

September 1998

Japanese housing continues slide

Japanese housing starts continue to slide as the result of Japan’s recession and weak consumer spending. Ministry of Construction data shows the continuing downward trend in housing starts has now lasted 18 months with performance through June 1998 of only 598,675 units. This is down 14.4% from this time last year and represents a seasonally adjusted annual rate of only 1.213 million units, down from 1997’s 1.38 million units. June was the third month in a row below the annual rate of 1.2 million units, the longest downturn since 1950.

Wood-framed starts make up 44.8% of the total at 268,186 units (down 14.2%) and 2x4 housing starts were 32,417 through June (down 17.9%).

On the positive side, though small in number, multifamily wood-frame construction continued to grow. 11 buildings were started during May of 1998, up 57% from last year.

From US Embassy - GAIN Report

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China 2x4 demonstration proposed

U.S. building product industry representatives recently finalized a proposal to drastically increase the participation of U.S. companies in the construction sector of the world’s most populous nation.

The U.S.-China Housing Initiative is an agreement between key American trade organizations and the China Success Group to create the U.S.-Sino Housing Foundation. The Foundation will coordinate several activities to boost acceptability and knowledge of wood-frame construction in China, provide quality housing to the Chinese people, transfer 2x4 building technology to Chinese carpenters, and provide opportunities for U.S. companies to export their products.

The Initiative includes the following projects in the near-term:

- Construction of three demonstration structures to be completed by June, 1999: A 2000 square foot single-family house in Beijing, a three story apartment complex in Beijing, and a 100-unit multi-story hotel at the Wolong Panda Bear Reserve. All projects will be managed and built by U.S. construction professionals and predominantly use U.S. material.
- Initiation of a carpenter program to train Chinese workers based on U.S. curriculum.

(Continued on page 3)

www.softwood.org

The Softwood Export Council will soon be taking American softwood products to the world through a new internet site. SEC has reserved the website address “www.softwood.org” for its domain name. Development of an international web site was identified as a high priority by the SEC steering committee at its June meeting.

The site will provide SEC information, a list of coming international events, publications availability and direct links to SEC member sites and supporting member organizations. It will also feature a searchable database for softwood product sources. SEC can support those members who do not now have a web page through the new site. Advertising space and links will be available for companies who wish to sponsor the web site. Look for the SEC online this fall.

Market Review



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European market briefs

issued by the London Office

Ireland

- Building boom continues, but timber loses ground to PVC products in windows and doors.

Italy

- Total demand for softwood increased 6% in 1997 to 4.95 million cubic meters.

France

- Scandinavian suppliers are increasing sales efforts to make up for declining sales to Asian countries.

Austria

- Losing Euro glu-lam market to Germany and other softwoods to the Scandinavians.

Germany

- PVC windows reached a 52% market share in 1997. Wood windows were second with a 27% share, followed by aluminum at 18% and 3% for combinations.

Holland

- Joinery increases use of finger-jointed and laminated softwoods. Western Red Cedar cladding is becoming very popular.

Scandinavia

- Exports to Japan continue decline. Shipments from Sweden were down 56% and Finland, 41%.

Korean wood products market

issued by the Korean Office

Imports of all wood products to Korea continued to plummet during the first four months of 1998. Housing starts dropped 16% during the same period. For the first time in several years, the prices of housing and real estate have dropped. The Korean government is taking steps to deregulate housing to spur demand, but the efforts are having little impact.

Imports of packaged wood frame houses are down 69% from 1997 to \$2.5 million. US housing imports were down to \$1 million from \$6 million last year. Builders are developing new, more cost effective projects and plan material purchases in the near future. Imports of packaged wood frame homes are expected to increase slightly in the second half of this year.

Softwood Export Council

522 SW Fifth Avenue #501
 Portland, Oregon 97204
 Phone: 503-306-3490
 Fax: 503-224-3934

Craig Larsen
 President

e-mail: CraigLarsen@Compuserve.com

Dick Krieger
 Program Manager

e-mail: Dickkrieger@Compuserve.com

Kelly Gallagher
 Marketing Assistant

e-mail: gallagher_kelly@iname.com

Australian report predicts Asian 2000 upturn

issued by the Australian Office

The National Forest and Timber magazine cites a report from BSI Shrapnel that forecasts building in seven Asian countries outside of Japan. The report notes that declines in construction will occur in most countries in 1998 due to significant oversupplies in the

building sector. It also notes that Singapore and possibly the Philippines are expected to see a recovery toward the second half of 1999, while the building sector in other Asian countries is expected to bottom out sometime in 2000.

Programs

Malaysia Forest Products Annual Report

The Malaysian timber sector has been beleaguered by weakening prices and overseas demand for timber products affected by the economic crisis in Asian countries. Demand for logs and lumber from traditional buyers are expected to dip even further in the near future.

However, US hardwoods and softwoods did well in the Malaysian market in 1997. US hardwood took a 42% share of imports, up from 40% in 1996. As for softwood, imports from the US represented 48% of the Malay softwood market.

Although in a general slowdown since the later half of 1997, the Malaysian furniture / interiors sector continues to shine. Recent increases in US softwoods confirm a big potential market, but American suppliers must be price competitive and move aggressively into the Malaysian market to enhance their market position.

From US Embassy - GAIN Report

US wood industry active in Japan

Japanese are feeling more at home with imported building materials, largely as a result of a major export promotion drive by the U.S. industry.

Part of this effort was a booth operated by U.S. associations at a recent housing exhibition in Tokyo. Two of the organizations were the Western Wood Products Association and the Wood Moulding and Mill-work Producers Association, both SEC Members. The event was the Good Living Show 98, Japan's largest housing exhibition. Next year's will be held April 21-24, 1999.

In 1997, Japan recognized US standards for visually graded lumber. This recognition was recently extended to all MSR and Finger-jointed lumber. All SEC member grading agencies are included as members of the American Lumber Standard Committee.

From JETRO Report, Summer 98

(CHINA - Continued from page 1)

- Organization of a U.S.-Sino Housing Conference and Trade Fair in Beijing during summer, 1999.

The Initiative is the result of two years of visits and meetings between U.S. industry associations and Chinese groups. Organization of the US-Sino Housing Foundation will be spearheaded by SEC Member The Evergreen Partnership and has been strongly supported by APA - The Engineered Wood Association and SEC Member Western Wood Products Association. Success of the project will depend on continued coordination of U.S. industry / Foreign Agricultural Service funding, and an allocation from the U.S. Department of Commerce.

SEC will continue to participate in meetings, activities and trade missions supporting this new initiative. For more information contact Dick Krieger at SEC.

Market Reports available from the SEC

- European Market Report - June - SEC London Office
- Korean Market Report - May-June Industry Korean Office
- Australian Activities Report - SEC Sydney Office
- Taiwan Annual Forest Products Report - USDA / FAS
- Philippines Annual Forest Products Report - USDA / FAS
- Malaysia Annual Forest Products Report - USDA/FAS
- Philippines Softwood Lumber Assessment - SEC Portland Office

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Contact number: _____

Amount included (if required) \$ _____

*REPRESENTING
(Prospective Members)*

Alaska Department of
Commerce and
Economic Development

American Institute of
Timber Construction

Center for International
Trade in Forest Products

Evergreen Partnership

North American
Wholesale Lumber
Association

Oregon Economic
Development
Department

Pacific Lumber
Exporters Association

Pacific Lumber
Inspection Bureau

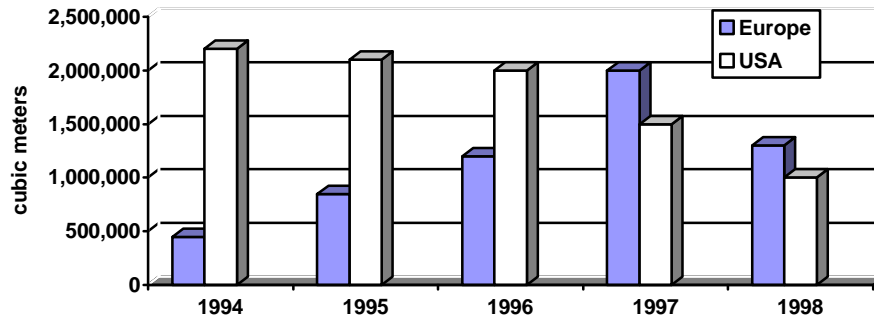
West Coast Lumber
Inspection Bureau

Western Wood
Preservers Institute

Western Wood Products
Association

Wood Moulding and
Millwork Producers
Association

Japan Softwood Lumber Imports



European softwood imports into Japan surpassed US imports for the first time in 1997. While European imports will still top US volumes this year, totals for both are expected to be significantly lower.

Upcoming Activities...

- SEC Board of Directors Meeting
September 3 - Portland
- Softwood Export Council -
Inauguration
October 1, 1998
- Japan Lumber Importers Meetings
October 15 -16, Tokyo
- Japan Home Show - Tokyo
October 20 -23
- Softwood Export Council Roll Out
Press Reception - Tokyo
October 19
- ASFI Convention - Birmingham
November 15-18
- SEC Planning Committee
November / December
- Building Products International
Showcase - Seattle
Evergreen Partnership
Jan. 12 -13, 1999
- Kyoung Yung Housing Fair -Seoul
Late February 1999
- West Japan Total Living Show
March 18-21 1999
- Good Living Show - Tokyo
April 21- 24 1999
- Interzum - Köln, Germany
May 5-10 1999