

# Italy's Plastics Industry Thrives On International Business

## VIRGIN POLYMER DEMAND IN ITALY

had a rather disappointing performance last year. The increase of 3.7% was ahead of GDP growth (2.9%), but still below expectations. The reason is that Italians are using a lot more recycled plastics than before. According to Milan-based Plastic Consult, which produces an annual report on the Italian plastics industry, growth in consumption of virgin and recycled plastics combined was actually close to 6%.

Company director Diana Castiglione says use of recycle was boosted by the scarcity and consistently high prices of virgin polymers.

Plastics production recorded only a marginal increase over the 1999 level, with plants running close to capacity. Exports remained steady, so a significant increase of imports was needed to meet demand.

The outlook for 2001 is still uncertain. While the economy is in pretty good shape, the Italian plastics processing industry has a heavier dependence than many others on exports, and therefore is more dependent on the fortunes of external economies.

Consider the following:

- Around 60% of European stretch film is made in Italy. (A slightly lower figure applies to biaxially oriented polypropylene film.)

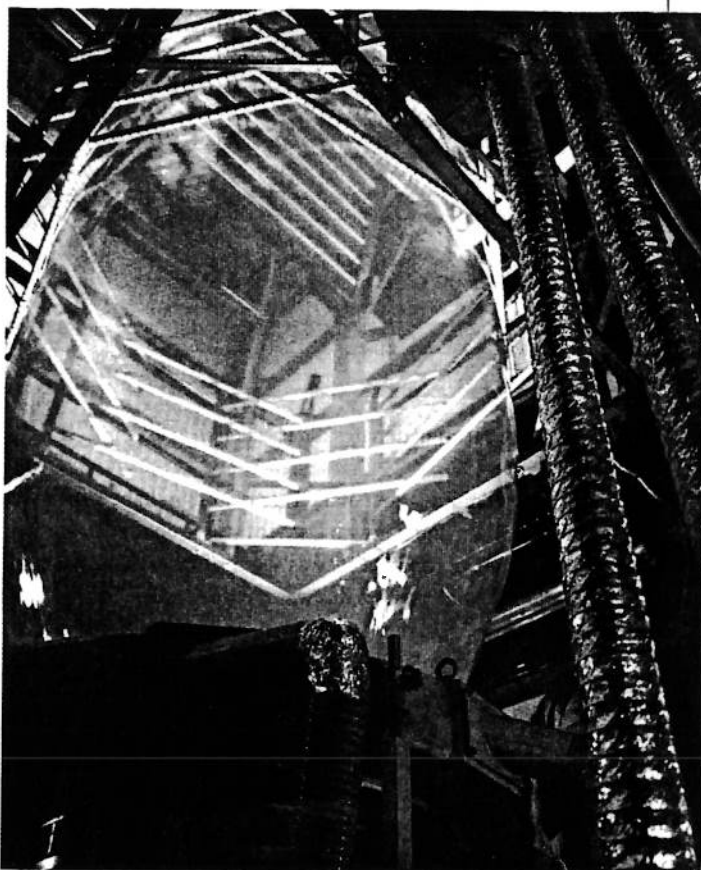
- Production of garden furniture accounts for around 250,000 tonnes/yr of polypropylene compound, and some 85% of all garden furniture made in Italy is shipped

abroad, even as far as the U.S.

- 90% of the world's production of ski boots is in one tiny town, Montebelluna. Italy is a major producer of PET preforms, and also of adhesive tapes.

- A considerable amount of Italian plastics components are also exported indirectly, for example in cars and domestic appliances.

As far as the markets went, the largest, packaging, did relatively well, growing 4% on average. Volumes



Italians are by far the biggest exporters of stretch film in Europe.

for bottle production were negatively affected by continuing lightweighting, however, and a shortage of PET. (See related MP story on p. 50; MPI, p. 54.)

Virgin plastics demand for building and construction grew 2.6%, below the development of building activity,

**Thermoplastics supply in Italy, thousands of tonnes**

	1998	1999	2000 (est.)
Total supply	3,475	3,545	3,560
Imports	3,645	4,030	4,125
Exports	1,290	1,395	1,390
Real consumption	5,785	6,100	6,325
Growth over previous year %	6.6	5.4	3.7
Consumption by type			
LDPE/LLDPE	1,270	1,345	1,380
HDPE	675	730	770
PP	1,385	1,485	1,555
PVC	945	950	960
PS/EPS	575	615	630

Source: Plastic Consult

**Production and trade of Italian plastics and rubber processing machinery, billion lire**

	1999	2000	2001 (forecast)
Production	6500	7100	7300
Exports	3939	4137	4400
Imports	1059	1273	1200
Domestic market	3620	4236	4100
Trade balance	+ 2880	+2864	+3200

Source: Assocomplast

but when use of reclaimed materials is taken into account, the figure rises to over 4%.

Furniture is the third-largest market for plastics in Italy, accounting for 5.6% of total demand. Growth last year was around 4%. Growth in plastics automotive components was slightly higher than growth in car production. Castiglione says this was not due to an increase in per-car use, but to growth in direct exports of components. According to Castiglione, for example, BMW now gets around 20% of its plastics components from Italy.

**Machine makers optimistic**

Assocomplast, the trade association for Italy's plastics and rubber machinery industry, says most of its members had a good 2000. Total sales were near the 3.7 billion euro mark (roughly \$3.15 billion), an increase of 9% over 1999. Local demand was healthy, growing an impressive 17% to 2.2 billion euros (\$1.85 billion), and leading to a 20% rise in machine imports to almost 660 million euros (\$558 million). Machine exports rose 5%, to close to 2.15 billion euros (\$1.8 billion).

Italian machine makers appear optimistic for 2001, despite the slowdown in world trade in general.

Meanwhile with a new government led by businessman-turned-politician Silvio Berlusconi, Italian industrialists are hoping that life for them will become a little easier. The jury could be out on that one for some time, though. As the Financial Times recently reported, in the short term, Berlusconi has proposed various tax breaks for companies. But his capacity to reduce the tax burden is likely to be limited by the need for Italy to stick to the budget deficit constraints set out for euro-zone member states.

"Many of his reforms are likely to take a long time to work their full effect, including a loosening in labor markets through a deregulation in hiring and firing rules, and the reform of rigid national salary frameworks," the paper reports.

But it would appear that Italy is on the right track. In a recent report, the OECD (Organization for Economic Cooperation and Development) described economic reforms in Italy in recent years as impressive. "The Italy of 2001 is far different from the Italy of 1990," it says. "Step by step, the interventionist, producer-oriented, rigid, and centralized state of the post-war years is being transformed into a market-based, consumer-oriented, and decentralized state."

Peter Mapleston [pmapleston@modplas.com](mailto:pmapleston@modplas.com)

**Production by technology in Italy in 2000**

Technology	% of total
Extrusion	
film	28.4
sheet	7.4
pipe	8.3
profile	3.1
other	2.0
Subtotal extrusion	49.2
Injection molding	28.1
Blow molding	8.3
Calendering	5.5
Others	8.9

Source: Plastic Consult

**Italian plastics processing industry**

	1998 (est.)	1999 (est.)	2000 (est.)	% 2000/99
Companies (number)	5300	5300	5400	1.9
Factories (number)	6900	7000	7100	1.4
Total employees (number)	127,000	129,000	134,000	3.9
Sales (billion lire)	26,500	27,600	32,500	17.8
Added value (billion lire)	14,400	15,000	16,000	6.7
% added value/sales	54.3	54.3	49.2	-9.4
Sales per employee (million lire)	208.7	214.0	242.5	13.3
Added value per employee (million lire)	113.4	116.3	119.4	2.7

Source: Plastic Consult