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Italy

Solid Wood Products

Solid Wood Annual

2006

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Report Highlights:
Italy depends largely on supplies of imported wood for its wood processing industries. After positive growth in 2004, the industry has slowed down in 2005. According to industry sources however, the outlook for 2006 is strong.

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

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Domestic Production

Official data available on Italian forestland are limited. According to the latest available report from Istat, the GOI's statistical office, Italian forestland in 2002 covered about 6.8 million hectares, or almost 23% of the country's territory. There has been virtually no change in this figure since 1999. Approximately two thirds of the forestland is in mountainous areas, while hills and plains account for the rest.

Tab 1. Italian forestland

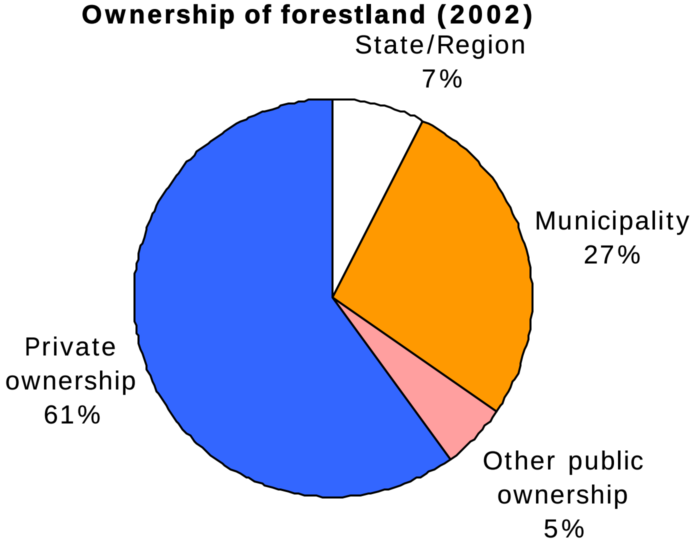
Year	Mountain	Hill	Plain	Total	Share of national area
		000ha			*%*
1999	4,070	2,434	348	6,852	22.7
2000	4,073	2,432	347	6,852	22.7
2001	4,075	2,432	347	6,854	22.7
2002	4,076	2,433	347	**6,856**	**22.8**

Source. Istat – Annuario statistico 2005

There are no statistics available on the composition of Italian forests by species, nor on intended or possible usage (i.e. lumber vs. firewood). The National Forest Service of the Ministry of Agriculture has been working for years on a project to produce a national forest inventory. Results of this project have not yet been published but, according to an unofficial release, the Italian forests cover 10.7 million hectares, about 40% more than Istat data. Much of the difference is almost certainly due to different definitions of forest. According to the Forest Service, tree crops planted for wood production cover about 145,000 hectares, but no further information is available on species or usage. It is important to remember that the wood of Italian forests does not constitute a major source of supply for Italian woodworking sectors.

Forestland ownership in 2002 is provided in the graph below:

Ownership of forestland (2002)



Illegal logging is negligible due to strict controls by the National Forest Service and other local police forces. However, fires remain a serious problem, varying greatly from year to year, depending on climatic conditions and human factors. There has been a declining trend in the last decade and the number of fires from 2002 to 2004 was particularly low.

Tab 2. Italian forestland affected by fires

Year	Fires	Productive forest Softwood	Hardwood	Mixed	Wood for fire and others	Total
	Numb.	ha	ha	Ha	ha	ha
1999	4058	4393	6085	2408	11192	28136
2000	8527	9129	8121	7265	26915	59957
2001	7195	6729	4114	4098	15870	38006
2002	4601	2304	2204	828	10188	20125
2003	9679	na	na	Na	na	44064
2004	6428	na	na	Na	na	20866

In the past, local criminal elements would set forest fires in order to obtain building permits for the land. The incidence of this phenomenon decreased after the introduction of rules (the most recent in 1999) that prohibited building on areas affected by fire. The Italian wood industry supports programs for enhancing domestic raw wood production through initiatives for improving forest management and expansion of dedicated plantations.

Production

Total Italian wood production amounted to almost 9 million cubic meters on a log basis, of which approximately two thirds consisted of wood not suited for industrial use and therefore used for firewood. A large share of this wood is produced in the central and northern regions.

Tab 3. Italian log production by region and use (Cubic meters)

Regions	industrial roundwood - in the rough (Sawlogs and veneer logs)	(Pulpwood, round and Split)	(Other industrial Roundwood)	(Total)	(Wood fuel, incl. wood for Charcoal)	(TOTAL)
Piemonte	101,527	68,860	44,140	**214,527**	194,934	409,461
Valle d'Aosta	2,098	24	3,679	**5,801**	13,020	18,821
Lombardia	468,538	161,102	33,014	**662,654**	415,256	1,077,910
Trentino-Alto A	352,784	4,717	246,256	**603,757**	327,202	930,959
Bolzano-Bozen	*199,604*	*4,195*	*131,600*	**335,399**	*177,568*	*512,967*
Trento	*153,180*	*522*	*114,656*	**268,358**	*149,634*	*417,992*
Veneto	62,863	-	2,019	**64,882**	119,888	184,770
Friuli-Venezia G	61,629	17,206	5,545	**84,380**	70,883	155,263
Liguria	11,653	5,385	17,758	**34,796**	48,660	83,456
Emilia-Romagn	136,192	91,148	6,552	**233,892**	259,667	493,559
Toscana	69,106	59,239	127,793	**256,138**	1,425,830	1,681,968
Umbria	19,469	2,121	3,345	**24,935**	426,420	451,355
Marche	3,210	6,495	987	**10,692**	209,167	219,859
Lazio	34,184	6,010	124,716	**164,910**	646,785	811,695
Abruzzo	15,095	3,692	1,884	**20,671**	220,812	241,483
Molise	3,065	400	1,162	**4,627**	170,145	174,772
Campania	25,791	28,561	93,730	**148,082**	336,263	484,345
Puglia	170	-	426	**596**	113,122	113,718
Basilicata	227	90	3,515	**3,832**	360,024	363,856
Calabria	105,817	91,891	164,911	**362,619**	465,776	828,395
Sicilia	463	-	29,500	**29,963**	29,304	59,267
Sardegna	-	15	6,700	**6,715**	125,082	131,797
TOTAL	**1,473,881**	**546,956**	**917,632**	**3,231,798**	**5,978,240**	**8,916,709**

According to official statistics, the breakdown by species of wood for industrial uses is as follows:

Tab 4. Italian wood production in 2003 by species

	Cubic Meters
Fir	850,391
Larch	86,290
Pine	328,724
Other coniferous	43,222
Coniferous	**1,308,627**
Oak	31,871
Chestnut	624,616
Beech	87,477
Poplar	1,013,674
Other hardwood	165,533
Hardwood	**1,923,171**
TOTAL	**3,231,798**

Firewood is almost entirely made up of hardwood.

Industry Trends

Generally, 2005 was a bad year for the Italian wood and furniture industries. Total value of sales decreased over the 12-month period by about 2.9%, despite a slight recovery during the second half of the year. The value of exports decreased approximately 2.8%, primarily due to sluggish demand in the EU-market, which alone represents more than 60% of Italian exports of wood products. The extra-EU markets have been problematic, primarily due to the high euro-dollar exchange rate.

Moreover, the Italian furniture industry has been affected by steep competition by price-competitive imports from Asian countries and by the high prices for raw wood on the international market. Domestic demand for wood products for building material has marked the best performance in 2005, while demand for semi-finished products and furniture parts experienced substantial decreases.

Wood Industry

According to industry surveys performed by Federlegno-Arredo, the sales trends of the wood sector alone (excluding furniture and others) between 2003 and September 2005 were as follows:

Tab 5. Value of sales – trend for the wood sector (excluding furniture and others)

Business sector	2003	2004	Jan-Sept 05
	% change		
Frames	-1.4	2.2	-1.1
Industrial packaging	0.5	1.0	-2.3
Pallets	-1.7	0.9	-0.9
Softwood lumber	6.2	0.5	-0.1
Tot. Lumber	**1.1**	**0.5**	**-1.2**
Plywood	-1.0	11.7	0.3
Veneers and similar	-1.5	7.9	-0.2
Other semi-processed and components	0.1	3.3	-2.0
Tot. Panels, semi-finished and components	**-1.3**	**6.9**	**-0.8**
Prefabricated houses and structures	6.4	7.2	-9.4
Windows/home trimmings	7.7	10.6	1.8
Flooring	-0.1	4.9	0.3
Doors	4.2	7.3	3.7
Stairs	-3.9	15.1	10.0
Tot. Building	5.0	8.6	1.4
Total wood sector	*1.8*	*5.9*	*0.0*

Source. Federlegno survey

Italian companies are generally optimistic about the first half of 2006. Major increases in sales are expected for stairs, windows, softwood lumber, pallets and industrial packaging. On the contrary, sales of prefabricated houses and structures and flooring are expected to decline significantly in the same period.

Furniture Industry

While the volume of production and value of sales of the Italian furniture industry continued to grow in the first nine months of 2005, the rate of growth slowed compared to 2004. The sector recovered in the last quarter of 2005, but the annual growth for 2005 remains behind the previous year.

Tab 6. Trends of Italian furniture industry (value of sales)

	Production		Value of sales	
	2004	Jan-Sept 05	2004	Jan-Sept 05
	% change			
Home furniture	3.6	0.4	4.9	0.9
Bathroom	0.1	-0.5	-0.4	-0.1
Office	4.8	-0.1	5.1	-0.4
Community	-1.4	-2.4	0.2	-1.3
Commercial (shops)	13.1	6.5	14.8	7.6
Self assembly DIY	6.5	0.6	10.2	0.6
Total furniture	**4.4**	**0.7**	**5.6**	**1.3**

The outlook for 2006 is generally positive. The Italian furniture industry expects a good demand for their its output in Spain and Russia, while sales in Germany, the UK and the United States are stagnant or declining.

Trade
Italian imports for 2004 and the first half of 2005 are provided in the following table. Official data for the later part of 2005 are not yet available.

Tab 7. Italian wood imports (cubic meters)

	Annual			Six months		
	2003	**2004**	**Change**	**Jan-Jun 04**	**Jan-Jun 05**	**Change**
Softwood	**7,853,072**	**8,404,837**	7.0%	**4,000,911**	**4,009,359**	0.2%
Logs	2,152,660	2,309,439	7.3%	1075602	1089499	1.3%
Lumber	5,700,412	6,095,398	6.9%	2925309	2919860	-0.2%
Hardwood	**3,880,091**	**3,863,754**	-0.4%	**2,126,688**	**1,905,447**	-10.4%
Logs	2,204,864	2,305,029	4.5%	1,297,198	1,143,256	-11.9%
Temperate	*1,952,790*	*2,080,039*	6.5%	*1,185,017*	*1,049,295*	-11.5%
Tropical	*252,074*	*224,990*	-10.7%	*112,181*	*93,961*	-16.2%
Lumber	1,675,227	1,558,725	-7.0%	829,490	762,191	-8.1%
Temperate	*1,213,894*	*1,088,014*	-10.4%	*603,148*	*524,111*	-13.1%
Tropical	*461,333*	*470,711*	2.0%	*226,342*	*238,080*	5.2%
Others						
Plywood	550,636	581,153	5.5%	288645	325026	12.6%
Panels	559,981	663,266	18.4%	na	na	na
Sheets	292,061	282,733	-3.2%	na	na	na
Railway ties	18,421	27,469	49.1%	na	na	na
For firewood	614,457	775,911	26.3%	na	na	na
For paper	2,457,136	2,854,251	16.2%	na	na	na
Coal	311,123	330,390	6.2%	na	na	na

Source. Federlegno on Istat data

Industry sources anticipate that the reduction in imports during the first half of 2005 has been partly compensated for by marginal increases in the last quarter of the year. Imports of hardwood and softwood logs increased slightly in 2004. Imports of hardwood logs declined significantly in the first half of 2005 for both temperate and tropical species. U.S. exports of logs to Italy were as follows:

Tab 8. Import of temperate logs

LOGS (Cubic meters)		**Annual**			**Six months**		
		2003	**2004**	**Ch.**	**Jan-Jun 04**	**Jan-Jun 05**	**Ch.**
From USA	Softwood	2,328	3,109	34%	1,656	1,561	-6%
	Hardwood (temperate)	67,373	69,488	3%	46,998	43,439	-8%
From World	Softwood	2,152,660	2,309,439	7%	1,075,602	1,089,499	1%
	Hardwood (temperate)	5,700,412	6,095,398	7%	1,185,017	1,049,295	-11%

Imports of softwood lumber increased by about 7% in 2004 and then flattened in the first half of 2005. Imports of hardwood lumber have been in constant decline over the 18 month period. U.S. exports were as follows:

Tab 9. Import of temperate lumber

LUMBER (Cubic meters)		Annual 2003	Annual 2004	Ch.	Six months Jan-Jun 04	Six months Jan-Jun 05	Ch.
From USA	Softwood	31,720	32,420	2%	17,274	15,408	-11%
	Hardwood (temperate)	186,882	186,996	0%	95,757	99,387	4%
From World	Softwood	5,700,412	6,095,398	7%	2,925,309	2,919,860	0%
	Hardwood (temperate)	1,213,894	1,088,014	-10%	603,148	524,411	-13%

The U.S. share of Italian softwood lumber imports is small, while the U.S. share of hardwood lumber imports has increased from 15% in 2003 to almost 19% in the first half of 2005, while total imports decreased. Much of the reduction in Italian hardwood lumber imports during this period is attributable to EU25 countries, especially new member states such as Hungary and Poland.

Plant Health Issues

Recently, new standards went into effect for the importation of logs into the EU. One requirement is that APHIS must officially document that hard maple logs originate from areas known to be free of Ceratocystis virescens (Davidson Moreau) and that the import is intended for the production of veneer. APHIS is unable to provide this documentation because there is no clear definition on the location of the disease. Until there is a scientifically based agreement on the definition of the "affected" area, APHIS cannot provide the documentation required by the EU. This could result in rejected shipments. There is no definite answer on when or whether the EU will reexamine this requirement. This new regulation affects only logs, and does not apply to kiln-dried hard maple lumber. For further details, please consult with:

USDA – Animal Plant Health Inspection Service – Plant protection and quarantine
http://www.aphis.usda.gov/ppq/

or

APHIS-IS Brussels
U.S. Mission to the E.U.
Phone: 00 32 2 508 29 47
Fax: 00 32 2 511 09 18
www.useu.be

PSDs and Trade matrixes
Softwood lumber

PSD Table

Country	**Italy**						
Commodity	**Softwood Lumber**			1000 CUBIC METERS			
	2004	Revised	2005	Estimate	2006	Forecast	UOM
	USDA Official [	Estimate[N	DA Official [	Estimate[N	DA Official [	Estimate[New]	
Market Year Begin		01/2004		01/2005		01/2006	MM/YYYY
Production	710	782	0	782	0	782	1000 CUBIC METERS
Imports	6400	6095	0	6107	0	6100	1000 CUBIC METERS
TOTAL SUPPLY	7110	6877	0	6889	0	6882	1000 CUBIC METERS
Exports	50	50	0	45	0	45	1000 CUBIC METERS
Domestic Consumption	7060	6827	0	6844	0	6837	1000 CUBIC METERS
TOTAL DISTRIBUTION	7110	6877	0	6889	0	6882	1000 CUBIC METERS

Import Trade Matrix

Country	Italy		
Commodit	Softwood Lumber		
Time Period	Year	Units:	Cub Meters
Imports for:	2003		**2004**
U.S.	31720	U.S.	32420
Others		Others	
Austria	3311009	Austria	3630727
Germany	712216	Germany	734007
Russia	444585	Russia	378756
Finland	222680	Finland	251449
Sweden	217555	Sweden	220701
Ukraine	117492	Ukraine	145815
Czech Rep	104053	Czech Rep	191174
Switzerland	86035	Switzerland	84811
Canada	73572	Canada	50350
France	70156	France	54902
Total for Others	5359353		5742692
Others not Liste	309339		320286
Grand Total	5700412		6095398

Hardwood Lumber

PSD Table

Country	**Italy**						
Commodity	**Temperate Hardwood Lumbe**	1000 CUBIC METERS					
	2004	Revised	2005	Estimate	2006	Forecast	UOM
	USDA Official [	Estimate[I	DA Official [	Estimate[N	DA Official [	Estimate[New]	
Market Year Begin		01/2004		01/2005		01/2006	MM/YYYY
Production	850	850	0	850	0	850	1000 CUBI
Imports	1400	1088	0	980	0	1050	1000 CUBI
TOTAL SUPPLY	2250	1938	0	1830	0	1900	1000 CUBI
Exports	100	100	0	75	0	75	1000 CUBI
Domestic Consumption	2150	1838	0	1755	0	1825	1000 CUBI
TOTAL DISTRIBUTION	2250	1938	0	1830	0	1900	1000 CUBI

Import Trade Matrix

Country	Italy		
Commodit	Temperate Hardwood Lumb		
Time Period	Year	Units:	Cubic Mete
Imports for:	2003		**2004**
U.S.	186882	U.S.	186966
Others		Others	
Croatia	196215	Croatia	199313
Hungary	108636	Bosnia Herz.	73991
Bosnia Herz.	83050	Hungary	71470
Romania	71432	Germany	69066
Austria	69579	Romania	62655
Germany	60164	Austria	51185
Serbia Mont	46836	Ukraine	51296
Poland	45539	Serbia Mont	48084
Ukraine	43523	Poland	28238
Russia	28272	Russia	27297
Total for Others	753246		682595
Others not Liste	273766		218453
Grand Total	1213894		1088014

No statistical data is available for softwood and hardwood plywood production and use.

Business contacts

The main Italian wood industry association is Federlegno-Arredo:

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

The association is organized in sector-specific sub-associations. Websites include links to a list of members (click on "associati" on the left menu).

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

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

Wood joinery sector (windows, doors and flooring)

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

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

Wood packaging association:

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www.Federlegno.it/associazioni/assolegno
e-mail: qualipal@federlegno.it