CBI MARKET SURVEY

The natural stone and stone products market in Italy

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Report summary
This CBI market survey discusses the following highlights for the natural stone and stone products market in Italy:

- In 2008, Italian consumption of natural stone and stone products was € 2.3 billion and production was € 3.5 billion. Italy is the largest producer and consumer in the EU. Between 2004 and 2008 total consumption decreased at an average rate of -1.9% per year. Over the same period Italian production decreased at an average rate of -1.3% per year.
- In 2008, Italy imported € 519 million worth of natural stone and stone products making it 2nd biggest importer in the EU. Total Italian imports increased by 0.5% per year between 2004 and 2008.
- Developing countries (DC) are becoming increasingly important as suppliers of low priced products. Between 2004 and 2008, the market share of DC increased from 74% to 80%. In 2008 India, Brazil and China were the most important DC supplying to Italy with a market share of 18%, 13% and 10% respectively.
- The Italian market is the most important market in the world when it comes to consumption, production and trends. However, the Italian market has been in decline for several years and is expected to keep decelerating.

This survey provides exporters of natural stone and stone products with sector-specific market information related to gaining access to Italy. By focusing on a specific country, this survey provides additional information, complementary to the more general information and data provided in the CBI market survey 'The natural stone and stone products market in the EU', which covers the EU market in general. That survey also contains an overview and explanation of the selected products dealt with, some general remarks on the statistics used, as well as information on other available documents for this sector. It can be downloaded from http://www.cbi.eu/marketinfo

Note: In Chapter 1 Market description: consumption and production, the following product groups are addressed:

- blocks & slabs
- landscape design
- monumental and funeral

Monumental & funeral is an aggregate of flooring & cladding and funeral & other arts sub products groups which are disaggregated and dealt with separately in the Import/Export section. For more explanation about the product groupings, refer to the Appendix A in the CBI survey 'The natural stone and stone products market in the EU'.

1 Market description: consumption and production

Consumption

Italy is inhabited by 60 million people making it the 4th most populated country in Europe. In 2008, the Italian consumption of natural stone and stone products was around € 2.3 billion, of which 1.8 billion consisted of finished stone products[1]. Italian consumption has decreased at an average rate of -1.9% annually. Italy is ranked the largest consumer of finished stone accounting for 27% of total EU consumption, above Spain (18%).

[1] Finished stone products are the sum of the product groups landscape design and monumental & funeral.

Table 1.1 Italian consumption of natural stone and stone products per product group 2004 – 2008, € million/1'000 tonnes

	2004		2006		2008		CAGR*
Product group:	**Value**	**Volume**	**Value**	**Volume**	**Value**	**Volume**	
Blocks & slabs	n.a.	n.a.	1'307	22'306	509	11'851	27%
Landscape design	334	1'617	318	1'798	304	1'820	-2.3%
Monumental & funeral	1'971	13'587	1'423	11'197	1'506	8'858	-6.5%

*CAGR: Compounded annual growth rate
Source: Eurostat (2009)

In 2008, Italy's GDP declined by -1.0%, where as in year 2007 it showed a growth rate of 1.6%. This deceleration was mainly due to the effect of the US subprime crisis which created liquidity crunch in the European markets. Another reason for the negative GDP growth rate was the Italian political instability during 2008. The economic slowdown (-1.9%) has had an impact on the overall annual growth of natural stone consumption[2], while finished stone consumption showed also a negative growth (-4.4%).

The Italian construction industry grew at a CAGR of 5.4% for the period 2003-2008. This sector attracted lot of investment in Italy, making it one of the most active and fast-growing construction sectors amongst the most EU mature economies. However, the spending rate declined considerably in the second half of 2008, leading to a decline in construction industry production by 2.0% in 2008 over 2007. This fall in the growth rate can be attributed to the global economy slowdown which has reduced the flow of investment. The slowdown in the economy has mostly affected the consumption of monumental & funeral products, although all product groups dropped in 2008.

The short-term future for the natural stone market does not look good. Construction output was markedly lower (-14%) in the third quarter of 2009 compared to 2008[3]. Expectations are that the construction industry will stop dropping in 2010 (+0.7%), and that it will probably start to pick up at a slow pace in 2011 (+1.4%)[4]. Natural stone is often applied in the last stages of a construction project. As a result the recovery of the natural stone sector will not be completed until some time after the construction sector has recovered.

Market segmentation

The Italian natural stone products market can be divided into the following user segments:

- Building industry; by far the biggest consumer of natural stone in Italy. Non-residential sector's market share was 59% in 2008, while residential sector accounted for the balance.
- Natural stone processing industry; plays a leading role due to its large size and tradition, not only in the EU but also worldwide.
- Funeral industry; a large retail sector selling funerary art to the consumer, such as tombstones, gravestones and urns. Natural stone for funeral art is very common in Italy, especially tombstones. There is a recent increased popularity of cremation which has led, however, to a rising demand for urns.
- Consumer market; other retailers including Do-It-Yourself (DIY) outlets, garden centres and tiles specialists continue to gain importance in selling directly to the consumer.

The segmentation is generally similar to the trade channels discussed in this survey. Therefore for more information regarding these segments in Italy, please refer to chapter 2. For more information on market segmentation in the EU, please refer to chapter 1 of the CBI survey 'The natural stone and stone products market in the EU'.

[2] The large drop of blocks & slabs consumption between 2006 and 2008 can be partly explained by a large drop in production as a result processing increasingly taking place in DC.
[3] Source: Eurostat
[4] Source: Eurostat

Consumption trends and developments

- ***Mature market:*** natural stone and stone products in Italy are widely used therefore they are highly integrated with other sectors of the Italian economy such as the construction one (interior coverings, facades, roofs, paving, decoration, refurbishment and the restoration of ancient buildings). This wide use can be explained by a long history in the utilisation of natural stone due to its large local availability and a highly developed and processing industry characterised by an important investment in technology.
- ***High house ownership:*** house ownership is traditionally high in Italy (80%). People tend to purchase rather than renting due to the Italian sense of status obtained from the ownership of real state assets. The restrictive legislation on renting has also made selling preferably to renting out for house owners. This creates a demand for natural stone products, particularly for private households. However, the household debt is high and access to credit is difficult at the moment, making Italian consumers reluctant to keep investing in new houses.
- ***Renovation on the rise:*** increase in interest rates of home mortgages declined the demand in the housing market. Therefore, instead of buying new properties, people is investing more in their existing houses. As a consequence, renovation of houses is expected to pick up. Products often used in renovations are likely more in demand. For example, 10 mm tiles that can be laid on existing floors without having to make adjustments to the doors.
- ***Neighbouring countries:*** sharing a close geographical distance and similar language with Spain, France and Portugal, the Italian natural stone market has a relevant presence in these neighbouring countries. Italian stone trends are often inspirational and therefore picked up by other markets, while trading partnerships between them are very frequent as well (see also the CBI market surveys for the countries mentioned in this point). This provides for opportunities interested in also supplying surrounding EU countries.
- ***Ageing population*****:** 20% of the Italian population is 65 years or older. It is expected that this percentage will increase to 26% by 2030[5]. This target group is generally wealthy. This has a positive influence on the consumption of natural stone in one form or another (interior design, art, or gardens). In the long term there will be an increased demand for funerary art (i.e. tombstones and urns).
- ***Authentic colours and finish:*** Italian consumers traditionally prefer warm and pastel colours such as earth-cream tones and grey palettes, generally used in kitchen and bathroom floors. Bianco Carrara is probably the world's best known marble and is available in many shades. It has an intense white background and it can also be found with an even spread of dark grey veins. Other marble varieties include light green terracotta and yellow shades. Pink and gray Sardinian granite are famous for its homogeneity and texture. Furthermore, the artistic, architectural, and technically features of natural stone products are important characteristics of Italian consumers.
- ***Larger tiles*****:** bigger-sized tiles for interior and exterior flooring and cladding, including the exceptionally large square tiles (1 m x 1 m), are noticeable in Italy. People are tending to prefer larger tiles in order to match the current trends of bigger bathrooms and kitchens. Large format tiles create the illusion of spaciousness. Another bonus is that they reduce the amount of ground homeowners have to clean and maintain. Moreover, the application of the same tile for both floors and walls, mainly in bathrooms, is on the rise.
- ***Alternatives*****:** alternative materials have been growing in popularity. Classical natural stone substitutive is the ceramic tile for walls and indoor/outdoor floors. More recent alternative materials are the composite ones such as quartz for tiles and kitchens. Quartz is becoming a serious competitor for natural stone due to its wider colour range, durability, and light weight. Moreover, the nonporous quartz surfaces prevent growth of fungus and microbes. The quartz market is dominated by CaesarStone and Silestone. Caesarstone is an Italian leading stone processor (http://www.caesarstone.com). Composite is processed by the same machines as natural stone and often has the same trade channels. Processors in DC can therefore decide to focus on both markets.

[5] Source: Eurostat

- ***Sustainability:*** The Lombardy Stone Association (http://www.assomarmistilombardia.it) is encouraging and supporting its members to increasingly implement sustainable production systems and an optimal use of the natural stone material. This is planned to be achieved in the medium-term by incorporating nanotechnology and advanced materials along with an optimisation of the energy consumed in the production process. These new technologies and innovative materials include techniques to reduce waste and new products based on natural stone disposals. As a result, lower prices and high quality products may be achieved. Furthermore, the importance of the sustainability topic is reflected in its usual presence in building fairs like Senaf in Rome, which dedicates most of its conferences to this issue. In addition, during its last edition in November 2009 a new sustainable project was presented: EdilVerde "Working with Nature". It intends to promote eco-sustainable initiatives on the renewal of the urban centers' aesthetic design and development, therefore, aiming to improve quality life in Italian cities. DC exporters that take a pro-active approach to the issue sustainability might find market openings easier.

Sustainable supply chain
A sustainable natural stone supply chain demands large investments by multiple parties and is a long process. DC exporters can take a pro-active approach to the matter and map out the sustainability issues related to their own organisation and of possible suppliers. In this way it is possible to work towards a better situation and be able to respond to possible questions coming from importers and consumers in Italy.

Production

In 2008, the Italian production of natural stone was € 3.5 billion, of which € 3.2 billion consisted of finished stone products. Italian production of finished stone products has decreased at an average rate of 3.5% per year. However, Italy is still a large producer who processes all of the natural stone product groups included in this survey. It is, in fact, the 4th largest producer of natural stone worldwide and the leading one in the EU accounting for 44% of EU production, above Spain (28%) and France (7.1%).

Table 1.2 Italian production per product group between 2004 – 2008, € million/1,000 tonnes

	2004		2006		2008		CAGR*
Product group:	**Value**	**Volume**	**Value**	**Volume**	**Value**	**Volume**	
Blocks & slabs	n.a.	n.a.	1'069	21'120	376	11'183	n.a.
Landscape design	356	1'699	336	1'849	316	1'838	-2.9%
Monumental & funeral	3'364	15'400	2'896	12'921	2'841	10'359	-4.1%

*CAGR: Compounded annual growth rate
Source: Eurostat (2009)

Italian natural stone market is facing competition from suppliers of natural stone products, mainly from developing countries (DC). The main advantages of DC suppliers are: low prices (low wages), improved quality (improved technology) and their increasing presence through growing exports and international partnerships. As a consequence, the Italian market is undergoing a structural crisis which is symptomatic of a mature market and struggling long-time leadership. Despite the importance of it domestic market and its natural tradition, Furthermore, the sector had experienced negative growth from 2004 to 2008: landscape design and monumental (-2.9% per year) monumental & funeral (-4.1%) product groups[6].

The Italian production industry is for 94% made up out of small-sized enterprises having a turnover of less than € 25 million and obtain less than 40% of the total profit. The natural stone industry in Italy is therefore an extremely small-scaled market. The strength of the industry lies in the concentration of the enterprises in only few regions with good synergies of the enterprises among themselves. In the province of Verona (Valpolicella and Valpantena) 60% of the industry conversion is reached. The Massa/ Carrara region accounts for nearly

[6] No data is available for the product group blocks & slabs.

15%. The remainder comes from the regions Bergamo (8.3%), Lucca (8.2%), Vicenza (7.0%) and Brescia (2.1%).

Alternatives
If you offer natural stone that is similar to local stone you might be able to compete with local suppliers on price. Therefore it good to be well informed before approaching buyers. For more information about the natural stone types extracted in Italy visit the website of Graniteland (www.graniteland.com).

One explanation for the difficult position of the Italian production industry lies in one of the traditional weak points of the Italian industry: the concentration of the sales markets on the United States and on Germany. Another is the fact that producers are attacking "easy" and profitable markets, aiming at increasing sales but not at acquiring regular customers. This is proving unsatisfactory for an industry that requires the use of cutting-edge technology and in any case needs huge investments and careful planning, which are not easy to achieve with a short-term outlook.

The streamlining which results from the current crisis, the attempt to optimise and valorise the domestic natural resources and know-how, the strong world consumption trend and the increasing support for natural product are positive prospects for the future of the Italian stone industry. However despite the fact that Italy remains the trendsetter in the global natural stone market, its days as undisputed market leader are over.

Production trends and developments

- ***New challenges***: the renowned Italian industry, severely challenged by the competition of imported low-cost products, depends on the capacity to reinvest in technology, research and services. The industry is currently mobilised to restore the Italian stone industry. In addition, Italian companies are trying to invest in competing countries in order to gain in competitiveness through closeness to the destination markets, lower production and running costs. The domestic industry continues to process highly technological products which are addressed in particular to the domestic and the very demanding EU markets. Other solutions are getting certifications to offer more guarantees to customers and implementing environmental management systems in the production process, obtaining by this, exclusive selling rights or producing extremely high product quality to be on the top of the most exclusive market ranges. In the higher segments therefore competition will be fierce. Focussing on the low and middle price segments might be easier.
- ***Quality trade mark***: More than 30 of the main players of the Italian stone industry have joined hands to create a trade mark "Pietra Naturale" (www.pietranaturale.com) in order to protect their production against ceramic imitation, to promote the "made in Italy" know-how and tradition against foreign competition and to maintain its share against other floor and wall covering products. This mark is an important promotional tool and a way to protect the domestic market and it represents approximately 65% of the Italian production market. DC exporters can respond by also focussing on quality management (e.g implementing a management system).
- ***Computer numerical control (CNC)***: Italian processing companies are increasingly working with natural stone that has been calibrated in such a way that it is ready to be processed by CNC machines. CNC machines can do labour-intensive work more accurate and faster and thereby open up new markets. DC exporters should therefore look into the possibilities of supplying calibrated slates and/or invest in CNC machines to compete with their EU counterparts.

Find listed below some Italian natural stone processing companies:

- Max Marmi Carrara - http://www.maxmarmicarrara.it/index_eng.htm - quarry owner and processor of Italian marble slabs
- Antolini Luigi – http://www.antolini.it – large processor of marble and granite tiles
- Travertini Giansanti - http://www.giansanti.it – manufacturer of natural stone for large Italian and foreign building projects

- Barsotti - http://www.barsottimarmi.com – processor of finished and semi-finished stone for the residential segment
- Jovino Marmi - http://www.jovinomarmi.it – supplier of blocks & slabs and tailored-cut tiles
- Santafiora - http://www.santafiorapietre.it – manufactures natural stone for pavings, coverings and interiors

Opportunities and threats

+ Italy is one of the largest EU markets for natural stones, finished stone products and more specifically for blocks & slabs.
+ Italy has a long tradition with natural stone and therefore quality standards in Italy are high.
+ In recent years the demand for finished stone products is increasing at the expense of intermediate stone products. This trend is expected to extend into the future.
+ The growth of consumer awareness has lead to an increased interest in products from sustainable sources. DC manufacturers who take a pro-active approach to environmental and social production norms will have a competitor-advantage.
- The Italian market has been declining since several years. The current economic crisis is also affecting the Italian market and therefore expected to slow down the natural stone consumption.
- The Italian market is well served and knows fierce competition. DC suppliers are up against strong and professional Italian producers that are increasingly working together to fend off competition.
- In order to recover from the local industry crisis, the sector is much more defensive towards foreign exporters than it used to be.
- Italian consumers prefer products produced in Italy.
- Italy is characterized by large regional economical and cultural differences making first hand knowledge of the Italian market even more crucial.

Note that the above-mentioned developments and trends can be an opportunity for one exporter and a threat for another. Therefore, exporters should analyse the developments and trends discussed in the previous chapters to make their own analyses. The outcome of this analysis depends on the specific situation of an exporter. For an example of such an analysis, please refer to Chapter 7 of the CBI market survey 'The natural stone and stone products market in the EU'.

Useful sources

- Marble From Italy - http://www.marblefromitaly.com - this site by the Italian Trade Commission Government Agency provides information about the natural stones markets, industry standards and main Italian players
- Business stone - http://www.bstone.it - this site provides information on the Italian market of natural stones, with a review of worldwide news
- Giorgio Zusi Editore - http://www.zusieditore.it - a publishing house with a focus on cultural and promotional initiatives in the natural stone industry. Includes a list of publications on or related to the Italian natural stone sector
- Pietre d'Italia - http://www.architetturadipietra.it – special site about the Italian natural stone from an architectural point of view.

2 Trade channels for market entry

Trade channels

Wholesaler and importers buy their natural stone directly from supplying countries. Italy has since long had a central role in the marketing of natural stone and is home to some of the EU's largest stone wholesalers, which stock enormous ranges of stone colours, styles, and qualities. These marketing giants tend to carry huge stone inventories; they buy domestic and imported standard raw blocks instead of more expensive processed slabs or tiles, in order to reduce operating costs, and retain processing flexibility. Find below some large importers active on the Italian market:

- RED Graniti - http://www.redgraniti.com/en - company that imports at a EU level
- Block & Rock - http://www.blockrock.com - importer of intermediate stone material from Asia and Africa
- Marni bruno Zanet - http://www.brunozanet.com - a company that imports, processes and distributes natural stones
- Eastern Granit - http://www.easterngranit.it/index.html - an importer of block that also owns several quarries and has exclusive supplying contracts

Travelling importers
There are natural stone importers in Italy that have staff that travel the world in search of good priced quality natural stone and new materials. These importers are usually larger companies with a large network and resources. A lot of the business therefore takes place in DC and **not** in Italy. Therefore setting up warehouses and investing heavily in establishing yourself in Italy is not always the best way of working. It might be easier to find out what importers are active in your country and invite them to your facility. They might be able to drop by on their next visit to your country.

The natural stone processing industries in Italy buy from wholesalers/importers, quarry their own stones or, depending on the size of the company, buy directly from supplying countries. The natural processing industry in Italy is still very important largely due to the appreciation of craftsmanship by Italian consumer. The processing industry processes raw material and/or semi-finished products supplies the retail market. Because the processing industry is still important in Italy, it is often an important link between importer and retailer. In recent years however Italy is importing more semi-finished products instead of processing raw material locally. Find below some specialized processing companies:

- Pedretti Graniti - http://www.pedrettigraniti.it - processor of construction and decoration granite products according to Italian quality and design standards
- Fontanili - http://www.fontanili.it - a processor of natural stones products for the construction sector
- Amso International - http://www.carraramarble.it – producer and manufacturer of marble and granite with specialization in tiles, slabs, coverings and sculpture stones
- Bruno Poggi - http://www.brunopoggi.com – processor of marble blocks and slabs for interior and exterior designs mainly for extensive architectural projects

Processing partners
Italian processors should not only be looked upon as competition. Large processors will often import directly without the use of an importer. They will seek for partners abroad that are able to offer a large and continuous supply of natural stone. These demands will be harder to meet for smaller suppliers in DC.

Retailers like DIY stores and tiles specialists buy mainly from wholesalers/importers, although the larger DIY are also known for buying from exporters directly. Retailers mainly focus on the consumer market but installers and contractors also get their material from retailers.
The DIY market is becoming more important in the Italian bathroom market. Most large chains offer an increasing amount of products thereby targeting more market segments. In Italy, where the DIY market was less developed than in other EU countries (such as Germany), there is now an environment that is broadly favourable for DIY products and has spurred the expansion of the main large specialist retailers. Currently the economic slow down is also having a positive impact on the DIY channel as the reduction in incomes experienced has encouraged people to spend more time at home in order to reduce their outgoings and to do DIY activities for themselves.

The expansion of a specialist supply channel and the establishment of large international operators, such as Leroy Merlin and Castorama, provided significant exposure for the DIY sector as a whole. The emphasis on customer care throughout this channel contributed significantly to the enlargement of the client base, since it provides a wide range of extra services such as design, cutting, assembling, etc., all of which make DIY easier and quicker.

However the enduring presence of these small specialist outlets means that, like Spain and Portugal, the Italian DIY sector remains highly fragmented. The independent retailers account for the lion's share of sector sales and an even bigger proportion of the number of stores. Find below some retailers active in the Italian market:

- Leroy Merlin - http://www.leroymerlin.it – large DIY chain active throughout Europe including Italy
- Bricocenter - http://www.bricocenter.it - DIY chain with stores throughout Italy
- Bettini - http://www.bettini.com - retailer of various types of natural stone products
- Omnia Marble - http://www.omniamarble.com - a retailer of stone products (imported or locally produced)
- MM group - http://www.mmgroupsrl.com/index.php - large retailer that imports different types of natural stone

Independent buyers in Italy are major companies (e.g. construction companies) or governmental organisations often buying directly from supplying countries for large building projects.

Price structure

Unfortunately the Italian companies contacted for the purpose of this survey were not willing or able to share information on their prices and margins. Most companies are careful with providing this information so therefore so it is advised to first establish a relationship with a potential buyer before discussing prices. What can be said about margins in Italy is that they are under pressure as a result of the economic crisis. Moreover, the prominent position of Italy in the global stone market is slowly diminishing. Italian companies now have to compete directly with supplies from DC such as China, India and Brazil. The increased focus on price is forcing Italian suppliers to drop their prices to be able to sell their product on the domestic and international market.

Refer to the websites listed in Chapter 4 to get an idea of the prices Italian companies are asking for their natural stone products. Based on your findings you can determine whether you are able to offer a competitive price.

For more information about price structure please refer to chapter 3 of the CBI survey 'The natural stone and stone products market in the EU'.

Selecting a suitable trading partner

Deciding what kind of partner you want is important. Local presentation or market presence is essential in the Italian market. If you want to be represented on the Italian market you can appoint a distributor. A distributorship arrangement might prove hard to arrange but the Italian associate will purchase the product which is to be sold, thus sharing the marketing risk. Please note however that under Italian law it can be difficult and costly to terminate the arrangement. An Italian distributor will understand how to best present your products, comment on changes to your packaging and will understand how to place the product in the market.

Larger importing parties might be interested in investing in a long-term relationship but will demand exclusive rights to sell the stone. The focus will be on more efficient extraction methods and quality improvement by investing in technology and know-how.
There are various ways to come into contact with importers and other possible trading partners in the Italian market. Attending trade fairs is one of the most important ways to get exposure. You can either choose between specific trade fairs for the natural stone products or more general fairs (e.g. construction, home decoration).

In a market where competition is fierce and margins are small, it is becoming increasingly important to be a reliable partner. Delivery time is an important issue for Italian buyers. Delivering according to agreements and effective communication are crucial for your trading partner and necessary for developing a long-term business relationship.

DC exporters are often constrained by long delivery times (often 12 weeks) which might cause problems (i.e. liquidity) for their Italian buyers, especially Italian-buying new comers. In order to avoid problems later, it might be useful to know as much about the company as possible before sending off products. The local Chamber of Commerce (http://www.enterprise-europe-network.ec.europa.eu/countries/italy_en.htm) is able to provide general information about the company as well as annual reports. There are also commercial companies specialized in company information on their credit and debtor management.

Listed below are websites where you can find possible trading partners:

- Marble From Italy - http://www.marblefromitaly.com/search.asp - Italian directory
- Stone contact - http://www.stonecontact.com ➔ go to 'Companies' ➔ write down 'Stone' and press 'Search' ➔ go to the box that says 'All countries' and click on it to select Germany for an overview of a several natural stone companies
- Carrara Marmotec - http://www.carraramarmotec.com/eng-site/index.asp ➔ go to 'Exhibitors' ➔ go to 'Exhibitors' list 2008'
- Europages - http://www.europages.com – international directory that includes natural stone companies in Italy ➔ fill in 'natural stone' and select Italy
- Marble in The World - http://www.marbleintheworld.com ➔ go to 'Stone companies' and fill in your search criteria

3 Trade: imports and exports

Imports

Total imports

Italy imported € 519 million worth of natural stone and stone products in 2008, around 2.3 million tonnes. Italian imports increased by an annual average of 0.5% between 2004 and 2008. In comparison, EU imports increased at a faster pace (+4.7% per year). Italy is the 2nd largest importer in the EU, below Germany (14%) and above UK (13%), accounting for 14% of total EU imports.

Table 3.1 Italian imports of natural stone and stone products between 2004 - 2008, € million/1'000 tonnes

2004		2006		2008		CAGR*
Value	**Volume**	**Value**	**Volume**	**Value**	**Volume**	
508	2'500	600	2'696	519	2'303	0.5%

*CAGR: Compounded annual growth rate
Source: Eurostat (2009)

When comparing figures for the period 2004-2008, it becomes clear that even the decreases in consumption (-4.4%) and production (-3.5%) of finished natural stone[7], import growth did not follow the same trend and it actually increased (+0.5%). This supports the assumption that Italy is becoming more reliant on imported natural stone at the expense of Italian processors.

13% of the total value of Italian imports comes from intra-EU countries. This comes down to € 67 million with a volume of almost 298 thousand tonnes. The most important intra-EU suppliers in value are: Spain (3.8%), France (2.1%) and Portugal (1.5%). The market share of intra-EU countries has gone down by 15% in total between 2004 and 2008. Of the large suppliers, Germany has lost the most market share (-41%).

Imports by product group

Please find below a table with imports of natural stone and stone products divided into different product groups:

[7] Because production figures of the product group blocks & slabs are partly missing, conclusions can only be drawn for flooring & cladding (aggregate of landscape design and monumental & funeral product groups).

Table 3.2 Imports by leading suppliers to Italy, 2004 - 2008, share in % of value

	2004 € mln	2006 € mln	2008 € mln	Leading suppliers in 2008 Share in %	Share (%)
Total natural stone and stone products	79	84	67	Intra EU: Spain (3.8%); France (2.1%); Portugal (1.5%); Germany (1.4%); Greece (1.0%)	13%
	54	51	38	Extra EU ex. DC*: USA (3.1%); Norway (1.9%); Switzerland (1.2%); Canada (0.4%); Israel (0.4%)	7.0%
	375	464	413	DC*: India (18%); Brazil (13%); China (10%); South Africa (6.3%); Turkey (5.4%); Egypt (4.1%); Mozambique (3.0%); Iran (2.9%); Tunisia (2.1%); Angola (2.0%)	80%
Blocks & slabs	52	47	38	Intra EU: Spain (3.1%); Portugal (1.5%); France (1.4%); Germany (1.2%); Finland (1.1%)	10%
	49	39	25	Extra EU ex.DC*: Norway (2.6%); USA (1.5%); Switzerland (1.4%); Canada (0.6%); Israel (0.3%)	7.0%
	308	378	314	DC*: India (20%); Brazil (16%); South Africa (8.6%); Turkey (5.5%); Egypt (5.2%); Zimbabwe (4.1%); Mozambique (4.1%); Iran (3.5%); Angola (2.8%); Tunisia (2.5%)	83%
Funeral & other art	13	14	14	Intra EU: Spain (8.0%); Portugal (2.0%); Germany (1.7%); Greece (1.2%); France (1.1%)	19%
	3.6	11	12	Extra EU ex.DC*: USA (14%); Switzerland (1.0%); Taiwan (0.4%); Israel (0.3%); U.A Emirates (0.1%)	15%
	32	40	49	DC*: China (33%); India (17%); Brazil (3.9%); Turkey (3.5%); Croatia (1.7%); Iran (1.2%); Mauritius (0.9%); Indonesia (0.7%); Egypt (0.6%); Tunisia (0.6%)	66%
Flooring & cladding	14	20	14	Intra EU: France (10%); UK (8.8%); Spain (4.3%); Slovakia (3.6%); Germany (2.7%)	31%
	1.2	1.8	1.9	Extra EU ex.DC*: Israel (1.5%); USA (1.5%); Taiwan (0.5%); Switzerland (0.4%); Hong Kong (0.1%)	4.0%
	21	29	29	DC*: China (25%); India (13%); Brazil (7.8%); Turkey (7.3%); Tunisia (2.6%); Iran (2.3%); Egypt (1.9%); Oman (1.4%); Vietnam (0.6%); Albania (0.6%)	65%
Landscape design	1.3	2.4	1.9	Intra EU: Greece (3.5%); Portugal (2.3%); France (2.0%); Germany (0.3%) ; Spain (0.2%)	8.8%
	0.1	0.4	0.4	Extra EU ex.DC*: Switzerland (0.2%)	0.2%
	15	17	21	DC*: China (48%); Argentina (10%); Vietnam (8.6%); India (7.9%); Brazil (7.9%); Turkey (7.5%); Mexico (0.6%); Egypt (0.6%); Iran (0.1%); Albania (0.1%)	91%

Source: Eurostat (2009)
*Developing Countries

The most imported intermediate products in 2008 were siliceous blocks & slabs (51%) and calcareous blocks & slabs (21%). Imports of finished stone products mostly consisted of siliceous funeral art (5.4%), calcareous funeral art (4.6%), other funeral art (4.4%) and other slate monumental building stones (2.5%).

The total imported value increased by 0.5% per year between 2004 and 2008. Imports of all product groups within the finished stone category grew significantly: funeral and other art (+12% per year), landscape design (+9.2%) and flooring & cladding (+5.9%). Although Italian imports mainly consist of blocks & slabs (73%), the import growth of blocks & slabs dropped every year (-2.0%). The reason behind this is that DC are supplying the EU market with finished stone products at the expense of Italian producers and processors.

Import from DC
In 2008, more than € 413 million (80%) originated in DC with a volume exceeding 1.8 million tonnes (82%). The overall market share of DC has grown from 74% to 80% over the period from 2004 to 2008. Moreover, the market share of DC in Italy is considerably higher than the DC share in the EU (53%). India, Brazil and China are the most important DC suppliers to the Italian market with a market share of 18%, 13% and 10% respectively. Most of the important DC suppliers to the Italian market have increased their imports substantially between 2004 and 2008: Tunisia (+22% per year), Turkey (+13%), Egypt (13%) and China (+8.2%). Table 3.2 shows the growth of DC imports per product group between 2004 and 2008. Identified is the average growth per year between 2004 and 2008:

- Funeral and other art (+12% per year)
- Landscape design (+6.0%)
- Flooring & cladding (+8.8%)
- Blocks & slabs (+0.5%)

The dropping demand will also influence the level of imports. However, DC imports (+2.4% per year) have grown well above the average level of growth (+0.5%). Therefore, DC imports are expected to keep growing but probably not as pronounced as in previous years.

Exports
In 2008, Italy exported around 3.2 million tonnes of intermediate and finished stone products which represented a value of € 1.7 billion. This makes Italy the largest exporter in the EU with a market share of 45%. Other important exporters are Spain (22%), Portugal (7.0%) and Belgium (5.2%).

Table 3.3 Italian export of natural stone and stone products between 2004 – 2008, € million / 1'000 tonnes

2004		2006		2008		CAGR*
Value	Volume	Value	Volume	Value	Volume	
1'728	3'196	1'854	3'283	1'734	3'153	0.1%

*CAGR: Compounded annual growth rate
Source: Eurostat (2009)

Over a decade, the worldwide share of Italian stones has been dropping, most noticeably that of finished stone products. The share of the Italian imports to traditionally important partners, such as the USA and the Middle East, has reduced drastically. Next to the low wage advantage of DC suppliers, the weakening of the dollar has made Italian exports expensive.
Coming years will provide many challenges for Italian exporters as a dropping demand is affecting the demand for Italian natural stone and stone products. Furthermore, Italian stone is more expensive than stone from other many other countries, mostly DC. The demand for cheap stone is therefore expected to increase at the expense of Italian exports.

Opportunities and threats

+ Italy is the 2nd most important EU importer of natural stones and depends on DC for about 77% of its supply of natural stones making it the largest importer of DC natural stone and stone products.
+ Next to the demand for cheaper natural stone, Italy is looking to restore its legitimacy of former worldwide stone leader. Therefore it is betting on higher quality products and consequently is inclined to increase highly-priced stones imports (and therefore more quality material) as well.
+ Italy imports large amounts of products in the intermediate as well as the finished stone product category.

± Growth of Italian imports of natural stones are expected to slow down in coming years. Nonetheless growth of DC imports are expected to keep growing however not as fast as in recent years.

- The increased pressure on price will heavily affect the Italian stone market in coming years.

Note that the above-mentioned developments and trends can be an opportunity for one exporter and a threat for another. Therefore, exporters should analyse the developments and trends discussed in the previous chapters to make their own analyses. For an example of such an analysis, please refer to Chapter 7 of the CBI market survey 'The natural stone and stone products market in the EU'.

Useful sources

- Exports Helpdesk for Developing Countries - http://exporthelp.europa.eu ➔ go to 'Trade statistics'
- Eurostat - http://epp.eurostat.ec.europa.eu - official statistical office of the EU ➔ go to 'Statistics Database' on the left side of the home page ➔ go to 'Statistics A-Z' and select 'External trade' ➔ go to 'Data - Database' on the left column ➔ go to 'External trade - External trade detailed data'
- Understanding Eurostat - Quick guide to easy Comext http://www.eds-destatis.de/en/database/download/Handbook_Comext_Database.pdf

4 Price developments

Import figures show that the Italian average price of natural stone and stone products increased by 2.6% per year between 2004 and 2008. In comparison, prices in DC increased above average: 3.9% per year. Italian prices increased in the following product groups: funeral & other art (+6.9% per year), blocks & slabs (+1.7%) and landscape design (+0.2%). Prices dropped however in the product group flooring & cladding (-0.1% per year). In general prices of natural stone imported from other countries rather than DC have dropped during the mentioned period (extra-EU: -0.8%, intra-EU -0.4% per year in both cases).

The prices of stone imported from DC prices are under pressure from by increased competition at a global level. Some manufacturers of raw material in important supplying countries like China and India are now able to produce according to the quality demands of the Italian market. These countries are also in the comfortable position of having the first pick of raw material giving them an important competitor advantage.

However, Italy increasingly imports of natural stone from DC might have resulted in slightly higher DC prices. Furthermore, transport freights have increased, among other things, by the rising in fuel prices and a shortage of boats in global sea routes as a result of increased traffic of goods to Southeast Asia. Prices of natural stone and stone products are also influenced by other factors such as exchange rate fluctuations, taxes, legislation, consumer preferences, developments on other important markets (China and the U.S.) and the availability of resources.

Find listed below some websites for price information:

- Pro Gramar - http://www.programar-stone.com ➔ go to 'Product Catalogue' ➔ select the stone material ➔ go to 'Prices'
- Seninistone - http://www.seninistone.it – prices are available throughout the website
- Stone contact - http://www.stonecontact.com ➔ go to 'Pricelist' ➔ write down 'Stone' and press 'Search' ➔ go to the box that says 'All countries' and click on it to select Italy for an overview of several Italian natural stone companies that display their prices online
- Stone source - http://www.stonesource.com ➔ go to 'Search Stone' ➔ make a selection per material, price range or other criteria
- Find Stone - http://www.findstone.com/pricelists.htm ➔ make a selection per material ➔ choose Italy for an overview of some Italian natural stone companies displaying their price lists online

5 Market access requirements

As a manufacturer in a developing country preparing to access Italy, you should be aware of the market access requirements of your trading partners and the Italian government. Requirements are demanded through legislation and through labels, codes and management systems. These requirements are based on environmental, consumer health and safety and social concerns. You need to comply with EU legislation and have to be aware of the additional non-legislative requirements that your trading partners in the EU might request.

For information on legislative and non-legislative requirements, go to 'Search CBI database' at http://www.cbi.eu/marketinfo, select your market sector and Italy in the category search, click on the search button and click on market access requirements.

Additional information on packaging can be found at the website of ITC on export packaging: http://www.intracen.org/ep/packit.htm

Tariffs and quota

In general, products entering the EU are subject to import duties. For beneficiary countries under the Generalised System of Preferences (GSP), however, reduced tariffs, or no tariffs, are applied. The list of beneficiary countries is regularly updated. For natural stone and stone products, a zero-tariff applies for exports from beneficiary countries of the GSP. Information on the required value added tax (VAT), please consult the following website: http://ec.europa.eu/taxation_customs/common/about/welcome/index_en.htm.

Information on tariffs and quota can be found at http://exporthelp.europa.eu

6 Doing business

General information on doing business like approaching potential business partners, building up a relationship, drawing up an offer, handling the contract (methods of payment, and terms of delivery) can be found in CBI's export manuals 'Export Planner' and 'Your image builder'. Furthermore, cultural awareness is a critical skill in securing success as an exporter. Information on cultural differences in the EU can be found in chapter 3 of CBI's export manual 'Exporting to the EU'. These manuals can be downloaded from http://www.cbi.eu/marketinfo - go to search publications.

Trade promotion

Agents, importers and wholesalers promote the products of their clientele at trade shows. Producers can also participate in these trade shows, however often indirectly through an Italian player. The most important trade shows in Italy are Carrara Marmotec and Marmomacc, both with professionals visiting from all over the world. Another way to get your product/company noticed is advertising in magazines. Italy has several professional magazines that are also available in English and other languages.

Surrounding markets

The Italian market is related to several surrounding markets. Therefore, displaying products at Spanish, French or Portuguese trade shows might also help to establish a relationship with players in the Italian market.

Other ways to promote your company is to build and invest in relationships. Companies are often approached with offers and this can be a successful approach when done professionally. Very important is to take a personal approach and select the partners that are suitable for you. For instance, large companies (e.g. importers and wholesalers) often organise open days where they invite their business relationships. Therefore approaching strategic buyers and asking about their next event is a good way to get in contact with potential buyers. DC exporters can also team up with suppliers of complementary products and combine their marketing activities.

Trade associations

- Marble From Italy - http://www.marblefromitaly.com - this site by the Italian Trade Commission Government Agency provides information about the natural stones markets, industry standards and main players
- Italian Marble Association - http://www.assomarmi.it
- Italian Association of Marble Machinery Manufacturers – http://www.acimm.it
- Italian Association of Trade Fair Organisers – http://www.cfionline.net

Trade fairs

- Carrara Marmotec - http://www.carraramarmotec.com – one of the most popular marble technology trade fairs worldwide. Takes place every two years in the Italian city of Carrara: next meeting 19-22 May 2010
- Marmomacc - http://www.marmomacc.it - Italian international exhibition of stone, design and technology held annually in Verona: next fair from 29 September to 2 October 2010
- Tanexpo - http://www.tanexpo.com - international biannual exhibition of funeral and cemetery articles in Bologna: next exhibition: end of March 2012
- Senaf – http://www.senaf.it/fiera_eng.asp?fieraid=128 – professional annual trade fair for the building industry and architecture held in Rome; next meeting: 11-14 November 2010
- MADE expo - http://www.madeexpo.it – international architectural and building exhibition which takes place every year in Milan: next appointment: 5-8 October 2011

Trade press

- Business Stone – http://www.bstone.it/tmp/eng.php?page=bs&tit=BSTONE%20MAGAZINE - sends out newsletters and publishes articles about the Italian natural stone sector
- Marmo Macchine- http://www.marmomacchine.it/html_eng/home_eng.html - contains on-line magazines and marble technical information for stone professionals
- Abitare – http://www.abitare.it - site on current architectural and design trends. Avalaible in English, Chinese and other languages
- Faenza - http://www.faenza.com/HomeEngl.asp?Flagk=1 - Italian professional architectural and building portal with online specialised publications.

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