

NAWLA info tour



This year's NAWLA Traders Market in Dallas, TX had an international flavor. Five Japanese lumber importers and journalists were in attendance this year. This marks the first time in the five year history of the NAWLA Traders Market that a foreign delegation attended the show.

The group started their tour in Eastern Texas where they visited the Southern Yellow Pine manufacturing facilities of Temple – Inland in Diboll, and Burns, Morris and Stewart in Nacogdoches. The group then participated in the NAWLA Traders Market. From Dallas the group traveled to the Portland, for a three day tour of West Coast lumber mills targeting the Japanese market.

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Scandinavian competition

By Rose Braden – Cintrafor

While Finland and Sweden are often considered as a single group in international trade of wood products, there are aspects that make them different. Forestland ownership structure, management approaches, forest certification, and international currencies shape these two distinct economies and forest products industries.

An important point is that pulp and paper operations dominate the direction of the large forest products companies. Sales revenue from pulp and paper is exponentially greater than sales of sawnwood products. Solid wood products may be considered by-products.

Forest Resources

Forestland ownership is foremost in these differences. Approximately 54 percent of Finland's 20 million hectares of forestland is owned by non-industrial private forest owners, 33 percent is state-owned, and 1.8

percent is industrial private forestland. All non-industrial private forest owners are required by law to belong to a forestland owners organization, forestland owners work as a group to negotiate prices and buyers work with fewer individuals to procure raw materials and has also facilitated the Finnish Forest Certification System.

Conversely, approximately 60 percent of Sweden's forestland is owned by non-industrial private forestland owners, with half being members of a forest owners association. The industry is more fragmented, raw material procurement by large firms is more difficult, and adopting widespread certification has been a challenge.

Other issues affecting the Scandinavian forest products industry:

Eastern Europe

Eastern Europe is becoming

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AKMA to join SEC

The Alaska Manufacturers Association will be joining the SEC to represent the Alaska forest products industry. The association was organized in April 2000 and the start up is jointly funded by the national Manufacturing Extension Partnership and the Alaska Science and Technology Foundation.

The Alaska Manufacturers Association provides general

seminars, client specific training programs and specific project assistance. The AKMA is also providing some project funding in cooperation with the ASTF. Current projects include a manufacturers directory and web tools to network current Alaskan manufacturing capabilities and lumber grading programs in SE Alaska that enable the sale of finished graded lumber.

Markets

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Green hemlock market in Japan

A report prepared for the B.C. forest industry highlights the difficult market facing green Hemlock lumber in Japan. The report was prepared to quantify the overall supply and demand trends impacting B.C. coastal suppliers and highlights major Japanese market trends impacting Hemlock-lumber

1) Japanese housing starts are expected to be 20%–25% lower than the pre-recession mid-1990s, resulting in a 3 mm³ per year (1.3 bbf) drop in consumption of lumber in new home starts – mainly at the expense of green lumber.

2) Imports of Douglas fir and Hemlock logs and lumber have collectively decreased 47% in the last 10 years. Since 1992, the average usage of Hemlock in post-and-beam houses has decreased by 45%, displacing about 1.7 million m³ per year (725 million bf) of Hemlock logs and lumber

3) Forecasts indicate that green Hemlock and Douglas fir struc-

tural lumber is expected to decrease further by as much as 40%–50% over the next two to three years.

4) In 1999, imported European KD spruce lumber exceeded the imports of green Hemlock lumber for the first time by reaching almost 2 million m³. The same trend has continued in 2000 and is expected to advance further in 2001.

5) The Kobe earthquake was the start of the Japanese market's change from green Hemlock to engineered and kiln dried lumber that would provide greater perceived value and/or resistant to the threat of earthquakes.

6) The laminated post and beam sector doubled its size since 1993 while solid green Hemlock and Douglas fir imports have decreased 35%–50%. Engineered (kiln dried and laminated) lumber in Japan is the trend for the vertical post and horizontal beam market. This major product substitution change will continue to occur in the horizontal beam and square component sector.

7) The report's outlook calls for continuing weak prices due to the structural changes that now favor engineered and kiln dried lumber.

The full 24-page report is available on the R.E. Taylor & Associates/ International Wood Markets Research site at <http://www.woodmarkets.com>.

AF&PA Japan director

AF&PA has announced the appointment of Ladd McDaniel as its Japan Director, beginning December 1, 2000. Mr. McDaniel will serve as the AF&PA industry spokesperson in Japan on market access and generic marketing of U.S. wood products. Mr. McDaniel was Export Division Manager for Bohemia Pacific Inc. for seven years with responsibility for Asian sales of U.S. engineered wood products. He was raised in Japan and attended Sophia University in Tokyo from 1983 – 1985.

Mr. McDaniel will assume responsibility for the AF&PA Japan program at a critical time for the U.S. forest products industry. The Japanese are in the midst of a major overhaul of their building regulations related to wood use in construction and Mr. McDaniel's experience selling engineered wood products in Japan and his expertise in structural applications of wood will be invaluable to move the U.S. industry's trade policy and regulatory agenda forward in the Japanese marketplace. U.S. wood exports to Japan are projected to reach \$1.5 billion in the year 2000. For more information contact Betsy

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The mills that the group visited included: WWPA's Hampton Lumber's facility in Willamina OR, and D.R. Johnson Lumber Co, in Riddle OR; WCILB's Hull Oaks Lumber Co, in Monroe OR; The PLIB's Oregon Overseas Timber Co, and South Coast Lumber Co, both on the Southern Oregon Coast, and the CRA's Pacific Lumber Co. in Scotia, CA.

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Programs

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(Scandinavia - Continued from page 1) important as a source of log supply for Scandinavian firms which run their own operations in Estonia and the Baltic States in keeping with Scandinavian methods so sustainable management is not an issue. There has been an oversupply of logs in Europe since the winter storm in France felled many trees, which are now being used as roundwood. When this supply is gone, the prices will increase, and demand from Eastern Europe will increase.

Certification

Finland has adopted the FFCS as an alternative to the more stringent regulations of the Forest Stewardship Council and is designed to be more applicable to Finland's small forestland owners. The FFCS has been accepted by large retailers in the UK and received approval from the Pan European Certification System to use the PEFC stamp with the FFCS stamp. Certification is a controversial issue among suppliers in Finland and Sweden. They are generally opposed to FSC essentially blackmailing forestland owners to adopt FSC certification to sell products when they feel that sustainable management is already being practiced.

Sweden has not adopted a widespread certification. This can be attributed to the fragmented structure of the Swedish non-industrial forestland owners. PEFC has been adopted by 50 percent of forestland owners, 35 percent are non-industrial private forestland owners and 30 percent of Sweden's forestland is FSC certified. Some respondents expect 65 percent of Sweden's forests will be certified in

2-3 years. Large firms such as AssiDoman and SCA do offer certified wood, yet they report no significant sales advantages.

Impact of the Euro

Finnish firms report devaluation of the euro relative to the Swedish krona and US dollar has given them a competitive advantage in export markets. The euro has reportedly allowed Finnish firms to concentrate on issues related to service, product quality, and marketing. Swedish firms also note the competitive advantage of Swedish firms related to the euro.

Japan

Access to the Japan market was an opportunity opposed to a strategy for Scandinavian firms. This timing coincided with a decline in the German market, a strong US construction industry, and a log shortage in Japan. The Japanese liked the clear lumber that Scandinavian producers supplied in preferred dimensions, and orders have continued. The strong US dollar and low backhaul rates to Japan were also considered advantages by Swedish and Finnish respondents. Laminated beams are a growing market in Japan because they are considered more dimensionally stable.

US

Some companies reported interest in supplying the US market and firms are testing the US market with boards and dimension lumber, and most have WCLIB grade stamp approval. Most respondents had limited knowledge about the US market, but said their companies were researching it.

Alaska market survey released

The Alaska Department of Community and Economic Development (DCED) recently released the "Survey of International Market Opportunities for Alaska Softwood Producers." The report provides overview of markets in Japan, Korea, China, and select markets in Western Europe. Intended as a basic handbook on foreign market opportunities, it focuses on value-added products that can reasonably be produced within the capabilities of Alaska manufacturers.

In 1999, Alaska forest product exports totaled \$222.5 million. Historically, Japan has purchased 70 percent or more of Alaska's (non-pulp) forest products exports. "As part of a continuing effort to assist in the transition to an integrated, value-added industry, the report pays particular attention to products currently made in other countries from Alaska round logs or similar raw materials.

The survey was commissioned through the department's participation in the Softwood Export Council and in cooperation with the USDA Foreign Agriculture Service Foreign Market Access program. It is available on the department's website which can be accessed through the market research portal, on the SEC web page home.

Events

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SEC MEMBER ORGANIZATIONS

Alaska Manufacturers Association

American Institute of Timber Construction

California Redwood Association

Center for International Trade in Forest Products

Evergreen Building Products Association

North American Wholesale Lumber Association

Northwest Wood Products Association

Oregon Economic Development Department

OSU Forest Products 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

UES planning session in December

The Board of Directors of the Softwood Export Council will convene on December 13, 2000 to proceed with the Association's strategic planning for the 2001-2002 program year.

The session will help SEC staff prepare the 2002 Unified Export Strategy (UES). The UES is the document used to apply for promotional funding from the Foreign Agricultural Service. Input from SEC member organizations

is critical in determining which markets and products will be targeted in the UES. Additionally, the meeting will be an opportunity for SEC members to consider international promotional activities for the upcoming year.

The meeting will be held at the Multnomah Athletic Club in Portland, Oregon from 8:00 am to 2:30 pm. Contact Allan Czinger for more details.

Upcoming Events

- ◆ Conference on International Forest Products Marketing, Seattle, WA - Nov. 12-14, 2000
- ◆ ASFI, Birmingham, UK - Nov. 12-15, 2000
- ◆ Japan Home Show, Tokyo, Japan - Nov. 14-17, 2000
- ◆ SEC Planning Meeting, Portland, OR - Dec. 1, 2000
- ◆ Housing Expo, Seoul, Korea - Dec. 2000
- ◆ 2001 Winter Gateway Program, Seattle, WA - Feb. 6-7, 2001
- ◆ International Home Builder Show, Atlanta, GA - Feb. 9-12, 2001
- ◆ WMMPA-Meeting, Las Vegas, NV - Feb. 21-24, 2001
- ◆ Kyung Hyang Housing Fair, Seoul, Korea - Feb. 24 - Mar. 1, 2001
- ◆ Western Wood Products Assn., Portland, OR - Mar. 2001
- ◆ Architecture+Construction, Tokyo, Japan - Mar. 6-9, 2001
- ◆ Seoul Living Design Fair-Interiors, Seoul, Korea - Mar. 13-17, 2001
- ◆ Homdex -Seoul Housing Fair - Korea - March 2001

Call Allan Czinger for more detailed information

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