
63.02.29.00	Printed bed-linen of other textile materials
63.02.40.00	Table linen, knitted or crocheted
63.02.51.00	Table linen, knitted or crocheted of cotton
63.02.52.00	Table linen, knitted or crocheted of flax
63.02.59.00	Table linen, knitted or crocheted of textile materials
63.02.60.00	Toilet linen and kitchen linen, of terry towelling or similar terry fabrics of cotton
63.02.91.00	Toilet linen and kitchen linen of cotton (excl. terry fabrics)
63.02.92.00	Toilet linen and kitchen linen of flax
63.02.93.00	Toilet linen and kitchen linen of chemo-fibres
63.02.99.00	Toilet linen and kitchen linen of other textile materials
63.03	Curtains, blinds and draperies
63.03.11.00	Curtains, blinds and draperies of cotton, knitted or crocheted
63.03.12.00	Curtains, blinds and draperies of synthetic fibres
63.03.19.00	Curtains, blinds and draperies of other textile materials
63.03.91.00	Curtains, blinds and draperies of cotton (excl. knitted or crocheted)
63.03.92.00	Curtains, blinds and draperies of synthetic fibres (excl. knitted or crocheted)
63.03.99.00	Curtains, blinds and draperies of other textile materials (excl. knitted or crocheted)

63.04	Other home furnishing articles
63.04.11.00	Knitted or crocheted bedspreads (excl. bed-linen, quilts and eiderdowns)
63.04.19.00	Bedspreads of all types of textile materials (excl. knitted or crocheted, bed-linen, quilts and eiderdowns)
63.04.91.00	Articles for interior furnishing, knitted or crocheted (excl. blankets and travelling rugs, bed linen, table linen, toilet linen, kitchen linen, curtains, bedspreads)
63.04.92.00	Articles for interior furnishing, of cotton (excl. blankets and travelling rugs, bed linen, table linen, toilet linen, kitchen linen, curtains, bedspreads)
63.04.93.00	Articles for interior furnishing, of synthetic fibres (excl. blankets and travelling rugs, bed linen, table linen, toilet linen, kitchen linen, curtains, bedspreads)
63.04.99.00	Articles for interior furnishing, of other textile materials (excl. blankets and travelling rugs, bed linen, table linen, toilet linen, kitchen linen, curtains, bedspreads)

When exporting to countries within the EU, it is necessary to state the exact CN number of the specific type of furniture. More information on the Combined Nomenclature is available on www.hmce.gov.uk.

3. Market Analysis

Market Size

In order to account for the market size of home textiles, the following formula will be applied:

Market size = domestic production + imports – exports.

The estimation includes all categories of home textiles (CN 63.01 to 63.04), as described in the previous section "Market Definition". In the following table, the total Danish market for home textiles from 2000 to 2002 is calculated.

Market Size, Development 2000-2002 (DKK 1,000)*			
	2000	2001	2002
Home production	473,129	444,132	416,657
Imports	1,035,538	1,050,629	1,000,946
- Exports	561,873	624,357	704,222
Market size	946,794	870,404	713,381
Index (2000 = 100)	100	92	75

Source: Statistics of Denmark

*The calculations do not take into account the inflation of app. 2 percent p.a.

As can be seen from the table, the total consumption has decreased significantly during the three-year period. Home production has fallen, exports have increased, while imports have decreased by three percent. The slight fall in imports can be ascribed the world recession experienced at the beginning of the new millennium.

The table shows that the exports by far exceed Denmark's own production. This is because a significant proportion of imports are re-exported to other countries, mainly EU-countries.

Exporting Countries

Among the top six countries exporting home textiles to the Danish markets, three of these are developing countries. The following table lists the main exporting countries to Denmark and their development in exports over the last three years.

Largest Exporters of Home Textiles to the Danish Market 2000-2002 (DKK 1,000)				
	2000	2001	2002	Change in % 2000-2002
Poland	225,096	227,046	178,917	-21
Sweden	92,424	113,516	136,114	47
India	150,334	113,650	97,577	-35
Pakistan	69,224	80,861	93,287	35
Portugal	82,512	87,088	87,244	6
China	45,576	53,238	64,592	42
Turkey	45,423	36,625	55,586	22
Czech Republic	32,831	54,349	46,953	43
Germany	41,939	56,377	44,041	5

France	79,422	44,799	30,723	-61
Total	864,781	867,549	835,034	-3
Total World	1,035,538	1,050,628	1,000,946	-3
% of Total	84	83	83	

Source: Statistics of Denmark

The countries on the list cover more than four fifth of all exports of home textiles to Denmark. Poland is clearly the country exporting most, followed by Sweden. In the three-year period shown in the table, however, Poland's exports have been declining significantly. The increasing salary levels in Poland, whose low production costs made the country attractive in the first place, may explain the decline. As the salary level of a country increases, Danish home textile companies may have competitive incentives to move production to lower cost countries. This has over the years resulted in a shift from producing in Denmark to placing production in Southern Europe, Eastern Europe and the Far East. Furthermore, as fashion cycles in the home textile industry are not as short as in the clothing industry, for instance, the incentive to place production geographically closer to Denmark, thereby reducing transportation time, is smaller.

The fact that Sweden is ranked second among the countries exporting most to Denmark does not reflect a large home production of home textiles in Sweden. These exports may very well have been imported from India, Pakistan or China, only to be re-exported to Denmark or other EU countries. The same rationale may explain the relatively large exports from Germany and France.

India, Pakistan, and China are also exporting large amounts of home textiles directly to Denmark. India has experienced a decline, while Pakistan and especially China both have increasing exports. The three developing countries' trade patterns are explained in more detail in the following sections.

India

India is the developing country with largest exports of home textiles to Denmark and is ranked as number three among all countries in the world exporting home textiles to Denmark. India's exports have been declining significantly between 2000 and 2003. India exports close to all types of home textiles, incl. blankets, bed-linen, table-linen, toilet-linen, curtains, etc. India applies a large range of materials in their home textile production, including wool, cotton, synthetic fibres, chemofibres, flax etc. The following table displays the four most important product categories exported to Denmark.

India's Most Exported Articles to Denmark in 2002 (1,000 DKK)		
CN number	Description	DKK
63022100	Bed-linen, printed, of cotton	17,780
63025110	Table-linen, of cotton, mixed with flax	16,521
63026000	Toilet linen and kitchen linen, of terry towelling or similar terry fabrics of cotton	12,884
63023190	Bed-linen, not printed, not mixed with flax, of cotton	12,300

Total		59,485
Total Exports to Denmark		97,577

Source: Statistics of Denmark

Pakistan

Among the developing countries Pakistan is the second largest exporter of home textiles to Denmark. Pakistan exports a broad range of products, including blankets, bed linen, table linen, and toilet linen. Most of these products are made of cotton. In the following table the four most important product categories exported by Pakistan are listed.

Pakistan's Most Exported Articles to Denmark in 2002 (1,000 DKK)		
CN number	Description	DKK
63021010	Bed-linen, of cotton	21,769
63022100	Bed-linen, printed, of cotton	17,454
63026000	Toilet linen and kitchen linen, of terry towelling or similar terry fabrics of cotton	14,482
63023190	Bed-linen, not printed, not mixed with flax, of cotton	9,545
Total		63,250
Total exports to Denmark		93,287

Source: Statistics of Denmark

China

China is ranked three among developing countries and six among all countries of the world. China does not export as much as neither India nor Pakistan, but exports are increasing and furthermore, China exports close to all kinds of home textiles.

China's Most Exported Articles to Denmark in 2002 (1,000 DKK)		
CN number	Description	DKK
63023190	Bed-linen, not printed, not mixed with flax, of cotton	7,072
63014010	Blankets and travelling rugs, knitted, of synthetic fibres (excl. electric)	6,765
63026000	Toilet linen and kitchen linen, of terry towelling or similar terry fabrics of cotton	5,736
63014090	Blankets and travelling rugs of synthetic fibres (excl. electric)	5,447
Total		25,020
Total exports to Denmark		64,592

Source: Statistics of Denmark

Other Developing Countries

The other developing countries that exported home textiles to Denmark in 2002 are listed in the table below.

Other Developing Countries Exporting Home Textiles to Denmark, 2002		
Country	Main Export Article	Exports (DKK 1,000)
Indonesia	Toilet-linen, bed-linen, blankets and rugs, other home textiles	17,264
Columbia	Toilet-linen	4,391
Brazil	Toilet-linen, table-linen, bed-linen, blankets and rugs	3,800
Egypt	Toilet-linen, table-linen, bed-linen	2,715
Peru	Blankets and rugs	1,916
Thailand	Toilet-linen, table-cloth, bed-linen, bed-linen, blankets and rugs, other home textiles	1,879
Vietnam	Curtains and draperies, toilet-linen, table-linen, bed-linen	646
Philippines	Toilet-linen, table-linen, other home textiles	291
Madagascar	Table-linen	74
South Africa	Blankets and rugs	39

Source: Statistics of Denmark

The exports from these developing countries constitute only three percent of all exports of home textiles to Denmark. Furthermore, except from Indonesia, few of these exports are more than just one time exports.

Export Articles

The following table presents the most important import articles (CN no.) of home textiles to Denmark in 2002. In the last column the four countries with largest exports of the article are ranked.

Largest Import Articles, 2002			
CN no.	Description	1,000 DKK	Main exporters
63022100	Printed bed-linen of cotton	157,978	Poland Sweden India Pakistan
63026000	Toilet linen and kitchen linen, of terry towelling or similar terry fabrics of cotton	153,588	Portugal Turkey Indonesia Pakistan
63021010	Bed-linen, knitted or crocheted, of cotton	97,843	Poland Pakistan Portugal

			Sweden
63023190	Bed-linen of cotton (excl. mixed with flax, printed, knitted or crocheted)	89,571	Poland Sweden India Pakistan
63039100	Curtains, blinds and draperies of cotton (excl. knitted or crocheted)	75,081	Czech Republic Sweden France Lithuania
63025190	Table linen of cotton (excl. mixed with flax, knitted or crocheted)	73,512	Poland India United Kingdom Germany
63049200	Articles for interior furnishing, of cotton (excl. blankets and travelling rugs, bed linen, table linen, toilet linen, kitchen linen, curtains, bedspreads)	47,441	Poland India Sweden China
63049300	Articles for interior furnishing, of synthetic fibres (excl. blankets and travelling rugs, bed linen, table linen, toilet linen, kitchen linen, curtains, bedspreads)	26,493	Sweden Lithuania China Germany
63029190	Toilet linen and kitchen linen of cotton (excl. mixed with flax, of terry fabrics, floor-cloths, polishing-cloths, dish-cloths and dusters)	23,194	Pakistan India Sweden Portugal
63039290	Curtains, incl. drapes, and interior blinds, curtain or bed valances of synthetic fibres (excl. non woven, knitted or crocheted, awnings and sun blinds)	17,769	Sweden China Poland Taiwan

Source: Statistics of Denmark

The table shows that bed linen followed by toilet-linen are the articles exported the most to Denmark. The table also confirms that Poland, Sweden, India, and Pakistan are the largest exporters to Denmark. However, also China and Indonesia appear on the list.

Market Access

The Danish market for home textiles is referred to as a buyer's market. Danish importers of home textiles are faced with excess supply, especially from Asian countries. They are weekly or even daily receiving offers from numerous producers in developing countries. Competition is therefore primarily to be found among other producers of home textiles exporting to Denmark.

See also chapter 5 on decisive factors when attempting to enter the Danish market.

4. Trends and Product Characteristics

Trends

Within the last five to eight years the interest in home furnishing and decoration has increased considerably among Danes. Today, Danish television programs are swamped with shows focusing on interior decoration, remaking of homes, and furnishing of homes. To a much greater extent, the home has become a place through which people will try to express their identity and consequently, Danes increasingly take greater interest in making their homes cosy and inviting.

With a greater interest in interior decoration and home furnishing, the focus on home textiles has also increased. Today, bed-, bath-, table-, and kitchen linen are no longer considered to be just plain utility items, but rather the production and promotion of home textiles are influenced by fashion.

Fashion in home textiles, though, does not change as quickly as does for example fashions in garments. Trends in home textiles continue for at least three to four years and may even be longer for furnishing textiles such as curtains.

Retail stores estimate that approximately 25 percent of all sales in home textiles follow the fashion trends, whereas for the remaining 75 percent of all products sold Danes tend to be very conservative in their choice and stick to the same traditional colours and style of the home textile products purchased.

Over the years, the traditional white and light pastel colours on textiles have given way to all kinds of colours as well as a variety of patterns and prints. Generally speaking, the design trend has increasingly become a matter of individual preference and therefore no single trend can be traced. However, retail stores have noticed a trend towards the “romantic” look, meaning that Danes currently seem to purchase more beige and natural-coloured home textiles as well as home textiles with small flower prints and bed linen with embroideries or laces. Also, retail stores see an increased focus on furnishing Danish homes with cushions and quilts.

As it is obvious from the market definition, the category “home textiles” is broad, covering many different products with different characteristics. No official standards of home textiles can be given, though it is advisable for a foreign exporter to follow some general guidelines for each of the following product categories.

Bed Linen

Bed linen is usually sold in two-piece sets with a quilt cover and a pillowcase in matching colours and prints. Sometimes sheets are also included in the sets, though sheets are mostly sold separately. Danes seem to prefer sheets in plain colors matching the quilt cover and pillowcase, whereas the quilt cover and pillowcase can be of one or several colours and have all kinds of different prints and patterns.

Measured in centimetres (cm) the most common sizes for bed linen sold in Denmark are as follows:

- Pillow cases: 50 x 60 cm
- Quilt covers 150 x 210 cm

Single bed sheets: 150 x 260 cm or 180 x 260 cm

Double bed sheets: 220 x 260 cm

Bed linen is usually made of 100 percent cotton, and it must be able to be washed at 60 degree Celsius (°C) or even at 90 °C.

Towels

Terry towels are standard products in most households. The terry fabric is available from light to heavier weight, but the denser the fabric is woven or knit, the higher the quality of the towels.

Plain coloured towels are still the most popular choice for the Danish consumer, but towels with stripes, embroideries or prints are also widely sold. As is the case for bed linen, towels must also be able to be washed at 60 °C or 90 °C.

Frequently used sizes for all kinds of towels are (in centimetres, cm):

Hand towels: 50 x 70; 50 x 100

Guest towels: 30 x 50; 40 x 60

Bath and beach towels: 70 x 140; 75 x 150; 90 x 160; 90 x 180; 100 x 150

Kitchen towels: 50 x 55; 60 x 65

Table Linen

Table linen is more affected by fashion trends than bed linen are and therefore the exporter is advised to follow changes in preference with regards to colours, material and texture used. Mostly, table linen comes in white and plain colours and to a lesser extent with prints.

Table linen is usually sold separately, but can sometimes also be sold in sets consisting of a tablecloth and napkins in matching design.

Table linens are usually made of cotton or flax and must be able to be washed at 60 °C.

Standard sizes do not exist for table linen as it comes in rectangular or round shapes and in different sizes.

Curtains

In comparison to other home textile products, curtains are to a higher degree fashion items and therefore, preferences in style, colours and patterns can vary from one year to another. This however, does not mean that curtains are frequently replaced by new ones as most households keep their purchased curtains for a number of years.

Most Danes still prefer to have their curtains made at a professional curtain specialist in order to ensure a perfect fit for the windows. Few bigger retailers, however, have noticed that made-up curtains are increasingly becoming more popular due to a lower purchasing price.

Curtains can be made up of different fabrics where the most common materials used are cotton, polyester or a mixture of both. Standard sizes for made-up curtains are (height x width): 300 x 145; 160 x 135; 160 x 140.

Labelling and the Use of Chemicals

With regards to labelling it is recommended that a description of the product as well as information regarding how to treat the home textile are included. As a minimum the product should state the following information: The fabric material used, the size of the product as well as washing instructions.

Legislation exists regarding the use of chemicals in textiles, for example will the use of 22 azo dyes be prohibited within the EU from September 2003. Moreover, among Danish consumers there is an increasing awareness towards avoiding textile products containing unnecessary chemicals, phthalates, additives etc.

It is therefore recommended that the foreign manufacturer cooperates closely with the Danish importer and follow the guidelines and instructions of the importer in these matters.

5. Commercial Practice

Due to the increasing use of the Internet, Danish home textile importers receive many offers on a daily basis from foreign suppliers who wish to do business in Denmark. Therefore, a foreign home textile exporter must be aware that a Danish importer can pick and choose among many uninvited offers from qualified suppliers. The new supplier will often have to replace an already existing relationship with competent suppliers, and therefore, the first impression and the first contact are of great importance to the subsequent success of entry into the Danish market.

Contacting the Importer

First step is to send a business offer containing a precise product description along with brochures or photographs. Price should also be introduced as close to the best price possible. It is of vital importance that contact details such as phone and fax number and e-mail address are stated correctly as inaccurate information will give a bad first impression and might cause the importer to immediately lose interest in the product. Many importers also stress that fast communication through e-mails are important as well as English-speaking staff.

It should never be assumed that the Danish importer will follow up on the business offer – the follow up is always expected to be made by the exporter. A follow up call will give an idea of the need and purchase pattern of the Danish importer, which can help evaluate the compatibility of the product.

Meeting with the Importer

Personal contact established through a business visit is important. Danish importers travel widely and will also at some point want to visit the supplier for an inspection of the production facilities.

If the product is of relevance to the importer's line of business, it will normally not be a problem to set up meetings directly. Danish business people are generally result oriented and well versed within their particular field. Therefore, it is advisable to be well prepared and ready to respond to very direct questions about quality, prices, quantities and deliveries.

It is often said that Danes are informal, which is true to some extent. The informality does not, however, apply to being careless in respecting appointments.

Delivery

Once a business deal has been settled, it is important that the actual delivery time and the condition of the products correspond to that agreed with the importer. It is therefore necessary that the exporter states the realistic delivery time right from the very beginning of a new co-operation. The tolerance towards delay and products, which do not live up to agreements, is very limited and may lead to orders being cancelled.

Ethics and Codes of Conduct

Over the last decade, consumers in Denmark have increasingly paid more attention to the ethical conduct of business, which has given rise to the term “political consumers.” This term implies that there is a strong tendency towards Danish consumers placing greater demand on Danish importers and manufacturers. They must be able to guarantee that the products imported from developing countries have not been subject to, for example child labour or has caused industrial pollution or otherwise harmed the environment when manufactured. Therefore, by getting involved with Danish importers many suppliers from developing countries will be asked to sign a contract or statement guaranteeing that the production is carried out without violating the above mentioned issues.

Furthermore, bribery is almost non-existent in Denmark. Recent studies have shown that Denmark is at the bottom of the list of countries in which bribery or corruption is found.

The Danish legal, regulatory and accounting systems for the business sector can be described as transparent and consistent with EU directives.

Visitor's Visa

A visa is usually required to visit Denmark for visitors from overseas countries. A letter of invitation from the Danish business partner will often help obtaining the visa. The exporter must apply for a visa at the Danish Embassy or Consulate in the home country. The visa issued will usually be for entry into the Schengen Area.

6. Distribution

Just like the market for clothing, the market for home textiles in Denmark can be characterized as buyer's market. Home textiles are imported from countries all over the world as well as manufactured in Denmark, and consumers are therefore offered a wide variety of home textiles covering a broad price range from inexpensive to very expensive and up-scale products.

Usually, the foreign exporter will have to go through a Danish purchasing agent, an importer or an importing wholesaler in order to gain foothold on the Danish market as these two groups of players have direct contact and often close cooperation with the different retailers.

In the following, the typical role of the different groups in the distribution chain is described in order to draw a general picture of the structure and purchasing pattern in the distribution chain.

Manufacturers

Some of the largest home textile manufacturers on the Danish market still have their products made at own production facilities in Denmark. Other manufacturers have chosen to locate their production facilities in Asia or in East European countries due to lower manufacturing costs and yet others have outsourced their production to foreign manufacturers.

Importers

Danish importers are also relevant players to contact if a foreign manufacturer wishes to enter the Danish market for home textiles. The importers have specialised in sourcing home textiles from abroad and thereafter pass it on to other players in the distribution chain such as wholesalers.

Purchasing Agents

Purchasing agents are widely used for Danish retailers and importers due to their wide net of contacts and knowledge of the foreign markets. They do not carry their own stock but purchase solely on the request of their customers.

Most purchasing agents work on a 4 – 5 percent commission based on FOB prices.

Wholesalers

Danish wholesalers import ready-made home textiles as well as home textiles manufactured according to specific design specifications given by the wholesaler's customers. A wholesaler usually operate with a mark up between 40 – 70 percent.

Some Danish importers work as wholesalers and agents at the same time

Retailers

On the Danish market, home textiles are sold through a variety of stores such as furniture stores, concept stores, department stores, bigger supermarkets as well as stores specializing in home furnishing. Irrespective of the size of the retail store or chain, most retailers make use of purchasing agents or wholesalers. Only few larger retailers and bigger supermarket chains buy directly from foreign manufacturers or make use of own purchasing offices located abroad. Some Danish retailers mainly purchase home textiles based on own design specifications, whereas others also import ready-made home textiles. The purchasing preferences highly depend on the retailer's line of business.

Among the largest players on the Danish market are the Danish retail chain "Jysk" as well as the Swedish furnishing hypermarket chain "IKEA".

Tendencies in the Distribution Chain

Traditionally, home furnishing shops are the main channels when selling home textiles to the end user. This still holds true even though big supermarket chains increasingly are taking over bigger shares of the market.

Prices and Mark-ups

The price structure of home textiles naturally varies depending on the type of home textiles, the type of retail outlet, and whether a retail company, a wholesaler or an agent imports them.

The example below may serve as a *general* guideline of the pricing structure of home textiles imported by a retailer making use of a purchasing agent:

Table 4.2

Price Structure for Home Textiles (DKK)	
FOB price	10.00
Insurance, freight etc.	1.50
CIF price	11.50
Duty (if applicable)	1.38
Landed cost	12.88
Agent's mark-up, 4 – 5 %	0.65
Agent's price	13.53
Retailer's mark-up, 200 – 500 %	54.12
Retail price, excluding VAT	67.65
VAT, 25%	16.91
Selling price to consumer, incl. VAT	84.56

Success Factors

The different importers of home textiles on the Danish market already have a wide net of suppliers with whom they have had close co-operation for several years. This, however, does not mean that they are not open to new suppliers. Often the enquiries from potential suppliers are kept in the importer's database for a possible future business contact. Please refer to chapter 5 "Commercial Practice" on how to contact Danish importers.

Danish home textile importers often stress the combination of price and quality. This, however, does not mean that a low price is the most important factor for the purchasing decision - a reasonable price combined with a product of good quality is just as important.

Moreover, due to the use of design specifications, it is also extremely important for the foreign exporter that he is able to follow these design specifications and instructions to the letter.

Danish importers emphasize long-lasting business relationships with the foreign suppliers as it takes a long time to build up the necessary trust and to ensure that the quality of the home textile production lives up to expectations.

In general it can be stated that living up to delivery time and agreements regarding quality, price and quantity is of paramount importance if successful cooperation should be established with Danish importers. In other words: normal standards of good business behaviour are strongly encouraged.

A strong marketing and communication effort in the home country of the exporter is also recommended as importers of home textiles travel widely in order to look for new tendencies in the market and to locate new partners. In order to get the attention of the Danish importers it is important that the exporter is able to actively and professionally communicate what his competencies are; often a well-designed company brochure containing photos of the home textiles as well as product descriptions is of importance. Furthermore, if the supplier is quality certified (for example ISO certification) or highly recommended by other clients this should be mentioned as it can heighten the possibility of getting the attention of Danish importers. This type of communication effort will help the professional and qualified exporter to stand out from the crowd.

Another way of getting the attention of Danish importers is to visit or exhibit at trade fairs. Most Danish importers visit different trade fairs all over the world to meet with potential suppliers and to get an impression of the possibilities in the market. As close, personal relationships are often stressed within the home textile industry, this is a very good way to meet potential business partners for both importers and suppliers and moreover, the foreign supplier has the best possible opportunity to show the Danish importer his products and skills. Please refer to chapter 9 "Trade Fairs".

(Source: Interviews with selected Danish importers)

7. Customs Duty and Import Regulations

EU Trade Agreements and GSP

As a member of the EU, Denmark follows the rules and regulations and applies the Common Customs tariff of the EU. An extended set of trade agreements between the EU and the non-EU countries represent a complex set of exceptions to the general rules.

The EU grants a non-reciprocal trade preference to all developing countries. As a general rule, the General System of Preference (GSP) allows for duty free imports into the EU from the Least Developed Countries (LDC) whereas other developing countries benefit from varying duty reductions. Other countries have also entered into bi-lateral trade agreements with the EU where special arrangements on preferential agreements apply.

Documentation

In order to obtain preferential customs treatment when importing to the EU, it has to be documented that the product originates in a country, which has a preferential agreement with the EU. In order to claim GSP-status, a GSP certificate of origin (Form A), signed and stamped by the authorities in the exporting country, must accompany the products. The certificate is valid for 10 months.

It is important that the foreign exporter ensures that these requirements are met as it is the Danish importer who in the end will be juridical responsible to the customs authorities. It is very important to have settled all documents, as prior to importation of the product the Community Customs administration will verify that the goods satisfy the rules of origin. If the goods are not entitled to preferential treatment, the importer becomes liable for duty at full rate.

For full customs clearance, a customs declaration form must also be filled out with information about the importer, the customs value, the tariff position number etc.

Rates of Duty

The rates for import duties as of January 2003 are shown in the following table. These rates of duty cover the sub-categories within the CN-number 63.01 to 63.04 and apply to non-preferential trade.

Table 6.1

Rates of Duty, January 2003

	CN- Number	Rate of Duty, %
Travelling rugs and blankets	63.01	6.9 – 12.2
Bed linen, table linen, kitchen linen etc.	63.02	6.9 – 12
Curtains, blinds, draperies	63.03	6.9 – 12
Other home furnishing articles	63.04	12

Source: Customs & Excise, Denmark

However, special rates of duty apply to countries under the GSP scheme. Countries, which are classified as least developed countries as well as countries included in the special program to fight narcotics, all enjoy duty free entry of their home textiles to the European market. For other developing countries it is possible to obtain a reduction of the normal duty rate. Please refer to appendix 1 for a list of countries eligible for preferential treatment.

For a few countries, the above mentioned rules do not apply: China, Macao, Malaysia, and Thailand do not benefit from the preferential treatment, but have to pay duty at full rate.

Moreover, the EU has also entered into separate agreements with different groups of countries in order for them to enjoy duty-free access into the EU for their home textile products, for example the ACP countries, OCT territories and the countries of ex-Yugoslavia.

It must be stressed, though, that rules and regulations regarding duty are sometimes changed. It is therefore advisable always to check the rate of duty in the individual case, based on the product and the country of origin. GSP duty rates should, for example, be checked with your local customs authorities. Another source of information is the EU web site: http://europa.eu.int/comm/taxation_customs/dds/cgi-bin/tarchap?Lang=EN

Import Quotas

Home textiles are among a few product groups which are still subject to strict forms of regulation. Quotas apply to some types of home textiles, the different quotas being determined on the basis of the sub-groupings within the CN 63 and the particular country's competitiveness.

The countries subject to import quotas are many and vary depending on the product concerned. To give a general picture, however, most types of home textiles imported from China, Macao, Thailand, Vietnam, India, Pakistan, Brazil, Russia, Belarus, and Moldavia are under quotas.

The quotas for the different sub-groupings are subject to regulations and changed on a yearly basis. The EU initiated a process in 1995 where the import quotas are slowly being phased out. The abolishment of quotas will continue until 2005 and will apply to member countries of the WTO.

As is the case concerning import duty rates, it is of equal importance that the foreign exporter stays updated with regards to the latest changes in import quota regulations. It is the specific CN number (8 digits) of the home textiles, which determines if the particular type of home textile is subject to import quotas. Therefore, import quotas should always be checked, for example with your local customs authorities.

Import and Export Licenses

If quotas apply to the product, an export as well as an import license has to be obtained –a system known as double-checking. The exporter has to apply for an export license from the national licensing authorities in the home country. When the license has been issued to the exporter, this license must be sent to the importer in Denmark.

The Danish importer must enclose the original export license when applying for an import license. The import license will only be granted after the licensing authority has checked that the appropriate quota has not been exceeded. A number of exporting countries are now able to issue electronic export licenses, which are sent online directly to the EU authorities.

The quota system is normally based on past performance of the exporters, which means that quotas are allotted based on earlier export performance. Only a smaller part of the quota is given to new exporters, though it varies from country to country, and usually the licenses to new exporters are granted on a first-come-first-served basis

Only after the import license has been granted should the goods leave the country of the exporter or even be manufactured.

Value Added Tax –VAT

The Danish VAT constitutes 25 percent and is among the highest rates within the EU. The 25 percent VAT is levied on all sales, regardless of product type, country of origin etc. Consequently, the high tax rate will in the end influence the retail prices and the consumers' desire and ability to purchase the product.

8. Trade Fairs

Participating in international trade fairs is an important activity in order to create contact to future business partners. Before exhibiting it is often advisable to participate in the fair as a visitor. A well-prepared and properly executed visit to a trade fair can constitute a very cost-effective market research. At the fair it is possible to meet both future competitors and potential customers.

If you choose to exhibit in a trade fair it is important to know in advance who the target groups of the fair are. Moreover, relevant Danish importers should be contacted prior to the trade fair in order to set up meetings during the fair, as some of these importers are likely to be exhibiting themselves. By looking at the list of exhibiting companies printed in trade fair catalogues from previous years it is possible to get a fair impression of which companies to contact in order to set up meetings (The catalogue can often be obtained by contacting the trade fair organizers or downloaded via the organizer's homepage). Some of the exhibitors may not have time for meetings during the fair, and therefore it is important to allow yourself to stay a few days after the fair in order to meet with relevant exhibitors.

One trade fair for home textiles held in Denmark is the **Formland** fair, which is held twice a year in February and August in the city of Herning in the Western part of Denmark. The next Formland fair is to take place August 15-18 2003. More information is available on the internet: www.formland.dk. Another trade fair is the **Scandinavian Furniture Fair** held every year in Copenhagen. The next fair is to take place May 7-11 2003, and the fair will have a special section for accessories and design. For more information, please see www.scandinavianfurniturefair.com.

Besides the fairs held in Denmark, the most important European fair is the **Heimtextil** fair taking place in Frankfurt, Germany, every January (<http://heimtextil.messefrankfurt.com/frankfurt/en/home.html>). This is the largest trade fair for home textiles in the world, and the majority of Danish importers visit this fair in order to establish contact to new partners and to check out latest trends in the market. Other important fairs are the **Tendence Lifestyle** fair and the **Ambiente** fair, which both take place in Frankfurt. The former fair takes place every August and the latter every February. For more information please refer to the webpage www.messefrankfurt.com/en. Danish companies also visit fairs outside of Europe, and therefore visiting these also represents an opportunity to meet with Danish importers.

In order to ensure the best possible match between your products and the target group of the fair it is highly recommendable to investigate a fair closely before contemplating a visit. Information on different fairs is available on the internet: www.phone-fax.com/index2.htm

9. Market Prospects

The beginning of the new millennium has been characterized by a world recession. The Danish market for home textiles has not avoided this general tendency. Nonetheless, the three percent fall in imports over the last three years is not really shaking expectations to an otherwise very promising market.

Except from a decline in exports from India to the Danish market the large developing countries, Pakistan, China, and Indonesia all experience rapid growth in their textile exports. There are other developing countries exporting home textiles to Denmark, although their market share is minimal. Especially other Asian countries such as Vietnam as well as Brazil are worth mentioning. Africa on the other hand is very weak in the area of home textiles exports (except from Egypt). It is almost certain that the large developing countries will increase their market share, whereas it is much more uncertain how the lesser significant developing countries' exports of home textiles will develop in the future.

Currently Eastern European countries, such as Poland and the Czech Republic, enjoy strong positions in the Danish market for home textiles. It should be mentioned, though that these countries are on the brink to become members of the EU, which consequently will lead to higher levels of wages and increasing production costs in the countries concerned. Therefore, in the future it is likely that incentives will be higher to source more from Asian countries. As a member of the WTO China is especially likely to become a dominant exporter of home textiles as the use of quotas are being phased out. China will most likely increase their exports as it has been seen during the last couple of years and enter into fierce competition with countries such as India and Pakistan.

Even though the hard data is showing a decline in the market for home textiles, these facts are contrasted by the business' overall optimistic view on the future prospects of the development in the market. Retailers have noticed an increased interest in home textiles from customers. There is an overall tendency towards Danes taking a greater interest in interior decoration and the furnishing of their homes, which has a positive spill-over effect on the interest in home textiles. Despite of a current recession in the Danish economy, Danish retailers still expect an increase in sales of home textiles in the years to come.

Possibilities do exist for foreign exporters who wish to enter the Danish market for home textiles. It is important, though, that a new exporter to the Danish market keeps in mind that the industry for home textiles is a buyer's market as Danish importers are swamped with offers from foreign manufacturers and exporters. Therefore, the new exporter to the Danish market should make sure to take the right measures in attempting to enter the Danish market for home textiles.

10. Important Addresses

DIPO -Danish Promotion Office

Boersen
DK –1217 Copenhagen K
Phone: +45 70 13 12 00
Fax: +45 33 12 05 25
E-mail: dipo@hts.dk
www.dipo.dk

Danish Ministry of Foreign Affairs

Asiatisk Plads 2
DK- 1448 Copenhagen K
Phone: +45 33 92 00 00
Fax: +45 33 12 37 78
E-mail: um@um.dk
www.um.dk

Federation of Danish Textile & Clothing

Birk Centerpark 38
P.O. Box 507
DK-7400 Herning
Phone: +45 97 11 72 00
Fax: +45 97 11 72 15
E-mail: info@textile.dk
www.textile.dk

Statistics of Denmark

Sejrøgade 11
DK - 2100 Copenhagen Ø
Phone: +45 39 17 39 17,
Fax: +45 39 17 39 99,
E-mail: dst@dst.dk

Home Textile Fairs in Denmark:

Formland

Organizer: Unit Messer A/S
Kongevejen 84
DK-2840 Holte
Denmark
Phone: +45 4542 5711
Fax: +45 45425245
E-mail: formland@unimesser.dk
www.formland.dk

Scandinavian Furniture Fair

Bella Center A/S
Center Boulevard 5
DK -2300 Copenhagen SV
Phone: +45 32 52 88 11
Fax: +45 31 51 96 36
E-mail: bc@bellacenter.dk
www.scandinavianfurniturefair.com

Home Textile Fairs in Germany:

Heimtextil

Frankfurt Fair and Exhibition Center
Frankfurt, Germany
<http://heimtextil.messefrankfurt.com/frankfurt/en/home.html>

Tendence Lifestyle and Ambiente

Messe Frankfurt GmbH
Postfach 15 02 10
60062 Frankfurt am Main
Phone: +49 69 75 75-0
Fax: +49 69 75 75-64 33
www.messefrankfurt.de

Appendix 1

Categorization of GSP Countries	
Classification	Country
Least Developed Countries	Afghanistan, Angola, Bangladesh, Burkina Faso, Burundi, Benin, Bhutan, The Democratic Republic of Congo, The Republic of Central Africa, Cap Verde, Djibouti, Eritrea, Ethiopia, Gambia, Guinea, Guinea-Bissau, Haiti, Cambodia, Kiribati, Comoro, Laos, Liberia, Madagascar, Myanmar, Mongolia, Montserrat, Maldives, Malawi, Mozambique, Niger, Nepal, Rwanda, Solomon Islands, Sierra Leone, Sudan, Senegal, Somalia, São Tomé and Príncipe, Tchad, Togo, Tuvalu, Tanzania, Uganda, Vanuatu, Samoa, Yemen, Zambia
Countries under the special program to fight narcotics	Bolivia, Colombia, Costa Rica, Ecuador, El Salvador, Guatemala, Honduras, Nicaragua, Panama, Peru, Venezuela, Pakistan

Source: Customs & Excise, Denmark