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China, Peoples Republic of

Solid Wood Products

WoodBuild/WoodMac China 2003

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Report Highlights:

The 2003 edition of China's WoodBuild, WoodMac and Furnitek wood and wood processing trade show was an outstanding success, with a 22 percent increase in exhibitors and a 53 percent increase in attendees. The U.S. delegation to the show also set a record, with 29 wood suppliers participating. As a result of its success, the show's organizer has decided to make this an annual event.

Includes PSD changes: No
Includes Trade Matrix: No
Unscheduled Report
Shanghai ATO [CH2], CH

WoodBuild Draws Record U.S. Participation

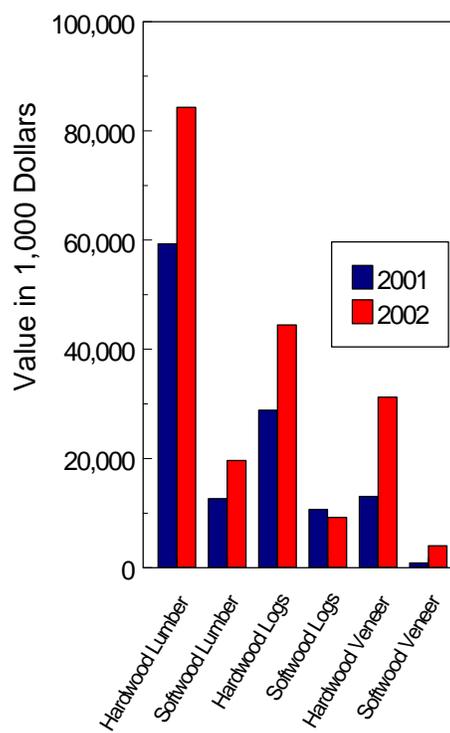
Between them, the set of wood products and wood processing machinery shows WoodBuild, WoodMac and Furnitek China form China's premier wood products trade show. This year, the wood products show, WoodBuild China, attracted the largest U.S. contingent in its history. Twenty nine U.S. wood suppliers participated in the show, along with offices from five different state governments. A large proportion of the companies participating were small companies, many of them family-owned. In addition to the U.S. exporters, industry cooperator participation was at record levels, with the American Hardwood Export Council, the American Forest and Paper Association and the Softwood Export Council all in attendance. In comparison, a total of eight companies, one state office and two industry cooperators participated in the previous show, in 2001. Participants in the 2003 show reported good traffic, and most seemed satisfied with the results.

The American Hardwood Export Council was particularly active in this show, arranging for briefings by ATO staff and a reception that allowed exporters and buyers to meet and talk outside of the trade show floor. The American Forest and Paper Association and Softwood Export Council were also active, holding seminars on the use of U.S. wood products in a number of roles, particularly in exterior decorative uses. The Softwood Export Council is also pursuing projects to increase the use of U.S. softwoods in interiors.

Why China, and Why Now?

It isn't difficult to see why China is attracting so much attention. In a year when U.S. exports to other markets were lackluster, China charted an average growth of 55% in value for imports of selected solid wood and panel products from the U.S. in 2002. Total wood products imports from the U.S. amounted to \$221 million. Growth was particularly strong for both hardwood and softwood lumber and veneers and for hardwood logs. Softwood log imports fell, largely due to continued aggressive competition from Russia and New Zealand. Strong growth was also seen in smaller volume products such as wood doors and frames. While increased domestic consumption has played a role in this growth, the main driver has been the relocation of furniture and flooring manufacturing plants from high-cost neighbors such as Hong Kong, Taiwan and Japan, as well as the United States. This implies that much of the increase in domestic demand expected to result from housing reforms is yet to come, making China an attractive market for some time to come.

U.S. Exports of Selected Solid Wood Products to China, 2001-2002



Who Visited?

According to the organizer, total attendance was 15,180, and increase of over 57% compared to the previous show. Detailed statistics were gathered on 13,845 of these. Of this group, some 12,732 (92%) were from China, with Japan, Hong Kong and Taiwan the only other foreign countries with a significant number of visitors. Questionnaires distributed by the organizer indicate that the majority of the attendees were in the following lines of business: furniture manufacturing (15%), architecture and design (11%), wood products (doors, flooring, etc.) manufacturing (10%), and timber processing (9%). Since WoodMac/WoodBuild/Furnitek includes a large wood manufacturing component, it is unsurprising that a large proportion (roughly 39%) were primarily interested in wood processing machinery. Nonetheless, a significant proportion (roughly 22%) indicated that their primary interest was in purchasing wood products. The detailed breakdown for wood products, again based on the organizer's questionnaire, is as follows: timber and wood products, 3,540 (12% of total visitors); veneers, 1,194 (4%); windows, doors and flooring (4%).

The show has a strong appeal for large Chinese manufacturers, as it allows them to make direct contact with multiple suppliers on a single trip. One major flooring manufacturer was quoted as saying "(WoodBuild) . . . is excellent! It would not be possible for me to meet with so many U.S. suppliers at once even if I visit U.S. for one trip. I will use American hardwood to produce flooring starting this year. And my quantity is so big that no single supplier can meet my demand. In the Shanghai show, I was able to book several containers from one exporter and move to the next booth til (the quantity) was enough."

Whither WoodMac?

The success of the 2003 show has led the organizer, U.K.-based Montgomery Group, to increase the frequency to one show per year. The next show is scheduled for February 17-20, 2004 in Shanghai. Whether this number of shows can be maintained without diluting the show's appeal remains to be seen, although Montgomery Group notes that this year's show was sold out, and a number of exhibitors turned away, despite a 22% increase in the number of exhibitors accomodated. Some participants, however, have noted that they may not be able to make the trip every year.