



Softwood Export Council Newsletter

OCTOBER 2000

Mexican seminars

The US softwood industry office in Mexico will be participating in a series of wood construction seminars over the next few months.

The seminars feature the use of wood frame construction using treated softwood products, and examples of wood construction used in exterior applications such as marinas, decks, cabins, playground equipment and other items. SEC members are invited to attend any of the seminars to add to their knowledge of the Mexican market.

The seminars will be held in conjunction with the SPC and the APA, the Engineered Wood Association. SEC member publications will be part of the information packet distributed to seminar participants.

In addition to seminar tour, the Mexican SEC office will participate in two furniture supply trade shows and the annual builders show in Mexico City, CHIAC, with a softwood products booth and seminars at the show.

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International marketing conference

The 17th Annual Conference on International Forest Products Marketing will be held this November 13-14, 2000 at the Seattle Marriott Sea-Tac Airport Hotel. The University of Washington's Center for International Trade in Forest Products (CINTRAFOR) and the College of Forest Resources, with support from the Softwood Export Council, has invited speakers from the United States, Latin America, Canada, Europe, and the Pacific Rim.

This conference will be of interest to the financial community and forest products industry. Also there will be a strong panel on forests as an investment, from both investor and manager perspectives and market outlooks for logs, chips, and other forest products. Featured will be

short presentations, allowing plenty of time for discussion, by excellent speakers of diverse beliefs.

The topics that this conference will focus on include: the status and outlook of the Asian Economic Recovery, lumber substitution and changes in the Japan housing regulatory environment, Canada Softwood Lumber Agreement, E-Commerce in forest products, and Financial trends in the forest products sector.

For more information on the 17th Annual Conference on International Forest Products Marketing see the SEC web site at www.softwood.org or contact Rosemarie Braden (206) 543-0700.

Australian office closes

The SEC formally ended the US softwoods Australian office presence at the end of September. The office was opened in 1991, in Sydney, and has been staffed by John Keith, a structural wood engineer, since its inception. During the past three years, Mr. Keith has represented US softwood industry interests on a limited basis.

The office provided technical and marketing support for US Douglas fir and other western species. The office was the focal point for major successful technology transfer pro-

grams, including Multi-Story Timber Frame Construction and the Stress Laminated Timber Bridge technology. Recent activities include monitoring the development of the North American mill certification programs for green timber with the Australian Quarantine Inspection Service and the conversion of US in-grade design data to Australian standards.

Mr. Keith, now in private practice, will continue to be available for US softwood industry service to individual companies on a consulting basis.

Markets

October 2000

Mediterranean market report

by Ignacio Martinez - Madrid

The strength of the U.S. domestic markets and the continued strength of the U.S. dollar make US lumber export sales to Europe more difficult. On the other hand, the reduction of the value added tax in Italy from 20% to 10% for lumber used in repair and remodeling should boost demand for softwoods.

Despite these factors, exports of U.S. softwoods to Italy grew 4.8% in 1999 (134,000 cubic meters), mainly comprised of hemlock but also a limited growth for Douglas fir. Shipments of Southern pine, contrarily, fell on the basis of other alternatives for the Southern Pine grades commonly used in Italy. This trend is expected to continue during the current year, unless the Euro currency recovers against the dollar.

Most solid wood products in Italy are used in producing doors, windows, shutters, and flooring and, to a lesser extent, in exterior applications. Softwood lumber is seldom used in door production, according

to the preferences of the Italian market, but in windows and casings it is remarkable the extent to which softwoods are popular. In order to improve the performance on wood windows, laminated profiles are more frequently being used in window manufacturing. They are manufactured from several species including tropical hardwoods, temperate hardwoods and frequently softwoods. Among those, Douglas Fir, Hemlock and Southern Pine are frequently specified. In this segment U.S. softwoods face competition from European redwood, Norwegian Spruce and larch. The share of US species is strong and it could increase if American laminators of window stock beefed-up their promotional activities in this market. Requests for addresses of US laminators suggest that there is a potential for this product in Italy.

In Spain, demand for U.S. softwoods remains stable thanks to intense domestic consumption levels. This is expected to continue as European economies restore their full production capacity. Nevertheless, competition from traditional European suppliers is growing. Scandinavian whitewood is the major competitor to lower grade softwood applications throughout Spain and the EU, and redwood is increasingly competing with Southern Pine in uses such as doors. Overall the demand for U.S. softwood lumber continues at a good pace and the year-end figures are expected to surpass volumes exported in 1999.

New Zealand Update

New Zealand production of sawn timber reached a record of 3.85 million cubic meters for the year ended 30 June 2000, according to statistics released by the Ministry of Agriculture and Forestry. This was 16 percent higher than the previous year, and a staggering 77 percent higher than the level achieved in the June 1990 year. Part of the growth is attributable to an increase in sawn timber exports, which have risen from 1.30 million cubic meters in 1999 to 1.47 million cubic meters in the June 2000 year. The Australian and US markets have both been particularly strong over the period.

Harvests from New Zealand forests were 18.85 million cubic meters for the year ended 30 June 2000. This represents a dramatic increase of 3.2 million cubic meters in the last two years. Of the total 99.6 percent comes from planted forest with native forest harvest compromising just 0.4 percent. Forty-one percent were consumed in sawmilling or veneer operations while 32 percent was exported in log form. The majority of the remainder were pulped or exported as chips.

Forecasts for future wood supply suggest the sustainable harvest could increase to 28.5 million cubic meters by 2003 and to 30 million by 2006. These increases may be tempered by the lack of infrastructure including roads and energy supply according to some industry leaders.

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Programs

October 2000

Fall activities

SEC member organizations have initiated their 2000 fall activities

The Japan Home show will be held November 14-17 in Tokyo. The SEC and the Oregon Economic and Development Commission will both have show stands. The JHS is considered to be the major trade show for home builders and designers in Japan.

The Evergreen Building Products Association will be holding its fall Gateway program in Seattle. This series of building seminars and tours is aimed at the Pacific Rim builder in Japan, Korea, and China.

The Building Expert Committee meetings between Japan and the US forest products industry will be held in early December. These technical meetings are well attended by US softwood and engineered wood products association technical staff

As an adjunct to the NAWLA Traders Mart this year, the SEC Japan office is leading a small buyers and wood products editors tour. The tour members will be attending the Mart before touring mills in the south and western US. The Traders Mart is being promoted in Japan and across Europe to lumber buyers of US softwood products.

The SEC and the WWPA will be hosting a group of Taiwan developers and builders later this month. The group will be on a tour of the western US to observe US wood frame construction techniques.

In addition to trade shows and semi-

SEC meeting set

The Softwood Export Council will be holding its annual Board of Directors meeting and its yearly FAS planning session on December 13th, 2000, in Portland Oregon.

The FAS planning session is used by the SEC staff to begin planning the next Unified Export Strategy marketing plan for the 2001/2002 FAS year. SEC staff will provide market information on each country or marketing region which will be reviewed and a marketing strategy, tactics, and program activities will be recommended and discussed.

Each SEC member is asked to provide input for its own products and membership to help develop and guide the overall US softwood products marketing strategy. This membership discussion also provide the basis for market budget requests for countries and regions.

nars, several SEC members are close to completing international publications. The *Wood Moulding and Millwork Producers Association* is adding to its international publications list with three "how to" brochures supporting selection and application of US moulding products. The *WWPA* is set to have its sourcing guide ready for pacific Rim distribution later this fall and the *American Institute of Timber Construction* is readying its first international publication on the use and specification of US softwood glue-laminated beams. Advertising to support the introduction of these publications is set once the brochures are in the marketplace.

Japan housing slowing

from Department of Commerce -Osaka

It has become clear that the Japanese housing market is slowing down and that annual starts in 2000 may not reach 1.21 million, the 1999 level. In addition, the mortgage rate will rise very soon and that will push down housing starts in the last three months of 2000. For example, the basic mortgage rate provided by the Government Housing Loan Corporation (GHLC) will be increased from 2.75% to 2.80% from September 25, 2000. Even though it is a very small increase, psychologically it will have a negative influence on the weak Japanese housing market.

In order to stimulate the Japanese housing market, the Government of Japan (GOJ) expanded tax incentives from January 1999. The expanded tax incentive program is applicable for home buyers who start living in a new home by the end of June 2001.

The Japanese housing industry is requesting the Ministry of Construction (MOC) to extend the period of the tax incentive program in order to maintain the current level of housing starts, and, according to a recent newspaper article, the GOJ will likely do so. We believe that the GOJ's decision may have a positive influence on the Japanese housing market in 2001.

Events

October 2000

SEC MEMBER ORGANIZATIONS

American Institute of Timber Construction

California Redwood Association

Center for International Trade in Forest Products

Evergreen Building Products Association

North American Wholesale Lumber 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

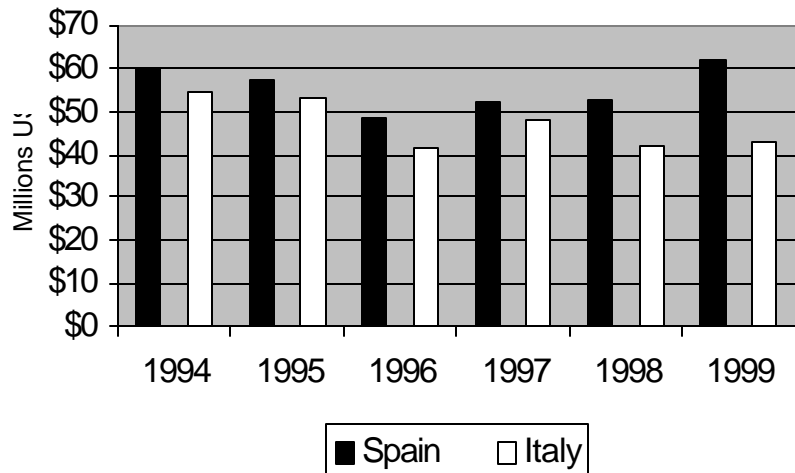
Western Wood Products Association

www.softwood.org

SEC Member Publications in Japanese, Chinese, Korean, and Spanish are now on the SEC website in adobe.pdf format

Publications from WWPI, WMMPA, and SEC are available through the Publications page

Mediterranean Softwood Lumber imports



Upcoming Events

- ◆ Wood Mac & Furnitek China, Shanghai, China - October 2000
- ◆ International Furniture Fair, Seoul, Korea - October 2000
- ◆ International Building Materials & Construction Show, Taipei, Taiwan - October 1-4, 2000
- ◆ Fall Gateway Housing Program, Seattle, Oct. 16-17, 2000
- ◆ EBPA Annual Meeting & Dinner, Seattle, WA - November 2000
- ◆ NAWLA, Dallas TX USA - November 2-4, 2000
- ◆ Conference on International Forest Products Marketing, Seattle, - November 12-14, 2000
- ◆ AS Furniture I, Birmingham, UK - November 12-15, 2000
- ◆ Japan Home Show, Tokyo, Japan - November 14-17, 2000
- ◆ International Furniture 2000, Kuala Lumpur - November 26-29, 2000
- ◆  Softwood Export Council - December 13, 2000

Call Allan Czinger for more detailed information

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