



Softwood Export Council Newsletter

SUMMER 2006

MAP changes

The Foreign Agricultural Service is working through a major reorganization and realignment, heading toward a January 2007 implementation. Part of that realignment makes it necessary to readjust the current MAP program year.

To mesh with the new calendar year changes, the 2005-06 fiscal year has been extended by 6 months ending on December 31, 2006. The new MAP fiscal year, scheduled to start on July 1, 2006, will now start January 1, 2007. SEC was awarded an additional \$374,000 in "bridge funding" to cover the continuation of current program year activities and staffing commitments.

For a more detailed report on the reorganization and future direction of the USDA Foreign Agricultural Service check out the Summer 2006 issue of the WUSATA newsletter at the following link:

<http://www.wusata.org/news/index.html>

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WoodMac China 2006

By Craig Larsen

One of the most influential wood product related trade shows in China, Shanghai Wood Mac, was held from June 23 – 30 at Shanghai International Exhibition Center. More than 250 exhibitors from 21 countries participated in the show.



MITC members and American Softwoods in WoodMac, Shanghai

SEC members from WWPA and the Maine International Trade Center along with AF&PA American Softwoods China staff participated in the show. Feedback from participating member companies was very positive on contacts made at the show.

During the show week, mission members participated in a number of factory tours set up by the American Softwood Program Manager. Tours included a hardwood flooring company, softwood wooden panel door company using Western Hemlock and exporting to the Pacific North-

(Continued on page 2)

Carrefour du Bois

By Eddie Pierce

American Softwoods and members of NAWLA and PLEA participated in the Carrefour du Bois trade show in Nantes France. The tradeshow is

the leading timber tradeshow in France. Carrefour de Bois has grown in importance over the past few years. It now attracts not only all the major players from the French timber

trade and the timber using industry but also countries such as Germany and Austria. This year a record 9,050 visitors attended to the show.

The French market continues to increase its American softwood exports. For the first 5 months of 2006 it became the fifth biggest



NAWLA, PLEA and American Softwood Staff in Nantes

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Programs

Spring 2006

Expo AMPIMM — Mexico

Carrefour du Bois (Continued from page 1)
softwood importer after Spain, Italy U.K. and the Benlux.

A part of the American Softwoods display was a timber deck constructed from treated Southern Pine. This was donated by Cox Preservation and built by Kingwood BV, of Waregem, Belgium. This was the first time an American style timber deck was displayed in France and it forms part of the American Softwoods promotional campaign for timber decking in France and Bel-

WoodMac (Continued from page 1)
west, a large softwood / hardwood furniture manufacturer shipping 360 containers of furniture to the US each month, a small treating plant, and a typical lumber wholesale market.

In addition, the mission received a briefing from the FAS Agricultural trade Office staff in Shanghai on the Central China marketplace opportunities and future development.



WMMPA members and American Softwoods in Mexico

By Hande O. Buyuksahin
American Softwoods staff, SEC members and APA-TEWA staff manned the exhibit at the AMPIMM and World of Concrete trade-shows in Mexico City. AMPIMM is the leading furniture and woodworking tradeshow in Mexico. The 2006 AMPIMM was designed to unite manufacturers and suppliers in Mexico. According to show organizer

exhibitors were from the Mexican Republic, the United States of America, Chile, Italy, Argentina, Germany and Canada. There were more than 6000 buyers and other specialized visitors, 60% from which came from great or medium companies.

American Softwoods staff had two booths, one at the AMPIMM

expo and on at the World of Concrete show for APA-TEWA and its plywood company members. The booth hosted a number of visitors for WMMPA members. The show visitors underlined their limited knowledge of American softwoods and its applications. The Mexican distributors continued to mention their own difficulties such as cost and availability of US species.

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JAPAN

The Japanese Ministry of Land, Infrastructure and Transport (MLIT) announced Japan's total housing starts for May 2006 at 108,652 units, a 6.7% increase compared to May 2005. Year on year starts of single-family and multi-family dwellings and row houses increased 2.8% to 44,784 units, 9.3% to 57,377 units, and 12.0% to 6,491 units, respectively.

Year on year 2x4 and prefabricated housing starts increased by 15.8% to 8,708 units and 9.3% to 14,086 units, respectively. Seasonally adjusted housing starts on an annual basis decreased 3.1% to 1,293,900 units in May 2006, as compared to April 2006.

CHINA

On June 9, the WTO posted notice that China's General Administration of Quality Supervision, Inspection and Quarantine (AQSIQ) has amended the list of quarantine pests for imported plants on the basis of pest risk analysis. The amended list has reduced the number of quarantine pests from 452 to 436 species (genus).

The following WTO Notice has been posted to the FFPD homepage at:
www.fas.usda.gov/ffpd/WTO_SPS_TBT_Notifications/Forest_Products_for_est_products_wto_sps_country.htm

Markets

Summer 2006

Dalian Furniture Trade Show 2006

By Hande O. Buyuksahin

American Softwoods participated in the 11th China Int'l Furniture (Export) & Woodworking Machinery Exhibition, in Dalian from 28th to 31st May 2006.

A total of 340 exhibitors from 9 countries and regions like mainland China, Japan, Korea, Singapore, Taiwan, USA, Germany, and England attended the tradeshow. The visitors included board manufacturers, wood processing manufacturers, furniture manufacturers, wood building and construction materials manufacturers. The SEC booth hosted 230 visitors during the exhibition. To gather more information from the booth visitors, SEC implemented

an industry survey. 91 visitors were interested in filling the form and requested feedback information from American companies on prices, grading of Douglas fir, Hem-



lock, or spruce, and other species of american softwood. The visitors raised different questions, such as what specie substitutes for SYP and what treatment should be used. The increasing SYP prices forced them to find substitute specie for their manufacturing. Other important

issue was price and comparison to Russian imports. The visitors explained that most of manufacturers were importing logs and lumber from Russia due to its lower price. However, they also mentioned that American softwood's appearance and durability is better than Russian softwoods.

SEC also visited leading furniture and moulding companies in Dalian. One company, *Dalian WeiYi Wooden Co., Ltd.* is a moulding and furniture company mostly sourcing from Russia and exporting to the US and Japan. The company currently imports Hemlock from Canada. *Dalian Fadel Wood Industry* was another stop. The company manufactures doors, floors and moulding for the Japanese and US market.

Spanish Market Report

By Ignacio Martinez

US softwood exports to Spain during 2005 have experienced a decline of slightly more than 8% over year 2004, totalling 86,500 cubic meters, according to the Spanish Custom Services. The year closed with a moderate 4% increase in overall softwood imports.

Traditional low grade lumber suppliers, France and Portugal, intended for the packaging industry, pallets and crates mainly, are the net winners. The exception is Finland with a healthy 13% gain. This lumber is a direct competitor to US products. Chile has made important advances becoming the reference supplier of the low cost furniture industry, replacing partially the domestic *Radiata* pine lumber.

Spanish softwood imports from the

USA during January 2006 (Spanish Custom Services) have increased by 29% in value over the same period of 2005, and 6% in weigh. However, volume data are not definitive yet. According to it, other suppliers have experienced variable fortunes: Swedish exports reduced its value by 36%, and Russia 27%. Countries that gained market share were Portugal, France, Germany, Chile and Finland.

All together, Spain shows a tremendous resilience against the ever stiffening competition from European and overseas suppliers (Chile, Brazil). The factors that probably explain most of this ability are:

- Long standing trading relations
- Consistent supplies for high quality grades
- Ample variety of sizes and lengths and niche applications not matched

by competing pines, especially in moulding, and heavy timbers

The Spanish door market, a traditional important niche for US softwoods produced nearly 12 million units in 2005. Approximately, 55% are used in new construction, with the rest intended for the distribution and renovation markets. Exports are almost negligible. The forecast for the near future is that the offer will continue to increase while the demand is expected to remain stagnant. New construction retains a healthy two digits growth but the experts anticipate a softening of the demand. Tourist construction is only limited by growing concerns about the environmental impact along the shores of Mediterranean coast because the unit demand pressures don't show signs of weakening.

Events

Summer 2006

SEC MEMBER ORGANIZATIONS

American Institute of Timber Construction

California Redwood Association

Center for International Trade in Forest Products

Evergreen Building Products Association

Idaho Department of Commerce and Labor

Ketchikan Wood Technology Center

Maine International Trade Center

North American Wholesale Lumber Association

OSU Department of Wood Science and Engineering

Pacific Lumber Exporters Association

Pacific Lumber Inspection Bureau

University of Alaska-Fairbanks
Sitka Forest Products Program

Washington State Office of Community Trade and Economic Development

West Coast Lumber Inspection Bureau

Western Wood Products Association

Western Wood Preserves Institute

Wood Moulding and Millwork Producers Association

Upcoming events —Fall 2006

China

12th China International Furniture Expo September 11-14, 2006

Shanghai

Furniture Expo is recognized by the industry for sourcing furniture and bringing innovation to the international markets. The tradeshow unites leading international manufacturers and suppliers.

US China Build Mission September 17-22, 2006 Shanghai

The 5th annual sales and seminar mission in Shanghai, Guangzhou, and Qingdao

Mexico

EXPO CHIAC October 17-21, 2006 Mexico City

Expo CHIAC is the largest building and housing trade show in Mexico.

Europe

The Timber Show September 12-14, 2006 London

As the first dedicated exhibition for the UK timber industry, The Timber Show gives suppliers a unique forum at which to talk business with customers from the construction, and manufacturing sectors. The trade show covers raw materials to latest innovation engineered products.

Japan

Osaka Home Builders Show will take place at Intex in Osaka during October 26 to 28 2006,

Japan Home Show will be held at Big Site in Tokyo on November 15 to 17, 2006.

Upcoming Events 2006

The Timber Show, London	Sep 2006
Expo CIHAC, Mexico City	Oct 2006
Osaka Home Builders Show, Osaka	Oct 2006
Japan Home Show, Tokyo, Japan	Nov 2006
Arab Wood, Abu Dhabi, UAE	Nov 2007
Home Builders Expo, Osaka Japan	Nov 2006
Japan Lumber Importers Trade Mission, Tokyo	Nov 2006
Provimueble, Mexico City	Jan 2007

For links to information and a direct link to these events go to

www.softwood.org/calendar

US - Canadian Dollar Relationship

July 1, 2002	.6587 to 1.00
July 1, 2003	.7423 to 1.00
July 1, 2004	.7565 to 1.00
July 1, 2005	.8163 to 1.00
July 1, 2006	.9002 to 1.00

International Marketing Position Open

The Southern Forest Products Association (SFPA) is in the search process for a new Director of International Markets to join their New Orleans based marketing team. Please log into www.sfpa.org/positions.htm website for further information or contact Steve Bean at SFPA in Kenner, LA..