



# **Creative Thinking Outside the Domestic Box**

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WHY DOES EVERY PIECE OF LUMBER FOR JAPAN  
HAVE TO BE PERFECT AND BEAUTIFUL?





5% Off Grade is not Acceptable in  
many Export Markets





Changes in post and beam construction methods are reducing the needs for solid lumber and increasing the demand for engineered wood.



Solid Douglas Fir lumber is becoming a niche market and the hemlock market in Japan has nearly disappeared.























EVERY PIECE MUST BE 100% USABLE  
THIS IS THE COMPONENT –VS- COMMODITY MENTALITY





IN SOME  
EXPORT  
COUNTRIES,  
THE LUMBER  
IS USED IN  
EXPOSED  
APPLICATIONS



SOUTH KOREA





Not all markets use lumber for  
construction materials

Here are some examples





# CORE MATERIAL







# CORE MATERIAL



CHINA







The largest usage of lumber in China is for concrete form applications.





IN EXPORT COUNTRIES, SUCH AS  
INDIA, CHINA, & THE MIDDLE EAST  
THE **LUMBER** IS PRIMARILY USED IN  
CONCRETE FORM APPLICATIONS



# CONCRETE FORM











China's expansion of its railroad and highway system is one of the single largest construction projects taken on by a country since the US and the New Deal. Brought on by the global economic meltdown.

A \$1 trillion project.



China will have 86,000km of railway by the end of this year, making it second only to the United States, which has 260,000km. By 2012, the figure will increase to 110,000km, including 13,000km of high-speed tracks serving 42 passenger lines.





CHINA





# CHINA


## High-Speed Rail

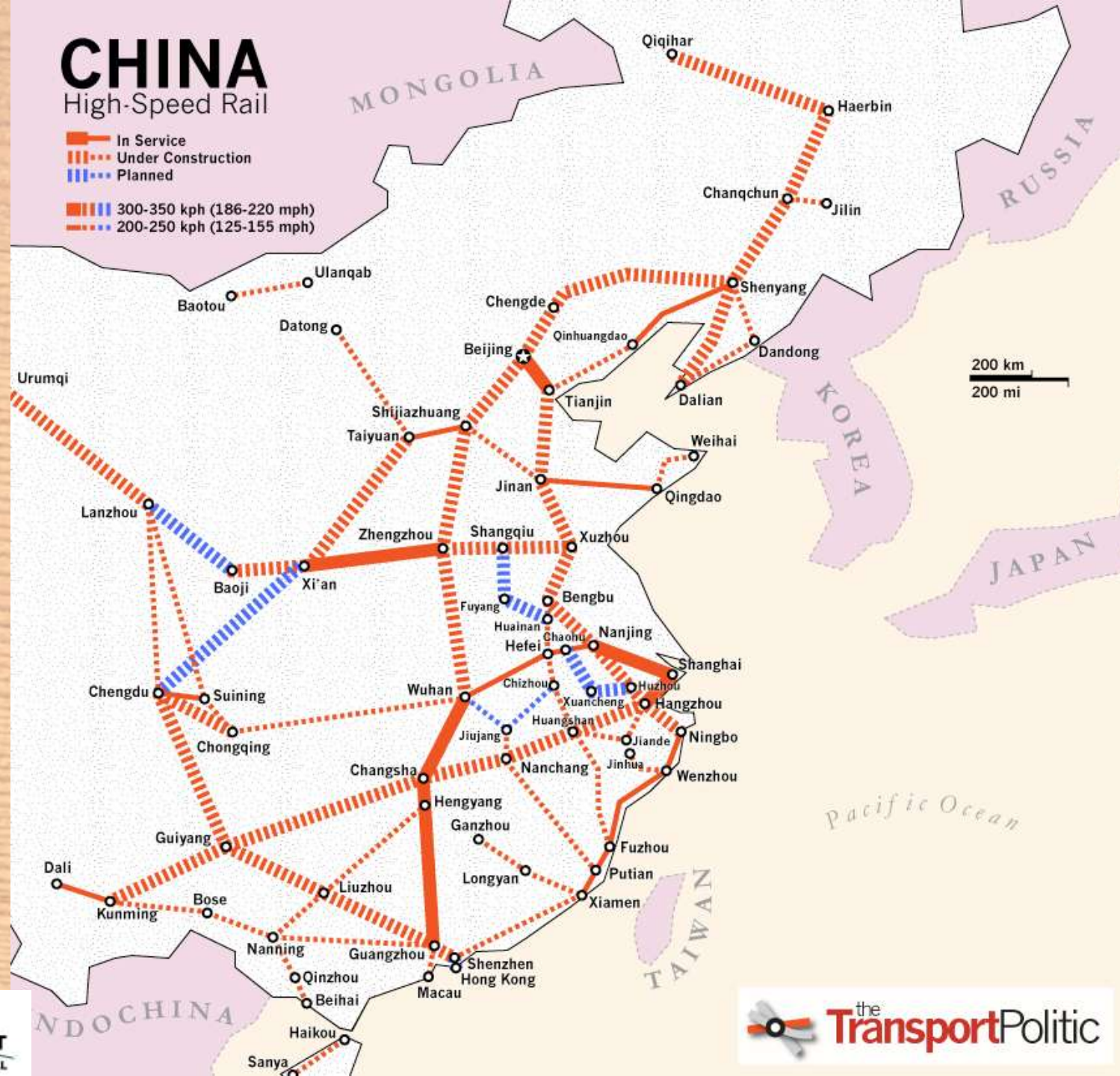
 In Service

 Under Construction

 Planned

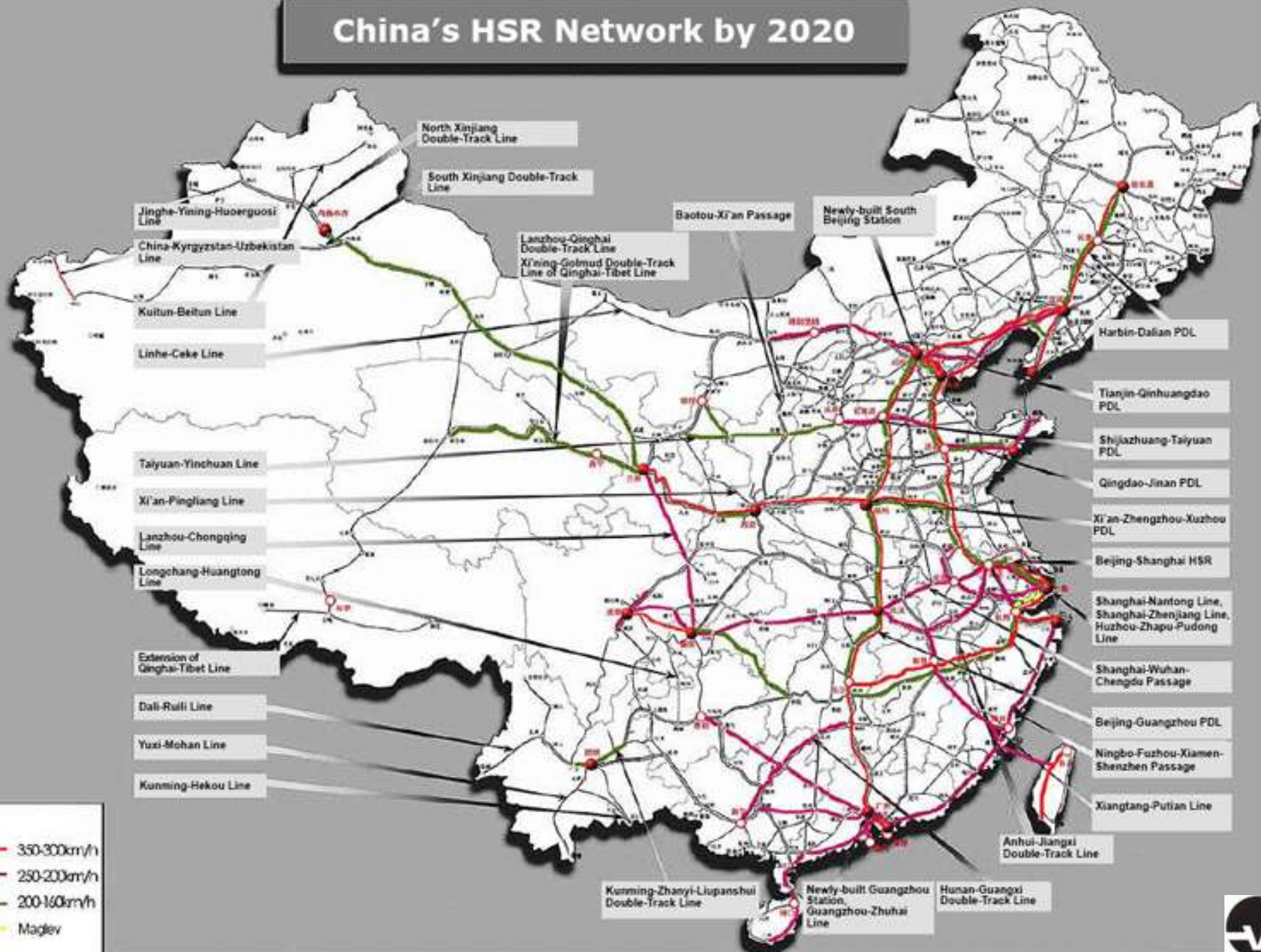
 300-350 kph (186-220 mph)

 200-250 kph (125-155 mph)





# China's HSR Network by 2020





# China's Ghost Cities





# China's Ghost Cities





# China's Ghost Cities



ORDOS, CHINA





**The Middle East**





# What type of lumber do these markets need?

- #2 Grade dimension for remanufacturing into door and window core (max pencil wane).
- #3 Grade dimension for concrete forming.
- Specialty sized items for concrete forming and pallet and crating materials.
- 10' is a good length but R/L 8'~20' is also OK.



























# How advanced are the wood products markets in these countries?

- Everyone is trying to get into the softwood lumber market..
- These markets have traditionally been hardwood markets.
- SPF is most common NA species. The Canadian's #3 looks like the US #2. The Middle East is not a fan of Hemlock...not stable in that market. But...white fir if the name is changed to something that doesn't have the word "fir" in it...

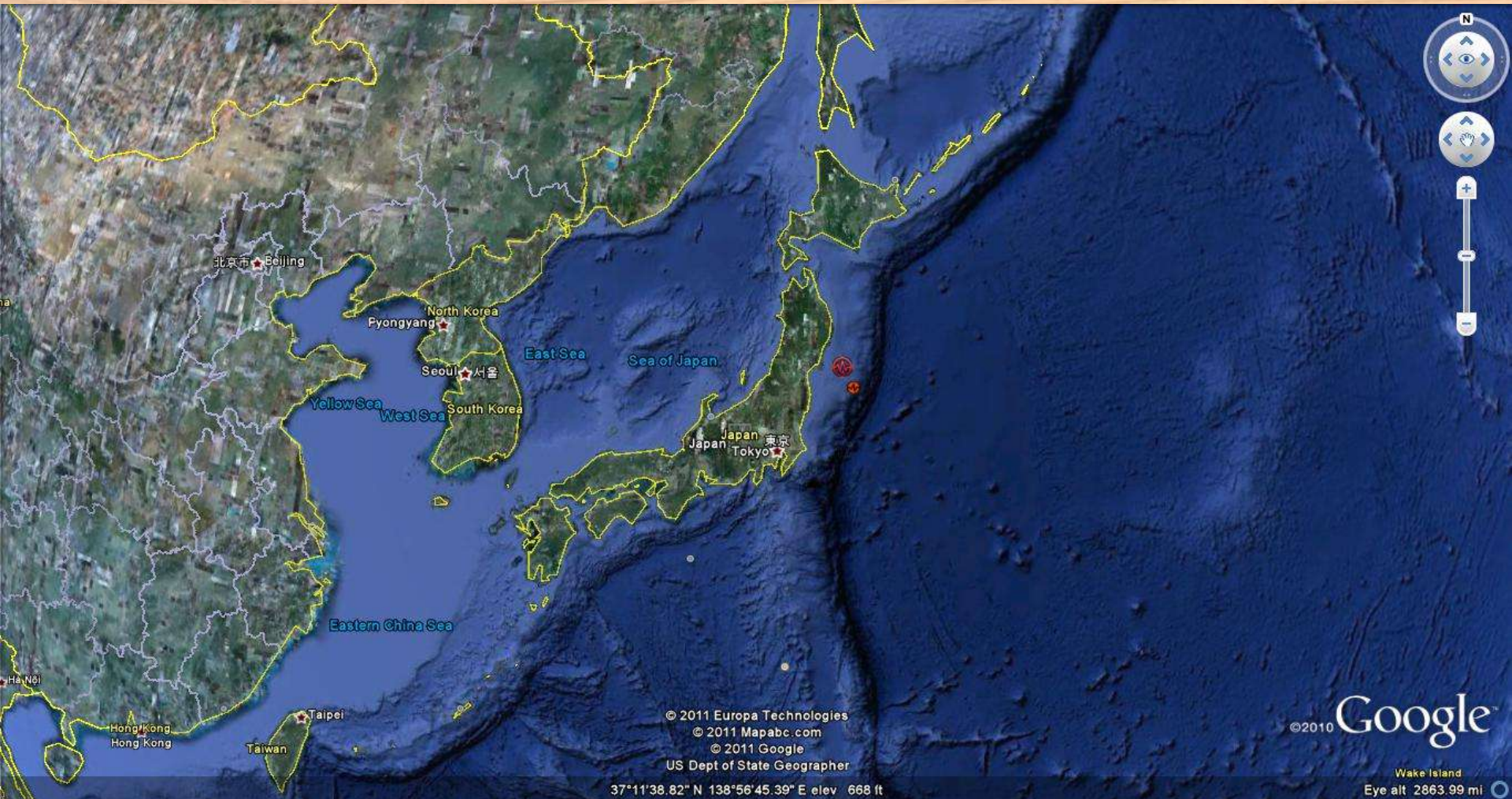


# Who can we trust?

- The most typical and successful way to penetrate these markets is the use of an established and trustworthy agent.
- These people can be used to find customers who have money, they can translate, check L/C's, work on new products.
- Typical agent fee is 3% for both India and Middle Eastern markets.



# Current Situation in Japan







AFP/GETTY IMAGES

JAPAN





REF/GETTY IMAGES











The tsunami washed the entire log yard inventory into the city.



Seihoku Plywood Mill

Log yard is completely empty.

SEIHOKU ISHINOMAKI KOJO, ISHINOMAKI JAPAN  
(NORTH OF SENDAI)





JAPAN







JAPAN









JAPAN



The Devastated  
Areas in Miyagi  
Japan Right After  
the March 11,  
2011 Earthquake  
and Tsunami  
  
and Now































The Devastated  
Areas in  
Ishinomaki  
Japan, Now, Two  
Months after the  
Earthquake and  
Tsunami































# Japanese Temporary Housing





























Questions?





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