

stor
CA1
EA940
88I52
ENG

132EA

INDIA'S
LUMBER TRADE
OPPORTUNITIES FOR CANADA

External Affairs and
International Trade Canada

Canada

SOMMAIRE

L'Inde représente un marché en forte croissance en ce qui concerne le bois importé. La superficie de l'Inde est d'un tiers celle du Canada, et la pression exercée par ses 830 millions d'habitants a réduit les surfaces boisées à 10% ou 20% de cette superficie; dans certains états à moins de 4%. La nouvelle emphase donnée aux opérations de reboisement va permettre de fournir principalement des arbres à croissance rapide, de petites dimensions, pour le bois de chauffage et la pulpe. Les récentes restrictions touchant la coupe du bois à des fins domestiques ont contribué, au cours des cinq dernières années, à une augmentation rapide des importations, particulièrement celles des billots de bois dur d'arbres tropicaux. Les importations de bois mou de sciage ont été limitées parce que les espèces étrangères sont peu connues et que les tarifs douaniers sur le bois de sciage sont élevés (60% vs 15% pour les billots ou le bois é=quarri). Néanmoins, les importations de billots deviennent de plus en plus dispendieuses à mesure que les pays exportateurs voisins commencent à imposer des restrictions à leurs exportations sous forme de billots. A long terme, il y a donc en Inde un marché potentiel si les transporteurs canadiens réussissent à compétitionner au niveau des prix, si les tarifs différentiels touchant le bois de sciage peuvent être réduits et si l'industrie indienne de transformation du bois (généralement de petite taille) peut être enseignée à accepter les caractéristiques et les qualités du bois canadien.

SUMMARY

India represents a fast growing market for imported wood. India is one-third the size of Canada in area, and pressures of its 830 million people have reduced forested area to between 10% and 20% of the total; in some states it is below 4%. A new emphasis on replanting will supply mainly fast growing small diameter wood for fuel and pulp. Recent restrictions on felling of trees in India have led to a rapid increase in imports during the last 5 years, mostly tropical hardwood logs. Imports of sawn softwood lumber have been restricted by unfamiliarity with the characteristics of foreign species, and by a high tariff on sawn lumber (60%, vs. 15% for logs or roughly squared). However, imports of logs are becoming more expensive as nearby exporting countries begin to restrict exports in log form. Thus, there will be long-term market potential in India if Canadian shippers can compete on price, if the tariff differential against sawn wood can be lowered, and if the (mostly small-scale) Indian millwork industry can be taught to accept Canadian wood characteristics and grading.

CONTENTS

Foreword

Preface

1. Overview

- 1.1 Introduction
- 1.2 Recorded Forest Area
- 1.3 Ownership and Legal Status
- 1.4 Forest Area by Composition
- 1.5 Forest Area Versus Forest Cover
- 1.6 Annual Increment and Growing Stock
- 1.7 Recorded Production From Forests
- 1.8 Forest Degradation

2. Government's Policy

3. Production

- 3.1 Present Production of Timber
- 3.2 Man made Forestry and Future Programmes

4. Demand

- 4.1 Demand of Timber
- 4.2 Gap Between Demand and Supply
- 4.3 Demand Projections for the Future

5. Import-Export of Lumber/Timber

- 5.1 Import of Lumber/Timber
- 5.2 Duty Structure
- 5.3 Sources of Import & Price
- 5.4 Quantity of Timber Imported and End-uses
- 5.5 Export of Forest Products

6. Conclusion

7. Market Segment and Strategies for Canadian Companies

Dept. of External Affairs
Min. des Affaires extérieures

FEB 21 1994
FEV

RETURN TO DEPARTMENTAL LIBRARY
RETOURNER A LA BIBLIOTHEQUE DU MINISTERE

43-261-065

FOREWORD

The purpose of this study is to acquaint Canadian companies with the present status of India's forest resources, demand for timber, present level of imports, various segments where imports are likely to occur in future and strategy Canadian firms may adopt to penetrate this market. The study also identifies a list of some leading Indian importers of wood and wood products.

Additional specific information or data regarding this sector may be obtained through the Commercial Section of the Canadian High Commission, New Delhi, India.

PREFACE

This report is based on facts and figures taken from both published sources as well as from discussions with appropriate officials of the Government of India and representatives of private timber industry.

There are some points worth mentioning beforehand:

- (i) The timber industry in India is highly unorganised; so it is difficult to get precise estimate of demand, supply and utilisation pattern.
- (ii) Statistics vary according to source and are not reconcilable.
- (iii) The Government policy has undergone a sea-change in the last couple of years. There is a certain amount of contradiction at this stage; however a more clear picture may emerge in due course.

Nevertheless, the conclusions of the report are based on the broad emerging trends and they will hold true for the foreseeable future.

1. OVERVIEW

1.1 Introduction

India is the world's seventh largest country with geographical area of approximately 329 million ha. It is the second most populous country with over 830 million in mid-1990, accounting for more than 15% of the world's population in just about 2.4% of the world's land area.

The country possesses only about 264 million hectares suitable for biomass production; of these, net area sown is 142 million ha. while 122 million ha. comprises forests, pasture, fallow land and cultivable wastelands.

1.2 Recorded Forest Area

India's legally recorded forest area in 1985-86 was 75.29 million ha., which is about 22.9% of the total geographical area. The per capita forest area is 0.1 ha, as compared to the world average of 1 ha. Andaman & Nicobar Islands have as high as 86.4% area under forests, whereas the State of Haryana has only 3.8%. About 20% of the country's forest area is concentrated in Madhya Pradesh state.

1.3 Ownership and Legal Status

About 95% of the forest area is under government ownership and thus is administered by various bodies created by the States and Union Territories. The details of ownership distribution are shown in Table 1.1.

TABLE 1.1
Forest Area by Ownership

(1988)		
Ownership category	Area (million ha)	% of Total Forest Area
(a) State owned of which	71.24	94.6
(i) Forest Departments	64.83	86.1
(ii) Other Departments	6.41	8.5
(b) Corporate bodies	1.94	2.6
(c) Private/Panchayat	2.11	2.8
Total	75.29	100.0

1.4 Forest Area by Composition

The forest area by composition is given in Table 1.2.

TABLE 1.2
Forest Area by Composition

Composition	Area (Million ha)	% of Forest Area
Coniferous	4.76	6.3
Broad-leaved	63.51	84.9
Bamboo	6.51	8.8

1.5 Forest Area Versus Forest Cover

'Forest area' is an area recorded as 'Forests' in Government records, whether or not it has tree cover. Forest cover indicates occurrence of actual tree cover on the ground.

The latest (second) survey made by the Forest Survey of India (FSI) of the actual forest cover by the visual interpretation of the Landsat imagery pertains to the period 1985-87. The first survey was done in 1981-83. The new assessment gives the figure of actual forest cover at 64.01 million hectares as against the previous assessment of 64.20 million ha. Thus, there has been a reduction of 0.19 million ha. of forest cover during the last 4 years. The annual rate of loss of forest cover works out at 47,500 ha. The

total comparative situation is indicated in the following Table 1.3.

TABLE 1.3

(Figures in '000 hectares)

Sl. No.	Category	Assessment (1981-83)	Assessment (1985-87)
1.	Dense forest (Crown density 40% and over)	36,141.2	37,847.0
2.	Open forest (Crown density 10% to less than 40%)	27,658.3	25,740.9
3.	Mangrove forest	404.6	425.5
	Total:	64,204.1	64,013.4

1.6 Annual Increment and Growing Stock

So far, no inventory has been taken of the growing stock and the annual increment of India's forests. However, estimates have been made by different agencies (see Table 1.4) and they have differed widely naturally because of the agencies' own differing assumptions.

TABLE 1.4

Source	Total growing stock (million cu. m)
"Hundred years of Indian Forestry (1961)"	2298
"Task Force Report on Forest Resources Surveys (1972)"	2606
"India's Forests, 1980"	1964
"FAO (1981)"	3711*
"FSI (1987)"	4196

* Excluding growing stock of pure bamboo estimated at 36.8 million air dry tons.

According to FSI (1987), net annual increment of forests is estimated at 52 million cu. m or 1.24% of the growing stock. The growing stock per hectare of the actual forest cover is about 65 cu. m. whereas the world average is 110 cu. m. The average annual production of wood per ha. from recorded forest area is 0.7 cu. m. as against the world average of 2.1 cu. m.

1.7 Recorded Production from Forests

The major forest produce in the country are timber and fuelwood. Lately a declining trend has been noticed in the out-turn of timber and fuelwood as is evident from a comparison of trends over a five year period for which statistics are now available.

TABLE 1.5
Out-turn of Timber, Fuelwood and Bamboo

Produce	Quantity	
	Year 1979-80	Year 1984-85
Timber	13.5 million cu.m.	6.43 million cu. m
Fuelwood	18.5 million cu.m.	11.9 million cu. m
Bamboo	N.A..	0.88 million tons

1.8 Forest Degradation

Natural forests are depleting/degrading at an accelerating rate in India. Some of the contributory factors are: competition from other land uses, growing demand for timber, fuelwood and fodder on dwindling forest resources, encroachments and shifting cultivation. In many areas, this has led to soil depletion,

erosion and even desertification. Aware of the implications of this development, Government of India has abolished local felling. To satisfy local demands, now enhanced because of the ban, the import of lumber, veneers, etc. is substantially increasing (see highlighted items in Table 5.2).

2. GOVERNMENT'S POLICY

Meeting industrial wood requirement of the nation and maximisation of revenue were regarded as the main objectives of forest management in India till very recently. National forest policies of 1894 and 1952 emphasized the management of forests for sustained production of timber (Anon, 1894; Anon 1952). National Forest Policy, 1952 stated that the management of national forests "on scientific and business lines is essential for maintaining a sustained supply of wood for industry and of large timber for defence, communications and other national programs". The National Forest Policy, 1988 (Anon, 1988) emphasized the maintenance of environmental stability through the preservation and, where necessary, restoration of the ecological balance.

Increasing the productivity of forests to meet the essential national wood requirements has also been included as one of the basic objectives. The National Forest Policy accordingly stated that forestry programmes, while aiming at enhancing the forest cover in the country and meeting the national timber needs, should also be oriented to narrowing the increasing gap between demand and supply of fuelwood. With regard to meeting the requirements of forest-based industries, the National Forest Policy suggests that the industry should, as far as possible, raise the raw material to meet its requirements, preferably by encouraging the farmers to grow wood-yielding species particularly on marginal/degraded land.

Furthermore, the policy clearly recognizes that

- The long term solution for meeting the existing gap lies in increasing the productivity of forests, while, at the same time, relieving the existing pressure on forests for the demands of railway sleepers, construction industry, furniture and paneling, mine-pit props, paper and paper board etc., by substitution of wood.
- Import of wood and wood products should be liberalized.
- The Government realises that a liberalized import policy serves its twin objectives most ideally, viz.
 - (a) it augments the supply position and therefore helps control prices since imported timber is considerably cheaper, and
 - (b) it conserves India's forests and improves the environment.

3. PRODUCTION

3.1 Present Production of Timber

Timber is normally obtained from government forests, community/private forests, tree growing on farm lands and plantations raised under social forestry programmes. The statistics of out-turn of timber suffer from many infirmities and are outdated. Timber extracted from government forests is reported in the national statistics, the same extracted from the remaining sources does not always get included. Also, the unit of reporting of out-turn from government forests is not always the same. The timber extracted is reported in the round log form as well as in the sawn form. Further, the timber extracted from trees granted to right holders and concessionists is not always accounted for in the out-turn reported, as only the standing volume of trees so granted is recorded. Another very important source of production not reflected in the statistics is privately-owned farms or other lands. Thus, there is a gross under-estimation of timber production in the country. The recorded production of industrial wood during 1979-80 (the last reported) was as summarised in Table 3.1. The end-use of wood and its products is shown in Table 3.2.

TABLE 3.1
Recorded Production (1979-80) of Industrial Wood

Class of Wood	Production (million cubic metres)			1984-85
	1979-80	1984-85		
	Conifers	Broad-leaved	Total	
Saw logs, veneer logs and logs for railway sleepers	0.84	5.29	6.13	
Poles, posts, pulpwood and pit props	—	2.43	2.43	
Other industrial wood	0.82	4.12	4.94	
Total:	1.86	11.84	13.50	6.43*

* Detailed breakdown of classes of wood not available for 1984-85.

This reveals that out-turn of timber has fallen in a big way in recent years, The trend is likely to continue because of Government's policy of ban on felling of trees from natural forests.

TABLE 3.2
End-Use of Wood and Its Products

Nature of end-use	Details
1. Construction	
(i) Building Construction	Prime durable construction timber is used in urban areas for doors, windows and their frames. Poles and bamboos are used widely in scaffoldings and in roofing in rural and semi-urban areas.
(ii) Railway Sleepers	Durable timber and non-durable hardwoods after preservation treatment are used as track sleepers.
(iii) Railway Coaches	Mainly conifers and hardwoods are used.
(iv) Truck Body Building	Hard, elastic and durable timber is used.
(v) Bullock Cart	Hard, elastic and durable timber is used.
2. Evolved Forms of Woods	
(i) Plywood	Used initially for tea chests, now widely used in manufacture of furniture, paneling and shuttering. Timber from secondary species is used, though face veneer of teak, rosewood, walnut, padauk is also used for decorative paneling.
(ii) Fibre and Particle Board	Off cuts and wastes from saw mills and small dimension timber are used.
(iii) Paper and Paper Board	70% of the raw material is forest-based, mainly bamboos, supplemented by hardwood conifer mix.
3. Other Uses	
(i) Packing cases	For packing of fruits, textiles, tobacco and machinery. Generally softwoods of secondary species are used except for packing of apples.
(ii) Bobbins and other textile requisites	Jute and cotton textile industries use shuttles and bobbins. Even-grained wood is specified.
(iii) Matches & Splints	For match boxes and match splints. Species like semil bhrkund and polala have found acceptance.
(iv) Sports goods	Willow and ash is used.
(v) Pencil making	Even-grained and elastic timber is used.
(vi) Shoes lasts	Even-grained and elastic timber is used.
(vii) Furniture	Originally confined to only a select list of decorative timber, the industry has in recent years switched over to secondary species due to high price of prime timber. Plastic moulded and metal furniture has come into widespread use, of late, as a substitute.
(viii) Support timbers	This is used for supporting roof of tunnels in coal and non-coal mines. Generally a mix of 50% primary and 50% secondary species is specified.
(ix) Agricultural implements	Even grained and elastic timber is used.
(x) Katha manufacture	Katha is an important constituent of pan (a chewing leaf) and is derived from heartwood of <i>Acacia catchu</i> (Khair).

3.2 Man Made Forestry and Future Programmes

In 1980, the GOI recast its special target areas of development under a 20-point Programme with special funding, in which "Afforestation/Tree Planting" on a massive scale received a high priority. This resulted in the State Governments also focusing special attention to this programme. Consequently, a number of important schemes such as "Social Forestry including Rural Fuelwood Plantations", "Operation Soil Watch" and "Externally-aided Social Forestry Projects" were launched. This led to a quantum jump in the total area afforested during the Sixth Five Year Plan (1980-85) — 4.65 million hectares at an average of 0.93 million hectares annually. Block plantations, strip plantations and farm forestry were also carried out extensively.

Since 1985 Man-Made Forestry has been further intensified and by the end of 1989, 15 million hectares of new plantations have been reported to have been raised, though not all succeeded.

Most of the areas have been planted with fast growing species such as Eucalyptus, Poplar along with locally favoured species, largely based on short rotation and quick economic return. Now, some of the wood deficit states like Haryana and Punjab have become surplus in wood production and farmers are finding it difficult to dispose of their materials! The production of plantation-grown wood is expected to increase substantially by the turn of the century. However, because of short-rotation crop, only small-sized timber will be produced for use as fuelwood, small-sized construction material, poles and pulpwood. Large sized logs required by saw-milling and plywood industries will continue to be in short supply.

4. DEMAND

4.1 Demand of Timber

No comprehensive survey has been conducted so far to assess the demand for timber in the country as a whole. Estimates, however unscientific they may be, have been made by three different governmental organisations but they vary widely. The Ministry of Environment & Forests estimated the demand at 20.0 million cu. m for 1980-85, but the Forest Survey of India (FSI, 1987) placed it at 27.5 million cu. m (at low level of consumption), while the National Commission on Agriculture (NCA, 1976) placed it at 30.03 million cu.m. Even these estimates do not, however, appear to have fully accounted for the demand of the rural areas and therefore should be considered as purely a guestimate. (Table 4.1).

TABLE 4.1
Timber Demand For Important End Uses

End Use	Estimated Demand (million cu. m)		
	Forest Survey of India, 1987	National Commission on Agriculture, 1985 (Low Level Consumption)	Inter-Ministerial Group on Wood Substitution (1986)
1	2	3	4
Pulp & Paper	6.57	4.72	5.20
Plywood & Veneer	1.71	0.70	
Fibre Board & Particle Board	0.23	0.10	
Match Industry	0.44	0.68	0.51
Railway Sleeper & Coaches	0.50	—	0.37
Packaging	6.81	—	1.80
Housing	2.50	15.7 (sawn wood)	5.60
Agriculture Implements & Temporary Construction	5.43	—	4.00
Furniture & Paneling	0.36	—	0.75
Mining Props	—	8.2 (Round Wood)	1.50
Others	3.00	—	—
Total	27.55	30.1	19.73

Majority of the forest-based industries is in the private sector. The organised industries, such as paper and pulp, ply and veneering, particle board and fibre board, to a limited extent, get their raw material supplies from the State Governments at pre-determined prices under long-term agreements. Other industries obtain their raw material from government auctions/sales or intermediaries. In general, there is a scarcity of forest-based raw material and a large number of units are not in a position to obtain their full requirements. Important forest-based industries with their installed capacity and availability of raw materials are given in Table 4.2.

TABLE 4.2
Major Forest Based Industries with their Installed Capacity,
Raw Material Requirement and Production per annum

Sl. No.	Name of Industries	No. of Units Registered	Installed Capacity per annum	Requirement of Raw material per Annum	Production per Annum
1.	Paper and Paperboard	271	2.65 million tons	3.45 million tons	1.50 m. tons
2.	Newsprint	4	0.28 million tons	0.52 million tons	0.27 m. tons
3.	Rayon Grade Pulp	4	0.18 million tons	NA	NA
4.	Paper Grade Pulp	1	0.04 million tons	NA	NA
5.	Plywood, Regd. with DGTD	51	172.50 m sq.m.	0.95 m cu.m.	80.08 m sq.m.
6.	Veneering	10	25.76 m sq.m.	0.25 m cu.m.	7.10 m sq.m.
7.	Fibreboard & Particle board	12	0.12 million tons	1.01 m cu.m.	0.05 m tons
8.	Match:				
	(i) Regd with DGTD	5	5000 million boxes	0.44 m cu.m.	4100 m boxes
	(ii) Small Scale	1,000	NA	NA	NA
	(iii) Collage Level	10,000	NA	NA	NA
9.	Sports Goods	1,500	NA	0.031 m cu.m. (Canes 0.5 m mtr)	NA
10.	Saw Milling	25,220	27.18 m. cu. m.	13.14 m. cu. m.	NA
		(1978)	(1978)	(Available domestic resources)	

4.2 Gap Between Demand and Supply

In the absence of any reliable estimates of demand and supply of timber an attempt to estimate the same is seriously flawed. Even then, the FSI (1981) placed the gap between demand and supply of industrial timber as over 15 million cu. m. This does not include firewood. The current gap between demand and supply of firewood is estimated at 195 million cu. m. There is not doubt that the gap is increasing due to short supply of timber from forest areas. It is not possible to estimate with any precision the category-wise shortage.

4.3 Demand Projections for the Future

The National Commission of Agriculture, way back in 1976, projected the timber requirement in year 2000 between 47 million cu. m to 64 million cu. m, see Table 4.3. This is the most intensive study thus far on the subject.

However, in the recent years, the Government of India has resorted to wood substitution wherever possible. For example, concrete railway sleepers have brought down the requirement of wooden sleepers from 3 million in 1985 to only 400,000 in 1990. Wooden packing cases are being replaced by Corrugated Fibre Board cartons. Nevertheless, due to population growth demand for wood will continue to grow.

TABLE 4.3
Aggregate Raw Material Requirement Under Assumption of High and
Low Income Growth and Fuelwood Requirement for 2000 AD

(in '000 Cu. m)

Item	Coniferous Wood Under Assumption of:		Hardwood Under Assumption of:		Total Wood Under Assumption of:	
	High Income Growth	Low Income Growth	High Income Growth	Low Income Growth	High Income Growth	Low Income Growth
(1)	(2)	(3)	(4)	(5)	(6)	(7)
Sawn Wood	4020	3,230	25,630	19,710	29,650	22,940
Panel Products:						
Plywood & Veneer	430	270	1,725	1,075	2,155	1,345
Fibrewood	40	30	160	125	200	155
Pulp & Paper	5,975	3,195	11,720	6,485	17,695	9,680
Matchwood*	—	—	1,415	1,415	1,415	1,415
Roundwood	2,665	2,330	10,670	9,315	13,335	11,645
Total	13,130	9,055	51,320	38,125	64,450	47,180
Fuelwood	—	—	—	—	225,000	

* No separate projections for 'High' and 'Low' demand have been made. The same figures as in the case of 'High' demand have been adopted. Source: National Commission on Agriculture - Report, Part IX Forestry, Government of India - 1976.

5. IMPORT-EXPORT OF LUMBER/TIMBER

5.1 Import of Lumber/Timber

India traditionally has been a hardwood user but in the last few years there has been an increasing acceptance of softwoods. This trend is seen to be growing after the usual, initial market resistance to new material. A major contributing factor is the unprecedented rise in hardwood prices coupled with its short supply within the country. In the foreseeable future, it may be predicted that current exporters, France, Austria, Finland and even U.S.A. will not be able to cope with the steadily expanding demand for softwoods in the country. It is only the U.S.S.R. and Canada who have large surpluses of softwoods can be relied upon by India for her requirements. Leading timber merchants and manufacturers of plywood and veneers have evinced keen interest in softwoods in the recent years, as they foresee considerable demand for them. The whole future will of course hinge on the price and duty structure. The duty on lumber and veneers is likely to go down if a proper case is presented to the Government. Enquiries have revealed that the Ministry of Environment & Forests is vigorously pursuing the case for duty reduction with the Ministry of Finance. Local industry is keenly awaiting a favourable decision.

5.2 Duty Structure

The Government of India has been encouraging import of forest products by providing relief in custom tariff. Lumber (wood in log or sawn form) has been put under the OGL (Open General License).

Note: Most imports are regulated by licenses without which a letter of credit cannot be opened. There are, however, several items which are allowed to be imported without having to obtain a license and they are listed under the category of "Open General License". Letters of credit for these items can be opened without the production of an import license.

Presently, duty on processed wood is kept at a very high rate to give protection to the local saw milling industry. However, it is reliably understood that the Ministry of Environment & Forests is pressing for a reduction in it, using the argument that the local forests need urgent protection. The present customs duty structure on various forest products is given in Table 5.1.

5.3 Sources of Import & Price

The policy of liberalized import of timber has paid dividends and import of hardwoods from Malaysia, Burma, Indonesia, Brazil, Papua New Guinea, Singapore, Vietnam etc. have increased significantly in the last couple of years. Import of coniferous wood in small quantity has also taken place from U.S.A.,

TABLE 5.1
Customs Duty Structure

Sl. No.	Description	Rate of custom duty	Total
(i)	Wood pulp	Nil + 5% (Special duty)	5%
(ii)	Wood in the rough or log form	10% + 5% (Special duty)	15%
(iii)	Wood roughly squared or half squared but not further manufactured	10% + 5% (Special duty)	15%
(iv)	Wood chips	Nil	Nil
(v)	Wood sawn or chipped lengthwise, sliced or peeled, whether or not planed, sanded or finger jointed & thickness exceeding 25.4 mm (one inch)	10% + 45% (Auxiliary duty) + 5% (Special duty)	60%

U.S.S.R., Canada, France, Austria and Finland. (see highlighted items in Table 5.2).

Enquiries with leading importers indicate that the CI&F cost of imported average, good quality timber is around Rs. 3,000/- per cu. m. Most recent figures are for 1986-87. Tables 5.2 and 5.3 respectively contain comparative statistics of imports and their value for various forest products and timber.

TABLE 5.2
Value of Import of Selected Groups of Forest Products

Value: '000 Rs. (\$C 1 = Rs. 14.50)

Sl. No.	Description of Produce	1982-83	1983-84	1984-85	1985-86	1986-87
1.	Cork natural raw and waster (including natural cork in blocks or sheets)	5,271	8,797	15,097	35,212	16,280
2.	Fuel wood (excluding wood waste) and wood charcoal	336	167	924	493	203
3.	Other wood in the rough or roughly squared	30,847	16,207	31,295	307,236	980,502
4.	Wood simple worked and railway sleepers of wood	2,780	13,774	5,952	66,966	209,510
5.	Pulp and waste paper	374,962	949,655	1,762,304	2,454,744	2,435,095
6.	Veneers plywood 'improved' or reconstituted wood	2,688	2,738	7,401	52,083	68,735
7.	Wood manufactures	7,895	13,449	16,275	16,501	30,900
8.	Paper and paperboard	1,543,371	1,538,731	1,922,968	2,224,020	2,109,810
9.	Paper and paperboard cut to size or shape	51,762	27,129	31,817	35,693	61,006
10.	Furniture and parts thereof	8,938	9,048	3,147	7,814	13,220
11.	Cork manufactures	1,513	2,407	3,336	4,946	1,621
	Total	2,030,363	2,582,102	3,800,516	5,205,708	5,926,882

Source: Monthly Statistics of the Foreign Trade of India Vol. II March 1983, March 1984, March 1985, March 1986 and March 1987.

5.4 Quantity of Timber Imported and End-uses

The quantity imported in the last two years by private entrepreneurs is not yet compiled by the Directorate General of Commercial Intelligence, Calcutta. Industry sources, however, estimate that import of timber must have exceeded 1.5 million cu. m. during 1989-90, a contributing factor being Government's liberalized import policy.

The imported timber, mostly hardwoods, is used by building and construction industry, plywood industry and railways. In the existing scenario, the Federation of Indian Plywood and Panel Industry believes that the requirement of plywood industry for imported timber will sharply rise to 80% from the current 50% (1.2 million cu. m). Timber is imported in all three forms: sawn, roundwood and roughly squared. Presently, the Plywood Industry prefers roundwood but in due course is likely to include veneers.

The imported timber has significantly benefited a large number of saw mills particularly in urban centres in the vicinity of sea ports. Since the saw milling industry is totally unorganised and widely dispersed, it is difficult to get information about the sources of raw material, capacity utilisation and actual out-turn of sawn timber.

TABLE 5.3
Quantity and Value of Timber Imported

Year	Quantity (cu.m.)	Value (Million Rs.)
1984-85	19,122	38
1985-86	219,506	375
1986-87	844,297	1,364
1987-88	1,400,000*	2,175
1988-89	3,000,000*	3,538

* The official figures for 1987-88 and 1988-89 are not yet available and the figures supplied are the Consultant's best estimate based on information from leading timber importers. The breakdown of this estimate for 1988-89 is:

Logs	1.8 million cu.m
Sawn lumber	0.9 million cu.m.
Plywood, veneers and others	0.3 million cu.m.

5.5 Export of Forest Products

The Government of India has not encouraged export of forest products in raw form. As can be seen from the Table 5.4, export of forest products has been declining. Mostly, only finished articles and veneers of prized woods, like Sandalwood, Red Sanders, Dalbergia Latifolia, Teakwood, etc., are being exported. However, the government has recently totally banned the export of timber in log or sawn form. Details of exports are given in the Table 5.4 for the years 1982-83 to 1986-87. Statistics for subsequent years are not yet available.

TABLE 5.4
Value of Export of Selected Groups of Forest Products

		Value : '000 Rs. (\$C 1 = Rs. 14.50)				
Sl. No.	Description of Produce	1982-83	1983-84	1984-85	1985-86	1986-87
1.	Cork natural raw and waste (including natural cork in blocks or sheets)	12	22	44	—	521
2.	Fuel wood (excluding wood waste) and wood charcoal	—	711	312	112	84
3.	Pulpwood (including Chips and wood waste)	—	—	—	40	—
4.	Other wood in the rough or roughly squared	19,582	11,388	11,690	6,827	2,598
5.	Wood simply worked and Railway sleepers of wooden	420	2,509	1,828	2,280	343
6.	Pulp and waste paper	1,702	1,214	113	188	79
7.	Cork manufactures	1,688	1,498	2,118	1,130	2,484
8.	Veneers plywood 'improved' or reconstituted wood and other wood worked	93,952	78,175	95,933	89,728	116,504
9.	Wood manufactures	44,673	42,460	45,930	48,445	65,635
10.	Paper and paperboard	24,832	25,015	67,401	42,148	43,436
11.	Paper and paper board cut to size or shape and articles of paper or paper board	3,003	36,798	51,431	22,856	16,961
12.	Furniture and parts thereof	59,915	59,416	56,301	44,348	28,443
	Total	276,779	259,206	333,110	258,102	277,088

Source: Monthly Statistics of the Foreign Trade Vol. I. March 1983, March 1984, March 1985, March 1986 and March 1987.

6. CONCLUSION

In sum, the Indian timber market scenario may be outlined as follows:

- The current shortfall of industrial wood and pulpwood will continue to grow as supplies from natural forests within the country are being steadily reduced.
- The policy of wood substitution to reduce the demand for conventional wood produce may only marginally help in mitigating the crisis.
- Plantation-grown wood will be primarily consumed as firewood, poles, pulpwood and wherever small-sized timber is required. However, planted areas will be a major source of supply of wood in the country in future.
- The country will continue to import timber to meet the shortfall.
- Bulk of hardwood timber is currently being imported from Malaysia, Burma, Papua New Guinea, and Indonesia in log form. A small quantity of softwood is also imported. It is being increasingly realised that there is a growing reluctance on the part of traditionally exporting countries to export tropical timber in log form. Hence import of sawn timber has to be encouraged. The Ministry of Environment and Forests is already seized of the problem and is pressing for reduction in custom duty on imported sawn timber.
- Import of timber has already made significant inroads in the consumer market. Imported timber is being used for a variety of purposes, i.e., Railways, construction industry, plywood industry, etc. The price of indigenous teakwood in sawn form (size 5" x 5" x 7") is about Rs.18,000 to 20,000 per cu.m. The price of other important hardwoods—Shorea, Dalbergia Sisso—is between Rs.8,000 to 10,000 per cu.m., whereas the price of imported timber after sawing is between Rs.5,000 to 8,000 cu.m. Import of timber is also helping in stabilizing the price of local timber.

7. MARKET SEGMENT AND STRATEGIES FOR CANADIAN COMPANIES

India being the second most populous country in the world, offers tremendous opportunities for Canadian companies to export timber. Currently, acute shortage of wood and spiraling prices are discouraging people to use wood. This gap can be, to a certain extent, narrowed by imports.

One major problem, however, is that plywood manufacturers are not accustomed to using coniferous wood (softwood) and there is initial reluctance to use softwoods in place of familiar tropical hardwoods. This initial resistance can be overcome by promotional efforts such as, exhibitions, demonstrations and short training programmes at the actual users level, i.e. construction industry people, furniture makers and even carpenters in metropolitan cities, to popularise the use of Canadian timber on the basis of their strength, properties and usability.

The most important segment for imported timber is plywood industry and saw milling industry for building construction and packaging purposes. The plywood industry in the country is currently not using softwood. Investment may be required for machinery upgradation for this purpose. However, in this sector there is lack of knowledge about the utilization potential of exotic softwood species vis-a-vis conventional hardwoods.

The CIF price of sawn wood should be cheaper than indigenous timber to make it attractive for buyers. So commercial feasibility and acceptability of Canadian timber in the market needs to be ascertained from construction, furniture and veneer users.

Technical data about Canadian timber, price list, specifications and measurement standards should be widely disseminated to importers. To start with, booklets containing relevant technical data, wood samples, price list of different sizes, quality parameters, current uses in Canada, etc. should be widely distributed among potential importers. A list of some leading importers is provided in Appendix I. Besides private parties, State Government-owned Forest Development Corporations are potential buyers. They have a wide distribution network and are actively involved in logging and timber trade business. Due to Government's ban on felling trees, the Corporations are finding it difficult to do business. Some of them have already started importing timber. The Canadian companies must develop close contacts with these agencies. Their current addresses are given in Appendix II.

APPENDIX I

Some Leading Timber Importers

- | | |
|--|---|
| <p>1. Allanasons Limited,
Allana House, Allana Road, Colaba,
Bombay - 400 039</p> | <p>15. Indian Plywood Mfg. Co. Ltd.,
The Commercial Union House, 9, Wallace Street,
Fort, Bombay - 400 001</p> |
| <p>2. Demo Timber (P) Ltd.,
Main Rohtak Road, Village Mundka,
Delhi</p> | <p>16. Jacsons Veneers & Panels Pvt. Ltd.,
Post Box No. 1040, M.G. Road,
Cochin - 682 011</p> |
| <p>3. Andamans Timber Industries Ltd.,
8, Acharya, J.C. Bose Road,
'Circular Court', 7th floor,
Calcutta - 700 017</p> | <p>17. Jawahar Saw Mills,
47 Victoria Road, Mustafa Bazar,
Bombay - 400 010</p> |
| <p>4. B.F. Wadia & Sons,
142, Reay Road,
Bombay - 400 010</p> | <p>18. Kerala State Wood Industries Ltd.,
Nilambur - 679 329
Malapuram Distt. (Kerala)</p> |
| <p>5. Berar Timber Industries Limited,
9, Wallace Street, Fort,
Bombay - 400 001</p> | <p>19. Kutty Flush Doors & Furniture Co. Pvt. Ltd.,
37, Punamallee High Road, Koyambedu,
Madras - 600 107</p> |
| <p>6. Patel Wood Syndicate,
206-B Vertex Vikas, Andheri (E),
Bombay - 400 069</p> | <p>20. M.P. Veneer & Plywood Pvt. Ltd.,
234 Hill Road,
Nagpur - 440 010</p> |
| <p>7. Britania Saw Mill,
Plot No. 79, Gala No. 1260131,
Mustafabazar, Victoria Road,
Bombay - 400 010</p> | <p>21. Orient Plywood & Veneering Industries Ltd.,
34-B, Jolly Maker Chamber No. 2, Nariman Point,
Bombay - 400 021</p> |
| <p>8. September Company,
Chandaramji Building, 23/3 Keshavji Naik Road,
Bhat Bazar,
Bombay - 400 009</p> | <p>22. Patel Wood Works & Timber Mart,
108 Reay Road,
Bombay - 400 033</p> |
| <p>9. Deluxe Flush Doors Corporation,
J.P. House, 38, Bombay Timber Market,
Signal Hill Avenue,
Bombay - 400 010</p> | <p>23. Sarda Plywood Industries Ltd.,
North Block, 4th Floor, 113 Park Street,
Calcutta - 700 016</p> |
| <p>10. Dipak Timber Industries,
3/2/C Gurudas Dutta Garden Lane,
Calcutta - 700 067</p> | <p>24. Southern Veneers & Wood Works Ltd.,
Tellicherry - 670 101
Kerala</p> |
| <p>11. Dandeli Timber Trading Co.,
Victoria Road, Mustafa Bazar,
Bombay - 400 010</p> | <p>25. Teak Traders,
Hoshiarpur Road,
Jullundhar</p> |
| <p>12. Husur Plywood Works Pvt. Ltd.,
Post Box No. 2, Hunsur 571 105
Karnataka(M)</p> | <p>26. Timber Products,
P.O. Kot Mit Singh,
Amritsar - 143 001</p> |
| <p>13. Associate Lumbers (P) Ltd.,
"Associate House", 85-A Victoria Road,
Bombay - 400 010</p> | <p>27. United Veneers Pvt. Ltd.
Post Bag No. 44, Thiruvalla P.O.
Kerala - 689 101</p> |
| <p>14. Teak Traders,
1/34 W.H.S. Kirti Nagar,
New Delhi - 110 015</p> | <p>28. The Western India Plywood Ltd.,
P.O. Baliapatnam, Cannanore - 670 101
Kerala</p> |
| | <p>29. Wood-Ways India,
St. Patrick's Shopping Arcade, Brigade Road,
Bangalore - 560 025</p> |

APPENDIX II

Addresses of State Forest Development Corporations

Address	Telephone No.	Telegraphic Address
Managing Director, Andhra Pradesh Forest Development Corporation Ltd., NMDC Building, 6th Floor, Masab Tank, Hyderabad-500028, Andhra Pradesh	O-222652 R-225459	FORESTCORP HYDERABAD
Managing Director, Bihar State Forest Development Corporation Ltd., 13, Patliputra Colony, Patna-800018, Bihar	O-62275 R-62788/31181	VANSHREE PATNA
Managing Director, Gujarat State Forest Development Corporation Ltd., 'Vanganga', 78 Alkapuri, Vadodara- 390005, Gujarat	O-323509 R-557160	FODECO VADODARA
Managing Director, Arunachal Pradesh Forest Development Corporation Ltd., Itanagar-791111, Arunachal Pradesh	O-443 R-278 Nahalagun	FORCORUN ITANAGAR ARUNACHAL PRADESH
Managing Director, Himachal Pradesh State Forest Corporation Ltd., New Himrus Building, Cart Road, Shimla- 171001, Himachal Pradesh	O-4108, 5288	FORESTCO SHIMLA
Managing Director, J&K State Forest Corporation Ltd., Gogji Bagh, Srinagar, Kashmir	O-30663, 30664 R-72016	LUMBERING SRINAGAR
Managing Director, Karnataka Forest Development Corporation Ltd., No. 6 Kumara Park East, Bangalore- 560001, Karnataka	O-70180, 74712 R-64161	FORESTCORP KARNATAKA
Managing Director, Forest Development Corporation of Maharashtra Ltd., 6-A, Nawab Layout, Tilak Nagar, Nagpur- 440010, Maharashtra	O-32509 R-25764	VANVIKAS NAGPUR
Managing Director, Kerala Forest Development Corporation Ltd., Chemparithimoottil Building, Kottayam-686006, Kerala	O-3693, 3699, 4030 R-80293 (Telex) 888-266	TREES KOTTAYAM
Managing Director, M.P. Rajya Van Vikas Nigam Ltd., Panchanan, 5th Floor, Malviya Nagar, Bhopal-462003, Madhya Pradesh	O-63632 R-61080	FORDEV BHOPAL

Managing Director, Forest Development of Meghalaya Ltd., Lower Lachumiere, Shillong-793001, Meghalaya	O-26881, 24177 R-26983	FORDEVCO SHILLONG
Managing Director, Orissa Forest Corporation Ltd., Plot No. 90/91 Satya Nagar, Bhubaneswar-751007, Orissa	O-50067 (Bhub.) R-22644 (Cuttack) (Telex) 0675-240	FORESTCORP BHUBANESWAR
Managing Director, Similipahar Forest Development Corporation Ltd., P.O. Baripada, Distt. Mayurbhanj- 757001, Orissa	O-156 (Baripada), 25021 (Cuttack) R-20849 (Cuttack)	FORDEVCORP BARIPADA
Managing Director, Punjab State Forest Development Corporation Ltd., Kothi No. 165, Sector 36-A, Chandigarh- 160036	O-40586 R-41632	
Managing Director, Rajasthan Van Vikas Nigam Ltd., Van Bhavan, Jaipur-302005, Rajasthan	O-68014	VANIGAM JAIPUR
Managing Director, Tamil Nadu Forest Development Corporation Ltd., No. 34-A, Promenade Road, Cantonment, Trichirapalli-620001, Tamil Nadu	O-25147 R-24597	TAFCORN MADRAS
Managing Director, Tripura Forest Development & Plantation Corporation Ltd., Sarat Sarani, Krishna Nagar, P.O. Agartala, Tripura-West	O-4763 R-3505	
Managing Director, U.P. Forest Corporation Ltd., B-932, Sector-8, Mahanagar, Lucknow-226006, Uttar Pradesh	O-72135 R-73504	VANNIGAM LUCKNOW
Managing Director, West Bengal Forest Development Corporation Ltd., 6-A, Raja Subodh Mullick Square, (7th Floor), Calcutta-700013, West Bengal	O-270060, 270061 R-421244	FORESTCORP CALCUTTA
Managing Director, A&N Islands Forests & Plantation Development Corp. Ltd., Van Vikas Bhavan, P.O. Haddo, Port Blair-744102, A & N Islands	O-3254 R-3212	VANVIKAS PORT BLAIR

LIBRARY E A/BIBLIOTHEQUE A E



3 5036 20009071 3

Storage

CA1 EA940 88I52 ENG

India's lumber trade opportunities
for Canada. --

43267065



Counsellor (Commercial)
Canadian High Commission
P.O. Box 5208, Shantipath
Chanakyapuri
New Delhi-110021
Tel. (011) 687-6500
Telex. (81) 031-72363
Fax. 687-6500 Ext. 401



Consul and Trade Commissioner
Consulate of Canada
Hotel Oberoi, Suite 2401
Nariman Point
Bombay-400021
Tel. (022) 202-4343
Telex. 84153/84154 OBBY IN
Fax. 287-5514