



Tips on Exporting to China

A variety of experts offers tips on how Canadian companies can establish a market for their wood products in the world's most populous country, and in the fastest growing major economy in the world.

By Jim Stirling

Initiatives Prince George has been living up to its name by organizing and hosting a series of export workshops in the central British Columbia city.

As the city's economic development agency, Initiatives Prince George is capitalizing on the increasing interest being demonstrated by regional manufacturing companies, including those in the forest industry, with an eye to explore international market development.

Last year, China became B.C.'s second largest lumber consumer (at about 1.65 billion board feet) after the U.S and is now ahead on Japan in terms of volume. B.C. lumber shipments to China were 480 million board feet during the first three months of 2010.

The B.C. government is investing in the hot Asian marketplace through announcements of \$8.3 million for market development in China, Japan and Korea as well as Europe and the U.S. An additional \$900,000 is earmarked to assist the value added sector through a business innovation program. The monies are to be distributed through the provincial Crown agency Forestry Innovation Investment. Overall, China is Canada's fourth largest export market after the U.S., U.K. and Japan.

Initiatives Prince George's first seminar in the series looked at the culture, business practices and regulations in the world's most populous country. The second in the series looked at exporting generally and those companies wishing to expand their export capabilities.

The sessions' emphasis was on sound, practical advice on how to avoid some of the pitfalls inherent in developing unfamiliar export markets.

The tone of the Exporting 101 workshop was set by Kathy Scouten, Initiative Prince George's vice president, economic development. She has project experience in the transportation sector, including the development of partnerships around inland container processing from the Port of Prince Rupert.

Scouten encourages putting manufacturing back into Canada and exporting more finished goods. She notes that potential offshore exporters in the region can take advantage of a "world class infrastructure in northern B.C."

Fred Spinola, general manager of DelTech Manufacturing Inc., in Prince George has considerable export and B.C. wood products industry background. He offered some solid, experience-driven advice.

Assess your business goals, he suggests, starting with analysis of why you want to export in the first case. You need to



plan for success, he counsels, and that includes making the personal acquaintances of the Canadian Trade Commissioner in the country or region of interest. Another useful contact is a savvy local legal counsel.

Under opportunities and challenges, Spinola offers other observations.

“Expansion in a China or India can be very quick. Can you handle that?”

And a recurring point: don’t underestimate language and cultural barriers, he warns.

Spinola finished his presentation with a couple of other useful hints for the prospective exporter. “Live outside the major hotels,” he recommends. This harkens back to the language and cultural barriers remarks and underlines the homework potential exporters should undertake. And, something that speaks volumes in any business undertaking: “deliver what has been promised”.

Jonathan Sparks presented the workshop with a check-list to help get potential exporters off on the right foot. Sparks is program manager for TradeStart, a Vancouver-based trade advisory service to assist small and medium sized businesses.

“Finding the right partner is absolutely crucial,” asserts Sparks. Going online can be useful but there’s much information to sift through. Attending pertinent trade shows can be fruitful, but also expensive.

Sparks says other Canadian companies in a similar business can be helpful, along with industry associations. “The Department of Foreign Affairs and International Trade is on the ground (in the country of interest) and knows what’s going on in the market,” recommends Sparks.

Among his tips for developing export markets were: registering intellectual property; the importance of culture in the country of interest; and being careful to define business expectations with your business partners. And doing business face-to-face remains the best route to a sustainable enterprise, he recommends.

A similar point was underlined during the presentation from Tom Prowse, senior account manager with Export Development Canada. He says it’s a fundamental problem for export-minded companies to research and assess people from a distance. The face-to-face approach remains the best, he suggests.

The goal of Export Development Canada, a federal government Crown corporation, is to increase Canadian exports—goods and services—anywhere in the world, says Prowse, who has experience working with exporters in the forest industry. He says the EDC’s programs help companies acquire the working capital they need to launch an export venture. And, as the business gathers momentum, the corporation works with banks to help sustain and grow their market shares.



Exporting Lumber to China – Q & A

What is the main use of imported lumber in China?

Most lumber imported by China goes to concrete forming and bracing supports used in all segments of construction. The second most common use is manufacturing including furniture, doors, panels, windows, millwork, and pallets.

How big a market is China for Canadian wood products?

The market is large and growing. British Columbia softwood exports to China in 2009 hit 1.63 billion board feet, more than twice the record 784 million shipped the previous year. In terms of value, sales have nearly tripled from about \$113 million in 2007 to more than \$327 million in 2009. The B.C. Government has a goal of annually exporting four billion board feet to China by the end of 2011.

Is wood frame housing construction common in China?

North American style single family homes are not common in China, most people have not been exposed to modern wood building systems, and low-rise apartment blocks made from concrete and brick are the most common form of housing. That being said, Canada is actively promoting the benefits of wood-frame housing in China.

Do I need a permit to export lumber to China?

No. Unless you are exporting logs, a permit is not required.

Who should I consult with to understand requirements and/or restrictions on the export of wood products to China?

To understand restrictions and requirements on exporting any wood related products to China, your two key sources are the Canadian Food Inspection Agency (CFIA) and your customs broker. The CFIA provides export-related information to the forest industry, such as approved wood packaging material.

Always look for a second opinion on any questions you may have, and be wary of information published on Chinese websites or information provided directly by officials in the China Customs Bureau.