

1 : The Overview of Wig Industry

(1) The Definition of Wig Industry

Hair products are wore for different purposes. They have appeared in various art performances, such as Chinese opera, Japanese kabuki as well as the western opera. In UK and most of British Commonwealth, wigs are one of the clothes for leading lawyers and judges.

In the modern life, if you want to save time of hair caring and transforming, hair products will help you to change your styles. People who suffer from hair loss and thinning will use the wigs to get a thicker look, some partial wigs are just designed for these people who only have partial hair loss problem.

(2) The Certification of Hair Products Industry

Qualifier Name	Certification authority	Content
LMGB	Germany	Food, tobacco products, cosmetics and other commodities management
QS	China	All cosmetics, toothpaste, plastic and paper container production enterprises which are approved by the national must go through a mandatory inspection
FDA	America	A set of application in food, cosmetics and drugs and other international safety and health management system authentication standard
GMP	China	A set of mandatory standards which apply to the pharmaceutical, food and cosmetics industries and so on. Require companies from raw materials, personnel, the packing and shipping, quality control etc that achieve the corresponding health quality requirements
SASO	Saudi Arabia	Establish national standards for all commodities and products which involved in the metric system, etc.
GOST	Russia	Cosmetics belong to compulsory certification of goods, the goods should be based on the current safety regulations by certification and Get the Russian national standards

(3) The regulations of hair production and export

European Union's **Regulation on Chemical Registration, Evaluation, Authorization and Restriction** has already been carried out in European Union on June 1st, 2007. Products including wigs, plastic, textile, light industry, etc which exports from China to European Union are all in control. This regulation would have effects on chemical manufacturers, importers, sub-industries, and other fields, after the regulation effecting, enterprises should take enough attention and avoid obstructing export.

On June 19th, 2007, Bureau of Finance and State Administration of Taxation jointly issued "Notification on tax rebate adjusting of textile, clothing by Ministry of Finance, State Taxation Administration". Since July 1st, many commodities were adjusted tax rebate, hair products, the custom commodity code of which is 6704 was also included. Reduced from 13% to 11%, in some sense, it will exacerbate the pressure on hair products enterprises.

2、 The present situation and development prospects of wigs

(1) The present situation

Wigs are known as "fashion on the head", as a higher value-added export product, wigs were started operating by the Jews in Germany as early as 19th century, and gradually developed to South Korea, Japan, Hong Kong and Taiwan. Since the reform and opening-up, enterprises in China have taken over kinds of industry from South Korea, wig manufacturers have once mainly concentrated on OEM production and counterfeiting. Nowadays, China has become the largest hair production and export country in the world, more and more enterprises participated in the competition of the oversea markets, lots of well-known brands have been developed.

For example, Rebecca (Xuchang, Henan) has an absolute monopoly in the global hair industry, by virtue of its market leading position, sales has increased 15% in 2006, in 2007 and 20% in 2007. They've successfully resisted the pressure of the RMB appreciation and price rising of raw material, the net profit of 2007 has grows to 87%. It is reported that import profits are quite lucrative, and the price of 1999-2005 almost has not been increased a lot, importers are fully able to accept the price rise of the hair products exported from China.

At present, China's hair production and export enterprises are mainly located in the central, eastern and southeastern coast, including Henan, Zhejiang, Guangdong, Fujian, Zhejiang, Shandong and Shanghai, etc

Export value of hair products over the years

From 2003 to 2007, the wigs and related hair products which China exported to other countries continued to grow year after year. In 2007, total export amount reached \$1.117 billion, increased 34.7% synchronously, which indicated the export had developed rapidly. According to statistics, the export amount in the first half of 2008 was \$599 million.

The main export countries of hair products industry over the years

According to Chinese customs statistics, China's wigs are mainly exported to the United States, Japan, Hong Kong, the United Kingdom, Nigeria and other countries or regions. United States is China's largest export market, accounting for 60%, followed by Japan, accounting for 10%, and then Hong Kong, United Kingdom and Nigeria, respectively accounting for 6%, 4%, 3%, export prospects are vast.

(2) The main export products of hair industry

Human hair wigs, beard, eyebrows, eyelashes and other hair products

Full head Wigs made of synthetic textile material

Wigs, false beard, false eyebrows, false eyelashes made of other materials

(3) The main export countries/regions of hair industry

United States

Over the years, US import value of wigs and related hair products has been keeping increasing. In 2007 it reached \$743 million, an increase of 19.5% year on year. China is the largest sources of US hair industry which accounts for 79%; other major exporters to US are Indonesia, Hong Kong, South Korea and Canada, respectively account for 12%, 2%, 2%, 2%

The hair products consumers in US are mainly black people and some fashionable youths.

Japan

Japan is the second largest export market of China of wigs and related hair products. In recent years the import showed a trend of steady growth and the import amount from other countries in 2007 reached to \$122 million. China which accounted for 39% is the largest exporters of such products to Japan, followed by Thailand; other exporters were South Korea, the Philippines and Germany.

Hong Kong

Hong Kong is the third largest importer of wigs and related hair products, which is also the important entrepot. In recent years, the export of hair products grows rapidly, the import amount from overseas reach to \$56 billion, and 89% of all imports are from the mainland.

(4) The analysis of global demand on hair industry

According to UN statistics, from 2003 to 2007, the United States, accounting for 61% of the average annual import amount, is the largest wig and related hair products importer around the world; followed by Japan, Hong Kong, the United Kingdom, France and other countries / regions.

(5) The development prospect of hair industry

Global hair products industry continues booming. China has become the center of hair products all over the world while Europe and America are still the main countries of consumption and our key markets. Meanwhile, the consumption potential of African hair product market also began to release. Among the Blacks in the world, there are more than 30 million African Americans, while Africa has more than 700 million people, blacks are in great demand on the hair proeucts. In addition to paying attention to the traditional markets such as Europe and America,

China's hair production and export industry can focus on Africa and other emerging markets.

As the overseas hair market demand changes faster and faster, the market competition is more and more heated. Hair enterprises especially export-oriented enterprises need to understand buyers' market and product trends at home and abroad, e-commerce will be a very convenient and efficient product promotion channels.