

CBI MARKET SURVEY

The sanitary ware and ceramic tiles market in Cyprus

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Introduction

This CBI market survey gives exporters in developing countries information on some main developments in the sanitary ware and ceramic tiles market in Cyprus. The information is complementary to the information provided in the CBI market survey 'The Sanitary Ware and Ceramic Tiles Market in the EU', which covers the EU in general. That survey also contains an overview and explanation of the selected products dealt with, some general remarks on the statistics used, as well as information on other available documents for this sector. It can be downloaded from <http://www.cbi.eu/marketinfo>.

1 Market description: consumption and production

Consumption

- The Cypriot sanitary ware and ceramic tiles market consumed about € 115 million or 142 thousand tonnes of product in 2005.
- Cyprus is one of the smaller markets in the EU. It consumes almost 1% of the total EU consumption. Italy and Spain respectively share 15% and 12% of total EU consumption.
- Total consumption is stagnant. Cyprus is ranked 21th based on consumption, above Luxembourg and below Slovenia.
- Cypriot consumption of sanitary ware and ceramic tiles consisted of plastic sanitary ware (9%); ceramic sanitary ware (13%); iron or steel sanitary ware (7%); unglazed ceramic flags and paving, hearth or wall tiles (9%); glazed ceramic flags and paving, hearth or wall tiles (62%).
- Glazed ceramic flags and paving, hearth dominates the sanitary ware and ceramic tiles market.
- In the coming years, total consumption is expected to rise especially in the non-residential sector like the hospitality industry, as tourism has increased significantly.
- The housing market has also seen a cumulative increase in prices by 8.5 percent this year. This could indicate that the demand for ceramic tiles as well as sanitary ware would see growth in the future.
- Consumer spending in Cyprus has proved to be a major sector of growth in the last year. Evidence from credit card companies shows that the country's internal spending by residents has grown implying that there is much more money floating around in the economy.
- This trend will lead to a boom in local business. The strengthening of the local economy indicates that the country has become a more desirable place to live in.
- The gains are gathering pace having been accelerated by the country joining the Euro zone at the beginning of 2007.

Production

- In the Cypriot sanitary ware and ceramic tiles market, about € 46 million or 5 thousand tonnes of product were produced in 2005
- Total production is stagnant. From 2004 to 2005 production grew less than half a percent. Cyprus is ranked 21th based on production, above Luxembourg and below Denmark.
- Cypriot production of sanitary ware and ceramic tiles consisted of plastic sanitary ware (12%); ceramic sanitary ware (13%); iron or steel sanitary ware (6%); unglazed ceramic flags and paving, hearth or wall tiles (15%); glazed ceramic flags and paving, hearth or wall tiles (53%).
- Glazed ceramic flags and paving, hearth or wall tiles dominate the market.

- Current trends indicate that the production will rise along with consumption due to improvements in the economy.
- Cyprus has proved to be an increasingly popular place for retirement and/or for the acquisition of holiday houses by foreigners thus as the property market gets the impetus due to its linkages ceramic tiles and sanitary ware market would also grow.

Opportunities and threats

Please note that an opportunity for one exporter might be a threat to another.

- + Although consumption is stagnant there is an increasing trend of spending more money on bathrooms as they are increasingly seen as a place to relax.
- + The upsurge of demand for property by foreigners is attributed to many factors including the relatively low cost of living and the high quality of lifestyle available. Thus there would be demand for high end ceramic tiles and sanitary ware.
- Competition in a booming market would be quite high but providers of quality services with well differentiated product lines would benefit immensely.
- In general local manufacturers are trying to combat adverse consequences of globalisation especially due to the influx of cheap products from the Far East by systematic atomisation of production facilities.
- With stagnant production as well as consumption, it's best to look for more favourable signs before making big investment decisions.

Refer to chapter 7 of the CBI market survey 'The Sanitary Ware and Ceramic Tiles Market in the EU' for more information on opportunities and threats.

2 Trade channels for market entry

Importers, distributors and retailers are the most important trade channels in Cyprus. Some importers and distributors of ceramic and sanitary ware are listed below:

- <http://www.ctcgroup.com/>
- Andreas Hadjipanayis- Importers of sanitary ware, tiles and home appliances. P.O.Box 21744, 1589 Nicosia, Tel: 22740340, Fax: 22482892, andreas.h@ctcgroup.com
- LEPTOS VASSOS LTD- Importers/Distributors of sanitary ware, ceramic tiles, etc. 81, Ay. Nicolaou Street, Engomi, P.O.Box 25185, 1307 Nicosia, Tel: 22353101, Fax: 22353606
- SAVVIDES YIANNAKIS & SONS LTD - P.O.Box 42001, 6530 Larnaca, Tel: 24638666 Fax: 24637960, savvides@globalsoftmail.com.
- The following website has a list of importers for the Cyprus market - <http://www.cyprusmarket.com.cy/ViewCategory.aspx?CategoryID=237>
- Web portal for sanitary ware business - <http://www.cyprussanitaryware.com/>

Retailers in the Cyprus market include:

- Sophokleous- Retailers and whole sellers in sanitary ware - <http://www.sophokleous.com>
- AGATHOCLEOUS LTD is one of the main retailers of Sanitary ware - <http://www.agathocleous.com.cy>
- Phanos N. Epiphaniou Public Ltd- largest trading companies in Cyprus supplying the construction and manufacturing industries - <http://www.epiphaniou.com>
- Vasmicha – Retailer - <http://www.vasmicha.com/>
- Vassos Leptos- Retailer- <http://www.vassosleptos.com/>

For additional information on the important trade channels please consult the CBI market survey 'The Sanitary Ware and Ceramic Tiles Market in the EU'. Included is information such as the price margins and how they differ per trade channel.

3 Trade: imports and exports

Imports

- In the Cypriot sanitary ware and ceramic tiles market, about € 69 million or 39 thousand tonnes of product was imported in 2006.
- Cyprus is one of the smaller importers in the EU. It imports about 1% of the total imports in the EU. France and Germany are the most significant importers respectively with 19% and 14%.
- Total imports grew by 30% per year. Cyprus is ranked 19th based on imports, above Slovenia and below Slovakia.
- Of the total percentage of imports, approximately 83% was imported from intra-EU countries, 15% from extra-EU countries, and 2% from developing countries (DC). China followed by Egypt are the top two DC exporting to Cyprus
- The share of imports from DC has been increasing over the years from 9% in 2004 to 18% in 2006.
- Total imports in 2006 segmented into selected product groups: Cypriot importation of sanitary ware and ceramic tiles consisted of plastic sanitary ware (7%); ceramic sanitary ware (13%); iron or steel sanitary ware (6%); unglazed ceramic flags and paving, hearth or wall tiles (8%); glazed ceramic flags and paving, hearth or wall tiles (66%).
- Glazed ceramic flags and paving, hearth or wall tiles are the highest imported product category.
- The share of DC imports is quite low; Cyprus itself is a fairly strong in the manufacturing of lower end ceramic tiles and sanitary ware.

Exports

- In the Cypriot sanitary ware and ceramic tiles market, about € 74,000 or 20 tonnes of product was exported in 2006.
- Cyprus is the smallest exporter in the EU. It exports less than 1% of the total exports.
- Total exports are growing. From 2004 to 2006 exports grew at 30% per year. No export figures are available for preceding years.
- Re-exports do not play a role for Cyprus.

Opportunities and threats

Please note that an opportunity for one exporter might be a threat to another.

- + The import growth has been high indicating that the market is receptive to products and services although the share of DC is still low.
- + Providers of well differentiated products that can cater to various consumer segments can penetrate the market better.
- + Distributors, agents, importers, and wholesalers prefer to form networks with providers who have a complete range of products to eliminate having tie ups with too many providers.
- A growing market competition in all product segments is going to become tough both locally as well as other against other DC exporters.

Refer to chapter 7 of the CBI market survey 'The Sanitary Ware and Ceramic Tiles Market in the EU' for more information on opportunities and threats.

Useful sources

- EU Expanding Exports Helpdesk - <http://export-help.cec.eu.int/>
- Eurostat – official statistical office of the EU - <http://epp.eurostat.cec.eu.int>

4 Price developments

In general the prices have risen due to increase in the cost of raw materials, labour and energy. Sanitary ware and ceramic industry is particularly sensitive to these increases. This coupled with the inflationary pressures are likely to keep the costs high <http://www.worldwide->

tax.com/cyprus/cyp_inflation.asp. Some price information is available in the following website <http://www.deleon-villas.com/Specifications.htm>.

5 Market access requirements

As a manufacturer in a developing country preparing to access Cyprus, you should be aware of the market access requirements of your trading partners and the Cyprus government. For information on legislative and non-legislative requirements, go to 'Search CBI database' at <http://www.cbi.eu/marketinfo>, select sanitary ware and ceramic tile products and Cyprus in the category search, click on the search button and click on market access requirements.

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

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

6 Doing business

Information on doing business like approaching potential business partners, building up a relationship, drawing up an offer, handling the contract (methods of payment, and terms of delivery) and cultural differences can be found in CBI's export manuals 'Export Planner', 'Your image builder' and 'Exporting to the EU'. These can be downloaded from <http://www.cbi.eu/marketinfo> - go to search publications. For more information on doing business in Cyprus, visit the following websites:

Trade associations

- Cyprus Chamber of Commerce and Industry - www.ccci.com.cy
- Foreign Investors Service Centre - www.investinginCyprus.gov.cy
- OSEOK - Federation of the Building Contractors Associations of Cyprus – no website
- The following website has more information on Cyprus Building Contractors AssociationLand & Building Developers Association
<http://www.oeb.org.cy/main/28,0,0,0-Associations.aspx>

Trade shows

- IDEAL HOME – ABC - <http://www.csfa.org.cy/>

Trade Press

- Cyprus Observer - <http://www.observercyprus.com/observer/index.aspx>
- Financial Mirror - <http://www.financialmirror.com/>
- London Cyprus information centre - <http://www.lcic.net/>

This survey was compiled for CBI by CREM

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