

Exporting hand-woven rugs to Europe

The European market for woven and hand-woven rugs is growing, with most of its imports originating from developing countries. The middle and high-end market segments offer you the most opportunities. To supply these segments, you need to focus on traditional techniques and designs, to add a story to your products. Working with sustainable materials and co-creation can give you a competitive edge. Banning child labour is an especially relevant issue in this sector.

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1. Product description

Hand-woven rugs are hand-woven textile floor coverings. They are produced all over the world under different names, like kelem, schumack or jajim.

This study uses the following codes to indicate trade in hand-woven rugs:

Table 1: Product codes

Harmonised System (HS)	Prodcom	Description
5702 10		Kelem, schumacks, karamanie and similar hand-woven rugs, whether or not manufactured
	13 93 12 00	Carpets and other textile floor coverings, woven

Tip:

For more information about carpets, see our study on [woven and knotted woollen carpets](#).

Quality

Functionality

Most hand-woven rugs are purchased to enhance the atmosphere of the home, so their most important quality is decorativeness. Rugs can also serve to provide warmth and/or noise reduction. Given that it will be walked on, a rug must be durable.

Material

Most hand-woven rugs are made of wool or other fine animal hair like alpaca, llama or yak. They can also be made of cotton, silk or recycled materials.

Size

Sizes are usually provided in feet (1 foot = 30.48 cm). Typical sizes are:

- 2'x3'
- 4'x6'
- 9'x12'
- 6'x9'
- 3'x3'
- 5'x5'
- 10'x14'
- 10'x10'

For smaller rugs, the sizes are often indicated in cm.

Ask your European buyer what specific sizes they may be looking for in the early stages of collaboration.

Design

Hand-woven rugs come in a wide variety of designs, styles and (woven) patterns, traditional or contemporary. They can be colourful or plain to match consumers' personal taste. It is also possible to print on rugs to add pattern and/or colour.

The fineness of the weave is a key quality aspect, reflected in the fineness of the design. The finer the yarns, the higher the quality and sales price. The finish is also important. A well-finished carpet lies flat and straight on the floor in a reasonably regular shape. It should not be unnaturally shiny or too bright and harsh, nor should colours fade or bleed.

Modern carpets with a vintage look (meaning the fabric is stonewashed) are popular. A combination of printing first and then stonewashing also creates a popular vintage look. Stonewashed traditional carpets are in demand as well. However, using acid to create the stonewashed look should be considered carefully as this process is not environmentally friendly.

Labelling

External packaging labels for rugs should include: producer, consignee, composition, size, number of pieces, box identification, total number of boxes, and net and gross weight.

The most important information on the product or packing labels of rugs is: composition, size, origin and care labelling. For more information, refer to the chapter on buyer requirements.

Packaging

Hand-woven rugs are transported as rolls, wrapped in plastic film and jute/hessian sacking. They are rolled up

with the face inside and packaged before they are put into a container. Sometimes two rugs are rolled up together, but this may make the roll too heavy. Runners are often protected with hardboard disks at the ends, to stop them from slipping and telescoping. When in doubt, check the requirements with your buyer.

Rugs must not be handled with bag or plate hooks, as the film packaging can easily be torn. A carpet-carrying mandrel should be used for handling rolled rugs.

2. Which European markets offer opportunities for exporters of hand-woven rugs?

European imports of hand-woven rugs are increasing. More than $\frac{2}{3}$ of these imports come from developing countries. Europe's main importers of hand-woven rugs are Germany, the United Kingdom, Denmark and Sweden. Their strong performance of developing countries makes them especially interesting target markets.

(!) The European production and consumption statistics cover woven textile floor coverings in general, because the data do not differentiate further.

Where is consumer demand?

- European demand for woven textile floor coverings declined between 2012 and 2016. With an average annual decline of -2.4%, it reached €812 million in 2016.
- European demand for woven textile floor coverings is highest in the United Kingdom at €176 million. Germany follows with €154 million.

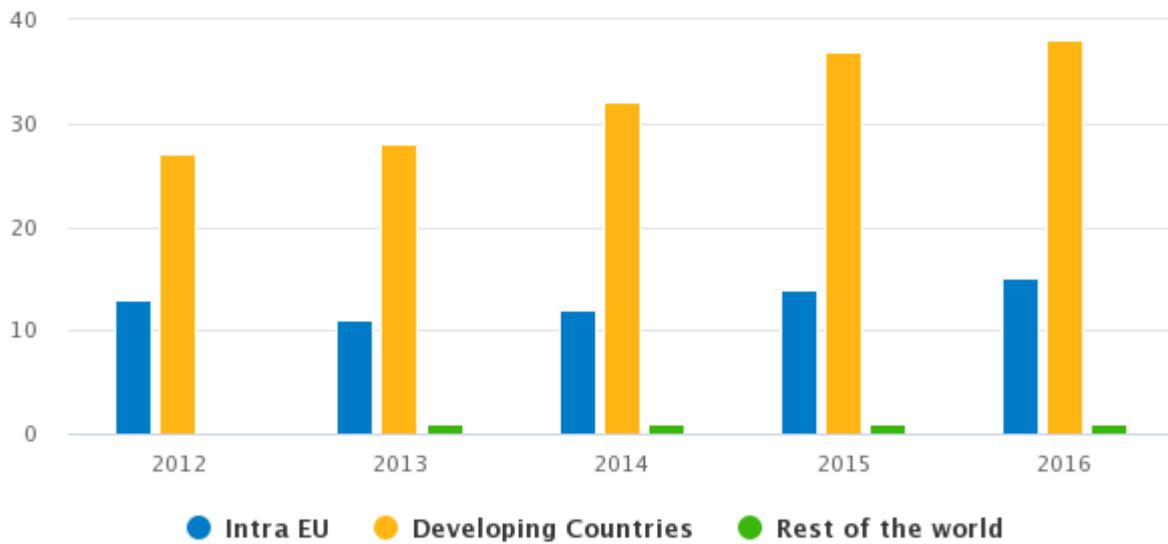
What is the role of European production in supplying European demand?

- European demand for woven textile floor coverings is slightly higher than its production. This drives the need for imports, making Europe an interesting market for woven textile floor coverings.
- European woven textile floor covering production decreased between 2012 and 2016. With an average annual decline of -4.9%, it reached €689 million in 2016.
- Belgium is responsible for 58% of European woven textile floor covering production. The United Kingdom and Sweden follow with 13% and 6.9% respectively.

3. Which countries are most interesting in terms of imports from developing countries?

Figure 1: European imports of hand-woven rugs 2012–2016

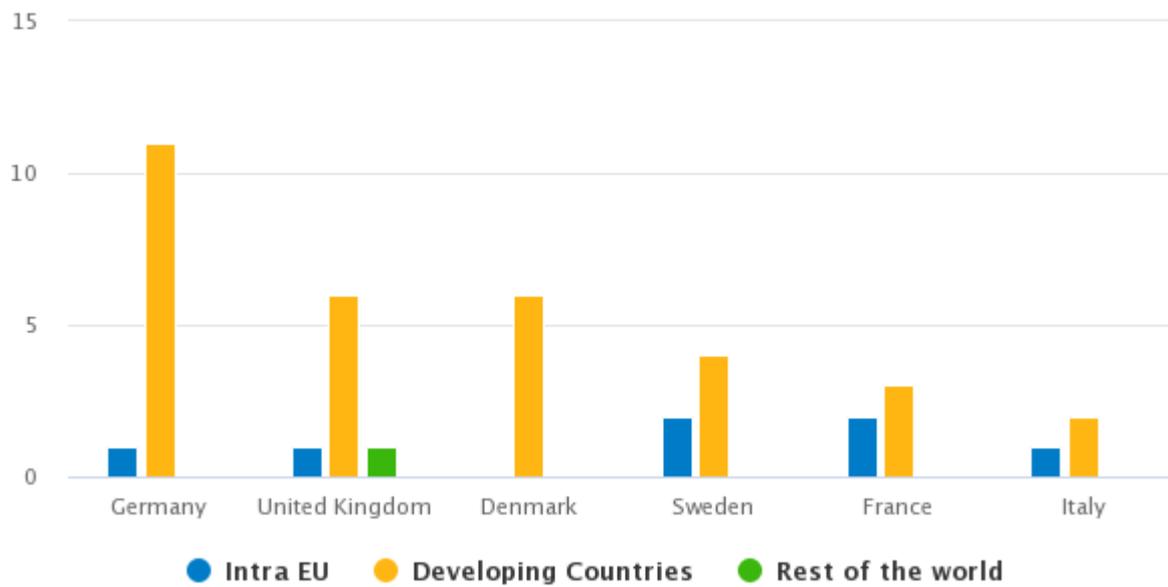
in € million



Source: Trademap

Figure 2: Main importers of hand-woven rugs 2016

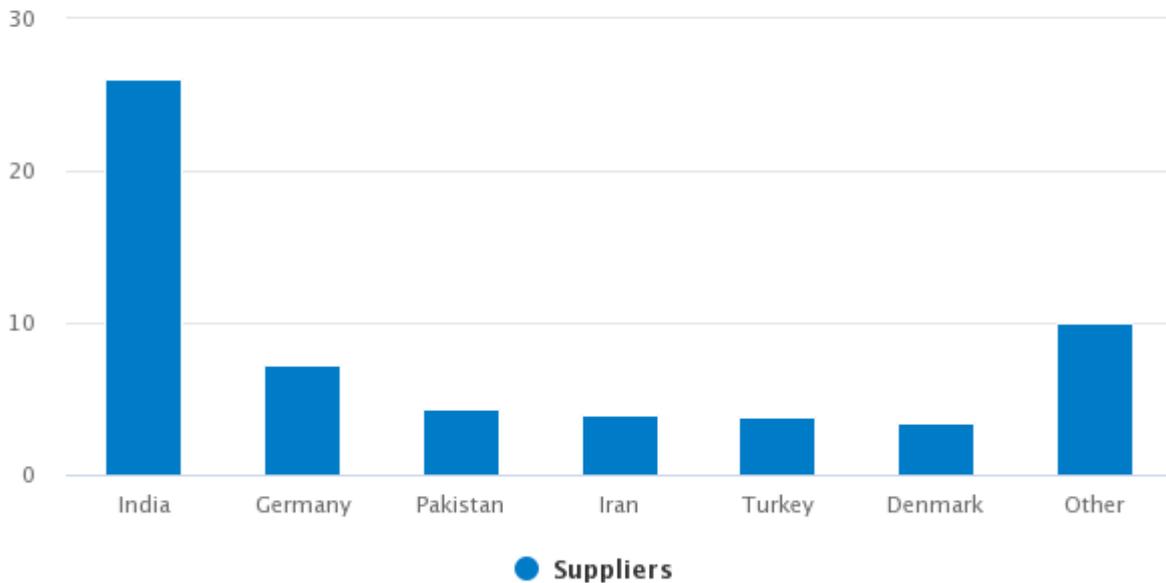
in € million



Source: Trademap

Figure 3: Leading suppliers of hand-woven rugs 2016

in € million



Source: Trademap

- European imports of hand-woven rugs increased from €41 million in 2012 to €54 million in 2016. This corresponds to an average annual growth rate of 7.6%.
- In the coming years, European imports are expected to keep growing moderately.
- Developing countries are Europe's main source for hand-woven rug imports. They supply 70%, amounting to €38 million in 2016. This share is predicted to stay stable in the coming years.
- In reality, many of the hand-woven rug exports from Western European countries are re-exports of products manufactured in developing countries.
- Germany is Europe's leading importer of hand-woven rugs, with €13 million in 2016. The United Kingdom follows with €7.9 million, Denmark and Sweden with €6.1 million and €6.0 million respectively. Although Sweden and Denmark are relatively small markets, their imports are high because they are home to several large importers/retail chains that sell their products across Europe, such as IKEA.
- These countries are also leading when it comes to imports from developing countries. They source up to 92% of their hand-woven rug imports from developing countries!
- The strong performance of developing country suppliers in these countries is evidenced further by strong increases of €2-3 million between 2012 and 2016.
- India is Europe's leading supplier of hand-woven rugs, with 44% in 2016. Other leading developing country suppliers are Pakistan (7.6%), Iran (6.7%) and Turkey (6.5%).

Tips:

Study your options in Germany, the United Kingdom, Denmark and Sweden. Their strong imports of products from developing countries make them especially interesting markets.

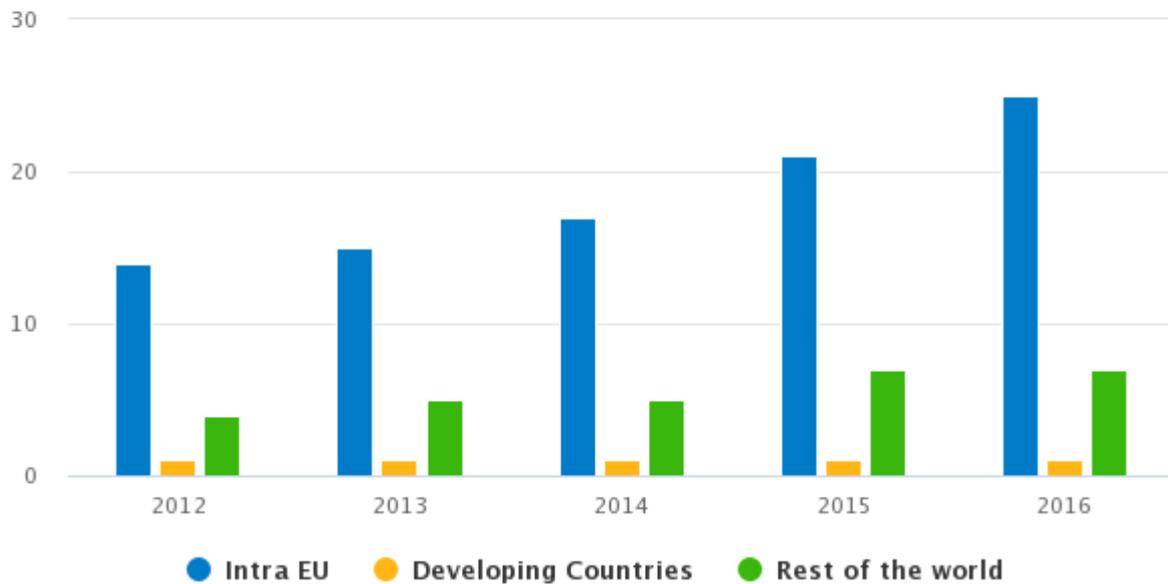
The upcoming [Brexit](#) (the United Kingdom leaving the European Union) has decreased the value of the British Pound. As a result, more British buyers have started importing directly from developing countries, rather than buying from European importers. However, as the situation is still fluid and insecure, you should keep a close watch on the developments.

Compare your products and company to the strong competition from India, as well as Pakistan, Iran and Turkey. You can use [ITC Trademap](#) to find exporters per country. You can compare on market segment, price, quality and target countries.

4. What role do exports play in supplying European demand?

Figure 4: European exports of hand-woven rugs 2012–2016

in € million



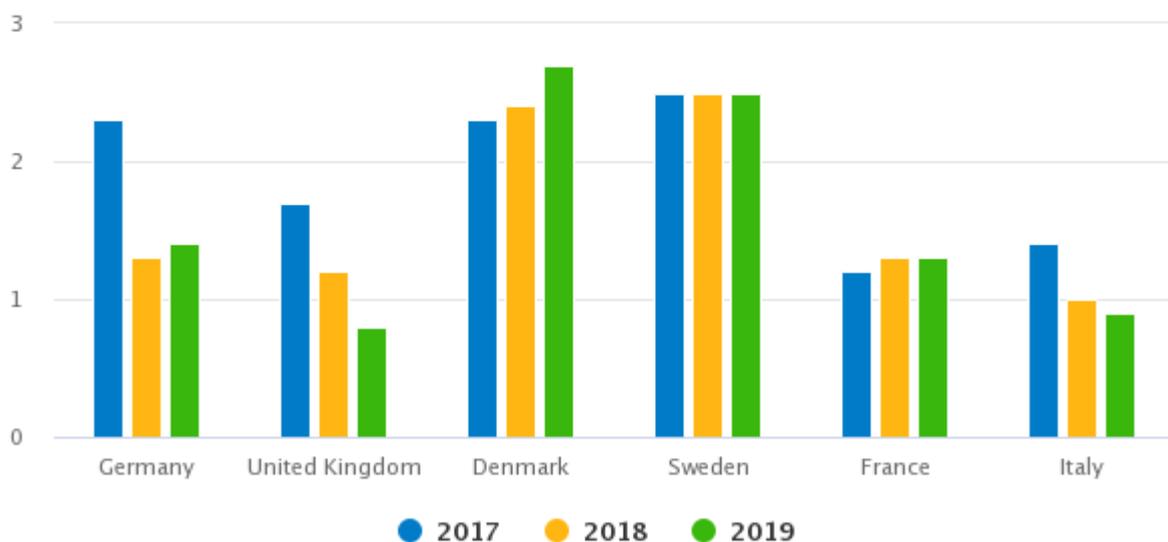
Source: Trademap

- European hand-woven rug exports consist mainly of trade within Europe and with developed countries.
- Germany (€10 million) and Denmark (€7.7 million) are Europe's leading hand-woven rug exporters.

5. What is the effect of real private consumption expenditure on European demand?

Figure 5: Real private consumption expenditure growth 2017–2019

in %



Source: Eurostat

- Private consumption expenditure is an important indicator for the European home decoration market. The

sector is closely linked to economic conditions. When money is tight, consumers postpone buying non-essential items until they have enough disposable income.

- Between 2017 and 2019, European private consumption expenditure is expected to increase. This means that consumption of decorative products is likely to rise. Especially in emerging markets, consumers will have more money available to spend on decorating the home. Consumers in mature markets already spend a fair amount of money on decoration, so growth in their consumption will be moderate.

6. What trends offer opportunities on the European market for hand-woven rugs?

Traditional craftsmanship and design

Ethnic motifs and traditional craftsmanship are popular on the European market. This is a long-term trend. Carpets and rugs in particular are known for their history. Consumers are interested in the story behind the product, which adds to its uniqueness. Ethnic designs, often produced by the same tribes for centuries, are seen as 'floor art' in Europe. Some producers experiment with traditional designs and rework them in a modern way, also playing with colours.

Tips:

Promote your culture's traditional production method and design, adding a background story to your product. Make sure that it comes across clearly to the consumer, for example by including a card describing the product's unique story.

Consider experimenting with your traditional designs, reinventing them in a more contemporary manner.

Sustainability

Consumers and designers are shifting their preferences towards more sustainable choices, especially in the mid-high to high-end market segments. There is an increasing concern and awareness of the negative impacts of production and consumption. This is driving the popularity of sustainability labels and commitments in the textile industry.

Using natural materials such as wool as your main raw material fits in well with this trend. Another option is to use recycled fibres or leftovers from the production of other textile products. Natural dyes add an extra sustainable feature to your rugs.

Social responsibility is another key aspect of sustainability, particularly in the production of handmade items. Refraining from using child labour is especially relevant in the carpet and rug sector.

Tips:

Use natural, recycled or leftover raw materials and natural dyes.

Promote the sustainable aspects of your rugs as a premium.

Do not use children for the production of your rugs.

For more information, see our special study on [sustainability](#).

Co-creation

European buyers are increasingly trying to distinguish themselves from their competitors. To do so, they focus on their own image and design. They look for producers they can cooperate with to develop their own products, so-called 'co-creation'. This makes it extra important to showcase your special skills, production techniques and the variety of raw materials you work with.

Tips:

Make sure your collection showcases the different materials and production techniques you have to offer.

Emphasise the story behind your product in your promotion strategy.

Smaller quantities and shorter lead times

European buyers change their collection at an increasing pace. As a result, they are looking for shorter lead times and smaller minimum orders. This is a distinct advantage for small to medium-sized producers like you, since you are more flexible and can generally supply smaller quantities than bigger producers.

Tip:

If you are flexible in production and can supply smaller quantities, emphasise this in your promotion.

For more information, see our study about [trends for Home Decoration & Home Textiles](#).

7. What requirements should hand-woven rugs comply with to be allowed on the European market?

What legal and non-legal requirements must your product comply with?

General product safety

The European Union's [General Product Safety Directive](#) applies to all consumer products, including rugs. It states that all products marketed in Europe must be safe to use.

Tips:

Read more about the [General Product Safety Directive](#).

Also use your common sense to ensure normal use of your product does not cause any danger.

The [RAPEX database](#) lists products that the European Union has rejected at the border, or withdrawn from the market. Check the database for similar products for an idea of what issues may arise.

Restricted chemicals: REACH

The [REACH](#) regulation lists restricted chemicals in products that are marketed in Europe. For example, REACH restricts the use of azodyes and certain flame retardants in textile products.

Tips:

The European Chemical Agency provides useful information and tips on REACH. See for instance [REACH Annex XVII](#) for a list of all restricted chemicals. Also check out the [information on REACH for companies established outside Europe](#) and the [Questions & Answers on REACH](#).

Follow new developments in the field of flame retardants, as new alternatives are being developed. You can do so, for instance, through the [European Flame Retardants Association](#) (EFRA).

Textile Regulation

According to the European Union's [Textile Regulation](#), textile products should be labelled or marked to indicate their fibre composition. These labels should be durable and tear-resistant, securely attached, easily legible, visible and accessible.

Tip:

For more information, see the [Frequently Asked Questions about the Textile Regulation](#).

Packaging legislation

Europe has specific [packaging and packaging waste legislation](#). Among other things, it restricts the use of certain heavy metals. Europe also has [requirements for wood packaging materials](#) (WPM) used for transport, such as packing cases, boxes, crates, drums, (box) pallets and dunnage.

Tip:

Read more in the [overview of EU rules on wood packaging material](#).

What additional requirements do buyers often have?

Sustainability

Social and environmental sustainability make your products stand out on the European market. Think of sustainable raw materials and production processes. European buyers increasingly demand the following certification schemes:

- [Business Social Compliance Initiative \(BSCI\)](#): European retailers developed this initiative to improve social conditions in sourcing countries. They expect their suppliers to comply with the BSCI Code of Conduct. To prove compliance, the importer can request an audit of your production process. Once a company has been

audited, it is included in a database for all BSCI participants.

- **Ethical Trading Initiative (ETI):** This initiative is an alliance of companies, trade unions and voluntary organisations. It aims to improve the working lives of people across the globe that make or grow consumer goods.

You can use standards such as [ISO 14001](#) and [SA 8000](#) to read up on sustainable options. However, only niche market buyers demand compliance with such standards.

Tips:

Optimise your sustainability performance. Reading up on the issues included in the initiatives will give you an idea of what to focus on.

Buyers appreciate a good story. If you can show that you value your company's environmental and/or social performance, this may be a competitive advantage. You can do this, for instance, with a self-assessment like the [BSCI Self-Assessment for Producers](#), or a code of conduct such as the [BSCI Code of Conduct](#) and the [ETI base code](#).

For more information, see our special study on [sustainability in the home sector](#).

What are the requirements for niche markets?

Ethical carpets

There are several ethical initiatives focused specifically on the carpet industry.

[GoodWeave](#) (formerly known as Rugmark) works to end child labour in the carpet industry in South Asia. You can [search retailers per country](#) for an indication of the relevance in your target market.

[The STEP](#) label is present in the Swiss, Austrian, French and German markets. Key issues are working and living conditions of carpet weavers and the fight against abusive child labour.

[Care & Fair](#) aims to combat illegal child labour and improve the situation of carpet-knotting families in India, Nepal and Pakistan. Care & Fair has around 400 members in 21 consumer countries.

Tips:

To target the ethical niche market, you need to find business partners in this niche. Study the initiatives and how they work to determine if your company would be a good match.

Read more on [GoodWeave](#) in the ITC Standards Map.

Determine which certification programme would be the best fit for you and apply.

Fair trade

The concept of fair trade supports fair pricing and improved social conditions for producers and their communities. Especially when the production of your carpets is labour-intensive, for example hand-knotting, fair trade certification can give you a competitive advantage.

Common fair trade certifications are from:

- [World Fair Trade Organisation \(WFTO\)](#)
- [Fairtrade International](#)
- [Fair For Life](#)

Tips:

Ask buyers what they are looking for. Especially in the fair trade sector, you can use the story behind your product for marketing purposes.

Check the [ITC Standards Map database](#) for more information on voluntary standards and their requirements, including fair production.

Sustainable textile certification

Across the home sector, sustainability is gaining ground. Although the actual use of certification is still not widespread in home textiles, there is an increasing interest from buyers.

The [Global Organic Textile Standard \(GOTS\)](#) ensures environmental and social responsibility throughout the production chain. To qualify, textile products must contain >70% organic fibres.

[OEKO-TEX](#) Standard 100 certification guarantees no hazardous chemicals were used during production.

The [EU Ecolabel](#) for textiles focuses on minimising environmental impact at the manufacturing stage.

Tips:

Read more on [GOTS](#), [OEKO-TEX](#) and the [EU Ecolabel](#) in the ITC Standards Map.

Determine which certification programme would be the best fit for you and apply if possible.

Woolmark

[oolmark](#) certification provides consumers with guaranteed wool fibre content and an assurance of quality. It contains specific standards for several product groups, including carpets.

Tip:

If you supply woollen products, study [how to become a Woolmark licensee](#) and the Woolmark specifications for [wall-to-wall carpets and tiles](#) and [rugs and squares](#).

For more information, see our study about [buyer requirements for Home Decoration & Home Textiles](#).

8. What competition do you face on the European hand-woven rugs market?

The competition for hand-woven rugs does not differ significantly from the sector in general. See our study about [competition for Home Decoration](#) for a general overview. Also refer to our [10 tips for doing business with European buyers](#).

9. Through what channels can you put hand-woven rugs on the European market?

The market channels and segments for hand-woven rugs do not differ significantly from the sector in general. See our study about [market channels and segments for Home Decoration & Home Textiles](#) for a general overview.

Market channels

Traditionally, the trade channels for carpets and rugs were separate from other home textile products. However, these items have now established themselves in the mainstream trade channels and have become lifestyle products. Whereas top-class kelems were previously only sold in speciality shops, they are now available at department stores. Large retail chains like Ikea now also sell handmade rugs and carpets.

The increased influence of large chain store retailers comes at the expense of the position of wholesalers and importers. If you can consistently supply large quantities at relatively low prices, large retail chains may be partners of interest.

More and more smaller retailers start buying directly from the supplier to create their own unique offering, rather than buying from a wholesaler that also sells to their competition. This can be especially relevant when it comes to the more high-end rugs.

E-commerce

E-commerce in home textiles is increasing and can help you reach a broader range of customers. Retailers often combine online and offline channels. Consumers research and purchase products online, shopping around and comparing prices on home textile items. To supply e-commerce you must be able to work with individual packing and labelling, as well as limited minimum orders.

Tips:

See our special study about [e-commerce in Home Decoration & Home Textiles](#) for more information.

Target online business-to-consumer retailers if you can meet the additional requirements.

Trade associations and fairs

These trade associations and fairs are useful sources for finding trading partners in Europe:

- [Ambiente](#), Frankfurt, February
- [Domotex](#), Frankfurt, January
- [ECRA](#), European Carpet and Rug Association
- [EURATEX](#), European Apparel and Textile Confederation
- [Heimtextil](#), Frankfurt, January

- [Maison et Objet](#), Paris, January and September

Market segments

In the low-end segment, simple and low-priced rugs are common, usually small-sized and made of inexpensive materials.

The middle segment puts more emphasis on design and finish, while prices are still reasonable. The middle-high market responds well to local character, identity and craftsmanship.

In the high-end segment, designer quality is common and private labels are the standard. High-end materials such as silk, cashmere, other high-quality wool and blends of these fibres are also used in the high-end segment.

Products from India, Pakistan and Bangladesh generally dominate the low-end market. Competing with this type of cheap mass-production is almost impossible.

The middle and high-end markets offer you the most opportunities. To supply these segments, you need to pay particular attention to design and quality.

10. What are the end-market prices for hand-woven rugs?

Table 2 gives an overview of the indicative prices of hand-woven rugs in the low, middle and high market segments. ‘Indicative’ is key here, since prices for hand-woven rugs vary depending on weaving technique, size, material, design, brand and other ways of value addition. Size is especially relevant here, since differences in size directly influence the price.

Table 2: Indicative consumer prices of hand-woven rugs

	Low-end	Middle-end	High-end
Hand-woven rugs (180x120 cm)	€5*-€50	€70-€200	€250 onwards

* Small size 90x60 cm

The European consumer price of your rugs is around 4-6.5 times your selling price. Shipping, import and handling add 15-20%. Wholesalers account for a further 50-90% mark-up. Retailers may add another 90-150% to the price. Finally, European VAT percentages range from 18% in Malta to 27% in Sweden.

Your original selling price depends heavily on the availability and cost of raw materials. In recent years the price of wool has increased considerably, largely due to renewed demand from China. Occasional increases in the price of raw materials are not directly passed on to the consumer, but do put pressure on exporters, importers and retailers’ margins.

Tips:

The value perception of your product in the chosen segment determines its price. The quality and price of your rugs must match what is expected in your chosen target segment. To determine your price, study consumer prices in your target segment and adjust your price accordingly.

Understand your segment. Offer a correct marketing mix to meet consumer expectations. Adapt your business model to your position on the market.

Please review our [market information disclaimer](#).

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