South China imports of U.S. wood and wood products climbed to a new record of nearly $700 million in 2016, up 11 percent in value from 2015. China is the largest market in the world for U.S. wood and wood products, with nearly 30 percent going to South China. Demand in South China continues to be strong for both U.S. hardwoods and softwoods, with hardwoods mainly used for furniture production and flooring, while softwoods are also used in the furniture sector as well as the building sector. About two-thirds of these imports (by value) consist of lumber or other processed wood, and one-third being logs.
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Wood Consumption Trends
China has robust demand for imported woods because of the strong wood processing sector. In fact, China has become the world’s largest producer and consumer of wood flooring with total sales of flooring at 380 million square meters in 2015. Since 2005, China has also been the world’s largest exporter of furniture, with much of this coming from South China. In fact, Guangdong province in South China has the largest number of furniture producing companies in China, and is also the largest distribution center for imported woods. Guangdong has held the number one position among Chinese provinces in total sales value of furniture for 17 straight years, and in 2015 it achieved furniture sales of $56 billion.

While previously the lion’s share of imported U.S. wood was used to craft products destined to be exported outside of China, this situation has changed. In recent years, domestic demand for wood
furniture and other solid wood products has strengthened, and a greater percentage of these products have stayed in the domestic market. This strong domestic consumption for wood products is expected to continue with demographic changes and economic growth. In 2015, the Chinese government removed the one-child policy and allowed two children per family. This change is expected to increase demands for goods and services. In addition, urbanization is expected to continue as the Ministry of Housing and Urban-rural Development aims to move 70 percent of China’s population into cities by 2025. These factors, coupled with the continued expansion of the middle class in China, should continue to boost demand for wood.

In Southern China, U.S. hardwoods are mainly used for furniture and flooring while U.S. softwoods are largely consumed by the construction sector and some furniture makers. Common hardwood species such as oak, walnut, cherry, ash, maple, cedar, pine, hemlock and spruce are popular in China. American hardwoods imported to South China are normally processed into veneers and applied onto the surface of furniture, doors, and floors. In response to recent consumer preferences for solid wood flooring, furniture and doors, more manufacturers are demanding premium grades of U.S. cherry, black walnut, red oak and white oak lumber. Chinese media reports about formaldehyde emissions from laminate flooring in recent years has led to solid wood products being considered a safe and environmental friendly choice among wealthy consumers in China.

Softwood in China is mainly used in construction and some furniture making. Southern Yellow Pine is very popular for outdoor projects and Chinese users like the grain, quality and density of this wood. Consumption of softwoods is shifting from low-end applications to higher-end uses in outdoor parks, public projects, wood structured houses and interior decoration.

**Domestic Wood Supply**

Although domestic demand for wood products continues to climb, domestic supply of woods continues to be far below demand. Starting from January 1, 2017, the Chinese Government has completely banned business logging of native forests in China, and as a result, logging is now only allowed on regrowth forests. Despite an ambitious Government forestry reservation plan, some Chinese forestry experts project that over 40 percent of wood supplies will have to come from other countries.

**Imports from United States Surge**

This growing demand and limited domestic supply have boosted imports from the United States, and South China’s imports of U.S. wood and wood products reached a new record in 2016, climbing to almost $700 million. This was an 11 percent increase from 2015. Overall Chinese imports of U.S. wood reached over $2.5 billion last year, and China surpassed Canada as the largest market in the world for U.S. wood. The United States is the second largest wood supplier to China, after Russia.
In addition to overall rising imports of U.S. wood into China, an increasingly greater percentage of these imports are coming to Southern China. For example, from 2011 to 2014, roughly 20 percent of total U.S. wood and wood product imports came to South China, while in both 2015 and 2016 this jumped to 27 percent.

Currently, the only negative factor impacting U.S. sales is the strengthening of the U.S. dollar against the Chinese currency, and importers have reported that this has been squeezing their margins. Despite this, industry contacts report that demand for U.S. wood continues to rise, and with ample supply of sustainable high-quality timber resources, consistent quality and reliable grading systems, U.S. wood and wood product imports are expected to continue to expand.

**Key Wholesale Markets in South China**
Southern China has a number of large wholesale markets for imported wood and wood products. Some of the key markets include:

--**Guangdong Yuzhu International Timber Wholesale Market** ([www.yuzhuwood.com](http://www.yuzhuwood.com)), started as a state-owned business, and is the oldest and largest timber market connected to a railway and marina port in Guangzhou. It features logs from Asia, Africa, Europe and America.

--**Orient Timber City** ([www.dfxyc.com](http://www.dfxyc.com)), located in Houjie, Dongguan, formerly known as Xinye Timber Wholesale Market, is the largest veneer trading market for imported woods. This newly developed location includes wholesale of wood veneer, bamboo veneer and accessories of furniture manufacturing.

--**Jilong Timber Market** ([www.jilongmcsc.com](http://www.jilongmcsc.com)) in Dalingshan of Dongguan is known for imported...
lumbers, Chinese local timbers and woods from Southeast Asian countries. To serve demands from export-oriented furniture plants in Dalingshan and strong domestic consumption of high-end furniture, Jilong Market has witnessed an increase in just the past few years of traders of U.S. woods, growing from 30 to over 100.

--*Putian Xiuyu Wood Processing Port* of Fujian was the first approved fumigation site by the China quarantine authority. All imported logs that have not been treated before arriving in China are able to be fumigated at Xiuyu Port.

**E-commerce**

Like other sectors, e-commerce is expanding into selling furniture in China. Prominent retail online platforms now include furniture on their websites. Tmall and JD.com are the most well-known e-retailers for all types of consumer products in China. But now all major furniture or flooring manufacturers attract visitors to their own online stores, such as [www.suofeiya.com.cn](http://www.suofeiya.com.cn), [www.tata.com.cn](http://www.tata.com.cn), and [www.oppein.cn](http://www.oppein.cn).

Traders and distributors often visit the websites of wood wholesale markets to conduct business. For veneer, Dongguan Veneer Mall ([www.veneermall.com](http://www.veneermall.com)) is the most well-known. The newly launched site Allwood ([www.allwood.com.cn](http://www.allwood.com.cn)) caters to younger buyers and new homeowners for tailor-made home furnishing. Although online retail attracts many young shoppers, traditional major furniture and building material retailers, such as China Red Star McCalline ([www.chinaredstar.com](http://www.chinaredstar.com)) and Juran Easy Home ([www.Juran.com.cn](http://www.Juran.com.cn)), both saw 10 percent sales increases compared in 2016, and have ambitious plans to set up new sales outlets in 2017.

**Guangzhou ATO and Industry Groups**

U.S. wood product exports are encouraged to explore the South China market and can reach out to the Agricultural Trade Office (ATO) in Guangzhou, atoguangzhou@fas.usda.gov, for information and suggestions. ATO Guangzhou frequently organizes and participates in events in South China to promote U.S. wood products, often in conjunction with U.S. Cooperators, such as the American Hardwood Export Council ([www.ahec-china.org](http://www.ahec-china.org)) and the American Softwood Export Council ([www.softwood.org](http://www.softwood.org)). Both hardwood and softwood associations are very active in the South China market. Working with designers, manufacturers, media and real estate developers, U.S. wood cooperators participate in local trade shows, organize technical seminars and media events, design competitions and carry out market research in different parts of China to promote various species of woods and their applications. ATO Guangzhou works closely with U.S. Cooperators and local wood users to expand exports of U.S. woods to South China.

There are also a large number of trade shows which U.S. suppliers could consider attending and that can provide an effective way to access potential business partners and promote U.S. products. Below is information about some key furniture and wood shows in South China in 2017.

**Trade Shows**

Each year, there are four major furniture shows held in Guangdong. All four have over ten years of history and are held in the same month, so exporters may visit multiple shows in the same visit. These shows can provide opportunities to observe trends in Chinese furniture making and to identify large
wood users and buyers among the wood processing industry.

**Interzum Guangzhou**  
[www.interzum-guangzhou.com](http://www.interzum-guangzhou.com)  
Product: Woods, raw materials and woodworking machinery  
Date: March 28-31, 2017  
City: Guangzhou

Interzum, a German furniture production and interior design show, was introduced to Guangzhou in 2004. Following 12 editions, Interzum Guangzhou (also known as the China International Woodworking & Furniture Raw Materials Fair Guangzhou), is now recognized as the largest and most influential woodworking machinery and raw materials fair in Asia. A U.S. wood pavilion for both hardwood and softwood suppliers is organized each year. This year there will also be a U.S. woods matchmaking reception at the show in which suppliers and importers can network.

**Dongguan Famous Furniture Show**  
[www.gde3f.com](http://www.gde3f.com)  
Product: Home furniture  
Date: March 16-20, 2017  
City: Dongguan

Dongguan continues to be a very important furniture manufacturing region. This show had previously targeted U.S. and European participants and buyers, but with strong domestic demand, it has largely shifted to focusing on local consumers.

**Guangzhou International Furniture Fair**  
[www.ciff-gz.com](http://www.ciff-gz.com)  
Products: Home furniture  
Date: March 18-21, 2017  
City: Guangzhou

This furniture show is well-known for its focus on the export market. It features modern, classic and outdoor furniture. It provides a good opportunity to observe trends in the furniture industry and identify different kinds of wood users in China. Leading China furniture manufacturers will showcase their new designs in this Guangzhou show. This show is mostly attended by international buyers from around the world.

**Shenzhen International Furniture Show**  
[www.szcreativeweek.com](http://www.szcreativeweek.com)  
Product: Home furniture  
Date: March 19-22, 2017  
City: Shenzhen

This show is a gathering place for the Shenzhen furniture industry. To differentiate itself from other shows, this furniture show has re-branded itself as an annual event for designers anxious to catch the
attention of younger homeowners.