



Forestry Innovation  
Investment®



## MARKET DEVELOPMENT SUMMARY



# INDIA

## Why India

- **The fastest-growing economy in the world**
- **Strong and growing appetite for wood products**
- **Limited domestic supply and declining import supply from traditional sources**
- **Many manufacturers yet to capitalize on the benefits and suitability of softwood**

## IMPORTANCE OF FORESTRY AND TRADE DIVERSIFICATION

Because the Canadian forest industry is export-dependent, developing diverse markets is critical to the health of the forest sector and the Canadian economy. Strategic investments made early in emerging markets such as India can establish Canada's brand, secure market share and deliver long-term returns.



As the fastest-growing economy in the world, India's burgeoning middle class is creating a sharp rise in the demand for wood products.

## BUILDING AN INDIAN MARKET FOR B.C. WOOD PRODUCTS

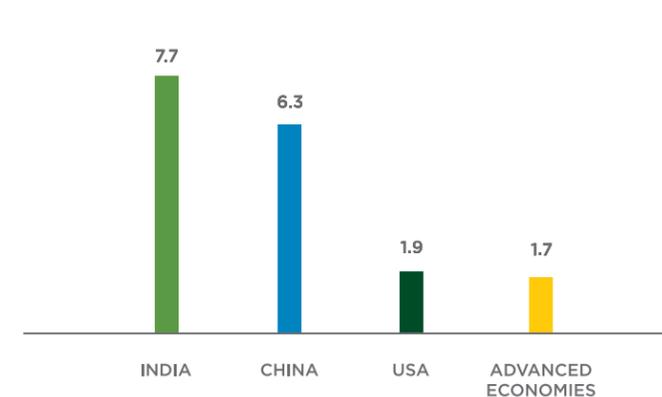
India is one of the fastest-growing economies in the world with a strong appetite for wood products; however, domestic supply cannot meet demand as current import sources struggle to keep pace with demand. This presents opportunities for Canadian wood product suppliers.

While Indian manufacturers and consumers have traditionally favoured tropical hardwood, several factors are causing manufacturers to make the shift—not only from importing hardwood to softwood, but also from importing logs to lumber:

- Log export restrictions and reduced harvest volumes have taken effect in key supply regions (Myanmar, Malaysia and other countries) forcing Indian manufacturers to seek alternative sources. India's growing wood deficit is more than 17 million m<sup>3</sup> annually and will not be met without new supply sources.
- India is the fastest-growing economy in the world. A growing middle class with western tastes is leading to a sharp rise in the demand for wood products.
- India requires new supply to meet the growing wood deficit as log export restrictions and reduced harvest volumes in key supply regions for tropical hardwood have taken effect.

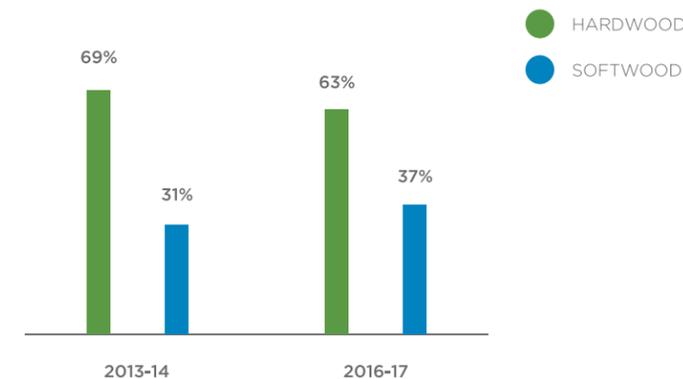
These factors are creating opportunities for Canadian species in the manufacturing of doors, furniture and interior finishing. Market development efforts will take time to mature, but there are positive signs that Canadian softwood can augment tropical hardwoods in these applications.

ANNUAL % OF REAL GDP GROWTH, 2020 (ESTIMATE)



Source: World Bank, 2017

THE RISING SHARE OF SOFTWOOD IMPORTS TO INDIA



Source: FII India, 2017

## PHASE 1: GROWING MARKET SHARE BY BUILDING THE CANADIAN WOOD BRAND

In partnership with the Government of Canada, the Province of B.C. (through Forestry Innovation Investment) opened an office in Mumbai in 2012. With the support of industry and both levels of government, in 2016, the effort was expanded by placing representatives in the north and south of India.



In 2016/17, the India team established additional representatives in New Delhi and Bangalore to better deliver market development activities across the country.

## PROGRESSION

2012

### PHASE I

ENTRY AND DEMONSTRATION

2019

### PHASE II

DEPTH AND ENGAGEMENT

2024

### PHASE III

MATURITY AND HIGH GROWTH

2030

## PHASE 1: OBJECTIVES

The objective in India is to position Canadian softwood species as a substitute for traditional hardwood in the production of furniture, windows and doors. A comprehensive market development program includes the following seven elements:

- 1. Infrastructure** — Provide hands-on support in India for the Canadian industry by establishing a skilled and knowledgeable team in key parts of the country.
- 2. Research** — Understand key aspects of the market and priority segments, to better capitalize on growing opportunities.
- 3. Education** — Provide information, tools and training to importers, builders, developers, manufacturers, architects and designers through seminars and workshops to maximize use of wood in a variety of applications.
- 4. Engagement and Government Relations** — Build strong networks through ministerial visits and government-to-government interactions.



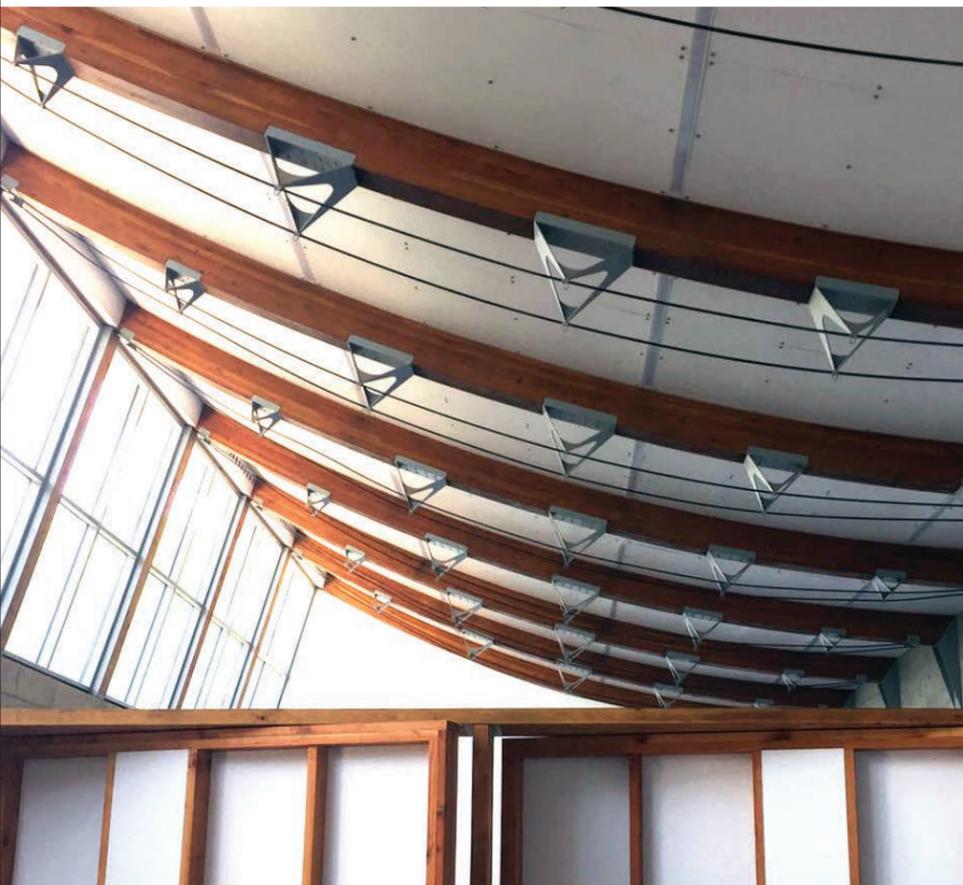
- 5. Promotion and Outreach** — Create and distribute promotional materials and use the canadianwood.in website to build a “Canadian Wood” brand to inspire greater use of Canadian species.
- 6. Product Trials** — Introduce end-users to Canadian species by providing small amounts of wood and on-the-ground technical support so they can reproduce existing products or develop new ones. As Indian companies understand the potential and value proposition of Canadian species better, introduce them to suppliers and encourage long-term commercial sales.
- 7. Commercialization** — Work with leading architects, interior designers and developers to identify high-profile commercial projects where Canadian species can be showcased. Leverage these demonstration projects in educational and promotional activities to enhance interest in Canadian products and suppliers.

In 2016/17, FII India distributed 23,000 pieces of promotional material and attracted nearly 100,000 unique visitors to the Canadian Wood website



### Kapur Villa Demonstration Project

In 2016, the India team completed work on their first commercial demonstration project in India to use Canadian wood. Kapur Villa is a 1,970 square-foot private residence that features extensive use of wood species from B.C. (hemlock, Douglas fir and SPF) in structural, interior and exterior finishing applications. Download a case study for this and other projects at [canadianwood.in](http://canadianwood.in).



### CEPT University Demonstration Project

A demonstration project using B.C. wood products is currently under construction as part of a partnership between the Province of B.C. and the the Centre for Environmental Planning and Technology (CEPT) University located in Ahmedabad, Gujurat State. The project will not only inspire the school's students who work and design with wood, but will also be a model of sustainable architecture and environmental responsibility for the Indian design community.

## PHASE 1: PROGRESS

The following achievements highlight early successes around building the Canadian Wood brand and opening the India market to Canadian species. In 2016/17, the India team helped deliver:

### 15 PRODUCT TRIALS WITH 15 COMPANIES, WHICH LED TO COMMERCIAL ORDERS WORTH \$1.5 MILLION

As part of the "Try Canadian Wood" program, the India team coordinated product trials to introduce Indian manufacturers to B.C. species. In 2016/17, 11 of the 15 completed product trials led to commercial orders for softwood lumber from B.C. An increasing number of product trials are in progress.



### 127 CONTAINERS OF LUMBER VALUED AT \$2 MILLION GENERATED DURING DELHIWOOD TRADE SHOW

11 companies participated in the DelhiWood tradeshow with seven companies staffing kiosks at the FII India booth, giving Canadian producers the opportunity to highlight their products. By attending these trade shows, companies not only grow networks but also sell products.



### 19 INDIAN LUMBER STOCKISTS CARRYING B.C. PRODUCTS

The India team has helped introduce B.C. species to lumber suppliers in India. By having B.C. products in their inventories stockists are able to supply Indian manufacturers with B.C. lumber immediately, removing transportation time and minimal order size as obstacles, which is particularly important for smaller manufacturers. Having an established, reliable local supply network has been a significant hurdle in growing business in India.



## OVER 100 INTERACTIONS FACILITATED BETWEEN BUYERS AND SELLERS

Through networking events, tours, missions, tradeshows and other promotional activities, the India team has been able to facilitate meaningful interactions between India buyers and B.C. sellers. These interactions are the first step to establishing commercial relationships.



## 43 INDIAN BUYERS PARTICIPATE IN 2017 GLOBAL BUYERS MISSION

In 2017, the India team facilitated the largest-ever delegation from India's wood manufacturing industry to B.C. to attend the Global Buyers Mission in Whistler. As part of the GBM, delegates participated in roundtable discussions with Canadian suppliers before participating in a mill tour across B.C. to learn more about B.C.'s sustainable forest product industry.



## OVER 500 TARGET STAKEHOLDERS PARTICIPATED IN EDUCATIONAL SEMINARS

The India team is creating awareness for Canadian wood species through their outreach program, which includes delivering educational seminars. Building knowledge and technical aptitude in Indian manufacturers and consumers is key to building demand for Canadian species.



## KEY FUNDERS

Market development efforts in India are a partnership between the Province of B.C. (through Forestry Innovation Investment), the Canadian Industry (through Canada Wood Group), the federal government of Canada (through Natural Resources Canada), as well as B.C. Trade and Investment office and the Canadian High Commission and Consulates in India. Leveraging resources ensures that Canada emerges as a leading supplier of softwood lumber to one of the fastest growing markets in the world.

Canada

