



# Softwood Export Council Newsletter

SEPTEMBER 2000

## NWPA Joins SEC

The SEC is pleased to announce the addition of the Northwest Wood Products Association (NWPA) to the association membership. The NWPA is an association of secondary wood products manufacturers based in the Pacific Northwest. NWPA programs include Market Development, Capital Access, Education and Technology and Supply Development. NWPA has over 65 member companies representing over 9,500 employees in the Pacific Northwest. Member firms produce moulding, millwork, cabinets, furniture, toys, giftware and other products.

The addition of NWPA to the SEC family adds a new dimension to our already diverse membership. NWPA's marketing programs includes: a NWPA Pavilion that travels to domestic and overseas trade shows with member participation, customer referrals through the NWPA Trade Lead program, and "Made In Oregon, USA" program promotion.

*Continued on page 2*

## In this issue

<b>Japan condo boom</b>	<b>2</b>
<b>JAS lumber rules</b>	<b>2</b>
<b>NAWLA Traders Mart</b>	<b>3</b>
<b>Website update</b>	<b>3</b>
<b>Member meetings</b>	<b>4</b>
<b>Trade show info</b>	<b>4</b>

## Big Changes in SWPM in the EU

The EU has notified the WTO that beginning January 1, 2001 it intends to require coniferous solid wood packing material entering member states from Canada, China, Japan and the United States to either be heat treated to 56 degrees Celsius for at least 30 minutes and have a moisture content below 20 percent, or be pressure treated.

Wood material which has been heat treated or pressure treated must display an officially approved marking enabling the identification of where and by whom treatment has been carried out. These emergency measures are being taken to protect the EU against the pinewood nematode (PWN), and will be continually assessed until

November 15, 2001 at which time the Commission decision will be reviewed. A significant portion of the \$150 billion in U.S. exports to the EU could be affected by the rule in that much of it is transported using solid wood packing material. Hardwood packaging is not subject to the rule. The deadline for comments is currently September 27, 2000 (a thirty day extension was recently granted).

The Commission of the European Communities Committee on Sanitary and Phytosanitary Measures has been taken due to recent threats of the introduction of *Bursaphelenchus xylophilus.*, the pine wood nematode (PWN).

*(Continued on page 3)*

## Impending FSC Legislation

The US House Ways and Means Committee approves a sweeping change to US tax laws governing foreign source income in an effort to resolve the FSC dispute with the EU. The impending legislation (HR 4986) would repeal the US Foreign Sales Corporation law which was found to be an illegal export subsidy by the WTO.

Chairman Archer invited the business community to submit comments on the proposed bill and has stated that any tax payer currently receiving a tax benefit from the FSC provisions, should not lose that benefit, nor have that benefit as a consequence of the of the enactment of HR 4986.

The joint Administration-Congressional proposal would replace the FSC with a new tax exclusion available to both US and foreign companies on a portion of their foreign source incomes, including foreign manufacturing income, regardless of whether that income came from export sales. This approach is similar to many European tax systems that exclude foreign source income from domestic taxation.

For more information on this bill please contact the Betsy Ward at AF&PA 202-463-2705.

# Markets

September 2000

(NWPA - Continued from page 1)

The NWPA helps secondary manufacturers grow and become more profitable by helping them make connections to new markets, locate financing opportunities, take advantage of employee training programs through SWPTS (Secondary Wood Products Training Systems), and find alternate sources of supply developing under-utilized/ lesser known wood species.

To find out more about the NWPA and it's membership direct inquiries to Executive Director Dennis Brock 541-385-5353. Check out their website at [www.nwpa.org](http://www.nwpa.org), which is currently in the development stage. When complete one aspect of this interactive website will be to provide a direct linkage between secondary wood products markets, both international and domestic.



## Contact Information

**Softwood Export Council**  
520 S.W. Sixth Avenue #810  
Portland, Oregon 97204 USA

Phone: 503-248-0406  
Fax: 503-248-0402  
Email: [info@softwood.org](mailto:info@softwood.org)  
Web site: [www.softwood.org](http://www.softwood.org)

Craig Larsen, President  
Allan Czinger, International Marketing  
Haley Richards, Administrative Assistant

## Japanese Market Information

### JAPAN CONDO BOOM

Construction of prefabricated houses in Japan, representing about 20% of all houses and condominiums built, grew modestly during JFY1999. A year later during January and June 2000, sales in urban markets attained an all time high and are forecast at nearly 100,000 units by year end. The housing loan tax break for home buyers, that will be effective through June 2001, attributed to this, along with the decline in condominium prices.

At the same time, wood-framed housing grew 2% and steel framed housing grew 3%, while concrete-framed houses suffered a significant setback. Prefabricated houses' share of total housing starts has not significantly changed the last 10 years. The "condominium boom" is expected to continue as consumers perceive the economy shows signs of recovery.

Along with the "condominium boom", the European softwood exports to Japan increased almost 70% last year despite the weak housing market. The export growth is due to Europe's export orientation, Japanese consumer's general preference for white wood appearance and the weak Euro.

### REVISED JAS RULE EFFECTIVE

The Ministry of Agriculture, Forestry and Fisheries decided to enforce revised JAS rules as of June 10<sup>th</sup>, which was scheduled to take effect on April 1<sup>st</sup>. The main points are that the inspection and grading can be done by individual mill at their own responsibility instead of by registered grading organizations as in the past, that private

enterprises can now join as registered authorizing organization and that foreign lumber mills to be treated equal to domestic mills as long as they satisfy certain conditions. Transition period from old law to new will be three years. The Ministry is also considering to revise drying and accuracy in lumber standard to cope with the quality assurance law, which started in April this year. The final plan will be disclosed sometime in summer.

### STRICTER SIZE ON LUMBER

The Ministry of Agriculture, Forestry and Fisheries revised JAS rules on softwood structural lumber. The new rule is stricter in size tolerance by not allowing any minus in size for dried lumber. In the past, JAS rule allowed 1 millimeter plus or minus tolerance on less than 90 millimeter dried lumber and 1.5 millimeter plus or minus on more than 90 millimeter dried lumber but the new rule does now allow any minus tolerance. Also it stipulates moisture contents on dry processed lumber have to be less than 20%.

### HOUSING DECLINE PREDICTED

The Research Institute of Construction and Economy of Japan forecasts continuous decline of housing starts for the next two years. It says the new housing starts in 2000 would be about 1,205,000 units, 1.7% less than 1999 and those in 2001 would be 1,177,000 units, 2.3% less than 2000.

# Programs

September 2000

(continues from page 1)

Finland informed the other Member States and the Commission that in monitoring inspections carried out in 2000 numerous infestations of non-manufactured coniferous wood packing material originating in Canada, Japan and the United States of America with PWN have been found. Moreover, infestations of non-manufactured coniferous wood packing material originating in Canada and China were also reported by Sweden and France respectively.

It is currently required that, in order to protect the Community from the introduction of PWN, wood originating in the third countries where the nematode is found must be free of bark and grub holes, and have a moisture content of less than 20 %. The information from Finland, France and Sweden shows that these measures are not sufficient to protect the Community adequately against the introduction of PWN when such wood is imported from Canada, China, Japan and the USA; therefore temporary emergency measures are necessary.

The AF&PA will be drafting comments on the proposed EU regulations. Organizations wishing to make separate comments should contact Kris Marceca at the AF&PA. 202-463-2721

## Fall Gateway

Evergreen Building Products Association has scheduled its next Gateway Program October 16 –17 in Seattle. The program is a series of seminars and field trips to introduce the Pacific Rim builder to American style construction and components.

## NAWLA Traders Mart



The North American Wholesale Lumber Association (NAWLA) traders market is looking to add an international flavor this year. Working with SEC international offices NAWLA will be encouraging international buyers to attend this year event.

The Mart will be held November 2-4, 2000 at the Wyndham Anatole Hotel in Dallas, Texas. This annual event will have close to 300 forest

products companies exhibiting. In addition to face to face trader meetings, attendees will be exposed to everything from top-notch educational programs to exceptional motivational presentations to updates in the area of e-commerce.

For registration information see the direct link to the NAWLA website from the SEC website at [www.softwood.org](http://www.softwood.org)

## www.softwood.org shows new design

The new Softwood Export Council web site redesign is now up and running. The redesign provides quicker access or “click through” for our most often requested information such as market reports and trade information.

The site has added a new *Forest Certification* links page to the most popular web sites featuring updated information on the evolving forest and wood products certification processes and programs.

The Home page will feature links to upcoming member programs and activities as well as direct links to hot issue information.

Additional forest products industry news, country, and market information links are also being added as they become available.

The site continues to provide access to our overseas offices, various publications, and special member services information.

# Events

September 2000

## SEC MEMBER ORGANIZATIONS

- American Institute of Timber Construction
- California Redwood Association
- Center for International Trade in Forest Products
- Evergreen Building Products Association
- Northwest Wood Products Association
- North American Wholesale Lumber Association
- Oregon Economic Development Department
- OSU Forest Products Department
- Pacific Lumber Exporters Association
- Pacific Lumber Inspection Bureau
- West Coast Lumber Inspection Bureau
- Western Wood Preservers Institute
- Western Wood Products Association
- Wood Moulding and Millwork Producers Association

To find information on  
**Forest Certification**  
go to

[News and Information/  
Certification](#)

on the homepage of  
[www.softwood.org](http://www.softwood.org)

## Building Products Trade Mission

The Commercial Service in Japan and the Evergreen Building Products Association have announce plans for the October 2000 Trade Mission.

The week-long mission, from October 2 to 6, will be comprised of a delegation of American companies and will cover 5 cities including Kawasaki, Chiba, Hamamatsu, Matsuyama and Utsunomiya (tentative).

The trade mission is an excellent way for companies to enter local markets and gain regionally focused business contacts. The Housing Mission could reach as many as 200-250 Japanese attendees, representing builders, architects, building materials importers and distributors, etc. For more information contact the Larry Kvidera at EBPA.

### Upcoming Shows and Events

-  Country Style Housing Fair; Trade Show; Seoul, Korea; Sept. 2000
-  Furniture Manufacturing and Supply Expo; Shanghai, China; Sept. 2000
-  Country Style Housing & Conference 2000; Seoul, Korea; Sept. 1-4, 2000
-  Western European Institute of Wood Preservers; September 20-23, 2000
-  **Imported Housing Materials Expo, Kobe, Japan - Sept. 28-30, 2000**
-  APA-The Engineered Wood Assoc.; San Antonio, TX; Sept. 29-Oct. 3
-  **Kyung Hyang Housing Fair; Busan, Korea; Sept. 29-Oct. 4, 2000**
-  International Furniture Fair; Trade Show; Seoul, Korea; Oct. 2000
-  Kyung Hyang Housing Fair; Junjoo, Korea; Oct. 12-17, 2000
-  **EBPA; Fall Gateway Housing Business Program Oct. 16-17, 2000**
-  International Furniture Fair; Seoul, Korea; Oct. 20– Nov. 5, 2000
-  **NAWLA Traders Market; Dallas, TX; Nov. 2-4, 2000**
-  **International Forest Products Marketing Conf, Seattle, Nov. 12-14**
-  SEC Annual Meeting and UES Planning Session Dec 2000
-  **ASFI; Furniture Suppliers; Birmingham, UK; Nov. 12-15,**
-  **Japan Home Show, Tokyo, Japan - Nov. 14-17, 2000**
-  International Furniture Fair 2000 – Tokyo, November 21-24, 2000
-  Housing Expo; Trade Show; Seoul, Korea; Dec. 2000

For more information contact Allan Czinger at [czinger@softwood.org](mailto:czinger@softwood.org)



Home to all your International Banking needs

Larry J. Cooper

907-265-2705

[www.nationalbankofalaska.com](http://www.nationalbankofalaska.com)

an SEC Supporting Member