BTC TRADE FOR DEVELOPMENT

EU MARKET FOR FAIR (AND SUSTAINABLE) SPORTS BALLS

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SUMMARY

This market analysis 'the EU market for fair (and sustainable) sports balls' describes the sports balls market in the European Union (EU), Belgium and in nine other promising EU countries with particular emphasis on fairtrade and sustainability. The objective of the market analysis is, on the one hand, to support producers from developing countries in understanding and consequently improving their position on the EU sports balls market. On the other hand, it is also very useful to importers and associations related to sports balls and/or sustainable trade.

› STANDARDS

'Sustainable sports balls' is a very broad concept which can involve general sustainability standards and certifications such as Fairtrade, FSC and SA8000®, but also one's own established codes of conduct. In the sports balls industry, having one's own code of conduct is more common than certifications or labels from third organisations.

The different standards and sustainability initiatives regarding sports balls production can be divided into:

Standards and sustainability initiatives	Examples
Local initiatives in producing countries	Atlanta agreement
Sector initiatives	WFSGI code of conduct, FIFA-Approved certification, others
General sustainability standards	SA8000®, BSCI Code of Conduct, ISO26000, Fairtrade Labelling and FSC Certification
Buyer codes of conduct	Nike, adidas, Derbystar, Mitre, Intersport

The most important aspects covered by these standards are child labour, discrimination, minimum wages, working hours, health and safety aspects and environmental aspects. When comparing the shares of buyers with a sustainable code of conduct in the EU, leading countries are Sweden, Denmark, the Netherlands, Germany and the United Kingdom.

› LEGAL REQUIREMENTS

Legal requirements focus on product requirements as the EU cannot legally set requirements for production processes. The main aspects within legal requirements regarding sports balls are consumer health and safety as well as environmental concerns. In practice, this results in a list of substances which may not be used in consumer products marketed in the EU.

› PRODUCTION

GLOBAL PRODUCTION

The five most important producing countries of sports balls are in order of market share China (68%), Pakistan (13%), Thailand (7%), India (5%) and Vietnam (2%). During the last decade, Pakistan has lost its leading position on the world market to China, as a result of rapidly growing machine-made balls at the cost of hand-made balls. It is estimated that 20% of the global sports balls market are still hand-stitched, of which 70% are made in Pakistan. Therefore, Pakistan is still the largest producer of hand-stitched sports balls.

EUROPEAN PRODUCTION

European production of sports balls is very low and only takes place in a couple of countries, namely Hungary and Italy. Among other reasons, the higher labour costs in Europe make it more feasible to shift production or outsource to low-costs countries.

› CONSUMPTION

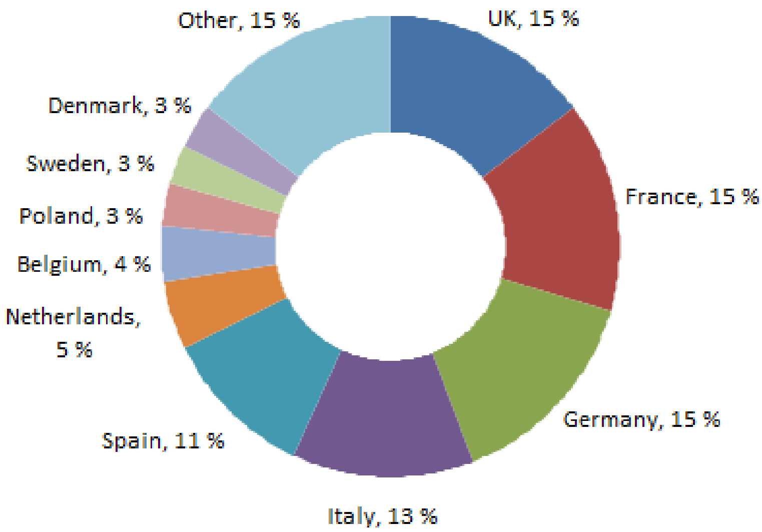
GLOBAL CONSUMPTION

It is estimated that globally approximately 60 million sports balls are sold per year, of which two thirds consist of footballs. In 2009, about 118 thousand Fairtrade certified sports balls were sold, a decrease of 16% in comparison to 2008. This means that less than 0.2% of the sold sports balls were Fairtrade certified.

EU CONSUMPTION

Consumption of sporting goods in the EU had a value of approximately €38.6 milliard in 2009. This is a growth of 3% compared to 2008. Figure 1 gives an overview of estimated market shares for sports balls consumption in the EU.

Figure 1 Estimated market share of sports balls consumption, most important EU countries, 2009, in %



Source: Eurostat Prodcom and Facts Figures Future (2010)

Consumption of Fairtrade certified sports balls in the EU is much lower than consumption of sustainable sports balls. Fairtrade sports balls consumption accounts in most EU countries for less than 1% of the total sports balls consumption, with the exception of Sweden. Sweden is indicated as being the largest consumer of Fairtrade certified sports balls in the EU, followed by the United Kingdom, Germany and the Netherlands.

Consumption of sports balls can be influenced by various factors: sports events, lobbying, sustainability, health and price and quality. In particular, during major sports events such as the Worldcup Football, demand for sports balls increases, especially by the country that organises the event. It is therefore very important for sports ball producers to monitor important future sports events in the EU, such as the 2011 Women European Championship Football (in Germany) and the 2012 European Championship Football (in Poland and Ukraine).

BELGIAN CONSUMPTION

Belgian consumption of sports goods for team sports had a value of approximately €82 million in 2008. Indoor football has the highest number of sports clubs, followed by field football, volleyball and basketball.

It is estimated that more than 60% of Belgian sports balls importers have some sort of ethical code of conduct. Regarding the consumption of Fairtrade certified sports balls, at least 2,350 fairtrade sports balls are sold in Belgium per year, of which about 15% are also FSC certified. Although interest in fairtrade is increasing in Belgium, the market for fairtrade sports balls is still smaller than 1% of the total sports balls market and the market for FSC certified sports balls is even smaller.

› IMPORTS

EU IMPORTS

The EU had a total import value of sports balls of more than €351 million in 2009 and accounts for about 40% of the worldwide sports balls imports. Almost 80% of sports balls imports by the EU consist of inflatable sports balls. The other 20% are other balls. Germany is the largest importer of sports balls: almost 20% of EU sports balls imports are imported by Germany. Table 1 gives an overview of the ten leading importing countries of sports balls in the EU.

Table 1 Ten leading importing countries of sports balls in the EU, 2001-2010, in € million

Importers	2001	2005	2006	2007	2008	2009	Q1+Q2 2010	CAGR 2005-2009	CAGR Q1+Q2 2009-2010
World	855.6	935.9	1,068.0	958.1	1,011.4	882.3	n.a.	-1%	n.a.
EU	255.6	373.4	455.0	394.7	431.5	351.1	255.4	-2%	24%
Germany	43.5	66.3	91.7	64.5	79.3	64.9	46.4	-1%	20%
France	36.3	42.2	49.8	54.0	47.2	48.0	32.5	3%	22%
United Kingdom	38.7	51.9	60.8	52.7	50.6	45.2	34.5	-3%	51%
Belgium	**21.3**	**38.1**	**38.3**	**33.4**	**35.2**	**33.4**	**17.5**	**-3%**	**-2%**
Italy	21.4	28.4	34.4	28.8	37.0	29.0	19.1	1%	20%
Spain	19.7	27.5	35.6	32.8	34.6	23.2	17.0	-4%	56%
Netherlands	14.0	43.1	49.6	32.5	34.4	22.0	21.4	-15%	70%
Denmark	9.3	11.9	12.6	13.8	13.8	13.9	8.2	4%	18%
Poland	8.9	9.2	10.4	10.8	13.6	12.1	7.3	7%	-1%
Sweden	8.0	8.7	10.3	9.1	8.9	8.4	6.3	-1%	21%

Source: Trademap (2010)
* Compound Annual Growth Rate

Although the global recession definitely had its impact on the imports of sports balls by the EU, recent data for the first two quarters of 2010 show a strong growth rate in imports by many EU countries. This growth is not only due to a recovering economy, but also to the 2010 Worldcup Football in South Africa, which boosted the imports of sports balls.

LEADING SUPPLIERS TO THE EU

With a market share of 38%, China is the leading sports balls supplier to the EU. Pakistan follows with 19%. Next come Belgium and Germany (both 6%), but as there is no sports balls production in these countries, this concerns only re-export of sports balls imported from developing countries.

BELGIAN IMPORTS

Belgium had a total import value of sports balls of almost €33.5 million in 2009. This is a market share of 9% of the total EU imports of sports balls which makes Belgium the fourth largest importing country of sports balls in the EU. China was the leading sports balls supplier to Belgium with 62%, followed by Pakistan (14%), the Netherlands (5%), Thailand (4%) and France (3%).

› EXPORTS

WORLD EXPORTS

World exports of sports balls are dominated by China: more than half of all sports balls are exported by China. Pakistan follows with a 10% market share. The global economic recession clearly had its impact on the exports of sports balls and, compared to 2008, almost all countries experienced a large decline in exports in 2009. The latest figures show that the market already recovered in 2010.

There are currently only sports balls producers from Pakistan who are Fairtrade certified. Fairtrade estimates that around 8% of their production consists of fairtrade balls. So, the share is still very limited and certainly still less than 1% of total sports balls exports.

EU EXPORTS

Transit trade plays a large role in the trade of sport balls in the EU; in fact, virtually all exports of EU countries are the result of transit trade as there is almost no production of sports balls in the EU anymore. In terms of size, the major transit trade countries of imports originating from countries outside the EU are Belgium, Germany, Italy, the Netherlands, France, the UK, Spain and Denmark.

BELGIAN EXPORTS

Germany and the Netherlands were the largest sports balls exporters within the EU until 2007. However, due to a shift of trade flows through the port of Rotterdam to the port of Antwerp, Belgium is the most important exporting country in the EU nowadays. Belgium mainly (re-)exports to other EU countries (especially France, Italy and Spain).

› TRADE CHANNELS

TRADE CHANNELS IN THE EU

The most important distribution channels for sports balls in both the EU and Belgium are multinationals (like adidas and Nike, but also regional brands), sporting goods importers/wholesalers and sports retail chains. Many non-specialised retail chains, such as supermarkets, hypermarkets and department stores also have sports balls in their assortment. In the case of fairtrade/FSC/sustainable sports balls, specialised fairtrade importers are also an important distribution channel.

Multinationals
Famous brands dominate the market for sports balls and generally have long-term sponsor agreements with both professional and amateur sports clubs. Generally, the sports balls are delivered through an intermediary, such as sporting goods importers, or sports retail chains. It is very hard for unknown brands to come in between these long-term agreements.

Sporting goods importers/wholesalers
In general, sporting goods importers/wholesalers have a range of products in their assortment and do not solely focus on sports balls. Some sporting goods importers/wholesalers focus on famous brands, while others mainly sell private label products. Customers are usually retail chains, schools and sports clubs.

Specialised importers
Specialised importers are importers who specialise in fairtrade, sustainable and/or organic products. Most specialised importers have a wide range of different products in their assortment, including fairtrade/FSC certified sports balls. Customers of specialised importers are usually private persons and businesses.

Sports retail chains
In most countries, sports retail chains are the most important channel to reach consumers. Some sports retail chains also sell to sports clubs and schools, but this differs per country. Sports retail chains usually sell private label sports balls. Some EU retail chains have recently started to sell private label, Fairtrade certified balls.

Non-specialised retail chains
The main customers for non-specialised retail chains are consumers. While some work with importers in their own country, others have decided to import directly.

› PRICES AND PRICE DEVELOPMENTS

EU IMPORT PRICES

Although import prices fluctuated a little in the period 2005-2009, import prices in the EU remained relatively stable. The import price of fairtrade/FSC sports balls does not need to be higher than the import price of other sport balls. However, due to higher production costs involved, it is reasonable to assume that import prices of fairtrade/FSC balls are somewhat higher than the price of other balls.

EU RETAIL PRICES

Most retail prices of sports balls range between €20 and €70. Retail prices of fairtrade/FSC sports balls are lower in comparison to common sports balls. This has to do with brand value; fair trade and FSC sports balls usually lack brand value, and as a result, they are sold at relatively lower prices.

› PROMOTION

Many EU importers of sports balls have found their sports balls suppliers through trade events. Visiting/exhibiting at sporting goods trade events and fairtrade events is therefore highly recommended. The most important, international sporting goods trade fair in the EU is the ISPO in Munich, Germany. The most important international fairtrade event in the EU is the Salon Européen de Commerce Equitable in Lyon, France. Registering with trade promotion and fairtrade organisations is also an important promotional tool.

The Internet is another very important promotion tool as it offers an unlimited number of opportunities to reach potential customers. It is necessary to make optimal use of these opportunities in order to keep up with the competition. Within 8 seconds a person will decide whether or not it is worthwhile to further explore a website. An attractive website with clear product descriptions, pictures, certifications and customer references is absolutely necessary.

After optimising the website, it is important to attract visitors. Two important instruments for marketing a website are Search Engine Marketing and Social Media.

› TOWARDS FAIR AND SUSTAINABLE TRADE OF SPORTS BALLS

Since the Atlanta Agreement was signed in Pakistan in 1997, an increasing number of non-governmental organisations and companies have become more concerned about ethical issues in the sports balls industry. However, several compliance systems and regulations to protect labour rights are found to be ineffective and lack transparency.

Fairtrade is one of the most far-reaching platforms for ethically produced sports balls. In some cases individual buyer codes of conduct can deliver the same results. Standards of sports federations are generally still limited towards quality.

In order to maintain a competitive position in the international market, adapting production processes and working conditions to buyers' codes of conduct is necessary for sports balls producers. However, it would be more efficient to establish an own code of conduct as this will reduce the need to adapt the production processes and working conditions after each newly implied buyers' code of conduct.

Importers can also play an influential role in improving sustainability in the supply chain by establishing their own codes of conduct.

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INTRODUCTION

> BTC-CTB

BTC-CTB is the Belgian agency for development cooperation. Commissioned by the Belgian government, it supports developing countries in their battle against poverty. In the context of promoting sustainable development, both in developing countries and in Belgium, the Belgian government asked BTC to implement the programme "Trade for Development Centre". The programme is a competence centre to:

- Support and promote the various forms of fair and sustainable South-North or South-South trade.
- Support projects of bilateral cooperation where the whole production and value chain is addressed.

The mission of the new centre includes:

- Professionalising producers of developing countries.
- Improving market access for producers in developing countries.
- Increasing expertise, information dissemination and raising awareness of various forms of fair, sustainable trade and trade support.
- Establishing a platform on issues such as trade support, fair and sustainable trade.

To improve the market access for producers from developing countries, the centre executes market research: this includes feasibility studies aimed at bringing products and services from developing countries onto the Belgian and the EU market, and studies with information about the customers and buyers markets of their products and services.

> THE MARKET FOR SPORTS BALLS

This market analysis describes and explains the EU market for sports balls. Furthermore, the Belgian sports balls market is extensively analysed as well as nine other promising EU markets. It will also clearly explain the importance of sustainability in the supply chain for sports balls and how this is developing. In addition, relevant standards and certifications are discussed.

This market analysis aims to support producers from developing countries in understanding and, consequently, improving their position on the EU market. Furthermore, this report is also very useful for importers of sports balls and associations dealing with the sporting goods industry and/or sustainable trade.

> DEFINITION AND CHARACTERISTICS OF SPORTS BALLS

BTC-CTB is specifically interested in mapping sustainably traded sports balls. The definition for sustainably traded can be interpreted very broadly. Besides general sustainability standards and certifications such as Fairtrade, FSC and SA8000®, many industry players impose their own codes of conduct on their suppliers. In shares of the market, these companies' codes of conduct are much more important than certifications/labels by third organisations. While on the outside of a sports ball, the social implications of such codes of conduct cannot be seen, in reality, these codes of conduct can have a large impact. So, during the report, besides looking at fairtrade labelled balls, the reader will also find remarks about the different sustainability policies of individual buyers in the industry.

The sport balls that qualify for Fairtrade certification are handmade balls, including hand-stitched or hand-shaped balls. As a result, it was decided to concentrate the market analysis on sports balls which actually can qualify for Fairtrade certification. Therefore, balls such as tennis balls, golf balls and table-tennis balls were excluded from the research.

According to The Fairtrade Foundation, fairtrade sports balls are "hand-made sports balls including stitched, glued and moulded varieties which have been produced in line with the internationally agreed Fairtrade standards and are supplied by independently certified producer organisations." Examples of such balls are outdoor and indoor footballs, rugby balls, (beach) volleyballs, basketballs and handballs which come in a wide variety of sizes and qualities. Machine-stitched balls are not covered by the Fairtrade sports ball standard.

› RESEARCH METHODOLOGY

This report is the result of:

- Desk research.
- Primary research such as:
  - Interviews with 6 certification bodies in different countries.
  - Interviews with more than 30 EU importers and 14 retail chains from 10 different countries.
  - Interviews with 10 fairtrade associations from 10 different EU countries.
  - Interviews with 10 sports and sporting goods associations from different EU countries.
  - Interviews with more than 10 exporters of sports balls from five developing countries: Pakistan, China, Thailand, India and Vietnam.
  - Interviews with 10 associations outside the EU (trade, fairtrade and sporting goods associations).
  - Participation at the Fair Trade Conference "Strengthening Fair Trade in Central and Eastern Europe".

For statistical purposes, the following statistical CN codes have been included in the research:

CN Code	Definition	Prodcom codes	Definition
950662	Inflatable balls	36401480	Balls (excl. golf, table-tennis, medicine and punch balls)
95066210	Inflatable leather balls		
95066290	Inflatable balls (excl.. of leather)		
950669	Balls (excl. inflatable, tennis balls, golf balls and table tennis balls)		
95066910	Cricket and polo balls		
95066990	Balls (excl. inflatable, golf, table-tennis, tennis, cricket and polo balls)		

The HS and CN codes are used to calculate international trade statistics. For this purpose, we made use of Eurostat and WTO TradeMap figures. The Prodcom codes have been used to give an indication of production and apparent consumption. However, as a result of high levels of transit trade in the EU and the fact that EU companies are usually not obliged to declare imports/exports below €100,000 if the goods stay within the EU, these figures must be interpreted very carefully and should only be used as an indication of the market and its developments.

› REPORT STRUCTURE

This report will give exporters from developing countries a detailed understanding of the EU market and the Belgian market specifically. In Chapter 1 the different standards for sports balls are discussed. Think for example of Fairtrade and FSC certification. Chapter 2 will focus on international legislation for sports balls. Worldwide production is the main topic in Chapter 3. In Chapter 4, you can read everything about consumption of sports balls in the EU and Belgium. Trade of sports balls, imports and exports, are discussed in Chapter 5 and 6 respectively. In Chapter 7, the most important trade channels for sports balls in the EU are discussed, followed by Chapter 8, which provides an overview of prices and price developments. How to promote sports balls on the most promising export markets is the topic of Chapter 9 and finally in Chapter 10, the report will be concluded with a comparison of the most important standards in the industry and recommendations to importers and exporters on how to become sustainable.

1 STANDARDS

Up until the nineties of the last century, practically only product quality standards were prevelant in the sports balls industry. This changed during the run-up to the 1996 European Football Championships, when media and NGOs (non-governmental organisations) were reporting about child labour in the football industry in Pakistan.

As a result of that, on 14 February 1997 an agreement called the Atlanta Agreement was signed between the Sialkot Chamber of Commerce and industry (SCCI) in Pakistan, the International Labour Organisation (ILO) and Unicef, as well as a few NGOs, namely Save the Children (the UK), Pakistan Bail-ul-Mal and Bunyad Literacy Community Council. The agreement focused on two areas:

1. Child labour prevention and monitoring in Sialkot by the ILO's International Programme for the Elimination of Child Labour (IPEC) and
2. Social protection implemented by UNICEF and Save the Children (UK) along with the Pakistani Government and NGOs with a focus on training and education.

Read the complete Atlanta Agreement at http://www.imacpak.org/atlanta.htm.

The Atlanta Agreement forms a starting point for many industry initiatives which have been developed since.

Standards and sustainability initiatives relevant for the sports balls industry can be divided into four types:

1. Local initiatives in producing countries.
2. Sector initiatives.
3. General sustainability standards.
4. Buyer codes of conduct.

This chapter provides an overview for producers, importers and associations of the relevant standards within the four different types of initiatives. It will give producers of sports balls an indication of the importance of these standards and sustainability initiatives and how they can comply with them. It will also give importers an indication of which alternatives to choose from. The chapter is concluded with observations about current labour right violations in the industry.

› 1.1 LOCAL INITIATIVES IN PRODUCING COUNTRIES

In the sports balls industry, child labour is the issue that has drawn the most attention and initiatives in the sports balls industry are targeted towards this in particular. In two of the main producing countries, India and Pakistan, national initiatives have been set up to regulate child labour. In the other main producing countries, China, Thailand and Vietnam, no such initiatives have been set up so far.

It is very important for Pakistani or Indian producers to be a member of the monitoring organisations IMAC and SGFI respectively, as very few international companies are interested in doing business with non-members in these countries.

PAKISTAN

In Pakistan lies the cradle for all sustainability initiatives in the industry. It all started with the Atlanta Agreement in 1997.

Atlanta Agreement, 1997

The Atlanta Agreement was formed in early 1997 after large attention from media and NGOs about child labour in the sports balls industry. The agreement aims to improve working conditions and eliminate the use of child labour, defined as under the age of 15, by sufficiently increasing the wage of adult workers so that their children will not need to stop school to stitch footballs. Production was moved from home-based stitchers to independently-monitored stitching centres. The ILO ran the programme until 2003, when the Pakistani organisation "Independent Monitoring Association for Child Labour" (IMAC) was formed.

Current situation

Nowadays, IMAC is responsible for monitoring the use of child labour, as laid out in the Atlanta Agreement, and on top of that, the organisation also ensures minimal working conditions (e.g. in terms of availability of drinking water, good ventilation, toilets, general hygiene, etc.) of producers who join the programme voluntarily. For more information, please refer to Chapter 3.2.

> "There are no particular standards for sports ball production, although different brands have their code of conducts. The majority of brands require their producers to become a member of IMAC and have their production monitored by IMAC. FIFA doesn't issue a license to a producer unless he is an IMAC member…. Even for FLO certification, it is a prerequisite that producers are IMAC members."
>
> -IMAC representative-

INDIA

Similarly to IMAC in Pakistan, SGFI in India (http://www.sgfi.org) was established to tackle child labour in the sports balls industry. It was founded in 1998 by 25 exporters of sports goods.

Monitoring is done by the companies themselves who report to SGFI and through external monitoring by SGFI. SGFI is funded by its members, who contribute a fixed percentage of their exports of inflatable balls to SGFI every month. This way of funding, however, has been criticized in view of independence. In addition, the ILRF reports that the number of SFGI employees to monitor the factories and stitching units is only nine, whereas the number of stitching units to be monitored is 3,300. More information about India can be found in Chapter 3.4.

> 1.2 SECTOR INITIATIVES

Generally, sector initiatives focus on product quality and less on social and environmental requirements. Approval by sports federations, (such as FIFA), is specifically important when aiming to supply match balls, because usually only federation approved balls are used during official matches. For all other purposes, approval is not necessary as buyers realise that this may only increase purchasing prices.

In this subsection an overview is given of the code of conduct of the World Federation of the Sporting Goods Industry and approvals from sports federations such as FIFA, FIVB, FIBA and IHF.

THE WFSGI CODE OF CONDUCT

The World Federation of the Sporting Goods Industry (WFSGI) is an independent association established by sporting goods brands, manufacturers, suppliers, retailers, national and regional federations and other sporting goods industry related business.

The WFSGI has set up a code of conduct (http://www.wfsgi.org/articles/71) to which its members adhere. The code of conduct cites that its members must follow legal requirements, and further advises its members on the minimum criteria to follow where local legal requirements are absent or less far-reaching than international standards.

As these are recommendations only, they are not legally binding, but rather more the minimum criteria to strive for. The code of conduct is, however, used as a starting point for many individual codes of conducts. Moreover, many of the member companies (in particular large multinationals) have set much stricter criteria in their own codes of conduct.

> RECOMMENDED MINIMUM CRITERIA FOR WFSGI MEMBERS

- No forced labour.
- No discrimination.
- Freedom of Association and Collective Bargaining.
- Minimum wage.
- Maximum 60 hours per week, including overtime, or according to local law if less. Minimum one day per week off.
- Legally mandated benefits.
- Child labour: No person shall be employed at an age younger than 15 (or 14 where the law of the country of manufacture allows) or younger than the age for completing compulsory education in the country of manufacture where such age is higher than 15.
- Health & safety: A safe and hygienic working environment provided, and occupational health and safety practices which prevent accidents and injuries.
- No harassment.
- Environmental improvement.

FIFA-APPROVED FOOTBALLS

FIFA (Fédération Internationale de Football Association) has introduced the FIFA Quality concept for footballs. Footballs can be FIFA inspected or FIFA approved. Although FIFA approval is focused on quality, manufacturers in Pakistan also need to sign a contract not to use child labour in their production. FIFA works with IMAC in Pakistan to monitor the FIFA inspected/approved manufacturers.

Even though FIFA does not mention any social or environmental requirements for its balls in the standards itself, it does mention that it concept have the highest ethical standards, and that they participate in programmes against child labour (such as IMAC in Pakistan and the SGFI in India). For more information, see: http://footballs.fifa.com/Quality-Concept/Social-Responsibility.

According to FIFA, there are around 90 manufacturers with registered FIFA licenses. These include the major brands which according to FIFA represent three quarters of the market for footballs.

Manufacturers need to meet requirements around a ball's circumference, size, roundness, rebound, water absorption and loss of pressure. In the case of FIFA approved, there is one additional test regarding shape and size retention.

As of the 1st of January 2010, all licensees are obliged to provide FIFA with the WFSGI pledge on an annual basis. To obtain a FIFA Quality Concept for Football licence, manufacturers were already obliged to confirm that no child labour had been used in their production process. This requirement has been extended further, however, with all licensees (not only from Pakistan and India) now having to comply fully with the code of conduct of the World

Federation of Sporting Goods Industry (WFSGI). Rather than focusing purely on the issue of child labour, this code also lays down internationally recognised guidelines for hours of work, health and safety, forced labour and environmental protection. The WFSGI will only issue a confirmation once they have checked that all is in order, and licensees must now provide FIFA with a copy of this confirmation every year and no longer just every four years.

Related costs
A standard minimum guarantee of CHF5,000 (€3,750) for a four year contract period has to be paid upon signature of a licensing agreement. The minimum guarantee will be set off against future royalty payments and/or test fees. The test and handling fees per model and per category are CHF4,400 for FIFA approved balls and CHF3,300 for FIFA inspected balls. The licenses are valid for a period of four years. In addition, there is a royalty fee per ball which is CHF1.50 per FIFA approved balls and CHF0.75 for FIFA inspected balls.

For additional information, see:
http://www.fifa.com/mm/document/afdeveloping/pitchequip/fqc_sales_doc_05_2007_13409.pdf

IMS
The International Matchball Standard (IMS) is an alternative to FIFA inspected. Footballs marked IMS have passed the same quality requirements as FIFA inspected footballs. The use of IMS is, however, not subject to a license fee and any association with FIFA is prohibited.

FIVB-APPROVED VOLLEYBALLS

FIVB, the international volleyball federation, has introduced standards for volleyballs regarding quality and physical appearance, and is active in the field of social performance. FIVB also point out that child labour has not been a direct issue for their balls, as most of them are produced in Japan and none of them in Pakistan. Just as FIFA, FIVB deals with two types of quality checks: approved and inspected.

The FIVB quality criteria concern material, colour, number of panels, weight, circumference, height of rebound, endurance, pressure, contact time and detection limit of azo dyes (5 ppm). Test method of PCP and TeCP: no detection allowed.

Related costs
Test fees charged are CHF4,000 (€3,000). Furthermore, additional fees of CHF60,000 for senior volleyballs and CHF40,000 for senior beach volleyballs are charged for FIVB approved balls. For FIVB inspected balls, an additional CHF12,500 for senior volleyballs has to be paid. There are no royalty fees charged. For more information, including information about other types of volleyballs, see:
http://www.fivb.ch/en/Technical/Homologation/FIVB_Volleyball_Homologation_Procedures.pdf

FIBA-APPROVED BASKETBALLS

FIBA, the international basketball federation, has developed its own set of quality criteria for basketballs. FIBA does not include social requirements in their standards. The requirements for FIBA basketballs regard a determined colour combination, material, rebound height and reflection, geometry, weight, fatigue strength, surface material, heat test, leak test, a grip test, quality assurance and a control test.

FIBA recognises two different categories:

- Category 1 is made up of basketballs used in main official international competitions and medium level competitions (Level 1 and 2). Only leather, synthetic or composite leather size 7A (men), size 6A (women) and size 5A (minis) basketballs can apply for the FIBA license in this category.
- Category 2 is made up of basketballs used for all other minor competitions. Only rubber size 7B (men) and rubber size 6B (women) basketballs can apply for the FIBA license in this category.

Related costs

The total fees for category 1 licenses are $13,000 (€9,600) per year for men, $9,000 (€6,666) for women and $6,000 (€4,444) per year for minis, plus value added tax in accordance with Swiss laws.

The total annual fees for category 2 licences are $8,000 (€6,000) for men and $5,000 (€3,700) for women, plus value added tax according to Swiss law. There is no category 2 for minis. Additionally, non-reimbursable test fees of between $1,500 and $3,000 have to be paid.

For more information, refer to the following document: http://www.fiba.com/downloads/v3_abouFiba/prog/equipment/Requirements_Basketballs.pdf?v2

1.3 GENERAL SUSTAINABILITY STANDARDS

International companies often work with general (i.e. not industry-specific) sustainibility initiatives. Examples are SA8000®, Fairtrade labeling and FSC certification. In the sports balls industry, the most relevant to date is SA8000®. Although hardly any sports balls importer will require SA8000® certification from its suppliers, it would be an added value to obtain SA8000® certification, since it is one of the few internationally recognised certifications that tackles labour issues. With the growing concern from international buyers about the sustainability of their supply chain, this could certainly give a competitive advantage. So far, Fairtrade certification is rarely required in the industry and only a very small number of companies use FSC-certified rubber in their sports balls.

Other standards to be discussed are BSCI, the newly developed guidelines of ISO 26000 and the Ethical Trading Initiative.

SA8000®

SA8000® is an international, auditable certification standard for improving working conditions. It was developed and is overseen by Social Accountability International. Certification is monitored by Social Accountability Accreditation Services (SAAS). Based on the UN Universal Declaration of Human Rights, Conventions on the Rights of the Child, and ILO conventions, it is a tool to help apply these norms to practical work-life situations. SA8000® auditors from SAAS-accredited certification bodies visit factories and assess workplace conditions based on the nine elements of the standards, which includes the evaluation of a company's management systems to ensure continual improvement.

SA8000® covers several different sectors on social accountability, based on ILO conventions. According to SA8000® (http://www.sa-intl.org), over 1.2 million workers are employed in over 2,100 SA8000® certified facilities in 60 countries, across 67 industrial sectors. Currently, there are eight sports balls producers, seven situated in Pakistan and one in China, who are certified for SA8000®.

> SA8000®® COVERS THE FOLLOWING AREAS

- **Child labour**: No workers under the age of 15; minimum lowered to 14 for countries operating under the ILO Convention 138 developing-country exception; remediation of any child found to be working.
- **Forced labour**: No forced labour, including prison or debt bondage labour; no lodging of deposits or identity papers by employers or outside recruiters.
- **Workplace safety and health**: Provide a safe and healthy work environment; take steps to prevent injuries; regular health and safety worker training; system to detect threats to health and safety; access to bathrooms and potable water.
- **Freedom of Association and Right to Collective Bargaining**: Respect the right to form and join trade unions and bargain collectively.
- **Discrimination**: No discrimination based on race, caste, origin, religion, disability, gender, sexual orientation, union or political affiliation, or age; no sexual harassment.
- **Discipline**: No corporal punishment, mental or physical coercion or verbal abuse.
- **Working hours**: Comply with the applicable law but, in any event, no more than 48 hours per week with at least one day off for every seven day period; voluntary overtime paid at a premium rate and not to exceed 12 hours per week on a regular basis; overtime may be mandatory if part of a collective bargaining agreement.
- **Remuneration**: Wages paid for a standard work week must meet the legal and industry standards and be sufficient to meet the basic need of workers and their families; no disciplinary deductions.
- **Management system for Human Resources**: Facilities seeking to gain and maintain certification must go beyond simple compliance to integrate the standard into their management systems and practices.

Besides certification, or preparatory to certification, companies may choose to take part in CIP (Corporate Involvement Programme). In practice, participating in the CIP means gradually implementing SA8000®, eventually aiming at certification.

Related costs

Certification is done by an independent third party and auditing takes place once per year. Every facility seeking certification must be audited; subcontractors are required to follow SA8000®, but are not necessarily audited. Audit costs vary, but typically range between $500-$1,500 (€370 - €1,111) per day.

BSCI

BSCI, the Business Social Compliance Initiative, is a monitoring system developed by European retailers to audit and monitor their suppliers. BSCI works with SA8000® criteria, but unlike SA8000®, it is not a certification scheme but rather a monitoring system. BSCI works according to the following system: supplier's self-assessment, initial audit, corrective action plan and re-audit. BSCI members commit to having two thirds of their suppliers progressively apply the BSCI code of conduct. Herein also lies the key to supplier participation: this can only be done through the retailer. BSCI is active in several sectors, and may also be of relevance to some sports balls manufacturers. For instance, the international retail chain Intersport takes part in the programme. For more information on BSCI, please refer to http://www.bsci-eu.org.

ISO 26000

ISO is the best-known body for setting internationally-recognised standards. These include standards for management systems, such as ISO 9001 on quality and ISO 14001 on environment. Responding to the different initiatives available in the field of social responsibility and in order to gain international consensus, ISO has developed ISO 26000:2010 on social responsibility. Unlike the ISO 9001 and ISO 14001 management system standards, however, ISO 26000 does not establish requirements, but rather guidance. It is therefore not certifiable. ISO 26000 addresses seven core subjects of social responsibility:

- Organisational governance
- Human rights
- Labour practices
- Environment
- Fair operating practices
- Consumer issues
- Community involvement and development.

ISO 26000 was launched on November 1st, 2010, and although its market impact is expected to be significant, it is yet too early to determine its practical influence. For more information, go to: http://www.iso.org/iso/iso_catalogue/management_standards/social_responsibility.htm.

ETHICAL TRADING INITIATIVE

The Ethical Trading Initiative (ETI, http://www.ethicaltrade.org) is an initiative developed in the United Kingdom (UK), but which has spread to become an international initiative. Their ETI Base Code is widely acknowledged as a model code of labour practice, and is derived from the Conventions of the International Labour Organisation (ILO).

To become a member, companies must adopt the ETI Base Code and also need to sign up to ETI's Principles of Implementation, which set out the approaches to ethical trade that member companies should follow. So far, mainly UK/European buyers have become a member of this organisation.

FAIRTRADE

Fairtrade is one of the furthest-reaching sustainability standards, incorporating the internationally-recognised ILO standards. Fairtrade has developed a standard for Sports Balls for Hired Labour. In addition to the specifics described in this standard, the generic standard for hired labour applies. Requirements include minimum requirements which all companies must meet, and progress requirements against which companies must demonstrate progress. Further, Fairtrade has established a trade standard for trade operators. The content of the different standards are described on the next page.

> FAIRTRADE'S GENERIC STANDARD FOR HIRED LABOUR

The issues covered by the Fairtrade generic standard for hired labour are:

> **Social development**:
- Development potential and capacity building
- Freedom from discrimination
- Freedom of labour (including no forced labour and no child labour, based on ILO)
- Freedom of association and collective bargaining
- Conditions of employment (including minimum wages & maximum working hours set at 48 hours on a regular basis + overtime voluntary and maximum 12 hour per week; and 24 consecutive hours of rest every 7 days)
- Occupational health and safety requirements.

> **Economic development**:
- Including: how to deal with the fair trade premium

> **Environmental development**:
- Impact assessment, planning and monitoring
- Agrochemicals (including materials listed on the FLO Prohibited Materials List not used; the list contains herbicides, insecticides and fungicides used in agriculture)
- Waste
- Soil and water
- Fire (only progress requirements)
- GMOs (genetically modified organisms; not directly applicable to sports balls production).

The specific product standard for sports balls sets the scope for Fairtrade sports balls. The standard for sports balls applies to:

- The manufacture of hand-made sports balls, which includes both stitched and moulded balls.
- All workers who carry out work in factories, stitching centres and subcontracted units where Fairtrade balls are produced.
- All work that is within the value chain of the sports ball company (i.e. all stages of the production process from the acquisition of the raw materials to the export of the end product).

> PRODUCT STANDARD FOR SPORTS BALLS

The following additional requirements for sports balls are set compared to the generic Fairtrade standard:

> **Social development**:
- Minimum requirements: establishing the responsibilities of the sports balls companies for implementing the Fairtrade standards (generic and product specific), recordkeeping, monitoring and subcontracting.
- Progress requirements: signing of contract with subcontractor with all relevant standards, subcontractors' childcare facilities, permanent contracts, supplier assurance, sound use of PVC and other dangerous synthetics.

> **Economic development**:
- Minimum requirements: reimbursement Joint Body (=JB, responsible for Fairtrade premium) participation, worker representation in JB at least 50%.

Related costs

The cost of Fairtrade participation depends on the size of the company. The initial basic fee varies from €1,400 in factories with less than fifty workers, to €3,800 in factories with more than one thousand workers. In addition, an application fee is charged once the initial documents have been filled in and the decision to proceed has been taken. The application fee is €500. Fairtrade producers are audited once per year at a daily fee set at €350. For small factories (less than fifty workers), a total number of days of 3.25 is charged, making the fee €1,137.50, and for large factories (more than one thousand workers) the equivalent fee is €3,062.50 (based on 8.75 days).

Fairtrade Premium

On top of the negotiated price or market price, a Fairtrade Premium must be paid based on the FOB-value as paid by the importer. For sports balls, the Fairtrade Premium is set globally at 10% of FOB-value. This 10% is to be paid by the importer.

The use of the Fairtrade premium is decided by the Joint Body (JB), as mentioned under “Economic development above”. The JB consists of both workers and management.

In addition to the Fairtrade premium, sports ball companies may invoice a maximum 5% surcharge of the contract price as compliance costs compensation. The standard further establishes that payments are done net cash against a full set of documents on first presentation.

Requirements for trade operators

Fairtrade also sets requirements for trade operators. The requirements for trade include:

- **Certification**: all operators taking ownership of Fairtrade products are certified. Note that in general, certification takes place through FLO-CERT, the international certification body. In some cases, however, certification is done through national offices. This is, for instance, the case for the UK market, where the Fairtrade Foundation extends licenses to traders.
- **Traceability**: Fairtrade products can be traced back to producers.
- **Contracts**: include volumes, quality, price, payment terms and delivery conditions.
- Sustaining trade: buyers submit a sourcing plan to producers.
- **Pre-finance**: producers may request pre-finance.
- **Pricing**: Fairtrade payers pay a minimum price plus a Fairtrade premium; see the specifics for sports standards according to the product standard.

For more information, go to http://www.fairtrade.net and choose “standards”. Under Generic standards the standard for hired labour can be found as well as the generic trade standard and the prohibited materials list. When choosing “product standards”, the product-specific sports balls standard can be downloaded in the section related to product standards for hired labour.

FSC

Both natural and synthetic rubber is used in the production of sports balls. Synthetic rubber is produced from petroleum, a finite resource with environmental concerns including air and water pollution. Natural rubber is tapped from trees without harming the tree itself (the timber may even be used after the production of rubber has been completed). Most natural rubber is produced in Asia, the principal producing countries being Vietnam, Thailand, Malaysia, China, Indonesia, India and Sri Lanka.

Negative environmental impacts from natural rubber plantations are limited although expansion of rubber plantations has caused a loss of the natural habitat in China. However, as synthetic rubber is widely used, plantations have not been expanded extensively on a global level. Another negative environmental impact may be caused by the processing of the liquid into latex and rubber, which results in effluents with highly toxic chemicals.

A small portion of the natural rubber used in sports balls stems from FSC-certified plantations. The production of rubber is FSC-certified as part of the general forest management standard with the inclusion of an explicit management plan for rubber tapping, including an effluent treatment plant. FSC certifies forest management systems which follow ten FSC principles (refer to the textbox on the next page).

A producer of sports balls needs to be FSC-CoC (Chain of Custody) certified. This gives FSC the possibility to track the rubber back to the origin of the labeled FSC material (to avoid that rubber from other than FSC-managed forests is declared as FSC). Also the buyer of the sports balls needs to show with an invoice to FSC auditors where he bought the FSC-products from (again to avoid green washing).

> TEN FSC PRINCIPLES

Principle 1	Compliance with all applicable laws and international treaties.
Principle 2	Demonstrated and uncontested, clearly defined, long–term land tenure and use rights.
Principle 3	Recognition and respect of indigenous peoples' rights.
Principle 4	Maintenance or enhancement of long-term social and economic well-being of forest workers and local communities and respect of worker's rights in compliance with International Labour Organisation (ILO) conventions.
Principle 5	Equitable use and sharing of benefits derived from the forest.
Principle 6	Reduction of environmental impact of logging activities and maintenance of the ecological functions and integrity of the forest.
Principle 7	Appropriate and continuously updated management plan.
Principle 8	Appropriate monitoring and assessment activities to assess the condition of the forest, management activities and their social and environmental impacts.
Principle 9	Maintenance of High Conservation Value Forests (HCVFs) defined as environmental and social values that are considered to be of outstanding significance or critical importance.
Principle 10	In addition to compliance with all of the above, plantations must contribute to reduce the pressures on and promote the restoration and conservation of natural forests.

Related costs
The Accreditation Administration Fee (AAF) for the Chain of Custody (COC) certification depends on the turnover of the company. For single COC certificates, fees range from $50 (€38) for companies with an annual turnover of less than $200,000 (€150,000) to a maximum fee of $3,500 (€2,600) for companies with a turnover of $1 billion (€75 million) or more.

FSC rubber producing companies
At present, there is one plantation which produces FSC-certified rubber for the sports balls industry, namely the New Ambadi Estates plantation (http://www.parryagro.com/OurGardens_NewAmbadi.html) in India.

In addition, there are five other rubber-producing companies certified against the FSC forest management standards:

- **Agalawatta Plantations Ltd**, Sri Lanka - http://www.mackwoods.com/agalawatte.asp
- **Horana Plantations Ltd**, Sri Lanka - no website
- **Kegalle Plantations Ltd**, Sri Lanka - http://www.arpico.com/plantations.html
- **Lalan Rubbers (Pvt) Ltd**, Sri Lanka - http://www.lalanrubber.com
- **Metro MDF Co.**, Thailand - http://www.metroply.com.

FSC International points out that they have lately signalled an increased interest in FSC-certified rubber. More information on the standards and companies can be found in the FSC database: http://info.fsc.org.

1.4 BUYER CODES OF CONDUCT

In addition to public standards and initiatives, companies may set their own requirements, in their own codes of conduct or as part of their supplier requirements. When looking at the large multinational companies, they go beyond legal requirements and standards in some of their requirements. For example, Nike has set the minimum age of workers at 16, compared to 15 and in some cases 14 as set by the ILO and used by most initiatives while adidas has set the required minimum age at 15. Also take a look at the case study below for some background information.

NIKE : CASE STUDY

Like many well-known sports brands, Nike does not own a production facility and is specialised in design and marketing. During the 19th century, incidents of labour right violations were found in Nike's subcontracted factories in Asia. Among others, discovered incidents include minimum wage violations (i.e. covering less than 70% of a worker's basic need in Indonesia), but also hazardous working conditions and physical abuse of workers. These violations led not only to numerous worker strikes and protests in Indonesia, Vietnam and China, but also angry activists and even angry end consumers in the United States.

Labour activists demanded that Nike take responsibility for the workers. Nike's first response reads: Nike is "just the buyer", and therefore should not be held accountable against what happened on factory floors. The message simply intensified the situation. In the course of 1990's, Nike's approach changed from not accepting responsibility to gradually taking steps to improve its overseas facilities. In 1992, Nike formulated a code of conduct, which was posted in factories. The action was criticised as most workers were illiterate and the code was a mere window dressing. Between 1997-1998, Nike took a step further by commissioning independent auditing firms (e.g. Ernest & Young) to audit overseas facilities, however, the contracted auditors were questioned of their biased evaluation. Global Exchange criticised Nike of treating its allegations as "an issue of public relations rather than human rights".

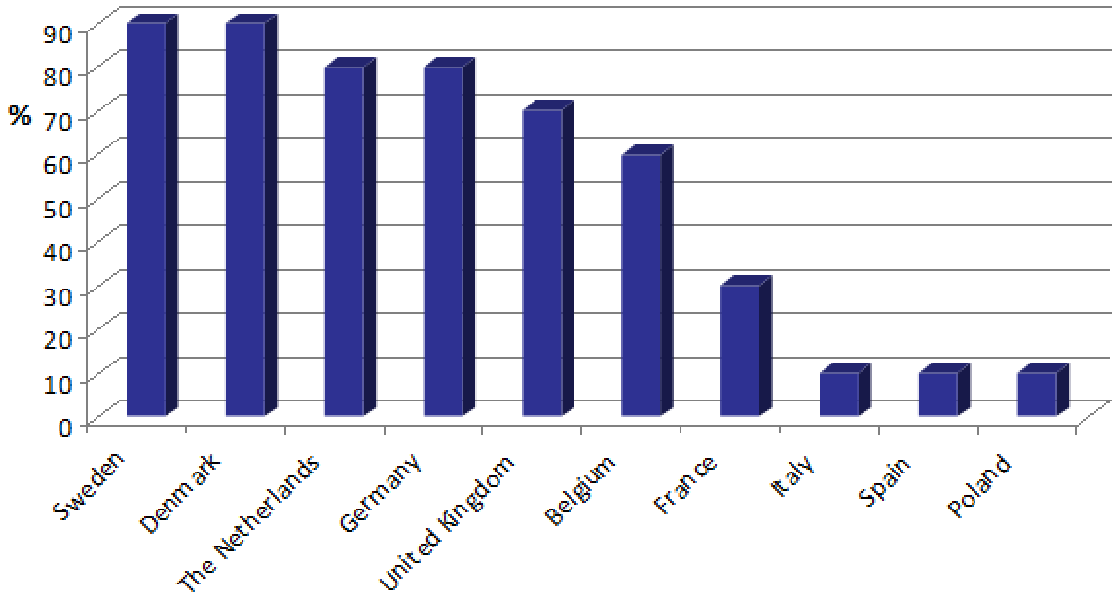
In this period, Nike was the target of anti-globalisation and anti-sweatshop movements. Angry consumers formed groups against Nike and lobbied against its products. This included "Team Sweat", as well as several student groups who led their Universities to cancel their orders with Nike. Websites focusing on Nike's alleged labour abuses and undelivered promises were abundant (e.g. Oxfam-led Nike Watch Campaign) and Nike's logo and slogans were incorporated in pictures of sweatshop settings. The company's brand was simply tarnished. This situation led Nike to the realisation that more serious steps towards a sustainable supply chain were necessary in order to avoid further damage.

Today, Nike's corporate social responsibility approach is said to be one of the most pro-active in the sports goods industry. Nike's code of conduct is recognised as one of the most comprehensive and is used as a model code by other companies.

Source: Global Exchange (2007) and Facts Figures Future (2010)

Private codes of conduct are increasing in number and importance. As a result, compliance to the codes of conduct of potential suppliers will increase chances in the sports balls industry significantly.
There is a large difference between EU countries regarding the use of sustainable codes of conduct. In some EU countries, it is very important to only buy sports balls produced in a sustainable way. In other countries, the price of sports balls is far more important than the condition under which the balls are being produced. Figure 1.1 gives an overview of the estimated share of sports balls buyers in EU countries that have a sustainable code of conduct.

Figure 1.1 Share of sports balls EU importers with sustainable code of conduct, 2010, in % (estimation)



Source: Interviews by Facts Figures Future (2010)

Scandinavian countries lead where sustainable codes of conduct are concerned. Sustainable codes of conduct are also relatively important in the Netherlands, Germany and the UK. Italy, Spain and Poland are the EU countries where few sports balls buyers have a code of conduct and where price is much more important than sustainability.
How compliance with buyer codes of conduct is verified still differs greatly per country and per company. Some sports balls buyers make their suppliers undersign a code of conduct, but never verify if the code of conduct is being complied with. Other companies visit the factories of their suppliers regularly or let an external third party audit the company.

For some examples of buyer codes of conduct, go to:

- **adidas' workplace standards** - http://www.adidas-group.com/en/sustainability/suppliers_and_workers/code_of_conduct/default.aspx.
- **Derbystar** - http://www.derbystar.com.au/About/SocialCommitment/tabid/618/Default.aspx.
- **Intersport** - http://www.intersport.com/company/social_responsibility/02_Code_of_Conduct_06_pdf.pdf
- **Mitre's code of conduct** - http://www.mitre.com/static/html/documents/Mitre%27s%20Ethical%

20Responsibilities,%20Conduct,%20Employees,%20Suppliers,%20Environment.pdf.

- **Nike's code of conduct** - http://www.nikebiz.com/responsibility/documents/Nike_Code_of_Conduct.pdf.
- **Stadium** - http://www.stadium.se/is-bin/intershop.static/WFS/Stadium-Site/Stadium/sv_SE/stadium/files/Om%20Stadium/koncernen/Code_of_Conduct_090624.pdf.

1.5 CONCLUSION

Despite all initiatives, several compliance systems and regulations to protect labour rights are found to be ineffective and lack transparency. In addition, the majority of the initiatives in the sports ball industry mainly focus on the eradication of child labour, leaving other basic but important labour rights unaddressed.

Table 1.1 provides an overview of common labour right violations committed by manufacturers of inflatable balls and sports goods.

Table 1.1 Examples of labour right violations in the sports ball industry

Issue types	Examples of violations
Occupational health and safety non-compliance	- Poor working conditions - Workers not using protective equipment - Problems with emergency exits - Lack of fire safety equipment
Fair wages and compensation	- Wages paid are below the national minimum wage level or insufficient to cover basic expenses - Wages are not paid per hour, but per ball produced - Wage payment is delayed - Overtime is not compensated or insufficiently compensated - Workers do not receive proper payroll documentation - Failure to provide legally mandated benefits - Unfair wage deductions
Use of precarious labour	- Use of informal labour, i.e. unmonitored home-based workers - Disparity in wages and workers' benefits between permanent factory workers and causal temporary workers
Freedom of association	- Lack of any form of labour union and/or right to bargain collectively
Non-discrimination	- Lack of proper non-discrimination policies - Discriminatory recruitment practices against, for example, pregnant women - Wage disparity between male and female workers
Working hours and overtime	- Working hours and days exceed the legal limit or what is allowed in buyer's code of conduct

Source: International Labour Rights Forum (2010), Reebox Human Rights Programme's Coverage and Findings (2005) and Facts Figures Future (2010)

In Chapter 10 recommendations will be given towards fair and sustainable trade of sports balls.

2 INTERNATIONAL REQUIREMENTS

› 2.1 LEGAL REQUIREMENTS

Legal requirements focus on product requirements as the EU legally cannot set requirements for production processes (including labour conditions). The main underlying concerns when it comes to sports balls are consumer health and safety as well as environmental concerns. In practice, this translates into a list of substances which may not be used in consumer products marketed in the EU. Table 2.1 provides an overview of legally restricted substances in the EU. Belgian legislation is in line with EU legislation, as Belgium has implemented all relevant legislation into its national legislation.

Table 2.1 EU legislation relevant for sports balls and sources for more information

Legislation	Brief description	More information
General product safety Directive 2001/95/EC	The General Product Safety Directive applies to all consumer products marketed in the EU. The purpose of the legislation is to ensure consumer safety, and the main clause in the Directive establishes that all products marketed in the EU must be safe, in other words, not unsafe if used as intended.	http://ec.europa.eu/consumers/safety/prod_legis/index_en.htm
Azo dyes Regulation (EC) 1907/2006: REACH	The threshold limit for the prohibited amines, allowed to be found in the article or in the dyed parts thereof is 30 ppm for each amine. This is also the detection limit. Test methods available are certain CEN-methods: CEN ISO/TS 17234:2003; EN 14362-1:2003 and EN 14362-2:2003. CEN is the European Committee for Standardisation. For a full list of the amines concerned, see Annex 8, p. 345, in the link provided in More information.	http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=CONSLEG:2006R1907:20090627:EN:PDF
Organotin compounds Decision 2009/425/EC	Organotin compounds may be used in a variety of products, and some of them have been restricted to 0.1% per weight in products: TBTs and TPTs are restricted in all articles or parts of articles. DBTs in all articles or parts of articles as of 1 January 2012. DBTs in soft polyvinyl chloride (PVC) profiles whether by themselves or coextruded with hard PVC as of 1 January 2015.	http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2009:138:0011:0013:en:PDF
Perfluorooctane sulfonates (PFOS) Regulation (EC) 1907/2006: REACH	The EU has set strict limits for the use and marketing of chemicals and products containing PFOS. In textiles or other coated materials, the maximum limit set is <1 µg/m2 of the coated material.	http://ec.europa.eu/environment/chemicals/reach/reach_intro.htm
Packaging Directive 94/62/EC	Although not directly relevant to the product itself, EU packaging legislation must be considered when exporting to the EU. It restricts the use of certain heavy metals in order to reduce the environmental <u>Impact in the waste stage:</u> the sum of concentration levels of lead, cadmium, mercury and hexavalent chromium present in packaging or packaging components may not exceed 100 ppm.	http://ec.europa.eu/environment/waste/packaging_index.htm
Wood packaging used for transport Directive 2000/29/EC	The EU sets requirements for wood packaging materials (WPM) such as packing cases, boxes, crates, drums, pallets, box pallets and dunnage (wood used to wedge and support non-wood cargo). The wood must be heat treated or fumigated with methyl bromide according to the ISPM15 procedures and further marked with the ISPM15 stamp. In addition, it must be debarked. <u>Exceptions</u>: wood of 6mm thickness or less; and wood packaging material made entirely from processed wood produced using glue, heat and pressure, such as plywood, oriented strand board and veneer.	http://ec.europa.eu/food/resources/import_conditions/woodpackaging.pdf

Source: European Union & Facts Figures Future (2010)

Also note that balls marketed as toys must meet a set of additional legal requirements, including CE marking. The Directive establishing rules for CE-marking defines toys as "*products designed or intended, whether or not exclusively, for use in play by children under 14 years of age*" with the exemption of sports equipment (and thus sports balls). For more information on whether or not a ball falls within the scope of the Directive, refer to the guidelines developed by the European Commission and national authorities in member states (No. 4:) http://ec.europa.eu/enterprise/sectors/toys/documents/guidance/index_en.htm.

› 2.2 ADDITIONAL PRODUCT REQUIREMENTS

Some EU/international sports companies go further in their supplier requirements and restrict a number of additional substances, including for instance phthalates, which are legally restricted in children's articles, but which are not legally restricted in sports balls. Another example is the recommendation to phase out substances which may be expected to be legally restricted in the future. Stated in Nike's Restricted Substance List (RSL): "*Some organotins are not currently restricted by legislation; however, suppliers are encouraged to investigate/ suitable substitutes for Nike*".

For a complete overview of the restricted substances used by two of the multinationals well-represented in the EU, refer to the following sources:

- **Adidas:** http://www.adidas-group.com/en/sustainability/assets/Guidelines/A01_Sept_2010.pdf
- **Nike:** http://www.nikebiz.com/responsibility/considered_design/documents/RSL_Finished_Product.pdf

3 PRODUCTION

This chapter provides information on the production of sports balls. Nowadays, around 95% of world production is realised in Asia. Europe only accounts for an extremely small share of global production. Therefore, after discussing global production, a particular focus is placed on the sports ball manufacturing industries of the five most important producing countries, namely Pakistan, China, India, Thailand and Vietnam.

For each of these countries, a description of the sports ball industry is provided. Besides discussing the sports ball industry, special emphasis is placed on relevant labour standards and certification schemes.

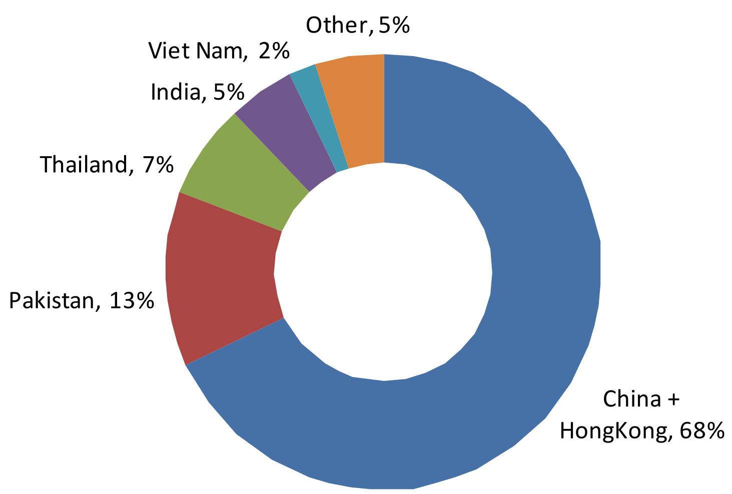
Altogether, this chapter is interesting not only for producers and associations as a benchmark, but also for (European) importers, to get an overview of the production side of the industry.

› 3.1 GLOBAL PRODUCTION

Total global trade of sports balls amounted to €927 million in 2009 and stayed relatively stable during the period 2005 to 2009 (1% annual growth). Global trade statistics generally include re-export values, especially of the many non-producing countries in the world, so the actual production value in 2009 is expected to be worth approximately 30% less than the global trade figure.

The world's top five producing countries, China, Pakistan, India, Thailand and Vietnam, are believed to account for around 70% of global trade in 2009 and for around 95% of the world's sports ball production. As most of these countries do not keep a record of production figures, it is difficult to estimate the exact value and volume of global production of sports balls. However, as virtually all of the domestic production of these countries is meant for export, the export figures of these countries give a good indication of world production. Please refer to Figure 3.1 for the share and relative positions of the main producing countries in 2009.

Figure 3.1 Shares in world production of sports balls, 2009



Source: ITC Trademap and Facts Figures Future (2010)

Pakistan is recognised as the most important producer of sports balls in the world, especially due to its large-scale production of hand-stitched quality balls. However, the country has significantly lost its share to China over the past decade. The shift of positions between China and Pakistan was mainly driven by the advancement of manufacturing technology in China, which enabled a speedy and even cheaper production of sports balls. While a Pakistani stitcher can produce around four balls a day, a machine in China can produce as many as 36 balls a day. China's increasing market share is believed to mostly comprise balls from the low-quality segment, mainly for promotional purposes. It is estimated that 20% of the global sports ball market is hand-stitched; 70% of which is made in Pakistan.

Similarly, technological advancement is also taking place in other countries, including Thailand, which has also gained market share. This is particularly true when Thailand and its new thermally bounding technology were chosen to produce match balls for the Worldcup 2006, instead of Pakistan, which had been chosen several times for earlier tournaments. Although ball manufacturing technology still does not offer the same level of quality as hand stitching, it is expected to keep up and to become an important differentiator among manufacturers. Such development is also expected to further change the relative positions of the world's producing countries.

Very small-scale production of sports balls still takes place in other countries, including Mexico and Indonesia; however, their share in the global market is insignificant. It is believed that European production of sports balls only takes place in a couple of countries, including Hungary and Italy (e.g. PVC toy balls). Based on Eurostat/Prodcom, Hungary accounted for €1-2 million worth of sports balls and Italy for €40-50 million in 2009. The high value of Italian production is believed to reflect the value added by trade transits, rather than actual production. Other European countries, including Belgium, have no sports ball production. Among other reasons, the higher labour costs in Europe make it more feasible to shift production or outsource to low-cost countries.

> USEFUL LINKS FOR FURTHER RESEARCH

- **Trademap** - http://www.trademap.org - provides trade statistics for over 5,300 products traded by over 220 countries and territories.
- **Eurostat/Prodcom** - http://epp.eurostat.ec.europa.eu/portal/page/portal/eurostat/home - official statistical office of the European Union.

3.2 PAKISTAN

PRODUCTION OF SPORTS BALLS

Up until a decade ago, Pakistan was the largest producer of inflatable balls in the world, accounting for as much as 70-85% of the world's production. Production volume used to reach 60 million balls per annum, which was equivalent to around €180 million (Ebrahim, 2010). However, China has taken over the leading position from Pakistan in the production of sports balls and therefore, currently, Pakistan ranks second after China in terms of export values. The sports ball industry of Pakistan is clustered in a city in the Punjab province, called Sialkot, where almost all sports goods exported by Pakistan are produced.

There are no official data available on the volume and value of sports balls produced in Pakistan and the industry still lacks an established registry that keeps track of such information. Nevertheless, annual export values are believed to be good indicators of production volumes as, according to the Sialkot Chamber of Commerce, almost all domestic sport ball production is meant for export. The decreasing value of exports was further confirmed by trade statistics: sports balls' exports decreased by an annual 13% between 2005 and 2009; this meant a decline in value from €168 million in 2005 to €96.6 million in 2009. For more information about exports, refer to Chapter 6.

"Often, machine-stitched balls lack in both quality and durability. Now China takes a large share of the low-cost machine-stitched segment but the trend for hand-stitched balls will be back. I really expect trends for machine-stitched balls to drop because customers are fed up (with low quality), and hand-stitched balls are much stronger. Pakistan is the place where you source quality balls."

-Pakistani producer and exporter-

Pakistani ball stitchers from Sialkot are known for their skilled craftsmanship and their production of high quality balls. Yet, a very limited quantity of machine-stitched balls is produced in Pakistan and there is no production of moulded balls.

Demand for Pakistan's sports balls is largely driven by orders from large multinationals. The most recognised brands of sports equipment, including adidas (Germany), Nike (the U.S.), Puma (Germany) and Mikasa Sports (Japan), have used Pakistan, and Sialkot in particular, as their production base although some have also moved to other countries, usually after disputes over labour right violations. When a multinational suspends a contract with a local producer, this results in a substantial loss of demand. This influences not only the lives of many Pakistani stitchers, but also the total export value of Pakistan.

In addition, export demand is particularly high in the years World Cup tournaments are organised, but as other countries have recently been chosen to produce the majority of balls for the past few tournaments, Pakistan was only able to get around 30-40% of total orders of footballs for the World Cup 2010. This was a sharp decline from 70-80% during the 1998 and 2002 tournaments (Najam, 2010). Pakistani producers express great concerns over the recent decline in their exports, but believe that they will gain back their lost market share, especially in the high quality ball segment, which still depends on skilled hand stitching.

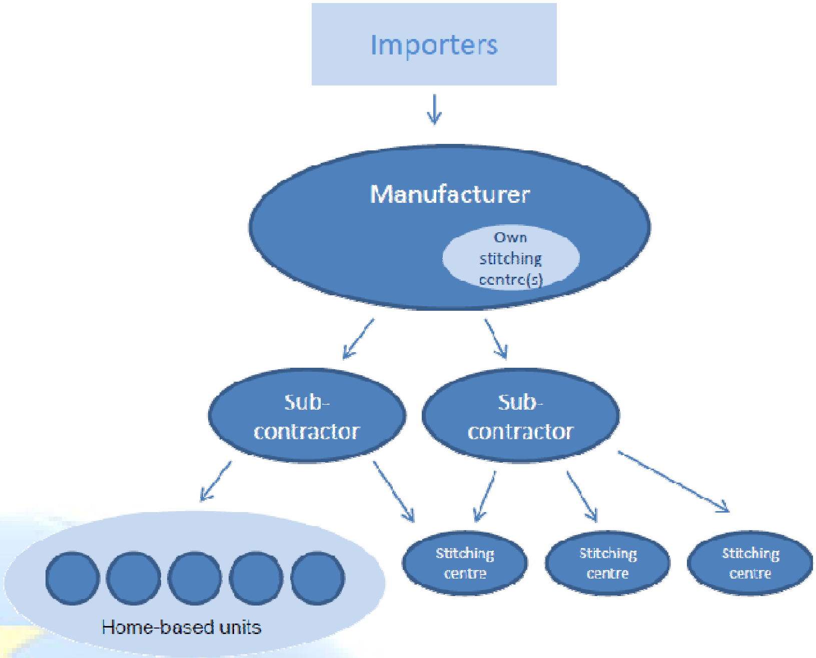
INDUSTRY STRUCTURE

Industry experts estimate that there are around 35-40 large-sized exporting producers in Pakistan and that Sialkot hosts around 260 producers in total; the majority of which are small- or micro-sized. It is difficult to give the exact number of small and medium-sized producers as producer registration is not required. In addition, the number of producers varies significantly over time as demand for sports balls is very seasonal. Besides, production of many products in

Sialkot does not require physical infrastructure, so sports ball producers can become producers of other products overnight.

In Pakistan, stitching work usually takes place outside factories, especially during peak seasons, when stitching is outsourced via contractors to stitching units and home-based units in rural areas. These home-based units comprise family members (sometimes also children), who are usually paid per ball stitched. Please take a look at Figure 3.2 for a graphical impression of the Pakistani industry.

Figure 3.2 Industry structure of sports balls production in Pakistan



Source: Facts Figures Future (2010)

PRODUCTION OUTLOOK

Pakistan has long enjoyed the privilege of producing footballs used in several World Cup tournaments but has lost a significant part of their market share to other emerging producing countries, such as China and Thailand. One of the most cited reasons is the use of child labour, which has led to angry consumers and lobbying in the West. Although measures are in place to tackle this issue, the name of Pakistan is still associated with such incidents.

Increasing preference for machine-stitched balls is also proving unfavourable to Pakistan. The country lacks advanced manufacturing technology and still depends significantly on the traditional technique of hand stitching. In addition, electricity or power supply shortages are also important production hurdles. It is reported that most production of sports balls for gift and promotional purposes, for which quality is not very important and can be made by machine, is being transferred to China: on the other hand, export demand for quality balls is much less affected.

LABOUR STANDARDS IN PAKISTAN

"It is impossible to use children in ball stitching. Impossible!! Children can stitch promotional balls, but not quality ones. A ball needs almost 300 good and tight stitches and you need strong men to perform the task."

-Pakistani producer and exporter-

Pakistan receives the most attention for labour standards of all production countries. This is mainly due to its labour right violations in the past, especially related to child labour. There are two main initiatives that address child labour issues and working conditions unique to the sports ball industry in Pakistan, namely the Atlanta Agreement and the Fairtrade Labelling Organisations International (FLO). Apart from these two, supplier codes of conduct are often imposed by foreign buyers.

Atlanta Agreement and IMAC

As explained in Chapter 1.1, the Atlanta Agreement was the first initiative in the sports balls industry to focus on labour issues. Since 2003, IMAC has been responsible for the monitoring of child labour and minimum working conditions. IMAC is well recognised by the majority of importers and today, more than 60 multinational sports companies require their producers to join and be inspected by IMAC. Additionally, FIFA supports the programme by refusing to issue its license to any non-member producer. Therefore, membership of IMAC is a great advantage for Pakistani producers, as this increases their chances on the international market.

Stitching centres monitored by IMAC are workplaces of at least 5 workers. Respective producers provide IMAC with a list of stitching centres and inspectors visit them unannounced. Using an unregistered stitching centre is a violation to the agreement.

The programme is believed to eliminate the majority of children from sports ball manufacturing although the impact the programme has had on workers' families is still questionable. Evaluations conducted by NGOs reveal that the shift of home-based stitching to centralised centres means many, especially women, have to give up their jobs as they are required to stay at home. It is reported that income in many families has reduced to around two thirds. In addition, although sports balls produced by participating producers are child labour free, it appears that children actually go on to work for other industries.

In October 2010, 64 Pakistani manufacturers were members of IMAC whereas another 25 manufacturers were waiting for approval. In that month, one case of child labour was observed by IMAC among one of its members. The manufacturer concerned immediately stopped working with the subcontractor who had employed the child.

Despite the Atlanta agreement and IMAC's monitoring, abuses have nonetheless been observed about working conditions in the football industry (International Labour Rights Forum, 2010).

Fairtrade Labelling Organisations International (FLO)

The other prominent initiative in the country is from FLO, who issues Fairtrade certification to producers, who are then permitted to produce sports balls with Fairtrade labels. The initiative started around 1997 when the organisation wanted to expand the fairtrade product line to include sports balls, and in the end chose to work with Talon Sports. The first order was made in January 1998 for 28,008 balls (Talon Sports, 2010). Today, FLO chooses to issue a certification only to producers who are monitored by IMAC and there are currently seven certified producers in total. Chapter 1 provides more information on the FLO requirements.

Pakistan is the only country where Fairtrade sports balls are produced. There are a total of seven FLO-certified producers and in 2009, 118,000 sports balls were sold under Fairtrade terms, which still represents an extremely small share of total production. According to FLO, the average percentage of balls produced on Fairtrade terms among certified producers is less than 8% (Fairtrade Labelling Organisation, 2010).

Buyer codes of conduct

The majority of large-sized sports goods buyers demand all their producers to be monitored by IMAC. Furthermore, many also impose their own code of conduct on their suppliers. According to a Pakistani supplier, buyers' procedures in selecting new suppliers also take into account suppliers' social compliance performance; some of these buyers' codes of conduct are even more 'difficult to comply with' than FLO requirements.

For instance, Nike's code of conduct requires that all sports balls are produced by full-time workers, who are eligible for social security and are paid an hourly rate. This is meant to prohibit the use of temporarily contracted workers who would be paid a per-piece rate instead. Such a requirement is regarded as a challenge by many Pakistani producers as maintaining a large full-time workforce is very costly. FLO, on the other hand, allows temporarily contracted workers as long as their voices are represented in the workers' joint body. IMAC confirms that this requirement is one of the provisions mostly violated by Pakistani producers, which leads to their contracts being suspended.

MAJOR PRODUCERS

Pakistan is the only country in the world that supplies FLO-certified sports balls. Currently, there are seven certified producers[1], including:

- **Ali Trading Company** - http://www.alitrasports.com;
- **Anwar Khawaja Industries** - http://www.anwarkhawaja.com;
- **Capital Sports** - has no website, but can be contacted via telephone +92 432 265831 to 33;
- **Silver Star Enterprises** - http://www.s-stargroup.com - also approved by Nike as subcontractor;
- **Talon Sports** - http://www.talonsports.com - large-sized producer of sports balls and sportswear. It supplies fair trade balls to the UK, Italy and Germany. The company is also SA8000® certified;
- **Tramondi Pakistan** - http://www.tramondi.com - a Swiss producer of sports balls with a production facility in Pakistan;
- **Vision Technologies Corporation** - http://www.vision.com.pk.

Apart from that, there are several other producers who are certified by other standards and accreditations, including:

- **Alberta Sports** - http://www.alberta-sports.com - FIFA approved;
- **Comet Sports** - http://www.cometgroup.com.pk - producer and exporter of footballs and handballs, approved by FIFA and IHF respectively;
- **Madrigal Sports** - http://www.madrigalsports.com - producer and exporter of inflatable balls; approved by FIFA and SA8000®.

1 http://www.flo-cert.net/flo-cert/operators2.php?id=10 - accessed on 28/10 /2010

> USEFUL SOURCES FOR FURTHER RESEARCH

- **FLO** - http://www.fairtrade.net - useful information about Fairtrade certification and overview of producers.
- **ILO Actions in Pakistan** - http://www.ilo.org/legacy/english/regions/asro/newdelhi/ipec/responses/pakistan/action.htm.
- **Independent Monitoring Association for Child Labour (IMAC)** - http://www.imacpak.org - the website offers monitoring reports and a list of (non-) compliant producers.
- **Pakistan Sports Goods Manufacturers & Exporters Association (PSGMEA)** - does not have a website, but can be contacted via psga@brain.net.pk.
- **Sialkot Chamber of Commerce and Industry** - http://www.scci.com.pk.

> 3.3 CHINA

PRODUCTION OF SPORTS BALLS

At present, China is the world's largest production base for sporting goods. Its fast development in the number of sports ball producers and manufacturing technology has posed a significant competition to sports ball industries in Pakistan and India. As a result, China is currently by far the largest producer of sports balls.

Chinese production is primarily made up of low-end machine-stitched balls, especially used for promotional purposes (Play fair, 2008). China's market share in this segment has grown significantly since 2000. Although Chinese production mainly covers the low-end segment, the official match balls used in the World Cup 2010 were also produced by machine in China.

Export value of sports balls totalled €481.9 million in 2009, after a 4.7% decline from the previous year. However, export figures between 2005 and 2009 showed an impressive growth of 10% annually. Also refer to Chapter 6 for more information. The Chinese sports ball industry has attracted large foreign investments, totalling €411 million in 2009 (Sporting Goods Industry Association, 2009). Many well-known multinational producers are using China as a production location, including Nike and adidas. Although no production figures for sports balls are published by the Chinese, in 2008, there were around 2.3 million people engaged in the Chinese sporting goods industry. The total sporting goods industry was worth €10.6 billion of value added, with over 13% growth, despite the global financial crisis. According to the Chinese Sports Goods Federation, further growth can be expected.

Production sites of sporting goods are scattered around three main areas in China, namely the Bohai Bay Rim, the Yangtze River Delta and the Pearl River Delta (see figure), specifically for footballs, production areas are in Dongguan, Shenzhen, Nanjing and Wuxi (Li, 2007). Most machine-stitching production is carried out in large-sized factories in the South Eastern region, particularly in the Fujian and Guangdong provinces. In addition, the hand-stitching sports ball cluster is located in Jiangsu province (International Labour Rights Forum, 2010). Exporters can be categorised into three types: foreign joint ventures, private and state-owned enterprises.

The production model in China is similar to Pakistan's and India's, where hand-stitching is usually outsourced to subcontractors, who hire people in rural areas to perform the task. Most subcontracted stitchers are women and children. The remaining production is carried out in factories. Labour costs in China are reported to be lower than in other countries, and machine-made balls can be produced at a very low price and fast speed. Although ball stitching machinery is currently unable to produce quality balls, a technological advancement is expected in the short to medium term, which would enable China to gain an even larger share of world production (Play Fair, 2008).

LABOUR STANDARDS IN CHINA

Similar to most low-cost countries, China still lacks an effective legal enforcement that prevents labour exploitation. According to the International Labour Rights Forum (2010), common labour standards challenges in the industry include overtime, low wages, freedom of association and bad living/working conditions.

Apart from codes of conduct imposed by foreign buyers, there are no labour standards in the Chinese sports ball industry. Unfortunately, no information is available on how many Chinese sports ball producers are subject to buyers' codes of conduct. In addition, unlike India and Pakistan, there is no social protection or monitoring agencies specifically dedicated to the sports ball industry.

Common labour rights violations

One of the major labour rights violations in the Chinese sports ball industry is excessive working hours. According to the Chinese Labour Laws 1994, labourers are allowed to work "for no more than eight hours a day and no more than 44 hours a week on average" and that they "have at least one day off a week". However, due to the lack of legal enforcement, Chinese workers in the industry are found to work much longer. A recent investigation by Play Fair on sports ball manufacturing units in the Pearl River Delta region reveals that overtime could reach 232 hours per month, which is six times higher than stated in labour laws (Play Fair, 2008). Other studies reveal that besides excessive working hours in the Chinese sports ball industry, Chinese workers are usually not or inaccurately compensated for their overtime work (International Labour Rights Forum, 2010).

Similar to Pakistan and India, subcontracting of production to home-based workers usually occurs without authorisation of buyers and is hardly monitored. As a result, home-based workers are often exploited by middle men who provide them with orders. Common violations found include low wages, use of child labour and overtime.

These problems remain key hurdles in establishing trade for sustainably produced sports balls in China. Many foreign importers are attempting to tackle such issues by imposing codes of conduct and monitoring mechanisms on their suppliers. However, Play Fair (2008) reveals that some sports ball factories require their workers to sign two wage recipient sheets, one of which states wages twice as high as the other. While the sheet stating lower wages is what the worker receives, the other is for the purpose of social compliance audit. Falsifying documents is also found in other industries in China (Egels-Zanden, 2007).

MAJOR PRODUCERS

Some examples of Chinese large-sized sports ball manufacturers including those supplying to large multinational brands, are:

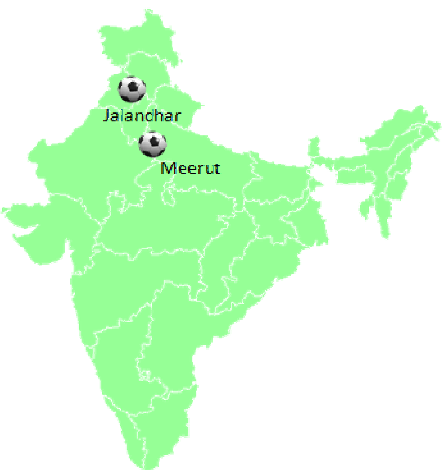
- **Dongguan Three Runners Sporting Goods** - http://www.3runner.com - produces both machine- and hand-stitched sports balls.
- **Kuan Ho Sporting Goods/Top Ball** - Taiwanese invested producer, claims to be the largest ball manufacturer in China and supplies, among others, to adidas, Lotto, Mikasa, Lotto and Spalding. They produce around 2 millions balls per month.
- **Tianjin South China** - http://www.leeshengsport.com - claims to be the largest manufacturer of sports balls in Northern China, offering OEM services as well as production under own brand.
- **Wuhu Huikang Sports Goods** - http://www.hksbt.cn.
- **Xiamen Wick Sports Goods** - http://www.xmweike.cn.

USEFUL SOURCES FOR FURTHER RESEARCH

- **China Sporting Goods Federation** - http://en.csgf.org.cn/index.aspx - provides useful market information and trends on the Chinese sporting goods industry.
- **China's Minister of Commerce** - http://www.mofcom.gov.cn.
- **China Labour Act (1994)** - http://www.ilo.org/dyn/natlex/docs/WEBTEXT/37357/64926/E94CHN01.html.
- **Made in China** - http://www.made-in-china.com - business-to-business market place.
- **China International Sporting Goods Show** - http://www.sportshow.com.cn/en/index_en.aspx - the exhibition is sponsored by the Chinese Sporting Goods Federation. Click on "Newsletter Download" for quarterly newsletters, which provide trends and information on the Chinese sports goods industry.
- **Hong Kong Trade Development Council** (HKTDC) - http://www.hktdc.com - one of the organisers of the 'Sports Source Asia' trade fair in Hong Kong, as well as export promotion activities.

3.4 INDIA

PRODUCTION OF SPORTS BALLS



The origin of India's sports goods industry was in Sialkot (today the centre of the industry in Pakistan) before the political division of the countries in 1947, when Hindu ball makers moved to India. Today, the production of sports goods, and in particular sports balls, is geographically concentrated in the Punjab state, mainly in Jalandhar and Meerut. The industry manufactures more than 318 items of sports goods, but the majority of exported products are inflatable balls, hockey sticks and balls, boxing gloves and cricket bats and balls. Inflatable balls represent around 60% of Jalandhar's production and roughly 75-80% of all sports balls produced in India are produced in Jalandhar and Meerut (Bachpan Bachao Andolan, 2008).

There are no official data available on the volume and value of sports balls produced in India. This is because the sports goods industry in India is recognised as a small- or micro-sized sector and official information on domestic production for such sectors is not maintained. Nevertheless, as an indication of domestic production, according to India's Sports Goods Manufacturers and Exporters Association, around 80% of domestic production of sports balls is exported. The export value of Indian inflatable balls in 2009 totalled €32.7 million, after a slight decline of 4% compared to 2008. Export figures between 2005 and 2009 showed an annual growth of 3%. Refer to Chapter 6 for more information.

It is estimated that there are around 150 producers in Jalandhar, representing the main sports ball manufacturing cluster. Over 90% of Jalandhar producers are small or micro-sized, while the rest are medium-sized (Nadvi, 2008). In total, there are 82 exporters of inflatable balls registered at the Sports Goods Export Promotion Council in India. However, it is also difficult to give the exact number of sports ball producers in India as the industry comprises a large number of home-based producers, who are not registered under the Factory Act (1948), nor the Shops and Establishment Act of the State of Punjab. Only large- and small-sized producers are required to register (Bachpan Bachao Andolan, 2008).

The industry is highly labour intensive and employs a large number of women. As in Pakistan and China, ball stitching usually takes place outside factories in residential homes in urban slum areas and remote villages. The unregistered home-based units are located in suburbs of Jalandhar and Meerut and comprise family members, including children, who receive ball making orders from middle men or contractors. These contractors in turn supply finished balls to large producers (International Labour Rights Forum, 2010).

LABOUR STANDARDS IN INDIA

The Sports Goods Foundation of India (SGFI) is the only organisation that puts labour standards and monitoring programmes in place in the sports goods industry in India. The SGFI, however, only works with the main exporters of the industry (currently 32 members). It is estimated that together they account for around 95% of inflatable balls exports.

Important buying criteria facing Indian sports ball exporters are reported to include product quality, service quality and price. Supplier's social compliance is still not commonly recognised as an important criterion used in supplier selection in India's sports ball industry. According to the Sports Goods Manufacturers and Exporters Association, some importers, mostly from Western Europe and the U.S., require their suppliers to be monitored and certified child labour free by the SGFI, which is the only certification dedicated to this purpose in the industry. In general, standards and certifications required by buyers usually include ISO 9000 series, and some exporters also report the Committee for European Standardisation (Comité Européen de Normalisation), known as CEN. So far, no Indian producer has obtained FLO certification.

Child labour and other labour right violations

According to the International Labour Rights Forum (2010), India has an extensive series of labour laws and regulations, including the Contract Labour (Regulation and Abolition) Act of 1970, the Factories Act of 1948, the Minimum Wage Act of 1948 and Trade Union Act of 1926. However, these laws only apply to companies with at least 20 employees, and therefore do not cover the many home-based establishments in the sports ball industry.

As a result, subcontracting of ball stitching to home-based units in rural areas may involve the use of child labour and other labour right violations. The result can be wages below the minimum wage and also can include sex discrimination.

Caste discrimination is not uncommon in India and also prevails in the sports ball industry. Most Indian sports ball stitchers are illiterate, very poor and belong to the lowest caste, referred to as "Dalits" or "untouchables". Most of them do not own land and therefore their physical labour is the only source of income. They are highly dependent on their subcontractors, not unionised and therefore have to accept any given wage rate (Bachpan Bachao Andolan, 2008).

Furthermore, families with low incomes might be tempted to let their children assist in stitching, during or after school time. Children engaged in ball stitching are found to have serious health problems, including "loss of eyesight, chronic back and neck pains, cuts on their fingers and even deformation of their fingers" (Bachpan Bachao Andolan, 2008). The India Child Labour Prohibition & Regulation Act of 1986 bans children from working in hazardous industries and occupations; however the Act fails to recognise sports ball production as hazardous for children. In addition, even if ball production became recognised, the law in India will still allow home-based work in all occupations without any restriction.

Sports Goods Foundation of India (SGFI)

Similar to Pakistan, the poor labour conditions and the use of child labour in India's sports ball industry came under international attention around 1996-1997. In response, Indian exporters of sports goods initiated the SGFI in 1998 in order to implement a project similar to the Atlanta Agreement in Pakistan, and to date, it is the most prominent social protection agency aiming to tackle labour issues in India's sports goods industry.

SGFI conducts external monitoring. The inspection and child labour rehabilitation programme is funded by SGFI members, who contribute 0.10% of their earnings from sports ball production. Yet, much of production takes place in individual homes which are not registered under the Factory Act and therefore receive no supervision by the SGFI.

The SGFI has worked with a number of strategic partners so far - such as the World Federation of Sporting Goods Industries (WFSGI), FIFA, the United Nations Children's Fund (UNICEF), Rotary International, the United Nations Industrial Development Organisation (UNIDO), India's Ministry of Labour and Save the Children - in implementing social projects that aim to eliminate child labour and improve children's access to education. Education programmes are meant for both children and adults, including 27 transitional schools, which prepare children for the regular schooling system, after-school tuition centres, computer education and adult education. These programmes are reported to keep children away from work, and many receive medical check-up from the programmes.

The India Committee of the Netherlands (2000) criticised SGFI on the effectiveness of their monitoring programme and reported that there were still issues of child labour (hidden in unmonitored home-based units), low wages, lack of health standards and sanitary facilities. In addition, unlike Pakistan's IMAC, SGFI hardly gives public access to information on the results of their socially responsible projects.

MAJOR PRODUCERS

India does not have FLO-certified sports ball manufacturers; however, many are accredited by other certifications or standards that aim at fair labour practices. Examples are:

- **Behari Lal & Co** - http://www.belco.in - producer and exporter of inflatable sports balls, member the SGFI.

- **Cosco** - http://www.cosco.in - FIFA approved; also member of the SGFI.
- **Mayor & Company** - http://www.mayorworld.com - FIFA approved.
- **Ranson Sports Industry** - http://www.ransongroup.com - producer and exporter of sports balls, sports equipment and sportswear; member of the SGFI.
- **Soccer International** - http://www.soccerindia.com - producer and exporter of inflatable sports balls and runs an internal Work Environment & Child Labour Programme.

3.5 THAILAND

PRODUCTION OF SPORTS BALLS

Thailand is the fourth largest sports ball producer in the world. Although official statistics on sports goods production are not available, the country exported €46.6 million or over 18 million balls in 2009, which meant a decline of 8.7% from the previous year in terms of export value. Between 2005 and 2009, Thai exports remained virtually stable (annual decline of 1%). Thailand has increasingly become accepted as a reliable production platform for sports balls used in international and regional sports games, for example, all of the adidas' 'Teamgeist footballs' (team spirit) used in World Cup 2006 were produced in Thailand, by making use of a thermally bounded technique without hand stitching.

Compared to other important low-cost sports ball producers, Thailand is less competitive due to relatively high labour costs compared to China, India and Pakistan. In addition, the country lacks, and therefore needs to import some types of raw materials, especially raw and tanned hide. Cheap balls from China and Pakistan are also imported to Thailand to satisfy its budget segment, where price is the main purchasing criterion. Over half of all imported footballs are from China and almost one third from Pakistan (K-Econ Analysis, 2006).

The country is specialised in both hand-stitched and machine-made sports balls. As new manufacturing techniques that do not require hand stitching are expected to be the next wave of production of professional sports balls, Thailand is likely to gain further market share of the global sports ball market at the expense of Pakistan and India, who still focus on hand stitching techniques.

LABOUR STANDARDS IN THAILAND

A series of labour laws and regulations are in place in Thailand, where the Labour Protection Act (LPA) (1998) is the most prominent. The country has ratified all of the principal United Nationals covenants on human and worker rights, and also ratified five of the ILO's fundamental conventions stated in the 1998 Declaration on Fundamental Principles and Rights at Work, including conventions on: forced labour, equal remuneration, abolition of forced labour, minimum age of admission to employment and worst forms of child labour.

Despite that, the country still lacks effective legal enforcement, and therefore violations of labour rights can still be found in many manufacturing sectors. Thailand's Ministry of Labour (MOL), which is responsible for inspecting manufacturers' working conditions, is severely understaffed. According to the Solidarity Centre, there are around 600 inspectors in Thailand, responsible for 200,000 workplaces of at least 50 employees. While large provinces have an average of 60 inspectors; small ones have an average of 10 (Solidarity Centre, 2007).

In general, apart from the local labour laws imposed by the Ministry of Labour, Thai manufacturers also need to comply with laws regarding environmental impacts and occupational health and safety as imposed by the Ministry of Industry (i.e. Thai Industrial Standards 18000). Furthermore, a manufacturer who is a publicly listed enterprise will also be required by the Stock Exchange of Thailand (SET) to comply with a set of regulations regarding transparency in their management and accounting systems.

For the sports ball industry in particular, sustainability is found to be under-developed. Buyer requirements facing sports ball producers mostly concern product quality and production processes. Standards and certifications required by buyers usually include ISO 9000 series and approvals or certifications from sports federations, such as the FIFA, FIBA, FIVB, IHF and the Football Association of Thailand (FAT).

Thailand's national labour standards and the supplier code of conducts imposed by Nike and adidas are usually regarded as a reference for fair labour practices. However, the industry still lacks formal labour-related certifications and associated monitoring and evaluation procedures.

So far, no Thai producer has obtained FLO certification.

MAJOR PRODUCERS

According to the Thailand's Sports Goods Trade Association, there are approximately 10-11 sports ball producers in the country; all of which produce most types of sports balls, as well as other kinds of sports equipment and sportswear. Around five producers are considered large-sized and the other 5-6 producers are much smaller with around 100 workers each. Two of the large-sized producers are subsidiaries of Japanese enterprises, namely Molten and Mikasa, with around 1,500 workers each. The other three are of Thai origin, including:

- **Football Thai Factory Sporting Goods (FBT)** - http://www.fbtsports.com - leading producer of inflatable balls, sportswear and other sports equipment. It employs around 2,000 workers.
- **Grand Sport Group** - http://www.grandsport.com - producer with around 1,000 workers.
- **Siam Ball Sport Factory** - http://www.siamball.com - produces inflatable balls, sportswear and other sports equipment, with 650 workers.

All of the large-sized producers are FIFA approved for their soccer ball production and usually advertise themselves by sponsoring national (if not regional) sports events. All of them have their own brands, which are well recognised in the domestic market, and some also provide subcontracting services to foreign customers.

USEFUL SOURCES FOR FURTHER RESEARCH

- **Belgian-Luxembourg/Thai Chamber of Commerce** - http://www.beluthai.org.
- **Department of Export Promotion** - http://www.thaitrade.com - part of the Ministry of Commerce. The department provides a list of leading exporters.
- **Solidarity Centre** - http://www.solidaritycenter.org - click on 'Asia', then 'Thailand' for information on labour right situation in Thailand.
- **Sports Goods Trade Association** - the association does not have a website and can be contacted via the company owned by the association's president (Marathon: http://www.marathon.co.th or +66 2 433 7992). It frequently organises B2B matchmaking activities.
- **Thai Chamber of Commerce & Board of Trade of Thailand** - http://www2.thaiechamber.com.
- **Thai Labour Campaign** - http://www.thailabour.org - Thai NGO dedicated to labour rights. So far, this is the only local NGO that has published a case of labour violations in the sports ball industry. The article is called "The Life of Football Factory Workers in Thailand".
- **Thailand's Ministry of Commerce** - http://www.moc.go.th - provides official trade statistics, including import and export and price indices. Change to English, and click on 'Main Ex-Im Comodity' for trade statistics.

3.6 VIETNAM

PRODUCTION OF SPORTS BALLS

Vietnam is the fifth largest exporter of sports balls. The value of sports ball exports has increased significantly over the past decade. In 2009, Vietnam exported as much as €14 million worth of sports balls, after an impressive 30% increase from the previous year. Between 2005 and 2009, exports annually increased by 16%. Refer to Chapter 6 for more information.

Vietnam's current sports ball production does not focus on the premium quality segment, such as match balls used in international tournaments. Skilled craftsmanship, low labour cost, availability of raw materials and a stable political system have been identified as attractive features of the Vietnamese sports ball industry. Unlike China, India and Pakistan, Vietnam does not have a sports ball manufacturing cluster geographically scattered in one area; however, the Northern part of Vietnam has relatively lower labour costs, and this is where a few leading sports ball exporters are located. Vietnam is often considered as a back-up source market, especially now that Pakistan faces political instability. In addition, as labour costs in China are increasing, some buyers consider Vietnam as a new production base.

> "I have heard of Fairtrade (Fairtrade Labelling Organisation), but so far my company has not been asked by a foreign buyer to obtain the certification. If this is required, manufacturers will follow."
>
> -Vietnamese exporter-

> "We see the added value of Fairtrade certification if it would help us acquire orders from foreign buyers and assure healthy competition."
>
> -Vietnamese exporter-

LABOUR STANDARDS IN VIETNAM

Similar to other developing countries, enforcement of labour laws and regulations are still not effective in Vietnam. Common violations in the Vietnamese sports ball industry include low wages, labour welfare (e.g. not covering social insurances for workers, especially temporary/outsourced ones) and discrimination against female labourers (e.g. not providing pregnancy leave). The underlying problem of such violations is the pressure to keep costs low and the low profit margins in the sports ball manufacturing industry, which makes it difficult to provide a sufficient level of income and good welfare. So far, no Vietnamese producer has obtained FLO certification.

Buyer codes of conduct

Vietnamese sports balls exporters report that most foreign buyers have their own code of conduct, concerning one or more of the following: labour practices, storage of products, product quality and environmental standards. In addition, some buyers also require SA8000® certification, BSCI or approval/requirements from local or international sports federations, including FIFA, FIVA and FIBA. Buyers' requirements are reported to be regularly updated, and recently, changes concern the type of chemicals used in products for children. Although producers' social responsibility compliance is not the main criterion in supplier selection, it has become more recognised. As in other producing countries, what mainly drives Vietnamese producers to adopt a certification or standard is that it is requested by buyers.

MAJOR PRODUCERS

There are around 11-12 producers of sports ball producers in Vietnam; around 4-5 of which are small-sized enterprises and two of which are foreign owned. Most Vietnamese producers appear to export under customers' brands, and not their own brands. Vietnam's leading exporters of sports balls are the following:

- **Geru Sports Js. Co** - http://www.gerusport.com - producer and exporter of inflatable balls, with around 400 workers, located in Ho Chi Minh City. Geru is one of Vietnam's main exporters to the European market. Exports account for around 75-80% of production.
- **Delta Sports Co** - the company has no website. It exports all its production, including sports balls and instruments in Thanh Hoa province. Export markets include Hungary, Sweden, Denmark, Mexico, the USA and Canada.
- **Dong Luc Sports** - http://www.donglucsport.com - leading producer of sports balls and instruments, located in Ha Noi. The company is FIFA licensed. The company processes around 2 million balls per year, and around 20% of them are exported. Main export markets include Brazil, Mexico, Germany, France, Russia, Cuba, South Korea and China. The company also belongs to the Vietnam Football Federation, Vietnam Volleyball Federation and Vietnam Enterprise Association.
- **Sholega** - http://vnmedia.vn/webpages/Sholega/index.html - produces sports balls, footwear and gloves, located in Hai Phong. It exports to Europe, the U.S., Japan (especially sports balls) and Taiwan.

> USEFUL SOURCES FOR FURTHER RESEARCH

- **Vietnam Chamber of Commerce and Industry** (VCCI) - http://www.vietnam-source.com.
- **Beluxcham** - http://www.beluxcham.com - Belgian Luxembourg Chamber of Commerce in Vietnam.
- **Vietnam.vn** - http://www.export.vn - Vietnam export portal.
- **Vietnam Ministry of Trade and Industry** - http://www.moit.gov.vn.

4 CONSUMPTION

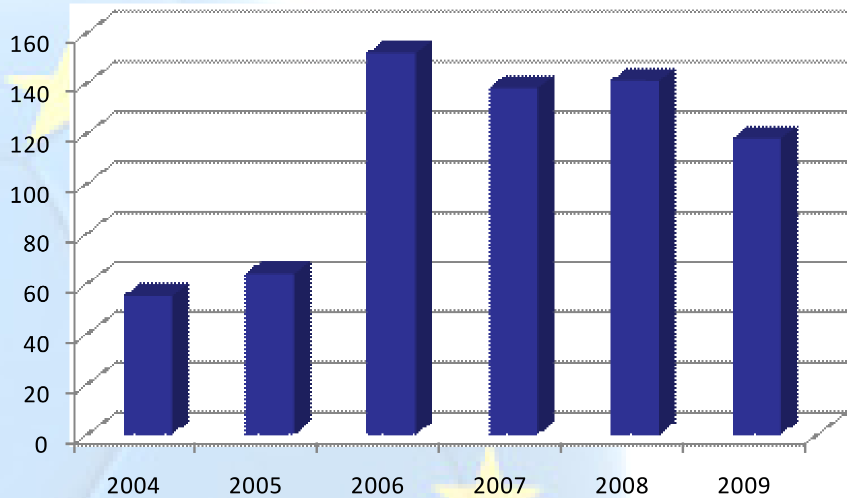
This chapter provides information on the consumption of sports balls. It starts with a description of the global market for sports balls and then goes on to discuss the EU market for sports balls (sports in the EU, ball sports in the EU and sports ball consumption in the EU). After that the EU market for fairtrade products is described, followed by the EU market for sustainable, fairtrade and FSC certified sports balls. The chapter continues with a focus on the Belgian market for sports balls. A market description of the sports balls industry in nine other promising EU countries can be found in separate documents. Finally, a forecast and useful links for further research are given.

› 4.1 GLOBAL MARKET FOR SPORTS BALLS

There are no official statistics available on global consumption of sports balls. However, it is estimated that global consumption lays around 60 million sports balls a year. According to FIFA, approximately 40 million footballs are sold a year. This means that about two thirds of sports balls consumption consists of footballs.

Figures on the global sales of fairtrade sports balls are also available. According to the Fairtrade Labeling Organisation, approximately 118 thousand fairtrade sports balls were sold in 2009. This was a decrease of 16% in comparison to 2008, which was partly due to the global recession. Figure 4.1 gives an overview of the global sales of fairtrade sports balls between 2004 and 2009.

Figure 4.1 Global sales of Fairtrade certified sports balls, 2004-2009, in items, x thousand



Source: Fairtrade Labeling Organisation (2010)

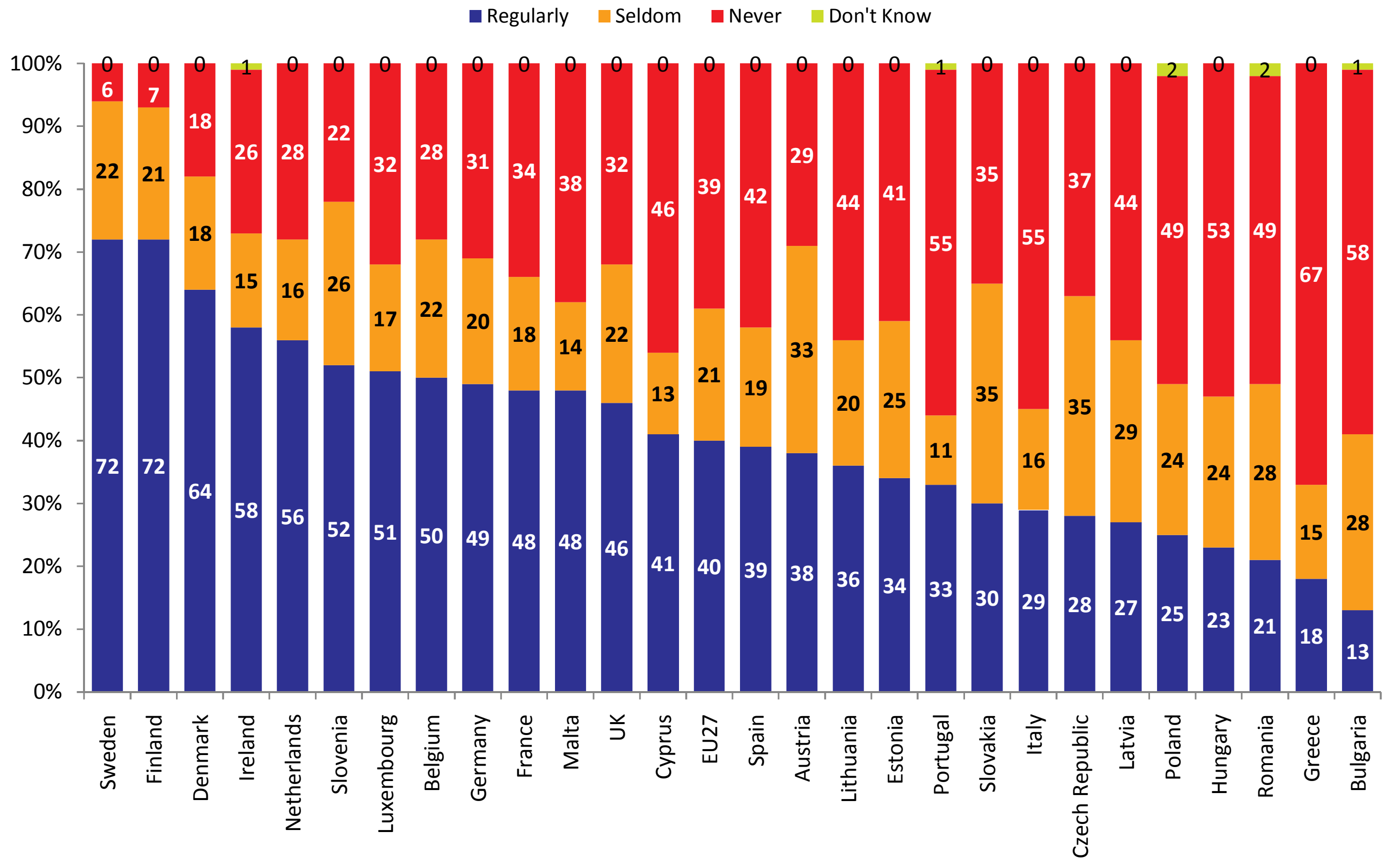
Global sales of fairtrade sports balls peaked in 2006, due to the Worldcup Football 2006, which was held in Germany. During the Worldcup Football 2006, many fairtrade and development aid organisations held campaigns to stimulate sales of fairtrade sports balls. Businesses also promoted fairtrade sports balls by using it as promotional material.

4.2 EU MARKET FOR SPORTS BALLS

SPORTS IN THE EU

About 40% of EU citizens practice sports at least once a week, according to the 'Sport and physical activity Eurobarometer 2010'. Figure 4.2 indicates how often citizens in the individual EU countries practice sports. Regularly means practicing sports at least once a week, seldom means practicing sports three times a month or less.

Figure 4.2 Frequency of practicing sports, individual EU countries, 2009, in %



Source: Eurobarometer (2010)

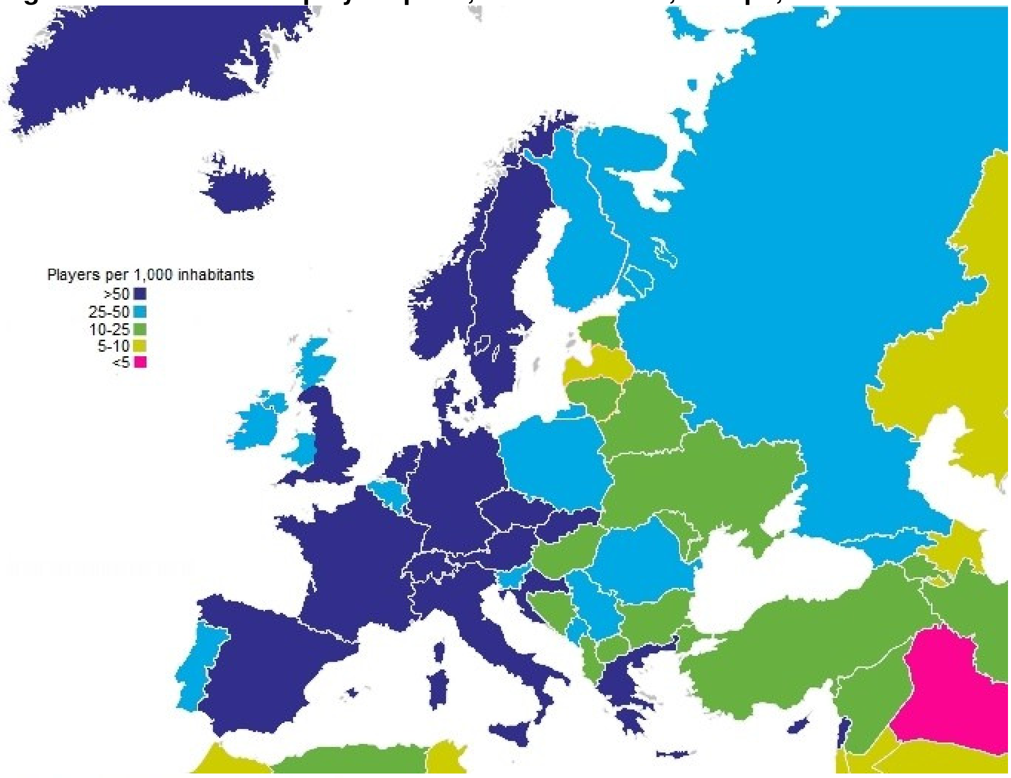
As can be seen in the figure above, people from Scandinavian countries are the most active in practicing sports, followed by the Irish and the Dutch. People from Central and Eastern European countries are generally the least active in practicing sports.

BALL SPORTS

Approximately one third of EU citizens are member of a sports club. Football is the ball sport with the highest number of licensed players in the EU, followed at a distance by basketball, handball, volleyball and rugby. Within the category sports balls, footballs therefore make up for the largest part.

Figure 4.3 shows a map of football playing inhabitants in the different countries of Europe. As can be seen, Austria, Croatia, Czech Republic, Denmark, England, France, Germany, Greece, Italy, the Netherlands, Slovakia, Spain and Sweden are the EU countries where football is played most. Consumption of footballs will therefore be highest in these countries as well.

Figure 4.3 Football players per 1,000 inhabitants, Europe, 2009



Source: Facts Figures Future (2010)

Table 4.1 gives an overview of licensed players in the EU for the two most popular ball sports: football and basketball. As can be seen, football has the highest number of licensed players in Germany, followed at a distance by France, Italy, the United Kingdom and the Netherlands. Basketball is especially popular in France and Spain.

Table 4.1 Licenced players, football (2006) and basketball (2009), most important EU countries, in thousand

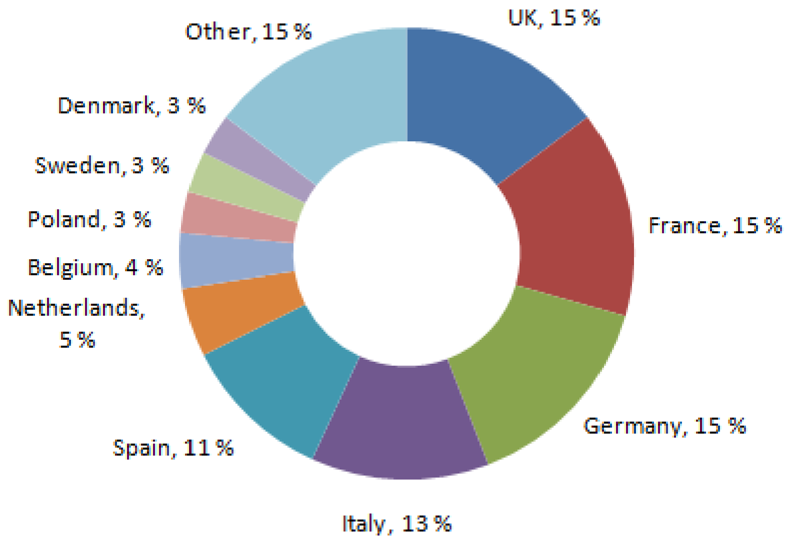
EU country	Football, 2006	Basketball, 2009
Germany	16,309	191
France	1,795	449
Italy	1,514	178
United Kingdom	1,486	31.3
Netherlands	1,139	32.8
Poland	675	20.8
Spain	653	366
Sweden	553	40.0
Belgium	443	91.1

Source: FIFA and FIBA (2007 and 2010)

SPORTS BALLS CONSUMPTION

Consumption of sporting goods in the EU had a value of approximately €38.6 milliard in 2009. This is a growth of 3% compared to 2008. Although there are no statistics available on the value or volume of sports balls consumption in particular, an indication of the main sports balls consuming EU countries can be given. Figure 4.4 gives an overview of estimated market shares for the most important EU countries regarding sports balls consumption.

Figure 4.4 Estimated market share of sports balls consumption, most important EU countries, 2009, in %



Source: Eurostat Prodcom and Facts Figures Future (2010)

The United Kingdom, France and Germany are the EU countries with the highest consumption of sports balls, followed by Italy and Spain. On the one hand, this can be explained by the fact that these five countries are the EU countries with the highest number of inhabitants. On the other hand, these countries also belong to the EU countries where the most practiced ball sport, football, is played most.

FAIRTRADE IN THE EU

Currently, Fairtrade Labelling/Marketing Organisations have been established in 17 EU countries. Despite the global recession, sales of fairtrade products in these 17 EU countries increased by more than 17% between 2008 and 2009. EU sales of fairtrade products made up for more than 60% of the global sales of fairtrade products in 2009. Table 4.2 shows the retail sales value of fairtrade products in the EU-17 for 2007, 2008 and 2009.

Table 4.2 Retail sales value of fairtrade products, EU-17, 2007, 2008, 2009, x € million, CAGR in %, market share in %

EU country	2007	2008	2009	CAGR* 2007-2009	Market share of EU-17 fairtrade sales
United Kingdom	704.3	800.9	897.3	12.9%	43.4%
France	210.0	255.6	287.7	17.1%	13.9%
Germany	141.7	212.8	267.5	37.4%	12.9%
Ireland	n.a.	94.4	118.6	n.a.	5.7%
Finland	34.6	54.4	86.9	58.3%	4.2%
Netherlands	47.5	60.9	85.8	34.4%	4.2%
Sweden	42.5	66.1	82.7	39.4%	4.0%
Austria	52.8	65.2	72.0	16.8%	3.5%
Belgium	**35.0**	**45.8**	**56.4**	**27.0%**	**2.7%**
Denmark	39.6	51.2	54.4	17.3%	2.6%
Italy	39.0	41.3	43.4	5.5%	2.1%
Spain	3.9	5.5	8.0	43.0%	0.4%
Luxembourg	3.2	4.2	5.3	29.0%	0.3%
Czech Republic	-	-	0.56	-	>0.1%
Lithuania	-	-	0.32	-	>0.1%
Estonia	-	-	0.30	-	>0.1%
Latvia	-	-	0.15	-	>0.1%
EU-17	**1,354**	**1,758**	**2,067**	**23.6%**	**100%**

* Compound Annual Growth Rate
Source: Fairtrade Labelling Organisation (2010)

As can be seen from Table 4.2, retail sales of fairtrade products are increasing in all countries. Finland shows the highest annual growth rate, followed by Spain and Sweden. The United Kingdom is by far the largest consumer of fairtrade products, making up over 43% of the total EU-17 fairtrade retail sales. France and Germany follow at a distance. Coffee and bananas are among the most bought fairtrade products in the EU. Herbs and spices, juices, sugar and chocolate showed the highest growth between 2008 and 2009.

EU MARKET FOR SUSTAINABLE / FAIRTRADE / FSC SPORTS BALLS

Sustainable sports balls

An increasing number of sporting goods importers in the EU use sustainable codes of conduct which their suppliers have to comply with. Important aspects within these codes of conduct are child labour, wages, non-discrimination, health and safety and environment. Well-known brands such as adidas and Nike are already working with their own codes of conduct, and the World Federation of the Sporting Goods Industry has also established one. For more information about codes of conduct, please refer to chapter 1.4 ‘Buyer codes of conduct’.

Fairtrade sports balls

It is very difficult to obtain statistics about the number of fairtrade sports balls that are sold in the EU. Only a few local fairtrade labelling organisations have these figures available. According to experts, the market for fairtrade sports balls is smaller than 1% of the total sports balls market in all EU countries, with the exception of Sweden. Sweden is indicated as the largest consumer of fairtrade sports balls in the EU, followed by the United Kingdom, Germany and the Netherlands. Another fact that indicates that Sweden and the United

Kingdom are the largest consumers of fairtrade sports balls is that Talon Sports, one of the biggest fairtrade sports ball suppliers of the world, has sales offices in Sweden and the United Kingdom.

FSC sports balls
The EU market for FSC certified sports balls is smaller than the market for fairtrade sports balls and in some EU countries the market for FSC sports balls has not been developed yet. Currently, only importers of FSC sports balls can be found in the United Kingdom, Germany, the Netherlands, Belgium, France and Denmark. The FSC sports balls that are imported by these companies are generally of the brand Ethletic or Fair Deal. The balls are both FSC and fairtrade certified.

› 4.3 BELGIAN MARKET FOR SPORTS BALLS

Belgian consumption of sports goods for team sports had a value of approximately €82 million in 2008. There are about 17,000 sports clubs in Belgium. When looking at clubs for ball sports, indoor football has the highest number of clubs (15% of total sports clubs). Field football comes second (14%), followed by volleyball (7%) and basketball (2.4%). The most popular brands for sports balls in Belgium are adidas, Nike, Select and Mitre.

FAIRTRADE IN BELGIUM

86% of the Belgians are familiar with the concept 'Fairtrade'. Despite the global recession, consumption of fairtrade products in Belgium has grown rapidly. Fairtrade products in Belgium had a sales value of approximately €56 million in 2009, a growth of 23% compared to 2008. In 2009, one out of three Belgians bought fairtrade products.

In 2009, 53% of Belgian fairtrade product buyers bought fairtrade coffee. This makes coffee the most bought fairtrade product in Belgium, followed by chocolate (26%), other food products (20%), bananas (18%) and wine (15%). Orange juice and candy showed the highest growth between 2007 and 2009.

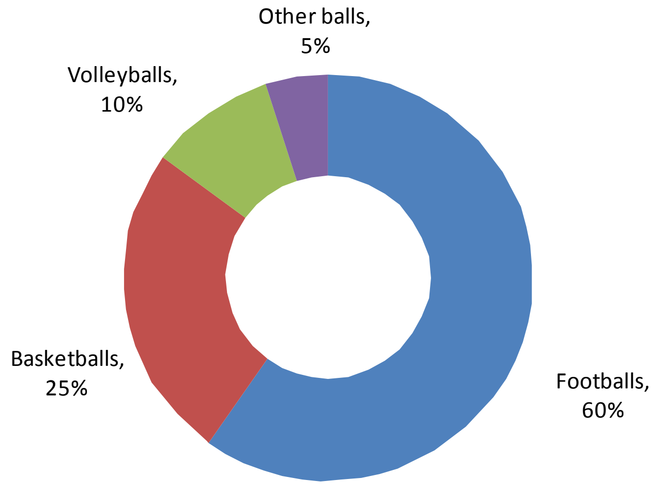
The most important motives for Belgians to buy fairtrade products are the good cause, quality and respect for the producers. The most important motive for not buying fairtrade products by Belgians is the lack of awareness.

BELGIAN MARKET FOR SUSTAINABLE / FAIRTRADE/ FSC SPORTS BALLS

Sustainable sports balls
It is estimated that more than 60% of Belgian sports balls importers have some sort of ethical code of conduct. Most of the other 40% find it important that no child labour is used, but do not take specific actions. They simply trust the producers when they say that their working conditions are in order.

Fairtrade / FSC sports balls
At least 2,350 fairtrade sports balls are sold in Belgium per year, of which about 15% are also FSC certified. Figure 4.5 gives an estimation of the shares of the different types of fairtrade sports balls that are sold in Belgium.

Figure 4.5 Types of sports balls sold, in % of total sales of fairtrade sports balls



Source: Interviews by Facts Figures Future (2010)

There are three importers of fairtrade sports balls active on the Belgian market. These importers are NJ-Appeal, Lotika and Idemasport. The first two importers sell fairtrade and FSC certified sports balls, the latter only sells fairtrade balls. They import their sports balls from Pakistan and are prepared to pay between 15 and 20% more for fairtrade sports balls. They found their suppliers through fairtrade organisations in their own country or through organisations in the producing country, for example IMAC.

The most important customers of fairtrade sports balls in Belgium are schools and municipalities. An increasing number of schools and municipalities are involved in fairtrade initiatives and demand for fairtrade sports balls by these customer groups is therefore expected to grow. The use of fairtrade sports balls within sports clubs is not expected to grow much, as official competition balls need the costly approval of sports federations such as FIFA. However, in the case of training balls, the use of fairtrade sports balls would be more accessible as these do not need official approvals.

Although interest in fairtrade is increasing in Belgium, the market for fairtrade sports balls is still smaller than 1% of the total sports balls market and the market for FSC certified sports balls is even smaller. Some experts indicate that they expect the market for fairtrade sports balls to grow, as interest in fairtrade is increasing and fairtrade is increasingly promoted. Other experts think that the market will not grow, due to the fact that the sports balls market is a very competitive market.

› 4.4 FORECAST

Future consumption of sports balls in the EU can be influenced by various factors:

› Sports events

Statistics indicate that during major sports events, such as the Worldcup Football, demand for sports balls increases, especially by the country organising the event. According to fairtrade sports balls importers, demand for fairtrade sports balls also grows during these events. It is therefore advisable to monitor important future sports events, especially for football, such as:

- European Football Championships. In 2012 the European Football Championship will be organised by Poland and Ukraine, in 2016 it will be organised by France. These football events are expected to stimulate the imports of sports balls by the organising countries.
- Women European Football Championships. In 2011 the Women European Football Championship will be held in Germany. According to a fairtrade sports ball importer from Germany, imports of fairtrade sports balls are expected to triple during this event.
- Worldcup Football. The Worldcup Football of 2014 will be organised by Brazil. The Worldcup Football of 2018 will be held in Russia.

In addition, major sports events are often used to promote fairtrade, including fairtrade sports balls. Campaigns for fairtrade sports balls are generally organised by local fairtrade organisations or development aid organisations. During these campaigns fairtrade sports balls are sold at many more sales points than normal. For example, some non-specialised distribution channels, like supermarkets and hypermarkets, take fairtrade sports balls in their assortment as a temporary product. Examples are the hypermarket Carrefour in France, the supermarket Lidl, the department store Karlstadt in Germany and the supermarkets COOP and ICA in Sweden.

› Lobbying

Lobbying between organisations is very important to stimulate demand for fairtrade sports balls. A good example is Sweden. Sweden is the largest consumer of fairtrade sports balls in the EU. This is due to many years of lobbying between the Church of Sweden and the Swedish Football Association. The result of this lobbying was that the Swedish Football Association decided to purchase about 50,000 fairtrade footballs for summer football camps for children in 2008, which was repeated in 2009 and in 2010.

› Sustainability

Both companies and consumers in the EU are becoming more and more conscious of the need for sustainability and the need to look after the environment. As a result, an increased interest in sustainable, eco-friendly and fairtrade products has been observed in many EU countries and an increasing number of sustainable, eco-friendly and fairtrade products are available on the EU market. This trend is expected to continue. In fact, there are several companies that have brought their own private label, Fairtrade certified, sports balls on the market. Good examples are the Swedish sports retail chain Stadium and the Danish importer Ji-Sport.

› Health

People are becoming increasingly aware of the importance of physical fitness and general well-being. One of the factors that contributes to physical fitness is practising sports. As sports balls are used for different types of sports and interest in sports activities is increasing, future imports of sports balls are also expected to increase.

› Price and quality

The sports balls market is a highly competitive market and driven by price and quality. In general, fairtrade sports balls are of less quality than normal sports balls. A good quality and a competitive price are often found to be more important than the production circumstances. Demand for fairtrade sports balls, therefore, remains low in comparison to other sports balls.

> USEFUL SOURCES FOR FURTHER RESEARCH

The following sources could be useful for further research on consumption of (fairtrade/FSC) sports balls in the EU:

- **European Team Sports Association** - http://www.europeanteamsports.com - provides information about European team sports associations for football, volleyball, handball, basketball, rugby and icehockey and publishes a calendar with all the important sports events for these sports.
- **National sporting goods associations**:
  - Danish Sports Industry Trade Association (SL) - http://www.sportsbranchen.dk.
  - Dutch Federation of Sport Manufacturers and Wholesalers (FGHS) - http://www.fghs.nl.
  - Flemish Sport Federation (VSF) - http://www.vlaamsesportfederatie.be.
  - French Sporting Goods Association - http://www.filieresport.com.
  - German Sporting Goods Industry Association (BSI) - http://www.bsi-sport.de.
  - Italian Association of Sports Goods Producers (ASSOSPORT) - http://www.assosport.it.
  - Spanish Sports Industry Association (AFYDAD) - http://www.afydad.com.
  - Swedish Sports Association (Svenskt Sportforum) - http://www.svensktsportforum.se.
  - UK Federation of Sports and Play Associations (FSPA) - http://www.sportsandplay.com.
  - UK Sporting Goods Industry Association - http://www.sgiauk.com.
- **Fairtrade Labelling Organisation** - http://www.fairtrade.net - publishes articles/reports about fairtrade and provides links to national fairtrade organisations in the EU. Some national fairtrade organisations have data available on sports balls consumption.

5 TRADE - IMPORTS

This chapter provides information on imports of sports balls. First, import statistics of sports balls by the EU are given. After that an analysis is made of the leading sports balls suppliers to the EU, both for inflatable and other balls, followed by an in-depth look at Belgian imports of sports balls. The chapter ends with a forecast and useful links for further research.

› 5.1 EU IMPORTS

The EU had a total import value of sports balls of more than €351 million in 2009 and represents approximately 40% of the total worldwide trade of sports balls. Table 5.1 gives an overview of sports balls imports by individual EU countries. As can be seen, Germany is the largest importer of sports balls: almost 20% of EU sports balls imports are imported by Germany. Other important importing countries are France, the United Kingdom, Belgium, Italy, Spain and the Netherlands.

Table 5.1 EU imports of sports balls, 2001-2010, x € million, CAGR*

Importers	2001	2005	2006	2007	2008	2009	Q1+Q2 2010	CAGR 2005-2009	CAGR Q1+Q2 2009-2010
World	855.6	935.9	1,068.0	958.1	1,011.4	882.3	n.a.	-1%	n.a.
EU	255.6	373.4	455.0	394.7	431.5	351.1	255.4	-2%	24%
Germany	43.5	66.3	91.7	64.5	79.3	64.9	46.4	-1%	20%
France	36.3	42.2	49.8	54.0	47.2	48.0	32.5	3%	22%
United Kingdom	38.7	51.9	60.8	52.7	50.6	45.2	34.5	-3%	51%
Belgium	**21.3**	**38.1**	**38.3**	**33.4**	**35.2**	**33.4**	**17.5**	**-3%**	**-2%**
Italy	21.4	28.4	34.4	28.8	37.0	29.0	19.1	1%	20%
Spain	19.7	27.5	35.6	32.8	34.6	23.2	17.0	-4%	56%
Netherlands	14.0	43.1	49.6	32.5	34.4	22.0	21.4	-15%	70%
Denmark	9.3	11.9	12.6	13.8	13.8	13.9	8.2	4%	18%
Poland	8.9	9.2	10.4	10.8	13.6	12.1	7.3	7%	-1%
Sweden	8.0	8.7	10.3	9.1	8.9	8.4	6.3	-1%	21%
Ireland	3.6	6.8	8.7	8.9	9.3	7.9	4.5	4%	3%
Austria	5.5	6.5	7.7	9.2	9.1	6.6	5.0	0%	24%
Portugal	4.2	4.8	5.8	5.7	7.9	6.2	4.3	6%	61%
Greece	3.6	5.7	8.5	8.5	9.5	6.1	4.6	2%	-14%
Czech Republic	3.6	5.4	8.0	5.9	8.0	5.3	3.9	0%	7%
Finland	3.0	3.0	3.8	3.6	4.3	4.1	2.2	8%	1%
Hungary	2.8	3.6	4.6	4.9	6.1	3.0	2.7	-5%	5%
Romania	1.1	2.2	3.9	4.0	7.5	2.4	2.1	2%	23%
Luxembourg	0.51	0.94	1.1	2.0	1.8	1.9	1.1	19%	-2%
Slovakia	1.6	1.6	2.3	1.9	3.0	1.8	1.9	4%	2%
Slovenia	1.3	1.3	1.7	1.8	4.0	1.5	1.2	3%	34%
Bulgaria	0.58	0.92	1.4	1.8	1.8	1.1	0.56	5%	-35%
Lithuania	0.86	0.78	0.96	1.1	1.2	0.84	0.68	2%	21%
Cyprus	0.84	0.83	1.0	0.76	0.98	0.74	0.43	-3%	-15%
Latvia	0.48	0.82	1.2	1.2	1.3	0.69	0.39	-4%	-13%
Estonia	0.54	0.62	0.65	0.63	0.73	0.39	0.24	-11%	42%
Malta	0.15	0.16	0.18	0.28	0.39	0.28	0.17	15%	0%

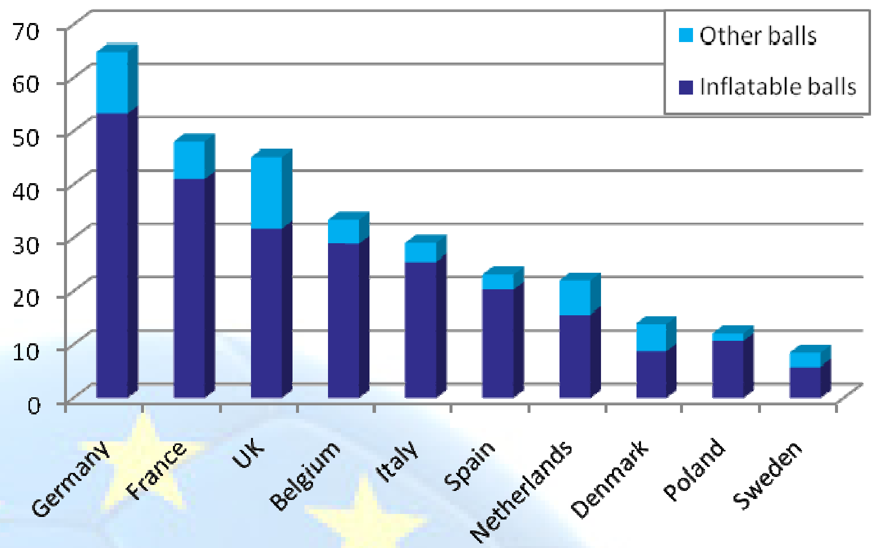
Source: Trademap (2010)
* Compound Annual Growth Rate

The global recession definitely had its impact on the imports of sports balls to the EU. Between 2008 and 2009, imports of sports balls decreased in almost all EU countries. However, recent data for the first two quarters of 2010 show a strong growth rate in imports by many EU countries. This growth is not only due to a recovering economy, but also to the 2010 Worldcup Football in South Africa, which boosted demand and thus imports of sports balls.

TYPE OF IMPORTED SPORTS BALLS

A division can be made between inflatable sports balls and other sports balls. Figure 5.1 shows which part of imports consists of inflatable sports balls and which part consists of other sports balls for the ten largest importing EU countries of sports balls. As can be seen, inflatable balls form the largest category for all countries. Germany has the highest imports of inflatable sports balls, whereas the UK has the highest imports of other sports balls.

Figure 5.1 Top ten importing EU countries, type of sports balls, 2009, x € mln



Source: Trademap (2010)

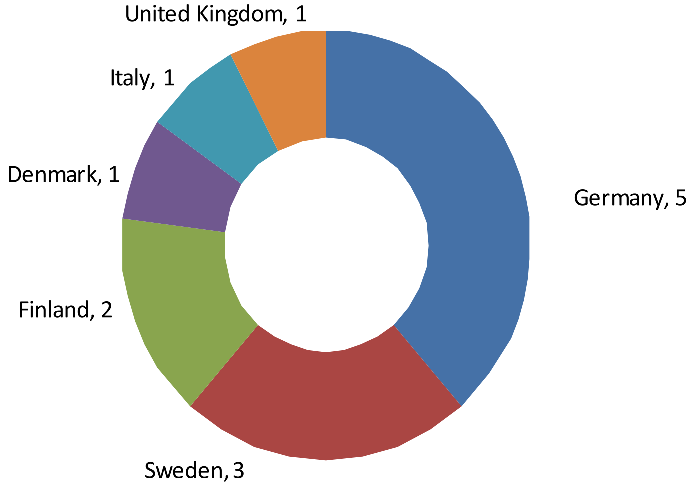
SHARE OF SUSTAINABLE / FAIRTRADE / FSC SPORTS BALLS

As already explained in the chapter 4 Consumption, an increasing number of sporting goods importers in the EU have codes of conduct which their suppliers have to comply with. This means that the market for sustainable sports balls is increasing.

There is no statistical information available about the share of fairtrade/FSC sports balls within the total EU imports of sports balls. However, experts from different EU countries state that the share of fairtrade sports balls is still minimal (less than 1% of the total sports balls imports) and that the share of FSC sports ball is even smaller.

Data are available on companies in the EU that are officially licensed to sell Fairtrade certified sports balls. According to Flo-Cert, the international Fairtrade certification company, there are only 13 companies in the EU licensed to sell fairtrade sports balls at the moment. Figure 5.2 shows in which countries these companies can be found. Most companies are established in Germany, followed by Sweden and Finland. Although this does not mean that there are no other companies in the EU importing fairtrade sports balls, it does give an indication of the importance of fairtrade sports balls in the different EU countries.

Figure 5.2 Companies that are officially licensed to sell Fairtrade certified sports balls, EU countries, 2010

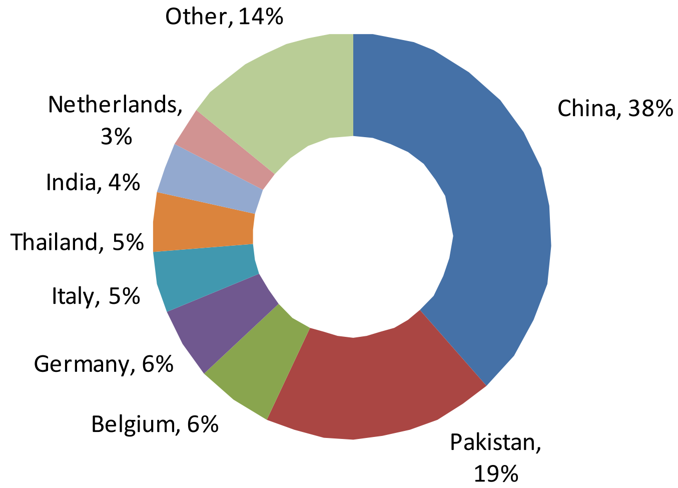


Source: Flo-Cert (2010)

5.2 LEADING SUPPLIERS

The EU had a total import value of sports balls of more than €431 million in 2008. Almost 70% of these imports came from developing countries, 27% came from EU countries and 4% came from other countries. As there is very little production of sports balls in the EU, the 27% of sports balls imports by EU countries are virtually only re-exports of sports balls imported from developing countries. Figure 5.3 gives an overview of the leading sports balls suppliers to the EU. As can be seen, China is the largest supplier of sports balls to the EU, followed by Pakistan.

Figure 5.3 Most important suppliers of sports balls to the EU, 2008, in %



Source: Trademap (2010)

LEADING SUPPLIERS PER TYPE OF IMPORTED SPORTS BALL

To gain a more detailed view of the leading suppliers to the EU for the different types of sports balls, Tables 5.3 and 5.4 present an overview of total EU imports, divided into imports from developing countries, imports from EU countries and imports from other countries for the categories ‘inflatable sports balls’ and ‘other sports balls’.

Table 5.3 EU imports inflatable sports balls, 2004-2008, by origin, x € million, share in %

	2004	2006	2008	Leading suppliers to EU in 2008, share in % of total EU imports	Share
Total EU, of which from	**281.8**	**386.6**	**357.8**		
Developing countries	200.3	265.8	254.5	China (37), Pakistan (21), Thailand (5), India (4), Viet Nam (2), Indonesia (0.1), Malaysia (0.1), Macedonia (0.1), Turkey (0.1), Colombia (0.1)	71%
EU countries	76.1	112.7	96.4	Belgium (7), Germany (5), Italy (5), Netherlands (3), France (2)	27%
Outside EU (excluding developing countries)	5.5	8.2	6.9	Hong Kong (SARC) (1), Taiwan (1), USA (0.3), Japan (0.1), Australia (0.02)	2%

Source: Trademap (2010)

Imports of inflatable sports balls is the largest category, making up more than 80% of total EU sports balls imports in 2008. EU imports of inflatable sports balls decreased by approximately 7% between 2006 and 2008. This decline was caused by a peak in imports by Germany and various other EU countries in 2006 because of the Worlcup Football that was held in Germany that year. Although inflatable sports balls imports from all three regions decreased between 2006 and 2008, imports from developing countries showed the smallest decline (-4.2%). Most EU imports of inflatable sports balls come from China and Pakistan. Until 2006, Pakistan was the leading supplier, after 2006 it was caught up by China, and since then China has been the leading supplier of inflatable sports balls to the EU.

Table 5.4 EU imports other sports balls, 2004-2008, by origin, x € million, share in %

	2004	2006	2008	Leading suppliers to EU in 2008, share in % of total EU imports	Share
Total EU, of which from	**58.9**	**68.4**	**73.7**		
Developing countries	32.6	38.0	43.9	China (42), Pakistan (7), India (3), Colombia (3), Thailand (2), Mexico (1), Philippines (1), Macedonia (0.2), Viet Nam (0.2), Malaysia (0.2)	60%
EU countries	15.5	16.9	19.4	Germany (7), Italy (5), United Kingdom (2), Netherlands (2), France (2)	26%
Outside EU (excluding developing countries)	10.8	13.5	10.4	Taiwan (5), USA (3), Hong Kong (SARC) (2), Australia (1), Japan (1)	14%

Source: Trademap (2010)

Imports of other sports balls made up about 20% of total EU sports balls imports in 2008. Whereas EU imports of inflatable sports balls showed a decline between 2006 and 2008, imports of other sports balls increased by almost 8%. Imports from developing countries showed the strongest growth with an increase of over 15% between 2006 and 2008. For more than ten years now, China has been the leading supplier of other sports balls to the EU. China is followed at a large distance by Germany and Pakistan.

› 5.3 BELGIAN IMPORTS

Belgium made up for more than 9% of total EU imports of sports balls in 2009. Belgium had a total import value of sports balls of almost €33.5 million in 2009 and was the fourth largest importing country of sports balls in the EU. Table 5.5 gives an overview of Belgian sports balls imports between 2001 and the second quarter of 2010.

Table 5.5 Belgian imports of sports balls, 2001-2010, in x € million, CAGR* %

Importers	2001	2005	2006	2007	2008	2009	Q1+Q2 2010	CAGR 2005-2009	CAGR Q1+Q2 2009-2010
Belgium	21.3	38.1	38.3	33.4	35.2	33.4	17.5	-3%	-2%

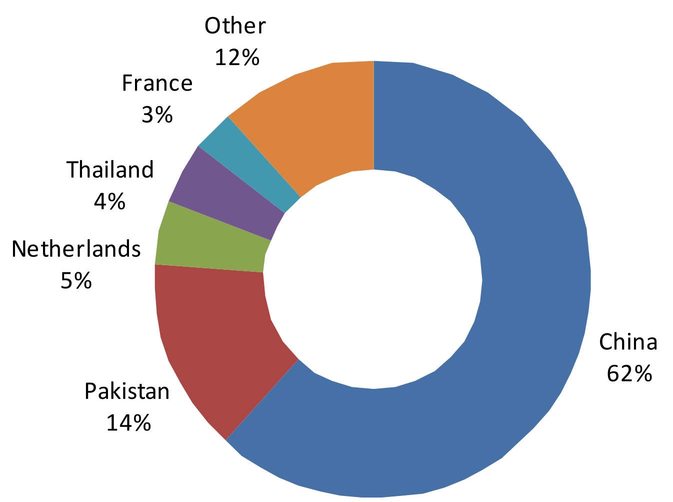
Source: Trademap (2010)
* Compound Annual Growth Rate

The global recession also had its impact on Belgian imports of sports balls: between 2008 and 2009, imports decreased by 4.9%. Recent data for the first two quarters of 2010 still show a decline. However, when comparing the first two quarters of 2009 with the first two quarters of 2010, the decline is smaller (-2%) than between 2008 and 2009.

LEADING SUPPLIERS

In 2009, more than 82% of Belgian sports balls imports came from developing countries, 16% came from EU countries and 1.5% came from other countries. Figure 5.4 gives an overview of the leading sports balls suppliers to Belgium. Until 2006, Pakistan was the leading supplier, after 2006 China took over this position.

Figure 5.4 Most important supplying markets of sports balls to Belgium, 2009, in %



Source: Trademap (2010)

LEADING SUPPLIERS PER TYPE OF IMPORTED SPORTS BALLS

Tables 5.6 and 5.7 present an overview of total Belgian imports, divided into imports from developing countries, imports from EU countries and imports from other countries for the categories 'inflatable sports balls' and 'other sports balls'.

Table 5.6 Belgian imports inflatable sports balls, 2005-2009, by origin, x € million, share in %

	2005	2007	2009	Leading suppliers to Belgium in 2009, share in % of total Belgian imports	Share
Total EU, of which from	**32.8**	**29.3**	**28.9**		
Developing countries	27.8	22.3	24.7	China (63), Pakistan (16), Thailand (5), India (0.5), Viet Nam (0.4), Macedonia (0.1), Malaysia (0.1), Indonesia (0.005)	85%
EU countries	4.8	6.8	4.1	Netherlands (4), France (3), Luxembourg (2), Germany (2), Italy (2)	14%
Outside EU (excluding developing countries)	0.11	0.21	0.08	Taiwan (0.1), USA (0.1), Canada (0.1), Japan (0.02)	0.3%

Source: Trademap (2010)

In 2009, more than 86% of total Belgian sports balls imports consisted of imports of inflatable sports balls. Belgian imports of inflatable sports balls decreased by approximately 12% between 2005 and 2009. This decline in imports can partly be explained by a peak in imports in 2006 as a result of the Worlcup Football which was held in Germany in 2006. Another explanation is the global recession, which also hit the Belgian market. Although imports of inflatable sports balls from all three regions decreased between 2005 and 2009, imports from developing countries showed the smallest decline (-11%). Most Belgian imports of inflatable sports balls come from China. China is followed at a distance by Pakistan and Thailand.

Table 5.7 Belgian imports other sports balls, 2005-2009, by origin, x € million, share in %

	2005	2007	2009	Leading suppliers to Belgium in 2009, share in % of total Belgian imports	Share
Total EU, of which from	**5.3**	**4.1**	**4.6**		
Developing countries	3.5	2.3	2.8	China (53), Mexico (4), Pakistan (3), Viet Nam (1), Thailand (1), India (1), Turkey (0.1), Argentina (0.02)	62%
EU countries	1.1	1.2	1.3	Netherlands (12), Luxembourg (5), France (3), Sweden (3), Germany (2)	29%
Outside EU (excluding developing countries)	0.67	0.55	0.42	Japan (5), Taiwan (3), USA (1), Hong Kong (SARC) (0.3), Canada (0.2)	9%

Source: Trademap (2010)

Imports of other sports balls formed almost 14% of total Belgian sports balls imports in 2009. Whereas Belgian imports of inflatable sports balls showed a decline between 2007 and 2009, imports of other sports balls increased by more than 12%. Imports from developing countries showed the strongest growth by almost 25% between 2007 and 2009. For more than ten years now, China is by far the leading supplier of other sports balls to Belgium.

SHARE OF SUSTAINABLE / FAIRTRADE/ FSC SPORTS BALLS

Sustainability is gaining market share in the Belgian sports balls market, as an increasing number of Belgian sports balls importers are developing codes of conduct to assure that the sports balls they buy are sustainable.

Regarding sports balls with the fairtrade/FSC certification, experts state that the share of imports of fairtrade sports balls is less than 1% of total sports balls imports and that the share of FSC sports balls is even smaller.

› 5.4 FORECAST

There are various factors that are of influence on future imports of (fairtrade/FSC) sports balls by both the EU and Belgium: major sports events, lobbying, sustainability, health and price and quality. These factors are the same factors influencing consumption of sports balls. For more information about these factors, refer to chapter 4, consumption.

› USEFUL SOURCES FOR FURTHER RESEARCH

The following sources could be useful for further research on imports of (fairtrade/FSC) sports balls and (fairtrade /FSC) sports ball importers in the EU:

- **European Fairtrade Association (EFTA)** - http://www.european-fairtrade-association.org - for an overview of European importers of fairtrade products, click on 'EFTA' and select 'EFTA members'. EFTA also publishes articles/reports about fairtrade in different European countries.
- **Fairtrade Labelling Organisation** - http://www.fairtrade.net - global fairtrade organisation that publishes articles/reports about fairtrade and provides links to national fairtrade organisations in different countries all over the world.
- **Federation of the European Sporting Goods Industry** - http://www.fesi-sport.org - publishes member lists of national sports industry federations and sports goods industry suppliers in Europe.
- **Flo-cert** - http://www.flo-cert.net - international certification company that offers Fairtrade certification services. For an overview of European companies that import Fairtrade certified sportsballs, click on 'English', select 'FLO-CERT' and 'Operators', and choose 'Sportsballs' and 'Europe'.
- **Trademap** - http://www.trademap.org- per product (group) on a HS6 (and sometimes even HS8) level you can get an overview of statistical information on imports by country/region and see which countries are leading suppliers to these countries/regions. Persons/organisations from developing countries can register for free

6 TRADE - EXPORTS

This chapter provides information on exports of sports balls. First, global export statistics of sports balls are presented, followed by an analysis of sports balls exports on three different levels: exports from developing countries, exports from the EU and exports from Belgium. The chapter ends with a forecast and useful links for further research.

› 6.1 EXPORTS TO THE WORLD

World exports of sports balls are dominated by China. Throughout the years, China has succeeded in increasing its share to over half of total exports. As can be seen in Table 6.1, other important exporters are Pakistan, Belgium, Thailand, Germany and India.

The global economic recession clearly had its impact on the exports of sports balls and almost all countries experienced a large decline in exports in 2009. The latest figures show that the market has already recovered in 2010. When comparing the first two quarters of 2010 with the first two quarters of 2009, growth rates are visible in virtually all exporting countries. Besides a slowly recovering economy, the Worldcup Football 2010 in South Africa boosted sales of sports balls all over the world.

Table 6.1 Global exports of sports balls by top 15 markets, 2001-2010, in € million, CAGR* %

Exporters	2001	2005	2006	2007	2008	2009	Q1+Q2 2010	CAGR 2005-2009	CAGR Q1+Q2 2009-2010
World	712.2	896.8	1,022.4	948.1	1,059.6	927.6	n.a.	1%	n.a.
China	183.8	330.2	406.1	423.9	506.0	481.9	347.4	10%	36%
Pakistan	n.a.	168.0	192.2	129.3	124.2	96.6	80.2	-13%	42%
Belgium	**9.8**	**38.9**	**35.8**	**40.0**	**62.2**	**54.5**	**26.9**	**9%**	**0%**
Thailand	49.3	48.4	57.3	51.0	51.1	46.6	26.1	-1%	12%
Germany	25.2	31.8	45.7	33.2	50.5	37.8	37.0	4%	80%
India	22.4	29.3	34.0	23.3	34.1	32.7	n.a.	3%	n.a.
Italy	26.9	21.4	29.9	33.0	36.6	27.4	21.8	6%	30%
Netherlands	19.7	47.1	55.9	32.4	22.7	17.2	11.0	-22%	21%
Vietnam	6.3	8.3	7.3	10.3	11.5	15.0	n.a.	16%	n.a.
USA	20.4	10.0	11.6	13.0	12.4	12.6	5.8	6%	-30%
Taiwan	18.8	11.7	12.7	13.7	11.9	12.0	7.1	1%	16%
France	4.5	11.0	11.1	12.6	11.5	11.5	7.1	1%	21%
Hong Kong	77.9	53.2	29.0	29.7	19.2	9.0	n.a.	-36%	n.a.
United Kingdom	9.3	10.2	9.8	10.3	12.6	8.9	6.4	-3%	41%
Spain	6.0	8.7	10.7	12.5	11.3	8.6	4.5	-1%	-26%

Source: Trademap (2010)
* Compound Annual Growth Rate

Between 2001 and 2009, the top ten exporting countries changed. Although not many radical shifts can be noticed, the main changes were the following:

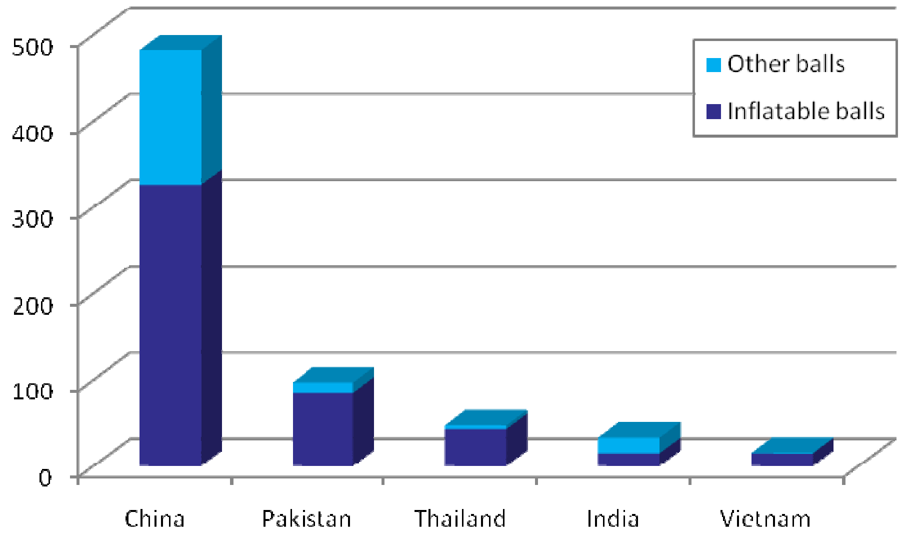
- Belgium improved its position from thirteenth to third place. This was mainly the result of a growing role for

Belgium as a transit trade country, at the cost of the Netherlands.
- Vietnam improved its position from sixteenth to ninth.
- Hongkong saw a drastic decline in ranking from third spot to thirteenth. China is the major cause of this shift. In 2001, China was probably still exporting a great deal through Hongkong instead of directly.

› 6.2 EXPORTS FROM DEVELOPING COUNTRIES

Inflatable balls (including footballs, basketballs and volleyballs) are by far the largest exported group of balls. For both researched groups, inflatable and other balls, China remains the dominating exporting country. In Figure 6.1 an overview is given of the top five developing countries, divided into the two different product categories.

Figure 6.1 Top five exporting developing countries, types of sports balls, 2009, x€ mln



Source: Trademap (2010)

SHARE OF SUSTAINABLE SPORTS BALLS

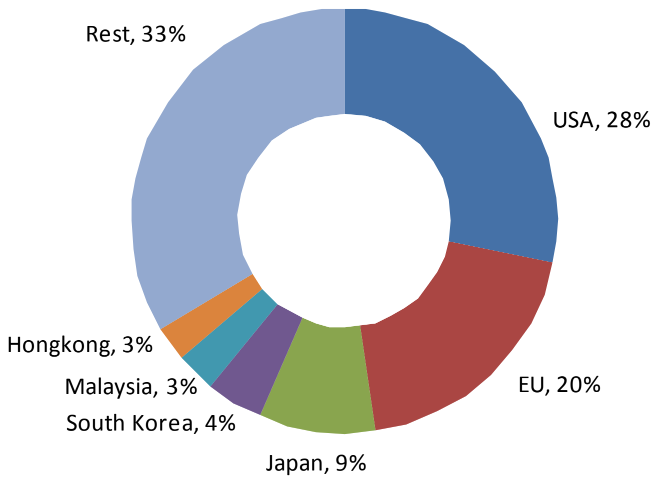
Fairtrade
The share of fairtrade sports balls can not be found in statistical information. However, it is possible to find out which companies are Fairtrade certified. In 2010, of all producing countries, only some sports balls producers from Pakistan are Fairtrade certified. Fairtrade estimated that only around 8% of the production of these producers consists of fairtrade balls. So, the share is still very limited and certainly less than 1% of total sports balls exports.

FSC
FSC certified sports balls occupy an even smaller share of the market. Of the Pakistani companies, two companies are currently certified. In the other countries, there are no companies which have obtained FSC certification.

CHINA'S EXPORTS

China is by far the biggest exporter of sports balls and with a value of almost €500 million, it dominates about half of the world market. The USA, the EU and Japan are China's largest export markets. The top three was the same in 2005. Also refer to Figure 6.2.

Figure 6.2 China's exports of sports balls to the world, 2009, shares in %

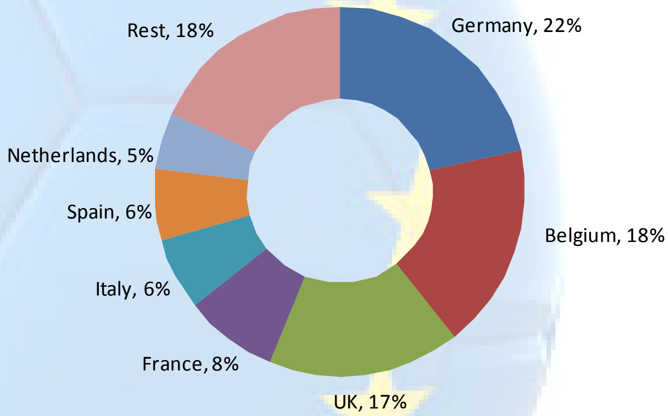


Source: Trademap (2010)

China's exports to the EU

China exported almost €100 million to the EU, which is approximately 20% of China's total exports. Analysing China's exports to the EU shows that Germany, Belgium and the UK are the most export destinations. In Figure 6.3, an overview is given of the major EU markets for China.

Figure 6.3 China's exports to the EU, 2009, shares in %

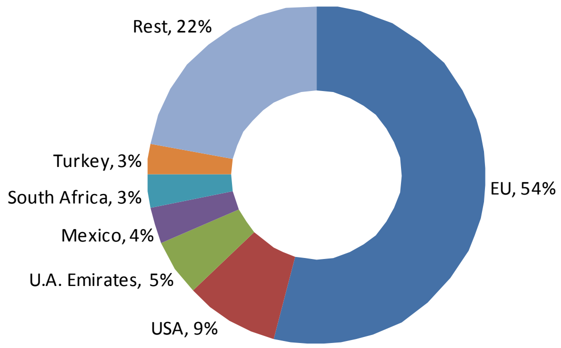


Source: Trademap (2010)

PAKISTAN'S EXPORTS

The value of sports balls exported by Pakistan in 2009 totalled almost €100 million. Pakistan is currently the only exporter of Fairtrade sports balls in the world. According to industry estimates, less than 1% of Pakistani exports were Fairtrade in 2009. Figure 6.4 gives an overview of main destinations of Pakistani exports of sports balls.

Figure 6.4 Destination of Pakistan's exports of sports balls, 2009, shares in %



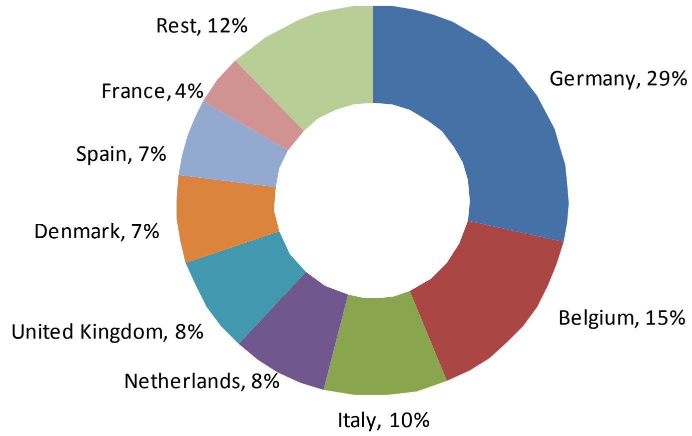
Source: Trademap (2010)

Pakistan's exports shrank much during the reviewed period. Between 2005 and 2009, exports decreased by an average 13% per year. Of the large importers, Brazil and South Africa were the only markets to experience growth (18% and 11% respectively). However, in the case of South Africa, 2009 was a top year and 2010 probably will be due to the boost in demand from the Worldcup Football in 2010. From 2011, this market is expected to decline again. For Brazil, a contrasting development is expected as the next Worldcup Football (in 2014) will take place in Brazil. As Brazil is not a major producer itself, it will mainly rely on imports to meet the increasing demand.

Pakistan's exports to the EU

In 2009, Pakistan exported a little over €50 million to the EU.This means that more than 50% of Pakistan's exports are sold to EU countries. Within the EU, Germany is the largest market for Pakistan, followed at a distance by Belgium and Italy. For more information, take a look at Figure 6.5.

Figure 6.5 Pakistan's exports to major EU countries, 2009, shares in %



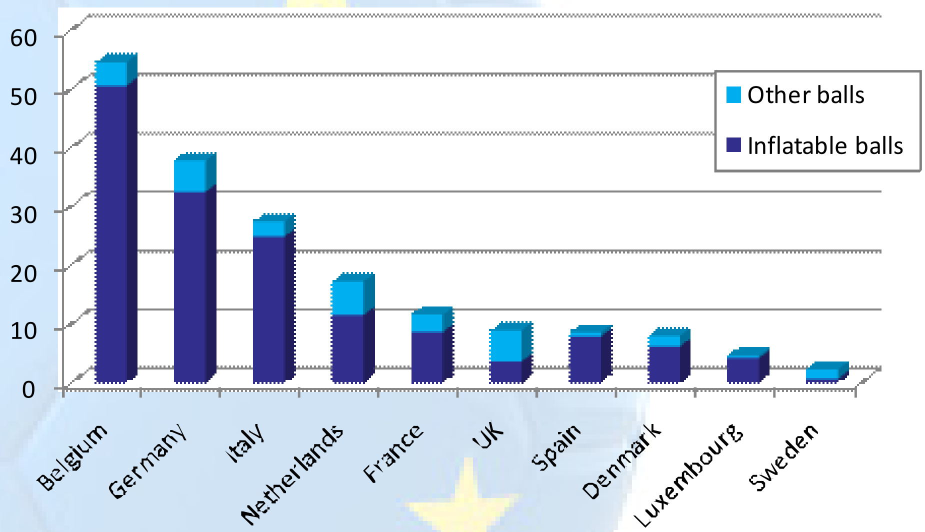
Source: Trademap (2010)

Compared to 2005, Pakistan's exports to the EU have shrunk rapidly. At the highest level, in 2006, sports balls worth €99 million were exported to the EU. This peak was probably due to the Worldcup Footbal in Germany in 2006. Between 2005 and 2009, Belgium, Denmark, Finland and Estonia were the only markets which Pakistan was able to increase its exports to.

› 6.3 EXPORTS FROM EU COUNTRIES

In Figure 6.6 an overview is given of the top ten exporting EU countries, also divided by the two different types of sports balls. Belgium is by far the largest exporter of inflatable balls, at a distance followed by Germany and Italy. Regarding other balls, the Netherlands, Germany and the UK are the largest exporters.

Figure 6.6 Top ten exporting EU countries, types of sports balls, 2009, x € mln



Source: Trademap (2010)

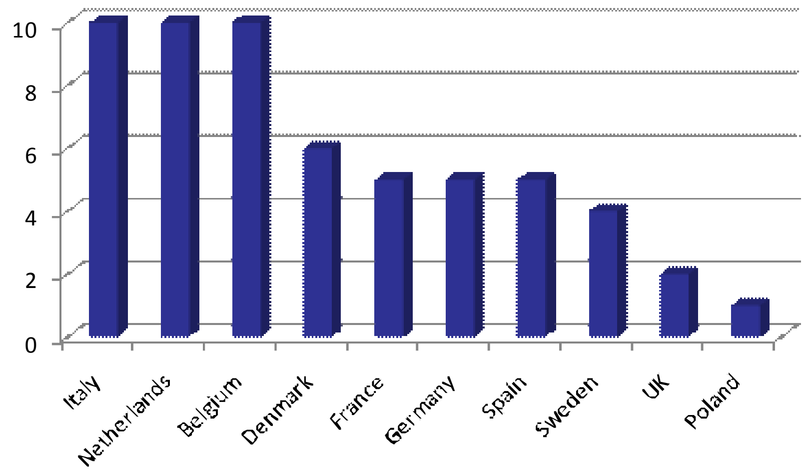
Transit trade plays a large role in the trade of sport balls in the EU; in fact, virtually all exports of EU countries are the result of transit trade. It can also be seen from the trade profiles of importers in the EU: several importers in the largest importing countries do not only sell to domestic companies, but have their (own or external) sales network spread across several other (often EU) countries as well. In a few cases, importers also re-export to countries outside the EU; not only to the nearby destinations Switzerland and Norway, but also to the following regions:

- Eastern Europe: Russia, Ukraine, Belarus;
- South Eastern Europe and Middle East: Croatia, Israel, United Arabic Emirates, Serbia and Saudi Arabia;
- Overseas destinations: USA, Australia, South Africa and Japan.

In terms of size, the major transit trade countries of imports originating from countries outside the EU are Belgium, Germany, Italy, the Netherlands, France, the UK, Spain and Denmark. In fact, this ranking is the same as the ranking in Figure 6.6. This is not strange, if one remembers that there is virtually no production of sport balls in the EU anymore. The ranking changes, however, if looking at the importance of transit trade per EU country, or in other words, what is the share of re-exports in total imports from countries outside the EU?

An overview of the importance of transit trade for the ten largest EU importing countries is shown in Figure 6.7. In this figure, a scale of 0-10 is used; 10 means that transit trade is very important (and that a large share of extra-EU imports to that country is re-exported again), zero means that transit trade is virtually absent.

Figure 6.7 Importance of transit trade of the ten largest EU importing countries, period 2005-2009



Source: Facts Figures Future (2010)

A further scan of the transit trade activities of these ten largest EU importing countries can be best summarised in a table. Refer to Table 6.2 for an overview of the main transit trade destinations of these ten countries.

Table 6.2 Main export destinations of the ten largest EU importing countries, 2009

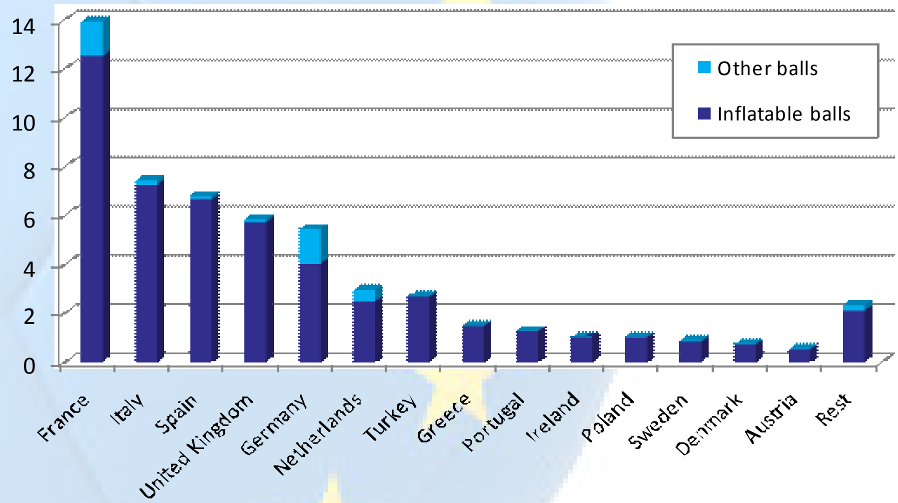
Exporter	Main destination countries (share in exports)
Italy	France (24%), Germany (11%), Spain (10%), UK (5%), Luxembourg (5%), Poland (4%)
Netherlands	Germany (41%), France (26%), Belgium (9%), UK (5%), Italy (3%), Sweden (3%), Poland (2%)
Belgium	**France (26%), Italy (14%), Spain (12%), UK (11%), Germany (10%), the Netherlands (5%), Turkey (5%)**
Denmark	Sweden (24%), Germany (24%), Norway (16%), Poland (5%), Finland (5%), Russia (4%)
France	Spain (34%), Italy (24%), Belgium (11%), Germany (6%), Poland (5%), Portugal (4%)
Germany	Poland (13%), Netherlands (12%), France (11%), Austria (9%), Switzerland (7%), Sweden (6%)
Spain	France (20%), Portugal (17%), UK (13%), Italy (8%), Turkey (5%), Belgium (4%)
Sweden	USA (38%), Finland (21%), Norway (17%), Denmark (14%), Japan (4%), Germany (1%), Switzerland (1%)
UK	Ireland (28%), Australia (22%), France (7%), Netherlands (5%), Germany (4%), USA (4%)
Poland	Russia (33%), Ukraine (20%), Belarus (10%), Switzerland (7%)

Source: Eurostat (2010)

› 6.4 EXPORTS FROM BELGIUM

Until 2007, Germany and the Netherlands were the largest exporters within the EU. However, due to a shift of trade flows through the port of Rotterdam to the port of Antwerp, Belgium has taken the leading position in imports and (re-)exports from 2007 onwards. Thus, Belgium is the most important exporting country in the EU nowadays. It is the result of, as stated earlier in this chapter, the fact that Belgium is number one in the EU in terms of transit trade. In fact, all Belgian exports are the result of transit trade. In Figure 6.8, an overview is given of the main destinations of Belgian exports, also divided by the two different types of sport balls. It can be concluded that Belgium mainly (re-)exports to other EU countries, with the exception of Turkey. Over 90% of all exported sports balls are inflatable balls; France and Germany registered the highest share and absolute value in exports of other balls.

Figure 6.8 Main destinations for Belgian exports, types of sports balls, 2009, x € mln



Source: Trademap (2010)

› 6.5 FORECAST

Worldcup 2014 and Euro 2012 and 2016

Statistics from the past have shown that major football events always boost exports, not only to the organising country, but generally to all countries in the world interested in football. This means that it is very wise to get a foothold on the following markets:

- Poland and Ukraine -> organisers of the European Football Championships (EURO) 2012. It is expected that exports will start to increase about a year before the actual event.
- Brazil -> organiser of the Worldcup Football in 2014. As this country depends on imports to suffice its demand, it is recommended to get a foothold on the market now. Get to know trade partners and slowly increase exports. Especially in 2013 and 2014 exports to this country are expected to peak.
- France -> EURO 2016 will be organised in France. From 2015, exports to this country are expected to increase. Try to get a foothold on the market now, so you are sure to profit of an increasing demand in 2015 and 2016.

› USEFUL SOURCES FOR FURTHER RESEARCH

The following sources can help you to do your own research on leading exporting countries, their success stories and of course statistical data about exports of sports balls.

- Fairtrade certified exporters of sports balls - http://www.flo-cert.net - click on English, fo to 'Flo-Cert', click on 'Operators', choose 'Sportsballs' in the product box and click on 'Display list'.
- FSC certified exporters of sportsball - http://www.fsc.org - go to 'Business Area' at the right of the homepage and click on 'FSC database'. Fill in the product (for example balls) in the product box and click on 'Search'.
- Trademap - http://www.trademap.org - persons/organisations from developing countries can register for free. Statistical information is available on country/regional level and on a HS6 and sometimes even HS8 level. Compare the position of your country with others. See if your exports develop in the same pace as your country average.

7 DISTRIBUTION CHANNELS

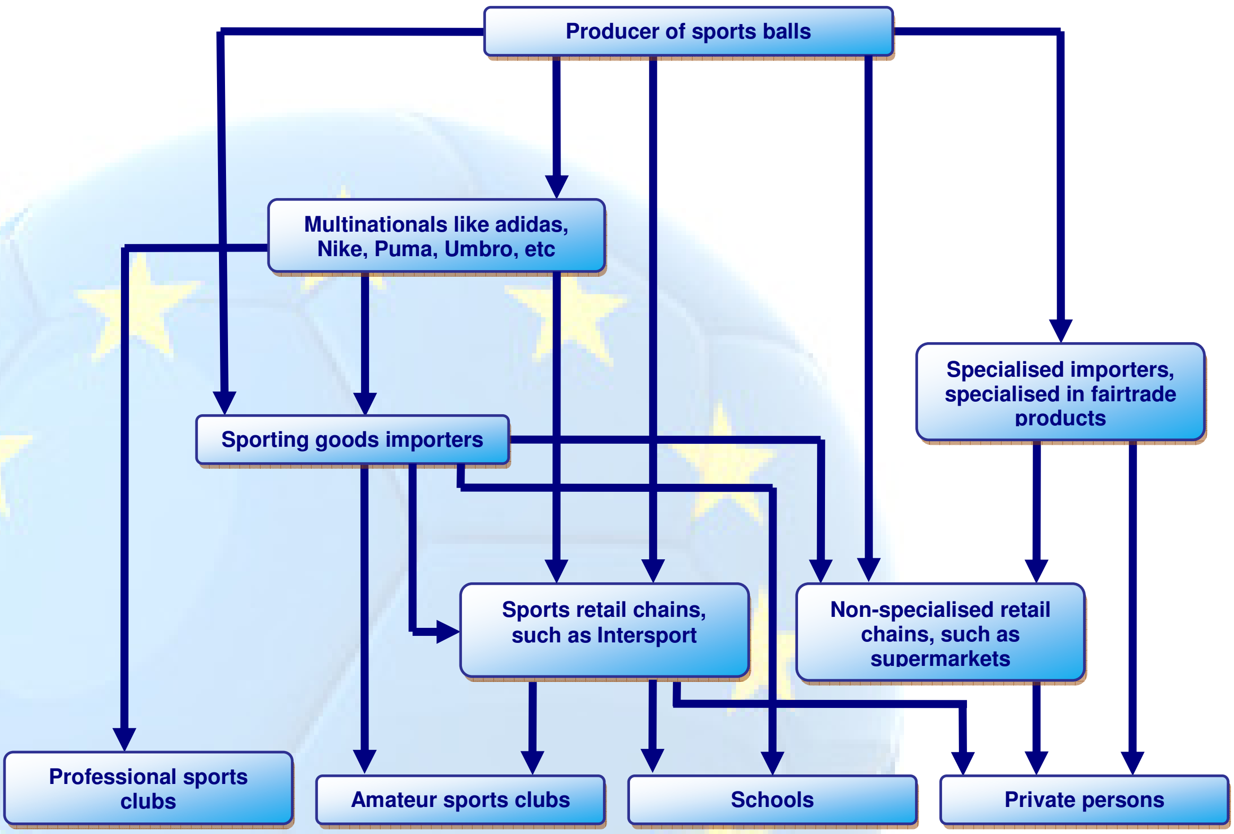
This chapter gives information on the distribution structure for sports balls. First, the general distribution channel for sports balls in the EU is presented, followed by a discussion of the most important players on the EU sports balls market. The chapter ends with a focus on the Belgian distribution structure for sports balls and the most important players on the Belgian sports balls market.

7.1 DISTRIBUTION CHANNELS FOR SPORTS BALLS IN THE EU

Generally, the most important distribution channels are the same in every EU country. The multinational brands such as adidas and Nike dominate most markets, followed by popular domestic and private label balls. Many experts advise DC producers of sports balls to cooperate with one or preferably a few brands in order to deliver a certain market. In practice, this means subcontracting for one or several different companies.

Figure 7.1 gives an overview of the distribution channels for sports balls in the EU. After the figure, a detailed explanation is given of the different channels.

Figure 7.1 Distribution channels for sports balls in the EU



Source: Facts Figures Future, based on interviews with industry experts (2010)

MULTINATIONALS

Famous brands dominate the market for sports balls. They usually have long-term sponsor agreements with both professional and amateur sports clubs. Generally, the sports balls are delivered through an intermediary such as sporting goods importers, or sports retail chains. It is very hard for unknown brands to edge in between these long-term agreements. As there is practically no production left in Europe, all brands depend on subcontractors, usually with production facilities in Asia. To become a subcontractor for a multinational, the following steps are necessary:

- Thoroughly study the code of conduct of the company you are targeting.
- Audit your company and see if you can meet the requirements set in the code of conduct.
- Change working procedures so that your company will meet all the set requirements.
- Establish contact with the purchasing manager. This can be done at trade fairs (ISPO in Munich is by far the most important event in the EU) or by telephone/e-mail.
- Introduce your company professionally, present yourself as a reliable business partner and, as the market is quite price focused, offer a product range for a good price-quality ratio.
- Send samples. Make sure the samples represent what you are capable of delivering. And of course, they need to be in an impeccable state!
- Prepare your factory and/or stitching centres for the external audit.
- Professionally receive the auditor and make sure all those involved know and follow the code of conduct requirements.
- Make sure your first trial order is of good quality, is delivered on time and that you communicate well with the buyer throughout the whole process.
- After approval of the trial order, do not slacken your efforts, but keep working according to agreed procedures.

SPORTING GOODS IMPORTERS

In general, sporting goods importers have a range of products in their assortment and do not solely focus on sports balls. Some sporting goods importers focus on famous brands, while others mainly sell private label products. Customers are usually retail chains, schools (or municipalities, if purchasing is centralised) and sports clubs. However, this can differ per country.

Sporting goods importers have mostly developed their own code of conduct. If they focus on branded sporting goods, they might just follow the codes of conduct of their suppliers. Many sporting goods importers supply schools/municipalities. As an increasing number of municipalities/cities are choosing to market themselves as fairtrade municipalities/cities, they might be interested in offering a fairtrade variety in their range.

Check the product assortment of a sporting goods importer to find out whether or not the company offers private label sports balls. It is usually possible to get into contact with the purchasing manager. Prepare properly before picking up the receiver or when approaching them at a trade fair.

SPECIALISED IMPORTERS

Specialised importers are importers who specialise in fairtrade and organic products. Some merely offer sports balls, but the majority has a large range of different products in their assortment, of which fairtrade/FSC certified sports balls are one. Customers of specialised importers are usually private persons and businesses. These businesses will buy fairtrade sports balls with their own design for promotional purposes, such as a give away to (potential) customers at trade fairs.

When specialised in sports balls, the specialised importer will usually have direct contact with the DC producer. The most common way to select a supplier in that case is by contacting suppliers who are already fairtrade/FSC certified (published on websites of FLO or FSC).

If sports balls are part of a wide range of products, the balls are usually imported through another specialised importer. In this case, there is no direct contact with the DC producer.

SPORTS RETAIL CHAINS

The role of sports retail chains differs per country/region. In Scandinavia for example, sports retail chains close long-term agreements between sports brands and sports clubs. In most countries however, sports retail chains are the most important channel to reach consumers.

In general, the average price of a sports ball sold in a retail chain is between €10 and €25. Sports balls are usually cheap variants of famous balls such as Worldcup or National League balls. Furthermore, retail chains usually sell private label sports balls. Some EU retail chains have recently started to sell private label fairtrade balls.

Whether purchasing decisions are taken in a certain country, depends on where the headquarters are located. In general, decisions on the assortment are made at the headquarters, as well as which suppliers will be chosen to work with. Opportunities for DC exporters in the sports retail chains only really exist in the private label assortment. To come into contact with the purchasing manager at a headquarters, you need to prepare yourself properly and be persistent as they are usually extremely busy.

RETAIL CHAINS

Finally, the last channel is the non-specialised retail chain such as supermarkets. Many non-specialised retail chains have sports balls (usually “playing balls”) in their assortment. The main customers for non-specialised retail chains are consumers. While some work with importers in their own country, others have decided to import directly. In that case, they might have a code of conduct with which DC producers need to comply.

› 7.2 INTERESTING PLAYERS IN THE EU

The demand in the EU can be divided into sports clubs, schools and private persons. In many countries, sports retail chains have a prominent position. Not only do they dominate the consumer market, but they also play a key role in the sports clubs market. In general, importers and wholesalers sell to schools, businesses and smaller retailers.

SPORTS RETAIL CHAINS

In each EU country, a few international sports retail chains are active. Country branches usually import directly from the large sports brands like adidas and Nike, but private label products are imported through their headquarters. Besides the large international retail chains, national/regional retail chains are usually active in a country. Furthermore, but this varies much per individual country, local sports shops will sometimes still cover a large share of the market.

The most important international sports retail chains in the EU are:

- **Decathlon** - http://www.decathlon.fr - international sports retail chain with around 500 stores in the world. Headquarters are located in France. The company has two codes of conduct: the code of conduct of the French sporting goods association and an international code of conduct.
- **Go Sports** - http://www.groupegosport.com - international sports retail chain with 387 stores in 2009 in France, Belgium and Poland. The headquarters are in France. Sells sports ball of well-known brands, but also of its own private label Go Sports. Follows the code of conduct of the French sporting goods association.
- **Intersport** - http://www.intersport.com - international sports retail chain with over 5,200 shops in Europe. Headquarters are located in Switzerland. They are a member of BSCI. In several countries, Intersport offers fairtrade balls passively, which means that a customer can order a fairtrade sports ball at their counter.
- **Sports Direct** - http://www.sportsdirect.com - international sports retail chain with almost 500 stores in Europe (UK, Ireland, Belgium, Netherlands and Slovenia). The headquarters are in the UK. Currently does not have fairtrade balls in its assortment.
- **SPORT 2000** - http://www.sport2000international.com - European buying group for sports retailers with more than 3,500 shops in 25 countries. The headquarters are located in Germany. SPORT 2000 is a member of BSCI.

Interesting regional sports retail chains in the EU are:

- **Aktiesport** - http://www.aktiesport.nl - Dutch sports retail chain with more than 150 establishments in the Netherlands. Aktiesport sells foot, basket and beach balls from the Diadora, Nike, adidas and Puma brands. However, it does not have any fairtrade sports balls in its assortment.
- **Fairplay Sports** - http://www.fairplaysports.nl - large buying group in Belgium and the Netherlands. Sells sports balls from well-known brands such as adidas, Nike, Derbystar and Puma, but does not have fairtrade sports balls in its assortment. However, it is possible to order fairtrade sports balls from Derbystar on demand.
- **JD Sports** - http://www.jdsports.co.uk - UK sports retail chain with approximately 432 shops in the United Kingdom. Sells foot, rugby and basket balls from adidas and Nike and also markets footballs under its own brand, Carbrini.
- **JJB Sports** - http://www.jjbsports.com - UK sports retail chain with more than 250 establishments in the United Kingdom. Sell sports balls from well-known brands like Nike and adidas. Have their own code of business ethics, a supplier code of practice and a factory code of conduct.
- **Stadium** - http://www.stadium.se - Scandinavian sports retail chain with headquarters in Sweden. Most of their private label balls are fairtrade. They have around 110 shops in Scandinavia.

- **STAG Sports** - http://www.stagbuyinggroup.com - large UK buying group of sporting goods with over 450 members. Buys large quantities of sporting goods from many well-known brands, including sports balls.
- **SportScheck** - http://www.sportscheck.com - German sports retail chain with 15 shops in Germany. Sells different types of sports balls, especially through their web shop.
- **Twinner** - http://www.twinner-sports.com - large French buying group of sporting goods. Has a special department for the purchase of sporting goods for team sports, which also includes sports balls (foot, basket, hand, volley and rugby balls) from many well-known brands.

SPORTING GOODS IMPORTERS/WHOLESALERS

Importers and wholesalers in the EU mainly sell to schools, businesses and smaller retailers. In some countries they also sell to sports clubs. Examples are:

- **Casal Sport** - http://www.casalsport.com - French importer of sporting goods, including different types and brand of sports balls. Also markets its own private label balls named Casal Sports. Has an ethical code of conduct and has a range of sustainable sports balls in its assortment.
- **Derbystar** - http://www.derbystar.de - specialised importer of different types of sports balls who markets the sports balls under its own brand name, Derbystar. In 1998, the company established its own social code of conduct. Derbystar has been a licensed Fairtrade importer of footballs for six years and since 2009 it supplies fairtrade handballs as well. Other types of fairtrade sports ball (for example volleyball or basketball) can also be delivered on demand. The company is market leader for fairtrade sports balls on the German market.
- **Idemasport** - http://www.idemasport.com - Belgian importer of sporting goods. Started to include fairtrade training balls for football, basketball and volleyball in its assortment three years ago and markets the balls under its own private label, Megaform. Has found its suppliers in Pakistan through local fairtrade associations. The main customers for the fairtrade balls are Belgian schools and municipalities.
- **Imsport** - http://www.imsport.es - Spanish importer of sporting goods, including foot, basket, hand, volley and rugby balls. Sells all its products under its own private label, Imsport. Mainly sells to sports retail chains and to companies specialised in supplying to schools, campings and hotels. Is one of the few Spanish importers that has a code of conduct for child labour.
- **Janssen en Fritsen** - http://www.janssen-fritsen.be - importer of sports equipment, including balls. Only sells sports balls from well-known brands such as adidas, Derbystar and Nexan. Does not have its own code of conduct, but trusts that its sports balls suppliers comply with the codes of conduct of the large brands. Janssen en Fritsen is one of the most important suppliers of sporting goods to schools in Belgium and the Netherlands.
- **Ji Sport** - http://jisport.dk - trading company that sells sports equipment to schools, institutions, clubs, companies and individuals. Their assortment includes fairtrade sports balls.
- **Mitre** - http://www.mitre.com - imports football, rugby, net and cricket balls and sells them under its own brand Mitre. The balls are produced in China and Pakistan, but are not fairtrade certified. However, Mitre has its own ethical code of conduct regarding the production of sports balls which can be downloaded from their

website. Mitre is the official supplier of footballs for the UK Football League.

- **Puma** - http://www.puma.com - multinational importer of sporting goods with headquarters in Germany. Puma has been a licensed Fairtrade importer for three years and has one fairtrade football in its assortment. It is the second largest player in the fairtrade sport balls market in Germany.
- **Select** - http://www.select.dk - internationally used and well known Danish brand of sporting goods, of which a large share is sports balls. The company has its own social compliance programme.
- **Sport Direct** - http://www.sportdirect.com - wholesaler in sporting goods, including sports balls. Sells foot and hand balls from the brands Derbystar and Select and is the official supplier of the Dutch Premier League of football.
- **Tress** - http://www.tress.com - large sports equipment wholesaler in Scandinavia. One of the largest players on the Scandinavian schools market.
- **Uhlsport** - http://www.uhlsport.com - importer of equipment for teamsports, including sports balls. Uhlsport became an official Fairtrade certified sports balls importer four years ago and offers two types of fairtrade footballs (available in competition, training and junior ball) of their own brand Uhlsport.
- **Umbro Ltd** - http://www.umbro.com - importer of sporting goods. Umbro is a licensee for fairtrade soccer balls, but currently only supplies fairtrade balls to schools and municipalities in Sweden and not to customers in the United Kingdom. Umbro mainly sells to sports clubs and sports retail chains.

OTHERS

Other distribution channels for sports balls are specialised importers and general retail chains, such as supermarkets. Examples of specialised importers are:

- **EcoEgo** - http://www.ecoego.dk - specialised Danish importer/retailer of sustainable products. They sell Fairtrade and FSC labelled footballs, basketballs, rugbyballs and volleyballs from Pakistan.
- **El Puente** - http://www.el-puente.de - specialised importer of fairly produced products. Also sells foot and volley balls produced in a fair way, but do not have the official Fairtrade logo.
- **Ethletic France** - http://ethletic.fr - importer of fairtrade foot, rugby, volley and hand balls. The balls are both fairtrade and FSC certified.
- **Fear Deal Trading** - http://www.fairdealtrading.com - specialised UK importer of fairtrade and FSC certified foot, rugby, volley, basket and net balls of the brand Ethletic and its own private label Fair Deal.
- **GEPA** - http://www.gepa.de - specialised importer of fairly produced products. Also sells foot and volley balls produced in a fair way, but do not have the official Fairtrade logo. GEPA sells its sports balls mainly to worldshops in Germany.
- **IDEAS** - http://www.ideas.coop - Spanish importer of fairtrade products. Sells sports balls produced in a fair way, but do not have the official Fairtrade logo.
- **Intermón Oxfam** - http://www.intermonoxfam.org - Spanish organisation that fights against poverty and injustice. It also has 46 shops in Spain where fairtrade products are sold. Some of these shops sell sports balls produced in a fair way, but do not have the official Fairtrade logo. Intermón Oxfam is a member of Oxfam International.

- **Lotika** - http://www.lotika.nl - Dutch company that sells fairtrade/FSC foot, basket and volley balls under the brand name Ethletic in the Netherlands and Belgium.
- **Nigel's Eco Store** - http://www.nigelsecostore.com - UK web shop specialised in eco products. Also sells fairtrade and FSC certified sports balls from the brands Ethletic and Fair Deal.
- **NJ-Appeal** - http://www.nj-appeal.com - Belgian importer of fairtrade/FSC foot, basket, rugby and volley balls that sells balls under the brand name NJ-Appeal.
- **Polish Fair Trade Association "Third World and Us"** - http://www.sprawiedliwyhandel.pl - currently the only place in Poland where one can buy fairtrade sports balls.
- **Sportsystem** - http://www.sportsystem.nu - Swedish importer who only sells fairtrade sportsballs, mainly to companies and private persons.
- **Terralibra** - http://www.terralibra.fr - French importer of fairtrade products. Also imports fairtrade foot, basket, volley and rugby balls.
- **Traidcraft** - http://www.traidcraft.co.uk - UK fairtrade organisation that imports fairtrade products. During the 2010 Worldcup Football, Traidcraft also sold fairtrade footballs.

Interesting supermarkets are:

- **Carrefour** - http://www.carrefour.fr - international chain of hyper and supermarkets that also have fairtrade products in its assortment. Carrefour has fairtrade footballs in its assortment in some countries during big events (for example during the Worldcup 2010). Carrefour's headquarters are located in France.
- **Coop** - http://www.coop.se - one of the biggest supermarket chains in Sweden. Sold fairtrade footballs during the Worldcup 2010.
- **Delhaize** - http://www.delhaize.be - Belgian supermarket chain that sells fairtrade products. It does not have fairtrade sports balls in its fixed assortment, but has shown interest in having fairtrade sports balls as a temporary product in its assortment during Christmas and important football events.
- **Dirk van der Broek** - http://www.lekkerdoen.nl - Dutch supermarket. Sold fairtrade soccer balls during the Worldcup Football 2010.
- **Eroski** - http://www.eroski.es - a Spanish chain of hypermarkets. Eroski also imports fairtrade products, including fairtrade footballs which it markets under its own private label, Romester.
- **ICA** - http://www.ica.se - one of the biggest supermarket chains in Sweden. Sold fairtrade footballs during the Worldcup 2010.
- **Lidl** - http://www.lidl-info.com - European discounter with headquarters in Germany. During the Worldcup Football 2006, Lidl temporary sold fairtrade footballs.
- **Otto** - http://www.otto.de - one of the leading mail order companies in Germany that also sells sports balls, including a fairtade soccer ball of Puma.

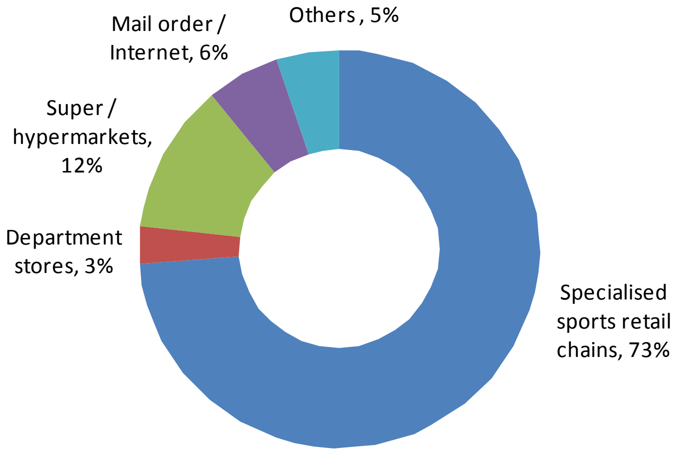
> USEFUL SOURCES FOR FURTHER RESEARCH

For more information on the distribution channels, interesting players and how to do business in different EU countries, please read the separate country reports which can be found at http://www.befair.be.

> 7.3 DISTRIBUTION CHANNELS IN BELGIUM

Demand for sports balls in Belgium comes from professional sports clubs, amateur sports clubs, schools and private persons. Figure 7.2 gives an overview of estimated market shares of retail trade channels for sports articles in Belgium in 2008.

Figure 7.2 Market shares of retail trade channels for sports articles, 2008, in %



Source: SGI (2009)

According to experts, Belgian sports clubs, schools and private persons sometimes also purchase sports balls in the Netherlands or France, especially via the web shops of sporting goods importers or sports retail chains in these countries.

SPORTS RETAIL CHAINS

As can be seen in Figure 2, specialised sports retail chains are the most important retail trade channel for sports articles in Belgium, this also counts for sports balls. The retail sports chains generally sell well-known sports ball brands like adidas and Nike and often import directly from these large sports brands. The main customers of sports retail chains are sports clubs and private persons who purchase sports articles in the retail stores themselves or through their web shops. The largest sports retail chains in Belgium are:

- **Decathlon** - http://www.decathlon.be - international sports retail chain with 11 shops in Belgium. Sells sports balls of well-known brands, but also of its own private label Kipsta. Although these sports balls are not fairtrade, Decathlon does have two codes of conduct: the code of conduct of the French sporting goods association and an international code of conduct.
- **Fairplay Sports** - http://www.fairplaysports.be - buying group of sporting goods, sells sports balls of well-known brands such as adidas, Nike, Derbystar and Puma, but does not have fairtrade sports balls in its range. However, it is possible to order fairtrade sports balls of Derbystar on demand.
- **Go Sports** - http://www.groupegosport.com - international sports retail chain with 7 establishments in Belgium. Sells sports ball of well-known brands, but also of its own private label Go Sports. Follows the code of conduct of the French sporting goods association.
- **Intersport** - http://www.intersport.be - international sports retail chain with 13 establishments in Belgium. Intersport does not have

fairtrade sports balls in its standard assortment. However, it does have its own code of conduct.

- **Sports Direct** - http://www.sportsdirect.com/eurosite/stores/belgium.html - international sports retail chain with 42 establishments in Belgium. Sells sports balls of well-known brands such as adidas, Nike, Puma and Mitre. Does not have fairtrade balls in its assortment.
- **United Brands** - http://www.unitedbrands.be - sports retail chain with 10 establishments in Belgium. Sells sports balls of well-known brands such as adidas, Nike and Puma.

SPORTING GOODS IMPORTERS/WHOLESALERS

Importers and wholesalers in Belgium mainly sell to schools and sports retail chains and sometimes also to non-specialised retail chains such as department stores and supermarkets. Wholesalers increasingly sell to sports clubs as well, for example by visiting the clubs and exhibiting their products in the club canteens. Distributors of well-known brands as adidas and Nike also directly visit sports clubs and try to sell their products in this way.

- **Adec SPORT** - http://www.adecsport.be - wholesaler in sporting goods. Sells different types of sports balls of different brands.
- **Allard Sport** - http://www.allardsport.com - specialised in supplying equipment for sports halls. Also offers some sports balls.
- **BO Sport** - http://www.bosport.be - importer of sporting goods. Sells different types of sports balls of the brands Select and Gala (producer in the Czech Republic).
- **BSD** - https://sportspel-be.firstfind.nl - wholesaler in sporting goods, including different types of sports balls. Its main customers are sports clubs and schools.
- **Buva sports** - http://www.buvasport.com - wholesaler in sporting goods for basketball and golf. Sells basket balls of the brand Spalding.
- **Idemasport** - http://www.idemasport.com - Belgian importer of sporting goods. Started to include fairtrade training balls for football, basketball and volleyball in its assortment three years ago and markets the balls under its own private label, Megaform. Has found its suppliers in Pakistan through local fairtrade associations. The main customers for the fairtrade balls are Belgian schools and municipalities.
- **Janssen en Fritsen** - http://www.janssen-fritsen.be - importer of sports equipment, including balls. Only sells sports balls of well-known brands such as adidas, Derbystar and Nexan. Does not have its own code of conduct, but trusts that its sports balls suppliers comply with the codes of conduct of the large brands. Janssen and Fritsen is one of the most important suppliers of sporting goods to schools in Belgium.
- **Olympic Sportswear** - http://www.olympic-sportswear.com - wholesaler in sporting clothes and sports balls of the brand Olympic. Does not have a code of conduct, but trusts that the balls are made in a fair way. Mainly sells to sports retail chains.
- **Remasport** - http://www.remasport.be - Belgian wholesaler in sporting goods. Offers different types of sports balls of different brands. Sports clubs are an important customer of Remasport.
- **Sportibel** - http://www.sportibel.com - importer of sporting goods, including different types of balls. Sells sports balls under its own private label, Sportibel.

- **Tamaro Sport** - http://www.mitre.be - distributor of sports equipment of the Mitre brand, including balls.

OTHERS

Other distribution channels for (fairtrade) sports balls in Belgium are specialised fairtrade importers and non-specialists such as department stores, hypermarkets and the Internet. Mail order also plays quite an important role in Belgium. Examples of these other channels are:

- **Carrefour** - http://www.hypercarrefour.be - international chain of hyper and supermarkets that have fairtrade products in its assortment. Does not sell fairtrade sports balls at the moment.
- **Delhaize** - http://www.delhaize.be - Belgian supermarket chain that sells fairtrade products. It does not have fairtrade sports balls in its fixed assortment, but has shown an interest in having fairtrade sports balls as a temporary product in its assortment during Christmas and important football events.
- **Fairtrade Belgium** - http://fairtrade.be - Belgian importer of fairtrade products. Information about fairtrade products, fairtrade figures and fairtrade research. At the moment, they do not import sports balls, as demand in Belgium for fairtrade sports balls is too low.
- **La Redoute** - http://www.laredoute.be - mail order company that also sells sporting goods.
- **Lotika** - http://www.lotika.be - Dutch company that sells fairtrade/FSC foot, basket and volley balls under the brand name Ethletic. Lotika mainly sells to private consumers through their web shop.
- **NJ-Appeal** - http://www.nj-appeal.com - Belgian importer of fairtrade/FSC foot, basket, rugby and volley balls that sells the balls under its own brand name NJ-Appeal.
- **Oxfam Wereldwinkels** - http://www.oxfammagasinsdumonde.be - specialised importer of fairtrade products. However, they do not sell sports balls.
- **Sportime** - http://www.sportime.be - mail order company specialised in sporting goods. Belongs to the German company Sport Thieme. Its main customers are sports clubs and schools. Sells sporting balls of large brands like adidas, but also markets its own private label balls of Sport-Thieme.

For more sports retail chains, sporting goods importers/wholesalers and other companies related to sporting goods in Belgium, please search in directories with keywords such as ‘sporting articles’, ‘sportartikelen’ and sporting goods. Examples of directories are Europages (http://www.europages.com) and the Company Guide Belgium (http://www.bedrijvengids-belgien.be).

HOW TO DO BUSINESS IN BELGIUM

Belgian companies are relatively open to international trade and quite familiar with dealing with foreign companies. There are some cultural differences between Flanders, the Dutch speaking part of Belgium, and Wallonia, the French speaking part of Belgium. For information on how to do business in Belgium, please refer to http://www.kwintessential.co.uk/etiquette/doing-business-belgium.html.

› USEFUL SOURCES FOR FURTHER RESEARCH

- **Adeps** - http://www.adeps.be - Wallonian association for sports and recreation. Provides links to different sports federations in Wallonia, including ball sport federations.
- **Belgian Football Association** - http://www.footbel.com.
- **Equidurable** - http://www.equidurable.be - online guide with information about fairtrade and fairtrade importers in Belgium.
- **Fair en Duurzaam** - http://www.fairenduurzaam.be - online guide with information about fairtrade in Belgium.
- **Fairtrade Gemeente** - http://www.fairtradegemeenten.be - information about Belgian municipalities, sports clubs, churches and schools that are involved in fairtrade initiatives.
- **Flemish Sport Federation** - http://www.vlaamsesportfederatie.be - sports federation for the Dutch speaking part of Belgium (Flanders). Provides links to different sports associations in Flanders.
- **Francophone Sports Association (AISF)** - http://www.infosport.be - sports federation for the French speaking part of Belgium (Wallonia). Provides links to different sports associations in Wallonia.
- **ISB** - http://www.isbvzw.be - Flemish institution for sports and recreation. Publishes statistics about sports participation in Belgium.
- **Max Havelaar Belgium** - http://www.maxhavelaar.be - information about fairtrade products, fairtrade figures and fairtrade research.
- **Trade for Development Centre** - http://www.befair.be - information portal about fairtrade in Belgium.

8 PRICES AND PRICE DEVELOPMENTS

This chapter provides information on prices and price developments for sports balls. The chapter starts with an index of import prices for the different EU countries. After that, EU retail prices of sports balls will be discussed. The chapter ends with the price structure for sports balls and useful links for further research.

› 8.1 EU IMPORT PRICES

Although import prices fluctuated a little in the period 2005-2009, import prices in the EU remained relatively stable. In terms of import price levels and developments, the individual EU countries can be categorised into a few groups, which are shown in Table 8.1. For example, there are countries that had a high import price level during the whole period under review. Some of these countries experienced a declining price level (such as Germany and Austria), a stable level (Cyprus, Malta), or an increasing level (Denmark for example).

Table 8.1 Categorisation of EU countries in terms of import price indices, by level in 2009 and by development in 2005-2009

High level in whole period	Germany, Austria, Luxembourg, Slovenia, Latvia	Cyprus, Malta	Denmark, Ireland, Finland
From low level in 2005 to high level in 2009			Poland, Sweden, Lithuania, Estonia
Average level in 2005-2009	Netherlands	Spain	France, Italy, Czech Republic, Hungary
From high level in 2005 to low level in 2009	Belgium, Portugal, Slovakia		
Low level in 2005-2009		Greece	UK
Very low level in 2005-2009			Romania, Bulgaria
↑ Level Development →	↓	⇔	⇧

Source: Eurostat, Facts Figures Future (2010)

For more information on import prices by country, refer to Table 8.2. This table includes an import price index of sport balls by EU country. The price of total EU imports (value divided by volume) in 2005 is set to 100. Please note that it is only a rough indication of import price developments, as the trade volumes of individual supplying countries may have a large influence on the price index development of an individual EU country.

Table 8.2 Import prices index, by country, EU27 total in 2005=100, based on CIF prices, € value

Importers	2005	2006	2007	2008	2009	CAGR* 2005-2009
EU27	**100**	**109**	**100**	**97**	**100**	**-0.1%**
Germany	122	111	108	104	110	-2.5%
France	102	121	121	131	111	2.1%
UK	79	90	87	76	84	1.7%
Belgium	**115**	**135**	**100**	**89**	**85**	**-7.1%**
Italy	102	115	113	110	116	3.3%
Spain	99	121	96	97	102	0.8%
Netherlands	98	98	77	79	71	-7.8%
Denmark	157	170	184	150	167	1.6%
Poland	85	101	103	111	108	6.2%
Sweden	82	86	113	112	122	10.5%
Greece	80	87	69	74	80	0.2%
Ireland	120	162	127	112	140	3.9%
Austria	149	179	166	133	138	-2.0%
Portugal	113	118	93	108	93	-5.0%
Czech Republic	100	96	121	128	110	2.4%
Finland	135	151	148	165	240	15.3%
Hungary	99	114	141	75	122	5.4%
Slovakia	168	171	111	116	92	-14.1%
Romania	48	79	63	77	61	5.9%
Luxembourg	190	203	218	161	140	-7.3%
Slovenia	155	170	133	159	134	-3.6%
Bulgaria	52	73	65	77	70	7.9%
Lithuania	92	106	96	129	140	11.1%
Cyprus	117	138	111	126	118	0.3%
Latvia	150	159	149	106	134	-2.7%
Estonia	98	69	103	153	186	17.3%
Malta	175	195	226	178	170	-0.6%

Source: Eurostat (2010)
* Compound Annual Growth Rate

As can be seen in Table 8.2, 2006 experienced a peak in import prices; in 2007, the price index came back to 100 again, before dropping to the lowest level of 97 in 2008.

Of course, price levels are highly affected by the origin of the sport balls a country imports. Therefore, Table 8.3 provides more insight into the import price level by main supplying countries, for the EU and Belgium.

Table 8.3 EU Import prices index, by supplying country, total in 2005=100, based on € prices

		Import prices index					Import value	
Importers	**Suppliers**	**2005**	**2006**	**2007**	**2008**	**2009**	**CAGR '05-'09**	**Share '09**
EU27	**Total**	**100**	**109**	**100**	**97**	**100**	-2%	
	Extra-EU	85	94	84	82	87	-1%	60.9%
	Intra-EU	137	144	139	134	130	-2%	39.1%
	China	64	69	66	68	70	6%	31.9%
	Pakistan	116	127	118	112	126	-11%	15.4%
	Thailand	171	215	169	145	171	0%	3.9%
	India	80	96	100	92	81	-10%	3.7%
	Vietnam	54	59	57	66	89	19%	1.0%
Belgium	**Total**	**100**	**118**	**87**	**78**	**74**	-3%	
	Intra-EU	96	112	90	115	120	-2%	16.2%
	Extra-EU	101	119	86	73	69	-3%	83.8%
	China	61	82	80	68	61	11%	61.8%
	Pakistan	220	189	157	117	140	-24%	14.3%
	Thailand	243	223	117	74	80	-7%	4.5%
	India	81	119	55	113	128	-31%	0.5%
	Vietnam	48	47	42	45	45	52%	0.5%

Source: Eurostat (2010)

In fact, Table 8.3 gives a better overview of import prices and developments, since it also shows the details by supplying region (intra-EU or extra-EU) and countries. In the case of Belgium, it offers a clear explanation of the drop in import price level; namely, the drop in the imports of sport balls from Pakistan (and to a lesser extent also Thailand) caused this decline, strengthened by the declining price level of sport balls imported from Pakistan and (to a lesser extent) Thailand.

IMPORT PRICES BY TYPE OF SPORTS BALLS

Most sport balls imported in the EU are inflatable balls, excluding those made of leather. In the EU on average, the prices of these balls are up to 10% higher than the import price levels of sport balls. In turn, the price level of inflatable leather balls is somewhat higher than the price level of the inflatable balls that are not made of leather. Compared to sport balls, the price level of these balls is up to 20% higher. Cricket and polo balls registered the highest price level; roughly, their import price level is 40-100% above the sport balls' level. The last group of balls included in this survey (all other sport balls) are characterised by a relatively low price level: their import price level varies between 70-90% of the import price levels of sport balls. For Belgium, the price level differences in the different types of balls are approximately the same as for the EU, although the range is sometimes wider when compared to the import price levels in the EU.

FAIR TRADE PRICES

Unfortunately, there is no statistical information available about the import price of fairtrade/FSC sports balls. In fact, the import price of fairtrade/FSC sports balls does not need to be higher than the import price of other sport balls. However, due to the higher production costs involved, it is reasonable to assume that import prices of fairtrade/FSC balls are somewhat higher than the price of other balls.

TRENDS AND FORECAST

Since 2000, imports from China have gone up quickly. One would expect that this trend has had a negative effect on import price levels in the period under review. However, an analysis of import prices in that period does not show proof of that effect; the price levels of imported sport balls have remained relatively stable in the past years. For the next few years, prices are also expected to remain relatively stable, although they will follow developments in the prices of raw materials and in labour costs to some extent.

> 8.2 EU RETAIL PRICES

Most retail prices of sports balls range between €20 and €70. Another characteristic of retail prices is the lower price of fairtrade and FSC sports balls in comparison to common sports balls. The reason for this fact has to do with brand value; fair trade and FSC sports balls lack brand value, and as a result, they sell at relatively low prices. This can be also seen from Table 8.4: in most countries, Ethletic balls are cheaper than other balls of the same type.

Table 8.4 Comparison of retail prices of sport balls in the ten main EU countries

Type and brand	Belgium	Denmark	France	Germany	Italy	Netherlands	Poland	Spain	Sweden	UK	Average
Basketballs											
Molten (GG7)	59.7	67.1	55.2	65.3	57.5	53.0	52.4	50.0	63.8	44.0	57.8
Spalding	73.0	53.5	69.4	64.1	44.5	83.5	61.6		66.6		67.0
Ethletic*	25.0	21.3				24.9				14.0	19.9
Footballs											
DerbyStar (brillant)	79.8			97.3		95.0					93.6
DerbyStar (speed)	33.8			40.0		40.3					37.6
Mitre (ultimatch)	39.8	26.7		23.0		24.0	21.2			17.7	20.1
Select (super)	73.7	77.0				68.0	45.9		50.3		59.9
Ethletic*	25.0	22.7	25.0	22.9		23.7				23.2	23.6
Rugbyballs											
Gilbert (Vapour)	45.3		45.0	44.9		45.0	25.3	45.0		28.1	38.8
Gilbert (Zenon)	21.0		21.0	20.3	21.0	21.0	25.0	21.0		12.8	18.2
Ethletic*			30.0							17.6	23.8
Volleyballs											
Mikasa (MVA 200)	65.3	66.9	66.2	75.3	59.0	68.7	62.2	70.0	63.9	64.2	67.9
Mikasa (MVA 330)	38.8	32.1	41.1	38.2	31.0	34.1	29.2	36.0	41.1	38.8	36.5
Ethletic*	30.0	33.4	35.0	26.9		24.9				19.9	27.1

Source: Facts Figures Future (2010), based on desk research
*Fair trade and FSC sports ball.

> 8.3 PRICE STRUCTURE

The margins for sport balls are high. The landed cost price of sport balls for the major sporting goods companies in the EU is in the range of €1.5 to €7.0 (CIF value); whereas the retail prices of sports balls mainly range from €20 - €70. Refer to Table 8.5 for more information.

Table 8.5 Price structure estimations of sport balls, in €, for handmade and machine made sports balls

	Handmade from Pakistan		Machine made from Thailand	
	From	To	From	To
Labour costs	0.5	0.8*	0.2	0.3
Other costs (such as material) and margin	3.2	6.0	1.2	3.3
Ex factory	**4.0**	**6.5***	**1.5**	**3.5**
Freight costs	0.1	0.1	0.1	0.1
Subtotal (CIF value)	**4.1**	**6.6**	**1.6**	**3.6**

Source: Interviews and desk research Facts Figures Future (2010)
*data for fair trade or FCS sports balls

Unfortunately, it is not possible to calculate average margins based on the information of Table 8.5 and the level of retail prices in the EU. Only an indication of margins can be presented. The total margin of balls for importers, distributors and retailers in the EU can range from 100% (which is considered to be very low) up to (very high) margins of 1500%. The main factor in margins is brand value; for example, the sports balls from major brands (such as adidas and Nike) gain relatively high margins. On the other hand, the sports balls of less well-known brands, among which are also fairtrade and FSC brands, sell at much lower margins.

> USEFUL SOURCES FOR FURTHER RESEARCH

The following sources can help you to do your own research on price levels and developments in the EU.

- **Eurostat** - official statistical office of the EU - http://epp.eurostat.ec.europa.eu - by comparing import value and volume, it is possible to gain an idea of the development in import prices.
- **Prices information of competitors** can be found by browsing foreign domains. For example, one of the main suppliers to the Dutch market is China. Search for information on sport ball prices in China, if possible in relation to exports.
- **Prices of suppliers in the EU**. Prices of sport balls can be found on their sites, or in their promotion folders. The Federation of the European Sporting Goods Industry - http://www.fesi-sport.org - publishes member lists of national sports industry federations and sports goods industry suppliers in Europe.
- **Google search**. Look for news on sport balls in the world and in the EU. A lot is published on sporting goods and balls, in particular, before and during large sporting events (such as FIFA world cup), also in relation to prices.

9 PROMOTION

Promotion is a very important tool for creating awareness of products and stimulating people to buy them. When a sports ball producer wants to enter the EU market for sports balls, it is very important to make use of promotion. The most important promotional tools for sports balls producers from developing countries will be discussed below.

› 9.1 TRADE EVENTS

Trade events are an important tool for establishing contact with potential EU buyers. Many EU importers of sports balls have found their sports balls suppliers through trade events. Visiting trade events, and moreover, exhibiting at trade events for fairtrade, FSC or sustainable produced sports balls is therefore highly recommended. Relevant trade events for sports balls producers from developing countries are sporting goods trade events and fairtrade events.

SPORTING GOODS TRADE EVENTS

The most important international sporting goods trade fair in the EU is ISPO (http://www.ispo.com). ISPO is attended by many international sporting goods sellers and buyers, also for sports balls.

ISPO

ISPO inaugurated its 40th year of existence in 2010 and is seen as the leading international trade fair for sports equipment. The trade fair is held annually, in February, in Munich, Germany. More than 64 thousand international visitors from 117 different countries visited the fair in 2010, which was a new record. Besides German visitors, 68% of the visitors were international, of which the leading countries were Italy, Switzerland, Austria, France, the United Kingdom, Spain, the Netherlands and Sweden. On the exhibitor side, more than 2 thousand exhibitors registered for ISPO, coming from 45 countries.

Apart from ISPO, there are also some smaller, national sporting goods trade events in the EU, which are listed in Table 9.1.

Table 9.1 Sporting goods events in the EU

Country	Name	Content	Frequency, month	Where
Denmark	Sportex http://www.sportex.dk	Sporting goods	2 times a year, February and August	Vejle
France	Sport Achat http://www.sportair.fr	Sports equipment	2 times a year, March and September	Lyon
Italy	Tempo Libero http://www.fierabolzano.it	Sports and leisure	Annually, April	Bozen
Poland	Kielce Sport http://www.targikielce.pl	Sports and outdoor equipment	2 times a year, February and August	Kielce
Spain	Sports Unlimited http://www.sportsunlimited.es	Sports industry	Annually, May	Valencia
Sweden	Elmia Fotboll 2011 http://www.elmia.se	Football	March 2011, this will be the first event	Jönköping
Sweden	Swesport http://www.kistamassan.com	Sporting goods	Annually, January	Stockholm
United kingdom	Leisure Industry Week http://www.liw.co.uk	Leisure and sports	Annually, March	Birmingham

Source: Facts Figures Future (2010)

In addition to the above mentioned trade events in the EU, there are also many other sporting goods trade events outside the EU. The three most important ones are ISPO China (http://www.ispo.com) in Bejing, Sports Source Asia (http://www.hktdc.com) in Hong Kong and Super Sports EXPO (http://www.supersportsexpo.com) in the USA.

FAIRTRADE EVENTS

Besides trade events for sporting goods, fairtrade events could also be interesting for producers of fairtrade/FSC/sustainable sports balls from developing countries. The most important international fairtrade event in the EU is the 'Salon Européen de Commerce Equitable', held annually, in October, in Lyon, France. For more information, please refer to http://www.salon-europeen-commerce-equitable.org. Table 9.2 gives an overview of other smaller, national fairtrade events in the EU.

Table 9.2 Fairtrade events in the EU

Country	Name	Content	Frequency, month	Where
Germany	Biofach http://www.biofach.de	Organic and fairtrade products	Annually, February	Nurnberg
Germany	Fair http://www.westfalenhallen.de/messen/fair	Fairtrade products	Annually, September	Dortmund
Italy	Tutta un Altracosa, http://www.tuttaunaltracosa.it	Fairtrade products	Annually, October	Different locations in Italy
Netherlands	ETFAM http://tradefair.etfam.com	Ethical and fairtrade goods	Annually, September	Eindhoven

Source: Facts Figures Future (2010)

9.2 TRADE AND FAIRTRADE ORGANISATIONS

According to sports balls producers, registering with trade promotion organisations in your own country is an interesting tool to find possible trade partners in the EU. Trade promotion organisations have an extensive network and often organise matchmaking events. In addition, they generally have a lot of knowledge about international business and could therefore provide you with useful tips and advice on exporting.

Most EU importers of fairtrade/FSC sports balls indicated that they found their sports balls suppliers through national fairtrade or aid development organisations. Producers of fairtrade/FSC sports balls are therefore advised to contact fairtrade or aid development organisations in the EU target country. National fairtrade organisations in the EU can be found on the website of the Fairtrade Labelling Organisation (http://www.fairtrade.net), by clicking on 'Fairtrade near you'. The Fairtrade Labelling Organisation also organises various fairtrade conferences in EU countries. Attending these conferences could be a good opportunity for networking. The website of the Fairtrade Labelling Organisation provides information on when and where these conferences take place.

9.3 INTERNET

Presence on the Internet is very important for sports balls producers from developing countries. The Internet offers an unlimited number of opportunities to reach potential customers and it is necessary to make optimal use of these opportunities in order to keep up with the competition. Furthermore, communication via the Internet is fast, costs are low, distance and time are unimportant and size is unlimited.

WEBSITE

Within 8 seconds a person will decide whether or not it is worthwhile to further explore a website! An effective homepage is a page that will persuade visitors to visit the other pages of the website as well. When developing a website, the following suggestions should therefore be taken into consideration:

Language
Within the 27 member states in the EU, less than half of the people understand English. Knowledge of English tends to be good in Northern Europe, but less in Southern Europe. If the EU target country has another language than English, it is recommended to also develop a website version in the language of the target country. This will make it easier for people from the target country to read the content and it gives the website a more personal 'touch' as people are addressed in their own language.

Basic information
The website should include basic information, such as information on the company, history of the company (established since…, experience of the company, experience of the employees, number of employees, safety and security measures etc.), interesting news items in newspapers or trade magazines about the company and very important, contact information of the company and of the company's representative.

Products description
It is important to give a well-defined description of the range of sports balls, prices, quality and technical specifications: hand-stitched or machine-stitched, material used, size, colour, type of ball (match ball, training ball, junior ball).

Certifications / labels / codes of conduct
An increasing number of EU sports balls importers only want to purchase sports balls produced in a sustainable way and many importers have their own codes of conduct which their suppliers have to comply with. It is therefore recommended to mention certifications, labels and codes of conduct that the company has, as these can help to increase the company's professional image and reliability. Examples are private or sector codes of conduct, SA8000®, ISO 26000, Fairtrade labeling and FSC Certification.

Another way to obtain a trustworthy image is to inform about obtained awards and memberships to branch associations, such as the local sporting goods association. Logos of certifications, labels and memberships should be placed on the homepage.

Customer references / testimonials
Including customer references on the website also increases the company's reliability and trustworthiness, for example references of international customers the company works with. This will reassure the visitor that the company is to be trusted and that the products that the company offers are of good quality.

Graphics
Use graphics, such as pictures of the different types of sports balls, the production process and the company. Using good quality and appealing pictures on the website is of the utmost importance because it will be the first visual impression the visitor will be drawn to when accessing the website and will help a visitor to get a better idea of the capabilities of the company.

Content Management System
Nowadays, it has become relatively easy to keep a website up-to-date, without needing the help of an IT professional. Content Management Systems have namely been developed to help with this. There are Content Management Systems available that can be downloaded for free and are very user-friendly. The major benefits of a Content Management System are:

- It will reduce the work needed to create and maintain a website.
- Many authors throughout the company can edit content on the website. It is not necessary to have technical skills!
- Because of the standard input templates, there is a better consistency in layout.
- It is possible to share content across a range of separate websites. These may include different language sites, or for example sites for different types of customers.

For more information about available Content Management Systems on the market, please refer to the CMS Matrix (http://www.cmsmatrix.org).

WEBSITE MARKETING

After optimising the website, it is time to attract the target group to the site. Two important instruments for marketing a website are Search Engine Marketing and Social Media.

Search engine marketing
Marketing a website through search engines is called Search Engine Marketing (SEM). A search engine is a large database that searches many web pages on the World Wide Web. When people enter keywords into a search engine, the search engine finds pages based on meta tags, site contents and page ranking. A good example of a search engine is Google.com, which is used the most worldwide.

It is very important to make use of the proper meta tags. Meta tags are descriptive words and phrases that a company attaches to its web pages. Meta tags can be read and understood by search engines. These tags will give the company some control over how the pages are ranked and how they appear in the search results. A web designer can add them to the web page in just a few minutes, once a company decides which meta tags should be used. The most important tags for search engine marketing are the Title Tag, the Meta Description Tag, Content and Alt Tag. Please note that the meta tags are language dependent. When targeting non-English speaking customers, meta tags need to be translated into the language of the target country.

1. The **Title Tag** is one of the most important elements that influences the ranking of a website within a search engine. The title should be no longer than 60 characters (including spaces). Include the name of the company and the most important keywords that the visitors of the website would use to search the web. An example of a title tag for a sports balls producer in Pakistan could be: 'Fairtrade certified sustainable quality sports balls producer Pakistan'.

2. The **Description Tag** should be a short summary of the content of the website. In general, it should have a maximum size of 150 characters. However, it is best to include the most important message in the first 13 words, since some search engines cut the description tag after 13 words. An example of a description tag for a sports balls producer in Pakistan could be: 'producer of sustainable Fairtrade certified footballs, volley balls, basket balls, hand balls of a good quality'. Add both Title Tags and Description Tags to every page and relate them to the content of the pages.

3. **Content**: write content by using the most important keywords that visitors would use to search the web. Nowadays, search engines do not only read meta tags, but also the whole content and create a record with most used words. So use the most important search term keywords in the content of the website in a way that the text is still readable and informative to visitors.

4. **Alt Tag**: when using images, be aware that a search engine cannot see them. Adding an Alt Tag to an image will help the search engine to determine what is on the image. Create alt tags which tell the visitor and search eninge what can be seen by using important keywords.

TIP: Learn from competitors by looking at the meta tags that they have used on their website! You can check the meta tags of your competitors on the website http://www.scrubtheweb.com.

Social media
User-generated content (UGC) is evolving to become the favourite source of information for consumers. Just as they would do with friends in an offline environment, online users ask peers for advice and trust users more than they trust advertisements. Although Search Engine Marketing is still the most effective online medium, the effect of social networking is increasing rapidly. Examples of social media are:

- Online communities such as Facebook (http://www.facebook.com) and Twitter (http://www.twitter.com).
- Video sharing communities such as YouTube (http://www.YouTube.com).
- Professional networks, such as Linked-in (http://www.linkedin.com).
- Sports blogs and forums. Be aware that commercial messages are not always appreciated.

9.4 TRADE MAGAZINES

Advertising in trade magazines can be useful in support of your marketing efforts, but not as a primary instrument. When a sports balls importer in the EU reads a headline in a magazine about an unknown sports balls producer from a developing country, his interest will not instantly be aroused. However, if this sports balls producer were to approach him at a trade event, via Internet or by telephone or email, it is likely to have more effect.

Sporting Goods Intelligence Europe (http://www.sgieurope.com) is a pan-European trade magazine for the European sporting goods market. It is issued 40 times a year and focuses on EU sporting goods retailers, agents and their intermediaries. Many national sporting goods associations also publish their own trade magazines, which could be interesting for advertising. For an overview of national sporting goods associations in EU countries, please refer to the links in chapter 3 about consumption.

10 TOWARDS FAIR AND SUSTAINABLE TRADE OF SPORTS BALLS

This report gives an impression of the landscape of the sports balls industry. Besides developments in trade, consumption and production, the report also discusses sustainable initiatives prevalent in the industry. In general, one can conclude that these are not widespread. Although an extensive body of labour laws and regulations is in place in the main sports ball producing countries, the laws and regulations are not always followed and as a result, labour exploitation continues to occur.

It is clear that initiatives have to come from the side of buyers of sports balls, driven or not by consumer organisations aiming at creating more equality in the world. A good example of this is the experience of Nike in the late nineties of the last century. After this debacle, an increasing number of buyers has developed a code of conduct and has tried to set up a sustainable supply chain that will not harm their corporate image.

At the same time, public initiatives have also been undertaken to improve sustainability in the supply chain. Some are general standards, applicable to many different sectors. Examples are SA8000®, BSCI, ETI and FSC (for more information, refer to Chapter 1). Furthermore, besides its general standard, FLO has developed a product standard that applies specifically to the sports balls industry and that aims at improving social and environmental conditions in the industry.
In this chapter, different standards will be compared to each other. It will help exporters and importers to compare among others the added value, the transparancy and the costs of the most important standards in the industry. Furthermore, recommendations are given to both exporters and importers of sports balls on how to become a sustainable exporter/importer of sports balls.

› 10.1 SUSTAINABLE SPORTS BALLS

Ever since the Atlanta Agreement was signed in February 1997, an increasing number of non-governmental organisations and companies have become more concerned about ethical issues involved in the production process of sports balls.

Fairtrade is one of the most far-reaching platforms for ethically produced sports balls. FLO certification is recognised as a well-established and accepted alternative for improving ethical standards in the supply chain. Additionally, in some cases social responsibility initiatives implemented by individual buyers can deliver the same results. The scope of standards of (international) sports federations is still limited towards quality as a rule, although some have started to include social requirements in their standards.

In Table 10.1 the most important standards in the industry have been compared to each other. Although the comparison is quite extensive, no recommendation is given on which standard is best or should be followed. This depends on the individual situation of each company and which criteria, advantages or disadvantages are most important to the company.

Table 10.1 Comparison of standards in the sports ball industry

Criteria / Standards	Fairtrade	IMAC (Pakistan)	SGFI (India)	Buyers' code of conduct	SA8000®	FIFA
Issued evidence for compliance	Fairtrade Certification	Member names and monitoring results are published on the IMAC website. Performance letter can be issued on request.	Membership certificate	N/A	SA8000® Certification, issued by independent auditing firms accredited by Social Accountability Accreditation Services (SAAS).	Two types of licensing certificates: FIFA Inspected and FIFA Approved.
Cost: producer	Certified producers are subject to an application fee of €500 and initial basic fee, which depends on the size of the company. This ranges from €1,400 (factory with fewer than 50 workers) to €3,800 (more than 1,000 workers). In addition, they have to pay an auditing fee of €350 per auditing day, which ranges from 3-9 days. Altogether, these fees can be quite high, and might exclude smaller producers.	Currently, IMAC is funded partly by the Sialkot Chamber of Commerce (around 40%) and the Pakistani Government (around 60%). Member producers make a contribution to the Sialkot Chamber of Commerce by paying a one-time joining fee of around €86 (10,000 Rupees) and €0.0017 (0.20 Rupee) per ball produced for monitoring service.	SGFI members pay an annual fee of around €160 (10,000 Rupees). Members contribute 0.15% of the export sales of stitched inflatable balls. The contribution is used to fund SGFI's social protection programmes.	This varies per producer/buyer. Nevertheless, it is not uncommon for producers to have to share or cover all costs incurred in the implementation process of buyers' code of conduct. Such costs include auditing expenses, improvements of facilities, benefits and welfare for workers.	To obtain SA8000® certification, a producer is subject to audit costs between €370 - €1,111 per day. Exact costs are determined by the individual certification body.	A standard minimum guarantee of CHF5,000 (€3,750) for a four-year period is paid upon license issuance. This fee will be set off against future royalty payments and/or test fees. A royalty fee per ball is CHF1.50 per FIFA approved ball and CHF0.75 for FIFA inspected ball. Additionally, the test and handling fees per model and per category are charged: CHF4,400 for FIFA approved balls, and CHF3,300 for FIFA inspected balls.
Cost: importer	Fairtrade importers are required to set a selling price higher than producer's costs. However, a minimum selling price is not specified by FLO. In addition, a 'Fairtrade Premium' of 10% of the FOB-value is paid to suppliers. Importers can optionally pay a maximum 5% surcharge on the contract price as compliance cost compensation to producers.	N/A	N/A	Some buyers pay social compliance costs as a percentage of FOB price.	N/A	Some importers pay for all the costs mentioned above.

Table 10.1 Comparison of standards in the sports ball industry - continued -

Criteria / Standards	Fairtrade	IMAC (Pakistan)	SGFI (India)	Buyers' code of conduct	SA8000®	FIFA
Code of conduct & compliance requirements	FLO sets requirements for both producers and trade operators (i.e. importers). Producer requirements cover main basic labour rights, such as no use of child labour, working hours, and wage levels. Subcontracting is allowed, but temporary workers must receive social benefits equivalent to permanent workers. External workplaces should be monitored and be in good condition.	IMAC members must adhere to the Atlanta Agreement, which concerns the elimination of child labour. In addition, IMAC includes 'minimum workplace requirements', including sufficient space, light, ventilation, drinking water, proper stitching arrangements (i.e. stitchers using chairs or mats), hygiene, availability of toilets, first aids and fire extinguishers. This means that criteria other than the above mentioned are not monitored (e.g. wages, overtime, collective bargaining, etc.) unless specifically required by individual buyers.	SGFI members have to adhere to the Atlanta Agreement, which concerns the elimination of child labour, and SGFI additional requirements of providing clean workplaces.	This varies from one buyer to another. The code of conduct drafted by Nike appears to be the most extensive and challenging for compliance. The provisions not included by other codes are prohibition of excessive working hours (of more than 60 hours per week or that required by local labour laws if less) and the requirement of using only regular workers and not home working arrangements.	SA8000® standard is based on the United Nations' Universal Declaration of Human Rights, Convention on the Rights of the Child and a number of International Labour Organisation (ILO) conventions. Provisions cover areas such as child and forced labour, workplace health and safety, freedom of association, discrimination, discipline, working hours, remuneration and a management system for human resources.	According to 'FIFA Quality Concept for Footballs', FIFA inspected requirements concern quality criteria such as the football's circumference, weight, roundness, loss of pressure, water absorption and loss of pressure. A FIFA Inspected football meets FIFA standards and can be used in matches and trainings at all competitive levels. For a FIFA approved license, balls need to undergo an additional test concerning shape and size retention. Therefore, a FIFA approved football meets FIFA's highest quality demands. In addition, FIFA requires licensees by contract to ensure no children are involved in manufacturing footballs and that the ILO Declaration on Fundamental Principles and Rights at Work is adhered to.
Monitoring mechanism	FLO-certified producers are annually monitored by 3rd-party auditors appointed by FLO.	Producers report their workplaces (of at least 5 workers) to IMAC, who inspect them whilst also looking for unregistered workplaces. Currently, IMAC has 12 regular inspectors and a few more temporary ones. Inspection is unannounced and random. Both workplaces and inspectors are selected randomly by a computer programme to prevent bias.	SGFI members conduct internal monitoring and provide SGFI with a list of contracted stitching units. When SGFI receives internal monitoring reports from members, a computer programme is used to randomly select workplaces to visit, which occurs unaccounced. If any violation is found, members' internal auditors are notified to take action. Report of Inspection, outlining monitoring results, is sent monthly to all members.	This varies from one buyer to another. Some buyers ask their suppliers to undersign a code of conduct without conducting any evaluation to verify their compliance, while others require a formal evaluation to be done by auditors.	To obtain certification, a producer is audited by accredited certification bodies against SA8000® standards. The auditing procedure usually includes a review of the company's policies and management systems, interviews with workers and managers. A certification is issued for a period of 3 years, during which a facility will be audited by SAAS-accredited bodies every 6 months.	FIFA requires licensees and their suppliers to join social protection agencies such as IMAC and SGFI, and will therefore be monitored by them.
Transparency	Fairtrade is found to have a relatively high level of transparency. The objectives, results and process of certifying a producer and trade operator are clearly communicated.	IMAC is found to have a relatively high level of transparency in its reporting. Monitoring results and follow-up processes are published monthly on their website.	SGFI is criticised on its transparency. This is because a regular update of members' compliant performance is not publicly available.	This varies from one buyer to another. Some large-sized multinational buyers annually publish their social responsibility reports while this is less common in smaller companies.	SA8000® is relatively transparent. Certification is done by accredited third-party organisations. Certified facilities are reported on the SAAS website, while non-compliant facilities that lose their certificates are taken out of the list.	The FIFA Quality Concept explicitly explains all quality requirements for its license. However, the provision on the use of child labour does not include specific actions or measures that a producer should take.

Table 10.1 Comparison of standards in the sports ball industry - continued -

Criteria / Standards	Fairtrade	IMAC (Pakistan)	SGFI (India)	Buyers' code of conduct	SA8000®	FIFA
Consumer recognition	The Fairtrade label is the most recognised certification by end consumers in the sports ball industry. The label is associated with alleviation of poverty and there is a market niche for products carrying the Fairtrade label.	The level of consumer recognition of IMAC is still low although it appears to be one of the most cited social protection agencies in the sports ball industry.	The level of consumer recognition of SGFI is still low.	Consumer recognition is expected to be very low as a code of conduct is not explicitly recognised as a certification or label. Consumer recognition of a code of conduct also depends on how it is communicated to consumers.	SA8000® is not very well recognised by end consumers. SA8000® is a workplace process, not a product, certification.	FIFA is a well recognised association and its licenses are associated with quality.
Importer recognition	Fairtrade label is well-recognised although the current number of Fairtrade trade operators is still very limited.	IMAC enjoys a high recognition among buyers. At least 60 international sports goods companies require their suppliers to be monitored by IMAC. In addition, FLO and FIFA also support the programme by making IMAC membership a pre-requisite for receiving their certification/approval.	According to the Sports Goods Manufacturers and Exporters Association, most buyers from the United States and Europe are aware of SGFI and require their suppliers to be monitored by the organisation. FIFA also supports the programme by allowing its licensees to produce balls in India only from SGFI compliant members.	A code of conduct is commonly used by sports ball importers in regulating their suppliers' behaviours.	SA8000® is a well-known standard among importers. In March 2010, it was used in 60 countries and 67 industries. For the sports ball sector, seven producers are SA8000® certified.	FIFA licenses are also well recognised by importers.
Social projects & outreach	While Fairtrade certified producers need to provide humane working conditions in their factories, Fairtrade importers also need to pay a higher price to producers so that workers receive relatively good wages. The higher income workers receive from stitching Fairtrade balls is believed to minimise the need for them to send their children to work. The programme also invests part of the profits via their social programmes back into the local community and workers' welfare. These programmes are funded by the Fairtrade Premium paid by buyers. As FLO only recognises hand-made balls, it excludes a growing share of machine-made ball production.	The programme's objective is limited to the elimination of child labour and assurance of an 'acceptable' working condition (i.e. compliant with IMAC's minimum workplace criteria). Further social contributions depend on individual buyers.	Complying to the agreements made with SGFI, members provide clean working conditions to workers. Together with other partners, SGFI also runs 27 transitional schools, 5 tuition centres, health awareness camps (e.g. providing medical check-ups and treatments), micro insurance scheme and other charity programmes for workers, their children and/or children found working in the industry.	The impact that a buyer's code of conduct can make on workers and their community depends on what the code covers. Apart from assuring a safe and clean workplace, some codes might also set standards on minimum wages, workers' benefits, freedom of association, child labour and recruitment practices. Additional social and outreach projects are found to be rare at present.	SA8000® certified producers are expected to provide ethical working conditions and respect labour rights.	FIFA only issues licenses to producers that are members of IMAC and SGFI in Pakistan and India respectively. Therefore, FIFA's social contributions are comparable to those of IMAC and SGFI. For other countries, producers are required to join similar social protection agencies. All licensees are required to support initiatives aiming to end child labour in the football manufacturing industry.

Source: Interviews and desk research Facts Figures Future 2010

› 10.2 BECOMING A SUSTAINABLE EXPORTER

Producer’s compliance with buyers’ social responsibility requirements is becoming increasingly important in order to achieve and/or maintain a competitive position on the international market. Adapting production processes and working conditions to suppliers’ codes of conduct is necessary; however, it would be more (cost) efficient to work towards one’s own Corporate Social Responsibility (CSR) policy. This will reduce the need to adapt one’s production processes and working conditions after each newly implied code of conduct.

Moreover, developing one’s own code of conduct or own CRS policy will positively improve:

- The competitive position of the company and
- Satisfaction and commitment of workers.

Below, 10 steps are elaborated that will help exporters to develop their own CSR policy or code of conduct.

› 10 STEPS TOWARDS BECOMING A SUSTAINABLE EXPORTER/PRODUCER

1

Appoint a responsible person within the management
Setting up a code of conduct, developing a CSR policy and later maintaining them is a time consuming and very responsible process. Therefore, it is advisable to appoint a person or even a department to manage compliant performance and maintain internal and external communication. This can be the head of the human resource department, who understands local labour laws, and/or the manager who is responsible for the factory’s compliance with other quality standards.

2

Allocate a budget
Implementation of a social compliance programme costs money. Potential investment and expenses include building or renovation of facilities, workers’ protective equipment, training, employees’ welfare and possible auditor’s fees. As total implementation costs can be too high to spend at once, it is advisable to come up with a budget plan to prioritise investment and expense items, the time frame and allocate a budget accordingly.

3

Benchmark
When having decided to develop one’s own code of conduct or CSR policy, the first thing to do is benchmark. Study relevant local legislations. Also look at the codes of conduct of important buyers and suppliers in the industry. Associations publish codes of conduct or CSR policies on their websites as well. They might be able to advise on best practices. Also refer to Chapter 1 for several examples and Table 10.1. Another good reference tool is the recently published guide of UNIDO, Norad and CBI “Making private standards work for you”. On pages 32 and 33 a table is given with the most regularly encountered requirements in buyer codes of conduct. Go to http://www.unido.org/privatestandards.

4

Involve employees
Communicate the plans for a CSR policy to the employees and ask which social and working conditions they would prioritise. This will also increase commitment throughout the whole company.

> 10 STEPS TOWARDS BECOMING A SUSTAINABLE EXPORTER/PRODUCER CONTINUED

5

Define the code of conduct/CSR policy

Develop the code of conduct/CSR policy. Generally, codes of conduct/CSR policies focus on the following aspects:

- Labour conditions, such as health and safety, working hours, wages, equal treatment, child labour.
- Community involvement and development.
- Environment.

6

Gain consensus within the management

Reach agreement within the management about the CSR policy/code of conduct. This is very important in order to keep the necessary budget and raise commitment. Adapt the code of conduct accordingly. Once again check if the policy is in accordance with local laws and if it responds to the most important requirements of international buyers.

7

Adjust the production processes, working conditions and other social initiatives accordingly

Once it is clear what needs to be changed, develop an action plan to implement the actual code of conduct. If the budget does not permit direct implementation, set out a time frame during which the company can comply with its own code of conduct/CSR policy. However, do not let the code of conduct become merely window dressing.

8

Regularly communicate updates to employees

Keep employees up-to-date about the status of implementation. Employees will be very interested to see the code of conduct implemented as soon as possible, as it will clearly benefit them. By regularly communicating the status of the project, it is possible to keep their commitment.

9

Communicate the code of conduct/CSR policy clearly

One of the most important advantages of having one's own code of conduct/ CSR policy is the competitive advantage the company gains with it. As social compliance is becoming increasingly important, it is an attractive feature of the company to attract new customers, but also to maintain current customers. Communicate it clearly on the website, use pictures and testimonials from employees. Also take advantage of communicating important events to (potential) customers, such as opening an education centre, new sanitary facilities or awarding scholarships to employees' children.

10

Evaluate the code of conduct/CSR policy each year

It is advisable for a producer to conduct internal audits on a regular basis to help ensure consistent and sustainable compliance. In addition, as it is sometimes difficult to see one's own mistakes, it is also advisable to hire an external auditor to point out areas of improvement that might be overlooked. For a producer with multiple production sites, assigning an audit team for each site and conducting a cross-site audit is also a good idea.

> 10.3 BECOMING A SUSTAINABLE IMPORTER

Importers usually play a more influential role in improving sustainability in the supply chain of sports balls than suppliers. They are usually pro-active in initiating and setting up a social responsibility programme, and then impose it upon suppliers.

On the next pages, 10 steps are elaborated that will help importers to develop their own code of conduct.

> 10 STEPS TOWARDS BECOMING A SUSTAINABLE IMPORTER

1

Consult local NGOs
Social responsibility requirements imposed upon a supplier usually reflect the social responsibility values of a buying enterprise. While some buyers only aim at eliminating child labour from the production process of their products, others aim at tackling the root causes of social issues and/or making social contributions. In determining how a social responsibility programme could make an impact on the local community, it is advisable to consult local NGOs. NGOs can play an important role in helping identify social issues in ball-making communities as well as best practices on how to set up a social responsibility programme that contributes to such issues constructively.

2

Appoint an accountable person
As a social responsibility programme is a continuous process and usually involves continuous co-ordination, it is advisable that one person in the buyer's organisation is appointed to take responsibility for it.

3

Incorporate social compliance into evaluation criteria
In order to gain a supplier's commitment to a buyer's social responsibility programme, it is advisable to include their compliance as one of the main criteria in choosing and evaluating suppliers. Make sure suppliers know non-compliance has consequences. This will raise awareness of an imposed code of conduct not merely being 'window dressing'. As the number of sports balls importers who adopt such practices increases, the concept of sustainably produced balls will also become more established.

4

Conduct a workplace audit
The extent to which a supplier is committed to social responsibility requirements also depends a lot on the type of monitoring mechanisms. Monitoring mechanisms vary from supplier's self-assessment to workplace audit. In any case, a supplier's self-assessment, which is done internally, is usually criticised for delivering a biased evaluation, unless it is a proven trustworthy supplier. It is advisable for the evaluation to take place in the form of a supplier audit, where suppliers' workplaces are visited by the company's own or third-party inspectors. In this case, unannounced visits are believed to reveal the most realistic results.

5

Buyer's purchasing practices might prevent suppliers' compliance
Beware that the way the buyer co-ordinates with suppliers could also lead to suppliers' violations of some social compliance provisions. As the supply chain of sports balls comprises a complex global production network, delays in order confirmations or last minute changes in specifications are very common (International Labour Rights Forum, 2010). As reported by the Fair Labour Association (2008), delays at the start of production require extra working hours to meet shipments. This often leads to excessive working hours, exceeding local labour laws and buyers' code of conduct.

6

Ensure business continuation
It is important to note that it could take a supplier a lot of work and money to change their organisation and manufacturing processes in order to comply with a code of conduct. Therefore, it is important for them to see or be assured that they will get a certain number of orders for their efforts. In addition, the motivation of suppliers to engage in social compliance programmes is mainly commercially orientated and a long-term business relationship is important.

> 10 STEPS TOWARDS BECOMING A SUSTAINABLE IMPORTER CONTINUED

7

Assist in implementation challenges
When initially faced with a code of conduct, most suppliers find it difficult to put the many provisions included in the code into practice. In addition, most of them usually lack the necessary capital to make the programme successful (e.g. to improve facilities, such as toilets). Therefore, it is advisable for a buyer to provide suppliers with the necessary information, especially the objectives of implementing the programme and what is expected from their compliance. It is common for a supplier to be unaware of their own violation (e.g. workers not wearing protective equipment) as they are in that environment every day. Communication and co-ordination between buyers and producers is the key to success.

8

Allow a correction period
The supplier's ability to demonstrate their compliance also depends on the practices they have already adopted at the time of code implementation. A supplier that already strictly adheres to local labour laws usually finds it less challenging to comply with buyers' code of conduct. However, a supplier only starting to comply is likely to violate some provisions. When a violation is found, it is advisable not to suspend the supplier immediately, but to allow them a certain period of time to improve. Among other reasons, a contract suspension, especially by a large-sized buyer, usually comes at the expense of a large number of workers and their families. As an example, when Nike suspended Sega Sports in 2006 after child labour and labour right violations were discovered, as many as 20,000 Pakistani families were affected (Fazl-e-Haider, 2007).

9

Avoid subcontracting
It is advisable for the contractor system, where stitching work is outsourced to home-based units via subcontractors, to be replaced by a system with effective monitoring. This is because severe human/labour right violations, especially child labour, usually take place within this setting. In India, for example, a workplace of fewer than 20 workers will not be monitored by the State and is not subject to labour regulations under the Factory Act. This presents a context where labour can be heavily exploited.

10

Decide who bears the costs
Any social contribution comes at a cost. Even a social responsibility programme that does not include social projects has a high cost of maintainance, including wages for inspectors/auditors and construction or improvements of facilities. Interviews with producers reveal different practices. While some buyers cover all incurred costs related to their requirements (i.e. costs associated with quality standards like FIFA, SA8000® or financial contribution to their social compliance), many other producers bear the costs themselves. While some producers see business opportunities in complying with buyers' code of conduct, others are discouraged by such investments.

USEFUL SOURCES FOR FURTHER RESEARCH

- Fair Factories Clearinghouse (FFC) - http://www.fairfactories.org - organisation dedicated to supporting workplace compliance through the sharing of factory audit and remediation information. It is developed through the collaboration of retailers, consumer brands and trade associations.
- Fair Labour Association - http://ap.fairlabor.org - the association has developed an Assessment Portal that offers a variety of compliance assessment tools.
- Global Reporting Initiative (GRI) - http://www.globalreporting.org - network-based organisation that develops the world's most widely used sustainability reporting framework.
- ISO 26000 - http://www.iso.org/iso/discovering_iso_26000.pdf - discover ISO 26000. The complete guidelines can be bought for CHF192 (about €145).
- United Nations Global Compact - http://www.unglobalcompact.org - UN-led voluntary business initiative for learning and reporting on corporate social responsibility. It offers practical guides and instruments to help companies achieve social compliance. To download their code of conduct, click on 'About Us', then 'Tools and Resources'.

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