

USDA Foreign Agricultural Service

GAIN Report

Global Agricultural Information Network

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Growing Demand of U.S. Wood Products in Pakistan

Report Categories:

Wood Products

Approved By:

Clay M. Hamilton

Prepared By:

Rashid Y. Raja

Report Highlights:

Pakistan is emerging as a leading destination for American wood products. During the last five years U.S. wood product exports to Pakistan increased 400% (\$7 million in 2008 - \$28 million in 2013) with 2014 trade expected to surpass \$30 million (U.S. wood product exports saw a 23% increase in Jan-Nov 2013). In 2012, The United States was the largest exporter of wood products to Pakistan, accounting for \$28 million out of total of \$93 million in imports. Second was Chile with \$14 million. The imported wood species from U.S. are mainly hardwood and softwood logs, lumber, veneer, red oak, maple, walnut, eastern white pine, and ponderosa pine etc.

General Information:



Currently Pakistan's forestry practices are underdeveloped and most importantly unsustainable. Industry reports indicate that Pakistan's wood bio-mass will be totally consumed within 15 years if the current rate of deforestation continues. Sawmills lack the capital base to efficiently cut logs with the economies of scale and world-class efficiency of western countries. With an over-reliance on hand-labor and an on-going energy crises, Pakistan sawmills cannot produce wood products that are competitive in quality or price with imports from other countries.

In the past year, consumption of wood products in Pakistan registered steady growth due to increased construction of higher-end homes, shopping malls, and increased demand of furniture, panel products, and paper industries. In order to meet this growing demand, Pakistan imported 63,074 m³ of softwood lumber and 1,537 m³ of logs from the United States during Jan-Nov 2013. Pakistan also imported 14,438 m³ of hardwood lumber and 3,500 m³ logs during the same period.

Pakistan Economy:

Pakistan's economy registered 3% growth in 2013 and gross domestic production is estimated at \$237 billion. Per capita income is expected to be \$1,368 in 2013. With a population of over 184 million, Pakistan is also the 6th most populated country in the world. The ratio of working population, between the ages of 14-65, accounts to 62% of the total population. Pakistan has a young population where the median age is 30, and 39% of the population is between the ages 15-35. Its urbanization rate is also increasing yearly and today 38% of the population lives in cities. The young and increasingly well educated population and a growing middle class are bright spots that are helping Pakistan improve its overall economy.

Market and Distribution Channel:

Pakistan’s annual imports are about 180,000 m3 and the major species are spruce, pine, fir, larch, eastern white pine, ponderosa pine, ash, red oak, cherry, maple, and walnut. Most of these species are sourced from Canada, United States, Europe, and black-sea countries with about 300 40 FCL containers arriving in the Karachi port every year. Wood products are traditionally imported by specific traders who then distribute the product to retailers and end-users.



Source: USDA Global Agricultural Trade System

Opportunities:

The wood market continues to enjoy high rates of growth because of the shift from local wood products to high quality imported products due to an increasing demand by Pakistani consumers for higher quality imported products. In turn, increased imports create greater awareness which also drives stronger demand away from some of the traditional, lower quality suppliers. Post expects the growth trend to continue in 2014 as well. Traders are expected to widen their product ranges with new varieties and other innovations, and to increase their marketing activities to stimulate sales.

Increasing awareness among Pakistani buyers of the availability and quality of U.S. wood products are important factors driving increased U.S. wood product exports to Pakistan. Given its strong domestic demand for construction, furniture, panel products, and paper industry and the lack of modern forestry production and management techniques, Pakistan will remain dependent on wood products imports for the foreseeable future.

U.S. hardwood ash, veneer, red oak, maple, walnut and softwood eastern white pine, ponderosa pine, and logs are popular among the Pakistani consumers and there will always be a market for these species provided that they are price competitive.

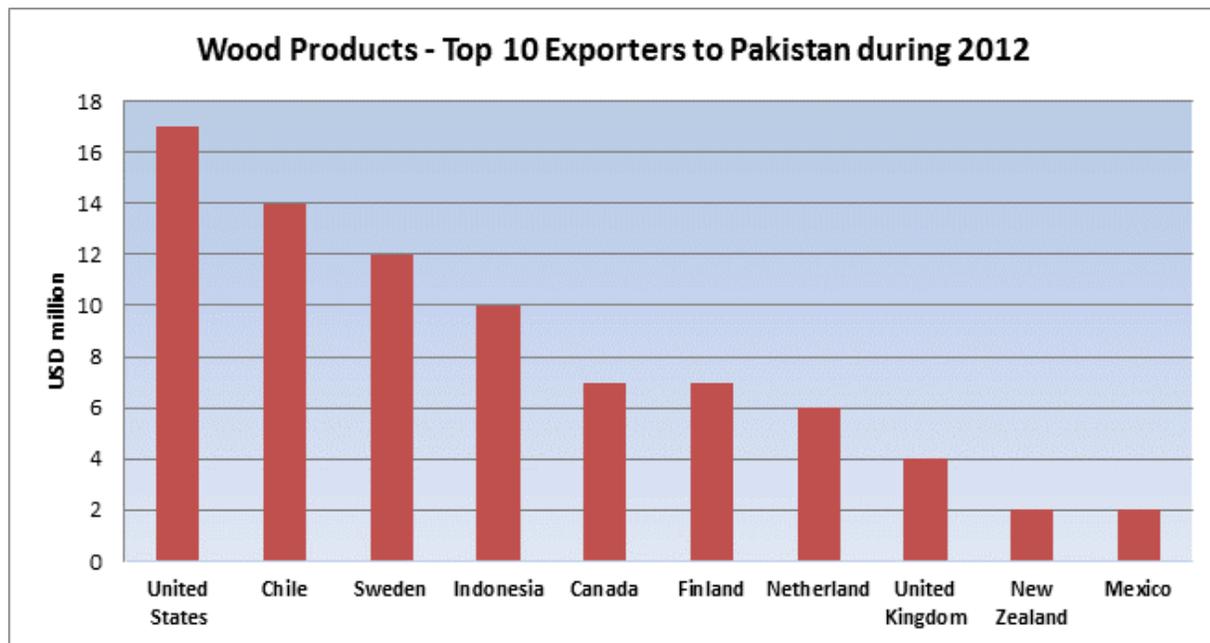
Outreach Opportunities:

Post is collaborating with the Institute of Architects Pakistan and major importers to assess market demand and to create linkages with the U.S. industry. In 2014, A key portion of these outreach efforts will be a Cochran Fellowship Program to educate 6-7 leading Pakistani wood and lumber importers on the U.S. grading system, new-to-market wood species and trends, visit mills, and to meet face-to-face with suppliers in the wood and lumber industry.

In addition, Post is planning to host an interactive marketing seminar in Karachi to develop identify potential end-users of U.S. wood products among end users and architects. This seminar, the first-of-its kind in Pakistan, will provide a forum for 20 to 30 end-users of wood products to share their knowledge and experiences about day-to-day issues facing the Pakistani wood sector and to learn from current importers of U.S. products the benefits, quality, and prospects of U.S. wood and wood products. The participants will also be introduced (either directly or virtually) to U.S. wood exporters and trade associations.

Post is also encouraging trade delegations to participate in regional wood and lumber outreach activities to develop regional trade contacts for trade development in Dubai and Istanbul.

Dubai Wood Show: www.dubaiwoodshow.com
Intermob Istanbul: www.intermobistanbul.com)



Source: Global Trade Atlas

Policy:

With only 2.5% of its arable land forested, Pakistan is the world's second and Asia's highest annual rate of deforestation (-2.1%). To overcome this problem the government has established zero import duties on logs and lumber while maintaining import duties on more processed products. Barked and debarked logs are allowed for import but the measurement would be based on debarked logs for invoice purpose. Fumigation is not strictly enforced; however softwood is usually imported with anti-stained chemical.

Contact for more information:

USDA, Foreign Agricultural Service – U.S. Embassy, Islamabad
agislamabad@fas.usda.gov