



Softwood Export Council Newsletter

July- August 2010

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In March of this year, President Obama launched the National Export Initiative (NEI) with a goal of doubling U.S. exports of goods and services in five years and creating two million export-generated new jobs. On Tuesday of this week, the President held the first meeting of the Export Promotion Cabinet (EPC), of which Secretary Vilsack is a member of, to discuss progress on the NEI. On Wednesday, the President convened the first meeting of the President's Export Council which included several EPC members, including Secretary Vilsack.

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In conjunction with these events, the White House released a progress report on exports, which may be found at:

http://www.whitehouse.gov/sites/default/files/exports_progress_report.pdf

The Administration is also seeking input from the public on the plan for NEI and how best to facilitate the doubling of exports. On behalf of all the agencies engaged in the NEI, the Trade Promotion Coordinating Committee (TPCC) recently issued a Federal Register Notice (FRN) that provides information and solicits feedback on the NEI. The deadline for public comments is Monday, July 29, 2010. We urge you to submit comments through this coordinated interagency process. Also, please feel free to inform others in the agricultural sector to do the same. While USDA welcomes and appreciates your routine communication with USDA through our established channels and processes, we also want to ensure that you are aware of this specific opportunity to offer your views through the interagency mechanism on this important Administration initiative.

The Federal Register notice published on June 30, 2010, can be found at:

<http://edocket.access.gpo.gov/2010/2010-15934.htm>

China Market Report

By Xu Fang

Major Development in the Market

Wood Product Imports Retain Upward Trend

According to China Customs, the total imports of logs amounted to 11 million cu.m in the first four months of 2010, up 24% from the same period in 2009. Log imports from Russia fell 6% from the same period last year to 4.9 million cu.m. On the other hand, imports from New Zealand rose 75% to 1.8 million cu.m and imports from other main supplier countries were also up.

In the first four months of 2010, China's sawnwood imports were 4 million cu.m, up 67% from the same period of 2009. The main sawnwood suppliers were Russia (up 31%), Canada (up 110%), Thailand (up 102%) and the USA (up 77%).

The buoyant real estate market in China's cities has significantly boosted demand for furniture. As a result, China's wood-based panel imports rose substantially. The imports of plywood, particleboard and fibreboard rose 37%, 17% and 6% respectively compared to the first four months last year.

Wood Product Exports Register Sharp Gains

The total value of wooden furniture exports in the first four months of 2010 were US\$2,772 million, up 37% from the first four months of 2009. Furniture exports to the US were worth US\$870 million, up 20% over the same period last year. In comparison to the period in 2008, prior to global financial crisis, the export value to the USA fell about 1%.

China's plywood exports surged in the first four months of 2010. A total of 2 million cu.m of plywood was exported, an increase of 46% over the same period in 2009. China's exports to the US amounted to 376,500 cu.m, up 14% from the same period last year. Exports of plywood to United Arab Emirates, the UK, Japan and Korea also rose 62%, 50%, 69% and 85% respectively. The major plywood exporting provinces were Shandong (753,900 cu.m, up 39%), Jiangsu (711,600 cu.m, up 43%), Zhejiang (128,400 cu.m, up 28%), Guangdong (109,700 cu.m, up 68%) and Shanghai (56,400 cu.m, up 13%).

Fiberboard exports from January to April 2010 amounted to 476,800 tonnes, an increase of 73% from the same period last year. Exports to the US totalled 101,500 cu.m, up 55% from the same period last year. Exports to Russia, Saudi Arabia and Korea United Arab Emirates, the UK, Japan and Korea also rose 68%, 44% and 247% respectively. The major fibreboard exporting provinces were Jiangsu (308,900 tonnes, up 82%), Shandong (34,600 tonnes, up 33%) and Guangdong (26,900 tonnes, up 75%). Some 28,500 tonnes of particleboard were exported during the first four months of 2010, up 30% from the same period last year. One third of the total particleboard exports were to Russia.

Impact of The Weak Euro

Europe is the world's second largest wood product consumer area accounting for one third of global consumption. Most of wood product imports by European countries are from Asia. The EU is also the major wood product market for China accounting for 16% of China's total wood product exports in the first four months of 2010.

The continued weakness of the Euro has the effect of making Chinese exports less competitive in the Euro area. In May 2010, the average exchange rate was RMB8.4 per Euro, down 18% from the beginning of the year.

Analysts believe that the Euro area's economic downturn and weakening Euro will severely impact China's wood product trade in the following areas:

- Export-oriented wood product manufacturers will suffer most and they have to readjust their foreign trade strategies;
- As a result of the slowdown in the European market, some of the exporting companies will sell their products in domestic market hence, increasing domestic competition;
- The effect will be long term, if the purchasing power of the Euro continues to weaken.

In addition, the Due Diligence Regulation being developed by the EU will further erode the competitiveness of Chinese manufacturers.

Call For Greater China-US Cooperation In Forestry

At the second meeting of the China-US Strategic and Economy Dialogue, the vice administrator of the State Forestry Administration, Madam Yin Hong, spoke on forestry cooperation between China and the USA.

Madam Yin Hong said that China and the USA have good cooperation in the fields of combating illegal logging, Chinese garden construction, Wetland and Reserve Action Plan and Network on Asia-Pacific Forest Rehabilitation and Sustainable Management. She appealed to the two countries to undertake common efforts in promoting greater cooperation in forest management and ecological conservation.

Toluca Trade Mission

By Fernanda Vale Garcia

In the second week of May American Softwoods had conducted a trade servicing in Toluca and educated Mexican companies about the US softwoods lumber and panels distribution channels.

Toluca is the state capital of Mexico state, as well as the seat of the Municipality of Toluca. It is the center of a rapidly growing urban area, now the fifth largest in Mexico. It is located 63 kilometers (39 mi) west-southwest of Mexico City. According to the 2005 census, the city of Toluca has a population of 467,713. The city is the eighth largest in Mexico in population.

Toluca's economy has become one of the most industrialized areas in Mexico. Its geographic position in the center of the country and proximity to Mexico City as well as its well-developed infrastructure, have allowed Toluca to grow into a major industrial zone for the state. The growth and industrialization of Toluca is closely tied to the growth and changes in economic activities that have occurred in the Mexico City metropolitan area.

Most industrial enterprises are on the small and micro-level but the city has attracted a large number of international corporations. Major products produced include food processing, metals and

machinery, paper products, printed matter as well as auto production. Toluca has become an important economic city because of its industries and infrastructure that produce drinks, food, textiles, cars, electric products and such. Since 1944, many industries have settled in Toluca rather than in other cities. In 1965, the industrial zone of Toluca-Lerma-Tianguistenco, which is located on the north side of Toluca, began to attract industries to the area. The city now has five additional major industrial parks: Corredor Industrial Toluca, Parque Industrial Lerma, Parque Industrial Exportec I., Parque Industrial Exportec II and the Parque Industrial El Coecillo.

This is the first year that we visit Toluca doing trade service with different types of presentations of AMSO products. This time, we visited ten companies promoting APA products, SEC species and SFPA Southern Yellow Pine.

DSIMA Hardwoods Flooring & Doors, is a medium size company, which is door manufacturers and uses different species, either hardwoods, softwoods, tropical species from different types of materials, moldings, they cut lumber to different measurements also for their clients and have lumber from different countries mainly USA, Chile and Mexico.

The SEC delegation also visited **Maderas Los Pinos, Foras y Figuras** which is a carpenter that manufactures all kinds of furniture and uses different types of lumber. He installs floorings, stairs, and uses all different types of lumber hardwoods, softwoods and tropical species available in the market, such as Chilean and Mexican Pine Ash, Maple, Oak, Tzalan, Bari, Machiche, among others.

Also visited **Home Depot** in Toluca and been visited. They had lumber from Chile and from Mexico and less from USA, specifically Treated SYP. They handle mostly low grades for construction and just a few for high grades, targeting furniture manufacturers.

AMISA Articulos de Madera para la Industria is a medium size company. In their facilities they have a "Nardi" thermic and treating chamber where they kiln dry and also provide a thermic treatment to their lumber. They mentioned that it is one of the unique mobile chambers in the region. The company works with various clients including General Motors as their client, and that they used to manufacture pallets for the bases for the motors. GM required significant volumes for that project. Unfortunately, they mentioned that business has slowed down in Toluca and just recently is beginning to pick up, not at the pace they would like to see. In their facilities they manufacture platforms with 23% of humidity, and lumber boxed for packaging purposes. They also sell lumber to the retail and wholesale market. They handle lumber, beams, and studs from Uruguay. They mentioned that their lumber comes from Chihuahua or Durango and not handle from Toluca.

Compañía Maderera Mexicana; They are a small-to-medium size lumber distributor. They handle moldings, plywood, lumber and cut to different measurements for their clients. They sell to the retail market mainly. They sell to furniture manufacturers and builders. They handle more lumber than boards in their facilities. They do not buy directly; they buy from bigger lumber distributors.

American Softwoods office also visited **Comercializadora de Contrachapados SA de CV**, (Maderas Albiter, Triplay Center, A+N Arquitectura Natural).

Upcoming Trade shows and Seminars

August

- Tecno Mueble 2010 August 19-22 Guadalajara

September

- FMC China 2010 September 7-10 2010, Shanghai
- American Softwoods Seminars September 13-17 Shanghai, Nanjing, Beijing

October

- Expo CIHAC October 12-16, Mexico City
- USCB China trade mission (late October)

November

- Japan Home & Building Show, November 17-19 Tokyo
- Cancelled - Big 5 Construction Show, November 22-25 Dubai

December

- Japan Lumber Importers Meetings - Tokyo - Osaka

-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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Softwood Export Council
PO Box 80517
Portland OR 97280

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