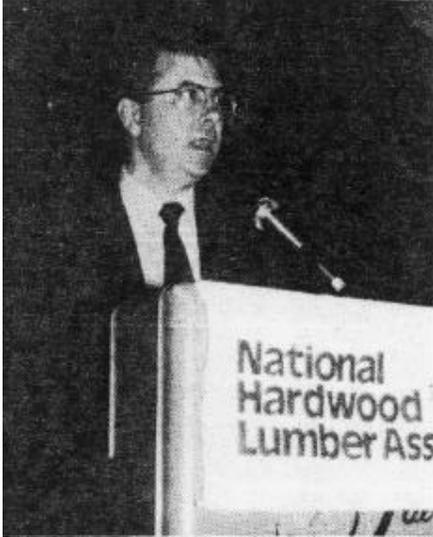


# HARDWOOD EXPORTS DISCUSSED AT MEETING



Philip Araman

*EDITOR'S NOTE: The following is a summary of a speech given by Philip A. Araman, project leader at the U.S. Department of Agriculture Forest Service, Southeastern Forest Experiment Station in Blacksburg, Va. The talk was presented during the National Hardwood Lumber Assoc.'s 1988 annual convention held in New Orleans, La.*

*Araman is a researcher whose specialty is marketing Eastern hardwoods. His last 15 publications have dealt with international trade. He received his bachelor's degree in wood science and technology from North Carolina State University and his master's degree in forest products from Virginia Polytechnic Institute and State University. He is a member of the Forest Products Research Society, the Hardwood Research Council, the Southern Forest Economic Workers and the Hardwood Export Trade Council. Araman's speech is based on work he did at the Forest Service Laboratory in Princeton, W.Va.*

When we talk about the hardwood export market, we primarily mean high quality lumber, veneer and logs. Export veneer normally is cut thinner than veneer for the domestic market. About 50 percent of the hardwood veneer manufactured in the United States is

exported. It is packaged by pallet loads and not flitch loads as is done in the domestic markets. Packaging is very important on the export market. Some examples of good packaging include end trimming, labeling, heavy strapping and corner protectors. Most export lumber is kiln dried. Overseas customers in most cases don't have dry kilns, plus it helps control the quality of the material.

Hardwood lumber dominates the export market. Logs and veneer also play an important role, dimension stock exports seem to be growing but exact figures are unknown.

When final statistics have been tallied, close to 500 million feet of Red Oak lumber will have gone overseas in 1988. Second is an "other" category, which includes Black Cherry, Yellow Poplar and Red Alder. Next is White Oak, followed by Ash/Hickory, Walnut, Hard Maple, Maple, Beech and Birch.

Who is buying this hardwood lumber? Canada is the No. 1 importer, followed by Japan, Taiwan, the United Kingdom, Belgium, Italy, Germany, Spain, Mexico, the Netherlands and France.

What kind of effect is this having on our industry? If we say, for instance, that the United States is producing 10 billion board feet of sawn lumber annually, about 10 percent of that is going to the export market. That could translate to about 23 percent of the actual value of material produced when con-

sidering kiln drying and the grades of lumber that are exported. So you can see why exports are important to the hardwood industry.

Trade definitely has shifted within the export market, and the market has been growing. In 1975, total exports amounted to about 200 million board feet. By 1980, it climbed close to 500 million board feet. In 1986 it topped 600 million board feet, and in 1987 reached more than 800 million board feet. We are predicting exports of about 1,100 million board feet in 1988.

There have been many changes in the export markets in recent years. The Canadian market traditionally has been strong. The European market came on strong between 1975 and 1980 and has been increasing steadily the past couple of years. The Pacific Rim market, notably Taiwan, Japan and South Korea, was relatively small in the 1970s and early 1980s, but began picking up in the mid-1980's and increased dramatically each year. We now look at those three markets as being equal in their demands.

Why the increased exports? The biggest reason is that the United States is the No. 1 manufacturer of sawn hardwoods in the world, with about 13 percent of the world's total production. India is No. 2, followed by Russia, China, Brazil, Malaysia, Indonesia, Japan and France.

In the new major markets in the Pacific

Rim, lumber and logs made up the majority of exports to Japan in 1987, with lumber accounting for 79 percent and logs 17 percent. Looking at the species mix going to Japan, the country is buying Red and White Oak, but also is buying Red Alder, Yellow Poplar, Cottonwood, Cherry and other species.

Why are they buying this wood? The Japanese like and appreciate fine hardwoods. They prefer temperate hardwoods in furniture, and their customers are demanding more real wood. Their resources are limited and young, and U.S. wood products are less expensive.

What do the Japanese prefer? They like fine grain, uniformly colored hardwoods, slowly grown Oak, quarter-sawn material and inexpensive utility material.

When we take a look at Taiwan, we see that they also are purchasing lumber, veneer and logs. Taiwan needs our wood to manufacture products that are exported to the United States, Canada, Japan and Europe. Local Oak supplies from Japan are limited and too expensive for the Taiwanese, who try to purchase medium-grade material. A goal of furniture manufacturers in Taiwan is to reduce wood costs. To that end, the Taiwanese manufacturers are considering buying more dimension.

The Koreans, on the other hand, are buying more logs than the Taiwanese and

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Japanese, and they also are buying quite a bit of veneer. Their species mix is quite similar to the Japanese, and in addition to Oak, they purchase a lot of Walnut and Maple. Like the Taiwanese, the Koreans also need U.S. wood products to make furniture for the export market. Local supplies of select species are limited and expensive. Korean manufacturers look for cheaper lumber for their solid parts, and substitute Rubberwood, Ramin and other woods for solid parts when they can. They could be very interested in some of our other non-select species.

What are some of the concerns of these people overseas who are buying U.S. hardwood products? They want to know more about our standing saw timber inventory. Is it increasing or decreasing? They are concerned with our species composition. Can our exports increase for

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our select species? Are other species available?

Let's take a closer look at our resources. They are abundant, but we have a species mix demand problem. In the world market, the most wanted woods are select Red Oak, White Oak, Hard Maple, Yellow Birch, Black Cherry, Black Walnut and Ash.

It is estimated that more than 90 percent of hardwood exports actually are in these select species, but looking at the inventory, only about 33 percent of those are in the woods. So that's a problem. We need to stimulate more demand for the other plentiful species.

What about quality? If a producer went in the woods and brought in everything that we call saw logs to his mill, the percentage distribution on Forest Service log grading rules would be grade 1, 15 percent; grade 2, 24 percent, and grade 3 and grade 4, 61 percent. If you then manufactured lumber, this is the mix you could expect:

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about 12 percent FAS and Selects, 23 percent No. 1 Common, 27 percent No. 2 Common and 38 percent below No. 2 Common. Many of the low grade logs are left in the woods.

We do have some problems with our species mix, and we have problems with the lower grade material. An alternative to using the lower grade material is to produce and market more dimension stock.

Let's get back to the export market. What about the future? It looks good if we get more species involved in the market, and if we export more dimension cut from the medium and low grade lumber, whether in the sawmill or dimension plant. We also need more markets. By that I mean more use of our lumber in the present markets and new markets like the Middle East. But we also definitely need more exposure if this is going to happen.

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