



Softwood Export Council Newsletter

WINTER 2007

New Staff

Roberto Torres has joined the American Softwoods Mexico marketing team on a part time basis to assist in developing more direct industry to industry contacts and positive trade servicing

Sr. Torres will share his time in the US cooperater Mexican office with American Hardwood Export Council (AHEC), the American Forest and Paper Association (AFPA) and American Softwoods (SEC, APA, SPC). He will be begin by working with APA in setting up importer seminars and with SEC on future trade missions for US and Mexican delegations.

Sr. Torres come from a long history in the Mexican Forest products industry and is currently deeply involved with softwood promotion through COMACO, the Mexican promotion agency, and IMEXFOR and Mexican importers and Exporters association.

Provimueble 2007

The annual furniture trade show, Expo Promueble recent took place in Santa Fe Mexico. The show, which targets furniture suppliers, hosted more than 10,000 visitors with more than 75 exhibitors. The show runs concurrently with the new Mexican furniture showcase which is held in another hall in Mexico D.F.



American Softwoods staff, Vale, Echenique and Torres

The American Softwoods booth featured softwood samples from both the west and the southern US. Staff distributed more than 1000 pieces of literature to furniture manufacturers, designers, and to wood importers.

Ponderosa pine, Sugar pine, Southern Yellow pine, and western red cedar were the most commonly requested species. Manufacturers were looking for sources of #3 and 34 Common board grades. Recent delivered price changes have made US products very competitive to South American species and grades.

In an interesting market development, ISPM 15 Requirements for kiln dried or heat treated lumber (KD-HT) have been put into affect by Mexican authorities and have limited the amount of construction grade "air dried" lumber imported from Chile. The biggest use of this

material was in 3"x 3" posts to support concrete forming, which is now in very short supply.

In 2006, Mexico imported over \$100 million American softwoods ,with a 42% increase from 2005. Mexican imports have increased since 2003. During 2006, the country imported \$13 million Ponderosa pine , \$17 million SW Finger Joint , \$13.5 million Spruce .

Mexico had also increased its molding imports in 2006 and reached \$10 million. Wood door frames were the most imported moldings (\$4.5 million) followed by window frames and flush doors.

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Programs

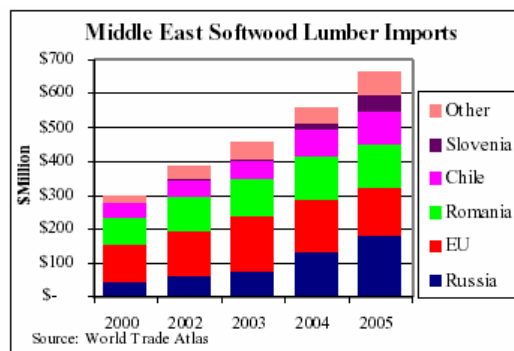
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Middle East Market Report

The Gulf Cooperation Council countries are the major trade markets of Middle East. The GCC member countries, (Bahrain, Kuwait, Oman, Qatar, Saudi Arabia and the United Arab Emirates) have rapid population growth and high GDP growth and per capita income. Among other Middle Eastern Countries Turkey play important role on shaping lumber trade of the region. Turkey is among the biggest countries in Middle East. The total population is 70 million which made Turkey largest after Egypt in the region.

According to FAS *Softwood Lumber Importers Report*, The Middle East imported \$665 million of softwood lumber in 2005, a 123% increase since 2001. Saudi Arabia ranked as the top Middle Eastern softwood lumber importer. Between 2001 and 2005, Saudi Arabia's imports increased 51% to total \$175 million. During this time period, the United Arab Emirates' imports increased 266% to total \$98 million, Israel's imports increased 44 % to total \$75million, and Iran's imports increased 459% to total \$70 million. The *Report* also underlines the im-

portance of Russian imports. Russia has emerged as the top supplier of softwood lumber to the Middle East. Between 2001 and 2005, imports from Russia increased from \$48 million to \$184 million, increasing



Russia's market share from 16% to 28%. During this period, EU market share decreased from 37% to 21% . However, the value of softwood lumber imports from the EU increased from \$109 million to \$140million. According to USDA BICO aggregations, in the 2006, Middle East imported over \$2.8 million Softwoods. SY pine and Redwood and D-Fir were the most imported species in the region. The table shows macro-economic indicators of the region.

UEA

The UAE has an open economy with a high per capita income and a sizable annual trade surplus. Its wealth is based on oil and gas output (about 30% of GDP), and the fortunes of the economy fluctuate with the prices of those commodities. The UAE has undergone a profound transformation from an impoverished region of small desert principalities to a modern state . There are three main factors that changed con-

struction and builders industry;
 1)UAE' s booming property market
 2)Growing tourism and hotel industry.
 3)Increasing population.

Since 1998, construction and real estate sectors are the most important sectors, accounting over 9% of GDP. According to National Bank of Dubai, during the 2001-2005 periods, hotel constructions grew 5%. The construction sector grew at an average annual rate of 11% over the last decade. Given the wave of real estate development during the last few years, the average growth rate during 2002-2004 exceeded 16% each year. As a result of this consistent growth, the share of construction activities in the country's rose from 8.6% in 1996 to 11% in 2004.

In residential construction side, two factors are played important role;. first is the opening of the real estate market and allowing expatriates (despite lack of regulation) to own residential properties in the UAE. Second, no-interest bearing mortgage loans. As a result, the UAE witnessed more than 544,000 residential units in 2002. More than 35% of this residential boom was originated in Abu Dhabi, while Dubai and Sharjah's shares stood at 29.1% and 18.8%. The nature of these built residential units has been determined largely by market demand and the type of governmental housing programs. Around 53.2% of the 544,000 residential units built in the UAE in 2002 were in the form of apartments. Villas and public housing constituted around 11.5% each of the total built units.

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Middle East

According to USDA BICO aggregations UAE imported \$145,000 softwoods in 2005, mostly SYP and other Pine. Last year, UEA imported \$446,000 Builders carpentry and increased its imports by 87% in the first 8 months of 2006 and already reached \$474,000.

Turkey

Since 2001, Turkey's economic stability led economic development and growth. The performance of construction which is one of the engines of economy was quite high in last two years. The growth rate of this sector is 21% in 2005 and 19% in the first half of 2006. According to construction permits; number of new building and additions were increased by 41% in 2005.

Furniture production was increased sharply in last three years paralleling with the strong growth of construction. Today, there are 16,000 registered office furniture manufacturers in the country, and thousands of other furniture makers. Significant investment and production development has been achieved especially in wood based panel industry, although significant importations increase in last three years. Strong furniture export penetration, which had experienced for nearly a decade, slow downed in 2005 and 2006. Wooden furniture export value rose 18% in 2005 and 5% in the first seven months of 2006. On the contrary furniture import increased sharply in the same period (by 48% in 2005 and 34% in the first months of 2006). The high volume increase of sawn wood and further processed wood import increase, witnessed in last two years, have been influenc-



ing negatively some sawn wood manufacturer especially located near to import ports. Turkey's main import sources of sawn wood are Russian Federation, Ukraine and Georgia. Main export markets are Iraq, Greece, Italy, Israel and Japan. Recently Turkey has also built strong trade relation with Canada. Two-way trade between Canada and Turkey was worth about \$666 million in 2002 and BC was the source of over a third of Canadian domestic exports to Turkey. Turkey imported 10% of total \$269 million imports on solid wood products.

According to Global Trade Atlas, Turkey exported only \$4.8 million softwoods in 2005, while, the country imported \$24 million in 2005 and \$43 million first 6 months of 2006. Russia by \$20 million, Ukraine by \$9 million and Romania by \$2.5 million were the first three importers to Turkey. US imports were the eight on the list of importers by \$633,000. Builders Carpentry and Joiner (4418) import numbers were changed drastically from 2005 to 2006. For the first 8 months of 2006, Turkey imported \$11 million builders' carpentry and joinery parts and made 55% increase from 2005. Romania and Germany were the

leaders of 2006 by importing \$6 million total. US imports was \$124,000 last year and mainly for windows and doors manufacturers. In 2005 Turkey, total of \$4.6 million moldings imported. However, in 2006 the imports exceed \$5 million already. Indonesia (\$1.5 million) and Italy (956,000) were the biggest molding importers

Saudi Arabia

Saudi Arabia has an oil-based economy with strong government controls over major economic activities. According to CIA World Fact Book, Saudi Arabia possesses 25% of the world's proven petroleum reserves, ranks as the largest exporter of petroleum.

Saudi Arabia is witnessing the acceleration in construction activity throughout the Kingdom in recent years. More than \$1 billion of hotel and office building projects in Riyadh alone are being developed. Some 600,000 new homes are to be built in the next four years with many more planned. Jeddah Chamber of Commerce and Industry has estimated that the Kingdom requires at least 1 million new homes in the next five years to address population growth needs. There is particularly high demand for housing in the fast expanding capital, Riyadh.

According to USDA BICO aggregations Saudi Arabia imported \$1,125 million softwoods in 2005 and became the biggest importer of the region. The country mostly imported Redwood, Douglas Fir and S-P-F mix. In 2005, Saudi Arabia imported \$332,000 Builders carpentry and increased its imports by 180% in the first 8 months of 2006 and already reached \$370,000.

Events

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SEC MEMBER ORGANIZATIONS

American Institute of Timber Construction

Center for International Trade in Forest Products

Evergreen Building Products Association

Idaho Department of Commerce and Labor

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 —Winter 20007

China;

WoodMac China 2007 March 20–23 2007, Shanghai

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

Interzum Guangzhou 2007 March 27-30, 2007 Guangzhou

Interzum Guangzhou unites both furniture and interior designers in same place. The tradeshow is known for its high participation from Chinese and SE Asian manufacturers.

Europe

International Bouwbeurs Febuary 5-10, 2007 Utrecht;

Bouwbeurs is a construction and builders tradeshow. The show attracts builders from Europe. Bouwbeurs happens every other year.

Interzum Germany 2007 May 9-12, 2007 Köln;

Interzum is the biggest furniture show in Europe. The show will host hundreds of furniture manufacturer, supplier and designer.

Japan

Architecture and Construction Materials Show March 6-9, 2007

Tokyo;

It is one of the leading construction shows in Japan. The show attracts visitors and exhibitors from construction and machinery industry.

Mexico

Expo Décor-Arg February 22-24 2007 Mexico City;

Expo Décor is a interior decoration show that attracts many designers, furniture manufactu and architects .

Dubai

International Wood and Machinery Show Febuary 27-March 1 2007;

The show is unites leading manufacturers and importers of the Middle East countries.

Upcoming Events 2007

International Bouwbeurs, Utrecht	Feb 2007
International Wood Show, Dubai	Feb 2007
Architecture+Construction, Tokyo	March 2007
WoodMac, Shanghai	March 2007
Interzum Guangzhou,	March 2007
Sai Due, Bologna	March 2007
Inzterzum Germany, Koln	May 2007
China Interiors Expo, Beijing	June 2007
Technomeuble , Guadalajara	June 2007

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

www.softwood.org/calendar