

U.S. Solid Wood Products: Selling What Italy Buys

By Wanda Besozzi

Although Italy is not a nation with extensive forestry reserves, wood is dear to the Italian heart—and economy. The nation's construction and furniture industries depend on imported forest products, including high-quality value-added products such as hardwood lumber from the United States.

The logic of this situation often puts Italy in an "import it, add value to it, then re-export it" frame of mind. Thanks largely to forest products produced elsewhere, Italy is one of the world's major exporters of finished and semi-finished forest products.

Total Italian imports of forest products, including wooden furniture, were valued at \$4.8 billion in 1999, while exports of forest and wood products, mainly furniture and furnishings, totaled about \$11 billion.

U.S. wood exporters looking to prosper in Italy would be well-advised to develop long-term strategies. Italian companies value face-to-face interaction and long-term business associations:

- Keep export prices as stable as possible.
- Educate the Italian importer to the quality, variety and specifications of U.S. products through technical seminars held in tandem with European wood trade associations.

During the past two years, three trends have encouraged Italy's imports of wood products. First, because of the relative weakness of the euro, the Italian furniture manufacturing sector has a positive outlook for the near future. The industry is making use of its advantage, and is making special efforts to find new markets—as well as expanding existing markets for their furniture.

Second, the furniture industry is turning its attention once again to its domestic market, which began to improve in late 1999, following several years of stagnation.

The third trend has occurred in the field of construction; a stronger economy has led to more housing starts.

U.S. hardwood sales in 2000 were impressive. There was a dramatic decline, however, in sales of U.S. softwood panels and other value-added wood products to Italy. The decline was mainly attributed to the strength of the U.S. dollar and strong competition from European and Brazilian producers, which nearly priced the U.S. product out of the marketplace. Compounding the problem, a short-term "windfall" of lumber recently glutted

markets throughout Europe after extremely strong winds felled trees in France and Germany.

Windows (and Pallets) of Opportunity

Yes, opportunities still exist in Italy for U.S. value-added wood products, particularly components of furniture, windows and semi-finished elements for pallets.

To be more competitive in this tight market, U.S. lumber suppliers need to be more aware of the Italian perception of quality. To the Italian manufacturer, quality is much more than accurate grading; import decisions are also based on factors like dimensional accuracy, consistent supply and customer service. ■

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