Oregon Wood Innovation Center

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The Softwood Market in India: An Overview

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Eric Hansen, OSU Professor of Forest Products Marketing, Chris Knowles, OWIC Research Assistant, and Rajat Panwar recently completed a market research trip to India. The purpose of the trip was to assess potential Indian markets for softwood lumber produced in the U.S.

India, the second most populous country in the world, has been in the news for quite sometime regarding its rapid economic development. However, many sectors such as forestry and agriculture are still under developed. There are several factors that have combined together to further the proposition that India could be a potential market for the US softwoods including rising per capita income, rising middle class, changing consumer preferences towards Western products, a boom in both the housing and commercial construction sectors, raw material scarcity in the domestic wood products industry, and the advent of 2010 Commonwealth Games in New Delhi.

Typical retail outlet for shutering (left) and shuttering used in construction of a multi-story concrete building (right).

Currently, India's annual consumption of softwoods is reported to be approximately 700,000 m3 (approximately 300 million bdft). The majority of softwoods are used in the construction sector as shutterings (similar to concrete forms in the US), but the furniture sector also uses a significant amount. Most of the demand is met through imports, with New Zealand currently the largest supplier. Indians posess limited knowledge about US softwoods.

India's wood market is largely fragmented and wood products' trading is dominated by close relationships and networks. The presence of such a closely knit community may pose both challenges and opportunities for exporters of US softwoods. Challenges arise from the fact that penetrating the existing value chain is not easy. Opportunities exist in that there are only a few key softwoods importers in India and accordingly clientele choice is not too wide.

Multiple Indian market assessment studies conducted by the members of the Forest Business Solutions Team at Wood Science and Engineering Department suggest that Indian softwood importers are predominantly oriented to buy logs. However, changes in international wood trade combined with changes in sawmilling practices in India are slowly opening up these Indian importers to consider importing lumber as well.

The key to successfully serve the Indian market is working out viable freight costs. On top of everything, Indian importers hold a skepticism regarding American exporters' commitment to continue to serve the Indian market when the US domestic economy strengthens. Accordingly, it is important for potential exporters to develop

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Coming OWIC events:

February 24-27: Forest Products Management Development **Corvallis, OR**

April 26-27: Selling Forest Products **Corvallis, OR**

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2008 Woody Biomass Utilization Grant

The State and Private Forestry Tecnology Marketing Unit of the US Forest Service has announced the 2008 Woody Biomass Utilization Grant (http://www.fpl.fs.fed.us/tmu/grant-2008/biomass-2008/index.html).

The program has more than $4 million available in the form of grants which address the national challenges of dealing with low-valued biomass material removed from hazardous fuel reduction activities, restoration of insect and diseased conditions or catastrophic weather events. Grants will range in size from $50,000 to $250,000 each.

Applications must be submitted to apply for this grant program. Pre-applications must be postmarked by close of business November 2, 2007. The full application is due by close of business February 1, 2008.

Information about this grant program has also been posted to the Woody Biomass Utilization discussion forum on the Oregon Wood Innovation Center website (http://owic.oregonstate.edu/bboard/forumdisplay.php?fid=9).

The Oregon Wood Innovation Center staff is available to provide feedback on proposals to be submitted to this grant program.

Sustainable Procurement of Wood and Paper Products

Businesses in all industries from manufacturing to retailing are shifting their purchasing practices in an attempt to purchase sustainably manafactured products. Purchasing managers often find this change in purchasing philosophy very confusing raising questions such as: "How do I know what is sustainable?", "Where do I find information?", and "What does all of this terminology mean?".

The World Business Council for Sustainable Business Development, in conjunction with the World Resources Institute, have produced a report that can help firms gain an understanding of the basics of sustainable purchasing. The report, Sustainable Procurement of Wood and Paper-Based Products: An Introduction, is available at (http://www.wbcsd.org/plugins/DocSearch/details.asp?type=DocDet&ObjectId=MjY0Nzk).

The report helps firms understand the far-reaching, long-term impacts their purchasing decisions can have on the forests from which the products were harvested, the communities supported by wood-using industries, and the places where those products are purchased and used. The information presented in the report is organized around ten key issues, or "essential questions" which might be addressed by firms when considering how to procure wood and paper-based products in a sustainable manner.

Featured Researcher: Charles Brunner

The featured researcher for the month of October is Dr. Charles Brunner. Charles is an Associate Professor & Undergraduate Advisor in the Department of Wood Science and Engineering at OSU. He has been with the department for 24 years.

Dr. Brunner's research focuses on two major areas (1) scanning and (2) process modeling, with a focus on improving the efficiency of manufacturing in the forest products industry. He currently has one graduate student with a research focus on tracking of lumber and wood components for the purpose of process analysis and control.

Dr. Brunner teaches several undergraduate classes including Wood Technology and Utilization (WSE 210) and Secondary Wood-Products Manufacturing(WSE 446). He is also a Co-instructor for Wood Science and Technolgy Senior project (WSE 411, WSE 412, WSE 413), a course which helps students develop their problem solving skills.

Dr. Brunner has served as the academic advisor for the Department's undergraduates and chairman of the undergraduate curriculum committee for 18 years.

More information about Charles Brunner is available at http://woodscience.oregonstate.edu/facstaff/brunner.php.

Ask the Expert

Have questions related to wood? The faculty of the Wood Science and Engineering Department at OSU have the expertise to handle almost any question about wood. Simply submit your question using the Ask the Expert form (http://owic.oregonstate.edu/askexpert.php). Please be as specific as possible.

The following are examples of recent 'Ask the Expert' questions:

Question: We are preparing to take down several hybrid poplar trees that line our driveway and have become too large. We have cut the limbs off the lower parts for years and these trees are large enough and quality enough to become lumber but we don't know who buys them. Might you be able to help?

Answer: You can check the Oregon Forest Industry Directory to see if some of the firms listed there might be interested in the logs. The direct link to companies that have listed hybrid poplar in their list of species is: http://www.orforestdirectory.com/results/log-buyers/hybrid-poplar

Question: On slide 3 of your PowerPoint presentation entitled Solar Dry Kiln Demonstration project it states that the living tree may contain over 200% moisture by weight. How is this possible? If the tree was 100% moisture, wouldn't it be made up entirely of water?

Answer: This is one of those idiosyncracies with wood. Most of the wood products industry calculates moisture content via what is called the 'dry basis.' However, the pulp & paper industry typically uses wet basis.

For both dry basis and wet basis, the numerator is the weight of the water in a sample; in practice, this is calculated as (weight of wet wood) - (weight of ovendry wood). For dry basis, the denominator is the weight of the wood ovendry. For wet basis, the denominator is the weight of the wet wood.

An example:
Let's say the sample of interest weighs 6 grams and ovendry it weighs 2 grams.
Dry basis MC = (6-2)/2 = 200% MC

Wet basis MC = (6-2)/6 = 67% MC

Thus, it is impossible to be over 100% when wet basis is used. However it is common to see dry basis MC well over 100%. In practical terms, an MC of 200% means the wood is holding twice its own weight (dry weight) in water.

The chapter on Physical Properties and Moisture Relations of Wood from the USDA's Wood Handbook lists average green moisture content of several hardwoods and softwoods. See page 6. Low-density species like western redcedar are notorious for being extremely heavy when green but very lightweight when dry - this is borne out by the average green sapwood MC of 249%!

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long-term relationships and the trust necessary among Indian importers.

Based on the information gathered during this trip, a report was generated which outilines the softwood market in India and presents potential strategies for entering the Indian market. The full version of this report is available on the Oregon Wood Innovation Ceneter website at http://owic.oregonstate.edu/pubs/india.pdf.

Events of interest

October 16-18,2007
Making Wood Work: Local Energy Solutions
Missoula, Montana
http://fuelsforschools.org/biomass_boiler_workshop.html

October 18-19, 2007
Western Hardwood Association Lumber Grade School
Location to be announced
Port land, OR
http://www.westernhardwood.com/WHAGrade-School07.htm

October 23-25, 2007
Continuous Improvement Using Statistical Process Control for Forest Products Manufacturers
The University of Tennessee Forest Products Center
Knoxville, Tennessee
http://web.utk.edu/~tfpc/Intelligent/SPC_Training/SPC%20trainingmain%20page.htm

December 4-6, 2007
Advanced Statistical Seminars for Forest Products Manufacturers
The University of Tennessee Forest Products Center
Knoxville, Tennessee
http://web.utk.edu/~tfpc/Intelligent/SPC_Training/SPC%20trainingmain%20page.htm

If you have an event you would like to include, please submit it to Chris.Knowles@oregonstate.edu.

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