



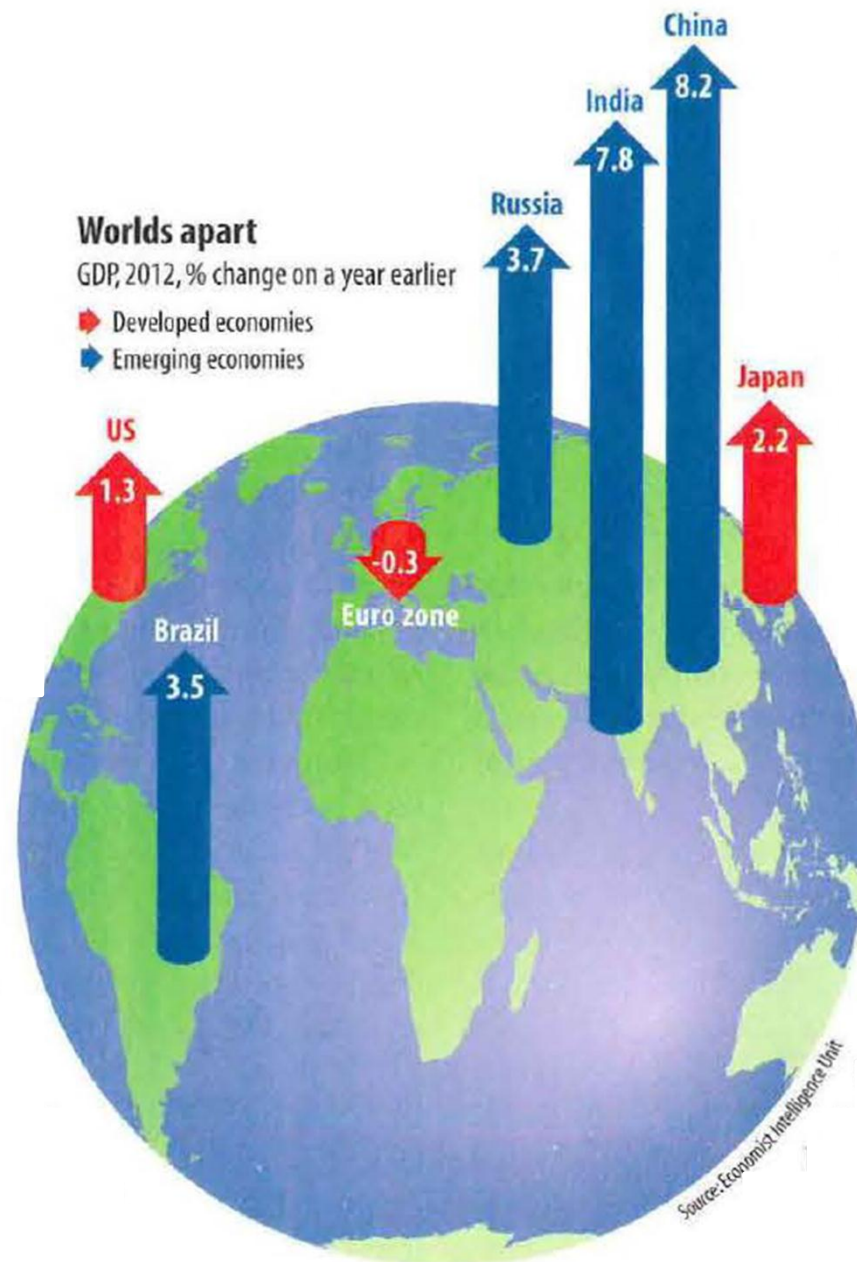
Global market trends and issues: Implications for Oregon

Chris Knowles

Department of Wood Science and Engineering

Global trends

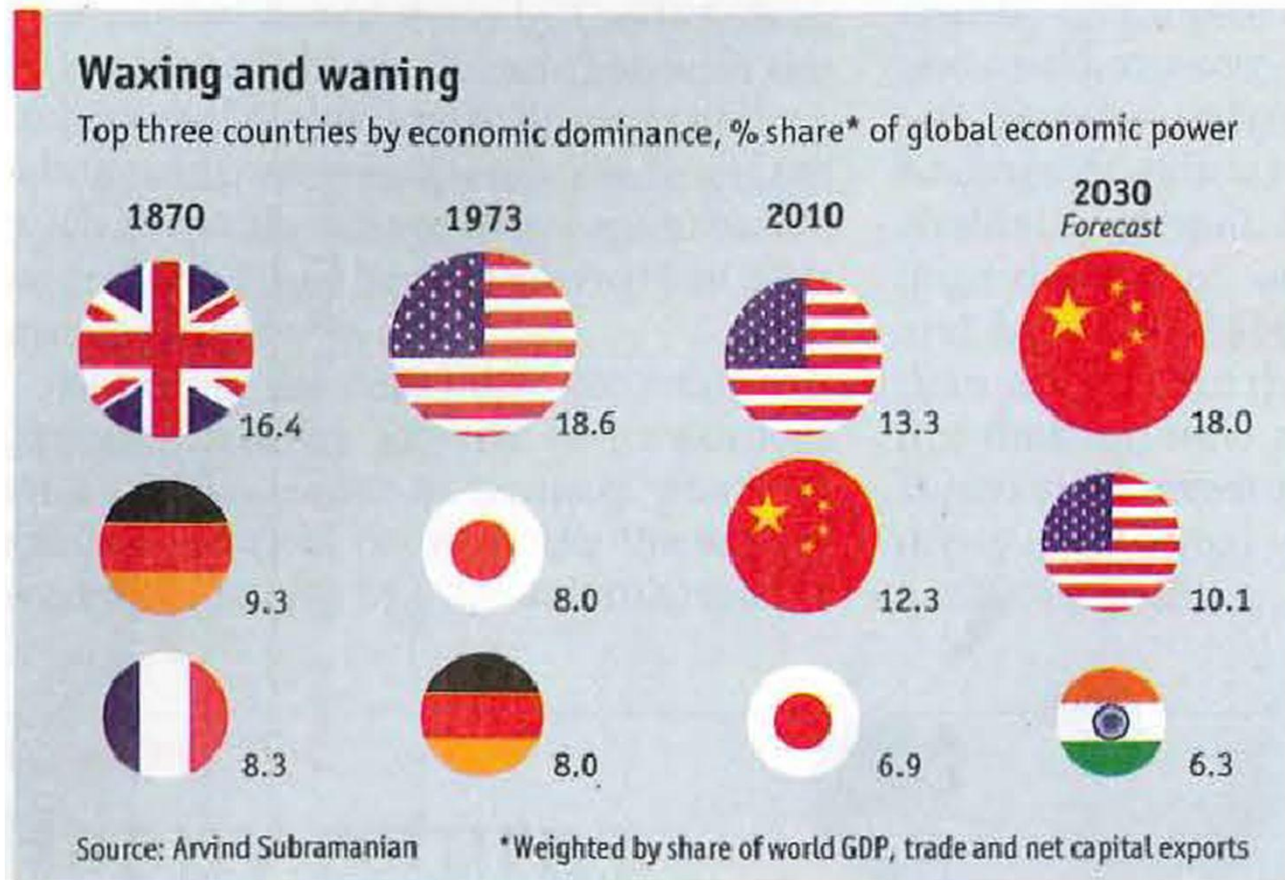
- “ Economy slowly recovering
- “ Recovery stronger in developing markets



Global trends

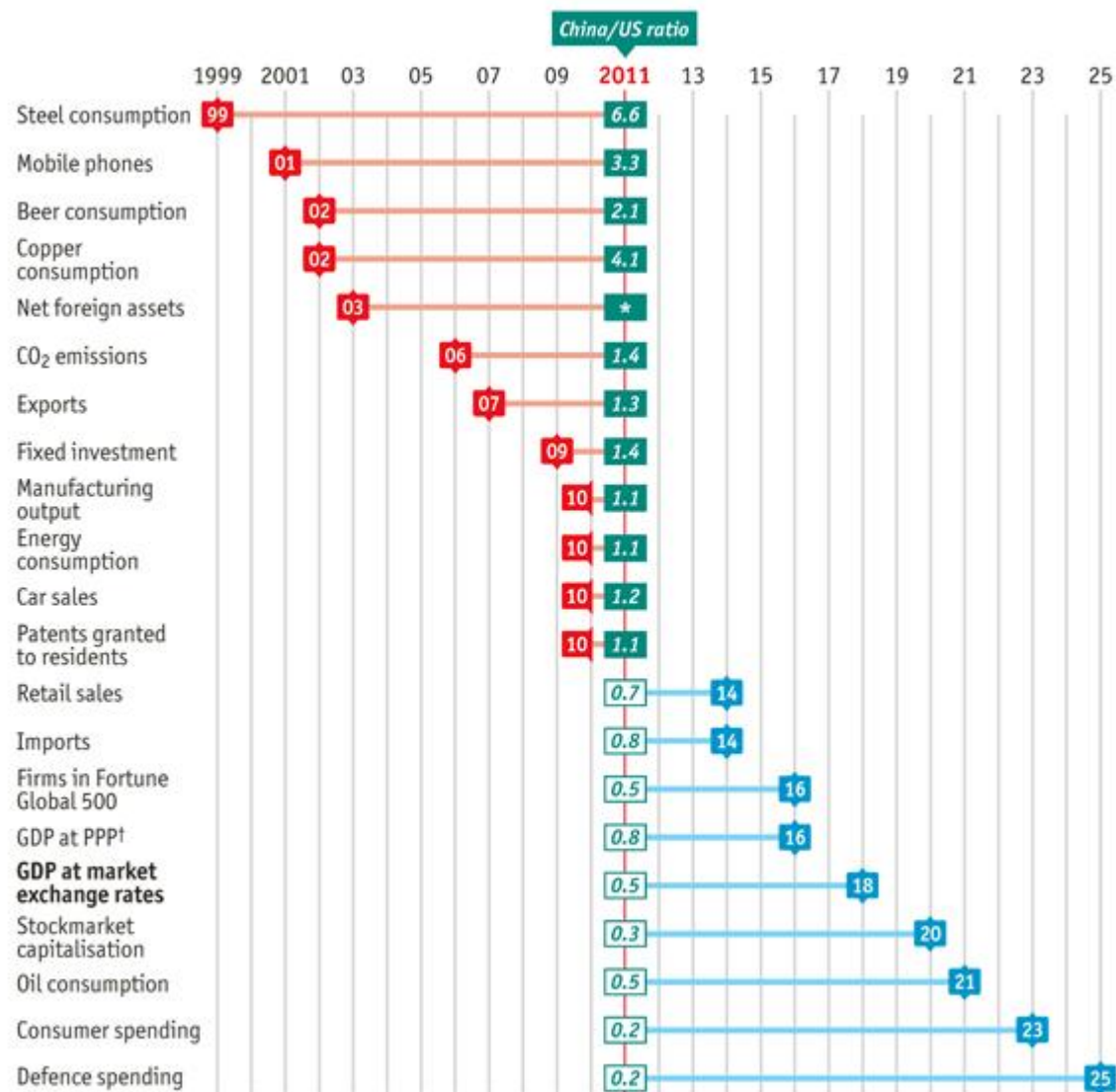
- “ Economy slowly recovering
- “ Recovery stronger in developing markets
- “ Changing global economic powers

Shifting economic power



Overpowering

Year in which China: **overtook** / **overtakes** the United States



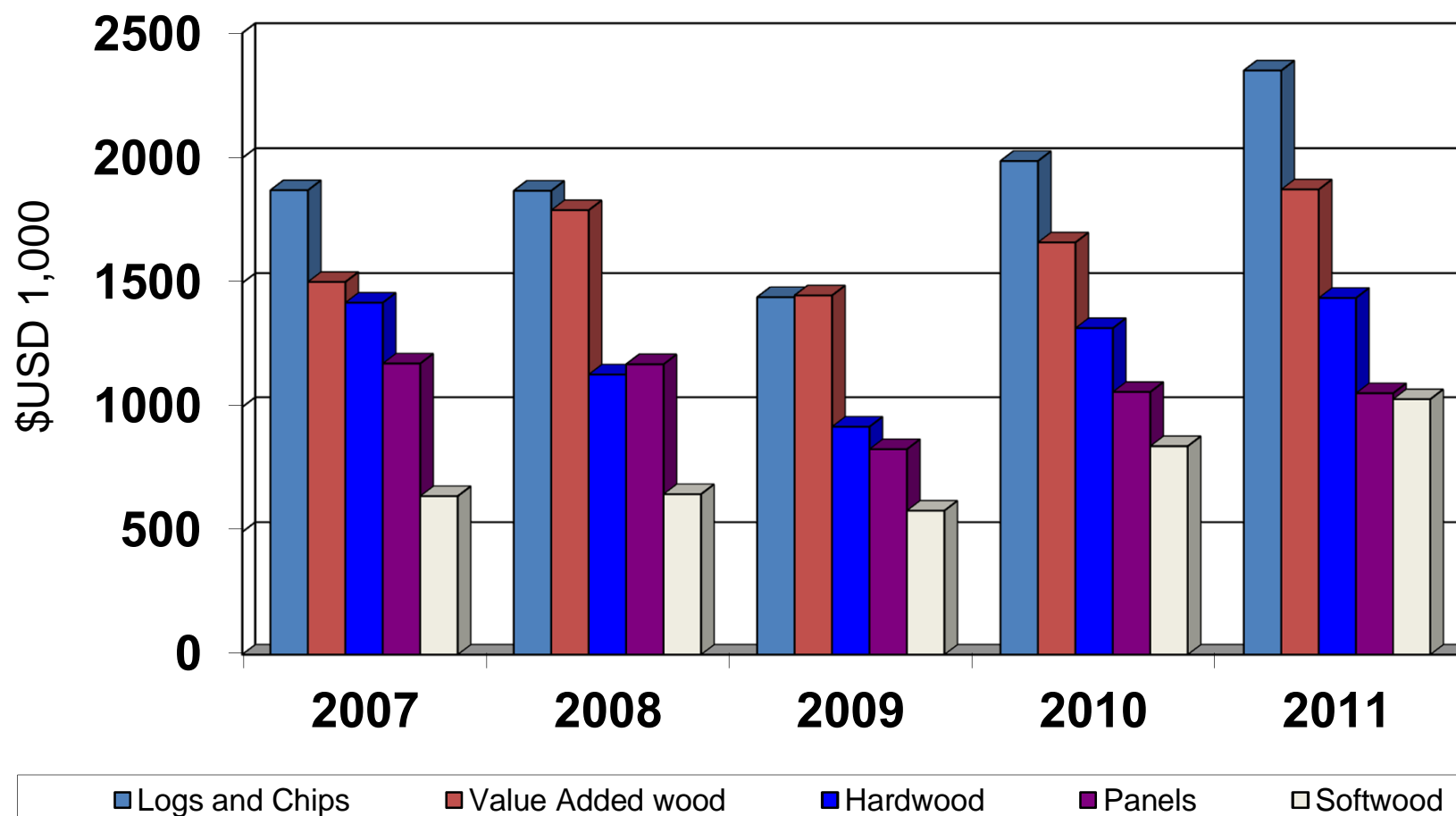
Sources: BP; Canadean; CEIC; Deutsche Bank; *Fortune*; IMF; ITU; Thomson Reuters; WIPO; World Bank; World Federation of Exchanges; World Steel Association; *The Economist* estimates

*China net foreign assets \$2trn;
US net foreign debt \$2.5trn
†Purchasing-power parity

US Wood Exports – World totals

2010: \$6.8 Billion

2011: \$7.7 billion



US Softwood Exports

	2009	2010	2011	% Change
Canada	134 mil	189 mil	183 mil	- 3
Japan	89 mil	136 mil	155 mil	+ 14
Mexico	94 mil	112 mil	127 mil	+ 13
China	34 mil	100 mil	245 mil	+ 144
SE Asia	40 mil	46 mil	43 mil	- 7
EU 27	29 mil	32 mil	32 mil	- 1
Taiwan	19 mil	31 mil	37 mil	+ 19
Oceania	10 mil	11 mil	19 mil	+ 67
Caribbean	98 mil	128 mil	124 mil	- 3
Total	528 mil	844 mil	517 mil	+ 23

\$USD

2010 up 44%

2011 up 23%



JAPAN



Japan

- “ Most reliable market for PNW
- “ Prefer KD Douglas-fir, metric sizes
- “ Want high quality products
- “ ~75% of market traditional post and beam
- “ ~25% panelized 2x4

Housing starts

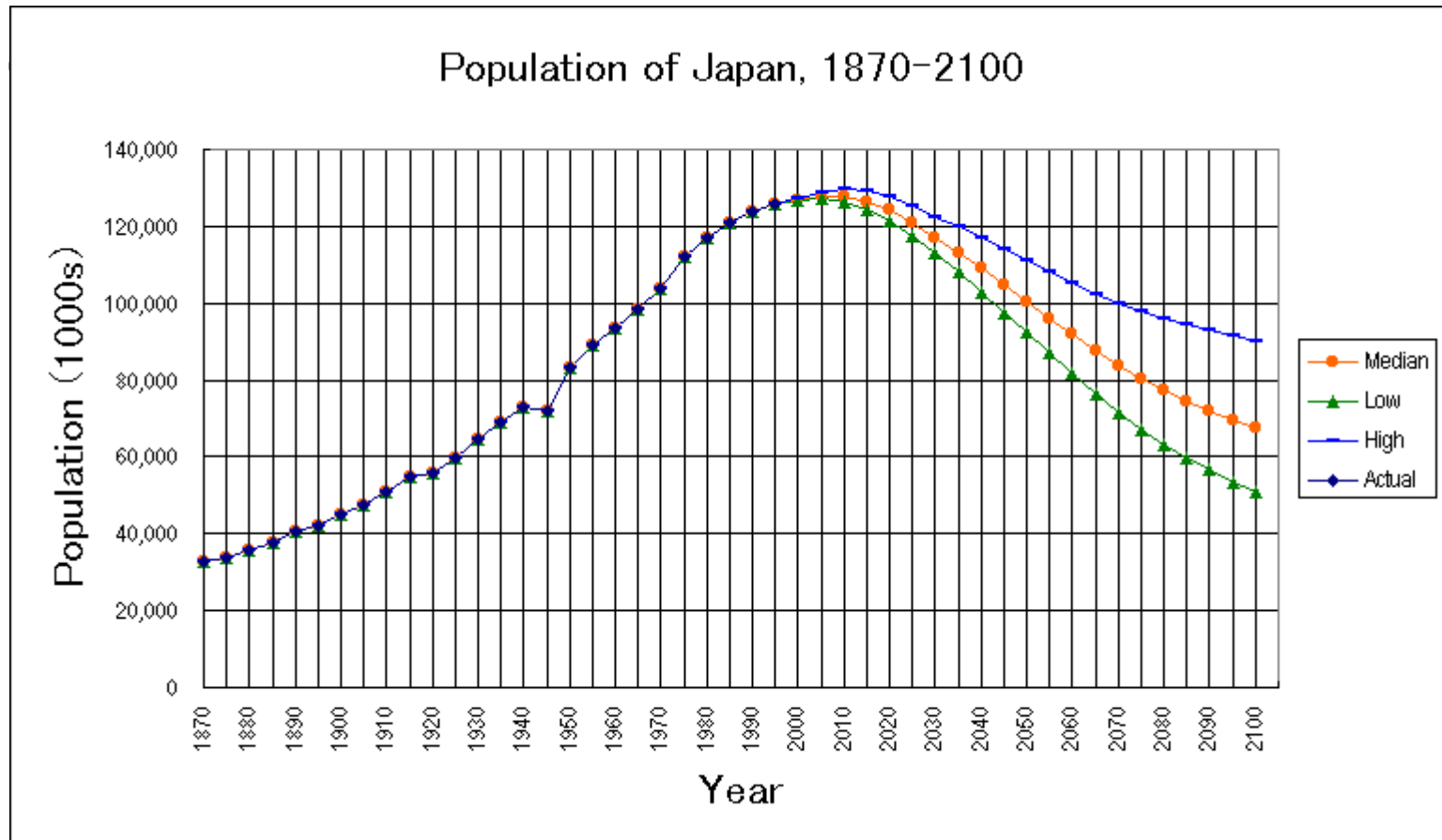
Japan		USA
1,060,000	2007	1,398,000
1,090,000	2008	905,000
788,000	2009	583,000
813,000	2010	598,000
813,000	2011	657,000
900,000	? 2012 ?	700,000

Japan market concerns

” Aging population

Japan

//



Japan market concerns

- “ Aging population
- “ Exchange rate with dollar



CHINA



China

- “ Largest market for US softwoods
- “ Large growth in 2011
- “ Fueled largely by Government stimulus
- “ Very price sensitive
- “ Sizing varies by region
- “ Decreasing volume from Russia in 2011
- “ Increasing volume from North America in 2011

China wood use

- ” #1 use - Concrete forming
- ” Interior Decoration
 - . Flooring spacer strips - Ceiling strips
 - . Door and Window frames
- ” Packaging, Pallets
- ” Exterior – Treated wood
 - . Landscaping
 - . Furniture
- ” Furniture
 - . Frames
 - . Pine furniture
- ” Use for any product – if price is right

China housing market

“ 3- 5 Million starts

- . very few wood
- . High rise and multi-family - Bare units

“ Need interior fittings

“ Government Housing

- . National and regional funding
- . 30 million low income units by 2016
- . Slow start - 2011

China housing market cont.

- “ Housing reform
 - . Home ownership
 - . Higher consumer expectations
- “ Higher incomes
 - . Developing “middle class”
 - . Products staying in China
- “ Housing bubble
 - . Concerns over inflation
 - . Overvalued by 30-50% in major markets
 - . Downward correction – prices fell 2.8% year over year in Feb. 2012
 - . Government intervention
 - . Over building – ghost cities



<http://www.businessinsider.com/chinese-ghost-cities-2011-5?op=1>

China

- “ Market concerns:
 - . Tightening of monetary policy to control inflation
 - . Housing crash
- “ Chinese now understand US market
 - . Many use pricing guides (i.e. Random Lengths)
- “ What happens when US market returns?



TAIWAN



- “ Small volume compared to Japan and China
- “ Focus is pallet industry for crating/packaging
- “ Steady demand, but very price sensitive
- “ Niche markets for small volumes

Taiwan

“ Major concern

- . Competition from lower cost species from around the world such as New Zealand, Canada, Chile and Europe



INDIA



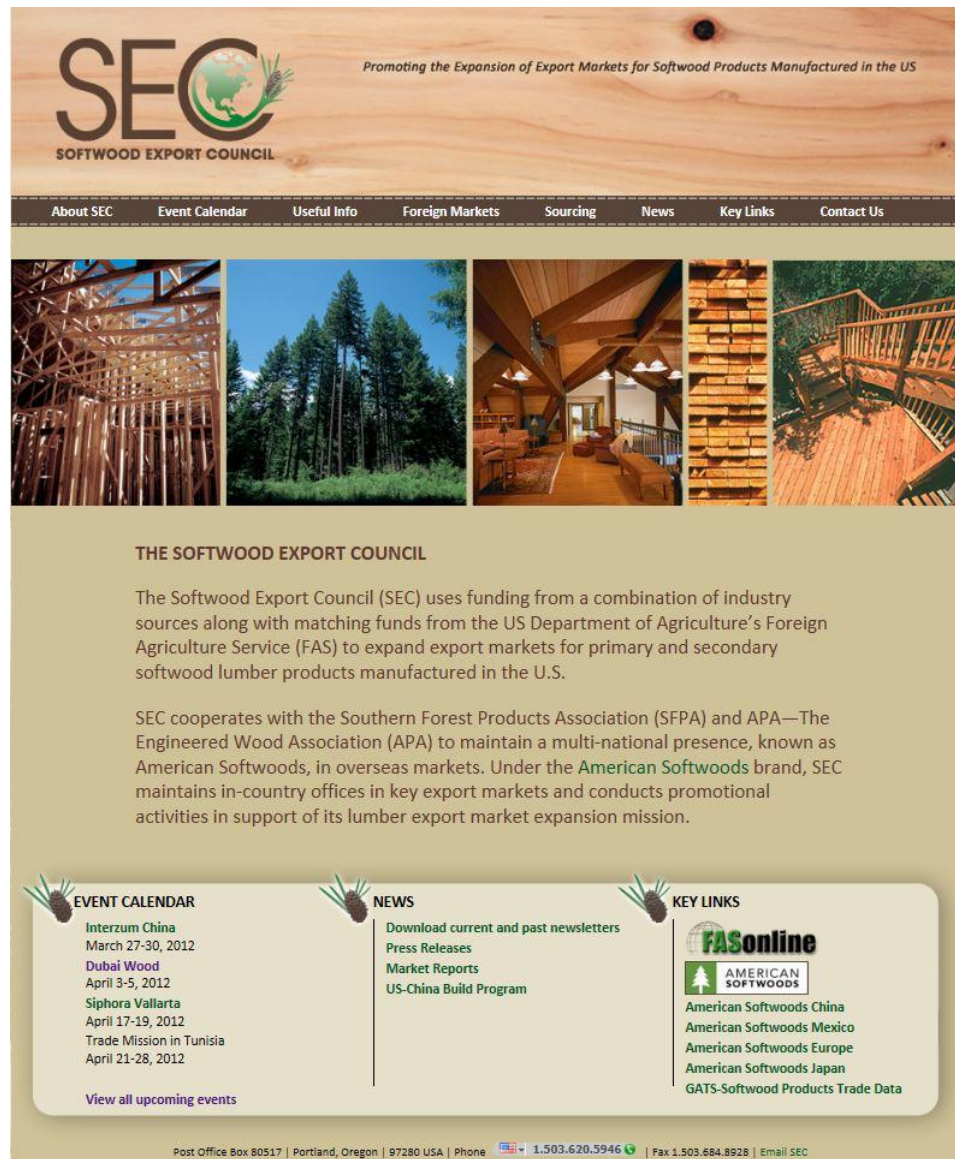
India

- “ Rapidly growing market
- “ Imports dominated by SE Asian hardwoods, radiata Pine, German Pine and Southern Pine
- “ Very price sensitive - tend to follow China
- “ Increased softwood imports largely due to price

Figure 12: Top challenges in individual emerging markets

	#1 Challenge	#2 Challenge	#3 Challenge
China	Adequate intellectual property protection	Competition from local competitors	Brand awareness in the market
India	Providing products/services that meet customer needs at affordable prices	Protectionist policies or government bureaucracy	Understanding how customers buy products/services
Southeast Asia	Providing products/services that meet customer needs at affordable prices	Brand awareness in the market	Understanding how customers buy products/services
Brazil	Competition from local competitors	Brand awareness in the market	Providing products/services that meet customer needs at affordable prices
Latin America (outside Brazil)	Brand awareness in the market	Providing products/services that meet customer needs at affordable prices	Competition from local competitors
Eastern Europe and Russia	Protectionist policies or government bureaucracy	Providing products/services that meet customer needs at affordable prices	Brand awareness in the market

Softwood Export Council Export Trade Missions



The screenshot shows the homepage of the Softwood Export Council (SEC). The header features the SEC logo, which includes a globe and a tree, and the tagline "Promoting the Expansion of Export Markets for Softwood Products Manufactured in the US". Below the header is a navigation bar with links: About SEC, Event Calendar, Useful Info, Foreign Markets, Sourcing, News, Key Links, and Contact Us. The main content area is divided into two columns. The left column contains a large image of a wooden building under construction. The right column contains a large image of a forest. Below these images is a section titled "THE SOFTWOOD EXPORT COUNCIL" with two paragraphs of text. The first paragraph describes the SEC's funding and mission. The second paragraph describes the SEC's cooperation with the Southern Forest Products Association (SFPA) and APA. Below the text is a section titled "EVENT CALENDAR" with a list of events: Interzum China (March 27-30, 2012), Dubai Wood (April 3-5, 2012), Siphora Vallarta (April 17-19, 2012), and Trade Mission in Tunisia (April 21-28, 2012). There is a link to "View all upcoming events". To the right of the event calendar is a section titled "NEWS" with links to "Download current and past newsletters", "Press Releases", "Market Reports", and "US-China Build Program". To the right of the news section is a section titled "KEY LINKS" with the "FASonline" logo and links to "American Softwoods China", "American Softwoods Mexico", "American Softwoods Europe", "American Softwoods Japan", and "GATS-Softwood Products Trade Data". At the bottom of the page is a footer with contact information: Post Office Box 80517 | Portland, Oregon | 97280 USA | Phone 1.503.620.5946 | Fax 1.503.684.8928 | Email SEC.

SEC
SOFTWOOD EXPORT COUNCIL

Promoting the Expansion of Export Markets for Softwood Products Manufactured in the US

About SEC | Event Calendar | Useful Info | Foreign Markets | Sourcing | News | Key Links | Contact Us

THE SOFTWOOD EXPORT COUNCIL

The Softwood Export Council (SEC) uses funding from a combination of industry sources along with matching funds from the US Department of Agriculture's Foreign Agriculture Service (FAS) to expand export markets for primary and secondary softwood lumber products manufactured in the U.S.

SEC cooperates with the Southern Forest Products Association (SFPA) and APA—The Engineered Wood Association (APA) to maintain a multi-national presence, known as American Softwoods, in overseas markets. Under the **American Softwoods** brand, SEC maintains in-country offices in key export markets and conducts promotional activities in support of its lumber export market expansion mission.

EVENT CALENDAR

- Interzum China
March 27-30, 2012
- Dubai Wood
April 3-5, 2012
- Siphora Vallarta
April 17-19, 2012
- Trade Mission in Tunisia
April 21-28, 2012

[View all upcoming events](#)

NEWS

- [Download current and past newsletters](#)
- [Press Releases](#)
- [Market Reports](#)
- [US-China Build Program](#)

KEY LINKS

FASonline
AMERICAN SOFTWOODS

- [American Softwoods China](#)
- [American Softwoods Mexico](#)
- [American Softwoods Europe](#)
- [American Softwoods Japan](#)
- [GATS-Softwood Products Trade Data](#)

Post Office Box 80517 | Portland, Oregon | 97280 USA | Phone 1.503.620.5946 | Fax 1.503.684.8928 | Email SEC

www.softwood.org



Oregon Wood Innovation Center

Connecting People, Ideas, and Resources

Questions?

Chris.knowles@oregonstate.edu