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# EXPORTING TO THE EU

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## SECTOR STUDY

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### ARTS & ARTISANAL CRAFTS

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*Prepared for the Barbados  
Private Sector Association  
(BPSA) with the support of the  
IADB project "Building Capacity  
to increase exports"*

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## CHAPTER 1 INTRODUCTION

This report presents a sector study of the market opportunities and market access requirements for artisanal products, or handicraft in the European Union (EU 27), with a special focus on the market prospects for Barbadian producers. It is intended to elaborate possible opportunities for building export capacity among Barbadian producers to access the EU market, within the context of the Economic Partnership Agreement (EPA). The research is sponsored by the Barbados Private Sector Association (BPSA), through the support of the Inter-American Development Bank and is part of a series of four projects that will strengthen the BPSA in its role as a key participant in public policy debates affecting private sector development; while increasing awareness of changes and challenges that confront the sector. These four component projects involve:

- Improving private sector development and competitiveness;
- Providing information on the challenges and opportunities of the EPA to business owners, managers and workers;
- Building capacity to increase exports; and
- Supporting the Institutional strengthening of the BPSA.

This report contains five Chapters. Chapter 1 provides an introduction to the study. Chapter 2 provides general guidance on the regulatory framework for doing business in the EU including key aspects of import procedures involved in exporting to the EU and an explanation of EU mandatory market requirements in the form of technical regulations and Directives enforceable under EU law. Chapter 3 contains a market study of the EU market for craft and artisanal products, including data on imports and major suppliers, information on high potential product segments, marketing channels and consumer purchasing trends. Chapter 4 identifies and explains EU technical regulations related to craft and artisanal products. The report concludes with a brief Chapter 5 which summarizes the critical success factors in exporting craft product to the EU.

A major focus of the guide is the compilation of technical regulations which Barbadian exporters of handicraft are required to meet in exploring their potential to export to the 27 member states of the EU. Handicraft is not a homogenous sector, but consists of a wide range of products, which can be the output of an array of techniques and production processes; either entirely handmade or utilizing some labour saving machinery. Within the Harmonized System of classification, HS codes are assigned to handicraft according to various component materials, the processes by which they are made, or a combination of both. There are no standards and technical regulations which apply specifically to art and craft products; rather there are broad regulations concerning consumer health and safety, for which arts and crafts may need to comply, based on requests from buyers. The report focuses on the broad categories of furniture and wood products, home accessories, gifts and jewellery.

EU market requirements can be legal requirements or non-legal requirements. Legal requirements, otherwise known as technical regulations are trending towards harmonization across EU states. Legal requirements represent the minimum requirements that products marketed in the EU must meet. Products that fail to meet these requirements are not allowed on the EU market. Non-legal requirements offer buyers and producers various options in the form of standards and may have varying preferred status across countries. Non-legal requirements go beyond legislation, as companies (buyers) can go further in their requirements than legislation. The main categories of additional requirements are environmental requirements and social (labour) requirements. **The difference between a standard and a technical regulation therefore lies in the issue of compliance. While conformity with standards is voluntary, technical regulations are by nature mandatory.** This guide is focused on harmonized mandatory regulations enshrined in legislation and immediately pending future legislation. Exporters are advised that additional national legislation and specific buyer requirements for particular marketing channels may also apply.

There is an abundance of EU legislation which could potentially affect arts and crafts products seeking entry to Europe. Many producers view these legislative hurdles and technical standards as technical barriers to trade. However, these regulations are imposed equally on EU producers and it is also possible to make the case for the need for these market requirements in order to regulate the protection of consumers and the environment from potential dangers. At the very least, where Barbadian producers are interested in positioning themselves to take advantage of the potential market opportunities, they will have to familiarize themselves with these market requirements in order to engage European buyers in dialogue. The significant responsibilities which buyers hold under European law and the high levels of accountability to which they are held are an important feature of the market requirements. This means that engaging buyers in dialogue (in the product design and development phase where possible) provides the basis for successful market entry and future collaboration.

This sector study is the product of rigorous research and cross referencing of multiple sources conducted over five months in mid 2012. While every attempt has been made to verify the published information as accurate at the time of writing, the environment is very dynamic and subject to frequent changes at short notice. Exporters are therefore advised to remain in close communication on these issues with potential buyers. The manual is not intended as a substitute for legal or marketing advice and no liability will be assumed by the BPSA or its authors arising from the use or interpretation of the information contained herein.

## CHAPTER 2 DOING BUSINESS IN THE EU

### *Background*

The EU is a unique economic and political partnership between 27 countries. Operating as a single market, the EU is a major world trading power with an estimated GDP of €12,268,387 million in 2010. With just 7% of the world's population, the EU's trade with the rest of the world accounts for around 20% of global exports and imports. The EU is the world's biggest exporter and the second-biggest importer. Approximately two thirds of EU countries' total trade is done with other EU countries. The United States is the EU's most important trading partner, followed by China. In 2005, the EU accounted for 18.1% of world exports and 18.9% of imports. The Euro (1 EUR = 100 cents) is the legal tender for 321 million people in 15 European countries: Austria, Belgium, Cyprus, Finland, France, Germany, Greece, Ireland, Italy, Luxembourg, Malta, Portugal, Slovenia, Spain and The Netherlands.

The roots of today's European Union were created in the aftermath of the Second World War on the philosophical principle that countries who trade with one another become economically interdependent and so more likely to avoid conflict. The European Coal and Steel Community (ECSC) was a six-nation international organization, formally established by the Treaty of Paris (1951) and signed by France, West Germany, Italy and the three Benelux states: Belgium, the Netherlands and Luxembourg. Between these states the ECSC would create a common market for coal and steel. In 1967 all its institutions were merged with that of the European Economic Community (EEC, which later became part of the European Union), but it retained its own independent identity. However in 2002 the Treaty of Paris expired, and with no desire to renew the treaty, all the ECSC activities and resources were absorbed by the European Community. During its existence, the ECSC had succeeded in creating a common market but could not prevent the decline of the coal and steel industries. It did however establish the groundwork for the future European Union. The European Economic Community (EEC) (also known as the European Common Market and the European Community even before it in 1993 was renamed as such) was an international organization created by the 1957 Treaty of Rome. Its aim was to bring about economic integration, including a common market, among its six founding members. In 1993, the entry into force of the Maastricht Treaty enabled the renaming of the EEC as the European Community (EC) to reflect the intended coverage of a wider range of policy. The EC existed in this form until it was abolished by the 2009 Treaty of Lisbon, which merged the EU's former pillars and provided that the European Union would "replace and succeed" the European Community.

Through the development of harmonized approaches to legislation and regulation, the European Union has created a significant trading bloc. Exporters wishing to access the combined consumer market of 495 million inhabitants, comprising the world's third largest population after China and India, need to become familiar with the market requirements which determine market access. This chapter focuses on the key market requirements at the EU level. These should be investigated in conjunction with market requirements at the national and provincial levels within individual EU member states.

### ***Getting help in Exporting to the EU***

The European Union has created an online multilingual Export Helpdesk as a single point of access for online information about exporting to Europe. The Export Helpdesk is a database that allows an exporter to search for detailed information on specific products you want to export to Europe. The CARIFORUM Economic Partnership Agreement (EPA) is one of many preferential trading agreements which the EU has established globally to enable the export of goods and services, largely free of tariffs or quotas. Despite the duty and quota free access, there are a number of applicable mandatory import requirements which have to be fulfilled for the entry of goods to the EU market. In addition, the trading environment is dynamic, with frequent changes to policy and legislation. Exporters should consult the Export Helpdesk frequently, to determine the import tariffs that apply to their products as well as the import requirements applicable (such as labelling, plant health control, technical standards, etc.). The Helpdesk can also provide statistics on trade between the European Union and the rest of the world. Online access to the Helpdesk is free of charge and available through the portal <http://exporthelp.europa.eu>.

### ***Direct Access to EU Legislation***

Since January 1998, direct access to European Union legislation is possible online through the website [www.eur-lex.europa.eu](http://www.eur-lex.europa.eu). The database, which is searchable by word, date, document number, OJ reference and/ or CELEX number, allows the user to follow the latest developments in EU legislation. The L series (Legislation) and C series (Information and Notices) of documents from the Official Journal of the European Union (the official gazette) are updated daily. Adopted Directives (mandatory market requirements) are published in the Series of the Official Journal of the European Communities. Draft Commission proposals for new Directives are published for comment in the C series of the Official Journal.

### ***The CARIFORUM EPA in Brief***

At the end of 2007, the first comprehensive Economic Partnership Agreement (EPA) was agreed through various rounds of discussion, consultation and negotiation between the EU and CARIFORUM (Caribbean Forum of ACP States, comprising CARICOM plus the Dominican Republic). The EPA is a successor, reciprocal trading agreement which replaced the long standing unilateral preferential access to European markets enabled by the Cotonou Agreement with ACP countries. The EPA Agreement was signed in October 2008 and is provisionally applied as from 29 December 2008. In addition to the reciprocal relationship, the EPA modernizes the provisions for trade and development, by the inclusion of provisions aimed at boosting goods trade, as well as trade in services; investment; intellectual property and a wide range of other trade-related areas. Sustainable development and regional integration are major themes running through the agreement, which includes development cooperation provisions. The EPA also establishes new joint oversight bodies for the implementation of the agreement and provides for ongoing monitoring and review. As of the 12 of June 2012, 4 out of 15 CARIFORUM countries and 10 out of 17 EU countries have ratified the agreement, enshrining the

provisions in national legislation. The agreement will continue to be provisionally applied until ratification is complete.

### *Scope of this Research*

This research focuses on outlining the necessary requirements to enable Barbadian exporters to increase their capacity to export to three major EU markets: Germany, France and the Netherlands. These markets were selected as markets of interest, given their size and attractiveness, as well as the existence of related overseas territories of Martinique, Guadeloupe, Curacao, Aruba, Bonaire and others, within geographic proximity of Barbados, in the Caribbean. Five subsectors were selected for review based on consultation with the project Steering Committee at startup. These are: specialty foods, fresh foods, beverages, arts and crafts and marketing of tourism services.

### *Understanding Market Requirements*

Market access and penetration for the exporter is conditional on meeting general and specific market requirements. Market requirements may vary widely between countries. They may take the form of:

- **Process requirements:** for example; scientifically based technical regulations in relation to specific hazards, use of batch coding and other systems which impact traceability
- **Product requirements:** including standards and mandatory legislation affecting packaging and labelling
- **Border measures:** including mandatory licensing procedures and or requirements for import permits
- **Marketing channel requirements:** for example, the expectation of usage by producers of barcodes and other specific inventory and/or product management systems in certain marketing channels, specific quality requirements which may be required access specific marketing channels (i.e. wholesale, retail, hotel supply, restaurant supply, etc.)
- **Consumer Health, Safety and Protection requirements:** for example, sanitary and phytosanitary measures and data protection and privacy measures.

Figure 1 below illustrates further examples. Because each of the market requirements can act as a barrier to accessing and penetrating a new market, a successful exporter begins the process of investigating market potential with research to identify the requirements for trading legally within the market.



*Figure 1: Range of market requirements to be considered by exporters seeking market access and penetration*



## *Exporting to the EU: About EU Import Procedures*

### *The Customs Union*

The 27 Member States of the EU form a single territory for customs purposes. This implies that the EU is a Customs Union, meaning that its Member States have no customs duty barriers between themselves and they all have a common customs tariff for imported goods. Moreover, once customs duties have been duly paid and compliance with import conditions has been inspected, imported goods are free to circulate within the rest of the EU without any further customs controls. The Customs Territory of the EU includes the territories of the following Member States:

- Belgium
- Bulgaria
- the Czech Republic,
- Denmark, except the Faroe Islands and Greenland,
- Germany, except the Island of Heligoland and the territory of Büsingen
- Estonia
- Ireland
- Greece
- Spain, except Ceuta and Melilla,
- France, except New Caledonia, Mayotte, Saint-Pierre and Miquelon, Wallis and Futuna Islands, French Polynesia and French Southern and Antarctic Territories, but including the overseas departments of Guadeloupe, French Guiana, Martinique and Reunion Islands,
- Italy, except the municipalities of Livigno and Campione d'Italia and the national waters of Lake Lugano which are between the bank and the political frontier of the area between Ponte Tresa and Porto Ceresio
- Cyprus (pending a settlement to the Cyprus problem, the application of the Community 'acquis' is suspended in those areas in which the Government of the Republic of Cyprus does not exercise effective control)
- Latvia
- Lithuania
- Luxembourg
- Hungary
- Malta
- the Netherlands in Europe
- Austria
- Poland
- Portugal
- Romania
- Slovenia
- the Slovak Republic
- Finland
- Sweden
- the United Kingdom of Great Britain and Northern Ireland and of the Channel Islands and the Isle of Man.

The following territories, including their territorial waters, inland maritime waters and airspace, situated outside the territory of the Member States, shall also be considered to be part of the customs territory of the Community:

- the territory of the principality of Monaco
- the territory of the United Kingdom Sovereign Base Areas of Akrotiri and Dhekelia, in Cyprus.

### ***Community Customs Code***

The bulk of the rules governing EU customs are contained in the [Community Customs Code](#). This Code, adopted in Council Regulation (EEC) No 2913/92 (OJ L-302 19/10/1992) (CELEX 31992R2913), as well as Commission Regulation (EEC) No 2454/93 (OJ L-253 11/10/1993) (CELEX 31993R2454) laying down provisions for its implementation, cover all customs matters concerning trade with foreign countries. These provisions ensure uniform and transparent customs practices in all the EU Member States.

### ***The EORI Number***

EORI stands for "Economic Operator Registration and Identification". EORI commenced across the EU on July 2009. The EORI number is an identifier, unique throughout the EU, assigned by a customs authority in a Member State to Economic Operators (EOs), both companies (legal persons) and natural persons. By registering for customs purposes in one Member State, an EO is able to obtain an EORI number which is valid throughout the EU. The operator will then use this number in all communications with any EU customs authorities where an EU-based identifier is required, for example in customs declarations.

Economic operators established outside the EU only have to be assigned an EORI number if they lodge a customs declaration, an Entry Summary declaration (ENS) or an Exit Summary declaration (EXS). The implementation of EORI will ensure that the measures to enhance security introduced by the ["Security Amendment"](#) (Regulation (EC) No 648/2005 of the European Parliament and of the Council [\(OJ L-117 04/05/2005\)](#) (CELEX 32005R0648)) of the Community Customs Code and its Implementing Provisions will be more effective, since EOs can be identified by reference to a unique number, common to all EU Member States. More information can be found at the [EORI Guidelines](#), and at the page on National Customs Websites for information on Customs for specific Member States.

### ***Entry Summary Declaration***

Starting on 1 January 2011, the carrier of goods entering the customs territory of the EU needs to lodge advance cargo information in the first customs office of entry to the EU. This information is provided through the Entry Summary declaration (ENS) which needs to be lodged in advance by the carrier of the goods, although in some cases it can also be done by the importer-consignee, or a representative of the carrier or importer. The ENS declaration must be lodged even if the goods are not going to be imported to the EU. The deadlines for the lodging of the ENS vary according to the mode of transport carrying the goods into the customs territory of the EU:

- **Container maritime cargo:** at least 24 hours before commencement of loading in the foreign load port
- **Bulk maritime cargo:** at least 4 hours before arrival.

- **Short sea shipping:** at least 2 hours before arrival.
- **Short haul flights** (less than 4 hours duration): at least by the time of the actual take off of the aircraft.
- **Long haul flights** (duration of 4 hours or more): at least 4 hours before arrival at the first airport in the customs territory of the Community.
- **Road traffic:** at least 1 hour before arrival.

Part of the information that the carrier must include in the ENS comes from documents originated by the exporter: bill of lading, commercial invoices, etc.; therefore it is critical that these reach the party responsible for the lodging of the ENS in a timely and accurate manner.

The ENS declaration falls within the scope of the Import Control System (ICS) which has become fully operational on 1 January 2011, as part of the ["Security Amendment"](#) (Regulation (EC) No 648/2005 of the European Parliament and of the Council) of the Community Customs Code. A document with [answers to frequent questions](#) about the ENS is available. More general information on the new customs procedures is available at the [European Customs Information Portal](#).

### ***Border Measures***

In general, all products entering the EU should be accompanied by a certificate of origin in order to verify qualification for preferential treatment, a packing list, commercial invoice, freight documents, customs value declaration where the value of the imported goods exceeds EUR 10 000, freight insurance and the Single Administrative Document (SAD), which provides the Community common import declaration form for all EU the Member States, laid down in the Community Customs Code published in Regulation (EEC) No 2913/92 (OJ L-302 19/10/1992) (CELEX 31992R2913). All documents should be originals. For a particular category of import, specific requirements may exist, in the form of EU and national non-tariff requirements and taxes (VAT and excise duties). The information provided in the Export Helpdesk is about EU law (applicable for the "harmonized products", i.e. products that are subject to harmonized legislation at European Community level). Where there is no applicable EU law (i.e. for the "non-harmonized products"), national law in the importing country applies.

### ***Import procedures***

Goods imported into the EU customs territory must be accompanied by a summary declaration, which is presented to the customs authorities of the place where they are to be unloaded. Goods are then placed under the temporary storage procedure (not exceeding 45 days in the case of goods carried by sea, or 20 days in other cases), which means that they are subject to customs supervision until they are assigned a customs approved treatment or use. The main customs approved treatments or uses are the following:

- **Release for free circulation:** Goods are "released for free circulation" when the conditions relating to importation into the EU have been duly fulfilled (payment of tariff duties and application of non-tariff trade policy measures). Once the mentioned duties as well as the value added tax (VAT) and any applicable excise duties have been paid, goods are "released for consumption", as they have satisfied the conditions for consumption in the Member State of destination.

- **Transit procedure:** Customs transit procedures facilitate the movement of goods between two different EU Member States customs offices, temporarily suspending duties and certain trade policy measures, thereby transferring customs clearance formalities to the customs office of destination.
- **Customs Warehousing:** This procedure permits the storage into designated facilities of imported goods, temporarily suspending duties, taxes and trade policy measures, until they are assigned another customs approved treatment.
- **Inward processing:** This procedure allows goods to be imported into the EU, without being subject to duties, taxes and commercial policy measures, in order to be processed under customs control and subsequently re-exported out of the EU. Where finished products are not finally exported, these shall be subject to the appropriate duties and measures.
- **Temporary importation:** It allows the entry of goods into the EU with relief from import duties; as long as they are intended for re-export without having undergone any change. The maximum period during which goods may remain under this procedure is 2 years.
- **Entry into a free zone or warehouse:** Free zones are special areas within the EU customs territory where goods can be introduced free of customs duties, trade policy measures, VAT and excise duties, until they are either assigned another approved customs treatment or re-exported. Besides, goods may undergo simple operations such as processing and re-packing.

For more information on the European Commission, Taxation and Customs Union, Procedural aspects, please see: [http://ec.europa.eu/taxation\\_customs/customs/procedural\\_aspects/index\\_en.htm](http://ec.europa.eu/taxation_customs/customs/procedural_aspects/index_en.htm)

#### **Customs declaration - SAD (Single Administrative Document)**

The placing of the goods under any customs approved treatment or use is done using the [Single Administrative Document \(SAD\)](#), which is a common form for all the EU Member States according to the Community Customs Code and the Commission Regulation (EEC) No 2454/93. The SAD can be presented to the customs authorities **by the importer or his representative**. The representation may be: direct representation; representatives who may act in the name of, and on behalf of, another person; indirect representation: representatives acting in their own name but on behalf of another person. The SAD may be presented either by electronic means directly linked to the customs authorities (each Member State may have its own system) or by lodging it with the designated customs office premises. For further information, see:

European Commission, Taxation and Customs Union, Customs declaration: [http://ec.europa.eu/taxation\\_customs/customs/procedural\\_aspects/general/declaration/index\\_en.htm](http://ec.europa.eu/taxation_customs/customs/procedural_aspects/general/declaration/index_en.htm).

#### **Value for Customs purposes**

Customs authorities use the value of imported goods as one of the elements to assess the amount of duty (customs debt), which has to be paid before goods can enter the EU, since most customs duties and VAT are expressed as a percentage of the value of the goods being declared. The definition of the value for customs purposes relies on the concept of "transaction value", which is the commercial value of the merchandise at the point of entry in the EU. At large, this value is the total amount of purchase price and delivery costs up to the point where the goods enter the customs territory. This

value is not always equal to the price that appears on the sales contract and may be subject to specific adjustments. For more information see: European Commission, Taxation and Customs Union, Value of Declared Goods

[http://ec.europa.eu/taxation\\_customs/customs/customs\\_duties/declared\\_goods/index\\_en.htm](http://ec.europa.eu/taxation_customs/customs/customs_duties/declared_goods/index_en.htm).

### *The EU Single Market*

The European Single Market is guaranteed by the principle of [free movement of goods](#). This principle determines the abolition of border controls, customs duties and all trade barriers among Member States. The free movement of goods within the EU is achieved through:

- **The principle of non-discrimination:** This principle entails that lawfully imported goods cannot receive different treatment from similar domestic products on the basis of their origin, except for some permitted exceptions;
- **The mutual recognition principle:** According to this [principle](#), any product lawfully produced and marketed under the regulations of a Member State must, in principle, be admitted to the market of any other Member State.

### *Legislative harmonization*

This regulatory technique is aimed to the approximation of national legislation of the Member States. The main EU instrument to achieve this harmonization is the Directive. Directives set up a structure to which the internal legislation of the Member States must conform by adopting new laws or regulations, or amending existing ones, so that national laws in all Member States are harmonized. For further information, please see:

European Union, Summaries of Legislation, European Community legal instruments  
[http://europa.eu/scadplus/glossary/community\\_legal\\_instruments\\_en.htm](http://europa.eu/scadplus/glossary/community_legal_instruments_en.htm)

European Union, Summaries of Legislation, Transposition into national law of directives relating to the internal market  
[http://europa.eu/legislation\\_summaries/internal\\_market/internal\\_market\\_general\\_framework/l22021\\_en.htm](http://europa.eu/legislation_summaries/internal_market/internal_market_general_framework/l22021_en.htm)

### *Product Classification in Tariff Nomenclatures*

The correct classification of a particular product under a **tariff code** is the first step to obtain relevant information on it, such as:

- the level of duty rates and other applicable levies on import and export;
- the possible application of certain measures such as anti-dumping;
- external trade statistics;
- import and export formalities and other non-tariff requirements.
- Harmonized System, Combined Nomenclature and Taric Code

The Harmonized System or "HS" (Harmonized Commodity Description and Coding System) is a nomenclature developed by the World which comprises about 5 000 commodity groups, organized by Sections, Chapters (2 digit), Headings (4 digits) and Sub-headings (6 digits). The logic of the products classification relies on a hierarchical structure. In order to facilitate a uniform interpretation, the HS is supported by implementation rules and explanatory notes. The European Union and its Member

States apply the Harmonized System for tariff classification. The system is used by more than 200 [countries](#) as a basis for their customs tariffs and for international trade statistics.

The Combined Nomenclature (CN) is the European Union's coding system for classifying products, which was established to meet the requirements both of the Common Customs Tariff and of the international and intra-EU trade statistics. It is an 8-digit coding system, which is composed of the HS nomenclature with further EU subdivisions.

The Integrated Tariff of the Community, referred to as TARIC (*Tarif Intégré de la Communauté*), is designed to show various rules applying to specific products being imported into the customs territory of the EU or, in some cases, when exported from it. The TARIC identifies goods with a view to include all trade policy and tariff measures applicable in the EU (such as temporary suspension of duties, antidumping duties, etc.). Its structure is based on the 8-digit code of the CN and on two additional digits (Taric subheadings). The TARIC can be searched by country of origin, Harmonized System (HS) Code, and product description on the interactive website of the Directorate-General for Taxation and the Customs Union, which is updated daily. The database can also indicate if a license is required for a particular product. Exporters can check the TARIC online at

[http://ec.europa.eu/taxation\\_customs/dds2/taric/taric\\_consultation.jsp?Lang=en](http://ec.europa.eu/taxation_customs/dds2/taric/taric_consultation.jsp?Lang=en).

For more information, please see: European Commission, Taxation and Customs Union, Harmonized system:

[http://ec.europa.eu/taxation\\_customs/customs/customs\\_duties/tariff\\_aspects/harmonised\\_system/index\\_en.htm](http://ec.europa.eu/taxation_customs/customs/customs_duties/tariff_aspects/harmonised_system/index_en.htm).

### ***Import Trade Regime***

The EU, as a member of the [World Trade Organization \(WTO\)](#), embraces the rule of "free importation" for its Common Import Regime. This rule implies that the EU encourages liberal trade policies to ease the flow of goods and services through its borders, implementing the principles of binding tariffs and of non-discrimination between trading partners. Nevertheless, there are some exceptions to this general rule, where the EU implements Trade Defense Instruments designed after some WTO agreements which recognize the right of its members to counter unfair trade practices. The instruments set by the EU are the following:

- **Surveillance measures** are not import restrictive instruments but a system of mandatory import licences issued by the EU Member States' authorities for monitoring purposes. These measures are applied principally on some agricultural, textile and steel products.
- **Quantitative Limits on imports** of some products originating from certain third countries are aimed to protect European producers against harmful mass importations at a very low price.
- **Safeguard measures** are applied on a case-by-case basis to imports which cause or threaten to cause damage to the EU industry. They consist in the temporary and emergency restriction of some specific imports. The procedure to impose these measures can be started either at the request of a Member State or at the European Commission's own initiative; however industry cannot directly lodge a request. Nevertheless, these measures must anyhow respect the WTO Agreement on Safeguards.

### ***About EU Directives and national technical regulations***

One of the most important objectives of the EU is to move towards a harmonized approach to the treatment provided to the movement of goods and services across the borders of member countries, as a strategy for growth in internal and external trade. However, what poses a challenge to exporters is the fact that a number of countries maintain national legislation and market requirements in addition to the harmonized market requirements and some requirements are not yet benefiting from a harmonized approach. This is why it is important for exporters to keep abreast of major industry developments and changes in legislation over time, in order to maintain market access. Manufacturers, their authorized representatives and distributors (whether established within or outside of the Community) bear significant responsibility for compliance with market requirements and placement of products on the EU market. Directives in relation to product liability, consumer safety and environmental concerns can be particularly unforgiving in the event that standards and regulations are not met. In this case, authorities generally react by ordering all products withdrawn from the market at the exporter's expense.

The EU's efforts to harmonize standards across its internal market are contained in the safety Directives, also known as the "New Approach Directives". These Directives determine which fundamental safety requirements should be fulfilled by various product groups. The Directives do not offer detailed specifications, but contain the essential requirements for the product groups in the fields of safety, public health, environmental and consumer protection. The objective of the Directives is to allow for the free circulation of goods within the EU. Over 60% of industrial products, mainly electrical and mechanical devices, but also packaging waste, will be covered by the specifications set forth in the Directives. A list of these harmonized EU regulations and standards for products and services may be located online at <http://www.newapproach.org/Directives/DirectiveList.asp>. More information on harmonized standards is available at [http://ec.europa.eu/enterprise/policies/european-standards/harmonised-standards/index\\_en.htm](http://ec.europa.eu/enterprise/policies/european-standards/harmonised-standards/index_en.htm) or [www.newapproach.org](http://www.newapproach.org).

Conformity Assessment aims to ensure consistency of compliance during all stages of the production process to facilitate acceptance of the final product. Manufacturers often have options with regard to conformity assessment, depending on the level of risk involved in the use of their product, as long as the final product meets the published specifications. These may include self-certification, examination/product testing, a production quality control system that delivers products according to EU standards and a full quality assurance system such as ISO standards. Provided the risk to public safety is minimal, European manufacturers or importers may usually submit their own declaration that their products meet the EU regulations, whereupon they can apply the CE mark. In other cases, they must obtain a certificate from a testing institute approved by the national government. All these institutes must be notified to the European Commission, which is why they are referred to as notified bodies.

Independent certification bodies, known as notified bodies, have been officially accredited by EU Competent Authorities to test and certify to EU requirements. The notification process, when related



to CE marking and European Directives, involves a country informing the European Commission and the other countries in Europe that a conformity assessment body (certification body, testing laboratory or inspection body) has been designated by them to carry out conformity assessment according to a specific Directive. Notification can be given for one or more Directives. Notified bodies are listed at

<http://ec.europa.eu/enterprise/newapproach/nando/index.cfm?fuseaction=notifiedbody.main>.

Among EU states, the Mutual Recognition Agreements on Conformity Assessment (MRAs) form the basis of the accreditation and designation of conformity assessment bodies. These agreements stipulate that the authority in the importing country recognizes the evaluation of devices or quality management systems conducted by a conformity assessment body located in the exporting country. Also under Mutual Recognition Agreements (MRAs), notified bodies based in third countries, such as the United States, are also referred to as conformity assessment bodies and are allowed to test in the United States to EU specifications, and vice versa. The costs are then significantly lower for these manufacturers than direct EU certification which results in U.S. products becoming more globally competitive.

A feature of the New Approach is CE marking. For certain products and services CE marking is required for entry to the EU market. For example, the CE mark is mandatory in the EU countries for any electrical apparatus and often more than one CE mark law may apply to this category of products. CE marking is a declaration by the manufacturer that the product complies with the minimum safety requirements set forth in the New Approach Directives. In general, Member States are not allowed to restrict the placing on the market and putting into service of CE marked products, unless there is evidence that CE marking has been erroneously or abusively affixed on these products. When a Directive provides for CE marking, the manufacturer is obliged to affix it on the product and it is required both for products manufactured within the EU and imported into the EU market. When there is no Directive, CE marking is not allowed. So CE marking is not a voluntary option; either it is mandatory, or it is not permitted. CE marking is not the same as certification or a quality mark, because it does not always involve a third party (Notified Body). CE marking is also not a proof of conformity with European standards; it is a presumption of conformity with the European Directive(s). The European Commission has established several standard methods for testing products, or having them tested. For the structure of these methods, it uses so called testing modules. There are 8 different testing modules: A to H. The Directives indicate which modules and/or combination of these should be complied with in undertaking a test or series of tests for conformance. For products with a minimal risk level, such as toys, the manufacturer is allowed to perform the testing himself. For products associated with a moderate degree of risk (such as machines), or products which have not been produced according to the European harmonized standards, a type model should be tested by an external testing institute, appointed by the government; a Notified Body (NB). A company is free to choose a NB. Therefore, the NB does not have to be based in the country where the company is established. For products associated with a high degree of risk, such as pacemakers, each product has to be tested by a NB.

The Directives also identify the harmonized European standards which describe technical specifications that may be applied on a voluntary basis. Complying with the standards is, in contrast to the essential requirements of Directives, not mandatory. A manufacturer may ignore the European standards and try to prove by other means that his product meets the essential requirements specified in the Directives. This, however, takes time, requires efforts and extra money. A manufacturer who produces according to the European standards saves on testing costs. A test procedure is less expensive if there is only a check whether the standards have been applied. The use of European standards simplifies the verification procedure. Therefore, a company is advised to apply the European harmonized standards. These are converted into national standards by the national standardization institutes. Upon approval, the NB status is accepted throughout the EU. On the other hand, once a product has been rejected it may no longer be inspected by another NB, even in another country, until it has been modified to meet the essential requirements.

In addition to NB certification, a company may choose a voluntary certification of their production system; module H: total quality control. This is a particularly attractive option, if the company manufactures a broad range of products. Instead of having each product (or model type) tested separately, the overall production process can be inspected: system certification. This assessment is based on one of the standards set forth in the ISO 9000 series. When the production process satisfies the requirements of module H, all the products are considered to comply with the essential requirements of the relevant Directives. To facilitate system certification, an accredited NB must be utilized to carry out the testing.

Where member states impose technical regulations at the national level, outside of the harmonized framework, the 98/34/EC Directive (formerly 83/189/EEC) sets up a procedure which imposes an obligation upon the individual Member States to notify to the Commission and other states of all the draft technical regulations concerning products before they are adopted in national law. This procedure aims at providing transparency and control with regard to these regulations, in order to avoid the use of such regulations to create unnecessary barriers to trade between member states. National technical regulations are published on the Commission's website at <http://ec.europa.eu/enterprise/tris/pisa/app/search/index.cfm?lang=EN>, in order to allow other countries and interested parties to comment.

### ***Directive on Packaging and Packaging Waste***

Generally, mandatory harmonized requirements for packaging, labelling and marking across the European Union tend to be in the form of product-specific requirements for food, medicines, chemicals, pharmaceuticals and other items which the EU authorities regard as high-risk.

Recognizing the challenges posed by the disposal of packaging waste, in 1994, after substantial discussion at all levels, the [Directive 94/62/EC](#) on Packaging and Packaging Waste was adopted. This Directive, which applies to all types of packaging placed on the market and all packaging waste, aims to harmonize national measures in order to prevent or reduce the impact of packaging and packaging waste on the environment and to ensure the functioning of the Internal Market. It contains provisions

on the prevention of packaging waste, on the re-use of packaging and on the recovery and recycling of packaging waste. In 2004, the Directive was reviewed to provide criteria clarifying the definition of the term 'packaging' and increase the targets for recovery and recycling of packaging waste. In 2005, the Directive was revised again to allow new Member States transitional periods for attaining the recovery and recycling targets. The essential requirements of the revised Directive are, that packaging:

- be so manufactured that the packaging volume and weight be limited to the minimum adequate amount to maintain the necessary level of safety, hygiene and acceptance for the packed product and for the consumer
- be designed, produced and commercialized in such a way as to permit its reuse or recovery, including recycling, and to minimize its impact on the environment when packaging waste or residues from packaging waste management operations are disposed of
- be so manufactured that the presence of noxious and other hazardous substances and materials as constituents of the packaging material or of any of the packaging components is minimized with regard to their presence in emissions when incinerated or landfilled
- simultaneously conform to specific requirements in relation to the reusable nature of packaging, its recyclability and recoverability when the packaging is no longer reused and thus becomes waste
- must be manufactured in such a way as to enable the recycling of a certain percentage by weight of the materials used into the manufacture of marketable products, in compliance with current standards in the Community. The establishment of this percentage may vary, depending on the type of material of which the packaging is composed
- where biodegradable, must be of such a nature that it is capable of undergoing physical, chemical, thermal or biological decomposition such that most of the finished compost ultimately decomposes into carbon dioxide, biomass and water.

On a national level, Germany has established legislation that contains certain rules for the disposal of packaging materials. In response to this legislation, a cooperative effort for the collection and recycling of packaging materials was initiated. The organization involved is called the "*Duales System Deutschland*" and it administers the use of the "Green Dot," a recycling symbol that is found on the packaging material of virtually all products sold in Germany. While packaging materials for products sold in Germany are not legally required to carry the Green Dot, it is almost impossible to market a product in Germany without it. Typically, the importer pays a license fee to the user of the Green Dot, depending on the type and amount of packaging, and provides the exporter with the information necessary.

### ***Labelling and Marking Requirements***

Eventually, all labels for products sold in the EU will require metric units. At present, dual labelling is also acceptable. The EU Metric Directive (80/181/EEC) encourages multilingual information, while preserving the right of Member States to require the use of language of the country of consumption. The Directive, pending since May 2009, was scheduled to go into effect on January 1, 2010, but has been modified to allow the continuation of both supplemental (U.S. customary, inch-pound) and metric units for consumer goods sold in the EU. The modified Directive instructs the European

Commission to produce a report to the Parliament and Council regarding the smooth functioning of the internal market and international acceptance of SI units by December 31, 2019, including proposals where appropriate. In the absence of any EU regulations, there may be national regulations or voluntary agreements among freight forwarders that affect packaging and labeling of containers and/or packing material.

### ***Product Safety***

Where products are not regulated by specific EU technical legislation, they are always subject to the EU's General Product Safety Directive (GPSD) as well as to possible additional national requirements. A [revised GPSD \(2001/95/EC\)](#) is applicable as from 15 January 2004. The objectives of the Directive are both to protect consumer health and safety by ensuring a high level of product safety throughout the EU for consumer products that are not covered by specific [sector legislation](#) (e.g. toys, chemicals, cosmetics, machinery). The Directive also complements the provisions of sector legislation where there is no coverage of certain matters, for instance in relation to producers' obligations and the authorities' powers and tasks. The Directive provides a generic definition of a safe product. Products must comply with this definition. It was revised in 2001 to include an obligation on the producer and distributor to notify the Commission in case of a problem with a given product, provisions for its recall, the creation of a European Product Safety Network, and a ban on exports of products to third countries that are not deemed safe in the EU.

[Directive \(87/357/EEC\)](#) on dangerous imitations prohibits the marketing, import and manufacture of products that look like foodstuffs but that are not in fact edible, which could be confused with foodstuffs by their appearance, smell or packaging. This includes soaps, candles and other decorative articles made to bear a resemblance to food. The basis of the Directive is that food-imitating items pose a risk of hazards including choking, poisoning or perforation of the digestive tract, in particular to young children, because they can be mistaken for food and be sucked or ingested given their shape, colour, appearance and size. Member States must carry out checks to ensure that no such products are marketed. If a Member State bans a product under the terms of this Directive, it must inform the Commission and provide the details needed to inform the other Member States.

The EU has established the Rapid Alert System for Non-Food Products (RAPEX) and the Rapid Alert System for Food and Feed (RASFF) as Community- wide rapid alert systems that facilitate the rapid exchange of information between Member States and the Commission on measures taken to prevent or restrict the marketing or use of products posing a serious risk to the health and safety of consumers. The RAPEX system covers all products subject to EU harmonization regulation with the exception of food, pharmaceutical and medical devices, which are covered by other mechanisms. Measures ordered by national authorities and measures taken voluntarily by producers and distributors to correct the non-conformance are reported by RAPEX. Every Friday, the Commission publishes a weekly overview of the products posing a serious risk as reported by the national authorities (the RAPEX notifications) through the website [http://ec.europa.eu/consumers/dyna/rapex/rapex\\_archives\\_en.cfm](http://ec.europa.eu/consumers/dyna/rapex/rapex_archives_en.cfm). The effect of publication is to block the placement of the non-conforming product on the market.

### *Product Liability*

Under Directive [85/374/EEC](#) on liability for defective products, effective 25 July 1985, amended in 1999, the producer is liable for damage caused by a defect in his product. The Directive establishes the principle of liability without fault applicable to European producers. Where a defective product causes damage to a consumer, the producer may be liable. A product is defective where it does not provide the safety which a person is entitled to expect, taking all circumstances into account, including the presentation of the product; its reasonable and the time when the product was put into circulation. The victim must prove the existence of the defect and a causal link between defect and injury (bodily as well as material). A reduction of liability of the manufacturer is granted in cases of negligence on the part of the victim. For more information, see:

[http://europa.eu/legislation\\_summaries/consumers/consumer\\_safety/l32012\\_en.htm](http://europa.eu/legislation_summaries/consumers/consumer_safety/l32012_en.htm)

### *Intellectual Property Protection*

The EU has a modern legislative framework for copyright protection within the context of information and knowledge based societies. It consists of a series of Directives covering areas such as the legal protection of computer programs, the duration of protection of authors' rights and neighboring rights, and the legal protection of databases. Almost all Member States have fully implemented the rules into national law, and the Commission is now focusing on ensuring that the framework is enforced accurately and consistently across the EU.

- **On-line copyright:** The on-line copyright Directive (2001/29/EC) addresses the problem of protecting rights holders in the online environment while protecting the interests of users, ISPs and hardware manufacturers. It guarantees authors' exclusive reproduction rights with a single mandatory exception for technical copies (to allow caching), and an exhaustive list of other exceptions that individual Member States can select and include in national legislation. The Directive aims to reflect different cultural and legal traditions, for example, private copying with the conditionality that right holders receive fair compensation.
- **Patents:** EU countries have a "first to file" approach to patent applications, as compared to a "first to invent" system. Where there is an expectation of future commercial value from a novel process, it is therefore necessary to create a property right by filing an early application. There has been significant discussion about the limitations of the system, which currently does not offer a unitary patent, valid in all EU Member States. What exists is a central European authority, the European Patent Office (EPO) for the grant procedure, but all the other aspects of the system, including the arrangements for validation, enforcement and litigation are "unbundled" and dealt with at national level. The most effective way for a company to secure a patent across a range of EU national markets is to use the services of the European Patent Office to obtain a bundle of national patents using a single application. However, these national patents have to be validated, maintained and litigated separately in each Member State.
- **Trademarks:** The EU-wide Community Trademark (CTM) can be obtained via a single language application to the Office of Harmonization in the Internal Market (OHIM) in Alicante, Spain. The CTM lasts ten years and is renewable indefinitely. For a company seeking to protect trademarks in three or more EU countries, the CTM is a more cost effective option than registering separate national trademarks. On October 1, 2004, the European Commission (EC) acceded to the World

Intellectual Property Organization (WIPO) Madrid Protocol. As a result Community Trademark applicants and holders are allowed to apply for international protection of their trademarks through the filing of an international application under the Madrid Protocol. Conversely, holders of international registrations under the Madrid Protocol are entitled to apply for protection of their trademarks under the Community Trademark system.

- **Designs:** Under the registered Community design system, holders of eligible designs can use an inexpensive procedure to register them with the EU's Office for Harmonization in the Internal Market (OHIM), based in Alicante, Spain. There are three different ways to obtain protection for a design throughout the EU: through a registered Community design (RCD), an unregistered community design (UCD) and an internationally registered industrial design (WIPO system). A registered Community design (RCD) is an exclusive right that covers the outward appearance of a product or part of it. An RCD initially has a life of five years from the filing date and can be renewed in blocks of five years up to a maximum of 25 years. Applicants may market a design for up to 12 months before filing for an RCD without destroying its novelty. An unregistered Community design (UCD) is defined by the CD Regulation in the same way as the RCD but protects a design for a period of three years from the date on which the design was first made available to the public within the territory of the European Union. An unregistered Community design confers on its holder a right to prevent copying. RCDs and UCDs have to meet the same conditions to be protected. Unlike a registered Community design, you do not have to file an application to protect an unregistered design. This simplicity does, however, have its downside because the holder of the UCD may encounter problems in proving that the protection exists, and protection exists only against copying. Since 1 January 2008, it has been possible to file an international application for an industrial design with the International Bureau of the World Intellectual Property Organization (WIPO) in Geneva. It will have the same effect as applying directly for a Registered Community Design. Further information is available at <http://oami.europa.eu/ows/rw/pages/RCD/design.en.do>.

### ***Marketing Channel Requirements***

Directive 86/653/EEC establishes certain minimum standards of protection for self-employed commercial agents who sell or purchase goods on behalf of their principals. In essence, the Directive establishes the rights and obligations of the principal and its agents; the agent's remuneration; and the conclusion and termination of an agency contract, including the notice to be given and indemnity or compensation to be paid to the agent. Further information on the Directive may be obtained here <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=CELEX:31986L0653:EN:HTML>

Directive 2000/35/EC aims to minimize payment delays involved in all commercial transactions within the EU, whether in the public or private sector. It prescribes consequences for late payment in B2B circumstances. The Directive entitles a seller who does not receive payment for goods/services within 30 to 60 days of the payment deadline to collect interest (at a rate of 7 percent above the European Central Bank rate) as compensation. The seller may also retain the title to goods until payment is completed and may claim full compensation for all recovery costs. Further information is available at: [http://ec.europa.eu/enterprise/policies/single-market-goods/fighting-late-payments/index\\_en.htm](http://ec.europa.eu/enterprise/policies/single-market-goods/fighting-late-payments/index_en.htm)

### ***Data Protection and Privacy***

The EU has very strict laws concerning the protection of personal data, including the use of such data in the context of direct marketing activities. Directive 95/46/EC mandates businesses to advise consumers when they are collecting data, state what they intend to use it for, and to whom it will be disclosed. Data subjects must be given the opportunity to object to the processing of their personal details and to opt-out of having them used for direct marketing purposes. This opt-out should be available at the time of collection and at any point thereafter. The general legislation is supplemented by the specific rules set out in Directive 2002/58/EC on the processing of personal data and the protection of privacy in the electronic communications sector, which require companies to secure the prior consent of consumers before sending them marketing emails. The only exception to this opt-in provision is if the marketer has already obtained the intended recipient's contact details in the context of a previous sale and wishes to send them information on similar products and services. Personal data can only be transferred outside the EU if adequate protection is provided for it or if the **unambiguous consent** of the data subject is secured. Further information is available at [http://ec.europa.eu/justice/data-protection/index\\_en.htm](http://ec.europa.eu/justice/data-protection/index_en.htm).

### ***Advertising***

Laws against misleading advertisements differ widely from Member State to Member State within the EU. Some states restrict what is termed "comparative advertising" which explicitly, or by implication, identifies a competitor or goods or services by a competitor. Misleading advertising, which in any way, including its presentation, deceives or is likely to deceive the persons to whom it is addressed or whom it reaches by virtue of its deceptive nature, is viewed negatively in the legislation of [Directive 97/55/EC](#). This is particularly the case, where this can potentially injure a competitor by influencing the economic behavior of consumers. There are also concerns for the establishment of minimum and objective criteria regarding truth in advertising. Under the Directive, Member States can authorize even more extensive protection under their national laws.

### ***Binding Terms of Sale, Legal Warranties and After-Sales Service***

Based on the provisions of Directive 1999/44/EC on the Sale of Consumer Goods and Associated Guarantees, product specifications, as laid down in advertising, are now considered as legally binding on the seller. It requires a seller to guarantee the conformity of the goods with the contract for a period of two years after the delivery of the goods. Certain standards exist for assessing when conformity can be assumed and when not. If the goods are not delivered in conformity with the sales contract, consumers can ask for the goods to be repaired, replaced, reduced in price or for the contract to be rescinded.

### ***Fair Business Practices***

Directive 2005/29/EC of 11 May 2005 concerning unfair business-to-consumer commercial practices in the internal market was adopted by the EU to curb deceptive marketing practices in the interest of consumer protection. These new rules outlaw several aggressive or deceptive marketing practices such as pyramid schemes, "liquidation sales" when a shop is not closing down, and artificially high prices as the basis for discounts in addition to other potentially misleading advertising practices.



Certain rules on advertising to children are also set out. More information is available at [http://ec.europa.eu/consumers/cons\\_int/safe\\_shop/guarantees/index\\_en.htm](http://ec.europa.eu/consumers/cons_int/safe_shop/guarantees/index_en.htm). *E-Commerce and*

### ***Distance Selling***

The Electronic Commerce Directive (2000/31/EC) provides rules for online services in the EU. It requires providers to abide by rules in the country where they are established (country of origin). Online providers must respect consumer protection rules such as indicating contact details on their website, clearly identifying advertising and protecting against spam. The Directive also grants exemptions to liability for intermediaries that transmit illegal content by third parties and for unknowingly hosting content. Promotional offers must not mislead customers and the terms that must be met to qualify for them have to be easily accessible and clear. The Directive stipulates that marketing e-mails must be identified as such to the recipient and requires that companies targeting customers on-line must regularly consult national opt-out registers where they exist.

A special [Directive 97/7/EC](#) , which applies to distance selling through communication such as press adverts accompanied by order forms, catalogue sales, telephone is also relevant and applies equally to teleshopping, mobile phone commerce (m-commerce), and the use of the Internet (e-commerce). The legislation provides a number of fundamental legal rights for consumers in order to ensure a high level of consumer protection throughout the EU. These include:

- provision of comprehensive information before the purchase
- right to confirmation of that information in a durable medium (such as written confirmation)
- consumer's right of withdrawal; i.e. to cancel the contract within a minimum of 7 working days without giving any reason and without penalty, except the cost of returning the goods
- where the consumer has cancelled the contract, the right to a refund within 30 days of cancellation
- delivery of the goods or performance of the service within 30 days of the day after the consumer placed his order
- protection from unsolicited selling
- protection from fraudulent use of payment cards
- inability to waive the fundamental rights and obligations provided for under the Directive, whether instigated by the consumer or the supplier.

Further information on this Directive is available at:

[http://ec.europa.eu/consumers/cons\\_int/safe\\_shop/dist\\_sell/index\\_en.htm](http://ec.europa.eu/consumers/cons_int/safe_shop/dist_sell/index_en.htm).



## CHAPTER 3: THE EU MARKET FOR CRAFT /ARTISANAL PRODUCTS

### Definitions

The International Trade Centre (ITC) defines *artisanal products* (otherwise called *craft*, *craft products*, *craft items* or *handicrafts*) based on five distinguishing characteristics that broadly apply to a wide range of the world's crafts. These are as follows.

- Crafts are produced by artisans, either completely by hand or with the help of hand-tools and even mechanical means, as long as the direct manual contribution of the artisan remains the most substantial component of the finished product.
- There is no particular restriction in terms of production quantity.
- Even when artisans make quantities of the same design, no two pieces are ever exactly alike.
- They are made from sustainably produced raw materials.
- Their special nature derives from their distinctive features, which can be utilitarian, aesthetic, artistic, creative, culturally attached, decorative, functional, traditional, and religiously and socially symbolic and significant (<http://www.intracen.org/exporters/creative-industries/>) .

### Crafts Value Chain

Figure 1 below shows the elements of the crafts value chain leading to the development of export markets. Producers need to address each component of the value chain within their operations or through outsourcing; in a manner consistent with the specific requirements of each export market being targeted.

**Figure 2 (below): The Crafts Value Chain**



### ***Overview of the European market for Crafts and Artisanal Products***

The European market for crafts and/or artisanal products is difficult to quantify based on the large number of product and material varieties inherent in the production of crafts. In commercial terms, the main markets for craft products are normally quantified under the label of giftware and home accessories. Handicrafts are widely purchased as gift items and the highest exchange of gifts takes place during Christmas and New Year. Exchanges of gifts are among family members, friends and colleagues.

The recent IFH Giftware Report focused on the 2011 Tendance Show held in Germany and prepared by Koln Retail Consultants proposes that despite the recessionary economic environment, the market for giftware, which is extremely heterogeneous, is expanding and can boast a total volume of € 10.4 billion. The main segment of this market is held by home and table accessories, accounting for a 33 percent share. Not every gift purchased is also given as a present. In 2011, giftware worth up to € 6.2 billion was purchased for presents, i.e., around 60 percent of the total market. The remaining 40 percent were purchased for the buyers' own use (IFH Retail Consultants, n.d.).

The report also suggests that for international entrepreneurs, Europe is potentially one of the most profitable markets in the world. At the same time it also a very complex, competitive and dynamic market. Its structures are changing constantly and buyer motives today are different than they were five years ago. Exporters are constantly facing new regulations and market standards, especially with regard to safety, quality, packaging and the environment. Exporters eager to access the EU market must prepare themselves carefully and thoroughly. As more imported products flood the market, consumers have become smarter in buying and seeking for product originality with quality, stimulated mainly by consumers' thirst for a change and the availability of a wide range of products in the shops

Despite this, the time is ripe for exporters. Rising production costs are forcing many European companies to purchase outside the EU and imports have shown major growth in recent years. The increasing numbers of EU consumers who have travelled abroad, either on vacation or on official duties has also contributed to the increasing demand for foreign handicrafts. Typically, EU consumers within the crowded marketplace are always searching for new, innovative and functional things as well as variety and excitement in their life. Particularly with the change in seasons and festivals, where the mood is for celebration, there is opportunity to penetrate this market sector. However, product offerings must have their own originality, authenticity with unusual taste or design which is trendy, functional and innovative.

#### ***The French Market***

It is estimated that the French market for handicraft and decorative articles is worth about €200 million (Exporthelp to Europe for Home-Decoration & Home-Textiles, 2009). In recent times, the handicraft market has registered a constant increase for fancy jewellery, wooden articles and decorative items mainly due to a wide offering of diverse products with various styles, huge consumers' appetite and the usage of various materials. The market is based upon two primary clientele; tourists and local customers who have different purchasing behaviours. Tourists' preferences are handicrafts with French influence or design which can be given as souvenirs. Local

consumers' choose handicraft for their personal consumption and for gifts. One of the main market characteristics is the wide ranging offerings, from the lower range to the top-of-the-range especially for creative items. The prices of handicraft are usually based on their originality, design and materials used.

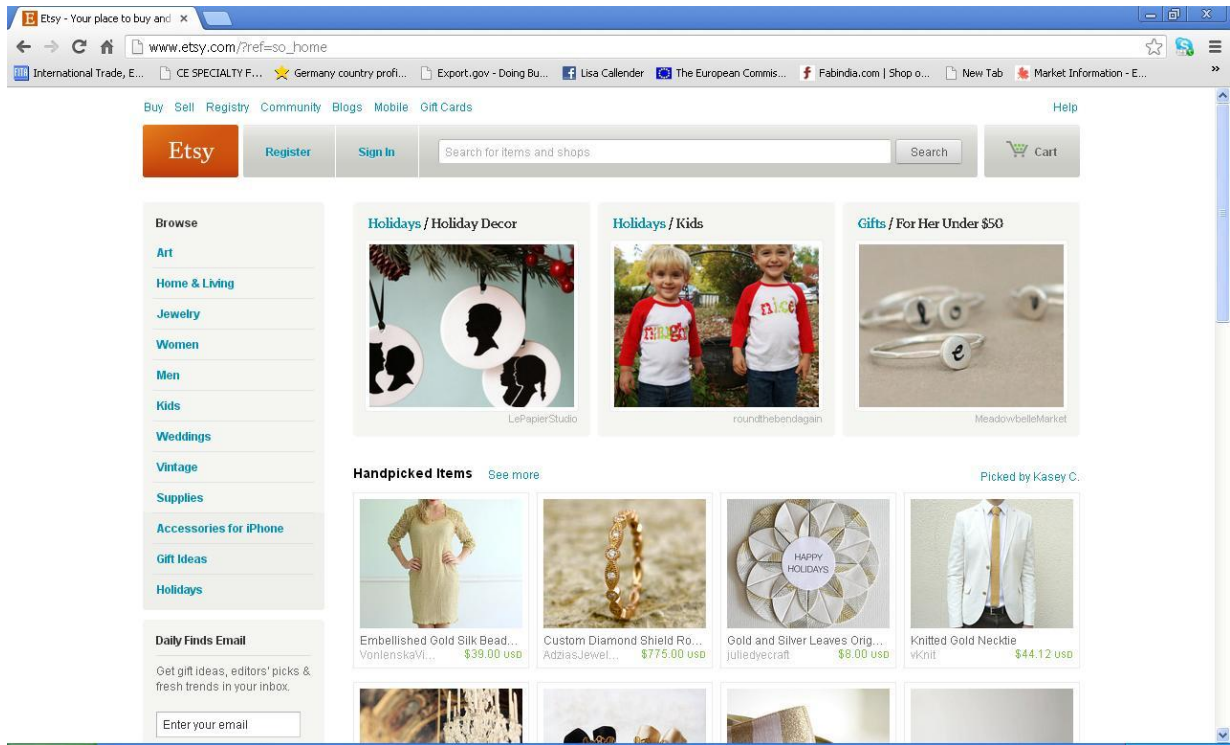
### ***The German Market***

In 2001, consulting firm GmbH propose that with over 82 million inhabitants, Germany was the largest market for giftware and handicrafts items in Europe. This remains the case. As is the case with other EU markets, Germany is supplied with giftware and handicrafts from within Germany as well as the surrounding European countries such as France, Italy, Switzerland and the United Kingdom and from all other parts of the world: Russia, Latin America, Africa and Asia. The size of the total German giftware and handicrafts market varies according to the definition of giftware and handicrafts. In 2001, this was estimated at about DM 29.5 billion; corresponding to a broad definition of giftware and handicrafts including home furnishings, art metal ware, table accessories, Christmas decorations, wood ware and furniture, imitation jewellers, artificial flowers/plants, scents/cosmetics, sweets, toys/computer games, books, discs/videos, watches/jewellery, certain apparel/textile items and others (GmbH, 2001).

More recently, Spiegel Online International proposed that handicrafts are flourishing in Germany's urban centers as part of a backlash, where consumers are increasingly turning away from mass-produced products. Berlin has a long tradition of small shops featuring handmade and vintage goods, partly due to its comparatively low rents. But in recent years, crafts have gained a new lease of life, with knitting clubs opening and stylish sewing shops sprouting up alongside hip cafes. This has been accompanied by an expanding online retailing trend, which have benefitted online marketplaces for handmade items such as *Etsy*. Rob Kalin, a painter, carpenter and photographer who wanted a suitable virtual outlet for his creations, founded *Etsy* in the United States in 2005. Since then, there has been a proliferation of similar sites. The backlash against mass-produced products has proven to be a goldmine for *Etsy*, which posted revenues of \$500 million (€380 million) in 2011. In a bid to replicate its success in the US, the company opened the doors of a new European headquarters in Berlin's fashionable Kreuzberg district in 2011. The company says its European sales are already growing (Smee, 2012).

The substantial supply of giftware and handicrafts has transformed the German giftware and handicrafts market into a fiercely price-competitive market place. Nevertheless, innovative and new – to- market giftware and handicrafts items place still have good market prospects. Consumers demand a consistent supply of new products and marketers must bring them to the marketplace in order to stay competitive. In certain contexts, German consumers may be willing to pay higher prices for exclusive items; however in general, they are very price conscious and want value for money. The market is also influenced by seasonality, peaking just before and around festive occasions such as Christmas.

**Figure 3 (below): Etsy Europe Online Portal**



### **The Dutch Market**

The Netherlands is well known for its galleries, fleas markets and wholesale centres for handcraft. Trend forecaster Lidewij Edelkoort suggests that the current economic situation has led to a changing relationship between designer, producer and consumer. Reviewing the high-end exhibition 'Objects for sale', where the works of several Dutch designers were created with three price categories in mind (less than 50 euros, 50 to 500 euros or more than 500 euros) she highlights the increased focus post-recession on the value of things and of all parties on the value design has in creating this enhanced value (Edelkoort, 2012). In general, the value of an object, which in turn defines the pricing, is a function of:

- transformation of function and value related to the material
- reshaping and repurposing of everyday objects to create entirely different items using a small intervention (in other words the cerebral quality of a design)
- the amount of labor put into a product and
- different finishing techniques and attention to detail applied by the maker
- quality and authenticity of the item.

### **Fair Trade**

According to the World Fair Trade Organization, Fair Trade is a trading partnership, based on dialogue, transparency and respect, which seeks greater equity in international trade. It contributes to sustainable development by offering better trading conditions to, and securing the rights of, marginalized producers and workers; especially in the South. Fair Trade has become a concept that is Europe wide recognized and acknowledged by consumers; for example in the Netherlands, the name

recognition of “Worldshop” fair trade brand is 85%. The fast growth of Fair Trade in the UK and Italy show an appreciation of consumers for Fair Trade products. The majority of revenue generated by Fair Trade sales in Europe is attributed to food sales, which encompasses Fair Trade shops, supermarkets and other outlets. Less than 10% of the figure is attributed to handicrafts, whose main outlets are the nearly 3000 Fair Trade shops that exist in Europe. The sale of Fair Trade labelled food is growing fast. However, the sale of Fair Trade handicrafts is growing very slowly, even though most of the WFTO members are handicraft producers. A study by EFTA showed a gift market in Europe of around 6 billion Euros and currently Fair Trade is only taking a drop of this (WFTO Europe, n.d.). Despite the outlook for slow growth, Barbadian producers seeking to carve out distinctive market niches for their products and access marketing opportunities should examine the prospects of fair trade as an option for market entry.

### **Branding**

The EU consumer is typically very aware of brands and the core values that branding conveys. It is important for producers seeking to enter the market consider making the necessary investments in building brands with a consistent promise of benefits to purchasers. It has also been observed that over the years, EU based luxury brand companies have expanded their range of products to include handicraft or gift items. This can be seen especially in the fancy jewellery and textile sectors such as Christian Dior, Chanel, Louis Vuitton and Yves St Laurent.

### **Market Segmentation**

In general, the market for artisanal products can be categorized within three segments; **luxury**, the **middle to up market** segment and the **low** market segment. The market is experiencing increasing polarization, that is, the low –end and luxury segments are growing while the middle market is stagnating. The lower market segment is mainly flooded with cheap imports from low cost producing countries. These cheaper products tend to drive down average retail prices, leading to consumer expectations of better quality at a lower price. The middle to up market segment is supplied by local talented producers and producers in neighbouring European countries. In such a competitive scenario, exporters should focus on and aim to penetrate the middle to up market segment and avoid the low market segment where prices are very low. The luxury market segment covers all product categories and offers excellent opportunities, current and future, for handmade products; particular in the areas of affordable or soft luxury. New luxury market research from Euromonitor International indicates that despite the global volatile economic outlook, the luxury goods market continues to prove resilient. In 2012, the global luxury market is set to grow by more than seven percent and exceed US\$ 302 billion. Valued at an estimated US\$77 billion in 2012, the United States market for luxury goods is by far the largest globally, 2.4 times higher in value than the second-ranked luxury market Japan, with an estimated 2012 value of US\$32 billion. The four biggest markets of the United States, Japan, Italy and France collectively account for almost half of total luxury goods sales in value terms in 2012. BRIC<sup>1</sup> markets account for 11 percent of global luxury sales in 2012 by value, and by 2017, Euromonitor International expects their share to grow to 16 percent (Euromonitor, 2012). However, participation in

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<sup>1</sup> Brazil, Russia, India and China

the luxury segment requires precise streamlining according to the taste of consumers, market and product trends, consistent quality and service policies and development, promotion and management of branding and other forms of intellectual property.

### ***EU 27 Trade Balance in selected art and craft items by product***

Table 1 below shows the EU 27 trade balance in selected art and craft items, categorized by product. Where the exported value of product exceeds the imported value, a positive or favorable balance of trade exists and the EU internal market is more self sufficient in production. Conversely, where a negative or unfavorable balance exists, there is a trade deficit or trade gap and better opportunities exist for exporters from outside the EU 27 market. 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
- Statuettes and other ornamental ceramic articles
- Articles of silver jewellery
- Imitation (Cosmetic) jewellery
- Paintings, drawings, pastel, collages and similar art executed by hand.

### ***Major Imports and Suppliers by market***

Table 2 below shows the major importing market and supplying countries for these imports to the EU 27 market. Significant amounts of craft and artisanal products are supplied between EU countries. China, India, Thailand and the United States are also major supplying countries.

Table 1: Trade Balance in selected art and craft items (Unit : US Dollar thousand)						
HS Code	Description	Balance in value			Exported value in 2011	Imported value in 2011
		2009	2010	2011		
4420	Wood marquetry & inlaid wood; caskets & cases or cutlery of wood	-291645	-293399	-213517	368124	581641
6104	Women's suits, dresses, skirt, knitted or crocheted	-2385889	-3320444	-3728268	5630078	9358346
5810	Embroidery in the piece, in strips or in motifs	-60861	-61303	-71135	286545	357680
5905	Textile wall coverings	20156	36571	49991	85631	35640
6912	Ceramic tableware, kitchenware, other household & toilet articles not elsewhere stated	-271385	-319630	-270829	777648	1048477
6913	Statuettes and other ornamental ceramic articles	-263762	-292226	-226098	511732	737830
7013	Glassware used for table, kitchen, toilet office, etc	758503	895801	1075092	3948849	2873757
701810	Glass beads, imitation pearls, imitation precious/semi-precious stones etc	203122	199771	192056	362501	170445
711311	Articles of jewellery & parts thereof of silver without precious metal	-212270	-143203	-28048	2164993	2193041
711790	Imitation (Cosmetic) jewellery not elsewhere stated	-398951	-433606	-434812	617060	1051872
9701	Paintings, drawings, pastel, collages & similar art executed by hand	323633	283190	-451263	5173151	5624414

Table 2: Major importing countries and major suppliers of selected products entering the EU market			
HS Code	Description	Major Importing EU countries	Major Suppliers to the EU
4420	Wood marquetry & inlaid wood; caskets & cases or cutlery of wood	Germany, France, UK, the Netherlands, Italy, Spain, Belgium, Sweden	China, Poland, Indonesia, Germany, Thailand, India, the Netherlands
6104	Women's suits, dresses, skirt, knitted or crocheted	Germany, UK, France, Spain, Italy, the Netherlands, Belgium	China, Turkey, Bangladesh, Germany, Italy, India, France
5810	Embroidery in the piece, in strips or in motifs	Italy, UK, France, Germany, Spain, Belgium, Austria, Poland	China, India, Switzerland, Italy, France, Germany, Austria, Turkey
5905	Textile wall coverings	France, UK, Belgium, Hungary, Slovakia, Germany, Spain, Italy	Germany, Belgium, the Netherlands, Italy, France, UK, Poland, China
6912	Ceramic tableware, kitchenware, other household & toilet articles not elsewhere stated	France, UK, Germany, Italy, Belgium, Netherlands, Spain, Poland, Sweden	China, Portugal, Thailand, Germany, Romania, France, UK
6913	Statuettes and other ornamental ceramic articles	Germany, Italy, Netherlands, France, UK, Belgium, Austria, Spain	China, Germany, Vietnam, Netherlands, Portugal, Thailand, Italy, Spain, Belgium, UK
7013	Glassware used for table, kitchen, toilet office, etc	Germany, UK, France, Italy, the Netherlands, Spain, Austria, Belgium, Poland	China, France, Germany, Turkey, Italy, Poland, Netherlands, Spain
701810	Glass beads, imitation pearls, imitation precious/semi-precious stones etc	Italy, Germany, Austria, Czech Republic, UK, France, Spain, Netherlands	Germany, Austria, China, Czech Republic, India, Hong Kong, France, United States, Korea, Slovakia
711311	Articles of jewellery & parts thereof of silver without precious metal	Germany, UK, Denmark, France, Italy, Spain, Netherlands, Austria,	Thailand, China, Italy, Denmark, Germany, United States, India, Romania
711790	Imitation (Cosmetic) jewellery not elsewhere stated	Austria, France, Lithuania, Denmark, Estonia, Latvia, Belgium, Czech Republic, Malta	China, Germany, France, India, Hong Kong, Italy, UK, United States
9701	Paintings, drawings, pastel, collages and similar art executed by hand	France, Germany, Italy, the Netherlands, Austria, Denmark, Poland, Sweden, Bulgaria	United States, Switzerland, France, Germany, United Kingdom, Mexico, Hong Kong, Netherlands, Italy



### *High potential product segments in the EU*

- **Jewellery:** silver jewellery or imitation jewellery is sought after as an accessory to personalize clothing and make statements on individuality
- **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.
- **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.
- **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.

### *How consumers buy: critical trends and opportunities affecting the market for craft/artisanal products*

#### *a) Demographic trends*

In general, most of the EU countries have ageing populations. The elderly are considered an important segment for marketing based on their growing number and the likelihood that they will be making changes to the home such as downsizing which favour décor-related purchases. Value for money remains an important factor for competing in this segment. There are also powerful youth markets in the EU which favour spontaneity and freshness, as well as baby boomers who have come of age leading trends towards vintage products, health and wellness and DIY homemaking. Multiculturalism is another important trend in the EU. 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). These different demographic groups will require products that can deliver convenience and functional utility to address their varying needs.

#### *b) Online Retailing*

Perhaps never before have consumers faced so many choices. The consumer as producer (prosumer), is interested in personalized products and is also able to find suppliers of these kind of products (on internet). In this way the channel from producer to consumer becomes shorter. Another important factor is 24/7 accessibility of goods and services. As a result, all retailers, whether they use a storefront, a website or a mix of the two mediums, are actively courting shoppers, looking to convert casual consumers into repeat buyers and loyal buyers. 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, according to 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, the research firm said (Holland, n.d). Branded, convenience, department, discount stores, e-retail (computer/ mobile), especially E-

commerce, mom-and-pop (Individual store), second-hand and specialty stores are retail formats likely to expand in the next decade. However, E-commerce is expected to be the main factor dominating the future. The estimate proportion of sales of goods sold online within the apparel segment is expected to grow to 20-30% in the next decade (CBI, 2011).

**c) *Growing consumer concerns about sustainability***

Consumers are more aware of what products they buy and what they consume. They are better informed (due to internet) and want to be better informed about products, processes and stores. Furthermore, they hold retailers responsible for the social and environmental impact of the products they sell, the production processes used, who manufactured the product (e.g. a company which is known for violating environmental regulations) and where the product comes from (e.g. does the product come from a country where child labour is known to take place). Growing concerns about sustainability require artisans to apply a thoughtful approach to the selection of materials in products and the possibilities for their reuse and reclamation. The sustainability focus also extends to economical use of materials, minimization of waste and editing/ streamlining of products to optimize material usage.

**d) *Seasonality***

Seasons play a major role in the buying patterns of gifts and decorative articles. Approximately two thirds of decorative articles are sold in the second half of the year (CBI, 2011). This is 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. The 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.

**e) *Individualization***

The desire of individual persons to organize their lives as they see fit gives rise to increasing individualization and greater desire for personalization. Increasingly, persons want to distinguish him or herself from the masses, and consumption provides a means of doing so. This poses a challenge for marketers in that consumer behaviour is becoming more fragmented, whimsical and unstable as persons give in to the options available to accommodate their personal tastes in decoration and furnishing of their homes. Product design, colour, textures and materials play critical roles in the attraction process which leads to purchasing decisions. Consumers increasingly appreciate one-of-a-kind items, which personalize their homes. According to the CBI, "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).

**f) *Scarcity of natural resources***

The growth of the world's population and a rapidly expanding middle class in low- and middle-income countries with purchasing power have implications for price and availability of natural resources, like energy, water, natural ingredients and material and food, there is great concern on the part of the consumer where wastage of resources and ostentation appear to occur. Within this context, retailers

who want to stay on top of this trend need to explore and refine their product designs, production processes, packaging materials, transportation, impact of the use of the product and its recyclability. This trickles down to the demands placed on consumers.

***g) Independent buying behaviour***

Reputable EU based market research firm Forsa carried out a survey in 2011 on behalf of Messe Frankfurt, Germany's leading trade fair organizer. The poll titled "How Germany Shops" is available online at <http://ambiente.messefrankfurt.com/frankfurt/en/besucher/news/forsa.html>, provides a few key findings in relation to furnishing and decorative articles. These are as follows:

- a) ***Many Germans enjoy making spontaneous purchases.*** 58 percent of respondents said they had spent money spontaneously at least once in the last year. On the list of the most popular purchases, furnishings take third place ahead of entertainment electronics, CDs, DVDs and jewellery. Only clothing and books are purchased spontaneously more often.
- b) ***The pleasure of consumption is reflected not only by spontaneous purchases but also by the way Christmas bonuses are used.*** Six out of ten consumers who receive this additional income spent it almost immediately. In this case, furnishings hold fifth place in the leading group (22 percent) with Christmas bonuses only being spent more frequently on clothing, books, foodstuffs and semi-luxuries and entertainment electronics.
- c) ***Moreover, furnishings and decorative articles are resistant to crises.*** More than two thirds of German consumers spent more or a similar amount on furnishings and decorative articles in 2011 compared with the previous year. Among those who had to cut down on their expenditures, only a fifth of those polled said they had gone without purchasing such products last year.

***Production Requirements and Supply Chain Issues***

***a) Supply of Inputs***

Increased awareness and consumer orientation towards sustainability is driving increased scrutiny in relation to the sourcing of inputs for production and their potential for recycling, re-use and reclamation. In the case of wooden accessories and furniture, proof must be offered of sustainably harvested sources of virgin material when placing products in the marketplace. Coloured textiles must use only Azo-free dyes and ceramics intended for contact with food must show no traces of lead or other harmful materials. Ramin timber species are among various types of timber banned from import to the EU since it is considered an endangered species.

***b) Adoption of supply chain technologies***

Retailers are increasingly focused on supply chain and logistics systems which can achieve greater integration with production and cost effective and efficient management of inventory, information sharing and data transparency. This has advanced the implementation of technologies for tracking, protecting and managing cargo flows (e.g. RFID, bar codes) even among small retailing companies.

### ***c) Increase in regulatory pressure***

European producers tend to be well organized in the area of advocacy through private sector associations and representative bodies. For example, there are more than 100 skilled craft chambers and 22 regional craft chambers in France alone; representing more than one million craft businesses and with a combined annual turnover of 300 million euros. In part, the existence of chambers representing their members' interests responds to various political agendas of the EU, where there is scope for widespread discussion of issues and input from stakeholders. Some issues that are increasingly and/or regularly put on the political agenda for discussion within the EU are as follow:

- Animal health
- Biodiversity
- Energy consumption
- Emissions
- Food and product safety
- Import quota
- Import tariffs
- Social and worker issues (e.g. employment standards and unionization)
- Occupational health and safety
- Subsidies
- Information disclosure/labelling
- Taxes
- Traceability
- Use of natural resources
- Waste

### ***d) Product Standards***

Given the wide field of products that could be considered as giftware and handicrafts, it is difficult to identify all the product standards which could potentially apply to handicrafts. However, where specific product standards are in place concerning safety, as is the case of children's toys, compliance with EU standards and regulations is strongly suggested. More information on technical regulations follows in Chapter 4.

### ***e) Packaging, Marking and Labelling***

Packaging, marking and labelling are critical components of a final product destined for export. Export packaging has to be sufficiently robust to withstand longer transport, increasingly automated and compete for visibility within retail spaces. According to the CBI export planner, packaging serves three basic functions:

- It protects your product during transportation from, for example, the fluctuations and extremes of temperature, relative humidity, vibration and shock, impact, getting wet and getting lost;
- 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).

Depending on the choice of distribution channel, both the outer and the consumer packing may have to be adapted to the demands of the importers/retailers and the consumer. Most distributors place strong emphasis on attractive, easy-to-handle, and self-promoting packing materials. Outer packing in sturdy corrugated boxes with dimensions enabling easy handling and weight (not exceeding 25 kg per carton) is recommended. Wherever possible, the outer cartons should be placed together on pallets, to further avoid the risks of damage during transit.

Attractive consumer packaging is important, especially for gifts. The consumer packaging should attract attention, clearly show the contents - either by picture or by see-through windows and should contain information on the use of the product. It should be consistent with the design, image, quality and price of the product.

The EU has introduced legislation in the form of mandatory technical regulations concerning:

- Reclamation of packaging and packaging waste
- Marking and identification of packaging
- Wood packaging.

A detailed explanation of these regulations and their implications for producers follows in Chapter 4.

### ***Major Distribution Channels***

The distribution chain for artisanal products is comprised of various channels which act as intermediaries in conveying the product from the producer to the consumer. These include:

- a) Agent
- b) Importer/ Wholesaler
- c) Export Marketing Organizations
- d) Buying groups
- e) Retail
- f) Mail order houses
- g) Supermarkets and hypermarkets
- h) Internet Sales
- i) Teleshopping

Each intermediary offers value-added services in exchange for a margin or margin. These services may include storage, breaking bulk, credit, delivery packaging and in-store promotions. Figure 4 below summarizes the typical relationships between the various distribution channels, which are described in further detail below.

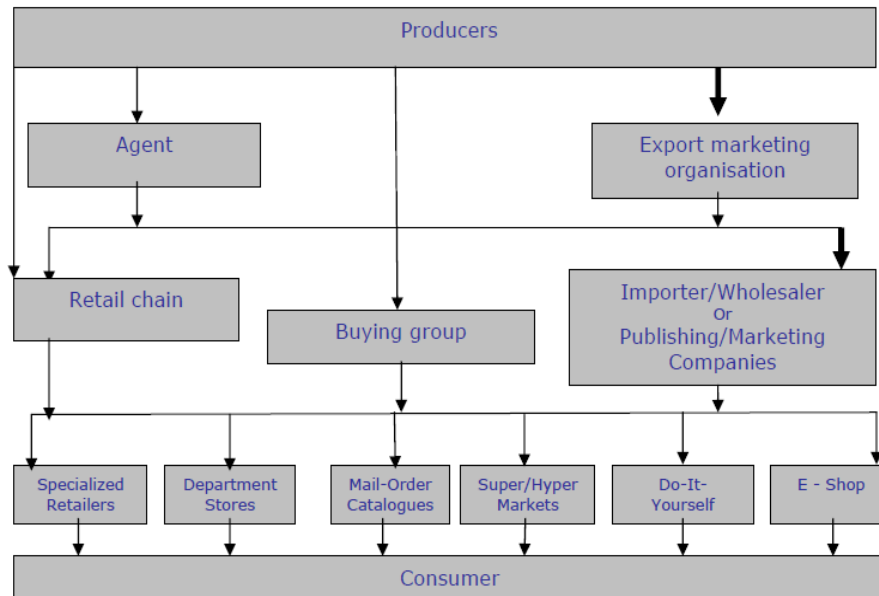
#### ***a) Agents***

The role of an agent is binding under EU law as an intermediary with the legal authority to act on behalf of the producers in representing the business and its product(s) in the market; without taking ownership of the imported goods. Given the significant liability of manufacturers for product safety and conformance to technical regulations under EU law, as well as the rights of agents prescribed, including the entitlement to prompt payment, it is important that producers choose the right agent to represent them. Typically agents may specialize in a particular channel such as specialized retailers or department stores, and work on a regional basis for an agreed commission. The level of commission depends on a number of factors, including the turnover rate of the product concerned, commitments to be undertaken, e.g. participation in local trade shows, advertising and promotional activities, etc.

Generally speaking, an agent's commission may range from 3 to 15 percent of turnover. The value added by an agent is the access to established relationships in the marketplace, with local knowledge of distribution structures and consumer behavior and cost savings on the establishment of an overseas branch or sales office for a company intent on doing business long term in the EU market.

Appointment of an agent may also offer an advantage if a manufacturer wants to make sure that his products are properly advertised and good coverage of the market is attained in distribution.

**Figure 4: Trade and Distribution Channels for gifts and decorative articles**



Source: CBI (2008), p.16

#### **b) Importer/Wholesalers**

The importer/wholesaler is an important distribution channel. They hold significant inventories of products purchased from producers, which in some cases range between 15,000 and 20,000 individual stock keeping units (SKUs). The importer/wholesaler purchases from producers and takes legal title to the products as well as taking physical possession of them; stocking them at their own risk for onward delivery to established buyers in the form of retailers, including specialist stores and department stores as well as other intermediaries. They typically do not deal directly with end users. The value added by importers/wholesalers includes knowledge and awareness of market trends and consumption patterns, storage and inventory management, buying and selling and managing import and export procedures. A successful working relationship can therefore be valuable to producers based outside the market. Most of the importers/wholesalers have a national or regional distribution function and can therefore offer cost effective coverage of the market for exporters. Appropriate designs, information on the latest market trends, materials and quality requirements are generally agreed between importer and exporter as a pre-condition of supplying orders. They are very particular in maintaining consistency in the kind of products and their quality. The mark-up of the wholesaler may be between 20% and up to 50%, depending on the product line and its exclusivity.

**c) Export marketing organizations**

Fair trade organizations and licensing companies are example of the channel format of export marketing organization. Licensing companies establish licensing agreements with the owner of intellectual property (IP) rights, which may be a brand, trademark, patent, character, or other type of IP. The agreements provide authorization to the company to make use of the property right under certain defined circumstances; usually for branding of specific types of merchandise in return for the payment of royalties linked to sales. One of the largest licensors in the world is Disney for children's products. Eastern Europe is a preferred location for outsourcing of production under licensing deals. Fair Trade organizations purchase on behalf of certified cooperatives for distribution to established stores in a fair trade retail network.

**d) Buying groups**

Buying groups are powerful conglomerates of individual dealers, wholesalers and retailers who combine resources and cooperate in order to leverage greater bargaining power in relation to suppliers, reduce costs by centralizing buying and logistics and also control various point-of-sale outlets in marketing to consumers. They are common in Germany, the Netherlands and Switzerland and tend to seek larger quantities at wholesale costs.

**e) Retail**

Brick and mortar retailers remain a key component of distribution although they are increasingly complemented by on-line shopping experiences for major brands. The major retailers for gifts and decorative articles include: variety stores, department stores, interior specialists and garden centres. Other formats selling gifts and decorative articles are catalogue showrooms, including Argos and Kijkshop, factory outlets, and discounters, such as Matalan and CostCo, bazaars and markets

Specialized furniture and home interior retailers have become popular with the emergent Do –It – Yourself (DIY) trends. One of the best known game changers in the European furniture landscape has been super retailer Ikea. With a limited number of outlets, Ikea's large stores and appealing product mix at affordable prices generate a high level of sales per store. With its centralized buying and 'one-stop shopping' in megastores, Ikea has obtained a leading market role in most European countries.

Garden centres' main assortments consist of plants, flowers, seeds, fertilizers and other garden care products, garden furniture, barbecues, garden equipment like lawnmowers and other hand tools. Gifts and decorative articles only make up a small share of the turnover of a general garden centre. However, due to the increasing popularity of gardening, largely due to the widespread popularity of home and gardening magazine and television shows, the importance of this format is expected to increase in the future and may prove worthwhile for the positioning of some craft products. Garden centres are generally large in size and therefore mainly located in out-of-town areas.

By nature, department stores can be regarded as general outlets, featuring a wide range of products under one roof. Despite the increasing competition from other formats, the department stores still account for a substantial share of the gift and decorative article sales. Most department stores offer a

wide range of both major brands and private-labelled products. Powerful brands have moved towards the “store- within-a store” concept to increase visibility. Store offerings tend to be within the mid-and high-priced segment of the market.

***f) Mail-order houses***

In France, Germany and the United Kingdom, the mail-order channel of distribution shows substantial sales figures. Mail-order houses send illustrated catalogues of their merchandise to prospective customers, who can do their shopping at home, rather than paying a visit to a store. Orders are placed by telephone, fax or e-mail, and the product(s) is sent to their homes within a couple of days. Mail-order houses operate mainly in the low and middle ranges of products in terms of price, quality and design. Producers seeking to distribute by mail order should take note of the evolution of privacy laws in Europe concerning the development of customer databases and ensure that there is evidence of unambiguous consent of customers for personal data collection and use as indicated in Chapter 1.

***g) Supermarkets and Hypermarkets***

Supermarkets and hypermarkets are increasingly tapping into the gifts and decorative articles market. The influence of cheap imports from Asia and Eastern Europe have increased the possibilities for the formats like grocery multiples to sell these products in their outlets. Both supermarkets and hypermarkets allow more and more shelf space for non-food articles like compact discs, table linen, napkins, candles, pots and pans, tableware, cutlery and kitchen utensils. These grocery multiples do not have a very large permanent range of gifts and decorative articles but often introduce these products on a promotional basis. This is mainly because non-food products offer better margins than the standard grocery lines. Furthermore, supermarkets and hypermarkets mostly position gifts and decorative articles as impulse purchases through cross merchandising with core grocery items.

***h) Internet Sales***

As discussed previously under trends, it is anticipated that internet sales will continue to be a growth channel for the future in all EU markets. One of the main advantages offered by the internet is the ability to sell small volumes with minimal overhead, direct to businesses or consumers in a targeted promotion. This minimizes the percentage of product prices shared with intermediaries.

***i) Teleshopping***

QVC and HOT are the two tele-shopping channels in Germany. They operate all over Germany and offer various types of giftware and handicrafts; jewellery, fashion, health, beauty; household consumer goods; collectibles and home accessories.

***Pricing***

Since craft and artisanal products comprises a wide range of products, from candles to jewellery boxes, from baskets to vases and from jewellery to statuettes and are reflected along with machine made products in the data on imports and exports of countries, it is not possible to integrate individual price information within the scope of this report. Producers must do their own detailed research considering their individual product lines, market segment within which they wish to sell,



proposed sales volume, packaging and the various margins applied by intermediaries in each of the marketing channels. Perhaps the best way to obtain information about prices and price levels in the EU is by attending one or more of the major trade fairs that are listed below or by scrutinizing 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, this research can provide a good impression of the wide variety of products, qualities, fashions, colours and promotions.

### ***Major European Trade Fairs for Craft and Artisanal products***

There are numerous fairs and potential selling events across the European Union. These include many local craft fairs, music festivals and street fairs. Europe is also the home of some of the most established trade fairs which have gained global recognition. These are summarized below.

#### ***a) Ambiente International (<http://ambiente.messefrankfurt.com>)***

With 4,543 exhibitors from 87 countries in 2012, increasing from 4,442 exhibitors from 85 countries in 2011, Ambiente is the world's largest and most important consumer goods fair; attracting 138,058 visitors. Twenty-five percent of visitors or 1,122 attended from outside of Germany and 3,408 or seventy-five percent from outside Germany. A five day event held in mid-February each year, Ambient has 28 exhibition halls.

#### ***b) Tendence (<http://tendence.messefrankfurt.com>)***

In 2012, Tendence was once again the meeting place for around 46,000 trade buyers and retailers from 91 countries who made their way to Frankfurt Fair and Exhibition Centre during the five days of the fair. The number of visitors decreased slightly from the 2001 figure of 52,000 and this is attributed to the effects of the euro crisis. In addition, the evaluation of the fair shows that more visitors from East Europe and the Middle East attended and relatively fewer numbers from the euro area. The organizers also state that despite the euro crisis, many exhibitors noted an increase in orders. Ranges of products were offered by 1,852 exhibitors from 46 countries. The fair, which is targeted at the retail trade, is a five day event, usually held in the last week of August.

#### ***c) Maison &Objet (<http://www.maison-objet.com>)***

Maison et Objet is a recognized as a trendsetting fair focused on quality and cutting edge directions in design. Despite the difficult economic times, the Paris-based fair attracted 85,766 professional visitors; including 46,003 within France and 39,763 from other areas of the globe. Sixty-six percent of attendees are buyers, while the remaining 34% are specifiers divided among the following functions: interior designers / decorators (34%), designers (23%), agency / hotel directors (16%), architects (8%), art directors (5%), stylists / trend setters (5%), chef and restaurant managers (5%), consultants (2%), researchers (1%), landscapers (1%). In addition, the 2012 show was attended by 3,474 journalists from France and internationally. The three day event is held in both Spring and Autumn each year.

## CHAPTER 4: EU TECHNICAL REGULATIONS FOR THE PROCESSING, PACKAGING AND PRESENTATION OF ART AND ARTISANAL PRODUCTS

### *EU legislation: Liability for defective products*

**Product Category:** ALL

**Legislation reference:** Directive 85/374/EEC

#### **Rationale/ Associated Issues**

Directive 85/374/EEC on liability for defective products covers all products for which there is no specific legislation. These can include a range of products from cars to cots, from tyres to toys and from food to pharmaceuticals. The aim of Directive 85/374/EEC is to protect the well-being and property of the consumer. Moreover, it aims to find the optimum system for compensating the victims of damage caused by defective products and improving the quality of products, without dampening industry's capacity for innovation.

#### **Scope**

The Directive applies to products not covered by specific legislation on liability. The Directive defines products as “movables which have been industrially produced, whether or not incorporated into another movable or into an immovable”. The liability of producers only applies to death or physical injury and damage to goods for private use. A producer is liable if a causal relationship can be established between a defect in his product and damage. Producer is defined in the widest possible language and although the European importer is responsible for the products he puts on the market, he may pass on a claim to the manufacturer/exporter, if, for example, it appears that the product was not produced in conformity with the specifications agreed upon. The Directive is intended to be invoked when a product is not as safe as the general public is entitled to expect. Factors to be taken into account include:

- the presentation of the product
- the use to which it could reasonably be put
- the time when the product was put into circulation

Directive 85/374/EC states that, where two or more persons are liable for the same damage, they shall be liable jointly and severally, without prejudice to the provisions of national law concerning the right of covering a bad debt. The Directive allows each Member State to set a limit for a producer's total liability for damage resulting from death or personal injury caused by identical items with the same defect. This limit may not be lower than 70 million Euro. In order to prove that a product was defect, the injured person must prove:

- the actual damage
- the defect in the product
- the causal relationship between damage and defect.

#### **How to Comply**

The legislation applies primarily to items with mechanical and moving parts but could be interpreted to apply to any product. However, there are implications for artisanal producers, for example of wooden toys or furniture and screens requiring a structural component to their designs. There is a particular scrutiny in the EU about the safety of products for children's use. Producers should

therefore investigate with the assistance of their national Bureau of Standards or standards contact point, the relevant international product standards, in order to avoid potential complications. In order to minimize the risk, the following preventive measures are advised:

- Compliance with the EU legislation on product safety and international product standards
- Establish an effective quality-management system with clear parameters for quality control, quality assurance and testing procedures clearly documented
- Conduct systematic assessment of suppliers and the relevant contracts
- Establish procedures for product recall, registration and evaluation of customer complaints
- Assessment of foreseeable misuse of products, shelf life and storage
- Carefully formulate labels, instructions for use and disclaimers
- Assess whether an insurance cover, including product liability, may be an appropriate tool for your business.

#### **Further information**

See Directive 85/374/EEC: <http://www.dehp-facts.com/upload/documents/webpage/document42.pdf>  
Centre for the Promotion of Imports from Developing Countries (CBI) [www.cbi.eu](http://www.cbi.eu)

#### ***EU legislation: General product safety***

**Product Category:** ALL

**Legislation reference:** Directive 2001/95/EC

#### **Scope**

The GPSD applies to all products on the consumer market or products likely to be used by consumers (including products that are used to provide services to consumers), whether used, new or reconditioned. Under Article 12 of the Directive 2001/95/EC, the Member States' national inspection authorities established a European network called RAPEX, in order to facilitate the quick exchange of information on potential threats. This Directive should apply to products irrespective of the selling techniques, including distance and electronic selling.

#### **Rationale/ Associated Issues**

The General Product Safety Directive (GPSD) (Directive 2001/95/EC) aims to protect EU consumers' health and safety and sets basic rules for safe products in the EU. According to the Directive, producers have an obligation to place only safe products on the EU market and it is prohibited to place products that pose a risk to consumers' health, caused by dangerous substances or by unsafe construction in the market. Only 'safe products' may be sold. This general Directive applies to all non-food products marketed in the EU, whether used, new or reconditioned. However, where products are subject to specific safety requirements imposed by other EU legislation (e.g. toys, chemicals, cosmetics, machinery), the General Product Safety Directive applies only to the aspects and risks not covered by the specific legislation. Products that do not comply with the general safety requirement will be refused entry to the EU market.

According to the 2011 Annual Report, for the first time since 2004, when the current RAPEX system was put in place, the total number of measures taken against dangerous products and reported by Member States through RAPEX decreased compared to the previous year (from 2,244 in 2010 to 1,803 in 2011). This represents a reduction of 20%. In 2011, the most notified product categories were clothing, textiles and fashion items (27%, followed by toys (21%), which was previously at the top. Injuries, chemical risks and strangulation were the most commonly notified risks in 2011.

### **How to Comply**

The Directive indicates that a product is considered safe where:

- It complies with the EU requirements for the safety of the product in question as expressed in general legislation and specific product standards.
- In the absence of specific product provisions on EU level, the product must comply with the specific national requirements of the Member State in which it is being marketed or sold, or with the voluntary national standards which transpose the European standards or legislation.
- If these are absent, then the following compliance issues are relevant: codes of good practice as regards health and safety; current state of the art; consumers' safety expectations.

All products placed on the EU market must in every instance comply with the general safety requirement. Depending on who places the product on the EU market, the responsibility for compliance could fall with the European producer, importer or retailer (acting as an importer). According to the general safety requirement, all these actors must have in place measures to guarantee the safety of the product they place on the EU market. As a result, the responsibility for a non safe product put on the EU market does not fall on the suppliers in developing countries but on the EU importer. However, any EU importer may pass his responsibilities ultimately to their suppliers.

In addition, EU producers and distributors must provide EU consumers with the necessary information in order to assess a product's inherent threat (e.g. through labelling or use instructions), particularly when a potential threat is not obvious. Furthermore, EU producers and distributors must take all necessary measures to avoid threats (e.g. product withdrawals or even recalling products that have already been supplied to consumers). If EU producers or distributors discover that a product is not safe, they need to notify the competent authority. It is therefore important that suppliers in developing countries make sure that their products comply with the general EU safety requirements.

### **Further information**

Information on latest RAPEX recalls can be accessed at;

[http://ec.europa.eu/consumers/safety/rapex/index\\_en.htm](http://ec.europa.eu/consumers/safety/rapex/index_en.htm)

The RAPEX Guidelines are available at:

[http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=CELEX:32004D0418R\(01\):EN:HTML](http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=CELEX:32004D0418R(01):EN:HTML)

## ***EU legislation for packaging and packaging waste***

**Product Category:** All products

### **Legislation Reference:**

- Directive 2006/12/EC on waste
- Decision 97/129/EC: Commission Decision of 28 January 1997 establishing the identification system for packaging materials pursuant to European Parliament and Council Directive 94/62/EC on packaging and packaging waste
- Directive 94/62/EC on packaging and packaging waste, amended by:
  - i. Regulation (EC) No 1882/2003 of 29/09/2003
  - ii. European Parliament and Council Directive No 2004/12/EC of 11/02/2004
  - iii. European Parliament and Council Directive No 2005/20/EC of 09/03/2005

### **Scope**

**Directive 94/62/EC** regulates all packaging placed on the EU market and all packaging waste. It covers 'Packaging' defined as all products made of any materials of any nature to be used for the containment, protection, handling, delivery and presentation of goods, from raw materials to processed goods, from the producer to the user or the consumer. 'Non-returnable' items used for the same purposes are also considered to be packaging. Annex I to the Directive lists items that are illustrative examples of the application of these criteria. According to that list, tea bags and wax layers around cheese, so called 'food contact materials', are considered non-packaging materials, while the film overwrap around a CD case, paper or plastic carrier bags, or labels hung directly on or attached to a product are considered packaging.

**Directive 2006/12/EC** refers to 'packaging waste', defined as any substance or object which the holder disposes or at some point will or has to dispose. For example, containers, as well as contaminated or soiled materials, materials whose date for appropriate use has expired, spilled, or misshaped materials, adulterated materials, materials of which the use of has been banned by the EU, etc.

### ***Essential requirements***

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.

### **Rationale/ Associated Issues**

In order to reduce the impact of packaging on the environment and harmonize the different forms of legislation on packaging and packaging waste in EU countries, the EU has issued Directive 94/62/EC, which regulates minimum requirements for the management of packaging and packaging waste. These measures aim at preventing the production of packaging waste, and in addition at reusing packaging, at recycling and other forms of recovering packaging waste and as such to reduce the final disposal of such 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. EU countries have a certain freedom in how to comply with the recovery rate but at least 25-45 percent of the material brought into the EU must be recycled, with a minimum of 15 percent for each material. The maximum available sum of concentrations of lead, mercury and hexavalent chromium in packaging is 100 parts per million. These requirements were approved by the EU countries in 1996 and are now in force in most of them. Each country reserves the right to apply additional requirements, as long as these do not hamper trade between countries. The legislation aims to reduce packaging waste by a number of methods:

#### ***1) Prevention***

Packaging may only be placed on the market if it complies with requirements of combustion, reusability, recoverability and recyclability laid down in Annex II of this Directive. The minimum amount of packaging to deliver the functions of containerization, protection of contents and consumer health and safety should be used in each product; in order that each product is conceived to have minimized effects on the environment.

#### ***2) Reuse***

Member States should encourage the reuse of packaging. The physical properties of the packaging should enable a number of rotations in normal conditions of use.

#### ***3) Nature of packaging***

It is desirable that the package is recoverable in the form of material recycling, energy recovering, composting and biodegradable packaging.

#### ***4) Recovery and recycling***

It is the responsibility of EU-15 member states to attain the following targets by the given deadlines. New member states have some concessions regarding deadlines, but these do not affect EU-15 which must ensure that:

- as off 31 December 2008, between 50 % as a minimum and 65 % as a maximum by weight of packaging should have been recovered or incinerated at waste incineration plants with energy recovery;
- no later than 31 December 2008 between 55% as a minimum and 80 % as a maximum by weight of packaging waste should have been recycled; and
- no later than 31 December 2008, the following minimum recycling targets for materials contained in packaging waste should have been attained:
  - i. 60% by weight for glass;
  - ii. 60% by weight for paper and board;
  - iii. 50% by weight for metals;
  - iv. 22.5% by weight for plastics, counting exclusively material that is recycled back into plastics; and
  - v. 15% by weight for wood.

### ***Marking and identification of packaging***

To facilitate collection, reuse and recovery (including recycling), packaging can be marked in such a way that it is possible to identify and classify the nature of the packaging material. At the moment, this identification system is on a voluntary basis. However, if you use this system, you have to use a system of numbers and abbreviations to specify the types of recyclable materials in the packaging. Decision 97/129/EC establishes the basis for this numbering and abbreviation system and lists the materials that are subject to the identification system. The system is commonly used for plastics. Exporters are advised to communicate with their buyer about possible expectations in this matter. In order to aid recovery and recycling, packaging should be labelled, with codes laid down in Annex 1 of this Directive, to identify and classify the nature of packaging materials. **This labelling shall be clearly visible and easily legible, durable and lasting, even when the packaging is opened.** The identification system may be a series of numbers as below, or an abbreviation of the packaging materials (e.g. HDPE: high density polyethylene):

<b>Material type</b>	<b>Identification number</b>
Plastic	From 1 to 19
Paper and cardboard	From 20 to 39
Metal	From 40 to 49
Wood	From 50 to 59
Textiles	From 60 to 69
Glass	From 70 to 79

The identification mark shall appear in the middle of or under a graphical marking indicating the reusable or recoverable nature of the packaging.

### ***Concentration of heavy metals***

Lead, cadmium, mercury and hexavalent chromium cannot be present in packaging or packaging components at a level greater than 100 mg/kg (ppm). This maximum concentration level does not apply to the following recycled packaging materials:

- Plastic crates and plastic pallets made of recycled material originating from other plastic crates or plastic pallets (maximum concentration allowed is 20% and none of the covered substances are added during the recycling process as per criteria set in Decision 1999/177/EC).
- Glass packaging produced from recycled material is allowed to exceed the limit of 100 ppm by weight if none of the covered substances are added during the recycling process. If the content of the metals exceeds 200ppm, the company placing the product on the market has to submit a report to the competent authorities in the EU Member States, where he places his product on the market (criteria set in Decision 2001/171/EC).

### ***How to Comply***

Compliance with EU requirements can be shown by using harmonized standards. The European standardization body (CEN) has released six European standards that support the essential requirements of Directive 94/62/EC on packaging and packaging waste. These standards are not

official legislation, but EU buyers broadly accept them as the norm. The six standards are indicated below.

1. EN 13427:2004 Packaging – Requirements for the use of European Standards in the field of packaging and packaging waste
2. EN 13428:2004 Packaging – Requirements specific to manufacturing and composition – Prevention by source reduction
3. EN 13429:2004 Packaging – Reuse
4. EN 13430:2004 Packaging – Requirements for packaging recoverable by material recycling
5. EN 13431:2004 Packaging – Requirements for packaging recoverable in the form of energy recovery, including specification of minimum inferior calorific value
6. EN 13432:2000 Packaging - Requirements for packaging recoverable through composting and biodegradation – Test scheme and evaluation criteria for the final acceptance of packaging

#### **Further information**

- Packaging and packaging waste  
[http://ec.europa.eu/environment/waste/packaging/index\\_en.htm](http://ec.europa.eu/environment/waste/packaging/index_en.htm)
- Centre for Promotion of Imports from Developing Countries [www.cbi.eu](http://www.cbi.eu)
- International Trade Centre (ITC) <http://www.intracen.org/ep/packaging/packit.htm>
- UK The Industry Council for Packaging and the Environment <http://www.incpen.org>

#### ***EU/International legislation: Endangered species (CITES)***

**Product Category:** Products made of plant or animal material

**Legislation reference:** Regulation (EC) 338/97, Regulation (EC) 865/2006

#### **Scope**

The EU requirements for these species and products thereof are based on the provisions of the Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES). CITES forms the basis of a worldwide policy on the protection and conservation of endangered species. If you export to the EU your products have to comply with the EU requirements as well. In some cases the EU legislation is stricter than the provisions of CITES. If not in compliance, your products are not allowed to enter the EU. The EU legislation on trade in endangered species comprises:

- animals, whether alive or dead (including mammals, birds, reptiles, amphibians, fish, invertebrates);
- plants, whether alive or dead;
- products thereof (e.g. food products, leather products, timber and medicinal products).

The EU has implemented the requirements established in CITES by means of 2 Regulations, regularly updated after each CITES conference:

- Regulation (EC) 338/97 on the protection of species of wild fauna and flora regulates the trade in species and gives a detailed list of species of which trade is prohibited, restricted or bound to certain rules.
- Regulation (EC) 865/2006 concerning the implementation of Regulation (EC) 338/97 stipulates the administrative and technical details (design, use of permits and certificates) and is therefore only of indirect importance to importers and manufacturers.



Further, the EU has also set import restrictions additional to those established by CITES relevant for manufacturers or exporters outside the EU. The ITTO-CITES Program for Implementing CITES Listings of Tropical Timber Species ensures that international trade in CITES-listed timber species is consistent with their sustainable management and conservation.

Roughly 5,000 species of animals and 29,000 species of plants are protected by CITES against over-exploitation through international trade. The species are grouped in three Appendices according to how threatened they are by international trade, as follows

- **Appendix I: Species threatened by extinction-** trade is prohibited except in exceptional circumstances
- **Appendix II: Species not necessarily threatened with extinction, but for which trade must be controlled-**trade is permitted under restrictions only
- **Appendix III: Species which any state that has ratified CITES identifies as being subject to regulation within its jurisdiction-** support in conservation is provided by all CITES parties

### **Rationale/ Associated Issues**

The Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES) lays down provisions for the worldwide protection of endangered species of flora and fauna. These provisions constitute controls on international trade in specimens of these species and are the basis of a worldwide policy on protection of endangered species. CITES also prohibits or restricts the trade in **products containing material from endangered species**. This applies especially to leather articles, handicrafts, jewellery, flowers, plants, furniture and antiques.

### **How to Comply**

If you are an exporter of wild plants, animals, or products derived from these species seeking to export your products to the EU, it is important to check whether there are any prohibitions, (export/import) permits to be obtained or other restrictions that affect your trade with the EU. The EU has laid down these restrictions to protect endangered species by controlling trade therein. Producers who utilize plant and animal material which may constitute endangered species should verify with their national contact point and contact points in the importing company to determine whether;

- these species are prohibited
- subject to licensing requirements or quotas,
- require import and/or export permits or
- can be freely traded.

In particular, exporters of products containing materials from endangered species may be subject to unexpected restrictions. This could apply to leather articles, handicrafts, jewellery, flowers, plants, furniture and antiques. To avoid possible unexpected situations at the moment of export, it is recommended to follow the steps mentioned below.

- Ensure that you can demonstrate the legality of your products The source or origin
- Verify with the CITES management authority of the EU Member State, through your national contact point whether an EU restriction (or additional national restrictions) applies .You can also check for yourself if your product is listed in the Annexes of Regulation (EC) 338/97.

- Check which administrative actions need to be performed and documents prepared in order for the relevant products to be allowed into the EU. Possible documentation/administrative actions are: import permit; import notification; (re-) export permit.
- Mark or label your products according to the requirements

Most Caribbean countries are signatories to the CITES Convention. This means that they have established national contact points which are available to provide further information. Producers using supplies of leather, animal products, dried flowers and timber need to consult these contact points to ensure that they are derived from sustainable sources and that the export process will be permitted as well as entry into an importing market will be allowed.

### **Further information**

CITES Homepage <http://www.cites.org/>

Natural Heritage Department, Ministry of Energy and the Environment  
Mr. Steve A. Devonish, Director  
Tel: 2464387761, Fax: 2464387767 E-mail: [heritage@barbados.gov.bb](mailto:heritage@barbados.gov.bb)

Chairman, Barbados CITES Scientific Authority  
Dr Julia Horrocks, c/o Department of Biological and Chemical Sciences, University of the West Indies  
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### ***General Phytosanitary Measures***

**Product Category:** products from plant material

Legislation Reference: [Council Directive 2000/29/EC of May 2000](#)

Implementing measures: [Commission Regulation 1756/2004](#); and [Commission Directive 2004/103/EC](#)

**Protected zones:** Regulation (EC) 690/2008

#### **Scope**

This Directive provides a listing of known harmful organisms, whose introduction into Member States is prohibited. Provisions for restrictions on the introduction of certain plants and plant products into the EU and the need to provide special inspections are stated. All banned organisms in isolation or on certain plants or plant products listed in the Annexes are prohibited from Community territory. Special measures are applied to plant or plant products for trial or scientific purposes and to products grown, produced or used in frontiers zones with a 3rd country, if there is no risk.

### **Summary Rationale/ Associated Issues**

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

#### **Lists of organisms, plants and plant products, and special requirements**

##### **1) *Banned harmful organisms in Member States or specific protected zones (Annex I) and specific combination of organisms on certain products (Annex II)***

- any harmful organisms listed in Annex I, Part A;
- any/plant or plant products contaminated with the harmful organisms also listed in Annex II, Part A.
- other organisms that could be harmful for any plants/plant products even if not listed in one of the Annexes.
- with specific reference to protected zones, Member States are required to ban the introduction of any harmful organisms listed in Annex I, Part B, including potato viruses and virus-like organisms and potato products listed in Annex III, Part A.

Some modifications to the elements on the lists in Annexes I and III can be made under the special procedures detailed in the Directive.

##### **2) *Plants or plant products coming from defined countries***

- Member States are required to ban the introduction into their territories, of plants or plants products listed in Annex III, Part A.
- Member States are required to ban the introduction into relevant protected zones of plants or plants products listed in Annex III, Part B.

##### **3) *Special requirements***

Member States are required to ban the introduction of harmful organisms listed in the following Annexes, unless the detailed special requirements are met:

- Annex IV Part A (important in all the territory); and
- Annex IV Part B (in specific protected zones).

The prohibition also applies to movements within any Member State. It does not apply if the owner intends to use small quantities of plants or plant products for non-industrial and non-commercial purposes and there is no risk of harmful organisms spreading.

##### **4) *Plants and potato products to be inspected***

Member states are required to establish processes and procedures that enable plants and potato products to be examined on an official basis (the product, the packages and the vehicles) to ensure that:

- they are free of any harmful organisms listed in Annex I, part A;
- plants and plant products listed in Annex IV part A, comply the special requirements indicated.

This requirement applies to the introduction of plant and plant products into another member state, or to the movement within the territory of a member state.

##### **5) *Protected zones***

Some areas within the EU are designated as 'protected zone' regarding a specific pest. If you export to the EU it is important to be aware of those protected zones. Products passing through or destined for a protected zone must meet stricter requirements. For example, you always need a plant passport to introduce or move products into or within that zone. Information about protected zones can be obtained from your NPPO or with the NPPO of the particular EU Member State. A list with all protected zones in the EU can be found in Annex I to Regulation (EC) 690/2008.

### How to Comply

- In principle, all controls (documentary, identity and plant health) must be carried out at the point of entry of the products into the EU. For non-EU goods in transit, the identity and plant health checks may be made by the official body of destination if certain rules are met.
- If special requirements as detailed in Annex IV, Part A apply, the phytosanitary certificate shall have been issued in the country of origin, except in the case of wood and other exceptions.
- The certificate shall be issued no earlier than 14 days after the covered plants left the third country.

A plant passport shall be issued rather than a phytosanitary certificate if the following conditions are satisfied:

- that plants are free of any harmful organisms listed in Annex I, part A;
- that the plants and plant products listed in Annex IV part A, comply the special requirements indicated; and
- that the seeds listed in Annex IV, Part A, comply the special requirements indicated.

The plant passport, must accompany any plant and/or potato product. The conditions of replacement of the phytosanitary passport are detailed, as are the measures to apply where nonconformity is detected.

**Source:** <http://www.freshquality.eu>

## OUTLINE OF ANNEXES

### ANNEX I LIST OF HARMFUL ORGANISMS

PART A. Harmful organisms whose introduction into, and spread within, all the member states shall be banned

***Section I. Harmful organisms not known to occur in any part of the Community and relevant for the entire Community***

- a) Insects, mites and nematodes; b) Bacteria; c) Fungi; d) Viruses and virus-like organisms; and e) Parasitic plants.

***Section II. Harmful organisms known to occur in the Community and relevant for the entire community***

- a) Insects, mites and nematodes; b) Bacteria; c) Fungi; d) Viruses and virus-like organisms; and e) Parasitic plants.

PART B. Harmful organisms whose introduction into, and spread within, certain protected zones shall be banned

- a) Insects, mites and nematodes; b) Viruses and virus-like organisms

**ANNEX II LIST OF ORGANISMS HARMFUL IF THEY ARE PRESENT ON CERTAIN PRODUCTS, PRESENTED  
AS SPECIES AND SUBJECT OF CONTAMINATION**

PART A. Harmful organisms whose introduction into, and spread within, all the member states shall be banned if they are present on certain plants or plant products

***Section I. Harmful organisms not known to occur in any part of the Community and relevant for the entire Community***

a) Insects, mites and nematodes; b) Bacteria; c) Fungi; d) Viruses and virus-like organisms (including those which occur in potatoes).

***Section II. Harmful organisms known to occur in the Community and relevant for the entire Community***

a) Insects, mites and nematodes; b) Bacteria; c) Fungi; d) Viruses and virus-like organisms; e) Parasitic plants

PART B. Harmful organisms whose introduction into, and spread within, certain protected zones shall be banned if they are present on certain plants or plant products:

a) Insects, mites and nematodes; b) Bacteria; c) Fungi; d) Viruses and virus-like organisms; and e) Parasitic plants.

**ANNEX III**

PART A. Plants, plant products and other objects the introduction of which shall be prohibited in all member states

PART B. Plants, plant products and other objects the introduction of which shall be prohibited in certain protected zones

**ANNEX IV SPECIAL REQUIREMENTS**

PART A. Special requirements which must be laid down by all member states for the introduction and movement of plants, plant products and other objects into and within all member states

Section I. Plants, plant products and other objects originating outside the Community.

Section II. Plants, plant products and other objects originating in the community.

PART B. Special requirements which must be laid down by all member states for the introduction and movement of plants, plant products and other objects into and within certain protected zones

**ANNEX V PLANTS, PLANT PRODUCTS AND OTHER OBJECTS WHICH MUST BE SUBJECT TO A PLANT HEALTH INSPECTION BEFORE BEING PERMITTED TO ENTER THE COMMUNITY**

PART A. plants, plant products and other objects originating in the Community

I. Plants, plant products and other objects which are potential carriers of harmful organisms of relevance for the entire Community and which must be accompanied by a plant passport:  
*Fruits of Citrus L., Fortunella Swingle, Poncirus Raf. and their hybrids with leaves and peduncles.*

II. Plants, plant products and other objects which are potential carriers of harmful organisms of relevance for the entire Community and which must be accompanied by a plant passport, for the appropriate zone when introduced into or moved within that zone.

PART B. Plants, plant products and other objects originating in other territories, other than those territories referred to in part a.

I. Plants, plant products and other objects which are potential carriers of harmful organisms of relevance for the entire Community:

*Fruits of Citrus L., Fortunella Swingle, Poncirus Raf., and their hybrids; Momordica L., Solanum melongena L., Annona L., Cydonia Mill., Diospyros L., Malus Mill., Mangifera L., Passiflora L., Prunus L., Psidium L., Pyrus L., Ribes L. Syzygium Gaertn., and Vaccinium L., originating in non-European countries.*

II. Plants, plant products and other objects which are potential carriers of harmful organisms of relevance for certain protected zones:

*Fruits of Vitis L.*

## **ANNEX VII MODEL CERTIFICATES**

## **ANNEX VIII STANDARD FEES**

### ***Use of plant protection products***

**Product Category:** All products from plant material treated with active substances for plant protection

**Legislation Reference:**

Regulation (EC) No 1107/2009 repealing Council Directives 79/117/EEC and 91/414/EEC

### **Scope**

This Regulation applies to products consisting of or containing active substances, safeners or synergists; referred to as 'plant protection products' and intended for one of the following uses:

- protecting plants or plant products against all harmful organisms or preventing the action of such organisms, unless the main purpose of these products is considered to be for reasons of hygiene rather than for the protection of plants or plant products;
- influencing the life processes of plants, such as substances influencing their growth, other than as a nutrient;
- preserving plant products, in so far as such substances or products are not subject to special Community provisions on preservatives;
- destroying undesired plants or parts of plants, except algae unless the products are applied on soil or water to protect plants;
- checking or preventing undesired growth of plants, except algae unless the products are applied on soil or water to protect plants.

The regulation outlines conditions for the authorization of plant protection products in commercial form and/or the approval of active substances, safeners and synergists, which these products contain or consist of, as well as the rules for their placing on the market, use and control within EU.

### **Summary Rationale/ Associated Issues**

One of the most important ways of protecting plants and plant products against harmful organisms, including weeds, and of improving agricultural production is the use of plant protection products. Plant protection products can however also have non-beneficial effects on plant production. Their use may involve risks and hazards for humans, animals and the environment, especially if placed on the market without having been officially tested and authorized and if incorrectly used. Substances should only be included in plant protection products where it has been demonstrated that they present a clear benefit for plant production and they are not expected to have any harmful effect on human or animal health or any unacceptable effects on the environment.

## How to Comply

EU legislation is not binding on producers outside of the Union. However, these producers should be aware of the legislation and the rights enshrined within the legislation to conduct tests and sampling of imported products on the same level as those produced within the EU. As such, the potential for monitoring of residues from plant protection products exists at another level of the supply chain. The residues of the plant protection products are required to:

- not have any harmful effects on human health, including that of vulnerable groups, or animal health, taking into account known cumulative and synergistic effects where the scientific methods accepted by the Authority to assess such effects are available, or on groundwater;
- not have any unacceptable effect on the environment.

For residues which are of toxicological, ecotoxicological, environmental or drinking water relevance, there should be methods in general use for measuring them in accordance with available analytical standards.

## For further information

Regulation (EC) No 1107/2009 <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2009:309:0001:0050:EN:PDF>

## *Materials and articles intended to come into contact with food*

### Product Category

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

### Legislation Reference

- Regulation (EC) No 1935/2004 repealing Directives 80/590/EEC and 89/109/EEC
- with reference to Regulation (EC) 2023/ 2006 standard for materials and articles in contact with food

### Scope

The Regulation applies to materials and articles, including active and intelligent food contact materials and articles, which in their finished state, are:

- intended to be brought into contact with food;
- already in contact with food and were intended for that purpose;
- can reasonably be expected to be brought into contact with food or to transfer their constituents to food under normal or foreseeable conditions of use.

## Summary Rationale/ Associated Issues

Groups of materials and articles intended to come into contact with food are listed in Annex I to Regulation (EC) No 1935/2004, which also applies to combinations of those materials and articles or recycled materials and articles used in those materials and articles. The principle underlying this Regulation is that any material or article intended to come into contact directly or indirectly with food

must be sufficiently inert to preclude substances from being transferred to food in quantities large enough to endanger human health or to bring about an unacceptable change in the composition of the food or a deterioration in its organoleptic<sup>2</sup> properties.

### How to Comply

- In a separate Regulation (EC) 2023/ 2006, the EU has developed Good Manufacturing Practices (GMP) for manufacturers of materials and articles intended to come into contact with foodstuff. ‘Good manufacturing practice (GMP)’ means those aspects of quality assurance which ensure that materials and articles are consistently produced and controlled to ensure conformity with the rules applicable to them and with the quality standards appropriate to their intended use. When applied to food contact materials, GMP avoids the potential of endangering human health, causing an unacceptable change in the composition of the food or causing deterioration in the organoleptic characteristics.
- The traceability of materials and articles intended to come into contact with food should be ensured at all stages in order to facilitate control, the recall of defective products, consumer information and the attribution of responsibility. Business operators should at least be able to identify the businesses from which, and to which, the materials and articles are supplied.
- **Labelling:** Materials and articles, which are not yet in contact with food when placed on the market, shall be accompanied by:
  - (a) the words ‘for food contact’, or a specific indication as to their use, such as coffee machine, wine bottle, soup spoon, or the symbol below; and
  - (b) if necessary, special instructions to be observed for safe and appropriate use; and
  - (c) the name or trade name and, in either case, the address or registered office of the manufacturer, processor, or seller responsible for placing on the market established within the Community; and
  - (d) adequate labelling or identification to ensure traceability of the material or article (described in Article 17); and
  - (e) in the case of active materials and articles, information on the permitted use or uses and other relevant information such as the name and quantity of the substances released by the active component so as to enable food business operators who use these materials and articles to comply with any other relevant Community provisions or, in their absence, national provisions applicable to food, including the provisions on food labelling.

The information referred to in paragraph (a) shall not, however, be obligatory for any articles which, because of their characteristics, are clearly intended to come into contact with food. The information required shall be conspicuous, clearly legible and indelible. Retail trade in materials and articles is prohibited if the information required in (a), (b) and (e) is not given in a language easily understood by purchasers. Within its own territory, the Member State in which the material or article is marketed may, in accordance with the rules of the Treaty, stipulate that those labelling

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<sup>2</sup> aspects of food or other substances as experienced by the senses, including taste, sight, smell, and touch (Wikipedia)



particulars shall be given in one or more languages which it shall determine from among the official languages of the Community. At the retail stage, the information required shall be displayed on:

- (a) the materials and articles or on their packaging; or
- (b) labels affixed to the materials and articles or to their packaging; or
- (c) a notice in the immediate vicinity of the materials and articles and clearly visible to purchasers; for the information referred to in (c), however, this option shall be open only if, for technical reasons, that information or a label bearing it cannot be affixed to the materials and articles at either the manufacturing or the marketing stage.

At the marketing stages other than the retail stage, the information required shall be displayed on:

- (a) the accompanying documents; or
- (b) the labels or packaging; or
- (c) the materials and articles themselves.

All the materials and articles which are placed on the market in the Community shall be identifiable by an appropriate system which allows their traceability by means of labelling or relevant documentation or information.

#### **For more information**

Regulation (EC) No 1935/2004- standard for materials and articles in contact with food

<http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2004:338:0004:0017:en:PDF>

Regulation (EC) 2023/ 2006 – GMP for food contact materials

<http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2006:384:0075:0078:EN:PDF>

Regulation (EC) No 282/2008 on recycled plastic materials and articles intended to come into contact with food

<http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2008:086:0009:0018:EN:PDF>

## Wood Packaging

**Product Category:** all articles transported in wood packaging

**Legislation Reference:** Commission Directive 2004/102/EC amending Council Directive 2000/29/EC

Most recently amended by: Commission Directive 2010/1/EU of 8/01/2010

### Scope

The basis of this Decision is to protect EC community wood from pests, primarily pine wood nematodes originating from coniferous wood packaging used for transportation (packing cases, boxes crates, pallets, box pallets, pallet collars etc). To this end, all wood imported into the EU after 1 March 2005, must be treated according to FAO guidelines. All packaging made from coniferous and/or non-coniferous wood, which is greater than 6 mm in diameter, entering the EU from third countries, except Switzerland, is covered. 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.

### Summary Rationale/ Associated Issues

The FAO guidelines stipulate that wood must be treated according to one of the following methods:

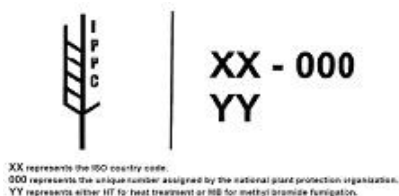
- heating to 56°C for a minimum of 30 minutes;
- kiln-drying below, chemical pressure impregnation or similar methods which can be considered as 'heat treatment' if they adhere to the above conditions; or
- fumigation with methyl bromide at no less than 10°C, for a minimum of 16 hours.

### How to Comply

#### Markings on treated wood packaging

The composite mark stated in Annex 2 of the FAO guidelines must be placed on all treated wood packaging. This mark consists of the following three elements:

- a) the IPPC symbol; (EU requirements state that this symbol does not have to appear on wood manufactured, repaired or recycled before 28 February 2005, until 31 December 2007, whilst the other marks below are still mandatory)



#### Left: IPPC symbol

- b) ISO country code and a unique number assigned by the NPPO to the producer of the wood packaging material, who is responsible for ensuring that all new wood packaging complies with the FAO guidelines;
- c) one or more of the following codes to specify which treatment method has been used:
- "HT" to indicate that the wood has been heat treated under the conditions stipulated above;
  - "KD" if kiln-drying meets the heat treatment specifications above;
  - "CPI" if chemical pressure impregnation satisfies the heat treatment specifications above; or
  - "MB" for fumigation by methyl bromide;

- d) the letters “DB” to indicate the wood has been debarked (as of 1 January 2009\*).
- e) The above markings must be legible (not in red or orange), permanent (non transferable, and placed in a visible location (on at least 2 opposite sides of the wooden object). This also applies to recycled, remanufactured or repaired wooden packaging items, which must have been treated.

**Sources:** <http://www.freshquality.eu>, [www.cbi.eu](http://www.cbi.eu)

### ***EU legislation: Safety of non-edible products imitating food***

**Product Category:** all products

**Legislation Reference:** Directive 87/357/EEC

#### **Scope**

Directive 87/357/EEC prohibits the marketing, import and manufacture or export of products which appear to be other than they are and thus endanger the health and safety of consumers. The Directive only applies to products that look like foodstuff but that are not in fact edible, which possess characteristics that will lead to consumers, especially children, to potentially confuse them with foodstuffs. These are also called ‘food imitating product’. As a result of the likeness, consumers may place them in their mouths, suck or ingest them, which might be dangerous and cause, for example, suffocation, poisoning, or the perforation or obstruction of the digestive tract. Characteristics to be monitored include: form, packaging, odour, labelling, colour, volume, appearance, size. The Directive obliges the Member States to withdraw products that are not in compliance from their markets.

#### **Rationale/ Associated Issues**

Product safety is key concern in EU policy. Products that appear to be other products than they actually are, pose safety risks for consumers, in particular children. For instance, products that look like food but are in fact soaps, candles or other decorative articles cause a risk of poisoning or choking to young children because they can mistake them for food. In order to protect EU consumers in all Member States, the EU has enacted legislation that guarantees product safety with regard to products that resemble food.

Artisanal producers desirous of selling products into EU markets must ensure that where products are not edible, they cannot be interpreted in a way to mislead potential consumers, in particular children into thinking that they are edible. Examples of products rejected by the RAPEX monitoring system include candles in the shape of apples, erasers with a fruity smell and home decorations resembling fruits.

#### **Further information**

Review examples of RAPEX recall at: [http://ec.europa.eu/consumers/safety/rapex/index\\_en.htm](http://ec.europa.eu/consumers/safety/rapex/index_en.htm)

### ***Registration, Evaluation and Authorization of Chemicals (REACH)***

**Product Category:** all products which use chemicals in the production process

**Legislation reference:** Regulation (EC) No. 1907/2006

#### **Scope**

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 through Regulation (EC) No. 1907/2006. The complex regulation will be implemented in phases within the ensuing 10 years. Presently, REACH requirements for registration are in effect. REACH establishes a new single regime throughout the 27 EU Member States for existing and new substances and requires manufacturers in the EU and EU importers of substances/preparations to register them. The Regulation is continually evolving and comprises more than 500 pages in addition to other documents, guidance papers and opinions that can be found on Internet. The following products are included in REACH:

- substances, such as base chemicals, specialty chemicals, metals, additives, solvents,
- monomers and natural substances if they are chemically modified
- mixtures or preparations of chemical substances, for instance cleaning products,
- formulated process chemicals, paints and motor oils
- articles which contain substances which are intentionally released during their use, for example the fragrance in a scented candle
- articles which contain dangerous substances which are not intentionally released during their use, such as phthalates in garments
- substances in products/containers, such as ink in cartridges
- substances which are on a candidate list of “*substances of very high concern*”.
- new substances.

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.

Some of these substances, of relevance to the arts and crafts sector, are highlighted further in this report.

### **Rationale/ Associated Issues**

REACH assigns responsibility to the EU industry in compelling it to manage the risks from chemicals and to provide safety information on the substances. This means that **manufacturers, importers and downstream users located in the EU** will be required to gather and provide information on the properties of the substances and/or preparations they work with. The Regulation further introduces a new European Chemical Agency (ECHA) established in Helsinki, Finland, which will be managing the registration of substances through a database. The European Chemical Agency will have an important role in the evaluation and authorization of substances. The agency is also a helpdesk for questions and has specific capacity to answer questions from developing countries. REACH defines an article as: “an object composed of one or more substances or preparations which during production is given a specific shape, surface or design determining its end use function to a greater degree than its chemical composition does”.

#### ***Substances released from articles***

For substances that are intentionally released, for example the fragrance from a scented candle, the substances need to be registered if:

- the substance is not yet registered for that application
- traded over 1 tonne/yr per producer/importer

For substances in articles that are unintentionally released, for example phthalates in garments, only dangerous substances need to be notified from 1st June 2011 onwards. A list of those dangerous substances is published.

### **How to Comply**

EU importers have the main responsibility for registration, so producers are not directly involved and can wait until an EU buyer requests data on the chemicals used in the process or which are still traceable in your product. They can also anticipate on the possible request of EU buyers by the following actions:

- Create an inventory of all chemicals used, i.e. 1) all substances or 2) substances in preparations or 3) substances that can be released in the final products.
- It might be necessary to check your suppliers for additional data as well.
- Check the website of the European Chemicals Agency to find out if the substances or uses in your inventory are exempted from the registration under REACH.
- Identify for each substance on its own or in a formulated product the volume per EU importer. If a chemical substance in these inventories is imported into the EU  $\geq 1$  tonne/year it needs to be pre-registered and registered by the EU importer. Where this is not done, the producer can recruit an EU based representative to conduct this process on their behalf.

REACH allows manufacturers from outside the EU to pre-register and register their chemicals. This is possible by appointing a representative within the EU who will act on behalf of the manufacturer outside the EU. A **representative** can represent one or several non-EU companies. The EU importer might need hazard data, safe use information and volumes on the chemicals you used. So, an inventory of the substances, preparations and articles that contain substances which will be foreseeable released from the articles will be a very possible requirement from your EU importer. Where chemicals are not produced in-house but purchased, producers are responsible for obtaining

the specific data from supplier to complete the filing. Producers must therefore be vigilant about maintaining an inventory of chemical substances used in the process. When costs are involved for EU parties, for example to create a dossier, part of the costs might be passed through to the supplier.

#### **Further information**

The European Chemicals Agency REACH helpdesk <http://echa.europa.eu/> will give advice to companies in Third Countries (search Helpdesk on the website).

### ***EU legislation: Dangerous substances in decorative articles***

**Product Category:** all products

#### **Legislation reference:**

- Regulation (EC) No. 1907/2006 on REACH
- Directive 76/769/EEC relating to restrictions on the marketing and use of certain dangerous substances and preparations amended by Directive 97/64/EC

#### **Scope**

Directive 97/64/EC, amending Directive 76/769/EEC, prohibits the use of liquid substances or preparations, which are classified as dangerous in:

1. Ornamental objects intended to produce light or colour effects (e.g. in ornamental lamps and ashtrays).
2. Tricks and jokes.
3. Games for one or more participants or any object intended to be used as such, even with ornamental aspects.

Furthermore **it is prohibited** to add a colouring agent or perfume to substances and preparations that: present an aspiration (inhalation) hazard and are labelled with R65m which means “Harmful: may cause lung damage if swallowed” **and** can be used as fuel in decorative lamps, **and** are placed on the market in packaging of 15 litres or less.

#### **Rationale/ Associated Issues:**

Lamp oil is used to give colour and perfume in decorative oil lamps and candles. If ingested, the oil can be toxic and cause injury to the lungs. Until now, a number of EU Member States have experienced a death record of two to three deaths per year caused by the ingestion of lamp oils. The majority of incidents involve young children, who appear to be attracted to the colour and smell of the oil and drink the oil directly from the lamp confusing lamp oils with lemonade. In order to prevent these kinds of situations, the EU has laid down legislation which sets specific safety requirements for lamp oil.

#### **How to Comply**

Producers should refrain from using substances which are toxic and dangerous to provide colouring effects in products. Where the dangers are unknown testing must be used to provide the appropriate labelling. In addition to lamp oil there are a number of other dangerous substances listed including benzene, lead sulphates and cadmium. In addition to other EU legislation on the classification, packaging and labelling of dangerous substances and preparations, the packaging of such substances and preparations, must be marked legibly with the following phrase: “Keep lamps filled with this liquid out of the reach of children”.

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. The German Institute for Materials Research and Testing (BAM) has developed a draft design for a child-safe burner for lamp oils. The burners are designed in a way that children cannot open the oil lamp and drink from it nor can they get easy access to the wick. BAM provides this design free of charge via their website. You can use them as an example when designing your own products in order to meet the standard EN 14059. The designs can be viewed through the links below:

- [http://www.bam.de/en/aktuell/presse/pressemitteilungen/pm\\_2007/pm\\_2007\\_medien/pm\\_bfr-bam\\_oellampen\\_anlage1.pdf](http://www.bam.de/en/aktuell/presse/pressemitteilungen/pm_2007/pm_2007_medien/pm_bfr-bam_oellampen_anlage1.pdf)
- [http://www.bam.de/en/aktuell/presse/pressemitteilungen/pm\\_2007/pm\\_2007\\_medien/pm\\_bfr-bam\\_oellampen\\_anlage2.pdf](http://www.bam.de/en/aktuell/presse/pressemitteilungen/pm_2007/pm_2007_medien/pm_bfr-bam_oellampen_anlage2.pdf)

#### **Further information**

Directive 76/769/EEC: <http://www.reach-compliance.eu/english/legislation/docs/launchers/launch-76-769-EEC.html>

CBI (2011) EU Legislation: Oil Lamps and Liquid Substances in Decorative Articles, [www.cbi.eu](http://www.cbi.eu)

#### ***EU legislation: Azo dyes in textile and leather articles***

**Product Category:** textiles and leather articles which may come into direct and prolonged contact with the human skin or oral cavity

#### **Legislation reference:**

- Regulation (EC) No. 1907/2006 on REACH
- Directive 76/769/EEC relating to restrictions on the marketing and use of certain dangerous substances and preparations amended by Directive 2002/61/EC

#### **Scope**

The legislation is laid down in Directive 2002/61/EC, amending Directive 76/769/EEC on the marketing and uses of dangerous substances and preparations. Textile and leather articles containing certain azo dyes have the capacity to release certain arylamines, which may pose cancer risks. For this reason, the European Union laid down legislation to prevent exposure to these hazardous aryl amines. This indirectly implies that azo dyes containing aryl amines can no longer be used to dye textile and leather products that come into contact with the skin. The aim of the Directive is to protect the consumers' health in the EU. The Directive is applicable to all textile and leather products that may come into direct and prolonged contact with the human skin or oral cavity. Some examples of products falling within the scope of the Directive are listed below. The items listed do not constitute an exhaustive list.

- clothing, bedding, towels, hairpieces, wigs, hats, nappies and other sanitary items, sleepingbags
- footwear, gloves, wristwatch straps, handbags, purses/wallets, briefcases, chair covers,
- purses worn around the neck
- textile or leather toys and toys which include textile or leather garments
- yarn and fabrics intended for use by the final consumer.

### Rationale/ Associated Issues

Azo dyes are synthetic organic compounds characterized by containing one or more nitrogen-nitrogen double bonds called azo groups in their chemical structure. They are the most important chemical class of dyes, representing 60-70 % of all dyes. They are usually red, brown or yellow. Azo dyes are commonly used as colouring agents in the textile and leather industry, especially in developing countries. In the 1990's, EU legislation was introduced restricting certain azo dyes. Azo dyes are manufactured from aromatic amines. It is important to note that some of them can split off carcinogenic amines, such as benzidine, which may be absorbed through skin and the respiratory and intestinal tract. Certain aryl amines pose cancer risks. Non-fixed, water-soluble azo dyes can also come into contact with skin through perspiration fluid.

The Directive establishes that the products covered by the legislation may not contain the 22 amines listed in Table 1 (below) in a concentration above the threshold limit of **30 ppm** (detection limit). **All parts** of a product should comply with this limit and this limit applies to **each amine separately** (e.g. a textile shoelace of leather footwear needs to comply with the limit of 30 ppm, as well as the leather parts of footwear). Textile articles made of recycled fibres are allowed an exception. In this case, the threshold limit equals 70 ppm for the listed amines if the amines are released by residues deriving from previous dyeing of the same fibres Azo dyes may release one or more of the aromatic amines listed in Table 1 below.

Table 1. List of aromatic amines				
	CAS number <sup>1</sup>	Index Number	EC number	Substance name
1	92-67-1		202-177-1	Biphenyl-4-ylamin, 4-aminobifenyl , Xenylamine
2	92-87-5	612-042-00-2	202-199-1	Benzidine
3	95-69-2		202-441-6	4-chloro-o-toluidine
4	91-59-8	612-022-00-3	202-080-4	2-naphthylamine
5	97-56-3	611-006-00-3	202-591-2	o-aminoazotoluene 4-amino-2',3-dimethylazobenzene 4-o-tolylazo-o-toluidine
6	99-55-8		202-765-8	5-nitro-o-toluidine
7	106-47-8		203-401-0	4-chloroaniline
8	615-05-4		210-406-1	4-methoxy-m-phenylenediamine
9	101-77-9	612-051-00-1	202-974-4	4,4'-methylenedianiline 4,4'-diaminodiphenylmethane
10	91-94-1	612-068-00-4	202-109-0	3,3'-dichlorobenzidine 3,3'-dichlorobiphenyl-4,4'-ylenediamine
11	119-90-4	612-036-00-X	204-355-4	3,3'-dimethoxybenzidine o-dianisidine
12	119-93-7	612-041-00-7	204-358-0	3,3'-dimethylbenzidine 4,4'-bi-o-toluidine
13	838-88-0	612-085-00-7	212-658-8	4,4'-methylenedi-o-toluidine
14	120-71-8		204-419-1	6-methoxy-m-toluidine p-cresidine



15	101-14-4	612-078-00-9	202-918-9	4,4'-methylene-bis- (2-chloro-aniline) 2,2'-dichloro-4,4'-methylenedianiline
16	101-80-4		202-977-0	4,4'-oxydianiline
17	139-65-1		205-370-9	4,4'-thiodianiline
18	95-53-4	612-091-00-X	202-429-0	o-toluidine 2-aminotoluene
19	95-80-7	612-099-00-3	202-453-1	4-methyl-m-phenylenediamine
20	137-17-7		205-282-0	2,4,5-trimethylaniline
21	90-04-0	612-035-00-4	201-963-1	o-anisidine 2-methoxyaniline
22	60-09-3	611-008-00-4	200-453-6	4-amino azobenzene
A CAS number is a unique identifying number assigned to chemicals by the Chemical Abstracts Service				

## How to Comply

### **Compliance with EU legislation**

EU importers are formally responsible for complying with the azo dyes legislation. However, since the EU importers do not determine which dyes are used in the process, they are likely to set purchase requirements, or binding guarantees in their contracts. But also without the pressure from an importer, it is sensible from a marketing point of view, to take the legal risks for the importer into consideration and comply with the legislation in order to minimize risks of faulty products. An EU importer may also demand an azo-safe certificate from its suppliers in order to guarantee no presence of prohibited azo dyes. In that case, the producer must bear the costs involved. Test methods for azo dyes have been established in Directive 2004/21/EC, amending Directive 76/769/EEC. These are the official test methods in the EU, and should be used to test your products targeting the EU market. The following test methods are listed in the Directive:

- CEN Leather — Chemical tests — Determination of certain azo colorants in dyed leathers. Reference: CEN ISO/TS 17234:2003
- CEN Textiles — Methods for the determination of certain aromatic amines derived from azo colorants — Part 1: Detection of the use of certain azo colorants accessible without extraction. Reference: EN 14362-1:2003
- CEN Textiles — Methods for determination of certain aromatic amines derived from azo colorants — Part 2: Detection of the use of certain azo colorants accessible by extracting the fibres. Reference: EN 14362-2:2003

### **Testing on azo dyes**

Testing facilities on banned azo dyes are already available in some developing countries. If it is not possible to test in the country of production, then it is feasible to perform these tests in Europe. Look for certified laboratories, like TÜV in Germany, TNO in The Netherlands or BTTG in the United Kingdom. The costs of testing depend on the number of samples needed. **All the different parts of the finished product should be tested**, and if there are several colours involved, it is not necessary to test

them all separately. Only if the general test proves that there are banned azo dyes in the product, then more tests should be done. The EU legislation on azo dyes (Directive 76/769/EEC) lays down the test methods to be used in order to check compliance with the requirements. It is recommended to use these test methods, because it might be the case that a different method results in a (slightly) different outcome of the test.

The best way to avoid problems with banned azo dyes is to use only dyes which cannot split off the hazardous amines. These include natural dyes. The following advice can be given to producers:

- Make an inventory of the dyes used in your production process and include the products you buy and may contain dyes in your inventory.
- If possible, cross-check the dyes used in your company with the lists of dyes given in Table 1. Refrain from using these dyes and change supplier policy if the EU market is a major target market.
- Ask your suppliers for azo-safe certificates. Your EU buyer might request them from you
- Use dyestuff supplied by reputable producers, who provide the Colour Index Numbers<sup>1</sup>, the generic names and material data sheets (MSDS) indicating the hazardous properties and preventive measures to be taken. Good example of these kind of producers are the Ecological and Toxicological Association of Dyes and Organic Pigments Manufacturers (ETAD)<sup>2</sup> members.
- If you want to test your product, choose recognized certified (accredited) laboratories and ask them to use the test methods that are specified in the EU legislation.
- Ask your importer to send you the latest information on the legislative requirements on azo dyes or check the CBI database for the latest EU legislation.
- Check whether it is possible to use of natural dyes instead of azo dyes in your product.

#### **Further information**

Directive 2002/61/EC

<http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2002:243:0015:0018:en:PDF>

Ecological and Toxicological Association of Dyes and Organic Pigments Manufacturers

<http://www.etad.com/>

#### ***EU legislation: PentaBDE in furniture products***

**Product Category:** Furniture, soft toys and products utilizing flexible polyurethane foam

**Legislation reference:** Directive 2003/11/EC amending Directive 76/769/EEC

#### **Scope**

The Directive is applicable to “articles” in general, where these substances are present in products or used in the production process of products. Directive 2003/11/EC, effective as of August 15th 2004, prescribes that 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. An additional flame retardant, decaBDE, has already been restricted by national legislation in Sweden and may be widened to EU-wide legislation following the results of a risk reduction strategy currently being undertaken.

#### **Rationale/ Associated Issues**

Directive 2003/11/EC (amending Directive 76/769/EEC) covers the restriction of two brominated flame retardants: pentabromodiphenyl ether (pentaBDE) and octabromo –diphenyl ether (octaBDE).

Of these two, only pentaBDE, used in the manufacture of flexible polyurethane is relevant to furniture and upholstery. Risk assessments have identified that the compound poses a threat to the environment and to human health as it is bioaccumulative and found in breast milk in increasing concentrations.

Polyurethane foam is manufactured in several countries of the Caribbean region. Enterprises wishing to export furniture or other items made of foam to the European market should engage suppliers in dialogue concerning how flame retardant properties are imparted and aim to identify whether these compounds are present. In the absence of a clear indication, testing should be done to eliminate the uncertainty in advance of marketing in Europe.

### **How to Comply**

Testing of materials to ensure compliance may be required by buyers in relation to exports to Europe.

### **Further information**

Directive 2003/11/EC [http://www.ncel.net/news\\_uploads/117/EuropeanUnion.directive.pdf](http://www.ncel.net/news_uploads/117/EuropeanUnion.directive.pdf)

### ***EU legislation: Creosote oil and arsenic in wood products***

**Product Category:** Products made of wood

**Legislation reference:** Regulation (EC) No 552/2009 amending Annex XVII to the EU Regulation (EC) 1907/2006 on REACH (creosote); Annex XVII to Regulation (EC) 1907/2006 (arsenic)

### **Scope**

The substances falling within the scope of the Directive 552/2009 are

- Creosote; wash oil
- Distillates (coal tar), upper; heavy anthracene oil
- Creosote oil ; wash oil
- Anthracene oil
- Distillates (coal tar) naphthalene oils
- Tar acids, coal, crude
- Creosote oil, acenaphthene fraction
- Creosote, wood
- Distillates (coal tar) naphthalene oils
- Low temperature tar oil, alkaline

The Regulation establishes a prohibition on the marketing of wood treated with the substances and preparations containing one or more of the substances listed above. Arsenic compounds may not be used in the EU as substances and constituents of preparations intended for use in the preservation of wood. Wood treated with arsenic compounds may not be placed on the EU market.

### **Rationale/ Associated Issues**

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. EU legislators have determined that some of the components of creosote are poorly degradable and may enter the environment as a result of the use of treated wood. Creosote may also be harmful to certain organisms in the environment. Moreover, in the late 1990s, research showed that human exposure to

creosote could cause cancer, which led to a tightening of existing legislation in the EU. Since 1 June 2009, the restriction of the use of creosote oil in wood products is laid down in Annex XVII to the EU Regulation (EC) 1907/2006 on the registration, evaluation and authorization of chemicals (REACH), which is directly applicable in all Member States. Until this date, this matter was regulated by means of Directive 76/769/EEC on the marketing and use of certain dangerous substances and preparations and its amendments, which is repealed by the REACH Regulation.

### **How to Comply**

The Regulation provides for certain exemptions from the general prohibition in the case of wood treatment in industrial applications such as railway sleepers. Annex XVII to the EU regulation (EC) 1907/2006 states that the products listed above “shall not be placed on the market, or used, as substances or in mixtures where the substance or mixture is intended for the treatment of wood. Furthermore, wood so treated shall not be placed on the market.” The Directive expressly states that treated wood is never to be used in toys or garden furniture. Arsenic compounds may not be used in the EU as substances and constituents of preparations intended for use in the preservation of wood; Wood treated with arsenic compounds may not be placed on the EU market.

### **Further information**

Regulation (EC) No 552/2009 amending Annex XVII to the EU regulation (EC) 1907/2006 <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2009:164:0007:0031:EN:PDF>

### ***Traces of Cadmium in jewellery products***

**Product Category:** jewellery and other products

**Legislation reference:** Annex XVII to the EU Regulation (EC) 1907/2006 on the REACH

#### **Scope**

The EU legislation restricts the use of cadmium in the following types of applications:

- Plastics;
- Paints;
- Recovered PVC;
- Plated metallic products;
- Brazing fillers;
- Jewellery.

#### **Rationale/ Associated Issues**

Cadmium compounds are carcinogenic agents used in various ways in different product groups. To reduce health hazards, the EU has set restrictions on the presence of cadmium in several products. These include, but are not limited to the following:

- Cadmium may not be used in concentrations exceeding 0.01% by mass in products made from plastics, resins and recycled PVC.
- Cadmium may not be used in jewellery brazing fillers (joining technique using alloys at 450 °C or above) in concentration equal to or greater than 0.01 % by weight.
- As from 10 December 2011, metal parts in jewellery, imitation jewellery, hair accessories or articles used for making jewellery may not contain more than 0.01% (100 mg/kg) cadmium. This includes: bracelets, necklaces and rings; piercing jewellery; wrist-watches and wrist-wear; brooches and cufflinks; metal beads and other metal components for jewellery making.

## How to Comply

The basic alternative for cadmium plating is zinc plating. In recent years, zinc-nickel alloys have become popular. Zinc-nickel alloys have been found to possess all of the attributes of cadmium for coating and plating, with the added benefit of environmental safety. Other plating alternatives include tin alloys and aluminium vapour deposition. Aluminium vapour deposition coating is still very expensive and has been used primarily on high-strength steels in the aerospace industry and in marine application. To improve compliance with EU legislation, producers can:

- Check with your supplier if cadmium has been used in the products purchased. If it is applied as a pigment in plastic products (or plastic applications/accessories of your products), confirm with the producer that the cadmium concentration does not exceed 0.01% by mass.
- Similarly, for plastic products where cadmium is used as stabilizer, ensure that the cadmium content in the product does not exceed 0.01% by mass.
- Maintain consistent records in order to provide importers with accurate information on your products.

**Further information :** CBI (2012) , EU Legislation: Cadmium in several products , [www.cbi.eu](http://www.cbi.eu)

## *EU legislation: Nickel in clothing, jewellery and accessories*

**Product Category:** jewellery and accessories

**Legislation reference:** Annex XVII to Regulation (EC) 1907/2006

### Scope

The legislation sets out the requirements on the release of nickel (CAS No. 7440-02-0) per product group.

### Rationale/ Associated Issues

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.

1. For all post assemblies which are inserted into pierced ears and other pierced parts of the human body, the rate of nickel release must be less than 0.2 microgram/cm<sup>2</sup>/week (migration limit)
2. For products intended to come into direct and prolonged contact with the skin, such as, earrings, necklaces, bracelets and chains, anklets, finger rings, wrist-watch cases, watch straps and tighteners, rivet buttons, tighteners, rivets, zippers and metal marks, when these are used in garments, the rate of nickel release from the parts of coming into direct and prolonged contact with the skin must not exceed 0.5 microgram/ cm<sup>2</sup>/week
3. For products such as those listed in point 2 where these have a non-nickel coating, the coating must be sufficient to ensure that the rate of nickel release from the parts coming into direct and prolonged contact with the skin will not exceed 0.5 microgram/ cm<sup>2</sup>/week for a period of at least two years of normal use of the product.

**How to Comply**

To determine whether your products comply with the requirements you can use the test methods listed below. The standards are available from the European Committee for Standardization (CEN – [www.cen.eu](http://www.cen.eu)).

- CEN EN 1810:1998: Body-piercing post assemblies - Reference test method for determination of nickel content by flame atomic absorption spectrometry;
- CEN EN 1810:1998: Reference test method for release of nickel from products intended to come into direct and prolonged contact with the skin ;
- CEN EN 12472:2005: Method for the simulation of wear and corrosion for the detection of nickel release from coated items.

**Further information**

Annex XVII to Regulation (EC) 1907/2006

<http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=CONSLEG:2006R1907:20110221:EN:PDF>

## **CHAPTER 5 CONCLUSION: CRITICAL SUCCESS FACTORS IN DEVELOPING EXPORT INDUSTRIES IN CRAFT PRODUCTS**

In developing export industries in art and artisanal craft products, there are several basic requirements to enable producers to enter the value chain. Basic optimal conditions include:

- Consistent product quality compliant with any EU product standards that may apply to that category of items and appropriate branding
- Distinctive product designs which reflect market tastes, innovative ideas and streamlined production processes and finishing
- Competitive pricing and delivery times
- Appropriate packaging, conforming to the requirements of the Directive on Packaging and Packaging Waste (Directive 94/62/E and amendments), sourced from suppliers compliant with GMP and EU standards
- Detailed product information e.g. raw materials certification, compliant with the relevant technical regulations and sustainable supplies of quality inputs
- ability to meet the labelling requirements and adhere to the relevant product standards and technical regulations
- access to appropriate testing systems to monitor compliance with technical regulations
- ability to target specific niches and develop partnerships with buyers in the target markets based on user needs and contexts.
- understanding market needs and requirements in the context of the buyer-driven supply chain; maintenance of open lines of communication regarding demand preferences in products, quality and packaging requirements and fostering buyer involvement at all stages of the chain
- recognition of the influence of seasonality on the purchasing patterns within the market
- understanding the role of workforce training and development to meet the needs of a more highly developed and competitive value chain
- understanding the role of research and development, innovation and technology as driving forces in new product development
- need for sector-specific collaboration among SMEs in the areas of advocacy, lobby, trade promotion, brand development and integration with global supply chains.

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