



## SEC planning session in January

The Board of Directors of the Softwood Export Council will convene on January 25, 2000 to proceed with the Association's strategic planning for the 2000-2001 program year.

The session will help SEC staff prepare the 2001 Unified Export Strategy (UES). The UES is the master document used to apply for promotional funding from the Foreign Agricultural Service and consolidate the forest products industry export promotion strategy.

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 Portland Airport Sheraton Hotel, from 8:00am to 12:30pm on

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## Japan lumber importers discuss market

Members of the Softwood Export Council were among industry representative who recently attended the AF&PA coordinated annual industry-to-industry mission to Japan. The purpose of the mission is to have high-level meetings between representatives of the U.S. wood products industry, customer groups in Japan and the Japanese Government on the wood products market in Japan, including technical and trade policy issues. This year the meetings were held in Tokyo, Japan on October 21-22.

The mission began with a comprehensive U.S. Embassy staff briefing focused on the economic outlook, political situation, opportunities for U.S. investment and business in Japan and the trade policy issues between Japan and the

U.S.

A meeting with the Ministry of Construction (MOC) - General Housing Bureau focused on technical issues surrounding revision to the Japanese Building Standards Law (BSL) and the implementation of performance-based standards; updates on the type approval processes and the new Housing Quality Assurance Law.

The Zenmokuren, All Japan Federation of Lumber Industries, is the umbrella organization for the solid sawn forest products industry in Japan - both growers and processors. They noted that the Japanese industry was particularly concerned with "healthy house" issues in Japan and the need to work with the U.S. industry to

*(Continued on page 3)*

## Shanghai to phase out flat roofs

In order to improve the residential building quality and create a more attractive city image, the Shanghai municipal government has decided to renovate the existing flat roofs of multi-story residential buildings into sloped ones over the next three years.

Most of the multi-story residential buildings that were constructed in the 1970s and 1980s had a roof system made of pre-cast reinforced hollow concrete flat slabs, which has proved inferior in areas with high levels of rainfall. Consequently, water leakage has

been a very serious problem in these buildings.

City image also played a part in the local government making the decision to change the roofs. The black colored flat roofs collect dust and have created an uncomfortable visual impact on the cities.

Thus, the Shanghai Municipal Housing Development Bureau (SMHDB) had launched a city roof renovation project.

Considering the structural bearing capacity of the existing buildings,

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## Markets

December 1999

### Japan housing update

A JETRO/Japan 2x4 Home Builders Association/MOC/MITI survey found that starts of imported houses are likely to rise this fiscal year after a 4.2% drop in an overall market that dropped over 12% in FY 98. The survey predicted nearly 10,000 units of imported housing will be built in FY99.

About 43% of the imported housing is American, 15 percent Canadian and nearly 20 percent from Europe. Cost per tsubo (3.3M2) remains steady at about 534,000 yen.

Japan's monthly housing starts for September 1999 totaled 109,012 units, 10.5% over September 1998.

After 27 months of continuous decline, year on year starts increased for the first time in March 1999. Since then, starts have been increasing steadily except for May 1999, indicating a steady recovery of the Japanese housing market. Annual starts of single-family dwellings increased by 11.5% with 2x4 housing increasing by 14.6%. Seasonally adjusted housing starts on an annual basis marginally

### Contact Information

**Softwood Export Council**  
520 S.W. Sixth Avenue #810  
Portland, Oregon 97204 USA

Phone: 503-248-0406  
Fax: 503-248-0402  
Email: [info@softwood.org](mailto:info@softwood.org)  
Web site: [www.softwood.org](http://www.softwood.org)

Craig Larsen, President  
Dick Krieger, Program Manager

### China to regulate solid wood packing

The Peoples' Republic of China has announced its intention to require heat treatment of solid wood packing materials that are made from U.S. conifers beginning Jan. 1, 2000. "The U.S. Department of Agriculture is prepared to work together with exporters and the Chinese government to ensure there is a minimal disruption to trade," said Michael V. Dunn, under secretary for USDA's marketing and regulatory programs

The proposed regulation, announced on November 1, will apply to shipments from the U.S. and Japan. According to Chinese officials, coniferous solid wood packing materials from the U.S. have been found to carry pinewood nematode, a pest associated with pine wilt disease. According to reports, this pest has been intercepted 44 times in U.S. shipments to China

(Shanghai - Continued from page 1)  
concrete structure seems to be unsuitable to support the new sloped roof system. The lightweight structure will be the only option as a supporting system. To achieve this, SMHDB renovated 13 building roofs as a showcase from August to September. According to SMHDB, the final result showed that solid wood covered by asphalt shingle seems to be the most satisfactory option. However, since the project is still in the experimental stage, SMHDB welcomes any other suggestions. That would include wooden truss and OSB.

The local government plans to complete the roof renovation of 1,000 buildings by May 1, 2000. The first phase, which includes 200 buildings, will be undertaken before the end of October 1999. The entire renovation is expected to be completed within three years.

AFPA-Beijing representative Grace Zheng, who represents the Softwood Export Council in China is monitoring the situation and will

### Korean Market Update

*From the AFPA-Korea Oct. 1999 report*

- The Korean economy grew more than 10% in the 3<sup>rd</sup> quarter of 1999. Fourth quarter economic growth is forecast to at 8%, and the Korean Government estimates 6-7% growth for 2000.
- Imports of pre-packaged houses from the U.S. more than doubled in August 1999 and the U.S. market share remains at around

60%.

- Korean imports of all wood products for the first eight months of 1999 increased 55% over the same period in 1998; The U.S. share of these imports increased 51%.
- Furniture and construction officials estimate increases in wood product imports during the second half of 1999 to make up for slow production during

# Programs

December 1999

*(JLIA - Continued from page 1)*

expand the use of wood consumption in Japan. They are urging the Japanese government to accelerate their housing deregulation initiatives.

The annual meeting with the Japan Lumber Importers Association (JLIA) is the centerpiece of the U.S. mission agenda and allows for frank and open discussion about wood markets in Japan including discussion of U.S. supply capability, Japanese demand and changes to the Japanese housing industry.

Solid sawn timber imports increased 9% from North America (over 1998 year-to-date figures) and 69% from European. JLIA noted that European kiln-dried products have stable quality and price competitiveness against domestic wood and EU wood has gained a very positive reputation among Japanese importers and users. The Japanese feel that EU sawmills have a high capability to respond to the Japan market and trends.

JLIA noted three main reasons for the drop in imports from the U.S.

- North American industry consolidation disrupting supply.
- Booming North American housing market.
- Decrease in demand for green lumber (hemlock and others) and the change in the construction systems in Japan and the Housing Quality Assurance Law.

According to US Ambassador Foley, the loss of stature for the Japanese as a world economic power created an identify crisis

which is now starting to fade as the economy slowly recovers. This growing confidence will be critical over the coming year to see whether Japanese consumers begin to spend and restore economic strength outside of government-funded programs.

Foley encouraged the delegation to continue its work noting that U.S. industry commitment to Japan was critical. Pursuit of the ATL is one of the Embassy's top priorities and he and the entire Embassy staff will continue to try to move the Japanese forward on these issues. Foley expressed the view that the Japanese would not change their minds on the ATL, and in fact, further entrenchment was likely to continue.

The U.S. delegation met with the Ministry of Agriculture, Forestry and Fisheries and used this meeting to gain a better understanding of the MAFF position on the ATL. MAFF noted that of the total amount of wood used in Japan, only 20% was of domestic origin, a major shift from 40 years ago when over 90% was of Japanese origin. With regard to the ATL and any discussions and arguments on liberalization of the forest products sector, MAFF stated that the only thing the U.S. and Japan agree on is the need to "increase demand and consumption of wood products in Japan."

The industry also met with the Judanren -- Federation of Housing Organizations and discussed how Japan's housing industry was reacting to the market's "Healthy House Theme" and new Housing Quality Assurance Act. In addition,

## SEC Members attend BATIMAT

European market promotion was underway in November at one of the largest trade shows in the world.

BATIMAT, held every other year in Paris, welcomed over 3,000 exhibitors of building and machining materials. Over 900,000 attendees came during the six-day exhibition.

Butch Bernhardt of Western Wood Products Association and Dick Krieger of the Softwood Export Council joined SEC UK Director Eddie Pearce in dispensing information about U.S. softwood products and suppliers at the show.

Also in attendance was Eric Hansen of Oregon State University Forest Products Department. Dr. Hansen visited the show and then continued to Germany to gather market research on properties of softwoods

## Opportunity in Central Europe

USDA's Foreign Agricultural Service is inviting suppliers of U.S. wood products and to participate in a major trade exhibition and international housing conference in Hungary next April.

Participants will have an opportunity to exhibit at the largest construction industry show in Central and Eastern Europe (CONSTRUMA) held April 11-15, 2000, in Budapest, Hungary.

For more information, contact Mark

## Events

December 1999

### MEMBERSHIP ORGANIZATIONS

Alaska Department of Commerce

American Institute of Timber  
Construction

California Redwood Association

Center for International Trade in  
Forest Products

Evergreen Building Products  
Association

Industry Network Corporation

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

Wood Moulding and Millwork  
Producers Association

### EBPA Office Change

The Evergreen Building Products Association has announced the opening of their office at its new location in Tacoma effective October 1<sup>st</sup>. Larry Kvidera and Claudia Keiszling will continue to administer association programs and membership services from the new location. Contact information for the new office is:

**201-A Broadway  
Tacoma, WA 98402**  
**Phone: (253) 396-0131**  
**Fax: (253) 396-0132**  
**Email: evgreen@ep.org**

### New Fax for SEC Japan Office

SEC Japan representative, Ikuo "Yami" Yamaguchi has a new fax number for his Tokyo office. Contact information is as follows:

Ikuo Yamaguchi  
American Softwoods  
Tameike Tokyu Building, 8F  
1-1-14 Akasaka, Minatoku  
Tokyo, 107 JAPAN

Phone: 011-81-3-3589-1320  
**Fax: 011-81-3-3589-1560**  
E-mail: asjo@go1.com

### Upcoming Events

- ◆ China Building 99 - Beijing - December 1-4, 1999
- ◆ Window and Door Seminars (AFPA & Wash. St.), Japan - Dec. 7-10
- ◆ Taipei Int'l Building Materials & Furniture Show - Dec. 17-20
- ◆ National Association of Home Builders Show, Dallas - Jan. 14-17
- ◆ EBPA Japan Housing Business Program, Seattle - Jan. 18-19
- ◆ SEC Planning Meeting - Portland, January 25, 2000
- ◆ KY Housing Fair - Seoul - February, 2000
- ◆ Architecture and Construction Materials Show, Tokyo - Feb. 29-Mar. 3
- ◆ SAIEDUE, Bologna, Italy - March 17-21, 2000
- ◆ Western Japan Total Living Show, Tokyo - March 17-20, 2000
- ◆ FENSTERBAU, Nurnberg, Germany - March 23-26, 2000
- ◆ Tokyo International Good Living Show, Tokyo - April 27-30, 2000
- ◆ Carrefour du Bois, Nantes, France - May 5-10, 2000
- ◆ Interbuild 2000, Birmingham, UK - May 21-24, 2000



*Happy Holidays  
From the  
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