

*THE EXPORT PROMOTION OF SOUTH AFRICAN CRAFT
PRODUCTS*

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Abstract

Exports are a key to the growth of the economy and therefore very important to any country. Exports are also important to SMEs, and international trade is responsible for most countries' prosperity. Due to the importance of exports, it is important for a country to promote trade and it is no longer a question of 'if' government should be involved in the allocation of resources and the promotion of trade, but the principal questions are 'how much?' and 'what kind?' of government involvement there should be. If governments get involved in export promotion, it is important for those governments to realise two things: firstly, national resources are scarce and secondly, due to this scarcity, great selectivity is needed in developing and implementing export promotion strategies and activities. Therefore the challenges faced by governments are to choose specific sectors for export promotion and to allocate their limited resources among these sectors.

The Department of Trade and Industry (DTI) of South Africa is aware of the importance of effective trade promotion and the effect that the focusing of specific sectors of the economy for trade promotion purposes could have on export growth. As a result of this, the DTI started to emphasise the importance of certain priority sectors and has begun to assign greater support to the promotion of these sectors. Crafts are such a priority sector and government's vision for the craft sector is to have an efficient, formalised, globally competitive South African craft sector by 2014.

For the craft sector to become globally competitive, the South African government (through the DTI) should contribute more effectively to the promotion of craft exports. Since craft SMEs internationally and in South Africa face many export barriers, this is not an easy task. If government, through the DTI, wishes to enhance craft exports, they need to promote craft trade more effectively. This can be done firstly by identifying the challenges faced by craft SMEs and exporters in South Africa, and, secondly, by strategically removing these export barriers or assisting craft SMEs to overcome them.

There are many barriers that stand in the way of successful exporting, but this study will focus on only two of these barriers. The first barrier relates to the fact that different craft SMEs face different export challenges in the different stages of their export process and, as a result, they need different export promotion programmes. The second barrier relates to the fact that SME exports are hampered by a lack of accurate market information, especially market information that concentrates on product and market identification. Both these barriers form the basis of the problem statement of this study and will be discussed subsequently.

International studies have suggested that government's assistance should focus on different types of programmes to reach the specific needs that different SMEs face in different stages of the internationalisation process. Since South African craft SMEs have different developmental needs or export challenges during different export stages, it is important for the DTI, South Africa's leading trade promotion organisation, to identify and assist these SMEs with specific export promotion programmes. This study identifies the

developmental needs or export barriers that are faced by craft SMEs in South Africa and recommends certain export promotion programmes that the DTI could use to make their trade promotion efforts more effective.

The second problem this study addresses is the lack of accurate market information that is found within the craft sector. Two of the most prominent factors to influence non-exporting and exporting craft SMEs not to export is the fact that they have no time to research new markets and lack proper market information. In South Africa, the development of craft exports is hampered by a lack of accurate market information that concentrates specifically on product and market identification. The lack of accurate market information that is found within the craft sector can be ascribed to the fact that it is difficult to calculate and analyse craft data because craft is not being exclusively identified in the HS coding system. As a result of this, it is difficult to distinguish the international trade flows of craft products and this hinders any efforts of countries to recognise and develop the export potential of crafts. Many governments, while acknowledging the importance of crafts in their national development policies, have found it difficult to develop and fund programmes for the sector due to the absence of sufficient statistics.

This study attempts to solve the market information problem by providing a method to calculate craft flow. One of the greatest contributions of this study is that, during this process, it provided some of the first available craft market information to be analysed and interpreted. The data provided an overview and analysis of the international craft market and craft flow, the South African craft market, and craft flow to and from South Africa as well as South Africa's contribution to craft trade. The data also identified and analysed the craft products (and markets) with the highest trade potential and compared these products and markets to the same products that were traded by South Africa. The availability of this data makes it possible for the DTI to use its limited resources to develop and implement export promotion strategies and activities specifically targeted to promote the trade of the products and markets with the highest export potential. This will ensure that government resources are used with maximum return on investment and will increase South African craft exports.

Opsomming

Uitvoer is 'n sleutel tot ekonomiese groei en daarom belangrik vir enige land. Uitvoer is ook belangrik vir Klein en Medium Ondernemings (KMO's) en internasionale handel is verantwoordelik vir meeste lande se vooruitgang. Sodra die voordele van uitvoer in ag geneem word, word dit duidelik dat elke land daarby sal baat om uitvoer te bevorder. Die vraag is nie meer óf regerings betrokke wil raak in die verlening van hulpbronne vir uitvoerbevorderingsgeleenthede nie, maar eerder 'hoeveel' en 'watter soort' regeringsbetrokkenheid wel nodig is. Wanneer regerings betrokke raak by uitvoerbevordering, is dit belangrik om die volgende in gedagte te hou: eerstens, dat nasionale hulpbronne skaars is; en tweedens, dat groter selektiwiteit in die ontwikkeling en implementering van uitvoerbevorderingstrategieë en uitvoeraktiwiteite benodig word. Dit is vandag vir die meeste regerings 'n uitdaging om te fokus op spesifieke sektore vir uitvoerbevordering en om hul beperkte hulpbronne tussen hierdie sektore te verdeel.

Die Departement van Handel en Nywerheid (DHN) in Suid-Afrika is bewus van die belangrikheid van effektiewe handelsbevordering en die effek wat die ondersteuning van spesifieke sektore van die ekonomie vir handelsbevorderingsdoelwitte en ekonomiese groei mag inhou. As gevolg hiervan, het die DHN begin om meer aandag en groter ondersteuning aan hierdie sektore te verleen. Een van die sektore wat geïdentifiseer is as 'n sektor met groot potensiaal is die 'arts and crafts'-sektor. Die regering se doelwit is om hierdie sektor voor 2014 te verander in 'n effektiewe, formele sektor wat internasionaal mededingend sal wees.

Een manier om te verseker dat die 'craft'-sektor internasionaal mededingend is, sal wees vir die Suid-Afrikaanse regering om d.m.v. die DHN 'craft'-uitvoer meer effektief te ondersteun en te bevorder. Omdat 'craft' KMO's internasionaal en in Suid-Afrika verskeie struikelblokke in hul uitvoerproses beleef, is dit nie 'n maklike doelwit nie. As die regering d.m.v. die DHN 'craft'-uitvoer wil bevorder, is dit nodig om die struikelblokke vir 'craft'-ondernemings in Suid-Afrika te identifiseer en 'craft'-ondernemings by te staan en te help om hierdie struikelblokke te oorbrug.

Hierdie studie fokus slegs op twee van hierdie struikelblokke. Die eerste struikelblok is dat verskillende 'craft'-ondernemings, verskillende behoeftes benodig in verskeie stadiums van hul uitvoerproses en as gevolg hiervan word verskillende uitvoerbevorderingsprogramme benodig. Die tweede struikelblok behels die feit dat 'craft'-ondernemings probleme ondervind met die beskikbaarheid van akkurate markinligting, veral inligting rakende die mees geskikte produkte en markte vir uitvoerdoeleindes. Beide hierdie struikelblokke sal kortliks bespreek word.

Internasionale studies toon dat regerings meer akkurate uitvoerbevordering kan verleen deur verskillende uitvoerprogramme te verskaf aan ondernemings in verskeie stadiums van hul uitvoerproses. Omrede Suid-Afrikaanse 'craft' KMO's verskillende ontwikkelingsbehoefte of uitvoeruitdagings gedurende verskillende uitvoer stadiums beleef, is dit belangrik vir die DHN om spesifieke uitvoerbevorderingsprogramme vir die verskillende ondernemings te identifiseer en om die KMO's met hierdie programme by te staan. Hierdie

studie identifiseer die verskillende behoeftes van die verskillende 'craft'-ondernemings in Suid-Afrika en stel sekere uitvoerbevooringsprogramme voor wat die DHN dan kan gebruik om meer effektief te wees in hul handelsbevordering.

Die tweede struikelblok wat die studie poog om te oorbrug, is die tekort aan akkurate markinligting oor die 'craft'-sektor. Twee van die grootste struikelblokke onder beide nie-uitvoerders en uitvoerders van 'craft' wêreldwyd, is die feit dat hulle nie tyd het om marknavorsing te doen nie en dat daar 'n tekort is aan akkurate 'craft'-markinligting, veral inligting wat potensiële produkte en markte vir uitvoerdoeleindes identifiseer. Die beperkte markinligting in die internasionale en Suid-Afrikaanse 'craft'-sektor kan toegeskryf word aan die feit dat dit moeilik is om 'craft'-data te bereken en te analiseer, omdat 'craft' nie alleen onder een spesifieke HS-kode geïdentifiseer kan word nie. As gevolg hiervan is dit moeilik om die internasionale vloei van 'craft'-produkte te bepaal en dit beperk die vermoë van lande om die uitvoerpotensiaal van hul 'craft'-produkte te identifiseer en te ontwikkel. Verskeie lande wêreldwyd erken die belangrikheid en moontlike potensiaal van 'craft' in hulle onderskeie ontwikkelingsbeleide, maar word beperk deur die nodige ontwikkeling en befondsing van programme om 'craft' te bevorder a.g.v. die tekort aan betroubare handelstatistiek.

Die studie poog om die markinligtingsprobleem op te los deur 'n metode te ontwikkel om die handelsvloei van 'craft' te bepaal. Een van die grootste bydraes van hierdie studie is dat dit van die eerste beskikbare 'craft' markinligting wat geanaliseer en geïnterpreteer is, sal verskaf. Hierdie data sal ook 'n oorsig en analise verskaf oor die internasionale 'craft'-mark en internasionale 'craft'-vloei, asook inligting oor die Suid-Afrikaanse 'craft'-mark en 'craft'-vloei vanaf en na Suid-Afrika. Die data sal ook Suid-Afrika se handelsbydrae tot internasionale 'craft' bestudeer en die data sal die produkte en markte met die grootste handelsmoontlikhede identifiseer en vergelyk met dieselfde produkte wat deur Suid-Afrika verhandel is. Sodra hierdie data of inligting aan die DHN beskikbaar gestel word, kan die DHN hul beperkte hulpbronne gebruik om uitvoerbevooringsstrategieë en aktiwiteite te ontwikkel en te implementeer, wat spesifiek op die bevordering van produkte en markte met die grootste handelspotensiaal gemik is. Dit sal tot gevolg hê dat die regering sy beperkte hulpbronne meer effektief kan bestee en sodoende behoort 'craft'-uitvoer te styg.

Abbreviations

CCDI	Cape Craft and Design Institute
CIGS	Cultural Industry Growth Strategy
CREATESA	Creative South Africa
CMIDS	Craft Manufacturing Industry Development Council
CSIR	Council for Scientific and Industrial Research
DAC	Department of Arts and Culture
DACST	Department Arts, Culture, Science and Technology
DEAT	Department of Environmental Affairs and Tourism
DoE	Department of Education
DoL	Department of Labour
DPLG	Department of Provincial and Local Government
DTI	Department of Trade and Industry
EBAT	Electronic Business Assessment Tool
ECDC	Eastern Cape Department of Culture
EMIA	Export Marketing and Investment Assistance Fund
FabLab	Fabrication Laboratory
GEDA	Gauteng Economic Development Agency
GDP	Gross Domestic Product
HS CODE	Harmonized System Codification
IMC	International Marketing Council of South Africa
ITC	International Trade Centre
KHULA	Khula Enterprise Finance Ltd.
NAC	National Arts Council of South Africa
NES	National Export Strategy
NGO	Non-government Organisations
NPI	National Productivity Institute
PSA	Public Servants Association of South Africa
SABS	South African Bureau of Standards
SACOB	South African Chamber of Business
SARS	South African Revenue Service
SEDA	Small Economic Development Agency
SME	Small and Medium Enterprise
TISA	Trade and Investment South Africa
TIKZN	Trade and Investment Kwa-Zulu Natal
TPO	Trade Promotion Organization
TRADEMAP	Online Trade Analyses Tool of the International Trade Centre
UNCTAD	United Nations Conference on Trade and Development

UNESCAP	United Nations Economic and Social Commission for Asia and the Pacific
UNESCO	United Nations Educational, Scientific and Cultural Organization
UAE	United Arab Emirates
UK	United Kingdom
US	United States
WESGRO	Trade and Investment Promotion Organisation of the Western Cape
WCO	World Customs Organization
WTO	World Trade Organization

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Chapter 1

Introduction

1.1 Problem statement

Exports are key to the growth of the economy (Cheng and Feng, 1999; The World Bank, 2001; Lewer and Vandenberg, 2003; Jordaan and Hinaunye Eita, 2007) and therefore very important to any country. Exports are also important to small and medium sized enterprises (SMEs), and Calof (1993) states that international trade is responsible for most countries' prosperity. Due to the importance of exports, it is important for a country to promote trade and Shankarmahesh, Olsen and Honeycutt Jr. (2005) state that it is no longer 'if' government should be involved in the allocation of resources and the promotion of trade, but the principal questions are 'how much?' and 'what kind?' of government involvement there should be. If governments get involved in export promotion it is important for those governments to realise two things: firstly, national resources are scarce and, secondly, due to this scarcity, great selectivity is needed in developing and implementing export promotion strategies and activities (Cuyvers, 2004). Therefore, the challenges faced by governments are to choose specific sectors for export promotion and to allocate their limited resources among these sectors (Shankarmahesh *et. al*, 2005).

The Department of Trade and Industry (the DTI) (as quoted by Pearson, 2007) stated there is a definite need for further research on export promotion in South Africa and argued that the increased research on export promotion would greatly assist senior management to ensure that government resources are used with maximum return on investment by identifying certain priority products and markets. From this statement it is clear that the DTI of South Africa is aware of the importance of effective trade promotion and the effect that the approval of specific sectors of the economy for trade promotion purposes could have on export growth.

As a result of the increased emphasis on certain priority sectors, the South African government and the DTI have begun to assign greater support to the promotion of what it calls 'priority sectors'. According to the DTI (2005), these priority sectors are critical to the South African economy and matter greatly to South Africa because they account for over 22% of the Gross Domestic Product, employ 23% of South Africa's total employment, and contribute over 47% to South Africa's foreign exchange earnings. The priority sectors identified by government as showing the highest growth potential include chemicals, metals, agro-processing, aerospace, rail and marine, automotives, arts and crafts, clothing and textiles, capital equipment, leather and footwear, electro-technical, tourism, and television and film (DTI, 2008a). This study will focus on one of these priority sectors, crafts.

After the South African government identified the priority sectors mentioned, they started to put a plan in place to promote these sectors. The DTI and roleplayers from the various industries involved each started to draft a customised sector development strategy for their specific sector. The aim of these strategies, according to the DTI (2005), was to increase competitiveness, exports, investments, equity and employment. The draft or sector development strategy that was drawn up for the craft sector is known as the Craft Sector

Development Strategy. The main purpose of the Craft Sector Development Strategy was to define the critical steps and key interventions that would increase the competitiveness of the craft sector and enable its successful commercialisation. From this purpose, the vision of the DTI and the Craft Sector Development Strategy was established. The vision for the craft sector, according to the Craft Sector Development Strategy is: *“to have an efficient, formalised South African craft sector by 2014: a craft sector that will be integrated across the value chain and that will be a significant part of the mainstream economy. The commercial hand manufactured industry will enjoy a mutually beneficial relationship with the cultural craft/art industry and this globally competitive sector will draw on highly skilled human resources, abundant local design and innovation talent, natural and cultural resources, and appropriate technologies. It will profitably manufacture high quality and high value products for local and international markets. In this way, the sector will generate economic opportunities, create jobs, foster broad-based black economic empowerment, earn foreign exchange, and attract investment”* (DTI, 2005).

According to the DTI (2005), the craft sector contributed approximately R2 billion to the GDP in retail sales. This represented approximately 0.14% of South Africa’s GDP, of which approximately R150 million was export sales. With the global craft trade assumed to be US\$35 billion in 2005, it means that South Africa contributed just less than 1% to the global trade in craft. With more targeted and coordinated interventions, as proposed in the Craft Sector Development Strategy, the DTI (2005) stated that a target of 15% annual growth in retail turnover and exports could be set. On this growth path, the craft sector could contribute R5 billion to South Africa’s GDP, of which R1 billion could be gained from exports (DTI, 2005).

Since exports make countries more competitive and more attractive (Garelli, 2006) and since SMEs consider their competitiveness to be enhanced by exporting (Kotabe and Czinkota, 1992), the South African government and industry agree that craft SMEs¹ in South Africa should be assisted by government and trade promotion organisations (TPOs). The DTI provides various export promotion incentives for South African exporters (see chapter 2.5.1), but critics such as Valodia, Goode and Macheke (2002) are pessimistic about the export promotion initiatives currently provided by the DTI. They state that the industry is lagging behind the government in taking maximum advantage of export promotion support programmes. This statement is supported by Kaiser and Associates² (2003f), the leading market researchers within the craft sector of South Africa. The export support provided by the DTI is perceived as inefficient by emerging crafters since some crafters are not even aware of the services and assistance provided for them by the DTI. Thus, more needs to be done by the South African government or the DTI - the governments’ leading TPO - to assist crafters with craft exports. Since craft SMEs internationally and craft SMEs in South Africa face many export barriers, this will not be an easy task. If government, through the DTI, wishes to enhance craft exports by more effectively promoting craft trade, they need not only to identify the challenges faced by craft SMEs and exporters in South Africa, but they also need to strategically remove these barriers or assist craft SMEs to overcome them.

¹ South African craft SMEs or craft enterprises will be explained and classified later on in this study, see chapter 3.5.3.

² Kaiser and Associates is a private market research company that did market research on the craft sector for the Cape Craft and Design Institute (the CCDI) see chapter 3.9.

According to Kaiser and Associates (2003f), if South African crafters want to export successfully, the barriers that stand in the way of successful exporting should be eliminated. Although there are many barriers, this study will focus on only two barriers. The first barrier relates to different craft SMEs facing different export challenges in different stages of their export process (chapter 3.9.2.1) and the second barrier relates to SME exports being hampered by a lack of accurate market information, especially market information that concentrates on product and market identification (chapter 3.9.3). These barriers form the basis of the problem statement of this study and will be discussed subsequently.

1.2 Export assistance for craft SMEs

According to Wilkinson and Brouthers (2006), it is important to understand the obstacles or barriers to exporting, because they illustrate both the possibilities and the limitations of export promotion programmes. Singer (1990) suggests that the first step in developing a theoretically based understanding of export promotion, countries need to address the problem posed by market imperfections (obstacles) which might inhibit the exporting efforts of SMEs. Thus export promotion programmes are necessary to overcome export barriers. Seringhouse and Rosson (1989) make this clear in their definition of export promotion. These writers stated that export promotion is the creation of an awareness of exporting as a growth and market expansion option, the reduction or removal of barriers to exporting, and the creation of promotion incentives and various forms of assistance to potential and actual exporters.

As stated above, the government's role in export promotion is very important. Many scholars have studied government's involvement in export promotion and the importance thereof (Coughlin and Cartwright, 1987; Richardson and Rindal 1995 and Llinitch 1997; Gençtürk and Kotabe, 2001; Francis and Collins-Dodd, 2004 and Wilkinson and Brouthers, 2006) and many studies have made recommendations for governments to adapt their export promotion programmes to better fit the needs of exporters (Cuvasgil, 1980; Kotabe and Czinkota, 1992; Leounidou and Katsikeas, 1996; and McCue, 1998). Various other studies have suggested that governments can use different export promotion programmes or export assistance methods for the different needs of different SMEs. Amongst this group of scholars, many state that government's assistance should focus on different types of programmes to reach the specific needs faced by different SMEs in different stages of the internationalisation process (Bilkey, 1978; Cavusgil, 1980; Viviers and Calof, 1999). This is also true for South Africa and Viviers and Calof (1999) recommend that the South African government has to target export-related programmes at distinct export stages if the programmes are to be effective. Before this study focuses on the different developmental needs of the different types of craft SMEs that are involved in the different export stages in South Africa, which will form the basis of this study, it will briefly provide an overview of the concept of internationalisation (internationalisation will be thoroughly explained in chapter 2.3).

In brief, internationalisation involves the process in which a firm gradually becomes involved in international business and enters foreign markets (Welch and Luostarinen, 1988). According to Calof (1993), companies take part in internationalisation to achieve and maintain healthy economic environments. There are many

different views among most international business scholars surrounding the number of stages that SMEs are involved in within the internationalisation process. Some scholars, like Johanson and Wiedersheim-Paul (1975) and Moini (1995) distinguish between four stages of entry to international markets, while other scholars like Bilkey and Tesar (1977) state that a firm gradually moves through six levels of commitment to exporting.

Kaiser and Associates (2003f) have classified South African craft SMEs into one of three export or internationalisation stages or categories. The first stage is for SMEs that are already exporting, the second stage is for SMEs that are export ready or that have products that are export ready and the last stage is for SMEs that require significant development and assistance (Kaiser and Associates, 2003f). Amongst these three export stages, Kaiser and Associates (2003f) have also distinguished between three different craft SMEs. The SME that is primarily business orientated, the SME that has both a developmental and a business blend approach and, lastly, the SME that is primarily orientated around community development. What Kaiser and Associates (2003f) found was in line with what the scholars above mentioned, that there are different developmental needs for the different SME types (in this case craft SMEs) that are involved in different export stages. The findings of Kaiser and Associates and their export stage model will be explained in depth in chapter 3.9.2.1.

For the government or the DTI, as the leading TPO, to become more effective in their trade promotion or export assistance to craft SMEs in South Africa, they need not only to identify the specific developmental needs of the different types of craft SMEs involved in the different export stages, but they also need to assist crafters with these needs. The export stage model that was identified by Kaiser and Associates (2003f) identified the different developmental needs faced by different craft SMEs, which are involved in different stages of export. This highlights the first problem that this study attempts to solve - to determine what kind of export promotion the DTI needs to put in place to successfully assist the different developmental needs among the different types of craft SMEs involved in the different export stages in South Africa. If the DTI could successfully identify and implement these export promotion initiatives, the DTI would be more effective in its promotion of craft exports and this will increase craft trade.

The second problem this study will address is the lack of accurate market information that is found within the craft sector of South Africa. This will subsequently be discussed.

1.3 The lack of accurate market information within the craft sector of South Africa

The use of market information has been an issue of great interest in recent years (Souchon and Diamantopoulos, 1999). According to Diamantopoulos, Souchon, Durden, Axinn and Holsmüller (2003), the importance of information as a key factor influencing a firm's export behaviour has long been acknowledged in international marketing literature and the extent to which, and ways in which, export information is used can play a significant role in an SMEs level of export performance. Toften and Olsen (2003) suggest that the importance of export market information is that the use of export market information affects both export

performance and export knowledge and export knowledge is further suggested to affect export performance. The effective use of information has become a critical determinant for gaining competitive advantage and for enhancing an SME's business performance. Exporting SMEs use export information to overcome decision-making uncertainty caused by the potentially unfamiliar environment, and this information is a key determinant for successful entry and expansion and sound business decisions (Vyas and Souchon, 2003).

According to his study on the barriers to internationalisation that were faced by craft SMEs in the UK and Ireland, Fillis (2002) showed that one of the major factors that influenced non-exporting craft SMEs not to export was that they had no time to research new markets and they lacked proper market information. Exporting craft SMEs in the same study indicated that they also encountered problems concerning the lack of marketing information, but this was on a smaller scale (Fillis, 2002).

This is also the case in South Africa, where craft SMEs also lack proper market information. According to Kaiser and Associates (2003b), the development of craft exports in South Africa is hampered by a lack of accurate market information. Kaiser and Associates (2003b) state that there is a need for market information that concentrates specifically on product and market identification. Both these issues will now be discussed.

a) Product identification

As indicated above, there is insufficient market research on product identification. As a result, crafters are not exposed to product trends within different markets. There is also no structured mechanism to assist less established crafters to identify which products are suited to which export markets and this often leads to inaccurate matching of products with buyers in particular markets. Inappropriate assumptions are common amongst new or potential exporters that view product demand in export markets as a simple extension of domestic or tourist/curio demand. Lastly, feedback mechanisms or channels to encourage constructive criticism to local crafters to assist with product development and the alignment with export market requirements and preferences are inadequate (Kaiser and Associates, 2003b).

b) Market identification

Firstly, the identification of the most appropriate and high opportunity export markets for local producers to target their exports has been a weakness. Secondly, market identification in the past has tended to be ad hoc or based on existing relationships and no mechanisms have been available to gather and share this (limited) market intelligence. Thirdly crafters are unaware which 'niche' markets are demanding their merchandise. Fourthly, little is understood about the levels of competition in these markets and, lastly, there is no established mechanism to keep market information up to date and comprehensive (Kaiser and Associates, 2003b).

The DTI, as the leading export promotion organisation in South Africa, is familiar with the lack of market information that is found within the craft sector of South Africa. To solve this problem, the DTI proposed a Market Development and Access Programme for craft. According to the DTI (2005), the Market

Development and Access Programme planned to develop and implement an integrated marketing and market access strategy for craft; one that would grow South Africa's craft market share. The programme's goal was to ensure that South Africa strives to capture 5% of the global trade in hand manufactured goods by 2014. The Market Development and Access Programme's objectives according to the DTI (2005:44) were to:

- Identify and expand the South African portion of local, national and international markets.
- Prioritise niche markets and set targets for the next five years.
- Link products/crafters to identified markets.
- Market the sector and raise consumer awareness.
- Establish a distinctive South African brand with a unique identity and features of South African made products.

To date (2008), this Market Development and Access Programme have not been implemented. The reason for this is the lack of sufficient information and market research concerning the world market for crafts and the flow of these products to and from South Africa. Various trade organisations internationally are in possession of trade statistics, but it is difficult to calculate and analyse the data because craft is not being exclusively identified in the HS coding system. As a result of this, it is difficult to distinguish the international trade flows of craft products and this hinders any efforts of countries to recognise and develop the export potential of their craft products. Many governments, while acknowledging the importance of crafts in their national development policies, have found it difficult to develop and fund programmes for the sector due to the absence of sufficient statistics (Domeisen and Sala, 2000).

The HS coding system is the international trade classification system that measures all international trade (or flow of products internationally). This means that each product that is traded internationally falls under a specific category, and these categories are then assigned an individual code (called an HS code) for identification purposes. Most products are only classified under one HS code, while some products, particularly craft products, are classified under more than one HS code. For example, ceramic sculptures are classified under only one HS code; HS code 691390; statuettes and other ornamental articles of ceramics. Therefore, to calculate and analyse the international trade of ceramic sculptures is not difficult. However, craft sculptures fall under various HS codes; for example metal sculptures (HS code 830629), wooden sculptures (HS code 442010) and stone sculptures (HS code 680291). Since most craft products comprise various categories, it complicates the calculation and analysis of specific trade flows. Furthermore, once craft products are divided into certain product categories (or HS codes) there is no way to tell whether the products are manufactured, semi-manufactured or hand made. Therefore, hand made craft products cannot be differentiated from other forms of manufacturing. This limitation is also a problem when attempting to distinguish between the trade flows of different craft products from and to South Africa.

The DTI attempts to provide export market information to its exporters, but there are limitations to this information, for example:

- In the case of craft, the information is not product-specific. The DTI does not provide trade flow information on the craft sector as a whole, nor on any individual craft products or potential export markets³.
- The DTI uses data from secondary sources such as South African Customs and Excise, the South African Revenue Services (SARS), and data that are obtained from international trade organisations such as COMTRADE and the ITC. As discussed earlier, these data sources do not present individual craft products in the international HS coding system and therefore do not distinguish between the different craft categories.

Other than the DTI, there are institutes such as the Cape Craft and Design Institute that have provided specific trade data for crafters in the past but, due to certain limitations (mainly financial), the data was limited to only two selected sub-sectors within the craft sector and focused only on some selected export markets (see chapter 3.8.1.6). Kaiser and Associates (2003f) state that, in order to develop a comprehensive developmental strategy for the entire craft sector, it is critical to get an understanding of the dynamics of the whole craft sector. Thus, for market information or craft data to be effective, market information is needed on both international and South African craft flow and each sub-sector (all the different product categories and products).

According to Erero (2008), the DTI has no system or research body in place to collect, analyse and interpret craft data. However, the craft sector of South Africa was identified as a priority sector by government (see 1.1) and Erero (2008) states that there is a definite opportunity for government, or the DTI, not only to provide the much-needed craft market information, but also to recommend a more permanent structure that would fulfil this need, for example, a craft market research body.

There is, therefore, an identified need to collect, calculate, analyse and interpret market information concerning the world market for craft as well as the flow of these products to and from South Africa. This study will attempt to solve this problem by providing a method to calculate craft flow and also providing the first available craft market information to be analysed and interpreted. The data will provide an overview and analysis of the international craft market and craft flow, the South African craft market and craft flow to and from South Africa, as well as South Africa's contribution to craft trade. The data will also identify the craft products (and markets) with the highest export potential.

1.4 The aim of this study and its importance

The aim of this study is twofold. This study will firstly try and solve the problem that was stated in 1.2 above- to identify what kind of export assistance or export promotion initiatives South Africa's leading trade promotion organisation, the DTI, needs to put in place to successfully assist the different developmental or export needs, of different craft SMEs involved in the different export stages in South Africa.

³ Hausmann and Klinger (2008) confirm this and state that crafts cannot be evaluated because they do not form part of the international trade data provided by the DTI.

Once the DTI is familiar with the different developmental needs of different types of craft SMEs during different export stages, it can more effectively assist exporters or craft SMEs by providing more effective export promotion programmes to increase South African craft exports.

Secondly, the study will attempt to solve the problem that was stated in 1.3 above, to try to find a way to solve the market information problem within the craft sector by proposing a means of calculating the international flow of crafts and craft flow to and from South Africa.

If this study finds a way to successfully calculate the international flow of craft, it will provide many role-players within the craft market of South Africa with sufficient craft information. This information will:

- provide an overview and market analysis of the most traded craft product categories and products traded internationally and an overview of the major importers and exporters of these products.
- provide an overview and market analysis of the most traded craft product categories and products that were traded by South Africa as well as an overview of the South Africa's contribution to craft trade internationally and South Africa's contribution to certain product categories.

After establishing South Africa's contribution to craft trade, this study will propose ways that South Africa might enhance its contribution to craft trade. One of the ways that South Africa can use to increase its contribution to international craft trade would be if South Africa increased its contribution to the craft products and markets with the highest trade potential. As a result of this, this study will also aim to:

- a) identify and analyse the craft products (and markets) with the highest trade potential internationally.
- b) compare the imports and exports of these products internationally to the imports and exports of the same products that were traded by South Africa to establish which products were demanded and supplied by which markets, and to establish how many of these products were demanded and supplied by South Africa.

The importance of this market information is that it would reveal the products and markets with the highest trade potential. If the market information is supplied without identifying the product and market combinations with the highest trade potential, the DTI would be unable to identify realistic export opportunities because it would have too many export possibilities (129 craft products x 220 countries = 28 380 export options). With specific product/market combinations, the DTI can use the results of this study to focus its resources to specific activities that will generate the highest contribution to exports. Once this market information is obtained, the DTI can become more effective in its export promotion activities.

1.5 The method of the study

Two research methods will be applied in this study, a literature survey and an empirical analysis. These research methods will subsequently be outlined.

1.5.1 Literature overview

The literature will focus on two specific issues which are necessary for effective public export promotion. The first issue relates to the different needs of different SMEs (especially craft SMEs) during the different stages of internationalisation. To address this issue, the literature study will comprise an overview of the rationale behind internationalisation and the different needs faced by different SMEs (especially craft SMEs) during the different stages of internationalisation. The literature will provide an overview of the barriers that impede internationalisation; especially the barriers faced by craft SMEs. It will also explain the importance of export promotion by TPOs as well as their effectiveness. The second issue relates to the lack of market information within the craft sector, both internationally and specifically in South Africa. To address this issue, the literature will explain the effective use of market information and its importance to SMEs. The literature will also provide an overview of the market information problems that the craft sector faces internationally and it will examine the origin of these problems.

Other than the academic sources, the literature also includes a variety of government documents and craft sector reports. The government documents will be used to provide an overview of the trade promotion situation and the craft sector in South Africa. The sources will explain the role of the DTI, both as the leading trade promotion organisation (TPO) in South Africa and it will provide information on the DTI's role as the overseer and implementer of the Craft Sector Development Strategy. The craft sector reports will provide specific information on the craft sector in South Africa. It will provide an overview of not only the obstacles faced by most crafters in South Africa face, will also focus on the problems or obstacles faced by South African craft exporters. Most of these sources will be obtained from the Cape Craft and Design Institute (the CCDI) - one of the most important role-players and researchers within the South African craft sector. The main objective of the literature survey is to provide a better understanding of both trade promotion and the craft sector in South Africa, in such a way that it will emphasise the importance of effective export promotion initiatives for craft SMEs in South Africa.

The empirical study that will be explained below will focus more on solving the other problem identified by this study - the lack of market information within the craft sector (see section 1.3). This will now be discussed.

1.5.2 Empirical study

The empirical study will focus on only one of the problems identified in this study - the lack of market information identified within the craft sector (see section 1.3). The empirical study will be used not only to calculate trade data, but will also be used to provide an overview and analysis of the flow of crafts internationally and to and from South Africa. This trade data will be obtained from Trade Map. Trade Map is a web-based trade analysis tool of the International Trade Centre (a UN affiliate) in Geneva, Switzerland. Trade Map will provide the information pertaining international trade for each individual craft product through the main international system for trade statistics, the six-digit Harmonized Commodity Description and Coding System (HS) (ITC, 2006).

The method of craft calculation that will be used in this study is complex (for an in-depth description, calculation method and the analysis of craft, see chapter 4.3). This study will first attempt to identify the most traded craft products internationally and then to classify these products into certain product categories. After this, the study will use the trade data that is available from Trade Map (data from between 2001 to 2005) to calculate and examine the flow of the most traded craft products. This study will calculate and examine the international flow of craft products as well as the flow of these products to and from South Africa. As mentioned in section 1.3, institutes such as the CCDI have, in the past, provided trade data but the data has been limited to certain selected sub-sectors. This study will be the first attempt to provide sufficient, analysed and interpreted data concerning the most traded products in the craft sector (the flow of craft products internationally and to and from South Africa).

1.6 Demarcation of the study

There are many obstacles that might hinder craft SMEs, especially South African craft SMEs, to export. There are also various challenges for craft export development and the South African government can employ a variety of different export assistance programmes to aid different craft SMEs with different developmental needs.

The aim of this study is not to solve all the export challenges faced by craft SMEs in South Africa. Neither is it the aim of this study to solve all the challenges in the craft export process nor to solve all the challenges of all the SMEs in all the different stages of export internationalisation. The aim of this study is not to propose an entire strategy for government on how to become more effective in their promotion of craft, but rather to solve two important problems of craft development. The first issue relates to the different needs faced by different craft SMEs in South Africa during different stages of internationalisation and ways in which the South African government or the DTI, as the leading TPO, could more effectively assist crafters with their specific developmental needs. The second issue relates to the lack of market information within the craft sector (see section 1.2 and section 1.3).

In providing a solution to the market information problem, this study will not aim to solve the entire market information problem. The market information will only demonstrate:

- A methodology to analyse the flow of the most traded craft products internationally and by South Africa and to determine South Africa's contribution to the international flow of craft.
- That a way exists to identify the products and markets with the highest trade potential and to compare the flow of these products to the flow of the same products traded by South Africa.
- That this information is sufficient to be used by TPOs such as the DTI for more effective export promotion.

The data will demonstrate that the craft codification problem or lack of market information for craft can be bridged, and the existing data can be used for the development of a craft export development strategy. One

important fact that needs to be mentioned, however, is that the market information provided in this study only focuses on the most traded craft products and it only identifies possible markets for the craft products with the highest trade potential.

1.7 Outline of the study

Chapter 2 will describe the importance of exports or internationalisation. Internationalisation, the internationalisation process, the rationale behind internationalisation, and the major barriers that might hinder internationalisation - especially barriers that might hinder the internationalisation process of craft SMEs - will be discussed. Chapter 2 will emphasise the importance of export assistance or export promotion, with special focus on government's involvement in export promotion and the link between the different stages of internationalisation and export promotion. Chapter 2 will then give details on the trade promotion situation in South Africa as well as the role and function of the DTI, the leading TPO of South Africa. It will conclude by discussing the role of the DTI within the craft sector of South Africa, with special focus on their limited provision of market information for the craft sector.

Chapter 3 will provide an overview of the South African craft sector and craft trade. It will firstly describe craft and the importance of the craft sector and the different challenges faced by the craft sector and South African crafters. Chapter 3 will discuss one of the most important contributions to craft development in South Africa - the Craft Sector Development Strategy, the key programmes proposed in this draft and the most important solution to South Africa's craft sector thus far, the development of the provincial craft hubs. Chapter 3 will also provide an overview of one of the most important role-players and researchers within the South African craft sector, the CCDI and the chapter will conclude by discussing four market research reports of the CCDI. It will give special attention to the obstacles faced by most craft exporters in South Africa.

Chapter 4 will address the problem of the lack of sufficient craft market information by supplying information about the world market for craft and the flow of the most traded craft products. Secondly, the problem with craft codification will be discussed by explaining how this study will calculate the most traded crafts. By using data from Trade Map, chapter 4 will provide an overview and analysis of the most traded craft products and product categories traded internationally between 2001 and 2005. The most traded craft products will be defined and then chapter 4 will provide a detailed description of all the products under each product category or HS code. Furthermore, the chapter will provide trade data - world trade estimates (both imports and exports), the import and export rankings, growth in import and export values, as well as percentage share in world imports and exports, the growth in trade for each product category over a five-year period and, finally, a summary of the top ten importing and the top ten exporting nations per product category.

Chapter 5 will provide an overview and analysis of the most traded craft products that were traded by South Africa between 2001 and 2005 and, secondly, it will provide the relevant trade data for the 11 different craft categories and the different craft products of each product category traded by South Africa between 2001 and 2005. The chapter will also provide and analyse trade estimates (both imports and exports), the import and

export ranking according to the import and export values, the annual average growth in import and export values, the percentage share of South Africa for each individual product traded between 2001 and 2005 and will graphically demonstrate the growth in trade by South Africa for each product category and each individual craft product that was traded between 2001 and 2005. Chapter 5 will then compare South African craft trade to international craft trade to establish South Africa's role within or contribution to international craft trade. The chapter will conclude by providing a summary of these findings.

Chapter 6 will firstly provide a summary of the products with the highest trade potential and the markets that most demanded these products. Secondly, the trade findings for each of the craft products with the highest trade potential will be analysed and compared to the trade findings for similar products that were traded by South Africa during the same period to establish South Africa's contribution to, or role within, the trade of each of these identified products. Chapter 6 will also provide a summary of South Africa's role within and contribution to the flow of the craft products with the highest trade potential.

Chapter 7 will discuss ways in which the DTI, as the leading TPO, might use to promote craft more effectively. It will focus on the two major barriers to craft exports that were identified in chapter 1. The first barrier relates to the lack of market information within the craft sector and the second barrier involves the different developmental needs of the different types of craft SMEs involved in the different export stages. The chapter will provide an overview of these two barriers and will recommend ways by which the DTI can solve these problems.

Chapter 8 will conclude this study with a short summary and will describe how the two problems identified in the craft sector were solved. It will make recommendations and propose areas of further research. It will conclude by noting the limitations of the study and the contributions it attempted to make.

Chapter 2

Export, SME internationalisation and export promotion - a South African perspective

2.1 Introduction

Chapter 1 highlighted the importance of export, export promotion, the important role of government within export promotion as well as explaining the importance for governments of focusing on specific domestic sectors for export promotion. The South African government chose craft as one of these priority sectors and chapter 1 explained the challenges on which the government of South Africa or the DTI, as the leading TPO, should focus to become effective in their export promotion provision of the craft sector.

Chapter 2 will begin by explaining the importance of exports. Secondly, chapter 2 will explain internationalisation, the internationalisation process, the rationale behind internationalisation, and the major obstacles that might hinder internationalisation, especially obstacles that might hinder craft SMEs. Chapter 2 will then explain the importance of export assistance or export promotion. It will also provide a definition of export promotion, explain the role of export promotion and government's involvement in export promotion, the advantages of export promotion and its effects, and it will explain the link between the different stages of internationalisation and export promotion. Chapter 2 will then explain the trade promotion situation in South Africa and will discuss the role and function of the DTI, the leading TPO of South Africa. The chapter will conclude by discussing the role of the DTI within the craft sector of South Africa with special focus on the provision of market information for the craft sector.

2.2 Exports and the importance of exports

According to Zanjani (2007), globalisation or exports can no longer be seen as an option, but as an economic imperative. The reason that globalisation is so important is because there is a transition in the world economy as more countries are moving from command economies towards free market practice and the next century will be identified by the globalisation, of both the workplace and marketplace (Levitt, 1997).

According to Albaum and Peterson, (1984) and Barrett and Wilkinson (1986), the globalisation of the business environment has been one of the most significant developments of today's economy and this has resulted in many opportunities that are vital, not only for the economic development and independence of most nation states, but also for the growth, profitability and survival of most business SMEs. Cavusgil and Nevin (1981) agreed with the importance of globalisation. According to them, the expansion of a nation's exports has positive effects on the growth of the economy as a whole, as well as on individual SMEs. Both the importance of exports from a country perspective as well as the importance of exports from a firm perspective will now be discussed.

2.2.1 The importance of exports from a country perspective

Exports are a key to the growth of the economy (Cheng and Feng, 1999; The World Bank, 2001; Lewer and Vandenberg, 2003; Jordaan and Hinaunye Eita, 2007). It has been estimated that one billion dollars worth of

exports creates approximately 22 800 to 30 000 jobs (Kotabe and Czinkota 1992; Robock 1993), generates twice as much GDP, together with 400 million US \$ in state and federal tax revenues (Kotabe and Czinkota 1992).

Export-led growth strategies positively influence growth (Jordaan and Hinaunye Eita, 2007), exports improve trade balances (Barker and Kaynak, 1992) and economies that are more open to trade grow faster than closed economies (Chen and Feng, 1999). According to Rhee (1991) export expansion has been shown to be the success behind the economic recovery of Japan and Germany after World War 2 and it has accounted for the remarkable economic development of the “Four Tiger” economies (South Korea, Taiwan, Hong Kong and Singapore) from their primitive economies.

The World Bank (2003) found that in 1990s, the increase of trade-to-GDP ratios made an increase of 5% of income per capita for about 3 billion people. An empirical study by Lewer and Vandenberg (2003) supports this theory. According to them, 1% increase in the growth of exports resulted in a 0.2% increase in economic growth. Lin and Li’s (2003) study showed more or less the same results, except that it focused only on China and showed that 1% increase in China’s exports during the 1990s resulted in a 0.1% percent increase in the GDP growth rate of China over the same period. The importance of trade for economic growth is also true in the case of South Africa. According to Loots (2002), trade liberalisation as a result of the relaxation of import tariffs and exchange control measures, benefited the South African economy and contributed positively to the economic growth of South Africa after the country’s economic isolation period.

Exports not only influences economic growth but also monetary and fiscal policies, the competitiveness levels of a nation, and the quantities of imports that can be afforded (Czinkota, 2002). Exports also influence the quality of life that is experienced by a nation (Czinkota, 2002; Leonidou and Katsikeas, 1996) since countries with open trade policies not only grow faster but also alleviate poverty better than other countries (World Bank, 2001).

This section outlined the importance of exports as a determinant of economic development and economic growth in countries. What can be concluded from this is that if exports can be stimulated within a country, the country will be able to benefit from the increased exports and, in turn, the increased economic growth. Not only are exports important for economic development and growth, but exports are also important from a firm or SME perspective. This will be discussed next.

2.2.2 The importance of exports from an SME perspective

According to Chee (1997), the focus of exports and the importance thereof has traditionally been on large enterprises but, during the wake of the 1980s, there has been a shift in focus towards the importance of exports for SMEs. Many SMEs in the last few decades have successfully set up activities beyond their home markets and their roles are increasingly crucial in contributing to their future growth (Gjellerup, 2000).

While SMEs were previously considered passive victims rather than active players, evidence indicates that this view is no longer valid and SMEs are making a larger and larger impact on the economy (Todd, 2006). As the reduction in the barriers to engage in global commerce continues, and the world economy becomes more integrated, the environment in which SMEs do business is beginning to transform. This requires that the SMEs must undergo international expansion to grow. In some cases, they need to expand to take advantage of new market opportunities and, as a result, increased attention is being placed on the internationalisation of SMEs (Lu and Beamish, 2001 and Knight 2001). This study will now explain internationalisation, the internationalisation process, the rationale behind SME internationalisation and the obstacles or barriers that impede SME internationalisation.

2.3 Internationalisation

2.3.1 Definition of internationalisation

Johanson and Vahlne (1990) define internationalisation as the “process of developing networks of business relationships in other countries through extension, penetration and integration”. According to Welch and Luostarinen (1988), internationalisation is “the process of increasing involvement in international operations” while Calof and Beamish (1995) define internationalisation as “the process of adopting SMEs’ operations (strategy, structure, resources) to internationalise environments”. The process of internationalisation can take a number of forms. The establishment of foreign subsidiaries, international joint ventures, licensing agreements, international advertising campaigns, international trade and exhibitions are just a few of the ways in which this process is manifested (Johanson and Vahlne, 2001).

According to Andersen (1993), there are two models of internationalisation:

- a) The internationalisation model that was developed by Johanson, Vahlne and Wiedersheim-Paul which is referred to as the Uppsala Internationalisation Model (U-M).
- b) The Innovation Related Internationalisation Models (II-M).

Both of these models will now be discussed:

a) The Uppsala Model:

According to Andersen (1993) the traditional internationalisation theories that were developed by Johanson and Vahlne and Wiedersheim-Paul, describe internationalisation as a process in which the firm gradually becomes involved in international business and enters foreign markets, and this view seems to enjoy general acceptance among most international business scholars. Johanson and Wiedersheim-Paul (1975) distinguish between four stages of entry to international markets, where each of the stages involves a progressively higher level of involvement and risk:

- a) Stage 1: no regular export activities.
- b) Stage 2: export via an independent representative.
- c) Stage 3: establishment of an overseas sales subsidiary.
- d) Stage 4: overseas production/manufacturing unit.

Johanson and Vahlne (1977, 1990) developed the Uppsala Internationalisation Model. In this model, internationalisation of the firm is seen as a process of increasing a company's international involvement as a result of different types of learning. According to the model, the authors propose that the general and experiential market information and resource commitment of SMEs (state aspects) affect commitment decisions and current business activities (change aspects). The change aspects, in turn, increase the market information and stimulate further resource commitment to foreign markets in the subsequent cycle (Andersen, 1993). This model implies that SMEs increase their international involvement in small incremental steps within those foreign markets in which they currently operate. SMEs will then enter new markets lying at a greater 'psychic distance' due to differences in languages, education and business practices. This accumulated knowledge in conducting international operations drives internationalisation by influencing the entry-mode and country-market selection.

In the Uppsala model, the concept of foreign market commitment is composed of two factors: the amount of resources committed and the degree of commitment. The amount of resources committed can be operationalized as the size of the investments needed, e.g. in terms of marketing, organisation and human resources, while the degree of commitment refers to the difficulty of identifying an alternative use for the resources and transferring them to that alternative use (using the concept of sunk costs) (Ahokangas, 1998).

b) Innovation-Related Internationalisation Model:

A number of models have been developed explaining internationalisation from the innovation perspective i.e. the internationalisation of the firm is considered as an innovation (Reid, 2004). These models focus on the learning sequence connected with the adoption of an innovation and are based on the stages of the adoption process (Ruzzier and Hisrich, 2006). According to Gankema *et al.* (2000), each subsequent stage of internationalisation is considered as an innovation for the firm and their focus is exclusively on the export development process, in particular of SMEs (Ruzzier and Hisrich, 2006). According to Leonidou and Katsikeas (1996), these models comprise a number of fixed, sequential stages that vary between different models. The stages normally range from three to as many as six stages. Andersen (1993) pointed out that these models are relatively similar and the differences tend to be in the number of stages and terminology that is used. Being behaviourally oriented, these models treat individual learning and top managers as important aspects in understanding a firm's international behaviour (Andersson, 2000).

The two models (the Uppsala and Innovation-related models) have been used to analyse both small and large, firms with the focus on explaining the development of internationalisation and international activities. The main thrust of these models is the incremental nature of internationalisation processes. First, in terms of activities and, secondly, in terms of resources – the basic building blocks of the behaviour of SMEs. Since these models have long been in the mainstream of internationalisation research, a wide variety of such models is found in the literature. The mode of explanation employed in the models varies from cyclic to stage-based to evolutionary, with the different modes frequently being confounded (Ruzzier and Hisrich, 2006).

Most of the internationalisation models have a number of common features and scholars agree that exporting is a developmental process that can be conceptualised as a learning sequence with different export stages (Bilkey and Tesar, 1977; Cuvasgil, 1980; Czinkota and Johnson, 1983 and Moini, 1995). Where scholars begin to disagree is with the number of stages involved in the export process, the description of these individual stages, and differences in exporting incentives that can be used during each stage (Reid, 2004). As a result of this, there are many different views among most international business scholars surrounding the number of stages in which SMEs are involved in the internationalisation process. This study will use the internationalisation model of Bilkey and Tesar (1977). According to Bilkey and Tesar (1977), SMEs gradually move through six levels of commitment to exporting (see section 2.4.5).

Before this study attempts to explain internationalisation further, it will first describe at the rationale behind SME internationalisation.

2.3.2 The rationale behind SME internationalisation

Internationalisation benefits SMEs in various ways. According to Richardson and Rindal (1996), SMEs that export experienced 20% faster employment growth, are 9% less likely to go out of business than non-exporting SMEs, pay 13-18% greater salaries, provide 11% greater benefits to SMEs, and were more productive than SMEs that did not export.

Alexandrides (1971) suggests that the main motivation for SMEs to export was profitability because the motivation for exporting of SMEs positively correlated with high profitability from export sales and strong domestic competition. Bilkey (1978) agrees with this, but commented that short-term profit was not the main motivator, this being long-term profitability secured through market diversification and long-term growth of SMEs. Rabino (1980) supports this idea and found that the motives behind SME export were often increased sales, diversification of markets and products, and hedging against the downturn of the US economy while Johnston and Czinkota (1982) and Orgram (1982) and Edmunds and Khoury (1986) listed some other factors that motivated SMEs to export. According to Johnston and Czinkota (1982), factors such as: profit advantage, unique products, technological advantage and managerial urge motivate SMEs to export while Orgram (1982) and Edmunds and Khoury (1986) state that the major motives behind SME exports are: profit, market expansion, diversification of risks, and extension of product life cycle. Since profit advantage seems to be the main motivator for exports, Czinkota and Ursic (1983) and Rhee (1991) state that one of the best ways to increase this profit advantage would be for SMEs to focus more on international marketing activities instead of domestic activities.

High profitability from export sales is not the only motivator for SMEs to export. Leonidou (1995) states that the increasing competition in world markets, coupled with the inability to offer competitive prices abroad, were the two most serious barriers to export activity. Dichtl, Koglmayr and Mueller (1990) noted that both non-exporters and current exporting SMEs perceive the competitive situation as a serious problem in exporting. Karagozoglu and Lindell (1998) state that, since global economic integration is changing the

competitive paradigm in which all SMEs operate, they need an international expansion strategy to positively impact long term company growth and survival. Karlsen (2007) states that the tougher competition that are faced by most SMEs leaves no option for companies except to be present in various markets. According to Huang, Zhang, Zhao and Varum (2008) one of the major factors that caused Chinese SMEs to export was the fierce domestic competition experienced by these companies.

According to Etemad, Wright and Dana (2001) the competition faced by many SMEs will lead to a reduction in the ability of SMEs to control their developmental paths. Kalantaridis (2004) explains that there are a number of other disadvantages also inherently faced by SMEs as they transition into international environments. Many disadvantages relate to a lack of competitive power as a consequence of the size of the organisation, while other disadvantages include SMEs often having difficulties in influencing global pricing as they rely on a small customer base and are limited in expansion due to minimal access to financial resources.

One way to enhance the competitiveness of SMEs, according to Nogales and Pettersson (2001) would be if SMEs possessed some kind of specific advantage that would offset the advantage held by indigenous SMEs. These advantages could be the firm size, economies of scale, market power and marketing skills; technological expertise, or access to cheaper resources such as finance. According to Nogales and Pettersson (2001), if SMEs possessed any one of these advantages, the firm would be able to out-compete domestic SMEs. Thus, internationalisation is necessary to remain competitive for all SMEs (Todd, 2006).

Firm profitability and increased competition are not the only motivators behind SME exports. Bagchi-Sen (1999) identified two incentives for SMEs to expand internationally, internal incentives and external incentives. The internal incentives that motivate SMEs to expand internationally include economies of scale, managerial desire, growth goals, unique product offerings and marketing advantages. The external incentives that motivate SMEs to expand internationally include saturation of domestic markets, reaction to foreign competition, unsolicited orders, small domestic market and foreign market opportunities.

Cavusgil (1982b) argues that a firm can either be proactive or reactive in its approach to internationalise and the author divides the motives behind internationalisation into internal environmental motives and external environmental motives. These motives are summarised in table 2.1.

Table 2.1 Motivations for SMEs to internationalise

	<i>Internal environment</i>	<i>External environment</i>
Proactive	1. Unique advantages in product, process 2. Managerial urge 3. Exclusive information 4. Global orientation 5. Networking/Strategic alliance 6. Multicultural composition	1. Foreign market opportunities 2. Tax benefits 3. Economies of scale 4. Home government assistance 5. Liberalisation of import tariffs in host countries 6. Ease of access 7. Host government assistance
Reactive	1. Declining domestic sales 2. Excess production capacity 3. Opportunity to reduce inventories	1. Competitive pressure 2. Unsolicited orders 3. Saturated domestic market 4. Proximity to customers and ports 6. Limited size of the market

Source: Cavusgil, 1982.

According to the United Nations' Trade and Development Board (2005), the main motives for SMEs to invest abroad include: wider access to markets, increased accumulation of natural resources and strategic assets such as brand names and technology, as well as risk diversification and improving efficiency.

Internationalisation or exports are important for SMEs, but it remains difficult. According to Todd (2006), successful entry into the international market place represents a challenge to most companies and remains difficult for SMEs expanding globally. To overcome this problem, there is a definite need for SMEs to identify and understand the factors that impact their international performance (Kuivalainen, Sundqvist, Puumalainen and Cadogan, 2004). Obstacles or barriers to internationalisation will definitely impact the internal performance or the internationalisation process of SMEs and this will now be discussed.

2.3.3 Obstacles or barriers that impede SME internationalisation

Understanding how barriers or inhibitors impede the exporting process is of vital importance in the attempt to understand why and how SMEs become involved in overseas markets. Studies that examine the role of export barriers either attempt to understand the structure and nature of export barriers or they address the influence these barriers have on the export process of SMEs (Ramaswami and Yang, 1990). The latter group of studies generally focuses either on external environmental factors or on the decision-making process within companies (Bauerschmidt, Sullivan, and Gillespie, 1985). Studies that examine the environmental factors that serve to encourage or discourage businesses to export generally produce lists of specific export barriers (Bagchi-Sen, 1999; Silva and Rocha, 2001), while the other approach examines boundary conditions within SMEs which influence the export decision-making process (Cavusgil and Nevin, 1981; Czinkota and Johnson, 1983 and Bagchi-Sen, 1999).

One of the most comprehensive classifications of export barriers is the classification that was done in 1998 by the United States Trade Representative and quoted by Mukathe (2002). According to Mukathe (2002), foreign

trade barriers can be classified into nine different categories: (1) import policies (e.g. tariffs and other import charges, quantitative restrictions, import licensing, customs barriers); (2) standards, testing, labelling and certification (3) government procurement (buy national policies and closed bidding); (4) export subsidies that displace U.S. exports in third country markets); (5) lack of intellectual property protection (inadequate patent, copyright and trademark regimes); (6) service barriers (limits on the range of financial services offered by foreign financial institutions, regulation of international data flows, and restrictions on the use of foreign data processing); (7) investment barriers (limitations on foreign equity participation and on access to foreign government-funded research and development programmes, local content and export performance requirements, and restrictions on transferring earnings and capital); (8) anti-competitive practices with trade effects tolerated by foreign governments (including anti-competitive activities applied by both state-owned and private firms to services or to goods and which restrict the sale of U.S. products to any firm, not just to foreign firms that perpetuate the practices); and (9) other barriers (barriers that encompass more than one category, such as bribery and corruption or that affect a single sector).

Authors such as Leonidou (2004) classify export barriers into internal barriers (incorporating informational, functional and marketing) and external barriers (comprising procedural, governmental, task and environmental). Leonidou (2004) suggests that policy makers must provide educational, operational and promotional assistance for SMEs to help them to overcome these barriers. The United Nations' Trade and Development Board (2005) stated that the main obstacles to SMEs' internationalisation can be grouped into internal or external categories. Internal barriers include informational barriers (e.g. insufficient data on the international market), functional barriers (e.g. lack of competencies and trained personnel), product and price barriers (difficulty in matching competitors' prices) and lack of bargaining power, distribution and logistics barriers (e.g. complexity of foreign distribution channels). External barriers include poor and inefficient infrastructure, lack of financial resources, lack of conducive regulatory and macroeconomic policies, unfair trade policies, procedural barriers (e.g. unfamiliar exporting procedures), governmental barriers (e.g. unfavourable home rules), customer and foreign competitor barriers (e.g. different competition habits), business environment barriers (e.g. foreign exchange risks) and tariff and non-tariff barriers (e.g. inadequate property rights protection).

An extensive amount of research has been conducted worldwide with the object of tracing factors impeding the initiation, development or sustainability of export operations. This study will investigate the barriers to internationalisation with a special focus on the perception of exports that are experienced by non-exporters and exporters and the export barriers mostly perceived by SMEs. Note that since non-exporters do not have actual export perceptions, their perceptions to export were used merely to complement the analysis of exporters. This study will first define non-exporters and exporters and will then provide an overview of the different perceptions between these two groups.

According to Ahmed, Julian, Baalbaki, and Hadidian (2004), non-exporters are those who have never exported before and thus have very little knowledge about exporting processes. Therefore they have no

experience with the barriers to export, while active exporters, according to Sharkey, Lim and Kim (1989), have mastered the technicalities of exporting, have learnt that exporting is an important means of achieving organisational goals and have learnt to cope with the various export barriers. There is a clear distinction between the export barriers faced by non-exporters and the export barriers faced by exporters. Table 2.2 shows this.

Table 2.2 The different export barriers faced by non-exporters and exporters

Obstacles or barriers faced by non-exporters		Obstacles or barriers faced by exporters	
Source (year and author)	List of barriers	Source (year and author)	List of barriers
1971 - Alexandrides	1. Strong competition abroad 2. Lack of knowledge of exporting 3. Insufficient understanding of export payment procedures 4. Difficulties in locating foreign markets	1971 - Alexandrides	1. Strong competition abroad 2. Lack of knowledge of exporting 3. Insufficient understanding of export payment procedures
1977 - Bilkey and Tesar	1. Obtaining the necessary start up funds to begin exports	1977 - Bilkey and Tesar	1. Difficulties with foreign business practices 2. Conforming to foreign product standards 3. Collecting money from foreign customers 4. Obtaining sufficient representation in the foreign market
1982 - Tesar and Tarleton	1. The identification of foreign opportunities	1982 - Tesar and Tarleton	1. Obtaining adequate representation in foreign markets
1984 - Kaynak and Kothari	1. Fierce competition in foreign markets 2. SMEs stating that there are sufficient opportunities in their domestic market	1984 - Kaynak and Kothari	1. Governmental barriers (customs/tariffs) 2. Different competitive practices 3. Selecting an adequate distributor 4. Inadequate transport systems in foreign countries 5. Difficulties in communicating with foreign customers
1985 - Edmunds and Khoury	1. Lack of information about exporting 2. Limited foreign market contacts 3. Personnel deficiencies	1985 - Edmunds and Khoury	1. Too much red-tape 2. Slow payment by foreign buyers 3. Deteriorating economic conditions in foreign countries
1986 - Edmunds and Khoury	Not knowing the following: 1. Export procedures 2. How to market overseas 3. Foreign business practices 4. Obtaining information on prospects and markets overseas 5. Communicating with overseas clients 6. Complying with government regulations	1986 - Edmunds and Khoury	1. Dealing with a strong US dollar 2. Competing with foreign and US firms overseas 3. Locating distributors overseas
1988 - Chikang and Ching	Future export issues such as: 1. Information needs 2. Foreign contacts 3. Management policy	1988 - Chikang and Ching	Problems with export procedures such as: 1. Lack of working capital to finance exports 2. Confusing product specifications 3. Competition in the foreign market

Table 2.2 The different export barriers faced by non-exporters and exporters

Obstacles or barriers faced by non-exporters		Obstacles or barriers faced by exporters	
Source	List of barriers	Source (year and author)	List of barriers
1988 – Hook and Czinkota	Problems associated with initiation of exports such as: 1. Difficulties in raising the initial investment 2. Tariff and non-tariff barriers 3. Lack of export information	1988 – Hook and Czinkota	Problems associated with export procedures such as: 1. Too much red tape 2. Transport difficulties 3. Ill-trained personnel
1989 – Ervin	Issues relating to the details of exporting	1989 – Ervin	Marketability of products
1989 – Keng and Juana	Problems associated with initiation of export activity	1989 – Keng and Juana	Operational issues such as: 1. Matching foreign competitor prices 2. Promoting products 3. Establishing distribution networks overseas
1992 – Barker and Kaynak	1. Lack of foreign contacts 2. High initial investment 3. Trade barriers 4. Lack of export information 5. Insufficient personnel	1992 – Barker and Kaynak	1. Excessive red tape 2. Trade barriers 3. Transport difficulties 4. The absence of export incentives 5. Lack of trained personnel for export operations
2004 – Ahmed, Julian, Baalbaki and Hadidian	1. Lack of government assistance 2. Competition from foreign firms 3. The need to modify pricing and promotion policies 4. High foreign tariffs in export markets 5. Lack of capital	2004 – Ahmed, Julian, Baalbaki and Hadidian	1. Lack of government assistance 2. Competition from foreign firms 3. The need to modify pricing and promotion policies 4. High foreign tariffs in export markets 5. Lack of capital
2008 – Bellone, Musso, Nesta and Schiavio	1. Financial constraints	2008 – Bellone, Musso, Nesta and Schiavio	1. Financial constraints

Source: compiled by the author from the various sources

As can be seen from the literature in table 2.2 above, these studies have shown that informational barriers (the lack of information and lack of knowledge about foreign markets) tend to dominate the decisions of new and inexperienced exporters and these barriers are the primary factors that account for low levels of export commitment by non-exporters. The major barriers for exporters, on the other hand, depend mostly on the stage of export process in which the SME finds itself in. These barriers are more often organisational in nature, such as SMEs' international experience, export coverage and technological intensity.

A related body of literature on the barriers faced by SMEs in their internationalisation process also suggests that the attitudes exhibited by managers toward exporting play a significant role in whether or not SMEs become involved in exporting and, if they do, their subsequent progress. According to these authors, the major reason that most SMEs do not export is because their managers are not motivated or showed to export

(Cavusgil and Nevin, 1981; Czinkota and Johnson, 1983). If management is not interested in the international market, the degree of internationalisation will be lower. It is therefore imperative for upper level management or owners of SMEs to have a positive attitude towards export and to get involved in the export process if the SME wants to successfully enter the international market place (Todd, 2006).

Negative attitudes tend to inhibit exporting. In cases where non-exporting and exporting management lacked a positive attitude towards exports the following were observed: SMEs least likely to export were those in which: (1) management had neutral or unfavourable expectations about the effect of exporting on the growth of their SME; (2) management did not systematically explore the feasibility of exporting; (3) management had low aspirations for the SME's growth; (4) management had low profit aspirations; (5) the firm employed fewer than 100 people; (6) their industry was non-technology-orientated; (7) they lacked a unique product; and (8) there was no formal structure for exporting. Contrary to this, SMEs that engaged in exporting shared the following characteristics: (1) management had very favourable expectations about the effect of exporting on the SME's growth; (2) management had a plan for developing the SME's market; (3) the SME had gross sales of more than \$1 million; (4) management had favourable expectations about the effects of exporting on the SME's market development; (5) management had high profit aspirations; (6) management had aspirations to sell beyond the local market; (7) the SME had a unique product; and (8) management systematically explored the feasibility of exporting (Cavusgil, Bilkey and Tesar, 1997; as cited by Mukathe, 2002).

Kotabe and Czinkota (1992) state that, other than any factor external to the SME, the major predictor of the export behaviour of an SME is the strength of the commitment of managers to export. Cavusgil (1984b) supports this idea, stating that managerial aspirations and expectations appear to be the best predictor of export activity within a firm and that the stepping up of export market involvement is primarily dependent on how desirably managers view the effects of this activity on growth and market development. Since most of the decisions of SMEs are dictated by a single manager/owner, or a few partners, the managerial background and experience of the manager in related businesses will be crucial in the overall well-being of the firm. According to Leonidou and Katsikeas (1996) the managers' or decision makers' education level, export expertise and international orientation on the SME's level are all factors influencing export involvement, while Rowden (2001) states that managers who are able to develop a cooperative approach on exports, managers who are able to adapt and accept other cultures, managers with international experience, and managers with foreign language skills are all in a better position to succeed and compete in global markets.

The literature above showed that barriers to export inhibit SME internationalisation, that export barriers differ according to the different export stages in which different SMEs (such as non-exporters and exporters) find themselves, and that managers' motivation, commitment, attitude and involvement in export all play an important role in the success of SMEs once they export. One other important fact to mention when it comes to the internationalisation barriers of SMEs is that different SMEs face different needs (Cavusgil, 1984), and the factors that discourage export activity in one industry might not have the same effect in another industry (Edmunds and Khoury, 1986). In light of this, and because this study will focus only on the craft sector, the

following literature will focus on the obstacles or barriers that impede SME internationalisation in the craft sector.

2.3.4 Obstacles or barriers that impede SME internationalisation in the craft sector

There seems to be very little academic research available on the barriers faced by craft SMEs in the internationalisation process. The main reason for this, according to Fillis (2002), is because little has been done in terms of developing an understanding the particular problems experienced by smaller SMEs. The research that was done by Fillis (2002) examined how these conceptualisations have been formulated and used results from an investigation of the internationalisation process of the smaller craft firm. Fillis (2002) attempted to improve the understanding of specific export barriers found within the craft sector. Fillis' main objective was to attempt to explain sector-specific internationalisation barrier perceptions by examining the export behaviour of the smaller craft firm.

Fillis (2002) discovered that, despite previous export barrier research that focused more on external environmental factors, the internal firm and managerial factors dominate the export barrier issues that are found within the craft SME. The reason that internal firm and managerial factors dominate the export barrier issues, according to Fillis (2002), is because the craft sector contains a large proportion of small SMEs, with well over half either operating as sole managers or producers, or as teams of two. Within this scenario, there is a very high degree of locus of control, with little or no difference between SME and managerial barrier issues. Fillis (2002) states that the entrepreneurial craft SME has the best chance of overcoming export barriers and that much more encouragement by industry and government level support bodies is needed to persuade other SME types to internationalise. Fillis' quantitative data explained two very important aspects. Firstly, Fillis (2002) explained the factors that influence the craft SME's decision to export and, secondly, he discussed the major problems experienced by craft exporters. Both of these issues will now be discussed.

2.3.4.1 Factors influencing the craft SME's decision to export

According to Fillis (2002), there are two major factors that influence the craft SME's decision to export - firstly, firm and managerial factors and, secondly, external factors (see table 2.3).

a) Firm and managerial factors impinging on decisions not to export

The quantitative results of Fillis (2002) on which table 2.3 is based include 55 exporters and 68 non-exporters. The non-exporters were asked to rate, on a five-point Likert scale (five being very important and one being not important at all), how firm and managerial factors affected the decision not to export. The results indicated that the most important factors experienced by non-exporting craft SMEs and their management were: insufficient production capacity, the small size of the business and the lack of time to research new markets, while the least influential factor related to the owner/manager not having travelled overseas before (see table 2.3).

b) External factors impeding craft SME's decision not to export

According to Fillis (2002), having sufficient business in the domestic market is the major external factor for craft SMEs in their decision not to export. Other reasons of above average importance were: lack of export enquiries relating to the reactive approach to business, complicated exporting procedures, poor level of exporting assistance, and limited government incentives, while the external issues that caused least difficulty for craft SMEs in their decision not to export related to lack of appropriate marketing information and distribution channel structure (see table 2.3).

These factors explained only those faced by non-exporting craft SMEs in their decision not to export.

Table 2.3 Factors influencing the craft SME's decision to export

<i>n=68</i>	<i>Mean score</i>	<i>Rank</i>
<i>Firm and managerial factors impinging on decisions not to export</i>		
Not enough production capacity	3.67	1
Business too small to handle exporting	3.54	2
No time to research new markets	3.16	3
Lack of marketing knowledge	3.05	4
Lack of financial resources	3.02	5
No motivation to export	2.95	6
Lack of personnel	2.65	7
Lack of business experience	2.59	8
Exporting is too risky	2.58	9
No time to research cultural differences	2.46	10
No time to research language differences	2.46	11
Unwilling to investigate new markets	2.19	12
Have not travelled abroad	1.59	13
<i>External factors and the decision not to export</i>		
Sufficient business in domestic market	3.98	1
Lack of exporting enquiries	3.71	2
Complicated exporting regulations/procedures	3.71	3
Lack of exporting assistance	3.21	4
Lack of government incentives	3.09	5
Lack of foreign channels for distribution	2.98	6
Difficult to communicate with international customers	2.76	7
Exposure to increased competition	2.21	8

Source: Fillis, 2002.

The following literature will explain the difficulties experienced by craft SMEs that are already exporting.

2.3.4.2 Difficulties experienced by craft SMEs that engaged in exports

According to Fillis (2002), craft SMEs that export face various difficulties. More than one third of the exporting SMEs (36.4%) indicated that they encountered problems once they entered the export markets. The most common problems encountered by craft exporters were: problems relating to finding an adequate distributor, followed by difficulties in promoting the product and matching competitors' prices. The least problematic areas were in identifying and choosing distribution channels for the products and the lack of marketing information. There appears to be a degree of conflict between the choice of actual distributor and in the way the owner or manager understands the operating mechanism of the distribution channel (see table 2.4).

Table 2.4 Difficulties experienced by craft SMEs that engaged in exports (n=55)

<i>Difficulties experienced by craft SMEs that engaged in exports (n=55)</i>	<i>Percentage</i>	<i>Rank</i>
Choosing an adequate distributor	16.3	1
Difficulty in matching competitors' prices	13.8	2
Promoting the product	13.8	3
Trade barriers	9.8	4
Inadequate export support services	8.1	5
Communicating with foreign businesses	8.1	6
Unfair competition from foreign businesses	7.3	7
Obtaining information about foreign markets	5.7	8
Insufficient marketing information	4.9	9
Inadequate distribution channels	4.1	10

Source: Fillis, 2002.

Fillis (2002) states that the entrepreneurial craft SME has the best chance of overcoming the export barriers that were discussed above and that much more encouragement by industry and government level support bodies is needed to persuade other SME types to internationalise. Although Fillis' research related only to the barriers of internationalisation as perceived by craft SMEs in the UK and the Republic of Ireland, Fillis (2002) states that the majority of the findings of his study are equally applicable to industry sectors in other countries that contain SMEs of a similar size. Since this study focuses specifically on the craft sector and the barriers that craft SMEs face in the internationalisation process, the research that was done by Fillis (2002) contributes significantly to this study.

Previous research showed that a negative relationship exists between export barriers and export performance (Bagchi-Sen, 1999; Silva and Rocha, 2001). While some successful exporters may think that reference to export barriers is merely an excuse for not making the effort to become involved in export markets, Wilkinson and Brouthers (2006) believe that export barriers constitute a substantial challenge to SMEs and policy makers that wish to internationalise their efforts and it is important to know or understand the obstacles or barriers to exporting because this illustrates both the possibilities and the limitations of export promotion programmes. Singer (1990) suggests that the first step in developing a theoretically based understanding of

export promotion is to address the problem posed by market imperfections (or export barriers) that might inhibit the exporting efforts of SMEs.

The reason the literature mentioned above places so much emphasis on the export barriers faced by SMEs, is because the subsequent part of the literature will focus on export promotion or assistance and, as stated above, effective export promotion or assistance can only be attained if TPOs know which export barriers need to be bridged. In the light of this, the literature below will investigate export assistance and export promotion. It will define export assistance and promotion, discuss the importance thereof, investigate governments' role in export assistance or promotion, discuss the importance of export promotion programmes and, lastly, it will try to establish the link between the different export stages of SMEs and certain export promotion incentives.

2.4 Export assistance and export promotion

2.4.1 The definition of export promotion and the role of trade promotion organisations

Because the majority of producers, potential exporters and exporters, especially those in developing countries, have limited resources and scant knowledge of foreign markets and their requirements, and because SMEs usually face a number of export barriers as was seen in the literature above, they often need support and guidance prior to, and during, internationalisation. It is here where export promotion is very important.

Seringhaue and Rosson (1989) describe export promotion as the creation of awareness of exporting as a growth and market expansion option, the reduction or removal of barriers to exporting and the creation of promotion incentives and various forms of assistance to potential and actual exporters. Export promotion, according to Dijkstra (2007), can broadly be defined as an initiative from government or any other organisations involved in the assistance of exporters in the foreign market. The government or organisation involved is then usually known as a TPO.

A TPO, on the other hand, is formally defined as: "a facilitative agency whose function it is to promote and stimulate trade, primarily by providing information, linkages, technical advice, marketing and policy advocacy" (Giovannucci, 2008:6). As stated above, TPOs have the main responsibility of providing trade support services or assistance to exporters who often do not have the resources and the knowledge to penetrate global markets themselves. According to Jaramillo (1992), TPOs usually undertake activities that can be placed in the following four categories:

- Product and market identification and development.
- Trade information services.
- Specialised support services.
- Promotional activities abroad.

According to Giovannucci (2008), TPOs are varied. They can range from a one-person office to powerful organisations with extensive networks and offices in various countries. When it comes to the organisation

type, TPOs can be public, private or a mixture of both and they are typically flexible and can take different forms and have different roles or mandates.

A TPO, when effective, cannot only fulfil a valuable function for exporters but can also be valuable in undertaking trade policy activities. According to Hoogerwerf (1978) (as quoted by Dijkstra, 2007), policy activities are defined as activities that are part of a policy process. The policy process comprises preparing, determining, implementing, evaluating and giving feedback on policy. Some TPOs undertake policy activities while others do not (Dijkstra 2007).

One other important role or mandate of a TPO, according to Dijkstra (2007), is that TPOs form a vital part of the trade support network, which exists to maintain and create new competitive advantages for exporters from their country. The trade support network may consist of various different types of TPOs. These TPOs include national government departments, provincial government departments and their agencies, urban metropolitan councils, chambers of commerce, banks, business associations, private counselling companies, export finance institutions, international organisations/development organisations, research institutes, small and medium enterprise development agencies, standards/quality bureaus, economic development agencies and other agencies.

Giovannucci (2008) states that national TPOs can improve the international standing, credibility and image of a country as soon as they start to promote and publicise its products and services. There are many types of export promotion activities or assistance. According to Lesch, Eshghi and Eshghi (1990), export promotion assistance generally comprises export service programmes such as seminars for potential exporters, export counselling, how-to-export handbooks, export financing and market development programmes such as dissemination of sales leads to local SMEs, participation in foreign trade shows, and the preparation of market analysis and export newsletters. According to Gençtürk and Kotabe (2001), export assistance efforts can be differentiated by whether the intent is to provide informational or experiential knowledge. Informational knowledge is typically provided through how-to-export assistance, and workshops and seminars, while experiential knowledge is imparted through the arrangement of foreign buyers or trade missions, trade and catalogue shows, or participation in international market research.

The focus of this study is to illustrate the role that public TPOs or the government can play in providing the services mentioned above. This will now be discussed.

2.4.2 Government involvement in export promotion

The government's role in export promotion is very important. According to Drobne and Vadnjal (2001), internationalisation cannot be achieved without intensive help and support from government. Shankarmahesh, Olsen and Honeycutt Jr. (2005) agree with this, and state that it is no longer 'if' government should be involved in the allocation of resources and the promotion of trade, but the principal questions are 'how much?' and 'what kind?' of government involvement there should be.

According to the United Nations Economic and Social Commission for Asia and the Pacific (UNESCAP, 2004), governments establish TPOs to develop and implement the country's export promotion programmes and export development programmes. In most countries, TPOs concentrate most of their efforts on export promotion programmes - a set of actions aimed at promoting export of the country's existing production. The basic objective of these export promotion programmes is to encourage the increased sales of products that are currently available for export. UNESCAP (2004) describes export promotion programmes as a series of activities and initiatives that a TPO and other economic agencies undertake to prepare and assist exporters in gaining entry into a market and consolidating and expanding their market shares while Gençtürk and Kotabe (2001) describe export promotion programmes as all public measures designed to support SME export activities, ranging from counselling, tax incentives and export financing, to trade shows and sales leads. Export promotion programmes may enhance exporting activities at the SME, industry or national level (Root, 1971).

Since governments internationally seem to have experienced greater liberalisation of foreign trade regulations and increased competition from abroad, governments in the last few years, started to develop export development programmes. The aim of export development programmes is to identify existing opportunities and encourage new industries or production facilities to be set up to meet newly identified demands in the international market. Export development programmes are different from export promotion programmes, because export development programmes focus more on producing new export products and/or penetrating new markets that were not accessible previously (UNESCAP, 2004).

Studies have shown that government involvement in export promotion and export development can play a useful role in increasing the exports of goods (Richardson and Rindal 1996 and Llinitch 1997), there is a positive relationship between export promotion and SME performance (Coughlin and Cartwright, 1987; Cuvasgil and Jacob, 1987; Gençtürk and Kotabe, 2001 and Wilkinson and Brouthers, 2006) and the use of export promotion programmes enhances both the marketing and export marketing competence of SMEs (Francis and Collins-Dodd, 2004).

Spence (1997) states that export promotion programmes by governments are aimed at two different levels: country/markets and companies. The first objective is to guarantee that the financial incentives are targeted at the countries that present the best prospects for the domestic products and services or that have the most potential for infiltration. The second objective is to provide financial support to those companies that have the best export potential and require assistance to enhance their exports. Many studies on export promotion and export promotion programmes identified certain instances where government support is crucial.

According to Simpson and Kujawa (1974), any policy aimed at promoting exports among SMEs should be designed to increase profit perception and to reduce risk and cost perceptions, especially amongst non-exporting SMEs. This can be achieved through an educational programme that presents the factors involved in the export process as they exist and not as they are perceived. Simpson and Kujawa (1974) state that export

promotion policies must go further than education in the export process, and must provide a means of getting an appropriate export stimulus to a firm with export capability. Simpson and Kujawa (1974) suggest that an actual order for a product might be necessary and that once this order has been secured, the potential exporters must be assisted with this order to its completion.

Rabino (1980) suggested six ways in which policy makers could attract more SMEs to export: (1) require fewer and more simplified forms; (2) tax incentives; (3) assistance in setting up export operations and in training export managers; (4) availability of specific information on foreign distributors and prospective buyers; (5) seminars where exporting executives can share accounts of their successes and failures and; (6) increased financing by the export-import bank of the USA.

According to Czinkota and Johnson (1981), SMEs are mostly in need of export assistance since: (1) they are less aware of the potential benefits of exporting; (2) are less confident about their ability to export; and; (3) are less knowledgeable about how to export and where to go for export help. Czinkota and Johnson (1981) state that SMEs need to be provided with the kinds of services that would best satisfy their needs and suit their capabilities. The authors (Czinkota and Johnson, 1981) also state that it is important to assist SMEs with the mechanics of exporting. Firm needs must be responded to if export performance is to improve (Czinkota and Johnson, 1981) and the increased concentration of direct export assistance on beginning exporters is important (Czinkota, 1981).

Cavusgil (1984a) made it clear that there are different SMEs with different needs. Therefore, promotional assistance designed with a typical exporter in mind will lead to a waste in resources and unsatisfactory results. Because the task environment of SMEs differs across industries and is also dependent on the stage of export process of the firm, Cavusgil (1984a) argues that to accomplish substantial improvements in exports, government action is likely to be more effective where it is designed to make an impact on basic management attitudes and expectations concerning the contributions export marketing can make on SMEs' goals and, from a firm perspective, since exporting seems to be closely related to management's growth expectations and the strength of their aspiration for growth, achievement and growth should be emphasised in training managers.

Kedia and Chokar (1986) showed that the factors that discourage exporting activity differ from industry to industry and that major obstacles to exporting also tend to vary with the stage of globalisation of a given SME. Kedia and Chhokar (1986) argued that, since the needs, perceptions and factors that inhibit exporting are different across industries, broad export promotion programmes may not be effective in tapping the export potential of SMEs, as programmes are intended to meet the needs of individual industries. Kedia and Chhokar (1986) also stated that the important differences between non-exporting and exporting SMEs should be considered in the design and the direction of programmes to encourage exporting. These programmes need to motivate non-exporters to begin exporting and will be different to those needed to help exporters increase their export activity.

Ervin (1989) agrees with Kedia and Chokar when it comes to the different needs of non-exporting and exporting SMEs and the different programmes that should be established to encourage their individual exporting needs. According to Ervin (1989), non-exporters most often have problems with the technical details of exporting and they need assistance in determining the product marketability. To help overcome this problem, Ervin (1989) argues that export programmes should specifically help with the details of exporting and suggested that the implementation of the programmes might involve having the states sponsor small group seminars at the local level as well as one-on-one consultations on an individual level. When it comes to assistance in determining the product marketability, Ervin (1989) states that the SMEs need to become more aware of the importance of this need and SMEs need to know that the data that is used to advise or assist them can be obtained from the federal government. The SMEs also need to be informed about the importance and relevance of this data, for example that it can show which products are in demand, where they are in demand and the names of potential distributors and customers.

There are often similarities between the assistance needed by exporting and non-exporting SMEs. According to Ervin (1989), exporting and non-exporting SMEs agreed most strongly that assistance is needed with issues such as: (1) marketability; (2) locating foreign market connections; (3) locating distributors; (4) determining market opportunities; and (5) determining the amount of sales effort needed. Ervin (1989) states that these are the issues that state and federal agencies should consider to be very important and which they should be addressing in their export assistance programmes. Consultants could also be used to help overcome any problems caused by misconceptions held by SMEs regarding specific issues (Ervin, 1989).

Ramaswami and Yang (1990) agree that exporting and non-exporting SMEs often face the same export problems. According to Ramaswami and Yang (1990), these export problems usually include: (1) a lack of proper market information; (2) unknown market needs; (3) a lack of awareness of available export assistance programmes and; (4) a lack of appreciation of the potential value of exporting. Ramaswami and Yang (1990) state that specific attention is needed that would assist SMEs to: (1) start exporting; (2) study market needs; and (3) assist SMEs in fulfilling these needs. According to Rhee (1991), there are two key factors that governments can use for an overall increase in exports: (1) they can motivate the SMEs that do not currently export to initiate exporting; and (2) they can help identify ways for marginal or passive exporters to increase their volume of exports.

Cavusgil and Poh-Lin (1994) maintain that government should design programmes tailored to the needs of particular industries trying to gain entry to specific countries. They found that these 'customised' programmes - that take these participating businesses from export strategy development to signing contracts with overseas partners - were the ones most productive.

Giovanni (1996) (as quoted by McCue, 1998) identified an appropriate role for government in trade promotion activities toward the achievement of the following objectives: (1) to increase the efficiency of international markets, both by reducing barriers to trade and by undertaking measures to address market

failures; (2) to ensure that small businesses have access to efficient information and advisor services relating to international business; (3) to raise the level of international marketing competencies amongst businesses across a wide spectrum of exportable goods and services; (4) to facilitate access to networks of business contacts in overseas markets; (5) to reduce procedural barriers to exporting through the development and promotion of international standards for documentation and information exchange; and (5) to encourage more SMEs to take an active role in exploring overseas market opportunities.

McCue (1998) states that government should focus on new-to-exporting SMEs and those SMEs that do not think exporting is important. According to McCue (1998), both her research and other research has shown that existing exporters do not value, need, or want export development assistance services with private goods characteristics from government. Therefore the main goal of government export development programmes, according to McCue (1998), should be to encourage exports among SMEs that are doing well domestically and that have the capacity to export. Towards the achievement of this goal, McCue (1998) argues that federal export development assistance agencies should adopt the following as core functions of a comprehensive export promotion programme: (1) counselling; (2) training; (3) education; (4) research; (5) publications; (6) advocacy; and (7) coordination.

In her study to determine whether or not government's role in export assistance to SMEs was helpful, harmful or necessary, McCue (1998) asked a number of SMEs what, according to them, government should do to assist exporters or those that wanted to export. The SMEs involved in the questionnaire named the following government assistance methods as important (in order of highest to least important): (1) level the playing field through reduced tariffs; (2) publish trade leads and provide help in finding buyers; (3) help with pricing products by identifying the specified prices for products sold in specific foreign markets; (4) simplify required government documentation; (5) subsidise participation in trade shows; (6) provide tax breaks and gap financing to exporters; (7) publish foreign market information and how-to guides; (8) profile the public programmes that are available to assist exporters; (9) solve foreign trade regulation problems and; (10) provide credit ratings on foreign businesses (McCue, 1998).

Some studies found that businesses prefer to receive counselling services from the private sector (Root, 1984; Cavusgil and Czinkota, 1990 and Llinitch, 1997) and in these instances the studies suggest that government should help SMEs purchase trade counselling and facilitation services, like those offered by export intermediaries.

Therefore government's role in export promotion is very important, and governments can effectively assist SMEs with a wide range of export promotion activities. The importance of export promotion will be discussed next.

2.4.3 The importance of export promotion

The rationale behind export promotion lies mainly in the importance it has for exports. As stated in chapter 2.2 exports are very important, not only from a macro economic perspective (for a nation) but also from an SME perspective (individual SMEs). Thus exports and export growth need to be expanded. The only problem with export expansion is that various obstacles or trade barriers stand in the way for various SMEs (and thus the nation) to contribute to successful exports (see 2.3.3). To overcome these export barriers, exporters need assistance and support and one of the best ways to provide this assistance is through government-led export promotion or export development programmes (see 2.4.2). According to Van Aarde (2007), export promotion is important due to certain macro economic benefits it encompasses and due to certain benefits that exports and export promotion have for individual companies. Both of these advantages will now be discussed.

2.4.3.1 Export promotion and its macro economic advantages

The main rationale behind export promotion is that it is important because it enhances exports. According to Lederman, Olarreaga and Payton (2006) export promotion through TPOs is a popular instrument for boosting exports and is crucial for export success. A nationwide study by Coughlin and Cartwright (1987) confirms this and shows that every increase of \$1 in state export assistance expenditures was claimed to result in approximately \$432 increase in exports. The studies by Bhagwati (1978), Krueger (1978) and by Papageorgiou and Armeane (1991) supported this and found that export promotion policies were some of the most appropriate ways to achieve sustainable increases in income per capita.

Export promotion and export promotion programmes are also important for economic development. In a worldwide study on TPOs, Lederman, Olarreaga and Payton (2006) showed that for every \$1 expenditure in TPO budgets, most economies experienced substantial increases in exports.

Seringhouse and Rosson (1990), as quoted by Francis and Collins-Dodd (2004), found that export promotion or export assistance also has an indirect influence on export sales, and export promotion and expansion can have the effect of reducing unemployment, stimulating technological and market innovations, and encouraging specialisation and efficiency (Cavusgil, 1984b).

2.4.3.2 Export promotion and its advantages to SMEs

Considering the SME constraints (see section 2.3.3), it would be impossible for SMEs to take advantage of emerging international business opportunities without government support. Therefore it is imperative for national government to establish and maintain different support schemes for SMEs or the general and comprehensive situation of their countries could be jeopardised. The literature below will discuss the major advantages of export promotion programmes for SMEs.

a) Competitiveness

Due to the world markets being more open, countries can now compete and therefore companies benefit in having the ability to choose their business locations. This might result in exports that make countries more competitive and more attractive (Garelli, 2006). Exports also make SMEs more attractive (see section 2.2.2). Kotabe and Czinkota (1992) agree with this and found that SMEs consider their competitiveness to be enhanced by exporting. According to Gençtürk and Kotabe (2001), export promotion is important because export promotion programmes represent readily available external sources of information and experiential knowledge and provide the firm with an external capability to cope with the complexities of exporting. As such, export promotion programmes are believed to enhance SME competitiveness by increasing the knowledge and competence applied to export market development.

b) Export performance

Some of the earliest studies on export promotion have revealed that there is a positive relation between export promotion programmes and the export performance of SMEs (Pointon, 1978 and Cavusgil and Jacob, 1987). Gençtürk and Kotabe (2001) agree with this and state that the use of government export promotion programmes is an imperative determinant of SME export performance. Gençtürk and Kotabe (2001) also state that export promotion usage is a significant export success factor, but stated that its significance depends on the dimensions of export performance that were considered.

c) Profitability

Czinkota (1996) states that since profit seem to be the main driver of exports, export incentives play an important part in supporting such motivations and activities. Thus export promotion programmes can be used as a tool to motivate SMEs to engage in export activities.

According to Cronhaug and Lorentzen (1983), export promotion assistance also has certain financial benefits due to the direct cost savings enjoyed by users through programmes such as subsidies, below market rate loans and reduced bulk rates on rental spaces at trade shows and travel fares. Gençtürk and Kotabe (2001) state that this enables SMEs to reduce operating costs and become more profitable and therefore more efficient in their export activities. Gençtürk and Kotabe (2001) also state that, since export assistance is normally free or at a nominal charge, it offers a cost-efficient means of gaining knowledge and experience and it provides a central inventory for market information and sales leads, which enables SMEs to save time and money. Gençtürk and Kotabe (2001) state the use of export promotion programmes can result in a considerable reduction in the investment necessary to generate and maintain in-house export expertise.

To conclude, the direct contribution of export promotion programmes to an SME's competitive position and the indirect contribution to its profitability present a strong policy argument in favour of export promotion programmes, suggesting that they can provide an important platform for export success (Gençtürk and Kotabe, 2001).

This study will now discuss the effectiveness of export promotion programmes.

2.4.4 The effectiveness of export promotion programmes

Many views concerning export promotion have been stated in export literature and several researchers have investigated the export barriers faced by SMEs when they try to enter export markets (section 2.3.3). The barriers or difficulties faced by SMEs increase as several other requirements arise in the export process and these challenges could restrain SMEs from internationalising. To overcome this, SMEs, through their national governments, should be assisted in their attempts to internationalise (section 2.4.2). In line with this, the question as to whether or not government export promotion or export assistance has addressed export barriers and other export needs of SMEs has been investigated in a handful of studies. Many of these studies are positive about governments' involvement in export promotion and they state that governments play a useful role in increasing the exports of goods both from a macro economic perspective and from a SME perspective (Coughlin and Cartwright, 1987; Papageorgiou and Armeane, 1991; Gençtürk and Kotabe, 2001; Francis and Collins-Dodd, 2004; Lederman, Olarreaga and Payton, 2006; Garelli, 2006) (section 2.4.3). Other studies criticised government involvement in export promotion and cited various reasons to support their outlooks (Czinkota, 1981; Keesing and Singer, 1992; McCue 1998). The arguments against export promotion will shortly be discussed.

Weil (1978) (as quoted by McCue, 1998) was one of the earliest scholars to criticise export development assistance programmes. According to Weil (1978), export development assistance programmes suffer from two common shortcomings: (1) the lack of information about what services are needed and by whom; and (2) insufficient funds to improve the awareness, quality, and use of such programmes. According to Weil (1978), these shortcomings exist due to a general lack of knowledge among government programme administrators about SME needs during the export development process, which has resulted in less than precise targeting of export assistance and the ineffective use of existing government resources.

According to Cavusgil (1982a), the dependence on export promotion assistance has not been shown to be prominent in export growth, since export promotion programmes themselves are not sufficient for sales growth. Cavusgil (1982a) argues that export development programmes could be more successful and government could ensure this increased effectiveness by regularly assessing the programme awareness, usage, and usefulness. Cavusgil (1982a) explained that this assessment can be done by conducting an external assessment of exporters' needs and by conducting an internal assessment of government's capabilities in providing assistance that corresponds with these needs.

A study by Czinkota (1981) identified that SMEs that used government services were less than satisfied with them and they often expect other forms of export assistance by government. As a result of this, Czinkota (1981) suggested that the current export promotion programmes should be restructured to be more responsive to specific needs of SMEs.

Kaynak and Kothari's (1984) general conclusion was that SMEs were unaware of government export promotion programmes and they did not know the types of activities that were offered by the export development agencies. Many SMEs also found that specific export services were insufficient or unsuited to their needs. Seringhaus (1986) suggested that, to meet the request for better assistance programmes, more effective targeting and better promotion of these programmes cannot be justified unless governments first determine where unmet needs exist and where the present programmes are deficient.

According to Ford (1987), the general performance of governments in areas of marketing, information gathering and export promotion was unsatisfactory and government participation can be more active and successful if they decide to undertake research at the macro level, research that would identify industries and product classes that represent attractive long-term opportunities.

Keesing and Singer (1992) indicated that export assistance programmes have rarely been effective in systematically expanding exports due to: (1) lack of expertise; (2) deflected focus on policy, administrative, or regulatory tasks that conflict with the provision of export support services; and (4) the lack of private non-profit, public sector assistance infrastructure.

Seringhaus (1990) focused on the problems faced by exporters and the role played by governmental export support in the market entry process. Seringhaus (1990) found that public export assistance was mostly valued by exporters when agencies helped them in establishing market contacts and market entry. Seringhaus (1990) stated that governments should keep in mind that a counsellor's knowledge of markets and their ability to identify opportunities greatly benefited exporters, while their task of planning and "readying businesses for exporting" was more difficult.

In their study, Crick and Czinkota (1995) revealed that the issues that SMEs view as pertinent to export promotion have not always been consistent with the types of assistance that they have requested from government. The mismatch between SME's needs and the assistance rendered by the government suggests that the programmes offered by government have been utilised inefficiently and that the cost of these different programmes may have outweighed the benefits from the increase in exports (Czinkota and Crick, 1995).

McCue (1998) sums up the arguments against export promotion by stating that governments have not effectively or efficiently responded to SME needs through the provision of appropriate export assistance services.

The study will now explain the link between export stages and export promotion incentives.

2.4.5 The link between export stages and export promotion incentives

As stated earlier in section 2.3.1 and according to Bilkey and Tesar (1977) and Czinkota and Johnson (1981), exporting is a developmental process that can be conceptualised as a learning sequence or as export stages. Many taxonomies have been proposed for classifying SMEs according to their level of involvement in

exporting, but this study will use the exporter categories defined by Bilkey and Tesar (1977). According to Bilkey and Tesar (1977), SMEs gradually move through the following six levels of commitment to exporting:

- a) Stage 1: management is not interested in exporting.
- b) Stage 2: management is willing to fill unsolicited export orders, but does not actively pursue export markets.
- c) Stage 3: management has explored exporting to a country which is geographically and culturally similar to that of management's own country (called a passive exporter).
- d) Stage 4: management is exporting on a more active basis to the country identified in stage 3 (termed an experimental exporter).
- e) Stage 5: management is actively exporting to two or more countries (an active exporter).
- f) Stage 6: management is committing significant resources to the international operations of the firm.

Kotabe and Czinkota (1992) found that SMEs at different stages of internationalisation required or wanted a different level of assistance from government export promotion organisations. Leonidou and Katsikeas (1996) confirm this, by stating that the promotional incentives provided by government must adjust to the various stages through which SMEs pass, as it strengthens its export activities. Table 2.5 describes the stages and the export promotion programmes offered during each stage. It shows that various export promotion incentives exist to meet the needs of the exporters at the different stages of the export involvement process (Van Aarde, 2007).

Table 2.5 Companies' needs and export promotion programmes

<i>Stages of export involvement</i>				
	<i>Non-exporter</i>	<i>New exporter</i>	<i>Expanding exporter</i>	<i>Continuing exporter</i>
<i>Programme focus</i>		To determine the feasibility of exporting	To select the most promising market and entry method	To improve and fine-tune existing operations
<i>Motivational</i>	Advertising local seminars	Seminars Export bulletin Export newspaper Sector-specific assistance	Sector specific assistance	Sector specific assistance
<i>Informational</i>		Market reviews Custom market research Primary export marketing research scheme	Market visits Export seminars Export newsletters Primary export marketing research scheme Foreign Direct Investment research scheme	Export seminars Export newsletters Foreign Direct Investment research scheme
<i>Operational</i>		Trade missions Financing Insurance Outward selling trade missions National pavilions	Trade Fairs Trade missions Financing Insurance Outward selling trade missions Individual exhibitions National pavilions Outward investment recruitment missions Inward buying trade missions	Trade Fairs Foreign buyer visits Sales offices Financing Insurance Outward selling trade missions Inward investment missions

Source: Van Aarde, 2007.

Bilkey (1978), Cavusgil (1983) and Seringhouse (1984) (as quoted by Seringhouse, 1986) remark that diverse government assistance services are accessible and appropriate for the different internationalisation stages. Various studies have suggested different export promotion or export assistance methods that governments might use during the different internationalisation processes. Some of the suggestions of these studies will now be discussed.

Bilkey (1978) suggested that, for maximum success, export stimulation programmes should be tailored to the export development position of the SMEs to be stimulated. He argues that if export assistance programmes are formulated in terms of the export internationalisation process, then: (1) experienced exporters would be stimulated to increase exports by devaluating the currency and by removing perceived obstacles to exporting; (2) non-exporters would be stimulated to begin exporting by being provided with export orders (perhaps by developing Japanese-type trading companies) and with managerial assistance (such as export extension programmes and export consulting services); (3) SMEs that have not attempted to export would be stimulated to explore the feasibility of exporting by programmes promoting the attractiveness of exporting (trade

association meetings, advertising, public meetings) and through international education within schools (such as foreign language training, student exchange abroad, international business education).

According to Cavusgil (1980), government's assistance should focus on smaller SMEs in the early stages of internationalisation and different types of programme should be tailored to reach the specific needs of SMEs in different stages of the internationalisation process.

According to Leonidou (1995), the inhibiting effect of export barriers on pre-export behaviour should be minimised. This could be done using various management consultancy and advisory services. Government can aim at assisting managers in non-exporting organisations: (1) to improve managerial skills; (2) formulate sound export marketing strategies; (3) understand the mechanics of exporting; and (4) and teach them how to handle export documentation. Leonidou (1995) also states that various professional business seminars undertaken by chambers of commerce, trade associations and other similar organisations should stress the benefits derived from exports through the illustration, for example, of successful case studies in exporting. Particular emphasis should be placed on smaller and inexperienced SMEs which, due to their inherent managerial, financial, personnel and other limitations, tend to overestimate export barriers (Leonidou, 1995).

Viviers and Calof (1999) suggest that governments can assist in creating an export society by creating comprehensive policies and export programmes that would enable SMEs to progress from the status of non-exporters to that of aggressive successful exporters. To accomplish this, Viviers and Calof (1999) suggest that governments need to develop, manage, execute and evaluate programmes in a manner consistent with SMEs' export stages. Government can assist in this process by playing three roles - the role of initiator, the role of developer, and the role of eliminator (Viviers and Calof, 1999). Each of these roles will be explained.

According to Viviers and Calof (1999), governments can start by initiating export development amongst non-exporters by opening up the non-exporters' minds to the possibility of exports and doing so in a way that will appeal to them. The mechanisms developed must not only arouse their interest, but must work towards lowering their perception of the costs and risks of exporting. Viviers and Calof (1999) state that since unsolicited export orders are often the most frequent creators of export involvement, governments can assist non-exporters in exports by handing export orders to them. Another way that governments could assist non-exporters is to implement industry round tables where non-exporters and exporters can meet. At these roundtables, competitors, suppliers, customers and other individuals whom the non-exporter respects could communicate with the non-exporter and this could be a powerful catalyst to change the attitudes of non-exporters towards exports (Viviers and Calof, 1999). The last method that the government, as initiator, can use is to facilitate or assist export mentoring programmes whereby more experienced SMEs from the industry help newer SMEs get into export markets.

The second role that government can play is the role of developer – getting SMEs to become aggressive exporters. According to Viviers and Calof (1999), after government has initiated SMEs into exporting, they

can get SMEs to actively look for their own export opportunities and they can help develop them from stage 2 exporters up to 3, 4, 5 and stage 6 exporters. Viviers and Calof (1999) state that programmes need to be developed by government to help reduce the perceived costs and risks of exporting and increase the perceived benefits to SMEs. Such programmes should also help stage two exporters develop into committed exporters. Programmes need to be introduced that induce changes in attitudes and encourage SMEs to develop the organisational attributes associated with export success. This might include training programmes, information campaigns, mentoring programmes and industry round tables that can all be valuable mediums for bringing export assistance and information to early-stage exporters. Viviers and Calof (1999) also stated the importance of senior executive support and argued that if ways could be found to persuade SMEs to develop these export-related systems, procedures and skills, the time it takes to grow from experimental exporter to committed exporter could perhaps be shortened.

The third role that government can play is the role of eliminator, where government creates and sustains export success. According to Viviers and Calof (1999), the proper design and implementation of the initiator and developer roles will help create a strong and growing cadre of committed or aggressive exporters. Viviers and Calof (1999) state that, at this point, export attitudes do not stand in the way of success and the proper international structure should now be in place. Success should now depend on SMEs' capabilities. Viviers and Calof (1999) state that the only additional barrier that committed SMEs might face in their approach to the international markets is the lack of a level playing field that might result from the following barriers: foreign country policies; domestic country policies; and country-based disadvantages. At this stage, government should help eliminate anything that stands in the way of export success. At the domestic level this means evaluating current government programmes to ensure that they do not hinder export success; reducing tariffs and red tape that add cost and complexity to exporters; negotiating trading agreements with foreign countries to ensure that the playing field is level and, if the foreign governments are unwilling or unable to alter their domestic policies, consider GATT-friendly measures that will put domestic SMEs on an equal footing with their foreign counterparts (Viviers and Calof, 1999).

Table 2.6 sums up the three different roles of initiator, developer and eliminator of Viviers and Calof (1999). As can be seen, the different programmes recognise that different SMEs have different needs at different stages of export development.

Table 2.6 The integrated export development programme model: taking SMEs from non-exporter to committed exporter status

<i>Public sector role</i>	<i>Targeted SMEs</i>	<i>Intended result</i>
Initiator	Domestic marketing	Will fill unsolicited export orders
Find orders	Uninterested	Explores feasibility of exporting
Help with forms	Partially interested	
Mentoring		
Selected training		
Credit guarantee		
Bridging finance		
Developer	Pre export	Increased involvement
Trade shows/missions	Partially interested	Experimental
Information	Experimental	Active
Mentoring		
Training		
Market investigation		
Financial assistance		
Eliminator	All SMEs, but benefits will be most felt with active and committed exporters	Export success
Financing assistance		
Tariff reductions		
Trading treaties		
Non-tariff barrier reductions		

Source: Viviers and Calof, 1999.

The above literature explained the definition of export promotion, the role of TPOs, government's involvement in export promotion, the importance of export promotion, the effectiveness of export promotion programmes, and the link between export stages and export promotion incentives. The trade promotion situation in South Africa, with special reference to South Africa's leading TPO, the DTI, will be discussed next.

2.5 The trade promotion situation in South Africa

To understand the trade promotion situation in South Africa, it is necessary to first describe the trade support network. The trade support network in South Africa consists of various different types of TPOs. These TPOs include national government departments (such as the DTI), provincial government departments and their agencies, urban metropolitan councils (such as Tshwane Metropolitan Council), chambers of commerce, banks, business associations (such as South African Chamber of Business (SACOB)), private counselling companies, export finance institutions, international organisations (such as UNCTAD), research institutes (such as universities), small and medium enterprise development agencies (such as SEDA), standards/quality bureaus (such as SABS), economic development agencies (such as Gauteng Economic Development Agency (GEDA)) and other agencies (such as Trade Point Pretoria Tshwane). These TPOs undertake all kinds of activities. Table 2.7 briefly mentions the services provided by the different TPOs in South Africa. It shows that an extensive range of marketing and related information services are being provided to exporters.

Table 2.7 The different services provided by the different TPOs in South African

<i>Export promotion services provided</i>	<i>South African agencies providing these services</i>
1. Research and development activities: market research, advice services, fact-finding missions,	DTI, SEDA, private banks, business organisations and chambers of commerce
2. Training through courses, seminars and workshops; target groups are export managers and other staff responsible for exporting in SMEs	Various private sector organisations
3. International trade relations	DTI
4. Trade information	DTI, TISA, banks, chambers of commerce, international institutions (e.g. UNCTAD)
5. Publicity and promotion	DTI
6. Small and medium industry development organisations	DTI, SEDA
7. Quality	SEDA, DTI, South African Bureau of Standards
8. Importers and exporters lists: a register of exporters and importers as an information resource	DTI, TISA
9. Export assistance centres	DTI and SEDA
10. Trade Information Centre (TIC): follow-up of trade leads, information and trade events	DTI, banks
11. Special programmes for disadvantaged exporter	SEDA

Source: Adapted by author from Valodia *et al.* 2002.

Of all the different types of TPO mentioned in South Africa, the DTI is the leading export promotion authority. It is involved in trade policy activities and provides valuable functions for South African exporters. As such, the DTI as a TPO will now be discussed.

2.5.1 The role of the DTI as the leading TPO in South Africa

Since 1994, the DTI has devoted a considerable amount of effort, time and resources to the transformation of trade and export promotion services in South Africa. These export promotion services were adapted to fit the economic and trade environment transformation that South Africa experienced after 1994. Today, the DTI's strategy takes into consideration that there are two economies in South Africa. The developed economy that suffers from a lack of cost competitiveness in relation to the global economy and the underdeveloped part of the economy where economic potential is not being enabled and harnessed due to backlogs and under-investment in social and productive capital (DTI, 2008c). According to Viviers and Calof (1999), this dualistic economy creates an uneven playing field for exporting.

Export promotion, according to the DTI (2008d), encompasses all out-of-border marketing and information services designed to assist and encourage domestic SMEs to export goods and services. In South Africa export promotion includes the following four types of activities (DTI, 2008d):

- Country image building (such as advertising and promotion).
- Export support services (such as technical support).
- Marketing (such as national pavilions and missions).

- Market research and publications (such as sector information, company information, export publications and contact database).

The DTI has one division primarily responsible for trade and investment - Trade and Investment South Africa (or TISA), (DTI, 2008d). TISA has a national mandate to develop the South African economy, focusing on facilitating and promoting investment, developing and promoting export, and developing customised sector policy. TISA's mission is to provide strategic vision and direction to key growth sectors in the economy, to increase the level of direct investment flow, and to develop South Africa's capacity to export into various targeted markets. TISA facilitates investments, supports export missions and hosts export training and development seminars as well as providing both financial and non-financial assistance to exporters (DTI, 2008d).

TISA's support is focused on sectors of the economy deemed to show the highest growth potential. These industries include resource-based industries (such as agro-processing, chemicals and metals), manufacturing based industries (such as aerospace, rail and marine, automotives, arts and crafts, capital equipment, clothing, textile, leather and footwear) and service units (such as electro-technical, tourism, television and film) (see section 1.1). TISA contributes to the DTI's strategic objectives by (DTI, 2008d):

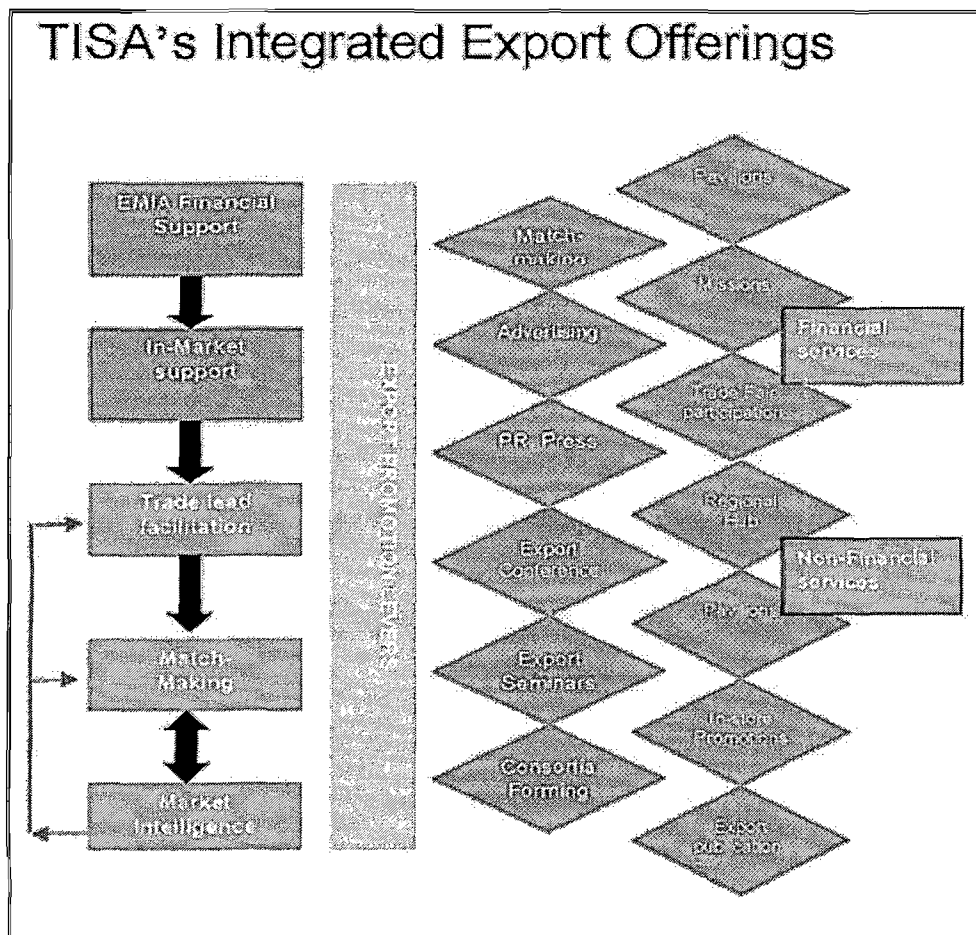
- Increasing the quality and quantum of foreign and domestic direct investment by undertaking effective investment recruitment campaigns, providing an efficient facilitation and information service to retain and expand investment into South Africa as well as into Africa.
- Developing new and existing South African exporters' capabilities to grow exports globally (goods, services and capital) by providing appropriate information, financial support and practical assistance to sustain organic growth in traditional markets and to penetrate new high growth markets.
- Effectively managing and administering the foreign office network. The DTI currently has 53 economic representatives in 44 offices situated in over 40 strategically selected countries and they are active participants in the process of helping exporters to reach their targets.

Some of the services and offerings provided by TISA are (DTI, 2008d):

- Gathering of market intelligence.
- Identifying markets with potential and export opportunities.
- Identifying and facilitating the removal of obstacles impeding export growth.
- Matching potential exporters with foreign buyers.
- Export Marketing and Incentive Assistance.
- Development of exporters, especially SMEs.
- Providing export advisory services.
- Providing export market information.

Figure 2.1 provides some of TISA's integrated export offerings.

Figure 2.1 TISA's integrated export offerings



Source: DTI, 2008d.

As can be seen, from figure 2.1, TISA's offerings include market intelligence, trade lead facilitation, matching of buyers and sellers, in-market support, and EMIA assistance. TISA provides certain financial services such as financial assistance to pavilions, trade missions, trade fair participation and assistance to regional hubs. TISA also provides certain non-financial services such as instore promotions and export publication. Each of TISA's offerings will be discussed.

a) Market Intelligence

The DTI provides customers with information on export markets and opportunities, answers to frequently asked questions, country reports, market survey reports and booklets on the export process, quality issues, e-commerce issues, requirements for entering into foreign markets and the identification of export markets for products and services (DTI, 2008d).

b) Trade-Lead Facilitation

The Trade Opportunities Centre Business receives business opportunities that originate from foreign economic representatives and match this with competent South African exporters (DTI, 2008d).

c) Matching Buyers and Sellers

The primary aim of this offering is to link South African exporters or export-ready companies with foreign buyers or potential importers. These offerings will enable South African exporters to broaden their foreign markets. Both importers and exporters are assessed on various criteria pertaining to their ability to respond to the needs of each other. The best companies are then matched and an introduction is facilitated. The DTI will continue to be involved in this process until it is secured and agreements are in place (DTI, 2008d).

d) In-Market Support

In-market support consists of actual support, coordination and facilitation of an export company in support of matchmaking, marketing, and other logistical support required by the company in the target market by the DTI's foreign office (DTI, 2008d).

e) EMIA Financial Assistance

EMIA is the Export Marketing and Investment Assistance Fund. Its primary responsibility is export promotion and its main objective is to support South African export companies with costs related to the international marketing of their products (DTI, 2008e). The fund also assists exporters with market research, matchmaking, technology transfers, joint ventures and investment promotion. The main offerings in EMIA are (DTI, 2008e):

- National pavilions.
- Individual exhibitions.
- Outward and inward trade mission support.
- Primary market research (exports and FDI).
- Patent registration.
- Investment mission support.
- Sector-specific assistance.

f) Export Councils and Incentives

An essential aspect of the DTI's strategy is the promotion of industry-based export councils. According to the DTI (2008f), export-orientated SMEs in various industrial sectors have organised themselves into export councils and their main aim is to tackle the global marketplace as a collective force. Their strategy is to select certain target markets and to set up export targets that that will match these markets. The arts and crafts sector does not have a separate export council. According to the DTI (2008j), there is no immediate need to form such a council because once the craft hubs (see chapter 3.7.6) are in place, the DTI's plan is to use the textile export council to expand their role to also incorporate the craft sector. The fact that the textile export council

mainly deals with home décor which mostly consists of craft products, will make this transformation uncomplicated.

The export council approach has been tailored to allow SMEs to form SME export councils that can act as an entry point for first-time exporters. This format allows SMEs in various sectors to access the DTI support structures and become successful exporters. The export council structure has been given a forum to address all obstacles and a proposal that may affect the ability of SMEs to export successfully. This takes the form of a National Export Advisory Council that represents the executives of the various export councils (DTI, 2008f). The DTI supports export councils by providing financial assistance schemes that make provision for financial contributions to industry associations to form export councils and by financially supporting the underlying activities of export councils (DTI, 2008f).

Therefore the DTI, through TISA and its integrated export offerings, has structures in place to successfully promote exports in South Africa. Besides these export offerings, the DTI has one other contribution to their export promotion activities. This is the Export Decision Support Model or the DSM and it will now be discussed.

g) Export Decision Support Model

In 2007, the DTI commissioned the North-West University to construct a DSM or a Decision Support Model to aid South Africa in export promotion. The model is currently being implemented by the DTI. It will be integrated into the DTI's National Export Strategy (NES) and will contribute towards strategic policy design on export promotion (Pearson, 2007).

According to Pearson, the DSM was originally developed by Cuyvers, De Pelsmacker, Rayp and Roozen (1995) and the rationale behind the development of the DSM was to address the problem that governments often experience when they have to allocate limited resources between different export activities and export promotional instruments. These problems can be solved or minimised if governments use their limited resources to allocate to markets that prove to have the highest export potential (Cuyvers *et al.*, 1995). According to Cuyvers *et al.* (1995) the construction of a decision support system that provides the department with a limited list of export promotion priorities, screened on the basis of a well-structured model and based on measurable and objective economic data, has the virtue of drawing attention to markets that have been ignored and it highlights the economic irrelevance of a number of promotional activities.

In light of the above, Pearson (2007) applied the DSM to fit South African circumstances. The South African model intends to aid the DTI in the achievement of the objectives mentioned in the National Export Strategy (NES) and their export promotion and development goals. According to Pearson (2007), the DSM is a powerful instrument that the DTI can use to identify potential or realistic export opportunities for South Africa and to prioritise export assistance for potentially successful exporters. This assistance will aid exporters that have the ability to access foreign business opportunities for their specific products to export

successfully. The identification of these realistic export markets will lead to an increase in export profitability of SMEs and will increase export volumes.

As seen above, the DTI has various roles and functions to play in terms of export promotion in South Africa and the DTI supports SME exporters with various export incentives. The subsequent literature will discuss the effectiveness of the DTI in its trade promotion provision.

2.5.2 The DTI and its effectiveness in export promotion provision

Contrary to various international studies on the effectiveness of export promotion provision by government (see section 2.4.3 and section 2.4.4) not much academic research has been done regarding the effectiveness of export promotion programmes and the export promotion assistance that is provided by the South African government, or the DTI. According to Van Aarde (2007), the DTI is concerned with the effectiveness of its trade promotion programmes and has been examining its export promotion programmes with great concern because the DTI realises that a large percentage of the annual government budget is allocated to these programmes. In her study to evaluate the success of export promotion programmes in South Africa, Van Aarde (2007) showed that the two export promotion programmes used in her study, national pavilions and trade missions, were effective and it showed positive results.

Valodia *et al.* (2002), on the other hand are not optimistic about the export promotion support programmes that are provided by the DTI. The reason is that Valodia *et al.* (2002) state that the most critical factor for successful export promotion is to increase SMEs' ability to access and use export support services and they feel that the industry is lagging behind the government in taking maximum advantage of export promotion support programmes. In accordance with this, Valodia *et al.* (2002) identified three areas that demand additional policy responses.

Firstly, Valodia *et al.* (2002) state that improvements are needed in the provision of trade information. Although the DTI channels trade enquiries to SMEs, Valodia *et al.* (2002) state that this service could be improved. They feel that the Internet might be a possible way to provide easily accessible information on possible exports to a large number of South African SMEs. According to Valodia *et al.* (2002), the United Nations Conference on Trade and Development (UNCTAD) is developing a 'trade point' system to assist developing countries in accessing trade information more easily. According to Valodia *et al.* (2002), the DTI has established a useful Internet presence to assist exporters. However, South Africa has lagged behind other developing countries in making effective use of public sector information technology for trading purposes and has not established a functioning trade point. According to Valodia *et al.* (2002), the public sector could play a complementary role by establishing an UNCTAD trade point that would open up opportunities on the UNCTAD network to South African exporters.

Secondly, Valodia *et al.* (2002) state that the support to SMEs in entering exports markets must remain a focus for export promotion activities. According to Valodia *et al.* (2002) their studies showed that SMEs

experienced an inability to access and apply the support measures available to them. To solve this, Valodia *et al.* (2002) argue that, in addition to the small business support measures offered by the DTI nationally, the establishment of manufacturing advice centres could play an important role in facilitating export growth among small SMEs.

Thirdly, the study of Valodia *et al.* (2002) showed that SMEs in KwaZulu-Natal appear to have little support in the area of export practices, international quality standards and the management of intellectual property. According to Valodia *et al.* (2002), the problems faced by these SMEs are a result of the lack of effective consultancy services for SMEs. As a solution, Valodia *et al.* (2002) proposed certain steps to improve the distribution of export knowledge and the authors suggested that the DTI's Competitiveness Fund should be allocated for this.

As stated, literature on export promotion in South Africa, especially export promotion that is provided by government or the DTI, is limited in its effectiveness. To get a clearer picture on this and because this study will focus solely on the craft sector, the subsequent literature will investigate the export promotion provision role of the DTI in the craft sector of South Africa and it will examine the effectiveness of the export promotion services that the DTI provides to craft exporters.

2.5.3 The DTI and its role in the craft sector

As stated in section 2.5.1, the DTI is the leading TPO in South Africa and it remains one of the most important role-players within the craft sector. After the publishing of various reports such as the White Paper for Arts, Culture and Heritage; the Cultural Industries Growth Strategy and Creative South Africa: A Strategy for Realising the Potential of the Cultural Industries, the South African government started to realise the potential of the cultural industries, specifically craft, and development within these industries began. For a large part of this period, the main driver of craft sector development has been the Department of Arts and Culture, but the DTI's role in this process has increased over the last few years. The DTI recognised the potential of the craft sector and consequently increased its capacity to deal with this sector. As a result, the DTI's Cultural Industries Sector Desk started a process to develop a Craft Marketing Development Strategy. The main objective of this strategy was to develop the capacity of the craft sector and to deliver products to expanding markets. A series of national workshops was held to support this and a programme of action was drawn up whereby the DTI decided to establish a representative forum to drive this process namely, the National Craft Steering Committee.

One of the objectives of the National Crafts Steering Committee was to find a bilateral agreement on the coordination of the DTI and the Department of Arts and Crafts (DAC) in such a way as to promote and effectively contribute to the newly set vision of the Craft Sector Development Strategy that was developed in 2005. The vision of the Craft Sector Development Strategy (DTI, 2005:21) is: "*to have a formalised South African craft sector by 2014, comprising commercial hand manufacturing and indigenous cultural craft art industries that will be globally competitive*" (see section 3.7.2). Since the establishment of the National Crafts

Steering Committee and the Craft Sector Development Strategy, the role of the DTI within the craft sector changed significantly. Today, the National Crafts Steering Committee is called the National Craft and Design Sector Coordinating Group and it can be seen as an overseer and coordinator within the South African craft sector - the main driving force behind craft development and the implementer of most craft action initiatives (such as the initiatives mentioned in section 3.7.6).

According to Gaylard (2004), the most important role of the DTI within craft is that it continues to be the only remaining factor in the demand side of the craft equation. All other innovations, according to Gaylard (2004), seem to stimulate only the supply side.

These functions or roles of the DTI within the craft sector were mostly concerned with strategy development and the regulatory function of the DTI. Other than this role, the DTI also provides the following functions for craft:

- Export support.
- SME support.
- Financial and institutional support.

Each one of these functions will now be discussed.

2.5.3.1 Export support

Of all the export support programmes provided by the DTI (or TISA) as mentioned in section 2.5.1, the EMIA scheme is the most important to craft. This scheme aids in the development of the craft sector through financial support and export market development. As stated earlier, this programme provides market access and marketing support by sponsoring exhibitions and trade shows where products and craft SMEs are provided with exposure to local as well as international markets.

The local trade platforms in South Africa include, amongst others, trade shows such as 'One of a Kind', 'Design Indaba' and 'Rooms on View'. According to Thabethe (2007), trade shows such as the 'One of a Kind' trade show play an important role in the South African economy because they contribute directly to the economic development of Black Economic Empowerment and Women Economic Empowerment needs and as such are key contributors to the development of the 'second economy'. The craft products that are displayed at these shows are created and manufactured mostly by previously disadvantaged individuals and SMEs. Of the 128 exhibitors at the 'One of a Kind' show in 2004, 92% of the SMEs were black-owned and at the 'One of a Kind' show in 2006, 85% of the crafters were black women from rural areas (Thabethe, 2007).

The DTI also supports international trade platforms or trade fairs such as Santa Fe, Ambiente and Atlanta. These international trade shows have significant success. According to the Thabethe (2007), crafters that took part in the 2006 World Folk Art Craft Market in Santa Fe, New Mexico, sold all their products on day one of

the trade show and their crafts were priced in dollars, which means that the crafters reaped the benefits of the US currency. According to Thabethe (2007), these trade shows have great potential and they make a difference in the lives of communities who still do not enjoy the benefits that come with a growing economy. Government must continue to provide the support to make it possible for more crafters to attend these trade shows and earn a living from their craft.

The DTI and EMIA usually only fund SMEs that are formally registered as legal entities and that comply with all legal, business, tax and EMIA requirements but, since most crafters are rural crafters involved in informal craft trade, the craft sector and EMIA have agreed on a compromise, and crafters do not have to comply with the normal EMIA standards and requirements (DTI, 2008g).

Other than the export support provided by the DTI, the DTI also contributes to SME development through various initiatives. This will now be explained.

2.5.3.2 SME support

The DTI contributes to SME development through various initiatives, such as SEDA. SEDA is a government initiative for SMEs, facilitated by the DTI, and it forms part of the DTI's group of institutions. The mandate of SEDA is to design and implement a standard national delivery network that must uniformly apply throughout the country and its role includes the support and promotion of cooperative enterprises, particularly those located in rural areas (DTI, 2008h). The work of SEDA is carried out in line with the DTI's Integrated Small Enterprise Development Strategy, which aims to (DTI, 2008h):

- Strengthen support for SMEs access to finance.
- Create an enabling regulatory environment.
- Expand market opportunities for specific categories of small enterprises.
- Localise small business support through a grid of SEDA-coordinated information and advice access points.
- Initiate a national entrepreneurship drive and expand education and training for small business.
- Co-fund minimum business infrastructure facilities in local authority areas across the country.

All of these services contribute to the development of craft SMEs. Other than the export support and the SME support provided by the DTI, the DTI also contributes to craft SMEs through their provision of financial and institutional support. This will be discussed next.

2.5.3.3 Financial and institutional support

DTI funding supports craft producers throughout the value chain from business training, enterprise development, design and product development, quality control, and packaging and branding, to an understanding of the market and direct access to the market. All of this ensures a higher return to the craft SMEs and increased value to the end user (Thabethe, 2007).

The DTI also supports craft SMEs with financial aid provided through various programmes, funds and finance companies. One such company is Khula Enterprise Finance Ltd (Khula). Khula is an independent development finance institution that operates under the wing of the DTI. It is a financial facilitator for the development of the rapidly growing Small and Medium Enterprise (SME) sector of the South African economy (Khula, 2008i).

Khula meet the demands of the increasingly valuable SME sector of South African economy by bridging finance gaps that are not addressed by commercial financial institutions in the small business sector. Some of the functions of Khula Enterprise Finance Ltd. are (Khula, 2008i):

- KhulaStart – support for micro credit organisations.
- Business loans to retail financial institutions – Micro Lending Programme.
- Credit guarantees schemes.
- Equity funds – venture capital.
- Thuso Mentorship Programme – pre and post loan support.

The financial support provided by the DTI is important because, through EMIA, crafters are exposed to export markets - something that would otherwise have been impossible. Through institutions such as Khula, and the services provided by Khula, craft products are designed, refined and produced according to benchmarked quality standards, all benefiting craft development.

The DTI provides valuable export promotion services and other valuable functions to craft SMEs, but the question is: are these functions effective? The subsequent literature will address this.

2.5.4 The effectiveness of the services that the DTI provides to the craft sector

The literature mentioned in section 2.5.3 explained the functions or roles of the DTI concerning the craft sector. As stated, it seems that the DTI provides valuable export promotion services and other functions to craft SMEs, but certain critics are not that optimistic. Kaiser and Associates (2003b) have some criticisms of the services provided by the DTI, because findings from craft sector workshops and interviews with crafters in South Africa revealed the following:

- The crafters are unaware of the export regulations, trade agreements (e.g. AGOA), and require a point of contact/source of assistance on different export-related issues.
- In the case of the EMIA scheme, which is administered by the DTI, crafters want to be informed as to what is available to assist them in promoting their products in export markets, to what degree, how to participate, obligations and costs to them and guidance on accessing scheme.
- A complete breakdown of the international trade shows/fairs (e.g. craft fair in Houston) is needed in conjunction with mechanisms available to financially assist crafters in participating.

- The support from the DTI is perceived as inefficient by emerging crafters as some crafters are not even aware of the services and assistance available to them from the DTI.
- There is no trade show/fair that is solely dedicated to promote the craft sector in South Africa, as it is always incorporated as an add-on to other trade related activities, or part of highly commercial fairs that may not be accessible to smaller crafters (e.g. cost of participating in Decorex is beyond the means of many crafters).
- Perceptions are that there is no coherent support to expose emerging producers to foreign buyers on their purchasing trips.
- Crafters view exporting as an extremely intensive process with many different factors to consider and research that takes up a lot more time with no guaranteed results and therefore they do not explore export market opportunities.
- Centralised or collective storage place in export markets could be of great value, due to the large cost of returning unsold goods to South Africa, which might need to be re-exported at a later date.
- Trade promotion could benefit from coordinating exhibitions to promote all the producers of complementary products, with rotational representation.

Regardless of the fact that the DTI provides certain successful export promotion services for crafters in South Africa, there seems to be some criticism amongst craft SMEs of the effectiveness of these services. It is important for the government to take note of this if it wishes to enhance the effectiveness of their export promotion programmes.

One of the functions of a TPO (see section 2.4.1) and one of the functions of the DTI (section 2.5.1), is to provide effective market information to exporters. The subsequent literature will investigate the effectiveness of the market information provision provided to craft exporters by the DTI.

2.5.3 The DTI and its provision of market information to craft exporters

Market information is very important. Toften and Olsen (2003) suggest that the importance of export market information lies in the fact that the use of export market information affects both export performance and export knowledge and export knowledge is further suggested to affect export performance (see section 1.3).

Before countries set up their export promotion programmes, they need to know which products to promote and decide which markets offer the greatest opportunity for export growth. This will require extensive market research, which involves the systematic collection, analysis and reporting of necessary information. Its purpose is to reduce uncertainty, pinpoint solutions and determine appropriate marketing strategies. Market research should give a comprehensive picture of the main features of a particular market and the export possibilities for a selected export product sector (UNESCAP, 2004b).

As stated in chapter 1.3, the DTI provides export market information for exporters, but there are limitations to this data. Valodia et al. (2002) agree on these limitations and state that improvements are needed in the provision of trade information by the DTI (section 2.5.2). The main limitation of the DTI's data is that it is not sector-specific (a vital necessity for market research, as mentioned in the paragraph above).

This study will try and solve this problem. It will provide sector-specific craft data, it will analyse and interpret the data, and it will make recommendations to the DTI on how to effectively provide this market information to craft exporters. It will also try and establish South Africa's position within the international craft trade and it will investigate ways to enhance this. Chapters 4 to 6 of this study will provide this market information, but first it is important to take an in-depth look at the craft sector of South Africa and the barriers, especially the export barriers, faced by the craft SMEs in South Africa. Chapter 3 will address this.

2.5.5 Conclusion

Chapter 2 explained the importance of exports, not only from a country perspective, but also from an SME perspective. As a result of globalisation and the increased exports, many SMEs in the last few decades have successfully set up activities beyond their home markets and have started to internationalise. The only problem with this is that many SMEs in various sectors, including the craft sector, face various barriers that impede internationalisation. To overcome these export barriers, SMEs need export assistance. Export assistance is normally provided by TPOs, and it is important that government gets involved with this process. One of the most important issues that was discussed in chapter 2 is that, since SMEs in different stages of internationalisation face different export barriers and therefore have different export assistance needs, government's export promotion programmes should address this issue and different types of programmes should be tailored to reach the specific needs faced by different SMEs in different stages of the internationalisation process. Chapter 2 also discussed the trade promotion situation in South Africa and the role of the DTI as the leading TPO in South Africa. Although the DTI has plans to include the craft sector within the textile export council to promote the exports of craft products, sufficient market information on this sector is needed, and this does not yet exist (see 2.5.3). This study will attempt to provide this market information but before it does, it will first provide an overview of the craft sector of South Africa and the sector's current export situation. Chapter 3 will address this.

Chapter 3

Overview of the South African craft sector and the craft export situation

3.1 Introduction

Chapter 2 discussed the importance of exports and export promotion, not only from a country perspective, but also for SMEs that wish to internationalise. One of the issues raised in chapter 2 is that different SMEs in different stages of internationalisation face different needs, and governments should be aware of this to provide effective export assistance. Chapter 2 also discussed the trade promotion situation of South Africa, with special focus on the DTI, South Africa's leading TPO. What became evident is that the DTI does not yet provide effective market information to the craft sector, which is a vital component not only for this sector to become competitive in trade but also a necessary component for effective export assistance by the DTI.

Chapter 3 will provide an overview of the South African craft sector and craft trade. It begins by explaining craft and the importance of the craft sector. According to the DTI (2005), the South African craft sector has great potential but it faces many challenges. To provide a better understanding of craft and the South African craft sector, chapter 3 will provide an overview of the South African craft sector such as its strengths, weaknesses, opportunities, threats and characteristics. Secondly, this chapter will discuss one of the most important contributions to craft development in South Africa - the drafting of the Craft Sector Development Strategy. The chapter will also discuss the key programmes proposed in this strategy and will then mention one of the most important benefits to the craft sector thus far - the development of the craft hubs. After this, the chapter will explain the different functions of the two most important role-players - the DTI and the CCDI - and their functions within the South African craft sector. This chapter will also discuss four market research reports that were obtained from the CCDI and the major challenges that evolved from these reports.

3.2 Definition of the craft sector

Before craft and the craft sector is discussed, it is important to know that the craft sector forms part of a bigger sector that is referred to as the cultural industries. According to the DT (2005:9) the cultural industries include the following:

- Architecture and Interior Design
- Craft
- Design
- Events and Cultural Tourism
- Film, TV and New Media
- Literature and Publishing
- Music
- Performing Art and Dance
- Urban Regeneration Heritage and;
- Visual Art and Photography

The craft sector, on the other hand, internationally refers to craft as: *“the production of a broad range of utilitarian and decorative items, manufactured on a small scale, with hand processes being part of the value added content. The production of goods utilises a range of synthetic and natural materials”* (DTI, 2005:11). Many countries, including South Africa, also refer to craft as handicraft, handcraft and/or handmade. Craft can be categorised according to material (textile, clay, glass etc), product type (home-ware, giftware), technique (beading, weaving), design style (traditional, contemporary) or production type (sole-trader, designer maker, project, cooperative). In South Africa, the DTI decided to make use of the production type definition because it is focused more on industry and commercialisation and it best explained global market opportunities and the challenges facing the South African craft sector. According to the DTI (2005:11), their characterisation entails the following (DTI, 2005):

- Home furnishing.
- Jewellery, fashion, and fashion accessories.
- Novelties and gifts, including corporate gifts.
- Garden and outdoor.
- Curios.
- Collectables: one of a kind, high value individually made objects.
- Indigenous artefacts: culturally derived objects.

The importance of the craft sector will now be explained.

3.3 Importance of the craft sector for South Africa

The Craft Sector Development Strategy stated that the craft sector contributes to South Africa economically and socially (DTI, 2005). According to the DTI (2005:6-48), the South African craft sector contributes to the economy of South Africa in the following ways:

- It contributes to economic growth, by creating employment and wealth.
- It has the potential to impact the local economy, particularly marginalised rural economies by providing employment for vulnerable segments of the economy.
- It will contribute to human resource development through learnerships that develop a range of basic skills and provide employment experience, creating a stepping stone into formal sectors.
- It will provide a bridge between informal and formal employment.
- It will aid in the development of small businesses and particularly the formalisation of businesses in the ‘second economy’.
- It will provide innovation and design skills for other sectors of the economy.
- It will contribute to nation building and moral regeneration through the expression of creativity and exploration of culture and heritage.
- It will support other national government priorities such as broad-based black economic empowerment, rural urban development, small business development, export promotion and local beneficiation of products.

- It is internationally competitive.
- It offers emerging market potential that will contribute to economic development.

Apart from the economic benefits of the craft sector that were mentioned above, the sector makes many other contributions to South African society (DTI, 2005:86), such as:

- Its contribution to local economies, particularly in marginalised rural areas.
- Human resource development that arises through learnerships that develop a range of basic skills and which provide employment experience that creates a stepping stone into more formal sectors of the economy.
- Small business development opportunities that arise as most craft businesses are small businesses.
- A source of innovation for other economic sectors and industries. The development of design skills and the origination of commodities have huge spin-offs in many formal sectors where local beneficiation is an issue to ensure South Africa's global competitiveness.
- Export and local markets for craft products are growing, providing increased potential for contribution to GDP.
- The expression of creativity and the exploration of culture and heritage are important for the social health of South Africa and national building.

A SWOT analysis of the craft sector in South Africa will subsequently be provided.

3.4 Strengths-weaknesses-opportunities and threats of the South African craft sector

The South African craft sector will be explained in terms of its strengths, weaknesses, opportunities and the potential threats that might hinder the successful development of this sector. Although most of these factors were identified by the Cultural Industries Growth Strategy ten years ago (DACST, 1998a), they still remain a reality.

3.4.1 Strengths influencing craft sector development

The craft sector in South Africa has the following strengths (DACST, 1998a and the DTI, 2005):

- South Africa has a rich cultural heritage. This, combined with our country's diversity, provides a strong foundation for the craft sector to develop successfully.
- Several diverse market systems support the production of crafts.
- A very strong local or domestic demand exists within the craft sector, which is beneficial to any industry.
- The perception amongst the public that the craft sector has the potential to generate wealth and create jobs is an important contributor to the confidence and growth of the industry.
- Involvement in the craft sector allows marginalised segments of society (the highest component in terms of crafter numbers currently contributing to the craft sector according to the DTI) access to the economy. For these people to gain access to the economy would otherwise have been difficult or impossible.

- Provincial craft communities are beginning to work together and unity is very important for the growth and development of the sector as a whole.
- The existence of disparate but strong local associations around the country can facilitate the development of provincial and national ties within the sector.
- Retailing craft already brings in a substantial amount of foreign exchange and, through the development of the sector, there is the potential to substantially increase the level of foreign exchange brought into the country through craft exports.
- The increasing levels of competition in the South African craft sector are forcing the domestic industry to improve the quality of its products, production methods and so forth.
- The presence of crafts from all over Africa is having a constructive influence on the local industry. The quality of the products is higher, they are more diverse, and the salespeople tend to be more sophisticated in their retailing skills and business management. Their presence raises the level of competition and product quality in the industry.
- Few barriers to entry means that a wide variety of producers can enter this sector bringing with them new information and responses to demand. Few barriers to exit mean that producers can close or open businesses in response to demand. These factors assist in making it a vibrant and opportunistic sector that can respond to the changing needs of the marketplace without experiencing problems larger businesses would have in relation to capitalisation.

3.4.2 Weaknesses influencing craft sector development

The craft sector in South Africa has the following weaknesses (DACST, 1998a):

- The low levels of cooperation amongst people involved in the craft sector resemble anti-competitive behaviour found in other industries. Competition for survival is so high in the sector that people are unwilling to cooperate with one another.
- The clear separation of the commercial craft sector and the developmental and artistic sectors is a significant problem for the growth of the South African craft sector as a whole.
- There is an absence of institutional arrangements at local levels of the society. Crafters and related businesses and organisations act in isolation from one another and, as a result, the industry is fragmented.
- Very few craft enterprises rise above the level of a survivalist enterprise to that of a micro or small business. As a result, crafters are unable to undertake research and development to differentiate their products. All of this forces the businesses to compete on prices, which results in very low margins that perpetuate the ongoing vicious circle of continued underdevelopment and underinvestment.
- The low capacity of most crafters is a crucial factor to craft sector development. The following areas are problems directly related to the capacity of crafters:
 - Low levels of literacy and numeracy exist, especially amongst rural crafters.
 - A lack of business skills - crafters generally have a poor understanding of what is necessary in successfully managing a business and lack practical business skills, such as pricing and costing, marketing, sourcing supplies, financial assistance and financial management.

- A lack of market information - most crafters lack a general understanding of market factors and the crafters need to develop an understanding of the markets for which they are producing and need to be informed in terms of market demand, customers' preferences, products, and quality.
- A lack of other skills – crafters also lack skills training required for many other areas e.g. product development, production techniques (finishing of goods, quality standards), sourcing of materials and information and collective bargaining (requires organising among artists/crafters).
- Lack of capital - craft enterprises requires a steady flow of capital since they are not capital intensive industries and their revenue is seasonal. Shortages of capital are the most commonly identified factor limiting craft sector development by crafters. Most of the time, crafters lack capital as a result of the inappropriate use of existing resources. The inappropriate use of resources is linked to education and training along with a number of the other problems listed above. This problem can easily be overcome by access to sufficient finance but, due to the high risk factor involved and because most informal crafters do not have access to banking services, a non-existent banking history, collateral, nor access to funds, this remains a barrier. Because crafters struggle to build up a sufficient level of capital, they are often unable to build up sufficient stock to provide the market with choices or to capitalise on seasonal demand and they struggle to market their products - a must for such a competitive craft sector.
- Lack of bridging finance - bridging finance or advance payments from buyers are important to many smaller producers to be able to meet an order. The finance required to purchase materials for the production of large orders is normally unavailable to crafters and this results in many opportunities (especially to produce for export markets) being turned down, or being unsuccessful.
- Lack of financial services - the absence of appropriate financial services and schemes to assist small business involved in the production of crafts remains a reality. Despite the lack of capital and bridging finance, crafters also lack access to appropriate and accessible financial services, such as banking facilities, and cash and credit facilities, especially in rural areas.
- The unregulated or informal nature of much of the craft sector remains a problem and informal trading in major urban centres of South Africa has become a significant issue and is damaging the reputation of the craft sector. Municipalities are increasingly experiencing overtrading and overcrowding in various city areas and informal trading has become associated with illegal immigrants, increased petty crime and physical degradation of environments.
- There is an overall undervaluation of crafts unless otherwise identified as craft art or period pieces. Consumers are unwilling to pay high prices for craft products and crafters work with very low profit margins.
- The production of traditional art is under threat by increasing levels of environmental degradation resulting from over harvesting materials by producers and the absence of sufficient measures to ensure the replenishment of materials.

- South Africa's successful participation in the international marketplace is being restrained by the inability of producers and businesses to produce enough goods to meet the orders of overseas retailers.
- Most industry-related legislation has been developed with the interests and needs of large businesses, which have very different needs to those of small businesses and the craft sector in particular. Although the craft sector is currently experiencing a lot of restructuring, no further legislative or regulatory issues have been raised to date. Government should start to develop new legislation and regulation as soon as the Craft Sector Development Strategy and its proposals are implemented.

3.4.3 Opportunities influencing craft sector development

Opportunities in the craft sector are mostly external to the industry itself, and are linked to other development initiatives or national government strategies. The craft sector in South Africa has the following opportunities for successful development (DACST, 1998a; the DTI, 2005; CCDI, 2005):

- The most significant opportunity is that the development of the craft sector compared to other sectors requires the investment of relatively small amounts of money.
- Research and development of Spatial Development Initiatives (such as Lubombo, the Maputo Corridor, Fish River and Wild Coast projects) which focus on tourism as a key industry sector, are important for developing linkages between rural crafters and the market.
- The establishment of linkages between the craft sector, crafters, and the corporate sector is very important and government should make use of these opportunities.
- The craft sector is inextricably linked to the tourism sector and the number of tourists visiting South Africa has grown by 82% in the last ten years and still continues to rise. If government regularly updates its tourist market research, product developers can advise and assist crafters to produce products for these specific markets.
- The development of public-private partnerships is an exciting opportunity for the development of the craft sector. The public sector already has access to the types of resources desperately sought by the craft sector, especially in terms of sourcing raw materials, experience in costing and bulk purchasing to reduce costs and increase profit margins. The craft sector, on the other hand, can provide the public sector with the necessary tools to promote cultural development at home and abroad.
- A craft enterprise is a legitimate and potentially successful business initiative. One of the major advantages of craft sector development is that it contributes to small business development.
- Since the craft sector is a valuable and vital contributor to the development of the people and the economy, it is important for local government to understand the importance of the craft sector. The local government of the Western Cape and the Cape Town City Council have both identified the craft sector as an important industry for the local economy and supported the development of this sector. This is one of the most important reasons that the Western-Cape craft sector remains the best developed of all. Other local governments should use this as an example.

3.4.4 Threats influencing craft sector development

The craft sector is extremely resilient and has demonstrated its ability to survive and persist. The challenge within the craft sector is to create an environment that facilitates the prosperity and growth of the craft sector as a whole and those working within the industry, particularly the crafters. The threats identified in this study, relate to the weaknesses of the craft sector and, without any intervention, these weaknesses have the potential to undermine craft sector development as a whole. These threats will shortly be explained (DACST, 1998a; Elk, 2004; Gaylard, 2004):

- Much craft production in rural and marginalised communities arises out of desperate economic conditions. Many individuals resort to 'doing what they can do' in the hope of selling to the local market or passing trade. These people don't necessarily have skills to draw on, or an aptitude for handwork, and would not necessarily choose craft as a career or employment path. Many are not risk-taking entrepreneurs and they would much rather prefer a steady job with a steady income. The only reason that craft remains a solution for these rural crafters is because crafts people have no alternative to generate income. Craft is usually the 'last option' for survival. Because of this, crafters often lack motivation, creativity and work satisfaction, and all of these might become evident in the end product. This, in turn, might cause producers to have a negative attitude towards craft (DACST, 1998a).
- Lack of appropriate rural development strategies, which have resulted in an over-resourcing of urban areas and a lack of resources in the rural areas of South Africa. This influences the development of a South African craft sector immensely (DACST, 1998a).
- The ever-changing face of politics in the urban centres serves only to confuse and further alienate rural people. The increasing specialisation of urban institutional arrangements, i.e. local government, which serves only the interests of urban populations, has a tremendous effect on the rural environment. There are few cases where equivalent institutional arrangements exist in rural areas and the interface between the urban and rural institutions is extremely troublesome. Rural people do not know who they should talk to about their needs, so how can these needs be addressed (DACST, 1998a).
- There are regions in South Africa that are excluded from a significant flow of tourists and this results in poor exposure and cash flow opportunities for the crafters in these areas (DACST, 1998a).
- One of the major weaknesses in any developing country is that its people lack sufficient information. Crafters do not necessarily realise all the opportunities or activities available to them. Although the South African government and other organisations, do much to promote arts and crafts in South Africa, for example through the publishing of the 'Craft News', many illiterate rural crafters remain uninformed. The major underlying issue in the craft sector is one of knowledge, or a lack of information (Elk, 2004). The more knowledge producers have, the less likely they are to be exploited. One of the most frequently used measures of exploitation, and one of the major problems in the South African craft scenario, is where buyers use the imbalance of power and lack of pricing skills amongst producers to buy crafts at very low prices. The only way this can be stopped is by empowering rural producers with the knowledge and confidence to place a value on their products and by the sector becoming more organised. The solution to this is twofold. Firstly, there needs to be some form of regulation of trade activity, preferably through

some form of self-regulation through an industry charter or an accreditation system based on fair trade, which lays out best practice and possibly without being too prescriptive or affecting the 'free market'. Secondly, and as a priority, crafters need training in costing and pricing – if they are satisfied that they are recouping their costs, generating an acceptable income, and making their own profit, it should not matter what the other players in the retail value chain are getting. They also need education on the retail value chain and the value (and associated costs) added on the way to the market (Elk, 2004). NGO structures must recover from the word 'exploitation'. The reality is that South African producers are competing against the Far East and India in the handmade craft sector. Producers should be taught about competitive markets and how to tackle them, rather than fearing that every purchaser is there to exploit them (Elk, 2004).

- The lack of institutional arrangements facilitating the activities of the craft sector in South Africa contributes to poor industry management and the exploitation of crafters by opportunists. The craft sector was undeveloped and uncoordinated for years. Although the craft sector will change within the next few years through the implementation of the Craft Sector Development Strategy, the reality remains that the craft sector will not be put right in a short time and there is no 'quick-fix' or miracle solution - only hard work, concerted and coordinated effort, and time will make the difference (Elk, 2004).
- According to Kaiser and Associates (2003f), crafters often lack the necessary marketing skills and have little or no marketing experience. Producers are and often so involved in the cycle of 'produce and sell' that they do not have time to conduct marketing. Crafters who do on an individual basis and have attempted to market their products in foreign markets have found it to be very expensive (e.g. cost of producing and shipping samples) and many crafters soon lose interest after unsuccessful marketing attempts.
- Crafters find it difficult to obtain materials for production. One solution to this problem could be if crafters started to share the equipment and materials to make the production process as efficient as possible, e.g. a group of Potters or Ceramic Artists could put money together to purchase a kiln when individually they would not be able to afford it. Crafters could also take to buying their materials collectively - as a unit they will have strong bargaining power - whereas individually they would be worse off (Kaiser and Associates, 2003f).
- Product development is lacking. The most important key to successful product development is a thorough understanding of the specific retail organisation for which the crafter would like to produce. Most South African crafters lack this (Kaiser and Associates, 2003f).
- In the last couple of years, South Africa has experienced major competition in the domestic handcraft market due to a huge increase in the supply of arts and crafts from successful craft producers and entrepreneurs from neighbouring African countries. These crafters flee their countries, (primarily neighbouring Zimbabwe, Mozambique, Malawi and West and central Africa) and their struggling economies, to supply large quantities of cheap, aggressively positioned craft and curio produce to tourist shops, craft markets and curio outlets around South Africa. According to Gaylard (2004), these immigrants have little or no prior exposure to international consumers and markets, have a weak

entrepreneurial base, and local producers have been poorly positioned to compete effectively with this skilled, energetic and resourceful wave of legal and illegal immigration. The craft sector already struggles in terms of lack of demand for products, and the last thing it needs is fierce market competition, especially from illegal immigrants that take advantage of the South African economy.

- After lack in capital, the lack of demand for products remains the second most common crafter complaint. Small business development experts have linked lack of demand to a combination of factors, such as inadequate access, disadvantages of scale, lack of skills and initiative in marketing, as well as product quality, market saturation, education levels and the inconsistency of the market. Producers also often try to enter the wrong market for their products, for example trying to sell heavy ceramic pots to tourists (DACST, 1998a).
- Producers in the craft sector continue to be exploited by the middleman or intermediaries. The solution to this, for many people, would be to cut out the middleman from the craft process, but this it is neither productive nor realistic since the middleman or intermediary is a critical component in many industries. *“Without the much-maligned ‘middleman’ rural craft simply doesn’t stand a chance of making it into wider or urban markets. The intermediary has a key role and it’s costly. This role has high costs, and if we expect it to be done out of solidarity alone, we will never grow the potential of this sector. Most producers do not know how to accurately cost their products, let alone understand the retail value chain and the difference between wholesale and retail prices”* (Elk, 2004:14).
- Three major problems exist within the craft sector. Firstly, the craft sector lacks common vision and strategy implementation. Secondly, the craft sector experiences poor communication and coordination. Lastly, there is a lack of dedicated and coordinated effort or a campaign to market the local industry, both nationally and internationally (Kaiser and Associates, 2003f).
- Crafters seek some form of established contact with the DTI to voice concerns and seek support. The current feeling amongst most crafters is that the DTI is not providing adequate support and is very difficult to approach on an individual basis. Crafters state that this issue needs some serious attention (Kaiser and Associates, 2003f).
- The barriers to growing the craft sector in developing countries are similar to those experienced by any emerging enterprise or SME throughout the world. These include linked access to raw materials, skills development, information, finance and support services, as well as problems related to marketing, infrastructure and production. Because most of the people in the craft sector fall in the informal sole trader category, and most of these people are situated in rural areas, it can be concluded that the biggest part of the South African craft sector struggles with developmental obstacles. These developmental issues limit the development of the craft sectors immensely and any change will take time.

To better understand the South African craft sector, an overview of the unique characteristics of the South African craft sector will now be provided.

3.5 Characteristics of the South African craft sector

Before a profile of the South African craft sector (section 3.6) is presented, it is important to first explain certain unique characteristics of the South African craft sector. Firstly, it is important to know that the craft sector experiences complicated data collection challenges and, as a result of these challenges, it is difficult to provide accurate craft data. Secondly, the rural and urban craft industries of South Africa differ, and each of these areas faces its own set of developmental challenges and solutions. Lastly, the craft sector comprises of a variety of craft enterprises, each operating differently. All of these characteristics will be discussed.

3.5.1 Data collection challenges

According to the Craft Sector Development Strategy (DTI, 2005:6), South Africa faces its own unique set of data collection challenges. These challenges include the following:

- There are few published sources of baseline data across the value chain.
- Research in the last eight years was superficial due to resource constraints and figures that are out of date.
- Differences in definitions and methodologies make aggregating the research difficult.
- A large part of South Africa's craft trade occurs informally, worsening the matter.
- Accessing data from StatsSA and SARS is further complicated by the fact that the handcraft sector is not disaggregated in official sector statistics for employment and revenue.
- Many craft enterprises are not registered as taxpayers with SARS.
- Customs and Excise export statistics, which are aligned with the HS coding system, do not record handcrafted items separately from other manufactured items.
-

All of these factors make the collection of verifiable data, on an ongoing and systematic basis, extremely challenging and all the figures quoted in this chapter need to be treated with caution. The rural and urban craft sector will now be discussed.

3.5.2 The important difference between the rural and urban craft sectors

South Africa is home to a diversity of talented artists and crafters. These artists and crafters come from a variety of different backgrounds and social circumstances and are dispersed throughout the country. Some live in urban areas with access to all their needs, while others live in remote areas where they struggle to find materials, facilities and outlets for their work. As a result, each of these craft sectors faces its own set of developmental challenges, strengths and weaknesses. It is important to distinguish between the two sectors since they differ immensely. Increasingly, there is recognition that the different 'models' have their own identity and that services and support should be developed that take these differences into account. As a result of this, this study will divide the craft sector into two sectors: the rural craft sector and the urban craft sector Gaylard (2004).

a) The rural craft sector

Rural communities in South Africa are isolated from urban areas and face many developmental challenges. These challenges are similar to the problems experienced by most emerging enterprises or SMEs from

developing economies around the world and include a limited access to raw materials, skills training and development, information, finance and support services, marketing, infrastructure and production (DACST, 1998a). Rural craft enterprises also struggle with there being no purchasing and marketing institutions that broker the products of many small producers to large buyers in the private and public sector. The enterprises in rural communities also have limited access to markets, transport, product development, information and communications networks, as well as cash, credit, and banking facilities (DACST, 1998a). All of these factors are connected to the general isolation of rural communities from urban areas and complexes.

The income level of most of these crafters reflects all the challenges they face. The Cultural Industry Growth Strategy report⁴ conducted a few surveys⁵ to determine the income levels for craft producers and retailers in rural areas. These surveys found that rural income varied between zero and R5000 per month, all depending on where the crafters were situated. One of the surveys found that well positioned and developed markets on the fringes of prime conservation estates encourage the average visitor to spend approximately R30 per visit. The markets generated an average in-season weekly net revenue per person of between R50 and R100 and an out-of-season rate of R10 and R20 (DACST, 1998a). This is significantly more than the women of an Ndebele Cultural Village in Mpumalanga. According to these women, they did not earn more than R50 a month from their crafts unless they produced for orders (DACST, 1998a:30). One survey that was done in the Eastern Cape proved that nearly 16% of crafters had no income, 22% earned R100 per month, 16% earned R200, a further 16% earned R300, 12% earned R400 and only 4% earned R500 per month. The remaining respondents (14%) earned between R800 and R5000 per month. This survey established that the average monthly income for the crafters was in the region of R450, whilst the average monthly profit was R143. In terms of alternative income sources, 74% had no other form of income, 10% received a pension grant, 10% did not specify the source of their other income and 5% received parental support. The problem with this data is that these figures were collated at a particularly quiet time of the year in a part of the country that has an underdeveloped tourist sector where even well established retailers struggle to survive, especially those in rural areas who rely on tourists for their custom (DACST, 1998a:30). Despite this, these surveys still provide some information regarding the situation in which many struggling rural crafters find themselves. As a result of all these challenges, the rural craft sector differs from the urban craft sector and faces unique challenges for it to develop successfully.

The creative South Africa report (DACST, 1998b) proposed the following strategies for successful rural craft sector development:

- The successful identification of the market prior to production.

⁴ The Cultural Industry Growth Strategy report was commissioned by the Department of Arts, Culture, Science and Technology in 1998 to investigate the cultural industries in South Africa and to propose strategies for their growth and development.

⁵ These surveys were conducted in rural areas, such as, the Ndebele Cultural Village in Mpumalanga and at craft markets like Siyabonga Crafts, St. Lucia Estuary; Umbumbano Craft Market, Sodwana Bay and the Vulamehlo Craft Market, Umfolozi Game Reserve in Kwa-Zulu Natal (DACST, 1998b).

- Increased information provision and communication networks to crafters, especially related to skills training and market demand.
- Increased transport provision to rural crafters.

b) The urban craft sector

According to the Department of Arts, Culture Science and Technology (1998a), the urban craft sector consists of formal and informal segments. The formal craft sector comprises many registered businesses that enjoy significant levels of turnover. These businesses provide a strong platform and more stability to the ‘unbalanced’, predominantly informal, craft sector. According to DACST (1998a), the formal urban craft sector comprises the following:

- Retail outlets that buy goods from craft purchasing agents or directly from the producers (such as, African Image in Cape Town).
- Outlets that sell products that are produced by employees (for example, Nova Africa in Hout Bay).
- Factories (such as, Carol Boyes factories).

These businesses create a large number of job opportunities for the more vulnerable segments of society and need to be viewed as important mechanisms for employment creation and the promotion of African culture (DACST, 1998a).

According to DACST (1998a), the informal urban craft sector consists of craft markets, sidewalk vendors, hawkers, or any unregistered economic activities involving the production or retailing of crafts. Examples of informal craft traders in South Africa would include artists and crafters from the Durban beach front, the Chameleon Village at Hartebeestpoort Dam, the Rooftop Market at the Rosebank Mall and the Ubuntu Village at the Wanderers in Johannesburg. The needs of the informal craft sector are similar to any informal economic activity. Its strengths and its weaknesses lie in its highly flexible, unregulated nature (DACST 1998a).

The levels of income earned by urban crafters remain unknown. Interviewees of the Cultural Industry Growth Strategy report indicated that the income generated from the sale and production of crafts can range from R50 a day to R10 000 a week. A number of urban crafters, informally interviewed by the Cultural Industry Growth Strategy report, maintained that they earned about R2 500 a month, while black traders selling imported crafts on the streets of Cape Town claim to be paid R250 a week plus 10% commission on their sales, which amounts to a minimum of R1 000 per month. The income earned depends on the time of year, amount of tourist trade, weather, physical location, consumption patterns (e.g. candles are consumables), current fashion trends, and the products on sale. The Cultural Industry Growth Strategy report stated the following: *‘most income is generated during summer months and this income must see the business through leaner times during winter when trade drops in relation to tourism and fewer festive seasons’* (DACST, 1998a:29).

The creative South Africa report (DACST, 1998b:35-36) proposed the following strategies for successful urban craft sector development:

- The link between craft businesses and tourism bodies is a very important component of marketing and should therefore be strengthened.
- Sites for the retailing of crafts on well established pedestrian routes require identification and development.
- A directory of craft businesses that provides regional and metropolitan breakdowns, and even maps, would go a long way to solving information problems in the industry.
- The active promotion of financial assistance through private banks.
- The provision of business advice services through information desks (websites and telephone hotlines) to answer questions about marketing opportunities and sources of materials.
- The printing and sale of technical publications and the systematic promotion of South African craft products in international markets through shows, trade delegations, sports events, festivals and the like.

Despite the regional diversity of the craft sector, there is also a huge diversity among craft producers or enterprises. This will now be explained.

3.5.3 The differences in craft enterprises

Craft enterprises differ. At one end of the spectrum there are the individual, traditional crafter and high-value craft artists and, at the other, there are the hand manufacturing business employing from 70-400 people. In between, there are many struggling SMEs and community-based projects surviving from one sale to the next. To distinguish between the types of enterprises, the DTI (2005:8) decided to classify craft enterprises or production units into five different types:

- a) Informal: unregistered, home-based businesses that generate a profit, normally employing between 1 and 2 people.
- b) Sole traders: individuals (designer-makers) registered as provisional tax payers, also employing between 1 and 2 people.
- c) Cooperative: a registered group that cooperate and share revenue equally, normally employing between 10 and 25 people.
- d) Project-based: grant funded community-based organisations, NPOs, and projects that have a developmental objective, normally employing between 1 and 15 people.
- e) Small batch manufacturers: registered business producing crafts within a competitive market, normally employing between 5 and 200+ people.

According to the DTI, the distribution of these enterprises differs across the nine provinces and the highest concentration of all producers lies in the informal or sole trader category (DTI, 2005:80). Traditional crafters and craft artists form part of this informal or sole trader category and they play a very important role in the South African craft sector. Elk (2004:4) describes the importance of these crafters as follows: *“they form a*

very important part of the sector and need to be nurtured and supported. Most of these people are artists without any desire (or aptitude) for business. By choice, and sometimes force of circumstance, they will only ever be in the 'business' of producing low-volume high-value items and will probably never create jobs in large numbers. They do, however, provide a foundation for the rest of the sector. They are our research and development component, our innovators and standard setters, and should be our teachers. Such people may need support to market their products; they may need copyright protection, and they may need specific technical and medium-based training. They need financial support and nurturing so that their skills are developed and enhanced and they are able to pass on skills and train a new generation to preserve our national heritage".

The operation of these five different types of enterprises differs. The traditional crafter, for example, might produce only a small amount of a limited variety of ethnic hand crafted crafts for the tourist visiting his local village, while the manufacturing business might mass produce a variety of high quality craft pieces for export purposes. The enterprises will also differ in terms of the raw materials that they use, the production process (mass production or hand-manufactured items), their craft retailing, and their consumers' market. All of these will be explained in the South African craft sector profile below.

3.6 South African craft sector profile

According to the CCDI (2005:9), the craft sector is: *"an economic sector that has a fairly complex production and supply value chain with a range of players involved at each stage"*. These role-players include raw material suppliers, production enterprises, craft retailers and consumers. All of these role-players will be discussed.

a) Raw material suppliers

There are a wide variety of inputs used in craft production. These inputs include the following: beads, grass and plant material, clay, wax, stone, wood, wire and metal, textile and fibre, glass, leather or animal by-products, paper, and plastic and resin. Access to these materials, especially access to wholesale pricing of raw materials and other supply chain factors is a major limiting factor to the efficiency of the craft sector. According to the Craft Sector Development Strategy (DTI, 2005:80), one report estimated that there are approximately 436 craft material suppliers in South Africa and the provincial distribution of these suppliers differs.

b) Production enterprises

According to the DTI, recent estimates indicated that there are 5 725 full time craft production enterprises (DTI, 2005:80). Half of these craft producers live in rural areas and the crafters are mainly concentrated in KwaZulu-Natal, the Western Cape and Gauteng. According to the DTI, the total number of individuals fully employed in the production of craft is 31 547 and the income generated from production is estimated to support over 315 470 crafts people in South Africa (DTI, 2005:80).

c) Craft retailers

Craft retail takes place through a variety of outlets, including direct selling, craft markets, small retailers/boutiques (generally on consignment), wholesaling (importers/exporters/agents), national retailers and e-commerce. The first three have been the most traditional forms of retail for the sector over the last 10-20 years, but developments over the last three years showed increased activity in the wholesale and national retail of crafts. There have also been many attempts at e-commerce ventures, but with limited success (DTI, 2005:83). According to the DTI (2005:83), these retail outlets are in provinces with greater urban-based populations and those with strong tourism economies such as the Western Cape, Eastern Cape, Mpumalanga and KwaZulu-Natal. There is no information regarding the market share or size of the markets represented by these retail outlets, since most craft retailers are not willing to disclose their turnover figures. Some figures are available from listed tourism companies that have curio retail subsidiaries. One such example is the crafts and curios retailing arm of Tourvest, Tiger's Eye. According to this company, its turnover is in the region of R350 million a year and it accounts for approximately 18% of craft retailing activity in South Africa. This means that the national craft retail estimate should be between R1.9 billion and R2 billion (DTI, 2005:83).

d) Consumers

The local craft market for South African products is showing strong growth (DACST, 1998a). This is driven both by the good growth in tourism and local consumption. Both of these markets will be explained.

❖ The tourist market

According to the DACST (1998a:16), the craft sector in South Africa, as in other developing countries, is inextricably linked to the tourism sector and these two sectors often develop together. As the number of tourists increases, so does the demand for crafts and curios both locally and globally. Ozinsky (2003:2) divides the tourist market into two segments, one is the foreign visitor or the international tourist and the other is the domestic tourist. Both segments will be explained.

South Africa is the leading destination in Africa in terms of the number of foreign tourist arrivals per year. In 2002, South Africa received about 6.4 million international arrivals (Ozinsky 2003:2). This increased to 6.7 million in 2004 (DTI, 2005:79) and to nearly 8.4 million in 2006 (the South African Yearbook, 2008).

The tourism industry forms part of the Accelerated and Shared Growth Initiative for South Africa. The goal of this initiative is to reduce poverty and unemployment and to raise the level of economic growth by at least 4.5%, to an average of 6% between 2010 and 2014 (the South African Yearbook, 2008). Tourism's estimated contribution to GDP increased from 4.6% in 1993 to 8.3% in 2006. It is expected to increase to 12% by 2014. Tourism has set up precipitous goals for the next five years. It hopes to create 500 000 new jobs and to cater for 8.5 million international arrivals annually that will contribute at least R100 billion a year to South Africa's GDP (the South African Yearbook, 2008). According to the DTI (2007), this can have great spin-off effects for crafters, since new markets can

be accessed and new networks established. It is here where the DTI, together with its different agencies, has to provide support to the creative agencies to assist in making our crafts globally competitive.

According to Ozinsky (2003), domestic tourism grows in line with economic growth in the economy because the more money consumers have, the more they will spend on travel and tourism. According to Elk (2004) domestic tourism is the backbone of the tourism economy in South Africa and tourist authorities are increasingly reporting higher demands for local products. According to Ozinsky (2003), the money spent by domestic tourists in 2002 amounted to over R2.9 billion. As a result of this, government needs to pay more attention to the domestic market and South African crafters should grab this market opportunity (Elk, 2004).

❖ *The local consumer market*

According to the DTI (2005), the local craft market is set to expand. One of the main reasons for this is because South Africa is experiencing an annual economic growth of between 3 and 4% and there seems to be a rising black middle class with increasing disposable income and a greater interest in local craft. Other reasons for the increase in local craft trade include general trends towards ethnic, rustic, earthy African styles and increasing levels of national pride or patriotism.

Elk (2004) stated that the local craft market will increase if South African consumers mature and if South Africans accept that the local market sometimes has much more to offer than other western markets. Elk (2004) also states that the major competition in the local craft market comes from the extensive range of African curios and African décor imported in large volumes from other parts of the continent and sold in tourist shops, craft markets and curio outlets within South Africa.

Most of this information regarding the characteristics of the craft sector and the craft sector profile was obtained from the Craft Sector Development Strategy that was published by the DTI in 2005. The Craft Sector Development Strategy is one of the most important contributors to craft development in South Africa and will now be discussed.

3.7 The Craft Sector Development Strategy

3.7.1 Overview of the Craft Sector Development Strategy

The Craft Sector Development Strategy was developed in 2005 and remains one of the most vital documentary contributions to craft sector development in South Africa. From 2000 onwards, significant collaborative efforts have gone into the development and implementation of interventions in the craft sector and the DTI states that the Craft Sector Development Strategy is “*the culmination of many previous processes*” (DTI, 2005:20). A brief explanation of the Craft Sector Development Strategy in terms of its vision, the problems identified by the strategy, and the solutions necessary to solve the identified problems will now be given.

3.7.2 Vision of the Craft Sector Development Strategy

One of the obstacles to craft sector development in South Africa is the uncompetitive nature of the craft sector at various levels. Although the craft sector has significant potential for job creation and income generation, and although the sector may have low entry level requirements, it requires a high level of skill to stay in business and be competitive. The main purpose of the Craft Sector Development Strategy is to define the critical steps and key interventions that would increase the competitiveness of the sector and enable its successful commercialisation. From this purpose, the vision of the DTI and the Craft Sector Development Strategy was established. The vision is: *"...To have an efficient, formalised South African craft sector, by 2014. A craft sector that will be integrated across the value chain and that will be a significant part of the mainstream economy. The commercial hand manufactured industry will enjoy a mutually beneficial relationship with the cultural craft/art industry and this globally competitive sector will draw on highly skilled human resources, abundant local design and innovation talent, natural and cultural resources and appropriate technologies. It will profitably manufacture high quality and high value products for local and international markets. In this way, the sector will generate economic opportunities, create jobs, foster broad-based black economic empowerment, earn foreign exchange and attract investment..."* (DTI, 2005:21).

3.7.3 The potential of the craft sector

One of the most important contributions of the Craft Sector Development Strategy was that it successfully identified the potential of the South African craft sector. According to the Craft Sector Development Strategy, the craft sector in South Africa comprises approximately 7 028 enterprises across the entire value chain, from raw material suppliers to retailers. This translates into a conservative estimate of around 38 062 permanent jobs and/or people deriving consistent income from craft production. The annual income of these production enterprises is around R1 145 million, which means that it supports an estimated 380 062 people, many of whom are in the most marginalised populations in the rural and peri-urban⁶ areas of South Africa. Despite this contribution, the sector also contributes approximately R2 billion to GDP in retail sales, which represents approximately 0.14% of South Africa's GDP, of which approximately R150 million is export sales (DTI, 2005:85).

3.7.4 Predictions for growth within the craft sector

According to the Craft Sector Development Strategy, the number of production enterprises has increased by an average of 40% over the last five years. This is an average growth of 8% per year, which is double the national average for economy growth. This growth can largely be attributed to two factors: firstly, growth in tourism visitor numbers, which grew by 82% over the last ten years and, secondly, the impact of interventions within the craft sector (DTI, 2005:85). Continuing on this trajectory, and assuming an 8% annual growth rate, the Craft Sector Development Strategy estimated that, by 2015, the craft sector could be contributing R3.6 billion to South Africa's GDP. However, with more targeted and coordinated interventions proposed in the Craft Sector Development Strategy, a target of 15% annual growth in retail turnover and export has been set.

⁶ A peri-urban area is an area immediately adjoining an urban area; between the suburbs and the countryside.

On this growth path, the craft sector will be contributing R5 billion to GDP, of which R1 billion would be from exports. With a 25% improvement in production efficiency and a stabilisation of the number of enterprises, the Craft Sector Development Strategy also predicts that jobs in the sector could increase by 20 000 units and this will bring the total number of people employed in the sector to 60 000.

The growth in market share mentioned above was premised on increased tourism numbers and a growing local market drawing on an increased middle-class with disposable income and predisposition to buying local products. Increased productivity and production efficiencies were premised on the implementation of measures proposed in the Craft Sector Development Strategy (DTI, 2005:85).

With more targeted interventions within the craft sector, the predictions that were mentioned above can easily be achieved. The only obstacles in the way of the successful implementations of the proposed interventions are the problems that were identified by the craft sector development strategy.

3.7.5 Problems identified by the Craft Sector Development Strategy

To achieve the Craft Sector Development Strategy's vision and the targeted growth predictions mentioned above, the DTI (2005:22) states the following problems in the craft sector need to be addressed first:

- Lack of coordination, information dissemination and a common vision in the sector.
- Lack of sufficient national sector profile data and up-to-date market intelligence.
- Weak skills base on the manufacturing enterprise side impacting on product supply to markets.
- High and uncompetitive product price due to high input costs and production inefficiencies.
- Lack of research and development – due to poor research and development, there is a lack of investment and lack of the free flow of information.
- Poor ability to capitalise on market opportunity – not getting the right products to right markets at the right price at the right time.
- Lack of a common marketing strategy and poor coordination along the value chain.

3.7.6 The DTI's proposed solution

To solve these problems, the DTI (2005:23) proposed five key interdependent and mutually beneficial action initiatives: a Craft Manufacturing Industry Development Council, an Enterprise Development Programme, a Research and Development Programme, Integrated Craft Hubs and a Market Development and Access Programme. Each of these programmes will be explained, in terms of its descriptions, goals and objectives.

a) Craft Manufacturing Industry Development Council

The aim of establishing a Craft Manufacturing Industry Development Council (CMIDC) is to bring government and industry into a unified, national forum that is necessary to drive the growth and development of the craft sector. The goal of this council is to ensure constructive engagement between all the social partners aimed at enhancing the future health (competitiveness, sustainability, equity, growth and

development) of the craft sector and to embrace the views of all the stakeholders involved (DTI, 2005:24). The Craft Manufacturing Industry Development Council has the following objectives (DTI, 2005:24):

- To link the market, industry and government behind the common purpose of the commercialisation of the craft sector.
- To facilitate coordination and collaboration within the sector to ensure the creation of an enabling environment in which the industry can thrive.
- To build the commercial sustainability of the sector by supporting, guiding, directing and promoting it through the implementation of key national-led interventions.
- To monitor sector profile, impact and growth, and to revise strategies to ensure the sector does not stagnate.
- To establish synergies and seamless support programmes in cross-sector partnerships across government and economic sectors.

b) Enterprise Development Programme

The Enterprise Development Programme will develop an integrated services and support programme to assist with the systematic development of both established and emerging craft enterprises using new and existing initiatives. The goal of the programme will be to drive the commercialisation of the sector, build the sustainability and global competitiveness of craft manufacturing enterprises, and improve their ability to create and sustain good quality jobs (DTI, 2005:29). The Enterprise Development Programme has the following objectives, according to the DTI (2005:29):

- To commercialise the hand manufacturing base of the craft sector.
- To integrate existing craft enterprise development programmes and ensure their market-led focus.
- To grow all craft enterprises through consistent and long-term skills development and other support services that are appropriately targeted to their level of enterprise development.
- To facilitate the development of clusters, cooperatives and other networking and linkages to deal with production and market inefficiencies.
- To facilitate the use of appropriate technology and cost-reduction production techniques.
- To create seamless support systems as enterprises move from survivalist to established stages.
- To value all existing enterprises in the sector, both white and black owned and to provide support to enterprises across the value chain.

c) Research and Development Programme

The Research and Development Programme will develop the research and development capacity of key institutions in South Africa to ensure the development of new materials, new technologies, and new products and will implement a programme that develops and nurtures South African designers, both through formal curriculum and work-based training. The goal of the programme is to see a well-resourced research and development programme that will operate across a range of sectors within public and private institutions that

produce excellent products, technologies and commodities (DTI, 2005:33). The objectives of this programme, according to the DTI (2005:33), are:

- To improve product quality and design.
- To innovate products, technology, tools and processes.
- To recognise design and creative problem solving as a learning priority in the formal education system, particularly early learning, primary, and secondary schooling.
- To increase institutional and cross sector linkages and collaboration (i.e. fashion, jewellery).
- To encourage South African designers to set international trends.
- To increase access to design education by black youth.
- To encourage skilled designers and innovators to operate within a development context.
- To increase coordination and cooperation amongst design practitioners and institutions to maximise utilisation of resources.
- To recognise, within private and public sectors, the importance of research and development for economic growth across all sectors, not just in the creative industries.
- To protect the IP's and Indigenous Knowledge Systems Policy (IKS)⁷.

d) Integrated Craft Hubs

This Craft Sector Development Strategy proposed the establishment of regional urban craft hubs (initially in KwaZulu-Natal, Gauteng and the Western Cape⁸) with strong links to prioritised rural hubs that will promote and facilitate craft trade. The role of the hub would be to *“provide a multi-dimensional enabling environment through which economic activity can be driven at local (suppliers), national (retail, wholesale, tourist and local buyers) and international (buyers, importers, designers) levels”* (DTI, 2005:38). The goal is to create an effective enabling environment that will ensure that products reach markets and that market information reaches producers and to bridge the social and geographic gaps between rural producers and urban markets. The objectives, according to the DTI (2005:38-44), of the integrated craft hubs would be:

- To facilitate access to markets.
- To support local strategies for information exchange networking and access to market information.
- To provide business and market-driven solutions to supply chain problems.
- To support growth and development of existing local enterprises along the supply chain.
- To facilitate the establishment of BEE enterprises along the supply chain.
- To bridge the gap between the under-resourced emerging rural craft enterprises, mostly operating in the ‘second economy’ and the sophisticated market in a way that is beneficial to the rural producer and that meets market demand.

⁷ An Indigenous Knowledge Systems (IKS) Policy was approved by Cabinet. This followed recognition of the fact that indigenous knowledge continues to be the primary factor in the survival and welfare of the majority of South Africans. The policy seeks to recognise this, to affirm it, develop it, and promote and protect the custodians and practitioners of this knowledge. The CSP will build on this foundation (DTI, 2005).

⁸ The exact location of these craft hubs is yet to be determined but it will most likely be in Johannesburg, Cape Town and Durban.

- To ensure the ‘market pull’ for local craft enterprise development strategies.

For these hubs to be most successful, the strategy proposed easily replicated ‘franchise models’, based on strand-alone business units. According to the DTI (2005:39), a common blueprint would provide clarity on critical components⁹ of a hub: the operational principles for best practice, certain institutional models, roles and responsibilities of business units, and implementation frameworks (see Annexure E, on page 324). The blueprint would be developed at a national level, but implemented provincially and would be flexible enough to take into account specific local conditions. A craft hub, according to the DTI (2005:39), could provide the following services:

- Administration support to enterprises.
- Information access (Internet, e-mail, phone and fax).
- Design and product development.
- Product management.
- Quality control.
- Sales and marketing, including a showroom.
- Warehouse and packaging.
- Financial services.
- Training and skills development through relevant workshops.

The DTI (2005:42) anticipates that the craft hub proposal will significantly improve interactions between producers and buyers. The multiple services the hub provides will also address any constraints along the value system and will bring significant positive benefits to producer communities that are currently unable to access profitable markets, or who are exploited as a result of their lack of information and/or skill. The intention is for each regional craft hub to support up to 200 enterprises (1600 people) and facilitate trade upwards of R24 million annually.

e) Market Development and Access Programme

The Market Development and Access Programme will develop and implement an integrated marketing and market access strategy that will grow South Africa’s craft market share. The programme’s goal will be to ensure that South Africa strives to capture 5% of the global trade in hand manufactured goods by 2014. (As South Africa currently contributes less than 0.1% of the global market, this represents an ambitious 2.5-fold annual growth) (DTI, 2005:44). The Market Development and Access Programme’s objectives, according to the DTI (2005:44), would be:

- To identify and expand the South African portion of local, national and international markets.
- To prioritise niche markets and set targets for the next five years.

⁹ The critical components that these hubs will face typically correlate with the different developmental needs of different SMEs within the craft sector. The different developmental needs that craft SMEs face can be seen In table 3.1, page 86.

- To link products/crafters to identified markets.
- To market the sector and raise consumer awareness.
- To establish a distinctive South African brand, with unique identity and features of South African made products.

According to the Craft Sector Development Strategy, focused intervention of these programmes has the potential to change the craft sector, from: “...its hand-to-mouth poverty alleviation status...” into a “...sustainable export-focused opportunity...” (DTI, 2005:49). The successful implementation of these strategies will also deliver the following:

- Sustainability and stabilisation of current enterprises and jobs.
- An additional 20 000 jobs over the next ten years (R1 560 for each new job over the next three years).
- More than doubling of global market share, from R2 billion to R5 billion.
- Equity and transformation of the sector and growth in black owned enterprises.
- Increased competitiveness of over 7000 micro and small enterprises and their entry into the formal economy.

The DTI’s initial plan was for these five programmes to be implemented within three years of the publishing of the Craft Sector Development Strategy but, in February 2007, this changed when the executive board of the DTI identified the Integrated Craft Hubs as the action programme pivotal to the success of the craft strategy. The integrated Craft Hubs strategy was chosen because it incorporates all of the five key action initiatives mentioned above. The DTI has recently drawn up a blueprint for the craft hubs and has identified the multiple services the hub would provide (see chapter 3.7.6d above and figure 3.1, Annexure E).

Some provinces in South Africa (such as the Eastern Cape, KwaZulu-Natal, Gauteng, Mpumalanga, Limpopo and the Western Cape) have already tried establishing their provincial craft hubs. These craft hubs are in different phases of development, as each province faces its own set of challenges (CCDI, 2008a).

Of all the strategies proposed by government, the craft hub strategy has the potential to solve most of the major local obstacles within the South African craft sector. It also provides a solution to the rural craft sector, which not only makes up a large part of the total craft sector in South Africa, but also contains some of the poorest crafters - the ones most desperate for aid (see section 3.2.5a). The other reason that the craft hub strategy could work is because most of the components of business development services (see figure 3.1, Annexure E) that were mentioned for the development of the craft hubs were borrowed from the CCDI. The CCDI has successfully survived in the craft sector for many years. It developed remarkable initiatives pivotal for craft sector reform in South Africa, and it still proves to be the most important regulator and implementer of craft development on a provincial basis. It will subsequently be discussed as one of the most important role-players in craft together with the DTI.

3.8 Important role-players within the craft sector

There are many role-players involved in various initiatives to develop the craft sector. The works of these bodies can be categorised into areas such as education and training, marketing, information provision, supply of raw material, coordination and funding or financing. According to Elk (2004:13) the practitioners' development agencies and government departments (including provincial governments) active in the sector, include: the Department of Arts and Culture (DAC), the DTI (and its agencies SEDA and Khula), Department of Labour (DoL), Department of Education (DoE), Department of Environmental Affairs and Tourism (DEAT), Department of Provincial and Local Government (DPLG), social services; provincial governments and their line-function departments; provincial tourism authorities and investment promotion agencies (e.g. the TPO of the Western Cape (Wesgro), Trade and Investment KwaZulu-Natal (TIKZN), Eastern Cape Department of Culture (ECDC), local governments through their local economic development programmes, parastatals such as South African Bureau of Standards (SABS), Council for Science and Industrial Research (CSIR) and the National Productivity Institute (NPI), the International Marketing Council of South Africa (IMC) and the Public Servants Association of South Africa (PSA), CreateSA, the National Arts Council of South Africa (NAC), a wide range of provincially-based National Government Organisations (e.g. the CCDI, Khumbalani, Wetlands Project), and the private sector (Elk, 2004). These bodies have a huge impact on the craft sector. Because this study will focus more on the export promotion of crafts only the two role-players most relevant to this issue will be discussed. On a national level, this includes the DTI (the DTI was discussed in chapter 2, see 2.5.1-2.5.3) and, on a provincial level, it includes the CCDI, a model of best practice with six years of experience in enterprise development within the craft sector. The CCDI is significant to this study because the aim of the DTI, as stated in chapter 3.7, is to use the enterprise development side of the CCDI as a foundation for the development of the provincial craft hubs initiative that was discussed in chapter 3.7.6d. The provincial craft hubs strategy is important because it will incorporate all of the five key action initiatives of the DTI (see chapter 3.7.6) and, should the hubs strategy be implemented and managed correctly, like its predecessor, the CCDI, it has the potential to overcome most of the major obstacles within the South African craft sector. As such the CCDI will subsequently be discussed.

3.8.1 The Cape Craft and Design Institute (CCDI)

3.8.1.1 Introduction

The CCDI was established in 2001, and its main aim is to provide support and to promote and grow the craft sector of the Western Cape. The CCDI is a Section 21 not-for-profit company and a joint initiative of the Provincial Government of the Western Cape and the Cape Peninsula University of Technology. To date, the CCDI has advanced more than any other role-player in the craft sector and it can be seen as a point of reference in the craft sector nationally; an example of a model of best practice; and a site of expertise and a valuable experience (CCDI, 2008a).

The CCDI is engaged in the generation and dissemination of meaningful information about the craft sector at a regional level through systematic research into the size, shape and structure of the craft sector in the Western Cape. It is establishing a database of producers and products and is involved in disseminating

information on promotional and export opportunities and events and product and business expertise to crafters. All this is done through relationships and network building with all the players and partners in the craft sector: crafters, craft retailers, export agents, buyers, government and other donors. The CCDI wants to assure crafters access to markets, information to stay in touch with market trends, and skills to present themselves to the market professionally (CCDI, 2008a).

To better understand the CCDI, it will be explained in terms of its vision, mission and objectives, importance and function. After this the role of the CCDI in exports will also be explained.

3.8.1.2 The CCDI's vision and mission

The CCDI's vision is to see dynamic, creative, confident people producing innovative world-class handmade products reflecting the cultural diversity of the Western Cape as a region of South Africa (CCDI, 2008a). The CCDI's mission is firstly to encourage the development of individual creativity, the acquisition of skills and the transfer of knowledge. Secondly, it will encourage the development of innovative products that are responsive to and create market demand. Thirdly, it will facilitate access to local, national and international markets and grow the market share of Cape-based craft. Fourthly, it will create an enabling environment for people to confidently explore, express and preserve our diverse cultural heritage. Fifthly, it will facilitate collaboration and sharing of skills within our community of crafters. Lastly, it will impact on personal, regional and national growth through job creation and income generation.

The CCDI's vision for 2014 (CCDI, 2008a) is to have:

- A globally recognised centre of excellence.
- A credible and sufficient institute for craft and design.
- Commercial demand-driven services.
- A sector body that proactively grows existing markets and explores new markets for African craft.
- Active support for the establishment of craft and design sector bodies in the region.

3.8.1.3 The CCDI's objectives:

The CCDI has the following objectives (CCDI, 2008a):

- To help the Western Cape craft sector grow at the same rate as annual provincial GDP growth.
- To develop the capacity of craft entrepreneurs to manage their businesses so that 50% of emerging entrepreneurs have more stable profitable enterprises in five years.
- To facilitate an enabling environment that supports the annual increase of quality jobs in the craft sector at or above the minimum wage in the Western Cape and at the same rate as job creation in the province
- To develop the creative, design and business skills of craft entrepreneurs by providing accredited training opportunities to at least 100 participants annually.
- To promote the principles of good labour practice and sustainable resource use so that all enterprises in the Western Cape are fair trade compliant.

- To create annual opportunities for experiential learning, this builds the human and social capital of at least 50 people working in the sector.
- To create a collaborative community across the value chain through facilitating networks, collaboration and sharing of resources.
- To stimulate innovation so that 20 new competitive products enter the market each year from crafters and designers in the Western Cape.
- To develop a brand identity for Western Cape craft and design that expresses our diverse cultural heritage.
- To facilitate access to local, national and international markets and increase the market share of Western Cape craft by a certain percentage each year.
- To be a benchmark of excellence in all areas from products, to people and processes.

3.8.1.4 The importance of the CCDI

About 40 000 people work in the craft sector in South Africa and contribute R2 billion a year to the economy. Crafters range from the lone roadside wire artist to the hundreds of women making beadwork for a non-profit project or the potter who runs a well-equipped studio producing high-value items. For thousands of poor people in the Western Cape, craft is an entry point into the mainstream economy. Yet these crafters often do not know how to market their goods, raise bank loans or improve their skills and products. With this in mind, the provincial government commissioned a research study of the craft sector in 2000. The result was a recommendation that an institute to develop Cape Craft be set up (CCDI, 2008b).

3.8.1.5 The function of the CCDI

The CCDI, through six programmes, supports crafters and networks all players in the product-to-market chain. This includes craft retailers, national chains, marketing agents, exporters and service providers such as designers, product developers, skills trainers, business development practitioners and mentors. Government and other funders also form part of this effort to build relationships across sectors. These six programmes will now be discussed (CCDI, 2008b):

a) Communication and sector promotion

- The CCDI has a website with newsletter, articles, research documents, notification of events and a database of crafters and retail craft outlets.
- The CCDI holds regular craft sector meetings featuring monthly speakers, where crafters can network and talk about their activities and needs.
- The CCDI provides promotional material, advertising and craft exhibitions reflecting the wealth of Cape Craft and aimed at growing a consumer market.
- The CCDI holds an annual craft design competition to encourage creativity and innovation.
- The CCDI supports a craft icon programme to reward excellence and provide a model to which crafters can aspire.

b) Enterprise Development and Training (development and training for craft entrepreneurs)

- The CCDI provides learnerships to develop crafters' skills in design, business management, production and marketing.
- The CCDI holds winter and spring schools featuring short courses.
- The CCDI provides an analysis of your business with EBAT (an electronic business assessment tool), to highlight crafters' strengths and point out the next steps to grow their business.
- The CCDI provides mentoring and counselling for craft enterprises.
- The CCDI drives a rural outreach service, with a dedicated officer travelling to the west Coast, central Karoo and Eden, on a rotational basis every month. Crafters in these regions can now be reached with many of the services that previously only city crafters could access.

c) Centre for Innovation and AMTS FabLab (encouraging innovation and design)

- The CCDI has a product development clinic where crafters learn how to tailor their work to the market.
- The CCDI assists crafters through workshops and other programmes to develop products for niche markets such as décor, fashion, home ware, the corporate gift market and tourism.
- The CCDI provides crafters with the benefits of their AMTS FabLab that offers design software, which links digitally to manufacturing technology, such as laser cutting, sign cutting, milling machine and other skills.
- The CCDI provides crafters with a resource centre, which includes the distribution of market intelligence, as well as documentation of heritage resources for inspiration.

d) Market access (bridging the gap between maker and market)

- The CCDI aids crafters in exposing their work at local and national consumer shows as well as national and international trade shows.
- The CCDI links crafters to local craft markets, retail outlets and gallery shops, assisting crafters to define their targeted niche market and to reach it in terms of décor, fashion accessories, gifts and memorabilia, craft art and corporate gifts.
- The CCDI assists crafters to make the transition to the difficult export market.

e) GIFT – a corporate gift warehouse (providing socially responsible gifting)

- The CCDI was responsible for setting up a permanent showcase of Cape Craft corporate gifts to serve as a shop window to the corporate world.
- The CCDI negotiates and facilitates orders on behalf of producers to provide gifting and promotional solutions to corporate buyers.
- The CCDI provides manageable and appropriate opportunities for craft producers, community groups and income-generating projects.

f) Research and resource development (mapping the way)

- The CCDI regularly conducts an impact analysis, examining the work of the CCDI as well as research and strategy analysis of the craft sector.
- The CCDI provides a Western Cape craft shop route map for tourists.
- The CCDI provides easy-to-use practical booklets for crafters.
- The CCDI provides career opportunities in the craft sector, a matrix to analyse businesses, and potential niche markets for different categories of products.

One other initiative important to mention is the CCDI's business mentoring clinic. Here, craft businesses are assessed, to determine what mentoring needs they have and to discover the essential next steps that they need to take to grow their business. To help with this assessment, the CCDI have drawn up a business assessment form that is tailor-made for the craft sector. After the assessment is done and the crafter's business assessed, the CCDI aids the crafters with business mentoring assistance (CCDI, 2008e).

This study will next identify the CCDI's role in exports.

3.8.1.6 The CCDI's role in craft export

According to the CCDI (2005), it has a non-export role in the craft sector and it does not focus primarily on export promotion. Market growth is mainly achieved through the creation of an enabling environment for enterprise development. Although this 'hands-off' route is slow and frustrating, the CCDI states that it is the key to long-term sustainable growth. The CCDI's integrated market access strategy has developed over four years and the model comprises three tiers:

- a) **Local/direct market access** (for emerging entrepreneurs) - the CCDI provides crafters with information and assistance to take part in events, markets, and exhibitions that provide for sales, experiential learning and enterprise marketing for the crafters.
- b) **National/wholesale market access** (for micro-enterprises) - the CCDI provides crafters with information and assistance to take part in national trade shows, local craft retail and national retailers, which develops an ability to do wholesale trade.
- c) **Export market/retail outlets access** (for established enterprises) - the CCDI provides crafters with information and assistance to take part in trade shows, national pavilions and niche programmes with national retailers that support sustainability and job growth.

The CCDI's integrated market access strategy is based on the following assumptions (CCDI, 2005):

- Establishing new enterprises in the market takes up to three years and SMEs take three to five years to develop sustainability (probably six to ten years in the craft sector).
- Not all enterprises need to expand directly into export markets (an intermediary can support this).
- The need to support a significant number of enterprises at local level to ensure a stream of entrants into export markets.

To further help crafters with exports and export decision making, the CCDI has established important market access guides for the Western Cape crafters. So far, only two market access guides are available on the CCDI website. These are the market access guide for fashion, costume jewellery and accessories in the UK market, and home textiles and soft furnishings in the USA and UK markets (Kaiser and Associates 2003c and 2003d).

These market access guides provide meaningful information for crafters in certain craft markets and market related issues in identified countries. According to the Kaiser and Associates (2003c and 2003d), the aim of these market guides is to assist craft producers in the Western Cape to understand the opportunities in certain craft export markets. It forms part of a series of exporters' guides that cover a range of other sub sectors in the craft sector.

These export guides encourage crafters to follow a market-led export planning process (Kaiser and Associates, 2003c and 2003d). What this entails is that the exporter guides encourage crafters to identify and pinpoint certain market needs within the specific country and to link them with their products. Secondly, if crafters have done this, the exporter guides encourage crafters to investigate their ability to supply their craft products to the market needs of these countries. The exporters guide also provides information for crafters about the export process and highlights certain important export decisions that crafters will have to face if they want to enter that specific market or country. The export guides (Kaiser and Associates, 2003c and 2003d) provide crafters with an overview of important export decisions and encourage them to identify the following:

- The structure and trend of the specific markets.
- The identity of potential competitors within this market.
- The products or markets with the highest potential.
- The consumers that they should target.
- Whether they should export directly or indirectly and, if exporters choose to export directly, to decide which retailers to target and which distribution and marketing channels to use. If crafters choose to export indirectly, the CCDI can provide them with a list of trading agents so that they can identify an agent, trade house or marketing group.

Whichever export method crafters choose, the export guides stress the importance for crafters to understand their target market. The exporters guides state that only by understanding what type of consumer crafters are targeting, can they develop an appropriate product or be in a position to assess the decisions/actions being taken on their behalf by other people involved in the marketing process. The exporters guide (Kaiser and Associates, 2003c and 2003d) also aids crafters with information regarding the following:

- Choosing the right export product within the identified market.
- Identifying certain design/style and material trends within the specific market.
- Recognising pricing trends and associated quality requirements within the specific market.
- Recognising trade trends within the specific market.

- Major competitors within this specific market.
- Different consumer types and their different needs.
- Recommended retail stores, departmental retailers, independent retailers and chain retail stores available within the identified market.
- Fair trade organisations and their requirements for this specific product and market
- The marketing and distribution channels that is most appropriate for direct and indirect exporting to this market.
- Information and contact details of trade shows of high and medium importance in this market
- E-marketing opportunities such as a list of recommended online trading houses, agents and intermediaries established in this market.
- The tariff and non-tariff barriers that comply with this specific market.
- Additional information, for example on tariffs and other charges such as tax (different to import duty) and local excise duty and even information regarding where to obtain the correct information on product classifications within this specific market.

In addition to these market guides, the CCDI provides other important publications regarding craft export, such as a full craft exporters guide (Kaiser and Associates, 2003c and 2003d).

To summarise, the programmes and initiatives provided by the CCDI have proved to be successful and the CCDI provides solutions to a wide range of problems that are found within the craft sector. This is the main reason that the CCDI is so effective and most probably the reason that the DTT's proposed craft hubs initiative will use the CCDI's model as a blueprint for each province to develop their individual hub (see 3.7.6).

One last important contribution of the CCDI that needs to be mentioned for the purpose of this study is the CCDI's contribution to market research. This will be discussed next.

3.8.1.7 The CCDI's role in market research

Besides all the functions and initiatives mentioned above, the CCDI has proved itself to be the leading market research institute within the craft sector. The strong craft network and database the CCDI have built up over the last few years gives them an advantage over the other provinces because their data and market research are built upon a sufficient and concrete basis. From 2000 onwards, the CCDI has published many reports on the Western Cape craft sector in conjunction with various parties such as Wesgro – the provincial TPO of the Western Cape and Kaiser and Associates – a private market researcher. Much can be learnt from these reports, especially concerning craft export, export development and certain obstacles that crafters face when they try to enter the export markets. Because this study will focus primarily on craft exports and export development and the export promotion of craft, these reports and only the key findings that relate to these issues will subsequently be discussed.

What is important to mention before these reports are discussed is that most of the research that was done by the CCDI focuses primarily on the craft sector of the Western Cape. The profile of the craft sector of the Western Cape compares favourably with the craft sector of the rest of South Africa in the sense that it is a diverse sector with both rural and urban craft components and the majority of the Western Cape crafters basically face the same challenges as other crafters in other parts of South Africa. Therefore, most of the work or research that was done in the reports of the CCDI, particularly the obstacles surrounding business and export development and the proposed strategies to overcome this, can be adapted for the rest of the craft sector in South Africa as well. Other provinces or hubs can use this information and strategies and can adapt it to fit that of their own provinces.

3.9 Craft exports and export development – lessons that can be learnt from previous CCDI research

As already mentioned, the CCDI, in conjunction with various other role-players such as Wesgro, the main TPO in the Western Cape, and Kaiser and Associates, a private researcher, has done some groundbreaking work in the area of research for craft and craft export. The reports that will be discussed next highlight the most important issues surrounding craft and craft exports. Four reports will be discussed. The first report that will be discussed is the *Wesgro Background Report on the Craft Sector in the Western Cape*, the second report is identified as the *Strategic Recommendations for the Development of the Craft sector in the Western Cape*, the third report is the *Export Development Pilot Program of the Western Cape* and the fourth report is an *Export Market Opportunity Analysis of the Western Cape Craft Sector*.

3.9.1 Wesgro background report on the craft Sector in the Western Cape

The first significant report that contains information regarding export and the obstacles that exporters face was a background report on the craft sector of the Western Cape that was published by Wesgro in 2000. Wesgro (2000) states that the most frequent obstacles faced by crafters that are trying to enter the export market are obstacles related to entrepreneurial development and they include the following:

- Product development - local craft products cannot compete on price with products from the Far East or the rest of Africa. In this context, superior design, innovative use of materials and production quality become critical. Crafters need exposure to markets and trends, training in market research and product development and ongoing mentorship.
- Business skills training - craftspeople operate as small businesses and basic business skills are essential. In some instances, it may also be necessary to build basic literacy skills and self-esteem.
- Business development and mentoring support - craft entrepreneurs need ongoing and appropriate support to enable them to become financially viable. Although there are many support packages available to SMEs, there are none specifically tailored to meet the needs of the craft sector.
- Access to raw materials - access to raw materials and tools is often the single factor preventing crafters from utilising existing skills. Distances and pricing are the two major barriers in this regard, particularly in the rural areas.

- Finance - access to start-up and working capital for materials, transport, marketing and other input costs would make it possible for many more people to enter the craft sector. Financial institutions should be encouraged to create products tailored to the needs of micro-entrepreneurs.

Wesgro (2000) states that, to aid crafters and to help them overcome these obstacles, it is necessary to build the capacity of craft producers holistically through the provision of key support services and a variety of integrated training modules and workshop programmes that would address these problems. One positive aspect that can be mentioned here is that the CCDI, through their business mentoring clinic and their skills training programmes, currently helps crafters with the obstacles relating to entrepreneurial development.

According to Wesgro (2000), the entrepreneurial or business development issues faced by crafters are not their only challenges. Crafters also face challenges when they try to enter the export market. Wesgro (2000) mentioned that the most important obstacles to exporting are:

- Price – South African producers cannot compete with low production costs in the East and other parts of Africa.
- Quality control – South African crafters have much to learn about the importance of high, uniform quality standards.
- Production capacity – overseas buyers usually place high volume orders and most South African crafters do not have the capacity to fill the orders within the required timeframe. Failure to meet a delivery deadline usually leads to the cancellation of an order.
- Administrative infrastructure – many crafters do not have the necessary infrastructure or experience to deal with international clients.
- Product design – South African crafters need to adapt their products to follow international trends more closely (while maintaining an indigenous identity). They also need to expand their ranges through the development of new products on a regular basis, in line with common international practice.

According to the BESO mentorship report that was published by the CCDI (2003), the lack of business capability, and not export knowledge *per se*, was considered to be the major retardant to the export drive. For this, the CCDI proposed that specialist business training is needed in addition to business mentoring (CCDI, 2003).

3.9.2 Strategic Recommendations for the Development of the Craft Sector in the Western Cape

The next report of relevance is the *Strategic Recommendations for the Development of the Craft sector in the Western Cape* report. One of the most important contributions of this report was that it highlighted the diversity of the Western Cape craft sector and, within this, it mention the important differences between the different types of organisation within craft, and the different developmental challenges that each of these organisations face with regard to craft trade and export. The different organisation types within the craft sector and their different developmental challenges will subsequently be discussed.

3.9.2.1 The different SME types within the Western Cape craft sector

One important thing to remember about craft exports is that there are different organisations or SME types within the craft sector, and each of these organisations or SMEs has different developmental needs when it comes to craft trade and craft export. According to Kaiser and Associates (2003f), the profile of the Western Cape craft sector is highly diverse in terms of product groupings, company size and, most importantly, degree of development and or export readiness. Due to these differences, the roles of support structures in relation to different organisation types within this profile might differ. Kaiser and Associates has developed the matrix below to assist in the process of designing interventions that address each of the varying development needs of the different organisations within the sector.

From the table 3.1, one can see that Kaiser and Associates (2003f) have classified the different organisations into three different types. The organisation type which is primarily business orientated, the organisation type which has both a developmental and a business blend approach and, lastly, the organisation type that is primarily orientated around community development (see column 1, on the left hand side of table 3.1). Within these three different organisation types, Kaiser and Associates (2003f) have classified each organisation into one of three export categories. The first category is for organisations that are already exporting, the second category is for organisations that are export ready or that have products that are export ready, and the last category is for organisations that require significant development and assistance (see row one, in table 3.1). Kaiser and Associates (2003f) also identified certain developmental needs for the different types of organisation involved in the different export stages.

To explain the matrix let us use the business-oriented organisation or SME that is already exporting as an example. According to Kaiser and Associates (2003f), the developmental challenges facing this organisation include challenges surrounding product development time, challenges surrounding an inconsistent supply of quality raw material, challenges surrounding seasonal forecasting and, lastly, challenges surrounding the irregularity of orders. The developmental challenges faced by the other organisations or SMEs are also derived from table 3.1.

Table 3.1 The different developmental needs of different SMEs with in the craft sector

<i>Specifies needs as identified by the three different types of craft SMEs in South Africa</i>	<i>Non-craft exporter</i>	<i>New exporter</i>	<i>Expanding exporter or continuing exporter</i>
<i>Community Development Orientated</i>	Physically isolated Vulnerability to exploitation No idea of where to get assistance	Access to list of support structures Local market penetration Platform to display and exhibit their work	Quality issues Logistics Technology Fair trade
<i>Development with a business blend approach</i>	Lack of business and communication skills Trade formalities such as business registration Financial provision	Access to export market information and resources Administrative equipment such as telephones, faxes and computers Awareness of export regulations and trade agreements	Inadequate feedback and market research Technology to enhance output capacity Production management and quality maintenance Pricing for export market e.g. currency conversion
<i>Business orientated</i>		Finding a niche market Expensive packaging Winter stock build up Positioning and market penetration	Product development time Inconsistent supply of quality raw material Seasonal forecasting Irregularity of orders

Source: Kaiser and Associates, 2003d:3.

The next important aspect that the above mentioned report highlighted was that, due to the diversity within the Western Cape craft sector and due to the differences in the type of craft organisations or SMEs, their different export or internationalisation stages and the different developmental challenges that each of these organisations or SMEs face, there are different export development approaches that can be followed to enhance or promote Western Cape craft exports. Each export development approach is likely to benefit each type of organisation within the craft sector profile unevenly (e.g. established exporters, export-ready organisations, producers requiring significant development) (see table 3.1).

According to Kaiser and Associates (2003f:4-6), there are five export development priorities that can be used. Each will now be discussed in terms of focus of intervention, advantages and disadvantages:

3.9.2.2 The five different export development priorities that can be implemented by the Western Cape

a) Growing exports of existing individual exporters

- ❖ Focus of interventions: to address obstacles to growth of producers that is already competitive on some products in some markets.
- ❖ Advantages: likely to have relatively rapid growth because the sector is already quite competitive, significant return on investment, opportunity to grow employment.

- ❖ Disadvantages: may perpetuate current unequal profile of producers and lack of empowerment, disadvantage emerging producers, limited opportunity to tap into the wide diversity of producers and entrepreneurial spirit, less dispersion to outlying urban and rural areas.

b) Growing the number of individual exporting enterprises:

- ❖ Focus of interventions: to move existing producers into exporting successfully, or develop new enterprises - requires addressing both barriers to enterprise development and barriers to successful exporting.
- ❖ Advantages: likely to have a wide reach and long-term impact, improve the empowerment profile of the sector and stimulate small business growth and formalisation of industry.
- ❖ Disadvantages: significant investment required by support structures in assessing the level of export-readiness and delivering support, slower growth in the short term, possibly higher failure rate.

c) Growing indirect exports:

- ❖ Focus of interventions: to develop existing and new intermediaries and trading houses to enable significant export growth - requires identification of appropriate intermediaries, definition of their most appropriate role/s, mentoring and training, enabling access to government and other export support and support to producers in product development and understanding the role of intermediaries (to avoid exploitation and reduce misplaced suspicions).
- ❖ Advantages: significant reach for limited effort/investment, enable exports by a far wider range of producers (particularly those that would rather not/do not have capacity to be involved in the administration, management and logistics of exporting), facilitate a coherent approach to market access and targeting of buyers, creates opportunity for consolidation and coordination of production, logistics, and marketing.
- ❖ Disadvantages: potentially less empowering as it can create a dependent relationship between crafters and intermediaries, transfer of ownership and intellectual property (and risk in many cases) to intermediaries.

d) Growing collaborative/group exports:

- ❖ Focus of interventions: to encourage the development of clusters or export groups; to address economies of scale and gaps in capacity through collaborative exports by groups of producers that retain control of strategy and implementation, share skills, create synergies and pull in additional resources/support where these are not available internally.
- ❖ Advantages: potentially large reach including small and micro enterprises, enables clustering of design styles/craft techniques and product types, craft producers retain ownership and relative independence, builds on collaborative legacy of the sector, creates opportunity for consolidation and coordination of production, logistics, marketing.
- ❖ Disadvantages: requires trust between members of collaborative export groups, significant investment required by support structures to initiate.

e) *'Piggy-backing' on mainstream established exporters:*

- ❖ Focus of interventions: to partner with established exporters within the craft sector or related industry sectors (in terms of materials used, product type or buyer type) to grow related crafts exports (e.g. cushion covers with the bedding industry, or tie-backs with the curtain manufacturers).
- ❖ Advantages: requires less significant investment and may show rapid results, builds on established relationships with buyers, would enable efficient marketing and clustering of products.
- ❖ Disadvantages: unlikely to reach the whole of the craft sector, dependent on cooperation, strategic objectives and goodwill of established exporters and related sectors.

To develop an effective export development strategy for the Western Cape craft sector, Kaiser and Associates (2003f:4) state that agreement is required on:

- The desired future structure of the craft sector.
- The order of priority of stakeholder objectives (e.g. increased employment, growth in volumes produced, industry formalisation, enhanced contribution to poverty alleviation, enterprise development, or celebrating cultural heritage).

Kaiser and Associates (2003f) also commented that a combination of these approaches will be most valuable to the craft sector. It should, however, be recognised that not all craft producers and exporters in the sector will have the same view. Some crafters will make their own choices irrespective of the decisions by support structures.

Kaiser and Associates (2003f) state that export-readiness assessments need to be easily accessible to potential exporters before they begin to invest in exporting. Additionally, a formal industry representative body or export council should provide the support to ensure there is follow-through on initiatives aimed at export promotion.

To improve competitiveness across the craft sector, Kaiser and Associates (2003f) state it is critical to identify and investigate specific key performance areas. These issues include value chain issues - issues relating to the process of identifying products and markets and getting a product to a market and enabling environment issues – issues relating to the wider operating environment and support structures. Both of these issues will be addressed when the Export Development Pilot Program that will follow is discussed.

3.9.3 Export Development Pilot programme of the Western Cape

Another important report that was published by Kaiser and Associates was the Export Development Pilot Programme. According to the Export Development Pilot Programme Report that was published by Kaiser and Associates in 2003, the challenges in the local craft sector are many. According to Kaiser and Associates (2003a), these challenges can be divided into two main parts – those relating directly to the production of the

product and those relating to the wider environment. These results illustrate clearly that ‘finding a suitable export market’ is only one part of a complex chain of events. Both the value chain challenges and the enabling environment challenges identified within this report will be explained.

According to the Kaiser and Associates (2003a) the value chain challenges that relate to identifying products and markets and getting a product to market are complex. Kaiser and Associates (2003a:3) identified eight significant areas of challenge, they are:

- The widespread inability to identify or develop suitable products for export.
- The inability to identify suitable target markets.
- Problems with consistent and cost-effective raw material supply.
- Production constraints, in particular the lack of production line knowledge, poor productivity and insufficient quality management capabilities.
- Lack of understanding of the importance of packaging – for transport, branding and point-of-sale promotion.
- Export logistics that are poorly understood by most crafters.
- Lack of marketing skills and insufficient time or money to focus attention on marketing and promotion needs (since most crafters seem to be very production driven).
- Product prices are uncompetitive when compared to other African countries, and especially against major competitors such as China and India.

According to the Kaiser and Associates (2003a:8), the enabling environment issues are:

- Industry coordination and organisation needs improving – very diverse with little formal industry structure.
- No coordinated research and development programme - limited product design and development in the industry.
- Lack of a coordinated industry marketing programme and the associated lack of South African craft branding.
- Poor industry communication, especially to the rural crafters.
- Training and development requires ongoing rollout, with a mentorship programme.
- Lack of development finance is a general limiting factor (although this should not be confused with issues of poor profitability).
- Legislation and regulation issues such as intellectual property rights need coordinated planning.

According to this report, the specific export issues relate directly to the general immaturity of the industry, the lack of business skills, and poor global competitiveness of the sector. According to the Kaiser and Associates (2003a), there are many needs in the craft sector, such as the need for a holistic craft development strategy that incorporates the following:

- Long term sector planning.
- Improved synergy between role-players and stakeholders.
- Education of crafters – business skills and export knowledge.
- Availability of finance.
- Sector promotion and marketing strategy.

In addition to this, Kaiser and Associates (2003a) identified that the craft sector's needs revolved around sector-based issues such as:

- The general immaturity of the craft sector.
- The profusion of small young businesses.
- Lack of formal business skills.
- Poor production skills and low productivity.
- Inconsistent or poor quality of product.
- Lack of understanding of marketing needs.
- Lack of formalised bodies and structures.
- Inadequate feedback mechanisms and fragmentation of the craft sector.
- Insufficient support for craft development and exporters with regards to product development, finance and importing of raw materials - issues such as price, quality and availability.

According to the Export Development Pilot Programme (Kaiser and Associates 2003a) the development of craft exports is additionally hampered by a lack of the following:

a) Accurate market information (per country, per product segment) in particular information on:

- Product preferences such as styles, colours and trends.
- Price differences that are influenced by impulse buying and different consumer types who are willing to pay different prices for the same product.
- Suitable market outlets such as retail department stores, gift stores and exhibitions.
- Methods of accessing these markets such as buyer access like a database or a certain preferred method of doing business.
- Trade requirements and preferential trade mechanisms such as the South African-EU trade agreement.

b) Poor export knowledge such as the formal legal requirements for exporters to certain countries and the processes and procedures involved in exporting to certain countries

The last report that will be discussed is the Export Market Opportunity Analysis (Kaiser and Associates, 2003b).

3.9.4 Export market opportunity analysis: Western Cape craft sector

This report identified the need for market information in the craft sector, especially market information that concentrates around product and market identification. This was already discussed in chapter 1.3.

The information that was discussed in the above mentioned four reports provides an adequate overview of the craft export environment of the Western Cape as well as the major obstacles faced by most of these crafters. Other provinces can learn from this research because the crafters in other provinces will face the same developmental challenges. The aim of this study is not to solve all the export challenges faced by crafters - it will only identify and help solve the most significant challenges identified from the above mentioned four reports. The summary below will discuss these challenges.

3.10 Summary

The craft sector of South Africa has a lot of potential, but it faces many challenges. To help overcome these challenges, two important role-players arose, the DTI and the CCDI. The DTI's vision is to have an efficient, formalised South African craft sector by 2014 and one that will be globally competitive. One way to ensure that South Africa becomes globally competitive is to increase craft exports. The only problem with this is that market research that was done by the CCDI shows that crafters face some unique challenges when it comes to craft exports. The purpose of this study is not to provide a solution to all of the identified obstacles or challenges faced by craft exporters. It will only try and solve the most obvious challenges that stand in the way of craft development and export at this stage. This chapter identified two such challenges.

The first challenge or obstacle that was identified in this chapter was that more can be done to assist crafters with exports, especially considering that craft organisations or SMEs in different stages of export or internationalisation face different developmental challenges (see chapter 3.9.2.1). Both the DTI and the CCDI create an environment favourable for craft export and export development and they have many strategies and plans in place to develop craft exports, but the question that arises is: is the support provided by the DTI (see chapter 2.5.1 to 2.5.3) and the export support provided by the CCDI (see chapter 3.8.1.6) sufficient to overcome the developmental challenges of different types of craft SMEs in their different stages of export or internationalisation, or can more be done to promote craft exports and who should be responsible for this. Chapter 7 of this study will discuss this problem.

The second challenge or obstacle that was identified in this chapter is the problem of lack of proper market information within the craft sector. The absence of market information is a direct result of the HS coding system not recording handcrafted items separately from other manufactured items within international trade (chapter 1.3). For the South African craft sector to become globally competitive, and for the DTI to develop a successful marketing and market access strategy for craft, sufficient information and market research concerning the world market for craft and the flow of these products are imperative (DTI, 2005). As mentioned in this chapter, the CCDI provides market research but these reports only covered one or two specific countries or products such as the fashion, costume jewellery and accessories market in the UK and

the home textiles and soft furnishings market in the USA and the UK (see chapter 3.8.1.6). This market research is not enough to support all the crafters and all the different craft disciplines within the craft sector. Thus the lack of sufficient and adequate market information (market information that covers the whole craft sector) still remains a problem and a major obstacle to craft sector development and exports. This study will address that problem and the next three chapters will provide sufficient market research on the craft sector internationally as well as in South Africa. Chapter 6 will also identify the craft products and markets with the highest trade potential.

3.11 Conclusion

Chapter 3 started by defining and explaining the importance of the South African craft sector. Secondly, the chapter highlighted the strengths, weaknesses, opportunities and threats of the South African craft sector and it discussed the different characteristics of the craft sector. Thirdly, the Craft Sector Development Strategy was explained and it highlighted one of the most important role-players within craft, the CCDI. Fourthly, the important functions and export development roles of the CCDI and the most important research reports on craft and export development that were done by the CCDI from 2000 onwards were discussed. According to these reports, craft exporters face many challenges. The first challenge that was identified through these reports was that more could be done to assist crafters with exports, especially considering that craft organisations or SMEs in different stages of export or internationalisation face different developmental challenges. The second challenge or obstacle that was identified by this chapter is the problem of lack of proper market information within the craft sector. Chapter 4 will address this last problem.

Chapter 4

Overview and market analysis of the most traded craft products internationally

4.1 Introduction

For the South African craft sector to become globally competitive, and for the DTI to develop a successful marketing and market access strategy for the craft sector, sufficient information concerning the world market for craft and the flow of craft products is necessary. So far, the lack of adequate market information has been one of the obstacles to the implementation of a successful marketing and market access strategy for this sector (DTI, 2005).

This chapter will address the problem of the lack of sufficient craft information by supplying information about the world market for craft and the flow of the 'most traded' craft products. The chapter firstly explains the problem with craft codification, that craft is not separately identified in the HS classification system - the international trade classification system according to which all trade is monitored. Secondly, by making use of the international trade data of the 'most traded' craft products, this chapter explains how the value of craft trade can be calculated to provide an overview of the world market for craft and craft trade. Thirdly, this chapter will provide an overview and analysis of the 'most traded' craft products and product categories. It begins by defining the 'most traded' craft products and then provides a detailed description of all the products under each product category, together with each product's separate HS code. The world trade estimates (both imports and exports) for 2005, the import and export ranking according to the import and export values for 2005, the annual average growth in import and export values between 2001 and 2005, and the percentage share in world imports and exports of the top three importing and the top three exporting countries for each product category will also be provided. The growth in trade for each product category between 2001 and 2005 will be graphically illustrated and a summary of the top ten importing and the top ten exporting nations per product category will be given.

4.2 Craft codification

One of the first issues that need to be addressed within this chapter is the craft codification problem. According to the DTI (2005), craft products are not being exclusively identified under one chapter in the international HS coding system. This remains a world-wide problem and one of the major obstacles to craft development in South Africa.

The HS coding system is an international trade nomenclature for customs tariffs worldwide. It not only helps in the regulation of trade for many countries, but also serves as a foundation for many international trade agreements, such as World Trade Organization (WTO) schedules of tariff concessions and proposed harmonised rules of origin (Domeisen and Sala, 2000).

As a result of craft products not being separately identified in international trade and customs codification nomenclatures, craft becomes invisible in international trade flows. This hinders any efforts to recognise and

develop the export potential of craft products. Many governments, while acknowledging the importance of crafts in their development policy, have found it difficult to develop and fund programmes for the sector due to the absence of sufficient statistics (Domeisen and Sala, 2000).

According to Domeisen and Sala (2000), a separate codification in international trade and customs nomenclature would make it possible to collect data about crafts, analyse it and compare national, regional and international figures. Hulm, (2004) states that, for over 30 years, craft associations and policy-making bodies from around the world have attempted to identify craft products separately in the HS classification but this has been without success.

According to Domeisen and Sala (2000), craft SMEs would benefit most from the implementation of the World Customs Organizations' (WCO's) recommendation. The separate codification of craft products in international trade and customs nomenclatures will, according to Domeisen and Sala (2000):

- Permit statistical data identification, collection and analysis on trade flows and trends at national, regional and international levels.
- Provide evidence to financial institutions as to effective returns expected from promoting and supporting programmes for the sector.
- Allow for the establishment of proper development policies for the sector, from both economic and social points of view.
- Foster the development of small and medium-sized craft enterprises and reduce unemployment by providing the statistical basis to encourage artisanal exports.

To help solve this problem, the WCO, in July 2000, adopted the Customs Cooperation Council Recommendation to insert additional categories for craft into statistical nomenclatures (Hulm, 2004). According to Hulm (2004), the recommendation of the WCO was officially adopted by only three countries, Canada, Morocco and Senegal. Therefore the universal craft codification predicament remains a worldwide problem and one that also influences the trade analysis of craft in South Africa.

One possible way to minimise the craft codification problem could be to calculate and analyse the flow of the most traded craft products. This definition and process will now be discussed.

4.3 Calculation and analysis of the world's 'most traded' craft products

Before the flow of craft will be calculated and analysed, an overview of the data and the process of data calculation will be made.

4.3.1 Data source

The data that was used in this study was obtained from Trade Map. Trade Map is a web-based trade analysis tool of the International Trade Centre, in Geneva, Switzerland. Trade Map provides all the information

pertaining to international trade by providing data for each individual craft product through the main international system for trade statistics, the 6-digit HS code (ITC, 2006). The HS codes of the different craft products calculated in this study can be seen in the right hand column of table 4.1 and the far right hand column of table 4.2 (see Annexure A).

The following part of this study will provide information on the process that was used to calculate the value of craft and the flow of craft.

4.3.2 Description and calculation of the world's 'most traded' craft products

Because craft products comprise such a wide variety of different products that are scattered in the chapters of the HS nomenclature (see chapter 1) the first objective was to limit the craft sector to a certain number of craft products. This process was done in 1997 by UNESCO (the United Nations Educational, Scientific and Cultural Organization). UNESCO classified these craft products as: 'the world's most usual artisanal and visual arts products' and chose these products for two reasons. Firstly, the products were already being traded and, secondly, they had the potential for a meaningful bearing on international trade (UNESCO, 1997).

For the purpose of the rest of this study, UNESCO's list of craft products will be used to calculate and analyse craft and craft flow. Instead of using UNESCO's description of craft products as 'the world's most usual artisanal and visual arts products', this study will shorten UNESCO's description of craft products to: 'the world's most traded craft products'. Thus, from here onwards the craft products that were used to calculate craft flow in this study will be called 'the world's most traded craft products'. A list of these products can be seen on the left-hand column of table 4.1 and table 4.2 (see Annexure A).

Table 4.1 (see Annexure A) provides a short overview of the 11 broad craft categories, while table 4.2 (see Annexure A) provides a detailed description of each of the broad categories and all their sub-categories. The 11 broad craft categories are as follows (see tables 4.1 and 4.2, Annexure A):

- a) Basketwork, wickerwork and vegetable fibre work.
- b) Leather.
- c) Metal.
- d) Paper.
- e) Pottery.
- f) Soap.
- g) Textiles.
- h) Wood.
- i) Various animal, mineral, or vegetable material (like stone, glass, bone, horn, shells or a combination).
- j) Extra categories.
- k) Works of art.

Each of these broad categories has a number of sub-categories, e.g. for category one basketwork, wickerwork and vegetable fibre work, consists of six sub-categories. These six sub-categories include the following six products (see table 4.2, Annexure A):

- a) mats, matting and screens of vegetable plaiting materials [HS code 460120]
- b) basket ware, wicker ware and other articles made directly to shape from plaiting materials or made up from goods of heading 46.01 articles of loofah: of vegetable material [HS code 460210]
- c) basket ware, wicker ware and other articles made directly to shape from plaiting materials or made up from goods of heading 46.01. This includes articles of loofah: made up from other plaited materials [HS code 460290]
- d) hats and other headgear, plaited or made by assembling strips of any material whether or not lined or trimmed [HS code 650400]
- e) seats of cane, osier, bamboo, or similar materials [HS code 940150]
- f) furniture of other materials [HS code 940380]

Where the trade data was used to calculate a specific product category (see section 4.5 to section 4.15) the trade data included all the different craft products mentioned under that specific product category. For example, to calculate basketwork, wickerwork and vegetable fibre works, the trade data aggregated all the trade data of the following products, or HS codes: [HS code 460120 + HS code 460210 + HS code 460290 + HS code 650400 + HS code 940150 + HS code 940380]. To calculate the world craft market (see section 4.4) the trade data aggregated all the trade data of the 11 broad craft categories mentioned above as well as the different sub categories. This accumulates to 129 craft products. To best explain this see tables 4.1 and 4.2, Annexure A.

Before this study provides an overview and an analysis of the world market for crafts and all the different craft product categories, it is important to know that the data that was used in this study has certain limitations.

4.3.3. Limitations of the data

The products that were identified in this study (see Annexure A) comprise fully handcrafted, semi-handcrafted and machine crafted products. As a result of this, the data will not represent the trade values of only handcrafted products, but it will show important information, such as:

- An overview and size of the world market for the ‘most traded’ craft products.
- The import and export ranking of each craft product when compared to that of other craft products in the same product category.
- The annual average growth in imports and exports of all the different craft products traded between 2001 and 2005.
- The percentage shares of different countries of the entire world market and each specific craft product.
- The major importers and the major exporters of the ‘most traded’ craft products.

- The most attractive craft product per craft category traded between 2001 and 2005.
- The position or role of South Africa in the world craft market (see chapter 5).
- A detailed description of the flow of craft to and from South Africa.
- The product/market combinations with the highest trade potential internationally.
- South Africa's role within the trade of the products with the highest trade potential.

It is therefore important to emphasise that when this study refers to 'craft' or 'craft products', it includes handcrafted, semi-handcrafted and machine crafted products. One other data limitation that needs to be made mention of is that all the trade data used in this study only include trade data from 2001 to 2005¹⁰.

This chapter will firstly provide an overview of the world market for crafts and, secondly, it will provide an in-depth analysis of the trade flows of the 11 product categories mentioned in table 4.1 (see Annexure A).

4.4 Overview of the world market for crafts

Table 4.3 (Annexure B) provides an overview of the world trade estimates for craft in 2005. For a list of all 11 product categories covered, see the far left column of table 4.3.

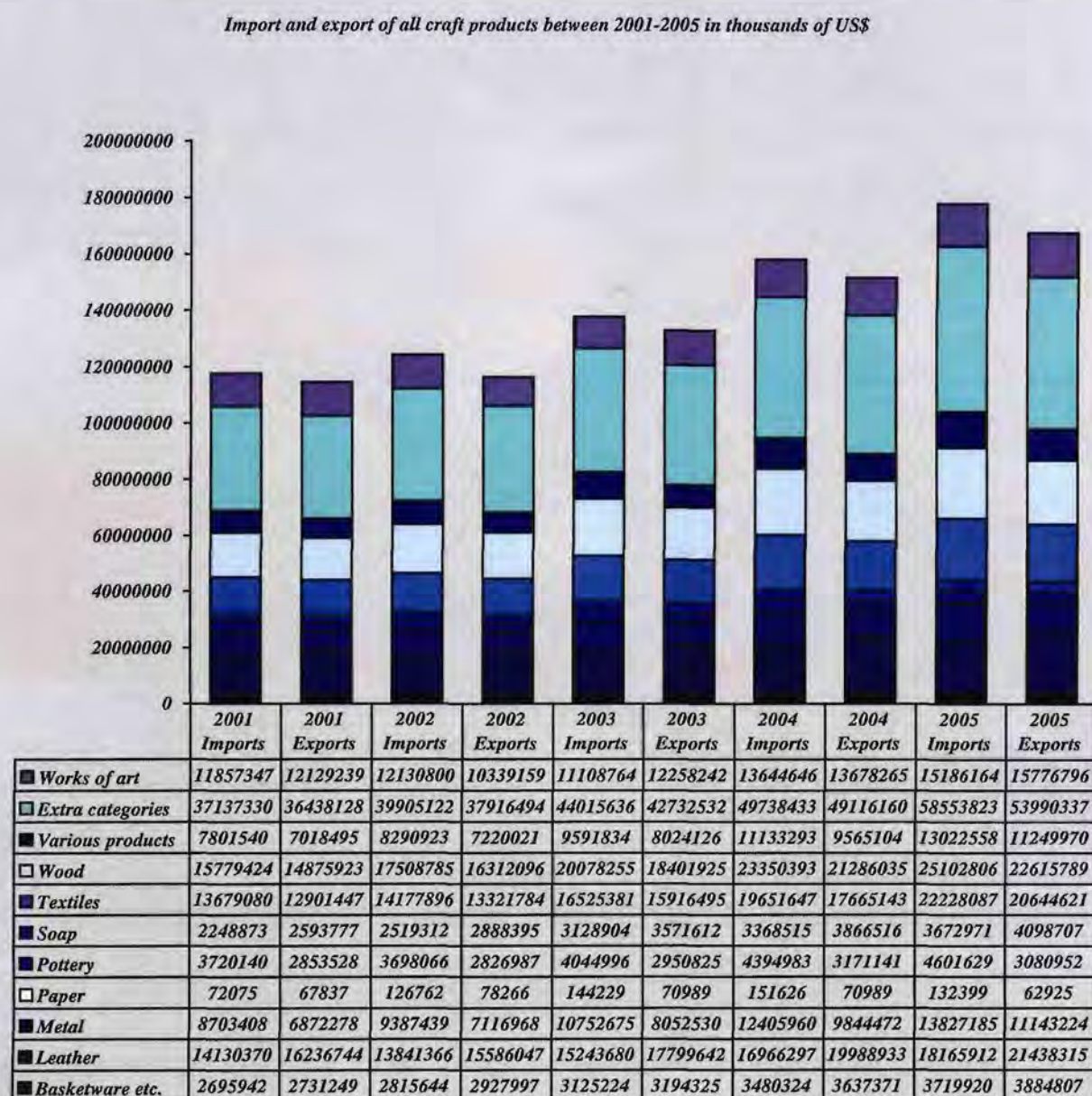
From table 4.3 (Annexure B), the following conclusions can be drawn:

- The total value of craft products traded in 2005 (for all 11 product categories) amounted to \$346 billion (\$178 billion imports and \$167 billion exports).
- The annual average growth in import value between 2001 and 2005 for all product categories was 11%, while the annual average growth in export value between 2001 and 2005 for all product categories was 9%.
- The top three importing countries together imported 34% of all craft products, while the top three exporting countries exported 33% of all craft products.
- The most traded import product category in 2005 was extra categories (arms, decorations, jewellery and gold/silversmith wares, musical instruments, toys), which amounted to \$58.5 billion. The least traded import product category in 2005 was paper, which amounted to \$132 million.
- The most traded export product category in 2005 was extra categories (arms, decorations, jewellery and gold/silversmith wares, musical instruments, toys), which amounted to \$53.9 billion. The least traded export product category in 2005 was paper, which amounted to \$63 million.
- Trade comparison: when one compares the total value of craft imported (\$178 billion) to the total value of craft exported (\$167 billion), it is evident that the world imported (demanded) more craft products than it exported (supplied) in 2005. Table 4.3 (Annexure B) also shows that the annual average growth in import (demand) between 2001 and 2005 exceeded the annual average growth in export (supply).

¹⁰ The reason why the latest trade data used in this study is data from 2001 to 2005 is because the trade data collection, analysis and interpretation process of this study was lengthy and complex. Trademap does provide more recent trade information (for 2007) but this is not included in this study. The main aim of this study is to prove that the market information problem can be overcome and that it is possible to collect, calculate, analyse and interpret market information for craft. It is not the aim of this study to provide craft roleplayers with the most recent craft data.

Figure 4.1 provides the world trade estimates for all product categories covered under this product category between 2001 and 2005.

Figure 4.1 World trade estimates of all product categories traded between 2001 and 2005



Source: International Trade Centre (ITC), 2007 – compiled by the author

Note: The different colours of each pillar represent the 11 different product categories and can be seen in the far left column.

From figure 4.1, the following conclusions can be drawn:

- All of the craft product categories, other than paper exports, experienced favourable import and export growth rates between 2001 and 2005.

- The craft product with the highest average import growth rate (15%) between 2001 and 2005 was paper.
The craft product with the lowest average import growth rate (5%) between 2001 and 2005 was pottery.
- The craft product with the highest average export growth rate (15%) between 2001 and 2005 was soap.
The craft product with the lowest average export growth rate (-3%) between 2001 and 2005 was paper.

The reason that some of the craft products in table 4.3 (Annexure B), such as pottery imports and paper and pottery exports experienced such low growth rates between 2001 and 2005 is unknown and leaves room for further research.

The major importers and exporters of all craft products will now be discussed.

4.4.1 Major importing nations

Table 4.4 provides a summary of the top ten importing nations for all craft products.

Table 4.4 The top ten importing nations for all craft products in 2005

<i>Average top ten importers of all craft products</i>			
<i>Importers</i>	<i>Import value in 2005 in US\$ thousands for all craft products</i>	<i>Average annual growth in import value between 2001-2005 for all craft products</i>	<i>Average % share in world imports for all craft products</i>
USA	55 478 796	9	23
United Kingdom	15 025 838	11	9
Germany	10 536 043	10	7
Hong Kong (SARC)	9 510 722	2	2
Japan	9 439 676	8	6
France	8 924 527	15	11
United Arab Emirates	5 670 330	21	5
Switzerland	5 511 544	6	4
Italy	5 119 050	13	5
Canada	4 347 589	13	6
Total	129 564 115	11	78

Source: International Trade Centre (ITC), 2007 – compiled by the author

Table 4.4 shows that the total import value of the top ten importing countries for all craft products in 2005 amounted to \$129.5 billion. These ten countries together had an annual average import growth rate of 11% between 2001 and 2005 and they imported 78% of all craft products in 2005.

The other significant importers of craft in 2005 were Spain (\$4.3billion), Belgium (\$3.4 billion), Netherlands (\$3.1 billion), Australia (\$2.3 billion), Austria (\$2.2 billion), Singapore (\$2 billion), Mexico (\$2 billion), Republic of Korea (\$1.7 billion), Sweden (\$1.5 billion) and Denmark (\$1.4 billion).

So far this chapter has only showed the major importers of craft. It will subsequently determine the major exporters of craft.

4.4.2 Major exporting nations

Table 4.5 provides a summary of the average top ten exporting nations for all craft products.

Table 4.5 The top ten exporting nations for all craft products in 2005

<i>Average top ten exporters of all craft products</i>			
<i>Exporters</i>	<i>Export value in 2005 in US\$ thousands for all craft products</i>	<i>Average annual growth in export value between 2001-2005 for all craft products</i>	<i>Average % share in world exports for all craft products</i>
<i>China</i>	<i>27 324 762</i>	<i>15</i>	<i>16</i>
<i>Italy</i>	<i>27 659 655</i>	<i>6</i>	<i>7</i>
<i>USA</i>	<i>14 058 427</i>	<i>8</i>	<i>8</i>
<i>Hong Kong (SARC)</i>	<i>13 601 233</i>	<i>-2</i>	<i>3</i>
<i>United Kingdom</i>	<i>10 772 047</i>	<i>12</i>	<i>7</i>
<i>India</i>	<i>8 384 511</i>	<i>32</i>	<i>12</i>
<i>France</i>	<i>7 227 321</i>	<i>10</i>	<i>4</i>
<i>Germany</i>	<i>7 139 659</i>	<i>14</i>	<i>6</i>
<i>Switzerland</i>	<i>4 670 030</i>	<i>11</i>	<i>1</i>
<i>Spain</i>	<i>3 609 663</i>	<i>21</i>	<i>5</i>
<i>Total</i>	<i>124 047 708</i>	<i>12</i>	<i>69</i>

Source: International Trade Centre (ITC), 2007 – compiled by the author

Table 4.5 shows that the total export value of the top ten exporting countries for all craft products in 2005 amounted to \$124 billion. These ten countries together had an annual average export growth rate of 12% between 2001 and 2005 and they exported 69% of all craft products in 2005.

The other significant exporters of craft in 2005 were Belgium (\$3.3 billion), Thailand (\$3.2 billion), Turkey (3.2 billion), Canada (\$3.1 billion), Poland (\$2.6 billion), Malaysia (\$2.5 billion), Indonesia (\$2.3 billion), Pakistan (\$2.3 billion), Vietnam (\$2.0 billion) and Netherlands (\$2 billion).

Section 4.4 above only provided an overview and analysis of the world market for craft. The subsequent sections (section 4.5 to section 4.15) will provide an overview and analysis of the 11 major product categories. The first product category is basketwork, wickerwork and vegetable fibre work.

4.5 Basketwork, wickerwork and vegetable fibre work

4.5.1 World trade estimates

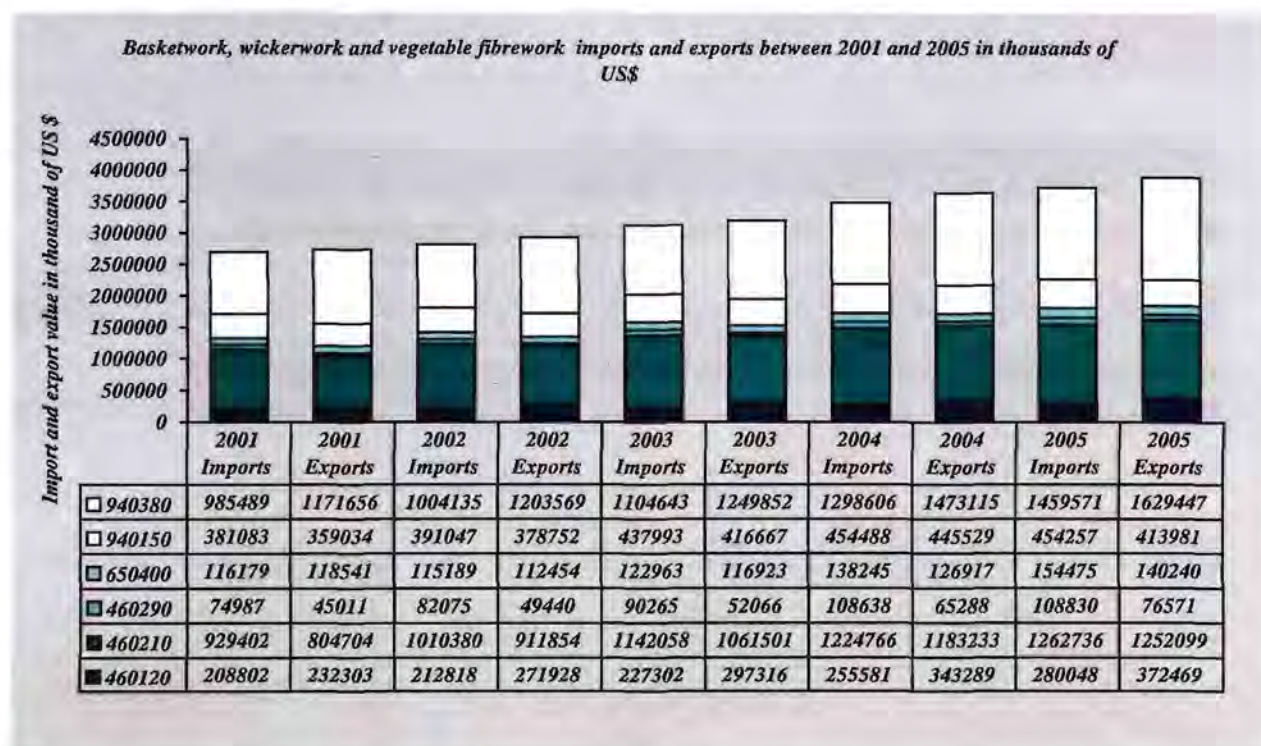
Table 4.6 (Annexure B) provides an overview of the world trade estimates for all basketwork, wickerwork and vegetable fibre work products covered under this product category in 2005. (For a list of all six basketwork, wickerwork and vegetable fibre work products covered under this product category see the far left column of table 4.6).

From table 4.6 (Annexure B), the following conclusions can be drawn:

- The total value of basketwork, wickerwork and vegetable fibre works products traded in 2005 amounted to \$7.6 billion (\$3.7 billion imports and \$3.8 billion exports).
- The annual average growth in import value between 2001 and 2005 for all basketwork, wickerwork and vegetable fibre work products was 8%, while the annual average growth in export value between 2001 and 2005 for all basketwork, wickerwork and vegetable fibre work products was 10%.
- The top three importing countries together imported 52% of all basketwork, wickerwork and vegetable fibre work products while the top three exporting countries exported 66% of all basketwork, wickerwork and vegetable fibre work products.
- The most traded basketwork, wickerwork and vegetable fibre work import product in 2005 was furniture of other materials (HS code 940380), which amounted to \$1.4 billion. The least traded basketwork, wickerwork and vegetable fibre works import product in 2005 was basket ware, wicker ware and other articles made up from other plaited materials (HS code 460290), which amounted to \$109 million.
- The most traded basketwork, wickerwork and vegetable fibre work export product in 2005 was furniture of other materials (including bamboo) (HS code 940380), which amounted to \$1.6 billion. The least traded basketwork, wickerwork and vegetable fibre work export product in 2005 was basket ware, wicker ware and other articles made up from other plaited materials (HS code 460290), which amounted to \$77 million.

Figure 4.2 provides the world trade estimates for all basketwork, wickerwork and vegetable fibre work products covered under this product category between 2001 and 2005.

Figure 4.2 World trade estimates of all basketwork, wickerwork and vegetable fibre work products traded between 2001 and 2005



Source: International Trade Centre (ITC), 2007 – compiled by the author

Note: The different colours of each pillar represent all the different basketwork, wickerwork and vegetable fibre work products. Their different HS codes can be seen in the far left column.

From figure 4.2, the following conclusions can be drawn:

- All the products under this product category experienced favourable import and export growth rates between 2001 and 2005.
- The product with the highest import growth rate (11%) between 2001 and 2005 was basket ware, wicker ware and other articles made up from other plaited materials (HS code 460290). The product with the lowest import growth rate (5%) between 2001 and 2005 was seats of cane, osier, bamboo, or similar materials (HS code 940150).
- The product with the highest export growth rate (16%) between 2001 and 2005 was basket ware, wicker ware and other articles made up from other plaited materials (HS code 460290). The product with the lowest export growth rate (4%) between 2001 and 2005 was hats and other headgear, plaited or made by assembling strips of any material whether or not lined or trimmed (HS code 650400).

The major importers and exporters of basketwork, wickerwork and vegetable fibre work products will be discussed next.

4.5.2 Major importing nations

Table 4.7 provides a summary of the top ten importing nations for all basketwork, wickerwork and vegetable fibre work products.

Table 4.7 The top ten importing nations for all basketwork, wickerwork and vegetable fibre work products in 2005

<i>Average top ten importers of all basketwork, wickerwork and vegetable fibre work products</i>			
<i>Importers</i>	<i>Import value in 2005 in US\$ thousands for all basketwork, wickerwork and vegetable fibre work products</i>	<i>Average annual growth in import value between 2001-2005 for all basketwork, wickerwork and vegetable fibre work products</i>	<i>Average % share in world imports for all basketwork, wickerwork and vegetable fibre work products</i>
<i>USA</i>	<i>1 241 913</i>	<i>10</i>	<i>31</i>
<i>Japan</i>	<i>299 643</i>	<i>4</i>	<i>11</i>
<i>Germany</i>	<i>279 253</i>	<i>16</i>	<i>5</i>
<i>France</i>	<i>227 446</i>	<i>10</i>	<i>6</i>
<i>UK</i>	<i>212 702</i>	<i>12</i>	<i>6</i>
<i>Spain</i>	<i>129 779</i>	<i>15</i>	<i>4</i>
<i>Italy</i>	<i>120 442</i>	<i>14</i>	<i>3</i>
<i>Netherlands</i>	<i>95 386</i>	<i>4</i>	<i>2</i>
<i>Belgium</i>	<i>92 001</i>	<i>19</i>	<i>3</i>
<i>Canada</i>	<i>88 765</i>	<i>16</i>	<i>3</i>
<i>Total</i>	<i>2 787 330</i>	<i>12</i>	<i>74</i>

Source: International Trade Centre (ITC), 2007 – compiled by the author

Table 4.7 shows that the total import value of the top ten importing countries for all the products under this product category in 2005 amounted to \$2.7 billion. These ten countries together had an annual average import growth rate of 12% between 2001 and 2005 and they imported 74% of all basketwork, wickerwork and vegetable fibre work products in 2005.

The other significant importers of basketwork, wickerwork and vegetable fibre work in 2005 (for the overall value of products under this product category) were Switzerland (\$69 million), Hong Kong (\$51 million), Singapore (\$51 million), Australia (\$42 million), Austria (\$36 million), the UAE (\$34 million), Korea (\$29 million), Denmark (\$28 million), Greece (\$27 million) and India (\$27 million).

So far this chapter has only showed the major importers of basketwork, wickerwork and vegetable fibre work. It will subsequently determine the major exporters of basketwork, wickerwork and vegetable fibre work products.

4.5.3 Major exporting nations

Table 4.8 provides a summary of the top ten exporting nations for all basketwork, wickerwork and vegetable fibre work products.

Table 4.8 The top ten exporting nations for all basketwork, wickerwork and vegetable fibre work products in 2005

<i>Average top ten exporters of all basketwork, wickerwork and vegetable fibre work products</i>			
<i>Exporters</i>	<i>Export value in 2005 in US\$ thousands for all basketwork, wickerwork and vegetable fibre work products</i>	<i>Average annual growth in export value between 2001-2005 for all basketwork, wickerwork and vegetable fibre work products</i>	<i>Average % share in world exports for all basketwork, wickerwork and vegetable fibre work products</i>
<i>China</i>	<i>1 546 465</i>	<i>17</i>	<i>40</i>
<i>Indonesia</i>	<i>428 030</i>	<i>5</i>	<i>12</i>
<i>Italy</i>	<i>379 228</i>	<i>4</i>	<i>6</i>
<i>Vietnam</i>	<i>208 909</i>	<i>15</i>	<i>6</i>
<i>Philippines</i>	<i>194 345</i>	<i>-7</i>	<i>4</i>
<i>Spain</i>	<i>145 320</i>	<i>9</i>	<i>2</i>
<i>USA</i>	<i>101 959</i>	<i>18</i>	<i>4</i>
<i>Taiwan</i>	<i>100 283</i>	<i>2</i>	<i>2</i>
<i>Germany</i>	<i>87 058</i>	<i>16</i>	<i>2</i>
<i>Belgium</i>	<i>79 174</i>	<i>20</i>	<i>2</i>
<i>Total</i>	<i>3 270 771</i>	<i>9</i>	<i>80</i>

Source: International Trade Centre (ITC), 2007 – compiled by the author

Table 4.8 shows that the total export value of the top ten exporting countries for all the products under this product category in 2005 amounted to \$3.2 billion. These ten countries together had an annual average export growth rate of 9% between 2001 and 2005 and they exported 80% of all basketwork, wickerwork and vegetable fibre work products in 2005.

The other significant exporters of basketwork, wickerwork and vegetable fibre work in 2005 (for the overall value of products under this product category) were Hong Kong (\$78 million), Netherlands (\$75 million), Poland (\$68 million), Thailand (\$48 million), France (\$39 million), the UK (\$38 million), Mexico (\$27 million), Canada (\$23 million), Singapore (\$21 million) and Malaysia (\$20 million).

The second product category that will be examined is leather.

4.6 Leather

4.6.1 World trade estimates

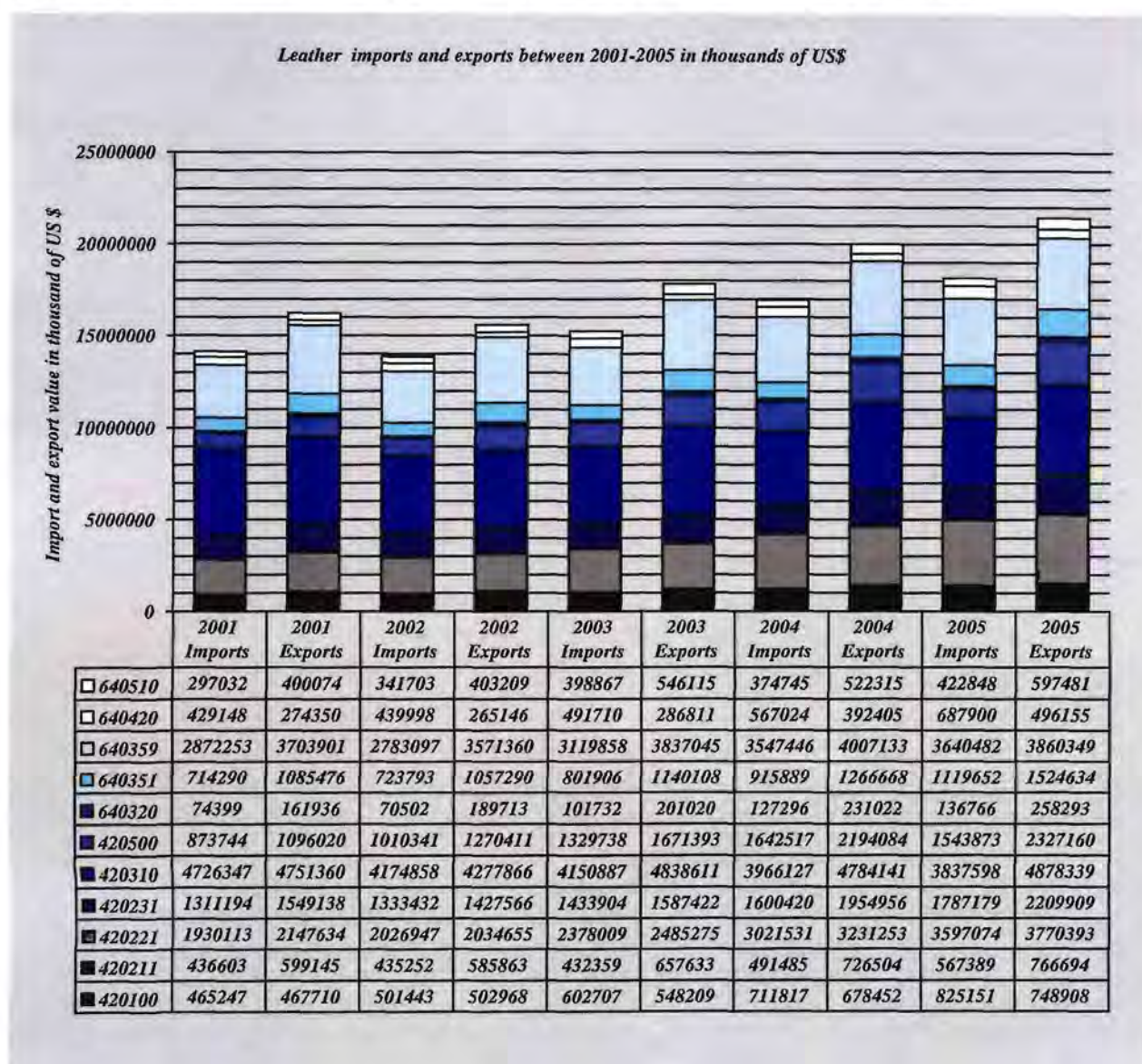
Table 4.9 (Annexure B) provides an overview of the world trade estimates for all leather products covered under this product category in 2005. (For a list of all the 11 leather products covered under this product category see the far left column of table 4.9).

From table 4.9 (Annexure B), the following conclusions can be drawn:

- The total value of leather products traded in 2005 amounted to \$39.5 billion (\$18.1 billion imports and \$21.4 billion exports).
- The average growth in imports between 2001 and 2005 for all leather products under this product category was 11% and the average growth in exports between 2001 and 2005 for all leather products under this product category was also 11%.
- The top three importing countries together imported 47% of all leather products under this product category while the top three exporting countries exported 58% of all leather products under this product category.
- The most traded leather import product in 2005 was articles of apparel of leather or of composition leather (HS code 420310), which amounted to \$3.8 billion. The least traded leather import product in 2005 was footwear with outer soles of leather and uppers, which comprise leather straps across the instep and around the big toe (e.g.: kolhapuri chappals, sandals) (HS code 640320), which amounted to \$136 million.
- The most traded leather export product in 2005 was articles of apparel of leather or of composition leather (HS code 420310), which amounted to \$4.8 billion. The least traded leather export product in 2005 was footwear with outer soles of leather and uppers, which comprise leather straps across the instep and around the big toe (e.g.: kolhapuri chappals, sandals) (HS code 640320), which amounted to \$258 million.

Figure 4.3 will provide the world trade estimates for all leather products covered under this product category between 2001 and 2005.

Figure 4.3 World trade estimates of all leather products traded between 2001 and 2005



Source: International Trade Centre (ITC), 2007 – compiled by the author

Note: The different colours of each pillar represent all the different leather products. Their different HS codes can be seen in the far left column.

From figure 4.3, the following conclusions can be drawn:

- All the products under this product category (except the imports for apparel of leather or of composition leather (HS code 420310)) experienced favourable import and export growth rates between 2001 and 2005.
- The product with the highest import growth rate (20%) between 2001 and 2005 was footwear with outer soles of leather and uppers, which comprise leather straps across the instep and around the big toe (e.g.: kolhapuri chappals, sandals) (HS code 640320). The product with the lowest import growth rate between 2001 and 2005 (-5%) was articles of apparel of leather or of composition leather (HS code 420310).
- The product with the highest export growth rate between 2001 and 2005 (22%) was other articles of leather or of composition leather n.e.s. (HS code 420500). The product with the lowest export growth rate

between 2001 and 2005 (1%) was articles of apparel of leather or of composition leather (HS code 420310).

The major importers and exporters of leather products will subsequently be discussed.

4.6.2 Major importing nations

Table 4.10 provides a summary of the top ten importing nations for all leather products.

Table 4.10 The top ten importing nations for all leather products in 2005

<i>The top ten importers of all leather products</i>			
<i>Importers</i>	<i>Import value in 2005 in US\$ thousands for all leather products</i>	<i>Average annual growth in import value between 2001-2005 for all leather products</i>	<i>Average % share in world imports for all leather products</i>
<i>USA</i>	<i>4 488 361</i>	<i>6</i>	<i>22</i>
<i>France</i>	<i>1 439 072</i>	<i>14</i>	<i>7</i>
<i>UK</i>	<i>1 280 311</i>	<i>15</i>	<i>10</i>
<i>Hong Kong</i>	<i>1 241 175</i>	<i>15</i>	<i>6</i>
<i>Germany</i>	<i>1 225 717</i>	<i>11</i>	<i>6</i>
<i>Japan</i>	<i>1 144 174</i>	<i>6</i>	<i>5</i>
<i>Italy</i>	<i>948 046</i>	<i>23</i>	<i>5</i>
<i>Spain</i>	<i>531 099</i>	<i>35</i>	<i>3</i>
<i>Mexico</i>	<i>437 833</i>	<i>7</i>	<i>2</i>
<i>Belgium</i>	<i>424 448</i>	<i>12</i>	<i>2</i>
<i>Total</i>	<i>18 165 912</i>	<i>14</i>	<i>68</i>

Source: International Trade Centre (ITC), 2007 – compiled by the author

Table 4.10 shows that the total import value of the top ten importing countries for all the products under this product category in 2005 amounted to \$18.1 billion. These ten countries together had an annual average import growth rate of 14% between 2001 and 2005 and they imported 68% of all leather products in 2005.

The other significant importers of leather in 2005 (for the overall value of products under this product category) were Switzerland (\$392 million), Canada (\$369 million), Netherlands (\$304 million), Singapore (\$278 million), Australia (\$239 million), Austria (\$226 million), the UAE (\$205 million), Denmark (\$200 million), Greece (\$198 million) and the Republic of Korea (\$196 million).

So far this chapter has only showed the major importers of leather. It will subsequently determine the major exporters of leather.

4.6.3 Major exporting nations

Table 4.11 provides a summary of the top ten exporting nations for all leather products.

Table 4.11 The top ten exporting nations for all leather products in 2005

<i>Top ten exporters of all leather products</i>			
<i>Exporters</i>	<i>Export value in 2005 in US\$ thousands for all leather products</i>	<i>Average annual growth in export value between 2001-2005 for all leather products</i>	<i>Average % share in world exports for all leather products</i>
<i>Italy</i>	<i>4 862 098</i>	<i>5</i>	<i>17</i>
<i>China</i>	<i>4 045 897</i>	<i>17</i>	<i>16</i>
<i>France</i>	<i>2 216 658</i>	<i>18</i>	<i>9</i>
<i>Hong Kong</i>	<i>1 435 409</i>	<i>19</i>	<i>6</i>
<i>India</i>	<i>1 386 124</i>	<i>32</i>	<i>10</i>
<i>Spain</i>	<i>781 022</i>	<i>12</i>	<i>4</i>
<i>Germany</i>	<i>617 666</i>	<i>9</i>	<i>3</i>
<i>USA</i>	<i>606 866</i>	<i>5</i>	<i>3</i>
<i>Pakistan</i>	<i>522 355</i>	<i>0</i>	<i>2</i>
<i>Portugal</i>	<i>411 623</i>	<i>5</i>	<i>2</i>
<i>Total</i>	<i>21 437 715</i>	<i>12</i>	<i>72</i>

Source: International Trade Centre (ITC), 2007 – compiled by the author

Table 4.11 shows that the total export value of the top ten exporting countries for all the import products under this product category in 2005 amounted to \$21.4 billion. These ten countries together had an annual average export growth rate of 12% between 2001 and 2005 and they exported 72% of all leather products in 2005.

The other significant exporters of leather in 2005 (for the overall value of products under this product category) were the United Kingdom (\$365 million), Brazil (\$321 million), Turkey (\$308 million), Mexico (\$272 million), Romania (\$268 million), Switzerland (\$227 million), Indonesia (\$188 million), Poland (\$177 million), Austria (\$176 million) and Belgium (\$159 million).

The third product category that will be examined is metal.

4.7 Metal

4.7.1 World trade estimates

Table 4.12 (Annexure B) provides an overview of the world trade estimates for all metal products covered under this product category in 2005. (For a list of all the eight metal products covered under this product category see the far left column of table 4.12).

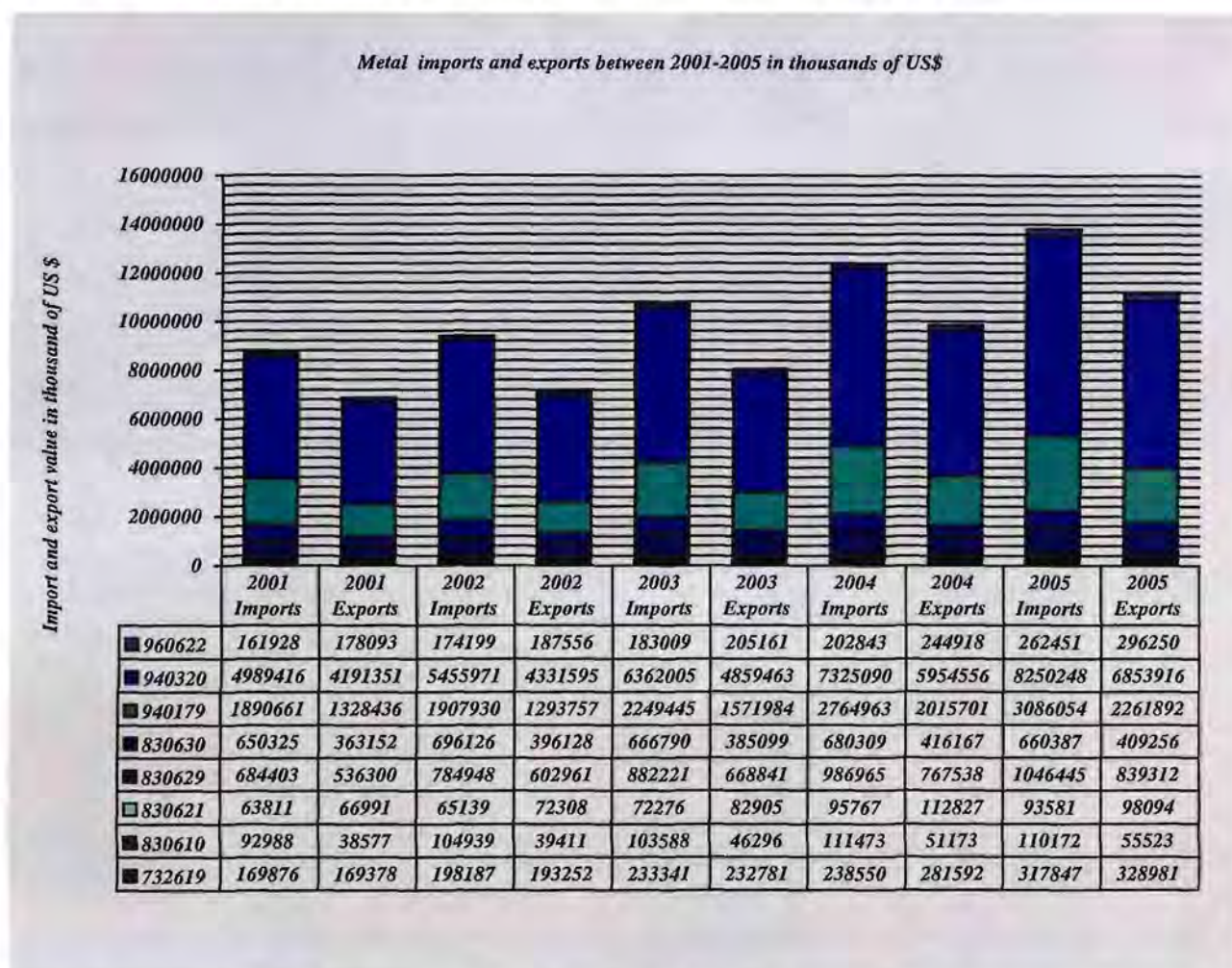
From table 4.12 (Annexure B), the following conclusions can be drawn:

- The total value of metal products traded in 2005 amounted to \$24.9 billion (\$13.8 billion imports and \$11.1 billion exports).

- The average growth in imports between 2001 and 2005 for all metal products under this product category was 10% while the average growth in exports between 2001 and 2005 for all metal products under this product category was 13%.
- The top three importing countries together imported 50% of all metal products under this product category while the top three exporting countries exported 57% of all metal products under this product category.
- The most traded metal import product in 2005 was furniture of metal (HS code 940320), which amounted to \$8.2 billion. The least traded metal import product in 2005 was statuettes and other ornaments plated with precious metal (HS code 830621), which amounted to \$93 million.
- The most traded metal export product in 2005 was furniture of metal (HS code 940320), which amounted to \$6.8 billion. The least traded metal export product in 2005 was bells, gongs and the like, non-electric and parts thereof, of base metal (HS code 830610), which amounted to \$55 million.

Figure 4.4 will provides the world trade estimates for all metal products covered under this product category between 2001 and 2005.

Figure 4.4 World trade estimates of all metal products traded between 2001 and 2005



Source: International Trade Centre (ITC), 2007 – compiled by the author

Note: The different colours of each pillar represent all the different metal products. Their different HS codes can be seen in the far left column.

From figure 4.4, the following conclusions can be drawn:

- All the products under this product category experienced favourable import and export growth rates between 2001 and 2005.
- The product with the highest import growth rate (16%) between 2001 and 2005 was articles of iron or steel, forged or stamped, but not further worked, n.e.s. (HS code 732619). The product with the lowest import growth rate (0%) between 2001 and 2005 was photograph, picture or similar frames and mirrors of base metal (HS code 830630).
- The product with the highest export growth rate (19%) between 2001 and 2005 was articles of iron or steel, forged or stamped, but not further worked, n.e.s. (HS code 732619). The product with the lowest export growth rate (3%) between 2001 and 2005 was photograph, picture or similar frames and mirrors of base metal (HS code 830630).

The major importers and exporters of metal products will now be discussed.

4.7.2 Major importing nations

Table 4.13 provides a summary of the top ten importing nations for all metal products.

Table 4.13 The top ten importing nations for all metal products in 2005

<i>Top ten importers of all metal products</i>			
<i>Importers</i>	<i>Import value in 2005 in US\$ thousands for all metal products</i>	<i>Average annual growth in import value between 2001-2005 for all metal products</i>	<i>Average % share in world imports for all metal products</i>
<i>USA</i>	<i>5 266 295</i>	<i>4</i>	<i>29</i>
<i>Germany</i>	<i>972 287</i>	<i>10</i>	<i>5</i>
<i>UK</i>	<i>794 010</i>	<i>10</i>	<i>4</i>
<i>France</i>	<i>617 093</i>	<i>14</i>	<i>4</i>
<i>Canada</i>	<i>541 082</i>	<i>3</i>	<i>2</i>
<i>Japan</i>	<i>529 506</i>	<i>12</i>	<i>3</i>
<i>Hong Kong</i>	<i>395 168</i>	<i>-2</i>	<i>8</i>
<i>Spain</i>	<i>348 364</i>	<i>14</i>	<i>2</i>
<i>Netherlands</i>	<i>339 886</i>	<i>19</i>	<i>2</i>
<i>Belgium</i>	<i>270 205</i>	<i>15</i>	<i>2</i>
<i>Total</i>	<i>13 827 185</i>	<i>10</i>	<i>61</i>

Source: International Trade Centre (ITC), 2007 – compiled by the author

Table 4.13 shows that the total import value of the top ten importing countries for all the products under this product category in 2005 amounted to \$13.8 billion. These ten countries together had an annual average import growth rate of 10% between 2001 and 2005 and they imported 61% of all metal products in 2005.

The other significant importers of metal in 2005 (for the overall value of products under this product category) were Switzerland (\$269 million), Italy (\$251 million), Australia (\$236 million), Mexico (\$192 million), Austria (\$191 million), Norway (\$178 million), Sweden (\$160 million), Denmark (\$142 million), Greece (\$90 million) and the UAE (\$89 million).

So far this chapter has only showed the major importers of metal products. It will subsequently determine the major exporters of metal products.

4.7.3 Major exporting nations

Table 4.14 provides a summary of the top ten exporting nations for all metal products.

Table 4.14 The top ten exporting nations for all metal products in 2005

<i>Top ten exporters of all metal products</i>			
<i>Exporters</i>	<i>Export value in 2005 in US\$ thousands for all metal products</i>	<i>Average annual growth in export value between 2001-2005 for all metal products</i>	<i>Average % share in world exports for all metal products</i>
<i>China</i>	<i>3 733 887</i>	<i>21</i>	<i>29</i>
<i>Germany</i>	<i>985 537</i>	<i>18</i>	<i>7</i>
<i>Italy</i>	<i>874 428</i>	<i>8</i>	<i>8</i>
<i>USA</i>	<i>672 764</i>	<i>-2</i>	<i>4</i>
<i>Taiwan</i>	<i>491 088</i>	<i>-11</i>	<i>2</i>
<i>Canada</i>	<i>441 329</i>	<i>18</i>	<i>2</i>
<i>Hong Kong</i>	<i>419 421</i>	<i>2</i>	<i>13</i>
<i>Spain</i>	<i>263 414</i>	<i>15</i>	<i>3</i>
<i>Netherlands</i>	<i>248 446</i>	<i>24</i>	<i>2</i>
<i>Sweden</i>	<i>242 778</i>	<i>26</i>	<i>1</i>
<i>Total</i>	<i>11 143 224</i>	<i>12</i>	<i>71</i>

Source: International Trade Centre (ITC), 2007 – compiled by the author

Table 4.14 shows that the total export value of the top ten exporting countries for all the products under this product category in 2005 amounted to \$11.1 billion. These ten countries together had an annual average export growth rate of 12% between 2001 and 2005 and they exported 71% of all metal products in 2005.

The other significant exporters of metal in 2005 (for the overall value of products under this product category) were France (\$242 billion), United Kingdom (\$232 million), Mexico (\$192 million), Belgium (\$184 million), Denmark (\$175 million), Malaysia (\$143 million), Czech Republic (\$137 million), Vietnam (\$117 million), Poland (\$109 million) and Austria (\$97 million).

The fourth product category that will be examined is paper.

4.8 Paper

4.8.1 World trade estimates

Table 4.15 (Annexure B) provides an overview of the world trade estimates for all paper products covered under this product category in 2005. (For a list of the one paper product covered under this product category see the far left column of table 4.15).

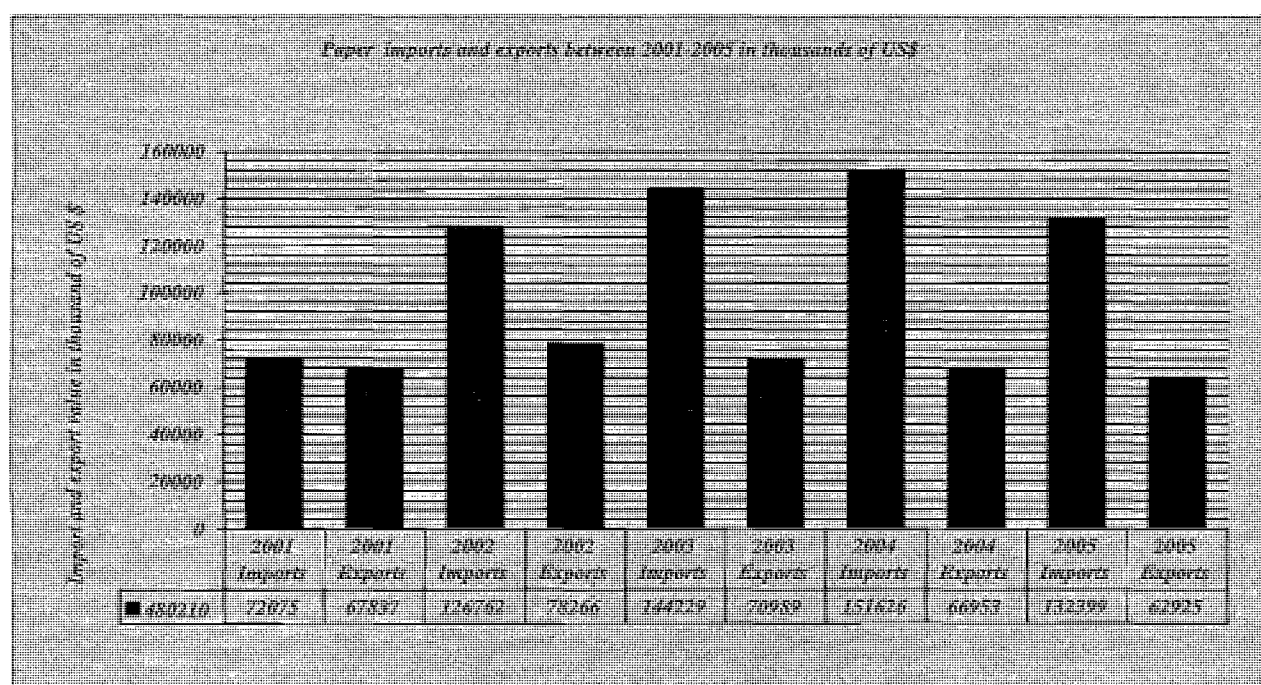
From table 4.15 (Annexure B), the following conclusions can be drawn:

- The total value of paper products traded in 2005 amounted to \$195.2 million (\$132.3 million imports and \$62.9 million exports).
- The average growth in imports between 2001 and 2005 for the one paper product under this product category was 15% while the average growth in exports between 2001 and 2005 for the one paperproduct under this product category was -3%.

- The top three importing countries together imported 59% of all paper products under this product category while the top three exporting countries exported 56% of all paper products under this product category. Since paper has only one product under this product category (handmade paper and paperboard (HS code 480210)), it would be irrelevant to establish the most traded and least traded import product and the most traded and least traded export product.

Figure 4.5 will provide the world trade estimates for all paper products covered under this product category between 2001 and 2005.

Figure 4.5 World trade estimates of paper products traded between 2001 and 2005



Source: International Trade Centre (ITC), 2007 – compiled by the author

Note: The different colours of each pillar represent all the different paper products. Their different HS codes can be seen in the far left column.

From figure 4.5, the following conclusion can be drawn:

- Handmade paper and paperboard (HS code 480210) products experienced favourable import growth rates between 2001 and 2004 but, after 2004, the imports declined. Handmade paper and paperboard products (HS code 480210) experienced favourable export growth rates only up until 2002. After 2002, exports declined.

The major importers and exporters of paper products will now be discussed.

4.8.2 Major importing nations

Table 4.16 provides a summary of the top ten importing nations for all paper products. It will subsequently be discussed.

Table 4.16 The top ten importing nations for paper products in 2005

<i>Top ten importers of all paper products</i>			
<i>Importers</i>	<i>Import value in 2005 in US\$ thousands for all paper products</i>	<i>Average annual growth in import value between 2001-2005 for all paper products</i>	<i>Average % share in world imports for all paper products</i>
<i>France</i>	54 780	40	41
<i>Japan</i>	16 621	1	13
<i>Netherlands</i>	5 440	78	4
<i>Nigeria</i>	4 776	35	4
<i>UK</i>	3 350	9	3
<i>USA</i>	3 077	-7	2
<i>Ireland</i>	3 036	104	2
<i>Republic of Korea</i>	2 441	-18	2
<i>Oman</i>	2 290	-12	2
<i>Belgium</i>	2 269	9	2
<i>Total</i>	132 399	23	75

Source: International Trade Centre (ITC), 2007 – compiled by the author

Table 4.16 shows that the total import value of the top ten importing countries for all the products under this product category in 2005 amounted to \$132 million. These ten countries together had an annual average import growth rate of 23% between 2001 and 2005 and they imported 75% of all paper products in 2005.

The other significant importers of paper in 2005 (for all the products under this product category) were Italy (\$2 million), India (\$1.9 million), Qatar (\$1.7 million), Bangladesh (\$1.5 million), China (\$1.5 million), Egypt (\$1.4 million), the UAE (\$1.3 million), Saudi Arabia (\$1.3 million), Austria (\$1.3 million) and Hong Kong (\$1 million).

So far this chapter has only showed the major importers of paper products. It will subsequently determine the major exporters of paper products.

4.8.3 Major exporting nations

Table 4.17 provides a summary of the top ten exporting nations for all paper products.

Table 4.17 The top ten exporting nations for all paper products in 2005

<i>Top ten exporters of all paper products</i>			
<i>Exporters</i>	<i>Export value in 2005 in US\$ thousands for all paper products</i>	<i>Average annual growth in export value between 2001-2005 for all paper products</i>	<i>Average % share in world exports for all paper products</i>
<i>India</i>	<i>17 513</i>	<i>28</i>	<i>29</i>
<i>USA</i>	<i>11 265</i>	<i>-7</i>	<i>18</i>
<i>France</i>	<i>6 385</i>	<i>24</i>	<i>10</i>
<i>China</i>	<i>3 297</i>	<i>-29</i>	<i>5</i>
<i>Taiwan</i>	<i>2 574</i>	<i>6</i>	<i>4</i>
<i>UK</i>	<i>2 475</i>	<i>-18</i>	<i>4</i>
<i>Japan</i>	<i>2 070</i>	<i>8</i>	<i>3</i>
<i>Saudi Arabia</i>	<i>2 024</i>	<i>45</i>	<i>3</i>
<i>Italy</i>	<i>1 770</i>	<i>-4</i>	<i>3</i>
<i>Netherlands</i>	<i>1 628</i>	<i>32</i>	<i>3</i>
<i>Total</i>	<i>62 925</i>	<i>9</i>	<i>82</i>

Source: International Trade Centre (ITC), 2007 – compiled by the author

Table 4.17 shows that the total export value of the top ten exporting countries for all the products under this product category in 2005 amounted to \$62 million. These ten countries together had an annual average export growth rate of 9% between 2001 and 2005 and they exported 82% of all paper products in 2005.

The other significant exporters of paper in 2005 were Thailand (\$1.5 million), Qatar (\$1.5 million), Republic of Korea (\$977 000), Austria (\$705 000), Nepal (\$670 000), Germany (\$624 000), Switzerland (\$581 000), Belgium (\$490 000), Canada (\$478 000) and Philippines (\$446 000).

The fifth product category that will be examined is pottery.

4.9 Pottery

4.9.1 World trade estimates

Table 4.18 (Annexure B) provides an overview of the world trade estimates for all pottery products covered under this product category in 2005. (For a list of all three pottery products covered under this product category see the far left column of table 4.18).

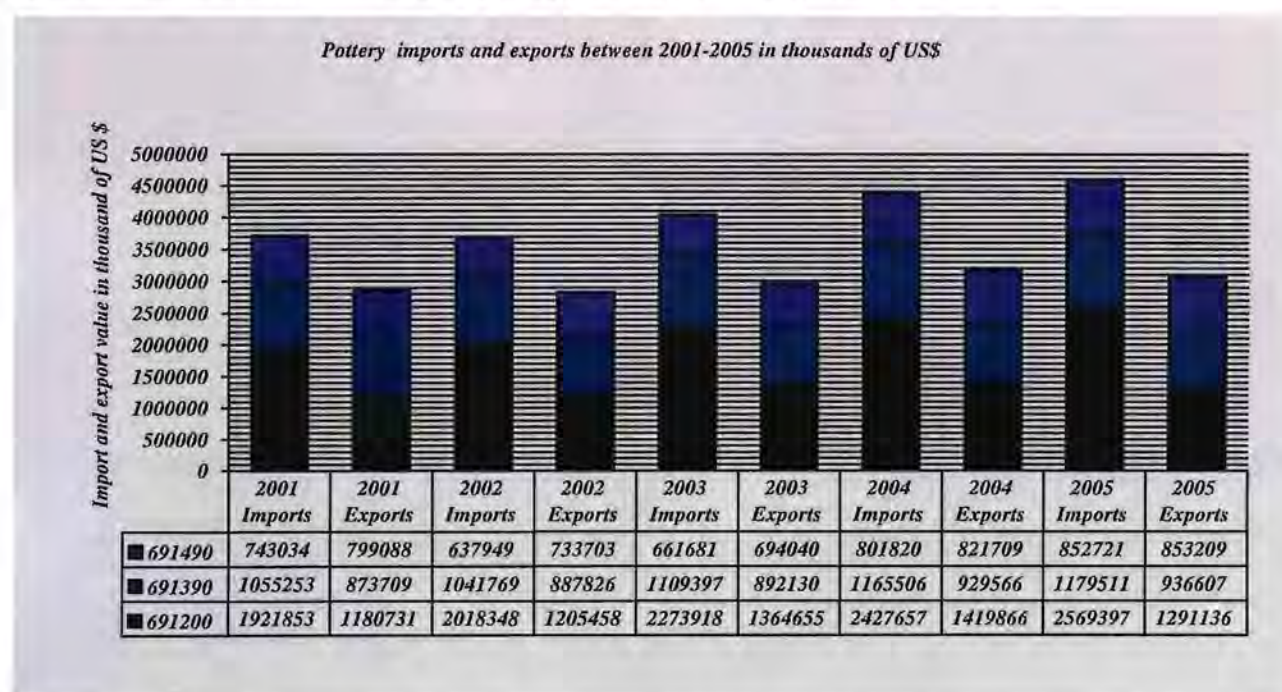
From table 4.18 (Annexure B), the following conclusions can be drawn:

- The total value of pottery products traded in 2005 amounted to \$7.6 billion (\$4.6 billion imports and \$3 billion exports).
- The average growth in imports between 2001 and 2005 for all pottery products under this product category was 5% while the average growth in exports between 2001 and 2005 for all pottery products under this product category was 2%.

- The top three importing countries together imported 45% of all pottery products under this product category while the top three exporting countries exported 39% of all pottery products under this product category.
- The most traded pottery import product in 2005 was ceramic tableware, kitchenware, other household articles and toilet articles (other than porcelain or china) (HS code 691200), which amounted to \$2.5 billion. The least traded pottery import product in 2005 was other articles of ceramics (HS code 691490), which amounted to \$852 million.
- The most traded pottery export product in 2005 was ceramic tableware, kitchenware, other household articles and toilet articles (other than porcelain or china) (HS code 691200), which amounted to \$1.2 billion. The least traded pottery export product in 2005 was other articles of ceramics (HS code 691490), which amounted to \$853 million.

Figure 4.6 will provide the world trade estimates for all pottery products covered under this product category between 2001 and 2005.

Figure 4.6 World trade estimates of all pottery products traded between 2001 and 2005



Source: International Trade Centre (ITC), 2007 – compiled by the author

Note: The different colours of each pillar represent all the different pottery products. Their different HS codes can be seen in the far left column.

From figure 4.6, the following conclusions can be drawn:

- All the products under this product category experienced favourable import and export growth rates between 2001 and 2005.
- The product with the highest import growth rate (8%) between 2001 and 2005 was ceramic tableware, kitchenware, other household articles and toilet articles (other than porcelain or china), (HS code

691200). The product with the lowest import growth rate (1%) between 2001 and 2005 was statuettes and other ornamental ceramic articles (other than porcelain or china) (HS code 691390).

- The product with the highest export growth rate (3%) between 2001 and 2005 was ceramic tableware, kitchenware, other household articles and toilet articles (other than porcelain or china), (HS code 691200). The product with the lowest export growth rate (0%) between 2001 and 2005 was statuettes and other ornamental ceramic articles (other than porcelain or china) (HS code 691390).

The major importers and exporters of pottery products will subsequently be discussed.

4.9.2 Major importing nations

Table 4.19 provides a summary of the top ten importing nations for all pottery products, which will now be discussed.

Table 4.19 The top ten importing nations for all pottery products in 2005

<i>Top ten importers of all pottery products</i>			
<i>Importers</i>	<i>Import value in 2005 in US\$ thousands for all pottery products</i>	<i>Average annual growth in import value between 2001-2005 for all pottery products</i>	<i>Average % share in world imports for all pottery products</i>
<i>USA</i>	<i>1 520 966</i>	<i>33</i>	<i>29</i>
<i>Germany</i>	<i>329 743</i>	<i>9</i>	<i>8</i>
<i>UK</i>	<i>323 180</i>	<i>8</i>	<i>7</i>
<i>France</i>	<i>245 294</i>	<i>10</i>	<i>5</i>
<i>Japan</i>	<i>190 616</i>	<i>4</i>	<i>4</i>
<i>Canada</i>	<i>160 764</i>	<i>5</i>	<i>2</i>
<i>Italy</i>	<i>144 387</i>	<i>12</i>	<i>4</i>
<i>Netherlands</i>	<i>139 066</i>	<i>7</i>	<i>3</i>
<i>Belgium</i>	<i>121 459</i>	<i>10</i>	<i>3</i>
<i>Spain</i>	<i>102 405</i>	<i>12</i>	<i>2</i>
<i>Total</i>	<i>4 601 629</i>	<i>11</i>	<i>67</i>

Source: International Trade Centre (ITC), 2007 – compiled by the author

Table 4.19 shows that the total import value of the top ten importing countries for all the products under this product category in 2005 amounted to \$4.6 billion. These ten countries together had an annual average import growth rate of 11% between 2001 and 2005 and they imported 67% of all pottery products in 2005.

The other significant importers of pottery in 2005 (for all the products under this product category) were Australia (\$83.5 million), Korea (\$65.6 million), Sweden (\$64.9 million), Austria (\$64.7 million), Switzerland (\$63.5 million), Russia (\$57.9 million), Hong Kong (\$56.8 million), Mexico (\$54.5 million), Poland (\$50 million) and Norway (\$45.2 million).

So far this chapter has only showed the major importers of pottery products. It will subsequently determine the major exporters of pottery products.

4.9.3 Major exporting nations

Table 4.20 provides a summary of the top ten exporting nations for all pottery products.

Table 4.20 The top ten exporting nations for all pottery products in 2005

Top ten exporters of all pottery products			
Exporters	Export value in 2005 in US\$ thousands for all pottery products	Average annual growth in export value between 2001-2005 for all pottery products	Average % share in world exports for all pottery products
China	482 340	14	16
Italy	236 408	-6	8
Vietnam	230 059	19	8
Portugal	213 633	3	7
UK	212 488	0	6
Germany	205 726	13	7
USA	187 424	-1	6
Thailand	159 122	0	5
Netherlands	111 201	20	4
Japan	101 697	4	4
Total	3 080 952	8	71

Source: International Trade Centre (ITC), 2007 – compiled by the author

Table 4.20 shows that the total export value of the top ten exporting countries for all the products under this product category in 2005 amounted to \$3 billion. These ten countries together had an annual average export growth rate of 8% between 2001 and 2005 and they exported 71% of all pottery products in 2005.

The other significant exporters of pottery in 2005 (for all the products under this product category) were France (\$99 million), Belgium (\$84 million), Mexico (\$74 million), Hong Kong (\$71 million), Malaysia (\$58 million), Spain (\$57 million), Romania (\$48 million), Poland (\$32 million), Indonesia (\$31 million) and Denmark (\$31 million).

The sixth product category that will be examined is soap.

4.10 Soap

4.10.1 World trade estimates

Table 4.21 (Annexure B) provides an overview of the world trade estimates for all soap products covered under this product category in 2005. (For a list of all three soap products covered under this product category see the far left column of table 4.21).

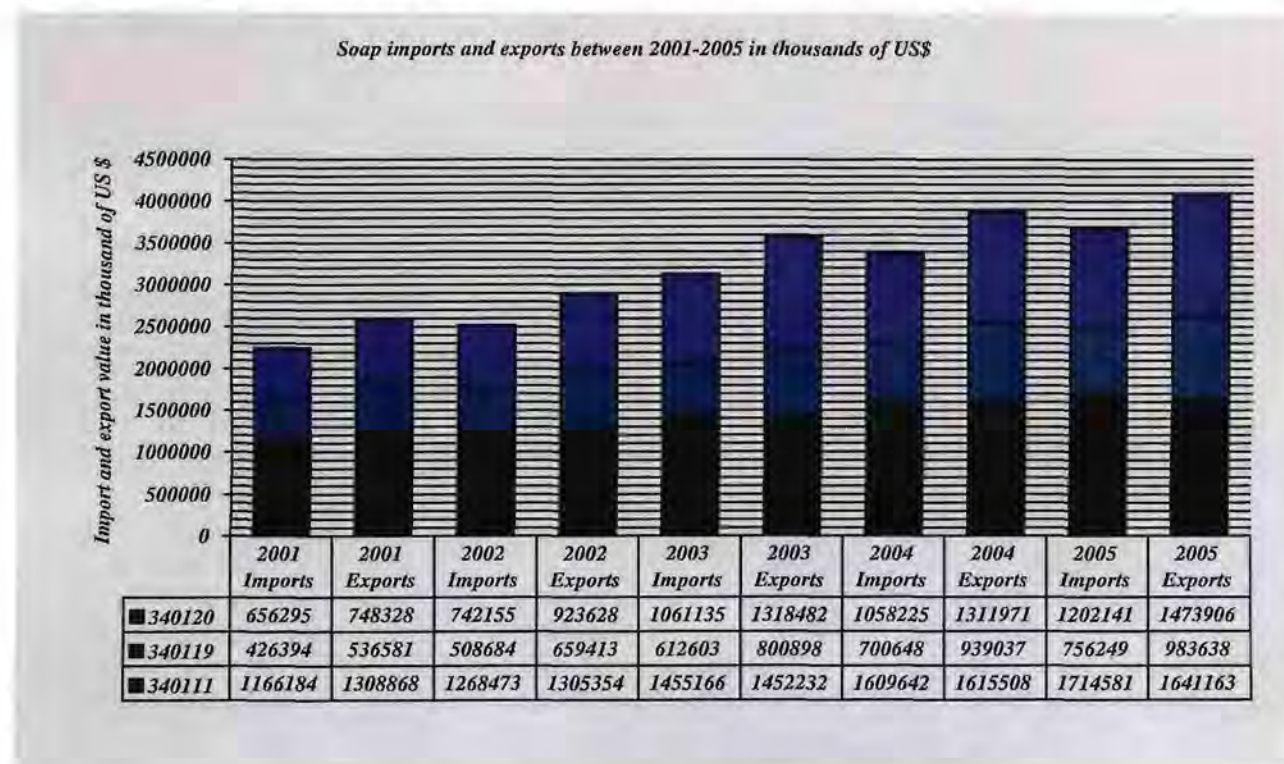
From table 4.21 (Annexure B), the following conclusions can be drawn:

- The total value of soap products traded in 2005 amounted to \$7.6 billion (\$3.6 billion imports and \$4 billion exports).

- The average growth in imports between 2001 and 2005 for all soap products under this product category was 14% while the average growth in exports between 2001 and 2005 for all soap products under this product category was 14%.
- The top three importing countries together imported 24% of all soap products under this product category while the top three exporting countries exported 37% of all soap products under this product category.
- The most traded soap import product in 2005 was soap for toilet use (including medicated products (HS code 340111), which amounted to \$1.7 billion. The least traded soap import product in 2005 was other soap products (HS code 340119), which amounted to \$756 million.
- The most traded soap export product in 2005 was soap for toilet use (including medicated products (HS code 340111), which amounted to \$1.6 billion. The least traded soap export product in 2005 was other soap products (HS code 340119), which amounted to \$983 million.

Figure 4.7 provides the world trade estimates for all soap products covered under this product category between 2001 and 2005.

Figure 4.7 World trade estimates of all soap products traded between 2001 and 2005



Source: International Trade Centre (ITC), 2007 – compiled by the author

Note: The different colours of each pillar represent all the different soap products. Their different HS codes can be seen in the far left column.

From figure 4.7, the following conclusions can be drawn:

- All the products under this product category experienced favourable import and export growth rates between 2001 and 2005.

- The product with the highest import growth rate (17%) between 2001 and 2005 was soap in other forms (HS code 340120). The product with the lowest import growth rate (10%) between 2001 and 2005 was soap for toilet use (including medicated products (HS code 340111).
- The product with the highest export growth rate (18%) between 2001 and 2005 was soap in other forms (HS code 340120). The product with the lowest export growth rate (7%) between 2001 and 2005 was soap for toilet use (including medicated products (HS code 340111).

The major importers and exporters of soap will be discussed next.

4.10.2 Major importing nations

Table 4.22 provides a summary of the top ten importing nations for all soap products. It will subsequently be discussed.

Table 4.22 The top ten importing nations for all soap products in 2005

<i>Top ten importers of all soap products</i>			
<i>Importers</i>	<i>Import value in 2005 in US\$ thousands for all soap products</i>	<i>Average annual growth in import value between 2001-2005 for all soap products</i>	<i>Average % share in world imports for all soap products</i>
<i>UK</i>	<i>304 702</i>	<i>18</i>	<i>8</i>
<i>USA</i>	<i>301 715</i>	<i>20</i>	<i>8</i>
<i>Germany</i>	<i>234 548</i>	<i>39</i>	<i>6</i>
<i>Canada</i>	<i>176 059</i>	<i>7</i>	<i>4</i>
<i>France</i>	<i>173 397</i>	<i>15</i>	<i>5</i>
<i>Belgium</i>	<i>142 373</i>	<i>21</i>	<i>4</i>
<i>Japan</i>	<i>97 690</i>	<i>23</i>	<i>3</i>
<i>Netherlands</i>	<i>86 082</i>	<i>26</i>	<i>3</i>
<i>Mexico</i>	<i>80 310</i>	<i>10</i>	<i>3</i>
<i>Russian Federation</i>	<i>76 977</i>	<i>39</i>	<i>2</i>
<i>Total</i>	<i>3 672 971</i>	<i>22</i>	<i>46</i>

Source: International Trade Centre (ITC), 2007 – compiled by the author

Table 4.22 shows that the total import value of the top ten importing countries for all the products under this product category in 2005 amounted to \$3.6 billion. These ten countries together had an annual average import growth rate of 22% between 2001 and 2005 and they imported 46% of all soap products in 2005.

The other significant importers of soap in 2005 (for all the products under this product category) were Italy (\$70.6 million), Australia (\$61.4 million), Spain (\$59.4 million), Ireland (\$51.3 million), China (\$47.3 million), Austria (\$47.3 million), Sweden (\$46.5 million), the UAE (\$46.1 million), Korea (\$41.2 million) and Saudi Arabia (\$40.7 million).

So far this chapter has only showed the major importers of soap products. It will subsequently determine at the major exporters of soap products.

4.10.3 Major exporting nations

Table 4.23 provides a summary of the top ten exporting nations for all soap products.

Table 4.23 The top ten exporting nations for all soap products in 2005

<i>Top ten exporters of all soap products</i>			
<i>Exporters</i>	<i>Export value in 2005 in US\$ thousands for all soap products</i>	<i>Average annual growth in export value between 2001-2005 for all soap products</i>	<i>Average % share in world exports for all soap products</i>
Belgium	371 151	88	8
Germany	365 919	21	8
USA	322 577	9	7
UK	292 712	23	7
Italy	263 234	9	7
Malaysia	241 881	40	6
Turkey	211 623	22	7
Indonesia	210 676	44	5
Spain	207 778	15	6
France	126 808	7	3
Total	4 098 707	22	64

Source: International Trade Centre (ITC), 2007 – compiled by the author

Table 4.23 shows that the total export value of the top ten exporting countries for all the products under this product category in 2005 amounted to \$4 billion. These ten countries together had an annual average export growth rate of 22% between 2001 and 2005 and they exported 64% of all soap products in 2005.

The other significant exporters of soap in 2005 (for all the products under this product category) were Canada (\$115 million), the Netherlands (\$112 million), Mexico (\$101 million), Israel (\$82 million), Brazil (\$61 million), Thailand (\$56 million), Poland (\$53 million), China (\$50 million), Czech Republic (\$43 million) and Honduras (\$42 million).

The seventh product category that will be examined is textiles.

4.11 Textiles

4.11.1 World trade estimates

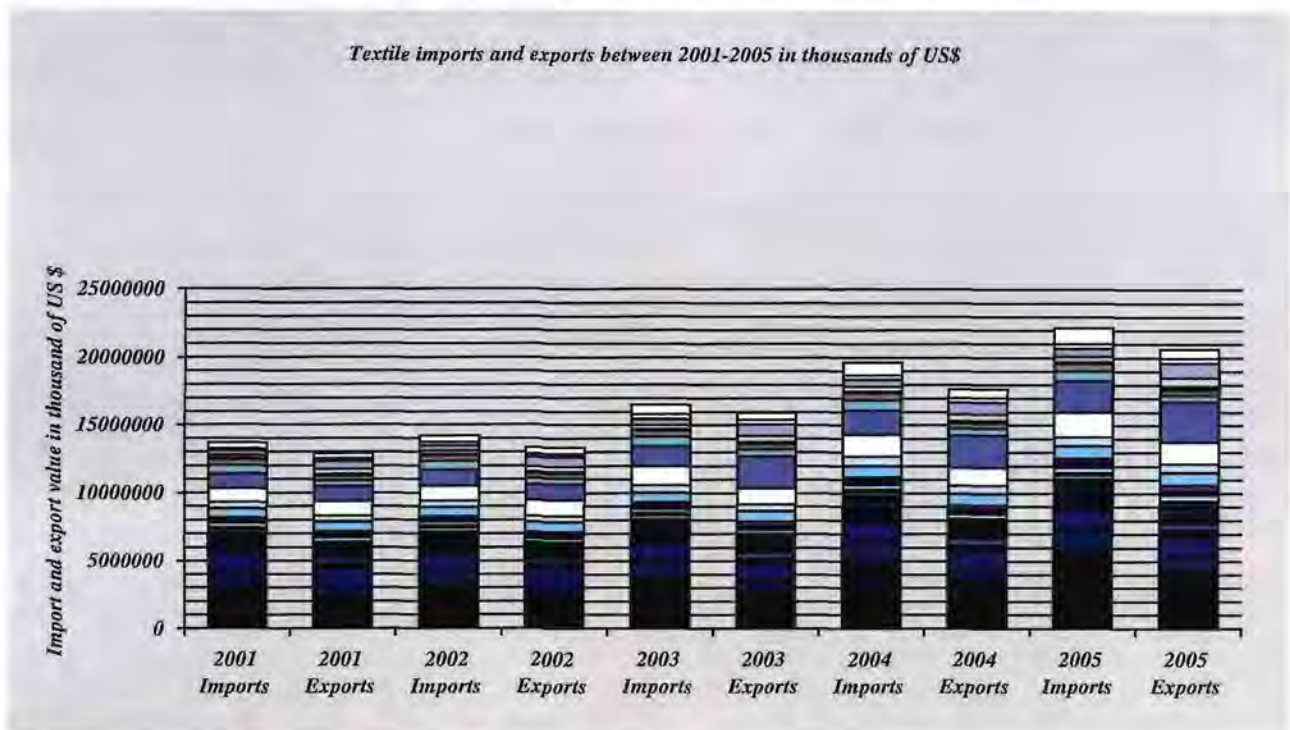
Table 4.24 (Annexure B) provides an overview of the world trade estimates for all textile products covered under this product category in 2005. (For a list of all the thirty-seven textile products covered under this product category see the far left column of table 4.24).

From table 4.24 (Annexure B), the following conclusions can be drawn:

- The total value of textile products traded in 2005 amounted to \$42.8 billion (\$22.2 billion imports and \$20.6 billion exports).
- The average growth in imports between 2001 and 2005 for all textile products under this product category was 10% while the average growth in exports between 2001 and 2005 for all textile products under this product category was 10%.
- The top three importing countries together imported 49% of all textile products under this product category while the top three exporting countries exported 62% of all textile products under this product category.
- The most traded textile import product in 2005 was handbags with outer surface of sheet of plastics or of textile materials (HS code 420222), which amounted to \$5.7 billion. The least traded textile import product in 2005 was lace, handmade in the piece, in strips or in motifs (HS code 580430), which amounted to \$17.6 million.
- The most traded textile export product in 2005 was handbags with outer surface of sheet of plastics or of textile materials (HS code 420222), which amounted to \$4.3 billion. The least traded textile export product in 2005 was handkerchiefs: of silk or silk waste (HS code 621310), which amounted to \$14.8 million.

Figure 4.8 provides the world trade estimates for all textile products covered under this product category between 2001 and 2005.

Figure 4.8 World trade estimates of all textiles products traded between 2001 and 2005



Source: International Trade Centre (ITC), 2007 – compiled by the author

Note: The different colours of each pillar represent all the different textile products. On all other figures the different HS codes and the import and export data from 2001 to 2005 for all the individual products could be seen in a table or legend underneath the graph, but since this product category have so many products the legend was left out in this figure. For more detail concerning the textile products mentioned in figure 4.8 see table 4.37 (Annexure B).

From figure 4.8, the following conclusions can be drawn:

- All textile products under this product category experienced favourable import growth rates between 2001 and 2005, except for hand-woven tapestries of the type Gobblins, Flanders, Aubusson, Beauvais and the like and needle-worked tapestries (e.g. petit point, cross stitch), whether or not made up (HS code 580500), handkerchiefs: of silk or silk waste (HS code 621310) and other textile materials (HS code 621390). All textile products under this product category experienced favourable export growth rates between 2001 and 2005 except for carpets and other textile floor coverings, knotted, whether or not made up: of wool or fine animal hair (HS code 570110), handkerchiefs: of silk or silk waste (HS code 621310) and other textile materials (HS code 621590).
- The product with the highest import growth rate (33%) between 2001 and 2005 was footwear with uppers of textile materials n.e.s. (e.g. alpargatas, espadrilles) (HS code 640520). The product with the lowest import growth rate (-4%) between 2001 and 2005 was hand-woven tapestries, of the type Gobblins, Flanders, Aubusson, Beauvais and the like and needle-worked tapestries (e.g. petit point, cross stitch), whether or not made up (HS code 580500).
- The product with the highest export growth rate (33%) between 2001 and 2005 was other furnishing articles, excluding those of heading No. 94.04: bedspreads of textile materials, knitted or crocheted, n.e.s.

(HS code 630411). The product with the lowest export growth rate (-2%) between 2001 and 2005 was handkerchiefs of silk or silk waste (HS code 621310) and other textile materials (HS code 621590).

The major importers and exporters of textiles will now be discussed.

4.11.2 Major importing nations

Table 4.25 provides a summary of the top ten importing nations for all textile products.

Table 4.25 The top ten importing nations for all textile products in 2005

<i>Average top ten importers of all textile products</i>			
<i>Importers</i>	<i>Import value in 2005 in US\$ thousands for all textile products</i>	<i>Average annual growth in import value between 2001-2005 for all textile products</i>	<i>Average % share in world imports for all textile products</i>
<i>USA</i>	<i>6 511 346</i>	<i>12</i>	<i>23</i>
<i>Hong Kong</i>	<i>1 597 77</i>	<i>-3</i>	<i>2</i>
<i>Germany</i>	<i>1 576 295</i>	<i>6</i>	<i>7</i>
<i>Japan</i>	<i>1 579 807</i>	<i>3</i>	<i>7</i>
<i>France</i>	<i>1 308 434</i>	<i>10</i>	<i>6</i>
<i>UK</i>	<i>1 291 412</i>	<i>14</i>	<i>7</i>
<i>Italy</i>	<i>1 027 159</i>	<i>13</i>	<i>4</i>
<i>Spain</i>	<i>724 672</i>	<i>19</i>	<i>4</i>
<i>Canada</i>	<i>466 798</i>	<i>12</i>	<i>2</i>
<i>Belgium</i>	<i>466 598</i>	<i>17</i>	<i>2</i>
<i>Total</i>	<i>22 228 087</i>	<i>10</i>	<i>64</i>

Source: International Trade Centre (ITC), 2007 – compiled by the author

Table 4.25 shows that the total import value of the top ten importing countries for all the products under this product category in 2005 amounted to \$22.2 billion. These ten countries together had an annual average import growth rate of 10% between 2001 and 2005 and they imported 64% of all textile products in 2005.

The other significant importers of textiles in 2005 (for all the products under this product category) were Switzerland (\$362 million), the Netherlands (\$343 million), the UAE (\$335 million), Austria (\$288 million), Australia (\$281 million), Mexico (\$226 million), Taiwan (\$229 million), Turkey (\$197 million), Republic of Korea (\$201 million) and Sweden (\$225 million).

So far this chapter has only showed the major importers of textile products. It will subsequently determine at the major exporters of textile products.

4.11.3 Major exporting nations

Table 4.26 provides a summary of the top ten exporting nations for all textile products.

Table 4.26 The top ten exporting nations for all textile products in 2005

<i>Top ten exporters of all textile products</i>			
<i>Exporters</i>	<i>Export value in 2005 in US\$ thousands for all textile products</i>	<i>Average annual growth in export value between 2001-2005 for all textile products</i>	<i>Average % share in world exports for all textile products</i>
<i>China</i>	<i>5 113 574</i>	<i>25</i>	<i>24</i>
<i>India</i>	<i>2 308 585</i>	<i>18</i>	<i>13</i>
<i>Hong Kong</i>	<i>2 011 951</i>	<i>2</i>	<i>3</i>
<i>Pakistan</i>	<i>1 745 241</i>	<i>0</i>	<i>4</i>
<i>Italy</i>	<i>1 524 038</i>	<i>6</i>	<i>7</i>
<i>Turkey</i>	<i>790 078</i>	<i>25</i>	<i>4</i>
<i>France</i>	<i>726 843</i>	<i>7</i>	<i>4</i>
<i>Germany</i>	<i>520 852</i>	<i>8</i>	<i>3</i>
<i>Belgium</i>	<i>513 538</i>	<i>15</i>	<i>4</i>
<i>Iran</i>	<i>509 372</i>	<i>4</i>	<i>2</i>
<i>Total</i>	<i>20 644 621</i>	<i>11</i>	<i>68</i>

Source: International Trade Centre (ITC), 2007 – compiled by the author

Table 4.26 shows that the total export value of the top ten exporting countries for all the products under this product category in 2005 amounted to \$20.6 billion. These ten countries together had an annual average export growth rate of 11% between 2001 and 2005 and they exported 68% of all textile products in 2005.

The other significant exporters of textiles in 2005 (for all the products under this product category) were the USA (\$477 million), the UK (\$467 million), Portugal (\$425 million), Spain (\$250 million), Poland (\$236 million), the Netherlands (\$204 million), Romania (\$193 million), Switzerland (\$178 million), Austria (\$176 million) and Egypt (\$125 million).

The eighth product category that will be examined is wood.

4.12 Wood

4.12.1 World trade estimates

Table 4.27 (Annexure B) provides an overview of the world trade estimates for all wood products covered under this product category in 2005. (For a list of all six wood products covered under this product category see the far left column of table 4.27).

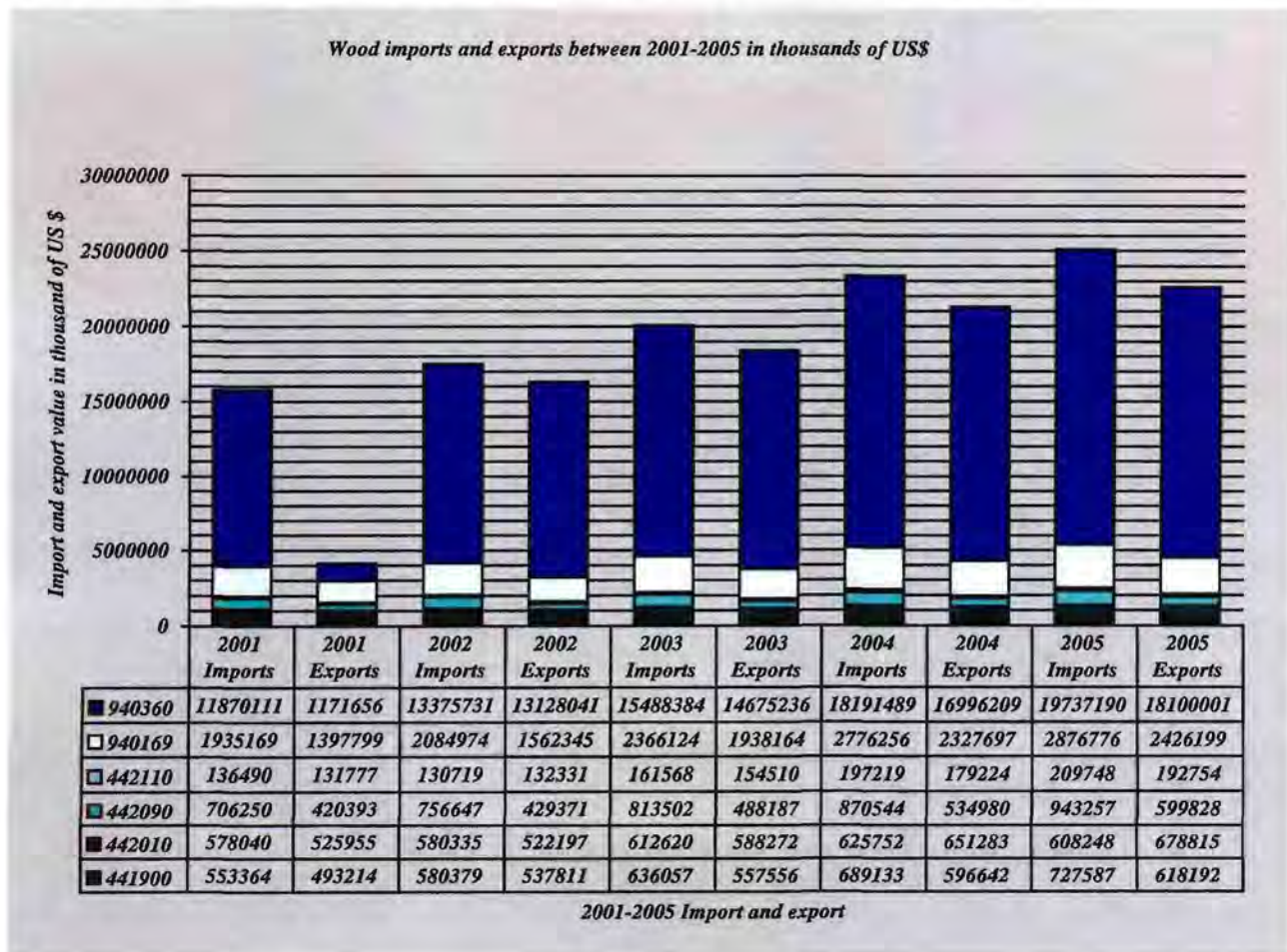
From table 4.27 (Annexure B), the following conclusions can be drawn:

- The total value of wood products traded in 2005 amounted to \$47.7 billion (\$25.1 billion imports and \$22.6 billion exports).
- The average growth in import between 2001 and 2005 for all wood products under this product category was 9% while the average growth in export between 2001 and 2005 for all wood products under this product category was 10%.

- The top three importing countries together imported 48% of all wood products under this product category while the top three exporting countries exported 56% of all wood products under this product category.
- The most traded wood import product in 2005 was wooden furniture n.e.s. (HS code 940360), which amounted to \$19.7 billion. The least traded wood import product in 2005 was clothes hangers of wood (HS code 442110), which amounted to \$209 million.
- The most traded wood export product in 2005 was wooden furniture n.e.s. (HS code 940360), which amounted to \$18.1 billion. The least traded wood export product in 2005 was clothes hangers of wood (HS code 442110), which amounted to \$192 million.

Figure 4.9 will provide the world trade estimates for all wood products covered under this product category between 2001 and 2005.

Figure 4.9 World trade estimates of all wood products traded between 2001 and 2005



Source: International Trade Centre (ITC), 2007 – compiled by the author

Note: The different colours of each pillar represent all the different wood products. Their different HS codes can be seen in the far left column.

From figure 4.9, the following conclusions can be drawn:

- All the products under this product category experienced favourable import and export growth rates between 2001 and 2005.
- The product with the highest import growth rate (14%) between 2001 and 2005 was wooden furniture n.e.s. (HS code 940360). The product with the lowest import growth rate (2%) between 2001 and 2005 was wood marquetry and inlaid wood; caskets and cases for jewellery or cutlery and similar articles of wood; statuettes and other ornaments, of wood, wooden articles of furniture not falling within the division 82: statuettes and other ornaments of wood (HS code 442010).
- The product with the highest export growth rate (16%) between 2001 and 2005 was seats with wooden frames (HS code 940169). The product with the lowest export growth rate (6%) between 2001 and 2005 was tableware and kitchenware, of wood (HS code 441900).

The major importers and exporters of wood will now be discussed.

4.12.2 Major importing nations

Table 4.28 provides a summary of the top ten importing nations for all wood products. It will subsequently be discussed.

Table 4.28 The top ten importing nations for all wood products in 2005

<i>Top ten importers of all wood products</i>			
<i>Importers</i>	<i>Import value in 2005 in US\$ thousands for all wood products</i>	<i>Average annual growth in import value between 2001-2005 for all wood products</i>	<i>Average % share in world imports for all wood products</i>
<i>USA</i>	<i>7 819 050</i>	<i>7</i>	<i>30</i>
<i>Germany</i>	<i>2 004 317</i>	<i>11</i>	<i>8</i>
<i>UK</i>	<i>1 800 611</i>	<i>10</i>	<i>6</i>
<i>France</i>	<i>1 702 322</i>	<i>12</i>	<i>6</i>
<i>Japan</i>	<i>1 450 367</i>	<i>6</i>	<i>8</i>
<i>Netherlands</i>	<i>742 179</i>	<i>7</i>	<i>3</i>
<i>Spain</i>	<i>710 885</i>	<i>24</i>	<i>4</i>
<i>Canada</i>	<i>668 762</i>	<i>11</i>	<i>3</i>
<i>Belgium</i>	<i>661 614</i>	<i>14</i>	<i>3</i>
<i>Italy</i>	<i>580 063</i>	<i>17</i>	<i>3</i>
<i>Total</i>	<i>25 102 806</i>	<i>12</i>	<i>74</i>

Source: International Trade Centre (ITC), 2007 – compiled by the author

Table 4.28 shows that the total import value of the top ten importing countries for all the products under this product category in 2005 amounted to \$25 billion. These ten countries together had an annual average import growth rate of 12% between 2001 and 2005 and they imported 74% of all wood products in 2005.

The other significant importers of wood in 2005 (for all the products under this product category) were Austria (\$552 million), Switzerland (\$543 million), Sweden (\$453 million), Hong Kong (\$383 million), Australia (\$337 million), Korea (\$304 million), Norway (\$291 million), Denmark (\$276 million), Greece (\$245 million) and Ireland (\$187 million).

So far this chapter has only showed the major importers of wood products. It will subsequently determine at the major exporters of wood products.

4.12.3 Major exporting nations

Table 4.29 provides a summary of the top ten exporting nations for all wood products.

Table 4.29 The top ten exporting nations for all wood products in 2005

<i>Top ten exporters of all wood products</i>			
<i>Exporters</i>	<i>Export value in 2005 in US\$ thousands for all wood products</i>	<i>Average annual growth in export value between 2001-2005 for all wood products</i>	<i>Average % share in world exports for all wood products</i>
<i>China</i>	<i>4 078 377</i>	<i>23</i>	<i>39</i>
<i>Italy</i>	<i>2 342 884</i>	<i>2</i>	<i>5</i>
<i>Poland</i>	<i>1 417 668</i>	<i>8</i>	<i>3</i>
<i>Germany</i>	<i>1 067 136</i>	<i>8</i>	<i>3</i>
<i>Indonesia</i>	<i>1 019 538</i>	<i>4</i>	<i>5</i>
<i>Vietnam</i>	<i>1 007 911</i>	<i>17</i>	<i>4</i>
<i>Malaysia</i>	<i>928 194</i>	<i>6</i>	<i>2</i>
<i>Canada</i>	<i>799 888</i>	<i>-1</i>	<i>2</i>
<i>France</i>	<i>744 992</i>	<i>7</i>	<i>2</i>
<i>Denmark</i>	<i>735 908</i>	<i>6</i>	<i>1</i>
<i>Total</i>	<i>22 615 789</i>	<i>8</i>	<i>66</i>

Source: International Trade Centre (ITC), 2007 – compiled by the author

Table 4.29 shows that the total export value of the top ten exporting countries for all the export products under this product category in 2005 amounted to \$22.6 billion. These ten countries together had an annual average export growth rate of 8% between 2001 and 2005 and they exported 66% of all wood products in 2005.

The other significant exporters of wood in 2005 (for all the products under this product category) were Romania (\$724 million), Thailand (\$659 million), Belgium (\$573 million), the USA (\$545 million), Spain (\$544 million), Sweden (\$542 million), the UK (\$394 million), Hong Kong (\$353 million) and Brazil (\$335 million).

The ninth product category that will be examined is various animal, mineral, or vegetable products.

4.13 Various animal, mineral, or vegetable material products

4.13.1 World trade estimates

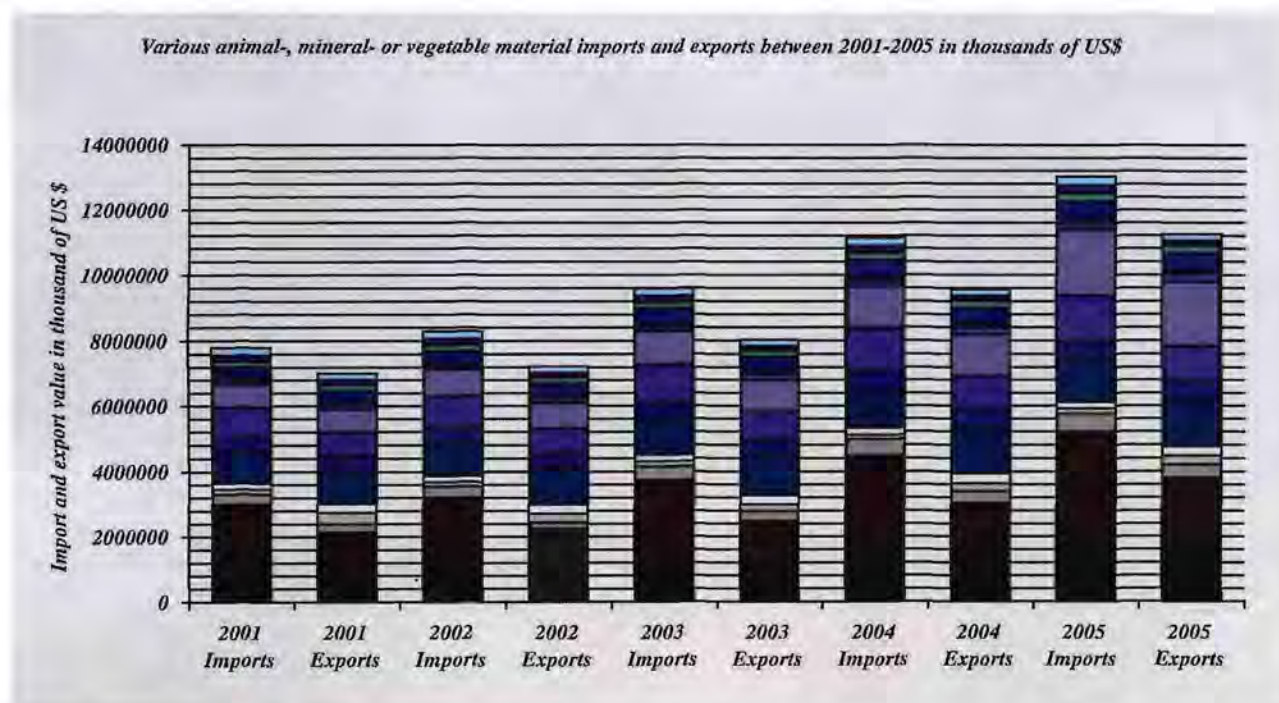
Table 4.30 (Annexure B) provides an overview of the world trade estimates for all animal, mineral, or vegetable material products covered under this product category in 2005. (For a list of all 18 animal materials, mineral material or vegetable material products covered under this product category see the far left column of table 4.30).

From table 4.30 (Annexure B), the following conclusions can be drawn:

- The total value of animal, mineral, or vegetable material products traded in 2005 amounted to \$24.2 billion (\$13.0 billion imports and \$11.2 billion exports).
- The average growth in imports between 2001 and 2005 for all animal, mineral, or vegetable material products under this product category was 11% while the average growth in exports between 2001 and 2005 for all animal, mineral, or vegetable material products under this product category was 10%.
- The top three importing countries together imported 48% of all animal, mineral, or vegetable material products under this product category while the top three exporting countries exported 58% of all animal, mineral, or vegetable material products under this product category.
- The most traded animal, mineral, or vegetable material import products in 2005 was granite (HS code 680293), which amounted to \$3 billion. The least traded animal, mineral, or vegetable material import products in 2005 were worked ivory, bone, tortoiseshell, horn, antlers, coral, mother-of-pearl and other animal carving material and articles of these materials (including articles obtained by moulding): worked ivory and articles of ivory (HS code 960110), which amounted to \$11.7 million
- The most traded animal, mineral, or vegetable material export product in 2005 was granite (HS code 680293), which amounted to \$1.9 billion. The least traded animal, mineral, or vegetable material export products in 2005 were bells, worked ivory, bone, tortoiseshell, horn, antlers, coral, mother-of-pearl and other animal carving material and articles of these materials (including articles obtained by moulding): worked ivory and articles of ivory (HS code 960110), which amounted to \$10.2 million.

Figure 4.10 will provide the world trade estimates for all animal, mineral, or vegetable products covered under this product category between 2001 and 2005.

Figure 4.10 World trade estimates of all animal, mineral, or vegetable products traded between 2001 and 2005



Source: International Trade Centre (ITC), 2007 – compiled by the author

Note: The different colours of each pillar represent all the different textile products. On all other figures the different HS codes and the import and export data from 2001 to 2005 for all the individual products could be seen on a table or legend underneath the graph, but since this product category have so many products the legend was left out in this figure. For more detail concerning the various animal, mineral, or vegetable products mentioned in figure 4.10 see table 4.38 (Annexure B).

From figure 4.10, the following conclusions can be drawn:

- All the products under this product category experienced favourable import growth rates between 2001 and 2005. All products except glassware or glass-ceramics (HS code 701310) and hairpins, curling pins, hair-curlers and the like, n.e.s. (HS code 961590) experienced favourable export growth rates between 2001 and 2005.
- The product with the highest import growth rate (26%) between 2001 and 2005 was glass beads, imitation pearls, imitation precious or semi-precious stones and similar glass small wares and articles thereof (other than imitation jewellery); glass eyes (other than prosthetic articles); ornaments and other fancy articles of lamp-worked glass (other than imitation jewellery); glass micro spheres not exceeding 1 mm in diameter: Glass beads, imitation pearls, imitation precious or semi-precious stones and similar glass small wares (HS code 701810). The product with the lowest import growth rate (0%) between 2001 and 2005 was glassware or glass-ceramics (HS code 701310).
- The product with the highest export growth rate (26%) between 2001 and 2005 was glass beads, imitation pearls, imitation precious or semi-precious stones and similar glass small wares and articles thereof (other than imitation jewellery); glass eyes (other than prosthetic articles); ornaments and other fancy articles of lamp-worked glass (other than imitation jewellery); glass micro spheres not exceeding 1 mm in diameter: Glass beads, imitation pearls, imitation precious or semi-precious stones and similar glass small wares

(HS code 701810). The product with the lowest export growth rate (-6%) between 2001 and 2005 was glassware or glass-ceramics (HS code 701310).

The major importers and exporters of animal, mineral, or vegetable products will now be discussed.

4.13.2 Major importing nations

Table 4.31 provides a summary of the top ten importing nations for all animal, mineral, or vegetable products.

Table 4.31 The top ten importing nations for all animal, mineral, or vegetable products in 2005

<i>Average top ten importers of all animal, mineral, or vegetable products</i>			
<i>Importers</i>	<i>Import value in 2005 in US\$ thousands for all animal, mineral, or vegetable products</i>	<i>Average annual growth in import value between 2001-2005 for all animal, mineral, or vegetable products</i>	<i>Average % share in world imports for all animal, mineral, or vegetable products</i>
<i>USA</i>	<i>3 996 259</i>	<i>11</i>	<i>25</i>
<i>Japan</i>	<i>1 037 551</i>	<i>11</i>	<i>5</i>
<i>Hong Kong</i>	<i>968 367</i>	<i>14</i>	<i>6</i>
<i>Germany</i>	<i>777 965</i>	<i>16</i>	<i>6</i>
<i>UAE</i>	<i>540 695</i>	<i>22</i>	<i>3</i>
<i>UK</i>	<i>421 949</i>	<i>17</i>	<i>4</i>
<i>France</i>	<i>384 075</i>	<i>26</i>	<i>4</i>
<i>Italy</i>	<i>366 026</i>	<i>18</i>	<i>4</i>
<i>Switzerland</i>	<i>326 319</i>	<i>13</i>	<i>3</i>
<i>Canada</i>	<i>285 404</i>	<i>13</i>	<i>2</i>
<i>Total</i>	<i>8 067 059</i>	<i>16</i>	<i>62</i>

Source: International Trade Centre (ITC), 2007 – compiled by the author

Table 4.31 shows that the total import value of the top ten importing countries for all the import products under this product category in 2005 amounted to \$8 billion. These ten countries together had an annual average import growth rate of 16% between 2001 and 2005 and they imported 62% of all animal, mineral, or vegetable products in 2005.

The other significant importers of animal, mineral, or vegetable products in 2005 (for all the products under this product category) were Korea (\$255 million), Spain (\$235 million), Belgium (\$216 million), Netherlands (\$195 million), Austria (\$157 million), Australia (\$140 million), Turkey (\$133 million), Russian Federation (\$127 million), China (\$94 million) and Mexico (\$91 million).

So far this chapter has only showed the major importers of animal, mineral, or vegetable products. It will subsequently determine at the major exporters of animal, mineral, or vegetable products.

4.13.3 Major exporting nations

Table 4.32 provides a summary of the top ten exporting nations for all animal, mineral, or vegetable products.

Table 4.32 The top ten exporting nations for various animal, mineral, or vegetable products in 2005

Average top ten exporters of various animal, mineral, or vegetable products			
Exporters	Export value in 2005 in US\$ thousands for various animal, mineral, or vegetable products	Average annual growth in export value between 2001-2005 for various animal, mineral, or vegetable products	Average % share in world exports for various animal, mineral, or vegetable products
Italy	1 743 656	10	13
USA	1 084 541	1	10
Hong Kong	995 190	13	8
China	796 742	26	9
Turkey	608 379	31	2
UAE	508 413	36	2
Spain	465 903	19	3
Germany	462 332	14	5
Brazil	415 054	16	7
France	363 181	17	5
Total	7 443 391	18	58

Source: International Trade Centre (ITC), 2007 – compiled by the author

Table 4.32 shows that the total export value of the top ten exporting countries for all the products under this product category in 2005 amounted to \$7.4 billion. These ten countries together had an annual average export growth rate of 18% between 2001 and 2005 and they exported 58% of all animal, mineral, or vegetable products in 2005.

The other significant importers of animal, mineral, or vegetable products in 2005 (for all the products under this product category) were Belgium (\$341 million), Canada (\$284 million), Korea (\$232 million), Japan (\$217 million), Mexico (\$206 million), Switzerland (\$201 million), Portugal (\$166 million), India (\$140 million), Netherlands (\$139 million) and Taiwan (\$136 million).

The tenth product category that will be examined is extra categories.

4.14 Extra Categories

4.14.1 World trade estimates

Table 4.33 (Annexure B) provides an overview of the world trade estimates for all extra category products covered under this product category in 2005. (For a list of all the twenty-seven extra category products covered under this product category see the far left column of table 4.33).

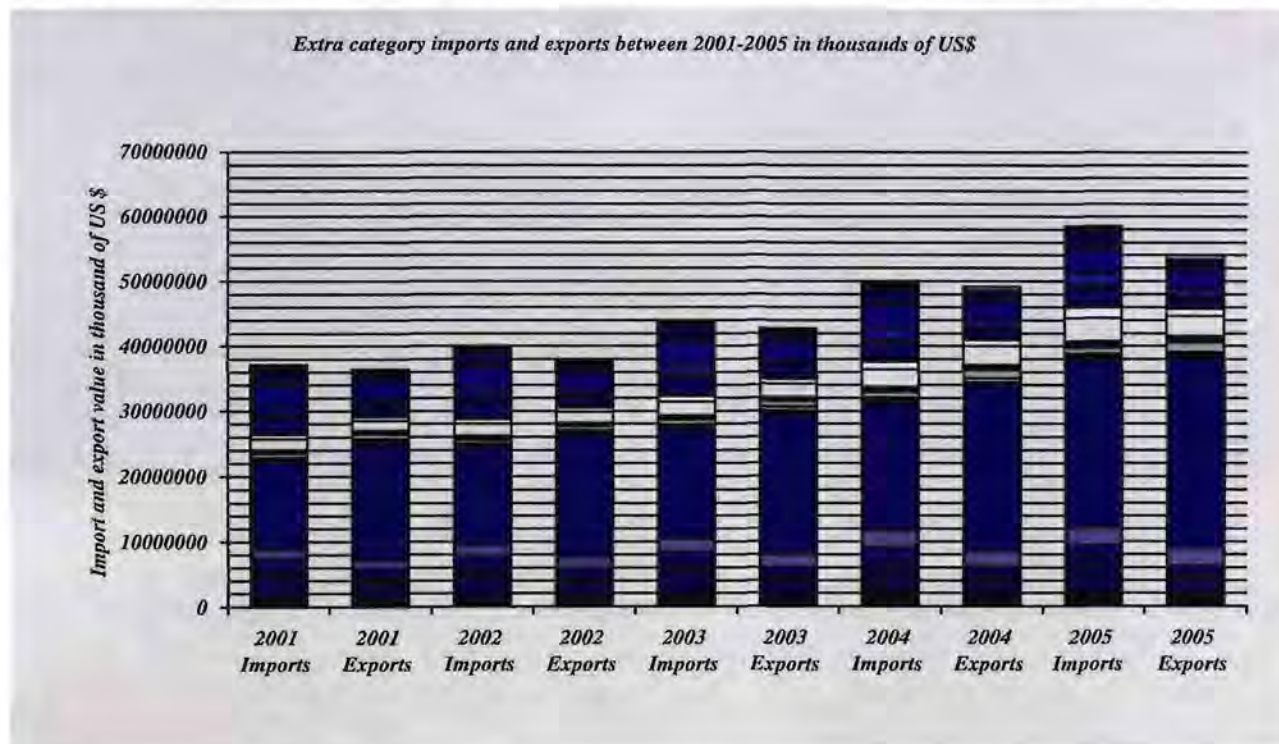
From table 4.33 (Annexure B), the following conclusions can be drawn:

- The total value of extra category products traded in 2005 amounted to \$112.4 billion (\$58.5 billion imports and \$53.9 billion exports).

- The average growth in imports between 2001 and 2005 for all extra category products was 11% while the average growth in exports between 2001 and 2005 for all extra category products was 10%.
- The top three importing countries together imported 53% of all extra category products while the top three exporting countries exported 61% of all extra category products.
- The most traded extra category import product in 2005 was jewellery and gold/silversmith wares of other precious metal whether or not plated or clad with precious metal (HS code 711319), which amounted to \$25.6 billion. The least traded extra category import product in 2005 was arms (for ceremonial or decorative purposes or as theatrical properties) side-arms (e.g. swords, cutlasses and bayonets) and parts thereof and scabbards and sheaths thereof (HS code 930700), which amounted to \$55.7 million.
- The most traded extra category export product in 2005 was jewellery and gold/silversmith wares of other precious metal whether or not plated or clad with precious metal (HS code 711319), which amounted to \$29.1 billion. The least traded extra category export product in 2005 was arms (for ceremonial or decorative purposes or as theatrical properties) side-arms (e.g. swords, cutlasses and bayonets) and parts thereof and scabbards and sheaths thereof (HS code 930700), which amounted to \$30.7 million.

Figure 4.11 will provide the world trade estimates for all extra category products covered under this product category between 2001 and 2005.

Figure 4.11 World trade estimates of all extra category products traded between 2001 and 2005



Source: International Trade Centre (ITC), 2007 – compiled by the author

Note: The different colours of each pillar represent all the different textile products. On all other figures the different HS codes and the import and export data from 2001 to 2005 for all the individual products could be seen on a table or legend underneath the graph, but since this product category have so many products the legend was left out in this figure. For more detail concerning the extra category products mentioned in figure 4.11 see table 4.39 (Annexure B).

From figure 4.11, the following conclusions can be drawn:

- All extra category import products experienced favourable import growth rates between 2001 and 2005 except for toys: garments and accessories therefore, footwear and headgear (HS code 950291). All extra category export products experienced favourable export growth rates between 2001 and 2005 except for festive carnival or other entertainment articles (including conjuring tricks and novelty jokes) articles for Christmas (HS code 950510) and toys parts and accessories n.e.s. (HS code 950299).
- The product with the highest import growth rate (35%) between 2001 and 2005 was articles of goldsmiths' or silversmiths' wares and parts thereof: of other precious metal, whether or not plated or clad with precious metal (HS code 711419). The product with the lowest import growth rate (-4%) between 2001 and 2005 was toys: garments and accessories therefore, footwear and headgear (HS code 950291).
- The product with the highest export growth rate (39%) between 2001 and 2005 was articles of goldsmiths' or silversmiths' wares and parts thereof: of other precious metal, whether or not plated or clad with precious metal (HS code 711419). The product with the lowest export growth rate (-8%) between 2001 and 2005 were toys: other parts and accessories n.e.s. (HS code 950299).

The major importers and exporters of extra categories will subsequently be discussed.

4.14.2 Major importing nations

Table 4.34 provides a summary of the top ten importing nations for all extra category products will subsequently be discussed.

Table 4.34 The top ten importing nations for all extra category products in 2005

<i>Average top ten importers of all extra category products</i>			
<i>Importers</i>	<i>Import value in 2005 in US\$ thousands for all extra category products</i>	<i>Average annual growth in import value between 2001-2005 for all extra category products</i>	<i>Average % share in world imports for all extra category products</i>
<i>USA</i>	<i>18 463 598</i>	<i>13</i>	<i>14</i>
<i>UK</i>	<i>5 030 763</i>	<i>14</i>	<i>7</i>
<i>Hong Kong</i>	<i>4 503 105</i>	<i>18</i>	<i>7</i>
<i>UAE</i>	<i>4 189 934</i>	<i>47</i>	<i>3</i>
<i>Japan</i>	<i>2 743 121</i>	<i>15</i>	<i>4</i>
<i>Germany</i>	<i>2 686 948</i>	<i>17</i>	<i>6</i>
<i>France</i>	<i>2 350 649</i>	<i>15</i>	<i>4</i>
<i>Switzerland</i>	<i>1 912 198</i>	<i>6</i>	<i>2</i>
<i>Italy</i>	<i>1 484 512</i>	<i>22</i>	<i>3</i>
<i>Canada</i>	<i>1 319 403</i>	<i>16</i>	<i>3</i>
<i>Total</i>	<i>40 494 297</i>	<i>18</i>	<i>52</i>

Source: International Trade Centre (ITC), 2007 – compiled by the author

Table 4.34 shows that the total import value of the top ten importing countries in 2005 amounted to \$40.4 billion. These ten countries together had an annual average import growth rate of 18% between 2001 and 2005 and they imported 52% of all extra category products in 2005.

The other significant importers of extra category products in 2005 (for all the products under this product category) were Singapore (\$1.2 billion), Spain (\$1 billion), Belgium (\$851 million), Australia (\$750 million), Mexico (\$695 million), Netherlands (\$613 million), Austria (\$487 million), Denmark (\$408 million), Netherlands Antilles (\$346 million) and Sweden (\$334 million).

So far this chapter has only showed the major importers of extra category products, but it will now determine the major exporters of extra category products.

4.14.3 Major exporting nations

Table 4.35 provides a summary of the top ten exporting nations for all extra category products.

Table 4.35 The top ten exporting nations for all extra category products in 2005

<i>Top ten exporters of all extra category products</i>			
<i>Exporters</i>	<i>Export value in 2005 in US\$ thousands for all extra category products</i>	<i>Average annual growth in export value between 2001-2005 for all extra category products</i>	<i>Average % share in world exports for all extra category products</i>
<i>Hong Kong</i>	<i>7 984 436</i>	<i>26</i>	<i>18</i>
<i>China</i>	<i>7 415 112</i>	<i>23</i>	<i>20</i>
<i>USA</i>	<i>5 511 313</i>	<i>5</i>	<i>11</i>
<i>Italy</i>	<i>5 215 360</i>	<i>9</i>	<i>6</i>
<i>India</i>	<i>3 841 391</i>	<i>62</i>	<i>2</i>
<i>UK</i>	<i>3 028 909</i>	<i>13</i>	<i>4</i>
<i>Switzerland</i>	<i>2 899 036</i>	<i>12</i>	<i>3</i>
<i>Germany</i>	<i>2 078 529</i>	<i>19</i>	<i>6</i>
<i>Thailand</i>	<i>1 952 950</i>	<i>24</i>	<i>2</i>
<i>France</i>	<i>1 739 330</i>	<i>10</i>	<i>3</i>
<i>Total</i>	<i>38 637 457</i>	<i>20</i>	<i>75</i>

Source: International Trade Centre (ITC), 2007 – compiled by the author

Table 4.35 shows that the total export value of the top ten exporting countries in 2005 amounted to \$38.6 billion. These ten countries together had an annual average export growth rate of 20% between 2001 and 2005 and they exported 75% of all extra category products in 2005.

The other significant exporters of extra category products in 2005 (for all the products under this product category) were Turkey (\$1.7 billion), Malaysia (\$1.1 billion), Belgium (\$973 million), Singapore (\$764 million), Mexico (\$695 million), Canada (\$634 million), Korea (\$616 million), Japan (\$578 million), Netherlands (\$518 million) and Spain (\$501 million).

The 11th and last product category that will be examined is works of art.

4.15 Works of Art

4.15.1 World trade estimates

Table 4.36 (Annexure B) provides an overview of the world trade estimates for all works of art products covered under this product category in 2005. (For a list of all eight works of art products covered under this product category see the far left column of table 4.36).

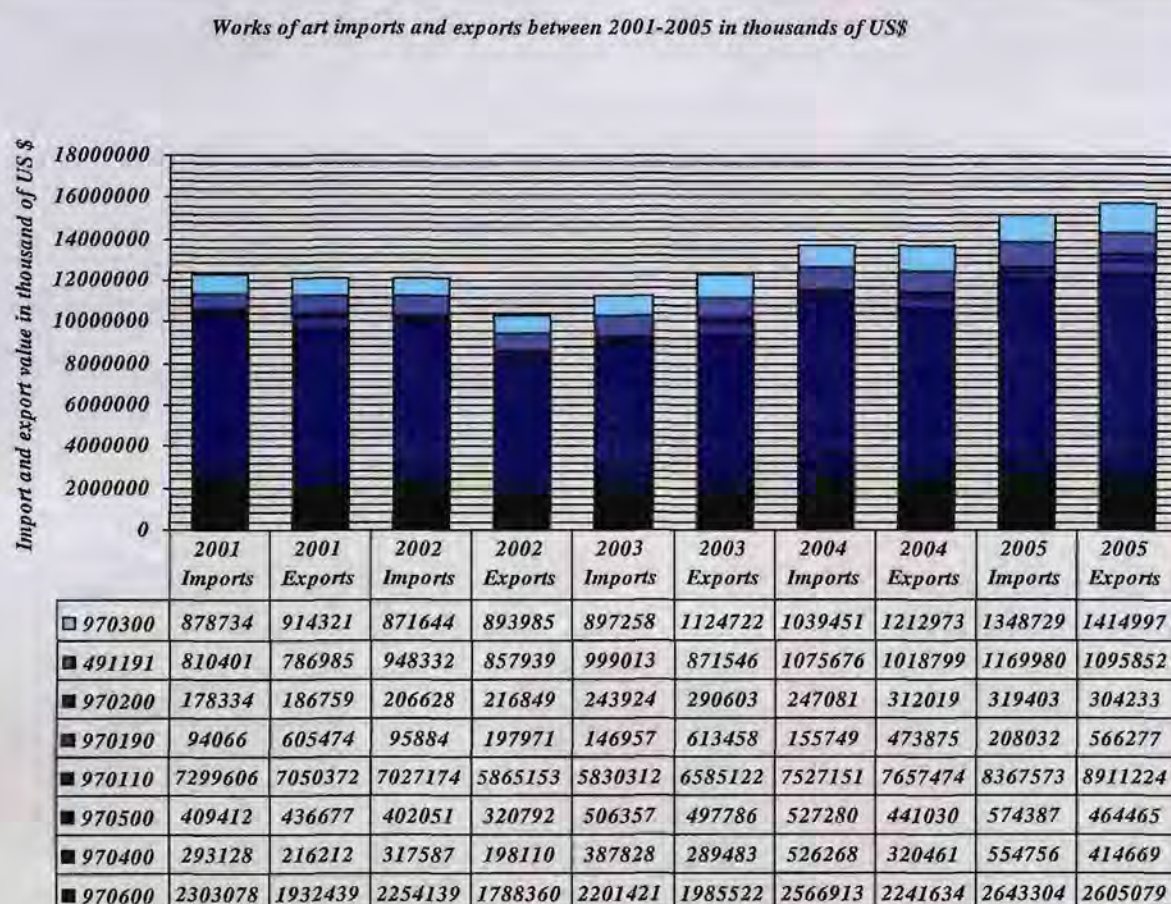
From table 4.36 (Annexure B), the following conclusions can be drawn:

- The total value of works of art products traded in 2005 amounted to \$30.8 billion (\$15.1 billion imports and \$15.7 billion exports).
- The annual average growth in import value between 2001 and 2005 for all works of art products was 12% while the annual average growth in export value between 2001 and 2005 for all works of art products was 11%.

- The top three importing countries together imported 66% of all works of art products under this product category while the top three exporting countries exported 68% of all works of art products under this product category.
- The most traded works of art import product in 2005 was paintings, drawings and pastels, executed entirely by hand, other than hand-painted or hand-decorated manufactured articles; collages and similar decorative plaques: paintings, drawings and pastels (HS code 70110), which amounted to \$8.3 billion. The least traded works of art import product in 2005 was paintings, drawings and pastels, executed entirely by hand, other than hand-painted or hand-decorated manufactured articles; collages and similar decorative plaques: other (HS code 970190), which amounted to \$208 million.
- The most traded works of art export product in 2005 was paintings, drawings and pastels, executed entirely by hand, other than hand-painted or hand-decorated manufactured articles; collages and similar decorative plaques: paintings, drawings and pastels (HS code 970110), which amounted to \$8.9 billion. The least traded works of art export product in 2005 was original engravings, prints and lithographs (HS code 970200), which amounted to \$304 million.

Figure 4.12 provides the world trade estimates for all works of art products covered under this product category between 2001 and 2005.

Figure 4.12 World trade estimates of all works of art products traded between 2001 and 2005



Source: International Trade Centre (ITC), 2007 – compiled by the author

Note: The different colours of each pillar represent all the different textile products. On all other figures the different HS codes and the import and export data from 2001 to 2005 for all the individual products could be seen on a table or legend underneath the graph, but since this product category have so many products the legend was left out in this figure. For more detail concerning the works of art products mentioned in figure 4.12 see table 4.37 (Annexure B).

From figure 4.12, the following conclusions can be drawn:

- All the products under this product category experienced favourable import and export growth rates between 2001 and 2005.
- The product with the highest import growth rate (26%) between 2001 and 2005 was paintings, drawings and pastels, executed entirely by hand, other than hand-painted or hand-decorated manufactured articles; collages and similar decorative plaques: other (HS code 970190). The product with the lowest import growth rate (3%) between 2001 and 2005 was paintings, drawings and pastels, executed entirely by hand, other than hand-painted or hand-decorated manufactured articles; collages and similar decorative plaques: paintings, drawings and pastels (HS code 970110).
- The product with the highest export growth rate (19%) between 2001 and 2005 was collector's pieces: postage and revenue, stamp-postmarks, first-day covers, postal stationary (stamped paper) and the like,

used, or if unused not of current or new issue in the country to which they are destined (HS code 970400). The product with the lowest export growth rate (5%) between 2001 and 2005 was collections and collectors' pieces of zoological, botanical, mineralogical, botanical, historical, archaeological, palaeontological, ethnographic or numismatic interest (HS code 970500).

The major importers and exporters of works of art will now be discussed.

4.15.2 Major importing nations

Table 4.37 provides a summary of the top ten importing nations for all works of art products.

Table 4.37 The top ten importing nations for all works of art products in 2005

<i>Top ten importers of all works of art products</i>			
<i>Importers</i>	<i>Import value in 2005 in US\$ thousands for all works of art products</i>	<i>Average annual growth in import value between 2001-2005 for all works of art products</i>	<i>Average % share in world imports for all works of art products</i>
USA	5 921 246	8	32
UK	3 562 847	14	21
Switzerland	1 567 388	14	7
Spain	499 802	22	7
Germany	448 458	6	4
France	422 015	24	4
Japan	350 580	11	3
Canada	329 648	9	3
Hong Kong	276 333	15	2
Netherlands	185 129	7	2
Total	15 186 164	12	85

Source: International Trade Centre (ITC), 2007 – compiled by the author

Table 4.37 shows the total import value of the top ten importing countries for all the products under this product category in 2005 amounted to \$15.1 billion. These ten countries together had an annual average import growth rate of 12% between 2001 and 2005 and they imported 85% of all works of art products in 2005.

The other significant importers of works of art in 2005 (for all the products under this product category) were Australia (\$136 million), Austria (\$133 million), Italy (\$124 million), Korea (\$114 million), Belgium (\$109 million), Iran (\$99 million), Sweden (\$70 million), Singapore (\$65 million), Portugal (\$58 million) and Russia (\$57 million).

So far this chapter has only showed the major importers of works of art products. It will subsequently determine the major exporters of works of art products.

4.15.3 Major exporting nations

Table 4.38 provides a summary of the top ten exporting nations for all works of art products.

Table 4.38 The top ten exporting nations for all works of art products in 2005

Exporters	Average top ten exporters of all works of art products		
	Export value in 2005 in US\$ thousands for all works of art products	Average annual growth in export value between 2001-2005 for all works of art products	Average % share in world exports for all works of art products
UK	5 518 774	17	29
USA	4 537 116	5	21
Switzerland	929 377	12	6
France	922 810	10	6
Germany	748 280	8	7
Canada	641 988	14	4
India	459 350	131	9
Hong Kong	229 113	7	1
Italy	216 556	17	2
Republic of Korea	185 833	18	1
Total	15 776 796	24	86

Source: International Trade Centre (ITC), 2007 – compiled by the author

Table 4.38 shows that the total export value of the top ten exporting countries for all the products under this product category in 2005 amounted to \$15.7 billion. These ten countries together had an annual average export growth rate of 24% between 2001 and 2005 and they exported 86% of all works of art products in 2005.

The other significant exporters of works of art in 2005 (for all the products under this product category) were Belgium (\$140 million), Austria (\$100 million), Netherlands (\$90 million), Bahamas (\$78 million), Spain (\$71 million), Australia (\$67 million), Japan (\$66 million), Singapore (\$66 million), Denmark (\$61 million) and Sweden (\$61 million).

4.17 Conclusion

If South Africa wants to become globally competitive, a successful marketing and market access strategy for the craft sector needs to be developed. So far, the lack of adequate market information has been one of the obstacles to the implementation of a successful marketing and market access strategy for the craft sector.

The aim of this chapter was to supply a solution to the lack of adequate market information by providing an overview and market analysis of the most traded craft products that were traded internationally between 2001 and 2005. The chapter began by explaining the problem with craft codification and suggested the workable solution by using UNESCO's classification of 'the most traded' craft products. The chapter then analysed the

world market for crafts, the different craft product categories and the different craft products within each product category.

Chapter 4 demonstrated that the international flows of the most traded craft products can be analysed. The relevance of this data is that once the international flows of crafts have been shown, the craft trade information for any individual country, like South Africa, can be extracted. The next aim of this study will be to provide an overview and market analysis of the most traded craft products that were traded by South Africa between 2001 and 2005 and to compare the South African craft trade to the international craft trade. Once this comparison has been done, South Africa's contribution to, or role within, international craft trade will be shown. The comparison and contribution will be discussed in chapter 5.

Chapter 5

Overview and market analysis of the most traded craft products by South Africa

5.1 Introduction

As stated in chapter 4, the lack of adequate craft market information as a result of the craft codification problem has been one of the obstacles to craft sector development both in the international craft arena and within the different craft sectors of individual countries. South Africa is no exception. Chapter 4 demonstrated that this problem could be reduced by calculating and analysing the worlds most traded craft products, as defined by UNESCO (1997). This data not only provides us with sufficient information concerning the world market for craft but, as this chapter will show, it will also provide us with sufficient information concerning the flow of crafts to and from a specific country such as South Africa.

Similarly to chapter 4, this chapter will begin by providing an overview and analysis of the most traded craft products that were traded by South Africa between 2001 and 2005 and it will provide the relevant trade data of the 11 different craft categories and the different craft products of each product category traded by South Africa between 2001 and 2005. Secondly, this chapter will provide and analyse the trade estimates (both imports and exports) of 2005, the import and export ranking according to the import and export values of 2005, the annual average growth in import and export values between 2001 and 2005 and the percentage share South Africa possessed for each individual product traded between 2001 and 2005. Thirdly, it will graphically demonstrate the growth in trade by South Africa for each product category and each individual craft product that was traded between 2001 and 2005. Fourthly, this chapter will compare South African craft trade to international craft trade to establish South Africa's role within or contribution to international craft trade - something that has never been achieved before. Lastly, this chapter will compare the trade data for each of the 11 different product categories that was traded by South Africa between 2001 and 2005 to the trade data for each of the 11 different product categories traded internationally between 2001 and 2005 and the chapter will end by providing a summary of these findings.

5.2 South African craft trade relative to international craft trade

Similar to the international market overview and analysis that were discussed in chapter 4, this section will provide an overview and analysis of South Africa's contribution to international craft trade (for all 11 product categories) and it will discuss South Africa's contribution to each individual craft product category. It will also establish South Africa's position within craft trade and it will compare South African craft trade to international craft trade. This has never been done before.

5.2.1 South Africa's contribution to international craft

Table 5.1 (Annexure C) provides an overview of South Africa's contribution to the world market for crafts in 2005. For a list of all 11 product categories covered, see the far left column of table 5.1.

From table 5.1 (Annexure C), the following conclusions can be drawn:

- The total value of craft products traded by South Africa in 2005 (for all 11 product categories) amounted to \$683 million (\$428 million imports and \$255 million exports). When this amount is compared to the world trade of crafts that was estimated at \$345 billion (\$178 billion imports and \$167 billion exports), (see section 4.4), it is evident that South Africa's contribution to the world trade of crafts in 2005 was 0.19%.

When one compares the value of craft products imported by South Africa in 2005 (\$428 million) to the value of craft products exported by South Africa in 2005 (\$255 million), it is evident that South Africa imported (demanded) nearly twice as much in craft products as it exported (supplied). This shows that, in 2005, there was a strong demand for craft products in South Africa.

- The annual average growth in import values between 2001 and 2005 for all the craft product categories imported by South Africa was 26% while the annual average growth in export values between 2001 and 2005 for all the craft product categories exported by South Africa was 8%. This shows that, between 2001 and 2005, South Africa's annual average growth in import value grew more than three times faster than the annual average growth in exports experienced by South Africa over the same period. The only conclusion that can be drawn from this is that there was not only a strong demand for crafts in 2005 (see the paragraph above), but there was also a strong demand for craft products in South Africa between 2001 and 2005.

If one compares the South African craft import growth rate of 26% between 2001 and 2005 to the international craft import growth rate of 11% between 2001 and 2005 (see section 4.4), it is clear that the growth rate in demand for crafts in South Africa exceeded the growth rate in demand for crafts internationally. If one compares the South African craft exports growth rate of 8% between 2001 and 2005 to the international craft export growth rate of 9% between 2001 and 2005 (see section 4.4), it is clear that the growth in South Africa's supply of crafts nearly equalled the growth of the world supply of craft.

When one uses the same example as above, and one compares the South African craft import growth rate of 26% between 2001 and 2005 to the international craft export growth rate of 9% between 2001 and 2005 (see section 4.4), it is clear that the growth in demand for crafts in South Africa exceeded the growth in supply of crafts internationally. This shows that there was a strong demand for craft products in South Africa between 2001 and 2005.

If one compares the South African craft exports growth rate of 8% between 2001 and 2005 to the international craft imports growth rate of 11% between 2001 and 2005 (see section 4.4), it is clear that the growth in supply of craft from South Africa was smaller than the growth in demand for craft internationally. This shows that there was a strong demand for craft products internationally between 2001 and 2005.

- The most traded product category imported by South Africa in 2005 was extra categories (arms, decorations, jewellery and gold/silversmith wares, musical instruments, toys), which amounted to \$70

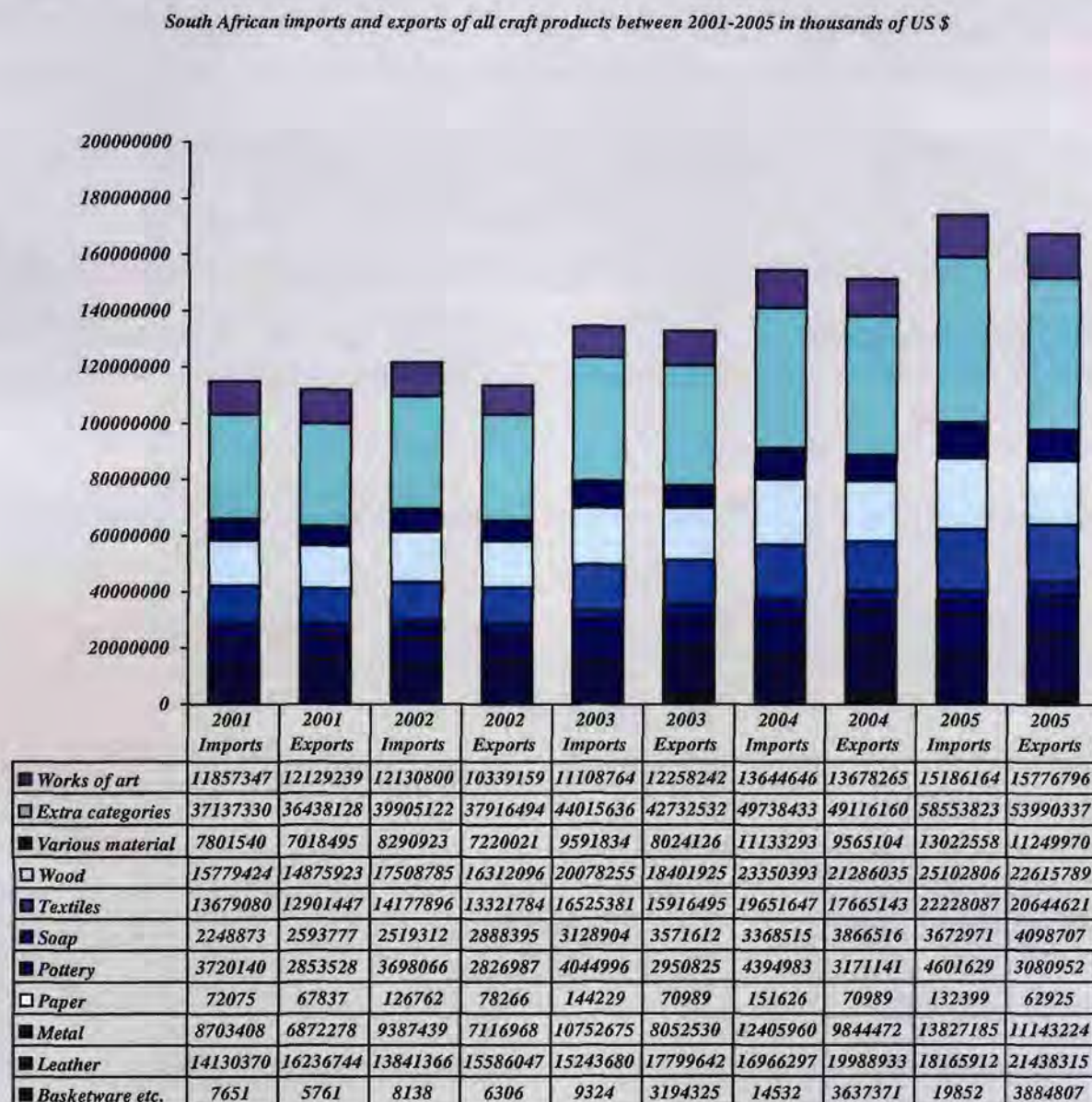
million while the least traded product category imported by South Africa in 2005, paper, amounted to zero.

- The most traded product category exported by South Africa in 2005 was also extra categories (arms, decorations, jewellery and gold/silversmith wares, musical instruments, toys), which amounted to \$94 million, while the least traded product category exported by South Africa in 2005, paper, amounted to \$105 million.

In 2005, South Africa obtained the 34th overall position for all craft product categories imported and the 47th overall position for all craft categories exported. Note that South Africa only imported 95 of the 128 craft import products and exported only 60 of the 128 craft export products. (For a complete data set, contact the author).

Figure 5.1 provides the world trade estimates for all product categories covered under this product category traded by South Africa between 2001 and 2005.

Figure 5.1 Trade estimates of all craft product categories traded by South Africa between 2001 and 2005



Source: International Trade Centre (ITC), 2007 – compiled by the author

Note: The different colours of each pillar represent the 11 different product categories and can be seen in the far left column.

From figure 5.1, the following conclusions can be drawn:

- The craft products that were traded by South Africa between 2001 and 2005 experienced a variety of fluctuating trade patterns, unlike the international craft market (see section 4.12), where the products that were traded between 2001 and 2005 showed more stable trade patterns. Some of the products experienced an overall positive import and/or export growth rate between 2001 and 2005; some of the products experienced an import and/or export growth rate followed by a decline; some of the products first experienced an import and/or export decline and then some growth; some of the products experienced

greater volatility and some products were not even imported and/or exported by South Africa between 2001 and 2005.

- The product category with the highest import growth rate between 2001 and 2005 (78%), was various animal, mineral, and vegetable material. The product category with the lowest import growth rate between 2001 and 2005 (14%) was works of art. Trade Map gave no account of South African imports for any paper or soap products traded between 2001 and 2005. Two possible reasons can be provided for this: firstly, South Africa imported no paper and soap products under this product category between 2001 and 2005 or, secondly, if South Africa did import these products, the average percentage share in the world imports for paper and soap was too small to include in world trade.
- The product category with the highest export growth rate between 2001 and 2005 (15%) was wood. The product category with the lowest export growth rate between 2001 and 2005 (-4%) was soap.

In most cases where South Africa experienced favourable import growth rates or a demand (see table 5.1 Annexure C), the international craft market could have matched the demand with favourable export growth rates or supply (see table 4.3 Annexure B). The only exception is that South Africa demonstrated an increase in the annual average growth in pottery imports between 2001 and 2005 (see table 5.1 Annexure C), while the annual average growth in pottery imports internationally showed a decline (see table 4.3 Annexure B). Thus, South Africa had a high demand for pottery between 2001 and 2005 but the world supply was low. The international paper export market (see table 4.3 Annexure B) also showed a negative annual average export growth rate between 2001 and 2005, but this had no effect on South Africa because South Africa did not import any paper products between 2001 and 2005.

In most cases where the international market for craft showed favourable import growth rates or a demand for crafts (see table 4.3 Annexure B), South Africa could have matched the demand with a favourable export growth rate or supply (see table 5.1 Annexure C). The only exceptions are where South Africa had low or negative annual average export growth rates between 2001 and 2005 (see table 5.1 Annexure C) while the international market showed an annual average growth in imports for the same products (see table 4.3 Annexure B). Thus, where the world had a high demand for some craft products (such as paper, soap and various other materials) between 2001 and 2005, South Africa's supply was low. The reasons that some South Africa exports experienced such low growth rates between 2001 and 2005 and the reasons that some of the products were not even exported by South Africa are uncertain and this leaves room for further research.

Section 5.2 above only provided an overview and analysis of South Africa's role in the world market for craft. The subsequent sections (section 5.3 – section 5.13) will provide an overview and analysis of South Africa's role in the trade of the 11 major product categories. The first product category that will be explained below is basketwork, wickerwork and vegetable fibre work.

5.3 Basketwork, wickerwork and vegetable fibre work

5.3.1 South African trade estimates

Table 5.2 provides an overview of South Africa's role in the trade of all basketwork, wickerwork and vegetable fibre work products covered under this product category in 2005. (For a list of all six the basketwork, wickerwork and vegetable fibre work products covered under this product category see the far left column of table 5.2).

From table 5.2, the following conclusions can be drawn:

- The total value of basketwork, wickerwork and vegetable fibre work products traded by South Africa in 2005 amounted to \$24.9 million (\$19.8 million imports and \$5.1 million exports). When this amount is compared to the world trade of basketwork, wickerwork and vegetable fibre work products that were estimated at \$7.6 billion (\$3.7 billion imports and \$3.8 billion exports) (see section 4.5) it is evident that South Africa's contribution to the world trade of craft in 2005 was 0.32%. When one compares the value of basketwork, wickerwork and vegetable fibre work products imported by South Africa in 2005 (\$19.8 million) to the value of basketwork, wickerwork and vegetable fibre work products exported by South Africa in 2005 (\$5.1 million), it is evident that South Africa imported (demanded) nearly four times as much basketwork, wickerwork and vegetable fibre work products as it exported (supplied). This shows that, in 2005, there was a strong demand for basketwork, wickerwork and vegetable fibre work products in South Africa.
- The annual average growth in import value between 2001 and 2005 for all basketwork, wickerwork and vegetable fibre work products imported by South Africa was 31%, while the annual average growth in export value between 2001 and 2005 for all basketwork, wickerwork and vegetable fibre work products exported by South Africa was 13%. This shows that, between 2001 and 2005, South Africa's annual average growth in import value grew more than twice as fast as the annual average growth in exports that experienced by South Africa over the same period. The only conclusion that can be drawn from this is that there was not only a strong demand for basketwork, wickerwork and vegetable fibre work products in 2005 (see the paragraph above), but there was also a strong demand for basketwork, wickerwork and vegetable fibre work products in South Africa between 2001 and 2005.

If one compares the South African basketwork, wickerwork and vegetable fibre import growth rate of 31% between 2001 and 2005 to the international basketwork, wickerwork and vegetable fibre import growth rate of 8% between 2001 and 2005 (see section 4.5), it is clear that the growth in demand for basketwork, wickerwork and vegetable fibre products in South Africa exceeded the growth in demand for basketwork, wickerwork and vegetable fibre products internationally. If one compares the South African basketwork, wickerwork and vegetable export growth rate of 13% between 2001 and 2005 to the international basketwork, wickerwork and vegetable export growth rate of 10% between 2001 and 2005 (see section 4.5), it is clear that South Africa's supply of basketwork, wickerwork and vegetable products was more than the growth in the world supply of basketwork, wickerwork and vegetable products.

When one uses the same example as above and compares the South African basketwork, wickerwork and vegetable import growth rate of 31% between 2001 and 2005 to the international basketwork, wickerwork and vegetable export growth rate of 9% between 2001 and 2005 (see section 4.5), it is clear that the growth in demand for basketwork, wickerwork and vegetable products in South Africa exceeded the growth in supply of basketwork, wickerwork and vegetable products internationally. This shows that there was a strong demand for basketwork, wickerwork and vegetable products in South Africa between 2001 and 2005.

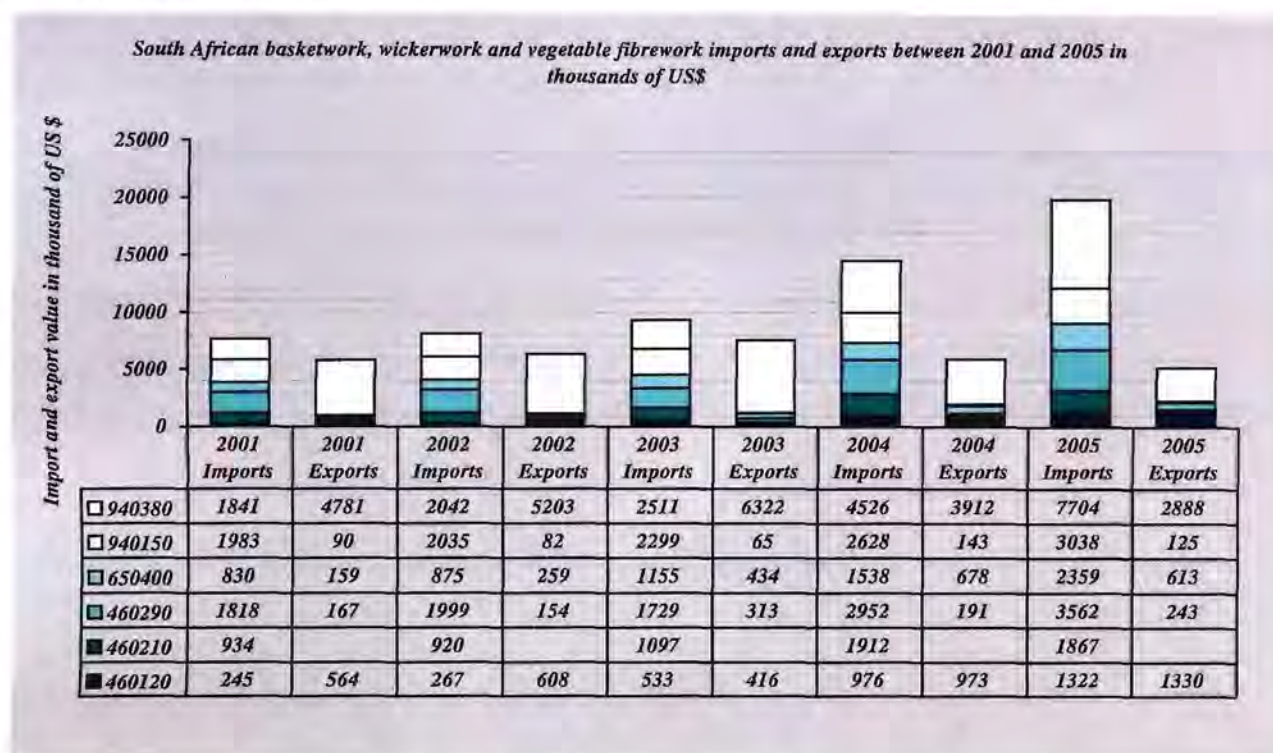
If one compares the South African basketwork, wickerwork and vegetable export growth rate of 13% between 2001 and 2005 to the international basketwork, wickerwork and vegetable import growth rate of 8% between 2001 and 2005 (see section 4.5), it is clear that the growth in supply of basketwork, wickerwork and vegetable products from South Africa exceeded the growth in demand for basketwork, wickerwork and vegetable products internationally. This shows that there was a strong demand for basketwork, wickerwork and vegetable products internationally between 2001 and 2005.

- The most traded basketwork, wickerwork and vegetable fibre work import products by South Africa in 2005 was furniture of other materials (HS code 940380), which amounted to \$7.7 million. The least traded basketwork, wickerwork and vegetable fibre works import products by South Africa in 2005 was mats, matting and screens of vegetable plaiting materials (HS code 460120), which amounted to \$1.3 million.
- The most traded basketwork, wickerwork and vegetable fibre work export products by South Africa in 2005 was furniture of other materials (including bamboo) (HS code 940380), which amounted to \$2.8 million. The least traded basketwork, wickerwork and vegetable fibre work export products by South Africa in 2005 was basket ware, wicker ware and other articles made directly to shape from plaiting materials or made up from goods of heading HS 4601, articles of loofah: of vegetable material (HS code 460210), which amounted to zero. (The reason for this is twofold: firstly, it may imply that South Africa did not export this specific product, or, secondly, if South Africa did export this particular product the value that was exported by South Africa between 2001 and 2005 was too small and therefore insignificant for Trade Map to include in the world trade data).

In 2005, South Africa obtained the 27th overall import position for all basketwork, wickerwork and vegetable fibre work products traded and the 29th overall export position for all basketwork, wickerwork and vegetable fibre work products traded. Note that South Africa imported all of the import products under this product category but only exported five of the six export products under this product category. (For a complete data set, contact the author).

Figure 5.2 provides the estimates for all basketwork, wickerwork and vegetable fibre work products that were traded by South Africa between 2001 and 2005.

Figure 5.2 Trade estimates of all basketwork, wickerwork and vegetable fibre work products traded by South Africa between 2001 and 2005



Source: International Trade Centre (ITC), 2007 – compiled by the author

Note: The different colours of each pillar represent all the different basketwork, wickerwork and vegetable fibre work products. Their different HS codes can be seen in the far left column. The open spaces in the figure above either indicate that South Africa did not contribute to the trade (import or export) of this specific product or, if South Africa contributed, the contribution to world trade was too small or insignificant for Trade Map to depict.

From figure 5.2, the following conclusions can be drawn:

- The basketwork, wickerwork and vegetable fibre work products that were traded by South Africa between 2001 and 2005 experienced a variety of fluctuating trade patterns, unlike the international basketwork, wickerwork and vegetable fibre work market (see section 4.12), where the products that were traded between 2001 and 2005 showed more stable trade patterns. Some of the products experienced an overall positive import and/or export growth rate between 2001 and 2005, some of the products experienced an import and/or export growth rate and then a decline, some of the products first experienced an import and/or export decline and then some growth, some of the products experienced greater volatility and some products were not even imported and/or exported by South Africa between 2001 and 2005 (see the open spaces in the figure above).
- The product with the highest import growth rate between 2001 and 2005 (59%) was mats, matting and screens of vegetable plaiting materials (HS code 60120). The product with the lowest import growth rate between 2001 and 2005 (12%) was seats of cane, osier, bamboo, or similar materials (HS code 940150).
- The product with the highest export growth rate between 2001 and 2005 (44%) was hats and other headgear, plaited or made by assembling strips of any material whether or not lined or trimmed (HS code

650400). The product with the lowest export growth rate between 2001 and 2005 (-12%) was furniture of other materials (including bamboo) (HS code 940380).

- The reasons why South Africa did not trade some of the products in the figure above, or the reason why the South African trade patterns fluctuated so much is uncertain and this leaves room for further research.

The second product category that will be examined is leather.

5.4 Leather

5.4.1 South African trade estimates

Table 5.3 provides an overview of South Africa's role in the trade of all leather products covered under this product category in 2005. (For a list of all the 11 leather products covered under this product category see the far left column of table 5.3).

From table 5.3, the following conclusions can be drawn:

- The total value of leather products traded by South Africa in 2005 amounted to \$68.3 million (\$49.9 million imports and \$18.4 million exports). When this value is compared to the world trade of leather that was estimated at \$39.5 billion (\$18.1 billion imports and \$21.4 billion exports) (see chapter 4), it is evident that South Africa's contribution to the world trade of craft in 2005 was 0.17%. When one compares the value of leather products imported by South Africa (\$49.9 million) to the value of leather products exported by South Africa (\$18.4 million), it is evident that South Africa imported (demanded) more than twice as much leather products as it exported (supplied). This shows that, in 2005, there was a strong demand for leather products in South Africa.
- The annual average growth in import value between 2001 and 2005 for all leather products imported by South Africa was 20%, while the annual average growth in export value between 2001 and 2005 for all leather products exported by South Africa was 11%. This shows that, between 2001 and 2005, South Africa's annual average growth in import value grew nearly twice as fast as the annual average growth in exports that South Africa experienced over the same period. The only conclusion that can be drawn from this is that there was not only a strong demand for leather products in 2005 (see the paragraph above), but there was also a strong demand for leather products in South Africa between 2001 and 2005.

If one compares the South African leather import growth rate of 20% between 2001 and 2005 to the international leather import growth rate of 11% between 2001 and 2005 (see section 4.6 chapter 4), it is clear that the growth in demand for leather products in South Africa exceeded the growth in demand for leather products internationally. If one compares the South African leather export growth rate of 11% between 2001 and 2005 to the international leather export growth rate of 11% between 2001 and 2005 (see section 4.6), it is clear that the growth in South Africa's supply of leather equalled the growth in the world supply of leather.

When one uses the same example as above, and one compares the South African leather import growth rate of 31% between 2001 and 2005 to the international leather export growth rate of 11% between 2001

and 2005 (see section 4.6), it is clear that the growth in demand for leather products by South Africa exceeded the growth in supply of leather products internationally. This shows that there was a strong demand for leather products in South Africa between 2001 and 2005.

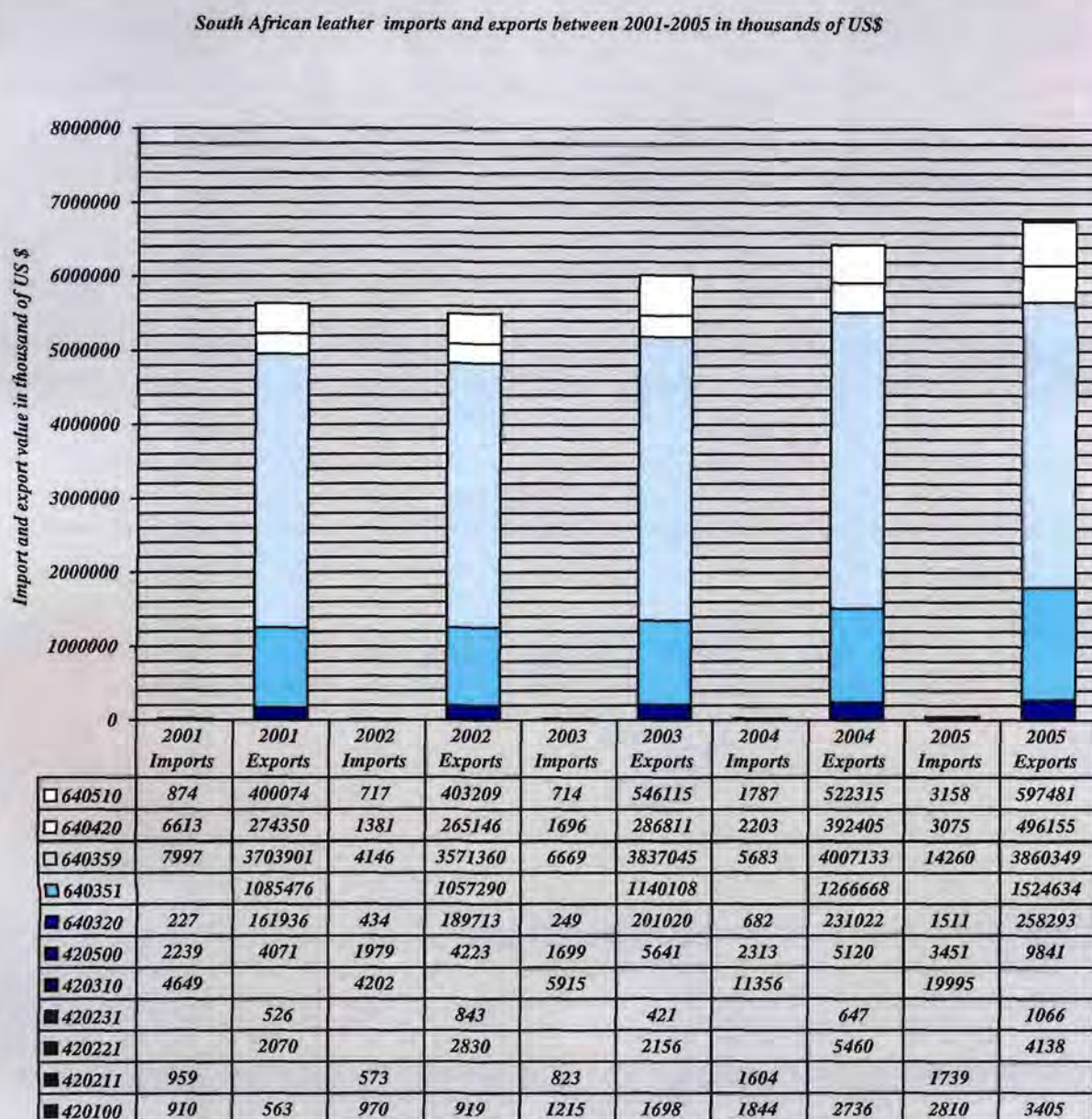
If one compares the South African leather export growth rate of 11% between 2001 and 2005 to the international leather import growth rate of 11% between 2001 and 2005 (see section 4.6), it is clear that the growth in supply for leather products in South Africa equalled the growth in demand for leather products internationally. This shows that there was a strong demand for leather products internationally between 2001 and 2005.

- The most traded leather import product by South Africa in 2005 was articles of apparel of leather or of composition leather (HS code 420310), which amounted to \$19.9 million. The least traded leather import product by South Africa in 2005 was footwear with outer soles of leather and uppers, which comprise leather straps across the instep and around the big toe (e.g.: kolhapuri chappals, sandals) (HS code 640320), which amounted to \$1.5 million.
- The most traded leather export product by South Africa in 2005 was other articles of leather or of composition leather n.e.s. (HS code 420500), which amounted to \$9.8 million. The least traded leather export product by South Africa in 2005 was articles carried in pocket or handbag, with outer surface of leather (HS code 420231), which amounted to \$1 million.

In 2005, South Africa obtained the 35th overall import position for all leather products traded and the 48th overall export position for all leather products traded. Note that South Africa only imported 8 of the 11 products under this product category and only exported 4 of the 11 export products under this product category. (For a complete data set, contact the author).

Figure 5.3 will provide the world trade estimates for all leather products covered under this product category traded by South Africa between 2001 and 2005.

Figure 5.3 Trade estimates of all leather products traded by South Africa between 2001 and 2005



Source: International Trade Centre (ITC), 2007 – compiled by the author

Note: The different colours of each pillar represent all the different leather products. Their different HS codes can be seen in the far left column. The open spaces in the figure above either indicate that South Africa did not contribute to the trade (import or export) of this specific product or, if South Africa contributed, the contribution to world trade was too small or insignificant for Trade Map to depict.

From figure 5.3, the following conclusions can be drawn:

- The leather products that were traded by South Africa between 2001 and 2005 experienced a variety of fluctuating trade patterns, unlike the international leather market (see section 4.12), where the products that were traded between 2001 and 2005 showed more stable trade patterns. Some of the products experienced an overall positive import and/or export growth rate between 2001 and 2005; some of the products experienced an import and/or export growth rate and then a decline; some of the products first

experienced an import and/or export decline and then some growth; some of the products experienced greater volatility and some products were not even imported and/or exported by South Africa between 2001 and 2005 (see the open spaces in the figure above).

- The product with the highest import growth rate between 2001 and 2005 (53%) was footwear with outer soles of leather and uppers, which comprise leather straps across the instep and around the big toe (e.g.: kolhapuri chappals, sandals) (HS code 640320). The product with the lowest import growth rate between 2001 and 2005 (-10%) was footwear with outer soles of leather and uppers of textile materials (HS code 640420)
- The product with the highest export growth rate between 2001 and 2005 (60%) was saddlery and harnesses for any animal (including traces, leads, knee-pads, muzzles, saddlecloths, saddlebags, dog coats and the like), of any material (HS code 420100). The product with the lowest export growth rate between 2001 and 2005 (12%) was articles carried in pocket or handbag, with outer surface of leather (HS code 420231).
- The reasons why South Africa did not trade some of the products in the figure above, or the reason why the South African trade patterns fluctuated so much is uncertain and this leaves room for further research.

The third product category that will be examined is metal.

5.5 Metal

5.5.1 South African trade estimates

Table 5.4 provides an overview of South Africa's role in the trade of all metal products covered under this product category in 2005. (For a list of all the eight metal products covered under this product category see the far left column of table 5.4).

From table 5.4, the following conclusions can be drawn:

- The total value of metal products traded by South Africa in 2005 amounted to \$72.1 million (\$57.9 million imports and \$14.2 million exports). When this value is compared to the world trade of metal that was estimated at \$345 billion (\$178 billion imports and \$167 billion exports), (see chapter 4), it is evident that South Africa's contribution to the world trade of metal in 2005 was 0.28%. When one compares the value of metal products imported by South Africa in 2005 (\$57.9 million) to the value of metal products exported by South Africa in 2005 (\$14.2 million), it is evident that South Africa imported (demanded) nearly four times the value of metal products that it exported (supplied). This shows that, in 2005, there was a strong demand for metal products in South Africa.
- The annual average growth in import value between 2001 and 2005 for all metal products imported by South Africa was 31% while the annual average growth in export value between 2001 and 2005 for all metal products exported by South Africa was 11%. This shows that, between 2001 and 2005, South Africa's annual average growth in import value grew nearly two and a half times faster than the annual average growth in exports that South Africa experienced over the same period. The only conclusion that

can be drawn from this is that there was not only a strong demand for metal in 2005 (see the paragraph above), but there was also a strong demand for metal products in South Africa between 2001 and 2005.

- If one compares the South African metal import growth rate of 31% between 2001 and 2005 to the international metal import growth rate of 10% between 2001 and 2005 (see section 4.7), it is clear that the growth in demand for metal products in South Africa exceeded the growth in demand for metal products internationally. If one compares the South African metal export growth rate of 11% between 2001 and 2005 to the international metal export growth rate of 13% between 2001 and 2005 (see section 4.7), it is clear that the growth in supply of metal products from South Africa was smaller than the growth in supply of metal products internationally.

When one uses the same example as above and one compares the South African metal import growth rate of 31% between 2001 and 2005 to the international metal export growth rate of 13% between 2001 and 2005 (see section 4.7), it is clear that the growth in demand for metal products by South Africa exceeded the supply of metal products internationally. This shows that there was a strong demand for metal products in South Africa between 2001 and 2005.

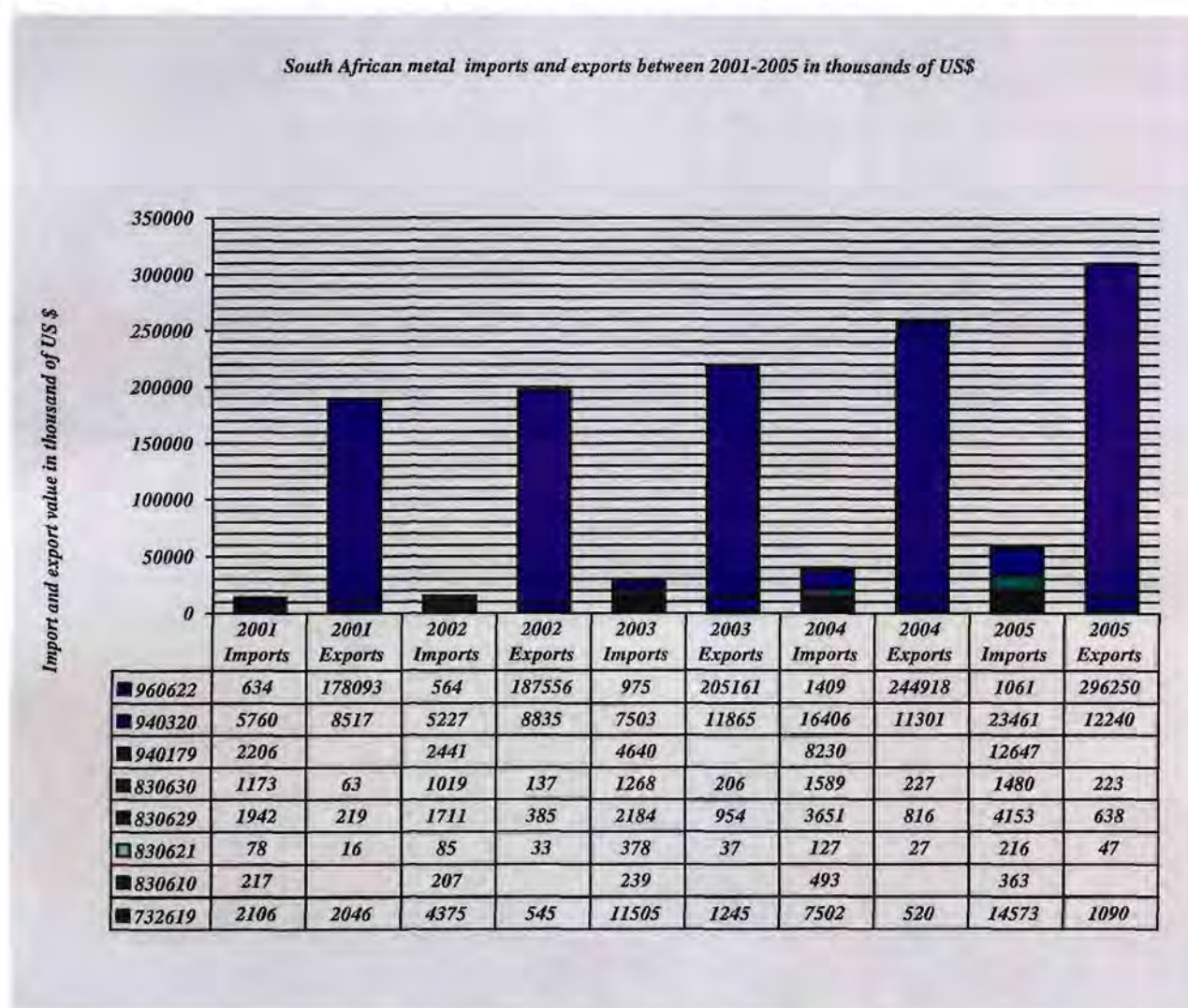
When one uses the same example as above and one compares the South African metal export growth rate of 11% between 2001 and 2005 to the international metal import growth rate of 10% between 2001 and 2005 (see section 4.7), it is clear that the growth in supply of metal products from South Africa nearly equalled the growth in demand for metal products internationally. This shows that there was a strong demand for metal products internationally between 2001 and 2005.

- The most traded metal import product by South Africa in 2005 was furniture of other materials (HS code 940380), which amounted to \$23.4 million. The least traded metal import product in 2005 was statuettes and other ornaments plated with precious metal (HS code 830621), which amounted to \$216 thousand.
- The most traded metal export product by South Africa in 2005 was furniture of other materials (including bamboo) (HS code 940380), which amounted to \$12.2 million. The least traded metal export product in 2005 was statuettes and other ornaments plated with precious metal (HS code 830621), which amounted to \$47 thousand.

In 2005, South Africa obtained the 29th overall import position for all metal products traded and the 41st overall export position for all metal products traded. Note that South Africa only imported seven of the eight import products under this product category and exported only five of the eight export products under this product category. (For a complete data set, contact the author).

Figure 5.4 will provides the world trade estimates for all metal products covered under this product category traded by South Africa between 2001 and 2005.

Figure 5.4 Trade estimates of all metal products traded by South Africa between 2001 and 2005



Source: International Trade Centre (ITC), 2007 – compiled by the author

Note: The different colours of each pillar represent all the different metal products. Their different HS codes can be seen in the far left column. The open spaces in the figure above either indicate that South Africa did not contribute to the trade (import or export) of this specific product or, if South Africa contributed, the contribution to world trade was too small or insignificant for Trade Map to depict.

From figure 5.4, the following conclusions can be drawn:

- The metal products that were traded by South Africa between 2001 and 2005 experienced a variety of fluctuating trade patterns, unlike the international metal market (see section 4.12), where the products that were traded between 2001 and 2005 showed more stable trade patterns. Some of the products experienced an overall positive import and/or export growth rate between 2001 and 2005; some of the products experienced an import and/or export growth rate and then a decline; some of the products first experienced an import and/or export decline and then some growth; some of the products experienced greater volatility and some products were not even imported and/or exported by South Africa between 2001 and 2005 (see the open spaces on the figure above).
- The product with the highest import growth rate between 2001 and 2005 (60%) was seats with metal frames, n.e.s., other than those of heading No 94.02 (HS code 940179). The product with the lowest

import growth rate between 2001 and 2005 (10%) was photograph, picture or similar frames and mirrors of base metal (HS codes 830630).

- The product with the highest export growth rate between 2001 and 2005 (35%) was photograph, picture or similar frames and mirrors of base metal (HS codes 830630). The product with the lowest export growth rate between 2001 and 2005 (-12%) was articles of iron or steel, forged or stamped, but not further worked, n.e.s. (HS code 732619).
- The reasons why South Africa did not trade some of the products in the figure above, or the reason why the South African trade patterns fluctuated so much is uncertain and this leaves room for further research.

The fourth product category that will be examined is paper.

5.6 Paper

5.6.1 South African trade estimates

Table 5.5 provides an overview of South Africa's role in the trade of all paper products covered under this product category in 2005. (For a list of the one paper product covered under this product category see the far left column of table 5.5).

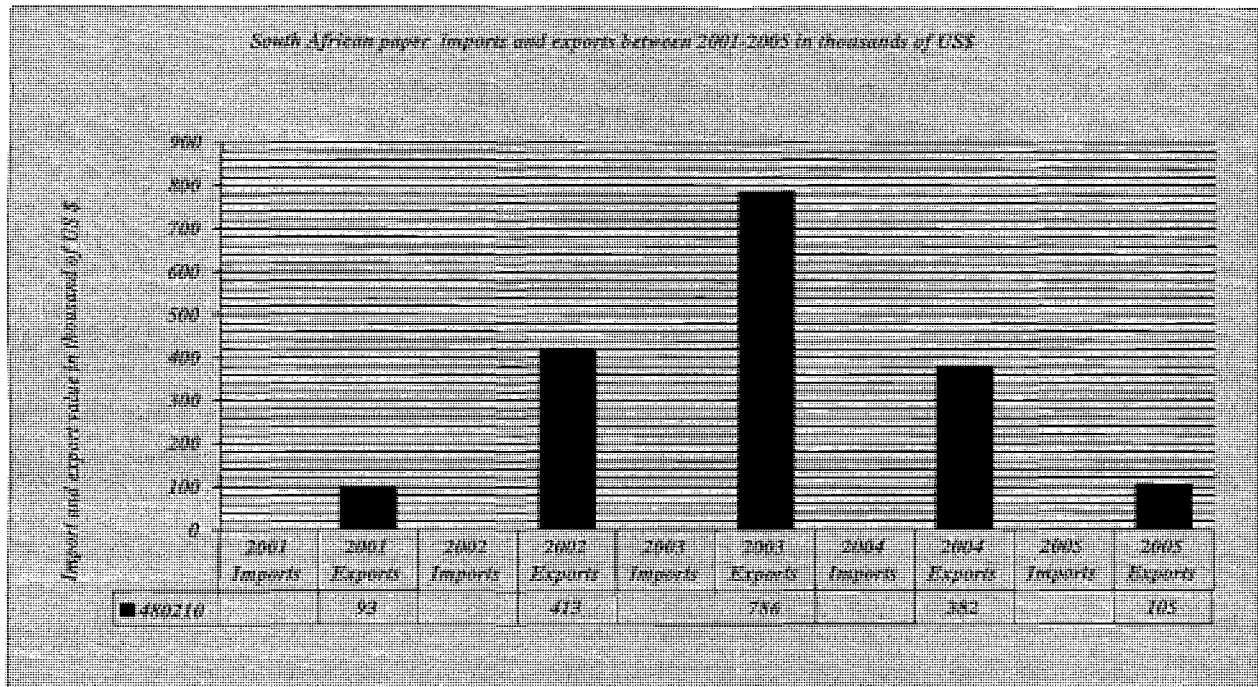
From table 5.5, the following conclusions can be drawn:

- The total value of paper products traded by South Africa in 2005 amounted to \$105 thousand (this includes only \$105 thousand exports). Trade Map gave no account of any handmade paper imports traded by South Africa between 2001 and 2005. Two reasons can be given for this: firstly, it may imply that South Africa did not import this specific product or, secondly, if South Africa did import this particular product the value that was imported by South Africa was too small and therefore insignificant for Trade Map to include in the world trade data. Thus it would be irrelevant to compare the value of paper products imported by South Africa to the value of paper products exported by South Africa or to compare the world trade of paper to that of South Africa. It would also be irrelevant to establish South Africa's contribution to the world trade of paper in 2005. (The reason that South Africa imported no handmade paper is unclear and this leaves room for further research).
- The annual average growth in export value between 2001 and 2005 for all handmade paper exported by South Africa was 2%.
- There was no handmade paper and paperboard (HS codes 480210) imports by South Africa between 2001 and 2005, so the most traded and least traded import product cannot be established.
- Since there is only one export product under this product category, handmade paper and paperboard (HS code 480210), it is irrelevant to determine the most traded and least traded export product.

In 2005, South Africa obtained the 33rd overall export position for handmade paper traded. (For a complete data set, contact the author).

Figure 5.5 will provide the world trade estimates for all paper products covered under this product category traded by South Africa between 2001 and 2005.

Figure 5.5 Trade estimates of paper products traded by South Africa between 2001 and 2005



Source: International Trade Centre (ITC), 2007 – compiled by the author

Note: The different colours of each pillar represent all the different paper products. Their different HS codes can be seen in the far left column. The open spaces in the figure above either indicate that South Africa did not contribute to the trade (import or export) of this specific product or, if South Africa contributed, the contribution to world trade was too small or insignificant for Trade Map to depict.

From figure 5.5, the following conclusions can be drawn:

- As stated above, South Africa, according to Trade Map, imported no handmade paper and paperboard (HS code 480210) products between 2001 and 2005. South Africa did, however, export handmade paper and paperboard (HS code 480210) and this product experienced fluctuating export growth rates patterns between 2001 and 2005. From figure 5.5, one can see that South Africa exported \$93 thousand handmade paper and paperboard products in 2001; this escalated to \$786 thousand in 2003 and after 2003 again decreased to \$105 thousand in 2005.
- Since there is no account of South African handmade paper and paperboard (HS code 480210) imports, it is irrelevant to determine the product with the highest import and the lowest import growth rate.
- Since there is only one export product under this product category, handmade paper and paperboard (HS code 480210), it is irrelevant to determine the product with the highest export and the lowest export growth rate.
- The reasons why South Africa did not trade some of the products in the figure above, or the reason why the South African trade patterns fluctuated so much is uncertain and this leaves room for further research.

The fifth product category that will be examined is pottery.

5.7 Pottery

5.7.1 South African trade estimates

Table 5.6 provides an overview of South Africa's role in the trade of all pottery products covered under this product category in 2005. (For a list of all three pottery products covered under this product category see the far left column of table 5.6).

From table 5.6, the following conclusions can be drawn:

- The total value of pottery products traded by South Africa in 2005 amounted to \$22 million (\$20.4 million imports and \$1.6 million exports). When this value is compared to the world trade of pottery that was estimated at \$7.6 billion (\$4.6 billion imports and \$167 billion exports), (see section 4.9, chapter 4), it is evident that South Africa's contribution to the world trade of pottery in 2005 was 0.28%.

When one compares the value of pottery products imported by South Africa (\$20.4 million) to the value of pottery products exported by South Africa (\$1.5 million), it is evident that South Africa imported (demanded) more than twelve times the value of pottery products that it exported (supplied). This shows that, in 2005, there was a strong demand for pottery products in South Africa.

- The annual average growth in import value between 2001 and 2005 for all pottery imported by South Africa was 15%, while the annual average growth in export value between 2001 and 2005 for all pottery exported by South Africa was 6%. This shows that, between 2001 and 2005, South Africa's annual average growth in import value grew more than twice as fast as the annual average growth in exports that South Africa experienced over the same period. The only conclusion that can be drawn from this is that there was not only a strong demand for pottery in 2005 (see the paragraph above), but there was also a strong demand for pottery products in South Africa between 2001 and 2005.

If one compares the South African pottery import growth rate of 15% between 2001 and 2005 to the international pottery import growth rate of 5% between 2001 and 2005 (see section 4.9), it is clear that the growth in demand for pottery in South Africa exceeded the growth in demand for pottery internationally.

If one compares the South African pottery exports growth rate of 6% between 2001 and 2005 to the international pottery export growth rate of 2% between 2001 and 2005 (see section 4.9), it is clear that the growth in South Africa's supply of pottery exceeded the growth of the world supply of pottery.

When one uses the same example as above and one compares the South African pottery import growth rate of 15% between 2001 and 2005 to the international pottery export growth rate of 2% between 2001 and 2005 (see section 4.9), it is clear that the growth in demand for pottery in South Africa exceeded the growth in supply of pottery internationally. This shows that there was a strong demand for pottery products in South Africa between 2001 and 2005 (as can be seen, in table 4.3 the international pottery export growth rate was only 2% between 2001 and 2005). This was much lower than the average export growth of all craft products that were traded internationally. The reason for this is uncertain and this leaves room for further research.

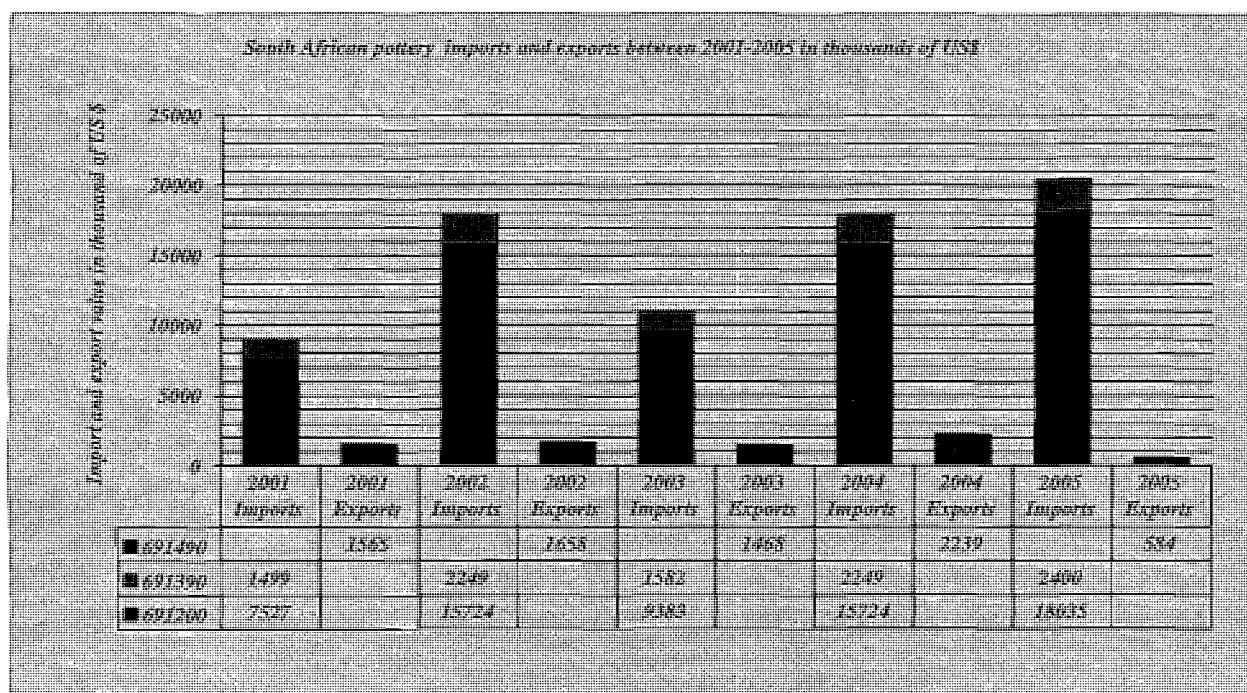
If one compares the South African pottery exports growth rate of 6% between 2001 and 2005 to the international pottery import growth rate of 5% between 2001 and 2005 (see section 4.9), it is clear that the growth in supply of pottery from South Africa almost equalled the growth in demand for pottery internationally. This shows that there was a strong demand for pottery products internationally between 2001 and 2005.

- The most traded pottery import product by South Africa in 2005 was ceramic tableware, kitchenware, other household articles and toilet articles (other than porcelain or china) (HS code 691200), which amounted to \$18 million. The least traded pottery import product in 2005 was statuettes and other ornamental ceramic articles (other than porcelain or china) (HS code 691390), which amounted to \$2.4 million.
- Since there is only one export product under this product category, other articles of ceramics (HS code 691490), it is irrelevant to determine the most traded and least traded export product.
- The reasons why South Africa did not trade some of the products in the figure above, or the reason why the South African trade patterns fluctuated so much is uncertain and this leaves room for further research.

In 2005, South Africa obtained the 29th overall position for all pottery products imported and the 53rd overall position for all pottery products exported. Note that South Africa only imported two of the three import products under this product category and exported only one of the three export products under this product category. (For a complete data set, contact the author).

Figure 5.6 will provide the world trade estimates for all pottery products covered under this product category traded by South Africa between 2001 and 2005.

Figure 5.6 Trade estimates of all pottery products traded by South Africa between 2001 and 2005



Source: International Trade Centre (ITC), 2007 – compiled by the author

Note: The different colours of each pillar represent all the different pottery products. Their different HS codes can be seen in the far left column. The open spaces in the figure above either indicate that South Africa did not contribute to the trade (import or export) of this specific product or, if South Africa contributed, the contribution to world trade was too small or insignificant for Trade Map to depict.

From figure 5.6, the following conclusions can be drawn:

- The pottery products that were traded by South Africa between 2001 and 2005 experienced a variety of fluctuating trade patterns, unlike the international pottery market (see section 4.12), where the products that were traded between 2001 and 2005 showed more stable trade patterns. Some of the products experienced an overall positive import and/or export growth rate between 2001 and 2005; some of the products experienced an import and/or export growth rate and then a decline; some of the products first experienced an import and/or export decline and then some growth; some of the products experienced greater volatility and some products were not even imported and/or exported by South Africa between 2001 and 2005 (see the open spaces on the figure above).
- The product with the highest import growth rate between 2001 and 2005 (30%), was ceramic tableware, kitchenware, other household articles and toilet articles (other than porcelain or china), (HS code 691200). The product with the lowest import growth rate between 2001 and 2005 (16%) was statuettes and other ornamental ceramic articles (other than porcelain or china) (HS code 691390).
- Since there is only one export product under this product category, other articles of ceramics (HS code 691490), it is irrelevant to determine the product with the highest export and the lowest export growth rate.
- The reasons why South Africa did not trade some of the products in the figure above, or the reason why the South African trade patterns fluctuated so much is uncertain and this leaves room for further research.

The sixth product category that will be examined is soap.

5.8 Soap

5.8.1 South Africa trade estimates

Table 5.7 provides an overview of South Africa's role in the trade of all soap products covered under this product category in 2005. (For a list of all three soap products covered under this product category see the far left column of table 5.7).

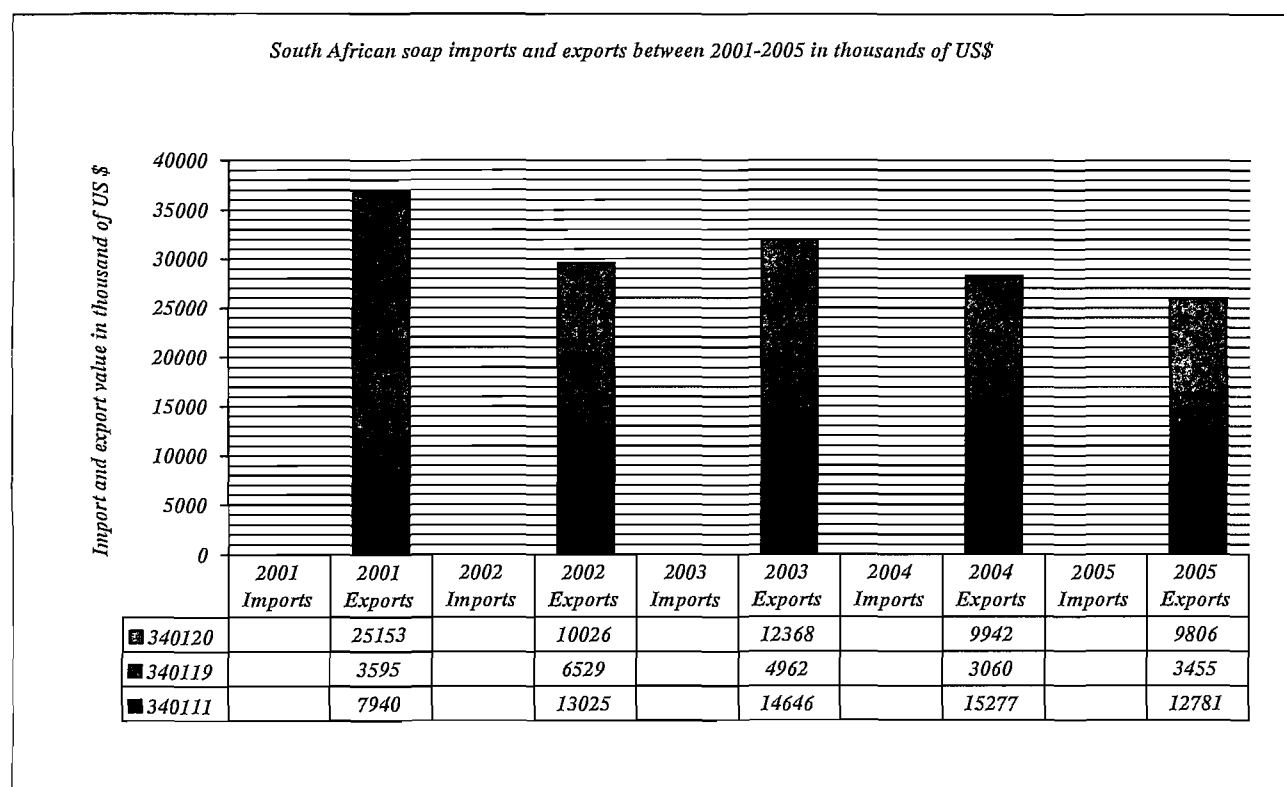
From table 5.7, the following conclusions can be drawn:

- The total value of soap products traded by South Africa in 2005 amounted to \$26 million (this includes only \$26 million exports). Trade Map gave no account of any soap imports traded by South Africa between 2001 and 2005. Two reasons can be given for this: firstly, it may imply that South Africa did not import this specific product or, secondly, if South Africa did import this particular product the value that was imported by South Africa was too small and therefore insignificant for Trade Map to include in the world trade data. Thus it would be irrelevant to compare the value of soap products imported by South Africa to the value of soap products exported by South Africa or to compare the world trade of soap to that of South Africa. It would also be irrelevant to establish South Africa's contribution to the world trade of soap in 2005. The reason that South Africa imported none of the soap products under this product category is unclear and this leaves room for further research.
- The annual average growth in export value between 2001 and 2005 for all soap products exported by South Africa was -4%.
- There were no soap imports by South Africa between 2001 and 2005, so the most traded and least traded import products cannot be established.
- The most traded soap export product by South Africa in 2005 was soap and organic surface-active products and preparations for use as soap, in the form of bars, cakes, melded pieces or shapes, whether or not containing soap; paper, wadding, felt and non-woven, impregnated, coated or covered with soap or detergent. For toilet use (including medicated products) (HS code 340111), which amounted to \$12.7 million. The least traded soap export product in 2005 was other soap products (HS code 340119), which amounted to \$3.4 million.

In 2005, South Africa obtained the 29th overall export position for all soap products traded. Note that South Africa exported all three export products under this product category. (For a complete data set, contact the author).

Figure 5.7 will provide the world trade estimates for all soap products covered under this product category traded by South Africa between 2001 and 2005.

Figure 5.7 Trade estimates of all soap products traded by South Africa between 2001 and 2005



Source: International Trade Centre (ITC), 2007 – compiled by the author

Note: The different colours of each pillar represent all the different soap products. Their different HS codes can be seen in the far left column. The open spaces in the figure above either indicate that South Africa did not contribute to the trade (import or export) of this specific product or, if South Africa contributed, the contribution to world trade was too small or insignificant for Trade Map to depict.

From figure 5.7, the following conclusions can be drawn:

- The soap products that were traded by South Africa between 2001 and 2005 experienced a variety of fluctuating trade patterns, unlike the international soap market (see section 4.12), where the products that were traded between 2001 and 2005 showed more stable trade patterns. Some of the products experienced an overall import and/or export growth rate between 2001 and 2005; some of the products experienced an import and/or export growth rate and then a decline; some of the products first experienced an import and/or export decline and then some growth; some of the products experienced greater volatility and some products were not even imported and/or exported by South Africa between 2001 and 2005 (see the open spaces on the figure above).
- Since there is no account of South African soap imports, it is irrelevant to determine the products with the highest import and the lowest import growth rate.
- The product with the highest export growth rate between 2001 and 2005 (12%) was soap and organic surface-active products and preparations for use as soap, in the form of bars, cakes, melded pieces or shapes, whether or not containing soap; paper, wadding, felt and non-woven, impregnated, coated or covered with soap or detergent for toilet use (including medicated products) (HS code 340111). The product with the lowest export growth rate between 2001 and 2005 (-17%) was soap in other forms (HS code 340120).

- The reasons why South Africa did not trade some of the products in the figure above, or the reason why the South African trade patterns fluctuated so much is uncertain and this leaves room for further research.

The seventh product category that will be examined is textiles.

5.9 Textiles

5.9.1 World trade estimates

Table 5.8 provides an overview of South Africa's role in the trade of all textile products covered under this product category in 2005. (For a list of all the thirty-seven textile products covered under this product category see the far left column of table 5.8).

From table 5.8, the following conclusions can be drawn:

- The total value of textile products traded by South Africa in 2005 amounted to \$77.4 million (\$64.8 million imports and \$12.8 million exports). When this value is compared to the world trade of crafts that was estimated at \$42.8 billion (\$22.2 billion imports and \$20.6 billion exports), (see section 4.11), it is evident that South Africa's contribution to the world trade of textile in 2005 was 0.18%. When one compares the value of textile products imported by South Africa (\$64.8 million) to the value of textile products exported by South Africa (\$12.8 million), it is evident that South Africa imported (demanded) nearly five times the value of textile products that it exported (supplied). This shows that, in 2005, there was a strong demand for textile products in South Africa.
- The annual average growth in import value between 2001 and 2005 for all textile products imported by South Africa was 38%, while the annual average growth in export value between 2001 and 2005 for all textile products exported by South Africa was 13%. This shows that, between 2001 and 2005, South Africa's annual average growth in import value grew more than twice as fast as the annual average growth in exports experienced by South Africa over the same period. The only conclusion that can be drawn from this is that there was not only a strong demand for textile products in 2005 (see the paragraph above), but there was also a strong demand for textile products in South Africa between 2001 and 2005.

If one compares the South African textile import growth rate of 38% between 2001 and 2005 to the international textile import growth rate of 10% between 2001 and 2005 (see section 4.11), it is clear that the growth in demand for textile products in South Africa exceeded the growth in demand for textile products internationally. If one compares the South African textile export growth rate of 13% between 2001 and 2005 to the international textile export growth rate of 10% between 2001 and 2005 (see section 4.11), it is clear that South Africa's supply of textile products was more than the growth in the world supply of textile products.

When one uses the same example as above and one compares the South African textile import growth rate of 38% between 2001 and 2005 to the international textile export growth rate of 13% between 2001 and 2005 (see section 4.11), it is clear that the growth in demand for textile products in South Africa exceeded

the growth in supply of textile products internationally. This shows that there was a strong demand for textile products in South Africa between 2001 and 2005.

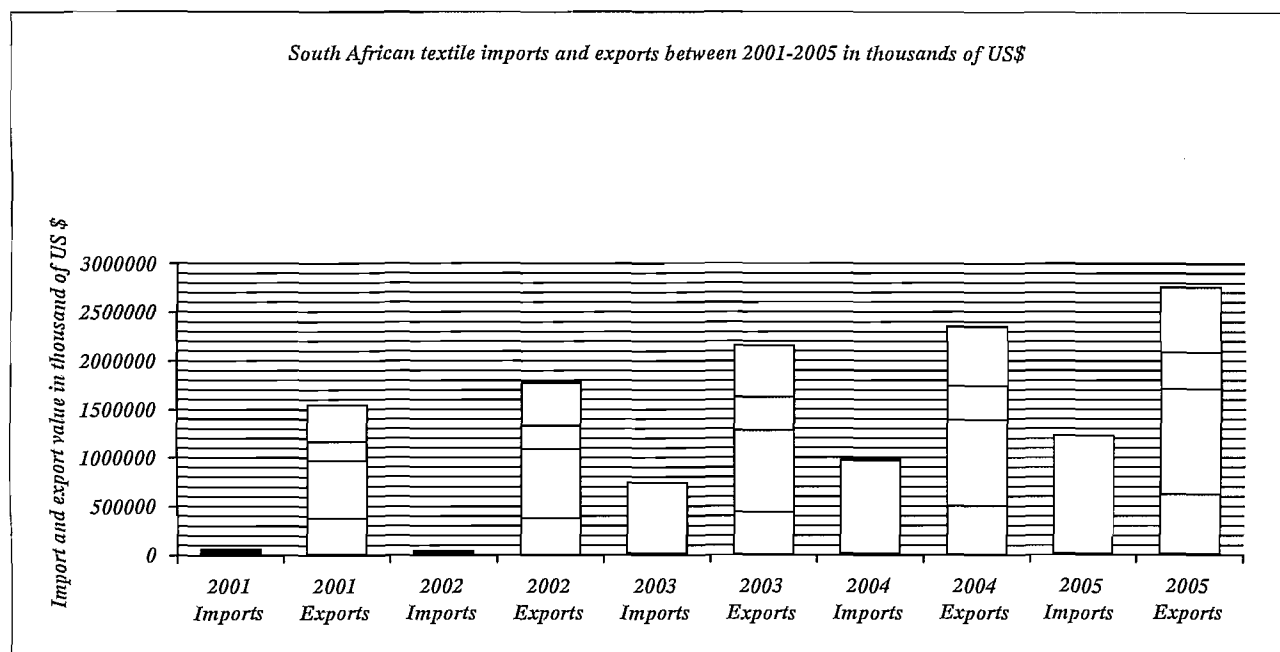
If one compares the South African textile export growth rate of 13% between 2001 and 2005 to the international textile import growth rate of 10% between 2001 and 2005 (see section 4.11), it is clear that the growth in supply of textile products from South Africa exceeded the growth in demand for textile products internationally. This shows that there was a strong demand for textile products internationally between 2001 and 2005.

- The most traded textile import product by South Africa in 2005 was handbags with outer surface of sheet of plastics or of textile materials (HS code 420222), which amounted to \$13.1 million. The least traded textile import product in 2005 was hand-woven tapestries, of the type Gobblins, Flanders, Aubusson, Beauvais and the like and needle-worked tapestries (e.g. petit point, cross stitch), whether or not made up (HS code 580500), which amounted to \$86 thousand.
- The most traded textile export product by South Africa in 2005 was other, of pile construction, made up: of wool or fine animal hair (HS code 570241), which amounted to \$9.4 million. The least traded textile export product in 2005 was other furnishing articles, excluding those of heading no. 9404: bedspreads of textile materials, knitted or crocheted, n.e.s. (HS code 630411), which amounted to \$19 thousand.

In 2005, South Africa obtained the 35th overall position for all textile products imported and the 57th overall position for all textile products exported. Note that South Africa imported only twenty-six of the thirty-seven import products under this product category and exported only thirteen of the thirty-seven export products under this product category. (For a complete data set, contact the author).

Figure 5.8 will provide the world trade estimates for all textile products covered under this product category traded by South Africa between 2001 and 2005.

Figure 5.8 Trade estimates of all textiles products traded by South Africa between 2001 and 2005



Source: International Trade Centre (ITC), 2007 – compiled by the author

Note: The different colours of each pillar represent all the different textile products. On all other figures the different HS codes and the import and export data from 2001 to 2005 for all the individual products could be seen on a table or legend underneath the graph, but since this product category have so many products the legend was left out in this figure. For more detail concerning the textile products mentioned in figure 5.8 see table 5.13 (Annexure C).

From figure 5.8, the following conclusions can be drawn:

- The textile products that were traded by South Africa between 2001 and 2005 experienced a variety of fluctuating trade patterns, unlike the international textile market (see section 4.12), where the products that were traded between 2001 and 2005 showed more stable trade patterns. Some of the products experienced an overall positive import and/or export growth rate between 2001 and 2005; some of the products experienced an import and/or export growth rate and then a decline; some of the products first experienced an import and/or export decline and then some growth; some of the products experienced greater volatility and some products were not even imported and/or exported by South Africa between 2001 and 2005 (see the open spaces mentioned in figure 5.8, table 5.13, Annexure C).
- The product with the highest import growth rate between 2001 and 2005 (181%) was handkerchiefs of cotton (HS code 621320). The product with the lowest import growth rate between 2001 and 2005 (4%) was hand-woven tapestries, of the type Goblines, Flanders, Aubusson, Beauvais and the like and needle-worked tapestries (e.g. petit point, cross stitch), whether or not made up (HS code 580500).
- The product with the highest export growth rate between 2001 and 2005 (243%) was toilet and kitchen linen, of flax (HS code 630292). The product with the lowest export growth rate between 2001 and 2005 (-19%) was floor coverings of coconut fibers (coir) (HS code 570220).
- The reasons why South Africa did not trade some of the products in the figure above, or the reason why the South African trade patterns fluctuated so much is uncertain and this leaves room for further research.

The eight product category that will be examined is wood.

5.10 Wood

5.10.1 South African trade estimates

Table 5.9 provides an overview of South Africa's role in the trade of all wood products covered under this product category in 2005. (For a list of all eight wood products covered under this product category see the far left column of table 5.9).

From table 5.9, the following conclusions can be drawn:

- The total value of wood products traded by South Africa in 2005 amounted to \$68.3 million (\$68.6 million imports and \$48.9 million exports). When this value is compared to the world trade of wood that was estimated at \$47.7 billion (\$25.1 billion imports and \$22.6 billion exports), (see section 4.12), it is evident that South Africa's contribution to the world trade of wood in 2005 was 0.14%.

When one compares the value of wood products imported by South Africa (\$68.6 million) to the value of wood products exported by South Africa (\$48.9 million), it is evident that South Africa imported (demanded) nearly \$20 million more in wood products than it exported (supplied). This shows that, in 2005, there was a strong demand for wood products in South Africa.

- The annual average growth in import value between 2001 and 2005 for all wood products imported by South Africa was 38% while the annual average growth in export value between 2001 and 2005 for all wood products exported by South Africa was 15%. This shows that, between 2001 and 2005, South Africa's annual average growth in import value grew over twice as fast as the annual average growth in exports that experienced by South Africa over the same period. The only conclusion that can be drawn from this is that there was not only a strong demand for wood products in 2005 (see the paragraph above), but there was also a strong demand for wood products in South Africa between 2001 and 2005.

If one compares the South African wood import growth rate of 38% between 2001 and 2005 to the international wood import growth rate of 9% between 2001 and 2005 (see section 4.12), it is clear that the growth in demand for wood products in South Africa exceeded the growth in demand for wood products internationally. If one compares the South African wood export growth rate of 15% between 2001 and 2005 to the international wood export growth rate of 10% between 2001 and 2005 (see section 4.12), it is clear that South Africa's supply of wood products exceeded the growth in the world supply of wood products.

When one uses the same example as above and one compares the South African wood import growth rate of 38% between 2001 and 2005 to the international wood export growth rate of 10% between 2001 and 2005 (see section 4.12), it is clear that the growth in demand for wood products in South Africa exceeded the growth in supply of wood products internationally. This shows that there was a strong demand for wood products in South Africa between 2001 and 2005.

If one compares the South African wood export growth rate of 15% between 2001 and 2005 to the international wood import growth rate of 9% between 2001 and 2005 (see section 4.12), it is clear that the

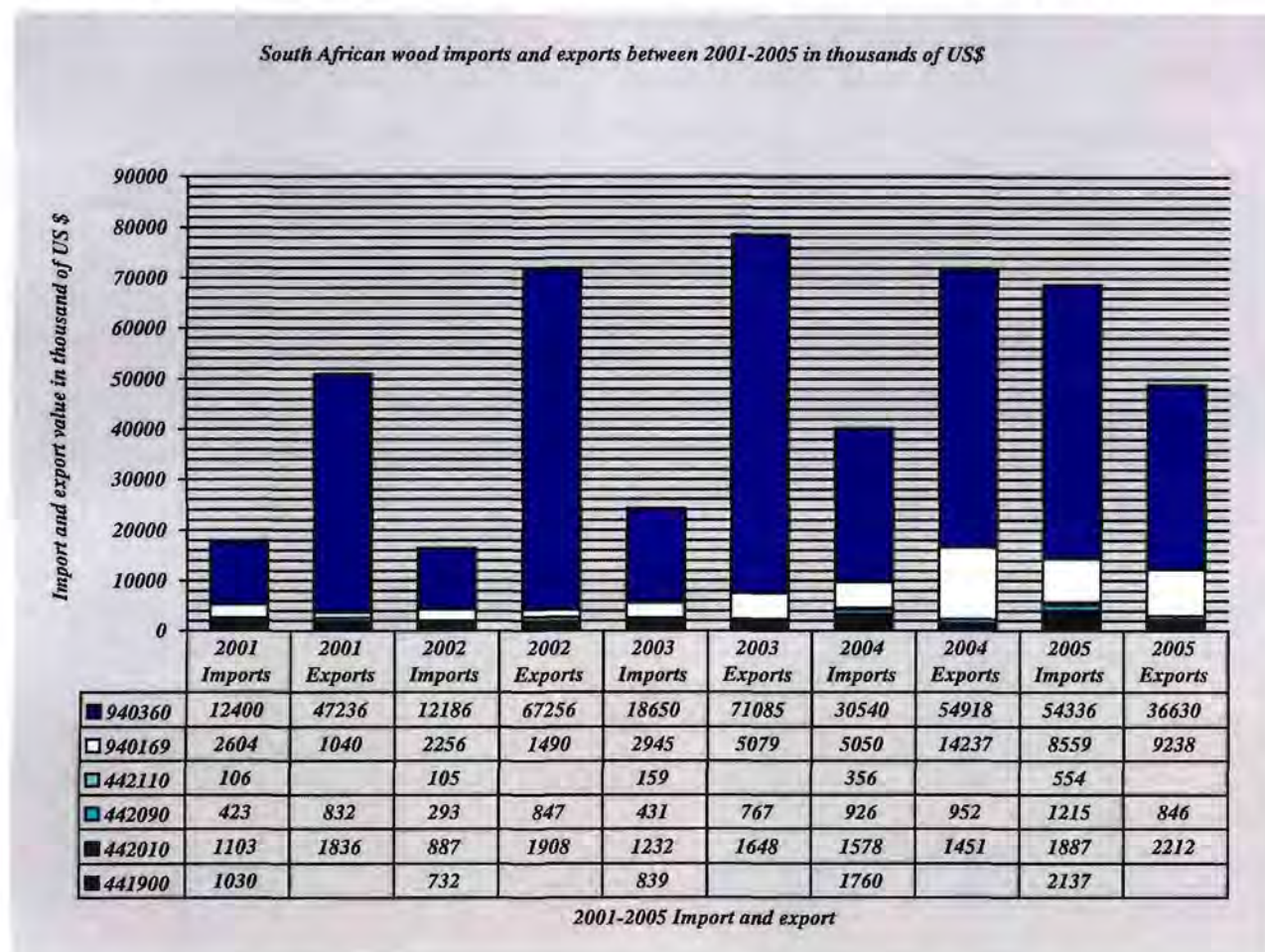
growth in supply of wood products from South Africa exceeded the growth in demand for wood products internationally. This shows that there was a strong demand for wood products internationally between 2001 and 2005.

- The most traded wood import product by South Africa in 2005 was wooden furniture n.e.s. (HS code 940360), which amounted to \$54.3 million. The least traded wood import product in 2005 was clothes hangers of wood (HS code 442110), which amounted to \$554 thousand.
- The most traded wood export product by South Africa in 2005 was furniture of other materials (including bamboo) (HS code 940380), which amounted to \$36.6 million. The least traded wood export product in 2005 was wood marquetry and inlaid wood; caskets and cases for jewellery etc (HS code 442090), which amounted to \$846 thousand.

In 2005, South Africa obtained the 35th overall position for all wood products imported and the 41st overall position for all wood products exported. Note that South Africa imported all of the import products under this product category, but only exported five of the six export products under this product category. (For a complete data set, contact the author).

Figure 5.9 will provide the world trade estimates for all wood products covered under this product category traded by South Africa between 2001 and 2005.

Figure 5.9 Trade estimates of all wood products traded by South Africa between 2001 and 2005



Source: International Trade Centre (ITC), 2007 – compiled by the author

Note: The different colours of each pillar represent all the different wood products. Their different HS codes can be seen in the far left column. The open spaces in the figure either indicate that South Africa did not contribute to the trade (import or export) of this specific product or, if South Africa contributed, the contribution to world trade was too small or insignificant for Trade Map to depict.

From figure 5.9, the following conclusions can be drawn:

- The wood products that were traded by South Africa between 2001 and 2005 experienced a variety of fluctuating trade patterns, unlike the international wood market (see section 4.12), where the products that were traded between 2001 and 2005 showed more stable trade patterns. Some of the products experienced an overall positive import and/or export growth rate between 2001 and 2005; some of the products experienced an import and/or export growth rate and then a decline; some of the products first experienced an import and/or export decline and then some growth; some of the products experienced greater volatility and some products were not even imported and/or exported by South Africa between 2001 and 2005 (see the open spaces on the figure above).
- The product with the highest import growth rate between 2001 and 2005 (57%) was clothes hangers of wood (HS code 442110). The product with the lowest import growth rate between 2001 and 2005 (3%) was wood marquetry and inlaid wood; caskets and cases for jewellery or cutlery and similar articles, of

wood; statuettes and other ornaments, of wood, wooden articles of furniture not falling within the division 82: statuettes and other ornaments of wood (HS code 442010).

- The product with the highest export growth rate between 2001 and 2005 (94%) was seats with wooden frames (HS code 940169). The product with the lowest export growth rate between 2001 and 2005 (1%) was wood marquetry and inlaid wood; caskets and cases for jewellery etc (HS code 442090).
- The reasons why South Africa did not trade some of the products in the figure above, or the reason why the South African trade patterns fluctuated so much is uncertain and this leaves room for further research.

The ninth product category that will be examined is various animal, mineral, or vegetable material products.

5.11 Various animal, mineral, or vegetable material products

5.11.1 South African trade estimates

Table 5.10 provides an overview of South Africa's role in the trade of all animal, mineral, or vegetable material products covered under this product category in 2005. (For a list of all eighteen animal materials, mineral material or vegetable material products covered under this product category see the far left column of table 5.10).

From table 5.10, the following conclusions can be drawn:

- The total value of animal, mineral, or vegetable material traded by South Africa in 2005 amounted to \$54.3 million (\$49.7 million imports and \$4.5 million exports). When this value is compared to the world trade of animal, mineral, or vegetable material that was estimated at \$24.2 billion (\$13 billion imports and \$11.2 billion exports), (section 4.13), it is evident that South Africa's contribution to the world trade of animal, mineral, or vegetable material in 2005 was 0.22%.

When one compares the value of animal, mineral, or vegetable material imported by South Africa (\$49.7 million) to the value of animal, mineral, or vegetable material exported by South Africa (\$4.5 million), it is evident that South Africa imported (demanded) nearly nine times more animal, mineral, or vegetable material than it exported (supplied). This shows that, in 2005, there was a strong demand for animal, mineral, or vegetable material products in South Africa.

- The annual average growth in import value between 2001 and 2005 for all animal, mineral, or vegetable material products imported by South Africa was 26%, while the annual average growth in export value between 2001 and 2005 for all animal, mineral, or vegetable material products exported by South Africa was 11%. This shows that, between 2001 and 2005, South Africa's annual average growth in import value grew over twice as much as the annual average growth in exports that South Africa experienced over the same period. The only conclusion that can be drawn from this is that there was not only a strong demand for animal, mineral, or vegetable material products in 2005 (see the paragraph above) but there was also a strong demand for animal, mineral, or vegetable material products in South Africa between 2001 and 2005.

If one compares the South African animal, mineral, or vegetable material import growth rate of 26% between 2001 and 2005 to the international animal, mineral, or vegetable material import growth rate of 11% between 2001 and 2005 (see section 4.13), it is clear that the growth in demand for animal, mineral, or vegetable material products in South Africa exceeded the growth in demand for animal, mineral, or vegetable material products internationally. If one compares the South African animal, mineral, or vegetable material export growth rate of 2% between 2001 and 2005 to the international animal, mineral, or vegetable material export growth rate of 10% between 2001 and 2005 (see section 4.13), it is clear that South Africa's supply of animal, mineral, or vegetable material was far less than the growth in the world supply of animal, mineral, or vegetable material products.

When one uses the same example as above and one compares the South African animal, mineral, or vegetable material import growth rate of 26% between 2001 and 2005 to the international animal, mineral, or vegetable material export growth rate of 10% between 2001 and 2005 (see section 4.13), it is clear that the growth in demand for animal, mineral, or vegetable material products in South Africa between 2001 and 2005 exceeded the growth in supply of animal, mineral, or vegetable material products internationally. This shows that there was a strong demand for animal, mineral, or vegetable material products in South Africa between 2001 and 2005.

If one compares the South African animal, mineral, or vegetable material export growth rate of 2% between 2001 and 2005 to the international animal, mineral, or vegetable material import growth rate of 11% between 2001 and 2005 (see section 4.13), it is clear that the growth in supply of animal, mineral, or vegetable material products from South Africa was far less than the growth in demand for animal, mineral, or vegetable material products internationally. This shows that there was a strong demand for animal, mineral, or vegetable material products internationally between 2001 and 2005. (The reason that South Africa experienced this low export growth rate between 2001 and 2005 for animal, mineral, or vegetable material products is unclear and leaves room for further research).

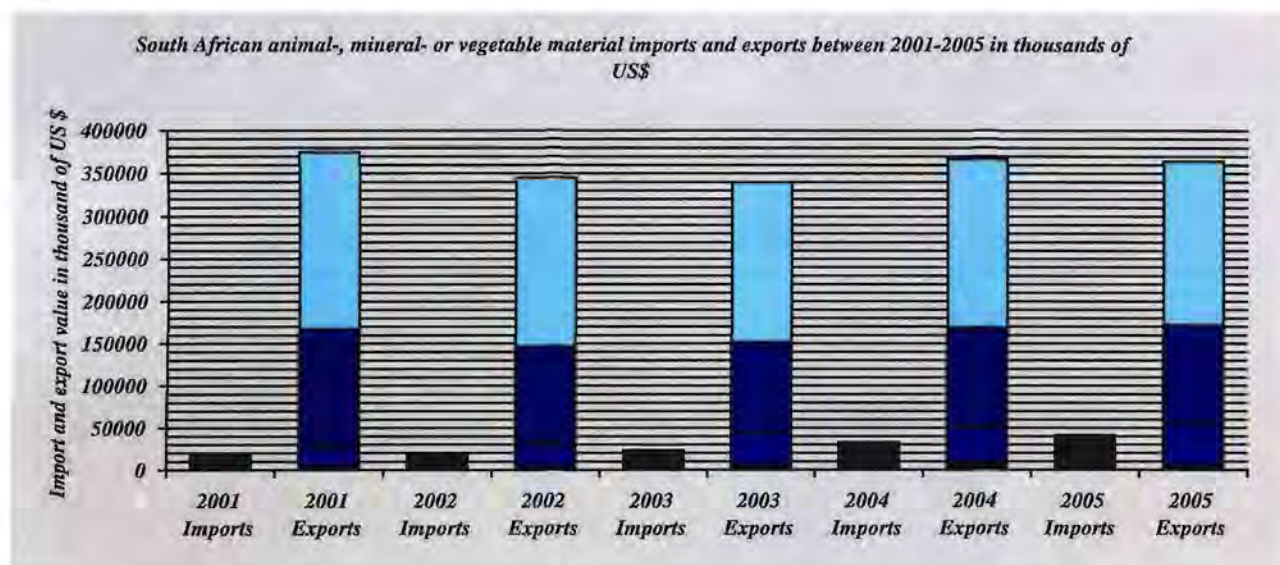
- The most traded animal, mineral, or vegetable import product by South Africa in 2005 was glassware of a kind used for table (other than drinking glasses) or kitchen purposes, other than of glass-ceramics (HS code 701339), which amounted to \$10.8 million. The least traded animal, mineral, or vegetable material products import product by South Africa in 2005 was animal carving material (o/t ivory) and articles of these materials (HS code 960190), which amounted to \$337 thousand.
- The most traded animal, mineral, or vegetable export product by South Africa in 2005 was granite (HS code 680293), which amounted to \$3.1 million. The least traded animal, mineral, or vegetable export product in 2005 was worked ivory and articles of ivory (HS code 960110), which amounted to \$52 thousand.

In 2005, South Africa obtained the 31st overall position for all animal, mineral, or vegetable material products imported and the 40th overall position for all animal, mineral, or vegetable material products exported. Note that South Africa imported only fifteen of the eighteen import products under this product category and South

Africa exported only six of the eighteen export products under this product category. (For a complete data set, contact the author).

Figure 5.10 will provide the world trade estimates for all animal, mineral, or vegetable products covered under this product category traded by South Africa between 2001 and 2005.

Figure 5.10 Trade estimates of all animal, mineral, or vegetable products traded by South Africa between 2001 and 2005



Source: International Trade Centre (ITC), 2007 – compiled by the author

Note: The different colours of each pillar represent all the different animal, vegetable and mineral products. On all other figures the different HS codes and the import and export data from 2001 to 2005 for all the individual products could be seen on a table or legend underneath the graph, but since this product category have so many products the legend was left out in this figure. For more detail concerning the animal, mineral, and vegetable fibre work products mentioned in figure 5.10 see table 5.14 (Annexure C).

From figure 5.10, the following conclusions can be drawn:

- The animal, mineral, and vegetable fibre products that were traded by South Africa between 2001 and 2005 experienced a variety of fluctuating trade patterns, unlike the international animal, mineral, and vegetable fibre market (see section 4.13), where the products that were traded between 2001 and 2005 showed more stable trade patterns. Some of the products experienced an overall positive import and/or export growth rate between 2001 and 2005; some of the products experienced an import and/or export growth rate and then a decline; some of the products first experienced an import and/or export decline and then some growth; some of the products experienced greater volatility and some products were not even imported and/or exported by South Africa between 2001 and 2005 (see the open spaces mentioned in figure 5.10, table 5.14, Annexure C).
- The product with the highest import growth rate between 2001 and 2005 (344%) was calcareous stones (HS code 680292). The product with the lowest import growth rate between 2001 and 2005 (6%) was worked vegetable of mineral carving material and articles of these materials (HS code 960200).

- The product with the highest export growth rate between 2001 and 2005 (36%) was worked ivory and articles of ivory (HS code 960110). The product with the lowest export growth rate between 2001 and 2005 (-26%) was glassware of a kind used for table (other than drinking glasses) or kitchen purposes, other than of glass-ceramics (HS code 701331).
- The reasons why South Africa did not trade some of the products in the figure above, or the reason why the South African trade patterns fluctuated so much is uncertain and this leaves room for further research.

The tenth product category that will be examined is extra categories.

5.12 Extra Categories

5.12.1 South African trade estimates

Table 5.11 provides an overview of South Africa's role in the trade of all extra category products covered under this product category in 2005. (For a list of all the twenty-seven extra category products covered under this product category see the far left column of table 5.11).

From table 5.11, the following conclusions can be drawn:

- The total value of extra category products traded by South Africa in 2005 amounted to \$170.2 million (\$67.4 million imports and \$102.8 million exports). When this value is compared to the world trade of extra category products that was estimated at \$112.4 billion (\$58.5 billion imports and \$53.9 billion exports), (see section 4.14), it is evident that South Africa's contribution to the world trade of extra category products in 2005 was 0.15%.

When one compares the value of extra category products imported by South Africa (\$67.4 million) to the value of extra category products exported by South Africa (\$102.8 million), it is evident that South Africa imported (demanded) nearly one and a half times more extra category products than it exported (supplied). This shows that, in 2005, there was a strong demand for extra category products in South Africa.

- The annual average growth in import value between 2001 and 2005 for all extra category products imported by South Africa was 20%, while the annual average growth in export value between 2001 and 2005 for all extra category products exported by South Africa was 12%. This shows that, between 2001 and 2005, South Africa's annual average growth in import value grew almost twice as fast as the annual average growth in exports that South Africa experienced over the same period. The only conclusion that can be drawn from this is that there was not only a strong demand for extra category products in 2005 (see the paragraph above) but there was also a strong demand for extra category products in South Africa between 2001 and 2005.

If one compares the South African extra category import growth rate of 20% between 2001 and 2005 to the international extra category import growth rate of 11% between 2001 and 2005 (see section 4.14), it is clear that the growth in demand for extra category products in South Africa exceeded the growth in demand for extra category products internationally. If one compares the South African extra category

export growth rate of 12% between 2001 and 2005 to the international extra category export growth rate of 10% between 2001 and 2005 (see section 4.14), it is clear that South Africa's supply of extra category was far less than the growth in the world supply of extra category products.

When one uses the same example as above and one compares the South African extra category import growth rate of 20% between 2001 and 2005 to the international extra category export growth rate of 10% between 2001 and 2005 (see section 4.14), it is clear that the growth in demand for extra category products in South Africa exceeded the growth in supply of extra category products internationally. This shows that there was a strong demand for extra category products in South Africa between 2001 and 2005.

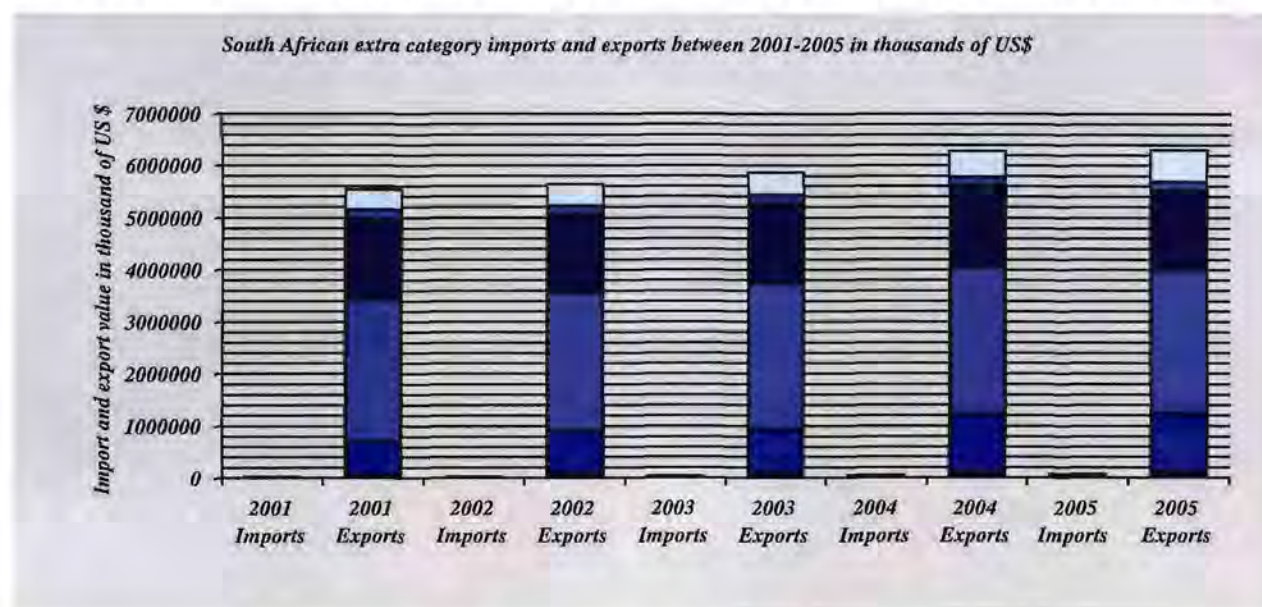
If one compares the South African extra category export growth rate of 12% between 2001 and 2005 to the international extra category import growth rate of 11% between 2001 and 2005 (see section 4.14), it is clear that the growth in supply of extra category products from South Africa nearly equalled the growth in demand for extra category products internationally. This shows that there was a strong demand for extra category products internationally between 2001 and 2005.

- The most traded extra category import product by South Africa in 2005 was other imitation jewellery (HS code 711790), which amounted to \$16.1 million. The least traded extra category import product in 2005 was toys: their parts and accessories n.e.s. (HS code 950299), which amounted to \$17 thousand.
- The most traded extra category product by South Africa in 2005 was jewellery and gold/silversmith wares: of other precious metal whether or not plated or clad with precious metal (HS code 711319), which amounted to \$81.3 million. The least traded extra category product in 2005 was jewellery and gold/silversmith wares: of base metal clad with precious metal (HS code 711420), which amounted to \$38 thousand.

In 2005, South Africa obtained the 45th overall position for all extra category products imported and the 40th overall position for extra category products exported. Note that South Africa imported only eighteen of the twenty-seven products under this product category and exported only 11 of the twenty-seven products under this product category. (For a complete data set, contact the author).

Figure 5.10 will provide the world trade estimates for all extra category products covered under this product category traded by South Africa between 2001 and 2005.

Figure 5.11 Trade estimates of all extra category products traded by South Africa between 2001 and 2005



Source: International Trade Centre (ITC), 2007 – compiled by the author

Note: The different colours of each pillar represent all the different extra category products. On all other figures the different HS codes and the import and export data from 2001 to 2005 for all the individual products could be seen on a table or legend underneath the graph, but since this product category have so many products the legend was left out in this figure. For more detail concerning the extra category products mentioned in figure 5.11 see table 5.15 (Annexure C).

From figure 5.1, the following conclusions can be drawn:

- The extra category products that were traded by South Africa between 2001 and 2005 experienced a variety of fluctuating trade patterns, unlike the international extra category market (see section 4.12), where the products that were traded between 2001 and 2005 showed more stable trade patterns. Some of the products experienced an overall import and/or export growth rate between 2001 and 2005; some of the products experienced an import and/or export growth rate and then a decline; some of the products first experienced an import and/or export decline and then some growth; some of the products experienced greater volatility and some products were not even imported and/or exported by South Africa between 2001 and 2005 (see the open spaces mentioned in figure 5.11, table 5.15, Annexure C).
- The product with the highest import growth rate between 2001 and 2005 (66%) was jewellery and gold/silversmith wares total: of other precious metal, whether or not plated or clad with precious metal (HS code 711419). The product with the lowest import growth rate between 2001 and 2005 (-5%) was jewellery and gold/silversmith wares total: other parts and accessories n.e.s. (HS code 950299).
- The product with the highest export growth rate between 2001 and 2005 (61%) was jewellery and gold/silversmith wares total: articles of precious metal or of metal clad with precious metal, n.e.s. (HS code 711590). The product with the lowest export growth rate between 2001 and 2005 (-47%) was jewellery and gold/silversmith wares total: of base metal clad with precious metal (HS code 711420).
- The reasons why South Africa did not trade some of the products in the figure above, or the reason why the South African trade patterns fluctuated so much is uncertain and this leaves room for further research.

The 11th and last product category that will be examined is works of art.

5.13 Works of art

5.13.1 South African trade estimates

Table 5.12 an overview of South Africa's role in the trade of all works of art products covered under this product category in 2005. (For a list of all eight works of art products covered under this product category see the far left column of table 5.12).

From table 5.12, the following conclusions can be drawn:

- The total value of works of art products traded by South Africa in 2005 amounted to \$65 million (\$35.3 million imports and \$29.7 million exports). When this value is compared to the world trade of works of art that was estimated at \$30.8 billion (\$15.1 billion imports and \$15.7 billion exports), (see section 4.15), it is evident that South Africa's contribution to the world trade of craft in 2005 was 0.21%.

When one compares the value of works of art products imported by South Africa (\$35.3 million) to the value of works of art products exported by South Africa (\$29.7 million), it is evident that South Africa imported (demanded) more works of art work products than it exported (supplied). This shows that, in 2005, there was a strong demand for works of art products in South Africa.

- The annual average growth in import value between 2001 and 2005 for all works of art products imported by South Africa was 14%, while the annual average growth in export value between 2001 and 2005 for all works of art products exported by South Africa was 12%. This shows that, between 2001 and 2005, South Africa's annual average growth in import value grew more than the annual average growth in exports that South Africa experienced over the same period. The only conclusion that can be drawn from this is that there was not only a strong demand for works of art products in 2005 (see the paragraph above) but there was also a strong demand for works of art products in South Africa between 2001 and 2005.

If one compares the South African works of art import growth rate of 14% between 2001 and 2005 to the international works of art import growth rate of 12% between 2001 and 2005 (see section 4.15), it is clear that the growth in demand for works of art products in South Africa exceeded the growth in demand for works of art products internationally. If one compares the South African works of art export growth rate of 12% between 2001 and 2005 to the international works of art export growth rate of 11% between 2001 and 2005 (see section 4.15), it is clear that South Africa's supply of works of art almost equalled the growth in the world supply of works of art products.

When one uses the same example as above and one compares the South African works of art import growth rate of 14% between 2001 and 2005 to the international works of art export growth rate of 11% between 2001 and 2005 (see section 4.15), it is clear that the growth in demand for works of art products in South Africa exceeded the growth in supply of works of art products internationally. This shows that there was a strong demand for works of art products in South Africa between 2001 and 2005.

If one compares the South African works of art export growth rate of 12% between 2001 and 2005 to the international works of art import growth rate of 11% between 2001 and 2005 (see section 4.15), it is clear

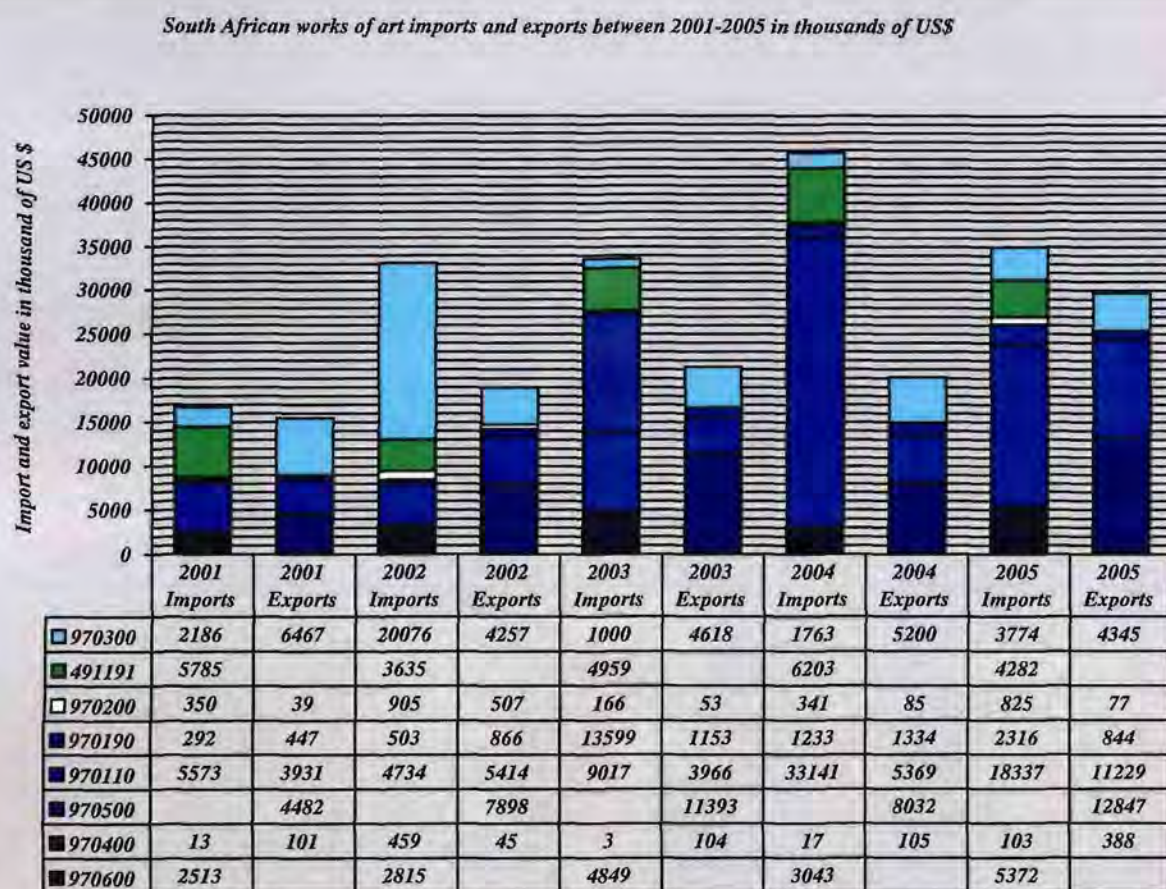
that the growth in supply of works of art products from South Africa nearly equalled the growth in demand for works of art products internationally. This shows that there was a strong demand for works of art products internationally between 2001 and 2005.

- The most traded works of art import product by South Africa in 2005 was paintings, drawings and pastels, executed entirely by hand, other than hand-painted or hand-decorated manufactured articles; collages and similar decorative plaques: Paintings, drawings and pastels (HS code 970110), which amounted to \$18.3 million. The least traded works of art import product in 2005 was postage or revenue stamps, stamp-postmarks, first-day covers, postal stationary (stamped paper) and the like, used, or if unused not of current or new issue in the country to which they are destined (HS code 970400), which amounted to \$103 thousand.
- The most traded works of art export product by South Africa in 2005 was collections and collectors' pieces of zoological, botanical, mineralogical, botanical, historical, archaeological, palaeontological, ethnographic or numismatic interest (HS code 970500), which amounted to \$12.8 million. The least traded works of art export product in 2005 was original engravings, prints and lithographs (HS code 970200), which amounted to \$77 thousand.

In 2005, South Africa obtained the 35th overall position for all works of art products imported and the 41st overall position for all works of art products exported. Note that South Africa imported only seven of the eight import products under this product category and South Africa exported only six of the eight export products under this product category. (For a complete data set, contact the author).

Figure 5.12 provides the world trade estimates for all works of art products covered under this product category traded by South Africa between 2001 and 2005.

Figure 5.12 Trade estimates of all works of art products traded by South Africa between 2001 and 2005



Source: International Trade Centre (ITC), 2007 – compiled by the author

Note: The different colours of each pillar represent all the different pottery products. Their different HS codes can be seen in the far left column. The open spaces in the figure above either indicate that South Africa did not contribute to the trade (import or export) of this specific product or, if South Africa contributed, the contribution to world trade was too small or insignificant for Trade Map to depict.

From figure 5.12, the following conclusions can be drawn:

- The works of art products that were traded by South Africa between 2001 and 2005 experienced a variety of fluctuating trade patterns, unlike the international works of art market (see section 4.12), where the products that were traded between 2001 and 2005 showed more stable trade patterns. Some of the products experienced an overall positive import and/or export growth rate between 2001 and 2005; some of the products experienced an import and/or export growth rate and then a decline; some of the products first experienced an import and/or export decline and then some growth; some of the products experienced greater volatility and other products were not even imported and/or exported by South Africa between 2001 and 2005 (see the open spaces mentioned in figure 5.11, table 5.15, Annexure C).
- The product with the highest import growth rate between 2001 and 2005 (66%) was paintings, drawings and pastels, executed entirely by hand, other than hand-painted or hand-decorated manufactured articles; collages and similar decorative plaques: other (HS code 970190). The product with the lowest import

growth rate between 2001 and 2005 (-13%) was original sculptures and statuary, in any material (HS code 970300).

- The product with the highest export growth rate between 2001 and 2005 (42%) was postage or revenue stamps, stamp-postmarks, first-day covers, postal stationary (stamped paper) and the like, used, or if unused not of current or new issue in the country to which they are destined (HS code 970400). The product with the lowest export growth rate between 2001 and 2005 (-6%) was original sculptures and statuary, in any material (HS code 970300).
- The reasons why South Africa did not trade some of the products in the figure above, or the reason why the South African trade patterns fluctuated so much is uncertain and this leaves room for further research.

The same comparison that was used to compare the different product categories that were traded internationally with the different product categories that were traded by South Africa can be used to compare each of the 129 products that were traded internationally with each of the 129 different products that were traded by South Africa between 2001 and 2005. Due to the extent of the calculations, the comparisons will not be conducted per individual product, but any government, TPO, importer, exporter or other role-player within the craft sector would benefit more from product-specific data on each product as this will provide insight into each individual product and this will be much better for decision making purposes.

To provide an overview of the findings of chapter 5, a summary of South Africa's role within the international craft trade will now be given.

5.14 Summary

Table 5.16 summarises South Africa's role within international craft trade. It begins with an overview of South Africa's contribution to the total value of craft products traded internationally (row 3 in table 5.16). Table 5.16 shows that South Africa obtained the 34th craft import position, the 47th craft export position and that South Africa's overall contribution to the world trade of crafts was only 0.19%. What must be kept in mind with this percentage is that South Africa's contribution consists of handcrafted, semi-handcrafted and machine crafted products. This percentage does not depict the handcraft component in itself (see section 4.3.3). Once again, due to the craft codification problem and there being no way to determine the actual contribution of handcrafted products to craft trade, one cannot determine South Africa's contribution to the global handcraft market. However, it can be concluded that South Africa's contribution to the world share of handcrafted products is less than 0.19%. What is also interesting is that this percentage is significantly smaller than the DTI anticipated it to be. According to the DTI (2005:15), South Africa's contribution to global craft trade was estimated at just less than 1%.

The rest of table 5.16 provides a summary of South Africa's contribution to the international flow of the 11 different craft product categories discussed earlier in this study (see the first column of table 5.16). It starts with the craft product category that obtained the highest contribution to world trade by South Africa (soap)

with a contribution of 0.34%, and it ends with the craft product category that obtained the lowest contribution to world trade (paper) with a contribution of 0.053%.

One important aspect highlighted by table 5.16 is that South Africa imported only 95 of the 129 craft products that were exported internationally and South Africa exported only 60 of the 129 craft products that were imported internationally (see figures 5.1-5.12 to determine what craft products were not imported or exported by South Africa)¹¹.

Table 5.16 Summary of South Africa's role within international craft trade

Selected HS code	Imports		Exports		
1	2	3	6	7	9
	South Africa's import position	Number of products imported by South Africa out of the total number of products traded internationally	South Africa's export position	Number of products exported by South Africa out of the total number of products traded internationally	South Africa's contribution to world trade (imports and exports)
Total	34th	95/129	47th	60/129	0.19%
Soap		0	29th	3/3	0.34%
Basket ware, wickerwork and vegetable fibre work	27th	6/6	29th	5/6	0.32%
Metal	29th	7/8	41st	5/8	0.28%
Pottery		0	33rd	1/1	0.28%
Works of Art	35th	7/8	41st	6/8	0.21%
Textiles	35th	26/37	57th	13/37	0.18%
Leather	35th	8/11	48th	4/11	0.17%
Extra Categories	45th	18/27	40th	11/27	0.15%
Wood	35th	6/6	41st	5/6	0.14%
Paper		0	39rd	1/1	0.053%

Source: International Trade Centre (ITC), 2007 – compiled by the author

South Africa's overall contribution to the world trade of crafts between 2001 and 2005 was only 0.19%. If South Africa wants to become globally competitive, South Africa needs to increase its contribution to the international flow of craft significantly. One method that South Africa can use to increase its contribution to international craft trade would be to stimulate the exports of the craft products that are mostly demanded (or

¹¹ The reasons why South Africa imported only 95 of the 129 craft products that were exported internationally and why South Africa exported only 60 of the 129 craft products that were imported internationally are uncertain and it leaves room for further research.

the craft products with the highest trade potential) to the markets that mostly demanded these products. The only problem with this solution is that South Africa, to date, because no sufficient market information concerning the craft sector were available, had no means of determining which products are mostly demanded or which markets demand these products. Chapter 6 will address this matter.

5.15 Conclusion

This chapter showed that it is possible to provide sufficient and relevant market information concerning the craft sector of an individual country, like South Africa. This chapter also successfully identified for the first time South Africa's position within the craft trade and it compared South African craft trade to international craft trade.

This information not only proves that there is a way to calculate and analyse the craft trade of a specific country, such as South Africa, but there is also a way to successfully identify any country's contribution to, or role within, international craft trade. Until a more accurate solution to the craft codification problem can be found, any government, TPO, or any other role-player within the craft trade network can use this method to determine the flow of crafts internationally and the flow of crafts of a particular country.

It is clear from the findings that South Africa's contribution to international craft trade is miniscule. If South Africa wants to become globally competitive, it needs to increase its contribution to the international flow of craft significantly. One possible way of doing this could be to stimulate the exports of the craft products that were mostly demanded internationally (or the craft products with the highest trade potential). Chapter 6 will identify and analyse the craft products with the highest international trade potential.

Chapter 6
Identification and analysis of the craft products and markets with the highest trade potential
internationally

6.1 Introduction

As stated in chapters 4 and 5, the lack of adequate market information for most countries has been one of the obstacles that stood in the way of the successful development of their individual craft sectors. South Africa is no exception. It was shown that this obstacle can be reduced and that there is a way to provide relevant information concerning both the international flow of crafts and the flow of crafts to and from a specific country, such as South Africa. Chapters 4 and 5 not only provided relevant information concerning the international flow of crafts, but it also provided the first viable information concerning South African craft trade and South Africa's contribution to, and role within, the international craft trade. The results of this data showed that South Africa's contribution to the international craft trade between 2001 and 2005 was insignificant.

If South Africa wants to become globally competitive, its objective, as set out in the Craft Sector Development Strategy (see chapter 3), is to increase its contribution to the international flow of crafts (DTI, 2005). One method that South Africa can use to increase its contribution to the international craft trade could be to stimulate the exports of the craft products that are mostly demanded (or the craft products with the highest trade potential) to the markets that mostly demanded these products. To achieve this, South Africa needs to know which craft products are mostly demanded internationally and which markets demand these products.

Due to the data constraints within the craft sector, this information is difficult to obtain and has been unavailable until now. Since chapter 4 of this study already identified the most traded craft products (and markets) with the highest import and export rankings (or as it will be called later on in this chapter: the products with the highest trade potential internationally), it also indirectly solved this problem (see columns 3 and 7 in tables 4.3 to 4.36 in Annexure B). The aim of chapter 6 will be to analyse the products and markets with the highest trade potential that were identified in chapter 4 and to compare the trade data of these products with the trade data of the same products that were traded by South Africa between 2001 and 2005. The reason behind this is threefold. Firstly, to determine South Africa's contribution to, or role within, the international flow of individual craft products with the highest trade potential. Secondly, to find out whether or not this information is sufficiently viable to provide South Africa with an indication on how and where to stimulate the exports of individual craft products to better match the international demand. Thirdly, to find out whether South Africa can, by making use of this information, increase its contribution to the international craft market and enhance its international competitiveness.

Chapter 6 will begin by providing a summary of the products that were mostly demanded internationally between 2001 and 2005 (or as it will be called in this chapter - the products with the highest trade potential

traded internationally between 2001 and 2005). Secondly, this chapter will provide an overview of the attractiveness of the different importing markets and the relative competitiveness of the different exporting markets for each of the products that were identified as high potential products. Thirdly, this chapter will analyse the trade findings of each of the craft products with the highest trade potential and will compare them to the trade findings of the similar products that were traded by South Africa during the same period to establish South Africa's contribution to, or role within, the trade of each of these identified products. Lastly, chapter 6 will provide a summary of South Africa's role within, and contribution to, the flow of the craft products with the highest trade potential internationally and it will provide an explanation of the relevance of all the trade information obtained in chapters 4, 5 and 6.

6.2 Summary of the craft products with the highest trade potential traded internationally between 2001 and 2005

Table 6.1 (Annexure D) provides a summary of the most traded craft products per product category, or the craft products with the highest trade potential traded between 2001 and 2005. There are two reasons that these products were identified as the craft products with the highest trade potential. Firstly, when these products were compared to all the other products that were mentioned under each product category that was traded internationally between 2001 and 2005, these products attained the highest import and export rankings (see tables 4.4, 4.6, 4.9, 4.12, 4.15, 4.18, 4.21, 4.24, 4.27, 4.30, 4.33, 4.36). Secondly, these products were identified as the craft products with the highest trade potential because most of these products experienced favourable import and export growth rates between 2001 and 2005 (see table 6.1 Annexure D). The only products that did not experience favourable growth rates was articles of apparel of leather or of composition leather (HS code 420310) and furniture of other materials (including bamboo) (HS code - 940380) but the products were still chosen as products with high trade potentials due to its favourable import and export ranking positions.

From table 6.1 (Annexure D), the following conclusions can be drawn:

- the basketwork, wickerwork and vegetable fibre work product that was traded most between 2001 and 2005 was furniture of other materials (including bamboo) (HS code 940380).
- the leather product that was traded most between 2001 and 2005 was articles of apparel of leather or of composition leather (HS code 420310).
- the metal product that was traded most between 2001 and 2005 was furniture of metal (HS code 40320).
- the paper product that was traded most between 2001 and 2005 was handmade paper and paperboard (HS code 480210).
- the pottery product that was traded most in 2005 was ceramic tableware, kitchenware, other household articles and toilet articles (other than porcelain or china) (HS code 691200).
- the soap product that was traded most between 2001 and 2005 was soap and organic surface-active products and preparations for use as soap, in the form of bars, cakes, melded pieces or shapes, whether or

not containing soap; paper, wadding, felt and non-woven, impregnated, coated or covered with soap or detergent for toilet use (including medicated products) (HS code 340111).

- the textile product that was traded most between 2001 and 2005 was handbags with outer surface of sheet of plastics or of textile materials (HS code 420222).
- the wood product that was traded most between 2001 and 2005 was wooden furniture n.e.s. (HS code 940360).
- the various animal, mineral, or vegetable products that were traded most between 2001 and 2005 were granite (HS code 680293).
- the extra category product that was traded most between 2001 and 2005 was jewellery and gold/silversmith wares of other precious metal whether or not plated or clad with precious metal (HS code 711319).
- the works of art product that was traded most between 2001 and 2005 was paintings (this includes drawings and pastels, executed entirely by hand, other than hand-painted or hand-decorated manufactured articles; collages and similar decorative plaques such as paintings, drawings and pastels (HS code 970110).

What is important to notice is that these products are not the only products with high trade potential. Many of the other products, for instance the products with import and export rankings ranging from 1 to 3, or even 1 to 5 (depending of the number of products included under each product category) and the products with high import and export growth rates between 2001 and 2005 (see tables 4.4, 4.6, 4.9, 4.12, 4.15, 4.18, 4.21, 4.24, 4.27, 4.30, 4.33, 4.36) can also be considered as products with high trade potential. The products with lower import and export rankings and lower growth rates between 2001 and 2005 can respectively be regarded as medium and low priority craft products (see tables 4.4, 4.6, 4.9, 4.12, 4.15, 4.18, 4.21, 4.24, 4.27, 4.30, 4.33, 4.36). Due to the resource limitations of the DTI, only the products with the highest trade potential (those with the highest contribution to craft trade under each product category) will be discussed in this chapter. For a more accurate overview of the products and markets with the highest trade potential, the top three products under each category with the highest import and export rankings and the highest import and export growth rates simultaneously should be considered as the craft products and markets with the highest possibilities (see tables 4.4, 4.6, 4.9, 4.12, 4.15, 4.18, 4.21, 4.24, 4.27, 4.30, 4.33, 4.36).

Before this chapter analyses the products with the highest trade potential that were traded internationally between 2001 and 2005, it will provide a summary of South Africa's involvement in the trade of the most attractive or most traded craft products between 2001 and 2005 (see table 6.2, Annexure D). This summary is important because, in the rest of this chapter, each of the products with the highest trade potential that were traded internationally between 2001 and 2005 will be compared to the similar products that were traded by South Africa between 2001 and 2005.

The basketwork, wickerwork and vegetable fibre work product with the highest trade potential was furniture of other materials (including bamboo) (HS code 940380). It will now be discussed.

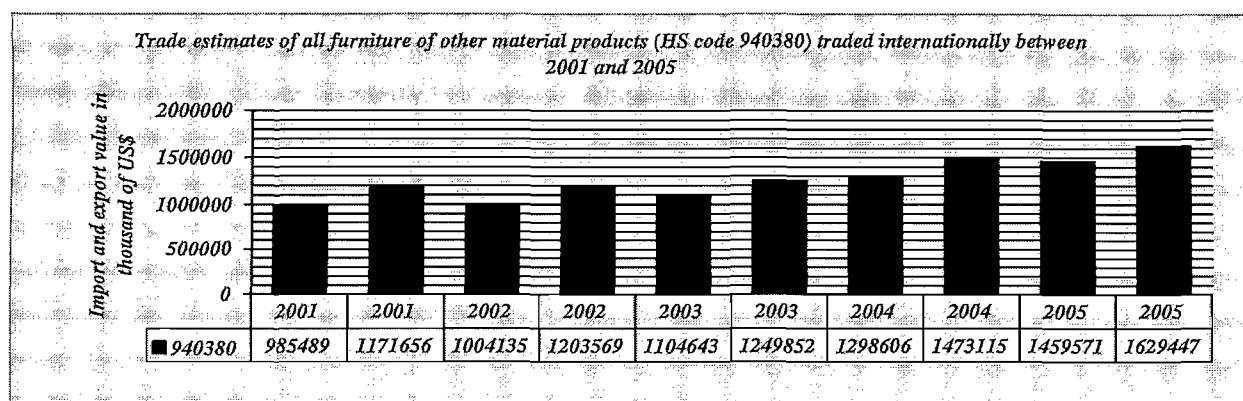
6.4 Furniture of other materials (including bamboo) (HS code 940380)

The basketwork, wickerwork and vegetable fibre work product with the highest trade potential was furniture of other materials (including bamboo) (HS code 940380). Row 4 in table 6.1 (Annexure D) provides an overview of this product.

From table 6.1 (Annexure D), the following conclusions can be drawn:

- The total value of furniture of other materials (including bamboo) (HS code 940380) traded in 2005 amounted to \$3 billion (\$1.4 billion imports and \$1.6 billion exports).
- The annual average growth in import value between 2001 and 2005 for furniture of other materials including bamboo) (HS code 940380) was 10% while the annual average growth in export value between 2001 and 2005 for furniture of other materials (including bamboo) (HS code 940380) was 9%.
- The top three importing countries together imported 47% of all furniture of other materials (including bamboo) (HS code 940380) while the top three exporting countries exported 54% of all furniture of other materials (including bamboo) (HS code 940380).
- Trade comparison: when one compares the total value of furniture of other materials (including bamboo) (HS code 940380) imported (\$1.4 billion) to the total value of furniture of other materials including bamboo) (HS code 940380) exported (\$1.6 billion), it is evident that the world exported supplied) more furniture of other materials (including bamboo) (HS code 940380) than it imported demanded) in 2005 while the annual average growth in import (demand) between 2001 and 2005 exceeded the annual average growth in export (supply).

Figure 6.1 Trade estimates of all furniture of other material (including bamboo) (HS code 940380) products traded internationally between 2001 and 2005



Source: International Trade Centre (ITC), 2007 – compiled by the author

Note: The pillars represent the furniture of other material (including bamboo) (HS code – 940380) imports and exports traded internationally between 2001 and 2005. The HS code of this product can be seen in the far left column. The first column of each year represents the annual imports while the second column of each year represents the annual exports.

From figure 6.1, one can see that furniture of other materials (including bamboo) (HS code 940380) experienced favourable import and export growth rates between 2001 and 2005.

The attractiveness of the different importing markets and the relative competitiveness of the different exporting markets will now be discussed.

Table 6.3 Attractiveness of the different importing markets for furniture of other material (including bamboo) (HS code 940380)

	<i>Significant</i>	<i>Prominent</i>	<i>Attractive</i>	<i>Least Attractive</i>
BASKETWORK, WICKERWORK AND VEGETABLE FIBRE WORK PRODUCT WITH THE HIGHEST TRADE POTENTIAL	<i>The nations with relatively low import growth rates between 2001 and 2005 but large market shares in 2005</i>	<i>The nations with high import growth rates between 2001 and 2005 and substantial market shares in 2005</i>	<i>The nations with the highest import growth rates between 2001 and 2005</i>	<i>The nations with relatively low or fluctuating import growth rates between 2001 and 2005 and relatively lower market shares in 2005</i>
Furniture of other materials (including bamboo) (HS code 940380)	Japan (0:4%) Switzerland (3%:3%) UAE (2%:5%),	USA (8%:34%), France (14%:7%), UK (18%:6%), Germany (19%:4%) Singapore (35%:3%), Spain (25%:3%) Italy (20%:2%), Canada (23%:2%), India (106%:2%), Belgium (12%:2%)	India (106%), Qatar (87%) Libyan Arab Jamahiriya (59%), Ireland (54%), Jordan (52%), Turkey (49%), South Africa (44%), Thailand (39%), Greece (37%), Singapore (35%)	Hong Kong (1%:-22%) Israel (1%:-22%) Kuwait (0:-2%) Mexico (0:5%) Denmark (0:-3%)

Note: Where there are two figures between brackets in the table, the first figure represents the import or export growth rate between 2001 and 2005 and the second figure represents the market share of each specific country in 2005. There may be more countries that fall under each category mentioned in the table, but this study limited the number of countries to a maximum of ten. Where there are fewer than ten countries mentioned per category it implies that only the countries that were mentioned fell under that particular category.

Source: International Trade Centre (ITC), 2007 – compiled by the author

From table 6.3, the following conclusions can be drawn:

- The most significant importers (the nations with relatively low import growth rates between 2001 and 2005 large market shares in 2005) of furniture of other materials (including bamboo) (HS code 940380) were Japan, Switzerland and the UAE.
- The most prominent importers (the nations with high import growth rates between 2001 and 2005 and substantial market shares in 2005) of furniture of other materials (including bamboo) (HS code 40380) were the USA, France, the UK, Germany, Singapore, Spain, Switzerland, Italy, Canada, India and Belgium.
- The most attractive importers (the nations with the highest import growth rates between 2001 and 2005) of furniture of other materials (including bamboo) (HS code 940380) were India, Qatar, Libyan Arab Jamahiriya, Ireland, Jordan, Turkey, South Africa, Thailand, Greece and Singapore.

- The least attractive importers (the nations with relatively low or fluctuating import growth rates between 2001 and 2005 and relatively lower market shares in 2005) of furniture of other materials (including bamboo) (HS code 940380) were Hong Kong, Israel, Kuwait, Mexico and Denmark.

The relative competitiveness of the different exporting markets will be discussed next.

Table 6.4 Relative competitiveness of the different exporting markets for furniture of other material (including bamboo) (HS code 940380)

	<i>Aspirants</i>	<i>Leaders</i>	<i>Climbers</i>	<i>Not well off</i>
BASKETWORK, WICKERWORK AND VEGETABLE FIBRE WORK PRODUCT WITH THE HIGHEST TRADE POTENTIAL	<i>The nations with relatively low export growth rates between 2001 and 2005 but large market shares in 2005</i>	<i>The nations with high export growth rates between 2001 and 2005 and substantial market shares in 2005</i>	<i>The nations with the highest export growth rates between 2001 and 2005</i>	<i>The nations with relatively low or fluctuating export growth rates between 2001 and 2005 and relatively lower market shares in 2005</i>
Furniture of other materials (including bamboo) (HS code 940380)	Italy (0%:20%) Taiwan (0:6%) Philippines (-3%:4%) USA (2%:4%) Hong Kong (-20%:2%) France (-5%:2%)	China (26%:23%) Indonesia (19%:11%) Spain (19%:8%) Vietnam (20%:3%) Poland (48%:2%) Germany (5%:2%) Thailand (22%:2%) UK (26%:2%) Belgium (11%:1%) Singapore (45%:1%)	Slovakia (141%) Slovenia (103%) Turkey (54%) Poland (48%) Singapore (45%) India (40%) UAE (39%) Japan (36%) Portugal (34%) New Zealand (28%)	Malaysia (0:1%) Switzerland (5%:1%) Denmark (6%:0) Mexico (-12%:0) South Africa (-12%:0) Czech Republic (-10%:0) Morocco (-1%:0) Australia (-32%:0)

Note: Where there are two figures between brackets in the table, the first figure represents the import or export growth rate between 2001 and 2005 and the second figure represents the market share of each specific country in 2005. There may be more countries that fall under each category mentioned in the table but this study limited the number of countries to a maximum of ten. Where there are fewer than ten countries mentioned per category it implies that only the countries that were mentioned fell under that particular category.

Source: International Trade Centre (ITC), 2007 – compiled by the author

From table 6.4, the following conclusions can be drawn:

- The most aspirant exporters (the nations with relatively low export growth rates between 2001 and 2005 but large market shares in 2005) of furniture of other materials (including bamboo) (HS code 940380) were Italy, Taiwan, the Philippines, the USA, Hong Kong and France.
- The most prominent leaders (the nations with high export growth rates between 2001 and 2005 and substantial market shares in 2005) of furniture of other materials (including bamboo) (HS code 940380) were China, Indonesia, Spain, Vietnam, Poland, Germany, Thailand, the UK, Belgium and Singapore.
- The most attractive climbers (the nations with the highest export growth rates between 2001 and 2005) of furniture of other materials (including bamboo) (HS code 940380) were Slovakia, Slovenia, Turkey, Poland Singapore, India, United Arab Emirates, Japan, Portugal and New Zealand.
- The least attractive exporters (the nations with relatively low or fluctuating export growth rates between 2001 and 2005 and relatively lower market shares in 2005) of furniture of other materials (including

bamboo) (HS code 940380) were Malaysia, Switzerland, Denmark, Mexico, South Africa, Czech Republic, Morocco and Australia.

The international trade of furniture of other materials (including bamboo) (HS code 940380) will subsequently be compared with South African trade of furniture of other materials (including bamboo) (HS code 940380). Row 4 in table 6.2 (Annexure D) provides an overview of furniture of other materials (including bamboo) (HS code 940380) that were traded by South Africa in 2005.

From table 6.2 (Annexure D), the following conclusions can be drawn:

- The total value of furniture of other materials (including bamboo) (HS code 940380) traded by South Africa in 2005 amounted to \$10.5 million (\$7.7 million imports and \$2.8 million exports). When this value is compared to the world trade of furniture of other materials (including bamboo) (HS code 940380) that was estimated at \$3 billion (\$1.4 billion imports and \$1.6 billion exports) (see table 6.1, Annexure D), it is evident that South Africa's contribution to the world trade of furniture of other materials (including bamboo) (HS code 940380) in 2005 was 0.35%. When one compares the value of furniture of other materials (including bamboo) (HS code 940380) imported by South Africa in 2005 (\$7.7 million) to the value of furniture of other materials (including bamboo) (HS code 940380) exported by South Africa in 2005 (\$2.8 million), it is evident that South Africa imported (demanded) nearly three times as much furniture of other materials (including bamboo) (HS code 940380) than it exported (supplied). This shows that, in 2005, there was a strong demand for furniture of other materials (including bamboo) (HS code 940380) in South Africa.
- The annual average growth in import value between 2001 and 2005 for all furniture of other materials including bamboo) (HS code 940380) imported by South Africa was 44%, while the annual average growth in export value between 2001 and 2005 for all furniture of other materials (including bamboo) (HS code 940380) exported by South Africa was -12%. This shows that, between 2001 and 2005, South Africa's annual average growth in import value grew more than four times faster than the annual average growth in exports that South Africa experienced over the same period. The only conclusion that can be drawn from this is that there was not only a strong demand for furniture of other materials (including bamboo) (HS code 940380) in 2005 (see the paragraph above), but there was also a strong demand for furniture of other materials (including bamboo) (HS code 940380) in South Africa between 2001 and 2005. (The reason that South Africa showed such a decline in exports of furniture of other materials (including bamboo) (HS code 940380) is uncertain and this leaves room for further research).

If one compares the South African furniture of other materials (including bamboo) (HS code 940380) import growth rate of 44% between 2001 and 2005 to the international furniture of other materials (including bamboo) (HS code 940380) import growth rate of 10% between 2001 and 2005 (see table 6.1, Annexure D), it is clear that the growth in demand for furniture of other materials (including bamboo) (HS code 940380) products in South Africa exceeded the growth in demand for furniture of other

materials (including bamboo) (HS code 940380) products internationally. If one compares the South African furniture of other materials (including bamboo) (HS code 940380) export growth rate of -12% between 2001 and 2005 to the international furniture of other materials (including bamboo) (HS code 940380) export growth rate of 9% between 2001 and 2005 (see table 6.1, Annexure D), it is clear that South Africa's supply of furniture of other materials (including bamboo) (HS code 940380) products was far less than the growth in the world supply of furniture of other materials (including bamboo) (HS code 940380).

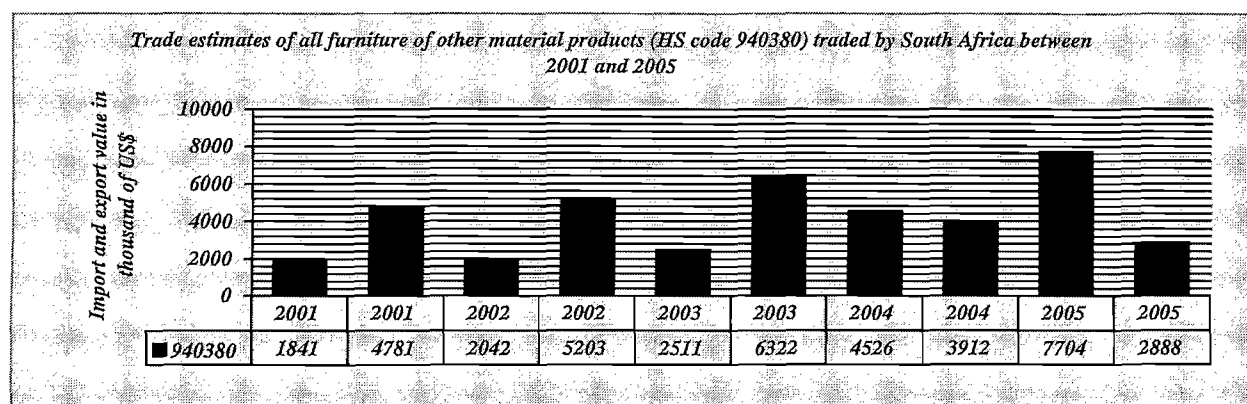
When one uses the same example as above and one compares the South African furniture of other materials (including bamboo) (HS code 940380) import growth rate of 44% between 2001 and 2005 to the international furniture of other materials (including bamboo) (HS code 940380) export growth rate of 9% between 2001 and 2005 (see table 6.1, Annexure D), it is clear that the growth in demand for furniture of other materials (including bamboo) (HS code 940380) in South Africa exceeded the growth in supply of furniture of other materials (including bamboo) (HS code 940380) internationally. This again shows that there was a strong demand for furniture of other materials (including bamboo) (HS code 940380) in South Africa between 2001 and 2005.

If one compares the South African furniture of other materials (including bamboo) (HS code 940380) export growth rate of -12% between 2001 and 2005 to the international furniture of other materials (including bamboo) (HS code 940380) import growth rate of 10% between 2001 and 2005 (see table 6.1, Annexure D), it is clear that the growth in supply of furniture of other materials (including bamboo) (HS code 940380) from South Africa was far less than the growth in demand for furniture of other materials (including bamboo) (HS code 940380) internationally. This shows that there was a strong demand for furniture of other materials (including bamboo) (HS code 940380) internationally between 2001 and 2005 but South Africa did not tap into this market. (The reason that South Africa showed such a decline in furniture of other material (including bamboo) (HS code 940380) exports or the reason why South Africa did not tap into this market is uncertain and this leaves room for further research).

In 2005, South Africa obtained the 27th overall position for all furniture of other materials (including bamboo) (HS code 940380) products imported and the 30th overall position for all furniture of other materials (including bamboo) (HS code 940380) products exported. (For a complete data set, contact the author).

Figure 6.2 provides the estimates for all furniture of other materials (including bamboo) (HS code 940380) products that were traded by South Africa between 2001 and 2005.

Figure 6.2 Trade estimates of all furniture of other materials (including bamboo) (HS code 940380) products traded by South Africa between 2001 and 2005



Source: International Trade Centre (ITC), 2007 – compiled by the author

Note: The pillars represent the furniture of other material (including bamboo) (HS code – 940380) imports and exports traded by South Africa between 2001 and 2005. The HS code of this product can be seen in the far left column. The first column of each year represents the annual imports while the second column of each year represents the annual exports.

From figure 6.2, the following conclusion can be drawn:

- Furniture of other materials (including bamboo) (HS code 940380) experienced favourable import growth rates by South Africa between 2001 and 2005 and experienced favourable export growth rates only up until 2003. From 2003 onwards furniture of other materials (including bamboo)(HS code 40380) experienced a decline in exports and this caused the overall export growth rate to be negative. (The reason that South Africa experienced such a decline in this product after 2003 is uncertain and this leaves room for further research).

To summarise, furniture of other materials (including bamboo) (HS code 940380) products showed a high international trade potential between 2001 and 2005. During this period, South Africa showed a strong demand for this product but lacked the supply (exports). South Africa could have benefited from the strong international demand by increasing exports and South Africa could have benefited from the strong domestic demand by increasing domestic supply.

The leather product with the highest trade potential internationally was articles of apparel of leather or of composition leather (HS code 420310). It will be discussed next.

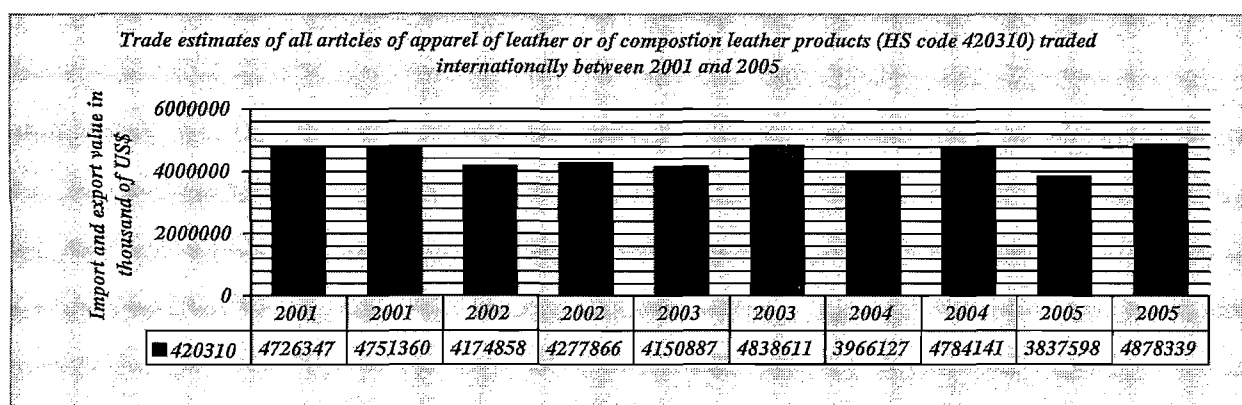
6.4 Articles of apparel of leather or of composition leather (HS code 420310)

The leather product with the highest trade potential was articles of apparel of leather or of composition leather (HS code 420310). Row 6 in table 6.1 (Annexure D) provides an overview of this product.

From table 6.1 (Annexure D), the following conclusions can be drawn:

- The total value of articles of apparel of leather or of composition leather (HS code 420310) traded in 2005 amounted to \$8.6 billion (\$3.8 billion imports and \$4.8 billion exports).
- The annual average growth in import value between 2001 and 2005 for articles of apparel of leather or of composition leather (HS code 420310) was -5% while the annual average growth in export value between 2001 and 2005 for articles of apparel of leather or of composition leather (HS code 420310) was 1%.
- The top three importing countries together imported 46% of all articles of apparel of leather or of composition leather (HS code 420310) while the top three exporting countries exported 63% of all articles of apparel of leather or of composition leather (HS code 420310).
- Trade comparison: when one compares the total value of articles of apparel of leather or of composition leather (HS code 420310) imported (\$3.8 billion) to the total value of articles of apparel of leather or of composition leather (HS code 420310) exported (\$4.8 billion), it is evident that the world exported (supplied) more articles of apparel of leather or of composition leather (HS code 420310) than it imported (demanded) in 2005 while the annual average growth in export (supply) between 2001 and 2005 exceeded the annual average growth in import (demand).

Figure 6.3 Trade estimates of all articles of apparel of leather or of composition leather (HS code 420310) products traded internationally between 2001 and 2005



Source: International Trade Centre (ITC), 2007 – compiled by the author

Note: The pillars present the articles of apparel of leather or of composition leather (HS code 420310) imports and exports traded internationally between 2001 and 2005. The HS code of this product can be seen in the far left column. The first column of each year represents the annual imports while the second column of each year represents the annual exports.

From figure 6.1, one can see that articles of apparel of leather or of composition leather (HS code 420310) imports experienced an overall decline between 2001 and 2005 while articles of apparel of leather or of composition leather (HS code 420310) exports first experienced a decline but, from 2003 onwards, it experienced an increase.

The attractiveness of the different importing markets and the relative competitiveness of the different exporting markets will now be discussed.

Table 6.5 Attractiveness of the different importing markets for articles of apparel of leather or of composition leather (HS code 420310)

	Significant	Prominent	Attractive	Least Attractive
THE LEATHER PRODUCT WITH THE HIGHEST TRADE POTENTIAL	<i>The nations with relatively low import growth rates between 2001 and 2005 but large market shares in 2005</i>	<i>The nations with high import growth rates between 2001 and 2005 and substantial market shares in 2005</i>	<i>The nations with the highest import growth rates between 2001 and 2005</i>	<i>The nations with relatively low or fluctuating import growth rates between 2001 and 2005 and relatively lower market shares in 2005</i>
Articles of apparel of leather or of composition leather (HS code 420310)	USA (-12%:28%) Germany (-5%:11%) France (0:7%) UK (-8%:5%) Japan (-13%:4%) Hong Kong (-5%:4%) Canada (0:3%) Netherlands (0:3%)	Spain (6%:6%) Italy (2%:5%) Belgium (5%:3%) Switzerland (3%:3%) Austria (5%:2%) Greece (26%:2%) Korea (22%:1%) Czech Republic (16%:1%) Turkey (1%:1%) South Africa (48%:1%)	Romania (66%) China (55%) South Africa (48%) Singapore (41%) Greece (26%) Korea (22%) Slovakia (18%) Czech Republic (16%) Poland (13%) Australia (11%)	Denmark (-2%:1) Sweden (-5%:1) Portugal (-4%:1%) Russia (-7%:1%) Norway (-1%:0) Free Zones (-8%:0) Ireland (-8%:0) Hungary (-8%:0) Chile (-24%:0) Slovenia (-13%:0)

Note: Where there are two figures between brackets in the table, the first figure represents the import or export growth rate between 2001 and 2005 and the second figure represents the market share of each specific country in 2005. There may be more countries that fall under each category mentioned in the table, but this study limited the number of countries to a maximum of ten. Where there are fewer than ten countries mentioned per category it implies that only the countries that were mentioned fell under that particular category.

Source: International Trade Centre (ITC), 2007 – compiled by the author

From table 6.5, the following conclusions can be drawn:

- The most significant importers (the nations with relatively low import growth rates between 2001 and 2005 large market shares in 2005) of articles of apparel of leather or of composition leather (HS code 420310) were the USA, Germany, France, the UK, Japan, Hong Kong, Canada and the Netherlands.
- The most prominent importers (the nations with high import growth rates between 2001 and 2005 and substantial market shares in 2005) of articles of apparel of leather or of composition leather (HS code 420310) were Spain, Italy, Belgium, Switzerland, Austria, Greece, Korea, Czech Republic, Turkey and South Africa.
- The most attractive importers (the nations with the highest import growth rates between 2001 and 2005) of articles of apparel of leather or of composition leather (HS code 420310) were Romania, China, South Africa, Singapore, Greece, Korea, Slovakia, Czech Republic, Poland and Austria.
- The least attractive importers (the nations with relatively low or fluctuating import growth rates between 2001 and 2005 and relatively lower market shares in 2005) of articles of apparel of leather or of composition leather (HS code 420310) were Denmark, Sweden, Portugal, Russia, Norway, Free Zones, Ireland, Hungary, Chile, Slovenia.

The relative competitiveness of the different exporting markets will be discussed next.

Table 6.6 Relative competitiveness of the different exporting markets for articles of apparel of leather or of composition leather (HS code 420310)

	<i>Aspirants</i>	<i>Leaders</i>	<i>Climbers</i>	<i>Not well off</i>
<i>THE LEATHER PRODUCT WITH THE HIGHEST TRADE POTENTIAL</i>	<i>The nations with relatively low export growth rates between 2001 and 2005 but large market shares in 2005</i>	<i>The nations with high export growth rates between 2001 and 2005 and substantial market shares in 2005</i>	<i>The nations with the highest export growth rates between 2001 and 2005</i>	<i>The nations with relatively low or fluctuating export growth rates between 2001 and 2005 and relatively lower market shares in 2005</i>
<i>Articles of apparel of leather or of composition leather (HS code 420310)</i>	Italy (-2%:8%) India (-15%:7%) Turkey (-6%:4%) Hong Kong (-6%:4%)	China (4%:47%) Pakistan (-: 8%) Germany (4%:4%) USA (13%:3%) France (4%:2%) Switzerland (34%:1%) Netherlands (5%:1%) Denmark (6%:1%) Austria (37%:1%)	UAE (123%) Slovakia (64%) Austria (37%) Ukraine (35%) Switzerland (34%) Czech Republic (28%) Portugal (20%) Argentina (19%) Russian Federation (14%) Greece (14%)	Spain (-3%:1%) Belgium (1%:1%) UK (1%:1%) Romania (-3%:0) Korea (-34%:0) Morocco (-1%:0) Canada (-11%:0) Poland (-6%:0) Hungary (26%:0) Croatia (-4%:0)

Note: Where there are two figures between brackets in the table, the first figure represents the import or export growth rate between 2001 and 2005 and the second figure represents the market share of each specific country in 2005. There may be more countries that fall under each category mentioned in the table, but this study limited the number of countries to a maximum of ten. Where there are fewer than ten countries mentioned per category it implies that only the countries that were mentioned fell under that particular category.

Source: International Trade Centre (ITC), 2007 – compiled by the author

From table 6.6, the following conclusions can be drawn:

- The most aspirant exporters (the nations with relatively low export growth rates between 2001 and 2005 but large market shares in 2005) of articles of apparel of leather or of composition leather (HS code 420310) were Italy, India, Turkey and Hong Kong.
- The most prominent leaders (the nations with high export growth rates between 2001 and 2005 and substantial market shares in 2005) of articles of apparel of leather or of composition leather (HS code 420310) were China, Pakistan, Germany, the USA, France, Switzerland, Netherlands, Denmark and Austria.
- The most attractive climbers (the nations with the highest export growth rates between 2001 and 2005) of articles of apparel of leather or of composition leather (HS code 420310) were the UAE, Austria, Ukraine, Switzerland, Czech Republic, Portugal, Argentina, Russian Federation and Greece.
- The least attractive exporters (the nations with relatively low or fluctuating export growth rates between 2001 and 2005 and relatively lower market shares in 2005) of articles of apparel of leather or of composition leather (HS code 420310) were Spain, Belgium, the UK, Romania, Korea, Morocco, Canada, Poland, Hungary, Croatia.

The international trade of articles of apparel of leather or of composition leather (HS code 420310) will subsequently be compared with South African trade of articles of apparel of leather or of composition leather (HS code 420310). Row 6 in table 6.2 (Annexure D) provides an overview of articles of apparel of leather or of composition leather (HS code 420310) that was traded by South Africa in 2005.

From table 6.2 (Annexure D), the following conclusion can be drawn:

- The total value of articles of apparel of leather or of composition leather (HS code 420310) traded by South Africa in 2005 amounted to \$19.9 million (only imports). When this value is compared to the world trade of articles of apparel of leather or of composition leather (HS code 420310) that was estimated at \$8.6 billion (\$3.8 billion imports and \$4.8 billion exports) (see table 6.1, Annexure D), it is evident that South Africa's contribution to the world trade of articles of apparel of leather or of composition leather (HS code 420310) in 2005 was 0.23%. South Africa exported no articles of apparel of leather or of composition leather (HS code 420310) products, so there is no need to compare South African imports and exports or the growth in import and exports.

What can be done in this scenario is to compare the South African articles of apparel of leather or of composition leather (HS code 420310) import growth rate of 48% between 2001 and 2005 to the articles of apparel of leather or of composition leather (HS code 420310) export growth rate of 1% between 2001 and 2005 (see table 6.1, Annexure D). It is clear that the growth in demand of articles of apparel of leather or of composition leather (HS code 420310) products to South Africa was significantly larger than the growth in supply of articles of apparel of leather or of composition leather (HS code 420310) products internationally.

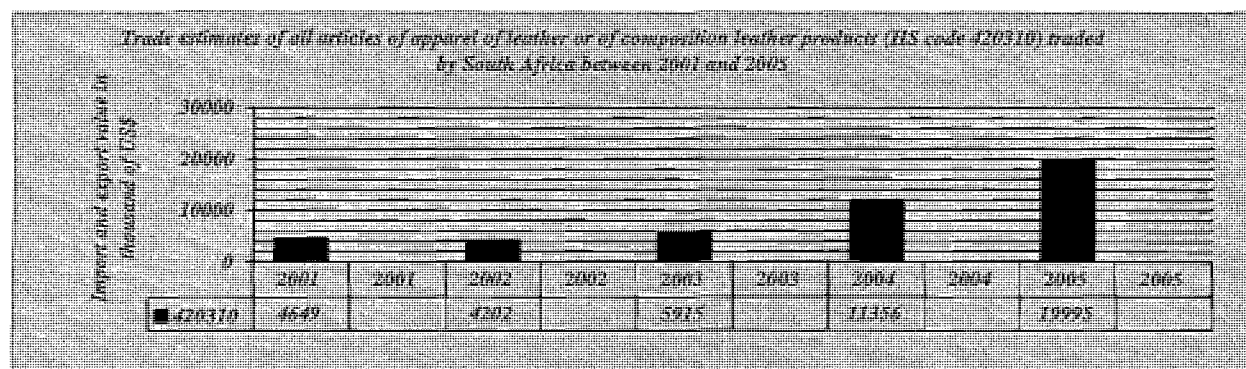
What can also be done in this scenario is to compare the South African articles of apparel of leather or of composition leather (HS code 420310) import growth rate of 48% between 2001 and 2005 to the international articles of apparel of leather or of composition leather (HS code 420310) import growth rate of -5% between 2001 and 2005 (see table 6.1, Annexure D). It is clear that South Africa's demand for articles of apparel of leather or of composition leather (HS code 420310) products was significantly larger than the growth in the world demand for articles of apparel of leather or of composition leather (HS code 420310) that were traded between 2001 and 2005.

Both of these scenarios shows that there was a strong demand for articles of apparel of leather or of composition leather (HS code – 420310) products in South Africa and South African crafters could have benefited from this demand by increasing domestic supply.

In 2005, South Africa obtained the 22nd overall position for all articles of apparel of leather or of composition leather (HS code 420310) products imported. (For a complete data set, contact the author).

Figure 6.4 provides the estimates for all articles of apparel of leather or of composition leather (HS code 420310) products that were traded by South Africa between 2001 and 2005.

Figure 6.4 Trade estimates of all articles of apparel of leather or of composition leather (HS code 420310) products traded by South Africa between 2001 and 2005



Source: International Trade Centre (ITC), 2007 – compiled by the author

Note: The pillars represent the articles of apparel of leather or of composition leather (HS code 420310) imports and exports traded by South Africa between 2001 and 2005. The HS code of this product can be seen in the far left column. The open spaces in the figure either indicate that South Africa did not contribute to the trade (import or export) of this specific product or, if South Africa contributed, the contribution to world trade was too small or insignificant for Trade Map to depict. The first column of each year represents the annual imports while the second column of each year represents the annual exports.

From figure 6.4, the following conclusion can be drawn:

- Articles of apparel of leather or of composition leather (HS code 420310) experienced favourable import growth rates by South Africa between 2001 and 2003. From 2003 onwards, this product experienced a significant increase and, as a result of this, the overall import growth rate was very high. South Africa exported no articles of apparel of leather or of composition leather (HS code 420310). (The reason that South Africa did not export this product is uncertain and this leaves room for further research).

To summarise, articles of apparel of leather or of composition leather (HS code 420310) products showed a high trade potential between 2001 and 2005. During this period, South Africa showed a strong demand for this product but lacked the supply (exports). South Africa could have benefited from the strong international demand by increasing exports, and South Africa could have benefited from the strong domestic demand by increasing domestic supply.

The metal product with the highest trade potential internationally was furniture of metal (HS code 940320). It will subsequently be discussed.

6.5 Furniture of metal (HS code 940320)

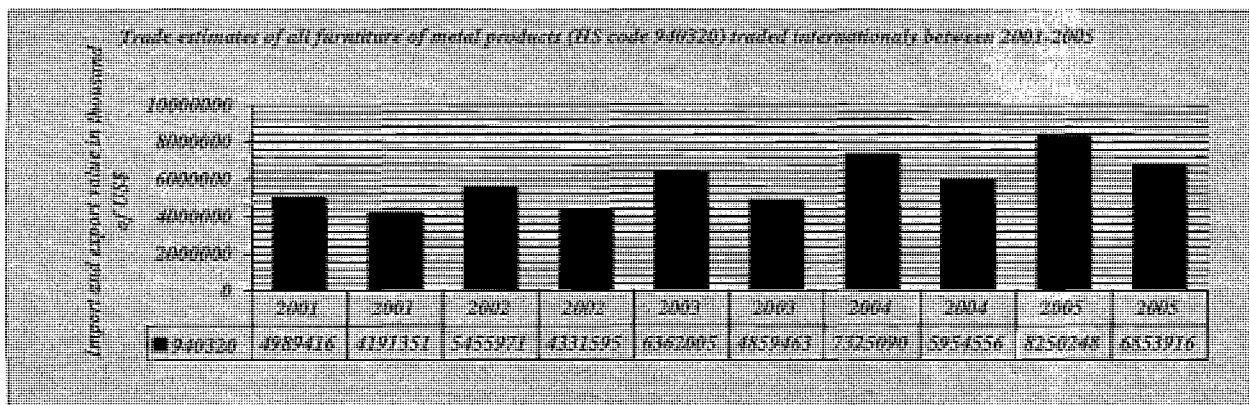
The metal product with the highest trade potential was furniture of metal (HS code 940320). Row 6 in table 6.1 (Annexure D) provides an overview of this product.

From table 6.1 (Annexure D), the following conclusions can be drawn:

- The total value of furniture of metal (HS code 940320) traded in 2005 amounted to \$15 billion (\$8.2 billion imports and \$6.8 billion exports).

- The annual average growth in import value between 2001 and 2005 for furniture of metal (HS code 940320) was 14% while the annual average growth in export value between 2001 and 2005 for furniture of metal (HS code 940320) was 14%.
- The top three importing countries together imported 51% of all furniture of metal (HS code 940320) while the top three exporting countries exported 48% of all furniture of metal (HS code 940320).
- Trade comparison: when one compares the total value of furniture of metal (HS code 940320) imported (\$8.2 billion) to the total value of furniture of metal (HS code 940320) exported (\$6.8 billion), it is evident that the world imported (demanded) more furniture of metal (HS code 940320) than it exported (supplied) in 2005 while the annual average growth in import (demand) between 2001 and 2005 equalled the annual average growth in export (supply).

Figure 6.5 Trade estimates of all furniture of metal (HS code 940320) products traded internationally between 2001 and 2005



Source: International Trade Centre (ITC), 2007 – compiled by the author

Note: The pillars represent the furniture of metal (HS code 940320) imports and exports traded internationally between 2001 and 2005. The HS code of this product can be seen in the far left column. The first column of each year represents the annual imports while the second column of each year represents the annual exports.

From figure 6.1, one can see that furniture of metal (HS code 940320) experienced favourable import and export growth rates between 2001 and 2005.

The attractiveness of the different importing markets and the relative competitiveness of the different exporting markets will now be discussed.

Table 6.7 Attractiveness of the different importing markets for furniture of metal (HS code – 940320)

	Significant	Prominent	Attractive	Least Attractive
THE METAL PRODUCT WITH THE HIGHEST TRADE POTENTIAL	<i>The nations with relatively low import growth rates between 2001 and 2005 but large market shares in 2005</i>	<i>The nations with high import growth rates between 2001 and 2005 and substantial market shares in 2005</i>	<i>The nations with the highest import growth rates between 2001 and 2005</i>	<i>The nations with relatively low or fluctuating import growth rates between 2001 and 2005 and relatively lower market shares in 2005</i>
Furniture, metal (HS code 940320)	Japan (0:5%) Hong Kong (-14%:1%)	USA (13%:37%) Germany (15%:7%) UK (17%:7%) France (16%:5%) Canada (12%:5%) Spain (27%:3%) Switzerland (10%:2%) Netherlands (21%:2%) Belgium (17%:2%) Australia (26%:2%)	Korea (63%) Kazakhstan (50%) South Africa (48%) Romania (45%) Russian Federation (43%) New Zealand (34%) China (31%) Spain (27%) Australia (26%) Croatia (26%)	Singapore (-2%:0) Hungary (4%:0)

Where there are two figures between brackets in the table, the first figure represents the import or export growth rate between 2001 and 2005 and the second figure represents the market share of each specific country in 2005. There may be more countries that fall under each category mentioned in the table, but this study limited the number of countries to a maximum of ten. Where there are fewer than ten countries mentioned per category it implies that only the countries that were mentioned fell under that particular category.

Source: International Trade Centre (ITC), 2007 – compiled by the author

From table 6.7, the following conclusions can be drawn:

- The most significant importers (the nations with relatively low import growth rates between 2001 and 2005 large market shares in 2005) of furniture of metal (HS code 940320) were Japan and Hong Kong.
- The most prominent importers (the nations with high import growth rates between 2001 and 2005 and substantial market shares in 2005) of furniture of metal (HS code 940320) were the USA, the UK, Germany, France, Canada, Spain, Switzerland, Netherlands, Belgium and Australia.
- The most attractive importers (the nations with the highest import growth rates between 2001 and 2005) of furniture of metal (HS code 940320) were Korea, Kazakhstan, South Africa, Romania, Russian Federation, New Zealand, China, Spain, Australia and Croatia.
- The least attractive importers (the nations with relatively low or fluctuating import growth rates between 2001 and 2005 and relatively lower market shares in 2005) of furniture of metal (HS code 940320) were Singapore and Hungary.

The relative competitiveness of the different exporting markets will be discussed next.

Table 6.8 Relative competitiveness of the different exporting markets for furniture of metal (HS code 940320)

	<i>Aspirants</i>	<i>Leaders</i>	<i>Climbers</i>	<i>Not well off</i>
THE METAL PRODUCT WITH THE HIGHEST TRADE POTENTIAL	<i>The nations with relatively low export growth rates between 2001 and 2005 but large market shares in 2005</i>	<i>The nations with high export growth rates between 2001 and 2005 and substantial market shares in 2005</i>	<i>The nations with the highest export growth rates between 2001 and 2005</i>	<i>The nations with relatively low or fluctuating export growth rates between 2001 and 2005 and relatively lower market shares in 2005</i>
<i>Furniture, metal (HS code 940320)</i>	Mexico (0:2%) Malaysia (0:2%) Hong Kong (-17%:1%)	China (36%:27%) Germany (20%:12%) Italy (7%:8%) Canada (4%:6%) Taiwan (2%:3%) Sweden (19%:3%) France (7%:2%) Netherlands (17%:2%) Spain (6%:2%) UK (7%:2%)	Lithuania (67%) Bulgaria (55%) Singapore (51%) Turkey (51%) Slovenia (47%) Morocco (40%) China (36%) Vietnam (35%) Costa Rica (32%) Romania (28%)	Philippines (-9%:0) Japan (1%:0) Thailand (-20%:0) Indonesia (2%:0)

Note: Where there are two figures between brackets in the table, the first figure represents the import or export growth rate between 2001 and 2005 and the second figure represents the market share of each specific country in 2005. There may be more countries that fall under each category mentioned in the table, but this study limited the number of countries to a maximum of ten. Where there are fewer than ten countries mentioned per category it implies that only the countries that were mentioned fell under that particular category.

Source: International Trade Centre (ITC), 2007 – compiled by the author

From table 6.8, the following conclusions can be drawn:

- The most aspirant exporters (the nations with relatively low export growth rates between 2001 and 2005 but large market shares in 2005) of furniture of metal (HS code 940320) were Mexico, Malaysia and Hong Kong.
- The most prominent leaders (the nations with high export growth rates between 2001 and 2005 and substantial market shares in 2005) of furniture of metal (HS code 940320) were China, Germany, Italy, Canada, Taiwan, Sweden, France, Netherlands and Spain and the UK.
- The most attractive climbers (the nations with the highest export growth rates between 2001 and 2005) of furniture of metal (HS code 940320) were Lithuania, Bulgaria, Singapore, Turkey, Slovenia, Morocco, China, Vietnam, Costa Rica and Romania.
- The least attractive exporters (the nations with relatively low or fluctuating export growth rates between 2001 and 2005 and relatively lower market shares in 2005) of furniture of metal (HS code 940320) were Philippines, Japan, Thailand and Indonesia.

The international trade of furniture of metal (HS code 940320) will subsequently be compared with South African trade of furniture of metal (HS code 940320). Row 8 in table 6.2 (Annexure D) provides an overview of furniture of metal (HS code 940320) that was traded by South Africa in 2005.

From table 6.2 (Annexure D), the following conclusions can be drawn:

- The total value of furniture of metal (HS code 940320) traded by South Africa in 2005 amounted to \$35.6 million (\$23.4 million imports and \$12.2 million exports). When this value is compared to the world trade of furniture of metal (HS code 940320) that was estimated at \$15 billion (\$8.2 billion imports and \$6.8 billion exports) (see table 6.1, Annexure D), it is evident that South Africa's contribution to the world trade of furniture of metal (HS code 940320) in 2005 was 0.23%. When one compares the value of furniture of metal (HS code 940320) imported by South Africa in 2005 (\$23.4 million) to the value of furniture of metal (HS code 940320) exported by South Africa in 2005 (\$12.2 million), it is evident that South Africa imported (demanded) nearly twice as much furniture of metal (HS code 940320) than it exported (supplied). This shows that, in 2005, there was a strong demand for furniture of metal (HS code 940320) in South Africa.
- The annual average growth in import value between 2001 and 2005 for all furniture of metal (HS code 940320) imported by South Africa was 48% while the annual average growth in export value between 2001 and 2005 for all furniture of metal (HS code 940320) exported by South Africa was 10%. This shows that, between 2001 and 2005, South Africa's annual average growth in import value grew more than four times faster than the annual average growth in exports that South Africa experienced over the same period. The only conclusion that can be drawn from this is that there was not only a strong demand for furniture of metal (HS code 940320) in 2005 (see the paragraph above) but there was also a strong demand for furniture of metal (HS code 940320) in South Africa between 2001 and 2005.

If one compares the South African furniture of metal (HS code 940320) import growth rate of 48% between 2001 and 2005 to the international furniture of metal (HS code 940320) import growth rate of 14% between 2001 and 2005 (see table 6.1, Annexure D), it is clear that the growth in demand for furniture of metal (HS code 940320) products in South Africa exceeded the growth in demand for furniture of metal (HS code 940320) products internationally between 2001 and 2005. If one compares the South African furniture of metal (HS code 940320) export growth rate of 10% between 2001 and 2005 to the international furniture of metal (HS code 940320) export growth rate of 14% between 2001 and 2005 (see table 6.1, Annexure D), it is clear that South Africa's supply of furniture of metal (HS code 940320) products was far less than the growth in the world supply of furniture of metal (HS code 940320) products traded between 2001 and 2005.

When one uses the same example as above and one compares the South African furniture of metal (HS code 940320) import growth rate of 48% between 2001 and 2005 to the international furniture of metal (HS code 940320) export growth rate of 14% between 2001 and 2005 (see table 6.1, Annexure D), it is clear that the growth in demand for furniture of metal (HS code 940320) products in South Africa between 2001 and 2005 exceeded the growth in supply of furniture of metal (HS code 940320) products internationally between 2001 and 2005. This again shows that there was a strong demand for furniture of metal (HS code 940320) products in South Africa between 2001 and 2005.

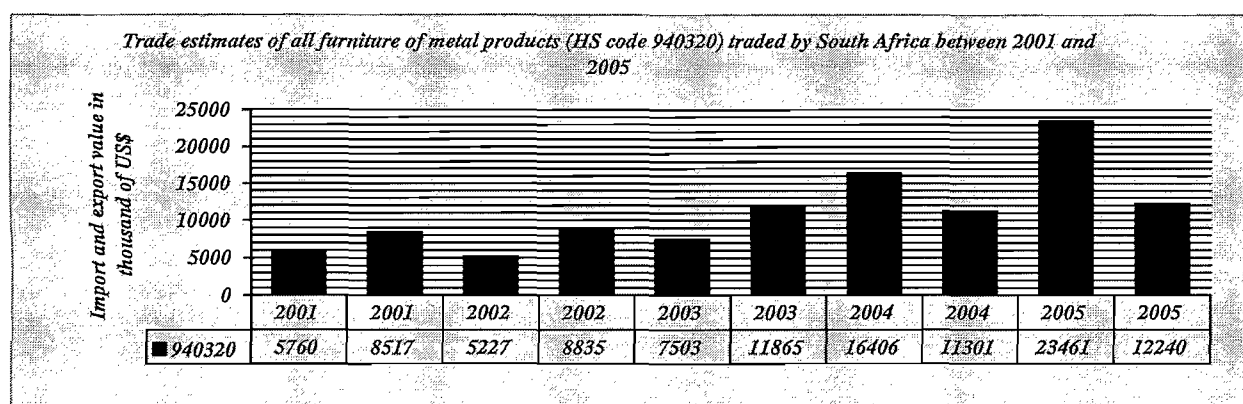
If one compares the South African furniture of metal (HS code 940320) export growth rate of 10% between 2001 and 2005 to the international furniture of metal (HS code 940320) import growth rate of

14% between 2001 and 2005 (see table 6.1, Annexure D), it is clear that the growth in supply of furniture of metal (HS code 940320) products from South Africa was less than the growth in demand for furniture of metal (HS code 940320) products internationally between 2001 and 2005. This shows that there was a strong demand for furniture of metal (HS code 940320) products internationally between 2001 and 2005 but South Africa did not tap into this market. (The reason that South Africa did not tap into this market is uncertain and this leaves room for further research).

In 2005, South Africa obtained the 30th overall position for all furniture of metal (HS code 940320) products imported and the 37th overall position for all furniture of metal (HS code 940320) products exported. (For a complete data set, contact the author).

Figure 6.6 provides the estimates for all furniture of metal (HS code 940320) products that were traded by South Africa between 2001 and 2005.

Figure 6.6 Trade estimates of all furniture of metal (HS code 940320) products traded by South Africa between 2001 and 2005



Source: International Trade Centre (ITC), 2007 – compiled by the author

Note: The pillars represent the furniture of metal (HS code 940320) imports and exports traded by South Africa between 2001 and 2005. The HS code of this product can be seen in the far left column. The first column of each year represents the annual imports while the second column of each year represents the annual exports.

From figure 6.6, the following conclusion can be drawn:

- Furniture of metal (HS code 940320) experienced favourable import growth rates by South Africa between 2001 and 2005 and experienced favourable exports growth rates in 2001, 2002, 2003 and 2005. The only exception was in 2004 where furniture of metal (HS code 940320) experienced a slight decline. (The reason that this product showed a decline in 2004 is uncertain and this leaves room for further research).

To summarise, furniture of metal (HS code 940320) products experienced a high trade potential between 2001 and 2005. During this period, South Africa experienced a strong demand for this product as well as an

average supply but, if one takes the strong international import growth rate into account, there was still a definite opportunity for South Africa to increase its exports. Thus, South Africa could have benefited from the strong international demand by increasing exports and South Africa could have benefited from the strong domestic demand by increasing domestic supply.

The paper product with the highest trade potential internationally was handmade paper and paperboard (HS code – 480210). It will be discussed next.

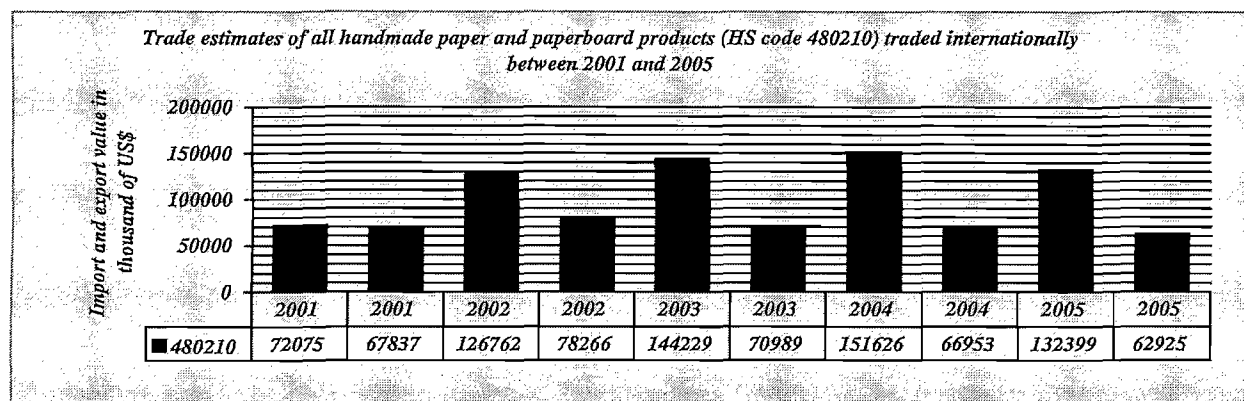
6.6 Handmade paper and paperboard (HS code 480210)

The paper product with the highest trade potential was handmade paper and paperboard (HS code 480210). Row 10 in table 6.1 (Annexure D) provides an overview of this product.

From table 6.1 (Annexure D), the following conclusions can be drawn:

- The total value of handmade paper and paperboard (HS code 480210) traded in 2005 amounted to \$294 million (\$154 million imports and \$140 million exports).
- The annual average growth in import value between 2001 and 2005 for handmade paper and paperboard (HS code 480210) was 8% while the annual average growth in export value between 2001 and 2005 for handmade paper and paperboard (HS code 480210) was 4%.
- The top three importing countries together imported 58% of all handmade paper and paperboard (HS code 480210) while the top three exporting countries exported 56% of all handmade paper and paperboard (HS code 480210).
- Trade comparison: when one compares the total value of handmade paper and paperboard (HS code 480210) imported (\$154 million) to the total value of handmade paper and paperboard (HS code 480210) exported (\$140 million), it is evident that the world imported (demanded) more handmade paper and paperboard (HS code 480210) than it exported (supplied) in 2005, while the annual average growth in imports (demand) between 2001 and 2005 was twice the annual average growth in exports (supply).

Figure 6.7 Trade estimates of all handmade paper and paperboard (HS code 480210) products traded internationally between 2001 and 2005



Source: International Trade Centre (ITC), 2007 – compiled by the author

Note: The pillars represent the handmade paper and paperboard (HS code 480210) imports and exports traded internationally between 2001 and 2005. The HS code of this product can be seen in the far left column. The first column of each year represents the annual imports while the second column of each year represents the annual exports.

From figure 6.7, one can see that handmade paper and paperboard (HS code 480210) experienced favourable import and export growth rates between 2001 and 2005.

The attractiveness of the different importing markets and the relative competitiveness of the different exporting markets will now be discussed.

Table 6.9 Attractiveness of the different importing markets of all handmade paper and paperboard (HS code – 480210)

	<i>Significant</i>	<i>Prominent</i>	<i>Attractive</i>	<i>Least Attractive</i>
THE PAPER PRODUCT WITH THE HIGHEST TRADE POTENTIAL	<i>The nations with relatively low import growth rates between 2001 and 2005 but large market shares in 2005</i>	<i>The nations with high import growth rates between 2001 and 2005 and substantial market shares in 2005</i>	<i>The nations with the highest import growth rates between 2001 and 2005</i>	<i>The nations with relatively low or fluctuating import growth rates between 2001 and 2005 and relatively lower market shares in 2005</i>
Handmade paper and paperboard (HS code 480210)	Japan (1%:13%) USA (-7%:2%) Oman (-12%:2%) Italy (-1%:2%)	France (40%:41%) Netherlands (73%:4%) Nigeria (35%:4%) UK (9%:1%) Ireland (104%:2%) Republic of Korea (18%:2%) Belgium (9%:2%) India (69%:1%) Bangladesh (28%:1%) Egypt (35%:1%)	Ethiopia (149%) Vietnam (123%) Ireland (104%) Netherlands (73%) Portugal (72%) India (69%) Austria (66%) Norway (64%) France (40%) Romania (36%)	China (-22%:1%) Saudi Arabia (-11%:1%) Hong Kong (-11%:1%) Spain (-29%:1%) Canada (-15%:0) Germany (-10%:0)

Note: Where there are two figures between brackets in the table, the first figure represents the import or export growth rate between 2001 and 2005 and the second figure represents the market share of each specific country in 2005. There may be more countries that fall under each category mentioned in the table, but this study limited the number of countries to a maximum of ten. Where there are fewer than ten countries mentioned per category it implies that only the countries that were mentioned fell under that particular category.

Source: International Trade Centre (ITC), 2007 – compiled by the author

From table 6.9, the following conclusions can be drawn:

- The most significant importers (the nations with relatively low import growth rates between 2001 and 2005 large market shares in 2005) of handmade paper and paperboard (HS code 480210) were Japan, the USA, Oman and Italy.
- The most prominent importers (the nations with high import growth rates between 2001 and 2005 and substantial market shares in 2005) of handmade paper and paperboard (HS code 480210) were France, Netherlands, Nigeria, the UK, Ireland, Republic of Korea, Belgium, India, Bangladesh and Egypt.
- The most attractive importers (the nations with the highest import growth rates between 2001 and 2005) of handmade paper and paperboard (HS code 480210) were Ethiopia, Vietnam, Ireland, Netherlands, Portugal, India, Austria, Norway, France and Romania.
- The least attractive importers (the nations with relatively low or fluctuating import growth rates between 2001 and 2005 and relatively lower market shares in 2005) of handmade paper and paperboard (HS code 480210) were China, Saudi Arabia, Hong Kong, Spain, Canada and Germany.

The relative competitiveness of the different exporting markets will be discussed next.

Table 6.10 Relative competitiveness of different exporting markets of all handmade paper and paperboard (HS code – 480210)

	<i>Aspirants</i>	<i>Leaders</i>	<i>Climbers</i>	<i>Not well-off</i>
THE PAPER PRODUCT WITH THE HIGHEST TRADE POTENTIAL	<i>The nations with relatively low export growth rates between 2001 and 2005 but large market shares in 2005</i>	<i>The nations with high export growth rates between 2001 and 2005 and substantial market shares in 2005</i>	<i>The nations with the highest export growth rates between 2001 and 2005</i>	<i>The nations with relatively low or fluctuating export growth rates between 2001 and 2005 and relatively lower market shares in 2005</i>
Handmade paper and paper board (HS code 480210)	USA (-7%:18%) UK (-18%:4%) Italy (-4%:3%) Korea (-7%:2%)	India (29%:28%) France (24%:10%) Taiwan (6%:4%) Japan (8%:3%) Saudi Arabia (45%:3%) Netherlands (32%:3%) Thailand (2%:3%) Austria (77%:1%) Nepal (15%:1%) Germany (23%:1%)	Iran (194%) UAE (118%) Malaysia (92%) Kuwait (82%) Austria (77%) Saudi Arabia (45%) Switzerland (40%) Nigeria (38%) Ireland (37%) Netherlands (32%)	Belgium (-29%:1%) Indonesia (-37%:1%) Denmark (-12%:0) Australia (1%:0) Hong Kong (-51%:0) Egypt (-2%:0) Czech Republic (-20%:0) Singapore (-58%:0)

Note: Where there are two figures between brackets in the table, the first figure represents the import or export growth rate between 2001 and 2005 and the second figure represents the market share of each specific country in 2005. There may be more countries that fall under each category mentioned in the table, but this study limited the number of countries to a maximum of ten. Where there are fewer than ten countries mentioned per category it implies that only the countries that were mentioned fell under that particular category.

Source: International Trade Centre (ITC), 2007 – compiled by the author

From table 6.10, the following conclusions can be drawn:

- The most aspirant exporters (the nations with relatively low export growth rates between 2001 and 2005 but large market shares in 2005) of handmade paper and paperboard (HS code 480210) were the USA, the UK, Italy and Korea.
- The most prominent leaders (the nations with high export growth rates between 2001 and 2005 and substantial market shares in 2005) of handmade paper and paperboard (HS code 480210) were India, France, Taiwan, Japan, Saudi Arabia, Netherlands, Thailand, Austria, Nepal and Germany.
- The most attractive climbers (the nations with the highest export growth rates between 2001 and 2005) of articles of handmade paper and paperboard (HS code 480210) were Iran, the UAE, Malaysia, Kuwait, Austria, Saudi Arabia, Switzerland, Nigeria, Ireland and Netherlands.
- The least attractive exporters (the nations with relatively low or fluctuating export growth rates between 2001 and 2005 and relatively lower market shares in 2005) of handmade paper and paperboard (HS code 480210) were Belgium, Indonesia, Denmark, Australia, Hong Kong, Egypt, Czech Republic and Singapore.

The international trade of handmade paper and paperboard (HS code 480210) will now be compared with South African trade of handmade paper and paperboard (HS code 480210). Row 10 in table 6.2 (Annexure D)

provides an overview of the handmade paper and paperboard (HS code 480210) that was traded by South Africa in 2005.

From table 6.2 (Annexure D), the following conclusion can be drawn:

- The total value of handmade paper and paperboard (HS code 480210) traded by South Africa in 2005 amounted to \$105 thousand (only exports). When this value is compared to the world trade of handmade paper and paperboard (HS code 480210) that was estimated at \$294 million (\$154 million imports and \$140 million exports) (see table 6.1, Annexure D), it is evident that South Africa's contribution to the world trade of handmade paper and paperboard (HS code 480210) in 2005 was 0.04%.

South Africa imported no handmade paper and paperboard (HS code 480210) products, so there is no need to compare South African imports and exports or the growth in import and exports to determine South Africa's domestic demand.

What can be done in this scenario is to compare the South African handmade paper and paperboard (HS code 480210) export growth rate of 2% between 2001 and 2005 to the international handmade paper and paperboard (HS code 480210) import growth rate of 8% between 2001 and 2005 (see table 6.1, Annexure D). From this it is clear that the growth in supply of handmade paper and paperboard (HS code 480210) products from South Africa was one quarter of the growth in demand for handmade paper and paperboard (HS code 480210) products internationally.

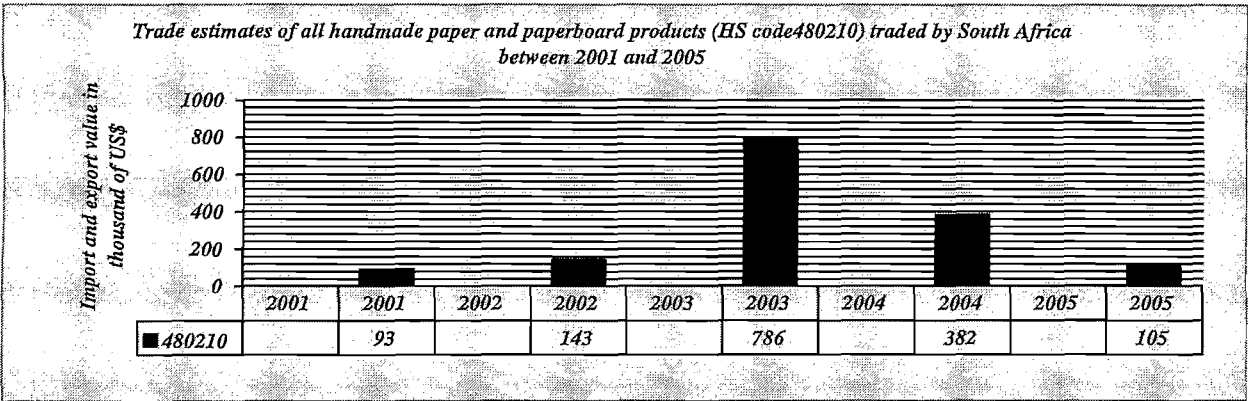
What can also be done in this scenario is to compare the South African handmade paper and paperboard (HS code 480210) export growth rate of 2% between 2001 and 2005 to the international handmade paper and paperboard (HS code 480210) export growth rate of 4% between 2001 and 2005 (see table 6.1, Annexure D). It is clear that South Africa's supply of handmade paper and paperboard (HS code 480210) products was smaller than the growth in the world supply of handmade paper and paperboard (HS code 480210) products traded between 2001 and 2005.

Both these scenarios show that there was a demand for handmade paper and paperboard (HS code 480210) products internationally between 2001 and 2005 but South Africa's contribution to this market was very small. (The reason that South Africa's contribution was so small is uncertain and this leaves room for further research).

In 2005, South Africa obtained the 33rd overall position for all handmade paper and paperboard (HS code 480210) products exported. (For a complete data set, contact the author).

Figure 6.8 provides the estimates for all handmade paper and paperboard (HS code 480210) products that were traded by South Africa between 2001 and 2005.

Figure 6.8 Trade estimates of all handmade paper and paperboard (HS code 480210) products traded by South Africa between 2001 and 2005



Source: International Trade Centre (ITC), 2007 – compiled by the author

Note: The pillars represent the handmade paper and paperboard (HS code 480210) imports and exports traded by South Africa between 2001 and 2005. The HS code of this product can be seen in the far left column. The open spaces in the figure either indicate that South Africa did not contribute to the trade (import or export) of this specific product or, if South Africa contributed, the contribution to world trade was too small or insignificant for Trade Map to depict. The first column of each year represents the annual imports while the second column of each year represents the annual exports.

From figure 6.8, the following conclusion can be drawn:

- No handmade paper and paperboard (HS code 480210) products were imported by South Africa between 2001 and 2005. (The reason that South Africa imported no handmade paper and paperboard (HS code 480210) products is uncertain and this leaves room for further research). The handmade paper and paperboard (HS code 480210) products that were exported by South Africa between 2001 and 2005 experienced favourable export growth rates until 2003, and from there onwards showed a decline. (The reason that this product showed a decline after 2003 is uncertain and this leaves room for further research).

To summarise, handmade paper and paperboard (HS code 480210) products showed a high international trade potential between 2001 and 2005. During this period, South Africa did not import any of the handmade paper and paperboard (HS code 480210) products but South Africa did export. When South Africa’s handmade paper and paperboard (HS code 480210) products are compared to the international handmade paper and paperboard (HS code 480210) products, it shows that there was a strong demand for handmade paper and paperboard (HS code 480210) products internationally between 2001 and 2005, but South Africa did not tap into this market. Thus, South Africa could have benefit from the strong international demand by increasing exports.

The pottery product with the highest trade potential internationally was ceramic tableware, kitchenware, other household articles and toilet articles (other than porcelain or china) (HS code 691200). This will be discussed next.

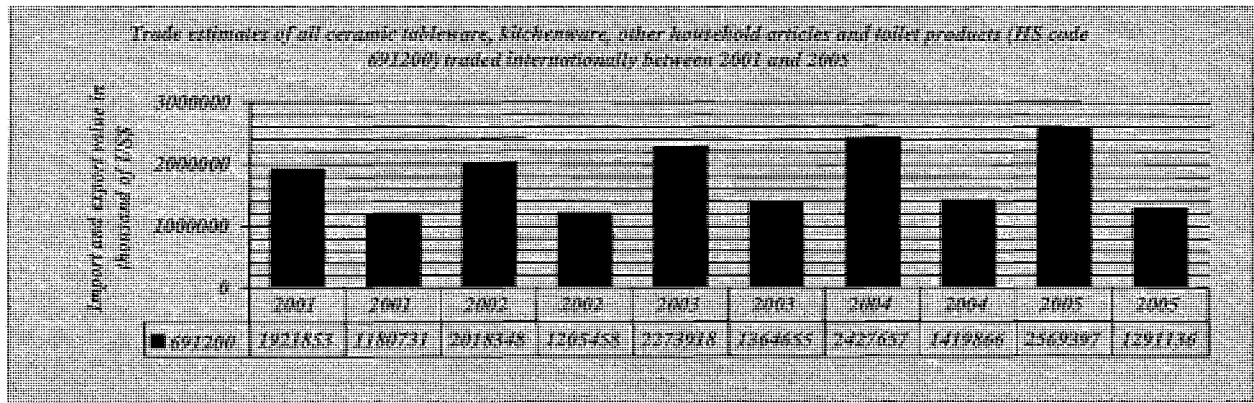
6.7 Ceramic tableware, kitchenware, other household articles and toilet articles (other than porcelain or china) (HS code 691200)

The pottery product with the highest trade potential was ceramic tableware, kitchenware, other household articles and toilet articles (other than porcelain or china) (HS code 691200). Row 12 in table 6.1 (Annexure D) provides an overview of this product.

From table 6.1 (Annexure D), the following conclusions can be drawn:

- The total value of ceramic tableware, kitchenware, other household articles and toilet articles (other than porcelain or china) (HS code 691200) traded in 2005 amounted to \$3.7 billion (\$2.5 billion imports and \$1.2 billion exports).
- The annual average growth in import value between 2001 and 2005 for ceramic tableware, kitchenware, other household articles and toilet articles (other than porcelain or china) (HS code 691200) was 8% while the annual average growth in export value between 2001 and 2005 for ceramic tableware, kitchenware, other household articles and toilet articles (other than porcelain or china) (HS code 691200) was 3%.
- The top three importing countries together imported 51% of all ceramic tableware, kitchenware, other household articles and toilet articles (other than porcelain or china) (HS code 691200) while the top three exporting countries exported 32% of all ceramic tableware, kitchenware, other household articles and toilet articles (other than porcelain or china) (HS code 691200).
- Trade comparison: when one compares the total value of ceramic tableware, kitchenware, other household articles and toilet articles (other than porcelain or china) (HS code 691200) imported (\$2.5 billion) to the total value of ceramic tableware, kitchenware, other household articles and toilet articles (other than porcelain or china) (HS code 691200) exported (\$1.2 million), it is evident that the world imported (demanded) nearly twice as much ceramic tableware, kitchenware, other household articles and toilet articles (other than porcelain or china) (HS code – 691200) as it exported (supplied) in 2005, while the annual average growth in imports (demand) between 2001 and 2005 were almost twice as much as the annual average growth in exports (supply).

Figure 6.9 Trade estimates of all ceramic tableware, kitchenware, other household articles and toilet articles (other than porcelain or china) (HS code 691200) products traded internationally between 2001 and 2005



Source: International Trade Centre (ITC), 2007 – compiled by the author

Note: The pillars represent the ceramic tableware, kitchenware, other household articles and toilet articles (other than porcelain or china) (HS code 691200) imports and exports traded internationally between 2001 and 2005. The HS code of this product can be seen in the far left column. The first column of each year represents the annual imports while the second column of each year represents the annual exports.

From figure 6.9, one can see that ceramic tableware, kitchenware, other household articles and toilet articles (other than porcelain or china) (HS code 691200) experienced favourable import and export growth rates between 2001 and 2005.

The attractiveness of the different importing markets and the relative competitiveness of the different exporting markets will now be discussed.

Table 6.11 Attractiveness of the different importing markets for ceramic tableware, kitchenware, other household articles and toilet articles (other than porcelain or china) (HS code 691200)

	<i>Significant</i>	<i>Prominent</i>	<i>Attractive</i>	<i>Least Attractive</i>
THE POTTERY PRODUCT WITH THE HIGHEST TRADE POTENTIAL	<i>The nations with relatively low import growth rates between 2001 and 2005 but large market shares in 2005</i>	<i>The nations with high import growth rates between 2001 and 2005 and substantial market shares in 2005</i>	<i>The nations with the highest import growth rates between 2001 and 2005</i>	<i>The nations with relatively low or fluctuating import growth rates between 2001 and 2005 and relatively lower market shares in 2005</i>
<i>Ceramic tableware, kitchenware, other household articles and toilet articles (other than porcelain or china) (HS code 691200)</i>	Hong Kong (-14%:2%)	USA (4%:39%) UK (10%:7%) Canada (9%:5%) France (10%:5%) Germany (14%:5%) Japan (8%:4%) Italy (24%:3%) Spain (16%:3%) Netherlands (7%:2%) Belgium (12%:2%)	Romania (70%) Ukraine (59%) Turkey (41%) Hungary (41%) Russian Federation (37%) South Africa (30%) Greece (29%) Czech Republic (29%) Poland (28%) Italy (24%)	Mexico (-1%:1%) Israel (-11%:1)

Note: Where there are two figures between brackets in the table, the first figure represents the import or export growth rate between 2001 and 2005 and the second figure represents the market share of each specific country in 2005. There may be more countries that fall under each category mentioned in the table, but this study limited the number of countries to a maximum of ten. Where there are fewer than ten countries mentioned per category it implies that only the countries that were mentioned fell under that particular category.

Source: International Trade Centre (ITC), 2007 – compiled by the author

From table 6.11, the following conclusions can be drawn:

- The most significant importer (the nation with relatively low import growth rates between 2001 and 2005 large market shares in 2005) of ceramic tableware, kitchenware, other household articles and toilet articles (other than porcelain or china) (HS code 691200) was Hong Kong.
- The most prominent importers (the nations with high import growth rates between 2001 and 2005 and substantial market shares in 2005) of ceramic tableware, kitchenware, other household articles and toilet articles (other than porcelain or china) (HS code 691200) were the USA, the UK, Canada, France, Germany, Japan, Italy, Spain, Netherlands and Belgium.
- The most attractive importers (the nations with the highest import growth rates between 2001 and 2005) of ceramic tableware, kitchenware, other household articles and toilet articles (other than porcelain or china) (HS code 691200) were Romania, Ukraine, Turkey, Hungary, Russian Federation, South Africa, Greece, Czech Republic, Poland and Italy.
- The least attractive importers (the nations with relatively low or fluctuating import growth rates between 2001 and 2005 and relatively lower market shares in 2005) of ceramic tableware, kitchenware, other household articles and toilet articles (other than porcelain or china) (HS code 691200) were Mexico and Israel.

The relative competitiveness of the different exporting markets will be discussed next.

Table 6.12 Relative competitiveness of the different exporting markets for ceramic tableware, kitchenware, other household articles and toilet articles (other than porcelain or china) (HS code – 691200)

	<i>Aspirants</i>	<i>Leaders</i>	<i>Climbers</i>	<i>Not well off</i>
THE POTTERY PRODUCT WITH THE HIGHEST TRADE POTENTIAL	<i>The nations with relatively low export growth rates between 2001 and 2005 but large market shares in 2005</i>	<i>The nations with high export growth rates between 2001 and 2005 and substantial market shares in 2005</i>	<i>The nations with the highest export growth rates between 2001 and 2005</i>	<i>The nations with relatively low or fluctuating export growth rates between 2001 and 2005 and relatively lower market shares in 2005</i>
Ceramic tableware, kitchenware, other household articles and toilet articles (other than porcelain or china) (HS code 691200)	UK (0%:13%) Italy (-7%:9%) Hong Kong (-15%:4%) Japan (-2%:2%) Indonesia (-2%:2%)	Thailand (4%:10%) China (13%:9%) Portugal (6%:9%) USA (12%:5%) France (2%:5%) Germany (16%:4%) Romania (23%:3%) Belgium (11%:3%) Netherlands (27%:2%) Vietnam (21%:2%)	UAE (70%) Iran (42%) Denmark (39%) Netherlands (27%) Romania (23%) Austria (23%) Vietnam (21%) Turkey (21%) Ukraine (21%) Colombia (19%)	Malaysia (-2%:1%) Brazil (-6%:1%) Canada (-2%:1%) Mexico (-26%:0) Finland (-4%:0) Korea (-4%:0) Russian Federation (- 2%:0) Ecuador (-13%:0)

Note: Where there are two figures between brackets in the table, the first figure represents the import or export growth rate between 2001 and 2005 and the second figure represents the market share of each specific country in 2005. There may be more countries that fall under each category mentioned in the table, but this study limited the number of countries to a maximum of ten. Where there are fewer than ten countries mentioned per category it implies that only the countries that were mentioned fell under that particular category.

Source: International Trade Centre (ITC), 2007 – compiled by the author

From table 6.12, the following conclusions can be drawn:

- The most aspirant exporters (the nations with relatively low export growth rates between 2001 and 2005 but large market shares in 2005) of ceramic tableware, kitchenware, other household articles and toilet articles (other than porcelain or china) (HS code 691200) were the UK, Italy, Hong Kong, Japan and Indonesia.
- The most prominent leaders (the nations with high export growth rates between 2001 and 2005 and substantial market shares in 2005) of ceramic tableware, kitchenware, other household articles and toilet articles (other than porcelain or china) (HS code 691200) were Thailand, China, Portugal, the USA, France, Germany, Romania, Belgium, Netherlands and Vietnam.
- The most attractive climbers (the nations with the highest export growth rates between 2001 and 2005) of articles of ceramic tableware, kitchenware, other household articles and toilet articles (other than porcelain or china) (HS code 691200) were the UAE, Iran, Denmark, Netherlands, Romania, Austria, Vietnam, Turkey, Ukraine and Colombia.
- The least attractive exporters (the nations with relatively low or fluctuating export growth rates between 2001 and 2005 and relatively lower market shares in 2005) of ceramic tableware, kitchenware, other household articles and toilet articles (other than porcelain or china) (HS code 691200) were Malaysia, Canada, Brazil, Mexico, Finland, Korea, Russian Federation and Ecuador.

The international trade of ceramic tableware, kitchenware, other household articles and toilet articles (other than porcelain or china) (HS code 691200) will subsequently be compared with South African trade of ceramic tableware, kitchenware, other household articles and toilet articles (other than porcelain or china) (HS code 691200).

Row 12 in table 6.2 (Annexure D) provides an overview of ceramic tableware, kitchenware, other household articles and toilet articles (other than porcelain or china) (HS code 691200) that were traded by South Africa in 2005.

From table 6.2 (Annexure D), the following conclusions can be drawn:

- The total value of ceramic tableware, kitchenware, other household articles and toilet articles (other than porcelain or china) (HS code 691200) traded by South Africa in 2005 amounted to \$18 million (only imports). When this value is compared to the world trade of ceramic tableware, kitchenware, other household articles and toilet articles (other than porcelain or china) (HS code 691200) that was estimated at \$3.7 billion (\$2.5 billion imports and \$1.2 billion exports) (see table 6.1, Annexure D), it is evident that South Africa's contribution to the world trade of ceramic tableware, kitchenware, other household articles and toilet articles (other than porcelain or china) (HS code 691200) in 2005 was 0.48%.
- South Africa exported no ceramic tableware, kitchenware, other household articles and toilet articles (other than porcelain or china) (HS code 691200) products so there is no need to compare South African imports and exports or the growth in import and exports. What can be done in this scenario is to compare the South African ceramic tableware, kitchenware, other household articles and toilet articles (other than porcelain or china) (HS code 691200) import growth rate of 30% between 2001 and 2005 to the ceramic tableware, kitchenware, other household articles and toilet articles (other than porcelain or china) (HS code 691200) export growth rate of 3% between 2001 and 2005 (see table 6.1, Annexure D). It is clear that the growth in demand of ceramic tableware, kitchenware, other household articles and toilet articles (other than porcelain or china) (HS code 691200) products to South Africa was ten times greater than the growth in supply of ceramic tableware, kitchenware, other household articles and toilet articles (other than porcelain or china) (HS code 691200) products internationally.

What can also be done in this scenario is to compare the South African ceramic tableware, kitchenware, other household articles and toilet articles (other than porcelain or china) (HS code 691200) import growth rate of 30% between 2001 and 2005 to the international ceramic tableware, kitchenware, other household articles and toilet articles (other than porcelain or china) (HS code 691200) import growth rate of 8% between 2001 and 2005 (see table 6.1, Annexure D).

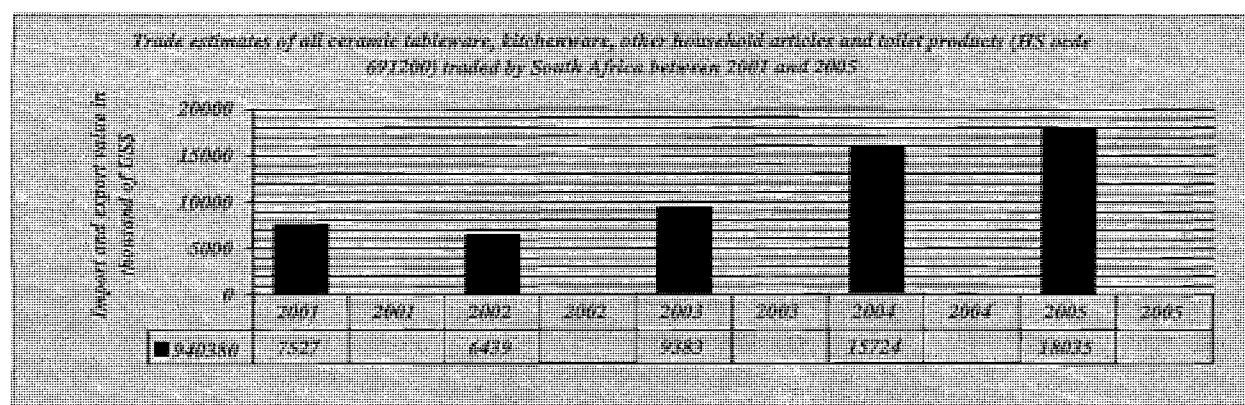
It is clear that South Africa's demand for ceramic tableware, kitchenware, other household articles and toilet articles (other than porcelain or china) (HS code 691200) products was significantly larger than the growth in the world demand of ceramic tableware, kitchenware, other household articles and toilet articles (other than porcelain or china) (HS code 691200) that were traded between 2001 and 2005.

Both of these scenarios shows that there was a strong demand for ceramic tableware, kitchenware, other household articles and toilet articles (other than porcelain or china) (HS code 691200) products in South Africa and South African crafters could have benefited from this demand by increasing domestic supply.

In 2005, South Africa obtained the 24th overall position for all ceramic tableware, kitchenware, other household articles and toilet articles (other than porcelain or china) (HS code 691200) products imported. (For a complete data set, contact the author).

Figure 6.10 provides the estimates for all ceramic tableware, kitchenware, other household articles and toilet articles (other than porcelain or china) (HS code 691200) products that were traded by South Africa between 2001 and 2005.

Figure 6.10 Trade estimates of all ceramic tableware, kitchenware, other household articles and toilet articles (other than porcelain or china) (HS code – 691200) products traded by South Africa between 2001 and 2005



Source: International Trade Centre (ITC), 2007 – compiled by the author

Note: The pillars represent the ceramic tableware, kitchenware, other household articles and toilet articles (other than porcelain or china) (HS code – 691200) imports and exports traded by South Africa between 2001 and 2005. The HS code of this product can be seen in the far left column. The open spaces in the figure either indicate that South Africa did not contribute to the trade (import or export) of this specific product or, if South Africa contributed, the contribution to world trade was too small or insignificant for Trade Map to depict. The first column of each year represents the annual imports while the second column of each year represents the annual exports.

From figure 6.10, the following conclusion can be drawn:

- Ceramic tableware, kitchenware, other household articles and toilet articles (other than porcelain or china) (HS code 691200) experienced negative import growth rates by South Africa between 2001 and 2002 but experienced such a dramatic increase in imports after 2002 that it caused the overall import growth rate to be positive. South Africa exported no ceramic tableware, kitchenware, other household articles and toilet articles (other than porcelain or china) (HS code 691200). (The reason that South Africa exported no ceramic tableware, kitchenware, other household articles and toilet articles (other than porcelain or china) (HS code 691200) is uncertain and this leaves room for further research).

To summarise, ceramic tableware, kitchenware, other household articles and toilet articles (other than porcelain or china) (HS code 691200) products experienced a high trade potential between 2001 and 2005. During this period, South Africa experienced a strong demand for this product but lacked the supply (exports). South Africa could have benefited from the strong international demand by starting to export this product and South Africa could have benefited from the strong domestic demand by increasing domestic supply.

The soap product with the highest trade potential internationally was soap and organic surface-active products and preparations for use as soap, in the form of bars, cakes, melded pieces or shapes, whether or not containing soap; paper, wadding, felt and non-woven, impregnated, coated or covered with soap or detergent for toilet use (including medicated products) (HS code 340111). It will be discussed next.

6.8 Soap and organic surface-active products and preparations for use as soap, in the form of bars, cakes, melded pieces or shapes, whether or not containing soap; paper, wadding, felt and non-woven, impregnated, coated or covered with soap or detergent for toilet use (including medicated products) (HS code 340111)

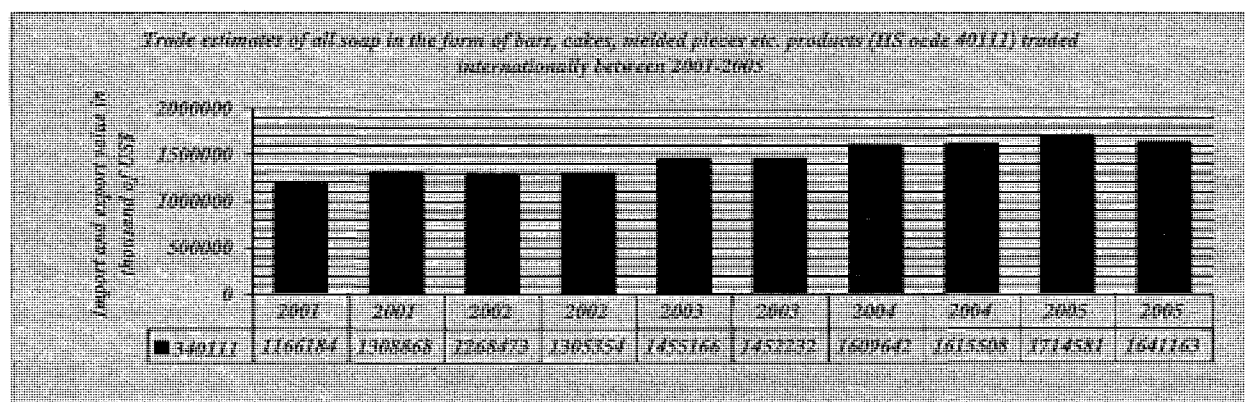
The soap product with the highest trade potential was soap and organic surface-active products and preparations for use as soap, in the form of bars, cakes, melded pieces or shapes, whether or not containing soap; paper, wadding, felt and non-woven, impregnated, coated or covered with soap or detergent for toilet use (including medicated products) (HS code 340111). Row 14 in table 6.1 (Annexure D) provides an overview of this product.

From table 6.1 (Annexure D), the following conclusions can be drawn:

- The total value of soap, in the form of bars, cakes, melded pieces or shapes, whether or not containing soap; paper, wadding, felt and non-woven, impregnated, coated or covered with soap or detergent for toilet use (including medicated products) (HS code 340111) traded in 2005 amounted to \$3.3 billion (\$1.7 billion imports and \$1.6 billion exports).
- The annual average growth in import value between 2001 and 2005 for soap, in the form of bars, cakes, melded pieces or shapes, whether or not containing soap; paper, wadding, felt and non-woven, impregnated, coated or covered with soap or detergent for toilet use (including medicated products) (HS code 340111) was 10% while the annual average growth in export value between 2001 and 2005 for soap, in the form of bars, cakes, melded pieces or shapes, whether or not containing soap; paper, wadding, felt and non-woven, impregnated, coated or covered with soap or detergent for toilet use (including medicated products) (HS code 340111) was 7%.
- The top three importing countries together imported 23% of all soap, in the form of bars, cakes, melded pieces or shapes, whether or not containing soap; paper, wadding, felt and non-woven, impregnated, coated or covered with soap or detergent for toilet use (including medicated products) (HS code 340111) while the top three exporting countries exported 35% of all soap, in the form of bars, cakes, melded

pieces or shapes, whether or not containing soap; paper, wadding, felt and non-woven, impregnated, coated or covered with soap or detergent for toilet use (including medicated products) (HS code 340111). Trade comparison: when one compares the total value of soap, in the form of bars, cakes, melded pieces or shapes, whether or not containing soap; paper, wadding, felt and non-woven, impregnated, coated or covered with soap or detergent for toilet use (including medicated products) (HS code 340111) imported (\$1.7 billion) to the total value of soap, in the form of bars, cakes, melded pieces or shapes, whether or not containing soap; paper, wadding, felt and non-woven, impregnated, coated or covered with soap or detergent for toilet use (including medicated products) (HS code 340111) exported (\$1.6 million), it is evident that the world imported (demanded) nearly the same value of soap, in the form of bars, cakes, melded pieces or shapes, whether or not containing soap; paper, wadding, felt and non-woven, impregnated, coated or covered with soap or detergent for toilet use (including medicated products) (HS code 340111) than it exported (supplied) in 2005 while the annual average growth in import (demand) between 2001 exceeded the annual average growth in export (supply).

Figure 6.11 Trade estimates of all soap, in the form of bars, cakes, melded pieces or shapes, whether or not containing soap; paper, wadding, felt and non-woven, impregnated, coated or covered with soap or detergent for toilet use (including medicated products) (HS code 40111) products traded internationally between 2001 and 2005



Source: International Trade Centre (ITC), 2007 – compiled by the author

Note: The pillars represent the soap, in the form of bars, cakes, melded pieces or shapes, whether or not containing soap; paper, wadding, felt and non-woven, impregnated, coated or covered with soap or detergent for toilet use (including medicated products) (HS code – 340111) imports and exports traded internationally between 2001 and 2005. The HS code of this product can be seen in the far left column. The first column of each year represents the annual imports while the second column of each year represents the annual exports.

From figure 6.11, one can see that soap, in the form of bars, cakes, melded pieces or shapes, whether or not containing soap; paper, wadding, felt and non-woven, impregnated, coated or covered with soap or detergent for toilet use (including medicated products) (HS code 340111) experienced favourable import and export growth rates between 2001 and 2005.

The attractiveness of the different importing markets and the relative competitiveness of the different exporting markets will now be discussed.

Table 6.13 Attractiveness of the different importing markets for soap, in the form of bars, cakes, melded pieces or shapes, whether or not containing soap; paper, wadding, felt and non-woven, impregnated, coated or covered with soap or detergent for toilet use (including medicated products) (HS code 340111)

	<i>Significant</i>	<i>Prominent</i>	<i>Attractive</i>	<i>Least Attractive</i>
THE SOAP PRODUCT WITH THE HIGHEST TRADE POTENTIAL	<i>The nations with relatively low import growth rates between 2001 and 2005 but large market shares in 2005</i>	<i>The nations with high import growth rates between 2001 and 2005 and substantial market shares in 2005</i>	<i>The nations with the highest import growth rates between 2001 and 2005</i>	<i>The nations with relatively low or fluctuating import growth rates between 2001 and 2005 and relatively lower market shares in 2005</i>
<i>Soap and organic surface-active products and preparations for use as soap, in the form of bars, cakes, melded pieces or shapers (HS code 340111)</i>	Japan (4%:3%) Mexico (2%:2%) Venezuela (4%:2%) Poland (4%:2%) UAE (1%:1%)	USA (9%:9%) Canada (7%:8%) UK (26%:6%) France (23%:5%) Belgium (30%:5%) Germany (10%:4%) Russian Federation (31%:3%) Australia (10%:3%) Philippines (22%:1%) Romania (22%:1%)	Saudi Arabia (60%) Singapore (33%) Russian Federation (31%) Ecuador (31%) Belgium (30%) Greece (27%) UK (26%) Philippines (22%) New Zealand (18%) Austria (17%)	Hong Kong (-4%:1%) Nigeria (-6%:1%)

Note: Where there are two figures between brackets in the table, the first figure represents the import or export growth rate between 2001 and 2005 and the second figure represents the market share of each specific country in 2005. There may be more countries that fall under each category mentioned in the table, but this study limited the number of countries to a maximum of ten. Where there are fewer than ten countries mentioned per category it implies that only the countries that were mentioned fell under that particular category.

Source: International Trade Centre (ITC), 2007 – compiled by the author

From table 6.13, the following conclusions can be drawn:

- The most significant importers (the nations with relatively low import growth rates between 2001 and 2005 large market shares in 2005) of soap, in the form of bars, cakes, melded pieces or shapes, whether or not containing soap; paper, wadding, felt and non-woven, impregnated, coated or covered with soap or detergent for toilet use (including medicated products) (HS code 340111) were Japan, Mexico, Venezuela, Poland and the UAE.
- The most prominent importers (the nations with high import growth rates between 2001 and 2005 and substantial market shares in 2005) of soap, in the form of bars, cakes, melded pieces or shapes, whether or not containing soap; paper, wadding, felt and non-woven, impregnated, coated or covered with soap or detergent for toilet use (including medicated products) (HS code 340111) were the USA, Canada, the UK, France, Belgium, Germany, Russian Federation, Australia, Philippines and Romania.
- The most attractive importers (the nations with the highest import growth rates between 2001 and 2005) of soap, in the form of bars, cakes, melded pieces or shapes, whether or not containing soap; paper, wadding, felt and non-woven, impregnated, coated or covered with soap or detergent for toilet use (including medicated products) (HS code 340111) were Saudi Arabia, Singapore, Russian Federation, Ecuador, Belgium, Greece, the UK, Philippines, New Zealand and Austria.

- The least attractive importers (the nations with relatively low or fluctuating import growth rates between 2001 and 2005 and relatively lower market shares in 2005) of soap, in the form of bars, cakes, melded pieces or shapes, whether or not containing soap; paper, wadding, felt and non-woven, impregnated, coated or covered with soap or detergent for toilet use (including medicated products) (HS code 340111) were Hong Kong and Nigeria.

The relative competitiveness of the different exporting markets will be discussed next.

Table 6.14 Relative competitiveness of the different exporting markets for soap, in the form of bars, cakes, melded pieces or shapes, whether or not containing soap; paper, wadding, felt and non-woven, impregnated, coated or covered with soap or detergent for toilet use (including medicated products) (HS code 340111)

	<i>Aspirants</i>	<i>Leaders</i>	<i>Climbers</i>	<i>Not well-off</i>
THE SOAP PRODUCT WITH THE HIGHEST TRADE POTENTIAL	<i>The nations with relatively low export growth rates between 2001 and 2005 but large market shares in 2005</i>	<i>The nations with high export growth rates between 2001 and 2005 and substantial market shares in 2005</i>	<i>The nations with the highest export growth rates between 2001 and 2005</i>	<i>The nations with relatively low or fluctuating export growth rates between 2001 and 2005 and relatively lower market shares in 2005</i>
<i>Soap and organic surface-active products and preparations for use as soap, in the form of bars, cakes, melded pieces or shapes (HS code 340111)</i>	UK (-1%:3%) Mexico (-9%:3%)	Germany (9%:15%) USA (4%:12%) Indonesia (8%:8%) Israel (11%:4%) Malaysia (13%:4%) Canada (13%:4%) Italy (3%:4%) Belgium (39%:3%) France (1%:3%) Spain (15%:3%)	Egypt (76%) Ukraine (75%) UAE (52%) Belgium (39%) Brazil (38%) Guatemala (38%) Turkey (36%) Iran (28%) Australia (28%) Austria (26%)	Hong Kong (-1%:1%) Sweden (0:1%) Japan (-1:1%) Ireland (-5%:1%) Dominica (1%:0) Korea (-6%:0)

Note: Where there are two figures between brackets, in the table above, the first figure represents the import or export growth rate between 2001 and 2005 and the second figure represents the market share of each specific country in 2005. There may be more countries that fall under each category mentioned in the table, but this study decided to limit the countries to a maximum of ten. Where there are fewer than ten countries mentioned per category it implies that only the countries that were mentioned fell under that particular category.

Source: International Trade Centre (ITC), 2007 – compiled by the author

From table 6.14, the following conclusions can be drawn:

- The most aspirant exporters (the nations with relatively low export growth rates between 2001 and 2005 but large market shares in 2005) of soap, in the form of bars, cakes, melded pieces or shapes, whether or not containing soap; paper, wadding, felt and non-woven, impregnated, coated or covered with soap or detergent for toilet use (including medicated products) (HS code 340111) were the UK and Mexico.
- The most prominent leaders (the nations with high export growth rates between 2001 and 2005 and substantial market shares in 2005) of soap, in the form of bars, cakes, melded pieces or shapes, whether or

not containing soap; paper, wadding, felt and non-woven, impregnated, coated or covered with soap or detergent for toilet use (including medicated products) (HS code 340111) were Germany, the USA, Indonesia, France, Israel, Malaysia, Canada, Italy, Belgium, France and Spain.

- The most attractive climbers (the nations with the highest export growth rates between 2001 and 2005) of articles of soap, in the form of bars, cakes, melded pieces or shapes, whether or not containing soap; paper, wadding, felt and non-woven, impregnated, coated or covered with soap or detergent for toilet use (including medicated products) (HS code 340111) were Egypt, Ukraine, the UAE, Belgium, Brazil, Guatemala, Turkey, Iran, Australia and Austria.
- The least attractive exporters (the nations with relatively low or fluctuating export growth rates between 2001 and 2005 and relatively lower market shares in 2005) of soap, in the form of bars, cakes, melded pieces or shapes, whether or not containing soap; paper, wadding, felt and non-woven, impregnated, coated or covered with soap or detergent for toilet use (including medicated products) (HS code 340111) were Malaysia, Canada, Brazil, Mexico, Finland, Korea, Russian Federation and Ecuador.

The international trade of soap, in the form of bars, cakes, melded pieces or shapes, whether or not containing soap; paper, wadding, felt and non-woven, impregnated, coated or covered with soap or detergent for toilet use (including medicated products) (HS code 340111) will subsequently be compared with South African trade of soap, in the form of bars, cakes, melded pieces or shapes, whether or not containing soap; paper, wadding, felt and non-woven, impregnated, coated or covered with soap or detergent for toilet use (including medicated products) (HS code 340111). Row 14 in table 6.2 (Annexure D) provides an overview of soap, in the form of bars, cakes, melded pieces or shapes, whether or not containing soap; paper, wadding, felt and non-woven, impregnated, coated or covered with soap or detergent for toilet use (including medicated products) (HS code 340111) that was traded by South Africa in 2005.

From table 6.2 (Annexure D), the following conclusions can be drawn:

- The total value of soap, in the form of bars, cakes, melded pieces or shapes, whether or not containing soap; paper, wadding, felt and non-woven, impregnated, coated or covered with soap or detergent for toilet use (including medicated products) (HS code 340111) traded by South Africa in 2005 amounted to \$12.7 million (only exports). When this value is compared to the world trade of soap, in the form of bars, cakes, melded pieces or shapes, whether or not containing soap; paper, wadding, felt and non-woven, impregnated, coated or covered with soap or detergent for toilet use (including medicated products) (HS code 340111) that was estimated at \$3.3 billion (\$1.7 billion imports and \$1.6 billion exports) (see table 6.1, Annexure D), it is evident that South Africa's contribution to the world trade of soap, in the form of bars, cakes, melded pieces or shapes, whether or not containing soap; paper, wadding, felt and non-woven, impregnated, coated or covered with soap or detergent for toilet use (including medicated products) (HS code 340111) in 2005 was 0.38%.
- South Africa imported no soap, in the form of bars, cakes, melded pieces or shapes, whether or not containing soap; paper, wadding, felt and non-woven, impregnated, coated or covered with soap or

detergent for toilet use (including medicated products) (HS code 340111) products so there is no need to compare South African imports and exports or the growth in import and exports to determine South Africa's domestic demand.

What can be done in this scenario is to compare the South African soap, in the form of bars, cakes, melded pieces or shapes, whether or not containing soap; paper, wadding, felt and non-woven, impregnated, coated or covered with soap or detergent for toilet use (including medicated products) (HS code 340111) export growth rate of 12% between 2001 and 2005 to the international soap, in the form of bars, cakes, melded pieces or shapes, whether or not containing soap; paper, wadding, felt and non-woven, impregnated, coated or covered with soap or detergent for toilet use (including medicated products) (HS code 340111) import growth rate of 10% between 2001 and 2005 (see table 6.1, Annexure D). From this it is clear that the growth in supply of soap, in the form of bars, cakes, melded pieces or shapes, whether or not containing soap; paper, wadding, felt and non-woven, impregnated, coated or covered with soap or detergent for toilet use (including medicated products) (HS code 340111) products from South Africa was more than the growth in demand for soap, in the form of bars, cakes, melded pieces or shapes, whether or not containing soap; paper, wadding, felt and non-woven, impregnated, coated or covered with soap or detergent for toilet use (including medicated products) (HS code 340111) products internationally.

What can also be done in this scenario is to compare the South African soap, in the form of bars, cakes, melded pieces or shapes, whether or not containing soap; paper, wadding, felt and non-woven, impregnated, coated or covered with soap or detergent for toilet use (including medicated products) (HS code 340111) export growth rate of 12% between 2001 and 2005 to the international soap, in the form of bars, cakes, melded pieces or shapes, whether or not containing soap; paper, wadding, felt and non-woven, impregnated, coated or covered with soap or detergent for toilet use (including medicated products) (HS code 340111) export growth rate of 7% between 2001 and 2005 (see table 6.1, Annexure D), it is clear that South Africa's supply of soap, in the form of bars, cakes, melded pieces or shapes, whether or not containing soap; paper, wadding, felt and non-woven, impregnated, coated or covered with soap or detergent for toilet use (including medicated products) (HS code 340111) products was more than the growth in the world supply of soap, in the form of bars, cakes, melded pieces or shapes, whether or not containing soap; paper, wadding, felt and non-woven, impregnated, coated or covered with soap or detergent for toilet use (including medicated products) (HS code 340111) products traded between 2001 and 2005.

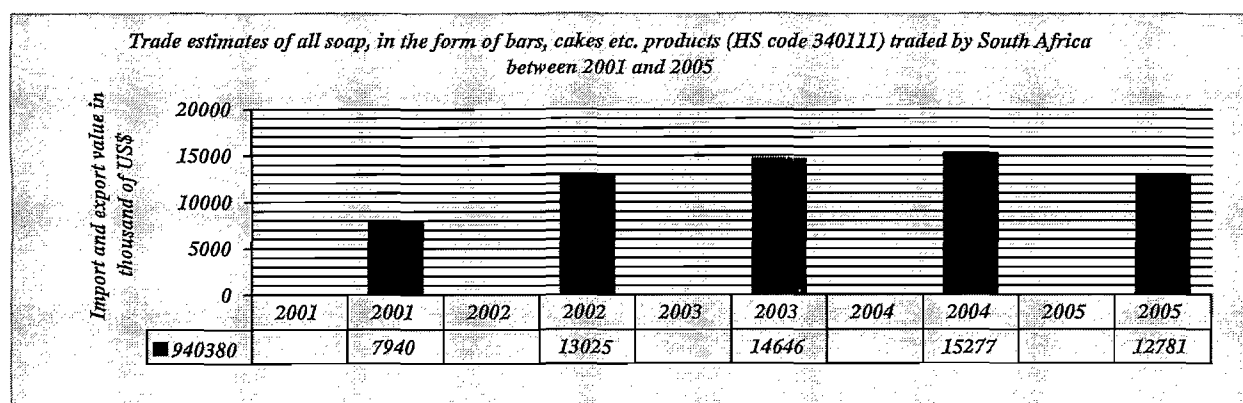
Both these scenarios show that there was a strong international demand and South Africa's supply (or exports) of soap, in the form of bars, cakes, melded pieces or shapes, whether or not containing soap; paper, wadding, felt and non-woven, impregnated, coated or covered with soap or detergent for toilet use (including medicated products) (HS code 340111) products exceeded the international demand between 2001 and 2005. So far this product seems to be the first craft product where South Africa acted on the high international trade potential of this product by exporting accordingly. (One thing South Africa needs to take into account is if the world demand and supply continues on this growth path, South Africa would benefit by continuing to stimulate its exports but, if the international demand decreases or if the

international supply increases drastically, South Africa could benefit more by increasing the exports of other soap products).

In 2005, South Africa obtained the 28th overall position for all soap, in the form of bars, cakes, melded pieces or shapes, whether or not containing soap; paper, wadding, felt and non-woven, impregnated, coated or covered with soap or detergent for toilet use (including medicated products) (HS code 340111) products exported. (For a complete data set, contact the author).

Figure 6.12 provides the estimates for all soap, in the form of bars, cakes, melded pieces or shapes, whether or not containing soap; paper, wadding, felt and non-woven, impregnated, coated or covered with soap or detergent for toilet use (including medicated products) (HS code 340111) products that were traded by South Africa between 2001 and 2005.

Figure 6.12 Trade estimates of all soap, in the form of bars, cakes, melded pieces or shapes, whether or not containing soap; paper, wadding, felt and non-woven, impregnated, coated or covered with soap or detergent for toilet use (including medicated products) (HS code 340111) products traded by South Africa between 2001 and 2005



Source: International Trade Centre (ITC), 2007 – compiled by the author

Note: The pillars represent the soap, in the form of bars, cakes, melded pieces or shapes, whether or not containing soap; paper, wadding, felt and non-woven, impregnated, coated or covered with soap or detergent for toilet use (including medicated products) (HS code – 340111) imports and exports traded by South Africa between 2001 and 2005. The HS code of this product can be seen in the far left column. The open spaces in the figure either indicate that South Africa did not contribute to the trade (import or export) of this specific product or, if South Africa contributed, the contribution to world trade was too small or insignificant for Trade Map to depict. The first column of each year represents the annual imports while the second column of each year represents the annual exports.

From figure 6.12, the following conclusion can be drawn:

- As can be seen, no soap, in the form of bars, cakes, melded pieces or shapes, whether or not containing soap; paper, wadding, felt and non-woven, impregnated, coated or covered with soap or detergent for toilet use (including medicated products) (HS code 340111) products were imported by South Africa between 2001 and 2005. (The reason that South Africa imported no soap products that falls under this category is uncertain and this leaves room for further research). The soap, in the form of bars, cakes,

melded pieces or shapes, whether or not containing soap; paper, wadding, felt and non-woven, impregnated, coated or covered with soap or detergent for toilet use (including medicated products) (HS code 340111) products that were exported by South Africa between 2001 and 2005 experienced favourable export growth rates between 2001 and 2004 but showed a decline after 2004. (The reason that this product showed a decline after 2004 is uncertain and this leaves room for further research).

To summarise, soap, in the form of bars, cakes, melded pieces or shapes, whether or not containing soap; paper, wadding, felt and non-woven, impregnated, coated or covered with soap or detergent for toilet use (including medicated products) (HS code 340111) products showed a high trade potential between 2001 and 2005. During this period, South Africa showed a relatively high supply (or exports). As stated previously this product seems to be the first craft product where South Africa participated in the high international trade potential of this product by exporting accordingly. But this is true only up until 2004. After 2004, the exports of these products declined. South Africa could have benefited from this situation more if it had continued to stimulate its exports.

The textile product with the highest trade potential internationally was handbags with outer surface of sheet of plastics or of textile materials (HS code 420222). This will be discussed next.

6.9 Handbags with outer surface of sheet of plastics or of textile materials (HS code 420222)

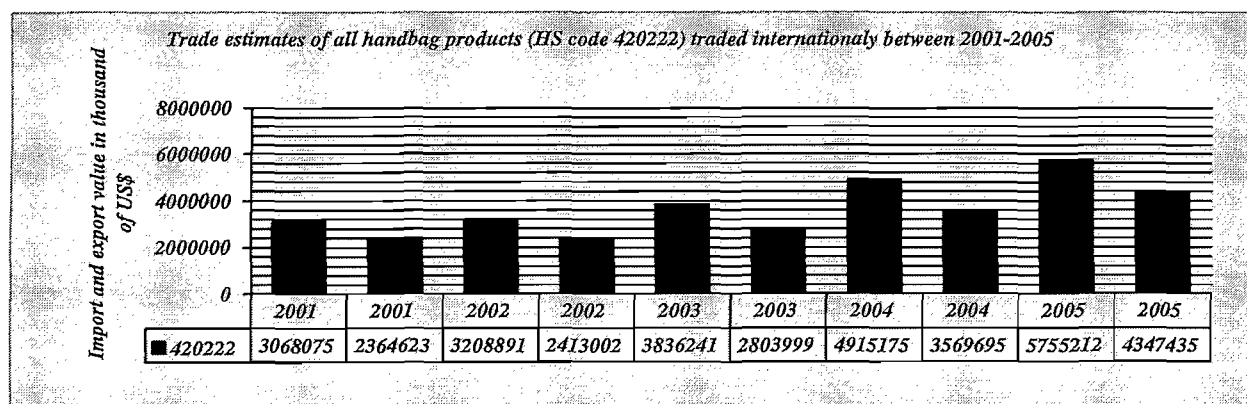
The textile product with the highest trade potential was handbags with outer surface of sheet of plastics or of textile materials (HS code 420222). Row 16 in table 6.1 (Annexure D) provides an overview of this product.

From table 6.1 (Annexure D), the following conclusions can be drawn:

- The total value of handbags with outer surface of sheet of plastics or of textile materials (HS code 420222) traded in 2005 amounted to \$10 billion (\$5.7 billion imports and \$4.3 billion exports).
- The annual average growth in import value between 2001 and 2005 for handbags with outer surface of sheet of plastics or of textile materials (HS code 420222) was 18% while the annual average growth in export value between 2001 and 2005 for handbags with outer surface of sheet of plastics or of textile materials (HS code 420222) was 17%.
- The top three importing countries together imported 51% of all handbags with outer surface of sheet of plastics or of textile materials (HS code 420222) while the top three exporting countries exported 76% of all handbags with outer surface of sheet of plastics or of textile materials (HS code 420222).

Trade comparison: when one compares the total value of handbags with outer surface of sheet of plastics or of textile materials (HS code 420222) imported (\$5.7 billion) to the total value of handbags with outer surface of sheet of plastics or of textile materials (HS code 420222) exported (\$4.3 million), it is evident that the world imported (demanded) more handbags with outer surface of sheet of plastics or of textile materials (HS code 420222) than it exported (supplied) in 2005 while the annual average growth in import (demand) between 2001 nearly equalled the annual average growth in export (supply).

Figure 6.13 Trade estimates of all handbags with outer surface of sheet of plastics or of textile materials (HS code 420222) products traded internationally between 2001 and 2005



Source: International Trade Centre (ITC), 2007 – compiled by the author

Note: The pillars represent the handbags with outer surface of sheet of plastics or of textile materials (HS code 420222) imports and exports traded internationally between 2001 and 2005. The HS code of this product can be seen in the far left column. The first column of each year represents the annual imports while the second column of each year represents the annual exports.

From figure 6.13, one can see that handbags with outer surface of sheet of plastics or of textile materials (HS code 420222) experienced favourable import and export growth rates between 2001 and 2005.

The attractiveness of the different importing markets and the relative competitiveness of the different exporting markets will now be discussed.

Table 6.15 Attractiveness of the different importing markets for handbags with outer surface of sheet of plastics or of textile materials (HS code 420222)

	<i>Significant</i>	<i>Prominent</i>	<i>Attractive</i>	<i>Least Attractive</i>
<i>THE TEXTILE PRODUCT WITH THE HIGHEST TRADE POTENTIAL</i>	<i>The nations with relatively low import growth rates between 2001 and 2005 but large market shares in 2005</i>	<i>The nations with high import growth rates between 2001 and 2005 and substantial market shares in 2005</i>	<i>The nations with the highest import growth rates between 2001 and 2005</i>	<i>The nations with relatively low or fluctuating import growth rates between 2001 and 2005 and relatively lower market shares in 2005</i>
Handbags with outer surface of sheet of plastics or of textile materials (HS code 420222)		USA (18%;25%) Hong Kong (9%;20%) Japan (6%;6%) Italy (32%;6%) France (23%;6%) UK (24%;6%) Spain (36%;4%) Germany (22%;3%) Taiwan (40%;2%) Belgium (53%;2%)	Turkey (104%) China (95%) Belgium (53%) Taiwan (40%) Russian Federation (38%) Spain (36%) Poland (36%) Ireland (36%) New Zealand (35%) Italy (32%)	US minor outlying islands (-12%;0)

Note: Where there are two figures between brackets in the table, the first figure represents the import or export growth rate between 2001 and 2005 and the second figure represents the market share of each specific country in 2005.

Source: International Trade Centre (ITC), 2007 – compiled by the author

From table 6.15, the following conclusions can be drawn:

- None of the importers of handbags with outer surface of sheet of plastics or of textile materials (HS code 420222) fell under the most significant importer (the nations with relatively low import growth rates between 2001 and 2005 large market shares in 2005) category.
- The most prominent importers (the nations with high import growth rates between 2001 and 2005 and substantial market shares in 2005) of handbags with outer surface of sheet of plastics or of textile materials (HS code 420222) were the USA, Hong Kong, Japan, Italy, France, the UK, Germany, Taiwan and Belgium.
- The most attractive importers (the nations with the highest import growth rates between 2001 and 2005) of handbags with outer surface of sheet of plastics or of textile materials (HS code 420222) were Turkey, China, Belgium, Taiwan, Russian Federation, Spain, Poland, Ireland, New Zealand and Italy.
- The least attractive importer (the nation with a relatively low or fluctuating import growth rate between 2001 and 2005 and relatively lower market share in 2005) of handbags with outer surface of sheet of plastics or of textile materials (HS code 420222) was the United States minor outlying islands.

The relative competitiveness of the different exporting markets will now be discussed.

Table 6.16 Relative competitiveness of the different exporting markets for handbags with outer surface of sheet of plastics or of textile materials (HS code 420222)

	<i>Aspirants</i>	<i>Leaders</i>	<i>Climbers</i>	<i>Not well off</i>
THE TEXTILE PRODUCT WITH THE HIGHEST TRADE POTENTIAL	<i>The nations with relatively low export growth rates between 2001 and 2005 but large market shares in 2005</i>	<i>The nations with high export growth rates between 2001 and 2005 and substantial market shares in 2005</i>	<i>The nations with the highest export growth rates between 2001 and 2005</i>	<i>The nations with relatively low or fluctuating export growth rates between 2001 and 2005 and relatively lower market shares in 2005</i>
Handbags with outer surface of sheet of plastics or of textile materials (HS code 420222)		Hong Kong (10%:35%) China (25%:30%) Italy (22%:11%) France (22%:6%) USA (30%:2%) Belgium (34%:2%) India (25%:2%) UK (25%:2%) Germany (20%:1%) Spain (38%:1%)	Costa Rica (406%) Singapore (124%) Austria (79%) Turkey (68%) Czech Republic (66%) El Salvador (59%) Estonia (57%) Australia (53%) Denmark (45%) Canada (44%)	Indonesia (-22%:0) Thailand (-14%:0) Korea (-26%:0) Taiwan (-4%:0) Philippines (-25%:0)

Note: Where there are two figures between brackets in the table, the first figure represents the import or export growth rate between 2001 and 2005 and the second figure represents the market share of each specific country in 2005. There may be more countries that fall under each category mentioned in the table, but this study limited the number of countries to a maximum of ten. Where there are fewer than ten countries mentioned per category it implies that only the countries that were mentioned fell under that particular category.

Source: International Trade Centre (ITC), 2007 – compiled by the author

From table 6.16, the following conclusions can be drawn:

- None of the exporters of handbags with outer surface of sheet of plastics or of textile materials (HS code 420222) fell under the most aspirant exporters (the nations with relatively low export growth rates between 2001 and 2005 but large market shares in 2005) category.
- The most prominent leaders (the nations with high export growth rates between 2001 and 2005 and substantial market shares in 2005) of handbags with outer surface of sheet of plastics or of textile materials (HS code 420222) were Hong Kong, China, Italy, France, Belgium, India, the UK, Germany and Spain.
- The most attractive climbers (the nations with the highest export growth rates between 2001 and 2005) of handbags with outer surface of sheet of plastics or of textile materials (HS code 420222) were Costa Rica, Singapore, Austria, Turkey, Czech Republic, El Salvador, Estonia, Australia, Denmark and Canada.
- The least attractive exporters (the nations with relatively low or fluctuating export growth rates between 2001 and 2005 and relatively lower market shares in 2005) of handbags with outer surface of sheet of plastics or of textile materials (HS code 420222) were Indonesia, Thailand, Korea, Taiwan and the Philippines.

The international trade of handbags with outer surface of sheet of plastics or of textile materials (HS code 420222) will subsequently be compared with South African trade of handbags with outer surface of sheet of plastics or of textile materials (HS code 420222) in 2005. Row 16 in table 6.2 (Annexure D) provides an overview of handbags with outer surface of sheet of plastics or of textile materials (HS code 420222) that were traded by South Africa in 2005.

From table 6.2 (Annexure D), the following conclusion can be drawn:

- The total value of handbags with outer surface of sheet of plastics or of textile materials (HS code 420222) traded by South Africa in 2005 amounted to \$13.1 million (only imports). When this value is compared to the world trade of handbags with outer surface of sheet of plastics or of textile materials (HS code 420222) that was estimated at \$10 billion (\$5.7 billion imports and \$4.3 billion exports) (see table 6.1, Annexure D), it is evident that South Africa's contribution to the world trade of handbags with outer surface of sheet of plastics or of textile materials (HS code 420222) in 2005 was 0.13%.

South Africa exported no handbags with outer surface of sheet of plastics or of textile materials (HS code 420222) products so there is no need to compare South African imports and exports or the growth in import and exports.

What can be done in this scenario is to compare the South African handbags with outer surface of sheet of plastics or of textile materials (HS code 420222) import growth rate of 31% between 2001 and 2005 to the international handbags with outer surface of sheet of plastics or of textile materials (HS code 420222) export growth rate of 17% between 2001 and 2005 (see table 6.1, Annexure D). It is clear that the growth in demand of handbags with outer surface of sheet of plastics or of textile materials (HS code 420222) products to South Africa was significantly more the growth in supply of handbags with outer surface of sheet of plastics or of textile materials (HS code 420222) products internationally.

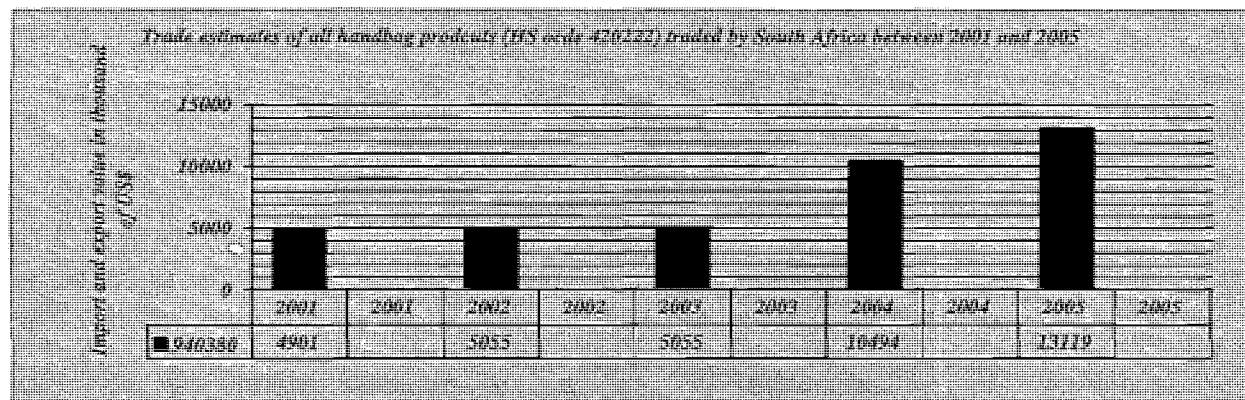
What can also be done in this scenario is to compare the South African handbags with outer surface of sheet of plastics or of textile materials (HS code 420222) import growth rate of 31% between 2001 and 2005 to the international handbags with outer surface of sheet of plastics or of textile materials (HS code 420222) import growth rate of 18% between 2001 and 2005 (see table 6.1, Annexure D), it is clear that South Africa's demand for handbags with outer surface of sheet of plastics or of textile materials (HS code 420222) products was also significantly larger than the growth in the world demand of handbags with outer surface of sheet of plastics or of textile materials (HS code 420222) that were traded between 2001 and 2005.

Both of these scenarios show that there was a strong demand for handbags with outer surface of sheet of plastics or of textile materials (HS code 420222) products in South Africa and South African crafters could have benefited from this demand by increasing domestic supply.

In 2005, South Africa obtained the 36th overall position for all handbags with outer surface of sheet of plastics or of textile materials (HS code 420222) products imported. (For a complete data set, contact the author).

Figure 6.14 provides the estimates for all handbags with outer surface of sheet of plastics or of textile materials (HS code 420222) products that were traded by South Africa between 2001 and 2005.

Figure 6.14 Trade estimates of all handbags with outer surface of sheet of plastics or of textile materials (HS code 420222) products traded by South Africa between 2001 and 2005



Source: International Trade Centre (ITC), 2007 – compiled by the author

Note: The pillars represent the handbags with outer surface of sheet of plastics or of textile materials (HS code 420222) imports and exports traded by South Africa between 2001 and 2005. The HS code of this product can be seen in the far left column. The open spaces in the figure either indicate that South Africa did not contribute to the trade (import or export) of this specific product or, if South Africa contributed, the contribution to world trade was too small or insignificant for Trade Map to depict. The first column of each year represents the annual imports while the second column of each year represents the annual exports.

From figure 6.14, the following conclusion can be drawn:

- Handbags with outer surface of sheet of plastics or of textile materials (HS code 420222) experienced favourable import growth rates by South Africa between 2001 and 2005 and this caused the overall import growth rate to be positive. South Africa exported no handbags with outer surface of sheet of plastics or of textile materials (HS code 420222). South Africa exported no handbags with outer surface of sheet of plastics or of textile materials (HS code 420222) products between 2001 and 2005. (The reason that South Africa did not export this product is uncertain and this leaves room for further research.)

To summarise, handbags with outer surface of sheet of plastics or of textile materials (HS code 420222) products showed a high trade potential between 2001 and 2005. During this period, South Africa showed a strong demand for this product but lacked the supply (exports). Thus, South Africa could have benefited from the strong international demand by starting to export this product and South Africa could have benefited from the strong domestic demand by increasing domestic supply.

The wood product with the highest trade potential internationally was wooden furniture n.e.s. (HS code – 940360). This will be discussed next.

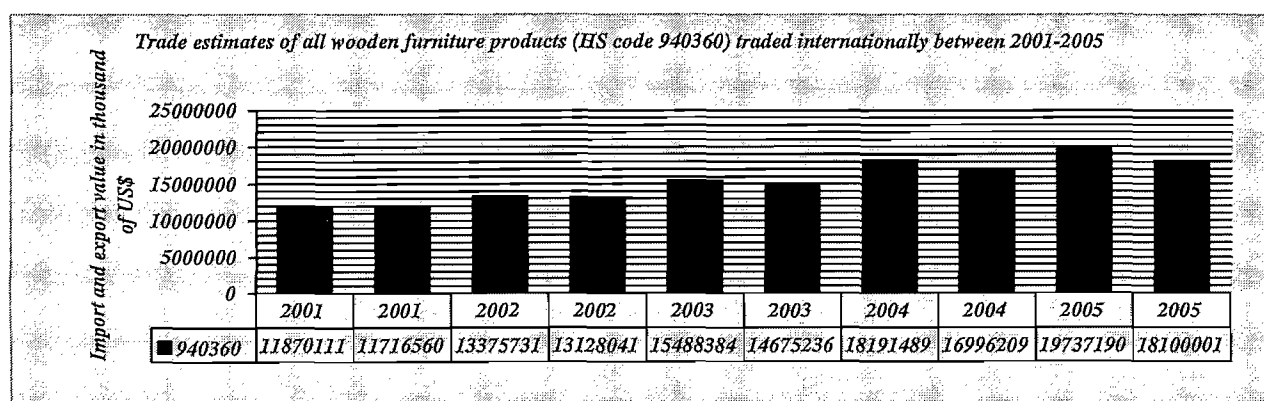
6.10 Wooden furniture n.e.s. (HS code 940360)

The wood product with the highest trade potential was wooden furniture n.e.s. (HS code 940360). Row 18 in table 6.1 (Annexure D) provides an overview of this product.

From table 6.1 (Annexure D), the following conclusions can be drawn:

- The total value of wooden furniture n.e.s. (HS code 940360) traded in 2005 amounted to \$37.8 billion (\$19.7 billion imports and \$18.1 billion exports).
- The annual average growth in import value between 2001 and 2005 for wooden furniture n.e.s. (HS code 940360) was 14% while the annual average growth in export value between 2001 and 2005 for wooden furniture n.e.s. (HS code 940360) was 12%.
- The top three importing countries together imported 45% of all wooden furniture n.e.s. (HS code 940360) while the top three exporting countries exported 32% of all wooden furniture n.e.s. (HS code 940360).
- Trade comparison: when one compares the total value of wooden furniture n.e.s. (HS code 940360) imported (\$19.7 billion) to the total value of wooden furniture n.e.s. (HS code 940360) exported (\$18.1 billion), it is evident that the world imported (demanded) more wooden furniture n.e.s. (HS code 940360) than it exported (supplied) in 2005 while the annual average growth in import (demand) between 2001 exceeded the annual average growth in export (supply).

Figure 6.15 Trade estimates of all wooden furniture n.e.s. (HS code 940360) products traded internationally between 2001 and 2005



Source: International Trade Centre (ITC), 2007 – compiled by the author

Note: The pillars represent the wooden furniture n.e.s. (HS code 940360) imports and exports traded internationally between 2001 and 2005. The HS code of this product can be seen in the far left column. The first column of each year represents the annual imports while the second column of each year represents the annual exports.

From figure 6.15, one can see that wooden furniture n.e.s. (HS code 940360) experienced favourable import and export growth rates between 2001 and 2005.

The attractiveness of the different importing markets and the relative competitiveness of the different exporting markets will now be discussed.

Table 6.17 Attractiveness of the different importing markets for wooden furniture n.e.s. (HS code – 940360)

	<i>Significant</i>	<i>Prominent</i>	<i>Attractive</i>	<i>Least Attractive</i>
THE WOOD PRODUCT WITH THE HIGHEST TRADE POTENTIAL	<i>The nations with relatively low import growth rates between 2001 and 2005 but large market shares in 2005</i>	<i>The nations with high import growth rates between 2001 and 2005 and substantial market shares in 2005</i>	<i>The nations with the highest import growth rates between 2001 and 2005</i>	<i>The nations with relatively low or fluctuating import growth rates between 2001 and 2005 and relatively lower market shares in 2005</i>
Wooden furniture n.e.s. (HS code 940360)	Hong Kong (-12%:1%)	USA (13%:30%) Germany (10%:8%) UK (17%:7%) France (18%:7%) Japan (6%:3%) Netherlands (12%:3%) Spain (33%:3%) Canada (15%:3%) Belgium (16%:3%) Austria (13%:2%)	Malaysia (32%) South Africa (47%) Kazakhstan (42%) Greece (37%) Spain (33%) Korea (30%) Romania (29%) Russian Federation (27%) Slovakia (27%) Italy (23%) Australia (23%)	Israel (-11%:0)

Note: Where there are two figures between brackets in the table, the first figure represents the import or export growth rate between 2001 and 2005 and the second figure represents the market share of each specific country in 2005. There may be more countries that fall under each category mentioned in the table, but this study limited the number of countries to a maximum of ten. Where there are fewer than ten countries mentioned per category it implies that only the countries that were mentioned fell under that particular category.

Source: International Trade Centre (ITC), 2007 – compiled by the author

From table 6.17, the following conclusions can be drawn:

- The most significant importer (the nations with relatively low import growth rates between 2001 and 2005 large market shares in 2005) of wooden furniture n.e.s. (HS code 940360) was Hong Kong.
- The most prominent importers (the nations with high import growth rates between 2001 and 2005 and substantial market shares in 2005) of wooden furniture n.e.s. (HS code 940360) were the USA, Germany, the UK, France, Japan, Netherlands, Spain, Canada, Belgium and Austria.
- The most attractive importers (the nations with the highest import growth rates between 2001 and 2005) of wooden furniture n.e.s. (HS code 940360) were Malaysia, South Africa, Kazakhstan, Greece, Spain, Korea, Romania, Russian Federation, Slovakia, Italy and Australia.
- The least attractive importer (the nation with a low or fluctuating import growth rate between 2001 and 2005 and relatively lower market share in 2005) of wooden furniture n.e.s. (HS code 940360) was Israel.

The relative competitiveness of the different exporting markets will now be discussed.

Table 6.18 Relative competitiveness of the different exporting markets for wooden furniture n.e.s. (HS code 940360)

	<i>Aspirants</i>	<i>Leaders</i>	<i>Climbers</i>	<i>Not well off</i>
THE WOOD PRODUCT WITH THE HIGHEST TRADE POTENTIAL	<i>The nations with relatively low export growth rates between 2001 and 2005 but large market shares in 2005</i>	<i>The nations with high export growth rates between 2001 and 2005 and substantial market shares in 2005</i>	<i>The nations with the highest export growth rates between 2001 and 2005</i>	<i>The nations with relatively low or fluctuating export growth rates between 2001 and 2005 and relatively lower market shares in 2005</i>
Wooden furniture n.e.s. (HS code 940360)	UK (-1%:2%)	China (33%:14%) Italy (4%:11%) Poland (20%:7%) Germany (14%:5%) Indonesia (8%:4%) Canada (4%:4%) Denmark (5%:4%) Malaysia (7%:4%) Vietnam (39%:4%) France (8%:4%)	Turkey (63%) India (61%) Lithuania (54%) Vietnam (39%) Bulgaria (37%) China (33%) Slovakia (33%) Romania (22%) Poland (20%) Brazil (19%)	Hong Kong (-15%:1%) Mexico (-4%:1%) Taiwan (-15%:1%) Estonia (-3%:0)

Note: Where there are two figures between brackets in the table, the first figure represents the import or export growth rate between 2001 and 2005 and the second figure represents the market share of each specific country in 2005. There may be more countries that fall under each category mentioned in the table, but this study limited the number of countries to a maximum of ten. Where there are fewer than ten countries mentioned per category it implies that only the countries that were mentioned fell under that particular category.

Source: International Trade Centre (ITC), 2007 – compiled by the author

From table 6.18, the following conclusions can be drawn:

- The most aspirant exporter (the nation with a low export growth rate between 2001 and 2005 but large market share in 2005) of wooden furniture n.e.s. (HS code 940360) was the UK.
- The most prominent leaders (the nations with high export growth rates between 2001 and 2005 and substantial market shares in 2005) of wooden furniture n.e.s. (HS code 940360) were China, Italy, Poland, Germany, Indonesia, Canada, Denmark, Malaysia, Vietnam and France.
- The most attractive climbers (the nations with the highest export growth rates between 2001 and 2005) of wooden furniture n.e.s. (HS code 940360) were Turkey, India, Lithuania, Vietnam, Bulgaria, China, Slovakia, Romania, Poland and Brazil.
- The least attractive exporters (the nations with relatively low or fluctuating export growth rates between 2001 and 2005 and relatively lower market shares in 2005) of wooden furniture n.e.s. (HS code 940360) were Hong Kong, Mexico, Taiwan and Estonia.

The international trade of wooden furniture n.e.s. (HS code 940360) will subsequently be compared with the South African trade of wooden furniture n.e.s. (HS code 940360). Row 16 in table 6.2 (Annexure D) provides an overview of wooden furniture n.e.s. (HS code 940360) that was traded by South Africa in 2005.

From table 6.2 (Annexure D), the following conclusions can be drawn:

- The total value of wooden furniture n.e.s. (HS code 940360) traded by South Africa in 2005 amounted to \$91 million (\$54.4 million imports and \$36.6 million exports). When this value is compared to the world trade of wooden furniture n.e.s. (HS code 940360) that was estimated at \$37.8 billion (\$19.7 billion imports and \$18.1 billion exports) (see table 6.1, Annexure D), it is evident that South Africa's contribution to the world trade of wooden furniture n.e.s. (HS code 940360) in 2005 was 0.24%.

When one compares the value of wooden furniture n.e.s. (HS code 940360) imported by South Africa in 2005 (\$54.3 million) to the value of wooden furniture n.e.s. (HS code 940360) exported by South Africa in 2005 (\$36.6 million), it is evident that South Africa imported (demanded) more wooden furniture n.e.s. (HS code 940360) than it exported (supplied). This shows that, in 2005, there was a strong demand for wooden furniture n.e.s. (HS code 940360) in South Africa.

- The annual average growth in import value between 2001 and 2005 for all wooden furniture n.e.s. (HS code 940360) imported by South Africa was 47% while the annual average growth in export value between 2001 and 2005 for all wooden furniture n.e.s. (HS code 940360) exported by South Africa was -8%. This shows that, between 2001 and 2005, South Africa's annual average growth in import value grew significantly more than the annual average growth in exports that South Africa experienced over the same period. The only conclusion that can be drawn from this is that there was not only a strong demand for wooden furniture n.e.s. (HS code 940360) in 2005 (see the paragraph above) but there was also a strong demand for wooden furniture n.e.s. (HS code 940360) in South Africa between 2001 and 2005.

If one compares the South African wooden furniture n.e.s. (HS code 940360) import growth rate of 47% between 2001 and 2005 to the international wooden furniture n.e.s. (HS code 940360) import growth rate of 14% between 2001 and 2005 (see table 6.1, Annexure D), it is clear that the growth in demand for wooden furniture n.e.s. (HS code 940360) products in South Africa exceeded the growth in demand for wooden furniture n.e.s. (HS code 940360) products internationally between 2001 and 2005. If one compares the South African wooden furniture n.e.s. (HS code 940360) export growth rate of -8% between 2001 and 2005 to the international wooden furniture n.e.s. (HS code 940360) export growth rate of 12% between 2001 and 2005 (see table 6.1, Annexure D), it is clear that South Africa's supply of wooden furniture n.e.s. (HS code 940360) products was far less than the growth in the world supply of wooden furniture n.e.s. (HS code 940360) products traded between 2001 and 2005.

When one uses the same example as above and one compares the South African wooden furniture n.e.s. (HS code 940360) import growth rate of 47% between 2001 and 2005 to the international wooden furniture n.e.s. (HS code 940360) export growth rate of 12% between 2001 and 2005 (see table 6.1, Annexure D), it is clear that the growth in demand for wooden furniture n.e.s. (HS code 940360) products in South Africa between 2001 and 2005 exceeded the growth in supply of wooden furniture n.e.s. (HS code 940360) products internationally between 2001 and 2005. This shows that there was a strong demand for wooden furniture n.e.s. (HS code 940360) products in South Africa between 2001 and 2005.

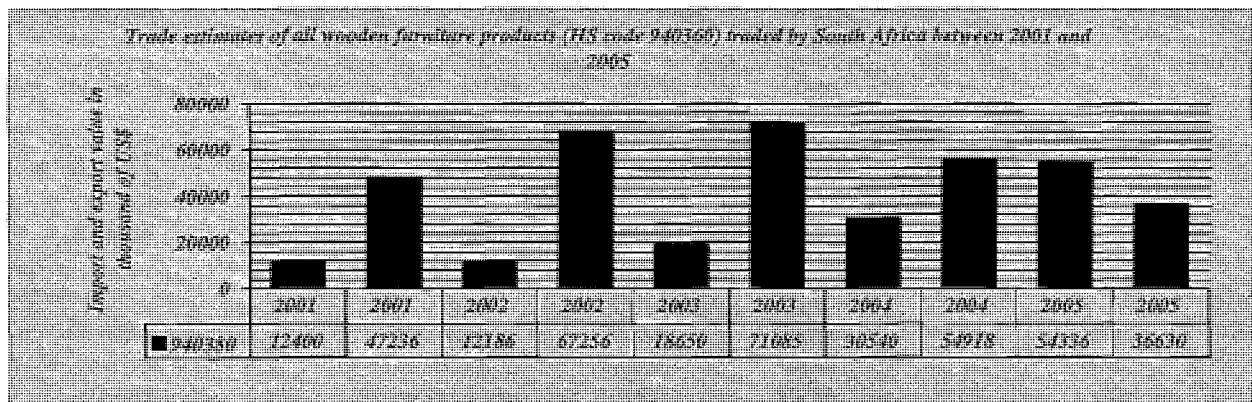
If one compares the South African wooden furniture n.e.s. (HS code 940360) export growth rate of -8% between 2001 and 2005 to the international wooden furniture n.e.s. (HS code 940360) import growth rate

of 14% between 2001 and 2005 (see table 6.1, Annexure D), it is clear that the growth in supply of wooden furniture n.e.s. (HS code 940360) products from South Africa was far less than the growth in demand for wooden furniture n.e.s. (HS code 940360) products internationally between 2001 and 2005. This shows that there was a strong demand for wooden furniture n.e.s. (HS code 940360) products internationally between 2001 and 2005 but South Africa did not tap into this market.

In 2005, South Africa obtained the 36th overall position for all wooden furniture n.e.s. (HS code 940360) products imported and the 40th overall position for all wooden furniture n.e.s. (HS code 940360) products exported. (For a complete data set, contact the author).

Figure 6.16 provides the estimates for all wooden furniture n.e.s. (HS code 940360) products that were traded by South Africa between 2001 and 2005.

Figure 6.16 Trade estimates of all wooden furniture n.e.s. (HS code 940360) products traded by South Africa between 2001 and 2005



Source: International Trade Centre (ITC), 2007 – compiled by the author

Note: The pillars represent the wooden furniture n.e.s. (HS code 940360) imports and exports traded by South Africa between 2001 and 2005. The HS code of this product can be seen in the far left column. The first column of each year represents the annual imports while the second column of each year represents the annual exports.

From figure 6.16, the following conclusion can be drawn:

- Wooden furniture n.e.s. (HS code 940360) experienced a favourable import growth rate by South Africa between 2001 and 2005 and a favourable export growth rate between 2001 and 2003 but, after 2003, wooden furniture n.e.s. (HS code 940360) experienced a dramatic decline in exports – so much so that the value that was exported in 2005 was less than the original export value in 2001. This caused the overall export growth rate to be negative. (The reason that wooden furniture n.e.s. (HS code 940360) exports showed such a decline from 2003 onwards is uncertain and this leaves room for further research.)

To summarise, wooden furniture n.e.s. (HS code 940360) products showed a high trade potential between 2001 and 2005. During this period, South Africa showed a strong demand for this product and a strong supply

(or exports), but only up until 2003. After 2003, the South African supply (or exports) started to decline. South Africa could have benefited from the strong international demand by continuing to increase the exports of this product and South Africa could have benefited from the strong domestic demand by increasing domestic supply.

The extra category product with the highest trade potential internationally was granite (HS code 680293). This will be discussed next.

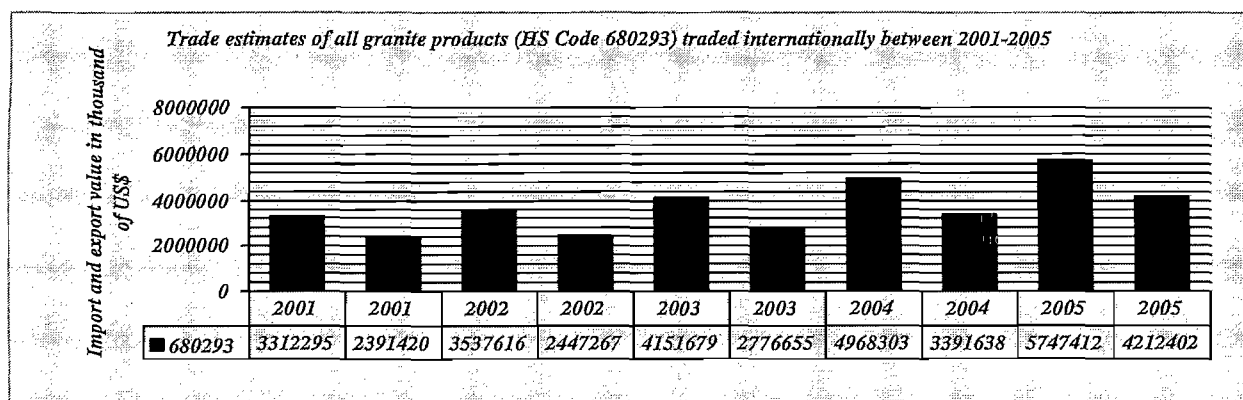
6.11 Granite (HS code 680293)

The various animal, mineral, and vegetable material product with the highest trade potential identified by this study was granite (HS code 940360). Row 20 in table 6.1 (Annexure D) provides an overview of this product.

From table 6.1 (Annexure D), the following conclusions can be drawn:

- The total value of granite (HS code 680293) traded in 2005 amounted to \$9.9 billion (\$5.7 billion imports and \$4.2 billion exports).
- The annual average growth in import value between 2001 and 2005 for granite (HS code 680293) was 13% while the annual average growth in export value between 2001 and 2005 for granite (HS code 680293) was 14%.
- The top three importing countries together imported 72% of all granite (HS code 680293), while the top three exporting countries exported 75% of all granite (HS code 680293).
- Trade comparison: when one compares the total value of granite (HS code 680293) imported (\$5.7 billion) to the total value of granite (HS code 680293) exported (\$4.2 million), it is evident that the world imported (demanded) more granite (HS code 680293) than it exported (supplied) in 2005 while the annual average growth in import (demand) between 2001 exceeded the annual average growth in export (supply).

Figure 6.17 Trade estimates of all granite (HS code 680293) products traded internationally between 2001 and 2005



Source: International Trade Centre (ITC), 2007 – compiled by the author

Note: The pillars represent the granite (HS code 680293) imports and exports traded internationally between 2001 and 2005. The HS code of this product can be seen in the far left column. The first column of each year represents the annual imports while the second column of each year represents the annual exports.

From figure 6.17, one can see that granite (HS code 680293) experienced favourable import and export growth rates between 2001 and 2005.

The attractiveness of the different importing markets and the relative competitiveness of the different exporting markets will now be discussed.

Table 6.19 Attractiveness of the different importing markets for granite (HS code 680293)

	<i>Significant</i>	<i>Prominent</i>	<i>Attractive</i>	<i>Least Attractive</i>
THE VARIOUS ANIMAL, MINERAL, AND VEGETABLE MATERIAL PRODUCT WITH THE HIGHEST TRADE POTENTIAL	<i>The nations with relatively low import growth rates between 2001 and 2005 but large market shares in 2005</i>	<i>The nations with high import growth rates between 2001 and 2005 and substantial market shares in 2005</i>	<i>The nations with the highest import growth rates between 2001 and 2005</i>	<i>The nations with relatively low or fluctuating import growth rates between 2001 and 2005 and relatively lower market shares in 2005</i>
Granite (HS code 680293)		USA (28%:40%) Japan (2%:23%) Germany (10%:9%) Switzerland (15%:3%) UK (31%:3%) Belgium (32%:2%) France (23%:2%) Austria (9%:2%) Netherlands (17%:4%) Turkey (67%:1%)	Luxembourg (80%) Turkey (67%) Bulgaria (55%) Belarus (50%) Croatia (53%) Korea (52%) Romania (52%) Spain (47%) Finland (37%) New Zealand (38%)	Slovenia (-1%:0) Hong Kong (-17%:0) Singapore (-21%:0) Israel (-19%:0)

Note: Where there are two figures between brackets in the table, the first figure represents the import or export growth rate between 2001 and 2005 and the second figure represents the market share of each specific country in 2005. There may be more countries that fall under each category mentioned in the table, but this study limited the number of countries to a maximum of ten. Where there are fewer than ten countries mentioned per category it implies that only the countries that were mentioned fell under that particular category.

Source: International Trade Centre (ITC), 2007 – compiled by the author

From table 6.19, the following conclusions can be drawn:

- None of the importers of granite (HS code 680293) fell under the most significant importer (the nations with relatively low import growth rates between 2001 and 2005 large market shares in 2005) category.
- The most prominent importers (the nations with high import growth rates between 2001 and 2005 and substantial market shares in 2005) of granite (HS code 680293) were the USA, Japan, Germany, Switzerland, the UK, Belgium, France, Austria, Netherlands and Turkey.
- The most attractive importers (the nations with the highest import growth rates between 2001 and 2005) of granite (HS code 680293) were Luxembourg, Turkey, Bulgaria, Belarus, Croatia, Korea, Romania, Spain, Finland and New Zealand.

- The only attractive importers (the nations with relatively low or fluctuating import growth rates between 2001 and 2005 and relatively lower market shares in 2005) of granite (HS code 680293) were Slovenia, Hong Kong, Singapore and Israel.

The relative competitiveness of the different exporting markets will now be discussed.

Table 6.20 Relative competitiveness of the different exporting markets for granite (HS code 680293)

	<i>Aspirants</i>	<i>Leaders</i>	<i>Climbers</i>	<i>Not well-off</i>
<i>THE VARIOUS ANIMAL, MINERAL, AND VEGETABLE MATERIAL PRODUCT WITH THE HIGHEST TRADE POTENTIAL</i>	<i>The nations with relatively low export growth rates between 2001 and 2005 but large market shares in 2005</i>	<i>The nations with high export growth rates between 2001 and 2005 and substantial market shares in 2005</i>	<i>The nations with the highest export growth rates between 2001 and 2005</i>	<i>The nations with relatively low or fluctuating export growth rates between 2001 and 2005 and relatively lower market shares in 2005</i>
<i>Granite (HS code 680293)</i>	France (11:1%) Denmark (14%:0)	Italy (11%:38%) Brazil (35%:21%) China (32%:16%) Spain (6%:7%) Belgium (19%:4%) India (125%:3%) Canada (3%:3%) Germany (20%:1%) Denmark (1%:0)	Luxembourg (155%) Saudi Arabia (146%) India (126%) Estonia (81%) Lithuania (63%) UK (55%) Slovenia (39%) Brazil (35%) Egypt (35%) Australia (34%)	Finland (-3%:0) Mexico (-2%:0) Korea (-35%:0) Hong Kong (-14%:0) Thailand (-5%:0)

Note: Where there are two figures between brackets in the table, the first figure represents the import or export growth rate between 2001 and 2005 and the second figure represents the market share of each specific country in 2005. There may be more countries that fall under each category mentioned in the table, but this study limited the number of countries to a maximum of ten. Where there are fewer than ten countries mentioned per category it implies that only the countries that were mentioned fell under that particular category.

Source: International Trade Centre (ITC), 2007 – compiled by the author

From table 6.20, the following conclusions can be drawn:

- The most aspirant exporters (the nations with relatively low export growth rates between 2001 and 2005 but large market shares in 2005) of granite (HS code 680293) were France and Denmark.
- The most prominent leaders (the nations with high export growth rates between 2001 and 2005 and substantial market shares in 2005) of granite (HS code 680293) were Italy, Brazil, China, Spain, Belgium, India, Canada, Germany and Denmark.
- The most attractive climbers (the nations with the highest export growth rates between 2001 and 2005) of granite (HS code 680293) were Luxembourg, Saudi Arabia, India, Estonia, Lithuania, the UK, Slovenia, Brazil, Egypt and Australia.
- The least attractive exporters (the nations with relatively low or fluctuating export growth rates between 2001 and 2005 and relatively lower market shares in 2005) of granite (HS code 680293) were Finland, Mexico, Korea, Hong Kong and Thailand.

The international trade of granite (HS code 680293) will subsequently be compared with the South African trade of granite (HS code 680293) Row twenty-three in table 6.2 (Annexure D) provides an overview of granite (HS code 680293) that was traded by South Africa in 2005.

From table 6.2 (Annexure D), the following conclusions can be drawn:

- The total value of granite (HS code 680293) traded by South Africa in 2005 amounted to \$3.1 million (only exports). When this value is compared to the world trade of granite (HS code 680293) that was estimated at \$4.9 billion (\$3.0 billion imports and \$1.9 billion exports) (see table 6.1, Annexure D), it is evident that South Africa's contribution to the world trade of granite (HS code 680293) in 2005 was 0.06%.
- South Africa imported no granite (HS code – 680293) products so there is no need to compare South African imports and exports or the growth in import and exports to determine South Africa's domestic demand.

What can be done in this scenario is to compare the South African granite (HS code 680293) export growth rate of 28% between 2001 and 2005 to the international granite (HS code 680293) import growth rate of 16% between 2001 and 2005 (see table 6.1, Annexure D). From this it is clear that the growth in supply of granite (HS code 680293) products from South Africa was larger than the growth in demand for granite (HS code 680293) products internationally.

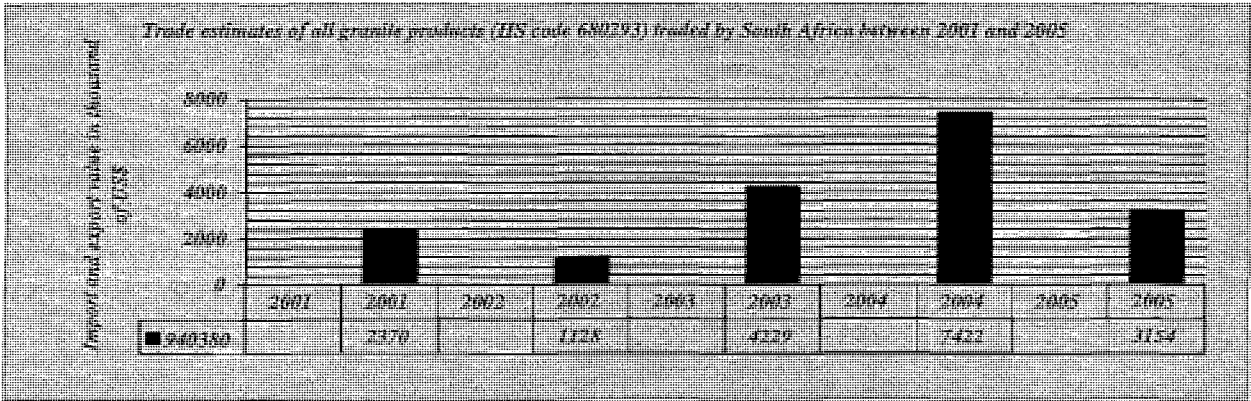
What can also be done in this is scenario is to compare the South African granite (HS code 680293) export growth rate of 28% between 2001 and 2005 to the international granite (HS code 680293) export growth rate of 18% between 2001 and 2005 (see table 6.1, Annexure D), it is clear that South Africa's supply of granite (HS code 680293) products was also larger than the growth in the world supply of granite (HS code 680293) products traded between 2001 and 2005.

Both these scenarios show that there was a strong international demand and South Africa's supply (or exports) of granite (HS code 680293) products exceeded the international demand between 2001 and 2005. So far this product seems to be the second craft product (other than soap) where South Africa acted on the high international trade potential of this product by exporting accordingly. (One thing South Africa needs to take into account is if the world demand and supply continues on this growth path, South Africa would benefit by continuing to stimulate its exports but, if the international demand decreases or if the international supply increases drastically, South Africa could benefit more by also increasing the exports of other extra category products).

In 2005, South Africa obtained the 21st overall position for all granite (HS code 680293) products exported. (For a complete data set, contact the author).

Figure 6.18 provides the estimates for all granite (HS code 680293) products that were traded by South Africa between 2001 and 2005.

Figure 6.18 Trade estimates of all granite (HS code 680293) products traded by South Africa between 2001 and 2005



Source: International Trade Centre (ITC), 2007 – compiled by the author

Note: The pillars represent the granite (HS code – 680293) imports and exports traded by South Africa between 2001 and 2005. The HS code of this product can be seen in the far left column. The open spaces in the figure either indicate that South Africa did not contribute to the trade (import or export) of this specific product or, if South Africa contributed, the contribution to world trade was too small or insignificant for Trade Map to depict. The first column of each year represents the annual imports while the second column of each year represents the annual exports.

From figure 6.18, the following conclusion can be drawn:

- No granite (HS code 680293) products were imported by South Africa between 2001 and 2005. (The reason that South Africa did not import any of the granite (HS code 680293) products is uncertain and this leaves room for further research). The granite (HS code 680293) products that were exported by South Africa between 2001 and 2005 experienced significant volatility during this period. During 2001 and 2003, the granite products (HS code 680293) showed a decline, between 2003 and 2004 the granite products (HS code 680293) showed a significant increase and, after 2004, the granite products (HS code 680293) declined again. Because this product showed an increase in the export growth rate for four years and only experienced a decline after 2004, the overall export growth rate is still positive. (The reason that South Africa showed this drastic decline in the exports of granite (HS code 680293) after 2004 is uncertain and this leaves room for further research.).

To summarise, granite (HS code 680293) showed a high international trade potential between 2001 and 2005. During this period, South Africa did not import any of the granite (HS code 680293) products (HS code 680293) but South Africa had a strong supply (or exported) until 2004. After 2004, the South African supply (or exports) started to decline. South Africa could have benefited from the strong international demand by continuing to increase the exports of this product and South Africa could have benefited from the strong domestic demand by increasing domestic supply.

The extra category product with the highest trade potential internationally was jewellery and gold/silversmith wares of other precious metal whether or not plated or clad with precious metal (HS code 711319). This will be discussed next.

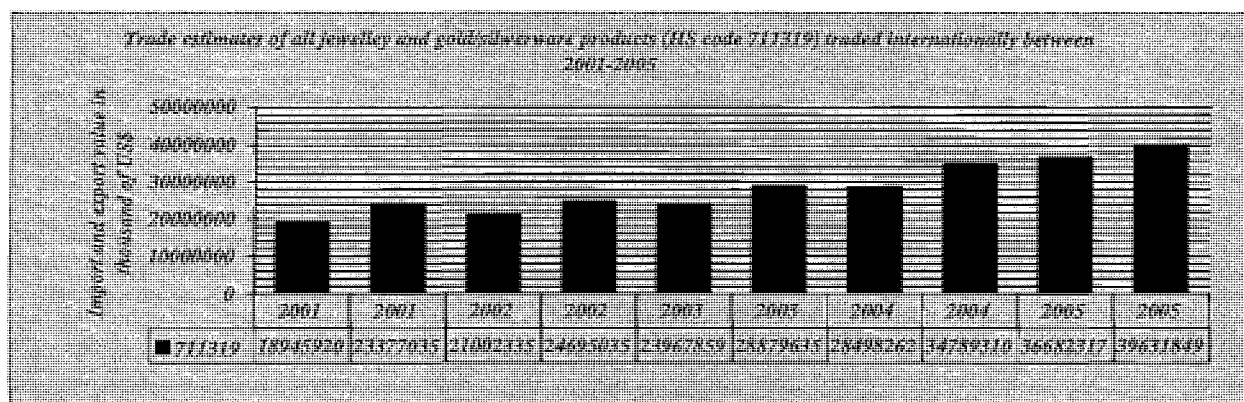
6.12 Jewellery and gold/silversmith wares of other precious metal whether or not plated or clad with precious metal (HS code 711319)

The extra category product with the highest trade potential identified by this study was jewellery and gold/silversmith wares of other precious metal whether or not plated or clad with precious metal (HS code 711319). Row 22 in table 6.1 (Annexure D) provides an overview of this product.

From table 6.1 (Annexure D), the following conclusions can be drawn:

- The total value of jewellery and gold/silversmith wares of other precious metal whether or not plated or clad with precious metal (HS code 711319) traded in 2005 amounted to \$76.2 billion (\$36.6 billion imports and \$39.6 billion exports).
- The annual average growth in import value between 2001 and 2005 for jewellery and gold/silversmith wares of other precious metal whether or not plated or clad with precious metal (HS code 711319) was 18% while the annual average growth in export value between 2001 and 2005 for jewellery and gold/silversmith wares of other precious metal whether or not plated or clad with precious metal (HS code 711319) was 18%.
- The top three importing countries together imported 54% of all jewellery and gold/silversmith wares of other precious metal whether or not plated or clad with precious metal (HS code 711319) while the top three exporting countries exported 38% of all jewellery and gold/silversmith wares of other precious metal whether or not plated or clad with precious metal (HS code 711319).
- Trade comparison: when one compares the total value of jewellery and gold/silversmith wares of other precious metal whether or not plated or clad with precious metal (HS code 711319) imported (\$36.6 billion) to the total value of jewellery and gold/silversmith wares of other precious metal whether or not plated or clad with precious metal (HS code 711319) exported (\$39.6 million), it is evident that the world exported (supplied) more jewellery and gold/silversmith wares of other precious metal whether or not plated or clad with precious metal (HS code 711319) than it imported (demanded) in 2005 while the annual average growth in import (demand) between 2001 equalled the annual average growth in export (supply).

Figure 6.19 Trade estimates of all jewellery and gold/silversmith wares of other precious metal whether or not plated or clad with precious metal (HS code 711319) products traded internationally between 2001 and 2005



Source: International Trade Centre (ITC), 2007 – compiled by the author

Note: The pillars represent the jewellery and gold/silversmith wares of other precious metal whether or not plated or clad with precious metal (HS code – 711319) imports and exports traded internationally between 2001 and 2005. The HS code of this product can be seen in the far left column. The first column of each year represents the annual imports while the second column of each year represents the annual exports.

From figure 6.19, one can see that jewellery and gold/silversmith wares of other precious metal whether or not plated or clad with precious metal (HS code 711319) experienced favourable import and export growth rates between 2001 and 2005.

The attractiveness of the different importing markets and the relative competitiveness of the different exporting markets will now be discussed.

Table 6.21 Attractiveness of the different importing markets for jewellery and gold/silversmith wares of other precious metal whether or not plated or clad with precious metal (HS code 711319)

	Significant	Prominent	Attractive	Least Attractive
THE EXTRA CATEGORY PRODUCT WITH THE HIGHEST TRADE POTENTIAL	The nations with relatively low import growth rates between 2001 and 2005 but large market shares in 2005	The nations with high import growth rates between 2001 and 2005 and substantial market shares in 2005	The nations with the highest import growth rates between 2001 and 2005	The nations with relatively low or fluctuating import growth rates between 2001 and 2005 and relatively lower market shares in 2005
Jewellery and gold/silversmith wares of other precious metal whether or not plated or clad with precious metal (HS code 711319)		USA (10%-27%) UAE (35%-13%) UK (16%-12%) Hong Kong (21%-8%) Switzerland (8%-5%) Japan (8%-5%) Singapore (20%-4%) France (9%-3%) Germany (10%-2%) Italy (20%-2%)	Croatia (267%) Jordan (131%) Oman (86%) India (61%) Saudi Arabia (55%) Greece (42%) Turkey (37%) UAE (35%) New Zealand (34%) Korea (32%)	Israel (1%-0) Lebanon (1%-0) Brunei (2%-0)

Note: Where there are two figures between brackets in the table, the first figure represents the import or export growth rate between 2001 and 2005 and the second figure represents the market share of each specific country in 2005. There may be more countries that fall under each category mentioned in the table, but this study limited the number of countries to a maximum of ten. Where there are fewer than ten countries mentioned per category it implies that only the countries that were mentioned fell under that particular category.

Source: International Trade Centre (ITC), 2007 – compiled by the author

From table 6.21, the following conclusions can be drawn:

- None of the importers of jewellery and gold/silversmith wares of other precious metal whether or not plated or clad with precious metal (HS code 711319) fell under the most significant importer (the nations with relatively low import growth rates between 2001 and 2005 large market shares in 2005) category.
- The most prominent importers (the nations with high import growth rates between 2001 and 2005 and substantial market shares in 2005) of jewellery and gold/silversmith wares of other precious metal whether or not plated or clad with precious metal (HS code 711319) were the USA, the UAE, the UK, Hong Kong, Switzerland, Japan, Singapore, France, Germany and Italy.
- The most attractive importers (the nations with the highest import growth rates between 2001 and 2005) of jewellery and gold/silversmith wares of other precious metal whether or not plated or clad with precious metal (HS code 711319) were Croatia, Jordan, Oman, India, Saudi Arabia, Greece, Turkey, the UAE, New Zealand and Korea.
- The only attractive importers (the nations with relatively low or fluctuating import growth rates between 2001 and 2005 and relatively lower market shares in 2005) of jewellery and gold/silversmith wares of other precious metal whether or not plated or clad with precious metal (HS code 711319) were Israel, Lebanon and Brunei.

The relative competitiveness of the different exporting markets will now be discussed.

Table 6.22 Relative competitiveness of the different exporting markets for jewellery and gold/silversmith wares of other precious metal whether or not plated or clad with precious metal (HS code 711319)

	<i>Aspirants</i>	<i>Leaders</i>	<i>Climbers</i>	<i>Not well off</i>
THE EXTRA CATEGORY PRODUCT WITH THE HIGHEST TRADE POTENTIAL	<i>The nations with relatively low export growth rates between 2001 and 2005 but large market shares in 2005</i>	<i>The nations with high export growth rates between 2001 and 2005 and substantial market shares in 2005</i>	<i>The nations with the highest export growth rates between 2001 and 2005</i>	<i>The nations with relatively low or fluctuating export growth rates between 2001 and 2005 and relatively lower market shares in 2005</i>
<i>Jewellery and gold/silversmith wares of other precious metal whether or not plated or clad with precious metal (HS code 711319)</i>	Italy (0-15%)	India (35%-13%) USA (13%-11%) Hong Kong (18%-9%) Switzerland (13%-8%) UK (17%-8%) China (13%-6%) Thailand (13%-4%) Turkey (28%-4%) France (7%-3%) Malaysia (24%-1%)	Croatia (403%) Iran (228%) British Virgin Islands (79%) Jordan (74%) Saudi Arabia (41%) Brunei (36%) South Africa (30%) Australia (27%) Armenia (27%) Vietnam (26%)	Canada (-2%-1) Indonesia (-6%-0)

Note: Where there are two figures between brackets in the table, the first figure represents the import or export growth rate between 2001 and 2005 and the second figure represents the market share of each specific country in 2005. There may be more countries that fall under each category mentioned in the table, but this study limited the number of countries to a maximum of ten. Where there are fewer than ten countries mentioned per category it implies that only the countries that were mentioned fell under that particular category.

Source: International Trade Centre (ITC), 2007 – compiled by the author

From table 6.22, the following conclusions can be drawn:

- The most aspirant exporter (the nation with a relatively low export growth rate between 2001 and 2005 but large market share in 2005) of jewellery and gold/silversmith wares of other precious metal whether or not plated or clad with precious metal (HS code 711319) was Italy.
- The most prominent leaders (the nations with high export growth rates between 2001 and 2005 and substantial market shares in 2005) of jewellery and gold/silversmith wares of other precious metal whether or not plated or clad with precious metal (HS code 711319) were India, the USA, Hong Kong, Switzerland, the UK, China, Thailand, Turkey, France and Malaysia.
- The most attractive climbers (the nations with the highest export growth rates between 2001 and 2005) of jewellery and gold/silversmith wares of other precious metal whether or not plated or clad with precious metal (HS code 711319) were Croatia, Iran, British Virgin Islands, Jordan, Saudi Arabia, Brunei, South Africa, Australia, Armenia and Vietnam.
- The least attractive exporters (the nations with relatively low or fluctuating export growth rates between 2001 and 2005 and relatively lower market shares in 2005) of jewellery and gold/silversmith wares of other precious metal whether or not plated or clad with precious metal (HS code 711319) were Canada and Indonesia.

The international trade of jewellery and gold/silversmith wares of other precious metal whether or not plated or clad with precious metal (HS code 711319) will subsequently be compared with South African trade of jewellery and gold/silversmith wares of other precious metal whether or not plated or clad with precious metal (HS code 711319) in 2005. Row 25 in table 6.2 (Annexure D) provides an overview of jewellery and gold/silversmith wares of other precious metal whether or not plated or clad with precious metal (HS code 711319) that were traded by South Africa in 2005.

From table 6.2 (Annexure D), the following conclusions can be drawn:

- The total value of jewellery and gold/silversmith wares of other precious metal whether or not plated or clad with precious metal (HS code 711319) traded by South Africa in 2005 amounted to \$81.3 million (only exports). When this value is compared to the world trade of jewellery and gold/silversmith wares of other precious metal whether or not plated or clad with precious metal (HS code 711319) that was estimated at \$54.7 billion (\$25.6 billion imports and \$29.1 billion exports) (see table 6.1, Annexure D), it is evident that South Africa's contribution to the world trade of jewellery and gold/silversmith wares of other precious metal whether or not plated or clad with precious metal (HS code 711319) in 2005 was 0.14%.
- South Africa imported no jewellery and gold/silversmith wares of other precious metal whether or not plated or clad with precious metal (HS code 711319) products so there is no need to compare South African imports and exports or the growth in import and exports to determine South Africa's domestic demand.

What can be done in this scenario is to compare the South African jewellery and gold/silversmith wares of other precious metal whether or not plated or clad with precious metal (HS code 711319) export growth rate of 30% between 2001 and 2005 to the international jewellery and gold/silversmith wares of other precious metal whether or not plated or clad with precious metal (HS code 711319) import growth rate of 15% between 2001 and 2005 (see table 6.1, Annexure D). From this it is clear that the growth in supply of jewellery and gold/silversmith wares of other precious metal whether or not plated or clad with precious metal (HS code 711319) products from South Africa was larger than the growth in demand for jewellery and gold/silversmith wares of other precious metal whether or not plated or clad with precious metal (HS code 711319) products internationally.

What can also be done in this is scenario is to compare the South African jewellery and gold/silversmith wares of other precious metal whether or not plated or clad with precious metal (HS code 711319) export growth rate of 30% between 2001 and 2005 to the international jewellery and gold/silversmith wares of other precious metal whether or not plated or clad with precious metal (HS code 711319) export growth rate of 13% between 2001 and 2005 (see table 6.1, Annexure D). It is clear that South Africa's supply of jewellery and gold/silversmith wares of other precious metal whether or not plated or clad with precious metal (HS code 711319) products was also larger than the growth in the world supply of jewellery and

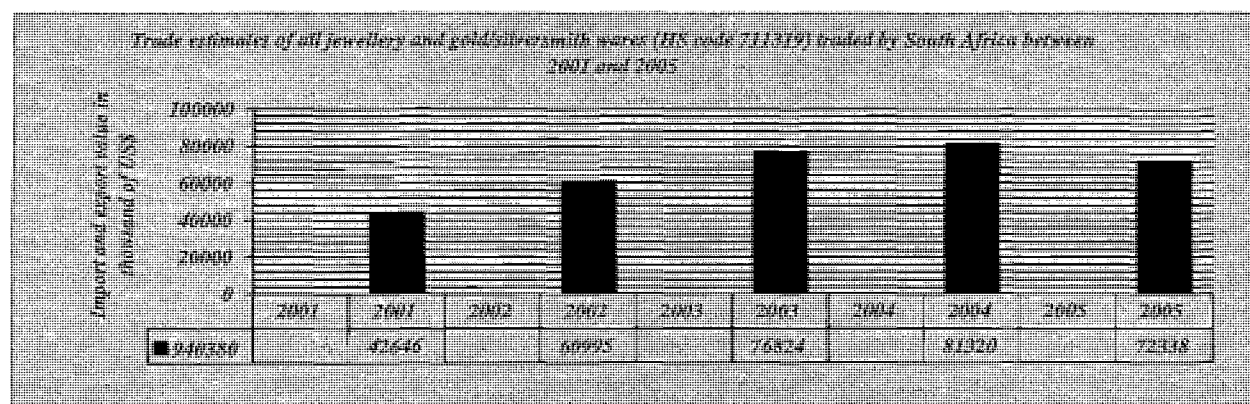
gold/silversmith wares of other precious metal whether or not plated or clad with precious metal (HS code 711319) products traded between 2001 and 2005.

Both these scenarios show that there was a strong international demand and South Africa's supply (or exports) of jewellery and gold/silversmith wares of other precious metal whether or not plated or clad with precious metal (HS code 711319) products exceeded the international demand between 2001 and 2005. So far this product seems to be the third craft product (other than soap) where South Africa acted on the high international trade potential of this product by exporting accordingly. (One thing South Africa needs to take into account is if the world demand and supply continues on this growth path, South Africa would benefit by continuing to stimulate its exports but, if the international demand decreases or if the international supply increases drastically, South Africa could benefit more by increasing the exports of other extra category products).

In 2005, South Africa obtained the 29th overall position for all jewellery and gold/silversmith wares of other precious metal whether or not plated or clad with precious metal (HS code 711319) products exported. (For a complete data set, contact the author).

Figure 6.20 provides the estimates for all jewellery and gold/silversmith wares of other precious metal whether or not plated or clad with precious metal (HS code 711319) products that were traded by South Africa between 2001 and 2005.

Figure 6.20 Trade estimates of all jewellery and gold/silversmith wares of other precious metal whether or not plated or clad with precious metal (HS code 711319) products traded by South Africa between 2001 and 2005



Source: International Trade Centre (ITC), 2007 – compiled by the author

Note: The pillars represent the jewellery and gold/silversmith wares of other precious metal whether or not plated or clad with precious metal (HS code – 711319) imports and exports traded by South Africa between 2001 and 2005. The HS code of this product can be seen in the far left column. The open spaces in the figure either indicate that South Africa did not contribute to the trade (import or export) of this specific product or, if South Africa contributed, the contribution to world trade was too small or insignificant for Trade Map to depict. The first column of each year represents the annual imports while the second column of each year represents the annual exports.

From figure 6.20, the following conclusion can be drawn:

- As can be seen, South Africa imported no jewellery and gold/silversmith wares of other precious metal whether or not plated or clad with precious metal (HS code 711319) products between 2001 and 2005. (The reason that South Africa did not import any jewellery and gold/silversmith wares of other precious metal whether or not plated or clad with precious metal (HS code 711319) products is uncertain and this leaves room for further research). South Africa did however experience favourable export growth rates for jewellery and gold/silversmith wares of other precious metal whether or not plated or clad with precious metal (HS code 711319) products between 2001 and 2005 and this caused the overall export growth rate to be positive.

To summarise, jewellery and gold/silversmith wares of other precious metal whether or not plated or clad with precious metal (HS code 711319) products showed a high trade potential between 2001 and 2005. During this period, South Africa lacked the demand (or imports) of this product but since South Africa's annual average growth in export value between 2001 and 2005 was 30%, South Africa definitely contributed to the high trade potential of this products by exporting accordingly.

The works of art product with the highest trade potential internationally was paintings (this includes drawings and pastels, executed entirely by hand, other than hand-painted or hand-decorated manufactured articles; collages and similar decorative plaques: paintings, drawings and pastels (HS code 970110). This will be discussed next.

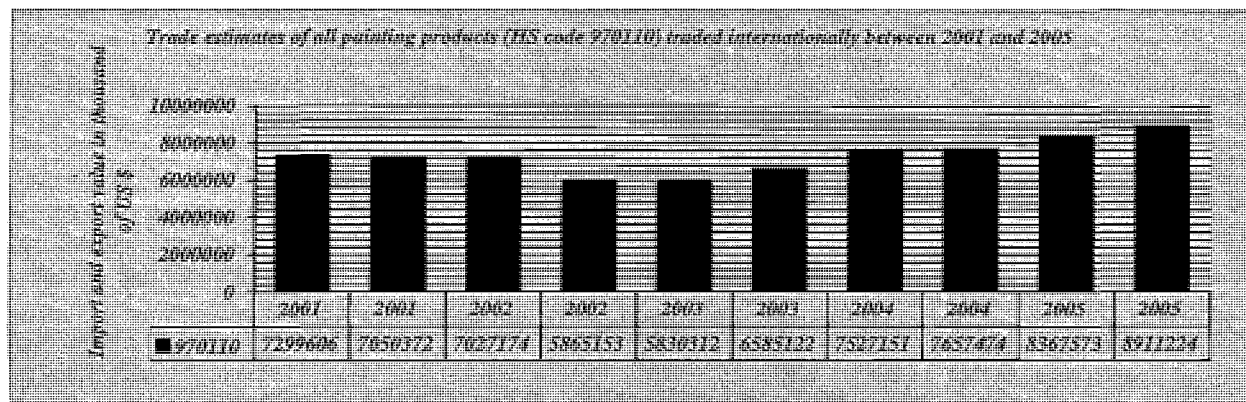
6.13 Paintings (this includes drawings and pastels, executed entirely by hand, other than hand-painted or hand-decorated manufactured articles; collages and similar decorative plaques: paintings, drawings and pastels (HS code 970110))

The works of art product with the highest trade potential identified by this study was paintings (this includes drawings and pastels, executed entirely by hand, other than hand-painted or hand-decorated manufactured articles; collages and similar decorative plaques: paintings, drawings and pastels (HS code 970110)). Row 24 in table 6.1 (Annexure D) provides an overview of this product.

From table 6.1 (Annexure D), the following conclusions can be drawn:

- The total value of paintings (this includes drawings and pastels, executed entirely by hand, other than hand-painted or hand-decorated manufactured articles; collages and similar decorative plaques: paintings, drawings and pastels (HS code 970110)) traded in 2005 amounted to \$17.2 billion (\$8.3 billion imports and \$8.9 billion exports).
- The annual average growth in import value between 2001 and 2005 for paintings (this includes drawings and pastels, executed entirely by hand, other than hand-painted or hand-decorated manufactured articles; collages and similar decorative plaques: paintings, drawings and pastels (HS code 970110)) was 13% while the annual average growth in export value between 2001 and 2005 for paintings (this includes drawings and pastels, executed entirely by hand, other than hand-painted or hand-decorated manufactured articles; collages and similar decorative plaques: paintings, drawings and pastels (HS code 970110)) was 18%.
- The top three importing countries together imported 79% of all paintings (this includes drawings and pastels, executed entirely by hand, other than hand-painted or hand-decorated manufactured articles; collages and similar decorative plaques: paintings, drawings and pastels (HS code 970110)) while the top three exporting countries exported 78% of all paintings (this includes drawings and pastels, executed entirely by hand, other than hand-painted or hand-decorated manufactured articles; collages and similar decorative plaques: paintings, drawings and pastels (HS code 970110)).
- Trade comparison: when one compares the total value of paintings (this includes drawings and pastels, executed entirely by hand, other than hand-painted or hand-decorated manufactured articles; collages and similar decorative plaques: paintings, drawings and pastels (HS code 970110)) imported (\$8.3 billion) to the total value of paintings (this includes drawings and pastels, executed entirely by hand, other than hand-painted or hand-decorated manufactured articles; collages and similar decorative plaques: paintings, drawings and pastels (HS code 970110)) exported (\$8.9 million), it is evident that the world exported (supplied) more paintings (this includes drawings and pastels, executed entirely by hand, other than hand-painted or hand-decorated manufactured articles; collages and similar decorative plaques: paintings, drawings and pastels (HS code 970110)) than it imported (demanded) in 2005 while the annual average growth in import (demand) between 2001 was smaller than the annual average growth in export (supply).

Figure 6.21 Trade estimates of all paintings - this includes drawings and pastels, executed entirely by hand, other than hand-painted or hand-decorated manufactured articles; collages and similar decorative plaques: paintings, drawings and pastels (HS code 970110) products traded internationally between 2001 and 2005



Source: International Trade Centre (ITC), 2007 – compiled by the author

Note: The pillars represent the paintings (this includes drawings and pastels, executed entirely by hand, other than hand-painted or hand-decorated manufactured articles; collages and similar decorative plaques: paintings, drawings and pastels (HS code – 970110) imports and exports traded internationally between 2001 and 2005. The HS code of this product can be seen in the far left column. The first column of each year represents the annual imports while the second column of each year represents the annual exports.

From figure 6.21, one can see that paintings, this includes drawings and pastels, executed entirely by hand, other than hand-painted or hand-decorated manufactured articles; collages and similar decorative plaques: paintings, drawings and pastels (HS code 970110) experienced favourable import and export growth rates between 2001 and 2005.

The attractiveness of the different importing markets and the relative competitiveness of the different exporting markets will now be discussed.

Table 6.23 Attractiveness of the different importing markets for paintings (this includes drawings and pastels, executed entirely by hand, other than hand-painted or hand-decorated manufactured articles; collages and similar decorative plaques: paintings, drawings and pastels (HS code 970110))

	Significant	Prominent	Attractive	Least Attractive
THE WORKS OF ART PRODUCT WITH THE HIGHEST TRADE POTENTIAL	The nations with relatively low import growth rates between 2001 and 2005 but large market shares in 2005	The nations with high import growth rates between 2001 and 2005 and substantial market shares in 2005	The nations with the highest import growth rates between 2001 and 2005	The nations with relatively low or fluctuating import growth rates between 2001 and 2005 and relatively lower market shares in 2005
Paintings (this includes drawings and pastels, executed entirely by hand, other than hand-painted or hand-decorated manufactured articles; collages and similar decorative plaques: paintings, drawings and pastels (HS code 970110))	USA (-2%:33%) Germany (-6%:3%)	UK (2%:27%) Switzerland (16%:14%) France (20%:2%) Japan (12%:2%) Spain (5%:2%) Canada (48%:2%) Hong Kong (43%:1%) Iran (9%:1%) Netherlands (14%:1%) Korea (35%:1%)	Iran (952%) Russian Federation (130%) Faeroe Islands (120%) Venezuela (89%) Portugal (77%) Argentina (69%) UAE (55%) South Africa (54%) India (53%) Denmark (52%) Finland (52%)	Israel (-19%:0) Sweden (-21%:0) Taiwan (-4%:0) Greece (-31%:0)

Note: Where there are two figures between brackets in the table, the first figure represents the import or export growth rate between 2001 and 2005 and the second figure represents the market share of each specific country in 2005. There may be more countries that fall under each category mentioned in the table, but this study limited the number of countries to a maximum of ten. Where there are fewer than ten countries mentioned per category it implies that only the countries that were mentioned fell under that particular category.

Source: International Trade Centre (ITC), 2007 – compiled by the author

From table 6.23, the following conclusions can be drawn:

- The most significant importers (the nations with relatively low import growth rates between 2001 and 2005 large market shares in 2005) of paintings, this includes drawings and pastels, executed entirely by hand, other than hand-painted or hand-decorated manufactured articles; collages and similar decorative plaques: paintings, drawings and pastels (HS code 970110) were the USA and Germany.
- The most prominent importers (the nations with high import growth rates between 2001 and 2005 and substantial market shares in 2005) of paintings (this includes drawings and pastels, executed entirely by hand, other than hand-painted or hand-decorated manufactured articles; collages and similar decorative plaques: paintings, drawings and pastels (HS code 970110)) were the UK, Switzerland, France, Japan, Spain, Canada, Hong Kong, Iran, Netherlands and Korea.
- The most attractive importers (the nations with the highest import growth rates between 2001 and 2005) of paintings (this includes drawings and pastels, executed entirely by hand, other than hand-painted or hand-decorated manufactured articles; collages and similar decorative plaques: paintings, drawings and pastels (HS code 970110)) were Iran, Russian Federation, Faeroe Islands, Venezuela, Portugal, Argentina, the UAE, South Africa, India, Denmark and Finland.

- The only attractive importers (the nations with relatively low or fluctuating import growth rates between 2001 and 2005 and relatively lower market shares in 2005) of paintings (this includes drawings and pastels, executed entirely by hand, other than hand-painted or hand-decorated manufactured articles; collages and similar decorative plaques: paintings, drawings and pastels (HS code 970110) were Israel, Sweden, Taiwan and Greece.

The relative competitiveness of the different exporting markets will now be discussed.

Table 6.24 Relative competitiveness of different exporting markets for paintings (this includes drawings and pastels, executed entirely by hand, other than hand-painted or hand-decorated manufactured articles; collages and similar decorative plaques: paintings, drawings and pastels (HS code 970110))

	<i>Aspirants</i>	<i>Leaders</i>	<i>Climbers</i>	<i>Not well off</i>
THE WORKS OF ART PRODUCT WITH THE HIGHEST TRADE POTENTIAL	<i>The nations with relatively low export growth rates between 2001 and 2005 but large market shares in 2005</i>	<i>The nations with high export growth rates between 2001 and 2005 and substantial market shares in 2005</i>	<i>The nations with the highest export growth rates between 2001 and 2005</i>	<i>The nations with relatively low or fluctuating export growth rates between 2001 and 2005 and relatively lower market shares in 2005</i>
<i>Paintings (this includes drawings and pastels, executed entirely by hand, other than hand-painted or hand-decorated manufactured articles; collages and similar decorative plaques: paintings, drawings and pastels (HS code 970110))</i>	Germany (0.3%)	USA (34%-37%) UK (15%-35%) Switzerland (4%-6%) France (1.1%-5%) Canada (2.7%-4%) Korea (5.7%-2%) Italy (18%-1%) Belgium (23%-1%) Austria (1.1%-1%) Singapore (63%-0)	Cayman Islands (139%) Philippines (97%) Brazil (70%) India (69%) Singapore (63%) Korea (55%) British Virgin Islands (43%) Argentina (44%) Ireland (37%) China (29%)	Hong Kong (1%-0) Japan (-17%-0) Spain (-11%-0) Norway (-5%-0) Greece (42%-0)

Note: Where there are two figures between brackets in the table, the first figure represents the import or export growth rate between 2001 and 2005 and the second figure represents the market share of each specific country in 2005. There may be more countries that fall under each category mentioned in the table, but this study limited the number of countries to a maximum of ten. Where there are fewer than ten countries mentioned per category it implies that only the countries that were mentioned fell under that particular category.

Source: International Trade Centre (ITC), 2007 – compiled by the author

From table 6.24, the following conclusions can be drawn:

- The most aspirant exporter (the nation with a relatively low export growth rate between 2001 and 2005 but large market share in 2005) of paintings (this includes drawings and pastels, executed entirely by hand, other than hand-painted or hand-decorated manufactured articles; collages and similar decorative plaques: paintings, drawings and pastels (HS code 970110) was Germany.
- The most prominent leaders (the nations with high export growth rates between 2001 and 2005 and substantial market shares in 2005) of paintings (this includes drawings and pastels, executed entirely by hand, other than hand-painted or hand-decorated manufactured articles; collages and similar decorative

plaques: paintings, drawings and pastels (HS code 970110) were the USA, the UK, Switzerland, France Canada, Korea, Italy, Bahamas, Austria and Singapore.

- The most attractive climbers (the nations with the highest export growth rates between 2001 and 2005) of paintings (this includes drawings and pastels, executed entirely by hand, other than hand-painted or hand-decorated manufactured articles; collages and similar decorative plaques: paintings, drawings and pastels (HS code 970110) were Cayman Islands, Philippines, Brazil, India, Singapore, Korea, British Virgin Islands, Argentina, Ireland and China.
- The least attractive exporters (the nations with relatively low or fluctuating export growth rates between 2001 and 2005 and relatively lower market shares in 2005) of paintings (this includes drawings and pastels, executed entirely by hand, other than hand-painted or hand-decorated manufactured articles; collages and similar decorative plaques: paintings, drawings and pastels (HS code 970110) were Hong Kong, Japan, Spain, Norway and Greece.

The international trade of paintings (this includes drawings and pastels, executed entirely by hand, other than hand-painted or hand-decorated manufactured articles; collages and similar decorative plaques: paintings, drawings and pastels (HS code 970110) will subsequently be compared with the South African trade of paintings (this includes drawings and pastels, executed entirely by hand, other than hand-painted or hand-decorated manufactured articles; collages and similar decorative plaques: paintings, drawings and pastels (HS code 970110). Row twenty-seven in table 6.2 (Annexure D) provides an overview of paintings (this includes drawings and pastels, executed entirely by hand, other than hand-painted or hand-decorated manufactured articles; collages and similar decorative plaques: paintings, drawings and pastels (HS code 970110) that were traded by South Africa in 2005.

From tables 6.2 (Annexure D), the following conclusions can be drawn:

- The total value of paintings (this includes drawings and pastels, executed entirely by hand, other than hand-painted or hand-decorated manufactured articles; collages and similar decorative plaques: paintings, drawings and pastels (HS code 970110) traded by South Africa in 2005 amounted to \$29.5 million (\$18.3 million imports and \$11.2 million exports). When this value is compared to the world trade of paintings (this includes drawings and pastels, executed entirely by hand, other than hand-painted or hand-decorated manufactured articles; collages and similar decorative plaques: paintings, drawings and pastels (HS code 970110) that was estimated at \$17.2 billion (\$8.3 billion imports and \$8.9 billion exports) (see table 6.1, Annexure D), it is evident that South Africa's contribution to the world trade of paintings (this includes drawings and pastels, executed entirely by hand, other than hand-painted or hand-decorated manufactured articles; collages and similar decorative plaques: paintings, drawings and pastels (HS code 970110) in 2005 was 0.17%.

When one compares the value of paintings (this includes drawings and pastels, executed entirely by hand, other than hand-painted or hand-decorated manufactured articles; collages and similar decorative plaques: paintings, drawings and pastels (HS code 970110) imported by South Africa in 2005 (\$18.3 million) to

the value of paintings (this includes drawings and pastels, executed entirely by hand, other than hand-painted or hand-decorated manufactured articles; collages and similar decorative plaques: paintings, drawings and pastels (HS code 970110) exported by South Africa in 2005 (\$11.2 million), it is evident that South Africa imported (demanded) more paintings (this includes drawings and pastels, executed entirely by hand, other than hand-painted or hand-decorated manufactured articles; collages and similar decorative plaques: paintings, drawings and pastels (HS code 970110) than it exported (supplied). This shows that, in 2005, there was a strong demand for paintings (this includes drawings and pastels, executed entirely by hand, other than hand-painted or hand-decorated manufactured articles; collages and similar decorative plaques: paintings, drawings and pastels (HS code 970110) in South Africa.

- The annual average growth in import value between 2001 and 2005 for all paintings (this includes drawings and pastels, executed entirely by hand, other than hand-painted or hand-decorated manufactured articles; collages and similar decorative plaques: paintings, drawings and pastels (HS code 970110) imported by South Africa was 54% while the annual average growth in export value between 2001 and 2005 for all paintings (this includes drawings and pastels, executed entirely by hand, other than hand-painted or hand-decorated manufactured articles; collages and similar decorative plaques: paintings, drawings and pastels (HS code 970110) exported by South Africa was 23%. This shows that, between 2001 and 2005, South Africa's annual average growth in import value grew more than two times faster than the annual average growth in exports that South Africa experienced over the same period. The only conclusion that can be drawn from this is that there was not only a strong demand for paintings (this includes drawings and pastels, executed entirely by hand, other than hand-painted or hand-decorated manufactured articles; collages and similar decorative plaques: paintings, drawings and pastels (HS code 970110) in 2005 (see the paragraph above) but there was also a strong demand for paintings (this includes drawings and pastels, executed entirely by hand, other than hand-painted or hand-decorated manufactured articles; collages and similar decorative plaques: paintings, drawings and pastels (HS code 970110) in South Africa between 2001 and 2005.

If one compares the South African paintings (this includes drawings and pastels, executed entirely by hand, other than hand-painted or hand-decorated manufactured articles; collages and similar decorative plaques: paintings, drawings and pastels (HS code 970110) import growth rate of 54% between 2001 and 2005 to the international paintings (this includes drawings and pastels, executed entirely by hand, other than hand-painted or hand-decorated manufactured articles; collages and similar decorative plaques: paintings, drawings and pastels (HS code 970110) import growth rate of 3% between 2001 and 2005 (see table 6.1, Annexure D), it is clear that the growth in demand for paintings (this includes drawings and pastels, executed entirely by hand, other than hand-painted or hand-decorated manufactured articles; collages and similar decorative plaques: paintings, drawings and pastels (HS code 970110) in South Africa exceeded the growth in demand for paintings (this includes drawings and pastels, executed entirely by hand, other than hand-painted or hand-decorated manufactured articles; collages and similar decorative plaques: paintings, drawings and pastels (HS code 970110) internationally between 2001 and 2005.

If one compares the South African paintings (this includes drawings and pastels, executed entirely by hand, other than hand-painted or hand-decorated manufactured articles; collages and similar decorative plaques: paintings, drawings and pastels (HS code 970110) export growth rate of 23% between 2001 and 2005 to the international paintings (this includes drawings and pastels, executed entirely by hand, other than hand-painted or hand-decorated manufactured articles; collages and similar decorative plaques: paintings, drawings and pastels (HS code 970110) export growth rate of 8% between 2001 and 2005 (see table 6.1, Annexure D), it is clear that the growth in South Africa's supply of paintings (this includes drawings and pastels, executed entirely by hand, other than hand-painted or hand-decorated manufactured articles; collages and similar decorative plaques: paintings, drawings and pastels (HS code 970110) was more than the growth in the international supply of paintings (this includes drawings and pastels, executed entirely by hand, other than hand-painted or hand-decorated manufactured articles; collages and similar decorative plaques: paintings, drawings and pastels (HS code 970110) traded between 2001 and 2005.

When one uses the same example as above and one compares the South African paintings (this includes drawings and pastels, executed entirely by hand, other than hand-painted or hand-decorated manufactured articles; collages and similar decorative plaques: paintings, drawings and pastels) (HS code 970110) import growth rate of 54% between 2001 and 2005 to the international paintings (this includes drawings and pastels, executed entirely by hand, other than hand-painted or hand-decorated manufactured articles; collages and similar decorative plaques: paintings, drawings and pastels (HS code 970110) export growth rate of 8% between 2001 and 2005 (see table 6.1, Annexure D), it is clear that the growth in demand for paintings (this includes drawings and pastels, executed entirely by hand, other than hand-painted or hand-decorated manufactured articles; collages and similar decorative plaques: paintings, drawings and pastels (HS code 970110) products in South Africa exceeded the growth in supply of paintings (this includes drawings and pastels, executed entirely by hand, other than hand-painted or hand-decorated manufactured articles; collages and similar decorative plaques: paintings, drawings and pastels (HS code 970110) products internationally. This shows that there was a strong demand for paintings (this includes drawings and pastels, executed entirely by hand, other than hand-painted or hand-decorated manufactured articles; collages and similar decorative plaques: paintings, drawings and pastels (HS code 970110) products in South Africa.

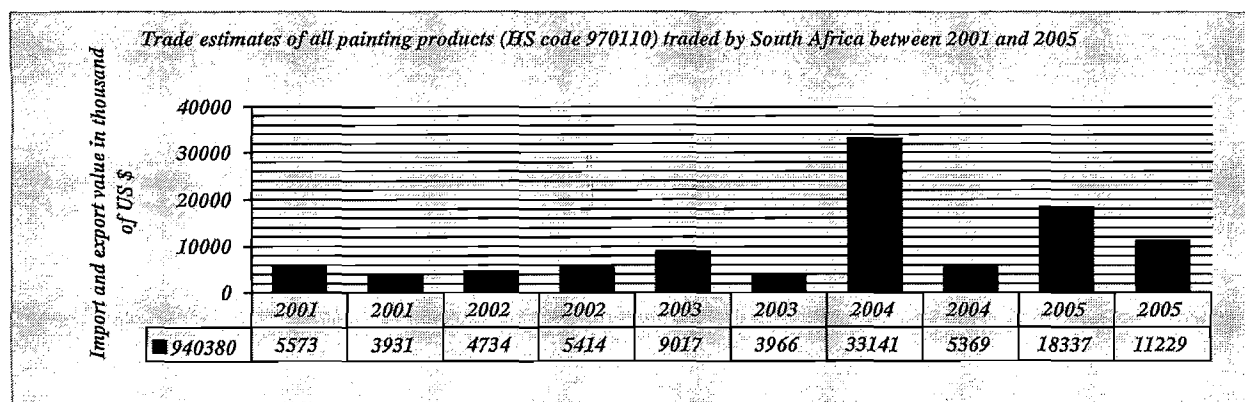
If one compares the South African paintings (this includes drawings and pastels, executed entirely by hand, other than hand-painted or hand-decorated manufactured articles; collages and similar decorative plaques: paintings, drawings and pastels) (HS code 970110) export growth rate of 23% between 2001 and 2005 to the international paintings (this includes drawings and pastels, executed entirely by hand, other than hand-painted or hand-decorated manufactured articles; collages and similar decorative plaques: paintings, drawings and pastels (HS code 970110) import growth rate of 3% between 2001 and 2005 (see table 6.1, Annexure D), it is clear that the growth in supply of paintings (this includes drawings and pastels, executed entirely by hand, other than hand-painted or hand-decorated manufactured articles; collages and similar decorative plaques: paintings, drawings and pastels (HS code 970110) from South Africa far exceeded the growth in demand for paintings (this includes drawings and pastels, executed

entirely by hand, other than hand-painted or hand-decorated manufactured articles; collages and similar decorative plaques: paintings, drawings and pastels (HS code 970110) internationally.

In 2005, South Africa obtained the 20th overall position for all paintings (this includes drawings and pastels, executed entirely by hand, other than hand-painted or hand-decorated manufactured articles; collages and similar decorative plaques: paintings, drawings and pastels (HS code 970110) products imported and the 24th overall position for all paintings (this includes drawings and pastels, executed entirely by hand, other than hand-painted or hand-decorated manufactured articles; collages and similar decorative plaques: paintings, drawings and pastels (HS code 970110) products exported. (For a complete data set, contact the author).

Figure 6.22 provides the estimates for all paintings (this includes drawings and pastels, executed entirely by hand, other than hand-painted or hand-decorated manufactured articles; collages and similar decorative plaques: paintings, drawings and pastels (HS code 970110) products that were traded by South Africa between 2001 and 2005.

Figure 6.22 Trade estimates of all paintings (this includes drawings and pastels, executed entirely by hand, other than hand-painted or hand-decorated manufactured articles; collages and similar decorative plaques: paintings, drawings and pastels (HS code 970110) products traded by South Africa between 2001 and 2005



Source: International Trade Centre (ITC), 2007 – compiled by the author

Note: The pillars represent the paintings (this includes drawings and pastels, executed entirely by hand, other than hand-painted or hand-decorated manufactured articles; collages and similar decorative plaques: paintings, drawings and pastels (HS code 970110) imports and exports traded by South Africa between 2001 and 2005. The HS code of this product can be seen in the far left column. The first column of each year represents the annual imports while the second column of each year represents the annual exports.

From figure 6.22, the following conclusion can be drawn:

- Paintings (this includes drawings and pastels, executed entirely by hand, other than hand-painted or hand-decorated manufactured articles; collages and similar decorative plaques: paintings, drawings and pastels (HS code 970110) experienced volatile import growth rates by South Africa between 2001 and 2005. During 2001 and 2002 this product showed a decline, then the import growth rate increased significantly up until 2004 and, after 2004, the import growth rate again declined to almost half the 2003 value. The

increase from 2003 onward was so significant that it caused the overall import growth rate to be positive. Paintings (this includes drawings and pastels, executed entirely by hand, other than hand-painted or hand-decorated manufactured articles; collages and similar decorative plaques: paintings, drawings and pastels (HS code 970110) also experienced volatile export growth rates by South Africa between 2001 and 2005. This product showed an increase between 2001 and 2002, from 2002 to 2003 it experienced a decline and from there onwards until 2005 it experienced an overall increase. The increase from 2003 onward was so significant that it caused the overall export growth rate to be positive. (The reason that this product showed such great volatility is uncertain and this leaves room for further research).

To summarise, paintings (this includes drawings and pastels, executed entirely by hand, other than hand-painted or hand-decorated manufactured articles; collages and similar decorative plaques: paintings, drawings and pastels (HS code 970110) showed a high trade potential between 2001 and 2005. During this period, South Africa showed a strong demand (imports) and a strong supply (or exports) of this product. If the international and domestic demand increases continues on its current growth path South Africa would definitely benefit in the future by increasing domestic supply and by continuing to stimulate the exports of this product. This chapter will subsequently provide a summary of South Africa's role within or contribution to the international trade of the craft products with the highest trade potential.

6.14 Summary

Table 6.25 summarises South Africa's role within the international trade of the craft products (and markets) with the highest trade potential. It begins with South Africa's average contribution to the international trade of the craft products with the highest trade potential (row 3, column 4 in table 6.25). From this table, it is clear that South Africa contributed only 0.22% to the international trade of the products with the highest trade potential. This percentage was calculated by using only the products with the number one trade rankings under each product category (see section 6.2.) If more products are assigned to this list, for example products that obtained the second and third highest trade rankings then this percentage might differ). The rest of table 6.25 provides a summary of South Africa's contribution to the international flow or contribution to the craft products with the highest trade potential internationally. It starts with the craft product category that obtained the highest contribution to world trade by South Africa (pottery) with a contribution of 0.48%, and it ends with the craft product category that obtained the lowest contribution to world trade by South Africa (paper) with a contribution of 0.04%.

One important aspect highlighted by table 6.25 is that South Africa imported only seven of the eleven products identified in this chapter as products with a high import potential and South Africa exported nine of the eleven products identified in this chapter as products with a high export potential.

Similar to the findings of chapter 5, where it was shown that South Africa's overall contribution to the world trade of craft was minuscule, this chapter and table 6.25 showed that South Africa's average contribution to the international trade of the craft products with the highest trade potential is also relatively small.

If South Africa wants to become globally competitive in the craft sector, it needs to increase its contribution to the international flow of craft significantly. Before this can be done South Africa needs to first identify the craft products that were mostly demanded (or the craft products with the highest trade potential) and the markets that mostly demanded these products. Secondly, South Africa needs to stimulate the exports of these product/market combinations.

Table 6.25 South Africa's role within the international trade of the craft products with the highest potential

Products	Imports	Exports	
1	2	3	4
	South Africa's import position when compared to all the other nations that imported this specific product	South Africa's export position when compared to all the other nations that exported this specific product	South Africa's contribution to the world trade (imports and exports) of this specific product
South Africa's average contribution to the international trade of the craft products with the highest trade potential	N/A	N/A	0.22%
Pottery			
Ceramic tableware, kitchenware, other household articles and toilet articles (other than pore-lain or china) (HS code 691200)	27th	36th	0.48%
Soap			
Soap and organic surface-active products and preparations for use as soap, in the form of bars, cakes, moulded pieces or shapes, whether or not containing soap, paper, wadding, felt and non-woven, impregnated, coated or covered with soap or detergent. For toilet use (including medicated products) (HS code 340111)		28th	0.38%
Basketwork, wickerwork and vegetable fibre work			
Furniture of other materials (including bamboo) (HS code 940380)	27th	30th	0.35%
Wood			
Furniture, wooden, n.e.s. (HS code 940360)	36th	40th	0.24%
Leather			
Articles of apparel of leather or of composition leather (HS code 420310)	22nd		0.23%
Metal			
Furniture, metal (HS code 940320)	30th	37th	0.23%
Works of art			
Paintings, drawings and pastels, executed entirely by hand, other than hand-painted or hand-decorated manufactured articles; collages and similar decorative plaques; Paintings, drawings and pastels (HS code 970110)	26th	24th	0.17%
Extra Categories			
Of other precious metal whether or not plated or clad with precious metal (HS code 711319)		29*	0.14%
Textiles			
Handbags with outer surface of sheet of plastics or of textile materials (HS code 420222)	36th		0.13%
Various animal, mineral, or vegetable material products			
Granite (HS code 680293)		21st	0.06%
Paper			
Handmade paper and paperboard (HS code 480210)		33rd	0.04%

Source: International Trade Centre (ITC), 2007 – compiled by the author

Note: The open spaces in table 6.25 above indicate that South Africa did not trade this specific product between 2001 and 2005.

This chapter solved part of this problem by showing that there are ways to successfully identify the product/market combinations with the highest trade potential. The chapter also showed that it is possible to determine any country, like South Africa's contribution to, or role within, the international trade of the products with the highest trade potential. It became clear from table 6.25 that South Africa's contribution to the international trade of the products with the highest trade potential was small and some of the products identified as products with high export potential were not exported by South Africa. It is recommended that South Africa's leading TPO, the DTI, should use this data to contribute more effectively to craft export promotion. Chapter 7 will address this recommendation further.

6.16 Conclusion

Chapter 5 showed that South Africa's contribution to international craft trade was miniscule and that, if South Africa wants to become globally competitive, it needs to increase its contribution to the international flow of craft significantly. One possible way to increase South Africa's competitiveness could be to stimulate the exports of the craft products that were mostly demanded internationally (or the craft products with the highest trade potential) to the markets that mostly demanded them. Due to the data limitation problems within the craft sector, this data have never before been available. Chapter 6 discussed this problem and identified the product/market combinations with the highest trade potential. One of the ways that the DTI can use to promote craft trade more effectively would be to use its limited resources to stimulate the trade of these products.

Chapter 7

Recommendations for government export promotion of South African crafts products

7.1 Introduction

Chapter 6 showed that South Africa's contribution to, or role within, the international trade of the craft products and markets with the highest trade potential was significantly small and that some of the products identified as products with high trade potential were not traded by South Africa. For South Africa to increase its contribution to the international craft market and enhance its international competitiveness, South Africa's government TPO, the DTI, should find ways to promote craft trade more effectively.

Chapter 7 will discuss ways in which the DTI can promote craft trade more effectively. It will focus on the two major barriers to craft exports that were identified in chapter 1. The first barrier relates to the different developmental needs of the different types of craft SMEs involved in the different export stages and the second barrier involves the lack of sufficient market information within the craft sector. The chapter will provide an overview of these two barriers and it will recommend ways that the DTI can use to attempt to solve these problems.

Because the recommended solution to the second problem of this study, the lack of sufficient market information within the craft sector, will simultaneously solve many of the developmental needs of the different types of craft SMEs involved in the different export stages, the second problem of this study, the market information recommendation, will be discussed first.

7.2 Provision of sufficient craft market information

This study has identified a significant need to collect, calculate, analyse and interpret market information concerning both the world market for crafts and the flow of these products to and from South Africa. The trade data that was used to calculate craft trade was obtained from Trade Map (chapter 4.3.1) and the method of calculation that was used to depict trade made use of the 129 craft products that UNESCO classifies as the world's most traded craft products (chapter 4.3.3) between 2001 and 2005. These products comprise fully handcrafted, semi-handcrafted and machine crafted products.

The results of the craft trade data showed that the size of the craft sector is substantial. The world craft trade amounted to \$346 billion (\$178 billion imports and \$167 billion exports) in 2005. The total value of craft products imported (\$178 billion) exceeded the total value of craft products exported (\$167 billion) and the annual average growth in import (demand) between 2001 and 2005 exceeded the annual average growth in export (supply) (chapter 4.4).

This study showed that South Africa's contribution to the world share of craft was 0.19%, which is relatively small. Furthermore, it has found that South Africa imported only 95 of the 129 products that were exported

internationally and South Africa exported only 60 of the 129 products that were imported internationally (chapter 5.4).

As mentioned in chapter 5, if South Africa wants to become globally competitive, South Africa needs to increase its contribution to the international flow of crafts significantly. One method that South Africa can use could be to stimulate the exports of the craft products that are mostly demanded (or the craft products with the highest trade potential) to the markets that mostly demanded these products. The only problem with this solution was that South Africa, because of insufficient market information concerning the craft sector, had no means of determining which products were mostly demanded or which markets demanded these products. In order to provide this information, South Africa needed to identify the craft products that are mostly demanded internationally and which markets demand these products. Chapter 6 of this study solved this problem.

Chapter 6 identified, for the first time, the most favourable product/market combinations. These product/market combinations can be seen in table 7.1. Column 1 depicts the craft products with the highest trade potential under each product category and column 2 represents the ten most attractive import markets for these products. Column 3 represents the most competitive export markets for these products. For a more comprehensive list of the product/market combinations with the highest trade potential, see chapter 6. Only the products with the highest trade potential under each product category will be included in table 7.1.

Table 7.1 The most favourable product/market combinations for crafts

<i>The craft products with the highest trade potential under each product category</i>	<i>The ten most attractive import markets</i>		<i>The ten most competitive export markets</i>	
<i>Furniture of basketwork, wickerwork and vegetable fibre work, such as bamboo (HS code 940380)</i>	USA (8%:34%), UK (18%:6%), Singapore (35%:3%), Italy (20%:2%), India (106%:2%),	France (14%:7%), Germany (19%:4%), Spain (25%:3%), Canada (23%:2%), Belgium (12%:2%)	China (26%:23%), Spain (19%:8%), Poland (48%:2%), Thailand (22%:2%), Belgium (11%:1%)	Indonesia (19%:11%), Vietnam (20%:3%), Germany (5%:2%), UK (26%:2%), Singapore (45%:1%)
<i>Articles of apparel that is made from leather or of composition leather (HS code - 420310)</i>	Spain (6%:6%), Belgium (5%:3%), Austria (5%:2%), Korea (22%:1%), Turkey (1%:1%),	Italy (2%:5%), Switzerland (3%:3%), Greece (26%:2%), Czech Republic (16%:1%), South Africa (48%:1%)	China (4%:47%), Germany (4%:4%), France (4%:2%), Netherlands (5%:1%), Austria (37%:1%)	Pakistan (-: 8%), USA (13%:3%), Switzerland (34%:1%), Denmark (6%:1%),
<i>Metal furniture (HS code - 940320)</i>	USA (13%:37%), UK (17%:7%), Canada (12%:5%), Switzerland (10%:2%), Belgium (17%:2%),	Germany (15%:7%), France (16%:5%), Spain (27%:3%), Netherlands (21%:2%), Australia (26%:2%)	China (36%:27%), Italy (7%:8%), Taiwan (2%:5%), France (7%:2%), Spain (6%:2%),	Germany (20%:12%), Canada (4%:6%), Sweden (19%:3%), Netherlands (17%:2%), UK (7%:2%)

Table 7.1 The most favourable product/market combinations for craft (continued)

<i>The craft products with the highest trade potential under each product category</i>	<i>The ten most attractive import markets</i>		<i>The ten most competitive export markets</i>	
<i>Handmade paper and paperboard products (HS code - 480210)</i>	France (40%:41%), Nigeria (35%:4%), Ireland (104%:2%), Belgium (9%:2%), Bangladesh (28%:1%),	Netherlands (73%:4%), UK (9%:3%), Korea (18%:2%), India (69%:1%), Egypt (35%:1%)	India (29%:28%), Taiwan (6%:4%), Saudi Arabia (45%:3%), Thailand (2%:3%), Nepal (15%:1%),	France (24%:10%), Japan (8%:3%), Netherlands (32%:3%), Austria (77%:1%), Germany (23%:1%)
<i>Ceramic tableware, kitchenware and other household articles (HS code 691200)</i>	USA (4%:39%), Canada (9%:5%), Germany (14%:5%), Italy (24%:3%), Netherlands (7%:2%),	UK (10%:7%), France (10%:5%), Japan (8%:4%), Spain (16%:3%), Belgium (12%:2%)	Thailand (4%:10%), Portugal (6%:9%), France (2%:5%), Romania (23%:3%), Netherlands (27%:2%),	China (13%:9%), USA (12%:5%), Germany (16%:4%), Belgium (11%:3%), Vietnam (21%:2%)
<i>Soap, in the form of bars, cakes, melded pieces or shapes (HS code 340111)</i>	USA (9%:9%), UK (26%:6%), Belgium (30%:5%), Russian Fed (31%:3%), Philippines (22%:1%),	Canada (7%:8%), France (23%:5%), Germany (10%:4%), Australia (10%:3%), Romania (22%:1%)	Germany (9%:15%), Indonesia (8%:8%), Malaysia (13%:4%), Italy (3%:4%), France (1%:3%),	USA (4%:12%), Israel (11%:4%), Canada (13%:4%), Belgium (39%:3%), Spain (15%:3%)
<i>Handbags with outer surface of sheet of plastics or of textile materials (HS code 420222)</i>	France (40%:41%), Nigeria (35%:4%), Ireland (104%:2%), Belgium (9%:2%), Bangladesh (28%:1%),	Netherlands (73%:4%), UK (9%:3%), Korea (18%:2%), India (69%:1%), Egypt (35%:1%)	Hong Kong (10%:35%), Italy (22%:11%), USA (30%:2%), India (25%:2%), Germany (20%:1%),	China (25%:30%), France (22%:6%), Belgium (34%:2%), UK (25%:2%), Spain (38%:1%)
<i>Wooden furniture (HS code 940360)</i>	USA (13%:30%), UK (17%:7%), Japan (6%:5%), Spain (33%:3%), Belgium (16%:3%),	Germany (10%:8%), France (18%:7%), Netherlands (12%:3%), Canada (15%:3%), Austria (15%:2%)	China (33%:14%), Poland (20%:7%), Indonesia (8%:4%), Denmark (5%:4%), Vietnam (39%:4%),	Italy (4%:11%), Germany (14%:5%), Canada (4%:4%), Malaysia (7%:4%), France (8%:4%)
<i>Granite (HS code 680293)</i>	USA (28%:40%), Germany (10%:9%), UK (31%:3%), France (23%:2%), Netherlands (17%:4%)	Japan (2%:23%), Switzerland (15%:3%), Belgium (32%:2%), Austria (9%:2%), Turkey (67%:1%),	Italy (11%:38%), China (32%:16%), Belgium (19%:4%), Canada (3%:3%), Denmark (1%:0)	Brazil (35%:21%), Spain (6%:7%), India (126%:3%), Germany (20%:1%),
<i>Jewellery and gold/silversmith wares made of other precious metal (HS code 711319)</i>	USA (10%:27%), UK (16%:12%), Switzerland (8%:5%), Singapore (20%:4%), Germany (10%:2%)	UAE (35%:15%), Hong Kong (21%:8%), Japan (8%:5%), France (9%:3%), Italy (20%:2%),	India (35%:12%), Hong Kong (18%:9%), UK (17%:8%), Thailand (13%:4%), France (7%:3%),	USA (13%:11%), Switzerland (13%:8%), China (13%:6%), Turkey (28%:4%), Malaysia (24%:3%)

Table 7.1 The most favourable product/market combinations for craft (continued)

The craft products with the highest trade potential under each product category	The craft products with the highest trade potential under each product category		The craft products with the highest trade potential under each product category	
Paintings (drawings and pastels, executed entirely by hand) (HS code 970110)	UK (2% :27%), France (20% :2%), Spain (3% :2%), Hong Kong (43%:1%), Netherlands (24%:1%),	Switzerland (16% :14%), Japan (12% :2%), Canada (48% :2%), Iran (952%:1%), Korea (35%:1%)	USA (8%:37%), Switzerland (4%:6%), Canada (27%:4%), Italy (18%:1%), Austria (11%:1%),	UK (15%:35%), France (11%:5%), Korea (55%:2%), Bahamas (23%:1%), Singapore (63%:0)

Note: Where there are two figures between brackets in the table, the first figure represents the import or export growth rate between 2001 and 2005 and the second figure represents the market share of each specific country in 2005. In this table the ten most attractive import markets are the ten most prominent import markets (nations with high import growth rates between 2001 and 2005 and substantial market shares in 2005) and the ten most competitive markets are the ten leaders in export (nations with high export growth rates between 2001 and 2005 and substantial market shares in 2005). Where there are fewer than ten countries mentioned per category it implies that only the countries that were mentioned fell under that particular category.

Source: International Trade Centre (ITC), 2007 – compiled by the author

By identifying the products and markets with the highest trade potential (table 7.1) and by applying this data, the DTI would be more effective in their trade promotion of crafts, because:

- They would be able to use their limited resources more wisely by focusing on the product/market combinations with the highest trade potential. Without identifying the product/market combinations with the highest trade potential, the DTI would be unable to identify realistic export opportunities, because they would have too many export possibilities (129 craft products x 220 countries = 28 380 export options).
- By targeting the markets with the highest import potential they would be able to stimulate South African exports more strategically and effectively.

The DTI would also be able to use the market information to identify the most competitive export markets. This data can act as a foundation for other market studies, for example market studies that might focus on why certain countries have competitive advantages in some of these products. South Africa might benefit from this.

The other results of the data that were used in chapter 6 provided an overview of South Africa's contribution to, or role within, the international trade for each of the products with the highest trade potential. This data is important because it not only shows which of the products were traded by South Africa, but it also provides an overview of South Africa's trade position relative to each of these products. What became evident from this data was that South Africa's contribution to or role within, the international trade of each of the products with the highest trade potential was significantly small and some of the products identified as products with high trade potentials internationally were not traded by South Africa. One other important contribution of this data is that it established South Africa's domestic demand as well as the international demand for each of the

products with the highest trade potential. This data revealed that, in most cases, both South Africa and the international craft market experienced a strong demand for most of the craft products that were traded between 2001 and 2005. South African crafters did not tap into these markets (both the local craft market and the craft export market) because of the absence of data. If this data were made available, the DTI could have distributed this market information to crafters, craft SMEs and product developers. They could have adapted their products to better fit the local and international demand. This information, when made available, can contribute to craft exports and South Africa's GDP in the future.

Overcoming the craft codification and craft market information problems within the craft sector and identifying product/market combinations to stimulate craft trade is only part of the problem that the DTI needs to solve to become more effective in their promotion of craft trade. Since this study has proved that it is possible to calculate and analyse craft and craft trade, the DTI would be wise to consider the development of a successful marketing and market access strategy for the craft sector. Because such a marketing and market access strategy for craft needs to be regularly reviewed and updated, this study also recommends that the DTI establishes a body or research panel¹² that would be made responsible for the gathering, calculation, analysis, interpretation, distribution and education of sufficient craft information on a timely and a regular basis¹³.

According to Erero (2008), there is an opportunity for the DTI to provide not only the much-needed craft market information, but also to put a more permanent structure in place that would fulfil this need. For example, a craft market research body (Erero, 2008). Some of the functions of such a research body could include:

- The regular and timely gathering, calculation, analysis, interpretation of craft data, the maintaining of this information and the regular and timely distribution of this data to the DTI and the rest of the craft network.
- Assistance to the craft sector by doing the necessary studies to identify which products and markets offer the highest opportunity for export growth.
- Participate in the design, development and the implementation of marketing and market access strategies for crafts.
- Regular education of craft producers and product developers relating to the findings of this data.

The recommendations of this chapter showed that the market information problem that is experienced in the craft sector can be overcome. If the DTI establishes a body or research panel that would be made responsible for the gathering, calculation, analysis, interpretation, distribution, education and the updating of craft market information on a timely and a regular basis, the DTI would become more effective in their promotion of the craft trade.

¹² This research panel should consist out of market researchers that would be responsible for the collection, calculation, analysis, interpretation and the distribution of the craft data or research to the DTI.

¹³ Once again it is important to mention that the main aim of this study was only to prove that the market information problem in the craft sector can be overcome and that it is possible to collect, calculate, analyse and interpret market information for craft. It was not the aim of this study to provide craft roleplayers with the most recent craft data.

One other recommendation that the DTI could use to be more successful in their export promotion provision for the craft sector is to identify and assist different SMEs involved in different stages of export with different export promotion programmes. This recommendation will now be discussed.

7.3 Identifying and assisting different SMEs with different export needs

Cavusgil (1984a) made it clear that there are different SMEs with different needs. Therefore, promotional assistance designed without a typical exporter in mind will lead to a waste in resources and unsatisfactory results. Kedia and Chokar (1986) indicated that the factors that discourage exporting activity might differ from industry to industry, and that major obstacles to exporting also tend to vary according to the different stages of SME internationalisation. Government's assistance would thus be most effective where different types of programmes are tailored to reach the specific needs faced by different SMEs in different stages of internationalisation (Cavusgil, 1980). Viviers and Calof (1999) agree with this and state that governments, such as the South African government, need to develop, manage, execute and evaluate export promotion programmes in a manner consistent with SMEs' export stages. Kaiser and Associates (2003d) identified that different craft SMEs in South Africa face different developmental challenges in different stages of their export involvement (see chapter 3.9.2.1). Thus, for the DTI to be effective in its export promotion efforts, the different types of programmes should be tailored to address the specific needs faced by different SMEs during different stages of internationalisation.

The literature below will highlight the developmental needs that were identified during the export stages of different craft SMEs in South Africa (again, for more detail see chapter 3.9.2.1). It will propose certain measures that the DTI could use to overcome the export challenges. It will discuss the different developmental needs and export promotion initiatives that could be used for non-exporting craft SMEs, new craft exporters and craft SMEs that are already exporting¹⁴. Some of the developmental needs that will be discussed below have been partly addressed by the CCDI, but the focus needs to shift more to export promotion and these needs to be addressed by the DTI.

7.3.1 Non- exporting craft exporter

According to Ahmed, Julian, Baalbaki, and Hadidian (2004), non-exporters are those who have never exported before, have little knowledge about the exporting processes, and have no experience of export barriers. According to Ahmed *et al.* (2004), the DTI (2007) (see chapter 2.4.5), and Kaiser and Associates (2003f) (see chapter 3.9.2.1), non exporters in South Africa normally require significant development and assistance by government. Most international literature (see chapter 2.4) shows that these SMEs need to be made aware of the opportunities that they would be able to gain if they exported.

¹⁴ Note that non-exporting craft exporters, new craft exporters and craft exporters that are already exporting may sometimes face the same obstacles to export, like for instance a lack of financial support. But in order not to repeat certain solutions proposed here, the export obstacle, although it may also apply to them, will not again be discussed and provided as a solution for the other type of exporters.

Apart from providing South African craft SMEs with the existing export promotion assistance programmes such as the export promotion initiatives that are needed for non-exporters as identified by international literature (chapter 2.3.4, 2.4.2 and 2.4.5), the DTI can also assist non-exporting craft SMEs in South Africa with specific export promotion initiatives tailored to their specific needs. Table 3.1 (chapter 3.9.2.1) showed that non-exporting craft SMEs in South Africa face obstacles such as: physical isolation, vulnerability to exploitation, having no idea of where to get export assistance, lacking business and communication skills, struggling with trade formalities such as business registration, and they often need financial support. The DTI could provide specific export promotion assistance initiatives to solve the problems faced by non-exporters. These recommendations will now be explained.

- a) ***Non-exporters often experience physical isolation:*** The CCDI provides a rural outreach service, with a dedicated officer travelling to the West Coast, Central Karoo and Eden on a rotational basis every month to inform and aid rural crafters in these regions with specific services offered by the CCDI. This means that crafters who could not formally have been reached can now enjoy the same privileges as city crafters (CCDI, 2008c). Once the provincial craft hubs (see chapter 3.7.6d) are operating successfully, the DTI can assist the provincial hubs with finance or expertise that will support this service.
- b) ***Non-exporters are easily exploited:*** Once the provincial craft hubs are operating successfully and these hubs provide the necessary services to crafters, crafters would be less exposed to exploitation by intermediaries. The DTI should support the establishment and operation of these provincial craft hubs.
- c) ***Non-exporters have no idea where to get export assistance:*** SMEs are often unaware of the export promotion programmes that are provided by government (see section 2.4.4). South African crafters also have this problem (see chapter 2.5.4). The DTI can overcome this problem by increasing the awareness of export promotion programmes available to crafters, for example through the provision of export information during field trips to rural areas and at seminars and trade shows. Once the provincial craft hubs are operating successfully, the DTI can also provide export awareness seminars at the craft hubs. The DTI can also educate and inform the management structure of the hubs about the export services that they provide and their requirements. Management, in turn, can then inform the crafters of the requirements they would need to gain access to these services and they could assist craft SMEs with this.
- d) ***Non-exporters often lack business skills, communication skills and the lack of trade formalities such as business registration:*** The CCDI has a business mentoring clinic that provides crafters with essential business mentoring services (CCDI, 2008c). Once the provincial craft hubs are operating successfully, the DTI can assist the hubs with the establishment, management and operation of such business mentoring clinics.
- e) ***Non-exporters often lack financial support:*** One of the roles of the DTI is to provide financial support to SMEs (see chapter 2.5.3). The financial support provided by the DTI is either provided through the EMIA scheme (for export expenses) or it is provided through Khula (for basic business expenses). The DTI should continue to provide financial support to craft SMEs through these schemes and it should increase the awareness of these facilities. Once the provincial craft hubs are operating successfully, the DTI can

provide business finance awareness seminars at the craft hubs. The DTI can also educate and inform the management structures of the hubs about the financial support provided by the DTI as well as the requirements to apply for these schemes. Management, in turn, can inform the crafters about the financial support services that are provided by the DTI and the requirements they would need to gain access to these services. Management can also assist crafters or craft SMEs with the application process.

To more effectively contribute to craft export promotion, the DTI can employ specific initiatives to overcome the barriers faced by non-exporting crafters in South Africa. The developmental needs of new craft exporters in South Africa and the possible export assistance initiatives that can be provided by the DTI to overcome these needs will now be explained.

7.3.2 New craft exporters

According to Kaiser and Associates (2003f) (see section 3.9.2.1), these exporters are either ready to export or their products are export ready. According to Ahmed *et al.* (2002) and the DTI (2007) (see section 2.4.5), new exporters normally require assistance to determine the feasibility of exporting.

Apart from providing South African craft SMEs with normal export promotion assistance programmes such as the export promotion initiatives that are needed for new exporters as identified by international literature (chapter 2.3.4, 2.4.2 and 2.4.5), the DTI can assist new exporting craft SMEs in South Africa with specific export promotion initiatives tailored to their specific needs. Table 3.1 (chapter 3.9.2.1) showed that new exporting craft SMEs in South Africa face obstacles such as: access to lists of support structures, local market penetration, platforms to display and exhibit their work, access to export market information and resources, administrative equipment such as telephones, faxes and computers, awareness of export regulations and trade agreements, finding a niche market, expensive packaging, and winter stock build up. Some of these developmental needs could also be experienced by non-exporting craft exporters. The DTI could provide specific export promotion assistance initiatives to solve the problems faced by new exporters. These recommendations will now be explained.

- a) *New exporters struggle with access to support structures:*** One of the roles the DTI could play is to act as a facilitator in linking and assisting new exporting crafters to certain support structures. The first steps would be for the DTI to determine the support most needed by the new exporting crafters. For export support, the DTI can link and assist crafters with TISA's integrated export offerings (section 2.5.1). For financial support, the DTI can link and support crafters with the EMIA's scheme or with any other financial service provider such as Khula Enterprise Finance Ltd. and the Small Enterprise Development Agency (SEDA). The DTI could also establish and appoint a team to assist the new exporting crafters in the process of qualifying for this support. The DTI could also inform and aid the craft hubs with links, information and the specific requirements of these support structures.
- b) *New exporters often experience difficulties with local market penetration:*** The DTI could aid new craft exporters with local market access by exposing crafters' work at local and national consumer shows as

well as at national trade shows. The DTI could also link new craft exporters to local craft markets, retail outlets and gallery shops. Once the craft market research and a research panel is put in place for crafts (the first recommendation of this study, see 7.2), the DTI could also assist crafters to better match South Africa's local demand by supplying crafts that would fit specific consumer needs. The DTI could also inform or assist the provincial craft hubs with these services. Once the craft SMEs have established a secure foundation in the local market, it would make craft exports easier.

- c) *New exporters do not have the necessary platform to display and exhibit their work:* One of the most successful initiatives of the CCDI is their "GIFT corporate warehouse". This warehouse is a permanent showcase for corporate gifts and it serves as a shop window to the corporate world. One of the functions of the CCDI is that it negotiates and facilitates orders on behalf of producers to provide gifting and promotional solutions to corporate buyers (CCDI, 2008d). This initiative could prove to be valuable for the proposed provincial craft hubs and, once the hubs operate successfully, the DTI should support this initiative financially or by providing expertise. One other way that the DTI could aid new craft exporters with a platform to display and exhibit their work would be by exposing crafters' work at local and national consumer shows as well as at national and international trade shows. The DTI could also aid and link new crafters to local and international craft markets, retail outlets and gallery shops.
- d) *New exporters often don't have access to export market information and resources:* Once the necessary craft market research and a research panel is put in place for crafts (the first recommendation of this study, see 7.2), the DTI could assist crafters with access to sufficient export market information and the DTI could assist new exporting crafters with export advice based on the findings of the market information, such as the craft products and markets with the highest trade potential nationally and internationally.
- e) *New exporters often lack administrative equipment such as telephones, faxes and computers:* Once the proposed provincial craft hubs are in place, the hubs would have all the administrative equipment needed for crafters to use for export purposes. Thus, instead of supplying telephones, faxes and computers to all the crafters that lack this equipment, the provincial craft hubs can make this equipment available at a lower cost. The provincial craft hubs can also use the "GIFT corporate warehouse" initiative of the CCDI and can negotiate and facilitate orders on behalf of producers to provide gifting and promotional solutions to corporate buyers. In this scenario, administrative equipment such as telephones, faxes and computers would not be needed. The DTI can assist here by providing financial assistance and expertise to the different provincial craft hubs to establish this function.
- f) *New exporters are often unaware of export regulations and trade agreements:* The DTI can assist new exporters with vital information concerning export regulations and trade agreements and they can assist new exporters in complying with the requirements of these regulations.
- g) *New exporters often experience problems in finding a niche market:* Once the necessary craft market research and a research panel is put in place for craft (the first recommendation of this study, see 7.2), the DTI could assist crafters with identifying their targeted niche market. The DTI can also help new craft exporters to reach these markets.

h) New exporters often have problems with packaging: Kaiser and Associates (2003f) have proposed various solutions to overcome the problem of expensive packaging. The DTI can assist with these solutions. The solutions proposed by Kaiser and Associates (2003f) include the following:

- ❖ Crafters can make use of innovative packaging such as recycled materials or materials with a low environmental impact in packaging.
- ❖ Lower cost, recycled and standardised packaging options for crafters can be explored.
- ❖ Hand-crafted packaging possibilities can be explored, particularly for high-end products.
- ❖ The possibility of co-labelling could be assessed for local suppliers producing products under the buyers' brands in foreign markets. This is common practice by Fair Trade organisations that allow their suppliers to attach their label alongside the Fair Trade label to acknowledge the suppliers and promote their brand in line with products.
- ❖ A 'standard' or 'branded' packaging can be developed for craft exporters, or a cluster of products from a province or national crafters.

i) New exporters often experience winter stocks build up problems: As mentioned previously, once the provincial craft hubs are operating successfully, they can provide a business mentoring service like that of the CCDI. Some of the information or assistance that could be included in this initiative would be to assist and train crafters on how to manage their craft SME more effectively, as well as providing training in production, and dealing with the winter stock build up problem. The DTI should support this business mentoring initiative. Once the necessary craft market research and a research panel is put in place for crafts (the first recommendation of this study, see 7.2) and the craft products and markets with the highest trade potential are identified, the DTI would be able to help craft SMEs with targeted marketing strategies for these markets. The DTI can also try to obtain export orders for crafters during the excessive stock periods.

To contribute to craft export promotion more effectively, the DTI can employ specific initiatives to overcome the barriers faced by new exporting crafters in South Africa. The developmental needs of established craft exporters in South Africa and the possible export assistance initiatives that can be provided by the DTI to overcome these needs will be explained next.

7.3.3 Already exporting crafter

Sharkey, Lim and Kim (1989) identified the 'already exporting exporters' as exporters that have mastered the technicalities of exporting, have learnt that exporting is an important means for achieving organisational goals and have learnt to cope with the various export barriers. According to Kaiser and Associates (2003) (see section 3.9.2.1), these exporters are either expanding exporters or continuing exporters. According to Ahmed *et al.* (2002) and the DTI (2007) (see section 2.4.5), these exporters normally require selection of the most promising market and entry methods as well as the improvement of their existing export operations.

In addition to providing South African craft SMEs with normal export promotion assistance programmes such as those identified by literature (chapter 2.3.4, 2.4.2 and 2.4.5), the DTI can assist these exporting craft SMEs in

South Africa with specific export promotion initiatives tailored to their specific needs. Table 3.1 (chapter 3.9.2.1) showed that craft SMEs in South Africa that are already exporting face obstacles such as: quality issues, logistics, technology, fair trade, inadequate feedback and market research, technology to enhance output capacity, production management and quality maintenance, pricing for export market e.g. currency conversion, product development time, inconsistent supply of quality raw material, seasonal forecasting and the irregularity of export orders. The DTI could provide specific export promotion assistance initiatives to solve these problems. These recommendations will now be discussed.

- a) ***Craft exporters often experience quality issues:*** According to the Kaiser and Associates (2003f), crafters often lack original, point-of-origin and consistently high quality products. Once the proposed craft hubs function effectively, the DTI can use the hubs as platforms to assist crafters with training on specific consumer needs, especially needs regarding quality issues. The DTI can also mandate or support the provincial craft hubs to frequently hold ‘product assessment days’, where the qualities of the crafters products are assessed. During these assessment days, experts can be asked to test the products to determine whether they comply with international standards. If the products are found not to comply with international standards, the same experts can provide the crafters with product development assistance, like the assistance provided by the CCDI’s product development clinic. The product development clinic of the CCDI assists crafters with their existing craft products. The clinic can also improve the products’ design, finish and presentation and it will attempt to better understand the specific segment of the market the crafters are targeting (CCDI, 2008e).
- b) ***Craft exporters often experience problems with logistics:*** Logistics are vital for exports, but a costly expense. Crafters are often unaware of the formalities involved with exporting and, in some cases, the volumes are too small to generate sufficient profits. One of the first things the DTI can do is to assist crafters with this problem and to make exporters aware of the expenses they will encounter while exporting (or when they expand exports or continue their exporting). The DTI can also inform and assist crafters with a profitability assessment. They can assist crafters in calculating their expenses or in drawing up a budget and determine whether the proposed export strategy drawn up by the crafter shows profitable results. If not, they can help exporters to draw up a profitable budget or, at least, identify reasons why it shows not to be profitable. Once the provincial hubs operate successfully, the DTI can delegate this function to the provincial hubs.
- c) ***Craft exporters often experience problems with the technology to enhance output capacity:*** One of the most important technological innovations for craft development in South Africa was the establishment of the fabrication laboratory, or the FabLab of the CCDI. The FabLab is a mini fabrication laboratory that can be rolled out to areas and communities that need to be introduced to new technology. The FabLab of the CCDI is the only FabLab worldwide to focus on combining digital manufacturing with crafts. The FabLab comprises a collection of commercially available machines and parts (such as laser cutters that are linked by software and processes for making products. The equipment at the FabLab helps crafters to create prototypes of products relatively quickly, eliminate errors before they become more expensive to correct in production, and test samples on the market before crafters make too many copies (CCDI,

2008b). These innovations, together with the product development clinic that will be discussed in section h) are examples of technological innovation that enhances output capacity. One of the ways that the DTI can assist crafters with this initiative could be to ensure that South Africa invests in more fabrication laboratories and product development clinics - specifically those that are designed for crafts. The DTI can provide financial assistance for the development, establishment and management of these laboratories and clinics. They can also support the provincial craft hubs with the establishment, development and management of these laboratories and clinics.

- d) ***Craft exporters often experience fair trade problems:*** The Fair Trade movement is designed to eliminate the exploitation of crafters and producers and it is a valuable marketing tool. As such, it could have multiple advantages for South Africa (Kaiser and Associates, 2003g). The only problem is that the Fair Trade movement in South Africa does not exist (Kaiser and Associates, 2003g). One of the ways to enhance the Fair Trade movement, especially in the craft sector, could be for South Africa to create a single South African Fair Trade organisation and to link (or build) Fair Trade labelling into the Proudly South African campaign (Kaiser and Associates, 2003g). The importance of such a Fair Trade label, according to Kaiser and Associates (2003g), would be that the label would add authenticity to South African craft products and will enable South Africa to differentiate from similar products made under very unfair practices in countries like China and India. One of the best advantages that Fair Trade could have to crafters is that if crafters could manage to sell to Fair Trade buyers, the crafters would have the advantage of significant advance payments. These advance payments can fund materials purchasing and labour for crafters and this might provide support for further product design and product development (Kaiser and Associates, 2003g). One of the ways that the DTI can assist crafters to engage in Fair Trade could be to promote Fair Trade practices in South Africa and to inform and introduce crafters to these possibilities. The DTI can even assist in the establishment of a Trade Fair organisation and they could help with the development and the promotion of a Fair Trade label such as Proudly South African.
- e) ***Craft exporters often experience inadequate feedback and market research:*** Once the necessary craft market research and a research panel is put in place for craft (the first recommendation of this study, see 7.2), the DTI can provide people within the craft network, especially already exporting craft exporters, with adequate and sufficient craft market information, such as the products and markets with the highest trade potential. The DTI can also assist already exporting craft exporters with access to these markets.
- f) ***Craft exporters often experience production management and quality maintenance problems:*** According to Kaiser and Associates (2003e), craft orders are not regular and it is unsustainable to maintain fully fledged production lines, resulting in significant contract employment. Since many role-players within the craft sector agree that production management and maintenance of quality are key constraints within the craft sector, Kaiser and Associates (2003e) state that management or project leader commitment, leadership and organisational dynamics play an important part in the effectiveness and consistency of production management and quality control. The DTI can provide a wide range of trade assistance to exporters that experience these problems. The DTI, for example, can help craft exporters to maintain fully fledged production lines by marketing crafts internationally and by providing crafters with consistent export orders, such as orders for regular trade fairs. The DTI can also help to link South

African exporters or export-ready companies with foreign buyers or potential importers. The DTI can inform and educate crafters about the quality requirements of different markets and different products. Since management and project leader commitment, leadership, and organisational dynamics play an important part in the effectiveness and consistency of production management and quality control, crafters need to be informed about this. Craft exporters may also need to enhance the effectiveness of their management and leadership skills. As stated earlier, once the provincial craft hubs are operating successfully, the DTI can assist the provincial hubs in establishing a business mentoring clinic, similar to that of the CCDI. One of the functions of such a clinic could be to concentrate on the management, leadership and organisational dynamics of craft SMEs to ensure more effective and consistent production management and quality control.

- g) *Craft exporters often experience export pricing problems e.g. currency conversion issues:* Through proper market information and market research concerning craft demand and supply internationally and through the establishment of a research panel for craft (the first recommendation of this study, see chapter 7.2), the DTI should be able to assist crafters more effectively with the pricing of products in foreign markets.
- h) *Craft exporters often experience product development time constraints:* One of the initiatives of the CCDI, as briefly mentioned in chapter 3.8.1.5, is the CCDI's product development clinic. This clinic was established to assist existing crafters to improve the design, finish and presentation of their products, to better understand the specific segment of the market they are targeting, to access that market and to increase sales and income (CCDI, 2008e). One of the aims of the provincial craft hubs is to have a similar design and product development initiative (see section 3.7.6). Once the provincial craft hubs have these product development initiatives in place, it might reduce the product development time for the crafters. The CCDI has many success stories with their product development clinic. The DTI can assist the provincial craft hubs in the establishment and management of the product development initiatives. The DTI can also assist craft exporters by providing relevant and timely market information concerning the products and markets that are mostly demanded internationally. If this information is distributed in good time, craft exporters can adapt their products to better fit the market demands. The product development department of the individual craft hubs can help with this.
- i) *Craft exporters often experience inconsistent supplies of quality raw material:* Access to raw materials and tools is often the main factor preventing crafters from utilising their skills. There is also a shortage of naturally occurring materials and therefore limited accessibility of raw material for the production of certain items. Some crafters have to travel long distances to acquire raw materials and crafters find it difficult to access raw materials in conjunction with high related costs. Kaiser and Associates (2003e) state that some specific challenges evolve from the supply of raw material, for example in the supply of imported glass beads. Various proposals have been put forward to solve this problem. The solutions include the reduction or removal of the tariffs for glass beads and the establishment of a local production platform for glass beads in South Africa. The DTI can help with these processes either by reducing tariffs on certain craft products, or by researching and aiding the establishment of certain local craft manufacturers. According to Kaiser and Associates (2003e), there is currently no overarching structure in

place for crafters to pursue collective buying of raw materials to secure discounts and guaranteed delivery times from foreign suppliers. The DTI might also assist with this, for example by researching and by aiding in the establishment of such a structure.

- j) ***Craft exporters often experience problems with seasonal forecasting:*** Once the necessary craft market research and a research panel is put in place for craft (the first recommendation of this study, see chapter 7.2), the DTI could assist crafters by providing sufficient craft market information. If this information is provided on a regular basis, the market researchers involved with the gathering and analysis of the information would be able to identify patterns in the trade data. If properly analyzed, this historical data might provide crafters with enough information to identify patterns that would tell them which products were mostly demanded during which seasons. Crafters will be able to use this information the following year to help eliminate this problem. The DTI can assist crafters during the identified 'dry seasons' when the demand is lower by assisting them with additional export orders and by linking the crafters to new trade leads.
- k) ***Craft exporters often experience problems with the irregularity of orders:*** Once the necessary craft market research and the research panel is put in place for craft (the second recommendation of this study, see chapter 7.3 below), the DTI should be able to know beforehand which potential export opportunities exist in which markets. If they could manage to target these markets effectively through the proper marketing and with international marketing assistance schemes provided, for example, through EMIA, the crafters would gain more exposure to potential buyers and this might result in increased craft orders. The DTI could also publish trade leads and provide help in finding buyers to overcome this problem.

The different developmental needs that were experienced by the different types of craft exporters in South Africa are not the only problems faced by exporters and non-exporters. Table 2.2 (see chapter 2.3.3) mentions other barriers faced by exporters and non-exporters. According to the literature in table 2.2, the barriers faced by exporters mostly depend on the stage of the export process in which the SME finds itself. These barriers are more often organisational in character, such as SMEs' international experience, export coverage and technological intensity. New and inexperienced exporters, according to the literature in table 2.2, mostly face informational barriers (the lack of information and lack of knowledge about foreign markets). Although this chapter focuses mainly on the developmental needs or export barriers faced by South African craft SMEs during their different export stages, the DTI would most effectively assist craft SMEs and promote craft exports if all the export barriers are taken into account.

7.4 Summary

This chapter showed that the DTI could be more effective in their promotion of crafts. One of the ways the DTI could be more effective is to eliminate the lack of sufficient market information within the craft sector by establishing a body or research panel that would be responsible for the gathering, calculation, analysis, interpretation, distribution, education, and updating of craft market information on a timely and a regular basis. The other way the DTI could be more effective would be to identify and assist crafters or craft SMEs with specific export promotion initiatives during the different stages of their export development or

internationalisation process. The DTI can solve both of these problems themselves, or the DTI could delegate these two functions to an export council. In the latter case the DTI has two options, firstly the DTI can delegate these two proposed solutions to the textile industry export council, the export council that the DTI plans to use for crafts (see chapter 2.5.1) and, secondly, due to the magnitude of implementation of these two solutions and the major responsibility that would accompany it, the DTI might rethink the importance of establishing an export council exclusively for the craft sector.

7.5 Conclusion

This chapter showed that the DTI has many options or roles to play to promote craft trade in South Africa more effectively. One of the functions that the DTI could provide would be to establish a body or research panel that would have the role of gathering, calculation, analysis, interpretation, distribution, education and updating of craft information on a timely and a regular basis. One of the functions of such a body would be that it would be required to identify which products to promote and decide which markets offer the greatest opportunity for export growth. The other function that the DTI can provide to be more effective in its export promotion of crafts would be to design and provide different types of export promotion programmes for different SMEs during different stages of their internationalisation process. The research from this study could form the foundation of such a body.

Since the products and markets with the highest trade potential are identified in this study, the DTI can use its limited resources to develop and implement export promotion strategies and activities specifically targeted at these products and markets. Through this, the DTI would be able to determine the direction in which to develop South Africa's craft trade more effectively.

Chapter 8 will provide a summary and conclusion for this study.

Chapter 8

Summary and recommendations

8.1 Introduction

Both from a country and a SME perspective, exports are important. One of the priority sectors that South Africa identified as important for export purposes is the craft sector. According to the DTI (2005), the craft sector has great potential and the DTI wishes to transform the craft sector of South Africa from a currently undeveloped, uncoordinated craft sector facing many challenges into a formalised, efficient and globally competitive sector. To achieve this, the DTI would have to increase South Africa's contribution to international craft trade through more effective export promotion initiatives. It was the aim of this study to recommend to the DTI the craft products and markets showing the highest trade potential as well as ways that the DTI could increase the exports of these product/market combinations. Chapter 8 will summarise the recommendations from this study.

8.2 Summary and recommendations

In the initial stages of this study, it was necessary to explain the importance of exports. This study showed that exports are important, not only from a country, but also from a SME perspective (chapter 2.2). Most SMEs realise the importance of exports but they know that they face various export barriers in their internationalisation process (chapter 2.3). As a result of this, SMEs need export promotion support or export assistance from government. Government, or any other TPO, can provide a wide range export promotion initiatives and various studies have suggested that governments use different export promotion initiatives during different stages of the internationalisation or export process (chapter 2.4). The South African government established the DTI as its leading TPO. Chapter 2 showed that the DTI, through TISA, is mainly responsible for export promotion in South Africa and the DTI offers various services and export promotion initiatives to help SMEs to export. However, the effectiveness of some of these services has been criticised (chapter 2.5). One of the problems that chapter 2 highlighted was that the DTI does not provide sufficient market information for crafters (chapter 2.5.3). The provision of market information is one of the most important functions of a TPO (chapter 2.4.1).

Before this study tried to solve the problem of the lack of market information in the craft sector, it first provided an overview of the South African craft sector (chapter 3). What became evident was that the craft sector contributes to South Africa economically and socially (chapter 3.3) and it has great potential. Government and the DTI have started to realise this potential and begun to place greater emphasis on the development of this sector and the promotion of craft exports (chapter 3.7). Since the craft sector currently faces many developmental challenges (chapter 3.4 to 3.6), exporters and exporting SMEs find it difficult to export successfully. Two of the most important barriers to successful exporting by SMEs were highlighted in chapter 3. The first barrier relates to different craft SMEs facing different export challenges in different stages of their export process (chapter 3.9.2.1). The second barrier is that SME exports are hampered by a lack of

sufficient market information, especially market information that focuses on product and market identification (chapter 3.9.3).

After this study provided an overview of the South African craft sector and identified the most important barriers to successful exporting by SMEs, this study moved on to its next aim. The second aim of this study was to provide a solution to the market information problem faced by the craft sector (chapter 4). Chapter 4 began by explaining the origin of the lack of craft market information. What became evident was that market information on specific products does not exist. This is due to the craft codification problem (chapter 4.2). This problem implies that craft products are not being exclusively identified in the international HS coding system - the system through which all international trade is monitored. As a result of this, it is difficult to distinguish the international trade flows of craft products and this hinders the efforts of countries to recognise and develop the export potential of their craft products. Many governments, while acknowledging the importance of crafts in their national development policies, have found it difficult to develop and fund programmes for the sector due to the absence of sufficient statistics. Chapter 4 provided a solution to this problem by providing an overview and analysis of the most traded craft products internationally between 2001 and 2005. It also provided information on the size of the international craft market, the major importers and exporters, and the flow of crafts internationally. The chapter furthermore showed that there is a method to calculate craft flow and that the market information problem can be bridged. The trade data of chapter 4 also revealed the size of the world market for crafts and confirmed the DTI's belief that craft and the trade of craft products has great potential.

Chapter 5 provided an overview and analysis of the most traded craft products by South Africa between 2001 and 2005. It provided the first ever information on the size of South Africa's craft market, the flow of crafts to and from South Africa, and it identified South Africa's position within the international craft trade (chapter 5.2). It also compared the South African craft trade to the international craft trade (chapter 5.14). Chapter 5 showed that there is a method to calculate the craft flow of a specific country like South Africa, and sufficient craft market information can be provided. What became evident from the findings of the trade analysis in chapter 5 is that South Africa's contribution to international craft trade is miniscule (chapter 5.14). If South Africa wants to become globally competitive it needs to increase its contribution to the international flow of crafts significantly. One possible way could be to stimulate the exports of the craft products that were mostly demanded internationally (or the craft products with the highest trade potential) to the countries that mostly imported these products. Before this could be done the product/market combinations of the craft products with the highest trade potential needed to be identified. This was the aim of chapter 6.

Chapter 6 identified and analysed the craft products that were mostly demanded internationally (or the craft products with the highest trade potential) and it provided information about the markets that mostly imported these products. The chapter also compared the findings of each of the craft products and markets with the highest trade potential to the trade findings of the similar products that were traded by South Africa over the same period. Through this comparison, it established South Africa's contribution to, or role within, the craft

trade of each of the products that were identified as the products with the highest trade potential. The results showed that South Africa's contribution to, or role within, the international trade of the products with the highest trade potential was also significantly small and some of the products identified as products with high trade potential were not traded by South Africa (chapter 6.14). If South Africa wants to increase its contribution to the international craft market and enhance its international competitiveness it needs to stimulate the trade of the product/market combinations with the highest trade potential. Chapter 6 also recommended that the DTI should be assigned this task (chapter 6.15).

Chapter 6, similarly to chapters 4 and 5, successfully provided market information about the flow of crafts internationally and about the flow of craft to and from South Africa, and showed that it is possible to identify the product/market combinations with the highest trade potential. Chapter 6 provided a list of product/market combinations with the highest trade potential internationally and compared this to the trade of the same products to and from South Africa. This is the first substantial contribution of this study. The craft products that were identified as the ones with the highest trade potential under each product category were (see table 7.1):

- a) Furniture of basketwork, wickerwork and vegetable fibre work, such as bamboo.
- b) Articles of apparel made from leather or of composition leather.
- c) Metal furniture.
- d) Handmade paper and paperboard products.
- e) Ceramic tableware, kitchenware and other household articles.
- f) Soap, in the form of bars, cakes, melded pieces or shapes.
- g) Handbags with outer surface of sheet of plastics or of textile materials.
- h) Wooden furniture.
- i) Worked monumental and building stone such as marble, travertine and alabaster.
- j) Jewellery and gold/silversmith wares made of other precious metal.
- k) Paintings (drawings and pastels) executed entirely by hand.

Chapter 6 also revealed that South Africa's contribution to, or role within, the international trade of each of the products with the highest trade potential was significantly small and some of the products identified as products with high trade potentials were not traded by South Africa. The data also highlighted that both South Africa and the international craft market experienced a strong demand for most of the products that were traded between 2001 and 2005.

Chapter 7 recommended practical ways for the DTI to promote craft trade more effectively. It focused on the two major barriers to exporting craft products from South Africa, which were identified in chapter 1. These two barriers led to the two aims of this study (chapter 1.2 and 1.3). The first barrier or aim relates to the lack of sufficient craft market information. Chapter 7 showed that the trade analysis demonstrated in chapters 4 to 6 revealed that the market information problem of the craft sector can be overcome. This market information is important because it can, amongst other things, reveal the product/market combinations with the highest

trade potential and it can reveal South Africa's contribution to the trade of these products. These are two vital elements for the DTI to consider in their export decision-making process. Chapter 7 also recommended that, for the DTI to solve the market information problem on an ongoing basis, it needs to establish a body or research panel that would be made responsible for the gathering, calculation, analysis, interpretation, distribution, education and updating of craft information on a timely and regular basis. The second barrier or aim of this study relates to the different export challenges or developmental needs faced by the different types of craft SME during their different export stages. Chapter 7 recommended different export promotion initiatives that the DTI could use to assist the different types of craft SMEs during these stages. Chapter 7 further highlighted that the DTI has many export promotion possibilities to assist different types of craft SMEs in their different export stages. By using these programmes more practically, the DTI could become more effective in their export promotion of crafts. The DTI can solve both of these problems themselves, or it can delegate these two solutions to a separate export council. One of the functions of this export council would be to establish a body or research panel that would be made responsible for the gathering, calculation, analysis, interpretation, distribution, education and updating of craft information on a timely and a regular basis. The most important aspect of this market information provision would be that it would identify the products and the markets with the highest trade potential. Once this is known, the DTI can use its limited resources to develop and implement export promotion strategies and activities specifically targeted to promote the trade of these products to these markets. This will ensure that government resources are used with maximum return on investment and will increase South African craft exports.

8.3 Limitations of the current study

This study had several limitations in terms of limited literature, the current challenges of the craft sector of South Africa, and limited data on the craft sector. Each of these limitations will subsequently be described.

8.3.1 Limitations with the literature

Literature about the craft market internationally seems to be limited. The available literature is mostly about individual craft industries of specific developing countries, such as Canada or the United States of America. Literature concerning the craft sector of South Africa is limited and mostly comes from outdated government reports. There are numerous academic studies on SME internationalisation; the stages of export, export promotion and export assistance, but very few of these studies focused on these issues in South Africa (see chapter 2).

8.3.2 Limitations within the sector

As a result of all the challenges within the craft sector (see chapter 3), and as a result of government's 2014 craft deadline (section 3.7.2), most role-players within the craft sector have demanding schedules. During the research process of this study, it was difficult to obtain first hand information about the South African craft sector.

8.3.3 Limitations with the data

The Trade Map data that was used to analyse the flow of craft in this study only covers the trade period between 2001 and 2005. Furthermore, the data is limited because it provides data on product categories and not on the individual craft products. It also only identified the top ten importers and top ten exporters per product category.

8.4 Contribution of this study

The aim of this study was to contribute to the success of the export promotion of the craft sector in South Africa. This study contributed by identifying and providing solutions to two of the most important problems in the craft export development process in South Africa and it practically demonstrated to the DTI how to promote craft exports more effectively. It emphasised the importance of the DTI identifying and implementing different export promotion initiatives tailored to the different developmental needs of different SMEs during different export stages. Secondly it emphasised the importance of the DTI establishing a market research panel that would be responsible for craft data collection, calculation, analysis, interpretation and distribution on a regular and timely basis. Both of these functions can be executed by an export council (see chapter 7.3).

The most important contribution of this study was that it provided a solution to the market research problem within the craft sector. It provided the first ever overview of the international and South African craft trade flow. The information provided covered the following areas:

- a) The size of the international craft market and international craft flow (including the major importers and exporters of craft) (chapter 4).
- b) Information about the South African craft market, craft flow to and from South Africa and South Africa's contribution to international craft (chapter 5).
- c) The craft products and markets with the highest trade potential and the flow of these products to and from South Africa.

Annexure A

Annexure A Table 4.1 A compacted list of the most traded craft products internationally

CATEGORY	PRODUCTS COVERED
<i>Basketwork, wickerwork and vegetable fibre works</i>	460120, 460210, 460290, 650400, 940150, 940380
<i>Leather</i>	420100, 420211, 420221, 420231, 420310, 420500, 640351, 640359, 640420, 640510
<i>Metal</i>	732619, 830610, 830621, 830629, 830630, 940179, 940320, 960622
<i>Paper</i>	480210
<i>Pottery</i>	691200, 691390, 691490
<i>Soap</i>	340111, 340119, 340120
<i>Textiles</i>	420222, 420232, 570110, 570190, 570210, 570220, 570231, 570241, 570249, 570291, 570299, 580430, 580500, 581010, 581091, 581099, 58100, 621310, 621320, 621390, 621410, 621420, 621490, 621510, 621590, 630210, 630221, 630231, 630251, 630291, 630292, 630299, 630411, 630419, 630492, 630499, 640520
<i>Wood</i>	441900, 442010, 442090, 442110, 940169, 940360
<i>Various animal, mineral, or vegetable material like stone, glass, bone, horn, shells, etc., or a combination</i>	680291, 680292, 680293, 680299, 701310, 701331, 701332, 701339, 701391, 701399, 701810, 701890, 960110, 960190, 960200, 960629, 961420, 961519, 961590
<i>Extra Categories</i>	930700, 340600, 950510, 950590, 670290, 711311, 711319, 711320, 711411, 711419, 711420, 711590, 711610, 711620, 711711, 711719, 711790, 920600, 950210, 950291, 950299, 950330, 950341, 950330, 950341, 950349, 950350, 950360
<i>Works of art</i>	970600, 970400, 970500, 970110, 970190, 970200, 491191, 970300
There are a total of 129 craft products in table 4.1 A	

Note: The latest world trade data is available for the year 2005. Hence, all market size details featuring in this report are only up to 2005.

Annexure A Table 4.2 A detailed list of the most traded craft products internationally

Category	Products	HS code
1. Basketwork Wickerwork Vegetable Fibre works	Mats, matting and screens of vegetable plaiting materials	460120
	<i>Basket ware, wicker ware and other articles made directly to shape from plaiting materials or made up from goods of heading No. 46.01; articles of loofah:</i>	
	Of vegetable material	460210
	Made up from other plaited materials	460290
	Hats and other headgear, plaited or made by assembling strips of any material whether or not lined or trimmed	650400
	Seats of cane, osier, bamboo, or similar materials	940150
	Furniture of other materials (including bamboo)	940380
2. Leather	Saddlery and harnesses for any animal (including traces, leads, knee-pads, muzzles, saddlecloths, saddlebags, dog coats and the like), of any material.	420100
	<i>Binocular cases, camera cases, musical instrument cases, spectacle cases, gun cases, holsters and similar cases, n.e.s.; travelling bags, toilet bags, rucksacks, shopping bags, wallets, purses, map cases, cigarette cases, tobacco pouches, tool bags, sports bags, bottle cases, jewellery boxes, powder boxes, cutlery cases and similar containers, of leather or of composition leather, of plastic sheeting, of textile materials, of vulcanized fibre or of paperboard, or wholly or mainly covered with such materials, n.e.s.</i>	
	Trunks, suitcases, vanity cases, executive cases, briefcases, school satchels and similar containers, with outer surface of leather, of composition leather or of patent leather.	420211
	Handbags whether or not with shoulder strap, (including those without handle), with outer surface of leather, of composition leather or of patent leather	420221
	Articles carried in pocket or handbag, with outer surface of leather	420231
	Articles of apparel of leather or of composition leather	420310
	Other articles of leather or of composition leather n.e.s.	420500
	<i>Footwear with outer soles of rubber, plastics, leather or composition leather and uppers of leather:</i>	
	Footwear with outer soles of leather, and uppers, which comprise leather straps across the instep and around the big toe (e.g.: kolhapuri chappals, sandals..)	640320
	Footwear with outer soles and uppers of leather, covering the ankle	640351
	Other footwear, outer soles and uppers of leather	640359
	Footwear with outer soles of leather and uppers of textile materials	640420
	Footwear with uppers of leather or of composition of leather	640510
3. Metal	Articles of iron or steel, forged or stamped, but not further worked, n.e.s.	732619
	Bells, gongs and the like, non-electric, and parts thereof, of base metal	830610
	Statuettes and other ornaments plated with precious metal	830621
	Other statuettes and other ornaments	830629
	Photograph, picture or similar frames and mirrors of base metal	830630
	Seats with metal frames, n.e.s., other than those of heading No 94.02	940179
	Furniture, metal	940320
	Buttons of base metal, not covered with textile material	960622

Table 4.2 A detailed list of the most traded craft products internationally (continued)

Category	Products	HS code
4. Paper	Handmade Paper and paperboard	480210
5. Pottery	Ceramic tableware, kitchenware, other household articles and toilet articles (other than porcelain or china).	691200
	Statuettes and other ornamental ceramic articles (other than porcelain or china).	691390
	Other articles of ceramics	691490
6. Soap	Soap and organic surface-active products and preparations for use as soap, in the form of bars, cakes, moulded pieces or shapes, whether or not containing soap; paper, wadding, felt and non-woven, impregnated, coated or covered with soap or detergent.	
	For toilet use, (including medicated products)	340111
	Other	340119
	Soap in other forms	340120
7. Textiles	Handbags with outer surface of sheet of plastics or of textile materials	420222
	Articles carried in pocket or handbag with outer surface sheet of plastic or other textile	420232
	Carpets and other textile floor coverings, knotted, whether or not made up:	
	Of wool or fine animal hair	570110
	Of other textile materials	570190
	Carpets and other textile floor coverings, woven, not tufted or flocked, whether or not made up:	
	"Kelem", "Schumacks", "Karamanie" and similar hand-woven rugs.	570210
	Floor coverings of coconut fibres (coir)	570220
	Carpets of wool or fine animal hair, of woven pile construction, not made up, n.e.s.	570231
	Other, of pile construction, made up:	
	Of wool or fine animal hair	570241
	Of other textile materials	570249
	Other, not of pile construction, made up:	
	Of wool or fine animal hair	570291
	Of other textile materials	570299
	Lace, handmade in the piece, in strips or in motifs.	580430
	Hand-woven tapestries, of the type Goblins, Flanders, Aubusson, Beauvais and the like, and needle-worked tapestries (e.g. petit point, cross stitch), whether or not made up.	580500
	Embroidery in the piece, in strips or in motifs:	
	Without visible ground	581010
	Other embroidery:	
	Of cotton	581091
	Of other textile materials	581099
	Quilted textile products in the piece, composed of one or more layers of textile materials assembled with padding by stitching or otherwise, other than embroidery of heading No. 58.10	581100
	Handkerchiefs	
	Of silk or silk waste	621310
	Of cotton	621320
	Of other textile materials	621390
	Shawls, scarves, mufflers, mantillas, veils and the like	
	Of silk or silk waste	621410
	Of wool or fine animal hair	621420

Table 4.2 A detailed list of the most traded craft products internationally (continued)

Category	Category	Category
	Of other textile materials	621490
	<i>Ties, bow ties and cravats</i>	
	Of silk or silk waste	621510
	Of other textile materials	621590
	<i>Bed linen, table linen, toilet linen and kitchen linen</i>	
	Of textile knitted or crocheted materials	630210
	Of cotton, printed, not knitted	630221
	Other bed linen of cotton	630231
	Table linen of cotton, not knitted	630251
	Other toilet and kitchen linen, of cotton	630291
	Toilet and kitchen linen, of flax	630292
	Toilet and kitchen linen of other textile materials	630299
	<i>Other furnishing articles, excluding those of heading No. 94.04:</i>	
	Bedspreads of textile materials, knitted or crocheted, n.e.s.	630411
	Bedspreads of textile materials, not knitted or crocheted	630419
	Furnishing articles of cotton, not knitted or crocheted	630492
	Furnishing articles of other textile materials, not knitted or crocheted	630499
	Footwear with uppers of textile materials n.e.s. (e.g. alpargatas, espadrilles...)	640520
8. Wood	Tableware and kitchenware, of wood.	441900
	<i>Wood marquetry and inlaid wood; caskets and cases for jewellery or cutlery, and similar articles, of wood; statuettes and other ornaments, of wood, wooden articles of furniture not falling within the division 82:</i>	
	Statuettes and other ornaments of wood	442010
	Wood marquetry and inlaid wood; caskets and cases for jewellery etc	442090
	Clothes hangers of wood	442110
	Seats with wooden frames	940169
	Furniture, wooden, n.e.s.	940360
9. Various animal, mineral, or vegetable material like stone, glass, bone, horn, shells, etc., or a combination	<i>Worked monumental and building stone:</i>	
	Marble, travertine and alabaster and articles thereof, moulded, turned, polished, decorated, carved or otherwise worked.	680291
	Calcareous stones	680292
	Granite	680293
	Other	680299
	<i>Glassware</i>	
	Glassware of glass-ceramics.	701310
	Glassware of a kind used for Table (other than drinking glasses) or kitchen purposes, other than of glass-ceramics.	701331-701339
	Glassware of lead crystal (other than that of 70.10 or 70.18)	701391
	Other glassware n.e.s.	701399
	<i>Glass beads, imitation pearls, imitation precious or semi-precious stones and similar glass small wares, and articles thereof (other than imitation jewellery); glass eyes (other than prosthetic articles); ornaments and other fancy articles of lamp-worked glass (other than imitation jewellery); glass micro spheres not exceeding 1 mm in diameter:</i>	
	Glass beads, imitation pearls, imitation precious or semi-precious stones and similar glass small wares	701810
	Other	701890

Table 4.2 A detailed list of the most traded craft products internationally (continued)

Category	Category	Category
	<i>Worked ivory, bone, tortoiseshell, horn, antlers, coral, mother-of-pearl and other animal carving material, and articles of these materials (including articles obtained by moulding):</i>	
	Worked ivory and articles of ivory	960110
	Other	960190
	Worked vegetable of mineral carving material and articles of these materials	960200
	Buttons, n.e.s.	960629
	Smoking pipes and pipe bowls	961420
	Combs, hair-slides and the like of materials other than hard rubber or plastics	961519
	Hairpins, curling pins, hair-curlers and the like, n.e.s.	961590
10. Extra Categories	<i>Arms (for ceremonial or decorative purposes or as theatrical properties)</i>	
	Side-arms (e.g. swords, cutlasses and bayonets) and parts thereof and scabbards and sheaths thereof.	930700
	<i>Decorations</i>	
	Candles, tapers and the like	340600
	<i>Festive, carnival or other entertainment articles (including conjuring tricks and novelty jokes)</i>	
	Articles for Christmas festivities	950510
	Other	950590
	<i>Artificial flowers, foliage, fruit and parts thereof; articles made of artificial flowers, foliage or fruit:</i>	
	Of material other than plastics	670290
	<i>Jewellery and gold/silversmith wares</i>	
	<i>Articles of jewellery and parts thereof, of precious metal or of metal clad with precious metal:</i>	
	Of silver whether or not plated or clad with other precious metal	711311
	Of other precious metal whether or not plated or clad with precious metal	711319
	Of base metal clad with precious metal	711320
	<i>Articles of goldsmiths' or silversmiths' wares and parts thereof, of precious metal or of metal clad with precious metal:</i>	
	Of silver, whether or not plated or clad with other precious metal	711411
	Of other precious metal, whether or not plated or clad with precious metal	711419
	Of base metal clad with precious metal	711420
	Articles of precious metal or of metal clad with precious metal, n.e.s.	711590
	<i>Articles of natural or cultured pearls, precious or semi-precious stones (natural, synthetic or reconstructed):</i>	
	Of natural or cultured pearls	711610
	Of precious or semi-precious stones (natural, synthetic or reconstructed)	711620
	<i>Imitation jewellery:</i>	
	Cuff links and stud of base metal whether or not plated with precious metal	711711
	Other imitation jewellery of base metal whether or not plated with precious metal	711719
	Other imitation jewellery	711790
	<i>Musical instruments</i>	
	Percussion musical instruments (e.g. drums, xylophones, cymbals, castanets).	920600

Table 4.2 A detailed list of the most traded craft products internationally (continued)

Category	Category	Category
	Toys:	
	<i>Dolls representing only human beings:</i>	
	Dolls, whether or not dressed	950210
	Garments and accessories therefore, footwear and headgear	950291
	Other parts and accessories n.e.s.	950299
	<i>Other toys:</i>	
	Construction sets and constructional toys n.e.s.	950330
	Stuffed toys representing animals or non-human creatures	950341
	Toys n.e.s. representing animals or non-human	950349
	Toy musical instruments and apparatus	950350
	Puzzles	950360
11. Works of art	Antiques	
	Antiques of an age exceeding one hundred years	970600
	Collectors' pieces	
	Postage or revenue stamps, stamp-postmarks, first-day covers, postal stationery (stamped paper), and the like, used, or if unused not of current or new issue in the country to which they are destined	970400
	Collections and collectors' pieces of zoological, botanical, mineralogical, botanical, historical, archaeological, palaeontological, ethnographic or numismatic interest	970500
	Painting and Prints	
	Paintings, drawings and pastels, executed entirely by hand, other than hand-painted or hand-decorated manufactured articles, collages and similar decorative plaques	
	Paintings, drawings and pastels	970110
	Other	970190
	Original engravings, prints and lithographs	970200
	Photography	
	<i>Other printed matter, including printed pictures and photographs:</i>	
	Pictures, designs and photographs	491191
	Sculpture	
	Original sculptures and statuary, in any material	970300

Note: Various animal, mineral, or vegetable material embraces those materials in craft production that are either very specific to the country, region or area, or that are rare, or difficult to work such as, for instance: stone, glass, bone, horn, shells, etc., or a combination. Extra categories refers to different materials and techniques applied at the same time. For instance: arms (for ceremonial and decorative purposes or as theatrical properties), decorations, jewellery and gold/silversmith wares, musical instruments, toys. Works of art mainly refers to visual arts or, more specifically, to: antiques, collectors' pieces, painting and prints, photography and sculpture.

Annexure B

Annexure B Table 4.3 World trade estimates of all craft product categories in 2005

Selected HS code								
Imports			Exports					
1	2	3	4	5	6	7	8	9
	World estimated import value in 2005 in US\$ thousands	Import ranking according to the import value of 2005	Annual average growth in import value between 2001 and 2005	% Share in world imports of the top three importing countries	World estimated export value in 2005 in US\$ thousands	Export ranking according to the export value of 2005	Annual average growth in export value between 2001 and 2005	% Share in world exports of the top three exporting countries
Basketwork, wickerwork and vegetable fibre works	3 719 920	8	8	52	3 884 807	10	10	66
Leather	15 169 412	1	17	47	21 448 705	5	17	53
Metal	13 827 185	6	10	50	11 143 224	7	13	57
Plastic	1 324 493	11	15	59	62 924	11	58	56
Pottery	4 601 629	10	5	45	3 080 952	9	2	39
Soap	3 612 971	9	14	74	4 098 767	8	14	37
Textiles	22 228 087	3	10	49	20 644 621	4	10	62
Wood	25 102 506	5	9	48	22 615 739	2	10	56
Various animal, mineral, or vegetable material	13 022 558	7	11	48	11 249 970	6	10	58
Extra Categories	55 333 823	2	11	53	52 990 337	1	10	61
Works of art	15 186 164	5	12	66	15 776 796	5	11	68
Total	178 217 454	1	11	52	167 985 443	n.a.	9	56

Source: International Trade Centre (ITC), 2007 – compiled by the author

Annexure B Table 4.6 World trade estimates of all basketwork, wickerwork and vegetable fibre work products in 2005

<i>Selected HS code</i>	<i>Imports</i>				<i>Exports</i>			
<i>1</i>	<i>2</i>	<i>3</i>	<i>4</i>	<i>5</i>	<i>6</i>	<i>7</i>	<i>8</i>	<i>9</i>
	<i>World estimated import value in 2005 in US\$ thousands</i>	<i>Import ranking according to the import value of 2005</i>	<i>Annual average growth in import value between 2001 and 2005</i>	<i>% Share in world imports of the top three importing countries</i>	<i>World estimated export value in 2005 in US\$ thousands</i>	<i>Export ranking according to the export value of 2005</i>	<i>Annual average growth in export value between 2001 and 2005</i>	<i>% Share in world exports of the top three exporting countries</i>
<i>Mats, matting and screens of vegetable plaiting materials (HS code 460120)</i>	280 048	4	8	55	372 469	4	12	82
<i>Basket ware, wicker ware and other articles made directly to shape from plaiting materials or made up from goods of heading No 46.01, articles of loofah: of vegetable material (HS code 460210)</i>	1 262 736	2	8	56	1 252 099	2	12	77
<i>Basket ware, wicker ware and other articles made directly to shape from plaiting materials or made up from goods of heading No 46.01, articles of loofah: made up from other plaited materials (HS code 460290)</i>	108 830	6	10	37	16 571	6	16	53
<i>Hats and other headgear, plaited or made by assembling strips of any material whether or not lined or trimmed (HS code 650400)</i>	154 478	5	8	65	140 240	5	4	66
<i>Seats of cane, osier, bamboo, or similar materials (HS code 940150)</i>	454 257	3	5	50	413 981	3	5	68
<i>Furniture of other materials (including bamboo) (HS code 940380)</i>	1 459 571	1	10	47	1 629 447	1	9	54
<i>Total</i>	5 719 920		8	52	5 884 807		10	66

Source: International Trade Centre (ITC), 2007 – compiled by the author

Annexure B Table 4.9 World trade estimates of leather in 2005

Selected HS code	Imports				Exports			
	2	3	4	5	6	7	8	9
1	World estimated import value in 2005 in US\$ thousands	Import ranking according to the import value of 2005	Annual average growth in import value between 2001 and 2005	% Share in world imports of the top three importing countries	World estimated export value in 2005 in US\$ thousands	Export ranking according to the export value of 2005	Annual average growth in export value between 2001 and 2005	% Share in world exports of the top three exporting countries
<i>Saddlery and harnesses for any animal (including traces, leads, knee-pads, muzzles, saddlecloths, saddlebags, dog coats and the like), of any material (HS code 420100)</i>	825 151	7	16	52	748 308	8	13	47
<i>Trunks, suitcases, vanity cases, executive cases, briefcases, school satchels and similar containers, with outer surface of leather, of composition leather or of patent leather (HS code 420211)</i>	567 389	9	7	39	766 694	7	7	60
<i>Handbags whether or not with shoulder strap (including those without handle), with outer surface of leather, of composition leather or of patent leather (HS code 420221)</i>	3 597 074	3	18	49	3 770 393	3	17	68
<i>Articles carried in pocket or handbag, with outer surface of leather (HS code 420231)</i>	1 787 179	4	8	53	2 209 909	5	11	61
<i>Articles of apparel of leather or of composition leather (HS code 420310)</i>	3 837 598	1	-5	46	4 878 339	1	1	63
<i>Other articles of leather or of composition leather n.e.s. (HS code 420500)</i>	1 543 873	5	17	40	2 327 160	4	22	43
<i>Footwear with outer soles of leather, and uppers, which comprise leather straps across the instep and around the big toe (e.g.: kolhapuri chappals, sandals..) (HS code 640320)</i>	136 766	11	20	44	258 293	11	14	67
<i>Footwear with outer soles and uppers of leather, covering the ankle (HS code 640351)</i>	1 119 652	6	11	45	1 524 634	6	9	60
<i>Other footwear, outer soles and uppers of leather (HS code 640359)</i>	3 640 482	2	7	45	3 860 349	2	2	72
<i>Footwear with outer soles of leather and uppers of textile materials (HS code 640420)</i>	687 900	8	13	66	496 155	10	17	57
<i>Footwear with uppers of leather or of composition of leather (HS code 640510)</i>	422 848	10	8	34	597 481	9	7	42
Total	1 816 5912	-	11	47	21 437 715	-	11	58

Source: International Trade Centre (ITC), 2007 – compiled by the author

Annexure B Table 4.12 World trade estimates of all metal products in 2005

Selected HS code	Imports				Exports			
	2	3	4	5	6	7	8	9
1	World estimated import value in 2005 in US\$ thousands	Import ranking according to the import value of 2005	Annual average growth in import value between 2001 and 2005	% Share in world imports of the top three importin g countrie s	World estimated export value in 2005 in US\$ thousands	Export ranking according to the export value of 2005	Annual average growth in export value between 2001 and 2005	% Share in world exports of the top three exporting countries
Articles of iron or steel, forged or stamped, but not further worked, n.e.s. (HS code 732619)		5	16	29	328 981	5	19	47
Bells, gongs and the like, non-electric, and parts thereof, of base metal (HS code 830610)	110 172	7	4	63	55 523	8	10	54
Statuettes and other ornaments plated with precious metal (HS code 830621)		8	12	33	98 094	7	13	39
Other statuettes and other ornaments (HS code 830629)	1 046 445	3	11	56	839 312	3	12	58
Photograph, picture or similar frames and mirrors of base metal (HS code 830630)		4	0	73	409 256	4	8	75
Seats with metal frames, n.e.s., other than those of heading No 94.02 (HS code 940179)	3 086 054	2	14	60	2 261 892	2	16	70
Furniture, metal (HS code 940320)	8 250 248	1	14	51	6 853 916	1	14	48
Buttons of base metal, not covered with textile material (HS code 960622)	262 451	6	12	37	296 250	6	14	64
Total	13 827 185		10	50	11 143 224		13	57

Source: International Trade Centre (ITC), 2007 – compiled by the author

Annexure B Table 4.15 World trade estimates of all paper products in 2005

Selected HS code	Imports				Exports			
	2	3	4	5	6	7	8	9
1	World estimated import value in 2005 in US\$ thousands	Import ranking according to the import value of 2005	Annual average growth in import value between 2001 and 2005	% Share in world imports of the top three importing countries	World estimated export value in 2005 in US\$ thousands	Export ranking according to the export value of 2005	Annual average growth in export value between 2001 and 2005	% Share in world exports of the top three exporting countries
Handmade paper and paperboard (HS code 480210)	132 399	n.a.	15	59	62 925	n.a.	-3	56
Total	132 399	n.a.	15	59	62 925	n.a.	-3	56

Source: International Trade Centre (ITC), 2007 – compiled by the author

Annexure B Table 4.18 World trade estimates of all pottery products in 2005

Selected HS code	Imports				Exports			
	2	3	4	5	6	7	8	9
1	World estimated import value in 2005 in US\$ thousands	Import ranking according to the import value of 2005	Annual average growth in import value between 2001 and 2005	% Share in world imports of the top three importing countries	World estimated export value in 2005 in US\$ thousands	Export ranking according to the export value of 2005	Annual average growth in export value between 2001 and 2005	% Share in world exports of the top three exporting countries
Ceramic tableware, kitchenware, other household articles and toilet articles (other than porcelain or china) (HS code 691200)	2 569 397	1	8	51	1 291 136	1	3	52
Statuettes and other ornamental ceramic articles (other than porcelain or china) (HS code 691390)	1 179 511	2	1	49	936 607	2	0	53
Other articles of ceramics (HS code 691490)	852 721	3	5	34	853 209	3	2	32
Total	4 601 629	-	5	45	3 080 952	-	2	39

Source: International Trade Centre (ITC), 2007 – compiled by the author

Annexure B Table 4.21 World trade estimates of all soap products in 2005

Selected HS code 1	Imports				Exports			
	2	3	4	5	6	7	8	9
	World estimated import value in 2005 in US\$ thousands	Import ranking according to the import value of 2005	Annual average growth in import value between 2001 and 2005	% Share in world imports of the top three importing countries	World estimated export value in 2005 in US\$ thousands	Export ranking according to the export value of 2005	Annual average growth in export value between 2001 and 2005	% Share in world exports of the top three exporting countries
Soap and organic surface-active products and preparations for use as soap, in the form of bars, cakes, melded pieces or shapes, whether or not containing soap; paper, wadding, felt and non-woven, impregnated, coated or covered with soap or detergent. For toilet use (including medicated products) (HS code 340111)	1 714 531	1	10	23	1 641 163	1	7	35
Other (HS code 340119)	756 249	3	16	20	983 638	3	16	33
Soap in other forms (HS code 340120)	1 202 141	2	17	80	1 473 906	2	13	44
Total	3 672 971	-	14	24	4 098 707	-	14	37

Source: International Trade Centre (ITC), 2007 – compiled by the author

Annexure B Table 4.24 World trade estimates of all textile products in 2005

Selected HS code	Imports				Exports			
1	2	3	4	5	6	7	8	9
	World estimated import value in 2005 in US \$ thousand	Import ranking according to the import value of 2005	Annual average growth in import value between 2001 and 2005	% Share in world imports of the top 3 importing countries	World estimated export value in 2005 in US \$ thousand	Export ranking according to the export value of 2005	Annual average growth in export value between 2001 and 2005	% Share in world exports of the top 3 exporting countries
Handbags:								
Handbags with outer surface of sheet of plastics or of textile materials (HS code 420222)	5 755 212	1	18	51	4 347 435	1	17	76
Articles carried in pocket or handbag with outer surface sheet of plastic or other textile (HS code 420232)	1 636 132	4	12	53	1 021 325	6	11	68
Handbags total:	7 391 344	-	-	-	5 368 760	-	-	-
Carpets and Floor Coverings								
Carpets and other textile floor coverings, knotted, whether or not Made up: of wool or fine animal hair (HS code 570110)	1 445 451	5	1	61	1 486 324	4	-1	67
Other textile materials (HS code 570190)	242 796	19	4	43	229 460	24	7	70
Carpets and other textile floor coverings, woven, not tufted or flocked, whether or not made up: 'Keels', 'Schumacks', 'Karamanie' and similar hand woven rugs (HS code 570210)	143 960	26	6	50	89 626	30	8	38
Floor coverings of coconut fibbers (coir) (HS code 570220)	101 386	28	8	50	144 940	26	20	90
Carpets of wool or fine animal hair, of woven pile construction, not made up, n.e.s. (HS code 570231)	236 788	21	6	61	440 702	14	9	71
Other, of pile construction, made up: of wool or fine animal hair (HS code 570241)	290 381	17	4	52	245 611	22	2	47
Of other textile materials (HS code 570249)	174 231	24	22	61	88 714	29	12	67
Wool or fine animal hair (HS code 570291)	75 699	29	10	47	39 510	31	12	28
Of other textile materials (HS code 570299)	311 463	16	11	41	158 341	27	16	49
Carpets and floor coverings total	3 022 155	-	-	-	2 923 228	-	-	-
Miscellaneous stuff:								
Lace, handmade in the piece, in strips or in motifs (HS code 580430)	17 631	37	30	40	16 134	36	5	52

Table 4.24 World trade estimates of all textile products in 2005 (continued)

Selected HS code								
Imports			Exports					
1	2 World estimated import value in 2005 in US \$ thousand	3 Import ranking according to the import value of 2005	4 Annual average growth in import value between 2001 and 2005	5 % Share in world imports of the top 3 importing countries	6 World estimated export value in 2005 in US \$ thousand	7 Export ranking according to the export value of 2005	8 Annual average growth in export value between 2001 and 2005	9 % Share in world exports of the top 3 exporting countries
<i>Embroidery in the piece, in strips or in motifs: without visible ground (HS code 581010)</i>		27	5	36		24	5	55
<i>Other embroidery: of cotton (HS code 581091)</i>	217 720	23	10	42	274 420	20	11	68
<i>Other textile materials (HS code - 581099)</i>	232 896	22	17	31	252 980	21	14	59
<i>Quilted textile products in the piece, composed of one or more layers of textile materials assembled with padding by stitching or otherwise, other than embroidery of heading No. 58.10 (HS code 581100)</i>	281 341	18	4	60	231 405	23	6	66
<i>Handkerchiefs: of silk or silk waste (HS code 621310)</i>		35	1	65		37	2	67
<i>Of cotton (HS code 621320)</i>	149 037	25	2	63	132 844	27	3	76
<i>Of other textile materials (HS code 621390)</i>	19 180	86	3	44	19 478	35	0	70
<i>Shawls, scarves, mufflers, mantillas, veils and the like: of silk or silk waste (HS code 621410)</i>	401 621	13	6	41	420 175	15	7	58
<i>Of wool or fine animal hair (HS code 621420)</i>		12	8	49		17	14	60
<i>Of other textile materials (HS code 621490)</i>	240 138	20	19	33	369 364	19	13	65
<i>Ties, bow ties and cravats: of silk or silk waste (HS code 621510)</i>		7	10	49		7	8	72
<i>Of other textile materials (HS code 621590)</i>	29 621	33	3	29	29 438	32	-2	62
<i>Miscellaneous stuff total:</i>	3 079 777				3 274 636			

Table 4.24 World trade estimates of all textile products in 2005 (continued)

Selected HS code								
Imports					Exports			
1	2 World estimated import value in 2005 in US \$ thousand	3 Import ranking according to the import value of 2005	4 Annual average growth in import value between 2001 and 2005	5 % Share in world imports of the top 3 importing countries	6 World estimated export value in 2005 in US \$ thousand	7 Export ranking according to the export value of 2005	8 Annual average growth in export value between 2001 and 2005	9 % Share in world exports of the top 3 exporting countries
Bed linen, table linen, toilet linen and kitchen linen								
<i>Of textile knitted or crocheted materials (HS code 630210)</i>	632 365	9	11	55	612 180	9	9	63
<i>Of cotton, printed not knitted (HS code 630221)</i>	1 837 115	3	17	48	1 580 162	3	14	44
<i>Bed linen of cotton (HS code 630231)</i>	2 325 587	2	21	61	2 995 925	2	17	73
<i>Table linen of cotton, not knitted (HS code 630251)</i>	722 300	8	5	56	472 857	13	3	42
<i>(Other toilet and kitchen linen, of cotton (HS code 630291))</i>	563 348	11	8	40	394 739	14	7	43
<i>Toilet and kitchen linen, of flax (HS code 630292)</i>	23 113	34	9	44	25 097	34	8	47
<i>Toilet and kitchen linen of other textile materials (HS code 630299)</i>	54 177	30	11	38	58 425	30	32	44
Bed linen, table linen, toilet linen and kitchen linen total	6 158 005	-	-	-	6 169 385	-	-	-
Other furnishing articles								
<i>Other furnishing articles, excluding those of heading No. 94.04: bedspreads of textile materials, knitted or crocheted, n.e.s. (HS code 630411)</i>	40 318	31	26	47	164 999	24	33	95
<i>Bedspreads of textile materials, not knitted or crocheted (HS code 630419)</i>	389 208	14	13	37	609 996	10	15	76
<i>Furnishing articles of cotton, not knitted or crocheted (HS code 630492)</i>	595 099	10	15	55	1 091 055	5	16	86
<i>Furnishing articles of other textile materials, not knitted or crocheted (HS code 630499)</i>	341 602	15	18	51	374 894	18	18	44
<i>And footwear with uppers of textile materials n.e.s. (e.g. alpargatas, espadrilles) (HS code 640520)</i>	1 210 579	6	33	79	667 668	8	15	64
Other furnishing articles total:	1 366 227	-	-	-	2 240 944	-	-	-
Total (of all products under this product category)	22 228 087	-	10	49	20 644 621	-	10	62

Source: International Trade Centre (ITC), 2007 – compiled by the author

Note: Because of the difference in the various textile products mentioned above, this Table has classified textiles into five broad categories. These categories are handbags, carpets and floor coverings, miscellaneous stuff (that includes lace, tapestries, embroideries, handkerchiefs, shawls and other neckwear and ties), bed linen, table linen, toilet linen and kitchen linen and other furnishing articles. This makes it easier to establish the most traded product category. The total of each category can be seen in column 2 and the total of all the products under this product category can be seen in the last row of this Table.

Annexure B Table 4.27 World trade estimates of all wood products in 2005

Selected HS code 1	Imports				Exports			
	2	3	4	5	6	7	8	9
	World estimated import value in 2005 in US\$ thousands	Import ranking according to the import value of 2005	Annual average growth in import value between 2001 and 2005	% Share in world imports of the top three importing countries	World estimated export value in 2005 in US\$ thousands	Export ranking according to the export value of 2005	Annual average growth in export value between 2001 and 2005	% Share in world exports of the top three exporting countries
Tableware and kitchenware, of wood (HS code 441900)	727 587	4	7	52	618 192	4	6	70
Wood marquetry and inlaid wood; caskets and cases for jewellery or cutlery, and similar articles, of wood; statuettes and other ornaments, of wood, wooden articles of furniture not falling within the division 82: Statuettes and other ornaments of wood (HS code 442010)	608 248	5	2	47	678 815	3	7	65
Wood marquetry and inlaid wood; caskets and cases for jewellery etc (HS code 442090)	943 257	3	7	58	599 828	5	10	52
Clothes hangers of wood (HS code 442110)	209 748	6	13	40	192 754	6	11	70
Seats with wooden frames (HS code 940169)	2 876 776	2	12	51	2 426 199	2	16	44
Furniture, wooden, n.e.s. (HS code 940360)	19 737 190	1	14	45	18 100 001	1	12	32
Total	25 102 806		9	48	22 615 789		10	56

Source: International Trade Centre (ITC), 2007 – compiled by the author

Annexure B Table 4.30 World trade estimates of various animal, mineral, or vegetable material products in 2005

Selected HS code	Imports				Exports			
1	2	3	4	5	6	7	8	9
	World estimated import value in 2005 in US \$ thousand	Import ranking according to the import value of 2005	Annual average growth in import value between 2001 and 2005	% Share in world imports of the top 3 importing countries	World estimated export value in 2005 in US \$ thousand	Export ranking according to the export value of 2005	Annual average growth in export value between 2001 and 2005	% Share in world exports of the top 3 exporting countries
Worked monumental and building stone:								
<i>Marble, travertine and alabaster and articles thereof, moulded, turned, polished, decorated, carved or otherwise worked. (HS code 680291)</i>	1 738 380	3	17	65	1 631 097	3	15	70
<i>Calcareous stones (HS code 680292)</i>	351 047	9	3	72	212 903	13	9	64
<i>Granite (HS code 680293)</i>	3 099 031	1	16	72	1 962 531	1	18	75
<i>Other (HS code 680299)</i>	558 954	7	16	58	405 871	8	14	51
Total	5 747 412				4 212 402			
Glassware:								
<i>Glassware of glass-ceramics (HS code 701310)</i>	170 399	15	0	30	272 719	10	-6	62
<i>Glassware of a kind used for table (other than drinking glasses) or kitchen purposes, other than of glass-ceramics (HS code 701331)</i>	210 613	13	3	44	274 228	9	1	43
<i>Glassware of a kind used for table (other than drinking glasses) or kitchen purposes, other than of glass-ceramics (HS code 701339)</i>	1 327 857	5	9	26	1 448 199	4	10	42
<i>Glassware of lead crystal (other than that of 70.10 or 70.18) (HS code 701391)</i>	508 870	8	12	41	542 848	6	6	64
<i>Other glassware n.e.s. (HS code 701399)</i>	1 395 737	4	12	41	1 096 431	5	12	46
Total	3 613 476				3 634 425			
<i>Glass beads, imitation pearls, imitation precious or semi-precious stones and similar glass small wares, and articles thereof (other than imitation jewellery); glass eyes (other than prosthetic articles); ornaments and other fancy articles of lamp-worked glass (other than imitation jewellery); glass micro spheres not exceeding 1 mm in diameter:</i>								
<i>Glass beads, imitation pearls, imitation precious or semi-precious stones and similar glass small wares (HS code 701810)</i>	2 025 356	2	26	67	1 940 167	2	26	71
<i>Other (HS code 701890)</i>	187 895	14	13	38	234 516	11	14	76

Table 4.30 World trade estimates of various animal-, mineral- or vegetable material products in 2005 (continued)

Selected HS code	Imports				Exports			
	2	3	4	5	6	7	8	9
1	World estimated import value in 2005 in US \$ thousand	Import ranking according to the import value of 2005	Annual average growth in import value between 2001 and 2005	% Share in world imports of the top 3 importing countries	World estimated export value in 2005 in US \$ thousand	Export ranking according to the export value of 2005	Annual average growth in export value between 2001 and 2005	% Share in world exports of the top 3 exporting countries
Total	2 213 251				2 174 683			
Worked ivory, bone, tortoise-shell, horn, antlers, coral, mother-of-pearl and other animal carving material, and articles of these materials:								
Worked ivory, bone, tortoise-shell, horn, antlers, coral, mother-of-pearl and other animal carving material, and articles of these materials (including articles obtained by moulding): Worked ivory and articles of ivory (HS code 60110)	11 751	18	18	66	10 221	18	17	82
Animal carving material (o/t ivory), and articles of these materials (HS code 960190)	110 914	16	11	50	97 770	16	7	41
Worked vegetable of mineral carving material and articles of these materials (HS code 960200)	559 271	6	13	35	529 691	7	9	49
Buttons, n.e.s. (HS code – 960629)	244 696	11	10	28	231 054	12	8	50
Smoking pipes and pipe bowls (HS code 961420)	45 048	17	14	42	51 140	17	21	47
Combs, hair-slides and the like of materials other than hard rubber or plastics(HS code 961519)	217 044	12	5	39	115 881	15	1	62
Hairpins, curling pins, hair-curlers and the like, n.e.s. (HS code 961590)	259 695	10	2	40	192 703	14	-2	55
Worked ivory, bone, tortoise-shell, horn, antlers, coral, mother-of-pearl and other animal carving material, and articles of these materials (including articles obtained by moulding) total	1 448 419				1 228 460			
Total (of all the products under this product category)	13 022 558	-	11	48	11 249 970	-	10	58

Source: International Trade Centre (ITC), 2007 – compiled by the author

Note: Because of the difference in the various animal, mineral, and vegetable material products mentioned above, this Table has classified these products into four broad categories. These categories are worked, monumental and building stone, glassware, glass beads, imitation pearls, imitation precious or semi-precious stones and similar glass small wares, and articles thereof (other than imitation jewellery), worked ivory, bone, tortoiseshell, horn, antlers, coral, mother-of-pearl and other animal carving material, and articles of these materials (including articles obtained by moulding). This makes it easier to establish the most traded product category. The total of each category can be seen in column 2 and the grand total of all the products under this product category can be seen in the last row of this Table.

Annexure B Table 4.33 World trade estimates of extra categories products in 2005

Selected HS code 1	Imports				Exports			
	2	3	4	5	6	7	8	9
	World estimated import value in 2005 in US\$ thousands	Import ranking according to the import value of 2005	Annual average growth in import value between 2001 and 2005	% Share in world imports of the top three importing countries	World estimated export value in 2005 in US\$ thousands	Export ranking according to the export value of 2005	Annual average growth in export value between 2001 and 2005	% Share in world exports of the top three exporting countries
Arms (for ceremonial or decorative purposes or as theatrical properties):								
Side-arms (e.g. swords, cutlasses and bayonets) and parts thereof and scabbards and sheaths thereof (HS code 930700)	50 703	26	10	66	30 743	26	5	47
Arms total:	50 703	-	-	-	30 743	-	-	-
Decorations:								
Candles, tapers and the like (HS code 340600)	1 996 663	8	12	44	1 795 967	6	12	49
Festive, carnival or other entertainment articles (including conjuring tricks and novelty jokes) Articles for Christmas festivities (HS code 950510)	4 218 783	2	5	67	2 326 749	5	-2	72
Other (HS code 950590)	1 503 530	12	10	66	811 972	14	3	55
Artificial flowers, foliage, fruit and parts thereof; articles made of artificial flowers, foliage or fruit: Of material other than plastics (HS code 670290)	1 517 787	11	0	65	1 194 282	10	-2	88
Decorations total:	9 236 763	-	-	-	6 128 970	-	-	-
Jewellery and gold/silversmith wares:								
Articles of jewellery and parts thereof, of precious metal or of metal clad with precious metal: Of silver whether or not plated or clad with other precious metal (HS code 711311)	2 956 991	5	18	55	2 803 303	3	17	55
Of other precious metal whether or not plated or clad with precious metal (HS code 711319)	25 687 223	1	15	54	29 113 176	1	13	38
Of base metal clad with precious metal (HS code 711320)	199 253	21	9	33	172 505	20	4	45

Table 4.33 World trade estimates of extra categories products in 2005 (continued)

Selected HS code	Imports				Exports			
	2	3	4	5	6	7	8	9
1	World estimated import value in 2005 in US\$ thousands	Import ranking according to the import value of 2005	Annual average growth in import value between 2001 and 2005	% Share in world imports of the top three importin g countrie s	World estimated export value in 2005 in US\$ thousands	Export ranking according to the export value of 2005	Annual average growth in export value between 2001 and 2005	% Share in world exports of the top three exporting countries
Articles of goldsmiths' or silversmiths' wares and parts thereof, of precious metal or of metal clad with precious metal: Of silver, whether or not plated or clad with other precious metal (HS code 711411)	289 872	18	17	56	310 764	18	13	46
Of other precious metal, whether or not plated or clad with precious metal (HS code 711419)	289 674	19	32	62	412 791	16	39	74
Of base metal clad with precious metal (HS code 711420)	57 675	25	7	41	97 962	24	14	66
Articles of precious metal or of metal clad with precious metal, n.e.s. (HS code 711590)	949 334	13	11	38	1 480 349	8	26	46
Articles of natural or cultured pearls, precious or semi-precious stones (natural, synthetic or reconstructed): Of natural or cultured pearls (HS code 711610)	121 081	22	11	50	143 499	22	12	60
Of precious or semi-precious stones (natural, synthetic or reconstructed) (HS code 711620)	810 028	14	14	64	840 955	13	16	84
Imitation jewellery								
Cuff links and stud of base metal whether or not plated with precious metal (HS code 711711)	93 528	24	30	46	67 506	25	20	56
Other imitation jewellery of base metal whether or not plated with precious metal (HS code 711719)	3 600 121	3	24	37	3 087 611	2	22	48
Other imitation jewellery (HS code 711790)	1 627 537	10	26	48	1 101 428	12	19	40
Jewellery and gold/silversmith wares total:	36 682 317				39 631 849			
Musical instruments:								
Percussion musical instruments (e.g. drums, xylophones, cymbals, castanets) (HS code 920600)	427 709	17	13	49	363 477	17	14	50

Table 4.33 World trade estimates of extra categories products in 2005 (continued)

Selected HS code	Imports				Exports			
	2	3	4	5	6	7	8	9
1	World estimated import value in 2005 in US\$ thousands	Import ranking according to the import value of 2005	Annual average growth in import value between 2001 and 2005	% Share in world imports of the top three importin g countrie s	World estimated export value in 2005 in US\$ thousands	Export ranking according to the export value of 2005	Annual average growth in export value between 2001 and 2005	% Share in world exports of the top three exporting countries
Musical instruments total:	427 709	-	-	-	363 477	-	-	-
Toys:								
<i>Dolls representing only human beings:</i>								
<i>Dolls, whether or not dressed (HS code 950210)</i>	2 673 418	7	0	54	1 384 291	9	1	76
<i>Garments and accessories therefore, footwear and headgear (HS code – 950291)</i>	200 378	20	4	55	144 871	21	8	79
<i>Other parts and accessories n.e.s. (HS code 50299)</i>	95 582	23	2	44	98 172	23	-8	67
<i>Other toys: Construction sets and constructional toys, n.e.s. (HS code 950330)</i>	1 939 748	9	16	49	1 140 471	11	18	48
<i>Stuffed toys representing animals or non-human creatures (HS code 950341)</i>	3 559 631	4	2	55	2 747 527	4	1	82
<i>Toys n.e.s. representing animals or non-human (HS code 950349)</i>	2 690 931	6	4	64	1 531 509	7	0	79
<i>Toy musical instruments and apparatus (HS code 950350)</i>	537 076	15	2	61	173 052	19	0	66
<i>Puzzles (HS code 950360)</i>	459 602	16	12	48	615 405	15	12	74
Toys total:	12 156 331				7 835 298			
Total (for all the products under this product category)	58 553 823		11	53	53 290 337		10	61

Note: Because of the difference in the various extra category products mentioned above, this Table has classified these products into five broad categories. These categories are arms, decorations, jewellery, musical instruments and toys. This makes it easier to establish the most traded product category. The total of each category can be seen in column 2 and the grand total of all the products under this product category can be seen in the last row of this Table.

Source: International Trade Centre (ITC), 2007 – compiled by the author

Annexure B Table 4.36 World trade estimates of works of art in 2005

Selected HS code	Imports				Exports			
	2	3	4	5	6	7	8	9
1	World estimated import value in 2005 in US \$ thousand	Import ranking according to the import value of 2005	Annual average growth in import value between 2001 and 2005	% Share in world imports of the top 3 importing countries	World estimated export value in 2005 in US \$ thousand	Export ranking according to the export value of 2005	Annual average growth in export value between 2001 and 2005	% Share in world exports of the top 3 exporting countries
Antiques:								
Antiques of an age exceeding one hundred years (HS code 970600)	2 643 304	2	4	84	2 605 079	2	8	76
Antiques total:	2 643 304	-	-	-	2 605 079	-	-	-
Collectors' pieces:								
Postage or revenue stamps, stamp- postmarks, first-day covers, postal stationary (stamped paper), and the like, used, or if unused not of current or new issue in the country to which they are destined (HS code 970400)	554 756	6	19	69	414 669	7	19	56
Collections and collectors' pieces of zoological, botanical, mineralogical, botanical, historical, archaeological, palaentological, ethnographic or numismatic interest (HS code 970500)	574 387	5	10	49	464 465	6	5	60
Collectors' pieces total:	1 129 143	-	-	-	879 134	-	-	-
Paintings and Prints:								
Paintings, drawings and pastels, executed entirely by hand, other than hand-painted or hand-decorated manufactured articles; collages and similar decorative plaques: Paintings, drawings and pastels (HS code 970110)	8 367 573	1	3	79	8 911 224	1	8	78
Paintings, drawings and pastels, executed entirely by hand, other than hand-painted or hand-decorated manufactured articles; collages and similar decorative plaques: Other (HS code 970190)	208 032	8	25	54	566 277	5	8	89
Original engravings, prints and lithographs (HS code 970200)	319 403	7	14	68	304 233	8	15	77
Paintings and prints total:	8 895 008				9 781 734			

Table 4.36 World trade estimates of work of art products in 2005 (continued)

Selected HS code	Imports				Exports			
	2	3	4	5	6	7	8	9
1	World estimated import value in 2005 in US \$ thousand	Import ranking according to the import value of 2005	Annual average growth in import value between 2001 and 2005	% Share in world imports of the top 3 importin g countrie s	World estimated export value in 2005 in US \$ thousand	Export ranking according to the export value of 2005	Annual average growth in export value between 2001 and 2005	% Share in world exports of the top 3 exporting countries
Photography:								
Other printed matter, including printed pictures and photographs: Pictures, designs and photographs (HS code 491191)	1 095 852	4	9	50	1 095 852	4	9	41
Photography total:	1 169 980	-	-	-	1 095 852	-	-	-
Sculpture:								
Original sculptures and statuary, in any material (HS code 970300)	1 348 729	3	11	75	1 414 997	3	12	69
Sculpture total:	1 348 729	-	-	-	1 414 997	-	-	-
Total (of all the products under this product category)	15 186 164	-	12	66	15 776 796	-	11	68

Note: Because of the difference in the various work of art products mentioned above, this Table has classified these products into five broad categories. These categories are antiques, collector pieces, painting and prints, photography and sculpture. This makes it easier to establish the most traded product category. The total of each category can be seen in column 2 and the grand total of all the products under this product category can be seen in the last row of this Table.

Source: International Trade Centre (ITC), 2007 – compiled by author

Annexure B Table 4.39 World trade estimates of all textile product categories traded between 2001 and 2005

	2001	2001	2002	2002	2003	2003	2004	2004	2005	2005
	Imports	Exports	Imports	Exports	Imports	Exports	Imports	Exports	Imports	Exports
420222	3068095	2364638	3208891	2413002	3386241	2803999	4916175	9563695	5755212	4347495
420232	1069942	689395	1123275	698337	1237191	743358	1469769	872685	1636132	1021325
570110	1364608	1450186	1251273	1847731	1281359	1332269	1404888	1379459	1445451	1486324
570190	218946	172739	197799	170838	203445	165009	244402	192252	242796	229460
570210	109010	65901	120468	66970	122056	69311	125124	78442	143960	89626
570220	77370	69863	74695	77562	76412	89623	94485	113590	101386	144940
570231	194637	323865	179573	336838	181670	420309	217801	447022	256788	440702
570241	259568	232701	237474	215170	277707	234947	289761	237927	290381	245611
570249	84698	58613	92371	60689	422276	62778	161808	79955	174231	88714
570291	50279	27016	46802	28468	47163	27283	53249	37492	75699	39510
570299	216137	100620	231059	105217	273285	147262	353483	167857	311468	158341
580430	5759	13547	12140	23062	14679	27727	18447	25140	17631	16134
580500	45227	23717	46969	25844	39554	26539	46486	28000	36937	28451
581010	77649	133760	70044	132094	80098	151005	101855	148617	116814	164428
581091	80499	172936	104532	187204	116992	202452	156246	199142	217720	274420
581099	110713	139572	127244	161785	145281	162824	181274	175742	232896	252980
581100	221836	178598	299638	203870	316110	199622	280719	210318	281344	231405
621310	23417	16281	19161	13406	17353	14720	20499	12504	22245	14806
621320	145837	151350	120605	105754	115886	109335	143565	165922	149037	132844
621390	21322	18168	17600	17336	15886	13512	16490	16530	19130	19478
621410	320676	324897	270496	272013	296166	313211	340144	357307	401621	420175
621420	323564	246578	277492	220537	329492	273890	386274	332880	409840	388234
621490	98104	202512	125647	245027	148960	323990	166978	306419	210138	369364
621510	640733	680615	654239	708607	708777	749008	823202	843154	904786	932479
621590	27684	38973	27627	28212	27443	30914	28907	30373	29621	29438
630210	456678	421649	456234	426286	567155	476386	682045	586844	632365	612180
630221	1008926	1059386	1118985	1162366	1363826	1190865	1589295	1311928	1837115	1580162
630231	1094831	1119868	1191814	1192535	1461602	2353651	1798401	2375845	2325587	2995925
630251	611345	430544	696477	440545	702945	493523	761682	489161	722300	472857
630291	424947	337586	429337	351215	462971	393698	526996	393637	563348	394739
630292	16265	19440	16859	16768	19345	20804	20294	23914	23113	25097
630299	37330	53175	34623	52958	41468	60138	53488	77894	54177	88425
630411	15008	53401	18860	48978	26079	83629	29907	83728	40318	164999
630419	239831	366630	254848	365931	306807	432259	354434	491629	389208	609996
630492	359713	595594	588493	715068	460115	840752	541419	890861	595099	1091055
630499	171519	191577	237913	241841	355354	344644	310526	349144	341602	374894
640520	409852	333071	471289	445690	726252	531749	955734	608699	1210579	667688

Source: International Trade Centre (ITC), 2007 – compiled by the author

Note: The different colours of each pillar on figure 4.8 show the different textile products. On all other figures, the different HS codes and the import and export data from 2001 to 2005 for all the individual products could be seen on a table or legend underneath the graph, but, since this product category has so many products, the legend was left out of the figure and the data was provided in this table instead. Unfortunately, the HS codes in the far left hand column of this table do not have any representing colours but the first product category (product 420222) can be seen at the bottom of the pillar on figure 4.8 (in black) and the last product category (product 640520) on top of the pillar on figure 4.9 (in white). (Thus, in this table, the products are read from top to bottom whereas on the correlating figure the products are represented from bottom to top respectively).

Annexure B Table 4.40 World trade estimates of all various animal, mineral, and vegetable fibre product categories traded between 2001 and 2005

	2001 Imports	2001 Exports	2002 Imports	2002 Exports	2003 Imports	2003 Exports	2004 Imports	2004 Exports	2005 Imports	2005 Exports
680291	986869	951210	990265	1033261	1196587	1148978	1417032	1426432	1788880	1631097
680292	314019	156947	309825	152219	326747	181532	356371	191487	351047	212903
680293	1745998	1027368	1893676	1005098	2213566	1148762	2716167	1402071	3099031	1962531
680299	315909	255895	343850	256689	414779	302383	478743	371648	558954	405871
701310	156237	352682	152580	266916	157448	206974	141165	245886	170399	272719
701331	183800	271512	187883	273674	196013	283235	207324	299266	210613	274228
701339	918033	993370	967480	1103932	1077157	1192012	1172935	1373287	1327357	1443199
701391	473863	458713	478187	443953	514668	487857	551949	557478	508870	542848
701399	932744	733551	986851	758603	1179638	861739	1357614	1054391	1395737	1096431
701810	697641	710331	814197	800161	996433	983297	1251832	1253829	2025356	1940167
701890	114480	148806	116072	159085	137646	191944	156248	221789	137895	234516
960110	6435	5347	7194	6913	8660	6895	10833	9587	11751	10221
960190	72806	64798	74944	71159	92860	86662	95628	92890	110914	97770
960200	338681	348468	363128	363424	472037	434390	538223	494008	559271	529691
960629	157339	173288	131421	132243	176062	178410	211358	212895	244696	231054
961420	27828	23379	30100	28753	35781	37635	43414	41867	45048	51140
961519	174156	140454	167038	114988	171451	107944	136720	118247	217044	115881
961590	235202	207376	226182	198945	224306	188477	239852	198046	259695	192703

Source: International Trade Centre (ITC), 2007 – compiled by the author

Note: The different colours of each pillar on figure 4.10 shows the different various animal, mineral, and vegetable fibre work products. On all other figures the different HS codes and the import and export data from 2001 to 2005 for all the individual products could be seen on a table or legend underneath the graph but, since this product category has so many products, the legend was left out of the figure and the data was provided in this table instead. Unfortunately, the HS codes in the far left hand column of this table do not have any representing colours but the first product category (product 680291) can be seen at the bottom of the pillar on figure 4.10 (in black) and the last product category (product 961590) on top of the pillar on figure 4.10 (in light blue). (Thus, in this table, the products are read from top to bottom whereas on the correlating figure the products are represented from bottom to top respectively).

Annexure B Table 4.41 World trade estimates of all extra category products traded between 2001 and 2005

	2001 Imports	2001 Exports	2002 Imports	2002 Exports	2003 Imports	2003 Exports	2004 Imports	2004 Exports	2005 Imports	2005 Exports
930700	38264	31753	48610	35653	45665	27842	60846	34906	50703	30748
340600	1319682	1194713	1383075	1176075	1639572	1387416	1910978	1632411	1996663	1795967
950510	3502592	2496611	3692016	2555118	3929076	2602751	4144976	2414690	4218788	2386749
950590	1079394	747038	1038760	732059	1117006	757473	1388429	793806	1503530	811972
670290	1479494	1262381	1570445	1322580	1597515	1267406	1553155	1236990	1517787	1194282
711311	1557206	1521609	1838338	1786106	2158752	2066040	2639257	2450358	2956991	2803303
711319	113473174	117942066	14960007	18902854	16692215	21696505	19627806	25547127	25687223	29113176
711320	132614	147652	140808	147819	133509	140143	161737	161013	199253	172505
711411	144217	180989	136953	170768	149873	152360	175008	191719	289872	310764
711419	107003	154405	103273	132831	382121	497088	348583	490379	289674	412791
711420	48065	53211	44382	69894	44124	71578	51816	75726	57675	97962
711590	646554	697348	634341	617843	752080	910918	839403	1281642	949334	1480349
711610	84854	90190	63847	105050	68173	79247	91236	150359	121081	148499
711620	467467	467729	492450	447279	543765	458512	642146	598362	810028	840955
711711	32202	35331	39855	33546	42250	46261	79255	58685	93528	67506
711719	1613234	1534786	1824048	1657613	2123114	2066784	2698357	2938900	3600121	3087611
711790	644350	551719	724083	628932	877883	694199	1143608	865040	1627537	1101428
920600	266788	228464	292637	234454	309664	252523	385096	334835	427709	363477
950210	2625344	1363444	2771034	1356523	2828659	1558485	2638842	1459126	2673418	1384291
950291	223887	131770	233927	130633	217011	138851	185847	149926	200373	144871
950299	93876	126730	93254	114073	130361	88983	107085	83330	95582	98172
950330	1090638	645010	1311993	830527	1414352	852890	1832819	1121608	1939718	1140471
950341	3419488	2732721	3392107	2671137	3596754	2786932	3682897	2846905	3559631	2747627
950349	2267299	1540048	2300116	1488058	2466688	1537912	2481984	1546788	2690931	1531509
950350	490156	1810911	474801	165423	430744	165920	481730	171145	587076	178052
950360	294558	379319	300012	409146	326710	427513	385487	500384	459602	615405

Source: International Trade Centre (ITC), 2007 – compiled by the author

Note: The different colours of each pillar on figure 4.11 shows the different extra category products. On all other figures the different HS codes and the import and export data from 2001 to 2005 for all the individual products could be seen on a table or legend underneath the graph but, since this product category has so many products, the legend was left out on the figure and the data was provided in this table instead. Unfortunately, the HS codes in the far left hand column of this table do not have any representing colours but the first product category (product 930700) can be seen at the bottom of the pillar on figure 4.11 (in black) and the last product category (product 950360) on top of the pillar on figure 4.11 (in light blue). (Thus, in this table, the products are read from top to bottom whereas on the correlating figure the products are represented from bottom to top respectively).

Annexure C

Annexure C Table 5.1 Estimates of all craft product categories traded by South African in 2005

1	Imports				Exports			
	2	3	4	5	6	7	8	9
	South African import value in 2005 in US\$ thousands	Import ranking according to the import value of 2005	Annual average growth in import value between 2001 and 2005	% Share in world imports South Africa poses in 2005	South African export value in 2005 in US\$ thousands	Export ranking according to the export value of 2005	Annual average growth in export value between 2001 and 2005	% Share in world exports South Africa poses in 2005
Leather	49 999	5	20	0	18 450	5	11	0
Metal	57 954	4	31	0	14 238	6	11	0
Paper	0	10/11	0	0	105	11	2	0
Pottery	20 485	8	15	0	1 670	10	6	0
Soap	0	10/11	0	0	26 042	4	-4	0
Textiles	64 818	3	38	0	12 274	7	13	0
Wood	68 688	2	38	0	48 926	2	15	0
Various animal, mineral, or vegetable material	70 280	1	20	0	94 369	1	12	0
Extra Categories	35 009	7	14	0	29 730	3	12	0
Works of Art	428 149	-	26	0	255 577	-	8	0
Total								

Source: International Trade Centre (ITC), 2007 – compiled by the author

Annexure C Table 5.2 Estimates of all basketwork, wickerwork and vegetable fibre work product categories traded by South African in 2005

Selected HS code	Imports				Exports			
	2	3	4	5	6	7	8	9
1	South African import value in 2005 in US\$ thousands	Import ranking according to the import value of 2005	Annual average growth in import value between 2001 and 2005	% Share in world imports South Africa posses in 2005	South African export value in 2005 in US\$ thousands	Export ranking according to the export value of 2005	Annual average growth in export value between 2001 and 2005	% Share in world exports South Africa posses in 2005
<i>Mats, matting and screens of vegetable plaiting materials (HS code 460120)</i>	1 322	6	59	0	1 380	2	24	0
<i>Basket ware, wicker ware and other articles made directly to shape from plaiting materials or made up from goods of heading No 46.01, articles of loofah: of vegetable material (HS code 460210)</i>	1 867	5	24	0	0	6	0	0
<i>Basket ware, wicker ware and other articles made directly to shape from plaiting materials or made up from goods of heading No 46.01, articles of loofah: made up from other plaited materials (HS code 460290)</i>	3 562	2	19	3	243	4	10	0
<i>Hats and other headgear, plaited or made by assembling strips of any material whether or not lined or trimmed (HS code 650400)</i>	2 359	4	30	2	613	3	44	0
<i>Seats of cane, osier, bamboo, or similar materials (HS code 940150)</i>	3 088	3	12	1	125	5	13	0
<i>Furniture of other materials (including bamboo) (HS code 940380)</i>	7 704	1	44	1	2 888	1	-12	0
<i>Total</i>	<i>19 852</i>	<i>-</i>	<i>31</i>	<i>1</i>	<i>5 199</i>	<i>-</i>	<i>13</i>	<i>0</i>

Source: International Trade Centre (ITC), 2007 – compiled by the author

Annexure C Table 5.3 Estimates of all leather product categories traded by South African in 2005

Selected HS code	Imports				Exports			
1	2	3	4	5	6	7	8	9
	South African import value in 2005 in US\$ thousands	Import ranking according to the import value of 2005	Annual average growth in import value between 2001 and 2005	% Share in world imports South Africa posses in 2005	South African export value in 2005 in US\$ thousands	Export ranking according to the export value of 2005	Annual average growth in export value between 2001 and 2005	% Share in world exports South Africa posses in 2005
Saddlery and harnesses for any animal (including traces, leads, knee-pads, muzzles, saddlecloths, saddlebags, dog coats and the like), of any material (HS code 420100)	2 810	6	34	0	3 405	3	60	0
Trunks, suitcases, vanity cases, executive cases, briefcases, school satchels and similar containers, with outer surface of leather, of composition leather or of patent leather (HS code 420211)	1 739	7	25	0	0	-	0	0
Handbags whether or not with shoulder strap (including those without handle), with outer surface of leather, of composition leather or of patent leather (HS code 420221)	0	-	0	0	4 138	2	23	0
Articles carried in pocket or handbag, with outer surface of leather (HS code 420231)	0	-	0	0	1 066	4	12	0
Articles of apparel of leather or of composition leather (HS code 420310)	19 995	1	48	0	0	-	0	0
Other articles of leather or of composition leather n.e.s. (HS code 420500)	3 451	3	11	0	9 841	1	22	0
Footwear with outer soles of leather, and uppers, which comprise leather straps across the instep and around the big toe (e.g.: kolhapuri chap pals, sandals..) (HS code 640320)	1 511	8	53	1	0	-	0	0
Footwear with outer soles and uppers of leather, covering the ankle (HS code 640351)	0	-	0	0	0	-	0	0
Other footwear, outer soles and uppers Of leather (HS code 640359)	14 260	2	16	0	0	-	0	0
Footwear with outer soles of leather and uppers of textile materials (HS code 640420)	3 075	5	-10	0	0	-	0	0
Footwear with uppers of leather or of composition of leather (HS code 640510)	3 158	4	42	1	0	-	0	0
Total	49 999	-	20	0	18 450	-	11	0

Source: International Trade Centre (ITC), 2007 – compiled by the author

Annexure C Table 5.4 Estimates of all metal product categories traded by South African in 2005

Selected HS code	Imports				Exports			
	2	3	4	5	6	7	8	9
1	South African import value in 2005 in US\$ thousands	Import ranking according to the import value of 2005	Annual average growth in import value between 2001 and 2005	% Share in world imports South Africa posses in 2005	South African export value in US\$ thousands	Export ranking according to the export value of 2005	Annual average growth in export value between 2001 and 2005	% Share in world exports South Africa posses in 2005
Articles of iron or steel, forged or stamped, but not further worked, n.e.s. (HS code 732619)		2	55	1	1 090	2	12	0
Bells, gongs and the like, non-electric, and parts thereof, of base metal (HS code 830610)	363	6	21	0	0	-	0	0
Statuettes and other ornaments plated with precious metal (HS code 830621)		7	28	0	47	5	22	0
Other statuettes and other ornaments (HS code 830629)	4 153	4	26	0	638	3	34	0
Photograph, picture or similar frames and mirrors of base metal (HS code 830630)		5	10	0	223	4	35	0
Seats with metal frames, n.e.s., other than those of heading No 94.02 (HS code 940179)	12 647	3	60	0	0	-	0	0
Furniture, metal (HS code 940320)	28 461	1	48	0	12 240	1	10	0
Buttons of base metal, not covered with textile material (HS code 960622)	0	8	0	0	0	-	0	0
Total	57 954		97	0	14 238		17	0

Source: International Trade Centre (ITC), 2007 – compiled by the author

Annexure C Table 5.5 Estimates of all paper product categories traded by South African in 2005

Selected HS code	Imports				Exports			
	2	3	4	5	6	7	8	9
1	South African import value in 2005 in US\$ thousands	Import ranking according to the import value of 2005	Annual average growth in import value between 2001 and 2005	% Share in world imports South Africa posses in 2005	South African export value in 2005 in US\$ thousands	Export ranking according to the export value of 2005	Annual average growth in export value between 2001 and 2005	% Share in world exports South Africa posses in 2005
Handmade paper and paperboard (HS code 480210)	0		0	0	105	1	2	0
Total	0	-	0	0	105	-	2	0

Source: International Trade Centre (ITC), 2007 – compiled by the author

Annexure C Table 5.6 Estimates of all pottery product categories traded by South African in 2005

Selected HS code	Imports				Exports			
	2	3	4	5	6	7	8	9
1	South African import value in 2005 in US\$ thousands	Import ranking according to the import value of 2005	Annual average growth in import value between 2001 and 2005	% Share in world imports South Africa posses in 2005	South African export value in 2005 in US\$ thousands	Export ranking according to the export value of 2005	Annual average growth in export value between 2001 and 2005	% Share in world exports South Africa posses in 2005
Ceramic tableware, kitchenware, other household articles and toilet articles (other than porcelain or china) (HS code 691200)	18 055	1	30	1	0		0	0
Statuettes and other ornamental ceramic articles (other than porcelain or china) (HS code 691390)	2 400	2	16	0	0	-	0	0
Other articles of ceramics (HS code 691490)	0	3	0	0	1 565	1	18	0
Total	20 455	-	15	0	1 565	-	6	0

Source: International Trade Centre (ITC), 2007 – compiled by the author

Annexure C Table 5.7 Estimates of all soap product categories traded by South African in 2005

Selected HS code	Imports				Exports			
	2	3	4	5	6	7	8	9
1	South African import value in 2005 in US\$ thousands	Import ranking according to the import value of 2005	Annual average growth in import value between 2001 and 2005	% Share in world imports South Africa posses in 2005	South- African export value in 2005 in US\$ thousands	Export ranking according to the export value of 2005	Annual average growth in export value between 2001 and 2005	% Share in world exports South Africa posses in 2005
Soap and organic surface-active products and preparations for use as soap, in the form of bars, cakes, melded pieces or shapes, whether or not containing soap; paper, wadding, felt and non-woven, impregnated, coated or covered with soap or detergent. For toilet use (including medicated products) (HS code 340111)	0	-	0	0	12 781	1	12	1
Other (HS code 340119)	0	-	0	0	3 455	3	-8	0
Soap in other forms (HS code 340120)	0	-	0	0	9 806	2	-17	1
Total	0	-	0	0	26 042	-	-4	0

Source: International Trade Centre (ITC), 2007 – compiled by the author

Annexure C Table 5.8 Estimates of all textile product categories traded by South African in 2005

Table 5.8 Estimates of all textile product categories traded by South African in 2005 (continued)

1	Imports				Exports			
	2 South African import value in 2005 in US\$ thousands	3 Import ranking according to the import value of 2005	4 Annual average growth in import value between 2001 and 2005	5 % Share in world imports South Africa posses in 2005	6 South African export value in 2005 in US\$ thousands	7 Export ranking according to the export value of 2005	8 Annual average growth in export value between 2001 and 2005	9 % Share in world exports South Africa posses in 2005
<i>Hand-woven tapestries, of the type Goblins, Flanders, Aubusson, Beauvais and the like, and needle-worked tapestries (e.g. petit point, cross stitch), whether or not made up (HS code 580500)</i>	86	25	4	0	30	13	38	0
<i>Embroidery in the piece, in strips or in motifs: without visible ground (HS code 581010)</i>	1 221	14	20	1	0	-	0	0
<i>Other embroidery: of cotton (HS code 581091)</i>	755	19	54	0	0	-	0	0
<i>Other textile materials (HS code 581099)</i>	683	20	63	0	0	-	0	0
<i>Quilted textile products in the piece, composed of one or more layers of textile materials assembled with padding by stitching or otherwise, other than embroidery of heading No. 58.10 (HS code 581100)</i>	0	-	0	0	0	-	0	0
<i>Handkerchiefs: of silk or silk waste (HS code 621310)</i>	0	-	0	0	0	-	0	0
<i>Of cotton (HS code 621320)</i>	1 134	15	181	1	0	-	0	0
<i>Of other textile materials (HS code 621390)</i>	0	-	0	0	0	-	0	0
<i>Shawls, scarves, mufflers, mantillas, veils and the like: of silk or silk waste (HS code 621410)</i>	0	-	0	0	0	-	0	0
<i>Of wool or fine animal hair (HS code 621420)</i>	0	-	0	0	530	3	130	0
<i>Of other textile materials (HS code 621490)</i>	2 866	9	69	1	0	-	0	0
<i>Ties, bow ties and cravats: of silk or silk waste (HS code 621510)</i>	0	-	0	0	0	-	0	0
<i>Of other textile materials (HS code 621590)</i>	0	-	0	0	119	9	31	0
<i>Miscellaneous stuff total:</i>	6 896	-	31	0	679	-	14	0
<i>Bed linen, table linen, toilet linen and kitchen linen</i>								
<i>Of textile knitted or crocheted materials (HS code 630210)</i>	0	-	0	0	774	2	46	0
<i>Of cotton, printed not knitted (HS code 630221)</i>	0	-	0	0	0	-	0	0
<i>Bed linen of cotton (HS code 630231)</i>	3 963	4	38	0	0	-	0	0

Table 5.8 Estimates of all textile product categories traded by South African in 2005 (continued)

1	Imports				Exports			
	2	3	4	5	6	7	8	9
	South African import value in 2005 in US\$ thousands	Import ranking according to the import value of 2005	Annual average growth in import value between 2001 and 2005	% Share in world imports South Africa posses in 2005	South African export value in 2005 in US\$ thousands	Export ranking according to the export value of 2005	Annual average growth in export value between 2001 and 2005	% Share in world exports South Africa posses in 2005
Table linen of cotton, not knitted (HS code 630251)	1 892	11	35	0	0	-	0	0
Other toilet and kitchen linen, of cotton (HS code 630291)	3 736	6	49	1	0	-	0	0
Toilet and kitchen linen, of flax (HS code 630292)	0	-	0	0	66	11	243	0
Toilet and kitchen linen of other textile materials (HS code 630299)	270	23	80	0	146	8	-2	0
Bed linen, table linen, toilet linen and kitchen linen total	9 861	-	29	0	986	-	41	0
Other furnishing articles:								
Other furnishing articles, excluding those of heading No. 94.04: bedspreads of textile materials, knitted or crocheted, n.e.s. (HS code 630411)	0	-	0	0	19	14	18	0
Bedspreads of textile materials, not knitted or crocheted (HS code 630419)	1 662	12	69	0	0	-	0	0
Furnishing articles of cotton, not knitted or crocheted (HS code 630492)	2 603	10	63	0	0	-	0	0
Furnishing articles of other textile materials, not knitted or crocheted (HS code 630499)	3 704	7	129	1	0	-	0	0
And footwear with uppers of textile materials n.e.s. (e.g. alpargatas, espadrille) HS code 640520)	3 864	5	55	0	0	-	0	0
Other furnishing articles total:	11 833	-	63	0	19	-	4	0
Total (of all products under this product category)	64 818	-	38	0	12 804	-	13	0

Source: International Trade Centre (ITC), 2007 – compiled by the author

Note: Because of the difference in the various textile products mentioned above, this Table has classified textiles into five broad categories. These categories are handbags, carpets and floor coverings, miscellaneous stuff (that includes lace, tapestries, embroideries, handkerchiefs, shawls and other neckwear and ties), bed linen, table linen, toilet linen and kitchen linen and other furnishing articles. This makes it easier to establish the most traded products for each product category. The total of each category can be seen in column 2 and the total of all the products under this product category can be seen in the last row of this Table

Annexure C Table 5.9 Estimates of all wood product categories traded by South Africa in 2005

Selected HS code	Imports				Exports			
	2	3	4	5	6	7	8	9
1	South African import value in 2005 in US\$ thousands	Import ranking according to the import value of 2005	Annual average growth in import value between 2001 and 2005	% Share in world imports South Africa posses in 2005	South African export value in 2005 in US\$ thousands	Export ranking according to the export value of 2005	Annual average growth in export value between 2001 and 2005	% Share in world exports South Africa posses in 2005
Tableware and kitchenware, of wood (HS code 441900)	2 187	3	26	0	0		0	0
Wood parquetry and inlaid wood; caskets and cases for jewellery or cutlery, and similar articles, of wood; statuettes and other ornaments, of wood, wooden articles of furniture not falling within the division 82: Statuettes and other ornaments of wood (HS code 442010)	1 887	4	3	0	2 212	3	2	0
Wood marquetry and inlaid wood; caskets and cases for jewellery etc (HS code 442090)	1 215	5	18	0	846	4	1	0
Clothes hangers of wood (HS code 442110)	554	6	57	0	0	-	0	0
Seats with wooden frames (HS code 940169)	8 559	2	38	0	9 288	2	94	0
Furniture, wooden, n.e.s. (HS code 940360)	54 336	1	47	0	36 630	1	-8	0
Total	68 688		38	0	48 926		15	0

Source: International Trade Centre (ITC), 2007 – compiled by the author

Annexure C Table 5.10 Estimates of all animal, mineral, or vegetable material products categories traded by South African in 2005

Selected HS code	Imports				Exports			
	2	3	4	5	6	7	8	9
1	South African import value in 2005 in US\$ thousands	Import ranking according to the import value of 2005	Annual average growth in import value between 2001 and 2005	% Share in world imports South Africa posses in 2005	South African export value in 2005 in US\$ thousands	Export ranking according to the export value of 2005	Annual average growth in export value between 2001 and 2005	% Share in world exports South Africa posses in 2005
Worked monumental and building stone:								
<i>Marble, travertine and alabaster and articles thereof, moulded, turned, polished, decorated, carved or otherwise worked. (HS code – 680291)</i>	9 567	2	39	1	0	-	0	0
<i>Calcareous stones (HS code 680292)</i>	11 135	10	0	0	0	-	0	0
<i>Granite (HS code 680293)</i>	0	-	0	0	3 154	1	28	0
<i>Other (HS code 680299)</i>	2 973	6	39	1	0	-	0	0
Total	13 675	-	36	1	3 145	-	7	0
Glassware:								
<i>Glassware of glass-ceramics (HS code 701310)</i>	921	12	24	1	286	4	4	0
<i>Glassware of a kind used for Table (other than drinking glasses) or kitchen purposes, other than of glass- ceramics (HS code – 701331)</i>	1 022	11	18	0	-	-	-	-
<i>Glassware of a kind used for Table (other than drinking glasses) or kitchen purposes, other than of glass- ceramics (HS code – 701339)</i>	10 800	1	16	1	0	-	0	0
<i>Glassware of lead crystal (other than that of 70.10 or 70.18) (HS code 701391)</i>	1 204	8	-	0	-	-	-	-
<i>Other glassware n.e.s. (HS code – 701399)</i>	9 084	3	33	1	0	-	0	0
Total	22 110	-	17	1	540	-	7	0

Table 5.10 Estimates of all animal, mineral, or vegetable material products categories traded by South African in 2005 (continued)

1	Imports				Exports			
	2 South African import value in 2005 in US\$ thousands	3 Import ranking according to the import value of 2005	4 Annual average growth in import value between 2001 and 2005	5 % Share in world imports South Africa posses in 2005	6 South African export value in 2005 in US\$ thousands	7 Export ranking according to the export value of 2005	8 Annual average growth in export value between 2001 and 2005	9 % Share in world exports South Africa posses in 2005
Glass beads, imitation pearls, imitation precious or semi-precious stones and similar glass small wares (HS code 701810)	4 830	4	36	0	0	0	0	0
Other (HS code 701890)	1 160	9	38	1	0	-	0	0
Total	5 990	5	37	1	0	0	0	0
Worked ivory, bone, tortoiseshell, horn, antlers, coral, mother-of-pearl and other animal carving material, and articles of these materials (including articles obtained by moulding):								
Worked ivory and articles of ivory (HS code 960110)	0	16	0	0	0	0	0	0
Animal carving material (o/t ivory), and articles of these materials (HS code 960190)	337	15	27	0	516	2	10	1
Worked vegetable of mineral carving material and articles of these materials (HS code 960200)	4 817	5	6	1	0	0	0	0
Buttons, n.e.s. (HS code 960629)	0	-	0	0	312	3	18	0
Smoking pipes and pipe bowls (HS code 961420)	360	14	8	1	0	-	0	0

Table 5.10 Estimates of all animal, mineral, or vegetable material products categories traded by South African in 2005 (continued)

Imports					Exports			
1	2 South African import value in 2005 in US\$ thousands	3 Import ranking according to the import value of 2005	4 Annual average growth in import value between 2001 and 2005	5 % Share in world imports South Africa posses in 2005	6 South African export value in 2005 in US\$ thousands	7 Export ranking according to the export value of 2005	8 Annual average growth in export value between 2001 and 2005	9 % Share in world exports South Africa posses in 2005
Combs, hair-slides and the like of materials other than hard rubber or plastics (HS code 961519)	655	13	30	0	0	-	0	0
Hairpins, curling pins, hair-curlers and the like, n.e.s. (HS code 961590)	1 816	7	13	1	11	-	11	11
Worked ivory, bone, tortoiseshell, horn, antlers, coral, mother-of-pearl and other animal carving material, and articles of these materials (including articles obtained by moulding) total	7 985	-	12	0	880	-	9	0
Total (of all the products under this product category)	49 760	-	26	1	1 115	-	11	11

Source: International Trade Centre (ITC), 2007 – compiled by the author

Note: Because of the difference in the various animal, mineral, and vegetable material products mentioned above, this Table has classified these products into four broad categories. These categories are worked, monumental and building stone, glassware, glass beads, imitation pearls, imitation precious or semi-precious stones and similar glass small wares, and articles thereof (other than imitation jewellery), worked ivory, bone, tortoiseshell, horn, antlers, coral, mother-of-pearl and other animal carving material, and articles of these materials (including articles obtained by moulding). This makes it easier to establish the most traded products of each product category. The total of each category can be seen in column 2 and the grand total of all the products under this product category can be seen in the last row of this Table

Annexure C Table 5.11 Trade estimates of all extra category products traded by SA between 2001 and 2005

1	Imports				Exports			
	2	3	4	5	6	7	8	9
	South African import value in 2005 in US \$ thousand	Import ranking according to the import value of 2005	Annual average growth in import value between 2001 and 2005	% Share in world imports South Africa posses in 2005	South African export value in 2005 in US \$ thousand	Export ranking according to the export value of 2005	Annual average growth in export value between 2001 and 2005	% Share in world exports South Africa posses in 2005
Articles of goldsmiths' or silversmiths' wares and parts thereof, of precious metal or of metal clad with precious metal: Of silver, whether or not plated or clad with other precious metal (HS code – 711411)	810	13	12	0	0	-	0	0
Of other precious metal, whether or not plated or clad with precious metal (HS code – 711419)	1 738	10	66	1	0	-	0	0
Of base metal clad with precious metal (HS code – 711420)	0	-	0	0	38	9	-47	0
Articles of precious metal or of metal clad with precious metal, n.e.s. (HS code – 711590)	0	-	0	0	2 960	4	61	0
Articles of natural or cultured pearls, precious or semi-precious stones (natural, synthetic or reconstructed): Of natural or cultured pearls (HS code – 711610)	0	-	0	0	0	-	0	0
Of precious or semi-precious stones (natural, synthetic or reconstructed) (HS code – 711620)	0	-	0	0	341	7	13	0
Jewellery and gold/silversmith wares total:	3 207	-	11	0	85 803	-	7	0
Imitation jewellery								
Cuff links and stud of base metal whether or not plated with precious metal (HS code – 711711)	283	16	12	0	63		26	0
Other imitation jewellery of base metal whether or not plated with precious metal (HS code – 711719)	7 825	3	50	0	4 555	3	45	0
Other imitation jewellery (HS code – 711790)	16 136	1	54	1	2 052	5	23	0
Total	24 244	-	39	0	6 670	-	31	0
Musical instruments:								
Percussion musical instruments (e.g. drums, xylophones, cymbals, castanets) (HS code – 920600)	2 815	8	38	1	201	8	39	0
Musical instruments total:	2 815	-	38	1	201	-	39	0

Table 5.11 Estimates of all extra category products traded by SA between 2001 and 2005 (continue)

1	Imports				Exports			
	2	3	4	5	6	7	8	9
	South African import value in 2005 in US \$ thousand	Import ranking according to the import value of 2005	Annual average growth in import value between 2001 and 2005	% Share in world imports South Africa posses in 2005	South African export value in 2005 in US \$ thousand	Export ranking according to the export value of 2005	Annual average growth in export value between 2001 and 2005	% Share in world exports South Africa posses in 2005
Toys:								
<i>Dolls representing only human beings:</i>								
<i>Dolls, whether or not dressed (HS code – 950210)</i>	8 149	2	26	0	0	-	0	0
<i>Garments and accessories therefore, footwear and headgear (HS code – 950291)</i>	601	15	11	0	0	-	0	0
<i>Other parts and accessories n.e.s. (HS code – 950299)</i>	217	17	-5	0	0	-	0	0
<i>Other toys: Construction sets and constructional toys, n.e.s. (HS code – 950330)</i>	5 020	7	37	0	0	-	0	0
<i>Stuffed toys representing animals or non-human creatures (HS code – 950341)</i>	7 353	5	22	0	0	-	0	0
<i>Toys n.e.s. representing animals or non-human (HS code – 950349)</i>	7 440	4	30	0	0	-	0	0
<i>Toy musical instruments and apparatus (HS code – 950350)</i>	1 550	12	39	0	0	-	0	0
<i>Puzzles (HS code – 950360)</i>	1 726	11	16	0	0	-	0	0
<i>Toys total:</i>	32 056	-	22	0	0	-	0	0
<i>Total (for all the products under this product category)</i>	67 465	-	20	0	102 868	-	11	0

Note: Because of the difference in the various extra category products mentioned above, this Table has classified these products into five broad categories. These categories are arms, decorations, jewellery, musical instruments and toys. This makes it easier to establish the most traded products of each product category mentioned later on in this chapter. The total of each category can be seen in column one and the grand total of all the products under this product category can be seen in the last row of this Table.

Source: International Trade Centre (ITC), 2007 – compiled by author

Annexure C Table 5.12 Trade estimates of all works of art product categories traded by South African between 2001 and 2005

Selected HS code	Imports				Exports			
	2	3	4	5	6	7	8	9
I	South African import value in 2005 in US\$ thousands	Import ranking according to the import value of 2005	Annual average growth in import value between 2001 and 2005	% Share in world imports South Africa posses in 2005	South African export value in 2005 in US\$ thousands	Export ranking according to the export value of 2005	Annual average growth in export value between 2001 and 2005	% Share in world exports South Africa posses in 2005
Antiques of an age exceeding one hundred years (HS code 970600)	5 372	2	17	0	0	7	0	0
Postage or revenue stamps, stamp-postmarks, first-day covers, postal stationary (stamped paper), and the like, used, or if unused not of current or new issue in the country to which they are destined (HS code 970400)	103	7	9	0	388	5	42	0
Collections and collectors' pieces of zoological, botanical, mineralogical, botanical, historical, archaeological, palaeontological, ethnographic or numismatic interest (HS code 970500)	0	-	0	0	12 847	1	24	3
Paintings, drawings and pastels, executed entirely by hand, other than hand-painted or hand-decorated manufactured articles; collages and similar decorative plaques: Paintings, drawings and pastels (HS code 970110)	18 337	1	54		11 229	2	23	0
Paintings, drawings and pastels, executed entirely by hand, other than hand-painted or hand-decorated manufactured articles; collages and similar decorative plaques: Other (HS code 970190)	2 316	5	66	1	844	4	19	0
Original engravings, prints and lithographs (HS code 970200)	825	6	8	0	77	6	-4	0
Other printed matter, including printed pictures and photographs:								
Pictures, designs and photographs (HS code 491191)	4 282	3	-1	0	-	-	-	-
Original sculptures and statuary, in any material (HS code 970300)	3 774	4	-13	0	4 345	3	-6	0
Total (of all the products under this product category)	35 388	-	14	0	29 730	-	12	0

Source: International Trade Centre (ITC), 2007 – compiled by the author

Note: Because of the difference in the various works of art products above, this Table has classified the products into five broad categories. These categories are antiques, collector pieces, painting and prints, photography and sculpture. This makes it easier to establish the most traded products of each product category. The total of each category can be seen in column 2 and the grand total of all the products under this product category can be seen in the last row of this Table.

Annexure C Table 5.13 Estimates of all textile product categories traded by South African between 2001 and 2005

	2001 Imports	2001 Exports	2002 Imports	2002 Exports	2003 Imports	2003 Exports	2004 Imports	2004 Exports	2005 Imports	2005 Exports
420222	18119		10494		5055		5055		4901	
420232	3600		2515		1549		1549		1508	
570110	7813		4584		977		977		1502	
570190	902	659	1296	262	264	314	264	439	426	371
570210	6709	288	5547	248	1158	941	1158	199	545	329
570220	795	171	628	15	389	11	389	9	530	76
570231	760	173	312	21	473	74	473	2	306	444
570241	581	8702	184	7322	125	6694	125	8298	97	9494
570249	580	16	130	55	90	55	90	37	210	36
570291										
570299	1676	575	1521	451	824	371	824	525	1190	370
580430	151		108		60		60		30	
580500	86	9	118	24	111	26	111	55	72	30
581010	1221		1045		480		480		737	
581091	755		268		264		264		88	
581099	683		501		132		132		115	
581100										
621310										
621320	1184		999		38		38		33	
621390										
621410										
621420										
621490	2866		1494		404		404		398	
621510										
621590	244	66	133	35	14	156	14	150	30	119
630210		127		172		191		197		774
630221										
630231	3463		1876		938		938		1017	
630251	1892		1407		616		616		643	
630291	3736		3503		1177		1177		891	
630292		1		0		141		51		66
630299	270	221	172	67	25	88	25	124	37	146
630411		12		13		16		37		19
630419	1662	366650	1111	365931	203	432259	203	491629	281	609996
630492	2603	595594	1601	715068	609	840752	609	890861	372	1091055
630499	3704	191577	1331	241841	188	344644	188	349144	155	374894
640520	8864	388071	1806	445690	726252	581749	955784	608639	1210579	667668

Source: International Trade Centre (ITC), 2007 – compiled by the author

Note: The different colours of each pillar on figure 5.8 show the different textile products traded by South Africa between 2001 and 2005. On all other figures, the different HS codes and the import and export data from 2001 to 2005 for all the individual products could be seen on a table or legend underneath the graph but, since this product category has so many products, the legend was left out of the figure and the data was provided in this table instead. Unfortunately, the HS codes in the far left hand column of this table do not have any representing colours but the first product category (product 930700) can be seen at the bottom of the pillar on figure 5.8 (in black) and the last product category (product 640520) can be seen on top of the pillar on figure 5.8 (in white). (Thus, in this table, the products are read from top to bottom whereas on the correlating figure the products are represented from bottom to top respectively). The open spaces in this table either indicate that South Africa did not contribute to the trade (import or export) of this specific product or, if South Africa did contribute, the contribution to world trade was too small or insignificant for Trade Map depict.

Annexure C Table 5.14 Estimates of all various animal, mineral, and vegetable fibre product categories traded by South African between 2001 and 2005

	2001 Imports	2001 Exports	2002 Imports	2002 Exports	2003 Imports	2003 Exports	2004 Imports	2004 Exports	2005 Imports	2005 Exports
680291										
680292	2		51		90		474		1135	
680298		2370		1128		4229		7422		5154
680299	837		1132		1240		1401		2973	
701310	362	275	620	304	380	373	845	399	921	286
701331	528	596	464	604	388	515	659	174	1022	254
701339	6742		6106		7929		10786		10800	
701391	529		596		694		993		1204	
701399	3458		2912		4409		7258		9084	
701810	1309		1480		1956		2315		4830	
701890	420		327		370		1075		1160	
960110		15		21		17		39		52
960190	123	300	148	498	159	368	208	392	337	516
960200	3824		3801		4171		4251		4817	
960629		1130		1157		218		274		312
961420	290	23379	197	28753	271	37635	274	41867	360	51140
961519	281	140454	271	114988	455	107944	674	1118247	655	1115881
961590	1199	207376	932	198945	1135	188477	1403	198046	1816	192703

Source: International Trade Centre (ITC), 2007 – compiled by the author

Note: The different colours of each pillar on figure 5.10 shows the different animal, mineral, and vegetable fibre product categories traded by South Africa between 2001 and 2005. On all other figures the different HS codes and the import and export data from 2001 to 2005 for all the individual products could be seen on a table or legend underneath the graph but, since this product category has so many products, the legend was left out of the figure and the data was provided in this table instead. Unfortunately, the HS codes in the far left hand column of this table do not have any representing colours but the first product category (product 68029) can be seen at the bottom of the pillar on figure 5.10 (in black) and the last product category (product 961590) can be seen on top of the pillar on figure 5.10 (light blue). (Thus, in this table, the products are read from top to bottom whereas on the correlating figure the products are represented from bottom to top respectively). The open spaces in this table either indicate that South Africa did not contribute to the trade (import or export) of this specific product or, if South Africa did contribute, the contribution to world trade was too small or insignificant for Trade Map depict.

Annexure C Table 5.15 Estimates of all extra category products traded by South African between 2001 and 2005

	2001 Imports	2001 Exports	2002 Imports	2002 Exports	2003 Imports	2003 Exports	2004 Imports	2004 Exports	2005 Imports	2005 Exports
930700										
340600		6228		5589		10728		9752		10395
950510	2558		2624		2603		3702		5216	
950590										
670290	2050	95	1320	301	1471	268	2285	374	2742	239
711311										
711319		42646		60995		76824		81320		72338
711320	378	880	311	1754	364	1937	730	2176	659	1144
711410	354		364		828		367		810	
711419	397		34		128		277		1738	
711420		401		828		1111		175		38
711590		493		242		160		788		2960
711610										
711620		179		223		252		214		341
711711	267	35	275	20	554	80	787	69	283	63
711719	2018	871	1557	1365	3860	2257	5896	2039	7825	4555
711790	3225	889	3242	899	4351	741	9801	1190	16136	2052
920600	838	71	845	50	1368	127	1942	168	2815	201
950210	3466		4113		5766		7679		8149	
950291	307		487		390		345		601	
950299	229	15	378	19	188	38	261	26	217	43
950330	1667	645010	1703	830527	2453	852890	4229	1121608	5020	1140471
950341	3942	2732721	3886	2671137	6164	2786932	8381	2846905	7353	2747527
950349	3139	1540048	2303	1488058	2732	1537912	5749	1546788	7440	1531509
950350	407	181091	495	165423	500	165920	890	171145	1550	173052
950360	930	379319	949	409146	933	427513	1196	500384	1726	615405

Source: International Trade Centre (ITC), 2007 – compiled by the author

Note: The different colours of each pillar on figure 5.11 show the different extra category products traded by South Africa between 2001 and 2005. On all other figures, the different HS codes and the import and export data from 2001 to 2005 for all the individual products could be seen on a table or legend underneath the graph but, since this product category has so many products, the legend was left out of the figure and the data was provided in this table instead. Unfortunately, the HS codes in the far left hand column of this table do not have any representing colours but the first product category (product 930700) can be seen at the bottom of the pillar on figure 5.11 (dark blue) and the last product category (product 950360) can be seen on top of the pillar on figure 5.11 (light blue). (Thus, in this table the products are read from top to bottom whereas on the correlating figure the products are represented from bottom to top respectively). The open spaces in this table either indicate that South Africa did not contribute to the trade (import or export) of this specific product or, if South Africa did contribute, the contribution to world trade was too small or insignificant for Trade Map depict.

Annexure D

Annexure D Table 6.1 Summary of the craft products with the highest trade potential traded internationally in 2005

Selected HS code	Imports				Exports			
	2	3	4	5	6	7	8	9
	World estimated import value in 2005 in US \$ thousand	Import ranking according to the import value of all 11 product categories	Annual average growth in import value between 2001 and 2005	% Share in world imports of the top 3 importing countries	World estimated export value in 2005 in US \$ thousand	Export ranking according to the export value of all 11 product categories	Annual average growth in export value between 2001 and 2005	% Share in world exports of the top 3 exporting countries
Basketworks, wickerwork and vegetable fibre works								
Furniture of other materials (including bamboo) (HS code - 940380)	7 704	1	44	1	2 888	1	-12	0
Leather								
Articles of apparel of leather or of composition leather (HS code - 420310)	3 837 598	1	-5	46	4 878 339	1	1	63
Metal								
Furniture, metal (HS code - 940320)	8 250 248	1	14	51	6 853 916	1	14	48
Paper								
Handmade paper and paperboard (HS code - 480210)	154 478	1	8	65	140 240	1	4	66
Pottery								
Ceramic tableware, kitchenware, other household articles and toilet articles (other than porcelain or china) (HS code - 691200)	2 569 397	1	8	51	1 291 136	1	3	32
Soap								
Soap and organic surface-active products and preparations for use as soap, in the form of bars, cakes, melded pieces or shapes, whether or not containing soap; paper, wadding, felt and non-woven, impregnated, coated or covered with soap or detergent for toilet use (including medicated products) (HS code - 340111)	1 714 581	1	10	23	1 641 163	1	7	35
Textiles								
Handbags with outer surface of sheet of plastics or of textile materials (HS code - 420222)	5 755 212	1	18	51	4 347 435	1	17	76
Wood								
Furniture, wooden, n.e.s. (HS code - 940360)	19 737 190	1	14	45	18 100 001	1	12	32

Summary of the craft products with the highest trade potential traded internationally in 2005 (continue)

Imports					Exports			
1	2	3	4	5	6	7	8	9
	World estimated import value in 2005 in US \$ thousand	Import ranking according to the import value of all 11 product categories	Annual average growth in import value between 2001 and 2005	% Share in world imports of the top 3 importin g countrie s	World estimated export value in 2005 in US \$ thousand	Export ranking according to the export value of all 11 product categories	Annual average growth in export value between 2001 and 2005	% Share in world exports of the top 3 exporting countries
<i>Various animal-, mineral- or vegetable material</i>								
Granite (HS code - 680293)	3 099 031	1	16	72	1 962 531	1	18	75
<i>Extra Categories</i>								
Jewellery and gold/silversmith wares of other precious metal whether or not plated or clad with precious metal (HS code - 711319)	25 687 223	1	15	54	29 113 176	1	13	38
<i>Works of Art</i>								
Paintings, drawings and pastels, executed entirely by hand, other than hand-painted or hand-decorated manufactured articles; collages and similar decorative plaques: Paintings, drawings and pastels (HS code - 970110)	8 367 573	1	3	79	8 911 224	1	8	78

Note: This table only identified the most traded craft product of each one of the eleven product categories between 2001 and 2005. There are numerous other products that can also be classified as most attractive or most traded. For example the products with the rankings 1-3 (depending on the number of products mentioned under each product category) in all the tables in Annexure B might also be regarded as the most traded products. For the purpose of this study only the product with the highest ranking (number one) obtained this position.

Source: International Trade Centre (ITC), 2007 – compiled by author

Note: All the columns mentioned in annexure B (Table 4.3-Table 4.39) can be interpreted in the same way. Column three represents the import ranking of each separate product based on the import value of each product in 2005 (column 2). Column seven represents the export ranking of each separate product based on the export value of each product in 2005 (column 6). The numbers was assigned according to the number of products. It starts with the most traded product (number one), and ends with the least traded product (this number differs from category to category, all depending on the number of products traded under each one of the eleven broad categories). The last row of each table represents the total amount of all the imports of all the products traded in 2005, the average annual growth in imports of all the products between 2001 and 2005 and the average share in world imports of the top 3 importing countries in 2005. The last row of each table also represents the total amount of all the exports of all the products traded in 2005, the average annual growth in exports of all the products between 2001 and 2005 and the average share in world exports of the top 3 exporting countries in 2005.

Annexure D Table 6.2 Summary of South Africa's involvement in the trade of the most attractive or most traded craft products internationally in 2005

Selected HS code 1	Imports				Exports			
	2 South African import value in 2005 in US \$ thousand	3 Import ranking according to the import value of all 11 product categories	4 Annual average growth in import value between 2001 and 2005	5 % Share in world imports of the top 3 importing countries	6 South African export value in 2005 in US \$ thousand	7 Export ranking according to the export value of all 11 product categories	8 Annual average growth in export value between 2001 and 2005	9 % Share in world exports of the top 3 exporting countries
Basketworks, wickerwork and vegetable fibre works								
Furniture of other materials (including bamboo) (HS code - 940380)	1 459 571	1	10	47	1 629 447	1	9	54
Leather								
Articles of apparel of leather or of composition leather (HS code - 420310)	19 995	1	48	0	0	-	0	0
Metal								
Furniture, metal (HS code - 940320)	23 461	1	48	0	12 240	1	10	0
Paper								
Handmade paper and paperboard (HS code - 480210)	0	-	0	0	105	1	2	0
Pottery								
Ceramic tableware, kitchenware, other household articles and toilet articles (other than porcelain or china) (HS code - 691200)	18 035	1	30	1	0	-	0	0
Soap								
Soap and organic surface-active products and preparations for use as soap, in the form of bars, cakes, melded pieces or shapes, whether or not containing soap; paper, wadding, felt and non-woven, impregnated, coated or covered with soap or detergent. For toilet use (including medicated products) (HS code - 340111)	0	-	0	0	12 781	1	12	1
Textiles								
Handbags with outer surface of sheet of plastics or of textile materials (HS code - 420222)	13 119	1	31	0	0	-	0	0
Wood								
Furniture, wooden, n.e.s. (HS code - 940360)	54 336	1	47	0	36 630	1	-8	0

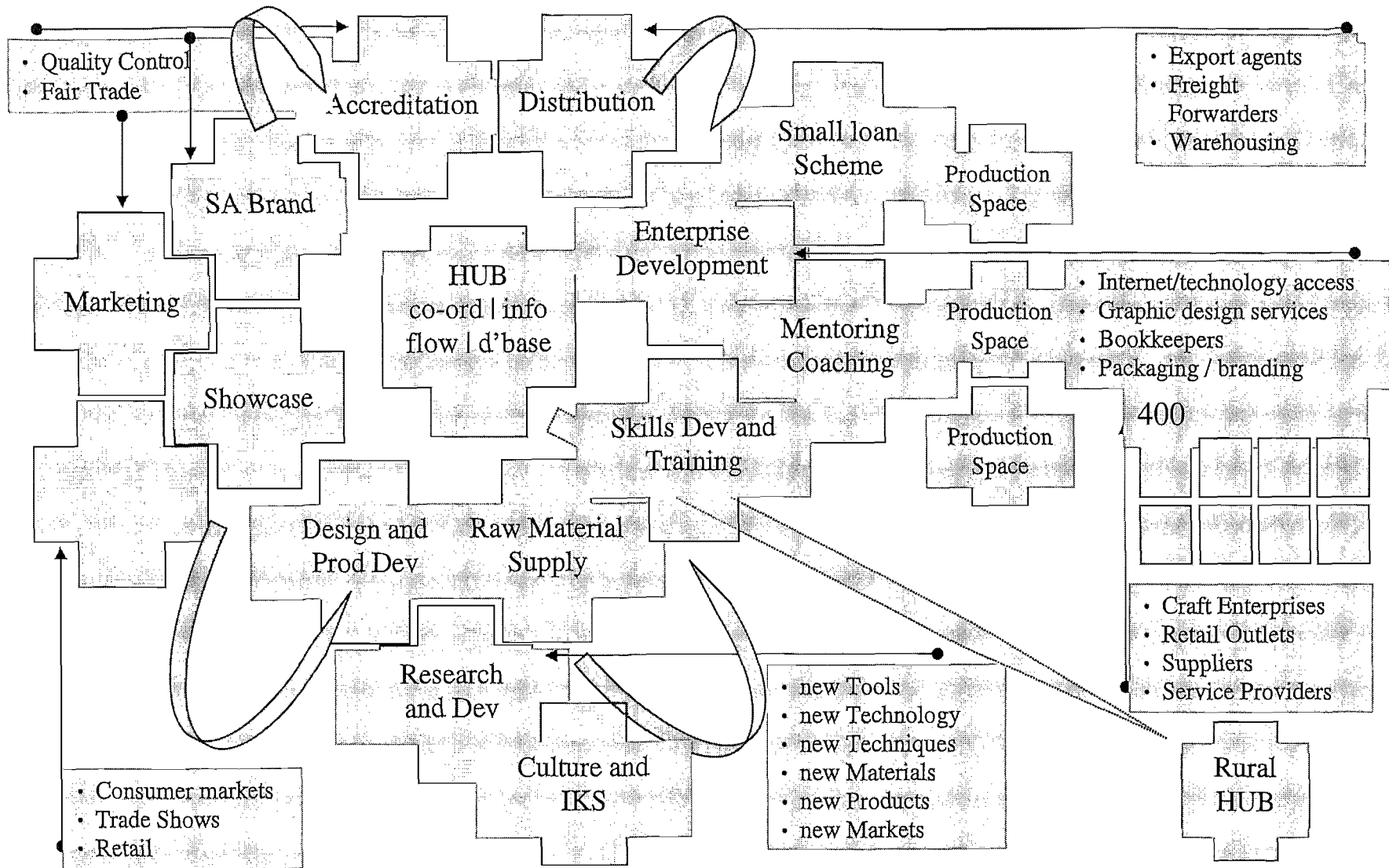
Summary of South Africa's involvement in the trade of the most attractive or most traded craft products internationally in 2005 (continue)

	Imports				Exports			
	2	3	4	5	6	7	8	9
	South African import value in 2005 in US \$ thousand	Import ranking according to the value of all 11 product categories	Annual average growth in import value between 2001 and 2005	% Share in world imports of the top 3 importing countries	South African export value in 2005 in US \$ thousand	Export ranking according to the value of all 11 product categories	Annual average growth in export value between 2001 and 2005	% Share in world exports of the top 3 exporting countries
<i>Various animal-, mineral- or vegetable material</i>								
Granite (HS code - 680293)	0		0	0	5 154	1	28	0
<i>Extra Categories</i>								
Of other precious metal whether or not plated or clad with precious metal (HS code - 711319)	0		0	0	81 320	1	30	0
<i>Works of Art</i>								
Paintings, drawings and pastels, executed entirely by hand, other than hand-painted or hand-decorated manufactured articles; collages and similar decorative plaques: Paintings, drawings and pastels (HS code - 970110)	18 337	1	54		11 229	2	23	0

Note: This table only identified the most traded craft product of each one of the eleven product categories between 2001 and 2005. There are numerous other products that can also be classified as most attractive or most traded. For example the products with the rankings 1-3 (depending on the number of products mentioned under each product category) in all the tables in Annexure C might also be regarded as the most traded products. For the purpose of this study only the product with the highest ranking (number one) obtained this position.

Source: International Trade Centre (ITC), 2007 – compiled by author

Figure 3.1 Components of the metro and rural craft hubs



Source: Department of Trade and Industry, 2008k.

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