BARBADOS
PRIVATE SECTOR
TRADE TEAM

A DIVISION OF THE BARBADOS PRIVATE SECTOR ASSOCIATION

FOCUS GROUP DISCUSSION: DEVELOPING CRAFT EXPORTS TO THE EU

Friday November 23, 2012

Barbados Manufacturers' Association (BMA) Secretariat|
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Terms of Reference

- "Building Capacity for Exports"- linked to opportunities and challenges of EPA implementation
- Identification of market requirements (standards, sps measures and tbts)
- Leading to the development of five Sector Studies incorporating market demand studies
- Export Guides and Action Plans- based on consultations
- Framework programme for future assistance

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Overview

- Welcome and Introduction
- Overview of EU market for artisanal products, technical barriers to entry and current trends
- Discussion: Strengths, Weaknesses, Opportunities and Threats for Barbadian producers in this subsector
- Wrap-up: Summary of main conclusions to be reflected in export guides and action plans

OVERVIEW OF EU MARKET :

TRADE IN ARTISANAL PRODUCTS

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The EU market for craft

- Over 500 million customers
- Germany is largest market- 82 million
- Biggest market niche giftware- expanding and worth € 10.4 billion
- Largest category segment- home and table accessories at 33 percent

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The EU market for craft

- three market segments; **luxury**, the **middle to up market** and the **low**
- despite the global volatile economic outlook, the luxury goods market continues to prove resilient- In 2012 is expected to grow more than 7% and exceed US$ 302 billion

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Trade in Craft

- Product groupings where a trade deficit existed in 2011, included:
  - Wood marquetry and inlaid wood; caskets and cases or cutlery of wood
  - Women's suits, dresses, skirt, knitted or crocheted
  - Embroidery in the piece, in strips or in motifs
  - Ceramic tableware, kitchenware, other household and toilet articles

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Trade in Craft

- Product groupings where a trade deficit existed in 2011, included:
  - Statuettes and other ornamental ceramic articles
  - Articles of silver jewellery
  - Imitation (Cosmetic) jewellery
  - Paintings, drawings, pastel, collages and similar art executed by hand.

Major Suppliers

- Significant amounts of craft and artisanal products are supplied between EU countries. China, India, Thailand and the United States

Distribution Channels

- Agents
- Importer/ Wholesaler
- Export Marketing Organizations
- Buying groups
- Retail
- Mail order houses
- Supermarkets and hypermarkets
- Internet Sales
- Teleshopping

THE EU MARKET FOR CRAFT

MARKET AND PRODUCT TRENDS

High potential segments: Jewellery

- silver jewellery or imitation jewellery is sought after as an accessory to personalize clothing and make statements on individuality
- Right: “Quatre in Motion” paper jewellery sculpture by Richard Sweeney for Boucheron (photo: Pattern People)

High potential segments Wooden decorative articles with a natural finish:

- Consumers prefer natural and organic appearances in wood products which are part of a trend towards 'honest' , authentic, timeless and durable materials consistent with environmental awareness. Wood used in products must be from bamboo or other sustainably harvested sources.
- *Right: Palonia table d'appoint, Habitat France, €100, http://www.habitat.fr/c/Nos-selections/bonnes-affaires*

High potential segments: Lampshades:

Lamps are widely used in France instead of ceiling light in living and bedrooms. Lampshades can be made from wood, paper/ fibre based composites, and metal.

Right: ROTVIK Lampadaire, IKEA France, €49,99
http://www.ikea.com/fr

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High potential segments:

- ***Home linens***: are in demand, they should be sold in ready to made pieces according to local standard sizes and be either original contemporary or vintage in their styling
- ***Basketware and wickerware***: are in demand for low cost storage and decorating updates
- ***Functional pottery*** for plants and table decoration
- ***Decorative candles*** are particularly popular in Germany and Scandinavia
- ***Vegetal fibers*** used in decorations and flooring/carpet are popular in France.

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Demographic trends

- ageing populations - elderly are considered an important segment
- youth markets in the EU which favour spontaneity and freshness
- baby boomers who have come of age leading trends towards vintage products, health and wellness and DIY homemaking
- Multiculturalism-due to migration and other factors, the population growth is expected to be an estimated 3 % in the following 10 years, of which 80% will be ethnic (CBI, 2011)

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Online Retailing

- Due to availability of choices, the consumer as producer *(prosumer*), is interested in personalized products
- the channel from producer to consumer becomes shorter. Another important factor is 24/7 accessibility of goods and services
- Online retail across seventeen of the largest European Union markets in Western Europe is expected to reach €114 billion by 2014, with 190 million Europeans shopping online in that year, up from 141 million today (Forrester Research)
- In fact, e-commerce in Western Europe will grow at about 11% a year, slightly ahead of the United Kingdom and the United States, two mature markets

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Sustainability concerns

- Consumers - more aware of what products they buy and what they consume
- better informed (due to internet) and want to be better informed about products, processes and stores
- hold retailers responsible for the social and environmental impact of the products they sell, the production processes used, who manufactured the and where the product comes from
- require artisans to apply a thoughtful approach to the selection of materials , possibilities for their reuse and reclamation
- economical use of materials, minimization of waste and editing/ streamlining of products to optimize material usage.

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Seasonality

- Approximately two thirds of decorative articles are sold in the second half of the year (CBI, 2011)- linked to the fact that people spend more time within their homes in this period.
- Christmas and New Year are also important sales drivers
- In springtime, the garden is more important, especially in the Northern European countries
- peak periods for the sales of gifts generally revolve around special occasions, such as Christmas and New Year, Valentine's Day, Easter, Mother's Day and Father's Day.

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Individualization

- -increasing individualization and greater desire for personalization
- consumer behaviour : more fragmented, whimsical and unstable
- Product design, colour, textures and materials -critical roles in purchasing decisions
- appreciate one-of-a-kind items, which personalize their homes
- “products that have a personal and emotional link to the consumer, which appeal to multiple senses, including sight, sound and scent, are in demand as consumers seek to make their homes more comfortable and comforting” (CBI, 2011).

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Scarcity of natural resources

- great concern on the part of the consumer where wastage of resources like energy, water, natural ingredients, material and food appear to occur.
- Retailers forced to explore and refine their product designs, production processes, packaging materials, transportation, impact of the use of the product and its recyclability- demands on suppliers

THE EU MARKET FOR CRAFT

TECHNICAL BARRIERS TO ENTRY

Directive 85/374/EEC: Liability for defective products

- **RAPEX Reference no:**39 0165/12
- **Notifying country:** Spain
- Play-mat "Friendly Bear“
  Danger: Choking
  Measures adopted: Voluntary withdrawal from the market and information on the dangerous product has been published by the distributor

Directive 2001/95/EC : General product safety

- **RAPEX Reference no:** 45 0171/12
- **Notifying country: France**
- Product: Amber baby necklace
  Danger: Choking and Strangulation

  no warning indicating the need to ensure that children do not wear or handle it without adult supervision.

- **Measures adopted:** Voluntary withdrawal from the market, stop of sales, information to consumers that the product is dangerous and recall from consumers by the distributor. A warning has been added to each product by the importer.

Directive 94/62/EC: EU legislation for packaging and packaging waste

- As of August 1, 2001, these minimum requirements will require a recovery quota of 50-65 percent for packaging materials brought into the EU and will regulate the presence of four heavy metals (mercury, lead, cadmium and hexavalent chromium) in packaging and labelling.
- Annex II of the Directive specifies the essential requirements which relate to: the manufacturing and composition ,the reusable nature, the recoverable nature (recycling, energy recovering, composting and biodegradable packaging) of all packaging used in products intended for the EU market.

EU/International legislation: Endangered species (CITES)

- The Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES) - worldwide protection of endangered species of animals, flora and fauna.
- controls on international trade in specimens these species and are the basis of a worldwic policy on protection of endangered species. CITES also prohibits or restricts the trade in **products containing material from endange species**. This applies especially to leather articlehandicrafts, jewellery, flowers, plants, furniture and antiques.
- CITES Homepage http://www.cites.org/

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Directive 2000/29/EC –General Phytosanitary Measures

- This Directive concerns protective measures against the introduction of organisms harmful to plants or plant products by the movement of plants and plants product into a Member State, from either other Member States or from third countries, including French overseas departments. To ensure close, rapid, immediate and effective cooperation, each Member State should designate one single and central authority to coordinate contacts in matters related to plant health. When it is estimated that the required conditions are not met, several decisions can occur:
    - refusal of entry into the community
    - movement outside the community when acceptable
    - removal of infected product
    - destruction
    - imposition of quarantine period until results of the examination are available
-

Regulation (EC) No 1107/2009 :Use of plant protection products

- residues of the plant protection products are required to:
  - not have any harmful effects on human or animal health,
  - not have any unacceptable effect on the environment.

Regulation (EC) No 1935/2004: Materials and articles intended to come into contact with food

- **RAPEX Reference no:**27 1279/07
- **Notifying country: Poland**
- **Danger:**The product poses a chemical risk because the quantity of lead and cadmium exceeded the limits for dishes
  Measures adopted: Voluntary withdrawal from the market and recall from consumer by the importer

All materials and articles intended to come into contact with food; including active and intelligent materials and articles, adhesives, ceramics, cork, rubbers, glass, ion-exchange resins, metals and alloys, paper and board, plastics, printing inks, regenerated cellulose, silicones, textiles, varnishes and coatings, waxes, wood

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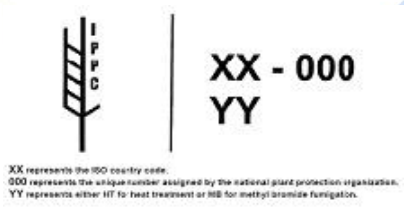
Directive 2004/102/EC-Wood Packaging

- All packaging made from coniferous and/or non-coniferous wood, which is greater than 6 mm in diameter, entering the EU from third countries Only wood which has been treated according to the FAO rules described below, may enter the EU. In addition, as of 1 January 2009*, all wood used for wood packaging will have to be debarked.
- The FAO guidelines stipulate that wood must be treated according to one of the following methods:
  - heating to 56°C for a minimum of 30 minutes;
  - kiln-drying below, chemical pressure impregnation or similar methods which can be considered as 'heat treatment' if they adhere to the above conditions; or
  - fumigation with methyl bromide at no less than 10°C, for a minimum of 16 hours



Directive 87/357/EEC : Safety of non-edible products imitating food

- **RAPEX Reference no:**29 0721/11
- **Notifying country: Spain**

Towels in packaging which imitates foodstuffs (cakes and lollipops) with decorations imitating strawberry and cherry. Description of packaging: - Plastic bag and transparent box.

- **Danger:** Choking / Injuries
- **Measures adopted:** The products do not comply with the Directive 87/357/EEC –Import rejected by the customs authorities

Regulation (EC) No. 1907/2006 Registration, Evaluation and Authorization of Chemicals (REACH)

REACH is the Regulation in the EU on chemicals and their safe use. It deals with the Registration, Evaluation, Authorization and Restriction of Chemical substances and came into force on 1st June 2007 Annex XVII of REACH contains the list of all restricted substances and specifies which uses are restricted. These include:

- Asbestos in products
- Azo dyes in textile and leather articles
- Benzene in toys
- Cadmium in several products
- Creosote oil in wood products
- Flame retardants in textiles
- Lead in paints
- Mercury in measuring devices
- Monomer vinyl chloride used as aerosol propellant
- Nickel in piercings, ornaments and clothing accessories
- Nonyl phenols and ethoxylates
- PAHs in extender oils and tyres
- OctaBDE in products
- Phthalates in toys and childcare articles
- Substances in decorative articles
- Ugilec and DBBT in several products
- Wood preserved with arsenic.

Directive 76/769/EEC : Dangerous substances in decorative articles

Decorative oil lamps may only be placed on the market if they conform to the European Standard on Decorative oil lamps: EN 14059. Standard EN 14059 specifies requirements and test methods for oil lamps used for decorative purposes in households. The standard aims to minimize the risk of accidental poisoning of small children up to 3 years of age, by limiting the accessibility of the lamp oil. Producers should refrain from using substances which are toxic and dangerous to provide colouring effects in products.

RAPEX REF: 27/ A12/0859/ 12

RAPEX REF: 41/ 1154/11

Directive 2002/61/EC: Azo dyes in textile and leather articles

- For textiles and leather articles which may come into direct and prolonged contact with the human skin or oral cavity, azo dyes containing aryl amines can no longer be used to dye textile and leather products that come into contact with the skin

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Directive 2002/61/EC: PentaBDE in furniture products

- pentaBDE, used in the manufacture of flexible polyurethane is relevant to furniture and upholstery.
- Effective August 15th 2004, articles may not be placed on the market if they, or flame retardant parts thereof, contain either pentaBDE or octaBDE in concentrations higher than 0.1% by mass.

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Regulation (EC) No 552/2009: Creosote oil and arsenic in wood products

- Creosote is a mixture of many chemicals and is used, among other applications, to preserve wood. Creosote protects against rot and insects, colours and provides a degree of water repellency.
- Arsenic compounds may not be used in the EU as substances and constituents of preparations intended for use in the preservation of wood;

Regulation (EC) 1907/2006:Traces of Cadmium in jewellery products

- **RAPEX Reference no:**46 A12/1202/12
- **Notifying country:** Finland
- **Danger:**
- The products pose a chemical risk because the metal material of each product contains cadmium, exceeding the limit of 0,01%.
  Measures adopted
- Voluntary measures: Destruction of the product
- Compulsory measures: Import rejected at border

Regulation (EC) 1907/2006: Nickel in clothing, jewellery and accessories

- Nickel is a metal that is sometimes used in alloys used for ornaments (such as armlets, bracelets and earrings) and in clothing and accessories (such as zippers and buttons). The occurrence of increasing numbers of cases of nickel allergy symptoms has forced the EU to set requirements for nickel in products coming in contact with the skin. Products that do not meet these requirements will be taken from the market.

SWOT ANALYSIS:

EXPORTING TO THE EU

WRAP UP :

CONCLUSIONS TO BE REFLECTED IN EXPORT PLAN

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THE END

THANK YOU FOR YOUR TIME AND ATTENTION!!!

Further thoughts on developing the craft sector for EU exports: lisazilda@yahoo.co.uk