



MARKET DEVELOPMENT SUMMARY



Interior fit out of the Taj Rishikesh Hotel made from B.C. wood species, Uttarakhand | Photo: FII India

INDIA

IMPORTANCE OF FORESTRY AND TRADE DIVERSIFICATION

The Canadian forest industry's reliance on exports makes developing diverse markets critical to the health of the 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.

Why India?

- Positive demographics, high rates of economic growth and an expanding middle class
- Strong affinity for wood, and growing demand for wood products
- Constrained domestic wood supply and declining availability of imported wood from traditional sources
- Increasing demand for softwood species; expanding imports of lumber over logs
- Expanding investment in larger scale, more modern furniture and door/window factories
- Strong Indian Government support for expanding India as a manufacturing hub



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

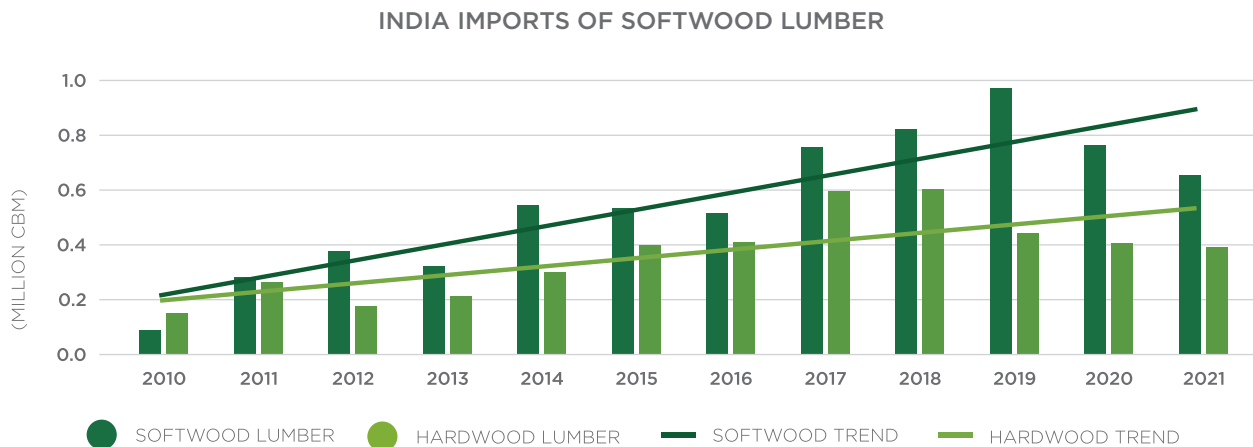
BUILDING A MARKET FOR B.C. WOOD PRODUCTS IN INDIA

A range of key factors are impacting the demand for wood and wood products across India. Long-term growth in residential and commercial construction, improved economic conditions and rising disposable incomes are leading to a growth in consumption and increase in overall demand for wood.

While Indian manufacturers and consumers have traditionally favoured the look and feel of tropical hardwoods, a younger and growing middle class with a preference for a more modern lifestyle is creating a shift to lighter colours which can favour softwoods. Manufacturers are also seeing the advantages of using lumber procured

from certified, sustainably managed forests over raw logs from non-certified sources. These trends, coupled with log export restrictions and reduced harvest volumes in traditional supply regions, have required Indian manufacturers to seek alternative sources.

This presents opportunities for Canadian wood species in higher-value applications, including furniture, doors, door frames, interior finishing, as well as select outdoors and structural applications. While market development efforts take time to mature, there are positive signs that Canadian softwoods could capture significant returns by replacing tropical hardwoods in key applications.



Rising share of softwood imports to India

While lumber imports to India are generally growing, the imports of softwood lumber are growing the fastest. Imports of softwoods and lumber into India is aided in part by imported hardwoods availability constraints and rising cost from traditional sources. Softwood imports are also supported by the growing international demand for certified wood products from sustainably managed forests.

GROWING MARKET SHARE BY BUILDING THE CANADIAN WOOD BRAND

In partnership with the Government of Canada, Forestry Innovation Investment (FII) opened an office in Mumbai in 2014 to provide the on-the-ground capacity to deliver a market development program. In 2016, the effort was expanded by placing representatives in the north and south of India.

The objective of the market development program in India is to see renewed growth in Canadian softwood lumber exports by positioning Canadian species as an alternative to traditional hardwoods in manufacturing applications with a focus on higher-value furniture production, doors, door jambs and windows frames, interior/exterior finishing, and joinery.



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

GROWING DEPTH AND ENGAGEMENT

Initial market development efforts resulted in growing interest and uptake in the India market for Canadian wood species. Building on this, the strategic direction of the program will:

- Increase awareness of B.C. species through targeted outreach, promotion and education.
- Expand commercial adoption of Canadian softwood species among manufacturers of furniture, doors, windows, window frames and interior/exterior finishing, with a focus on coastal species.
- Expand the number of wood importers (or stockists) inventorying wood for sale in key regional markets.
- Advance understanding of market opportunities through the use of targeted market research.
- Leverage the extensive array of FII-supported demonstration projects to help the Indian design and construction communities adopt wood use in structural and related non-structural applications.



This double-laminated tongue and groove display home was built and promoted by Wood Barn. Canadian Wood booth at the IndiaWood 2020 Trade Show | Photo: FII India

MARKET DEVELOPMENT PROGRESSION

PHASE 1
ENTRY & DEMONSTRATION



2014 - 2020

PHASE 2
EXPANDING ENGAGEMENT



2020 - 2024

PHASE 3
COMMERCIALIZATION



2024 - 2027

TARGETED APPROACH

FII India continues to open the market for Canadian softwood lumber species through a comprehensive market development program focused on increased awareness of B.C. species through research, outreach, promotion, education and product demonstration.

FII India provides hands-on support to stakeholders in India and Canada through market access and market development efforts, including:

1. **Infrastructure** — providing hands-on support for the B.C. forest industry through a skilled and knowledgeable team based in west (Mumbai), north (Delhi) and south (Bangalore) India
2. **Research** — continuing to develop an in-depth understanding of opportunities for Canadian species and products, while also identifying and building a network of local partners and customers
3. **Education** — providing information, tools and training to local importers, architects, interior designers and manufacturers to maximize the use of B.C. species in a variety of applications
4. **Promotion and Outreach** — targeting promotional activities to build the brand for Canadian wood products and expand opportunities in specific remanufacturing applications
5. **Distribution** — continuing to support the existing network of stockists carrying Canadian wood products while strategically seeking new stockists serving key areas or industry segments
6. **Commercialization** — positioning Canadian species with manufacturers through a strong focus on product trials and by leveraging existing demonstration projects to showcase the attributes and benefits of Canadian wood species in structural and non-structural applications



Canadian Wood display at India Wood 2022 | Photo: FII India



The FII team in India uses the Canadian Wood brand to create awareness and increase product recognition within the local market.

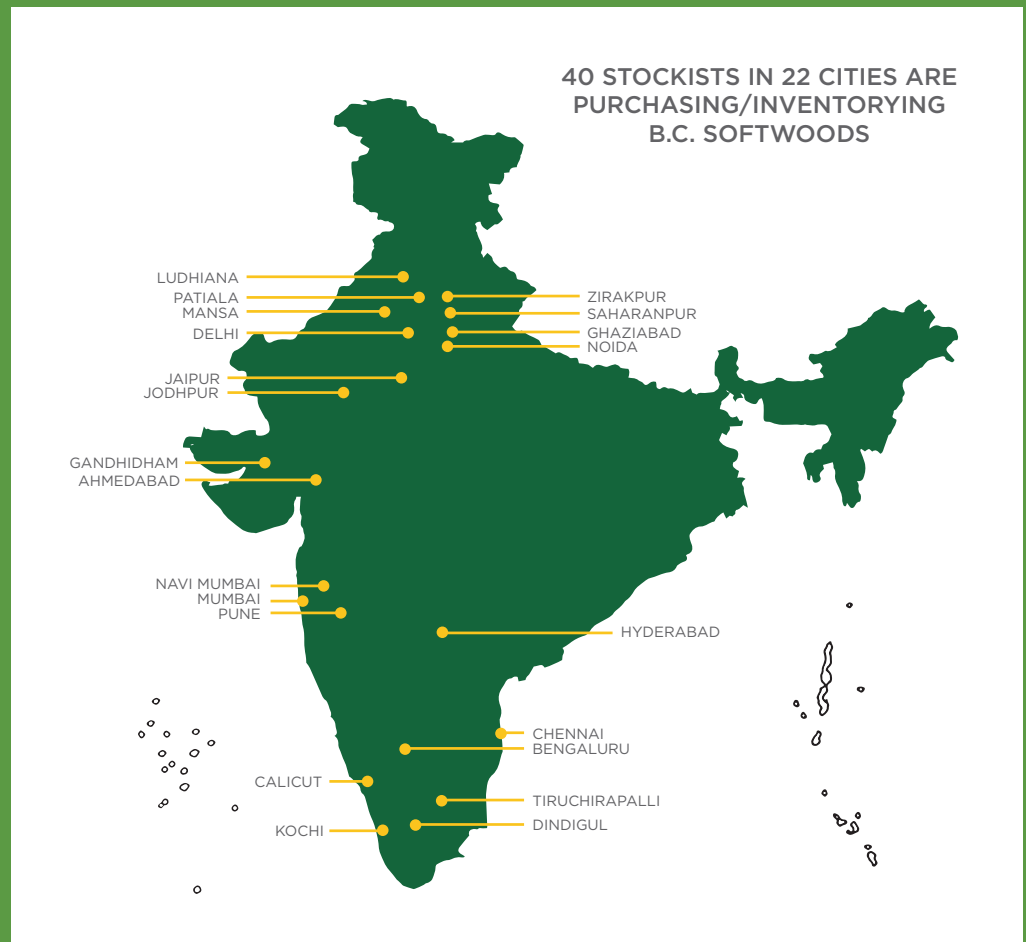
MARKET PROGRESS

The following achievements highlight FII India's advancements in growing business opportunities for the Canadian Wood brand and opening the market to Canadian species.

Expanding Distribution Networks

FII India's stockists (wood wholesalers/dealers) carry a range of B.C. softwood species, grades and products. By ensuring that B.C. and Canadian wood products are available as and when needed, or in smaller volumes, stockists play a critical role in the development of the market for Canadian wood in India.

Developing the depth and breadth of the stockist network in India has been a key priority for FII India. Today, a network of 40 stockists span the country with locations in New Delhi, Mumbai, Pune, Punjab, Rajasthan, Gujarat and multiple centres across South India.



Promotion and outreach

FII India continues to expand awareness of B.C. and Canadian wood species through delivering educational events and seminars in its priority regions. Activities target high profile architects, interior designers, manufacturers, contractors, carpenters and wood importers to increase knowledge of B.C. as a sustainable source of high-quality certified wood and to deliver messaging on the properties and applications of Canadian species.

**SINCE 2014,
FII INDIA HAS CONDUCTED**

97 EDUCATIONAL SEMINARS
(4,300 PARTICIPANTS)

126 TRAINING WORKSHOPS
(5,300 PARTICIPANTS)

Product trials

Product trials have evolved to become one of the most valuable elements of FII's market development strategy for India. As a key part of the commercialization program, product trials showcase the features and benefits of Canadian wood species directly to India's wood manufacturing sector and have proven the best way of getting Canadian wood into the hands of potential customers.

Through the "Try Canadian Wood" program, FII India supplies B.C. wood from targeted species to prequalified

manufacturers. The program's technical staff work with these manufacturers to ensure that the product trials are successful. Upon completion, support is provided to introduce the manufacturer to either local stockists of Canadian wood or to direct contacts with Canadian exporters.

Through hands-on experience product trials are helping overcome misperceptions about Canadian species and their applications, and strengthening technical skills in manufacturing with softwoods. To date, FII has conducted trials with 189 companies resulting in broader market acceptance for Canadian wood products.

Hemlock cluster trials

An extensive western hemlock trial program was undertaken with export furniture manufacturers in the State of Rajasthan (Jodhpur and Jaipur) to introduce these companies to coastal hemlock, a priority species for FII in India. Rajasthan is a wooden furniture hub, where many large-scale companies service large international buyers with high-quality products. The product trials resulted in positive responses and commercial orders of Canadian wood species acquired through local stockists and Canadian lumber companies. Going forward, the trials program will be extended to other important manufacturing centres in India. A priority will be to

highlight the certification and sustainability aspects of Canadian wood, a feature that has the potential to help these companies tap new markets offshore.



Hemlock product trials, Bramola | Photo: FII India

Addressing barriers and creating new opportunities

While western hemlock is proving to be an ideal species for manufacturing applications in India, the lack of desired grades and sizes, as well as the presence of knots and wastage caused during the production process have presented barriers to its uptake in high-potential door jamb applications. To overcome these obstacles, the western hemlock finger-jointed edge-glued (FJEG) panel was introduced—a ready-to-use product for manufacturing door frames that removes the natural defects that are present in lumber and provides a highly efficient input to the manufacturing process.

FII has successfully demonstrated FJEG panels locally, with initial results indicating a positive response to the product's ability to reduce wastage and speed production. Manufacturers have also noted the product's potential use in other applications such as door shutters, furniture and interior fittings. FII is working with Indian companies on both the manufacturing of FJEG panels in India, and their commercial acceptance by manufacturers.



Finger-jointed edge-glued panels | Photo: FII India

Demonstration projects

The FII India team engaged with leading architects, interior designers and developers to identify high-profile commercial projects where Canadian species can be showcased. With over 21 FII-supported demonstrations now completed, the projects are being leveraged in

educational and promotional activities to enhance interest in Canadian products and suppliers.

An additional 140 commercial projects (wood purchased directly by customers) utilizing B.C. species have also been tracked over the past several years—signalling recognition and uptake of Canadian wood products in the market.

Celesto Bar & Restaurant

Located in Pune, India, Celesto Bar & Restaurant has a seating capacity of 300 and incorporates western hemlock and yellow cedar into a variety of applications. Designers on the project noted that yellow cedar was an excellent fit for the ceiling design and outdoor furniture, given its visual appeal, low moisture absorption and resistance to decay. Western hemlock also proved ideal for the indoor furniture and wall panelling applications due to its strength-to-weight ratio and beautiful appearance.



Yellow cedar indoor furniture & Interior fitouts at Celesto bar & Restaurant in Pune designed by Minimal Stroke & Wings the Design Studio, Pune | Photo: FII India

Oncology Centre

An oncology centre in Jaipur incorporated the use of B.C. wood in its design to create a relaxing and natural environment for its patients. Douglas-fir was featured in a variety of applications in the centre, including ceiling and wall panelling, doors and doorframes, shelving and furniture. The extensive use of Douglas-fir within the centre created the desired calming atmosphere, while serving as a showcase for the biophilic benefits of Canadian wood species.



Candrol Centre of Oncology, Jaipur | Photo: FII India

Wood in construction

While India's overall construction activity is a key driver for the furniture and door/window sectors, wood use in structural applications remains a relatively small market niche limited to hilly regions and coastal areas and characterized by small home builders operating in the unorganized segment. However, wood construction has gained some traction in recent years, particularly in building homes using either the single or double wall tongue and groove method or a hybrid approach combining concrete and/or steel with wood. There has also been some interest in Canadian style 2x4 wood-frame construction with a few Indian players exploring this market segment.

To position B.C. species in wood in construction applications, FII India directly engaged with several builders on small-scale demonstration projects to showcase various structural applications of B.C. species. These projects, built with technical support from FII India, showcase both wood-frame construction and the use of structural wood products from B.C.



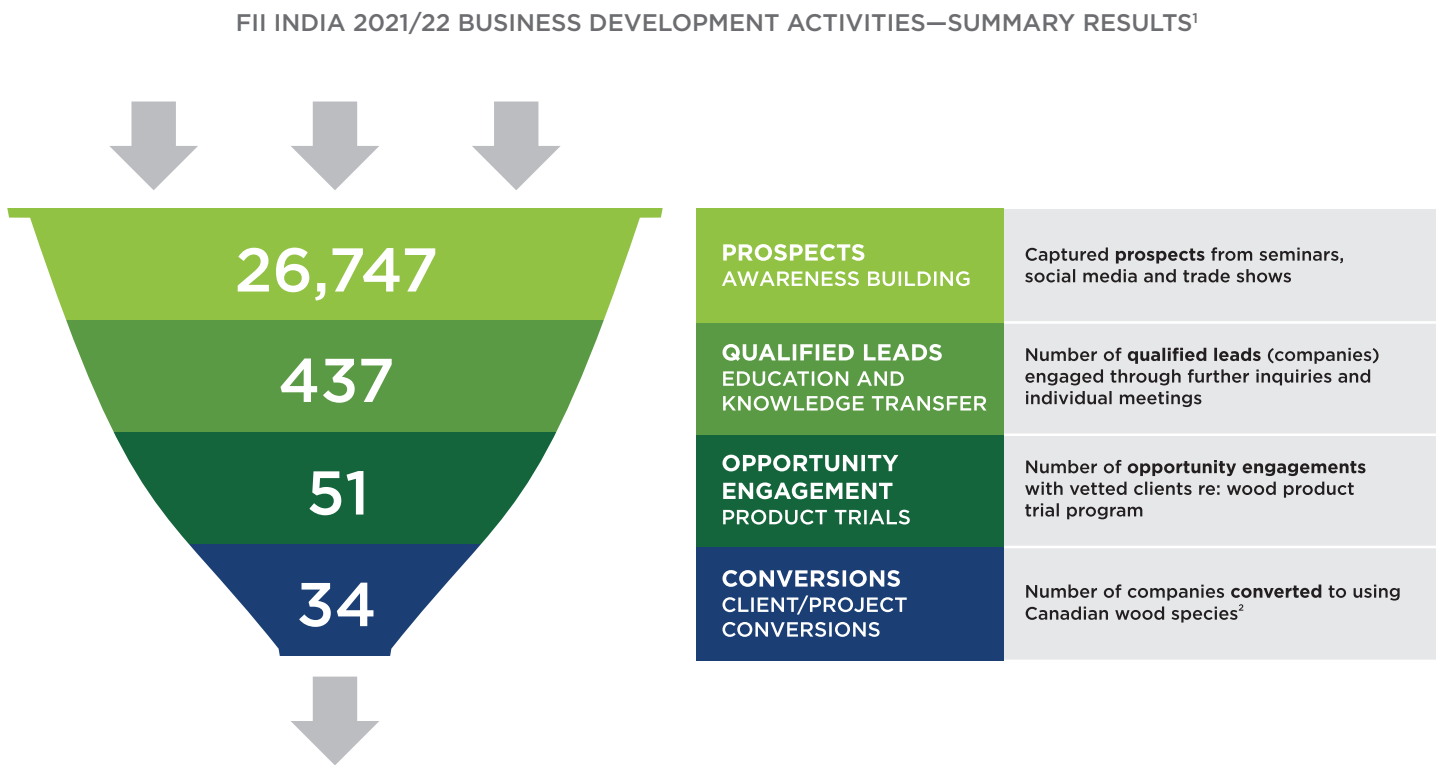
The Canadian Wood Villa by premier Indian developer MAK Projects is one of the first projects of its kind in the country to combine light-wood-frame construction with mass timber and prefabricated construction technologies. Located in Hyderabad's BTR Greens Community, this two-storey, 6,000-square-foot demonstration home features western hemlock glulam beams and nail-laminated timber flooring as well as a variety of B.C. species across interior and exterior design applications.

Developed as a replicable prefabricated timber-built kit of parts and taking less than 12 months to complete, this project shows local developers, builders and architects the possibilities that B.C. wood products can offer for the 300-home, 250-acre residential development in this southern region of India. | Photos: FII India

India performance measures

FII closely monitors performance measures to track progress and accomplishments against market development priorities. On an annual basis, both

outcomes against key program activities and aggregate outcomes from overall program delivery are tracked.



¹ Summary results for Business Development activities only. Results do not include FII India's initiatives to support market access (e.g., addressing regulatory and institutional barriers to Canadian wood products) and related efforts that provide a foundation for the market development program in India.

² Total number of companies engaged with FII India's Business Development team that purchased wood products directly from B.C. suppliers during 2021/22.

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) and the federal government of Canada (through Natural Resources Canada) with support from the Canadian High Commission and Consulates in India and B.C. Trade and Investment Representatives. Leveraging resources ensures that Canada emerges as a leading supplier of softwood lumber to one of the fastest growing markets in the world.

Canada

