

# High-End U.S. Wood Products Make Music . . . and More . . . in Indonesia

In 2001, Indonesia imported a total of \$107 million worth of wood products. Over a third of the imports were from the United States. Indonesia exported more than \$1 billion in furniture (\$742 million), wooden floors (\$201 million) and musical instruments (\$100 million).

After U.S. exports of wood products to Indonesia peaked in 2000 at \$47.5 million, sales fell off to \$39.4 million in 2001. Because of a strong re-export trend, imports of woods were largely unaffected by the 1997 Southeast Asian economic

crisis that buffeted other U.S. exports. However, the furniture export industry in Indonesia was impacted by the 2001 global slowdown, as its biggest customers are the United States, Europe, Japan and Australia.

Accordingly, U.S. wood product exports to Indonesia dropped; however, a rebound in U.S. sales is expected as the economic recovery comes for primary customers.

## Some U.S. Products From Europe

In 2001, the best selling U.S. wood entering the Indonesian market was hardwood logs, valued at \$14.2 million. This same year, U.S. hardwood lumber (\$8.4

million) and hardwood veneer (\$3.3 million) exports lost the most ground. Best selling veneers include oak, maple and softwood pine.

Other U.S. high-grade products enter Indonesia via European countries, adding maple, cherry, walnut and ash to the mix. European countries are able to offer high quality, precision thickness with competitive prices.

Two major importer/distributor firms import U.S. wood products for Indonesia's furniture manufacturers. Most U.S. products enter via Java Island, which has the infrastructure to handle the imports. Distribution to other islands has proven less reliable.



A major flooring company imports sawn lumber directly from the United States, mostly white oak, beech, red oak and cherry, but also some maple, walnut, pecan and pine. Several smaller flooring companies import mostly oak logs.

U.S. maple is used in necks of guitars made locally. Piano manufacturers use U.S. cherry. U.S. birch plywood is turned into drum parts.

### Competition Is Worldwide

As with other markets, price and credit terms can be the determining factors for Indonesian wood product importers. Developing personal relationships with Indonesian importers and promoting

## Market Entry Tips

For assistance in entering the Indonesian market, companies should work with a regional wood products organization such as AHEC (the American Hardwood Export Council) and the Jakarta-based FAS Agricultural Trade Office. Here are other activities that can enhance sales:

- Sponsor a U.S. tour and/or local seminars for Indonesian importers, distributors, contractors and furniture and wood floor manufacturers so that participants can learn the latest on U.S. wood product applications and gain knowledge of available U.S. products.
- Organize industry seminars that cover U.S. species, grades and applications for local architects, designers and contractors.
- Encourage Indonesian importers, distributors and furniture manufacturers to expand their upscale product sales by participating in trade shows outside Java and Bali.
- Investigate the potential for importers participating in FAS' Export Credit Guarantee Programs.

### U.S. Wood Products Have Multiple Uses in Furniture, Flooring and Musical Instruments

Type of U.S. Wood Product	End Product	Species (Common and Scientific Name)
Logs	Fancy plywood	Cherry ( <i>Prunus serotina</i> ) Maple ( <i>Acer saccharum</i> , <i>Acer nigrum</i> ) Red oak ( <i>Quercus</i> spp.) White oak ( <i>Quercus</i> spp.) Walnut ( <i>Juglans</i> spp.)
	Furniture Flooring Veneer	Cherry ( <i>Prunus serotina</i> ) Maple ( <i>Acer saccharum</i> , <i>Acer nigrum</i> ) Red oak ( <i>Quercus</i> spp.) White oak ( <i>Quercus</i> spp.) Walnut ( <i>Juglans</i> spp.)
Lumber/ Sawn timber	Complement for furniture edge, doors, cabinets, vanities, fireplace mantels, as hand-crafted accessories*	Cherry ( <i>Prunus serotina</i> ) Maple ( <i>Acer saccharum</i> , <i>Acer nigrum</i> ) Red oak ( <i>Quercus</i> spp.) White oak ( <i>Quercus</i> spp.)
	Flooring	Cherry ( <i>Prunus serotina</i> ) Maple ( <i>Acer saccharum</i> , <i>Acer nigrum</i> ) Red oak ( <i>Quercus</i> spp.) White oak ( <i>Quercus</i> spp.) Pecan ( <i>Carya</i> spp.) Pine ( <i>Pinus</i> spp.) Walnut ( <i>Juglans</i> spp.)
	Musical instruments	Cherry ( <i>Prunus serotina</i> ) Maple ( <i>Acer saccharum</i> , <i>Acer nigrum</i> )
	Piano keyboard	Spruce ( <i>Picea</i> spp.) Poplar/Tulip ( <i>Liriodendron tulipifera</i> )
Veneer	Guitar neck	Maple ( <i>Acer</i> spp.)
	Guitar top/front board	Spruce ( <i>Picea</i> spp.) or Alder ( <i>Alnus</i> spp.)
	Furniture*	Red alder ( <i>Alnus rubra</i> ) Ash ( <i>Fraxinus</i> spp.) Beech ( <i>Fagus grandifolia</i> ) Birch ( <i>Betula</i> spp.); White & Red Birch Cherry ( <i>Prunus serotina</i> ) Elm ( <i>Ulmus</i> spp.) Maple ( <i>Acer saccharum</i> , <i>Acer nigrum</i> ) Red oak ( <i>Quercus</i> spp.) White oak ( <i>Quercus</i> spp.) Pecan ( <i>Carya</i> spp.) Pine ( <i>Pinus</i> spp.) Oregon Pine ( <i>Pseudotsuga menziesii</i> ) Sycamore ( <i>Platanus occidentalis</i> ) Black walnut ( <i>Juglans nigra</i> )

\*Furniture accessories include horizontal friezes, vertical pilasters, carved corbels, rosettes, scrolls and swags.

### U.S. Wood Product Sales to Indonesia Peaked in 2000

Wood Product	1996	1997	1998	1999	2000	2001
<i>U.S. Dollars</i>						
Hardwood logs	21,327,000	21,341,000	18,156,000	12,940,000	16,763,000	14,245,000
Hardwood lumber	6,085,000	8,740,000	8,186,000	11,286,000	13,005,000	8,396,000
Softwood logs	310,000	330,000	795,000	511,000	265,000	7,954,000
Softwood lumber	2,355,000	1,664,000	3,132,000	5,484,000	9,431,000	2,736,000
Hardwood veneer	3,011,000	3,584,000	2,961,000	6,157,000	6,499,000	3,257,000
Softwood veneer	54,000	19,000	120,000	12,000	674,000	732,000
Others	2,538,000	1,895,000	2,472,000	2,149,000	867,000	2,112,000
<b>Total</b>	<b>\$35,680,000</b>	<b>\$37,573,000</b>	<b>\$35,822,000</b>	<b>\$38,539,000</b>	<b>\$47,504,000</b>	<b>\$39,432,000</b>

products are also important in making sales.

U.S. exporters usually require 30-day cash terms upon delivery, compared to more lenient terms from other countries.

They also require a minimum order large enough to fill a 40-foot container. European countries often consolidate products for Indonesian importers.

China provides the most competition

for U.S. hardwood lumber products. The United States is third in supplying hardwood veneer products, after Japan and China.

As technology for veneer production develops, local industries do expect to import more U.S. solid wood directly and process their own veneers, a development that may limit U.S. wood products imported through Europe.

Other products with opportunity in this market include medium-density fiberboard and surplus cuts from U.S. processing. ■

*This article was prepared by a contractor for the FAS Agricultural Trade Office in Jakarta, Indonesia. For more information about this market, contact that office at: Tel.: (011-62-21)3435-9161; Fax: (011-62-21) 3435-9920; E-mail: atojkt@cbn.net.id*



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