



Softwood Export Council Newsletter

JANUARY 2002

SEC Annual Meeting

The Softwood Export Council recently held its fourth Annual meeting in Portland, Oregon. Officers for 2001 were reelected to serve in 2002. Continuing in their posts will be Chairman Bradley Shelly, of the West Coast Lumber Inspection Bureau, Portland, OR; Vice Chairman Michael Caldwell, from the American Institute of Timber Construction, Englewood, CO; and Secretary Treasurer Robert "Butch" Bernhardt, from the Western Wood Products Association, Portland, OR.

Meeting highlights included a presentation by Rose Braden, Evergreen Building Products Association Seattle, WA, on the new EBPA China marketing program. Paul Boardman, CINTRAFOR, gave a presentation on the Chinese housing interiors market and the overall direction of the Chinese housing industry

Chairman Shelly, led the meeting through a review of the activities covered by the SEC and its member organizations in the year 2000. SEC member organizations actively pro-

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Yamaguchi retires

After more than 40 years in the forest products industry, Ikuo "Yami" Yamaguchi will be formally retiring from his post as the Japan representative for the Softwood Export Council and the Southern Pine Council. Yamaguchi, who turned 69 in December, will step down on March 31, 2002.

Yamaguchi began his industry career in 1958 accepting a position at the American Japan Trading Company, which was importing various wood products. He began working with U.S. sawn lumber products in 1960 when he started importing various lumber products from American mills.

His work with U.S. products led to contacts with many in the American lumber industry. In 1969, he met then WWPA Marketing Director Bob Hunt just as the western US industry was beginning to look to Japan as a possible new market. Eight years later, in 1977, Hunt hired Yamaguchi as the WWPA representative in Japan. Initially he had additional responsibilities assisting the American Plywood Association from 1977 until 1984.

For the past quarter century, Yamaguchi has been involved in every major US softwood lumber promotion and code activity. His numerous involvements included the first Japanese three-story wood frame house, "Summit House" in 1987, and the first Japanese multi-family three-story wood frame structure, "Super House" in 1992. He has had a seat on the Japan 2x4 Home Build-



Ikuo, "Yami" Yamaguchi will be honored by his American friends at a "Sayonara" dinner on March 9th, 2002, in San Diego, California. For more information contact the SEC, or see the website at www.softwood.org

ers Association technical committee since its inception.

In 1995, Yami expanded his softwood promotional activities when the Southern Pine Council began its promotion of Southern pine for interiors, and exterior treated uses in Japan.

In 1997 WWPA became the first foreign grading agency to receive mutual recognition from the Japanese government, fulfilling one of Yamaguchi's long-standing career goals.

The following year, the Softwood Export Council assumed western lumber international promotional activities, and Yamaguchi become

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Markets

January 2002

SEC Meeting

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moted U.S. softwood lumber and secondary products in Japan, Korea, China, Taiwan, Mexico, and the European Union.

SEC member activities included trade show participation, technical seminars, hosting trade groups, reverse trade missions, in depth market research and the development of several new pieces of foreign language publications.

The second half of the meeting was a planning session for the Unified Export Strategy (UES). The UES is the road map for future market development plans and highlights the industry international marketing strategy, future marketing activities and funding support requests for the USDA foreign market development programs.

For further information on the SEC, its members, and its activities, look on the SEC website, www.softwood.org.

OTED trade mission

The Washington State Office of Trade and Economic Development (OTED) recently completed a building materials and softwood products trade mission in Japan. The mission group covered five regional cities in five days, presenting a technical seminar, a mini trade show, and conducting business to business discussions at each stop. The five hour sessions drew more than 200 Japanese builders, architects, and building materials dealers. When asked to evaluate the programs Japanese participants rated the mission as very informative. Many of these builders rarely get to any of the major trade shows in the major urban areas.

Ten Washington state based companies participated in the road show, including housing packagers, inte-

rior suppliers, door and window suppliers, and others. The participants reported more than 220 one on one business discussions, and that more than 60 led to actual sales. The estimated immediate sales from the tours added up to more than \$2 million, with ongoing sales over the next 12 months totaling more than \$6 million.

The companies paid their own expenses, but the trade mission was planned, promoted, coordinated and administrated by the OTED Japan consultant and was supported with SEC funding.

This is one a series of technical seminar and trade show missions which OTED has been conducting over the past 7 years.

WTO ruling on FSC issue upheld

On January 14, 2002 the WTO Appellate Body affirmed a prior finding by a WTO dispute settlement panel that the FSC Repeal and Extraterritorial Income Exclusion Act of 2000 (ETI Act) is inconsistent with United States obligations under the WTO.

In February, 2000, the WTO Appellate Body upheld a panel decision finding that the Foreign Sales Corporation (FSC) provisions of U.S. tax law violated U.S. WTO obligations. In response to these findings, in November, 2000, the US enacted the FSC Repeal and Extraterritorial Income Exclusion Act of 2000 (ETI Act). The EU challenged the ETI Act, and on August 20, 2001, a WTO panel issued a report contain-

ing the following findings: (1) the ETI Act confers a prohibited export subsidy under the WTO Subsidies Agreement; (2) the ETI Act confers an export subsidy which violates US obligations under the WTO Agriculture Agreement; (3) the ETI Act violates the national treatment provisions of Article III:4 of the GATT 1994; and (4) the ETI Act's transition rules violate the panel's recommendation (as modified by the WTO Dispute Settlement Body) to withdraw the FSC subsidy with effect from November 1, 2000.

The US appealed the report to the WTO Appellate Body on October 15. The Appellate Body held an oral hearing on November 26-27 and circulated its report on January 14, affirming the findings of the panel.

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Programs

January 2002

Supplier Credit Guarantee program

The USDA has announced a new program that will assist exporters of U.S. wood products. The Supplier Credit Guarantee Program (SCGP) guarantees a portion of payments due from importers under short-term financing (up to 180 days) that exporters have extended directly to the importers for the purchase of U.S. agricultural products. These direct credits must be secured by promissory notes signed by the importers.

The USDA administers export credit guarantee programs for commercial financing of U.S. agricultural exports. These USDA Commodity Credit Corporation (CCC) programs encourage exports to buyers in countries where credit is necessary to maintain or increase U.S. sales, but where financing may not be available without CCC guarantees.

Some of the countries or regions that qualify for the SCGP include Japan, Mexico, China, East and West Europe, and South East Asia.

CCC does not provide financing but guarantees payment due from the importer. A substantially smaller portion of the value of exports (currently 65 percent) is guaranteed under the SCGP than under the Export Credit Guarantee Program (GSM-102), where CCC is guaranteeing foreign bank obligations.

FAS representative Mike Conlon will be available to meet with West Coast exporters and answer questions on the SCGP. Mr. Conlon will be in Tacoma, WA on Feb. 13th as part of the EBPA China speaker series. He is also planning to be in Portland, OR on Feb 15th. For more information contact Allan Czinger with the SEC.

Phytosanitary info

The EU announced final regulations related to the importation of softwood SWPM originating in Canada, Japan, China or the U.S.

Softwood solid wood used in packing material must be heat-treated or kiln dried to a minimum core temperature of 56 degrees Celsius for at least 30 minutes. Alternatively, the wood can be pressure treated or fumigated to specific requirements. Wood products must be marked in a way that can identify where and by whom the treatment was carried out. The regulations will go into effect October 1, 2001 and will be monitored for one year before active enforcement in October, 2002.

The American Lumber Standards Committee (ALSC) is working closely with U.S. grading agencies and other industry groups to ensure that any verification and marking systems are adequate, verifiable and meet international requirements.

YAMI

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head of the American Softwoods, Japan Office, or ASJO to better reflect its multi regional and multi product line focus.

In 1999, Yami was named to the Japan equivalent of the housing "Hall of Fame" with recognition by the Japan Ministry of Construction for his career achievements in the promotion of U.S. wood-frame housing in Japan. His was only the second such special recognition in the history of the MOC.

Beginning with his first trip to the U.S. in 1966, Yami has crossed the

Pacific more than 50 times, leading Japanese lumber and building industry representatives to both the western and southern U.S. forest products facilities, construction sites, and industry trade events.

Yamaguchi does not plan to disappear from the Japan forest products scene. He will transition into industry consulting, where he will be available for company specific marketing assistance, as well as assume a part time role of senior consultant for the SEC and SPC. Daisaku Aoki, who joined the staff in January of this year, will succeed Yamaguchi as the head of ASJO.

At a recent working group meeting of the International Plant Protection Organization, the members agreed to use heat treatment at the only universally recognized measures for the elimination of pests in wood. The organization agreed to a level of 56 degrees Celsius for 30 minutes – with no moisture requirement. The US industry had strongly objected to the draft standard with a higher temperature requirement (70 degrees) and a moisture content requirement. The draft standard will also make allowances for chemical pressure impregnation (CPI) only to the extent that it already meets the heat treatment requirements.

Events

January 2002

SEC MEMBER ORGANIZATIONS

Alaska Manufacturers Association

American Institute of Timber Construction

California Redwood Association

Center for International Trade in Forest Products

Evergreen Building Products Association

North American Wholesale Lumber Association

Northwest Wood Products Association

Oregon Economic and Community Development Department

OSU Forest Products Department

Pacific Lumber Exporters Association

Pacific Lumber Inspection Bureau

Washington State Office of Trade and Economic Development

West Coast Lumber Inspection Bureau

Western Wood Preservers Institute

Western Wood Products Association

Wood Moulding and Millwork Producers Association

Website update

The new Ponderosa Pine brochure is available for direct download on the web in 5 languages. The brochure is very user friendly with quick downloading text and photos

Registration Information on the Yamaguchi Retirement Dinner is available for download on the website

www.softwood.org

Future trade missions

SEC softwood lumber organizations are planning two softwood lumber trade missions in the Spring of 2002. The purpose of these missions is to show the continued US softwood industry interest in the Japanese and European markets, and to showcase market niche opportunities in these markets.

The Japan mission will focus on one to one meetings with wholesalers, precutters, laminators, interior product producers, and include tours of post and beam housing and the American Wood Design Award winners. The Mission will host indus-

try receptions, a press conference and conduct press interviews. This mission is tentatively planned for the week of April 15th.

In Europe the trade mission will focus on meetings with wholesalers, window and door producers, interior fixture producers, window stock laminators and trade associations. The mission will involve press interviews where appropriate. The mission is tentatively planned for the week of May 6th.

For more information on either of these trade missions contact Allan Czinger.

Upcoming Events

KY Housing Fair, Trade show, Seoul, Korea; February 2002
Yamaguchi Retirement Party, San Diego, CA; March 9, 2002
Architecture and Construction, Trade Show, Tokyo, March 2002
HOMDEX, Trade show, single family homes, Seoul, Korea; March, 2002
Fensterbau, Trade show, windows, Nuremberg, Germany; March 2002
SAIE Due, Trade show, housing interiors, Bologna, Italy; March, 2002
China Wood, Trade show, general wood, Beijing, China; April, 2002
Japan Softwood Mission, Tokyo, Osaka, April 2002
European Softwood Mission, Germany, Benelux, England; May 2002
Carrefour Du Bois, Trade show, wood import, Nantes, France; May 2002
Total Construction and Materials Fair, Osaka, Japan; May 2002
Provimueble, Trade show, furniture, Monterrey, Mexico; May 2002
Gardeners World Live, Trade show, Birmingham, U.K. June 2002

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