



## 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

Developing diverse markets for exports is critical to the health of the Canadian forest sector and the economy. Strategic investments made early in emerging markets such as India can establish a better awareness of Canadian species, 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**
- **Limited domestic wood supply and declining import supply from traditional sources**
- **Increasing demand for softwood species and expanding imports of lumber vs logs**
- **Expanding investment in larger scale furniture and door/window factories**
- **Government programs such as “Make in India” are 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 drivers are impacting the demand for wood and wood products across India. Expected growth in residential and commercial construction, better economic conditions and an expanding middle class with rising disposable incomes pose significant opportunities for B.C. wood species.

While Indian manufacturers and consumers have traditionally favoured tropical hardwoods for its dark colour and heavy weight, a growing younger middle class with modern design preferences is creating a shift to lighter colours and softwoods. Manufacturers are also seeing the advantages of using lumber over logs procured

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

These factors present opportunities for Canadian wood species in furniture, doors, door frames, interior finishings, as well as outdoor and structural applications. While market development efforts take time to mature, there are positive signs that Canadian softwoods could capture significant returns by replacing existing tropical hardwoods in key applications.

## GROWING MARKET SHARE BY BUILDING THE CANADIAN WOOD BRAND

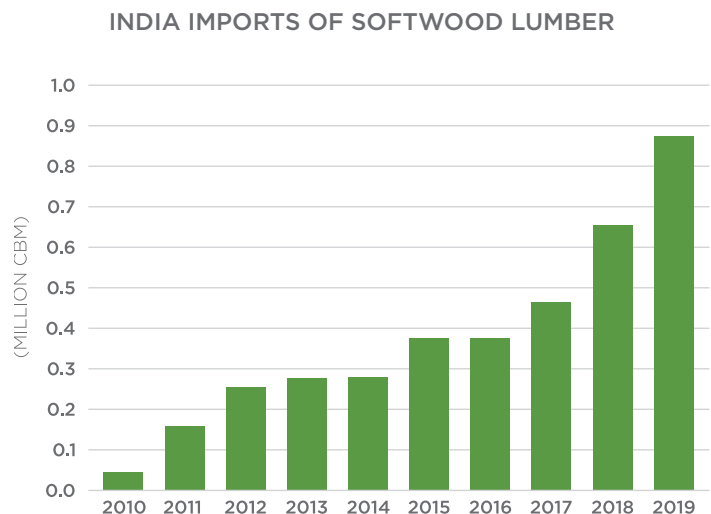
In partnership with the Government of Canada, Forestry Innovation Investment (FII) opened an office in Mumbai in 2014 to provide the on-the-ground capacity to deliver a market development program. In 2016, the effort was expanded by placing representatives in the north and south of India.

The objective of the market development initiative in India is to position Canadian species in applications for joinery, remanufacturing, furniture production and interior finishing.



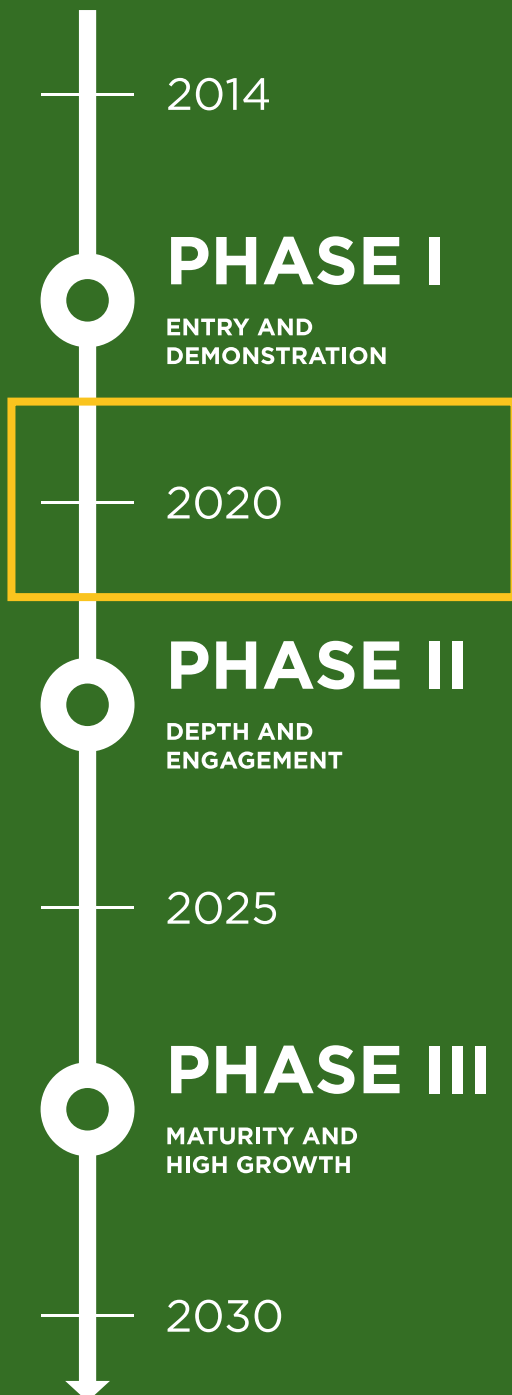
*In 2016/17, the India team established additional representatives in New Delhi and Bangalore to better expand market development activities across the country.*

**Steady growth in 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.**



*Rising share of softwood imports to India*

## MARKET DEVELOPMENT PROGRESSION



## GROWING DEPTH AND ENGAGEMENT

Initial market development efforts have resulted in signs of growing commercial interest and uptake in the India market for B.C. wood species. The strategic direction of the program will:

- Increase awareness of B.C. species through outreach, promotion and education.
- Focus on product trials in the manufacturing sector including furniture, doors, windows, door & window frames and interior/exterior finishings.
- Expand the number of wood importers (or stockists) inventorying wood for sale in key regional markets.
- Undertake research to further understand opportunities and barriers.
- Explore the structural wood use market in India to better understand market potential, acceptance and challenges.



*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: FIL India*



## TARGETED APPROACH

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

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 Mumbai, Delhi and Bangalore.
2. **Research** — continuing to refine the 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, while expanding opportunities in specific remanufacturing niches.
5. **Commercialization** — positioning Canadian species with local manufacturers via product trials and demonstration initiatives to showcase the features and benefits of Canadian wood species.
6. **Engagement** — engaging as required with state and national government agencies and bodies to ensure unfettered market access for Canadian products and foster understanding of the importance of bilateral trade between Canada and India.



*Western hemlock chair and Douglas-fir dining table by MAS Furniture | Photo: FII India*



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

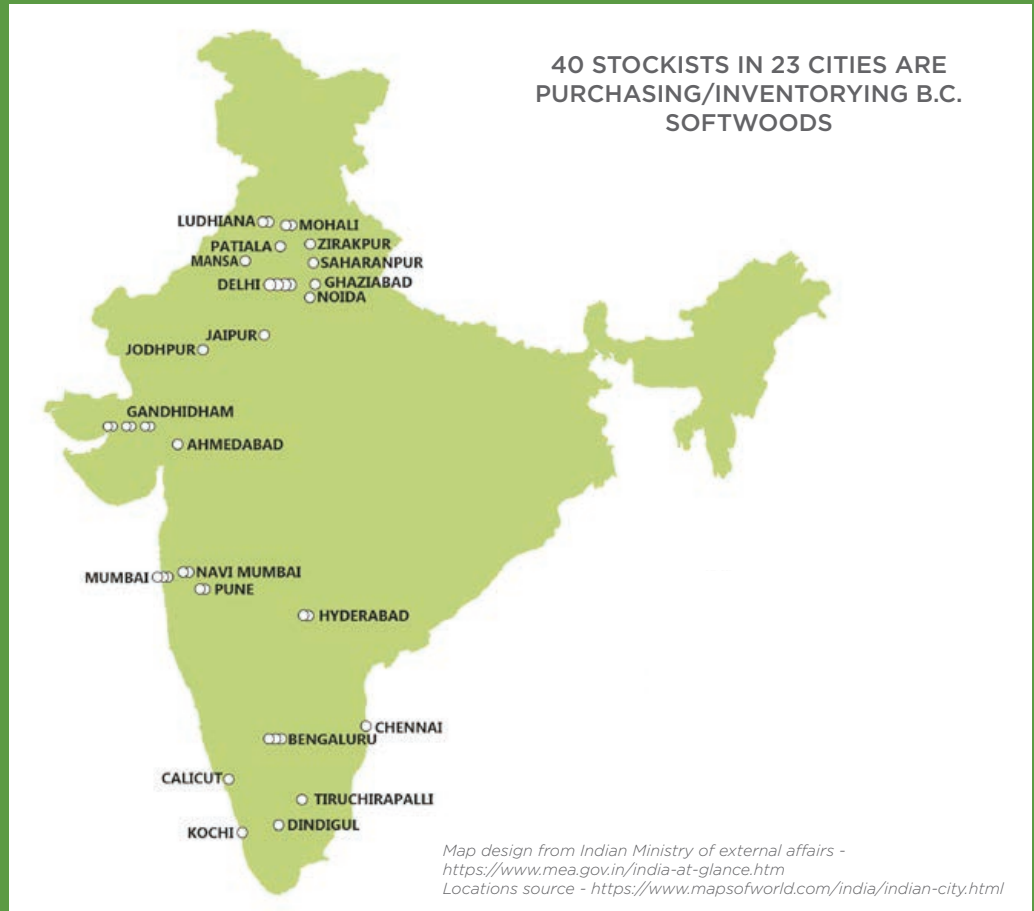
## MARKET PROGRESS

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, 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 certified wood, as well as the properties and applications of B.C. species.

#### SINCE 2014 FII INDIA HAS CONDUCTED

**111** EDUCATIONAL SEMINARS

**124** TRAINING WORKSHOPS

In response to COVID-19 safety measures, the FII India team quickly transitioned to virtual delivery of training and educational seminars, conducting 45 online events in 2020.

## Product trials

Product trials are emerging as a critical and highly successful activity to engage and motivate Indian manufacturers to convert product lines to B.C. species. Through the “Try Canadian Wood” program, FII India supplies B.C. wood from targeted species to prequalified manufacturers. The technical staff work with manufacturers to ensure the product trials are successful. Upon completion, further follow-up and support is provided to introduce the

manufacturer to either local importers of Canadian wood or to create direct contacts with Canadian exporters.

The trials are cost-effective, help to raise the overall profile of Canadian wood and, through hands-on experience, overcome misperceptions about Canadian species and strengthen technical skills in working with softwood. To date, FII India has conducted over 100 product trials resulting in broader market acceptance.

## Hemlock cluster trials

An extensive western hemlock trial program was undertaken with export furniture manufacturers in the State of Rajasthan 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 have a high attention to quality and service large international buyers. The product trials resulted in positive responses and commercial orders of Canadian wood species acquired through local stockists and Canadian lumber companies. Most of these buyers are large-scale domestic and international companies operating in the furniture, interior and home décor space.



*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 required grades and sizes, as well as the presence of knots and resulting wastage, have presented barriers to its uptake for 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 all natural defects that are present in lumber.

FII India has begun trialling the FJEG panels locally, with initial results indicating a positive response to the product's ability to reduce wastage and speed up production. Manufacturers also noted the product's potential use in other applications such as door shutters, furniture and interior fittings.



*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. Demonstration projects involve FII India supplying a portion of wood required for the project as well as technical support related to working with

softwood species. Once completed, the projects are then leveraged in educational and promotional activities to enhance interest in Canadian products and suppliers.

An additional 45 commercial projects (wood purchased directly by customers) utilizing B.C. species have also been tracked over the past two years—signalling recognition and uptake of Canadian wood products in the market.

## Taj Rishikesh hotel

Completed in 2019, the Taj Rishikesh hotel in India's northern state of Uttarakhand features both B.C. hemlock for the interior and paneling on walls and ceiling areas, and Douglas-fir for windows, doors, soffits and ceiling panelling. The combination of rock façade and wood trim reflects local construction styles and provides a beautiful architectural finish for this high-end resort. The project was the culmination of three years of collaboration between FII India and the developer.



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

## Pallet Brewhouse and Kitchen

The Pallet Brewhouse and Kitchen uses more than 14,000 square feet of B.C. spruce-pine-fir (S-P-F) to create false ceilings, room dividers, backdrops, bottle racks and other design elements. Located in Whitefield, Bengaluru, an area known as the 'Silicon Valley of India,' designers sought to create a fun and innovative atmosphere that would appeal to the creative customer base in the area. While architects originally planned to use old shipping pallets, they decided to switch to S-P-F due to its favourable properties, higher quality and availability.



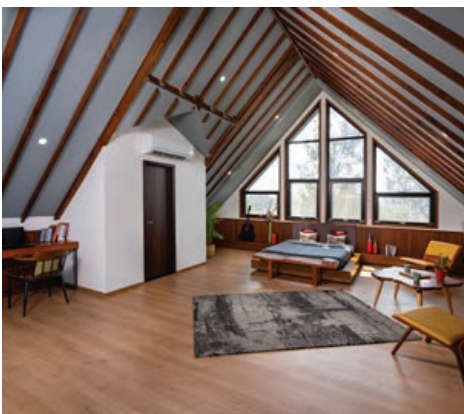
*The Pallet Brewhouse & Kitchen, Bengaluru | Photo: FII India*



## Wood in construction

Interest is developing in India for wood-frame construction (WFC) applications, particularly for the tourism sector. To capture opportunities for B.C. species in wood in construction applications, FII India has been conducting training workshops to promote North American-style wood-frame houses amongst wood working companies in India. These workshops have been well received and have resulted in demonstration projects in Mysuru, Bengaluru and Chennai.

FII has also been directly engaging with builders on small-scale demonstration projects to showcase various structural applications of B.C. species. To date, five companies have built demonstration houses with technical support from FII India, showcasing both wood-frame construction and double tongue and groove styles of buildings using Canadian S-P-F. An additional four projects are in progress with new companies.

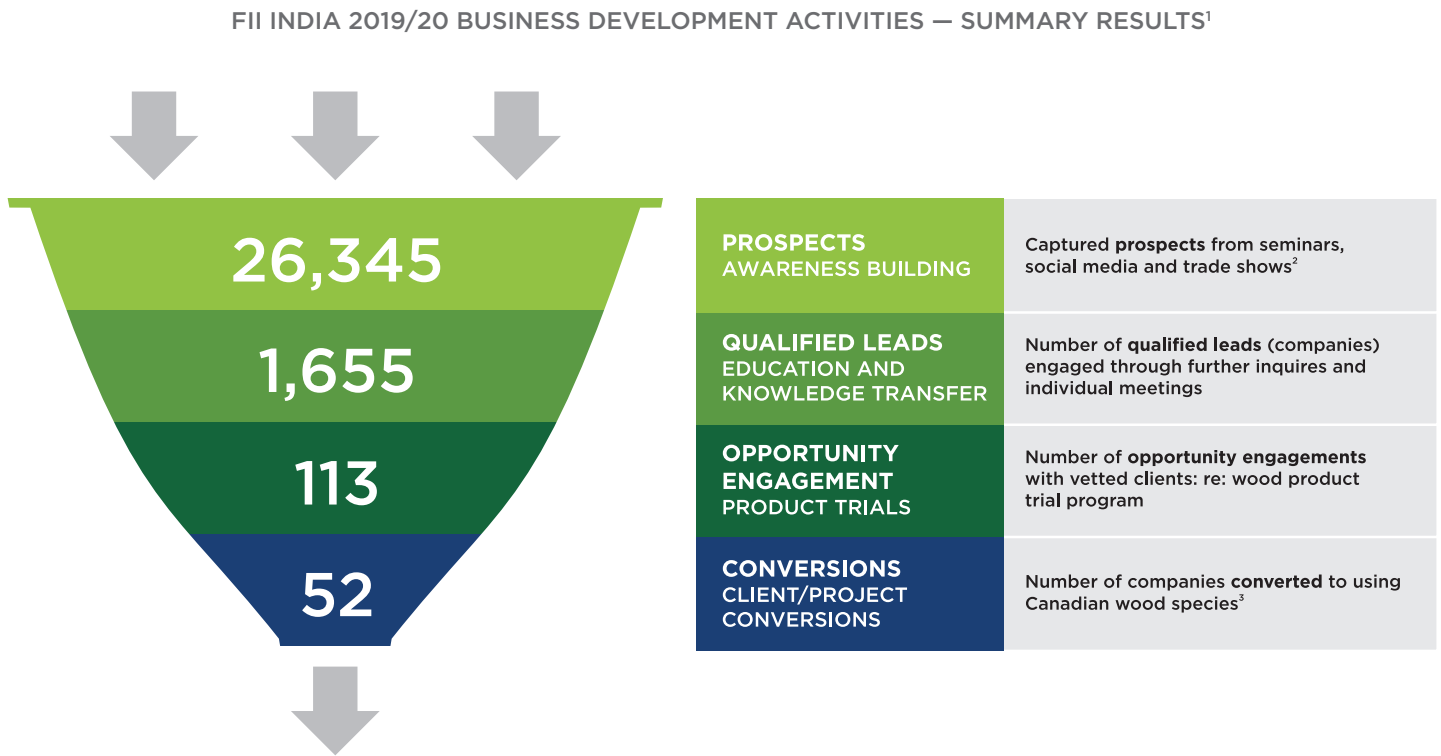


*Pyramid WFC demonstration project, Mysuru | Photo: FII India*

# 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, as well as aggregate outcomes from overall program delivery, are tracked.



<sup>1</sup> 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.

<sup>2</sup> The number of "Prospects" are cumulative over the history of the program. Numbers reported for "Qualified Leads", "Opportunity Engagement", and "Conversions" are for 2019/20.

<sup>3</sup> Total number of companies engaged with FII India's Business Development team (34 timber traders and 18 manufacturers) that purchased wood products directly from B.C. suppliers during 2019/20. This figure does not include companies buying B.C. wood from domestic wholesalers/suppliers.

## 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), and supported by the Canadian High Commission and Consulates in India, as well as the BC Trade and Investment Office. Leveraging resources ensures that Canada emerges as a leading supplier of softwood lumber to one of the fastest growing markets in the world.

Canada

