

## **Probyn Export**

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### **PART 1 - PRODUCT INFORMATION**

#### **Introduction of Product**

My Export idea is to ship softwood lumber to Nepal for the construction of barns in the attempt to reduce the damage that earthquakes cause as well as encourage agricultural growth in Nepal. I have chosen softwood lumber because it has been tested to be one of the most viable materials against Earthquakes (Pollack, 1999). Why would we need strong and durable structures to withstand earthquakes? Approximately half of Nepal is prone to having earthquakes and Nepal is one of the poorest countries in the world (Nepal Tribune, 2016). By using softwood lumber to build their barns, it will save on the replacement expenses by reducing the damage from the earthquakes, should one happen to occur.

Since approximately 25% of Nepal is forest area, one would wonder why shipping wood to Nepal would be considered when it's already there. Based on my research, Nepal is currently struggling with the problem of deforestation (Stewart, 1986). It is also cheaper to ship wood to Nepal than it is to ship some type of machinery to cut the wood as Nepal, due to it being such a poor country, doesn't have the technology to cut the trees.

#### **Description of Company and the Competition**

Probyn Export is the leading Canadian softwood company that ships all over the world. Probyn Export is located in New Westminster, BC and has been distributing softwood since it was established in 1972 and has been distributing globally for the past 40 years (Probyn Export, 2016). The company is currently distributing to the countries of China, UK, Italy, Germany, Belgium, South Pacific, Asia, Australia, South Pacific, New Zealand, France, South Korea, Holland, Japan, Scandinavia, Caribbean, Middle East, and India (Probyn Export, 2016). Nepal is landlocked by the countries of China and India, meaning that Probyn Export is already distributing its products in the surrounding area..

Although, Probyn Export is one of the leading softwood exporters in Canada, and is well off (Probyn Export, 2016). Probyn Export still has to make sure all of the buyers are satisfied with the products and that they are excelling at their services or they could lose buyers and potential buyers and other businesses. As displayed for you in figure 1 and figure 2 below, you can see that Probyn has a lot of competition. This competition could be allies with Probyn Export though because Probyn Export is very much open to expanding their business by becoming partners with other wood companies (Probyn Export, 2016).

**Figure 1**

**CANADA TOP 5 SOFTWOOD LUMBER  
PRODUCERS - 2014 (Million Bf)**

Rank		Company	No. of Mills	Production		Change
2013	2014			2013	2014	
1	1	Canfor	13	4,207	3,735	-11%
2	2	West Fraser	12	3,571	3,476	-3%
3	3	Tolko	8	1,935	1,886	-3%
4	4	Resolute FP	14	1,480	1,585	7%
5	5	Interfor	5	872	943	8%
		<b>Total Top 5</b>	<b>52</b>	<b>12,065</b>	<b>11,625</b>	<b>-3.6%</b>
		<b>Total Top 20</b>	<b>101</b>	<b>18,801</b>	<b>18,906</b>	<b>0.6%</b>
		<b>Total Canada</b>		<b>23,491</b>	<b>24,226</b>	<b>3.1%</b>
		<b>Top 5 as a % of Tot. Canada</b>		<b>51.4%</b>	<b>48.0%</b>	
		<b>Top 20 as a % of Tot. Canada</b>		<b>80.0%</b>	<b>78.0%</b>	

**Notes: Includes lumber produced only at primary sawmills and excludes U.S. production.**

**Source: WOOD MARKETS**




**USA TOP 5 SOFTWOOD LUMBER  
PRODUCERS - 2014 (Million Bf)**

Rank		Company	No. of Mills	Production		Change
2013	2014			2013	2014	
1	1	Weyerhaeuser	15	3,290	3,679	12%
3	2	Georgia-Pacific <sup>1</sup>	16	1,602	2,270	42%
2	3	Sierra Pacific	12	1,984	1,951	-2%
4	4	West Fraser	15	1,582	1,817	15%
5	5	Hampton <sup>1</sup>	6	1,500	1,275	-15%
<b>Total Top 5</b>			<b>64</b>	<b>9,958</b>	<b>10,992</b>	<b>10.4%</b>
<b>Total Top 20</b>			<b>124</b>	<b>17,478</b>	<b>19,024</b>	<b>8.8%</b>
<b>Total U.S.</b>				<b>30,040</b>	<b>31,277</b>	<b>4.1%</b>
<b>Top 5 as a % of Tot. U.S.</b>				<b>33.2%</b>	<b>35.1%</b>	
<b>Top 20 as a % of Tot. U.S.</b>				<b>58.2%</b>	<b>60.8%</b>	

**Notes: Includes lumber produced only at primary sawmills and excludes all Canadian and offshore production.**

<sup>1</sup> Estimate Source: WOOD MARKETS



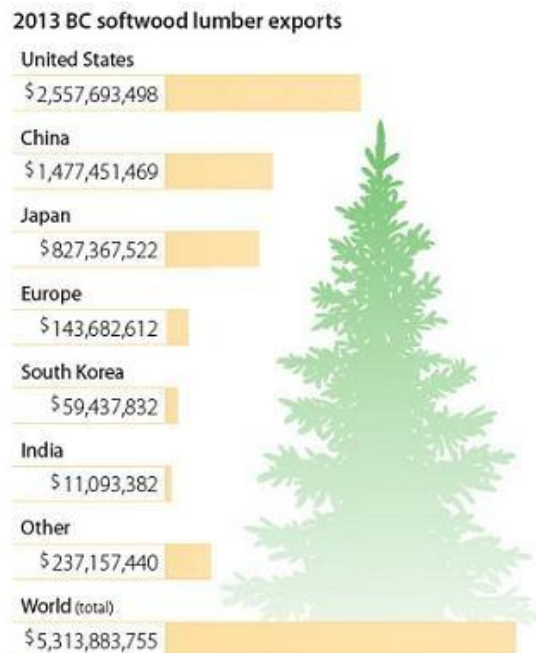
**Figure 2**

**Products Description**

Probyn Export offers to export a variety of different softwoods with different purposes all over the world (Probyn Export, 2016). Probyn Export can do mixed container loads and/or bulk loads of softwoods. Probyn export has spent decades perfecting their softwood to make current customers content as well as increase the amount of customers they have. The company exports softwood around the world. The softwood is cheaper and more durable.

**British Columbia Exports**

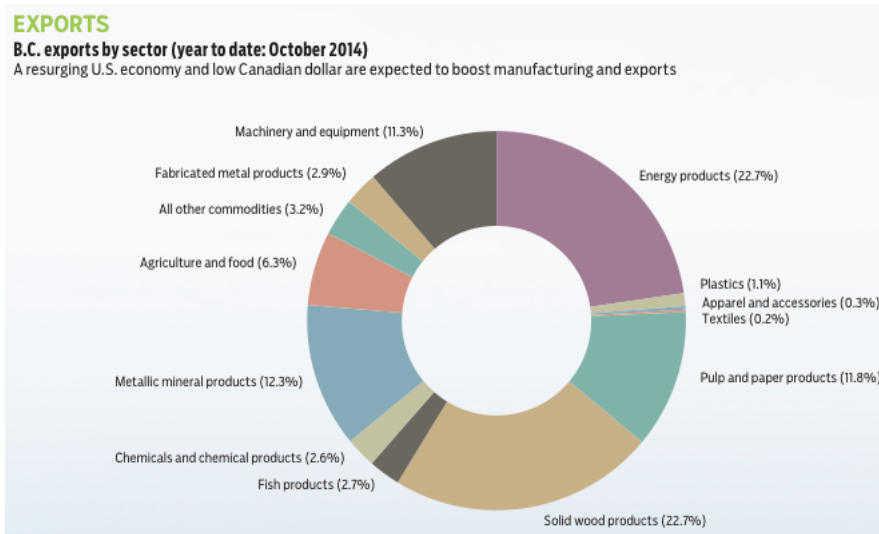
In Figure 3, is a basic bar graph showing the amount of money we get from exporting



softwood from British Columbia. It shows us our main supporters that we supply wood to, as well as gives us a total amount all together for the year 2013. As you can see, the wood industry brings in billions of dollars every year and the market for British Columbia wood is increasing (Government of Canada, 2016). In 2013, British Columbia softwood lumber exports **Figure 3**

brought in \$5 313 883 755 according to figure 3. Also in 2013, the forest industry provided

1.25% of Canada's Gross Domestic Product, which was the amount \$19 billion (Government of Canada, 2016). When looking below at figure 4, it shows that forestry production is about 35% out of all of British Columbia's exports.



**Figure 4**

**Description of where/how the product is grown, raised, processed**

The product is grown in New Westminster, BC, where there is over 3 million square feet of softwood forest (Probyn Export, 2016). The trees are raised and then when they are at a desired size they are marked and they will be cut down with a chainsaw and all of the branches are removed, this is in a process called felling (Advameg, 2016). The next procedure is called bucking, where the bark is removed off of the tree and cut to the desired length. The wood would then be either set out to dry or dried by machinery (Advameg, 2016).

**Softwood vs Hardwood**

Softwood is defined as being from conifer trees. For example, it is wood from trees like pine, fir, and spruce. Where hardwood is defined as being from broadleaved trees, such as oak, ash or beech. The reason for choosing to ship softwood to Nepal over hardwood would be due to the main fact that softwood is more durable and it is relatively cheaper than hardwood. As I

mentioned before in the introduction, Nepal is in need of durable wood that can withstand the threat of earthquakes.

### **Machinery Required and cost**

The machinery required to produce this type of wood is minor but dangerous. As I said in the description of how the product is grown, raised, and processed. The machinery that is used in the production of this product would be chain saws, table saws, and planers.

Due to Probyn Export and other wood companies not responding to my questions, I was not able to figure out what it would cost.

### **Inputs Required**

The inputs that are required to produce this product would be the fuel for the chainsaws. There is no feed required for the trees because it is all natural.

### **Benefits to Canada**

The benefits of exporting softwood lumber from Canada to Nepal would be an increase in income because it would allow Canada to continue to expand the growth of their market for softwood supplies. Canada would be able to lower their costs of production by producing and shipping more softwood, ideally at a lower cost and by incorporating more softwood per load shipped as it could be delivered with other orders for surrounding countries that Canada already sells the softwood to.

It may also open up the importing market of products from Nepal. Products that we are unable to develop or grow here in Canada.

## **PART 2 - EXPORT POTENTIAL TO NEPAL**



### **Brief Description of Nepal**

Nepal is a small country landlocked between the countries of India and China. The capital of Nepal is Kathmandu (Central Intelligence Agency, 2016). Over 50% of the land use in Nepal is agricultural land (arable 15.1%, permanent crops 1.5%, and permanent pasture 12.5%) and forest. Nepal is known to be one of the poorest countries in the world and as you may know it is not developed at all. The majority of Nepalese people are poor, but 25% of them are under the poverty line. The majority of people in Nepal do not have power or very little power. Their GDP is \$2500 US and just under 50% of people in Nepal are unemployed (Central Intelligence Agency, 2016).

### **Description of Transportation**

This product will be transported to Nepal by ship and transportation truck. The product can not be directly shipped to Nepal because it is landlocked, but China and India are both already partners with Probyn Export. Thus making it easier and cheaper because the stock could be shipped together. Once the ship is arrived, it will be unloaded and then a transportation truck will be loaded and sent to deliver to Nepal.



### **Who will Purchase this Product?**

This product is mostly meant for farmers to build more durable barns to keep their animals in that will sustain or

even reduce the effects of Earthquakes in Nepal. I believe that once this product is published to people, they will like the idea for their own housing too.

### **Who might be hurt by this Product?**

There will always be people and groups such as environmentalists that will be against the idea of harvesting trees for export as they feel all natural habitats should be protected to allow nature to provide shelter and food for the animals and birds that live amongst them. Environmentalists tend to be against this idea because they are fighting to protect our environment and they do not like the carbon footprint that wood leaves as well as the actual fact that we are cutting down trees to be used elsewhere.

The agricultural industry of Nepal may not like the idea of importing softwood to build barns as this building may take away from their arable agricultural land and they then will not be able to grow as many agricultural crops, which is one of the main things the land is primarily used for in Nepal.

### **Benefits of Importing to Nepal**

By importing softwood to Nepal to build barns, it will benefit Nepal because it is introducing new products to the country such as Canada's high quality lumber. Similarly, by importing new products to Nepal the quality of your produces could be better. Finally, importing products can reduce the cost, this occurs when you order bulk (large) orders because the company will usually sell larger quantities at a much lower price. This will also reduce the cost of the manufacturing process because Nepal will not have to pay for the expensive machinery if they are importing the finished product.

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