

is a price market and at current exchange rates it is difficult for Canadians to compete. Until the rise in value of the dollar in mid-1991, however, exporters from the East Coast of Canada could compete in all grades of spruce-pine-fir (S-P-F), for construction and pallet stock, especially from Quebec and Nova Scotia.

Higher-quality coniferous products are supplied mostly from Nordic countries and the U.S.S.R. However, Canada also has a significant and traditional position for Douglas fir and, more recently, for hemlock and lodgepole pine. And Douglas fir is the product of reference for window stock in much of the Italian market. Currently about 60% of Douglas fir and hemlock is kiln-dried, and buyers will pay a premium for this. Some buyers, however, still prefer to do their own drying. In 1988, imports from Finland and Sweden – generally red wood – were equal to those from North America at 10%. Canada's share, however, was only 2%, but Canada is well thought of in this market and has established a much higher-valued position than elsewhere. For example, Council of Forest Industries (COFI) estimates that the average value of West Coast lumber exported to Italy is double that sent to France.

As indicated in Table 6, in 1988 the principal supplier of non-coniferous sawnwood was Yugoslavia. Tropical hardwood accounted for more than 23%, whereas imports from the United States were an impressive 10%. Canada's trade (1%) has been largely concentrated on products produced in Canada from U.S. timber.

In terms of logistics, the proximity of Northern Italy to suppliers in Austria and the Nordic countries is a major factor. Sweden, for example, can supply in two to three days. However, these overland routes are not cheap, which provides ample opportunity for Canadian exporters in the south, and even in the north to a lesser extent.

Some other noteworthy aspects of the Italian market are discussed below.

Temperate Hardwoods. The hardwood market has switched over the past decade from tropical to temperate hardwoods. The United States is a major supplier, far exceeding Canada. Total Canadian sales of hardwood for 1990 are reported to have been less than the increase in U.S. business over that year. The leading U.S.

exporter to Italy is Bailey, accounting for 50% to 60% of U.S. exports, followed by Weyerhaeuser, which has its own office in Rome, American Lumber (now part of Bailey) and six others.

A limited number of Canadian exporters (four or five) are reported to have established positions in the market, and a larger number of others (perhaps 25) sell on a spot basis. Many of these companies are dealing in wood from the United States.

The leading species, accounting for about 50% to 60% of the market, are white oak and yellow poplar (tulipier). The importance of a number of seasonal species fluctuates with fashion trends. These include alder, red elm, cherry, soft maple and white ash.

Yellow poplar, in particular, has replaced ramin, which was much appreciated, but its market position was probably killed by export taxes. However, it is not considered as good as ramin and other species are being sought. This opens up possible opportunities for Canadian yellow birch, white birch and perhaps even aspen. But these lesser known Canadian species must be promoted in earnest, and industrial manufacturing trials must be conducted by the Italian remanufacturing industry in cooperation with the Canadian trade.

For hardwoods, quality is much more important than price, as demonstrated by the success of at least one Canadian company reported to have the most expensive product, but one that industry appreciates.

Woodworking. The country's strength in woodworking industries is supported by the second largest woodworking machinery industry, following Germany's. Italy is also one of the leading producers of furniture. Exports of furniture are very significant – 45% go to France and Germany, and a further 15% to other EC countries. Exports rose in 1989 by 3%.

Although there is an established laminating industry for glulam beams and, more generally as part of an end-product operation such as window production, there is a trend toward concentrating on end-product and buy-in stock, either as 'pre-lam' or as 'components'.