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Wood Is Good - AHEC China Show a Success

Report Categories:

Wood Products

Export Accomplishments - Marketing, Trade Events
and Shows

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Report Highlights:

On June 22-23, 2017 the American Hardwood Export Association (AHEC) hosted 500 delegates to its 22nd Annual Southeast Asia and Greater China Convention in Qingdao, Shandong Province. American hardwoods have moved from being exotic to premium in the China market and demand for U.S. hardwoods is hot.

On June 22-23, 2017 the American Hardwood Export Association (AHEC) hosted 500 delegates to its 22nd Annual Southeast Asia and Greater China Convention in Qingdao, Shandong Province. Like Washington ale, California wine, and Chicago pizza, American hardwoods have moved from being exotic to premium in the China market.

Throughout the major cities and Northeast China the interiors industry is rapidly expanding as consumers no longer just want hearty portions of food at a reasonable price, but atmosphere, prestige and intimacy. The Chinese now form a major portion of the international five-star and boutique hotel trade and when they return home, they want to enjoy hotels and apartments that offer the same quality of design and texture. Similarly, Chinese consumer spending in the furniture industry is diversifying. In addition to growing domestic demand for traditional Chinese furniture and conservative Western-style furniture, younger and wealthier Chinese are now looking to buy children's furniture, rustic furniture, and avant-garde furniture. They also value that U.S. wood is sustainably harvested.

ATO Shenyang Director Roseanne Freese met with dozens of Chinese and U.S. companies and facilitated translation during tours of lumber mills in Jiaozhou. One facility housed some 50 different lumber distributors. ATO Deputy Director William Verzani gave the opening remarks giving the history of the U.S. China trade including the arrival of the first wooden ship in 1784. CEO of Cole Hardwood, Inc. of Indiana and AHEC President Dave Bramlage at the end of the show reported that he had already received order requests from 20 repeat customers and two dozen order requests from new customers. John Chan, Regional Director for AHEC China and Southeast Asia, noted that 200 potential attendees had to be turned away due to lack of space.

During the show, AHEC Executive Director Michael Snow presented on market trends for U.S. hardwood products:

- U.S. hardwood exports are growing.
- For the first time in history, the United States in 2016 exported more hardwood lumber than it consumed domestically. Fifty-five percent of U.S. production was exported.
- China is the Number 1 U.S. export market.
- For every four boardfeet of hardwood lumber produced in the United States, one boardfoot goes to China.
- Over the past five years U.S. exports to other regions are down.
- Over the past five years U.S. consumption is flat.
- Since 2011 U.S. hardwood lumber demand can no longer be linked to housing starts.
- On the positive side, the hardwood industry continues to innovate.
- The hardwood industry has introduced two new products, Thermally Modified Timber (TMT) and Cross Laminated Timber (CLT) that for the first time can make structural (e.g., load-bearing) products for the construction industry.
- With the manufacture of TMT and CLT, lower grade hardwoods can now be made into higher value construction (instead of pallet) products that in many cases are stronger than those made from softwood.

- The United States is also one of the world’s leading suppliers of sustainably produced hardwood timber. For every boardfoot harvested, 2.4 boardfeet are planted.
- The market for Asia in general and China in particular looks very strong as countries in the region adopt logging and other harvest controls.

AHEC President Dave Bramlage also provided remarks on U.S. hardwood production trends.

- The share of hardwood forests around the world is as follows:
 - Latin American region: 37%
 - Asian region: 20%
 - Russia: 12%
 - United States: 8%
 - Canada: 5%
 - EU: 4%
 - Other: 14%
- Forests are a great carbon sink and are great for the environment.
- For every cubic meter (CUM) of lumber produced, that is one more CUM of CO2 removed from the atmosphere.
- Red oak is the U.S. most plentiful species, export, and export to China.
- Due to effective temperate/boreal hardwood forest management, net production of these forests worldwide was 1.3 billion CUM in 2015. That’s 58 million two-story wood frame homes.
- The United States has 9 million acres of hardwood forests and forest land has more than doubled over the past 50 years.
- The growth of U.S. hardwood forests over the past 50 years is equal to half of the growth in temperate/boreal stands worldwide.
- The United States is now the world’s largest exporter of hardwood lumber, followed at a distant second and third by Thailand and Malaysia.
- Due to mortality (e.g., dead trees that are not harvested) alone, U.S. hardwood lumber production and exports could expand by as much as 109 million CUM. Thus there is plenty of wood for the industry to use and plenty of wood to absorb CO2.

Other speakers at the conference presented on the latest developments of using sustainably harvested U.S. hardwood to replace scarce tropical hardwoods in Southeast Asian five-star hotels and resorts, U.S. hardwood grading standards, and the market outlook for other Asian countries in the region. Regarding the China market we learned that China now has 33 furniture production centers and the value of industry output grew by 7.9% in 2016. Liaoning Province is home to one such furniture center and Shandong Province is home to 4,500 furniture enterprises of varying size. Shandong was the sixth largest province in China exporting furniture in 2016.

The event also included a tour of CX Joy Hardwood and the Timber Exchange Hardwood Center, both in Jiaozhou, about 40 kilometers west of Qingdao. Joy Hardwoods is a state of the art mill employing some 108 people producing lumber and furniture components. The mill 10 years ago employed some

220 people but with an upgrade in machinery bought from Germany, they were able to reduce staff and improve quality. Boards were cleanly stacked, ends painted in deep colors, and the bundles well marked with the logo of the U.S. supplier. The Chinese equate good marking with good packaging and good packaging with reliability, consistency and quality. The lumber yard housed 50 different distributors and again was exceptionally clean with good flow.

The writer has visited many mills throughout the United States and China over the past 20 years and the organization and layout of these two facilities were top notch. Dust was almost non-existent, all the shavings were recycled, and the noise level – even with all the machines operating --was very low.

AHEC also hosted a mini trade show on the second afternoon. It was anything but that. There were some 3-4 dozen exhibitors representing both individual and regional mills (Appalachian Hardwood and the State of Pennsylvania) which meant more than 600 mills, including many small- and medium-sized businesses, were represented at the event. Each table was mobbed by distributors, manufacturers and importers, all asking informed questions regarding species, grade, and application. It was clear that the Chinese were familiar with the trade terms of art. Many of the U.S. companies had long experience in China, with many stating that this was their 20th or even 30th time in China. Towards the end of the show I randomly queried U.S. firms on the impact of the show of which two reached into their pockets and with their right hand held up the business cards from repeat buyers and in the left held up cards from new buyers. The number of requests to place orders each had received? 50 plus! Other participants, while not enjoying quite the same robust demand, still were very satisfied with their results.

Looking to do business in Northeast China?

For further reading on exporting agricultural and food products to Northeast China, please see:

This is Northeast China|Market Development Reports|Shenyang|China - Peoples Republic of|1/18/2017

Home to winter sports, ski resorts, and ancient Manchurian towns, Dongbei or Northeastern China is home to 110 million people. With a down-home friendliness resonant of the U.S. Midwest, Dongbei's denizens are the largest buyer of U.S. soybeans and are China's largest consumers of beef and lamb. Dongbei companies, processors and distributors are looking for U.S. products. Dongbei importers are seeking consumer-ready products such as red wine, sports beverages, and chocolate. Processors and ...

[This is Northeast China Shenyang China - Peoples Republic of 12-30-2016](#)

2016 Exporter Guide to China|Exporter Guide|Beijing ATO|China - Peoples Republic of|1/13/2017

This report is meant to provide practical tips to U.S. agricultural, forest and fishery companies on how to conduct business in China. The report includes local business practices and a general review of consumer preferences, food standards and regulations, and import and inspection procedures. The report also provides best prospects, with a focus on high-value, consumer-oriented goods.

[Exporter Guide Beijing ATO China - Peoples Republic of 12-30-2016](#)

Looking for import contacts in Northeast China?

If you are interested in reaching out to importers and distributors in Northeast China, please contact:

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Please also check out our website at: www.usda.china.org

