USDA Foreign Agricultural Service

GAIN Report

Global Agriculture Information Network

Template Version 2.09

Required Report - public distribution

Date: 12/19/2003

GAIN Report Number: IT3030

Italy

Solid Wood Products

Annual

2003

Approved by:
David Leishman
U.S. Embassy

Prepared by:
Wanda Besozzi

Report Highlights:
As in other European countries, poor economic conditions and increasing competition from Western Europe had an adverse effect on U.S. sales to Italy during 2002. However, the recent decline of the U.S. dollar against currencies worldwide is expected to maintain the competitiveness of U.S. exports. The market for U.S. hardwood lumber declined in 2002; however the performance in 2003 appears to have improved. Italian imports orf U.S. forest products totaled almost $162 million. Imports of forest products and wood furniture, as well as components from all sources were valued at $4.5 billion in 2002. The relative buoyancy of the wood and wood products sector is largely due to positive trends in the construction industry, which largely supported the growth in other sectors.

Includes PSD Changes: Yes
Includes Trade Matrix: Yes
Annual Report
Rome [IT1]
[IT]

Table of Contents

Executive Summary

Notwithstanding poor economic conditions, which hit Italy at the close CY 2002, total turnover in the wood and wood products sector decreased by less than 2 percent compared to the previous year. The industry's overall stability has been largely due to production associated with the construction and packaging sectors, and to the gradual recovery of the stocks. Sales of lumber and plywood declined slightly, as was the case in the furniture sector, which retains a central role in the Italian industry (2002 turnover of $21.5 billion, a 2.1 percent decrease from 2001).

Italy is the leading world exporter of furniture, and also maintains a well-established leadership position in the European and North American markets for other wood products, such as door and window frames, tissue and coated papers, plywood etc.... A high internal industrial demand, averaging 15 million cubic meters (CM) equivalent in volume of rough wood a year, combined with a low rate of self-sufficiency (around 35 percent for semi-finished products), ensures Italy's role as a major importer of raw material. Italian imports are mainly from Austria, Croatia and France.

During 2002, the value of furniture and wood product exports decreased by 3.8 percent compared to the previous year. In general, there has been a decrease in the average unit value of exports, reflecting a slight decline in export prices. While the furniture industry exports to 204 countries, nearly 91 percent of all exports are shipped to the top 25 importing countries. The industry hopes that this fact could signal the growth possibilities of emerging markets. During CY 2002, the value of imports of wood and furniture increased by almost 1 percent. This increase may be attributed to a wider acceptance of products from emerging wood exporting countries. However, imports of raw materials appear to be declining both in value and in quantity.

During 2002, the Italian industry remained fairly stable. The forest product sectors employed about 412,815 workers in 87,906 companies; most firms tend to be small to medium sized and had a total turnover of about US $36 billion in 2002. No major changes are foreseen in the Italian forest supply.

Italian per capita furniture consumption is just below the European average. It is estimated that the value of Italian per capita furniture consumption is 206 euros. In recent years, per capita consumption has risen slightly from 0.08 CM. to 0.11 CM, but remains below the European average of 0.15 CM.

2002 was a difficult year for U.S. exports to Italy. Sales of U.S. hardwood lumber fell for the second year in a row. Poor economic conditions, as well as increased competition from Eastern Europe, appear to have eroded U.S. market share. Some Italian traders still feel optimistic about the medium term outlook for American hardwoods as the weakening of the U.S. dollar may improve the competitiveness of U.S. products. During the first eight months of 2003, there were signs of recovery for both logs and lumber, primarily white oak and poplar (Tulipwood). The main opportunity for future market growth is likely to be in the construction sector. There is growing interest in the architectural use of hardwood for innovative, modern and sustainable design.

However inventories continue to be very low, as importers wait for clearer signals of future market demand.

Opportunities in the Italian furniture sector appear less promising as a significant part of the global industry has relocated furniture production to low cost areas of Eastern Europe and

Asia. However, many Italian manufacturers have responded to the competitive pressure by emphasizing new designs and product innovation. Italian furniture manufacturers remain global leaders in design and fashion trends. These trends have generally favored temperate hardwood species.

Certification of timber products remains a voluntary market instrument and, at the present, is not very significant factor due to weak consumer demand (which could also be due to a lack of consumer awareness).

Despite the current economic climate, the continuing fluctuations in the dollar/euro exchange rate, and the often protectionist regulations of the CAP, there could still be opportunities in the near-to-medium term to both maintain and improve the market for certain forest products. As Italian manufacturers look for detailed technical information to broaden the possibilities of value-added goods, they also appear to be striving to achieve greater efficiencies by shortening manufacturing lines and reducing costs.

NOTE: Dollar amounts in this report use the following average exchange rates:

CY 2001: 1 U.S. dollar equals 1.12 euro
CY 2002: 1 U.S. dollar equals 1.06 euro
Source: U.S. Treasury, Rome.

ITALIAN ECONOMIC OUTLOOK

GENERAL OVERVIEW

During the period 1995 -2002, Italy had a growth rate of 1.5 percent compared to the 2.2 percent average growth rate in the Economic Monetary Union (EMU) zone. GDP growth decelerated in Italy from 1.8 percent in 2001 to 0.4 percent in 2002. Italy's economy improved somewhat during the last quarter of 2002, while it went into technical recession during the first six months of 2003, weakened by low domestic demand and a strong euro that had a negative effect on exports. Italian exports suffered from weakness in the German market, its largest export market, but also from a fierce competition from eastern and central European countries and China. During 2002, inflation was within the norms specified for the EMU, and is expected to average around 2.5 percent in 2003.

Italian companies are adjusting to a period of slower growth in both the domestic economy and the euro zone as a whole. Both inflation and unit labor costs increased faster than the euro-area average, eroding Italian exporters' competitiveness and market share. Italy is heavily dependent on exports, mainly for furniture. Germany, its largest market, has also entered a recessionary phase.

Negative economic trends have generally fed the worry that, despite early signs of recovery at the beginning of 2003, the recovery would not become a reality.

Table: Italian Gross Domestic Product

	2002 Billion Euro	% Change at Constant Prices						
		1999	2000	2001	2002 Estimate	2003 Forecast	2004 Forecast	2005 Outlook
Private Consumption	752.2	2.6	2.7	1.0	0.4	1.2	2.3	2.0
Public Consumption	241.5	1.4	1.7	3.5	1.7	0.3	0.8	2.0
Gross Dom. Fixed Capital Form.	247.8	5.0	7.1	2.6	0.5	2.4	3.7	5.2
Stocks	2,935.0	0.3	-1.1	0.0	0.4	-0.1	0.1	-0.3
Exports	339.1	0.1	11.7	1.1	-1.0	4.2	5.8	5.5
Imports	352.2	5.6	8.9	1.0	1.5	5.0	6.5	5.4
GDP	1,258.3	1.7	3.1	1.8	0.4	1.0	2.1	2.4

Billion Euro at 2002 prices, excluding taxes. Source: Euroconstruct, 2003 – CRESME Center for Economic, Sociological and Building Research

PRODUCTION

Forest Situation – The Italian Forest Resources

According to the National Forestry Service, total Italian woodland covers almost one third of the country (approximately 10 million hectares). Forests are complex systems and resources that carry out multiple functions. They protect soil, manage waters, improve climate, purify air, encourage tourism and recreational activities, but unfortunately Italian forests have not been very productive for wood and other products. In fact, 80 percent of raw materials used in manufacturing finished products are imported.

To satisfy the demand for wood, it is necessary to enlarge forest areas with the cultivation of logging trees. Production and marketing of green-house material that is genetically improved, rigorously selected and eco-certified requires the application of intensive cultivating techniques that add value to production, providing for non-binding norms for the cutting and re-conversion cultivation of logging tree plantations.

Twenty-five percent of Italian forest area is high forest; 42 percent is coppices and 26 percent is shrub land, riparian, or rock woods. The latter category, although of little productive value, is very important for its ecological value.

There are no new statistics available on Italian forest land**.** A new forest inventory is now underway in accordance with FAO guidelines and will be completed by the end of 2004.

Hardwood species make up two-thirds of the volume of growing stock; the principal species are beech, deciduous and evergreen oaks, poplar and chestnut. The softwood species are pines, Norway spruce and European larch. Forty percent of the forest is not available for wood supply due to economic reasons or due to conservation.

Italian softwood production supplies only 10 percent of domestic utilization, of which 74 percent consists of red and white fir, 17 percent consists of pine and 9 percent is larch.

Domestic species of hardwoods of commercial value are limited to a few types. Of the total, 61 percent is poplar, 26 percent is chestnut, 5 percent is beech, and 8 percent is oak, predominantly of the Quercus cerris variety.

Regulations:

In Italy, ministerial responsibility for Forestry Policy and Environment falls under separate departments, which nevertheless co-operate in various ways, often very effectively. Italian forest policy and management of forests must take into account international conventions signed by Italy, particularly those regarding climatic change, sustainable management, conservation of biodiversity, administration of forest ecosystems etc….

During the period 2000-2002, many provisions were adopted at national level: a new law against forest fires; a law containing provisions concerning the improvement of some market conditions to favor the sustainable development of the forest sector; the creation of employment opportunities to fight damage by forest fire; the implementation of more eco-certification programs; a law that provides a new general framework for actions to be implemented by Italian regions, giving definition of forest management, forest research and information; a decree of the Ministry of Economics and Finance that provides the opportunity of tax write-offs for forest owners for expense relating to the improvement of management and protection of forests.

Forest Certification: Although wood removals in Italian forests are very low, Italy remains a leader in the processing of wood and in the production of furniture, activities where the impact of forest certification is relevant and still increasing. FSC Italy was founded in 2001. About 22,000 ha of plantation and natural forests are currently certified in a European program that calls for re-planting of harvested timber. The FCS scheme has been found rather unsuitable for the Italian forests, due to the fact that they are too small and too divided between private owners. Nevertheless, FCS Italy is organizing courses on forest certification and chain of custody. Reportedly a good number of firms working in wood processing have already acquired certification for chain-of-custody.

Certification remains a voluntary market instrument, however currently it is of secondary importance due to lack of demand (in part due to lack of consumer awareness). Some of the products produced from certified forests are being sold without a proper label documenting the source. This shortcoming in the distribution channel deprives producers and consumers of some of the potential benefits of trading recognizable certified forest products.

Table: Forest Fires 2002 and 2003 (up to Sept 2003)

Forest Fires	2002	2003	2003/2002 % Variation
Number of Fires	4,382	11,250	156.7
Wooded Lands	19,838	36,825	86.6
Other Lands	20,397	44,441	117.9
Total Area	40,235	81,266	102

Source: Corpo Forestale dello Stato

Timber Production

The volume of commercial timber (saw logs, pulpwood etc.) has remained stable in recent years at about 9 million CM. Of the present production, 80 percent consists of hardwood species while the remaining 20 percent is composed of softwood species.

The production of commercial timber is regionally concentrated with 75 percent in northern Italy (Alps and Apennines), 10 percent in the Central Part of Italy and the remaining 15 percent in the South.

The quality of Italian production is very poor. The average annual utilization per hectare is estimated at about 1.1 CM.

Most of the entire forest area is semi-natural, with some area of plantation. The most important species is poplar followed by small quantities of Douglas fir, radiata pine and eucalyptus. The poplar is the only species that is grown using managed forestry practices. Poplars have been particularly valuable for the production of cellulose and they are used by the plywood and packaging industries.

Forest Management and Uses

In the past, the predominant function of Italian forest was timber production (58 percent), followed by the direct and indirect protection (34 percent). With the abandonment of silvicultural activity in many Alpine and Apennines areas, these values appear to have changed, especially with the increase of naturalistic, protective, and tourist-recreation activities in wooded areas.

There are several projects and laws that have helped restore a healthy forest base. The objectives of these programs are: 1) to develop a more rational use of marginal and abandoned lands; 2) increase thinning activities in the high stands and re-conversion or harvesting of coppice stands in areas of negative stumpage and 3) reforestation of marginal and barren lands with emphasis on soil protection and environmental problems. The protection of the watersheds and the preservation of soil have become paramount in Italy, especially after recently rainy weather caused numerous landslides.

One of the main factors affecting Italy's wood resources has been the evolving pattern of land ownership. Private forest ownership now accounts for 66 percent of forested land. The average size of holdings tends to be very small, while the number of private owners has become very high. Furthermore, Italian forestry is still heavily regulated. With few exceptions, trees cannot be cut without prior government (Forestry Department) approval under a management plan and license. The National Forest Plan has provided the most significant support for forest activities. Since 1992, most Italian regions have conducted their forest policy in line with EU Regulations.

In 2002, the Italian government approved tax incentives that allowed private forest owners to deduct 36 percent of all maintenance interventions of private forest, with the aim of preventing environmental damage and hydro-geologic instability. The impact of this legislative action, like many others in the past, is difficult to assess. The provision has not been very actively supported by associations or by the media.

Wood Sector

The Italian wood sector generally includes companies involved in activities from tree cultivation and harvesting, to lumbering and trade, to the production of wood products, such as furniture, frames, and joinery. In 2002, the sector was slightly affected by the difficult economical situation. However, the number of workers and the number of companies remained relatively stable at 412,815 (-0.2 percent) and 87,906 (0.4 percent) respectively. Most of the companies are small (only 2,865 companies have 20 or more employees) and are privately owned, so taxation is often a significant burden for these businesses.

For 2002, the year closed with an overall decrease of 1.7 percent in production value compared to the previous year. The wood sector decrease was limited to -1.1 percent thanks in large part to the buoyancy of the construction sector. The furniture sector however registered a drop of 2.1 percent mainly due to the shrinkage of the international trade. Wood consumption improved mainly thanks to the increased investments in the construction and the packaging sectors.

The Italian wood industry, and in particular the furniture industry, is essentially an industry based on assembly, as materials and products are often produced in components manufactured by other subcontractor industries.

For more information about the Italian wood industry:

Italian Wood Federation
Federlegno Arredo
Via Foro Bonaparte 65
20121 Milano
Tel +39 39- 02 806041 FAX + 39 02 80604392
www.federlegno.it

Italian Milling Sector

Turnover in the Italian sawmilling sector declined slightly (-0.7 percent), compared to the previous year. The Italian softwood lumber industry consists of about 100 mills located along the Alps. They employ over 1200 workers. Activity of small and medium sized softwood mills is generally influenced by the building, furniture and packaging industries. This trend is likely to continue in 2003, though at a moderate level, and it not expected to pick up again unless the general economic situation in the future will improve considerably. Many of the Italian saw mills are medium size operations and in general very specialized. Some of them tend to diversify production by adding to the primary sawing production also value added production, including planning and construction of industrial and agricultural roof coverings. Other saw mills manufacture semi-finished products for the furniture industry. It is very important for the Italian producers of sawn timber to respond to the changing market situation and to safeguard the competitiveness of the Italian product, especially in regard to the enlargement of the EU and the entering into the EU of major wood producing countries.

Italian Wood Consumption

Softwood: Demand from the Italian construction sector, which uses about 65 percent of softwood lumber, was reasonable during 2002. The window industry is the biggest end-user of high quality softwood lumber and the demand is still for light color wood (pine, fir). A slight decrease in window sales was expected in Italy during 2003. The market share for wood windows is constantly decreasing in favor of plastic windows, while the wood/aluminum combination has recorded a small increase in market share. The joinery sector, interior finishing, flooring and paneling, is strictly related by the construction sector, mainly in remodeling and building rehabilitation.

Hardwood: The Italian furniture industry sources its raw materials from many countries in order to guarantee a continued and reliable supply of products. Italian demand for temperate hardwood lumber depends largely on the domestic and export performance of the furniture industry. Italian furniture manufacturers continue to prefer high-grade hardwood, mainly tulipwood, red alder and white and red oak, as well as other species such as ash, cherry and hard maple.

There is a small but increasing interest in the utilization of American hardwood in the construction sectors - one of the few sectors that showed certain vitality.

Poplar is the most important hardwood species harvested in Italy. Nearly 95 percent of the country's output is used by the wood manufacturing industry in the North.

Consumption of Poplar by industry is as follows:
35% packaging (crates for agricultural products)
25% panels (mainly particle board)
20% plywood
10 % lumber
10% paper pulp.

Domestic Panel Products – Plywood

According to official production figures, plywood production decreased by 2.2 percent in 2002. The term plywood also includes block-board, which is mainly used for the production of high quality furniture. The industry is composed of about 56 mills, which employ about 5000 people. During 2002, plywood production was estimated at 450,000 CM. Italian plywood demand for 2002 was estimated at 776,000 CM. The Italian plywood industry is the second European producer after Finland.

Plywood production is in the hands of ten major mills, which provide an output of 65-70 percent of total Italian production. However, Italy's small mills pride themselves in being very specialized and are generally able to respond to customer's needs in a short time.

The relative shares of the different species of plywood in the overall production are: softwood (34%), birch (30%), poplar (28%) tropical wood (7%) and beech (1%).

The availability of the right quality of wood and its supply on a correct price basis is a key element for the Italian plywood industry. Italian plywood continues to be less competitive than other European plywood. The main markets for plywood are construction, furniture, packaging, transport and shipbuilding.

The Italian plywood industry is conforming to new European norms covering plywood panels. Under new EU regulations, the user must guarantee that plywood panels will be produced with uniform methods and the quality will be standardized and guaranteed to conform to technical regulations and resistance.

OSB panels are taking some plywood market share thanks to their quality/price ratio.

Panel Association (plywood, fiberboard, particle board, veneers OSB)

Assopannelli
Via Foro Bonaparte 65
20121 Milano
Contact: D.ssa Plebani
Tel +39 02 806041 Fax +39 02 80604392
www.Federlegno.it/associazioni/assoPannelli
e-mail: assopannelli@federlegno.it

The future of particleboard is not very encouraging with the opening up of Eastern European countries. The production is expected to decrease due to the OSB competition in the building industry. The value of raw material for particleboard production exceeds 50 percent of the final cost. OSB and MDF will be the competitors of particleboard also in interior decorations and furniture.

The need to meet user requirements, more and more focused on design and customized solutions requires high flexibility and the possibility to produce small series in a cost effective manner.

Table: Italian Wood, Wood Products and Furniture Sectors

	year	2001		2002	
	Units	Million US $	Million €	Million US $	Million €
Turnover (a)	Value	34,603	38,755	35,934	38,090
Exports (b)	Value	11,758	13,169	11,948	12,665
Wood and Wood Products	Value	1,330	1,490	1,345	1,426
Furniture and Furnishing	Value	10,428	11,679	10,602	11,238
Imports (c)	Value	4,687	5,249	4,999	5,299
Wood and Wood Products	Value	3,315	3,712	3,555	3,768
Furniture and Furnishing	Value	1,372	1,537	1,444	1,531
Domestic Sales (a-b+c)**	Value	27,531	30,835	28,985	30,724
Exported Products (% b/a)	%	34.0%	34.0%	33.3%	33.3%

Source: Federlegno Arredo, Milan
** The domestic sales value is an index of internal consumption

Table: Wood Sector Firms and Employment

	2001	2002
Total Employees	413,782	412,815
Employees in firms of > 20 workers	123,615	122,859
Total Firms	87,562	87,906
Number of Firms with > 20 workers	2,865	2,850

Source: Federlegno Arredo, Milan

TRADE

Overview / Outlook

Italy remains highly dependent on imports, given the country's lack of raw materials. Italian imports of raw materials (logs and lumber) in 2002 decreased in value and in quantity from the previous year. The negative trend continued also during the first six months of 2003 with the exception of softwood lumber. The war with Iraq has encouraged Italian buyers to adopt a wait-and-see approach to buying. Italian importers continue to maintain low stocks and shift increasingly to just- in-time ordering.

Italian traders are sourcing more raw materials (both soft and hardwood species) from Europe, which is becoming more self-sufficient and where the timber quotations are not transacted in dollars. Prices of certain U.S. timber species, both soft and hardwoods, are considered too high - perhaps the weaker US currency will allow American products to re-gain market share in Italy. However, there are reports of shortages for certain species and grades of American hardwood.

Table: Italian Imports in the Wood Sector, 2002

			change	Value		change in €
			02/01	Million €	Million US $	02/01
Logs	CM	4,698,014	-6%	436	411	-11%
Lumber	CM	7,453,506	-3%	1,614	1523	-3%
Particle boards (OSB, wafer boards)	CM	660,086	6%	99	89	-2%
Fiber boards (MDF & others)	sq.mt	74,300,421	-2%	125	118	2%
Plywood	CM	493,214	21%	195	184	6%
Wood products for the construction sector (Flooring, Doors Windows, Prefab. Housing etc)	MT	290,767	15%	379	358	9%

Source: Federlegno Arredo, Milan
CM = cubic meters; MT = metric tons; sq.mt = square meters

Table: Italian Imports Jan-June 2003 (compared to the same period of 2002)

Type	Jan - Jun 2002	Jan - Jun 2003	Change		US imports	
	CM *	CM *	in CM*	%	in CM	% Change
Softwood Logs	1,180,712	1,030,973	-149,739	-12.7	1,620	-17.3
Softwood lumber	2,753,000	2,841,155	88,155	3.2	16,851	-6.2
Hardwood Logs	1,087,561	1,064,719	-22,842	-2.1	45,025	-4.7
Hardwood Lumber	575,123	657,500	82,377	-1.6	104,438	-6.1
Tropical Logs	169,995	148,333	-21,662	-12.7	n/a	n/a
Tropical Lumber	340,692	232,088	108,604	-6.3	515	79.4
Plywood	304,994	301,637	-3,357	-1.1	106	32.5
Particle board	329,692	297,637	-32,055	-9.7	68	277.8
Wafer board -OSB	83,711	61,328	-22,383	-26.7	3	n/a
Fiberboard (000 sq.mt)	35,674	42,731	7,057	19.8	5	-61.4
Fiberboard MDF (000 sq.mt.)	13,325	15,355	2,030	15.2	n/a	n/a
Other Fiber Panels (000 sq.mt)	22,349	27,375	5,026	22.5	5	-61.4
Veneer Sheets (metric tons)	69,224	76,611	7,387	10.7	3,518	9.0

Source: Federlegno Office, Rome, ISTAT
* Values are in cubic meters (CM) except where differently indicated

Italian Imports: Softwood

The local demand for softwood lumber remained good due to the positive construction sector.

Total Italian imports of softwood logs and lumber during 2002 increased by 2.4 and 0.9 percent respectively.

Austria continues to be the leading supplier of softwood lumber, and will continue to be the major supplier in terms of timber for the building industry. Fedecomlegno, the umbrella organization of the Italian wood industry, maintains privileged relationship with the Austrian organization ProHolz, which is tasked with promoting Austrian timber exports.

Italian lumber imports from Russia continued to grow during 2002 (+19%). This positive trend is expected to continue in the near future thanks to the current economic and social stability, availability of forest resources and favorable currency exchange rates even despite obsolete equipment, lack of investment, and inadequate legal systems in Russia which continue to affect growth. Germany, due to strong investments in modern production plants has increased its tendency to export and has consolidated its position as the second supplier of softwood to Italy (+5% during 2002).

During the first six months of 2003, Italian imports of coniferous sawn wood increased by 3.2 percent compared to the same period of last year and totaled 2,841,155 cubic meters. Imports from the European Union countries increased by 2.3 percent, to 2,265,019 cubic meters and the main partners remained Austria (+6.1%), Germany, (- 6%) and Finland, +5.1%.

Imports from others countries reached 576,136 cubic meters, 4.6 percent more than last year and the main supplier was Russia, (up 1.6%) followed by Ukraine and Switzerland, both of which registered a strong growth of sales. The position of the U.S. has remained relatively weak (-6.2 % compared to the same period of 2002.)

Italian Imports: Hardwood

Italian temperate hardwood sawn lumber imports dropped by 3 percent during 2002**.** According to some Italian traders, the increased competition US hardwoods face from Eastern European hardwoods will not reduce significantly because exchange rates have swung in favor of the dollar. Of course a much weaker dollar to the Euro will provide some help. Italian buyers have been looking for Yellow Poplar (Tulipwood), Hard Maple and White Oak. Italy has also purchased significant volumes of Walnut saw logs and veneer logs. Italian buyers generally look for very high-grade saw logs as they cut 8/4 (51mm) and 10/4 (64mm). Imports from Croatia have been stable and Croatia has asserted its leading position as major supplier followed by the US and Hungary (- 19% during the first 6 month of 2003).

As for the past year, importer stock levels of American hardwoods have remained low, as purchases are made on a just-in-time basis.

The increased availability of relatively “cheap” exports of European hardwoods has been the major factor behind the decrease in Italian imports of American products. Considerable investments in European hardwood processing plants (also by Italian companies) during recent years are beginning to show results. Reportedly, these countries can offer lower grades and tighter specifications at much more competitive price levels that lower grades exported from the USA. More and more European lumber producers are able to meet importer’s demand such as cut to length and width dimensions without applying extra costs. However, ordering times are still lengthy and availability of the best quality stock is still quite limited – even though availability of higher grade oak from the former Yugoslavia is increasing.

One of major Italian producer and importer (Corà) is expanding its operation in Bosnia, where there is a good availability of beech, basswood and oak. The Corà group also has two other operations in Romania where they produce walnut, cherry and maple lumber and semi finished elements in oak and other hardwoods.

The Florian group is also present in Croatia, Bosnia, Hungary, Ukraine and Russia where the best hardwood species are available and are able to supply specifications requested by Italian users.

Italian Imports: Tropical Hardwood logs and lumber

Overall log supplies throughout the major African supply regions are constrained by higher logging taxes in some countries, the U.N. sanctions against Liberia, and poor weather conditions. But limited supply continues to be matched by weak demand. Prices for most species have been reasonably stable. Sawmills in Gabon and Cameroon still report difficulties and some are on-selling logs to mill, which do not have export quotas just to maintain cash flows. Reportedly, several sawmills are now for sale. More and more tropical wood is expected to be shipped to Italy as semi finished or finished components.

Italy's imports of tropical hardwood logs during 2002 registered a drastic drop in value and in volume. Also, tropical sawn hardwood appears to have lost market share in Italy in 2002, as imports dropped by 13 percent both in value and in quantity. Ivory Coast and Cameroon dropped 36 and 27 percent respectively while Malaysia increased 25 percent compared to the previous year.

During 2002, Italy imported almost 82 percent of total tropical lumber from African countries, mainly from Cameroon and Ivory Coast. Liberia, as of July 2003, has been forbidden to export timber for 10 months. Italian imports from Asian countries continue to be low due to high prices at origin countries.

Lack of political stability in African countries negatively affects timber quotations and produces a distortion of the market.

Italian Imports: Softwood land Hardwood Plywood

Italy's role has changed in the last ten years, from that of a net exporter to a net importer. Italian plywood industries have been facing increasing competition from foreign countries, which have an abundance of raw material, good manufacturing technology and low labor costs.

Italian imports during 2002 increased by 21 percent compared to the previous year due to growth in the construction sector. Some Italian companies have opened factories in African countries, where they produce veneer and plywood panels using okumè bahia, movingu, iroko and other tropical hardwoods species. However, on the Italian market it is possible to find okumè plywood panels (Asian origin) of very low quality at extremely low prices (about one tenth of the average European plywood panels). Reportedly Asian traders are willing to buy okumè logs in Africa at very high prices, ship them to Asia where they manufacture low quality plywood, and then re-export the panels on the European market.

The origin of imported plywood has remained relatively stable. A wide range of technical, political and environmental factors may combine in coming months to alter the dynamics of the trade. These factors include: new measures by major importing countries to control imports of illegally sourced wood products; and the imposition of new quality standards in both Japan and Europe. Indications are that the Indonesian industry will have particular problems meeting the new requirements.

Plywood prices drive Italian traders' decisions on sources of plywood.

For more information on Italian trade:

Italian Traders Association
Fedecomlegno - Federlegno
Via Toscana 10
00187 Roma

Tel +39 06 4200681 Fax +39 06 42012236
www.federlegno.it/ associazioni/fedecomlegno
E-mail: fedecomlegno@federlegno.it

Italian Agent Association
Agelegno
Piazza San Martino 1
40126 Bologna
Tel +39 051 227122 Fax +39 051 265976
www.agelegno.it
E-mail: info@agelegno.it

Italian Wood Traders – Top 30

Name of Companies	Turnover 2001	
	000 €	000 $
Corà Domenico & Figli Spa	107,137	95,658
Imola Legno Spa	79,526	71,005
Fratelli Feltrinelli Ind. e Comm del Legname Spa	52,719	47,071
Bellotti Spa	40,916	36,532
Piarottolegno Spa	35,314	31,530
Soc. Legnami Paganoni	32,958	29,427
A.L.A. legnami	30,409	27,151
Pino Legnami Spa	30,161	26,929
Pe Pietro Legnami Spa	24,130	21,545
Florian Legno Spa	23,792	21,243
Paganoni Importlegno S.p.A.	20,396	18,211
SI.RA.R Srl	19,500	17,411
Colella Legnami	19,370	17,295
Doriguzzi Mario Spa	17,116	15,282
Michele Alfano Legnameria ItalianaSpa	16,524	14,754
Galifi Srl	16,238	14,498
Romeo Mira Spa	15,603	13,931
Fratelli Gallo Spa	15,104	13,486
Panalex	14,874	13,280
Lo Castro Spa	14,841	13,251
CO.MO.L.A.S.	13,692	12,225
Giarola Spa	13,394	11,959
Forestale Veneta Spa	11,089	9,901
Andrighetti Legnami Spa	10,980	9,804
Giobatta e Pietro Garbellotto Spa	10,540	9,411
F.lli Tramontina Spa	10,402	9,288
J.M.E.L. Srl	9,604	8,575
Breglia Spa	8,690	7,759
Bulleri Ezio Legnami Spa	8,395	7,496
Ommico Italiana Srl	8,103	7,235

Exchange rate 2001: 1US$ = 1.12 €
Source: Databank Spa

MARKET SEGMENT ANALYSIS

CONSTRUCTION SECTOR: OVERVIEW

In 2002, the Italian economy entered a phase of stagnation that contrasts with the much more optimistic forecast previously made. Against this general economic background, the construction sector – which throughout 2002 underpinned the Italian economy in both investment and employment terms – is expected to enter into a recession stage lasting throughout 2003 – 2005.

The overall value of the construction sector, including services, during 2002 still recorded a growth with respect to 2001 reaching 158.3 billion Euro, but the rate of increase has become very low and anticipated the stagnation of 2003 (which has highlighted a decline of 0-3% (to 157.8 billion Euros) and the recession that is expected for 2004 (-1.2%) and 2005 (-0.9%). With the exception of the civil engineering market, all building sectors will show a downward trend.

The combined effect of the fall in sales and the reduction of household consumption penalized the residential maintenance and renovation market. In 2001, investment in extraordinary residential maintenance and renovation grew by only 0.5 percent but in 2002 began to fall by 0.8 percent. This drop could worsen in 2003 and probably continue in 2004. However, recently the Italian government has indicated that tax incentives for renovations works will still be maintained for 2004 and also increase the benefit to 41 percent of the total expense. This tax incentive has fuelled demand over the last few years and hopefully will somewhat help the renovation market for next year.

New Residential Building: In 2001, 86 million cubic meters of residential building were completed in Italy (+ 7.9 % over 2000). In 2002, a further 99 million cubic meters arrived on the market (+ 14.6%). The forecast for 2003 indicate an increase in constructed volumes of 3.2 percent or over 102 million cubic meters. Investments in new residential building recorded increases at constant values, of 6.2 percent in 2000, 8.5 percent in 2001 and 6.3 percent in 2002. The market for new residential building in 2003 is expected to level off. It needs to be said that a great part of remodeling is not taken into account by statistics because it is done privately by home owners.

New Non-residential Buildings: There has been a significant growth in new non-residential building: In 2001, 127.3 million cubic meters were completed, and increase of 28.2 percent over 2000, and in 2002 about 137.9 million cubic meters, a further increase of 8.3 percent. In 2003, the forecast is for a decline of 1 percent to 136.5 million cubic meters.

Civil Engineering: On the basis of new estimates for 2002, the overall expenditure in the civil-engineering segment is 29.96 billion euros, i.e. 19 percent of the total construction output sector. The growth rate has been lower than expected mainly due to the fact that the Central Government has reduced expenditure in the construction sector, while fostering other sectors, such as defense.

The use of timber in the construction sector is restricted to doors, windows, flooring, paneling and roofing.

Table: Construction by Type (Value: Million Euro excluding taxes)

	2,002 Million €	2003 Estimate	2004 Forecast	2005 Outlook
Residential Construction				
New	24,258	24,404	23,183	22,094
Renovation	38,619	37,692	37,278	37,315
Total	62,877	62,096	60,461	59,409
Non-Residential Construction				
New	21,323	21,131	20,497	19,923
Renovation	21,208	21,060	21,102	21,123
Total	42,531	42,191	41,599	41,046
Building				
New	45,581	45,535	43,681	42,017
Renovation	59,827	58,752	58,379	58,438
Total	105,408	104,287	102,060	100,455
Civil Engineering				
New	12,987	13,442	13,818	14,094
Renovation	16,977	17,300	17,490	17,525
Total	29,964	30,742	31,308	31,619
Construction Sector Output	135,372	135,027	133,367	132,074
Services/Construction by other sectors, DIY/ Black Market	22,904	22,789	22,607	22,449
Total Construction Output	158,276	157,817	155,975	154,523

Source: Euroconstruct, June 2003 - CRESME

Table: Construction by Type (Percent change – Euro Value)

	% Change at Constant prices over Previous Year						
	1999	2000	2001	2002 Estimate	2003 Forecast	2004 Forecast	2005 Outlook
Residential Construction							
New	1.9	6.2	8.5	6.3	0.6	-5.0	-4.7
Renovation	8.0	6.6	0.5	-0.8	-2.4	-1.1	0.1
Total	5.8	6.5	3.3	1.8	-1.2	-2.6	-1.7
Non-Residential Construction							
New	3.1	6.5	8.1	3.0	-0.9	-3.0	-2.8
Renovation	3.3	4.5	2.6	-0.8	-0.7	0.2	0.1
Total	3.2	5.4	5.2	1.1	-0.8	-1.4	-1.3
Building							
New	2.5	6.3	8.3	4.7	-0.1	-4.1	-3.8
Renovation	6.3	5.9	1.2	-0.8	-1.8	-0.6	0.1
Total	4.7	6.1	4.1	1.5	-1.1	-2.1	-1.6
Civil Engineering							
New	7.0	2.8	8.6	2.2	3.5	2.8	2.0
Renovation	6.3	4.8	6.5	1.7	1.9	1.1	0.2
Total	6.6	3.9	7.4	1.9	2.6	1.8	1.0
Construction Sector Output	5.1	5.6	4.8	1.6	-0.3	-1.2	-1.0
Services/Construction by other sectors, DIY/ Black Market	4.8	5.4	3.6	1.1	-0.5	-0.8	-0.7
Total Construction Output	5.1	5.6	4.6	1.5	-0.3	-1.2	-0.9

Source: Euroconstruct, June 2003 - CRESME

Table: Residential Construction (in 000s Units)

		1999	2000	2001	2002 Estimate	2003 Forecast	2004 Forecast	2005 Outlook
Building Permits (1)	1+2 family dwelling	40	42	43	43	40	40	38
	Flats	142	147	150	152	142	136	130
	Total (3)	197	205	213	214	200	190	182
Housing Starts (2)	1+2 family dwelling	45	50	52	56	56	53	51
	Flats	130	146	157	159	153	125	120
	Total (3)	228	240	249	255	245	225	218
Housing Completion (2)	1+2 family dwelling	46	43	48	50	52	56	56
	Flats	113	116	126	154	159	160	149
	Total (3)	193	198	222	242	251	256	243
Stock (1000 dwelling)	Total			26,526				
of which:	second hand			3,380				
	vacancies			1,818				
Home ownership rate				71%				

(1)Only legal dwellings (2) Legal production and estimation of illegal production
(3) Total includes dwelling in new non residential building and dwellings got from extension intervention
Source: Euroconstruct, June 2003 - CRESME

Table: Non-Residential Construction (Public and Private – New Construction Only)

	2002	% Change at Constant Prices						
	Million €	1999	2000	2001	2002 Estimate	2003 Forecast	2004 Forecast	2005 Outlook
Schools and Universities	0.424	2.0	1.0	1.5	3.0	-0.5	2.0	1.0
Hospitals	0.533	8.5	7.4	1.4	-0.5	-0.8	0.5	0.2
Industrial Buildings	8,412	2.7	5.7	9.0	2.1	-1.0	-3.9	-3.2
Office Buildings	1,639	0.9	8.7	8.1	5.5	-0.8	-5.4	-2.8
Commercial Buildings	2,973	0.9	3.8	4.5	5.0	-8.0	-2.9	-2.5
Miscellaneous	7,342	4.7	8.4	9.5	3.0	-0.9	-2.0	-2.9
Total	21,323	3.1	6.5	8.1	3.0	-0.9	-3.0	-2.8

Million Euro at 2002 prices, excluding taxes.   Source: Euroconstruct, June 2003 - CRESME

Unlike in North America and in Northern Europe, Italians use very little wood for structural components in residential construction. Main construction materials are bricks and masonry. For the most part, wood use for structural components is negligible in non-residential construction as well. An exception to this is the increasing use of glue laminated beams. The large part of wood entering in the Italian construction sector is utilized for joinery purposes, mainly doors, windows, flooring and paneling. There is an increasing use of wood for roofs.

Table: Italian Wood Products for the Construction Sector , 2001 (final), 2002 (prelim.)

	Year	2001		2002	
	Units	Million US $	Million €	Million US $	Million €
Turnover (a)	Value	6,765	7,577	7,248	7,683
Exports (b)	Value	265	297	276	293
Imports	Value	371	415	422	447
Balance (b-c)	Value	-105	-118	-145	-154
Domestic sales ** (a-b+c)	Value	6,870	7,694	7,393	7,837
Production being exported (% b/a)	%	3.9	3.9	3.8	3.8
Employees (number)	Nr.	93,845	93,845	94,079	94,079
Employees in firms of > 20 workers	Nr.	13,656	13,656	13,656	13,656
Total Firms	Nr.	32,235	32,235	32,396	32,396
Number of firms with > 20 workers	Nr.	340	340	340	340

* Includes Doors, windows, flooring, prefabricated housing, profiles, ladders and other wood products for constructions.
**The domestic sales value is an index of Internal Value

Limiting factors for using wood for structural components are lack of specific building codes for wood structures. While wood is not used for structural components in traditional construction, it is used extensively as scaffolding, temporary bracing and concrete forming during the remodeling or erection of buildings. The wood used in these applications is of low quality and is provided by European suppliers.

Distributors of building materials are quite traditional in Italy: many of them still offer very traditional products and services. However, there are companies offering a broader product range, including non-wood products, flooring, doors, an engineering office for roof trusses, etc.

As of April 2003 wood based panels (for construction) meeting the essential requirements of the relevant Directive(s) will be eligible for 'CE ' (European Community) marking and may be placed on the market anywhere within the European Economic Area; while as of April 1 2004, the CE marking will become mandatory for all construction material including wood based panels for construction. Summary list of titles and references to harmonized standards related to construction products can be consulted at: http://europa.eu.int/comm/enterprise/newapproach/standardization/harmstds/reflist/construc.html . The remaining market sectors that utilize panels, for example panels for the furniture sector, are not involved in the new directive and they are not required to use the CE marking.

More detailed information about the Italian construction industry can be obtained from CRESME, a leading research company in the construction sector:

Cresme Ricerche SpA
Via Fogliano15
00198 Roma
Tel +39 6 854 36 23 Fax +39 6 841 57 35
www.cresme.it e-mail cresme@cresme.it or
www.euroconstruct.com

Or
ANCE (Italian National Association of Private Construction Companies)
Via Guattani
00161 Roma
Tel +39 06 84 567.1
E mail: info@Ance.it
www.ance.it

JOINERY SECTOR

Demand for Italian joinery is dependent on the level of activity in the construction market. With the improvement of the domestic building industry, the overall joinery sector production (windows, doors and flooring) increased by 2.7 percent during CY 2002.

The door and window industry is in transition. Various factors are leading towards increased demand for pre-assembled joinery products including a shortage of specialized skill a desire to raise quality standards and simplify the on-site construction process. The Italian manufacturers are upgrading their equipment in order to process random width and length clears into window components of a more standardized size. Wood species used in the window sector: pine, Douglas, fir, hemlock, southern yellow pine, and other softwood; tropical species; and temperate hardwood.

The use of glue lam is in expansion in the production of windows and has allowed different Italian companies to become competitive in the semi-finished products for the joinery sector. However, some of the Italian companies have abandoned the production of glue lam produced with fir and pine since their product was not competitive with other European products. They are now specializing in products for niche markets using temperate and tropical hardwoods where the glue lam production is more complicated and difficult. Wood species used in the glue lam joinery sector are: sylvester pine, larch, oak, hemlock, meranti and niangon.

Douglas fir and yellow pine species are not being used in the production of glue lam since their quality is generally good without defects. Market expansion is dependent upon containing costs incurred by end users.

Manufacturers of all wood windows are facing a fierce competition from alternative materials such as PVC and aluminum. It is estimated that the Italian quota of all-wood windows is just below 50 percent of the market. While alternative materials' market share is increasing (+7%) individual home owners still prefer wood. Demand for window scantlings is growing. Solid wood scantling in all species represents about 25 percent of total wood consumption**.**

Door production is an industrial process, but more than 50 percent of doors are used in older home repairs.

There are strict standards procedures in the joinery sector in Italy. The Italian manufacturers that export doors and windows must have an E.C. approval mark, which signifies that the product conforms to the standardized norms and technical specification. Wood suppliers to the joinery sector should be aware of the exacting technical and aesthetic standards for a finished wood window in Italy.

Wood Species used in the Door Sector: Spruce; Other Softwood; Temperate Hardwood; Tropical species and Panels.

Italian manufacturers of moldings for windows are looking with interest to the Russian market whose demand is expected to grow for this type of product. The building construction industry is booming (in Moscow alone 4 million square meters of housing is built each year), as well as the increase in the nation's disposable income.

Table: Total Window Trade (includes non wood) 2002

Imports				**Exports**			
	000 US $	M.T.	02/01 % MT		000 US $	M.T.	02/01 % MT
Denmark	15,915	3,130	9	U.S.	6,141	543	74
Hungary	8,924	2,080		Greece	2,392	401	-16
Austria	4,595	671	22	Germany	1,758	867	21
Rumania	1,817	2090	196	Israel	1,351	351	75
Slovenia	1,543	358	64	Spain	1,192	159	-22
Germany	1,431	293	3	Russia	924	137	-54
Croatia	908	310	81	Switzerland	890	116	-7
Others	2,302	1017	-62	France	493	93	-49
				Cyprus	368	49	25
				Others	4,470	773	-23
Total	37,435	9,949	33	Total	19,977	3,489	-2

Exchange Rate 2002 1 $ = 1.06 €
Source: Centro Studi COSMIT, Istat data

Table: Total Doors Trade (includes non wood), 2002

Imports				Exports			
	000 US $	M.T.	02/01 % MT		000 US $	M.T.	02/01 % MT
Rumania	7,897	6,767	23	Russia	23,053	3,854	32
Germany	1,821	1,065	-41	Japan	6,645	1,001	73
Indonesia	1,387	551	-19	Switzerland	5,541	711	1
Austria	883	375	55	Germany	3,946	578	-43
Belgium	854	767	25	Austria	3,748	562	10
Others	4,476	2,264	-15	Israel	3,544	1,202	-9
				Greece	3,520	783	54
				Ukraine	2,767	427	19
				Slovenia	2,726	426	78
				Latvia	2,549	428	31
				Arab Emirates	2,169	1,267	35
				France	1,630	290	-2
				Portugal	1,298	204	98
				USA	1,297	172	-19
				Others	16,792	2,966	-29
Total	17,318	11,789	2	Total	81,225	14,871	4

Exchange Rate 2002 1 $ = 1.06 €
Source: ISMEA-ISTAT

ITALIAN WOOD PARQUET/FLOORING

In spite of the general tough market conditions and the general worsened economic climate, parquet sector has increased in market share. Most parquet producers reported that the sector performed well as regards the output in volume. During 2002 the Italian production is estimated at 6 million square meters (9.6 percent of the total European production) while consumption is estimated at 15 Million square meters. Outlook for next year is uncertain. It depends on the performance of the Italian construction market and the general economic conditions. The latest currency developments between the Euro and the US dollar have rendered it more difficult for Italian producers to compete on dollar markets.

Reportedly the most used species for the production of parquet in 2002 were as follows: oak (47%); beech (19%); maple (6.5%); ash (3.6%); birch (1.6%); cherry (1.7%) tropical (16%) and other species. In recent years there has been an increasing demand for tropical hardwood flooring. Finished parquet uses sawn timber and wood panels (mainly plywood) as a support. The cost of raw materials accounts for about 50 % and this is a real drawback to wood flooring expansion.

The following parquet types are supplied by Italian manufacturer: mosaic parquet (solid strips of smaller dimension assembled together in a special pattern) solid parquet (strips or planks ranging from 6 to 23 mm with or without tongue and groove) and multilayer parquet (parquet panels composed of two of more layers of wood (or wood –based material), with a top layer of hardwood).

The European Committee for standardization, CEN is currently writing standards for the various (sub) types of parquet manufactured in Europe. These standards will replace National standards.

Wood flooring is increasing popularity in the "Do-It-Yourself" sector due to its versatility and competitive prices.

The Italian wood flooring industry still appreciates U.S. hardwoods (hard maple, red oak, black cherry, ash and walnut) for their quality and beauty however Italian manufacturers consider the U.S. raw materials and semi-finished blanks very expensive.

For more information about the entire wood joinery sector (windows, doors and flooring) contact:

Edilegno - Federlegno
Via Foro Bonaparte 65
20121 Milano
Tel +39 02 806041 Fax +39 02 80604392
www.Federlegno.it/associazioni/edilegno
e-mail: edilegno@federlegno.it

Wood joinery companies which are members of the Wood Association are linked or listed on this web site.

Table: Total Wooden Floor Trade, 2002

Imports				Exports			
	000 US $	M.T.	02/01 % MT		000 US $	M.T.	02/01 % MT
Indonesia	13,694	8,411	7	Germany	12,180	3,417	-13
Ivory Coast	12,376	8,463	3	France	6,806	2,478	-6
France	11,013	4,095	39	Switzerland	5,846	1,822	-37
Austria	10,220	3,953	-6	Austria	2,753	819	-27
Nigeria	10,063	7,947	-25	USA	2,637	643	179
Croatia	9,992	6,912	32	U.K.	2,467	899	-43
Germany	7,613	3,566	-22	Greece	2,292	2,481	113
Romania	6,907	5,892	11	Russia	1,837	715	59
Cameroon	5,914	4,266	-3	Spain	1,781	1,080	-13
Paraguay	5,014	4,831	-3	Turkey	974	504	-14
Denmark	4,829	2,233	69	Slovenia	843	287	-47
Burma	4,588	2,517	33				
Sweden	4,506	1,942	98				
Finland	3,488	1,144	34				
Ghana	2,906	2,259	28				
Hungary	2,646	1,257	9				
Congo	2,169	1,012	0				
Switzerland	2,165	477	23				
Brazil	2,041	1,828	7				
Malaysia	1,589	670	47				
China	1,572	1,006	47				
Others	12,571	8,519	-28	Others	10,438	6,126	-36
Total	137,875	83,200	1	Total	50,853	21,271	-18

Exchange Rate 2002 1 $ = 1.06 €
Source: Centro Studi COSMIT, Istat data

Do it Yourself Market in Italy

The DIY in Italy has improved during the past few years but the sector is still considered relatively limited. There are many companies in this sector, many of which are very small. Even the largest companies in the market - compared to most other EU countries- play a relatively small part in the overall turnover. The arrival of foreign companies has become increasingly important in the modernization process of the DIY sector. However, there is still a lot to be done in a country where people prefer to spend their leisure time on a lot of other leisure activities but not working within their houses and apartments. Communication and marketing needs to be improved in the large DYI centers since they have to be able to respond to the needs of the artisans and professional people and also to the consumer. The most important chains present in Italy are: Brico Center, Castorama, Leroy Merlin and Briko Io. The Value of the DIY market is estimated at 9.3 million Euro.

Manufacturers of Wood Joinery (Windows, Doors and Parquets) – top 20

Name of Companies	Turnover 2001	
	000 €	000 $
Cocif Scarl	60,270	53,813
Margaritelli Italia Spa	59,869	53,454
Cormo Scarl	54,357	48,533
Tre Elle La Lavorazione del Legno Scarl	51,140	45,661
Piero della Valentina & C Spa	38,783	34,628
Coop Legno Scarl	32,398	28,927
Tre P & Tre Più Spa	21,793	19,458
Lavoranti in Legno Scarl	21,247	18,971
Gazzotti Srl	21,061	18,804
Ferrero Legno Spa	19,971	17,831
Comeca Spa	19,769	17,651
Panto Spa	19,700	17,589
Effebiquattro Spa	17,203	15,360
Albertini Spa	15,736	14,050
Florian Parchetti Spa	14,692	13,118
Stile Pavimenti legno Spa	13372	11,939
Alpina dei F.lli Loser Spa	13,128	11,721
G.D.Dorigo Spa	12,410	11,080
Soc. Coop. Produzione Serramenti Dolcini Scarl	12,172	10,868
Audasso Antonio Spa	11,506	10,273

Exchange rate 2001: 1US$ = 1.12 €
Source: Databank Spa

FURNITURE SECTOR

Table: Italian Furniture and Furnishing Sector, 2002 (preliminary)

	2002 Million US $	2002 Million €	2002/2001 % € Change
Turnover	21,501	22,791	-2.1
Exports	10,602	11,238	-4.5
Furniture only	8,409	8,914	-3.9
Imports	1,444	1,531	0.7
Furniture only	933	989	0.3
Trade Balance	9,158	9,707	-4.3
Domestic Sales **	12,343	13,084	-0.4
Employees (Number)	229,850	229,054	-0.3
Number of firms Number)	37,840	37,987	-0.8

Source: Federlegno Arredo/ISTAT
** The Domestic Sales value is an index of Internal Consumption

In 2002 the Italian overall furniture sector turnover was worth a total of US$ 21.5 billion at factory prices, -2.1 percent with respect to the previous year.

Italy is the second European furniture producer representing the 21.6 percent of the total EU production and the major exporter of furniture and furniture components. Germany, while the main furniture producer, is Italy's leading consumer and importer of furniture components.

The Italian furniture is valued for its style, quality and functionality. Among the competitive factors determining the success of Italian furniture is the fact that the Italian furnishings industry is at the forefront in terms of quality, planning and product aesthetics, and Italian design has a clear role as a global trendsetter In Italy, there is a strong relationship between furniture designers and furniture manufacturers. This allows the designers to be creative while knowing that their products will be made to the highest quality.

The cost of raw materials and labor are the most important factors influencing the competitiveness of the furniture industry. Material and services costs make up more than 60 percent of the production value, while labor costs account for about 78 percent of the total cost. The value added represents around 40 percent of the production cost.

If the economic situation does not improve, sales of wood furniture in Italy are expected to register a 0.7 percent decrease per year. Sales on international markets may boost the revenue in this sector.

The Italian furniture industry has changed significantly over past years and is becoming more and more an assembling industry, which employs various raw materials to manufacture its products. They range from wooden boards to metal through leather and glass.

The Italian furniture industry accounts for 1,642 enterprises with over 20 employees, employing 102,658 people, and 36,342 enterprises with under 20 employees (employing

126,394). Only 16,000 companies are export oriented. Most of companies operating in this sector are located in Lombardy, Veneto, Emilia Romagna, Tuscany and Marche. Their particularly small size (an average of 11 employees) reflects a unique characteristic of the Italian production system. The competitive drawbacks of small size are counterbalanced by greater flexibility and adaptability to meet specific customer needs.

From a technological point of view, the difference between industrial and handicraft operations is blurring. A huge offer of high tech equipment also for small and medium enterprises helps these handicraft companies to meet user requirements

No major changes are expected in the structure of the Italian furniture market for the near future. These are the major characteristics of Italian furniture manufacturers: 1) the small workshop is usually a subcontractor working only on behalf of other furniture makers; 2) mid-sized enterprises often enter the export market by supplying large distribution chains or big retailers; and 3) large enterprises with more complex production and marketing organization sell their products on the domestic market and abroad.

Wood Use in the Furniture Industry

The use of real wood products in the furniture sector is restricted to the higher end market. This specific sector continue to prefer high grade hardwood, mainly tulipwood, red alder and red oak as well as other species such as ash, cherry and hard maple. However, some furniture plants are looking at lower-priced woods such as soft maple and white oak. More furniture manufacturers are increasingly replacing the natural wood with panel products with a thin covering of veneer and or other different materials (especially semi-finished products and ready made components) created by the smallest firms for specific purposes and with unique quality characteristics. The availability of cheap wood panels has favored this trend. The greater number of semi-finished products and components, which due to their specific characteristics are much more simply processed than natural wood, have helped designers to develop new solutions, customize and standardize the products, increase productivity and economize on manufacturing costs

Some traditional furniture manufacturers have diversified production from measure-made furniture to the production of post-formed tops, shelves and laminated panels.

Furniture Trade

Italian imports of furniture, after many years of a consistent growth, have registered an increase of 7.2 percent in volume but only a 0.3 percent in value (989 Million Euro). Germany and France reduced their exports of furniture to Italy by 12.3 and 34.7 percent respectively in value while Austria increased exports by 35.5 percent in value and 50.6 percent in volume. Eastern countries (mainly Romania) and Asian countries (mainly China) are slowing increasing their share compared to previous years. China is the third furniture exporter in value after Germany and Austria.

The furniture industry exports its products to 204 countries. Nevertheless, the exports absorbed by the top 25 importers make up 91% of the total. The industry hopes that there are still growth possibilities in emerging markets (above all in Eastern European countries and China).

In 2002, exports by the furniture industry decreased both in value (-3.9%) and in quantity (-5.0%). The negative export performance is to be attributed to economic crisis which has

affected traditional importers of Italian furniture. Germany, for the fifth year in a row, decreased imports by 17 % both in value and quantity; same situation, in value terms, was registered for France (- 4%), Middle East countries (-14%) mainly Israel and Saudi Arabia and Japan (-12%). Better export results were obtained with the U.K.
Exports to the US were stable in value and increased 4.6 % in quantity. Italian furniture in the US is becoming very popular. The majority of Italian exports to the US were household upholstered.

Europe continued to be the preferred destination for Italian furniture. The EU accounted for 56% of total exports despite reductions of 5.0 % in value and 8.1 % in quantity.

A stagnant situation is expected for the near future for middle range furniture, mainly upholstered furniture but also kitchen furniture. According to a recent report the Italian production of dining and living room furniture amounted to Euro 1,532 million in 2002, a 2.5% drop on the previous year and reversing the trend of the 5 previous years. Competition is increasing from Spain and from some Far Eastern countries, where production is expanding.

Following the numerous reproduction of Italian furniture that have been and are still invading the market, The Italian furniture industry is asking the European Commission to perform more controls at the borders of the EU to intercept imitation products more frequently.

Table: Italian Furniture Trade, 2002

Imports				Exports			
	000 US $	M.T.	02/01 % MT		000 US $	M.T.	02/01 % MT
Germany	125,631	26,051	-7.2	U.S.	1,400,963	270,692	4.6
Austria	101,927	39,017	50.6	Germany	1,141,278	295,707	-17.2
China	79,075	46,475	29.9	France	1,003,657	268,325	-7.1
Romania	66,857	49,006	5.7	U.K.	990,404	207,778	16.1
France	62,972	14,214	-45.5	Switzerland	329,149	57,635	-10.9
Spain	54,206	18,547	-6.0	Russia	322,679	52,099	-8.9
Switzerland	50,293	22,455	-9.5	Spain	254,930	61,533	-4.0
Indonesia	46,942	19,204	18.6	Belgium	239,746	43,701	-15.4
Slovenia	36,653	20,676	26.8	Netherlands	227,232	42,248	-16.5
Poland	32,236	9,622	16.6	Austria	164,028	44,341	8.3
U.S.	26,331	6,847	4.3	Japan	152,054	22,080	-8.5
Croatia	25,206	19,372	6.5	Greece	148,129	34,963	-9.0
U.K.	23,806	4,209	-18.6	Israel	95,324	22,604	-25.2
Hungary	16,987	4,215	-8.1	Canada	87,960	21,047	2.4
Denmark	15,630	10,320	39.7	Poland	85,614	28,856	2.6
Taiwan	15,007	6,434	-2.7	Arabian Emir.	84,150	31,053	-5.2
Portugal	13,625	1,767	-5.5	Saudi Arabia	79,961	23,955	-31.1
Vietnam	11,433	5,489	33.2	Sweden	77,885	21,582	-6.1
India	10,991	5,234	1.9	Croatia	76,440	24,957	15.5
Slovak Rep	10,748	9,905	-2.5	Denmark	75,190	26,590	0.5
Others	106,645	51,515		Others	1,372,864	330,484	
Total	933,200	390,574	7.2	Total	8,409,638	1,932,230	-5.0

Exchange Rate 2002 1 $ = 1.06 €
Source: Centro Studi COSMIT, Istat data

Real Wood Trade Mark

A quality trade mark is being promoted by the Consorzio Vero Legno (Real Wood Consortium). Consortium "Vero Legno" is a no profit company established in Italy which is open to all wood –furnishing industry operator**.** Member of this consortium are companies that manufacture and market wood raw materials, wood semi-finished products and wood products. The real wood trade mark is trying to defend manufactured and handcrafted wood products against wood imitations and safeguards manufacturer and consumers.

Detailed information on the "Real Wood" project can be requested from:
Consorzio Vero Legno Soc. Coop a.r.l.
Via C. Mauri 5 GH

22066 Mariano Comense (Como)
Tel +39.031.751012 Fax +39.031.751036
www.verolegno.it e-mail: verolegno@verolegno.it

Eco-label

The furniture sector is also concerned by the EU community eco-label scheme which is designed to promote products which have a reduced environmental impact compared with other products and provide consumers with accurate and scientifically based information and guidance on products.

The scheme was revised in 2000 and furniture is one of the product group's under development. An eco-label for furniture is now available and can be found on the European Commission's environmental website.

Furniture Distribution System in Italy

Furniture Distribution in Italy: between March 2001 and March 2002 almost 5 million Italian families purchased household furniture; of these 61 percent were purchases made through furniture retailers and 16 percent through large scale distributions. There are still 20,000 traditional furniture points of sales and about 10 major distribution chains, and many smaller ones. The number of distribution chains is expected to increase in the future with a subsequent reduction of traditional furniture shops.

The large distribution chains include: Mercatone Uno, Ikea, Emmezeta, Divani &Divani, Semeraro Holding, Chateaux d'Ax, Ricci Casa, Emmelunga, Aventino Arredamenti, Consorzio Italiano Arredamenti, Bergamin, Casa Mercato, Aiazzone, Casa Italia, Oltre Frontiera, Roche Bobois and many DIY groups.

Furniture Association:
Assoarredo
Via Foro Bonaparte 65
20121 Milano
Contact: Cesare Bergamini
Tel +39 02 806041 Fax +39 02 80604392
www.Federlegno.it/associazioni/assoArredo e mail : assoarredo@federlegno.it

A list of furniture manufacturers who are members of Assoarredo can be viewed in the Association web site.

Italian Furniture Manufactures – top 30

Name of Companies	Turnover 2001	
	000 €	000 $
Natuzzi Spa	830,201	741,251
Fantoni Spa	187,709	167,597
Chateau d'Ax Spa	171,390	153,027
Scavolini Spa	134,997	120,533
Callegaris Spa	105,332	94,046
Nicoletti Spa	103,814	92,691
B & B Italia Spa	102,639	91,642
Snaidero R. Spa	100,494	89,727
Veneta Cucine Spa	98,279	87,749
Cassina Spa	91,357	81,569
Cucine Lube Over Spa	86,048	76,829
Calia Salotti Spa	81,576	72,836
Uniform Spa	78,448	70,043
Las Mobili Srl	72,646	64,863
Selva Spa	69,205	61,790
Poliform Spa	66,595	59,460
Molteni & C Spa	66,415	59,299
Faram Spa	61,278	54,713
Armet Spa	59,195	52,853
Santarossa Spa	56,714	50,638
Poltrona Frau Srl	56,471	50,421
Frezza Srl	56,244	50,218
Effezeta Srl	55,681	49,715
DE.TA. Spa	50,314	44,923
Mobilificio Florida Spa	49,278	43,998
Pianca Spa	45,210	40,366
Castelli Spa	40,564	36,218
Knoll International Italia Spa	39,172	34,975
Flou Spa	39,172	34,975
Record Cucine Srl	38,032	33,957

Exchange rate 2001: 1US$= 1.12€
Source Databank Spa

WOOD PACKAGING

During 2002, pallet /packaging production in Italy increased by almost 2 percent. The overall packaging sector employs about 60,000 people.

The Italian pallet sector is continuing its radical changes. During the last three years almost all pallet producers and distributors have been renewing their pallet stocks by producing and purchasing Epal (Euro pallets)

Pallet manufacturing in the leading European and Italian plants is highly productive - mainly for block pallets production - and many companies have highly automated lines. Most companies have been specializing for over forty years in the production of pallets , using high quality wood and valid assembly technologies The broad range of products includes both multi-trip and one-way pallets. Europallets are the common pool pallets in Europe, similar in some ways to the 48x40 pool in North America, but different in a number of significant ways. The Europal pool has greater control and is more universally respected. There are also versions dedicated to specific needs of customers. The industry uses vast assortment of wood (poplar, fir, pine, beech, and oak), cut to size decking and long length material with which special pallets of various sizes can be created, also for heavy duty use and special handling or stockage. Italy imports about 80 percent of the wood needed in the whole packaging sector, worth two billion US$. The cost of raw materials continues to increase and has an impact on producers. Lumber supplies come from a variety of European countries, including Germany, Austria, and Eastern European countries.

Standard formats include lighter weight 800x1200mm pallet designs and a variety of light and heavy duty 1000x1200mm designs.

Wooden crates and boxes represent about 45 - 50 % of all wood packaging.

The Italian technology for horticultural packaging is considered in the forefront of the European sector. The industry can avail itself of modern technology and machinery, which starting from logs and through different production phases can produce up to 3000 wood crates per hour (50 per minute). This sector uses 70% poplar and 30 % beech and birch. There are 255 horticultural packaging manufacturers that employee 11,000 people, some part time. Fruit and vegetable packaging manufacturers are mainly located in the typical fruit-vegetable production region in southern Italy.

The wooden packaging sector is marked by a phase of advanced maturity in the case of crates for fresh produce, while in the pallet and large industrial crate sectors the trend for growth basically follows that in the index of industrial output.

Table: Wood Packaging (Pallets and other wood packaging material), 2002

	000 US $	000 €	No. of Units
Export	61,818	65,527	3,791,356
Import	85,175	90,285	11,361,753
of which from U.S.	779	826	44,433

Source: Federlegno Arredo

Table: Crates, Italian Trade, 2002

	000 US $	000 €	MT
Export	14,408	15,272	13,313
Import	10,639	11,277	14,835

Source: Federlegno Arredo

Association:

Assolegno - Qualipal Italia
Via Foro Bonaparte 65
20121 Milano
Tel +39 02 806041 Fax +39 02 80604392
www.Federlegno.it/associazioni/assolegno
e-mail: qualipal@federlegno.it

A list of furniture manufacturers' members of Assoarredo can be obtained by visiting the Association web site

ITALIAN WOOD AND PRODUCTS TRADE SHOWS 2004

Name of Show	Location	Dates	e-mail address
Quadrum SACA Moldings, Frames, Picture Frames, Accessories and Tech.	Bologna	Feb. 19-22,2004	www.smart.it/SACA
SAIEDUE Interior architecture, building renewal, technologies and finishing	Bologna	Mar 17-21, 2004	www.smart.it/saiedue www.on-nike.it/saiedue
SALONE DEL MOBILE Furniture show Eurocucine (Kitchen) EIMU _ (Office) SALONE ComplementoArredo (furnishings)	Milan	April 14-19,2004	www.cosmit.it
SASMIL- Biannual Ancillary products and semi-finished products for the wood industry	Milano	May 26-30,2004	www.cosmit.it
Xylexpo Biannual world exhibition for wood working technologies	Milan	May 26-30,2004	www.xylexpo.it info@xylexpo.com
Salone della Sedia International Chair Fair	Udine	Sept.10-13,2004	www.fieraudine.it www.promosedia.it
ABITARE IL TEMPO Furniture and interior decorating products	Verona	Sept 16-20,2004	www.veronafiere.it
SAIE International Building Material Show	Bologna	Oct 13-17,2004	www.saie.bolognafiere.it
Legno & Edilizia Wood & Construction	Verona	Feb 17-20,2005	www.pmtexpo.it/legno

Name of Show	Location	Dates	e-mail address
Quadrum SACA Moldings, Frames, Picture Frames, Accessories and Tech.	Bologna	Feb. 19-22,2004	www.smart.it/SACA
SAIEDUE Interior architecture, building renewal, technologies and finishing	Bologna	Mar 17-21, 2004	www.smart.it/saiedue www.on-nike.it/saiedue
SALONE DEL MOBILE Furniture show Eurocucine (Kitchen) EIMU _ (Office) SALONE ComplementoArredo (furnishings)	Milan	April 14-19,2004	www.cosmit.it
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Forest Area

STRATEGIC INDICATOR TABLES FOR (ITALY)			
Country: Italy	Previous	Current	Following
Report Year:	Calendar Year	Calendar Year	Calendar Year
Total Land Area (000 hectares) *	29,412	29,412	29,412
Total Forest Area (000 hectares) *	10,009	10,842	10,842
-of which, Commercial ('000 hectares)	6,860	6,860	6,890
-of commercial, tropical hardwood ('000 hectares)	not applicable	not applicable	not applicable
-of commercial, temperate hardwood ('000 hectares)	5,350	5,355	5,375
- of commercial, softwood ('000 hectares)	1,501	1,505	1,515
Forest Type			
-of which, virgin ('000 hectares)	n/a	n/a	n/a
- of which, plantation ('000 hectares) Poplar	o/a 102	o/a 100	o/a 97
- of which, other commercial (regrowth) ('000 hectares)	n/a	n/a	n/a
Total Volume of Standing Timber (000 CM/Ha)	145	145	145
-of which, Commercial Timber ('000 cum)	not available		
Annual Timber Removal ('000 cum) 1/	9,000	9,000	9,000
Annual Timber Growth Rate (%)	3	3	3
Annual Allowable Cut ('000 cum)	32,000	32,000	32,000
1/ If Removals exceeds growth rate, analyze impact in text.			

MARKET STRATEGIC INDICATOR TABLES FOR (ITALY) CONSTRUCTION			
Country:	Previous	Current	Following
Report Year:	Calendar Year (2002)	Calendar Year(2003)	Calendar Year(2004)
Total Housing Starts (thousand units)	255	245	225
-of which, wood frame (thousand units)	not available	not available	not available
-of which, steel, masonry, other materials (thousand units)	230	230	230
- of total starts, residential (thousand units)			
--- of residential, single family (thousand units)	56	56	53
--- of residential, multi-family (thousand units)	159	153	125
---of total starts, commercial (thousand units)	Units not available		
Total Value of Commercial Construction Market (Billion €)	See Note 1		
Total Value of Repair and Remodeling Market (Billion €) (civil engineering not included)	59.8	58.8	58.4

Note 1 : Total Value New Residential Construction 24.26 Billion Euro
Total Value New non residential construction 21.32 Billion Euro
(Billion Euro at 2002 prices, excluding taxes)
Source: Euroconstruct Jun 2003

Furniture & Interiors Market

Country: Italy	2002	2003	2004
Report Year:	Previous Calendar Year	Current Calendar Year	Following Calendar Year
Total Housing Starts (000 units)	255	245	225
Total Number of Households(millions)	22.2	22.2	22.3
Total Furniture Imports ($US million)	933	940	960
Total Furniture Exports ($US million)	8,409	8,500	8,500
Interiors Market Size ($US million)	35,934	36,500	36.500

Material Handling Market

Country:	Previous	Current	Following
Report Year:	Calendar Year	Calendar Year	Calendar Year
Total Value of Industrial Output ($US billion)	Not available	+ 2%	Not available
New Pallet Production (000 units) Pallet EUR EPAL	4,570	4,800	4,800

Wood Product Subsidies

Country:	Previous	Current	Following
Year of Report	Calendar Year	Calendar Year	Calendar Year
Total Solid Wood Export Subsidy Outlay ($US million)	no	no	
Is there a ban on the export of logs, lumber, or veneer? 1/	no	no	
Are there export taxes (yes/no)? 2/	no	no	no
Total Wood Production Subsidy ($US million)	n/a	n/a	n/a
Scope (thousands of hectares)			
Are there other wood products export expansion activities? 1/ no			
1/ If yes, describe in report.			
2/ If yes, identify in Tariff and Tax Strategic Indicator Table.			

Forest Product Tariffs and Taxes

Country:	Product	Current	Following	Import	Total Cost	Export
Report Year:	Description 1/	Year	Year	Taxes/ Fees	of Import 2/	Tax
4401	Wood chips	**SAME AS EUROPEAN UNION TARIFFS**				
4403.10.10	treated softw.pole					
4403	logs					
4404	Hoopwood					
4405	wood&flour					
4406	railway sleepers					
4407 .10	lumber					
4407.10 .31, 33,38, 79	lumber Soft wood					
4407.10 91, 93, 98	lumber Swood					
4407.24 15	tropical, lumber					
4407.24.30	Tropical lumber, planes					
4408.10.15	veneer					
4408.10.93	Veneer, other					
4408.31.11	Dark Red Meranti, finger-jointed					
4409.10 .11 & 20.11	frame molding					
4410	particle board					
4411	fiberboard					
4412	plywood					
4413	densified wood					
4414	frames					
4415	crates & pallets					
4416.00.10	Oak staves					
4416.00.90	wine barrel					
4417.00.20	tool handles					
4418.10.	windows					
4418.20.	Doors					

4418.30.	Parquet panels					
4418. 40	Concrete forming p.					
4418.90.10	Glue_lam					
4419	Table&kitchen ware					
4420	Marquetry					
4421.10.	Clothes hangers					
4422						
4423						
4424						
4425						

1/ Insert additional lines for Commodity tariff identification should tariffs vary within the four-digit designation for major products exported by the U.S. (e.g., 4412.19: softwood plywood 3%, 4412.XX: other plywood, 9%).2/ Calculate as tariff plus other import taxes/fees assuming a commodity value of $100.

PSD TABLES

SOFTWOOD LUMBER

PSD Table

Country Italy

Commodity Softwood Lumber

1000 CUBIC METER:

	2002	Revised	2003	Estimate	2004	Forecast
	USDA Official [	Estimate [I	DA Official [	Estimate [I	DA Official [	Estimate [I
Market Year Begin		01/2002		01/2003		01/2004
Production	730	715	740	710	0	710
Imports	6500	5773	6000	6100	0	6400
TOTAL SUPPLY	7230	6488	6740	6810	0	7110
Exports	45	51	50	50	0	50
Domestic Consumption	7185	6437	6690	6760	0	7060
TOTAL DISTRIBUTION	7230	6488	6740	6810	0	7110

TEMPERATE HARDWOOD LUMBER

PSD Table

Country Italy

Commodity Temperate Hardwood Lumbe

1000 CUBIC METER:

	2002	Revised	2003	Estimate	2004	Forecast
	USDA Official [	Estimate [I	DA Official [	Estimate [I	DA Official [	Estimate [I
Market Year Begin		01/2002		01/2003		01/2004
Production	800	890	800	880	0	850
Imports	1500	1343	1550	1320	0	1400
TOTAL SUPPLY	2300	2233	2350	2200	0	2250
Exports	20	141	30	120	0	100
Domestic Consumption	2280	2092	2320	2080	0	2150
TOTAL DISTRIBUTION	2300	2233	2350	2200	0	2250

TROPICAL HARDWOOD LUMBER

PSD Table

Country Italy

Commodity Tropical Hardwood Lumber

1000 CUBIC METER!

	2002	Revised	2003	Estimate	2004	Forecast
	USDA Official [	Estimate [D	A Official [	Estimate [D	A Official [	Estimate [I
Market Year Begin		01/2002		01/2003		01/2004
Production	105	100	105	100	0	100
Imports	490	338	480	330	0	340
TOTAL SUPPLY	595	438	585	430	0	440
Exports	10	16	10	10	0	10
Domestic Consumption	585	422	575	420	0	430
TOTAL DISTRIBUTION	595	438	585	430	0	440

HARDWOOD PLYWOOD

PSD Table

Country Italy

Commodity Hardwood Plywood

1000 CUBIC METER!

	2002	Revised	2003	Estimate	2004	Forecast
	USDA Official [	Estimate [D	A Official [	Estimate [D	A Official [	Estimate [I
Market Year Begin		01/2002		01/2003		01/2004
Production	495	450	480	450	0	450
Imports	400	493	400	500	0	500
TOTAL SUPPLY	895	943	880	950	0	950
Exports	170	167	160	155	0	150
Domestic Consumption	725	776	720	795	0	800
TOTAL DISTRIBUTION	895	943	880	950	0	950

TRADE MATRIXES

SOFTWOOD LUMBER IMPORT

Import Trade Matrix

Country Italy

Commodit Softwood Lumber

Time Period	CY	Units:	1000 CUM
Imports for:	2001		**2002**
U.S.	38	U.S.	36
Others		Others	
Austria	3298	Austria	3321
Germany	759	Germany	805
Russia	319	Russia	380
Sweden	244	Sweden	248
Finland	213	Finland	227
Czech Rep	158	Czech Rep	123
Slovak Rep	106	Ukraine	101
France	92	Switzerland	82
Ukraine	95	Romania	72
Switzerland	58	France	67
Total for Others	5342		5426
Others not Liste	307		311
Grand Total	5687		5773

SOFTWOOD LUMBER EXPORT

Export Trade Matrix

Country Italy

Commodit Softwood Lumber

Time Period	CY	Units:	
Exports for:	2001		**2002**
U.S.		U.S.	
Others		Others	
Total for Others	0		0
Others not Liste	53		51

TEMPERATE HARDWOOD LUMBER IMPORT

Import Trade Matrix

Country Italy

Commodit Temperate Hardwood Luml

Time Period	CY	Units:	1000 CUM
Imports for:	2001		**2002**
U.S.	181	U.S.	177
Others		Others	
Croatia	197	Croatia	198
Hungary	167	Hungary	136
Bosnia Herzego	91	Bosnia Herzego	86
Russia	89	Slovenia	72
Slovenia	71	Romania	67
Austria	56	Austria	65
Romania	50	Germany	52
France	47	Serbia & Monte	46
Germany	45	France	46
Slovakia	42	Cameron	39
Total for Others	855		807
Others not Liste	358		359
Grand Total	1394		1343

TEMPERATE HARDWOOD LUMBER EXPORT

Export Trade Matrix

Country Italy

Commodit Temperate Hardwood Luml

Time Period	CY	Units:	1000 CUM
Exports for:	2001		**2002**
U.S.	0	U.S.	0
Others		Others	
Total for Others	0		0
Others not Liste	147		141

TROPICAL HARDWOOD LUMBER IMPORT

Import Trade Matrix

Country	Italy		
Commodit	Tropical Hardwood Lumber		
Time Period	CY	Units:	1000 CUM
Imports for:	2001		**2002**
U.S.	2	U.S.	0
Others		Others	
Ivory Coast	174	Ivory Coast	111
Cameron	135	Cameron	99
Indonesia	60	Malaysia	38
Malaysia	30	Gabon	29
Indonesia	22	Ghana	20
Gabon	18	Liberia	10
Brazil	9	Indonesia	7
Nigeria	9	Nigeria	4
Congo	5	Congo	4
Burma	4	Burma	2
Total for Others	466		324
Others not Liste	20		14
Grand Total	488		338

TROPICAL HARDWOOD LUMBER EXPORT

Export Trade Matrix

Country	Italy		
Commodit	Tropical Hardwood Lumber		
Time Period	CY	Units:	1000 CUM
Exports for:	2001		**2002**
U.S.		U.S.	
Others		Others	
Total for Others	0		0
Others not Liste	17		16

HARDWOOD PLYWOOD IMPORT

Import Trade Matrix

Country Italy

Commodit Hardwood Plywood

Time Period	CY	Units:	1000 CUM
Imports for:	2001		**2002**
U.S.		U.S.	
Others		Others	
Russia	94	Russia	113
Finland	52	Brazil	88
Brazil	46	Finland	66
France	33	France	33
Indonesia	24	Indonesia	23
Austria	18	Austria	16
Spain	15	Spain	15
Cameron	13	Hungary	13
Gabon	9	Gabon	12
Morocco	9	Cameron	11
Total for Others	313		390
Others not Liste	92		103
Grand Total	405		493

HARDWOOD PLYWOOD EXPORT

Export Trade Matrix

Country Italy

Commodit Hardwood Plywood

Time Period	CY	Units:	1000 CUM
Exports for:	2001		**2002**
U.S.	4	U.S.	8
Others		Others	
Germany	106	Germany	81
France	17	France	14
Slovenia	13	U.K.	10
Israel	11	Slovenia	9
U.K.	9	Austria	8
Austria	8	Israel	8
Switzerland	7	Switzerland	6
Netherlands	5	Netherlands	5
Russia	2	Belgium	1
Belgium	1	Spain	1
Total for Others	179		143
Others not Liste	8		16
Grand Total	191		167