

## **ITALIAN INDUSTRY OF MACHINES, ACCESSORIES AND SPECIAL PRODUCTS FOR GLASS PROCESSING**

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In contrast to the situation faced by many areas of industrial machine tools, the Italian industry of glass processing machines, accessories and special products closed 2002 on a positive note.

After the extraordinary growth curve the sector experienced in 2001 (+24% over 2000) and the global turmoil in the first half of 2002, all the market signs seemed to point to a static, if not difficult, 2002. Not a happy prospect for an industry that exports 72% of its production.

Statistics for January-March 2002 fully confirmed the fears of a worrisome recession. Nonetheless, starting in May, the situation slowly began to turn around, a trend that grew stronger, month after month. All in all, 2002, although it was not a year for major investments in large-scale plants, brought in a respectable series of small and medium-sized orders, and, by year-end, sales had certainly reached satisfactory levels.

Once again, the ability of Italian manufacturers to cover the global market with a sensitive customer relations network, made it possible to gear production to the flow of client demand.

### **IMPORTS**

Foreign imports increased overall (+11.12%) compared to 2001. Specifically, the two segments that make up the industry demonstrated clearly conflicting figures:

- Machines and accessories for flat glass cold working: **-19.27%**
- Machines and accessories for hollow glass hot working: **+20.12%**

Based on total **imports** of 61.65 million Euros, flat glass processing machines, accessories and special products accounted for 10.2 million, while Italian manufacturers of hollow glass turned to foreign markets for 51.4 million Euros' worth of purchases.

Table 1 below illustrates the trend for the past three years:

In column one are import data for 2000; column two shows 2001; column three has the 2002 figures; and the last column compares the two most recent years.

Table 2 indicates general domestic market consumption over the same three years. Compared to demand valued at 348 million Euros, domestic production in 2002 supplied 82.29%.

**Table 1 – Imports in 2002**

<b>IMPORTS OF GLASS PROCESSING MACHINERY, ACCESSORIES AND SPECIAL PRODUCTS</b>				
Sectors Area of origin	2000 Euros	2001 Euros	2002 Euros	% change 2002/2001
<b><u>FLAT GLASS</u></b>				
EU countries	14,524,312	10,019,233	7,975,517	
Non-EU countries	1,238,251	937,745	1,092,183	
Africa	3,968	1,094	-	
America	1,566,162	1,464,809	277,846	
Asia	1,202,062	249,576	770,850	
Oceania	43,756	-	112,869	
<b>Total imports flat glass</b>	<b>18,578,512</b>	<b>12,672,457</b>	<b>10,229,265</b>	<b>-19.27</b>
<b><u>HOLLOW GLASS</u></b>				
EU countries	34,91,880	35,170,149	42,922,094	
Non-EU countries	2,245,911	2,478,126	4,348,630	
Africa	32,576	59,268	543,025	
America	9,311,050	4,188,341	3,084,213	
Asia	615,924	909,871	527,312	
Oceania	23,977	5,266	-	
<b>Total imports hollow glass</b>	<b>46,321,320</b>	<b>42,811,021</b>	<b>51,425,274</b>	<b>+20.12</b>
<b>Total Flat + Hollow</b>	<b>64,899,832</b>	<b>55,483,478</b>	<b>61,54,539</b>	<b>+11.12</b>

Source: Gimav based on Istat data

**Table 2 – Domestic sales**

<b>DOMESTIC MARKET ABSORPTION VALUES</b>				
Sectors Origin of products	2000 Euros	2001 Euros	2002 Euros	% change 2002/2001
<b><u>FLAT GLASS</u></b>				
Imports	18,578,512	12,672,457	10,229,265	
Domestic product	141,162,397	196,776,941	216,454,635	
<b>Total Flat Glass</b>	<b>159,740,909</b>	<b>209,449,398</b>	<b>226,683,900</b>	<b>+ 8.22</b>
<b><u>HOLLOW GLASS</u></b>				
Imports	46,321,322	42,811,021	51,425,274	
Domestic product	55,019,877	61,072,063	70,033,809	
<b>Total Hollow Glass</b>	<b>101,341,199</b>	<b>103,883,084</b>	<b>121,459,083</b>	<b>+ 16.91</b>
<b>Total Flat + Hollow</b>	<b>261,082,108</b>	<b>313,332,482</b>	<b>348,142,983</b>	<b>+ 11.10</b>

Source: Gimav based on Istat data



## **E**XPORTS

Across the board, exports were up 6.48%, in excess of 750 million Euros. Once again the two segments displayed opposite trends: while exports of flat glass processing machines, accessories and special products were up (+9.99%), those for hollow glass fell slightly (-1.21%).

Although European Union nations are still the main market for Italian machinery, with 34.88% of total exports going to this area, the share continues to drop. In 1999 it was 50.57%, in 2000 it was 48.36% and in 2001, 40.28%.

Sales to all other geographic areas increased, except for North America, which was heavily hit by a recession. Purchasing by the United States and Canada stood at 9.90% in 2001, but fell more than a full percentage point to account for only 8.61% of total exports in 2002.

Table 3 details export values for the last three years, and compares percentage differences between 2001 and 2002.

**Table 3 –Exports in 2002**

<b>EXPORTS OF GLASS PROCESSING MACHINERY, ACCESSORIES AND SPECIAL PRODUCTS</b>				
<b>Sectors</b>	<b>2000 Euros</b>	<b>2001 Euros</b>	<b>2002 Euros</b>	<b>% change 2002/2001</b>
Flat Glass	377,289,259	486,327,794	534,960,573	+9.99
Hollow Glass	200,675,177	222,749,446	220,032,194	-1.21
<b>Total Flat + Hollow</b>	<b>577,964,436</b>	<b>709,077,240</b>	<b>754,992,767</b>	<b>+6.48</b>

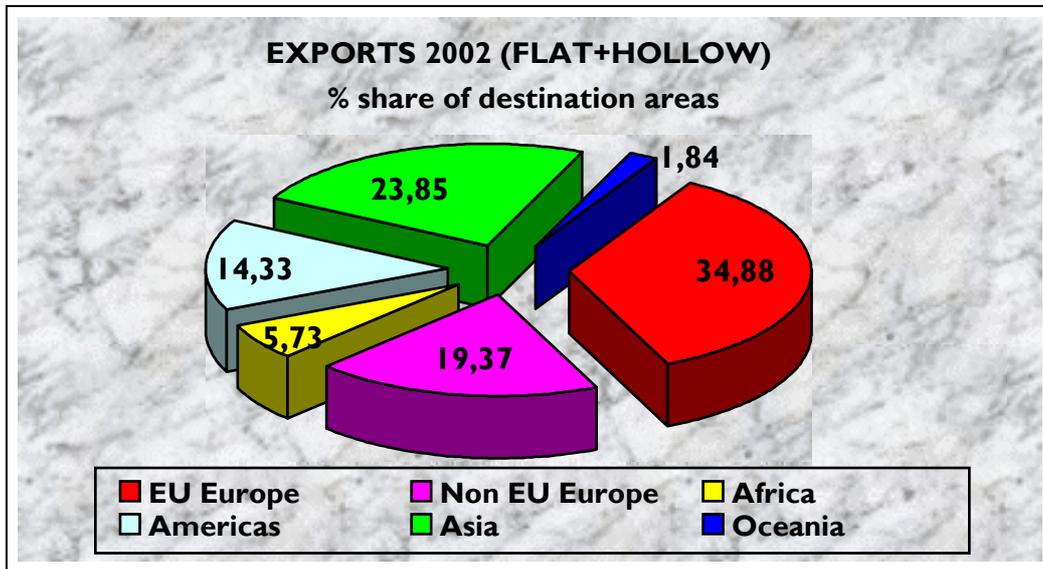
Source: Gimav based on Istat data

Table 4 breaks down export percentages by geographical area for the entire industry (flat and hollow glass).

**Table 4 – ENTIRE INDUSTRY - Export percentages**

<b>% BREAKDOWN OF GEO-ECONOMIC AREAS FOR TOTAL EXPORTS BY THE ENTIRE INDUSTRY 2001 and 2002</b>							
<b>Year</b>	<b>EU</b>	<b>Non EU</b>	<b>Africa</b>	<b>America</b>	<b>Asia</b>	<b>Oceania + free ports</b>	<b>Total</b>
<b>2001</b>	40.28	17.67	3.01	16.63	21.38	1.03	100
<b>2002</b>	34.88	19.37	5.73	14.33	23.85	1.84	100

Source: Gimav based on Istat data



## INDUSTRY TURNOVER

Over all, the Italian glass processing machines, accessories and special products industry proved its mettle as a world leader again in 2002, navigating the first half of an uneasy year unscathed. Total industry sales for the year 2002 posted a satisfactory growth rate, equal to 1,041.5 million Euros, with exports claiming more than 72%.

**Table 5 – Sales by segment and 2002/2001 percentage changes**

<b>TURNOVER</b>				
Sectors	2000 Euros	2001 Euros	2002 Euros	% change 2002/2001
<b>FLAT GLASS</b>				
Italy	141,162,397	196,776,941	216,454,635	
Overseas	377,289,259	486,327,794	534,960,573	
<b>Tot. turnover flat glass</b>	<b>518,451,656</b>	<b>683,104,735</b>	<b>751,415,208</b>	<b>+ 9.99</b>
<b>HOLLOW GLASS</b>				
Italy	55,019,877	61,072,063	70,033,809	
Overseas	200,675,177	222,749,446	220,032,194	
<b>Tot. turnover hollow glass</b>	<b>255,695,054</b>	<b>283,821,509</b>	<b>290,066,003</b>	<b>+ 2.20</b>
<b>Total Flat + Hollow</b>	<b>774,146,710</b>	<b>966,926,244</b>	<b>1,041,481,211</b>	<b>+ 7.71</b>

Source: Gimav based on Istat data



### Overall picture of the Italian industry of glass processing machines, accessories and special products for 2000 – 2001 - 2002

Variables	Units of measure	2000	2001	2002
Sector turnover	Euros	774,146,710	966,926,244	1,041,481,211
Exports	Euros	577,964,436	709,077,240	754,992,767
Imports	Euros	64,899,832	55,483,478	61,654,539
Trade balance	Euros	513,064,604	653,593,762	696,338,228
Domestic orders	% change	+ 21.18	+ 31.43	+ 11.10
Overseas orders	% change	+ 18.66	+ 22.69	+ 6.47
Number of employees	Units	4,000	4,500	4,500

Source: Gimav based on Istat data

## **F**ORECAST FOR 2003

Even though the data provided by the Italian Institute of Statistics by now are of little significance, the forecast for 2003 is very, very dreary. Industry companies note a general drop in demand from Western markets. This lull has been matched, in the last few months, by a similar downturn in the Far East, China in particular, severely affected by the Sars outbreak and the restrictive measures adopted by many countries in an effort to curb its spread.

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RGR