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FROM THE AMERICAN PEOPLE



**John Ogonowski**  
**Latin America**  
**Farmer-to-Farmer Program**

## Executive Summary

The purpose of this research is to provide those that read it a better understanding of the means by which both the wood market and the goat cheese market continually function. Wood is used throughout the world in a number of ways. While certain kinds of wood are used for structural designs while making a home, others are used to make pencils, pieces of paper, and tables.

The wood market has a good general outlook in the coming years, as countries such as China have begun to highly increase their imports. Options for ensuring that the quality of wood is the highest kind are in place for both exportation and importation of wood. And with so many programs in place, it is easy to see that the wood market has a high level of movement necessary to fulfill the needs of the world market.

Goat's milk has very little difference in overall nutrition in comparison to that of cow's milk. The general tart flavor that goat cheese is known for has allowed itself to become commonly paired with wines to balance it out. As such, the market is complimented highly in some areas that have large importations of wine.

Nicole Bonnelly  
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## Introduction

## Program Rationale

The John Ogonowski Farmer-to-Farmer Program, funded by the United States Agency for International Development, provides voluntary technical assistance to farmers, farm groups, and agribusinesses in developing and transitional countries to promote sustainable improvements in food processing, production, and marketing. The program relies on the expertise of volunteers from U.S. farms, land grant universities, cooperatives, private agribusinesses, and nonprofit farm organizations to respond to the local needs of host-country farmers and organizations.

To date, approximately one million farmer families (representing about five million people) have been direct beneficiaries of the FTF Program. Volunteers have provided direct hands-on training to over 80,000 people.

Winrock International and Florida International University's College of Business Administration have combined their resources and knowledge to implement the John Ogonowski Farmer-to-Farmer Program in Latin America, from 2003-2008.

The MAR 4613 course was created to add value to the Farmer-to-Farmer Program and prevent scarce volunteer resources from being diverted to requests for assistance, which are best, completed in the United States. The resulting freed up resources allow the program to fulfill requests with volunteers where an in country expert is a necessity. Of added value, hosts receive this additional US-based volunteer service at no cost to the FTF program.

## Introduction

### Research Objectives

The objective of this research is to analyze the US market potential of a variety of commodities. Our goal is to provide information on a variety of commodities, which can then be applied by our in-country partners to their business strategies. The primary beneficiaries of these reports are small and medium-sized farming cooperative groups which do not have the capability nor the resources to conduct these studies on their own.

It is of critical importance that while drawing conclusions to satisfy the research objective, a thorough analysis is carried out. In order to do so, some of the questions which must be analyzed are:

1. What is the demand of the product in question?
2. Who are the buyers and consumers of the product?
3. What are the quality standards and packaging requirements?
4. What is the distribution system for the product?
5. Who are the competitors?
6. What government regulations apply to the import of this product?

If it is a new product for the market, additional questions must be asked:

1. Who are the potential buyers of this product?
2. What are the potential distribution channels?
3. What are the additional important issues which must be investigated before attempting to export the product?
4. Are there any regulations which might inhibit this product from being sold in the US market?

### Research Method

Given that the research objectives include getting background information of the potential market of the commodities included in the report, the research was conducted using an explorative design. Two main methods were employed: secondary data research and personal interviews. In some instances focus groups with consumers were conducted.

The secondary research was conducted by searching and interpreting existing information relevant from governmental and private electronic sources. When specific information about a commodity was not found secondary research was guided by similar commodities relevant to the information needed.

In order to complement the secondary research, personal interviews with experts were conducted. The interviewees were either academic or commercial experts in the production and commercialization of the commodities in question. In some cases, the researchers felt the need to complement this information direct input from the consumers; in those cases focus groups session were conducted.

The sources of the information are cited through out the content of the report. Contact information of the experts is provided. At the end of the report conclusions and recommendations for future action are suggested.

# Wood

## Wood

## Product Description

Wood itself is both imported and exported in many different forms (Hardwood and Softwood Generalizations) for many different reasons. Hardwood Lumber is generally imported as a part of the furniture industry, cabinetry or flooring. Both White and Red Oak are targeted for both their sturdiness and look as a part of that market.

On the other hand, Softwood Lumber is mostly used for housing structural designs and paper. Common types used for structural designs are the Spruce and the Douglas-Fir. Such specific cases involve moldings, doors and panels for windows.



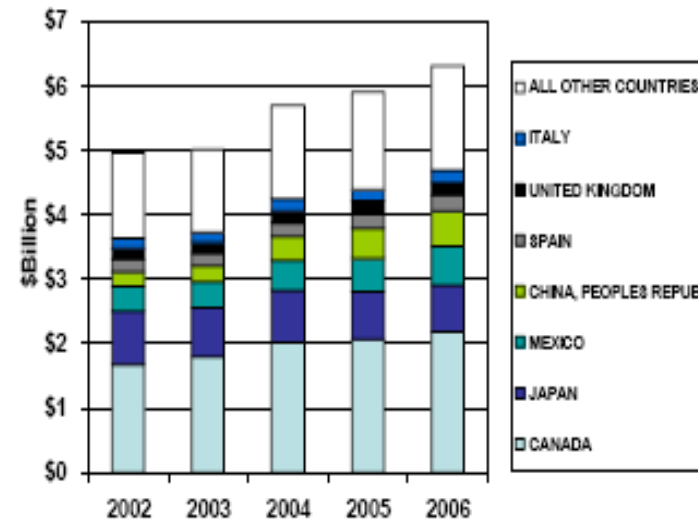
# Statistical Data

## U.S. Production Data

Over the last 5 years, the United States has slowly been increasing their wood exports to all countries. Of a group of several countries, Canada has the highest share in U.S. wood imports, having increased total imports to \$2 billion.

Most of the other countries have an increased consumption towards the end of 2006 due to an expanding furniture industry. (4)

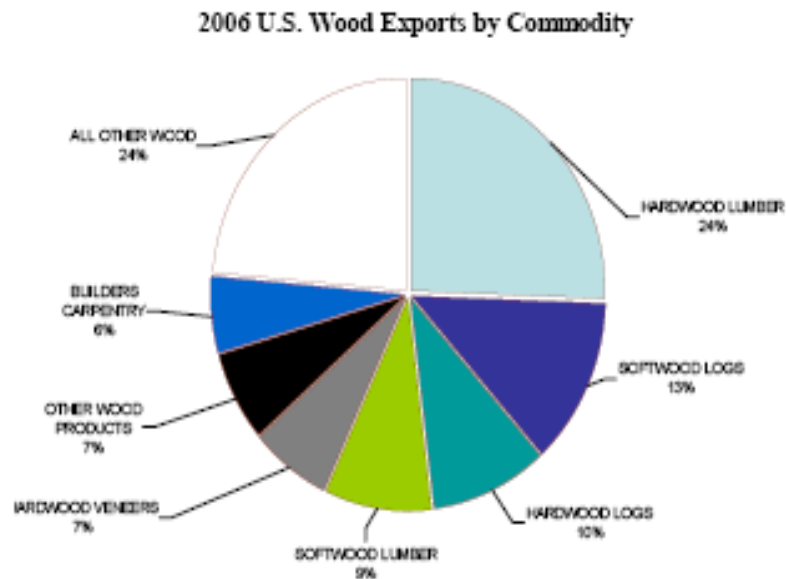
U.S. Wood Exports by Country



Foreign Agricultural Service, March 2007

## Wood

Almost one-quarter of the wood exports comes from Hardwood Lumber (due to the previously mentioned increase in the furniture industry). Some species of hardwood are slightly more popular than others (such as the white oak, which increased \$100 million in U.S. exports for 2006).



Foreign Agricultural Service, March 2007

## Wood

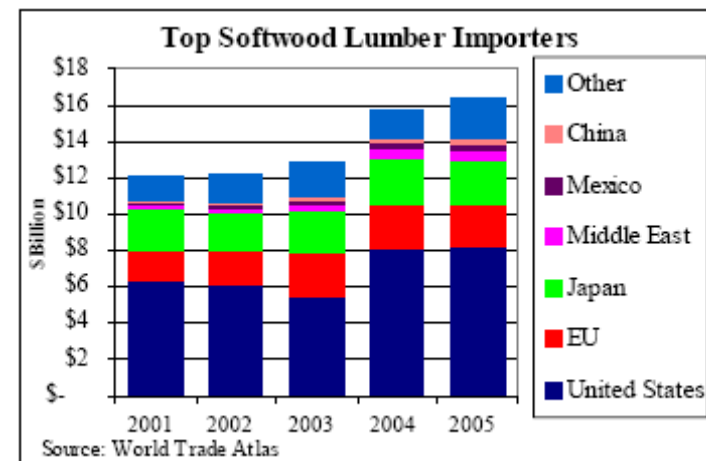
### Statistics of Foreign Trade: Exportations and Importations

As was previously brought up, wood is categorized into Hardwood as well as Softwood. In 2005, the United States imported more than 50% of the total market for Softwood (\$8 Billion), mostly from Canada (\$6.4 Billion). (2)

Since 2000, the US has been increasing their imports little by little, while their exporting has remained almost exactly the same (Resulting in a Net Loss of \$16 Billion in 2006).

As far as Hardwood is concerned in importations, it is believed (from recent trends) that China will be drastically increasing their demand by \$1 Billion (by 2010). (3)

From 2002 through 2006, the US has increased their total wood exportations by over \$1 Billion. Most of this increase has come from Canadian demand of Hardwood Lumber (35% of the US Wood Exports were to Canada). (4)



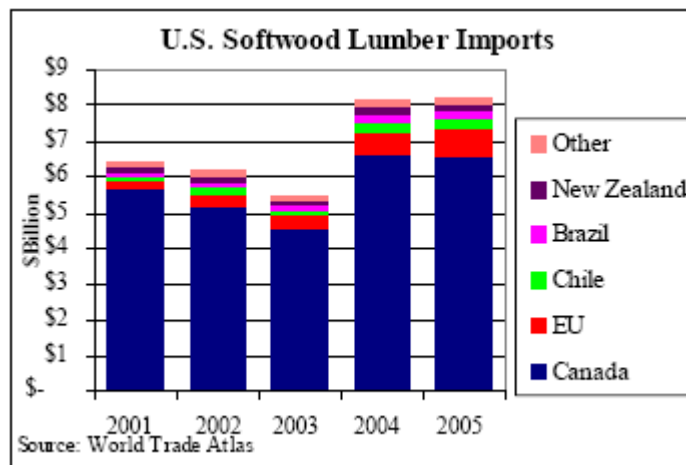
USDA Foreign Agricultural Services 2006

## Wood

### Main Origin of Importations

As has been previously mentioned, Canada has been a close tie to the U.S. in the wood market. Both countries abide by rigorous standards and expect nothing less than that; as such, the countries believe in the quality of wood being imported by each other.

50% of the world's softwood lumber imports came from the U.S. in 2006. (2) The high demand for softwood lumber (mostly used for structural design and paper) came from historically low interest rates brought about in 2003.



USDA Foreign Agricultural Services 2006

### Demand Tendencies

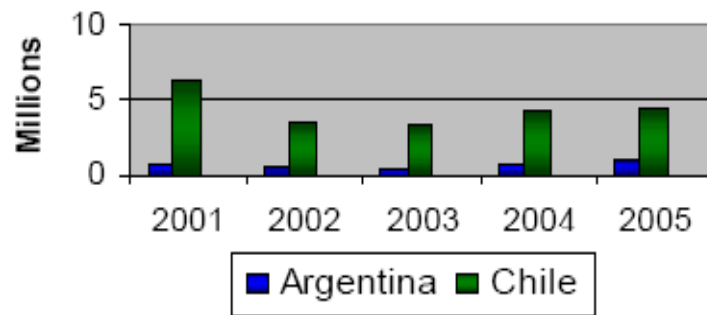
Over the last 4 years, global demand for wood has been on the rise. As of the moment, the United States only exports to higher-end importing countries. The problem with this is that the demand for wood in those countries has remained steady; it hasn't increased. (4)

While other smaller countries have slowly begun to increase their demand for wood and wood related products, the US remains in its specific section.

Furniture production has also begun to change: the demand has now shifted from more developed countries to countries with lower labor costs. Certain countries that are part of the wine industry require specific importations of wood to help age their wine. Countries such as Chile, Argentina, and Uruguay are the highest importers of White Oak cooperage. They have found that the barrels made of White Oak help to properly mature their wine. (9)

## Wood

**Total U.S. Cooperaage Product to Top South American Markets  
CY 2002-2005 (HS 4416)**



USDA Foreign Agricultural Services 2006

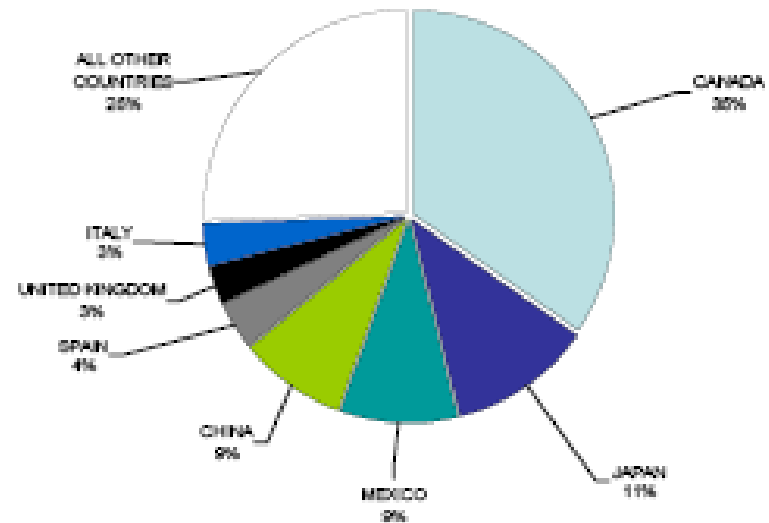
## Market Characteristics

## Market Segments

Close to half of the market was evenly divided between Hardwood Lumber and Other forms of wood (Chips and Veneers) at 24% each. (4)

Most of the market for all kinds of wood comes from the other North American countries (Canada and Mexico). Canada has had a specific demand for spruce, in the same manner that Japan has increased their demand for Douglas-fir. (4)

2006 U.S. Wood Exports by Country



Foreign Agricultural Service, March 2007

Wood

### Consumer Preferences

As mentioned, white oak has a generally higher demand than most other types of wood. “White oak lumber and veneer have also long been used in furniture, case goods and cabinetry, as well as millwork, and plank and parquet flooring.” (14)

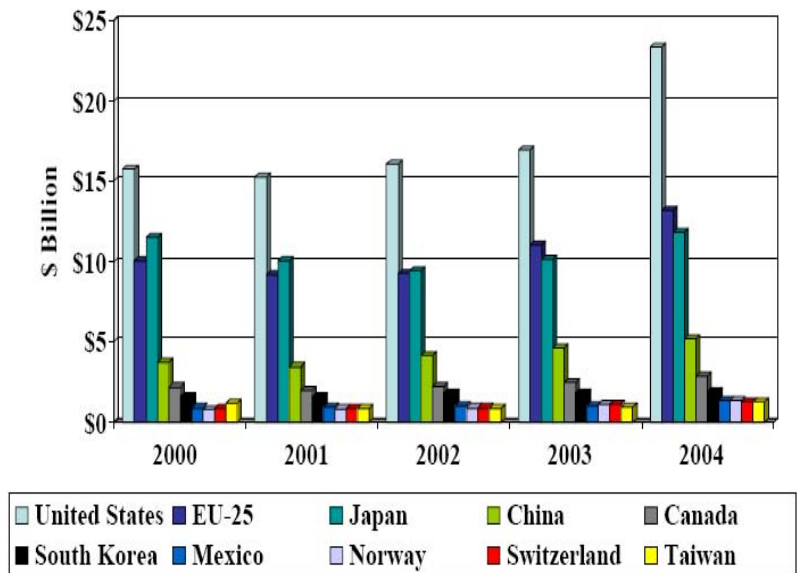
With that said, it is easy to understand that since white oak is being used for all practical purposes in home improvement the market for it is higher than all other wood types.

### Apparent Consumption

With the continual campaigns of awareness towards over using certain commodities in the world, wood consumption has been seen lately as something that can be curbed to better society. “Global wood consumption is projected to increase by at least 20 percent by 2010.” (15)

This graph of the “Top 10 Wood Product Importers” shows an increasing trend in the importation of wood into the United States. Other countries have also either maintained their levels or increased their importation.

Top 10 Wood Product Importers



Global Trade Atlas 2005

## Wood

### Competition

Canadian lumber seems to pose the highest threat to the United States as far as exporting is concerned. (4)  
As previously mentioned, with the United States maintaining itself in established markets that haven't shown much growth recently, other countries have begun to capitalize on smaller countries that have slowly increased their importation of wood.

## Distribution Channels

## Procedures to Make Orders

Depending on if it is custom made or not, most specificities can be ordered online. After contacting the representative, all that is needed to finish the order is the specificities (size, amount, weight).

Here's a simple schedule from a website that dictates the process once a specific order has been made (24):

Manufacturing and Carving: 90 days  
Shipping/Delivery by Sea: 30 days  
Total Delivery Time: 120 days

## Systems and Terms of Payment

Through the Commodity Credit Corporation (CCC), the USDA "aids producers through loans, purchases, payments, and other operations, and makes available materials and facilities required in the production and marketing of agricultural commodities." (12)

Here are some specific terms used by an online wood specification website (24):

- We accept payments by wire transfer (TT)
- 50% due upon acceptance of design and commissioning of the project
- Balance is due upon completion of the project, prior to shipment
- Shipping is paid by the client

Wood

Transportation

As seen by the chart below (26), a good 85% of the transportation used is by truck. This is due to its cheaper cost and efficient time table for arrival.

U.S. Wood Exports to Mexico, 2004			
STATE	TRUCK	RAIL	WATER
Baja California	\$ 262,449,767	\$ 8,717,826	\$ 89,100
Chihuahua	\$ 46,062,577	\$ 8,646,079	\$ -
Tamaulipas	\$ 39,793,565	\$ 72,804	\$ 290,618
Sonora	\$ 24,321,007	\$ 1,933,493	\$ -
Nuevo Leon	\$ 20,199,870	\$ 939,443	\$ -
Durango	\$ 16,507,543	\$ 2,034,050	\$ -
Distrito Federal	\$ 12,276,893	\$ 8,479,823	\$ -
Coahuila	\$ 5,625,654	\$ 7,334,275	\$ -
Oaxaca	\$ 3,246,215	\$ 651,115	\$ -
Veracruz	\$ 36,099	\$ 147,596	\$ 15,385,806
Yucatan	\$ -	\$ -	\$ 7,867,193
Other	\$ 5,432,564	\$ 2,949,315	\$ 7,593
<b>Subtotal</b>	<b>\$ 435,951,752</b>	<b>\$ 41,905,819</b>	<b>\$ 23,640,310</b>

Truck and Rail Data Source: Bureau of Transportation Statistics

Packing, Types Used: Crates and Labels

When the IPPC became involved in trades, the materials used for packaging wood were seen as harmful (due to pests). They have since reorganized and restructured the qualifications for wood packaging material (WPM) so as to minimize the effect of harmful pests on imports and exports.

“To limit the entry and spread of quarantine pest through international trade, the International Plant Protection Convention adopted the International Standards for Phytosanitary Measures Guidelines for Regulating Wood Packaging Material in International Trade (ISPM 15).” (23)

From a successful online wood specification website: “Each door, window and gate is individually poly bagged and boxed with 300# psi doubled wall cardboard and placed in wooden crate.” (24)

## Market Access

## Acceptance Conditions

When imported, Wood must pass the International Plant Protection Convention (IPPC) treaty, which is followed by 169 governments as of May 2008.

The premise of this treaty is to "secure action to prevent the spread and introduction of pests of plants and plant products, and to promote appropriate measures for their control." (10) Essentially, the IPPC is a means to safely foster international trade of plants and plant products.

Also, the North American Plant Protection Organization (NAPPO) is a subsection to the IPPC which fosters trade between Canada, Mexico, and the United States.

NAPPO is known for "rapidly developing NAPPO regional standards and NAPPO positions on international standards and decisions of other international organizations." (11) The organization attempts to create and adhere to higher standards of plant trade as a means to set quality levels of plant trade internationally.

## Wood

### Quality Standards

The USDA's Foreign Agricultural Service (FAS) has a Quality Samples Program (QSP) which "stimulates interest and demand for U.S. agricultural products. The better opportunities for agricultural exports ripple throughout the U.S. economy." (13)

Essentially, the program ensures that everything exported out of the United States through it has the highest possible quality, which helps to establish a better relationship between the importer and the exporter.

### Tariff Measurements

In most South American countries that import wine, there is a tariff on cooperage (wooden barrels that are used for the wine aging process).

Specifically, White Oak is charged a 10% tariff in Argentina and Uruguay, and 6% in Chile. (9)

### Restrictions and Regulations

According to the Wildlife Department, "It shall be unlawful to cut any living trees, shrubs, or other woody vegetation for use as camouflage, blinds, stands or firewood. Fallen dead trees may be so used, but shall not be removed for use off the Department-managed lands." (15)

"US Customs and Department of Homeland Security, effective 13-Aug-2004 is to check random containers for weapons, explosives and biological agents. The above procedure may delay shipment delivery for 1-2 weeks. To admit your shipment into US customer is required to provide full name, company info, full street address with zip-code, phone, fax, email, etc." (24)

### Technical Procedures

So as to not harm the entire system of the tree, the trunk is left intact when cut down. Certain countries have also felt it necessary to check upon cutting down the tree as to whether or not there are signs of disease, rather than waiting until it is at the processing plant.

The trees are taken to the plant and sawed into specific sections according to the necessity of the recipient.

Wood

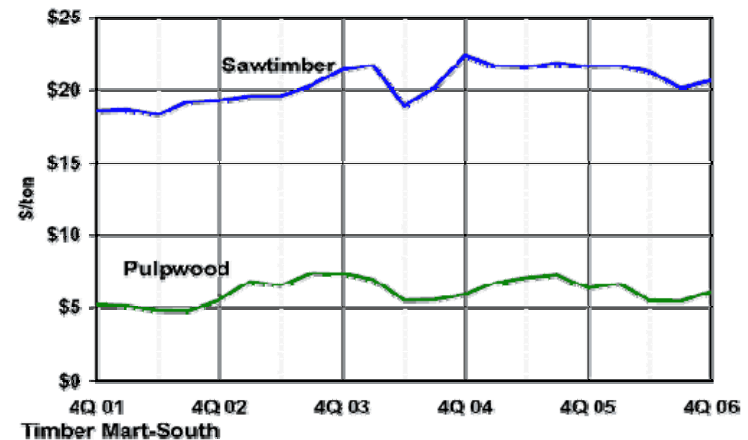
Prices

US wood products are bought and sold according to their weight or volume designations. (6)

White Oak used for cooperage sells from anywhere between \$250-\$350 per barrel. (9)

According to the chart on the left from Global Wood, while prices have remained relatively the same as they were 5 years ago, Sawtimber has a huge advantage over Pulpwood (as it is generally used for high-end purposes). (7)

**South-wide Hardwood Stumpage Prices**  
quarterly averages over 5 years



## Sales Promotion

In order to maintain the natural environment of the forest with its many and varied functions, the state government wishes to achieve sustainable and thoughtful forest management over the entire area. For this it is necessary.

To improve sales of wood by finding new sales channels relating to energy prod. And to develop forestry and wood management within the state in a way which will meet the need of the expanded market.

The wood sales promotion guideline for improvement of processing and marketing conditions with regards to forestry prod, and the use of wood in energy related areas was published as early as autumn 1998.

# **Wood Furniture**

## Product Description

Wood furniture is furniture that is made of wood and is movable, generally functional, articles that equip a room, house, etc. the equipment necessary for a ship, factory, etc.

Most of what is commonplace as wood furniture would be chairs, cabinets, and desks. As such, wood furniture is a constant in everyday life, whether at home or at work.

## Statistical Data

### U.S. Production Data

Hardwood lumber is the leading wood product commodity group exported from the US. In 2000, exports reached 1.4 billion before falling back to 1.3 billion in 2003. US hardwood lumber, log and veneer export to China and Southeast Asia have increased, with an increasing amount of furniture being produced in this region. US softwood log exports decreased from 880 million in 1999 to 680 million in 2003 primarily due to falling demand in Japan, Europe and Canada. Hardwood veneer export increased from 370 million in 1999 to 420 million in 2003.

Nearly one-half of the value of all US wood product exports fall within three commodity categories: hardwood lumber 25%, softwood logs 14%, and hardwood logs 10%. Other important export commodities include softwood lumber 8% hardwood veneer 8% and builder carpentry 6%.

**Wood Furniture**

Approximately 40 percent of US hardwood lumber production is of oaks species, manufacturers and industry analysts are concerned about the impact of these changes on hardwood operations. Lumber manufacturers can benefit from a better understanding of consumer preferences for oak when used in secondary wood products such as household furniture

**Statistics of Foreign Trade:  
Exportations and Importations**

This chart shows the annual US production by product category. “The overall wood and non-wood product mix remains relatively constant at approximately 25 % wood product and 75 % non-wood product.”

**ANNUAL U.S. PRODUCTION BY PRODUCT CATEGORY**

Year	Seating	Desks	Storage	Files	Tables	Systems	Other
2006	26.5%	10.9%	7.4%	13.3%	7.2%	30.2%	4.5%
2005	26.3%	11.1%	7.6%	14.3%	7.5%	29.1%	4.1%
2004	26.5%	11.0%	7.9%	14.1%	7.2%	29.4%	3.9%
2003	26.6%	11.0%	8.0%	13.5%	6.8%	30.5%	3.5%
2002	25.8%	11.7%	7.4%	13.1%	7.2%	32.1%	2.8%
2001	25.2%	11.5%	6.0%	12.6%	7.1%	33.7%	3.9%
2000	24.9%	11.9%	4.9%	12.4%	6.4%	36.6%	3.0%
1999	25.3%	11.5%	4.4%	12.9%	6.9%	36.0%	2.9%
1998	24.6%	12.4%	4.3%	12.8%	6.3%	35.9%	3.7%
1997	24.8%	10.2%	5.3%	13.5%	6.8%	36.1%	3.3%
1996	25.1%	10.7%	5.6%	13.8%	6.8%	34.6%	3.4%
1995	24.9%	10.6%	5.4%	15.1%	6.1%	34.8%	3.0%
1994	25.6%	10.8%	5.5%	14.3%	6.2%	35.1%	2.4%
1993	24.4%	11.3%	5.3%	15.8%	6.7%	33.4%	3.1%
1992	24.9%	10.8%	5.3%	15.1%	6.3%	34.0%	3.5%
1991	24.8%	8.9%	5.5%	14.9%	6.4%	35.2%	4.3%
1990	24.4%	9.1%	5.5%	15.1%	6.2%	34.8%	4.8%

The Business and Institutional Furniture Manufacturer’s Association  
2007

## Wood Furniture

This table shows the concept of market consumption which is production, plus imports, minus exports. Included in production are total shipments, or sales, and the value of office wood furniture manufactures in the US. Consumption represents the value of the office furniture sold from all the sources in the world not excluding those in the U.S.

As you can see the consumption of the office furniture market has gradually increased since 1990 until 2007, these results are also due to the increase in US production, imports and export percentages.

### Main Origin of Importations

“The main origin of importation is produced in the United States, but regardless U.S. case goods manufacturers are responding to lower cost on Chinese products by importing them” ( <http://www.bifma.org/statistics/index.html>) As a result some of the largest company are closing down 6.5 million square feet of US factory space in 2001. China has posted a threat to the United States on the current market position.

### Demand Tendencies

- 89% of consumers said they buy furniture to improve their quality of life.
- 44% of consumers use it for some type home improvement.

Young customers are also entering into this market so major retailer have redesigned and have expanded their young department areas.

**VALUE OF U.S. OFFICE FURNITURE MARKET**  
(Millions of U.S. Dollars)

Year	U.S. Production	% Change	Imports	Exports	Consumption	% Change
2007	\$11,420	5.5%	\$2,563	\$565	\$13,419	4.4%
2006	\$10,820	7.4%	\$2,531	\$492	\$12,859	7.9%
2005	\$10,070	12.7%	\$2,280	\$438	\$11,912	12.3%
2004	\$8,935	5.1%	\$2,022	\$347	\$10,610	5.4%
2003	\$8,505	(4.3)%	\$1,870	\$307	\$10,068	(2.5)%
2002	\$8,890	(19.0)%	\$1,777	\$338	\$10,328	(16.4)%
2001	\$10,975	(17.4)%	\$1,806	\$430	\$12,351	(17.0)%
2000	\$13,285	8.5%	\$2,094	\$496	\$14,883	9.5%
1999	\$12,240	(0.9)%	\$1,772	\$430	\$13,591	1.2%
1998	\$12,350	7.8%	\$1,532	\$454	\$13,428	9.6%
1997	\$11,460	14.1%	\$1,236	\$443	\$12,253	15.1%
1996	\$10,040	6.4%	\$968	\$360	\$10,648	7.7%
1995	\$9,435	6.6%	\$798	\$345	\$9,888	8.0%
1994	\$8,850	8.5%	\$677	\$375	\$9,152	9.7%
1993	\$8,160	5.8%	\$548	\$364	\$8,345	6.6%
1992	\$7,710	6.7%	\$440	\$324	\$7,826	6.7%
1991	\$7,228	(8.1)%	\$394	\$288	\$7,334	(9.1)%
1990	\$7,863		\$446	\$245	\$8,064	

The Business and Institutional Furniture Manufacturer’s Association  
2007

## Market Characteristics

## Market Segments

For this report the wood furniture industry focuses on consumer and business demand of the wood furniture industry. This includes bedroom furniture, casual dining room furniture, upholstery, home office furniture, entertainment centers, and infant/youth furniture.

Ready-to-assemble is also a small part of the consumer market that is also included. The principal retail channels for indoor furniture are mass merchandisers, home centers, retail stores and even the internet.

## Consumer Preferences

The same process of choosing what type of computer you want is the same way consumers buy their wood furniture. Different people have different taste and according to their particular need then that's how the furniture is sold.

Certain styles of wood go better with the decorations already in place in one's home. As such, each furniture piece is agreeable with everything else based off of what has already been done.

## Wood Furniture

### Apparent Consumption

Most of the respondents say that they are buying furniture to improve their quality of life, while another percentage says that consumers are now waiting to do some type of improvement in their home.

Between chairs, cabinets, desks, and tables, wood furniture is and will always be a high grossing market.

### Competition

China is a great threat to the United States when it comes to the furniture industry. "It has rapidly increased exports by 335 percent from 1994 to 2001 replacing Italy as the world's largest furniture exporting country." (32)

## Distribution Channels

## Procedures to Make Orders

Wood furniture can be either custom ordered or ordered by the quantity. The same ordering procedure applies to wood, because depending on the customer or the department, certain size, styles and quality is requested from the consumer. Therefore, there is no specific procedure followed to order wood furniture.

## Systems and Terms of Payment

As a general rule for all distributor and companies selling wood furniture part of terms of payment should include the following:

- The payment of the total price due should be paid at the data of the order.
- If the buyer some how goes over the due date or doesn't pay on the day promised, then the Seller is entitled to suspend the delivery of the product or further services until the payment is fully paid.
- Any event that there is an increase in cost the seller may do so under the contract upon written notice.
- If the notice of price increase is received by the seller, the buyer has the right not cancel the order and receive back any money paid.
- If buyer wishes to cancel the cancellation must be received in writing to the seller within 7 to 10 business days of before delivery. (28)

Wood Furniture

Transportation

The state of Idaho accounts for about .3 percent of the value and .5 percent of the weight of total U.S shipment of wood furniture. The CFS measured \$17 billion of goods shipments weighing 49 million tons. The shipments included by establishments in mining, manufacturing, wholesale, and selected retail industries. Most furniture was moved by truck about 71 percent of value.

**Modes of Transportation for Shipments Originating in Idaho**

Modes	Percent of value	Percent of weight
Parcel, U.S. Postal Service, or courier service	6.3	0.1
Truck (for-hire, private, and both private truck)	70.5	65.5
Air (including truck and air)	1.7	-
Rail	16.7	33.0
Water (inland water, Great Lakes, deep sea, truck and water, and rail and water)	0.1	**
Pipeline*	-	-
Truck and rail intermodal combination	**	0.1
Other intermodal (truck and pipeline, inland and Gt. Lakes, inland and deep sea)	**	**
Other, unknown, and withheld for sampling and disclosure reasons	4.7	1.3
Total	100.0	

Packing, Types Used: Crates and Labels

Each company has to have a Quality Inspection procedure of wood furniture prior to selling it; the procedure is as follows:

- Confirmation of drawings:** This is because most wood furniture's are custom made so a confirmation of the drawing supplied by the customer is the first process.
- Confirmation of sample:** After the drawing is confirmed then we need to finish the sample according to the dimensions, structure, or material quality that the consumer wants.
- Conference before production-** The Business department of the company gets together to plan the strategies used to follow correct procedures and trouble shoot any issues.
- **Selective inspection of white body-** The team will then inspect the fully assembled product for specific areas of the product.
- **Full inspection before packing-** After painting they will inspect that this product has quality standards then proceed to placing the "qualified label" on the product

## Market Access

## Acceptance Conditions

Acceptance conditions are in place for customers to agree on complying with the terms and condition that each company provides about wood furniture. This acceptance conditions include, acceptance on agreement, copyright, fraud, and privacy.

Examples of Acceptable Condition are the following:

2.1 Nothing in these conditions shall affect the buyer's statutory rights as a consumer.

2.2 The Seller shall sell and the Buyer shall purchase the products in accordance with any written quotation of the Seller which is accepted by the Buyer, or any written or verbal of the Buyer which is accepted by the Seller including but not limited to orders placed using the Sellers electronic online ordering service, subject in any case to these conditions, which shall govern the contract to the exclusion of any other terms and conditions subject to which any such quotation is accepted or purported or purported to be accepted, or any such order is made or is purported to be made, by the Buyer.

Any typographical or clerical or other error or omission in any sales literature, quotation, price list, acceptance of offer, invoice or other document or information issued by the Seller

2.4 If any provision of these conditions is adjudged invalid or unenforceable in whole or part the validity of the provisions of these conditions and the remainder of those provisions in question shall not be affected.

## Wood Furniture

2.5 If the Seller does not have sufficient stock to be able to deliver the goods ordered by the Buyer then any sum paid by the Buyer will be refunded or re-credited to your account and the Seller will notify you at the address given by you in your order form. The refund will be made as soon as possible and, in any event, within 30 days of your order and the Seller will not be obliged to offer any compensation for disappointment suffered.

### Quality Standards

American Manufactures of wooden furniture have an edge because their products are subject to a maximum import duty of six percent; however, imports from other countries still have import duties on an average of 25 percent.

### Tariff Measurements

Tariff measures the wood in terms of the metric system. These are the approximation even though taken three or four decimal places (29)

Metric—Imperial  
 1 mm .. 0.0394 in  
 1 cm .. 0.3937 in  
 1 m .. 39.3701 in or 1.0936 yd  
 1 cm2.. 0.1550 sq. in  
 1 m2.. 10.7639 sq. ft or  
 1.1960 sq. yd  
 1 cm3.. 0.06102 cu. in  
 1 liter .. 1.7598 pints or 0.2200 gal

1 g .. 0.0353 oz  
 1 kg .. 2.2046 lb  
 1 tonne .. 0.9842 ton  
 1 b.h.p. .. 745.7 W  
 1 kJ .. 0.9478 Btu

### Restrictions and Regulations

There are no major barriers when importing wood furniture. The North American Free Trade Agreement removed all existing barriers for several products imported to the United States. (30)

### Technical Procedures

An example of technical procedures for the wood process is the following:

-If installing wood floors, taking measurements of all the rooms where you are considering installing hardwood floors is necessary.

-Remember that you'll be installing the hardwood strips, parquets or planks perpendicularly, or across the floor joists. Many houses may not have parallel walls so expect to use some odd shaped pieces to make the floor flush with the wall at some points.

## Prices

The cost for a furniture container to be delivered to North Carolina Warehouse is \$2,800. With this price we add 23 percent to the base price of the Chinese products. These costs exemplify important percentage, but not enough to close the gap between US production and China.

After adding the cost of freight, the value of the container imported from China is still 20 percent to 30 percent lower than a comparable one produced in the United States. The North Carolina furniture industry will have to improve productivity. The Over all costs represents 33 percent to 37 percent of the wholesale revenue for the U.S. manufacturers and these costs must come down in order to be competitive. (22)

## Sales Promotion

Many stores that are selling wood furniture, attract the customers by advertising the wood as the best wood you will ever find, cut perfectly for perfection, and giving the your home a sense of warmly ambiance. Also, they advertise the wood by telling the customer that it will last a life time if you buy their furniture. Many stores offer discounts on wood, a temporary reduction on price, called *happy hour*, coupons, price pack deals, on-self coupons and many other resources of sales promotion.

# **Goat Cheese**

## Product Description

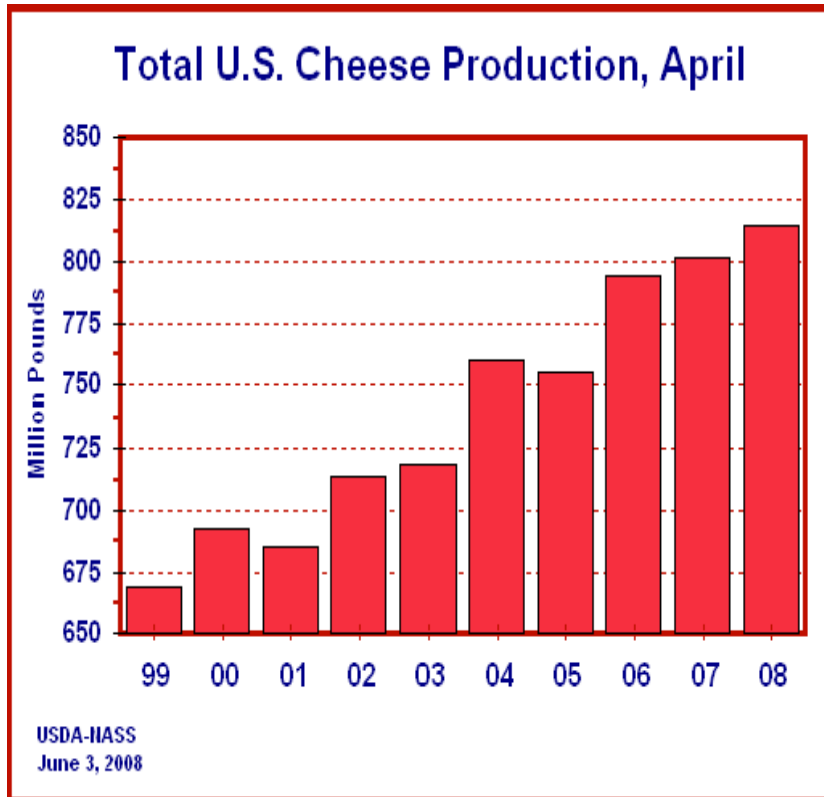
Even though the manufacture of goat cheese is relatively small, it is a developing industry within the US. In 2006, the USDA-National Agricultural Statistic Service reported a total of 288,000 registered milk goat's in the US and estimated that over 50 million pounds of goat's milk will be produced. (16) Compared with regular cheese, Goat cheese is considered a naturally healthy food with fewer calories and low cholesterol. It contains healthy saturated fats such as Caporic, Caprylic and Capric fat acids.

Even though goat's milk cheeses are highly wanted by the consumers, it hasn't received the same extensive research or studies compared to cow's milk. Milk producers have managed to produce milk throughout the year but the industries biggest challenge is the milking practices that limit the availability of goat's milk from spring to fall. (17) All this has an effect on the milk having a slight difference in composition as lactation processes occurs that affect the quality of the cheese. Moreover, especially in this industry, growth depends highly on the production of high quality cheese.

Goat Cheese

# Statistical Data

## U.S. Production Data



The production and demand of cheese from goats milk is growing tremendously. Surprisingly in 2006, the National Agriculture Statistics Service (16) reported a total of 228,000 registered milk goat’s in the U.S and about over 50 million pounds of goats milk produced. The goat’s dairy industry has retained many small farms where the products are used for home consumption or in the production of other dairy products on a relatively small scale. Currently the dairy goat products are experiencing some challenges like the seasonality of milk production. Due to seasonal reproductive cycles the supply of goat milk to produce goat cheese is extremely difficult to maintain a uniform year-round supply of this product. This causes the milk to have a slight difference in composition, which in turn affects the quality of the cheese being produced. (17)

“Dairy goats are found in every state within the U.S but the largest number come from Wisconsin (33,000 head), California (30,000 head) and Texas (25,000 head)”. (18) As of January 2008, the U.S has 3.2 million goats, up to 3 percent from 2007, in which 2.50 million were breeding and 520,000 were for the market.

## Goat Cheese

# Statistics of Foreign Trade: Exportations and Importations

Cheese trade has been on the down due to lower export projections for U.S. Since cheese production has been geared more towards WMP and butterfat and the U.S. Commission has a tight control over cheese export; the U.S. imports have declined by 11% (this also due to lower domestic prices) while at the same time the U.S. export of cheese has boosted 21% (due to higher world market prices).

This leaves a door for the U.S. to become the major global provider also because the U.S. Commission is effectively setting a global market \$/ton value as well as by their support price and regulations.

### CHEESE IMPORTS: SUMMARY FOR SELECTED COUNTRIES

1,000 Metric Tons

	2001	2002	2003	2004	(p) 2005	(f) 2006
<b>North America</b>						
Canada	27	28	24	24	25	25
Mexico	66	65	78	82	85	86
United States	198	214	216	214	209	187
<b>Sub-total</b>	<b>291</b>	<b>307</b>	<b>318</b>	<b>320</b>	<b>319</b>	<b>298</b>

### CHEESE EXPORTS: SUMMARY FOR SELECTED COUNTRIES

1,000 Metric Tons

	2001	2002	2003	2004	(p) 2005	(f) 2006
<b>North America</b>						
Canada	19	17	11	11	10	12
Mexico	0	0	0	2	2	2
United States	53	54	52	61	58	70
<b>Sub-total</b>	<b>72</b>	<b>71</b>	<b>63</b>	<b>74</b>	<b>70</b>	<b>84</b>

USDA Foreign Agricultural Service 2007

## Goat Cheese

### Main Origin of Importations

The U.S. imports more than 50 percent of goat cheese products, most of which comes from France.

“The United States imported 206,000 tons of cheese during 2006. Only Russia and Japan imported more cheese, 230,000 tons and 207,000 tons, respectively. “ (31)

### Demand Tendencies

Goat cheese is popular mostly in the Hispanic and Middle Eastern ethnic cultures, and it is expected that the demand for goat products (including cheese) will continue growing within the U.S. There will also be a trend of steady growth because consumers are becoming aware more and more about the higher protein and lower cholesterol levels found in these products. (20)

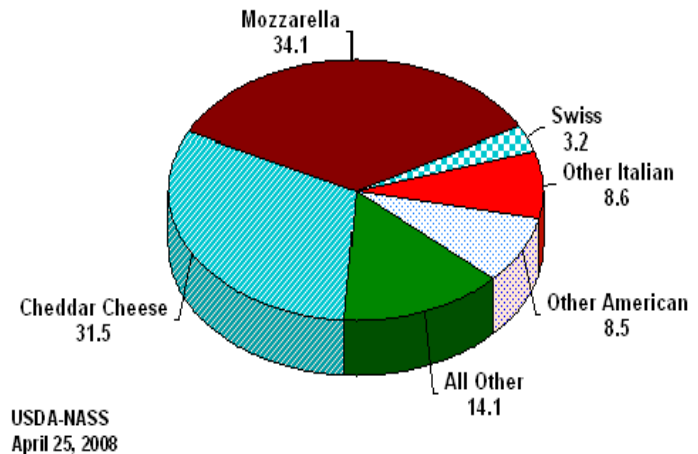
There are some factors that have contributed to the increase in the goat industry which are: the multi-functionality of the goat, higher population of farmers raising goats, and an increase in ethnic populations.

## Market Characteristics

## Market Segments

While goat cheese is not the highest sought after cheese product, it holds a decent position ahead of other cheeses such as Swiss. As mentioned, goat cheese is more of a specialty subsection of the cheese market, since the most commonplace situations utilize mozzarella and cheddar (such as Cheeseburgers and Pizzas), unless specified.

**Cheese Production**  
Percent by Type, 2007



## Goat Cheese

### Consumer Preferences

“Although goat’s milk can be used to make any sort of cheese, the cheeses traditionally made from goat’s milk include feta, gjetost, chabichou and pyramide. Regardless of the variety, goat cheese is gourmet. Restaurants are using goat cheese on everything from salads, pizzas and entrees to dessert.” (18)

Since goat cheese is a food, it comes down to everyone’s individual tastes, and whether or not it mixes well, in terms of flavor, with what is being eaten.

### Apparent Consumption

Because goat products are considered specialty foods they are not found in conventional grocery stores, making it a bit more difficult to satisfy consumer demands.

Generally, in countries that favor wine, goat cheese is seen as a complimentary item (as its flavor becomes distorted with the wine). As such, it has been viewed as a enjoyable companion to something that already has major success throughout the world.

“Goat cheese is a growing market for U.S. consumers with more than an 11% increase nationwide.” (19)

### Competition

- The same risks that cow’s milk when un-pasteurized is the same risk that applies to goat’s milk. But many people are willingly switching to goat cheese/dairy gaining naturopathic benefits to avoid any potential disease risk.

## Distribution Channels

## Procedures to Make Orders

Generally the enquirer would get in contact directly with the person raising the goat herd. They would work out an understanding, and the amount necessary would be shipped to (assumably) a local shop or restaurant.

Depending on the market entered, to start off small and work up the market seems to be best accomplished through local representatives. Contacting a local representative allows there to be better communication so to have both sides leave feeling satisfied with the agreement.

Word of mouth travels quickly in small places, and quality food is something that everyone goes after. With that said, it might be hard to start from scratch in a large market due to the competition from larger companies in Europe.

## Systems and Terms of Payment

According to the Canadian Legal Information Institute (25):

“(d) In respect of cheese to be exported to the United States, in an amount not exceeding the difference between

(i) The aggregate of the F.O.B. price of the cheese manufactured in Canada, the freight costs in respect of that cheese to its destination in the United States and the United States’ customs duty charges in respect of the cheese, and

## Goat Cheese

(ii) The United States' wholesale price of similar cheese produced in the United States.”

## Transportation

The study used indicated that transportation fees annually would be based on the mileage to the plant, stop charges, and milk quality samples costs. More often that not, herds are taken in by wagons and driven to the production plant.

Generally speaking though, the goats will only be transported a few times a year, but not on a continuous basis.  
(<http://coststudies.ucdavis.edu/files/dairygoatsnc05r.pdf>)

## Packing, Types Used: Crates and Labels

Most of what is used to harbor dairy products, such as goat cheese, comes from the films encasing the product, as well as a special coating. This coating helps to prevent the dairy from spoiling to soon, further extending its shell-life. The bacteria that cause deterioration in dairy products can be dealt with by placing a non-toxic sort of repellent directly onto the food surface.

## Market Access

## Acceptance Conditions

- According to the Canada Agricultural Products Act, when importing any sort of dairy product, the country of exportation must have equally high standards as Canada does for importation.
- As such, the packaging must contain an import declaration with specifications noted (such as thermal processes necessary for certain kinds of dairy).
- Also, everyone involved with the process must be noted in said declaration to insure that each step was thoroughly met (including the name and address of each consignee).  
(14)

## Quality Standards

- "The milk sanitation program of the United States Public Health Service evolved for three reasons:
- 1. the U.S. Public Health Service promotes the consumption of milk for good nutrition
- 2. the potential for milk borne illnesses is a significant public health threat

## Goat Cheese

- 3. reciprocal acceptance of milk and milk products between political jurisdictions "
- The United States maintains their own health program to ensure that the highest possible level of quality dairy products reaches the public.  
(<http://edis.ifas.ufl.edu/DS112>)

## Tariff Measurements

- As of 2007 imports of Goat Cheese totaled \$4.16 Million.  
([http://dataweb.usitc.gov/scripts/tariff\\_current.asp](http://dataweb.usitc.gov/scripts/tariff_current.asp))
- As was mentioned earlier, certain countries have taken a taste to Goat Cheese along with wine.
- Countries that highly import wine have begun to impose taxes on goat cheese as well.
- For example, Argentina has a 15% export tax on most dairy products.

[http://www.card.iastate.edu/iowa\\_ag\\_review/summer\\_06/article2.aspx](http://www.card.iastate.edu/iowa_ag_review/summer_06/article2.aspx)

## Restrictions and Regulations

- Every country has its own means by which it will deal with imported dairy products.
- In one such case, the Australia New Zealand Food Standards Code dictates the manner in which the dairy products should be received.

<http://www.nzfsa.govt.nz/dairy/publications/specifications/export-requirements-notice.pdf>

## Technical Procedures

All that is required to make the goat cheese is time and the mixture of following ingredients (27):

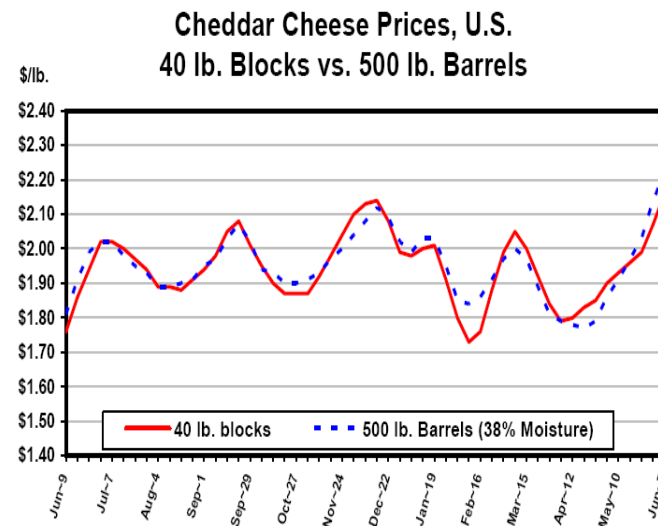
- Pasteurized Goat's Milk
- Enzyme
- Salt
- Rennet

Goat Cheese

Prices

With little information found on thorough prices of goat cheese blocks, the closest category to it that presented information was that of cheddar cheese.

“**Cheddar Cheese** prices received for US 40 pound Blocks averaged \$2.16 per pound for the week ending June 7. The price per pound increased 9.1 cents from the previous week. The price for US 500 pound Barrels adjusted to 38 percent moisture averaged \$2.22 per pound, up 7.8 cents from the previous week.” (22)



al Agricultural Statistics Service 2008

Natur

## Sales Promotion

Other than specific trade shows, goat cheese will have to be “tried and tested” within food markets and restaurants to create a lasting image.

As was mentioned, the tart flavor of goat cheese is an acquired taste, but being apart of festivals where flavors are mixed together can help a possible customer get a better understanding of the difference between goat cheese and cow’s milk cheese.

## Importers List and Distribution Networks

### WOOD

**Softwood Importers list:** Imports for all softwood products for the following countries in 2004 was reported on \$4.7 billion. It had an increase of 21 percent from 2003. The worlds leading importer of softwood was the Japan with \$1.6 billion, followed by china with \$1.2 billion and EU-25 with \$734 million.

The major suppliers for Softwood importers on 2004 are:

- Japan: Canada, China and Brazil
- China: Russia, United States and China
- EU-25: Canada, Indonesia and China.

**Hardwood Importers List:** Importers for hardwood for the following countries in the year 2004 were reported \$4.9 billion. It had an increase of 14 percent from 2003. The worlds leading

## Sales Promotion

hardwood importers are China with \$1.6 billion, followed by the EU-25 with \$1.2 billion and India with \$805 million.

The major suppliers for hardwood importers on 2004 are:

- China: Malaysia, Russia and Papua New Guinea
- EU-25: Russia, Gabon and United States
- India: Malaysia, Myanmar and Cote d' Ivoire

**Softwood Lumber:** Importers for softwood lumber for the following countries in the year 2004 were reported \$14.6 billion. It had an increase of 31 percent from 2003. The worlds leading softwood lumber importer is the United States with \$8.2billion, followed by Japan \$2.5 billion and EU-25 for \$1.8 billion.

The major suppliers for softwood lumber importers on 2004 are:

- United States: Canada, Chile and Germany
- Japan: Canada, Finland and Sweden
- EU-25: Russia, Canada and Belarus

**Harwood lumber:** Importers for hardwood lumber for the following countries in the year 2004 were reported \$7.3 billion. It had an increase for 13 percent in 2003. The words leading hardwood lumber importer is EU-25 for \$2.7 billion, followed by China for \$ 1.1 billion and the United States for \$636 million.

The major suppliers for hardwood lumber on 2004 are:

- Eu-25: United States, Cameron and Malaysia.

- China: United States, Indonesia, and Thailand
- United States: Canada, brazil and Peru

## GOAT CHEESE

- **Dried Skim Milk:** importers are: Australia and Canada
- **Cheddar Cheese:** United States, Australia and New Zealand
- **Other Cheese – Lowfat:** United States and New Zealand.
- **Edam and Gouda Cheese:** Argentina, United States, Norway and Other Countries.
- **Buttermilk:** Canada and New Zealand.
- **Butter Substitute:** Any Country
- **Swiss cheese:** Argentina, Australia, Canada, Switzerland, United States, Israel, Iceland and Norway.

Upcoming Commercial Events

**Upcoming Commercial Events**

**WOOD**

**March 25-27, 2009**

*Miramonte Resort & Spa*  
 Indian Wells, California - USA  
[www.IWPAwood.org](http://www.IWPAwood.org)

**May 31-June 3, 2008**

*CPA Spring Meeting*  
*CPA Spring Meeting*  
 Cancun, Mexico  
[www.pbmdf.com](http://www.pbmdf.com)

**October 8-11, 2008**

*NHLA Annual Convention*  
 San Francisco, California  
[NHLA Convention Website](#)

**November 1-3, 2008**

*2008 China Yiwu (International) Forest Products Fair*  
[China Yiwu \(International\)](#)

**November 6-8, 2008**

*NAWLA Traders Market*  
 Chicago, Illinois  
[www.nawla.org](http://www.nawla.org)

**November 19-21, 2008**

*USGBC GreenBuild Conference*  
 Boston, Massachusetts  
[www.greenbuildexpo.com](http://www.greenbuildexpo.com)

## Upcoming Commercial Events

**March 25-27, 2009**

*World of Wood 2009*

Indian Wells, California - USA

[www.IWPAwood.org](http://www.IWPAwood.org)

### GOAT CHEESE

- **January 1, 2008:** First day of validity for calendar year 2008 licenses.
- **March 14, 2008:** FAS issues final notice of calendar year 2008 licenses to licensees.
- **June 2, 2008:** Calendar year 2008 license fee payments must be no later than this date. (Last transmission date for a licensee to notify FAS that it will not accept a calendar year 2008 license.
- **July 1, 2008:** Last day for an exporting country that is not designating importers for calendar year 2009 to notify FAS.
- **September 2, 2008:** Last day to establish eligibility for a calendar year 2009 license.

## Conclusions and Recommendations

Both the wood and wood furniture markets have future outlooks of increased demand, especially where China is concerned. The recommendation of this group is to strongly follow the market with specific intent as to whether or not getting involved will be profitable in the near future. If properly done, it is believed that both markets should be pursued vigorously, as wood is a commodity used for a large amount of daily routines, but not in the United States, as the competition and internal production is very high.

Goat cheese is a market that has a sort of acquired taste, but the United States does not show the affection that countries in South America and Europe show. It has recently been viewed as a great pair to those who love to drink wine; and while cheese from cows milk is the general norm across the United States, goat cheese has a strong influence in countries such as France and Chile (where wine is a large market). With that said, this group recommends specifically targeting smaller areas within set countries as competition to high end distributors that would most likely be hard to break.

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