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Export Manual 2010

Exporting to Europe, an introduction



Exporting to Europe, an introduction

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2010

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Introduction

For over half a century, the European Union (EU) has brought political stability and economic prosperity to its citizens. It has created a frontier-free single market and a single currency, the euro. It has reunited a fractured continent. Europe as a whole is a major economic and commercial power and the world's largest donor of development aid to poorer countries. EU membership has grown from six to 27 nations; combined with the four EFTA countries (Switzerland, Norway, Iceland and Liechtenstein) this brings the total population of Europe to over half a billion.

If you are prepared and willing to explore new markets, then this should create opportunities for you as an exporter: the EU alone is the major exporter in the world and the second largest importer. The European Union is also an important trading partner for less developed countries, most of whose exports enter the EU duty-free or at reduced rates of duty. This preferential access to the EU market is aimed at boosting the economic growth of poorer countries around the world.

This publication is an update of the CBI manual "Exporting to the EU – (2006)". This manual is the first joint publication about the European Union and EFTA co-financed by CBI and SIPPO. It is meant to give you a quick overview of the European (EU and EFTA) region, providing you with the basic knowledge you need to decide whether or not it would be interesting for you to start exploring export possibilities to Europe for your specific sector.

This manual is just one in a series published by CBI covering certain aspects of exporting to Europe. More product specific information can be found in CBI market surveys. Other issues such as carrying out market research, selecting your target market, market entry strategy, website promotion, trade shows and corporate image are covered in other CBI export manuals. You can find the titles on the CBI website: www.cbi.eu/marketinfo.

How to use this manual

The manual consists of 8 modules that can be read separately according to your specific interests. To get the most out of this manual, however, you may find it beneficial to read in the order given below for a more complete introduction.

- Module 1 Europe, A Social Overview
- Module 2 Europe, A Technological Overview
- Module 3 Europe, An Economic Overview
- Module 4 Europe, An Environmental Overview
- Module 5 Europe, A Political Overview
- Module 6 Europe, Developments in Business-to-Business Markets
- Module 7 Europe, Developments in Consumer Markets
- Module 8 Europe, Cultural Aspects

At the beginning of each module you will find a 'route map' which will tell you exactly where you are in the manual:

1 • 2 • 3 • 4 • 5 • 6 • 7 • 8

The information provided has been analysed specifically for the following main sectors:

- Agricultural
- Consumer
- Industrial
- Services

or indicating a certain fixed section that will help you to go further in your research:

- What does this mean for you as an exporter?
- Practical next steps
- Read more

The manual has been structured to highlight the most important topics for familiarising yourself with Europe as a potential export market. You can use this manual and its online CBI and SIPPO tools, additions and links (www.cbi.eu and www.sippo.ch) to determine whether or not Europe might be an interesting market to investigate further for you and your products. In addition to the information provided here, you will need to do more in-depth research. To help you with this, each module provides you with useful sources and references to various internet sites.



Why read this module?

If you read this module, you will acquire an overview concerning the most important social issues and developments in Europe. This could be very relevant to you in your capacity as an exporter or BSO (business support organisation) from a developing country. Together with the other modules on Technology, Economy, Environment and Politics, you will have access to the basic components required for a STEEP analysis. This analysis can help you determine whether Europe might possibly be an interesting market for you to explore further.

Module 1

Europe, A Social Overview

Introduction

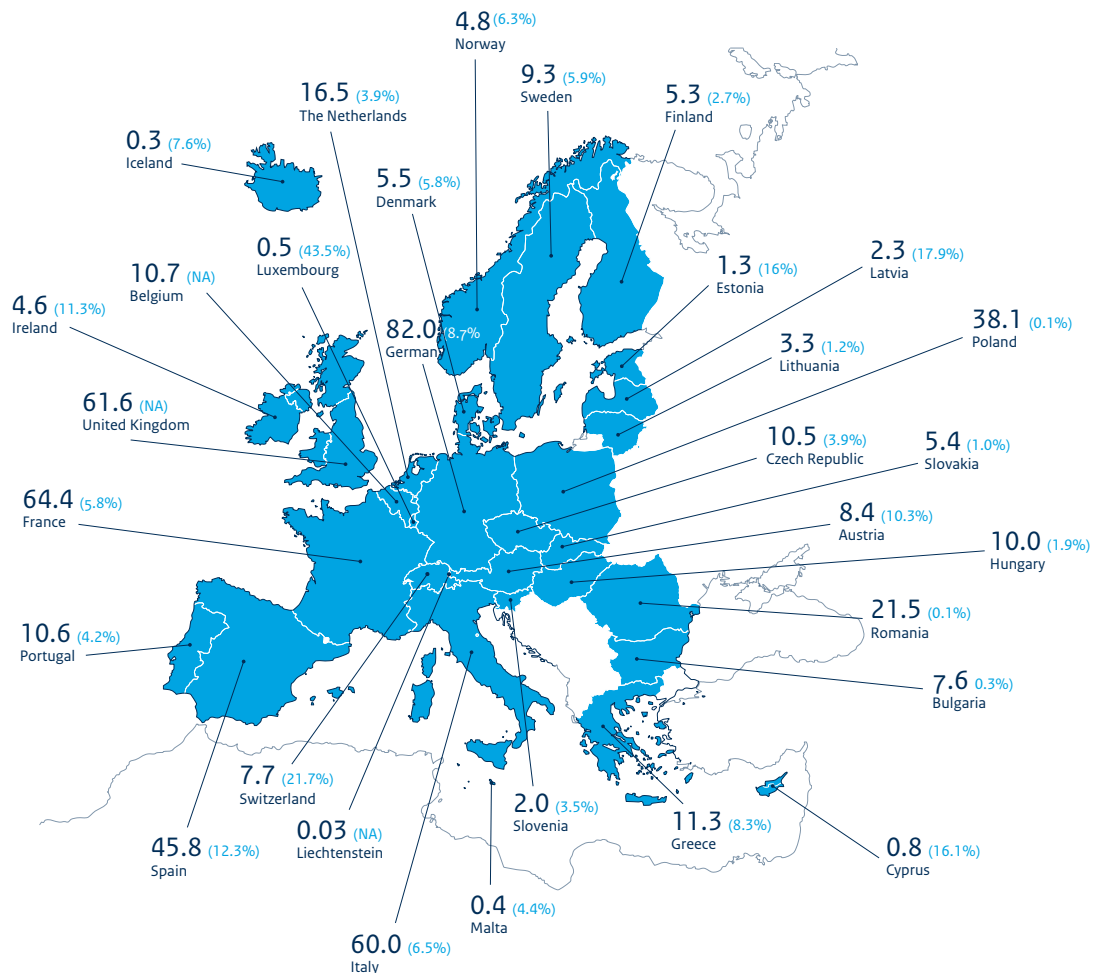
This module covers several demographic indicators and changing life styles in Europe. Where appropriate, the differences between the EU and EFTA countries are highlighted. This module gives you basic information on the relevant social developments that are taking place in Europe. In order to help you discover more about this subject, we have provided you with several links to both CBI/SIPPO sources and external sources.

Demographic indicators

Together, the EU and EFTA account for a population of more than 510 million potential customers. The population is expected to have risen by 5% by the year 2030 as a result of two main factors: migration and longer life expectancy. These two developments will have an influence on European demography.

Figure 1.1: Total population and number of foreign citizens (%) in European countries

Source: Eurostat 2010



The number of foreign citizens living in European countries is increasing and this is the main driver behind the growing population. In 2007, the EU included almost 29 million foreign citizens, whereas this figure had risen to almost 32 million in 2009.

The population in the EFTA countries Switzerland, Norway, Iceland and Liechtenstein is expected to rise from 12.6 million people in 2008 to 14.1 million people in 2030.

The population profile is expected to age in basically all of the European regions. Between 1960 and 2008, the proportion of older people (65 years and older) in the EU-27 population has risen from 10 % to 17 %. According to Eurostat's projections, this trend will continue. The proportion of people aged 65 and older in the total population is expected to rise in the period leading up to 2060. In the EU-27 it is expected to go up from 17 % in 2008 to 30 % in 2060, reflecting an increase in the number of

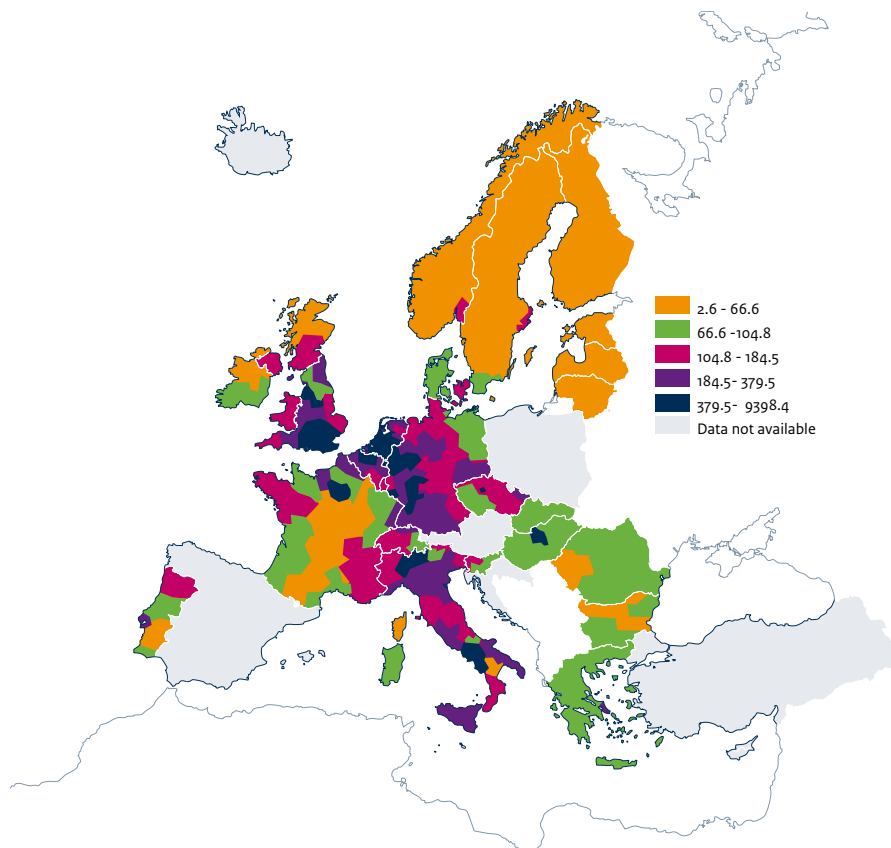
elderly from 84.6 million in 2008 to 151.5 million in 2060. The largest percentages of elderly people in 2060 are expected to be found in Poland (36.2 %), Slovakia (36.1 %), Romania (35.0 %), Lithuania (34.7 %), Latvia (34.4 %) and Bulgaria (34.2 %), and the lowest in Luxembourg (23.6 %), the United Kingdom (24.7 %) and Denmark (25.0 %).

Changing life styles

However, it is not only the population profile that is changing. The number of households, women working and education levels is also changing. To start with the education level, the European-wide trend is that the level of education is becoming higher. More and more people have a university degree or have graduated from other higher education institutes. Women are well-represented in higher education, with more women enrolling than men. In addition, women are increasingly employed, thus making them more and more financially independent.

Figure 1.2: Population density (people per square metre)

Source: Detail INTG



The average household size in the EU has been decreasing during the past decade. In 2008, it was 2.4 people per household. Within the EU, the differences in the size of households is not very great. In Germany, Finland, Denmark and the Netherlands households are relatively small with an average size of 2.2 people or fewer. In contrast, households are larger in Malta, Cyprus, Romania and Slovakia with an average size of 2.9 people or more.

The population of Europe is not very evenly distributed: some countries are more densely populated than others, and all of the countries contain both rural and urban areas. This is partly determined by geographical factors: in the far north it is very cold and dark in the winter, and access to the sea for transport is at a great distance; likewise, many cities have grown in places where possibilities for commerce are geographically favourable. Figure 1.2 gives an overview of the density of population in Europe. The past fifty years have witnessed great growth in the cities (78% versus a population growth of 33%). In general, the people who live in cities are exposed to new products and trends, whereas those who live in rural areas are less exposed to these products.

What does this mean for you as an exporter?

- Ageing population: the opportunities for selling products that offer comfort, that have an ergonomic design and that can be used during leisure time will increase. The same is true of products designed to meet the demands of the elderly. The ageing population will continue to enjoy an active lifestyle and it is wealthier than the previous generations. Subsequently, it represents an interesting segment.
- Immigrants: this segment of the population can serve as a gateway for introducing new flavours, tastes and styles from different parts of the world. They are already familiar with what is new to Europeans and they can thus act as ambassadors. Moreover, as Europeans are confronted with new and different cultures, their interest and willingness to try out new things will increase.
- Rising number of small households: the demand for one-person packages is on the rise and what is generally required for setting up a household.
- Working women: as women become more financially independent, they spend their money on products that appeal to them (fashion, home design). A side effect of this is that time tends to become scarcer, which in turn gives rise to an increasing demand for convenience products.

Practical next steps

The demographic developments described above can be interpreted as trends for various sectors. See the module on consumer developments for more information.

Read more

- Eurostat Publication: "The Social Situation in The European Union 2009", the European Commission - <http://epp.eurostat.ec.europa.eu>
- Eurostat - <http://epp.eurostat.ec.europa.eu> for more information about:
 - Population
 - Population projections
 - Study on regional population projections
 - Ageing population
 - Migration
 - Education (level & women)

The online version of this manual gives you access to the direct links to these subjects and publications. To download the online version, please go to www.cbi.eu/marketinfo.





Why read this module?

This module will give you an overview of the most important technological issues and developments in Europe that are relevant to you as an exporter or BSO (business support organisation) from a developing country. Together with the modules on Social Issues, Economy, Environment and Politics, it provides you with the basic inputs for a so-called STEEP analysis, by means of which you will be able to determine if Europe would be an interesting market for you to investigate further.

Module 2

Europe, Technological Overview

Introduction

This module covers infrastructure, use of internet and the presence of and investment in know-how in Europe. When relevant, differences between EU and EFTA countries are highlighted. The general idea is that this module gives you basic information on the various relevant technological developments in Europe. We encourage you to find out more about this subject by providing you with several links to both CBI/SIPPO sources and external sources.

Infrastructure

The functioning of the European internal market and the close trade relations between the member states are supported by a dense and diverse transport infrastructure. Road transport is the most important means of transportation for goods traded within Europe, accounting for almost half of all transport. Maritime transport comes second and railways third. The EU disposes of 5.000.000 km of paved roads, out of which 61.600 km are motorways; 215.400 km of rail lines, out of which 107.400 km electrified; and 41.000 km of navigable inland waterways. Total investment on transport infrastructure on the period 2000-2006 was € 859 billion. As traffic between Member States is expected to double by 2020, the EU will continue to invest in a trans-European network, particularly in the newer member states as there are large differences in infrastructure between European regions, western and northern infrastructure being more developed than in the south and, in particular, in the east and the new member states. Investments are set at € 500 billion from 2007 to 2020.

There are several entry points into Europe. The single market and customs union mean that entering goods will follow the same procedure regardless of entry point. For more information, see the module on Political aspects.

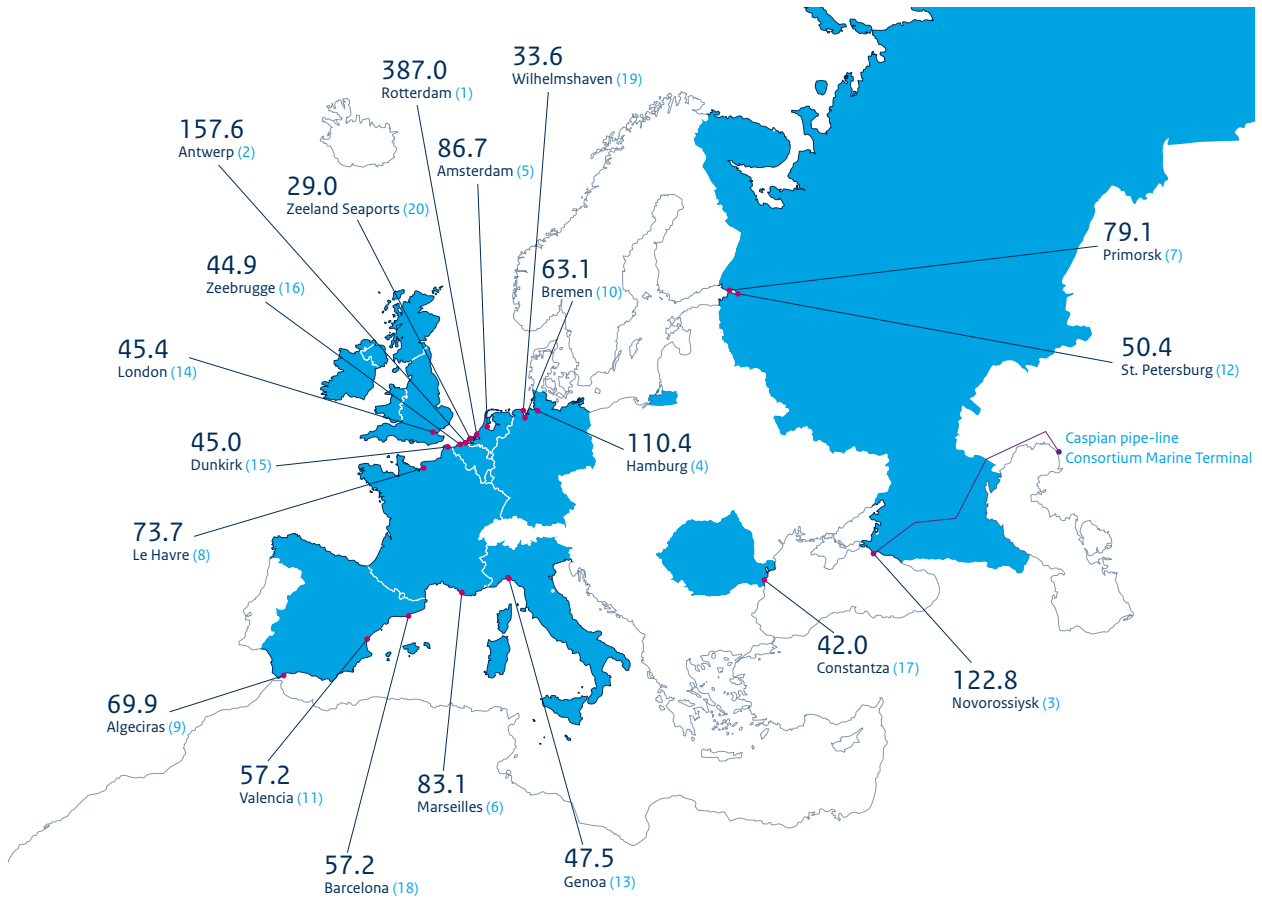
Sea transport is by far the largest mode of transport for goods entering Europe. Europe has some 1200 ports, the Port of Rotterdam, the Netherlands, being the largest one, followed by Antwerp, Belgium. The function of ports has developed through the years to become logistics centres, offering services such as storage, cool-chain services and processing of materials and goods.

Air transport is the second most important means of transportation for exporting to Europe (in value). In trade between European countries, air transport is very small. Frankfurt (Main), Germany, is the largest European airport in terms of freight traffic, followed by Amsterdam/Schiphol, the Netherlands and London/Heathrow, the UK.



Table 2.1 EU-27 External Trade by Mode of Transport 2008. Source : EU energy and transport in figures (2010)						
Value (billion €)						
	Export		Import		Total	
					Export + Import	
Sea	621.1	47.5 %	836.1	53.4 %	1 457.2	50.7 %
Road	289.1	22.1 %	178.0	11.4 %	467.1	16.3 %
Rail	24.3	1.9 %	21.8	1.4 %	46.1	1.6 %
Inland waterway	5.0	0.4 %	3.1	0.2 %	8.2	0.3 %
Pipeline	4.6	0.4 %	123.0	7.9 %	127.6	4.4 %
Air	320.4	24.5 %	255.6	16.3 %	576.0	20.1 %
Self propulsion	31.9	2.4 %	14.4	0.9 %	46.4	1.6 %
Post	1.5	0.1 %	2.7	0.2 %	4.2	0.1 %
Unknown	8.6	0.7 %	130.3	8.3 %	138.9	4.8 %
Total	1 306.6	100.0 %	1 565.0	100.0 %	2 871.6	100.0 %
Weight (million tonnes)						
	Export		Import		Total	
					Export + Import	
Sea	396.4	74.8 %	1 288.3	71.7 %	1 684.7	72.4 %
Road	82.9	15.6 %	59.1	3.3 %	142.0	6.1 %
Rail	24.6	4.6 %	73.5	4.1 %	98.0	4.2 %
Inland waterway	8.4	1.6 %	13.0	0.7 %	21.4	0.9 %
Pipeline	3.7	0.7 %	275.5	15.3 %	279.2	12.0 %
Air	9.8	1.8 %	3.5	0.2 %	13.3	0.6 %
Self propulsion	3.2	0.6 %	2.2	0.1 %	5.5	0.2 %
Post	0.0	0.0 %	0.1	0.0 %	0.1	0.0 %
Unknown	1.2	0.2 %	82.2	4.6 %	83.4	3.6 %
Total	530.2	100.0 %	1 797.4	100.0 %	2 327.6	100.0 %

Figure 2.1: Top 20 European ports (Unit: Gross weight x 1 million tons)
 Source: www.portofrotterdam.com



Internet

Next to the traditional infrastructure of roads, railroad and airfreight, the digital infrastructure is becoming an important factor in the international trade environment. Half of European productivity growth over the past 15 years has been driven by information and communications technologies. The EU has set up a Digital Agenda to increase cooperation between Member States in the digital market; thus far this has mainly been the case in the market for physical goods, and to encourage the use of internet among all its citizens. The Digital Agenda was launched in 2010 and sets the following goals for 2020:

- To become a single digital market; at present the digital market is still fragmented, hampering cross-border digital trade.
- Teaching all Europeans, regardless of age and social background, to use the internet. Whereas half of the Europeans use internet daily, 30% has never used it. The Digital Agenda sets the goal to make online services accessible to everyone.

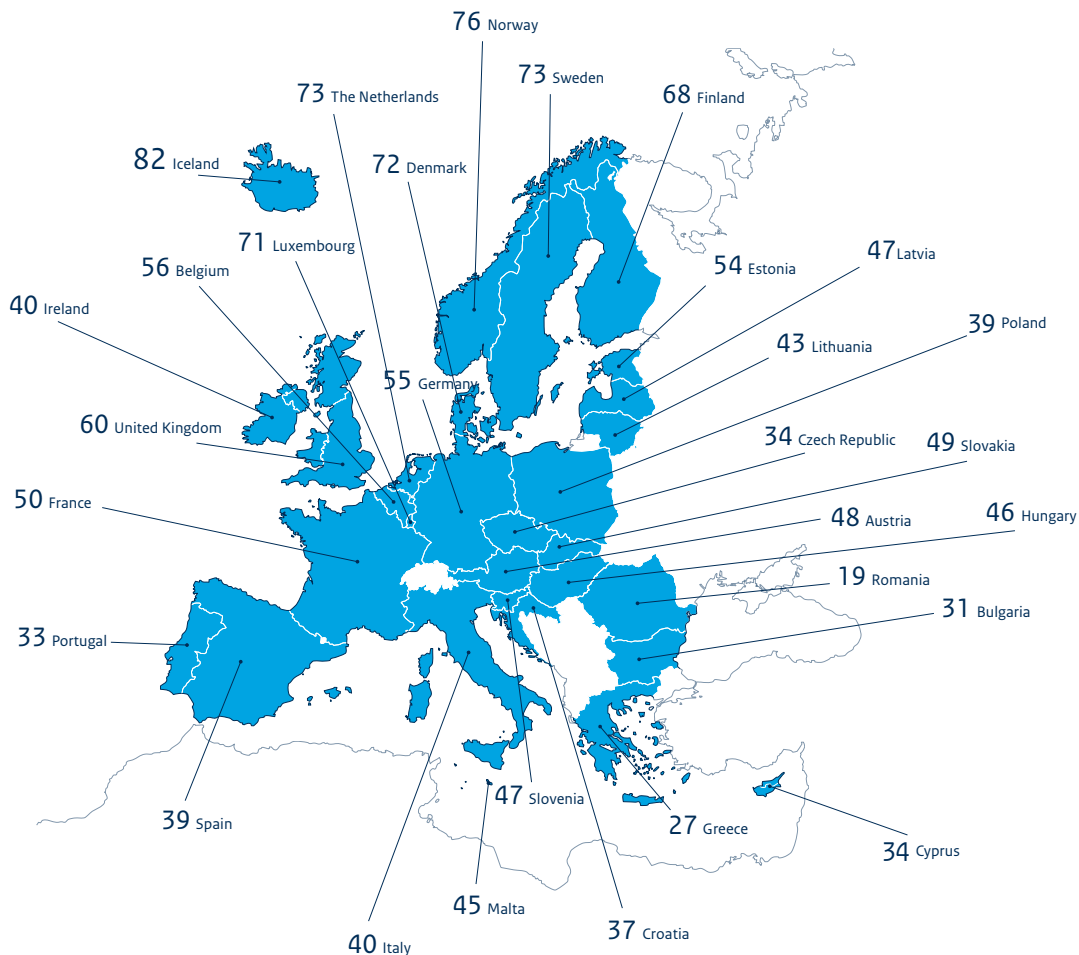
- Increased access to fast and ultra-fast internet.
- Enhance trust and security by strengthening the rules on personal data protection.
- Unleash social benefits, by making online medical records available to patients wherever they are in the EU by 2015.

Half of the Europeans use internet daily, and 60% use the internet at least once a week (Switzerland: 75.3%) (Sources: Eurostat and the International Telecommunication Union ITU).

Europeans are also increasingly using mobile phones, as Figure 2.2 shows. In 2008 (the latest data available), the number of mobile phone subscriptions in the EU was 122 per 100 inhabitants, compared to 87 in 2004. This strong increase is seen in practically all European countries. There are, however, differences between the countries, with Greece, Italy and Lithuania being in the top, whereas Austria, France, Malta and Latvia have the fewest mobile phone subscriptions.

Figure 2.2: Europeans frequently using the internet (%)

Source: Eurostat 2010



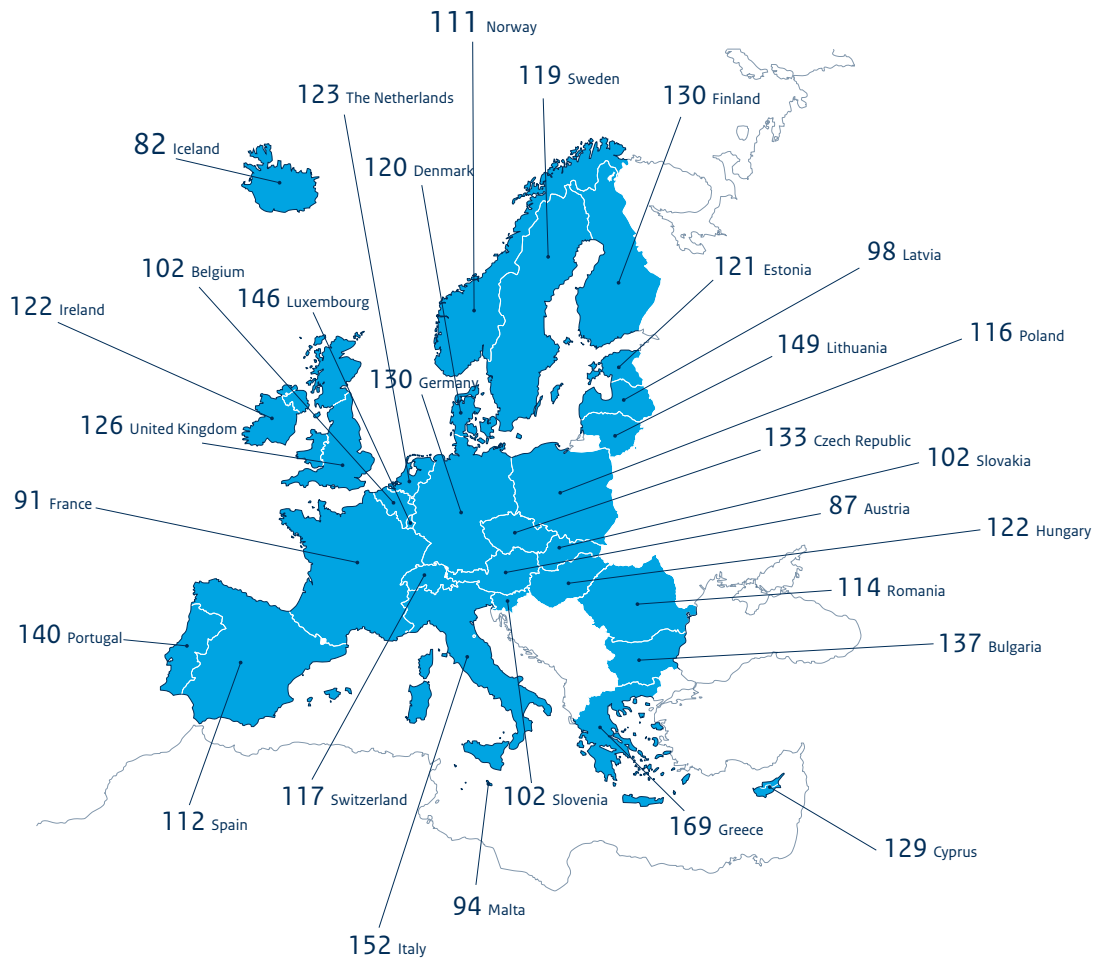
Know-how

The EU has set out many strategies to invest in research and development, R&D. The EU aims to become “the most competitive and dynamic knowledge-based economy in the world”, and the member states have reached agreements to spend at least 3% of GDP on research, of which two thirds should be financed by the business sector. Key investment areas should be knowledge and growth, according to agreements reached in 2006 and 2007.

Despite EU investments in R&D, several sectors, for various reasons, face a lack of skilled labour. These include engineers, accountants, IT professionals and technical specialists. Investments in R&D are not expected to meet domestic demand, meaning there will be a gap in knowledge which must be filled by suppliers from outside the EU.



Figure 2.3: Mobile phone subscriptions per 100 inhabitants
Source: Eurostat 2010



What does it mean for you as an exporter?

- New technology/ICT offers new means for reaching EU consumers; see the modules on developments in consumer markets & developments in the B2B markets. In addition, the use of new technology offers increasing opportunities for (IT-based) services, including customer service and digitisation.
- Know-how: shortage of know-how will need to be filled from abroad, e.g. by outsourcing more than just labour-intensive work; see the module on developments in the B2B markets.
- Transport: transport by sea is the most common mode of transport and the most important one for exporters from developing countries. In some cases air transport may be more relevant, e.g. in case of fresh produce. The point of entry may not be your final destination, in most cases additional means of transportation will be needed for intra-European transportation to the final destination.
- Investment in infrastructure: in addition to ensuring smooth transport between the European countries, investments in infrastructure will mean increased demand from the construction sector. Also see the relevant CBI market survey at www.cbi.eu/marketinfo.

Practical next steps

Find out industry practices for your sector: how are goods transported? In which quantities? How are they packaged? When would you choose air freight above transport by sea? CBI market surveys, at www.cbi.eu/marketinfo, may offer a good starting point. In addition, your branch organisation may be able to answer these questions.

Read more

- EU transport infrastructure - <http://ec.europa.eu/transport/infrastructure>
- Eurostat information on ICT - <http://epp.eurostat.ec.europa.eu>
- EU publication: "EU energy and transport in figures (2010)"; the second half of the report concerns intra- and extra-EU transport - <http://ec.europa.eu/energy>
- Eurostat publication: "Science, Technology and Innovation in Europe (2010)" - <http://epp.eurostat.ec.europa.eu>
- BSF publication: "Switzerland Mobility and Transport Pocket Statistics 2010" - www.bfs.admin.ch
- Port of Rotterdam - www.portofrotterdam.com

The online version of this manual gives you access to the direct links to these subjects and publications. To download the online version, please go to www.cbi.eu/marketinfo.



Why read this module?

This module will give you an overview of the most important economic issues and developments in Europe that are relevant to you as an exporter or BSO (business support organisation) from a developing country. Together with the modules on Social Issues, Technology, and Environment and Politics, it provides you with the basic input for a so-called STEEP analysis, by means of which you will be able to determine if Europe would be an interesting market for you to investigate further.

Module 3

Europe, An Economic Overview

Introduction

This module covers the European Monetary Union, the Euro, European economic performance and international trade. When appropriate, the differences between the EU and EFTA countries have been highlighted. This module gives you basic information on the relevant economic developments in Europe. We encourage you to find out more about this subject by providing you with several links to both CBI/SIPPO sources and external sources.

The European Monetary Union & the Euro

The European Central Bank (ECB) was established in 1998 to guide the monetary and fiscal activities of the participating Member States. These EU Member States have gone further in their cooperation than the Customs Union and single market (see the module: A Political Overview) and participate in the European Monetary Union, or EMU. In 1999, the participating Member States fixed the exchange

rates of their currencies to the Euro, giving birth to the “Euro-zone”. The euro (€) is probably the EU’s most visible achievement. It is the single currency, now shared by 16 Member States, representing over two thirds of the EU population. These 16 countries make up the Euro-zone, where the euro is used as common currency.

New EU members are all due to adopt the euro when they are able to meet the criteria. Slovenia was the first of countries from the 2004 enlargement to do so, and it joined the euro area in 2007, followed by Cyprus and Malta in 2008 and Slovakia in 2009.

Economic performance

The EU and EFTA countries experienced years of continued economic growth, until the financial crisis brought an end to it in 2009. The economy is expected to begin to recover with growth forecasted already for 2010.

Table 3.1: European currencies in euro and US dollars, high-low, October 2009-October 2010. Source: www.oanda.com

Country	Currency	Euro Low-high Oct 2009 - Oct 2010	US dollar Low-high Oct 2009 - Oct 2010
Euro-zone 2010: Austria, Belgium, Cyprus, Finland, France, Germany, Greece, Ireland, Italy, Luxembourg, Malta, The Netherlands, Portugal, Slovakia, Slovenia and Spain	Euro	1	1.19-1.51
Bulgaria	Lev	0.51-0.52	0.61-0.77
Czech Republic	Koruna	0.04-0.04	0.05-0.06
Denmark	Krone	0.13-0.13	0.16-0.20
Estonia	Kroon	0.06-0.06	0.08-0.10
Hungary	Forint	0.003-0.004	0.004-0.006
Latvia	Lats	1.41-1.44	1.67-2.14
Lithuania	Litas	0.29-0.30	0.34-0.44
Norway	Krone	0.12-0.13	0.15-0.18
Poland	Zloty	0.23-0.26	0.28-0.37
Romania	Leu	0.00002-0.00002	0.00003-0.00004
Sweden	Krona	0.09-0.11	0.12-0.15
Switzerland	Franc	0.66-0.78	0.85-1.03
United Kingdom	Pound sterling	1.06-1.24	1.42-1.69

Figure 3.1: Real GDP growth rate in the EU 27 2003-2011

Source: Eurostat 2010

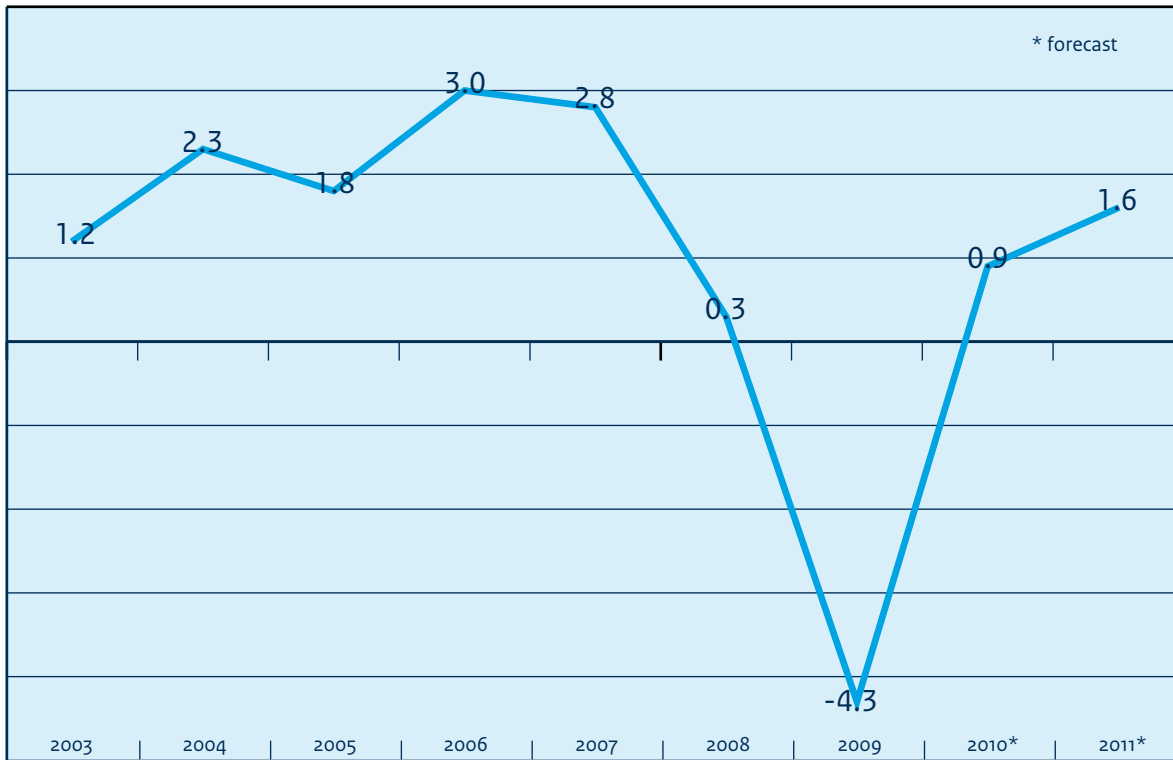


Figure 3.2: GDP per capita in Purchasing Power Standards compared to EU-27 (=100)

Source: Eurostat 2010

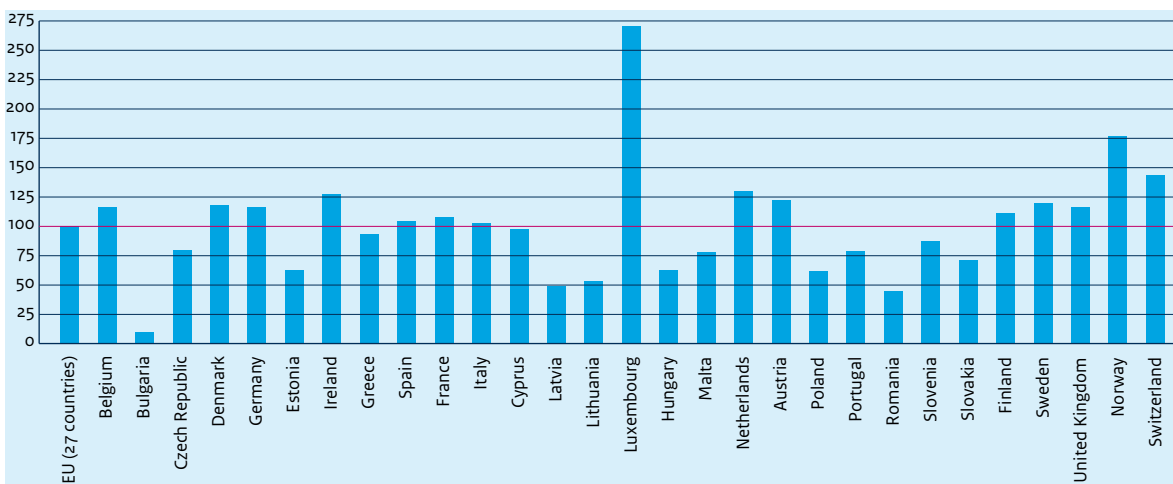


Table 3.2: Extra EU-27 trade by main partners, 2000-2009 - value in billion euro. Source: Eurostat Statistics in Focus 28/2010

	Exports					Imports					Trade balance		
	2000	2008	2009	Growth 2008-2009	Share of extra-EU-27 exports 2009	2000	2008	2009	Growth 2008-2009	Share of extra-EU-27 imports 2009	2000	2008	2009
Extra EU-27	849.7	1 306.5	1 094.4	-16.2%	100.0%	992.7	1 565.0	1 199.7	-23.3%	100.0%	-143.0	-258.5	-105.3
United States	238.2	249.9	204.5	-18.2%	18.7%	206.3	186.8	160.0	-14.3%	13.3%	31.9	63.2	44.5
China	25.9	78.4	81.6	4.1%	7.5%	74.6	247.9	214.7	-13.4%	17.9%	-48.8	-169.5	-133.1
Russia	22.7	105.2	65.7	-37.6%	6.0%	63.8	177.9	115.4	-35.1%	9.6%	-41.0	-72.7	-49.7
Switzerland	72.5	97.7	88.6	-9.3%	8.1%	62.6	80.3	73.8	-8.2%	6.1%	10.0	17.3	14.8
Norway	26.4	43.7	37.6	-14.0%	3.4%	47.2	95.9	68.7	-28.3%	5.7%	-20.8	-52.2	-31.1
Japan	45.5	42.4	36.0	-15.1%	3.3%	92.1	75.2	55.8	-25.7%	4.7%	-46.6	-32.8	-19.8
Turkey	31.9	54.3	43.9	-19.2%	4.0%	18.7	46.0	36.1	-21.5%	3.0%	13.2	8.3	7.8
South Korea	16.7	25.6	21.5	-15.8%	2.0%	27.0	39.6	32.0	-19.0%	2.7%	-10.2	-14.0	-10.5
India	13.7	31.5	27.5	-12.7%	2.5%	12.8	29.5	25.4	-13.9%	2.1%	0.8	2.0	2.1
Brazil	16.9	26.3	21.6	-18.0%	2.0%	18.7	35.9	25.6	-28.6%	2.1%	-1.8	-9.5	-4.0
Others	339.3	551.6	466.0	-15.5%	42.6%	369.0	550.2	392.2	-28.7%	32.7%	-29.6	1.4	73.8

There are large difference between the countries, however, which can be seen in Figure 3.2, showing the variations in GDP per capita between the countries. Nonetheless, the gap tends to decrease.

For example, the regions between the south of England, through the Benelux countries, France, Western Germany and the north of Italy are the wealthiest areas. On the other hand, Eastern Germany, the south of Italy, Spain, Portugal and Greece lag behind economically. As well as lower income levels, these areas tend to have higher unemployment, a less educated/skilled labour force, lower population density and a migrating population.

International trade

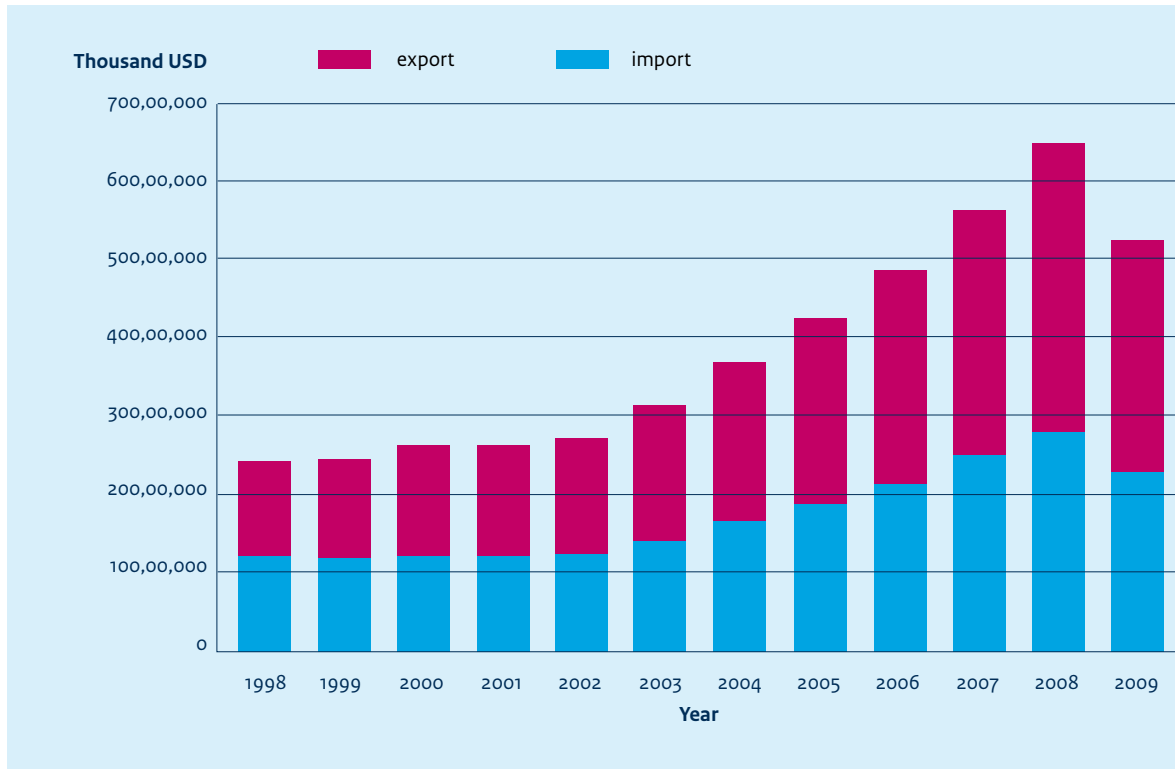
The EU is the major player in world trade, and it is ahead of the United States and China. The most important trading partners are the United States, China and Russia. After years of growth, both imports and exports saw a decrease in 2009 as a result of the financial crisis. In September 2010, the EU reported that the European economy was recovering faster than expected.

The EFTA states, with Switzerland and Norway as main markets, show similar developments.



Figure 3.3: Evolution of EFTA States' trade with the world, 1998-2009

Source: EFTA 2010



The EU is the largest trading partner for LDCs (Least Developed Countries) and has an open regime towards ACP (African, Caribbean and Pacific) countries; see the module A Political Overview. EU imports from developing countries also saw a steady increase up until 2008, when the financial crisis led to a drop in most of the imports from developing countries to the EU area. For figures on your sector, please refer to the CBI market surveys which you can find on www.cbi.eu/marketinfo.

What does it mean for you as an exporter?

Economic growth leads to an overall increase in demand. At the same time, exchange rates will have an influence on trade: a strong currency means that imports will become attractive as these are relatively cheap, whereas a weak currency will make imported goods relatively expensive. Exchange rates also give rise for uncertainties in international trade. The Euro-zone helps to eliminate these uncertainties among the participating countries.

Practical next steps

- Find out how your sector is performing in the EU. Read the relevant CBI market survey which you can find in the CBI Market Information Database: www.cbi.eu/marketinfo. Choose your sector and the EU. Choose “Sector surveys” and download the relevant survey.
- Have a look at EFTA trade statistics: www.efta.int/free-trade/trade-statistics

Take it a step further, and find out about the trade for your product:

- EU Export Helpdesk: <http://exporthelp.europa.eu>. Choose “Trade statistics” and “Input Form”.
- Norway: Consult the Norwegian statistics office - www.ssb.no/english/
- Switzerland: Consult the Swiss statistics office - www.bfs.admin.ch/bfs/portal/en

Read more

- Actual exchange rates - www.oanda.com
- Eurostat information on the financial crisis; all statistical information gathered at European level in view of the financial crisis - <http://epp.eurostat.ec.europa.eu>
- EU trade in the world up to 2009, including imports from DCs & LDCs - <http://trade.ec.europa.eu>
- Eurostat publication: “External trade (Eurostat 2010)” - <http://epp.eurostat.ec.europa.eu>

The online version of this manual gives you access to the direct links to these subjects and publications. To download the online version, please go to www.cbi.eu/marketinfo.



Enviro

Why read this module?

This module will give you an overview of the most important environmental issues and developments in Europe that are relevant to you as an exporter or BSO (business support organisation) from a developing country. Together with the modules on Social issues, Technology, Economy and Politics, it provides you with the basic input that is necessary to make a so-called STEEP analysis. This will enable you to determine whether Europe might be an interesting market for you to investigate further.

Module 4

Europe, An Environmental Overview

Introduction

This module describes key areas in European environmental policy that affect international trade. When relevant, differences between the EU and EFTA countries have been highlighted. This module provides you with basic information concerning the relevant environmental developments in Europe. We would like to encourage you to find out more about this subject by offering several links to both CBI/SIPPO sources and external sources.

Priority areas & international cooperation

The EU and EFTA countries have signed many international agreements and they participate in making a global effort to deal with key environmental issues, such as climate change, nature and biodiversity, environment and health and natural resources. Below, some key areas are described that have a direct link to international trade. For more information on multilateral agreements, please refer to the 'Read More' section.

Biodiversity

The most important act on biodiversity in view of international trade, is the Convention on International Trade in Endangered Species (CITES). Signatories to CITES have agreed to strictly regulate trade in endangered species. The EU and EFTA Member States have signed CITES. In addition, the EU has introduced CITES in EU-wide legislation. This means that endangered plants and animals, or products made from them, are strictly restricted in Europe.

Chemicals

Chemicals and their possible negative health effects were placed high on the agenda in the EU as it soon became clear that the legislation at the time was not adequate for protecting consumer health. That is why in the mid-nineties a lengthy process took place to reform the EU legislation on chemicals, which in turn led to the introduction of the much-discussed REACH legislation. Under REACH, industry is required to provide information on the chemicals used, and those chemicals which are found to be harmful will be disbanded with. Although this ruling forms part of EU-legislation, the EFTA Member States will also need to amend their legal requirements so that they are in keeping with the REACH legislation. In this way the trade barriers can be abolished.

Waste

As Europe has grown wealthier, the amount of waste that it produces has increased as well! To tackle this, the EU has introduced a policy with three key areas: 1) waste prevention, 2) recycling and re-use and 3) improved final disposal and handling.

When it comes to trade, the first area, waste prevention, is the most important, as the best way to prevent waste is to use as little unnecessary material to begin with! In support of this view, legislation on packaging has been established. In addition, legislation on what should be done with the waste produced by electric and electronic equipment (WEEE) has been drawn up, which obliges the importer to participate in product take-back schemes. The importer is likely to pass on some of his obligations to his suppliers! Switzerland and Norway have introduced corresponding measures.

Buying green

Besides the areas mentioned above which result mainly in restrictions, actors in the EU go further than that in order to stimulate environmentally-friendly products. Certain industries go beyond legal requirements in their sector-wide agreements, whereas authorities are also pledging to buy 'green' under so-called Green Public Procurement (GPP). Under GPP, criteria are outlined for product groups,



and public authorities pledge to buy according to these criteria. EU consumers are also paying more attention to environmental issues when making a purchasing decision. In addition to the environmental themes mentioned above, issues such as energy use and green energy play a role, in which one more recent trend is to look at CO₂ performance, with the aim to bet “CO₂ neutral”. Good environmental performance might enhance your chances of success in the European market! We would like to refer you to the modules Developments in Business-to-Business Markets and Developments in the Consumer Markets for more information.

What does it mean for you as an exporter?

- Biodiversity: make sure no materials or (parts of) products you work with are restricted under CITES.
- Chemicals: REACH goes beyond the legal requirements that were set in place before when it comes to restricting and banning hazardous chemicals. These substances will also be phased out when used in products, and it is therefore important to find out whether your products are affected or not.
- Waste: everything that makes up a product eventually ends up as waste. With this in mind, chemicals and other substances are restricted as early as the production stage. You need to be aware of legal requirements, as well as industrial practices in support of this view.
- Buying green: Taking advantage of the trend to search for environmentally-friendly alternatives could create more opportunities. By first finding out what are the criteria – these are either set in industrial initiatives or in GPP, or as a preference shown by consumers – you might even be able to benefit.

Practical next steps

- Biodiversity: Check out the restrictions in CITES & EU legislation. A good starting point is the CBI information guide which outlines CITES & EU legislation in a step-by-step plan: www.cbi.eu/marketinfo
- Chemicals: Find out whether your products fall within the scope of REACH! A good starting point is the CBI information guide, which explains the legislation and which contains more than 400 pages. See: www.cbi.eu/marketinfo
- Waste: Legal requirements on packaging and the WEEE legislation are good starting points, check out the information in CBI's Market Information Database:
 - WEEE: www.cbi.eu/marketinfo , search word: WEEE
 - Packaging: www.cbi.eu/marketinfo, search word: packaging
- Buying green: find out about public criteria and industrial initiatives in the CBI Market Information Database. Go to www.cbi.eu/marketinfo. Select your sector and choose “Non-legislation” in the filter that appears. Also take a look at <http://ec.europa.eu/environment/gpp> where you can find more information about GPP, including criteria for product groups.

Read more

- EU Environment - <http://ec.europa.eu/environment>
- EU Multilateral environmental agreements - <http://ec.europa.eu/environment>
- Trade & environment - <http://ec.europa.eu/trade>
- EU Wildlife trade; outlining EU legislation and CITES - www.eu-wildlifetrade.org
- CITES - www.cites.org
- REACH - <http://ec.europa.eu/enterprise>
- GPP - <http://ec.europa.eu/environment/gpp>

The online version of this manual gives you access to the direct links to these subjects and publications. To download the online version, please go to www.cbi.eu/marketinfo.



Political

Why read this module?

This module will give you an overview of the most important political issues and developments in Europe that are relevant to you as an exporter or BSO (business support organisation) from a developing country. Together with the modules on Social Issues, Technology, Economy and Environment, it provides you with the basic input required for making a so-called STEEP analysis. In this way you can decide whether Europe would be an interesting market for you to investigate further.

Module 5

Europe, A Political Overview

Introduction

This module covers an introduction into the EU and EFTA, the single market and customs union, trade rules & agreements, legislation and information on how goods enter the market. When relevant, the differences between the EU and the EFTA countries have been highlighted. This module gives you basic information on the political developments taking place in Europe. We would like to encourage you to find out more about this subject and we have therefore suggested several links to both CBI/SIPPO sources and external sources.

The EU & EFTA: an introduction

The EU and EFTA together consist of 31 European countries, which subsequently form a market of more than 510 million potential consumers.

EU

The European Union (EU) is a group of European countries, committed to working together. Its Member States have set up common institutions in which they share some of their decision-making so that specific matters of joint interest can be made at European level. The idea for a European Union was conceived in 1950 with a co-operation between six Member States, which was mainly concerned with trade and the economy. Nowadays, in 2010, the EU embraces 27 Member States and almost half a billion people, and it covers a wide range of issues that are significantly important in everyday life.

Although differences exist in many of the traditions and languages that can be found in the Member States, the EU fosters cooperation among the peoples of Europe, promoting unity while preserving diversity. However, remain aware of the key differences (social, technological, economic, political and cultural, see respective modules) within the EU as they may affect your export development planning. Despite their differences, the EU has been operating as a single market for quite some time.

This has been advantageous to the Member States of the EU in terms of:

- Trade between EU countries
- Removing technical barriers to trade
- Opening new markets for public contracts, etc.
- Eliminating queues at border crossings.

Since its founding nearly 60 years ago, the EU has been like a magnet, attracting a constant stream of new members, achieving its historic and successful expansion from 15 to 25 Member States in May 2004. The last two Member States joined in 2007, making the current number of Member States 27.

These are:

- Belgium, France, Germany, Italy, Luxembourg, The Netherlands (joined 1952)
- Denmark, Ireland, United Kingdom (joined 1973)
- Greece (joined 1981)
- Portugal, Spain (joined 1986)
- Austria, Finland, Sweden (joined 1995)
- Cyprus, Czech Republic, Estonia, Hungary, Latvia, Lithuania, Malta, Poland, Slovakia, Slovenia (joined 2004).
- Bulgaria, Romania (joined 2007)

Further enlargement

Any European country can join the EU, provided it has a stable democracy that guarantees the rule of law, human rights and the protection of minorities. It must also have a functioning market economy and a civil service capable of applying EU laws. The EU has started negotiations with Croatia and Turkey, while the Former Yugoslav Republic of Macedonia has been recognized as a candidate country.

EFTA

The European Free Trade Association (EFTA) is an intergovernmental organisation set up for the promotion of free trade and economic integration to the benefit of its four Member States. EFTA was formed in 1960 as a response to the formation of what we today know as the EU. Some countries which did not participate in the EU formed EFTA and took similar steps towards a better trade climate between the Member States. EFTA has seen several changes in its members, with several countries joining to later leave to join the EU.

EFTA today consists of four Member States:

- Norway and Switzerland (joined 1960)
- Iceland (joined 1970)
- Liechtenstein (joined 1991)

Single Market & Customs Union

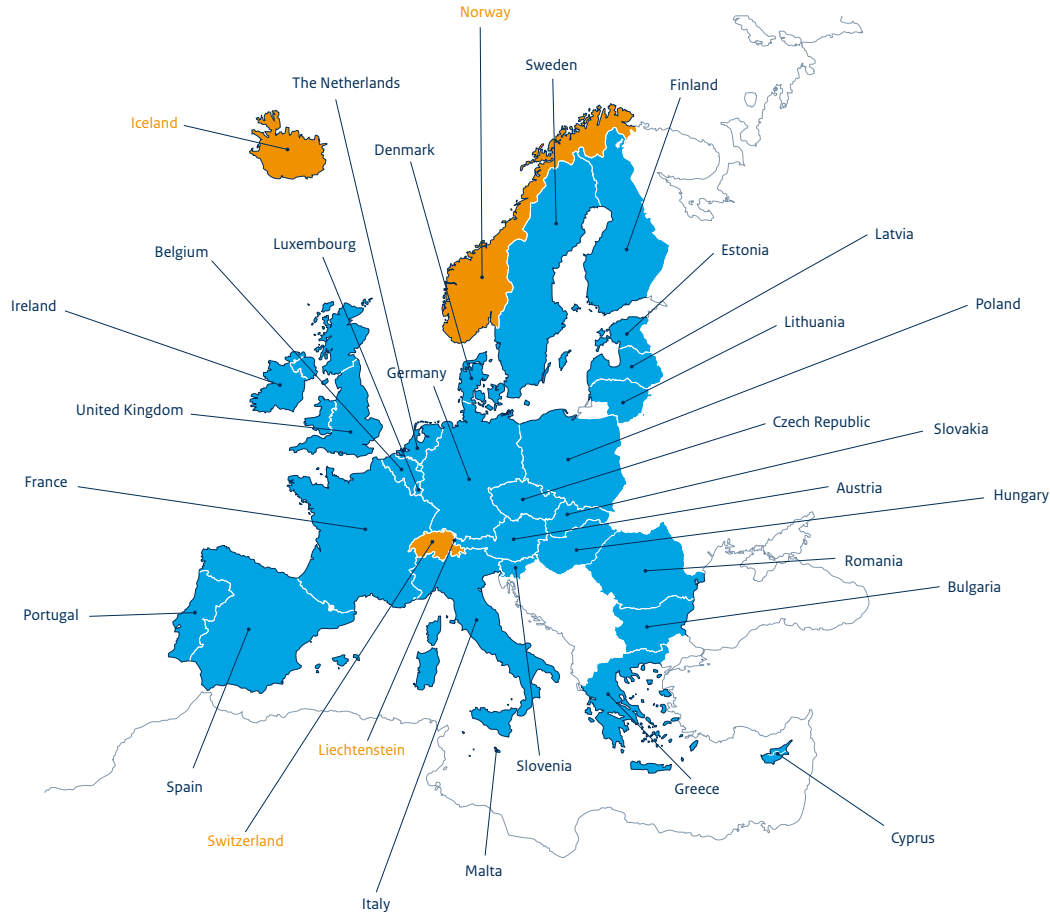
The EEA, European Economic Area, combines the 27 EU Member States and the EFTA states (except for Switzerland) in an internal, or single, market, where the participating countries follow the same basic rules. This entails the free movement of goods, services, people and capital. In other words: products accepted on one EEA market are also granted access to the other EEA markets.

The Customs Union is an important aspect of the single market. It means that there is a general application of common rules at the external borders of the single market. Custom duties and tariffs are the same in all countries when a product enters from outside the area.

Switzerland does not belong to the EEA, but it does have a number of bilateral agreements with the EU. Switzerland largely follows EU legislation with impact on international trade, including product legislation.

Figure 5.1: EU and EFTA Member States

Source: <http://europa.eu/abc/12lessons> and www.efta.int



Taxes

The EU tax system is not harmonized between the Member States (meaning each EU country has its own tax system), but there are certain common rules that must be respected. VAT (Value Added Tax) rates have been partially aligned, but there are still differences between Member States.

What do the EU & EFTA mean for you as an exporter?

The objectives for having a single market that facilitates trade between countries: the same import duty rates for products from outside the area are applicable in all countries, and goods accepted in one country are also accepted in other countries. Candidate countries will need to adjust their trade environment to be in line with the rest of the EU. But it also means that the single market is made up of several different countries – although much has been done to facilitate the technical aspects of trade, you still do business with people. Europe is a diverse market in terms of languages, cultures, business practices, consumer interests and needs. You need to know when the “single market” idea applies, and when you are better off adjusting your approach according to regional or national differences.

Read more

- EU in 12 lessons - <http://europa.eu/abc/12lessons> - provides an overview of the EU's history, its goals, areas of cooperation, the euro, member states, etc.
- EFTA - www.efta.int
- EEA - www.efta.int/eea.aspx
- EU enlargement - <http://ec.europa.eu>
- Single market - <http://europa.eu/pol/singl>
- European Customs Information Portal - <http://ec.europa.eu/ecip>
- Switzerland and EU cooperation - <http://eeas.europa.eu/switzerland>
- Find out about the different VAT levels in various countries.
 - You can find a list of applicable VAT rates in the different Member States here: http://ec.europa.eu/taxation_customs
 - Alternatively go to the EU export helpdesk: http://exporthelp.europa.eu/index_en.html. Choose “Requirements and Taxes” and “Input Form”.

See also module 8 Europe - Cultural aspects.

The online version of this manual gives you access to the direct links to these subjects and publications. To download the online version, please go to www.cbi.eu/marketinfo.

Trade rules & agreements

WTO - Trade rules and agreements

The EU and EFTA are part of the global trade environment, and trade practices introduced and handled by the EU and EFTA must be in line with international practices. The World Trade Organisation (WTO) is the main organisation that deals with international trade rules. These rules include WTO trade agreements such as the GATT, GATS, TRIPS, SPS and TBT as well as individual countries' commitments to lower customs tariffs. The WTO is composed of governments and political entities (such as the EU). Today, in 2010, the WTO includes 153 members. A vast majority of these members are developing countries.

The Doha Development Agenda started in 2001, and it provides a platform where global trade can be discussed between the members, and where developing country needs are given special attention. Tariff cuts and farm reform have been part of the negotiations, but so far the parties have not managed to reach an agreement and the future of Doha is uncertain at the moment.

Internationally accepted standards

Codex Alimentarius: this is the most important international organisation which establishes internationally recognized standards related to food safety. Although the Codex standards are not mandatory, the EU uses them as a basis for the development of its own food policy and standards. EU legislation frequently refers to the Codex as the basis for the established requirements.

ISO: the ISO, International Organisation for Standardisation, has set up technical regulations for a number of product groups. These are widely used and often requested by (European) buyers. Also read the module on developments in business to business for more information on this topic.

Other relevant trade agreements - EU and other countries

A number of additional trade agreements exist with different groupings of developing countries. The EU has Economic Partnership Agreements (EPAs) with seven regions in ACP countries: five African regions, one in the Caribbean and one in the Pacific. The EPAs include technical support and training for the countries to comply with standards set by the EU. Another EU instrument is "Aid for trade", which is financial assistance for developing countries specifically targeted at helping them develop their capacity to trade.

Under the Generalised System of Preferences (GSP), 176 developing countries have reduced tariffs for their goods when entering the EU market. The EU's GSP is implemented following a cycle of ten years. The present cycle lasts from 2006 to 2015.

Everything But Arms (EBA) provides the most favourable regime available. The EBA gives the 49 least developed countries duty free access to the EU for all products, except arms and ammunition.

What does it mean for you as an exporter?

Preferential trade agreements between your country and the European countries will give you a competitive advantage compared to exporters from countries where there is not such an agreement.

Practical next steps

Find out about trade agreements between the EU, EFTA and your country:

- Find out about bilateral agreements between your country/region and the EU:
 - EU information: <http://ec.europa.eu/trade/creating-opportunities/bilateral-relations>
 - EU export Helpdesk, choose "Preferential arrangements": <http://exporthelp.europa.eu>
- Find out about bilateral agreements between your country/region and EFTA:
 - Free Trade Agreements: www.efta.int/free-trade/free-trade-agreements.aspx
 - EFTA & WTO: www.efta.int/free-trade/fta-and-wto.aspx
 - WTO Regional Trade Agreements Information System: <http://rtais.wto.org>
- Find out about tariffs:
 - EU Export Helpdesk, choose "Tariffs": <http://exporthelp.europa.eu>
 - EU customs tariffs data base TARIC - http://ec.europa.eu/taxation_customs
 - EFTA:
 - Swiss Federal Customs Association: <http://xtares.admin.ch>
 - Norway: www.toll.no
 - As an alternative, you can check at the customs office in your target country!

Read more

- WTO - www.wto.org
- Doha Development Agenda - www.wto.org
- ACP EPAs - <http://ec.europa.eu/trade>
- Codex Alimentarius - www.codexalimentarius.net
- See the CBI Market Information Database: www.cbi.eu/marketinfo. Type "codex alimentarius" in the keyword search option.
- ISO - www.iso.org
 - See the CBI Market Information Database: www.cbi.eu/marketinfo. Type "ISO" in the keyword search option.
- Aid for trade - <http://ec.europa.eu/trade>
- EBA - <http://ec.europa.eu/trade>

Other relevant international organisations are:

- UNCTAD (UN Conference on Trade & Development): www.unctad.org
- OECD (Organisation for Economic Cooperation & Development): www.oecd.org
- FAO (Food & Agriculture Organisation of the UN): www.fao.org
- ITC (International Trade Centre): www.intracen.org
- ICTSD (International Centre for Trade & Sustainable Development): www.ictsd.org
- ILO (International Labour Organisation): www.ilo.org
- CEN (European Committee for Standardisation): www.cenorm.be
- Taxes in Europe database - http://ec.europa.eu/taxation_customs
- EU bilateral relations - <http://ec.europa.eu/trade> - look up EU trade relations per country or region.

The online version of this manual gives you access to the direct links to these subjects and publications. To download the online version, please go to www.cbi.eu/marketinfo.

Legislation

Consumer safety is the main driver behind legal product requirements. In addition, reducing the negative impact products might have on the environment has increasingly become an important factor when setting product legislation.

One of the aspects of the single market is the freedom of movement for goods. This means that a product accepted in one country, is also granted access to another country within the single market. For this to function optimally,

legal product requirements must be harmonized. This is also what the EU/EEA is aiming at, and the countries have come a long way in terms of harmonisation. Switzerland, though not a Member of the EU/EEA, has also taken steps to keep in line with EU/EEA legal requirements.

This is how the legal system works:

1. The scope of legal requirements

The EU/EEA/EFTA or any trading partner outside your own country can only set legal requirements related to the product that has been placed on the market.

Production processes which do not directly influence the quality/safety of the product cannot be controlled by legal measures. In practice, this means that EU legal requirements have the following general characteristics for the four main sectors:

- **Agriculture:** General food safety has been outlined in the framework General Food Legislation, and in accordance, all food must be safe. To guarantee this, the general principle of only checking the product entering the EU/EFTA region has in practice been extended to include hygiene and traceability measures throughout the chain. Norway and the other EFTA countries participating in the EEA are in line with EU food legislation. In Switzerland, different legal acts form a legal environment which corresponds to that of the EU, and products accepted in the EU or one of the EFTA Member States have access in all of the EU/EFTA countries. For non-food agricultural products, the focus is on the product entering the market, which in practice often means that the presence of certain substances has been restricted in the manufacturing of the product.
- **Consumer goods:** Safety aspects are established in a framework agreement, the General Product Safety Directive, and in addition requirements are set for the presence of hazardous substances. CE-marking also applies to some consumer goods, for instance toys.
- **Industrial products:** Limits have been set for hazardous substances present in the final product. In addition, safety requirements have been set for many industrial products in legislation which have established the so-called CE-marking.
- **Services:** As services are not physically traded, legal requirements are generally not applicable. Be aware though that your European trading partner may have other requirements!

Note of warning! In addition to legal requirements, the private sector - your (potential) buyers - may have set their own sets of requirements. Read more about these in the CBI market information database: www.cbi.eu/marketinfo. Look up your sector & country (e.g. EU). Choose "Non-legislation" in the filter that appears.

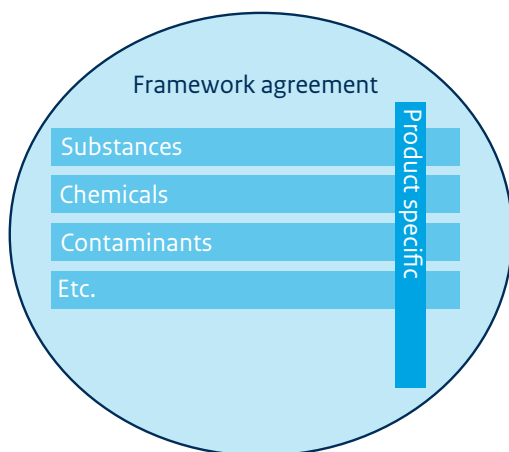
2. How are legal requirements set?

Legal requirements are not set for specific products. Instead, legal requirements are included in:

- Framework legislation, setting the basis for a sector, such as the General Food Law and the General Product Safety Directive for consumer goods.
- In addition, substances, chemicals, contaminants and similar materials found in products may be restricted. These have not been set for specific products as restrictions may apply for all or several products and you will have to remain under the limit set.
- Finally, there are a few cases regarding product-specific legislation. These do not exclude the first two points mentioned above; however, they should instead be seen as add-ons, specifying certain requirements for specific products.



Figure 5.2: Scope of legal requirements for any given product



3. Finding out differences for specific countries:

The EU sets legal requirements in a) regulations and b) directives. In temporary cases c) decisions can be used, addressing specific issues and specific Member States. Regulations apply automatically in all EU Member States; the other EEA states must implement the requirements in their national legislation. Directives are harmonized in terms of the goals they should achieve, but they do not automatically apply in the Member States and therefore must be implemented in national legislation to become applicable.

What does this mean for you as an exporter?

Legal requirements form the minimum set of requirements for all products entering the market. Products which fail to meet these requirements are not allowed market entry!

Practical next steps

Find out which legal requirements are applicable to your product: framework, substances and product-specific.

- Search the CBI Market Information Database: www.cbi.eu/marketinfo. Choose your sector and the EU. Choose "Legislation" in the filter that appears. The documents displayed are all relevant legal requirements for your sector. Screen them in order to determine which requirements are relevant for your specific product. The end result will provide you with an overview of legal requirements for your product.
- Alternatively, go to the EU export helpdesk: <http://exporthelp.europa.eu>. Choose "Requirements and Taxes" and "Input Form".

Find out if your target country has additional requirements:

- Search the CBI Market Information Database: www.cbi.eu/marketinfo. Choose your sector and your destination country. Choose "Legislation" in the filter that appears. Note that EU legislation sets the basis! EU regulations apply in all Member States and are therefore binding in your EU target country as well as in Norway. Additional requirements for your destination country are indicated as such in the CBI database.
- For Norway and other EFTA countries participating in the EEA, have a look to see if the EU legal requirements have been implemented in national legislation. To find out, go to www.eftasurv.int
- Switzerland does not participate in the EEA. Swiss legislation can be found at: www.swisslex.ch Alternatively, see the Federal Authorities of the Swiss Confederation: www.admin.ch

Read more

- All EU legal texts can be found in the EURlex database: <http://eur-lex.europa.eu/>
- For legislation in the making, turn to Prelex which monitors the decision-making process between the EU institutions: <http://ec.europa.eu/prelex>
- EEA decision-making process: www.efta.int/eea
- Switzerland, EFTA and the EU: have a look at SIPPO publications: www.sippo.ch

The online version of this manual gives you access to the direct links to these subjects and publications. To download the online version, please go to www.cbi.eu/marketinfo.

How are goods entering the EU market controlled in practice?

In order to enter the EU market, the legal requirements must serve as a basis. The principle of a single market goes further than granting access to all countries for products that have entered one of the countries; it also includes cooperation between the Member States when it comes to recalling or rejecting products.

Products entering the EU customs are checked. You can follow the process by watching this video: ec.europa.eu/food/food/rapidalert/rasff_video_en.htm

Member States keep each other informed on product recalls and border rejections through two databases:

- RAPEX is the EU rapid alert system for all dangerous consumer products, with the exception of food, pharmaceutical and medical devices.
- The Rapid Alert System for Food and Feed (RASFF) was put in place to provide food and feed control authorities with an effective tool for exchanging information about measures taken when responding to serious risks detected in regard to food or feed. This exchange of information helps the Member States to act more rapidly and in a coordinated manner in response to a health threat caused by food or feed.

What does it mean for you as an exporter?

Knowing how the EU borders work and how products are checked – even which products are checked – gives you insight into which areas the EU prioritises. Have a look at the annual report published by RAPEX and RASFF (see links below) to find out which products have been withdrawn from the market and which issues have been put on the agenda in the reporting years. For instance, in 2008 several member states reported consumer complaints as results of reactions to DMF, dimethyl fumarate, in leather furniture and footwear. The biocide is used to protect against moulds, but as a result of member state notifications, the EU took measures to prohibit DMF in all consumer goods as of May 2009.

Practical next steps

Find out border rejections and product recalls for your type of products!

- Non-food: search the RAPEX database - <http://ec.europa.eu/consumers/dyna/rapex>
- Food: search the RASFF database - <http://ec.europa.eu/food/food/rapidalert>

Read more

- RAPEX Annual Report 2008: <http://ec.europa.eu/consumers/safety>
- RASFF Annual Report 2008: <http://ec.europa.eu/food>

The online version of this manual gives you access to the direct links to these subjects and publications. To download the online version, please go to www.cbi.eu/marketinfo.



Business

Why read this module?

This module will give you an overview of the most important developments that are taking place in the European Business-to-Business markets and which are relevant to you as an exporter or BSO (business support organisation) from a developing country. By knowing which developments are currently prevalent, you can anticipate what your potential buyers are looking for and better prepare yourself for the European market.

Module 6

Europe, Developments in Business-to-Business Markets

Introduction

This module covers the most recent developments in international trade channels, the role of the internet and supplier requirements in B2B. When relevant, the differences between the EU and EFTA countries have been highlighted. The general idea is that this module can provide you with basic information on the developments in the European Business-to-Business Market. We would like to encourage you to find out more about this subject and therefore we have included several links to both CBI/SIPPO sources and external sources in this module.

Developments in international trade channels

Once you have decided to export your products to the EU, you have a number of options, varying from direct exports to the retailer or OEM-er (Original Equipment Manufacturer), to a trade channel with various middlemen such as agents, importers, wholesalers and retailers. Which trade channel you decide to use and which operators you choose to deal with depends mainly on your place and strength in the value chain.

Closer cooperation in value chains

International trade is gradually moving away from the traditional concept of export-import to closer cooperation in the value chain. This means that long-term relationships between suppliers and European partners, or (co-)ownerships and co-makership, are becoming increasingly important. Supplier-importer relationships are extended to jointly developing products, with more value added for the supplier and possibly even cooperation in distributing the products. As a result of closer cooperation in the value chain, more demands are placed on suppliers (for instance in terms of delivery times and quality), who team up in order to meet the expectations of their European partner. Suppliers thus become larger, and as the relationships become closer with their European partners, it will become more difficult for newcomers to enter the market.

Due to the complexity of regulation, quality issues and flexibility in the logistic value chain of the European partners, we can see that a conglomeration trend is appearing in commodity products. Suppliers are taking over smaller suppliers in order to create synergies in their company (logistics, production, purchasing, etc). This also

helps to create a large “obstacle” against the growing buying power of their customers (=European retailers).

Subcontracting and outsourcing: increasing complexity

Subcontracting is the traditional form of partnership where a company specialises in a particular product, process or service and uses a supplier to provide them with parts, subassemblies, capacity or services. Nowadays the term outsourcing is more commonly used for transferring the production from one company to another, sometimes even to a different country. Offshoring can refer to a company’s own activities when manufacturing or when services are transferred to another country but the owner remains the same.

Many European companies seek cost benefits by (partly) outsourcing their production. The general rule is that labour-intensive work is outsourced to best-cost countries (BCCs), whereas European companies take care of assembly, packaging, branding and marketing. However, as European companies seek more benefits from outsourcing, the tasks that are outsourced tend to become more complex. This trend can be seen in many sectors, for instance in fashion where design elements are increasingly being outsourced as well, but also in the service sector where, for instance, business process suppliers now offer a whole package of services instead of only one specific task.

Private labels on the rise

Private labels or ‘own-brands’ are gaining ground in the EU, with market shares growing in most European countries. Originally established in the food market, private labels exist in many consumer and industrial markets now, such as cosmetics, shoes and clothing, over-the-counter drugs, household and laundry products, DIY, lawn and garden, paints, hardware, car parts and accessories.

A private label is a brand which belongs to the retailer, in order to enhance and reinforce the loyalty of the consumer to the store. This means that the retailer is the owner of the brand, but is also responsible for the marketing activities of the brand. This could include focusing on a niche market such as fair trade and organic. For more information, we refer you to the module on Developments in Consumer Markets.

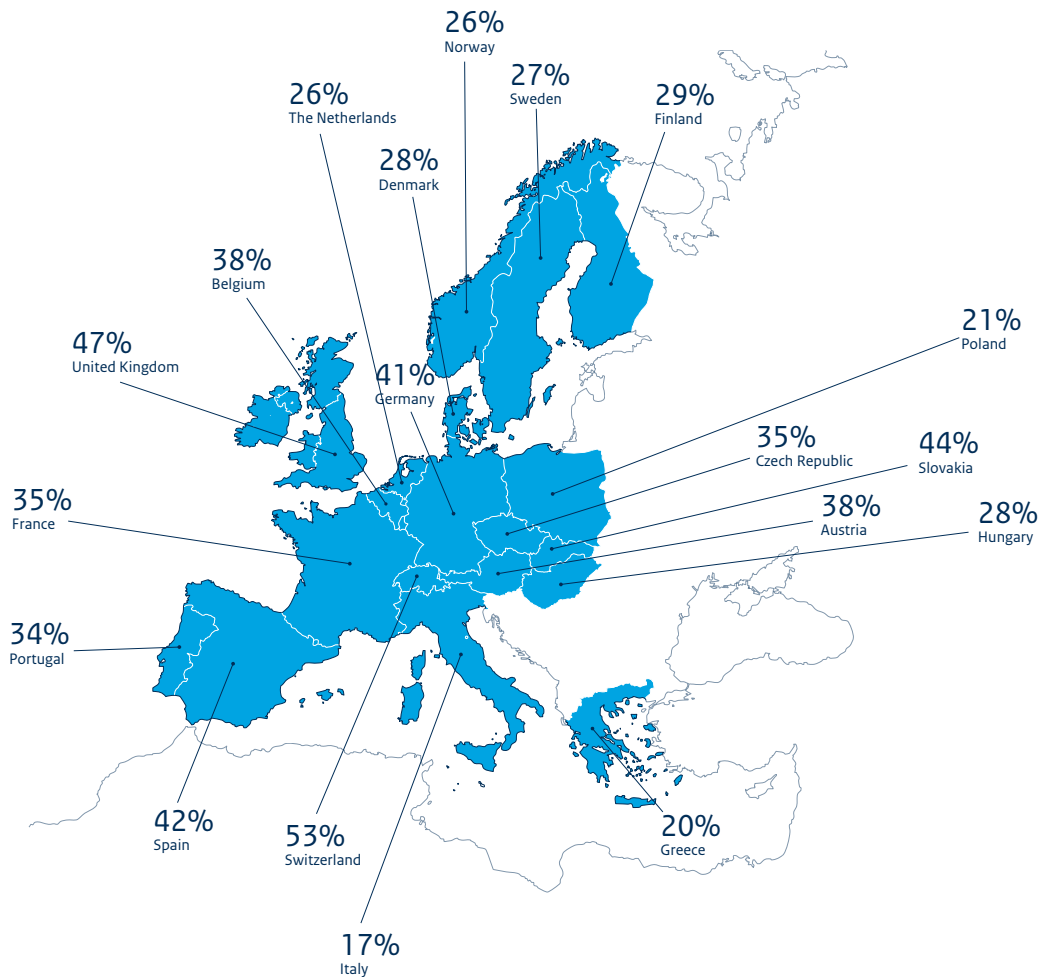
Large retailers and importers are increasingly entering into direct contract with manufacturers to produce under the retailers' brands. There are large differences between regions, with Western European countries being more mature, but Eastern European countries are gaining a market share at a rapid pace. Switzerland has the largest market share for private labels: 53%, followed by the UK with 47%. Spain, Slovakia and Germany all have market shares above 40%, whereas the Scandinavian countries account for around 25% .

Private labels saw a growth of 3% in 2009, whereas A-brands have been decreasing in turnover and margins. Private labels are becoming more and more professional and they are manifesting themselves as if they were real brands (e.g. *Tesco Finest* in the UK, *AH Excellent* in The Netherlands, *Migros* in Switzerland).

What does this mean for you as an exporter?

- Added value & a closer relationship: overall, your chances on the EU market will improve if you can offer more value additions to clients. Trade channels become shorter as the products and services become more complex and supplier-buyer relationships get closer. In this view, exporter communication, relationship management and a pro-active attitude will become even more crucial for conducting business successfully. Clients will become more dependent on the performance of their suppliers and the supplier will need to visit his or her clients more frequently.
- Communication: this becomes increasingly important and the supplier's PSU (Problem Solving Unit) will need to communicate more (both in frequency and in number of topics) with their customers' DMU (Decision Making Unit). The departments from both partners that could be involved are sales, logistics, R&D, engineering and quality.

Figure 6.1: Private label share by country (Volume)
 Source: Private Label Manufacturers Association, 2010 yearbook



- Supply chain management: this becomes more important on-time delivery. Client demand and forecasts need to be communicated and implemented throughout the supply chain at the supplier (exporter) level and sub-supplier level including the interchange of Enterprise Resource Planning (ERP) data regarding logistics. On time delivery is of great importance.
- More powerful suppliers: larger suppliers are concentrating on commodities, but that leaves a lot of niche markets for small specialized partners. These niche markets can be very interesting as they concern specialty products for which consumers are willing to pay more for the perceived added value.
- Private label: this could offer opportunities for developing country suppliers. Within Private label the exporter is producing upon the commission of the retailer and under a long term contract, and therefore the retailer is responsible for the stock. The investments and risks are very low in this case. However, the exporter must assure a constant quality, since a quality problem (such as in case of a recall) will reflect on the total formula of the retailer which will automatically lead to claims.

Read more

- For more information on distribution strategies and trade structures, we refer you to CBI's sector surveys: www.cbi.eu/marketinfo. Select your sector and the EU and choose Sector surveys in the filter that appears.
- For more information on private labels see the Private Label Manufacturers Association: www.plma.org



Internet

In January 2009, 93% of enterprises of ten or more people employed had access to the internet in the EU and 82% of enterprises had a broadband internet connection. Among other uses, internet access enables enterprises to buy and sell products electronically: in the EU in 2008, 12% of EU enterprises' turnover was generated through e-commerce.

There are significant differences between the Member States, however. The highest shares of e-commerce were recorded in Ireland (26%), Finland and Sweden (both 18%), the Czech Republic, Germany and the United Kingdom (all 15%), Hungary (14%) and France (13%). The lowest shares were observed in Bulgaria and Cyprus (both 1%).

Most e-commerce comes from within the country itself: 73%. Only 8% comes from outside the EU. One reason for this is the actual distribution and postage costs.

Internet & trade with developing countries

E-commerce has not yet become a major factor in international trade, as personal contact with your client is still the key formula. Internet-based means of communication, however, do offer opportunities in view of maintaining good contact with your client. As such, e-mail and Skype are increasingly being used, and e-newsletters present a good opportunity to keep all of your clients up-to-date about your developments. In addition, a supplier normally visits his client twice or three times per year. Moreover, in new relationships a first contact can be done by e-mail, but this should be followed up by a telephone call and personal visit with a (brief) company presentation (see the module Cultural Aspects as well).

However, Internet is used more and more often when tenders are bought for commodity products. So-called 'internet auctions' permit the buyer, after the first negotiations have been conducted, to finalize the process by getting the lowest price from the market. The main factors behind this development are time pressure and the financial crisis, which have led to buyers focusing more on prices.

Specific software also replaces paper versions for handling orders. EDI (Electronic Data Interchange) is an example of such an internet-based tool through which orders, invoices and packing lists can be transferred from one trading partner to another trading partner without human intervention. In case of co-makership, an ERP (Enterprise Resource Planning) or sometimes MRP (Material Requirement Planning) system may be used, in which the supplier automatically signals demand from the customer.

Table 6.1: E-commerce, 2008. Source: Eurostat 2010

	E-commerce turnover (% of total turnover)	E-commerce turnover by destination (% of e-commerce turnover):		
		Own country	Other EU27 Member State	Outside EU27
EU27*	12	73	19	8
Belgium	:	:	:	:
Bulgaria	1	85	14	1
Czech Republic	15	61	36	4
Denmark	:	:	:	:
Germany	15	73	20	6
Estonia	:	:	:	:
Ireland	26	38	39	23
Greece	2	82	11	7
Spain	9	81	15	5
France	13	82	11	8
Italy	:	:	:	:
Cyprus	1	29	51	20
Latvia	5	88	9	3
Lithuania	9	66	24	10
Luxembourg	:	:	:	:
Hungary	14	33	60	8
Malta	11	7	37	56
Netherlands	12	69	24	7
Austria	11	:	:	:
Poland	7	71	24	6
Portugal	12	74	22	(4)
Romania	2	59	24	16
Slovenia	12	76	21	3
Slovakia	11	22	44	34
Finland	18	:	:	:
Sweden	18	58	23	16
United Kingdom	15	83	11	6
Croatia	14	81	13	6
Norway	21	94	5	1

* EU27 aggregate for turnover from e-commerce excludes Belgium. EU27 aggregates for e-commerce turnover by destination exclude Belgium and Finland.

: Data not available or not reliable

() Data shown in brackets are less reliable

The increasing role of the Internet does, however, have the possibility to change the trade environment, as end-consumers find products and services online directly, hence potentially excluding the role of the importer. There are, however, some challenges in terms of customs clearance for instance, and transport costs may be high. For more information on how the Internet can act as a means for reaching consumers, we refer you to the module on Developments in Consumer Markets; see the section on Social media.

What does this mean for you as an exporter?

- Client relations: frequent contact with customers by phone and the use of e-mails, Skype and newsletters are essential for developing and maintaining good customer relations and for exporters to become successful. English is the main business language used; see also the module Cultural Aspects.
- Internet auctions: this might be a good entry strategy, but only if you keep in mind what the lowest prices are that you can offer - do not feel seduced by the order and do not offer below cost price!
- Specific software: in case of existing, close client relationships, the introduction of software integration to minimize paper in handling order might also be an option.

Buyer requirements: CSR & Quality

Corporate Social Responsibility (CSR) is a concept whereby companies integrate social and environmental concerns in their business operations and in their interaction with stakeholders on a voluntary basis (definition: CSR Europe). CSR has been placed higher on company agendas in recent years, where it is now common practice among European companies to include at least some consideration for environmental and social performance in their business practices. These developments can be signaled mostly in Western and Northern European countries.

Where legal requirements (see the module A Political Overview) set the basis for products to be granted market access in Europe, CSR requirements go even further. These look into the social performance of not only the European company, but increasingly also of the suppliers. Likewise, environmental considerations in the production process are no longer considered only in European locations, but also within the total supply chain, starting at supplier facilities in developing countries.

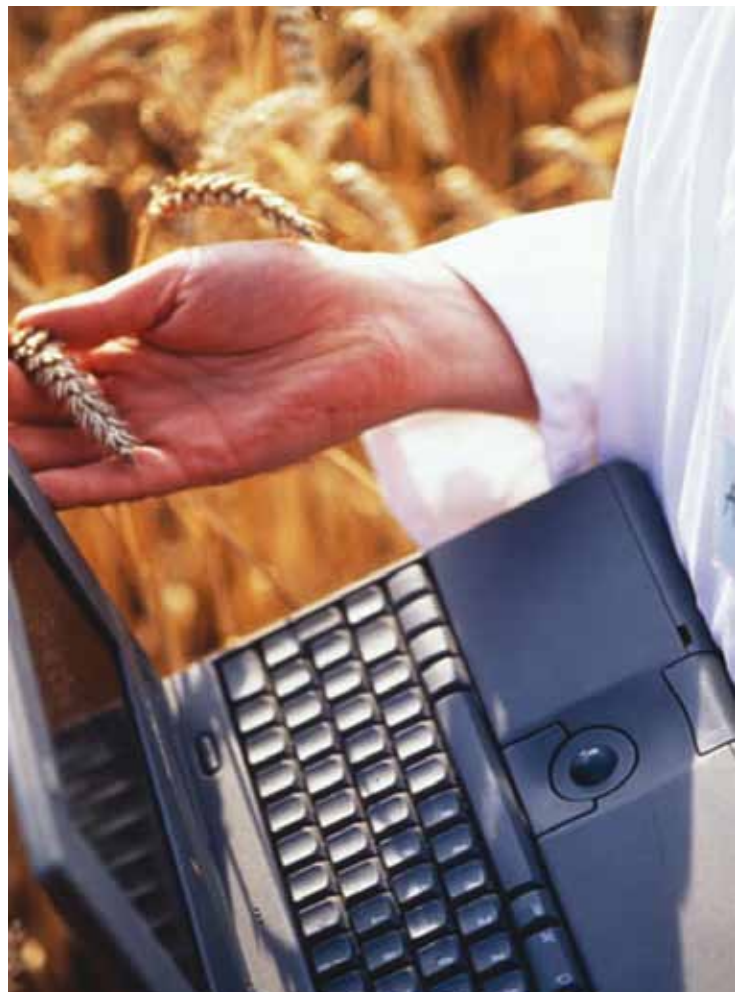
In practice, the social and environmental performance of European companies often comes down to additional requirements put on their suppliers. As such, there has been an increase in certification schemes which are now required by the suppliers to the European market. Depending on how well the supplier performs in other areas – price and

quality – the European counterpart may be willing to work together to achieve better social and environmental performance. ISO 26000 on social responsibility is being developed to provide guidance for companies dealing with CSR.

Quality

Companies can also surpass the quality requirements that are legally required. Sometimes this is done by means of requesting their suppliers to work according to a quality management system, such as ISO 9001, which in some, especially industrial sectors, have become such standard practice that it can be seen as a mandatory requirement for entering the EU market.

The food sector also goes a step further, as GlobalGAP (Global Good Agricultural Practice, previously EurepGAP), is requested by supermarkets and other retailers so often, that entering the EU market without GlobalGAP certification has become very difficult.



What does it mean for you as an exporter?

- **Agriculture:** GlobalGAP is an essential requirement for entering the EU. Other requirements include more stringent requirements for pesticide residue levels, maximum residue levels, or MRLs, for fruit and vegetables, introduced by some German and other Western European supermarkets. In addition, compliance with different (food) standards and management systems, e.g. BRC, IFS and ISO 22000 on food safety, is being increasingly requested.
- **Consumer:** the apparel sector received a great deal of negative publicity in the media a decade ago, when reports on poor working conditions in sweatshops were reported. Since then, the sector has increasingly introduced social requirements in its supplier requirements. In the timber sector environmental concerns have received more attention than social, with illegal timber on the agenda, which has giving rise to e.g. increasing FSC-certification.
- **Industrial:** The implementation of a management system by means of ISO 9001 certification is already a minimum requirement for any exporter in order to be accepted by a European importer. Additional requirements on certification against ISO 14001 for environment and OHSAS 18001 are becoming increasingly important within the industrial sectors. There are sector-specific schemes that are widely applied, such as Responsible Care in the chemicals sector.
- **Services:** Certain management systems are used, for instance ISO management systems for services and the eSourcing Capability Model for Service Providers (eSCM-SP).

Practical next steps

Find out about distribution strategies and trade structures in your sector. Refer to CBI's sector surveys: www.cbi.eu/marketinfo. Select your sector and the EU and choose Sector surveys in the filter that appears.

Learn about the environmental and social requirements in your sector. You can start by checking out the information available in CBI's Market Information Database: www.cbi.eu/marketinfo. Select you sector and the EU and click on "Non-legislation" in the filter that appears. Another option is to study the supplier codes of European players in your sector. In many cases, these are available on the companies' websites.

Read more

Find out more about CSR in Europe, including all of the initiatives mentioned above, in CBI's market information database. Select your sector and the EU and choose "Non-legislation" in the filter that appears.

- CSR Europe - www.csreurope.org
- CSR Europe publication: "A guide to CSR in Europe (2009)" - www.csreurope.org - information on individual countries
- GlobalGAP - www.globalgap.org

The online version of this manual gives you access to the direct links to these subjects and publications. To download the online version, please go to www.cbi.eu/marketinfo.



Why read this module?

This module will give you an overview of the most important developments in the European consumer markets that are relevant to you as an exporter or BSO (business support organisation) from a developing country. By knowing which developments are prevalent, you can anticipate what your potential buyers are looking for and better prepare yourself for the European market.

Module 7

Europe, Developments in Consumer Markets

Introduction

This module covers the main consumer trends in Europe and their relevance for developing country suppliers. When relevant, differences between EU and EFTA countries have been highlighted. This module is meant to provide you with the basic information you will need concerning the most recent developments in the European Consumer Market. We would like to encourage you to find out more about this subject and that is why we have supplied you with several links to both CBI/SIPPO sources and external sources.

Individualism/uniqueness

The European consumer wishes to distinguish himself or herself from others. Consumption becomes a means of self expression, where personalized and customized products are the key.

What does this mean for you as an exporter?

- **Agriculture:** flexible combinations instead of standard packs are being introduced where, for instance, meals can be combined by adding different components instead of the usual ready-made meals.
- **Consumer:** products which differentiate themselves from the mainstream, or allow for flexible use in terms of multiple purposes or mix & match by different combinations fit with this trend. Another possibility is to offer the opportunity to personalize a product.
- **Industrial:** only indirectly relevant, for instance through demand for parts used in products tapping into this development.
- **Services:** especially relevant for tourism, where travellers want to have individual, authentic experiences and not be part of the mass-tourism culture. Travel agencies are less and less involved as travellers want to experience their own journey; by using the internet they wish to create their own unique travel experience.

New experiences

European consumers are thirsty for new experiences. They are open to exotic designs, tastes and flavours. Modern Europeans have travelled more than ever before and have developed an interest in foreign cultures.

At the same time, many consumers are interested in more than just the product or service itself, they want to know the

story behind it. In brief, the European consumer is not only looking for a specific product or service, he or she is looking for an experience!

This trend originates in the need for individualism, which in turn has developed toward the so-called 'experience economy'. In the 70's consumers were seduced by the growth in assortment (for example olive oil in the Netherlands); in the 90's product differentiation appeared in the shape of added value products (for example olive oil with lemon or olive oil from black olives); nowadays consumers want to "experience" the product (for example olive oil with added value but also mentioning its source; with the added option for the consumer to go on the internet and look up how these particular olives have been grown, on which farm, and to see how the cultivation process takes place).



What does this mean for you as an exporter?

- **Agriculture:** exotic products, such as flowers and plants not yet widely known in the EU, or new flavours and food are increasingly in demand. Exotic origins as part of the marketing of a product are also gaining ground, for instance for coffee, tea and wine. Also, new flavours in fruits and vegetables are highly popular, as well as the use of exotic plants and fruit ingredients in cosmetics.
- **Consumer:** ethnic designs are popular and adding information on where and how a product was produced, or how it is used in its local culture, can raise the interest of the European consumer.

- **Industrial:** only indirectly relevant, for instance through demand for parts used in products tapping into this development.
- **Services:** Especially relevant for tourism, where the desire for new experiences and exotic places fits the taste of this European development.

Social and environmental concerns

Social and environmental concerns, often called CSR (Corporate Social Responsibility) in a business context, are an on-going development that has gained solid ground among European consumers. Consumers expect the products or services they buy to not cause unnecessary harm to the environment, and to be produced under acceptable social circumstances (companies respond for instance by demanding compliance with the main ILO conventions in this regard).

There are clear differences between European regions in terms of how much attention social and environmental concerns receive, and there is also a difference as to which aspect receives more attention; sometimes this depends on the product in question, but also on the region. In general terms, Eastern European countries pay less attention to environmental and social circumstances, whereas Western and Northern European countries are the most aware consumers in Europe.

The EU organic market is dominated by four countries: Germany, UK, France and Italy, which together are good for 80% of EU demand. Germany is the largest market. After several years of increased growth, the demand is now stable but it may continue to grow when the economy picks up again. France and Italy are still seeing a growing demand, whereas the UK saw a drop of 13.6% in organic demand in 2009. Switzerland (not a member of the EU) saw its organic market grow greatly in 2009, by 7%. In the EU, the demand is expected to remain higher than the supply, which will create opportunities for suppliers from developing countries. However, part of the demand will also be met through intra-European trade, as production in Central and Eastern European countries is increasing faster than the demand.

Fair trade is also showing much growth and has already reached a large market share in countries such as Switzerland and the UK. Retail sales grew by 15% in 2008-2009, reaching 3.4 billion.

Organic and fair trade are still niche markets and large multinationals do not care to make such an effort. Instead, they are trying to make their existing products more environmentally-friendly. At the same time, there is an increasing demand for organic and fair trade, both separately and in combination (double certification). This gap in the market is filled by retailers who are introducing

more and more organic and fair trade product lines and segments, for example *AH Puur & Eerlijk* ("pure & honest") in the Dutch supermarket Albert Heijn and Tesco Organic in the UK. Overall, supermarkets are increasingly including organic and fair trade in their assortments, for instance in the Swiss supermarket chains COOP and Migros.

The main means of communication towards consumers is by labels: environmental labels and social/fair trade labels. There are many different labels in use, ranging from organic to fair trade, but covering combinations of the two as well, which offers opportunities for producers in developing countries. Different labels are used in different regions. Although there are European-wide labels for organic food and some non-food products, many countries are still more familiar with their own local labels. Social labels and labels combining social and organic aspects are also used regionally rather than European wide, as they are better known in certain countries than others. ISEAL Alliance is the global alliance for social and environmental standards, and many of the known labels (*Fair Trade*, *MSC*, *FSC*) are members.



What does this mean for you as an exporter?

- **Agriculture:** an EU-wide organic food label has been developed, and in addition there are several regional or national initiatives. The national labels are still often better known than the EU label, although efforts are being made to promote the EU label. In Switzerland, the Bio Suisse seal is used, among other labels, and in Norway consumers recognize organic products by the Ø-label. MSC is the most widely used label for fish. FSC is the best-known consumer label for timber, and the demand exceeds the supply in Europe. There are also numerous options for fair trade/social certification, applicable for food products, flowers, wine and even natural stone.
- **Consumer:** there are several different labels used for consumer goods, ranging from organic cotton to FSC-certified paper or timber used in toys or stationery. Eco-fashion and ethical fashion is also gaining ground,

with trendy brands being established. As an exporter, you need to find out which labels are recognized and being used in which markets. The choice of material is another possibility: bamboo is an environmentally-friendly alternative, as it grows quickly compared to e.g. tropical timber. Making use of recycled materials is another option. And treating materials (timber, textiles) with environmentally-friendly materials instead of hazardous chemicals is another way of showing good environmental performance. Fair trade is a social label and certification schemes are available for many consumer products.

- **Industrial:** although mainly relevant indirectly, certain industrial products are being developed to meet consumer demand in this regard. Paint manufactured on a water basis is an example of a product choice which could be based on environmental considerations.
- **Services:** eco-tourism and sustainable tourism are gaining ground, with consumers being more aware of the impact their travelling has on the environment and the local communities.

Health consciousness

One major development that can be identified is the increasing consciousness consumers have concerning health and well being. Consumers want to be good to their bodies, not just by leaving out destructive behaviour, but by treating themselves well.

What does this mean for you as an exporter?

- **Agriculture:** food is the main sector influenced by the health trend. Starting with choice of food: fish is considered healthy, whereas sugar is not and snacks made of fruit or vegetables are healthier than junk food; there is a tendency to choose a healthier variety of the same product: vegetable oils are healthier than animal fats and dark chocolate has healthier properties than light; and light wines are a relatively healthier choice. Food labelling and health claims are important marketing tools, and as this trend has evolved, legislation is being established to provide a fair playing field and well-informed consumers. More and more national governments are creating quality systems and logos which represent a healthy choice of food for the consumer. Take for example the “Ik kies bewust” (“I choose consciously”) logo used in the Netherlands:
- **Consumer:** products geared towards hygiene or ergonomics fit this trend. Also products with a calming effect, for instance with a fragrant scent, can attract health-conscious consumers.
- **Industrial:** The effects in the industrial sectors are mainly indirect, but this could affect the use of chemicals and hazardous substances in products and there may be a tendency then to favour more natural products such as natural pharmaceuticals instead of those produced by conventional industry.

- **Services:** within the tourism sector, health & wellness is developing as a distinct market segment.

Convenience

Demographic developments such as more and more women working in combination with a hectic lifestyle, have given rise to the demand for more convenience products. Where time is scarce and consumers are experiencing many different demands, this is a growing segment.

Internet is a growing channel for purchasing or making purchase decisions. Read more in the section below.

What does this mean for you as an exporter?

- **Agriculture:** in food, especially packaging plays an important role: for instance portion packs offering ready-to consume products, or ready-made mixes of products. Meals that are already partially prepared in order to speed up the cooking process are another example, as well as those meals that are consumed outside the home and enjoyed on the street where purchased.
- **Consumer:** practical, functional products make use of this development, for instance shoes or clothes which can be used for different purposes with small adjustments, e.g. office and leisure time.
- **Industrial:** the relevance is mainly indirect, but it could affect some products. For instance, products should be easy to use, have low-maintenance, perhaps they might have a soil-resistant finishing treatment if applicable.
- **Services:** the role of internet has an impact on the service sector; we refer you to the section on internet below for more information.



Price consciousness

The European consumer is becoming more demanding and he or she wants to have value for money. There has been a general shift from luxury to lower-end products, and although the economic crisis has had some influence, this shift had already started prior to the crisis. Consumer price

consciousness has also given rise to an increasing demand for private label products (see also the module Developments in Business-to-Business Markets) and low-budget options such as discount stores.

However, the extremely luxurious products (such as Louis Vuitton) have not been affected at all by the crisis, as consumers are willing to pay good money for unique and high quality products. In other words, consumers are more and more aware of prices and they are only willing to pay for a good product/quality balance.

Cocooning is another development that has been on the rise since the crisis. Cocooning means that people stay at home and enjoy themselves there, instead of spending money on going out. This development had already started before the crisis, but it has picked up popularity as a means of saving money.

What does this mean for you as an exporter?

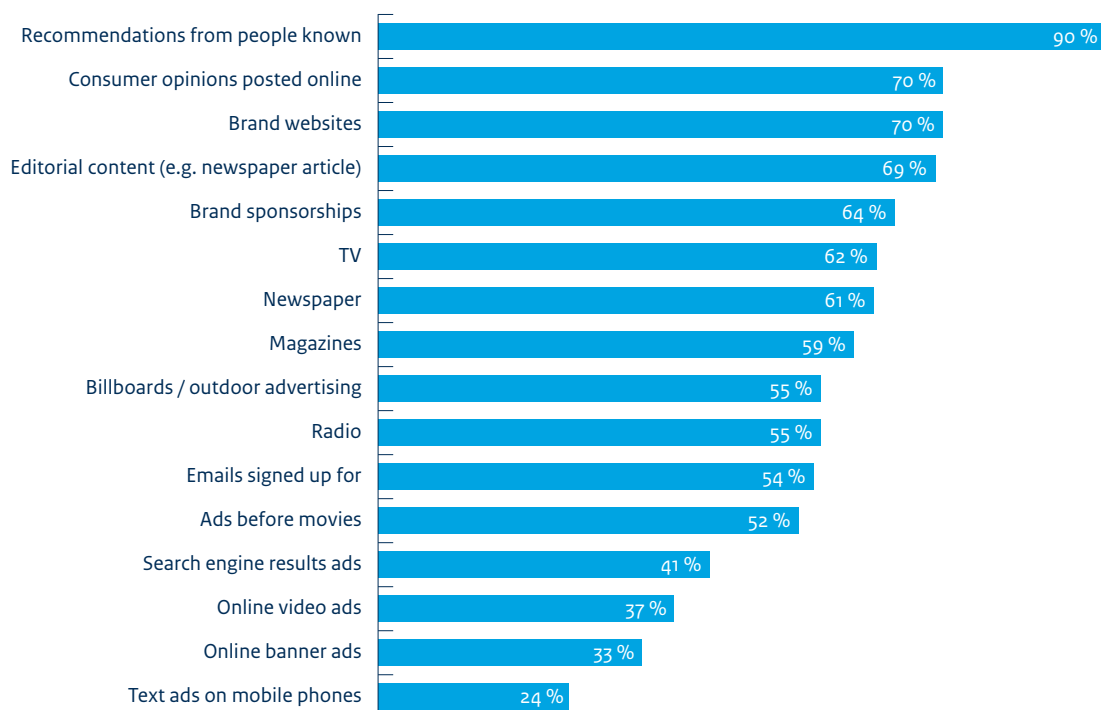
- **Agriculture:** Consumers search for good alternatives to “luxury” products, for instance cheaper (foreign) fish species that taste good instead of the more expensive European ones. Also the increasing popularity of fish has had an effect in this sector.

- **Consumer:** the market share of different retailers may shift, as many consumers choose to shop in discount stores or supermarkets and look for cheaper alternatives online. In view of the fact that people tend to stay in rather than go out, home-experience becomes a factor, e.g. home spa, or wining and dining at home with all the necessary household appliances and tableware.
- **Industrial:** The relevance is mainly indirect, but as people postpone buying new homes, they may need to renovate and or redecorate their existing homes which in turn could give rise for an increased demand for products related to renovating and redecorating.
- **Services:** the increasing role of the internet, particularly when searching for price-competitive options.

Internet/social media

Internet is becoming a major channel for purchasing goods and services. The use of internet for purchasing goods and services has seen a continuous increase in the past few years, with 20% of EU citizens purchasing online in 2004 compared to 37% in 2009. In Norway, 70% of consumers did this in 2009 (Source: Eurostat). There are great variations between countries, with Western and European countries making more use of online shopping than Eastern and Southern countries.

Figure 7.1: Consumer trust in forms of advertising
Source: Nielsen Global Online Consumer Survey April 2009



Internet is not only used for making an actual purchase, however. It is also a source for learning about products and for comparing products and prices. As such, you can gain recognition by being visible on the Internet where consumers can find you.

Social media is becoming increasingly important when deciding to make purchases. Consumers show more faith and trust in reviews made by other consumers, than they do in advertisements and commercials (see Figure 7.1). It is expected that social media will be the most important source for product or service information within the next 6 to 8 years. Social media, such as Facebook, Twitter, etc., will create platforms where consumers can exchange information on products. Furthermore, apps ('applications') will be widely used on iPhone and similar smart phones and many companies are currently creating these apps in order to spread their content. Websites will then become less relevant.

Over a third of Europeans read social content, and one in four actively contributes to a blog or writes his or her own blog, according to a study carried out for the European Commission. Compared to the US, Europe is more active in social media. For example: almost 4 out of 5 Italian internet users read blogs compared to 60% in the US, 41% of Spanish users write blogs but only 26% in the US, almost 60% of Czech internet users upload photos and 48% of Polish internet users subscribe to RSS feeds, all ahead of the US (Source: European Commission).

Global Web analyses the motivation for being in social media. The outcome shows that in Germany and the UK the most purchase-oriented social media users can be found: Germany 51%, UK 49%, Spain 34%, Italy 32%, France 31%, and the Netherlands 26%.

Different social media are used in different countries, and as the social media landscape evolves it will continue to change. Facebook, MySpace, LinkedIn and Twitter are the best known social networks and are used throughout Europe, but for local markets other networks may be more relevant.

What does this mean for you as an exporter?

All sectors: You can use social media in your market research. Through social media, you can find your end-users, competitors and potential buyers in Europe and learn about them. You can use social media for staying up-to-date and for learning what is going on in Europe in your sector. On the other hand, social media is also something you can use to promote yourself and your company, and hence build trust. For all intents and purposes, you need to find out in which social networks your target group is present. Note however, that social media is a means for reaching your end

consumers. In business to business relationships, social media does not yet play a role. We would like to refer you to the module on Developments in Business to Business for more information.

Practical next steps

You can find more trends and developments for your sector and/or product group in CBI's market surveys. Go to www.cbi.eu/marketinfo.

Also take a look at the CBI and Sippo publications on doing market research, at www.cbi.eu and www.sippo.ch.

In addition, to stay up to date, you can sign up for e-newsletters and rss-feeds on relevant stakeholder websites. For instance, look at relevant trade fairs and branch organisations, where you can find links to CBI's market surveys.

Read more

- Consumer trends: relevant CBI sector surveys. Go to www.cbi.eu/marketinfo. Select your sector and country of interest. Choose "Sector surveys" in the filter that appears.
- Environmental and social certification schemes: the CBI Market Information Database: www.cbi.eu/marketinfo. Select your sector and country of interest. Choose "Non-legislation" in the filter that appears.
- Internet use in the EU: <http://epp.eurostat.ec.europa.eu>
- Social media use in different countries: www.slideshare.net/stevenvanbellegheem/social-networks-around-the-world-2010
- Iseal Alliance - <http://www.isealalliance.org> - global association for social and environmental standards
- Fair trade - www.fairtrade.net

The online version of this manual gives you access to the direct links to these subjects and publications. To download the online version, please go to www.cbi.eu/marketinfo.



Why read this module?

When doing business with people from other cultures, misunderstandings and conflicts can easily arise. To succeed internationally, it is essential that you are aware of the differences between you and your (potential) business partner with regard to culture, language and patterns of thought. This just might give you the upper edge over your competitors!

Module 8

Europe, Cultural aspects

Introduction

You have probably already looked at the broad trends and developments within the EU/EFTA region which could have an impact upon the market where you operate. You may already have a clear idea of which products you would like to export and to which country. This module explores the cultural aspects of doing business in Europe and it is intended to help you export your product or services successfully. For more information on European cultures, quizzes and tips, please visit the CBI website.

Europe: cultural implications for doing business

If the words 'European Union' or 'European Economic Area' give you the impression that the countries of Europe truly form one entity, then you are, unfortunately, mistaken. You only need to visit a European expo or a trade fair to find this out for yourself. The Norwegian businessman at one stand speaks a different version of English than his Greek neighbour at the stand next to him. And the Englishman from the stand across the corridor feels uncomfortable when the Italian client stands too close to him. Meanwhile, a German customer looks impatiently at his watch, complaining that his Hungarian vendor is ten minutes late for their appointment. To sum up, no one in Europe speaks, or let alone acts, European.

This is a challenge for anyone who wants to enter the European market. It is important to become familiar with the different ways of doing business in the various European countries and to take the right actions. It is so much easier if you structure your approach. That is why a 3-step process has been developed with all of the relevant issues that you should think about in advance and put into practice before doing business with a company which can be found in one or more of your target markets.

Step 1: Cultural awareness

Cultural awareness is an indispensable step towards achieving 'feeling' for a foreign market. The enlargements of the EU during the past few years have augmented the size of the EU, and they have also significantly increased its complexity. The EU and the EFTA are both still relatively new entities and have not yet had the time to develop a common culture. This has been further hampered by the differences in language, religion, educational and political systems and

by the absence of a symbolically and emotionally shared European representation in high profile sports events or similar happenings.

Cultural awareness is a critical skill in achieving success as an exporter. When more people come from culturally diverse backgrounds, effective communication is vital. Even if English is the spoken language, cultural differences can still cause problems. To avoid these problems, try to be aware of the differences in meeting and greeting people (use of names, body language, etc.) and in building relationships. Differences can also be found in the way hierarchical power is shared, how presentations are delivered, how negotiating is done, and how conflicts are dealt with.

Below follow the three basic differences:

- Language
- Religion
- Approach

Language

The use of language is vital in achieving cross cultural business success. This can take two forms:

- Written language in materials such as leaflets, instruction manuals and websites.

It could prove to be an advantage if you have printed documentation translated regarding certain aspects pertaining to your business, products or services. These might include business cards, company brochures, leaflets, email messages, websites and information about how to use your product, such as instruction manuals.

- Spoken language for communicating with international clients.

If you have a product or service that you feel would sell well outside your country, then you should present this in several foreign languages.

You should not expect everyone in Europe to be able to read, write and speak English. There are over 20 separate major languages used in Europe, excluding regional and local dialects. For specific details of the different languages used in each country see <http://www.ethnologue.com>.

Be aware of the following points when doing business:

- *Consider investing in a multi-lingual staff.* Ideally, those who work for your company should either speak, or learn to speak the other European languages that are spoken in the countries you have selected.
- *An alternative solution is to employ staff who can speak to foreign clients on the phone or via email in their own language.* Having staff with these skills will dramatically increase your chances of successful exporting.

Religion

Religion plays an important part in the lives of many Europeans. Although a significant proportion of the population claims to have no religion, religious influences still prevail in many societies. In Europe most people have been brought up in one of the Christian denominations. Just like retaining the mother tongue, many non-natives, who currently reside in European countries, continue to practice the religion of their forefathers. Having an appreciation of this tendency to retain one's religion can help exporters. Whereas someone may be inclined to learn a new language, it is unusual for people to change the religion that they grew up with. In this sense, religion can be a stronger cultural determinant than language. This serves to add to the cultural complexity of the region, as well as helping to explain some of the cultural practices in each country.

See www.eupedia.com/europe for a map of the main religions in Europe.

Be aware of the following points when doing business:

- *Take care not to generalise.* Whereas some aspects can be applied to most situations, it is usually prudent to be sensitive to the individual situation in which you find yourself.
- *Beware of stereotyping.* As you can speak from your own experience in your home country, whatever its image or reputation might be internationally, you know that it can sometimes be inaccurate or even misleading. The same applies to European countries.

Approach

Differences in approach are derived from the local cultural and historical backgrounds found in each country. Perhaps you will learn to recognize these after having spent some time with your business partner. When in another country, you may decide on quality, service, design and price according to your own judgement, based on your values and norms. However, 'excellent' quality could be regarded as 'moderate' by, for instance, a German buyer who might also criticize the high performance of, for example, your power tool, by finding it too dangerous for consumers in his country.

He may or not be right, but the truth is that the German buyer has a different perception of what is safe compared to what you perceive. Furthermore, within Europe, the Germans think and act differently than the Italians do and the English do not respond in the same way that the Dutch do and so forth; in fact, due to the different national or regional cultural approaches, there is no one clearly identifiable European buyer. That is why you should try to find out how people, who live in prospective target country, think about aspects such as quality, service and design and take this into account when planning your marketing efforts.

Be aware of the following when doing business:

- *Take care not to generalise.* While some factors may be relevant for each and every buyer, it is usually necessary to find out more about the particular interests, needs and wishes of the buyers in the European country or countries that you have chosen.



Step 2: Business etiquette

Business etiquette is how people interact when they do business with one another. How 'polished' is your behaviour and your appearance when working in a business environment? This applies just as much to European countries as it does to your own country. It is how you relate with other business people that will determine your success or failure. Business etiquette is about building relationships with others and creating rapport. If you feel comfortable with someone and vice versa, better communication and mutual trust will develop. This can be achieved by presenting yourself effectively. Business etiquette helps you to achieve this. It revolves around taking the feelings and interests of others into consideration, thereby minimising misunderstandings. This is particularly of importance when you are aware of the cultural differences in your target market.

Business etiquette varies from region to region and country to country. However, there are some key pillars upon which good business etiquette is built. These pillars are important in every market:

- **Honesty** - building your reputation
A reputation for delivering what you promise goes a long way in the business world. A reputation for integrity is slowly gained, but quickly lost.
- **Character** - when to speak and when to listen
This refers to what you as an individual bring to the business table. Your manners and attitude reveal much about you. They reflect your inner character. If you come across as selfish or undisciplined, your relationships are not likely to last long. Proper business etiquette allows you to exhibit your positive qualities such as knowing when to speak and when to listen. By learning the business etiquette practiced by another, you can demonstrate an open-mindedness that will earn you respect.
- **Sensitivity** - be prepared for the unfamiliar
Sensitivity and consideration underlie all good business etiquette. Being prepared for unfamiliar methods and responding thoughtfully is achieved through experience. By avoiding misunderstandings and misinterpretations you can lay the foundation for a strong business relationship.
- **Diplomacy** - think about the interests of others
Avoiding inconsiderate words and behaviour protects you from any negative consequences. Good business etiquette encourages one to think about the interests of others and to choose acceptable forms of expression.
- **Appearance** - make a good impression
Dressing appropriately, standing and sitting in the right place at the right time, good posture and looking physically attractive are all elements that combine to make a good impression. Some European countries

prefer a more formal dress code during business meetings, whereas others prefer less formal attire.

These points represent the basic elements of good business etiquette. Try to convert these points into good business practice in each European country by applying them to the 3-step process for your target market.

Step 3: Business practice

1. Representing your company, yourself and your products

Before you can present yourself in Europe, you must be confident about the organisation you represent. Does your organisation have a corporate identity, such as a logo or company theme or message? Does this identity positively reflect the business in which you are involved? Is this identity consistently carried through the key pieces of printed communication such as letterheads, leaflets, promotional literature and brochures, etc.? This could make a good impression on prospective buyers, especially in Western and Northern European countries.

Your website is probably the main vehicle through which potential customers will view and form an impression of you before you actually meet. The website must be consistent with the other materials you produce. It must be regularly updated and enable the most up-to-date interaction. You can find more information on this in the CBI export manuals 'Website Promotion' and 'Your image builder'. These can be downloaded from www.cbi.eu/marketinfo.

Presenting yourself is an important aspect when meeting a potential client; it applies to how you introduce yourself, how you present your business card, how you come across to people in the way you write letters and emails and how you make phone calls.

Business cards

In all European countries the exchanging of business cards is of great importance.

- Business cards are recognised as a means of presenting personal contact details, so make sure you have a plentiful supply.
- When travelling abroad for business it is advisable to have one side of your business card translated into the language of your host country.
- Business cards are generally exchanged at the beginning or at the end of an initial meeting.
- Present the card so that the recipient's language is facing upwards.
- Acknowledge receipt of any business card. You could put some brief information on it as a reminder, before putting it away.

Writing letters and emails

The way you write a letter or an email and the etiquette you employ may have an influence on how successful you are when approaching a potential European customer. If you fail to observe correct business letter etiquette, then you might adopt an inappropriate tone, cause offence or misunderstanding and show a lack of clarity. Good business letter etiquette means 'thinking before you write'. You should consider to whom the letter is addressed and your purpose in writing. This will subsequently influence the style, content and structure. Details on writing letters can also be found in the CBI export manual 'Your Image Builder' (www.cbi.eu/marketinfo) and the SIPPO manual "From Contacts to Contracts" (www.sippo.ch).

Making phone calls

As far as the telephoning is concerned, try to be clear in your communication to a European buyer and try to avoid misunderstandings. Most people can recall a phone call that left them feeling frustrated or irritated. How much of this was due to poor phone etiquette? Be prepared. It is important to know who you are calling no matter which company it is in Europe. Ask yourself when the most convenient time would be to call, what the reason for your call should be and what you can offer them. Be structured, short and to the point. If you do not know the person you are calling, it is important that you establish the purpose of your call and your credentials immediately. A short introduction shows good phone etiquette and allows the receiver to set the forthcoming information within a context.

Do not assume that the receiver in a European country knows why you are calling and what you expect from them. Specify the purpose of the call. Give information that the receiver will understand, appreciate and find useful.

Presenting your products is the final step in the process and once you have made contact with your potential European customer, it is likely that you will need to make a proper business presentation to outline your proposals.

Target, content and audience of your presentation

Try to think about the objective of your presentation first, for example:

- You want to present your company and its products
- You want to convince the audience about the quality/price ratio of your product, i.e. you don't want to sell it for too low a price
- You want to show them that there are good opportunities for your product
- You want to sell a volume of 10,000 products next year – how can you convince the buyer that this would be a good investment?



You could aim to cover one of these points or a combination of points. Once you have decided on your objective, think about the content of the presentation. Think about the sequence of what you are going to say, e.g. giving an introduction of your company, setting up overseas sales network, describing the product range or services, discussing quality assurance, showing the competitor's price overview, meeting market requirements, reviewing opportunities and growth potential in the European market, etc.

Try to find out whether your audience will appreciate factual, statistical information presented visually, or whether they would prefer a more personal approach. Different cultures expect different things from presentations. Companies in Eastern European countries, for instance, prefer to see future projections and figures as they tend to think more in terms of economic growth. Companies in Southern European countries, however, prefer to learn more about the presenter's credentials and experience.

Style of presentation

Tailor your presentation style to your audience. Southern and Eastern European countries prefer information to be presented in detail in a way that builds up to a final argument, conclusion or recommendation. Here you should gradually lead the audience, using a logical succession of points, to a conclusion. On the other hand, some cultures, particularly Western and Northern European countries, prefer a much faster-paced presentation that gets to the point more quickly (this includes mentioning the price).

Language & Body Language

The language you use in a presentation is important. Although the majority of the language that is used in a cross cultural presentation will be understood by an English-speaking foreign audience, a speaker must be

careful when it comes to slang, idioms or phrases. Try to keep your language simple.

Southern and Eastern European people are quite animated and appreciate hand gestures and expressing emotion. People in Western and Northern Europe expect speakers to remain calm and would consider such behaviour to be overdone. Pay attention to the use of gestures. Eye contact can also differ. Some cultures consider strong eye contact as a sign of sincerity, whereas others find it overbearing and see it as an invasion of their privacy.

Time

In Western and Northern parts of Europe a structured approach is preferred, while Southern and Eastern European people are more casual about punctuality. If you are somewhere that believes a starting time is considered to serve more as a guide rather than a definite, then allow time for networking or light conversation before starting the presentation. Arriving late in a punctual culture will generate negative feedback. Show the appropriate punctuality or flexibility depending on the culture.

Emotions

Keep your emotions under control. In some cultures, a degree of cross-examination or scrutiny may occur. If this happens, bear in mind the positive intentions behind such actions, i.e. the questions are only being posed to establish facts, not to undermine you. Never lose patience, show frustration or display anger. To do so will lead to a loss of credibility.

Use of technology

Power Point is the most widely-used method for giving a presentation in European countries. It can create a good professional impression if it is prepared properly. But be careful as some people do not like to rely solely on visual presentations and place more value on what you say and your personality.

Audience participation and feedback

Audiences can respond in different ways. Some are very engaging and want to ask questions, whereas others are just the opposite. They can also show their appreciation in different ways. Be prepared to receive instant feedback to your presentation. However, on the other hand, you may not get a reaction at all. This is not always a bad sign. Whatever reaction you receive, always be polite when concluding the presentation and show appreciation for the time your audience has given you.

Read more on presentation techniques, templates, etc:

- www.businessballs.com/presentation.com
- www.presentationmagazine.com
- www.prezi.com

2. Business meetings & dealing with hierarchy

You may have already exchanged communication in writing or had a telephone conversation with your potential European customer, but it is when you actually meet them that the key impressions are made. Here are some useful tips when meeting potential customers for the first time:

- *Be properly dressed*
There are differences between Member States as to the acceptability of formal or informal clothing. Know what is acceptable in the country you are visiting.
- *Address people correctly*
Some Europeans can be quite formal. Always introduce someone who is less important to someone who is more important. Extend a greeting before asking any questions. Your business proposal could be severely affected by an unintended breach of etiquette. Formality and respect are very important.
- *Be punctual*
Arrive on time for your meetings; particularly in the countries of Germany, Sweden, Denmark, Norway, Switzerland and Austria where punctuality is scrupulously regarded. In the UK, make sure to be early. You have about a ten-minute span of flexibility in France. In Italy, you can expect to wait, but do not expect the same of others. In Spain, meeting times tend to be more flexible.

Greetings

Stand up, make eye contact and give a firm, quick, confident handshake when greeting people and do the same again at the conclusion of meetings. Italians will shake hands often. When greeting older, more formal Germans, they may bow slightly. Nod your head, but do not try to imitate them. In Austria, you might witness the kissing of a lady's hand or very formal heel clicking following a greeting. Again, do not try to copy this. In some places be prepared to receive a kiss on both cheeks, perhaps even from another man, but wait for it to be initiated after the relationship has been established.

Body language

Body language is very important, particularly at a first meeting. Without trying to generalise, it has been said that while Danes prefer more space when talking, it is common for Spaniards to stand very close. Don't step back to increase the distance or they may take offence. Keep your hands out of your pockets in France and Sweden. When you are in another country, it is always wise to limit your gestures and never assume that domestic gestures mean the same thing overseas. For example, if a Frenchman gives you the okay sign during your presentation, it means "useless". The gesture you should anticipate seeing is a thumbs-up.



During meetings

Agenda: In Southern and Eastern Europe the agenda of the meeting is taken as a loose guideline and there is openness towards new topics. Some speakers may talk for a long time so make sure to ask for enough time to cover your points. In Western and Northern countries, an agenda is strictly adhered to and you should make sure beforehand that your points have been included.

Content: Try to find out in advance when you will be speaking or if there are going to be more people at the meeting. When speaking, be clear in saying what you want and try to be specific in terms of a required time frame and budget. In Western and Northern countries try to be direct and do not waste time. However, in Southern and Eastern Europe you can take a bit more time for your introduction and give some detailed information. At the conclusion of the meeting, make sure that your points and wishes are clear to everyone.

Follow-up: Here you do what you have promised e.g. sending samples, detailed product information, technical specifications, etc. After the meeting you might like to thank those involved by email or phone and keep in touch with them. In Western and Northern Europe this means that you only contact them if there is a good reason. In Southern and Eastern EU states you could send an email once in a while to ask how people are doing.

Dealing with hierarchy

Every organisation has its own structure. Relationships within each organisation are based on a combination of each person's position within a company and the personal dynamic between individuals. It is advisable to try to make contacts at the different levels within an organisation. Dealings with hierarchy differ within the European

countries. The organisational structure in some countries can be quite formal and rigid (e.g. Germany and Switzerland). In these cases, there are clear procedures and protocols you should follow. In Southern European countries such as Italy, Spain, Portugal and Greece, with many companies being family-owned businesses, you will find that senior people in an organisation will only deal with a counterpart possessing similar rank and seniority. In this case you must try to provide someone of equal stature. Sometimes senior people in organisations choose not to meet outside suppliers at all. If your contact in the organisation is not at a senior level, you may need to talk to someone higher in the organisation to progress your proposal. Be sure to do this through your contact, however, or otherwise you may offend him.

You may find that you cannot make any progress in an organisation because you have not appreciated how the organisation works. This is not a reflection on the quality of your product, but a reflection on how you have tried to deal with and understand the organisation. Do not pass judgement on the structure of an organisation. There are usually very sound reasons why organisations have evolved to work in the way that they do. Some of these reasons are cultural; others derive from the kind of business the organisations are in. You will find some organisations very bureaucratic. Others will be very simple. Respect everyone you meet in an organisation, irrespective of their status. You may discover that someone else who you did not expect was of assistance to you at some stage in your dealings. Make sure that you have done your homework on the organisation before approaching them. A mistake here can be costly.

3. Negotiating

After you have met a potential client and delivered a business presentation, as the relationship progresses you will need to discuss more specific negotiations concerning a sale or a contract. Negotiating styles vary throughout Europe. The following aspects need to be considered before entering into negotiations:

The basis of the relationship

In Northern and Western Europe business is contractual in nature. Personal relationships are seen as unhealthy as they can cloud objectivity. This contrasts with Southern Europe where business is more personal. Partnerships will be made with those they know, trust and feel comfortable with. It is therefore necessary to invest in relationship-building before conducting business.

Information at negotiations

European business practice places emphasis on clearly presented and rationally argued business proposals using statistics and facts. The degree of detail required before finalising a contract will vary between Member States.

Negotiation Styles

For example, you may wish to hold a meeting with the most senior person in an organisation because you feel that this person will be the ultimate decision maker. However, you should not make such assumptions. If you have been referred to someone else, accept this as the way of working in this organisation, and that it is not an attempt to reject your proposal.

4. Decision-making

Once you have given your presentation and you have been through the negotiation process, you may find yourself in a position of having to make a decision yourself, or of waiting for your partner or client to reach a decision. A decision-making process can be simple, or it can be very involved and time consuming, depending on the significance of the decision to be made.

Southern Europeans generally take more time to reach a decision than other European countries. However, it may also take a long time in other European regions, especially when you deal with large importers or retail organisations with a complex hierarchical organisation structure. Patience can be seen as a virtue when waiting for a decision to be made, although if it takes several months you could contact the company and ask for an update. It is important to stay positive, enthusiastic and polite in your approach. Once a decision has been reached, most European business people act upon it immediately. They also expect that you can immediately fulfil your part of the bargain. Make sure that you are in a position to do this, otherwise your respect and credibility may suffer.

Be clear in regard to the terms and conditions of any proposal before you reach this decision-making stage. The way you behave at this moment is very important for how your business relationship will develop. In Europe it is expected that decision making should be done in a clear, unambiguous manner. Your clarity of thought and confidence are being judged when you take a decision.

You need to know who the main decision-maker is in the organisation. In companies in Western and Northern Europe, decisions are often made by a committee. In smaller family businesses in Southern countries, decisions tend to be taken by the most senior person. However, in larger organisations, this is often delegated. You need to understand the decision-making process of the organisation you are dealing with.

**5. Dealing with conflict & retaining clients**

Most disputes tend to originate from poor communication. There may not be a cultural component involved. The existence of a written contract between parties may help to minimise any possible conflict. However, disputes can still occur even when a clear contract is in place. Some disputes can be more serious than others. The nature of the dispute can usually determine the best way to deal with it. The following are the main strategies you can employ when trying to settle a dispute with a European partner:

- *Work together to solve the problem.* This approach usually applies to business relationships where damage has been done, but there is still much interdependence and joint commitment involved. It can be time consuming (and possibly expensive) but the relationship is so important to you that you are prepared to go to such efforts.
- *Accept or accommodate the problem.* In this situation, you may feel that doing this is in the best long-term interests of maintaining your relationship. You may feel that the significance of the conflict is not so great. Take care that this is not perceived as a sign of weakness.
- *Compromise.* This is often a fallback position. You may have reached an impasse over a problem. Sometimes a speedy resolution of a conflict is more important than reaching a principled or optimal outcome. Take care that this pragmatic approach does not create problems for you

in the future, or that it does not try to get to the bottom of what the conflict is about.

- *Fight for your position.* This approach applies when you feel you are strongly in the right. You may also feel that you are prepared to sacrifice the relationship for your principles and that the goodwill of the company is not so important to you. Your European business partner may respect you for taking such a stand. Take care not to be too rigid, or to alienate key people.
- *Avoid the conflict.* If you do not feel capable, or you do not wish to become involved in the implications of taking a conflict further, you can avoid it. It may initially be seen as an easy option but take care not to lose the respect of those who might expect you to try and solve it. You may discover that with more courage or confidence you could have found a way to negotiate the situation successfully.

These approaches can apply in any business environment. However, some cultures in Western and Northern European countries prefer to minimise or avoid conflict. Cultures in most Southern European countries prefer a more direct, open and potentially more confrontational style.

Retaining clients

Once you have won an export contract, there is a call for celebration. However, your European business partner will always receive invitations and offers from other competitors. Because of this, you should continue to maintain a high level of service to your overseas client. A client will be disappointed if your price offer for the first project was seen as good value only for the price to go up afterwards. The same applies if your level of product quality or after sales service decreases after your first success. Maintain high professional standards at all times. As your relationship develops, it may become less formal. Even if the relationship develops more personally, always remember that your relationship is sustained by the ongoing quality of the products and services you provide. It is much easier to lose a client through poor service than to win a new client. Winning new business is the lifeblood of any organisation, but never underestimate the importance of looking after your existing clients. You can also find information on dealing with clients (trade partners) in the CBI export manual 'Export planner'. It can be downloaded from www.cbi.eu/marketinfo. Go to 'Search CBI publications'.

Practical tips

- Maintain a high level of quality and service and do not raise your price on the second order.
- Look after your existing clients as it is easier to lose a client than to win a new client.

What does this mean for you as an exporter?

By examining the cultural roots of behaviour and by being prepared, both in society and business, you can foresee, to a certain extent, how your (prospective) customers or business partners will respond. Gaining a greater understanding of what makes them tick will ensure that your export activities will make the right appeal to your chosen market(s).

Practical Next Steps

Study the following section on the characteristics of different European regions in order to gain a better understanding of your potential target markets.

Practical examples and tips for doing business

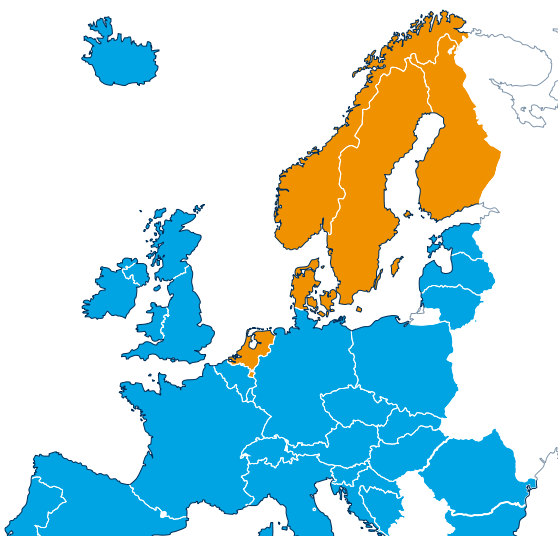
To illustrate just how much detail you may need to know before approaching a particular European market, the following section gives specific examples of the different ways in doing business in selected regions. The regions selected reflect the major differences in doing business and communicating within Europe. They are:

- Northern European countries (examples: Sweden and the Netherlands)
- Western European countries (examples: United Kingdom and Switzerland)
- Southern European countries (examples: Spain and Italy)
- Eastern European countries (examples: Poland and Hungary)

For countries that are not addressed, please refer to <http://www.worldbusinessculture.com/countries/business-with-other-countries.html>, or visit any of the other websites mentioned under 'Read more' at the end of this module.

Northern Europe

The Northern countries of Europe are the Scandinavian states of Sweden, Denmark, Norway and Finland together with the Netherlands.



The key aspects of doing business here are directness and a sense that everyone is equal irrespective of their age, gender or status. This means there is little hierarchy between

people in business. Your Northern European client's secretary will talk to you in the same way as her boss does. A very young employee may give you instructions, regardless of the fact that you are far superior to him in rank, education and age. Northern Europeans also like to feel they are fair-minded, they are not hard-line negotiators. They want all parties to a contract to feel they are receiving a fair share.

In both Sweden and the Netherlands, personal freedom is highly important and they like to feel fair-minded

Personal freedom is highly important. Life, in their perception, centres around the individual and not around the group as it does in most countries throughout the world. The individualist assumes responsibility for his acts in personal life but also in business. The family nucleus tends to be small, consisting on average of a mother, a father and one or two children. Parents are considered responsible for this nucleus, but not for the extended family. This means that there usually is no grandmother or aunt looking after the kids while the parents work.

All the countries in this part of Europe are social democratic welfare states. This means that the old, the sick, the disabled and the jobless are provided for by the government. In order to maintain this social system, those who do work have to pay a considerable amount of tax to the government.

Women make up almost half the Swedish and Dutch workforces. In meetings women are treated in the same way as men. This applies to the etiquette for meeting them. It also applies to the fact that they have the same decision-making powers as men. It is generally accepted for women to pay the bill in a restaurant.

Candid speech is considered respectful. In this environment of equality, again, everyone assumes his or her own responsibility in important matters. A client may seem very young to you, but nonetheless he will take full responsibility for his negotiations. He does not have to consult his boss before making deals. This explains why he will ask you many direct questions, in order to know exactly what he is buying. So be prepared to make quick decisions and remember you only have to persuade the client you are dealing with – not the entire company.

In business situations in Sweden, dress conservatively. Avoid wearing anything that is pretentious. This applies to both men and women. Suits and ties are worn.

In the Netherlands, dress is somewhat informal. To some extent, the dress code is determined by the industrial sector. The more conservative areas such as

banking tend to veer towards suit and tie, while the newer industries take a more casual but smart approach.

Contracts

If you're negotiating a contract, check during the conversation whether you have properly understood your client by summarizing his words. After the meeting, summarize your verbal deal in an email to your client, preferably the same day. This will improve your credibility. You may be accustomed to a culture in which you seek trust and security by building strong relationships with your clients and their companies. The individualist client of Northern Europe, however, seeks trust and security through making written agreements on the deals he closes with you. These agreements or contracts are supported by the law.

English is commonly used in business. Business cards in English are acceptable. The use of titles on business cards is not important. Having well produced printed material and a good website is important.

Business versus relationships

No matter where one lives in the world, we all want to maintain good relationships with our clients. Our ideas on what makes a good relationship can differ, however. Having lunch together in order to get to know each other better is one way of maintaining a good relationship. If you come from a culture that is relationship-oriented, this may work well for you. The individualist, however, may find this a waste of valuable time. Northern Europeans can tend to be task-oriented: to them, a good relationship is based on complying with the details outlined in the contract. On-time delivery and a smooth operation, to him, are more meaningful than a good lunch: he wants to make as many deals as possible in the little time he has available.



Presentations should be clear, logical and detailed. Information should be properly supported by facts and figures. Try not to show emotion during a presentation. Swedes tend to be favourably impressed if you appear reserved or even shy. The Dutch process information objectively and analytically; they do not accept subjective, emotional arguments.

Direct communication

Bringing a present for a client may be fine as long as it is not too expensive or large, otherwise your client may feel morally obliged to buy your products. This goes straight against his philosophy, which is all about being free to make the choices he considers best without any obligations to anyone. Often, it is even company policy that they are not allowed to accept gifts. In fact, your invitation to lunch and your present may even be rejected. The Dutch are especially known for their directness. It is often interpreted by others as bluntness. But in the Netherlands, using social lubricants is thought as being synonymous for concealing the truth.

In Sweden, your best approach is to defer to their wish for long, all-round consultations and demonstrate clearly your own patience and understanding, allied to firmness and integrity.

In the Netherlands, be frank, direct and strive to appear straightforward. They are looking for trust, energy and reliability. Always deliver what you promised.

A few tips

Here are a few tips that may help you become familiar with the business culture of Northern Europe:

- Watch local television and observe how people behave before going to a trade fair;
- Never forget that all people are considered equal, regardless of social status or age;
- Aim for a win-win situation in your negotiations;
- Invite your client for lunch but understand if he declines;
- Directness is not rude, but it is a way of telling the truth. Be very clear about what you want!

More info on doing business with Sweden:

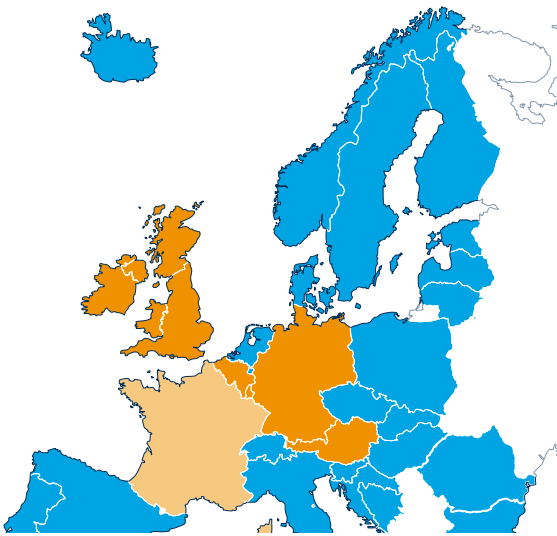
<http://www.worldbusinessculture.com/Business-in-Sweden.html>

Netherlands:

<http://www.worldbusinessculture.com/Business-in-Netherlands.html>

Western Europe

The Western members of the EU are Germany, Austria, Belgium, Luxembourg, the United Kingdom and Ireland. Culturally speaking, Switzerland and Liechtenstein are also part of Western Europe. France is sometimes seen as a western European country, sometimes as a southern European country and has characteristics of both areas.



The Swiss value order, privacy and punctuality. Their home is very important to them. They are also hard working and have been called perfectionists. There is a strong desire for belonging, as well as a sense of community and social conscience.

In the UK, there are established rules for everything, and this gives a sense of stability to life. They are very time-oriented, and emotions are not to be shown in public. There is an inherent trust in the roles people play within the social or business system, and a strong sense of the interdependency of these roles.

There is more formality in business in this part of the EU, compared with Northern Europe. Western Europeans tend to be receptive to new business if they can see a reasonably quick return. Efficiency and accountability are key words in doing business in this part of Europe. They are very result-orientated. You can show emotion but be cautious if you do. Transparency, assertiveness and equality are important values. Say what you think. There is no problem in disagreeing with someone in Western Europe if you can clearly argue your point.

The Swiss may appear somewhat unfriendly and reserved until you get to know them. They value everything to be highly structured and have respect for rules that make people know what is expected of them.

Only the Germans rival the Swiss in their respect for, and submission to, timetables and schedules.

The English are highly individualistic, taking responsibility for their decisions, but always within the framework of the family, group, or organisation. Individual initiative and achievement are emphasised, resulting in strong individual leadership. The English do not often reveal their excitement or other emotions.

Western Europeans usually are open to new business if you can convince them that they'll have a return on their investment on a relatively short term, that is, within about a year. Business people working in larger organizations have annual targets to reach. A salesman selling machinery, for example, may have a sales target of half a million Euros a year. Reaching that target means he will receive a bonus at the end of the year. Targets are internal matters, so do not ask about them. But do remember that if you can help a businessman reach his target, he will be interested in your offer.

Strong proposals are essential. Your supporting product documentation should give structured information, backed up with the necessary figures, in a quick and easy-to-read format. Western and Northern Europeans prefer well-ordered written material with figures to glossy brochures. If you receive a request for an offer, try to respond within two days. Do this via email if you can, so that information can be forwarded to others within the organization.

The English tend to avoid talking about matters that they consider personal and topics that are controversial such as politics or religion. The Swiss are extremely polite conversationalists, in both social and business situations. They shun inquisitiveness and they rarely pry.

Western and Northern Europeans have to account for every hour spent at work, so the boss can calculate their productivity. Consequently, they are highly result-oriented. Little time is spent on maintaining relationships that do not involve direct business. Success is measured by the completion of a task or the fulfilment of a contract. If you do a good job, buyers will be back for more when the demand is there. You should only contact your European partner if you have relevant 'news'.

Structured meetings

Meetings are highly formal. In face-to-face meetings, start the conversation with just a few minutes of small talk. Then propose a structure for the conversation. You might say, for instance, 'I would like to talk to you about our bulk prices and the expansion of our airfreight capacity. This should take about forty minutes of your time.' Agree together on the content and the time frame of your conversation, so the

person you're speaking with knows what to expect. Also, ask him if he wants to add something to the agenda. Summarize several times during the conversation to check whether you and your counterpart have the same understanding. At the end of the conversation make matters 'SMART': Specific, Measurable, Achievable, Realistic, Time-related. Send written material before the meeting if you can. If several people are taking part in the meeting, it might be helpful to email them your agenda ahead of time.

Although English is widely spoken, do not always assume that this is the case in all Western countries. The professional nature of your printed material and your website are valued highly in the UK and Switzerland. A formal approach should be adopted in sending letters and using the telephone.

Business cards in English are a must (UK) and usually acceptable in the other Western countries (Switzerland itself has four languages, for example: German, Italian, French and Romansch). Appointments must be made 1 to 2 weeks in advance and confirmed upon arrival in the UK or Switzerland. Punctuality is taken extremely seriously. Telephone if you expect to be delayed. It is extremely rude to cancel a meeting.



Professional presentations

If you want to make use of a PowerPoint presentation, make sure it suits your specific audience. Do not put too much information on one slide. And remember that content is more important than colours or special effects. Be enthusiastic, but not openly passionate about your services or products, otherwise you may be considered unprofessional. Emotions are expressed only partially. You may perceive people as being distant and cold, but this does not mean they are not interested in your services.

Being properly dressed is very important in the UK and Switzerland. Casual clothing is not welcomed. Dark coloured suits for men and women are often expected.

Western Europeans like to be well informed in advance of a presentation. Make sure you have the appropriate information to back up the points you are making. A clearly argued presentation is preferred to a lively one. Keep the language simple and direct. A technically competent presentation is also respected. The Swiss are good listeners, and do not have the urge to expound ideas at length themselves. They forget little of what you tell them, often taking notes while you speak, and they will almost never interrupt.

Transparent communication

In the Western European culture, transparency, assertiveness and equality are important values. When you speak, be direct. Go right to the heart of the matter and then move on to the details. If you do not agree with a proposal, say so. People expect you to speak up. Saying 'no' is perfectly accepted in Western Europe. Most Western and Northern Europeans are unable to read the body language of non-Europeans: you have to make yourself understood in words. If you do not, your partner may get the impression you're withholding information. When people talk they look each other in the eye. This applies to conversations between men and women alike. If you do not look a person in the eye, he or she may think you're being dishonest or lack confidence. Be prepared for the fact that Western Europeans, men and women alike, are hard-line negotiators and there is tough competition amongst businesses.

Traditionally there has been limited acceptance of women in positions of authority but this is changing. Women have needed to demonstrate their ability before conducting business successfully.

Showing respect

Western Europeans are more sensitive to social status than Northern Europeans. They are also more formal. Men and women are generally treated equally in society and business. People shake hands when they meet. Introduce yourself by your first and last name. Keep at least an arm's length distance from the person you are speaking with and do not touch him or her while talking. Only call someone by their first name if you have been invited to do so. In Germany and Switzerland, persons with an academic title must be addressed as such, ('Doctor Friedrich').

Titles are important. Use a person's surname unless they invite you do otherwise. Wait to be introduced.

Continuity and networking

In Western and Northern Europe, people change jobs more frequently than in Southern Europe. This means that when your contact, say Mr. Smith, leaves the organization, you may have to start lobbying all over again with his successor, Mr. Johnson. In the worst case, Johnson may introduce his

own network of suppliers and your name will be forgotten. To prevent this, make sure you have at least three or four contacts in each organization and at different levels. Schedule an appointment with Johnson and become acquainted as soon as possible. In the meantime, keep in touch with Mr. Smith, too, as he may need you in his new organization.

In the UK, objective facts are the only valid source of truth. Little credence is given to the feelings one has about an issue. The English are the masters of understatement. After a meeting, be sure to leave detailed data.

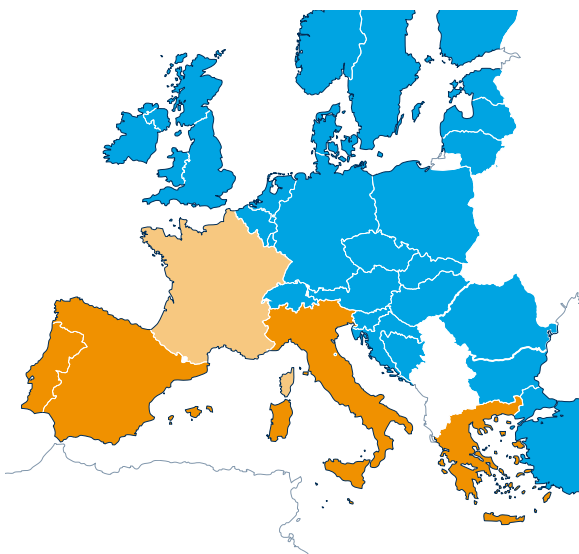
You do not have to be exciting to make a Swiss person like you; they are looking for solidity and reliability in the people they deal with. You should show that you are in good control of your emotions, private life and financial arrangements.

More info on doing business with

- the United Kingdom:
<http://www.worldbusinessculture.com/Business-in-Britain.html>
- Switzerland:
<http://www.worldbusinessculture.com/Business-in-Switzerland.html>

Southern Europe

The southern countries of Europe include Spain, Portugal, Italy, Malta, Greece and Cyprus. This area is also known as Mediterranean Europe. France (Western Europe) is also sometimes seen as a southern European country; it shares certain characteristics with the countries mentioned here.



Family is important and sociability and informality are part of Spanish and Italian business

Southern European countries are primarily group-oriented cultures. The principle characteristic of this part of Europe is the importance of family and other groups. The extended family is an important social framework. Family units function as a tight social framework in which each family member has duties and responsibilities. The interests of the individual are subject to the interests of the group or extended family. You will find more small and family businesses in this part of the EU. The key consequence for this, in terms of business practice, is the importance of building a relationship with someone before doing business.

The Spanish are a vivacious and sociable people. You are judged on the quality of your character. The ability to be amusing and entertaining is much prized and humour plays an important part even in business discussions. Personal small talk is acceptable. Italians like to share details of family, holidays, preferences and to discuss beliefs and values. Try to adopt a certain Italian smoothness and use flattery.

People from group-oriented cultures are used to building relationships based on trust before they do business with a new company or person. The Italian businessman will invest in the relationship with a new English or Danish client by spending quality personal time together. During this time trust is built for a solid future collaboration. The Englishman and the German might experience this as a waste of time. In Northwest Europe, trust is established by the quality of the product one has to offer, the compliance with contracts made together and the turnover of the past few years.

Personal contacts and relationships are essential for success in Spain and Italy. English may be spoken in large companies, but it may be advisable to use an interpreter if dealing with some smaller family businesses. Have your business card printed in English on one side and Spanish or Italian on the reverse.

Dress and colours

There are a number of things that Southern European countries have in common. For instance, they tend to like bright colours, whereas North-western Europeans prefer darker colours like black, gray, navy blue or beige. Mediterranean people spend a lot of time outdoors and, in general, like to go out in groups. Fashionable dress is very important and the appreciation for form and fashion dates back to ancient times. One makes a good impression by wearing fashionable clothes suitable for the occasion. A compliment to your business partner on his good taste in dressing will be appreciated. By contrast, people of Northwest Europe tend to prefer soberness and simplicity. To them, a compliment on someone's appearance could be seen as unnecessary and unwanted flattery.

Spaniards are extremely dress-conscious and will perceive your appearance as an indication of your professional achievement and relative social standing. Business dress in both Spain and Italy is stylish yet conservative.

Personal appearance, image and human relationships are very important.

Hierarchy and status

Mediterranean people are sensitive to hierarchy and social status. They will openly show respect to important people and defer to the wisdom of an elderly person, which is less likely to happen in Northwest Europe. In the many family businesses in the region the boss may be perceived as a father figure who sees to it that everyone is provided for. In large companies the president is seen as a distant leader. There are clear hierarchical differences. Make sure that the person you do business with in the organization has the power to communicate with the levels above him as well as the levels below him. It is advisable to get to know many people in an organization. It will stand you in good stead if difficulties come up or when a person leaves the organization. Being introduced by an important person to a prospect or client is by far the best way to enter a business relationship.

Appointments are not always kept as timetables are not rigidly adhered to in Spain and Italy.

Verbal and written agreements

When it comes to business, the French tend to be more hardcore negotiators than the Italians, Spanish and Portuguese. Verbal agreements will do only if there is sufficient trust between business partners. The French, however, will want to see all prices on paper before making any decisions. It is advisable to always work with clear written agreements, especially when transport is involved.



Indirect communication

You may notice that the way people communicate in Southern Europe is very visual. Hands and arms are used to illustrate or emphasize and there is a tendency to speak loudly. Interrupting a conversation is allowed and

sometimes expected. Mediterranean people tend to use considerably more words to express themselves than people from Northwest Europe do. They will take special care to prevent loss of face. The Italians, Spanish and Portuguese may tend to joke more than people from Northwest Europe and might expect light conversation. The French, by contrast, can get into lengthy conversations about serious subjects right from the start. People in the south of France tend to be more open and informal than their fellow citizens from Paris and the North.

Italians and Spanish are rather informal after the first introduction. They will stand close to you and may frequently touch your arm or shoulder. The French usually remain formal throughout the conversation.

The Spanish prefer to talk through a problem rather than make a formal reply. Conversation is often expressive. People are more talkative than in Northern or Western Europe, and they are more likely to use humour. The Italians are excellent communicators and have a keen perception. They are very outgoing, and are less sensitive or touchy than the Spaniards. They are also more accepting of criticism and very flexible.

Meetings

In Spanish business meetings the chairman takes control with some authority and personal opinions are not as important as facts. People are not always prepared to argue or disagree when a superior is in the meeting. Although hierarchy is not as important in Spain as in other European countries, senior people, particularly in small companies, like to be treated with respect. Agendas are not always used. You may be interrupted when you are speaking, and you may find several people speaking at once, often on different subjects. Be patient.

At meetings, Italians do not follow agendas very strictly. They will jump ahead to later points and will discuss points again that you think have already been settled. They will talk loudly, excitedly and at length. Often several people will talk at the same time, and you may find two or three micro-meetings going on simultaneously.

Presentations

If you have to hold a presentation in southern Europe, make it vibrant, preferably using Powerpoint or video, and use bright colours and lively images. Quality and form are often more important than boring images about figures. You can support your presentation with the necessary figures on paper handouts, which you can distribute before the presentation. If the presentation is in English, remember that this may not be the first language of all those present. Create trust and credibility by mentioning that your company has a long history in your country or region.

A few tips

- Invest in building relationships and spend quality time with your client.
- Pay compliments to dress, food and wine from the area.
- Prepare yourself for light conversation. Think of some light, current topics to talk about.
- Make sure your contact is able to communicate to different levels in his or her organization.
- Bring your client or business partner a small present.
- Bright colours do well in the Mediterranean.
- Adapt your verbal and written presentation to the country you are in.

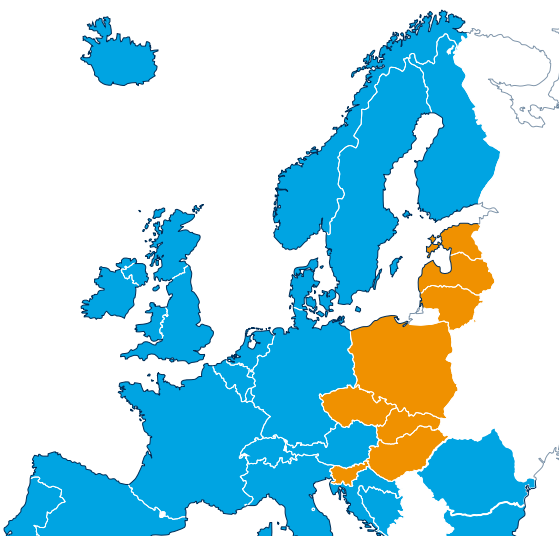
To retain your Spanish and Italian customers you have to maintain a regular dialogue. Even if the service you provide is excellent, without a personal touch your relationship will not thrive.

More info on doing business with

- Spain:
<http://www.worldbusinessculture.com/Business-in-Spain.html>
- Italy:
<http://www.worldbusinessculture.com/Business-in-Italy.html>

Eastern Europe

The EU Member States that are part of this area include the Baltic States of Latvia, Lithuania and Estonia, as well as Poland, Hungary, the Czech Republic, Slovakia and Slovenia. As south-eastern European countries, Greece and Cyprus share certain characteristics with the countries forming Eastern Europe.



A characteristic feature of Polish culture is its commitment to and involvement in the life of the country. Both the Polish people and the Hungarians are

patriotic, united by a strong sense of community. In Hungary as in Poland, the family is the most important institution, and the building of close personal relationships is very important.

There are cultural differences within this region. Communication is more straightforward and direct in the more northerly parts.

The geographical centre of Europe

Slovenia, Hungary, the Czech Republic, the Slovak Republic, Poland, Lithuania, Latvia and Estonia are the EU's easternmost countries. They are among the newest EU members, having joined in 2004.

Located in the centre of Europe, they themselves like to be referred to as Central European rather than Eastern European countries. They feel this helps to distance themselves from their past associations with the Communist era. In the nineties these countries opted for democratic systems, after having been under communist rule for decades. In the communist era marketing was not used in business. Today the younger generation, often educated at business schools abroad, manages these countries' international businesses. If you do business with one of these countries, chances are you will be dealing with a bright, young, marketing-oriented person. But behind the scenes, the older generation at the top is still making the final decisions. So if you want to get your foot in the door, make sure that you give the young managers enough information for them to convince their bosses to purchase your product.

Old-style procedures

Many of the above mentioned countries are still restructuring and privatizing their large agriculture and heavy industry sectors and are therefore open to innovation. Some characteristics of the old system still remain: you'll find more bureaucracy here than in other European regions. This makes it important for you to understand how a purchasing process takes place here: know who is involved, what the position of your contact is, who the final decision maker is and at what level in the organisation he or she operates. Allow ample time and proceed in small steps to achieve your goal.

Rules are an important part of the Polish business environment. Therefore you will be expected to know and appreciate established protocol and business etiquette.

Women do not have many positions of authority in Polish and Hungarian business but this is starting to change. The traditions of a male dominated society are still reflected in the business world.

Emails

When you write emails, ask your business partner at the other end of the line if it is okay to copy someone else on the email. If a superior is being copied make sure, if possible, that your superior is also copied in, so that communication takes place at the same levels. This will also make you and your product more widely known in the organisation, often at different levels, and you'll be able to build trust with several people. This may also help your counterpart to feel more comfortable in his interactions with you. Hungarians prefer face-to-face meetings rather than more impersonal vehicles of communication such as letters or e-mails.

Meetings

Wait to be introduced and to be invited to sit down. It is usual to start business meetings in Poland with some introductory small talk. This allows you to get more acquainted with your counterparts and establish an initial business rapport. Openness and honesty are appreciated. Organisations in Poland have great respect for hierarchy and authority, with structure and delegation coming from above. This is reflected in many Polish business formalities and settings, including the decision making process and the use of professional titles.

In Hungary, rarely quiet and orderly and agendas are often not respected. Bargaining is normal, prolonged and popular. They will avoid saying no, but often fail to answer questions directly. You have to read between the lines. Expect some small talk and getting-to-know-you conversation before business is discussed. Do not move the conversation to business yourself.

In Poland, the work day starts early; appointments at 08.00 a.m. are not unusual. Requests for appointments must be made in writing when possible; translating the request in Polish will make a good impression. Hard facts are important so participants come well-prepared with facts and figures to back up their statements. Foreigners would be expected to do the same. Business decision-making processes tend to have a hierarchical basis, and therefore many decisions will be taken at the top echelons of the company. Final decisions are translated into rigorous, comprehensive action steps that you can expect will be carried out to the letter.

In Hungary, appointments are necessary and should be made two weeks in advance in writing. It is often difficult to schedule meetings on Friday afternoon or from mid July to mid August. Also avoid scheduling meetings from mid December to mid January. Punctuality for all social situations is taken extremely seriously. If you expect to be delayed, telephone immediately and offer an explanation. It is considered extremely rude to cancel a meeting at the last minute and could ruin your business relationship.



Advertising

In the southern EU countries companies tend to draw attention to their products by advertising them using images of attractive young women who present the product – whether it is organic fruit, furniture or toothpaste. In the northeastern part of Europe, consumers are more likely to be attracted by a clear emphasis on the function of the product: a doctor in a white coat explaining the health benefits of organic fruit or furniture. The image of the doctor lends credibility to the product, suggesting that research has been done to ensure its health and safety for the consumer. As a foreigner you can gain credibility by mentioning that your organization has been in business for many years. Another form of building trust is mentioning the names of your clients on your website, with their consent of course.

Status

East Europeans are generally more sensitive to status than other Europeans. Avoid addressing a higher level manager in the organization if you have not been invited to do so. Address people with their academic titles or with their job title until you're asked to call them by their first name. Usually people are formal in the presence of others and informal during individual meetings: the amicable fellow you met at the trade fair somewhere in Europe may appear to be a completely different person in an office setting with his boss or staff. Lunches and dinners away from the office are perfect occasions to get to know a person: people often feel freer to talk when they are out of the office.

In Poland, dress modestly but smartly in smaller sized companies. Ostentatious displays of wealth are not liked. It will be noticed if your clothing is clean, well pressed and in good condition. Conservative dress is common in larger companies.

In Hungary, business dress is formal and conservative. Men should wear dark business suits with a white shirt and tie. Women should wear either business suits or elegant dresses, complimented with good quality accessories.

Communication

In south-eastern countries like Hungary and Slovenia, people tend to speak in a loud voice, and enjoy lengthy discussions about any subject, gesturing heavily and showing emotion.

Be sure to make your own points. Interrupting is fine. People are usually indirect in telling you what they exactly want. They will frequently tap you on the shoulder or arm. In countries like the Czech Republic, the Slovak Republic and Poland, communication is somewhat more direct and people touch less frequently. Here, too, you may get involved in deep, thought-provoking discussions, although you should try to avoid politics.

A few tips

- Use the term Central European to describe the region and avoid the term Eastern European
- Copy in a superior on important emails
- Analyse what type of advertising attracts the consumer
- Be sure to make your point in emotional discussions
- Address people by their academic titles

Although Hungarians are transactional and do not require long-standing personal relationships in order to conduct business, being introduced by someone they know and trust can often help. Socializing is an important part of the relationship building process. Expect many invitations to dinner or cultural events. Hungarians are emotive speakers who say what they think and expect you to do the same. They do not like euphemisms or vague statements.

Treat such concepts as honour, chivalry and old-fashioned gallantry as meaningful qualities in a Polish context. Poles are courteous and rarely interrupt. Poles are direct communicators, believing that it is better to express opinions directly, rather than hiding the truth behind diplomacy or coded language.

More information on doing business in

- Poland:
<http://www.worldbusinessculture.com/Business-in-Poland.html>

- Hungary:
<http://www.worldbusinessculture.com/Business-in-Hungary.html>

What does this mean for you as an exporter?

If you are in a business meeting, in negotiations, part of a joint venture or just face-to-face with a potential customer from a European culture, you gain a competitive advantage from having strategies to deal with the cultural differences you will encounter.

Practical next steps

Try to find out as much as possible on the (business) culture and cultural preferences that are relevant to your product/service in your European target market(s) to avoid any major blunders. See below for links to websites which contain more information on culture.

Read more

Languages

Information on the different languages and religions in the EU:

- www.ethnologue.com

Cultural differences

Information on business etiquette in the EU and specific information on cultural differences between Member States has been taken from a number of sources including:

- www.kwintessential.co.uk
- www.executiveplanet.com
- www.msi-network.com
- www.culturocity.com
- www.intercultures.ca
- www.intercultural-crosscultural-communication.com

Business practice

Information on culture in EU countries, their differences and how to do business in each EU state can be found on the following sites:

- www.doingbusiness.org
- www.executiveplanet.com
- www.worldbiz.com
- www.worldbusinessculture.com

The online version of this manual gives you access to the direct links to these subjects and publications. To download the online version, please go to www.cbi.eu/marketinfo.



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