



CBI  
*Ministry of Foreign Affairs*

# **CBI Product Factsheet:**

## **Tropical timber furniture components in Italy**

## Introduction

The timber furniture market in Italy is traditionally large and interesting and of high quality, therefore remaining relatively stable during the economic recession. The increasing trend of outsourcing the production of furniture parts to this market provides great opportunities for exporters in developing countries. Therefore, exporters of finished and semi-finished furniture parts are recommended to target furniture manufacturers in Italy as this is where your buyers are! Meeting buyer-specific product requirements will add value your tropical timber furniture parts.



## Product definition

This product factsheet covers timber furniture components (i.e. parts) made from tropical species. Furniture components are suitable for new furniture or in enhancing and extending the life of existing furniture. Some of the finished products included in this wide product group are: kitchen parts, dining table legs, bed heads, armrests, other chair parts, table-tops and wood-turning items like decorative columns and spindles. Timber furniture components refer also to semi-finished products. They can have the shape of blocks and squares, which will be part of furniture such as drawers, closets, bookcases, wardrobes etc. They can also function as interior parts of furniture like wooden joints and fittings.

Trade data are not available for furniture parts made of 'tropical' timber species specifically. Therefore, the data analysis is based on figures for the trade of 'wooden' furniture parts.

For classification of timber furniture components the *Harmonised System* (HS) is used. The main HS codes used are:

- 9401.9030: Parts of seats, of wood, not elsewhere specified
- 9403.9030: Parts of furniture, not elsewhere specified (excluding seats)

**Prodcom:** The following Prodcom codes are used to indicate European 'production' of: timber furniture components:

- 31002050: Parts of wooden furniture

## Product specification

As this product group consists of a wide range of products, detailed product specification is not possible. Aesthetic features of the product group are closely related to those of the Italian timber furniture market.

**Quality:** Regarding the part's function, different quality features play a more important role. Therefore, for parts which are destined as exterior/visible furniture parts, aesthetic function is of key importance. For parts which are destined for interior/concealed use, durability is one of the main characteristics. This will need to be discussed with your customer.

**Species:** Tropical timber species common in the Italian furniture market include:

- Acajou (West Africa)
- Afromosia (West Africa)
- Marupa (Central America)

- Sapelli (East Africa)

**Dimensions:** Due to the nature of the product group, dimensions and sizes cannot be specified, as they vary widely.

**Colours:** A variety of colours is available in the Italian market for timber furniture. From dark brown-red to yellowish white colours, the diversity in the furniture market is wide.

**Types of packaging:** If the density of your wood products is very high, and the volume of the order is low, it is recommended to use 20'GP **containers**. If the volume is large, you are recommended to use 40'GP containers. Orders are usually transported and counted by the number of containers (20ft or 40ft). Dry Cargo Containers defined as 20'GP (general container), 40'GP and 40'HQ (high cube) are usually used for shipment.

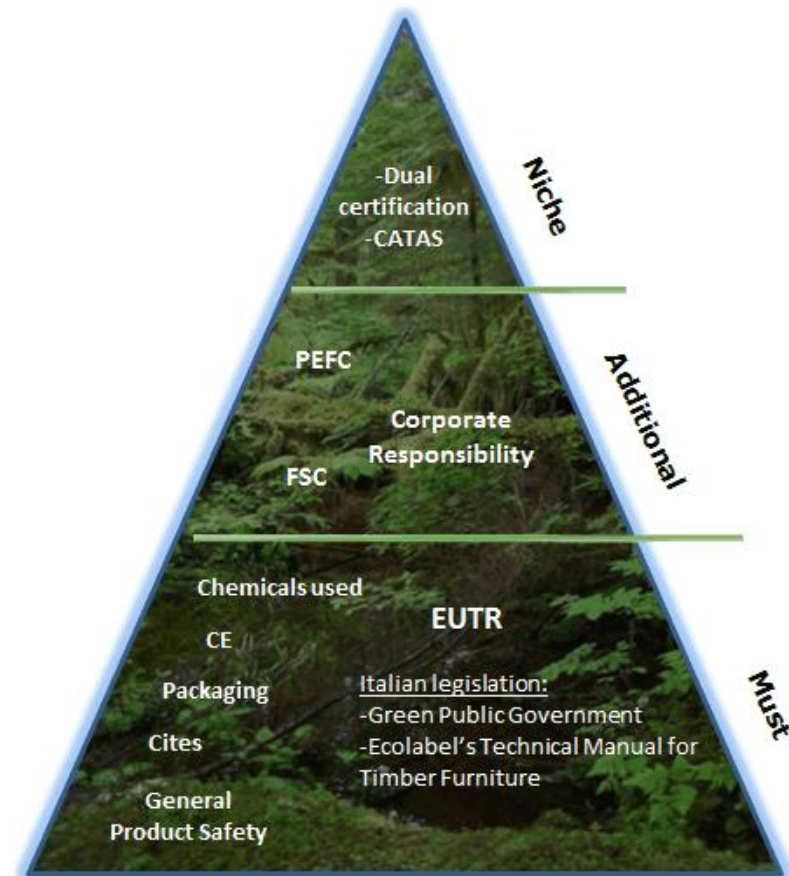
**Labelling:** Labels for timber furniture parts should include the following information:

- Detailed information describing the timber parts
- Country of harvest
- Species (common trade name)
- Quantity
- Details of the supplier (name of company, supplier's name)
- Information on sustainability labels and other certifications

## Buyer Requirements

This buyer requirement section is separated in 3 parts; requirements you **must** meet to be able to export, additional requirements you **may** meet and niche requires you **can** meet. For more details read the more general CBI document on ['requirements your product should comply with'](#) as well.

**Figure 1: All buyer requirements in one figure.**



Source: FSG.

## Requirements you must meet

### General Product Safety and liability

The [General Product Safety Directive](#) applies to all consumer products in the EU. The obligation to comply will be primarily the responsibility of the EU companies that place the finished product on the market. However, they will often ask their suppliers to comply with the given requirements. There is also non-product specific legislation on [liability](#) that apply to all goods marketed in the EU.

#### Tip:

- To get a better understanding of reasons behind the confiscations of products by EU customs authorities, refer to the EU's [RAPEX database](#). Try and identify the most common forms of non-compliance by suppliers to the EU and evaluate your own risks. This strategy can serve as a basis for you to correct any supply inconsistencies before accessing the EU market, thus avoiding rejection at the border.

### EU Timber Regulation (EUTR), controlling the legal origin of timber:

All timber imported into the EU needs to come from verifiable legal sources. EU buyers that place timber or timber products on the market time have to show [due diligence](#). Either you do this by larger contracts or with every container you send. In addition the EUTR forces operators to trace their products back to the source. This means that when suppliers supply legal timber but cannot provide well-documented guarantees of legality they will not be able to supply the EU market. The easiest way to prove compliance is through a [voluntary legality verification system](#) or regular sustainable forest management certification (e.g. FSC).

The EUTR is part of the Forest Law Enforcement, Governance and Trade (FLEGT) Action Plan. Another part of the plan are the Voluntary Partnership Agreements (VPAs). These are voluntary trade agreements between the EU and timber exporting countries. In case a given country is fully implementing its national control scheme, it receives a EU FLEGT license and all timber exported from that country is considered legal. Note, however, that FLEGT does not prove sustainability, nor does it address deforestation; only legality.

At this moment EU buyers consider sustainability certification **important** and EUTR **essential**. Consumers will not ask for less sustainable products in the future, when informed about the difference between 'legal' and 'sustainable' (Source: feedback from 17 importers during meetings and online questionnaire 2015). From the developing country suppliers' perspective, EUTR's regulations are considered to be complicated and expensive thus presenting a threat for imports from developing countries.

**Current state of affairs;** The implementation of the EUTR is still in its infant stage. In many EU member states the monitoring of trade in illegal timber is still insufficient. At the supply side there are, at the moment of writing (Jan 2016), 9 developing countries in the final stage of implementing and 9 other countries are still in the negotiation phase. None of them reached the FLEGT licensing stage (check [EU-EFI](#) for the current status). Therefore, since the implementation of EUTR no FLEGT-licensed timber has yet entered the EU market. There are reports that by the end of 2015, Indonesia and Ghana will have completely implemented its FLEGT-legality assurance system however this has been delayed several times already. Regardless of these shortcomings most large and professional buyers comply with the requirements in the EUTR and are asking their suppliers to prove legal origin of timber. Compliance is especially common in North and West EU countries where there is a strong commitment towards legality and sustainability. However in these regions (smaller) buyers can also be less pro-active and not yet fully compliant. What has happened since the implementation of the EUTR is that the supply chain of timber has become more transparent. It has already resulted in major improvements in the legality controls and overall environmental and social performance of their timber and forestry industries. It might still take some time but the EU will move towards a stricter implementation of the EUTR.

**Tips:**

- With the implementation of the EUTR the EU is less than ever a market for incidental selling. In case you decide to keep selling to the EU market keep in mind that legality assurance is an essential aspect of trade together with price and quality. More information is provided by the [Guidance Document for the EUTR](#).
- Read more about [control on illegal timber and timber products](#) in the EU Export Helpdesk.
- The [European Timber Trade Federation](#) and [EU FLEGT facility](#) provides regular updates about the status of the implementation of the EUTR.
- For establishing long-term business relations suppliers are advised not to wait for the EUTR and FLEGT-system to be fully up and running, but to be pro-active and ensure full transparency and legal sourcing and take your own measures if necessary.
- Italy has just begun enforcing measures towards the implementation of the EUTR. The Italian national timber federation ([Federlegno](#)) is taking up the difficult task of the implementation process. They developed a special system for this called: [LEGNOK](#). Read more about the EUTR implementation status in Italy [here](#).

**CITES**

If you are supplying endangered timber species listed by CITES (International Convention on Trade in Endangered Species) you will have to obtain a CITES permit. With a CITES permit you automatically comply with the requirements of the EU Timber Regulation (EUTR) and your timber will be considered legally harvested.

**Tip:**

- To check if your timber is included in the CITES-list, refer to Annex A, B and C of the [CITES-Regulation](#). As the list is regularly updated, make sure to refer to the most recent version of the Regulation (see under consolidated version).

**Chemicals in timber**

The preservatives arsenic, creosote and mercury can be used to prevent rot and improve the durability of timber especially destined for outdoor applications such as decking. The EU does not allow the use of these preservatives, except for products such as wood used in industrial installations or as railway sleepers. There are also restrictions for timber products treated with certain oils, glue varnishes and lacquers that may contain harmful substances. For example, painted articles must not be placed on the market if the concentration of cadmium is equal to or greater than 0.1% by weight of the paint on the painted article.

There are also restrictions set by the EU for the use of chemicals in processing. The **EU REACH** (Registration, Evaluation and Authorisation of Chemicals) regulation sets requirements for the use of products such as oils, varnish and lacquer that may contain harmful substances. Decking treated with certain substances such as arsenic and chrome may not be imported.

This legislation does not apply outside the EU, but buyers are increasingly implementing sustainable practices in their own companies and in their supply chains. Therefore, they can ask you to also comply with these requirements regarding the use of chemicals during processing and production (e.g. volatile organic compounds [VOCs] used in coatings, formaldehyde and Pentachlorophenol).

**Tips:**

- Ask buyers whether they have specific policies concerning chemicals and what their specific requirements for suppliers are.
- Refer to the [EU website on reduction of emissions and substitution of solvents](#) to learn more about how to reduce VOCs.
- Check the [European Export Helpdesk](#) to determine in how REACH affects you.
- To find out more about restrictions on specific substances, refer to Annex XVII of [Registration, Evaluation and Authorisation of Chemicals \(REACH\)](#). In addition, refer to the website of EU to read more about REACH.
- Read the CBI document on '[requirements your product should comply with](#)' as well.

## General requirements on packaging:

There is also non-product specific legislation on packaging ([Directive 94/62/EC](#)) that apply to all goods marketed in the EU. The scope of the regulation is to introduce measures in order to reduce the risk of pest spread associated with the packaging material of raw wood. All wooden packaging material (mostly pallets) you use must display the [ISPM 15](#) logo and your unique identification number (if you produce the packaging material yourself). If you are not producing the material yourself, you will need to buy the material from a licensed producer in your country. See the CBI document on [buyer requirements](#) as well.

## Specific Italian legislation:

Although there are already many EU-wide regulations that are implemented by the member states (see above) there are still country-specific laws that are applicable as well. The idea is that many of these country specific laws are gradually replaced by the EU-wide legislation.

**Green public procurement:** Public procurement accounts for between 15% and 25% of all timber products purchased in most EU Member States. The new EUTR policy requires that all timber and wood-derived products must be sourced from independently verifiable legal sources. Several Member States have developed public procurement policies for timber and timber products. Italy is in the process of implementing its public procurement policy, while building a regulatory framework for its more effective application. According to this, Green public procurement will include the integration of environmental considerations in public administration procurement procedures. These are contracts regarding products and services with an impact on human health and environment. The minimum environmental criteria are the elements that qualify a procurement process as "green". The policy is mandatory for all central government departments, executive agencies and non-departmental public bodies. Apart from establishing a harmonised policy for the whole country, several regions around Italy have been following public procurement policies for timber products, at the same time increasing awareness and promoting the establishment of responsible procurement practices by government bodies in Italy.

### Tips:

- Exporters from developing Countries who want to supply the Italian government institutions must demonstrate that their tropical timber has been sourced sustainably.
- For more information, refer to the report 'Buy sustainable timber: [Buy sustainable timber: A guide for public purchases in Europe](#).
- There is also a EU wide web platform for [sustainable public procurement](#) that list the status of each country.
- For more detailed information on good practice cases and further recommendations, please download the project report from [ICLEI](#) Europe.
- For more information on public authorities which follow timber public procurement policies, refer to the website of F.R.E.S.H. (Forwarding Regional Environmental Sustainable Hierarchies), in the section regarding [policy impact](#).

**Manuale Tecnico EcoLabel per Mobili in Legno (Ecolabel's Technical Manual for Timber Furniture):** Published by EcoLabel Europe, the technical report available analyses the technical characteristics of timber furniture and their parts in the Italian market. The technical specifications concern the timber's aspects, available certifications, chemicals used in the timber etc.

### Tip:

- To make sure you comply with the Italian common technical standards, refer to the following document: [ECOLABEL EUROPEO PER MOBILI IN LEGNO](#).

## Additional requirements

### Corporate responsibility

Companies are also addressing issues other than the origin of wood. German buyers are increasingly paying attention to their corporate responsibilities regarding the social and environmental impact of their businesses. This also affects traders and processors. Important issues are respect for indigenous rights, owner's rights, environmental performance, respecting labour laws and healthy and safe working conditions. Many European companies in the timber sector have policies addressing these issues and suppliers may have to verify that certain policies are in place (certifications and standards).

Suppliers may be asked to abide by a code of conduct or to sign supplier declarations to ensure compliance with applicable local laws and regulations, industry minimum standards, the [International Labour Organisation \(ILO\)](#) and UN Conventions.

**Tips:**

- Train your workers in how to increase efficiency and reduce waste and emissions. For more information on these aspects, read [Wood processing and furniture making: Cleaner production fact sheet and resource guide](#)
- Refer to the factsheet [health and safety management](#) in the woodworking industry by the Building and Woodworkers International Association (BWI).
- Refer to the [Less Dust Guide](#) from the European Federation of Building and Woodworkers to reduce wood dust in the workplace.
- Ask your EU buyer about their supplier policy with regard to labour standards. Do not forget to find out how these standards are monitored and/or evaluated.
- Investigate the possibilities for implementing sustainability certification for continuous process improvement: [ISO 14000](#) (environment), [OHSAS 18001](#) (health and safety) and [SA8000](#) (labour standards) are some specific examples of such certifications.

## Sustainable forest management

Sustainably-produced timber goes much further than legality aspects. Sustainability encompasses elements relating to ecological, economic, social, growing and harvesting qualities of the management.

Sustainable forest management has become commonplace in the market for non-tropical timber. Although the share of certified timber is growing, the market for tropical timber is advancing at a slower pace. At the same time, sustainable forest management is especially relevant for tropical timber due to concerns about deforestation and global warming.

There are two main certifications covering sustainable forest management: [FSC](#) and [PEFC](#). At the moment, FSC is the most widely used scheme for certification of tropical timber forests. The market share of timber and timber products from sustainable sources is high, especially in North and West EU markets. However, the share is lower for tropical timber than for non-tropical timber. Forest certification is not that strong in Italy although many Italian timber 'importers' are certified.

**Tips:**

- To get a better understanding of what sustainable forest management is, refer to principles and guiding criteria of [FSC](#) and [PEFC](#).
- Please be aware that, as a supplier of sustainably certified timber, you will need to acquire a Chain-of-Custody (CoC) certificate. As such, make sure to only target buyers that have a CoC certificate. Non-certified buyers are not allowed to sell certified timber.
- Find out what is necessary for CoC certification. The website of the Global Forest & Trade Network (GFTN) provides a [roadmap](#) to certification.
- To find European or local buyers (e.g. importers, processors and retailers) and suppliers of certified timber and timber products, refer to [FSC Global Marketplace](#) and [PEFC database](#).

## Standards Map of the ITC

Check the International Trade Centre's [Standards Map](#), an online tool that provides comprehensive information on over 130 voluntary sustainability standards and other similar initiatives covering issues such as codes of conduct relevant to your product, reviews the main features of the selected standards and codes and compares standards' requirements side-by-side. Furthermore, you can assess your company's performance against standard requirements in a self-assessment module and generate your own company's 'sustainability diagnostic report', which you can then share with the business community. Check the [standards map videos](#) to see how the Standards Map can help you to determine which initiatives may be useful for you.

## Niche requirements

### Dual certification (FSC and Fairtrade)

Smallholders and communities often face tough competition in the global timber market. FSC is looking to differentiate products from communities and smallholders in the marketplace. Dual certification of FSC and Fair Trade has been tested and is available. In addition to sustainable forest managements practices (FSC) extra attention is given to the social

conditions in the producing areas (Fair Trade). FSC/Fairtrade timber is sold with a Fairtrade premium that adds 10% added value to wood bought from the certified smallholder communities. The market for Dual certification seems to be small.

**Tip:**

- For more information regarding dual certification, please refer to the [website](#) of FSC.

## CATAS

The CATAS quality award has been established in the Italian market to encourage technological development of Italian companies in the wooden furniture sector. The certification ensures the improvement in quality of products offering innovative solutions for the satisfaction of all stakeholders.

**Tip:**

- To get an understanding of the way CATAS quality award is functioning, refer to Italian companies that are CATAS-certified, such as [Gruppolegno](#). You can also refer to the [CATAS](#) website for more information on the certification process.

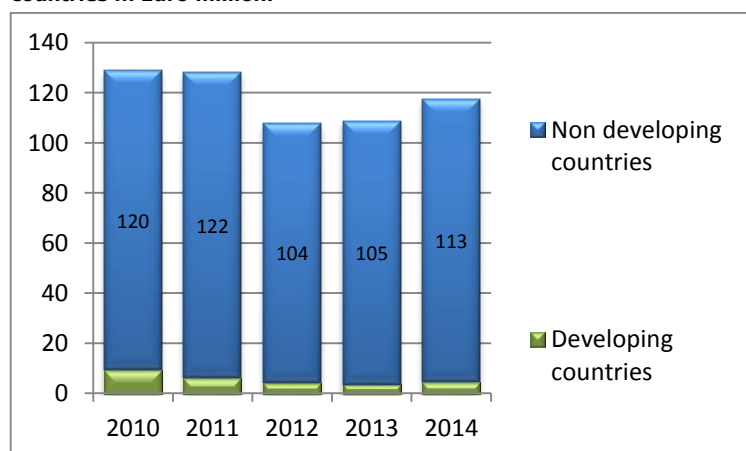
## Trade and Macro-Economic Statistics

This section presents an overview of the Italian market for tropical timber furniture components. Trade data extracted from Eurostat do not differentiate between tropical and non-tropical species. An overview of the timber furniture components market in general will be provided instead. But imports from developing countries is counted (see graphic below), thus tropical species are taken into account.

One quarter of the world's furniture is produced in the EU. In 2010, about 940,000 European workers were employed in approximately 130,000 firms. In the same year, the sector's production amounted to more than €83 billion with a value added of nearly €2900 million. Germany, Italy, Poland and France ranked among the top 10 furniture manufacturers worldwide, and held a combined share of 17% of world production and almost 60% of EU production ([EU report 2014](#)). Italy is an historical leader in the furniture sector. Italian furniture is actually branded worldwide with a "Made in Italy" logo. The country brand was recognized by foreign retailers and consumers all over the world. The key factors of this success can be attributed to large investments in design, a business model based on industrial districts and a high propensity to export. Thanks to all these factors, today Italy is still the most important player in the furniture sector, as it is the fourth largest producer in the world, after China, the US and Germany.

### Imports: steady recovery

**Figure 2: Imports of furniture components, from developing countries (31 timber supplying countries) and non-developing countries in Euro million.**



Source: Eurostat (2015).

In 2014, total Italian imports amounted to € 118 million, indicating a moderate annual increase between 2012 and 2014. The leading supplier of the Italian market for 2014 is Germany, representing a 22% of the total Italian imports. Other



important suppliers of the Italian market are mainly located in East-European countries, including Slovenia (15%), Romania (12%) and Poland (11%). Sweden accounts for 5% of the import.

In 2014, developing countries accounted for 4% of total Italian imports. The main supplying developing countries are China (51% of this 4%), Indonesia (21%), Vietnam (11%), Thailand (11%) and Malaysia (2%).

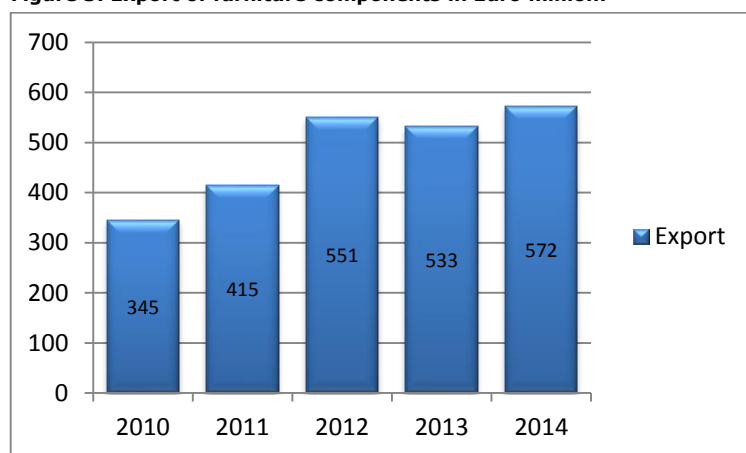
The predominance of the East-European countries in the Italian market for furniture components is explained by Italy's proximity to most of these countries and the availability of large production companies.

**Tip:**

- The Italian market for timber furniture components is not directly targeted by exporters in developing countries (only 4% imports from developing country in 2014). In order to access the Italian timber furniture market, your furniture components need have certain specifications, formally communicated with your buyer.

### Exports: Stabilising tendency

**Figure 3: Export of furniture components in Euro million.**



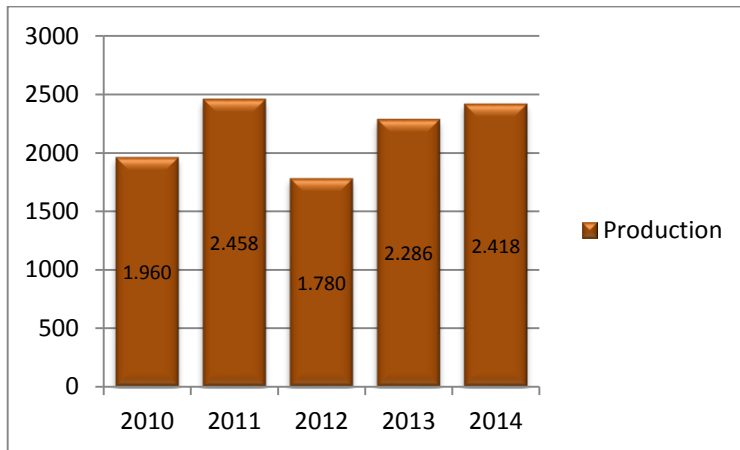
Source: Eurostat (2015).

In 2014, Italian exports of timber furniture components amounted to € 572 million, representing an annual average growth rate of 12% since 2010. Since 2012, total Italian exports have generally levelled.

The main destinations for Italian exports in 2014 are other developed markets in the EU and the US. The largest destination of Italian exports is the German market, accounting for a share of 18% of total Italian exports. Other important destination countries include France (15%), the US (14%), Russia (7%), and China (5%).

## Production: increase

Figure 4: Production of furniture components in Euro million.

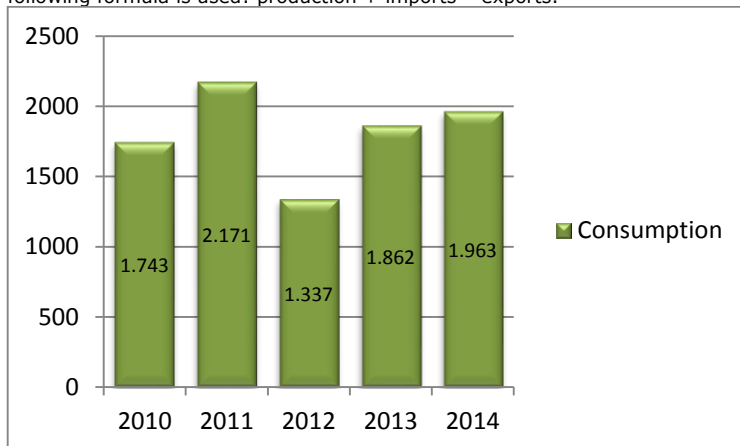


Source: Eurostat (2015, Prodcorn databases).

Following the increase in imports and exports the production levels are also raised, accounting for € 2418 million in 2014. This is a good indication that Italy is still the most important player in the furniture and kitchen production sector. After Italy Germany is the biggest producer of furniture components (€ 916 million), followed by Spain (€ 259 million), the UK (€ 193 million) and France (€ 190 million).

## Consumption: slight increase

Figure 5: Consumption of furniture components in Euro million (Source: Eurostat (2015)). To calculate the apparent consumption the following formula is used: production + imports – exports.



Consumption shows a slight increase, reaching a total of € 1963 million in 2014. Consumption in this case means furniture components used on the local market to produce furniture and kitchens.

## Market Trends

**Safeguarding quality:** In order to maintain the worldwide prestige of the Italian timber furniture market, producers must keep the quality levels of their products high and consistent. By outsourcing the production of furniture components to developing countries, the Italian producers will need quality guarantees. The ability to supply furniture parts without splits, holes, signs of decay, stains and knots is an important requirement, together with the capacity to supply consistent quantities. At the same time, suppliers must be flexible to increase their quantities in case demand for a specific product is on the rise. To safeguard these characteristics, furniture producers are looking to engage in long-term relationships with their suppliers.

**Tip:**

- Make sure you communicate to your buyer, the specific quantities of products you can supply. If you are able to supply a steady stream of similar quality furniture timber components without cracks and stains, which have been properly dried, you will be in a more advantageous position to enter the Italian market. The more value you add the more benefit you will have.

**Sustainability:** Demand for sustainably sourced tropical timber is growing in general among the EU Member States. Implementation of EU Timber Regulation is also in place, ensuring that tropical timber imported in the EU has been sourced legally. The Italian timber sector is slowly shifting to this direction, mainly due to the increasing consumer awareness. Tropical timber furniture suppliers are increasingly getting certified, as a result of a shift towards sustainable consumption.

**Tips:**

- Assess the possibility of obtaining an EU recognised certification, such as FSC and PEFC. Complying with the requirements of such certification will be essential, even without getting the actual certification.
- If you are already selling certified tropical timber furniture parts, target Italian importers or buyers with a chain of custody (CoC) certification. For more Information you can refer to [PEFC's database](#).

**Customised products versus standardisation:** The furniture market in Italy is mainly a market of customised products. Italian producers of timber furniture, in their effort to differentiate themselves from their competitors will refrain from offering standardised products and will promote unique designs. This means that, buyers will probably require specific design, specifications etc. for their tropical timber furniture parts.

**Tip:**

- Providing a wide range of custom made parts will add substantial value to your product. The marketing story behind your product (such as using the exotic origin of your raw material and its natural properties) can work in that direction.

**Threats to tropical wood:** Italy is not currently among the front-runners of sustainability regarding the tropical timber sector. Nevertheless, the government's commitment to change together with the increased consumer awareness, have already resulted in changes in the industry. Several suppliers, considering the difficulties of supplying legally verified timber switch to alternatives. The shift from tropical towards temperate species is a growing trend in the Italian market. Furthermore, tropical timber furniture and furniture parts are increasingly manufactured by recycled WPC (wooden plastic composites) which can resemble tropical timber if treated appropriately.

**Tips:**

- Competitive pricing is essential in order to be successful in the Italian furniture market, where competition between temperate and tropical timber is sharp.
- For more information on substitutes for tropical species, refer to the [Good Wood Guide](#).

**Increasing importance of E-commerce:** E-commerce is increasingly becoming popular within the Italian furniture market. As the furniture market is part of B2B trade, the role of a well-designed website is critical to attract buyers of tropical timber furniture parts in Italy. Italian buyers appreciate a well-structured website with a clear indication of the products available, together with pictures and their technical specifications. The [Italian trade association](#) is an important actor in this trend, since it has launched a [platform](#) for small and medium sized manufacturers and wholesalers of furniture, to showcase their product ranges online.

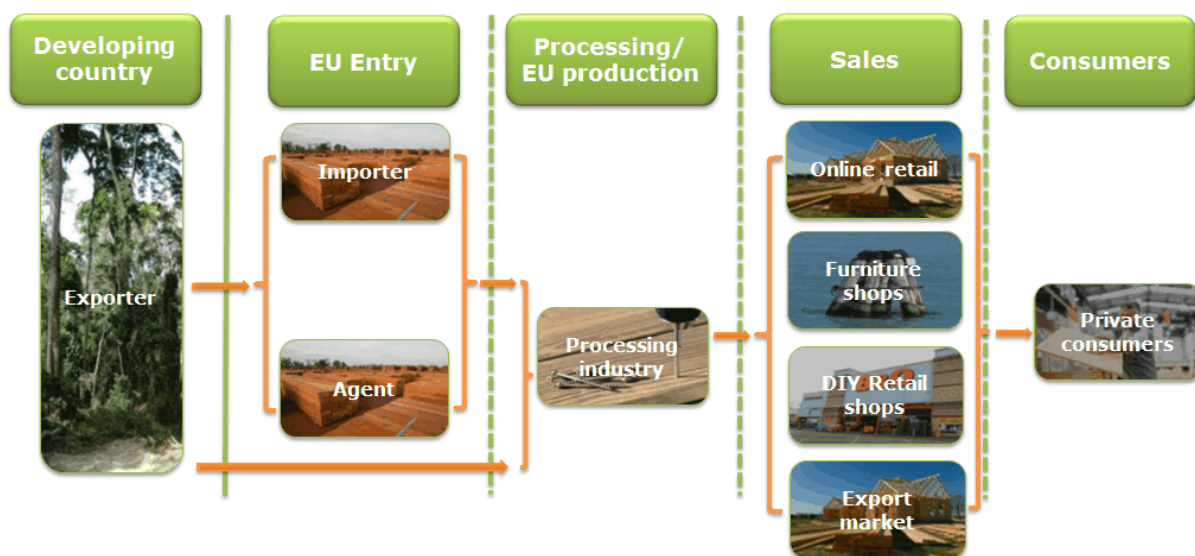
**Tip:**

- Displaying your products on a web page through photos and good quality videos, can be an important selling point. At the same time, communication via LinkedIn and other social media can help you network with potential buyers of furniture parts.

## Market Channels and Segments

Exporters of tropical timber furniture parts in developing countries mostly sell their products to wholesalers and furniture manufacturers in the Italian market (the role of the agent as an intermediate is decreasing). Here, the furniture parts are further processed and distributed to specialist independent retailers who continue to dominate the Italian furniture market.

**Figure 5: Trade structure for tropical timber furniture parts in Italy.**



Source; FSG

**Outsourcing moves to Eastern Europe:** As shown in the statistics section, the main suppliers of timber furniture parts are located close to Italy, and are predominantly coming from countries in Eastern Europe (Slovenia, Poland and Romania). These countries take advantage of the combination of low costs and their proximity to Italian furniture producers. It takes about five days to ship their products to Italy, making it possible at short notice to supply components with adapted specifications. The relocation of production to low-cost countries provides opportunities for developing countries exporters, increasing their chances to form partnerships with Italian companies.

### Tip:

- Outsourcing the manufacturing of furniture parts is a concentrated process and it has proven to be a difficult field to compete. Working together with other processors will make you a more attractive supplier, while reducing your transportation costs.

## Segments

The most interesting segment for developing country exporters of semi-finished furniture parts is not located in the end consumer market. In fact, exporters should target producers of furniture, wholesalers of furniture parts, up-holstering companies procuring semi-products, and wholesalers of wood and semi-products for the furniture industry.

### Tips:

- Most of your potential buyers can be found on the website of the [Italian trade association](#).
- Another good source to find Italian buyers is the [furniture.eu](#) website.
- To get more information on timber furniture and timber furniture parts in general, refer to the [Italian National Timber Association](#) (Federlegno Arredo), which is a federation of more than 10 sub-sector associations.

For more information on market channels and segments for tropical timber, please refer to the [Market Channel and Segment document](#) available on the CBI market intelligence platform.

## Price

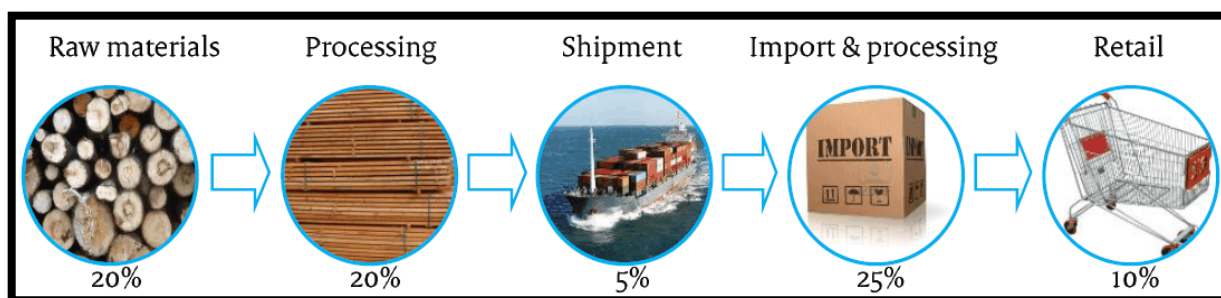
For tropical timber furniture parts, a share of the final value is added in Italy **after import**. If you see opportunities to add more value to your parts **before exporting**, by exporting more sophisticated products, this may be translated into higher margins.

To **increase the price** of your furniture parts, the elements of aesthetics and design together with the material, are the most important (especially when your furniture parts are used as exterior components). The quality of the timber is agreed, based on specifications such as: stains, knots, end shakes, mould, warped boards, insect holes, breaks, repairs, etc.

The price of tropical timber furniture components in the Italian market is influenced throughout the different channels of the value chain, until the timber components are ready to be installed and distributed to end consumers. There are several factors that influence the price of the tropical timber furniture parts in the Italian market. The most important include:

- Availability of timber species: If the species are readily available or there is limited availability.
- Value addition in the country of origin: How much processing is done within the producing country.
- Sustainability: certified products are more usually more expensive.
- Volume: Prices terms may be favourable for larger orders.

**Figure 6: Price breakdown of tropical timber furniture parts imported to Italy**



*Table 1. Example of companies in the EU that sell furniture components. Prices of furniture components are depending on the type of product and many other requirements. Therefore we will only give examples below of some of your competitors in Italy, or elsewhere in the EU. Study what they offer and see if you can compete. Check [Fordaq](#) for more companies.*

Name and link of company	Country	Type of products
<a href="#">Segheria 3B</a>	Italy	Legs for seats and tables, bended material.
<a href="#">Silteak</a>	Italy	Picture frame parts and others.
<a href="#">Santini Group</a>	Italy	Mostly parts for kitchens and doors, high quality.
<a href="#">Holz Profil</a>	Italy	Bed parts, furnace frames and others.
<a href="#">Niraj Ace Brad Prod</a>	Romania	Kitchen ware and furniture parts.
<a href="#">Pasconmat Comimplex</a>	Romania	Supplies many different parts.
<a href="#">Smart industries</a>	Slovenia	Supplies many different parts.
<a href="#">Sobczak</a>	Poland	Legs, constructional pieces and others.

### Tip:

- Make sure to monitor the market developments in the Italian timber industry. [Quarterly reports](#) on the price developments for tropical timber are available on ITTO's website. However, prices for timber change frequently, so being in contact with your buyers will provide you with more up-to-date information.

## Field of Competition

**Quality requirements impede market entries:** The timber furniture market in Italy is dominated by specialist retailers who have specific requirements concerning quality and design. At the same time, outsourcing the production of furniture parts in East-European countries results in decreased transportation costs. Consequently, it is harder for Developing Country exporters to access the Italian market, especially for new entrants.

**Tip:**

- Due to high product requirements, Italian furniture producers and suppliers of furniture parts are increasingly establishing long-term relationships with their suppliers. Make sure to consider the possibility of a strong relationship and present yourself as an attractive partner.

**Increased buyer power:** The Italian furniture market is a buyers' market. With an established traditional furniture market, and with part of the production taking place close to the end market, buyers have increased negotiating power. At the same time, in order to be able to provide high quality products, they are looking to vertically consolidate their value chain, further hindering supplier power.

**Tip:**

- Consider working together with other processors and traders in order to become a more attractive supplier (e.g. formation of cooperatives). Associating with other processors means reduction of costs, sharing of know-how and supply of larger volumes. Consider certifications for your products, as this will give you a competitive advantage.

**Availability of timber alternatives threaten tropical timber:** Alternatives for tropical timber furniture parts are widely available in the Italian market. Temperate species from North America and Europe are used increasingly as substitutes. Additionally, furniture manufactured from Wood Plastic Composites are gaining popularity in the Italian market, especially for outdoor applications. Nevertheless, technical characteristics and environmental qualities of sustainable timber are hard to surpass.

**Tip:**

- In order to compete with the different substitutes available in the Italian furniture market, it is recommended to focus on your furniture parts' characteristics. The natural strength and durability of your tropical timber furniture parts, as well as the exotic origin of your products should be used as features to attract Italian furniture manufacturers.

**Vertical consolidation puts pressure on supplier power:** Italian producers of tropical timber furniture have many reasons to increase control over their value chain. The growing demand of sustainably sourced timber in the Italian market is one of them. The Italian government is committed to block imports of illegal tropical timber, and in order to decrease that risk, Italian buyers of furniture parts are increasingly looking to source directly from forest owners to secure their product supply.

**Tips:**

The tropical timber industry needs to address some challenges if it is to retain and expand its share of the Italian tropical timber furniture market. developing country exporters are recommended to:

- Move progressively towards the production of value-added furniture parts.
- Establish delivery systems to secure the sustainability of wood supplies.
- Meet legality and sustainable forest management requirements.
- Create strong networks of producers, traders and customers to enhance their competitiveness.

## Useful sources

- CBI market information: [Promising EU export markets](#).
- Italian National Timber Association (Federlegno) - <http://www.federlegnoarredo.it>.
- EU report 'The EU Furniture market situation 2014'.
- EU Expanding Exports Helpdesk - <http://exporthelp.europa.eu> - go to 'trade statistics'.
- Eurostat - <http://epp.eurostat.ec.europa.eu/newxtweb> - statistical database of the EU.
- Register for the International Trade Statistics site - <http://www.trademapp.org>.
- International Tropical Timber Organisation- <http://www.itto.int>



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