



Italian trade Commission – UAE

Trade Promotion Section of the Italian Embassy

Istituto nazionale per il Commercio Estero - EAU

Sezione per la Promozione degli Scambi dell'Ambasciata d'Italia

Emirati Arabi Uniti

Nota di Settore Macchine lavorazione legno

A cura di
ICE_EAU

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Maggio 2009



Quadro Macroeconomico del Paese

Dati socio – economici

Localizzazione	Asia – Penisola Arabica
superficie	83,600 km²
capitale	Abu Dhabi
città principali	Dubai, Sharjah, Ajman, Al Ain
linea di costa	1318 km
paesi confinanti	Arabia Saudita e Oman
lingua ufficiale	Arabo (lingua commerciale e veicolare Inglese)
divisa	1 Dirham (AED) = 100 Fils 1 Euro = circa 5.2 AED (maggio 2009)
popolazione (fine 2005)	4,621 mln
età media	30 anni
struttura etnica	19% cittadini nazionali (arabi) 23% altre nazionalità arabe e iraniani 50% sud asiatici 8% occidentali e est asiatici
religione	96% mussulmani (sunniti 84%, Shiti 16%) 4% cristiani e hindu

Gli Emirati Arabi Uniti sono una Confederazione di sette stati (emirati): Abu Dhabi, Dubai, Sharjah, Ajman, Ras Al Khaimah, Um Al Quain e Fujairah, con consiglio federale e presidente nazionale.

Lo stato EAU fa parte del GCC (Consiglio di Cooperazione del Golfo), ONU, WTO e OPEC.

Esiste una convenzione doganale tra i paesi GCC (Arabia Saudita, Bahrein, EAU, Kuwait, Oman e Qatar), qualsiasi materiale sdoganato in uno dei paesi GCC, può circolare liberamente tra questi stati.

Gli EAU hanno ottenuto l'indipendenza dalla Gran Bretagna il 2 dicembre 1972 (festa nazionale)



Valutazione del mercato

WOOD INDUSTRY

The noteworthy machines, equipments and tools used in Wood industry which are researched in this study report are mentioned and discussed below.

TABLE – Top Imported Machinery Description by HS Code-2007

84659100	Sawing machines for working wood, cork, bone, hard rubber, hard plastic or similar hard materials.
84659200	Planing, milling or moulding (by cutting) machines for working wood, cork, bone, hard rubber, hard plastic or similar hard materials.
84651000	Machines, which can carry out different types of machining operations without tool change between such operations, for working wood, cork, bone, hard rubber, hard plastic or similar hard materials.
84659300	Grinding, sanding or polishing machines for working wood, cork, bone, hard rubber, hard plastic or similar hard materials.
84659400	Bending or assembling machines for working wood, cork, bone, hard rubber, hard plastic or similar hard materials.
84659500	Drilling or mortising machines for working wood, cork, bone, hard rubber, hard plastic or similar hard materials.
84659600	Splitting, slicing or paring machines for working wood, cork, bone, hard rubber, hard plastic or similar hard materials.
84193200	Dryers for wood, paper pulp, paper or paperboard.
84178010	Furnaces, wood carbonization, non-electric.

*HS Code=Harmonized Commodity Description and Coding System

TABLE – Top Re-Exported Machinery Description by HS Code-2007

84659500	Drilling or mortising machines for working wood, cork, bone, hard rubber, hard plastic or similar hard materials.
84651000	Machines, which can carry out different types of machining operations without tool change between such operations, for working wood, cork, bone, hard rubber, hard plastic or similar hard materials.
84659100	Sawing machines for working wood, cork, bone, hard rubber, hard plastic or similar hard materials.
84659400	Bending or assembling machines for working wood, cork, bone, hard rubber, hard plastic or similar hard materials.
84659600	Splitting, slicing or paring machines for working wood, cork, bone, hard rubber, hard plastic or similar hard materials.

*HS Code=Harmonized Commodity Description and Coding System



TABLE – Top Exported Machinery Description by HS Code-2007

84659200	Planing, milling or moulding (by cutting) machines for working wood, cork, bone, hard rubber, hard plastic or similar hard materials.
84659600	Splitting, slicing or paring machines for working wood, cork, bone, hard rubber, hard plastic or similar hard materials.
84651000	Machines, which can carry out different types of machining operations without tool change between such operations, for working wood, cork, bone, hard rubber, hard plastic or similar hard materials.

*HS Code=Harmonized Commodity Description and Coding System

1 Trade of Wood Machine, Equipments and Tools (Import, Export & Re-export)

To identify total machines, equipments and tools being traded, we identified machines with their international 'Harmonized Standard Codes' (HS Codes) and have listed them elsewhere. The list was prepared by consulting customs department and industry experts. It is quite possible that some machines and equipments being utilized in the mentioned industry might have been overlooked. It is worthy to note that more than one industry might and will utilize some machines and equipments mentioned in this section, so duplication of machines and equipments values will in due course take place.

1.1 Imports 2007- Machines, Tools and Equipments

TABLE –Wood industry machines Imports for 2007

HS Code	Machines and Equipments	
	Sum of Value	Sum of Weight
84659100	24,344,457	1,308,963
84659200	23,388,834	796,201
84651000	15,977,892	474,304
84659300	15,443,332	491,242
84659400	14,042,002	620,714
84659500	13,484,584	452,650
84659600	3,439,962	212,362
84193200	1,842,201	19,376
84178010	365,646	8,255
TOTAL	112,328,910	4,384,067



*Value in AED

*Weight in Kg

*HS Code=Harmonized Commodity Description and Coding System

FIGURE – Wood industry machine Imports for 2007

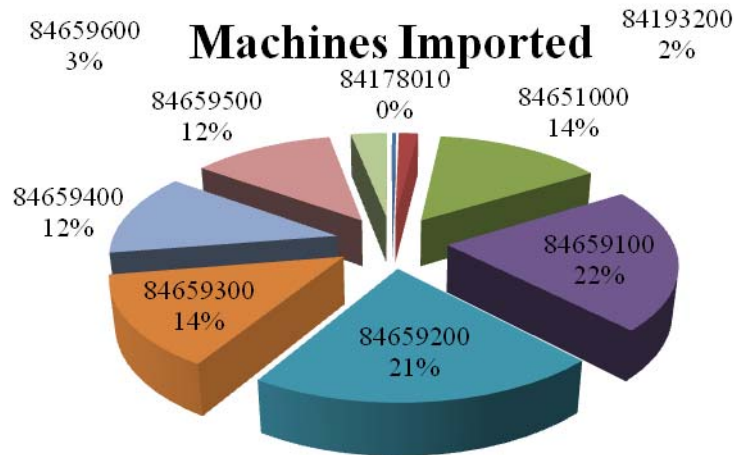


TABLE – Top 15 origins countries for Imports in 2007

Top 15 Countries			
Country	Sum of Value	% of total value	Sum of Weight
ITALY (ITA)	36,683,380	33	1,132,149
GERMANY (DEU)	22,990,570	20	489,368
CHINA (CHN)	12,085,308	11	1,332,670
TURKEY (TUR)	6,148,748	5	392,071
AUSTRIA (AUT)	5,772,476	5	66,711
USA	4,308,652	4	86,548
UNITED KINGDOM (GBR)	3,615,369	3	133,078
JAPAN (JPN)	3,140,691	3	71,565
TAIWAN	2,571,118	2	100,935
INDIA (IND)	2,081,203	2	185,458
CANADA (CAN)	1,484,435	1	13,946
SWEDEN (SWE)	1,378,689	1	45,441
TANZANIA (TZA)	1,309,105	1	48,300
NETHERLANDS (NLD)	1,040,808	1	14,313



KOREA, REPUBLIC OF (KOR)	905,438	1	18,336
Others	6,812,919	6	253,179
TOTAL	112,328,910	100	4,384,067

*Source – Ministry of Economy

*Value in AED

*Weight in Kgs

1.2 Re-Exports 2007- Machines, Tools and Equipments

TABLE – Top 5 Wood industry machines Re-exports for 2007

HS Code	Top 5 Machines Re-exported	
	Sum of Value	Sum of Weight
84659500	11,814,967	229,324
84651000	2,081,857	240,369
84659100	1,433,557	90,452
84659400	649,483	41,470
84659600	619,618	46,497
Others	709,373	71,878
TOTAL	17,308,855	719,990

*Value in AED

*Weight in Kg

*HS Code=Harmonized Commodity Description and Coding System

FIGURE – Top 5 Wood industry machines Re-exports for 2007

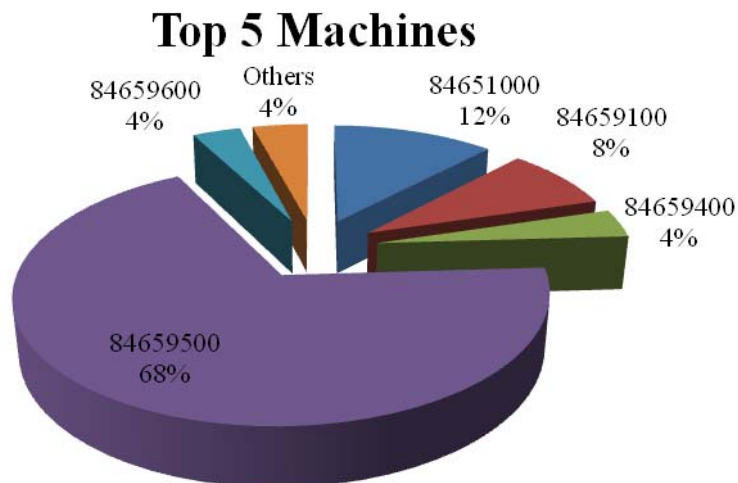




TABLE –Top 15 Destination countries for Re-Exports in 2007

Top 15 Countries			
Country	Sum of Value	% of total value	Sum of Weight
SAUDI ARABIA (SAU)	9,952,470	57	166,000
IRAN (IRN)	2,306,648	13	197,725
QATAR (QAT)	1,425,088	8	39,424
IRAQ (IRQ)	910,745	5	41,898
TANZANIA (TZA)	518,777	3	8,746
PAKISTAN (PAK)	421,833	2	93,281
SINGAPORE (SGP)	391,166	2	39,850
SUDAN (SDN)	284,743	2	4,011
KENYA (KEN)	273,596	2	31,508
INDIA (IND)	192,329	1	56,821
UKRAINE (UKR)	166,915	1	4,508
KUWAIT (KWT)	80,828	0	2,390
LIBYA (LBY)	74,185	0	6,000
YEMEN (YEM)	71,001	0	4,832
MALAYSIA (MYS)	40,672	0	519
Others	197,862	1	22,477
TOTAL	17,308,855	100	719,990

*Source – Ministry of Economy

*Value in AED

*Weight in Kgs

1.3 Exports 2007- Machines, Tools and Equipments

TABLE – Top 5 Construction industry machines Exports for 2007

HS Code	Top 5 Machines Exported	
	Sum of Value	Sum of Weight
84659200	227,500	7,000
84659600	82,688	390,250
84651000	40,000	10,100



TOTAL	350,188	407,350
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*Value in AED

*Weight in Kg

*HS Code=Harmonized Commodity Description and Coding System

TABLE – Destination countries for Exports in 2007

Countries			
Country	Sum of Value	% of total value	Sum of Weight
PAKISTAN (PAK)	227,500	65	7,000
ITALY (ITA)	82,688	24	390,250
NETHERLANDS (NLD)	40,000	11	10,100
TOTAL	350,188	100	407,350

*Source – Ministry of Economy

*Value in AED

*Weight in Kgs

2 Industry Overview

UAE Wood Industry

UAE wood imports cross AED 5.2 billion, the huge construction boom taking place across the UAE is fueling the demand for wood and wood products, giving rise to a market that is seeing unprecedented levels of growth. Statistics from the department of Dubai Ports, Customs and Free Zone Corporation (PCFC) reveal that imports and re-exports of all types of timber into the region are at an all time high; a demand that has increased the need for specialist woodworking machinery and tools.

The numerous infrastructure and building projects seen in the Emirates and across the Middle East has led to a phenomenal demand for wood-based industries and woodworking products the UAE has always imported wood and wood products; commerce that grew around its traditional industry of dhow building. Early trade involved the shipping of teak from India to manufacture the boats' hulls and keels, but following the construction boom of the last forty years, wood is now sourced from all over the globe; with the major suppliers coming from a diverse array of destinations that include the African continent, Malaysia, Indonesia, Canada, the US, Chile and China.

Figures from PCFC estimate that in 2005, wood imports from these and other countries grew by 34 per cent to reach AED 5.2 billion with flooring imports alone registering an astonishing 1,345 per-cent rise. The US is a significant exporter to



the region and according to a US Department of Agriculture report, the country exported AED2.4 billion of soft-wood lumber to the Middle East in 2005, a 123 per cent increase since 2001.

Re-export figures also grew substantially in 2005, with the total value amounting to AED 1.6billion - an increase of 32.5 per cent over the previous year. The statistics suggest that the country is now also a primary trading hub for the regional wood industry.

3 Wood machines Utilizers

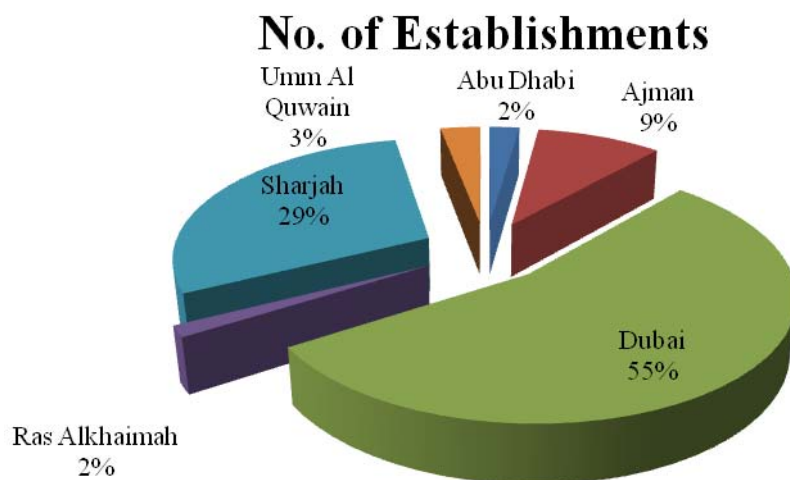
The wood industry is defined herein as manufacturers of wooden furniture, carpenters, cutting and sawing, wooden interiors, wooden ships, wooden doors, etc.

TABLE – Number of Wood utilizers in UAE – Emirates wise in 2007

Emirate	Number of Establishments
Dubai	146
Sharjah	79
Ajman	25
Umm Al Quwain	8
Abu Dhabi	6
Ras Al Khaimah	4
TOTAL	268

Source – Ministry of Economy

FIGURE – Wood industry utilizers distribution in percentage-2007





4 Investment

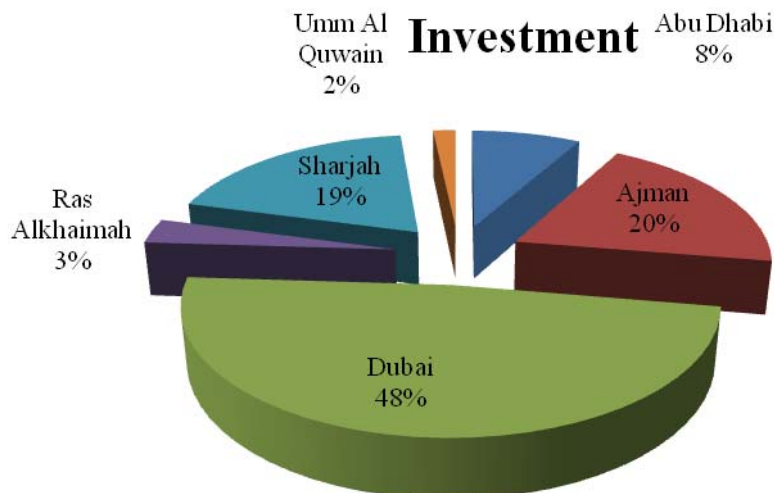
Investment herein is referred as to money invested in a business with the understanding that the money will be used to purchase fixed assets, rather than used to cover the business' day-to-day operating expenses.

TABLE – Total Investment in wood establishments – Emirates wise in 2007

Emirate	Investment
Dubai	200,536,598
Ajman	80,805,029
Sharjah	79,119,771
Abu Dhabi	33,730,000
Ras Al Khaimah	13,568,000
Umm Al Quwain	6,961,780
TOTAL	414,721,178

Source – Ministry of Economy, Investment in AED

FIGURE – Wood industry investment distribution in percentage-2007



5 Utilizers Opinion of Italian and the Competitor's products

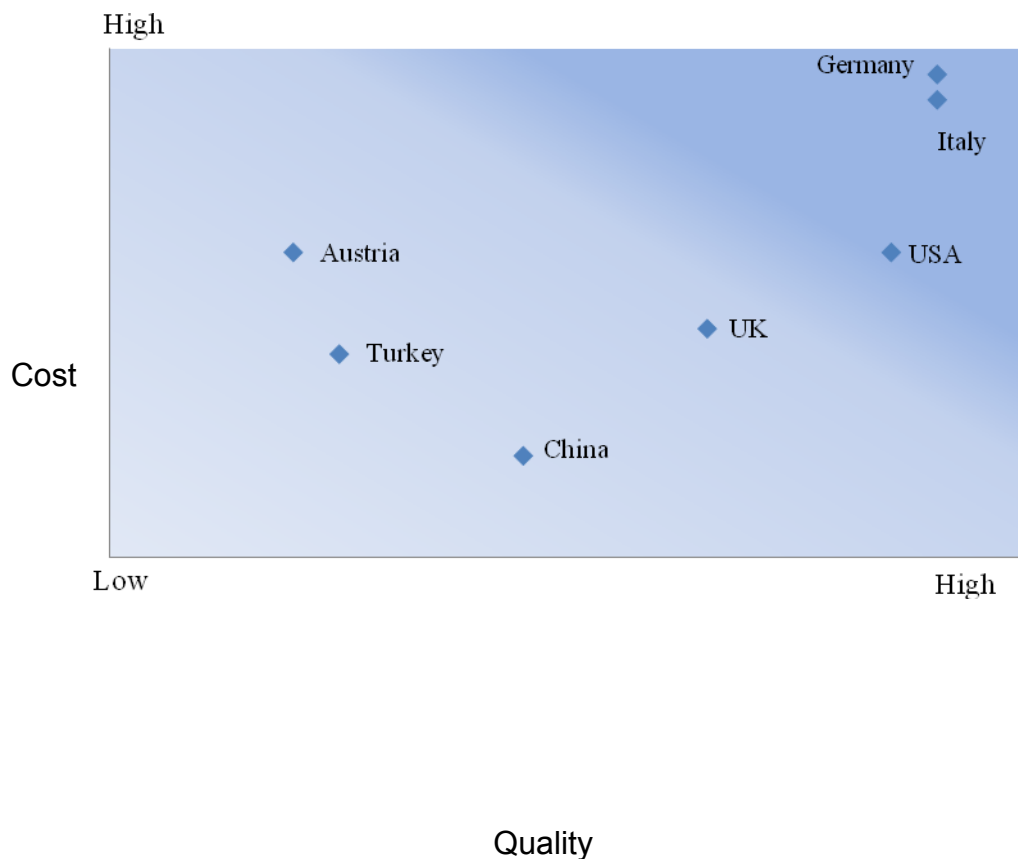
The data is based on analysis of the responses to the utilizers opinion of Italian machines and equipments and their opinion of competitors survey report which was collected by personal visits and telephonic interviews from 1st of March to 25th of March 2009.



There were 3 responses in each industry having different activities. All the respondents are listed with the Ministry of Finance and Industries, the name and the job title of the respondent has been collected to make the survey more relevant. The utilizers opinion survey report presents the utilizers opinion about the quality, cost, performance & reliability and maintenance cost & complexity of machines and equipments made in different countries.

The survey also presents the important factors that govern the purchase of machines and equipments. The competitors' options given to the respondent were based on the top 6 countries of origin for imports.

FIGURE – Utilizers opinion based on Cost and Quality of Wood machines and equipments



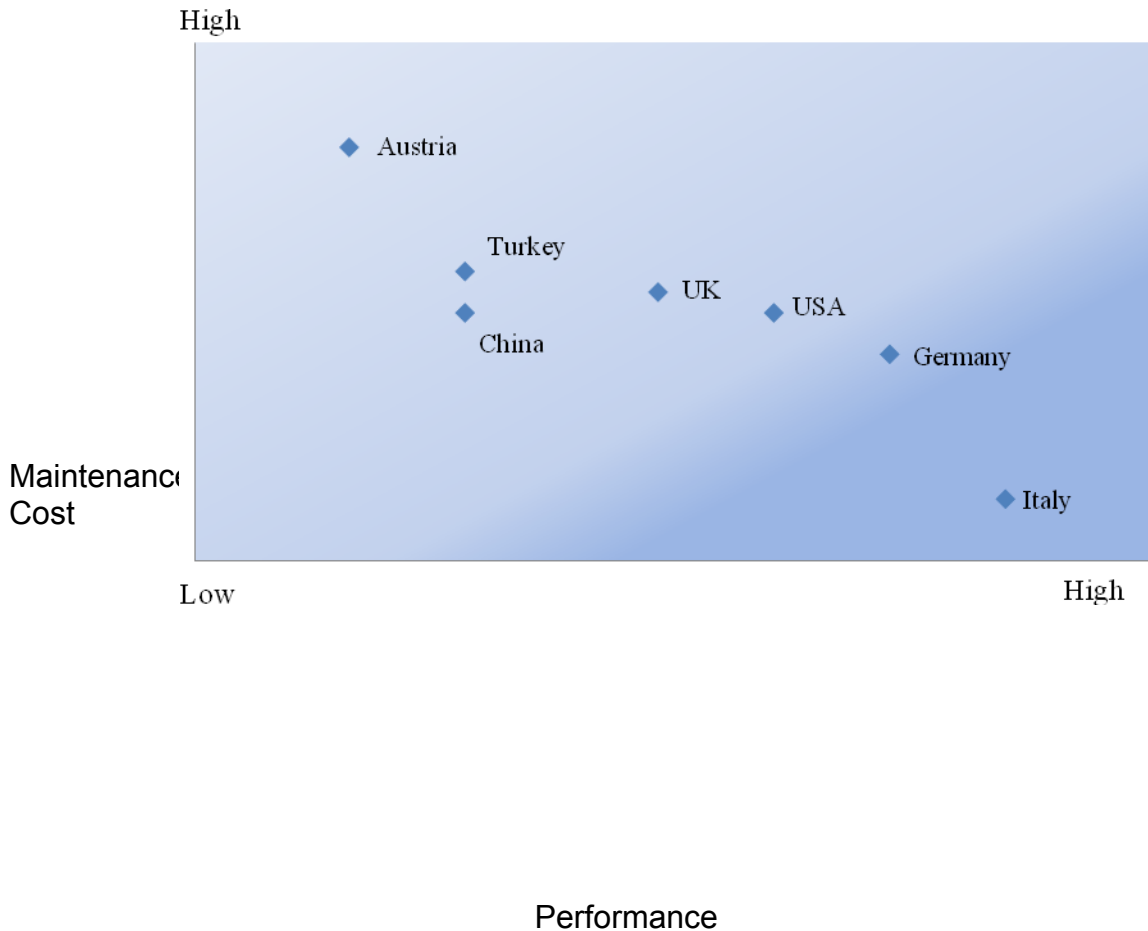
From the above figure it can be deduced that;

1. ME's* from Italy are of higher quality when compared with ME's* from USA, UK, Austria, Turkey and China but similar to ME's from Germany. The best quality MEs* according to the survey are from Italy and Germany.



- ME's from Italy are of marginally lower cost when compared with ME's* from Germany but higher to those from USA, UK, Austria, Turkey and China. The cheapest MEs* according to the survey are from China.

FIGURE – Utilizers opinion based on Maintenance cost and performance of Wood machines and equipments



From the above figure it can be deduced that;

- ME's* from Italy perform better when compared with ME's* from Germany, USA, UK, Turkey, China and Austria. The best performing MEs* according to the survey are from Italy.
- ME's* from Italy have lower maintenance cost when compared with ME's* from Germany, USA, UK, Turkey, Austria and China. The lowest maintenance cost MEs* according to the survey are from Italy.

*ME – Machines and Equipments



Important Factors by ranking that governs the purchase of Wood Tools, Machines and Equipments (based on survey)

Sr. No	Factors	Ranking
1	Quality	1
2	Cost	4
3	After Sales Service	3
4	Availability & Deliver time	6
5	Performance & Reliability	1
6	Maintenance cost	4

6 Distribution Channel – Wood Industry

An organization or set of organizations (go-betweens) involved in the process of making machines, equipments and tools available for use by a business user for the local market of UAE. The channels presented herein are as follows;

1. Importer – A company which brings machines and equipments from one country to UAE.
2. Agents – Is on who typically sells direct on behalf of the producer
3. Distributor – Is one who sells to the retailer
4. Wholesaler - Is one who sells to the retailer

Efforts have been put to provide at least 4 companies in each section, in case of under developed distribution channel in the country only few contacts were mentioned due to lack of information or companies doing the required.

Importers	Company	P O Box	Emirate	Contact No.	Contact Person	Business Activity
1	Al-Fulaij & company	1008	Dubai	2951110	Abdullah A Al-Jamea	IEWDARS
2	Lootah Building & Construction	10631	Dubai	2857738	Abdullah Lootah	I

Distributor	Company	P O Box	Emirate	Contact No.	Contact Person	Business Activity
1	OM T Mehta	50194	Dubai	2691540	OM T Mehta	IAD



I - Import, E - Export, A - Agent, D - Distributor, W - Wholesaler, R - Retail, S - Supplier, O – Others

Dialing Code

Dubai	00971 - 4
Abu Dhabi	00971 – 2
Ajman	00971 – 6
Sharjah	00971 – 6
Al Ain	00971 – 3
Ras Al Khaimah	00971 – 7
Fujairah	00971 – 9
Umm Al Quwain	00971 - 6

7 Local Production – Wood Industry

Local manufacturing industry of machines and equipment is as good as negligible; the exact production figures of the machines and equipments of the industry are not evaluated, determined, estimated, assessed or published independently. Thus for evaluating the local production in UAE certain assumptions have to be taken which then can be applied to the available reliable data.

Industrial Activity	2008*	2007	2006	2005	2004*
Fabricated Metal and Equipments	5,892	5,159	4,516	3,954	3,462

* Production in AED Million

*2008 & 2004 figures – Ministry of Economy

*CAGR of 14.22% for others

It is assumed that less than 5% of production in fabricated metal and equipments is of actual machines, tools and equipments of various industries. For the purpose of this report it will be assumed that 5% of the above mentioned is the production of machines, tools and equipments.

This 5 % comprises of machines, tools and equipments utilized in 13 industries mentioned in this report elsewhere. Based on the percentage share imports of each industry from the total imports of machines, tools and equipments, the value of production will be evaluated.

Industrial Activity	2008*	2007	2006	2005	2004*
Machines, Tools & Equipments	295	258	226	198	173

* Production in AED Million



Production Value of Wood Machines, Tools & Equipments 2007 – 2004

Industry	2007		2006		2005		2004	
	%	Production Value	%	Production Value	%	Production Value	%	Production Value
Wood Industry	1	2,580,000	1	2,260,000	1	1,980,000	1	1,730,000

* Production in AED Million

*% of total Machines & Equipment production value

Production Value of Wood Machines, Tools & Equipments 2012 - 2008

Industry	2008	2009	2010	2011	2012	CAGR
Wood Industry	2,947,661	3,367,716	3,847,630	4,395,934	5,022,374	14.25%

*CAGR based on 2007-2004 figures

*Figures in AED

8 Internal Demand and Trends – Wood Industry

The main determinants of individual demand are: the price of the good, level of income, personal tastes, the population (number of people), the government policies, the price of substitute goods, and the price of complementary goods. The below established methodology would be used to calculate for the internal demand, the output of this would be in values of machinery and equipments. For the purpose of the study we would neglect exports in all industry.

$$\text{Demand} = (\text{Imports} - \text{Re-Exports}) + (\text{Local Manufacturing} - \text{Exports})$$

Import

Industry	2007	2006	2005	2004
Wood	112,328,910	101,738,384	90,802,713	60,191,694

Values in AED

Re-export

Industry	2007	2006	2005	2004
Wood	17,308,855	6,267,059	23,721,422	14,550,501

Values in AED



Local Manufacturing

Industry	2007	2006	2005	2004
Wood	2,580,000	2,260,000	1,980,000	1,730,000

Values in AED

Internal Demand

Industry	2007	2006	2005	2004
Wood	97,600,055	97,731,325	69,061,291	47,371,193

Values in AED

9 Forecast – Wood Industry

Machines, equipments and tools utilization in metal industry would see a substantial growth in coming years; the demand will be met by increase in imports and local manufacturing of machines.

For projection for the year 2008 – 2012 Compound annual growth rate (CAGR) was calculated using the available data of 2004 – 2007, taking into consideration the current market conditions the CAGR was discounted by 50%, meaning that there would be growth in import, re-export and local production by at a much lower rate than in last 3 years from 2004 to 2007. The projections for imports, re-exports, local production are as follows;

Description	2008	2009	2010	2011	2012	CAGR	Discounted CAGR
Imports	138,296,080	154,281,092	172,113,738	192,007,578	214,200,856	23.12%	11.56%
Re-Export	18,339,964	18,886,230	19,448,768	20,028,060	20,624,608	5.96%	2.98%
Local Production	2,947,661	3,157,689	3,382,681	3,623,704	3,881,901	14.25%	7.13%

Values in AED

CAGR – 2007 - 2004

10 Machines & Equipments required and technical specification – Wood Industry

Common and important Machines, equipments and tools utilization in the defined industry are as follows including their technical specification. It has to be noted that there are/ might machines of different make, kind, with technical specs, performance capacity, etc, for the purpose of the study we have taken generalized technical specification.



The commonly used machines and equipments and their technical specification have been gathered interviewing the machine utiliziers , providers of the same and through desk research. Not all the utiliziers and providers were helpful in gathering the required information as most of them consider the information as to confidential and private.

1. Wood router

a. Technical specification

Table Size	650x500mm
Max working depth	40mm
Throat depth	610mm
Spindle speed	18000rpm
Spindle Motor Power	2.2kw
Tilting angle of table	45o Max
Overall Size (L x W x H)	1400 x660 x1370mm
Net Weight	300 kg

2. Cold press machine

a. Technical Specification

Nominal Pressure	4000KN
No. of cylinder	2 pcs
Diameter of cylinders	Φ320mm
Stroke of cylinders	800mm
hydraulic system	semi-automatic controlled
Time of no-load closing	About 45second
The flow of the oil pump	100ml
Presser oil pump	10ml/rev plunger oil pump
Main generator	7.5KW
Presser generator	5.5KW
Width between nether and top cross beam	1600mm
General Dimensions	3560*1370*4000mm
Thickness of steal board	302212mm
Dimension of Active crossbeam	2700*1370*400mm
Thickness of steal-plates in active crossbeam	22mm



3. Finger joint wood machine

a. Technical Specification

Max working width	400mm
Max working thickness	120mm
Working table size	500*800mm
Shaper spindle diameter	Φ40mm
Shaper blade diameter	Φ160mm
Saw blade size	Φ355*Φ30mm
Shaper spindle speed	6000rpm
Saw blade spindle speed	2880rpm
Overall dimensions (L*W*H)	1830*1600*1500mm
Net weight	760kg

4. Glue spreader

a. Four roller

b. Technical Specification

Maximum width of Glue spreading	1400
Thickness of Glue spreading	0-25
Speed of Glue spreading	40rev/min
Motor Power	3KW
Dimensions	2670×1200×1400

5. CNC

a. Technical Specification

Working area:	1285*3010mm
Max working area:	1200*2500*130mm
Max cutting speed:	20000mm/min
Software resolution:	0.014mm/step
Spindle:	2200-4000 W
Spindle rate:	24000 r/min
Gross Weight:	1000kg
Consumption:	350W