

# FOCAL POINT: China Edition

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## 2006 Building Materials Sales Mission & Seminar Series to China

Guangzhou, Qingdao & Shanghai  
September 17-22, 2006

**E**xpand your China sales contacts during US-China Build's fifth annual sales mission and seminar series. Co-sponsored by USCB, the Evergreen Building Products Association, and the American Forest & Paper Association, this year's seminars will take place in Guangzhou, Qingdao, and Shanghai, three of China's fastest growing cities.



Chinese seminar attendees and US company representatives talk during the mini-trade show portion of the sales mission and seminar series.

The mission will include half-day seminars for Chinese

*(Sales Mission continued on page 3)*

### US-China Build Program

The US-China Build Program (USCB) is a non-profit business assistance program managed by Evergreen Building Products Association and the American Forest & Paper Association, with federal support from the US Dept. of Commerce Market Development Cooperator Program and USDA Foreign Agricultural Service. USCB promotes exports of US building products and services to China's residential and light commercial construction market. USCB offices in the Pacific Northwest and Shanghai are available to assist US companies. For more information about how your company can participate in USCB and opportunities available to US exporters in China's construction market, contact Rose Braden at (503) 248-0406 or rbraden@uschinabuild.org.



## US Suppliers Meet Chinese Construction Experts During China Mission

**N**ine US exporters and trade association representative joined this year's May 14-20 USCB Business Development Mission to China to develop new business contacts and learn about China's building materials market. Mission

members participated in panel discussions with developers, distributors, architects, and traditional and big box retailers. During the meetings the US representatives



learned about luxury residential developments during this year's business development mission.

Mission members visited a glulam bridge and luxury residential developments during this year's business development mission.

building materials market, consumer preferences, how developers identify and source materials, and the distribution system for building materials. A legal expert provided information about new government regulations that make product distribution easier for foreign companies and offered advice to help ensure smooth business transactions. The group also toured single-family and high-rise residential developments, a traditional Chinese building materials market, and a western-style big box retail outlet. Some mission members toured a lumber treating factory.

According to panelists, despite a slow down in late 2005,

*(China Mission continued on page 2)*

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China's housing market has rebounded. China's legal framework for foreign companies has improved. Foreign companies now benefit from expanded distribution rights, intellectual property protection, and litigation rights. Chinese developers of luxury condominiums and homes also recognize that US brands can help elevate the image of their projects and attract wealthy Chinese consumers and expatriates.

Consumers are becoming more interested in improving their homes, and access to a greater variety of products in terms of quality and price is increasing. Consumers reportedly spend approximately 35% of their income on interior decoration, and this number is on the rise. According to industry analysts, the greatest portion of consumer's interior design budgets are spent on wood flooring, followed by kitchen appliances and bathrooms, respectively. However, competition from domestically produced building materials with international brand names is increasing as more companies from overseas move production to China to take advantage of lower labor and shipping costs.

Energy efficiency continues to be a central issue. In 2005, the central government established new standards and enforcement procedures for developers, and initiated a campaign to encourage consumers to purchase energy efficient products. In 2006 it expanded these standards (see pg 3). Developers also report that homes with energy efficient features are selling faster and at a higher price than homes without these features.

US southern yellow pine (SYP) suppliers occupy a distinct product niche in China. Years of promotion by the American Forest & Paper Association and American Softwoods about the durability of southern yellow pine appear to have been successful. While there is considerable competition from lower priced Russian and Chinese pine in lower quality outdoor applications, SYP is considered the gold standard for situations where durability and longevity is important. The use of wood in landscaping projects is clearly increasing as more residential developments and city projects that feature waterways with footbridges, gazebos, and garden borders are built. As treated wood becomes more popular, more local treaters have emerged, and US SYP exports have shifted from treated to untreated lumber.

Traditional building materials markets, which typically stock domestically produced products, continue to enjoy a dominant place in the building materials distribution channel. In the past, analysts predicted that home centers would establish a market niche by providing product warranties, installation and design services, and non-negotiable prices. However, retailers at tradi-

## Evergreen Building Products Association: Helping US Exporters

Evergreen Building Products Association (EBPA), is a nationally recognized private, non-profit trade association of building materials manufacturers, exporters, wholesalers and distributors.

With offices in Japan and China, and access to a worldwide network of industry trade representatives through its membership in the Softwood Export Council, EBPA helps US companies export wood and non-wood building products and services worldwide, with a focus on Asia.

EBPA organizes sales missions, trade show pavilions, foreign language newspapers and directories, seminar and site visit programs for buyers from overseas, market research, and other programs and services in Japan and other markets.

For more information contact Larry Kvidera, EBPA More information about our members and upcoming activities is available at [www.ep.org](http://www.ep.org).



tional building materials markets now also offer product warranties. While there are consumers who prefer set prices, a larger number of Chinese feel they can negotiate a better price at traditional building materials markets. Traditional building materials markets supply approximately 98% of all retail building materials sales, with home centers capturing the remainder.

The finished home market continues to meet resistance from developers and consumers. Consumers are concerned about the quality and price of finished units that developers provide and prefer to manage the finishing process themselves. Developers are concerned about how to provide product warranties and handle service calls when they subcontract interior finishing projects. A new government policy that controls the selling price of finished homes is adding to consumer resistance. Currently only 10-15% of condominiums in Shanghai are sold as turn-key units. The exception to this resistance is at the high-end and low-end of the housing market. The finished home market may continue to signal an opportunity for imported products since developers met during the trip that catered to wealthy consumers said that the use of imported building materials in their developments was an important sales and marketing tool.

(Sales Mission continued from page 1)

developers, architects, and traders about US housing design, construction technologies, and the benefits of US building materials, including energy efficiency, testing standards, and quality. Ten speaking slots, which include a table top display in the mini-trade show, are available for US companies and their distributors. The seminar schedule includes ample time Chinese attendees to visit the table top displays.

The theme of the seminars will be "Using US Building Materials and Systems to Improve Housing Performance". Topics include structural performance, energy efficiency, functionality, safety, among other attributes. Firms are encouraged to structure their presentations to fit this educational theme. Chinese attendees at past seminars have indicated that they are very interested in learning about US technologies and energy efficiency.

**Chinese attendee reasons for attending the 2005 US Housing and Building Materials Seminars (attendee responses, multiple answers allowed)**

Obtain newest update of new construction technology and products	26%
Understand US energy efficiency products and technology	22%
Learn about design and construction of Wood Frame Housing (Hybrid structure)	14%
Understand more about the use of wood for interior design	11%

Last year's seminars were attended by over 300 Chinese developers development, builders, architects, interior designers and buyers from trading companies and home centers.

US participants regarded the mission a success. In total, US company representatives reported that they signed 13 new distributors and projected \$1 million in sales over the next year as a result contacts made at the seminars.

**2005 Sales Mission Participants**

- ? State of Idaho Trade Promotion Office
- ? Weather Shield Windows
- ? Pella Windows
- ? Weyerhaeuser/Trus Joist
- ? WFI Global (Geothermal Heating)
- ? HMI Worldwide (Cellulose Insulation)
- ? North Pacific Lumber
- ? United Coatings (Paint & Industrial Coatings)
- ? Gulf South Forest Products
- ? Exterior Wood Co. (treated wood)
- ? Calorique (Heating Systems)

## China Pushes for Energy Efficient Buildings

(Reprinted and edited from Xinhua News Agency, May 25, 2006)

During the first half of 2006, China's central government established new standards to improve the energy efficiency of newly constructed residential and office buildings. The new national standards include energy saving regulations for civil buildings, standards for residential buildings, and standards for technical evaluation of residential buildings.

On June 1, China also adopted a green building assessment standard. The voluntary standard calls for even higher standards for energy consumption and other environment-related components. According to Wang Guangtao, the Minister of Construction, these standards will help form a basic framework of industrial standards to improve the energy-efficiency of new buildings.



China's central government recently adopted standards to improve energy efficiency in residential and commercial buildings.

China is now the world's fourth largest economy and the second largest energy consumer. Over 30% of the world's coal, steel and cement are consumed in China. Thirty percent of China's energy is used to construct and maintain its construction sector (known as architectural energy consumption). And building materials manufacturing and transportation of construction materials consumes an additional 10%. According to Jiang Yi, a professor in architecture with Tsinghua University, if nothing is done to reduce the situation, architectural energy consumption in China will double by 2020.

(Energy Efficiency Standards, continued on page 5)

**SALES MISSION PRICING:**

- EBPA/AF&PA/APA Member Speaking Slot: \$650
- Non-Member Speaking Slot: \$750
- EBPA/AF&PA/APA Member Mission/Trade Show: \$550
- Non-Member, Mission & Trade Show Only: \$650

The registration fee covers the cost of seminars and mini-trade shows. A professional interpreter will be available for companies who need it during the seminar. Hotel and in-country travel reservations will be made for mission participants, but airfare, hotels and meals are not included. Companies who require interpreters for the mini-trade show should expect to pay an additional \$100/day. Presentation slots are confirmed upon receipt of payment.

## Advertise in the Chinese Housing & Building Products Newspaper

Reach thousands of potential business contacts by advertising in Issue 10 of the Chinese-Language US Housing Industry & Building Materials Newspaper.

Each issue contains information about US building materials, energy efficient products, design, project and product profiles, industry innovations, and question and answer columns. The paper is direct mailed to 10,000 Chinese companies, posted on the US-China Build Chinese-Language website, and distributed at trade shows and seminars in China.



### Ad Rates

Ad Size	Non-Member Rate	EBPA Member Rate
Full Page	\$1935	\$1742
1/2 Page	\$1305	\$1175
1/4 Page	\$900	\$810
1/6 Page	\$720	\$648
1/12	\$473	\$426

The Fall issue will also be distributed to building materials specifiers, importers and distributors during the USCB Fall Building Materials Sales Mission & Seminar to China, to be held in Guangzhou, Qingdao, and Shanghai from September 17—22. Last year, the seminars were attended by over 300 Chinese construction professionals.

Order Deadline: August 1, 2006  
Payment Deadline: August 5, 2006  
Ad Copy Deadline: August 5, 2006

Companies purchasing a 1/4 page or larger ad receive a free 250 word product profile with photo. Color ads are also available for an additional 10% of the standard ad price. For more information about advertising, distribution, product profiles, or to place an ad, please see the insert in this newsletter or contact Rose Braden at US-China Build.

## China Building Materials Distribution & Market Study Available

The Center for International Trade in Forest Products (CINTRAFOR), a USCB cooperator, recently completed Working Paper 102, "Distribution Systems for Value-Added Wood Products in China". The report is based on extensive interviews conducted in China and provides up-to-date information about market opportunities for value-added wood products. The report also provides a detailed overview of the Chinese housing market, describes distribution channels for value-added wood products, and discusses import and export trends. The report concludes with a description of market niches where US wood products may be competitive. The report was partially funded by the USDA Foreign Agricultural Service with support from the Softwood Export Council, the Evergreen Building Products Association, the Southern Pine Council and the American Hardwood Export Council. The working paper can be ordered as an electronic .pdf file, as a hard copy report from CINTRAFOR (contact CINTRAFOR at 206-543-8684 or download a mail order form from the CINTRAFOR website at [www.cintrafor.org](http://www.cintrafor.org)). The cost of the report is \$20.00.



## 2006 Chinese Directory of US Building Products and Service Providers

Space is still available for US companies in the 2006 Chinese-Language Directory of US Housing & Building Materials Companies.

Now in its third printing, the directory is a cost-effective means to promote your company to an audience of builders, architects, building materials importers and related construction industry professionals throughout China. Ten thousand copies of the directory will be printed and distributed through direct mailings, at trade shows and at US government overseas trade offices. Each listing includes a one-page profile in the printed directory and inclusion in the online-version.

**Registration Deadline:** ASAP, Time is limited  
**Price:** EBPA Members: \$100, Non-members: \$125

For more information, contact Rose Braden, USCB.

## Protecting Your Company From Foreign Business Losses

“Congratulations! You may receive a certified check for up to \$400,000,000 U.S. CASH! One Lump sum! Tax free!” Sound too good to be true!? It probably is.

Exporting should be an important part of a company's overall marketing plan. Just as with domestic business, international trade is not risk-free, and performing proper due diligence is essential. Almost everyone receives the familiar "lottery announcements" or 'urgent' requests from prospective importers for licensing, insurance, or requests for other, up-front fees, the "advanced fee scams." Today, the scams are becoming more sophisticated and originating in other markets. In fact, a few companies are reporting some odd or questionable requests coming from China. Some basic rules of thumb to follow include:



- Never provide cash to obtain a questionable contract; accept only secured forms of payment such as letters of credit (advised or confirmed by your bank) or wire transfers, etc.
- Request copies of business licenses and/or certificate of import/export authority (China); check validity of registered representatives, addresses and phone numbers.
- Verify the company's international trade experience; ask for references of suppliers and customers; for independent verification; order a credit check; and engage qualified law firms.
- Become familiar with the norms of business protocol in the country to help spotlight unusual requests and behavior.
- Do not rely on your prospective trading partner to educate you about the trading practices in any particular country, arm yourself with the following tools - or call your local U.S. Export Assistance Center Trade Specialist.
- Use Commercial Service programs and/or services to help differentiate questionable and reputable entities (International Company Profile), and/or to find qualified partners.

### Resources:

- China Business Information Center:  
[www.export.gov/china/](http://www.export.gov/china/)
- DOC China information service:  
[www.buyusa.gov/china/en/](http://www.buyusa.gov/china/en/)

*(Energy Efficiency Standards, continued from page 3)*

Dr. Jiang added that to keep pace with growing demand, China would need to build 10 power stations the size of the Three Gorges power station. Chinese vice-premier Zeng Peiyan and other senior government officials have repeatedly said that reducing the architectural energy consumption should be a top priority in the national drive to turn China into a resource-saving and environmentally-friendly society.

Energy efficiency is one of the priorities in China's 11th Five-Year-Plan period (2006 - 2010) and its medium and long-term plan for science and technology development.

The use of new materials and new energy sources is a major part of the government strategy to reduce architectural energy consumption. One example is the government effort to phase out the use of traditional clay



New environmental regulations are focusing on phasing out the use of traditional clay bricks, which are energy intensive to produce and degrade the environment.

bricks, which have been used in China for thousands of years. Not only is the production process energy-intensive, it destroys tens of thousands of hectares of farmland every year. Clay bricks are also poor insulators, which increases overall energy consumption. The government aims to phase out the use of clay bricks throughout China by 2010.

In addition to standards to improve new construction, the Chinese government also launched a program to improve the energy efficiency of existing buildings. Renovation of buildings housing the Ministry of Construction and other central government departments has already begun. Planners hope to renovate 25% of all residential and public buildings in major cities by 2010, 15% of the buildings in medium-sized cities, and 10% in small cities. Government planners project the conversion will be completed by 2020.

The government is also working on new policies that will provide tax rebates and other financial incentives for developers who build energy efficient buildings and consumers who purchase condominiums in these buildings.

## US-China Build 2006 Activities

<p><b>2006 Fall Building Materials Sales Mission to China</b></p> <p><b>Dates:</b> September 17 - 21, 2006</p> <p><b>Location:</b> Guangzhou, Qingdao, and Shanghai</p>	<p><b><i>Join USCB's fifth annual sales mission and seminars series for US building materials suppliers.</i></b> The mission features half-day seminars about the benefits of using American building materials.</p> <p>Over 300 Chinese architects, developers, builders, and traders attended the 2005 seminars. US company representatives reported that they signed 13 new distributors and projected \$1 million in sales over the next year as a result of contacts made at the seminars.</p> <p>A registration form is available at: <a href="http://www.uschinabuild.org/Events/events.htm">www.uschinabuild.org/Events/events.htm</a></p>	<p><b>Speaking Slots:</b> <b>EBPA/AF&amp;PA</b> <b>Members: \$650,</b> <b>Non-members: \$750</b></p> <p><b>Table-top Display Only:</b> <b>EBPA/AF&amp;PA</b> <b>Members: \$550,</b> <b>Non-members: \$650</b></p>
<p><b>China Directory of US Building Products and Service Providers</b></p> <p><b>Registration Deadline:</b> ASAP, time is limited</p>	<p><b><i>Increase your company's exposure in the 2006 Chinese Directory of US Housing &amp; Building Materials Companies, a listing of US building materials suppliers and service providers</i></b> Now in its third printing, the directory is a cost-effective means of promoting your company to an audience of builders, architects, building materials importers and related construction industry professionals throughout China. 10,000 copies of the directory are printed and distributed through mailings, at trade shows and seminars. The directory also includes an English/Chinese web directory.</p> <p>View the 2005 online directory at: <a href="http://www.uschinabuild.org/USCompanyDirectory/EnglishDirectoryindex.asp">www.uschinabuild.org/USCompanyDirectory/EnglishDirectoryindex.asp</a></p>	<p><b>One Page Print Listing and Internet Listing</b></p> <p><b>EBPA Members: \$100</b> <b>Non-members: \$125</b></p>
<p><b>Fall Chinese-Language US Housing &amp; Building Materials Newspaper—Issue 10</b></p> <p><b>Released:</b> August 2006</p> <p><b>Registration Deadline:</b> August 1, 2006</p>	<p><b><i>Reach thousands of readers by advertising in the Chinese-language US Housing &amp; Building Materials Newspaper.</i></b> The newspaper is mailed to a database of 10,000 Chinese construction professionals and distributed during the USCB Fall Sales Mission and Seminar Series in Guangzhou, Qingdao, and Shanghai in September 2006.</p>	<p><b>For ad rates, please see:</b></p> <p><a href="http://www.uschinabuild.org/Events/events.htm">www.uschinabuild.org/Events/events.htm</a></p>

### Finished Housing & Treated Wood Study Underway

As personal income in China increases, spending on homes and interior décor is also rising. In addition to rising consumer interest, the Chinese government has been encouraging a phase-in of turn-key housing, which may create new opportunities for US building materials manufacturers. To explore these opportunities, the Center for International Trade in Forest Products recently conducted a study to investigate US supplier opportunities in the finished housing market.

In a different market segment, US exporters have had some success in introducing treated softwood lumber into China. The continued success of treated lumber ex-

ports to China is being threatened by low quality imitation products manufactured in China. These products generally have low preservative retention levels that compromise the long-term durability and performance of the product. This portion of the study includes an investigation of obstacles and opportunities for US treated wood in outdoor application. conducted a survey of 200 Chinese builders and treated wood users about their use and perceptions of treated wood from Chinese and international suppliers.

The report will be available through the Center for International Trade in Forest Products (CINTRAFOR) in August. For more information contact CINTRAFOR at (206) 543-8684.

## US Housing Industry & Building Products Newspaper

Japanese Edition, Fall 2006

**P**romote your products and services to the Japanese residential construction and building materials market via the US Housing Industry & Building Materials Newspaper, one of the most successful marketing tools for US companies exporting to Japan.

The newspaper is an industry publication published jointly by the Evergreen Building Products Association and the State of Washington, with support from the Softwood Export Council through the US Foreign Agricultural Service.

Issue 22, to be published in October 2006, will be mailed to over 10,000 industry contacts throughout Japan. It will also be distributed to Japanese attendees during the 2006 Fall Building Materials Sales Mission to Japan (October 16 - 20, Fukuoka, Miyazaki, Nagasaki, Kumamoto, Kagoshima - Japan) and at the Japan Home & Building Show 2006.

The US Housing Industry & Building Products Newspaper offers many avenues for US companies to introduce their companies, products and services to the Japanese market — advertising, advertorials, classified ads and article space in this months feature section on interiors.

A registration form and ad rates are available at:  
[www.ep.org/program\\_flyers/Issue22flyer.pdf](http://www.ep.org/program_flyers/Issue22flyer.pdf)

## 2006 Fall Building Materials Sales Mission to Japan

October 16 - 20, Fukuoka, Miyazaki, Nagasaki, Kumamoto, Kagoshima—Japan

**L**ocate new distributors or expand your customer base in strategic cities throughout Japan participation in the 2006 Fall Building Materials Sales Mission. The program is a focused, low-cost activity for US building materials manufacturers, exporters and their Japanese dealers to reach a pre-qualified regional audience of prospective buyers. In all, as many as 150–200 Japanese industry professionals are expected to attend during the five-day program.

Companies participating in the sales mission benefit from free pre-event promotion via a direct mailer that will include company name, contact information and profile to 10,000 industry contacts in the region. A complete list of attendees with contact info for pre- and post-event follow-up is also included in the registration fee.

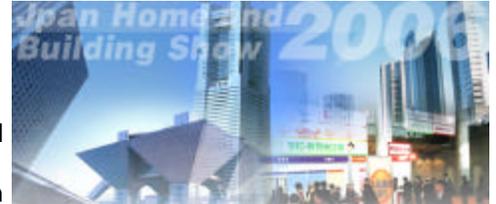
EBPA Members: \$700, Non-members: \$800

## 2006 Japan Home & Building Show US Pavilion

November 15 - 17, 2006

**U**S exporters are invited to exhibit in EBPA/WA State Pavilions at the Japan Home & Building Show 2006. Participation in the Pavilion offers the single best opportunity each year for broad-based promotion to the Japanese market for housing and building materials. The EBPA/WA State Pavilion will be located within the US Pavilion organized by the US Department of Commerce.

The Japan Home & Building Show 2006 is the largest annual housing and building materials trade event in Japan and a must for US companies interested in creating brand awareness or introducing new products to market.



The 2005 Japan Home Show featured 650 exhibitors in 1,100 booths and attracted 98,564 visitors. The 2006 Japan Home & Building Show, School & Home Security 2006, Hospex 2006 and Japan Education Fair 2006 shows are co-located at this event to maximize traffic and exposure for exhibitors.

Booth packages include: standard 3x3 booth space with side and back panels, company header, carpet, outlet and electrical hookup.

Catalog companies will have dedicated space in the EBPA/WA State Pavilion to exhibit their catalogs and other literature. Companies are welcome and encouraged to have representatives at the booth to hand out literature and answer questions about their products. Small samples may also be accommodated. EBPA and WA State representatives will be on hand to distribute catalogs if a company representative is not available.

Booth Space: EBPA Members: \$3,350,  
Non-members: \$3,450

Catalog Display: EBPA Members: \$450,  
Non-members \$550

A registration form and additional information is available at: [www.ep.org/program\\_flyers/jhs2006.pdf](http://www.ep.org/program_flyers/jhs2006.pdf). Event Information is available at: [www.jma.or.jp/jhbs](http://www.jma.or.jp/jhbs)

For more information about participating in the US pavilion, contact Larry Kvidera, (253) 396-0131 or e-mail [evgreen@ep.org](mailto:evgreen@ep.org)



**Evergreen Building Products Association**

"Promoting US Building Products to the World"



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#### USCB Organizers:

- **Evergreen Building Products Association**
- **American Forest & Paper Association**

#### USCB Partner Organizations:

- **Center for International Trade in Forest Products, University of Washington**
- **USDA Foreign Agricultural Service**
- **Softwood Export Council**
- **US Department of Commerce (Market Development Cooperator Program)**
- **Washington State Department of Community, Trade and Economic Development**

### **www.uschinabuild.org**

The bilingual website is regularly updated to bring you the latest information about China's residential construction market including:

**View New Content:**

- Searchable Directory of US Exporters to China
- Schedule of Chinese Trade Shows
- USCB Chinese-language Housing Newspaper
- Links to other China-related websites

