

Certified Tropical Hardwood Product Markets in the United States

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Outline

- **Brief overview of certification**
- **The Studies**
- **Results**
 - **Importers/Brokers/Wholesalers/Manufacturers**
- **Conclusions**

Brief Overview of Forest Certification



Photo: Richard Vlosky

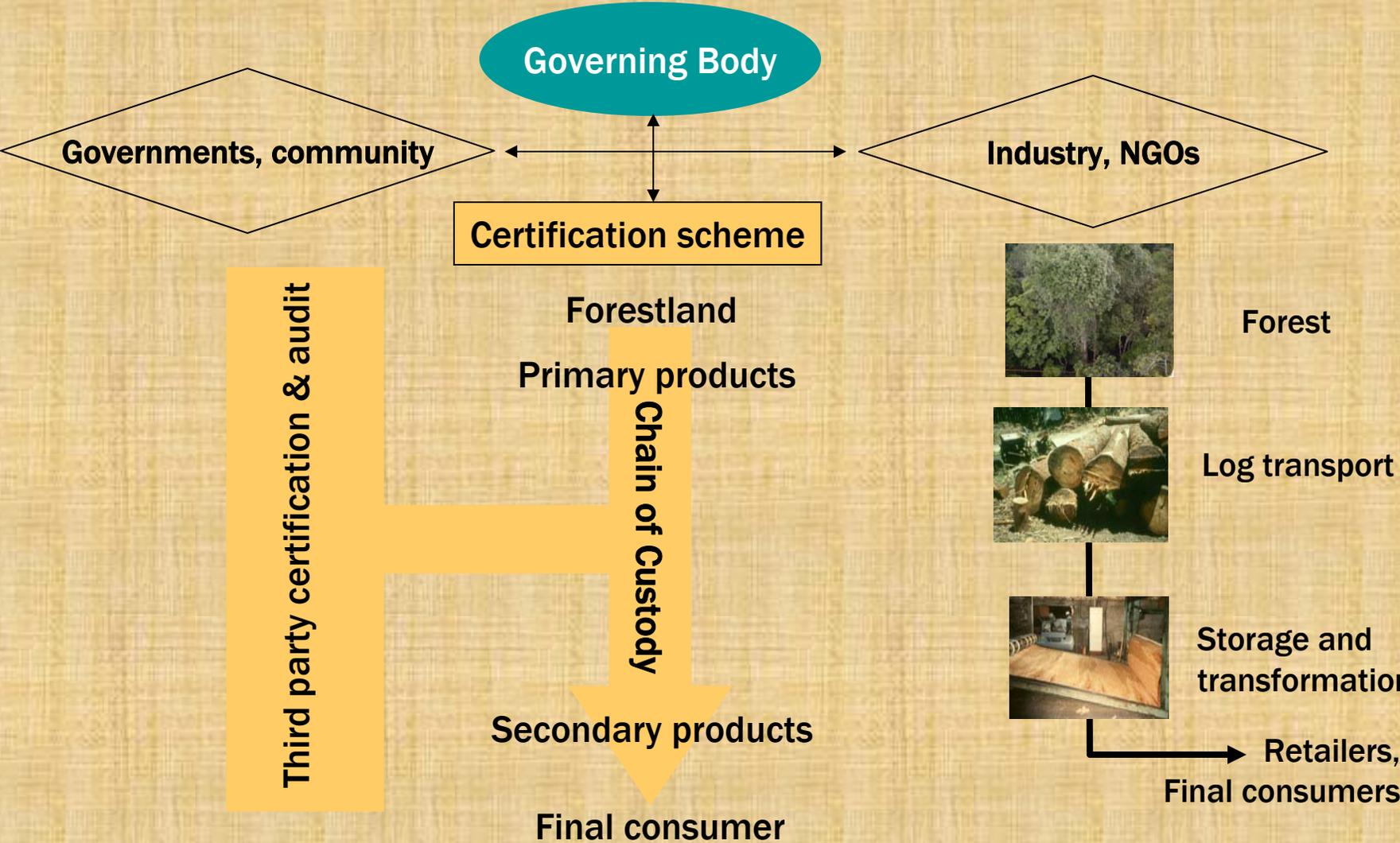
Result of public concerns

- Pressure on corporations, demanding credible and standardized systems for evaluating environmental impacts of industry operations.
- Concerns about rapid deforestation and illegal logging of tropical hardwoods, but also clear-cutting practices in North America.



Photo: Geo-Images Univ. Cal. Berkeley

Generalized Certification Scheme Structure



Major International Forest Certification Standards



FSC: Founded in 1993 in response to public concern about deforestation and demand for an international wood-labeling scheme.

PEFC: Launched in 1999, created by the European industry as an alternative to FSC certification.



SFI: Developed by the American Forest and Paper Association in 1995. It is the major certifier in North America

Other Widely Adopted Programs in North America

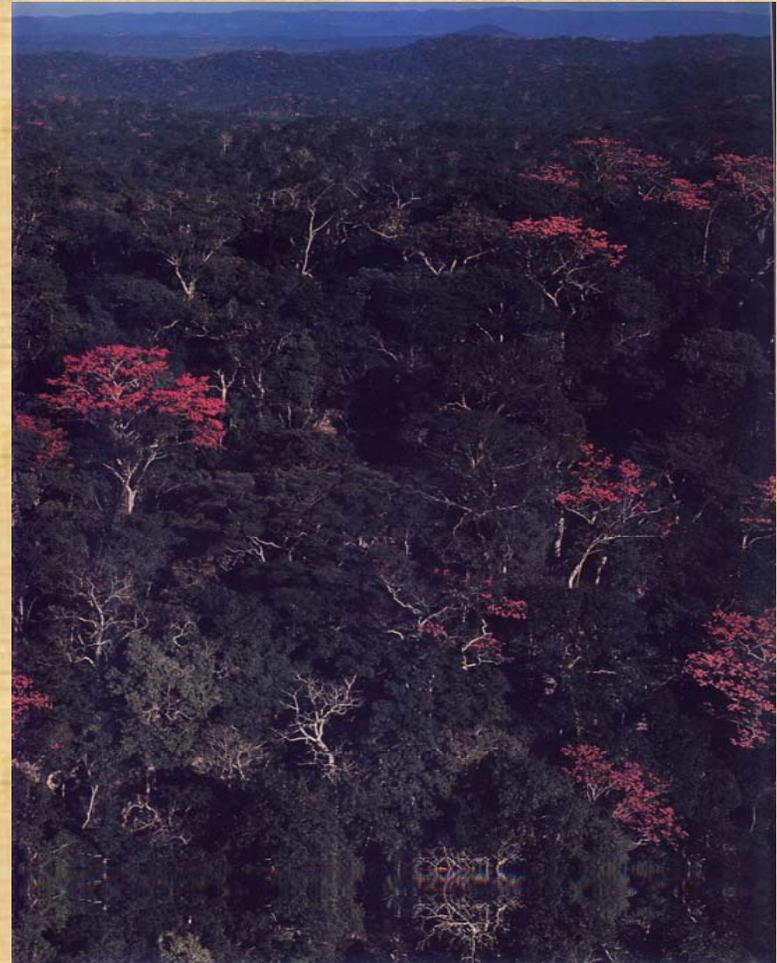


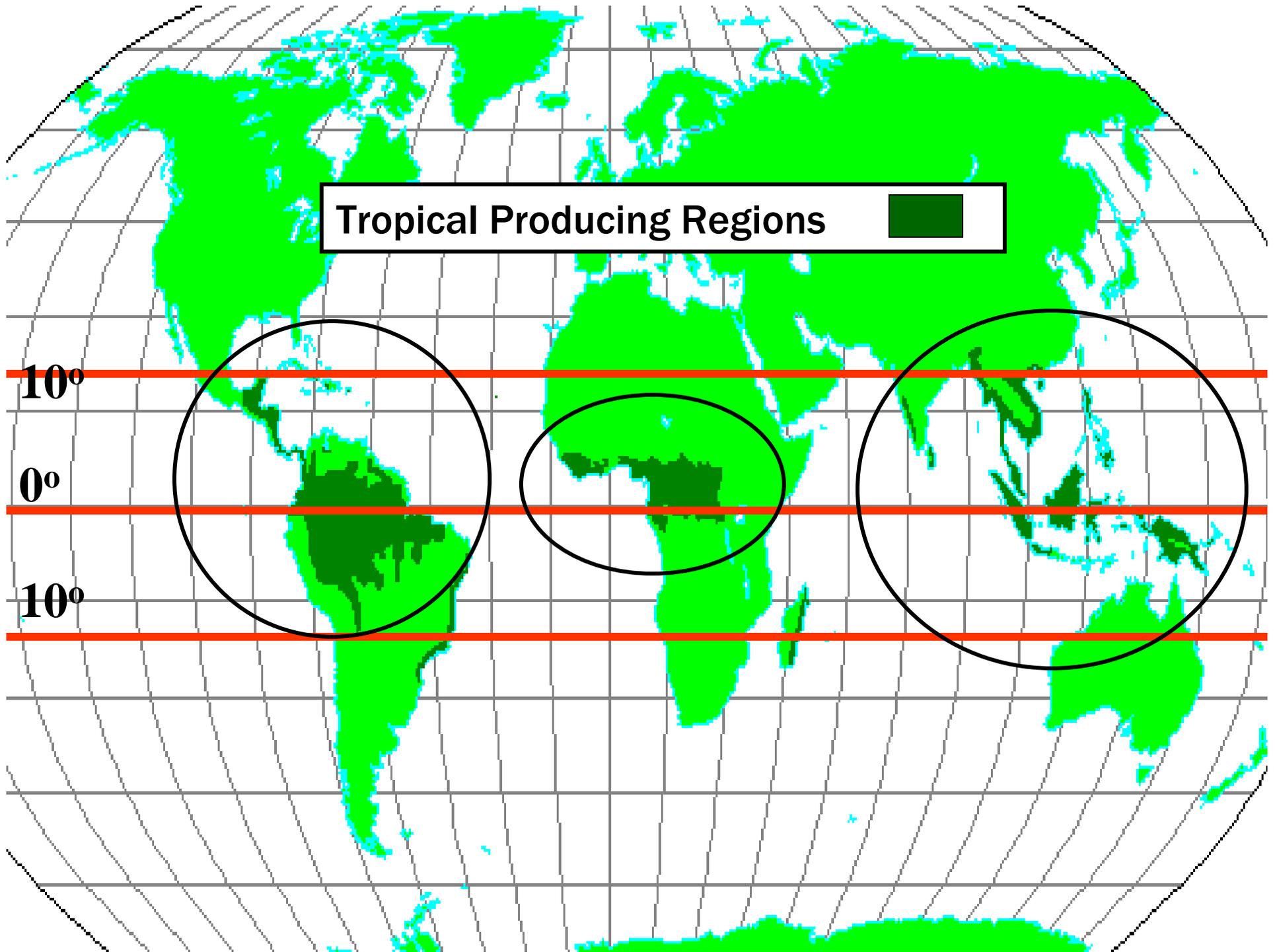
American Tree Farm: Established by the American Forest Foundation in 1941. It is one of the oldest forest certification schemes in the world. Certifies forest land in the USA.



Canadian Standard Association (CSA), Sustainable Forest Management Program (CAN/CSA Z809): In 1996 CSA, along with the Canadian government, launched Canada's National Standard for Sustainable Forest Management (CAN/CSA Z809).

Where do tropical hardwoods originate?





Tropical Producing Regions

10°

0°

10°

Study Objectives

- **Identify opportunities, constraints, and characteristics for secondary manufactured tropical wood products in the U.S. marketplace.**
- **Focus was on the market perceptions of importers/brokers/wholesalers/manufacturers of secondary products**

Key Questions

- **How do buyers and suppliers connect?**
- **Who are the buyers in the US?**
- **What are buyers' perceptions of certification?**
- **What is the significance of different trends in the market?**
- **How can suppliers position themselves for success?**

The Studies: Metafore

- Qualitative companion study
- 40 interviews
 - *Importers/Brokers/Wholesalers/Manufacturers*

Key Findings:

Metafore

- **Word of mouth (a company's reputation) counts most in the marketplace**
- **Buyers don't just look at product; international experience, operations, equipment and workforce are also scrutinized**
- **Most operate in multiple supply chain nodes**

Implications:

Metafore

- **Opportunities in flooring & decking, veneers, plywood**
- **Small producers can aggregate supply, share technologies to access market**
- **Reputation is key**
- **Opportunities in several places in supply chains-don't restrict to one**

Next Steps: Metafore

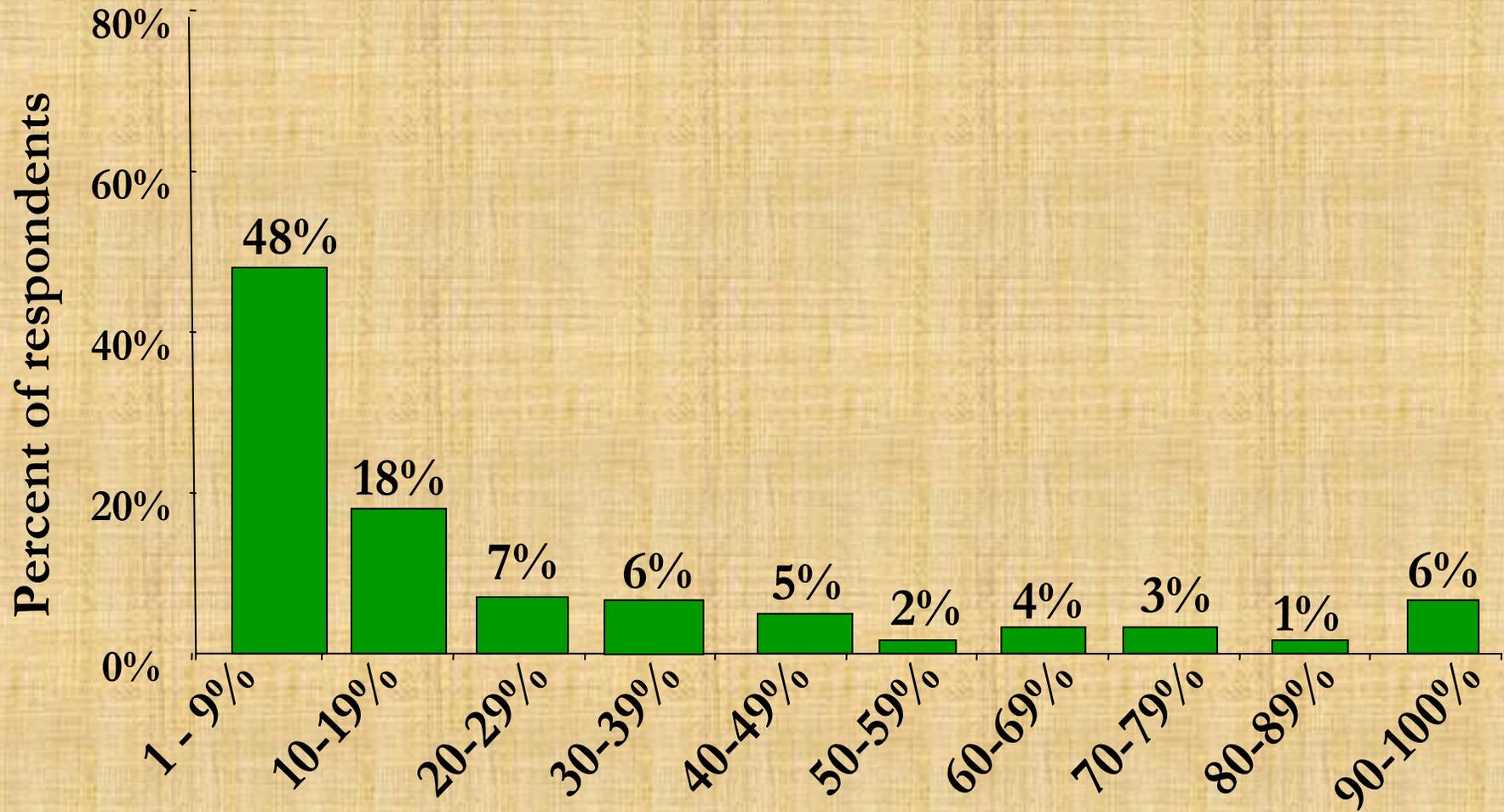
- **Twelve seminars in Latin America 2005**
 - **Costa Rica**
 - **Panama**
 - **Nicaragua**
 - **Bolivia**
 - **Peru**
 - **Brazil**
 - **Columbia**
 - **Ecuador**
- **Fact Sheets available on: www.metafore.org**
- **Publish findings in co-authored articles**

The Studies:

Louisiana Forest Products Development Center

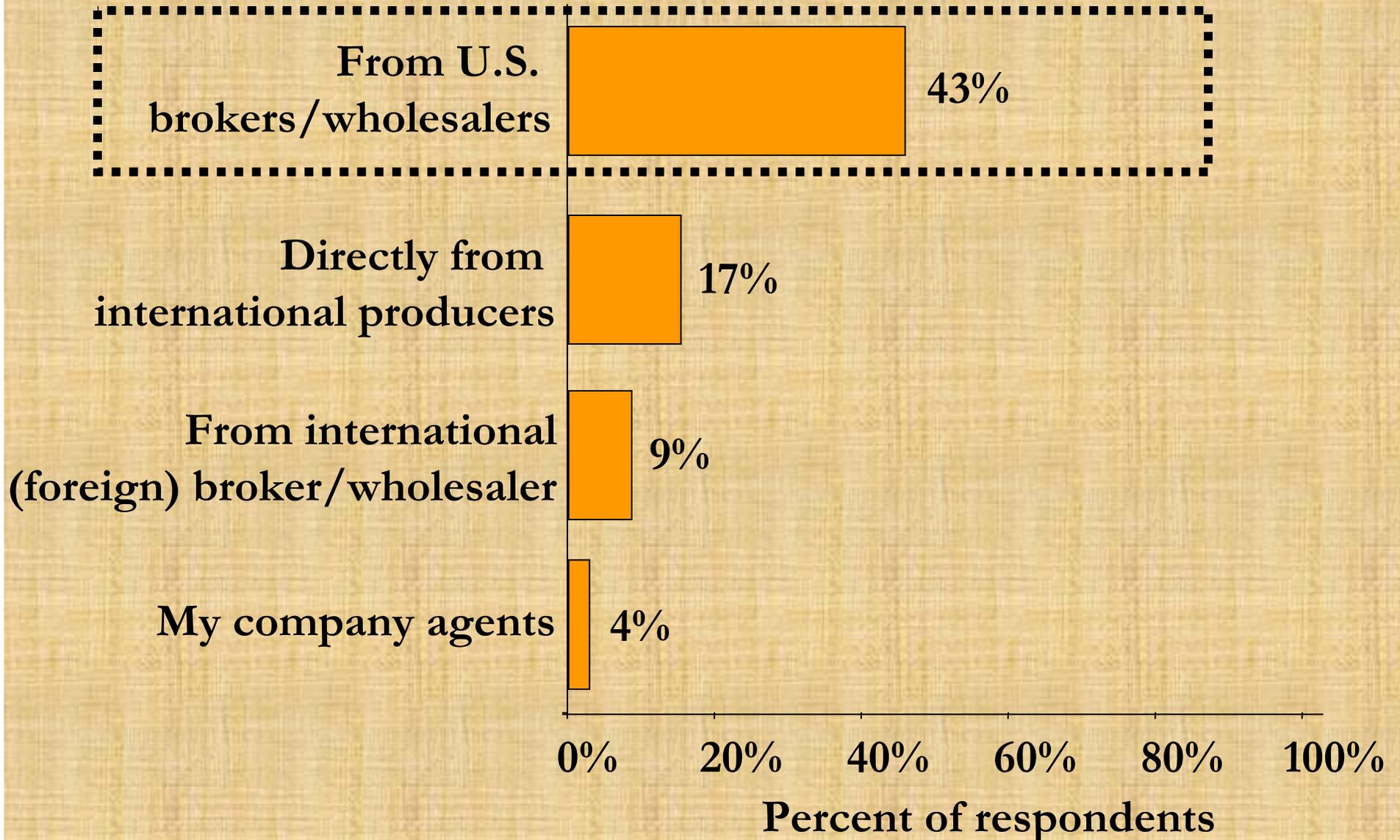
- Empirical research
- Mail survey-Tailored Design Method (Dillman 2000)
- 3,354 surveyed:
 - Builders/Architects – 1,069; 11% response rate
 - Homeowners – 1,000, 38% response rate
 - *Importers/Brokers/Wholesalers/Manufacturers*
1,285, 18% response rate

Percent of 2003 gross sales from tropical wood species (n=135)

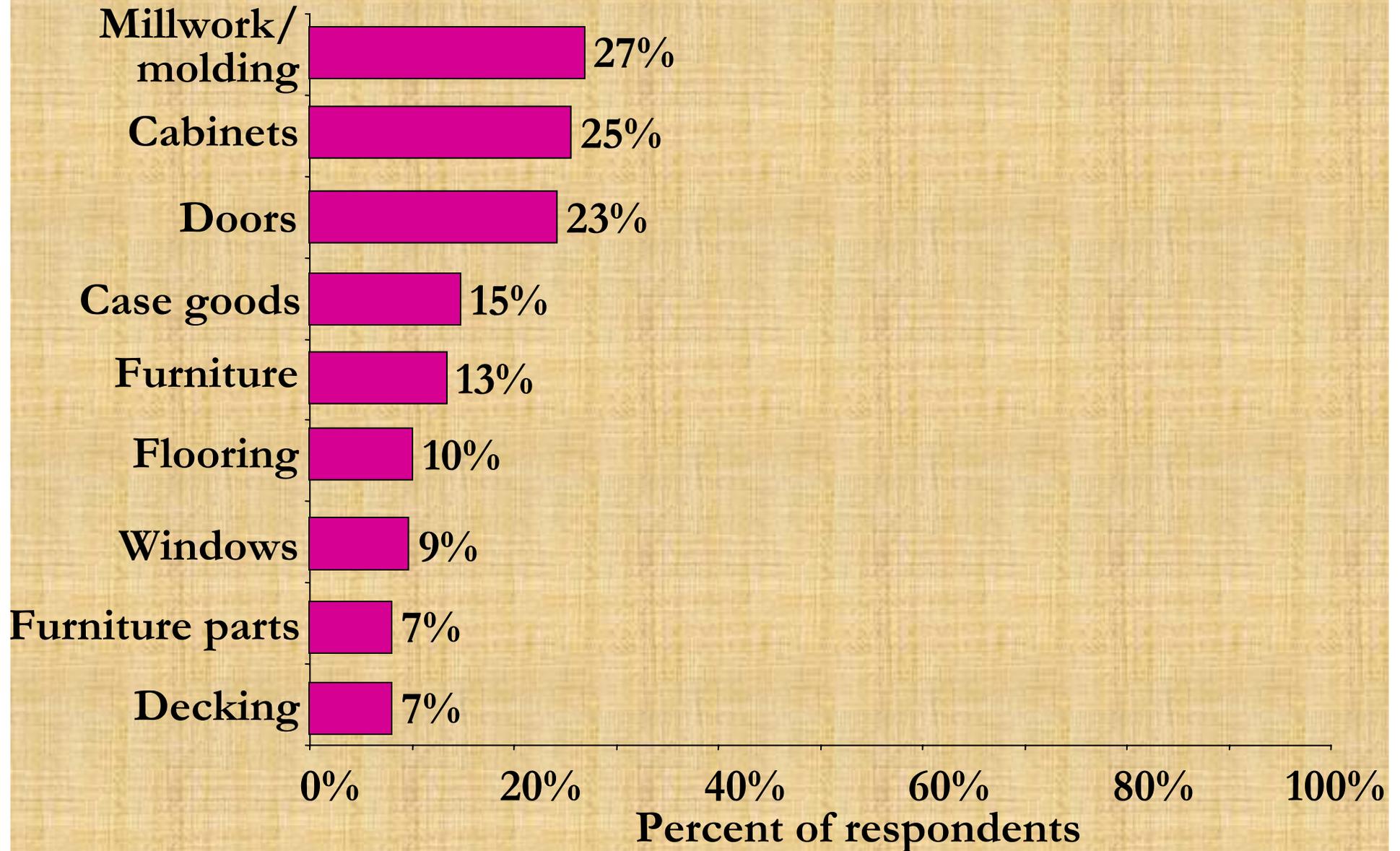


Percent of gross sales from tropical wood species

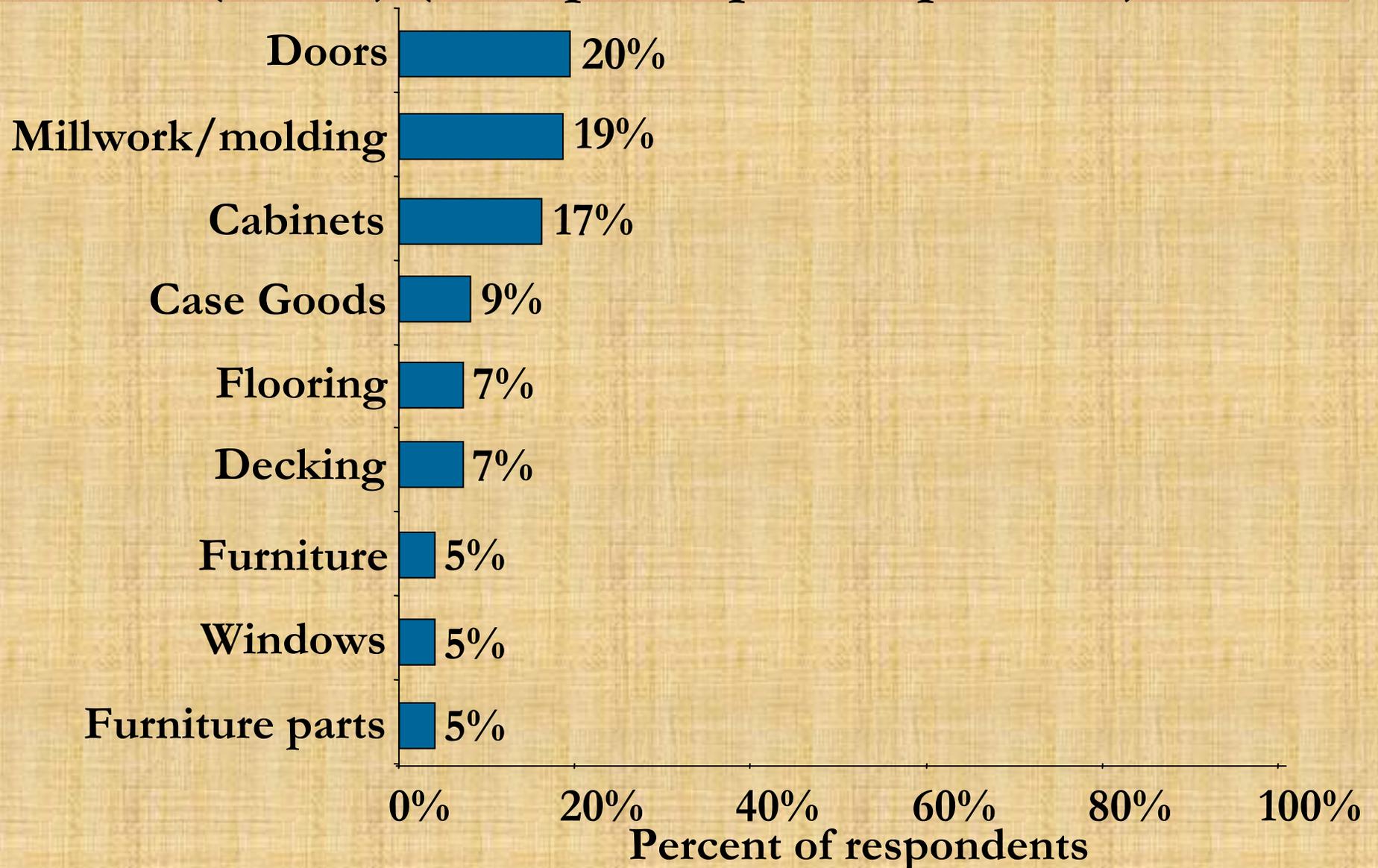
Tropical hardwood products purchase channels (n=135) (multiple responses possible)



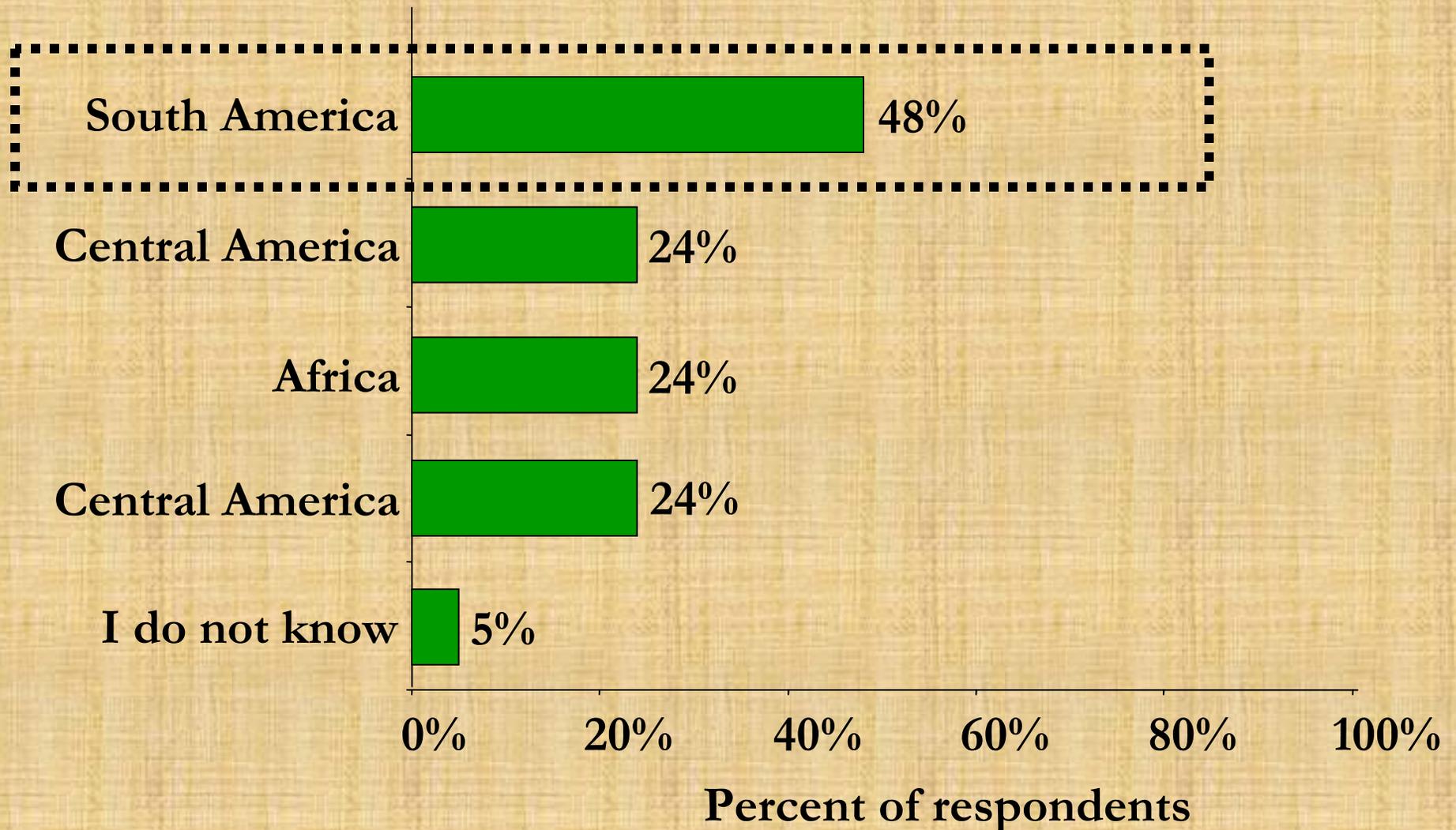
Products that companies use, specify or handle (n=106) (multiple responses possible)



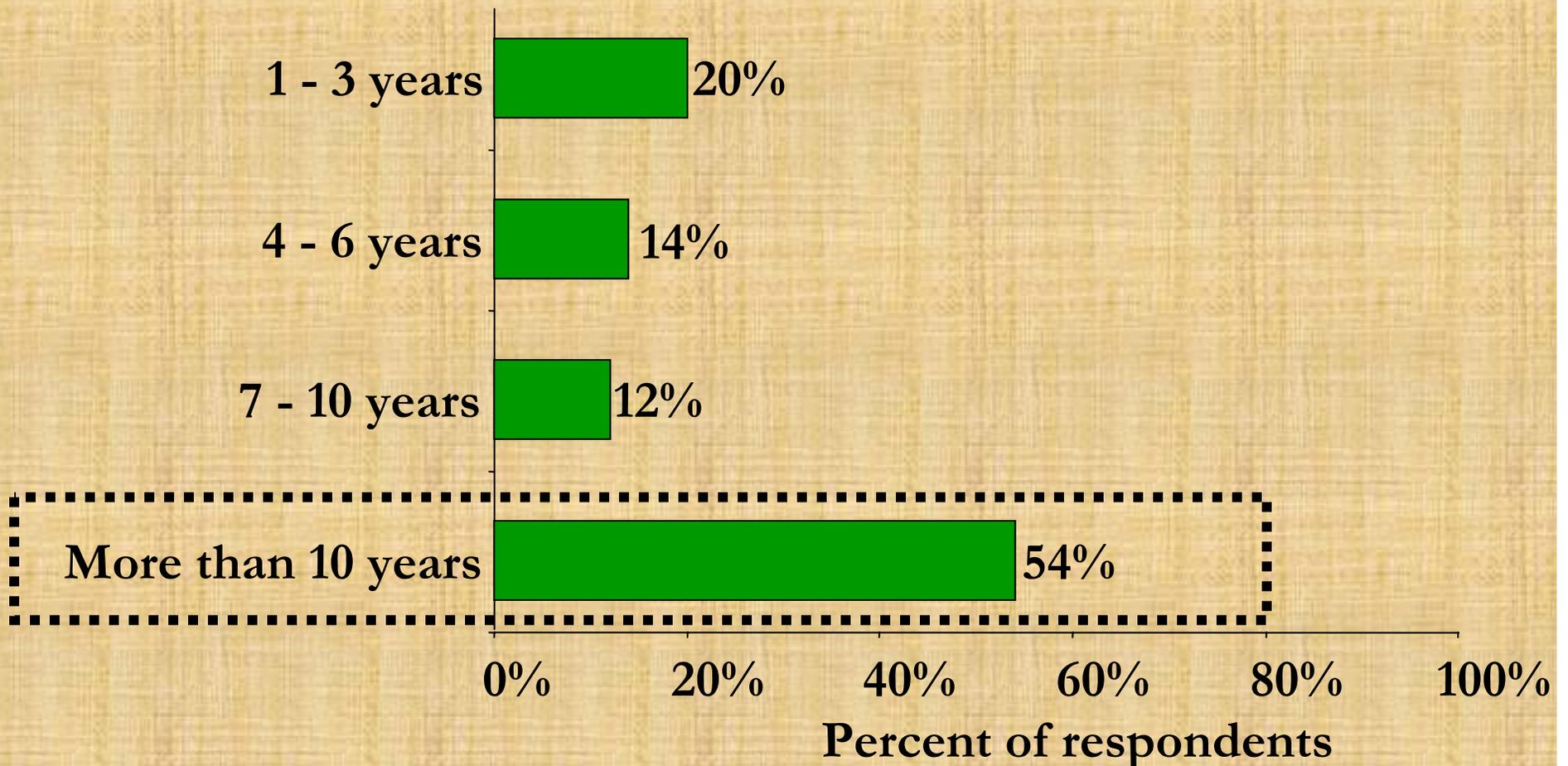
Products that companies use, specify or handle that are manufactured with tropical species (n=106) (multiple responses possible)



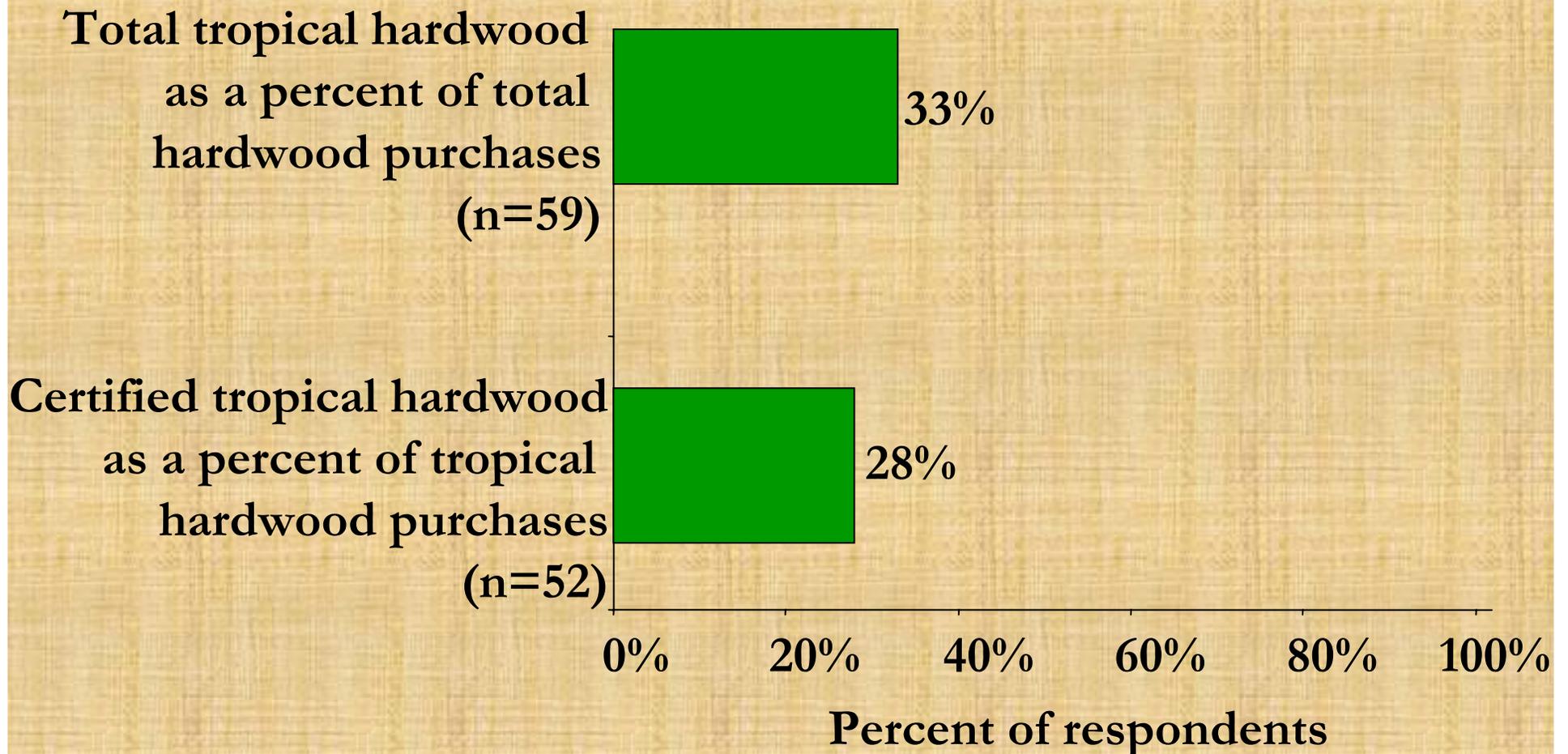
Regions where tropical hardwood products purchased/originate (n=136) (multiple responses possible)



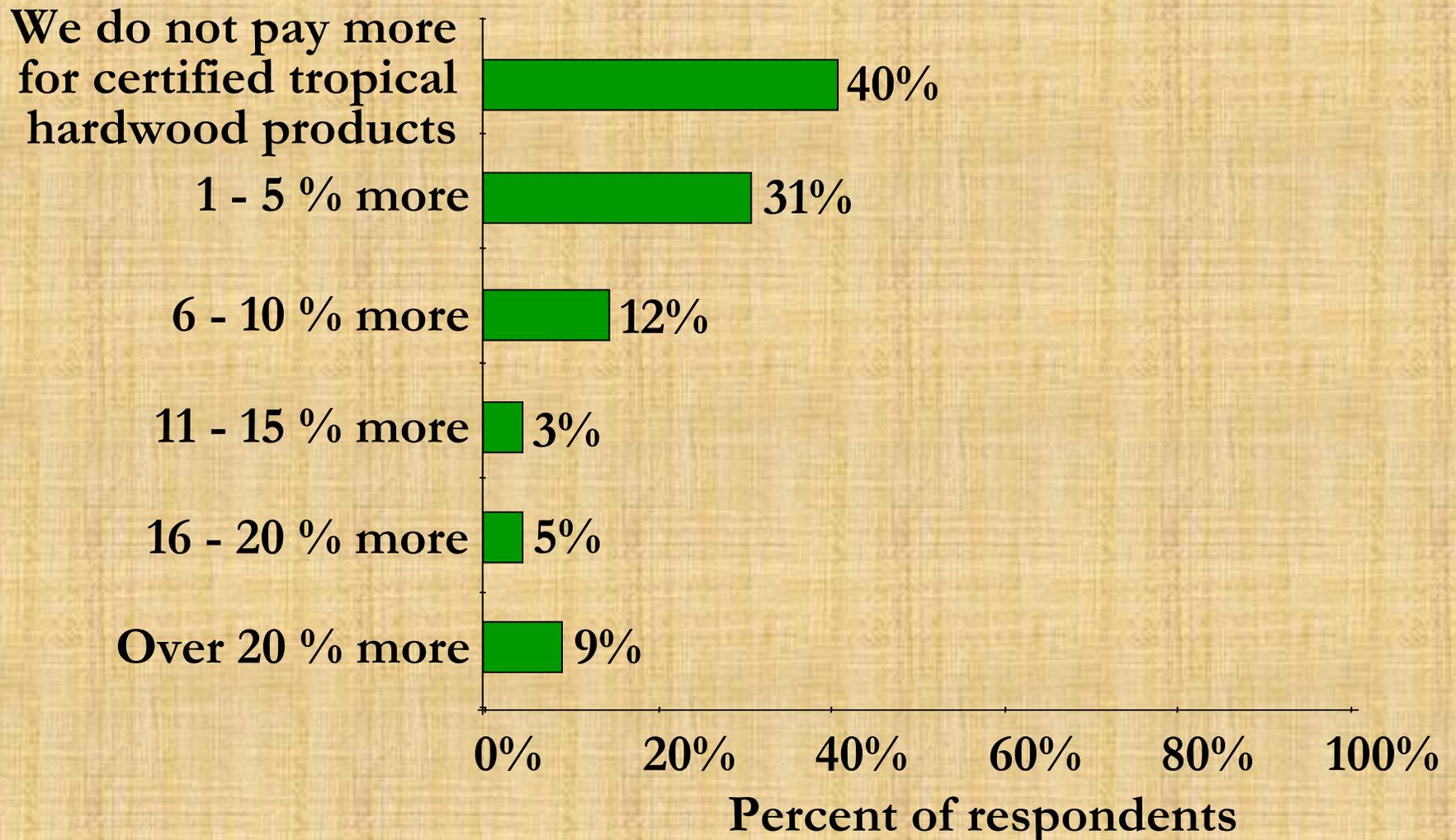
**Number of years that respondents have been purchasing/specifying tropical hardwood products
(n=135)**



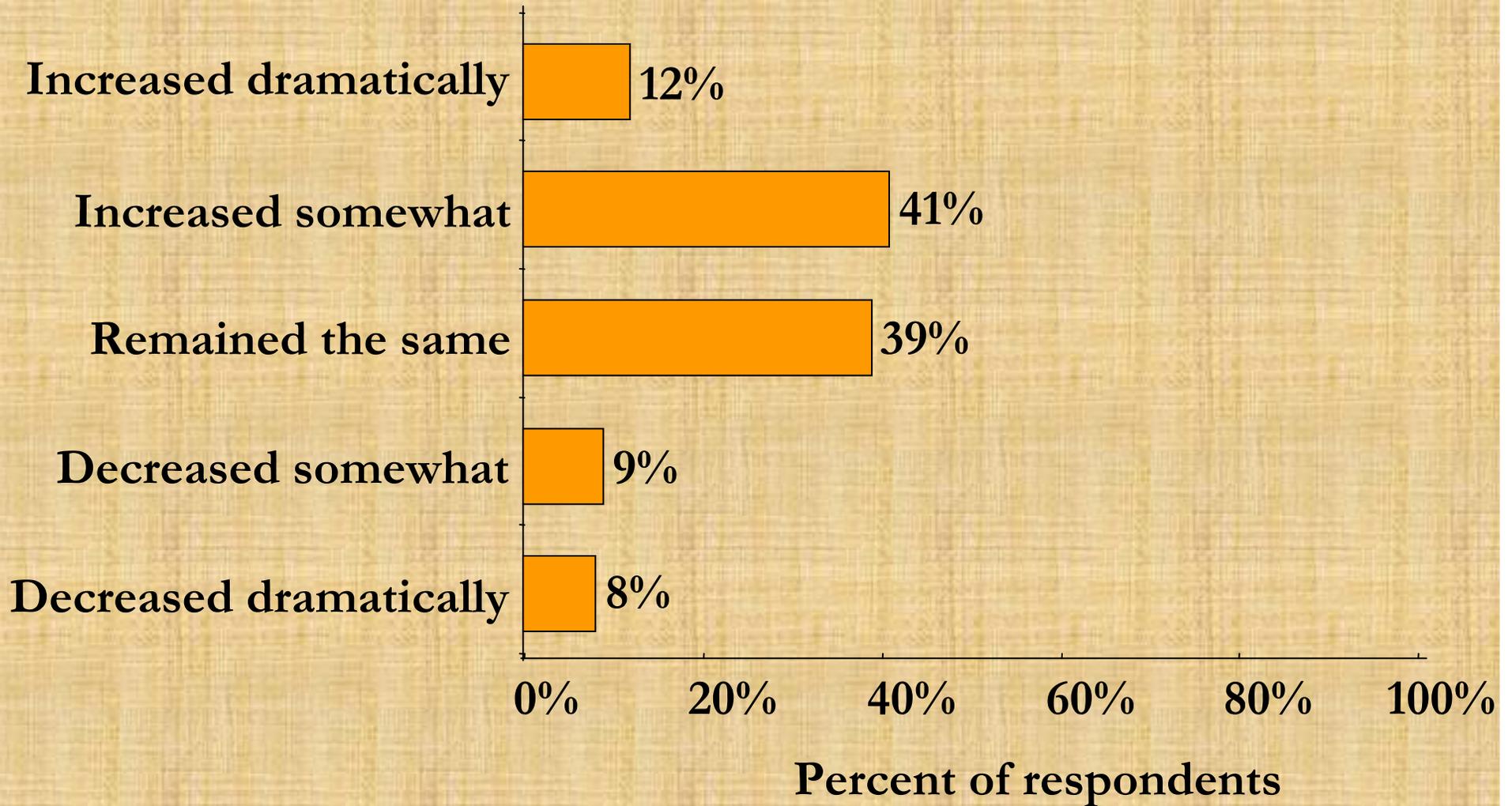
Percent of hardwoods purchased/specified that are tropical and certified tropical (by value)



Premium paid for certified tropical hardwood products in 2004 (n=58)

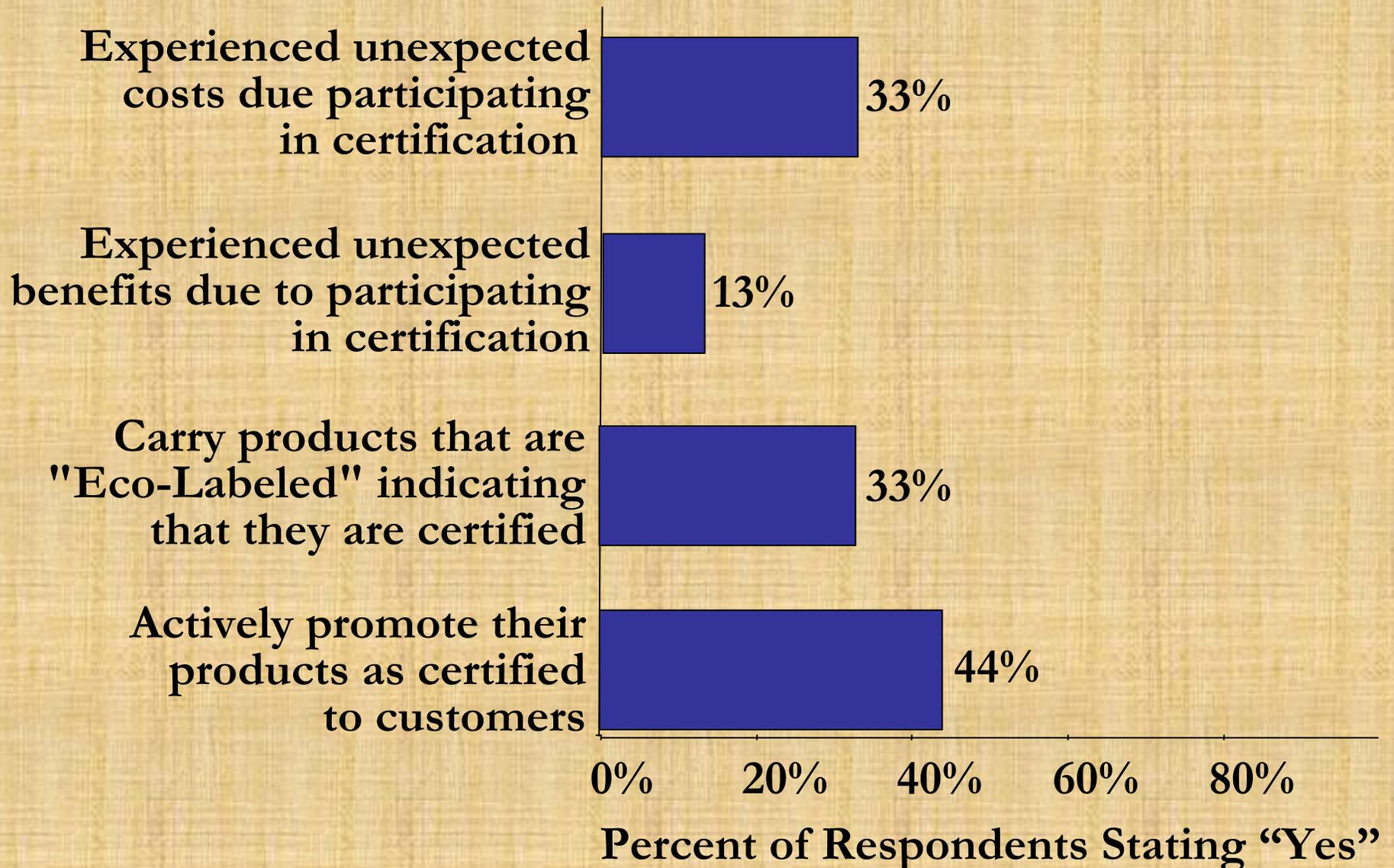


Change in sales of certified tropical hardwood products in the past 5 years (n=59)



General certification observations

(n=64)



Conclusions

- Sales of tropical wood species (TWS) are 1-9% of gross sales for the majority of respondents
 - U.S. brokers and wholesalers are the dominant distributor of TWS
 - The most important region where TWS origins is South America
 - Purchasing TWS is based on long-term relationships
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- Generally people do not pay premium for certified TWS
 - Sales of certified TWS has increased somewhat in the past 5 years
 - Certification is not one of the most important criteria when purchasing TWS
 - Certification of TWS is only one of many potential attributes of the product

Questions?



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