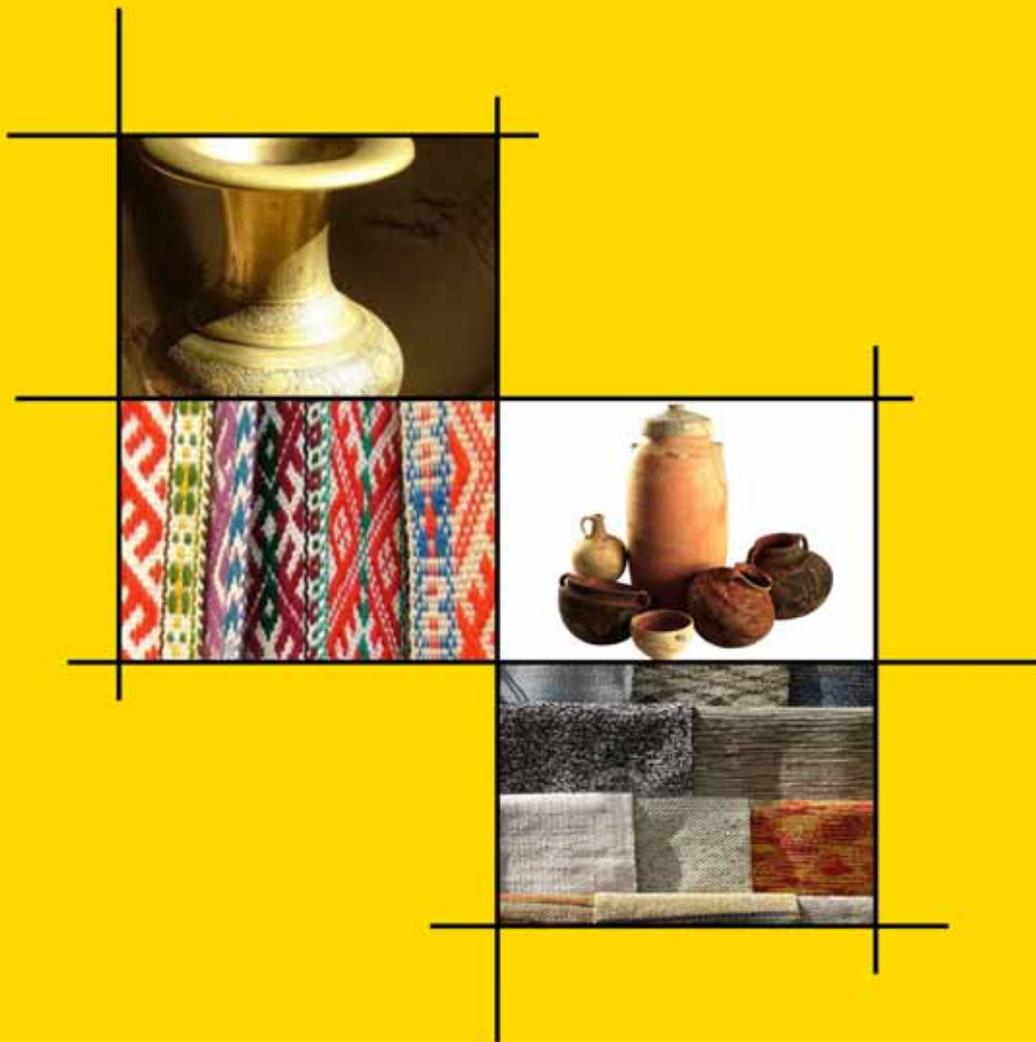




Decide with Confidence



Country Study

USA

2005



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RESEARCH METHODOLOGY

Objectives of Study

To analyse India's exports of major categories of Handicrafts and assess the USA import market for each of these product categories with a view to provide recommendations to enhance India's exports performance therein.

Methodology

The data available with respect to Handicrafts' trade suffers from ambiguities in codes classifications due to which the trade data available in its original form might be over estimated. Hence, we have adopted the following methodology to arrive at realistic estimates of handicrafts exports and imports.

1. The HS codes (at 2/4/6 digit levels) for major Handicraft product categories were identified in consultation with EPCH. 301 exclusive HS codes were identified at 8 digit level, which constituted 188 exclusive codes at 6 digit level.
2. **Data Collection:** India's export data for Handicrafts (HS code wise as identified above) was collected over the past five years from UN Comtrade. USA's export and import data (category wise) were also collected from UN Comtrade.
3. **Data Collation:**
 - i. Within the above identified HS codes at 6 digit level, not all the HS codes at 8 digit level comprise Handicraft items. Therefore, in order to reflect the real picture, ratios were calculated for each code under consideration, based on the following formula:

Ratio = Percentage of the number of tariff lines (at 8 digit) included in tariff lines (at 6 digit) that belong exclusively to Handicraft items

E.g. For Artmetalware category, one of the HS codes identified at 6 digit level is 741819. There are 6 tariff lines at 8- digit level under this code, but only 4 of those belong to Handicraft items. Thus, Ratio in this case is calculated as below:

$$\text{Ratio for HS 741819} = \frac{4}{6} \times 100 = 66.7\%$$



- ii. Several HS codes (at 6 digit level) identified under the Handicraft categories of Hand printed textiles, Scarves and Embroidered goods are common with Apparel codes. Only 1/3rd or 1/4th of these codes corresponds to the Handicrafts. Hence, the trade value has been calculated after considering both ratios as well as the abovementioned 1/3rd and 1/4th factors.

To arrive at the final ratios, a median value of India's actual exports was calculated. The HS codes with export values greater than this median value were given a factor of 0.25 (1/4th), while those with export value less than the median values were given a factor of 0.33 (1/3rd). The basic premise behind such application is that the HS codes (at 6 digit level) showing higher exports contain lesser handicraft items and vice-versa.

Applied Ratio for Each Code =
Ratio * Factor Value (0.33 or 0.25)

Real value of Handicraft Exports/ Imports =
Actual Value Collected * Applied Ratio.

4. **Analysis:** The key competitors in each of the import market have been identified and their performance has been analysed in terms of rate of growth of imports and average price realisations.
5. **Report Writing:** The analysis, results and findings were written in the form of this report.



COUNTRY INFORMATION

Country Profile

a) DEMOGRAPHIC DATA

Population (as on July, 2005): 295,734,134

Population Growth (2005): 0.92%

Demographic Data:

| Sex | Number of Persons | | Percent Change 2004 over 2000 |
|-------------------|--------------------|--------------------|-------------------------------------|
| | 1-Jul-04 | 1-Jul-00 | |
| Both Sexes | 293,655,404 | 282,192,162 | 406.22% |
| Males | 144,537,408 | 138,468,999 | 438.25% |
| Under 25 years | 52,561,658 | 51,063,513 | 293.39% |
| 25 to 59 years | 70,824,006 | 67,787,316 | 447.97% |
| 60 and above | 21,151,744 | 19,618,170 | 781.71% |
| Females | 149,117,996 | 143,723,163 | 375.36% |
| Under 25 years | 49,961,442 | 48,607,932 | 278.45% |
| 25 to 59 years | 71,424,890 | 68,799,217 | 381.64% |
| 60 and above | 27,731,664 | 26,316,014 | 5.38% |

Source: US Census Bureau

Currency: US Dollar

Exchange Rate with Respect to India: 1 US\$=Rs. 45.04 as on 26-12-2005

b) MACRO-ECONOMIC DATA (FOR THE YEAR 2004)

GDP (in US\$ bn): 11734

GDP growth: 4.4%

Inflation (average annual, consumer prices): 2.5%

Federal Funds rate: 4% (Nov, 2005)

c) PRINCIPAL TRADING PARTNERS

The US trades with almost 200 countries and its main trading partners are Canada, Japan, Taiwan, South Korea, Hong Kong, China, Germany, other EU countries and Latin America.



d) LEGAL SYSTEMS

Federal court system based on English common law; each state has its own unique legal system, of which all but one (Louisiana's) is based on English common law; judicial review of legislative acts; accepts compulsory ICJ jurisdiction with reservations.

e) COMMUNICATIONS SYSTEMS

Telephone Lines: In 2003, USA had nearly 182 mn telephone lines in use.

Mobile Cellular: In 2003, USA had nearly 159 mn mobile users.

Internet: There are nearly 159 (2002) mn Internet users and over 7,800 Internet service providers in the USA.

Postal regulations: As per the Joint Customs and postal regulations, it is imperative that all parcel post packages have a Customs Declaration securely attached, giving an accurate description and value of the contents. A commercial invoice enclosed in the parcel bearing the declaration must also accompany commercial shipments.

Packages other than post, such as letter class mail, commercial papers, printed matter, and samples of merchandise must bear on the address side a label *Customs Senders' Declaration CN 22 (old C 1)* or the endorsement "May open for customs purpose before delivery".



Trade Regulations

a) Exchange Regulations

There are no restrictions on foreign payments, except as imposed under Treasury Department Regulations for transactions involving the authorities or nationals of Cuba, The Democratic People’s Republic of Korea (North Korea), Iran, Iraq, Libya, and Sudan.

b) Import Licensing

Imports from the above mentioned countries are banned. Imports from both agreement and non-agreement countries are monitored along with the domestic industry performance to determine any market disruptions.

c) Credit and Payment Conditions

- *Usual Terms:* Business is carried out on Open Account terms. Payment terms vary and must be competitive - 30 to 60 day terms are normal.
- *Transfer Situation:* Local currency and foreign exchange bank delays average between 0 to 1 month.

d) Customs Tariff

Customs duty is levied on goods in accordance with their classification under the Harmonised Tariff Schedule of the United States. Rates of duty may vary depending upon the country of origin. Most of the merchandise is dutiable under Most-Favoured-Nation (MFN) rates.

Average Tariff rates for Handicraft items

| Category | Average Tariff |
|----------------------------------|----------------|
| Hand Printed Textiles | 10.5% |
| Scarves | 6.63% |
| Hand Knitted & Embroidered goods | 10.69% |
| Art Metalware | 0.5% |
| Wood Wares | Free |
| Shawls As Artware | 6.7% |
| Zari & Zari Goods | 8.1% |
| Imitation Jewellery | 0.18% |
| Miscellaneous Handicrafts | 1.98% |

Source: United States International Trade Commission (USITC)

Note: For the detailed Tariff Schedule please see in Annexure



US' GSP Scheme with reference to Handicrafts exports

The U.S. Generalized System of Preferences is a program designed to promote economic growth in the developing countries by providing preferential duty-free entry for more than 4,650 products from 144 designated beneficiary countries and territories. It was authorised under the Trade Act of 1974 for a ten-year period and has been renewed periodically since then, most recently being in 2002. India is also a beneficiary under this scheme.

Six categories of Handicraft Textile products are eligible for GSP treatment for which the GSP beneficiary has signed an agreement with the United States to acquire certification indicating that the items are hand-made products of the exporting beneficiary. Such agreements have been signed with Afghanistan, Botswana, Colombia, Egypt, Guatemala, Jordan, Macao, Malta, Morocco, Nepal, Peru, Romania, Thailand, Tunisia and Uruguay. The covered tariff categories are Carpets and Flooring (5701.10.13, 5702.10.10, 5702.91.20), Hand woven Tapestry (5805.00.20) and Certified Hand loom pillow covers of wool and fine animal hair (6304.99.40)

For certified handicraft textile products eligible for GSP duty-free treatment, a triangular seal certifying their authenticity and placed on the commercial invoice is required for entry. Only products produced in those beneficiary developing countries that have completed the official exchange of letters with the U.S. Government may receive GSP treatment.

Trade Agreements

- **Caribbean Basin Initiative (CBI):** The Caribbean Basin Initiative (CBI) is a program providing for the duty-free entry of certain merchandise from beneficiary countries or territories. The current list of beneficiaries from the CBI include Antigua and Barbuda, Aruba, Bahamas, Barbados, Belize, British Virgin Islands, Costa Rica, Dominican Republic, Dominica, Jamaica, Honduras, El - Salvador, Panama, Guatemala, Haiti, Netherlands Antilles, Nicaragua, St. Lucia, St. Vincent and the Grenadines and Trinidad and Tobago.
- **Andean Trade Promotion and Drug Eradication Act (ATPDEA):** All existing programs were renewed under the ATPDEA. 700 additional products including leather products, footwear, petroleum and petroleum products, watches and watch parts expanded further the program. The beneficiaries of this program are Colombia, Bolivia and Peru.
- **North American Free Trade Agreement (NAFTA):** This agreement opens up new markets in cars, telecommunications equipment, textiles, food, financial services, insurance and investment. Canada, Mexico and the United States are signatories of this agreement.



- **U.S./Chile Free Trade Agreement:** This is the first comprehensive trade agreement between the US and a South American country. The US export sectors that benefit are agricultural goods, construction equipment, automobiles, auto parts, computers and other information technology products, medical equipment and paper products.
- **The U.S./EU Transatlantic Economic Partnership:** This trade initiative covers more than a dozen areas such as agriculture, manufactured goods, services, industrial tariffs, global electronic commerce, intellectual property rights, investment, government procurement and competition.

Other Trade Agreements include The U.S./Canada Free Trade Agreement, the U.S./Singapore Free Trade Agreement, the U.S./Jordan Free Trade Agreement and the U.S./Israel Free Trade Agreement.



Documentation

Overview

Within 5 calendar days of the date of arrival of a shipment at a US port of entry, entry documents must be filed at a location specified by the port director, unless an extension is granted. These documents are:

- Entry Manifest (Customs Form 7533) or Application and Special Permit for Immediate Delivery (Customs Form 3461) or other form of merchandise release required by the port director.
- Evidence of right to make entry (bill of lading, airway bill or carrier's certificate).
- Commercial invoice or a proforma invoice when the commercial invoice cannot be produced.
- Packing lists, if appropriate.
- Other documents necessary to determine merchandise admissibility.

If the goods are to be released upon entry from Customs custody, an entry summary for consumption must be filed and estimated duties deposited at the port of entry within 10 working days of the entry of goods.

Specific Requirements

1. Separate Invoice Required for Each Shipment

Not more than one distinct shipment from one consignor to one consignee by one commercial carrier shall be included on the same invoice.

2. Assembled Shipments

Merchandise assembled for shipment to the same consignee by one commercial carrier may be included in one invoice. The original bills or invoices covering the merchandise, or extracts there from, showing the actual price paid or agreed to be paid, should be attached to the invoice.

3. Instalment Shipments

Instalments of a shipment covered by a single order or contract and shipped from one consignor to one consignee may be included in one invoice if the instalments arrive at the port of entry by any means of transportation within a period not exceeding 10 consecutive days.

The invoice should be prepared in the same manner as invoices covering single shipments and should include any additional information, which may be required for the particular class of goods concerned. The invoice should show the quantities, values, other invoice data with respect to each instalment and the identification of the importing conveyance in which each instalment was shipped.



4. Production “Assist”

The invoice should indicate whether the production of merchandise involved costs for “assists” (e.g., dies, moulds, tooling, printing plates, artwork, engineering work, design and development, financial assistance, etc.), which are not included in the invoice price. If assists were involved, their value, if known, should be stated along with the name of the supplier. If supplies were made without cost, or on a rental basis, or invoiced separately, a copy of the invoice should be attached.

Whenever US Customs require information on the cost of production of goods for customs valuation, the importer will be notified by the port director. Thereafter, invoices covering shipments of such goods must contain a statement on the cost of production drawn up by the manufacturer or producer.

5. Additional Information Required

Special information may be required on certain goods or classes of goods in addition to the information normally required on the invoice. Usually the US importer advises the exporter of these special situations.

Proforma invoice

If the required commercial invoice is not filed at the time of entry of merchandise, the importer must file a statement in the form of an invoice (a proforma invoice) at the time of entry. Although the exporter does not prepare a proforma invoice, it is of interest to exporters as it gives a general idea of the kind of information needed for entry purposes. A proforma invoice indicates what the importer may find necessary to furnish Customs officers at the time a formal entry is filed for a commercial shipment, in case a properly prepared customs or commercial invoice is not available at the time the goods are entered.



Transportation

Entry and Warehousing

The Customs Modernisation Act, 1993, provides the legal basis for many of the Customs automation programs that have been initiated. Remote entry filing and entry & reconciliation have been implemented under this act, allowing goods to be entered at one port, processed by customs at the importer's home port and arrive at a third destination.

The importer or the importer's agent must enter merchandise arriving in the US by commercial carrier. Each entry must be accompanied by proper documentation. A customhouse broker can also make entry, provided the broker is in possession of a Customs Power of Attorney. A non-resident individual or partnership, a foreign corporation through an agent of the exporter in the US, a member of the partnership or an officer of the corporation may make entry of ordered goods.

A surety on any Customs bond required from a non-resident individual or organisation must be incorporated in the US. A customhouse broker acting as an agent may request for an owner's declaration, which must be supported by a surety bond for the payment of any increased or additional duties. An owner's declaration executed in a foreign country is acceptable, but must be executed before a notary and must bear the notary's seal.

Prior to release of the goods, the Customs official will examine the goods. Small shipments of goods or certain classes of goods will be examined at the docks, at container stations, cargo terminals or at the importer's premises; they will then be released to the importer. In case of big shipments, representative quantities of the merchandise are examined and the shipment is released once such examination is done.

On April 16, 2002, the US Customs launched the Customs – Trade Partnership Against Terrorism (C-TPAT) - a joint initiative between government and business designed to protect the security of cargo entering the US while improving the flow of trade. Through C-TPAT, Customs is asking businesses to ensure the integrity of their security practices and communicate their security guidelines to their business partners throughout the supply chain. In return, the company's goods and services will receive faster processing, dedicated commercial lanes, an assigned customs point of contact or account manager, eligibility for accounts based processes, such as bimonthly or monthly payments; and reduced inspections.

Membership for C-TPAT is available to importers, carriers, brokers, warehouse operators and manufacturers. Participants must sign an agreement committing to several actions, including conducting a comprehensive self-assessment of supply



chain security using C-TPAT security guidelines developed by Customs and trade community. Before a company is eligible for C-TPAT benefits, Customs will complete a company risk assessment encompassing both security and trade compliance. Highly compliant importers who have already been evaluated for risk will be accepted into C-TPAT upon submission of a signed C-TPAT agreement.

In 2001, US Customs implemented the Importer Compliance Monitoring Program, rewarding low risk importers with fewer cargo exams and fewer requests for information. ICMP is a voluntary program that allows importers to assess their own ongoing compliance with customs laws and regulations. It also allows importers to establish internal control systems within their own companies and to conduct their own transaction testing, which must be reported to customs on an annual basis.

With effect from October 1, 1998, US Customs implemented a new prototype system, the ACS Reconciliation Prototype, permitting importers to flag shipments when all information required to accurately determine duty is unavailable, make a good-faith estimate of the duty due, and reconcile any other under or over payments within 15 months.

Dutiable goods may be placed in a Customs bonded warehouse to be stored, manipulated or to undergo manufacturing operations without payment of duty. The goods may remain in the bonded warehouse up to 5 years from the date of importation.

Useful Tips

Usually buyers in the US do not stock goods in warehouses but send them directly to department stores in cartons / containers after the goods have been cleared by the Customs department. To avoid complaints, exporters should follow general principles of packaging; use only biodegradable materials, pre-treat goods with permissible fungicide etc. Strict adherence to delivery schedule as agreed will be absolutely essential.

Foreign Trade Zones

There are more than 200 foreign trade zones in the US. They are usually located in or near customs ports of entry, at industrial parks or terminal warehouse facilities. Foreign or domestic merchandise lawfully brought into these zones may be stored, sold, exhibited, broken up, repacked, assembled, distributed, sorted, graded, cleaned, mixed with foreign or domestic merchandise or otherwise manipulated, or be manufactured, without being subject to customs entry or payment of duties. Zone facilities may also be utilised for the full exhibition of foreign merchandise without bond for an unlimited length of time, with no re-exportation or duty payment requirements.



Some of the major trade zones are as follows: New York City (New York), New Orleans (Louisiana), San Francisco (California), Seattle (Washington), Kansas City (Missouri), Chicago (Illinois), Everglades (Florida).

Shipping Restrictions

Ships from Cuba, Iran, Iraq, Libya, Sudan and Syria remain ineligible to enter US ports. The Merchant Marine Act of 1920, also known as the Jones Act, requires all cargo moving between US ports to be carried on US-built and owned vessels that are operated by American crews.

Marking of Shipping Cases

According to US Customs Regulations, any container or holder that can be reused, including heavy duty steel holders or containers must be individually marked with the container's country of origin, such as 'Container made in (country name)'. This rule applies whether the containers are imported full or empty.

Research and Special Programs Administration (RSPA) of the Department of Transportation has amended the Hazardous Materials Regulations (HMR) w.e.f. October 1999 to maintain alignment with international standards by incorporating various relevant changes.

Inland Transportation

- Roads: There are 6,420,000 kms of roadways, including 88,700 km of expressways.
- Railways: There are 240,000 kms of non-government-owned mainline rail routes.
- Waterways: Exclusive of the Great Lakes, there are approximately 41,009 km of navigable inland channels.

Airports

Some of the major airports are: Chicago, New York, New Orleans, Seattle, San Francisco, Los Angeles, Atlanta, Charleston, Cincinnati, Orlando, Philadelphia, Miami, Tampa/St. Petersburg and Washington DC.

Ports and Trade Centres

There are 44 ports handling 10.9 metric tons or more of shipments per year. Some of the major ports are: New York, Los Angeles, Baltimore, Houston, Miami, Boston, New Orleans, Philadelphia, San Francisco and Seattle.



Key US Government Contacts in India

a) US Embassy

New Delhi
Shantipath,
Chanakyapuri,
New Delhi – 110 021
Tel: +91-11-24198000
Fax: 91-11-24190017

b) US Consulate General

Kolkata
5/1, Ho Chi Minh Sarani,
Kolkata – 700 071
Tel: +91-33- 22823611
Fax: 91-33-22822335, 22823865

Chennai
220, Anna Salai,
Chennai - 600006
Tel: +91-44-28112000
Fax: 91-44-28112020

Mumbai
Lincoln House,
78 Bhulabhai Desai Road,
Mumbai – 400 026
Tel: +91-22- 23633611, 23633618
Fax: 91-22-23630350

c) US Commercial Service (An export promotion agency of US Department of Commerce)

Ahmedabad
JMC House, Suite # 41/42
Ambawadi, Opp. Parimal Garden
Ahmedabad - 380006
Tel: 91-79-6565210/656 5216
Fax: 91-79-6560763
E-mail: Ahmedabad.Office.Box@mail.doc.gov



Bangalore (Temporary Office)

S-2 Esteem Red Cross Bhavan No.26,
Race Course Road
Bangalore-560001
Tel: 91-80-22206401
Fax: 91-80-22206405
E-mail: Bangalore.office.box@mail.doc.gov

Calcutta

The American Center
38-A, Jawaharlal Nehru Road
Calcutta - 700 071
Tel: 91-33-22881200
Fax: 91-33-22881207
E-mail: Calcutta.office.box@mail.doc.gov

Chennai

American Consulate General
220 Mount Road
Chennai - 600 006
Tel: 91-44-28112034
Fax: 91-44-28112036
E-mail: Chennai.office.box@mail.doc.gov

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555, "E" Level, Taj Residency Hotel
Road No. 1, Banjara Hills
Hyderabad - 500 034
Tel: 91-40-23305000
Fax: 91-40-23300130
E-mail: Hyderabad.office.box@mail.doc.gov

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The American Center
24 Kasturba Gandhi Marg
New Delhi - 110 001
Tel: 91-11-23316841
Fax: 91-11-23315172
E-mail: New.Delhi.office.box@mail.doc.gov



Mumbai

The American Center

4, New Marine Lines

Mumbai - 400020

Tel: 91-22-22652511

Fax: 91-22-22623850

E-mail: Mumbai.office.box@mail.doc.gov

Website: www.buyusa.gov/india



Bilateral Chambers of Commerce

Indo-American Chamber of Commerce Mumbai

1-C Vulcan Insurance Building,
Veer Nariman Road,
Churchgate
Mumbai - 400020
Tel: 91-22-22821413 / 22836340
Fax: 91-22-22046141
E-mail: iacc@vsnl.com
Website: www.indous.org

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PHD House,
4th Floor,
Opposite Asian Games Village,
New Delhi - 110016
Tel: 91-11-26963387
Fax: 91-11-26531954
E-mail: indo-american@eth.net

American Chamber of Commerce in India (AMCHAM)

Suite No. 1262,
Maurya Sheraton Hotel,
Sardar Patel Marg,
New Delhi - 110021
Tel: 91-11-23023102 / 24102690 / 91
Fax: 91-11-23023109
E-mail: amcham@amchamindia.com
Website: www.amchamindia.com



India Trade Promotion Organisation

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Pragati Maidan,
New Delhi - 110001
Tel: 91-11- 23371540
Fax: 91-11-23318142
E-mail: itpo@giasdl01.vsnl.net.in
Website: www.indiatradefair.com / www.indiatradepromotion.org

Mumbai

Jhansi Castle,
7 Cooperage Road,
Mumbai - 400039
Tel: 91-22-22021788 / 22021730 / 22026629
Fax: 91-22-22044922
E-mail: itpoby@yahoo.co.in

World Trade Centre- 1
11th Floor,
Cuffe Parade,
Mumbai - 400005
Tel: 91-22-22184135
Fax: 91-22-22184125
E-mail: itpo_Bombay@mtnl.net.in

Bangalore

Flat No. 24-A,
Imperial Court,
33/1, Cunningham Road,
Bangalore - 560052
Tel: 91-80-22268867 / 22268969
Fax: 91-80-22258662
E-mail: itpo@blr.vsnl.net.in

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Shantiniketan
Flat No. 9, 4th Floor,
8, Camac Street,
Kolkata - 700017
Tel: 91-33-22822904
Fax: 91-33-22828269
E-mail: itpocal@cal3.vsnl.net.in



Chennai

Raja Annamalai Buiding,
2nd Floor,
18-A, Rukmani Lakshmipathy Road,
Egmore,
Chennai - 600008
Tel: 91-44-28554655 / 28587297
Fax: 91-44-28554740
E-mail: itpochn@md4.vsnl.net.in



US Handicraft Organisations

American Craft Council

72 Spring Street
New York, NY 10012- 4019
Tel: 212-274-0650
Fax : 212-274-0650
Email: council@craftcouncil.org

The Leather Apparel Association

19 West 21st Street, Suite 403
New York, NY 10010
Tel: 212-727-1210
Fax: 212-727-1218
Email: fharrow@leatherassociation.com

American Wood Council

1111 Nineteenth Street, NW, Suite 800
Washington, DC 20036
Tel: 202- 463- 2766
Fax: 202-463-2791
Email: awcinfo@afandpa.org

Potters Council

735 Ceramic Place, Suite 100
Westerville, OH 43081
E-mail: info@ceramics.org

The American Ceramic Society

735 Ceramic Place, Suite 100
Westerville, Ohio 43081
Tel: 614-890-4700
Fax: 614-899-6109
E-mail: info@ceramics.org

Fur Commission USA

PMB 506, 826 Orange Avenue Coronado,
CA 92118-2698
Tel: 619-575-0139
Fax: 619-575-5578
E-mail: fcusa@pltdsl.net



Fur Information Council of America
8424 A Santa Monica Boulevard, # 860
West Hollywood, California 90069
Tel: 323-848-7940
Fax: 323-848-2931
E-mail: info@fur.org



US Foreign Trade Organisations

US Trade Representative (USTR)

600 17th St. N.W.,
Washington, DC 20508
Tel: 202-395-3230
Email: contactustr@ustr.gov

US International Trade Commission

500 E Street, SW,
Washington, DC 20436
Tel: 202-205-2000

US Department of Commerce

1401 Constitution Avenue, NW,
Washington, DC 20230
Tel: 202-482-2000
Email: Cgutierrez@doc.gov

The Export-Import Bank of the United States

811 Vermont Avenue, NW,
Washington, DC 20571
Tel: 202-565-3946
Fax: 202-565-3931
Email: info@exim.gov



THE INDIAN HANDICRAFTS INDUSTRY

Overview

Handicrafts sector plays a vital role in the Indian economy, contributing significantly to employment and foreign exchange. The number of people employed (directly and indirectly) in this sector is estimated to be around 6.2 mn, with an annual growth of about 2.5%. Apart from being an important source of employment generation and foreign exchange, the Handicrafts sector is characterised by low-capital investment and high value-addition, reflecting its high potential for contribution to the Indian economy.

Indian Government, in its Foreign Trade Policy (2004-09), identified Handicrafts as one of the key sectors for export promotion and growth. The following special initiatives have been envisaged for the Handicrafts sector in this policy:

- New Handicraft SEZs shall be established which would procure products from the cottage sector and do the finishing for exports. The SEZ at Jodhpur (Rajasthan) has become operational in 2005.
- Duty free import entitlement of trimmings and embellishments shall be 5% of the FOB value of exports during the previous financial year. The entitlement is broad banded, and shall extend also to merchant exporters tied up with supporting manufacturers
- The Handicraft Export Promotion Council shall be authorised to import trimmings, embellishments and consumables on behalf of those exporters for whom directly importing may not be viable.
- Specific funds would be earmarked under Market Access Initiative & Marketing Development Assistance Schemes for promoting Handicraft exports
- CVD is exempted on duty free import of trimmings, embellishments and consumables
- New towns of export excellence with a reduced threshold limit of Rs 2.5 bn shall be notified



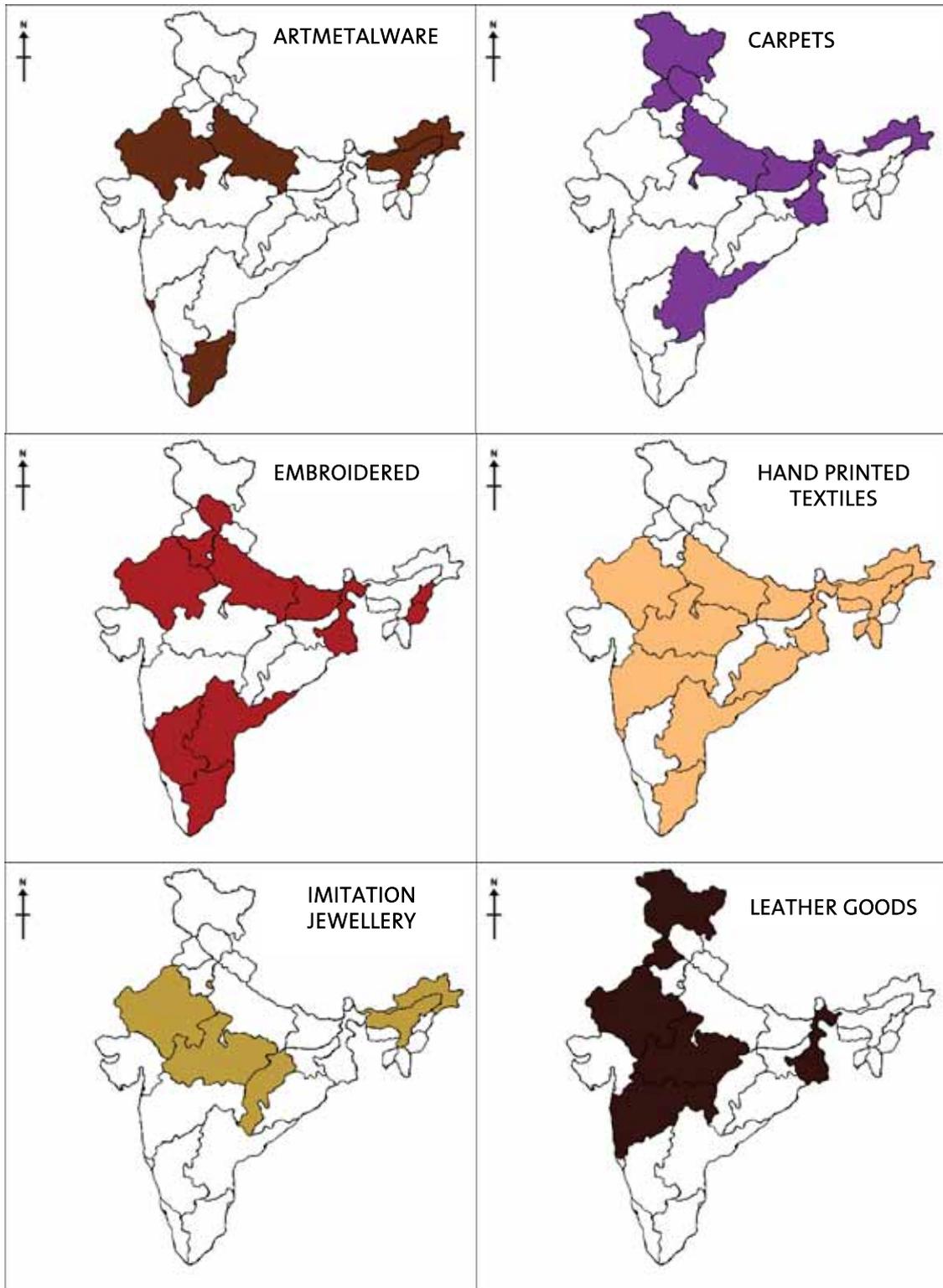
During the Tenth Plan, the Office of the Development Commissioner (Handicrafts) is implementing the following 8 generic schemes:

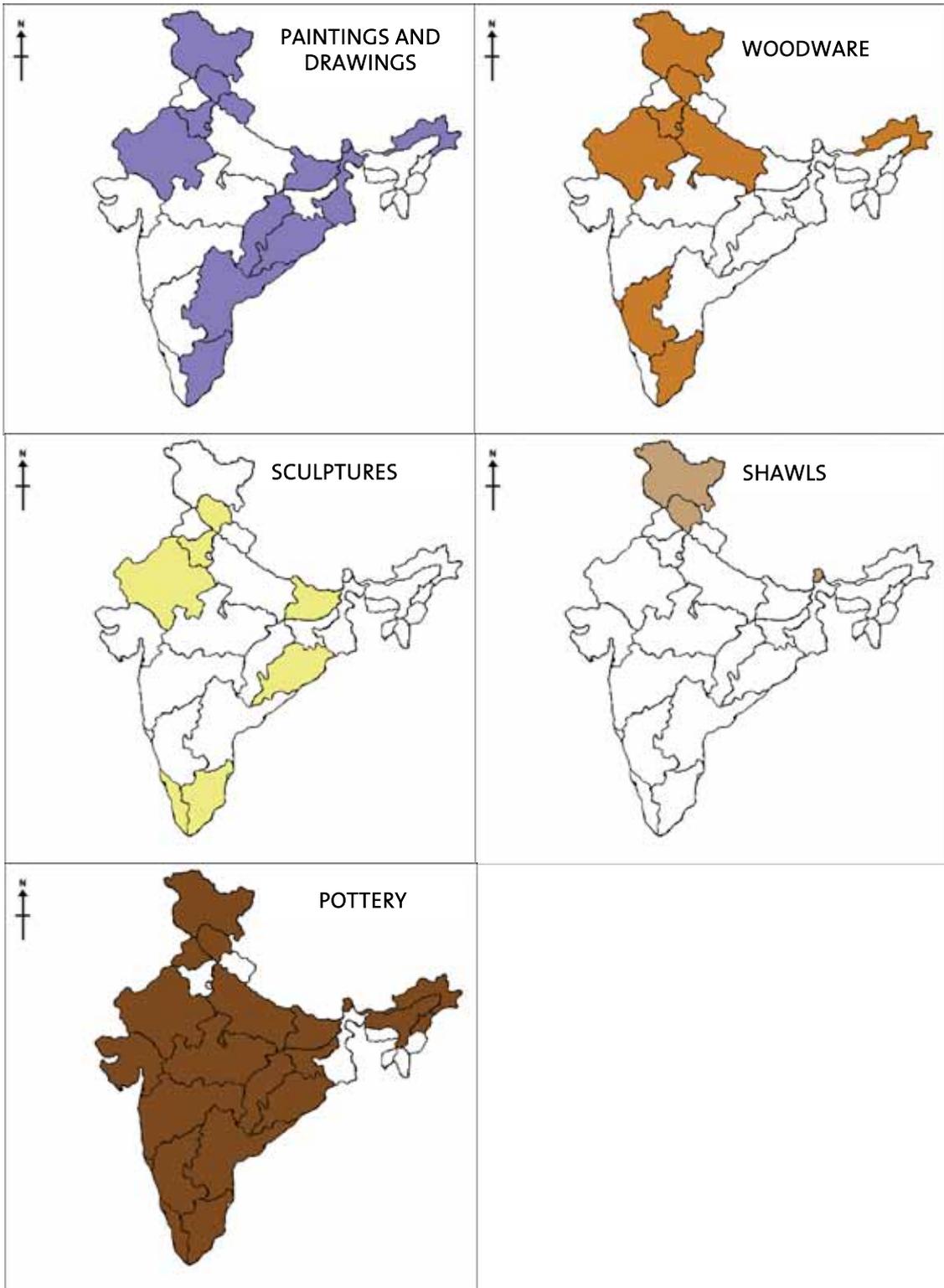
- Baba Saheb Ambedkar Hastshilp Vikas Yojana
- Design and Technical Upgradation
- Export Promotion
- Marketing Support and Services
- Research & Development
- Training & Extension
- Financial Assistance to State Handicrafts Development Corporation / State Apex Societies
- Bima Yojana for Handicrafts Artisans

Handicrafts Clusters in India

Handicrafts industry is widely dispersed across different states of India, each one specialising in one or other type of handicraft activity. The rich craft heritage of India is unique and as diverse as its customs and traditions. Indian handicraft traditions are influenced by the local topography, climate, and socio-religious factors. The following table lists the major clusters for the production of different handicrafts items in India.

| Handicraft item | Region |
|------------------------------------|---|
| Artmetalware | Moradabad, Sambhal, Aligarh, Jodhpur, Jaipur, Barmer, Delhi, Rewari, Thanjavur, Chennai, Mandap, Beedar, Jagadhari, Jaisalmer |
| Wooden Artwares | Saharanpur, Nagina, Jaipur, Jodhpur, Barmer, Hoshiarpur, Srinagar, Amritsar, Jagdalpur, Bangalore, Mysore, Chennapatna, Chennai, Mandap, Kerala, Behrampur, Ahmedabad, Rajkot |
| Handprinted Textiles | Jaipur, Barmer, Bagru, Sanganer, Jodhpur, Bhuj |
| Scarves | Farrukhabad, Amroha |
| Hand Knitted and Embroidered goods | Barmer, Jodhpur, Jaipur, Jaisalmer, Kutch, Ahmedabad, Lucknow, Jodhpur, Agra, Amritsar, Kullu, Dharamshala/ Chamba, Srinagar |
| Marble and soft stone crafts | Agra, Chennai, Baster, Jodhpur |
| Papier Mache crafts | Kashmir, Jaipur |
| Terracota, Zari and Zari goods | Rajasthan, Chennai, Baster, Surat, Bareilly, Varanasi, Amritsar, Agra, Jaipur and Barmer |
| Imitation/ Fashion jewellery | Delhi, Moradabad, Sambhal, Jaipur, Kohima |
| Leather goods | Kolhapur, Indore, Barmer, Shanti Niketan |







Although craftsmen and artisans are found in most parts of the country, only a few states and regional clusters contribute maximum to the exports. These are Gujarat, Rajasthan and Uttar Pradesh. These regions are the major source of exports and have better infrastructure, market development and innovative activity in comparison to the eastern states of the country. Jaipur is a classic example of effective synergies between tourism, craft traditions, private enterprise and strong NGO movement.

Development of Handicrafts in North Eastern Region (NER)

The North Eastern Region of India is well known for the woolen & silk fabrics including the Eri silks as well as cane/bamboo based crafts. However, the absence of basic financial and infrastructure facilities continue to restrain production of these items on a commercial scale, due to which they cater largely to the local markets. Recognising the immense potential of the region in handlooms, handicrafts, sericulture and jute based products; the Government has planned to facilitate their development by formulating and implementing various schemes.

Special policy incentives have been introduced for the NER like raising the share of Central Sponsored plan schemes as well as strengthening of the North Eastern Handicrafts & Handlooms Development Corporation (NEHHDC) now under the administrative control of the newly created Department of North Eastern Region (DONER). The Government has provisioned an annual outlay of nearly Rs 0.22 bn (Rs 21.9 crores) for the Handicrafts sector in the North Eastern Region for FY05. This accounts for 21.3% of the total plan outlay for the Handicrafts sector in FY05.

Plan Expenditure on NER for Handicrafts Sector

| Period | 2000-01 | 2001-02 | 2002-03 | 2003-04 | 2004-05 |
|-------------------------|---------|---------|---------|---------|---------|
| Plan Outlay (Rs crores) | 9.43 | 7.7 | 7.44 | 7.13 | 21.9 |
| y-o-y growth | 43.1% | -18.3% | -3.4% | -4.2% | 43.1% |

Source: Ministry of Textiles, Annual Report 2004-05

Problems in the Handicrafts Industry

Scarcity of raw materials: There has been a decline in the availability and quality of some of the raw materials used in the production of handicraft goods. The raw materials with acute shortages include wood, cane, silk, scrap and virgin metal.

Lack of information on buyers: Local artisans are mostly illiterate and do not have information about their prospective buyers. This asymmetry of information is often exploited by the middlemen, who purchase artefacts at low prices and sell them to the buyers at exorbitant rates, thereby pocketing the huge margins. Although there are many NGOs that provide adequate economic shield to the local artisans, a large number of craftsmen are still deprived of their assistance.



Lack of information on sellers: The importers often find it difficult to access the local artisans directly. Often, identities of true craftsmen are guarded by the middlemen, who do not wish to lose their commissions by enabling direct contacts between the craftsmen and importers.

Lack of adequate finance: Although several finance schemes are available for the craftsmen through institutions like National Bank for Agricultural and Rural Development (NABARD), Small Industries Development Bank of India (SIDBI) etc, many artisans are not able to avail of the credits due to lack of information and also because they find it difficult to comply with the procedural obligations involved in grant of such loans. Consequently, these artisans have to depend largely on the middlemen/ moneylenders, who charge exorbitant rates on the advances.

Lack of economies of scale: Owing to inherent problems of finance, dependence on simpler tools and social issues, the artisans are not in a position to furnish any large-scale orders.



Handicrafts Exports of India

India's Handicrafts exports to the world are estimated at US\$ 3.5 bn in 2004, registering an annual growth rate of 10.8% since 2000. Hand knitted and embroidered goods and Hand printed textiles were the main items of exports, with a share of almost 31% and 24% in 2004, respectively. Hand knitted and embroidered goods' exports have registered an annual growth of 3% between 2000 and 2004. Exports of Hand printed textiles fell from US\$ 852.6 mn in 2000 to US\$ 716.5 mn in 2001 but registered a positive growth thereafter and stood at US\$ 875.8 mn in 2004. Despite being the top two export items in India's exports basket for Handicrafts, share of Hand knitted & embroidered goods and Hand printed textiles have gone down in 2004 over that of 2000, as indicated in the table below.

On the other hand, share of Imitation jewellery in total handicrafts exports of India has increased phenomenally, from 1.6% in 2000 to almost 18% in 2004, on the back of an annual growth of almost 97% during this period. Similarly, a significant growth of 137% per annum has been demonstrated by Woodwares, although the quantum of their exports remains small at US\$ 116 mn in 2004.

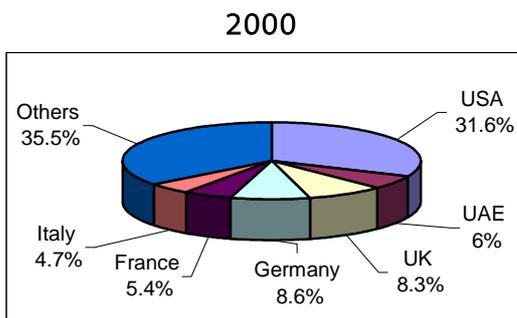
| S.No | Handicraft Items | 2000 | | 2004 | | CAGR % (2000-2004) |
|------|--------------------------------------|----------------|---------|----------------|---------|-----------------------|
| | | US\$ mn | % share | US\$ mn | % share | |
| 1 | Hand Knitted & Embroidered Goods | 1,003.5 | 37 | 1,128.8 | 30.5 | 3 |
| 2 | Hand Printed Textiles | 852.6 | 31.4 | 875.8 | 23.6 | 0.7 |
| 3 | Imitation Jewellery | 44.3 | 1.6 | 662.5 | 17.9 | 96.7 |
| 4 | Zari & Zari Goods | 196.7 | 7.3 | 248.3 | 6.7 | 6 |
| 5 | Woodwares | 3.7 | 0.1 | 116 | 3.1 | 137.2 |
| 6 | Art Metal Ware | 35.8 | 1.3 | 77.5 | 2.1 | 21.3 |
| 7 | Scarves | 44.4 | 1.6 | 50.8 | 1.4 | 3.4 |
| 8 | Shawls | 14.6 | 0.5 | 10.1 | 0.3 | -8.8 |
| 9 | Miscellaneous Handicrafts | 515.8 | 19 | 535.9 | 14.5 | 1 |
| | Total Handicrafts¹ | 2,316.1 | | 3,495.2 | | 10.8 |

Source: UN Comtrade

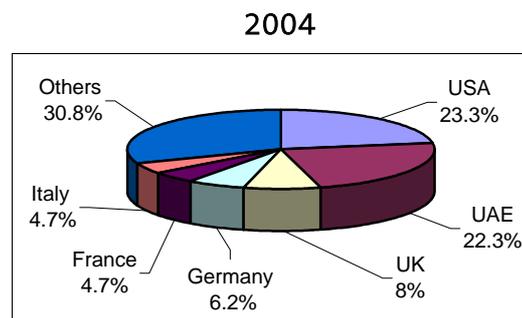
¹ Since some of the HS codes for Hand knitted & embroidered goods, Hand printed textiles and Zari & zari goods are common, the total Handicrafts value is not equal to the sum of 1 to 9 categories of Handicrafts.



USA is India's largest export destination for Handicraft items, with 23.3% share in India's total Handicrafts exports in 2004. However, its share has reduced by 8.3 percentage points since 2000. On the other hand, UAE has emerged as the second largest export destination for Indian Handicraft items, improving its share in India's total handicrafts exports, from 6% in 2000 to 22.3% in 2004. Other important export destinations for Indian Handicraft items are the EU countries viz. UK, Germany, France and Italy.



Source: UN Comtrade



Source: UN Comtrade



US MARKET FOR DECORATIVE ITEMS

Overview

The US Craft Industry

According to the survey carried out by the Crafts Organisation Directors Association (CODA) in April 2001, the US craft activity amounted to US\$ 13.8 bn in 1999. The survey also revealed that the craft activity had a direct economic impact between US\$ 8 bn and US\$ 10 bn not including retail sales. A research of the industry revealed that craft retailers mark up their products by 100 per cent. Therefore the real economic impact of the wholesale sector would include an additional US\$ 4.2 bn, resulting in a total impact of US\$ 8.4 bn. Thus the final estimate of the annual economic impact would range from US\$ 12.3 bn to US\$ 13.8 bn.

The Home Industries Association (HIA), the Association of Crafts and Creative Industries (ACCI), the Southwest Craft and Hobby Association (SWCHA) and other 70 craft societies and guilds overseeing the sector nationally support the craft industry in the United States. There are seven regional arts agencies and fifty-five state arts agencies that provide technical and financial assistance. The Buyers Market of American Craft (BMAC) founded by the Rosen Group, undertakes trade shows to enable craftsmen to build business relationships with craft buyers from across the US. This group also encourages and offer ways to sell their work through magazines and other forms of media. With the aid of accurate statistics state and regional craft organisations can partner with economic development agencies to promote strategies encouraging growth and development.

Economic Facts

There are about 106,000 to 126,000 craftspeople in the United States today having a median household income of about US\$ 50,000 per year, which is 26% above the national median income of US\$ 39, 657. On an average, income from craft activities accounts for 47% of the household income with the average gross sales/revenue per craftspeople being US\$ 76, 025. Direct retail sales accounts for 52.9% of the annual sales, with just over half sold at craft fairs. Around 27% of the annual sales are on wholesale by nature and around 11.2% are on consignment basis through galleries.

Demographic Profile

About 64% of the total craftspeople in the United States are female. Around 41% of the craftspeople are between the ages of 46 and 55 with the median age being 49. An estimated 78% of the craftspeople have memberships with various craft organisations. Roughly 64% of the craftspeople work alone in a studio, about 18% work with partners or family members and 16% work with paid employees.



Handicraft Clusters in the US

Density of Arts/Craft Activity in the United States

| Region | # of Top 25 Arts Festivals (2004) | # of Top Arts Destinations (2004) | # of Top Craft Retailers (2004) | Total |
|-----------|-----------------------------------|-----------------------------------|---------------------------------|-------|
| Northeast | 11 | 8 | 41 | 60 |
| Southeast | 6 | 6 | 24 | 36 |
| Midwest | 4 | 3 | 13 | 20 |
| Southwest | 3 | 5 | 11 | 19 |
| Western | 3 | 3 | 8 | 14 |
| Pacific | 3 | 0 | 3 | 6 |

Source: Canadian Fine Craft Niche Market Study, Department of Canadian Heritage

Northeast region

On the basis of this analysis North-Eastern United States is by far the most robust market for arts and crafts. Many leaders in the American Galleries, collector groups, crafts show organizers and professional organisations consider the northeast to be the most visible and sophisticated market in the United States for fine craft, with a high concentration of high end galleries in New York city.

Southeast region

Despite being behind the North-Eastern region the Southeast region has shown some strong craft activity and is the second best market for crafts in the US.

Southwest region

The South West region is well behind the North and South East regions but has demonstrated strong craft activity while taking into account the small number of states in this region compared to the other regions.

Pacific region

The Pacific region, while small, includes wealthy buyers market located in Southern California.

Northwest region

The Seattle market is the most prominent in the Northwest. While the “dot com” bust of 2000 seriously affected this market, the city is rebounding and has maintained an affluent collector base. This region is generally considered to have a high level of awareness and appreciation of art.



Western region

The Western region, though not very large, has potential for certain types of craft products, such as Western-themed craft.

Marketing Strategy

For the promotion of American crafts, multiple advertisements are placed in prominent venues such as Accessory Merchandising, Niche and giftware News. Monthly press releases and news releases are sent to appropriate news media such as newspapers and trade publications. Direct mail and telephone campaigns are also undertaken. Brochures are sent out for general show promotions and media specific mailings are sent for special events such as “Inspired Interiors” and “Premier Jewellery”. Extensive calling campaigns as well as emails, faxes and monthly newsletters are sent to both current and prospective buyers. In 2003, US\$ 225,000 was spent on advertising and promotions for the Buyers Market of American Craft. In 2004, US\$ 250,000 was allocated to marketing.

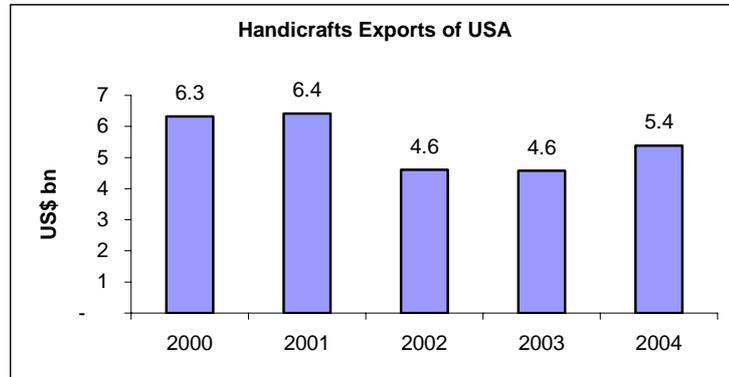
Asian Communities in USA

The Asian population in the United States is not homogeneous. It includes many groups who differ in language, culture and length of residence in the United States. Out of the total US population, 10.2 mn or 3.6% are estimated to be Asian. Out of the 10 mn Asians in the United States, five Asian groups numbered 1 mn or more namely Asian Indians, Chinese, Filipino, Korean and Vietnamese. Together these five groups account for nearly 80 per cent of the Asian population in the United States. Six other Asian groups namely Japanese, Cambodian, Hmong, Laotian, Pakistani and Thai account for 15 per cent of the Asian population. The remaining Asian groups categorised as other Asians account for the last 5 per cent of the Asian population.

The Indian American population ranks third in the Asian American group in the US, after Chinese and Filipinos. The largest concentration of the Indian Americans is found in California, followed by New York, New Jersey, Texas and Illinois. Other important states with considerable Indian American population are Florida, Pennsylvania and Washington, DC. The per capita income of the Indian American community stands at US\$ 60,093, about 1.5 times higher than that of the average per capita income of the US. The Indian diaspora in the US remain attached to the Indian cultures and traditions. Several ethnic, linguistic and regional cultural organisations formed by these communities regularly participate in cultural, religious and handicraft extravaganzas.

US Exports of Handicrafts

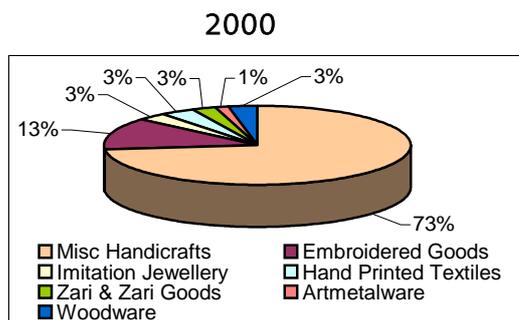
Between 2000 and 2004, exports of Handicraft items by the US to the rest of the world declined from US\$ 6.3 bn in 2000 to US\$ 5.4 bn in 2004. Between 2001 and 2003 exports of Handicraft items by the US fell at nearly 15.5% per annum and stood at US\$ 4.6 bn in 2003. Thereafter, Handicraft exports of USA witnessed a growth spurt of about 17.6% and stood at US\$ 5.4 bn in 2004.



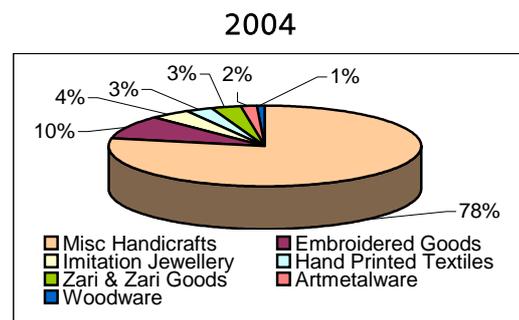
Source: UN Comtrade

Amongst the Handicraft items exported by USA, Miscellaneous handicraft items and Hand-knitted and embroidered goods represent about 88% of the total export basket. Handicraft items like Handprinted textiles, Zari and Zari goods, Artmetalware, Imitation jewellery and Woodware account for a small share in the total Handicrafts exports basket of USA. Except for the exports of Miscellaneous Handicrafts, all other Handicraft export items have witnessed a decline during the five year period 2000-2004. Exports of Miscellaneous Handicrafts grew marginally at 0.3% per annum, from US\$ 4.19 bn in 2000 to US\$ 4.25 bn in 2004. Consequently, the percentage share of Miscellaneous Handicrafts rose from 73.4% in 2000 to 77.9% in 2004.

Composition of Exports



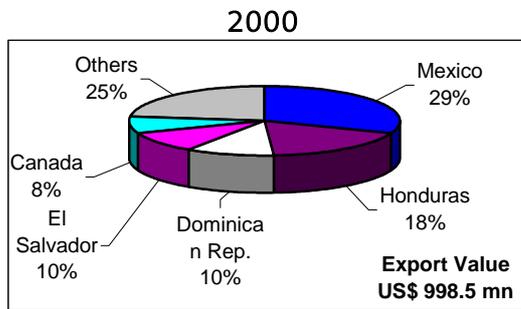
Source: UN Comtrade



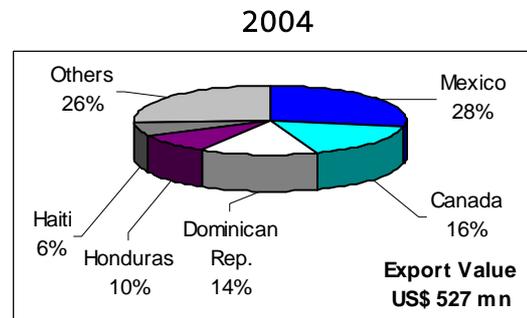
Source: UN Comtrade

The largest destinations for exports of Hand knitted and embroidered goods from the US in 2004 were Mexico, Canada, Dominican Republic and Honduras, which together account for nearly 68% of its total exports in value terms. Mexico accounted for 28% share, whereas Canada, Dominican Republic and Honduras accounted for 16.3%, 13.7% and 9.6% shares, respectively.

Major Players (Hand knitted and embroidered goods)



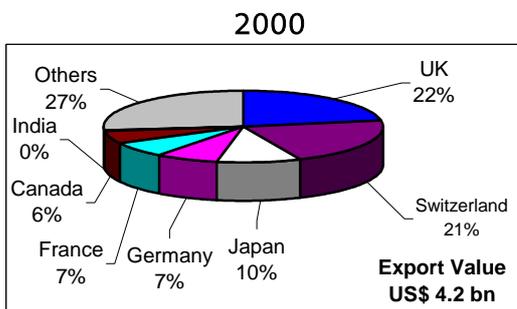
Source: UN Comtrade



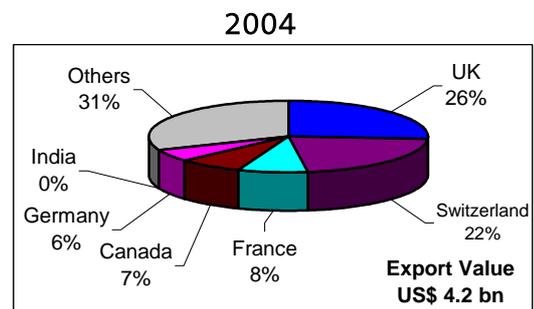
Source: UN Comtrade

Major destinations for the export of Miscellaneous Handicrafts by the US in 2004 were UK, Switzerland, France and Canada. UK is the largest destination accounting for 26.1% of the total Handicrafts exports of USA. It is followed by Switzerland, which accounted for 21.8% of the total exports. France and Canada respectively constituted for 8.1% and 7.4% shares in USA's total Handicrafts exports in 2004.

Major Players (Miscellaneous Handicrafts)



Source: UN Comtrade

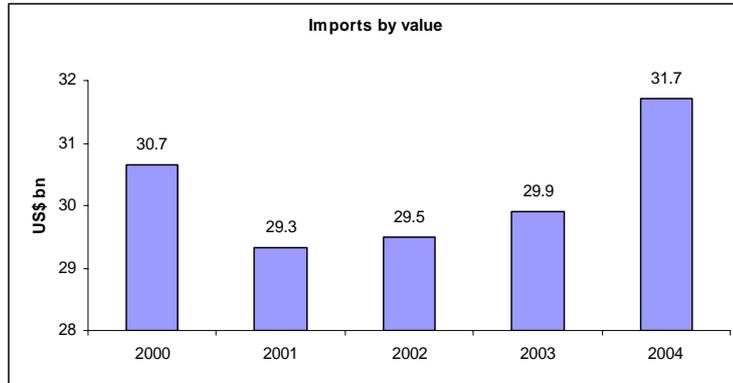


Source: UN Comtrade

Handicrafts Imports of USA

Trend of Imports by Value

USA's imports of Handicraft items have grown at 0.8% per annum during the period 2000-2004. Except for 2001, USA's imports of Handicrafts have steadily increased during this period, and were worth US\$ 31.7 bn in 2004.



Source: UN Comtrade

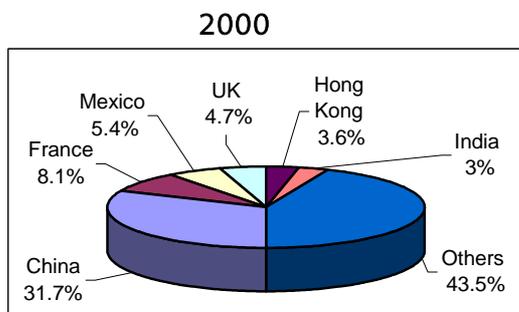
Major Players

China is the most dominant player in the US import market for Handicrafts, accounting for 37% of the total handicrafts imports of USA in 2004. Chinese exports in this market were about US\$ 11.7 bn, registering a CAGR of 4.8% since 2000. Other major exporters in the US import market for Handicrafts are France, Mexico, UK, Hong Kong, India, Italy and Indonesia.

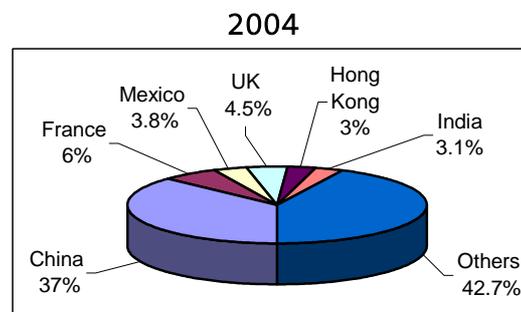
During 2000-2004, Mexico's handicrafts' exports to the US have declined steadily at 7.6% per annum. Consequently, its market share has reduced from 5.4% in 2000 to 3.8% in 2004. Similarly, exports of France and Hong Kong have declined at 6.5% and 3.7% per annum, respectively during this period.

India ranks sixth in the US import market for handicrafts, with a share of 3.1% in 2004. India's Handicrafts exports have grown modestly in this market, witnessing an annual growth of 1.5% during the period under review.

Major Players



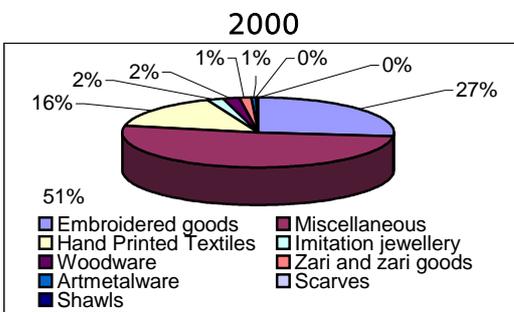
Source: UN Comtrade



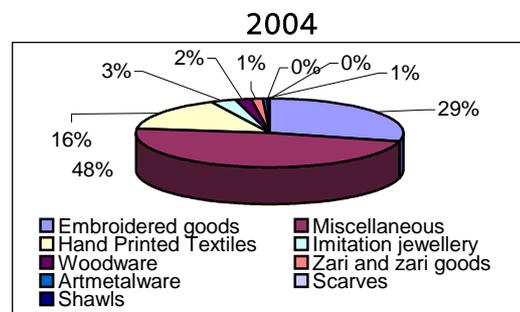
Composition of Imports

Miscellaneous handicraft items (which include Paintings and drawings, Pottery and Stuffed animals etc) are the largest import category, representing 48% of USA’s handicrafts’ import basket in 2004. Hand-knitted and embroidered goods are the second largest category of imports in USA’s import basket for handicrafts, accounting for 28.8% of its total imports in 2004. The other important handicraft item imported by USA is Hand-Printed Textiles, accounting for 16% of the total import basket. The other categories of imports do not account for a significant share in USA’s import basket for Handicrafts.

Composition of US imports



Source: UN Comtrade



Source: UN Comtrade

India’s Position in the US Import Market for Handicrafts

| Category | Rank | % Share | Growth Rate* % |
|----------------------------------|------------------|---------|----------------|
| Hand-Printed Textiles | 5 th | 6.3 | 0.3 |
| Scarves | 4 th | 13.1 | 20.2 |
| Hand knitted & Embroidered goods | 5 th | 4.3 | 4.3 |
| Artmetalware | 3 rd | 12.3 | -6.6 |
| Woodware | 3 rd | 3 | 8.7 |
| Shawls | 4 th | 11.6 | -22.2 |
| Zari and Zari goods | 2 nd | 17.1 | 2.3 |
| Imitation jewellery | 6 th | 2.3 | -7.2 |
| Miscellaneous Handicrafts | 10 th | 1.4 | 0.2 |
| All Handicrafts | 6 th | 3.1 | 1.5 |

Source: UN Comtrade

Note: Rank is India’s position in the US import market in 2004

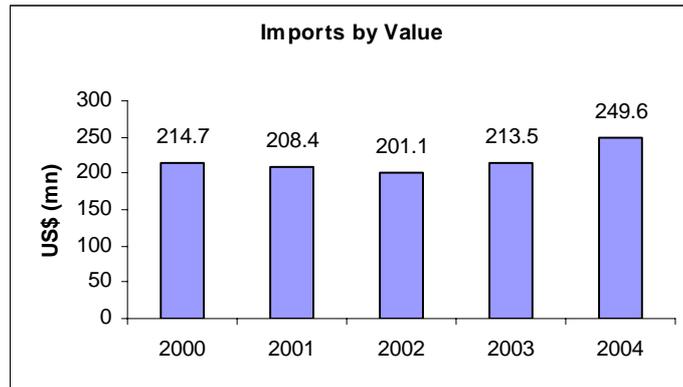
*CAGR for the period 2000-2004

CATEGORY WISE IMPORTS INTO THE US

Artmetalware

Trend of Imports by Value

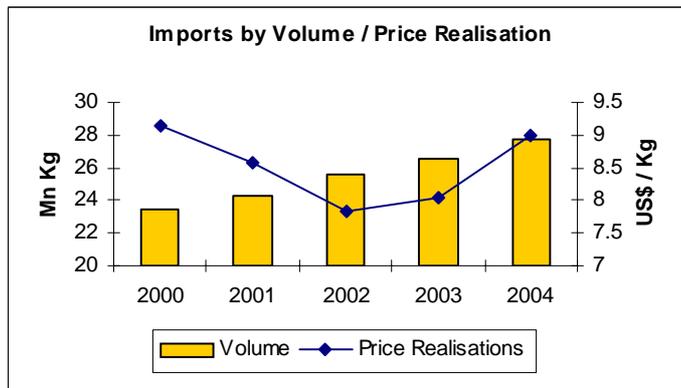
Imports of Artmetalware to the US fell at 3.2% per annum, from US\$ 214.7 mn in 2000 to US\$ 201.1 mn in 2002. Thereafter, the US imports of Artmetalwares increased steadily and stood at US\$ 249.6 mn in 2004.



Source: UN Comtrade

Trend of Price Realisations/ Volumes

The US import volumes of Artmetalwares increased at about 4.3% per annum, from 23.5 mn kg in 2000 to 27.8 mn kg in 2004. The average price realisations of the exporters in this import market decreased from US\$ 9.14 per kg in 2000 to US\$ 7.84 per kg in 2002, and thereafter rose to US\$ 8.98 per kg in 2004,



Source: UN Comtrade

recording an overall decline of 1.68% during the whole period.

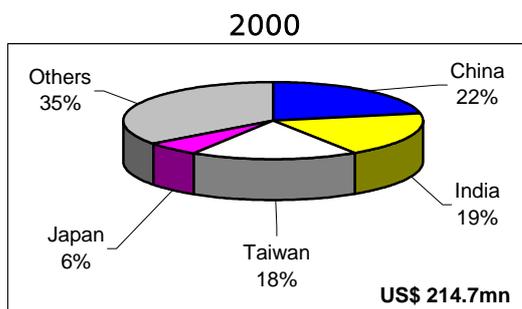
The average price realisations of exporters of Artmetalwares in the US import market ranged between US\$ 3.89 per kg to US\$ 448.5 per kg. Countries operating in the higher price segment include Russia, France, Austria and Lithuania. Australia, UK, Germany and Finland operate in the mid price segment whereas India, Taiwan, Thailand, Pakistan and China operate in the lower price segments.



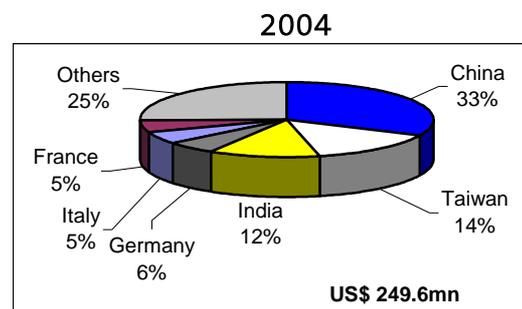
Major Players

China is the largest player in the US import market for Artmetalwares, constituting about 33% of the total market in 2004. In value terms, China's exports of Artmetalwares to the US stood at US\$ 80 mn in 2004. Taiwan, India, Germany and Italy are other major players having 14.3%, 12.3%, 5.6% and 5.3% of the market share in 2004, respectively. Together these five countries accounted for nearly 69% of the total US market for Artmetalwares.

Major Players



Source: UN Comtrade



Source: UN Comtrade

Market Outperformers

During 2000-2004, Chinese exporters have performed well in the US import market for Artmetalware, recording a CAGR of 14.1% in their exports in terms of value. Export volumes of Chinese exporters have risen at about 13% per annum despite a marginal increase in its prices by 3.7% (from US\$ 6.95 per kg in 2000 to US\$ 7.2 per kg in 2004). Consequently, China's share in this market has increased by 10.1 percentage points between 2000 and 2004.

German exporters of Artmetalwares to the US have seen their exports increase at about 28% per annum during 2000-2004. Consequently, it has gained market share by 3.2 percentage points and improved its ranking from tenth in 2000 to fourth in 2004. German exporters reduced their prices by nearly 11% in 2004 over that of 2000. As such their export volumes have increased at nearly 31% per annum during this period.

Similarly, Italy and Turkey have also performed well in this market, gaining market share by 1.8 percentage points and 1.6 percentage points during the period under review, respectively.

Market Laggards

India's performance in the US import market for Artmetalwares has been lackluster, registering a decline of 6.6% per annum in its exports (value wise) and 7.8% per annum (volume wise) during 2000-2004. Consequently, India has suffered a market share loss of 6.5 percentage points during 2000-2004. As such,



India's rank has slipped from second in 2000 to third in 2004. India's exports of Artmetalwares to the US stood at US\$ 30.6 mn in 2004 compared to US\$ 40.3 mn in 2000. This can be attributed to the increase in prices of Artmetalwares by the Indian exporters during this period which resulted in a fall in export volumes; prices have risen by 5.4% during the period under review.

Japan and Taiwan have also shown poor performances, losing market share by 4.1 percentage points and 3.8 percentage points during the period under review, respectively. Japanese and Taiwanese exports declined at 22.8% and 2% per annum respectively during this period.

Gainers and Losers during 2000-2004

The following table lists the leading exporters of Artmetalwares to the US, whose exports have risen in the period under review, leading to a rise in their market shares. It also lists those countries that were leading players in 2000 but have seen their fortunes decline in the next four years.

| Country | CAGR 2000-2004 (%) | Market Share change | Rank | |
|--------------|-----------------------|------------------------|----------|----------|
| | | | 2004 | 2000 |
| China | 14.1 | 10.1 | 1 | 1 |
| Germany | 28.1 | 3.2 | 4 | 10 |
| Italy | 15.1 | 1.8 | 5 | 8 |
| Turkey | 26.1 | 1.6 | 9 | 12 |
| World | 3.8 | 0.0 | 0 | 0 |
| Taiwan | -2.1 | -3.8 | 2 | 3 |
| Japan | -22.8 | -4.1 | 12 | 4 |
| India | -6.6 | -6.5 | 3 | 2 |

Source: UN Comtrade

Note: CAGR is calculated on imports in value terms

Market share change is in terms of percentage points

Price realisations of leading countries vis-à-vis those of India

| Country | Realisations (US\$/kg) | | % change |
|----------|------------------------|------|----------|
| | 2004 | 2000 | |
| China | 7.2 | 6.9 | 3.6 |
| Taiwan | 8.7 | 8.9 | -2.2 |
| India | 6.9 | 6.6 | 5.4 |
| Germany | 18.4 | 20.7 | -10.9 |
| Italy | 17.1 | 14 | 21.9 |
| France | 74.7 | 64.6 | 15.6 |
| Thailand | 6.7 | 6.3 | 5.4 |
| UK | 25.5 | 20.8 | 22.2 |
| Turkey | 6.2 | 7.3 | -14.8 |
| Canada | 11.2 | 10.9 | 2.2 |

Source: UN Comtrade



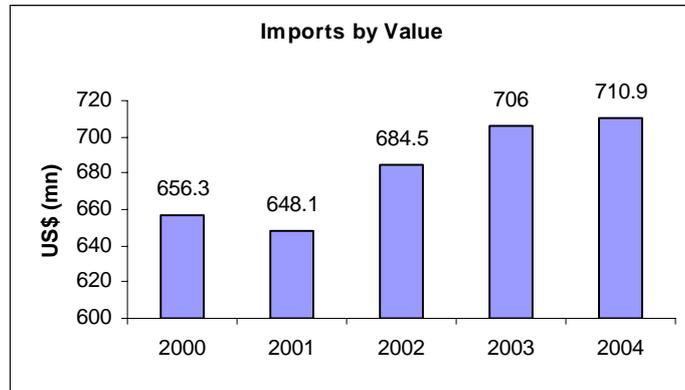
Market Concentration

The Herfindahl-Hirschman Index for USA's import market of Artmetalwares stood at 15.3% in 2004. This indicates that the market is moderately concentrated. The HHI in 2000 stood at 12.9%, indicating that the market has remained moderately concentrated throughout the period 2000 to 2004.

Wood Wares

Trend of Imports by Value

Imports of Wood Wares by the US fell marginally by 1.3% in 2001 (from US\$ 656.3 mn in 2000 to US\$ 648.1 mn in 2001). Thereafter, imports of Wood Wares by the US increased steadily and stood at US\$ 710.9 mn in 2004. The overall growth in Wood Ware imports by the US during 2000-2004 was at 2% per annum.

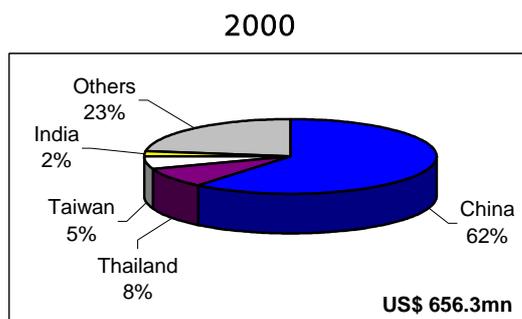


Source: UN Comtrade

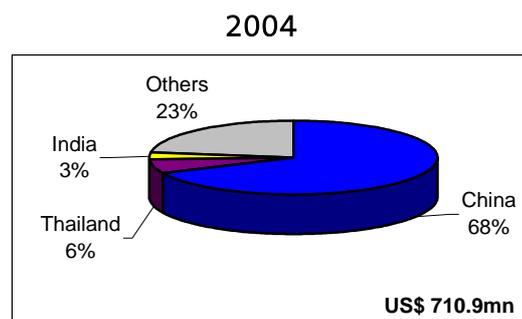
Major Players

China is the leading exporter of Wood Wares to the US, accounting for 68% market share in 2004, with exports worth US\$ 483.5 mn. Thailand is the other major Wood Wares exporter with a market share of 6.1% in 2004. Other players have marginal shares in this market. India accounted for nearly 3% market share in 2004.

Major Players



Source: UN Comtrade



Source: UN Comtrade

Market Outperformers

China has performed well in the US import market for Wood Wares, recording a CAGR of 4.9% for the period 2000 to 2004. China's market share has increased by 7.1 percentage points during this period.

Vietnamese exporters have performed well in the US import market for Wood Wares, recording a CAGR of 74.8% in their exports from 2000 to 2004. Vietnam's exports of Wood Ware stood at US\$ 9.5 mn in 2004 as compared to US\$ 1 mn in



2000. As such, Vietnam’s market share has increased from 0.16% in 2000 to 1.3% in 2004 and its ranking has improved from twenty-eight to eighth during the same period. India and France are other exporting countries, which have witnessed market share gains of 0.7 percentage points and 0.2 percentage points, respectively.

Market Laggards

Taiwan witnessed a fall in its market share by 2.7 percentage points between 2000 and 2004. Taiwanese exports declined at 13.8% per annum during the period 2000 to 2004. In value terms, Taiwan’s exports of Wood Ware to the US stood at US\$ 19.8 mn in 2004 as compared to US\$ 35.8 mn in 2000. As a result, Taiwan’s rank fell from third in 2000 to fifth in 2004.

Thailand and Philippines are among the other market laggards witnessing market share loss of 2.4 percentage points and 1.1 percentage points during 2000-2004, respectively.

Gainers and Losers during 2000-2004

The following table lists the leading exporters of Wood Wares to the US, whose exports have risen in the period under review, leading to a rise in their market shares. It also lists those countries that were leading players in 2000 but have seen their fortunes decline in the next four years.

| Country | CAGR 2000-2004 (%) | Market Share change | Rank | |
|--------------|-----------------------|------------------------|------|------|
| | | | 2004 | 2000 |
| China | 4.9 | 7.1 | 1 | 1 |
| Viet Nam | 74.8 | 1.2 | 8 | 28 |
| India | 8.7 | 0.7 | 3 | 6 |
| France | 8.9 | 0.2 | 11 | 12 |
| World | 2 | | | |
| Philippines | -9.2 | -1.1 | 6 | 5 |
| Thailand | -6. | -2.4 | 2 | 2 |
| Taiwan | -13.8 | -2.7 | 5 | 3 |

Source: UN Comtrade

Note: CAGR is calculated on imports in value terms

Market share change is in terms of percentage points

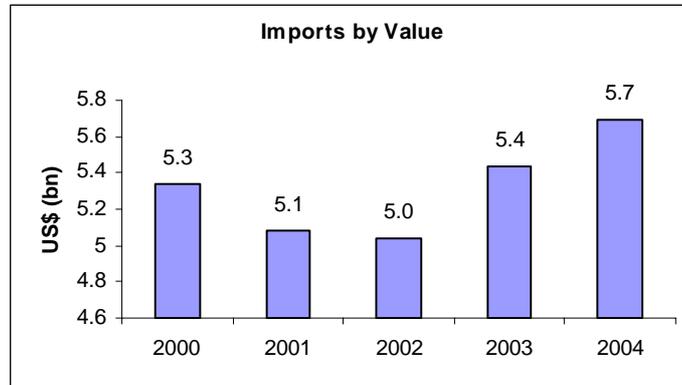
Market Concentration

The Herfindahl-Hirschman Index for USA’s import market of Wood Wares stood at 47% in 2004 and 38.6% in 2000, indicating that the US market for Wood Wares is highly concentrated. The reason for such high market concentration is that the top four countries together account for 80% of the market and hence competition from other countries is negligible.

Hand Printed Textiles

Trend of Imports by Value

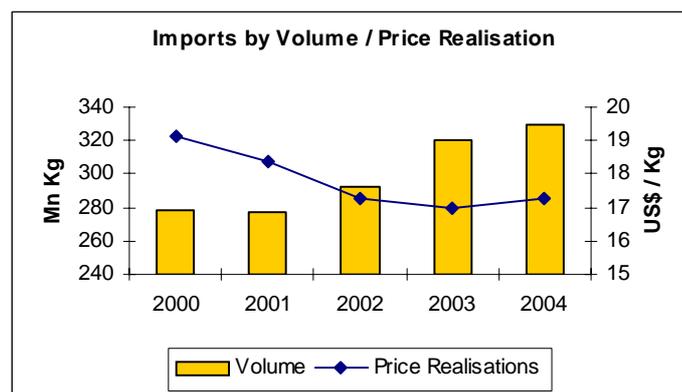
Imports of Hand Printed Textiles by the US fell at about 2.8% per annum between 2000 and 2002 (from US\$ 5.3 bn in 2000 to US\$ 5 bn in 2002). Thereafter, imports grew at 6.3% per annum and stood at US\$ 5.7 bn in 2004.



Source: UN Comtrade

Trend of Price Realisations/ Volumes

The volume of Hand Printed Textiles imported by the US increased from 278 mn kg in 2000 to almost 330 mn kg in 2004. For the period 2000 to 2004, the overall growth of imports of Hand Printed Textiles, in volumes terms, was 4.3% per annum.



Source: UN Comtrade

The average price

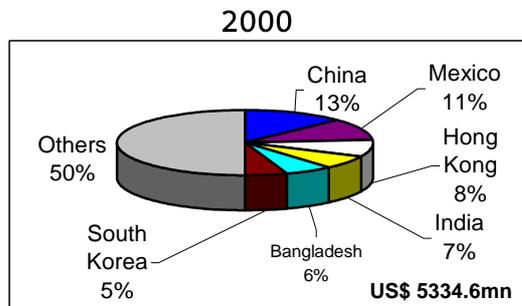
realisations of exporters of Hand Printed Textiles to the US fell by 11.3% from 2000 to 2003. In 2004, the average price realisations rose marginally and stood at US\$ 17.28 per kg.

The average price realisations of exporters of Hand Printed Textiles in the US import market ranged between US\$ 2.6 per kg to US\$ 150.6 per kg. Countries that operate in the high price segments include France, Finland, Italy and Slovenia. Countries operating in the mid-price segments include India, UK, Japan and Singapore, while countries like Netherlands, Russia, Saudi Arabia and Pakistan operate in the lower price segments.

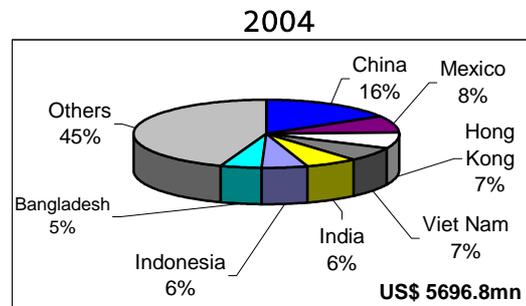
Major Players

China is the largest player in the US import market for Hand Printed Textiles, constituting about 16.4% market share, with exports worth US\$ 931 mn in 2004. Mexico, Hong Kong and Viet Nam are among the other major players of Hand Printed Textiles, with market shares of 8.2%, 7.3% and 6.9% in 2004, respectively. Together these countries constitute nearly 39% of the total import market in 2004. India ranked fifth in the market, with a share of 6.3% in 2004.

Major Players



Source: UN Comtrade



Source: UN Comtrade

Market Outperformers

Chinese exporters have witnessed a CAGR of nearly 8% in their exports of Hand Printed Textiles to the US during 2000-2004, enabling China to gain market share by 3.5 percentage points during that period. Chinese exporters reduced their prices by 26% from 2000 to 2004, due to which their export volumes increased at about 16% per annum during that period.

Viet Nam posted a massive CAGR of nearly 200% in its exports of Hand printed textiles to the US during 2000-2004, which helped it to increase its market share by 6.8 percentage points and improve its ranking from a very low position in 2000 to fourth in 2004. Vietnamese exporters increased their prices by 64.3% from 2000 to 2004 and still managed to increase their exports multiple times, reflecting their increased competitiveness.

Cambodia and Jordan are some other major players, which have recorded a market share gain of 1.3 percentage points and 0.9 percentage points respectively between 2000 and 2004.

Market Laggards

Mexican exporters of Hand Printed Textiles to the US showed dismal performance during the period 2000 to 2004. Mexican exports of Hand Printed Textiles witnessed declined at 5.1% per annum during 2000 to 2004, due to which Mexico witnessed a market share loss of 2.6 percentage points during this period. In value terms, Mexico's exports of Hand Printed Textiles stood at US\$ 468 mn in 2004 as compared to US\$ 577 mn in 2000. The Mexican exporters' price realisations were 5.5% higher in 2004 over that of 2000, due to which their export volumes fell during this period (at about 6.4% per annum).

Taiwan and South Korea are among the other market laggards. Taiwanese exports recorded a negative CAGR of 11.4% during 2000-2004, due to which Taiwan lost its market share by 1.25 percentage points. Similarly, South Korea witnessed an



annual decline of 11.7% in its exports, resulting in a market share loss of 2.26 percentage points during the period under review.

Gainers and Losers during 2000-2004

The following table lists the leading exporters of Hand Printed Textiles to the US, whose exports have risen in the period under review, leading to a rise in their market shares. It also lists those countries that were leading players in 2000 but have seen their fortunes decline in the next four years.

| Country | CAGR 2000-2004 (%) | Market Share Change | Rank | |
|--------------|-----------------------|------------------------|------|------|
| | | | 2004 | 2000 |
| Viet Nam | 19.9 | 6.8 | 4 | 53 |
| China | 7.9 | 3.5 | 1 | 1 |
| Cambodia | 19.6 | 1.3 | 11 | 19 |
| Jordan | 90.7 | 0.9 | 22 | 54 |
| World | 1.7 | | | |
| Taiwan | -11.4 | -1.2 | 17 | 10 |
| South Korea | -11.7 | -2.3 | 10 | 6 |
| Mexico | -5.1 | -2.6 | 2 | 2 |

Source: UN Comtrade

Note: CAGR is calculated on imports in value terms
Market share change is in terms of percentage points

Price realisations of leading countries vis-à-vis those of India

| Country | Realisation (US\$/kg) | | % change |
|-------------|-----------------------|------|----------|
| | 2004 | 2000 | |
| China | 16.6 | 22.4 | -26.1 |
| Mexico | 13.4 | 12.6 | 5.5 |
| Hong Kong | 23.2 | 23.7 | -2.3 |
| Viet Nam | 16 | 9.7 | 64.3 |
| India | 20.6 | 22 | -6.4 |
| Indonesia | 21.5 | 23.6 | -8.9 |
| Bangladesh | 14.2 | 15.1 | -5.7 |
| Sri Lanka | 17.7 | 20.8 | -15.2 |
| Philippines | 23.1 | 25.5 | -9.6 |
| South Korea | 14.8 | 23.5 | -37 |

Source: UN Comtrade

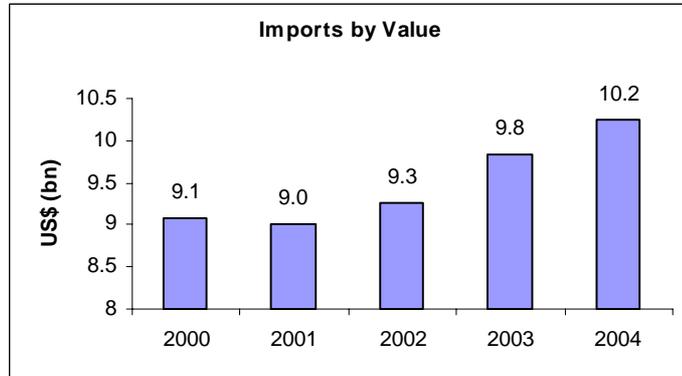
Market Concentration

The Herfindahl-Hirschman Index for USA's import market of Hand Printed Textiles stood at 6.2% in 2004, indicating that the market is highly competitive. The market for Hand Printed Textiles has remained competitive for the period 2000 to 2004. The HHI in 2000 was 5.8%.

Handknitted & Embroidered Goods

Trend of Imports by Value

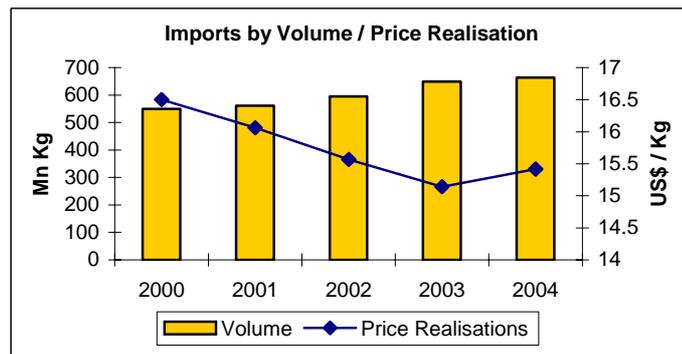
Imports of Handknitted and Embroidered goods by the US fell marginally by 0.8%, from US\$ 9.1 bn in 2000 to US\$ 9 bn in 2001. Thereafter, the imports increased continuously at an annual rate of 4.4% and stood at US\$ 10.2 bn in 2004.



Source: UN Comtrade

Trend of Price Realisations/ Volumes

The overall US imports of Handknitted and Embroidered goods in terms of volumes increased from 550 mn kg in 2000 to 664 mn kg in 2004, witnessing an overall growth of 4.8% per annum during this period. The average price realisations of exporters of embroidered goods to the US declined by



Source: UN Comtrade

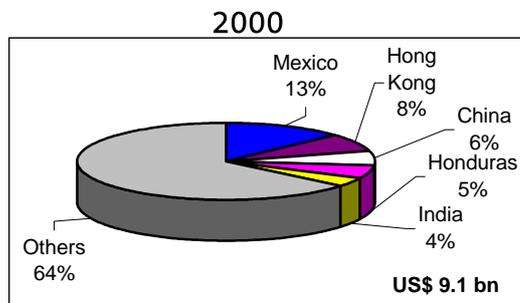
6.5%, from US\$ 16.5 per kg in 2000 to US\$ 15.4 per kg in 2004.

The average price realisations of exporters of Handknitted and Embroidered goods to the US in 2004 ranged between US\$ 3.1 per kg and US\$ 155.5 per kg. Some of the countries operating in the high price segment are Slovenia, Luxembourg, France, Finland and Italy. Countries like Malaysia, Australia, India, Indonesia and China operate in the mid price segment, while countries like Kazakhstan, Mali, Nigeria, Ethiopia, Senegal and Mexico operate in the low price segments.

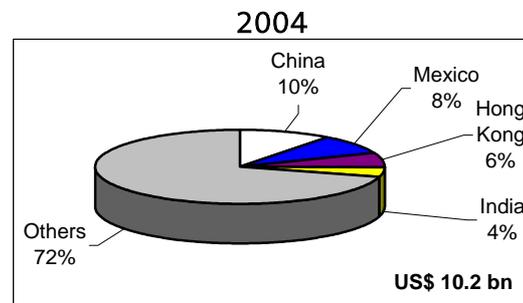
Major Players

China is the largest exporter of Handknitted and Embroidered goods in the US import market, accounting for a market share of about 10.3%, with exports worth almost US\$ 1.1 bn in 2004. The other prominent players in this market are Mexico, Hong Kong and Honduras with market shares of 8.4%, 6.4% and 4.9% in 2004, respectively. These four countries together accounted for 30% of the total US import market for Handknitted and Embroidered goods in 2004. India ranks fifth in this market, with a share of 4.25% in 2004.

Major Players



Source: UN Comtrade



Source: UN Comtrade

Market Outperformers

China has been one of the most impressive market performers, having recorded a CAGR of nearly 18% in its exports (value wise) during 2000-2004. Consequently, its share in this import market has increased by 4.2 percentage points during this period, enabling it to emerge as the leading exporter from its erstwhile third position. This can be attributed to the reduction in the price realisations of Chinese exporters. Chinese exporters of Handknitted and Embroidered goods to the US reduced their prices by 31% from 2000 to 2004.

Vietnam has seen a significant improvement in its exports of Handknitted and Embroidered goods to the US during the period under review. Vietnamese exports have increased multiple times, from US\$ 6.5 mn in 2000 to US\$ 417.7 mn in 2004. The major surge in its exports occurred in 2003, when exports increased to almost three times that of the previous year. Consequently, its rank in the US import market for Handknitted and Embroidered goods has improved from a significantly low position in 2000 to sixth in 2004 and its market share has increased from mere 0.07% in 2000 to 4.1% in 2004. Vietnamese exporters have achieved this feat by increasing their export volumes as well as the prices of the Embroidered goods in the US import market, reflecting their increased competitiveness in this market. Vietnamese exporters increased their prices by almost 67% in 2004 as against that of 2000.

Other players that have witnessed a significant improvement in their market shares during the period under review are Jordan and Cambodia, gaining market share by 1.9 and 1.3 percentage points, respectively.



Market Laggards

Mexico, the erstwhile market leader in 2000, has shown poor performance during the period under review, recording a negative CAGR of 7.7% in its exports of Handknitted and Embroidered goods to the US. In value terms, Mexico's exports of embroidered goods to the US stood at US\$ 864 mn in 2004 compared to US\$ 1.2 bn in 2000. Mexico's market share declined by 4.7 percentage points during this period, which has pulled its rank down to second place (after China) in 2004. Mexican exporters reduced their prices marginally, from US\$ 11.3 per kg in 2000 to US\$ 11.1 per kg in 2004, but were unable to increase their export volumes, which declined at 7.3% per annum between 2000 and 2004.

Similarly, Hong Kong, the erstwhile second largest exporter of Handknitted and Embroidered goods in this market in 2000, has slipped down to third position in 2004, losing market share by 1.1 percentage points. Initially, Hong Kong exporters reduced their prices from US\$ 25.4 per kg in 2000 to US\$ 23.1 per kg in 2001, which helped in increasing their export volumes. However, their export volumes have declined since 2003 and stood at 27.3 mn kg in 2004.

South Korean exports of Handknitted and Embroidered goods to the US declined at 5% per annum, leading to a market share loss of 1 percentage point between 2000 and 2004.

Gainers and Losers during 2000-2004

The following table lists the leading exporters of Handknitted and Embroidered goods to the US, whose exports have risen in the period under review, leading to a rise in their market shares. It also lists those countries that were leading players in 2000 but have seen their fortunes decline in the next four years.

| Country | CAGR 2000-2004 (%) | Market Share change | Rank | |
|--------------|-----------------------|------------------------|------|------|
| | | | 2004 | 2000 |
| China | 17.6 | 4.2 | 1 | 3 |
| Viet Nam | 182.9 | 4 | 6 | 63 |
| Jordan | 126 | 1.9 | 22 | 57 |
| Cambodia | 19.7 | 1.3 | 13 | 20 |
| World | 3.1 | | | |
| South Korea | -5 | -1 | 15 | 9 |
| Hong Kong | -1.1 | -1.1 | 3 | 2 |
| Mexico | -7.7 | -4.7 | 2 | 1 |

Source: UN Comtrade

Note: CAGR is calculated on imports in value terms

Market share change is in terms of percentage points



Price realisations of leading countries vis-à-vis those of India

| Country | Realisations (US\$/kg) | | % change |
|-------------|------------------------|------|----------|
| | 2004 | 2000 | |
| China | 17.7 | 25.7 | -31 |
| Mexico | 11.3 | 11.1 | -2.1 |
| Hong Kong | 24.1 | 25.4 | -5 |
| Honduras | 8.7 | 9.9 | -12.4 |
| India | 19 | 21.6 | -11.8 |
| Viet Nam | 15.5 | 9.3 | 66.9 |
| Guatemala | 14.6 | 17 | -14.2 |
| Indonesia | 19.5 | 21.1 | -7.6 |
| El Salvador | 9.4 | 11.1 | -15.8 |
| Thailand | 20.1 | 20.7 | -3.1 |

Source: UN Comtrade

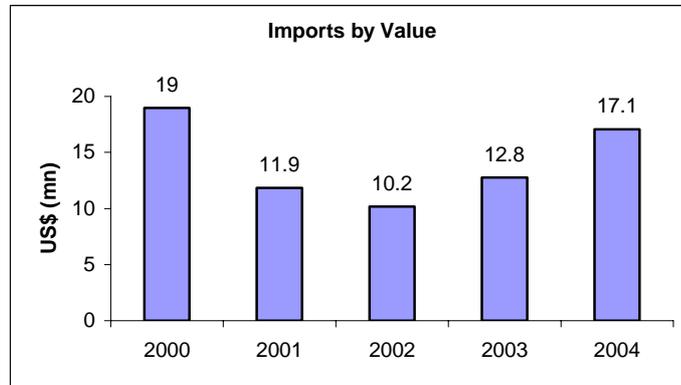
Market Concentration

The Herfindahl-Hirschman Index for USA's import market of Handknitted and Embroidered goods stood at 4.1% in 2004, indicating that the market is highly competitive. The market has remained competitive from 2000 to 2004. The HHI in 2000 stood at 4.7%. This high competitiveness could be because the top four exporting countries occupy 30% of the total market share, hence permitting competition from other players.

Shawls as Artware

Trend of Imports by Value

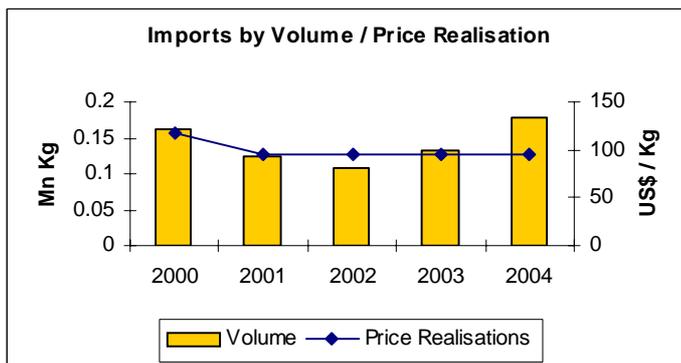
Imports of Shawls by the USA fell at 26.8% per annum during 2000-02. Thereafter, the imports of Shawls have shown a rising trend and were worth US\$ 17.1 mn in 2004. In overall terms, imports in 2004 were 10% lower than that in 2000.



Source: UN Comtrade

Trend of Price Realisations/ Volume

In terms of volumes, US imports of Shawls fell from 0.16 mn kg in 2000 to 0.11 mn kg in 2002 and thereafter rose to reach 0.18 mn kg in 2004.



Source: UN Comtrade

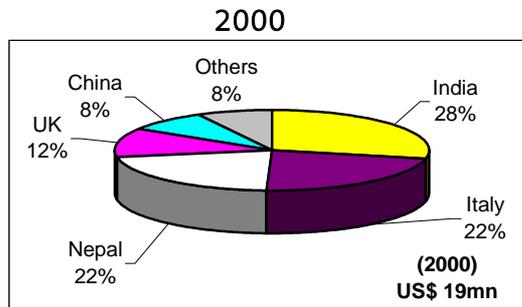
The average price realisations of exporters of Shawls to the US declined by 10%, from US\$ 117.2 per kg in 2000 to US\$ 94.9 per kg in 2002. Thereafter, the average price realisations rose marginally to US\$ 95.09 per kg in 2004. In overall terms, price realisations in 2004 were nearly 19% lower than that in 2000.

The average price realisations of exporters of Shawls to the US in 2004 ranged between US\$ 7.69 per kg to US\$ 273.91 per kg. Countries operating in the higher price segment include France, Canada, Spain and Belgium. Countries like South Africa, Hong Kong, India and Germany operate in the mid price segment, whereas countries like Mexico, Philippines, Netherlands and Pakistan operate in the lower price segment.

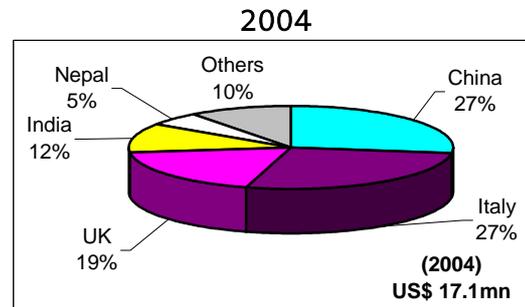
Major Players

China and Italy are the leading exporters of Shawls in the US import market, accounting for a market share of 27.2% each, with exports worth US\$ 4.6 mn in 2004. Other prominent players in this market include UK and India with market shares of 18.6% and 11.6% respectively. These four countries together accounted for nearly 85% of the total US import market for Shawls in 2004.

Major Players



Source: UN Comtrade



Source: UN Comtrade

Market Outperformers

China's performance in the US import market for Shawls has been impressive during 2000-2004. Chinese exporters recorded a CAGR of 31.2% in their exports (value wise) during 2000-2004. As a result, China's market share increased by almost 19 percentage points during this period and it emerged as the leading exporter in 2004 (from its earlier fifth position in 2000). This could be attributed to the fact that Chinese exporters reduced their prices by nearly 41%, from US\$ 121.9 per kg in 2000 to US\$ 72.1 per kg in 2004.

UK has been a prominent exporter of Shawls to the US, recording a CAGR of 9.2% in its exports for the period under review. UK has been able to increase its market share by nearly 7 percentage points over the period 2000 to 2004, which maybe attributed to the fact that prices of British exporters have increased by nearly 18% (from US\$ 125.06 per kg in 2000 to US\$ 147 per kg in 2004) along with the rise in their volume of exports (from 0.17 mn kg in 2000 to 0.21 mn kg in 2004). This also goes to show that UK is highly competitive in this market.

Other countries that have witnessed market share gains for the period 2000 to 2004 are Italy and France, gaining market shares of about 5 and 1.6 percentage points, respectively.

Market Laggards

India, the erstwhile leading exporter of Shawls to the US in 2000, has shown poor performance during the period under review. Indian exports of Shawls to the US declined steadily at a CAGR of 22.2% between 2000 and 2004. In value terms, India's exports of Shawls fell from US\$ 5.4 mn in 2000 to US\$ 2 mn in 2004. Hence, India suffered a market share drop of nearly 17 percentage points during this period. Indian exporters have not been able to increase the export volumes despite reducing their prices. The price realisations of Indian Shawl exporters were 41% lower in 2004 as compared to that of 2000, but still the export volumes declined during the period at about 11.2% per annum.



Philippines has seen a significant fall in its exports of Shawls to the US, recording a negative CAGR of 42% for the period 2000 to 2004. Philippines' market share fell by 0.2 percentage points for the period under review.

Nepal's exports of Shawls to the US declined at 31.7% per annum, leading to a market share loss of 16.5 percentage points between 2000 and 2004.

Gainers and Losers during 2000-2004

The following table lists the leading exporters of Shawls to the US, whose exports have risen in the period under review, leading to a rise in their market shares. It also lists those countries that were leading players in 2000 but have seen their fortunes decline in the next four years.

| Country | CAGR 2000-2004 (%) | Market Share change | Rank | |
|--------------|-----------------------|------------------------|------|------|
| | | | 2004 | 2000 |
| China | 31.2 | 19 | 1 | 5 |
| UK | 9.2 | 6.8 | 3 | 4 |
| Italy | 2.5 | 5.1 | 2 | 2 |
| France | 11.9 | 1.6 | 6 | 7 |
| World | -2.6 | | | |
| Philippines | -41.9 | -0.2 | 24 | 11 |
| Nepal | -31.7 | -16.5 | 5 | 3 |
| India | -22.2 | -16.8 | 4 | 1 |

Source: UN Comtrade

Note: CAGR is calculated on imports in value terms

Market share change is in terms of percentage points

Price realisations of leading countries vis-à-vis those of India

| Country | Realisations (US\$/kg) | | % change |
|---------|------------------------|-------|----------|
| | 2004 | 2000 | |
| China | 72.1 | 121.9 | -40.9 |
| Italy | 154.6 | 151.5 | 2.1 |
| UK | 146.9 | 125.1 | 17.5 |
| India | 60.8 | 103.1 | -41 |
| Nepal | 78.2 | 132.4 | -40.9 |
| France | 273.9 | 216.1 | 26.7 |
| Germany | 75.5 | 56 | 35 |
| Ireland | 74.1 | 46.2 | 60.2 |
| Peru | 59.9 | 72.9 | -17.9 |
| Canada | 262.7 | 208 | 26.3 |

Source: UN Comtrade



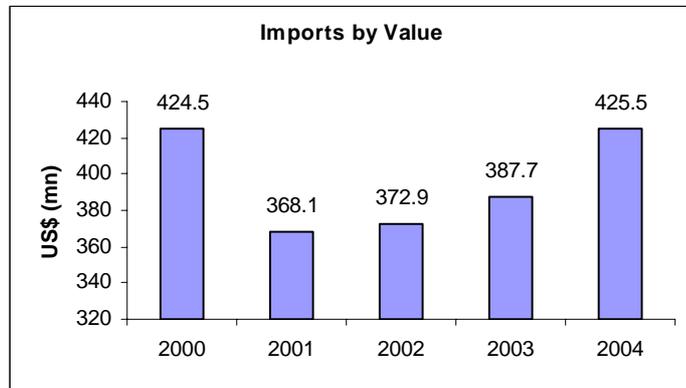
Market Concentration

The Herfindahl-Hirschman Index for USA's import market of Shawls stood at 20.1% in 2004 as against 19.9% in 2000, indicating that the market for Shawls is highly concentrated. This is because the top four exporting countries together account for 85% percent of the total market, thereby preventing competition from other countries.

Zari & Zari Goods

Trend of Imports by Value

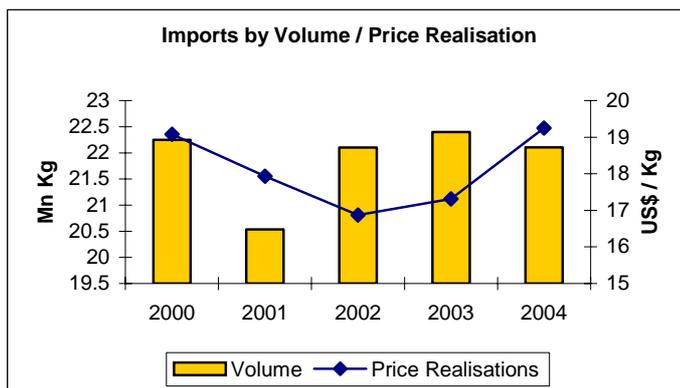
Imports of Zari & Zari goods by the US fell by 13.3% from US\$ 424.5 mn in 2000 to US\$ 368 mn in 2001. Thereafter, imports of Zari & Zari goods by the US rose at almost 5% per annum to touch US\$ 426 mn in 2004.



Source: UN Comtrade

Trend of Price Realisations/ Volumes

In terms of volume, US imports of Zari & Zari goods in 2001 declined by 7.7%, from US\$ 22.2 mn in 2000 to US\$ 20.5 mn in 2001. Thereafter, the imports witnessed a mixed trend and stood at US\$ 22.1 mn in 2004.



Source: UN Comtrade

The average price realisations of exporters of Zari & Zari goods to the US declined from US\$ 19.1 per kg in 2000 to US\$ 16.9 per kg in 2002, a fall of nearly 12%. Thereafter, the price realisations rose and stood at US\$ 19.25 per kg in 2004. In overall terms, price realisations declined marginally by 0.87% from 2000 to 2004.

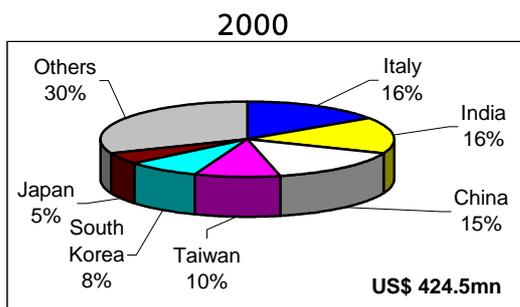
The average price realisations of Zari & Zari goods in the US import market in 2004 ranged between US\$ 1.2 per kg to US\$ 65.2 per kg. Countries operating in the higher price segment include Singapore, France, Viet Nam and India. Spain, South Korea, Belgium and Germany operate in the mid price segment and countries like Mexico, Canada, Pakistan and Philippines operate in the lower price segment.



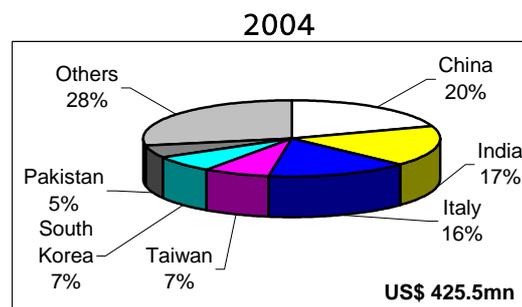
Major Players

China has the largest share in the US market for Zari & Zari goods, constituting nearly 20% of the total market in 2004. China's exports of Zari & Zari goods to the US stood at US\$ 84.3 mn in 2004. The other prominent players in this market include India, Italy, Taiwan and South Korea with market shares of 17.1%, 15.7%, 7.3% and 6.9%, respectively. These five countries together account for nearly 67% of the total US import market for Zari & Zari goods.

Major Players



Source: UN Comtrade



Source: UN Comtrade

Market Outperformers

China's performance has been impressive in the US import market for Zari & Zari goods during 2000-2004. China recorded a CAGR of nearly 7.2% in its exports of Zari & Zari goods to the US during 2000-2004 and gained market share by 4.8 percentage points. Consequently, it has emerged as the top exporter of this item to the US, from its earlier third rank in 2000. This can be attributed to the pricing strategy adopted by the Chinese exporters in this market. China's price realisations fell by nearly 10% from 2000 to 2004, resulting in an increase in the export volumes, which grew annually at about 10% during that period.

Turkey recorded a CAGR of nearly 31.1% in its exports of Zari & Zari goods to the US for the period 2000 to 2004 and gained market share by 3.1 percentage points during that period. Turkey's exports of Zari & Zari goods increased from US\$ 6.7 mn in 2000 to US\$ 19.8 mn in 2004. Turkey witnessed a major jump in its rank, from fourteenth in 2000 to seventh in 2004. Turkish export volumes have risen at more than 22% per annum during 2000-2004, despite the increase in the prices by the exporters. Turkey's price realisations in this market rose by 32.4% from 2000 to 2004.

Pakistan and India are among the other prominent players that have gained market shares by 1.5 and 1.4 percentage points during 2000-2004, respectively.



Market Laggards

Japanese exports of Zari & Zari goods in the US import market have shown lacklustre performance during the period under review. Japan's exports fell from US\$ 21.4 mn in 2000 to US\$ 8.6 mn in 2004, registering an annual decline of 20.4% during this period. Japanese exports fell in volume terms as well, despite the efforts of Japanese exporters to retain their export volumes by reducing prices. Japanese price realisations in 2004 were almost 10% lower than that in 2000, but still the export volumes reduced to half, from 1.1 mn kg in 2000 to just 0.5 mn kg in 2004. Japan's market share fell by 3 percentage points and its rank dropped from sixth in 2000 to eleventh in 2004.

During the period under review, Hong Kong and Taiwan were among the other market laggards witnessing market share loss of 1.4 and 2.3 percentage points respectively.

Gainers and Losers during 2000-2004

The following table lists the leading exporters of Zari & Zari goods to the US, whose exports have risen in the period under review, leading to a rise in their market shares. It also lists those countries that were leading players in 2000 but have seen their fortunes decline in the next four years.

| Country | CAGR 2000-2004 (%) | Market Share change | Rank | |
|--------------|-----------------------|------------------------|------|------|
| | | | 2004 | 2000 |
| China | 7.2 | 4.8 | 1 | 3 |
| Turkey | 31.1 | 3.1 | 7 | 14 |
| Pakistan | 8.9 | 1.5 | 6 | 9 |
| India | 2.3 | 1.4 | 2 | 2 |
| World | 0.1 | | | |
| Hong Kong | -20.8 | -1.4 | 16 | 11 |
| Taiwan | -6.6 | -2.3 | 4 | 4 |
| Japan | -20.4 | -3.0 | 11 | 6 |

Source: UN Comtrade

Note: CAGR is calculated on imports in value terms

Market share change is in terms of percentage points



Price realisations of leading countries vis-à-vis those of India

| Country | Realisations (US\$/kg) | | % change |
|-------------|------------------------|------|----------|
| | 2004 | 2000 | |
| China | 16.6 | 18.3 | -9.6 |
| India | 45.1 | 40.7 | 10.6 |
| Italy | 43.4 | 38.7 | 12.2 |
| Taiwan | 15 | 15.5 | -3.4 |
| South Korea | 25.6 | 26.9 | -4.9 |
| Pakistan | 7.7 | 10.2 | -24.5 |
| Turkey | 12.7 | 9.6 | 32.4 |
| France | 50.9 | 36.3 | 40.1 |
| Mexico | 9.7 | 6.7 | 44.4 |
| UK | 38.2 | 48.1 | -20.6 |

Source: UN Comtrade

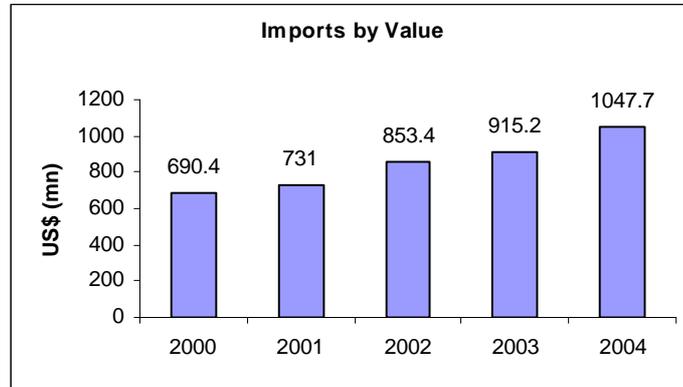
Market Concentration

The Herfindahl-Hirschman Index for USA's import market for Zari & Zari goods stood at 11.2% in 2004 indicating that the market is moderately concentrated. The market has moved from being highly competitive in 2000 to moderately concentrated in 2004. The HHI in 2000 stood at 9.7%. This movement from being competitive to moderately concentrated can be attributed to the increase in market shares of the top two exporters viz. China and India.

Imitation Jewellery

Trend of Imports by Value

Imports of Imitation Jewellery by the US have increased steadily over the period 2000 to 2004. In 2000, imports of Imitation Jewellery were valued at US\$ 690.4 mn and since then have risen to over US\$ 1 bn in 2004. The overall growth in imports was nearly 11% per annum for the period 2000 to 2004.

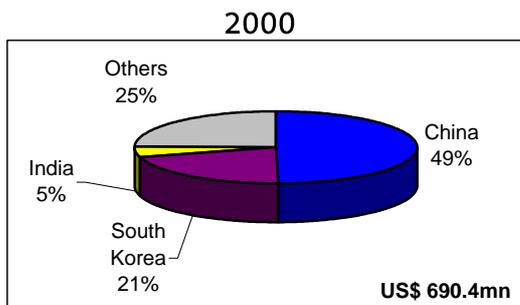


Source: UN Comtrade

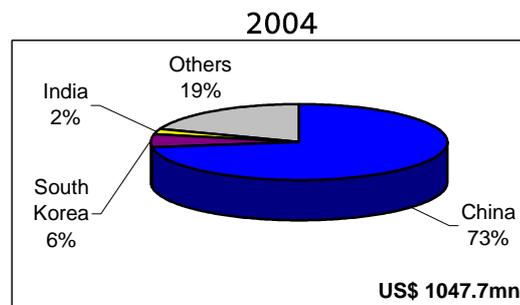
Major Players

China is the most dominant exporter of Imitation Jewellery to the US, accounting for 72.8% market share in 2004. In value terms, China's exports to the US stood at US\$ 762.3 mn in 2004. South Korea is the second largest exporter with a share of 5.6%. All other players account for a small share in this market. Although India ranked sixth in this market in 2004, its market share was just 2.3%.

Major Players



Source: UN Comtrade



Source: UN Comtrade

Market Outperformers

During 2000-2004, China remained the largest exporter of Imitation jewellery to the US, recording a CAGR of 22.1% in its exports. Chinese exporters have been successful in increasing their dominance in this market; China gained market share by 23.1 percentage points during this period, primarily at the expense of South Korea.

Italy has recorded a CAGR of 19.1% in its exports of Imitation jewellery to the US for the period 2000 to 2004, gaining market share marginally by



0.5 percentage points. Italy's rank however has improved from ninth in 2000 to seventh in 2004. During this period, Turkey and Israel have also witnessed marginal market share gains of 0.2 percentage points and 0.1 percentage points, respectively.

Market Laggards

Although South Korea remains the second largest exporter of Imitation jewellery to the US, its exports have declined considerably during 2000-2004. South Korean exports declined annually at about 20% during this period. Consequently, it has lost a considerable market share to the competitor China; South Korea's market share decreased by 15.3 percentage points during the period under review.

India too has shown lacklustre performance, with exports declining at 7% per annum resulting in a loss of market share by 2.4 percentage points during the period under review. Consequently, Indian has slipped down from third rank in 2000 to sixth in 2004. Mexico also recorded a 4.8% annual decline in its exports, resulting in a market share loss of 1.1 percentage points for the period 2000 to 2004.

Gainers and Losers during 2000-2004

The following table lists the leading exporters of Imitation Jewellery to the US, whose exports have risen in the period under review, leading to a rise in their market shares. It also lists those countries that were leading players in 2000 but have seen their fortunes decline in the next four years.

| Country | CAGR 2000-2004 (%) | Market Share change | Rank | |
|--------------|-----------------------|------------------------|------|------|
| | | | 2004 | 2000 |
| China | 22.1 | 23.1 | 1 | 1 |
| Italy | 19.1 | 0.5 | 7 | 9 |
| Turkey | 43.2 | 0.2 | 21 | 28 |
| Israel | 18.7 | 0.1 | 11 | 17 |
| World | 11 | | | |
| Mexico | -4.7 | -1.1 | 8 | 7 |
| India | -7.2 | -2.4 | 6 | 3 |
| South Korea | -20 | -15.3 | 2 | 2 |

Source: UN Comtrade

Note: CAGR is calculated on imports in value terms

Market share change is in terms of percentage points



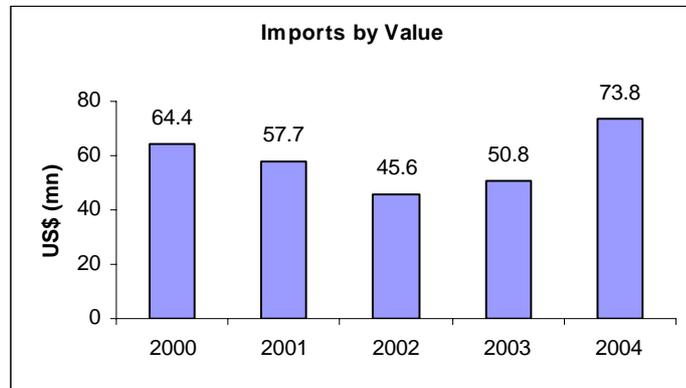
Market Concentration

The Herfindahl-Hirschman Index for USA's import market of Imitation Jewellery stood at 53.6% in 2004 as against 29.7% in 2000, indicating that the US market for Imitation Jewellery is highly concentrated and the degree of concentration has increased during the period under review. This is primarily on account of increased dominance of China, which currently accounts for about 73% of the total US import market for Imitation jewellery.

Scarves

Trend of Imports by Value

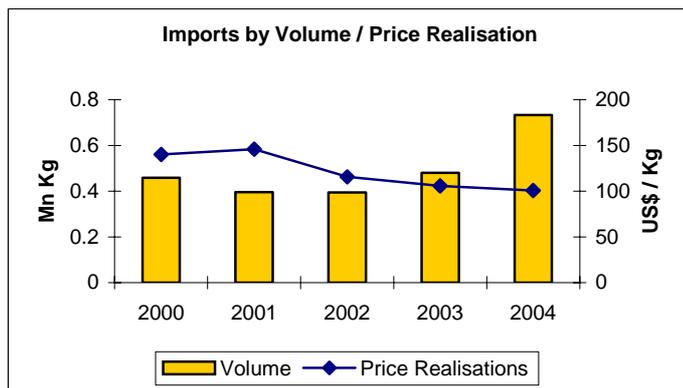
Imports of Scarves by the US declined at 15.8% per annum during the period 2000 to 2002. Thereafter, imports of scarves by the US increased at 27.2% annually to reach US\$ 73.8 mn in 2004. Imports in 2004 were about 15% higher than the imports in 2000.



Source: UN Comtrade

Trend of Price Realisations/Volumes

In volume terms, US imports of Scarves increased from 459,000 kg in 2000 to 733,000 kg in 2004, recording an overall growth of 12% per annum during the period 2000 to 2004.



Source: UN Comtrade

Average price realisations of exporters of Scarves to the US rose marginally from US\$ 140.2 per kg in 2000 to US\$ 145.8 per kg in 2001, an increase of 3.9%. Thereafter, the average price realisations declined from US\$ 145.8 per kg in 2001 to US\$ 100.6 per kg in 2004. Overall the average price realisations of exporters of Scarves fell by 28.2% between 2000 and 2004.

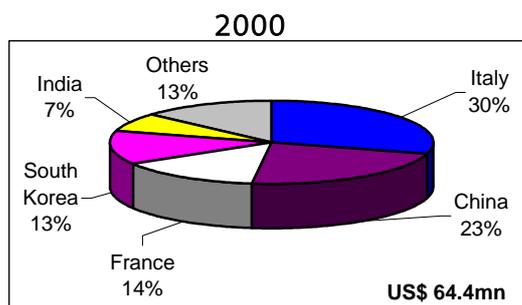
The average price realisations of Scarves in the US import market in 2004 ranged between US\$ 13.52 per kg to US\$ 655.59 per kg. Austria, Canada, Italy and Japan operate in the higher price segment, whereas Mexico, Germany, India and China operate in the mid-price segment. South Africa, Pakistan, Saudi Arabia and Egypt operate in the lower price segment.



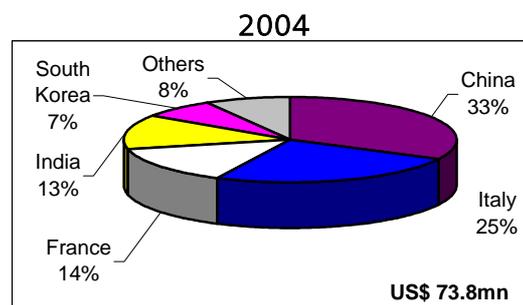
Major Players

China is major exporter of Scarves to the US accounting for 32.5% of the total import market in 2004. In value terms, China's exports of Scarf to the US were US\$ 23.9 mn in 2004 as compared to US\$ 14.6 mn in 2000. Other prominent exporters of Scarves include Italy, France and India with market shares of 24.9%, 14.1% and 13.1% respectively. Together these four countries account for nearly 85% of the total US import market for Scarves.

Major Players



Source: UN Comtrade



Source: UN Comtrade

Market Outperformers

China has emerged as the market leader in the US import market for Scarves, registering an annual growth of 13.2% during 2000-2004. Consequently, China has gained market share by 9.8 percentage points during this period. Chinese exporters resorted to price reduction strategy, reducing their prices from US\$ 91.2 per kg in 2000 to US\$ 55.2 per kg in 2004. As such they have been successful in increasing their export volumes, which grew at an annual rate of 28.3% during 2000-2004.

Israel has shown an impressive performance, recording a CAGR of 176.5% in its exports of Scarves to the US during 2000-2004. Israel's market share increased marginally by 0.5 percentage points and its ranking improved from thirty-fifth in 2000 to thirteenth in 2004. Indian exports of Scarves to the US grew at 20% annually, enabling India to gain market share by 5.9 percentage points during 2000-2004. Price realisations of Indian exporters fell by nearly 16% from 2000 to 2004, due to which their export volumes registered an annual growth of 25.4% during this period.

Market Laggards

South Korea's performance has been disappointing during 2000-2004. South Korean exports declined at 11.4% annually in terms of value and at 8.5% in terms of volumes during this period. Consequently, South Korea suffered a market share loss of 6.1 percentage points during 2000-2004. The export volumes have declined despite the efforts of South Korean exporters to increase volumes by



reducing prices. South Korea's price realisations have declined by nearly 12% from US\$ 167.4 per kg in 2000 to US\$ 147.7 in 2004.

Nepal and Italy have also shown lacklustre performance in the exports of Scarves to the US, losing market share by 3.2 and 4.5 percentage points during the period under review, respectively. Italy, the erstwhile market leader in 2000, has witnessed a decline in its exports at an annual rate of 0.7% in terms of value and at 9.4% in terms of volumes. As such, it has slipped down to second rank in 2004. Similarly, Nepalese exports of Scarves to the US declined at 26.8% per annum in terms of value and at 23% per annum in terms of volumes.

Gainers and Losers during 2000-2004

The following table lists the leading exporters of Scarves to the US, whose exports have risen in the period under review, leading to a rise in their market shares. It also lists those countries that were leading players in 2000 but have seen their fortunes decline in the next four years.

| Country | CAGR 2000-2004 (%) | Market Share change | Rank | |
|--------------|-----------------------|------------------------|------|------|
| | | | 2004 | 2000 |
| China | 13.2 | 9.8 | 1 | 2 |
| India | 20.2 | 5.9 | 4 | 5 |
| Israel | 176.4 | 0.5 | 13 | 35 |
| Hong Kong | 18.3 | 0.2 | 10 | 12 |
| World | 3 | | | |
| Nepal | -26.9 | -3.2 | 7 | 6 |
| Italy | -0.7 | -4.5 | 2 | 1 |
| South Korea | -11.4 | -6.1 | 5 | 4 |

Source: UN Comtrade

Note: CAGR is calculated on imports in value terms

Market share change is in terms of percentage points

Price realisations of leading countries vis-à-vis those of India

| Country | Realisations (US\$/kg) | | % change |
|-------------|------------------------|-------|----------|
| | 2004 | 2000 | |
| China | 55.2 | 91.2 | -39.4 |
| Italy | 339.5 | 235.8 | 43.9 |
| France | 655.7 | 487.9 | 34.4 |
| India | 77.4 | 91.6 | -15.5 |
| South Korea | 147.7 | 167.4 | -11.8 |
| Japan | 274.5 | 289.8 | -5.3 |
| Nepal | 39.6 | 49 | -19.1 |
| Canada | 393.8 | 462.9 | -14.9 |
| UK | 242.3 | 192.3 | 26 |
| Hong Kong | 78.8 | 78.5 | 0.4 |

Source: UN Comtrade



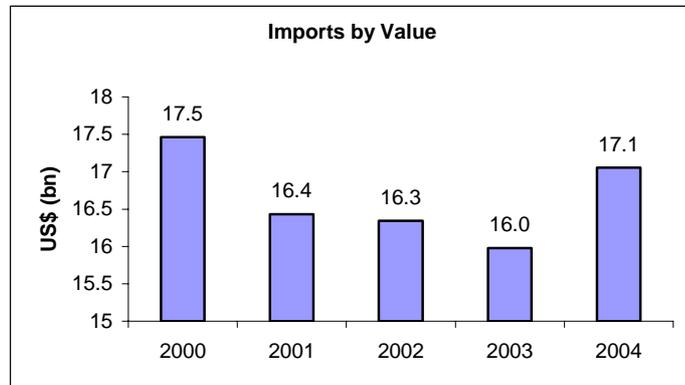
Market Concentration

The Herfindahl-Hirschman Index for USA's import market of Scarves stood at 21% in 2004 indicating that the market is highly concentrated. The HHI in 2000 stood at 18.4% indicating that the market concentration has increased from 2000 to 2004. The main reason for such high market concentration is that the top four exporters of Scarves to the US account for 85% of the total market, thereby preventing competition from other countries.

Miscellaneous Handicrafts

Trend of Imports by Value

Imports of Miscellaneous Handicrafts to the USA fell at 2.9% per annum, from US\$ 17.5 bn in 2000 to US\$ 15.9 bn in 2003. Thereafter, imports of Miscellaneous Handicrafts recovered and stood at US\$ 17.1 bn in 2004.

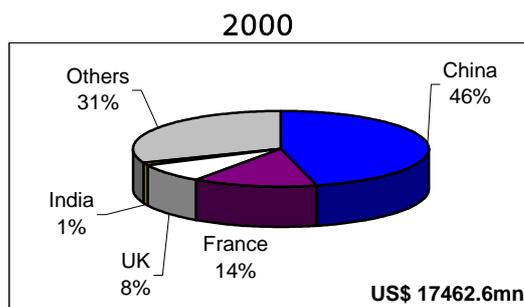


Source: UN Comtrade

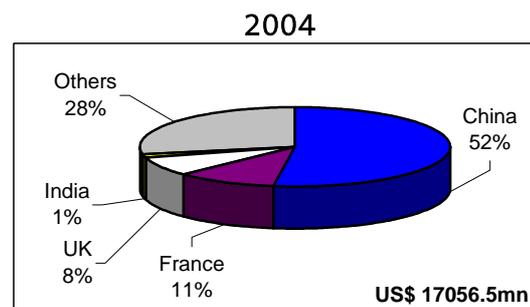
Major Players

China is the largest exporter of Miscellaneous Handicrafts to the USA with a market share of 52.2% in 2004. China's export of Miscellaneous Handicrafts stood at US\$ 8.9 bn in 2004 as compared to US\$ 8 bn in 2000. France, UK, Italy and Germany are major exporters as well, accounting for 10.6%, 7.9%, 4.3% and 3.3% of the total import market in 2004, respectively. Together these five countries account for more than three-fourth of the total market. India is a small player in this market, with a share of 1% in 2004.

Major Players



Source: UN Comtrade



Source: UN Comtrade

Market Outperformers

China has shown impressive performance throughout the period 2000 to 2004, recording a CAGR of 2.5% in its exports of Miscellaneous Handicrafts to the US. In value terms, China's exports of Miscellaneous Handicrafts to USA in 2004 stood at US\$ 8.9 bn. China continues to be the largest exporter in this market and has gained market share by 6.1 percentage points during the period under review.



Netherlands has shown significant improvement in its exports of Miscellaneous Handicrafts to the US, recording a CAGR of 15.3% for the period 2000 to 2004. Netherlands's market share change has been marginal; about 0.8 percentage points. However, its rank has improved considerably, from eighteenth in 2000 to eight in 2004.

Spain's overall export growth has been 7.6% per annum for the period 2000 to 2004 and its market share has increased by 0.5 percentage points. As a result, Spain has risen to seventh place in 2004 from its erstwhile rank of fourteenth in 2000. Germany is another country that has seen its market share increase by 0.8 percentage points during the period under review.

Market Laggards

France has shown poor performance in the US import market for Miscellaneous Handicrafts, witnessing a decline of 6.9% per annum in its exports for the period 2000 to 2004. Although France's market share reduced by 3.2 percentage points in 2004 as against that of 2000, it still remains the second largest exporter of Miscellaneous Handicrafts to the US.

Switzerland has slipped from eight position in 2000 to thirteenth in 2004, witnessing a market share loss of 0.7 percentage points during this period. Its exports of Miscellaneous Handicrafts registered a decline of 13.1% per annum during the period under review. Japan was a disappointment as well, witnessing a market share loss of 1.1 percentage points for the period under review.

Gainers and Losers during 2000-2004

The following table lists the leading exporters of Miscellaneous Handicrafts to the US, whose exports have risen in the period under review, leading to a rise in their market shares. It also lists those countries that were leading players in 2000 but have seen their fortunes decline in the next four years.

| Country | CAGR 2000-2004 (%) | Market Share change | Rank | |
|--------------|-----------------------|------------------------|------|------|
| | | | 2004 | 2000 |
| China | 2.5 | 6.1 | 1 | 1 |
| Germany | 6.9 | 0.8 | 5 | 6 |
| Netherlands | 15.3 | 0.8 | 8 | 18 |
| Spain | 7.6 | 0.5 | 7 | 14 |
| World | -0.6 | | | |
| Switzerland | -13.1 | -0.7 | 13 | 8 |
| Japan | -11.1 | -1.1 | 6 | 5 |
| France | -6.9 | -3.2 | 2 | 2 |

Source: UN Comtrade

Note: CAGR is calculated on imports in value term
Market share change is in terms of percentage points

Composition of Imports

The Miscellaneous Handicraft categories like Paintings & Drawings, Other Artwares, Pottery and Stuffed Animals accounted for more than 50% of the USA's import basket under the Miscellaneous handicrafts category. The largest import item was Paintings & Drawings, accounting for nearly 20% of the total Miscellaneous handicrafts' imports of US in 2004. It is followed by Other Artwares and Pottery, with shares of 14% and 11% of the total import basket, respectively.

| Miscellaneous Categories | 2000 | | 2004 | |
|---|-----------------|--------------|-----------------|--------------|
| | Value (US\$ mn) | % sh in FY00 | Value (US\$ mn) | % sh in FY04 |
| Paintings, drawings | 3,654.3 | 20.9 | 3,323.0 | 19.5 |
| Other Artwares | 1,841.1 | 10.5 | 2,305.0 | 13.5 |
| Pottery | 2,100.5 | 12 | 1,929.3 | 11.3 |
| Stuffed Animals | 1,548.7 | 8.9 | 1,412.8 | 8.3 |
| Antiques | 1,648.4 | 9.4 | 1,410.2 | 8.3 |
| Dolls and Toys | 1,879.4 | 10.8 | 1,342.8 | 7.9 |
| Articles of Fur, feather and Human Hair | 1,093.5 | 6.3 | 1,252.1 | 7.3 |
| Leather goods | 1,211.0 | 6.9 | 1,058.7 | 6.2 |
| Articles of Wickerwork, bamboo | 884.3 | 5.1 | 1,041.4 | 6.1 |
| Musical Instruments | 627.3 | 3.6 | 719.2 | 4.2 |
| Trophies | 286.5 | 1.6 | 414.5 | 2.4 |
| Sculptures | 418.6 | 2.4 | 383.6 | 2.2 |
| Hookahs and base metal | 44.9 | 0.3 | 119.5 | 0.7 |
| Hatwares | 61.5 | 0.3 | 85.5 | 0.5 |
| Articles of Tortoise | 62.5 | 0.4 | 74.9 | 0.4 |
| Articles of Aloe Fibre | 29.4 | 0.2 | 51.3 | 0.3 |
| Attars and agarbatti | 19.8 | 0.1 | 28.7 | 0.2 |
| Carpets | 11.1 | 0.1 | 26.1 | 0.1 |
| Articles of Grass and Fibre | 6.7 | 0.04 | 25.6 | 0.1 |
| Fancy glass smallwares | 3.7 | 0.02 | 18.1 | 0.1 |
| Walking Sticks | 9.9 | 0.06 | 13.6 | 0.1 |
| Lace and Lace Goods | 8.9 | 0.05 | 13.2 | 0.1 |
| Buttons and Studs | 10.8 | 0.06 | 7.7 | 0.1 |
| Total | 17,462.6 | | 17,056.5 | |

Source: UN Comtrade



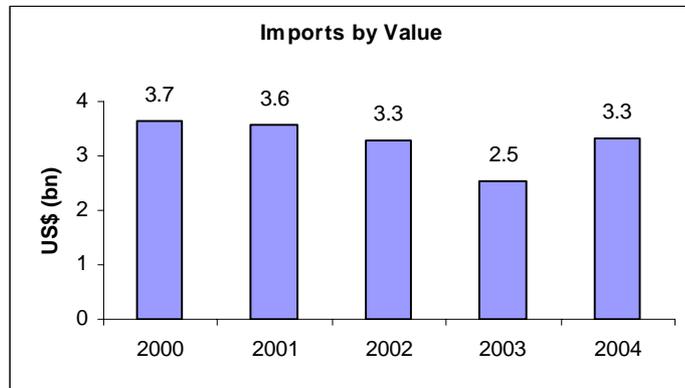
Market Concentration

The Herfindahl-Hirschman Index for USA's import market of Miscellaneous Handicrafts stood at 29.5% in 2004 indicating that the US import market is highly concentrated. The HHI for 2000 stood at 24.3%. This indicates that the US import market for this category has remained concentrated for the entire period 2000 to 2004. This is so because the top five exporting countries account for nearly four-fifth of the total market, hence preventing competition from other players.

Paintings and Drawings

Trend of Imports by Value

Imports of Paintings and Drawings by the US fell at about 5% per annum between 2000 and 2002. Thereafter, imports of Paintings and Drawings rose and finally stood at US\$ 3.3 bn in 2004.

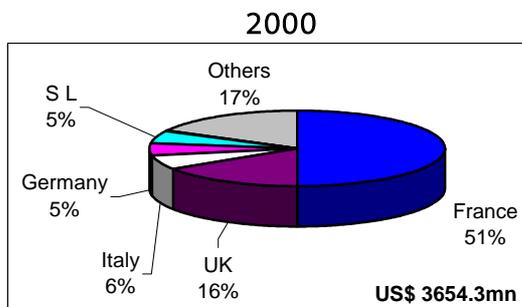


Source: UN Comtrade

Major Players

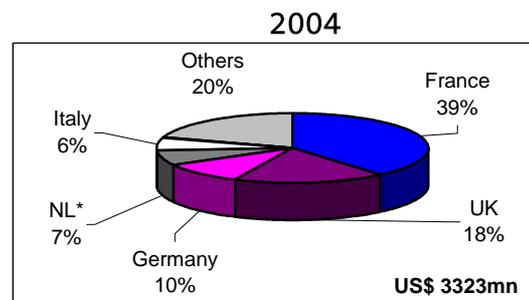
France is the largest exporter of Paintings and Drawings to the US accounting for 39% of the market in 2004. It is followed by UK, Germany and the Netherlands which accounted for 18.2%, 10% and 6.9% market shares in 2004, respectively. Together these four countries accounted for 74% of the market in 2004. India ranked at a distant low with a market share of 0.2% in 2004.

Major Players



Source: UN Comtrade

*SL- Switzerland



Source: UN Comtrade

*NL- Netherlands

Market OutPerformers

Germany has seen its exports of Paintings and Drawings to the US rise from US\$ 193 mn in 2000 to US\$ 333 mn in 2004, thereby registering a CAGR of 14.6% for the same period. Consequently, Germany gained market share by 4.7 percentage points and emerged as the third largest exporter of Paintings and Drawings to the US during this period.

In value terms, Spain's exports of Paintings and Drawings to the US have improved as well, recording a CAGR of 18.6% and a market share gain of 2.6 percentage points during 2000 to 2004. Consequently, Spain saw its rank rise



from ninth position in 2000 to sixth position in 2004. Netherlands and UK have also performed well, gaining market shares by 3.8 and 2.4 percentage points during 2000-2004, respectively.

Market Laggards

France has remained the largest exporter of Paintings and Drawings but has seen its market share diminish by 11.3 percentage points for the period under review. Overall imports of Paintings and Drawings from France have fallen at a rate of 8.4% per annum, from US\$ 1.8 bn in 2000 to US\$ 1.3 bn in 2004.

Switzerland's exports have diminished in value from US\$ 191 mn to US\$ 108 mn during 2000 to 2004. Consequently, its market share fell by 2 percentage points thereby pulling its rank down from fifth to eighth place during 2000-2004. Mexico too has witnessed a disappointing period, recording a market share loss of 1.7 percentage points.

Gainers and Losers during 2000-2004

The following table lists the leading exporters of Paintings and Drawings to the US, whose exports have risen in the period under review, leading to a rise in their market shares. It also lists those countries that were leading players in 2000 but have seen their fortunes decline in the next four years.

| Country | CAGR 2000-2004 (%) | Market Share Change | Rank | |
|--------------|-----------------------|------------------------|------|------|
| | | | 2004 | 2000 |
| Germany | 14.6 | 4.7 | 3 | 4 |
| Netherlands | 19.6 | 3.8 | 4 | 6 |
| Spain | 18.6 | 2.5 | 6 | 9 |
| UK | 1.2 | 2.4 | 2 | 2 |
| World | -2.3 | | | |
| Mexico | -32.4 | -1.7 | 15 | 8 |
| Switzerland | -13.3 | -2 | 8 | 5 |
| France | -8.4 | -11.3 | 1 | 1 |

Source: UN Comtrade

Note: CAGR is calculated on imports in value terms

Market share change is in terms of percentage points

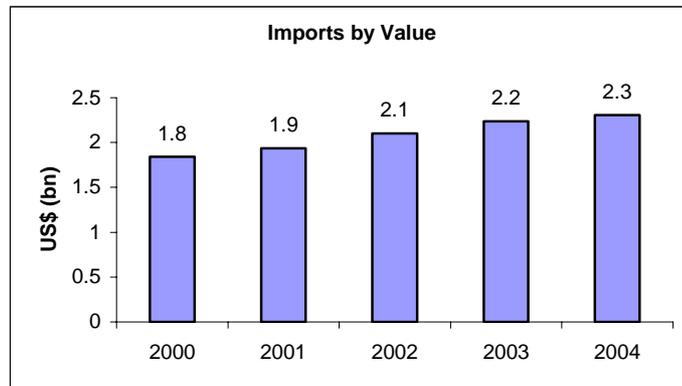
Market Concentration

The Herfindahl-Hirschman Index for USA's import market for Paintings and Drawings stood at 28.9% in 2000 and 20.7% in 2004, indicating that the US market for this item is highly concentrated. However, the degree of concentration has reduced during the period under review. This could be on account of top players like France losing considerable market share during the period under review.

Other Art wares

Trends of Imports by Value

Imports of Other Art wares by the US during the period 2000-2004 have increased steadily from US\$ 1.8 bn to US\$ 2.3 bn. Overall, Art ware imports to the US have increased at 5.8% per annum during the period under review.

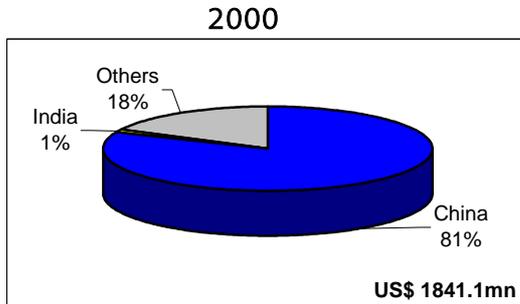


Source: UN Comtrade

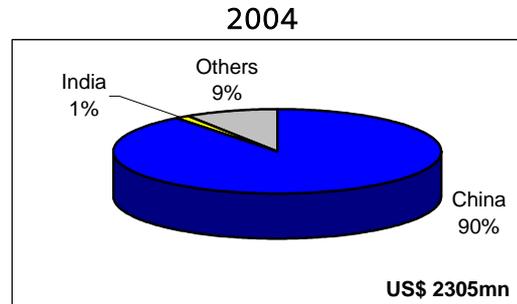
Major Players

China is the most prominent player in the US Art ware import market, accounting for nearly 90% market share in 2004. Other players account for very small shares. India accounted for 1.2% of the US import market for Other Art wares in 2004.

Major Players



Source: UN Comtrade



Source: UN Comtrade

Market Outperformers

China is the largest exporter of Other Art wares to the US with exports worth US\$ 2 bn in 2004, recording a CAGR of 8.3% in its exports during 2000-2004. As such, China's market share has increased from 81% in 2000 to 90% in 2004, thereby recording a gain of 8.2 percentage points.

Austria has recorded an impressive CAGR of 85.5% during 2000-2004 and gained market share by 0.4 percentage points. Consequently, Austria's position as an exporter of Other Art wares in the US import market rose from twenty-second to tenth during 2000 to 2004. Exports of Art wares from the UK and Guatemala have also risen, resulting in market share gains of 0.2 percentage points each during the period under review.



Market Laggards

Exports of Other Art wares from Taiwan have fallen from US\$ 37 mn in 2000 to US\$ 16 mn in 2004, recording a negative CAGR of 18.7% during this period. Taiwan's market share fell from 2% to 0.7% from 2000 to 2004 and its rank fell from fourth place to seventh place during that period.

During the period under review exports by Thailand and Poland have also declined, witnessing market share losses of 1.1 percentage points and 1 percentage point, respectively.

Gainers and Losers during 2000-2004

The following table lists the leading exporters of Art wares to the US, whose exports have risen in the period under review, leading to a rise in their market shares. It also lists those countries that were leading players in 2000 but have seen their fortunes decline in the next four years.

| Country | CAGR 2000-2004 (%) | Market Share Change | Rank | |
|--------------|-----------------------|------------------------|------|------|
| | | | 2004 | 2000 |
| China | 8.3 | 8.2 | 1 | 1 |
| Austria | 85.5 | 0.4 | 10 | 22 |
| UK | 41.7 | 0.2 | 12 | 19 |
| Guatemala | 71.6 | 0.2 | 13 | 23 |
| World | 5.8 | | | |
| Poland | -10.4 | -1.1 | 4 | 3 |
| Thailand | -8.9 | -1.1 | 2 | 2 |
| Taiwan | -18.7 | -1.3 | 7 | 4 |

Source: UN Comtrade

Note: CAGR is calculated on imports in value terms

Market share change is in terms of percentage points

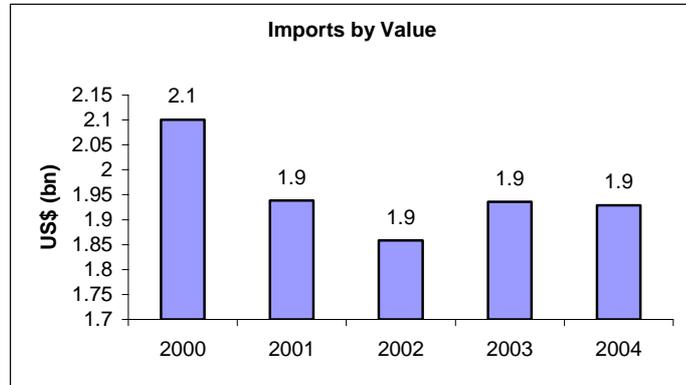
Market Concentration

The Herfindahl-Hirschman Index for USA's import market of Other Art wares was 80.3% in 2004 and 66.5% in 2000, indicating that the US market for Art wares has been highly concentrated during the period under review. This can be attributed to the fact that China's market share alone has increased from 81% to 90%, thus preventing competition from other players.

Pottery

Trend of Imports by Value

Imports of Pottery by the US fell at about 6% per annum from US\$ 2.1 bn in 2000 to US\$ 1.8 bn in 2002. Thereafter, imports have recovered in 2003 but again fell and stood at US\$ 1.9 bn in 2004.

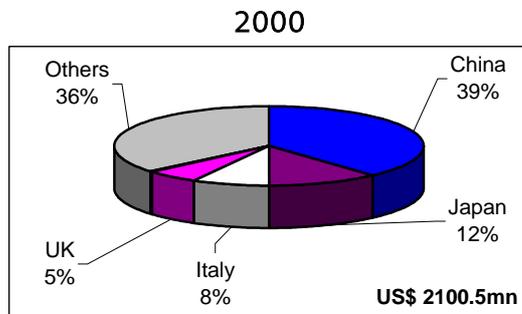


Source: UN Comtrade

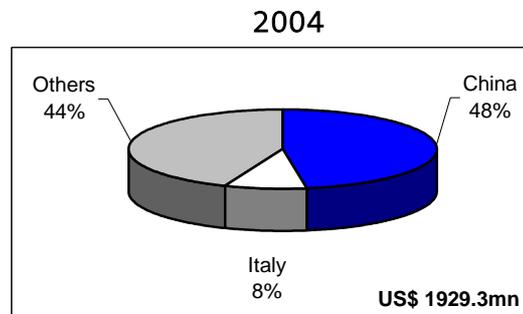
Major Players

China is the largest player in the US import market for Pottery with exports worth US\$ 0.9 bn and a market share of 48% in 2004. Italy, Japan and Spain had market shares of 8.4%, 5% and 4.9% in 2004, respectively. These four countries accounted for 66% of the total market in 2004. India ranked very low with a market share of just 0.17%.

Major Players



Source: UN Comtrade



Source: UN Comtrade

Market Outperformers

China is the foremost exporter of Pottery items to the US, registering a CAGR of 3.4% during 2000 to 2004 and witnessing a market share gain of 9.3 percentage points in the same period. Vietnam's exports of Pottery to the US showed vast improvement from US\$ 8 mn in 2000 to US\$ 36 mn in 2004. As a result, Vietnam's market share rose by 1.5 percentage points that pushed its rank ten place up from twenty-first in 2000 to twelfth in 2004. Brazil and Dominican Republic have seen their exports rise, recording market share gains of 1.2 percentage points each during 2000 to 2004.



Market Laggards

Japan's exports have dwindled from US\$ 244 mn to US\$ 96 mn between 2000 and 2004, registering a negative CAGR of 21%. Consequently, Japan has suffered a market share loss of nearly 7 percentage points and slipped down one place from second in 2000 to third in 2004.

UK recorded an annual decline of nearly 11% in its Pottery exports to the US, from US\$ 115 mn in 2000 to US\$ 73 mn in 2004. UK lost market share by 1.7 percentage points and UK's rank fell by one place to fifth position. Thailand too, witnessed lacklustre performance registering a market share loss of 1 percentage point during the period under review.

Gainers and Losers during 2000-2004

The following table lists the leading exporters of Pottery to the US, whose exports have risen in the period under review, leading to a rise in their market shares. It also lists those countries that were leading players in 2000 but have seen their fortunes decline in the next four years:

| Country | CAGR 2000-2004 (%) | Market Share change | Rank | |
|----------------|-----------------------|------------------------|------|------|
| | | | 2004 | 2000 |
| China | 3.3 | 9.3 | 1 | 1 |
| Viet Nam | 46.7 | 1.5 | 12 | 21 |
| Brazil | 12.8 | 1.2 | 9 | 12 |
| Dominican Rep. | 67.1 | 1.2 | 15 | 30 |
| World | -2.1 | | | |
| Thailand | -8.1 | -1 | 6 | 6 |
| UK | -10.9 | -1.7 | 5 | 4 |
| Japan | -20.9 | -6.7 | 3 | 2 |

Source: UN Comtrade

Note: CAGR is calculated on imports in value terms

Market share change is in terms of percentage points

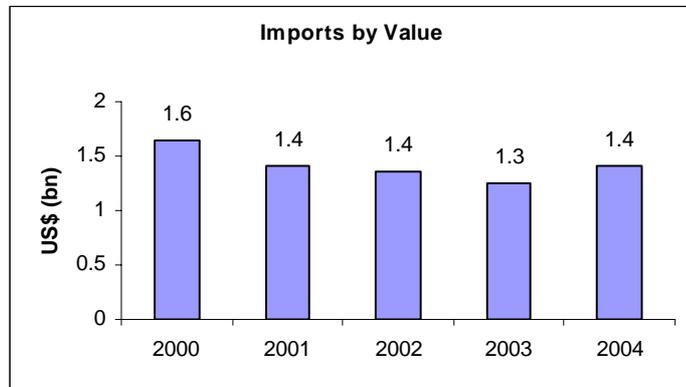
Market Concentration

The Herfindahl-Hirschman Index for USA's import market of Pottery was 18% in 2000 that rose to 24.6% in 2004 indicating that the market has moved from being moderately concentrated to highly concentrated. A reason for this could be that China's market share increased considerably and accounted for nearly half of the market in 2004.

Antiques

Trend of Imports by Value

Imports of Antique items by the US fell at 8.7% per annum, from US\$ 1.6 bn in 2000 to US\$ 1.2 bn in 2003. Thereafter, imports have recovered in 2004 and stood at US\$ 1.4 bn.

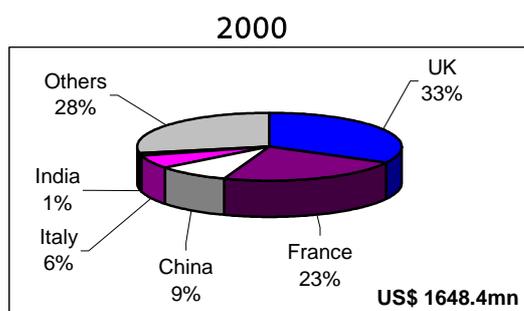


Source: UN Comtrade

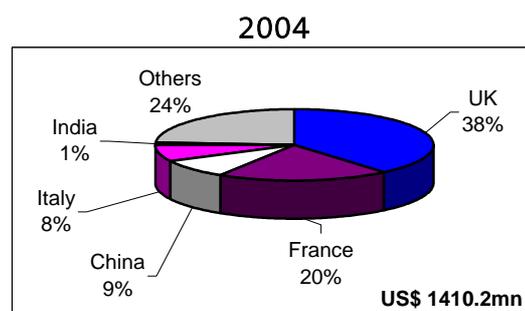
Major Players

UK is the largest player in the US import market for Antiques, accounting for 38% of the market. UK's exports of Antiques to the US stood at US\$ 548 mn in 2004. France, China and Italy are other major players having market shares of 20%, 8.7% and 7.6% respectively. Together these four countries account for 75% of the total US import market for Antique items in 2004. India ranked eleventh in the market with a share of about 0.8% in 2004.

Major Players



Source: UN Comtrade



Source: UN Comtrade

Market Outperformers

For the period 2000-2004, UK has remained on the top spot for the export of Antiques to the US. Imports from the UK increased at 0.33% per annum and stood at US\$ 548 mn in 2004. UK's share in this market has increased by 6 percentage points between 2000 and 2004.

Netherlands has seen its exports grow at 2.9% per annum during 2000-2004. For the period under review, Netherlands' market share has increased by



0.75 percentage points that has pushed its rank up from seventh in 2000 to sixth in 2004. Similarly Italy and Germany have performed well, recording market share gains of 1.3 and 0.6 percentage points, respectively.

Market Laggards

France's performance in the US import market for Antiques has been disappointing, having recorded a decline of 6.8% per annum in its exports during 2000-2004. In value terms, imports from France fell from US\$ 373 mn in 2000 to US\$ 281 mn in 2004. For the same period, France witnessed a market share loss of 2.7 percentage points, but has managed to maintain its rank as the second largest exporter of Antique items to the US.

Syria's exports to the US have been lackluster, recording a negative CAGR of almost 53% during 2000-2004. In value terms, Syria's exports of Antiques took a beating, falling from US\$ 42 mn in 2000 to US\$ 2 mn in 2004 that resulted in a market share loss of 2.4 percentage points. Consequently, Syria's ranking fell from sixth place in 2000 to twenty eighth place in 2004. Greece has had similar performance in its exports of Antiques to the US, registering a market share loss of 1.4 percentage points.

Gainers and Losers during 2000-2004

The following table lists the leading exporters of Antiques to the US, whose exports have risen in the period under review, leading to a rise in their market shares. It also lists those countries that were leading players in 2000 but have seen their fortunes decline in the next four years:

| Country | CAGR 2000-2004 (%) | Market Share Change | Rank | |
|--------------|-----------------------|------------------------|------|------|
| | | | 2004 | 2000 |
| UK | 0.3 | 6.1 | 1 | 1 |
| Italy | 0.5 | 1.2 | 4 | 4 |
| Netherlands | 2.9 | 0.7 | 6 | 7 |
| Germany | 1.3 | 0.6 | 5 | 5 |
| World | -3.8 | | | |
| Greece | -32.1 | -1.4 | 21 | 10 |
| Syria | -52.8 | -2.4 | 28 | 6 |
| France | -6.8 | -2.7 | 2 | 2 |

Source: UN Comtrade

Note: CAGR is calculated on imports in value terms

Market share change is in terms of percentage points

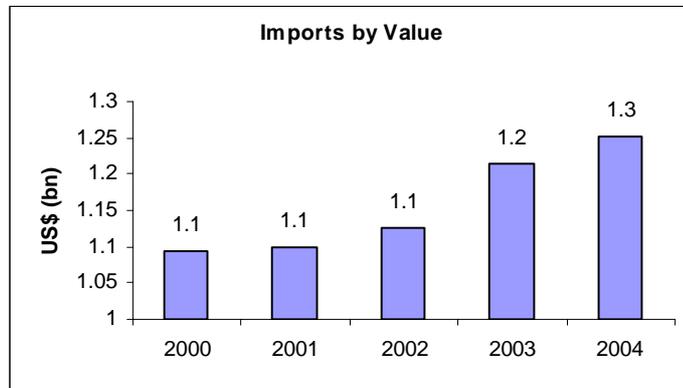
Market Concentration

The Herfindahl-Hirschman Index for USA's import market of Antiques stood at 20.8% in 2004 indicating that the US import market is highly concentrated. The HHI in 2000 stood at 17.5%. This implies that the market was moderately concentrated and has gradually become highly concentrated by 2004.

Articles of Fur, Feather and Human Hair

Trend of Imports by Value

Imports of Fur items by the US during the period 2000 to 2004 have increased continuously, from US\$ 1.1 bn to US\$ 1.3 bn, registering an overall growth of 3.4% per annum.

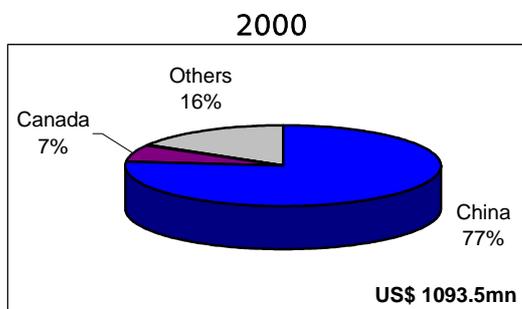


Source: UN Comtrade

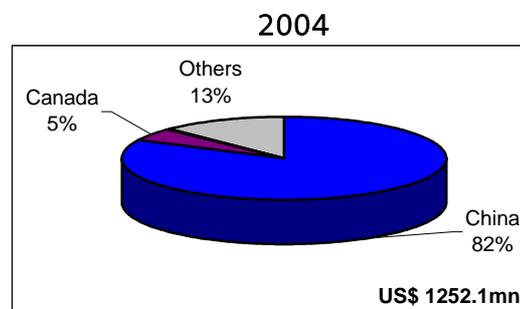
Major Players

China is the most dominant exporter of Fur items to the US, accounting for 82% of the market in 2004. Other important exporting countries include Canada and Italy, accounting for 5.2% and 2.7% of the market respectively. Together these three countries accounted for 90% of the US import market in 2004. India ranked twentieth with a market share of just 0.14%.

Major Players



Source: UN Comtrade



Source: UN Comtrade

Market Outperformers

In value terms, China has remained the largest exporter of Fur articles to the US for the period 2000 to 2004, having registered a CAGR of 5.2% in its exports during that time. China's exports have risen from US\$ 839 mn in 2000 to US\$ 1 bn in 2004, enabling China to gain market share by 5.3 percentage points.

Turkey has shown considerable improvement in its exports of Fur articles to the US, recording a CAGR of 29.5% for the period 2000 to 2004. Turkey gained market share by 0.7 percentage points during this period. Imports of Fur articles by the US from Turkey have increased from US\$ 5.3 mn in 2000 to US\$ 15 mn in 2004, thus placing Turkey in sixth place in 2004 from its erstwhile tenth position in 2000. Italy



and France were impressive performers as well, witnessing market share gains of 0.5 percentage points and 0.2 percentage points during the period under review, respectively.

Market Laggards

Exports of Fur articles from Hong Kong to the US declined continuously, from US\$ 41 mn in 2000 to US\$ 17 mn in 2004, recording a negative CAGR of about 20% during this period. Its market share fell by 2.4 percentage points during the period under review, which resulted in displacing it from third rank in 2000 to fourth in 2004.

Thailand's exports of Fur items to the US fell from US\$ 28 mn in 2000 to US\$ 13 mn in 2004, thus registering a decline of 17% per annum during this period. Thailand's market share loss was 1.5 percentage points, which resulted in a fall in its rank from fourth in 2000 to seventh in 2004. Despite being the second largest exporter of Fur articles to the US, Canada's performance has been lackluster, registering a decline in its exports at 2.6% per annum during 2000-2004 and hence losing market share by 1.43 percentage points.

Gainers and Losers during 2000-2004

The following table lists the leading exporters of Fur articles to the US, whose exports have risen in the period under review, leading to a rise in their market shares. It also lists those countries that were leading players in 2000 but have seen their fortunes decline in the next four years.

| Country | CAGR 2000-2004 (%) | Market Share Change | Rank | |
|--------------|-----------------------|------------------------|----------|----------|
| | | | 2004 | 2000 |
| China | 5.2 | 5.3 | 1 | 1 |
| Turkey | 29.5 | 0.7 | 6 | 10 |
| Italy | 8.8 | 0.5 | 3 | 5 |
| France | 16 | 0.2 | 10 | 11 |
| World | 3.4 | 0 | 0 | 0 |
| Canada | -2.6 | -1.4 | 2 | 2 |
| Thailand | -17 | -1.5 | 7 | 4 |
| Hong Kong | -20 | -2.4 | 4 | 3 |

Source: UN Comtrade

Note: CAGR is calculated on imports in value terms

Market share change is in terms of percentage points

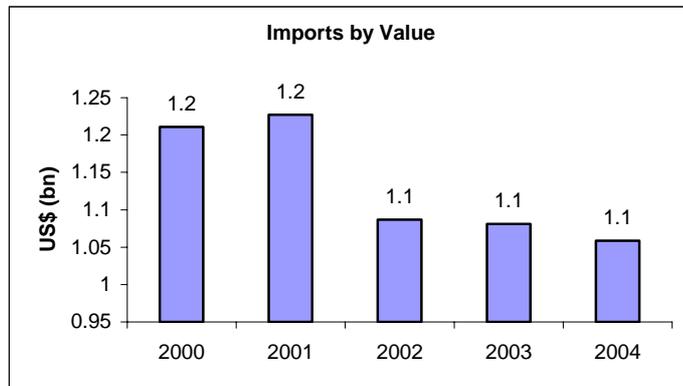
Market Concentration

The Herfindahl-Hirschman Index for USA's import market of Fur articles in 2004 was 68% indicating that the market is highly concentrated. The HHI for 2000 was 60% proving that the US market has remained concentrated for the period under review. A reason for this could be that China has a monopoly in this market, accounting for 82% of the total share alone.

Leather Goods

Trend of Imports by Value

Imports of Leather goods by the US declined at about 3.3% per annum between 2000 and 2004, from US\$ 1.2 bn to US\$ 1.1 bn during this period.

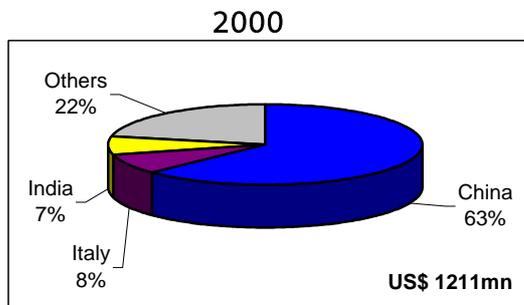


Source: UN Comtrade

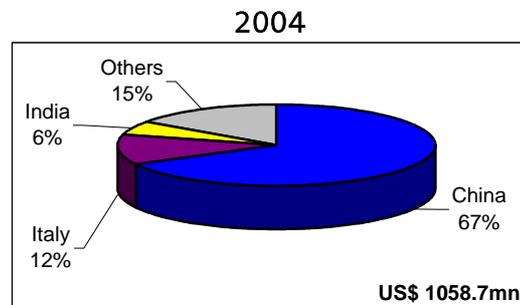
Major Players

China is the largest exporter of Leather goods to the US accounting for 67% of the import market in 2004. Italy accounts for 12% of the market and is followed by India with almost 6% market share in 2004. These three countries together constitute about 85% of the US import market of Leather goods.

Major Players



Source: UN Comtrade



Source: UN Comtrade

Market Outperformers

Although China is the leading exporter of Leather goods to the US, Chinese exports have declined marginally at 1.7% per annum during 2000-2004. However, China's market share has increased by 4.3 percentage points during the same period which can be attributed to the rise in its export volumes. China's exports in 2000 amounted to US\$ 760 mn that fell marginally to US\$ 710 mn in 2004.

Italy's exports were worth US\$ 128 mn in 2004, having recorded a CAGR of 6.9% since 2000. Italy gained market share by 4 percentage points during the period under review.



France has improved its exports of Leather goods to the US, registering a CAGR of 6.2% during 2000-2004. As a result France recorded a market share gain of more than 1 percentage points during the period under review that has pushed its rank three places up to fourth position in 2004.

Market Laggards

Indonesia's exports of Leather Goods diminished at 37.2% per annum during 2000-2004, resulting in a market share loss of 2.7 percentage points. In value terms, US imports of Leather Goods from Indonesia declined from US\$ 39 mn to US\$ 6 mn. This has pulled its rank down from fifth position in 2000 to thirteenth position in 2004.

South Korea and India are among the other market laggards, recording market share losses of 2.4 and 1.7 percentage points during the period under review, respectively. However, India still remains the third largest exporter of Leather goods to the US.

Gainers and Losers during 2000-2004

The following table lists the leading exporters of Leather Goods to the US, whose exports have risen in the period under review, leading to a rise in their market shares. It also lists those countries that were leading players in 2000 but have seen their fortunes decline in the next four years.

| Country | CAGR 2000-2004 (%) | Market Share Change | Rank | |
|--------------|-----------------------|------------------------|------|------|
| | | | 2004 | 2000 |
| China | -1.7 | 4.3 | 1 | 1 |
| Italy | 6.9 | 4 | 2 | 2 |
| France | 6.2 | 1 | 4 | 7 |
| Spain | 7.4 | 0.3 | 11 | 14 |
| World | -3.3 | | | |
| India | -9.5 | -1.7 | 3 | 3 |
| South Korea | -29.2 | -2.4 | 8 | 4 |
| Indonesia | -37.2 | -2.7 | 13 | 5 |

Source: UN Comtrade

Note: CAGR is calculated on imports in value terms

Market share change is in terms of percentage points

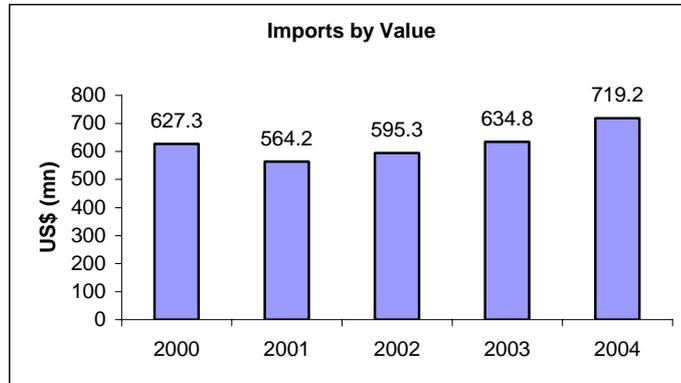
Market Concentration

The Herfindahl-Hirschman Index for USA's import market of Leather goods was 41% in 2000 and 47% in 2004 indicating that the market is highly concentrated. This is because just three countries viz. China, Italy and India account for nearly 85% of the total US import market for these goods.

Musical Instruments

Trend of Imports by Value

Imports of Musical instruments by the US fell at 2.6% per annum between 2000 and 2002. Thereafter, the imports rose and stood at US\$ 719 mn in 2004.

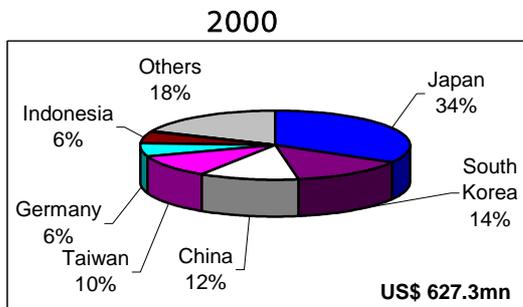


Source: UN Comtrade

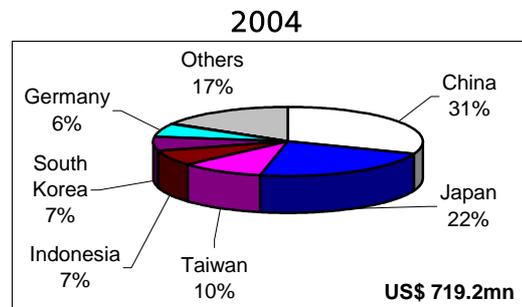
Major Players

China is the largest exporter of Musical instruments, with exports worth US\$ 222.7 mn and a market share 31% in 2004. Japan, Taiwan and Indonesia follow with market shares of 22.3%, 10.2% and 7.2%, respectively. These four countries accounted for 71% of the total import market in 2004. India is ranked at distant low with a market share of almost 0.2% in 2004.

Major Players



Source: UN Comtrade



Source: UN Comtrade

Market Outperformers

Having recorded a CAGR of 31% in its exports during 2000-2004, China has emerged as the leading exporter of Musical instruments to the US, witnessing a market share gain of 19 percentage points.

Indonesia's export stood at US\$ 52 mn in 2004, registering a CAGR of 10.5% during the period under review. Indonesia gained market share by 1.7 percentage points during this period, which resulted in improvement in its rank from sixth place in 2000 to fourth place in 2004. France and Mexico follow, with market share gains of 0.5 and 0.4 percentage points during 2000-2004, respectively.



Market Laggards

In 2004, Japanese exports of musical instruments to the US stood at US\$ 160 mn, having registered a decline of 6.5% per annum since 2000. Japan's market share fell by 11.1 percentage points and this has pulled its rank down to second place in 2004 from its erstwhile leadership position in 2000.

South Korean exports dwindled at 13.9% per annum during the period under review and stood at US\$ 48 mn in 2004. South Korea's market share fell by 7.2 percentage points and its ranking worsened from second position in 2000 to fifth position in 2004.

Czech Republic also showed a lacklustre performance witnessing a market share loss of 1.3 percentage points during the period under review.

Gainers and Losers During 2000-2004

The following table lists the leading exporters of Musical Instruments to the US, whose exports have risen in the period under review, leading to a rise in their market shares. It also lists those countries that were leading players in 2000 but have seen their fortunes decline in the next four years:

| Country | CAGR 2000-2004 (%) | Market Share Change | Rank | |
|--------------|-----------------------|------------------------|------|------|
| | | | 2004 | 2000 |
| China | 31 | 18.9 | 1 | 3 |
| Indonesia | 10.5 | 1.7 | 4 | 6 |
| France | 10.7 | 0.5 | 8 | 9 |
| Mexico | 25 | 0.4 | 13 | 18 |
| World | 3.5 | | | |
| Czech Rep. | -12.3 | -1.3 | 9 | 8 |
| South Korea | -13.9 | -7.2 | 5 | 2 |
| Japan | -6.5 | -11.1 | 2 | 1 |

Source: UN Comtrade

Note: CAGR is calculated on imports in value terms

Market share change is in terms of percentage points

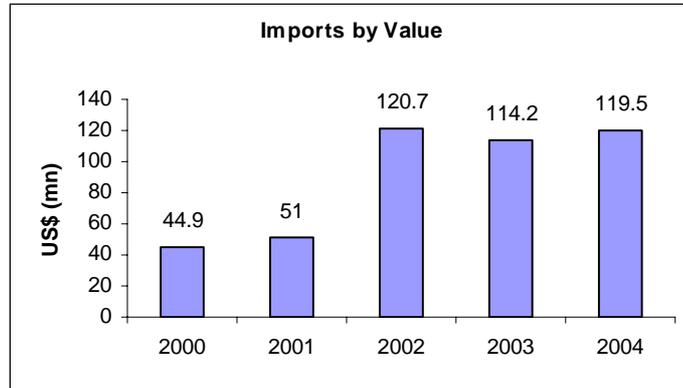
Market Concentration

The Herfindahl-Hirschman Index for USA's import market of Musical Instruments was 16.6% in 2000, which increased to 17.2% in 2004. This implies that the market is moderately concentrated since the top four countries account for nearly 71% of the total market.

Hookahs and Base Metal

Trend of Imports by Value

Hookahs and Base Metal imports by the US registered a growth of 27.7% per annum during the period 2000-2004. Between 2002 and 2003 imports by the US fell by 5.4% before rising and settling at US\$ 119 mn in 2004.

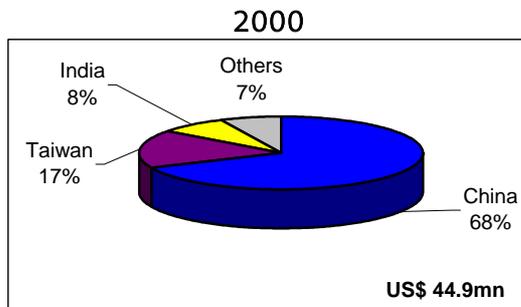


Source: UN Comtrade

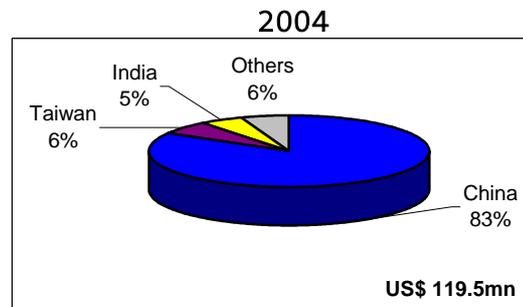
Major Players

China is the foremost player in this market having 83% share in the exports of Hookahs and Base Metal to the US. China's market share has been on the rise since 2000, when it accounted for 68% of the market. Taiwan and India follow, with market shares of 6.3% and 5%, respectively. Together these three countries accounted for 94% of the US import market in 2004.

Major Players



Source: UN Comtrade



Source: UN Comtrade

Market Outperformers

China is by far the largest exporter of Hookahs and Base Metal in the US import market, registering a CAGR of 34.1% in its exports during 2000-2004. Chinese exports of Hookahs and Base Metals to the US has increased from US\$ 30.7 mn in 2000 to US\$ 99 mn in 2004. Consequently, China's market share increased by 15 percentage points during this period.

Mexican exports have seen significant growth in value, from US\$ 0.34 mn in 2000 to US\$ 1.3 mn in 2004, thereby recording a CAGR of almost 40%. Mexico has thus gained market share by 0.33 percentage points during 2000-2004 and has moved three places up in the ranking; it was the fourth largest exporter in 2004. Italy and



Syria follow have also performed reasonably well in this market, gaining market share by 0.2 and 0.1 percentage points during the period under review, respectively.

Market Laggards

Taiwan witnessed a marginal fall in its exports of Hookahs and Base Metals to the US, from US\$ 7.6 mn in 2000 to US\$ 7.5 mn in 2004. China, on account of its competency, has grabbed away a considerable portion of Taiwanese share in this market. However, although Taiwan has lost market share worth 10.7 percentage points during this period, it remains the second largest exporter of Hookahs and Base Metals to the US.

Although Indian exports of Hookahs and Base Metals to the US have grown at 14.7% per annum during 2000-2004, India has lost out a portion of its market share to China, witnessing a market share loss of 2.7 percentage points. This market share loss witnessed by India despite a positive growth in its exports is because of slower growth of expansion vis-à-vis other major players especially China. Nonetheless, India has remained the third largest exporter in the US import market.

UK has witnessed a market share loss of 0.5 percentage points that has pulled its rank down three places to ninth place in 2004.

Gainers and Losers during 2000-2004.

The following table lists the leading exporters of Hookahs and Base Metal to the US, whose exports have risen in the period under review, leading to a rise in their market shares. It also lists those countries that were leading players in 2000 but have seen their fortunes decline in the next four years:

| Country | CAGR 2000-2004 (%) | Market Share Change | Rank | |
|--------------|-----------------------|------------------------|------|------|
| | | | 2004 | 2000 |
| China | 34.1 | 14.9 | 1 | 1 |
| Mexico | 39.9 | 0.3 | 4 | 7 |
| Italy | 71.5 | 0.2 | 10 | 19 |
| Syria | 203.5 | 0.1 | 17 | 32 |
| World | 27.7 | | | |
| UK | 1 | -0.5 | 9 | 6 |
| India | 14.7 | -2.7 | 3 | 3 |
| Taiwan | -0.5 | -10.7 | 2 | 2 |

Source: UN Comtrade

Note: CAGR is calculated on imports in value terms
Market share change is in terms of percentage points



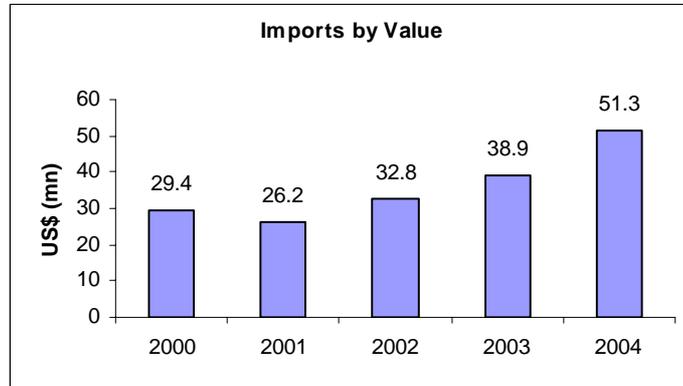
Market Concentration

The Herfindahl-Hirschman Index for USA's import market of Hookahs and Base Metal was 50.3% in 2000, which has risen to 70% in 2004, indicating that the market is highly concentrated. This comes as no surprise as China has increased its dominance in this market and accounted for 83% of the US imports market in 2004.

Articles of Aloe Fibre

Trend of Imports by Value

Articles of Aloe Fibre imported by the US fell by nearly 11% from US\$ 29 mn in 2000 to US\$ 26 mn in 2001, after which it rose continuously and finally settled at US\$ 51 mn in 2004. For the period 2000 to 2004, imports of Aloe Fibre Articles grew at 15% per annum.

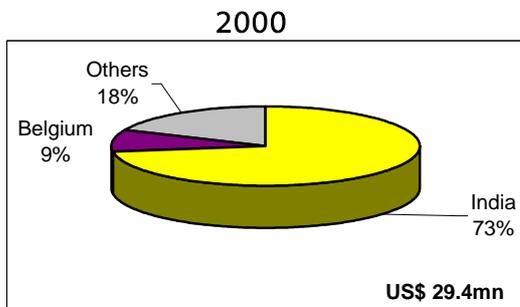


Source: UN Comtrade

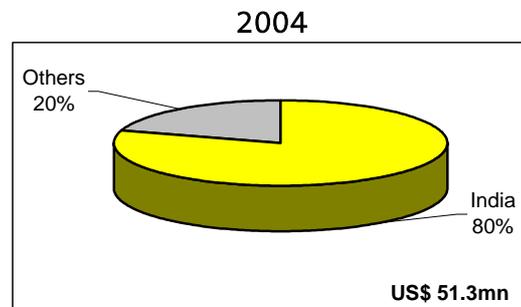
Major Players

India is the chief exporter of Aloe Fibre articles to the US, accounting for nearly 80% of the total US import market in 2004. It is followed by China which had a market share of 4.5%. Together both these countries account for almost 85% of the total US import market.

Major Players



Source: UN Comtrade



Source: UN Comtrade

Market Outperformers

India continues to be the largest player in the US import market for Aloe Fibre articles, recording a CAGR of nearly 18% between 2000 and 2004. India witnessed a market share gain of nearly 7 percentage points during the same period. In value terms, India's exports of Aloe Fibre Articles to the US stood at US\$ 41 mn as compared to US\$ 21 mn in 2000.

China is also another important player in the market, having registered a growth of 43.5% per annum during 2000 to 2004. Though not even close to India in terms of market share, China ranks second witnessing market share gain of 2.7 percentage points between 2000 and 2004.



Portugal and Israel are other players that have gained market shares worth 1.5 and 0.9 percentage points during 2000-2004, respectively.

Market Laggards

Though Belgium is among the top exporters of Aloe Fibres articles to the US, its exports have declined from US\$ 2.6 mn in 2000 to US\$ 1.4 mn in 2004, recording an overall decline of nearly 15% per annum. Belgium's market share fell by 6.2 percentage points consequently pulling its rank down to third place in 2004 from its erstwhile position of second place in 2000.

Mexican exports have taken a beating, registering an annual decline of 23.2% during the period under review. Mexico has thus lost 1.4 percentage points of its market share during this period and slipped down from sixth position in 2000 to fourteenth in 2004. Italy also lost market share by 1.5 percentage points during the period under review.

Gainers and Losers during 2000-2004

The following table lists the leading exporters of Aloe Fibre articles to the US, whose exports have risen in the period under review, leading to a rise in their market shares. It also lists those countries that were leading players in 2000 but have seen their fortunes decline in the next four years:

| Country | CAGR 2000-2004 (%) | Market Share Change | Rank | |
|--------------|-----------------------|------------------------|------|------|
| | | | 2004 | 2000 |
| India | 17.5 | 6.9 | 1 | 1 |
| China | 43.5 | 2.7 | 2 | 5 |
| Portugal | 69.6 | 1.5 | 5 | 14 |
| Israel | 365.2 | 0.9 | 8 | 48 |
| World | 14.9 | | | |
| Mexico | -23.2 | -1.4 | 14 | 6 |
| Italy | -12.3 | -1.5 | 9 | 4 |
| Belgium | -14.9 | -6.2 | 3 | 2 |

Source: UN Comtrade

Note: CAGR is calculated on imports in value terms

Market share change is in terms of percentage points

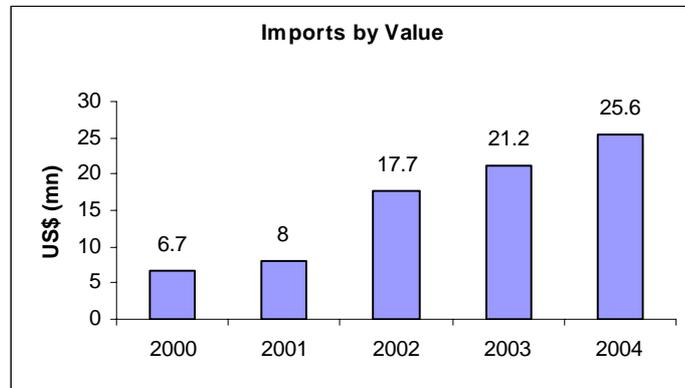
Market Concentration

The Herfindahl-Hirschman Index for USA's import market of Aloe Fibres articles stood at 63.9% in 2004 indicating that the market is highly concentrated. This should come as no surprise as India alone accounts for nearly 80% of the import market with little or no competition from other countries. The HHI for 2000 was 53.9% indicating that the market has remained concentrated for the entire period under review.

Articles of Grass and Fibre

Trend of Imports by Value

US imports of Articles of Grass rose from US\$ 6.7 mn in 2000 to US\$ 25.6 mn in 2004, thereby recording a CAGR of nearly 40% during 2000 to 2004. The year 2002 was an exceptional one when imports of Grass articles increased y-o-y by 62%.

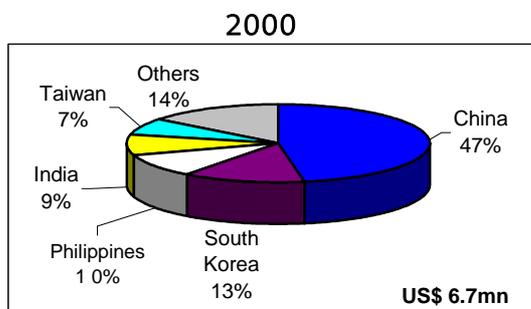


Source: UN Comtrade

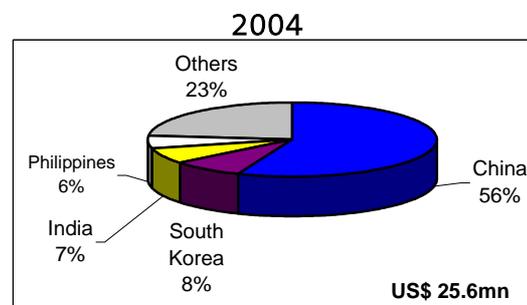
Major Players

Over the years 2000 to 2004, China has remained the major player in this market, accounting for over 50% of the market share in 2004. South Korea, India and Philippines follow with market shares of 8%, 6.8% and 5.8%, respectively. Collectively, these four countries account for 77% of the total market.

Major Players



Source: UN Comtrade



Source: UN Comtrade

Market Outperformers

China has remained the largest exporter of Grass Articles to the US, having recorded a CAGR of 45.8% during the period 2000-2004. In value terms, imports of Grass articles from China rose from US\$ 3.2 mn in 2000 to US\$ 14.4 mn in 2004, thereby enabling China to gain a market share of 9 percentage points.

Imports of Grass Articles from Viet Nam have improved considerably from just US\$ 13,000 in 2000 to US\$ 1.2 mn in 2004, registering a CAGR of about 212%. Consequently, it has gained market share by 4.7 percentage points during the period under review. As a result, Viet Nam's rank improved drastically, from twentieth in 2000 to fifth in 2004.



Indonesia and Mexico are other countries that have seen their exports improve, gaining market shares by 2.4 percentage points and 1 percentage point, respectively.

Market Laggards

South Korea's exports to the US grew from US\$ 0.8 mn in 2000 to US\$ 2 mn in 2004, thereby registering a CAGR of 23.7% for the same period. Despite this, South Korea has recorded a market share loss of 5 percentage points and has remained the second largest exporter of Grass Articles to the US in 2000-2004. This is primarily because the US overall imports of Grass articles from other major countries have grown at a much faster rate (average 40% per annum), thereby increasing their market shares at the expense of South Korea's share.

Taiwan also recorded a growth of 7.6% per annum during 2000-2004 but saw a market share loss of 4.5 percentage points and a drop in its ranking from fifth place in 2000 to eight in 2004. Similarly, Philippines recorded a market share loss of 4.1 percentage points between 2000 and 2004.

Gainers and Losers during 2000-2004

The following table lists the leading exporters of Grass articles to the US, whose exports have risen in the period under review, leading to a rise in their market shares. It also lists those countries that were leading players in 2000 but have seen their fortunes decline in the next four years.

| Country | CAGR 2000-2004 (%) | Market Share Change | Rank | |
|--------------|-----------------------|------------------------|------|------|
| | | | 2004 | 2000 |
| China | 45.8 | 9.0 | 1 | 1 |
| Viet Nam | 212.3 | 4.7 | 5 | 20 |
| Indonesia | 83.3 | 2.4 | 7 | 9 |
| Mexico | 50.3 | 1.0 | 6 | 7 |
| World | 39.6 | | | |
| Philippines | 21.9 | -4.1 | 4 | 3 |
| Taiwan | 7.6 | -4.5 | 8 | 5 |
| South Korea | 23.7 | -5.0 | 2 | 2 |

Source: UN Comtrade

Note: CAGR is calculated on imports in value terms

Market share change is in terms of percentage points

Market Concentration

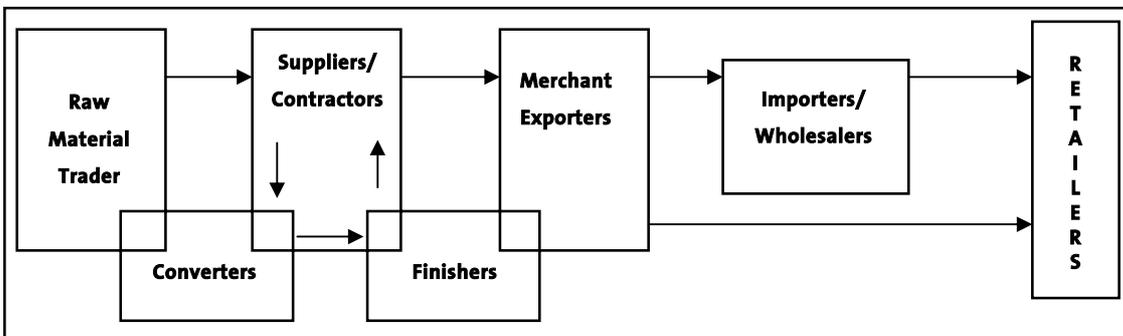
The Herfindahl-Hirschman Index for USA's import market of Grass Articles stood at 26.4% in 2000 and 33.6% in 2004, indicating that the market is highly concentrated and has remained so during the entire period 2000-2004. This can be attributed to the increase in the dominance of China in the US import market.

Distribution Channels

Supply Chain

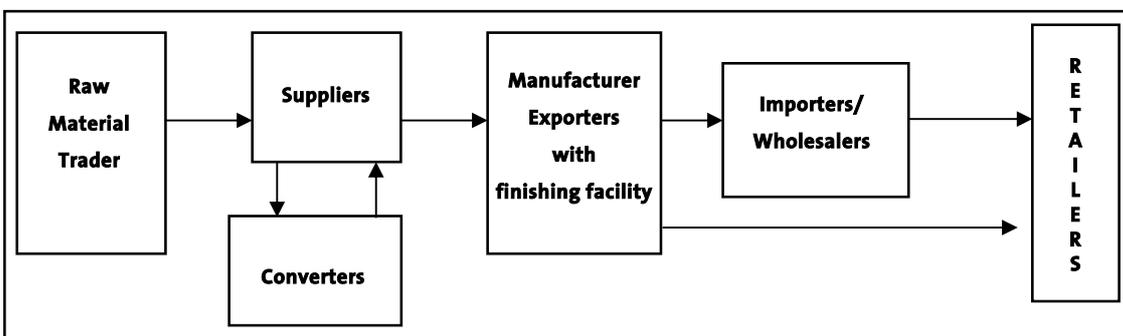
The Handicraft supply chain consists of importers and wholesalers who supply goods to retailers and small chains. The emergence of large chains in the western markets has led to direct export links with large exporters.

In a supply chain involving merchant exporters, orders are first placed with suppliers and contractors who obtain raw materials from the market, convert them into finished goods and then deliver them to the merchant exporter who packages and ships them to the concerned parties. This pattern of Handicraft export trade is shown in the diagram below:



Source: EXIM Bank (Indian Handicrafts: A New Direction for Exports)

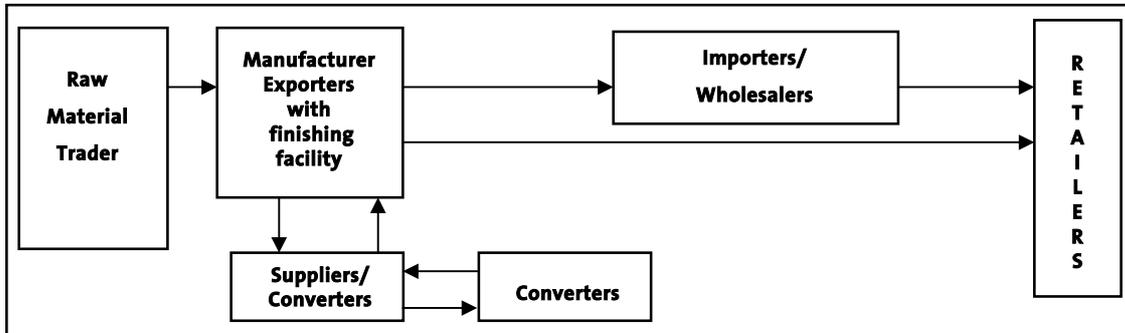
Certain supply chains involve manufacturer exporters whereby suppliers acquire raw materials from the market and deliver them in unfinished form to the manufacturer exporter who then converts them into finished goods in his plant and ships them to relevant places. This pattern of export trade is shown in the diagram below:



Source: EXIM Bank (Indian Handicrafts: A New Direction for Exports)

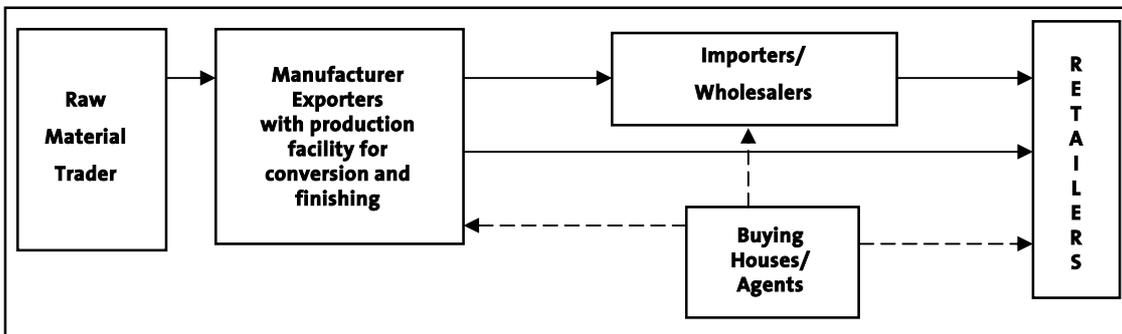
Sometimes the manufacturer exporter buys the raw materials himself and then enters into a contract with the supplier for conversion of goods. There are certain cases where the manufacturer exporter himself undertakes the entire production

process including the conversion and finishing of the product in his factory. The following diagram shows this pattern of export trade:



Source: EXIM Bank (Indian Handicrafts: A New Direction for Exports)

The Handicraft export trade is essentially dominated by merchant exporters, however in recent times a new player has emerged in the supply chain in the form of buying houses and agencies that are independent businesses acting on behalf of wholesalers, retailers and importers. These organisations oversee the fulfilment of orders and contracts in their country of operation. This pattern is emphasised in the diagram below:



Source: EXIM Bank (Indian Handicrafts: A New Direction for Exports)

Retail Channels

There are two retail channels operating in the Handicrafts industry.

Commercial Channels

This channel mainly comprises of exclusive and non-exclusive stores like department stores, multiples, speciality stores and independent retailers. These are specialised stores catering to the final consumer in the market. They include:

- Department Stores

These are usually large stores that operate independently or in a chain and deal in a wide variety of purchasing articles like decorative accessories and other products. Initially department stores were frequented by wealthy people thereby storing articles that were high in price. Today however articles of lower prices are



also available in department stores keeping in mind the tastes and preferences of the customer.

- Mail Order Firms

These firms conduct sales by mail, telephone, internet and catalogues. Items appearing in catalogues belong to the lower and middle categories in terms of price, quality, originality and exclusivity.

Alternative Channels

This channel comprises of institutions that assist craft organisations in developing countries to sustain themselves financially by creating markets for them in developed countries. They sell products at fair prices and allow a major portion of the proceeds to be retained by the manufacturers of the products. Articles for sale include functional ones that are protected from fast changing fashion trends thereby eliminating the cost of obsolescence.

The retailing in the Handicraft industry is dominated by large retailers thereby leading to the opting out of business by small retailers who are bought over by the larger ones. Large retailers are increasingly circumventing intermediaries and are establishing direct links in the country of origin either by setting up offices of their own or by acquiring the services of buying agents. Some retailers have taken a step further by engaging private labelling so that shelf space is devoted to their personal labels rather than manufactured brands.



NON-TARIFF BARRIERS

Non-tariff barriers are an increasingly common form of protectionism. The non-tariff barriers are mainly in the form of Customs practices and Licensing, compliance with product standards and labelling requirements.

Product Standards, Regulations and Requirements

The US is an adherent to the WTO “Standards Code”. Any consumer product offered for importation will be refused admission if the product fails to comply with an applicable consumer product safety rule, or is determined to be a hazardous product or contains a product defect that constitutes a substantial product hazard.

Any article of wearing apparel or interior furnishing or any fabric or related material cannot be imported into the US if it fails to conform to an applicable flammability standard issued under the Flammable Fabrics Act. This Act is administered by the US Consumer Product Safety Commission.

Recently the U.S. Department of Agriculture’s Animal and Plant Health Inspection Service (APHIS) has suspended the importation of craft items from China that contain wooden logs, limbs, branches or twigs greater than one centimeter in diameter and have an intact bark beginning from April 1st 2005. This restriction is likely to remain in place, pending to the adoption of adequate mitigation measures by the Chinese exporters. The APHIS is increasingly concerned about the introduction of wood-boring quarantine pests into the United States from China through decorative and craft items.

Inspection of quarantined pests is very difficult because signs of the pest are not always visible on the bamboo, such as holes or frays. To counter this mandatory fumigation at the port of arrival is required for garden and nursery stakes made from bamboo. Articles made of bamboo such as furniture, bamboo dunnage and iron bamboo are not included in this policy change and do not require fumigation because pests have not been found in this type of bamboo.

Marking, Labelling and Packaging

The US customs laws require each imported article produced abroad to be marked in a conspicuous place with the English name of the country of origin.

The new textile rules of origin change the country of origin for many textiles, from the country where the fabric is cut to the country where the final garment is assembled; however the rules vary depending on the manufacturing process and end-product. Products that require minimal cutting and assembly such as scarves, towels, sheets and draperies, must be labelled according to where the fabric was woven.



The final rule published in the Federal Register on September 16th, 2004, the U.S. Department of Agriculture adopted an international standard for wood packaging material that was approved by the Plant Protection Convention (IPPC). The IPPC standard calls for most wood packaging material to be either heat treated or fumigated with methyl bromide in accordance with the Guidelines and marked with an approved international mark certifying that treatment.

Import ban of merchandise produced with Forced or Indentured Child Labour

Child labour can be found in many industries that produce goods for export, including the production and processing of hand-knotted carpets, apparel, footwear, brassware, silk, glassware, bricks, furniture, food, gems, and leather.

The U.S. Customs Service is engaged in a multi-faceted program to ensure that merchandise manufactured or produced with bonded or forced child labour is not imported into the U.S. Title 19, United States Code, Section 1307 (Section 307 of the Tariff Act of 1930) is the basis for prohibiting the importation of merchandise manufactured or produced with forced or indentured labour under penal sanction.

Customs is working with the Bureau of International Labor Affairs to implement Executive Order 13126, Prohibition of Acquisition of Products Produced by Forced or Indentured Child Labour. The order prohibits the US Government organisations from purchasing any item that was produced with forced or indentured child labour.

Other Restrictions

Some exhibitions, shows and galleries in the United States only accept the work of American craftspeople, which effectively makes those venues inaccessible to foreign Handicraft exporters. American laws prohibit non-citizens from selling their work directly to consumers at wholesale or retail craft shows. As such craftspeople must utilise the services of an American citizen to handle around this law by providing centralised processing of sales order. However, it is up to the exhibitors to be fully aware of US laws surrounding business transactions before choosing to attend a show. Penalties for non-compliance can be heavy.

RECOMMENDATIONS

The Indian Handicrafts industry is highly fragmented and employs an estimated 6.2 mn people. It is characterized by low-capital investment, high value addition and is an important source of foreign exchange and can contribute significantly towards economic growth. Although exports of Handicrafts from India to the world are sizeable, an estimated US\$ 3.3 bn in 2004, it is a sector that has not been completely explored from the point of view of potential. Exports of Handicrafts from India to the world grew annually by 9% since 2000. Out of the 26 states in India, only three states contribute majorly to exports of Handicrafts namely Gujarat, Rajasthan and Uttar Pradesh.

The main findings of the report are summarized below. As can be seen from Table 1, India's share in US import markets is higher in those cases where the relative size of the sub-market is smaller. Also, it is evident that China has emerged as the market leader in most of the market segments, and accounts for a major market share in value terms.

Table 1: Summary of findings: US Imports of Handicrafts

| Handicraft Items | Value of Imports (2004) US\$ | CAGR (World) (2000-2004) | CAGR (India) (2000-2004) | India's Ranking (2004) | India's Market Share (2004) | Top Exporter (Market share 2004) |
|---------------------------|------------------------------|--------------------------|--------------------------|------------------------|-----------------------------|----------------------------------|
| Embroidered Goods | 10.2 bn | 3% | 4.3% | 5 th | 4.3% | China (10.3%) |
| Miscellaneous Handicrafts | 17 bn | -0.6% | 0.2% | 10 th | 1.4% | China (52.2%) |
| Hand Printed Textiles | 6 bn | 1.7% | 0.3% | 5 th | 6.3% | China (16.4%) |
| Imitation Jewellery | 1 bn | 11% | -7.2% | 6 th | 2.3% | China (72.8%) |
| Wood Wares | 711 mn | 2% | 8.7% | 3 rd | 3% | China (68%) |
| Zari & Zari goods | 426 mn | 0.1% | 2.3% | 2 nd | 17.1% | China (19.8%) |
| Art Metalwares | 250 mn | 3.8% | -6.6% | 3 rd | 12.3% | China (32.1%) |
| Scarves | 74 mn | 3% | 20.2% | 4 th | 13.1% | China (32.5%) |
| Shawls as Artwares | 17 mn | -2.6% | -22.2% | 4 th | 11.6% | China (27.2%) |

As per Matrix 1 below, India’s exports to the US have witnessed growth in those segments which are experiencing low growth in the import market (< 5%). This may be attributable to the general trend of a slow down in imports of handicraft items into the US. Matrix 2 gives the growth-share distribution of India’s exports of handicrafts to the US; it can be seen that the products are widely dispersed across the matrix.

Matrix 1: Relative growth in imports from India and Total Imports of Handicrafts in to USA

| | | | | | |
|--|-------|---------------------------|----------------------------------|---------------------|------|
| Growth in USA's Imports from India | >15% | | Scarves | | |
| | 5-15% | | Wood Wares | | |
| | 0-5% | Miscellaneous Handicrafts | Hand Knitted & Embroidered Goods | | |
| | | | Zari & Zari goods | | |
| | <0% | Shawls as Artwares | Art Metalwares | Imitation Jewellery | |
| | | <0% | 0-5% | 5-15% | >15% |
| Growth in USA's imports from the world | | | | | |

Matrix 2: Growth – Share Matrix of India’s Handicrafts Exports to the US

| | | | | |
|--|-------|----------------------------------|-----------------------|-------------------|
| Growth in USA's Imports from India | >15% | | Scarves | |
| | 5-15% | Wood Wares | | |
| | 0-5% | Hand Knitted & Embroidered Goods | Hand Printed Textiles | Zari & Zari goods |
| | | Miscellaneous Handicrafts | | |
| | <0% | Imitation Jewellery | Shawls as Artwares | Art Metalwares |
| | | 0-5% | 5-15% | >15% |
| Market Share of India's Exports to USA | | | | |



The wide dispersion of the export basket of handicraft items from India, characterized by a large number of products, with moderate growth rates, would need a holistic approach towards promoting export growth in this sector. Some of the important initiatives that could aid in promoting exports from this sector are as follows:

Exporters need to make a special effort to understand buyer's changing tastes, preferences and inclinations, design and organize products to match these precise needs. Among the selling factors identified in the global market today are technology and innovation. Products made with use of latest technology and techniques, are innovative in design, material and can attract buyers anywhere in the world. These factors indicate the need for research & development in areas of technology, manufacturing process, designing, product development, use of embellishments and composite items for value addition, besides an understanding of international marketing trends.



Tips for Doing Business with the Americans

Public Behaviour

- Americans refer to their counterparts on first-name basis quickly, usually within the first few minutes of meeting them. This informality tends to signify equality between the business parties
- Americans are not very rank and status conscious
- Their culture stresses on individual initiative and achievement. Moreover, Americans can also be very competitive at work
- It is imperative to be punctual as business people in the US can be very time conscious

Business Cards

- If offered, Americans might accept their counterpart's business card, but they might not offer one in return, as in the US business cards are exchanged mainly for the purpose getting in touch on a later date
- The recipient of the card might place it in a wallet as soon as he receives it. This gesture is done for convenience and is not meant to be a sign of disrespect to the giver
- Most Americans consider mention of academic credentials on business cards irrelevant

Business Dress

- It is appropriate to dress conservatively. For men, a traditional business suit in navy blue or dark grey, worn with white shirt and an understated tie, is considered appropriate
- Business suits or dresses with appropriate, light accessories are often the standard attire for women



Negotiation Tips

- Prior appointments are necessary
- When setting up the meeting, one should be specific about who will be attending the meeting from the company, and suggest what kind of people the prospective client should be accompanied by
- In a meeting, participants might proceed with business after some brief, preliminary general talk
- A powerful team leader should be selected to introduce the team. He/ She should know who is the decision-maker in the client's team and accordingly give importance and address him/her during the presentation
- The presentation should be made lively and not merely be a repetition of the contents of the information package already provided to the prospective American client
- American businessmen conduct business at a fast pace and make quick decisions although the decisions may not be final. Decisions can be changed quickly if it appears that things are not working
- In negotiations, points are made by the accumulation of objective facts. The subjective feelings of the participants are not given any consideration
- Americans give least importance to "saving face" and other social obligations and formalities. They tend to be very transparent, straightforward and spontaneous in their actions
- In the US, money is a key priority and a deal can be concluded by emphasising on the cost effectiveness of the product at hand
- Americans are opportunistic and willing to take chances. This attitude of risk taking often leads to success for Americans in business deals
- American businesspeople do not hesitate to answer negatively, if need be. In most occasions they can be very blunt and might not hesitate to disagree with the other party in straightforward terms
- Persistence is another characteristic one often encounters in American businesspeople and they believe that there is always a solution for any problem



Gifts

- Business gifts are often presented after the deal is closed. In most situations, gifts are usually unwrapped immediately and shown to all assembled at the meeting
- While visiting an American home, it is not necessary to take a gift, although it is always well appreciated. Any item native to the region of the foreign businessmen, flowers or simply a bottle of wine can be good gift choices