



Softwood Export Council Newsletter

SPRING 2004

New Beijing Staff



The Softwood Export Council and AF&PA have hired Elaine Chen as the new Program Manager in the Beijing, China office. Ms. Chen's responsibilities will cover both the promotional activities for softwood interiors and support to the General Manager in trade policy and public relations issues. She will be working closely with both SEC and AF&PA staff. Ms. Chen graduated with a MBA from Rotterdam School of Management and an Economics and Law degree from China university. She previously served as a consultant for the Dutch Ministry of Transport responsible for overseeing business development in China.

WoodMac Tradeshow - Shanghai

The February 17th – 20th WoodMac 2004 trade show took place in Shanghai, China. Members from WWPA and PLEA represented SEC and the US softwood industry in a show focusing on wood products and machinery.

During the four day event, the SEC received a surprising large amount of visitors to its modest one-booth display. SEC had product literature on US softwood species and products to pass out and samples on display. The SEC booth was one of the most crowded and well-trafficked booths of the large show.

There appears to be burgeoning interest in the Chinese trade to diversify beyond Russian Larch.

Several inquirers indicated that they were interested in US products because of the relative attractiveness of the currency against other currencies. Much of the interest was focused on treated product for exterior use and a softwood for furniture and moulding use.

Many inquiries interested in softwood furniture making, ability to supply demand and willingness to

create joint ventures or partnerships. The majority of the visitors were either furniture manufacturers or importers. The products that generated the most interest were Pines and Sitka Spruce. The Chinese seem to enjoy the aesthetics of the pines and Sitka spruce already seemed to have its threshold in the market. Many were also curious about softwood because they have never used it before.

The U.S. exporters of softwood are



Representatives of WWPA, PLEA and SEC staff at Wood Mac show

gradually increasing its threshold in the Chinese market. In the last two years, the US softwood exports have grown, while Russian and New Zealand softwood exports have slowly declined.

In January of 2004, China has already imported in value nearly five times as much softwoods as it has in January of 2003 and 2002. There

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Markets

Spring 2004

New China Embassy

On February 10, 2004, the United States Department of State officially broke ground for the construction of a new embassy in Beijing, China.

The new embassy complex will be the largest State Department project to be built on foreign soil. Its construction is expected to cost approximately USD \$275 million (2.3 billion RMB). The complex is scheduled for completion in time for the 2008 Olympic Games, which will be hosted by China.

The new embassy complex will allow the embassy to collocate its offices onto a single site. Its buildings will contain more than 50,000 square meters of floor space and provide office space for up to 700 Americans and local diplomatic, consular and other U.S. Government employees.

The design of the buildings is both American and modern, but organization of the complex is rooted in traditional Chinese forms. The SEC will update the opportunities for sourcing of materials.

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Japan Reform: Remodeling with Wood

The Softwood Export Council (SEC), together with its partners State of Washington (OTED), EBPA, the State of Oregon (OECD) and the US Embassy Foreign Agricultural Service (USDA), just completed a four city Repair and Remodel seminar series around the Kanto area. Japanese co-sponsors included the Japan Renovation Association, the Japan Housing Reform Newspaper, Tokyo Chamber of Commerce and JETRO.

The goal of the seminar series was to promote the use of US wood products in the nascent Japanese remodeling market. In contrast to the US's nearly \$214 billion dollar residential remodeling market, the Japanese remodeling market hit the \$70 billion mark in 2002. This number is expected to grow rapidly in the next decade as Japan's existing house stock quality has been raised to a sufficient level to warrant remodeling.

For SEC's Reform Seminar Series, US companies were invited to caravan with the seminar speakers and participate in a joint mini-trade show displaying products and services to the Japanese builders and remodel attendees. US company participants included two major wood window manufacturers, a wood molding company, and three building materials consolidators among others. A total of 150 Japanese builders, remodelers, wholesalers and importers attended the seminars in the four cities (Tokyo, Saitama City, Chiba and Yokohama). Tokyo had the greatest number of participants with about 60 attending.

The topics covered in the seminar was "Achieving Comfort using US Building Materials" by Yuji Noga, "Residential Remodeling Designs and Trends in the US" by Roger Williams, "Trends in US Home Center Distribution" by Frederique Prou of Lowe's and "A Builder's Perspective on Remodeling with Wood" by Rick Hjelm, a remodeling contractor out of Tacoma Washington.

Comments from the attendee survey indicated a high level of satisfaction. More than a quarter of the attendees reported finding wood products at the mini-trade show that they liked. A follow-up seminar series is planned for May 15 – 20, 2004 in the cities of Nagoya, Osaka, Hiroshima and Fukuoka. For more details on this Japan reform seminar please contact the SEC .

China Building

According to Chinese industry sources, the China building industry sector has accomplished 720 billion yuan in total output value in 2002. By 2010, the value of the timber industry generated by the construction sector will exceed 1000 billion yuan, making the sector one of the most important growth points in the Chinese economy. The housing joinery, mouldings and woodworking sector are expected to grow in tandem with the development of the housing construction sector.

Programs

Spring 2004

Packaging Update

Korea—As of March 20, 2004, Korea has delayed implementation of its new import requirements for wood packaging material, which were originally scheduled for June 1, 2004 to June 1, 2005. This comes after the United States requested Korea to reconsider some of its new requirements because they were not in conformity with the "Guidelines for Regulating Wood Packaging Material in International Trade."

India—FAS/New Delhi reports that India will not implement its new requirements for wood packaging material until June due to timing constraints. The requirements were scheduled to take effect on April 1. India also confirmed that it would not require a phytosanitary certificate for wood packaging material that is treated and marked in accordance with ISPM 15, "Guidelines for Regulating Wood Packaging Material in International Trade." A phytosanitary certificate will be required for wood packaging material that is not appropriately treated and marked.

Australia—Australia has developed new import conditions to implement the requirements of the ISPM 15 standard by July 1, 2004. Prior to 1 July 2004, only existing clearance mechanisms and certificate and packing declaration requirements will apply in order to ensure continued market access for those countries not in a position to implement new standards and continued market access for exporters not in a position to use ISPM 15 compliant import conditions.

China Promotion Week

On June 6, 2004, the Softwood Export Council will kickoff an exciting softwood promotion week in two of the most rapid growing cities in China, Dalian and Qingdao.

The SEC will bring its week at the 9th Annual Dalian International Furniture show. Last year's Dalian audience were mostly plywood manufacturers, lumber traders, decoration companies, interior decoration designers, furniture manufacturers, wood door manufacturers and flooring companies. Besides the organizations of AHEC, AF&PA, and SEC, countries like Singapore, Holland, Japan, etc. also assigned delegations to attend the expo.

In addition to the show the SEC will have manufacturing tours of local softwood users.

(Continued from page 1) **Wood Mac** has been an increase from 400 thousand to nearly 2 million with the majority coming from Sitka Spruce Cedars, and Southern Yellow Pine. While increased domestic consumption has played a role in this growth, the main drivers has been the relocation of furniture and flooring manufacturing plants from high-cost neighbors such as Hong Kong, Taiwan and Japan, as well as the US. In addition, housing reforms and wood frame construction are beginning to take place and will continue to make China an attractive market.

Price remains the number one issue influencing the purchasing decisions of the Chinese importer. However, quality is the second most important decisive factor according to survey results and market research. For more information on SEC Programs in China go to www.softwood.org.

The SEC will then join the American Hardwood Export Council (AHEC) in its 9th Southeast Asia & Greater China Convention in the northern capital of Shandong Province. Qingdao is a quickly developing metropolitan that serves as the commercial and trading hub of Northern China.

The two-day convention will be held at the Shangri-La Hotel and is expected to bring together more than 400 architects, property developers, interior designers, contractors, and furniture manufacturers in Greater China and Southeast Asia in addition to many AHEC company members.

The convention program will feature an interactive format that will allow attendees to learn how the quality and diversity of American hardwoods and softwoods can enhance product design and improve profitability from leading architects and designers from the US, Europe and Asia. Keynote speakers will cover a diverse array of topics including design concepts for using US woods in public spaces, innovative furniture design and about how proper lighting can be used to highlight the beauty of natural woods from the USA.

This year's AHEC convention will be much anticipated due to last year's cancellation. The convention will serve as a networking opportunity to the developers of such building projects and furniture manufacturing companies. The SEC and several members will be participating in this year's AHEC convention. For more information on the SEC's China Softwood Promotion week, please contact the Softwood Export Council.

Events

Spring 2004

SEC MEMBER ORGANIZATIONS

Alaska Forest Products development

American Institute of Timber Construction

California Redwood Association

Center for International Trade in Forest Products

Evergreen Building Products Association

North American Wholesale Lumber Association

OSU Department of Wood Science and Engineering

Oregon Economic & Community Development Department

Pacific Lumber Exporters Association

Pacific Lumber Inspection Bureau

Washington State Office of Trade and Economic Development

West Coast Lumber Inspection Bureau

Western Wood Products Association

Wood Moulding and Millwork Producers Association

First quarter events —2004

SEC Staff and member organizations will be participating at a number of shows and seminars in the spring and summer of 2004. Your organization is strongly encouraged to join the SEC marketing efforts at trade shows and other activities. Mark your calendar for your participation. Contact SEC Portland for travel assistance.

China:
The Shanghai International Building Trade fair will take place May 21—23, followed by the USChinaBuild May 24—27 trade mission.

The AHEC China Convention will take place in Qingdao, China June 9—11. This convention, canceled in 2003 due to SARS, will herald a much anticipated 700 manufacturing companies and trade associations across the globe.

Mexico:
 The **Technomueble** will be held in Guadalajara, Mexico in June 23-26, 2004. This show is Mexico's largest show for wood furniture.

Japan:

The **Kansai Reform Seminars** will be held May 14th—17th, the show portion of the seminars will be the 15 & 16 of May.

Europe:

The 8th **Carrefour International du Bois** tradeshow will take place from 2-4 June 2004, at the "La Beaujoire" Exhibition Park in Nantes, France. Over 50 nations are expected to attend.

Veteco tradeshow for doors and windows will take place in Madrid, Spain May 5—8.

In Mallorca, Spain, the **Technofusta** tradeshow will take place May 20-23. This show are for suppliers for the carpentry and furniture industries.

Gardener World in Birmingham, UK will take place June 16th—20th featuring US wood products in outdoor applications

Softwoods Americano

Softwood Export Council in conjunction with APA, SPC, SFPA will setup a new American Softwoods office in Mexico City. The office will located with fellow USDA co-operators in the Agricultural Trade Office, Mexico City. DF, Mexico.

Mexico has imported nearly 50 million dollars worth of softwoods in the last few years and close to 27 million dollars in softwood moulding in 2003, an increase of over 500% from 2002

Upcoming Events

Veteco, Madrid	May 5-8, 2004
Japan Reform Seminars, Kansai	May 17-19, 2004
International Construction Fair, Shanghai	May 21-24, 2004
US China Build—Trade mission	May 25-27, 2004
SEC Board of Directors, Portland	June 2, 2004
Carrefour Int. du Bois Nantes, France	June 2-4, 2004
Dalian Furniture Fair, Dalian	June 6-9, 2004
AHEC China Convention, Qingdao	June 9-11, 2004
Gardner's World, Birmingham, UK	June 16-20, 2004
Technomueble, Guadalajara, Mexico	June 23-26, 2004

For links to information on these events go to www.softwood.org/calendar