GIFTS AND DECORATIVE ARTICLES

The EU market for Wooden gifts and handicrafts

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Report summary
This CBI market survey discusses the following highlights for the EU market for wooden gifts and handicrafts:

- Total EU apparent[1] consumption of wooden gifts and handicrafts in 2005 amounted to € 1,251 million, representing a drop of 6.6% between 2003-2005. Total production of wooden gifts and handicrafts in the EU amounted to € 936 million in 2005. This is a large decrease, 17%, over the period 2003-2005, and comes after a dramatic fall of 32% between 2001-2003. The most interesting opportunities for developing countries exist in the low-end of the market, as labour costs are generally lower in the developing countries.
- The total value of wooden gifts and handicrafts imported into the EU in 2006 amounted to € 717.2 million. This represents an increase of 4.8% from € 684.4 million in 2004. The trade structure of wooden gifts in the EU is complex, as wooden gifts are distributed through many different intermediaries and retailers. There are hardly any shops selling only wooden gifts and handicrafts.
- Imports from developing countries grew almost 5% from 2004 to 2006. Almost 46% of total imports into the EU come from China. The rest of the imports from developing countries are supplied by Indonesia 10.8%, Thailand 9%, India 5% and others 0.2%.

This survey aims to provide developing-country exporters of wooden gifts and handicrafts with product-specific market information related to gaining access to the EU market(s). By focusing on the EU market(s) for one product (group), this document provides additional in-depth information, complementary to the more general information and data provided in the CBI market survey '*The gifts and decorative articles market in the EU*' (2007), which can be downloaded from http://www.cbi.eu/marketinfo.

1 Market description: consumption and production

Consumption

Total EU apparent[1] consumption of wooden gifts and handicrafts in 2005 amounted to € 1,251 million[2] a significant decrease of 6.6% from the 2003 value of € 1,339 million. The frames market in the reviewed countries represented a value of € 797 million in 2005, showing a large decrease of 12% over the previous value of € 903 million in 2003. The frames market accounted for 64% of consumption of wooden gifts and handicrafts in 2005, compared with 67% in 2003. The statuettes and caskets market in the reviewed countries represented a value of € 454 million in 2005, this time showing a small 4% increase over the previous value of € 436 million in 2003. The statuettes and caskets market accounted for 36% of consumption of wooden gifts and handicrafts in 2005, compared with 33% in 2003.
In 2005, the seven reviewed markets accounted for 91%[3] of total EU consumption, indicating a very concentrated share of the markets in the EU for wooden gifts and handicrafts.

According to the agencies conducting sector-specific research in the field, the wooden gifts and handicrafts market is likely to increase by 2-3% annually until the end of the decade. It is

[1] Apparent consumption (imports+production-exports) extracted from the Eurostat database is only available up to 2005.
2 All numbers are based on Eurostat data unless otherwise indicated.
[3] The Eurostat database is not exhaustive in its information. Numbers for certain years and countries might be missing and this may give deceptive impression in some cases. One should not fully rely on the statistical background provided by the database.

forecast by Euromonitor that the largest increase in consumption will be in the United Kingdom.

In general, the wooden gifts and handicrafts market can be segmented roughly into upper, middle, and lower segments. This segmentation applies not only to the retail level, but also to the other levels in the market, such as wholesalers and importers.

Table 1.1 Segments in the Wooden gifts and Handicrafts market

Segment (market share)		**Market Criteria**	**Product Criteria**	**Examples of brands and shop names**
Upper segment Estimate 5-10%		Exclusive distribution Best locations Glossy promotion Presentation important Brands	High-quality materials First class workmanship Perfect design High price level Also European products	http://www.roche-bobois.com http://www.cassina.com http://www.alessi.com http://www.flamant.com http://www.lambert-store.de
Middle segment Estimate 50-70%	**Upper-middle segment Estimate 20-30%**	Many chains Department stores Large assortment Coordinated collections Large-scale promotion	Shop brands High-quality materials Good design and workmanship Fashionable collections Mostly non-European products	http://www.habitat.net/ http://www.conran.com/ http://www.bijenkorf.nl http://www.galerieslafayette.com http://www.sia-collection.com
	Lower-middle segment Estimate 30-40%	Uniform shops High street locations Large Assortment Large-scale promotion	Shop brands Reasonable quality Fashionable Lower price level Mostly non-European products	http://www.ikea.com http://www.neckermann.com/ http://www.conforama.fr/ http://www.hema.nl http://www.next.co.uk/
Lower segment estimate 20-40%		Intensive distribution High traffic locations Aggressive marketing Bulk sales	Basic quality Focus on low price Special sales/ offers Brands less important Products mostly from Far East	http://www.casashops.com/ http://www.woolworth.de/de/ http://www.asda.co.uk/ http://www.e-leclerc.com/ http://www.kwantum.nl/

Source: Various industry sources

Segmentation is an important means to understanding the market. The position of a potential client in the market influences many aspects of his buying behaviour and, in consequence, the offer to be made. For instance, selling to the top end of the market requires less emphasis on pricing than on high quality and unusual design. Selling to large department stores in the middle segment of the market means that, apart from reasonably sharp pricing, the highest attention should be given to logistics: labelling, packaging and timely transportation, and to offering easy-to-sell products. And if a client is in the lowest price-segment of the market, it is important to strip the offered products and services to the bone, to be able to offer the lowest possible price.

Major trends and variations among countries
Wooden products have both a functional and a decorative purpose. In the EU, there is generally a growing interest in wooden products, caused by the increasing demand for products with a natural look. There is also a tendency to replace plastics with wooden products, because of the luxurious and classical look which wood gives to products.
There is also a growing demand for products with a personal and emotional touch. Consumers are willing to pay a higher price for unusual and special products. EU consumers value the style, quality of construction and functionality of the product.
The European countries covered in this report are Germany, France, the United Kingdom, Italy, Spain, Belgium and the Netherlands.

- ***Germany***
  The German population totals 82 million and the forecast for the next few years is a slow increase in the number of people and in consumption per capita.
  Apparent consumption of wooden gifts and handicrafts in 2005 amounted to € 180 million. This is a large increase, 14%, over the value of € 158 million in 2003. The frames market amounted to € 67 million in 2005, accounting for 37% of German consumption of wooden gifts and handicrafts. The statuettes and caskets market amounted to € 113 million in 2005 (approximately 54% and 46% out of € 113 respectively) and accounting for 63% of total consumption of wooden gifts and handicrafts.
  Home decorations and improvements shown on TV are becoming popular in Germany just as in the UK and US. TV programmes about home lifestyle are increasing in number. There are 13 programmes on national television offering advice for hobby home improver, according to Euromonitor. It is expected that the total market size for gifts and decorative articles will slowly increase until 2009, by approximately 1.8% annually. Wooden toys and statuettes are among the most popular and desired products on the market according to Euromonitor.

- ***France***
  France has a population of 61 million inhabitants and a high per capita GDP. French consumers are cautious and would rather wait until their purchasing power really grows before spending more on gifts and decorative articles. Nevertheless, most recent forecasts show that the GDP per capita is expected to grow in the next few years, matched by an increase in the total consumption of goods.
  Apparent consumption of wooden gifts and handicrafts in 2005 amounted to € 134 million. This is a small increase of 1.5% over the value of € 132 million in 2003. The frames market value amounted to € 79 million in 2005, accounting for 59% of consumption of wooden gifts and handicrafts. The statuettes and caskets market amounted to € 55 million in 2005 (approximately 46% and 54% out of € 55 million respectively) and accounting for 41% of total consumption of wooden gifts and handicrafts.
  According to Euromonitor, the total gifts and decorative articles market in France is expected to increase by approximately 1.4% annually during the period 2006-2009. A six-piece functional wooden gift set that includes things like a pen holder and memo holder is the most popular product in France.

- ***United Kingdom***
  The British market is clearly divided between people from the South East (basically the London area) who have a higher income and prefer more fashionable products and people from the North, who are very price conscious. The forecasts indicate only a slow rise in population and in consumption over the next few years.
  Apparent consumption of wooden gifts and handicrafts in 2005 amounted to € 152 million. This is a large decrease, 15%, over the value of € 179 million in 2003. The frames market amounted to € 104 million in 2005, accounting for 68% of consumption of wooden gifts and handicrafts. The statuettes and caskets market amounted to € 47 million in 2005 (approximately 30% and 70% out of € 47 million respectively) and accounting for 32% of total consumption of wooden gifts and handicrafts. One forecast however, made by Euromonitor for 2008 and 2009, indicates an increase of the consumption of about 7%

annually. The most popular gifts in the UK are music and jewellery boxes based on historic British design and showcases with decorative compositions of different textures of fine wood.

- ***Italy***
  According to research issued by Macef, the Italians' love for their homes remains strong despite the economic crisis. The bulk of gifts and decorative articles expenditure is driven by practical needs. In 2004, the Italians spent € 309 per capita on furnishing their homes. Italians are also known as gift-givers. According to the KeyNote research agency, Italian retailers sell approximately one billion gift items each year and each Italian consumer purchases an average of 20 gift items per year. Among the most popular wooden gifts in Italy are wooden jewellery boxes, according to Euromonitor.
  Apparent consumption of wooden gifts and handicrafts in 2005 amounted to € 430 million. This represents a huge decrease, 20%, over the value of € 537 million in 2003. The frames market amounted to € 325 million in 2005, accounting for 76% of consumption of wooden gifts and handicraft. The statuettes and caskets market amounted to € 104 million in 2005 (approximately 50% and 50% out of € 104 million respectively) and accounting for 24% of total consumption of wooden gifts and handicrafts.
  The sharp decline in wooden gifts consumption is partly explained by the stagnant Italian economy in this period. From 2001-2005, GDP growth in Italy averaged less than 0.7% per year. An ageing society and a very low birth rate (even by European standards) also contribute to this. However, Italian GDP has increased in 2007 to € 1590 billion compared to lower 2006 levels and according to forecasts, the next few years in Italy will show steady growth in GDP, population and total consumption.

- ***Spain***
  Over the period 2001-2005, Spain had a better economic performance than most other European countries. The Spanish population grew by around 7% from 40 million in 2000 to 43 million in 2005. The Spanish population is projected to increase to 45.3 million by 2015, an increase of 5.3% over 2005, in parallel with annual increase in GDP of around 7% for the next few years, according to "The Economist".
  Apparent consumption of wooden gifts and handicrafts in 2005 amounted to € 201 million. This is a small decrease of 2.4% over the value of € 206 million in 2003. The frames market amounted to € 131 million in 2005, accounting for 65% of consumption of wooden gifts and handicrafts. The statuettes and caskets market amounted to € 70 million in 2005 (approximately 64% and 36% out of € 70 million respectively) and accounting for 35% of total consumption of wooden gifts and handicrafts.
  Finally, wooden frames are the most popular product on the market.

- ***The Netherlands***
  Dutch GDP is € 581 billion in 2007. Euromonitor forecasts that the market will grow by 1.5% in the coming year.
  Apparent consumption of wooden gifts and handicrafts in 2005 amounted to € 30 million, a huge decrease of 23% over the value of € 39 million in 2003. The frames market amounted to € 20 million in 2005, accounting for 67% of consumption of wooden gifts and handicrafts. The statuettes and caskets market amounted to € 9 million in 2005 (approximately 60% and 40% out of € 9 million respectively) and accounting for 33% of total consumption of wooden gifts and handicrafts.
  The Dutch enjoy home improvements and indoor plants—most Dutch homes overflow with greenery. Wooden gifts seen as accessories to plants and greenery are very fashionable in the Netherlands. Inspired by the warm weather and improved confidence in the economy, Dutch consumers were ready to invest in home improvement and developing outside spaces.

- ***Belgium***
  Belgian GDP increased in 2007 to € 3401 billion.
  The Belgian market is in many ways comparable to the market in the Netherlands. Data for

the year 2003 is not available for Belgium, instead 2004 data has been used. Apparent consumption of wooden gifts and handicrafts in 2005 amounted to € 13 million. This indicates a sizeable decrease of 13% from the value of € 15 million in 2004. The frames market amounted to € 8 million in 2005, accounting for 62% of consumption of wooden gifts and handicrafts. The statuettes and caskets market amounted to € 5 million in 2005 (approximately 50% and 50% out of € 5 million respectively) and, accounting for 38% of total consumption of wooden gifts and handicrafts in 2005. The most popular products on the markets are wooden statuettes. The forecast of Euromonitor is an increase in the market by an average of 3% annually to the end of the decade.
Belgians sharing the same dwelling for many years tend to buy the best on the market (usually upper-middle to upper segment wooden products). As for the homeowners who are buying houses to re-sell them, they usually purchase low quality wooden products for decoration and enhancement of the atmosphere.

Production

Total production of wooden gifts and handicrafts in the EU amounted to € 936 million in 2005: there is insufficient reliable data to report on production volumes. The EU is one of the leading markets in the world for wooden gifts and handicrafts (frames, statuettes and caskets/boxes/cases).
The major trends in production are consistent across all leading EU countries, in the sense that they are all experiencing a dramatic decline in production, the main reasons for which can be summarized as follows:

- *Increasing manufacturing costs* - According to Euromonitor, the high costs derive from a number of factors, including higher land costs, a more expensive labour force with regulated minimum wages and stricter regulations regarding production.
- *Mergers and acquisitions* - Besides the increasing pressure of low-priced imports, the EU gifts and decorative articles market was shaken by the popularity of retailers such as Ikea which redefined the market. The increased competition fuelled by these pressures led to the reshaping of the EU gifts and decorative articles market, illustrated by a series of mergers and acquisitions, as smaller companies found it impossible to re-brand themselves and so to create a market niche which would enable them to survive.
- *Repositioning* - Pressure on prices, especially at the low and middle end of the market, forced many EU manufacturers to restructure in order to maintain margins, or to reposition themselves at the premium end of the market.
- *Outsourcing* - Well-known European manufacturers shifted or outsourced their production, or part of it, to low-wage countries, enabling them to enter the European market with a newly designed and competitive range. Cheaper production overseas, however, has its downside for known EU manufacturers. According to KeyNote, some manufacturers risk endangering their reputation and prestige when they shift their production to these countries. Exclusive brands, which are cherished by EU consumers, are no longer perceived as being the sole preserve of the very wealthy, which has the effect of decreasing exclusivity, as the brand becomes more visible to the general public. This leads to the inevitable decline in demand from prestige consumers, as the social image of the brand erodes.
- *Socially responsible companies* - To cope with the negative effects of outsourcing, many EU manufacturers only outsource their low- and medium-priced ranges and maintain the production of their premium range in their current location. Another solution has been to buy the labour-intensive parts of their products from low-wage countries at relatively low prices, and to assemble the product in attractive packaging in their European workshops. This enables them to check every stage of production, ensuring that the merchandise meets with international standards.

The above-mentioned trends apply primarily to the mature markets of the initial members of the EU and less to the new Eastern European member states. Companies in the initial member states have to be very innovative and flexible in order to stay in the market.

Table 1.1 shows clearly the strong decline in EU production of wooden gifts and handicrafts between 2001 and 2005. Note that the production of frames decreased spectacularly. The gifts and decorative articles market has been increasingly penetrated by low-priced articles from Asia and Eastern Europe in the last decade. That has combined with sluggish economic development overall Europe in the last couple of years to cause these drastic decreases.
The seven reviewed European markets are further discussed below, with comments on both increases and decreases in value.

Table 1.2 Production in the EU (millions of Euros)

Product	2001	2003	2005
Frames	1,294	874	722
Statuettes, ornaments caskets, boxes and cases	265	219	214

Source: Eurostat database (2006)

Total production in the EU dropped from € 1,559 million in 2001 to € 936 million in 2005, a large decrease of 40%. Frames production decreased from € 1,294 million in 2001 to € 874 and € 722 million in 2003 and 2005 respectively. This is a large decrease of 17% over the period 2003-2005, after having already had a considerable decrease of 32% between 2001-2003.
The drop in the production of statuettes and caskets is less significant, dropping from € 219 to € 214 million between 2003-2005. Representing a small decrease of 2%, after having a large decrease of 17% between 2001-2003.
Italy's production of wooden gifts represents about 50% of the EU production of parts, as a result of the availability of strong manufacturers and suppliers of wooden parts in this country. Finally, wooden gifts are also a very important source for opportunities for manufacturers and exporters from developing countries as production is showing a decline in Europe.

- **Germany**
  It is remarkable that German production increased even though rest of Europe's production decreased by 40%. According to Euromonitor, there has been sufficient improvement of German's logistics and efficiency in general in order to stay competitive and if not stop, at least to delay the cease of production of variety of goods in the country.
  Production of wooden gifts and handicrafts in 2005 amounted to € 74 million, a huge increase of 23% over the value of € 60 million in 2003. The frames production amounted to € 26 million in 2005, accounting for 35% of production of wooden gifts and handicrafts. The statuettes and caskets production amounted to € 48 million in 2005, accounting for 65% of production of wooden gifts and handicrafts.

- ***France***
  Production of wooden gifts and handicrafts in 2005 amounted to € 57 million, a decline of 16% compared to the value of € 68 million in 2003. The frames production amounted to € 52 million in 2005, accounting for 91% of the production of wooden gifts and handicrafts. The statuettes and caskets production amounted to € 6 million in 2005, accounting for 9% of the production of wooden gifts and handicrafts.

- ***United Kingdom***
  Production of wooden gifts and handicrafts in 2005 amounted to € 81 million. This is a huge decrease of 27% over the value of € 111 million in 2003. The frames production amounted to € 76 million in 2005, accounting for 94% of production of wooden gifts and handicrafts. The statuettes and caskets production amounted to € 5 million in 2005, accounting for 6% of production of wooden gifts and handicrafts.

- ***Italy***
  Production of wooden gifts and handicrafts in 2005 amounted to € 462 million. This is a sizeable drop of 22% over the value of € 596 million in 2003. The frames production

amounted to € 365 million in 2005, accounting for 79% of production of wooden gifts and handicrafts. The statuettes and caskets production amounted to € 97 million in 2005, accounting for 21% of production of wooden gifts and handicrafts.

- ***Spain***
  Production of wooden gifts and handicrafts in 2005 amounted to € 159 million. This is a significant decrease of 7% over the previous value of € 171 million in 2003. The frames production amounted to € 121 million in 2005, accounting for 76% of production of wooden gifts and handicrafts. The statuettes and caskets production amounted to € 38 million in 2005, accounting for 24% of production of wooden gifts and handicrafts.

- ***The Netherlands***
  Production of wooden gifts and handicrafts in 2005 amounted to € 15 million. This represents a huge 35% decrease over the value of € 23 million reported for 2003. Only frames are produced in the Netherlands and there is no reported production of statuettes and caskets.

- ***Belgium***
  Data for the year 2003 is not available for Belgium. Production of wooden gifts and handicrafts in 2005 amounted to € 11 million, a large decline of 15% over the 2004 value of € 13 million. As in the Netherlands, there is no reported production of statuettes and caskets.

The production of the selected wooden gifts and handicrafts (frames, statuettes and caskets/boxes/cases) in the EU is very fragmented. Production takes place on a small scale, mainly serving local markets and there are no dominant European producers. Italy is the largest producing country for wooden gifts and handicrafts, accommodating a very large number of small handicraft producers.
In the past decade, the production of wooden gifts and handicrafts has been outsourced from the EU towards both the Far East (mainly China) and Eastern Europe (mainly Poland), because of the high costs of production in Western Europe.

Opportunities and threats

In the gifts and decorative articles market there are a number of opportunities for manufacturers from developing counties:

\+ As a production partner of an outsourcing European partner (licensing, co-makership, etc.). In this case quality and reliability are extremely important.

\+ However, in the low-end of the market the most interesting opportunities for developing countries exist, as labour costs are generally lower in developing countries. Especially, products with a high labour intensity offer good opportunities, as European manufacturers cannot compete on this terrain due to the high human and capital costs in the EU.

\+ Another opportunity, though a small segment, is in products with original ethnic value. This segment contains, for example, products that are handmade, original, artistic and exclusive. Usually the quantities are relatively small, sometimes unique individual pieces or sets.

– Threats for the manufacturers from developing countries are the increasing consumer expectations in terms of quality, design, colours, shapes, exclusivity, environmental friendliness of the product, etc. The middle segment is most under threat, where consumers generally expect a lot of added value for their money. There, manufacturers from developing countries have to compete with their more experienced counterparts in Europe.

– Wooden gifts and handicrafts compete with comparable products made of other materials. A customer looking for a picture frame can choose a wooden frame, but also a frame of metal, plastic, fabric and even stone. So, the competition is not limited to wooden products alone.

Useful sources

- Euromonitor Research Agency (http://www.euromonitor.com/)
- Market Reseach.Com – Research Agency (http://www.marketresearch.com)
- Datamonitor – research Agency (http://datamonitor-market-research.com/)
- EU Expanding Exports Helpdesk - http://export-help.cec.eu.int/ Go to: trade statistics.
- Eurostat – official statistical office of the EU - http://epp.eurostat.cec.eu.int

Go to: 'themes' on the left side of the home page - 'external trade' - 'data – full view' - 'external trade - detailed data'.

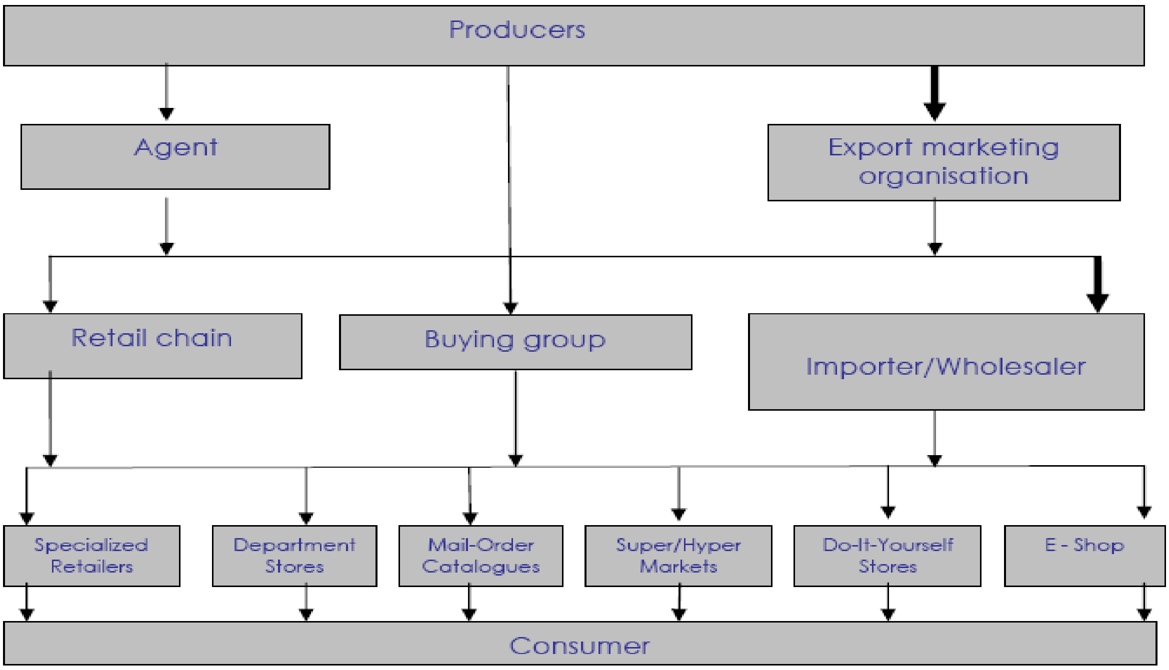
2 Trade channels for market entry

This chapter gives a brief overview of the distribution of wooden gifts and contains an overview of relevant distribution intermediaries (retail chains, importers/wholesalers, agents, etc.). For a detailed description of the various types of distribution channels, see Chapter 8 'Trade structure' of the CBI survey '*The gifts and decorative articles market in the EU*' *(2007).*

Distribution intermediaries

The trade structure of wooden gifts in the EU is complex, as wooden gifts are distributed through many different intermediaries and retailers. Figure 2.1 gives a simplified picture of the trade structure in the wooden gifts market, and it shows the basic relationships between the various kinds of intermediaries. As can be seen, wooden gifts reach the end users through a number of different intermediaries.

Figure 2.1 Trade and distribution channels for wooden gifts and handicrafts[4]



Source: TuYu BV

Most important distribution channels[5] **for developing countries exporters**

While most intermediaries discussed can be of interest, the following intermediaries are the most relevant for manufacturers in developing countries:

[4] Importance to the different channels is added by making the arrows fatter or thinner as well as by the difference in size of the corresponding channels.

[5] Here with distribution from the retail chain to the individual retailers is meant the transfer of goods from the big retailer to the franchised or chain-owned shops.

- Agents - The agent is an intermediary between buyer and seller, usually working on commission, and representing either the producer / export marketing organization (selling agent) or the importer-wholesaler / retailer (buying agent). Agencies can vary in size from a single person, representing only a few companies, to large organisations working for large retail chains or importers, managing hundreds of suppliers and having a full sales staff. Production control and safeguarding smooth logistics are among the usual tasks for an agent. Agencies are usually combined with importer/ wholesalers, acting as an agent for some products or producers, and as an independent importer for others. An example is Abels in Germany (http://www.abels-handelsbuero.de/).
- Importers-wholesalers - The integration of the formerly separate functions of importer and wholesaler has become very common in the EU. Although separate importers and wholesalers do still operate, they form only a small minority. The wholesaler has become a dominant factor in the market for wooden gifts and handcrafts together with retailers. Both have a dominant position in the market because they offer the easiest way for exporters to send their goods abroad, mainly because the producers then only need to deal with one organization, which make the whole process faster and cheaper compared to the other opportunities. They are very knowledgeable about fashion and trends, have an extensive buying and sales staff, and often hold stock. Importers-wholesalers sell to both individual shops and retail chains. An example is Arte in Germany (http://www.arteimport.de/).
- Buying Groups - As the purchasing of a collection is very time and knowledge-intensive, individual retailers can work together in a buying group. The buying group can offer different forms of co-operation, from simple buying and importing to offering a complete shop formula in a franchise structure. An example in The Netherlands is Intres (http://www.intres.nl/).
- Retailers - The largest chains of shops whether department stores, furniture retailers, garden centres, hypermarkets, usually have their own buying staff and, with wholesalers, often offer the easiest way to export. The number of links in the chain from producer to consumer is been limited to one, resulting in high cost efficiency and control over the buying process. Examples are Ikea from Sweden (http://www.ikea.com) and Marks and Spencer from the UK (http://www.marksandspencer.com/).
- Export marketing organisations - When individual producers are too small to contact foreign buyers, they can bundle their efforts into an export marketing company. This can be a separate company, buying from the producers and selling to the importer-wholesaler, or an initiative by the producers, in the form of a cooperative or a company owned by producers. An example is Tara Projects in India (http://www.taraprojects.com/).

Alternative Trade Organisations (ATOs)
Next to the regular distribution channels are the Alternative Trade Organisations (ATOs). These are retailers and/or importers-wholesalers that work from an idealistic background with the aim of improving the conditions of trade with developing countries. They are generally located in the middle segment of the market. Although their market share is only small, they have the advantage of a wide experience in working with smaller producers, are usually easier to contact than regular retailers, and can offer extras like assistance programmes on, for example, design or logistics. ATOs generally have strict demands on transparency and on social aspects of production. They also usually have longer-term relationships with producers than is common in the regular market. An example in The Netherlands is Fair Trade Organisation (http://www.fairtrade.nl).

There are hardly any shops selling just wooden gifts and handicrafts, but very many outlets sell gifts or home decoration in general, of which wooden gifts and handicrafts form a part. The largest operators on the market are international retail chains like IKEA (originally from Sweden), Casa (Belgium), Habitat (UK) and large importers/wholesalers like Haans (The Netherlands), Gunther Lambert (Germany), Becara (Spain). However, none has a dominant market share in wooden gifts and handicrafts, although IKEA's share is probably the largest. Next to these larger companies, there are tens of thousands of smaller importers, wholesalers and retailers.

Another feature of the European market for gifts and handicrafts is the wide diversity of retail forms. The most important are:
- specialised retailers (for example http://www.casashops.com)
- department stores (http://www.debenhams.com)
- mail-order catalogues (http://www.neckermann.com)
- super- and hypermarkets (http://www.carrefour.com)
- DIY (Do It Yourself) stores and garden centres (http://www.intratuin.nl/)
- E-shops (http://www.lauraashley.com)

All retailers can operate individually or as part of a chain.

There are no specific brands for wooden gifts and handicrafts. Brands are usually linked to a shop, and attached to the complete collection. There is, however, a trend of large brands of the fashion market moving into the market for interior articles, for example Zara (Spain), Sissyboy (The Netherlands) and Benetton (Italy).

General trends and developments
- There is a definite trend towards the shortening of the distribution chain in order to cut costs, especially for the larger organisations.
- On the other hand, there is an opposing trend of enlarging the distribution chain. Both producers and importers see advantage in outsourcing labour- and cost-intensive activities. It can be worthwhile to work with an export marketing organisation or selling agent instead of employing in-house sales staff. On the buying side, we see a trend towards outsourcing the buying efforts to buying agents.
- Many importers, whether they are retailers, importer-wholesalers or agents, ask for exclusivity when they buy a product. The reason is to reduce the possibility of the appearance of the same product on the market in other retail outlets for a possibly lower price. Against this exclusivity, the buyer usually offers a large order, or regular repeat orders. Furthermore, exclusivity is usually limited in time and/or to a specific country.
- Another important cost factor is the cost of holding stock. To minimize these costs, importers often choose to split up an order into several consignments, if this is feasible in view of the costs of transport and handling.
- There is a movement towards ever-shorter lead times. To be able to react rapidly to the changing market, importers tend to place their orders as late as possible. Buyers often demand that exporters maintain a certain stock level of finished products, to be shipped on demand.

Useful sources
For more information on consumption, industrial demand and production in the EU:
- International Trade Centre UNCTAD/ WTO
  E-mail: (mailto:tirc@intracen.org)
  Internet: (http://www.intracen.org)
- European Union (official site) (http://europe.eu.int/)
- Association of European Candle Manufacturers (http://www.europecandles.com)
- EFSA – European Floral Suppliers Association (http://www.efsa.com)

Price structure
The most traditional route for wooden gifts from manufacturer to the end user is as follows: manufacturer -> importer/wholesaler/buying group/retail chain[5] -> retailer -> end user. Below you will find an indication of the average margins. Please note that information on margins should always be updated and checked for the specific product/market combination.

Since the number of links in the export chain can differ, as can the quality and contents of each link, it is impossible to give a standard overview of costs and margins for the different phases in the export process. However, there is a rule of thumb in the market for interior

[5] Here with distribution from the retail chain to the individual retailers is meant the transfer of goods from the big retailer to the franchised or chain-owned shops.

articles and gifts that an article with an FOB price of € 1 will cost around € 4 to € 5 in the shop in Europe.

Table 2.1 Traditional trade price structure

End-users (street) price inclusive of VAT VAT **20%**[6]	€ 4.76 € 0.80
End-users (street) price exclusive of VAT Average margin retail outlet / shop **100%**	€ 3.96 € 1.98
Retailer's purchase price Average wholesalers/importers margin **60%**	€ 1.98 € 0.74
Wholesaler/importers purchase price in house Import tariffs **11%** of purchase price fob Import tariffs and taxes	€ 1.24 € 0.12
Wholesaler/importer's purchase price fob Transport costs **12%** of production price Transportation expenses	€ 1.12 € 0.12
Manufacture's price	€ 1.00

4

In the table above, one can see that a multiplier of 4 is applied to a manufacturer's FOB price to estimate its retail prices, but this is only an example, since margins and prices vary widely throughout the different trade channels.

In earlier days, in the so-called *product driven economy,* the manufacturer would calculate his cost price, add his 'desired' profit margin and quote that price to his potential buyers (bottom up method). However, nowadays, the so-called *market driven economy* manufacturers have started to realize that they and their (potential) buyers/trading partners do not determine the price levels on their own. The price levels in the entire supply chain are for the major part 'determined' by the end-users, the market, and how much are they willing to pay for the product. For generic products this is generally much lower than for specialised or branded products.

Selecting a suitable trading partner
Among the many trading partners, 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 for information about your (potential) trading partners is Dunn & Bradstreet (http://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, it should be possible to select the names and addresses of suitable trading partners. Check the following sources of information to find information on your trade partners. Note that many sources of information only answer written inquiries! Generally, a concise but detailed inquiry improves the chances of precise identification.

- 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.
- Import promotion organisations
- Trade associations (see country specific documents)
- Own company's public and private trade promotion bodies
- Own country's diplomatic and consular representatives
- Trade fair organisers (see country specific documents)

[6] Vat: rates vary per EU country

Evaluate the selected names and addresses, using the following criteria:

- Is the importer active in the country you have selected?
- Does the importer focus his activities on corresponding (i.e. your) product groups?
- In which market segment(s) is the importer active?
- Names of other suppliers to the importer?
- Were you supplied with enough, sound information about the reliability of this partner?

A possible way of finding a business partner is the CBI Company Matching Tool, which can appropriately match your company to a European partner. This can be the case only if your company meets the criteria of CBI for an eligible candidate and if it produces products that correspond with the eligible product groups. For more information on that and further procedures consult the CBI site http://www.cbi.nl. Other suitable ways of finding a business partner(s) are given in Chapter 5 of the CBI's Export planner, namely 'Selecting trade partners'. Possible ways of searching are through Internet, short-listing possible partners. You should travel around, pick up information, compare and select. An idea here is to visit trade fairs and exhibitions in one of the selected countries.

3 Trade: imports and export

Imports

The total import value of wooden gifts and handicrafts into the EU in 2006 amounted € 717.2 million. This represents an increase of 4.8% from € 684.4 million in 2004. The following table (3.1) shows the value of imports into the EU, divided into intra-EU imports, extra-EU imports excluding developing countries, and finally imports from developing countries. Furthermore, the table shows the leading suppliers of 2006 and their share in percentage of import value.

Table 3.1 Imports and leading suppliers of wooden gifts and handicrafts 2002 – 2006, share in % of value[7]

	2002 € mln	2004 € mln	2006 € mln	Leading suppliers in 2006 Share in %	Share (%)
Total EU	192	233	240	**Intra EU**: France 18.4%, Germany 17.7%, Belgium 10.8%, UK 7.4%, Spain 6.0%, Others 39.6%.	33%
	40	37	40	**Extra EU ex. DC*:** Russia 29.3%, Swiss 25.8%, Hong Kong 20.6%, USA 9.3%, Taiwan 7.3%, Others 7.7%.	6%
	432	416	437	**DC*:** China 75%, Indonesia 10.8%, Thailand 9%, India 5%, Others 0.2%.	61%
Germany	28	42	48	**Intra EU:** Poland 25.5%, Italy 18.9%, Romania 11.9%, Belgium 11.4%, Netherlands 9%, Others 23.3%.	38%
	10	8	10	**Extra EU ex. DC*:** Russia 44.9%, Hong Kong 25.5%, Taiwan 12%, Swiss 10.1%, Others 7.5%.	8%
	55	67	70	**DC*:** China 76.8%, Thailand 6.2% India 3.4%, Vietnam 2.8% others 10.8%.	54%
France	37	46	47	**Intra EU:** Belgium 27.1%, Italy 18.4%, Poland 15.1%, Spain 14.7%, Germany 6.9%, Others 17.8%.	42%
	9	7	8	**Extra EU ex. DC*:** Swiss 55.3%, Russia 22.1%, Hong Kong 9.5%, USA 6.0%, Others 7.1%.	7%
	53	46	57	**DC*:** China 52.2%, Indonesia 8.0%, Thailand 7.2%, India 5.6%, Vietnam	51%

[7] Due to rounding errors, totals may not equal to sum of parts.

	2002 € mln	2004 € mln	2006 € mln	Leading suppliers in 2006 Share in %	Share (%)
				5.69%, Others 21.4%.	
Spain	14	15	14	**Intra EU:** France 50.4%, Italy 19.3%, Germany 8.3%, Portugal 5.3%, Belgium 5.3%, Others 11.2%.	20%
	1	1	1	**Extra EU ex. DC*:** Swiss 40.8%, Taiwan 24.5%, Hong Kong 20.7%, USA 5.6%, Others 8.4%.	11%
	33	43	48	**DC*:** China 66.1%, India 10.2%, Indonesia 9.2%, Thailand 7.8%, Others 6.7%.	69%
Italy	9	9	12	**Intra EU:** France 26.2%, Germany 12.9%, Austria 9.7%, Poland 8.8%, Romania 8.6%, Others 33.8%	20%
	2	3	3	**Extra EU ex. DC*:** Swiss 55.1%, Japan 24.7%, Taiwan 11.7%, USA 4.2%, Hong Kong 3.2%, Others 1.1%.	5%
	35	41	43	**DC*:** China 69.3%, Mexico 24.1%, South Korea 2.2%, India 1.8%, Others 2.6%.	75%
UK	11	14	21	**Intra EU:** Poland 24.2%, Romania 16.1%, Italy 11.3 %, Netherlands 11.1%, Portugal 8.9%, Others 28.4%.	21%
	10	9	7	**Extra EU ex. DC*:** Hong Kong 36.6%, USA 22.3%, Russia 14.7%, Swiss 12.9%, , Taiwan 8.0%, Others 5.5%.	7%
	63	61	72	**DC*:** China 61.0%, Thailand 14.8%, Indonesia 12.7%, India 5.3%, Others 6.2%.	72%
Belgium	31	29	28	**Intra EU:** Netherlands 46.6%, Poland 16.6%, France 7.7%, Slovakia 6.4%, Romania 5.8%, Germany 4.8%, Others 12.1%.	52%
	1	1	1	**Extra EU ex. DC*:** Hong Kong 55.7%, Taiwan 23.3%, USA 10.4%, Swiss 6.7%, Others 3.9%.	2%
	18	20	25	**DC*:** China 71.8%, Indonesia 9.4%, Thailand 4.9%, India 4.4%, Others 9.5%.	46%
Netherlands	7	7	10	**Intra EU:** Belgium 66.0%, Germany 8.5%, Poland 6.1%, Portugal 5.4%, Lithuania 3.6%, Italy 3.0%, Others 10.4%.	20%
	2	3	2	**Extra EU ex. DC*:** Russia 36.2%, Hong Kong 20.8%, USA 16.8%, Swiss 12.3%, Others 13.9%.	4%
	42	40	39	**DC*:** China 79.0%, India 3.9%, Indonesia 9.2%, Thailand 2.9%, Others 5.0%.	76%

Source: Eurostat (2007)
*Developing Countries

It should be noted that the numbers for 2002 and 2004 consist of EU-25 data, excluding Romania and Bulgaria, while 2006 incorporates these two countries in EU-27 data. The total import share of Romania and Bulgaria in 2006 amounted 0.8% (with a combined a value of € 1.8 million) of total imports.

Total Intra-EU imports grew 3% from 2004 to 2006, while imports from developing countries grew almost 5% in the same period. The main supplier of developing country imports is China, which is also the largest supplier to all the reviewed countries, and responsible for over 75% of all imports from developing countries. Almost 46% of total imports into the EU come from China. The largest importer from developing countries by value is France. Extra-EU (non-DC) imports are substantially increasing, after a decrease in 2004. These imports are being replaced by imports from developing countries and from within the EU.

Imports into Germany amounted € 128 million in 2006 compared to € 117 million in 2004. This increase was driven mainly by an increase in imports from developing countries. Intra-EU imports increased slightly, and extra-EU imports had a huge 25% increase. Imports into France amounted € 112 million in 2006, up from € 99 million in 2004. The statistics show an increase in imports from all 3 sources, intra-EU, extra-EU, and from developing countries but the increase in imports from developing countries is significantly greater in comparison with the increase in intra-EU and extra-EU imports. Imports into Spain amounted € 63 million in 2006, up from € 59 million in 2004, a 6.7% increase. Spanish imports from developing countries increased as imports from intra-EU sources fell slightly. Imports into Italy amounted € 58 million in 2006, rising from € 53 million in 2004, an increase of almost 9%. Again, imports from extra-EU countries remained constant while those from intra-EU and developing countries increased. Imports into the UK amounted € 100 million in 2006, increasing by 16% from € 84 million in 2004. While extra-EU imports decreased, both intra-EU and imports from developing countries increased. Imports into Belgium amounted € 54 million in 2006, 7% up from € 50 million in 2004. Finally, imports into the Netherlands increased slightly to € 51 million in 2006 from € 50 million in 2004, showing some increase in the imports from intra-EU countries.

Total EU imports into the seven reviewed markets of all wooden gifts and handicraft product groups consisted of 34% of frames, 32% of statuettes, and 34% of caskets. The table below,, gives the respective share of these three products in each of the seven reviewed country's imports.

Table 3.2 Total imports, per country, divided into the three main product groups

	Frames.	**Statuettes and other ornaments.**	**Caskets, boxes and cases.**
Germany	30%	38%	32%
France	30%	32%	38%
Spain	34%	42%	24%
Italy	22%	40%	38%
UK	39%	18%	43%
Belgium	44%	30%	26%
Netherlands	38%	36%	26%

Source: Eurostat (2007)

Exports
The total value of EU exports of wooden gifts and handicrafts amounted € 395 million for 2006. Since 2004, when they were valued at € 394 million, total exports from the EU have remained stable.

Germany and France have witnessed an increase in exports from a total of € 63 million in 2004 to € 73 million in 2006. On the other hand, Spain, Italy, Belgium and the UK have seen a decrease in exports from a total of € 191 million in 2004, to € 161 million in 2006. However, the Netherlands has remained stable at € 31 million in 2006 and 2004.

While the exports of most western European countries are decreasing or are stable (except for: France, Germany and Sweden), Eastern European countries are experiencing a remarkable growth in export numbers. Lithuania, Poland, and Slovenia have increased their exports significantly over the past years by producing lower segment products and exporting them. Romania has even managed to increase its exports from € 17 million in 2004 to a value of € 21 million in 2006. The overall growth in exports from the European Union is accounted for by these countries.

Opportunities and threats
A number of emerging economies in Asia, such as China, Vietnam, India, etc., with natural resources and low labour costs, have a gifts and decorative articles industry strongly dedicated to low-priced exports. At the same time, many EU manufacturers have shifted their production to these countries to benefit from these advantages. They combine their efficient and high-quality production systems with the low labour costs in the DC countries. Outsourcing their production to cheap(er) contract manufacturers was also a popular way to benefit from the more favourable conditions in these countries. This development, in turn, has offered the local producers in developing countries a chance to copy the new technologies and production systems. Therefore, the quality of their products has improved considerably. Especially China has taken advantage of these developments and therefore poses an increasing threat to EU manufacturers.
Furthermore, the outsourcing trend gave the manufacturers in these countries the opportunity to learn the preferences of the EU market consumers. Eastern European countries such as Poland, Czech Republic, Romania and Hungary, though not considered to be developing countries, have also benefited from the outsourcing by EU-manufacturers. These countries are therefore considered to be the most important competitors of the developing countries. The producers in Eastern European countries distinguish themselves by employing a differentiation strategy based on superior quality in each segment and product, since they are not able to compete with the low Asian prices.

The same development or trend can be an opportunity for one exporter and a threat for another; exporters should analyze if these developments represent an opportunity or a threat and the outcome of this analysis depends on the specific situation of an exporter. We refer to chapter 7, of the EU survey *'The gifts and decorative articles market in the EU'*, *(2007)* for more information on opportunities and threats.

Useful sources
- EU Expanding Exports Helpdesk (http://export-help.cec.eu.int/) →go to: trade statistics
- Eurostat – official statistical office of the EU (http://epp.eurostat.cec.eu.int)
  → go to 'themes' on the left side of the home page
  → go to 'external trade'
  → go to 'data – full view'
  → go to 'external trade - detailed data'
- International Chamber of Commerce
  E-mail: (mailto:webmaster@iccwbo.org)
  Internet: (http://www.iccwbo.org)
- International Trade Centre UNCTAD/ WTO
  E-mail: (mailto:tirc@intracen.org)
  Internet: (http://www.intracen.org)
- European Union (official site) (http://europe.eu.int/)

4 Price developments

As can be seen in the preceding chapters, the gifts and decorative articles market is being increasingly penetrated by low-priced articles from Asia and Eastern Europe. Combined with sluggish economic development, the EU gifts and decorative articles market has become more competitive in the reviewed period.
Another notable development which has influenced prices was the increasing penetration of budget retailers in the gifts and decorative articles market. Furniture retailers like, for example, Ikea and Habitat are increasingly tapping into the gifts and decorative articles

market, selling quality, trendy gifts and decorative articles at competitive prices. These formats have been especially popular amongst young families, students and single households, (Euromonitor).
Consumer trends discussed in this survey have created a polarisation of the gifts and decorative articles market into low-priced and premium-priced products. The former price segment is becoming increasingly important because of Europeans' tendency to change the interior decoration of their homes more often, leading to an increasing demand for low-priced, fashionable interior products. This trend is especially seen amongst youngsters. In this segment the price is the decisive factor rather than quality. The latter segment consists of high-quality, product brands like for example Roche Bobois, Cassina and Alessi.
The high prices in this segment will largely be untouched by economic developments and strengthen the status of the products. The sluggish economy in the past couple of years however, has negatively influenced the demand for these high-priced articles, as consumer confidence is an important determinant for the expenditure on these products.
The medium market segment, which was traditionally the largest sector, is disintegrating into numerous small niche consumer groups, each having its distinct identity, according to Euromonitor. The trends like the social and demographic changes, together with increasing globalisation and the increasing popularity of home decoration through television, newspaper and magazines, has generated new trends in home decoration.
According to Euromonitor, the forming of these smaller niche consumer groups with distinctive preferences has created a demand for different styles of home and garden decoration products, ranging from classic, modern, modern-classic, minimalist, industrial look, ethnic look to mixed interiors with African art, Asian interiors, interiors with high-technology, the Mexican look, etc. The impact of changes in the economy will be predominately felt in this mid-price segment, when people tend to spend more in economically buoyant periods and economise in less prosperous times.

As the group wooden gifts and handicrafts contains many varieties of products, in all possible sizes, materials and finishes, and as the European market for these products contains a great variety of shops and other outlets in many segments, it is not possible to give a good overview of the level of consumer prices. It is possible, however, to give some idea of average indicative retail prices for the different segments.

Table 4.1 Indicative retail prices of wooden gifts and handicrafts, 2007, in Euros incl. VAT

Product	High segment	Middle segment	Lower segment
Photo frame	> 30,00	10,00 - 20,00	< 5,00
Statue	> 50,00	10,00 - 30,00	< 10,00
Ornaments caskets, boxes and cases	> 30,00	10,00 - 30,00	< 5,00

Source: various websites

Comparative price levels
In order to help assess the purchasing power and to show the differences in price levels between countries, Table 4.2 below gives a general overview of the comparative price levels in the seven selected countries. The table should be read vertically. Each column shows the number of specified monetary units needed in each country to buy the same representative basket of consumer goods and services. In each case the representative basket costs a hundred units in the country whose currency is specified at the top of the column. For instance, what can be bought in Spain for € 100, can be purchased in the Netherlands for € 115. This table can be very useful for exporters comparing export opportunities in the selected markets e.g. an exporter comparing the price levels in Germany and Italy can easily see that the price levels in Germany are relatively higher than those in Italy.

Please note that these are the *general* price levels, i.e. for *all* the products and services that are traded within a country (including for example cars, electricity, bread, dry-cleaning, etc.).

There are no data available on the relative price levels for wooden gifts and handicrafts as such, but these will in most cases be in accordance with the general price levels.

Table 4.2 Comparative price levels in the seven selected markets, 2007

Country	BEL	FRA	GER	ITL	SPA	NL	UK
Belgium	100	97	96	104	113	98	100
France	103	100	99	107	117	101	103
Germany	104	101	100	107	117	102	104
Italy	96	94	93	100	109	95	97
Spain	88	86	85	92	100	87	89
The Netherlands	99	87	99	79	115	100	102
The UK	100	97	96	103	113	98	100

Source: OECD

The reason for this difference in price level lies in internal circumstances (general level of wealth, costs of logistics, tradition), and not necessarily in differences in buying prices. The truly international chains of shops like Ikea, Habitat or Casa usually have only marginal differences in price level between the countries. It should also be noted that VAT (Value added tax) levels differ between countries.

Import statistics show declining import prices for gifts and decorative articles
Eurostat statistics show that in almost all of the researched countries import prices have fallen considerably in the past years (between 2003 and 2005).
This development is less applicable to the more luxurious parts of the segments. Design, special features, finishes and materials following fashion trends have enabled suppliers of the more luxury segments to offer innovations valued by the end users, who are willing to pay for the added value.

Detailed overviews of import price developments are given in the country specific documents. Moreover, those are separated with regards to the researched product groups. Price developments are given for all researched markets and for all nine segments.

Useful sources
As the gifts and decorative articles market contains a wide range of products, from candles to jewellery boxes, from baskets to vases and from jewellery to statuettes, it is not possible to integrate individual price information on all products in this survey. To give an indication of the variety of products: some intermediaries have a stock of over 15,000 different items! Moreover the price levels for similar products may vary considerably according to criteria such as type of sales channel, volumes, packaging, etc., as these may vary according to the market segment and target group aimed at. Therefore, the manufacturer will have to do a lot of market research himself, carefully taking all the different market segments and criteria into account!
The best way to obtain information about prices and price levels in the EU is by visiting one of the major trade fairs. Alternatively, comparisons can be found in the prices given in catalogues from mail-order houses, large department stores and from the internet sites of companies. Window-shopping in the prospective market place, at several retail shops, is another good way of getting information about prices. Apart from prices, window-shopping gives you a good impression of the wide variety of products, qualities, fashions, colours and promotions. The internet is also a good source of price information, for example the Ikea online-store gives information on retail prices of Ikea products, including its gifts and decorative articles. Catalogues from mail-order houses like Neckermann, OTTO and Wehkamp and advertising also offer a useful opportunity to gain an insight into consumer prices.

Other useful sources of price information are:

- Euromonitor (http://www.euromonitor.com)
- Datamonitor (http://www.datamonitor.com)
- Market Research (http://www.marketresearch.com/)
- Market Line (http://www.market-line.com/)

- Trade fair names given in the country surveys
- Eurostat databases

5 Market access requirements

As a manufacturer in a developing country preparing to access country, you should be aware of the market access requirements of your trading partners and the country government. Requirements are demanded through legislation and through labels, codes and management systems. These requirements are based on environmental, consumer health and safety and social concerns. You need to comply with EU legislation and have to be aware of the additional non-legislative requirements that your trading partners in the EU might request.

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

Packaging, marking and labelling
General information on packaging, marking and labelling can be found in chapter 10 in the CBI market survey (*'The gifts and decorative articles market in the EU', 2007)*.

Packaging is a vital part of successful export operations. Export packaging has to comply with a number of additional requirements as exporting implies longer transport, rougher handling and tougher competition than domestic trading. Consumer packaging has changed a good deal in recent years. Packaging no longer serves the purposes of distribution and protection, but plays an important role in image building, communication and environmental protection. According to the CBI export planner, packaging serves three basic functions:
- It protects your product during transportation
- It breaks down your product to sellable units (e.g. transforming bulk goods into consumer units), or simply makes the product easily accessible for consumers
- It conveys a message to the buyer/consumer (marking and labelling)

Products from developing countries generally have a long distance to travel before reaching their destinations in the EU. Therefore, it is very important that close attention is paid to the packaging of products. Good packaging protects products from, for example, the fluctuations and extremes of temperature, relative humidity, vibration and shock, impact, getting wet and getting lost.

Additional 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

General information on doing business like approaching potential business partners, building up a relationship, drawing up an offer, handling the contract (methods of payment, and terms of delivery) can be found in CBI's export manuals 'Export Planner' and 'Your image builder'. Furthermore cultural awareness is a critical skill in securing success as an exporter. Information on cultural differences in the EU can be found in chapter 3 of CBI's export manual 'Exporting to the EU'. These manuals can be downloaded from http://www.cbi.eu/marketinfo - go to search publications.
CBI's Market Survey '*The gifts and decorative articles market in the EU*' (2007) contains information on both international business practices (logistics, methods of payment and delivery, terms of trade and general recommendations), and on the various aspects of sales promotion for producers in developing countries. There are no specific business practices for wooden gifts and handicrafts different from those described in the market survey.

The three most important fairs with international appeal:
- Innowa – http://www.innowa-dortmund.de: January 4 - 7, 2008, Dortmund, Germany.

- H.E.T. – http://www.hamburger-einkaufstage.com: January 12 - 14, 2008, Hamburg, Germany.
- Decoforce – http://www.decoforce.be: February 10 - 13, 2008, Brussels, Belgium

Appendix A General product description

	HS CODES	PRODCOM	DEFINITION
Frames	4414 0010	2051 1410	WOODEN FRAMES FOR PAINTINGS, PHOTOGRAPHS, MIRRORS OR SIMILAR OBJECTS, OF TROPICAL WOOD AS SPECIFIED IN ADDITIONAL NOTE 2 TO THIS CHAPTER
	4414 0090	2051 1410	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
Statuettes, ornaments	4420 1011	2051 1300	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,
	4420 1019	2051 1300	STATUETTES AND OTHER ORNAMENTS, OF WOOD (EXCL. 4420.10-11)
Caskets, boxes and cases	4420 9091	2051 1300	CASKETS AND CASES FOR JEWELLERY OR CUTLERY, AND SIMILAR ARTICLES AND ARTICLES OF FURNITURE NOT FALLING IN CHAPTER 94, OF TROPICAL WOOD AS SPECIFIED IN ADDITIONAL NOTE 2 TO THIS CHAPTER
	4420 9099	2051 1300	CASKETS AND CASES FOR JEWELLERY OR CUTLERY, AND SIMILAR ARTICLES AND ARTICLES OF FURNITURE NOT FALLING IN CHAPTER 94, OF WOOD (EXCL.4420.90-91)

This survey was compiled for CBI by DCT BV in collaboration with TuYu BV.

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