

Exporting woven and knotted woollen carpets to Europe

The European market for woven and knotted woollen carpets is stabilising. Most imports originate from developing countries. The middle and high-end market segments have the most potential. To supply these segments you need to pay particular attention to design and quality. Working with sustainable materials and co-creation can give you a competitive edge.

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1. Product description

Woven and knotted woollen carpets are textile floor coverings, made of woven or knotted woollen yarns. They can be produced by machine or by hand. Hand-woven rugs are produced all over the world under different names, like “kelim”, “soumak” and “jajim”.

This study uses the following codes to indicate trade in woven and knotted woollen carpets:

Table 1: Product codes

Harmonised System (HS)	Prodcom	Description
5701 10		Carpets of wool or fine animal hair, knotted
5702 31		Carpets of wool or fine animal hair, of woven pile construction, not made up, not elsewhere specified
5702 41		Carpets of wool or fine animal hair, of woven pile construction, made up, not elsewhere specified
5702 91		Carpets of wool or fine animal hair, woven, made up, not elsewhere specified
5703 10		Carpets of wool or fine animal hair, tufted
	13 93 11 00	Carpets, knotted

	13 93 12 00	Carpets, woven
	13 93 13 00	Carpets, tufted

Tip:

For more information about hand-woven products specifically, see our study about [hand-woven rugs](#).

Quality Functionality

Most woollen carpets are purchased to enhance the atmosphere of the home. Therefore their most important quality is decorativeness. Carpets can also serve to provide warmth and/or noise reduction. Given that it will be walked on, a carpet must be durable.

Material

Most woven and knotted carpets 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. This study focuses on wool as the main raw material. This is wool from animal hair as opposed to synthetic wool made from polypropylene, an artificial man-made fibre. Synthetic woollen carpets are much cheaper than those made with natural wool.

Size

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

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

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

Design

Woollen carpets come in a wide variety of designs, styles and patterns, traditional or contemporary. They can be colourful or plain, to match consumers' personal taste.

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 finishing 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 are popular, meaning the fabric is stonewashed. Stonewashed traditional carpets are also in demand. However, using acid to create a stonewashed look should be considered carefully as this process is not environmentally friendly.

Labelling

External packaging labels for carpets should include the 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 carpets is composition, size, origin and care labelling. For more information, refer to the chapter on buyer requirements.

Packaging

Woollen carpets are transported as rolls, wrapped in plastic film and jute/hessian sacking. They are rolled up face inwards and packaged before they are put into a container. Sometimes two carpets 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.

Carpets 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 carpets.

2. Which European markets offer opportunities for exporters of woven and knotted woollen carpets?

European imports of woven and knotted woollen carpets are stabilising. More than half of these imports come from developing countries. Europe's main importers of woven and knotted woollen carpets are Germany and the United Kingdom. Their strong imports from developing countries make them especially interesting target markets.

Please note that the European production and consumption statistics cover woven and knotted carpets in general, as the data do not distinguish between wool and other materials.

Where is consumer demand?

- European demand for woven and knotted carpets increased between 2012 and 2016. With an average annual growth rate of 1.8%, it reached €4.1 billion in 2016.
- European demand for woven and knotted carpets is highest in the United Kingdom, at €1.4 billion. Germany follows at €706 million.

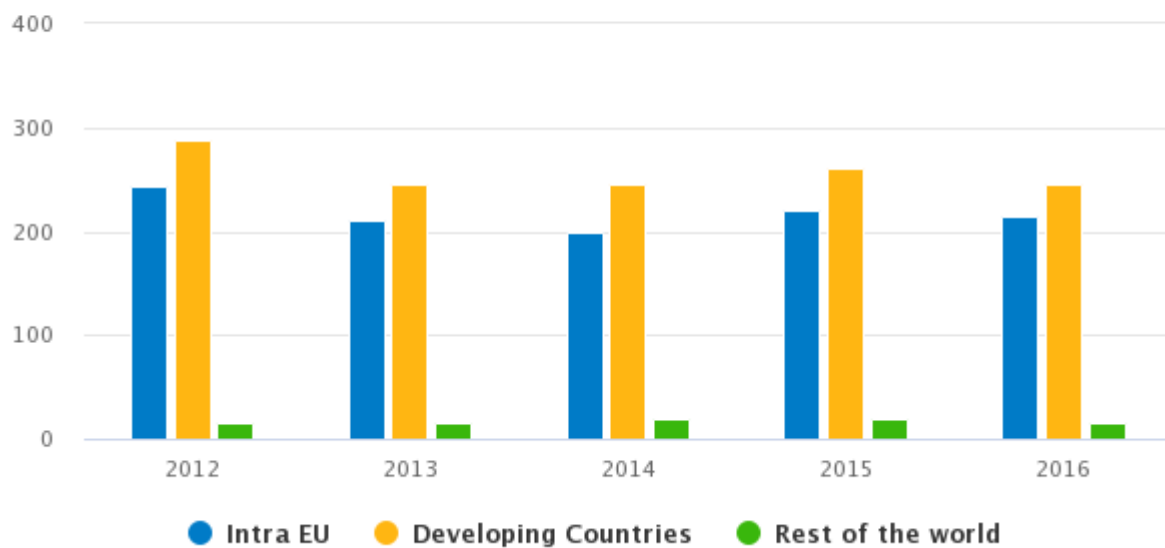
What is the role of European production in supplying European demand?

- European demand for and production of woven and knotted carpets are more or less in balance. However, given the considerable European exports and resulting need for imports, Europe is an interesting market for woven and knotted carpets.
- European woven and knotted carpet production increased between 2012 and 2016. With an average annual growth rate of 2.0%, it reached €4.2 billion in 2016.
- Belgium is responsible for 31% of European woven and knotted carpet production. The Netherlands and the United Kingdom follow with 21% and 19% respectively.

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

Figure 1: European imports of woven and knotted woollen carpets 2012-2016

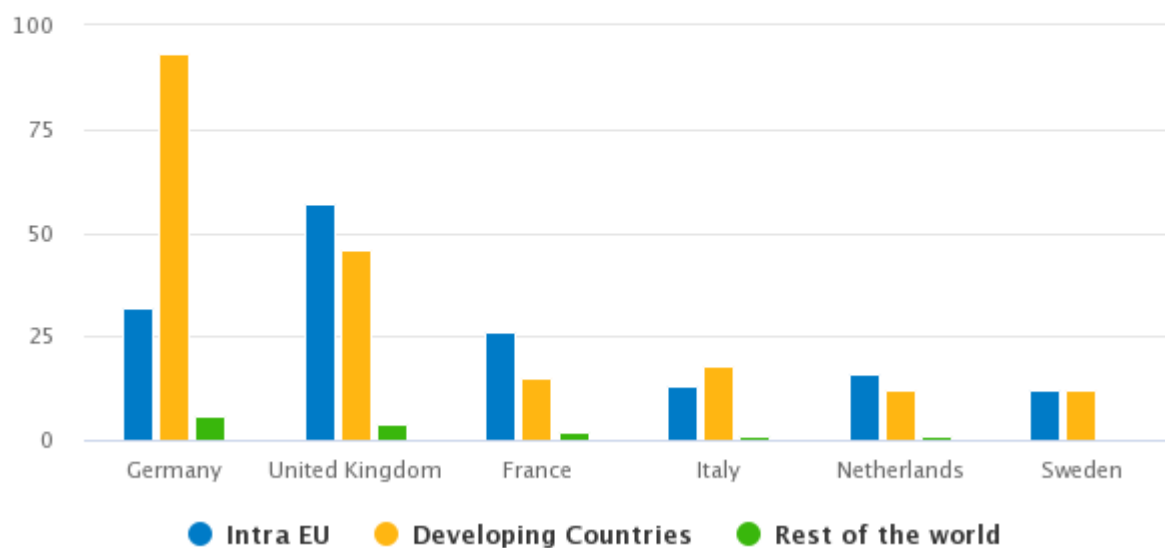
in € million



Source: Trademap

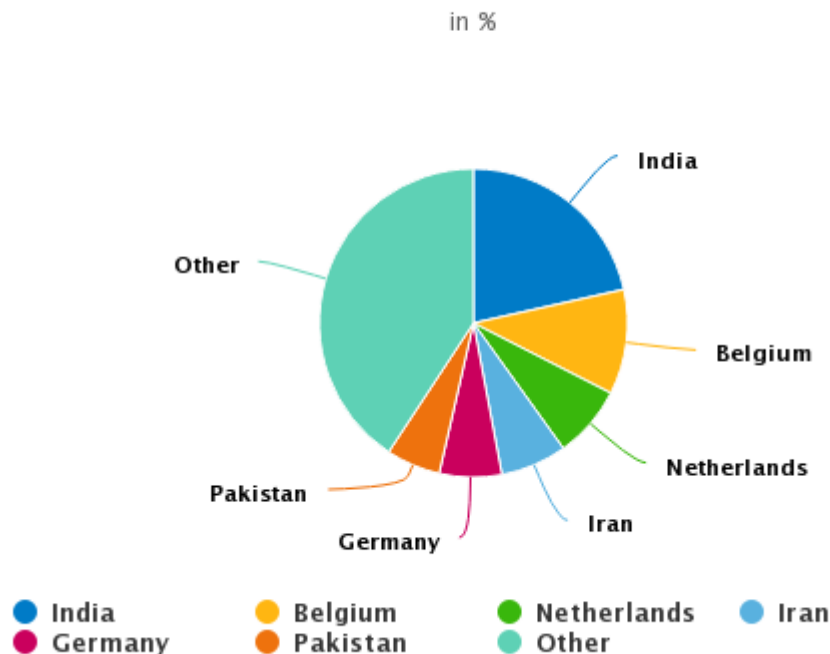
Figure 2: Main importers of woven and knotted woollen carpets 2016

in € million



Source: Trademap

Figure 3: Leading suppliers of woven and knotted woollen carpets 2016



Source: Trademap

- European imports of woven and knotted woollen carpets have been fluctuating, reaching €475 million in 2016.
- The relatively high imports in 2012 resulted in a negative average annual growth rate of –3.4% between 2012 and 2016. Between 2013 and 2016, however, imports were more stable and around the current value of €475 million.
- In the coming years, European imports are expected to stabilise further.
- Developing countries are Europe's main source for woven and knotted woollen carpet imports. They supply 52%, amounting to €246 million in 2016. This share is predicted to be stable in the coming years.
- In reality, much of the woven and knotted woollen carpet imports from western European countries are re-exported products manufactured in developing countries.
- Germany is Europe's leading importer of woven and knotted woollen carpets, at €131 million in 2016. The United Kingdom follows at €107 million.
- These countries also lead in imports from developing countries. Especially Germany, which sources almost three quarters of its woven and knotted woollen carpet imports from developing countries!
- Imports from developing countries also fluctuated between 2012 and 2016. After their relatively high starting value in 2012, these imports remained relatively stable at about the current value.
- India is Europe's leading supplier of woven and knotted woollen carpets with 22% in 2016. Other leading developing country suppliers are Iran (6.9%), Pakistan (5.8%), Turkey (5.6%), China (4.1%), Nepal (3.9%) and Morocco (1.6%).

Tips:

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

The upcoming [Brexit](#) (Great Britain 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 developments.

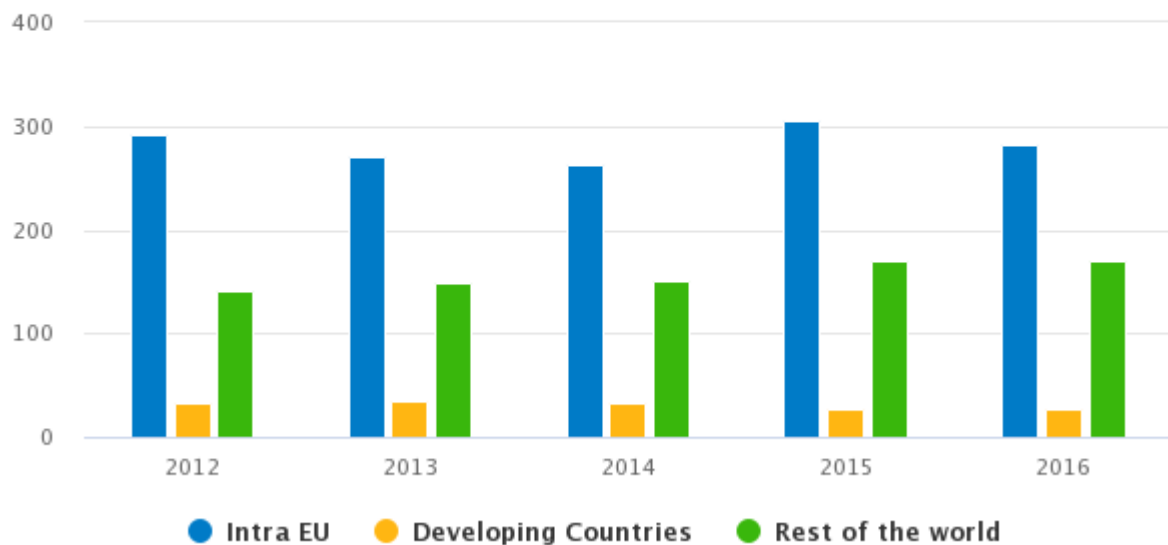
Compare your products and company to the strong competition from India, as well as from Iran, Pakistan, Turkey, China, Nepal and Morocco. You can use [ITC Trademap](#) to find exporters per country.

You can compare on market segment, price, quality and target countries.

What role does export play in supplying European demand?

Figure 4: European exports of woven and knotted woollen carpets 2012–2016

in € million



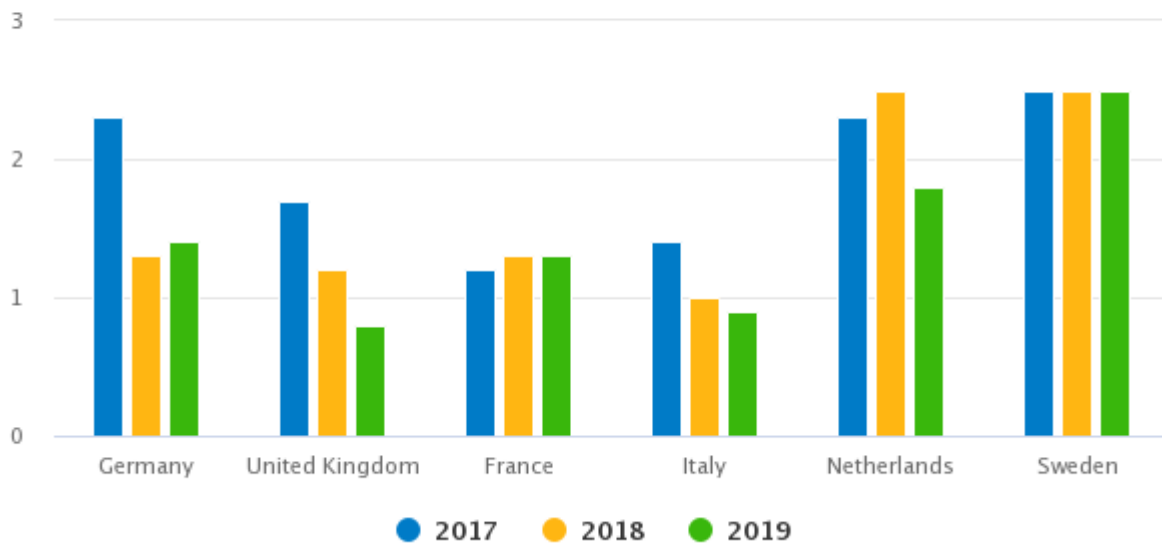
Source: Trademap

- European woven and knotted woollen carpet exports consist mainly of trade within Europe and with developed countries.
- Belgium (€78 million) and Germany (€66 million) are Europe's leading woven and knotted woollen carpet exporters.

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.

3. What trends offer opportunities on the European market for woven and knotted woollen carpets?

Sustainability

Consumers and designers are shifting their preferences towards more sustainable choices. 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 wool as your main raw material fits in well with this trend. Natural dyes add an extra sustainable feature to woollen carpets. Using recycled wool for the production of your carpets is also a possibility.

Social responsibility is another key aspect of sustainability. Refraining from using child labour is especially relevant in the carpet sector, also due to a renewed interest in handmade products.

Tips:

Use natural dyes and promote this as a premium.

Do not employ children for the production of your carpets.

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

For more information about handmade products, see our study on [hand-woven rugs](#).

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 increasingly quickly. As a result, they are looking for shorter lead times and lower minimum orders. This is a distinct advantage for small to medium-sized producers who 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.

Ethnic patterns

Ethnic motifs and traditional craftsmanship are popular on the European market. This can be considered to be a long-term trend. Especially carpets are known for their history. Consumers are interested in the story behind the product, which adds to its uniqueness. Some producers experiment with traditional designs and rework them in a modern way, also playing with the colours.

Tips:

Promote your culture’s traditional production method, 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.

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

4. With which requirements must woven and knotted woollen

carpets comply to be allowed on the European market?

With which legal and non-legal requirements must your product comply?

General product safety

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

Tips:

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

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 azo dyes 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](#). It for instance 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. Consider 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. Consider a self-assessment like the [BSCI Self-Assessment for Producers](#), or a code of conduct such as the [BSCI Code of Conduct](#) or 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.

[Label STEP](#) 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 over 70% organic fibres.

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

Woolmark certification provides consumers with guaranteed wool fibre content and an assurance of quality. It contains specific standards for several product groups, including carpets.

Tip:

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](#).

5. What competition do you face on the European woven and knotted woollen carpets market?

The competition for woven and knotted woollen carpets does not differ significantly from the sector in general. Refer to our [10 tips for doing business with European buyers](#).

6. Which channels can you use to put woven and knotted woollen carpets on the European market?

The market channels and segments for woven and knotted woollen carpets do not differ significantly from the sector in general.

Market channels

Traditionally, the trade channels for carpets were separate from other home textile products. However, carpets have now established themselves in the mainstream trade channels and have become lifestyle products. Whereas top-class kelims 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 carpets.

E-commerce

E-commerce in home decoration 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 decoration items. To supply e-commerce retailers 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

The following trade associations and fairs are useful sources for finding trading partners in Europe.

- [Ambiente](#), Frankfurt, February
- [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 inexpensive carpets are common. 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.

Products from India and China generally dominate the low-end market. Competing with this type of cheap mass production is almost impossible. If your production is mechanised (power looms, knitting machines, etc.) you can target the middle-low end.

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.

7. What are the end-market prices for woven and knotted woollen carpets?

Table 2 gives an overview of the indicative prices of medium-sized woven and knotted woollen carpets in the low, middle and high market segments. “Indicative” is key here, since prices for carpets vary depending on manufacturing technique, size, design, brand and other ways of value addition. Size, is especially relevant here, since the large differences in size directly influence the price.

Table 2: Indicative consumer prices of medium-sized woollen carpets

	Low-end	Middle-end	High-end
Woven woollen carpets	€15-50	€50-100	€100 or more
Knotted woollen carpets	€18-55	€55-110	€110 or more

The European consumer price of your carpets is around 4 to 6½ times your selling price. Shipping, import and handling add 15-20%. Wholesalers account for a further 50-90% markup. 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 carpets must match what is expected in your chosen target segment. To determine your price, study consumer prices in your target segment. Adjust your cost accordingly.

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

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