

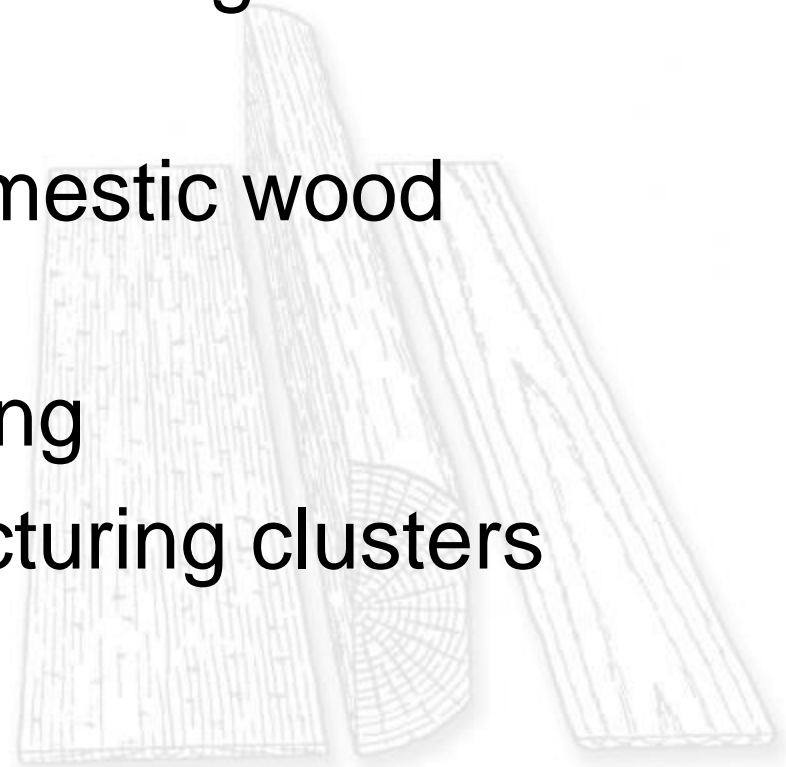


From Wisconsin to China: An international experience in forest products

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Market Overview in China

- World's largest furniture exporter
- Economic outlook for China remains positive with annual GDP growth rate of 6.9% in 2017
- Strong growth in domestic wood consumption
- Recent ban on logging
- 45 furniture manufacturing clusters



Market Overview in China Continued

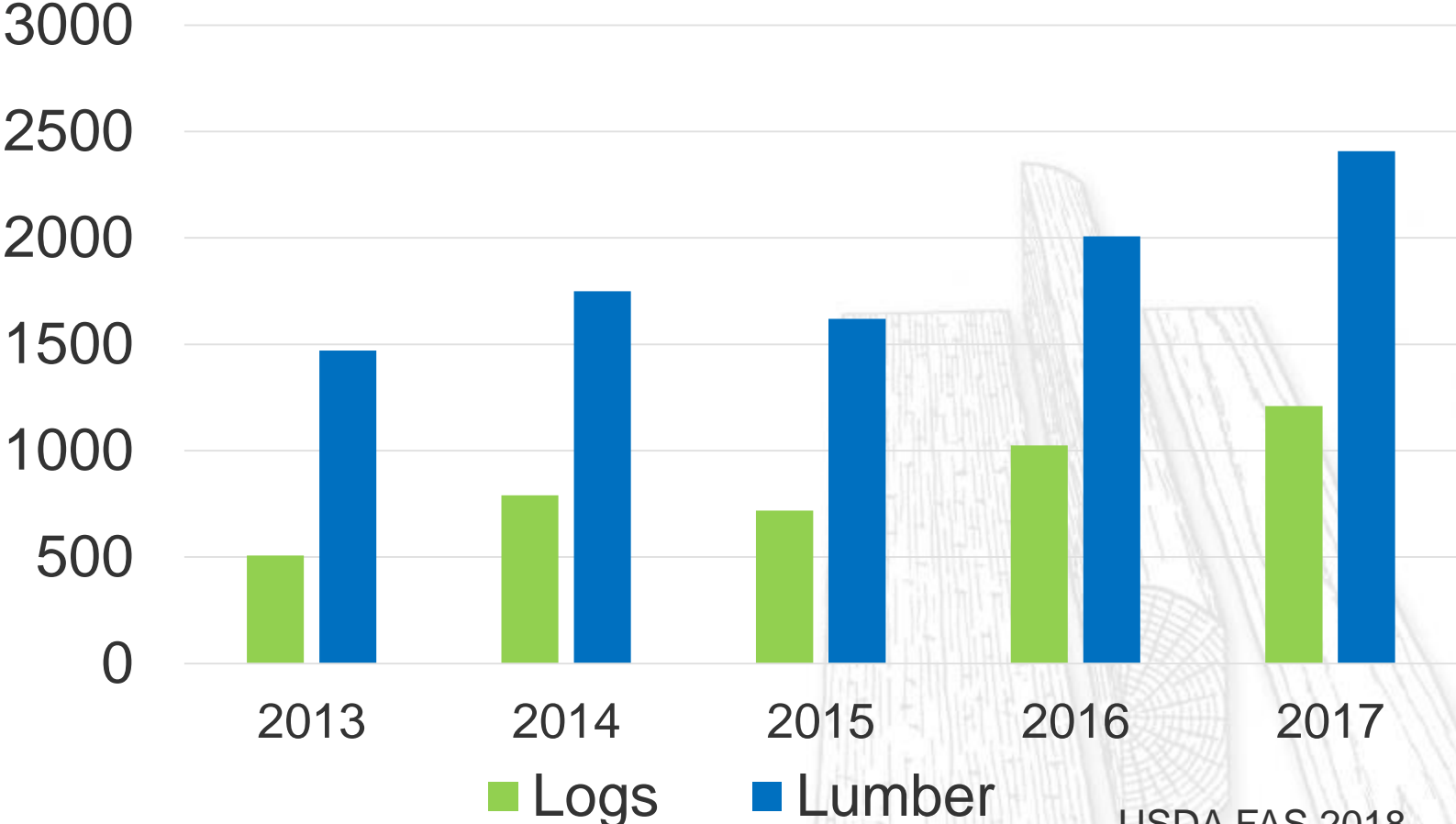
- One Belt One Road Initiative
 - Network of railways, roads, pipelines, and utility grids that would link China and Central Asia, West Asia, and parts of South Asia

China's One Belt, One Road



Wood Imports to China

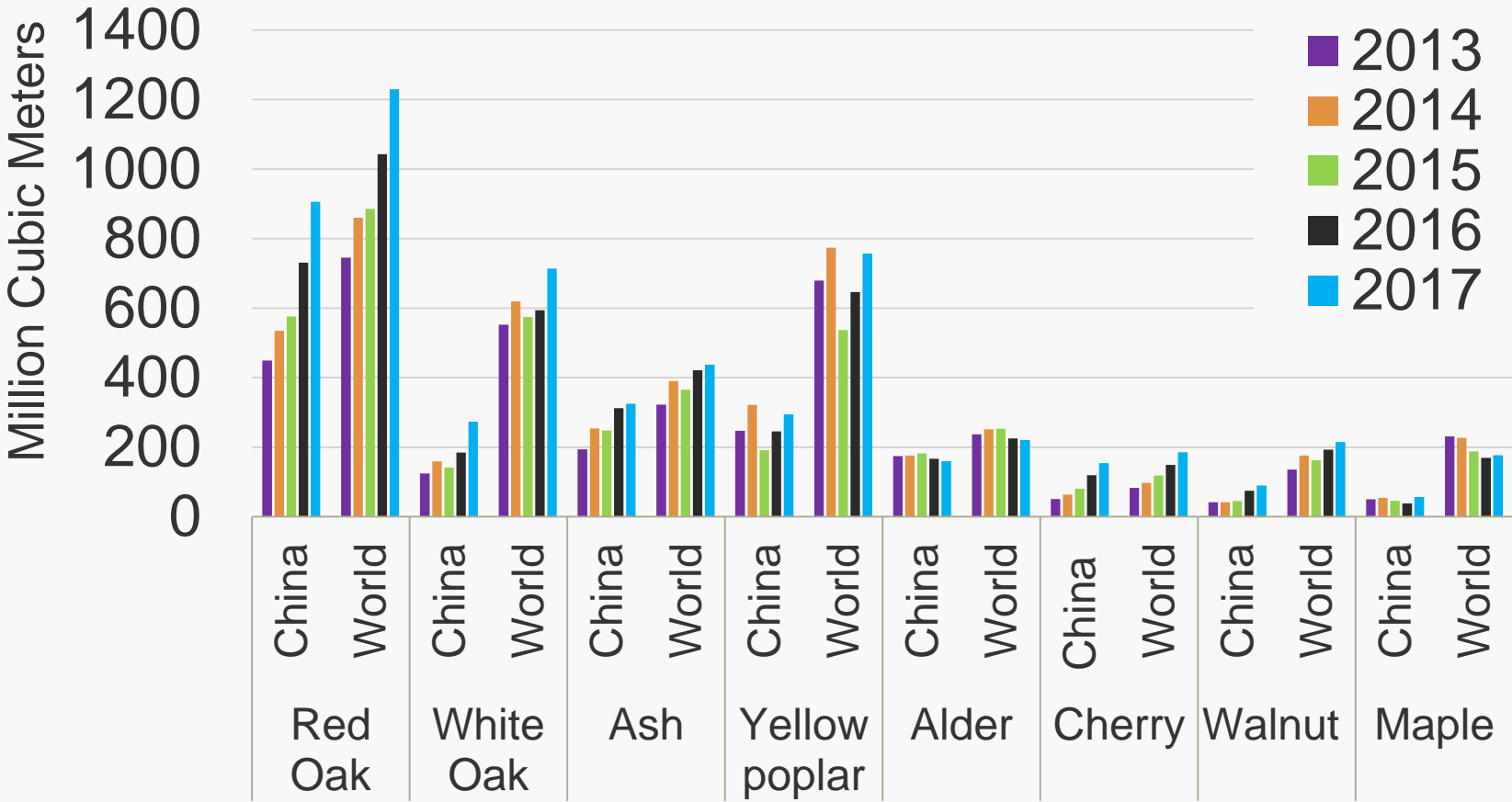
Chinese Imports of American Hardwoods-Logs vs Lumber
(units in million cubic meters)



USDA FAS 2018

Wood Imports to China

Top Hardwood Lumber Species Imported to China vs World Total



Trade Mission Overview

- March 20-30th
- Objective: To explore and expand markets for Wisconsin's forest products in China
- 6 WI forestry companies attended



Trees & Trails
Forestry Consultants



Destination

- Beijing
- Tianjin
- Qingdao
- Guangzhou



topguilintravel.com

Beijing



Tianjin: Port of Tianjin



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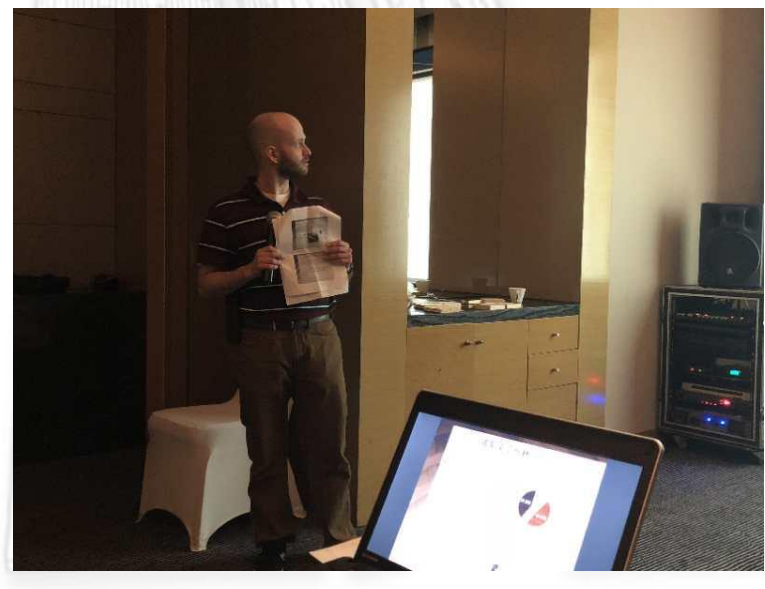
- Principal port serving the capital
- Major center for wood trading and processing
- 4,000 large furniture manufacturers



Tianjin: Tianjin Wood Industry Assoc.



Matchmaking Meetings



Qingdao



- China's 2nd largest port
- Located in OBOR
- Major timber and wood products port.
- Over 1,000 furniture producers

Qingdao: Timber Industry Association



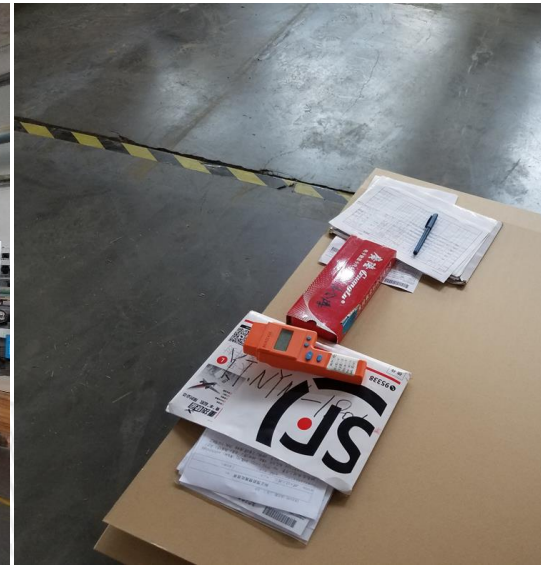
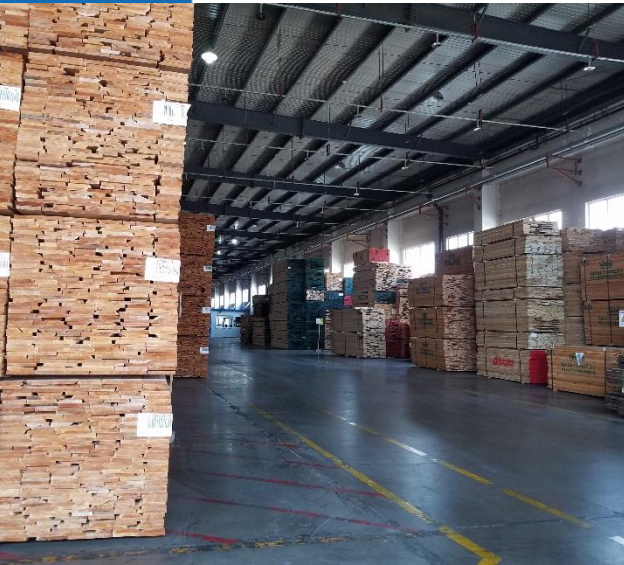
Qingdao: Timber Industry Association



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Qingdao CX Joy Hardwoods Co.-Furniture Component Producer



Qingdao CX Joy Hardwoods Co.-Furniture Component Producer

- Taiwanese owned
- Purchases planed lumber
 - Red alder, white oak, red oak, walnut
- Largest markets- Europe (Germany and Italy. Bedroom, living room, tables, etc.
 - USA – Alder for Purdy paint brushes
 - Cabinet components in Virginia
- Offers Just-in-time delivery



Qingdao Zerun Woodwork Co. Furniture Producer

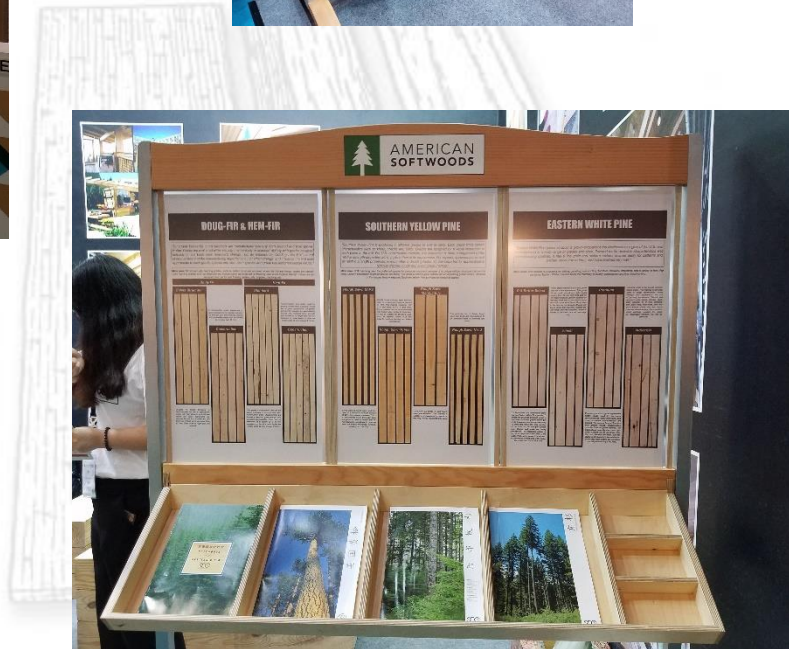


Qingdao Zerun Woodwork Co. Furniture Producer

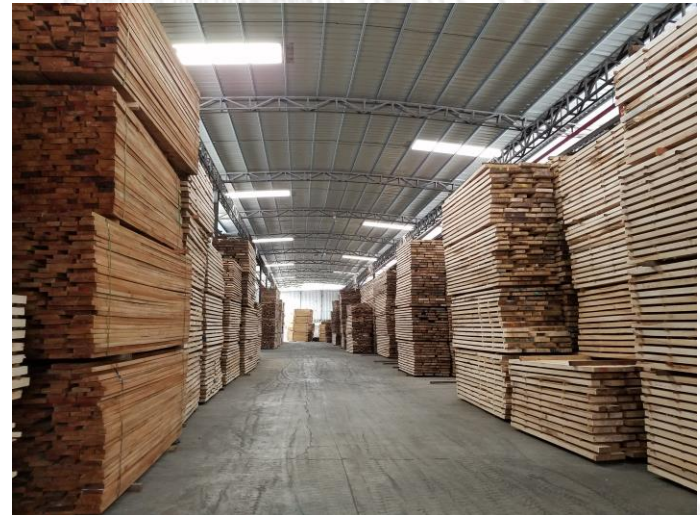
- Chinese owned
- 4 manufacturing plants
- Purchases lumber and logs
 - White oak and ash
- Largest markets- Europe (Germany and Italy. Bedroom, living room, tables, etc.



Interzum Guangzhou



Guangdong Providence Sawmills



Timber market/distributor visits



Species Used in China

- Hardwood species are primarily used in furniture, flooring, millwork, doors and windows
- Softwood species: dimension lumber is used in concrete form, boards are ceiling, walls, exterior siding, flooring, door framing, beds, and furniture.



Barriers for US Lumber

- High freight costs
- Log import increase
 - Due to demand for customized lumber thickness (1.6 cm (5/8"), 1.9 cm (3/4"), 2.2 cm (7/8"), 2.3 cm (5/16"), and 3 cm (1-3/16")).
 - Feel they get more m³ from logs vs lumber
 - Dry faster



Opportunities for US Lumber and Wood Products

- US lumber is still considered high quality
- Continue development
- Institutional and children furniture on the rise
- Strong preference for health and environment-friendly furniture
- Demand for wood pellets



Forest Products Opportunities are Endless!



Questions?

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