



Softwood Export Council Newsletter

December 2010

In This Issue

Happy Holidays
Upcoming Shows
JLIA mission
Turkey market report
SEC Leadership Elected
Upcoming Trade Shows

Quick Links

About SEC
SEC Members
Membership Benefits
Trade Show Calendar
Travel Requirements
Market Reports

HAPPY HOLIDAYS !



The Staff of the Softwood Export Council Newsletter would like wish all of our readers a very merry holiday season. We wish to thank all of those who participated in SEC member activities in 2010 and hope you join us in 2011 to help promote US softwood products.

Upcoming Trade Shows

2011 is fast approaching and It is time to sign up for upcoming trade shows and missions. Please contact SEC if you would like to join us in the booth. The shows are filling up quickly, reserve your space soon!

Magna Expo Promeuble- Jan 19-22, Mexico City
KH Housing Fair - Feb 23-27, Seoul
Architecture+Construction Show - March 8-11, Tokyo
Interzum China - Mar 27-30, Guangzhou

Japan Lumber Importers Trade Mission 2010



The US softwood industry has just completed the most successful JLIA trade mission in recent history. The US delegation included 30 participants from both SEC and APA member companies and trade organizations. A record 90 Japanese companies and association personnel registered for the joint afternoon session with presentations by the Judanren (Japan Home Builders) the JLIA, and the US mission delegation. During the presentations it was noted that the wood frame side of the Japan housing market increased to 57% market share and the Japan had built as many wood frame single family housing units in 2010 as had the USA. US shipments to Japan for the first 10 months of 2010 are up 47% by quantity and 59% by value, with Douglas fir leading the species mix.

The annual highlight of the trip was the US industry sponsored reception with more than 150 participants from the Japan housing industry, major precutters, major lumber importers, and Japanese government officials from MILT and MAFF. After the Kampai, business card exchanges and discussions on product availability were strong.

The US delegation also received an excellent annual US Embassy briefing on the Japan political, economic and agricultural situation. Courtesy visits were also made to the ZenMokuRen (All Japan Wood Association), the Ministry of Agriculture, Forestry and Fishery (MAFF), and the Ministry of Land, Infrastructure and Transportation (MLIT), the agencies who regulate the use and acceptance of softwoods for importation and in construction.

Another highlight of the trip was a visit to the Chugoku Mokuzai Kajima Plant near Tokyo. It is the second largest Douglas fir sawmill in Japan, using 1.2 million board feet a day of logs from the US Pacific Northwest supplied by 5 ships. The mill has its own 21 megawatt Co Generation plant, 185 dry kilns of 100 cubic meter capacity and a dock for both receiving logs and shipping lumber by freighter. The largest sawmill in Japan is the home plant of Chugoku Mokuzai in Kure, near Hiroshima.

In addition, member associations and companies met for side meetings with government and academic associates, and mill personnel and wholesaler had a chance to meet with some of their current and future customers.

Turkey market report

by Roderick Wiles

Its position, next to the Middle East and Russia and astride Europe and Asia, means that Turkey has always been of strategic importance. However, over the past decade its significance has hugely increased. Turkey has gone through two big, and not always widely recognised, transformations: in its economic performance and in its foreign policy. For most of the post-war years the Turkish economy was known as "the sick man of Europe", plagued by erratic growth, soaring inflation and periodic banking busts. Today inflation is far lower, the banks are solid and Turkey boasts the fastest-growing economy in the OECD club of rich countries. Various sources forecast Turkey's 2010 GDP Growth to reach 6.5%, while little to no growth at all is seen across the rest of Europe. In fact, the country's economy as a whole rose by a significant 10.3% in the second quarter of 2010, making it the third fastest growing economy in the world at this time.

Significant producer & importer of forest products

Turkey has a very substantial and growing wood products sector, around half of which is comprised of producers of raw materials - lumber, veneer, wood-based panels, components etc., while the other half comprises producers of finished products - furniture, flooring and interior joinery. The sector includes many thousands of small firms and cottage-type workshops, as well as large-scale, fully mechanised manufacturers. As a result, it is almost impossible to gauge the exact size of the sector, but it is estimated that it accounts for some 4% of all manufactured goods in Turkey. Overall, there are some 44,000 enterprises operating within the sector. Of these, around 200 can be classed as medium-sized companies (100-150 workers) and large-sized companies (150 plus workers).

Softwood Lumber

Turkey imported some 367,000 m³ of softwood lumber last year from a wide range of supply countries. The main supplier was Russia, while lumber was also imported from Ukraine, Romania and a range of other Balkan and European nations. Russia's exports of softwood lumber to Turkey peaked in 2008 and this can be partially attributed to the aforementioned log export tax.

Turkish imports of softwood lumber during 2009 saw a substantial decrease of 33.6% on the previous year, which can be attributed to the global economic crisis and the significant slowdown in the Turkish economy. This had a major impact on construction sector activity and demand for softwoods was, therefore, affected. However, imports of softwood lumber in to Turkey in the first eight months of this year have shown a very significant upswing on 2009, rising by a massive 86.8% over the same period last year. This is more than just a recovery from the decline seen in 2009 and is a genuine indicator of how the Turkish economy has picked up this year, resulting in buoyant construction, interior and furniture sector activity.

Increased construction activity

As Turkey's economy recovers from the effects of the global downturn, the construction sector seems to be picking up as well. A large (c. 77 million) and young population means that there is a constant need for the development of housing, schools and general construction. There is also an increasing need for shopping malls and hotels, which have grown quickly in number during the past few years. Turkey is an increasingly popular holiday destination and, by the end of 2010, around 30 million foreign visitors are expected, generating revenues of almost \$23.0 billion. Figures recently released from the Turkish Statistics Institute reveal that the construction sector expanded by 21.9% in the second quarter of 2010. New construction projects are planned around the country and range from low-cost one- and two-bedroom apartment complexes to high-end complexes and new build villas.

A recent study concluded that the Turkish construction industry grew at a Compound Annual Growth Rate (CAGR) of 13.54% for the period 2003-2008. The non-residential sector's market share was 56.9% in 2008, while the residential sector accounted for the balancing 43.1%. The Turkish economy remained one of the fastest growing economies in Europe with a growth rate of 4.5% in 2008. One of the main drivers for this bullish pace was the high growth rate in the construction and industrial sectors. The construction sector in Turkey is third largest after agriculture and textiles. Construction directly accounts for roughly 6.0% of total GDP; while, if taking all the other sectors that are affected directly or in-directly by the construction sector, it can be said to account for as much as 30.0%.

Turkey is now recognized as one of the world leaders in the construction sector and has proved very capable of participating in the world's biggest contracts. This is a demonstration of how Turkey should now be viewed as a significant economic power. A recent review now puts Turkey as the second most active country after China in the contractor sector and there are now 31 Turkish companies ranked in the in world's top 100 contracting firms.

Growing furniture production & exports

It is estimated that there are 30,000 companies manufacturing furniture and interior products in Turkey, employing around 260,000 people. If furniture side products are also taken into consideration, the number employed by this sector rises to 2 million. The vast majority of these companies are very small, specialised cottage-style operations. However, according to data supplied by the Union of Chambers of Commerce and Commodity Exchanges of Turkey (TOBB), around 40 furniture manufacturers in the country employ more than 250 people, with a further 155 companies employing more than 100.

Turkish furniture factories use the latest manufacturing technologies, in line with world standards. For the past twenty years, the use of advanced technology and CNC benches has become standard. High quality, export grade products are produced and quality control runs all the way from raw material choice to the final packaged product. Most manufacturers have obtained ISO9000 certificates and comply with other international quality standards.

Production of furniture has risen sharply during the last five years, due to high levels of construction in Turkey, as well as increasing export demand. In fact, Turkey is a net exporter of furniture and exports of all furniture types reached \$1.3 billion in 2008, rising from \$435 million in 2003. However, in 2009, exports declined by 13.0% to a value of \$1.15 billion, as a result of reduced demand in destination markets.

The leading ten export destinations for Turkish manufactured wooden furniture are (in order of importance) Iraq, Germany, Iran, Azerbaijan, France, Netherlands, Greece, UK, Libya and Turkmenistan. However, Turkey exports furniture to over 160 countries in total. The growing importance of European markets for Turkish furniture exports is leading to increased interest by Turkish manufacturers in certified wood, and once again, this illustrates the ripple effects of the growing "green procurement" movement beyond the borders of the main European implementing countries.

SEC Leadership Elected



Jeffrey Fantozzi of the Pacific Lumber Inspection Bureau was reelected as the Chairman of the SEC at the just completed SEC annual meeting in Portland. Rose Braden from Evergreen Building Products Association is the Vice Chairperson and Eric Hansen from Oregon State University is the Secretary Treasurer.

The Softwood Export Council is entering its 13th year of service to the US

softwood lumber industry with member organizations from industry, academia, and state agencies.

And finally....Hande has left the building...



We are sad to report that Hande Ozer Buyuksahin will be leaving the SEC at the end of this month. She joined us 5 years ago as the International Marketing manager in charge of our many country and regional marketing efforts, including trade shows, missions, advertising, and publications. Many of you have worked with her at various trade shows around the world. We are going to miss her but wish her well in her next endeavor and hope she gets some extra time home with her family.

Upcoming Trade shows and Seminars

January

- Expo Promeuble, January 19-22 Mexico City

February

- KH Fair 2011, February 23-27 Seoul

March

- A+C Show -March 8-11 Tokyo
- Domotex China- March 22-24 Shanghai
- Interzum Guangzhou- March 27-30 Guangzhou

April

- Dubai Wood 2011 April 5-7 Dubai


May

- Design Build Australia May 11-13 Sydney
- Construmat May 16-21 Barcelona
- Interzum Cologne May 25-27, Cologne
- EBPA China Spring Trade mission

Go to www.softwood.org/calender for the complete yearly calender, direct trade show links, and events from other American Softwoods cooperators.

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

Join Our Mailing List!

 Forward to a Friend

Softwood Export Council
PO Box 80517
Portland OR 97280

Phone: 503-620-5946
Fax: 503-684-8928
www.softwood.org