



## Italian cosmetics SME retains access to China

*Market Access Partnership helped to remove a barrier in China helping cosmetic companies to continue their exports to China*

### **The company**

My name is Fabio Franchina and I am the owner of Framesi S.p.A., medium-sized cosmetics company, located in the town of Paderno Dugnano, on the outskirts of Milan in Italy. My father founded the company in 1945.

Our business specialises in professional hair care products, such as shampoos, hair dyes, hair styling: fully conceived, created and formulated in Italy.

### **Access to foreign markets: the core of our strategy**

To a large extent, we now depend on international trade:

- we export 75 % of our "Made in Italy" products
- we export to more than 70 countries across the globe.

However, barriers in third countries pose a big problem for our export opportunities. We simply cannot afford to be prevented from accessing our target markets. Once such barriers arise, we need to act rapidly to address them. This is exactly what the European Commission did when a barrier came up in China.

### **Our growth will come from China**

Today our trade to China represents only 5% of our business, but we expect it to grow up to 20% in the next five years. Thus, it is essential that we can maintain access to this large market.

### **Market access barrier almost pushed us out of China**

In China it is mandatory to have specific requirements in Chinese on the outside packaging. A long-standing practice all over the world is to put a sticker in a local language over the original packaging, what we call over-stickering in our jargon.

This simple solution allows for export without involving too much cost, something very important for smaller companies.

But, we faced a serious problem when we were informed of a Chinese legislation forbidding those stickers. This ban would have effectively closed the Chinese market for our company.

We could have lost 7-8% of total turnover with negative consequences on both production and employment. This situation was a real threat for the future of our company.

***Thanks to the EU's intervention, the problem has now been resolved***

But thanks to the EU's Market Access Partnership we have been able to report the barrier quickly, allowing the EU to start their barrier removal strategy immediately.

I understand that the Commission and Member States used all possible fora to convey our concerns to the Chinese authorities, which eventually led to the interruption of the measure, allowing us to avoid the damage and continue our growth in China.



*Fabio Franchina, the owner of Framesi S.p.A.,*

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**The view of the industry**

According to Cosmetics Europe, the European trade association for the cosmetics and personal care industry, the cosmetic sector employs around 1.8 million workers in Europe and brings at least €29 billion in added value to the European economy annually. There are around 4,600 SMEs overall in the sector. The association commented to the story:

*When our Italian association member, Cosmetica Italia informed us about this market access barrier originally reported by Framesi S.p.A., we did not hesitate to use the framework of the Market Access Partnership to flag this issue to the Commission immediately. In the wake of the rise in protectionism, it is essential that we continue to use the framework of the Market Access Partnership going forward.*