



The 2006 China Summit Conference and Millwork Industry Tour: Perspectives from AMD Members

Mike Jahraus, Vice President, IWMG

Last fall, International WOOD MARKETS Group (IWMG), an international consulting and publications firm based in Vancouver, Canada, hosted its third annual **China International Wood Products Summit** in Shanghai; which was followed up by a one-week tour of millwork plants in southern China. Thirteen AMD members participated in either one or both of these events.

With the presence of more than 220 international and Chinese delegates, the conference was well attended. A one-day tour of factories in and around Shanghai enhanced the experience of delegates and the 40 table-top displays from a variety of Chinese and international manufacturers and organizations functioned like a mini trade show, giving delegates the opportunity to network in an informal, relaxed atmosphere. Focused speaker presentations, allowed delegates to gain valuable insight into the *“next wave of product and market opportunities in China”*.

Jeff Johnson, current 2nd VP of AMD and president of Western Pacific Building Materials, provided this perspective on his visit to China:

“The Shanghai China International Wood Products Summit conference was very enlightening for me; the speakers were very good, the tempo was fast-paced and it provided lots of up-to-date facts and real insights into the Chinese wood industry. I gained a much better understanding of just how the government and industry in China perceives the world and how Chinese consumption will be a much bigger issue in the near future.”

Mark Kilpack, importer with Shamrock Trading, came away with these thoughts:

“David Twitchell and I both enjoyed attending the 2006 China Summit conference. We were amazed at the eagerness and flexibility shown by Chinese firms to develop business with us. The rapid growth of their industry and the rising demand for raw material in China was just astounding. We see the potential in China as huge, and, in some product lines, we believe that there will be some real **surprise winners** in the next few years.”

Conference delegates concluded that China will continue to be the world’s **‘engine of production’** for a variety of wood products, and that it will remain in its position as the largest global exporter of finished wood products. While the Chinese outlook is generally bullish, there are a number of looming short-term constraints that could limit the continuation of China’s spectacular growth rates – rising production costs, weaker markets, threats of tariff/non-tariff barriers, sustainable forest concerns, and potential curtailments in the supply of raw materials from some sources.

The conference provided many varied and worthwhile opportunities for representatives of the Chinese wood prod-

ucts industry, government, and industry associations to interact, network and do business with international producers, importers and exporters from fifteen different countries. **Jeff Johnson** further commented that:

*“The table top displays at the conference were a **highlight** and allowed me to really explore opportunities with many good quality Chinese companies that were very keen and able to export to the U.S. Finally, the factory tours showed me the different management techniques used in China and how they are becoming such a force (in the global marketplace).”*

China’s need to continue its growth in log import volumes came up as one of the central topics of discussion, particularly in light of anticipated massive log shortages of 90–130 million m³ by 2010. The recent log export taxes announced by Russia provide **extraordinary opportunities for log and lumber exporters** from other parts of the world. In the longer term, the major strategy outlined by the Chinese government is to increase the country’s self-sufficiency by investing in forest plantations, thereby dramatically expanding the domestic harvest.

The AMD members that participated in the one-week tour that followed the conference gained some noteworthy insights into the millwork industry in China. **Dan Wolter**, Millwork Sales Manager for Sierra Pacific Industries had the following thoughts on the millwork industry in China:

“I found that Chinese door manufacturers use decent equipment to produce a pretty good product, but I was more surprised by how molding manufacturers take quite a low quality wood input (by our standards) and by using lots of labor and finishing, manage to produce an acceptable product.”



Gary Moore, another millwork tour participant and President of Cascade Wood Products came away with this perspective:

“Perhaps the greatest impression gained was the amazing level of commitment demonstrated by Chinese millwork manufacturers – not only have they made significant investments to produce good quality products but they have done so without having the benefit of access to high quality domestic material – they must import almost all of their clear lumber and veneers.” The import statistics support Gary’s conclusions, revealing that China is consuming an ever-growing volume of imported logs, lumber, and other raw materials.

China’s wood products industry is massive, but an estimated three quarters of its output is actually consumed inside China to feed the demand of new property owners that have purchased apartments. China’s middle class (those with an income of more than US\$10,000 per year) is growing rapidly.

According to **Dan Wolter’s** perspective on Chinese domestic consumption, we are just looking at the tip of the iceberg:

“My biggest impression from the tour was how demand in China is exploding. My thinking is that in 10 years, consumption will be much larger than most people today can imagine.”

At WOOD MARKETS, we strive to provide tour participants with a professionally organized and memorable tour. **Gary Moore** had these comments on the tour itself:

“Both Carl Eastlund and I really enjoyed the China millwork tour with Wood Markets and it was a real eye opener for us.” **Dan Wolter** summed up his experience of the tour:

“The millwork tour with Wood Markets was great – it was well planned, well led and Jane (IWMG China staff) did a super job on translation and logistics.”

With rapid globalization increasingly impacting established trade patterns, keeping on top of the changing dynamics in China is becoming more and more critical in order to identify emerging opportunities and better understand how China’s exports are impacting markets closer to home.

In a follow-up survey that solicited feedback on last year’s conference, many delegates indicated a strong interest to at-



tend our next conference in China. As a result, WOOD MARKETS has announced its **4th Annual China International Wood Products Summit 2007 in Qingdao, China**, at the luxurious 5-star Shangri-la Hotel between September 22nd and 24th. Qingdao, a port city of about 8 million people, is home to world-famous Qingdao Beer and a sailing venue for the 2008 Summer Olympics. It is also home to many successful wood products manufacturers. This port city just north of Shanghai is recognized as one of the most beautiful cities in China and has excellent flight connections to both Shanghai and Beijing (<1 hour flights). A presentation by **Rosalie Leone, Executive Director and CEO of the AMD**, will be a highlight of the conference, as she will provide conference delegates with valuable insights on the U.S. millwork industry and what AMD members are looking for from Chinese millwork exporters.

Our industry tour this year, which will follow the China Summit conference, will visit various Chinese plantations and first-rate export-oriented factories that utilize plantation (and imported) wood. For more information on our upcoming conference and tour, please visit our website at www.woodmarkets.com

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