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CRITICAL DATA GAPS RELATED TO THE PRODUCTION, MARKETS AND TRADE

A POLICY PAPER PREPARED FOR THE GUYANA FORESTRY COMMISSION

Report prepared a part of ITTO Project:

***Strengthening market information systems to enhance trade and market
intelligence in the forest sector of Guyana: TMT-PD 006/11***

**Dr Kwame Asumadu
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CHAPTER ONE

1: INTRODUCTION

The Guyana wood products sector, together with the government (through the Guyana Forestry Commission and the Guyana Forest Products development and Marketing Council) is developing a marketing strategy to increase domestic value adding and progressively reduce the export of logs, promote lesser used species and enhance market access for the country's wood products both domestically and internationally.

To assist in developing the strategy, the Guyana Forestry Commission has commissioned a number of studies to gather relevant information to inform the actions and activities to be undertaken under the strategy.

1.1: Terms of Reference

The Terms of Reference (ToR) for this report required the conduct of diagnostic studies on critical data gaps related to production, markets and trade.

1.2: Methodology

The methodology adopted for the report involved:

- desktop research;
- review of the Guyana Forestry Commission and the Forest Products Development and Marketing Council websites;
- review of “Forest Sector Information Report-Annual Review“published by the Guyana Forestry Commission for 2006 to 2010 and 2012;
- review of marketing reports posted on the Forest Products Development and Marketing Council website; and
- review of published Guyana Forestry Commission and the Forest Products Development and Marketing Council brochures and leaflets.

CHAPTER TWO

2: DATA GAPS RELATED TO PRODUCTION AND PRODUCTS

Analysis of Guyanese wood products industry reports, brochures, leaflets and websites indicated that, overall, both the GFC and the FPDMC provide very good and detailed information about wood products production in Guyana.

The websites, reports, brochures and leaflets generally covered the production of:

- industrial round wood;
- sawn wood or lumber; and
- value added products such as plywood, mouldings, doors and windows.

This is very useful information as it informs potential buyers about the overall capacity of the wood products sector in Guyana. It also informs about the range of products available.

There is also very good information about the available species in the published industry brochures, leaflets and posters. However, the review identified additional information that can also be provided to better inform potential customers about Guyana's wood products and production potential. This information is summarised in Table 1.

Table 1: Identified trade/market data/information gaps relating to production and products

Type of information	Trade/Market Justification for the information
Physical properties of commercial species: <ul style="list-style-type: none">• Hardness Rating• Shrinkage characteristics• Stability Rating	<ul style="list-style-type: none">• Informs markets/customers about possible end use applications.
Natural Durability (Biological hazard classes).	<ul style="list-style-type: none">• Informs markets/customers about whether the species are susceptible or resistant to fungi, borers and termites.• This information is important because it is illegal to import borer/fungi/termite susceptible wood products into some markets, unless the products have adequate anti borer/fungi/termite treatment.
Durability rating for in-ground and above ground uses.	<ul style="list-style-type: none">• Informs market/customers about whether the species are suitable for both exterior and interior use without preservative treatment.
Treatability (relates to the ease or otherwise of penetration of chemical preservatives into wood. Some wood species, particularly softwoods, are easier to treat with chemicals than hardwoods)	<ul style="list-style-type: none">• Informs markets/customers about the ease (and therefore cost) of treating borer/fungi/termite susceptible species.

Drying characteristic	<ul style="list-style-type: none"> • Informs markets/customers about whether the species distorts; checks; collapses; or shrinks when air or kiln dried.
Sawing and Machining Properties	<ul style="list-style-type: none"> • Informs markets/customers about whether the species can be peeled or sliced easily to produce veneers.
Relative abundance or availability of marketed commercial species in Guyana's forests. Described as whether "Plentiful", "Good", "Average" or "Below average"	<ul style="list-style-type: none"> • Information on "relative abundance" is very important and useful to potential buyers, because, generally, buyers would commit to developing and promoting new species if on-going supply can be assured on a sustainable basis.

2.1: DATA CURRENTLY COLLECTED AND PUBLISHED BY THE GUYANA FORESTRY COMMISSION

A review of the copies of the "Forest Sector Information Report-Annual Review" published by the Guyana Forestry Commission for 2006 to 2010 and 2012 indicated that, the majority of the information in these reports can be classified as "economic information" focussing largely on:

- production by volume and product types;
- products consumed domestically as well as those exported, including destination markets;
- domestic and export prices paid for the products produced for the period under consideration;
- structure of the industry, including the main sectors and levels of employment; and
- trends within the domestic and international economies.

The information contained in the "Forest Sector Information Report-Annual Review" is useful for policy making and planning purposes. However, the information lacks "market intelligence" on both the domestic and international markets, necessary to assist the companies within the sector to expand their existing market share and/or develop new ones.

The information compiled in the "Forest Sector Information Report-Annual Review" has limited utility for market intelligence because the reports capture historical data rather than "real time" information on the domestic and international wood products trade including consumer behaviour.

2.1.1: Market Information and Market Intelligence Information

The FAO defines market information as information on prices and, in some cases, quantities of widely traded products, and dissemination of this information on a timely and regular basis through various media to producers, traders, government officials, policymakers and others, including consumers.

Market intelligence information, on the other hand, is information about the external markets that is relevant to an organization or an industry sector's market(s). This information generally assists organizations or industry sectors, to make confident and informed decisions regarding the feasibility of opportunities in markets.

It involves on-going (rather than one off) step-by-step process of accumulating, evaluating, supplying and applying information (qualitative and quantitative) about the external market environment (both domestic and international).

This process also includes analysis of competitors, as well as planning improvement; decision-making; improvements to operations and performance to increase competitive advantage.

Market intelligence information assists:

- the identification of new opportunities;
- in early warning of competitor's moves to enable counter moves to be put in place;
- in minimizing investment risks i.e. helps to detect threats and trends early;
- better customer interaction to gain an intensified customer view of the market;
- better market selection and positioning to discover organizations' or industry sectors' unused or under-used potential; and
- in quicker, efficient and cost-effective gathering and sharing of market information.

2.2: DATA GAPS RELATED TRADE AND MARKETS

2.2.1: Market information and intelligence information for Guyana's domestic wood products market

To assist domestic consumers take advantage of the benefits that can arise from a competitive market, as well as help both existing and new producers and suppliers to either better position themselves or enter the market, some of the market intelligence information on the domestic market which could be collected regularly and provided to the industry and consumers is summarized in Table 2

Table 2: Summary of market information/market intelligence information on the domestic wood products market that can be collected and provided to consumers and the industry

Information type	Description of information to be collected
Products	<ul style="list-style-type: none"> • Main products purchased by consumers. • Reasons consumers are buying these products. • Whether the products are produced locally or imported. • If imported, the main competitive advantages of these products compared with local equivalents. • Whether or not there are local substitutes that can replace the imported products.

	<ul style="list-style-type: none"> • Strategies to help the local product(s) compete effectively with the imported product(s).
Product availability	<ul style="list-style-type: none"> • What local products are available in the market and why? • Are there any factors such as weather events that affect the availability of local products?
Product Specification	<ul style="list-style-type: none"> • General description of the local products available including quality, dimensions and availability.
Price	<ul style="list-style-type: none"> • What are the general price trends for the sector's local products? • Are prices competitive among the domestic suppliers? • How do the local products compare in price with imported equivalents? • How do domestic prices compare with international prices for similar products? • Do the imported products enjoy any preferential treatment due to government policy (ies)?
Domestic economy	<ul style="list-style-type: none"> • What is the general health of the domestic economy? • How is the general health of the economy affecting consumer demand? • What is the general performance of the sector compared with other sectors in the economy? • If the wood products sector is performing poorly compared with other sectors in the economy, what are the cause(s) of the poor performance? • What government policies, actions or activities are likely to affect activities in the sector including demand for its products? • Is the economy experiencing inflationary pressures? • What is the value of the local currency compared with international convertible currencies such as the \$USD and Euro, and are changes in the currency's value affecting prices?

Consumer behavior towards the sector's products	<ul style="list-style-type: none"> • Are there any noticeable changes in consumer behavior, such as preferences for certain colours, look/appearance that influence their purchasing behaviour i.e. is consumer choice related to changes in fashion? For example in Europe, colour preferences change from season to season and year to year. • What is the level of consumer confidence? Are consumers confident about the general economic health of the nation? • Are consumers spending money in the economy, and if so, what products/services are they purchasing, and why?
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2.2.2: Market information and intelligence information about international markets

Similar to the domestic market, consideration could be given to collecting two types of information on international markets as follows:

- Markets that Guyana would like to sell into (for example, China, India, EU, Caribbean, USA, Canada, Middle East, South Africa etc.); and
- Competitors (i.e. countries supplying tropical wood products into these markets).

A summary is provided in Table 3 below.

Table 3: Summary of market information/market intelligence information on the international wood products market that can be collected and provided to the industry

Information type	Description of information to be collected
Suppliers	<ul style="list-style-type: none"> • Who are the main countries supplying tropical wood products into these markets? • What products are they offering?
Products	<ul style="list-style-type: none"> • Main products preferred by the market. • Sectors/areas of the economy where these products are used. • Quality specifications for the markets.
Regulations and Requirements	<ul style="list-style-type: none"> • Are there any customs and quarantine regulations governing the import of wood products, for example, are the following required? <ul style="list-style-type: none"> ○ Fumigation Certificate;

	<ul style="list-style-type: none"> ○ Phytosanitary Certificate; ○ Certificate of Origin etc. ● Do wood products imported into these markets attract duty or do they enter duty free? ● Does the market require exporters to provide proof of sustainability and or/legality of source? ● What is the ease of doing business in these markets? ● Are there unique/specific business practices/culture that suppliers from Guyana need to know about?
Buyers	<ul style="list-style-type: none"> ● Who are the main buyers in these markets? ● What products do they buy and how often? ● Do they prefer to buy directly or through agents?
Price	<ul style="list-style-type: none"> ● What are the general price trends in these markets for similar products?
Economic Trends	<ul style="list-style-type: none"> ● What are the general economic trends in these markets? Are they growing or are they in recession?
Political Situation	<ul style="list-style-type: none"> ● What is the general political situation in these markets? Is there political stability? ● Are there major political events such as elections on the horizon which could impact on business activities/confidence?
Fashion	<ul style="list-style-type: none"> ● Is wood consumption in these markets influenced by specific fashion trends such as colour, species etc.?

2.2.3: Market information and market intelligence information on competitor countries

The importance of this information is to help Guyanese suppliers to better position themselves vis-à-vis suppliers from other tropical timber producing countries. Some of the information that can be gathered, analyzed and disseminated to the local suppliers is summarized in Table 4.

Table 4: Summary of market information/market intelligence information on competitor countries that can be collected and provided to the local industry

Information type	Description of information to be collected
Markets	<ul style="list-style-type: none"> • What are the key markets or market sectors that competitor suppliers are selling into? • What makes these markets or market sectors attractive to Guyana’s competitors? • Are Guyanese suppliers offering similar products, if not, can they supply similar or comparable products in terms of product characteristics, quality, performance etc.? • If not, how do Guyanese products differ from those from competitors, and how can they be positioned to be attractive to the market(s)?
Products	<ul style="list-style-type: none"> • What are the main products being supplied by competitors into this market? • What are the competitive advantages of competitors in this market? • Can Guyanese suppliers match these advantages in this market? • If not, how should Guyanese suppliers position their products for this market to make them competitive? • What are the sub-sectors within this market which Guyanese suppliers can target?

Prices	<ul style="list-style-type: none"> • What prices are the competitors' products attracting in this market? • How should Guyanese suppliers compete with other suppliers in this market: on price, quality, service etc.? • Are competitor suppliers offering deals that make their products more attractive than Guyanese suppliers in this market? • Can Guyanese suppliers match these deals, and if so how should they do it?
Market Positioning	<ul style="list-style-type: none"> • How are competitors developing their presence this market, is it through local agents or do they have permanent representation in the form of an industry or government trade office? • Who are the main players in this market, and how can Guyanese suppliers access these key players?

2.3 SOURCES OF MARKET INFORMATION MARKET INTELLIGENCE
INFORMATION – Data Collection Methods

Market information and market intelligence information can be sourced in a number of ways including the following:

2.3.1: Search Engines and Corporate Web Sites

One way to gain market information and market intelligence is by examining competitors' Web sites as well as doing basic searches with search engines like Google. Important sources include the websites of industry associations in the markets or countries of interest, as well as individual companies within the industry sector.

2.3.2: Publications

Trade magazines (both domestic and international ones) publish useful information about market trends, the key players in the market, products industry politics, etc. Consideration should be given to online subscription to the trade magazines of the markets which Guyana is interested in. One way to obtain free market intelligence information is to offer to provide articles about Guyana's industry (products, suppliers etc.) for publication in these trade magazines.

2.3.3: Trade Shows and Associations

Trade shows are another way companies learn about what their competitors are doing. (If you are a marketing professional working a trade show for your company, you will want to visit all of your competitors' booths and see what they have to offer relative to what you have to offer.) And, of course, every field has a trade association that collects and disseminates information about trends, breakthroughs, new technology, new processes, and challenges in that particular industry.

2.3.4: Guyanese Diplomatic missions

Guyanese diplomatic missions in markets of interest can provide a vital source of market intelligence. Diplomatic personnel at the trade desks can be assisted to become the eyes and ears for the wood products sector. Being stationed in the country, they will have the contacts to assist them in collecting and passing on information on how competitors' products are faring in the marketplace, what the competition is doing, and what customers are looking for.

2.3.5: Suppliers and Industry Experts

Your suppliers can provide you with a wealth of information. Good suppliers know which companies are moving a lot of inventory. And oftentimes they have an idea why. In many instances, they will tell you, if the information you're looking for is general enough so they don't have to divulge any information that's confidential or that would be unethical to reveal.

2.3.6: Customers

Lastly, when it comes to market intelligence don't neglect observing how customers are behaving.

2.4 CONCLUSIONS

The main conclusions are that:

- the GFC and the FPDMC reports, brochures, websites, posters and leaflets reviewed generally provide very good and detailed information about wood products production in Guyana, in particular, the overall capacity of the wood products sector in Guyana as well as the range of products available;
- there is also very good information about the available species in the published brochures, leaflets and posters; and
- the main data or information gap identified relates to the absence of "real time" market information and market intelligence information on both the domestic market, and the international markets Guyana sells wood products to, or intends to target.