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## Hannover International Fireworks Competition 2010

Having won 1<sup>st</sup> Prize at the 19<sup>th</sup> International Fireworks Competition in Hannover in 2009, we were invited back to Hannover to participate in the 20<sup>th</sup> Winner of Winners Competition in September 2010. In this special anniversary edition, past winners of Hannover were invited back to compete. We

are pleased to announce that we won 2<sup>nd</sup> Place! All the fireworks in our show were produced in our own Vulcan factories near Beihai, Guangxi. The show was designed, choreographed and fired by Cindy Cheung and John Werner using the wireless Galaxis Showtechnik Firing System

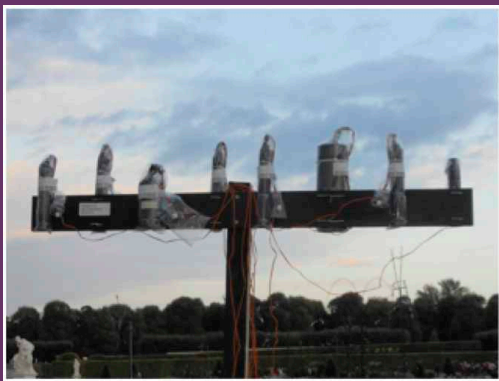
from Germany. The Galaxis wireless system is now FCC approved in the USA.

<http://www.firing-system.com>

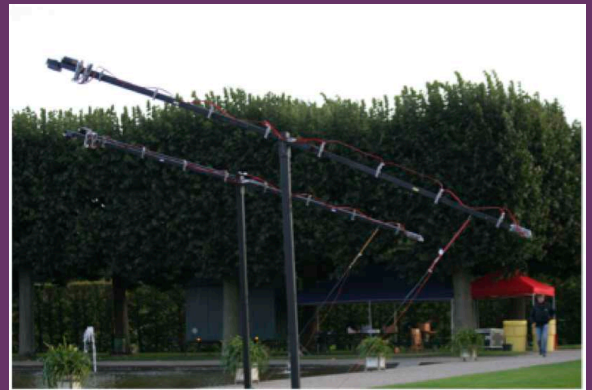




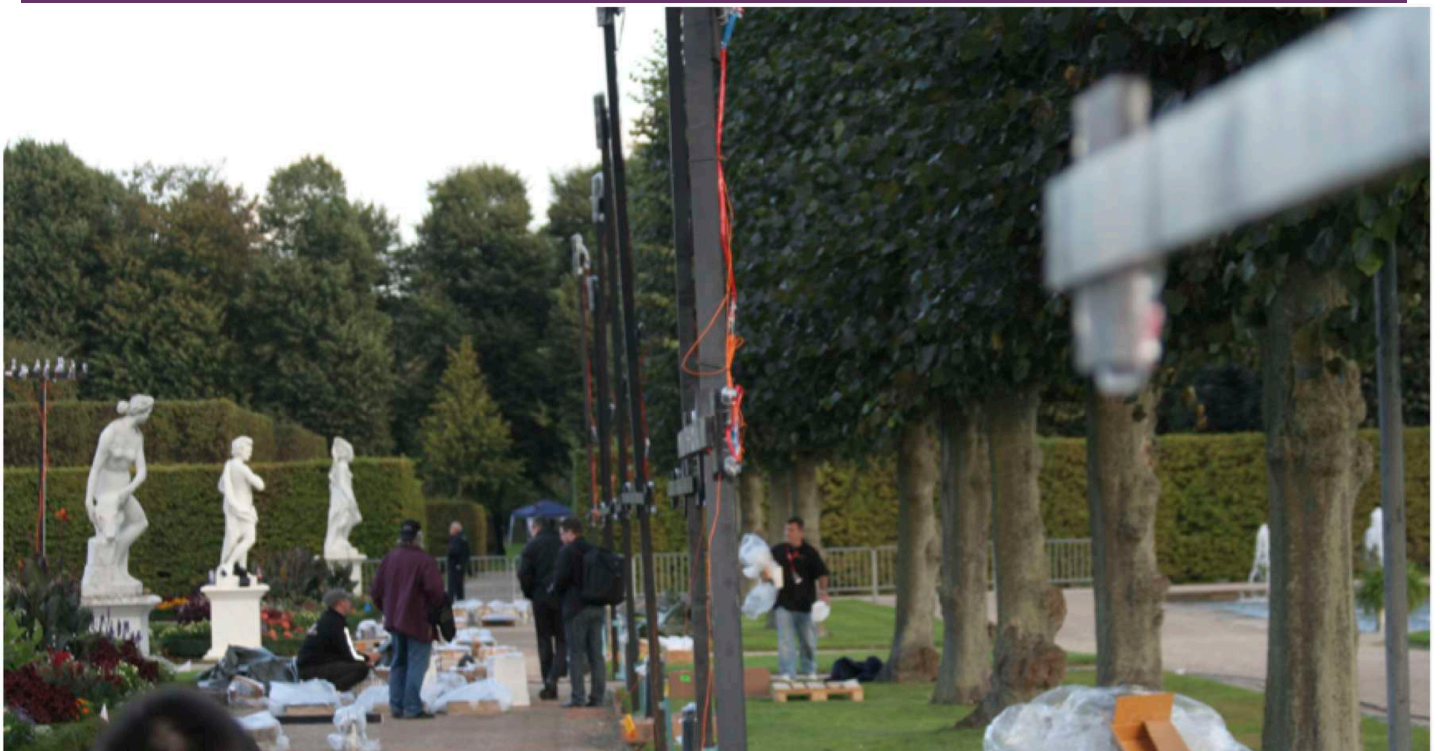
**ABOVE** Butterfly Wheel in the foreground, 3 Wiggly Wheel Gerb Poles on the left, right and centre, Roll-Around Wheel and Sun Wheel.



**LEFT** Gerb Rack



**RIGHT** Swing Up Poles





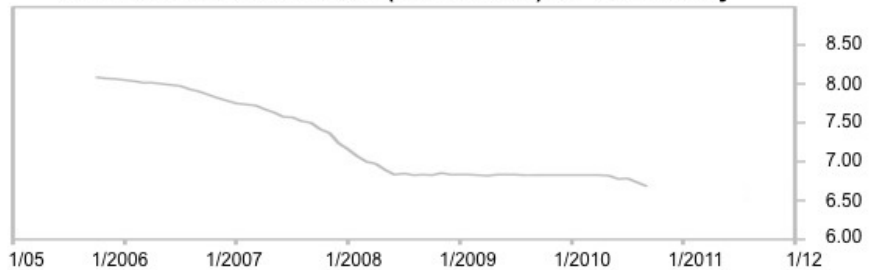


## Renminbi (RMB) Appreciation

The RMB has been on the rise again, creeping closer to 6.6 against the USD. Over the past 2 years, the RMB has been relatively steady at a rate of RMB6.8 : USD1. However with the recent decline in the USD, the RMB has strengthened to RMB6.65 : USD1. The US Government continues to pressure China to increase the value of the

Yuan quickly. It is expected the RMB will continue to strengthen against USD, thereby making exports from China more expensive. The RMB is expected to strengthen at least 4% - 6% annually.

Chinese Yuan to US Dollar (CNY to USD) - 5 Year History



## Labour Shortage in China

The fireworks industry in China continues to face labour shortages, even with an increase in wages. The basic wage of an average worker in a fireworks factory is now RMB1000 a month (or US\$147/month based on today's exchange rate) compared to RMB300/month (or US\$36 based on the exchange rate in the early 90s!!). Hunan and Guangxi are the main producing areas of fireworks, and both have experienced major



**+** THE WAY IT WAS Firecrackers made at home are sold to a firecracker factory to be braided and labeled. Circa 1976.

economic growth and developments during the past 10 years. Workers under the age of 30 now have more job options and seek jobs with better opportunities. With better education, the current younger generation is not attracted to assembly line jobs that offer little prospects to advancement. This is worsened by the effects of the 32 year old "One Child Policy", which has reduced the number of younger workforce considerably.

## Raw Materials Prices Escalate

The price of raw materials such as Paper, Potassium Nitrate, Copper Oxide, Black Powder, Magnalium, PVC and Potassium Perchlorate continue to rise due to short supply.

In order to curb industrial pollution, China has closed many small, inefficient pulp and paper mills since 1996 that were mostly using straw pulp and polluting rivers and lakes with their waste. This year, China has announced the closure of 4 million tones of paper making capacity, which is 30% of China's annual total purchase of Market Pulp. The acute shortage of paper supply means cost of paper will remain high and increase over the next couple of years.



## Impact of Domestic Market on Fireworks Exports

Demand for domestic consumption of fireworks in China continues to rise. Factories that had once made fireworks for export only, are now turning to the higher volume, better margin and less regulated Chinese domestic firework market. In 2006, China lifted its ban on the sale of fireworks in Beijing city during the Chinese New Year, which had been in place since 1993. Over the course of the next few years, other cities lifted the ban on fireworks and now

fireworks can be sold in almost all urban areas in China during the Chinese New Year.

The domestic fireworks market has been growing exponentially every year and is now estimated about 2.5 times the size of the export market.

As European and US regulations become stricter, factories are choosing domestic sales over export sales. Due to rising demand, domestic



Fireworks illuminate the skyline of Beijing during the Chinese New Year celebrations. Photo from <http://www.dailymail.co.uk/>

factories are also aggressively luring workers in export factories. It will be interesting to see in the next 5 years the full effect on the export fireworks market due to the rapidly expanding domestic market.



## Oman Fireworks Championship 2010



Vulcan is delighted to have been selected to represent Hong Kong in the Oman World Fireworks Championship 2010.

The World Fireworks Championship will take place in December 2010 in Muscat, capital of Sultanate of Oman, as part of Oman's 40<sup>th</sup> National Day Celebrations. It will feature six of the world's top pyrotechnic production companies, all competing to become Oman World Champion.

You can find out more about the Oman World Fireworks Championship 2010 at <http://www.wfchampionship.com>

## Port Updates

**WUZHOU PORT** It was officially announced by the IFA on 3rd September 2010 that Wuzhou port has opened for handling of fireworks containers from China via Hong Kong.

Wuzhou port is located near the border of Guangxi and Guangdong province. The port is managed by Sinotrans of China. For shipment of fireworks, Wuzhou is only a transit port without any warehouse facilities. Containers must be loaded in either Hunan or Jiangxi with export customs documentation and inspection completed at place of loading. Once the containers arrive by truck to Wuzhou and paperwork re-declared to show export from Wuzhou, the containers will be placed on barges on transit to Hong Kong.

The advantage of Wuzhou is the reduced time from loading of containers to departure on mother vessels. Compared to 10-14 days for shipments out of Shanghai, Wuzhou will only take 7-8 days. Furthermore, the water route to Hong Kong is a river inlet, avoiding delays caused by typhoons and low water level.

Due to the 16th Asian Games in November, Wuzhou port is currently not accepting



fireworks.

**TAICANG PORT** In March 2010, the shipping venture TCC launched a weekly trans-Pacific service from Taicang, near Shanghai to Los Angeles. The Norwegian-based company plans to launch an Asia to Europe service later this year.

Containers will be loaded in Hunan and transported by feeder provided by Dragon Two, the logistics company that ran the fireworks operation in Huangpu port before the Sanshui accident in 2008. Alternatively,

## Freight Rates



With the closing of the Shanghai Expo on 31<sup>st</sup> October 2010, the extra costs due to the re-division of fireworks traffic has been waived.

However, the Low Water Season Charge will be effective from 1<sup>st</sup> November 2010.

With international trade improving over the past 2 years, freight rates have been steadily rising again.

## CE and Notified Body Update

In 2007 the Directive 2007/23/EC of the European Parliament and of the Council on the placing on the market of pyrotechnic articles came into force in Europe. The Directive aims unification of the regulations about pyrotechnic articles in all member states and guarantee the freedom of movement of pyrotechnic articles within Europe.

Pyrotechnic articles that fall under the scope of this Directive are:

- \* Fireworks, categories 1-4
- \* Theatrical pyrotechnic articles, categories T1 and T2
- \* Other pyrotechnic articles (including pyrotechnic articles for vehicles), categories P1 and P2

European member states were obliged to adopt and publish national regulations to comply with the requirements of 2007/23/EC not later than January 4th 2010. The final application of those provisions shall be nationally done by July 4th 2010 for fireworks of categories 1-3 and by July 4th 2013 for other pyrotechnic articles, for fireworks of category 4 and for theatrical pyrotechnic articles.

According the Directive 2007/23/EC, harmonized standards shall be drawn up for all pyrotechnic articles. The European Committee for Standardization (CEN) set up the Technical Committee CEN/TC 212 Fireworks which has the task of drafting the harmonized standards.

For fireworks of categories 1-3 the preliminary standard is FprEN 15947 part 1-5. Currently this preliminary standard is subject to formal vote at CEN and the final harmonized standards (EN 15947 parts 1-5) are expected in November 2010.

For category 4 a complete new standard is being drafted at the moment.

### UPDATE LIST OF EUROPEAN NOTIFIED BODIES UNDER DIRECTIVE 2007/23/EC PYROTECHNIC ARTICLES

INSTITUT NATIONAL DE L'ENVIRONNEMENT INDUSTRIEL ET DES RISQUES (FRANCE)

LABORATORIO OFICIAL JOSE MARIA DE MADARIAGA (SPAIN)

TNO Certification BV (NETHERLANDS)

BUNDESANSTALT FÜR MATERIALFORSCHUNG UND PRÜFUNG - BAM (GERMANY)

TÜV RHEINLAND INTERCERT KFT. (HUNGARY)

KONSTRUKTA-DEFENCE JSC (SLOVAKIA)

CENTRE DE CONTRÔLE DE CARNELLE ASBL (BELGIUM)

Český úřad pro zkoušení zbraní a střeliva (CZECH REPUBLIC)

## US Regulatory News and AFSL Updates

In the beginning of 2010 we saw the enforcement of the Consumer Products Safety Improvement Act of 2008 (CPSIA) that required all Importers on Record to supply a Certificate of Compliancy for all consumer fireworks manufactured after 10<sup>th</sup> Feb 2010. For In AFSL members, this Certificate can be generated and stored on the AFSL server for easy access by CPSC. For non-AFSL members, Importers have to issue their own Certificate of Compliancy based on test reports from Third Party Testing companies, storing them either electronically with open accessibility or have a hard copy accompanying all deliveries of fireworks to wholesale and retail outlets. Certificates of Compliancy must be available to CPSC on demand.

The Importer Security Filing (ISF) aka 10+2 also went into effect from 26th January 2010. Importers have to file an ISF Shipment Declaration with their customs broker 48 hours before departure of vessel from an origin port in China.



In 2009 SGS took over the AFSL testing services from Intertek. There have been some changes to several AFSL testing methods such as no tolerance for firecrackers and aerial reports powder weights. This means that a firecracker that is 0.057g will not pass AFSL as the CPSC limit is 0.05g.

Testing fee for Arsenic in Snake Items is now charged at US\$52 per lot. AFSL Testing Fee remains at US\$0.45 per carton.

AFSL has new Standards for Gironдолas, Crackling Strips and Snappers. For more AFSL updates, visit their website:

<http://www.afsl.org/afslnewsletters/newslettersarchives.html>

## Quicklook - New Items

Our New Consumer Fireworks catalog is out! Our Display Fireworks catalog is now available digitally on a USB drive! If you have not received our catalogs yet, please let us know and we will send you a copy! Please email [fireworks@shogun.com.hk](mailto:fireworks@shogun.com.hk). Check out New Consumer Items on <http://www.shogun.com.hk/newproducts2011-1.htm>





## Convention News

We had a successful Convention season in 2010 from the National Fireworks Association Expo in Springfield, Missouri, the American Pyrotechnics Association Convention in Savannah, Georgia to the International Symposium of Fireworks



**ABOVE** Trade Show Booth, Symposium in Porto October 2010  
**RIGHT** Super-sized Portuguese Rocket  
**BELOW** Displays by Vaccaluzzo, Pirotecnia Europla, iFire, and Propyro.







Spielwarenmesse  
International Toy Fair  
Nürnberg

**COME VISIT US IN  
NURNBERG, GERMANY!**

Spielwarenmesse  
International Toy Fair  
Nuernberg  
February 2nd - 8<sup>th</sup>, 2011  
Hall 9 Stand F-58

John Werner has relocated to  
Houston, Texas! His email is  
[johnallenwerner@gmail.com](mailto:johnallenwerner@gmail.com)  
and his contact number is 443-  
406-5655



Photo by Ewan Cheung

*Merry Christmas & Happy New Year 2010!*

