

## Indonesia – an increasing market for American hardwoods

The American Hardwood Export Council (AHEC) on behalf of the US hardwood industry has been upping its promotion game in Indonesian over the last couple of years. In these days of global trading of raw materials and products it may be expected that the USA should target such a potentially important country as Indonesia, but there is also some underlying and compelling logic for this development. Michael Buckley explains:

The first question to ask is why would AHEC promote American hardwoods in Indonesia? Indonesia is a country rich in its own hardwoods – and a long way from the USA. And why would Indonesian professions specify wood from so far afield? Those are questions which come up frequently and there are several key answers. Firstly, American hardwoods provide a choice of species in colours and grain characteristics that are unique to North America and simply different – adding to the designer's palette. So they offer a choice. Secondly, they are highly sustainable, and legally harvested – more on that in a moment. Thirdly, they are competitive, selling in over 50 countries around the world. Finally and maybe not least, they are already appreciated in Indonesia, which is a market keen to have greater access to fine hardwoods for its potentially growing wood industries and its export markets. It is important to note that Indonesia's international buyers are very familiar with American species and if they are looking for Oak, Walnut or Hard Maple furniture – then Indonesian manufacturers must import.

In the last three years Indonesia has purchased as much as US\$18million worth of American hardwood sawn lumber and US\$8 million of American hardwood logs – clearly a specialised business. This dipped in 2008 but in the first ten months of 2010 has recovered sharply bands is on track to exceed 2008.

	2008	2009	10 months 2009	10 months 2010	% Change
Total Sawn Lumber	18,556,340	11,656,274	9,583,981	16,176,018	69
White Oak	10,745,069	6,429,532	5,193,747	6,490,922	25
Maple	1,838,984	1,804,690	1,506,393	2,997,151	99
Ash	1,312,786	741,134	688,519	923,198	34
Red Oak	1,400,612	718,992	596,524	1,377,467	131
Cherry	203,490	575,814	505,390	195,153	-61
Yellow Poplar	930,322	412,853	330,492	1,132,414	243
Walnut	1,086,003	331,726	293,266	1,309,995	347
Other Temperate	343,105	272,232	213,524	459,719	115
Hickory	113,082	231,435	149,163	754,467	406
Western Red Alder	550,807	96,383	96,383	333,303	246
Birch	0	41,483	10,580	189,429	1,690
Beech	0	0	0	12,800	--

**Table: Indonesian Imports of American Hardwood Lumber**

Source: *USDA, FAS 2010*

But consumption, by anecdotal evidence, may be higher with some imports into Indonesia from transit countries such as Singapore and China. There are also some joinery components specified for international hotel projects that may have been fabricated in third countries and installed in Indonesia – not shown in lumber import data. The main species imported is White Oak – one of the world leading furniture species, but a feature of the new pattern of imports is the growing importance of several other highly sustainable species such as Red Oak and Tulipwood – two of the most available from the forests of the Eastern USA. Hard Maple, Black Walnut and Western Red Alder have also made significant comebacks.

The next question to ask is where in Indonesia is all this American material going? Not furniture is the surprising answer! Most American hardwood sawn lumber is used in flooring and other specialist uses such as doors and picture frames and much of it is re-exported as product. But given how many of the American hardwood species are so suitable of furniture AHEC has long identified the key reason. Simple lack of knowledge and experience of these species is so often an inhibitor to manufacturers unwilling to experiment at their own cost. So AHEC has embarked upon a programme to rectify this.

During the last several years seminars have been held in Jakarta and many regional provinces to introduce American species, their characteristics and working properties. In addition grading seminars have been held in cooperation with the National Hardwood Lumber Association (NHLA), which is the grading authority based in Memphis and an association member of AHEC. The AHEC office in Hong Kong – under the guidance of its regional Director, John Chan, holds an annual convention to which many Indonesian Associations have been invited as guests to give them an opportunity to understand the design and manufacturing choices which American hardwoods offer, as well as their strong environmental credentials.

AHEC has regularly worked with Indonesian with Himpunan Desainer Interior Indonesia (HDII) the society of interior designers on the use of hardwoods in interiors, and last year was a key participant in “Desain.ID” Indonesia International Interior Design Forum 2010 in Jakarta. AHEC exhibited the winners of the 1<sup>st</sup> Indonesian Furniture design Competition which it inaugurated in 2009. This was probably one of the most important initiatives that AHEC has made in Indonesia. During the HDII event, John Chan announced the opening of the second competition to be concluded early in 2011, details of which are on <http://www.ifdcawards.com/>



Also exhibited by AHEC at the Jakarta event was “Handmade in Jepara”, a contemporary furniture project incorporating traditional Indonesian carving skills, custom designed by Joshua Simandjuntak using three American hardwood species – ash, tulipwood, and oak.

The five collections, which also included a walnut set inlaid with maple, drew huge interest from visitors and kept AHEC's stand very busy distributing samples of and publications about America hardwoods. The display also provided excellent photo images.

In 2011 AHEC will keep up this momentum with activities mainly focused on the furniture industry. IFFINA in mid March will feature an AHEC exhibit in support of Indonesia's furniture association ASMINDO with which it has cooperated for many years. The 2<sup>nd</sup> IFDC will be concluded with an award ceremony in Jakarta in April. AHEC has linked up with the Indonesian design media to ensure wide coverage to its promotion of American hardwoods to manufacturers and their customers both domestically and internationally.

In the coming months, the American hardwood industry is expecting to roll out the initial results of a ground breaking, science based study on a Life Cycle Assessment (LCA) of the environmental impact of producing American hardwood. Leading LCA consultants PE International are currently undertaking the first phase of data collection for the study which will conform to the ISO14000 series of Standards for LCAs. Life Cycle Inventory data is being gathered for American hardwood lumber and veneer covering environmental impacts of every process from point of extraction through to delivery to the importers yard in Europe and East Asia. The study will allow preparation of Environmental Products Declarations (EPDs) for American hardwood species and products. EPDs are widely recognised as the most effective method of communicating the full environmental profile of any product and are increasingly used as a basis for materials credits in green building rating systems. The study will also include, as a discrete component, an assessment of the carbon footprint of using American hardwood lumber and veneers. The LCA Study is a massive undertaking for AHEC, with full results not expected until the end of 2011. The aim by the end of the year is to provide enough information to help manufacturers of American hardwood products to be able to prepare their own EPD's to international standards, which may be of increasing importance to Indonesian exporters selling to environmentally sensitive markets.

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**This article was written by Michael Buckley, hardwood specialist for business to business readers, and is sponsored by the American Hardwood Export Council.**