March 2011

Softwood Export Council Newsletter

India Softwood Market Update

By Rod Wiles

Softwood Lumber

Total exports of softwood lumber to India reached a volume of 61,569 m^3 in 2009, marking a 182.3% increase on the previous year. During the January to June period of 2010, the volume shipped reached 43,388 m^3, marking a 101.2% increase on the same period in 2009. Although showing an increasing trend, the total volume of sawn softwood entering India is very small in comparison to its imports of softwood logs (just over 1 million m^3 in 2009). As with hardwoods, this is because India has a long history of sawmilling and many thousands of small mills which are equipped to produce lumber to Indian standards. There is also a perception that importing logs is somehow more cost efficient than importing kiln dried lumber.

Perhaps surprisingly, the United States emerged as the second most significant supplier of softwood lumber to India in 2009, despite only accounting for 10.1% of total softwood lumber supplies to the market. Shipments from the U.S. reached a volume of 6,204 m^3 in 2009, worth $2.2 million and were made up of Douglas fir in the main, as well as smaller volumes of southern yellow pine and various fir species. During the first six months of this year, however, shipments of softwood lumber from America to India decreased by some 33% as compared to the same period in 2009. In terms of species, U.S. softwood lumber shipments to the market during January to June 2010 were made up of Douglas fir, fir and other pine.

Outlook for U.S. Softwoods

For any supplier of softwood, India would seem to offer major market potential. It is a massive market, in terms of population and its economy has been growing powerfully and steadily for the last fifteen years or so. The construction sector is extremely buoyant and there is an ongoing need for housing and infrastructure development. There is also a fast-growing middle class with increasingly large disposable incomes and an improved knowledge and wider acceptance of imported styles

In This Issue

India Market Update
2010 Market Data
Expo Promueble

ATTENTION:

Future ??SEC? Travelers !!

Due to the unexpected and overwhelming demand for international travel through the SEC, ACP, and member programs, beginning April 1st SEC will be required to limit travel participation to 1 person per company and 2 events for the rest of 2011. With a limited travel budget, it would be wise to review the rest of the trade show offerings in 2011 and put in a reservation as soon as possible. Thank you for your understanding.

Quick Links

About SEC
SEC Members
Membership Benefits
Trade Show Calendar
Travel Requirements
Market Reports

2010 Data Now Available

Douglas-fir

Again in 2010, Douglas-fir was hot in Japan. Japan was the second largest export market for US softwood lumber by value, following Canada, and ahead of and products, including wooden furniture and flooring.

Reliance upon imported softwoods is also huge, as India's own diminishing forest resources are dominated by hardwood plantations. However, relative to market size, only limited amounts of softwood enter the market. Total Indian imports of softwood logs and lumber would be comparable in volume to one of the smaller Gulf States, for example.

While imported softwoods - particularly radiata pine from New Zealand - are an important item in India's construction sector, they are not widely used in interiors or furniture. This may be partially attributable to global fashions, but it is also because softwoods and their suitability for applications are not well known in this teak-dominated market. By the same token, treated softwood lumber is not known as a potential product for external use, such as shade structures and decking, where local or imported SE Asian hardwoods are commonly used.

In contrast, American softwood suppliers have achieved some market penetration with Douglas fir in the past couple of years and there is an increasing understanding of this species and its potential applications amongst the design community within India.

One of the greatest hurdles for any potential wood product supplier to India can be found in the lack of knowledge that exists amongst Indian designers, manufacturers and consumers. India has been so focused on its beloved teak for so long that wood species imported from around the world are rarely treated as anything other than an inferior alternative to teak, where teak is not available. As a result, little attention is paid to unfamiliar species, with the consequence that little is known about them. Suppliers eager to break in to the Indian market will, therefore, have to invest significant time and resources in to education about their products.

In addition to lack of knowledge, is that lack of organisation within some elements of the wood processing sector. For example, there are very few large or even medium sized factories producing furniture and/or interior joinery, while there are many thousands of small cottage-based workshops. The result of this is a lack of demand for high quality, imported wood products, where locally sourced, or locally processed sawn timber can be used.

One area that could of particular interest to the U.S. softwood industry is the emerging concept of low-cost and, sometimes, earthquake resistant, housing solutions. There is a substantial shortage of housing in India and the situation is likely to worsen in the coming years with the rapid growth of the population.

Despite the obvious challenges, market commentators in India do suggest that some American softwood species and products could have increased market share. However, they also suggest that competition from alternative supply countries will also increase significantly in the coming years and that the U.S. softwood industry will have to work hard to get its products recognised, understood and finally, accepted.

Final FAS numbers for 2010 show $2.54 million, with Douglas fir at $990,000 and and Fir at 4389,000 the leading catagories. "Other" pine, spurce and hemlock followed with more than $200,000 in shipments each.

the Caribbean region, Mexico and China. In 2010, over $124 million U.S. Douglas-fir was sold to Japan, which was up by more than $46 million from 2009. Of all US D-fir exported worldwide, 53% went to Japan.

The Japanese built 813,126 housing units in 2010, surpassing the US housing by about 250,000 units. 460,127 units (56.6 %) were wood frame construction, which is the second year in a row that wooden housing has surpassed other types of residential construction in Japan. 349,858 units were constructed from the traditional Post and Beam method, using metric sized lumber, 96,104 units were constructed using the Japan 2x4 method with North American sized lumber, and 14,165 were considered prefabricated structures using both 2x4 and traditional sizes.

Hem-fir

The export of US hem-fir greatly increased in 2010, when compared to 2009 values. In 2010, over $18 million dollars of hem-fir was exported to China, which is an 83% increase from 2009. The vast majority of hem-fir being exported to China is low-grade material being used for concrete forming. Over the next few years, the amount of hem-fir exported to China is expected to rise due to the large amount of construction projects occurring throughout the country.

Future Trade Shows

Architecture and Construction Show -
Tokyo - March 8-11

Design Build Australasia -
Sydney - May 11-13

Construmat Show -
Barcelona - May 16-21

Interzum Koln -
Koln - May 25-28

Japan Sales Mission -
Japan - May 23-27

Join Our Mailing List!

Expo Promueble - Mexico City

By Fernanda Vale

Expo Promueble took place from January 19th to the 22nd at "Centro Banamex," where furniture manufacturers and suppliers exhibited. At the Expo Promueble tradeshow there were approximately 122 companies exhibiting; a breakdown of these companies is: 38 companies exhibited materials for furniture manufacturing, 50 furniture-machinery, 23 lumber, panels and boards, 5 associations or chambers, and 4 industry-related magazines and different, other materials to manufacture furniture.
During the course of the show, various furniture manufacturers were looking for lumber such as ponderosa pine, Douglas-fir, red cedar and SYP to manufacture all different types of furniture, such as kitchen cabinets, doors for doctor's offices, school/office furniture, and living rooms. In addition, others requested treated SYP for outdoors applications. This year interest in Douglas-fir began to raise.

Other than furniture manufactureres, there were quite a few carpenters who wanted to locate distributors in Mexico. Most of the furniture manufacturers use only Mexican pine to manufacture furniture, whilte those who manufacture kitchen chairs and bedroom sets use hardwoods. Some of the attendees demonstrated interest in buying softwoods for different purposes such as moldings, concrete forming and packaging.

There were a wide variety of requests from the show attendees: some were lumber distributors that sell hardwood lumber from the US who want to buy US plywood, while others use a lot of ponderosa pine, SYP, and treated SYP, depending on the project.

The most requested species/products during the tradeshow were ponderosa pine, southern yellow pine, OSB, and plywood. However, few attendees requested information on US glulam beams. Some of the furniture manufacturers mentioned that the species most frequently used are: tropical species such as caobilla, red cedar, poplar, oak, tzalam, redwood, ponderosa pine, birch, southern yellow pine, and Chilean and Brazilian lumber. For structural purposes they use OSB and SYP. In recent years, few of them have purchased US lumber and the reason that they don't always use US lumber is price, because sometimes US lumber is more expensive than lumber from other countries and is not always available in the market.They all agree that the economic situation has influenced the volatility of lumber prices.

Of the attendees, 50% were lumber distributors and mainly requested ponderosa pine and SYP, 40% were furniture manufacturers that mostly use Mexican lumber and lumber from the US and Chile. 10% were either architects or engineers that use lumber for construction purposes and for exterior uses such as studs, OSB, and plywood. Other furniture manufacturers requested particleboard and MDF.

Softwood Export Council - Promoting the expansion of export markets for primary and secondary softwood products manufactured in the United States.

Softwood Export Council
Po Box 80517
Portland, Oregon 97280
503-620-5946
www.softwood.org