



CHINA MARKET REPORT

Lumber Industry
February 2013



China: Lumber Industry Overview

The demand for American hardwoods in China is increasing, with Chinese companies looking to import hardwoods for flooring, home furnishings and other uses. In 2012, Wisconsin companies exported \$18 million in lumber, wood flooring and other wood products to China.

China's growing taste for U.S. wood flooring increased U.S. wood exports to China by 71% in 2012 to a total value of \$2 billion. The demand for flooring made from American hardwoods has created a demand for quality lumber products, and in turn, Wisconsin wood products. U.S. hardwoods have long-term potential in China due to the reliable U.S. supply chain, management, sustainability of U.S. hardwoods, and a competitive exchange rate. The diversity, sustainability, versatility and aesthetic appeal of U.S. hardwoods are well suited for local consumer tastes. There are also socially conscious consumer trends emerging that focus on environmentally friendly architecture and interior design. (U.S. Gain Report, CH1 1791 3-13-2012 & U.S. Gain Report, CH12045, 7-25-2012)

What to Know When Entering the Chinese Market

- Import Regulations
- Importance of Market Research
- Intellectual Property Protection
- Distribution Challenges
- Explore the Market through Trade Events

Import Regulations

Before shipping a product, Wisconsin exporters must verify Chinese import requirements with their foreign customers, who are normally best equipped to research such matters with local authorities. Final import approval is subject to China's rules and regulations as interpreted by border officials at the time of product entry.

Importance of Market Research

China is a huge country. There are several Chinese cities with a booming middle class and a high demand for American Hardwoods:

- Guangzhou
- Chengdu
- Fuzhou
- Guiyang
- Xiamen

Before entering China, Wisconsin exporters should invest in market research so as to carefully target consumers and confirm the product's appeal to that group. Consider secondary markets and focus on one region at a time.

Intellectual Property Protection

Protecting a company's trademark in China is vital to maintaining ownership over the brand. Wisconsin companies should consider registering and protecting trademarks in both English and Chinese languages prior to entering the market.

Distribution Channels

For wood logs and lumber, wholesale markets remain the most important distribution channel for medium or small-sized processors. Large construction projects and manufacturers, though, prefer to purchase direct from wood manufacturers and importers. E-business is also emerging as an increasingly important distribution channel for both raw wood materials and finished wood products, especially furniture.

Explore the Market through Trade Events

Personal relationships are extremely important and valuable when conducting business in China. Companies can gain first-hand experience in the market and establish contacts with key importers by participating in

international trade events. Below are some upcoming activities:

- **China Wood Business Development Mission:**
March 24, 2013- April 2, 2013
- **Governor's Trade Mission to China:**
April 12, 2013 - April 21, 2013

Contact Jennifer Lu at 608-224-5102 for more information. Other upcoming events can be found on the [International Trade Team Calendar of Events](#).

International Services from the State of Wisconsin

The Wisconsin International Trade Team is a collaboration of the Wisconsin Department of Agriculture, Trade and Consumer Protection and the Wisconsin Economic Development Corporation. The [Guide to our Services](#) is an introduction to the export services we offer.

American Hardwood Export Council (AHEC)

AHEC is the leading international trade association for the American hardwood industry, representing companies and trade associations engaged in the export of a full range of U.S. hardwood products, including: lumber, veneer, plywood, flooring, moulding and dimension materials. AHEC provides the global hardwood industry of importers, specifiers and end-users with promotional assistance, technical information and sources of supply for American hardwoods from its offices located in Europe, Mexico, Japan, Hong Kong and Shanghai to serve the needs of the global community. (www.ahec.org)

Additional Information:

- The U.S Commercial Service [website](#)
- [Guide](#) to exporting wood products



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