



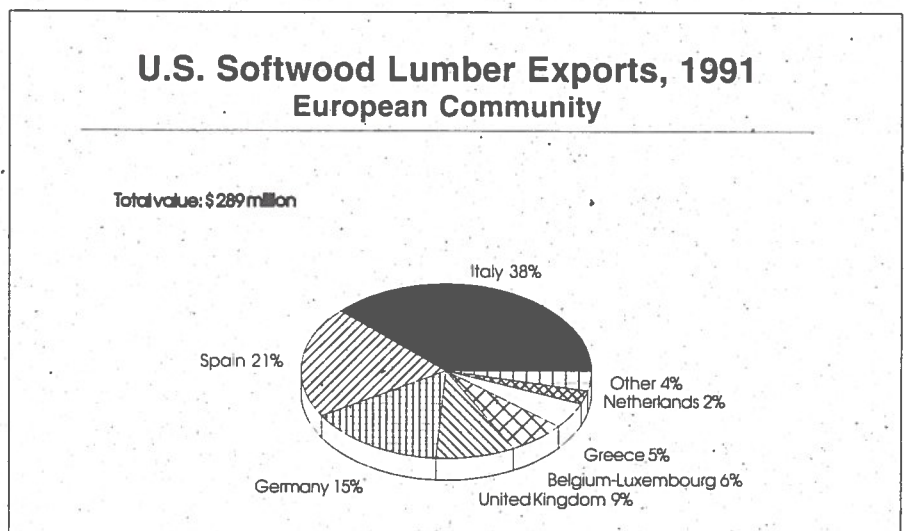
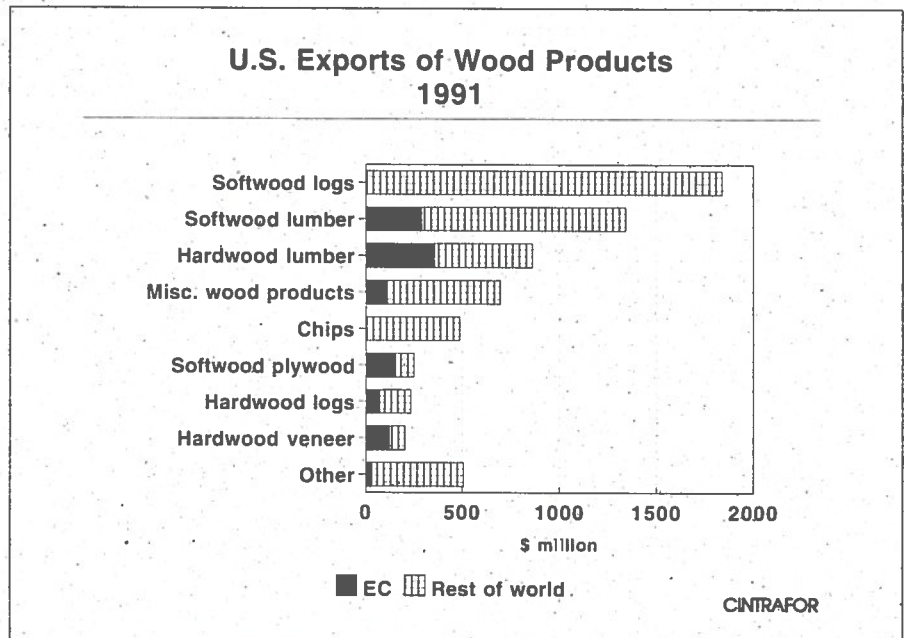
Europe: Value Added via Quality

Opportunities exist in Europe to substitute U.S. wood products for tropical hardwoods in high-quality applications like windows or doors and to export other value-added wood products. Success in European markets will depend upon establishing new quality service relationships rather than using the traditional import distribution channels for primary commodity products.

European Import Potential

Germany imports 10% of its domestic wood consumption from Sweden and only 1% from the U.S. About 65% of its consumption is supplied by domestic producers. The Netherlands, in contrast, is almost totally dependent upon wood imports. Italy also imports large amounts of high-quality wood. Opportunities now exist to export not only wood of high quality, but also value-added or processed wood products.

The current U.S. share of European imports is largely in higher grades of commodity products. With increased levels of service and a quality manufacturing orientation, more U.S. exporters should be able to penetrate markets for custom-cut window stock, millwork, and other machined products.





Quality Requirements Differ by Country

German buyers want consistent dimensions, rapid delivery, and consistency in pricing. They are increasingly demanding that imported wood comes from sustainably managed forests. Italian buyers indicate that they prefer long-term relationships with consistent supply, and pay close attention to customer relationships and needs. Buyers from the Netherlands value the quality of drying and long-term supplier commitments, as well as close customer contacts and stability from exchange fluctuations. U.S. suppliers of value-added products need to master these country-specific dimensions of quality through more service-oriented direct distribution, rather than relying upon moving commodity products through import houses.

Competing with High-Valued Products in Europe

Several issues have been identified as key to establishing and maintaining a competitive presence with value-added wood products in Europe:

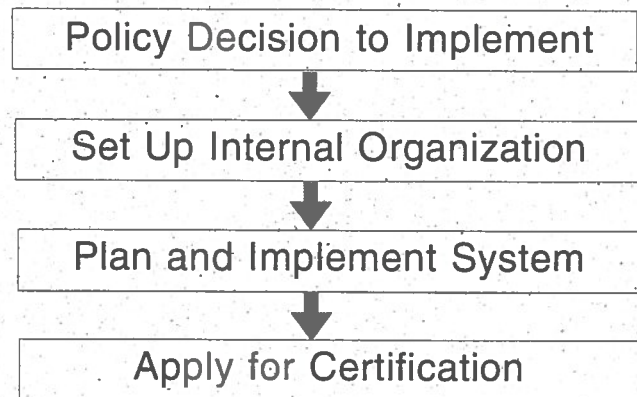
- ▲ Develop relationships with industrial end-users.
- ▲ Position for the long-term; Europe is not a market to exploit only when the U.S. market is weak.
- ▲ Develop long-term loyal customers rather than trying to sell high in tight markets and low in weak markets.
- ▲ Promote higher-valued products with higher service support, products that are less price sensitive.
- ▲ Concentrate on a few markets and customers and provide high service.
- ▲ Cut and dry to high specifications.
- ▲ Sort and grade according to customer demands; the value increase will exceed the costs increase.
- ▲ Arrange for reliable delivery.

ISO 9000 Standards Provide a Process for Higher Quality

Many countries have adopted the International Standards Organization (ISO) 9000 series of quality procedures, and these standards seem likely to spread. Wood products component purchasers may soon require their suppliers to achieve ISO certification or compliance. While implementing ISO standards in a manufacturing setting can be time-consuming and expensive, U.S. companies that have gone through the process report substantial long-term savings and manufacturing dividends.

With a unified economy driven by new demands for manufacturing quality and environmental sustainability, the European market offers increased opportunities for value-added wood products. In response to these demands, U.S. suppliers must adopt a quality manufacturing and service orientation to achieve long-term success in this market.

ISO 9000 Implementation Process



For more information, contact CINTRAFOR and ask about "Exporting Value-Added Wood Products to Europe: The Quality Imperative," WP-41.