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AMBITION MARKS INDIA'S FURNITURE SUPPLY CHAIN

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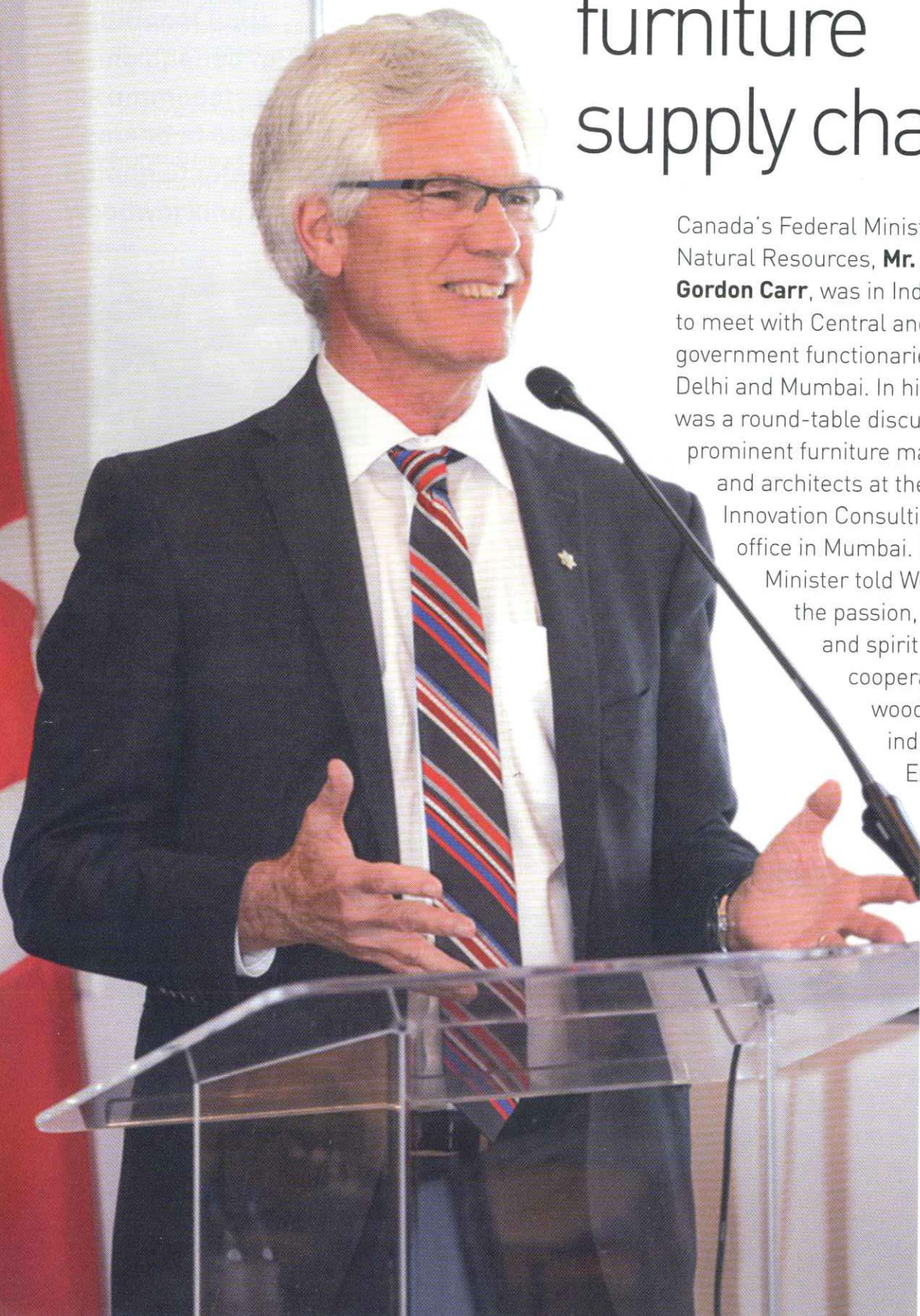
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SCHEME TO 'SKILL INDIA'



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Ambition marks India's furniture supply chain

A photograph of Mr. James Gordon Carr, Canada's Federal Minister for Natural Resources, speaking at a clear acrylic podium. He is a middle-aged man with grey hair and glasses, wearing a dark suit, white shirt, and a striped tie. He is gesturing with his hands while speaking into a microphone. A Canadian flag is partially visible in the background.

Canada's Federal Minister for Natural Resources, **Mr. James Gordon Carr**, was in India recently to meet with Central and state government functionaries in New Delhi and Mumbai. In his itinerary was a round-table discussion with prominent furniture manufacturers and architects at the Forestry Innovation Consulting-India (FII) office in Mumbai. Later, the Minister told WoodNews of the passion, optimism and spirit of cooperation in the woodworking industry.

Excerpts:



How has your India visit gone so far?

I am the first Canadian federal minister to head a large delegation of entrepreneurs from such fields as solar and wind energy, oil and nuclear fuels. Our aim is to build trusting relationships with various governments in India, and to look at ways to achieve common agendas. This visit has been very interesting and satisfactory.

India has been identified as an infrastructure development 'hot-spot' with the market size prediction exceeding US\$ 600 billion by the year 2020. What role is Canada looking to play in this window of opportunity?

Canada provides funding to non-profit forest products associations and provincial government crown agencies, such as Forestry Innovation Investment (FII), to raise awareness about Canada "as a sustainable source of certified wood" on a long-term basis. They also work to educate the Indian timber and woodworking industry about Canadian wood species, their properties and suitability for various applications, as well as providing technical support.

That said, Canada would like very much to be a part of India's economic development story. We have quality products that are suited to Indian needs. Combined with creativity and good marketing, we will surely be a part of your success stories.

India is Canada's largest trading partner in South Asia. Canada has increased its trade support network to include nearly 50 trade commissioners in different locations in the country. How does the Canadian government plan to leverage this network to further grow the business with India? What are those areas?

Canada has a great deal to offer India, both in terms of natural resources and technology. Our teams of trade commissioners work to identify areas of potential partnership and work with government agencies, the industry and

its associations, to find cost-effective solutions to the opportunities identified.

The Indian market has a strong and growing demand for wood and wood-based products, which the current levels of import do not satisfy. How good is the potential for Canadian wood products in the long term?

India is a deficit country when it comes to wood and wood-based products. Witnessing the growth in India, we can see this demand growing even more in coming years. Canada has close to 10% of the world's total forest cover and almost no deforestation. Canada is well positioned to be a reliable long-term source of fibre supply to India.

Though India is a large consumer of wood, the absence of innovative woodworking technology hampers adoption of best practices and the use of wood in construction. 'CLT', 'Glulam', etc. that are considered common in North America are still not a part of manufacturers' repertoire in India. What knowledge initiatives can be undertaken by the Canadian government and the lumber industry to help expand the market?

You are absolutely right in your observations, but first things first. As a priority we have to first gain the confidence of this market about Canada being a reliable source of certified wood from sustainable forests. We are naturally keen to encourage the use of Canadian wood in furniture making and real estate sectors here.

In the longer term, we can look at initiating the process of infusing technology such as cross-laminated and glue-laminated timbers into the industry, to expand the market for these products. Canada can offer the fruits of its extensive research and development to advance the use of such specialised wood products in India.

Canadian exports of wood to India (mainly lumber) were valued at US\$11.6 million in the



year 2013, showing a 5-fold rise in value over a decade. How can this growth be accelerated?

We are happy to see such progress. However, we are still a small player in the Indian timber industry. One thing though I can assure you is that we are here for the long term and we see India as a very promising market with which to partner.

We are spreading awareness through earned and paid media, conducting educational seminars and training workshops, and by providing technical support and conducting product trials with identified customers under the "Try Canadian Wood" programme.

FII-India, popularly known as Canadian Wood, has been single-mindedly promoting the use of Canadian wood species in India. How does your ministry support it in its mission?

The offshore component of the Natural Resources Canada (NRCan) Expanding Market Opportunities Programme focuses on expanding the export opportunities of Canadian wood producers in traditional (Japan and Europe) and emerging markets (China, South Korea and India).

Under this programme, NRCan has been partnering with provincial governments and industry associations to help the Canadian wood industry diversify their export markets. This office in Mumbai is one of seven offices funded under this programme. We have also market

representation in the United Arab Emirates (Abu Dhabi).

Offices with approximately 60 staff are located in India (Mumbai), Japan (Tokyo), South Korea (Seoul), China (Shanghai and Beijing), the U.K. and continental Europe (Toulouse), in addition to having in market representation in Abu Dhabi.

You met with some prominent Indian architects, building contractors and furniture manufacturers today. What are your impressions?

What struck me is the fact that there is ambition across the Indian supply chain in the furniture sector – ambition to experiment, to learn, collaborate and grow together!

There is an openness to change in perceptions (about Canadian wood) and habits. There is also passion backing the industry growth and a spirit of optimism. Riding on the strengths of such factors, there is surely room for growth.

The Canada Pension Plan Investment Board recently opened its new office in Mumbai and has invested more than US\$2 billion in India so far. Apart from the energy sector, CDPQ is also looking for joint ventures in real estate projects. What is the scale of investments that the government of Canada is looking at?

The Canadian Pension Plan Investment Board (CPPIB) takes independent investment decisions based on a risk

and return framework. As it is independent of the Government of Canada, we are not aware of their specific plans.

The evaluation of opportunities presumes due diligence of technical, financial, taxation, commercial, regulatory and legal criteria. How has the investment climate in India changed in recent years?

We are very encouraged by the progressing ease of doing business and market-friendly policies of the present Government of India and we are quite bullish about our involvement with India. We will continue to take necessary steps to strengthen bonds with India – Canada's largest trading partner in South Asia.

As representative of the Canadian government, what more would you like to see done by the Indian government and private enterprise to attract more investments and expand the market for Canadian resources?

India is a priority market for Canada. We look forward to working with the Indian government to finalize a Foreign Investment Promotion and Protection Agreement (FIPA). A bilateral FIPA will provide greater predictability and certainty for Canadians considering investment opportunities in India. Canada's objective is to secure a comprehensive, high-quality agreement which will protect investors through a transparent framework.

Similarly, we are also seeking to advance negotiations toward a Canada-India Comprehensive Economic Partnership Agreement (CEPA). The negotiations on CEPA remain a key priority in the Government of Canada's international trade agenda.

We've had nine rounds of negotiations and progress has been made in all agreed areas of the negotiations, including market access for goods, rules of origin, trade facilitation, origin procedures, technical barriers to trade, sanitary and phyto-sanitary measures, institutional provisions, and trade in services, including temporary entry for business persons, telecommunications, and financial services.