EU MARKET SURVEY 2003

GIFTS AND DECORATIVE ARTICLES

CENTRE FOR THE PROMOTION OF IMPORTS FROM DEVELOPING COUNTRIES

EU MARKET SURVEY 2003

GIFTS AND DECORATIVE ARTICLES

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CBI: YOUR EUROPEAN PARTNER FOR THE EUROPEAN MARKET

The CBI (Centre for the Promotion of Imports from developing countries) is an agency of the Dutch Ministry of Foreign Affairs. The CBI was established in 1971. The CBI's mission is to contribute to the economic development of developing countries by strengthening the competitiveness of companies from these countries on the EU market. The CBI considers social values and compliance with the most relevant environmental requirements to be an integral part of its policy and activities.

CBI offers various programmes and services to its target groups:

Market information
A wide variety of tools to keep exporters and Business Support Organisations (BSOs) in developing countries in step with the very latest development on the EU market.
These include market surveys and strategic marketing guides for more than 40 product groups, manuals on export planning and other topics, fashion and interior forecasts and the CBI News Bulletin, a bi-monthly magazine. This information can also be obtained from our website at www.cbi.nl For all information on non-tariff trade barriers in the EU CBI has a special database, AccessGuide, at www.cbi.nl/accessguide
And finally CBI's Business Centre is offering free office facilities, including telephones, computers, internet and copiers for eligible exporters and BSOs. Market reports, international trade magazines, cd-roms and much more can be consulted in the information section of the business centre.

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The company matching programme links well-versed suppliers in developing countries to reliable importing companies in the EU and vice versa. The online matching database contains profiles of hundreds of CBI-audited and assisted exporters in developing countries that are ready to enter into various forms of business relationships with companies in the EU, as well as many EU companies interested in importing or other forms of partnerships such as subcontracting or private labelling.

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EDPs are designed to assist entrepreneurs in developing countries in entering and succeeding on the EU market and/or in consolidating or expanding their existing market share. Selected participants receive individual support over a number of years by means of on site consultancy, training schemes, trade fair participation, business-to-business activities and general export market entry support. Key elements usually include technical assistance in fields such as product adaptation, improving production, implementing regulations and standards and export marketing and management assistance.

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Training programmes for exporters and BSOs on, among others, general export marketing and management; trade promotion; management of international trade fair participations and developing client-oriented market information systems. The duration of the training programmes vary between two days and two weeks and are organized in Rotterdam or on location in developing countries.

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Institutional support for capacity building for selected business support organisations.
The programme is tailored to the specific needs of participating BSOs and can include train-the-trainer assistance, market information systems support and staff training. CBI's role is advisory and facilitative.

Please write to us in English, the working language of the CBI.

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Compiled for CBI by:

Developing Countries B.V.

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New CBI Publication with updated contents, replacing CBI's EU Market Survey 2002 'Gifts and decorative articles' and CBI's EU Strategic Marketing Guide 2002 'Gifts and decorative articles'.

CONTENTS

REPORT SUMMARY

This survey profiles the EU market for gifts and decorative articles. The emphasis of the survey lies on those products which are of importance to suppliers based in developing countries. The products discussed in this include: glassware, ceramic articles, woodware, metal articles, candles, artificial flowers & fruits and articles of bone, horn, etc. The major national markets within the EU for those products are highlighted. Parts A and B of this survey include statistical market information on consumption, production and trade, trade structure and requirements for access. As an exporter, you will need this information in order to formulate your own market and product strategies. Part C of this survey contains Export marketing Guidelines a practical handbook for exporters engaged, or wishing to engage, in exporting gifts and decorative articles to the European Union.

Consumption
The divergences in tastes and interests mean that there is an enormous diversity of gifts and decorative articles. This makes it hard to define this sector, besides the fact that the distribution is spread throughout many market sectors. Information about the total size of the market, as well as the size of the different product categories, is only available to a limited extent. The general view of gifts and decorative articles is, therefore, that the markets are increasing at a relatively steady rate and offer reasonable prospects for growth in the future.

The houseware sales figures are often used as an indication of the potential market for gifts and decorative articles. According to Euromonitor data, it is estimated that total consumption of houseware in the EU amounted to € 17,5 billion in 2001, representing a growth of 4 percent compared to the preceding year. The leading EU markets are France, United Kingdom, Italy and Germany. Between 1997 and 2001, all the major markets increased. During this period, the biggest growth markets for houseware within the EU were the United Kingdom and Italy.

The market for gifts and decorative articles is undergoing some changes. The market is shifting from a functional to a fashion business. Many purchases of gifts and decorative articles are impulse purchases, so value for money is an important selling point. Quality, however, remains the most important factor in the customer' purchasing decision process.

Production
In the recent past, manufacturers have shifted their complete production to the so-called low-wage countries. Nowadays, it can be observed that the European brands are buying the labour intensive parts of their products overseas at relatively low prices and only putting the product together in attractive packaging in their European workshops, enabling their quality control teams to check every stage of production to ensure that the merchandise meets international standards.

Imports
In the period between 1997 and 2000, the EU-import of gifts and decorative articles grew in terms of value, on average, about 9.5 percent annually. In 2001, however, there was a downturn of almost 4 percent. Germany is the leading importer, accounting for 23 percent of the total imported value by EU member countries, followed by the United Kingdom (15%), France (13%), Italy (10%), The Netherlands (9%), Belgium (6%) and Spain (6%). The share of gifts and decorative articles supplied by European countries is declining. The EU-member countries supplied almost 36 percent of all gifts and decorative articles imported in 2001 in terms of value, compared with 42 percent in 1997. This development is mainly caused by the increasing competition from cheap-labour countries in Asia and Eastern Europe. The Netherlands, Germany and France are the main intra-EU suppliers with shares of 6.5%, 6% and 4.5% respectively in terms of value. For extra-EU trade, China is the main supplier in terms of value, supplying almost a third of the import of EU-member countries. Other important EU suppliers are Poland and Vietnam, with market shares of 4 percent and 3.5 percent respectively in terms of value.

Export
In 2001, the EU member states together exported a value of about € 4 billion of gifts and decorative articles, showing a slight decline in value compared to 2000. The largest exporter of gifts and decorative articles in the EU was France. France accounted for 19 percent of the total exported value by EU member countries in 2000. Other key exporting countries were Italy (18%), Germany (14%), Belgium (8%) and The Netherlands (8%). The main products exported by EU-member countries are glassware and ceramic articles, together accounting for an export share of 64 percent in terms of value and more than 75 percent in terms of volume.

Opportunities
Although the gifts and decorative articles market seems to be very sensitive to the general economic climate, the prospects for developing countries are good. According to our survey, developing countries increased their role in most of the product groups discussed is this survey. This development is especially seen in the import of glassware, ceramic and metal articles.

The demand for original ethnic articles, combined with the fact that the gift and decorative articles market is becoming more fashionable, offers opportunities for developing countries. Consumers are looking for one-of-kind items with which they can personalize their homes or change their homes by adding small pieces of decorative articles.

Producers, however, should take into account that quality and value for money are still the major purchasing decision drivers. The trend towards a more fashionable market has some implications like, for example, shorter product life cycles, making fast and accurate distribution indispensable.

This survey offers you a framework for deciding whether or not to export to the European Union and, if you decide to do so, this survey provides you with leads and guidelines to assist your decisions about which products and markets to focus on.

For information on current CBI Programmes, training & seminars, and to download market information and CBI News Bulletins, please refer to CBI's internet site www.cbi.nl

INTRODUCTION

This CBI survey consists of three parts: EU market Information (Part A), EU market access requirements (Part B) and export marketing guidelines (Part C).

Market Survey

Part A **EU Market Information** *(Chapter 1-8)* Product characteristics Introduction to the EU market Consumption and production Imports and exports Trade structure Opportunities for exporters	**Part B** **EU Market Access Requirements** *(Chapter 9)* Quality and grading standards Environmental, social and health & safety issues Packaging, marking and labelling Tariffs and quota

Part C
Export Marketing Guidelines: Analysis and Strategy

External Analysis *(Chapter10)*	**Internal Analysis** *(Chapter 11)*

Decision Making
(Chapter 12)

Target markets and segments
Positioning and improving competitiveness
Suitable trade channels and business partners
Critical conditions and success factors

Marketing Tools
(Chapter 13)

Matching products and product range
Building up a trade relationship
Drawing up an offer
Handling the contract
Sales promotion

Chapters 1 to 8 (Part A) profile the EU-market for gifts and decorative articles. The emphasis of the survey lies on those products which are of importance to developing country suppliers. The major national markets within the EU for those products are highlighted. The survey includes contact details of trade associations and other relevant organisations. Furthermore, statistical market information on consumption, production and trade, and information on trade structure and opportunities for exporters is provided.

Whereas Part A provides EU market information, Chapter 9 (Part B) describes the requirements, which have to be fulfilled in order to gain market access for the product sector concerned. It is furthermore of vital importance that exporters comply with the requirements of the EU market in terms of product quality, packaging, labeling and social, health & safety and environmental standards. These issues are therefore covered, also in Part B.

After having read Parts A and B, it is important for an exporter to analyse the target markets, sales channels and potential customers in order to formulate marketing and product strategies. Part C consequently aims to assist (potential) exporters from developing countries in their export-decision-making process.

After having assessed the external (Chapter 10) and internal environment (Chapter 11), the (potential) exporter should be able to determine whether there are interesting export markets for his company.
In fact, by matching external opportunities and internal capabilities, the exporter should be able to identify suitable target countries, market segments and target product(s) within these countries, and possible trade channels to export the selected products (Chapter 12). Chapter 13 subsequently describes which marketing tools can be used to build up successful business relationships.

The survey is interesting for both starting exporters as well as well as exporters already engaged in exporting (to the EU market). Part C is especially interesting for more experienced exporters starting to export to the EU and exporters looking for new EU markets, sales channels or customers. Starting exporters are advised to read this publication together with the CBI's 'Export planner', a guide that shows systematically how to set up export activities.

Part A

EU market information

A

1 PRODUCT CHARACTERISTICS

This survey analyses the market for gifts and decorative articles in the European Union. The products falling under "gifts and decorative articles" are difficult to label. Theoretically, any product can be used as a gift and a great number of products have, in one-way or another, decorative value. Gifts and decorative articles can be described as handcrafted articles or "handicrafts." UNESCO has defined the term handcraft as follows:

"Produced by artisans, either completely by hand, or with the help of hand-tools or even mechanical means, as long as the direct manual contribution of the artisan remains the most substantial component of the finished product. These are produced without restriction in terms of quantity and using raw materials from sustainable resources. The special nature of artisan products derives from their distinctive features, which can be utilitarian, aesthetic, artistic, creative, culturally attached, decorative, functional, traditional, religiously and socially symbolic and significant .

Today, this definition cannot be taken at face value, as many of the so-called handicrafts, are – to a greater or lesser extent – machine made, though usually not mass-produced, Moreover, there is a need to automate or partly automate production, as very few customers are prepared to pay the price for fully hand-made products.

1.1 Product groups

The gift and decorative articles market can be segmented in different groups. First, it is possible to segment on the different materials. We can also divide the market into the different functionalities of the products.

- Articles of original ethnic value: This category contains items that are handmade, original, artistic and exclusive. Usually the quantities are relatively small, sometimes it concerns unique pieces of which each one is different. Examples of such articles are statuettes made of wood, metal, ceramic or earthenware
- Articles of decorative value: This category consists of items, which are often adapted to the tastes and requirements of the European markets. These articles are sold in large quantities. They may be both handmade and machine made. These items are vulnerable to changes in fashion. Examples of such articles are picture frames.
- Articles of utilitarian value: This category is comparable to the previous one but differs in one important respect i.e. that these articles should have a functional value. In other words, the items should be both decorative and useful. Utility articles are required to live up to industrial standards, which for example require that a candleholder should not topple easily. As another example, vases for holding flowers should not leak.

A remarkable common characteristic in all these articles is their decorative and/ or emotional value; many consumers seem to purchase them merely because of this feature. In addition, the items are valued as curiosities. Gifts and decorative articles distinguish themselves from other categories of products by the combination of their use, together with the choice of materials they are made of, the method of production, design, utility and distribution method. Functionality does not seem to be the main reason for buying these articles, as a wide range of industrial alternatives are normally available. Usually, the products concerned are, by means of tradition, of no essential function in a Western household. That explains why these are considered luxury items, or in other words non-essential articles, for which the demand is strongly influenced by fashion trends and by the purchasing power of the consumers. The basic criterion for a consumer in purchasing these articles is whether they will fit into his/her particular fashionable style, or whether they represent a certain image that may be useful as a gift.

The following categories of gifts and decorative articles are clearly discernible:

- **Glassware**, such as: figurines, lamps, candleholders, glasses, bowls, tea-warmers, vases, etc.
- **Ceramic articles**, such as: statuettes, animal figurines, paperweights, lamp bases, candleholders, desk sets, etc.
- **Woodware**, such as: bowls, plates, carvings, boxes, cutting boards, toys, educational items, kitchen utensils, bookends, etc.
- **Candles**, perfumed and unperfumed.
- **Artificial flowers and fruits**, plastic and non-plastic.
- **Metalware**, such as: statuettes, candle holders, boxes, watering cans, ashtrays, flowerpots, fruit bowls, plates, lamps, vases, Christmas decorations, cages, aviaries, etc.
- **Basketwork**, such as baskets, cradles, cases, etc.
- **Leatherware**, such as: small purses, billfolds, shopping and handbags, belts, etc,
- **Textiles**, such as: wall hangings, tapestries, dolls, mittens, Christmas and Easter decorations, etc.
- **Boneware**, such as: animal figurines, napkin holders, religious statuettes, necklaces, bangles, etc.

The product groups concerning more sophisticated jewellery, leather articles, textiles and cosmetic products lie beyond the extent of this survey. CBI has conducted separate surveys on these specific articles (for cosmetic products, such as essential oils, please refer to "Natural Ingredients for Cosmetic Products"). The same applies to pure household items and to toys. This survey, moreover, does not include antiques.

1.2 Statistical product classification

The nomenclature for statistics within the Europe Union does not specify handicraft as such. The trading classification systems used, were unified by the introduction of a new, worldwide coding system, introduced on January 1, 1988. This system is called the Harmonized Commodity Description System (HS) and was developed by the World Customs Organisation (WCO). The system comprises about 5,000 commodity groups; each identified by a six-digit code, arranged in a legal and logical structure and is supported by well-defined rules to achieve uniform classification. More than 177 countries and economies use the system as a basis for their customs tariffs and for the collection of international trade statistics. WCO has introduced some alterations to the HS and these are included in the combined nomenclature as of January 1, 2002. After the six-digit code, countries are free to use further subheadings. An 8-digit system is used in the trade data of Eurostat. Most codes, however, end with two zeros, i.e. effectively only using six digits. In some countries, ten digits are even occasionally used.

In order to make this market survey operational, the survey has been limited to describing the following selected product groups. The HS classification given in table 1.1 differs from the classification mentioned in paragraph 1.1. This puts limitations on in-depth interpretation of trade figures and on the possible relationships between import and export figures on the one hand and production and consumption figures on the other hand.

Table 1.1 Harmonised System (HS) classification for gifts and decorative articles

Product group	Heading HS codes
• Glassware (incl. crystal)	7013
• Ceramic articles	6913 / 6914
• Woodware	4414 / 4420
• Candles	3406
• Metal articles	8007 / 8306
• Artificial flower and fruits	6702
• Basketwork	4602
• Articles of bone, horn, etc.	9601 / 9602

2 INTRODUCTION TO THE EU MARKET

The European Union (EU) is the current name for the former European Community. Since 1 January 1995, the EU has consisted of 15 member states. Ten new countries will join the European Union in 2004; these so-called acceding countries are Poland, Lithuania, Estonia, Latvia, Hungary, the Czech Republic, Slovenia, Slovakia, Malta and Cyprus. According to Eurostat, the EU will grow from 15 countries with 378,5 million residents to 25 countries with 450 million inhabitants as a result of this enlargement. Negotiations are in progress with a number of other candidate countries.

Within Western Europe – covering 15 EU member countries, Iceland, Liechtenstein, Norway and Switzerland – more than 20 million enterprises are active. Small and medium-sized enterprises (SME's) accounted for the lion's share. In 2000, the average turnover per enterprise of SME's and large enterprises amounted to € 600 thousand and € 255 million respectively.

EU Harmonisation
The most important aspect of the process of unification (of the former EC countries), which affects trade, is the harmonisation of rules in the EU countries. As the unification allows free movement of capital, goods, services and people, the internal borders have been removed. Goods produced or imported into one member state can be moved around between the other member states without restrictions. A precondition for this free movement is uniformity in the rules and regulations concerning locally produced or imported products. Although the European Union is already a fact, not all the regulations have yet been harmonised. Work is in progress in the fields of environmental pollution, health, safety, quality and education. For more information about harmonisation of the regulations, visit AccessGuide, CBI's database on non-tariff trade barriers at www.cbi.nl/accessguide

Monetary unit: Euro
On 1 January 1999, the euro became the legal currency within twelve EU member states: Austria, Belgium, Finland, France, Germany, Greece, Italy, Ireland, Luxembourg, The Netherlands, Spain, and Portugal. In 2002, circulation of Euro coins and banknotes replaced national currency in these countries. Denmark, United Kingdom and Sweden have decided not to participate in the Euro.

The most recent Eurostat trade statistics quoted in this survey are from the year 2001. In this market survey, the € is the basic currency unit used to indicate value.

Trade figures quoted in this survey must be interpreted and used with extreme caution. The collection of data regarding trade flows has become more difficult since the establishment of the single European market on 1 January 1993. Until that date, trade was registered by means of compulsory customs procedures at border crossings but, since the removal of the intra-EU borders, this is no longer the case. Statistical bodies like Eurostat cannot now depend on the automatic generation of trade figures. In the case of intra-EU trade, statistical reporting is only compulsory for exporting and importing firms whose trade exceeds a certain annual value. The threshold varies considerably from country to country, but it is typically about € 100,000. Therefore, although figures for trade between the EU and the rest of the world are accurately represented, trade within the EU is generally underestimated.

Table 2.1 Overview of important EU-members:

Countries/category	Population (2003) (Million)	GDP (2001) (€ Billion)	GDP (2001) (Per capita in €)
15 EU countries	**378,5**	**8,827**	**23,180**
Germany	82,6	2,071	25,150
United Kingdom	59,1	1,588	26,500
France	59,6	1,464	24,030
Italy	56,5	1,217	21,000
Spain	40,7	652	16,180
The Netherlands	16,2	429	26,750

Source: Mintel, World Factbook (2002)

Table 2.2 Overview 15 EU member countries 2003

Population	**378.5 million**
Area	**31,443,000 km²**
Languages	**15 (excl. dialects)**
GDP/capita	**€ 21,023**
Currencies	**€, UK£, DKr., SKr.**
Exchange	**€ 1 = US$ 1,16 (May 2003)**

Source: Mintel, World Factbook (2002)

Furthermore, the information used in this market survey is obtained from a variety of different sources. Therefore, extreme care must be taken in the qualitative use and interpretation of quantitative data, both in the summary and throughout the text, as well as in making comparisons of different EU countries with regard to market approach, distribution structure, etc.

For more detailed information on market research, reference is made to CBI's '*Export Planner*' and CBI's '*Your guide to market research*'.

3 CONSUMPTION

The divergences in tastes and interests ensure that there is an enormous diversity of gifts and decorative articles. This, however, makes it hard to define this sector and the fact that their distribution is spread throughout almost all sectors imaginable, information about the total size of the market, as well as about the size of the different product categories, is only available to a limited extent. Euromonitor and Mintel are the only organisations presenting EU overall and individual-country comparable figures for houseware sales. These figures, however, include sales of certain products that are beyond the scope of this survey whilst they exclude sales of some articles that may be relevant. Therefore, the information on this particular market is somewhat ambiguous but, since it is a known fact that the houseware sector includes a percentage of sales of gifts and decorative articles. Therefore, the houseware sales in these markets can be used as an indication of the potential market for gifts and decorative articles.

Again it should be noted that the information used in this market survey is obtained from a variety of sources. Therefore, extreme care must be taken in the qualitative use and interpretation of the quantitative data in this chapter.

3.1 Market size

According to Euromonitor data, the total value of housewares sold within the EU amounted to more than € 17,5 billion in 2001, representing an increase of more than 4 percent compared to the preceding year. The most popular product group was plastic houseware, accounting for almost one third of total sales, followed by glassware (27%) and ceramic houseware (17%). The leading EU market for houseware is France, accounting for 27 percent of the EU houseware expenditure. At considerable distance, we find the United Kingdom and Italy, which pushed Germany out of the top three.

Figure 3.1 Houseware consumption by EU-member countries, 2001, % of total value

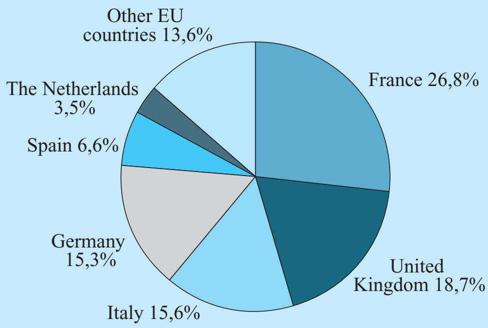
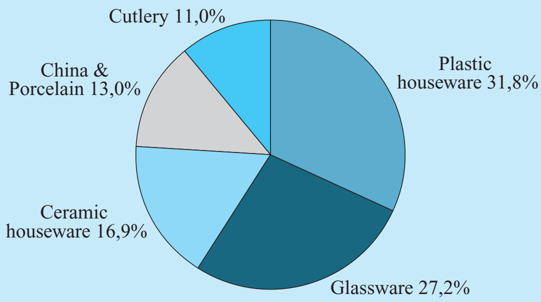


Figure 3.2 Houseware products shares in the EU, 2001, % of total value



Germany

With over 82 million inhabitants and more 38 million households, Germany is Europe's largest retail market, with total retail sales worth € 541,2 billion in 2001, equivalent to € 6,609 per capita. According to Euromonitor, the German houseware market grew in 2001, after three years of decline. In 2001, German houseware market sales grew by more than 2 percent, amounting to € 2,7 billion. The biggest product groups sold in Germany are glassware and ceramic houseware, together representing more than 50 percent of the houseware market.

German glassware sales showed a small revival in 2001 after four years of decline. In 2001, the German glassware market amounted to € 823 million. Between 1997 and 2001, the glassware market shrank by 6.6 percent. The china & porcelain market is continuing its positive development, which started in 2000.

The German plastic houseware market amounted to € 504 million and continued to grow in 2001. Over the five-year period between 1997 and 2001, the plastic houseware market grew by almost 8 percent. After France, Germany is the EU's largest market for ceramic houseware. Between 1997 and 2001, the German ceramic houseware expenditure remained rather stable, amounting to € 466 million in 2001. The expenditure on cutlery is the last market shown but falls outside the scope of this survey.

Another indicator for the German gifts and decorative articles market is the German giftware market. Given the range of giftware products, it is difficult to determine the size of the market. According to the German National Handicraft and Interior Design Association, the German market is estimated at € 6 billion. However, according to British research agency

Figure 3.3 Houseware products shares in Germany, 2001, % of total value

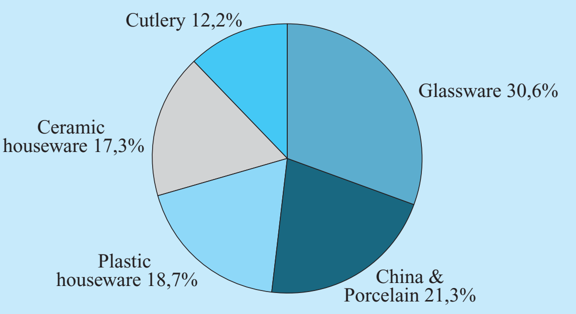
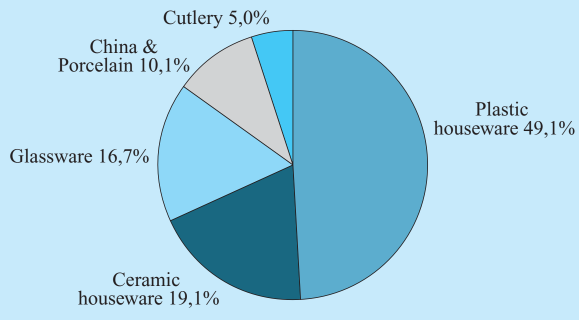


Figure 3.4 Houseware products shares in United Kingdom, 2001, % of total value



Key Note Ltd, the German market is estimated at € 15 billion in 2001. The latter figure corresponds to a broad definition of giftware that includes the following items: artificial flowers/ plants, scents/ cosmetics, sweets, toys/ computer games, books, discs/videos, watches/ jewellery, certain apparel/ textile items, a few small electrical appliances, money/ vouchers and other items. November and December are Germany's most import sales periods for giftware. After Christmas, Easter is the second-most important gift-giving occasion. According to British research agency Key Note Ltd, favourite gift items for women include perfume and cosmetics, jewellery and watches, leatherware and china, while men favour jewellery, watches and gourmet food.

German giftware consumption is struggling in the present stagnant economic climate and expectations for growth are low. Annual growth rates of between 1.5 to 2 percent are forecast for the next few years for the overall giftware market.

Germany's longstanding love affair with discount shops with its focus on price, transformed the German giftware market into a fiercely price-competitive marketplace. According to market research agency Mintel, German consumers consistently place price above other considerations such as quality, choice or service, both in the food and the non-food sector. Nevertheless, innovative and new-to-market giftware items still have good market prospects. German giftware buyers find novelty / new products attractive and are willing to pay a higher price for more exclusive items.

United Kingdom

The United Kingdom is the second largest retail market in the EU, after Germany. British retail sales totalled € 350 billion in 2001, growing 3 percent in comparison with the preceding year and reaching € 5,883 per capita.

The British houseware market showed an enormous growth in the five-year period between 1997 and 2001. In this period the houseware market, grew on average more the 7 percent annually, representing a value of € 3,3 billion in 2001.

According to Euromonitor, plastic houseware accounted for almost 50 percent of British houseware sales. This segment grew on average 9 percent annually between 1997 and 2001. The sales of ceramic articles remained rather stable, representing a value of € 628 million in 2001. The sales of glassware flattened, in 1999 the sales of glassware grew by 12.8 percent, in 2000 the market grew by 5.2 percent. In 2001, the sales of glassware totalled € 548 million representing a growth of 2.8 percent. The sales of porcelain & china are relatively small compared with the EU average. Nevertheless, it shows a growth of 3.2 percent in 2001.

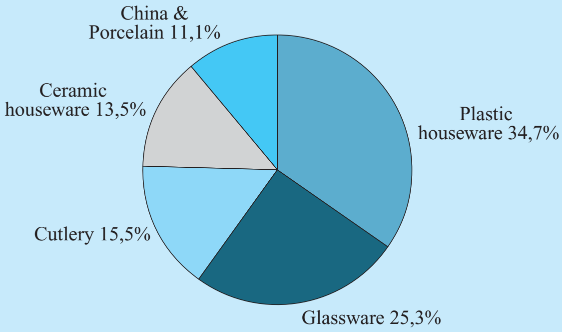
According to Key Note, the British market for giftware, which includes toys and games, jewellery, watches, silverware, ceramics, glassware (hand-blown glass, glass ornaments, vases, figurines, etc.) and small leather goods, totalled € 3,5 billion in 2001 (GBP 2,02 billion).

Key Note estimates that the British market for giftware will grow on average 2.7 percent per year between 2001 and 2005. According to the British Giftware Association, the majority of gifts are given at Christmas and birthday presents capture the second highest proportion of gift expenditure throughout the year. Third in importance is Mother's Day, followed by wedding and engagement presents. Other gifts 'bought for no particular reason" contribute nearly 7 percent to the sales in 2001. Across all categories of gifts-purchases, the average spending is approximately € 20 per item. 54% of the British giftware buyers are female.

France

Euromonitor estimates that French retail sales stood at € 342 billion in 2001, 3.8 percent up the previous year and € 5,776 per capita. According to Mintel, however, retail sales in France are expected to decline in 2002.

Figure 3.5 Houseware products shares in France, 2001, % of total value



The French houseware market is worth € 4,7 billion, by far the biggest in the EU. In 2001, French houseware sales picked up after two years of low growth. In 2001, the houseware sales grew by 3.5 percent. The plastic houseware market, the biggest houseware segment in France, totalled € 1,6 billion. The French glassware market recovered after two years of decline and grew by 2%, amounting to almost € 1,3 billion in 2001. French ceramic houseware sales totalled € 654 million and grew by 2.3 percent after two years of decline. The china & porcelain segment grew on average 2 percent annually between 1997 and 2001, amounting to € 523 million.

In the market for household decorative accessories, the main growth areas include gourmet gift articles, cookware, artificial flowers, scents, candles, carpets and photo frames. Falling sales were quoted for decorative articles such as Christmas décor, chandeliers, caskets/boxes, photo accessories, articles for smokers and vases.

Italy

The Italian retail market is one of the largest in EU, but overall remains highly fragmented and dominated by small independent businesses, most of which operate as single outlets. Italian retail sales totalled almost € 310 billion in 2001. Of the six EU countries discussed in this survey, Italian retail market sales showed the largest growth in both 2000 and 2001. In 2000, the Italian retail market almost grew by 10 percent; in 2001, the growth was nearly 7 percent. In 2001, retail sales per head amounted to € 5,357.

In 2001, the Italian houseware market, which is bigger than the German one, grew by 7 percent, to € 2.7 billion. By far the biggest product group sold in Italy is glassware, accounting for more 45 percent of Italian houseware sales. The Italian glassware market is the EU's largest national glassware market, with a value of € 1.25 billion. Between 1997 and 2001, the glassware market grew on average more than 8 percent annually. The second market, ceramic houseware, also showed a healthy growth, although it could not sustain the growth of 2000. In 2001, the market for ceramic houseware grew by 3.4 percent.

The Italian market for plastic houseware grew by about 5 percent on average annually between 1997 and 2001. China & porcelain sales grew by 8.3 percent in 2001.

According to Key Note, Italian retailers sell approximately one billion gift items each year and each Italian consumer purchases an average of 20 gift items per year. As in Germany, women tend to buy more items, but men spend more. It is important to note that the giftware and handicraft sectors are closely linked in Italy and a large percentage of the giftware items sold in Italy are handmade or handcrafted.

The Netherlands

Although small in size, the Dutch retail market is one of Europe's major markets, worth € 70.1 billion. In terms of sales per head, this translated to € 4,387. The Dutch retail market is mature and well developed, people are increasingly reluctant to buy more and/or

Figure 3.6 Houseware products shares in Italy, 2001, % of total value

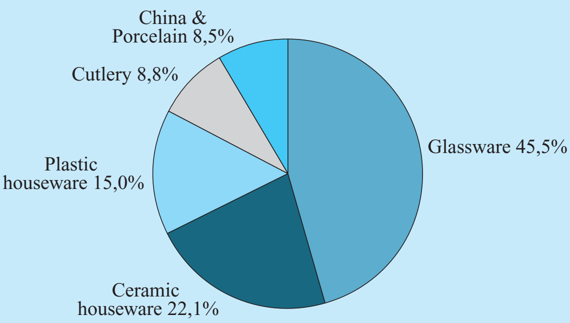
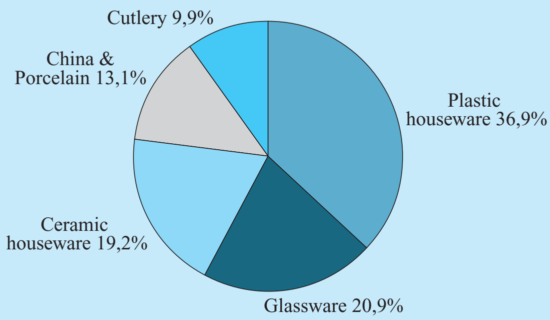


Figure 3.7 Houseware products shares in The Netherlands, 2001, % of total value



more exclusive goods like gourmet food, household equipment, furniture and so on and it is increasingly difficult to predict consumer behaviour. The modern consumer is very impulsive and can no longer be clearly defined.

According to Euromonitor, total houseware sales in The Netherlands continued to grow and totalled € 619 million in 2001. Plastic houseware, the most important houseware segment, grew by 6.5 percent. The glassware market showed a positive development, growing by 9 percent in 2001, after being rather stable between 1997 and 2000. The ceramic houseware market, like glassware, grew in 2001 after being flat between 1997 and 2000. In 2001, ceramic houseware sales grew by more than 6 percent, amounting to € 119 million. China & porcelain remained stable between 1997 and 2001.

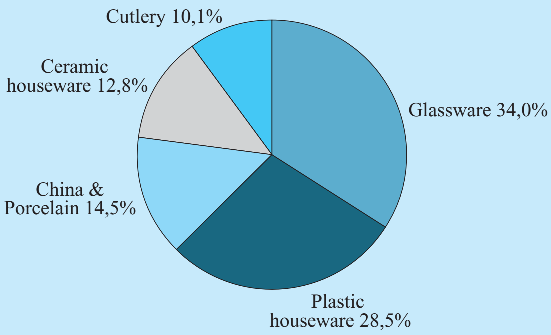
According to a publication of the Dutch research agency EIM, the Dutch giftware market totalled about € 3,2 billion in 1996. 85 percent of the Dutch population visits a store to buy presents. A Dutch customer buys a present approximately every 3 weeks, women tend to buy more than men do. The average price of a present is € 27 per head and the Dutch give nine gifts a year. The main reasons for giving presents are birthdays and feast-days like Christmas, Mother's Day, Father's day, etc.

Spain

Spanish retail sales amounted to of € 116,3 billion in 2001, translating to a per capita spend of € 2,946. The Spanish economy has developed well over the last few years, assisted by the introduction of the Euro. National and international retailers have invested to take advantage of this.

The Spanish houseware sales grew by 5.5 percent in 2001, reaching € 1,17 billion. Glassware, the largest houseware segment in Spain, grew on average 2.5 percent annually between 1997 and 2001, amounting to

Figure 3.8 Houseware products shares in Spain, 2001, % of total value



€ 397 million in 2001. Plastic houseware sales grew on average 3.5 percent annually between 1997 and 2001. The two smallest segments, china & porcelain and ceramic houseware, grew during the five-year period on average 3.3 percent and 2.7 percent respectively per annum.

3.2 Segmentation

It is a known fact that a significant share of consumers' decisions are driven by emotion. Particularly for products which are bought for decoration, emotion drives virtually 100% of the spending. People buy these products based upon desire and not based upon need. People buy these products to achieve a feeling, to enhance an experience.

According to the Danish Import Promotion Office for Products from Developing Countries, the market for gifts and decorative articles can roughly be divided into four segments depending on the reason for buying the article:

- Utility segment
- Gift article segment
- Art object segment
- Souvenir segment

The utility segment consist of products which are mostly bought for day-to-day use, like, for example, wooden utensils or bowls for the kitchen. These products are adapted to the needs of the European consumer. When buying utility products, value for money will be a key factor for success, mainly because it concerns commonly available products (shopping goods). Asian countries, like China and Vietnam, are important producers of these products because of their cheap labour.

The gift article segment is the second segment. The products within this market segment are typically bought as gifts for family and friends at special occasions, such as Mother's day, birthdays, Christmas, Valentine's Day etc. In this sector, there is a trend towards better quality; consumers want to avoid buying

Most important purchasing criteria for giftware, according to the Britsh Giftware Association:

1. Quality
2. Value for Money
3. Availability
4. Fashion/ Image
5. Recommendation
6. Packaging
7. Advertising

gifts that fall apart soon after purchase. According to a survey of the British Giftware association, consumers purchasing giftware products consider “quality” to be the most important criterion for buying.

The art object segment is a smaller segment and consists mostly of hand-made articles with an artistic value. This segment consists of unique, authentic, or “ethnic” goods, which are made in developing countries using traditional methods. Traditional handicrafts from continents like Africa and Asia including masks, woodcarvings and hand-woven textiles. These products of original ethic value, created from natural materials, such as wood, stone, straw or rattan, are popular in Europe and can be bought in specialised stores, but also in art galleries and artisans’ studios. The primary difference between the art object market and the gift article market is the price and exclusivity of the articles. Secondly, the art objects are often bought by collectors for their own homes. European consumers are often willing to pay higher prices, because of the handmade appearance of these original ethnic articles

The World Bank Department of Commerce, estimated that the market for traditional handmade arts and craft is about $280 billion worth of sales worldwide.

The souvenir segment is the last segment; this segment consists of the products which tourists buy as a memento of their holiday. These are mostly products which cannot be obtained in the tourists’ home country. This segment is especially important for tourism destinations like France, Spain and Italy. Price is a key factor in this segment and the most bought souvenirs are low-priced.

Glassware
As is shown in chapter 3.1, glassware is an important product group. Glassware is sold both as a decorative article and as a utility and can be either hand-made or machine-made. Decorative articles made of glass include goblets and ornaments. The utility segment, which consists of everyday glassware, includes drinking glasses, glass cookware and tableware. According to Euromonitor, drinking glasses account for the biggest share of the glassware market, although there are differences between European countries. In Germany, drinking glasses are expected to have a 69 percent share of the glassware market in 2006. In the United Kingdom, this percentage is even higher as drinkware is expected to have a share of 74 percent. In France, drinking glasses account for only 54 percent of the glassware market.

In recent years, people’s lifestyles, and attitudes toward home have changed. Consumers around the world have turned towards a more casual lifestyle. Subsequently, changes in purchasing habits and consumer habits have also influenced the glassware market. Many consumers nowadays, consider glassware a replaceable fashion product. Manufacturers and retailers are aggressively designing new patterns to keep up with this trend.

According to the largest consumer fair in the world, the Ambiente in Germany, the glassware “in fashion” is transparent, with a minimal amount of decorations on the stems and restrained decoration on the glass, making the products pure and simple. Large goblets remain in fashion. The lines of the glassware products are getting straighter. Scandinavian design is very popular now. The giftware producers make more use of clear glass and colours like green, red, and lilac. Referring to the decorative aspect of glass, the big, voluminous pieces are also in fashion in this segment.

The glassware market is a difficult market to penetrate, mainly because of the high barriers to entry. Producing glassware requires high investment in machinery. The current market is, therefore, mainly dominated by financially strong European manufacturers. Developing countries account for 21 percent of the imports of the EU, this however is mainly due to outsourcing.

Without large investments, it will be quite difficult to penetrate the glassware market, especially in the utility segment. The artistic, decorative market offers more opportunities for developing countries. Authentic decorative articles, which relate to the country of origin, like for example goblets, could be very attractive products to export to the European market.

Ceramic articles
Products designs of ceramic articles tend to be modern with a broad spectrum of shapes, sizes, colours, materials, and innovative features to meet the different market segments. In the EU, due to the increase in the number of working couples, consumers are inclined to buy timesaving, easy-to-handle kitchenware. Products that emphasize quick washing, as well as simplifying the cooking process, will be appealing to the consumers. Design-driven gadgets, that are decorative as well as functional, will also be well received. The trend in the ceramic houseware market is towards practical, functional, and stylish.

White is the dominant colour for ceramics, according to the Ambiente It replaces natural shades, particularly in combination with green, although orange, lilac/berry shades and ice blue are strongly represented too. Designs are becoming straighter, extending as far as rectangular vases and bowls, with voluminous individual pieces also in fashion in this segment.
Like glassware, entering the ceramic market requires a high investment. This applies, however, mainly to the

utility segment. For example, to make ceramic articles watertight the products should be baked at a certain temperature. Facilities, to reach these standards require a lot of money. Marketable chances for developing countries lie more in the decorative side of the market. According to Ambiente, the demand for unique pieces and for quality has increased. Outsized sculptures, featuring bulls, moons and ancient Egyptian gods are popular at the moment.

Woodware

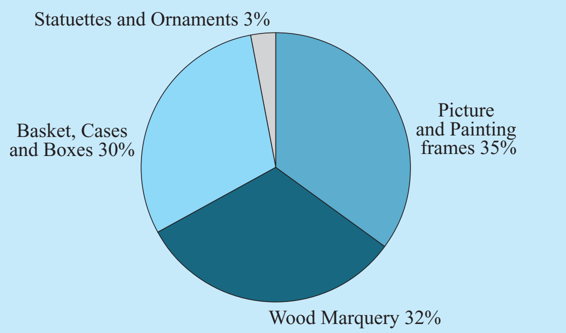
In the mid nineties, there seemed to be a growing interest in woodware, which was caused by the increasing demand for products with a natural look. In the EU, there is now a tendency to replace plastics with wooden products, because of the luxurious and classical look which wood gives to products. Consumer tastes are moving towards lighter woods, like beech, birch and maple. However, cherry, teak and other dark woods continue to be in vogue, reflecting trends of nostalgia and warmth. A move away from laminates and veneers, towards solid woods, is also under way.

Today, the market is clearly divided between the cheap wooden products made in the Far East (especially China) and the high quality products from Western European countries, mainly Belgium, Germany and Italy.

Unfortunately, consumption figures concerning these types of articles are only available to a limited extent. We have therefore used the import figures to give an indication of the different segments in the woodware market. The woodware market discussed in this report, can be divided into four groups; picture and painting frames, wood marquetry, baskets, cases and boxes and the last group statuettes and ornaments.

The first three groups account for the bulk of the import. These wooden products have, besides a utility function, an important decorative function. They are sold in specialty stores, department stores and in furnishing and household goods stores. The smallest segment, containing statuettes and ornaments, is a specialized segment of decorative articles which are mainly bought for their distinct decorative character. For woodware imports, there are profound differences between EU-member countries. In the United Kingdom, the baskets, cases and ornaments are the main segment, accounting for 43 percent of the import. In the Netherlands, the picture and painting frame segment alone account for 42 percent of the Dutch imports of woodware.

Figure 3.9 Import shares of various wooden products in the EU, 2001, % in value



There is also a profound difference between utility and decorative articles. Utility articles have to meet certain quality standards concerning, for example, construction and lock work. In addition, the finishes and varnishes have to meet European requirements. Consumer preferences include quality, durability, functionality and comfort. The requirements for purely decorative products like statuettes and ornaments are much lower but the market is much smaller. Quality is especially important if exporters seek long-term relationships with importers, and top-end buyers are demanding more and more quality for the same price.

The woodware segment mainly consists of products that do not require expensive and complicated production processes, indicating that the level of entry is relative low. A disadvantage, however, is that authentic handmade products are easily duplicated by machines.

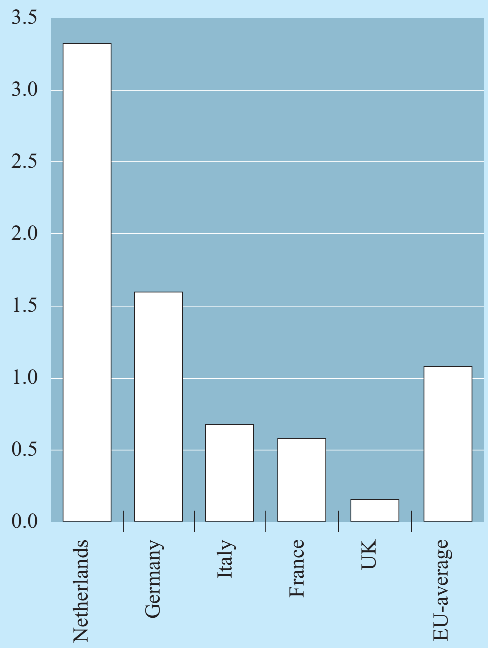
Candles

According to the association of European candle manufacturers, the population of European Union member countries buys approximately 390.000 tonnes of candles per year, an average consumption per head of almost 1.1 kilogram/year.

Candles sell all year through. Especially in the northern part of Europe, the Christmas season is the best selling time. However new seasonal focus points are emerging. Driven by the rise of festivities like Easter (March/April), Christmas, Mother's Day (May) and garden parties in the summertime, the candle is becoming more and more popular. This popularity is not only limited to special occasions. Tasteful candles are seen as decorative articles. In addition, the candle as a souvenir or gift is becoming increasingly popular.

The growing trend towards health and well-being, along with the popularity of incense, have a positive effect on sales, especially of candles with a distinct scent. Today's stressful society has triggered the demand for aromatherapy candles, which help to create a feeling of well-being. According to the International Trade Centre, more and more consumers believe that a certain scent can enhance their well-being by having a calming, relaxing or anti-depressing effect. This trend is also

Figure 3.10 Candle consumption in different EU-countries, in kilogram per capita, 2000



Source: Association of European Candle Manufacturers

referred to as a type of cocooning and is forecast to continue over the coming years. Another trend is the variety of candles and innovation is becoming more important.

According to the Ambiente consumer fair, candles have grown to mega-sized proportions. Every conceivable geometrically inspired design is popular, from spherical and cylindrical to the pyramid-shape. Furthermore, the avant-garde style, wafer-cut designs featuring moon and tree silhouettes and candles with all kinds of prints (photographic images) are the focus of attention. In the future, new products, offering exotic scents from far-off lands will increase in popularity. Many expect the scented sector to dominate the candle market in the future.

Producing candles requires raw materials like paraffin, stearin, palm wax, beeswax or soy wax. In Europe, most candles are made of paraffin, e.g. in Germany 90 percent of candles are made of paraffin. However, this material is not commonly available. Other raw materials only make up a small portion of the market. According to the International Trade Centre, candles made of palm, coco and soy wax have a number of advantages, which can easily be explored for marketing purposes: they burn more cleanly and more evenly than paraffin candles, last up to 50% longer and produce less soot. Additionally, in contrast to beeswax, soy wax is price competitive with paraffin. For 1 kg 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. Another alternative for making candles is stearin, which is obtained from natural (vegetable or animal) oils and fats.

With the rise of the popularity of candles, candle related products are also increasing in popularity. Products like, for example, candleholders, scent burners and other candle related products benefit from a healthy candle market.

Metal articles

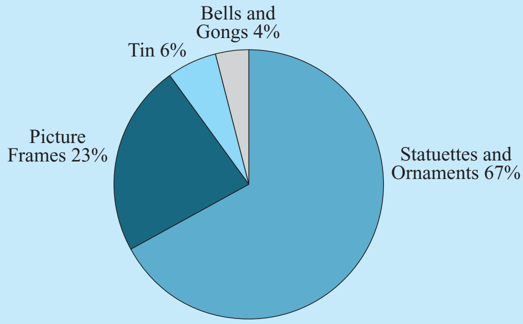
Gifts and decorative articles made of some kind of metal include articles like statuettes, ornaments, bells, gongs and picture frames.

Consumption figures concerning these types of metal articles are only available to a limited extent. Therefore, we have used the imported figures to give an indication of market size and consumer preferences for the various metal articles.

According to these import figures, ornaments and statuettes are the main product group. These products are bought because of their decorative value. Nowadays, the demand for unique pieces has increased. Sculptures, featuring animals are quite popular. This offers market opportunities for handmade products.

Picture frames are the second segment and used to satisfy a personal need for people to create personal mementos and remembrances. Until recently, the focus of picture-frames manufacturers was to produce simple picture-frames. Nowadays, however, more styled and fashionable frames are available. These distinct frames are used to add decorative value to the pictures of

Figure 3.11 Import shares of varios metal products in the EU, 2001, % in value



Source: Eurostat, 2002

consumers. The last two segments are more specialised and mostly bought by a small group devotees.

Artificial flowers and fruits
With the increase in living space, people are paying more attention to their living environment. Residents of the European Union have the habit of decorating their homes with fresh flowers and indoor plants. However, as the pace of life quickens, people can no longer afford the time or energy to grow and look after their plants. Artificial flowers and plants are just the answer for these busy people. According to SIA decoration in France, the prime factor for the increasing acceptance of synthetic flora is the great improvement in quality: they used to be made from silk, which was expensive, or plastic, which did not look very authentic. Now, thanks to technological advances, the use of better materials, such as wrinkled silk, cotton, paper, polyester, glass, wood and metal, matched by a drop in prices, has led to a surge in the popularity of these versatile decorative creations across not just France, but most of Europe. Despite these developments, it is very hard for new exporters to enter this market, because it is totally dominated by Asian countries like China, Hong Kong and Thailand.

The people in Europe appreciate artificial flowers and fruits especially in the Mediterranean countries, as well as the United Kingdom. In the Nordic countries, the products are less popular. The EU consumer prefers non-plastic artificial flowers and fruits made, for example, of textile. In 2001, 67 percent of the imported artificial flowers and fruits were non-plastic. There are however, large differences between EU-member countries. In German for example, 55 percent of the import of artificial flowers and fruits are made of plastic. In France, only 15 percent of the import consists of plastic products.
Among the more popular artificial fruits and vegetables are, for example, onions, garlic, tomatoes, guava, papaya, rose apples, watermelons, oranges, bananas, and grapes. Raw materials used include silk, cotton, plastic, and paper, etc. Customers base their purchasing decisions primarily on design and the shape and colour of the products should resemble their natural equivalents. In addition, the products must be durable and insect-resistant.

New products and applications are entering a dynamic market. Demand is increasing for more exotic flowers, such as ginger torch and heliconia, as well as for standard blooms.

Basketwork
Basketwork is both an utility and a decorative article and is in demand throughout the year, with seasonal peaks at Christmas and in the summertime for beach articles. The product assortment offered is extensive, catering to a wide range of consumer preferences. Consumers have a preference for different shades of brown, because of the natural look. According to the International Trade Centre, both utilitarian and decorative articles are in demand such as:

- Accessories for the home: plant pots, magazine stands, pet baskets;
- Household articles: laundry baskets, shopping bags;
- Decorative articles: glass mounts, table mats
- Baby items: cradles and baby baskets;
- Furniture items: chairs, small tables;
- Luggage items: trunks, bags, cases.

The baskets can be either hand-made or machine-made. The main raw materials are rattan cane, bamboo and leaves. The consumption of these products has increased significantly in the recent years; looking at the import of basketwork, we see that there is a significant growth in the five-year period between 1997 and 2001.

Like woodware products, basketwork mainly consists of products that do not acquire expensive and complicated production processes. Furthermore, most basketwork is used as a utility, making it a replacement market. The drawback of utilities is that price is a key factor when buying these products and the market is largely dominated by Asian countries. Chances for developing countries can be found in the artistic corner of the market. New and fashionable designs appeal to the European consumer.

Articles of horn, bone, etc.
This segment is the smallest discussed in this survey, according to the import figures in paragraph 5.2. It contains products made of coral, horn, antler, pearl and tortoiseshell. Products made of these raw materials include jewellery such as necklaces, bracelets, hairpins, earrings etc.

According to the International Trade Centre, jewellery is an important fashion accessory, affecting the way a person looks and feels, and influencing others' reaction to the wearer. Although the main consumers of jewellery are women of all ages, it is more popular with teenagers and working women in the age group of 20 to 45, who keep up with the latest fashions and consider jewellery as being complementary to their clothing. Men buy jewellery more as gift but a small percentage of men buy, most often, rings and bracelets for their own use. Products of horn, bone, etc. are also used as decoration for people's homes. This segment includes, for example, statues and other small ornamental products.

A relevant development concerning these products is the increase in environmental awareness. In Europe there is a growing focus on the preservation of the environment, affecting the popularity of products made from natural resources. As examples of this, many environmental organisations try to ban products made of coral and products made from ivory are forbidden in the European Union.

3.3 Consumption patterns and trends

The European out-of-home market is affected by the slumbering economy and low consumer confidence. The airline industry and the hotel and catering business are only two of the many branches which are being affected by the economic climate. As a consequence, European consumers turn more inwards to their homes. Consumers are more likely to want to create comfortable and up-to-date interiors, which reflect their individual style and requirements. These developments also influence the demand for gifts and decorative articles particularly regarding the home decorative sector. The consumers appreciate one-of-a-kind items, which personalize their homes.

According to Unity Marketing, an American Market Research and Consulting firm, the American market of gifts and decorative articles is shifting from functional to a fashion business. Consumers today are changing their homes by adding or changing small pieces, home textiles, wall décor and other decorative articles rather than large pieces of furniture. Many of these are "feel good" impulse purchases, so price is an important selling point.

Products that have a personal and emotional link to the consumer, like gifts and decorative articles, which appeal to multiple senses, including sight, sound and scent, are in demand as consumers seek to make their homes more comfortable and comforting. People are looking for decorative articles, which contribute to a positive impact on the mood and emotional atmosphere in their home. Next to "improving the quality of life," the following reasons are important for buying gifts and decorative articles: pleasure, beautify the home, education, relaxation, and entertainment.

American trends concerning the gifts and decorative articles market apply broadly to the European market. The main difference, however, is the interpretation of these trends, which leads to different designs. Popular European product designs can differ substantially from trendy items in the United States. Even throughout Europe, major differences are found, see paragraph 3.1 for some insights in these consumption trends.

Both Unity Marketing and Verdict predict a positive future for the gift and decorative articles market. According to Unity Marketing, an important consumer trend for the future will be a reaction against our increasingly technology-driven culture. As people's lives become more virtual and dependent upon computers and technology, consumers seek articles which will help ground them in the "real" world. The new touchstone for consumer marketeers is to make their products more real, more concrete, more solid, and more grounded.

> A recently published report by Verdict, retailing for the Home, a market research organisation, confirms that the home market has been and will be the star performer across the retail trade for the next five years. In the United Kingdom, the home market is expected to grow by 36 percent, compared to the rest of retailing, which according to Verdict will only grow by 14.4 percent.

Fashion forecasts
Trends come and go in the gifts and decorative articles industry. Typically, a trend enters the gifts and decorative market from the fashion industry. Moreover, as today's gifts and decorative articles market is becoming more fashion-orientated, it is important for producers to keep abreast of new developments and trends. Producers should note that trends differ from product to product; which makes it difficult to give a forecast concerning the total gifts and decorative articles market.

According to the Society of Craft Designers, the generic ethnic look is becoming more popular. This will include influences such as bamboo, rattan, wicker, warm woods, soft earth tones, and "ethnic" prints. Both the tropical and ethnic look is coming into fashion.

For more information on trends and colours, please refer to CBI's "Colour trends 2004/06"

Ageing structure
The population in the EU is still growing and will continue to grow for about 15 years from now.
It is estimated that thereafter, Europe will start to show a declining population size. But already now the composition of the population is changing. Europe is entering into a period of accelerating population ageing. This phenomenon will extend to the majority of the EU regions, which will see their population stagnating or declining before 2015. The younger generation, the 0-24 age group, representing 31 percent of the population in 1995, will fall to 27 percent in 2015, a decline of 11 million. In some regions in Germany, Italy, Spain and France the younger generation will represent less than 25 per cent. The retired generation (65+) will increase, significantly and unevenly, throughout Europe.

In 2050, we can expect 28 percent of the total European population, including Russia, to be aged 65 and over, as

compared to 14 percent today. The average age of EU populations will increase from 38,3 years in 1995 to 41,8 years in 2015, according to Eurostat.
The group of older consumers in the EU is getting bigger by the day. These older consumers will be replacing and upgrading their current household goods. The older consumers place a greater importance than their younger counterparts on value for money and functionality. In order for handcrafted items to compete in terms of value, they must be well constructed, professionally finished and, in general, have a practical use as well as decorative appeal.

Housing situation
New household formation, which is an important engine of growth in the houseware market, is not expected to rise substantially in the near future. Through developments like 'dilution', family households are getting smaller because people are having fewer children. Growing divorce rates will have a positive effect on the number of households. In 2001, there were approximately 153 million households in the EU. In the five-year period between 1997 and 2001, the number of households in the EU member countries only increased by 0.8 percent annually.

Play it safe
Disposable income is a major influence on consumer expenditure on furniture. Due to the economic recession in 2001, triggered by the "11 September disaster", job security cannot be taken for granted and the welfare state is less capable of offering support. Life expectancy is longer and many people realise the need to save for their future. This means fewer impulse purchases and more replacement purchases. After a period of exuberant dissipation, consumers are playing safe.

Environment
There is a tendency to replace plastics with "organic" products in the EU. Environmental awareness has also influenced the demand for handmade home products in Europe but its impact can be negative as well as positive. Customers concerned with the ecology tend to prefer goods made of traditional organic materials, which appear to be close to their natural state. Moreover, there seems to be a tendency to replace plastic by wood. Sales of wooden products are nevertheless limited and therefore more expensive than plastics. These organic products, however, may not be finished in an environmentally friendly way (e.g. chemicals may be used to colour hand-woven textiles instead of natural dyes). Furthermore, use of endangered plants or products made from endangered species, such as hardwoods from rain forests or ivory, can create an environmental backlash against a product. Producers are often oblivious to such market sensibilities.

Health trend
There is a growing trend towards health and well-being. Today's society is getting increasingly health-conscious. Today's stressful society has a positive effect on heath-related products such as candles.

Women in the labour force
In an increasing number of European households, both husband and wife have jobs. This results in higher spending power because of double incomes. On the other hand, less time is left for shopping. This has also influenced the sales of easy-to-handle utility products.

4 PRODUCTION

The market for gifts and decorative articles is quite fragmented. This is reflected in the number of manufacturers who play an important role in one category only and the lack of any dominant manufacturer across the entire gift and decorative article market. On the glassware and the ceramic article markets, the situation is different, because of the profound link of with the houseware industry. These markets, like the houseware market itself, are largely dominated by large manufacturers.

In the recent past, manufacturers shifted their complete production to the so-called low-wage countries. Today, it can be observed that the European brands are buying the labour intensive parts of their products overseas at relatively low prices and putting the product together in attractive packaging in their European workshops, enabling their quality control teams to check every stage of production to ensure that the merchandise meets with international standards. Mergers and the acquisitions of overseas manufacturers, as well as joint ventures, create a new situation. Well-known European brands have shifted part of their production to Asian countries, enabling them to enter the European market with a newly designed and competitive range.

Statistical information regarding production is hard to obtain, due to the above mentioned developments, together with the fact that the gift and decorative article sector comprises products which are included in many different sectors and are not classified as gifs and/or decorative articles. Therefore, it is only possible to give limited information on glassware, ceramic, woodware, artificial flowers and fruits, basketwork and candles production in the European Union.

It should be noted, that the information used in this market survey is obtained from a variety of sources. Therefore, extreme care must be taken in the qualitative use and interpretation of quantitative data.

Glassware

Over 300 manufacturers producing art ware, crystal, ornamental ware and other types of glassware make up the global market. Big changes have occurred in the production of glassware. Glassware producers across the world have experienced fluctuations in recent years. China became a major exporter of glassware. This has caused a downward pressure on prices for standard glassware items. As their domestic markets shrink, European companies will have to rely on increasing their sales by exporting more to Asia and other countries.

Table 4.1 Main producers of glassware in the EU

producer	country of origin
Arc International	France
CALP	Italy
Nachtmann	Germany
Waterford Wedgwood Plc	Ireland
Bormiolli	Italy

European glassware is noted for its excellent styling and high quality. France is Europe's most important producer. In 2001, the French glassware production stood at nearly 520,000 tonnes. French glassware is known throughout the world as among the finest glassware products anywhere. French glassware makers also have the world's largest mass production infrastructure for both fine crystal and soda glass products. Italy is Europe's second largest producer. The Italian production of mechanical-made glassware has been falling, but handmade glassware production is still significant. Italian mass-market soda glass products are known for their distinctive styling. Germany is Europe's third producer of glassware. In 2000, Germany produced about 110,000 tonnes. Germany's production mostly employs a simple styling and is price competitive.

Ceramic articles

The ceramic article market is strongly related to the glassware industry and like glassware, European ceramic articles are known for their excellence of quality and design. European companies still dominate the ceramic market although the competition from producers in Asia and Eastern Europe is becoming fiercer. In Europe, the main ceramic-producing countries are Germany and the United Kingdom. Germany is noted for a high technical skill in the production of white porcelain. The United Kingdom is the leading producer of high-quality bone china and other fine ceramics. Other important products produced

Table 4.2 Main producers of ceramic articles in the EU

producer	country of origin
Villeroy & Boch AG	Germany
Waterford Wedgwood Plc	United Kingdom
Royal Copenhagen	Denmark
Ginori	Italy

in the United Kingdom are semi-porcelain ware, stoneware, and ornamental relief jasperware (featuring white relief patterns laid over blue or green stoneware).

Other producing countries are France, Italy and Portugal. Especially in the last two countries, the production is fragmented and dominated by small producers and artisans.

Woodware

Because the European Union's wood supply is not sufficient for its demand, the European Union is one of the world's largest importers of wood and wooden products. Therefore, manufacturers of wooden products in the EU mainly use imported wood. Because of the higher labour costs in Western Europe, the European Union member countries can not compete with cheap products from Asian and Eastern European countries.

East European countries like Poland, the Czech Republic and Hungary are also important production countries concerning woodware. These countries enjoy short transport distances to the EU markets, enabling them to produce at competitive prices. Furthermore, there is a suitable supply hardwood.

According to specialists, Italy is Europe's main producer of small wooden handicrafts like ornaments, statuettes, baskets, etc. The Italian market, however, is very difficult to get insight in. Italy is notable for having over 100,000 handicraft production units, many run by single craftsmen, in central and northern Italy, especially Tuscany. Information supplied by the Italian Foreign Trade Institute, following market research on the Italian handicraft industry and market in the nineties, showed that the production of handicrafts accounts for over 10 percent of the gross national product, and up to 17 percent in certain areas of central and northern Italy.

Candles

According to the association of European candle manufacturers, Germany is by far Europe's largest producer of candles. In 2000, Germany produced more than 117,000 tonnes, making it the second largest candle producer in the world after the United States. Other major producers of candles are The Netherlands and Italy, accounting for 82,800 and 40,000 tonnes respectively.

Most of these manufacturers offer a wide range of different candles, for example household candles, dinner candles, memorial candles, birthday candles, taper candles, pillars and balls, religious candles etc. Most of these candles are made of paraffin. In Germany for example, 90 percent of the candles are made of paraffin wax. Stearin only accounts for 4 to 5 percent of the total candle production.

Table 4.3 Main producers of candles in the EU

producer	country of origin
Bolsius	The Netherlands
Gies Kerzen	Germany
Spaas	Belgium
Kopschitz	Germany
Eika Wachswerke Fulda	Germany
Langhammer & Gasda	Germany
Vollma Creationen	Germany

Many European candle manufacturers outsource their production or a part of it to developing countries. The most frequently outsourced activity for the candles sector is manufacturing (45%), followed by partially completed products (23%) and design (16%). Where companies outsource their production, 53 percent outsource less than 25 percent of these activities, according to a survey of the British Giftware Association.

Metal articles

The production of metalware in the EU is very fragmented and dominated by small artisans. Due to high labour costs, a lot of companies have shifted their production to Asian and Eastern European countries. Because the European companies cannot compete with cheap imports, the cheaper market segments are dominated by Asian producers. Most European producers can be found in the higher market segments. A famous European producer like, for example, the Italian Alessi is specialized in high quality and design

According to the Eurostat figures, Italy is Europe's main exporter of small metal handicrafts like ornaments, statuettes, picture frames, etc. However, as said earlier, the Italian market is very difficult to get insight in.

Artificial flowers and fruits

The production of artificial flowers and fruits in the EU is very small. Due to high labour costs, many European companies have either stopped or shifted their production to Asian countries. Most artificial flowers and fruits produced in Europe derive from Eastern European countries. The bulk of the artificial flowers and fruits production is now centered in Asian countries like China, Thailand and Hong Kong.

Asian countries lead the world production of artificial flowers and fruits because of their cheap labour and their years of experience concerning the manufacturing of these products. Asian producers are known for perfecting innovative new techniques and dyeing processes to achieve multi-layered colours and realistic textures.

Basketwork
As is the case with artificial flowers and fruits, the production of basketwork in Europe is quite small, mainly because of the higher labour costs in EU-member countries. There is some production in the EU using raw materials like rattan cane and bamboo. This however mostly concerns furniture's.

Eastern European countries play an important role in the production of basketwork. Especially Poland and Croatia are well-known producers of basketworks.

5 IMPORTS

The trade statistics supplied by Eurostat are based on information from the Customs and from EU companies, given on a voluntarily basis. Especially in the case of intra-EU trade, not all transactions are registered, such as those by smaller companies and transactions from non-EU sources (see remarks on trade statistics in Chapter 2). On the other hand, figures for trade between the EU and the rest of the world (Extra-EU) are accurately registered and, therefore, more precisely represented in these statistics.

The information used in this market survey is obtained from a variety of sources. Therefore, qualitative use and interpretation of quantitative data should be done with extreme care.

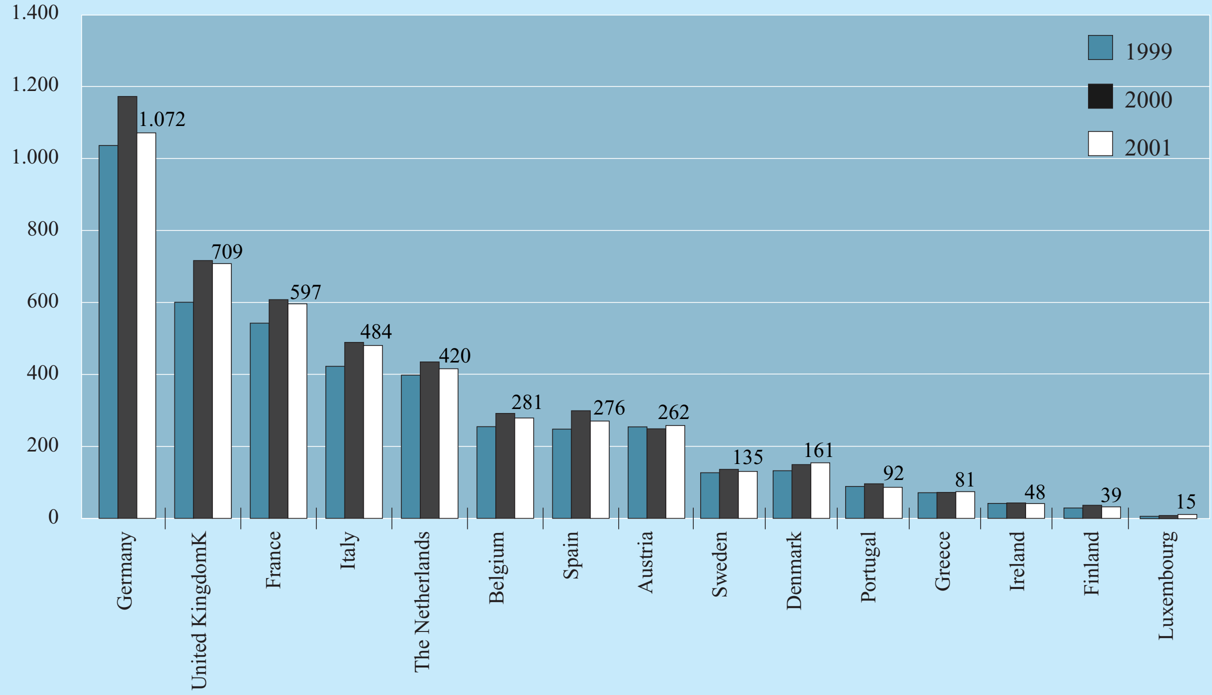
5.1 Total imports

In 2001, there was a turning point. Apparently, the stagnation of the economy in the EU that year influenced the import of gifts and decorative articles. There are however, significant differences between EU-members. According to the Eurostat data, the EU-import of gifts and decorative articles was estimated at about € 4,7 billion that year. In the period between 1997 and 2000, the EU-import of gifts and decorative articles still grew in terms of value, on average, about 9.5 percent annually. In 2001, however, there was a downturn of almost 4 percent.

Looking at the data at the national level, Germany is the largest gift and decoration import market, with an import value exceeding € 1 billion. Germany accounts for almost 23 percent of the EU-import value of gifts and decorative articles in 2001, followed by the United Kingdom and France with a share of 15 percent and 13 percent respectively. Italy and The Netherlands follow at a considerable distance with a share of 10 percent and 9 percent respectively. In 2001, Belgium became the European Union’s sixth largest import market at the expense of the Spanish import market, which fell by 8.4 percent.

Despite the negative growth figures in 2001, the import of gifts and decorative articles showed substantial growth in the five-year period between 1997 and 2001. For example, the France market grew by 32 percent in comparison with 1997, the German market grew by 19 percent, and the Italian import even rose by almost 40 percent in volume this period.

Figure 5.1 Total imports of gifts and decorative articles into the EU, 1999-2001, € 1,000 value



Source: Eurostat, 2002

Table 5.1 Main suppliers of gifts and decorative articles (share in EU-imports in terms of value, 2001)

• Glassware	China (12.6%), France (11.3%), Poland (7.4%)
• Ceramic Articles	China (32.8%), Vietnam (11.1%), Germany (6.6%)
• Woodware	China (31.5%), Italy (6.5%), Poland (6.3%)
• Candles	China (23.5%), the Netherlands (18.8%), Germany (12.0%)
• Metal articles	China (31.1%), India (11.5%), Italy (8.2%),
• Artificial flowers and fruits	China (71.0%), Hong Kong (8.6%), The Netherlands (5.9%)
• Basketwork	China (52.2%), Vietnam (7.0%), Poland (5.9%)
• Articles of bone, horn, etc	Belgium (35.9%), Spain (11.6%), France (6.7%)

Source: Eurostat 2002

Intra-EU trade is declining, the EU-member countries accounted for almost 36 percent of all gifts and decorative articles import in 2001 in terms of value, compared with 42 percent in 1997. This development is mainly caused by the increasing competition from cheap-labour countries in Asia and Eastern Europe. The Netherlands, Germany and France are the main intra-EU suppliers with shares of 6.5%, 6% and 4.5% respectively in terms of value. However, the picture looks different in terms of volume: here, with a share of more than 7 percent, Italy is the main supplier of the EU ahead of Germany (5%), followed by France (4%).

Concerning extra-EU trade China, is the main supplier in terms of value, China supplies almost a third of the import of EU-member countries. Other important EU suppliers are Poland and Vietnam with a market share of 4 percent and 3.5 percent in terms of value. In the table below, we provide an overview of leading importers of selected product groups.

Germany

As stated earlier, Germany is the largest national import market for gifts and decorative articles in the EU. German imports totalled € 1 billion in terms of value and 444 thousand tonnes in terms of volume in 2001. Like EU imports, German imports of gifts and decorative articles showed a decline in 2001, both in terms of value and in terms of volume, dropping by 7 percent. In the four years before 2001, German imports of gifts and decorative articles had been growing on average more than 10 percent in terms of volume annually.

Germany's most important import product group, ceramic articles, showed a sharp drop in 2001, both in terms of value (10%) and in terms of volume (9.5%) after four year of considerable growth. The second import market in Germany is glassware, which accounts for more than 20 percent of total German imports. Like the import of ceramic articles, imports of glassware declined in 2001, falling by 7 percent to € 228,5 million. From 1998, the glassware import value and volume by Germany remained rather stable, only showing a small peak in 2000.

Table 5.2 Import of gifts and decorative articles by Germany, 1999-2001
value thousand €/ thousand

	1999		2000		2001	
	value €	**volume**	**value €**	**volume**	**value €**	**volume**
Total import	**1,035,286**	**449,221**	**1,155,094**	**478,769**	**1,071,783**	**444,798**
Extra-EU	667,409	300,593	769,996	338,075	730,292	326,297
Developing countries	453,999	197,555	532,486	228,197	482,973	212,928
Ceramic articles	246,341	179,148	278,114	198,755	251,059	179,882
Glassware	229,590	104,117	244,959	109,034	228,542	106,831
Candles	139,419	71,137	161,953	69,486	155,564	60,372
Woodware	137,274	37,911	153,417	42,178	134,302	37,594
Artificial flowers & fruits	121,514	16,028	131,477	14,863	112,137	13,404
Metal articles	75,515	14,176	90,515	17,344	90,415	19,188
Basketwork	65,684	25,859	75,362	26,321	76,307	26,769
Art. of bone, horn, etc,	19,949	845	19,297	787	23,457	759

Source: Eurostat, 2002

The import of candles dropped both in terms of value and of volume in 2001. Despite this drop, the import of candles showed a substantial growth in the five-year period between 1997 and 2001, almost doubling in both value and volume.

After peaking in 2000, the import of woodware dropped in 2001 both in terms of volume (-11%) and value (-12.5%). German imports of artificial flowers & fruits dropped considerably in 2001, the imported volume dropped by almost 10 percent, the value dropped by even more, 14.7 percent, in the same period.

In 2001, Germany imported 32 percent of its gifts and decorative articles from EU-member countries. The Netherlands is Germany's most important EU supplier accounting for 11.4 percent of German imports. Other important EU suppliers are Italy (4.8%), Portugal (4.6%) and France (4.5%). In terms of volume the picture looks different, The Netherlands only accounts for 4 percent of German imports. Italy, however accounts for 7 percent of the German import in terms of volume.

Concerning extra-EU trade China is the main supplier in terms of value, China supplies almost a third of German imports. Other important suppliers are Poland, Vietnam and the Czech Republic with market shares of 9%, 4.4% and 4% respectively in terms of value.

United Kingdom

The United Kingdom was the second leading EU importer of gifts and decorative articles, with imports amounting to € 709 million and 296 thousand tonnes in 2001. British imports only showed a small decline in comparison with other EU-member countries, falling by 3.4 percent in terms of value and 1 percent in terms volume in 2001.

As in Germany, ceramic articles are the biggest import market concerning the gifts and decorative articles in the United Kingdom. The import of ceramic articles in the United Kingdom showed an enormous drop in 2001, the import in terms of value fell by more than 14 percent and in terms of volume even dropped by 16 percent. Despite this decline, ceramic articles still account for a quarter of British imports of gifts and decorative articles.

The imported volume of glassware and candles slightly recovered after an enormous decrease in 2000. That year, the imported volume fell by more than 70 percent for glassware and 66 percent for candles. According to Eurostat data, the decrease in glassware was caused by the imports of huge volumes of glass from The Netherlands in the preceding year. This is figure is highly questionable since, according to the same Eurostat source, the Netherlands only exported 7,000 tonnes of glassware to the United Kingdom that year. The import of candles shows the same development, according to Eurostat figures, the United Kingdom apparently importing large quantities of candles from Germany, German export figures, however, tell a different story.

The import of woodware in 2001, like the years before, showed a considerable growth. The import of woodware grew on average more than 10 percent annually in terms of value and more than 13 percent in terms of volume.

Table 5.3 Import of gifts and decorative articles by the United Kingdom, 1999-2001 value thousand €/ thousand tonnes

	1999		2000		2001	
	value €	volume	value €	volume	value €	volume
Total	**602,954**	**434,216**	**716,847**	**306,074**	**709,040**	**295,584**
Extra-EU	386,412	164,673	511,386	210,686	510,453	209,001
Developing countries	278,269	142,484	364,523	182,781	372,911	179,723
Ceramic articles	172,562	135,815	207,941	171,948	178,473	144,127
Glassware	115,673	141,641	142,187	41,531	149,010	47,322
Woodware	82,353	24,373	94,319	24,245	100,722	26,632
Candles	64,407	95,021	71,713	31,799	76,152	38,918
Metal articles	70,129	17,804	83,424	14,989	87,340	14,684
Artificial flowers & fruits	53,447	8,463	59,354	7,296	55,220	6,581
Basketwork	29,067	9,662	41,264	13,026	49,700	16,504
Art. of bone, horn, etc,	15,316	1,438	16,645	1,241	12,424	817

Source: Eurostat, 2002

The import of metal articles remained relatively stable in terms of volume between 1998 and 2001, in terms of value, however the imported volume rose on average 11 percent annually during the same period. The import of basketwork continued its growth, which started 1998.

The EU-member countries are becoming less significant in British imports of gifts and decorative articles. In 1997, 42 percent derived from EU-member countries, but by 2001 the import share of the EU-member countries had dropped to only 28 percent. In intra-EU trade, The Netherlands and Germany are the United Kingdom's main suppliers, each accounting for over 4.5 percent of British import.

China is, as in the other EU-member countries, the main supplier. China was able to increase its share of British gifts and decorative article imports from 26 percent in 1997 to more than 32 percent in 2001. Other important suppliers are the United States and Vietnam.

France

The import of gifts and decorative articles was € 597 million and 221 thousand tonnes in 2001. Like Germany and the United Kingdom, French imports of gifts and decorative articles decreased in 2001, the volume fell nearly 8 percent, the value by 3 percent.

The import of ceramic articles fell by 25 percent in terms of volume and 18 percent in value in 2001. Because of the decrease, glassware became the most important gift and decorative article imported by France. The import of glassware continued to grow, between 1997 and 2001, with volume increasing by almost 9 percent annually, and value by 6 percent annually.

Woodware imports also continued to grow. In the five-year period between 1997 and 2001, woodware imports grew on average 14 percent annually in terms of volume. In 2001 however, the growth flattened. The import of artificial flowers and fruits fell back to the level of 1999. The import of candles and the import of basketwork remained rather stable in 2001.

Looking at the import of metal articles, there is an interesting development: the imported volume continues to grow, the value, however, dropped for the second year in a row which would indicate that the price per item is dropping.

Regarding intra-EU trade, Belgium, Italy and The Netherlands are the most important suppliers, with import shares of 15, 9 and 6 percent respectively. Of total imports, more than 48 percent derives from EU-member countries. China and Vietnam are the main suppliers from outside the EU, accounting for 24 and 3 percent.

Italy

The import growth of gifts and decorative articles in Italy stagnated in 2001. In comparison with the previous year, the volume only increased by 1 percent, the value decreased by 1.4 percent. The total value of imports in 2001 was € 484 million, having grown on average 9 percent annually since 1997. Volumes even increased almost 14 percent annually during this period.

As in France, glassware became the largest import market in Italy at the expense of ceramic articles. Glassware accounted for 26 percent of the gifts and decorative articles imported into Italy. Between 1997 and 2001, glassware imports showed a healthy growth.

Table 5.4 Import of gifts and decorative articles by France, 1999-2001
value thousand €/ thousand tonnes

	1999		2000		2001	
	value €	volume	value €	volume	value €	volume
Total	**524,443**	**191,933**	**614,145**	**239,560**	**596,738**	**220,595**
Extra-EU	256,564	93,028	309,740	104,835	307,862	104,291
Developing countries	202,834	75,622	246,231	85,410	243,165	86,082
Glassware	109,102	53,969	120,059	54,420	124,913	59,386
Ceramic articles	103,539	64,098	142,300	101,719	116,131	76,776
Woodware	90,444	26,437	105,363	30,361	110,161	32,821
Artificial flowers & fruits	64,008	8,531	72,857	9,183	67,286	8,007
Basketwork	45,377	13,861	58,037	16,594	62,676	16,601
Metal articles	59,297	8,902	58,564	9,293	55,490	10,068
Candles	33,980	14,818	40,941	16,584	39,592	15,601
Art. of bone, horn, etc,	18,696	1,317	16,023	1,405	20,490	1,335

Source: Eurostat, 2002

Volume grew by 7 percent annually during this period. In Italy, like most other EU-member countries, the import of ceramic articles declined in 2001: the volume dropped by 6.4 percent, the value more than 10 percent.

The third largest imported gift and decorative articles category for the Italians are artificial flowers and fruits. Between 1997 and 2001, the import volume of these products rose by 8.5 percent annually. The import of woodware in 2001 showed a growth of 14.5 percent in volume, which meant the highest growth in volume of all the gifts and decorative articles imported by Italy. Between 1997 and 2001, the woodware market shows an enormous growth, the volume more than doubling in this period. Despite this growth in volume, the value remained relatively stable.

The import of basketwork accounted for 8 percent of the total import of gifts and decorative articles in Italy. The imported volume of basketwork dropped by 9.5 percent in 2001 but the value remained stable. The import of candles by the Italians showed the most stunning growth. Between 1997 and 2000, the volume and value more than quadrupled. In 2001 however, the rate of growth tempered.

The import of metal articles dropped by 10.5 percent in 2001, after two years of growth. In 2001, the smallest import market, the articles of bone, horn, etc. showed a remarkable recovery after two years of decline. The value of imports grew by nearly 17 percent, amounting to € 22 million in 2001.

The Italians only imported 33 percent of their gifts and decorative articles from EU-member countries. France and Germany are the two leading suppliers within the EU, accounting for 9 percent and 6 percent of Italian imports. In extra-EU trade, almost 45 percent of Italy's import of gifts and decorative articles derived from China.

The Netherlands

In 2001, imports into The Netherlands decreased by almost 7 percent in value to € 420 million. In terms of volume, however, imports remained relative stable, accounting to 229 thousand tonnes.

The value and volume of ceramic articles imported to The Netherlands dropped in 2001 after three years of growth. In 2001, the import of ceramic articles dropped by nearly 5 percent in volume and even 10 percent in value. The imported value of glassware in 2001 remained stable after three year of high growth. Over the period 1997 until 2001, the glassware market increased by almost 50 percent in value and doubled in volume.

Dutch woodware imports showed enormous growth rates over the period 1997 and 2001, in volume as well as in value. In 2001, however, the growth in terms of value tempered, in comparison with previous years. The import of metal articles also showed a growth, but like the import of woodware, the growth in value tempered in 2001.

The import volume development of candles indicates a negative trend. The imported value of artificial flowers and fruits remained stable in the period between 1997 and 2001 but declined in terms of volume.

The import of basketwork grew from 1997 until 2000. In 2001, the import of value as well as the volume

Table 5.5 Import of gifts and decorative articles by Italy, 1999-2001 value thousand €/ thousand tonnes

	1999		2000		2001	
	value €	volume	value €	volume	value €	volume
Total	**420,232**	**134,341**	**491,039**	**152,754**	**483,950**	**154,243**
Extra-EU	247,418	94,840	301,288	109,385	326,112	118,397
Developing countries	215,198	87,833	264,147	103,000	283,943	110,003
Glassware	119,198	35,253	123,489	37,873	127,588	42,302
Ceramic articles	108,388	51,181	136,616	60,191	122,746	56,323
Artificial flowers & fruits	54,766	7,549	66,704	7,654	67,130	8,197
Woodware	39,314	11,342	45,045	12,265	45,239	14,044
Basketwork	32,676	12,368	38,455	13,119	39,104	11,867
Candles	22,931	10,471	33,655	14,688	33,539	14,937
Metal articles	22,036	3,861	27,970	5,556	26,313	4,972
Art. of bone, horn, etc,	20,923	2,316	19,105	1,408	22,290	1,600

Source: Eurostat, 2002

Table 5.6 Import of gifts and decorative articles by The Netherlands, 1999-2001 value thousand €/ thousand tonnes

	1999		2000		2001	
	value €	volume	value €	volume	value €	volume
Total	**394,023**	**232,323**	**450,537**	**227,612**	**420,334**	**229,156**
Extra-EU	292,267	184,893	351,650	192,730	331,879	190,630
Developing countries	212,343	152,168	284,909	162,072	264,534	153.464
Ceramic articles	92,663	94,719	116,271	101,094	93,050	96,282
Glassware	66,696	43,919	85,075	43,611	86,015	50,916
Woodware	54,397	18,167	59,169	20,279	60,792	24,223
Metal articles	40,739	12,468	48,955	15,670	50,314	17,931
Candles	59,263	42,831	47,208	23,261	42,204	17,730
Artificial flowers & fruits	40,040	5,823	42,528	5,683	40,438	5,011
Basketwork	29,569	13,291	41,729	16,690	39,892	16,154
Art. of bone, horn, etc,	10,655	1,104	9,601	1,323	7,629	910

Source: Eurostat, 2002

showed a slight decline. By far the smallest import market in The Netherlands is for articles of bone, horn, etc, only accounting for 2 percent of the total import of gifts and decorative articles to The Netherlands. The import of articles of bone, horn, etc showed a downward trend.

Of the six countries discussed in this survey, the Dutch imported the most from suppliers outside the EU. China is the biggest supplier of gift and decorative articles, the Chinese account for 44 percent of Dutch imports. Other important suppliers are Vietnam (5.5%) and India (3.5%). In 2001, only 21 percent was imported from EU-member countries. Germany and the United Kingdom were the leading importers.

Spain

Spain is the smallest import market discussed in this market survey. The import of gifts and decorative articles in 2001 represented a value of € 276,5 million and a volume of 94 thousand tones, a decrease of 8,4 percent in value and 4,4 percent in volume.

As in most other European countries, glassware is the largest import market in Spain. The import of glassware accounted for more than 21 percent of the gifts and decorative articles imported into Spain. Between 1998 and 2001, glassware imports showed a steady growth in terms of volume but the value showed a decline of 5 percent. The import of ceramic articles by Spain showed a dramatic drop in 2001 when, after a few years

Table 5.7 Import of gifts and decorative articles by Spain, 1999-2001 value thousand €/ thousand tonnes

	1999		2000		2001	
	value €	volume	value €	volume	value €	volume
Total	**239,412**	**83,532**	**301,762**	**98,242**	**276,490**	**93,913**
Extra-EU	153,712	58,665	189,724	67,040	188,983	64,097
Developing countries	138,557	55,156	173,709	63,500	173,837	61,010
Glassware	58,729	24,591	61,864	25,707	58,694	27,036
Ceramic articles	42,614	24,977	55,042	28,518	46,228	24,045
Metal articles	32,815	8,184	49,459	9,558	44,303	9,666
Woodware	32,071	8,510	42,091	11,768	41,793	12,451
Artificial flowers	39,803	6,391	39,697	6,405	38,693	6,224
Basketwork	15,676	5,257	22,873	6,944	24,341	7,128
Candles	9,548	4,723	14,032	7,696	12,504	6,292
Art. of bone, horn, etc,	8,158	899	16,704	1,646	9,933	1,071

Source: Eurostat, 2002

of growth, the volume decreased by nearly 16 percent both in volume and in value.

The import of metal articles dropped considerably in terms of value, but volumes remained rather stable. The import of woodware showed the opposite development; the volume increased and the value remained stable. Spanish artificial flowers and fruits imports in volume and value remained stable.

Basketwork imports by Spain is the only import market, which shows a growth in value and volume in 2001. The value increased by 6.4 percent, the volume increased by almost 3 percent. Between 1997 and 2001, the market grew on average 7 percent annually in terms of volume. The two smallest import markets (candles and articles of bone, horn, etc,) both showed a drop after peaking in 2000.

France and Italy are the main suppliers to Spain within the EU, accounting for respectively 12 percent and 6 percent. Portugal plays a modest role in imports to Spain. Regarding extra-EU trade China, with a share of more than 46 percent, is Spain's largest supplier.

5.2 Import by product group

Glassware
In 2001, glassware was the leading product group imported by EU-member countries. The total import value of glassware remained stable at € 1,078 million. In terms of volume, grew by 4 percent mounting to 411 thousand tonnes.

Germany is the biggest import market in the EU, accounting for 21 percent of the total EU-import in terms of value and even a quarter in terms of volume. The United Kingdom and Italy are the European Union's second and third markets, accounting for 14 and 12 percent. Looking at the market shares of in terms of volume, we see a totally different picture. In 2001, Germany had a market share of 26 percent in terms of volume. Other major markets in terms of volume were France (14%) and The Netherlands (12%).

Market development
The British and French import market continued to grow in 2001, both in terms of value and in terms of volume. In the period between 1997 and 2001, these markets grew on average approximately 9 percent annually. The import of glassware by the Italians, just like the Spanish, continued to grow for the fourth year in a row. The Dutch import of glassware remained stable in terms of value, amounting to € 86 million in 2001. Luxembourg, although a small import market, showed the biggest growth in 2001. In terms of value, the market grew by almost 50 percent, in terms of volume the market more than doubled. Denmark, accounting for 3 percent of the EU-import, grew in terms of value by 11 percent in 2001.

The import of glassware by Greece shows an interesting development. The value grew by 3 percent, the volume, however, dropped by 34 percent. This indicates that the price per item is rising quite sharply.

Main origin of imports
Of glassware imports, almost half derives from other EU-member countries. France is the biggest supplier (13.5%), followed by Germany (7%). Another important supplier is Italy, accounting for 5.4 percent of the EU total import. Regarding extra-EU trade, China (11.4%), Poland (6%) and Turkey (5.3%) are the major suppliers.

Ceramic articles
It appears that the stagnation of the EU economy in 2001 has mainly influenced the import of ceramic articles. In 2001, the total import value of ceramic articles amounted to € 1,044 million, indicating a decrease of 11 percent in comparison with 2000. The import volume also decreased considerably, in 2001 the import volume of ceramic articles dropped with almost 12 percent to 735 thousand tonnes.

Germany is by far the biggest importer in the EU, accounting for almost a quarter of the EU-import in terms of value, followed by the United Kingdom (17%), Italy (12%) and France (11%). The Netherlands and Belgium, though small countries, are significant importers of ceramic articles.

Market development
The import value of most EU-member countries dropped considerably after the explosive growth in 2000. In 2001, only Austria's and Belgium's import of ceramic articles showed a positive development. Belgian imports grew by 5 percent, reaching 67 million. Austria's imports even grew by 13 percent in terms of value.

Before 2000, most big import markets showed good growth. For example, German imports grew on average 8 percent annually between 1997 and 2000. Italian and Dutch imports even grew by 29 and 17 percent in terms of volume during that period. In the United Kingdom, there is an interesting development; between 1997 and 2001, the import volume almost doubled, but the value of the import dropped by 5.5 percent during that period.

Main origin of imports
The main suppliers of ceramic articles to the EU are China, accounting for 33 percent in terms of value, followed by Vietnam (11%). The intra-EU trade accounts for 37 percent of the total EU-import of ceramic articles. Leading suppliers are Germany (6.6%), The Netherlands (6%) and Italy (6%).

Woodware
The imported value of woodware by the EU-member countries totalled € 649 million and 195 thousand tonnes in 2001. In that year, the import declined by 2 percent in terms of value and increased by 1 percent in terms of volume. Over the period 1997 and 2001, the EU-import market showed a healthy growth of, on average, 11 percent annually. When looking at the development of the volume and value over a five-year period, we can see that the volume increased more than the value. This indicates that the price per item was dropping.

Germany, the biggest importer of woodware, accounts for 21 percent of the EU-import, followed by the France (17%), the United Kingdom (15.5%). The Netherlands and Italy follow at a considerable distance with shares of 9 and 7 percent respectively in terms of value.

Market development
There are many differences between the EU-member countries. Only six countries (France, The Netherlands, Italy, United Kingdom, Portugal and Luxembourg) showed a growth in terms of value in 2001. Over the period 1997 - 2001, the French import of woodware grew by more than 66 percent, to 32,8 thousand tonnes. Italy, accounting for € 45,2 million, showed the most growth in that period, and the import of woodware to Italy more than doubled in terms of volume. The Netherlands also doubled its import volume between 1997 and 2001.

The United Kingdom and Portugal both grew by almost 7 percent in terms of value. The import of woodware to Spain and Ireland remained stable in terms of value. The import volume however, grew by 6 percent for Spain and even 39 percent for Ireland; this indicates that prices per item were dropping in these countries.

Germany, the biggest woodware import market, is the only market, which showed a negative growth between 1997 and 2001, mainly due to a tremendous decline in 2001. Despite this decline, the German market was still worth € 134 million.

Main origin of imports
Only 28 percent of the EU total import derives from EU-member countries. The Netherlands (6.5%) and Italy (5%) are the only two exporters with a reasonable market share. As regards The Netherlands, a large portion is re-exported. Most woodware derives from Asia, with China as the undisputed leader, accounting for 31.5 percent of the total EU-import in terms of value. Other important players are Indonesia (5.6%), Thailand (4.6%) and India (3.7%).

Candles
As with most other products in this market survey, the import of candles declined in 2001, the import value decreased by 2 percent. In terms of volume, the import declined for the second year in a row. As mentioned earlier, this is mainly due to enormous drop in the United Kingdom in 2000. In 2001 the imported value to the EU totalled € 485 million.

The EU constitutes is the world's largest import market for candles. Within the EU, Northern European countries like Germany (32%), United Kingdom (16%) and The Netherlands (8.5%) are the main import market in terms of value.

Market development
At a national level, there are big differences between the individual EU-members. Over the five-year period between 1997 and 2001, most markets show a remarkable growth. The Netherlands and Austria are the only exceptions. The import of candles to the EU's most important market, Germany, remained rather stable in terms of value. The imported volume, however, dropped for the second year in a row. Italy, the biggest candle importer in the south of Europe, showed the most remarkable growth in 2000. The import volume grew by 46 percent that year. In 2001 however, the imported volume flattened. The value remained rather stable at € 33.5 million.

Imports into the United Kingdom recovered after the decline a year earlier. In 2001, the import grew by 6 percent, amounting to € 76 million. The biggest growth in 2001 is coming from Ireland. The imported value of candles grew by 29 percent. Small import markets like Sweden and Austria also showed a growth in 2001, in value as well as in volume. Dutch imports, both in terms of value and in terms of volume, dropped for the second year in a row.

Main origin of imports
55 percent of the EU-import derives from EU-member countries. The Netherlands, Germany and the United Kingdom are the main suppliers to the EU market with shares of 19%, 12% and 6% respectively of the total EU-import market value. The picture looks different in terms of volume. Germany with 13 percent is the main supplier of the EU ahead of The Netherlands (7%), followed by Portugal (6.5%). In extra-EU trade, China (24%) and Poland (7%) are the main suppliers in terms of value.

Metal articles
In 2000, the EU-import of metal articles showed stunning growing rates. In terms of value, the import grew by 17 percent, in terms of volume by more than 20 percent. In 2001, the market declined by 2 percent in terms of value and 4.5 percent in terms of volume. In

the period preceding 2001, the imported value of metal articles by the EU-member countries totalled € 466 million and 93 thousand tonnes in 2001.

German and the United Kingdom are the biggest importers of metal articles, together accounting for almost 40 percent. France (12%), The Netherlands (11%) and Spain (9.5%) are the other major import markets in the EU.

Market development
Finland showed the highest growth in 2001. The market grew by more than 16 percent; the volume could not keep up this growing rate, indicating the price per item is rising in Finland. An important market concerning the import of metal articles is the United Kingdom; the British import market grew for the fourth year in a row. The volume however dropped for the second year, meaning that, as in Finland, the price per item is rising.

Dutch imports also grew, rising to more than € 50 million in 2001. During the period between 1997 and 2001, imports grew almost 15 percent annually. The biggest import market, Germany, showed a remarkable development with the value dropping by 6 percent. The volume however, increased by more than 10 percent in 2001. It looks as if metal articles became less popular in Southern Europe. In 2001, import of metal articles to Spain, Italy, Greece and Portugal dropped between the 6 and 18.5 percent in terms of value

Main origin of imports
China is EU's biggest supplier accounting 31 percent, followed by Italy (8%), The Netherlands (5.4%), Germany (5.3%). Other important suppliers outside of EU are Thailand (4%) and Taiwan (4%).

Artificial flowers and fruits
The total value of artificial flowers and fruits imported by the EU-member countries entered a negative period in 2001. The imported value decreased by more than 7 percent to € 463 million. The total imported volume decreased by 4.4 percent to 59,8 thousand tonnes. Over a longer period, the artificial flowers and fruits market remained stable in terms of value. The total imported volume even dropped by 4 percent. This development could indication that price per item is dropping.

German is the biggest importer in the EU, accounting for 24 percent of the total EU-import. France and the United Kingdom both account for 14.5 percent of the EU market. Italy is the fourth import market, accounting 12 percent of the total import in terms of value.

Market development
At a national level, we can see that only five countries show a growth in 2001. In Belgium, imports grew by nearly 8 percent in terms of value, totalling € 30,5 million in 2001. Italian imports remained rather stable in terms of value, but increased by 7 percent in terms of volume in 2001. Over the five-year period, Italian imports grew on average more than 8 percent annually.

Greece showed a stunning growth between 1997 and 2001, the imported volume tripling in that time-span. The value grew by 6 percent annually, reaching € 8,3 million in 2001. Despite this growth, Greece only accounts for 2 percent of the EU-import.

All major markets except Italy show a negative development. Between 1997 and 2001, German imports declined by 14 percent, Dutch imports even dropped by more than 18 percent. In France, imports increased between 1997 and 2000. In 2001 however, the market dropped both in terms of volume and in terms of value. The import of artificial flowers and fruits of the United Kingdom remained stable.

Main origin of imports
Almost 80 percent of the EU-import derives from two countries, China (71%) and Hong Kong (8.6%). Hong Kong manufacturers have a particularly good reputation because of specialized techniques and dying processes to achieve multi-layered colours and realistic textures. Within the EU, only The Netherlands (6%), Spain (3.3%) and Germany (3.2%) play any role in the EU-import market.

Basketwork
After a year of record growth (26%), the import value of basketwork in the EU in 2001 increased by a mere 4.5 percent. That year, imports of basketwork totalled € 359 million but, in addition, the imported volume grew enormously in 2000. During the period between 1997 and 2001, the overall import of basketwork increased by 7.5 percent in terms of volume.

Germany is largest importer of basketwork in the EU, accounting for more than 21 percent of the total EU-import, followed by France (17%), United Kingdom (14%) and The Netherlands (11%).

Market development
Looking at the import of basketwork at a national level, we can see that except in Finland, Portugal, The Netherlands, and Belgium, all countries showed a growth in imported value. The biggest import market of basketwork, Germany, remained relatively stable in terms of both value and volume. Between 1997 and 2001, the imported volume grew by more than 23 percent, totalling 27 thousand tonnes in 2001.

Denmark is the country with the most rapidly growing imports. In 2001, the import of basketwork to Denmark almost doubled in terms of value. During the five-year period between 1997 and 2001, Danish imports of basketwork grew on average more than 20 percent annually. However, we should note that though the growth was large, the Danish import of basketwork remains marginal, with the value of imports only amounting to € 9.6 million in 2001.

France is a considerable import market, accounting for € 62,7 million. In 2001, the French import grew by 8 percent in terms of value. During 1997 and 2001, imports grew by more than 50 percent. Another interesting import market is the United Kingdom. After a period of negative growth, the market recovered remarkably in 2000, showing an growth of 42 percent and, in 2001, of 20 percent

Italian imports also show an interesting development. In 2001 the value grew by almost 2 percent, the volume, however, dropped by more than 9 percent.

Main origin of imports
The EU market for basketwork is rapidly expanding, and importers are constantly seeking new sources of supply. There is, therefore, scope for sales of products originating from developing countries. Exporters should note that competition is fierce, with cheap-labour countries like China en Indonesia dominating a major part of the basketwork market in the EU. The main supplier of basketwork, in terms of volume, is China, which accounts for almost 56 percent of the total EU-imports in 2001. Other major suppliers of basketwork were Indonesia (9%), Vietnam (7%) and Poland (6%).

Articles of bone, horn, etc.
Articles of bone, horn, etc. represented a mere 3 percent of the total imported value of gifts and decorative articles by EU countries in 2001, representing a value of € 127 million. After two years of decline, the import volume stabilized at 10 thousand tonnes in 2001.

The main importers of articles of bone, horn, etc. are Germany (18.5%) and Italy (17.5%) in terms of value, followed by France (16%) and the United Kingdom (10%). The picture however looks very different in terms of volume. Here Denmark accounts for more than 19 percent of the EU-import. This figure is highly questionable, if we compare it with the figures of the preceding year. Germany only accounts for 7.5 percent of the market in terms of volume, possibly indicating that the prices in Germany for articles of bone, horn, etc. are above the EU-average.

Market development
Looking at the import market at a national level, we can see some considerable fluctuations during the period between 1997 and 2001, making it difficult to determine in which direction the market is heading. German imports grew after declining in 2000. In 2001, imports amounted to € 23,4 million. The volume however, dropped for the third year in a row. Italian imports recovered after dropping for two years in a row, showing a value growth of nearly 17 percent to € 22,3 million in 2001. French imports showed a similar development, recovering in terms of value in 2001, while the volume dropped by 5 percent. During the period 1997 to 2001, the import market grew by 5.5 percent, totalling in 13 thousand tonnes in 2001.

The import of Austria, like France and Italy, recovered in 2001, growing by 11 percent in comparison with the previous year. Greece, though only a small market, grew by nearly 40 percent in 2001, to € 2,2 million. The United Kingdom showed the worst development, as the import volume halved during the period 1997 to 2001. In terms of value, imports dropped by quarter in 2001.

Main origin of imports
Most of the import of articles of bone, horn, etc. comes from within the EU. Belgium, with a market share of 36 percent, is by far the largest supplier. Other EU suppliers are Spain (12%) and France (7%). The intra-EU trade amounted to 63 percent of the total EU-import. As regards extra-EU trade, the United States (10%), India (4%) and China (4%) are the EU's most important suppliers.

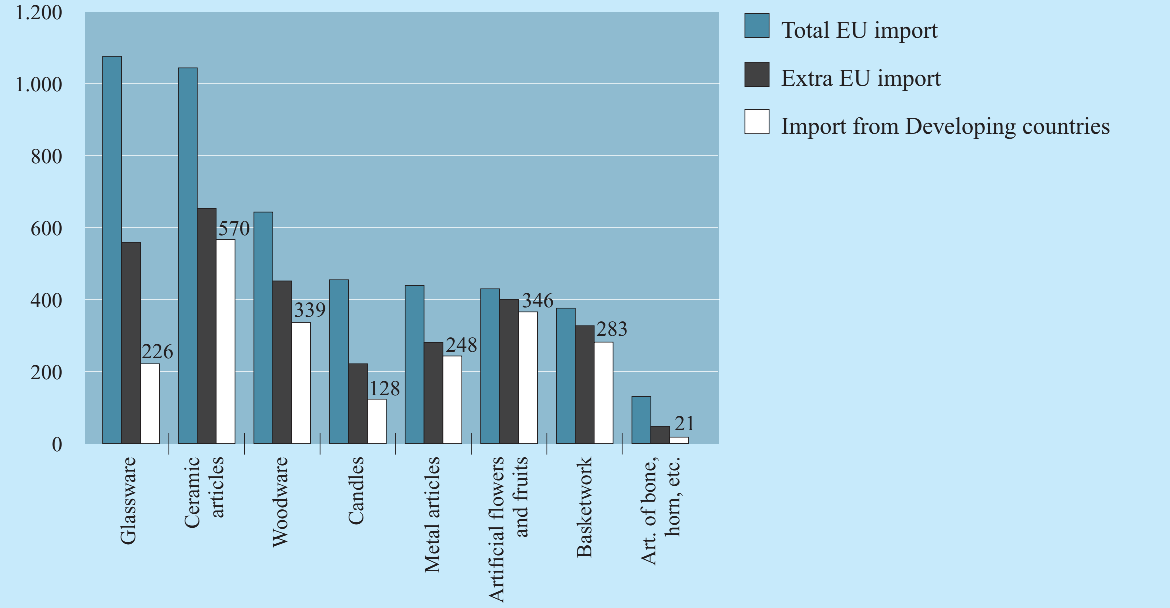
5.3 The role of Developing Countries

The developing countries are playing an increasingly important role in the import of gifts and decorative articles within the EU. In 1997, 39 percent of the total import of gifts and decorative articles in terms of value derived from developing countries, in 2001 this had risen to more than 46 percent. In terms of volume, more than half of the EU-import derives from developing countries. By "developing countries" we mean the countries on DAC list, which is also known as the list of developing countries, see appendix 5.

As for the total import of gifts and decorative articles, imports deriving from developing countries dropped in 2001. The decline however, was proportionally smaller than drop in the total EU-import. Over a longer period, the import from developing countries showed stunning progress. In the five-year period between 1997 and 2001, the import volume increased from 548 thousand tonnes to 968 thousand tonnes, an annual growth of almost 16 percent.

East European countries such as Poland, the Czech Republic, Romania and Hungary, though not considered to be developing countries, are very important for EU-import. These countries are therefore considered as the most important competitors to developing countries,

Figure 5.2 EU-import of gifts and decorative articles per product group, 2001, € 1,000 value



Source: Eurostat, 2002

particularly in the glassware, woodware and candles segments. They distinguish themselves by offering a higher quality, since they are not able to compete with the Asian prices. Producers from Far Eastern countries continue to penetrate the EU market. Although the emphasis still lies on cheaper products, exporters from this region are now also successfully entering the middle market level with their products.

The European Union's main suppliers are Asian countries, accounting for 44 percent of the EU-import. China traditionally accounts for the bulk. China has a relatively modern economy and stable political situation. In addition, the low labour cost makes it an ideal production country. Due to these factors, China is popular with Western companies as a place to which to outsource their production. Other important Asian suppliers are Vietnam, India and Thailand. African suppliers only account for 3 percent of the import deriving from developing countries. The main African gifts and decorative article suppliers are Tunisia, Morocco, Madagascar, Kenya and Egypt. Latin American suppliers are more orientated towards the North American market. However, one main Latin American supplier, Mexico, also supplies a substantial part of the gifts and decorative articles in the EU.

Basketwork and artificial flowers and fruits are the main product groups imported from developing countries. Of these products, the bulk (more than 94%) derives from Asian countries like China, Vietnam and Indonesia. Ceramic articles and metal articles are becoming more important for developing countries. Between 1997 and 2001, the import of these products from China more than doubled. Woodware is a known product deriving from developing countries, mainly because such products do not require difficult and money-consuming production processes. This accounts for the fact that these products are Africa's most important export products in the field of gifts and decorative articles. The Asian countries, however, account for the biggest share of EU-imports. The developing countries' share of the EU-import of glassware, candles and articles of bone, horn, etc. is traditionally small. The importance of the developing countries in glassware is rising, as can be seen in figure

Table 5.8 Main imports products from developing countries (per continent)

Africa	→	woodware, ceramic articles and basketwork
Asia	→	ceramic articles and artificial flowers & fruits
Europe	→	glassware, woodware and candles
Latin America	→	ceramic articles and glassware
Oceania	→	woodware

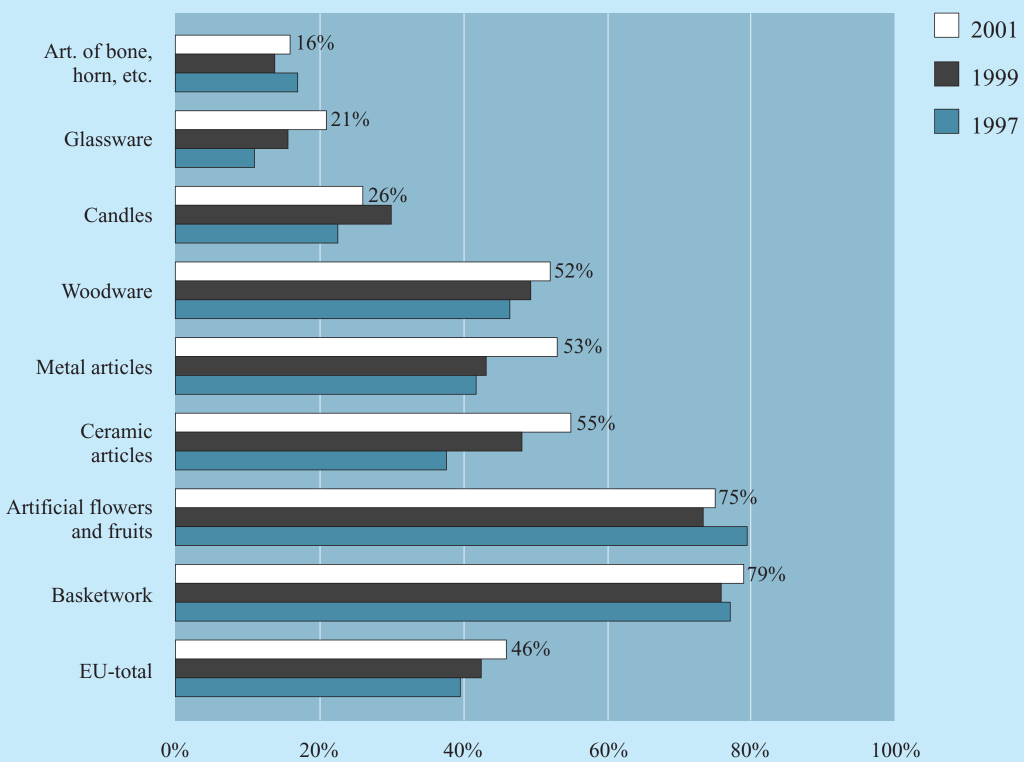
Source: Eurostat, 2002

Table 5.9 Main developing country suppliers
(share in % of imported value supplied by developing countries, 2001)

Glassware	China (54%), Turkey (25%), Slovenia (6%), India (4%), Brazil (2.2%), Thailand (2.1%)
Ceramic articles	China (60%), Vietnam (20%), Malaysia (6%), Thailand (4%), Mexico (2.5%)
Woodware	China (60%), Indonesia (11%), Thailand (9%), India (7%), Philippines (2.6%), Vietnam (2.2%), Morocco (1%)
Candles	China (89%), Sri Lanka (2.1%), Thailand (1.6%), Croatia (1.2%), India (1.2%)
Metal articles	China (58%), India (22%), Thailand (8%), Vietnam (2.7%), Philippines (2.2%)
Artificial flowers & fruits	China (95%), Thailand (2.6%), India (0.7%), Sri Lanka (0.6%)
Basketwork	China (66%), Indonesia (11%), Philippines (5%), Madagascar 1.6%), Morocco (1.6%)
Art. of bone, horn, etc	China (26%), India (26%), Philippines (18%), Ecuador (9%), Thailand (4%), Indonesia (3%), Vietnam (2.8%)

Source: Eurostat 2002

Figure 5.3 Share of developing countries in import of gifts and decorative articles per product, 1997-2001, % of imported value

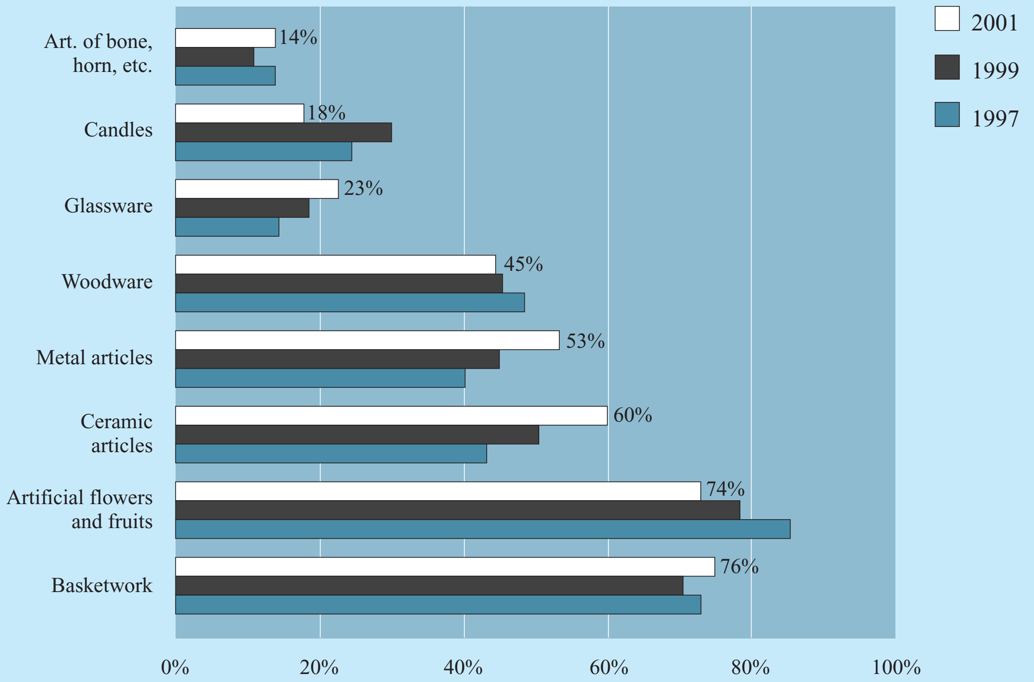


Source: Eurostat, 2002

Germany

In comparison with the other EU-member countries except France, Germany imports relatively less developing countries, only 45 percent in 2001. Nevertheless, Germany is the biggest import market in terms of value. In 2001, German imports from developing countries totalled € 483 million. Ceramic articles are by far the most important products, representing almost one third of the imports from developing countries. The import of ceramic articles grew on average 23 percent per year between 1997 and 2000. In 2001, due to the recession, there was a

Figure 5.4 Share of developing countries in import of gifts and decorative articles into Germany per product, 1997-2001, % of imported value



Source: Eurostat, 2002

downturn of more than 6 percent. The import of basketwork from developing countries remained rather stable in 2001. In the four previous years, these imports grew on average 6 percent yearly. Woodware, an important product group, remained reasonably stable in the five-year period. Artificial flowers and fruits showed a negative development in that period.

Of the import from developing countries, more than 95 percent derived from Asian countries, of which China and Vietnam are the most important suppliers. Both grew their share substantially between 1997 and 2001.

United Kingdom

Developing countries are taking a more important share of the British gifts and decorative articles market. In 2000, for the first time, more than half the imports derived from developing countries. The year 2001 was a good year, because although British total imports fell, the share deriving from developing countries increased by more than 2 percent. Important product groups, like woodware, metal articles and basketwork, showed considerable growth in the five-year period between 1997 and 2001. Ceramic articles, accounting for 25 percent of the total import from developing countries, dropped by 6 percent, to € 92 million. The ceramic articles market had, however, shown a healthy growth in the preceding years.

China is Britain's largest supplier, accounting for 32 percent of the total UK-import. An important coming nation is Vietnam, with imports deriving from this country more than quadrupling between 1997 and 2001.

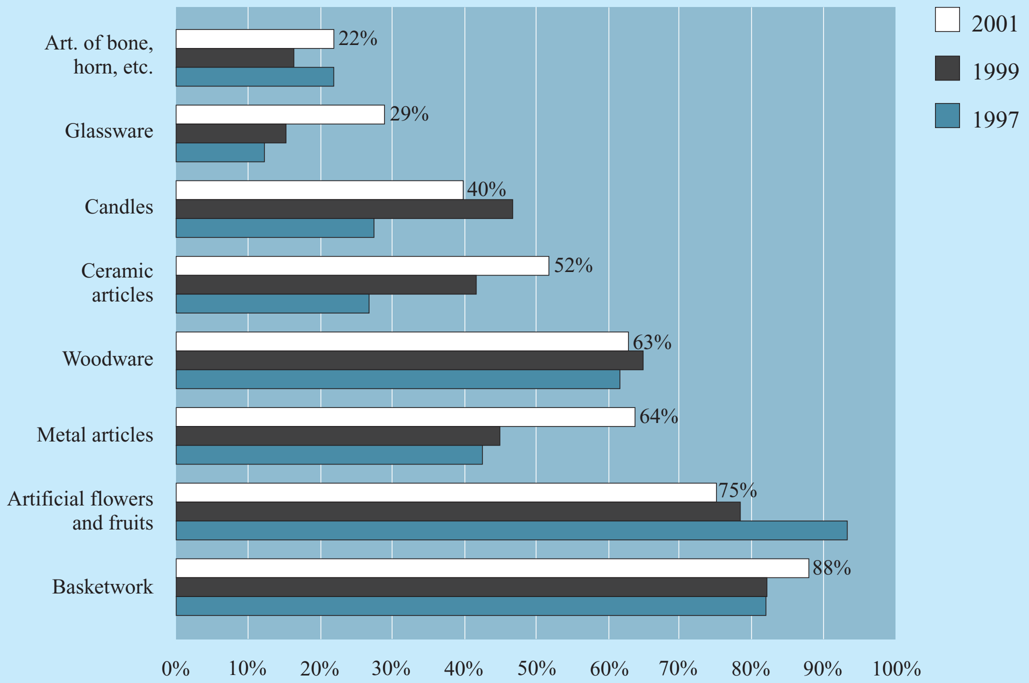
France

Although French imports from developing countries are slowly rising, they remains low in comparison with other EU-member countries discussed in this survey. Developing countries accounted for 41 percent of France's total imports. In terms of volume, imports rose by an average 18 percent annually between 1997 and 2000, to 86 thousand tonnes. In 2001, the imports from developing countries, as expected, tempered. The value even showed a small decline.

Woodware and artificial flowers and fruits are the most important products deriving from developing countries in terms of value. Woodware imports continued to grow for the fifth year in a row, totalling € 57 million in 2001. Artificial flowers and fruits remained stable in the five-year period between 1997 and 2001, only showing a small peak in 2000. Basketwork showed considerable development between 1997 and 2001, with the volume increasing by more than 50 percent in that period.

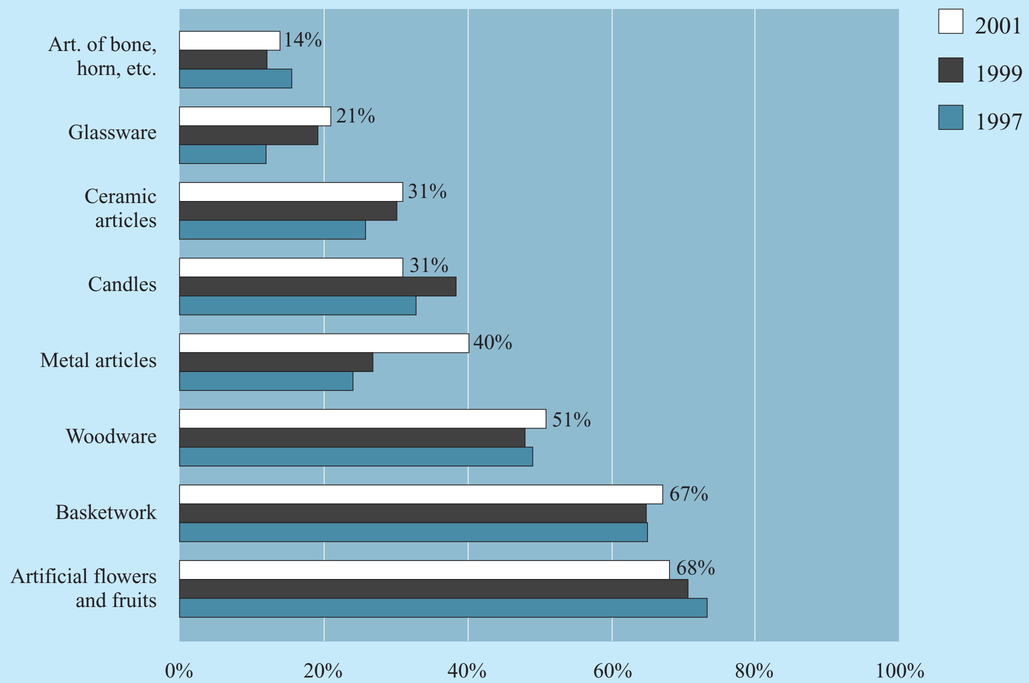
Imports from Asian countries like China and Indonesia dropped considerably in 2001. Despite this drop, the

Figure 5.5 **Share of developing countries in import of gifts and decorative articles into The United Kingdom per product, 1997-2001, % of imported value**



Source: Eurostat, 2002

Figure 5.6 **Share of developing countries in import of gifts and decorative articles into France per product, 1997-2001, % of imported value**



Source: Eurostat, 2002

Asian developing countries still account for approximately 90 percent of all imports deriving from developing countries. The African suppliers are becoming more important for the France market. This is mainly due to the development in the import of woodware and basketwork. In 1997, African producers accounted for 5.5 percent of the import from developing countries and by 2001 this had risen to more than 8 percent. Leading African suppliers to France are Madagascar, Morocco and Tunisia.

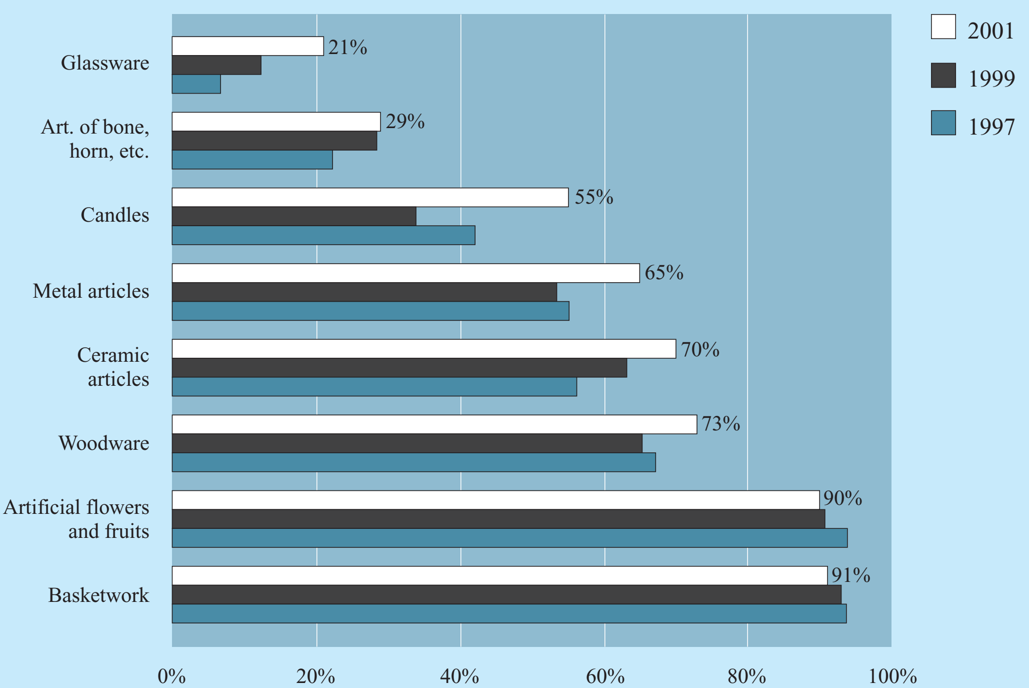
Italy

Developing countries seem to be getting increasingly popular with Italian importers. In 2001, almost 60 percent derived form these countries and imports grew by more than 7 percent both in terms of volume as well as in terms of value. In the five years from 1997 until 2001, imports more than doubled in volume.

All gifts and decorative articles imported by Italy showed considerable growth. The main imported products were ceramic articles and artificial flowers and fruits, together accounting for more than 50 percent of the imports of gifts and decorative articles. Ceramic articles more than doubled in size between 1997 and 2000 but showed a small decline in 2001. Somewhat smaller product groups like candles and woodware also increased remarkably. Woodware imports almost doubled between 1997 and 2001 and candles even quintupled in that period.

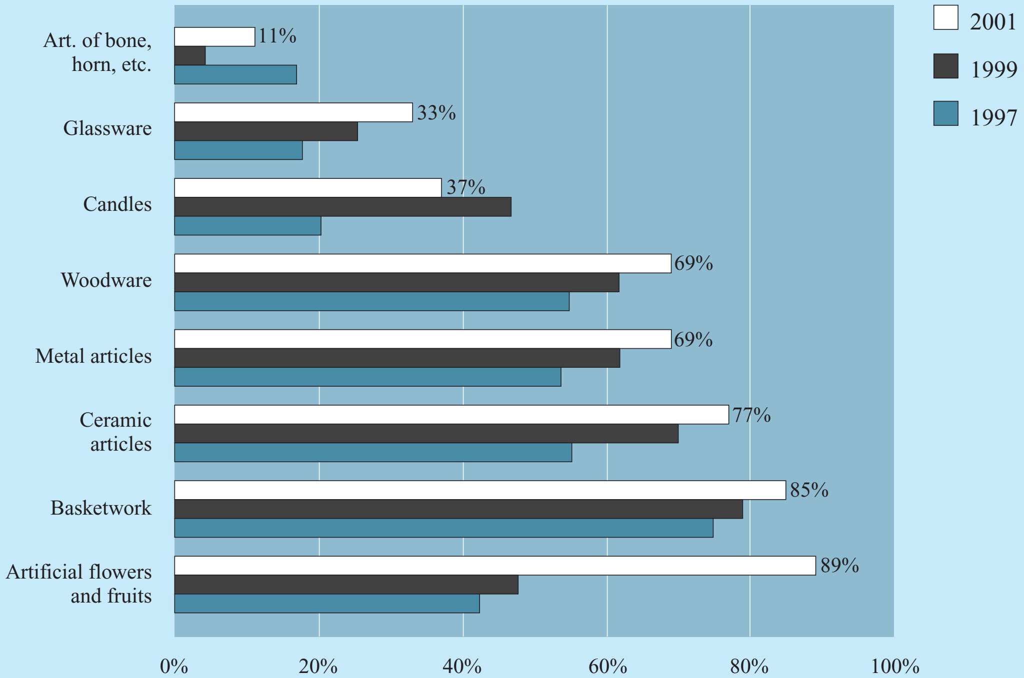
Asian suppliers dominate the Italian import of gift and decorative articles; of the total imports, more than 55 percent derives from Asia. Asia also accounts for more than 95 percent of the imports deriving from developing countries.

Figure 5.7 Share of developing countries in import of gifts and decorative articles into Italy per product, 1997-2001, % of imported value



Source: Eurostat, 2002

Figure 5.8 Share of developing countries in import of gifts and decorative articles into The Netherlands per product, 1997-2001, % of imported value



Source: Eurostat, 2002

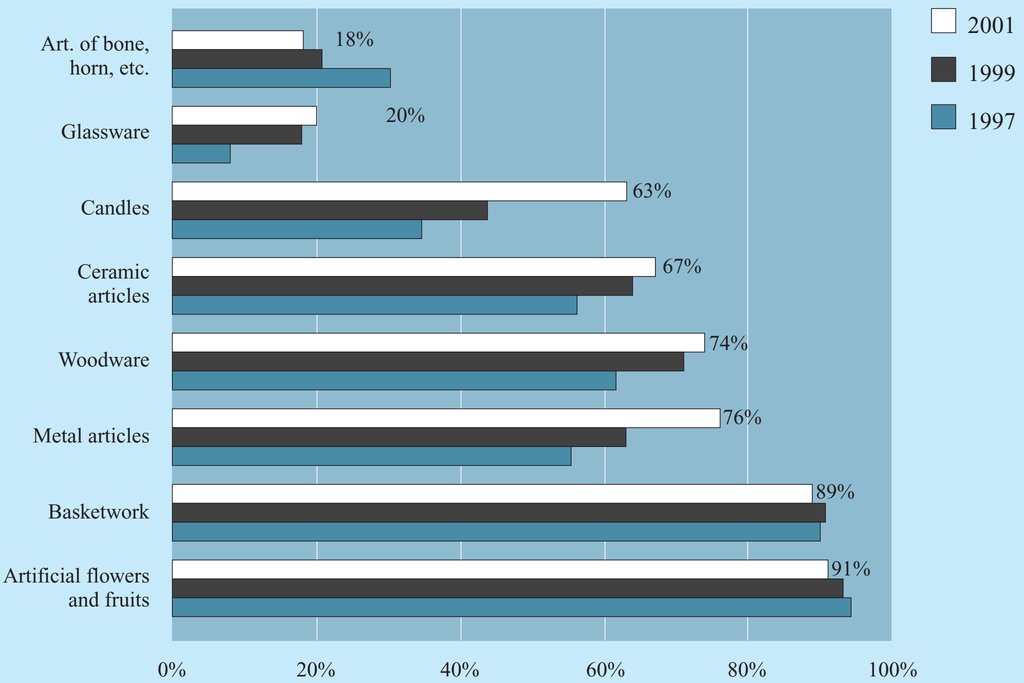
The Netherlands

Developing countries supplied a major part of Dutch imports of gifts and decorative articles. In 2001, 63 percent derived from these countries. The import from developing countries dropped by 5 percent in terms of value in 2001. Ceramic articles were responsible for the biggest part of this drop. In 2000, the import of ceramic articles totalled 93 million a year later, in 2001 this dropped to only 72 million. The importance of ceramic articles as Dutch import product is declining.

Woodware is the second product deriving from developing countries and grew 5.5 percent to a value of € 42 million. Woodware imports showed a healthy development and, in the five-year period between 1997 and 2001, the volume more than doubled. The import of basketwork also showed considerable growth between 1997 and 2000, the import growing on average 20 percent annually. In 2001, unfortunately, there was a turning point. That year the import value was only € 34 million, indicating a drop of 4 percent.
Glassware deriving from developing countries almost tripled in the five-year period between 1997 and 2001, rising to a value of € 28,6 million. Metal articles, also an import product group, doubled in terms of volume in the same period.

As in other EU-member countries, Asia and especially China, Vietnam and India, account for the bulk of Dutch imports. There is, however, an interesting development, in that imports from Poland almost doubled between 1997 and 2001.

Figure 5.9 Share of developing countries in import of gifts and decorative articles into Spain per product, 1997-2001, % of imported value



Source: Eurostat, 2002

Spain

The value of imports from developing countries remained stable in 2001, in contrast with the total import of gifts and decorative articles, which dropped by more than 8 percent. By consequence, the developing countries are taking a greater share of Spanish imports. Imports deriving from these countries rose to € 174 million in 2001. The importance of artificial flowers and fruits, traditionally the biggest product group, declined. While total imports grew on average 13 percent annually between 1997 and 2001, the import of artificial flowers and fruits remained stable that period.

Woodware and metal articles are the other important product groups imported by Spain, both showing substantial growth between 1997 and 2001. In 2001, the import of woodware grew by 14 percent in terms of value, totalling € 31 million. The import of basketwork, representing a value of € 21,6 million in 2001, showed interesting growth between 1997 and 2001. In the period, the imported volume grew by 6.5 percent annually.

6 EXPORTS

In 2001, the EU exports of gifts and decorative articles showed a slight decline after growing by more than 12 percent in 2000. The total value of exports by EU-member countries amounted to € 4 billion in 2001. In terms of volume, exports dropped to 1,18 million tonnes, the same level as 1998, and a drop of more than 20 percent. 47 percent of EU-exports went to destinations outside the EU. The leading destination was the United States, accounting for 17 percent of the EU export, followed by Switzerland (4%) and Japan (3%).

Looking at the data at the national level shows, that France is the leading EU exporter in terms of value. France accounts for 19 percent of EU exports, followed by Italy with a share of nearly 18 percent. The picture looks different, however, in terms of volume. Here, with a share of 24 percent Italy is the main EU exporter, ahead of France (20%).

The information used in this market survey is obtained from a variety of sources. Therefore, qualitative use and interpretation of quantitative data should be done with extreme care.

A glance at the different product groups reveals that glassware and ceramic articles are the most important export products of the EU, with a share of 64 percent in terms of value and more than 75 percent in terms of volume, followed by the product groups woodware and candles, which account for 10 percent and 9 percent respectively.

Germany

As shown above, Germany is the third largest national exporter of gifts and decorative articles in the EU. In 2001, German exports showed a slight decline, the exported value dropped by almost 2 percent and the volume decreased by 0.5 percent, amounting to € 572 million in terms of value and 182 thousand tonnes in terms of volume. Between 1998 and 2001, German export levels remained rather stable.

Export destinations

As with most other countries discussed in this survey, the United States is the leading destination for German gifts and decorative articles, accounting for almost 15 percent of Germany's exports, followed by Switzerland and Austria, both accounting for 11 percent.

Export development

German export figures by product group indicate that glassware and ceramic articles are the most important export product groups, together accounting for more than 60 percent of the export. The export of glassware grew by 3 percent in terms of value, totalling € 219 million in 2001

The export of ceramic articles dropped by 6 percent in 2001, to a value of approximately € 141 million. The third export product from Germany is candles. The export of candles continued to drop in 2001, falling to € 81 million. The export of metal articles represents a share of 8.3 percent in 2001, amounting to € 47,7 million. Between 1997 and 2001, the export of metal

Table 6.1 Export of gifts and decorative articles by EU-member countries, 1999-2001 value thousand €/ thousand tonnes

	1999		2000		2001	
	value €	**volume**	**value €**	**volume**	**value €**	**volume**
EU total	**3,698,928**	**1,331,422**	**4,145,252**	**1,486,754**	**4,052,779**	**1,179,682**
Extra-EU	1,823,432	455,294	2,150,777	704,612	2,153,596	511,747
Main EU-exporter:						
France	663,494	219,797	750,084	249,466	753,613	239,291
Italy	660,957	270,110	725,709	287,465	718,887	280,238
Germany	552,094	182,146	582,179	183,221	572,360	182,252
Belgium	289,650	75,389	338,077	93,375	344,372	95,567
The Netherlands	290,811	82,024	354,405	155,240	329,413	72,494
Spain	259,858	80,817	319,046	89,518	303,069	89,616
Austria	205,010	13,789	227,987	15,604	228,492	16,586
United Kingdom	212,723	240,033	224,826	97,868	215,099	34,846
Other EU-members	564,330	167,319	622,939	314,998	587,473	168,792

Source: Eurostat, 2002

articles grew by more than 5 percent annually in terms of volume.

Woodware exports remained stable in 2001. The export of basketwork showed the biggest percentage growth of all the German gifts and decorative articles, though it remained a small market, with only a share of 2 percent in terms of value.

United Kingdom

In 2001, exports of gifts and decorative articles from the United Kingdom decreased by 4 percent in value, to € 215 million. In terms of volume however, the export dropped by more than 60 percent in 2001, falling to 35 thousand tonnes. According to Eurostat data, the drop in export of candles to Switzerland caused this decrease. The United Kingdom exported 45 thousand tonnes to Switzerland in 2000 dropping to only 572 tonnes in 2001. In 1999 there was a similar case concerning the export of glassware to Germany. This figure is also highly questionable, since according to the same Eurostat source, Germany imported only 1,2 thousand tonnes of glassware from the United Kingdom that year.

Export destinations

The United States is by far the most important country for the United Kingdom's export of gifts and decorative articles, accounting for 27 percent of British exports. The second export market outside the EU is Japan, accounting for 5 percent. In intra-EU trade, Ireland (13.5%) is the most important country for British exports. The second export market, France, is becoming more important for British exports. The French share of UK exports grew from 5.5 in 1997 percent to 8 percent in 2001.

Export developments

An analysis of the different product groups reveals that ceramic articles are the UK's most important export product, with a share of 35 percent in terms of value and 18 percent in terms of volume. This difference could indicate that the British ceramic articles are high priced. After a significant drop in 1998, the British export of ceramic articles remained fairly stable in the following years.

Candles are the UK's second most important export product, accounting for 19 percent of the total export of gifts and decorative articles. Candle exports remained relative stable in 2001. Over the period between 1997 and 2001, the export value more than doubled, whereas the volume almost quadrupled. The export of metal articles decreased in 2001, after three years of growth. The export of woodware dropped 16 percent in terms of value. The volume however, showed an increase.

The export of artificial flowers shows outstanding growth. Between 1997 and 2001, exports doubled in terms of value, and volumes rose by more than 50 percent. The export of basketwork is becoming less important, almost halving both in value and volume terms between 1997 and 2001.

France

France is the EU's largest exporter of gifts and decorative articles, achieving an export value of € 754 million in 2001. After a considerable growth in 2000, exports remained stable in terms of value in 2001. Export volumes, however, showed a drop of 4 percent that year.

Export destinations

France's exports to EU-member countries is steadily declining. In 1998 the EU still accounted for 44 percent of French exports but by 2001 this had dropped to 37 percent. Of the EU-member countries, Germany, Italy and Spain are the most important destinations. The leading destination outside the EU is the United States, which accounts for 16.5 percent of France's exports. The biggest growing export market is the U.A.E, accounting for 10 percent of French exports.

Export developments

Glassware is by far the biggest export product concerning gifts and decorative articles, and accounts for almost three-quarters of the total exports in terms of value. In 2001, glassware exports remained stable, at a value of € 543 million. The volume dropped by 3.6 percent. Over the five-year period between 1997 and 2001, the export of glassware dropped by 10 percent in terms of volume. The second export product group, ceramic articles follows at considerable distance, with a market share of 9.5 percent. The exported value of ceramic articles increased annually between 1997 and 2000. However, in 2001 the value declined on the back of export volumes which fell both in 2000 and in 2001.

The third export product group in gifts and decorative articles is the woodware market. The woodware market could not continue the growth of previous years. In 2001, exports dropped by more than 13 percent in terms of value and 15 percent in terms of volume. The export value of metal articles grew for the fourth year in a row. The exported volume remained stable in this period, indicating that the prices might be rising.

The export of candles showed a drop in 2001, both in terms of value as in terms of volume, after three years of growth. The articles of bone, horn, etc remained rather stable in terms of volume between 1997 and 2001. The value showed a growth of more than 8 percent annually.

The export of artificial flowers and fruits almost doubled both in terms of value and in terms of volume between 1997 and 2001. The smallest export product category, basketwork, showed outstanding growth. The export of basketwork grew in the period between 1997 and 2001 in terms of value, on average, about 26 percent annually. The volume only grew by about 10 percent annually with a downturn of more than 6 percent in 2001.

Italy

Italy was the second largest exporter of gifts and decorative articles in the EU in 2001. Compared with the previous year, export volumes remained fairly stable while the value dropped by 2.5 percent, to € 719 million.

Export destinations
Italian exports to EU-member countries have steadily declined over the past few years. In 1997, more than half of the Italian gifts and decorative articles were exported to EU-members. This dropped to 44 percent in 2001. Germany and France are the most important destinations, accounting for 16 and 10 percent respectively, of Italian exports. In extra-EU trade, the United States and Japan are the most important export partners, together accounting for 28 percent of Italian export.

Export development
A glance at the different product groups reveal that glassware, ceramic articles and woodware are the three biggest export products, accounting for almost 80 percent of the total export of gifts and decorative articles in Italy. The biggest export product is glassware. The export value of glassware increased by 6.1 percent in 2001. Over the five-year period between 1997 and 2001, the export of glassware grew by about 2 percent annually. The volume grew by about 3 percent annually in the same period. The export of ceramic articles remained fairly stable between 1997 and 2000. In 2001 however, the export decreased by 5 percent in terms of value and 6.5 percent in terms of volume. The third export category, woodware, remained stable in 2001.

The export of metal articles showed a slow downward trend. The export of candles in terms of volume and in terms of value showed a slight decline between 1998 and 2001.

The Netherlands

The Netherlands is the fifth largest EU exporter of gifts and decorative articles. Between 1997 and 2001, Dutch gifts and decorative article exports fluctuated considerably. In 2001, The Netherlands showed the largest decline of all the countries discussed in this survey. The Dutch export market dropped 7 percent in volume and more than 50 percent in volume. However, according to Eurostat data, the drop in export of ceramic articles to Portugal caused the decrease in value. The Netherlands apparently exported 71,4 thousand tonnes to Portugal in 2000 and only 1,6 thousand tonnes in 2001.

Export destinations
Of the Dutch export of gifts and decorative articles in 2001, the intra-EU trade is most important and almost 90 percent is exported to EU-member countries. Germany is by far the most important export market, accounting for 40 percent of the Dutch exports, followed by Belgium and the United Kingdom.

Export developments
Amongst the gifts and decorative articles, candles were the biggest export product of The Netherlands in 2001, amounting to € 87 million. The export of candles dropped by more than 10 percent after three years of enormous growth. The second most important export product, ceramic articles, showed a slight decline in value in 2001. Between 1997 and 2001, the export of ceramic articles declined by more than 3 percent annually.

The export of glassware is becoming more important. In 1997, glassware accounted for 13 percent of the total exported gifts and decorative articles, which percentage increased to 17 percent in 2001. The export of glassware continued to increase both in terms of value and in terms of volume. Dutch exports of woodware also increased in importance. Between 1997 and 2001, the exported volume of woodware more than doubled. In the same period, the value increased by more than 30 percent.

The export share of artificial flowers and fruits is becoming smaller. The market share of artificial flowers and fruits dropped from 14 percent in 1997 to 9 percent in 2000. However, the Dutch export of artificial flowers and fruits still represents almost 40 percent of the total EU export.

Spain

Spain is the smallest exporter of gifts and decorative articles discussed in this survey. The total exported value amounted to € 303 million in 2001, which indicated a decrease of 5 percent in comparison with 2000. The export volume remained stable at 89,6 thousand tonnes.

Export destinations
Looking at the Spanish export flows, we see that France and Germany are the most important export countries within the EU. Regarding the extra-EU trade, the

United States is by far the most important, accounting for almost 25 percent of Spanish exports.

Export developments

Ceramic articles are by far the biggest product group and still increasing in importance. In 1997, Ceramic articles accounted for 39 percent of the total export, in 2001 for more than 50 percent. Spain's second export product, glassware, showed considerable fluctuations between 1997 and 2001. The export of metal articles remained rather stable in terms of value in 2001. The exported volume, however, showed an increase of 13 percent in the same period. The fourth market, the articles of bone, horn etc. showed a significant drop in 2001, after growing enormously in 2000.

7 TRADE STRUCTURE

7.1 EU trade channels

The trade and the distribution systems in the European Union are in a permanent state of development. According to a survey of the International Trade Centre, one of the noticeable developments concerning the EU-trade channels is the shortening of the distribution chain. This is the result of vertical integration and scaling up. Intermediaries are being cut out. The main motivations are to exercise control and cut costs. It is a development that could clearly be observed in the 1980s and 1990s and it will continue in the new millennium as well. Other related developments, which also contribute to a shortening of the chain, are the rise of private labelling and co-makership. In addition, probably the most far-reaching development in the changing distribution systems is E-commerce. All these developments will have implications for the position of suppliers in developing countries and the way of doing business: how and with whom?

Vertical integration combines several steps in the distribution chain and is therefore economically the most powerful. The large department stores and buying combinations realised that, by purchasing through their own import department, they could seriously reduce their costs.

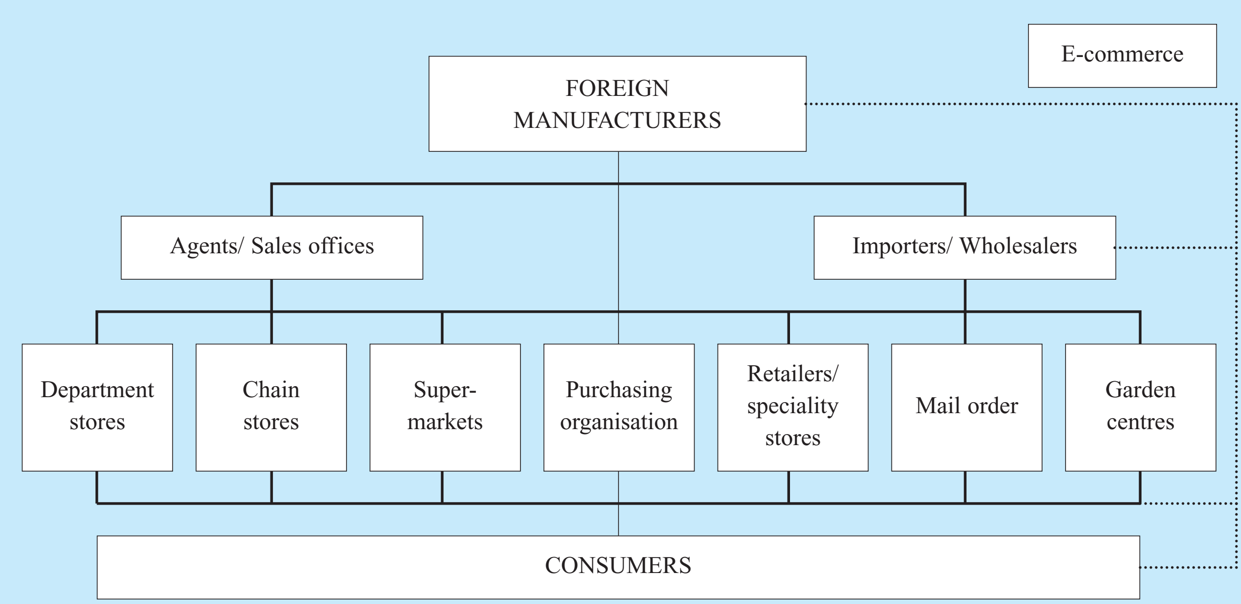
Online sale (E-commerce) is becoming increasingly important. According to estimates made by GartnerG2, an American research agency, Internet sales in Europe will be approximately € 15 billion in 2003, more than any other continent in the world. For the first time, Europe has more Internet users than the United States. According to GartnerG2, 185 million in Europe and 183 million users in the United States. Given the number of Internet users and the increasing importance of E-commerce, many entrepreneurs all over the world are using or examining the use of the World Wide Web as a medium for export sales.

It is obvious that the World Wide Web inflicted considerable changes on the trade and distribution systems in the world; however, it will not replace the traditional systems, but add to them. (See figure 7.1).

Gifts and decorative articles
On the distribution side, mass merchandisers, supermarkets, large garden centres and hypermarkets are accounting for an increasing proportion of sales of gifts and decorative articles. Because of their sizes in terms of square meters shopping space and numbers of articles handled, they are able to offer competitive prices and shelf space. However, specialist retailers and department stores continue to account for the majority of sales in the ceramic- and glassware sectors and significant shares of the metalware sector.

Department stores and specialists are traditional stockists of luxury, up-market, high-priced articles, because they have the congenial atmosphere that goes together with the image of the products. Moreover,

Figure 7.1 Trade and distribution channels for gifts and decorative articles



trained staff and administrative ability to deal with gift purchases, which account for a large proportion of value in the glass- and ceramic ware sectors, are of importance in selling these up-market articles.

Distribution is also influenced by the fact that each target group is becoming smaller, but the total number of different groups is increasing. This results in many different styles and trends being fashionable at the same time, but only for a small group of people. This again has a negative effect on the distribution and the costs. Megastores, with an enormous and varied assortment, thus supplying the widest possible range of target groups, see their margins under strong pressure. Mail-order companies, which have always invested enormous sums of money in order to have access to highly individualised data bases, can succeed by exploiting their strengths in making one-to-one offers (mailing to a limited number of people, products which fit their life pattern). The importers and retailers are interested in fast movers. Large volume in a short period at a small margin is preferred, because of the rapid fashion changes.

Agents/sales offices
Agents are intermediaries who do not keep stocks. The agent may serve as an intermediary between the manufacturer and the wholesaler or retailer, receiving a commission from the former. The level of commission depends on a number of factors, including the turnover rate of the product concerned; it averages an estimated 5 to 10 percent of turnover. Most agents represent more than one manufacturer, although competition is avoided. Agents usually have a good knowledge of distribution structures and consumer behaviour. Some foreign manufacturers have their own sales office in Europe or elsewhere. This is interesting if a manufacturer wants to make sure that his products are properly advertised and distributed. However, only the larger companies, which cover a substantial part of the market, maintain their own offices.

Importers/wholesalers
Distribution of gifts and decorative articles follows the traditional pattern from manufacturer to retailer. However, the larger retailers, department stores, and mail-order houses are also supplied directly. This explains why the position of the wholesale trade has decreased lately. For example, there are only about 10 importers/ wholesalers operating in The Netherlands on a nation-wide basis. Nevertheless, the size of these importers/wholesalers is unusually large, taking into consideration the size of the market. It illustrates that these large companies also play an important role in the intra-EU trade. They focus on their international contacts, for which they choose specific assortments, often handling huge numbers of articles. Because of the volume, these are mainly low-priced articles. Importers keep stocks and sell either through their own sales staff or by using agents. A few dozen, smaller wholesalers operate on a regional basis only.

Apart from the traditional importer/wholesaler, there is a group specialising in imports of gifts and decorative articles for the promotional market. These importers are either selling directly to their customers (business-to-business) or to wholesalers who in turn approach the business market.

Purchasing associations
The role of purchasing associations is becoming increasingly important. By becoming a member of such an organisation, the individual retailer aims to reduce his extremely high costs for small orders. The larger purchasing organisations establish trading companies or “agents” in countries where a substantial business, in terms of products and value, is done. These agents’ co-ordinate all the purchasing and export activities, in order to reduce costs and to monitor delivery times and quality. This method replaces the traditional agent, who is located in the country of destination.

Retailers
Retailers constitute the final stage before products reach the consumer. A distinction has to be made between department stores, multiples, speciality stores, mail-order houses, home decoration stores, and independent retailers. It should be noted that there is a growing interest in gifts and decorative articles from the other sectors, especially in garden centres, bookshops (“papeteries”), drugstores, gasoline stations and the Do-It-Yourself (DIY) sector. This is caused by the positive effect of these types of products on the ambience as a whole and because of the relatively interesting margins. In general, one observes that the articles become more sensitive to fashion and trend; moreover, brand image and presentation of the product play an important role.

Mail-order houses
Mail-order houses send illustrated catalogues of their merchandise to prospective customers, who can do their shopping at home, rather than paying a visit to a store. All that has to be done is to fill out the order form and mail it or place the order by telephone, fax or e-mail and the product(s) will be sent to their homes within a couple of days. Mail-order houses operate mainly in the low and middle ranges as regards price, quality and design.

Direct marketing is rapidly becoming an important method of distribution. Because of the costs involved in direct marketing activities, this channel is particularly suited for the better quality and more expensive products.

Alternative organizations

In addition to the commercial circuit, there is the alternative circuit. Organisations within this circuit maintain an idealistic attitude towards developing countries. Their main aim is to improve the social-economic situation within those countries, and to facilitate the awakening of consciousness in the Western world. The organisations involved import and sell products from developing countries on this idealistic basis. They aim to do so by buying from “poor” developing countries. They buy directly from co-operatives and product groups only, and try to ensure that manufacturers and co-operatives receive a fair share of the profits.

One of the best known organisations which works according to the above-mentioned ideals is: Fair Trade Organisation, They cater to - amongst other outlets - a chain of stores in The Netherlands called “Wereldwinkels” (World stores), which are associated with the nation-wide Association of World Stores. The retail value of handicraft products, sold through the World shops is estimated to be at least 55% of total sales on average. The sales are primarily of products with a utilitarian value, such as household textiles, baskets, bowls, candleholders, and so on. By carrying mostly functional articles, they manage to protect the products from being subjected to fast changing fashion trends. A rather small, but loyal public visits the World stores on a regular basis.

EFTA, the European Fair Trade Association, estimates that the total fair trade market in Europe was worth of €260 million in 2000/01 (£161 million). These figures include all fair trade products (both crafts and food products) sold through all alternative channels and supermarkets. Although EFTA do not provide separate detailed figures for fair trade crafts, they estimate that non-food items are likely to represent half of the total fair trade sales.

Germany

Germany’s retail market comprises approximately 370,000 outlets. This number however, is declining for the fifth year in a row. Discount shops are very popular in Germany and the price of articles is a key factor in the German retail market.

In Germany, gifts and decorative articles are distributed through five major channels: importers/distributors, commission agents/sales representatives, department stores, mail-order and Internet sales. Exporters to Germany usually prefer to take advantage of the distributor’s expertise, his sales force, and his existing distribution channels. Distributors usually call on giftware retailers, purchasing groups and supermarkets. Normally they also handle small orders. The distributor’s mark-up varies depending on the exclusivity of the product and on its competitiveness in the overall giftware market.

Independent commercial agents normally work on a 15 percent commission and operate on a regional basis. They concentrate on specialist retailers, purchasing groups and department stores. Commission agents’ contracts are based on stringent EU and German regulations. In order to facilitate market entry efforts by the agents, their initial commission is often a few percent higher than the “usual” commission. These additional payments reimburse the agent for substantial advertising and any special efforts relating to facilitation of the new product’s market entry.

Germany is the largest mail-order market in Europe, followed by Great Britain and France.

United Kingdom

The British retail infrastructure comprises 310,000 outlets, the bulk being concentrated in the North (Manchester, Liverpool and Bradford). Department stores and mixed retailers continue to dominate the sales of the houseware sector, because of the increasing

Table 7.1 German major retailers selling houseware & gifts, 2001/2002

Type	Store	Outlets	Type	Store	Outlets
Department/	Karstadt	188	***Major furniture***	IKEA	25
variety stores	Kaufhof	133	***& household***	Porta	85
	Kaufhalle	96	***goods stores***	Möbel Walther/ Sconto/Ticco	30
	Kaufring	365		Roller	68
	Breuninger	14		Segmüller	10
	Woolworth	340		Höffner	9
	Kodi	113			
	Kloppenburg	125	***Fair Trade***	World shops	±700

Source: Mintel Retail intelligence 2002

Table 7.2 United Kingdom's major retailers selling houseware & gifts, 2001/2002

Type	Store	Outlets	Type	Store	Outlets
Department/ variety stores	Marks & Spencers	312	***Major furniture & household goods stores***	MFI Homeworks	190
	Woolworth	822		IKEA	10
	WH Smith	728		Homestyle	964
	Bhs	162		DFS	58
	Allders	42		Magnet	215
	Littlewoods	120		Moben/Kitchen direct	617
	Harrods	1			
	Fenwick	8	***Fair Trade***	World shops	1

Source: Mintel Retail Intelligence 2002

proportion of up-market products, such as wedding presents, purchased via these outlets.

Concerning handicrafts, 70 percent is sold through small independent retailers, with the balance being shared by multiple-outlet and department stores. Department stores however, are increasingly becoming more important in the sales of the so-called handicraft articles.

France

France has a mature retail market with high levels of out of town shopping. According to Euromonitor, France has among the highest number of retail outlets in the EU, more than 400,000 outlets in 2001.

Gifts and decorative articles in France are mostly sold through boutiques, department stores, catalogue sales and markets. There are strong indications that small boutiques often are important outlet for gifts, followed by department stores. The department stores are getting more and more involved in the sale of "handicrafts" and it is usually in the form of products adapted for utilitarian purposes.
What should be kept in mind when exporting to France, is that this country has the biggest surface area within the EU. Therefore, distribution in France is relatively more expensive than in other EU markets. In France, hypermarkets have become more important as retail outlets for houseware. As department stores cannot compete on price, manufacturers often produce special up-market ranges of cookware for department stores and specialists, and cheaper ranges for hypermarkets. In France the so-called "own label," products are widespread, especially for everyday houseware.

The arrival in France of such chains as Habitat, Pier Import and more recently Casa (owned by the Dutch company Blokker) has had a significant impact on the market for tableware and gifts, encouraging sales of more up-market everyday items.

Italy

The Italian retail market is one of the largest in Europe, accounting for more than 700,000 retail outlets in 2001. This number increased by more than 5 percent in the five-year period between 1997 and 2001. The structure of the Italian retail sector is highly fragmented and dominated by small independent businesses, most of which operate as single outlets. The multiples, however,

Table 7.3 France major retailers selling houseware & gifts, 2001/2002

Type	Store	Outlets	Type	Store	Outlets
Department/ variety stores	Galeries Lafatayette	88	***Major furniture & household goods stores***	Conforama	135
	BHV	19		IKEA	13
	Monoprix/Prisunic/Inno	299		Altlas/ Fly/ Corzatier	253
	Printemps	31		Saint Maclou	170
	Marks & Spencer	18		Ambiance et Style	164
	Le bon Marche	1		Pier import	150
	Gifi	130			
	Casa/ La Halle à la Maison	252	***Fair Trade***	World shops	88

Source: LSA Atlas, 2002/ Panorama-Trade Dimensions, 2002/ Mintel Retail Intelligence, 2002

Table 7.4 Italy's major retailers selling houseware & gifts, 2001/2002

Type	Store	Outlets	Type	Store	Outlets
Department/ variety stores	Coin	70	***Major furniture & household goods stores***	Emmezeta	16
	Oviesse	198		Kasanova	120
	La Standa	14		Eurocasa	31
	La Rinascente	166		Il Tucano	29
	Upim	150		Genevieve Lethu	
				Roche Bobois	13
			Fair Trade	World shops	374

Source: Mintel Retail Intelligence 2002

are becoming increasingly important at the expense of these small independent businesses.

Italy has an obvious North-South divide in both social and economic terms, with the North being much more affluent and brand-conscious than the more price-conscious South. The retail sector reflects this divide. Most modern retail development, like hypermarkets, are located in the Northern and central part of the country.

As in Germany, Italy's gifts and decorative articles are distributed through five major channels: importers/distributors, commission agents/sales representatives, department stores, mail-order and Internet sales. Because Italy has a large number of handicraft manufacturers, department stores prefer to deal directly with manufacturers to save costs.

The Netherlands

The Dutch retail sector is considered one of the most sophisticated and mature retail markets in Europe. In 2001, the Dutch retail sector counted almost 80,000 outlets. Retail outlets range from large department stores to small independent-owned outlets. The number of independent outlets decreased in the five-year period between 1997 and 2001, due to stricter legislation. This decline is forecast to continue in the future.

On the retail side, it is estimated that 50 to 60 percent of sales of "handicraft" are channelled through specialists. There are a great number of retail outlets selling gifts and decorative articles. They do so to increase their turnover, achieve a good profit margin, and, at the same time, create a "pleasant" atmosphere in their stores with the, usually, bright colours and decorative effects of these products.

The main department stores also play a leading role in the distribution of gifts and decorative articles. The leading department stores are Vroom & Dreesmann (V&D), Hema and Bijenkorf. The latter carries a more sophisticated range, while Hema sells more everyday articles. By tradition, V&D takes a position in the middle; recently, however, a change towards better (and thus more expensive) products can be observed.

Table 7.5 The Netherlands major retailers selling houseware & gifts, 2001/2002

Type	Store	Outlets	Type	Store	Outlets
Department/ variety stores	Vroom & Dreesmann	69	***Chains***	Kijkshop	111
	De Bijenkorf	13		Xenos	79
	Hema	255		Giraffe	36
				Hoyng	21
Major furniture & household goods stores	IKEA	8		Copi	15
	Blokker	473			
	Marskramer	179	***Home decoration***	Decohome	122
	Novalux	102		Interkleur	111
	Expo	65			
	Gingillo	22	***Fair Trade***	World shops	400

Source: HBD Detailhandel 2001/2002/ Mintel Intelligence 2002

Table 7.6 Spain's major retailers selling houseware & gifts, 2001/2002

Type	Store	Outlets	Type	Store	Outlets
Department/ variety stores	El Corte Ingles	79	*Major furniture & household goods*	IKEA	7
	Marks& Spencers	9		Merkamueble	48
	Galarias Primero	45		Conforama	11
	Bhs	5		Galerias Tarragona	65
	Dunnes	4		KA international	90
				Casa	67
				Habitat	4
			Trade fair	World shops	±60

Source: Mintel Retail Intelligence 2002

Major multiples like Xenos, Blokker and Marskramer import and retail a wide range of gifts and decorative articles of different materials. Apart from these products, they sell an enormous range of accessories, household articles, small furniture and, in some cases, also toys.

Chain stores like Ikea, which are specialised in furniture, offer an enormous assortment of gifts and decorative articles in order to create the right "ambience" in their stores, to encourage the customers to purchase their products. They publish catalogues, which offer a perfect view of the fashion and trends in this sector. Ikea focuses on the lower-middle and middle class.

Spain

Spain has the largest number of retail outlets in the EU, more 770,000 outlets and, like Italy, the Spanish retail sector is highly fragmented. Because of the financial backing and competitive pricing of retail chains, many small independent retailers have gone of business, which has caused the total outlets in Spain to drop by more than 4 percent over the period between 1997 and 2001. This trend is forecast to continue downwards.

In the future, the retail sector, which is highly fragmented now, will become more concentrated. Retail chains will expand in importance at the expense of small independent outlets.

7.2 Distribution channels for developing countries exporters

Traditionally, exports from the developing countries took place through a set of importers who have then marketed the product to wholesalers, end-users, or retailers. The disadvantages of working through a large number of intermediaries include poor knowledge of market trends, inability to gain competitive advantage by adapting the product to specific customer needs and, of course, the margin lost at each stage of the value chain. The trend towards shortening distribution chains creates market opportunities for exporters and manufacturers in developing countries.

Importers

The most interesting distribution channels for developing country exporters of gifts and decorative articles are importers. The importer is familiar with local markets and can supply considerable information and guidance to the overseas manufacturer, in addition to the primary business of buying and selling, such as the administration of import and export procedures and holding of stock. Furthermore, they have strong relationships with suppliers and buyers all over the world. These intermediaries have long-established links with their customers and are in a better position (than foreign processors) to know the requirements of the local market and of individual end users.

Note: Trade fairs are important meeting points for developing countries' exporters and EU-importers. A trade fair is a good opportunity for personal contact between business partners.

Please refer to Appendix 4.3 for contact details of trade fairs.

Buying and selling agents

Buying agents are companies which negotiate and settle business on the instructions of their principals and which act as intermediaries between buyer and seller. They do not buy or sell on their own account and work on a commission basis. Most agents represent more than one manufacturer. The same applies to the selling agents. The difference between buying agents and selling agents is that the last mentioned often sells from stock in order to meet their clients' short-term demand.

Department stores and discounters
Department stores and discount outlets also buy gifts and decorative articles directly from foreign suppliers. This may involve intermediary activity by a selling agent on behalf of the manufacturer or a buying agent on behalf of the (multiple) retailer. This method of doing business has become more popular since it cuts out several intermediaries, thus reducing costs and enabling the retailer to offer the product at a lower end-price. It is particularly significant when a fashion trend takes hold, with a fierce competition between retailers offering lower prices. Unfortunately, this method often results in the supply of huge volumes of poorer quality, cheaper merchandise, after which the demand peaks and then falls off. Large chains have their own purchasing staff, buying from all over the world. In the country of origin, most buyers prefer the lines between manufacturer and the source of raw material to be as short as possible. Short communication lines create a better control over production. This reduces the risk of discrepancies between buyers' requirements and the final product.

Doing business with these powerhouses is not easy for suppliers in developing countries. The importers are strict in their demands, they set the terms, and they are in control, requesting sharp prices, big volume, and just-in-time delivery. However, these big players are nevertheless on the lookout for partnerships with reliable suppliers. It is in their interest to build a lasting relationship with suppliers who can uphold the image of the company in the market, an image of reliability, quality and high moral (social and environmental) standards.

8 OPPORTUNITIES FOR EXPORTERS

The previous chapters have highlighted two basic product niches or market segments in the European Union where producers of gifts and decorative articles in developing countries can compete:

- Articles of original ethnic value
- Products that have been adapted for markets in the EU (decorative and utility products)

The first market segment, articles of original value like carvings, masks and statuettes, is much smaller and more specialized, consisting of more exclusive, mostly handmade products. These products are not significantly adapted for export. The one-of-a-kind and personal aspect of these products appeals to the consumers in Europe. Especially in the field of home decorations, there is a growing demand for products with a personal and emotional touch. Consumers are willing to pay a higher price for unusual and special products. This is mainly due, however, to the look of the products and not because they are produced in developing countries. In fact, most consumers who buy these products do not know their origin. EU-consumers value the style, quality of construction and functionality of the product. Therefore, "simple" craft products were successfully duplicated by machines and sold at an even cheaper price. Only in the so-called "fair-trade" shops, like for example the "world shops," is the heritage of the products of importance. The first segment, articles of original ethnic value offer the best opportunities for producers and exporters with limited capital, experience and production machinery

The second segment contains products, which are adapted to the preferences of consumers in Western countries, often given a functional (utility products) or/and a decorative use. Outsourcing is part of this segment, with products designed by foreign buyers and manufactured in developing countries. Manufacturers can produce either the entire product or parts of the products. Asian countries like China and Taiwan, but also East European countries are very successful in this market segment. Many European companies shift their production plants to these countries, mainly for labour cost reasons. Producing for the second segment requires organizational abilities and production skills to successfully manufacture in the required volumes. Furthermore, it is important to obtain a constant level of quality, because EU-importers maintain high quality standards. This segment consists of products, which are widely available and produced, making these markets highly competitive. Therefore, price is a key factor for success in these segments.

The outsourcing trend, therefore, is an opportunity for exporters with in-house design skills and a flexible, mechanised production system, with sufficient capacity to cope with larger orders.

General Development

People are spending more on housing, especially small pieces; home textiles, wall décor and other decorative articles have risen in popularity. This, combined with the increasing demand for one-of-kind products, is a very interesting development for producers in developing countries, especially in the original ethnic article segment. The ageing society in the EU also brings on interesting developments for exporters from developing countries. Older people form an interesting segment, not only because of their growing size, also for their considerable spending power. Also, because they have an increasing amount of free time, their spending on house, hobbies and vacations will increase. They will gradually replace and upgrade their home interior. Value for money is an important factor for competing in this segment.

Women's increased participation in the labour market has greatly improved their financial independence and their disposable income. In addition, women more frequently purchase gifts than do men.

End-users and large retailers wish to be in close contact with their suppliers to be able to control more effectively the timeliness and quality of supply and to avoid having to carry out processes in which they lack competitive advantage. This tendency of shortening the distribution chain offers opportunities for exporters in the developing countries to take charge of their own marketing and increase the value of their exports by earning the margin previously earned by the intermediary. A shorter distribution chain also leads to a better understanding of the customer's requirements and of market trends, leading to more effective product adaptations.

Market opportunities per product

The preceding chapters have shown that gifts and decorative articles are business-cycle sensitive articles. There are however, significant differences between EU-members. For example, German and Dutch imports showed a considerable drop in 2001; Italian imports, however, increased that year.

As can be seen throughout this report, the year 2001 was a year of changes. This makes it difficult to predict where the market is heading. Some research agencies, however, predict a positive future for the gifts and decorative sector.

Opportunities for exporters in developing countries seem to lie in the following fields:

- **Basketwork:** Although a somewhat smaller segment, it has grown substantially in most EU-member countries in the last years, especially in the United Kingdom and France. In addition, developing countries play a major part in the production of these products. Of the total EU-import, almost 80 percent derives from developing countries. We should however, take into account that this segment mostly concerns utility products, meaning that price is an important factor in the purchase process of consumers.

- **Woodware:** Is an interesting segment, mainly because it mostly consists of products which do not require expensive and complicated production processes, indicating that the level of entry is relative low. In 2001, the total EU-import dropped, which, however was mainly caused by the decline in Germany. Other important markets like the United Kingdom, France and The Netherlands showed considerable growth in 2001.

- **Candles:** The growing trend towards health and well-being, along with the popularity of incense, has had a positive effect on sales of candles, especially those with a distinct scent. The scents concerned are exotic, from far-off lands. In addition, the increasing popularity of candles as gifts, offers opportunities for manufacturers in developing countries.

- **Ceramic articles:** This market is one of the biggest discussed in this survey and largely supplied by developing countries. Chapter 5 stated that the market for ceramic articles appears to be very sensitive to business cycles. In 2001, the imported value of ceramics dropped by 11 percent. In the years preceding 2001, the import grew on average almost 12 percent annually. It is therefore quite likely that the import of ceramic articles will recover when the economy picks up again.

  According to the Ambiente, the demand for unique pieces and quality has increased. Finally, yet importantly, take into account the fact that the ceramic articles are one of the EU´s biggest import markets in the field of gifts and decorative articles.

- **Metal articles:** Developing countries are getting increasingly important for the EU-import of metal articles. Furthermore, the import of metal articles showed a similar development to ceramic articles; between 1997 and 2000, imports grew by almost 12 percent annually.

Advice to exporters

Most consumers are willing to pay a slight premium for original ethnic articles but, as we said earlier, gifts and decorative articles are mostly impulse purchases, making the price an important issue. In the market for adapted products, the price is even more important, mainly because these products are very common and easy to obtain. It is therefore important that the prices are competitive with international levels, in order to succeed in export markets.

Consumers in Europe are attracted by the exclusive one-of-a-kind look of the original ethnic articles. An emphasis on the attractiveness of the product design is also very important, since the market is shifting from functional to fashionable. People are increasingly on the lookout for products which merge design with functionality. If your company succeeds in combining the two, it will be an opportunity for increasing your export business

The quality of the products is especially important in the utility segment. Goods, which are adapted to the consumers in Europe for functionality, must meet stringent quality standards in the EU. Quality standards for the original ethnic articles are less stringent. However, in general there is a trend towards better quality, especially concerning gifts.

Gifts and decorative articles can be trend sensitive and in some cases very seasonal. A product may be perfectly crafted and sold at competitive prices but if a retailer cannot rely on the shipment arriving as scheduled, there will be no market for the product. This applies most to the utility segment. The segment containing articles of original ethnic value is less seasonal, making shipment delays less crucial than in the other segments.

The next chapters of this survey aim to offer a practical handbook for exporters engaged, or wishing to engage in exporting of gifts and decorative articles to the European Union. It also aims to assist exporters in determining their own target markets and product strategies by providing practical information and ready-to-fill-in frameworks to assist with the analysis of information provided.

Part B
EU market access requirements

B

9 REQUIREMENTS FOR ACCESS

9.1 Non-tariff trade barriers

When exporting to the EU, legislative standards enforced through EU legislation and, possibly, through EU-member countries increasingly pose obstacles for exporters in developing countries. Although standards are developed in order to protect consumers, or the environment, or to improve the harmonisation of the internal EU market, they are often seen as technical, non-tariff barriers to trade.

In this chapter, we will briefly discuss a number of barriers. For detailed information about non-tariff trade barriers relevant to trade, we refer to the CBI's AccessGuide, an on-line database on European non-tariff trade barriers. CBI's AccessGuide also contains a Quick Scan for the product group handicrafts, gifts, decorative articles and jewellery. The purpose of the Quick Scan is to inform individual companies about relevant standards in trade and to offer them solutions for meeting these standards.

9.2 Quality and grading standards

Despite EU harmonization, which enables free trade between EU member states, individual markets have different requirements regarding quality, fabric, standards, size, etc. Accurate information concerning these requirements is best obtained from national importers. Most of these importers (manufacturers, wholesalers, retail organisations etc.) work with certain minimum requirements. In this respect, they have formulated and stipulated minimum quality requirements, relating to both materials and manufacture.

Because the term "gifts & decorative articles" covers a very wide range of products, it is impossible to give general guidelines on quality and grading standards for all these different kinds of articles. In the box below we have given an example concerning product quality of wooden jewellery cases.

In trade, buyers are concerned with the five following points linked like a chain, which will snap, if one of them is too weak: **P** = Price; **Q** = Quality; **R** = Reliability; **S** = Speed; **T** = Technology. **P-Q-R-S-T** is a yardstick in the gifts & decorative articles industry for evaluating suppliers. Although buyers are always looking for new and better lines of merchandise, they tend to stay with their established suppliers. Exporters must prove that their company and products are absolutely reliable before buyers will consider them as new suppliers.

> Example:
> When a manufacturer produces wooden jewellery boxes, its important he delivers a solid, well- constructed product, which is well finished and has no sharp edges. Another important issue concerning cases are the hinges, which need to have a good "fit" and be strong enough to withstand a certain degree of pressure. The varnishes and paints used should cause "no" harm to the consumer.

Articles of original ethnic value: This category contains items that are hand-made, original, artistic, and exclusive. The quality standards on these products are usually lower, because these products are mostly used as decoration only.

Articles of decorative value: These articles are adapted to consumers in Europe. The products are bought for decorative purposes indicating that, like the articles of original ethnic value, the quality standards are not as strict as the utility products.

Articles of utilitarian value: Utility products are bought for a purpose. Therefore they have to comply with a certain minimum requirements concerning quality. The utility articles are required to live up to industrial standards, which require that a vase for holding flowers should not leak. As another example, candleholders should be well constructed in order to prevent toppling.

9.3 Trade-related environment, social and health & safety issues

As conventional trade barriers disappear in the world economy, a new set of concerns is arising. In recent years, consumer movements in the EU have extended their concerns beyond the environment to the social impact of business practices. Furthermore, the increasing insistence on certification to meet health and safety standards, new standards for compliance with environmental management and labour standards are becoming commonplace in most developed countries markets'.

9.3.1 Environmental issues

Environmental aspects of products have become a major issue in Europe. Besides governmental actions (legislation and regulation), a strong consumer movement is noticeable especially in the northern parts of the EU (Scandinavia, Germany and The Netherlands). As a topic, "the environment" is more than a trend; it is a lasting one. Through consumer pressure, the standards bodies of the developed countries have started the process of adopting "Eco-labelling." To qualify, producers must be willing to submit their production methods for inspection and certification. In relation to gifts and decorative articles, several eco-labels can be mentioned: the EU Eco-label, applicable all through Europe, and national labels such as the Netherlands Milieukeur and the German Blue Angel. For more information on this topic we refer to the AccesGuides "Overview of social and environment product labels" and "Overview of social and environmental product labels"

If a manufacturer wants to indicate to external parties that he is manufacturing in an environmentally sound way, he can comply with standards, which have been developed for this purpose. There is a voluntary standard with which manufacturers can comply, called the ISO 14000 series. The most important standard in this series is ISO 14001, which sets the requirement for an environment management system. For detailed information on the ISO standards, we refer to the AccessGuide "An introduction to the ISO 14000 series."

9.3.2 Social issues

An increasing consciousness of ethical aspects, encouraged by consumer organisations, has led to the development of codes of conduct by importers. The use of child labour in the production of gifts and decorative articles in general is a serious case of concern in many EU-member countries. Widespread publicity has raised consumer, but also importers', awareness of the issue. Exporters who can guarantee and prove that their products are made without child labour, will not only have a competitive advantage over other exporters, but will also have a much better chance of establishing long-term business relationships. In addition, the EU has added a 'social clause' to the Generalised System of Preferences (GSP), which allows for special import tariff reductions for products that are produced in a humane way.

It should, however, be noted that producers and exporters in developing countries can never be subject to EU legislation regarding labour conditions. Companies in developing countries only have to comply with legislation in their home country. However, social issues are becoming increasingly important. As in other industrial sectors, the gift and decorative industry, as well as trade associations in some EU countries, have developed or are currently exploring the possibilities of developing, a model code of ethical conduct for the production of all items.

The International Federation for Alternative Trade (IFAT) is a federation of producers and Alternative Trading Organisations (ATOs). In IFAT, producers of handicrafts and food products from the developing countries come together directly with buyers and managers of ATOs, as friends and partners in a spirit of mutual trust. They cast aside the traditional trading system of intermediaries and create an alternative way of doing business that is beneficial and fair. IFAT's objectives are two-fold:

- To improve the living conditions of the poor in developing countries;
- To change unfair structures of international trade.

If your company complies with IFAT's rules and regulation, you can apply to become a member of the network. The Fair Trade Organisation (FTO) Netherlands is one of the members of IFAT. The products, ranging from coffee, other food products such as tea, chocolate, honey and wine, to some 1,500 handicrafts articles, such as textiles, utensils and decorative items, are purchased from over 130 producer groups in Latin America, Africa and Asia. In 25 years, fair trade has developed into a serious 'business', which is of vital importance to tens of thousands of producers in the South. We also refer to the AccessGuide "Introduction to social issues"

9.3.3 Safety and health issues

Consumer health and safety

When trading to the EU, the EU product legislation is very important. Gifts and decorative articles are subjected to product legislation concerning the content of hazardous substances. For example, asbestos is prohibited in all products. Jewellery and accessories which come into contact with the body (skin), should be free of lead and cadmium (note that the Dutch Decree on the prohibition of cadmium is stricter than the EU legislation). The most important dangerous substances laid down in legislation for gifts and decorative articles are:

- Azo dyes and pigments in mainly textile and leather articles
- Benzene used as a stabiliser in plastics
- Formaldehyde used as glazing or bonding agent applied in textile, leather and resins
- Pentachlorophenol (PCP) used to prevent fungal growth and decay by bacteria in wooden toys
- Polychlorinated biphenyles (PCB) and terphenyles (PCT) used as softeners in plastic products
- Flame retardants used in textiles, leather products and plastics to reduce the flammability
- Asbestos used as filling material in plastics
- Cadmium present as a pigment or stabilizer in paints, plastics, ceramics and glassware and as a fixing agent in textile and leather
- Phthalates added to PVC as a softener used in toys

- Nickel used in alloys for toys or other articles
- Mercury used in toys, ceramic and glass
- CFCs and halons used as foaming agents

Products, which may come into contact with food, are also subject to European Union Norms. One important norm is that all articles which come in contact with food should be free of lead and cadmium. For more detailed information, we refer to the CBI survey "tableware, kitchenware and household articles of wood, metal, glass and plastic." Information can also be found at national institutes for standardisation (See appendix 4.1 for internet sites).

When you are producing a product intended for children of less than 14 years of age, your product is considered a toy. It is important to check whether your products comply with all legislative requirements for toys, e.g. the safety regulations as laid down in the EU directive on "the safety of toys." Further information on this topic can be found in the AccessGuide "Introduction to consumer health and safety"

Working circumstances
Information on labour conditions can be obtained from the International Labour Organisation (ILO) which is the UN organisation dealing with all aspects of work; the internet site can be found in appendix 4.5. To give an idea of the implications of occupational health and safety, we refer to appendix 8.

9.4 Packaging, marking and labelling

Deliveries from developing countries generally have a long distance to travel before reaching their destination. Therefore, it is very important that close attention is paid to the packaging of products, if one intends to export to the European Union. Shipment per container is a must, especially for articles made of ceramic, glass and other fragile materials. It is obvious that the articles must be packed in such a way that they would not be affected by rough transport handling, adverse influence of the weather, changes of temperature and theft. Packing in sturdy corrugated boxes with dimensions enabling easy handling and weight (not exceeding 25 kg per carton) is recommended. Wherever possible, the outer cartons should be placed together on pallets, to further avoid the risks of damage during transit.

In general, an exporter can make his contribution by taking the following precautions:

- Take care that the amount of packing (transport packaging) is limited and, wherever possible, materials are re-usable or recyclable;
- Try to combine products to make larger shipments, instead of frequently shipping small quantities;
- Try to develop re-usable and multi-functional wrappings with, for example, snap fasteners so that the same wrapping can be used again for (domestic) packaging purposes;
- Try to reduce the presence of noxious and other hazardous substances in emissions.

Depending on the choice of distribution channel, both the outer and the consumer packing should be adapted to the demands of the importers and/or retailers. Attractive consumer packing is important, especially for articles in the middle and higher price bracket. The exclusiveness of higher priced items of original value, can be underlined by special gift packing - in elegant display boxes - in style with the design of the product. The packing of a gift, forms an inseparable part of it. In other words, the packing should match the design, image, quality and price of the product. Attractive consumer packing is definitely a sales argument.

Distributors place strong emphasis on attractive, easy-to-handle, and self-promoting packing materials. The consumer packing should attract attention, clearly show the contents - either by picture or by see-through packing - and contain information on the use of the product.

Packaging → Protection
Packaging → Presentation

Packing of porcelain, ceramic ware, stoneware, earthenware, or glassware
Products made of such materials are prone to damage. Careless packing can result in breakage and chipping. To minimise such risks, articles such as these ought to be carton packed. These pre-packed articles should then be put in corrugated boxes. Cushioning for protection is advisable. Earthenware, in particular, requires better cushioning in transit than, for example, porcelain, as earthenware is known to chip easily at the edges.

Packing of metalware
Usually these products can be shipped and transported in carton boxes without great risks of damage. Even though these articles are not very liable to break, they do run a risk of becoming dented or scratched. This may be easily avoided by wrapping each individual article in soft paper or by giving it a layer of cushioning material.

Packing of woodware
Like metalware, these items are prone to scratches, the extent of which depends on the type of wood and its finish. To prevent scratches as much as possible, it is

recommended to wrap every article in soft paper or any other cushioning material.

EU standards for packaging and packaging waste
To harmonise the different forms of legislation on packaging and packaging waste in EU countries, the EU has issued the directive 94/62/EC, which regulates minimum standards. With effect from August 1, 2001, these minimum standards will require a recovery quota of 50-65 percent for packaging materials brought into the market and will regulate the presence of four heavy metals (mercury, lead, cadmium and hexavalent chromium). EU-member countries have a certain freedom in how to comply with the recovery rate but at least 25-45 percent of the material brought on to the market must be recycled, with a minimum of 15 percent for each material. The maximum available sum of concentrations of lead, mercury and hexavalent chromium in packaging is:

- 600 ppm, after June 30, 1998 (ppm = parts per million);
- 250 ppm, after June 30, 1999;
- 100 ppm, after June 30, 2001.

These standards have been implemented by the EU-member countries since 1996 and are now in force in most of them. Each country reserves the right to apply additional standards, as long as these do not hamper trade between countries. For more detailed information on packaging we refer to the different CBI's AccessGuides concerning this topic.

Marking and labelling
Today's consumers are well aware of quality and brands. The consumer wants to know exactly what he or she buys. Therefore, it is important to mark the product brand name, special materials, name/ sign of the artisan and guarantee of originality, according to the market segment for which the product is intended. A label on the article has to provide the necessary data in a language comprehensible in the target market. In general, the label should include material(s) used, qualities, country of origin and, if applicable, size in centimetres or volume in litres, instructions for use. Moreover, labels and package can both be used for sales promotion of other articles of the manufacturer in the same category. Positive sales arguments, which should be indicated on the product if applicable, are environmentally friendly, produced from recyclable material, food-safe. Sometimes symbols are used to indicate the qualities of the product, such as food-safe, recyclability, etc. The essential data can be printed on the under side of the product.

What also should be kept in mind is that large warehouses, department stores and supermarkets in Europe do not have the time to open each individual package to check the contents. Each package should therefore be properly coded, showing both the contents and the article code of the buyer/distributor labels. More than elsewhere, the use of the pictorial marking "FRAGILE" seems appropriate for porcelain and glassware. The symbol shows a broken glass.

9.5 Tariffs and quota

All EU-member countries apply common customs tariffs to imports from outside the Union. If there is no special trade agreement in force, the general import tariff applies, as shown in table 9.2. Some kind of preferential trade agreement in the field of tariffs, reductions of EU duty levels may apply to many developing countries, according to the commitments in the Uruguay Round, until 2005. Most of the developing countries are granted special trade preferences; these countries usually benefit from zero duties through preferential treatment under the Generalised System of Preferences (GSP) or under the fourth Lomé Convention for the African, Caribbean and Pacific (ACP) countries.

Note: To obtain an exemption from import duties, the goods must be accompanied by an original Certificate of Origin, issued by the assigned authority in the country of origin.

- For ACP countries, this has to be the EUR. 1 Certificate:
- For countries under the Generalised System of Tariff Preferences, this has to be a form A certificate.

Furthermore, the condition has been imposed that the products come directly from the country of origin.

Both Lomé and GSP are preferential trade regimes which provide benefits to developing nations under certain conditions. In the case of manufactured goods, the products must meet specified criteria concerning adding value or processing in the exporting nation, in order to receive preferential treatment. If these conditions are not met, the preferential trade regime will not apply to the particular export.

Generalised System of Preferences
This agreement allows products originating from the countries concerned to be imported at preferential tariffs or, for the least developed countries, duty-free. A "Certificate of Origin Form A" has to be filled in by the exporter and issued by the competent authorities. Tariff contingents and tariff ceilings do not exist anymore. The GSP does not apply to countries which produce

gifts and decorative articles in large quantities, like for example China. A list of countries falling under the GSP is found in appendix 7.

Lomé Convention
Products originating from ACP countries can be imported without duties, when a “Movement Certificate EUR. 1” is filled in by the exporter and issued by Customs in the country of export. A list of countries falling under the Lomé Convention is found in appendix 6.

Value added taxes
Member countries of the European Union levy their own tax from consumers. These Value Added Taxes (VAT) rates differ and are shown in table 9.1. Rates within the EU will gradually be harmonized. Between EU members there is free movement of goods. With the single European market, no VAT is levied between EU member countries.

Up-to-date information on import tariffs can be obtained from the TARIC database of the European Union (www.europe.eu.int). The HS code of the product concerned must be always mentioned; a detailed list of HS codes can be found in appendix 1 of this survey as well. Other information sources are the European Commission, trade associations and importers.

After having read Parts A and B, it is important for an exporter to analyze the target markets, sales channels and potential customers in order to formulate marketing and product strategies. Part C subsequently aims to assist (potential) exporters from developing countries in their export-decision-making process.

Table 9.1 VAT Tariffs EU-member countries

Country	VAT-rate	Country	VAT-rate
Austria	20%	Italy	20%
Belgium	21%	Luxembourg	15%
Denmark	25%	The Netherlands	19%
Finland	22%	Portugal	19%
France	19,6%	Spain	16%
Germany	16%	Sweden	25%
Greece	18%	United Kingdom	17,5%
Ireland	21%		

Source: EVD (2002)

Table 9.2 Import duties on gifts and decorative articles, 01-08-2003

		General Tariffs	Developing Countries	Least Countries Developed Countries	Excluded from preferences
Candles	34060011	0	0	0	
	34060019	0	0	0	
Woodware	44141011	2.5	0	0	
	44141019	0	0	0	
	44201011	3	0	0	
	44201019	0	0	0	
	44209010	4	0	0	
	44209011	4	0	0	
	44209091	3	0	0	
	44209099	0	0	0	
Basketwork	46021010	1.7	0	0	
	46021091	3.7	0	0	
	46021099	3.7	0	0	
Artificial flowers and fruits	67021000	4.7	0	0	ex. Miramar, Brazil, China Indonesia, Thailand
	67029000	4.7	0	0	ex. Miramar, Brazil, China Indonesia, Thailand
Ceramic articles	69131000	6	2.5	0	ex. Miramar, China
	69139010	3.5	0	0	ex. Miramar, China
	69139091	6	2.5	0	ex. Miramar, China
	69139093	6	2.5	0	ex. Miramar, China
	69139099	6	2.5	0	ex. Miramar, China
	69141000	5	1.5	0	ex. Miramar, China
	69149010	3	0	0	ex. Miramar, China
	69149090	3	0	0	ex. Miramar, China
Glassware	70131000	11	7.5	0	ex. Miramar, China
	70133110	11	7.5	0	ex. Miramar, China
	70133200	11	7.5	0	ex. Miramar, China
	70133910	11	7.5	0	ex. Miramar, China
	70133991	11	7.5	0	ex. Miramar, China
	70133999	11	7.5	0	ex. Miramar, China
	70139110	11	7.5	0	ex. Miramar, China
	70139190	11	7.5	0	ex. Miramar, China
	70139900	11	7.5	0	ex. Miramar, China
	70139910	11	7.5	0	ex. Miramar, China
	70139990	11	7.5	0	ex. Miramar, China
Metal articles	80070000	0	0	0	
	83061000	0	0	0	
	83062100	0	0	0	
	83062910	0	0	0	
	83062990	0	0	0	
	83063000	2.7	0	0	ex. China
Articles of bone, horn, etc.	96019010	0	0	0	
	96019090	0	0	0	
	96020000	2.2	0	0	ex. China

Source: Mintel Retail Intelligence 2002

Part C

Export marketing guidelines: analysis and strategy

10 EXTERNAL ANALYSIS

How do you get involved in the international marketplace? How much time and money will it take? Should you make exporting part of your business plan? These are common concerns of producers who are aware of the importance of international trade, but have made no decision yet whether to start exporting. Part C of this market survey, helps you evaluate whether to get involved in international business.

Chapters 10, 11 and 12 aim to assist potential exporters in the decision-making process about whether or not to export. By matching opportunities in the market with the capabilities of the company, the exporter will be able to get a first impression of the potential of the market they initially choose: identify suitable export products, target countries, market segments, and possible trade channels.

Subsequently, Chapter 13 describes which marketing tools can be used to build a successful business relationship.

The information provided in the previous parts of this survey is an essential ingredient in conducting the analysis and formulating a well-defined export strategy. Where applicable, reference will be made to the relevant sections in Parts A and B.

For general information on export marketing and how to conduct market research, please refer to CBI's 'Export Planner' and CBI's 'Your guide to market research'.

10.1 Market developments and opportunities

As a first step towards the identification of the most suitable export markets, the exporter needs to research the importance of potential markets and understand the ongoing developments that shape the European gifts and decorative articles market. The market information described in part A and B of this market survey can be very useful as a starting point for your export market research. Part A of this market survey gives you insight in the different EU-markets. Information is given concerning the following topics: market growth, competitors, import, export and distribution channels. Furthermore, in chapter 8 some export opportunities per product group are given.

Question an exporter needs to answer:

- Market size/ development: What is the (estimated) market size for your potential export products? Is there a positive or a negative development, in terms of expenditure per capita, margins etc?
- Trends: What sorts of products are selling well? What colours are in fashion? What new designs are popular? If there is no information on your specific product varieties, then try to obtain information on the development of markets for related products.
- Imports: How have imports developed during the last 3-5 years?
- Which sales channel is most suitable for your range of products?

In part B, the requirements for accessing the EU-market are discussed, like packaging, quality, non-tariff barriers, environmental and social issues. As Part B of this survey has already shown, the European market (department stores, specialized shops, weekly markets) sets high demands on quality. Furthermore, a wide array of non-tariff barriers that could be applicable to exporters of gifts and decorative articles were described in that same section. It is important to determine which standards and regulations apply to your situation. For example, when you are producing utilities which come in to contact with food, you are also subject to European Union Health & Safety Norms. Keep in mind that regulations and standards are continuously changing. Therefore, it is recommended to check the up-to-date situation with importers or the relevant organisations.

Questions that an exporter should answer:

- What standards, requirements apply to the quality of your product?
- What standards apply to the quality of your company's management and production? (ISO)
- Which import tariffs apply to your export products?

Doing research

Conducting a systematic market search takes time, but normally pays off in the long run. Consideration of the factors involved with exporting at the outset, will help to save you from misfortunes and unexpected costs later on. The two types of market research most businesses conduct are primary and secondary market research. In conducting primary market research, businesses collect data directly from the foreign marketplace initiating phone interviews, employing surveys, and directly contacting potential customers and representatives. Because it is tailored to a specific company and product, primary market research is time-consuming and expensive. As a result, most small businesses begin researching their markets using secondary market information. Secondary market research entails the collection of data from a number of resources including:

Note: When conducting secondary research on gifts and decorative articles, note that information is only available to a limited extent. As said in chapter 3, differences in tastes and interests mean that there is an enormous diversity of gifts and decorative articles. This makes it hard to define this sector and the fact that their distribution is spread throughout almost all sectors contributes to lack of information available.

- International news reports (televised, in print and on-line)
- Trade associations, for websites see appendix 4.2
- Trade journals (like for example 'Tableware International', a leading journal on international tabletop and giftware)
- Trade press, providing a good indication of products which are in fashion; for websites see appendix 4.4.
- Research agencies national and international: Euromonitor and Mintel, two important European research agencies: for websites see appendix 4.5
- Trade Agencies, like for example the Dutch CBI, the German GTZ and ITC; for websites see appendix 4.5
- Trade fair organisers, good indicators for new trends and developments; for websites see appendix 4.3.
- Trendsetting international companies, like for example Alessi and Villeroy & Boch. Furthermore, important fashion companies like DKNY and Benetton give a good insight in new colour trends.
- The CBI's "Colour trends 2004/06", giving an indication of coming trends and colours.

Generally, exporters use all of these resources, and conclude by confirming and gathering additional information from specialists at the above agencies. The internet is one of the most important ways in which an exporter can obtain market information. Buying or commissioning market research reports can be (prohibitively) expensive. For a fraction of the cost, and in many cases free of charge, much of the same information can be gathered from the Internet. The volume of relevant international marketing information available on the Web is too extensive to describe in detail in this survey. However, through search engines like, for example, Google (www.google.com) and Yahoo (www. yahoo.com) useful information on different topics can be acquired.

Sites of the different trade fair organisers offer extensive information on coming trends in the gifts and decorative articles sector. Also trend agencies like for example Marketing Directions Inc and Trendhub Ltd. (for websites see appendix 4.5) are specialist in sighting coming trends.

Successful companies start with:
- searching the market
- checking market requirements.

and produce thereafter, instead of the other way round.

This advice can save you a lot of trial and error and, in short, waste of money and time!

Unfortunately, most producers start exporting by trying to sell what they have. They adapt their products and market approaches only after they have found out certain defects and/or problems. However, if you match your products and approaches with the market's needs and wants, you can make a flying start!

10.2 Competitive analysis

After identifying a potentially interesting export market, it is important to know if your company and products can compete with the other companies in that market. Competitors and their pricing will have a direct effect on the potential success of your trade opportunities. To learn more about competitors, research is very important. A note concerning research should however be made: it is very difficult to find information on the gifts and decorative articles market. Chapter 4 of this market survey gives some insights in important producers per product group. In chapter 5, the main suppliers of the EU-member countries are discussed. Also take note of the import statistics in Appendix 2.

When looking at the potential market, the following questions should be kept in mind.

A. What products compete with yours?
Prepare a list of all the competition and then highlight who your main competitors (national and international) are. To learn more about competition, you can do a secondary research study of your industry and ask customers and suppliers for their opinions.

B. Who are the suppliers or manufacturers of those products?
In most European countries, the products must carry the name of the manufacturer or importer. Register the names. What do you know about them? Are they small or do they belong to a multinational? If possible, visit competing companies at trade fairs to learn how products are priced and distributed. You can prepare a list of your main competitor's strengths and weaknesses.

C. Assess the competitors' prices
Price is one of the main motives for buying - next to design, uniqueness and quality. You will find that your potential buyers will force you into price-fighting with competing suppliers. Consequently, your price-setting largely depends on the competitors' prices. Price is

especially important in the utility segment of the gifts and decorative articles market. In the segment of original ethnic articles, the price is of somewhat less importance, however this should not be assumed. In general, consumers are willing to pay a higher price for unusual and special products.

D. Discover where and how the competition is selling their products
You need to find out which trade channels are used by your competitors, and why. Trade fairs are a useful place to get to know information about your competitors and their products.

E. Observe activities in the branch
Several activities like trade fairs, congresses and seminars can be helpful for making contact with new customers and/or learning about market developments. It can also be used to find out more about your competition.

Looking at your competitors' products is just the first step into understanding their strong and weak points. Now you should try to understand their market position in order to predict how they will react on your market approach.

10.3 Sales channel assessment

After assessing the prospective market, it is important to understand which trade structures you can best use for doing business. Determining the proper sales channel for your company largely depends on the products you are selling and quantity required. Articles of original ethnic value are mostly sold through intermediaries. This is mainly because the quantities are somewhat smaller. For articles of decorative and utilitarian value, it can be attractive for retailers to source directly from the country of origin.

Questions that an exporter should answer:

- Which potential sales channels exist for your products in the target market?
- What is the common practice in your line of business regarding exporting?
- What are the most important requirement of the identified sales channels (quality, packaging, etc)
- Which sales channel is most suitable for your company?
- Are you financially and organisationally strong enough to export on your own or not?

As discussed in chapter 7, most exporters from developing countries make use of intermediaries when trading with far-away markets. The reasons are clear: the multitude of markets and their complexity, the numerous and tedious tasks of exporting, the regulations and risks involved, all such aspects make exporting very difficult. The intermediary, who is to become your trade partner, may have a simple task of just getting the goods to the other side of the border. However, he also may have a demanding job: finding buyers for you and making sure those prospects will be happy with your products. In practice, your success will largely depend on him. It is, however, also possible to bypass intermediaries. This will depend on a number of factors, such as the market conditions, size of the company, export experience, etc.

Buyers of gifts and decorative articles normally use importers or wholesalers. Only a few buyers have their own offices in the producing country, where all purchases are coordinated.

The majority of exporters from developing countries use the indirect method of exporting to build a presence in the market abroad with continuity as their main goal. They do need the help of a third party for market entry. This intermediary can help you:

- to take care of the actual importing into the target country,
- just to find buyers for your products (and leave the exporting to you),
- to give you access to a specific channel of distribution in the target country,
- to relieve you from some of the financial worries and risks and do the (entire) exporting
- to give you the same facilitating services that your competitor gets there.

Now we will discuss the main intermediaries:

- The importer is an independent company, specialized in importing a certain range of goods from abroad. Such an organization buys directly from the exporter and thus becomes the rightful owner ('takes title') of the goods. In turn, he will try to sell them to wholesalers.
- The importing wholesaler is a company that not only imports but also operates facilities to forward the goods into the distribution channels by means of promotional support.
- The (commission) agent is an independent person or company, merely intermediating (bringing the exporter/seller and the importer/buyer together). His services are paid (usually by the exporter) in the form of a commission, which is a percentage of the (CIF) value of the goods imported.
- The trading house is an independent company that specialises in trading certain range(s) of goods. Usually it covers a wide field of goods, sometimes even competing. A trading house or -company buys

and sells for its own account and risk and decides on its own export assortment; if your product happens to be renowned and outstanding, they will not wait for you but will come and look you up on their own initiative. Trading houses usually have a strong commercial acumen and professionalism.

Trading companies can be located in your own country or in the target country. Some of the larger companies even have international networks in several countries abroad. The broker can help you to execute your marketing plans against a fixed fee. Brokers operate in several European markets (commodities, branded consumer goods).

Cooperation
In view of the complicated and demanding nature of exporting, you may conclude your company is simply not strong enough to export on its own. In that case, you may consider joining other (potential or established) exporters in a joint venture. A joint venture can be described: as a relationship which arises from an agreement between two or more companies to undertake some common objective for the benefit of all.

According to ITC, one of the weaknesses often cited as a contributor to the lack of success in international markets of exporters in developing countries is the small size of their production. With limited funding it is difficult to develop the economies of scale. In other words, to retain the size required by the market, many small-scale manufacturers in developing countries often subcontract other manufacturers to meet the scale required by the international market

E-commerce
The internet has very quickly developed into a highly popular medium for business, not only for consumers but especially for industrial buyers and suppliers, allowing them 'virtual shopping, fast communication, payment and low-cost promotion. The internet can also be very useful for contacting partners in a quick and economic way.

The UK Institute of Development Studies (IDS) summarizes their briefing on E-commerce for development:

"E-commerce holds out enormous promises for producers in poor countries: easier access to the markets of rich countries and higher incomes resulting from these new trading opportunities. Many studies and policy documents, however, have underestimated the obstacles to reaping these benefits. It is not just a matter of bridging the 'digital divide' that arises from poor telecom infrastructure and lack of computer-related skills. Only with improvements in the transport of material goods and in the institutional arrangements that facilitate trust can e-commerce accelerate economic development."

This statement implies that exporter should be realistic about the opportunities of E-commerce, it is not a miraculous remedy for bridging the export difficulties which apply to international trade. Launching or exploiting a websites successfully costs a substantial amount of money, time and expertise (see also paragraph 13.5).

10.4 Prices & margins

Prices and margins are influenced by a combination of factors and they are different for each product/ market combination. The seven main factors, which influence prices of gifts and decorative articles, are:

- Degree of risk (highly innovative, new brand, etc.)
- Volume of business (turnover)
- Functions or marketing services rendered (advertising, etc.)
- General economic conditions (booming or depressed business)
- Competition
- Exclusiveness
- Velocity of stock turnover

It is impossible to draw up a schedule of actual margins for each product/market combination. Even within the same type of combination, different importers use different margins, due to variation in economic conditions. The effect of low, medium and high margins on consumer end price, based on the same CFR for three different products, is shown in table 10.1. A multiplier of between 2.55 and 5.05 on the manufacturers or importers price should be used to calcula-te an appropriate final consumer price. This multiplier has decreased in the last decade, caused by factors like increasing competition at all levels in the distribution chain, further concentration and integration. Elimination of the wholesaler, for instance, can lead to a lower multiplier used by multiples, department, variety stores and mail-order companies.

Table 10.1 Calculation schedule: Prices & Margins

	Low	Medium	High
FOB Manila	90.00	90.00	90.00
CFR Rotterdam / Amsterdam	100.00	100.00	100.00
• Import duties charges on CFR basis	pm*	pm*	pm*
• Handling charges, transport, insurance and bank service	6.00	6.00	6.00
Subtotal:	**106.00**	**106.00**	**106.00**
• Importer/wholesaler's margin (40 / 65 /100%)	42.00	69.00	106.00
Subtotal:	**148.00**	**175.00**	**212.00**
• Retailer's margin (45 / 60 /100%)	66.60	105.00	212.00
Net selling price	**214.60**	**280.00**	**424.00**
• Value Added Tax (VAT) 19% of net selling price**	40.77	53.20	80.56
Gross selling price (consumer price)	**255.37**	**333.20**	**504.56**
ratio consumer price/FOB	*2.84*	*3.70*	*5,61*
ratio consumer price/C&F	*2.55*	*3.33*	*5.05*

* Between 0 and 11% of CFR value (see chapter 9, table 9.1 of this market survey for the import duties on gifts and decorative articles)
** In practice, retailers calculate a 90 – 125 percentage mark-up, including VAT. The VAT rates vary per country in the EU. For information on the VAT rates see table 9.2

This means that exporters' FOB prices should be in the range of 18-35 percent of the final consumer price including import duties. In absolute terms, it is more attractive for an exporter to operate in the medium and high markets. Although levels of wholesaler and retailer mark-ups often shock suppliers, these intermediaries do not generate excessive profits, due to their high cost levels.

Price barriers
Price brackets (or even absolute price barriers) exist for the products in nearly all product/sector combinations. These barriers, often subject to change due to inflation, should be taken into careful consideration.

Without being complete, a brief survey of prices of different product groups is given in the table below. In the gifts sector, there are more or less five categories - although there are notable differences per country. In the second column, you can see the implications these retail prices have for the FOB price. It is very important to keep these price barriers in mind when exporting.

	retail price	**FOB price** based on medium mark-up
1	< € 6.00	< € 1.62
2	< € 15.00	< € 4.05
3	< € 30.00	< € 8.10
4	< € 60.00	< € 16.22
5	> € 75.00	> € 20.27

It goes without saying that the volume per product sold in a particular category is directly related to the price level. The higher the retail prices, the smaller the quantities sold. Moreover, the more expensive products are usually bought directly by the user, i.e. not necessarily as a gift.

Design, quality, finish and type of outlet mainly determine the retail price that can be obtained for products in this category. Products sold in more exclusive outlets and specialists' shops tend to fetch higher prices. Subdivision can be made for seasonal items. In this segment, the price is of major importance to the purchasers. This is partly because they have only a limited period to sell the product to the consumers.

Price setting
As mentioned earlier, price is an important selling factor, especially in the utility segments of the gifts and decorative articles market. The price for original ethnic articles is less important. Consumers are willing to pay a higher price for unusual and special products.

When determining your product price, take the following question in to account.

- How much does it cost to make a product (production, materials, etc.)?
- What price do your competitors charge?
- In which market segment you want to sell (check prices barriers, chapter 10.4)

To establish an overseas price, you need to consider many of the same factors involved in pricing for the domestic market. These factors include competition, costs such as production, packaging, transportation and handling, promotion, selling expenses and overhead. The demand for your product, and the maximum price which the market is willing to pay, is also very important in the gifts and decorative market. In most cases, an exporter will have to follow market prices. How you price your product is worth some thought and effort, since it directly affects your ability to make a profit.

Sources of price information
A good way to obtain information about prices and price levels in the EU is to visit one of the major trade fairs or trade centres or to visit various types of retail outlets, such as department stores, specialists and multiples. Apart from prices, a good impression of the wide variety of products and the quality can be obtained through such a visit. Alternatively, an impression of average prices in EU countries can be formed by browsing through the catalogues of mail-order houses on the Internet.

Payment
Payment methods vary according to the extent to which the business relationship is developed and to the availability and popularity of the product offered. The most popular payment method for traders is to make use of an irrevocable letter of credit (LC) and later on document against payment (D/P). On the whole, payment takes place on a 30 days basis after the products have been delivered. If a product is not so popular, or in a starting business relation, payments may take from 60 days even up to 90 days.

Companies with subsidiaries in third countries generally use clean payments. However, clean payments are often a starting point for friction, if the importer is not totally trustworthy.

General methods and terms of payment, are:
- Clean payment; this method is used when both parties know each other well. The process is fast and reliable, depending on the credit worthiness of the importer. The bank carries out the transactions through the Swift electronic data system and the transfer costs are not very high.
- Documents against payment (D/P): Also known as cash against documents (CAD). The buyer takes possession of the goods only after payment. Although this method is not very popular, it is very safe and the costs amount to about 0.1%. One can also make use of a "documents against acceptance of a bill of exchange." The Bill of Exchange is not commonly used in the European Union and it does not guarantee that the bill will be paid; it is less secure than the D/P.
- The letter of Credit (LC); is very often used in the beginning of a business relationship when the importer and exporter do not know each other very well. The LC is irrevocable and will always be paid. The costs are higher when compared to the D/P method, namely 0.5%. This method is widely used in the European Union when dealing with exporters from outside Europe.
- Bank guarantee; The buyer's bank will present a bank guarantee for the amount of the invoice
- Cheques; Bank guaranteed cheques are generally no problem, though cashing may take some time, up to six weeks. Not all personal cheques are accepted.

10.5 Examples: Product Profiles

Product profiles summarise the main issues concerning a product which are of interest to a potential exporter, like market requirements, structure and main suppliers. In addition, the product profiles provide some ideas on how to improve the quality of the product. Two examples are given, one concerns the basket market, the other the statuettes market.

PRODUCT PROFILE BASKETS

1. Product name: Baskets

Main varieties: **Reed**

Bamboo

2. Market requirements:

European quality standards: Please read Section 9.1 for detailed information.

Environment measures: Please read Section 9.3 for detailed information and read the AccessGuide on environmental, social and health issues.

Minimum labelling:

- Identification (name and address) of the exporter/packer
- Origin and nature of the produce (if not visible from the outside)
- Name of the product and variety

Packaging: The outer packing is more important than the consumer packing, because these items are normally shipped per container. Make sure the items are properly packed, reducing the chance of damage. Nested baskets are usually in the lower price range.
The more exclusive baskets are in the higher price range
and are usually packed per item.
For more information please read the AccessGuides "The Netherlands Legislation" and "EU legislation Packaging and Packaging Waste" ,
which can be obtained from CBI.

Import regulations: Relevant import documents like:

- AWB or Bill of Loading
- EUR1 form for ACP countries
- Form A for other countries
- FORM A for other countries

3. Market structure:

Products:

Av. Retail Price:	Volume	Major distribution channels
< 10 Euro	high	Chain stores, retailers
< 20 Euro	middle	Garden centres
< 30 Euro	low	Specialty stores

Average size: (length, width and height in cm)

- small 28 * 18 * 12
- medium 38 * 27 * 12
- large 40 * 40 * 20

Materials used

- Reed
- Bamboo

Main markets: The countries discussed in this report are in particular the main buyers of these products (The Netherlands, Germany, United Kingdom, France, Italy and Spain)

Market trends: Important is the "hand-made" look and the finish of the basket.
Consumers like the combination of original design (patterns, colours,
materials, etc.) and, to a lesser extent, function. A popular trend in the houseware is the use of natural colours

4. Main suppliers:

The Far East is the major supplier
of baskets to the EU. In particular:

- China
- Indonesia
- Vietnam
- Poland

5. How to improve the quality:

- Production: Make sure each product is finished properly. Check them before packing and sending them to your client.
- Transportation: Make sure the outer package and the product will reach its destination without damage.

PRODUCT PROFILE STATUETTES

1. Product name: Statuettes

Main varieties: **Earthenware** **Ceramic**
Wood **Metal**

2. Market requirements:

European quality standards: Please read Section 9.1 for detailed information.

Environment measures: Please read Section 9.3 for detailed information and read the "AccessGuide environmental, social and health issues" which can be obtained from CBI for more information.

Minimum labelling:
- Identification (name and address) of the exporter/packer
- Origin and nature of the produce (if not visible from the outside)
- Name of the product and variety

Packaging: The outer packing is more important than the consumer packing, because these items are normally shipped per container. Make sure the items are properly packed, reducing the chance of damage. The statuettes are usually sold per item or series. The consumer packing is only relevant when the gifts are used for business relations. For more information please read the AccessGuides "The Netherlands Legislation" and "EU legislation Packaging and Packaging Waste", which can be obtained from CBI

Import regulations: Relevant import documents like:
- AWB or Bill of Loading
- EUR1 form for ACP countries
- Form A for other countries

3. Market structure:

Products:

Av. Retail Price:	Volume	Major distribution channels
< 15	high	Chain stores, department stores, retailers
< 25	middle/high	Chain stores, department stores, mail order
< 40	middle	Garden centres, mail order
< 60	middle/low	Garden centres, specialty stores
> 60	low	Specialty stores

Av height: (majority) House decoration: < 35 cm
Garden decoration: 30 cm and higher

Materials used
- Earthenware
- Wood
- Stone
- Metal
- Ceramic materials

Main markets: Main markets: The countries discussed in this report are in particular the main buyers of these products (The Netherlands, Germany, United Kingdom, France, Italy and Spain)

Market trends:
These products are bought because of their decorative value. Nowadays, the demand for unique pieces has increased. Sculptures, featuring animals are quite popular. Customers want statuettes that express a specific feeling like happiness, joy, caring, etc. Themes are also very important to increase sales, such as Christmas, Valentine's Day and Easter

4. Main suppliers:

Main suppliers for stattuetes are:
Far East, South America and Africa, regarding items made of wood, stone and earthenware (Indonesia, China, Thailand and Mexico).

Europe, regarding statuettes made of porcelain- and glassware.

5. How to improve the quality:
- Production: Make sure each product is finished properly. Check them before packing and sending them to your client.
- Transportation: Make sure the outer package and the product will reach its destination without damage.
- Health/Safety: Make sure workers should be provided with proper personal protective equipment when processing materials like dust caps in case of processing wood.

11 INTERNAL ANALYSES

The internal analysis is a review of a company's strength and weaknesses in terms of all company resources, such as export marketing capabilities, finance, personnel, internal organisation, management, infrastructure, etc. As a result of this internal analysis, you will be able to assess to what extent your company is able to take advantage of the opportunities identified in the former chapter. Furthermore, with a thorough understanding of your company's unique capabilities, you are able to invest in opportunities that exploit your strengths.

Questions an exporter needs to answer:

- What is the speciality of your company? In terms of, for example, skills, production, design, price, delivery.
- In what respect is your company outstanding or unique in this speciality?
- How can you explain your unique selling point (USP) to a buyer?

11.1 Unique selling points: quality, product design & development, production capacity

A means to assess your company's potential in exporting is by examining the unique or important features of your company and products. If those features are hard to duplicate abroad, then it is more likely that you will be successful overseas. A unique selling proposition (USP) defines what makes your business unique from every other competitor in the field. It spells out the precise niche you seek to fill, and how you aim to fill it. According to a survey of the British Giftware association, price, design and quality are the main competitive factors on which you will compete in the gifts and decorative articles market. The competitive analysis in paragraph 10.2 will help you identifying your strong points in comparison with the strengths and weaknesses of your competitors

Question an exporter needs to answer:

- What management quality standards does your company fulfil (ISO)?
- What is the general level of your product quality compared to other products in the identified market? Does your product have any official quality standards?
- In case labelling significantly improves the competitiveness of your export product, which one is the most interesting for your product-market combinations?

Quality
It is important to consider to what extent your company is able to deliver the quality that is required in the identified markets and sales channels. The quality of the products is especially important in the utility segment. Goods which are adapted to the consumers in Europe must meet stringent quality standards in the EU. In the first segment, original ethnic articles, product quality is less important, there is, however, a trend towards better quality. Especially for gifts, quality is becoming increasingly important, as can be seen in paragraph 3.2.

Note that quality not only means product quality. Management quality is just as important. For European companies looking for new (long-term) suppliers, delivery reliability and the ability to learn and adapt are important selection criteria. Furthermore, keeping to the agreed quality is indispensable for building up a long-term business relationship.

Reviewing your production processes regularly can also help you to improve the product quality. Furthermore, streamlining your production processes can lead to shorter production times and, most important, cost savings. New production techniques can enable cheaper production as well.

Product design & development
The design of your product is very important, as can be seen in paragraph 3.2. Good design and product innovation can help differentiate products, establish consumer loyalty and trust and, in many cases, allow products to command a price premium. Design is the biggest element of value addition. Design cannot originate in a vacuum. Poor or inadequate designs in export policy can make or mar the process of successful marketing. Lack of sufficient understanding of customer needs, fashion, trends and lifestyles, can result in incomplete design appreciation. Designers need considerable exposure to the target market before the design process can succeed. The customer-design interface is a matter of deep understanding of the target market. Consistent product development gives your company a unique selling point (USP).

Production capacity
Although some foreign buyers are looking for a 'spot' purchase, most importers are searching for suppliers who produce a quality product at a fair price with continued availability. If you are merely looking to market your sporadic surplus capacity, then the entry into the European market will probably be a disappointment. On the other hand, if your company is willing to devote even 10 percent of its production

capacity to foreign markets and the servicing of these accounts, then it can reasonably expect to build substantial, permanent trade in those markets suited to its products. However, keep in mind that, often, the volume of the product marketed is not as important as the consistent and reliable supply of the product.

Questions an exporter needs to answer:

- What quantities do you produce?
- How is the present capacity being used?
- What quality level can you maintain for a longer period of time?
- How many different products can you produce in a given time?
- Will new export activity hurt domestic sales?
- What will be the cost of setting up additional production capacity and is that possible at all?
- What cycles of production apply to your products? Is there a seasonal emphasis and how does this match up to the demand in the target market?

11.2 Logistics

Logistic concepts aim at having the right goods at the right time in the right volumes at the right place and with a minimum of costs. Particularly for fashion articles, that is of the utmost importance, just like regularity in deliveries. Delays are not acceptable.

The gifts and decorative articles chain goes from production to distribution and selling. This cycle lasts about 3 or 4 months depending on product and country of origin. The consequences of such a long cycle are possibly: too many products and capital bound in stocks, the possibility of price decreases in the meantime and missing of sales because the right products are not quickly available.

Most common delivery terms

- FOB (Free On Board): The buyer arranges for transportation and insurance. FOB must specify the port of departure
- CFR (Cost & Freight): The exporter pays the freight, the buyer arranges for the insurance

Delivery times are becoming more important, as the gifts and decorative articles market is increasingly becoming a fashion sensitive industry and in some cases very seasonal. A product may be perfectly crafted and sold at competitive prices; however, if a retailer cannot rely on the shipment arriving as scheduled, there will be no market. This applies mostly to the more fashionable products in the market. The segment of original ethnic articles is less seasonal; therefore delays in shipment are not as crucial as in the other segments.

Retailers are often confronted with variation in consumer behaviour and with rapidly changing trends in fashion. Retailers therefore demand shorter delivery times from producers. In general, the retailers in the gifts and decorative articles market, as in many other markets, try to shift the risks of market fluctuations to the producers by ordering only small production runs. We should however note that these so-called “small” production runs can reach substantial sizes. When large chain stores or garden centres decide to purchase a product, their order can reach to a full 40 foot container or more.

Because of the tendency to order smaller series, the order frequency is increasing and retailers tend to use more than one supplier. This requires more flexibility, and a well-organised logistics organisation from the side of the producers. Automation is one of the answers for production firms to fulfil the requirements of the logistics process. Usage of barcode systems by retail organisations gives quick sales information and is accompanied by electronic order systems, Just-In-Time (JIT) methods and direct product profitability (DPP). DPP means direct calculation of all retailing costs, amongst which alternative costs (costs which are caused by untimely delivery of articles, costs because of marking down and sales bargains, etc.).

Any developing country factory entering the export market must not only estimate costs accurately before entering into a contract, but must also ensure that the shipping facilities at its disposal can guarantee delivery within contractual time requirements. This tends to pose few problems for countries with access to ports with well-established shipping channels to the EU. However, it is a problem for many exporters in Africa, for example, who in addition to needing to move goods overland to a port, must deal with shipping services. A reliable shipping agent is essential for these exporters. Packaging poses an associated problem. While there is an increasing worldwide trend for consignments to be container packed at the factory, this can be done only in countries equipped to handle container ships in the docks of embarkation.

Note: When shipping your product, you need a customs declaration. Furthermore, if you want to obtain an exemption from import duties, the goods must be accompanied by an original Certificate of Origin, issued by the assigned authority in the country of origin. (check also chapter 9.2)

11.3 Marketing and Sales

One of the most difficult aspects of exporting, even for established exporting companies, is that of ensuring optimal exposure to, and communication with, decision-making personnel in a client company, often thousands of miles away. The best method of achieving this objective is, unquestionably, to have an able company representative in the country or geographical area concerned. Such an individual must be proficient in the language of the target market. Ideally, he or she will have a profound technical knowledge of, and practical experience with, the various gifts and decorative articles. He/she must also be conversant with the technical implications of provisions in trade contracts, and should also be able to negotiate confirmed contracts swiftly on behalf of the exporter and should have access to rapid communication facilities (See also paragraph 10.3 sales channel assessment). A big disadvantage of a company representative in the country concerned is that it is very costly. E-mail or telephone, which cost a fraction of a sales representative are also excellent communication and sales tools.

> Note: When contacting your contact in Europe keep in mind the following:
> - Working hours in Europe are usually between 8:30 –17:30 from Monday to Friday.
> - The difference in time between your country and the country of your contact.

Marketing organisation
The marketeers are responsible for adapting the product, price, promotion and distribution to the market requirements. This makes the marketing department a vital part of the organisation.

The effects of marketing on your management are two-fold:

- It inspires all corporate activities to be concentrated on the main goal: to satisfy the needs and wants of your customers. Your customer deserves all your attention since he (or she) is the source of your income. In this sense, marketing describes an attitude of all people involved;
- The marketing concept also includes the techniques and methods required to ‘bring the right product to the right consumer at the right time and place’.

Marketing will keep your organization in touch with market requirements and changing market trends. This of course is crucial to succeed as an exporter.

Sales organisation
The trade in gifts and decorative articles is very “dynamic” (fast-moving). A well-functioning telephone sales department is therefore an absolute prerequisite for successful market participation. The essential tool used in the telephone sales department is a detailed up-to-date customer database. The customer database contains the following information:

- Basic data on the customer (long-term data, such as name, address, telephone number, etc.).
- Changing data on customers (data resulting from business with the customer, such as telephone calls, offers, sales statistics, etc.).

The term “sales organisation” refers to the organisational system that carries out the sales of the Company’s products. A sales organisation usually consists of desk sales force (office staff) and a field sales force (front liners).

Table 11.1 Specification of the duties of a sales department

Office personnel	Field force
• Handling correspondence	• Selling
• Handling offers and orders	• Visiting customers
• Issuing forwarding instructions	• Presenting new products
• Issuing and checking invoices	• Discussing and implementing sales campaigns
• Controlling Schedules	• Discussing yearly reviews with customers
• Keeping customers records	• Implementing selling prices
• Expediting product samples	• Contributing to new product development
• Keeping sales statistics	
• Evaluating markets	
• Dispatching goods	
• Quality control	

11.4 Financing

The determination of payment conditions for a regular export transaction is part of the package of negotiations between seller and buyer. However, they have more or less opposing interests. The seller wants to have the largest possible guarantee of financial coverage for the goods he has to supply according to his sales contract. The buyer wants to be sure about availability, quantity and quality of the goods he buys, before he pays the agreed price. Check also chapter 10.4 for information on the prices and margins.

Pre- financing
If your financial resources are limited, it is very common to ask for pre-financing. With respect to pre-finance, general guidelines could be as follows:

- Small orders up to € 5.000 are normally prepaid.
- Medium sized orders between € 5.000 - 10.000 are 50% prepaid, the remaining 50% can be transferred when the goods have arrived at their destination and are checked for quantity and quality.
- Bigger orders with a value of € 10.000+ can normally be pre-financed by your local bank on the basis of a letter of credit (LC). Depending on your negotiations, bigger orders could also be pre-financed in the same way as medium sized orders, 50% prepaid, 50% upon approved quality after arrival.

11.5 Capabilities

You should consider the fact that exporting will put an extra strain on all your people and your other corporate resources. In fact, you are effectively considering starting-up an additional commercial operation, parallel to your domestic one. The main question should be whether you think the organization is strong enough to cope with the extra challenge and workload of the exporting venture? This is an extremely important decision, since the very existence of the company may be at stake. The competition in Western markets is murderous. Many entrepreneurs before you have tried to penetrate these markets and failed. It is therefore important to acknowledge the issues below.

Commitment to export
It is important to consider whether the company employs people who are able to sell and develop an international business. The company should be able to generate the physical and administrative infrastructure to deal with increased activities due to exporting - not only in dealing with orders but also with processing customs and shipping documentation. If this type of infrastructure is limited, it will be a weak spot in developing sustained export activities.

Your export marketing efforts will need a sizeable budget in order to succeed. Contacting and maintaining clients, printing brochures, attending fairs, etc., could cost a substantial amount of your financial resources.

Export experience
There is a consensus that market-specific knowhow can create a form of distinctive competence in key markets, on for example cultural issues, organisational routines, structure and controls. Furthermore, institutional knowledge concerning regulations, finance and economics are very favourable when conducting trade.

Language skills
It is essential for an exporter that contacts are handled in a professional manner in order for the cooperation to flourish. Communication is vital when dealing with clients. In the EU, most people speak English. When language differences are present, an exporter should take precautionary measures, like hiring an interpreter, to ensure smooth handling of communication.

Trading practises
Be honest and direct concerning quality, capacity, and delivery times. For example, in case of delays, inform the importer in good time and state the reason for the delay. This will increase your credibility as an exporter.

Design & research capabilities
The needs and wants of markets abroad will almost certainly differ from those of your home customers. That means that you may have to change your (product) design to adapt it to the foreign customers' wishes. In marketing terms you will have to match your product with the market's needs and wants. Good research and design capabilities are indispensable if you want to successfully export to the European Union.

Innovation is another important capability. Most products in the gift and decorative articles market have a limited life-time. They become old-fashioned or outdated rather quickly. The underlying reason is that the consumers' preferences are constantly evolving and changing, even to the point of unpredictability.

12 DECISION MAKING

After assessing the external market environment in the chapters 1 to 10, you will be able to identify specific market opportunities and threats, related to your line of business. Chapter 11 describes the position of the producing company in relation with the market. This internal analysis results in strengths and weakness of the exporter's company. Combining the external and internal analysis results in the so-called SWOT analysis (strengths, weaknesses, opportunities, threats). In the SWOT, the most important strong and weak points and the important opportunities and threats are ranged in order of importance. The purpose of this analysis is, to clearly show the position of the company in the market. The essence of the SWOT analysis is to find a market segment, where there is an opportunity that matches the strengths and where the threats have a minimum impact on the vulnerable sides, the weaknesses of the company. In fact, by matching external opportunities and internal capabilities, the exporter should be able to identify suitable target countries, market segments and target product(s) within these countries.

Strengths	Weaknesses
Opportunities	Threats

The final decision
After assessing suitable target markets, the company is now able to conclude on whether or not to export. When you have decided to go ahead with your export preparations, your first step is to prepare the marketing mix, the instruments for export marketing. You have finished the analytical work; now you should start with the constructive part - also called synthesis - of the job. It requires a different mindset, which will complicate things. Designing the marketing mix implies that all tools and methods you need for exporting will be made fit for that purpose. Important items in this process of preparation are decisions on 'what, when, where, why and how':

- what product
- offered at what price to the target market,
- through which sales channel (where),
- at which period of the year to approach the sales channel (when);
- how the customer is informed about your product
- why the customer will respond to your offer and, finally,
- how to handle aspects of manufacturing and quality in reaction to the consumers' response.

The next phase of the export marketing process is to draw up an Export Marketing Plan (EMP), which defines a marketing strategy and an operational plan, stating how the company is going to penetrate the identified market. The marketing strategy is designed on the basis of the information collected in the internal and external analysis. The marketing tools will be described in the following chapter (chapter 13). Formulating an export marketing strategy, based upon sound information and its proper assessment, increases the chances that the best options will be selected, resources will be utilized effectively, and efforts will consequently be carried through to completion. For assistance in writing an EMP, please refer to the CBI's *"Export Planner"*.

13 MARKETING TOOLS

13.1 Matching products and the product range

An importer can only select a suitable business partner if he/she knows exactly what range he/she can offer. A precise review of the product range, therefore, aims at identifying the most suitable candidate(s) out of the many potential customers. A product range consists of several product groups (range width), each with several different products (range depth). One product can have several variations.

Example:

- A product range consists of gifts and decorative articles (range width)
- The products for sale are woodware and glassware (range depth)
- Glassware includes glass and crystal articles

Product characteristics

Enter in a list all products you produce, together with their varieties. Furthermore, state their colour, size, the period in which you are able to supply them and the packaging method. This enables potential customers to make an appraisal of your complete product range. It is very important to keep the list up-to-date. The products and the range should be flexible so that adjustments and changes can be made, if the need arises.

Packaging

Special transport packaging is necessary to ensure that the gifts and decorative articles will arrive in perfect condition at their destination. Unsuitable or inadequate packaging often allows damage to occur to the product. The packaging design should consider the following:

- Proper storage and transport
- Standard packing sizes
- Environment-friendly materials
- Attractive and sales-promoting design

Besides a protective function, packaging is also very important when selling the product. An attractive package design can have a sales promoting effect. Today's consumers want to know what they are buying. Therefore, its is important, as a minimum, to mark the product brand name, special materials used in the production, the name or sign of the producer, country of origin. The label on the article has to provide this data in a language comprehensible in the target market.

13.2 Building up a relationship with a suitable trading partner

Among the many potential customers, you must identify those who match your own company profile and product range and are therefore most suitable for building up a relationship. Check your potential trade partners' financial status, credibility, and reliability. A good source concerning information about your (potential) trading partners is Dunn & Bradstreet (www.dnb.com). This company specialises in sourcing reliable, consistent and objective credit information about potential trading partners.

At the end of the identification phase, the supplier should have selected the names and addresses of suitable trading partners.

Check the following sources of information to find information on your trade partners:

- The foreign–trade Chamber of Commerce of the country of destination.
- The Economic Affairs department of the official representative (Embassy or Consulate) of the country of destination.

Sources of information to contact in the country of destination:

- Import promotion organisations
- Trade associations
- Own company's public and private trade promotion bodies
- Own country's diplomatic and consular representatives
- Chambers of commerce
- Trade fair organisers (see appendix 4.3)

Many sources of information only answer written inquiries! Generally, a concise but detailed inquiry improves the chances of precise identification

Evaluating the information

Evaluate the names and addresses you receive, using the following criteria:

- Is the information complete?
  - Full address, telephone and fax number, e-mail, and name of the person to contact
- Is the importer active in the country you have selected?
- Does the importer focus his activities on the corresponding product groups?
- Do I have enough sound information about the reliability of this partner?

Using these criteria, draw up a priority list of the contact addresses you have received.

13.3 Drawing up an offer

There are two different kinds of offers: general and specific. The purpose of a general offer is to make the first contact with potential trading partners with whom the supplier is not yet personally acquainted. A general offer consists of sending a short profile of your own company and a summary of your product range. Furthermore, it might help to send a reference list of existing customers. Write a personal letter, briefly introduce your company and tell what you have to offer. A specific offer is legally binding for a certain period. You must therefore be capable of fulfilling the terms of contract. You should make up a specific offer only when you know the business partner personally or after you have made the initial contact. A specific offer should consist of two parts: a written offer and/ or product sample. The written offer includes:

- Name of the person responsible in your company.
- Exact description of the goods offered (preferably using an internationally valid quality standard specification).
- Price of the goods offered in accordance with the Incoterms (ICC publication, if applicable, split up by delivery quantities or quality).
- Possible delivery, date and terms of delivery and the validity date of the offer

A written offer can be accompanied by product samples. The sample, if it is of good quality, will inspire confidence in prospective buyers.

- Product samples must correspond to the goods available for delivery; if they do not, this can have a lasting negative effect on the business relations.
- Define the quality of the product if possible, provide quality certificates from an internationally recognised inspection organisation and send a reference list of existing customers).

When making an offer, the price of the products is very important. The height of the offered price is one of the determining factors for whether the importer wants to order your products (check chapter 10.4).

Recommendable action for both general and specific offers:

- A telephone call to ask whether the offer and the samples, if applicable has/ have arrived.
- An invitation to visit your company.
- Possibly, propose a visit to the country of destination. In that case, if necessary hire an interpreter, ask your own consulate or other intermediaries for assistance.

Communication by e-mail is an excellent tool, especially when a reaction needs to be executed within 24 hours. This is a very positive sustaining element towards buyers, making a reliable impression and instilling confidence. The most exacting aspect of exporting, even for the established exporting company, is that of ensuring optimal exposure to, and communication with, decision-making personnel in a client company. The best method of achieving this objective is to have an able company representative in the country concerned. Such an individual must be proficient in the language of the target market. Ideally, he or she will have thorough technical knowledge of the implications of provisions in trade contracts and should have access to rapid communication facilities. A personal sales visit should be attempted, accompanied by an adequate sample of the product on offer.

13.4 Handling the contract

When handling the contract, you should consider the terms and the fulfilment:

Contract terms:
- Conclude the delivery conditions according to international guidelines, e.g. Incoterms 2000.
- Particularly when delivering for the first time, it is usual to deliver the goods free on commission and freight-paid.

Contract fulfilment:
- Procure the delivery documents in good time.
- Comply strictly with all parts of the supply agreement.
- If you cannot comply with any part of the agreement e.g. delivery delays or quality problems, inform the customer clearly and in good time.
- Co-operate on a partnership basis and seek a common solution, even if conflicts arise.
- Fulfilling the contract should have a high priority, particularly when delivering for the first time.

13.5 Sales promotion

One of the major critical success factors for exporters of gifts and decorative articles to the European Union is sales promotion. The objective of sales promotion is to increase sales. Methods of sales promotion are i.e. giving free samples, discounts, coupons, special ad items, etc.

Sales promotion measures develop and expand customer relations, which obligate the selling company to take good care of existing customers (continuity). This includes, for example, expressions of thanks to business partners, regular updates on the product range; supplying brochures of the product range may be useful for promoting sales, just like keeping business partners up-to-date on recent product developments. The consequences for production capacity can be that, in some cases, the production capacity has to be increased in order to service both existing and new customers.

Note:
It is advisable to commence with communication measures, which require only a small amount of planning and co-ordination, such as revising the company's standard printed matter.

- Standardise all printed-paper used outside the company (letterheads, business cards, fax form, etc.).
- Prepare long-term sales documentation (company brochure, product range review, etc.).
- Prepare product-specific sales leaflets.

Make sure your promotion material is up-to-date

Advertising and communication
Advertising refers to communication measures with the aim of increasing the sales of your products. The prerequisites for successful communication measures are a clearly defined target group ("Who buys my product?") and a well-formulated message ("What do I want to tell my customer?")

The following parameters are used to measure the costs of any communication action:

- Cost per contact → the costs to convey the message to one target person.
- Total costs → the costs of the whole campaign.
- Dispersion losses → the costs for messages that do not reach the right addressee (waste).

Timing is very important when you want to successfully advertise your products. In the EU, most retailers decide twice a year on what products to sell in the coming season. January/ February and July/ August are the two most important sourcing periods in the year. For example, in August most retailers are on the look out for Christmas products. Introductions of new collections as well as advertising should be adapted to these cycles!

Internet & E-commerce
As said earlier, the Internet is a popular medium for business, not only for consumers but especially for industrial buyers and suppliers. For exporters, this medium offers a lot of business opportunities. The British Department for International Development (DFID) distinguishes the following applications:

- Online catalogues/ webshop: Despite the fact that sales of craft goods via on-line catalogues to individual consumers are low at the moment, catalogue-based websites can be a helpful enhancement when dealing with wholesale and retail buyers (business-to business or B2B).
- Telling stories: A website can be used to tell the story of artisans. Furthermore, a historical and cultural background to materials and processes can

Table 3.1 Advertising and communication assessment

Criteria 4 Measures ▼	Target group	Amount of planning and co-operation	Cost per contact	Total costs	Dispersion losses
Standard printed Matter	Existing Customers	+	+	+	+
Phone & mail Campaigns	Existing & Potential customers	++	++	++	+
Advertising in trade journals	Existing & Potential customers (Partially unknown)	++	++	++	++
Internet & E-commerce	Existing & Potential customers	+++	+	++	+
CD-rom Catalogues	Existing & Potential customers	++	+	+	+
Radio & TV Advertising	Consumers	+++	+	+++	+++
Promotion in the	Consumers	+++	+++	+++	++

+ = low ++ = average +++ = high

be told. This can enhance a connection of consumers to the individual artisans.
- Email is by far the most important application for producers in developing countries. In Bangladesh, for example, 82% of Internet traffic consists of email.
- Market information; the Internet is an ideal medium for finding information about European markets. E.g. it allows producers to see what gifts & decorative articles are currently on sale in stores in the EU- member countries.

You should however be realistic about using the Internet as a sales medium. At this moment, only a few companies employ the Internet successfully. According to the survey of the British Department for International Development (DFID), internet sales of gifts and decorative articles has been quite small. Furthermore, developing and maintaining an interesting, up-to-date website can cost a substantial amount of money, time and expertise.

If you decide to develop a website, is it very important to register the website at different search engines. Search engines, such as Google, Yahoo, Alta Vista etc., are still the commonest way people use to find websites and information sources on-line. If you sell e.g. articles of original ethnic value, you will have to submit so called 'key words' like 'ethnic products' to the search engines. Secondly you should create clickable 'links' on your website with other companies' websites, which, in return, place links on their website to yours. This approach enhances the so-called ranking of your website in the different search engines' results. A 'ranking strategy' is very important, but increasingly hard to achieve, since every company wants to realize high listings. Creating an attractive ranking for your website has therefore more and more become a specialist's job.

Participation in trade fairs
Once the final decision is made that your company will focus on exporting for the years to come, remember: "Exporting is a long-term business" and to start exporting must be a very well considered decision. Participation in national and international trade fairs may be a useful sales promotion tool in the decorative and gifts sector. Besides a heavy financial involvement (participation fees, travelling, accommodation, sampling etc.), trade fair participation requires advance knowledge and a detailed survey because of its complex nature:

- Selection of a suitable trade fair
- Preparations for participation, design and lay-out of the stand, which includes lighting, furniture, wall and floor coverings, decorations, drinks (coffee, tea etc.) etc. Skilled staff (office and frontliners) is necessary.
- Follow-up activities.

> Note:
> Think of the language problem and the physical presentation of the front liners!

Pre-fair activities:
- Update your collections (try to be updated)
- Update your customer files.
- Prepare all documentation (business cards, company brochures, leaflets).
- Make use, if possible, of a business related consultant.
- Make a preparatory mailing, informing your present and potential clients of your exact booth location at the fair and invite them to visit you and/or propose to visit them (i.e. the existing clients).

Running fair activities:
- Register all contacts
- List them under different priority levels, i.e.: "High", "Medium" and "Low".
- Be a perfect host! Bear in mind that most visitors have travelled a long way and come with great expectations!

Post-fair activities:
- Enter all your contacts in a database or file them otherwise.
- Fulfil your promises in time, concerning sending samples, leaflets, brochures, price lists, quotations etc.
- Send the contacts a "Thank you" letter for visiting your booth.
- Make a second mailing several months after the first one, to remind your contact that you are at his disposal to answer any inquiry. Eventually make the contact a "special offer"!

Import Promotion Organisations, Branch Organisations, Test Institutes, Commercial Departments from Embassies, Consulates, and related business consultants of the gift and decorative articles industry may be of help in providing information about relevant trade fairs. A detailed list trade fairs is given in the appendix 4.3 of this market survey. Some of these organisations and/or persons may also advise and/or assist the exporter in his participation in a trade fair.

Appendices

APPENDIX 1 HS CODES COMBINED NOMENCLATURE

CANDLES

HS code	**Description**	
3406	0011	Candles, plain, not perfumed
	0019	Candles, whether or not perfumed (excl. plain)

WOODWARE

HS code	**Description**	
4414	0000	Wooden frames for pictures, photographs, mirrors and the like
	0010	Wooden frames for paintings, photographs, mirrors or similar objects, of tropical wood
	0090	Wooden frames for paintings, photographs, mirrors or similar (excl, okoume, obeche, sapelli, sipo, acajou d afrique, makore, iroko, tiama, mansonia, ilomba, dibetou, limba, azobe, dark red, light red, white or yellow meranti, meranti bakau, white lau
4420	1000	Statuettes and other ornaments, of wood (excl, Wood marquetry and inlaid wood)
	1011	Statuettes and other ornaments, of okoume, obeche, sapelli, sipo, acajou d afrique, makore, iroko, tiama, mansonia, ilomba, dibetou, limba, azobe, dark red, light red, white or yellow meranti, meranti bakau, white lauan, white seraya, alan, keruing Statuettes and other ornaments, of wood (excl, 4420,10-11)
	1019	Wood marquetry and inlaid wood (excl, Statuettes and other ornaments, articles of furniture, lamps and lighting fittings and parts thereof)Wood marquetry and inlaid wood (excl, Statuettes and other ornaments, articles of furniture, lamps and lighting fittings and parts thereof)
	9010	Wood marquetry and inlaid wood, of tropical wood Wood marquetry and inlaid wood (excl, Okoume, obeche, sapelli, sipo, acajou d afrique, makore, iroko, tiama, mansonia, ilomba, dibetou, limba, azobe, dark red meranti, light red meranti, meranti bakau, white lauan, white meranti, white seraya, yellow
	9011	Wood marquetry and inlaid wood, of tropical wood
	9019	Wood marquetry and inlaid wood (excl, Okoume, obeche, sapelli, sipo, acajou d afrique, makore, iroko, tiama, mansonia, ilomba, dibetou, limba, azobe, dark red meranti, light red meranti, meranti bakau, white lauan, white meranti, white seraya, yellow
	9090	Caskets, cases and boxes for jewellery, cutlery, forks, spoons and the like, of wood; interior fittings of wood (excl, Statuettes and other ornaments, wood marquetry and inlaid wood, furniture, lighting fixtures and parts thereof)
	9091	Caskets and cases for jewellery or cutlery, and similar articles and articles of furniture not falling in chapter 94
	9099	Caskets and cases for jewellery or cutlery, and similar articles and articles of furniture (excl,4420,90-91)

BASKETWORK

HS code	**Description**	
4602	1010	Bottle sleeves made directly from straw or from vegetable plaiting materials of heading
	1091	Basketwork and other articles made directly from vegetable plaiting materials (excl, plaited-only bands or flat-woven articles; bottle sleeves of straw, wall coverings of heading
	1099	Basketwork and other articles made from vegetable plaiting materials or from goods of heading 4601, plus articles of loofah (excl, plaited-only bands or flat-woven articles; bottle sleeves of straw, wall coverings of heading 4814; twine, cord and rope

ARTIFICIAL FLOWERS AND FRUITS

HS code	**Description**	
6702	1000	Artificial flowers, foliage and fruit and parts thereof, and articles made of artificial flowers, foliage or fruit, by binding, glueing, fitting into one another or similar methods, of plastics
	9000	Artificial flowers, foliage and fruit and parts thereof, and articles made of artificial flowers, foliage or fruit, by binding, glueing, fitting into one another or similar methods (excl, of plastics)

CERAMIC ARTICLES

HS code	Description	
6913	1000	Statuettes and other ornamental ceramic articles of porcelain or china
	9010	Statuettes and other ornamental articles of common pottery
	9091	Statuettes and other ornamental articles of stoneware
	9093	Statuettes and other ornamental articles of earthenware or fine pottery
	9099	Statuettes and other ornamental articles (exc, 69131000 to 69139093)
6914	1000	Ceramic articles of porcelain or china
	9010	Ceramic articles of common pottery
	9090	Ceramic articles (excl, Of porcelain or china and common pottery)

GLASSWARE (INCL, CRYSTAL)

HS code	Description	
7013	1000	Glassware of a kind used for table, kitchen, toilet, office, indoor decoration or similar purposes
	3110	Glassware of lead crystal, of a kind used for table or kitchen purposes, gathered by hand (exc, drinking glasses, glass preserving jars, vacuum flasks and other vacuum vessels)
	3200	Glassware for table or kitchen purposes of glass having a Linear coefficient of expansion =< 5 x 10 -6 per Kelvin within a temperature range of 0° to 300° C
	3910	Glassware for table or kitchen purposes, of toughened glass
	3991	Glassware of a kind used for table or kitchen purposes, gathered by hand
	3999	Glassware of a kind used for table or kitchen purposes, gathered mechanically
	9110	Glassware, of lead crystal, of a kind used for toilet, office and indoor decoration or similar purposes, gathered by hand
	9190	Glassware of lead crystal, of a kind used for toilet, office and indoor decoration or similar purposes, gathered mechanically
	9900	Glassware of a kind used for toilet, office, indoor decoration or similar purposes (excl. glassware of lead crystal or of a kind used for table or kitchen purposes, articles of heading 7018, mirrors, leaded lights and the like, lighting fittings
	9910	Glassware of a kind used for toilet, office, indoor decoration or similar purposes, gathered by hand (excl. glassware of lead crystal or of a kind used for table or kitchen purposes, articles of heading 7018, mirrors, leaded lights and the like
	9990	Glassware of a kind used for toilet, office, indoor decoration or similar purposes, gathered mechanically (excl. glassware of lead crystal or of a kind used for table or kitchen

METAL ARTICLES

HS code	Description	
8007	0000	Articles of tin
8306	1000	Bells, gongs and the like, non-electrical, of base metal (excl, Musical instruments)
	2100	Statuettes and other ornaments, of base metal, plated with precious metal (excl, Works of art, collectors pieces and antiques)
	2910	Statuettes and other ornaments of copper, not plated with precious metal (excl, Works of art, collectors pieces and antiques)
	2990	Statuettes and other ornaments of base metals other than copper, not plated with precious metal (excl, works of art, collectors pieces and antiques)
	3000	Photograph, picture or similar frames of base metal; mirrors of base metal (excl, Optical elements)

ARTICLES OF BONE, HORN, LIKE STATUETTES, ETC,

HS code	Description	
9601	9010	Worked coral, natural or agglomerated, and other articles of coral
	9090	Worked bone, tortoiseshell, horn, antlers, mother-of-pearl and other animal carving material and other articles of these materials (excl, ivory or coral)
9602		Worked vegetable or mineral carving materials and articles of these materials (wax, paraffin, stearin, natural gums, natural resins, modelling pastes), and other moulded or carved articles. Worked, un-hardened gelatine and articles of un-hardened gelatine

APPENDIX 2 DETAILED IMPORT STATISTICS

The source of the data presented below is Eurostat COMEXT 2002

Import of gifts and decorative articles by EU-member countries by country of origin, 1999-2000, € thousand / tonnes

	1999		2000		2001	
	value €	**volume**	**value €**	**volume**	**value €**	**volume**
EU total	**4,248,039**	**1,896,107**	**4,863,987**	**1,928,945**	**4,672,373**	**1,830,851**
Extra-EU	**2,504,257**	**1,085,038**	**3,021,881**	**1,247,277**	**2,962,357**	**1,226,671**
Developing countries	**1,787,790**	**852,314**	**2,214,095**	**991,975**	**2,161,782**	**968,701**
EU-member countries:						
Germany	1,035,286	449,221	1,155,094	478,769	1,071,783	444,798
United Kingdom	602,954	434,216	716,847	306,074	709,040	295,584
France	524,443	191,933	614,145	239,560	596,738	220,595
Italy	420,232	134,341	491,039	152,754	483,950	154,243
The Netherlands	394,023	232,323	450,537	227,612	420,334	229,156
Belgium	245,861	117,846	286,850	135,129	281,404	118,312
Spain	239,412	83,532	301,762	98,242	276,490	93,913
Austria	259,731	48,088	255,781	49,298	261,841	51,249
Denmark	126,587	64,266	160,192	83,535	161,131	75,386
Sweden	121,148	56,285	138,759	62,970	135,272	61,970
Portugal	102,409	32,691	105,854	32,818	92,230	27,423
Greece	81,437	25,093	81,578	33,652	80,537	29,496
Ireland	48,250	9,131	50,666	10,324	47,699	11,794
Finland	35,010	14,022	41,010	15,770	39,172	14,509
Luxembourg	11,255	3,117	13,874	2,438	14,751	2,425

Import of gifts and decorative articles into the EU by country of origin, 1999-2001, € thousand / tonnes

	1999		2000		2001	
	value €	**volume**	**value €**	**volume**	**value €**	**volume**
EU total	**4,248,039**	**1,896,107**	**4,863,987**	**1,928,945**	**4,672,373**	**1,830,851**
Extra-EU	**2,504,257**	**1,085,038**	**3,021,881**	**1,247,277**	**2,962,357**	**1,226,671**
Developing countries	**1,787,790**	**852,314**	**2,214,095**	**991,975**	**2,161,782**	**968,701**
Leading suppliers:						
China	1,219,315	509,761	1,515,401	568,853	1,450,191	528,338
The Netherlands	282,763	134,344	291,437	68,380	301,888	66,073
Germany	282,096	195,990	290,914	116,626	277,918	95,292
France	253,885	101,385	246,799	96,704	217,090	88,448
Italy	253,013	153,793	260,574	157,874	212,455	128,990
Poland	139,312	76,999	166,579	90,276	192,718	99,575

Import of gifts and decorative articles into Germany, by country of origin, 1999-2001, € thousand / tonnes

	1999		2000		2001	
	value €	volume	value €	volume	value €	volume
total	**1,035,286**	**449,221**	**1,155,094**	**478,769**	**1,071,783**	**444,798**
Extra-EU	**667,409**	**300,593**	**769,996**	**338,075**	**730,292**	**326,297**
Developing countries	**453,999**	**197,555**	**532,486**	**228,197**	**482,973**	**212,928**
Leading suppliers:						
China	329,485	125,122	379,960	132,457	337,403	117,970
The Netherlands	107,613	21,606	113,417	19,638	122,070	17,126
Italy	74,643	50,856	69,345	39,935	51,412	30,672
Portugal	51,137	27,322	55,623	29,346	48,806	25,499
France	59,792	27,140	63,505	27,363	48,044	22,211
Vietnam	26,917	31,169	44,811	50,221	46,762	53,499
Developing countries:						
Thailand	18,985	5,691	19,966	5,195	18,544	5,701
Indonesia	14,664	5,613	17,286	5,961	16,484	5,016
India	12,915	2,513	15,062	2,880	16,052	2,865
Turkey	11,929	6,408	14,046	8,178	13,366	8,130
Philippines	10,914	2,488	10,123	2,007	6,683	1,037
Slovenia	4,563	2,303	5,180	2,995	5,174	2,875
Malaysia	5,097	9,051	6,682	10,807	4,401	7,050

Import of gifts and decorative articles into the United Kingdom, by country of origin, 1999-2001, € thousand / tonnes

	1999		2000		2001	
	value €	volume	value €	volume	value €	volume
total	**602,954**	**434,216**	**716,847**	**306,074**	**709,040**	**295,584**
Extra-EU	**386,412**	**164,673**	**511,386**	**210,686**	**510,453**	**209,001**
Developing countries	**278,269**	**142,484**	**364,523**	**182,781**	**372,911**	**179,723**
Leading suppliers:						
China	177,997	74,568	222,679	80,065	227,908	79,920
United States	39,463	4,622	50,009	4,914	43,026	3,658
The Netherlands	37,355	71,414	24,845	4,240	32,622	5,689
Germany	27,882	109,732	31,989	24,228	30,504	9,273
France	38,685	22,815	26,325	11,252	27,716	17,813
Italy	30,155	34,251	26,298	32,258	25,457	30,932
Developing countries:						
Vietnam	14,933	19,356	26,872	35,774	27,445	35,249
India	17,096	3,622	21,430	3,480	21,429	4,052
Thailand	15,017	5,152	21,640	7,765	19,607	7,164
Indonesia	13,341	5,822	16,751	6,028	18,230	6,471
Malaysia	11,070	20,970	17,549	31,651	15,069	25,063
Turkey	3,797	2,803	5,987	4,318	12,415	9,421
Philippes	6,845	1,832	7,464	1,628	7,356	1,720
Mexico	2,150	985	3,722	2,315	4,379	2,505

Import of gifts and decorative articles into France, by country of origin, 1999-2001, € thousand / tonnes

	1999		2000		2001	
	value €	volume	value €	volume	value €	volume
total	**524,443**	**191,933**	**614,145**	**239,560**	**596,738**	**220,595**
Extra-EU	**256,564**	**93,028**	**309,740**	**104,835**	**307,862**	**104,291**
Developing countries	**202,834**	**75,622**	**246,231**	**85,410**	**243,165**	**86,082**
Leading suppliers:						
China	122,591	40,979	146,535	44,316	141,349	42,790
Belgium	72,495	19,451	77,746	25,331	88,987	26,678
Italy	56,220	23,210	76,277	49,006	54,332	29,514
Spain	36,451	22,841	36,637	24,859	38,433	25,986
Germany	34,638	8,894	36,899	10,737	37,142	10,386
The Netherlands	24,256	6,160	27,291	8,017	26,696	7,816
Developing countries:						
Vietnam	14,355	9,643	19,380	11,793	19,531	12,237
Thailand	11,539	2,589	15,618	3,598	14,480	3,114
Indonesia	11,055	5,274	13,992	5,612	12,244	5,157
India	8,452	1,792	9,547	1,841	12,063	2,382
Turkey	7,507	5,756	7,781	5,920	8,222	7,165
Morocco	5,304	2,322	7,041	2,725	7,286	3,014
Philippines	7,593	1,398	7,847	1,432	6,394	1,170
Madagascar	3,264	703	4,305	852	5,199	943

Import of gifts and decorative articles into Italy, by country of origin, 1999-2000, € thousand / tonnes

	1999		2000		2001	
	value €	volume	value €	volume	value €	volume
total	**420,232**	**134,341**	**491,039**	**152,754**	**483,950**	**154,243**
Extra-EU	**247,418**	**94,840**	**301,288**	**109,385**	**326,112**	**118,397**
Developing countries	**215,198**	**87,833**	**264,147**	**103,000**	**283,943**	**110,003**
Leading suppliers:						
China	168,503	68,236	209,913	81,226	216,729	79,343
France	62,425	19,985	54,877	19,848	44,561	15,883
Germany	33,305	7,017	34,878	9,358	30,056	6,903
Austria	30,568	2,594	32,046	2,551	32,195	3,153
Spain	17,787	4,748	16,846	4,094	14,494	3,848
Turkey	3,398	2,763	5,968	4,556	12,441	10,770
Developing countries:						
Turkey	3,398	2,763	5,968	4,556	12,441	10,770
India	6,844	1,728	7,270	1,569	10,019	1,822
Indonesia	5,834	3,194	6,261	3,213	8,694	3,970
Thailand	7,895	1,985	8,130	2,127	7,663	2,714
Pilippines	5,869	1,378	6,589	1,323	7,115	1,329
Vietnam	3,661	3,132	4,334	3,210	4,982	3,476
Slovenia	1,921	443	2,388	382	2,246	398

Import of gifts and decorative articles into The Netherlands, by country of origin, 1999-2001, € thousand / tonnes

	1999		2000		2001	
	value €	volume	value €	volume	value €	volume
total	**394,023**	**232,323**	**450,537**	**227,612**	**420,334**	**229,156**
Extra-EU	**292,267**	**184,893**	**351,650**	**192,730**	**331,879**	**190,630**
Developing countries	**212,343**	**152,168**	**284,909**	**162,072**	**264,534**	**153,464**
Leading suppliers:						
China	137,322	87,219	200,343	93,268	183,739	81,171
Vietnam	16,109	23,593	21,690	31,148	23,275	34,657
Belgium	27,684	10,372	26,165	10,662	22,147	10,880
Germany	27,889	11,691	21,649	8,697	21,375	8,023
Poland	11,375	7,218	13,956	8,617	20,945	14,086
India	14,391	4,063	13,500	3,327	14,806	3,758
Developing countries:						
Indonesia	9,100	6,317	11,445	6,476	10,506	6,541
Thailand	9,383	3,931	9,264	3,259	7,214	3,701
Malaysia	6,608	12,554	5,971	10,236	5,492	10,787
Turkey	4,411	3,665	4,630	3,904	4,517	3,731
Myanmar	1,999	591	2,343	556	2,035	449
Mexico	1,820	1,575	3,997	1,726	2,002	1,278

Import of gifts and decorative articles into Spain, by country of origin, 1999-2001, € thousand / tonnes

	1999		2000		2001	
	value €	volume	value €	volume	value €	volume
total	**239,412**	**83,532**	**301,762**	**98,242**	**276,490**	**93,913**
Extra-EU	**153,712**	**58,665**	**189,724**	**67,040**	**188,983**	**64,097**
Developing countries	**138,557**	**55,156**	**173,709**	**63,500**	**173,837**	**61,010**
Leading suppliers:						
China	98,502	37,431	128,363	46,811	128,642	42,991
France	26,310	9,048	32,941	12,233	32,002	11,710
Italy	18,561	6,563	21,801	6,149	17,001	4,680
India	8,283	1,836	10,896	2,217	12,459	2,510
Portugal	8,762	3,555	10,674	4,575	8,897	5,720
Thailand	8,194	1,813	9,384	1,779	8,371	1,916
Developing countries:						
Indonesia	5,166	4,372	5,355	2,870	5,357	3,646
Vietnam	2,935	2,079	3,697	2,346	4,589	3,529
Philippines	4,433	975	4,514	879	3,641	741
Turkey	3,452	2,918	3,532	2,930	3,136	2,112
Morocco	1,361	678	1,922	984	1,782	1,078
Mexico	2,127	878	1,493	640	1,102	496
Brasil	794	848	801	693	894	630

Imports of glassware into the EU by member country, 1998-2001, € thousand / tonnes

	1999		2000		2001	
	value €	volume	value €	volume	value €	volume
Total EU import:	**985,813**	**473,170**	**1,081,441**	**395,127**	**1,078,572**	**410,790**
EU-member countries:						
Germany	229,590	104,117	244,959	109,034	228,542	106,831
United Kingdom	115,673	141,641	142,187	41,531	149,010	47,322
Italy	119,198	35,253	123,489	37,873	127,588	42,302
Austria	120,529	9,957	125,255	10,592	125,095	11,670
France	109,102	53,969	120,059	54,420	124,913	59,386
The Netherlands	66,696	43,919	85,075	43,611	86,015	50,916
Spain	58,729	24,591	61,864	25,707	58,694	27,036
Belgium	42,865	17,614	50,000	23,318	46,061	18,816
Denmark	21,039	6,246	30,339	7,520	33,613	8,571
Portugal	32,229	13,194	33,545	12,912	32,484	13,577
Greece	35,007	11,239	28,937	16,467	29,747	10,892
Sweden	17,727	6,912	18,675	7,776	19,095	8,817
Ireland	9,048	1,635	8,434	1,592	8,120	1,737
Finland	6,142	2,552	6,190	2,435	5,946	2,145
Luxembourg	2,239	330	2,434	340	3,648	770

Imports of glassware, by country of origin, 1999-2001, € thousand / tonnes

	1999		2000		2001	
	value €	volume	value €	volume	value €	volume
Total EU import:	**985,813**	**473,170**	**1,081,441**	**395,127**	**1,078,572**	**410,790**
Extra-EU	**424,779**	**168,426**	**523,320**	**199,361**	**555,069**	**224,598**
Developing countries	**154,175**	**86,250**	**200,784**	**102,239**	**226,417**	**122,075**
Leading suppliers:						
France	172,643	73,283	163,767	71,720	145,077	62,694
China	81,521	42,451	108,578	51,309	122,819	57,819
Germany	86,062	58,573	83,239	24,354	80,132	20,688
Poland	48,851	27,076	62,024	32,749	77,607	36,193
Austria	61,903	1,780	70,306	2,743	60,379	4,387
Italy	57,803	30,573	60,482	28,824	57,978	32,074
Spain	46,168	29,877	39,454	23,749	40,639	26,734

Imports of ceramic articles into the EU by member country, 1999-2001, € thousand / tonnes

	1999		2000		2001	
	value €	volume	value €	volume	value €	volume
Total import EU	**979,762**	**700,302**	**1,172,553**	**833,184**	**1,044,229**	**735,090**
EU-member countries:						
Germany	246,341	179,148	278,114	198,755	251,059	179,882
United Kingdom	172,562	135,815	207,941	171,948	178,473	144,127
Italy	108,388	51,181	136,616	60,191	122,746	56,323
France	103,539	64,098	142,300	101,719	116,131	76,776
The Netherlands	92,663	94,719	116,271	101,094	93,050	96,282
Belgium	55,297	54,758	64,285	58,613	67,293	53,205
Spain	42,614	24,977	55,042	28,518	46,228	24,045
Denmark	35,208	30,088	43,454	41,122	42,408	37,666
Austria	35,666	16,782	36,410	18,514	41,140	20,988
Sweden	30,106	24,561	34,108	26,673	33,654	24,167
Portugal	22,653	9,450	22,745	9,098	17,766	5,297
Ireland	15,903	3,787	13,181	4,301	12,388	4,865
Finland	6,491	4,176	9,703	6,066	9,753	5,476
Greece	9,558	5,004	9,121	5,520	8,768	5,210
Luxembourg	2,772	1,758	3,264	1,052	3,371	784

Imports of ceramic articles, by country of origin, 1999-2001, € thousand / tonnes

	1999		2000		2001	
	value €	volume	value €	volume	value €	volume
Total import EU	**979,762**	**700,302**	**1,172,553**	**833,184**	**1,044,229**	**735,090**
Extra-EU	**552,975**	**445,095**	**721,875**	**548,004**	**661,572**	**514,218**
Developing countries	**469,529**	**418,349**	**616,358**	**519,026**	**570,138**	**488,852**
Leading suppliers:						
China	300,562	210,053	384,277	239,214	342,173	207,899
Vietnam	71,965	97,174	113,375	149,267	115,646	160,450
Germany	65,868	36,357	69,125	53,845	68,994	35,150
The Netherlands	68,553	21,725	73,793	24,319	63,606	20,384
Italy	83,630	100,043	92,322	109,735	59,936	80,015
Portugal	69,869	38,143	65,722	35,166	53,190	27,300

Imports of woodware into the EU by member country, 1999-2001, € thousand / tonnes

	1999		2000		2001	
	value €	volume	value €	volume	value €	volume
Total import EU	**581,529**	**168,352**	**663,963**	**193,039**	**649,231**	**195,057**
EU-member countries:						
Germany	137,274	37,911	153,417	42,178	134,302	37,594
France	90,444	26,437	105,363	30,361	110,161	32,821
United Kingdom	82,353	24,373	94,319	24,245	100,722	26,632
The Netherlands	54,397	18,167	59,169	20,279	60,792	24,223
Belgium	48,526	15,072	56,807	20,321	55,015	18,227
Italy	39,314	11,342	45,045	12,265	45,239	14,044
Spain	32,071	8,510	42,091	11,768	41,793	12,451
Sweden	30,457	11,400	34,472	13,925	31,862	12,721
Austria	24,480	5,813	25,531	7,354	23,630	4,982
Portugal	11,821	2,452	12,536	2,402	13,393	2,783
Denmark	12,121	2,781	14,376	3,676	13,226	3,560
Greece	6,933	1,795	7,775	1,589	7,038	2,529
Ireland	5,071	743	5,613	966	5,542	1,340
Finland	4,631	1,308	5,532	1,468	4,579	974
Luxembourg	1,637	248	1,916	241	1,936	177

Imports of ceramic articles, by country of origin, 1999-2001, € thousand / tonnes

	1999		2000		2001	
	value €	volume	value €	volume	value €	volume
Total import EU	**581,529**	**168,352**	**663,963**	**193,039**	**649,231**	**195,057**
Extra-EU	**400,995**	**127,757**	**465,959**	**144,155**	**464,788**	**144,776**
Developing countries	**293,147**	**88,995**	**337,417**	**94,563**	**339,357**	**99,236**
Leading suppliers:						
China	168,952	48,836	199,529	54,196	204,273	57,495
Italy	45,494	7,785	45,724	7,142	42,411	7,569
Poland	34,973	17,488	43,716	22,672	41,161	20,328
Indonesia	36,959	17,349	39,045	16,074	36,597	16,108
The Netherlands	27,798	7,785	27,609	7,142	33,039	7,569
Thailand	25,046	5,983	31,452	7,141	29,926	6,758
Belgium	23,429	6,504	32,595	10,275	30,554	9,436

Imports of candles into the EU by member country, 1999-2001, € thousand / tonnes

	1999		2000		2001	
	value €	**volume**	**value €**	**volume**	**value €**	**volume**
Total import EU	**448,381**	**300,396**	**495,193**	**224,434**	**484,865**	**211,671**
EU-member countries:						
Germany	139,419	71,137	161,953	69,486	155,564	60,372
United Kingdom	64,407	95,021	71,713	31,799	76,152	38,918
The Netherlands	59,263	42,831	47,208	23,261	42,204	17,730
France	33,980	14,818	40,941	16,584	39,592	15,601
Austria	21,524	9,052	23,971	7,972	27,360	8,566
Italy	22,931	10,471	33,655	14,688	33,539	14,937
Denmark	31,643	19,586	30,898	18,461	29,994	17,276
Belgium	27,017	13,889	27,282	13,530	22,481	9,251
Sweden	14,624	7,490	15,790	8,032	18,182	10,265
Spain	9,548	4,723	14,032	7,696	12,504	6,292
Finland	7,230	4,088	8,295	3,965	7,869	4,065
Greece	4,459	2,460	5,586	3,072	5,142	3,192
Ireland	4,984	1,482	4,484	1,728	5,793	2,186
Portugal	5,502	2,835	7,068	3,715	5,954	2,523
Luxembourg	1,849	515	2,316	445	2,534	497

Imports of candles, by country of origin, 1999-2001, € thousand / tonnes

	1999		2000		2001	
	value €	**volume**	**value €**	**volume**	**value €**	**volume**
Total import EU	**448,381**	**300,396**	**495,193**	**224,434**	**484,865**	**211,671**
Extra-EU	**227,456**	**149,454**	**244,380**	**139,543**	**216,049**	**126,614**
Developing countries	**141,773**	**89,834**	**162,537**	**84,745**	**128,052**	**60,714**
Leading suppliers:						
China	128,121	83,835	145,983	78,467	113,864	55,534
Germany	61,095	18,189	76,205	16,149	91,277	26,724
The Netherlands	58,347	90,330	56,359	26,253	58,358	14,498
Poland	22,681	14,783	25,797	16,755	34,976	23,680
United Kingdom	16,795	5,334	25,915	8,250	28,738	8,022
Portugal	18,960	13,078	23,624	16,363	24,719	13,742

Imports of metal articles into the EU by member country, 1999-2001, € thousand / tonnes

	1999		2000		2001	
	value €	**volume**	**value €**	**volume**	**value €**	**volume**
Total import EU	**406,645**	**81,635**	**475,015**	**97,849**	**465,657**	**93,493**
EU-member countries:						
Germany	75,515	14,176	90,515	17,344	90,415	19,188
United Kingdom	70,129	17,804	83,424	14,989	87,340	14,684
France	59,297	8,902	58,564	9,293	55,490	10,068
The Netherlands	40,739	12,468	48,955	15,670	50,314	17,931
Spain	32,815	8,184	49,459	9,558	44,303	9,666
Italy	22,036	3,861	27,970	5,556	26,313	4,972
Denmark	11,132	2,771	25,162	9,604	24,397	2,582
Belgium	17,502	4,110	22,202	5,852	22,335	6,370
Austria	35,782	3,249	21,086	1,765	20,868	1,818
Greece	12,840	1,851	15,682	3,187	14,152	2,193
Sweden	7,806	1,593	9,313	1,968	8,682	1,575
Portugal	10,333	1,267	10,116	1,428	8,246	910
Ireland	5,483	663	5,996	838	6,319	733
Finland	3,684	586	3,796	576	4,424	704
Luxembourg	1,553	149	2,773	221	2,059	99

Imports of metal articles, by country of origin, 1999-2001, € thousand / tonnes

	1999		2000		2001	
	value €	**volume**	**value €**	**volume**	**value €**	**volume**
Total import EU	**406,645**	**81,635**	**475,015**	**97,849**	**465,657**	**93,493**
Extra-EU	**247,709**	**56,014**	**301,763**	**67,349**	**312,781**	**74,964**
Developing countries	**175,068**	**45,251**	**234,163**	**55,581**	**248,442**	**62,083**
Leading suppliers:						
China	83,784	25,472	134,212	36,295	145,033	41,381
India	46,972	9,907	50,382	9,423	53,773	10,043
Italy	48,314	5,329	46,864	6,341	38,009	4,658
The Netherlands	32,235	3,760	27,783	3,567	25,047	3,006
Germany	23,900	3,335	26,525	3,807	24,800	3,158
Thailand	17,889	2,772	21,135	2,970	19,542	2,744
Sweden	2,527	705	14,804	7,211	16,431	1,154

Imports of artificial flowers and fruits into the EU by member country, 1999-2001, € thousand / tonnes

	1999		2000		2001	
	value €	volume	value €	volume	value €	volume
Total import EU	**452,960**	**63,526**	**499,581**	**62,580**	**463,245**	**59,787**
EU-member countries:						
Germany	121,514	16,028	131,477	14,863	112,137	13,404
France	64,008	8,531	72,857	9,183	67,286	8,007
Italy	54,766	7,549	66,704	7,654	67,130	8,197
United Kingdom	53,447	8,463	59,354	7,296	55,220	6,581
The Netherlands	40,040	5,823	42,528	5,683	40,438	5,011
Spain	39,803	6,391	39,697	6,405	38,693	6,224
Belgium	24,203	3,162	28,254	3,712	30,491	3,864
Austria	12,493	1,444	13,804	1,401	12,450	1,221
Sweden	10,167	1,602	11,319	1,546	10,525	1,569
Portugal	14,238	2,084	13,267	1,957	8,915	1,270
Greece	7,724	1,099	8,155	1,533	8,310	3,208
Denmark	4,296	539	4,971	538	5,145	493
Finland	3,418	487	3,884	446	3,314	396
Ireland	2,138	267	2,577	293	2,410	299
Luxembourg	704	58	734	71	784	44

Imports of artificial flowers and fruits, by country of origin, 1999-2001, € thousand / tonnes

	1999		2000		2001	
	value €	volume	value €	volume	value €	volume
Total import EU	**452,960**	**63,526**	**499,581**	**62,580**	**463,245**	**59,787**
Extra-EU	**381,777**	**55,493**	**423,674**	**54,003**	**391,973**	**50,473**
Developing countries	**330,391**	**47,954**	**374,636**	**47,926**	**345,671**	**44,798**
Leading suppliers:						
China	309,838	44,867	355,010	45,399	329,027	42,690
Hong Kong	44,847	6,423	43,768	5,235	40,066	4,795
The Netherlands	29,124	3,606	29,557	3,317	27,338	2,881
Belgium	12,165	1,370	14,087	1,545	15,092	1,527
Germany	16,382	1,499	16,515	2,006	14,774	3,442
Thailand	13,503	1,554	12,929	1,148	8,900	826

Import of basketwork into the EU, 1998-2001, € thousand / tonnes

	1999		2000		2001	
	value €	volume	value €	volume	value €	volume
Total import EU	**272,886**	**98,407**	**343,824**	**112,716**	**359,463**	**114,903**
EU-member countries:						
Germany	65,684	25,859	75,362	26,321	76,307	26,769
France	45,377	13,861	58,037	16,594	62,676	16,601
United Kingdom	29,067	9,662	41,264	13,026	49,700	16,504
The Netherlands	29,569	13,291	41,729	16,690	39,892	16,154
Italy	32,676	12,368	38,455	13,119	39,104	11,867
Belgium	24,278	8,620	29,716	9,366	27,415	8,171
Spain	15,676	5,257	22,873	6,944	24,341	7,128
Denmark	5,997	2,037	7,319	2,266	9,662	3,300
Sweden	7,082	2,595	8,453	2,865	8,532	2,726
Austria	6,348	1,627	6,906	1,590	8,162	1,880
Greece	3,421	1,157	4,732	1,814	5,161	1,703
Portugal	2,826	792	3,439	805	3,156	819
Finland	2,928	778	3,201	788	2,879	730
Ireland	1,656	453	1,979	476	2,102	506
Luxembourg	300	51	359	52	373	47

Imports of basketwork, by country of origin, 1999-2001, € thousand / tonnes

	1999		2000		2001	
	value €	volume	value €	volume	value €	volume
Total import EU	**272,886**	**98,407**	**343,824**	**112,716**	**359,463**	**114,903**
Extra-EU	**234,334**	**87,989**	**297,787**	**100,867**	**313,434**	**104,838**
Developing countries	**206,221**	**71,641**	**268,777**	**84,328**	**283,175**	**87,403**
Leading suppliers:						
China	140,571	52,400	181,714	62,503	187,616	64,170
Indonesia	19,471	5,183	27,178	6,685	31,986	7,312
Vietnam	11,857	4,973	19,238	5,981	25,197	7,228
Poland	18,698	11,429	19,730	12,052	21,356	12,878
Belgium	11,698	3,458	13,948	3,638	16,299	3,581
Philippines	15,868	3,959	17,286	3,470	14,628	3,024

Imports of articles of bone, horn, etc, into the EU by member country, 1999-2001, € thousand / tonnes

	1999		2000		2001	
	value €	volume	value €	volume	value €	volume
Total import EU	**120,062**	**10,321**	**132,418**	**10,017**	**127,110**	**10,061**
EU-member countries:						
Germany	19,949	845	19,297	787	23,457	759
Italy	20,923	2,316	19,105	1,408	22,290	1,600
France	18,696	1,317	16,023	1,405	20,490	1,335
United Kingdom	15,316	1,438	16,645	1,241	12,424	817
Belgium	6,174	621	8,304	419	10,314	408
Spain	8,158	899	16,704	1,646	9,933	1,071
The Netherlands	10,655	1,104	9,601	1,323	7,629	910
Ireland	3,967	102	8,401	131	5,026	127
Sweden	3,177	132	6,629	185	4,740	130
Austria	2,909	164	2,818	110	3,137	125
Denmark	5,152	220	3,673	348	2,685	1,938
Portugal	2,806	618	3,139	501	2,315	246
Greece	1,494	489	1,590	471	2,219	570
Finland	486	47	409	27	407	18
Luxembourg	201	9	79	16	46	8

Imports of articles of bone, horn, etc, by country of origin, 1999-2001, € thousand / tonnes

	1999		2000		2001	
	value €	volume	value €	volume	value €	volume
Total import EU	**120,062**	**10,321**	**132,418**	**10,017**	**127,110**	**10,061**
Extra-EU	**34,231**	**4,576**	**43,123**	**4,084**	**46,692**	**4,244**
Developing countries	**17,049**	**4,040**	**19,423**	**3,568**	**20,532**	**3,542**
Leading suppliers:						
Belgium	41,890	2,255	45,231	2,584	45,657	3,788
Spain	14,584	778	17,773	868	14,768	505
United States	7,404	263	12,843	292	12,468	415
France	15,976	878	7,172	704	8,495	449
China	5,967	1,847	6,100	1,470	5,385	1,349
Germany	5,139	886	11,226	687	4,072	605
Phillipes	3,562	1,175	3,684	1,027	3,662	996

APPENDIX 3 DETAILED EXPORT STATISTICS

Export of gifts and decorative articles by EU-member countries, by country of origin, 1999-2001, € thousand / tonnes

	1999		2000		2001	
	value €	**volume**	**value €**	**volume**	**value €**	**volume**
Total export EU	**3,698,928**	**1,331,422**	**4,145,252**	**1,486,754**	**4,052,779**	**1,179,682**
EU-member countries:						
France	663,494	219,797	750,084	249,466	753,613	239,291
Italy	660,957	270,110	725,709	287,465	718,887	280,238
Germany	552,094	182,146	582,179	183,221	572,360	182,252
Belgium	289,650	75,389	338,077	93,375	344,372	95,567
The Netherlands	290,811	82,024	354,405	155,240	329,413	72,494
Spain	259,858	80,817	319,046	89,518	303,069	89,616
Austria	205,010	13,789	227,987	15,604	228,492	16,586
United Kingdom	212,723	240,033	224,826	97,868	215,099	34,846
Portugal	207,265	93,564	211,468	95,076	208,716	98,012
Danmark	123,570	32,975	165,488	177,104	154,136	29,604
Finland	13,427	5,023	15,305	4,836	14,519	4,595
Greece	11,648	5,470	12,282	4,430	13,413	3,987
Sweden	93,205	26,910	109,356	29,881	102,132	29,237
Ireland	113,845	3,087	107,449	3,399	91,780	2,875
Luxembourg	1,371	290	1,593	273	2,778	482

Export of by EU member country, by product group, 1999-2001, € thousand / tonnes

	1999		2000		2001	
	value €	**volume**	**value €**	**volume**	**value €**	**volume**
Total:	**3,698,928**	**1,331,422**	**4,145,252**	**1,486,754**	**4,052,779**	**1,179,682**
Glassware	1,411,369	581,243	1,573,120	509,394	1,563,827	449,235
Ceramic articles	923,616	437,954	1,041,770	607,920	1,015,212	442,921
Woodware	356,744	63,074	416,108	81,947	396,032	80,569
Candles	347,676	174,946	381,660	193,708	361,419	135,670
Metal articles	338,420	41,791	362,702	56,313	352,910	37,749
Art. of bone, horn, etc	157,317	6,250	172,814	6,078	170,391	5,927
Artificial flowers & fruits	104,517	10,904	123,992	12,928	119,583	11,977
Basketwork	59,269	15,260	73,087	18,465	73,405	15,634

Export of Germany, by product group, 1999-2001, € thousand / tonnes

	1999		2000		2001	
	value €	volume	value €	volume	value €	volume
Total:	**552,094**	**182,146**	**582,179**	**183,221**	**572,360**	**182,252**
Glassware	190,315	47,723	211,911	53,244	218,514	54,720
Ceramic articles	144,415	77,969	149,737	75,275	140,569	72,804
Candles	87,445	42,332	83,042	40,010	81,003	40,055
Metal articles	45,472	4,970	47,241	4,175	47,673	4,002
Woodware	42,674	5,311	39,879	5,991	40,096	6,898
Artificial flowers & fruits	17,114	1,213	25,486	1,886	20,599	1,428
Art. of bone, horn, etc	15,470	1,072	14,021	773	12,569	651
Basketwork	9,188	1,557	10,862	1,867	11,337	1,694

Export of the United Kingdom, by product group, 1999-2001, € thousand / tonnes

	1999		2000		2001	
	value €	volume	value €	volume	value €	volume
Total:	**212,723**	**240,033**	**224,826**	**97,868**	**215,099**	**34,846**
Glassware	38,928	192,520	36,485	21,720	38,542	9,451
Ceramic articles	73,737	7,749	80,698	7,368	75,653	6,339
Candles	34,651	31,029	41,643	61,122	41,698	11,867
Metal articles	34,035	3,595	35,158	3,114	27,945	2,472
Woodware	19,562	3,158	19,549	2,941	16,483	3,140
Artificial flowers & fruits	3,973	344	4,840	431	6,863	476
Art. of bone, horn, etc	5,131	413	3,562	322	5,313	658
Basketwork	2,705	1,225	2,891	852	2,603	444

Export of France, by product group, 1999-2001, € thousand / tonnes

	1999		2000		2001	
	value €	volume	value €	volume	value €	volume
Total:	**663,494**	**219,797**	**750,084**	**249,466**	**753,613**	**239,291**
Glassware	467,851	178,989	543,767	208,415	542,608	200,868
Ceramic articles	68,124	22,441	71,649	21,334	72,390	20,343
Woodware	40,809	7,798	45,201	8,498	39,139	7,232
Metal articles	24,455	3,295	28,760	3,266	32,505	3,361
Art. of bone, horn, etc	28,766	1,009	22,214	660	24,886	838
Candles	22,530	4,495	23,966	4,433	23,095	3,998
Artificial flowers & fruits	6,965	819	9,027	1,278	10,431	1,174
Basketwork	3,994	951	5,500	1,582	8,560	1,477

Export of Italy, by product group, 1999-2001, € thousand / tonnes

	1999		2000		2001	
	value €	volume	value €	volume	value €	volume
Total:	**660,957**	**270,110**	**725,709**	**287,465**	**718,887**	**280,238**
Glassware	192,158	60,192	215,124	67,997	228,233	73,840
Ceramic articles	190,674	169,939	205,361	176,744	195,272	165,234
Woodware	120,912	15,309	145,877	18,773	145,475	18,861
Metal articles	107,075	10,252	106,332	9,400	100,843	8,614
Candles	27,442	12,965	27,844	12,469	26,381	11,951
Art. of bone, horn, etc	12,270	330	13,115	481	11,347	472
Artificial flowers & fruits	7,330	670	9,033	952	8,632	792
Basketwork	3,095	454	3,023	649	2,704	473

Export of The Netherlands, by product group, 1999-2001, € thousand / tonnes

	1999		2000		2001	
	value €	volume	value €	volume	value €	volume
Total:	**290,811**	**82,024**	**354,405**	**155,240**	**329,413**	**72,494**
Candles	69,229	34,485	99,149	25,897	87,825	14,707
Ceramic articles	61,439	19,522	76,296	94,140	74,932	21,464
Glassware	41,892	8,158	54,953	11,582	56,024	13,570
Metal articles	40,401	5,843	37,694	5,684	34,055	5,787
Artificial flowers & fruits	31,802	3,633	34,564	3,593	29,461	3,048
Woodware	27,679	5,482	30,059	7,879	29,230	9,579
Basketwork	14,207	4,192	18,396	6,040	15,608	4,099
Art. of bone, horn, etc	4,163	711	3,295	424	2,276	242

Export of Spain, by product group, 1999-2001, € thousand / tonnes

	1999		2000		2001	
	value €	volume	value €	volume	value €	volume
Total:	**259,858**	**80,817**	**319,046**	**89,518**	**303,069**	**89,616**
Ceramic articles	124,999	25,057	153,988	32,276	151,375	33,886
Glassware	74,930	49,274	82,114	48,740	77,056	46,414
Metal articles	26,069	2,429	33,691	3,208	33,969	3,625
Art. of bone, horn, etc	12,470	365	22,513	812	16,269	526
Woodware	13,003	2,148	16,881	2,817	15,075	2,882
Artificial flowers & fruits	3,325	486	4,445	584	4,021	620
Basketwork	3,938	716	3,945	664	3,300	585
Candles	1,124	341	1,469	419	2,005	1,078

APPENDIX 4.1 USEFUL ADDRESSES

4.1 STANDARDS ORGANISATIONS

INTERNATIONAL

International Standardisation Institute (ISO)
E-mail: central@iso.org
Internet: www.iso.org

EUROPEAN UNION

Comité Européen de Normalisation (CEN)
European Normalisation Committee
E-mail: infodesk@cenorm.be
Internet: www.cenorm.be

SGS Société Générale de Surveillance (SA)
E-mail: enquiries@sgs.com
Internet: www.sgs.com

GERMANY

Deutsches Institut für Normung (DIN)
E-mail: directorate.international@din.de
Internet: www.din.de

RAL Deutsches Institut für Gütesicherung & Kennzeichnung
E-mail: RAL-Institut@t-online.de
Internet: www.ral.de

UNITED KINGDOM

British Standards Institution (BSI)
E-mail: standards.international@ bsi-global.com
Internet: www.bsi-global.com

FRANCE

Association Française de Normalisation (AFNOR)
E-mail: uari@afnor.fr
Internet: www.afnor.fr

ITALY

Ente Nazionale Italiano di Unificazione (UNI)
E-mail: uni@uni.com
Internet: www.uni.com

THE NETHERLANDS

Nederlands Normalisatie Instituut (NNI)
E-mail: info@nen.nl
Internet: www.nen.nl

SPAIN

Asocianión Española de Normalización y certification (AENOR)
E-mail: aenor@aenor.es
Internet: www.aenor.es

4.2 TRADE ASSOCIATIONS

EUROPEAN UNION

Association of European Candle Manufacturers
E-mail: bougies@fncq.fr
Internet: www.europecandles.com

EFSA – European Floral Suppliers Association
E-mail: info@efsa.com
Internet: www.efsa.com

GERMANY

Verband Deutscher Kerzenhersteler E.V.
(national association of candle makers)
E-mail: info@grimm-pr.de
Internet: www.kerzenverband.de

BKG Bundesverband Kunstgewerbe, Geschenkartikel und Wohndesign e.V.
E-mail: info@bkg.org
Internet: www.bkg.org

Verband der Keramischen Industrie E.V.
(association of German Manufacturers in the Ceramic Industry)
E-mail: info@keramverband.de
Internet: www.keramverband.de

UNITED KINGDOM

British candle makers federation tallow chandlers hall
Telephone: +44 (0)2072484726
Fax: +44 (0)2072360844

Giftware Association
E-mail: enquiries@ga-uk.org
Internet: www.ga-uk.org

FRANCE

Confédération des industries Céramiques de France
(Confederation of Ceramic Industries of France)
E-mail : ceramique@wanadoo.fr

Syndicat général des fabricants de bougies et ciriers de France
(national association of candle makers)
Telephone : +33 (0)146372301
Fax : +33 (0)146371560

Union Francaise de la Bijouterie, Joaillerie, Orfèvrerie, des, Pierres et Perles
(French Federation of Jewellery, Silverwares, Diamonds, Gems and Pearls)
E-mail: info@bjop-france.com
Internet: www.bjo-france.com

Syndicat des Producteurs de Cadeaux d'Affaires et d'Objets Publicitaires (SYPROCAFS)
(Business Gifts Professional Union)
E-mail: info@syprocaf.fr
Internet: www.syprocaf.fr

Federation Nationale d'Exploitants Forestiers, Scieurs du Bois
(National Wood Federation)
E-mail: infos@fnbois.com
Internet: www.fnbois.com

ITALY

Associazione ceria d' Italia
(national association of candle makers)
E-mail: aci@assocandele.it
Internet: www.assocandele.it

Associazione Nazionale Commercianti Vetro e Ceramica
(National Association of Glass and Ceramic Dealers)
E-mail: segreteria@assoceramvetro.it
Internet: www.assoceramvetro.it

Confederazione Nazionale dell'Artigianato e delle Piccolae Media Impresa
(National Confederation for the Craft Sector and Small and Medium Enterprises)
E-mail: cna@cna.it
Internet: www.cna.it

THE NETHERLANDS

Nederlandse vereniging van kaarsenfabrikanten
(national association of candle makers)
Telephone: 31 73 5494547
Fax: 31 73 5494547

Vereniging GEBRA
(Mixed Branch Association)
E-mail: info@gebra.nl
Internet: www.gebra.nl

Stichting Max Havelaar
(Max Havelaar Foundation, fair trade organisation)
E-mail: maxhavelaar@maxhavelaar.nl
Internet: www.maxhavelaar.nl

Fair Trade Organisation
E-mail: info@fairtrade.nl
Internet: www.fairtrade.nl

SPAIN

Honorable college de cerers de catalunya
(national association of candle makers)
Telephone: +34 (0)9 33152606
Fax: +34 (0)9 33103733

4.3 TRADE FAIR ORGANISERS

GERMANY

Ambiente (February)
Location: Frankfurt am Main, Germany
Organisation: Messe Frankfurt GmbH
E-mail: ambiente@messefrankfurt.com, www.ambiente.messefrankurt.com
Internet: www.ambiente-frankfurt.de
Sector: Table art, kitchen and houseware, gourmet shop, table decoration and accessories, interior design, giftware, jewellery, paper ware, perfume, accessories.

Tendency (August)
Location: Frankfurt am Main, Germany
Organisation: Messe Frankfurt GmbH
E-mail: tendence@messefrankfurt.com
Internet: www.tendence-lifestyle.messefrankfurt.de
Sector: Table art, kitchen and houseware, gourmet shop, table decoration and accessories, interior design, giftware, jewellery, paper ware, perfume, accessories.

UNITED KINGDOM

Harrogate Home & Gift (July)
Location: Harrogate, United Kingdom
Organisation: Clarion Event
E-mail: homeandgift@eco.co.uk
Internet: www.homeandgift.co.uk
Sector: giftware, jewellery, greeting cards, gift stationery, pictures and prints, home accessories, china, ceramics, glass and gardenware

Spring Fair Birmingham (February)
Location: Birmingham, United Kingdom
Organisation: Trade Promotion Services Ltd
E-mail: info@emap.com
Internet: www.springfair.com

Sector: General giftware, jewellery, watches, china and glass, fashion accessories, leather, frames and fine art.

FRANCE

Maison & Objet (September and January)
Location: Paris Nord-Villepinte, France
Organisation: SAFI
E-mail: info@maison-objet.com
Internet: www.maison-objet.com
Sector International home decoration, and textiles, fragrances, arts and crafts, games, and stationery.

ITALY

Florence Gift Market (April/ Mai)
Location: Florence, Italy
Organisation: Florence Mart S.R.L.
E-mail: florencemart@florencemart.it
Internet: www.florencemart.it
Sector: International handicraft fair: home furnishing, textile and metal articles, costume jewellery, ceramics, leather and fur articles.

MACEF (September and January/February)
Location: Milan, Italy
Organisation: FMI - Fiera Milano International S.p.a.
E-mail: macef@fmi.it
Internet: www.macefautunno.biz
Sector: Tableware, kitchenware, glass, artificial flowers and plants, wickerwork, candles, gifts, home decoration, cermamics, porcelain, pictures, frames and home textiles

THE NETHERLANDS

Huishoudbeurs (March)
Organisation: RAI
Location: Amsterdam, The Netherlands
E-mail: huishoudbeursinfo@rai.nl
Internet: www.huishoudbeurs.rai.nl
Sector: Home decoration, mode and accessories, table- and kitchenware

SPAIN

Expohogar Regalo oño (September)
Location: Barcelona, Spain
Organisation: Fira Barcelona
E-mail: www.servifira@firabcn.es
Internet: www.expohogar.com
Sector: International trade fair for gifts, house and home: gifts, arts, crafts, crystal, glass, china, pottery, tableware, furnishings, lighting and household appliances.

Feria Internacional de Juguetes (FEJU) (February)
Location : Valencia, Spain
E-mail: feju@feriavalencia.com
Internet: www.feriavalencia.com/feju/
Sector: toys, baby carriages, joke and party articles, Christmas decoration, hobbies

4.4 TRADE PRESS

GERMANY

Schöner Wohnen
Telephone: +49 (0)40 3703 4041
Internet: www.livingathome.de
Content: Living and interior decoration
Publication: Monthly

Stil & Markt
E-mail: stilundmarkt@meisenbach.de
Internet: www.meisenbach.de
Content: gifts, table- and houseware, lifestyle
Publication: Monthly

Das Haus
interior decoration
E-mail: service1@dashaus.burda.com
Internet: www.haus.de
Content: interior decoration, garden
Publication: Monthly

Wohnidee - Wohnen und Leben
E-mail: info@wohnidee.de
Internet: www.wohnidee.de
Content: interior decoration, gifts
Publication: Monthly

Elle Decoration
E-mail: service@burdadirect.de
Internet: www.elle.de
Content: Fashion, cultur
Publication: Monthly

UNITED KINGDOM

Tableware International
Internet: www. www.dmgworldmedia.com
Content: houseware, tableware, gifts
Publication: Monthly

English Homes
E-mail: info@international-homes.com
Internet: www.international-homes.com
Content: Home and lifestyle
Publication: Monthly

The English home
Telephone: +20 (0)7751 4800
Internet: www.theenglishhome.co.uk
Content: Interior design and decoration, furnishing
Publication: Monthly

FRANCE

Art & Decoration
Internet: www.art-decoration.fr
Content: decoration, hobby and art
Publication: Monthly

Cuisines & Bains
E-mail: contact@homeconfort.com
Internet: www.cuisinebain.com
Content: Kitchen and bathing
Publication: Monthly

Elle Decoration France
E-mail: ellemagazine@hfp.fr
Internet: www.elle.fr
Content: Fashion, beauty, interior decoration, home
Publication: Monthly

ITALY

Elle decor
E-mail: www.elle.it
Internet: vendite.milano@rusconi.it
Content: Fashion, beauty, interior decoration, home
Publication: 10 issues yearly

Spazio Casa
E-mail: www.spazio-casa.it
Internet: info@spazio-casa.it
Content: style, interior decoration, home
Publication: quarterly

THE NETHERLANDS

Eigen huis & interieur
E-mail: redactie@vtwonen.nl
Internet: www.vtwonen.nl
Content: Living, home decoration
Publication: Monthly

Ariadne at home
Telephone: ariande@sanoma-uitgevers.nl
Internet: www.ariandeathome.com
Content: Living, home decoration
Publication: Monthly

Home and garden
E-mail: homeandgarden@sanorma-uitgevers.nl
Internet: www.homeandgarden.nl
Content: Garden and home decoration
Publication: Monthly

SPAIN

Casa diez
E-mail: casadieze@hachette.es
Internet: www.casadiez.navegalia.es
Content: Home decoration
Publication: Monthly

4.5 OTHER USEFUL ADDRESSES

INTERNATIONAL

Euromonitor International
E-mail: info@euromonitor
Internet: www.euromonitor.com

International Chamber of Commerce
E-mail: webmaster@iccwbo.org
Internet: www.iccwbo.org

International Trade Centre UNCTAD/ WTO
E-mail: tirc@intracen.org
Internet: www.intracen.org

International Labour Organization
E-mail: ilo@ilo.org
Internet: www.ilo.org

Mintel International Group Ltd,
E-mail: info@mintel.com
Internet: www.mintel.com

Marketing Directions, Inc.
E-mail: info@trendcurve.com
Internet: www.trendcurve.com

EUROPE

Commission of the European Communities
E-mail: ecolabel@cec.eu.int
Internet: www.europa.eu.int/ecolabel

Trend Trendhub Ltd,
E-mail: consultancy@trendhub.com
Internet: www.trendhub.com

GERMANY

Deutsche Gesellschaft für Technische Zusammenarbeit (GTZ) GmbH
E-mail: Internet-Team@gtz.de
Internet: www.gtz.de

THE NETHERLANDS

CBI/AccessGuide
(CBI's database on European non-tariff trade barriers)
E-mail: accessguide@cbi.nl
Internet: www.cbi.nl/accessguide

SKAL
(internationally operating inspecting and certifying organisation)
E-mail: info@skal.nl
Internet: www.skal.com

Netherlands Ecolabel enquiry point
E-mail: milieukeur@milieukeur.nl
Internet: www.milieukeur.nl

Verwey Chemical Laboratory
(Testing of products)
Fax: + 31 (0)10 4761642
E-mail: info@drverwey.nl
Internet: www.drverwey.nl

www.dmgworldmedia.com
Dmg world media is the name behind over 260 of the biggest public shows and trade exhibitions worldwide and a diverse mix of conferences, publications and on-line services. Dmg world media offers market reports and other publications serving regional and international market sectors around the world.

www.tradeport.org
This site is designed to be an easy-to-use tool offering one place to go for comprehensive trade information, trade leads, and company databases worldwide. The site contains comprehensive trade directories offering company search, market reports on many countries / sectors and much ore information.

www.marketfile.com
On this site you will find details on Market Tracking International's (MTI) range of market research and consultancy services. Market Tracking International can supply market data as printed reports, CD-ROMs, e-mail attachments, and offers several comprehensive on-line database services, under the MarketFile brand.

www.housewares.org
This is the official site of the National Housewares Manufacturers Association. This site is more intended for American manufacturers, although there are also addresses mentioned for European Associations for Housewares and European traders.

APPENDIX 5 LIST OF DEVELOPING COUNTRIES

The list of developing countries as applied in this market survey, is the OECD DAC list of countries receiving Official Development Assistance (Part I), The list used is the one as at 1/1/2003.

Africa
Algeria
Angola
Benin
Botswana
Burkina Faso
Burundi
Cameroon
Cape Verde
Central African rep,
Chad
Comoros
Congo, Dem, Rep
Congo, Rep,
Côte d'Ivoire
Djibouti
Egypt
Equatorial Guinea
Eritrea
Ethiopia
Gabon
Gambia
Ghana
Guinea
Guinea-Bissau
Kenya
Lesotho
Liberia
Madagascar
Malawi
Mali
Mauritania
Mauritius
Mayotte
Morocco
Mozambique
Namibia
Niger
Nigeria
Rwanda
São Tomé & Principe
Senegal
Seychelles
Sierra Leone
Somalia
South Africa
St, Helena
Sudan
Swaziland
Tanzania
Togo
Tunisia
Uganda
Zambia
Zimbabwe

Asia
Afghanistan
Bahrain
Bangladesh
Bhutan
Cambodia
China
India
Indonesia
Iran
Iraq
Jordan
Kazakstan
Korea, Rep. of
Kyrghyz Rep.
Laos
Lebanon
Malaysia
Maldives
Mongolia
Myanmar
Nepal
Oman
Pakistan
Palestinian Admin, Areas
Papua New Guinea
Philippines
Saudi Arabia
Sri Lanka
Syria
Tajikistan
Thailand
Turkey
Turkmenistan
Uzbekistan
Vietnam
Yemen

Europe
Albania
Armenia
Azerbaijan
Bosnia & Herzegovina
Croatia
Georgia
Macedonia
Malta
Moldova
Slovenia
Yugoslavia, Fed, Rep,

Latin America
Anguilla
Antigua and Barbuda
Argentina
Barbados
Belize
Bolivia
Brazil
Chile
Colombia
Costa Rica
Cuba
Dominica
Dominican republic
Ecuador
El Salvador
Grenada
Guatemala
Guyana
Haiti
Honduras
Jamaica
Mexico
Montserrat
Nicaragua
Panama
Paraguay
Peru
St, Kitts-Nevis
St, Lucia
St, Vincent and Grenadines
Surinam
Trinidad & Tobago
Turks & Caicos Islands
Uruguay
Venezuela

Oceania
Cook Islands
Fiji
Kiribati
Marshall Islands
Micronesia, Fed, States
Nauru
Niue
Palau Islands
Solomon Islands
Tokelau
Tonga
Tuvalu
Vanuatu
Wallis & Futuna
Western Samoa

APPENDIX 6 LIST OF ACP COUNTRIES

The list used is the one as at 1/1/2000

Angola
Mauritania
Antigua And Barbuda
Mauritius
Bahamas
Micronesia (Federated States Of)
Barbados
Mozambique
Belize
Namibia
Benin
Nauru
Botswana
Niger
Burkina Faso
Nigeria
Burundi
Niue
Cape Verde
Palau
Cameroon
Papua New Guinea
Comoros
Republic Dominican
Congo
Central Africa. Rep.
Congo Democratic Republic
Rwanda
Cook Islands
Sao Tome E Principe
Côte D'ivoire
Senegal
Djibouti
Seychelles
Dominica
Sierra Leone
Eritrea
Solomon Islands
Ethiopia
Somalia
Fiji
South Africa
Gabon
St Kitts And Nevis
Gambia, The
St Lucia
Ghana
St Vincent And The Grenadines
Grenada
Sudan
Guinea
Suriname
Guinea Equatorial
Swaziland
Guinea-Bissau
Tanzania
Guyana
Chad
Haiti
Togo
Jamaica
Tonga
Kenya
Trinidad And Tobago
Kiribati
Tuvalu
Lesotho
Uganda
Liberia
Vanuatu
Madagascar
Western Samoa
Malawi
Zambia
Mali
Zimbabwe
Marshall Islands

APPENDIX 7 LIST OF GSP COUNTRIES

The following countries, territories and associations of countries eligible for treatment as one country are designated beneficiary developing countries for the purposes of the Generalized System of Preferences.

Independent countries
Albania
Angola
Antigua and Barbuda
Argentina
Armenia
Bahrain
Bangladesh
Barbados
Belize
Benin
Bhutan
Bolivia
Bosnia and Hercegovina
Botswana
Brazil
Bulgaria
Burkina Faso
Burundi
Cambodia
Cameroon
Cape Verde
Central African Republic
Chad
Chile
Colombia
Comoros
Congo (Brazzaville)
Congo (Kinshasa)
Costa Rica
Côte d'Ivoire
Croatia
Czech Republic
Djibouti
Dominica
Dominican Republic
Ecuador
Egypt
El Salvador
Equatorial Guinea
Eritrea
Estonia
Ethiopia
Fiji
Gabon
Gambia
Georgia
Ghana
Grenada
Guatemala
Guinea
Guinea-Bissau
Guyana
Haiti
Honduras
Hungary
India
Indonesia
Jamaica
Jordan
Kazakhstan
Kenya
Kiribati
Kyrgyzstan
Latvia
Lebanon
Lesotho
Lithuania
Macedonia, Former Yugoslav Republic
Madagascar
Malawi
Mali
Mauritania
Mauritius
Moldova
Mongolia
Morocco
Mozambique
Namibia
Nepal
Niger
Nigeria
Oman
Pakistan
Panama
Papua New Guinea
Paraguay
Peru
Philippines
Poland
Romania
Russia
Rwanda
St. Kitts and Nevis
Saint Lucia
Saint Vincent and the Grenadines
Samoa
Sao Tomé and Principe
Senegal
Seychelles
Sierra Leone
Slovakia
Solomon Islands
Somalia
South Africa
Sri Lanka
Suriname
Swaziland
Tanzania
Thailand
Togo
Tonga
Trinidad and Tobago
Tunisia
Turkey
Tuvalu
Uganda
Uruguay
Uzbekistan
Vanuatu
Venezuela
Republic of Yemen
Zambia
Zimbabwe

Non-Independent Countries and Territories
Anguilla
British Indian Ocean Territory
Christmas Island (Australia)
Cocos (Keeling) Islands
Cook Islands
Falkland Islands (Islas Malvinas)
Gibraltar
Heard Island and McDonald Islands
Montserrat
Niue
Norfolk Island
Pitcairn Islands
Saint Helena
Tokelau
Turks and Caicos Islands
Virgin Islands, British
Wallis and Futuna
West Bank and Gaza Strip
Western Sahara

APPENDIX 8 LIST OF PROCESSES WHICH CAUSE HARM TO HEALTH AND SAFETY

To give an idea of the health and safety risks, regarding the processing or handling material like:

Wood:
- Noise, for example when sawing timber, that can be reduced by wearing ear-protection (safety headphones) and cushioning of equipment are required when using motorised saws.
- Dust, adequate suction underneath the saws and ventilation of the workplace is essential. Wetting the work floor can prevent whirling dust. Accumulated dust can be removed through hoovering (not sweeping!). Mouth filters and goggles are necessary to protect workers from wood dust.
- Light (especially when working with motorised cutting equipment), sufficient lighting and protection from glare is required.
- Safety of machinery and equipment, sawing and cutting requires special attention to hand safety.
- Direct contact with dangerous substances (such as exhaust gases, timber dust and toxic chemicals), measures to protect the respiratory system and the eyes are required; accumulated timber dust should be removed and filters replaced regularly.
- Toxic vapours from additives such as wood preservatives, emissions shall be minimised, air quality should be monitored periodically.

Metal:
- Dust, in foundries, one of the greatest risks to health is the exposure to dust, which can cause respiratory problems and damage the lungs and other vital organs. In the short term, respiratory illness can mean severe discomfort, with consequent loss of productivity, disruption and other overheads. Long-term effects are more serious.
- Gases, vapours and other contaminants, the air in foundries may contain the potential irritants formaldehyde, furfuryl alcohol, isocyanates, various amines and phenol. These contaminants are generated primarily by the core making and moulding processes, and may irritate the eyes and the respiratory tract.
- Heat and heat stress, radiant heat is the major contributor to the heat load imposed on the worker.
- Physical injuries, serious burns may result from splashes of molten in the melting and pouring areas of foundries.

Ceramics:
- Dust; during the dry grinding of raw materials for the production of ceramics, dust may form.
- Adequate ventilation and dust removal is required for this reason, Mouth filters and goggles are necessary to protect workers from dust.
- Exposure to chemicals, glazing should only be performed in closed sites (automatically) or in well-ventilated areas (spray-cabins), Protective masks should be worn by people working with the glazes.

Plastics:
- Direct contact with (hazardous) chemicals, including the inhalation of solvents, toxic vapours and dusts. People working with chemicals should use protective clothing.
- Safety of machinery and equipment, including exposure to noise and vibrations should be avoided.

Leather:
- Exposure to chemicals, used for processes such as tanning can cause high risks. People working with chemicals should wear protective clothing.
- Dust, ventilation of the workplace is essential. Wetting the work floor can prevent whirling dust. Accumulated dust can be removed through hoovering (not sweeping!). Mouth filters and goggles are necessary to protect workers from dust.
- Accidents of a mechanical nature should be avoided.

Textiles:
- Exposure to chemicals is primarily related to skin contact with or inhalation of harmful chemicals. Exposure and toxic effects should be avoided, preferably through prevention (protective equipment).

- Dust, mechanical processes produce textile dusts, which can cause irritations of employee skin and mucous membranes. Ventilation of the workplace is essential. Whirling dust can be prevented by wetting the work floor, Accumulated dust can be removed through hoovering (not sweeping!). Mouth filters and goggles are necessary to protect workers from dust,
- Wearing ear-protection and cushioning of equipment can reduce noise, from machinery.