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Report Highlights:

India's annual import of logs, lumber, and wood products has increased from \$630 million to \$2.3 billion over the past two decades, with U.S. market share reaching a record high \$84 million in 2023. Limited domestic supplies coupled with booming retail furniture, handicraft and hospitality sectors is driving demand for newer species. Exporters are also increasingly sourcing imported species to meet certification requirements in export markets.

Forest Situation and Outlook

On January 13, 2022, India's Ministry of Environment, Forests and Climate Change published the 17th forest cover biennial assessment [India State of Forest Report \(ISFR\)](#). According to the report, India's forest and tree cover stands at 80.9 million hectares, 25 percent of total geographical area, with a 873 square mile increase from the 2019 survey as a result of national conservation and sustainable management policies of the Government of India. The major timber species include *shorea robusta (sal)*, *tectona grandis (teak)*, *pinus roxburghii (longleaf Indian pine)*, *terminalia tomentosa (saj)*, *mangifera indica (mango)*, *cocos nucifera (coconut)*, and *areca catechu (areca palm)*. Other domestic species preferred by Indian furniture and decorative wood manufacturers but in low stock include *acacia arabica (gum tree)* and *dalbergia sissoo (rosewood)*.

Consumption

India's burgeoning construction, housing, furniture, and handicrafts industries are increasingly relying on imported forest products to increase output. Government [estimates](#) 51 percent of India's population will be living in urban areas by 2047, leading to a demand surge for furniture products. India's furniture market is valued at [\\$24 billion in 2023](#), making it the fifth largest producer and fourth largest consumer globally, with an expected annualized growth rate of 11 percent from 2023-28.

Wooden furniture is expected to remain at the core of home furnishing demand, as rising incomes and demand for high quality and distinctive designs is forecast to grow. Dual income earning households, larger disposable incomes and changing lifestyle trends among these consumers is driving growth for luxury and imported goods including luxury furniture. Wealthy urban consumers are increasingly shopping for goods online through various e-commerce sites.

Infrastructure expansion is projected to continue boosting demand for wood and wood products used in construction. The role of architects and interior designers has become much more significant as they provide the specifications to the developers for large-scale projects.

Exports

India [exported](#) \$3.5 billion of furniture products in 2022, an annualized growth rate of 15 percent between 2018 and 2022. According to the [Export Promotion Council of India \(EPCH\)](#), exports of wooden handicrafts reached \$950 million in 2023. Indian exporters of wooden handicrafts and other wood products increasingly face strict traceability norms in the European Union and United States, which require disclosure of the source of timber to discourage illegal logging. Increasing certification requirements and restricted and deteriorating quality supply of domestic species is driving the Indian trade to look a viable alternative hardwood and softwood species for the domestic furniture and interiors market, and for re-exports of value-added products like handicrafts and tools.

Imports

Low tariffs and liberal import policies have made timber logs the dominant import category (refer figure 1) for years, as India has sought to maximize value addition while minimizing pressure on its forests. However, lower tariffs on other wood products coupled with log export restrictions in other countries and increasing sophistication among wood users has increased market share for processed wood products. Indian log imports are dominated by shipments from Uruguay, Ecuador, Panama, Argentina, and Brazil, with 37 percent of market share, mainly due to competitive pricing. Major species imported

include pine, teak, and eucalyptus. More than 22 percent of log imports come from Malaysia, Australia, and New Zealand due to freight cost advantages and relatively lower prices, with hardwood species of meranti and softwood species of pine dominating supplies. India imports small quantities of temperate hardwoods such as ash, maple, cherry, oak, walnut, and beech for commercial and home interiors and furniture, some of which is made for export.

U.S. Wood and Wood Products

In 2023, U.S. exports of forest product exports by value crossed U.S. \$84 million, the highest on record, with supplies dominated by softwoods, specifically southern yellow pine (SYP) lumber and logs, which constitutes 72 percent by value. Imported American softwoods include coniferous pine species of southern yellow pine (loblolly pine), western yellow pine (ponderosa pine), and douglas fir. Imported U.S. hardwoods include ash, hickory, birch, walnut, white oak, red oak, and hard maple. American species are used mainly in the furniture, handicrafts, tools, and door manufacturing. While the market is very price sensitive, as Indian manufacturers increase their knowledge about American species (quality, grades, and applications) there is a potential to tap into the organized sector. The unorganized wood processing market consists of small-scale workshops or individual craftsmen with preferences for domestic species.

Red Sea Crisis Created an Opportunity to Increase U.S. Lumber Exports

Trade data indicates that shipments of U.S. softwood lumber (including SYP) between November 2023 till March 2024 rose by 49 percent in value to \$13 million, and 86 percent in volume to 54,000 cubic meters. after the Red Sea crisis created delays and increased costs amidst ongoing vessel attacks. Transit times and ocean shipping rates increased significantly, with the average cost of a 40-foot container of southern yellow pine (SYP) lumber from Savannah, Georgia to Mundra/Nhava Sheva Port in Mumbai rising by 66 percent from \$450 per container to \$750 per container. Transit times went from 25–30-days to 40-45 days. European pine suppliers were facing similar delays and witnessed a 20 percent rise in lumber prices due to production halts. As a result, their raw material prices were on par with American SYP prices.

Marketing

Market development efforts in India are led by larger design firms that serve both export and domestic markets for wood furniture and interior items. Familiarity with woods other than those found in India and certain tropical hardwoods is low, however, the demand from the housing, furniture, hospitality, and handicraft sectors remains strong. Nevertheless, India's wood industry, artisans, and other wood users are accustomed to teak and other hardwoods that are perceived to be more resistant to termites and decay. Consumers also have a strong preference for dark tropical woods. Teak is typically seen as a benchmark with respect to grade and price, as compared to other wood species. Increasingly importers are partnering with furniture manufacturers and real estate developers for creating sample pieces and demonstration projects and showcasing them in their stores/showrooms.

Trade shows serve as an ideal platform for U.S. businesses seeking to identify a trusted buyer, introduce a new product, or obtain more information on the local market. These shows help foreign exporters get a feel of the local market and design their strategies for introducing new/existing products to local buyers. The two American cooperators active in the market are the [American Hardwood Export Council](#), and

[American Softwoods](#). They regularly exhibit at trade shows to create market awareness and educate users about U.S. forestry products.

Some of the major trade shows for the wood industry are listed below for reference.

- **Indiawood**, City – Bengaluru, Website - <https://www.indiawood.com/>
- **Delhiwood**, City - Greater Noida, Website - <https://www.delhi-wood.com/>
- **Index Plus**, City - Mumbai / New Delhi, Website - <https://www.indexplus.in/>
- **Acetech Exhibition**, City - Bengaluru / Mumbai / New Delhi / Hyderabad, Website - <https://etacotech.com/>

Importing Logs and Lumber into India

The Directorate of Plant Protection, Quarantine and Storage under the Ministry of Agriculture, Cooperation and Farmers Welfare (MOAFW) regulates the import of timber logs/lumber into India. Plant Quarantine Order (PQ) 2003 states that timber/wood with or without bark shall be *fumigated* prior to export with methyl bromide, while lumber must be *kiln dried* or *heat treated*, and the treatment shall be endorsed on the Phytosanitary Certificate issued at the country of export or re-export. The latest import guidelines and the plant quarantine order is available at the [Directorate of Plant Protection, Quarantine and Storage](#).

Exporters from the United States should refer to the Animal and Plant Health Inspection Service Phytosanitary Export Database available on [Phytosanitary Certificate Issuance and Tracking](#) system for the latest country specific import requirements. All U.S. logs with bark exported to India must be fumigated in the U.S. However, if the fumigation is not reflected in the Phytosanitary Certificate, the importer will need to fumigate at the port and pay an additional fee as prescribed in the PQ order.

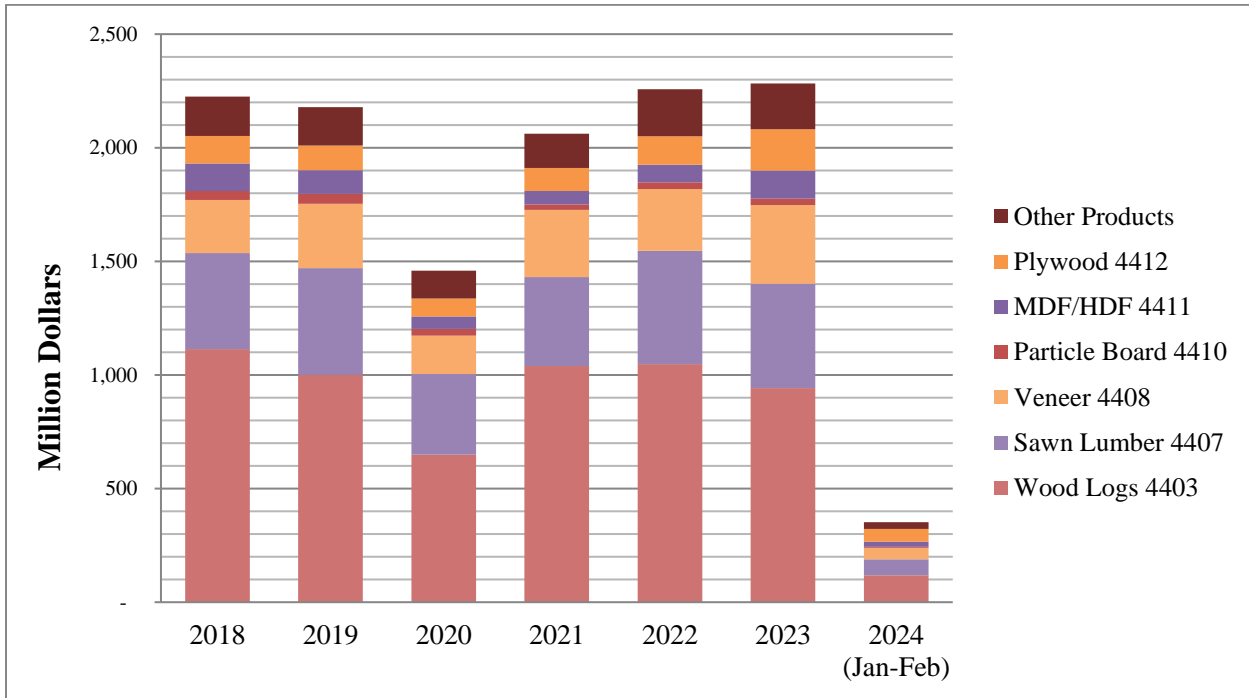
Tariffs

India has long sought to augment its domestic wood supply through importing logs. Going back 20 years when imports of value-added wood products were banned; logs were one of the only wood-sector products that could be imported. Logs enjoy a lower tariff and satisfy the general policy of shifting value addition to India whenever possible (refer to Table 1). India has traditionally kept tariffs low on log imports (25 percent) relative to processed wood products (lumber – 31 percent, and veneers – 31 percent) to shift value-addition (using domestically produced lumber from imported logs) to India and reduce harvesting in India.

Table 1: India’s Import Tariff on Forest Products

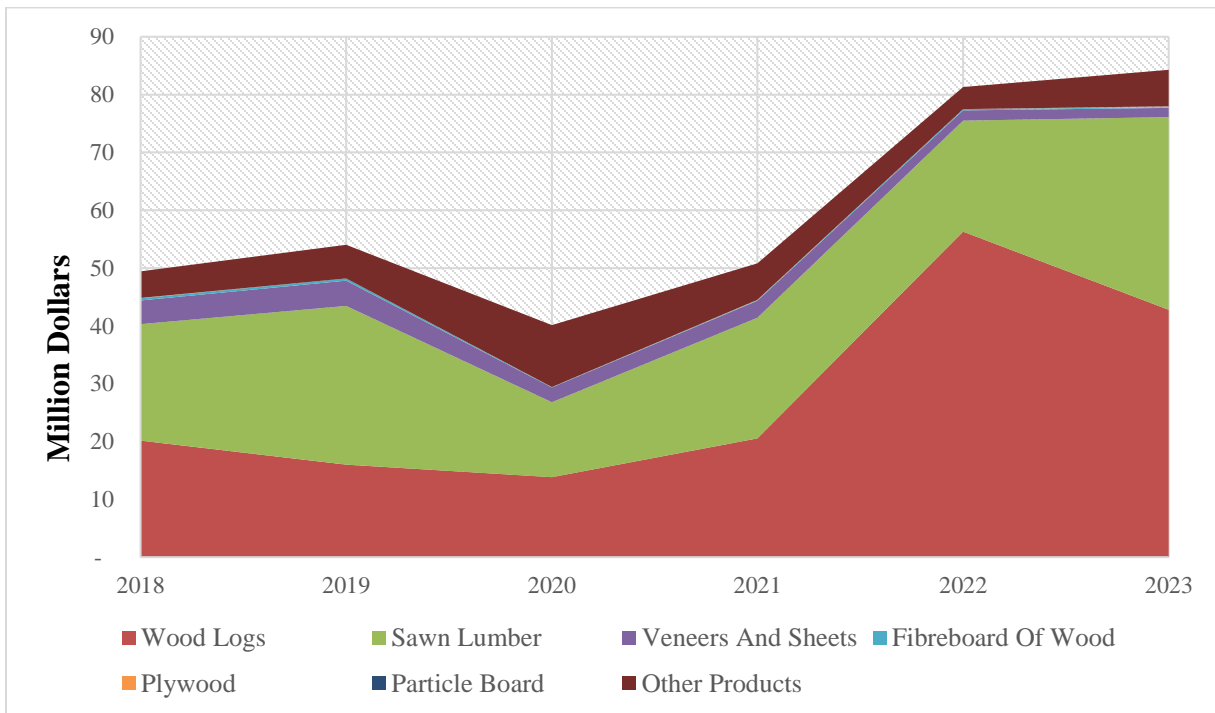
HS Code	Unit	Basic Duty	Effective Duty	Integrated Goods and Services Tax	Social Welfare Surcharge	Total	Import Policy
4403 - Wood in the Rough	m3	5.00	5.00	18.00	0.50	24.490	Free
4407 - Wood Sawn, Chipped	m3	10.00	10.00	18.00	1.00	30.980	Free
4408 - Veneers And Sheets	kg	10.00	10.00	18.00	1.00	30.980	Free
4410 – Particle Board	kg	10.00	10.00	18.00	1.00	30.980	Free
4411 – Fiberboard of Wood	kg	10.00	10.00	18.00	1.00	30.980	Free
4412 – Plywood	kg	10.00	10.00	18.00	1.00	30.980	Free

Figure 1. Imports of Forest Products by Category



Source: Trade Data Monitor, LLC

Figure 2. Imports of Forest Products from United States by Category



Source: FAS Global Agricultural Trade System (GATS)

Attachments:

No Attachments.