Trip Report

Dubai, United Arab Emirates

12-19 January 2011

Plan FMD FY 2012, Activity F12GX-ME2ST

A. Travellers

Charles Trevor – Consultant, Southern Forest Products Association
Roderick Wiles – Consultant, Southern Forest Products Association

B. Purpose of Travel

To visit lumber importers in the United Arab Emirates and to make an assessment of the market for American softwoods.

C. Itinerary

12 January – Arrive Dubai 1700
14 January. Meetings with Scratch PR (Richard Wilson) and Rod Wiles

D. Summary and Observations

The UAE and in particular its commercial centre, Dubai, is a significant manufacturing and trading hub for the Gulf region, Iran and East Africa. Some bi-lateral trade in wood products is also done with India. As such, it occupies an important position in the trade of wood products, including both softwood and hardwood lumber and logs over a wide area.

Total wood and wood products imports to the UAE between January and July 2011 were $94 million (337,000 m3). The largest market share by volume (hardwood and softwood) belongs to Romania (48%), followed by Germany (18%) and Chile (17%).
UAE exports by volume for the same period were $16.7 million (54,000 m3) with Rwanda the leading destination (39%) followed by Somalia (19%) and Oman (19%), though Oman is ahead of Somalia in value terms.

Although sales of American softwood lumber to the UAE are relatively modest ($630,000 from January to October 2011), this represents an almost threefold increase over the same period in 2010.

Prospects for increasing sales of American softwoods depend on raising awareness of their qualities and benefits. At present, the level of knowledge and awareness is virtually non existent although in the relatively recent past, awareness of Southern Yellow Pine was considerable.

The itinerary for this trip was organised by Richard Wilson of Scratch PR in Dubai and by Rod Wiles of AHEC. As such the trip was a joint AMSO/AHEC effort, which is the first time that these two organisations have worked together on trade servicing visits. The collaboration worked well and paves the way for future similar trips in other countries.

E. Main Contacts

United Design (UD), Abu Dhabi. Olle Nordstrom. E: olle@ud-i.net

UD are interior designers who work for they Abu Dhabi government and for private clients on institutional and residential projects. They specify mainly hardwoods.

Phoenix Timber Factory (Part of the Royal Group). Mr Nabil Mubarak. E mail: nabil.m@phoenixad.ae

Phoenix are part of the Royal Group of companies, which is owned by the President of the UAE, Sheikh Zayed Al Nahyan.

They produce fine quality woodwork and joinery for Sheikh Zayed's residences. They aim to produce and sell wood products to Qatar for the 2020 football World Cup and are looking to develop their business in Saudi Arabia. They currently buy from Malaysia (meranti) and from India. They have exported to Morocco, Afghanistan and the Seychelles.

Mr Mubarak mentioned 700 villas being built in Abu Dhabi for which Phoenix are providing wood products.
Business is done with Malaysia with 40% cash provided up front and the balance at 90 days.

**Timber Yard LLC, Dubai. Ahmed Kadori. E: ahmed@timberyard.ae**

As well as supplying the UAE, Timber Yard supply lumber to Iraq, transhipped via Jordan. They import ‘premium’ quality from Canada (19 and 38 mm widths). They had been in touch with Sierra Pacific Industries (contact from Craig Larsen) but had not received a reply. Mr Kadori is looking for No 2 and Better. He deals with Wynndel Box and Lumber in Vancouver from whom he buys No 3 and Better. Commercial terms with Wynndel are 20/30% cash in advance and 70-80% cash against documents. He also buys Elliottis pine from Brazil, SPF from Canada (72 X 145/147 mm in 7 and 8 foot lengths, rough sawn for door frames plus 72 X 72 x 10’ for scaffolding boards) and low grade material from Romania plus No 1 Radiata from Chile at $240/m3. he is interested in 19 mm thickness X any width and any length. Lumber in the yard from Tolko, Zavisha (Alberta) and Orman (Turkey but ex Germany?).

This appears to be a knowledgeable importer who would be worth contacting. Mr Kadori will visit the Dubai Wood Show.

**Indogulf Intertrade LLC. Mr Anand Chandwani. E mail: indogulf@eim.ae**

Located opposite Timber Yard, Indogulf were not on the itinerary but had extensive softwood stocks mainly ex Canada and Romania.

They might be worth contacting on a speculative basis.

**Megastar Trading Company, Dubai (part of Darvesh Group, headquarters in Dubai. Mr Radhakrishnan. E: rk.megastar@darvesh.com**

Megastar ship plantation teak from Nigeria to India and but cherry, red oak and as, from the US (mainly from ITL, Pennsylvania) for the UAE. They export to Oman, Qatar, Bahrain and a little to Kuwait. They ship plantation teak from Nigeria to India (they have an office in Mumbai).

They had some Canadian S4S stock but appear to be geared more towards hardwood than softwood.

**Danube Group, Dubai. Mr Ramasamy Kannappan. E: swamy@aldanube.com**

Danube are one of the largest lumber importers in the UAE. They import 15,000m3/month mainly from Germany, Romania and Sweden. They import ‘a bit’ of SYP, for transhipment to Afghanistan, presumably for US financed projects, some Eastern white pine/Quebec yellow pine but said that
awareness of SYP is so low in the UAE that this inhibited specification and therefore sales. This was especially true as the market in UAE is very price sensitive.

He said that SYP’s density and treatability should be promoted as these benefits were virtually unknown. The fact that SYP was ‘pine’ should be downplayed as this immediately associated it in peoples’ minds with inexpensive pine from Europe. Canadian SPF S4S No. 3 was purchased as well as Swedish Fifths for Saudi.

Pressure treated SYP could be of interest for traditional style pergolas and shading. They recently had an enquiry for Western red cedar cladding which will be services by traders in Canada.

Logs were purchased to saw certain sizes not available in the UAE (e.g. 6 X 6) and used in the UAE and for re export to Africa and Pakistan.

Danube Dubai buys for Oman, Bahrain, Qatar and Saudi (though lumber for Saudi is shipped direct). Lumber is re exported from Dubai to Somalia, Kenya, Tanzania, Nigeria and before the war, to Libya.

His comments on India were interesting. There were too many players; documentation as prohibitive; there was too much local resawing. In short, there was huge demand combined with too little knowledge – a dangerous combination!

Timber Markets, Sharjah. Messrs. Venu Gopal and Girish Kumar. E: vinu@asbinternational.com and girish@asbinternational.com

Timber Markets but 4, 8 and 12 metre pine and spruce logs from France (poor quality). This business is being done because the Euro is weak against the dollar. These logs are sawn into 3 X 3, 4 X 4 and 1 X 4 sizes. They also cut 6 X 8 and 6 X 12 from other logs.

Cherry, ash, beech red and white oak are also purchased, shipping dry.

They buy SPF S4S from Canada (for door cores) and pine from Austria; also German beech. They also but pallet wood ex Russia and Lithuania.

They used to by SYP but demand dried up.

Al Nibras, Sharjah. Mr Mohamed Mawlana. E: marm@alnibrasgroup.com

A long established (35 years) trading company, Al Nibras had the most impressive and valuable stock seen during the week, with 45 different species
valued at $15-20 million (virtually all hardwood). As well as lumber, Al Nibras also import MDF, birch ply and small quantities of OSB. They have just started small imports of softwood from Romania.

Mr Mawlana speculated that SYP logs might be being transhipped to Iran. He also said SYP suffers from being called ‘pine’ but could in theory compete with meranti. He is considering installing a pressure treatment plant.

He mentioned a contract to build 60-70 police stations in Saudi Arabia, adjacent to army bases. He thinks these could contain considerable quantities of wood.

Mohieddin Wood LLC, Ajman. Mr B.M. Aslam. ashwood@eim.ae

Mohieddin have been established for 20 years. They service particularly the oil and gas industry, dry docks and pipeline construction industry. They import logs from West Africa, Australia, New Zealand and Western Europe (oak logs ex Antwerp, Belgium plus oak ex France). They claim to import treated lumber from Oakland (?), softwood logs from New York state (presumably EWP) and SYP logs from South Carolina for dunnage and construction.

They export lumber to Bahrain, Qatar, Saudi Arabia and Oman, as well as transhipping logs to India. They produce 12 X 12, 10 X 10 and 8 X 8 softwood beams for use in dry docks.

Mohieddin request 90-120 days credit. Other sources suggest that business should only be done with this company on an L/C basis.

Farlin Timbers FZE, Dubai. Mr Abdul Gafar. E mail: gafar@farlindubai.ae

Farlin export logs from Malaysia and Indonesia to India. They import softwoods from Chile (‘Industrial grade’) - radiata (40%) at $250/m3, Roumania – Scots pine (50%) at $220/m3 and New Zealand radiata (10%; good quality but knottier than Chilean), mostly S4S used for furniture. The Chilean business is well established and is serviced by regular shipments. Chileans have a good reputation in the market for reliability and price. Chilean radiata is shipped direct to Oman, Saudi and Yemen.

Mr Gafar said that most projects in Abu Dhabi require FSC or PEFC certification. Banks can specify FSC certified lumber for CAD business. This drive for certification is being led by US and UK consultants.

Farlin sell to other traders and not to end users. They request 120 days’ credit as they say they work on a 2% margin, whereas the traders work on 10%. They
estimate 60% of the total softwood business in the UAE is ex Roumania and 40% ex Chile. In fact, statistics from the Global Trade Atlas show the total Roumanian share of timber imports to the UAE to be 48% (may include some hardwood) and the Chilean share to be 17%. The US share (hardwood and softwood) is 0.5%. Allegedly 20% of Chilean lumber goes to Somalia.

Dubai National Sawmill Company, Dubai. Contact: Mr Santiago. E mail: etatsm@etaascon.com

Belying its name, the DNSC no longer saws lumber. Its yard presented a sorry sight, being scruffy, untidy and run down. It seems to specialise in the production of toilet cubicles and is the distributor for a US firm, Wilsonart, who produce Formica laminate worktops and doors.

DNSC import red and white oak, ash, hard maple and meranti. They also import beech from Germany and softwood from Roumania and Canada.

DNSC is a member of the ETA Ascon Star Group which employs 80,000 people in the UAE and in Saudi. They sell to end users and to contractors.

Madar Building materials. Mr Mahmoud Abu Dayah. E mail: m.abudayah@madar.com

Madar is a prominent importer/trader/distributor, part of the Al Fozan Group (one of the leading building materials distributors in Saudi Arabia), which has 64 branches in Saudi Arabia and 4 in the UAE, as well as in Quatar, Bahrain, Jordan and Sudan.

They import red oak, ash, walnut and hard maple as well as SPF from Canfor, pine from Germany, Ukraine and Russia (have had problems with delivery ex Russia). They have recently bought from Roumania at $225/230 per m3.

This would be a good company for American Softwoods members to approach. They are ‘open to offers’ and their distribution capability throughout the Middle East and beyond make them potentially a good source of sales throughout the region. Their strength in Saudi makes them a particularly attractive partner.

F. Conclusions and Recommendations

The UAE in general and Dubai in particular offer some potential for increased sales of American softwoods. In the relatively recent past, sales were significantly higher than they are today and a good deal of salience has been lost.
This means that for sales to increase in future, awareness of American softwoods in general and untreated/treated SYP (since the UAE is potentially an SYP rather than a Western species market) and possibly Eastern white pine in particular needs to be increased by promoting the benefits of these products.

Awareness can be increased among importers, specifiers and end users by organising seminars and other events; producing promotional material that goes back to basics – this means initially a very simple brochure which names and shows American softwood species, with their characteristics, benefits, end uses etc., in both English and Arabic. Distribution of this brochure could be via a direct mail shot and at seminars. A modest programme incorporating these elements could be organised in 2012.

Potential end uses include pergolas, decking, furniture and joinery. Attacking the market for general construction lumber, which is low grade, low margin material and dominated by well established competitors is not recommended. Indeed this market should be ignored from a promotional point of view.

It is recommended that American Softwoods employs the PR company used by AHEC (Scratch Communications) to help to implement the promotional programme in the UAE. Scratch did an outstanding job in organising this trip and can be of great benefit in helping to deliver an effective PR and press relations programme in the UAE and elsewhere in the Middle East (and incidentally, in India).

Finally, although most importers speak good English, it would be a courtesy to have business cards printed on the reverse in Arabic.