

USDA Foreign Agricultural Service

# GAIN Report

Global Agricultural Information Network

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## **China - Peoples Republic of**

**Post:** Guangzhou

### **With ATO support, U.S. hardwoods dominate South China market**

**Report Categories:**

Market Development Reports

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**Report Highlights:**

**General Information:**

ATO Guangzhou is working tirelessly in support of U.S. wood exporters. We urged industry representatives to visit South China through persistent communication and offered assistance in booking hotels, arranging local transportation, setting up one-on-one meetings with buyers and traders, interpreting and accompanying exporters to visit wood wholesale markets. In addition to delivering market briefings and preparing periodic intelligence reports on South China's booming wood manufacturing industry, our handholding services approach gives U.S. exporters the sense of comfort.

Although many U.S. wood producers had exported to China previously, they have not handled the business directly and coordinated via Hong Kong brokers. However, U.S. wood exporters are now forced to meet their customers face-to-face given industry consolidation has increased competitive sourcing for U.S. wood and the trade is slowly eliminating Hong Kong as an intermediary to support exports to the Mainland market. This new wood procurement trend is an opportunity for U.S. exporters to develop long-term relationships with their buyers. ATO Guangzhou is advising U.S. wood exporters on the best way to move forward. During follow-up visits with local wood buyers, we were notified that Nature Flooring (China's largest wood panel company) placed orders for \$23 million of red oak, white oak, and hard maple from the States of Pennsylvania, Georgia, and Virginia in the first quarter of 2011. ATO Guangzhou also assisted Elegant Woods (China second largest wood flooring company) on its procurement trip to New York in February and they returned with veneer contracts valued at \$530,000. Their purchasing plan for the rest of the year is reported to be an additional \$2.5 million. Elegant Woods will be sourcing a higher percentage of their wood from the States in the coming year and ATO Guangzhou is ready to assist them in this process.

In 2010, U.S. hardwood exports to Mainland China, Hong Kong, and Taiwan reached \$684 million, a 66-percent increase from the previous year. In anticipation for final consumption in the Mainland China market, ATO Guangzhou will be working with local wood users on various marketing activities, especially on retail promotions. The strengthened local consumer demand illustrates the importance of developing U.S.-branded marketing campaigns for U.S. woods to increase domestic consumer awareness of quality, variety, versatility in design, and uniqueness.

On March 29, 2011, ATO Guangzhou organized a 150-attendee reception garnering China's largest wood users and buyers during the Interzum Guangzhou Imported Wood Show. Numerous business deals will come as a result of our initiative.