

## By the Commodities

# Wood Product Companies Give SCGP Solid Endorsement

By Rachel Hodgetts and Jamie Rothschild

Of the several wood product companies that have recently used the Supplier Credit Guarantee Program (SCGP), all had good things to say and plan to use the program again.

**Parton Lumber**, in the Appalachian region, uses modern logging practices to harvest high-quality logs and transport them to its sawmill for processing. It produces and sells an inventory of all grades and sizes of red and white oak, tulip poplar, various other hardwoods and some pine lumber to both domestic and export markets.

Parton has used the program twice: for a sale to Mexico and a sale to Portugal. Although Parton would have made both sales even without the program, the company liked the added security that the SCGP afforded.

**The Atlantic Veneer Corporation** of North Carolina has also used the SCGP. The company, one of the largest U.S. producers of hardwood veneers, manufactures flat-cut, rift-cut and rotary-cut veneers.

“The program has helped our company to provide leverage for existing lines of credit in Mexico and Brazil, and it has enabled us to expand to new markets such as Chile,” said Marcio Murta, Latin America export manager for the company.

In Mexico, Murta estimates that the SCGP enabled Atlantic to increase its sales by more than 60 percent. Murta finds the program very useful in Latin American countries, where obtaining letters of credit



is not always easy. He also believes that the program has helped his company to compete against European suppliers. “They can offer lower prices and have many financing options to choose from,” Murta said. “We can’t compete against that without this type of program.”

**The A&E Forest Products Group**, a medium-sized lumber company in Georgia, has also used the SCGP to export its products. A&E had previous opportunities to export but preferred to sell domestically. However, after hearing good things about the SCGP from another company that had used it, A&E tried it out with a sale to Mexico. The added security of the program gave the company enough confidence to expand sales abroad and helped it to obtain increased credit from its bank.

A&E has used the SCGP five times and

plans to use it for future sales, possibly taking advantage of the program’s expansion to Western Europe. “We think it is a great program—it gives us an edge over other wood product companies,” said a company executive. “Although we like to think of this program as our secret weapon, FAS should get the word out, since not too many other wood product companies are aware of it.”

The experiences of these three exporters show that for your next export sale, you should consider using the SCGP for increased security or to offer your customers the best financing terms possible. ■

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