



Softwood Export Council Newsletter

September 2009

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SEC is moving...

SEC is moving to its new location October 5th.
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Japan Housing Starts

Housing starts in Japan are showing no signs of recovery and declined 32.8% to 65,974 units in July 2009. This marks eight consecutive months of decline, but most people expect that the worst is over and there should be a leveling of housing starts in the latter part of 2009. The wait-and-see attitude prevailing prior to the Lower House Election is now behind us and the mandatory defect warranty liability insurance, when implemented in October 2009, will no longer delay the timing of contracts and housing starts.

Wooden starts were down 17.8 percent to 37,731 units, 2x4 starts declined 16.4 percent to 7,536 units, post and beam starts were down 17.4 percent to 37,731 units and wooden prefab declined 5.6 percent to 1,454 units. The seasonally adjusted annual housing starts were 746,000 units and the share of wooden housing starts was 57.2 percent of total starts in July 2009.

The following table breaks down the wooden housing starts to date by utilization. The estimated demand for lumber in new wooden housing starts was 4.55 million cubic meters in 2009 (January to July) compared to 5.54 million cubic meters in 2008. The breakdown is 665,282 cubic meters for 2x4, 127,869 cubic meters for wooden pre-fab and 3.75 million cubic meters for post and beam.

Wooden	Starts			Floor Space (m ²)		
	(January to July)					
TYPE	2009	2008	Change	2009	2008	Change
Total	238,572	297,020	80.3%	24,454,441	29,817,444	82.0%
Single Family	132,386	150,063	88.2%	16,790,548	19,419,796	86.5%
Rental Units	57,022	79,327	71.9%	2,645,484	3,456,246	76.5%
Company Housing	611	961	63.6%	63,098	79,164	79.7%
Speculative	48,553	66,669	72.8%	4,955,311	6,862,238	72.2%

Housing						
2x4	Starts			Floor Space (m ²)		
	(January to July)					
TYPE	2009	2008	Change	2009	2008	Change
Total	48,279	58,318	82.8%	3,913,422	4,808,960	81.4%
Single Family	14,135	16,077	87.9%	1,796,094	2,082,092	86.3%
Rental Units	27,355	31,892	85.8%	1,401,015	1,613,185	86.8%
Company Housing	75	72	104.2%	5,853	8,421	69.5%
Speculative Housing	6,714	10,277	65.3%	710,460	1,105,262	64.3%

The Persian Gulf market update

By Rod Wiles

The four markets of Kuwait, Qatar, Saudi Arabia and the United Arab Emirates present a large and growing market for wood products, with softwood lumber being the most significant imported product. Wood products imports are driven wholly by the construction sector in this region, which, in turn, drives the interior joinery and furniture sector to supply finished products to the many and ongoing smaller to world-scale building projects.

For the past three to five years or so, a construction boom has been taking place in this region, driving up demand for all construction and interior finishing materials, including wood products. This has been of particular significance in the UAE - mainly in Dubai and more recently in Abu Dhabi - , as well as in Saudi Arabia and Qatar, albeit on a smaller scale, while very little construction activity has been taking place in Kuwait. When work on this specific project started in May 2008, construction activity in this region was at an all time high and building products were flooding in to these markets with no end in sight. However, during the second phase of this research, which involved travel to the UAE and Saudi Arabia in November and December 2008, it became very clear that this part of the world was far from immune to the global financial crisis and subsequent economic downturn. In particular, construction activity in Dubai has slowed considerably, due to its exposure to the global credit situation and its heavy reliance upon a steady influx of foreign investment and tourism. At the same time, construction activity in Abu Dhabi, Saudi Arabia and Qatar has also been tempered by the situation, but it is thought that this will only be for a short time and that activity will return to near normal in the near future. This is because these markets have massive hydrocarbon reserves and, while oil and gas prices have come down in the last few months, they are expected to increase again in the near future. This is also because these markets have not experienced a construction bubble and were being expected at more of a steady, albeit rapid, growth in this sector.

There is a limited wood culture in the GCC countries, as compared to more traditional US domestic and export markets. In addition, there is little to no understanding of wood frame design or construction methods and this has created a void in terms of developing a wood frame construction market here. However, this is not to say that there could not be a market. However, considerable investment and work would be required to move wood frame construction from an economical concept to a practical and successful reality.

In summary, the wood products markets of the Persian Gulf do not present a vast and untapped market for US exporters, nor do they offer endless opportunities for a wide range of US softwood products. However, they are developing quickly, with rapid population growth and a constant and increasing need for imported wood products for their rapidly expanding construction and interiors sectors. Despite the recent and ongoing global economic crisis, the markets of the GCC are not expected to suffer major downturns and it is widely felt that opportunities for suppliers to the region will continue to develop in the long term. This view, of

course, is also shared by many other competing producers of wood products and, as a result, it is not just the USA that is looking closely at how it can increase market share.

China Market Update



By Xu Fang

China's Trade in Major Forest Products Dips in First Half of 2009

Affected by the global financial crisis, China's imports and exports of major forest products during the first half of 2009 continued to drop compared to the same period 2008. Despite the overall drop, a slight upward trend was seen in the second quarter. Data from customs agencies shows the total trade value of forest products in China reached about USD26 billion in the first half of 2009, down 16% from the first half of 2008. Imports by value were USD11.1 billion, down 21% from the previous year. Exports by value were USD14.9 billion, down 12% from last year.

However, exports by value during second quarter rose 15% over the first quarter. Statistics data shows that China's trade of major forest products fell from 2008, but a rising trend was seen from the first to second quarters.

A total of 13.29 million m³ of logs were imported in China in the first half of 2009, valued at about 1.8 billion US dollars, down 19% by volume and 35 % by value from the same period of 2008. However, compared with that in the first quarter, import volume in the second quarter reached 7.69 million m³. Of the total log imports, softwood imports were 9.72 million m³, valued at USD1.036 billion, down 1% and 15% respectively from last year. Imports of hardwood were 3.572 million m³, valued at USD773 million, down 45% and 51% respectively. Compared with the first quarter, hardwood imports in the second quarter rose 7% by volume and 14% by value. Among the imports of hardwood, tropical log imports amounted to 2.71 million m³, down 35% from last year. Russia remained the largest supplier of logs to China, A total of 7.675 million m³ of logs were imported from Russia, valued at USD885 million, accounting for 58% and 49% of the total respectively. Other suppliers of logs to China were New Zealand (1.87 million m³, accounting for 14%), PNG (0.75 million m³, 6%), Solomon Islands (0.58 million m³, 4%) and Gabon (0.51 million m³, 4%). A total of 11.38 million m³ of logs were imported from the above five countries, representing 86% of China's total logs imports. A total of 2.7 million m³ of tropical logs were imported in the first half of this year, down 35% from last year.

A total of 4.11 million m³ of sawnwood was imported during the first half of 2009, valued at USD948 million, up 20% by volume and down 1.5% by value from the same period of last year. Of the total imports of sawnwood (excluding sleepers), coniferous sawnwood imports were 2.68 million m³, broadleaved sawnwood imports were 1.42 million m³, accounting for 65% and 35% of the total respectively. The major suppliers of sawnwood to China were Russia (1.448 million m³), Canada (0.91 million m³), Thailand (0.382 million m³), the US (0.35 million m³), and New Zealand (0.178 million m³). A total of 3.268 million m³ of sawnwood were imported from these five countries, representing 80% of China's total sawnwood imports. A total of 76,600 m³ of plywood were imported, valued at USD40.59 million, down 52% by volume and 55% by value. A total of 136,800 tons of fiberboard were imported, valued at USD54.48 million, down 17% by volume and 23% by value from the same period of last year. China imported 142,900 tons of particleboard, valued at USD42.93 million, up 18% in volume and down 8.5% from the same period of last year. China imported about 7 million tons of pulp (including some non-wood pulp), valued at USD3.2 million, up 40% by volume and down 11% by value from the same period of last year. A total of 0.83 million tons of wood chips were imported, valued at USD106 million, up 42% by volume and 8% by value from the same period of last year. Table 1 above and Table 2 below show that among total trade of forest products, the import value of pulp, logs, waste paper and sawnwood accounted for 68% of the total imported forest products by value in the first half of 2009. The export value of wooden furniture, paper and board, wooden products and plywood amounted to 72% of total export value of forest products during the same period.

A total of 113.51 million pieces of wooden furniture were exported in the first half of 2009, valued at USD5.0 million, down 3.9% in volume and 3.7% in value from the same period of last year. A total of 2.65 million tons of paper, paperboard and paper products were exported, valued at USD3.284 billion, down 17% in volume and 10% in value from the same period of last

year. The value of other wooden products exports, including doors, windows, handicrafts, tableware and packing material amounted to USD1.391 billion, falling 11% from the same period of last year. A total of 2.4 million m³ of plywood was exported in the first half of 2009, valued at USD1.1 billion, down 36% in volume and 36% in value from the same period of last year. A total of 554,500 tons of fiberboard was exported in the first half of 2009, valued at USD341 million, down 46% in volume and 39% in value. Exports of particleboard fell 49% in volume to 32,900 tons from January to June of 2009 valued at USD14.25 million, down 39% in value from the same period of last year.

• Upcoming Trade Shows and Seminars

September

- Vietnam Wood 2009 September 24-27 Ho Chi Min City

October

- EXPO CIHAC October 14-17 Mexico City
- Interbuild 2009 October 18-21, NEC Birmingham

November

- Maderalia November 3-6, Valencia Spain
- Japan Home and Building Show November 11-13, Tokyo
- Big 5 Construction show November 23-26, Dubai


December

- JLIA mission December 8-9, 2009, Tokyo

www.softwood.org/calender

Softwood Export Council- Promoting the expansion of export markets for primary and secondary softwood products manufactured in the United States.

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