

China Wood International Inc



CHINA WOOD BASED PANEL

INDUSTRY
REPORT

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The largest wood-based panel producer should be stronger

A, China is the largest wood-based panel producer; however, most enterprises could not manufacture more than 10,000 m³ per year.

Wood-based panel industry is developing quickly in China. It could produce 63.93 million m³ in 2005, 70 times of that in 1980, which was 914,000 m³. While quality of most products are not so good, because of poor equipment and low technology.

There are about 2,000 factories producing wood-based panel, 95% of which could not manufacture more than 10,000 m³ per year. Few have production line which could produce more than 50,000 m³ annually. Most small scaled factories make poor quality products with a lot of raw material and other resource.

B, The important channel to save wood resource

Statistics shows that 70% of logs are

used when logging and 70 % of lumber are used in processing. The finished products are only 30-36% of the original wood. This causes waste of resource. So it is time to make use of the rest wood after "normal" processing.

C, To be stronger is the only developing way in future

The demand for wood-based panel will be big as more and more people need them to decorate room, to package goods, to make ships and cars, etc. It is estimated, 90 million m³ of wood-based panel will be needed in 2010 in China, increasing 9% yearly.

The government should encourage enterprises to accelerate technology creation, improve products quality, reduce the waste and be stronger.

The production, consumption and development of MDF in China

In the recent year, along with the ever escalating demand for MDF from both local and overseas market plus the new preferential policy to encourage the development of wood based panel industry, the MDF industry develops extremely rapidly in China. In 2005, the output of MDF has reached 18.54 million cubic meters, increasing by 26.43% compared to that last year and ranking

the No.1 in the world.

1. fiber board industry in China develops rapidly along with the increasingly expanded market

Over the past 10 years, the raw material of MDF, HDF and particle board is based on small diameter timber, so the raw material supply is sufficient. By contrast between density board and particle

board, density board has the characters of high density, stable performance, anti-deform, good decoration effect and wide application, which make it a popular wood based panel. In China, along with the ever increasing demand, the production and consumption amount is escalating year by year and MDF and HDF have become popular products in wood based panel market. The MDF and HDF develop very fast in China. By the statistics till the end of 2005, the output has reached 18.54 million cubic meters, increasing by 26.43% compared to that in 2004. China has become the largest country for the production of MDF and HDF in the world since 1999. The main reasons are:

(1) The rapid development of furniture industry in China and wider application

of MDF require more MDF and give MDF room for further development.

(2) Chinese government offers a series of preferential policy to encourage the development of MDF and HDF. To protect forest resources, in addition to working hard to develop forest industry and encouraging more wood import, the government also takes other measures to economize the use of timber. In 2001, approved by State Council, Ministry of Finance and State Administration for Taxation, a new policy concerning preferential policy on value added tax for wood products made from three leavings and small diameter timber was issued, which aimed to encourage fiber board's development. On account of rich profit of MDF and HDF, the support from government and huge market potential, a mass of people have the interest in it. At present, the MDF and HDF manufactories with different scale have scattered in almost all the prov-

inces and regions in China except for Tibet, Ningxia and Qinghai province. The annual production capacity till 2006 is expected to reach 24,293,000 cubic meters. The top three provinces are Shandong with the annual production capacity of 4,751,000 cubic meters, Guangdong with 2,498,000 cubic meters and Guangxi, Jiangsu with 1,905,000 cubic meters respectively.

Not only more amount of MDF is required in the market, but the consumers become more demanding for high quality, therefore, the price gap is more obvious. Some public listed companies and large scale private companies all put more weight on investment and introduce overseas advanced technology and production line. Take Jiangsu Dare Group for example, their design capacity is 760,000 cubic meters per year, 600,000 cubic meters of which is produced by German production line. Dare has become

the leading enterprise in the field of MDF and HDF production in China. Another case is Guangxi Sunway Forest Products Industry Co., Ltd. Its annual design capacity is 550,000 cubic meters, 340,000 cubic meters of which is produced by German production line. Moreover, Zhejiang LvYuan Wood Industry Co., LTD, Fujian Furen Wood Industry Co., Ltd and Guangxi Fenglin Wood Based Panel Co., Ltd and etc introduced overseas advanced production line, therefore, at the same time when MDF output increase, the product's quality is also improved. For example, the output of MDF was only 86,900 cubic meters in 1990 in China, while it rose to 184,580,000 cubic meters in 2005, increasing by 26.43% compared with that of last year, and it will keep growing along with more overseas advanced production line introduced.

Output of MDF from 2001 to 2005

Unit: 10 thousand cubic meters

Year	2001	2002	2003	2004	2005
Output	527	695	1048.45	1466.48	1854

1. The status and forecast of export volume and domestic demand of MDF in China

Along with the wider application and larger demand in the international market,

MDF will have more room for development in the international market. On the other hand, due to the rapid development and continuous improvement in quality, the import volume of MDF in

China keeps declining and export amount keeps growing year by year that is shown as the chart below:

Export volume of MDF in China from 2003 to 2005

Unit: 10 thousand cubic meters

Year	Import amount	Growth rate%	Export amount	Growth rate%
2003	135.55		6.17	
2004	112.78	-16.80	47.16	664.34
2005	94.03	-30.63	134.03	2072.29

We can see from the above chart that although the output of MDF in China is the No.1 in the world and export amount keeps growing year by year, due to product's quality, there is still a large import amount every year to meet the need of furniture production and other production.

At present, MDF is widely applied to furniture, laminated flooring, acoustics equipment, construction, decoration, packing and motorcar industry. The furniture industry alone consumes MDF of more than 12 million cubic meters and laminated flooring industry consumes up to 1.85 million cubic meters. Now in China the consumption of MDF and HDF has amounted to around 18.14 million cubic meters. Especially the rapid development of furniture, laminated

flooring and real estate industry (increasing at the rate of two digitals in recent years) accelerate the development of MDF and HDF in China. It is estimated that the demand for MDF will keep growing as more foreign panel-type furniture production line introduced to China. Guangdong province is the major area for MDF consumption, where the furniture industry alone needs MDF more than 9 million cubic meters plus the consumption on laminated flooring, acoustics equipment, motorcar making, packing and decoration, the annual consumption of MDF in Guangdong province exceeds 10 million cubic meters. While not only a large amount is required in Guangdong, it is also critical for quality, thus the price is relatively high than other regions in China. Consequently, most MDF manufactories want to grab the

market share in Guangdong, even some of them set up factory here or nearby. For example, Jiangsu Dare Group can accomplish the annual output of 600,000 cubic meters by Germany production line, 200,000 cubic meters of which is finished in factory in Guangdong and its neighborhood-Jiangxi. Another case is Zhejiang Wulian Co., which has 4 MDF factories in Guangdong with annual output upto 344,000 cubic meters last year. On account of high quality MDF made in China not able to meet the need of furniture production, there is still a considerable import amount of high quality MDF with high price in Guangdong province very year to meet the need of furniture production and production in other field. Two tables below are about consumption amount of MDF in past 5 year:

Table 1 Consumption amount of MDF in China from 2001- 2005

Unit: 10 thousand cubic meters

Year	2001	2002	2003	2004	2005
Amount	634.48	695.00	1178.13	1532.10	1814.00
Growth rate%		10.00	85.63	141.40	208.09

Table 2 Consumption amount of MDF in 4 major industries in China from 2003-2005

Unit: 10 thousand cubic meters

Industry	2003(year)	2004(year)	2005(year)
Furniture	824.69	1204	1225.00
Decoration, motorcar and acoustics equipment	217.95	195.88	361.00
Laminated flooring	81.00	82.50	185.00
Packing and others	54.49	48.97	43.00
Sum	1178.13	1532	1814.00

With the improvement of living condition and a series of government's policies encouraging economic development,

especially the blossom in real estate industry, the demand for furniture, acoustics equipment, decoration, pack-

ing and motorcar will definitely go up, which is bound to make MDF consumption rising in these fields. If calculated at

the growth rate of 15% per year, the annual growth amount is 2.72 million cubic meters and the demand in both China and abroad will reach 31.74 million cubic meters till 2010. Therefore, there is still a large room for the development of MDF in China. However, the problem of raw material and quality will limit its development.

1. Development trend in the future
How to develop of MDF industry in China mainly depends on two factors: one is raw material; another is quality, which is also recognized by many large wood based panel enterprises. Take Jiangsu Dare Wood Group for example, in order to ensure the supply of raw material and improve quality, they have

put more investments on plantation and establishing RD department, which lays a foundation for improving product's quality and quantity. Another case is Guangdong Weihua Co., Ltd that uses to be a small factory in Meizhou district, Guangdong province. In order to better develop, they began to plant eucalyptus in East of Guangdong in 1997, later signed agreement with local government and rent land from local farmers, recently make use of bank loan to speed up pace of planting forest and strive to accomplish integration of forest and panel. They also value product's quality. In the past few years, they introduced many advanced equipments from Germany, which takes up 80% of total output of MDF and HDF. Moreover, other wood

based panel factory, like Shunde Shunlong, Nanhai Jiashun Wood Co., and Fuzhou wood based panel factory and so one also work hard to realize the integration of forest and panel.

MDF manufacturers in China must put more weight on advancing technology and enhancing creative ability except for ensuring raw material supply and quality's improvement. Work hard on the recycle of wastes and develop new resources of raw material of MDF. To develop in a healthy way, the entire industries must self disciplined and strike fake products. MDF manufacturers must update equipment and lower energy and material consumption. Only in this way, can MDF enterprises go further.

To Raise International Competition of Plywood Industry in China

1. Plywood industry in China develops quickly these years

China's wood based panel production reached 54.47 million m3 in 2004, ranked

No.2 in the world. While plywood production was 20.99 million m3, ranked No.1, and exported 4.29 million in that year, making China a net plywood exporter.

The development of this industry featured 5 phases:

- A. Annual production increased from less 10 thousand m3 in 1949 to 35 thousand in 1953;
- B. From 1953 to 1980, production achieved to 329 thousand m3;
- C. From 1980 to 1990, with 759 thousand m3 of plywood produced in that year;
- D. From 1990 to 1998, the figure was 4.465 million m3;
- E. From 1998 to 2004, 20.99 million m3.

Table 1 Annual production of plywood in China (From 1953 to 2004)

Unit: 10 thousand

Year	1953	1979	1985	1990	1995	1999	2000	2001	2002	2003	2004
Production	3.54	29.24	53.87	75.87	759.3	727.6	992.5	904.5	1135.2	2102.2	2098.6

Before the reform and open policy, the development of this industry is limited, with production increasing less 10 thousand per year, due to the limit of planned economy system and market demand, poor equipment and technology, large scaled enterprises. While after that time, the production was 25 times in 1999 than 1979, as more and more people need plywood to decorate their houses, more and more furniture producer need plywood to manufacture products. Meantime, the

number of plywood companies is increasing a lot.

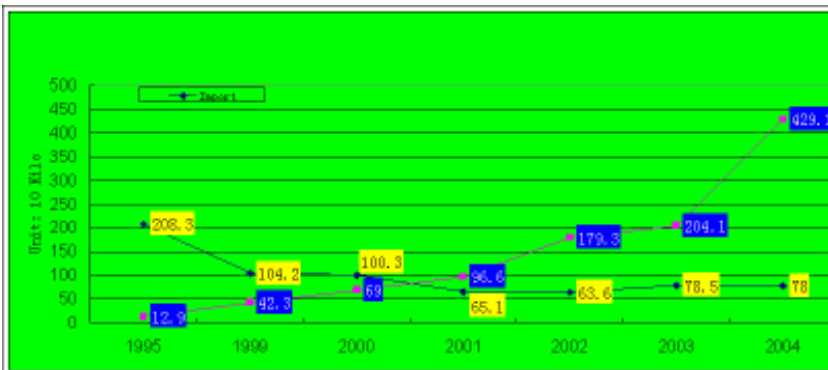
The most amazing increase appears in 2003, which is almost doubled than in 2002, from 11,352,100 m3 to 20,122,400 m3. The main reason is more plantations could supply low cost raw material, after the natural forest protection project in 1990's, especially in Hebei, Shandong, Jiangsu and Zhejiang province. The production of the above said provinces are

16,578,300 m3 (5,578,700 m3, 4,455,400 m3, 3,687,500 m3 and 2,865,700 m3 respectively), accounting for 78.86% in China.

2. Problems

Plywood export was first larger than import in 2001 (Chart 1). And China became the No. 1 producer in the world now.

Chart 1 China's plywood export and import from 1995 to 2004



As Chart 1 shows, export is decreasing to one fourth in 2005 compared with that in the middle of 1990's while import is increasing to 50 times of that time. However, more difficulties will be encountered in the following time:

- A, The output began to decrease after 2003, 30.17% down in 2004. Production in 2005 was 2-3 million m3 less than that in 2004. As raw material and demand are limited, plywood will see further reduction in 2006.
- B, Domestic market need less plywood, for the high price in residential houses and less room need to be decorated.

C, Although the export is large enough, the quality could not compete with those from Indonesia and Malaysia. The price for imported plywood was USD 446 per m3 on average, but for exported production, USD 290 per m3.

- D, More and more domestic people like simple decoration style which need less plywood products to reduce pollution.
- E, Other wood based panel are popular nowadays, which take place part of the market share of plywood.
- F, Too many small scaled factories, 94% of which produce less 10,000 m3 of plywood annually, cause the waste of resource.

G. Supply of raw material is limited as price of imported wood is increasing and domestic wood could not meet the demand.

3, To raise international competition

We think what we could do is to produce good quality products and to raise international competition of this industry.

- A, To encourage small scaled enterprises to produce good quality plywood;
- B, To develop hard wood plantation and meet market demand;
- C, To enhance technology and investment;
- D, To form several world famous brands and new products;
- E, To set up international sales channels of our own and build good sale-after systems.

UPDATED PRICE

Wood-Based Panel Prices in China Timber Markets May 24, 2006

Type	Description	Market Location	Dimension	Price (RMB/Piece)	6-month Change %
Plywood	Imported from Indonesia	North of China	1220*2440mm	28	0
Plywood	Imported from Malaysia	North of China	1220*2440mm	28	0
Plywood	Imported from Philippine	North of China	1220*2440mm	27	0
Plywood	Three-layers	North of China	1220*2440mm	14-28	0
Plywood	Three-layers	North of China	915*1830mm	18.5	2.78
Plywood	Three-layers	North of China	100*200mm	16	0
Plywood	Five-layers	North of China	1220*2440mm	47	0
Plywood	Five-layers	North of China	1220*2440mm	45	0
Plywood	Nine centimeters Single side	North of China	1220*2440mm	53	-1.85
Plywood	Nine centimeters Double sides	North of China	1220*2440mm	28-82	0
Plywood	Twelve centimeters	North of China	1220*2440mm	50-62	0
Plywood	Thailand teak in front/back layer, Meranti in core layer	South of China	1220*2440*3mm	58-68	0
Plywood	Thailand teak in front/back layer, poplar in core layer	South of China	1220*2440*3mm	40-46	2.22
Plywood	Black walnut in front/back layer, Meranti in core layer	South of China	1220*2440*3mm	48-61	-0.81
Decoative plywood	Red beech surface	South of China	4*8*3	30-57	14
Decoative plywood	Black walnut surface	South of China	4*8*3	35-65	0
Decoative plywood	Teak surface	South of China	4*8*3	35-65	0
Decoative plywood	Ebony surface	South of China	4*8*3	50-110	0
Decoative plywood	Red sandalwood surface	South of China	4*8*3	50-55	0
Decoative plywood	Red Bubinga	South of China	4*8*3	45-50	0
MDF		North of China	1220*2440*15mm	50	0
MDF		North of China	1220*2440*16mm	60.5	0
MDF		North of China	1220*2440*18mm	60	0
MDF		North of China	1220*2440*8mm	30	0
MDF		North of China	1220*2440*5mm	25	0
MDF		North of China	1220*2440*3mm	25	0
MDF(water-proof)	Melamine surface	North of China	1220*2440*9mm	40-45	0
MDF(water-proof)	Melamine surface	North of China	1220*2440*12mm	38-50	0
MDF(water-proof)	Melamine surface	North of China	1220*2440*16mm	70-72	0
MDF(water-proof)	Melamine surface	North of China	1220*2440*18mm	45-65	0
Fibreboard		North of China	1220*2440mm	21	5
Particleboard		North of China	1220*2440*8mm	15-20	0
Particleboard		North of China	1220*2440*9mm	20-25	0
Particleboard		North of China	1220*2440*12mm	17-23	0
Particleboard		North of China	1220*2440*16mm	20-25	0
Particleboard	Melamine surface	North of China	1220*2440*12mm	30	1.67
Particleboard	Melamine surface	North of China	1220*2440*16mm	35-40	0
Particleboard	Melamine surface	North of China	1220*2440*18mm	30-48	0
Block board	Poplar	North of China	1220*2440mm	45-120	0
Block board	Basswood	North of China	1220*2440mm	70-110	0
Block board	Pine	North of China	1220*2440mm	38-70	0

CUSTOMS STATISTICS

Statistics on China Wood-Based Panel Export & Import May, 2006

Product	Unit	Total Export		Total Import	
		Amount	Sum US\$X0000	Amount	Sum US\$X0000
Plywood, veneered panel and similar laminated wood	Cubic Meter	639609	20929.03	41828	1860.65
Thin plywood with at least one surface of tropic wood<=6mm	Cubic Meter	64663	1955.28	17084	872.23
Plywood with at least one surface of Variable Zone non-coniferous wood<=6mm	Cubic Meter	5498	557.03	2078	141.98
Plywood with at least one surface of non-coniferous wood<=6mm	Cubic Meter	2160	125.25	5363	213.79
Other plywood, each ply<=6mm thickness	Cubic Meter	312542	8471.74	8655	244.2
Other plywood with at least one surface of non-coniferous wood and one layer of tropical wood	Cubic Meter	8426	318.04	1444	77.5
Other plywood with at least one surface of non-coniferous wood and one layer of particle board	Cubic Meter	4555	140.64	286	14.16
Other plywood, veneered panels and similar laminated wood, with>=1 surface of Variable Zone non-coniferous wood	Cubic Meter	13702	1630.02	743	54.23
Other plywood, veneered panels and similar laminated wood, with>=1 surface of non-coniferous wood	Cubic Meter	132883	4946.94	2556	82.97
Other plywood, veneered panels and similar laminated wood, with>=1 ply of tropical wood	Cubic Meter	10	0.33	243	9.09
Other plywood, veneered panels and similar laminated wood, with>=1 ply of particle board	Cubic Meter	1764	99.79	519	9.14
Plywood, veneered panels & similar laminated wood, nes	Cubic Meter	4561	165.08	2278	125.34
Fibreboard made of wood fibers and other ligneous materials	Ton	108932.6	4774.78	49213	1653.72
Fibreboard, density>0.8g/cm3, not mechanically worked or surface covered	Ton	490.3	26.58	1246.5	42.08
Fibreboard, density>0.8g/cm3, mechanically worked or surface covered	Ton	60457.8	3324.04	3112.1	181.04
Fibreboard, 0.5g/cm3< density<=0.8g/cm3, not mechanically worked or surface covered	Ton	24356	567.57	8071	292.61
Fibreboard, 0.5g/cm3< density<=0.8g/cm3, mechanically worked or surface covered	Ton	19566.7	689.27	33108.3	992.56
Fibreboard, 0.35g/cm3< density<=0.5g/cm3, not mechanically worked or surface covered	Ton	0	0	94.3	4.6
Fibreboard, 0.35g/cm3< density<=0.5g/cm3, mechanically worked or surface covered	Ton	319.2	6.46	0	0
Other fibreboard, not mechanically worked or surface covered	Ton	5.4	0.17	13.7	1.65
Other fibreboard, mechanically worked or surface covered	Ton	3737.3	160.69	3567.1	139.18
Partical board	Ton	7560.5	221.15	32907.1	957.84

RAUTE – Your partner in performance

1. Chinawood: as a famous woodworking machinery manufacturer in the world, could you please introduce briefly about Raute, its development course and management idea?

Hannu Lukkari: we almost produce all process machines in plywood production, like patching and sanding machines. We can supply single machine, processing line and even complete factory with different size, different capacities and different auto machine levels. This is our biggest product group.

LVL - the beginning of the processing is very similar with plywood. Beaming and drying is very much the same. Lay up, pressing and billet is totally different as plywood processing. If we think about LVL production in the world, more than 50% of LVL made in the whole world is made by Raute's system.

For MDF and Particleboard industry, we don't make final processing machine, but we make overlay lines for particleboard and MDF. Here is an example of different lines we make, the single opening lines mainly used for particleboard and MDF and multiple opening lines mainly for plywood.

For parquet industry, our main product is three-layer parquet. We can also supply just pressing line, core forming line, we can also provide complete factory, like we have done one complete factory in China. The newest product in our family is deco-

rative veneer. Then we can supply lathes, slicers, press drying system and clippers. Service is very important. We are not just selling products, but provide satisfactory services to our customers.

Another service is business consulting services. So we can help the customers even before investment. Some customers have forest, but don't know the best way to do, pulp paper, lumber, plywood or LVL, so we can make a study and compare the different options.

2. When do the Raute's products come into Chinese market formally? By the contrast with the very beginning, what does Raute know about China now?

Hannu Lukkari: Raute has entered into China market since 1950s. In 1980s, we supply two complete plywood mills to China. In 1990s, we deliver several billet lines, overlay line and complete factory to China. This century, we provide highly automatic scarfing lines, billet lines, peeling lines and so on. We are quite happy about what we have done, but could be better.

Here in China, import tropical log is the base for plywood industry in China. Technology is different nowadays. Most of plywood factories and companies are government owned. But now there are more and more private companies and foreign companies who want to establish plywood mills in China that make sales process,

market process and operating quite different. Before we came here, most plywood is for local market. Nowadays, most plywood goes export which is not most, but a big portion. That means, more and more emphasis has to be put on quality, because, you can't do well on export market if the quality is not acceptable. That is a big change that we see in the situation.

3. Compared with China, how do you think about the market in Southeast Asia and other countries? What is Raute's focus in Asian market?

Hannu Lukkari: 5 to 7 years ago, the market in Southeast is very big, which represented 30% of the Raute's sales at that time. Other market like South America is very good for us now; North America is a good area for us. Europe is always the whole market. We delivered Africa some machines this year. China market could be better, but it is not as good as South America. We are expecting very optimistically about China market.

Better understand local requirement is our focus in Asian market. Also we will adopt our proven formula to suit local manufacturing processing, in other words, we should offer appropriate technology to China. Another focus is our slogan "your partner in performance" which means we want to support our customers throughout the whole life cycle of investment.

4. What is the Raute's sales performance like in China in 2005? How is the customer distributed and will it change in 2006?

Hannu Lukkari: our net sales turnover is one hundred and 9 million Euro dollars last year. This year I believe we can get more sales in Shanghai area, Shandong, Shanxi province and Guangdong province.

We are not aiming to sell our highest technological machine to China, but localize our technology to better meet the requirement of local needs. But what we do depends on our customers

5. Does Raute launch new products in 2006? What is the feature of these new products?

Hannu Lukkari: Because plywood is the most important one, we still keep going and further developing this market to get even better recovery, better quality, higher productivity and higher capacity. That is our target all the time we are trying to improve. One new product is form gluing, which has been tested in Finland and European countries and it is going to be the product which can be sold all over the world. Some benefits of it may be the glue saving. The developing area of LVL has to be the layer. We have veneer handling lines, veneer grading systems, now we have fully automatic lay-up and pressing lines, which doesn't require any person to process. This system has already been sold to Australia and also in Finland. Another new product for Raute, but not for world is I-beam processing line. Totally new products for Raute are for decorative veneer, like the slicers and press dryers, for these products, first we want to market and promote them in Euro market, close to our home.

6. How do you think of woodworking machinery market in China? Do you think Chinese market still has potential in the future 5 to 10 years?

Hannu Lukkari: There are lots of potential for us. We see the technology of plywood processing in China is still low, and could be improve but step by step. Export requires better quality, the business can't continue if the quality is not acceptable. One

reason we see a lot of potential is through raw material chains. Raw material supply is very crucial in plywood industry in China.

7. What is your opinion on competition among Chinese woodworking machinery enterprises? And what is your advantage and disadvantage?

Hannu Lukkari: The biggest difference between Chinese machine and our machine is capacity. The speed of Chinese machine is much lower, auto machine level and almost every thing is manual. The accuracy, in other words, the quality and end product is not the same. But the benefit of China is the machinery's price. It is easy to invest for a small company and we agree that we can't sell our smart machinery to family owned small company, like three people working together and making veneer. The benefit of Raute is that increase recovery, capacity and productivity.

8. In your opinion, what is the biggest challenge and success for Raute in China and why?

Hannu Lukkari: Our biggest challenge is how to get our message through. We have good evidences and good show cases in Europe, South America, and North America and all over the world. How to get these messages through in China is what we will do. Another challenge is how to help Chinese companies to be competitive. We utilize local management to improve our competitiveness. We have already study to outsource some component and simpler machine in China, which is not only for China market, but all over the world. And that will increase in the future, definitely we will do more and more on that. When we sell something here, definitely most of that could be manufactured in China.

9. At present, many of foreign companies adopt local management to improve their competitiveness. Now what kind of management system does Raute use? Have you ever considered cooperating with local company to enhance you prestige and competitiveness?

Hannu Lukkari: To cooperate with Chinese company, we see that a good option. We have negotiated and discussed with a lot of Chinese companies about how to cooperate with each other, and it looks like there is lots of willingness on Chinese side. They think it will do well on their manufacturing, marketing and service. At this point, I'd like to say we are seriously considering.

10. Could you please give us a brief introduction about marketing strategy of Raute for developing Chinese market in future 5 years?

Hannu Lukkari: Marketing strategy for China market: as I have said before, that is to increase our understanding. That is the key point. Not only to push our technology as in other market. We will introduce our new technology that we have done well in other market to China so as to let China plywood industry know what the other parts in the world happen even if it is not necessary applicable in China, but at least they know it is the way industry goes here and there. We find an appropriate technology. We have our sales offices in Beijing. I will travel more and more from Finland as a sales manager to China and more and more of our technologists will travel to China to learn more and support our sales. So we have to be more here. Cooperation between Chinese company and Raute will be a strategy. We will be more serious about Chinese market than before.

MDF production line with total investment of 60 millions RMB Yuan was settled in Luoshan, Henan province

Apr 17, Henan province

At present, MDF production line with total foreign capital of 60 millions RMB Yuan in Luoshan County, Xinyang city, Henan province is being constructed.

This project is exclusively invested by Hebei Xinxin Wood Co., which is divided into two parts for construction. The primary period of the project with capital of 30 millions RMB yuan and an area of 130 Chinese mu is being constructed and it is estimated to run production in August. The second period of the project is scheduled to begin construction in September with total investment of another 30 millions RMB Yuan and expected to launch production in May 2007.

After the whole project is completed, the annual production value is expected to reach 200 million RMB Yuan, realizing tax of 25 million RMB Yuan, creating 400 employment opportunities and help 4000 farmers get rid of poverty.

The largest scale PB production line has run and the competitiveness of Shenzhen furniture advanced

Jun 2, Shenzhen

The largest scale PB production line in Asia with the annual production capacity of 600,000 cubic meters has run in Sanming, which changes the

long-term phenomenon of importing high quality PB used in furniture industry in China.

The scale of PB manufactories in China is small and the products quality is not good. The E1 PB mainly depends on import.

Speaking of this PB production line with total investment of more than 1 billion RMB yuan, the Chairman of Shenzhen furniture association is very excited. He said, Shenzhen is a main furniture manufacturing base in China. The total export value reached USD\$13.7 billions in China last year and Shenzhen accounted for 25% of the totals. The PB produced in Sanming is 10% cheaper than imported products and the delivery cycle is shortened to 15 days from original 45 days. He hopes that domestic PB with high quality and cheap price could take up 50% market share in Shenzhen furniture industry.

More plantation supply plywood industry in Wen'an County

Jun 13, Hebei province

Wen'an County, Hebei province is the most important plywood producing area, with 1260 enterprises and 60 thousand employees. The market share of Wen'an is 1/7 in China. As more and more raw material is needed, development of plantation is encouraged by Wen'an government. Now there are more than 150 farmers whose plantation reached one hundred Chinese Mu, and 10 reach 5 hundred. Total area of plantation is 430 thousand in this county which makes the farmers richer and plywood industry development better.

Production line of PB made from ill pine is launched in Ningbo city, Zhejiang province

Jun 23, Zhejiang province

The first sheet of self-produced PB is finished in Xiangshang Fajia Board factory. It is made from the branches of dead pine, turning the wastes to treasure. The staff from Ningbo Anti-bug Station said this PB production line makes full use of pine resources. We used to use the stem of dead pine and discard or burn the branches.

It is learned that PB is made from extremely thin flakes, which are hot pressed together with glue and then numerous insect and bug will be killed. The first production line is fully engaged and it will consume 50,000 ton of dead pine or produce 1000 sheets of standard PB per day. PB is widely applied to furniture production. The prospect is very bright.

provide the related information for the preparation of anti-dumping investigation.

EU is likely to hold anti-dumping investigation on plywood made in China

Jun 28, China

Recently, Mr. White, president of UK Timber Trade Union revealed when meeting with council of Chinese embassy in UK that EU is likely to hold anti-dumping investigation on Chinese plywood manufacturers. Now there has been such a case raised by a French company called Okume. During this case, because Chinese company was not able to provide the related financial information, the company was imposed the anti-dumping tax of 66%. Recently, EU may require Chinese plywood manufacturers to

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Publishers & Editors Hongfan Li

Editors Maple Yu

Subscription Linda Shu

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CONTACT

Address: I-2401 jinqiuzhichun No 6 Zhichun Road
Haidian District Beijing 100088 China

Tel: +86-10-8235 7166/8235 8779

Fax: +86-10-8235 8546

Email: hongfan@chinawood.org

Website: www.chinawood.org/english

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China Wood Based Panel Market Report

INVESTMENT/POLICY/STATISTICS/MARKETS/
COMPANIES

On Dec 1st, 2005, China Wood International (CWI) published the first issue of their professional newsletter entitled China Wood Based Panel Market Report, to assist overseas companies in obtaining up-to-date information on China's wood based panel industries (y) and markets. Contained in

1. Investment & Acquisition
2. Legislation on Changes
3. Construction and Building Statistics
4. Market Analysis
5. Updated Price
6. Customs Statistics
7. Focuses on Industrial Companies
8. The Latest Industrial News

For any questioning about Report, Please contact:



Linda Shu

Subscription Manager

China Wood International Inc.

Tel: +86-10-8235 7166 ext 805

Fax: +86-10-8235 8546

Email: chinauser@chinawood.org

Web: www.chinawood.net

