

October 1998

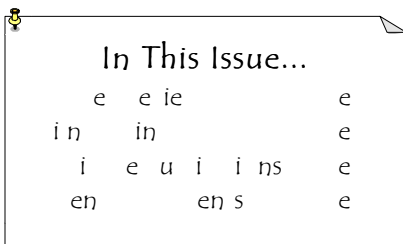
### 1999 BPIS attracts international crowd

The 1999 Building Products International Showcase (BPIS) will be held January 11th-12th at the Bell Harbor International Conference Center on the Seattle waterfront.

BPIS is an international trade show and conference program bringing together international buyer groups and American building materials manufacturers and suppliers. With 400+ international delegates expected to attend the event, the showcase is an excellent opportunity for building materials companies to reach potential customers from several different international markets.

The Showcase program offers attendees and exhibitors a variety of marketing and networking opportunities including a domestic seminar, an evening networking event, and exhibitor exposure in the supplier catalogue and exhibitor handbooks.

For more information about BPIS, contact Evergreen Partnership at 253-922-6640.



### SEC officially opens its doors

October 1, 1998 marked the inauguration of the Softwood Export Council, and the beginning of an exciting new period in U.S. softwood export promotion.

The 12 charter members of the Council are:

- *American Institute of Timber Construction*
- *California Redwood Association*
- *Evergreen Partnership*
- *University of Washington CINTRAFOR*
- *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.*

Council Members immediately benefit from \$1.2 million in USDA/ Foreign Agricultural Service market promotion funds. These funds go directly towards promoting SEC member products via trade show participation, foreign market seminars, product literature, international press and buyer missions, advertising, public relations activity, and maintaining offices in six primary markets: Japan, Europe, Mexico, Korea, Australia, and China.

The Council also has a Supporting Membership Category that allows individual companies to receive SEC

*(Continued on page 3)*

### Changes in the Japanese housing market

As Japan's economy teeters, economists have predicted that Japanese housing starts will drop below one million units this year. This decline has sparked changes in Japan's housing system aimed at reviving demand.

#### Tax Breaks

*(From Nihon Keizai Shimbun)*

The Japanese private sector, including the influential business group, *Keidanren*, has proposed that the government extend the period of tax-deductible mortgage interest payments from six years to 10. Other groups are calling for the elimination of stamp and registration taxes associated with new home sales and reducing the capital gains tax on land sales.

*(Continued on page 2)*

# Market Review

## Around the globe...

- ☞ Eddie Pearce, SEC European Director, will give a presentation on the European Softwood market for SEC Members at the annual NAWLA Traders Mart in Dallas in early November.
- ☞ The Chinese government has banned logging along major rivers in the central and northeastern regions as part of a large-scale reforestation plan to cope with the worsening floods. The logging ban is expected to spark a domestic shortfall of 45 million cubic meters of timber by 2000.
- ☞ [www.softwood.com](http://www.softwood.com) will be accessible on the Internet as of October 21. The web site will feature information about SEC Members and services.

Do you have a news item about an SEC Member activity or of interest to SEC members? Submit it to the SEC newsletter! Contact Dick Krieger at the SEC for more information.

### Softwood Export Council

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## European market briefs

*issued by the London Office*

### FSC Certification

- In Europe, 6.5 million hectares of forest land is FSC-certified, 2/3 of it in Sweden.

### Austria

- DIY chains account for an increasing share of sawn timber and timber product distribution

### Germany

- Most window producers anticipate 1998 sales volumes to be about the same as 1997.

### Sweden

- Overall sales are up, but sawn lumber sales to Japan are down 50% from last year.

## Korean wood products market

*issued by the Korean Office*

The Korean won stabilized in July to about 1,300 won/dollar and is expected to further strengthen in the second half of 1998.

Export numbers continue to decline, but Korea's trade surplus through the first six months of 1998 is about \$20 billion. Imports for this period were down 36%, and imports for domestic consumption decreased 50%.

To boost exports, the Korean government may take action if the won improves to 1,200 / dollar. Building permits for the first four

months of 1998 dropped more than 50%. Falling prices in the housing and real estate markets leveled off during June as a result of recent deregulation measures taken by the Korean government.

Sales figures for the top 10 Korean furniture manufacturers decreased 30-40% during the first half of the year.

A survey of 30 leading Korean businesses indicates that a full economic recovery is expected in the second half of 1999.

*(Japanese housing - continued from front page)*

### 10 year warranty

*(From Nihon Keizai Shimbun)*

The Ministry of Construction plans to require home builders to provide 10-year guarantees against defects in basic home components such as walls and floors. Any such defects must be repaired free-of-charge by the construction company. Implementation of the bill could come as early as Spring 2000.

### Low mortgage rates

*(From AFPA Japan Market Report)*

The Government Housing Loan Corporation, together with the Ministry of Construction, announced it is lowering standard mortgage interest rates to a historic low of 2.55%. The drop was in response to July's poor housing start figures, the worst in 15 years.

# Programs

*(SEC - Continued from page 1)*

Web site exposure, information, marketing and SEC activity benefits.

Daily operations of SEC are overseen by President Craig Larsen and Program Manager Dick Krieger. Larsen notes this is the first time such a high proportion of U.S. primary and secondary softwood manufacturers have joined together under one promotional entity.

The Council began its international rollout at the Japan Home Show in Tokyo in mid-October. A press conference was held at the US Agricultural Trade Office with members of SEC and the Japanese wood and construction industry press corps. Information was presented on future programs and activities in Japan. SEC members participating were from the Evergreen Partnership, Oregon Economic Development Department, West Coast Lumber Inspection Bureau and the Wood Moulding and Millwork Producers Association.

SEC member organizations were featured at the American Softwoods trade booth at the Japan Home Show. Logos of all charter members of SEC were displayed and information on each member was distributed as well as available publications.

A traditional Government-Industry reception was also held with guests from the Japanese ministry of construction, Ministry of forestry, and the US government. Japanese and American forest products companies and industry trade groups were also in attendance. Information was presented on SEC's role in softwood promotion and how it ties in with the other American forest products industry cooperators in Japan.

## Kiln-drying certification program for secondary manufacturers

SEC Member Western Wood Products Association, in cooperation with the U.S. Animal and Plant Health Inspection Service (APHIS), is offering a new kiln drying documentation program. The service provides inspections and documentation procedures to assure the wood used in remanufactured products has been kiln dried. Manufacturers using the service can then gain federal phytosanitary certificates from APHIS for products destined for foreign ports.

Additional information on the KD service for secondary manufacturers is available on the WWPA web site at:

<http://www.wwpa.org/kd2.htm>  
or by calling the WWPA Quality Standards Department at 503-224-3930.

### Market Reports available from SEC

- American Softwoods Madrid – Spanish Market Update
- American Softwoods London – August EU Market Update
- AFPA Tokyo – September Japan Report
- AFPA Seoul – July Korea Report
- 1998 FAS GAIN Report – Annual Forest Products/Japan
- 1998 FAS GAIN Report – Annual Forest Products/Egypt
- 1998 FAS GAIN Report – Annual Forest Products/Korea
- 1998 FAS GAIN Report – Annual Forest Products/Sweden
- 1998 FAS GAIN Report – Annual Forest Products/Finland
- 1998 FAS GAIN Report – Annual Forest Products/China
- 1998 FAS GAIN Report – Annual Forest Products/Thailand

*Free to SEC Members, \$5.00/report to all others*

Name \_\_\_\_\_

Company \_\_\_\_\_

Address \_\_\_\_\_

City, State, Zip \_\_\_\_\_

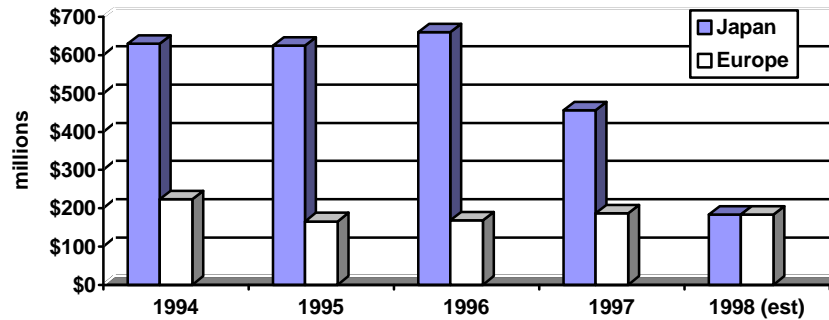
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Amount included ( if required) \$ \_\_\_\_\_

REPRESENTING

- American Institute of Timber Construction
- California Redwood Association
- 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

**US Softwood Exports to Japan and Europe**



The value of U.S. softwood exports to Japan have dropped to levels equal to the collective European market. Export volume, however is still 26% higher to Japan than Europe through June. In 1997, volume shipped to Japan was 193% higher than Europe.

**Upcoming Activities...**

- 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  
December / January
- 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
- Ligna/Interholz - Hannover, Germany  
May 10-15, 1999

**New SEC Office in the UK**

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