CBI Product Factsheet:
Hand-woven Rugs in Europe
Introduction

Exporters from developing countries can profit from the growing European market for hand-woven rugs. The renewed interest in handmade products is one of the drivers behind this growing market. Developing countries can supply the European mid-high market by promoting their local character, identity and craftsmanship. In this market, it is important to pay attention to social responsibility, especially refraining from the use of child labour.

Product Description

<table>
<thead>
<tr>
<th>Product</th>
<th>Theme</th>
<th>HS code</th>
<th>PRODCOM code</th>
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</thead>
<tbody>
<tr>
<td>Hand-woven rugs</td>
<td>Sharing and showing</td>
<td>5702.10</td>
<td>13.93.12.00</td>
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<tr>
<td>Trade names: hand-woven rugs, carpets, kelims, dhurries</td>
<td>Refer to Trend mapping for more information on this theme.</td>
<td>Kelem, Schumacks, Karamanie and similar hand-woven rugs, whether or not made up</td>
<td>Woven carpets and other woven textile coverings (excluding tufted or flocked)</td>
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- Hand-woven rugs are hand-woven textile floor coverings. Hand-woven rugs are produced all over the world but are given different names (kelim, soumak, jajim are a few examples).
- Hand-woven rugs are mostly made of wool (or other fine animal hair like alpaca, llama or yak) but can also be made of cotton, silk or recycled materials.
- The Prodcem code does not differentiate between weaving techniques.

Quality

- Their most important quality aspect is the fineness of the weaving, which is reflected in the fineness of the design. The finer the yarns, the higher the quality and sales price.
- In general, a carpet must be durable, given that it will be walked over. Woven woolen carpets can also be purchased for their warmth or noise reduction.
- The finishing of a carpet is important. A good hand-woven rug lies flat and straight on the floor and its shape is reasonably regular. The rug should not be washed out, unnaturally shiny or too bright and harsh. Colours should not fade or bleed.

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'. Buyers may also ask for their own sizes.

Labelling

- Labels for transport normally include information on the producer, consignee, composition and size of the product, number of pieces, bale/box identification, total number of bales/boxes, and net and gross weight.
- The most important information on the product or packing labels for hand-woven rugs is composition, size, origin and care labelling. For more information and illustrations of product labelling, please refer to Labelling of home textiles under Legal requirements.

Packaging

- Hand-woven rugs are transported as rolls, wrapped in plastic film and jute/hessian sacking. Before they are put into a container, they are rolled up with the face inside and often packaged in transparent plastic film bags. Sometimes two carpets are rolled up together, but this may make the roll too heavy. Runners, which are relatively long in size, are often protected at the ends with hardboard disks to stop them from slipping and thus telescoping.
- Carpets must not be handled with bag or plate hooks as the film packaging can be easily torn. A carpet carrying mandrel should be used for handling rolled carpets.

Illustration

- IKEA kelims, modern and traditional design
- Esprit hand-woven rugs, dhurrie and kelim
What is the demand for hand-woven rugs in Europe?

Developing countries are Europe’s leading source of hand-woven rugs, in a market that is expected to continue growing. As Europe’s leading importers of hand-woven rugs (with considerable imports from developing countries), Germany, the United Kingdom and Denmark are especially interesting focus markets.

Figure 1: European imports of hand-woven rugs, by main origin, in € millions

Source: Trademap

Figure 2: Leading European importers of hand-woven rugs, by main origin (2014), in € millions

Source: Trademap

Figure 3: Absolute growth in imports from developing countries (2010-2014), in € millions, (countries in order of import volume)
Developing countries dominate supplies to Europe

European imports of hand-woven rugs increased from €34 million in 2010 to €45 million in 2014, with an average annual growth rate of 7.4%.

Tip:
- Germany, the United Kingdom and Denmark are the largest importers of hand-woven rugs in Europe. Their strong presence of suppliers from developing countries makes them especially interesting focus markets.

Developing countries are Europe’s leading supplier of hand-woven rugs. With an average annual growth rate of 6.7%, these imports from developing countries increased from €25 million in 2010 to €32 million in 2014. This growth is expected to continue and, with it, the growth of European imports of hand-woven rugs in general.

Tip:
- Benchmark your products against the strong competition from India. Factors to consider include the market segments served; perceived price and quality; and countries served. One source that can be used for finding exporters by country is ITC Trademap.

Europe’s leading importer of hand-woven rugs is Germany, with imports amounting to €12 million, followed at quite some distance by the United Kingdom and Denmark (€5.4 million each). With regard to imports of hand-woven rugs from developing countries, Germany is also the leader (€10 million), followed by Denmark (€5.0 million) and the United Kingdom (€4.0 million).

Tip:
- In the growing market for hand-woven rugs there is still room for new suppliers. Several developing countries witnessed their supplies to Europe increase. In order to gain a stronger position on this market, you are advised to invest in long-term relationships with your buyers, giving them less incentive to switch to a competitor.

The strong performance of suppliers of hand-woven rugs from developing countries in the main importing countries (Germany, Denmark and the United Kingdom) is further evidenced by its increase between 2010 and 2014 (€3.4 million, €1.9 million and €1.8 million, respectively).

Tip:
- Focus on added-value and niche markets where you can distinguish yourself from competitors. Your promotion strategy will play a major role in distinguishing yourself: your identity and local character should be stressed and resonate in your products.

France and Italy are particularly remarkable, however, with considerable imports amounting to €3.9 million and €3.5 million, respectively. In practice, France sources its hand-woven rugs predominantly from within Europe, and its imports from developing countries experienced a further decrease of €0.2 million. Although developing countries are Italy’s leading source of hand-woven rugs, these imports decreased by €1.6 million.

Europe’s imports of hand-woven rugs are dominated by India (€18 million). Other leading suppliers from developing countries include Iran (€4.1 million), Turkey (€3.8 million), Pakistan (€3.3 million), China (€1.1 million) and Morocco (€0.5 million).
**Re-exports on the rise**

European exports of hand-woven rugs increased from €18 million in 2010 to €24 million in 2014, with an average annual growth rate of 7.3%.

**Tip:**
- Be aware of your European buyers’ markets and their requirements. This will allow you to develop new ideas that could also be applied in the buyers’ other European markets.

European exports of hand-woven rugs consist primarily of re-exports within Europe. With imports amounting to €7.8 million in 2014, Germany is Europe’s leading exporter of hand-woven rugs, followed by Denmark (€4.4 million) and the United Kingdom (€3.3 million).
Because production and therefore also consumption figures are not available for hand-woven rugs, statistics about woven carpets in general are presented instead, to give some idea about market and industry developments. Note that hand-woven rugs have a share of approximately 4% in European imports of woven carpets. The data presented below therefore only provides a rough indication of developments in the woven carpet market in general.

Belgium is Europe’s main woven rug producer

European demand for woven rugs slightly exceeds its production. Despite a peak in 2011, European production of woven rugs declined to € 808 million between 2009 and 2013, with an average annual growth rate of -3.5%. Similarly, European consumption of woven rugs declined to € 886 million between 2009 and 2013, with an average annual growth rate of -2.0%.

Tips:
- The high production output in Belgium, the United Kingdom, the Netherlands and Germany is providing suppliers from developing countries with interesting opportunities for sub-contracting with local manufacturers in these countries.
- Consider offering specific marketing and logistical services to your customers, providing a convenient package to them. In a highly competitive industry, European importers choose the most convenient and complete suppliers.

With production amounting to € 347 million, Belgium is responsible for 43% of all European woven rug production, followed by the United Kingdom (€ 135 million), the Netherlands (€ 57 million) and Germany (€ 53 million). The United Kingdom is Europe’s leading consumer of woven rugs (€ 201 million), followed by Germany (€ 197 million) and France (€ 82 million).
Interestingly, the production and consumption of woven rugs seem to be increasing strongly in Scandinavia. Although production of woven carpets is significant in Europe, production of hand-woven rugs is relatively small and very up-market. Production is expected to remain stable in the coming years.

**Figure 8: Real GDP (2014-2016), % change from previous year**

![Real GDP Chart](source)

Source: Eurostat (2015)

**Figure 9: Real private consumption expenditures (2014-2016), % change from previous year**

![Real Consumption Chart](source)

Source: Eurostat (2015)

**Figure 10: New housing (2014-2016), in 1,000 units**

![Housing Chart](source)

Source: Eurostat (2015)

**Economic indicators are promising**

Predictions of GDP, private consumption expenditures and the housing market are important indicators for the European hand-woven rug market. The home textiles sector, which consists predominantly of non-essential items, is closely linked to economic conditions. When money is tight, consumers can easily postpone replacing or acquiring luxury items like hand-woven rugs until they once again have sufficient disposable income.

**Tip:**
- Monitor GDP, private consumption expenditures and the housing market, as expenditures on home textiles like hand-woven rugs are expected to increase when they are positive.
Between 2014 and 2016, European GDP and private consumption expenditures are expected to increase. This means that consumption of luxury and decorative products is likely to rise. Increases in GDP create room for this type of spending, especially in emerging markets. Due to saturation, growth in consumption will be moderate for mature markets.

Between 2014 and 2016, an increase in new-built housing is expected in Europe, especially in Germany, France, Poland, the United Kingdom and Italy. Given that these houses must be furnished and decorated, this increase could indicate a growth in consumption for the home-textile sector, especially in the aforementioned countries.

Traditionally, hand-woven rugs are products to be sold on the mid to high-end of the market. Hand-woven rugs are unique and sold at a premium compared to mechanically produced carpets. The mid-high market segment is expected to grow further in Europe, and currently offers most opportunities to producers from developing countries.

**Tips:**
- Targeting the mid-high market implies that you will need to pay particular attention to design and high quality. As described in CBI’s Market Channels and Segments for Home Textiles, the traditional middle market is diverging into a lower and higher end. In terms of the mid-high segment, exporters from developing countries are advised to offer personalised products, showing your skills and story.

**Which trends offer opportunities on the European market for hand-woven rugs?**

The market for hand-woven rugs in emerging European markets is following Western European trends in design, and they are often introduced through larger retail chains (e.g. Ikea, Esprit and H&M).

**Growing demand for sustainable rugs**

Within the sharing & showing theme, carpets fulfil an important emotional role, bringing warmth and character into the home. Currently, most interesting are mid-sized carpets to be placed between sofas (under the table), of about 2 x 3 metres. They create an island of colour, and visually connect everything in the living room.

**Tips:**
- Pay attention to product design, which is a very important aspect for hand-woven rugs.
- Co-creation with producers, retailers and marketers can increase your opportunities on the market.

Small hand-woven rugs are increasingly used as wall decoration, which could also offer opportunities. In general, smaller-sized products sell well at the moment.

Traditional craftsmanship is very much appreciated in the hand-woven rug market, offering opportunities to suppliers from developing countries.

**Tip:**
- Promote the traditional production method of your culture, which gives the product a story. Make sure that this story matches your entire product and promotion strategy. You can also use and promote traditional and ethnic designs, which have been produced by the same tribes for centuries, and are seen as ‘floor art’ in Europe.

Currently, there is demand for modern carpets with a vintage look, which means that the fabric is stonewashed. Stonewashed traditional carpets are also in demand. However, stonewashing should be considered carefully, especially when using acid to create the stonewashed look, because it is not an environment-friendly process.

**Tip:**
- Consider alternative, more environmentally-friendly methods to stonewashing to create a vintage look, such as using enzymes. Alternatively, when addressing the sustainability niche market, you should simply not offer a stonewashed product.

Sustainability is a growing trend in the carpet market, and an increasingly important aspect when addressing the mid-high to high-end market segments. You can address this trend by using and promoting natural materials or recycled fibres, or by obtaining certification.
Please refer to CBI Trend mapping for Home Decoration & Textiles for more information on general trends in home textiles, and the sharing & showing theme in specific.

With which requirements should hand-woven rugs comply in order to be allowed on the European market?

Musts

Product safety

Products introduced into the European market should be safe when used as intended. The European Union has regulated product safety in the General Product Safety Directive (GPSD), which applies to all consumer products marketed in Europe.

Tip:

- Consider implementing a management system or code of conduct in order to demonstrate to your buyer that you have taken appropriate safety measures.

Textile Labelling

The European Union has harmonised legislation regarding the names, composition and labelling of textile products. If you use a backing for your carpet, you do not need to specify its fibre type and content (only of the use surface).

Tip:

- Make sure that your products comply with labelling requirements; you need to indicate the fibre content using prescribed fibre names. The list of names is long but a few examples applicable to carpets are: wool (from sheep or lambs), or alpaca, llama, yak, camel, kashmir, and mohair which may be followed by the words ‘wool’ or ‘hair’.

Chemical substances

The use of several chemicals in textiles is restricted. Azo dyes are often used in the dyeing process for several textile products. The use of certain azo dyes is illegal in Europe, as these dyes can be carcinogenic.

Tips:

- Make sure that your rugs do not contain any of the azo dyes that are prohibited in Europe.
- Consider natural dyes for your products, which are a sustainable alternative to azo dyes.

Additional requirements

Sustainability on the rise

Consumers are increasingly aware of social and environmental circumstances during production. As a consequence, requirements regarding sustainability and certification are becoming more important to buyers. Specifically, social aspects like child labour are major issues in the carpet market.
Implementing a management system (e.g. ISO 14000 on environmental aspects or SA 8000 on social conditions), or using sustainably produced (e.g. organic) materials may be a competitive advantage.

**Codes of conduct** European buyers may expect you to comply with their supplier codes of conduct. This can be the importer’s own code of conduct or a code of conduct as a part of an initiative in which the importer is participating (e.g. BSCI).

The Business Social Compliance Initiative (BSCI) has been developed by European retailers to improve social conditions in sourcing countries. Suppliers of BSCI participants are expected to comply with the BSCI Code of conduct. To prove compliance, your production process can be audited at the request of the importer. Once a company is audited, it will be included in a database which can be used by all BSCI participants.

**Tip:**
- As more and more European importers participate in BSCI, you can expect that complying with the BSCI code of conduct will be seen as a basic requirement. The fact that it can harm your position on the market if you are far from complying with this initiative means you are advised to anticipate by performing a self-assessment, which is available at the website of BSCI.

**Consumer Labels** Several labels exist specifically for carpets:

GoodWeave (formerly known as Rugmark) works to end child labour in the carpet industry in South Asia. The GoodWeave label is issued to rug manufacturers that adhere to GoodWeave’s no-child-labour standard, agree to its independent verification and voluntarily join as licensees. Many shops in Europe sell carpets with this label.

**Tip:**
- Producers in South Asia should consider GoodWeave certification for their product, since it is an important certification in Europe, specifically for hand-made carpets.

Label STEP is committed to improving the working and living conditions of carpet weavers and fights against abusive child labour. It also promotes environmentally friendly production methods. Several importers and retailers that work with label STEP carpets are present in Europe.
Care & Fair is an initiative from carpet importers to combat the excesses of illegal child labour in carpet knotting countries and to bring about improvements in the situation of carpet knitters and their families in the knitting regions. Quite a number of shops sell care & fair carpets in Germany.

Tip:
- Producers from developing countries in India, Nepal and Pakistan could consider collaborating with this initiative. It could be an alternative to STEP and Goodweave certification, although having your product certified makes your sustainability effort more visible to the consumer.

The Global Organic Textile Standard (GOTS) is a textile processing standard for organic fibres. Several exporters from developing countries already have their carpets and rugs GOTS certified, mainly from India.

Tip:
- Check the possibility of sourcing organic wool for your rugs. Textile products that contain a minimum of 70% organic fibres can become GOTS certified.

What competition do I face on the European market for hand-woven rugs?

What do the trade channels and interesting market segments for hand-woven rugs look like in Europe?

Tip:
- Consider label STEP for your product, since it is an important certification in Europe, specifically for hand-made carpets. Step operates in the main carpet producing countries: Afghanistan, India, Iran, Kyrgyzstan, Morocco, Nepal, Pakistan and Turkey.

Tip:
- Producers from developing countries in India, Nepal and Pakistan could consider collaborating with this initiative. It could be an alternative to STEP and Goodweave certification, although having your product certified makes your sustainability effort more visible to the consumer.

Tip:
- Check the possibility of sourcing organic wool for your rugs. Textile products that contain a minimum of 70% organic fibres can become GOTS certified.

What competition do I face on the European market for hand-woven rugs?

Please refer to CBI Competition for Home Decoration & Home Textiles and CBI Top 10 Tips for Doing Business with European Buyers, because hand-woven rug competitiveness does not differ significantly from this general overview.

What do the trade channels and interesting market segments for hand-woven rugs look like in Europe?

Please refer to CBI Market Channels and Segments for Home Textiles, because carpet channels and segments do not differ significantly from this general overview.

- Traditionally, the trade channels for carpets are separate from other home textile products, however, carpets have now established themselves in the mainstream trade channels. Hand-woven rugs have become a lifestyle product. Whereas top class kelims were previously only sold in speciality shops, they can currently be found in department stores. Also large retail chains, like Ikea, currently sell hand-woven rugs. In emerging European markets for carpets, the position held by wholesalers/importers is still strong. For the time being, the importer/wholesaler will remain your best choice in this regard.
- E-commerce is growing in importance. Consider targeting online retailers, in order to reach a broader range of customers. This means, however, supplying small batches/individually packed items, being prepared to pre-stock and offering more just-in-time supply concepts. Since e-commerce is expected to grow explosively in the coming years, this is a strategy for exporters that can scale up in a short time span.
• In sourcing e-tailers, exporters can consider several options: brick-and-mortar retailers adding e-commerce to their concept; wholesalers developing an on-line platform; e-tailers in other sectors moving into home textiles. You are advised to keep an eye on these developments.

**Useful Sources**

These trade fairs are useful sources for finding trading partners in Europe.

- Domotex (Hannover, Germany) – http://www.domotex.de
- Heimtextil (Frankfurt, Germany) – http://heimtextil.messefrankfurt.com
- Ambiente (Frankfurt, Germany) – http://www.ambiente.messefrankfurt.com
This survey was compiled for CBI by Globally Cool: Creative solutions for sustainable business, in collaboration with CBI sector expert Remco Kemper

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